This offering memorandum constitutes a prospectus for purposes of Part IV of the Luxembourg law on prospectus for securities dated July 10, 2005, as amended.

Offering Memorandum

Not for General Circulation in the United States

Gestamp Automoción, S.A.

€400,000,000 3.25% Senior Secured Notes due 2026

guaranteed by

certain of its Subsidiaries

We are offering €400,000,000 aggregate principal amount of 3.25% Senior Secured Notes due 2026 (the "notes") which will be issued pursuant to an indenture (the "Indenture") to be dated on or around April 27, 2018 (the "Issue Date"). Interest on the notes will be paid semi-annually on April 30 and October 31 of each year, commencing on October 31, 2018. The notes will mature on April 30, 2026.

Prior to April 30, 2021, we may redeem the notes in whole or in part at any time by paying a "make whole" premium. We may redeem the notes in whole or in part at any time on or after April 30, 2021 at the redemption prices set forth in this offering memorandum, plus accrued and unpaid interest to, but not including, the redemption date. In addition, prior to April 30, 2021, we may redeem at our option up to 40% of aggregate principal amount of notes with the net cash proceeds from certain equity offerings at the redemption price set forth in this offering memorandum, if at least 60% of the aggregate principal amount of notes issued under the Indenture remain outstanding after the redemption. We may redeem all of the notes, at any time, at a price equal to their principal amount plus accrued and unpaid interest, if any, and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a "change of control," we will be required to make an offer to repurchase the notes at 101% of the principal amount redeemed, plus accrued and unpaid interest, if any, and additional amounts, if any.

The notes will be senior obligations of Gestamp Automoción, S.A. ("Gestamp Automoción" or the "Company") secured by a charge over the shares of certain of its subsidiaries (the "Collateral"). See "Description of the Notes—Security". The notes will rank equally in right of payment with all of the Company's existing and future senior debt and senior to any of its future subordinated debt. Certain of the Company's subsidiaries (the "Guarantors") will guarantee the notes (the "Guarantees"). Local laws may limit your rights to enforce certain guarantees, and, in addition, your rights with respect to the notes and the Guarantees will be subject to the intercreditor agreement dated May 10, 2013 entered into with, among others, the lenders under the Senior Facilities Agreement (as defined therein) and the trustee in respect of the 2023 notes (as defined below) (the "Intercreditor Agreement").

The proceeds from the offering of the notes will be used (i) for the refinancing of certain short- and long-term debt facilities, and (ii) to pay commissions, fees and expenses in connection with the offering of the notes. See "Use of Proceeds".

There is currently no public market for the notes. Application has been made to have the notes admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market of the Luxembourg Stock Exchange ("Euro MTF"). There are no assurances that the notes will remain listed and admitted to trade on the Euro MTF. This offering memorandum includes information on the terms of the notes, including, covenants and transfer restrictions. This offering memorandum may not be reproduced or used for any other purpose, nor furnished to any other person other than those to whom copies have been sent by us or the Initial Purchasers (as defined herein).

Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page 31.

Offering price for the notes: 99.129%

plus accrued interest, if any, from the Issue Date.

This offering memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The notes have not been and will not be registered under the U.S. federal or state securities laws or the securities laws of any other jurisdiction and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933 ("Regulation S"), as amended (the "Securities Act")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Initial Purchasers named below are offering the notes only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A under the Securities Act ("Rule 144A"), in reliance on Rule 144A, and to persons outside the U.S. in reliance on Regulation S. See "Notice to Investors" and "Transfer Restrictions" for further details about eligible offerees and re-sale restrictions.

The notes are in registered form and were initially issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof and are only transferable in minimum principal amounts of €100,000 and integral multiples of €1,000 in excess thereof. The notes are represented by one or more global notes, which were delivered through Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream") on the Issue Date.

Joint Bookrunners

Deutsche Bank **BANKIA** **BBVA** **BNP PARIBAS** **BofA Merrill Lynch** **CaixaBank** **Santander** **Société Générale**

Co-Managers

Banca March **Banco Sabadell** **COMMERZBANK**

The date of this listing memorandum is May 17, 2018

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NOTICE TO INVESTORS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD IN THE U.S. OR TO U.S. PERSONS. SEE "PLAN OF DISTRIBUTION" AND "TRANSFER RESTRICTIONS". INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by us, any of our affiliates or the Initial Purchasers or their respective affiliates. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date.

By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the notes.

The contents of this offering memorandum are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the notes. In making an investment decision, investors must rely on their own examination of the Company and its affiliates, the terms of the offering of the notes and the merits and risks involved.

This offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The notes are subject to restrictions on transferability and re-sale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. If you purchase the notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under "Transfer Restrictions". The notes have not been and will not be registered with, recommended by or approved by the U.S. Securities and Exchange Commission (the "SEC") or any other U.S. federal, state or foreign securities commission or regulatory authority, nor has the SEC or any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

Application has been made to have the notes admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF.

The Initial Purchasers and Deutsche Trustee Company Limited (the "Trustee") make no representations or warranties, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers or the Trustee as to the past or future.

We have prepared this offering memorandum solely for use in connection with the offer of the notes to QIBs under Rule 144A and to non-U.S. persons (within the meaning of Regulation S) outside the United States under Regulation S.

The Company reserves the right to withdraw the offering of the notes at any time. The Company and the Initial Purchasers reserve the right to reject any offer to purchase the notes in whole or in part for any reason or for no reason and to allot to any prospective purchaser less than the full amount of the notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire a portion of the notes for their own account.

The laws of certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the notes. Persons into whose possession this offering memorandum or any of the notes come must inform themselves about, and observe any such restrictions. None of the Company, the Initial Purchasers, the Trustee or their respective representatives are making any representation to any offeree or any purchaser of the notes regarding the legality of any investment in the notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the offering and sale of the notes and the distribution of this offering memorandum, see "Notice to Investors in the European Economic Area", "Notice to Certain Other European Investors" and "Transfer Restrictions".

To purchase the notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the notes or possess or distribute this offering memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Company, its affiliates, the Trustee or the Initial Purchasers or their respective affiliates will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Company or any other person that would permit an offering of the notes or the circulation or distribution of this offering memorandum or any offering material in relation to the Company or its affiliates or the notes in any country or jurisdiction where action for that purpose is required.

The notes were only issued in fully registered form, in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes sold to QIBs in reliance on Rule 144A are initially represented by one or more global notes in registered form without interest coupons attached (the "Rule 144A Global Notes"). Notes sold to non-U.S. persons outside the U.S. in reliance on Regulation S are represented by one or more global notes in registered form without interest coupons attached (the "Regulation S Global Notes" and, together with the Rule 144A Global Notes, the "Global Notes"). The Global Notes representing the notes are deposited with, or on behalf of, a common depositary for the accounts of the Euroclear and Clearstream and registered in the name of the nominee of the common depositary. Prior to the date that is 40 days after the later of the commencement of the offering or the Issue Date, beneficial interests in a Regulation S Global Note may not be able to be offered, sold or delivered to, or for the account or benefit of, U.S. persons pursuant to restrictions under the U.S. federal securities laws. See "Book-Entry, Delivery and Form".

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in this offering memorandum is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect. We accept responsibility accordingly.

Prospective investors should rely only on the information contained in the offering memorandum. None of the Company or the Initial Purchasers has authorized anyone to provide prospective investors with different information, and prospective investors should not rely on any such information. None of the Company, the Guarantors or the Initial Purchasers is making an offer of these notes in any jurisdiction where this offer is not permitted. Prospective investors should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum. This offering memorandum may only be used for the purposes for which it has been prepared.

IN CONNECTION WITH THIS ISSUE, DEUTSCHE BANK AG, LONDON BRANCH (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 CALENDAR DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZING ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR

PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION".

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the "Prospectus Directive", as implemented in Member States of the European Economic Area (the "EEA") and any amendments thereto, including Directive 2010/73/EV, from the requirement to produce and publish a prospectus for offers of the notes. Accordingly, any person making or intending to make any offer within the EEA of the notes should only do so in circumstances in which no obligations arise for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the notes contemplated in this offering memorandum.

PRIIPs Regulation / Prohibition of sales to EEA retail investors. The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/E.U. (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (E.U.) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MIFID II Product Governance/Professional Investors and ECPs Only Target Market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the notes has led to the conclusion that: (i) the target market for the notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/E.U. (as amended, "**MiFID II**"); and (ii) all channels for distribution of the notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

NOTICE TO CERTAIN OTHER EUROPEAN INVESTORS

Spain

This offering has not been registered with the *Comisión Nacional del Mercado de Valores* ("CNMV") and therefore the notes may not be offered or sold or distributed to persons in Spain except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 35 of the Securities Market Act (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*), as amended and restated, or pursuant to an exemption from registration in accordance with Royal Decree 1310/2005 as amended (*Real Decreto 1310/2005, de 4 de noviembre, por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*), and any regulations developing it which may be in force from time to time.

United Kingdom

This offering memorandum is for distribution only to, and is directed solely at, persons who (i) are outside the United Kingdom, (ii) are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (iii) are persons falling within Articles 49(2)(a) to (d) of the Financial Promotion Order or (iv) are persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "FSMA")) in connection with the issue or sale of any notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents.

The Netherlands

For selling restrictions in respect of the Netherlands, see "—Notice to Investors in the European Economic Area" above and in addition:

Each Initial Purchaser has represented and agreed that it will not make an offer of the notes which are the subject of the offering contemplated by this offering memorandum to the public in the Netherlands in reliance on Article 3(2) of the Prospectus Directive unless such offer is made exclusively to legal entities which are qualified investors (as defined in the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*, the "NLFMSA")) in the Netherlands.

For the purposes of this provision, the expressions (i) an "offer of the notes to the public" in relation to any notes in the Netherlands; and (ii) "Prospectus Directive", have the meaning given to them above in the paragraph headed "—Notice to Investors in the European Economic Area".

THIS OFFERING MEMORANDUM CONTAINS IMPORTANT INFORMATION WHICH YOU SHOULD READ BEFORE YOU MAKE ANY DECISION WITH RESPECT TO AN INVESTMENT IN THE NOTES.

USE OF TERMS AND CONVENTIONS

Unless otherwise specified or the context requires otherwise in this offering memorandum:

- references to "2023 Indenture" are to the indenture governing the 2023 notes and dated May 11, 2016;
- references to "2023 notes" are to the €500.0 million aggregate principal amount of 3.50% senior secured notes due 2023 issued by Gestamp Funding Luxembourg S.A. pursuant to the 2023 Indenture;
- references to "Acek" are to our majority shareholder Acek, Desarrollo y Gestión Industrial, S.L. (formerly named Corporación Gestamp, S.L.);
- references to "ArcelorMittal Group" are to ArcelorMittal S.A. and its subsidiaries, a previous shareholder of Gestamp (until February 2016), that also has a relationship with the Grupo Acek through its 35% equity ownership of Gonvarri. The relationship is primarily related to the purchase of steel;
- references to "Asia" are to China, India, South Korea, Japan, Thailand and Taiwan;
- references to "Bank of America loan" are to the facility agreement, dated March 21, 2012, entered into by, amongst others, the Company and Bank of America, N.A., Sucursal en España, for a maximum amount of €60.0 million. This loan has been fully repaid;
- references to "CAGR" are to compound annual growth rate;
- references to "Collateral" are to share charges securing the notes (See "Summary—Summary Corporate and Financing Structure" and "Description of the Notes—Security");
- references to "Company" or "Issuer" are to Gestamp Automoción, S.A.;
- references to "Eastern Europe" are to Russia, Poland, Hungary, Slovakia, the Czech Republic and Turkey;
- references to "EIB Loan" are to the financing agreement entered into by the Company and the European Investment Bank on June 15, 2016 for an amount of €160.0 million;
- references to "E.U." are to the European Union;
- references to "EUR," "Euro(s)," "Euro(s)," and "€" are to the currency of those countries in the European Union that form part of the common currency of the Euro;
- references to "Existing Debt Facilities" are to 2016 MARF Commercial Paper Program, the EIB Loan and our other interest bearing loans and borrowings (See "Description of Other Indebtedness—Existing Debt Facilities");
- references to "GBP", "pound(s)" and "£" are to the currency of the United Kingdom;
- references to "Gestamp", "Gestamp Automoción", "we", "us" and "our" are to Gestamp Automoción, S.A. together with its consolidated subsidiaries;
- references to "Gonvarri" are to Holding Gonvarri, S.L., together with its consolidated subsidiaries, an industrial group controlled by Acek that has two main activities: (i) steel services, through the subgroup headed by Gonvarri Corporación Financiera, S.L. and (ii) manufacturing of metal components for renewable energy plants, through the subgroup headed by GRI Renewable Industries, S.L.;
- references to "Grupo Acek" are to Acek together with its subsidiaries;
- references to "Guarantees" are to the unconditional guarantees of the notes to be granted by certain of the Company's subsidiaries, more specifically set out in "Summary—Summary Corporate and Financing Structure";
- references to "Guarantors" are to the Company's subsidiaries that will unconditionally guarantee the notes (See "Summary—The Offering—Guarantors");
- references to "IFRS" are to the International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union;
- references to "Indenture" are to the indenture governing the notes to be dated the Issue Date;

- references to "Initial Purchasers" are to Deutsche Bank AG, London Branch, CaixaBank, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Bankia, S.A., BNP Paribas, Merrill Lynch International, Société Générale, Banco de Sabadell, S.A., Banca March, S.A. and Commerzbank Aktiengesellschaft;
- references to "North America" are to the United States and Mexico;
- references to "notes" are to the €400.0 million 3.25% Senior Secured Notes due 2026 offered hereunder;
- references to "Refinancing Transactions" are to the issuance of the notes offered hereby and the application of proceeds as set out in "Use of Proceeds";
- references to "Senior Facilities" are to the senior term facilities and the revolving credit facility made available under the Senior Facilities Agreement;
- references to "Senior Facilities Agreement" are to the senior facilities agreement dated April 19, 2013 as amended through the date hereof, entered into between, among others, Gestamp Automoción as the company and original borrower, Gestamp Funding Luxembourg, S.A. as original borrower, various subsidiaries of Gestamp Automoción as original guarantors, the original lenders listed therein, and Deutsche Bank AG, London Branch as agent and as security agent;
- references to "South America" are to Brazil and Argentina;
- references to "U.K." are to the United Kingdom;
- references to "US", "U.S." and "United States" are to the United States of America;
- references to "U.S.$", "Dollar(s)" and "$" are to the currency of the United States of America; and
- references to "Western Europe" are to Spain, Portugal, France, the United Kingdom, Germany, Sweden, Belgium and Luxembourg.

Please also refer to page 255 for a "Glossary of Technical Terms" used in this offering memorandum.

FORWARD-LOOKING STATEMENTS

This offering memorandum includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this offering memorandum including, without limitation, in the sections captioned "Risk Factors", "Use of Proceeds", "Business", and "Operating and Financial Review and Prospects", and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this offering memorandum. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this offering memorandum, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause those differences include, but are not limited to:

- our international operations, including in relation to compliance with anti-corruption laws, regulations and economic sanctions programs;
- the loss of customers and/or the inability to realize revenues;
- volatility in raw material and energy prices;
- risks associated with our joint ventures, certain of which we do not control;
- risks associated with investment in markets in which we expect growth;
- difficulties in connection with program launches and integration and consolidation;
- our inability to offset price concessions or additional costs;
- the costs in relation to construction, maintenance and closing of plants, including mechanical failures, equipment shutdowns and interruptions to the supply of utilities;
- risks on the conduct of our business as a result of a failure to comply with restrictive covenants under our credit facilities;
- risks associated with foreign exchange fluctuations;
- risks associated with the adequacy of our hedging arrangements;
- risks associated with the capital expenditure needs of our on-going operations;
- risks associated with tax liability in the jurisdictions in which we operate;
- the inability for us or our customers or suppliers to obtain and maintain sufficient capital financing;
- disruptions to the automotive supply chain;
- increased or more pronounced cyclicality in the automobile industry;
- risks related to a shift away from technologies in which we invest;
- increased competition and/or shifts in demand for certain vehicles and products;
- legal, regulatory, product liability and/or health and safety issues;
- economic downturns or continued or increased weakness in the global economy and restricted access to financing;
- continued uncertainties and challenging political conditions in Spain, Brexit, the European economy and the Euro;
- risks associated with acquisitions;

- inaccuracies in our estimates of return on investment;
- changes in regulation;
- loss of key executives and availability of labor and workforce; and
- other risks and uncertainties inherent in our business and the world economy.

We urge you to read the sections of this offering memorandum entitled "Risk Factors", "Operating and Financial Review and Prospects" and "Business" for a more complete discussion of the factors that could affect our future performance and the industry in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this offering memorandum may not occur.

We provide a cautionary discussion of risks and uncertainties under "Risk Factors" contained elsewhere in this offering memorandum. These are factors that we think would cause our actual results to differ materially from expected results. Other factors besides those listed there could also adversely affect us. Investors are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date hereof. We undertake no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Information and Operational Data

This offering memorandum includes our audited consolidated historical financial statements as of and for the years ended December 31, 2017, 2016 and 2015.

Other financial data included in this offering memorandum is derived from our accounting records. We prepare our financial statements in Euro. Unless otherwise indicated, all financial information in this offering memorandum has been prepared in accordance with IFRS applicable at the relevant date. IFRS differs in certain significant respects from generally accepted accounting principles in the U.S.

See "Independent Auditors" for a description of the independent auditors' reports dated February 26, 2018, March 7, 2017 and March 22, 2016 on our consolidated financial statements as of and for the years ended December 31, 2017, December 31, 2016 and December 31, 2015, which have been audited by Ernst & Young, S.L., independent auditors, as stated in their unqualified reports appearing herein on pages F-4, F-160 and F-298, respectively, of this offering memorandum.

Alternative Performance Measures ("APMs")

This offering memorandum contains financial measures that are not defined or recognized under IFRS including: EBITDA, EBITDA margin; growth capital expenditures; recurrent capital expenditures; adjusted operating cash flow; total financial debt; net financial debt; net financial expenses; and leverage and coverage ratios. We present these APMs because we believe that the APMs contribute to a better understanding of our results of operations by providing additional information on what we consider some of the drivers of our financial performance. Furthermore, we believe that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In addition, 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.

We believe that the description of these APMs in this offering memorandum follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated October 5, 2015 and July 12, 2017.

APMs should not be considered in isolation and investors should not consider such information as alternatives to revenue, profit for the year from continuing operations, cash flows from operating activities calculated in accordance with IFRS, as indications of operating performance or as measures of the Company's profitability or liquidity. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this offering memorandum. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the financial statements included elsewhere in this offering memorandum.

For the definition of and a reconciliation to an appropriate measure calculated in accordance with IFRS of the APMs included in this offering memorandum, see "Operating and Financial Review and Prospects—Alternative Performance Measures ("APMs")".

Currency References

All references in this offering memorandum to "Euro", "€", or "EUR" are to the lawful currency of the participating Member States, including Spain, in the third stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time and all references to "U.S. Dollars", "Dollars", "U.S. $", "USD" or "$" are to the lawful currency of the United States of America.

The exchange rates used for the major currencies were as follows:

Average exchange rates for the year (in Euros)

	2017	2016	2015
United States Dollar	1.130	1.107	1.110
Pound Sterling	0.876	0.819	0.727
Swedish Krona	9.637	9.467	9.357
Polish Zloty	4.257	4.363	4.184
Hungarian Forint	309.270	311.460	309.970
Russian Ruble	65.906	74.143	68.019
Czech Crown	26.332	27.034	27.285
Mexican Peso	21.340	20.659	17.620
South Korean Won	1276.510	1284.274	1256.697
Chinese Yuan	7.628	7.349	6.981
Indian Rupee	73.501	74.365	71.219
Brazilian Real	3,608	3.858	3.698
Argentinian Peso	18.746	16.330	10.280
Turkish Lira	4,120	3.344	3.024

These average exchange rates should not be construed as a representation that the relevant currency could be or was converted into Euro at that rate or at any other rate.

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

Industry Data

In this offering memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. We have obtained this information from various third party sources, including providers of industry data, discussions with our customers and our own internal estimates. While we believe that industry publications, surveys and forecasts are reliable, they have not been independently verified, and neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information set forth in this offering memorandum.

In drafting this offering memorandum, we used industry sources, including reports prepared by IHS, Inc. ("IHS") and Roland Berger GmbH ("Roland Berger").

The IHS Markit reports, data and information referenced herein (the "IHS Markit Materials") are the copyrighted property of IHS Markit Ltd. and its subsidiaries ("IHS Markit") and represent data, research, opinions or viewpoints published by IHS Markit, and are not representations of fact. The IHS Markit Materials speak as of the original publication date thereof and not as of the date of this document. The information and opinions expressed in the IHS Markit Materials are subject to change without notice and IHS Markit has no duty or responsibility to update the IHS Markit Materials. Moreover, while the IHS Markit Materials reproduced herein are from sources considered reliable, the accuracy and completeness thereof are not warranted, nor are the opinions and analyses which are based upon it. IHS Markit and IHS Markit Autoinsight are trademarks of IHS Markit. Other trademarks appearing in the IHS Markit Materials are the property of IHS Markit or their respective owners.

The "Roland Berger Study: Automotive metal components for car bodies and chassis" dated February 2017 (the "Roland Berger Study") and prepared by Roland Berger is based on publicly available information which has not been independently verified by Roland Berger, as well as certain assumptions, general assessments, projections and experience derived from Roland Berger's consulting activities, in each case as at the time of the study's preparation.

Additionally, industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and in some instances state that they do not assume liability for such information. We cannot assure you of the accuracy and completeness of such information as we have not independently verified such information.

This offering memorandum also contains estimations of market data and information derived from such data that cannot be obtained from publications by market research institutes or from other independent sources. Such information is partly based on our own market observations, the evaluation of industry information (such as from conferences and sector events) or internal assessments. We believe that our estimates of market data and the information we have derived from such data helps investors to better understand the industry we operate in and our position within it. Our own estimates have not been checked or verified externally. We nevertheless believe that our own market observations are reliable. We give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources.

While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this offering memorandum.

We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. Some of the surveys or sources were compiled by our advisors and are not publicly available and accordingly may not be considered to be as independent as other third party sources.

EXCHANGE RATE AND CURRENCY INFORMATION

The following tables set forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. Dollars per €1.00. The Bloomberg Composite Rate is a "best market" calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. We make no representation that the U.S. dollar amounts referred to below could have been or could, in the future, be converted into Euro at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the Euro on April 30, 2018 was $1.2077 per €1.00.

	U.S. Dollars per €1.00			
	High	**Low**	**Average(1)**	**Period end**
2015	1.2103	1.0497	1.1102	1.0856
2016	1.1532	1.0389	1.1069	1.0520
2017	1.2036	1.0406	1.1300	1.2005

	High	**Low**	**Average(2)**	**Period end**
November 2017	1.1933	1.1587	1.1744	1.1904
December 2017	1.2005	1.1742	1.1838	1.2005
January 2018	1.2427	1.1937	1.2193	1.2414
February 2018	1.2509	1.2194	1.2344	1.2194
March 2018	1.2444	1.2241	1.2336	1.2324
April 2018	1.2415	1.2055	1.2273	1.2077

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

SUMMARY

This summary highlights selected information contained in this offering memorandum. In this offering memorandum, we generally use "we", "our" and other similar terms to refer to Gestamp Automoción and its consolidated subsidiaries. This summary should be read as an introduction to this offering memorandum. It does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the remainder of this offering memorandum. Any decision by an investor to invest in the notes should be based on a thorough consideration of this offering memorandum in its entirety, including "Risk Factors", "Operating and Financial Review and Prospects" and our financial statements and related notes and information contained elsewhere in this offering memorandum as well as the information referred to under "Where You Can Find More Information".

Our Company

We are one of the world's largest suppliers of automotive components and assemblies in terms of revenue. We design, develop, manufacture and sell highly engineered body and chassis components and mechanisms to original equipment manufacturers ("OEMs"), primarily for use in the production of light vehicles. We have cultivated strong relationships with our OEM customers by offering them leading technologies through our extensive global footprint of 105 production facilities and 13 R&D centers in 21 countries over four continents, as of March 31, 2018. In addition, we have seven plants under construction, of which the acquisition of one production facility and one plant under construction are subject to the approval of the relevant competition authorities. Our technological leadership and extensive geographical and customer footprint allow us to take advantage of global growth opportunities while maintaining a conservative, diversified risk profile.

We offer our OEM customers a diverse product portfolio as a Tier 1 supplier of body-in-white ("Body-in-White") and chassis ("Chassis") structures and complex assemblies, opening systems and mechanisms ("Mechanisms"), as well as tooling and dies and other related services.

Our revenues grew by 8.6% in the year ended December 31, 2017, reaching €8,201.6 million (market production volume grew 1.7% in our production footprint according to IHS Markit Materials). In terms of profitability, EBITDA in the year ended December 31, 2017, reached €889.9 million with a growth rate of 5.8% when compared to the year ended December 31, 2016.

We believe we are the leading supplier of metal components for Body-in-White products globally by revenue. In Chassis products, we believe we are among the top three suppliers globally by revenue. In Mechanisms products, we believe we are the clear market leader globally by revenue.

Thanks to our ability to capture outsourcing projects from OEM customers and global footprint, as well as to our tooling capabilities, we believe we are one of the two truly global OEM suppliers that are able to develop and manufacture Body-in-White and Chassis structures and complex assemblies, opening systems and Mechanisms, while meeting the same high standards worldwide, whether the same vehicle model is produced in several regions or the same vehicle platform is used across different models globally.

Our expertise and core competence in developing and producing light-weight components help our customers to reduce CO_2 emissions while at the same time enhancing the safety features of their vehicles. Our leading technologies, global footprint and proven track record in executing complex projects set us apart from many of our competitors in the industry and have allowed us to secure strong relationships with almost all major global automakers, including Volkswagen AG ("Volkswagen"), Daimler AG ("Daimler"), the Renault-Nissan Alliance ("Renault Nissan"), Ford Motor Company ("Ford"), Peugeot Citroën ("PSA"), General Motors Company ("General Motors"), Bayerische Motoren Werke AG ("BMW"), Fiat Chrysler Automobiles N.V. ("Fiat Chrysler"), Tata Jaguar Land Rover Limited ("Tata JLR"), Geely-Volvo ("Volvo"), Honda Motor Company ("Honda") and Toyota ("Toyota"), which represented our top 12 customers and together accounted for 89.1% of our consolidated revenues (excluding tooling) for the year ended December 31, 2017. In addition, our leading technologies have allowed us to rapidly grow our revenue with our newer OEM customers. We currently supply products to all top 12 OEMs globally by volumes.

We are committed to maintaining our technological leadership in the development of innovative and high quality products. We are involved in the full cycle of the component supply process, often co-developing parts jointly with our OEM customers and applying computer-aided design and crash test simulations in order to optimize weight and safety features. Between 2010 and 2017, the number of our co-development programs with OEM customers has increased from four to more than 250 across Body-in-White, Chassis and Mechanisms products. We design and manufacture components adapted to each new car model or platform and conclude contracts to provide these products throughout the anticipated life of the model or platform (usually between five and ten years). We have been successful in obtaining a high rate of renewal of our programs.

Our segment within the automotive components market has been, and continues to be, particularly characterized by the secular trend of OEMs outsourcing an increasing share of a vehicle's metal components content as they shift more of their capital spending to other areas. The push towards further weight reduction, known as 'lightweighting' and aimed at lowering fuel consumption and thereby CO_2 emissions, is another secular trend of our segment. These trends impact our organic investment and sales growth, particularly as OEMs increasingly rely on fewer, larger, well-capitalized and trusted partners. As such, our R&D and innovation capabilities are fully aligned with our customers' strategy in order to fulfill their needs.

We believe that our strategic, customer-focused record of geographical expansion and diversified revenue streams, as well as our manufacturing process, design and technological expertise underlie our historical and continuing financial and operational success. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, of strategic importance to many of the largest OEMs globally.

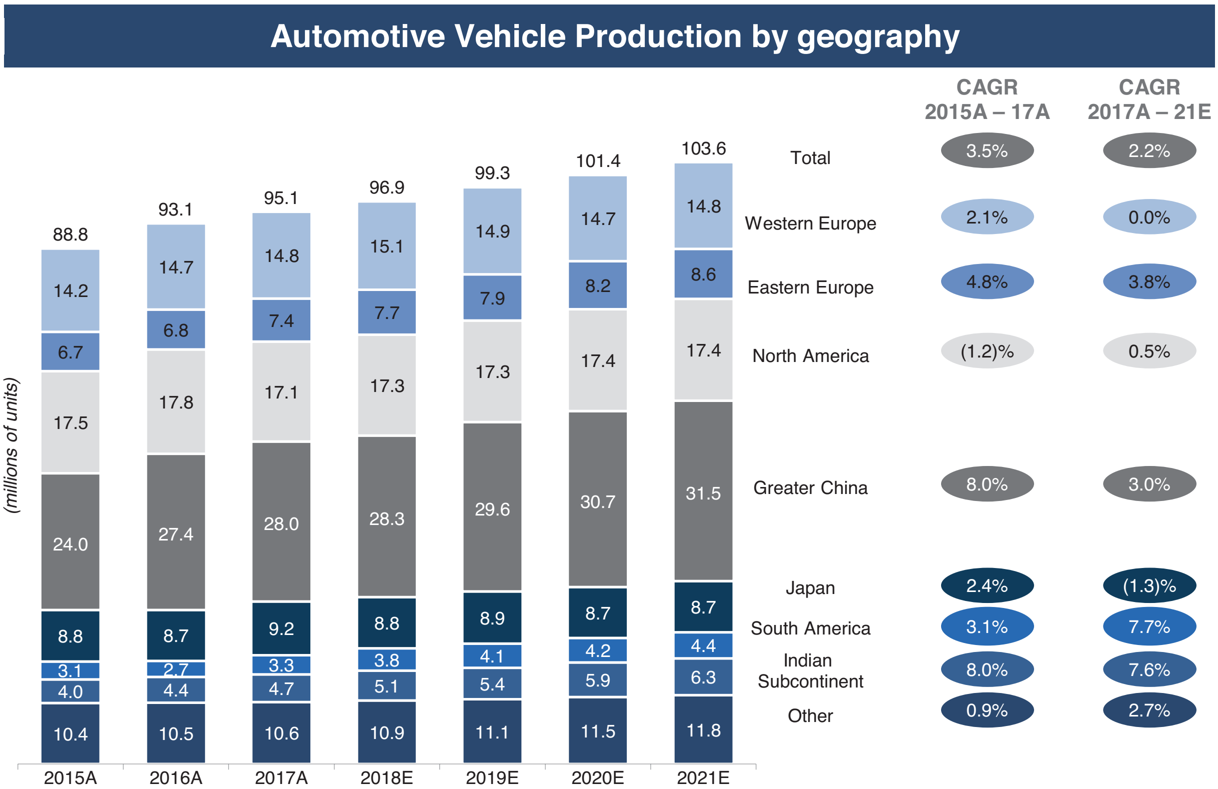
Our Market

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are classified into light vehicles and heavy commercial vehicles. The automotive production value chain is split between OEMs and automotive suppliers like us. The OEM market is concentrated with the 12 largest OEMs by production volume, all of which belong to our group of customers, accounting for 83.0% of global light vehicle production in 2017.

Automotive suppliers are generally less concentrated and are categorized into three different tiers. Tier 1 suppliers, such as ourselves, sell products directly to OEM customers. Typically these products are large modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers in turn typically integrate products from a further layer of suppliers referred to as Tier 3 suppliers. Moreover, automotive suppliers may generally be characterized as (i) global or regional; (ii) focused on one OEM group or customer-diversified; or (iii) capable of product development or only able to "build-to-print", i.e., active only in the production segment of the value chain. We are global, customer-diversified and capable of product development and thus a strategic partner to our OEM customers, capable of taking on engineering work typically performed by OEM customers themselves as well as influencing product design by co-developing products with OEM customers.

One of the factors influencing our revenue is the growth in vehicle sales and production. Although vehicle production growth rates tend to vary somewhat across geographical regions, global vehicle production as a whole has grown at a CAGR of over 3% over the past 10 years, registering only two year-over-year declines during that period, in 2008 and 2009. Even during the global financial crisis in 2008 and 2009, some regions proved more resilient than others, while some OEMs fared somewhat better than others. Global automotive suppliers with a diversified customer base, such as ourselves, may thereby experience less volatility in revenue and more stable growth than many of the OEMs.

The chart below shows the expected automotive production growth by key geographic region for the period between 2017 and 2021:



Source: IHS Automotive (March 2018).

More recently, the automotive industry has recovered strongly from the decline in production and sales as a result of the financial crisis, albeit with regional variations. Global automotive unit production growth increased at a CAGR of 3.5% between 2015 and 2017. This increase has been primarily led by strong growth in Greater China, which increased at a CAGR of 8.0%, as well as a result of the steady momentum in Western Europe, which increased at a CAGR of 2.1%. Going forward, global auto production growth is expected to sustain a steady increase, at an estimated CAGR of 2.2% in the period between 2017 and 2021. Growth during that period is expected to be led primarily by Greater China, the single-largest market globally, with an estimated increase at a CAGR of 3.0%, while other key geographies of North America and Eastern Europe are expected to grow their auto production at an estimated CAGR of 0.5% and 3.8%, respectively. Vehicle production growth in Western Europe is expected to remain flat between 2017 and 2021. South America, which recorded declines between 2012 and 2016, came back to growth in 2017, with an estimated CAGR of 7.7% between 2017 and 2021.

Industry sources forecast that in the period between 2017 and 2021 there will be a higher CAGR with respect to sales in Brazil, Russia, India, and China and in other emerging economies than the one experienced in more mature economies, such as those of Western Europe. Notwithstanding the recent declines in the Brazilian and Russian markets, Brazil, Russia, India and Greater China's combined automobile production is expected to increase at an estimated CAGR of 4.0% in the period between 2017 and 2021, compared to a CAGR of 2.2% in the global market during the same period. Primary drivers of this trend are expected to be rising disposable incomes, along with currently lower car ownership rates. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets. In certain of these markets, such as China, there is already significant demand for new, premium brand vehicle models. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. The evolution of volume demand in these markets is taking place in parallel to an evolution of regulatory and industry standards modeled after those prevalent in mature economies. This trend not only offers automobile suppliers such as ourselves an opportunity to expand our business with our customers in these emerging markets, but it also is an indicator of the high predominance of steel over other more expensive materials, in the production of Body-in-White, Chassis and Mechanisms components in the industry for the foreseeable future.

Our Strengths

We operate in a growing market segment with favorable dynamics, and benefit from a geographically diverse footprint spanning 21 countries, with strong relationships with our OEM customers and a reputation for technological innovation, in particular in higher value-added technologies such as (i) hot stamping in our Body-in-White products, where we are a market leader with 84 hot stamping lines as of December 31, 2017, which is expected to increase to 92 in 2018, (ii) hybrid solutions involving steel pressings combined with other materials, in our Chassis products, and (iii) the first plastic door check and the first spindle drive for automatic lift-gates in the market, in our Mechanisms products. We believe these strengths have enabled us to increase our market share, win new business and increase our overall profitability.

Leading market position in large, protected and attractive segment representing highest overall content per vehicle

We believe that we are the leading supplier of metal components for Body-in-White products globally by revenue. In Chassis products, we believe that we are among the top three suppliers in the market, and in Mechanisms products, we believe we are the clear market leader globally.

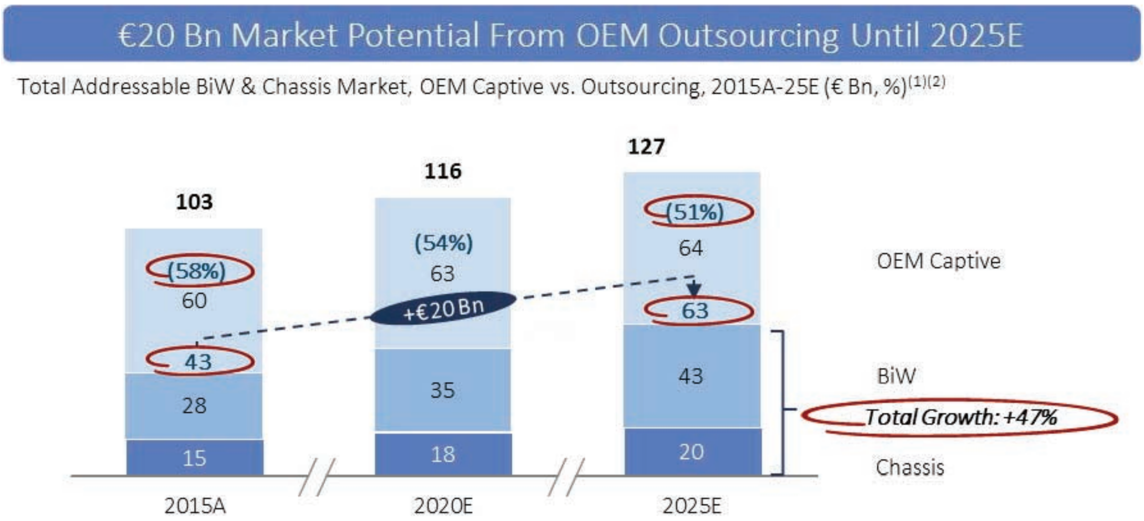
We have strategic and long-standing relationships with our largest OEM customers, which are based on confidence and an understanding established over many years of successful collaboration. We manufacture for over 900 vehicle models across approximately 92 brands and over 20 OEM groups.

As one of the world's largest suppliers of components and assemblies for light vehicles, we operate in a segment of the automotive industry that we believe requires participants to make significant investments, demonstrate high technical sophistication and possess a global footprint in order to remain competitive. We believe that we are one of only a few suppliers who can support an OEM during the early stages of product development and an even smaller number of suppliers that are capable of delivering solutions to complex projects. We do this on a truly global scale and a consistent and high quality basis across product portfolios, thanks to our ability to capture outsourcing projects from OEM customers and global footprint, as well as to our tooling capabilities. Our scale and ability to develop differentiated solutions for OEMs across a global footprint are critical to our success and differentiate us from local and regional suppliers, especially as increased outsourcing leads OEMs to entrust a fewer number of strategic supply partners with an increasingly high content of vehicle production.

Well-placed to substantially grow across the markets in which we operate and capitalize on current and future automotive market trends with minimal disruption risk from "car of the future" trends

We believe that our technological leadership, scale and extensive geographical presence have contributed to our financial and operational success and make us well-placed to substantially grow in the markets in which we operate. Global light vehicle production is expected to grow at an estimated CAGR of 1.9% between 2017 and 2025. During the period from 2008 to 2017, we have increased our organic revenues by a CAGR of 11.4%, while during the same period the CAGR of global light vehicle production has been 3.9% (per the IHS report). We believe we will continue to grow at a faster pace than global light vehicle production, capitalizing on the key trends in the automotive industry, including:

- *Outsourcing.* 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 advances achieved by strategic suppliers, such as ourselves, 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. For instance, nine of our plants are involved in supplying components for up to 50 versions of a vehicle for a project in Poland that requires significant skills and tooling capabilities. Furthermore, we benefit from economies of scale that our OEM customers find more difficult to achieve in their domestic markets. Driven by increased outsourcing, our addressable market of automotive components and assemblies is expected to grow significantly faster than the overall automotive vehicle market, and we believe we are uniquely positioned to capture this growth. The total addressable market for Body-in-White and Chassis is expected to grow from €43 billion in 2015 to €63 billion in 2025, as illustrated by the chart below.



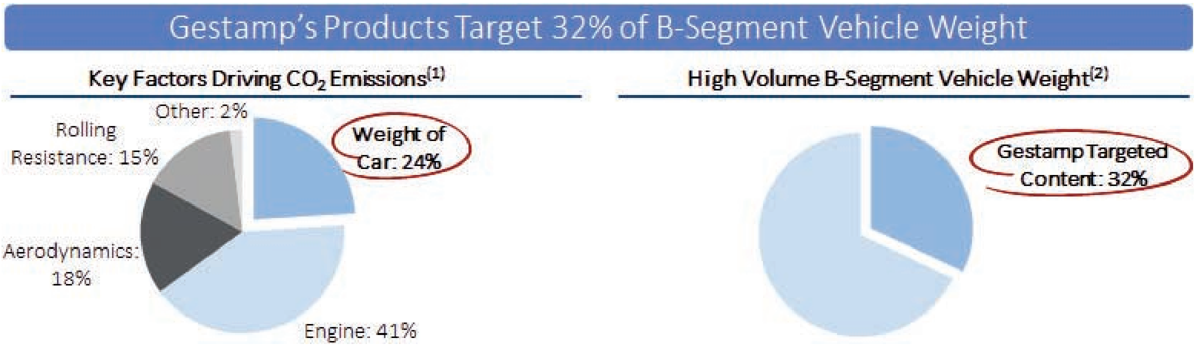
(1) Source: Roland Berger Study.

(2) Does not include Mechanisms market.

- *Common platforms and global models.* As OEMs gradually move towards platform standardization (in order to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes), they need large, technically and financially strong global suppliers that are capable of producing consistent and high quality products at competitive prices. As a result, global, reliable, multi-technology, high quality Tier 1 partners, such as ourselves, are increasingly taking market share from smaller, regional competitors, as these partners are in a better position to meet the OEM criteria. Furthermore, we believe we are strategically entrenched with our OEM customers as a result of our long standing, strategic relationships with them, which we believe gives us an advantage over certain of our competitors. Our ability to win platform contracts and maintain close, collaborative relationships with our OEM customers in turn leads to higher revenue visibility.

- *Increasingly stringent global CO_2 emissions regulations.* Automobile manufacturers, in order to meet evolving regulatory and industry-standard requirements in the markets in which they operate, are increasingly focused on weight and emissions reduction. This focus has initially been more intense in Western Europe, where standards generally have been more stringent than in other markets, but is increasing in North America and other markets as regulatory and industry standards continue to evolve. The technological expertise in light-weighting which we have developed in the European market is therefore increasingly in demand in other markets. We are a leader in developing lightweight components through hot stamping, which help our customers meet their CO_2 emission targets.

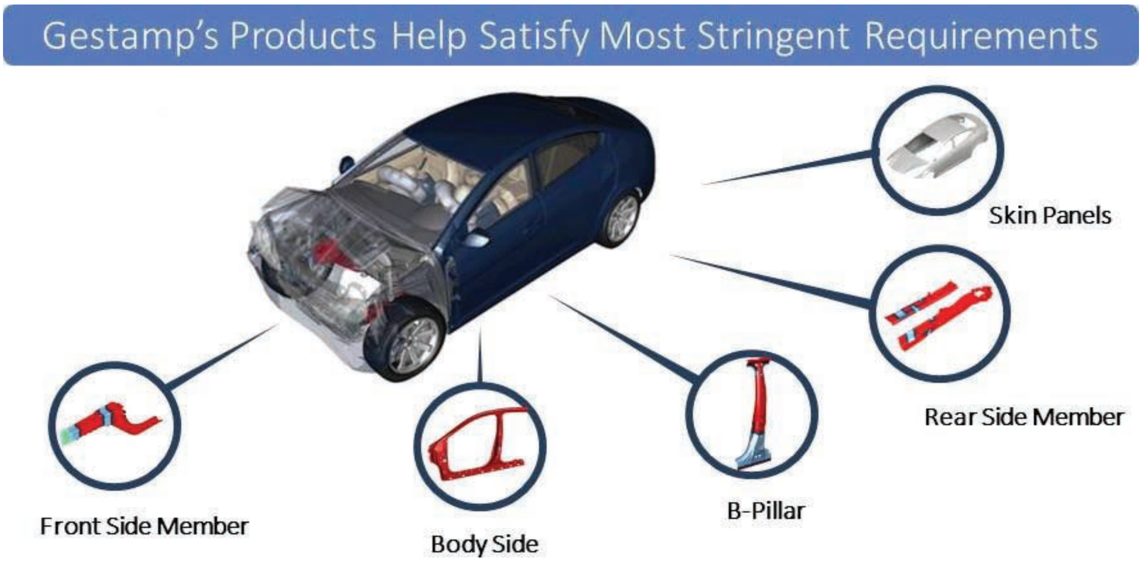
- Our significant R&D capabilities, leadership in hot stamping technologies and expertise in developing multi-material solutions enable us to provide innovative solutions to address OEM regulatory pressures in a cost-effective manner. The charts below set out the effect of our products on vehicle weight and, in turn, CO_2 emissions.



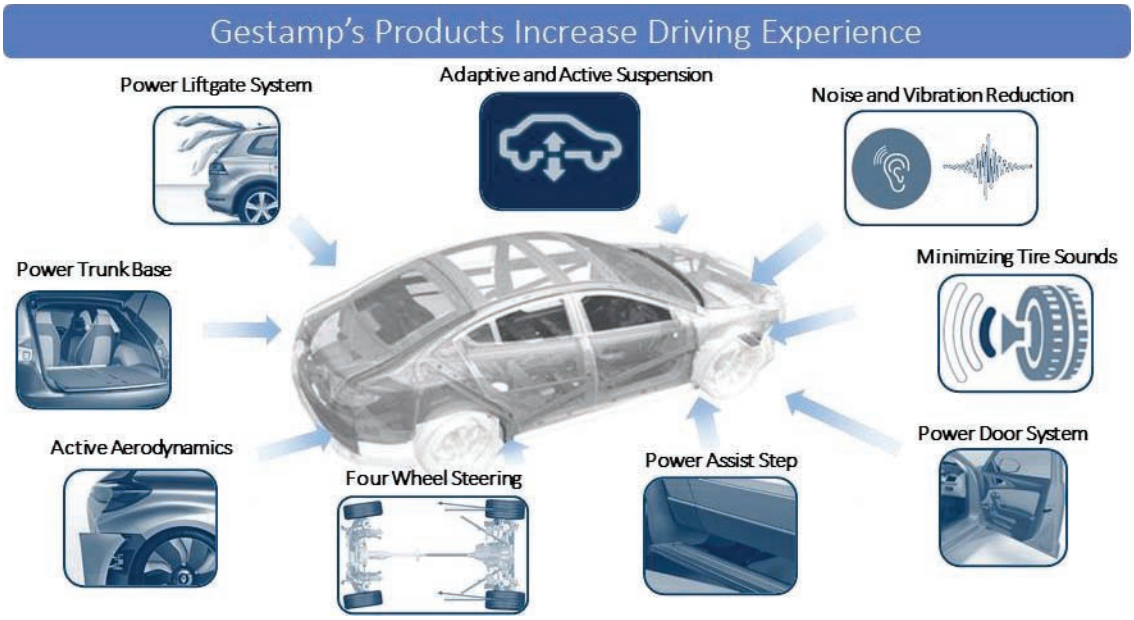
(1) Source: Automotive Circle International Insight Edition @ Ford USA 2015

(2) Source: A2MAC1 Global Automotive Benchmarking.

- *Increasing safety standards.* Our innovative, cost efficient products enable our OEM customers to comply with evolving safety regulations, which are becoming increasingly complex by addressing the full spectrum of vehicle safety. For example, our high strength and ultra high strength steel products significantly improve the ability of vehicles to withstand impacts. Also, we believe that energy absorption improvements in our Chassis and Body-in-White product portfolio increase driver and passenger safety by minimizing the effects of car-to-car side impacts while customized hood hinges in our Mechanisms product portfolio improve pedestrian safety. We believe vehicles will increasingly need to employ new technologies such as hot stamping, where we are a market leader, to satisfy stricter safety requirements, including car-to-car crash safety testing. The diagram below outlines our products which help our OEM customers to satisfy increasing safety requirements.



- *Higher comfort feature and dynamics.* Customers are becoming more focused on solutions that enhance the driving experience and provide additional comfort and dynamics. This is leading to an increase in demand of components such as power lift-gate systems, components that reduce noise and vibration, power door systems, power assist steps or sound minimizing tires, which we believe we are positioned to provide, as outlined in the diagram below.



- *Increasing importance of EVs.* We believe that we will experience minimal disruptions from future trends such as EVs or hybrid vehicles, autonomous driving and shared mobility models. Furthermore, we believe that EVs will enable us to provide more tailored, innovative products to increase our overall content per vehicle. In particular, EV and hybrid vehicles are generally heavier than other vehicles and while production materials may change over time, we believe that our expertise in developing lighter, safer components as well as our continued investment in our R&D capabilities will strengthen our ability to address current and future industry trends. For example, with Volkswagen we are developing a battery box concept for the electrical MEB platform, a Modular Electric Model line-up platform that will be used with a wide number of EVs, by applying various lightweight solutions, such as hot stamping.

Recognized technological leadership and well-integrated R&D capabilities

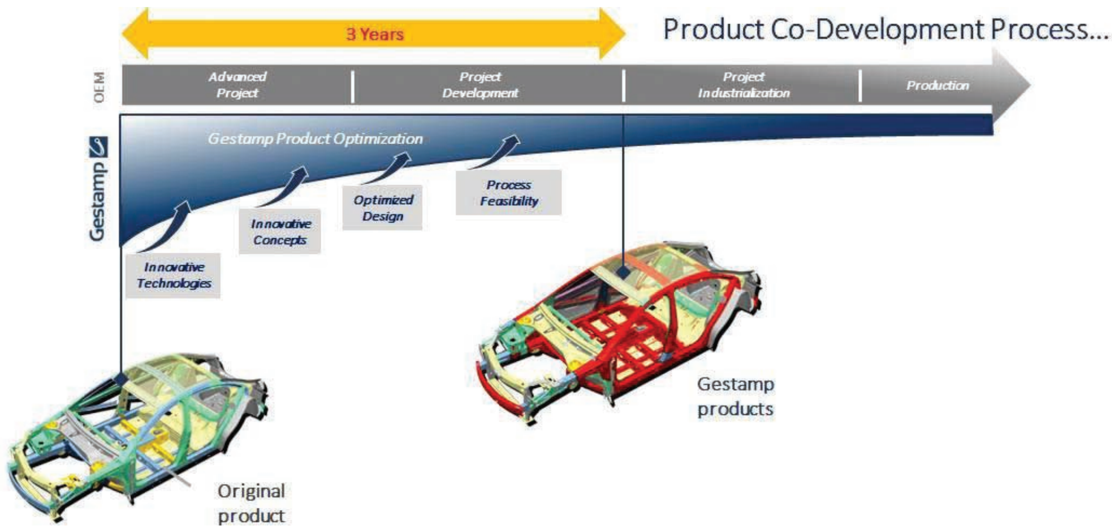
One of the global trends in the automotive industry is the increased focus on innovative and technologically advanced products that seek to address the parallel concerns of improved safety for passengers and road users and weight and emissions reduction. Our R&D capabilities and technological leadership, combined with our global footprint, enable us to capitalize on OEMs' needs evolving from these regulatory requirements.

We believe we are a trusted co-development partner to our OEM customers as a result of our long standing, strategic relationship with them, and our co-development programs with OEM customers have increased from four in 2010 to more than 250 across our Body-in-White, Chassis and Mechanisms divisions in 2017. Our innovative products and market-leading processes are developed through our R&D platform, which has a dedicated team of over 1,500 employees spread across 13 centers around the globe. We are committed to continued investment in R&D and, in November 2017, we announced the opening of a new R&D center in Shanghai, China. The main objective of this new facility is to strengthen our collaboration both with international and local OEMs in China. The aim is to develop this site together with our customers in order to improve manufacturing processes and products and reduce costs at the same time. Additionally, we replaced two of our existing R&D centers in Asia and North America with new, improved facilities in 2017. The R&D center in Auburn Hills, Michigan, was inaugurated in May 2017 and houses robotic prototype assembly cells, a laser cell, a durability performance test lab and complementary metallurgical and metrology labs. Designed with the needs of our customers in mind, the Auburn Hills R&D center ensures faster response and access to technical information required. The R&D center in Tokyo, Japan, was inaugurated in June 2017 and is equipped with simulation resources, including virtual crash tests and advanced simulation of hot stamping processes, which offer comprehensive vehicle development capabilities for Chassis and Body-in-White with very high standards within the global R&D network.

We are a recognized leader in industry innovations based on the recurrent number of co-development projects that we are awarded and our large portfolio of multi-material solutions. Many of our products are manufactured using our state-of-the-art technologies in hot stamping and other high strength steel stamping processes. We believe that this technology is becoming the new standard for a growing number of vehicle body components globally. Our expertise in products manufactured through hot stamping, which provide tailored material performance, deformation control and energy absorption potential, improved safety and reduced vehicle weight, differentiates us from our competitors. Furthermore, we are a strategic partner for certain important premium brands in aluminum chassis development and collaborate with such brands in light weighting and aluminum technologies. We are active in developing new material applications and joining technologies and believe that we are well-positioned as a multi-material solutions provider to employ suitable combinations of steel, aluminum and fiber components (or other materials such as carbon) in producing components for our OEM customers. For example, we were appointed to implement certain of our patented press hardening processes and improvements to Ford's initial design for certain vehicle components, which improved crash and rupture behavior and reduced product weight by approximately 16%.

Further, our sophisticated in-house tooling and project management capabilities, and our proven track record of successfully managing large, challenging projects complement our product development and technological expertise and have helped us win major project awards. For example, we have been entrusted with the manufacturing of the outside enclosures ("skin panels"), Body-in-White structural components and Chassis components in Chattanooga, Tennessee for the recently launched Atlas, Volkswagen's first midsize SUV to be produced in North America. This large-scale program award highlights our expertise in strategic products and processes such as Class A skin panels, hot stamping of structural components, and Chassis structures. We are also constructing a pressing plant in Slovakia near JLR's production facility that is expected to start production in mid-2018. This complete outsourcing, mostly of aluminum Body-in-White stamping for JLR, further exemplifies our OEM customers' tendency to entrust us with complex projects as we support them in their global expansion. Further, we have launched our first EV-Chassis production for a European OEM in the first quarter of 2018.

We are involved in the full cycle of the component supply process, often co-developing parts jointly with our OEM customers, which facilitates direct influence on product specifications. The chart below outlines the product co-development process from early idea to production.



For example, in Japan we developed press hardening technology onsite with Honda to reduce weight and increase safety in a cost effective manner. This co-development significantly enhanced our relationship with Honda, generating combined product patents that are jointly shared among Gestamp and Honda, the seventh largest OEM by production volume in 2017. This led to new orders at our West Virginia plant in 2014 for components for the new Honda Civic, which launched production in late 2015 and which also led to follow on awards in 2015 for components for the Honda CR-V (which was launched in October 2016), as well as the Honda Accord (which was launched in the second half of 2017). The Honda Civic, which won the 2016 North American Car of the Year Award, where safety is among the selection criteria, features our soft zone hot stamping technology.

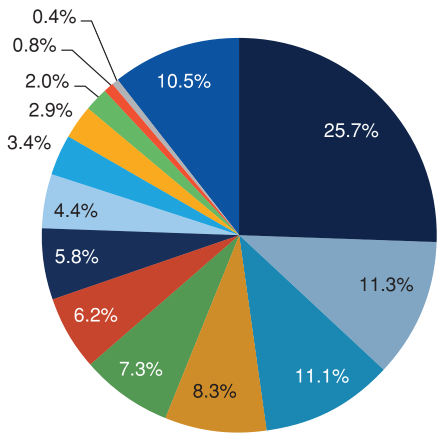
Supporting our innovative products and processes and in-house capabilities is the maintenance of rigorous quality management systems in all of our manufacturing plants and R&D facilities. Through regular internal audits we are able to ensure that our products and processes are monitored to the highest industry standards. We believe that these competencies and capabilities along the entire value chain, together with a high standardization of process equipment and process development, give us a competitive advantage over many other suppliers. In fact, these competences have already contributed to our competitiveness, for example, concept ideas developed first in 2011 (such as single shell lower control arms and single shell spring links) are today global market leaders.

Well-diversified portfolio of blue chip OEM customers

We have a large, diversified, global customer base, with long standing and trusted relationships established over many years of successful collaboration with each of the 12 largest OEMs worldwide and handle manufacturing for over 900 vehicle models.

The chart below sets out the breakdown of our customer base in 2017.

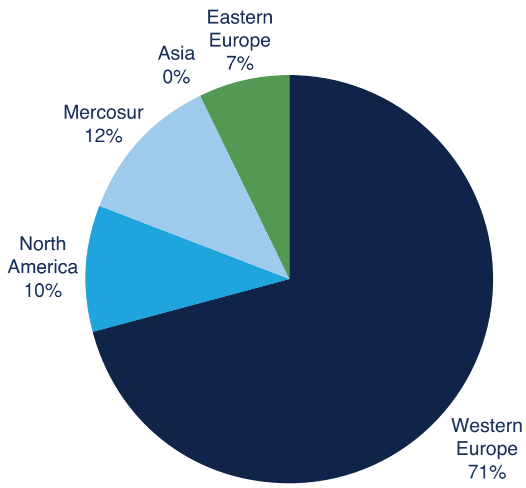
2017[(1)]
(% of revenues)



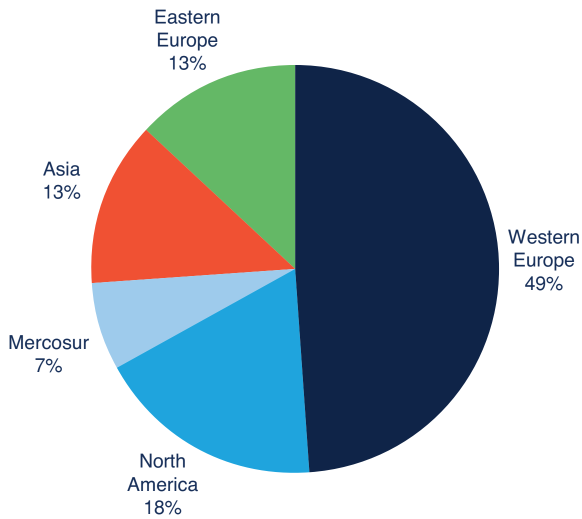
(1) Based on consolidated revenues from OEMs (excluding tooling).

We believe that our globally diversified revenue base makes us resilient to regional market fluctuations. For example, the recent declines in vehicle production in Russia and Brazil due to a challenging macroeconomic context have been offset by production growth in Asia, North America and Western Europe, while production in Asia and Mercosur during the global financial crisis in 2008 and 2009 mitigated the concurrent steep drop in vehicle production in North America. When Gestamp started its operations in 1998, only 27% of the revenues of the Group were generated outside of Spain. The chart below sets out the breakdown of our sales by geography in 2007 and 2017.

2007[(1)]
(% of revenues)



2017[(1)]
(% of revenues)



(1) Based on manufacturing origin of consolidated revenues.

The success of our geographical diversification is evidenced by the growth in the share of our total revenues originating in North America (10% for the year ended December 31, 2007) and Asia, where we had no presence in 2007 to 18.1% and 13.4% for the year ended December 31, 2017, respectively. Furthermore, the U.S. is now our third largest market, after Spain and Germany. We intend to continue our growth focus on North America and Asia, bolstered by our track record in winning new customers and new orders. We believe that these markets offer a strong potential for growth.

Furthermore, our joint venture with Mitsui has provided enhanced access to Japanese OEMs, as evidenced by deepening relationships with OEMs such as Honda, Toyota and Mazda. We believe that our technological leadership, particularly with regard to hot stamping structural components, offers solutions to Japanese OEMs that are superior to what is available within their traditional local and regional supplier networks. In addition, we see significant benefit in building relationships with local Chinese OEMs who are increasingly seeking our technologically advanced body and structural solutions. While for the year ended December 31, 2017, our revenues derived from Japanese OEMs amounted to only 7.0% of our total revenues, Japanese OEMs accounted for more than 30% of the global light vehicle production, creating a significant opportunity for us to grow. Similarly, our revenues derived from Chinese and Indian OEMs amounted to only 1.0% of our total revenues for the year ended December 31, 2017, while Chinese and Indian OEMs, taken together, accounted for more than 30% of the global light vehicle production.

We believe that our customer-focused approach to expansion has been key to our success. While we decide when and where to expand our market presence based on the economic and strategic merits of each particular business opportunity, we tend to expand in regional markets in line with our customers' strategic needs. Once we have established a strategic supplier relationship with an OEM customer, particularly in locations outside its home market, it becomes difficult for that OEM to switch suppliers, and we become well positioned to maintain or increase our business with that OEM. From operational, technical and logistical perspectives, OEMs often face substantial switching costs in replacing the supplier of a particular component or platform, particularly during the life cycle of a specific vehicle model. As a result, the supplier of a particular car model is also often chosen for subsequent generations of that model. This is largely due to the long lead time and significant investment required to set up the production and supply processes as well as the efficiencies and savings gained through experience with the manufacturing processes of particular products.

Our long standing and collaborative relationships with OEMs, highly advanced technological capabilities, global manufacturing and managerial footprint, significant operational scale and track record of financial stability provide us with an advantage over our competitors, entrench our strategic relationships with OEMs and encourage OEMs to entrust us with repeat and new business.

Increasingly growing global footprint

We have a geographically highly diversified global footprint with 105 production facilities and 13 R&D centres in 21 countries over four continents as of March 31, 2018. In addition, we have seven plants under construction, of which the acquisition of one production facility and one plant under construction are subject to the approval of the relevant competition authorities. Our customers often demand just-in-time and just-in-sequence component deliveries. Quality standards for many of the components we produce also require the distance travelled to the OEM to be minimized. These logistical and quality factors generally require that suppliers in our product segments be located close to OEMs' production facilities.

Our production facilities and R&D centers are located in close proximity to OEM R&D hubs and manufacturing plants, which allows us to provide services locally that are tailored to individual customer expectations. Furthermore, our proximity to OEMs enables us to have local-to-local supply chains almost anywhere in the world to facilitate just-in-time and just-in-sequence component deliveries, which are key to winning OEM mandates and maintaining OEM relationships.

Our extensive geographic reach, which we believe would be difficult to replicate without significant investment, provides us with an advantage over competitors by allowing us to deliver complex solutions on a global level and implement them on a local level, thus contributing to increased customer loyalty and in turn, higher revenue visibility.

High growth visibility and resilient business model

We have long-term and strategic relationships with our OEM customers. In our industry, once a project has been nominated to a preferred supplier, it is rare for an OEM to switch to another supplier, given the significant operational, technical and logistical costs of switching suppliers, particularly during the life cycle of a specific vehicle model. Given these factors, while the actual revenues which we derive from a project ultimately depend on our OEM customers' production volumes achieved for the respective car models, we have good visibility into mid-term revenues. Each year, most of our revenues are derived from projects that continue into following years, given that vehicle cycles last several years. Based on current order book expectations (sales excluding intercompany, scrap and tooling sales we expect to record based on assumed volumes converting to orders and shipments under contracts for vehicle programs that we have been awarded by OEMs), we believe that about 90% of the revenues we expect in the period between December 31, 2017 and December 31, 2020 will be generated by orders already in hand by the end of 2017. In addition, we believe we have a strong track record of winning replacement business, including awards for content on subsequent cycles of car models for which we already manufacture components.

Furthermore, our disciplined capital expenditure program has and, we believe, will in the future continue to contribute to our revenue growth. Our capital expenditures are primarily comprised of investments in new manufacturing plants or increased capacity at existing plants and are tied to specific customer project mandates with high revenue visibility before investment commitments are made. When committing capital to new manufacturing plants or otherwise increasing manufacturing capacity, we are highly selective, focusing on contracts which allow us to meet our target project internal rate of return of 15%. Once a project is ongoing, maintenance and replacement capital expenditure is limited and relatively predictable. Our capital expenditures for the years ended December 31, 2017, 2016 and 2015 amounted to €796 million, €725 million and €622 million, of which approximately 33.0% qualified as recurrent capital expenditures in the year ended December 31, 2017.

We have a variable and flexible cost base, with limited exposure to raw material price volatility and limited recurrent capital expenditure requirements once a project is ongoing. Raw materials represented on average approximately 38% of our sales over the past three years, with steel comprising over 90% of our raw material purchases. While steel prices affect our revenue and costs, historically, our profit margins have not been significantly affected by changes in steel prices. In 2017, approximately 63% of our steel was purchased through "re-sale" programs with customers, whereby our OEM customers periodically negotiate with the steel maker the price of the steel that we use for the production of automotive components. Any fluctuations in steel prices are directly adjusted in the selling price of the final product. In the case of products that use steel which is not purchased under "re-sale" programs, our OEM customers adjust our selling prices based on the steel prices they themselves have negotiated with steel suppliers. Historically, we have negotiated and agreed our purchase contracts with steel suppliers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal, and we intend to do so in the future.

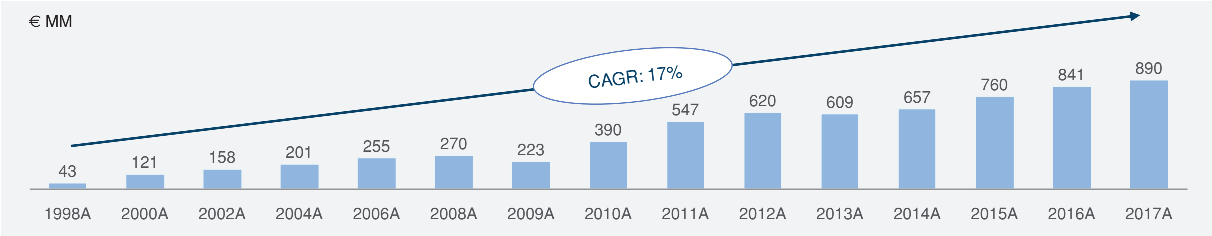
In addition to our limited exposure to raw material price volatility, we have a low operating leverage, with fixed costs accounting for less than 19.4% of our revenues in the year ended December 31, 2017. A significant part of our labor costs, which have represented between approximately 17.9% and 18.2% of our total annual sales in the last three years, are semi-variable in nature and can be adjusted to meet business needs.

Our conservative risk profile also derives from our areas of product focus. The automotive component segment in which we operate is highly independent of the type of motorization, irrespective of whether the vehicle is gasoline or diesel, internal combustion engine ("ICE") or EV, or hybrid. Whether a vehicle has an ICE or is electrically powered, we are well-positioned to benefit from the current trends, as light weight and safety will continue to be key for our OEM customers. Therefore, we believe we are less exposed to the evolution of engine technology than other automotive suppliers. In fact, during 2017 our R&D teams have developed an innovative concept of battery box, a new product within EVs in which we have collaborated directly with the engineering departments of our OEM customers.

We have demonstrated increasing absolute EBITDA levels and stable, resilient EBITDA margins including during the economic downturn, with our EBITDA margin declining moderately to 11.0% in 2009 from 11.7% in 2008 and recovering in 2010 to 12.3%. As a result, we are able to focus on growth even during unfavorable market conditions. For example in Brazil, as a result of our flexible cost base and operational efficiency, we were able to maintain a stable EBITDA margin in the high single digits from 2014 to 2017 despite steep declines in light vehicle production in the region from 2014 to 2016. Furthermore, we have been able to maintain and improve conservative leverage ratios despite investing over €1.9 billion between 2015 and 2017 in tangible capital expenditures, largely for growth projects, a significant number of which have not yet reached full production capacity. For the years ended December 31, 2017, 2016 and 2015, our

EBITDA was €889.9 million, €841.1 million and €760.3 million, representing a CAGR of 8.2%. We expect certain plants and projects to finalize full ramp-up in 2018 and 2019, and believe that this phase out of ramp-up costs, the expected recovery of certain auto production markets (where we have a significant presence), as well as our focus on new plants and expansion projects with higher EBITDA margins will help drive the increase of our overall EBITDA margin.

The chart below shows our EBITDA growth since our inception in 1998.



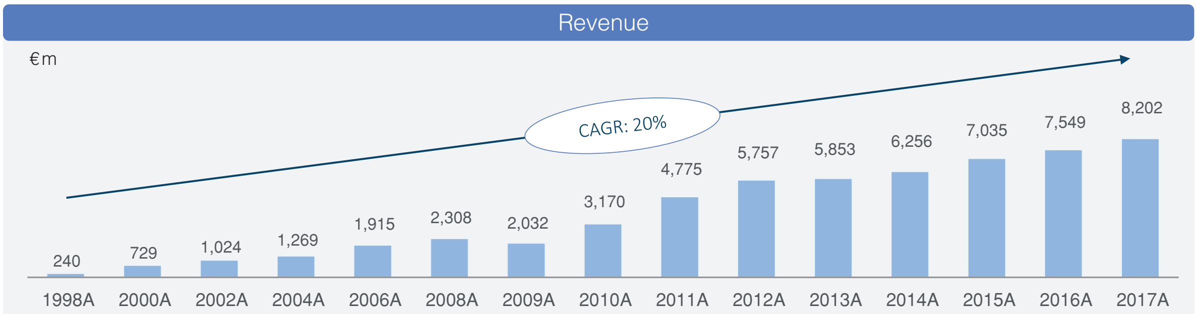
(1) Gestamp prepared its financial statements in accordance with IFRS for the first time in 2008. Prior to 2008, Gestamp prepared its financial statements in accordance with Spanish GAAP. IFRS differs in certain respects from Spanish GAAP, and accordingly data presented with Spanish GAAP may not be comparable to data prepared in accordance with IFRS.

(2) EBITDA numbers in 2010, 2011 and 2012 were impacted by the acquisitions of Edscha in 2010 and ThyssenKrupp's metal forming division (TK-MF) in 2011, respectively.

(3) Financial statements as of and for the year ended December 31, 2013 were restated to give effect to IFRS 10 and 11.

Similarly, our revenues have increased from €240 million in 1998 to €8,201.6 million for the year ended December 31, 2017, representing a CAGR of 20.4%. From 2009 to 2017 we have significantly outperformed some our peers, in terms of revenues according to their company filings.

The chart below shows our revenues growth since our inception in 1998.



Over the same period the global auto market, as measured by total units sold, has had a CAGR of 3%. Source: IHS Automotive (March 2018).

Highly experienced management team with proven track record and stable family ownership structure

Our management team has extensive experience in the automotive industry and most of our senior management have been with us for more than ten years while several key members of management have been with us for more than 15 years. Our management team has demonstrated a successful track record of achieving long term profitable growth over the economic cycle by maintaining double digit EBITDA margins even during the global financial crisis in 2008 and 2009 and successfully integrating sizeable acquisitions in 2010 (Edscha) and in 2011 (ThyssenKrupp Metal Forming), as part of an active and successful merger and acquisitions strategy. Furthermore, our management team has guided us to continuous growth since inception with revenue and EBITDA growing 255% and 230%, respectively, between 2008 and 2017. Our customer base has also expanded from including the seven largest OEMs in 2007 to the 12 largest OEMs in 2017. We have also experienced significant geographical diversification, largely due to access to Asian and North American markets. Sales in China represented 9.0% of total sales in the year ended December 31, 2017 as compared to the year ended December 31, 2007, when we had no presence in China and sales in North America represented 12.3% of total sales in the year ended December 31, 2017 as compared to 8.0% in the year ended December 31, 2007.

A focus on operational excellence across business divisions deeply entrenched in the company culture has been key to achieving our ongoing strategy of long-term value creation for our shareholders. Our ultimate controlling shareholders, the Riberas Family, have been instrumental in establishing and implementing our vision and strategy and continue to drive and support our profitable growth. The Riberas Family currently controls, directly or indirectly (through Acek and Gestamp 2020), approximately 71.27% of our issued share capital and intends to maintain ownership of more than 50% of our issued share capital, which will assist in maintaining our culture. Through its investment in Gestamp 2020, Mitsui currently indirectly has the economic benefit of 12.5% of our issued share capital. Mitsui also owns a 30% minority stake in our operations in North America and Mercosur. We expect Mitsui to accompany the Riberas Family as a long-term supportive shareholder in Gestamp. Our partnership with Mitsui has increased our traction with Japanese OEMs outside of Japan, and we believe that our continued relationship with Mitsui will facilitate greater access to Japanese OEMs, which are currently under-represented in our customer base.

Our Strategies

Our goal is to continue to be the global partner of choice for OEMs in Body-in-White, Chassis and Mechanisms in order to maintain our historical above market growth. To achieve our goal, our strategy, as set out in detail below, focuses on maintaining and strengthening our technological leadership, maximizing growth on the basis of our client-oriented business model, continuing a relentless focus on operational excellence and driving long term value creation by enhancing high standards of corporate social responsibility.

Maintain and strengthen our technological leadership

To maintain our position as a leader in the automotive supplier market, we intend to be at the forefront of developing technological capabilities, manufacturing processes and new materials for use in our products. We believe that our ability and experience in working closely with our OEM customers on the co-development of Body-in-White, Chassis and Mechanisms products further strengthens our reputation as a leader in industry innovation based on the recurrent number of co-development projects that we are awarded and our large portfolio of multi-material solutions. We will continue to invest in R&D to make the "car of the future" safer and lighter by using innovative solutions that apply new materials and technologies while maintaining cost efficiency.

Enhancing technologies and processes

Regulatory and industry standards are moving towards more stringent emissions and safety requirements. As a result, car production is shifting from the use of cold stamping, the main manufacturing process used by OEMs today, towards hot stamping, where we are a market leader. Hot stamping provides enhanced deformation control and energy absorption, improves vehicle safety and reduces vehicle weight. Currently, up to approximately 40% of the total Body-in-White of certain advanced vehicle models have been produced with ultra high strength steel through the use of hot stamping.

The automotive industry is currently focused on developing the defining components of the "car of the future". Thus, OEMs have been focusing on developing powertrain technology, platform design and more recently, new shared mobility technologies. To free up capital, OEMs are increasingly willing to outsource the production of certain vehicle components such as Body-in-White and Chassis components to a select number of strategic supply partners such as ourselves. We believe that as OEMs invest less in their in-house capabilities relating to certain areas of vehicle production, they increasingly turn to suppliers like us to reduce vehicle weight and increase safety, which ultimately translates into a higher content per vehicle for us as the value of these lighter parts is higher. This in turn has led suppliers, such as ourselves, to achieve certain technological advances, which OEMs find difficult to match in-house in price and quality. We are the largest global supplier of Body-in-White parts produced via hot stamping and our manufacturing capabilities cover the entire value chain of hot stamping, from manufacturing of our own dies to the production of the hot stamping lines themselves, which we believe represents a significant advantage compared to other suppliers. We have increased our hot stamping production lines from 16 in 2007 to 84 in 2017 (with 92 expected in 2018) and we also have eight tool shops in Europe, one in America and one in Asia.

In Chassis, we are developing innovative solutions for components, focused on weight reduction, passenger safety and cost savings by applying advancements in materials, technologies and processes, including hybrid solutions involving steel pressings combined with other materials and solutions tailored for EVs.

In Mechanisms, we have introduced the first plastic door check and the first spindle drive for automatic lift gates in the market, which enhances the passenger experience in entering and exiting vehicles, and we were the first supplier worldwide to introduce a hood hinge made from carbon fiber reinforced plastic, which reduces vehicle weight.

Developing new materials and combinations of materials

While we will continue to develop, in cooperation with the steel industry, additional types of steel for use in our products, we believe that the "car of the future" will be made from a combination of different materials in addition to steel. We believe that we are a leader in aluminum stampings for Body-in-White, particularly with regard to skin panels (which are the largest aluminum-based component in Body-in-White), and are an important supplier for several premium OEMs, including BMW and JLR with regard to their aluminum stamping needs. We are currently a strategic partner to a number of premium brands in aluminum chassis development and have successfully introduced multi-material solutions to our customers. Our Chassis R&D teams are also developing hybrid solutions involving steel pressings combined with other materials. While we believe the combination of high strength steel and hot stamping will remain the most cost effective means of producing automotive Body-in-White components in the medium term, we intend to strengthen our reputation as a multi material solutions provider by continuing to develop new materials and processes in producing components for our OEM customers. We also intend to focus on cultivating additional co-development opportunities with our OEM customers that facilitate our direct influence on product specifications, including materials used, which we believe would reinforce our position as a leader in industry innovation based on the recurrent number of co-development projects that we are awarded and our large portfolio of multi-material solutions.

Our investment in R&D is driven by our focus on improving fundamental characteristics of a vehicle such as weight, and safety through monitoring complete crash performance, deformation and energy absorption. We routinely showcase our R&D capabilities to OEMs globally, and in 2017 implemented several "Tech Shows" around the world to increase awareness of our technologies and strengthen our long standing relationships with our OEM customers. By continuing to invest in R&D, we believe that we can develop proprietary technology innovations while helping our OEM customers to improve vehicle safety, meet emissions targets and optimize costs, which together we believe will ultimately allow us to be one of a few key suppliers for OEMs across different geographies.

Maximize the growth potential of our client-focused business model

We believe that a key to our success is to be strategically close to our OEM customers, with regard to product development and the alignment of our geographical expansion strategies. Providing solutions to our OEM customers has made us increasingly critical to their success. We intend to continue to reinforce this strategy as a means to increase our share of content with the OEMs.

The foundation of our business lies in building long standing, collaborative relationships with OEMs by providing them with innovative, high-quality, cost-effective products in a timely, efficient manner. By further adapting to customer needs, we believe that we have become a trusted partner to our OEM customers and increasingly critical to their success. In addition, our senior management team has invested and will continue to invest significant time in cultivating and maintaining relationships with our OEM customers.

We prioritize customer relationships and believe that our customer-focused approach to expansion has been key to our past and current success. In particular, we believe that our close relationships with OEMs have provided us with insight into their individual needs, which in turn guides our own market expansion strategy. We believe that we are well-placed to support the needs of OEMs as they expand their business globally especially in light of the growing trend of outsourcing. Thus, we will continue to aim to be strategically close to our OEM customers both in terms of product development and geographical presence, with the aim of being the supplier of choice of OEMs, with a competitive advantage over other suppliers to capture market share.

In addition to our general growth and expansion strategy, we intend to target the following areas of focus:

Maintain leadership in the European market.

In Europe, we believe that we are the clear market leader for Body-in-White and Mechanisms and among the top three for Chassis in terms of revenue. We intend to maintain and improve our market presence and leadership in the European market by reinforcing the strong customer relationships that we already have.

Increase penetration of Asian OEMs

In order to be closer to markets with fast growing vehicle demand, Japanese OEMs, who generally tend to use their captive or semi-captive supplier networks, have been shifting more of their production facilities outside of Japan, which in turn has created opportunities for foreign suppliers like us to work directly with Japanese OEMs. As a result, we have been working on strengthening our relationships with Japanese OEMs. We believe that our track record of product innovation and technological leadership, particularly with regard to press hardening structural components, offers solutions to Japanese OEMs that are superior to components available from their traditional supplier networks. For example, we recently won mandates to supply components from our West Virginia plant for the Honda Civic, CR-V and Accord. Our Japanese OEM exposure has increased since our partnership with Mitsui in the U.S. began in 2013. We believe our continued relationship with Mitsui, who recently acquired 12.5% of our share capital, will facilitate even greater access to Japanese OEMs. On February 13, 2018, we acquired a plant from Scorpios Indústria Metalúrgica Limitada, a local group specialized in the manufacture of metal components in Brazil. The production facility has a workforce of 418 employees and recorded around €27 million in revenues in the year ended December 31, 2017. The Brazilian plant currently supplies Body-in-White components to the Japanese OEM Toyota. The acquisition reinforces our stated strategy of growing with Japanese customers, which currently account for approximately one third of global light vehicle production. In addition, we opened a new hot stamping plant in Matsusaka, Japan, in February 2017.

We also intend to develop relationships with OEMs in other Asian markets such as China, which is expected to remain the single largest market globally for automotive production. We see a significant upside in strengthening our relationships with local Chinese OEMs and already have a regional presence of eight production facilities with three new production facilities currently under construction. On January 25, 2018, we signed a joint venture agreement with Beijing Hainachuan Automotive Parts Co. Ltd. ("BHAP"), a Chinese company specialized in auto components, which is a subsidiary of Beijing Automotive Industry Group Co., Ltd. (the "BAIC Group"), one of the major automotive companies in China. The BAIC Group is the fifth largest car manufacturer in China and is specialized in manufacturing locally branded automobiles as well as Daimler and Hyundai vehicles via its own joint ventures with these OEMs. This joint venture strengthens our presence in the country. The operation is subject to approval from the Chinese anti-trust commission and other government authorities. The new alliance improves our strategic position, in order to support not only Daimler, Hyundai and other non-Chinese brands in the Beijing area, but also BAIC's own vehicle brands in all of China. Outside of Beijing, Tianjin, and Hebei Province, we will continue to manufacture auto components to all non-BAIC clients outside of the joint venture.

We are also working to expand our presence in India, concentrating on high value-add products. We expect that local OEMs will increasingly seek our products to help them meet certain technological and quality challenges that domestic suppliers may not be able to adequately address.

Selectively increase market share in North America

In North America, we are a leading supplier to German OEMs and intend to maximize our technological leadership and existing regional footprint in order to develop and enhance relationships with U.S. and Asian OEMs in the region. We are currently building new manufacturing facilities and expanding the capacity of existing manufacturing facilities, including in the U.S. (Chattanooga I, Chattanooga II and Washtenaw) and Mexico (Puebla II Phase 2). Furthermore, emissions standards, which have traditionally been more stringent in Europe, have been tightened in North America. We believe that our expertise in developing and producing light-weight components, which help our customers meet CO2 emissions targets, makes us well-placed to increase our North American market share as OEMs become increasingly under pressure to comply with stricter emissions standards.

Drive organic growth through a disciplined capital expenditure program

Our capital expenditures are primarily comprised of investments in new manufacturing plants or increased capacity at existing plants and have been a result of disciplined growth tied to specific customer project mandates with high revenue visibility before investment commitments are made. Once a project is ongoing, recurrent capital expenditures are limited and relatively predictable. We intend to maintain our selective, disciplined capital expenditure program targeting growth projects which meet our target project internal rate of return of 15%.

Pursue strategic acquisitions

While we are primarily focused on organic growth, we have a strong track record of successfully integrating sizeable acquisitions, including Edscha in 2010 and ThyssenKrupp Metal Forming in 2011. We will continue to monitor the market for potential opportunities and may pursue selective acquisitions which support our strategy of offering our OEM customers optimized multi-material solutions for their light-weighting and safety requirements across a global footprint.

Guided by our continuing focus on building customer relationships, we intend to grow our business primarily by strengthening our position as a critical partner for OEMs worldwide, becoming a first choice supplier when OEMs expand into new markets or technologies and maintaining a focused growth strategy.

Relentless focus on operational excellence

Operational excellence is deeply rooted in our organizational structure and culture and we believe primarily driven by reliability and efficiency. As a result, we intend to focus on achieving and maintaining operational excellence by aiming to be a reliable supplier of consistently high quality products and by optimizing the efficiency of our internal operations.

Reliability

Product quality is a key concern for our OEM customers as each vehicle component can affect both vehicle functionality and user safety. Our expertise in project management on a global scale, as well as our in-house tooling capabilities, give our OEM customers the necessary confidence that we will be able to successfully execute high content, complex projects according to the required quality standards. We aim to build on our proven track record of successfully managing projects which were highly demanding, whether due to scope and size, technological complexity, timing of execution, or geographic location. Furthermore, we believe that the rigorous quality management systems in all of our manufacturing and R&D facilities are critical to our strategy and intend to continue to maintain and improve such quality standards. For example, we apply high standards of testing capabilities in our crash, vibration and modal and fatigue and dynamic tests to our Body-in-White components. To further enhance customer confidence in our consistent and high quality production capabilities, we began identifying key human resources talent across our organization and implementing standardized training programs globally in 2015 and intend to continue these initiatives.

We believe that our diversified footprint and revenue base, our consistent track record of meeting our customers' strategic needs in project execution, the maintenance of high quality standards globally, and our conservative financial policies, have demonstrated to our OEM customers that we are a reliable partner, which has led to an increase in the content that such customers have awarded to us. We intend to continue to align our expansion to the strategic needs of our OEM customers in order that we become the supplier of choice to accompany OEMs as they enter new markets.

Efficiency

We believe that operational and management efficiency is crucial for Tier 1 suppliers, such as ourselves, to remain competitive in our industry where quality, price, supply chain management, client services and technological capabilities are all important criteria tracked by OEMs to select their preferred suppliers. As a result, we have designed our organizational structure to maximize operational efficiency as our business units are centered around customers, products, process innovation and R&D while our geographic divisions are focused on improving manufacturing processes and profitability such that each manufacturing facility can be tracked as a profit center.

Over the last few years, we have been implementing standardized corporate processes that complement our organizational structure in order to improve both operational and management efficiency and we intend to continue to focus on executing these initiatives, including the following:

- Requiring each manufacturing facility, group division and business area to track key performance indicators on a monthly basis;
- Measuring the performance of our manufacturing facilities through a standard system focused on tracking efficiency, production rates and saturation rates;
- Tracking production capacity across our manufacturing facilities in order to optimize their use;
- Standardizing all business and operational processes across our organization;
- Increasing the "intelligence" of our processes with our "Industry 4.0" plan, which through the comprehensive analysis of the performance data from our production facilities, will enable us to create standardized, reliable processes and streamline the management of our production facilities;
- Standardizing management of customer projects to improve transparency and collaboration as well as efficiency;
- Reducing energy consumption in our manufacturing facilities through an energy monitoring system developed together with internationally recognized technology partners;
- Consolidating performance data and know how in order to be able to access any piece of information in real time at any facility worldwide; and
- Managing our supplier base through a global platform that tracks supplier performance, risk and regulatory compliance while streamlining the order process.

Underlying our focus on maintaining operational excellence is a strong company culture focused on long term growth that has resonated since our inception primarily due to the continuing influence of our ultimate controlling shareholders, the Riberas Family. We intend to continue to partner and collaborate with those that we believe will positively contribute to our development such as Mitsui.

Focus on long term value creation by maintaining and enhancing high standards of corporate social responsibility

Supported by our strong track record in regulatory compliance, internal controls and risk management, we seek to build on our transparent and strong relationships with all of our stakeholders, enhancing our ties in particular with our employees, suppliers, investors, as well as other social and institutional bodies governing the sectors in which we operate. We aim to achieve this by continuous improvement in our management processes, such as corporate governance and regulatory compliance, maintaining an ongoing dialogue with our stakeholders and regulators, maintaining the highest standards of internal compliance and proactively addressing wider issues affecting our industry such as emissions standards, waste management and other environmental initiatives. In addition, we have participated in and intend to maintain our commitment to social and community initiatives, in particular to educational programs that provide young people with technological training.

Recent Developments

Current Trading

We are in the process of finalizing our results for the two months ended February 28, 2018. Based on our management estimates and information currently available, we estimate that for the twelve months ended February 28, 2018 our revenue will be between approximately €8.22 billion and €8.25 billion and our EBITDA will be between approximately €897 million and €902 million. For the twelve months ended February 28, 2017 our revenue was €7.7 billion and our EBITDA was €845 million.

Our results for the twelve months ended February 28, 2018, compared to the twelve months ended February 28, 2017, benefited from increased sales to customers mainly in Western Europe (primarily in Spain, Portugal and France), Eastern Europe (primarily in Poland and Turkey) and Mercosur, and were partially offset by a decrease in sales in North America due to unfavorable exchange rate movements. The increase in sales is mainly due to the start of new projects related to tangible investments made in previous years.

Our EBITDA for the two months ended February 28, 2018 compared to the two months ended February 28, 2017, benefited from our higher sales volume, which has not resulted in corresponding increases in our fixed costs structure, and hence has resulted in a better distribution of our fixed costs within our overall costs structure.

We anticipate that our revenues and EBITDA in the two months ended February 28, 2018 are in line with the amounts considered in our budgeting process.

This information is based solely on preliminary internal information used by management. Our actual and consolidated financial results for the two months ended February 28, 2018 may differ from our preliminary estimated results and remain subject to our normal end of period closing procedures and review process. Those procedures have not been completed. Accordingly, these results may change and those changes may be material. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as an indication, forecast or representation by us or any other person regarding our financial performance for the three months ended March 31, 2018, the six months ending June 30, 2018, the nine months ending September 30, 2018 or the full year ending December 31, 2018.

Our Shareholders and History

On December 22, 1997, the Riberas Family founded Gestamp Automoción, S.A. with the aim of becoming a leading supplier in the automotive sector. Soon after our incorporation, we entered strategic automobile markets such as Germany, France and Brazil.

In 2004, we entered the U.S. market with the acquisition of our first manufacturing plant there and by acquiring the Hardtech Group, a Swedish group specialized in hot stamping that was already established in the United States. This acquisition allowed us to improve our technological competencies with the most innovative hot stamping technology. From 2006, we continued our expansion in new markets in Asia (Korea, India and China) and Eastern Europe, and continued our growth in the Americas and Western Europe.

In 2009, we acquired LSP Automotive Systems LLC, a U.S. subsidiary of the German group Läpple and supplier of BMW which was facing financing problems. The acquired subsidiary was renamed to Gestamp South Carolina, LLC. Through this acquisition we supported BMW in a critical situation while we enhanced our presence in the U.S. and became a reference supplier to BMW.

In 2010, we acquired Edscha, a German leader in automotive closure systems in terms of revenue and product portfolio, with 14 plants and two R&D centers across nine countries, which allowed us to further extend our product portfolio with the incorporation of our current Mechanisms division. Following this product oriented growth strategy, in 2011, we acquired ThyssenKrupp's metal forming division (TK-MF), adding 17 plants and two R&D centers to our production center network, and in particular, an important Chassis division.

On July 3, 2013, Mitsui acquired a 30% minority stake in our operations in North America and Mercosur, allowing us to enhance our overall relationships with Japanese OEMs and support our strategy for deepening supply relationships with Japanese OEMs outside of Japan.

On February 1, 2016, Acek (the Riberas Family industrial holding) purchased ArcelorMittal's 35% stake in Gestamp Automoción, owned since 1998, for a cash consideration of €875.0 million. ArcelorMittal continues its commercial relationship and cooperation with us (supply of processed steel and collaboration in automotive research and development) and continues to own 35% of Gonvarri. Furthermore, one ArcelorMittal Group representative sits on our Board of Directors as a director classified under the category of "other external" (i.e. cannot be classified as an "independent" or "proprietary" director) pursuant to an agreement between Acek and the ArcelorMittal Group.

On December 20, 2016, Mitsui and Acek (together with some of its affiliates) signed an investment agreement, in relation to Mitsui's acquisition of 12.525% of our share capital through Gestamp 2020 S.L., a special purpose vehicle wholly-owned by Mitsui (25%) and Acek (75%), for a consideration of €416 million. The transaction was completed and closed on December 23, 2016.

On April 7, 2017, we made our debut as a publicly listed company on the Spanish stock exchanges, selling 156,588,438 shares, which rendered an initial market capitalization of €3,222 million. As of December 31, 2017, our total free float amounted to 28.73%. The remaining shareholding of 71.27% is controlled (directly and indirectly) by Acek, being 58.745% owned by Acek and 12.525% by Mitsui. As of April 13, 2018, we had a market capitalization of €3,913.5 million.

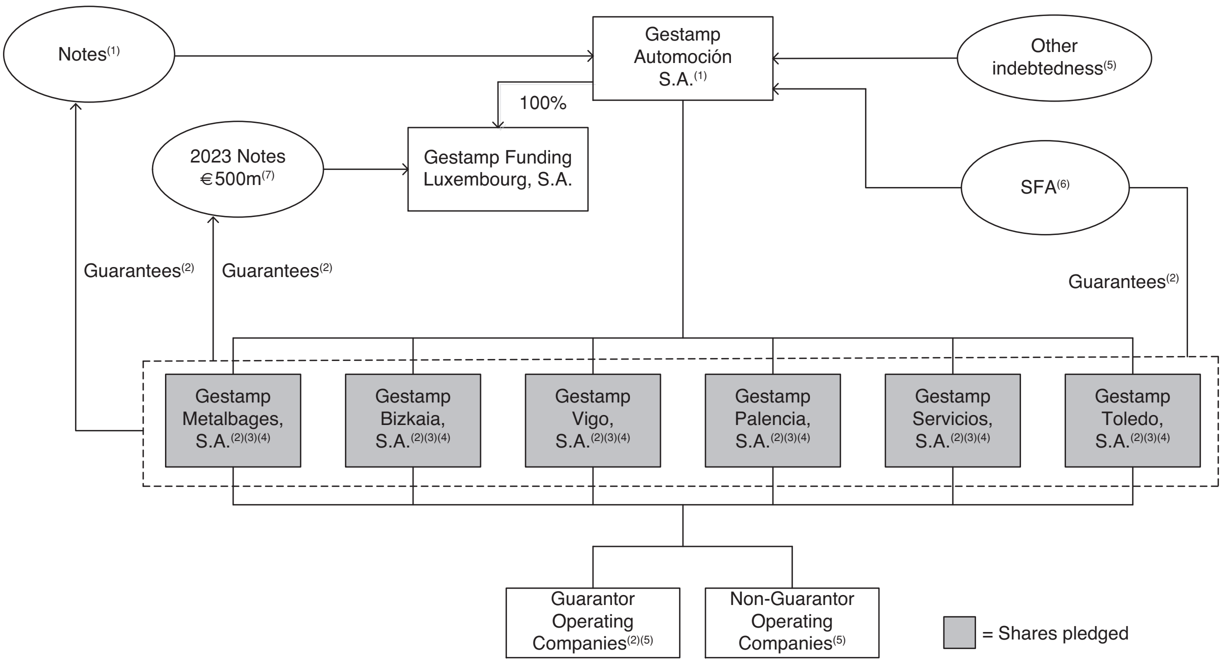
Acek was incorporated under the name Corporación Gestamp, S.L., before the change of its legal name was adopted in a shareholders' meeting on February 5, 2015. Since its foundation, Acek has expanded its holdings to companies active in (i) automotive components, through Gestamp Automoción and its minority stake in CIE Automotive, S.A., (ii) other metal industries, through Gonvarri Corporación Financiera, S.L., (iii) renewable energy, and (iv) other businesses, including real estate. Acek carries out commercial and financial transactions with the companies of Grupo Acek under the terms and conditions established among the parties on an arm's length basis. Acek is wholly owned by the Riberas Family who has been supportive of our vision, strategy and growth throughout our evolution. The Chairman and Vice-Chairman of our Board of Directors are members of the Riberas Family.

The Company

Gestamp Automoción is a *sociedad anónima* registered in Spain under number A-48943864 and with its registered office in the industrial park of Lebario S/N 48220 in Abadiño, Bizkaya, Spain. The telephone number of Gestamp Automoción is +34 94 450 70 00. Gestamp Automoción was incorporated under the laws of Spain on December 22, 1997.

Summary Corporate and Financing Structure

The following diagram summarizes certain aspects of our corporate structure and financing after giving effect to this offering. For more information, see "Description of the Notes" and "Description of Other Indebtedness".



(1) The notes will be issued by the Company. We will apply the net proceeds of the offering of the notes (i) for the refinancing of certain short- and long-term debt facilities estimated at €392.8 million and (ii) to pay commissions, fees and expenses estimated at approximately €3.7 million in connection with the Refinancing Transactions. See "Use of Proceeds and "Capitalization".

(2) Certain of the Company's subsidiaries will unconditionally guarantee the notes and the Senior Facilities Agreement. For a list of these subsidiaries please see "Summary—The Offering—Guarantors". The subsidiaries of the Company which will guarantee the notes, along with the Company, represent approximately 48.5% and 54.5% of our total consolidated assets and EBITDA, respectively, as of and for the year ended December 31, 2017. See "Risk Factors—Risks Related to the Notes—Insolvency laws and other limitations on the Guarantees and the security may adversely affect their validity and enforceability".

(3) The notes will be secured by a charge over the shares of the entities identified. See "Description of the Notes—Security".

(4) The entities which will be the subject of the share charges are all majority-owned by the Company. The remaining shares not owned by the Company are owned by Gestamp Servicios, S.A. and Gestamp Toledo, S.A. which will also pledge its holding in these entities in favor of the noteholders through share charges.

(5) We have additional bank and other debt, which has been incurred and guaranteed by the Company and various of our subsidiaries, including subsidiaries guaranteeing the notes. As of December 31, 2017 after giving pro forma effect to the offering and the application of the proceeds therefrom we would have had €1,901.6 million of net financial debt, including the €400.0 million aggregate principal amount of the notes issued in this offering and the 2023 notes. Subsidiaries of the Company that will not guarantee the notes had €224.8 million of debt outstanding as of December 31, 2017 on a consolidated basis. See "Capitalization" and "Description of Other Indebtedness".

(6) The Senior Facilities Agreement provided for facilities of €1,132.5 million, as of December 31, 2017, split into committed term facilities of €852.5 million outstanding as of December 31, 2017, and a revolving credit facility of €280.0 million. All liabilities owed under the Senior Facilities Agreement will rank *pari passu* with liabilities owed under the notes offered hereby. See "Description of Other Indebtedness—Senior Facilities Agreement". The intercreditor relationships between the lenders under the Senior Facilities Agreement, the trustee on behalf of the holders of the notes and the trustee on behalf of the holders of the 2023 notes will be governed by the Intercreditor Agreement. See "Description of Other Indebtedness—Intercreditor Agreement". In addition, we are in the process of negotiating an amendment of our Senior Facilities Agreement in order to, amongst other changes, align certain baskets with the terms of the notes, amend certain financial reporting obligations to reflect the listed status of the Company and make interim Loan Market Association updates. We caution that such discussions are ongoing as of the date of this offering memorandum and therefore no assurance can be given that such amendment will occur and investors are cautioned not to place undue reliance that such amendment will take place in the near term.

(7) On May 4, 2016, Gestamp Funding Luxembourg S.A. issued €500 million 3.50% Senior Secured Notes due 2023 in an offering pursuant to Rule 144A and Regulation S of the Securities Act.

THE OFFERING

The summary below describes the principal terms of the notes. See "Description of the Notes" in this offering memorandum for a more detailed description of the terms and conditions of the notes.

Issuer	Gestamp Automoción S.A.
Notes Offered	€400.0 million aggregate principal amount of 3.25% senior secured notes due 2026 (the "notes").
Maturity	The notes will mature on April 30, 2026.
Interest Rates and Payment Date	We will pay interest on the notes semi-annually on April 30 and October 31 of each year, commencing October 31, 2018, at a rate of 3.25% per annum. Interest will accrue from the Issue Date.
Denominations	The notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Security	The notes will be secured on a third-ranking basis by a charge over the shares of certain subsidiaries of the Company. See "Description of the Notes—Security". Notwithstanding the fact that the notes will be secured by third-ranking pledges, pursuant to the Intercreditor Agreement, recoveries received upon enforcement of Collateral will be applied *pro rata* in repayment of liabilities in respect of the notes, the 2023 notes and the Senior Facilities.
Guarantees	The notes will be unconditionally guaranteed, jointly and severally, by the Guarantors. A Guarantee may be released in the event of certain sales or disposals of the relevant Guarantor, in the event of certain enforcement actions under the Intercreditor Agreement and under certain other circumstances. See "Description of the Notes—Release of the Note Guarantees".
Guarantors	The Guarantors are the operating and intermediate holding companies listed below. The subsidiaries of the Company guaranteeing the notes, along with the Company, represent approximately 48.5% and 54.5% of our total consolidated assets and EBITDA, respectively, as of and for the year ended December 31, 2017.

Edscha Automotive Hengersberg GmbH	(Germany)
Edscha Holding GmbH	(Germany)
Gestamp Griwe Westerburg GmbH	(Germany)
Gestamp Griwe Haynrode GmbH	(Germany)
Edscha Automotive Hauzenberg GmbH	(Germany)
Gestamp Umformtechnik GmbH	(Germany)
Edscha Hengersberg Real Estate GmbH, & Co.	(Germany)
Edscha Hauzenberg Real Estate GmbH, & Co.	(Germany)
Edscha Engineering GmbH	(Germany)
GMF Holding GmbH	(Germany)
Gestamp Servicios, S.A.	(Spain)
Gestamp Navarra, S.A.	(Spain)
Gestamp Bizkaia, S.A.	(Spain)
Gestamp Metalbages, S.A.	(Spain)
Edscha Santander, S.A.	(Spain)
Gestamp Esmar, S.A.	(Spain)
Gestamp Palencia, S.A.	(Spain)

Gestamp Abrera, S.A.	(Spain)
Edscha Burgos, S.A.	(Spain)
Gestamp Solblank Barcelona, S.A.	(Spain)
Loire Sociedad Anónima Franco Española	(Spain)
Gestamp Aragón, S.A.	(Spain)
Gestamp Toledo, S.A.	(Spain)
Gestamp Linares, S.A.	(Spain)
Gestamp Vigo, S.A.	(Spain)
Gestamp Galvanizados, S.A.	(Spain)
Gestamp Levante, S.A.	(Spain)
Ingeniería Global MB, S.A.	(Spain)
Gestamp Global Tooling, S.L.	(Spain)
Gestamp Noury, S.A.S.	(France)
Gestamp Ronchamp, S.A.S.	(France)
Edscha Briey, S.A.S.	(France)
Sofedit, S.A.S.	(France)
S.C.I. de Tournan en Brie	(France)
Edscha Engineering France, S.A.S.	(France)
Gestamp Prisma, S.A.S.	(France)
Gestamp Hungaria, KFT.	(Hungary)
Gestamp Polska, Sp. Z o o	(Poland)
Gestamp Wroclaw, Sp. Z o o	(Poland)
Gestamp Aveiro Indústria de Accesórios de Automóveis, S.A.	(Portugal)
Gestamp Cerveira, Lda.	(Portugal)
Gestamp Vendas Novas Unipessoal, Lda.	(Portugal)
Edscha Automotive Kamenice, S.R.O.	(Czech Republic)
Edscha Hradec, S.R.O.	(Czech Republic)
Gestamp Louny S.R.O.	(Czech Republic)
Gestamp Tallent, Ltd	(England)
Gestamp Washington UK Limited	(England)
Edscha Velky Meder s.r.o.	(Slovakia)
Gestamp HardTech, AB	(Sweden)
Gestamp Sweden, AB	(Sweden)
Gestamp Funding Luxembourg, S.A.	(Luxembourg)

Ranking of the Notes and Guarantees

The notes will be general senior obligations of the Company and will rank equally in right of payment with all of its existing and future senior indebtedness. The notes will rank senior in right of payment to any future obligations of the Company subordinated in right of payment to the notes. The notes will be effectively subordinated to all obligations of the Company secured by property or assets that do not comprise part of the Collateral, to the extent of the value of the property or assets securing such obligations. The notes will be structurally subordinated to any existing and future indebtedness of our subsidiaries that do not guarantee the notes.

The Guarantees of Gestamp Servicios, S.A. ("Gestamp Servicios") and Gestamp Toledo, S.A. ("Gestamp Toledo") will:

- rank equally in right of payment with any existing and future debt of Gestamp Servicios and Gestamp Toledo that is not subordinated in right of payment to its Guarantee;
- be effectively senior in right of payment to any existing and future unsecured debt of Gestamp Servicios and Gestamp Toledo to the extent of the value of the Collateral securing its Guarantee; and

- be structurally subordinated to all existing and future debt of any subsidiaries of Gestamp Servicios and Gestamp Toledo that do not guarantee the notes.

The Guarantee of each other Subsidiary Guarantor will:

- rank equally in right of payment with any existing and future unsecured debt of such Subsidiary Guarantor;
- rank equally in right of payment with any existing and future debt of such Subsidiary Guarantor that is not subordinated in right of payment to its Guarantee; and
- be effectively subordinated to any secured debt of such Subsidiary Guarantor to the extent of the value of the assets securing such debt.

See "Description of Other Indebtedness—Intercreditor Agreement" for a description of certain terms affecting the notes and the Guarantees, including provisions relating to the release of Guarantees and turnover of proceeds following an enforcement event under the Intercreditor Agreement.

As of December 31, 2017, after giving pro forma effect to the Refinancing Transactions (i) we would have had outstanding €1,901.6 million of net indebtedness, including the notes, and (ii) the subsidiaries of Gestamp Automoción that will not guarantee the notes would have had €224.8 million in debt. See "Description of Other Indebtedness".

Intercreditor Agreement . . . . The notes will be governed by the Intercreditor Agreement, dated May 10, 2013, entered into with, among others, the lenders under the Senior Facilities Agreement, and the trustee of the 2023 notes. Pursuant to the terms of the Intercreditor Agreement, the holders of the notes will share on a *pro rata* basis recoveries received upon enforcement over any share charges constituting Collateral, as well as any Guarantees, with the secured creditors under the Senior Facilities Agreement and holders of the 2023 notes.

Optional Redemption . . . . We may redeem all or part of the notes at any time on or after April 30, 2021 at the redemption prices described in "Description of the Notes—Optional Redemption". At any time prior to April 30, 2021 we may also redeem all or part of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus a "make whole" premium, plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the date of redemption.

At any time prior to April 30, 2021 we may redeem up to 40% of the aggregate principal amount of the notes with the net cash proceeds from certain equity offerings at a redemption price equal to 103.250% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to but excluding the redemption date, provided that at least 60% of the aggregate principal amount of notes issued under the Indenture remain outstanding after the redemption.

Optional Tax Redemption . . . . We may redeem the notes in whole, but not in part, at any time, if changes in tax laws would require the Company to pay additional amounts on the notes. If the Company decides to redeem the notes following such change in tax laws, the Company must redeem the notes at a price equal to the principal amount of the notes plus accrued and unpaid interest and additional amounts, if any, to (but excluding) the date of redemption. See "Description of the Notes—Optional Tax Redemption".

Additional Amounts . . . . All payments in respect of the notes or any Guarantee will be made without withholding or deduction on account of taxes unless required by law. If the Company or any Guarantor is required by law to withhold or deduct any amount for taxes imposed by a Relevant Taxing Jurisdiction (as defined herein) in respect of payments on the notes or any Guarantee, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the beneficial owners of notes after the withholding or deduction (including any withholding or deduction attributable to the additional amounts) will equal the amounts that would have been received had there been no deduction or withholding. See "Description of the Notes—Additional Amounts".

Change of Control . . . . If we experience specific kinds of changes in control, we may be required to offer to repurchase the notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. See "Description of the Notes—Repurchase at the Option of Holders—Change of Control".

Certain Covenants . . . . The Indenture governing the notes will, among other things, limit our ability to:

- incur or guarantee additional debt and issue preferred stock;
- make certain payments, including dividends or other distributions;
- make certain investments or acquisitions, including participating in joint ventures;
- prepay or redeem subordinated debt;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries;
- enter into arrangements that restrict payments of dividends to us;
- sell assets, consolidate or merge with or into other companies;
- sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;
- issue or sell share capital of certain subsidiaries; and
- create or incur certain liens.

These covenants contain important exceptions, limitations and qualifications. See "Description of the Notes—Certain Covenants".

Transfer Restrictions	The notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and will not be so registered. The notes are subject to restrictions on transferability and re-sale. See "Transfer Restrictions". Holders of the notes will not have the benefit of any exchange or registration rights.
Listing	Application has been made for the notes to be admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF.
No Prior Market	Although application has been made to admit the notes to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF in accordance with its rules, the notes will be new securities for which there will be no established market. Although the Initial Purchasers have informed us that they intend to make a market in the notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.
Use of Proceeds	We will apply the net proceeds of the offering of the notes (i) for the refinancing of certain short- and long-term debt faclities, and (ii) to pay commissions, fees and expenses estimated at approximately €3.7 million in connection with the Refinancing Transactions. See "Use of Proceeds" and "Capitalization.".
Trustee	Deutsche Trustee Company Limited.
Security Agent	Deutsche Bank AG, London Branch.
Paying Agent	Deutsche Bank AG, London Branch.
Registrar, Luxembourg Listing Agent and Transfer Agent	Deutsche Bank Luxembourg S.A.
Governing Law of the Indenture, the notes and the Guarantees	New York.
Governing Law for Security Documents relating to the Collateral .	Spanish.
Governing Law of the Intercreditor Agreement	English.

SUMMARY CONSOLIDATED FINANCIAL DATA

Our summary consolidated historical financial data has been derived as follows: consolidated financial data as of and for each of the years ended December 31, 2017, 2016 and 2015, has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015, respectively. Our audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 are included elsewhere in this offering memorandum.

Also presented below is certain pro forma financial data which has been prepared to give pro forma effect to the Refinancing Transactions and the application of the proceeds therefrom as described under "Use of Proceeds", in each case as if these events had occurred on December 31, 2017 with respect to balance sheet data, and on January 1, 2017 with respect to income statement data. The pro forma financial data are for information purposes only, and does not purport to present what our results of operations and financial condition would have been had these transactions actually occurred on these dates, nor does it project our results of operations for any future period or our financial condition at any future date. We have also presented certain financial measures that are not defined or recognized under IFRS. While this data has been derived from historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as a substitute for our historical financial information. See "Presentation of Financial and Other Data".

Our summary consolidated financial data is presented in Euro and has been prepared in accordance with IFRS. You should read this summary consolidated financial data in conjunction with "Capitalization", "Selected Consolidated Financial and Other Information", "Operating and Financial Review and Prospects", and the historical consolidated financial statements and the related notes included elsewhere in this offering memorandum.

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

	Year ended December 31,		
	2015	2016	2017
		(€ millions)	
Consolidated Income Statement Data:			
Operating income	**7,202.3**	**7,673.9**	**8,390.5**
Revenue	*7,034.5*	*7,548.9*	*8,201.6*
Other operating income	*156.9*	*131.6*	*197.2*
Changes in inventories	*10.9*	*(6.6)*	*(8.3)*
Operating expenses	**(6,802.1)**	**(7,211.3)**	**(7,905.8)**
Raw materials and other consumables	*(4,308.6)*	*(4,509.7)*	*(4,882.1)*
Personnel expenses	*(1,258.0)*	*(1,366.9)*	*(1,492.8)*
Depreciation, amortization, and impairment losses	*(360.1)*	*(378.5)*	*(405.2)*
Other operating expenses	*(875.4)*	*(956.2)*	*(1,125.7)*
Operating profit	**400.2**	**462.6**	**484.7**
Finance income	13.3	5.3	9.0
Finance expenses	(121.8)	(98.8)	(101.7)
Exchange (losses)	(24.7)	(12.4)	(22.9)
Other[(1)]	(14.2)	(8.6)	1.1
Profit for the year from continuing operations	**252.8**	**348.1**	**370.2**
Income tax expense	(63.9)	(88.9)	(82.1)
Profit for the year	**188.9**	**259.2**	**288.1**
Loss attributable to non-controlling interests	(27.4)	(37.8)	(48.4)
Profit attributable to equity holders of the parent company	**161.5**	**221.4**	**239.7**

	As of December 31,		
	2015	2016	2017
		(€ millions)	
Consolidated Balance Sheet Data:			
Intangible assets	359.4	393.0	414.7
Property, plant, and equipment	2,861.8	3,160.0	3,407.8
Non-current financial assets	57.7	95.5	69.4
Inventories	586.4	630.9	681.3
Trade and other receivables	1,194.7	1,376.9	1,375.7
Cash and cash equivalents	356.0	430.5	860.2
Other[(2)]	329.7	342.8	415.8
Total assets	**5,745.7**	**6,429.6**	**7,224.9**
Total equity	**1,798.4**	**1,872.0**	**1,970.6**
Non trade liabilities (non-current)	1,674.2	1,779.5	2,364.5
Trade and other payables	1,384.4	1,621.4	1,814.1
Other liabilities[(3)]	888.7	1,156.7	1,075.7
Total liabilities	**3,947.3**	**4,557.6**	**5,254.3**

	Year ended December 31,		
	2015	2016	2017
		(€ millions)	
Consolidated Summary Cash Flow Information:			
Profit for the year before taxes and after non-controlling interests	225.4	310.3	321.8
Adjustments to profit	542.1	489.7	504.2
Changes in working capital	9.7	24.6	13.7
Other cash-flows from operating activities	(177.3)	(172.0)	(156.0)
Cash flows from operating activities	**599.9**	**652.6**	**683.7**
Payments on investments	(616.2)	(738.4)	(910.1)
Proceeds from divestments	81.6	7.9	28.7
Grants, donations and legacies received	5.8	1.7	1.6
Cash flows from investing activities	**(528.8)**	**(728.8)**	**(879.8)**
Proceeds and payments on equity instruments	(33.8)	(8.3)	(1.3)
Proceeds and payments on financial liabilities	(120.8)	216.7	705.7
Payments on dividends and other equity instruments	(50.2)	(56.1)	(73.1)
Cash flows from financing activities	**(204.8)**	**152.3**	**631.3**
Effect of changes in exchange rates	5.7	(1.6)	(5.4)
Net (decrease) increase of cash or equivalent	**(128.0)**	**74.5**	**429.8**

	As of and for the year ended December 31,		
	2015	2016	2017
	(€ millions, except percentages and ratios)		
Other Financial Data:			
EBITDA[4]	760.3	841.1	889.9
EBITDA margin	10.8%	11.1%	10.9%
Growth capital expenditures[5]	286.2	389.6	434.4
Recurrent capital expenditures[5]	248.0	251.5	265.9
Intangible capital expenditures[5]	88.3	83.6	95.7
Changes in working capital	9.7	24.6	13.7
Adjusted operating cash flow[6]	424.0	506.0	528.3
Dividends[7]	(50.2)	(56.1)	(73.1)
Additional Financial Data relating to Indebtedness:			
Total financial debt[8]	1,884.5	2,106.3	2,837.0
Current financial assets	35.4	43.2	78.9
Cash and cash equivalents	356.0	430.5	860.2
Net financial debt[8]	1,493.1	1,632.6	1,897.9
Ratio of net financial debt to EBITDA[9]	2.0x	1.9x	2.1x
Net financial expenses[10]	108.5	93.5	92.7
Ratio of EBITDA to net financial expenses[11]	7.0x	9.0x	9.6x

	As of and for the year ended December 31, 2017
	(€ millions, except ratios)
Pro Forma Financial Data:	
Pro forma cash, cash equivalents and current financial assets[12]	935.4
Pro forma net financial debt[12]	1,901.6
Pro forma net financial expenses[13]	103.8
Ratio of pro forma net financial debt to EBITDA[14]	2.1x
Ratio of EBITDA to pro forma net financial expenses[15]	8.6x

(1) Consists of share of profits from associates, change in fair value of financial instruments and impairment of and gains (losses) on sale of financial instruments.

(2) Consists of deferred tax assets, assets held for sale (which consist of assets and liabilities whose recovery is expected through sale and not through continued use, such as our stake in certain of our joint ventures), current financial assets and other current assets.

(3) Consists of deferred income and tax liabilities, provisions and other current and non-current liabilities.

(4) "EBITDA" represents operating profit before depreciation, amortization and impairment losses. Our management believes 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. EBITDA is also a measure commonly reported and widely used by analysts, investors and other interested parties in our industry. 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. The following table presents a reconciliation of EBITDA to an appropriate measure calculated in accordance with IFRS:

	Year ended December 31,		
	2015	2016	2017
	(€ million)		
Operating profit	**400.2**	**462.6**	**484.7**
Adjusted for:			
Depreciation, amortization and impairment losses	360.1	378.5	405.2
EBITDA	**760.3**	**841.1**	**889.9**

(5) Capital expenditures mean expenditure on property, plant and equipment and on intangible assets. Growth capital expenditures include capital expenditures in greenfield projects, major plant expansions of existing facilities and new processes/technologies

in existing plants. Intangible capital expenditures means expenditures on intangible assets. Recurrent capital expenditures include investments for plant maintenance and business replacement.

(6) We define adjusted operating cash flow as our EBITDA less our recurrent capital expenditures and our intangible capital expenditures. The following table presents a reconciliation of adjusted operating cash flow to EBITDA:

	As of December 31,		
	2015	**2016**	**2017**
		(€ million)	
EBITDA	**760.3**	**841.1**	**889.9**
Intangible capital expenditures	(88.3)	(83.6)	(95.7)
Recurrent capital expenditures	(248.0)	(251.5)	(265.9)
Adjusted operating cash flow	**424.0**	**506.0**	**528.3**

(7) Dividends consist of the dividends paid by the Company to its shareholders. In 2018, a dividend of €71.9 million to the shareholders of the Company out of net income for the year ended December 31, 2017 is expected to be declared on or about May 7, 2018, and will be paid on or before July 6, 2018.

(8) Total financial debt consists of interest-bearing loans and borrowings, financial leasing, borrowings from associated companies, loans from the Ministry of Science and Technology and other interest bearing loans but does not include derivative financial instruments, non-interest bearing loans, other current non-trade liabilities, deferred income, provisions, deferred tax liabilities, trade and other payables and other liabilities. Net financial debt consists of total financial debt less cash and cash equivalents and current financial assets. The following table presents a reconciliation of total financial debt and net financial debt to an appropriate measure calculated in accordance with IFRS:

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ million)	
Interest bearing loans and borrowing and debt issues	1,730.9	1,967.6	2,710.9
Financial leasing	35.2	33.6	32.6
Borrowings from related parties	79.0	70.1	59.3
Other non-current financial liabilities	39.4	35.0	34.2
Total financial debt	**1,884.5**	**2,106.3**	**2,837.0**
Current financial assets	35.4	43.2	78.9
Cash and cash equivalents	356.0	430.5	860.2
Net financial debt	**1,493.1**	**1,632.6**	**1,897.9**

(9) Calculated by dividing net financial debt by EBITDA. In the year ended December 31, 2014, our net financial debt amounted to €1,410 million resulting in a net leverage ratio of 2.15x.

(10) Net financial expenses consist of finance expenses less finance income.

(11) Calculated by dividing EBITDA by net financial expenses.

(12) Pro forma cash, cash equivalents and current financial assets and pro forma net financial debt give pro forma effect to the Refinancing Transactions, as if they had occurred on December 31, 2017. See "Use of Proceeds", and "Capitalization".

(13) Pro forma net financial expenses give pro forma effect to the Refinancing Transactions as described under "Use of Proceeds" as if they had occurred on January 1, 2017. Pro forma net financial expenses have been calculated by adding to net financial expenses, for the period, the estimated financial expenses associated with the notes (but excluding any amortization of original issue discount). See "Use of Proceeds", and "Capitalization". See also footnote (10) above.

(14) Calculated by dividing pro forma net financial debt by EBITDA.

(15) Calculated by dividing EBITDA by pro forma net financial expenses.

Summary Segmental Information of the Company

The following table shows selected financial information on a segmental basis for the periods indicated.

	As of and for the year ended December 31,		
	2015[(1)]	2016	2017
	(in millions of €, except percentages)		
Western Europe			
Revenue	3,607.4	3,704.1	4,011.2
EBITDA	347.3	378.0	423.9
EBITDA margin	9.6%	10.2%	10.6%
Eastern Europe			
Revenue	660.7	859.5	1,043.4
EBITDA	86.3	95.6	122.9
EBITDA margin	13.1%	11.1%	11.8%
Mercosur			
Revenue	466.5	401.3	562.3
EBITDA	26.3	23.2	59.5
EBITDA margin	5.6%	5.8%	10.6%
North America			
Revenue	1,323.3	1,546.1	1,482.8
EBITDA	144.2	167.2	123.2
EBITDA margin	10.9%	10.8%	8.3%
Asia			
Revenue	976.6	1,037.9	1,101.9
EBITDA	156.2	177.1	160.4
EBITDA margin	16.0%	17.1%	14.6%

(1) In order to enable investors to compare our financial results for the financial year ended December 31, 2015 with the financial years ended December 31, 2017 and 2016, we have presented in this offering memorandum, solely for informational purposes, certain reclassified financial information as of and for the financial year ended December 31, 2015 to reflect the same five geographical segments as we report starting from the year ended December 31, 2016. See "*Operating and Financial Review and Prospects—Segment Reporting*".

RISK FACTORS

An investment in the notes involves a high degree of risk. You should carefully consider the following risks, together with the other information provided to you in this offering memorandum, in deciding whether to invest in the notes. The occurrence of any of the events discussed below could be detrimental to our financial performance. If these events occur, the trading price of the notes could decline, the Company may not be able to pay all or part of the interest or principal on the notes, and you may lose all or part of your investment. Additional risks not currently known to us or the Company or which are presently deemed immaterial may also harm us or the Company and affect your investment.

This offering memorandum contains "forward-looking" statements that involve risks and uncertainties. Our actual results may differ significantly from the results discussed in such forward-looking statements. Factors that might cause such differences include those discussed below. See "Forward-Looking Statements".

In these "Risk factors", the terms "Group", "we", "us" and "our" refer collectively to the Company and its direct and indirect subsidiaries, unless otherwise indicated or the context so requires.

Risks Related to our Business

We are subject to risks related to our international operations.

Spain continues to be a significant market for our business, representing 17.7% of our revenues for the year ended December 31, 2017. However, since our inception we have expanded our global footprint worldwide. Our international operations include manufacturing facilities and sales of our products in, among other locations, the United States (which accounted for 12.3% of our total revenue in the year ended 2017), certain European countries (for example, Germany and the United Kingdom, each of which accounted for 14.1% and 7.8% of our revenues in the year ended 2017, respectively), China, Mexico, Brazil, India, Argentina and Russia (each of which accounted for 9.0%, 5.7%, 4.2%, 2.7%, 2.6%, 1.4% of our revenues in the year ended 2017, respectively) and we may expand our business to other countries in the future. As a result, our international operations in such markets are subject to various risks that could have a material adverse effect on those operations and our business as a whole, including but not limited to:

- exposure to local economic and social conditions, including logistical and communication challenges;
- exposure to local political conditions, including political disputes, requirements to expend a portion of funds locally and governmental industrial cooperation requirements, coups, the risk of seizure of assets by a foreign government, increased risk of fraud and political corruption, terrorism, acts or war or similar events;
- exposure to local public health issues and the resultant impact on economic and political conditions;
- exposure to potentially undeveloped legal systems which make it difficult to enforce contractual rights and to potentially adverse changes in laws and regulatory practices, including grants, adjudications, concessions, among others;
- exposure to local tax requirements and obligations, as well as tax inefficiencies associated with the lack of double taxation treaties between Spain and the country where the revenue and net income is generated;
- exposure to different effective tax rates in each country in which we conduct business such that changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability;
- foreign currency exchange rate fluctuations and currency controls;
- greater risk of uncontrollable accounts and longer collection cycles;
- the risk of government-sponsored competition;
- difficulty in staffing and managing widespread operations and in attracting and retaining qualified management and employees, while continuing to further rationalize our work force;
- compliance with a variety of U.S. and other foreign laws, as well as European laws affecting the activities of European companies abroad, including compliance with anti-corruption and economic sanctions regulations;

- controls on the repatriation of cash, including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries; and
- imposition of tariffs and embargoes, export and import restrictions, licensing requirements, other trade restrictions and the implementation of other protectionist political measures that could affect our OEM customers.

While these factors or the effect of these factors are difficult to predict, adverse developments in one or more of these areas could materially adversely affect our business, results of operations, financial condition and cash flows.

We are dependent on a few large-volume customers for current and future revenues. The loss of any of these customers or the loss of market share by these customers could have a material adverse impact on us.

Although we supply our products to many of the leading automobile manufacturers and the sales deriving from any one vehicle model do not represent a material proportion of our consolidated revenue, we depend on certain large-volume customers for a significant proportion of our revenues, as is common in our industry. For example, for the year ended December 31, 2017, Volkswagen, Daimler and Renault Nissan represented 25.7%, 11.3% and 11.1% of our consolidated revenues (excluding tooling) respectively, and our top 12 OEM customers (Volkswagen, Daimler, Renault Nissan, Ford, PSA, General Motors, BMW, Fiat Chrysler, Tata JLR, Geely-Volvo, Honda and Toyota) together accounted for 89.1% of our consolidated revenues (excluding tooling). The loss of all or a substantial portion of our sales to any of our large-volume customers could have a material adverse effect on our business, financial condition, results of operations and cash flows by reducing cash flows and by limiting our ability to spread our fixed costs over a larger revenue base.

We may realize fewer sales to these customers for a variety of reasons, including, but not limited to the loss of awarded business, the termination of our supply agreements, a reversal of our OEM customers' trend to outsource and an increase in insourcing business they have traditionally outsourced to us, the entrance of new competitors or a reduction of demand for their products due to, among other macroeconomic factors, disruptive business models affecting final consumer preferences, damage to their reputation, bankruptcy or insolvency.

For example, the reputation of certain OEMs has been substantially damaged as a result of recent ongoing investigations by environmental authorities worldwide (including, *inter alia*, Australia, Brazil, Canada, China, France, Germany, India, the E.U. and the United States) in relation to the potential manipulation of CO_2 emissions control systems which had been installed by certain OEMs for the purposes of manipulating laboratory CO_2 emissions testing.

Any further consolidation in the OEM space could also affect our business negatively. For example, PSA has acquired the Vauxhall/Opel brands from General Motors, last year, becoming the second largest OEM in Europe after Volkswagen. Although we believe that the merged group will be focused on suppliers that are well positioned with both OEMs, and although both PSA and Opel are significant customers for us, there is no assurance that we will continue to be one of the suppliers of choice for the merged group.

Additionally, financial difficulties experienced by any major customer could have a material adverse impact on us if such customer were unable to pay for the products we provide, materially reduced its capital expenditure on, and resulting demand for, new product lines, or if we otherwise experienced a loss of, or material reduction in, business from such customer.

As a result of such potential difficulties, we could experience a decrease in revenues, material write-offs of accounts receivable, significant impairment charges or additional restructurings beyond the steps we have taken to date, which individually or taken together, could have a material adverse effect on our business, financial condition and results of operations.

If we are not able to pass through the impact of the volatility of steel and energy prices to our OEM customers, our results of operations may be adversely affected.

Raw materials represented on average approximately 38% of our sales over the past three years, with steel comprising over 90% of our raw material purchases. Approximately 63% of our steel is typically purchased through OEM re-sale programs, while the remainder is purchased through contracts with steel suppliers that we negotiate. See "—Other Risks—We have in the past engaged, and expect in the future to engage, in transactions with our affiliates and affiliates of our controlling shareholder, some of which may not be, in the future, considered by third parties on an arm's-length basis".

An increase or decrease in steel prices can affect our results. Although the practice of OEMs adjusting prices in accordance with raw material fluctuations has historically limited the impact of steel price volatility on our results, there is no guarantee that we will be able to continue to achieve that goal. Parts that we produce which use steel not subject to re-sale programs do not have any contractual provisions for passing through the price of steel to OEMs and, while market practice has historically been for OEMs to adjust pricing on those products in a way consistent with the adjustments made for products subject to re-sale programs, there are no assurances that this will continue in the future.

We sell scrap steel in secondary markets in which, typically, the price of scrap steel fluctuates in line with fluctuations in steel prices. We generally share our recoveries from sales of scrap steel with our OEM customers either through scrap sharing agreements where we are on re-sale programs, or in the product pricing that we negotiate with OEMs where we purchase steel outside of re-sale programs. Thus, we may be impacted by fluctuations in scrap steel prices in relation to our various customer agreements.

Though energy and utilities represent a small proportion of our operating costs, if costs of raw materials and energy rise, and if we are not able to undertake cost saving measures elsewhere in our operations or increase the selling prices of our products, we will not be able to compensate such cost increases, which could have a material adverse effect on our business, financial condition and results of operations.

Our inability to realize revenues expected from our awarded business or termination or non-renewal of production purchase orders by our customers could materially and adversely impact our business, financial condition, results of operations and cash flows.

The realization of future revenues from awarded business is inherently subject to a number of important risks and uncertainties, including the number of vehicles that our customers will actually produce and the timing of that production.

Typically, the terms and conditions of the agreements with our customers do not include committed minimum purchase volumes. Thus, there can be no assurance that we will continue to supply our customers in the future with a volume of our products similar to the volume we have supplied to them in the past or at all. In addition, such contracts typically provide customers with a unilateral termination right, including in instances where we fail to comply with certain obligations under these supply contracts, such as compliance with technical specifications and qualification requirements, delivery schedules or change of control clauses. If such contracts are terminated by our customers, our ability to obtain compensation from our customers for such termination is generally limited to the direct out-of-pocket costs that we incurred for raw materials and work-in-progress and, in certain instances, undepreciated capital expenditures. Further, there is no guarantee that our customers will renew their purchase orders with us.

Our results of operations could be materially adversely impacted in the future if we are unable to realize revenues from our awarded business, if our customers cancel awarded business or if our customers fail to renew their contracts with us.

Certain decisions made by our joint ventures require consent from third parties that we do not control, and we do not control certain of our joint ventures.

We have a number of strategic partnerships, joint ventures and alliances, and our ownership stake in these arrangements is such that, even if we own a majority interest in such ventures, we may be required to seek consent from third parties in order to make certain decisions but our interests may not always be aligned. In 2017, our net income derived from our largest joint ventures were €90.6 million, representing 31.4% of our consolidated profit for the year, with our subconsolidated Mexican group (which includes Gestamp Holding México, S.L., our joint venture with Mitsui) and our joint venture with Beyçelik, A.S. in Turkey, each accounting for €50.9 million and €28.2 million of our consolidated profit for the year, respectively (see Note 18 of our consolidated financial statements as of and for the year ended December 31, 2017). For example, while as of December 31, 2017, we owned 70% of our joint venture with Mitsui, the shareholders' agreement governing that joint venture provides for certain reserved matters on which both, we and Mitsui have a veto right. In addition, while as of December 31, 2017, we owned approximately 58% of our joint venture with JSC Severstal and Severstal Trade GesmbH in Russia, the agreement governing that joint venture provides for certain reserved matters on which both we and Severstal have a veto right. There have been no changes in our ownership shareholding in these joint ventures since December 31, 2017.

Furthermore, we do not control or have a majority interest in certain other of our joint ventures. For example, we are part of a Turkish joint venture in Beyçelik in which we have a 50% interest. There can be no assurance that the arrangements will be successful and/or achieve their planned objectives. The performance of all such operations in which we do not have a controlling interest will depend on the financial and strategic support of the other shareholders. Such other shareholders may make ill-informed or inadequate management decisions, or may fail to supply or be unwilling to supply the required operational, strategic and financial resources, which could materially adversely affect these operations. If any of our strategic partners were to encounter financial difficulties, change their business strategies or no longer be willing to participate in these strategic partnerships, joint ventures and alliances, our business, financial condition and results of operations could be materially adversely affected.

Moreover, in some of the businesses operated under these joint ventures, we may not have the power to control the payment of dividends or other distributions, so even if the business is performing well, we may not be able to receive payment of our share of any profits. In addition, we may have agreed to certain financing commitments or restrictions on transferability of the shares. Finally, there could be circumstances in which we may wish or be required to acquire the ownership interests of our partners in our joint ventures. There can be no assurance that we will have access to the funds necessary to do so, on commercially reasonably terms or at all.

We have invested substantial resources in markets where we expect growth, and we may be unable to timely alter our strategies should such expectations not be realized.

Our future growth is partly dependent on our making the right investments at the right time to support product development and manufacturing capacity in areas where we can support our customer base. We have identified certain markets including North America, Asia, Mercosur and Eastern Europe as key markets where we are likely to experience substantial growth, and accordingly have made and/or expect to make certain investments, both directly and through participation in various partnerships and joint ventures to support anticipated growth in those regions. If we are unable to deepen existing and develop additional customer relationships in these regions, we may not only fail to realize expected rates of return on our investments, but we may incur losses on such investments and be unable to timely redeploy the invested capital to take advantage of opportunities available in other markets, potentially resulting in lost market share to our competitors. Our results may also suffer if these regions do not grow as quickly as we anticipate. For example, a slower than expected growth of the economies of emerging markets such as China, Russia and Brazil, where we have significant operations, may have a material impact on our results of operations in these countries, and their effects remain unpredictable.

Product liability claims and warranty and recall costs could cause us to incur losses and damage our reputation.

Many of our products are critical to the structural integrity of a vehicle. As such, we face an inherent business risk of exposure to product liability claims in the event of the failure of our products to perform to specifications, or if our products are alleged to result in property damage, bodily injury or death. We are generally required under our customer contracts to indemnify our customers for product liability claims in respect of our products. Accordingly, we may be materially and adversely impacted by product liability claims.

Although major defects in our products tend to be discovered during the manufacturing process or early in the supply chain, if any of our products are, or are alleged to be, defective, we may be required to participate in a recall involving those products. In addition, our customers demand that we bear the cost of the repair and replacement of defective products that we have manufactured which are either covered under their warranty or are the subject of a recall by them. Currently, under most customer agreements, we only account for existing or probable warranty claims. Under certain complete vehicle engineering and assembly contracts, we record an estimate of future warranty-related costs based on the terms of the specific customer agreements and the specific customer's warranty experience. Warranty provisions are established based on our best estimate of the amounts necessary to settle existing or probable claims on product defect issues. Recall costs are costs incurred when government regulators or our customers decide to recall a product due to a known or suspected performance issue and we are required to participate either voluntarily or involuntarily. We might be the cause of a vehicle recall, be required to participate in product recalls or bear the cost of liability damages. Further, we may have no warranty and recall data which allows us to establish accurate estimates of, or provisions for, future warranty or recall costs relating to new products, assembly programs or technologies being brought into production. In addition, we have limited insurance covering product recalls. The obligation to repair or replace such products could have a material adverse effect on our profitability and financial condition.

A decrease in the actual or perceived quality of our products could damage our image and reputation or our OEM customers' confidence in us and their reliance on our products. We could also be subject to claims from our customers due to the delivery of defective products which could result in loss of sales, loss of customers and loss of market acceptance. Any major defect in one of our products could also have a material adverse effect on our reputation and market perception, which in turn could have a material adverse effect on our sales and results of operations.

Difficulties regarding the launch of new programs may adversely affect our business operations, financial position and operational results.

The launch of new business is a complex process, the success of which depends on a wide range of factors, including the production readiness of our and our suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. In addition, the launch of a new business is usually accompanied with significant costs and profitability could be impacted. Our failure to successfully launch material new business could have an adverse effect on our business operations, financial position and operational results.

Our inability to offset price concessions or additional costs from our customers could have an adverse effect on our profitability.

We face ongoing pricing pressure, as well as pressure to absorb costs related to product design, engineering and tooling, as well as other items, such as raw materials, previously paid for directly by OEMs. Typically, in line with industry practice, our customers benefit from price reductions during the life cycle of a contract. We expect to offset these price concessions by achieving production efficiencies; however, we cannot guarantee that we will be able to do so. If we fail to achieve production efficiencies to fully offset price concessions or do not otherwise offset such price concessions, our profitability and results of operations would be materially adversely affected.

We may incur material costs related to plant closings, which could have a material adverse impact on our business, financial condition, results of operations and cash flows.

If we are forced to close manufacturing locations because of loss of business or consolidation of manufacturing facilities, employee severance, asset retirement and other costs, including reimbursement costs relating to public subsidies, to close these facilities may be significant. In certain locations that are subject to leases, we may continue to incur material costs consistent with the initial lease terms. For example, in 2014 we stopped the production in our *Edscha Briey* plant located in Nancy (France) and in subsequent years we dismissed our personnel operating this plant, incurring significant redundancy costs as a result. Given that we continually attempt to align production capacity with demand, we cannot assure you that additional plants will not have to be closed and associated costs incurred in the future.

The construction and maintenance of our facilities entails certain risks.

The construction and maintenance of our facilities entails certain difficulties, both from a technical perspective as well as in terms of the timing of the various construction phases. A number of problems may arise in relation to our facilities, such as interruptions or delays due to failed deliveries by suppliers or manufacturers, problems with connecting to the utilities networks, construction faults, problems linked to the operation of equipment, adverse weather conditions, unexpected delays in obtaining or sourcing permits and authorizations, or longer-than-expected periods for technical adjustments. The additional costs that may arise in the maintenance of facilities may materially adversely affect our business operations, financial position and operational results.

Risks Related to our Financial Profile

Our level of indebtedness may make it difficult for us to service our debt, including the notes, and to operate our business.

We have a significant amount of indebtedness. As of December 31, 2017, as adjusted to give pro forma effect to the Refinancing Transactions, we would have had €2,840.7 million of indebtedness, of which €2,678.7 million were under long-term agreements and €162.0 million were under short-term loan agreements. We anticipate that our level of indebtedness will remain at these levels or increase for the foreseeable future as we continue to pursue our capital expenditure programs. Our level of indebtedness may have important negative consequences, which include, but are not limited to, the following:

- making it more difficult for us and our subsidiaries to satisfy our obligations with respect to our debt, including the notes and other liabilities;
- requiring that a substantial portion of the cash flow from operations of our operating subsidiaries be dedicated to debt service obligations, reducing the availability of cash flow to fund internal growth through working capital and capital expenditures, and for other general corporate purposes;
- increasing our vulnerability to economic downturns in our industry;
- exposing us to interest rate increases;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

In the worst case, an actual or impending inability by us or our subsidiaries to pay debts as they become due and payable could result in our insolvency.

Despite our current substantial indebtedness, we may be able to incur more debt in the future, including on a secured basis over the Collateral or otherwise, which could further exacerbate the risks of our indebtedness.

We may incur more debt in the future. The revolving portion of our Senior Facilities Agreement provides for total commitments of up to €280.0 million, and no cash drawings will be outstanding on the date the notes are issued. Although the 2023 Indenture and the Senior Facilities Agreement limit, and the Indenture will limit, our ability to incur additional debt, we may incur additional debt in the future, secured by the Collateral or otherwise, which could mature prior to the notes, and such debt could be secured on an equal, ratable and *pari passu* basis with the notes and the Guarantees. Subject to certain limitations, any non-Guarantor subsidiary could also incur additional debt, and the notes and Guarantees would be structurally subordinated to any such debt.

We are subject to restrictive covenants under our debt facilities and debt instruments. These covenants could significantly affect the way in which we conduct our business. Our failure to comply with these covenants could lead to a default and acceleration of our debt and the foreclosure of the security created in respect of such indebtedness.

The 2023 Indenture, Senior Facilities Agreement, the EIB Loan and the other long-term bilateral financing contain, and the Indenture will contain, restrictions that substantially limit our financial and operational flexibility and that of our subsidiaries. In particular, these agreements place limits on our ability to incur additional indebtedness; grant security interests to third persons; dispose of material assets; undertake organizational measures such as mergers, changes of corporate form, joint ventures or similar transactions; and enter into transactions with related parties. For a description of the financial undertakings and covenants to which we are subject as a result of our financing arrangements see "Description of Other Indebtedness—Senior Facilities Agreement" and "Description of Other Indebtedness—2023 Notes".

Certain of our debt facilities also require compliance with specified financial covenants, including minimum interest coverage and maximum leverage ratio. Our ability to comply with the applicable covenants and to meet the relevant tests may be affected by events beyond our control and, as a result, there can be no assurance that we will be able to comply with these covenants and/or meet these tests. Our failure to comply with these restrictive covenants and with these obligations could lead to a default under the Indenture, Senior Facilities Agreement, the 2023 Indenture, the EIB Loan or the other long-term bilateral financing unless we can obtain waivers or consents in respect of any breaches of these obligations thereunder. There can be no assurance that these waivers or consents will be granted. In the event of any default under the Indenture, Senior Facilities Agreement, the 2023 Indenture, the EIB Loan or the other long-term bilateral financing, lenders would be permitted to terminate their commitments to extend debt thereunder and/or all outstanding borrowings, together with accrued interest, fees and other amounts due thereunder, could immediately become due and payable. We may not have sufficient funds to make these accelerated payments and may not be able to obtain any such waiver on acceptable terms or at all. Moreover, the acceleration of any portion of our indebtedness could result in the acceleration of other of our debt instruments unrelated to the foregoing as a result of the customary cross acceleration provisions contained therein. The acceleration of debt could have a material adverse effect on our financial condition and liquidity. If the debt thereunder or any other debt that we may incur in the future were to be accelerated, the security interest created over certain of our assets, including the shares of some of our Spanish subsidiaries, to secure certain of such indebtedness could be foreclosed, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In the event of an acceleration of our indebtedness there can be no assurance that our assets would be sufficient to repay such debt in full.

Foreign exchange rate fluctuations could cause a decline in our financial condition, results of operations and cash flows.

Although our reporting currency is the Euro, a portion of our sales and operating costs are realized in other currencies, such as the U.S. Dollar, the Pound Sterling, the Chinese Yuan, the Russian Ruble, the Brazilian Real, the Argentinian Peso, the Turkish Lira, the Mexican Peso, the Indian Rupee, the Czech Corona, the Polish Zloty, the Swedish Crown, the Hungarian Forint, the Korean Won, the Japanese Yen, the Thai Baht, the Romanian Leu and the Taiwanese Dollar. In the year ended December 31, 2017, €4,883.6 million of our revenues (which represented approximately 59.5% of our revenue for that period) on a consolidated basis, were generated in currencies other than the Euro, in particular, €1,012.3 million or 12.3% were generated in U.S. Dollar, €736.2 million or 9.0% were generated in Chinese Yuan and €636.4 million or 7.8% were generated in Pound Sterling.

Significant long-term fluctuations in relative currency values, including due to local economic instability, and in particular a significant change in the relative values of the U.S. Dollar, the Pound Sterling, the Chinese Yuan, the Russian Ruble, the Brazilian Real, the Argentinian Peso, the Turkish Lira, the Swedish Crown and the Mexican Peso could have a material adverse effect on our profitability and financial condition, and any sustained change in such relative currency values could adversely impact our competitiveness in certain geographic regions.

In some cases, we are subject to risk of appreciation of the foreign currency in which our costs are paid against the currency in which we generate revenues because the appreciation effectively increases our cost in that country. In addition, the financial condition, results of operations and cash flows of some of our operating entities are reported in foreign currencies and then translated into Euros at the applicable foreign exchange rate for inclusion in our consolidated financial statements. As a result, appreciation of the Euro against these foreign currencies generally will have a negative impact on our reported revenues and profits while depreciation of the Euro against these foreign currencies will generally have a positive effect on reported revenues and profits.

Moreover, in jurisdictions where the prevailing currency is subject to significant volatility, we seek to nominate an alternative functional currency in the contracts we enter into, typically either the Euro or U.S. Dollar, in order to minimize the impact of any exchange rate fluctuations. In the year ended December 31, 2017, we had a negative impact on our balance sheet of €163.2 million as a result of foreign exchange rate translations to our reporting currency, mainly due to the exchange rate fluctuation of the U.S. Dollar, Brazilian Real and the Chinese Yuan (with a negative impact of €33.9 million in the United States, €16.7 in Brazil and €16.0 million in China, respectively). Moreover, the fluctuation of the U.S. Dollar and the Brazilian Real had a negative impact of €62.6 million in Spain, corresponding to the financing granted to our subsidiaries in the United States and Brazil.

According to a sensitivity analysis of the impact of currency fluctuations in our profits, the currencies which fluctuation would have a bigger impact on our profits would be the Swedish Crown, the U.S. Dollar, the Chinese Yuan, and the Mexican Peso. A 5% fluctuation in the exchange rate of the Swedish Crown or the U.S. Dollar would have a positive or negative impact of €1.5 million on our profits, while a 5% fluctuation in the exchange rate of the Chinese Yuan or the Mexican Peso would have a positive or negative impact of €1.2 million on our profits. For a sensitivity analysis of the impact of currency fluctuations in our profits, see "Operating and Financial Review and Prospects—Market Risks—Foreign currency risks".

As of December 31, 2017, we had no derivative financial instruments to hedge the exchange rate risks in place. For a further discussion on foreign currency risk, see "Operating and Financial Review and Prospects—Market Risks—Foreign currency risk". In the future, we may use a combination of natural hedging techniques and financial derivatives aimed at protecting us against certain foreign currency exchange rate risks to which we are exposed. Because hedging may be subject to certain external market events that may limit our capacity to protect ourselves from such foreign currency exchange risk, our hedging activities may prove to be ineffective or may only offset a portion of the adverse financial impact resulting from foreign currency variations. Gains or losses associated with hedging activities also may negatively impact operating results.

Our operations may require increased capital expenditure at certain stages that would consume cash from our operations.

In order to set up and maintain production lines for existing and new projects, from time to time, we are required to make certain operational and maintenance related capital expenditures on our facilities, and build new facilities or increase capacity in existing ones. The construction period for new manufacturing facilities (or expansions of existing facilities) typically ranges between 12 and 24 months. The cash used in investments in property, plant and equipment associated with the construction and equipment of a new manufacturing facility typically ranges between €40 million and €70 million. Therefore, our ability to make such operational and maintenance capital expenditures and to build new facilities or increase capacity at existing ones largely depends on our cash flow from operations and access to capital. However, there may be unforeseen capital expenditure needs which could consume a significant amount of cash from operations and thus adversely affect our financial position, or for which an adequate amount of capital may not be available to us on a timely basis or at all, which could affect our ability to construct or maintain manufacturing facilities. The timing of potential required capital expenditures also may cause fluctuations in our operational results. Any of the above factors could have a material adverse effect on our business, financial condition and results of operations.

We require a significant amount of cash to service our debt and for other general corporate purposes. Our ability to generate sufficient cash depends on many factors beyond our control.

Our ability to make payments on our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in these "Risk Factors" and elsewhere in this offering memorandum.

As of December 31, 2017, our long-term indebtedness consisted primarily of (i) the 2023 notes, (ii) the Senior Facilities Agreement, including a revolving credit facility in an amount of €280.0 million which remained undrawn as of such date, (iii) the EIB Loan and (iv) €676.1 million of aggregate principal amount in other long-term bilateral financing. In addition, we have registered a commercial paper program to be listed in the Spanish Alternative Fixed-Income Market (*Mercado Alternativo de Renta Fija* or MARF) under which we may issue commercial paper for a maximum outstanding balance of €150.0 million. Other than the notes and the 2023 notes, our borrowings under those instruments bear interest at floating rates, exposing us to risks from fluctuations in market interest rates.

Our business may not generate sufficient cash flows from operations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, or to fund our other liquidity needs. For a discussion of our cash flows and liquidity, please see "Operating and Financial Review and Prospects".

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures, including in terms of funding our R&D expenditures, which could affect our continued technological leadership;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the notes, the Senior Facilities Agreement, the 2023 notes and the EIB Loan, and any future debt that we may incur, including the notes offered hereby, may limit our ability to pursue any of these alternatives.

Tax audits or legal or regulatory claims or investigations against us could have a material adverse effect on our financial position.

From time to time, we may become involved in tax audits, legal or regulatory proceedings, claims or investigations, including those conducted by national or regional tax authorities, governmental bodies, customers, suppliers, former employees, class action plaintiffs and others. On an ongoing basis, we attempt to assess in advance the likelihood of any adverse judgments or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty.

We have not been subject to materially adverse tax audits in the past. Although we have followed in the past and intend to follow in the future a prudent approach in our tax position and our compliance with tax laws and regulations, there is no assurance that we have complied or will comply with such laws at all times and, as a result, we could be subject to fines and penalties that could have a material adverse effect on our business, financial condition or results of operations. For example, as of December 31, 2017, we have contingent liabilities in an amount of €36.1 million (approximately 101 million Brazilian Real per the applicable exchange rate of 2017) associated with tax audits in Brazil that relate to tax payable on the historical sales of our products, for which we have not booked any provision in our financial statements as of and for the year ended December 31, 2017.

The nature of our operations subjects us to various statutory compliance and litigation risks under health, safety and employment laws. We cannot guarantee that there will be no accidents or incidents suffered by our employees, our contractors or other third parties on our sites. If any of these incidents occur, we could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages being imposed on us and may harm our reputation.

Except as disclosed in our consolidated financial statements, we do not believe that any of the proceedings or claims to which we are party will result in costs, charges or liabilities that will have a material adverse effect on our financial position. However, we cannot assure you that the costs, charges and liabilities associated with these matters will not be material, or that those costs, charges and liabilities will not exceed any amounts reserved for them in our consolidated financial statements. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters are resolved unfavorably to us.

We and some of our subsidiaries are subject to the tax legislation of Bizkaia (one of the three Historical Territories of the Basque Country), pursuant to the Economic Agreement with the Basque Country, approved by Law 12/2002, of May 23, as (i) we have our tax domicile in the Basque Country and (ii) our revenues (*volumen de operaciones*) earned in the common territory of Spain (i.e., the rest of Spain) do not exceed specific thresholds (less than 75% of the total revenues for each entity). However, depending on the revenue generated by these entities in the Spanish common territory going forward, it is possible that we and our subsidiaries may become subject to the Spanish Corporate Income Tax applicable in the common territory of Spain in subsequent tax years. In that event, although the laws applicable in Bizkaia and the common territory of Spain are similar, there are some differences that may have an impact on the taxation of companies, including, amongst others, the deductibility of the expenses estimated by us and our subsidiaries resident in the Basque Country (in particular, as to net financial expenses), the applicable tax rate or certain tax credits and incentives.

The value of our deferred tax assets could become impaired or we could be unable to utilize tax losses or manage other tax exposures, which could materially and adversely affect our operating results.

As of December 31, 2017, we had approximately €265.8 million in net deferred income tax assets. These deferred tax assets include net operating loss carry forwards that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. We periodically determine the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. If we determine in the future that there is not sufficient positive evidence to support the valuation of these assets, due to the factors described above or other factors, we may be required to write down all or a portion of our deferred tax assets. We may also be materially and adversely affected by any changes in the applicable tax laws, leading to future limitations to our capacity to carry forward our losses. Such a reduction could result in material non-cash expenses in the period in which we are required to write down our deferred tax assets and could have a material adverse effect on our results of operations. Our ability to utilize our net operating loss carry forwards may be limited or delayed. In addition, adverse changes in the underlying profitability and financial outlook of our operations in several foreign jurisdictions could lead to changes in our valuation allowances against deferred tax assets and other tax accruals that could adversely affect our financial results.

Further, we have incurred losses in some countries which we may not be able to fully or partially offset against income we have earned or may earn in the future. In some cases, we may not be able to utilize these losses at all if we cannot generate profits in those countries or if we have ceased conducting business in those countries altogether. Our inability to utilize material tax losses could materially adversely affect our profitability. At any given time, we may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. For example, we will have to follow and implement measures to comply with the Spanish Good Tax Practices Code ("*Código de Buenas Prácticas Tributarias*"). To the extent we cannot implement measures to offset these exposures, they may have a material adverse effect on our profitability.

Our insurance arrangements may not provide adequate insurance coverage.

We currently have insurance arrangements in place for products and public liability, property damage, business interruption (including for sudden and unexpected environmental damage). Although we believe that we maintain an adequate insurance coverage, these insurance policies may not cover all losses or damages resulting from the materialization of any of the risks we are subject to. Further, significant increases in insurance premiums could reduce our cash flow. It is also possible in the future that insurance providers may no longer wish to insure businesses in our industry against certain occurrences.

In the year ended December 31, 2017, we paid €13.7 million in insurance premium.

If impaired, our goodwill could result in a reduction in our net income and equity.

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets acquired. IFRS requires that goodwill be periodically evaluated for impairment based on the fair value of the reporting unit. Declines in our profitability or the value of comparable companies may impact the fair value of our reporting units, which could result in a write-down of goodwill and a reduction in net income.

As of December 31, 2017, we had approximately €104.8 million of goodwill on our consolidated balance sheet, representing 1.45% of our total assets that could be subject to impairment. In addition, if we acquire new businesses in the future, we may recognize additional goodwill, which could be significant. Any future impairment charge on our goodwill could have a material adverse effect on our results of operations in the period of recognition.

The inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition.

Our working capital requirements can vary significantly, depending in part on the level, variability and timing of our customers' worldwide vehicle production and the payment terms with our customers and suppliers. Our liquidity could also be adversely impacted if our suppliers were to suspend normal trade credit terms and require payment in advance or payment on delivery. If our available cash flows from operations are not sufficient to fund our ongoing cash needs, we would be required to look to our cash balances and availability for borrowings under our credit facilities to satisfy those needs, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all.

There can be no assurance that we, our customers and our suppliers will continue to have such financing ability. This may increase the risk that we cannot produce our products or will have to pay higher prices for our inputs. These higher prices may not be recovered in our selling prices.

Our suppliers often seek to obtain credit insurance based on the strength of the financial condition of our subsidiary with the payment obligation, which may be less robust than our consolidated financial condition. If we were to experience liquidity issues, our suppliers may not be able to obtain credit insurance and in turn would likely not be able to offer us payment terms that we have historically received. Our failure to receive such terms from our suppliers could have a material adverse effect on our liquidity.

Risks Related to our Industry

Disruptions in the automotive supply chain could have a material adverse impact on our business, financial condition, results of operations and cash flows.

The automotive supply chain is subject to disruptions because we, along with our customers and suppliers, attempt to maintain low inventory levels. In addition, our plants are typically located in close proximity to our OEM customers, in order to employ a just-in-time production model. We bear any disruption risk in our just-in-time manufacturing arrangements and as a result of the shorter lead time in such arrangements, are particularly affected by any disruption in the supply chain which could result in our inability to deliver our products on time or at all.

Disruptions could be caused by various factors, such as closures of one of our plants or our suppliers' plants or critical manufacturing lines due to strikes, mechanical breakdowns, electrical outages, fires, explosions or political upheaval, as well as logistical complications due to, among other factors, weather, earthquakes, or other natural or nuclear disasters, mechanical failures or delayed customs processing.

If we are the cause of a customer being forced to halt or delay production, such customer may seek to claim all of its losses and expenses from us. In addition, our inability to deliver products on time or at all could impact our reputation and credibility. We have experienced disruptions in the past and we may experience additional disruptions in the future, and as a result, any such disruptions affecting us or caused by us could have a material adverse effect on our business, financial condition, results of operations and cash flows.

The automobile industry is highly cyclical, and cyclical downturns or secular shifts affecting the automotive industry could negatively impact our business, financial condition, results of operations and cash flows.

The volume of automotive production and the level of new vehicle purchases regionally and worldwide are cyclical and have fluctuated from year to year, sometimes significantly. These fluctuations are caused by factors such as general economic conditions, interest rates, inflation, employment rates, consumer confidence, consumer preferences, and patterns of consumer spending. Moreover, a number of factors that we cannot predict can and have impacted cyclicality in the past, including macroeconomic factors such as the global financial crisis. Furthermore, new business models driven, for example, by shared mobility concepts and connectivity services could create new competitors to our customers, and a shift towards shared mobility may cause vehicle unit sales to grow at lower rates or to decline. These factors, as well as changes in government support, fuel costs and the automobile replacement cycle, could reduce demand for automobiles generally, or for the demand for our products in particular, which could materially and adversely impact our business, financial condition, results of operations and cash flows.

The highly cyclical and fluctuating nature of the automotive industry presents a risk that is outside our control and that cannot be accurately predicted and there is no assurance that our geographical and portfolio diversification will be sufficient to offset all such risks.

A shift away from technologies in which we invest and changes in industry requirements, including in materials, could have a material adverse effect on our profitability and financial condition.

Our business requires a high level of technical expertise for the development and manufacture of our products and our customers demand increasingly high quality, complex and innovative solutions to meet their needs. We invest in technology and innovation which we believe will be critical to our long-term growth, and we need to continually adapt our expertise in response to technological innovations, industry standards and customer requirements, including in relation to the materials that we use for our products. For example, the increasing trend towards hybrid and electric vehicles increases the focus on weight reduction. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products or manufacturing processes on a timely and cost-effective basis will be a significant factor in our ability to remain competitive. New technologies or changes in industry and customer requirements, including any legal or regulatory requirements, may render one or more of our current products obsolete, excessively costly or otherwise unmarketable. If there is a shift away from the use of technologies in which we are investing, our costs may not be fully recovered and any decrease in our R&D expenditure, as a result of us experiencing any liquidity issues may adversely affect our ability to maintain our technological leadership. We may be placed at a competitive disadvantage if other technologies emerge as industry-leading technologies, which could have a material adverse effect on our prospects for growth, profitability and financial condition.

We may have difficulty competing favorably in the highly competitive automotive parts industry generally and in certain product or geographic areas specifically, and such competition might impact our results.

The automotive parts industry is highly competitive. Although the overall number of competitors has decreased over the last decade due to ongoing industry consolidation, we face, or may face in the future, significant competition within each of our major product areas, including from new competitors entering the markets that we serve, regional competitors offering low cost alternatives, the development of new technologies which may replace ours and a potential reversal of the current trend of OEMs to outsource certain areas of production. The consolidation among market players may allow our industry peers to be better positioned than us to enter into commercial agreements with our target customers, to intensify competition in the market and to have more capital to face the risks inherent in our industry. If this consolidation were to continue, it may become more difficult for us to be successful in obtaining new customers, new business or new contracts. Moreover, there are few large-volume and high-value OEMs in the automobile industry. Therefore, competition among suppliers is increased by the concentrated nature of the OEM business globally.

As a Tier 1 supplier, we sell products directly to OEMs. Typically, these products are large modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers in turn typically integrate products from a further layer of suppliers ("Tier 3 suppliers"). There is the possibility that a supplier currently positioned at the Tier 2 level may become a Tier 1 supplier, thereby further increasing the competition among Tier 1 suppliers. To the extent that Tier 2 suppliers evolve into Tier 1 suppliers, competition among potential and existing Tier 1 suppliers could intensify. As a result, our business success strongly depends on the feasibility of retaining and strengthening our position as a Tier 1 supplier in the future.

The principal factors affecting competition in our industry include product quality, ability to manage complex projects, R&D competences, geographical footprint, process technology competences, tooling competences, price, financial stability and partnership in the consolidation and rationalization of the global automotive supply base. If we fail to compete effectively based on any of these factors, we could experience a reduction in sales and profit margins, which would in turn materially adversely affect our business, results of operations and financial condition, or lead to the loss of any of our major clients to such competitors.

We principally compete for new business projects at the beginning of the development of new models and upon the redesign of existing models by major OEM customers. In some cases, a number of our major OEM customers manufacture products that we currently produce, thereby eliminating an opportunity for us to bid for the production of such products. New model development generally begins three to five years prior to the marketing of such models to the public. Redesign of existing models begins during the life cycle of a platform, usually at least two to three years before the end of the platform's life cycle. The failure to obtain new business projects on new models or to retain or increase business projects on redesigned existing models, could adversely affect our business, financial condition, results of operations, and cash flows. In addition, as a result of the relatively long lead times required for many of our structural components, it may be difficult in the short-term for us to obtain new revenues to replace any unexpected decline in the sale of existing products.

The workforce in the automotive industry is highly unionized, and if we fail to extend or renegotiate our collective bargaining agreements with our labor unions as they expire from time to time, or if our employees, or our customers' employees, engage in work stoppages and other labor problems, this could have a material adverse effect on our business. An increase in workforce remuneration as a result of a renegotiation of a bargaining agreement can reduce our profitability.

We are subject to local labor laws and regulations in the different jurisdictions in which we operate. As of December 31, 2017, we had over 41,000 employees, the majority of whom were covered under collective bargaining agreements on a plant-by-plant basis and that expire at various times. In addition, we have specific exposure to labor strikes in our international operations related primarily to the potential economic instability in several countries in the European Union. If major work disruptions involving our employees were to occur, our business could be adversely affected by a variety of factors, including a loss of revenues, increased costs and reduced profitability. We cannot assure you that we will not experience a material labor disruption at one or more of our facilities in the future in the course of renegotiating our labor arrangements or otherwise. We cannot guarantee that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate any of our collective bargaining agreements or are only able to renegotiate them on terms that are less favorable to us, we may need to incur additional costs, which could have a material adverse effect on our business, financial condition and results of operations.

Further, many of the manufacturing facilities of our customers and suppliers are unionized and are subject to the risk of labor disruptions from time to time. We have suffered labor disruptions in the past and we cannot assure you that we will not suffer additional disruptions in the future. A significant labor disruption could lead to a lengthy shutdown of our customers' or our suppliers' production lines, which could have a material adverse effect on our operations and profitability.

We are subject to environmental and health and safety requirements and risks as a result of which we may incur significant costs, liabilities and obligations. In addition, significant changes in laws and governmental regulations could have an adverse effect on our business, financial condition and results of operations.

We are subject to a variety of environmental and pollution control laws, regulations and permits that govern, among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including GHG emissions, into the environment; and health and safety. Our activities may have an adverse impact on the environment; in particular, we may contaminate the soil or cause water discharge contamination. If we fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators or become subject to litigation. Environmental and pollution control laws, regulations and permits, and the enforcement thereof, change frequently, and have tended to become more stringent over time, which may require substantial capital expenditures or operating costs to ensure compliance with them. Costs related to the investigation of the nature of a potential damage to the environment and any remediation measures required to be taken may be substantial. In addition, although we attempt to monitor and reduce accidents in our production facilities, we remain exposed to risks of accidents and failure to prevent a health and safety incident may result in penalties and litigation.

In addition, the legal, regulatory and industry-standard environment in our principal markets is complex and dynamic, and future changes to the laws, regulations (including the establishment of new or modified authorizations, permits or licenses in different countries) and market practice as regards, for example, CO_2 emissions and safety tests and protocols, could have an adverse effect on demand for the products we produce and our profitability. Additionally, changes in tax or other laws which impose additional costs on automobile manufacturers or consumers or the adoption and implementation of more stringent environmental laws and CO_2 emissions requirements on our OEM customers could negatively impact their levels of production and therefore, materially adversely affect their demand for our products. For example, changes to CO_2 emissions testing protocols as a result of the ongoing investigations by environmental authorities worldwide in relation to the potential manipulation of CO_2 emissions control systems which had been installed by certain OEMs for the purposes of manipulating laboratory CO_2 emissions testing could have an adverse effect on the sales of the products we produce and our profitability.

We may face risks relating to climate change that could have an adverse impact on our business.

GHG emissions have increasingly become the subject of substantial international, national, regional, state and local attention. GHG emissions regulations have been promulgated in certain of the jurisdictions in which we operate, and additional GHG requirements are in various stages of development. For example, the United States Congress has considered legislation that would establish a nationwide limit on GHGs. In addition, the Environmental Protection Agency in the United States has issued regulations limiting GHG emissions from mobile and stationary sources pursuant to the federal Clean Air Act. When effective, such measures could require us to modify existing or obtain new permits, implement additional pollution control technology, curtail operations or increase our operating costs. In addition, our OEM customers may seek price reductions from us to account for their increased costs resulting from GHG regulations. Further, growing pressure to reduce GHG emissions from mobile sources could reduce automobile sales, thereby reducing demand for our products and ultimately our revenues. Thus, additional regulation of GHG emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, results of operations, financial condition, reputation, product demand and liquidity.

We are exposed to certain risks regarding our intellectual property, its validity and the intellectual property of third parties.

We endeavor to protect our technologies and processes by means of registration of intellectual property rights and confidentiality agreements. As of December 31, 2017, we held over 1,160 patents, utility models and applications thereof pertaining to our business and products. Registration of intellectual property rights may require time and capital investment and in some cases, we will be unable to obtain effective patent protection on currently pending or future applications or the protection afforded to our intellectual property may be insufficient in scope, duration or strength to provide us with meaningful protection. Further, the laws of certain countries do not protect the Company's proprietary rights to the same extent as the laws in Europe and the U.S. We also seek protection of our trademarks, but such protection may also not always be available to us in every jurisdiction in which we operate. Consequently, we may face the risk that other third parties, including our competitors, may be able to use the technology behind our products and processes without license.

Our intellectual property arises mostly as a consequence of development works of our employees during the course and in the context of their employment relationship with us. Former or present employees who made or may make employee inventions might continue to be the owners of the rights to such inventions if we fail to claim the invention properly and in a timely manner. Even if we became or become in the future the owner of such valuable rights, we may have failed or may fail to properly utilize, develop and exploit such inventions.

In addition, many technologies and processes employed by us are the result of our know-how and trade secrets which, in some cases, cannot be patented or protected through intellectual property rights. Although we also seek to protect our intellectual property through confidentiality agreements with third parties that work with us and our employees, there is always a risk that our know-how and trade secrets might be disclosed to or accessed by third parties, including our competitors. The undue exploitation of our intellectual properties by third parties may reduce or eliminate our competitive advantage derived from our own technology, limiting our ability to develop further innovative technologies as well as our capacity to compete in the markets where we operate and to attract new customers. We may also be involved in intellectual property claims against us which may be costly, time-consuming and result in the diversion of managerial attention and resources from our core business. Likewise, if successful, such claims could require us to cease manufacturing, using or exploiting the relevant technologies or products in certain countries or to be forced to implement changes in our manufacturing processes or products. In addition, we could be liable to pay compensation or damages for infringements or could be forced to purchase licenses to make use of technology from third parties. The realization of any of these risks could have a material impact on our reputation as well as a material adverse effect on our business, financial condition and results of operations.

Our operations rely on complex IT systems and networks.

We rely heavily on information technology systems and networks to support our business processes and manufacturing, as well as internal and external communications. These systems and networks are potentially vulnerable to damage or interruption from a variety of sources or to security threats. Although we have taken precautions to manage our risks related to system and network disruptions, an extended outage in a data center or telecommunications network utilized by our systems, any security breaches or any similar event could lead to an extended unanticipated interruption of our systems or networks that could hinder our business operations. We could also be subject to cyberattacks that could lead to undue disclosure of our know-how and trade secrets and our employees' personal data to third parties. The realization of any risks related to our IT system and network disruptions could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to the Political, Regulatory and Macroeconomic Environment

Economic downturns or a worsening of global economic and political conditions could have a material adverse effect on the demand for our products and on our profitability.

The level of demand for our products depends primarily upon the level of consumer demand for new vehicles that are manufactured with our products, which is, in turn, dependent on a number of economic and political conditions and other factors present in the various domestic and international markets where our products are sold.

In particular, the global economic crisis in 2008 and 2009 adversely affected consumer spending and demand, and thus resulted in delayed and reduced purchases of durable consumer goods, such as automobiles. Although the global economic climate has improved since 2010, the global economy has recently been impacted by the current unpredictable political landscapes in certain countries, low oil prices and strong currency fluctuations. For example, there have been recent political tensions between the U.S. and Mexico, which together accounted for 18% of our revenues in the year ended December 31, 2017, and the continuation or worsening of such political tensions may adversely affect our operations in North America. In addition, recent concerns relating to the development of several emerging market economies, particularly China, Russia and Brazil, which accounted for 14.6% of our revenues in the year ended December 31, 2017, may further impact the global economy. There is no assurance that the global economic climate will continue to improve or that the current levels of growth will remain stable.

If the global economy recovers at a slower pace than expected or were to experience another significant downturn, depending upon its length, duration and severity, demand for our products could be impacted, which in turn could materially adversely affect our business, financial condition and results of operations.

Continuing uncertainties and challenging political conditions in Spain, the European economy and the Euro could intensify the risks faced by the automotive industry and our business, which could have a material adverse effect on our operations, financial condition and profitability.

Despite our global presence, the E.U. as a whole (and particularly Spain) is an important market for our business which accounted for 61.6% of our revenues for the year ended December 31, 2017, and adverse economic effects within the E.U. could have a material adverse impact on our financial condition, results of operations and cash flows. Continuing or renewed instability in the European markets, the instability of the Euro or the European Union and the uncertainty derived from the political events in the United Kingdom, Italy, Spain and other European countries have contributed to weak European economic performance in the past. Future developments may continue to be dependent upon a number of political and economic factors, including the effectiveness of measures by the European Central Bank and the European Commission to address debt burdens of certain countries in Europe and the continued stability of the Eurozone.

Concerns persist regarding the debt burden of certain European countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro as a single currency given the diverse economic and political circumstances in individual member states of the Eurozone. These concerns could lead to the exit of one or more countries from the Eurozone and the reintroduction of national currencies in the affected countries.

For example, the U.K.'s decision to leave the E.U. ("Brexit") has triggered a process of negotiation which will determine the future terms of the U.K.'s relationship with the EU. This could result in the U.K. losing access to certain aspects of the single E.U. market and the global trade deals negotiated by the E.U. on behalf of its members. The uncertainty concerning the terms of Brexit could have a negative impact on the growth of the E.U. and cause greater volatility in all of the global currencies that we currently use to transact business. Lack of clarity about future U.K. laws and regulations as the U.K. determines which E.U. laws and regulations to replace or replicate upon exit, may increase costs associated with operating in either or both of the U.K. and Europe. The Brexit vote and the perceptions as to the impact of the withdrawal of the U.K. may adversely affect business activity, political stability and economic conditions in the U.K., the E.U. and elsewhere. It may result in relocation of businesses, business interruptions, economic recession or depression and adversely affect the stability of the financial markets and financial institutions, the availability of credit and the financial and monetary system. This and other potential developments, or market perceptions concerning this and related issues, could have adverse consequences for us with respect to our outstanding debt obligations that are Euro-denominated and our overall performance in the E.U. and as a result, our business, financial condition, results of operation and cash flow may be materially affected.

Similarly, the reintroduction of national currencies in one or more countries that use the Euro could lead to the disruption of financial markets and could have a material adverse impact on our operations. Furthermore, any such redenomination event would likely be accompanied by significant economic dislocation, particularly within the Eurozone countries, which in turn could have an adverse impact on demand for our services and, accordingly, on our revenue and cash flows. Moreover, any changes from Euro to non-Euro currencies within the countries in which we operate may impact our billing and other financial systems. In light of the significant exposure that we have to the Euro through our

Euro-denominated cash balances and cash flows, a redenomination event could have a material adverse impact on our cash flows, financial condition and results of operations.

Despite our global presence, Spain is still a significant market for our business, representing 17.7% of our revenues for the year ended December 31, 2017. While Spain's economy has been gradually improving since 2013, Spain experienced a significant economic downturn between 2008 and 2012. The unemployment rate, while improving in relative terms, was reported to be 16.4% in December 2017 and gross domestic product contracted in 2012 and 2013 before gradually recovering between 2014 and 2016. Continued political uncertainty or if Spain recovered at a slower pace than in recent years or were to experience another significant downturn, could have a material adverse effect on our business, financial condition and results of operations.

Finally, institutions in the European Union are facing significant challenges derived from recent crises in the Middle East, including the Syrian refugee crisis as a result of the Syrian civil war which started in 2011. While several E.U. member states have made attempts to address the humanitarian crisis, a common approach by all E.U. member states has not been yet achieved, leading to political uncertainty on this matter in the future.

Instability in the European economy, the Euro or Spain could have a material adverse effect on our business, financial condition and results of operations.

Significant developments stemming from the recent U.S. presidential election could have a material adverse effect on us.

On January 20, 2017, Donald J. Trump was inaugurated as the president of the United States. The Trump administration has called for substantial change to fiscal and tax policies, international agreements, regulatory oversight of businesses and greater restrictions on free trade, including significant increases on tariffs on goods imported into the U.S., particularly from China and Mexico (one of our key markets). Proposals and legislation espoused and implemented by President Trump may result in changes to social, political, regulatory and economic conditions in the U.S. or in laws and policies affecting the development and investment in countries where we currently conduct business. We cannot assure you as to the ultimate content, timing, or effect of changes. Given that, in the year ended December 31, 2017, 18.1% of our revenue was attributable to North America, any such changes could have an impact on us. However, we cannot currently quantify or predict with any certainty the likely impact of such changes on our business model, prospects, financial condition or results of operations.

Risks Related to the Notes

The Collateral is limited to the pledge of shares in certain of the Guarantors and the notes are secured only to the extent of the value of the Collateral; such security may not be sufficient to satisfy the obligations under the notes and the Guarantees.

The holders of the notes will be secured by the Collateral which consists only of a pledge of the shares in certain of the Guarantors of the notes. The Collateral also secures, on a first ranking basis, the finance parties under the Senior Facilities Agreement and the 2023 notes. Notwithstanding the fact that the notes will be secured by third ranking pledges, pursuant to the Intercreditor Agreement, recoveries received upon enforcement of Collateral will be applied pro rata in repayment of liabilities in respect of the notes, the Senior Facilities Agreement and the 2023 notes. Subject to certain limits, the Indenture will permit additional debt to be secured by the Collateral, and such additional secured debt may be substantial. The rights of a holder of notes to the Collateral may be diluted by any increase in the debt secured by the Collateral or a reduction of the Collateral securing the notes. If there is an Event of Default (as defined in the Indenture) on the notes, there is no guarantee that the proceeds of any sale of the Collateral will be sufficient to satisfy, and may be substantially less than, amounts due under the notes as well as other debt benefiting from a security interest in the Collateral, including indebtedness under the Senior Facilities and the 2023 notes. The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, the availability of buyers. Furthermore, there may not be any buyer willing and able to purchase our business or pledged subsidiaries, either individually or collectively. The book value of the Collateral should not be relied on as a measure of realizable value for such assets.

The Company has control over the Collateral securing the notes, and the sale of particular assets could reduce the pool of assets securing the notes.

The Security Documents will allow the Company to remain in possession of, retain exclusive control over, and collect and invest any dividends and other distributions from the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Company may, subject to the terms of the Indenture, without any release or consent by the Security Agent, dispose of the Collateral (which shall remain subject to the pledges in respect thereto notwithstanding any such disposal).

It may be difficult to realize the value of the Collateral securing the notes.

By its nature, the Collateral does not have a readily ascertainable market value and may not be saleable or, if saleable, there may be substantial delays in its disposal. The terms of the Intercreditor Agreement provide that decisions regarding enforcement are made by the holders of the notes, the 2023 notes and lenders holding, collectively, a majority in aggregate principal amount of the obligations secured by the Collateral. As a result, holders of the notes will not solely control decisions in respect to the Collateral, including timing of enforcement, and such other secured parties may have interests that are not the same as those of holders of the notes. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Guarantors whose shares form part of the Collateral, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, acting on behalf of the Trustee or investors as holders of the notes to realize or enforce that Collateral. If the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Company's and the Guarantors' remaining assets. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement could reduce the proceeds realized upon enforcement of the Collateral.

The Collateral securing the notes is subject to any and all encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement. The existence of any such encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral.

The security interests in the Collateral are not directly granted to the holders of the notes.

The security interests in the Collateral that secure, amongst other obligations, the obligations of the Company under the Guarantee are not granted directly to the holders of the notes but are granted only in favor of the Security Agent on behalf of the Trustee and the holders of the notes in accordance with the Indenture, the Intercreditor Agreement and the Security Documents related to the Collateral. Holders of the notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral.

The granting of guarantees and security interest in the Collateral by Spanish companies is restricted by Spanish law.

Spanish law imposes a restriction on the granting of guarantees by Spanish guarantors under Spanish law-governed Security Documents such that guarantees in respect of obligations under such Security Documents shall not include nor extend to any obligations or amounts that would render such guarantees in contravention of sections 143.2, with respect to private limited liability companies (*sociedades limitades*), and 149 or 150, with respect to public limited liability companies (*sociedades anonimas*) of the Spanish Capital Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). In particular, no Spanish guarantee may secure any payment, prepayment, repayment or reimbursement obligations derived from any finance document used, or that may be used, for the purposes of payment of acquisition debt (for the purposes of Section 143.2, 149 or 150, as applicable, of the Spanish Capital Companies Act) or the payment of any costs or transaction expenses related to, or paying the purchase price for, such acquisition.

The interpretations of the laws of Spain by the courts may limit the ability of guarantors organized in Spain to guarantee the notes or to grant security on the Collateral. Although the law does not establish any limit, recent first instance Spanish case law indicates, and certain scholars understand that, risks associated with a guarantee or the value of a security interest provided by a Spanish company to secure the indebtedness held by other companies within its corporate group shall be reasonable and economically and operationally justified from the guarantor's or grantor's own perspective and justified under the corporate interest of such guarantor or grantor and all this must be evidenced to the judge.

Furthermore, the interpretations of the laws of Spain of certain scholars about the specialty principle (*principio de especialidad*), concludes that a security interest can only secure one primary obligation, together with its ancillary obligations (e.g., interest costs). Therefore, when there are multiple primary obligations with respect to different creditors there must be at least one security interest for each primary obligation to be secured. Additionally, although multiple mortgages over the same asset securing different obligations are recognized, Spanish law does not expressly recognize the existence of two or more pledges over the same asset. However, the existence of two or more pledges over the same shares has become a market practice in Spain and is accepted by the majority of legal scholars although no case law has supported the enforceability of such pledges and it cannot be disregarded that a court could take a different view and consider such pledges inefficient and not admissible in Spain.

For more information, please see "Certain Limitations on Validity and Enforceability" and "Enforceability of Civil Liabilities".

The enforcement of guarantees and the Collateral granted by Spanish companies may be restricted by Spanish law.

Insolvency Law

The current Spanish insolvency act (*Ley 22/2003, de 9 de Julio, concursal*), as amended (the "Spanish Insolvency Act") imposes a moratorium on the enforcement of secured creditors' rights (*in rem* security) in the event of insolvency of the debtor (though does not apply to financial collateral considered as such under Royal Decree 5/2005, dated March 11, as amended from time to time (the "RDL 5/2005")).

Under the Spanish Insolvency Act, a debtor is obliged to file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for mandatory insolvency occur.

Notwithstanding the foregoing, the general duty to file for insolvency within the referred two months does not apply if the debtor notifies the applicable court that it has initiated negotiations with its creditors to obtain support to reach a pre-packaged composition agreement (*propuesta de convenio anticipado*) or an out-of-court workout (a refinancing agreement) set out in Section 71 bis.1 or in the Fourth Additional Disposition of the Spanish Insolvency Law (the "5 bis Communication").

Once the debtor is declared insolvent, the enforcement of security interests over assets owned by the debtor and used for its professional or business activities (presumably most of the debtor's assets) is stayed until the first of the following circumstances occurs: (a) approval of a creditors' composition agreement provided that such composition agreement does not affect such right; or (b) one year has elapsed since the declaration of insolvency without liquidation proceedings being initiated. Enforcement will be stayed even if at the time of declaration of insolvency the notices announcing the public auction have been published. The stay will only be lifted when the court hearing the insolvency proceedings determines that the asset is not considered necessary for the debtor's professional or business activities. When it comes to determining which assets of the debtor are necessary for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets.

Enforcements of *in rem* securities can be commenced after the 5 bis Communication is submitted, but such enforcement becomes stayed for the time previously explained. On the contrary, enforcement of public law claims are not affected by the submission of this 5 bis Communication.

Enforcement is also stayed in case a refinancing agreement submitted for homologation is admitted by the court, until the time the court decides to homologate it or not.

Limitation on validity and enforcement of Note Guarantees and the Collateral

Enforcement of Note Guarantees and the Collateral will be subject to the provisions of Spanish Procedural Law and Spanish Insolvency Law (where applicable) and this may entail delays in the enforcement.

Under Spanish law, claims may become time-barred (five years being the general term established for obligations in personam under Article 1,964 of the Spanish Civil Code (*Código Civil*)) or may be or become subject to the defense of set-off or counterclaim.

The terms "enforceable", "enforceability", "valid", "legal", "binding" and "effective" (or any combination thereof) mean that all of the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. Enforcement before the courts will in any event be subject to, among other circumstances:

- the nature of the remedies available in the courts; and
- the availability of defenses such as (without limitation) set-off (unless validly waived) or counter-claim, circumvention of law (*fraude de ley*), abuse of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress, and abatement.

Applicable law requires that a security interest in certain assets can only be properly perfected (or registered or other foreign equivalent) and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral securing the notes from time to time owned by us or the Guarantors may not be perfected (or registered or other foreign equivalent), which may result in the loss of the priority, or a defect in the perfection (or registration or other foreign equivalent), of the security interest for the benefit of the Trustee and holders of the notes to which they would have been otherwise entitled. Neither the Security Agent nor the Trustee will be obligated to create or perfect any of the security interests in the Collateral.

Spanish law does not contemplate the concept of "security agent". Although this by itself does not prohibit this agent to be set in place, the fact that there is a lack of regulation on the matter provides uncertainty as to how a Spanish court would recognize the action of the Security Agent in an enforcement situation. Since holders of the notes will not have any independent power to enforce the Collateral securing the notes, except through the Security Agent following the instructions of the Trustee, there is some uncertainty as to whether a Spanish court would recognize the authority of the Security Agent or whether lack of recognition would entail delays in the enforcement or even the consequence of the Collateral not being able to be enforced on the same terms as provided for in the Security Documents.

For more information, please see "Certain Limitations on Validity and Enforceability" and "Enforceability of Civil Liabilities".

The insolvency laws of Spain may not be as favorable to you as the U.S. bankruptcy laws and may preclude holders of the notes from recovering payments due on the Notes.

The Company and certain Guarantors are incorporated under the laws of Spain. However, several of our subsidiaries are located in other jurisdictions. In the event that the Company, the Guarantors, any future Guarantors, if any, or any other of our subsidiaries experienced financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Any enforcement of the Note Guarantees or security after bankruptcy or an insolvency event will be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of Spain and other applicable jurisdictions may be materially different from, or in conflict with, U.S. bankruptcy laws, including in the areas of rights of secured and other creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Note Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive.

For more information, please see "Certain Limitations on Validity and Enforceability" and "Enforceability of Civil Liabilities".

Insolvency laws and other limitations on the Notes Guarantees and the security may adversely affect their validity and enforceability.

Our obligations under the notes will be guaranteed by, and secured by certain assets of, the Guarantors or their shares within 60 days from the Issue Date. Certain Guarantors are organized or incorporated under the laws of Spain. Although laws differ among these jurisdictions, in general, applicable fraudulent transfer and conveyance laws, equitable principles and insolvency laws and limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of the Note Guarantees and the security against a Guarantor or Collateral provider. Courts may also in certain circumstances avoid the security or the Note Guarantees where the Collateral provider is close to or in the vicinity of insolvency. The following discussion of fraudulent transfer, conveyance and insolvency law, although an overview, describes generally applicable terms and principles, which are defined under the relevant jurisdiction's fraudulent transfer and insolvency statutes. See "Certain Limitations on Validity and Enforceability" and "Enforceability of Civil Liabilities" for more information.

In insolvency proceedings, it is possible that creditors of the Guarantors, the Collateral providers or the appointed insolvency administrator may challenge the Note Guarantees and security, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to:

- avoid or invalidate all or a portion of a Guarantor's obligations under its guarantee or the security provided by us or such Guarantor;
- direct that the Company and/or the holders of the notes return any amounts paid under a guarantee or any security document to the relevant Guarantor or to the respective Collateral provider or to a fund for the benefit of the Guarantor's creditors or the Collateral provider; and
- take other action that is detrimental to holders of the notes.

If we cannot satisfy our obligations under the notes and any Note Guarantee or security is found to be a fraudulent transfer or conveyance or is otherwise set aside, we cannot assure the holders of the notes that we can ever repay in full any amounts outstanding under the notes. In addition, the liability of each Guarantor under its guarantee of the notes and the liability of each Collateral provider will be limited to the amount that will result in such guarantee or security not constituting a fraudulent conveyance or improper corporate distribution or otherwise being set aside. The amount recoverable from a Guarantor or a Collateral provider under the security documents will also be limited. However, there can be no assurance as to what methodology a court would apply in making a determination of the maximum liability of each Guarantor or each Collateral provider and whether a court would give effect to such attempted limitation. Also, there is a possibility that the entire guarantee or security may be set aside, in which case, the Guarantor's or Collateral provider's entire liability may be extinguished.

Different jurisdictions evaluate insolvency on various criteria, but a Guarantor or Collateral provider generally may in different jurisdictions be considered insolvent at the time it issued a guarantee or created any security if:

- its liabilities exceed the fair market value of its assets;
- it cannot pay its debts as and when they become due (and it is unable to get further credit); or
- the present saleable value of its assets is less than the amount required to pay its total existing debts and liabilities, including contingent and prospective liabilities, as they mature or become absolute.

We cannot assure you which standard a court would apply in determining whether a Guarantor or a Collateral provider was "insolvent" as of the date the Note Guarantees were issued or security was created or that, regardless of the method of valuation, a court would not determine that we or a Guarantor were insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor or a Collateral provider was insolvent on the date the respective guarantee was issued or security was created, that payments to holders of the notes constituted fraudulent transfers on other grounds.

Spanish Tax Withholding.

There are risks related to Spanish withholding tax, including in conjunction with the collection of certain documentation from the Paying Agent.

The Company considers that, pursuant to the provisions of the Regional Decree 205/2008, it is not obliged to withhold taxes in Spain on any interest paid under the notes to any noteholder, irrespective of whether such noteholder is tax resident in Spain or not. The foregoing is subject to the fulfilment of certain information procedures described in "Taxation—Taxation in the Kingdom of Spain—Compliance with Certain Requirements in Connection with Income Payments" below.

In this regard, according to Regional Decree 205/2008, any interest paid by the Company under securities that can be regarded as listed debt securities issued under Law 10/2014, of 26 June, on organization, supervision and solvency of credit institutions ("Law 10/2014") and (ii) are initially registered at a foreign clearing and settlement entity that is recognized under Spanish regulations or under those of another OECD member state, will be made free of Spanish withholding tax provided that the relevant paying agent fulfills the information procedures described in "Taxation—Taxation in the Kingdom of Spain—Compliance with Certain Requirements in Connection with Income Payments" below. The Company considers that the notes meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Company to noteholders should be paid free of Spanish withholding tax subject to the Paying Agent providing us, in a timely manner, with a duly executed and completed statement providing certain details relating to the notes (the "Payment Statement"). Accordingly, if we do not receive the Payment Statement from the Paying Agent in a timely manner, income in respect of the notes will be subject to a current 19% withholding tax.

The Company will not gross up payments in respect of any such withholding tax. See "Description of the Notes—Additional Amounts."

It is expected that the Paying Agent will follow certain procedures to facilitate the timely provision by the Paying Agent to the Company of a duly executed and completed Payment Statement in connection with each payment of income under the notes. If such procedures are not followed, however, the Company will make the relevant Spanish withholding tax at the applicable rate (currently 19%) from any income payment in respect of the notes. Such procedures may be revised from time to time in accordance with changes in the applicable Spanish laws and regulations or administrative interpretations thereof. Therefore, to the extent a payment of income in respect of the notes is not exempt from Spanish withholding tax, including due to any failure by the Paying Agent to deliver a duly executed and completed Payment Statement, holders of the notes may have to apply directly to the Spanish tax authorities for any refund to which they may be entitled.

Notwithstanding the above, in the case of notes held by Spanish tax resident individuals (and, under certain circumstances, by Spanish entities subject to Corporate Income Tax and deposited with a Spanish resident entity acting as depositary or custodian), payments in respect of such notes may be subject to withholding by such depositary or custodian (19%).

The Collateral may be released without the consent of the holders of the notes.

The Collateral may be released in certain circumstances, including in the event the Collateral is sold pursuant to an enforcement sale in accordance with the Intercreditor Agreement. Upon any such enforcement sale in accordance with the Intercreditor Agreement, such Guarantor's Guarantee may also be released. Please see "Description of the Notes—Release of Note Guarantees" and "Description of the Notes—Security—Release of Security Interests".

Additionally, the Indenture will permit us to release and retake the security interest granted over the Collateral in order to issue additional notes pursuant to the Indenture. Upon the issuance of additional notes pursuant to the Indenture, there may be a time period imposed by applicable laws between the release and retaking of the security interest during which there is no security interest over the Collateral. In some circumstances, such as if we were to file for bankruptcy after the issuance of additional notes, a hardening period may apply and retroactively void the retaking of the security interest in favor of the holders of the notes. Accordingly, there is a risk that, should we issue additional notes pursuant to the Indenture, the Collateral could be released and its subsequent retaking voided. Please see "Description of the Notes—Certain Covenants—Impairment of Security Interest".

The Company is dependent on payments from its subsidiaries in order to be able to make payments on the notes, and the Company's subsidiaries may not be permitted or otherwise able to make payments to the Company.

Even if our subsidiaries generate sufficient cash from their operations, their ability to provide funds to the Company is subject to, among other things, local tax restrictions and local corporate law restrictions related to earnings, the level of legal or statutory reserves, losses from previous years and capitalization requirements for our subsidiaries. As a result, although the Company may have sufficient resources, on a consolidated basis, to meet its obligations, our subsidiaries may not be able to make the necessary transfers to the Company to permit it to satisfy its obligations under the notes or otherwise. In particular, our subsidiaries may be restricted from providing funds to the Company under some circumstances. These circumstances include:

- restrictions under the corporate law of the jurisdictions in which our subsidiaries are based. The relevant laws could require, among other things, that the subsidiaries retain a certain percentage of annual net income in a legal reserve, that the subsidiaries maintain the share capital of a limited liability company and that, after payment of any dividend, the relevant subsidiary's shareholders' equity exceed its share capital. For example, Spanish law limits certain of the subsidiaries' ability to provide funds to the Company due to restrictions that require, among other things, each of its Spanish subsidiaries to retain at least 10% of their annual net profit (*beneficio neto*) income in a legal reserve until the reserve reaches at least 20% of such company's share capital and that, after payment of any dividend, shareholders' equity must exceed the company's share capital. In addition, in order for Spanish companies to distribute dividends, available reserves must be equal to, or greater than, the R&D expenses appearing in the balance sheet of the company. Moreover, the bylaws of each of the Company's Spanish subsidiaries may provide for additional reserves that must be retained prior to providing funds to it;

- restrictions under foreign exchange laws and regulations that could limit or tax the remittance of dividends or transfer payments abroad; and
- existing and future contractual restrictions, including restrictions in credit facilities, cash pooling arrangements and other indebtedness that affect the ability of the Company's subsidiaries to pay dividends or make other payments to it in the future.

The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses.

The Guarantors will guarantee the payment of the notes as described in "Description of the Notes—The Note Guarantees". The Guarantees provide the holders of the notes with a direct claim against the relevant Guarantor. However, the obligations of each Guarantor under its Guarantee will be limited under the Indenture to an amount that has been determined so as to ensure that amounts payable will not result in violations of laws relating to corporate benefit, capitalization, capital preservation (under which, among others, the risks associated with a guarantee or grant of security on account of a parent company's debt need to be reasonable and economically and operationally justified from the Guarantor's or grantor's perspective), thin capitalization, corporate purpose, financial assistance or transactions under value, or otherwise cause the Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or *ultra vires*, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. If these limitations were not observed, the Guarantees and the grant of security interests by the Guarantors could be subject to legal challenge.

As a result, a Guarantor's liability under its Guarantees could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in that company's corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Guarantee and that the applicable court may determine that the Guarantee should be limited or voided. In the event that any Guarantee is deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Guarantee apply, the notes would not be guaranteed by such Guarantee.

For more information on the specific limitations under applicable law of the respective jurisdictions of incorporation of the Guarantors and certain contractual limitations to be confirmed in the Indenture, please see "Certain Limitations on Validity and Enforceability".

Not all of our subsidiaries will guarantee the notes, and any claim by us or any of our creditors, including the holders of the notes, against such non-Guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of those non-Guarantor subsidiaries.

Not all of our existing and future subsidiaries will guarantee the notes. On a consolidated basis as of December 31, 2017, we had total assets of €7,224.9 million and net financial debt of €1,897.9 million. As of and for the year ended December 31, 2017, the Company's subsidiaries guaranteeing the notes, along with the Company, represent approximately 48.5% and 54.5% of our total consolidated assets and EBITDA, respectively. In addition, the Company's subsidiaries that will not guarantee the notes had €224.8 million of debt outstanding as of December 31, 2017 on a consolidated basis. See "Description of Other Indebtedness". The Indenture does not limit the transfer of assets to, or the making of investments in, any of our restricted group members, including our non-guarantor subsidiaries. Please see "Description of the Notes—Certain Covenants". Accordingly, even though certain of our material subsidiaries will be required to provide a Guarantee for the benefit of the notes pursuant to the Indenture, non-Guarantor subsidiaries could account for a higher portion of our assets, liabilities, revenues and net income in the future. See "Description of the Notes—Certain Covenants—Additional Note Guarantees".

In the event that any of our non-Guarantor subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, the assets of such non-Guarantor subsidiary will not be subject to claims from the holders of the notes to satisfy their respective claims against us and will be used first to satisfy the claims of the non-Guarantor subsidiary's creditors, including trade creditors, banks and other lenders. Consequently, any claim by you or our creditors against a non-Guarantor subsidiary will be structurally subordinated to all of the claims of the creditors of such non-Guarantor subsidiary.

We may not have the ability to raise the funds necessary to finance a change of control offer.

Upon the occurrence of certain change of control events as described in the Indenture, we will be required to offer to repurchase all of the notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to but excluding the date of repurchase. The requirement that we offer to repurchase the notes upon a change of control is limited only to the transactions specified in the definition of "Change of Control" within the Indenture. Please see "Description of the Notes—Repurchase at the Option of Holders—Change of Control". We may not have sufficient funds at the time of any such event to make the required repurchases. Additionally, certain change of control events would be prepayment events under the Senior Facilities Agreement. In the event this results in an event of default thereunder, the lenders under the Senior Facilities Agreement may accelerate such debt, which could also cause an event of default under the Indenture.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets and sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the notes tendered.

You may be unable to enforce judgments against us, the Guarantors or our respective directors and officers.

Neither the Company nor any of the Guarantors are incorporated in the United States. In addition, most of our assets are outside the United States and all of the Group's directors and officers live outside the United States, primarily in Spain. The Company's and the Guarantors' auditors are also organized outside the United States. As a result, it may be difficult or impossible to serve process against any of these persons in the United States. Furthermore, because all or substantially all of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in many foreign jurisdictions, including Spain, of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against the Company, the Guarantors, the directors, controlling persons and management and any experts named in this offering memorandum who are not residents of the United States. Please see "Enforceability of Civil Liabilities".

The interests of our ultimate controlling shareholders may be inconsistent with the interest of holders of the notes and/or our ultimate controlling shareholders may sell their stake in future.

Our ultimate controlling shareholders are members of the Riberas family, which hold in aggregate 58.745% of our ordinary shares, and of which two are members of our Board of Directors. The Riberas family holds stake in, and sits on the board of directors of, related companies, such as Holding Gonvarri, S.L. (our largest steel supplier) and Gestamp Bizkaia, S.A. See "Shareholders and Certain Transactions". As a result, our ultimate controlling shareholders have and will continue to have direct or indirect power, among other things, to influence our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. The interests of our ultimate controlling shareholders could conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. In addition, our controlling parties may, in the future, own businesses that directly compete with ours in certain respects or do business with us.

In addition, our ultimate controlling shareholders may suffer financial distress and may need to sell their stake in the Company. For more information concerning our controlling shareholders, see "Shareholders and Certain Transactions".

There is no existing public trading market for the notes and the ability to transfer them is limited, which may adversely affect the value of the notes.

The notes are a new issue. There is no existing trading market for the notes and there can be no assurance that a trading market for the notes will develop. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market or how liquid that trading market might become. Although the Initial Purchasers have advised us that they intend to make a market in the notes, they are not obligated to do so and may stop at any time. The market price of our notes may be influenced by many factors, some of which are beyond our control, including:

- changes in demand, the supply or pricing of our products;
- general economic conditions, including raw material prices;
- the activities of competitors;
- our quarterly or annual earnings or those of our competitors;
- investors' perceptions of us and the automotive industry;
- the failure of securities analysts to cover our notes after this offering or changes in financial estimates by analysts;
- the public's reaction to our press releases or our other public announcements;
- future sales of notes; and
- other factors described under these "Risk Factors".

As a result of these factors, you may not be able to resell your notes at or above the initial offering price. In addition, securities trading markets experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our notes, regardless of our operating performance. If an active trading market does not develop, you may have difficulty selling any notes that you buy.

The notes have not been and will not be registered under the Securities Act or any U.S. securities laws and we have not undertaken to effect any exchange offer for the notes in the future. You may not offer the notes for sale in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The notes and the Indenture will contain provisions that will restrict the notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions under the Securities Act. Furthermore, we have not registered the notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the notes within the United States and other countries comply with applicable securities laws. Please see "Notice to Investors". In addition, by its acceptance of delivery of any notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the notes that it shall not transfer the notes in an amount less than €100,000 and integral multiples of €1,000 thereafter.

Other Risks

We have in the past engaged, and expect in the future to engage, in transactions with our affiliates and affiliates of our controlling shareholder, some of which may not be, in the future, considered by third parties on an arm's-length basis.

We have in the past engaged, and expect in the future to engage, in transactions with our affiliates and affiliates of our controlling shareholder on an arm's-length basis, but some of which may not be deemed by third parties to be on an arm's-length basis.

For example, we enter into a significant number of transactions on a regular basis and in the ordinary course of business with companies forming part of the Gonvarri group primarily related to the purchase of processed steel. Gonvarri is a steel service center which is controlled by Acek, which holds a 65.0% capital stake, with the ArcelorMittal Group holding the remaining 35% stake.

We also enter into transactions in the ordinary course of business with Acek and its subsidiaries, including lease and license agreements, professional and other services and the sale of goods and real estate. In particular, we have leased the following properties from Inmobiliaria Acek S.L. ("Inmobiliaria") (in which Acek holds a 67.0% interest): (i) the offices located at Alfonso XII, Madrid; and (ii) part of the offices located at Ombú 3, Madrid, all of them for an aggregate annual payment of €2.0 million, as of the year ended December 31, 2017. In addition, in 2014 we purchased two plants from Inmobiliaria, both of which we had previously leased from Inmobiliaria, for a total consideration of €25.0 million. For additional information, see "Shareholdes and Certain Transactions".

If we are not able to agree on transaction terms with our affiliates and/or affiliates of our major shareholders, or if we are not able to enter into agreements for such transactions that are in our best interests, our business, results of operations and financial condition could be materially adversely affected.

There are integration and consolidation risks associated with potential future acquisitions; we may not be able to achieve our target rate of return in our investments.

We have a history of making strategic acquisitions, and in the future we may consider and may make further strategic acquisitions of suitable acquisition candidates in markets where we currently operate as well as in markets in which we have not previously operated.

However, we may not be able to identify suitable acquisition candidates in the future or our targets may prove not to be as profitable as estimated, or we may not be able to finance such acquisitions on the most favorable terms. We may lack sufficient managerial, financial and other resources to successfully integrate future acquisitions or to ensure that such future acquisitions will perform as planned or prove to be beneficial to our operations. Acquisitions involve numerous other risks, including the diversion of our management's attention from other business concerns, undisclosed risks impacting the target and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions could impact our financial position, cash flow or, if funded with the issuance of new shares, create dilution for our shareholders. In certain transactions, our acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. Such synergies or benefits may not be achieved on the assumed time schedule or in the assumed amount, if at all. Any future acquisitions may result in significant transaction expenses, unexpected liabilities and risks associated with entering new markets in addition to the integration and consolidation risks.

As a result of our acquisitions, we may assume continuing obligations, deferred payments and liabilities. Any past or future acquisitions may result in exposure to third parties for liabilities, such as liability for faulty work done by the acquired business and liability of the acquired business or assets that may or may not be adequately covered by insurance or by indemnification, if any, from the former owners of the acquired business or assets. The occurrence of any of these liabilities could have a material adverse effect on our business and results of operations.

One of the factors we consider in assessing a new investment or acquisition, as part of our internal decision making methodology, is whether we believe that the investment may achieve certain internal rate of return targets. However, there can be no assurances that any of our investments or acquisitions will achieve returns at our target levels or at all. Returns on investments are not guaranteed and making an investment which results in a lower rate of return than anticipated could have a material adverse effect on our results of operations.

Changes in accounting regulations and interpretations could affect our operating results and financial covenants.

Changes in accounting regulations and interpretations could require us to record further liabilities on our statement of financial position, or delay recognition of revenue and/or accelerate the recognition of expenses, resulting in lower earnings.

In particular, the IAS Board issued IFRS 16 ("Leases") in January 2016 which sets out the principles for the recognition, measurement, presentation and disclosure of leases and will remove the distinction between "operating leases" and "finance leases". Under the new standard, a lease is defined as a contract that provides the right to use an asset for a period of time in exchange for consideration. IFRS 16 will effectively require companies that are lessees, including us, to report all leases as assets and liabilities on their statements of financial position. We expect to be required to apply IFRS 16 from January 1, 2019. We continue to evaluate the potential impact of the first-time application of this standard on our consolidated annual accounts. We have not yet completed the process, given the recent publication of this standard and the various transition options established by this standard for first-time application. Given that we are a lessee of buildings, warehouses, machinery and vehicles, the application of IFRS 16 in 2019 is expected to have an impact on our accounts. For a more detailed discussion of the potential impact of IFRS 16 and other changes in accounting regulations, see Note 5 to our consolidated financial statements as of and for the year ended December 31, 2017 and "Operating and Financial Review and Prospects—New Accounting Pronouncements".

We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs.

We are required to comply with a wide variety of laws and regulations in each of the jurisdictions in which we operate. Such laws and regulations vary significantly from jurisdiction to jurisdiction and include, but are not limited to, anti-corruption laws.

Our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and economic sanction programs, including those administered by the UN, E.U. and Office of Foreign Asset Control in the United States. These laws prohibit improper business conduct and restrict us from dealing with certain sanctioned countries.

We have policies and procedures designed to assist our compliance with applicable laws and regulations including training of our employees to comply with such laws and regulations. While we have a strong culture of compliance and have adequate systems of control, we seek to continuously improve our systems of internal controls, to remedy any weaknesses that are identified through appropriate corrective action depending on the circumstances, including additional training, improvement of internal controls and oversight, and deployment of additional resources and to take appropriate action in case of any breach of our rules and procedures which might include disciplinary measures, suspensions of employees and ultimately termination of such employees. There can be no assurance, however, that our policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners and, as a result, we could be subject to penalties and material adverse consequences on our business, financial condition or results of operations if we failed to prevent any such violations.

As a result of our international operations, we are exposed to the risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we operate. Some of the countries in which we operate lack a legal system as developed as other locations and are perceived to have high levels of corruption. Our continued geographical diversification, including in some emerging markets, development of joint venture relationships and our employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws, sanctions or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business and maintain long-term commercial relationships with our customers.

We are exposed to risks in relation to compliance with antitrust laws and regulatory approvals.

Many jurisdictions in which we operate have antitrust regulations which involve governmental filings for certain acquisitions and joint ventures, impose waiting periods and require approvals by government regulators. Governmental authorities may seek to challenge potential acquisitions or impose conditions, terms, obligations or restrictions that may delay completion of the acquisition or materially reduce the anticipated benefits (financial or otherwise).

We are currently awaiting regulatory approvals from the Chinese, Korean and European authorities regarding our recent joint venture agreement with Beijing Hainachuan Automotive Parts Co. Ltd. Our inability to consummate this or other potential future acquisitions or to receive the full benefits of such acquisitions because of antitrust regulations could limit our ability to execute on our acquisition strategy which could have a material adverse effect on our financial condition and results of operations.

Certain of our Guarantors are subject to minimum capital maintenance requirements.

Certain of the jurisdictions under which our Guarantors are incorporated may have capital requirements under which such Guarantor entities are required to maintain a level of net equity or otherwise be wound up. For instance, when accumulated losses cause the amount of the net equity to fall below half, or another applicable threshold, of the share capital, the entity will need to be wound up, unless its share capital is increased or decreased in the required amount to re-establish the balance between its net equity and its share capital. In such case the entity must convene a general meeting for the shareholders within a specified period of the approval of the accounts revealing the losses that have generated the situation (equity being less than half of the share capital), to decide whether the concerned company should be wound-up or maintained.

Our profitability could be negatively impacted if we are not able to maintain appropriate utilization of our workforce.

The extent to which we utilize our workforce affects our profitability. If we under-utilize our workforce, our project profits and overall profitability may suffer in the short-term. If we over-utilize our workforce, we may negatively impact safety, employee satisfaction and project execution, which could result in a decline of future project awards. The utilization of our workforce is impacted by numerous factors including:

- our estimate of the headcount requirements for various manufacturing units based upon our forecast of the demand for our products;
- our ability to maintain our talent base and manage attrition;
- our need to invest time and resources into functions such as training, business development, employee recruiting and sales that are not chargeable to customer projects;
- the degree of structural flexibility of labor laws in countries where our employees are located; and
- the costs of recruiting talents/experts in the field in which we operate, and the costs of recruiting, maintaining and dismissing employees for the manufacturing of our products.

As a result of the above factors, the failure to maintain appropriate utilization of our workforce may materially adversely affect our business, financial condition, results of operations and cash flows.

Loss of key personnel or executives and failure to attract qualified employees including management could limit our growth and negatively impact our operations.

Many of the technologies and processes that we use result from the knowledge, experience and skills of our scientific and technical personnel. A failure to attract and retain qualified employees could thus adversely affect our operations. Furthermore, we have a management team with a substantial amount of expertise in the automotive industry, deemed crucial for the current success of our business. Loss of key members of management could result in the loss of valuable customer relationships and/or less or unsuccessful implementation of strategies.

Availability of skilled labor in some of the areas in which we operate could negatively impact our operations.

When establishing and operating facilities in some emerging markets, we may encounter difficulties with the availability of appropriately skilled labor. In some instances we may compete with our customers for qualified employees in a limited labor pool of adequately trained workers. Performing work in these areas and under these circumstances can slow our progress, potentially causing us to incur contractual liabilities to our customers. These circumstances may also cause us to incur additional, unanticipated costs that we might not be able to pass on to our customers.

Natural disasters, mechanical failures, equipment shutdowns and technological breakdowns could disrupt our supply of products to our customers which could have a material adverse effect on our operations and profitability.

Our manufacturing facilities are subject to risks associated with natural disasters, including fires, floods, hurricanes and earthquakes. The occurrence of any of these disasters could cause the total or partial destruction of a manufacturing facility, thus preventing us from supplying products to our customers and disrupting production at their facilities for an indeterminate period of time. The inability to promptly resume the supply of products following a natural disaster at a manufacturing facility could have a material adverse effect on our business operations, financial position and operational results.

We have experienced and may in the future experience mechanical failure and equipment shutdowns such as the breakdown of our press equipment, as well as technological breakdowns which are beyond our control. We are also reliant upon a continuous and uninterrupted supply of electricity, gas and water to our facilities to ensure the continued operation of our production lines and supply chain. An interruption to the supply of any of these utilities, even in the short term, including but not limited to an outage in the electricity grid, a gas leak or issues with local water mains, could cause equipment shutdowns, mechanical failures and/or damage to our facilities and equipment. If any such events occur, our production capacity may be materially and adversely impacted. In the event that we are forced to shut down any of our sites for a significant period of time, it would have a material adverse effect on our business operations, financial position and operational results.

Terrorist attacks and other acts of violence or war or political changes in geographical areas where we operate may affect our business and results of operations.

Some areas in which we operate, such as several countries in Europe, have recently suffered from terrorist attacks and there is a threat that further terrorist attacks may take place in the future. Terrorist attacks and other acts of violence or war may negatively affect our business and results of operations. There can be no assurance that there will not be terrorist attacks or violent acts that may directly impact us, our customers or partners. In addition, political changes in certain geographical areas where we operate may affect our business and results of operations. Any of these occurrences could cause a significant disruption in our business and could adversely affect our business operations, financial position and operational results.

USE OF PROCEEDS

We estimate that the gross proceeds of this offering will be €396.5 million. We will use the net proceeds of the offering of the notes (i) for the refinancing of certain short- and long-term debt facilities and (ii) to pay commissions, fees and expenses estimated at approximately €3.7 million in connection with the Refinancing Transactions.

The estimated sources and uses of the funds in connection with the Refinancing Transactions are shown in the table below. Actual amounts are subject to adjustments and may vary from estimated amounts depending on several factors, including estimated costs, fees and expenses.

Sources	(€ millions)	Uses	(€ millions)
Notes offered hereby(1)	396.5	Repayment of debt(2)	392.8
		Estimated transaction costs(3)	3.7
Total	**396.5**	**Total**	**396.5**

(1) The gross proceeds from the offering will be €396.5 million, reflecting the issue at an issue price of 99.129%.

(2) Represents the repayment in full and cancellation of certain short- and long-term debt facilities estimated at €392.8 million with interest rates ranging from Euribor plus 0.20% to Euribor plus 0.95% and maturity ranging from June 2018 to September 2019, within 90 days from the Issue Date.

(3) Reflects commissions, fees and expenses in connection with the Refinancing Transactions, including fees to the Initial Purchasers.

CAPITALIZATION

The following table sets forth the consolidated cash, cash equivalents and current financial assets, and capitalization as of December 31, 2017 (i) on an actual basis derived from our consolidated balance sheet as of December 31, 2017 included elsewhere in this offering memorandum and (ii) as adjusted to give effect to the Refinancing Transactions and the application of the proceeds therefrom, as described under "Use of Proceeds".

The adjusted information below is illustrative only and does not purport to be indicative of our capitalization following the completion of the offering of the notes. This table should be read in conjunction with "Summary—Summary Consolidated Financial Data", "Use of Proceeds", "Selected Consolidated Financial and Other Information", "Operating and Financial Review and Prospects", "Description of Other Indebtedness" and the consolidated financial statements and the related notes included elsewhere in this offering memorandum.

	As of December 31, 2017	
	Actual	**As adjusted**
	(€ millions)	
Cash, cash equivalents and current financial assets[(1)]	**939.1**	**935.4**
Notes offered hereby[(2)]	—	392.8
2023 notes[(3)]	479.0	479.0
Term facilities[(4)]	852.5	852.0
Long-term indebtedness[(5)]	836.1	826.1
Short-term indebtedness[(6)]	543.7	160.9
Other financial indebtedness[(7)]	126.2	126.2
Net financial debt	**1,897.9**	**1,901.6**
Total equity	1,970.6	1,970.6
Total capitalization[(8)]	**3,868.5**	**3,872.2**

(1) Includes cash and cash equivalents as of December 31, 2017 of €860.2 million and current financial assets as of December 31, 2017 of €78.9 million (comprised of loans and receivables, securities portfolio and other current financial assets). Cash and cash equivalents and current financial assets do not take into account the operating cash inflows generated after December 31, 2017, nor any cash outflows that occurred after December 31, 2017, including the anticipated dividend of €71.9 million to the shareholders of the Company out of 2017 net income, which is expected to be declared on or about May 7, 2018, and which will be paid on or before July 6, 2018. As adjusted reflects the payment of commissions, fees and expenses in connection with the Refinancing Transactions. See "Use of Proceeds".

(2) The gross proceeds from the offering of the notes will be €396.5 million, reflecting the issue at an issue price of 99.129%.

(3) Represents €479.0 million principal amount of the 2023 notes, net of amortizing debt issuance costs of approximately €21.0 million.

(4) Represents indebtedness under the Senior Facilities Agreement. For a description of the Senior Facilities Agreement, see "Description of Other Indebtedness". In addition, we are in the process of negotiating an amendment of our Senior Facilities Agreement in order to, amongst other changes, align certain baskets with the terms of the notes, amend certain financial reporting obligations to reflect the listed status of the Company and make interim Loan Market Association updates. We caution that such discussions are ongoing as of the date of this offering memorandum and therefore no assurance can be given that such amendment will occur and investors are cautioned not to place undue reliance that such amendment will take place in the near term.

(5) Our other long-term indebtedness will primarily consist of the EIB loan and €676.1 million of aggregate principal amount in other local facilities. See "Description of Other Indebtedness".

(6) The short-term indebtedness primarily consists of short-term credit lines and loans in Spain, as well as outstanding amounts on our short-term credit lines related to our subsidiaries in Brazil, the United Kingdom, China, Germany and Turkey. These credit lines are unsecured and are generally renewed each year and are subject to customary covenants.

(7) Other financial indebtedness refers to financial leasing of €32.7 million, borrowings from associated companies of €59.3 million and borrowings from the Spanish Science and Technology Ministry (*Ministerio de Ciencia y Tecnología*) amounting €34.2 million.

(8) Represents net financial debt and total equity.

SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

Our selected consolidated historical financial data has been derived as follows: consolidated financial data as of and for each of the years ended December 31, 2017, 2016 and 2015, respectively, has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015, respectively. Our audited consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 are included elsewhere in this offering memorandum.

Our selected consolidated financial data is presented in Euros and has been prepared in accordance with IFRS. You should read this selected consolidated financial data in conjunction with "Capitalization", "Summary Consolidated Financial Data", "Operating and Financial Review and Prospects", and the historical consolidated financial statements and the related notes included elsewhere in this offering memorandum.

For the definition of and a reconciliation to an appropriate measure calculated in accordance with IFRS of the alternative performance measures included in this offering memorandum, see "Operating and Financial Review and Prospects—Alternative Performance Measures ("APMs")".

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ millions)	
Consolidated Income Statement Data:			
Operating income	**7,202.3**	**7,673.9**	**8,390.5**
Revenue	*7,034.5*	*7,548.9*	*8,201.6*
Other operating income	*156.9*	*131.6*	*197.2*
Changes in inventories	*10.9*	*(6.6)*	*(8.3)*
Operating expenses	**(6,802.1)**	**(7,211.3)**	**(7,905.8)**
Raw materials and other consumables	*(4,308.6)*	*(4,509.7)*	*(4,882.1)*
Personnel expenses	*(1,258.0)*	*(1,366.9)*	*(1,492.8)*
Depreciation, amortization, and impairment losses	*(360.1)*	*(378.5)*	*(405.2)*
Other operating expenses	*(875.4)*	*(956.2)*	*(1,125.7)*
Operating profit	**400.2**	**462.6**	**484.7**
Finance income	13.3	5.3	9.0
Finance expenses	(121.8)	(98.8)	(101.7)
Exchange (losses)	(24.7)	(12.4)	(22.9)
Other[(1)]	(14.2)	(8.6)	1.1
Profit for the year from continuing operations	**252.8**	**348.1**	**370.2**
Income tax expense	(63.9)	(88.9)	(82.1)
Profit for the year	**188.9**	**259.2**	**288.1**
Loss attributable to non-controlling interests	(27.4)	(37.8)	(48.4)
Profit attributable to equity holders of the parent company	**161.5**	**221.4**	**239.7**

	As of December 31,		
	2015	2016	2017
		(€ millions)	
Consolidated Balance Sheet Data:			
Intangible assets	359.4	393.0	414.7
Property, plant, and equipment	2,861.8	3,160.0	3,407.8
Non-current financial assets	57.7	95.5	69.4
Inventories	586.4	630.9	681.3
Trade and other receivables	1,194.7	1,376.9	1,375.7
Cash and cash equivalents	356.0	430.5	860.2
Other[(2)]	329.7	342.8	415.8
Total assets	**5,745.7**	**6,429.6**	**7,224.9**
Total equity	**1,798.4**	**1,872.0**	**1,970.6**
Non trade liabilities (non-current)	1,674.2	1,779.5	2,364.5
Trade and other payables	1,384.4	1,621.4	1,814.1
Other liabilities[(3)]	888.7	1,156.7	1,075.7
Total liabilities	**3,947.3**	**4,557.6**	**5,254.3**

	Year ended December 31,		
	2015	2016	2017
		(€ millions)	
Consolidated Summary Cash Flow Information:			
Profit for the year before taxes and after non-controlling interests	225.4	310.3	321.8
Adjustments to profit	542.1	489.7	504.2
Changes in working capital	9.7	24.6	13.7
Other cash-flows from operating activities	(177.3)	(172.0)	(156.0)
Cash flows from operating activities	**599.9**	**652.6**	**683.7**
Payments on investments	(616.2)	(738.4)	(910.1)
Proceeds from divestments	81.6	7.9	28.7
Grants, donations and legacies received	5.8	1.7	1.6
Cash flows from investing activities	**(528.8)**	**(728.8)**	**(879.8)**
Proceeds and payments on equity instruments	(33.8)	(8.3)	(1.3)
Proceeds and payments on financial liabilities	(120.8)	216.7	705.7
Payments on dividends and other equity instruments	(50.2)	(56.1)	(73.1)
Cash flows from financing activities	**(204.8)**	**152.3**	**631.3**
Effect of changes in exchange rates	5.7	(1.6)	(5.4)
Net (decrease) increase of cash or equivalent	**(128.0)**	**74.5**	**429.8**

(1) Consists of share of profits from associates, change in fair value of financial instruments and impairment of and gains (losses) on sale of financial instruments.

(2) Consists of deferred tax assets, assets held for sale (which consist of assets and liabilities whose recovery is expected through sale and not through continued use, such as our stake in certain of our joint ventures), current financial assets and other current assets.

(3) Consists of deferred income and tax liabilities, provisions and other current and non-current liabilities.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion together with our consolidated financial statements included elsewhere in this offering memorandum. The financial data in this discussion of our results of operations and financial condition as of and for the years ended December 31, 2017, 2016 and 2015 has been derived from the audited consolidated financial statements of Gestamp Automoción and its subsidiaries as of and for the years ended December 31, 2017 and 2016 prepared in accordance with IFRS as adopted by the European Union. We show the results of operations for the year ended December 31, 2015 reclassified to include a breakdown of our results of operations by geographic segment. This reclassification does not appear in our audited financial statements as of and for the year December 31, 2015. Certain monetary amounts, percentages and other figures included in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.

Unless otherwise indicated, all historical financial information presented in this offering memorandum is from Gestamp Automoción and its subsidiaries; accordingly, all references to "we", "us", "our" or the "Group" in respect of historical financial information in this offering memorandum are to Gestamp Automoción and its subsidiaries on a consolidated basis unless otherwise indicated.

You should read the following discussion together with the sections entitled "Selected Consolidated Financial and Other Information", "Risk Factors", "Forward-Looking Statements" and "Presentation of Financial and Other Data".

The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources and other non-historical statements in this discussion are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in the "Risk Factors" and "Forward-looking statements" sections of this offering memorandum. Our actual results may differ materially from those contained in, or implied by, any forward-looking statements.

Overview

We are one of the world's largest suppliers of automotive components and assemblies in terms of revenue. We design, develop, manufacture and sell highly engineered body and chassis components and mechanisms to OEMs, primarily for use in the production of light vehicles. We have cultivated strong relationships with our OEM customers by offering them leading technologies through our extensive global footprint of 105 production facilities and 13 R&D centers in 21 countries over four continents, as of March 31, 2018. In addition, we have seven plants under construction, of which the acquisition of one production facility and one plant under construction are subject to the approval of the relevant competition authorities. Our technological leadership and extensive geographical and customer footprint allow us to take advantage of global growth opportunities while maintaining a conservative, diversified risk profile.

We offer our OEM customers a diverse product portfolio as a Tier 1 supplier of Body-in-White and Chassis structures and complex assemblies, opening systems and Mechanisms, as well as tooling and dies and other related services.

Our revenues grew by 8.6% in the year ended December 31, 2017, reaching €8,201.6 million (market production volume grew 1.7% in our production footprint according to IHS Markit Materials). In terms of profitability, EBITDA in the year ended December 31, 2017, reached €889.9 million with a growth rate of 5.8% when compared to the year ended December 31, 2016.

We believe we are the leading supplier of metal components for Body-in-White products globally by revenue. In Chassis products, we believe we are among the top three suppliers globally by revenue. In Mechanisms products, we believe we are the clear market leader globally by revenue.

Thanks to our ability to capture outsourcing projects from OEM customers and global footprint, as well as to our tooling capabilities, we believe we are one of the two truly global OEM suppliers that are able to develop and manufacture Body-in-White and Chassis structures and complex assemblies, opening systems and Mechanisms, while meeting the same high standards worldwide, whether the same vehicle model is produced in several regions or the same vehicle platform is used across different models globally.

Our expertise and core competence in developing and producing light-weight components help our customers to reduce CO_2 emissions while at the same time enhancing the safety features of their vehicles.

Our leading technologies, global footprint and proven track record in executing complex projects set us apart from many of our competitors in the industry and have allowed us to secure strong relationships with almost all major global automakers, including Volkswagen, Daimler, Renault Nissan, Ford, PSA, General Motors, BMW, Fiat Chrysler, Tata JLR, Volvo, Honda and Toyota, which represented our top 12 customers and together accounted for 89.1% of our consolidated revenues (excluding tooling) for the year ended December 31, 2017. In addition, our leading technologies have allowed us to rapidly grow our revenue with our newer OEM customers. We currently supply products to all top 12 OEMs globally by volumes.

We are committed to maintaining our technological leadership in the development of innovative and high quality products. We are involved in the full cycle of the component supply process, often co-developing parts jointly with our OEM customers and applying computer-aided design and crash test simulations in order to optimize weight and safety features. Between 2010 and 2017, the number of our co-development programs with OEM customers has increased from four to more than 250 across Body-in-White, Chassis and Mechanisms products. We design and manufacture components adapted to each new car model or platform and conclude contracts to provide these products throughout the anticipated life of the model or platform (usually between five and ten years). We have been successful in obtaining a high rate of renewal of our programs.

Our segment within the automotive components market has been, and continues to be, particularly characterized by the secular trend of OEMs outsourcing an increasing share of a vehicle's metal components content as they shift more of their capital spending to other areas. The push towards further weight reduction, known as 'lightweighting' and aimed at lowering fuel consumption and thereby CO_2 emissions, is another secular trend of our segment. These trends impact our organic investment and sales growth, particularly as OEMs increasingly rely on fewer, larger, well-capitalized and trusted partners. As such, our R&D and innovation capabilities are fully aligned with our customers' strategy in order to fulfill their needs.

We believe that our strategic, customer-focused record of geographical expansion and diversified revenue streams, as well as our manufacturing process, design and technological expertise underlie our historical and continuing financial and operational success. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, of strategic importance to many of the largest OEMs globally.

Segment Reporting

We are comprised of five segments, covering the following geographical regions: Western Europe (comprising Belgium, France, Germany, Luxembourg, Portugal, Spain, Sweden and the United Kingdom), Eastern Europe (comprising the Czech Republic, Hungary, Poland, Russia, Slovakia, Turkey and Romania), Mercosur (comprising Argentina and Brazil), North America (compromising Mexico and the United States), and Asia (comprising China, India, Japan, South Korea, and Thailand). These geographical regions represent our main operating units and are subject to monitoring and internal steering by our management based on the metrics of revenue and EBITDA. Financial income (expenses), Income tax expense and Profit (loss) attributable to non-controlling interests are analyzed in the Group as a whole, as the management of such metrics is carried out on a consolidated basis. For more information see "—Alternative Performance Measures ("APMs")".

Starting from the year ended December 31, 2016, we present our results of operation in the financial statements both on a consolidated basis and by geographical segmentation. For the purposes of comparability, we have reclassified our results for the year ended December 31, 2015 to reflect the same five geographical segments as we currently report. However, this reclassification by segment does not appear in our audited annual accounts as of and for the year ended December 31, 2015.

Key Factors Affecting our Results of Operations

We believe that the following factors impact our results of operations:

Outsourcing

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 of 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 advances achieved by strategic suppliers, such as ourselves, in certain technologies which OEMs find difficult to match in-house 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' headquarters for content they have provided in-house in their home markets. For instance, nine of our plants are involved in supplying components for up to 50 versions of a vehicle for a project in Poland that requires significant skills and tooling capabilities. In 2017, several of our OEM customers have announced their strategy with regards to electric vehicles, including BMW's launch of 25 models by 2025 with an electrified drive system and VW's launch of 80 new electric vehicles by 2025. These model launches are expected to lead to an increase in the levels of outsourcing to global strategic suppliers, such as us. Furthermore, we benefit from economies of scale that our OEM customers find more difficult to achieve in their domestic markets.

Capital Expenditure

The growth of our business involves significant capital expenditure, to the extent that we build new manufacturing plants or increase capacity in existing plants. From 2015 to 2017, we invested €2.1 billion in total capital expenditures, of which approximately €1.1 billion was in growth projects. Growth capital expenditures include mainly capital expenditures in greenfield projects, of which we established 12 between 2013 and 2018, major expansions of existing facilities and new processes and technologies in existing plants. Increased success and penetration with our customers based on increased project awards translates into increased capital expenditure to accommodate the execution of those projects. Project awards involve long-term production orders based on the lifecycle of the specific model or platform, which provides strong visibility on mid-term project revenues, profit and cash flow potential. Once a project is ongoing, maintenance capital expenditure is limited. When new programs or vehicle models are required, usually at the end of a vehicle cycle, "renewal" or "replacement" capital expenditure is required in order to adapt existing infrastructure to accommodate new assembly and process design, although usually at levels significantly below the expenditure required to create the capacity in the first place.

The construction period for new manufacturing facilities (or expansions of existing facilities) typically ranges between 12 months and 24 months and the cash used in investments in property, plant and equipment associated with the construction and equipment of a new manufacturing facility typically ranges between €40 million and €70 million. Once the construction of a manufacturing facility is completed, the output of the manufacturing facility increases over time, reaching full production capacity typically during the following 18 to 24 months. As a result, EBITDA generated by greenfield projects is usually negatively impacted by ramp-up costs during the first two years after completion of construction and increasingly stabilizes after the relevant facility has reached full production.

Diversification

Our strong geographic, customer and product diversification has in the past had the effect of reducing revenue volatility during periods of economic downturn, as well as limiting our exposure to regional business cycles. Our well-diversified customer base, which includes all of the 12 largest OEMs by production volume, has limited our exposure to a decrease in the demand for any one OEM's product portfolio. Regional differences in duration, timing and intensity of economic cycles, combined with the diversity of our geographic footprint, have mitigated the effects of the economic cycle on our business, limiting the impact of our exposure to the cycle in any one region or geography. Our diversified revenue base has allowed us to take advantage of global growth opportunities, even during periods of economic downturn.

The revenues received from our five largest customers, Volkswagen, Daimler, Renault-Nissan, Ford and Peugeot Citroën represented 63.7% of our consolidated revenues (excluding tooling) in the year ended December 31, 2017. In terms of geographic diversification, Spain, Germany and the United States were the three highest revenue generating geographies and represented 44.1% of our revenues in the year ended December 31, 2017 compared to 46.6% of our revenues in the year ended December 31, 2016.

Global automotive market production

We operate within the global automotive equipment sector and our business growth is entirely driven by trends in the global automobile market. The cycles of the global automotive industry, which correlate with general global macroeconomic conditions, impact our OEM customers' production requirements and consequently impact the volume of purchases and pricing of our products by our OEM customers. Global vehicle production levels have grown moderately between 2012 and 2017, with substantial growth being registered in Western Europe and Greater China, which was partially offset by negative vehicle production growth in South America and, to a lesser extent, Japan. The increase in vehicle production has resulted in a higher demand for our products and a positive impact on our revenues during that period, while slightly offset by the impact of slower economic growth from Brazil and Russia, which has weakened demand for new vehicles and, as a result, for our products.

While growth in China is expected to slow down compared to previous years, we believe that China, the Indian Subcontinent, South East Asia, North America, Eastern Europe and Mercosur have strong potential for vehicle production volume growth. Brazil, in particular, after a significant decrease in vehicle production in recent years, is improving its economic prospects and we believe it has potential for growth in the coming years. While Russia has experienced weak economic performance recently, it has rebounded in 2017 and we believe there is potential for growth in the medium term. Going forward, global auto production is expected to sustain a steady increase at an estimated CAGR of 2.2% in the period between 2017 and 2021. Growth in vehicle production during that period is expected to be led primarily by Greater China, the single largest market globally, with an estimated increase of 3.0%, while other key geographies of North America and Eastern Europe are expected to grow their auto production at an estimated CAGR of 0.5% and 3.8%, respectively. Vehicle production growth in Western Europe is expected to remain flat between 2017 and 2021. South America, which recorded declines between 2012 and 2017, is also expected to return to growth, with an estimated CAGR of 7.7% between 2017 and 2021.

Seasonality

Our business is seasonal. Due to the following factors, our working capital requirements typically increase during the first three quarters of the year and reduce towards the end of the year. OEMs typically slow down vehicle production during certain periods of the year. For instance, our customers in Europe typically downshift vehicle production during holiday seasons such as July, August or December and often conduct internal maintenance and adjustments to inventory in these periods. Furthermore, there are a fewer number of working days at the end of a year as opposed to the beginning of a year which results in a reduction in vehicle production at the end of the year. In addition, we typically agree final due amounts with our suppliers at the end of the year, which are usually paid at the beginning of the following year, resulting in higher payables at the end of the year and significant cash outflows during January and February. Furthermore, a significant portion of our tooling receivables balances are collected from our clients typically before year-end, resulting in cash inflows and a reduction in receivables at the end of the year. Our results of operations, cash flows and liquidity may therefore be impacted by these seasonal practices. However, our strong geographic, customer and product diversification allows us to take advantage of global production cycles and has mitigated the impact of regional demand fluctuations during the year on our business.

Foreign exchange transactions and translation

Although our reporting currency is the Euro, a portion of our sales and operating costs are realized in other currencies, such as, among others, the U.S. Dollar, Pound Sterling, the Brazilian Real, the Chinese Yuan, the Indian Rupee, the Mexican Peso, the Czech Crown, the Russian Ruble and the Turkish Lira. We seek to limit our foreign exchange transaction risk by purchasing and manufacturing products in the same country where they are ultimately sold to our customer. However, the translation of foreign currencies back to the Euro may have a significant impact on our revenues and financial results. Foreign exchange has an unfavorable impact on revenues when the Euro is relatively strong as compared with foreign currencies and a favorable impact on revenues when the Euro is relatively weak as compared with foreign currencies. The functional currency of our foreign operations is the local currency.

Assets and liabilities of the foreign companies included in the scope of consolidation, denominated in currencies other than the Euro, were translated to Euro using the applicable period-end rates of exchange. To counteract seasonal effects, the income statement items of these companies were translated to Euro at the applicable average rates prevailing throughout the period. Translation gains or losses are reported as a separate component of accumulated other comprehensive income in our consolidated statements of stockholders' equity (deficit). Gains and losses resulting from foreign currency transactions are included in net income (loss).

Steel price

A significant part of our cost base consists of purchases of raw materials, which vary in direct proportion to our sales. Raw materials represent on average approximately 38% of our sales over the past three years, with steel comprising over 90% of our raw material purchases. While steel prices affect our revenue and costs, historically, our profit margins have not been significantly affected by changes in steel prices. In 2017, approximately 63% of our steel was purchased through OEM re-sale programs, under which an OEM customer negotiates directly with the steel suppliers the price of the steel that we use to manufacture components for that OEM. Such negotiated steel price is passed through to our OEM customers in the sale price of the automotive component. The remainder of our steel purchasing requirements is typically met through direct contracts with steel suppliers. Historically, we have negotiated with our OEM customers to pass through the increase or decrease in the steel price, eliminating significant volatility in our margins relating to such increases or decreases, and we intend to do so in the future.

We also sell scrap steel, which is a byproduct of our production process. Typically, the price of scrap steel fluctuates in line with steel prices. We generally share our recoveries from sales of scrap steel with our OEM customers either through scrap sharing agreements, in cases where we are on re-sale programs, or in the product pricing that we negotiate with OEMs based on increases and decreases in the steel price in cases where we purchase steel outside of re-sale programs. As with input steel prices, we may be impacted by the fluctuation in scrap steel prices, either positively or negatively, but historically these fluctuations have had a limited impact on our margins.

Product pricing

During the life cycle of a contract, we are expected to achieve production efficiencies. Typically, in line with industry practice, we pass on a portion of these production efficiencies to our customers by way of price reductions during the term of the contract. In some cases, when negotiated price reductions are expected to be retroactive, we accrue for such amounts as a reduction of revenues as products are shipped. To the extent we are not able to achieve the efficiencies necessary to offset the price reductions, such price reductions negatively impact our profit margins.

Labor costs

Labor costs have represented in the last three years between approximately 17.9% and 18.2% of our total annual sales. A significant part of our labor costs are semi-variable in nature and can be adjusted to meet business needs. For example, we can adjust shifts worked in our manufacturing facilities and working hours in general according to the demand for our products. In addition, we also have considerable flexibility with respect to workers who are on project-based, non-fixed labor contracts. The semi-variable nature of our labor costs has assisted our strategic planning and has allowed us to maintain consistent profit margins.

Vehicle cycles

In our industry, once a project has been nominated to a preferred supplier, it is rare for an OEM to switch to another supplier, given the significant operational, technical and logistical costs of switching suppliers, particularly during the life cycle of a specific vehicle model. Vehicle models typically have long, multi-year product life cycles. Given these factors, while the actual revenues which we derive from a project ultimately depend on our OEM customers' production volumes achieved for the respective car models, we have good visibility on mid-term revenues within a relatively small range of sensitivity.

Principal Profit and Loss Account Items

The following is a brief description of the revenue and expenses that are included in the line items of our consolidated profit and loss accounts.

Operating Income

Revenue

Revenue is recognized when products are delivered or services are provided, regardless of when actual payment or collection occurs. Revenue is recognized at fair value of the balancing entry, defining fair value as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction, taking into account the amount of any discounts or rebates provided. Revenue includes:

- Sale of goods: Revenue from the sale of goods is recognized when the following conditions have been met:
  - we have transferred to the buyer the significant risks and rewards of ownership of the goods;
  - we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to us; and
  - the costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Manufacture of tools for third party sale and rendering of services: Tooling revenues are linked to projects under development. Related revenue development may not always reflect the evolution of tooling activity, depending on the timing of the underlying projects, given that revenue arising from the manufacture of tools for sale to third parties and the rendering of services is recognized by reference to the stage of completion of the transaction at the reporting date. This is referred to as the stage of completion method. See Note 6 to our consolidated financial statements for the years ended December 31, 2017 and 2016 and Note 5 to our consolidated financial statements for the year ended December 31, 2015, each included elsewhere in this offering memorandum.
- Interest, royalties, and dividends: interest revenue is recognized as interest accrues 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). Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement. Dividends are recognized when the shareholder's right to receive payment is established.

Other operating income

Other operating income is comprised principally of grants related to income and grants related to assets released to income for the year, surplus provision for environmental matters and other commitments and own work capitalized.

Operating Expenses

Our operating expenses are comprised primarily of expenses on raw materials and other consumables, personnel expenses and depreciation, amortization and impairment losses. Expenses are recognized when products are delivered or services are provided, regardless of when actual payment or collection occurs. Further, expenses are recognized when there is a decrease in an asset or an increase in a liability that can be measured reliably, and they are recognized during the period in which they are incurred.

Raw materials and other consumables

Our expenses on raw materials and other consumables include purchases of goods for re-sale and tools, discounts for prompt payment, purchase returns and similar transactions, volume discounts, change in inventories, purchases of raw materials, consumption of other supplies, expenses on work performed by third parties, impairment and reversal of impairment of goods for re-sale and raw materials.

Personnel expenses

Our personnel expenses include salaries, social security and other benefits expenses. Personnel expenses are primarily costs driven by the size of our operations, our geographical reach and customer requirements.

Depreciation, amortization and impairment losses

Depreciation and amortization relates to the depreciation of our property, plant and equipment. Annual depreciation is calculated using the straight-line method based on the standard estimated useful lives of the various assets. The physical life of our forming assets is typically longer. Our maintenance and replacement/renewal capital expenditures for our equipment are less than the depreciation of our assets. Land is not depreciated and is presented net of any impairment charges.

Property, plant, and equipment is carried at either acquisition 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.

Certain major parts of some items of 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 capitalized.

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 income statement in the year the asset is retired. Borrowing costs directly attributable to the acquisition or development of a qualifying asset (which is an asset that takes more than one year to be ready for its intended use) are capitalized as part of the cost of the respective assets.

Other operating expenses

Our other operating expenses relate to maintenance and upkeep, other external services, taxes and levies, impairment of accounts receivable, profits or losses from disposal of assets, application of non-current provisions and profits from business combinations.

Financial income (expenses)

Financial income primarily consists of income from equity investments and loans within our group and to third parties.

Financial expenses are composed of interest expenses from our borrowings from companies within our group and our external financings including bank borrowings and trade bills and other financial expenses.

Exchange gains (losses)

Exchange gains (losses) relates to the impact of changes in the functional currency relative to the Euro on foreign currency borrowings considered permanent. These exchange gains (losses) are taken directly to equity under "Translation differences", net of the tax effect.

Transactions in foreign currencies are translated to Euros 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 recognized in the consolidated income statement.

Share of profits (losses) from associates carried under the Equity Method

Share of profits (losses) in companies carried under the equity method is composed of the results of companies included in our consolidated results, on which we have significant influence but not control or joint control. For the purposes of the preparation of our financial statements, significant influence is deemed to exist in investments in which we, directly or indirectly, hold over 20% of the voting power, and in certain instances where our holding is less than 20%, but significant influence can be clearly demonstrated (for example through veto rights on capital expenditures, approval of budget and annual accounts). Companies in which our direct or indirect holding is between 20% and 50%, but in which we do not hold the majority of voting rights or in which we do not have effective control or joint control with another third party entity, are consolidated using the equity method.

Income tax

We file income tax returns in each of the jurisdictions in which our subsidiaries are located. Our tax expense (tax income) was calculated based on accounting profit, which is calculated based on a number of factors such as theoretical tax expense, difference in prevailing rates, permanent differences, application of tax credits carried forward, tax credits restructured by prescription, adjustments related to current tax (previous years) and other tax adjustments.

Our theoretical tax rate applied was 28% for the years ended December 31, 2017, 2016 and 2015.

In the year ended December 31, 2015 "Other tax adjustments" includes adjustments to capitalized tax credits related to differences in tax rates.

Profit (loss) attributable to non-controlling interest

Our consolidated results include entities in which we have a non-controlling interest. See Note 18 to our consolidated financial statements for the years ended December 31, 2017 and 2016 and Note 16 to our consolidated financial statements for the year ended December 31, 2015, each included elsewhere in this offering memorandum, for a description of such entities.

Alternative Performance Measures ("APMs")

Below is a discussion of certain non-IFRS financial information. Such financial information is not defined under IFRS, and other companies may calculate such financial information differently or may use such measures for different purposes, limiting the usefulness of such measures as comparative measures. The APMs should not be considered in isolation and investors should not consider such information as alternative to net income as an indicator of our financial performance, 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. Such financial information must be considered only in addition to, and not as a substitute for or superior to, financial information prepared in accordance with IFRS included elsewhere in this offering memorandum. Investors are cautioned not to place undue reliance on these APMs and are also advised to review them in conjunction with the financial statements for the years ended December 31, 2017, 2016 and 2015 included elsewhere in this offering memorandum.

This offering memorandum contains financial measures that are not defined or recognized under IFRS, including: EBITDA, EBITDA margin, growth capital expenditures, recurrent capital expenditures, adjusted operating cash flow, total financial debt, net financial debt, net financial expenses and leverage and coverage ratios. We present these APMs because we believe that they contribute to a better understanding of our results of operations by providing additional information on what we consider some of the drivers of our financial performance. Furthermore, we believe that these APMs are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In addition, the presentation of these measures is not intended to and does not necessarily comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

We believe that the description of these APMs in this offering memorandum follows and complies with the European Securities and Markets Authority Guidelines on Alternative Performance Measures (APM) dated October 5, 2015.

EBITDA and EBITDA margin

We calculate EBITDA as operating profit before amortization, depreciation and impairment losses. EBITDA is not a measurement of performance under IFRS and investors should not consider EBITDA as 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.

We calculate EBITDA margin as EBITDA divided by revenue.

We believe that EBITDA and EBITDA margin are meaningful for investors because they provide an analysis of our operating results, profitability and ability to service debt and because they are 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, EBITDA excludes amortization, impairment and depreciation expenses from operating profit in order to eliminate the impact of general long term capital investment.

The following table sets forth a reconciliation of EBITDA to our operating profit for the periods discussed herein.

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ million)	
Operating profit	**400.2**	**462.6**	**484.7**
Adjusted for:			
Depreciation, amortization and impairment losses	360.1	378.5	405.2
EBITDA	**760.3**	**841.1**	**889.9**
Revenue	7,034.5	7,548.9	8,201.6
EBITDA margin	**10.8%**	**11.1%**	**10.9%**

Growth capital expenditures, recurrent capital expenditures and intangible capital expenditures

Growth capital expenditures include capital expenditures in greenfield projects, major plants expansions of existing facilities and new processes/technologies in existing plants. Recurrent capital expenditures include investments for plant maintenance and business replacement. Intangible capital expenditures include expenditures on intangible assets.

We believe that growth capital expenditures, recurrent capital expenditures and intangible capital expenditures are meaningful for investors because they provide information about our growth prospects and investment profile by illustrating the nature of our investments and cash flows.

The following table presents the calculation of these measures to reconcile with capital expenditures:

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ million)	
Growth capital expenditures	286.2	389.6	434.4
Recurrent capital expenditures	248.0	251.5	265.9
Intangible capital expenditures	88.3	83.6	95.7
Capital expenditures	**622.4**	**724.7**	**796.0**

Adjusted operating cash flow

Adjusted operating cash flow is defined as our EBITDA, less our recurrent capital expenditures and our intangible capital expenditures.

We believe that adjusted operating cash flow is meaningful for investors because it is an indicator of our ability to generate operating cash flow in a scenario in which we aim to grow only in line with the overall vehicle production market, thereby enhancing the comparison with other companies with a lower growth profile than our own.

The following table presents the calculation of these measures:

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ million)	
EBITDA	**760.3**	**841.1**	**889.9**
Intangible capital expenditures	(88.3)	(83.6)	(95.7)
Recurrent capital expenditures	(248.0)	(251.5)	(265.9)
Adjusted operating cash flow	**424.0**	**506.0**	**528.3**

Total financial debt and net financial debt

Total financial debt consists of interest-bearing loans and borrowings, financial leasing, borrowings from associated companies, loans from the Ministry of Science and Technology and other interest bearing loans but does not include derivative financial instruments, non-interest bearing loans, other current non-trade liabilities, deferred income, provisions, deferred tax liabilities, trade and other payables and other liabilities. Net financial debt consists of total financial debt less cash and cash equivalents and current financial assets.

We believe that total financial debt and net financial debt are meaningful for investors because they provide comprehensive information about our financial situation and are helpful in calculating our level of leverage.

The following table presents a calculation of these measures:

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ million)	
Interest bearing loans and borrowings and debt issues	1,730.9	1,967.6	2,710.9
Financial leasing	35.2	33.6	32.6
Borrowings from related parties	79.0	70.1	59.3
Other interest bearing loans	39.4	35.0	34.2
Total financial debt	**1,884.5**	**2,106.3**	**2,837.0**
Current financial assets	35.4	43.2	78.9
Cash and cash equivalents	356.0	430.5	860.2
Net financial debt	**1,493.1**	**1,632.6**	**1,897.9**

Net financial expenses

Net financial expenses consist of financial expenses less financial income. We believe that net financial expenses are meaningful for investors because they provide an indication of our financing costs after taking into consideration the income from our financial investments.

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ million)	
Financial expenses	(121.8)	(98.8)	(101.7)
Financial income	13.3	5.3	9.0
Net financial expenses	**(108.5)**	**(93.5)**	**(92.7)**

Ratio of net financial debt to EBITDA; ratio of EBITDA to net financial expenses

We calculate the ratio of net financial debt to EBITDA by dividing net financial debt by EBITDA. We calculate the ratio of EBITDA to net financial expenses by dividing EBITDA by net financial expenses.

	Year ended December 31,		
	2015	**2016**	**2017**
	(€ million, except ratios)		
EBITDA	760.3	841.1	889.9
Net financial debt	1,493.1	1,632.6	1,897.9
Net financial expenses	(108.5)	(93.5)	(92.7)
Ratio of net financial debt to EBITDA	2.0x	1.9x	2.1x
Ratio of EBITDA to net financial expenses	7.0x	9.0x	9.6x

Results of Operations

Year ended December 31, 2017 compared to Year ended December 31, 2016

The table below sets out our results of operations for the year ended December 31, 2017, compared to the year ended December 31, 2016.

	Year ended December 31, 2016	Year ended December 31, 2017	% Change
	(€ millions)		
Consolidated Income Statement Data:			
Operating income	**7,673.9**	**8,390.5**	**9.3%**
Revenue	*7,548.9*	*8,201.6*	*8.6%*
Other operating income	*131.6*	*197.2*	*49.8%*
Changes in inventories	*(6.6)*	*(8.3)*	*(25.8)%*
Operating expenses	**(7,211.3)**	**(7,905.8)**	**9.6%**
Raw materials and other consumables	*(4,509.7)*	*(4,882.1)*	*8.3%*
Personnel expenses	*(1,366.9)*	*(1,492.8)*	*9.2%*
Depreciation, amortization, and impairment losses	*(378.5)*	*(405.2)*	*7.0%*
Other operating expenses	*(956.2)*	*(1,125.7)*	*17.7%*
Operating profit	**462.6**	**484.7**	**4.8%**
Finance income	5.3	9.0	69.8%
Finance expenses	(98.8)	(101.7)	(3.0)%
Exchange gains (losses)	(12.4)	(22.9)	(84.7)%
Other	(8.6)	1.1	NM
Profit before taxes from continuing operations	**348.1**	**370.2**	**6.3%**
Income tax expense	(88.9)	(82.1)	7.6%
Profit for the year	**259.2**	**288.1**	**11.2%**
(Loss) attributable to non-controlling interests	(37.8)	(48.4)	(28.0)%
Profit attributable to equity holders of the parent	**221.4**	**239.7**	**8.3%**

Revenue

Revenue increased by €652.7 million, or 8.6%, to €8,201.6 million in the year ended December 31, 2017 from €7,548.9 million in the year ended December 31, 2016. The increase in revenue is primarily attributable to a €307.1 million, €184.0 million and €161.0 million or 8.3%, 21.4% and 40.1% increase in revenue in Western Europe, Eastern Europe and Mercosur, respectively. These increases were partly offset by a €63.3 million or 4.1% decrease in revenue in North America.

The annual increase of our revenues was higher than the rate of increase in the overall volume of production in countries in which our manufacturing plants operate, which was 1.7% for the year ended December 31, 2017. The increase in our revenues resulted primarily from an increase of production volumes in existing and new programs and higher tooling revenues.

In line with recent years, in the year ended December 31, 2017, we have continued to make significant investments to support high-quality projects which provide high revenue visibility and are expected to drive strong profitable growth. As of December 31, 2017, our order book (excluding intercompany, scrap and tooling sales) covers more than 90% of the targeted revenues for the period up to 2020.

Revenue by geographic segment

The following tables set forth, by geography, our revenue for the years ended December 31, 2017 and 2016:

	Year ended December 31,		
	2016	2017	% Change
	(€ million)		
Revenue:			
Western Europe	3,704.1	4,011.2	8.3%
Eastern Europe	859.5	1,043.4	21.4%
Mercosur	401.3	562.3	40.1%
North America	1,546.1	1,482.8	(4.1)%
Asia	1,037.9	1,101.9	6.2%
Total	**7,548.9**	**8,201.6**	**8.6%**

Western Europe. Revenue from operations in Western Europe increased by €307.1 million, or 8.3%, to €4,011.2 million in the year ended December 31, 2017 from €3,704.1 million in the year ended December 31, 2016. This increase was mainly attributable to a solid growth across most countries which outpaced global market production volume growth in the same period, as a result of new project ramp-ups and a favourable mix of underlying vehicle models for which our plants supply components as well as very strong tooling revenues. This increase was offset in part by a decline in revenues in the United Kingdom due to the depreciation of the Pound Sterling against the Euro.

Eastern Europe. Revenue from operations in Eastern Europe increased by €183.9 million, or 21.4%, to €1,043.4 million in the year ended December 31, 2017 from €859.5 million in the year ended December 31, 2016. This increase in revenues was mainly due to continued growth activity in most countries, especially in Poland as a result of the ramp up of the new Volkswagen Crafter model, in Turkey as a result of our cooperation with FCA and Ford and in Hungary due to projects conducted for Audi.

Mercosur. Revenue from operations in Mercosur increased by €161.0 million, or 40.1%, to €562.3 million in the year ended December 31, 2017 from €401.4 million in the year ended December 31, 2016, attributable to above-market growth in both Argentina and Brazil, fueled by new program wins entering ramp-up phase and the related increase in market production volumes in both countries. Higher tooling revenues have also contributed to this increase in revenue.

North America. Revenue from operations in North America decreased by €63.3 million, or 4.1%, to €1,482.8 million in the year ended December 31, 2017 from €1,546.1 million in the year ended December 31, 2016, mainly driven by a change-over in large programs in the United States and Mexico resulting in lower production volumes. The depreciation of the U.S. Dollar against the Euro and lower tooling revenues, both in the fourth quarter of the year, also had a negative impact on our revenues in North America.

Asia. Revenue from operations in Asia increased by €64.0 million, or 6.2%, to €1,101.9 million in the year ended December 31, 2017 from €1,037.9 million in the year ended December 31, 2016, driven mainly by good performance in our Pune plants in India and a moderate growth in China, negatively impacted by the depreciation of the Chinese Yuan and lower production volumes in our plant in Wuhan.

Operating expenses

Raw materials and other consumables. Raw materials and other consumables increased by €372.4 million, or 8.3%, to €4,882.1 million in the year ended December 31, 2017 from €4,509.7 million in the year ended December 31, 2016. This increase is mainly due to higher sales volumes consistent with the increase in revenues, and an increase in the price for raw materials.

Personnel expenses. Personnel expenses increased by €125.9 million, or 9.2%, to €1,492.8 million in the year ended December 31, 2017 from €1,366.9 million in the year ended December 31, 2016, mainly due to additional hires in relation to higher sales volumes in Western Europe, Mercosur, Eastern Europe and Asia and higher project and launching expenses, especially in North America.

Depreciation, amortization and impairment losses. Depreciation, amortization and impairment losses increased by €26.7 million, or 7.0%, to €405.2 million in the year ended December 31, 2017 from

€378.5 million in the year ended December 31, 2016, mainly in Western Europe, North America, Asia and Eastern Europe, largely as a result of the depreciation of new investments carried out during the year ended December 31, 2016.

Other operating expenses. Other operating expenses increased by €169.5 million, or 17.6%, to €1,125.7 million in the year ended December 31, 2017 from €956.2 million in the year ended December 31, 2016, mainly due to higher sales volumes in Western Europe, Eastern Europe, Mercosur and Asia and higher project and launching expenses, especially in North America.

Operating profit

Operating profit increased by €22.1 million, or 4.8%, to €484.7 million in the year ended December 31, 2017 from €462.6 million in the year ended December 31, 2016. This increase was primarily due to the increase in revenues partially offset by higher project and launching expenses, especially in North America.

EBITDA

EBITDA increased by €48.8 million, or 5.8%, to €889.9 million in the year ended December 31, 2017 from €841.1 million in the year ended December 31, 2016, primarily due to the increase in revenues partially offset by higher project and launching expenses, especially in North America.

	Western Europe		Eastern Europe		Mercosur		North America		Asia		Total	
	Year ending December 31,											
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
	(€ million)											
Operating Profit	190.7	225.9	55.1	78.8	3.4	39.6	97.4	45.5	116.0	94.9	462.6	484.7
Adjusted for: Depreciation, amortization and impairment losses	187.3	198.0	40.5	44.1	19.8	19.9	69.8	77.7	61.1	65.5	378.5	405.2
EBITDA	**378.0**	**423.9**	**95.6**	**122.9**	**23.2**	**59.5**	**167.2**	**123.2**	**177.1**	**160.4**	**841.1**	**889.9**
Revenue	3,704.1	4,011.2	859.5	1,043.4	401.4	562.3	1,546.1	1,482.8	1,037.9	1,101.9	7,548.9	8,201.6
EBITDA Margin	10.2%	10.6%	11.1%	11.8%	5.8%	10.6%	10.8%	8.3%	17.1%	14.6%	11.1%	10.9%

Western Europe. EBITDA from our operations in Western Europe increased by €45.9 million, or 12.1%, to €423.9 million in the year ended December 31, 2017 from €378.0 million in the year ended December 31, 2016, primarily due to efficiency gains in the main markets, partially offset by higher tooling sales and the depreciation of the Pound Sterling against the Euro. As a percentage of revenue, EBITDA in Western Europe increased by 0.4 percentage points from 10.2% in the year ended December 31, 2016 to 10.6% in the year ended December 31, 2017.

Eastern Europe. EBITDA from our operations in Eastern Europe increased by €27.3 million, or 28.5%, to €122.9 million in the year ended December 31, 2017 from €95.6 million in the year ended December 31, 2016, primarily due to efficiency gains in Turkey, Poland and Russia, partially offset by launching expenses in Slovakia and the Czech Republic. As a percentage of revenue, EBITDA increased by 0.7 percentage points from 11.1% in the year ended December 31, 2016 to 11.8% in the year ended December 31, 2017.

Mercosur. EBITDA from our operations in Mercosur increased by €36.3 million, or 156.5%, to €59.5 million in the year ended December 31, 2017 from €23.2 million in the year ended December 31, 2016. This increase was primarily attributable to continued recovery of production volumes, the positive impact from the ramp-up of programs and performance improvements pursuant to a restructuring carried out in recent years. As a percentage of revenue, our EBITDA in Mercosur increased by 4.8 percentage points from 5.8% in the year ended December 31, 2016 to 10.6% in the year ended December 31, 2017.

North America. EBITDA from our operations in North America decreased by €44.0 million, or 26.3%, to €123.2 million in the year ended December 31, 2017 from €167.2 million in the year ended December 31, 2016. This decrease reflects the impact of the one-off non-recurring costs relating to above budget project launch costs and preventive measures to mitigate flaws in launches of other projects incurred in the third and fourth quarters of 2017, higher launch costs due to an increased number of project launches compared to the year ended December 31, 2016 as well as the change-over in large programs in the United States and Mexico which resulted in production volumes that were lower than expected. As a percentage of revenue, our EBITDA in North America decreased by 2.5 percentage points from 10.8% in the year ended December 31, 2016 to 8.3% in the year ended December 31, 2017.

Asia. EBITDA from our operations in Asia decreased by €16.7 million, or 9.4%, to €160.4 million in the year ended December 31, 2017 from €177.1 million in the year ended December 31, 2016. This decrease is primarily attributable to higher project and launching expenses, especially in our Tianjin and Matsusaka plants and a normalization of profitability levels after a high margin in the year ended December 31, 2016 which was due to unusually high utilization rates in our plants. As a percentage of revenue, our EBITDA in Asia decreased by 2.5 percentage points from 17.1% in the year ended December 31, 2016 to 14.6% in the year ended December 31, 2017.

Net financial expenses

Net financial expense decreased by €0.7 million, or 0.8%, to €92.8 million in the year ended December 31, 2017 from €93.5 million in the year ended December 31, 2016. This decrease was due in part to lower average interest rates on our financial liabilities and the renegotiation of loan interest margins with financial institutions, partially offset by a higher average net financial debt.

Exchange gains (losses)

Exchange losses increased by €10.5 million to €22.9 million in the year ended December 31, 2017 from €12.4 million in the year ended December 31, 2016. This increase was primarily due to the depreciation of the Pound Sterling and the Turkish Lira against the Euro.

Income tax

Income tax expense decreased by €6.8 million, or 7.6%, to €82.1 million in the year ended December 31, 2017 from €88.9 million in the year ended December 31, 2016. This decrease in the income tax was primarily due to the application of tax credits which were not recognized as such in our internal accounting as of December 31, 2016.

Profit (loss) attributable to non-controlling interest

Profit attributable to non-controlling interest increased by €10.6 million to €48.4 million in the year ended December 31, 2017, from €37.8 million in the year ended December 31, 2016. This increase in profit attributable to our non-controlling interest is primarily due to the application of tax credits, mainly in Poland and France, which were not recognized as such in our internal accounting as of December 31, 2016.

Year ended December 31, 2016 compared to Year ended December 31, 2015

The table below sets out our results of operations for the year ended December 31, 2016, compared to the year ended December 31, 2015.

	Year ended December 31, 2015	Year ended December 31, 2016	% Change
	(€ million)		
Consolidated Income Statement Data:			
Operating income	**7,202.3**	**7,673.9**	**6.5%**
Revenue	*7,034.5*	*7,548.9*	*7.3%*
Other operating income	*156.9*	*131.6*	*(16.1)%*
Changes in inventories	*10.9*	*(6.6)*	*NM*
Operating expenses	**(6,802.1)**	**(7,211.3)**	**6.0%**
Raw materials and other consumables	*(4,308.6)*	*(4,509.7)*	*4.7%*
Personnel expenses	*(1,258.0)*	*(1,366.9)*	*8.6%*
Depreciation, amortization, and impairment losses	*(360.1)*	*(378.5)*	*5.1%*
Other operating expenses	*(875.4)*	*(956.2)*	*9.2%*
Operating profit	**400.2**	**462.6**	**15.6%**
Finance income	13.3	5.3	(60.1)%
Finance expenses	(121.8)	(98.8)	(18.9)%
Exchange gains (losses)	(24.7)	(12.4)	(49.8)%
Other	(14.2)	(8.6)	(39.4)%
Profit before taxes from continuing operations	**252.8**	**348.1**	**37.7%**
Income tax expense	(63.9)	(88.9)	39.1%
Profit for the year	**188.9**	**259.2**	**37.1%**
(Loss) attributable to non-controlling interests	(27.4)	(37.8)	37.9%
Profit attributable to equity holders of the parent	**161.5**	**221.4**	**37.1%**

Revenue

Revenue increased by €514.4 million, or 7.3%, to €7,548.9 million in the year ended December 31, 2016 from €7,034.5 million in the year ended December 31, 2015. The increase in revenue was primarily attributable to a €222.7 million, €198.8 million, €96.8 million and €61.2 million or 16.8%, 30.1%, 2.7% and 6.3% increase in revenue in North America, Eastern Europe, Western Europe and Asia, respectively. These increases were partly offset by a €65.1 million or 14.0% decrease in revenue in South America associated with lower sales in Brazil. These lower sales in South America are due to a 8.8% decrease of overall vehicle production compared to the same period in the prior year.

The annual increase of our revenues was higher than the rate of increase in the overall volume of production in countries in which our manufacturing plants operate, which was 5.7% for the year ended December 31, 2016. The increase in our revenues resulted primarily from the start of production of major projects mainly in Eastern Europe and North America, including certain projects for which we received the outsourcing mandate for nearly all of the Body-in-White stampings, which also led to growth in tooling revenue. In addition, the start of production or the ramp-up of several new projects in the United States, Spain and China, where we have implemented significant investments in prior years, also contributed to our above-market growth.

Revenue by geographic segment

The following tables set forth, by geography, our revenue for the years ended December 31, 2016 and 2015 with and without constant currencies:

	Year ended December 31,		
	2015[1]	2016	% Change
	(€ million)		
Revenue:			
Western Europe	3,607.4	3,704.1	2.7%
Eastern Europe	660.7	859.5	30.1%
Mercosur	466.5	401.3	(14.0)%
North America	1,323.3	1,546.1	16.8%
Asia	976.6	1,037.9	6.3%
Total	**7,034.5**	**7,548.9**	**7.3%**

(1) In order to enable investors to compare our financial results for the financial year ended December 31, 2015 with the financial years ended December 31, 2017 and 2016, we have presented in this offering memorandum, solely for informational purposes, certain reclassified financial information as of and for the financial year ended December 31, 2015 to reflect the same five geographical segments as we report starting from the year ended December 31, 2016. See "*Operating and Financial Review and Prospects—Segment Reporting*"

Western Europe. Revenue from operations in Western Europe increased by €96.7 million, or 2.7%, to €3,704.1 million in the year ended December 31, 2016 from €3,607.4 million in the year ended December 31, 2015. This increase was mainly driven by market volume growth in Spain, Portugal and France and related revenue growth of €51.0 million, €25.4 million, €24.1 million and €16.4 million, or 4.0%, 6.2% and 11.4% in Spain, France and Portugal, respectively, which outpaced global market production volume growth of 3.8% in the same period, as a result of new project ramp-ups and a favorable mix of underlying vehicle models for which our plants supply components. These increases were partly offset by a €15.1 million and €5.1 million or 2.2% and 6.5% decline in the United Kingdom and Sweden, respectively. The decline in sales in the United Kingdom was mainly driven by adverse movements of the exchange rate of the Euro against the Pound Sterling.

Eastern Europe. Revenue from operations in Eastern Europe increased by €198.8 million, or 30.1%, to €859.5 million in the year ended December 31, 2016 from €660.7 million in the year ended December 31, 2015, largely due to the sale of tooling products related to the new Volkswagen Crafter model produced in Poland for which virtually all of the Body-in-White and Chassis stampings have been outsourced to us. Revenues also grew considerably in the Czech Republic due to increased volumes of Body-in-White components manufactured at our facility in Louny as well as increased volumes of Mechanisms products, in both cases related to an increase in overall vehicle production volumes. Turkey also contributed to growth in Eastern Europe, largely due to an increase in the volume of vehicle production, particularly for Fiat. Revenue grew €144.5 million, €37.8 million and €30.6 million or 129.2%, 29.1% and 12.6% in Poland, the Czech Republic and Turkey, respectively. These increases were partly offset by a decrease in revenue of €10.1 million and €4.0 million or 8.6% and 43.5% in Russia and Slovakia, respectively. In Russia, the decrease was due to the impact of local currency devaluations, while, in Solvakia, the decrease was due to lower volumes.

Mercosur. Revenue from operations in Mercosur decreased by €65.2 million, or 14.0%, to €401.4 million in the year ended December 31, 2016 from €466.5 million in the year ended December 31, 2015, largely due to adverse exchange rate movements in both Brazil and Argentina. The decline in revenue in Brazil of €63.6 million or 29.0% was also driven by a lower volume of vehicle production compared to the same period in the prior year.

North America. Revenue from operations in North America increased by €222.8 million, or 16.8%, to €1,546.1 million in the year ended December 31, 2016 from €1,323.3 million in the year ended December 31, 2015, mainly driven by an increase of €246.5 million, or 27.2% in revenue attributable to the United States based on project ramp-ups in West Virginia as well as a significant number of sales of tooling products related to projects in Chattanooga. Revenue in Mexico decreased by €23.7 million or 5.7% due to a decline in parts sales driven by planned stoppages related to the major plant expansion and new program launch at Toluca, partly offset by higher tooling sales.

Asia. Revenue from operations in Asia increased by €61.3 million, or 6.3%, to €1,037.9 million in the year ended December 31, 2016 from €976.6 million in the year ended December 31, 2015 driven mainly by Body-in-White sales in South Korea, as well as growth in Mechanisms in China, in each case due to ramp-up projects and increases in the volume of vehicle production, partially offset by adverse currency effects related to the Chine Yuan. Revenue increased by €29.5 million, €19.3 million and €10.4 million or 4.3%, 16.3% and 6.6% in China, South Korea and India.

Operating expenses

Raw materials and other consumables. Raw materials and other consumables increased by €201.1 million, or 4.7%, to €4,509.7 million in the year ended December 31, 2016 from €4,308.6 million in the year ended December 31, 2015, mainly due to an increase of our production in North America, Eastern Europe, Western Europe and Asia and is consistent with the growth rate of our sales. As a percentage of revenue, raw materials and other consumables decreased by 1.5 percentage points from 61.2% in the year ended December 31, 2015 to 59.7% in the year ended December 31, 2016, mainly as a result of our product mix in this period.

Personnel expenses. Personnel expenses increased by €108.9 million, or 8.6%, to €1,366.9 million in the year ended December 31, 2016 from €1,258.0 million in the year ended December 31, 2015, primarily due to an increase in the overall number of employees as a result of higher demand to facilitate the expansion of our business. As a percentage of revenue, our personnel expenses increased by 0.2 percentage points from 17.9% in the year ended December 31, 2015 to 18.1% in the year ended December 31, 2016.

Depreciation, amortization and impairment losses. Depreciation, amortization and impairment losses increased by €18.4 million, or 5.1%, to €378.5 million in the year ended December 31, 2016 from €360.1 million in the year ended December 31, 2015, largely as a result of new investments carried out in recent years, particularly in North America and Asia. As a percentage of revenue, depreciation, amortization and impairment losses remained stable at 5.0% in the years ended December 31, 2016 and 2015.

Other operating expenses. Other operating expenses increased by €80.8 million, or 9.2%, to €956.2 million in the year ended December 31, 2016 from €875.4 million in the year ended December 31, 2015, primarily due to an increase in our volumes of production in North America, Eastern Europe, Western Europe and Asia. As a percentage of revenue, our other operating expenses increased by 0.3 percentage points from 12.4% in the year ended December 31, 2015 to 12.7% in the year ended December 31, 2016.

Operating profit

Operating profit increased by €62.4 million, or 15.6%, to €462.6 million in the year ended December 31, 2016 from €400.2 million in the year ended December 31, 2015. This increase was primarily due to the higher sales volume and lower percentage increase in operating expenses as well as the positive impact of operating leverage.

EBITDA

EBITDA increased by €80.8 million, or 10.6%, to €841.1 million in the year ended December 31, 2016 from €760.3 million in the year ended December 31, 2015, driven mainly by revenue growth in North America, Asia, Eastern Europe as well as Western Europe. EBITDA growth was inhibited by a decline in EBITDA in Mercosur and the negative impact of exchange rates in the United Kingdom, Turkey, China and Brazil. As a percentage of revenue, EBITDA increased by 0.3 percentage points from 10.8% in December 31, 2015 to 11.1% in December 31, 2016.

EBITDA by geographic segment

	Western Europe		Eastern Europe		Mercosur		North America		Asia		Total	
	Year ending December 31,											
	2015	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**
	(€ million)											
Operating Profit	166.3	190.7	44.5	55.1	3.9	3.4	84.4	97.4	101.1	116.0	400.2	462.6
Adjusted for: Depreciation, amortization and impairment losses	181.0	187.3	41.8	40.5	22.4	19.8	59.8	69.8	55.1	61.1	360.1	378.5
EBITDA	**347.3**	**378.0**	**86.3**	**95.6**	**26.3**	**23.2**	**144.2**	**167.2**	**156.2**	**177.1**	**760.3**	**841.1**
Revenue	3,607.4	3,704.1	660.7	859.5	466.5	401.4	1,323.3	1,546.1	976.6	1,037.9	7,034.5	7,548.9
EBITDA Margin	9.6%	10.2%	13.1%	11.1%	5.6%	5.8%	10.8%	10.8%	16.0%	17.1%	10.8%	11.1%

Western Europe. EBITDA from our operations in Western Europe increased by €30.7 million, or 8.8%, to €378.0 million in the year ended December 31, 2016 from €347.3 million in the year ended December 31, 2015, primarily due to increased activity in our plants in Spain, Portugal and France and margin improvement in the United Kingdom. As a percentage of revenue, EBITDA in Western Europe increased by 0.6 percentage points from 9.6% in the year ended December 31, 2015 to 10.2% in the year ended December 31, 2016.

Eastern Europe. EBITDA from our operations in Eastern Europe increased by €9.3 million, or 10.8%, to €95.6 million in the year ended December 31, 2016 from €86.3 million in the year ended December 31, 2015. This increase was primarily attributable to sales of tooling products related to the new Volkswagen Crafter model and volume increases in Body-in-White and Mechanisms, particularly in the Czech Republic, partially offset by decreased production activity in Russia. As a percentage of revenue, EBITDA decreased by 2 percentage points from 13.1% in the year ended December 31, 2015 to 11.1% in the year ended December 31, 2016. This decrease in EBITDA margin was due to higher tooling sales in the year ended December 31, 2016 compared to the prior year, which generate a lower EBITDA margin than other product categories and higher launch costs, as well as due to a continuation in the decline in vehicle volumes affecting our customers in Russia.

Mercosur. EBITDA from our operations in Mercosur decreased by €3.1 million, or 11.8%, to €23.2 million in the year ended December 31, 2016 from €26.3 million in the year ended December 31, 2015. This decrease was primarily attributable to a decline in sales both in Brazil and Argentina. In addition, we undertook and executed a significant restructuring, which resulted in a reduction in headcount in order to adapt the workforce to market demand, resulting in the incurrence of extraordinary expenses. The devaluations of the local currencies during the year ended December 31, 2016 also had a negative impact on the translation of results into Euros and therefore on reported EBITDA. As a percentage of revenue, our EBITDA in Mercosur increased by 0.2 percentage points from 5.6% in the year ended December 31, 2015 to 5.8% in the year ended December 31, 2016.

North America. EBITDA from our operations in North America increased by €23.0 million, or 15.9%, to €167.2 million in the year ended December 31, 2016 from €144.2 million in the year ended December 31, 2015. This increase is primarily attributable to increased sales due to ramping up of projects in the United States, with a positive impact from tooling sales partially offset by higher launch costs related to new projects in both Mexico and the United States. As a percentage of revenue, our EBITDA in North America remained virtually constant at 10.8% in the year ended December 31, 2016 compared to the same period in the prior year.

Asia. EBITDA from our operations in Asia increased by €20.9 million, or 13.4%, to €177.1 million in the year ended December 31, 2016 from €156.2 million in the year ended December 31, 2015. This increase is primarily attributable to higher sales from our operations in South Korea, general improvements in efficiency and positive trends in our Mechanisms plants, which offset the negative impact of foreign exchange fluctuations, particularly in relation to the Chinese Yuan. As a percentage of revenue, our EBITDA in Asia increased by 1.1 percentage points from 16.0% in the year ended December 31, 2015 to 17.1% in the year ended December 31, 2016.

Net financial expenses

Net financial expense decreased by €15.0 million, or 13.9%, to €93.5 million in the year ended December 31, 2016 from €108.5 million in the year ended December 31, 2015. This decrease was primarily due to a lower average interest rate on our financial liabilities in the year ended December 31, 2016 compared to the prior year, mainly due to the refinancing of notes in the first half of 2016.

Exchange gains (losses)

Exchange losses decreased by €12.3 million to €12.4 million in the year ended December 31, 2016 from €24.7 million in the year ended December 31, 2015. In the year ended December 31, 2016, there was an impact from adverse currency movements primarily due to movements in Mexico, the United Kingdom, Turkey and Brazil.

Income tax

Income tax expense increased by €25.0 million, or 39.1%, to €88.9 million in the year ended December 31, 2016 from €63.9 million in the year ended December 31, 2015, which has resulted in a slight increase in the average tax rate from 25.3% in the year ended December 31, 2015 to 25.5% in the year ended December 31, 2016. This increase in income tax was primarily due to higher profit from continuing operations in the year ended December 31, 2016 compared to December 31, 2015.

Profit attributable to non-controlling interest

Profit attributable to non-controlling interest increased by €10.4 million, or 37.9%, to €37.8 million in the year ended December 31, 2016 from €27.4 million in the year ended December 31, 2015. This increase is attributable to higher profits or lower losses achieved by our subsidiaries in which third parties hold a minority interest, such as our joint ventures in the U.S. and in Russia.

Liquidity and Capital Resources

Historical cash flows

The following tables set forth our historical cash flow items for the periods indicated:

	Year ended December 31,		
	2015	**2016**	**2017**
		(€ millions)	
Cash flows from operating activities:			
Profit for the year before taxes and after minority interest	**225.4**	**310.3**	**321.8**
Adjustments to profit	**542.1**	**489.7**	**504.2**
Depreciation and amortization of fixed assets and PP&E	*356.4*	*377.9*	*401.6*
Impairment of fixed assets and PP&E	*3.7*	*0.6*	*3.5*
Impairment	*5.6*	*(1.1)*	*16.0*
Change in provisions	*31.2*	*(12.2)*	*(14.0)*
Grants released to income	*(6.6)*	*(6.2)*	*(4.9)*
Profit (loss) attributable to non-controlling interests	*27.4*	*37.8*	*48.4*
Profit (loss) from disposal of fixed assets and PP&E	*(1.8)*	*(1.0)*	*(6.0)*
Profit from disposal of financial instruments	*13.8*	*0.1*	—
Financial income	*(13.3)*	*(5.3)*	*(9.0)*
Financial expenses	*121.8*	*98.8*	*101.8*
Share of profits from associates—equity method	*0.4*	*8.5*	*1.0*
Exchange rate differences	*4.9*	*(8.2)*	*(31.5)*
Change of fair value of financial instruments	—	—	*(2.1)*
Other income and expenses	*(1.4)*	—	*(0.6)*
Changes in working capital	**9.7**	**24.6**	**13.7**
(Increase) in Inventories	*(19.9)*	*(42.7)*	*(58.7)*
(Increase) in Trade and other receivables	*(141.6)*	*(168.7)*	*(3.6)*
(Increase) in other current assets	*(5.2)*	*(2.7)*	*(38.6)*
Increase in Trade and other payables	*171.1*	*243.2*	*117.0*
Increase/(Decrease) in other current liabilities	*5.3*	*(4.4)*	*(2.4)*
Other cash-flows from operating activities	**(177.2)**	**(172.0)**	**(156.0)**
Interest paid	*(113.1)*	*(98.2)*	*(99.9)*
Interest received	*8.7*	*6.3*	*8.3*
(Payments) of income tax	*(72.8)*	*(80.2)*	*(64.4)*
Cash flows from operating activities	**599.9**	**652.6**	**683.7**
Cash flows from investing activities:			
Payments on investments	**(616.2)**	**(738.4)**	**(910.1)**
Group companies and associates	*(2.5)*	*(7.6)*	*(10.9)*
Business combinations	*2.7*	*0.2*	*2.6*
Intangible assets	*(88.3)*	*(84.6)*	*(95.7)*
Property, plant and equipment	*(528.0)*	*(587.1)*	*(787.4)*
Other financial assets	—	*(59.4)*	*(18.6)*
Proceeds from divestments	**81.6**	**7.9**	**28.7**
Intangible assets	*0.6*	*1.5*	*6.5*
Property, plant and equipment	*20.2*	*6.4*	*22.2*
Net change of financial assets	*60.9*	—	—
Grants, donations and legacies received	**5.8**	**1.7**	**1.6**
Cash flows from investing activities	**(528.8)**	**(728.8)**	**(879.8)**

	Year ended December 31,		
	2015	2016	2017
		(€ millions)	
Cash flows from financing activities:			
Proceeds and payments on equity instruments	**(33.8)**	**(8.3)**	**(1.3)**
Change in non-controlling interests	*(32.2)*	*(6.3)*	*(2.1)*
Translation differences in equity	*(0.9)*	*(2.0)*	*0.8*
Other equity movements	*(0.7)*	—	—
Proceeds and payments on financial liabilities	**(120.8)**	**216.7**	**705.7**
Issue:	*162.7*	*1,226.9*	*1,065.3*
Bonds and other securities to trade	—	*497.9*	—
Interest-bearing loans and borrowings	*154.5*	*659.4*	*1,057.1*
Net change in credit facilities, discounted bills and factoring	—	*53.8*	—
Borrowings from Group companies and associates	—	*5.1*	*0.1*
Other borrowings	*8.2*	*10.8*	*8.1*
Repayment of:	(283.5)	(1,010.2)	(359.6)
Bonds and other marketable securities	*(20.4)*	*(807.9)*	—
Interest-bearing loans and borrowings	*(139.1)*	*(172.2)*	*(264.2)*
Net change in credit facilities, discounted bills and factoring	*(59.8)*	—	*(82.4)*
Borrowings from Group companies and associates	*(22.0)*	*(12.5)*	*(7.0)*
Other borrowings	*(42.3)*	*(17.7)*	*(6.0)*
Payments on dividends and other equity instruments	**(50.2)**	**(56.1)**	**(73.1)**
Dividends	(50.2)	(56.1)	(73.1)
Cash flows from financing activities	**(204.8)**	**152.3**	**631.3**
Effect of changes in exchange rates	**5.7**	**(1.6)**	**(5.4)**
NET INCREASE/DECREASE OF CASH OR EQUIVALENTS	**(128.0)**	**74.5**	**429.8**

Cash flows from operating activities

Our net cash flows from operating activities were €683.7 million in the year ended December 31, 2017, primarily attributable to (i) the profit for the year before taxes and after non-controlling interests of €321.8 million, as a result of increased activity and improvement of our underlying EBITDA in absolute terms; (ii) depreciation and amortization of €401.6 million; (iii) reduction of needs in working capital of €13.7 million; (iv) net cash payment of interest of €91.6 million; and (v) payment of income tax of €64.4 million. Our cash flow from operating activities were negatively impacted in the year ended December 31, 2017 by an increase in tooling in progress of €27.6 million, which was partially offset by an increase in non-recourse factoring of €79.6 million.

Our net cash flows from operating activities were €652.6 million in the year ended December 31, 2016, primarily attributable to (i) the profit for the year before taxes and after non-controlling interest of €310.3 million, as a result of increased activity and improvement of our operating margins; (ii) depreciation and amortization of €377.9 million; (iii) a reduction of needs in working capital of €24.6 million; (iv) net cash payments of interest of €91.9 million; and (iv) payments of income tax of €80.2 million. Our cash flow from operating activities was negatively impacted in the year ended December 31, 2016 by an increase in tooling in progress of €87.7 million, which was partially offset by an increase in non-recourse factoring of €76.8 million.

Our net cash flows from operating activities were €599.9 million in the year ended December 31, 2015, primarily attributable to (i) the profit for the year before taxes and after non-controlling interests of €225.4 million, as a result of increased activity and improvement of our operating margins; (ii) depreciation and amortization of €356.4 million; (iii) reduction of needs in working capital of €9.7 million; (iv) net cash payment of interest of €104.4 million; and (v) payment of income tax of €72.8 million. Our cash flow from operating activities were negatively impacted in the year ended December 31, 2015 by an increase in tooling in progress of €112.2 million, which was partially offset by an increase in non-recourse factoring of €73.3 million.

Cash flows from (used in) investing activities

Our net cash flows used in investing activities were €879.8 million in the year ended December 31, 2017, primarily attributable to €787.4 million used in investments in new projects in the United States, Mexico, China, Spain, Germany and the United Kingdom as well as €95.7 million used in investments in intangible assets, mainly in our R&D projects.

Our net cash flows used in investing activities were €728.8 million in the year ended December 31, 2016, primarily attributable to €587.1 million used in investments in new projects in the United States, Mexico, Spain, Germany and Poland, mostly tied to growth projects driven by our OEM customers, as well as €84.6 million used in investments in intangible assets, mainly in project developments.

Our net cash flows used in investing activities were €528.8 million in the year ended 2015, primarily attributable to €528.0 million used in investments in new projects in Spain, Poland, Mexico, China, the United States, United Kingdom and Germany, as well as €88.3 million used in investments in intangible assets.

Cash flows from financing activities

Our net cash flows from financing activities were €631.3 million in the year ended December 31, 2017, attributable to:

- the proceeds from interest-bearing loans and borrowings of €1,057.1 million;
- the repayment of interest-bearing loans and borrowings in the amount of €264.2 million; and
- the payments of €66.4 million in dividends to our shareholders and €6.7 million in dividends to shareholders in our subsidiaries.

Our net cash flows from financing activities were €152.3 million in the year ended December 31, 2016, attributable to:

- the amortization of bonds and other securities to trade in the amount of €807.9 million that were issued in 2013;
- the amortization of interest-bearing loans and borrowings in the amount of €172.2 million;
- the proceeds from bonds of €497.9 million and interest-bearing loans and borrowings of €659.3 million; and
- the payment of €48.4 million in dividends to our shareholders and €7.7 million in dividends to shareholders in our subsidiaries.

Our net cash flows used in financing activities were €204.8 million in the year ended December 31, 2015, attributable to a decrease in our indebtedness of €283.6 million and primarily due to a reduction of debts as a result of:

- the net amortization of other interest bearing loans in the amount of €64.8 million (repayments of loans and borrowings of €198.9 million and repurchase of then-existing notes of €20.4 million and proceeds from loans and borrowings of €154.5 million);
- the payment of €22.0 million of borrowings from Group companies, and €42.3 million of other borrowings; and
- the payment of €37.7 million in dividends to our shareholders and €12.5 million to shareholders in our subsidiaries.

Liquidity

Our principal 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 is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in the section entitled *"Risk Factors"*.

Following the issuance of the notes, our long-term indebtedness will primarily consist of the notes, the 2023 notes, the Senior Facilities and a loan from the European Investment Bank.

Cash and cash equivalents amounted to €860.2 million, as of December 31, 2017. In addition, we have a revolving credit facility in an amount of €280.0 million as part of our Senior Facilities, undrawn as of December 31, 2017, as well as €677.0 million in credit lines of which €34.0 million were drawn as of December 31, 2017. These unsecured credit lines are generally renewed each year and have customary covenants. In this renewal process we may modify tenors and sizes, with a goal to extend tenors while reducing volume in 2018.

Although we believe that our expected cash flows from operations, together with available borrowings and cash on hand, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the notes, or to fund our other liquidity needs.

Our liquidity needs include €544 million of financial debt maturing in 2018, cash flows from investing activities (which in the year ended December 31, 2017, exceeded cash flow from operating activities by €196.1 million), and dividend payments to shareholders. In 2018, a dividend of €71.9 million to our shareholders and a dividend of €6.0 million to shareholders in our subsidiaries, out of net income for the year ended December 31, 2017, are expected to be declared on or about May 7, 2018, and will be paid on or before July 6, 2018.

We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a lowering of operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole;
- the failure or delay of our customers in making payments due to us;
- the failure to maintain low working capital requirements; and
- the need to fund expansion and other development capital expenditures.

If our future cash flows from operations and other capital resources (including borrowings under our current or any future credit facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell our assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the 2023 notes, the notes and any future debt may limit our ability to pursue any of these alternatives.

In addition, historically we have paid dividends to our shareholders of €37.7 million in the year ended December 31, 2015 (plus €12.5 million to shareholders in our subsidiaries), €48.4 million in the year ended December 31, 2016 (plus €7.7 million to shareholders in our subsidiaries) and €66.4 million in the year ended December 31, 2017 (plus €6.7 million to shareholders in our subsidiaries). In all cases, the dividends distributed amounted to 30% of the Group consolidated net income of the previous year, in line with the Company's policy to distribute dividends corresponding to 30% of the Group's consolidated net income of the previous year.

We are leveraged and have debt service obligations. As of December 31, 2017 and as adjusted to give pro forma effect to the Refinancing Transactions, we would have had approximately €1,901.6 million of net financial debt. We anticipate that our leverage will continue for the foreseeable future. Our level of debt may have important negative consequences for you. See "Risk Factors—Risks Related to the Notes".

Working Capital

The following table sets forth changes to our working capital for the periods indicated.

	Year ended December 31,		
	2015	2016	2017
	(€ millions)		
(Increase) in Inventories	(19.9)	(42.7)	(58.7)
(Increase)/Decrease in Trade and other receivables	(141.6)	(168.7)	(3.6)
(Increase) in Other current assets	(5.2)	(2.7)	(38.6)
Increase in Trade and other payables	171.1	243.2	117.1
(Decrease)/Increase in Other current liabilities	5.3	(4.4)	(2.4)
Total	**9.7**	**24.6**	**13.7**

Our working capital requirements largely arise from our trade receivables, which are primarily composed of amounts owed to us by our customers as well as unbilled tooling work in process, inventories primarily composed of raw materials (mainly steel) and other current assets which comprise receivables accounts with the public treasury by the advanced payments of taxes or refunds of taxes. Our trade payables primarily relate to trade payables to our suppliers for raw materials and services, other amounts to the public treasury for taxes and payments to our employees by way of salaries. We have historically funded our working capital requirements through funds generated from our operations, from borrowings under bank facilities and through other sources of financing, such as recourse and non-recourse factoring of our accounts receivable. See Note 14 to our consolidated financial statements for the years ended December 31, 2017 and 2016 and Note 12 to our consolidated financial statements for the year ended December 31, 2015, each included elsewhere in this offering memorandum.

Net working capital requirements decreased by €13.7 million during the year ended December 31, 2017, as compared to a decrease of €24.6 million during the year ended December 31, 2016. The decrease in net working capital in the year ended December 31, 2017 was due to an increase in trade and other payables by €117.1 million, with average days for payments to suppliers increasing to 84 days in the year ended December 31, 2017, from 75 days in the year ended December 31, 2016, partially offset by an increase in inventories by €58.7 million, primarily due to increased production activity.

Net working capital requirements decreased by €24.6 million during the year ended December 31, 2016, as compared to a decrease of €9.7 million in the year ended December 31, 2015. In the year ended December 31, 2016, working capital requirements decreased primarily as a result of an increase in trade and other payables by €243.2 million, with average days for payments to suppliers increasing to 75 days in the year ended December 31, 2016, from 70 days in the year ended December 31, 2016, partially offset by an increase in inventories and trade and other receivables by €168.8 million, primarily due to a higher volume of work in process of tooling.

Our working capital requirements typically increase during the first three quarters of the year and decrease towards the end of the year. See "—Key Factors Affecting our Results of Operations—Seasonality".

We anticipate that our working capital requirements in the foreseeable future will generally be stable as a percentage of revenue. However, these requirements can fluctuate for a variety of factors, including any significant increase in receivables due to longer time periods to collect payment from our customers or a substantial increase in the cost of our raw materials.

Capital Expenditures

The following table sets forth our capital expenditures for the periods indicated:

	As of December 31,		
	2015	2016	2017
	(€ millions)		
Capital expenditures	622.4	724.7	796.0

Capital expenditures for the years ended December 31, 2017, 2016 and 2015 amounted to approximately €796.0 million, €724.7 million and €622.4 million, respectively. We define capital expenditures as consisting primarily of expenditure on property, plant and equipment. This includes expenditure on new manufacturing plants and expansion of existing plant capacity for new production lines, maintenance capital expenditure comprising expenditures on maintenance of machinery and buildings, improvements of existing plants driven by health and safety and noise reduction concerns and replacement capital expenditure incurred when we change the engineering of our production platforms in connection with new models. Replacement capital expenditure is primarily incurred in connection with updating our welding and assembly cells and equipment, given that the most costly categories of our infrastructure, such as land, buildings and press equipment, have long lives and can be adapted with relatively low expenditure for replacement or renewal business.

We define net payments on investments as our actual net cash outlays for property, plant and equipment and intangible assets, taking into account increases and decreases in payables to our suppliers of property, plant and equipment and intangible assets, as well as proceeds from divestments of property, plant and equipment and intangible assets.

The following table presents a reconciliation for our capital expenditures:

	Year ended December 31,		
	2015	2016	2017
		(€ million)	
Growth capital expenditures	286.2	389.6	434.4
Recurrent capital expenditures	248.0	251.5	265.9
Intangible capital expenditures	88.3	83.6	95.7
Capital expenditures	**622.4**	**724.7**	**796.0**

Contractual Obligations

We have contractual commitments providing for payments primarily pursuant to our outstanding financial debt, including the financial obligations arising from the notes but excluding financial derivatives.

Our consolidated contractual obligations as of December 31, 2017, after giving pro forma effect to the Refinancing Transactions, were as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
		(€ millions)		
Contractual Obligations				
Interest bearing loans and borrowings	2,710.9	157.4	1,515.5	1,038.0
Financial leases	32.6	2.5	14.4	15.7
Borrowings from associated companies	59.3	2.0	37.9	19.4
Other financial debts	34.2	—	25.8	8.4
Total Financial Debt	**2,837.0**	**161.9**	**1,593.6**	**1,081.5**
Operating leases	497.2	89.9	215.4	191.9
Non-interest bearing loans	9.6	—	8.2	1.4
Current non-trade liabilities	130.0	130.0	—	—
Total Contractual Obligations	**3,473.8**	**381.8**	**1,827.2**	**1,274.8**

Off-balance Sheet Arrangements

We generally do not utilize off-balance sheet arrangements.

Critical Accounting Policies

Our financial statements and the accompanying notes contain information that is pertinent to this discussion and analysis of our financial position and results of operations. The preparation of financial statements in conformity with IFRS requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions. For a detailed description of our critical accounting policies, see Note 6 to our consolidated financial statements for the years ended December 31, 2017 and 2016 and Note 5 of our consolidated financial statements for the year ended December 31, 2015, each included elsewhere in this offering memorandum.

New Accounting Pronouncements

The following standards and interpretations, which are not yet effective and not yet endorsed by the European Union and have not been early adopted by the Group, will be adopted in future accounting periods:

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 9 on January 1, 2018. See Note 5 of our consolidated financial statements as of and for the year ended December 31, 2017 for the expected quantified effect of IFRS 9 on our consolidated financial statements in 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized and also requires the provision of financial statements with certain additional disclosures. The objective is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. IFRS 15 replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programs. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 15 from January 1, 2018. The table below sets forth the expected quantified effect of IFRS 15 on our consolidated financial statements in 2018:

Assets	**(€ millions) 2017**
Work in progress	(143)
Finished products	(124)
Assets from conracts with customers	284
Total assets	17
Liabilities	**2017**
Deferred tax liabilities	5
Total liabilities	**5**
Impact in equity	**12**
Retained earnings	11
Non-controlling interest	1

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard, where lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including 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 Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. We currently plan to apply IFRS 16 initially on January 1, 2019.

The introduction of IFRS 16 will have significant impact on the reported results of the Group, although it is not currently possible to quantify the effect because it will be dependent on the financial instruments that we hold and economic conditions at that time, as well as accounting elections and judgements that we will make in the future.

Market Risks

Our treasury team is responsible for managing our exposure to financial risk and for minimizing the potential adverse effects on our financial returns. We are primarily exposed to market risk from changes in foreign currency exchange rates and interest rates and we are also exposed to liquidity risk and credit risk. We manage our exposure to these market risks through our regular operating and financing activities.

Foreign currency risks

In the year ended December 31, 2017, €4,883.7 million of our revenues (which represented approximately 59.5% of our revenue for that period), on a consolidated basis, were generated in currencies other than the Euro, and the net amount of depreciation of intangible and material fixed assets located in countries with currencies other than the Euro amounted to €2,449.0 million, which represented approximately 64.1% of our intangible and material assets. Our strategy for managing currency risk relies primarily on conducting business and making investments in a foreign country in that country's currency. The effects on us of foreign currency fluctuations are mitigated by the fact that expenses are generally incurred in the same currency in which revenues are generated.

However, fluctuations in the exchange rate between the currency in which a transaction is denominated and our presentation currency, the Euro, can have some negative or positive impact on our profit or loss.

We mainly operate in the following currencies: Argentine Peso, Brazilian Real, Chinese Yuan, Czech Crown, Euro, Pound Sterling, Hungarian Forint, Indian Rupee, Korean Won, Mexican Peso, Polish Zloty, Russian Ruble, Swedish Crown, Thai Baht, Turkish Lira, U.S. Dollar and Japanese Yen.

To manage exchange rate risk, we use a series of financial instruments that give us a degree of flexibility, essentially comprised of the following:

- 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.
- "Puttable instruments": Other derivatives are also used to hedge currency risk, including those designed to lock in a maximum or minimum exchange rate (collar or tunnel) at a set settlement date.

As of December 31, 2017, we had no foreign currency forward contracts or puttable instruments in place.

The following table demonstrates the notional impact on our profits of a 5% positive and negative fluctuation in the currencies specified against the Euro:

		2017	
		Impact on Profit (€ thousands)	
	Currency	5% Fluctuation	−5% Fluctuation
	Swedish Krona	(1.5)	1.5
	U.S. Dollar	(1.5)	1.5
	Hungarian Forint	(0.7)	0.7
	Pound Sterling	0.8	(0.8)
	Mexican Peso	1.2	(1.2)
	Brazilian Reals	(0.2)	0.2
	Chinese Yuan	1.2	(1.2)
	Indian Rupee	0.2	(0.2)
	Turkish Lira	0.8	(0.8)
	Argentine Peso	0.4	(0.4)
	Russian Ruble	0.1	(0.1)
	Korean Won	0.3	(0.3)
	Polish Zloty	0.9	(0.9)
	Czech Koruna	0.2	(0.2)
Impact in absolute terms		**2.2**	**(2.2)**
Effect in relative terms		**0.9%**(1)	**(0.9)%**(1)

(1) Effect in relative terms is calculated by dividing impact in absolute terms by profit attributable to equity holders of parent company of €239.7 million.

Interest rate risks

A substantial portion of our borrowings bear interest at floating rates, exposing us to risk from fluctuations in market interest rates, so that market fluctuations affect cash flows. We mitigate this risk by using interest rate derivatives/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 us and on a portion of expected future borrowings. We use mainly swaps, by which we convert the floating rate on a loan into a fixed rate. We may swap the rate on a portion of the loan or on the entire loan, and for its entire duration or a part thereof. Virtually all of our variable rate borrowings are at floating rates indexed to Euribor.

Assuming a 50 basis point variation in the average interest rate on our floating interest rate financial borrowings and assuming that all other variables remained constant, the finance cost would have been €7.1 million, €3.8 million and €0.1 million higher or lower in the years ended December 31, 2017, 2016 and 2015, respectively.

Liquidity risk

Liquidity risk is defined as the risk that a company will not be able to service its commitments as a result of adverse conditions in the debt markets that prevent or hinder its capital raising efforts. We manage liquidity risk by maintaining sufficient cash balances to enable us to negotiate refinancing on the best possible terms and to cover our near term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms.

Credit risk

Credit risk is concentrated primarily in our accounts receivable. Our management considers that our counterparties are creditworthy, multinational companies. Volkswagen, Daimler, Renault Nissan, Ford, PSA, General Motors, BMW, Fiat, Tata JLR, Geely-Volvo, Honda and Toyota represented our top 12 customers and together accounted for 89.1% of our consolidated revenues (excluding tooling) for the year ended December 31, 2017. We manage our credit risk according to policies, procedures and controls determined by us regarding credit risk management of customers. At each closing date, we analyze on the basis of real historical data the balances of each major client individually in order to determine the need for provisions or impairment. We have no guarantee on debts and have concluded that the risk concentration is low given that our customers belong to distinct jurisdictions and operate in highly independent markets. Our credit risk with banks is managed by our treasury department according to our policies. The surplus cash investments are contracted only with authorized counterparties and always within the credit limit assigned for each counterparty. The limits are established in order to minimize risk concentration, thereby mitigating financial losses in the event of a default by the counterparty. Our maximum exposure to credit risk at December 31, 2017, 2016 and 2015 amounts to the carrying values, except for financial guarantees and derivative financial instruments.

Commodity risk

The primary raw material used in our business is steel. We are mostly neutral to changes in the price of steel as a result of our pass-through arrangements with OEMs, which provide us a natural hedge. However, the prices of steel and energy have been volatile in the past, and while we have managed to maintain a high degree of neutrality with regard to the impact on our results, volatility may result in future declines in our margins, especially if we are not able to pass-through the impact of such price changes to our customers. In the year ended December 31, 2017, our purchases of steel amounted to €3,131.3 million or 41.7% of our total operating expenses excluding depreciation and amortization.

INDUSTRY

The market information presented in this section is taken or derived from the cited sources. Forecasts or market data are inherently forward-looking and all market data are subject to uncertainty and do not necessarily reflect actual market conditions. They are based on market research, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on internal information, insights, subjective opinions or internal estimates, and not on any third-party or independent source; these statements contain words such as "we estimate", "we expect", "we believe" or "in our view" and as such do not purport to cite or to summarize any third-party or independent source and should not be so read.

Global Automotive Industry

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are classified into light vehicles and heavy commercial vehicles. The light vehicle segment is comprised of passenger cars, vans and light trucks with gross vehicle weight of less than six tons, while the heavy commercial vehicle segment consists of vehicles with gross vehicle weight greater than six tons.

The automotive production value chain is split between OEMs such as Daimler, Ford, General Motors, Toyota and Volkswagen and automotive suppliers, such as ourselves, Autoliv, Bosch, Continental, Denso, Delphi, Schaeffler and Valeo among others. Automotive suppliers are then typically further categorized into three different tiers. Tier 1 suppliers sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components from Tier 2 automotive suppliers. Tier 2 suppliers in turn typically integrate products from a further layer of suppliers (Tier 3 suppliers).

Certain Tier 1 suppliers like us, who are able to support OEMs during the early stages of product development by co-engineering components together with OEMs, are able to expand beyond producing and supplying vehicle components on a "build-to-print" basis, i.e., to the OEMs' pre-determined specifications, into directly influencing product design, long before the request for quotation phase of the product cycle. Some of our competitors include Benteler, Constellium, Flex-N-Gate, Ftech, GF Fischer, Huizhong, Kirchhoff, Magna Cosma, Magnetto, Martinrea, Metalsa, Sungwoo HiTech, Tower, Unipress, Voestalpine, Yifeng and Yorozu in Body-in-White and Chassis, and Aisin Seiki, Brose, Multimatic and Stabilus in Mechanisms.

Automotive suppliers can also be categorized as captive or independent. Captive auto suppliers, such as those in the so-called "Keiretsu" system in Japan (companies that are interlocked by common business relationships and shareholdings), are often fully or partially owned by OEMs and typically serve primarily one OEM. Independent suppliers like Gestamp are not owned by OEMs and serve a diversified number of customers.

Automotive suppliers are typically further divided into sub-segments based on their components' function within the car. Each of these sub-segments is comprised of various product groups. A typical classification of automotive suppliers by vehicle function could include the following sub-segments: body and structural, powertrain, electronics, interior, transmission, suspension, climate control, wheels and tires, steering, fuel systems, passenger restraints, audio and telematics, exhaust and body glass. There are different market leaders in each respective sub-segment.

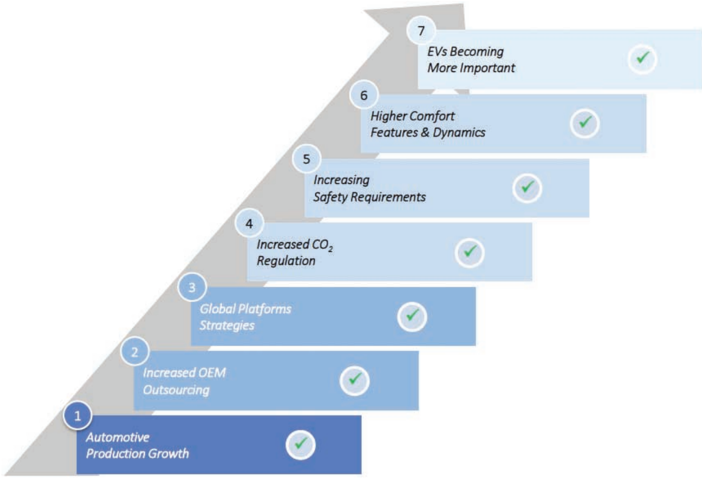
Overview Of Body And Structural Market

We mainly act as a Tier 1 supplier to OEMs in the body and structural market, which is comprised of all the products and components that form the structural elements of the car as well as its outer skin. Body and structural components represent the largest part of overall vehicle weight. Products that are typically included within this category include among others: bumpers (also including shocks), chassis, cross members, doors (also including frames and panels), fascias, fenders, floors, grilles, handles, hinges, hoods (also including liners, releases and support rods), latches, locking systems, pedal boxes, rails, reflectors, roll bars, roofs, side body panels, skid plates, splash guards, spoilers, subframes, wheel arches and window regulators. Our focus is on highly engineered metal components which include the body-in-white and chassis, as well as mechanisms (see a selection of our product portfolio under "Business—Our Company" and "Business—Our Products").

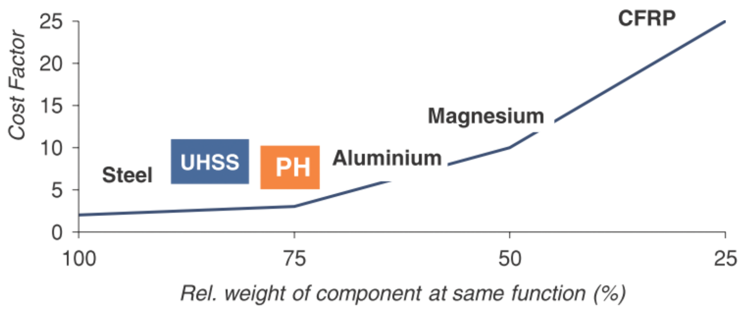
Gestamp's addressable market consists of Body-in-White and Chassis and Mechanisms and amounts to €108 billion in 2015, representing 15% of the total component market, of which €103 billion corresponds to

Body-in-White and Chassis and €5 billion corresponds to Mechanisms. Currently, approximately €60 billion of this market is manufactured in-house by OEMs, leading to opportunities for suppliers like Gestamp as production in this market is increasingly outsourced to key suppliers (source: Roland Berger Study as of Feb-17).

The following diagram sets out an overview of the drivers affecting Gestamp's addressable market and its potential growth.



Key trends in the body and structural market include the push towards further weight reduction, known as 'lightweighting', aimed at lowering fuel consumption and, thereby, CO_2 emissions. This is being achieved through gradual weight optimization within established component technologies, as well as through the development of new, lighter technologies and materials. Examples for new technologies and materials include the use of press hardening or "hot stamping" by which ultra-high strength steel is formed into complex shapes that are relatively light-weight, as well as the use of alternative materials for body components, such as replacing conventional steel components with parts made of high strength steel, aluminum and other materials such as carbon reinforced plastics. Manufacturing components from certain lighter materials such as aluminum typically comes with substantially higher costs compared to steel, with disproportionate increases in cost for the lightest materials such as carbon fiber, thus limiting the market demand for such parts, particularly in the production of high volume vehicles. The chart below shows a weight/cost comparison by material:



"UHHS" means ultra high strength steel.

"PH" means press hardening (also referred to as hot stamping).

"CFRP" means carbon fiber reinforced polymer.

As a result, hot stamping is today one of the most cost efficient technologies to reduce weight in a vehicle and price is currently a key purchasing criteria for OEMs (source: Roland Berger Study). The drive towards weight reduction in body and structural components is partially driven by governmental regulation concerning CO_2 emissions throughout the industrial world (which are particularly stringent in the European Union, the U.S. and Japan and are also in the process of being introduced in other markets in Asia and South America), as well as by increasing cost and environmental awareness among consumers, which is leading to an increase in demand for both hybrid vehicles and EVs (as defined in "Glossary of

Technical Terms"). We believe that EVs will also benefit from weight reduction, which would extend battery life by reducing power requirements.

The body and structural market is also driven by increasingly stringent safety standards led both by regulations and customer expectations. Together with dedicated passive safety parts such as airbags and seatbelts, body and structural components protect car occupants in the case of a crash and also directly influence the damage inflicted on other parties involved in a collision.

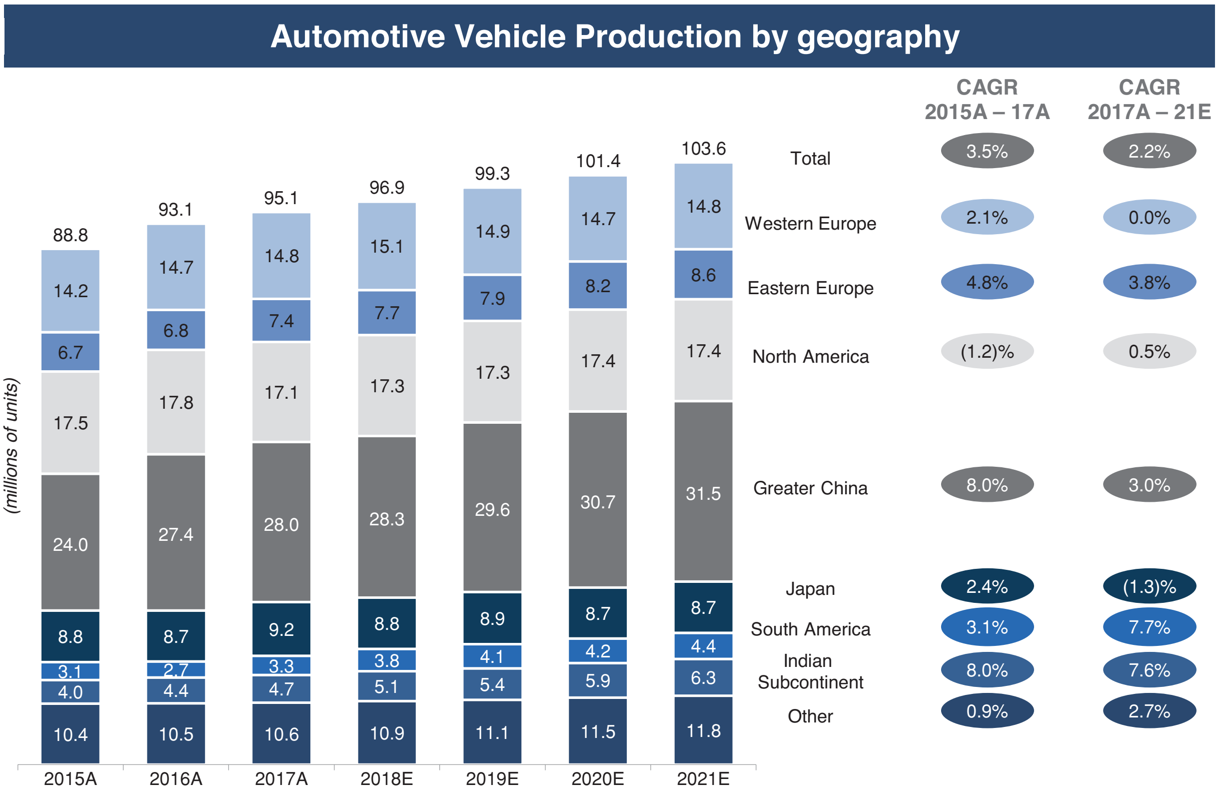
The body and structural market is additionally impacted by trends affecting the automotive sector in general described under "—Automotive Industry Trends".

Historical and Expected Automotive Market Performance

As an automotive supplier, our revenue is linked to automotive production volumes as well as changes in the content per vehicle for the automotive components we produce. The following is a brief description of selected historical and forecast light vehicle production data by region and by largest OEMs (measured by production volume) as well as expected annual production growth rates in key regions and selected countries in which we operate. Both historic and forecast data is based on information published by an independent third party provider. There can be no assurance that any of the forecasts presented below will reflect actual vehicle production volumes or growth rates.

Automotive market development by region

The following chart sets out (i) the historic unit production volumes of light vehicles between 2015 and 2017 and (ii) the estimated unit production volumes of light vehicles between 2017 and 2021; in each case, by region.



Source: IHS (March 2018).

Western European light vehicle production reached 14.8 million units in 2017, representing 15.6% of global light vehicle production.

In 2017, the Western European market experienced continued unit production growth, however at a slower pace of 0.6% compared to 2016's growth rate of 3.5%. This was partially due to consequential effect of the Brexit vote, where UK unit production reduced by 3.7% compared to the previous year.

The Western European market is expected to stay flat at CAGR of 0.0% in 2017A-2021E, due to the market being close to saturation in terms of vehicle density and slow (and marginally negative in some European countries) population growth. However, two of Gestamp's main markets Germany and Spain are expected to grow at CAGR of 0.5% and 2.3% respectively during the same time period, as Germany is being supported by its solid macro fundamentals and Spain is being supported by general improvement in its economy.

Eastern Europe

Eastern European light vehicle production declined in 2015 as compared to 2014, rebounding in 2016, with unit production up 1.1% compared to 2015. The decline and rebound of the production was primarily due to a slowdown in Russia, one of the region's largest markets, with year on year production declines of 26.5% and 6.3% in 2015 and 2016, respectively. The fundamental weakness of the Russian market during this period can be attributed to lower economic growth, decline in oil prices, decline of the Russian Ruble, geopolitical uncertainty over the Ukraine crisis, the impact of sanctions and the fact that some major players, such as General Motors, decided to shut down production facilities in the country during the course of 2015. Nevertheless, the region grew significantly in 2017 by 19.0% and is expected to grow further in the upcoming years, with production volume increasing at a CAGR of 7.4% between 2017 and 2021 (source: IHS Mar-18).

In 2017, Eastern Europe light vehicle production increased by 8.6% compared to 2016, reaching 7.4 million units. Key drivers of the market in the medium term are expected to be: continued transfer in production capacity from Western to Eastern Europe for cost-effective manufacturing, increasing localization levels and a growth in demand in the region. Recent examples of this trend include major OEMs like BMW, Daimler, Jaguar Land Rover, Volkswagen and FCA considering building additional facilities in the region and Renault-Nissan's acquisition of a controlling stake in Russian manufacturer Avtovaz.

The Eastern European market is expected to grow at CAGR of 3.8% in 2017A-2021E, primarily due to rebound in the Russian market (the largest Eastern European market). It is likely to be affected by the state's upcoming "Strategy for the Development of the Russian Automotive Industry" that is expected to be submitted in early 2018: its main priority is to increase localization for all models produced by a particular OEM and to achieve an export ratio of 20% of production while the Government is expected to boost R&D funding in the field of autonomous driving as well as hybrid and electric vehicles. Poland will also be a key growth driver for the region with an expected 2017A-2021E CAGR of 9.9%, primarily due to expected ramp-up in production by FCA of its plants in Tychy.

North America

North American light vehicle production decreased to 17.1 million units in 2017, representing 17.9% of global light vehicle production (source: IHS Mar-18). North American light vehicle production showed a steady growth trajectory from 2013 to 2016 due to steady economic growth with higher disposable incomes, rising consumer confidence and lower interest rates leading to greater affordability.

In 2017, the North American market experienced unit production decline of 4.3%, primarily due to slowing vehicle demand and plant shutdowns for new generation models, as GM shut down its Fort Wayne truck plant for 7 weeks for next-generation upgrades, while FCA shut down its Sterling Heights plant for the entire year to upgrade it for Ram 1500 production. Inventory corrections on the part of the OEMs and uncertainty surrounding NAFTA also contributed to production slowdown in the region

The North American market is expected to rebound to growth at a CAGR of 0.5% in 2017A-2021E, primarily due to normalization of the U.S. market that is expected to balance in line with economic trends and consumer-focused pricing incentives. Therefore, the growth in demand is likely to be minimal, barring major economic disruption.

Greater China

Greater China light vehicle production reached 28.0 million units in 2017, representing 29.5% of global light vehicle production (source: IHS Mar-18). Greater China light vehicle production has been the strongest driver of global automotive production growth. The market witnessed significant slowdown in production growth in 2015, primarily driven by lower GDP growth, weakness in Chinese equity markets impacting consumer confidence and license plate restrictions being imposed in major cities to curb congestion and pollution levels. Additionally, domestic brands in China gained market share at the expense of their international counterparts. In 2016, the Greater China market significantly accelerated with unit production growth of 14.3%, driven by stimulus measures from the Chinese government including a reduction in the sales tax rate from 10% to 5% on small cars with engine capacity of less than 1.6 liters, a strong model launch pipeline and normalized inventory levels following the significant destocking witnessed in the third quarter of 2015.

In 2017, the Greater China market experienced a moderate production growth of 2.3%, primarily driven by slower investment pace and weaker exports, underpinned by lackluster unit production in the first half of 2017 from strong payback effect from the reduced tax rebate.

Going forward China is expected to remain the single largest market globally for automotive production. While still outpacing global production, the Greater China market is expected to achieve a slower unit production growth at CAGR of 3.0% in 2017A-2021E. This is primarily driven by the slower economic growth rates underpinned by increasingly stringent regulation leading to a structural change in favour of lower CO_2 emissions and more electrification.

Japan

Japanese light vehicle production significantly rebounded by growing 5.4% to 9.2 million units in 2017 compared to the decline of 0.5% in 2016, and represented 9.7% of global light vehicle production. The country experienced various adverse developments in 2016, namely the earthquakes that hit Kyushu in southwest Japan and disruptions to suppliers elsewhere. In 2017, the rebound in production was driven by the external sector continued to thrive against a backdrop of a synchronized recovery in global trade with strong export growth. Additionally, the Japanese economy had a far healthier year than expected with increasing household confidence underpinned by rising employment figures and continuation of political stability with coalition led by PM Abe winning the 2017 elections.

The Japanese market is expected to decline at negative CAGR of 1.3% in 2017A-2021E, with unpopular consumption tax hike by the ruling coalition and the country's changing demographics expected to lead to a gradual contraction in the domestic consumer spending.

South America

South American light vehicle production reached 3.3 million units in 2017, representing 3.5% of global light vehicle production. From 2013 to 2016, the market has witnessed significant declines, primarily due to production declines in Brazil, the single largest market in the region which represented 80.3% of South American light vehicle production in 2017. The production declines in Brazil have been due to a weakened broader economy, led by falling commodity prices, lower disposable incomes and curtailed state spending on subsidy programs such as Inovar-Auto.

In 2017, the South American market experienced a turnaround with unit production growth of 19.9% compared to a decline of 11.3% in 2016, driven by significant GDP growth in Brazil with exports and private consumptions being the key growth drivers, following a turbulent year of 2016. Furthermore, below-target inflation, improved macroeconomic conditions of key trading partners and depreciation of real versus U.S. dollar have facilitated a significant increase in exports. Recent cuts in interest rates to record low of 7% in December 2017 and even further cut to 6.5% in March 2018 are expected to be catalysts for estimated unit production CAGR of 7.7% in 2017A-2021E.

Indian Subcontinent

Indian Subcontinent light vehicle production grew 7.3% to 4.7 million units in 2017, representing 4.9% of global light vehicle production. In 2017, India was one of the fastest growing regions in automotive production, driven by higher consumer confidence in 2017 compared to 2016, a more favorable national tax regime (singular goods and service tax) and a strong private consumption growth of 7.2%.

The Indian Subcontinent market is expected to grow at a similar rate of CAGR of 7.6% in 2017A-2021E, with recent developments—including Moody's upgrade of India's sovereign rating (to Baa2) and the US$32bn bank recapitalization plan—boosting credit and private investment growth in the economy.

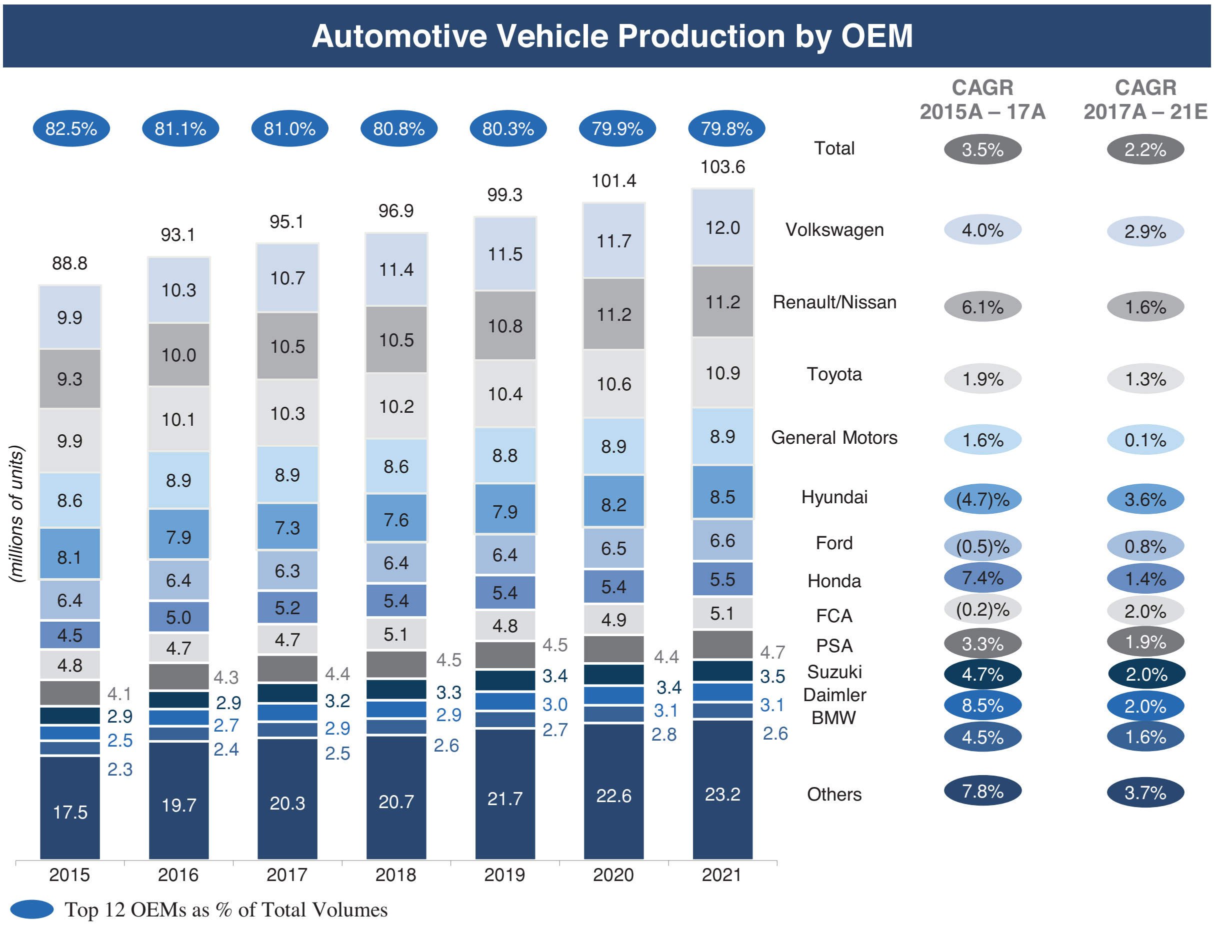
Developing v. Mature Markets

According to IHS, growth is shifting from mature markets (West Europe, North America, Japan and Korea) to developing markets (East Europe, Mercosur, China, Asia other than Japan and Korea, the

Middle East and Africa). For example, while in 2012 48% of the 81.5 million units of light vehicles produced worldwide was attributed to developing markets, in 2017, this percentage has increased to 53% and is estimated to further increase to 57% in 2021.

Market development by largest OEMs measured by production volume

The following chart sets out the (i) historic unit production volumes of light vehicles between 2015 and 2017 and (ii) estimated unit production volumes of light vehicles between 2017 and 2021; in each case, by the 12 largest OEMs (measured by production volume).



Source: IHS (March 2018).

The top 12 OEMs represented approximately 83.0% of automotive vehicle production in 2017. During the period between 2015 and 2017, among the top 12 OEMs, the OEMs which outperformed the global market were Volkswagen (with a CAGR of 4.0% between 2015 and 2017), Renault-Nissan (with a CAGR of 6.1% between 2015 and 2017), Honda (with a CAGR of 7.4% between 2015 and 2017), Suzuki (with a CAGR of 4.7% between 2015 and 2017), Daimler (with a CAGR of 8.5% between 2015 and 2017) and BMW (with a CAGR of 4.5% between 2015 and 2017). Among the top 12 OEMs, the OEMs which are expected to outperform global vehicle production in the future are Volkswagen (with an expected CAGR of 2.9% between 2017 and 2021) and Hyundai (with an expected CAGR of 3.6% between 2017 and 2021). The levels of production volume from the top 12 OEMs are expected to grow at a CAGR of 1.8% between 2017 and 2021.

Automotive Industry Trends

The global automotive market is characterized by various trends, including (i) technological and regulatory trends, which include increasingly stringent global regulations and standards related to emissions and safety, as well as the increasing focus on comfort features and dynamics and the use of non-internal combustion engines, particularly EVs; (ii) geographical trends, including projected growth in international markets and localized production; and (iii) trends related to the current strategy of OEMs, which include outsourcing parts of the production process to reduce capital requirements, movement towards common platforms and global models, autonomous driving technologies and shared mobility. We believe that our technological leadership, scale and extensive geographical presence have made us a favored, trusted partner for OEMs looking for suppliers who can deliver solutions to complex projects on a consistent and high quality basis across various geographical regions. Further, we believe that as a leading global supplier of Body-in-White and Chassis products used with all types of engine technology and powertrain, we will experience minimal disruptions from future market trends such as EVs or hybrid vehicles, autonomous driving and shared mobility models.

Technology and regulatory trends

Stricter emissions regulations worldwide forcing OEMs to improve fuel efficiency of vehicles

The development and production of fuel-efficient vehicles is a key growth trend in the automotive sector, driven by regulatory factors, as well as consumers' preference to save money on fuel. Furthermore, increasing social and environmental awareness among end consumers is expected to play a greater role in vehicle purchase decisions. Consequently, OEMs face on-going pressure to improve the fuel efficiency of their vehicles and thereby reduce CO_2 emissions. Reduction of vehicle weight increases fuel efficiency and thus reduces CO_2 emissions making Body-in-White and Chassis components critical to reach CO_2 emissions targets (a reduction of 100kg in the overall weight of a vehicle results in 9gr of CO_2 emissions savings).

Many countries have adopted emissions regulations which set limits on the amount of pollutants that new vehicles can emit. Within the next several years, emissions limits worldwide across developed and emerging countries are expected to become increasingly restrictive given growing environmental awareness. E.U. CO_2 emissions targets are among the most stringent, which makes it challenging for OEMs to be fully compliant, while rapidly increasing the cost of compliance. For example, in the E.U., automakers face regulatory fines of €95 per every g/km if they do not achieve CO_2 emissions targets. Other countries such as Brazil, India and China, for example, tend to adopt similar regulations a few years after they have been approved in the E.U.

Recent scandals involving pollutant emissions testing have further increased the focus on environmental regulations, including fuel efficiency norms and their implementation. This tightening of emissions regulation worldwide is expected to drive demand for more fuel-efficient vehicles, forcing OEMs and suppliers to develop innovative components and systems which comply with the more restrictive emissions legislation. Evolving regulation has also resulted in our OEM customers increasing their development focus on hybrid vehicles, and, increasingly on EV, as a potentially important means for them to reduce fleet emissions. Weight reduction will be a key driver to achieve fuel savings in combustion engine vehicles. Also, EVs may benefit from weight reduction, as this would extend battery life by reducing power requirements.

Safety regulations and increasing demand for safety features

Safety has increasingly become a central buying criterion for customers. Together with dedicated passive safety parts such as airbags and seatbelts, body and structural components protect car occupants in the case of a crash and also directly influence the damage inflicted on other parties involved in a collision. The combination of evolving safety ratings, complex assessments such as the EuroNCAP (of which approximately 50% of its regulations affect Body-in-White and Chassis components) and customer expectations have increased OEM demand globally for improved safety features in body and structural components and safety standard certifications. For example by 2020, vehicles produced only with certain technology in use today such as cold stamping will no longer be able to meet such requirements. As a result, we believe that car production is shifting towards the use of technologies such as hot stamping, where we are a market leader, with an estimated market share of over 20% (source: Roland Berger Study and internal estimates based on Company's information and public filings of competitors). Hot stamping provides enhanced deformation control and energy absorption, improves vehicle safety and reduces vehicle weight, while ensuring a high level of flexibility in the design of parts.

Increasing focus on comfort features and dynamics

Customers are becoming more focused on solutions that enhance the driving experience and provide additional comfort and dynamics. This is leading to an increase in demand of components such as power liftgate systems, components that reduce noise and vibration, power door systems, power assist steps or sound minimizing tires, which we believe we are well positioned to provide.

Increasing trend toward non-internal combustion engines, particularly electric vehicles

Consumers are becoming increasingly environmentally conscious, which in turn is affecting their vehicle purchase choices. Additionally, regulators have set stringent regulation targets that require a certain degree of engine electrification. This is leading to an increase in demand for both hybrid vehicles and EVs. For example, important OEMs such as Volkswagen or BMW have announced their plans to increase their EV portfolio. This shift is likely to have only a limited relative impact on suppliers of Chassis and Body-in-White components, with only small modifications being made to existing structures, such as the introduction of battery casings.

OEMs' strategy trends

Growth in international markets and localized production

The automotive industry has become increasingly global as OEMs are increasingly addressing regional market demand around the world by expanding production facilities to new geographies outside their home markets, including emerging economies as well as more mature economies, such as North America, where foreign OEMs wish to establish a stronger local presence. In addition to building local capacity for sales in those countries, OEMs in some cases use their new facilities as export hubs for addressing overseas demand given cost considerations.

Growth in consumer demand in emerging markets, among other factors, has driven the expansion of OEMs' global footprints. The Chinese and Indian Subcontinent automotive markets, for example, have grown significantly in recent years, representing 74.2% of global light vehicle production growth between 2015 and 2017. Emerging markets are expected to exhibit high growth rates going forward with an estimated CAGR of 4.1% between 2017 and 2021, based in part on low current market penetration measured by the percentage of vehicles per capita. After a significant decrease in vehicle production since 2013, Brazil is experiencing an improvement in its economic prospects, and while Russia has experienced weak economic performance in recent years, it has rebounded significantly in 2017 and is expected to continue growing its vehicle production in the medium term. We expect to benefit from this trend as we are one of the leading manufacturers in our sector.

OEMs are increasingly outsourcing production of parts traditionally produced in-house

The evolving nature of the automotive industry has resulted in increased capital requirements for OEMs who are thus facing the need to prioritize their investments. OEMs are increasing their focus on engine and powertrain related technology, platform design, autonomous driving and shared mobility, leading them to invest less in their in-house capabilities relating to other areas that do not directly impact brand differentiation such as body and chassis development and production. This trend, together with global platform standardization among OEMs, has led to an increase in outsourcing, as OEMs entrust a select number of strategic supply partners with an increasingly high content of vehicle production. In parallel, specialization has led suppliers such as ourselves to achieve technological advances in their respective fields, such as in hot stamping, a growing alternative technology offering competitive solutions to OEMs seeking enhanced safety and light weighting in their vehicles. In particular, we believe that the growth in the importance of hot stamping, where we have limited global competition and which OEMs find difficult in-house to match price and quality, will continue to strengthen the trend of OEMs increasingly outsourcing Body-in-White manufacturing processes. For example the share of hot stamping is expected to increase at a CAGR of 13.7% between 2015 and 2020 (from €6.1 billion to €11.6 billion) and at a CAGR of 8.4% between 2020 and 2025 (from €11.6 billion to €17.4 billion). There is market potential derived from OEM outsourcing of up to €20 billion in Body-in-White and Chassis until 2025 (source: Roland Berger Study).

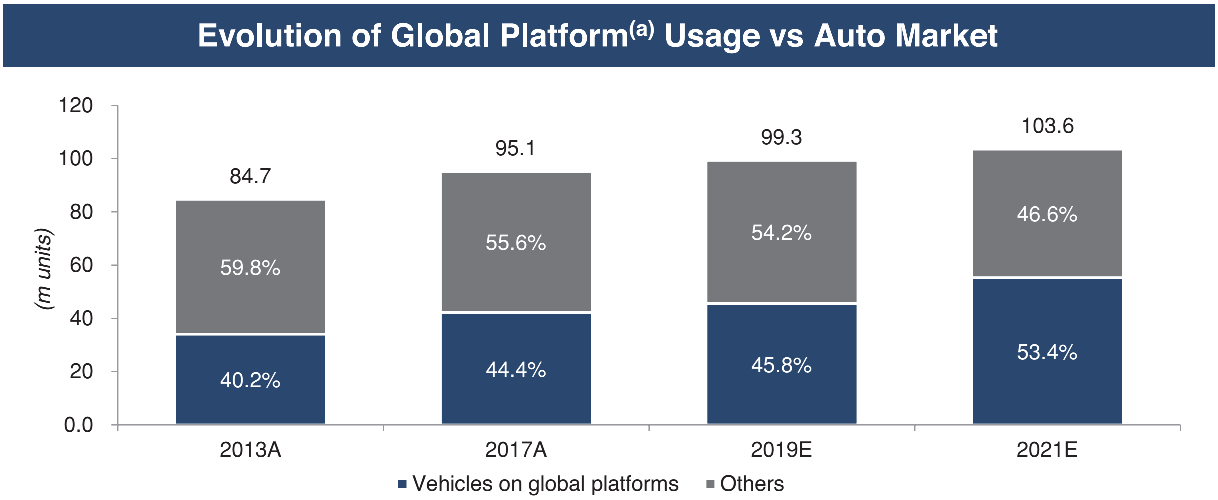
In addition, as OEMs expand outside of their home markets, they are more inclined to turn to external suppliers for content they have provided in-house in their home markets, in part due to the efficiencies suppliers such as ourselves are able to achieve by serving multiple customers from a single manufacturing facility, as well as the security derived from sourcing from a trusted global partner that is able to deliver consistently high quality products that meet a top technical standard. We believe that only a few global suppliers, such as Gestamp, are able to provide outsourcing services on such terms and thus, are best placed to capture a significant share of the €20 billion Body-in-White and Chassis market opportunity derived from increased outsourcing.

Move towards common platforms and global models

OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes globally. In addition to freeing up capital, the use of common platforms allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle and regional trends and customer tastes. The charts below describe certain platforms currently used by four OEMs in vehicle production, as well as the expected evolution of global platform usage vis-à-vis the automotive market by 2020.

OEM	Platform	Number of Models	Peak Annual Production	Production Countries	Examples of Models
BMW	LU	12	1.07m	11	BMW 1-Series, BMW 2-Series, BMW X1, X2, Mini Clubman / Countryman
VW	MQB A0	17	2.38m	10	VM Polo, Seat Ibiza, Skoda Rapid
PSA	CMP	7	1.32m	10	Citroen C4, Peugeot 2008 and 208
Daimler	MRA Mid-size	10	1.29m	15	Mercedes-Benz C-Class, E-Class, CLS, GLS, GT-4

Source: (IHS Mar-18)



(a) Global platforms defined as platforms with more than one million vehicles produced in a given year.

Source: (IHS Mar-18)

This trend towards common platforms and global models has caused OEMs to increasingly rely on large, technically and financially strong global suppliers, capable of producing consistent and high quality products across geographies. It has also led to an increase in R&D collaborations between OEMs and key suppliers in the product development stage, which in turn has enabled such global suppliers to gain market share from regional, less technologically advanced suppliers. These key automotive suppliers are expected to have a closer relationship with OEMs and have stronger bargaining power than their midsize competitors. The increased specialization and "modularization" (the production of components with standardized product features, which can be used for a wider range of vehicles) will enable suppliers to capture a larger share of certain products. Further, OEMs are developing more collaborative relationships with their suppliers, allowing suppliers to avoid redundant investments and reduce product development costs. These factors generally enhance supplier profitability by allowing suppliers to maximize scale-related benefits.

Our OEM customers use a number of factors to select their suppliers including, among other things, quality, in-house R&D and technological capabilities, service (including location, service interruptions and on time delivery), overall track record and quality of the existing relationship with the OEM, production capacity, financial stability and price. We believe we are able to address pricing pressure by maximizing our expertise in product development, our extensive geographical footprint, our consistent and high quality production capability and our diverse ancillary competencies.

Growing importance of autonomous driving technology and shared mobility models

Major industry players have also committed to the production of autonomous cars with several major car manufacturers aiming to have autonomous vehicles on the road by 2020. The technology for advanced driver assistance systems, such as parking, automated highway driving, and emergency breaking is already commercially available although the future regulatory landscape remains uncertain. While autonomous driving technology may lead to the emergence of new providers who focus on "soft" areas of vehicles, we believe the impact on Chassis and Body-in-White products will be limited.

OEMs are increasingly considering new mobility concepts such as ride sharing programs, which offer consumers the use of a vehicle without many of the expenses associated with purchasing, maintaining and storing a personal car. Even as ride sharing businesses grow, we believe that the effect on automotive production would be limited, as it would tend to shorten the replacement cycle of the car park in the future. Furthermore, autonomous cars could replace certain means of traditional public transport, which could increase overall car purchases.

Market Dynamics

The majority of the markets in which we are active are increasingly consolidated by nature, typically with three to five global key competitors though we believe only very few players are able to offer technologically innovative solutions on a truly global scale. We believe that there are a number of challenging requirements for global automotive suppliers that, in part, are linked to the global trends that have developed in the industry and that a new or less well established market player would have to satisfy in order to establish themselves in the market.

We have long-standing relationships with automotive OEMs, developed through trusted, long-standing and close collaboration. The systems and components provided to OEM customers are often critical in nature and thus OEMs choose their suppliers carefully based on a number of criteria. In addition, OEMs outsource an increasing amount of content to suppliers who in turn become fully involved within the complete vehicle development value chain. We believe that when entering this market, potential competitors would need to spend significant time developing a track record with OEMs before shifting from being a "build-to-print" supplier to a strategic partner.

Technological capabilities

We have made significant investments to develop state-of-the-art technologies across a broad range of processes, in order to be at the forefront of solutions for weight-reduction and compliance with safety standards, as well as customer preferences on design and other factors. This position has evolved through extensive and sustained R&D activities over a number of years, increasingly in collaboration with OEMs. In addition, technological capabilities also extend to tooling competencies across the entire value chain, from design to manufacturing and testing. We believe that these advanced capabilities as well as the patents we hold act as a challenging pre-requisite for potential new competitors in our markets.

Global manufacturing footprint

Automotive OEMs are increasingly shifting to common vehicle platforms on a global basis with the aim of maximizing the commonality of components and systems and to derive cost savings via economies of scale. Consequently, OEMs are increasingly looking for global suppliers that can provide standardized components with consistent quality standards globally, at a competitive cost and with close proximity to OEM production sites. We believe that it would be difficult for potential competitors to achieve such a broad geographical (human resources and physical plant) footprint and local customer support within a short time-frame.

Scale

Entry into most of the markets in which we and our competitors are active requires substantial investments which we believe many potential competitors would not be able to make. Furthermore, suppliers who are able to ensure consistent product quality and operational standards across a global platform have an advantage as compared to suppliers operating on a smaller scale who are unable to provide such security to

OEMs. Suppliers with scale capable of making significant research and development expenditure are able to distribute R&D costs across large geographical footprints and production volumes, further enhancing their competitive advantage. Furthermore, we believe we are strategically entrenched with our OEM customers as a result of our long standing, strategic relationships with such customers, which we believe gives us a competitive advantage.

Track record of financial stability

A key success factor for automotive suppliers is financial stability, as this is an important factor considered by OEMs when making purchasing decisions. During the downturn in 2008 and 2009, many OEMs faced supply chain difficulties as a result of certain suppliers falling into financial distress and therefore being unable to fulfil their contractual obligations to supply automotive components. Therefore, there has been a structural shift in OEM preferences to work increasingly with larger and more financially stable suppliers, making it more difficult for financially weaker or unproven competitors to enter into our addressable markets.

BUSINESS

Our Company

We are one of the world's largest suppliers of automotive components and assemblies in terms of revenue. We design, develop, manufacture and sell highly engineered body and chassis components and mechanisms to OEMs, primarily for use in the production of light vehicles. We have cultivated strong relationships with our OEM customers by offering them leading technologies through our extensive global footprint of 105 production facilities and 13 R&D centers in 21 countries over four continents, as of March 31, 2018. In addition, we have seven plants under construction, of which the acquisition of one production facility and one plant under construction are subject to the approval of the relevant competition authorities. Our technological leadership and extensive geographical and customer footprint allow us to take advantage of global growth opportunities while maintaining a conservative, diversified risk profile.

We offer our OEM customers a diverse product portfolio as a Tier 1 supplier of Body-in-White and Chassis structures and complex assemblies, opening systems and Mechanisms, as well as tooling and dies and other related services.

Our revenues grew by 8.6% in the year ended December 31, 2017, reaching €8,201.6 million (market production volume grew 1.7% in our production footprint according to IHS Markit Materials). In terms of profitability, EBITDA in the year ended December 31, 2017, reached €889.9 million with a growth rate of 5.8% when compared to the year ended December 31, 2016.

We believe we are the leading supplier of metal components for Body-in-White products globally by revenue. In Chassis products, we believe we are among the top three suppliers globally by revenue. In Mechanisms products, we believe we are the clear market leader globally by revenue.

Thanks to our ability to capture outsourcing projects from OEM customers and global footprint, as well as to our tooling capabilities, we believe we are one of the two truly global OEM suppliers that are able to develop and manufacture Body-in-White and Chassis structures and complex assemblies, opening systems and Mechanisms, while meeting the same high standards worldwide, whether the same vehicle model is produced in several regions or the same vehicle platform is used across different models globally.

Our expertise and core competence in developing and producing light-weight components help our customers to reduce CO_2 emissions while at the same time enhancing the safety features of their vehicles. Our leading technologies, global footprint and proven track record in executing complex projects set us apart from many of our competitors in the industry and have allowed us to secure strong relationships with almost all major global automakers, including Volkswagen, Daimler, Renault Nissan, Ford, PSA, General Motors, BMW, Fiat Chrysler, Tata JLR, Volvo, Honda and Toyota, which represented our top 12 customers and together accounted for 89.1% of our consolidated revenues (excluding tooling) for the year ended December 31, 2017. In addition, our leading technologies have allowed us to rapidly grow our revenue with our newer OEM customers. We currently supply products to all top 12 OEMs globally by volumes.

We are committed to maintaining our technological leadership in the development of innovative and high quality products. We are involved in the full cycle of the component supply process, often co-developing parts jointly with our OEM customers and applying computer-aided design and crash test simulations in order to optimize weight and safety features. Between 2010 and 2017, the number of our co-development programs with OEM customers has increased from four to more than 250 across Body-in-White, Chassis and Mechanisms products. We design and manufacture components adapted to each new car model or platform and conclude contracts to provide these products throughout the anticipated life of the model or platform (usually between five and ten years). We have been successful in obtaining a high rate of renewal of our programs.

Our segment within the automotive components market has been, and continues to be, particularly characterized by the secular trend of OEMs outsourcing an increasing share of a vehicle's metal components content as they shift more of their capital spending to other areas. The push towards further weight reduction, known as 'lightweighting' and aimed at lowering fuel consumption and thereby CO_2 emissions, is another secular trend of our segment. These trends impact our organic investment and sales growth, particularly as OEMs increasingly rely on fewer, larger, well-capitalized and trusted partners. As such, our R&D and innovation capabilities are fully aligned with our customers' strategy in order to fulfill their needs.

We believe that our strategic, customer-focused record of geographical expansion and diversified revenue streams, as well as our manufacturing process, design and technological expertise underlie our historical and continuing financial and operational success. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, of strategic importance to many of the largest OEMs globally.

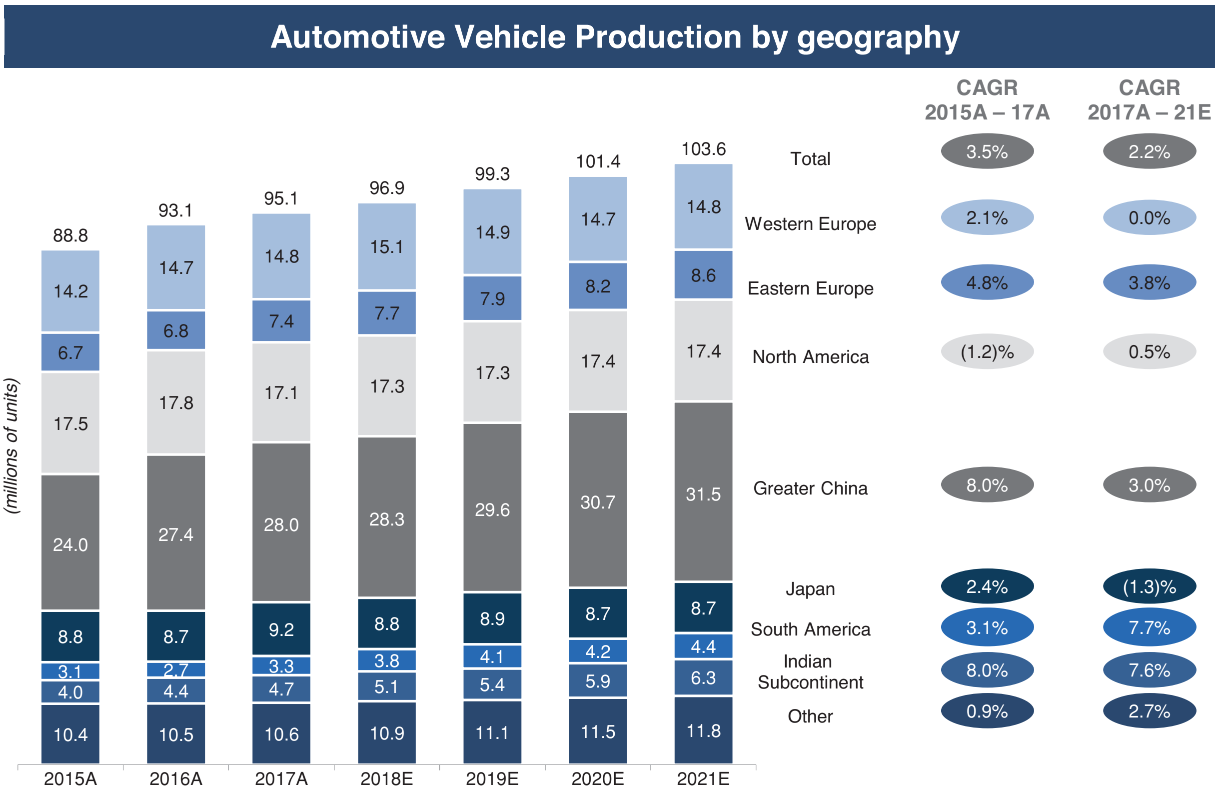
Our Market

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are classified into light vehicles and heavy commercial vehicles. The automotive production value chain is split between OEMs and automotive suppliers like us. The OEM market is concentrated with the 12 largest OEMs by production volume, all of which belong to our group of customers, accounting for 83.0% of global light vehicle production in 2017.

Automotive suppliers are generally less concentrated and are categorized into three different tiers. Tier 1 suppliers, such as ourselves, sell products directly to OEM customers. Typically these products are large modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers in turn typically integrate products from a further layer of suppliers referred to as Tier 3 suppliers. Moreover, automotive suppliers may generally be characterized as (i) global or regional; (ii) focused on one OEM group or customer-diversified; or (iii) capable of product development or only able to “build-to-print”, i.e., active only in the production segment of the value chain. We are global, customer-diversified and capable of product development and thus a strategic partner to our OEM customers, capable of taking on engineering work typically performed by OEM customers themselves as well as influencing product design by co-developing products with OEM customers.

One of the factors influencing our revenue is the growth in vehicle sales and production. Although vehicle production growth rates tend to vary somewhat across geographical regions, global vehicle production as a whole has grown at a CAGR of over 3% over the past 10 years, registering only two year-over-year declines during that period, in 2008 and 2009. Even during the global financial crisis in 2008 and 2009, some regions proved more resilient than others, while some OEMs fared somewhat better than others. Global automotive suppliers with a diversified customer base, such as ourselves, may thereby experience less volatility in revenue and more stable growth than many of the OEMs.

The chart below shows the expected automotive production growth by key geographic region for the period between 2017 and 2021:



Source: IHS Automotive (March 2018).

More recently, the automotive industry has recovered strongly from the decline in production and sales as a result of the financial crisis, albeit with regional variations. Global automotive unit production growth increased at a CAGR of 3.5% between 2015 and 2017. This increase has been primarily led by strong growth in Greater China, which increased at a CAGR of 8.0%, as well as a result of the steady momentum in Western Europe, which increased at a CAGR of 2.1%. Going forward, global auto production growth is expected to sustain a steady increase, at an estimated CAGR of 2.2% in the period between 2017 and 2021. Growth during that period is expected to be led primarily by Greater China, the single-largest market globally, with an estimated increase at a CAGR of 3.0%, while other key geographies of North America and Eastern Europe are expected to grow their auto production at an estimated CAGR of 0.5% and 3.8%, respectively. Vehicle production growth in Western Europe is expected to remain flat between 2017 and 2021. South America, which recorded declines between 2012 and 2016, came back to growth in 2017, with an estimated CAGR of 7.7% between 2017 and 2021

Industry sources forecast that in the period between 2017 and 2021 there will be a higher CAGR with respect to sales in Brazil, Russia, India, and China and in other emerging economies than the one experienced in more mature economies, such as those of Western Europe. Notwithstanding the recent declines in the Brazilian and Russian markets, Brazil, Russia, India and Greater China's combined automobile production is expected to increase at an estimated CAGR of 4.0% in the period between 2017 and 2021, compared to a CAGR of 2.2% in the global market during the same period. Primary drivers of this trend are expected to be rising disposable incomes, along with currently lower car ownership rates. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets. In certain of these markets, such as China, there is already significant demand for new, premium brand vehicle models. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. The evolution of volume demand in these markets is taking place in parallel to an evolution of regulatory and industry standards modeled after those prevalent in mature economies. This trend not only offers automobile suppliers such as ourselves an opportunity to expand our business with our customers in these emerging markets, but it also is an indicator of the high predominance of steel over other more expensive materials, in the production of Body-in-White, Chassis and Mechanisms components in the industry for the foreseeable future.

Our Strengths

We operate in a growing market segment with favorable dynamics, and benefit from a geographically diverse footprint spanning 21 countries, with strong relationships with our OEM customers and a reputation for technological innovation, in particular in higher value-added technologies such as (i) hot stamping in our Body-in-White products, where we are a market leader with 84 hot stamping lines as of December 31, 2017, which is expected to increase to 92 in 2018, (ii) hybrid solutions involving steel pressings combined with other materials, in our Chassis products, and (iii) the first plastic door check and the first spindle drive for automatic lift-gates in the market, in our Mechanisms products. We believe these strengths have enabled us to increase our market share, win new business and increase our overall profitability.

Leading market position in large, protected and attractive segment representing highest overall content per vehicle

We believe that we are the leading supplier of metal components for Body-in-White products globally by revenue. In Chassis products, we believe that we are among the top three suppliers in the market, and in Mechanisms products, we believe we are the clear market leader globally.

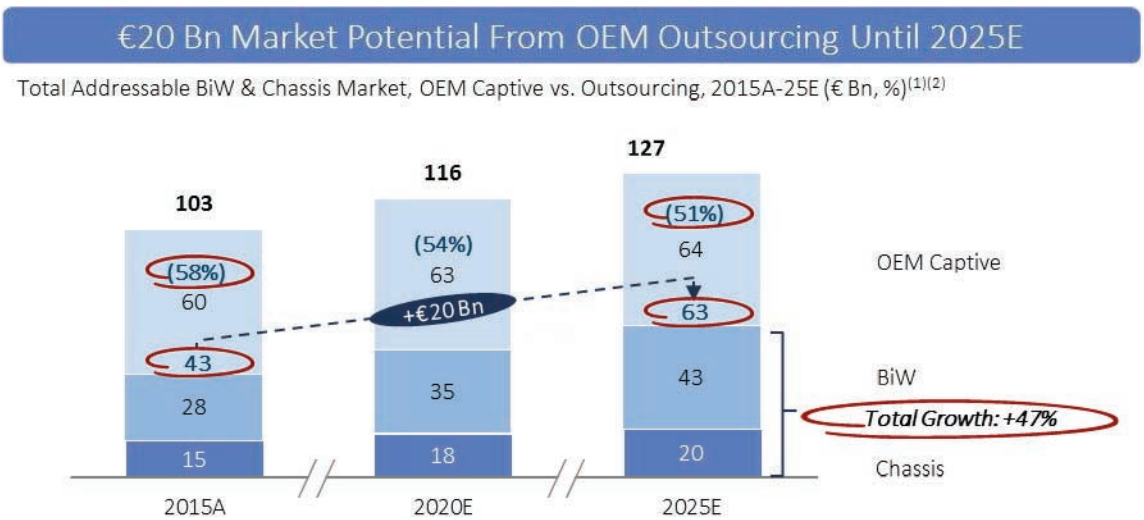
We have strategic and long-standing relationships with our largest OEM customers, which are based on confidence and an understanding established over many years of successful collaboration. We manufacture for over 900 vehicle models across approximately 92 brands and over 20 OEM groups.

As one of the world's largest suppliers of components and assemblies for light vehicles, we operate in a segment of the automotive industry that we believe requires participants to make significant investments, demonstrate high technical sophistication and possess a global footprint in order to remain competitive. We believe that we are one of only a few suppliers who can support an OEM during the early stages of product development and an even smaller number of suppliers that are capable of delivering solutions to complex projects. We do this on a truly global scale and a consistent and high quality basis across product portfolios, thanks to our ability to capture outsourcing projects from OEM customers and global footprint, as well as to our tooling capabilities. Our scale and ability to develop differentiated solutions for OEMs across a global footprint are critical to our success and differentiate us from local and regional suppliers, especially as increased outsourcing leads OEMs to entrust a fewer number of strategic supply partners with an increasingly high content of vehicle production.

Well-placed to substantially grow across the markets in which we operate and capitalize on current and future automotive market trends with minimal disruption risk from "car of the future" trends

We believe that our technological leadership, scale and extensive geographical presence have contributed to our financial and operational success and make us well-placed to substantially grow in the markets in which we operate. Global light vehicle production is expected to grow at an estimated CAGR of 1.9% between 2017 and 2025. During the period from 2008 to 2017, we have increased our organic revenues by a CAGR of 11.4%, while during the same period the CAGR of global light vehicle production has been 3.9% (per the IHS report). We believe we will continue to grow at a faster pace than global light vehicle production, capitalizing on the key trends in the automotive industry, including:

- *Outsourcing.* 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 advances achieved by strategic suppliers, such as ourselves, 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. For instance, nine of our plants are involved in supplying components for up to 50 versions of a vehicle for a project in Poland that requires significant skills and tooling capabilities. Furthermore, we benefit from economies of scale that our OEM customers find more difficult to achieve in their domestic markets. Driven by increased outsourcing, our addressable market of automotive components and assemblies is expected to grow significantly faster than the overall automotive vehicle market, and we believe we are uniquely positioned to capture this growth. The total addressable market for Body-in-White and Chassis is expected to grow from €43 billion in 2015 to €63 billion in 2025, as illustrated by the chart below.



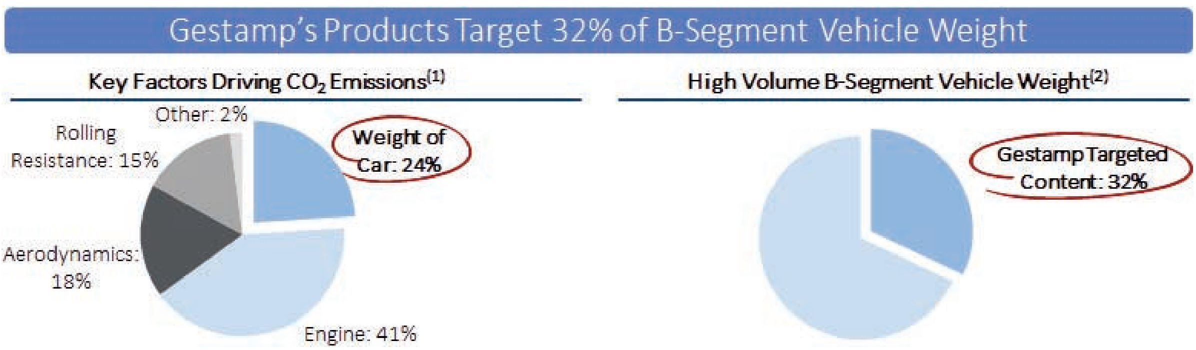
(3) Source: Roland Berger Study.

(4) Does not include Mechanisms market.

- *Common platforms and global models.* As OEMs gradually move towards platform standardization (in order to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes), they need large, technically and financially strong global suppliers that are capable of producing consistent and high quality products at competitive prices. As a result, global, reliable, multi-technology, high quality Tier 1 partners, such as ourselves, are increasingly taking market share from smaller, regional competitors, as these partners are in a better position to meet the OEM criteria. Furthermore, we believe we are strategically entrenched with our OEM customers as a result of our long standing, strategic relationships with them, which we believe gives us an advantage over certain of our competitors. Our ability to win platform contracts and maintain close, collaborative relationships with our OEM customers in turn leads to higher revenue visibility.

- *Increasingly stringent global CO_2 emissions regulations.* Automobile manufacturers, in order to meet evolving regulatory and industry-standard requirements in the markets in which they operate, are increasingly focused on weight and emissions reduction. This focus has initially been more intense in Western Europe, where standards generally have been more stringent than in other markets, but is increasing in North America and other markets as regulatory and industry standards continue to evolve. The technological expertise in light-weighting which we have developed in the European market is therefore increasingly in demand in other markets. We are a leader in developing lightweight components through hot stamping, which help our customers meet their CO_2 emission targets.

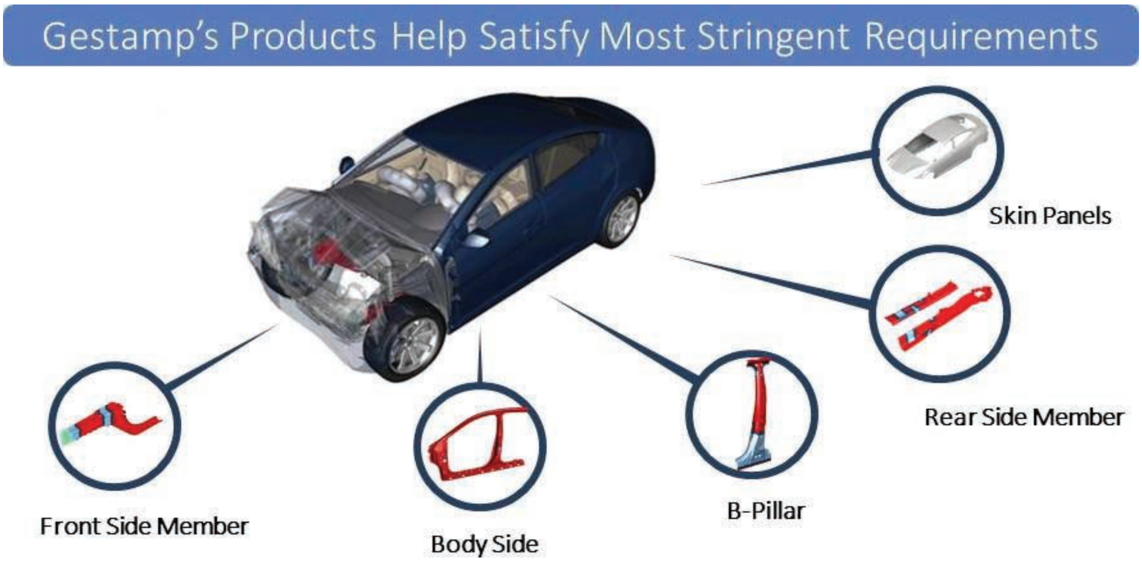
- Our significant R&D capabilities, leadership in hot stamping technologies and expertise in developing multi-material solutions enable us to provide innovative solutions to address OEM regulatory pressures in a cost-effective manner. The charts below set out the effect of our products on vehicle weight and, in turn, CO_2 emissions.



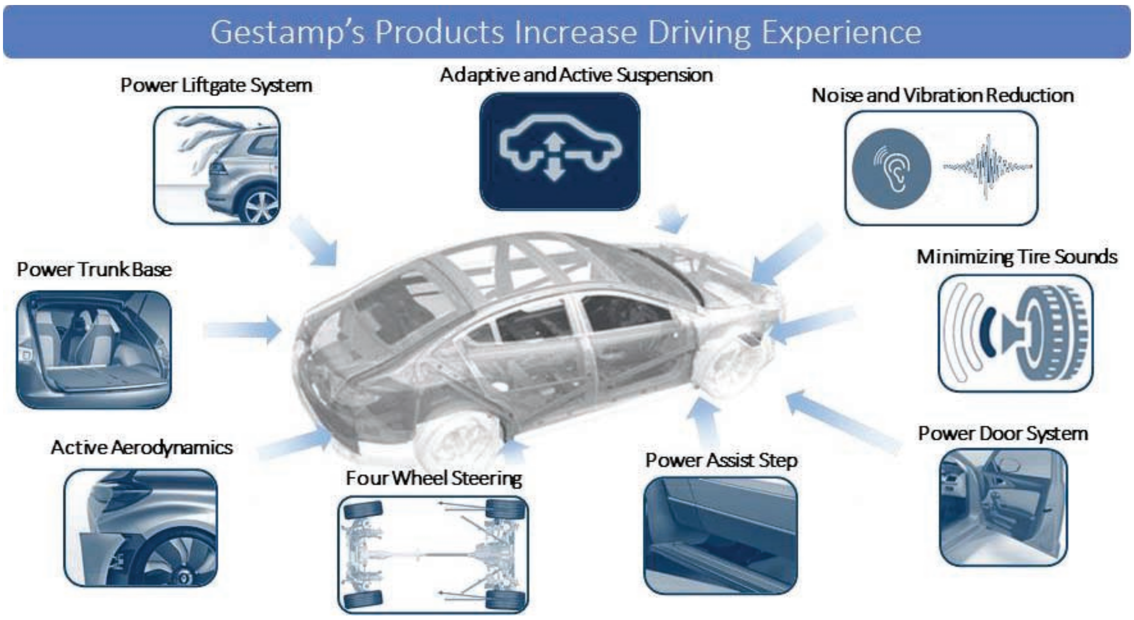
(1) Source: Automotive Circle International Insight Edition @ Ford USA 2015

(2) Source: A2MAC1 Global Automotive Benchmarking.

- *Increasing safety standards.* Our innovative, cost efficient products enable our OEM customers to comply with evolving safety regulations, which are becoming increasingly complex by addressing the full spectrum of vehicle safety. For example, our high strength and ultra high strength steel products significantly improve the ability of vehicles to withstand impacts. Also, we believe that energy absorption improvements in our Chassis and Body-in-White product portfolio increase driver and passenger safety by minimizing the effects of car-to-car side impacts while customized hood hinges in our Mechanisms product portfolio improve pedestrian safety. We believe vehicles will increasingly need to employ new technologies such as hot stamping, where we are a market leader, to satisfy stricter safety requirements, including car-to-car crash safety testing. The diagram below outlines our products which help our OEM customers to satisfy increasing safety requirements.



- *Higher comfort feature and dynamics.* Customers are becoming more focused on solutions that enhance the driving experience and provide additional comfort and dynamics. This is leading to an increase in demand of components such as power lift-gate systems, components that reduce noise and vibration, power door systems, power assist steps or sound minimizing tires, which we believe we are positioned to provide, as outlined in the diagram below.



- *Increasing importance of EVs.* We believe that we will experience minimal disruptions from future trends such as EVs or hybrid vehicles, autonomous driving and shared mobility models. Furthermore, we believe that EVs will enable us to provide more tailored, innovative products to increase our overall content per vehicle. In particular, EV and hybrid vehicles are generally heavier than other vehicles and while production materials may change over time, we believe that our expertise in developing lighter, safer components as well as our continued investment in our R&D capabilities will strengthen our ability to address current and future industry trends. For example, with Volkswagen we are developing a battery box concept for the electrical MEB platform, a Modular Electric Model line-up platform that will be used with a wide number of EVs, by applying various lightweight solutions, such as hot stamping.

Recognized technological leadership and well-integrated R&D capabilities

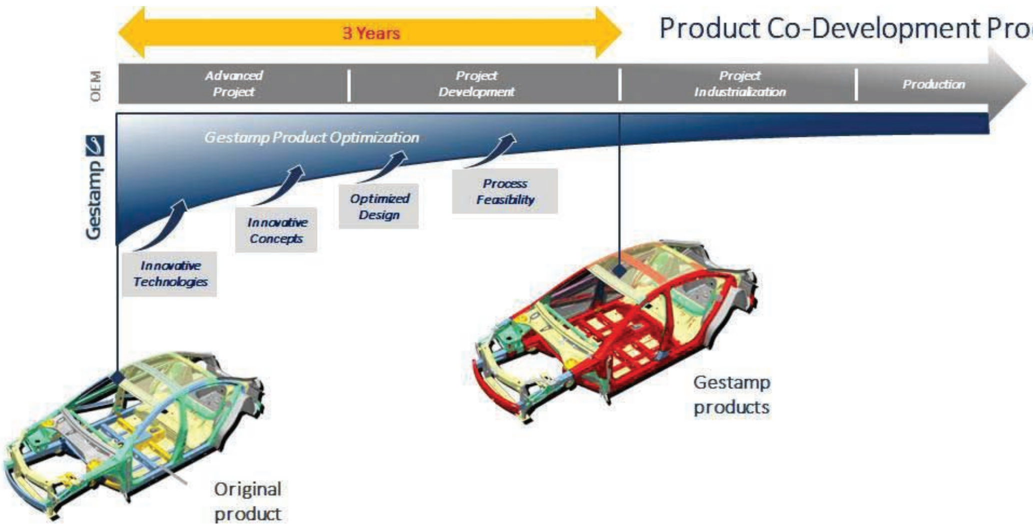
One of the global trends in the automotive industry is the increased focus on innovative and technologically advanced products that seek to address the parallel concerns of improved safety for passengers and road users and weight and emissions reduction. Our R&D capabilities and technological leadership, combined with our global footprint, enable us to capitalize on OEMs' needs evolving from these regulatory requirements.

We believe we are a trusted co-development partner to our OEM customers as a result of our long standing, strategic relationship with them, and our co-development programs with OEM customers have increased from four in 2010 to more than 250 across our Body-in-White, Chassis and Mechanisms divisions in 2017. Our innovative products and market-leading processes are developed through our R&D platform, which has a dedicated team of over 1,500 employees spread across 13 centers around the globe. We are committed to continued investment in R&D and, in November 2017, we announced the opening of a new R&D center in Shanghai, China. The main objective of this new facility is to strengthen our collaboration both with international and local OEMs in China. The aim is to develop this site together with our customers in order to improve manufacturing processes and products and reduce costs at the same time. Additionally, we replaced two of our existing R&D centers in Asia and North America with new, improved facilities in 2017. The R&D center in Auburn Hills, Michigan, was inaugurated in May 2017 and houses robotic prototype assembly cells, a laser cell, a durability performance test lab and complementary metallurgical and metrology labs. Designed with the needs of our customers in mind, the Auburn Hills R&D center ensures faster response and access to technical information required. The R&D center in Tokyo, Japan, was inaugurated in June 2017 and is equipped with simulation resources, including virtual crash tests and advanced simulation of hot stamping processes, which offer comprehensive vehicle development capabilities for Chassis and Body-in-White with very high standards within the global R&D network.

We are a recognized leader in industry innovations based on the recurrent number of co-development projects that we are awarded and our large portfolio of multi-material solutions. Many of our products are manufactured using our state-of-the-art technologies in hot stamping and other high strength steel stamping processes. We believe that this technology is becoming the new standard for a growing number of vehicle body components globally. Our expertise in products manufactured through hot stamping, which provide tailored material performance, deformation control and energy absorption potential, improved safety and reduced vehicle weight, differentiates us from our competitors. Furthermore, we are a strategic partner for certain important premium brands in aluminum chassis development and collaborate with such brands in light weighting and aluminum technologies. We are active in developing new material applications and joining technologies and believe that we are well-positioned as a multi-material solutions provider to employ suitable combinations of steel, aluminum and fiber components (or other materials such as carbon) in producing components for our OEM customers. For example, we were appointed to implement certain of our patented press hardening processes and improvements to Ford's initial design for certain vehicle components, which improved crash and rupture behavior and reduced product weight by approximately 16%.

Further, our sophisticated in-house tooling and project management capabilities, and our proven track record of successfully managing large, challenging projects complement our product development and technological expertise and have helped us win major project awards. For example, we have been entrusted with the manufacturing of the outside enclosures ("skin panels"), Body-in-White structural components and Chassis components in Chattanooga, Tennessee for the recently launched Atlas, Volkswagen's first midsize SUV to be produced in North America. This large-scale program award highlights our expertise in strategic products and processes such as Class A skin panels, hot stamping of structural components, and Chassis structures. We are also constructing a pressing plant in Slovakia near JLR's production facility that is expected to start production in mid-2018. This complete outsourcing, mostly of aluminum Body-in-White stamping for JLR, further exemplifies our OEM customers' tendency to entrust us with complex projects as we support them in their global expansion. Further, we have launched our first EV-Chassis production for a European OEM in the first quarter of 2018.

We are involved in the full cycle of the component supply process, often co-developing parts jointly with our OEM customers, which facilitates direct influence on product specifications. The chart below outlines the product co-development process from early idea to production.



For example, in Japan we developed press hardening technology onsite with Honda to reduce weight and increase safety in a cost effective manner. This co-development significantly enhanced our relationship with Honda, generating combined product patents that are jointly shared among Gestamp and Honda, the seventh largest OEM by production volume in 2017. This led to new orders at our West Virginia plant in 2014 for components for the new Honda Civic, which launched production in late 2015 and which also led to follow on awards in 2015 for components for the Honda CR-V (which was launched in October 2016), as well as the Honda Accord (which was launched in the second half of 2017). The Honda Civic, which won the 2016 North American Car of the Year Award, where safety is among the selection criteria, features our soft zone hot stamping technology.

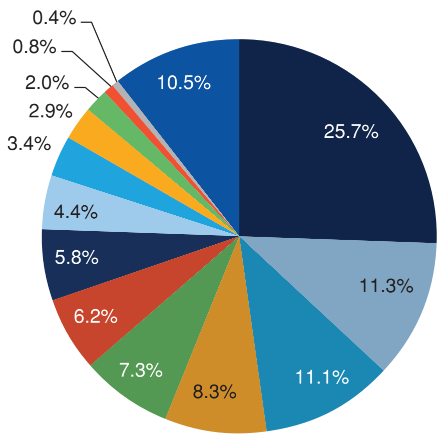
Supporting our innovative products and processes and in-house capabilities is the maintenance of rigorous quality management systems in all of our manufacturing plants and R&D facilities. Through regular internal audits we are able to ensure that our products and processes are monitored to the highest industry standards. We believe that these competencies and capabilities along the entire value chain, together with a high standardization of process equipment and process development, give us a competitive advantage over many other suppliers. In fact, these competences have already contributed to our competitiveness, for example, concept ideas developed first in 2011 (such as single shell lower control arms and single shell spring links) are today global market leaders.

Well-diversified portfolio of blue chip OEM customers

We have a large, diversified, global customer base, with long standing and trusted relationships established over many years of successful collaboration with each of the 12 largest OEMs worldwide and handle manufacturing for over 900 vehicle models.

The chart below sets out the breakdown of our customer base in 2017.

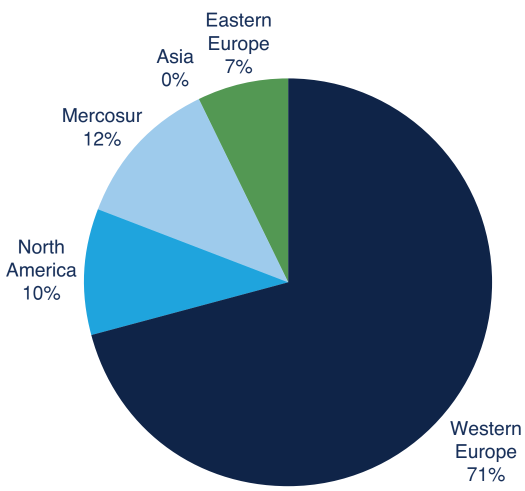
2017[1]
(% of revenues)



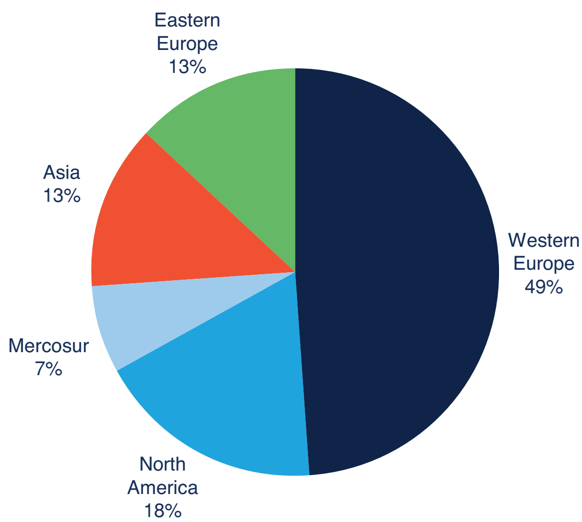
(1) Based on consolidated revenues from OEMs (excluding tooling).

We believe that our globally diversified revenue base makes us resilient to regional market fluctuations. For example, the recent declines in vehicle production in Russia and Brazil due to a challenging macroeconomic context have been offset by production growth in Asia, North America and Western Europe, while production in Asia and Mercosur during the global financial crisis in 2008 and 2009 mitigated the concurrent steep drop in vehicle production in North America. When Gestamp started its operations in 1998, only 27% of the revenues of the Group were generated outside of Spain. The chart below sets out the breakdown of our sales by geography in 2007 and 2017.

2007[1]
(% of revenues)



2017[1]
(% of revenues)



(1) Based on manufacturing origin of consolidated revenues.

The success of our geographical diversification is evidenced by the growth in the share of our total revenues originating in North America (10% for the year ended December 31, 2007) and Asia, where we had no presence in 2007 to 18.1% and 13.4% for the year ended December 31, 2017, respectively. Furthermore, the U.S. is now our third largest market, after Spain and Germany. We intend to continue our growth focus on North America and Asia, bolstered by our track record in winning new customers and new orders. We believe that these markets offer a strong potential for growth.

Furthermore, our joint venture with Mitsui has provided enhanced access to Japanese OEMs, as evidenced by deepening relationships with OEMs such as Honda, Toyota and Mazda. We believe that our technological leadership, particularly with regard to hot stamping structural components, offers solutions to Japanese OEMs that are superior to what is available within their traditional local and regional supplier networks. In addition, we see significant benefit in building relationships with local Chinese OEMs who are increasingly seeking our technologically advanced body and structural solutions. While for the year ended December 31, 2017, our revenues derived from Japanese OEMs amounted to only 7.0% of our total revenues, Japanese OEMs accounted for more than 30% of the global light vehicle production, creating a significant opportunity for us to grow. Similarly, our revenues derived from Chinese and Indian OEMs amounted to only 1.0% of our total revenues for the year ended December 31, 2017, while Chinese and Indian OEMs, taken together, accounted for more than 30% of the global light vehicle production.

We believe that our customer-focused approach to expansion has been key to our success. While we decide when and where to expand our market presence based on the economic and strategic merits of each particular business opportunity, we tend to expand in regional markets in line with our customers' strategic needs. Once we have established a strategic supplier relationship with an OEM customer, particularly in locations outside its home market, it becomes difficult for that OEM to switch suppliers, and we become well positioned to maintain or increase our business with that OEM. From operational, technical and logistical perspectives, OEMs often face substantial switching costs in replacing the supplier of a particular component or platform, particularly during the life cycle of a specific vehicle model. As a result, the supplier of a particular car model is also often chosen for subsequent generations of that model. This is largely due to the long lead time and significant investment required to set up the production and supply processes as well as the efficiencies and savings gained through experience with the manufacturing processes of particular products.

Our long standing and collaborative relationships with OEMs, highly advanced technological capabilities, global manufacturing and managerial footprint, significant operational scale and track record of financial stability provide us with an advantage over our competitors, entrench our strategic relationships with OEMs and encourage OEMs to entrust us with repeat and new business.

Increasingly growing global footprint

We have a geographically highly diversified global footprint with 105 production facilities and 13 R&D centres in 21 countries over four continents as of March 31, 2018. In addition, we have seven plants under construction, of which the acquisition of one production facility and one plant under construction are subject to the approval of the relevant competition authorities. Our customers often demand just-in-time and just-in-sequence component deliveries. Quality standards for many of the components we produce also require the distance travelled to the OEM to be minimized. These logistical and quality factors generally require that suppliers in our product segments be located close to OEMs' production facilities.

Our production facilities and R&D centers are located in close proximity to OEM R&D hubs and manufacturing plants, which allows us to provide services locally that are tailored to individual customer expectations. Furthermore, our proximity to OEMs enables us to have local-to-local supply chains almost anywhere in the world to facilitate just-in-time and just-in-sequence component deliveries, which are key to winning OEM mandates and maintaining OEM relationships.

Our extensive geographic reach, which we believe would be difficult to replicate without significant investment, provides us with an advantage over competitors by allowing us to deliver complex solutions on a global level and implement them on a local level, thus contributing to increased customer loyalty and in turn, higher revenue visibility.

High growth visibility and resilient business model

We have long-term and strategic relationships with our OEM customers. In our industry, once a project has been nominated to a preferred supplier, it is rare for an OEM to switch to another supplier, given the significant operational, technical and logistical costs of switching suppliers, particularly during the life cycle of a specific vehicle model. Given these factors, while the actual revenues which we derive from a project ultimately depend on our OEM customers' production volumes achieved for the respective car models, we have good visibility into mid-term revenues. Each year, most of our revenues are derived from projects that continue into following years, given that vehicle cycles last several years. Based on current order book expectations (sales excluding intercompany, scrap and tooling sales we expect to record based on assumed volumes converting to orders and shipments under contracts for vehicle programs that we have been awarded by OEMs), we believe that about 90% of the revenues we expect in the period between December 31, 2017 and December 31, 2020 will be generated by orders already in hand by the end of 2017.

In addition, we believe we have a strong track record of winning replacement business, including awards for content on subsequent cycles of car models for which we already manufacture components.

Furthermore, our disciplined capital expenditure program has and, we believe, will in the future continue to contribute to our revenue growth. Our capital expenditures are primarily comprised of investments in new manufacturing plants or increased capacity at existing plants and are tied to specific customer project mandates with high revenue visibility before investment commitments are made. When committing capital to new manufacturing plants or otherwise increasing manufacturing capacity, we are highly selective, focusing on contracts which allow us to meet our target project internal rate of return of 15%. Once a project is ongoing, maintenance and replacement capital expenditure is limited and relatively predictable. Our capital expenditures for the years ended December 31, 2017, 2016 and 2015 amounted to €796 million, €725 million and €622 million, of which approximately 33.0% qualified as recurrent capital expenditures in the year ended December 31, 2017.

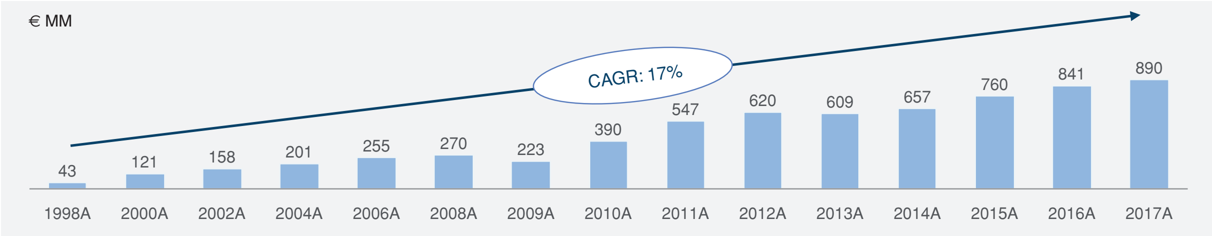
We have a variable and flexible cost base, with limited exposure to raw material price volatility and limited recurrent capital expenditure requirements once a project is ongoing. Raw materials represented on average approximately 38% of our sales over the past three years, with steel comprising over 90% of our raw material purchases. While steel prices affect our revenue and costs, historically, our profit margins have not been significantly affected by changes in steel prices. In 2017, approximately 63% of our steel was purchased through "re-sale" programs with customers, whereby our OEM customers periodically negotiate with the steel maker the price of the steel that we use for the production of automotive components. Any fluctuations in steel prices are directly adjusted in the selling price of the final product. In the case of products that use steel which is not purchased under "re-sale" programs, our OEM customers adjust our selling prices based on the steel prices they themselves have negotiated with steel suppliers. Historically, we have negotiated and agreed our purchase contracts with steel suppliers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal, and we intend to do so in the future.

In addition to our limited exposure to raw material price volatility, we have a low operating leverage, with fixed costs accounting for less than 19.4% of our revenues in the year ended December 31, 2017. A significant part of our labor costs, which have represented between approximately 17.9% and 18.2% of our total annual sales in the last three years, are semi-variable in nature and can be adjusted to meet business needs.

Our conservative risk profile also derives from our areas of product focus. The automotive component segment in which we operate is highly independent of the type of motorization, irrespective of whether the vehicle is gasoline or diesel, ICE or EV, or hybrid. Whether a vehicle has an ICE or is electrically powered, we are well-positioned to benefit from the current trends, as light weight and safety will continue to be key for our OEM customers. Therefore, we believe we are less exposed to the evolution of engine technology than other automotive suppliers. In fact, during 2017 our R&D teams have developed an innovative concept of battery box, a new product within EVs in which we have collaborated directly with the engineering departments of our OEM customers.

We have demonstrated increasing absolute EBITDA levels and stable, resilient EBITDA margins including during the economic downturn, with our EBITDA margin declining moderately to 11.0% in 2009 from 11.7% in 2008 and recovering in 2010 to 12.3%. As a result, we are able to focus on growth even during unfavorable market conditions. For example in Brazil, as a result of our flexible cost base and operational efficiency, we were able to maintain a stable EBITDA margin in the high single digits from 2014 to 2017 despite steep declines in light vehicle production in the region from 2014 to 2016. Furthermore, we have been able to maintain and improve conservative leverage ratios despite investing over €1.9 billion between 2015 and 2017 in tangible capital expenditures, largely for growth projects, a significant number of which have not yet reached full production capacity. For the years ended December 31, 2017, 2016 and 2015, our EBITDA was €889.9 million, €841.1 million and €760.3 million, representing a CAGR of 8.2%. We expect certain plants and projects to finalize full ramp-up in 2018 and 2019, and believe that this phase out of ramp-up costs, the expected recovery of certain auto production markets (where we have a significant presence), as well as our focus on new plants and expansion projects with higher EBITDA margins will help drive the increase of our overall EBITDA margin.

The chart below shows our EBITDA growth since our inception in 1998.



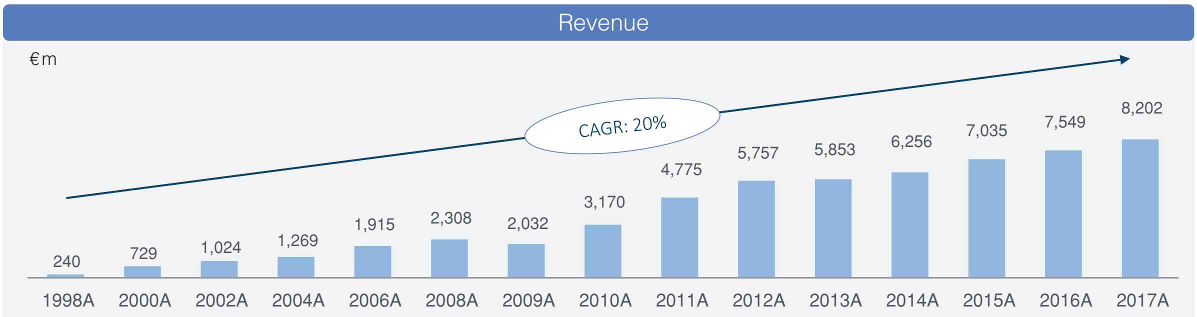
(4) Gestamp prepared its financial statements in accordance with IFRS for the first time in 2008. Prior to 2008, Gestamp prepared its financial statements in accordance with Spanish GAAP. IFRS differs in certain respects from Spanish GAAP, and accordingly data presented with Spanish GAAP may not be comparable to data prepared in accordance with IFRS.

(5) EBITDA numbers in 2010, 2011 and 2012 were impacted by the acquisitions of Edscha in 2010 and ThyssenKrupp's metal forming division (TK-MF) in 2011, respectively.

(6) Financial statements as of and for the year ended December 31, 2013 were restated to give effect to IFRS 10 and 11.

Similarly, our revenues have increased from €240 million in 1998 to €8,201.6 million for the year ended December 31, 2017, representing a CAGR of 20.4%. From 2009 to 2017 we have significantly outperformed some our peers, in terms of revenues according to their company filings.

The chart below shows our revenues growth since our inception in 1998.



Over the same period the global auto market, as measured by total units sold, has had a CAGR of 3%. Source: IHS Automotive (March 2018).

Highly experienced management team with proven track record and stable family ownership structure

Our management team has extensive experience in the automotive industry and most of our senior management have been with us for more than ten years while several key members of management have been with us for more than 15 years. Our management team has demonstrated a successful track record of achieving long term profitable growth over the economic cycle by maintaining double digit EBITDA margins even during the global financial crisis in 2008 and 2009 and successfully integrating sizeable acquisitions in 2010 (Edscha) and in 2011 (ThyssenKrupp Metal Forming), as part of an active and successful merger and acquisitions strategy. Furthermore, our management team has guided us to continuous growth since inception with revenue and EBITDA growing 255% and 230%, respectively, between 2008 and 2017. Our customer base has also expanded from including the seven largest OEMs in 2007 to the 12 largest OEMs in 2017. We have also experienced significant geographical diversification, largely due to access to Asian and North American markets. Sales in China represented 9.0% of total sales in the year ended December 31, 2017 as compared to the year ended December 31, 2007, when we had no presence in China and sales in North America represented 12.3% of total sales in the year ended December 31, 2017 as compared to 8.0% in the year ended December 31, 2007.

A focus on operational excellence across business divisions deeply entrenched in the company culture has been key to achieving our ongoing strategy of long-term value creation for our shareholders. Our ultimate controlling shareholders, the Riberas Family, have been instrumental in establishing and implementing our vision and strategy and continue to drive and support our profitable growth. The Riberas Family currently controls, directly or indirectly (through Acek and Gestamp 2020), approximately 71.27% of our issued share capital and intends to maintain ownership of more than 50% of our issued share capital, which will assist in maintaining our culture. Through its investment in Gestamp 2020, Mitsui currently indirectly has the economic benefit of 12.5% of our issued share capital. Mitsui also owns a 30% minority stake in our operations in North America and Mercosur. We expect Mitsui to accompany the Riberas Family as a long-term supportive shareholder in Gestamp. Our partnership with Mitsui has increased our traction with Japanese OEMs outside of Japan, and we believe that our continued relationship with Mitsui will facilitate greater access to Japanese OEMs, which are currently under-represented in our customer base.

Our Strategies

Our goal is to continue to be the global partner of choice for OEMs in Body-in-White, Chassis and Mechanisms in order to maintain our historical above market growth. To achieve our goal, our strategy, as set out in detail below, focuses on maintaining and strengthening our technological leadership, maximizing growth on the basis of our client-oriented business model, continuing a relentless focus on operational excellence and driving long term value creation by enhancing high standards of corporate social responsibility.

Maintain and strengthen our technological leadership

To maintain our position as a leader in the automotive supplier market, we intend to be at the forefront of developing technological capabilities, manufacturing processes and new materials for use in our products. We believe that our ability and experience in working closely with our OEM customers on the co-development of Body-in-White, Chassis and Mechanisms products further strengthens our reputation as a leader in industry innovation based on the recurrent number of co-development projects that we are awarded and our large portfolio of multi-material solutions. We will continue to invest in R&D to make the "car of the future" safer and lighter by using innovative solutions that apply new materials and technologies while maintaining cost efficiency.

Enhancing technologies and processes

Regulatory and industry standards are moving towards more stringent emissions and safety requirements. As a result, car production is shifting from the use of cold stamping, the main manufacturing process used by OEMs today, towards hot stamping, where we are a market leader. Hot stamping provides enhanced deformation control and energy absorption, improves vehicle safety and reduces vehicle weight. Currently, up to approximately 40% of the total Body-in-White of certain advanced vehicle models have been produced with ultra high strength steel through the use of hot stamping.

The automotive industry is currently focused on developing the defining components of the "car of the future". Thus, OEMs have been focusing on developing powertrain technology, platform design and more recently, new shared mobility technologies. To free up capital, OEMs are increasingly willing to outsource the production of certain vehicle components such as Body-in-White and Chassis components to a select number of strategic supply partners such as ourselves. We believe that as OEMs invest less in their in-house capabilities relating to certain areas of vehicle production, they increasingly turn to suppliers like us to reduce vehicle weight and increase safety, which ultimately translates into a higher content per vehicle for us as the value of these lighter parts is higher. This in turn has led suppliers, such as ourselves, to achieve certain technological advances, which OEMs find difficult to match in-house in price and quality. We are the largest global supplier of Body-in-White parts produced via hot stamping and our manufacturing capabilities cover the entire value chain of hot stamping, from manufacturing of our own dies to the production of the hot stamping lines themselves, which we believe represents a significant advantage compared to other suppliers. We have increased our hot stamping production lines from 16 in 2007 to 84 in 2017 (with 92 expected in 2018) and we also have eight tool shops in Europe, one in America and one in Asia.

In Chassis, we are developing innovative solutions for components, focused on weight reduction, passenger safety and cost savings by applying advancements in materials, technologies and processes, including hybrid solutions involving steel pressings combined with other materials and solutions tailored for EVs.

In Mechanisms, we have introduced the first plastic door check and the first spindle drive for automatic lift gates in the market, which enhances the passenger experience in entering and exiting vehicles, and we were the first supplier worldwide to introduce a hood hinge made from carbon fiber reinforced plastic, which reduces vehicle weight.

Developing new materials and combinations of materials

While we will continue to develop, in cooperation with the steel industry, additional types of steel for use in our products, we believe that the "car of the future" will be made from a combination of different materials in addition to steel. We believe that we are a leader in aluminum stampings for Body-in-White, particularly with regard to skin panels (which are the largest aluminum-based component in Body-in-White), and are an important supplier for several premium OEMs, including BMW and JLR with regard to their aluminum stamping needs. We are currently a strategic partner to a number of premium brands in aluminum chassis development and have successfully introduced multi-material solutions to our customers. Our Chassis R&D teams are also developing hybrid solutions involving steel pressings combined with other materials. While we believe the combination of high strength steel and hot stamping will remain the most cost effective means of producing automotive Body-in-White components in the medium term, we intend to strengthen our reputation as a multi material solutions provider by continuing to develop new materials and processes in producing components for our OEM customers. We also intend to focus on cultivating additional co-development opportunities with our OEM customers that facilitate our direct influence on product specifications, including materials used, which we believe would reinforce our position as a leader in industry innovation based on the recurrent number of co-development projects that we are awarded and our large portfolio of multi-material solutions.

Our investment in R&D is driven by our focus on improving fundamental characteristics of a vehicle such as weight, and safety through monitoring complete crash performance, deformation and energy absorption. We routinely showcase our R&D capabilities to OEMs globally, and in 2017 implemented several "Tech Shows" around the world to increase awareness of our technologies and strengthen our long standing relationships with our OEM customers. By continuing to invest in R&D, we believe that we can develop proprietary technology innovations while helping our OEM customers to improve vehicle safety, meet emissions targets and optimize costs, which together we believe will ultimately allow us to be one of a few key suppliers for OEMs across different geographies.

Maximize the growth potential of our client-focused business model

We believe that a key to our success is to be strategically close to our OEM customers, with regard to product development and the alignment of our geographical expansion strategies. Providing solutions to our OEM customers has made us increasingly critical to their success. We intend to continue to reinforce this strategy as a means to increase our share of content with the OEMs.

The foundation of our business lies in building long standing, collaborative relationships with OEMs by providing them with innovative, high-quality, cost-effective products in a timely, efficient manner. By further adapting to customer needs, we believe that we have become a trusted partner to our OEM customers and increasingly critical to their success. In addition, our senior management team has invested and will continue to invest significant time in cultivating and maintaining relationships with our OEM customers.

We prioritize customer relationships and believe that our customer-focused approach to expansion has been key to our past and current success. In particular, we believe that our close relationships with OEMs have provided us with insight into their individual needs, which in turn guides our own market expansion strategy. We believe that we are well-placed to support the needs of OEMs as they expand their business globally especially in light of the growing trend of outsourcing. Thus, we will continue to aim to be strategically close to our OEM customers both in terms of product development and geographical presence, with the aim of being the supplier of choice of OEMs, with a competitive advantage over other suppliers to capture market share.

In addition to our general growth and expansion strategy, we intend to target the following areas of focus:

Maintain leadership in the European market.

In Europe, we believe that we are the clear market leader for Body-in-White and Mechanisms and among the top three for Chassis in terms of revenue. We intend to maintain and improve our market presence and leadership in the European market by reinforcing the strong customer relationships that we already have.

Increase penetration of Asian OEMs

In order to be closer to markets with fast growing vehicle demand, Japanese OEMs, who generally tend to use their captive or semi-captive supplier networks, have been shifting more of their production facilities outside of Japan, which in turn has created opportunities for foreign suppliers like us to work directly with Japanese OEMs. As a result, we have been working on strengthening our relationships with Japanese OEMs. We believe that our track record of product innovation and technological leadership, particularly with regard to press hardening structural components, offers solutions to Japanese OEMs that are superior to components available from their traditional supplier networks. For example, we recently won mandates to supply components from our West Virginia plant for the Honda Civic, CR-V and Accord. Our Japanese OEM exposure has increased since our partnership with Mitsui in the U.S. began in 2013. We believe our continued relationship with Mitsui, who recently acquired 12.5% of our share capital, will facilitate even greater access to Japanese OEMs. On February 13, 2018, we acquired a plant from Scorpios Indústria Metalúrgica Limitada, a local group specialized in the manufacture of metal components in Brazil. The production facility has a workforce of 418 employees and recorded around €27 million in revenues in the year ended December 31, 2017. The Brazilian plant currently supplies Body-in-White components to the Japanese OEM Toyota. The acquisition reinforces our stated strategy of growing with Japanese customers, which currently account for approximately one third of global light vehicle production. In addition, we opened a new hot stamping plant in Matsusaka, Japan, in February 2017.

We also intend to develop relationships with OEMs in other Asian markets such as China, which is expected to remain the single largest market globally for automotive production. We see a significant upside in strengthening our relationships with local Chinese OEMs and already have a regional presence of eight production facilities with three new production facilities currently under construction. On January 25, 2018, we signed a joint venture agreement with BHAP, a Chinese company specialized in auto components, which is a subsidiary of BAIC Group, one of the major automotive companies in China. The BAIC Group is the fifth largest car manufacturer in China and is specialized in manufacturing locally branded automobiles as well as Daimler and Hyundai vehicles via its own joint ventures with these OEMs. This joint venture strengthens our presence in the country. The operation is subject to approval from the Chinese anti-trust commission and other government authorities. The new alliance improves our strategic position, in order to support not only Daimler, Hyundai and other non-Chinese brands in the Beijing area, but also BAIC's own vehicle brands in all of China. Outside of Beijing, Tianjin, and Hebei Province, we will continue to manufacture auto components to all non-BAIC clients outside of the joint venture.

We are also working to expand our presence in India, concentrating on high value-add products. We expect that local OEMs will increasingly seek our products to help them meet certain technological and quality challenges that domestic suppliers may not be able to adequately address.

Selectively increase market share in North America

In North America, we are a leading supplier to German OEMs and intend to maximize our technological leadership and existing regional footprint in order to develop and enhance relationships with U.S. and Asian OEMs in the region. We are currently building new manufacturing facilities and expanding the capacity of existing manufacturing facilities, including in the U.S. (Chattanooga I, Chattanooga II and Washtenaw) and Mexico (Puebla II Phase 2). Furthermore, emissions standards, which have traditionally been more stringent in Europe, have been tightened in North America. We believe that our expertise in developing and producing light-weight components, which help our customers meet CO2 emissions targets, makes us well-placed to increase our North American market share as OEMs become increasingly under pressure to comply with stricter emissions standards.

Drive organic growth through a disciplined capital expenditure program

Our capital expenditures are primarily comprised of investments in new manufacturing plants or increased capacity at existing plants and have been a result of disciplined growth tied to specific customer project mandates with high revenue visibility before investment commitments are made. Once a project is ongoing, recurrent capital expenditures are limited and relatively predictable. We intend to maintain our selective, disciplined capital expenditure program targeting growth projects which meet our target project internal rate of return of 15%.

Pursue strategic acquisitions

While we are primarily focused on organic growth, we have a strong track record of successfully integrating sizeable acquisitions, including Edscha in 2010 and ThyssenKrupp Metal Forming in 2011. We will continue to monitor the market for potential opportunities and may pursue selective acquisitions which support our strategy of offering our OEM customers optimized multi-material solutions for their light-weighting and safety requirements across a global footprint.

Guided by our continuing focus on building customer relationships, we intend to grow our business primarily by strengthening our position as a critical partner for OEMs worldwide, becoming a first choice supplier when OEMs expand into new markets or technologies and maintaining a focused growth strategy.

Relentless focus on operational excellence

Operational excellence is deeply rooted in our organizational structure and culture and we believe primarily driven by reliability and efficiency. As a result, we intend to focus on achieving and maintaining operational excellence by aiming to be a reliable supplier of consistently high quality products and by optimizing the efficiency of our internal operations.

Reliability

Product quality is a key concern for our OEM customers as each vehicle component can affect both vehicle functionality and user safety. Our expertise in project management on a global scale, as well as our in-house tooling capabilities, give our OEM customers the necessary confidence that we will be able to successfully execute high content, complex projects according to the required quality standards. We aim to build on our proven track record of successfully managing projects which were highly demanding, whether due to scope and size, technological complexity, timing of execution, or geographic location. Furthermore, we believe that the rigorous quality management systems in all of our manufacturing and R&D facilities are critical to our strategy and intend to continue to maintain and improve such quality standards. For example, we apply high standards of testing capabilities in our crash, vibration and modal and fatigue and dynamic tests to our Body-in-White components. To further enhance customer confidence in our consistent and high quality production capabilities, we began identifying key human resources talent across our organization and implementing standardized training programs globally in 2015 and intend to continue these initiatives.

We believe that our diversified footprint and revenue base, our consistent track record of meeting our customers' strategic needs in project execution, the maintenance of high quality standards globally, and our conservative financial policies, have demonstrated to our OEM customers that we are a reliable partner, which has led to an increase in the content that such customers have awarded to us. We intend to continue to align our expansion to the strategic needs of our OEM customers in order that we become the supplier of choice to accompany OEMs as they enter new markets.

Efficiency

We believe that operational and management efficiency is crucial for Tier 1 suppliers, such as ourselves, to remain competitive in our industry where quality, price, supply chain management, client services and technological capabilities are all important criteria tracked by OEMs to select their preferred suppliers. As a result, we have designed our organizational structure to maximize operational efficiency as our business units are centered around customers, products, process innovation and R&D while our geographic divisions are focused on improving manufacturing processes and profitability such that each manufacturing facility can be tracked as a profit center.

Over the last few years, we have been implementing standardized corporate processes that complement our organizational structure in order to improve both operational and management efficiency and we intend to continue to focus on executing these initiatives, including the following:

- Requiring each manufacturing facility, group division and business area to track key performance indicators on a monthly basis;
- Measuring the performance of our manufacturing facilities through a standard system focused on tracking efficiency, production rates and saturation rates;
- Tracking production capacity across our manufacturing facilities in order to optimize their use;
- Standardizing all business and operational processes across our organization;
- Increasing the "intelligence" of our processes with our "Industry 4.0" plan, which through the comprehensive analysis of the performance data from our production facilities, will enable us to create standardized, reliable processes and streamline the management of our production facilities;

- Standardizing management of customer projects to improve transparency and collaboration as well as efficiency;
- Reducing energy consumption in our manufacturing facilities through an energy monitoring system developed together with internationally recognized technology partners;
- Consolidating performance data and know how in order to be able to access any piece of information in real time at any facility worldwide; and
- Managing our supplier base through a global platform that tracks supplier performance, risk and regulatory compliance while streamlining the order process.

Underlying our focus on maintaining operational excellence is a strong company culture focused on long term growth that has resonated since our inception primarily due to the continuing influence of our ultimate controlling shareholders, the Riberas Family. We intend to continue to partner and collaborate with those that we believe will positively contribute to our development such as Mitsui.

Focus on long term value creation by maintaining and enhancing high standards of corporate social responsibility

Supported by our strong track record in regulatory compliance, internal controls and risk management, we seek to build on our transparent and strong relationships with all of our stakeholders, enhancing our ties in particular with our employees, suppliers, investors, as well as other social and institutional bodies governing the sectors in which we operate. We aim to achieve this by continuous improvement in our management processes, such as corporate governance and regulatory compliance, maintaining an ongoing dialogue with our stakeholders and regulators, maintaining the highest standards of internal compliance and proactively addressing wider issues affecting our industry such as emissions standards, waste management and other environmental initiatives. In addition, we have participated in and intend to maintain our commitment to social and community initiatives, in particular to educational programs that provide young people with technological training.

Key Trends Affecting us and our Industry

The global automotive market is characterized by various global megatrends. These trends can be summarized in (i) technological and regulatory trends, (ii) geographical trends and (iii) trends related to the current strategy of OEMs.

Technological and regulatory trends:

- Increasingly stringent global regulations and standards related to emissions.
- Increased focus on active and passive safety.
- Increasing focus on comfort features and dynamics.
- Use of non-internal combustion engines, particularly electric vehicles.
- Global vehicle production.

Geographical trends:

- Regional shift towards emerging markets.
- Market recovery in Russia and South America.
- Localized production.

Trends related to the current strategy of OEMs:

- Outsourcing parts of the production process to reduce capital requirements.
- Movement towards common platforms and global models.
- Autonomous driving technologies and shared mobility.

All these trends support us favorably, as vehicles will require a Body-in-White and Chassis and we expect that products with enhanced features like the ones we produce in Mechanisms, will become more widely applied.

Our Shareholders and History

On December 22, 1997, the Riberas Family founded Gestamp Automoción, S.A. with the aim of becoming a leading supplier in the automotive sector. Soon after our incorporation, we entered strategic automobile markets such as Germany, France and Brazil.

In 2004, we entered the U.S. market with the acquisition of our first manufacturing plant there and by acquiring the Hardtech Group, a Swedish group specialized in hot stamping that was already established in the United States. This acquisition allowed us to improve our technological competencies with the most innovative hot stamping technology. From 2006, we continued our expansion in new markets in Asia (Korea, India and China) and Eastern Europe, and continued our growth in the Americas and Western Europe.

In 2009, we acquired LSP Automotive Systems LLC, a U.S. subsidiary of the German group Läpple and supplier of BMW which was facing financing problems. The acquired subsidiary was renamed to Gestamp South Carolina, LLC. Through this acquisition we supported BMW in a critical situation while we enhanced our presence in the U.S. and became a reference supplier to BMW.

In 2010, we acquired Edscha, a German leader in automotive closure systems in terms of revenue and product portfolio, with 14 plants and two R&D centers across nine countries, which allowed us to further extend our product portfolio with the incorporation of our current Mechanisms division. Following this product oriented growth strategy, in 2011, we acquired ThyssenKrupp's metal forming division (TK-MF), adding 17 plants and two R&D centers to our production center network, and in particular, an important Chassis division.

On July 3, 2013, Mitsui acquired a 30% minority stake in our operations in North America and Mercosur, allowing us to enhance our overall relationships with Japanese OEMs and support our strategy for deepening supply relationships with Japanese OEMs outside of Japan.

On February 1, 2016, Acek (the Riberas Family industrial holding) purchased ArcelorMittal's 35% stake in Gestamp Automoción, owned since 1998, for a cash consideration of €875.0 million. ArcelorMittal continues its commercial relationship and cooperation with us (supply of processed steel and collaboration in automotive research and development) and continues to own 35% of Gonvarri. Furthermore, one ArcelorMittal Group representative sits on our Board of Directors as a director classified under the category of "other external" (i.e. cannot be classified as an "independent" or "proprietary" director) pursuant to an agreement between Acek and the ArcelorMittal Group. See "Shareholders and Certain Transactions".

On December 20, 2016, Mitsui and Acek (together with some of its affiliates) signed an investment agreement, in relation to Mitsui's acquisition of 12.525% of our share capital through Gestamp 2020 S.L., a special purpose vehicle wholly-owned by Mitsui (25%) and Acek (75%), for a consideration of €416 million. The transaction was completed and closed on December 23, 2016.

On April 7, 2017, we made our debut as a publicly listed company on the Spanish stock exchanges, selling 156,588,438 shares, which rendered an initial market capitalization of €3,222 million. As of December 31, 2017, our total free float amounted to 28.73%. The remaining shareholding of 71.27% is controlled (directly and indirectly) by Acek, being 58.745% owned by Acek and 12.525% by Mitsui.

Acek was incorporated under the name Corporación Gestamp, S.L., before the change of its legal name was adopted in a shareholder's meeting on February 5, 2015. Since its foundation, Acek has expanded its holdings to companies active in (i) automotive components, through Gestamp Automoción and its minority stake in CIE Automotive, S.A., (ii) other metal industries, through Gonvarri Corporación Financiera, S.L., (iii) renewable energy, and (iv) other businesses, including real estate. Acek carries out commercial and financial transactions with the companies of Grupo Acek under the terms and conditions established among the parties on an arm's length basis. Acek is wholly owned by the Riberas Family who has been supportive of our vision, strategy and growth throughout our evolution. The Chairman and Vice-Chairman of our Board of Directors are members of the Riberas Family.

Our Products

We produce a diverse range of products, many of which are critical to the structural integrity of a vehicle. Our product portfolio covers Body-in-White and Chassis, Mechanisms, as well as tooling and other services. We focus on innovation in the design of our products with the fundamental goals of promoting vehicle weight reduction, therefore reducing harmful CO2 emissions and overall environmental impact, and improving vehicle safety, thereby increasing the protection of passengers, other road users and pedestrians.

Body-in-White and Chassis

Body-in-White

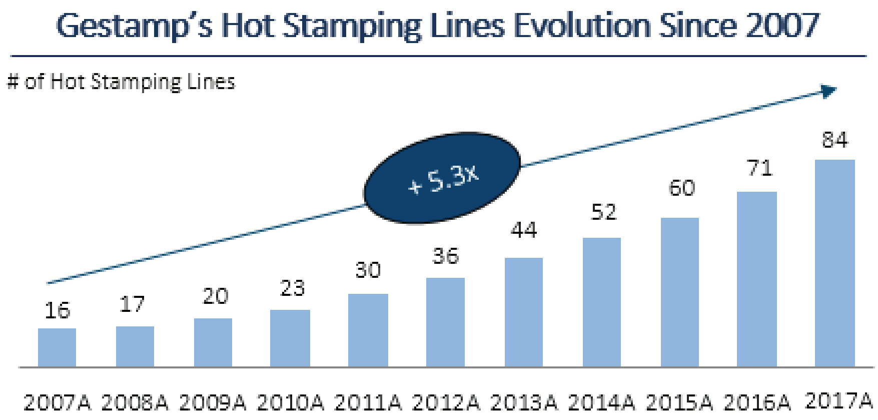
Our Body-in-White product lines are comprised of component parts and assemblies, such as hoods, roofs, doors, fenders and other "Class A" surfaces and assemblies, which are used to create the visible exterior skin of the vehicle. Because these component parts and assemblies form the visible exterior of the vehicle and therefore its outward appearance, they require consistent and flawless surface finishes. This product line also consists of structural and other crash-relevant products, such as floors, pillars, rails and wheel houses, which together with the exterior skin component parts and assemblies, form the essential upper and under body (platform) structures of an automobile.

Product Category	Typical Products
Exterior	• Bodyside • Panels • Roofs • Hoods • Fenders • Skin Bumpers
Structure/Crash relevant	• Floors • Rails • Dash cross members • A-Pillars • B-Pillars • C-Pillars • Door rings • Bumpers • Impact beams • Wheel houses
Other	• Cross car beams • Battery boxes

Our Body-in-White product lines consist of component parts, as well as the complex assemblies which are made up of multiple component parts and sub-assemblies joined together to form major portions of the vehicle's body structure.

In 2017, we have developed 13 hot stamping lines in 10 production facilities, 3 R&D centers and 2 tool shops. We believe we are the clear leader in Body-in-White globally based on IHS data relating to the volumes of the OEM platforms where we are present.

The chart below sets out the evolution of our hot stamping lines since 2007.



Chassis

Our Chassis product lines are comprised of systems, frames and related parts, such as front and rear axles and links, control arms and integrated links, which are used to create the essential lower body structure and carry the load of the vehicle. These structures are critical to overall performance of the vehicle, particularly in the areas of noise, vibration and harshness, handling and crash management. Chassis structures include metal stampings that provide structural integrity in crash scenarios, are critical to the strength and safety of vehicles and also include a wide variety of stamped, formed and welded suspension components.

Product Category	**Typical Products**
Front / Rear subframes	• Cross members • Perimeter & Multilink frames • Rear axles
Links/Control arms	• Front / Rear control arms • Front / Rear knuckles • Trailing arms • Single / camber links • Spring links
Other	• Safety systems • Longitudinal beams • Cradles

We are working to further diversify our Chassis footprint, focusing in particular on constructing new plants in North America and Asia, in order to achieve a more balanced division of revenue across geographical regions by 2020. We believe we are among the top 2 suppliers worldwide and number 1 in Europe of front sub-frames and front lower control arms; among the top 3 suppliers worldwide and among the top 2 suppliers in Europe of rear sub-frames and rear suspension arms, based on the volumes of the OEM platforms we supply.

Mechanisms

Our Mechanisms product lines include mechanical components such as hinges for doors, hoods, and trunk lids, door checks and door hinges with integrated door checks that join the vehicle's body with the moving parts and that enable the user to open and shut the vehicle's doors, front and rear lids and lift-gates. Mechanisms also include powered systems that allow automobile doors to open and close electronically and by remote activation. This product category also includes driver control products such as parking brakes and clutch or brake pedals.

Product Category	Typical Products
Body components	• Door checks
Powered systems	• Hinge systems
Driver controls	• Powered systems
	• Parking brakes
	• Pedal boxes

The primary technologies and processes involved in the manufacturing of our Mechanisms products include, among other things, stamping, sawing, milling and plastic injection molding. See "Manufacturing Processes".

As of December 31, 2017, 5,518 employees worked in this business unit. We believe we are the market leader in Europe and worldwide in door, hood and rear hinges and door checks and among the top 3 suppliers in powered systems based on the volumes of the OEM platforms we supply according to IHS data. We intend to focus on growing our presence in North America and Asia in the Mechanisms segment.

We believe that our Mechanisms segment has an attractive growth profile which is driven by a relatively high demand for these components arising from the trend of car automatization, including the introduction of more sophisticated powered systems.

Tooling and Other Products

We have extensive in-house capabilities in the design, engineering, manufacturing and servicing of dies and tools in support of our customers. We also have in-house press manufacturing services. Additionally, we provide engineering support services, independent of particular production programs. See "—Manufacturing Processes".

In addition, we typically sell the scrap steel that is generated by our manufacturing processes in secondary markets, the revenue from which is allocated between our Body-in-White, Chassis and Mechanisms products lines according to where the scrap was derived. We generally share our recoveries from sales of scrap steel with our customers either through scrap sharing agreements, in cases where we utilize steel re-sale programs, or in the product pricing that we negotiate with customers, in cases where we purchase steel outside of re-sale programs.

Manufacturing Processes

Since our foundation in 1997 we have evolved significantly from a limited-technology company based only on cold stamping, to a multi-technology company with diversified technological capabilities. We now have a broad technology portfolio and capabilities across the value chain, including (i) in-house die/tool manufacturing capabilities; (ii) a wide range of forming technologies from press hardening (hot stamping) to cold forming technologies such as roll-forming and hydro-forming, in addition to the full range of cold stamping processes; (iii) advanced assembly technologies such as remote laser welding and Metal Active Gas ("MAG") welding; and (iv) finishing technologies such as powder coating and cataphoretic painting. For example, as part of our work on multi-material solutions for our customers, we have used fiber-reinforced plastic ("FRP") in numerous prototype development projects. We seek to improve and develop new material applications and joining technologies and believe that we are well positioned as a multi-material solutions provider to employ the most suitable combinations of steel, aluminum and all types of FRP for our OEM customers.

Die or tool manufacturing

Dies or tools are the common terms for the equipment used in the stamping and forming processes to cut or form raw material into a required shape using a press. Our in-house tooling capabilities cover the entire tooling value chain from the initial process of die design to the secondary phase of prototyping, patterning, casting, machining and setting the die through to try-out verification, quality checks and logistics. We are recognized as one of the few suppliers that have in-house tooling capabilities that can address the manufacture of parts that comprise the visible exterior skin of the car (also called "Class A" parts) such as doors and hoods. Critical phases such as follow-ups and quality checks are carried out globally by dedicated teams. Our customers recognize us as one of the few suppliers that have the internal capacities for developing and manufacturing tooling for hot stamping.

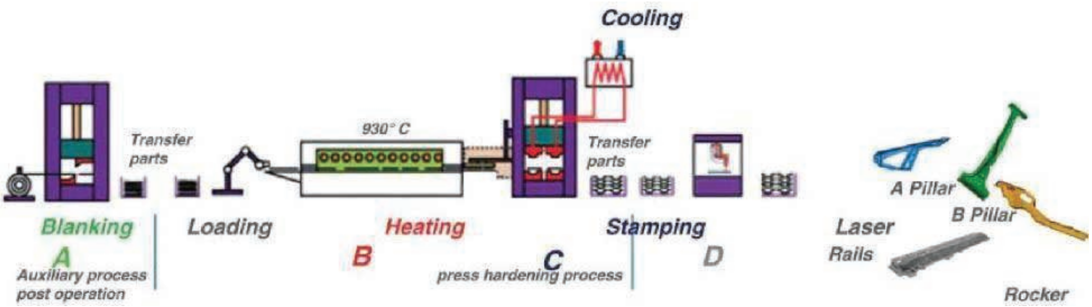
Forming

Press Hardening or Hot Stamping

Press hardening is an innovative process by which advanced ultra-high strength steel is formed into complex shapes more efficiently than with traditional cold stamping. The process involves the heating of the steel blanks until they are malleable, followed by formation and then rapid cooling in specially designed dies, creating in the process a transformed and hardened material. Because of this ability to efficiently combine strength and complexity, press hardened parts accomplish in one relatively light-weight piece what would typically require thicker, heavier parts welded together in more than one process under cold stamping. Press hardening parts therefore currently represent one of the most advanced lightweight solutions for the car body structure that simultaneously allows us to improve crash performance and the fulfillment of passenger safety requirements.

We believe that car production is shifting towards the use of press hardening technology, where we are a market leader. Press hardening provides enhanced deformation control and energy absorption, improves vehicle safety and reduces vehicle weight. In addition, OEMs are increasingly looking for materials which seamlessly integrate these new technologies and safety measures while ensuring a high level of parts design flexibility, as design and specifications are impacted by regulations.

Set out below is a graphic description of the basic process of press hardening.

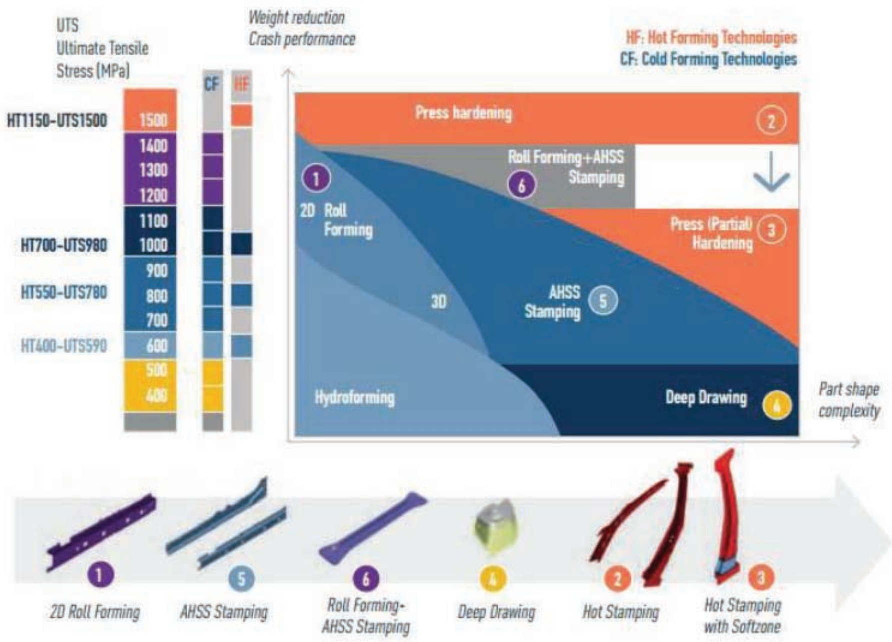


The press hardening process is comprised of four main steps. First, sheets of material are cut into blank units by a blanking line. The blanks are then loaded into an automatic furnace and heated over a defined period of time to 930°C. After the heating process is complete, they are transferred into a press. Immediately upon transfer into the press, the material is stamped to a complex shape while being cooled at a minimum cooling rate of 50°C per second while inside the die. The newly produced part has an ultra-high strength of 1500 Mpa, as opposed to ca. 550 Mpa with cold stamped boron steel. Following this process, the produced part needs to be cut and pierced using a laser.

We are the largest global supplier of press hardened parts and, our press hardening production lines cover the entire value chain from the manufacturing of our own dies to production lines. The majority of the hot stamping lines we are investing in are manufactured by our subsidiary, Loire Sociedad Anónima Franco Española. By manufacturing our hot stamping lines in-house, we are in a position to better develop the technology and improve the manufacturing process in order to meet our OEM customers' needs.

The close cooperation between our R&D and process know-how has resulted in the creation of a highly sophisticated "Tailored Material Property" or "TMP" design. TMP is a specific press hardening process with which we can produce different strength levels in different areas of the same part, using the same equipment inside the dies but controlling the different hardening temperatures during the cooling process. Press hardening using the TMP design process is changing the car body architecture. By creating deformable soft zones, TMP technology allows us to provide new product offerings that improve crash performance and controlled car body deformation than other products. Using the TMP design process, we are also able to achieve up to 20% weight reduction when compared with other products made using traditional methods.

The graphic below illustrates the various technologies and materials used for the part shape complexity as a function for weight reduction crash performance:



Cold Forming

Cold forming technologies include forming operations in different types of machines. Sub-categories of cold forming include roll forming and hydro-forming. Cold forming allows us to manufacture a range of parts from small reinforcement parts to a complete car body side.

Cold forming involves the transformation of a sheet of metal at room temperature inside a forming die under pressure. We operate various kinds of cold forming presses with different automation concepts with press forces ranging from 200 tons up to 2,500 tons. In order to achieve complex forms, parts must be pressed or stamped and cut in several steps, under different press technologies. Depending on the size and shape of the part, we can choose the press process operations used to stamp the parts. For instance:

- For large parts, we use tandem presses where the material is moved by robots from press to press in five or six operations.
- For medium size parts with cupped shapes, we use transfer presses, where the material is moved inside the die by transfer bars in up to six operations. During the transfer press stamping process steel coil sheet is fed into a press and a blank is created where the material is cut from the coil strip. The blank is then pushed or transferred to the next station where the rough cup is created. The cup is then transferred by mechanical fingers to one or more subsequent draw stations until the rough, final shape has been created. The part is then transferred into additional stations that are used to establish critical diameters and lengths, features, and forms.
- For small size parts, we use progressive presses, where the material is always connected with the stamped part in the material strip and the finished part is separated from the strip after several forming and cutting operations. Progressive presses are mainly used for some deep draw stamping

where the length to diameter ratio is low and part side features are not required. In progressive presses, the steel coil sheet is not cut, but is fed through the press. After several forming and cutting operations, and only once finished, the stamped part is separated from the material strip.

We operate presses in the upper range of forces of greater than 1,000 tons and consequently we are able to stamp high strength materials, which have a typical strength up to 1,000 MPa. Ultra-high strength steels are an important part of weight reduction solutions for the car body structure and have a significant impact where material thickness and strengths are required.

Roll forming is a cold forming process, where a coil strip is subjected to a bending operation by passing the strip through sets of rollers resulting in continuous deformation. Each set of rollers performs an incremental part of the bend, until the desired cross-section profile is obtained. This process is ideal for producing parts with constant profiles, long lengths and in large quantities. We operate several variations of roll forming and can also perform automatic cutting, piercing, separating and laser welding. With this range of capabilities we can manufacture parts with minimum material usage.

Hydroforming is a specialized type of cold forming that uses a high pressure hydraulic fluid to press room temperature tubes into a die. The process consists of pre-bending a metallic tube and placing this pre-shaped tube inside a die with the desired cross sections and forms, and applying pressure to the inside of the tube held by the die. During the blowing or forming of the tube held in the die, holes can be pierced into the tube thereby avoiding secondary operations in most cases. Hydroforming allows complex shapes with concavities to be formed, which would be difficult or impossible with standard stamping. Hydroforming is considered to be a cost-effective way of shaping metal into lightweight, structurally stiff, complex and strong pieces. One of the advantages of using this process is that it enables us to create a three dimensional tube that in ordinary cold stamping could only be manufactured by welding two shells together. The ability to deform thick materials makes this technology useful for chassis applications in particular.

Assembly

During the assembly stage, we effectively combine components of all our different manufacturing processes using welding, clinching and adhesive technologies. Our factories use the most advanced technologies for assembling complex parts such as complete chassis and engine cradles using advanced assembly technologies such as metal inert gas welding ("MIG") or metal active gas welding ("MAG"). For advanced light weight products such as ultra-high strength steel and press hardening parts, we use mainly solid state disc lasers for cutting and cutting-edge laser welding and plasma technology of blanks for welding purposes in addition to resistant medium frequency (MF 1000Hz) spot welding technology for the assemblies. Our welding cells are typically highly automated and we use robots to perform several of the most precise operations inside the welding cells to achieve maximum cost reduction and ensure we produce the highest quality assemblies.

We use a special process of laser welding in all the different aspects of our production. For instance, the Tailor Welded Blank ("TWB") process involves the welding of two flat metal blanks, thereby creating a single product with different thicknesses or comprising several different types of materials. TWB products are important in the weight reduction of the car body structure and can be combined with any types of material for cold forming and press hardening.

Laser welding technology is not limited to flat material welding and is used also to weld different parts into an assembly. The advantages of laser welding are the very short time cycles and minimal deformation due to the reduced thermic effect.

Finishing

We use various finishing technologies such as shot blasting, zinc coating, powder coating and cataphoretic painting on our products. Shot blasting is used to clean surfaces such as uncoated steels, mainly in press hardening and to prepare parts for welding and painting. Zinc coating is used for maximum corrosion protection and is applied to chassis components. Powder coating and painting operations are the basis for any assembly for normal corrosion requirements. Finishing is always a fully automated process so as to guarantee the highest quality finish and to meet pre-agreed product specifications and requirements.

Processes specifically used in our Mechanisms segment

Certain products in our Mechanisms segment are produced using specialized manufacturing processes. For example, hinges are made of three different raw materials with different manufacturing processes. We may use sheet metal and use a stamping process in progressive dies. We may also use other raw materials such as profiles, which are first sawn and then finely milled and profiled by automated milling centers. The manufacture of hinges involves partial zinc coating and the final assembly on specific assembly-lines with screwing and riveting processes. The manufacture of door checks involves plastic injection molding. The manufacture of driver controls may additionally involve cataphoretic painting. Powered systems production is mainly based on the assembly of purchased electrical and mechanical components on customized assembly lines.

Operations

With the aim of addressing our customers' global needs and to ensure a homogeneous operational model throughout our plants, we have implemented a global management system called GPS (Gestamp Production System) which is based on the principles of Lean Manufacturing. Based on the geographical, the level of development of each production facility and the launch of new projects, we choose the most suitable technological options for each plant.

That our equipment and facilities work at an optimal level is key to our production model, where unscheduled shutdowns may adversely affect our production capacity and therefore our ability to serve our clients on a timely and adequate manner. Therefore, we have implemented a global preventive maintenance program that covers certain pieces of our industrial equipment in order to increase their availability, durability and the optimization of their cost. To maximize our existing assets, we have developed a global strategy to identify multi-purpose industrial installations and equipment in order to reuse them in future projects.

Our production facilities comply with and maintain all international certifications required by our customers, becoming a key part of the Gestamp Quality System (GQS). The Corporate Quality team thoroughly monitors new strategic products. Further, the performance, efficiency and quality of our operations in our production facilities are analyzed by the Group's Technical Office and the Group's Quality Management office respectively, to define action and improvement plans if and when needed. Periodically, the Group's management team also analyzes the management of our production facilities through industrial and quality indicators and supervises project implementation.

Our sophisticated and global in-house tooling capabilities have facilitated the delivery of a superior and differentiated service relative to some of our competitors who lack these capabilities in-house. Our presence across the full value chain provides us with higher visibility around execution and timings, increased flexibility to work around tight deadlines and urgent client requests, as well as an enhanced ability to innovate across the value chain, which together have resulted in a differentiated and superior ability to address our customers' needs. We are recognized by OEMs as one of the few suppliers with in-house tooling capabilities, which together with our expertise in managing large and complex projects has been instrumental to win major projects awards.

During the last few years, we have promoted energy efficiency within our business model as part of our environmental commitment to reduce CO_2 emissions, focused initially in those production facilities with the highest levels of energy consumption within the Group. The definition of energy saving targets and the identification of energy efficiency measures have allowed us to reduce energy consumption and the level of CO_2 emissions throughout our production facilities. Further, best practices and related know-how have also been shared across our production facilities.

"Industry 4.0"

Our "Industry 4.0" initiative aims to create more efficient production facilities and more consistent and reliable processes through the analysis of our internal data. We believe that a comprehensive analysis of the data of our production facilities at all levels will speed up and facilitate the decision-making process regarding the management of our production facilities. We are thus launching a mix of pilot projects with different scopes and approaches in order to allow us to evaluate and optimize the implementation of our "Industry 4.0" strategy in different manufacturing processes. We believe that the addition of each individual project will facilitate a "Connected Plant" that allows us to digitalize the Group's internal know-how to be accessed at any of our facilities worldwide.

As an example, we currently have ongoing projects related to hot stamping, logistics and arc welding. In hot stamping, we aim to improve the performance of our hot stamping lines through real time monitoring based on Big Data and enhanced IT systems to control the processes. With regards to logistics, we are using the data from the monitoring of real-time production, stock and warehouse availability to prioritize tasks and optimize internal logistic functions (smart logistics). Finally, our hot arc welding project aims to reduce the number of defects in our products by improving the individual traceability of pieces and monitoring all parameters of the production process.

In addition to these ongoing projects, we are also working on other projects in the areas of maintenance, small parts, multistep and cold stamping, and we also have projects currently under consideration in the areas of skin parts, smart crane, traceability and smart Work in Progress materials (partially completed inventory of our plants).

Research and Development (R&D)

We operate in a highly competitive and globalized industry, and we must constantly change and adapt to meet our customers' needs and expectations. We consider innovation and R&D to be key success factors for the differentiation of our products and services from those of our competitors. Our innovative products and market leading processes are developed through our R&D platform, which has a dedicated team of over 1,500 employees, spread across 13 facilities around the globe and we are committed to continued investment in R&D. For example, between 2014 and 2017, we have inaugurated four new R&D centers in Germany (Bielefeld), China (Anting), Japan (Tokyo) and in the United States (Detroit). We believe that proximity of our R&D platforms to OEM customer headquarters is improving our market position with OEMs.

Our close working relationships with OEMs result in a deep understanding of our customers' requirements and constraints. This major advantage enables us to provide innovative, customized and cost effective products that address their needs, strengthens our relationship with them as a core supplier and co-developer of strategic importance, and allows us to gain know-how and develop capabilities that become very valuable for OEMs. For example, we routinely showcase our R&D capabilities to OEMs around the world. In 2017, we implemented several "Tech Shows", events where we show our innovative technologies, around the world which have allowed us to increase the awareness of our brand and have served as a basis for strengthening our long-standing business relations with our OEM customers.

In addition, we also work closely with our steel suppliers to improve and develop new material applications and joining technologies to strengthen our position as a multi-material solutions provider and obtain the most suitable combinations of steel, aluminum and all types of FRP for our OEM customers.

In the years ended December 31, 2017, 2016 and 2015 we had capitalized R&D expenses within intangible assets of €72.7 million, €58.8 million and €57.9 million, respectively, which accounted for 0.9%, 0.8% and 0.8% of our total revenues, respectively.

Body-in-White and Chassis R&D

When conceiving of, designing and producing our Body-in-White products, we collaborate with OEMs to focus on improving fundamental, strategic characteristics of the vehicle such as sustainability (including lightweight design and use of eco-friendly technologies), passive safety using crash validation (for compliance with safety regulations such as EuroNCAP and IIHS), Noise, Vibration and Harshness (NVH) and architecture (involving support to all the functions and modules of the vehicle), crash performance, deformation monitoring and energy absorption. We seek to create close collaborations with our clients in order to co-develop Body-in-White concepts and technologies for the future. For example, we are developing press hardening technology to reduce weight and increase safety in a cost-effective manner, together with Honda at our R&D center in Japan. This co-development work significantly enhanced our relationship with Honda, generating combined product patents that are jointly shared among Gestamp and Honda, the seventh largest OEM by production volume in 2017. This led to new orders at our West Virginia plant in 2014 for components for the new Honda Civic, which launched production in late 2015 and which also led to follow on nominations in 2015 for components for the Honda CR-V (which was launched in October 2016), as well as the Honda Accord (which was launched in 2017). The Honda Civic, which won the 2016 North American Car of the Year Award, where safety is among the selection criteria, features our soft zone hot stamping technology. We also won the steel award in the area of U.S. winners of the 2016 annual Great Designs in Steel (GDIS) Automotive Excellence Award for advanced high strength steel innovations.

For example, we are co-developing with Volvo a weight saving solution by applying our latest proprietary press hardening solutions such as soft flanges (TMP technology) and patch work reinforcements to the crash safety cell of the Volvo XC90 which has resulted in weight savings of 60 kilograms in the body design and improved overall safety. As a result of our co-development with Volvo, the weight of press hardened content in the Body-in-White of the Volvo XC90 increased from 7% to 38%.

In addition to our co-development projects, we are also developing innovative solutions which allow us to increase our volume capacity at a lower cost or to tailor our Body-in-White products to our customers' needs, such as the extreme one-piece body side (outlined in the exhibit below), the thermo-stabilized tool technology, the "snake design" rear rail with vertical bending control (also one piece with no patches required), or the HT700 Flex Laser.

In Chassis, we are developing innovative solutions for components, focused on weight reduction, passenger safety and cost savings applying advancements in materials, technologies and processes. The development of Chassis components focuses on four areas of performance: (i) stiffness, (ii) strength, (iii) durability and (iv) crash performance. These performance areas are designed to withstand abuse loadcases, apply "Fail-Safe" strategy, define deforming-strategy for safety, enhance robust design, simulate car life in prototypes, improve Euro NCAP rating, buckling and deformation. Our R&D teams in Chassis are developing hybrid solutions involving steel pressings combined with other materials, and are active with premium OEMs in developing aluminum solutions. For example, we develop advanced solutions for Volvo scalable cluster 60 and cluster 90 platforms in Europe, Asia and the U.S., such as front and rear sub frame. This development results in high crash performance increase for the product as well as in a light weight platform approach with a reduced tooling cost. As a consequence, investments have been reduced by using a modular design approach for a scalable platform architecture.

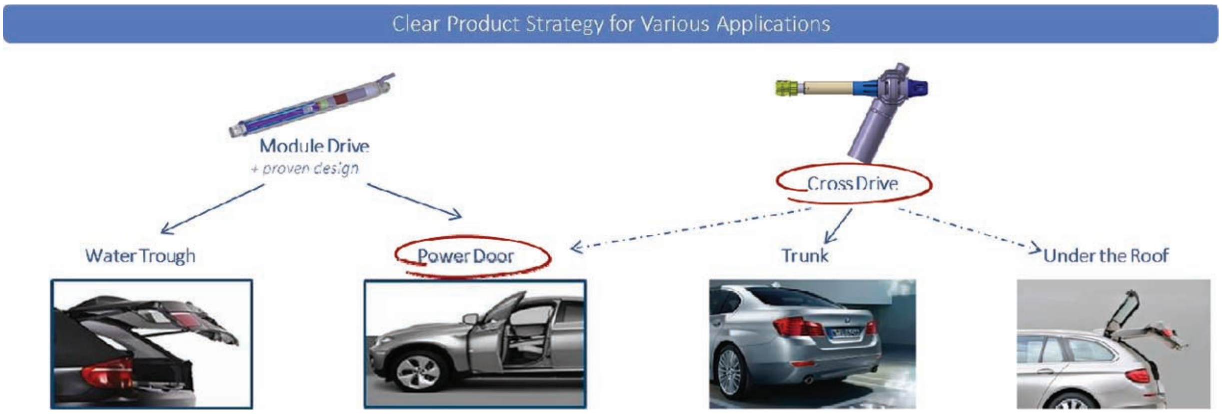
We are also working on the application of our Body-in-White hot stamping techniques to our Chassis components. For example, we have applied our press hardening to develop a single shell spring link and a single shell lower control arm resulting in a significant weight reduction and cost savings.

Our Chassis business unit is also working on solutions tailored for electric vehicles.

Mechanisms R&D

In Mechanisms, which are usually entirely outsourced by OEMs, we carry out the design and development of different elements. Therefore, our R&D teams develop and design innovative hinge systems, driver control and powered systems, focused on weight reduction, ease of use in entering and exiting the vehicle, as well as safety. With regard to weight reduction, our teams have developed hinge systems using aluminum, FRP, as well as high strength steel. Products developed by us also protect pedestrians, such as the "Pop-up" function of hood hinges which helps to minimize head trauma of pedestrians in case of an accident. Our expertise in the development of spindle drives for powered lift gates as well as active/ adaptive door checks enhance the passenger's experience entering and exiting the vehicle. In addition, our adaptive door check protects the vehicle door from collisions with the environment. We are perceived in Mechanisms as the innovation leader by our customers and have introduced the first plastic door check (ECC Edscha Corporate Check), the first spindle drive for automatic lift gates and the first hinge made from carbon-fiber-reinforced plastic. In addition, the development of the Cross-Drive hinge has increased the performance of our power systems solutions, allowed us to improve the acoustic performance and reduce the overall weight of the vehicle compared to other solutions.

The diagram below outlines the Cross-Drive and the Module-Drive products. These modular based products are built through best-in-class know-how in vehicle kinematics and are based on historical expertise within power systems.



Our R&D and innovation capabilities are fully aligned with new materials and trends in the sector in order to fulfill the needs of our OEM customers. In the area of ultra-high strength steel, we have created a process using zinc coated boron steel that increases corrosion protection at a lower cost level. We will be at the forefront of offering this new process to OEMs in the upcoming years and we believe that it will reduce investment levels for manufacturing equipment, increase productivity and result in a range of new press hardening design products. We also produced aluminum components for several of our OEM customers globally. We are a strategic partner for some important premium brands in aluminum chassis development, and we collaborate with them in light-weighting and aluminum technologies. Finally, we have used FRP in numerous prototype development projects, as part of our work on multi-material solutions for our customers. We are active in R&D with regard to new material applications and joining technologies and believe that we are well positioned as a multi-material solutions provider to employ the most suitable combinations of steel, aluminum and all types of FRP for our OEM customers.

Our past R&D activities have resulted in a number of new proprietary manufacturing processes and products including, for example, the TMP design technology described above, which enables us to create specifically targeted material properties in precision targeted areas of the part and which allows our clients to optimize weight and control the crash performance. See "—Manufacturing Processes" and "—Intellectual Property".

Intellectual Property

We consider our intellectual property rights and the implementation of their related know-how of considerable importance to our business and an element that grants us a competitive advantage compared to our competitors. We invest significant resources to the filing and monitoring of our intellectual property rights, to the prosecution of infringements thereof and to the protection of our confidential information.

We have received grants and applied for patents related to our developments and innovations to protect our products and our manufacturing processes and have obtained licenses in order to ensure their use. As of December 31, 2017, we held more than 1,160 patents, utility models and applications thereof.

Many of the technologies and processes that we use result from the knowledge, experience and skills of our scientific and technical personnel. In some cases, these technologies and processes cannot be patented or protected through intellectual property rights. To protect our trade secrets, know-how, technologies and processes, we enter into confidentiality agreements with our employees, customers, suppliers, competitors, contractors, consultants, advisors and collaboration partners that prevent the disclosure of confidential information to third parties.

When we enter into development agreements, we preserve our pre-existing intellectual property rights and do not transfer them to our collaboration partners, customers, suppliers, competitors nor other third parties. We claim ownership on such intellectual property rights that might result during the course of such development agreements and which are related to or based on our know-how, trade secrets, technology and processes. In the case of co-development agreements, we allocate the co-ownership of any intellectual property rights that might result during the course of such co-development relationship depending on the degree of participation of the relevant parties.

We also seek protection of our trademarks in the territories in which we operate.

For a detailed description of the risks associated with intellectual property rights, see "Risk Factors—Risks Related to our Industry—We are exposed to certain risks regarding our intellectual property, its validity and the intellectual property of third parties".

Customers

Our leading technologies, global footprint and proven track record in executing complex projects set us apart from many of our competitors in the industry and have allowed us to secure strong relationships with almost all major global automakers, including Volkswagen, Daimler, Renault Nissan, Ford, PSA, General Motors, BMW, Fiat Chrysler, Tata JLR, Geely-Volvo, Honda and Toyota which represent our top 12 customers by revenues and together accounted for 89.1% of our consolidated revenues (excluding tooling) for the year ended December 31, 2017, and to rapidly grow our revenue with other OEMs. For the year ended December 31, 2017, our top 3 customers, Volkswagen, Daimler and Renault Nissan represented 25.7%, 11.3% and 11.1% of our consolidated revenues (excluding tooling), respectively. For further information about our client portfolio, see "—Our Strengths—Well-diversified portfolio of blue chip OEM customers".

We have developed long-standing business relationships with our automotive customers around the world. Usually, we do not enter into formal supply agreements with our OEM customers, but rather we agree on the key elements of the supply through the relevant purchase order that they deliver to us, which is referred to and subject to the applicable relevant OEM general terms and conditions. These purchase orders are typically for at least one entire vehicle model cycle, which usually lasts between six to eight years. We work together with our customers along the entire value chain, including development, industrial engineering, tooling and manufacturing. Further, quality assurance programs matching the highest standards underlie our service offering. In certain emerging markets, our customers are focusing their own resources on vehicle assembly and seek to outsource certain areas of vehicle production to suppliers that are capable of providing an integrated supply service. We believe that our customers perceive us as a supplier that is capable on a global scale of providing: 1) standardized, high-quality products at competitive prices; 2) innovative solutions for complex projects; and 3) on-time delivery and quality customer service. Our technical expertise and extensive global footprint have enabled us to win complex mandates on global projects with the top OEMs around the globe. For example, we were entrusted by Volkswagen to manufacture "Class A" surfaces, Body-in-White structural components and Chassis components in Chattanooga, Tennessee, for the Atlas, their first midsize SUV to be produced in the North American market, for which we launched production in December 2016. This project was our 15th hot stamping line in North America and our 58th project worldwide. Furthermore, as one of the top three Chassis suppliers worldwide, we are introducing our Chassis activity to the U.S. market through this project.

Project awards in the automotive OEM business involve long-term production orders based on the lifecycle of the specific model or platform. As a result of our strategic and long term relationships with our OEM customers, and given the prohibitive operational, technical and logistical costs of switching, particularly during the life cycle of a specific vehicle model, we have strong visibility on our mid-term revenues. Furthermore, we believe we can leverage our strong customer relationships to obtain similar awards in the future.

Suppliers

We purchase various manufactured components and raw materials for use in our manufacturing processes. All of these components and raw materials are available from numerous sources. We employ just in time manufacturing and sourcing systems enabling us to meet customer requirements for faster deliveries while minimizing our need to carry significant inventory levels.

Raw materials represent on average approximately 38% of our sales over the past three years, with steel comprising over 90% of our raw material purchases. In 2017, approximately 63% of our steel was purchased through OEM re-sale programs, under which an OEM customer negotiates directly with the steel suppliers the price of the steel that we use to manufacture components for such OEM. Such negotiated steel price is passed through to the OEM customer in the sale price of the automotive component. The remainder of our steel purchasing requirements is typically met through contracts with steel suppliers that we negotiate. Historically, we have negotiated with our OEM customers to pass through the increase or decrease in the steel price, eliminating significant volatility in our cost base relating to volatility in steel prices, and we intend to do so in the future.

In 2017, 63% of our steel was purchased through "re-sale" programs under which an OEM customer negotiates with the steel maker the price of the steel we use for the production of automotive components. Therefore, in this "re-sale" scenario we do not choose the steel raw material producer for the steel that we use and purchase through steel service centers, but this is determined directly by the agreements of such steel providers with the relevant OEM. Any fluctuations in steel prices are directly adjusted in the selling price of the final product.

In the case of products that use steel not purchased under "re-sale" programs, we have arrangements with our OEM customers, whereby they adjust our selling prices based on the steel prices they themselves have negotiated with steel suppliers. In this scenario, we negotiate and agree purchase agreements directly with the steel raw material producers.

Historically, the Group has negotiated and agreed its purchase contracts with steel raw material producers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal. Due to our strong relationships with OEMs and the large steel volumes we acquire in the market place, we expect to continue to pass through increases or decreases in steel prices to our customers, thus minimizing the effect on our results.

We enter into a number of transactions in the ordinary course of business with companies forming part of the Gonvarri group primarily related to the purchase of steel blanks and coils. The majority of such sales are through direct agreements between Gonvarri and our OEM customers through re-sale programs without our involvement (as detailed above), and the balance is negotiated at market prices on a non-exclusive and arm's length basis, typically applying contractual formulas to account for the degree and type of steel processing, treatment or preparation.

Competitive Landscape

Overview

We develop, manufacture and market different components, modules and system solutions included in the vehicle's body and structural system. The body and structural market consists of various product groups and is therefore split into many sub-markets. Consequently, our competitive position differs among the various sub-markets. Broadly speaking, we are one of the few players in body and structural parts to offer OEMs a truly global manufacturing footprint. Our key competitors with a similar global offering are Magna International, Inc. (Cosma division) ("Magna"), Benteler and, to a somewhat lesser extent, Tower International LLC ("Tower"). The market positions and additional data stated below are based on information derived from the Roland Berger Study and internal estimates based on company information and public filings of competitors.

Competitive landscape for Body-in-White and Chassis

We believe that we are the global market leader for Body-in-White components by revenue. The competitive landscape for Body-in-White varies significantly by region. Western and Eastern Europe, North America and Mercosur are relatively highly consolidated, while the Asian market is highly fragmented. We believe that we are the clear market leader in terms of revenue among individual suppliers in Western and Eastern Europe combined. In the North American market, we are within the top four individual players. In Mercosur, we believe we are the market leader. In this region, the severe macro-economic downturn and resulting steep declines in vehicle production have weakened and diminished the competition. In Asia, it is difficult to estimate our regional market position with any accuracy, as competitive dynamics can vary significantly by country. In Japan and South Korea, a significant proportion of parts are outsourced to companies that traditionally have close links to domestic OEMs, with local OEMs sometimes being the only major customer of the respective suppliers. In China, domestic

OEMs still mostly work with domestic suppliers in body and structural components; however, while our exposure to the Chinese market is primarily through supplying foreign OEMs, we are growing our business with local Chinese OEMs as their requirements for more highly value additive products evolve, mainly in relation to highly innovative products and technologies, such as hot stamping, that local suppliers may not be able to provide.

We believe that we are among the top three leading companies for Chassis components in terms of revenue. Market concentration dynamics for Chassis are similar to Body-in-White, with Western and Eastern Europe, North America and Mercosur being highly consolidated, while the Asian market remains fragmented. We believe that we are number two in the market by individual suppliers in Western and Eastern Europe combined, and in Mercosur. The North American market in particular exhibits very high concentration, where we do not have a significant presence in Chassis. In the Asian market, domestic suppliers have significant market shares. Our presence in the Asian market is still relatively small and is focused on working with foreign OEMs in the region. The local trends in Chassis are similar to those described for Body-in-White in Asia.

Our main competitors in Body-in-White and Chassis are Benteler, Constellium, Flex-N-Gate, Ftech, GF Fischer, Huizhong, Kirchhoff, Magna Cosma, Magnetto, Martinrea, Metalsa, Sungwoo HiTech, Tower, Unipress, Voestalpine, Yifeng and Yorozu. Martinrea and Tower are listed on the Toronto Stock Exchange and the New York Stock Exchange, respectively.

Competitive landscape for Mechanisms

We believe that we are the clear market leader in terms of revenue by individual suppliers in Western and Eastern Europe combined and in Mercosur. In Mercosur, we compete against a range of players with substantially lower market shares in the region. We are relatively small players in North America and medium-sized players in Asia, where it is difficult to estimate our market position with any accuracy.

Our main competitors in Mechanisms are Aisin Seiki, Brose, Multimatic and Stabilus. Aisin Seiki and Stabilus are listed on the Tokyo Stock Exchange and the Frankfurt Stock Exchange, respectively.

Key customer criteria for purchasing decisions

We believe that our customers choose between different suppliers based largely on the following criteria:

- product quality;
- ability to manage complex projects;
- R&D competencies;
- breadth of geographical manufacturing footprint;
- process technology competencies;
- tooling competencies across the value chain;
- price competitiveness;
- financial stability; and
- partnership in consolidation/rationalization of the global automotive supplier base.

We principally compete for new business both at the beginning of the development of new models and upon the redesign of existing models. Once a supplier has been designated to supply parts for a new program, an OEM usually will continue to purchase those parts from the designated producer for the life of the program, although not necessarily for a redesign. OEMs typically rigorously evaluate suppliers based on many criteria such as quality, price/cost competitiveness, system and product performance, reliability and timeliness of delivery, new product and technology development capability, excellence and flexibility in operations, degree of global and local presence, effectiveness of customer service and overall management capability.

We believe that we compete effectively with other leading suppliers in the markets where we operate. The strength and breadth of our program management and engineering capabilities, as well as our geographic, customer and product diversification, provide us with the necessary scale to be competitive in terms of cost and product quality. We follow manufacturing practices designed to improve efficiency and quality so that we can deliver quality components and systems to our customers in the quantities and at the times ordered.

Although there are many players in the global automotive industry, there are very few global competitors in the areas of the industry in which we operate, as the financial and logistical constraints inherent in establishing and maintaining a true global presence are quite high. We compete with other companies with respect to certain of our products and in particular geographic markets. The number of our competitors has decreased in recent years and we believe will continue to decline due to continued supplier consolidation. We expect that OEMs will continue to be increasingly focused on the financial strength and viability of their supply base. We believe that such scrutiny of suppliers will result in additional contraction in the supplier base.

Joint Ventures and Investments

Mitsui Investment in our American Operations

On January 4, 2013 we entered into an investment agreement, as amended from time to time, with Mitsui, pursuant to which Mitsui acquired on July 3, 2013, a 30% minority stake in our operations in North America and Mercosur by investing €297.0 million in newly issued shares of Gestamp North America, Inc., Gestamp Holding México, S.L. (formerly, Gestamp 2015, S.L.), Gestamp Holding Argentina, S.L. (formerly, Gestamp 2016, S.L.) and Gestamp Brasil Indústria de Autopeças, S.A. (collectively, the "Holdcos"), our U.S., Mexican, Argentine and Brazilian sub-holding companies, respectively (the "Mitsui Investment"). We also entered into a shareholders' agreement with Mitsui to govern the terms of the Mitsui Investment and promote the efficient management of each of the Holdcos. The governance structure reflects our majority holding, with certain reserved matters such as certain amendments of the by-laws of the Holdcos or the payment of dividends on which both we and Mitsui must agree.

The shareholders' agreement also contains certain restrictions on guarantees being given by any of the Holdcos or their respective subsidiaries for obligations of Gestamp Automoción and its affiliates. Subject to cash and working capital needs and certain additional obligations, the joint venture's policy would be that the Holdcos would declare and pay dividends which, on an aggregate annual basis, amount to the lesser of (i) 60% of the Holdcos' net profit; and (ii) the maximum amount permitted to be distributed under applicable law.

Subject to certain restrictions as regards transfers to competitors, the shareholders' agreement includes standard exit provisions including rights of first refusal, a tag-along right for Mitsui and a drag-along right for us.

The shareholders' agreement also includes typical put options, both for us and for Mitsui on a change of control and, following a material default under the shareholders' agreement; a call option for us (where Mitsui is the defaulting party) and a put option for Mitsui (where we are the defaulting party). The shareholders' agreement also contains certain non-compete restrictions on Mitsui.

We believe that our relationship with Mitsui enhances our relationships with Japanese OEMs in general and supports us in our strategy for deepening supply relationships with Japanese OEMs, given the trend of Japanese OEMs towards shifting more of their production base outside of Japan to be closer to the markets with growing demand for vehicles.

Severstal

In October 2008 our subsidiary Gestamp Levante, S.A. signed a shareholders' agreement with the Russian steel manufacturer JSC Severstal and its subsidiary Severstal Trade GesmbH, pursuant to which Gestamp incorporated a joint venture company in Spain, Todlem, S.L., which is the holding company of two operative companies in Russia, Gestamp Severstal Vsevolozhsk LLC and Gestamp Severstal Kaluga LLC. The current shareholding structure of the joint venture company is as follows: Gestamp (through the company Gestamp Holding Russia, S.L.): 77.53% of the share capital; Severstal (through Severstal Trade GesmbH): 22.47% of the share capital. The governance structure reflects our majority holding, with certain reserved matters on which both we and Severstal must agree.

Each of Gestamp and Severstal is required to use their reasonable endeavours to obtain financing for their two projects in Russia such that 60% of the required funding is provided in the form of equity contributions and 40% in the form of loans. Subject to cash and working capital needs and certain additional obligations, the joint venture's policy would be that the operating companies distribute no less than 50% of each operating company's profit.

The shareholders' agreement includes standard exit provisions including rights of first refusal and typical put/call options, both for Gestamp and for Severstal. The shareholders' agreement also contains certain non-compete restrictions.

Beyçelik, A.S., joint venture with Faik Çelik Holding A.S.

On June 13, 2007, our subsidiary Gestamp Servicios, S.A. ("Gestamp Servicios") entered into a share purchase agreement with certain members of the Çelik family pursuant to which it acquired a 50% stake in Beyçelik Gestamp Kalip ve Oto Yan Sanayii Pazarlama ve ticaret A.S. (the "Beyçelik JV") for a total consideration (subject to certain adjustments) of €52.5 million. On July 27, 2007, Gestamp Servicios signed a shareholders' agreement with certain members of the Çelik family and Faik Çelik Holding A.S. (the "Local Shareholders"), pursuant to which the management of the Beyçelik JV is governed on a 50-50 basis. On July 11, 2012 the Beyçelik JV acquired 100% of the share capital of GMF Otomotiv Parçalari Sanayi Ve Ticaret Limited Şirketi (former ThyssenKrupp Otomotiv Parçalari Sanayi Ve Ticaret Limited Şirketi) ("GMF Otomotiv") from Gestamp Tallent Automotive Limited, and thus GMF Otomotiv became part of the joint venture with Faik Çelik Holding A.S. On January 29, 2016, the Beyçelik JV acquired from Faik Çelik Holding A.S. a 51.6% stake in the company Çelik Form Otomotiv A.S. (renamed as "Çelik Form Gestamp Otomotiv A.S.") ("Çelik Form"), for a purchase price of €9.05 million. On the same date, the shareholders' agreement signed between Gestamp Servicios and the Local Shareholders was amended to include Çelik Form under its scope.

Shanghai Edscha Machinery Co. Ltd.

On May 21, 1994 Edscha International Holding GmbH AG signed a joint venture contract (which was transferred to Edscha Holding GmbH ("Edscha")) with Shanghai Automotive Forging Works pursuant to which Edscha acquired a 50% interest in Shangai Edscha Machinery Co. Ltd., for a total initial contribution equivalent to approximately €1.8 million. In 2010, Shanghai Automotive Forging Works was merged into Shanghai Tractor and Internal Combustion Engine Co., Ltd. ("STICE").

Edscha acquired from STICE 5% of its equity interests in Shanghai Edscha Machinery Co. Ltd. and increased its participation from 50% to 55%, effective as of January 1, 2013. The registered capital held by STICE after the transaction is 45%, equal to $5,445,000, and by Edscha is 55%, equal to $6,655,000.

Beijing Hainachuan Automotive Parts Co. Ltd.

On January 25, 2018, we signed a joint venture agreement with Beijing Hainachuan Automotive Parts Co. Ltd. ("BHAP"), a Chinese company specialized in auto components, which is a subsidiary of Beijing Automotive Industry Group Co., Ltd. (the "BAIC Group"), one of the major automotive companies in China. The BAIC Group is the fifth largest car manufacturer in China and is specialized in manufacturing locally branded automobiles as well as Daimler and Hyundai vehicles via its own joint ventures with these OEMs. This joint venture strengthens our presence in the country. The operation is subject to approval from the Chinese antitrust commission and other government authorities. The new alliance improves our strategic position in order to grow the business with Daimler, Hyundai and other non-Chinese brands in the Beijing area as well as BAIC's own vehicle brands in all of China. Outside of Beijing, Tianjin, and Hebei Province, we will continue to manufacture auto components to all non-BAIC clients outside of the joint venture.

Other joint ventures and recent acquisitions

We are also part of other joint ventures with local partners which we do not deem to be material for the purposes of this offering memorandum. Below is a list of our other joint ventures as of December 31, 2017:

(i) the French public fund "Fonds d'Avenir Automobile" holds a 35% minority stake in our French subsidiary Gestamp Sofedit SAS and we own the remaining 65% stake. We have reached an agreement to purchase the 35% minority stake for less than €40 million in a transaction expected to close in May 2018;

(ii) the French Company MPO Group holds a 35% minority stake in our Romanian subsidiary MPO (recently acquired and pending to be renamed) and we own the remaining 75% stake;

(iii) the Spanish state-owned company "Compañía Española de Financiación al Desarrollo, Cofides, S.A." holds an indirect 22.47% minority stake in our Spanish subsidiary Gestamp Holding Rusia, S.L. which is the indirect holding company of Gestamp Severstal Vsevolozhsk LLC and Gestamp Severstal Kaluga LLC. We hold the remaining 77.53% stake;

(iv) the Spanish state-owned company "Compañía Española de Financiación al Desarrollo, Cofides, S.A." holds an indirect 35% minority stake in our Chinese Subsidiaries Gestamp Auto Components (Dongguan), Co. Ltd. and Gestamp Auto Components (Shenyang) Co. Ltd., as well as a 31.05% minority stake in our Chinese subsidiary Gestamp Auto Components (Kunshan), Co. Ltd. through our Swedish subsidiary Gestamp Holding China AB. We hold the remaining 65% and 68.94% stakes respectively;

(v) Gonvarri owns a 50% stake in our Indian subsidiary Gestamp Automotive Private Limited, and we hold the remaining 50% stake;

(vi) Jui Liu Enterprise Co. Ltd and minority stakeholders hold a 40% indirect stake in our Chinese subsidiary Jui Li Edscha Hainan Ind, and we hold the remaining 60% stake;

(vii) AAPICO Hitech Public Co. Ltd holds a 49% minority stake in our Thailand subsidiary Edscha AAPICO Automotive Co. Ltd, and we hold the remaining 51% stake;

(viii)PHA Pyeonghwa Automotive Co, Ltd. holds a 50% stake in our Korean subsidiary Edscha PHA Ltd. and we hold the remaining 50% stake;

(ix) three different Basque public funds (Ekarpen Private Equity, S.A., Ezten FCR and Basque FCR) own in aggregate a 70% of our Spanish subsidiary Gestión Global de Matricería S.L. (which owns a 100% of GGM Puebla S.A. de C.V) and we hold the remaining 30% stake;

(x) 50%-50% joint venture with components manufacturer, Tuyauto S.A., to construct a greenfield plant in Kenitra, Morocco; and

(xi) the acquisition of a plant from Scorpios Indústria Metalúrgica Limitada, a local group specialized in the manufacture of metal components in Brazil.

Property, Plant and Equipment

Our registered address is Polígono Industrial de Lebario s/n, 48220, Abadiño, Bizkaia, Spain.

We have an extensive global footprint and our products are manufactured at 105 production facilities in 21 countries, out of which the acquisition of two production facilities are subject to the approval of the relevant competition authorities, including 15 (one out of which is subject to the approval of the relevant competition authority) new production facilities opened since 2012 but not including production facilities associated with unwound joint ventures or production facilities that have been consolidated, closed or sold, and with seven additional plants under construction, out of which one is subject to the approval of the relevant competition authority, as of March 31, 2018. Our plants are strategically positioned to serve our global customer base locally and to create logistical cost efficiencies.

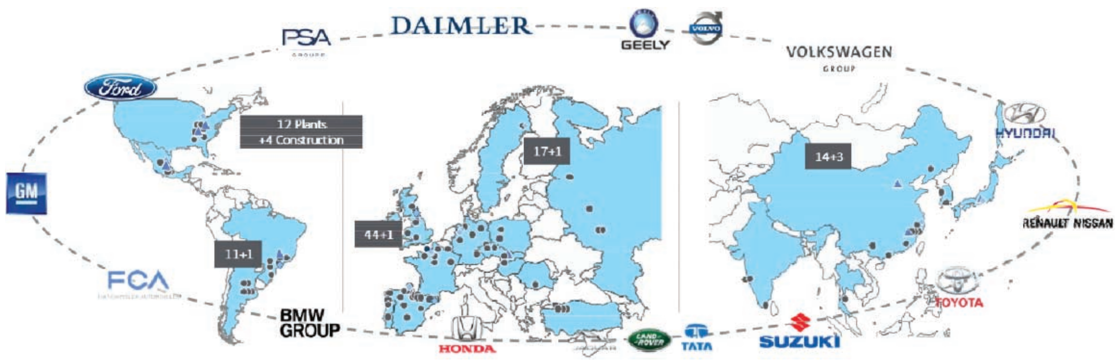
As of December 31, 2017, the Group was comprised of 148 entities worldwide, with the Company being the holding company. Notwithstanding the legal structure of the Group (ownership/shareholding of each subsidiary), our operations are organized in eight operational divisions apart from the support of corporate services:

- *South Europe Division:* our South Europe Division includes 32 plants located in six different countries: Spain, France, Portugal, Hungary, Turkey and Romania. All plants belong to Gestamp fully owned subsidiaries, except as follows: (i) our local partner "Faik Çelik Holding, A.S." owns a 50% stake of the subsidiary operating the five Turkish plants, with Gestamp owning the remaining 50% stake, (ii) the French public fund "Fonds d'Avenir Automobile" holds a 35% minority stake of the subsidiary operating four plants in France with Gestamp holding the remaining 65% stake (we have reached an agreement to purchase the 35% minority stake in a transaction expected to close in May 2018), and (iii) the French Company MPO Group holds a 35% minority stake in subsidiary operating the Romanian plant., with Gestamp holding the remaining 75% stake.
- *North Europe Division:* our North Europe Division includes 17 plants located in six different countries: Germany, the United Kingdom, Sweden, Poland, Czech Republic and Russia. All plants belong to Gestamp fully owned subsidiaries, except two plants in Russia where (i) the Spanish state-owned company "Compañía Española de Financiación al Desarrollo, Cofides, S.A." holds an indirect

16.87% minority stake in the subsidiary operating the plant and (ii) our local partner "Severstal" holds an additional 25.02% minority stake. Gestamp holds the remaining 58.11% stake.

- *North America Division:* our North America Division includes 11 plants located in United States and Mexico. Mitsui holds a 30% minority stake in the subsidiary that operates all the North America Division plants and Gestamp holds the remaining 70% stake.
- *Mercosur Division:* our Mercosur Division (South America) includes 12 plants (one out of which is subject to the approval of the relevant competition authority) located in Brazil and Argentina. Mitsui holds a 30% minority stake of the subsidiary that operates all the Mercosur Division plants with Gestamp holding the remaining 70% stake.
- *Asia Division:* our Asia Division includes 11 plants (one out of which is subject to the approval of the relevant competition authority) located in three different countries: China, Korea and India. All plants belong to Gestamp fully owned subsidiaries, except as follows: (i) the Spanish state-owned company "Compañía Española de Financiación al Desarrollo, Cofides, S.A." holds a 35% minority stake in a subsidiary that operates two plants in China, where Gestamp holds the remaining 65% stake as well as a 31.05% minority stake in one additional subsidiary that operates a plant also in China where Gestamp holds the remaining 68.94% and (ii) Gonvarri owns a 50% stake in a subsidiary that operates one plant in India where Gestamp holds the remaining 50% stake.
- *Edscha Division (Mechanisms):* our Edscha Division (Mechanisms) has 15 plants located in ten different countries: Germany, Spain, Slovakia, Czech Republic, Russia, United States, Brazil, Korea, China and Thailand. All plants belong to Gestamp fully owned subsidiaries, except: (i) our local partner Shanghai Tractor Internal and Combustion Engine Co., Ltd. holds a 45% minority stake in a subsidiary that operates one plant in China; and Gestamp holds the remaining 55% stake, (ii) our local partner Jui Liu Enterprise Co. Ltd and others hold a 50% stake in a subsidiary operating one plant in China where Gestamp held the remaining 50% stake (as of December 31, 2016), (iii) our local partner AAPICO Hitech Public Co. Ltd holds a 49% minority stake in a subsidiary that operates one plant in Thailand where Gestamp holds the remaining 51% stake and (iv) our local partner "PHA Pyeonghwa Automotive Co, Ltd." holds a 50% stake in the subsidiary that operates a plant in Korea and Gestamp holds the remaining 50% stake.
- *Tooling and Equipment Division:* our Tooling and Equipment Division includes seven plants located in three different countries: Spain, Mexico and China. All plants belong to Gestamp fully owned subsidiaries, except one plant in Mexico where three different Basque public funds (Ekarpen Private Equity, S.A., Ezten FCR and Basque FCR) own in aggregate a 70% stake and Gestamp holds the remaining 30% stake and one in China.
- *Research and Development Division (Autotech subsidiaries):* our Research and Development Division includes 13 R&D centers located in eight different countries: Spain, Germany, France, Sweden, United States, Brazil, China and Japan. All centers belong to Gestamp fully owned subsidiaries.

The diagram below shows our global footprint as of March 31, 2018:



The following table sets forth selected information regarding our top 20 production facilities by size. Our installed capacity is generally running at normal rates. Some plants in Russia and Mercosur have more than usual spare capacity due to the market downturn. We expect that the respective utilization rates will increase as these markets recover.

Manufacturing Plant	Country	Land Surface (m^2)	Owned/Leased	Date Opened	Date Acquired (if applicable)
Gestamp Mason	USA	254,952	Owned	1998	2004
Gestamp South Carolina	USA	250,000	Owned	2007	2009
Gestamp Bielefeld	Germany	205,500	Owned	1983	2011
Gestamp Santa Isabel	Brazil	204,998	Owned	2011	NA
Gestamp Alabama (McCalla)	USA	178,466	Leased	2004	2004
Gestamp Le Theil	France	172,000	Owned	1964	2011
Gestamp Llanelli	U.K.	153,000	Owned	1961	2011
Gestamp Severstal Vsevolozhsk	Russia	149,850	Owned	2009	NA
Gestamp Severstal Kaluga	Russia	149,250	Leased	2010	NA
Gestamp West Virginia	USA	137,598	Leased	2013	NA
Gestamp Paraná	Brazil	135,783	Owned	1999	NA
Gestamp Baires Escobar	Argentina	129,507	Owned	2006	NA
Edscha Hengersberg Real State	Germany	118,136	Owned	1963	2010
Gestamp Ludwigsfelde	Germany	113,000	Owned	1991	2011
Gestamp Automotive India	India	107,500	Leased	2009	NA
Gestamp Shenyang	China	103,669	Owned	2012	2013
Gestamp Griwe Haynrode	Germany	100,889	Owned	1991	2000
Gestamp Kunshan	China	100,800	Leased	2008	NA
Gestamp Hungary	Hungary	100,000	Owned	1999	2003
Gestamp Taubate	Brazil	93,000	Owned	1996	1999

The following table sets forth the total number of our production facilities and our R&D centers, by region as of December 31, 2017:

Region	Production Facilities	R&D Centers
Western Europe	47(2)	8
Eastern Europe	18(1)	—
North America	16(3)	1
Mercosur	13(4)	1
Asia	18(1)(4)	3
TOTAL	**112**	**13**

(1) Includes one under construction.

(2) Includes two under construction, one of which is subject to the approval of the relevant competition authority.

(3) Includes three under construction.

(4) One is subject to the approval of the relevant competition authority.

As of December 31, 2017, no items of property, plant and equipment were subject to liens or charges. For a further description of our property, plant and equipment, please see Note 11 of our consolidated financial statements as of and for the year ended December 31, 2017, and Note 9 to our consolidated financial statements for the year ended December 31, 2016 and 2015 included elsewhere in this offering memorandum.

Environmental

We have a strong commitment to environmental issues and to assessing the impact of our operations on the environment, including with respect to climate change. Our environmental policy is based on the implementation of an Environmental Management System ("EMS") certified according to international standards at each of our manufacturing facilities, as well as the implementation of an environmental management tool, the "Environmental Indicator", which allows us to (i) monitor and control all our facilities, (ii) identify improvement opportunities and (iii) implement best practices.

We require that each center has an environmental management certificate that ensures legislative compliance, minimization of contamination and the continued improvement in processes. Approximately, 82% of our facilities are ISO 14001 or EMASII certified and the remaining 18% of our facilities (most of which have been recently acquired or built by the Group) have to achieve certification within consistent target deadlines.

As part of our EMS, we subject the manufacturing process to environmental standards: from the selection of our suppliers to the optimization of raw materials or the management of all the waste we produce (98% of the waste we generate is not hazardous and 98% is fully recyclable (scrap) and therefore re-enters the steel production process). On a quarterly basis, we monitor the environmental performance of our facilities through the Environmental Indicator and, in particular, through the following key indices:

- EEI: Energy Efficiency Index.
- CO_2EI: CO_2 Emissions Index.
- WPRI: Waste Production Index.
- WMI: Waste Management Index.
- WCI: Water Consumption Index.

We actively work to mitigate climate change on two fronts. On the one hand, we make an effort to reduce CO_2 emissions in our manufacturing processes through proper environmental management. On the other hand, as a supplier of components for the automotive industry, our added value lies in our technological and R&D capacity to develop new products and innovative solutions that make it possible to obtain lighter vehicle components that help our customers reduce their CO_2 emissions given the direct relationship between the weight of a component and the amount of gas emissions during the vehicle usage stage.

To measure the Group's carbon footprint generated by our business activities, we use the GHG Protocol and the Intergovernmental Panel on Climate Change (IPCC) guidelines. On an annual basis, we also voluntarily report our performance related to GHG emissions to the international initiative Carbon Disclosure Project, an organization based in the United Kingdom which works with shareholders and corporations to disclose the GHG emissions of major corporations, and where, in 2015, we were recognized in its publication entitled "Supply Chain Report in 2015".

In recent years, despite the increase of manufacturing facilities and the introduction of hot stamping (a more energy-intensive technology), we have been able to reduce CO_2 emissions (in relative terms) owing to improvements in environmental management and in the management of processes.

	Year ended December 31		
	2015	**2016**	**2017**
CO_2EI(1)	24	24	24

(1) Tones of CO_2 emissions per €100,000 of added value.

In addition, we have implemented an energy efficiency project for our operations worldwide, through which the electricity and gas consumption of equipment and facilities is monitored instantly. The analysis of this information, together with the study of best practices in the Group and the exchange of the knowledge acquired, means new energy saving measures can be adopted and, therefore, new targets can be set.

Furthermore, we were able to reduce our consumption of electricity and gas by 54 GWh in 23 plants in which this new project was implemented. Due to its success, we plan to roll-out this project in further plants in the near future.

Health and Safety

We are committed to offer to our employees and any external workers working in our facilities a health and safety environment. To this end, we have implemented an ambitious Occupational Health and Safety policy and an integrated management system, the GHSS (Gestamp Health and Safety System), which is implemented in all our facilities.

Within the general system, we have developed a tool (GHSI) on the basis of 77 weighted factors related to:

- *Traditional Indicators:* Severity Index, Frequency Index and Serious Accidents.

- *Working Conditions:* internal traffic routes, safety conditions for different types of machinery, warehouse conditions, etc.
- *Prevention Management:* management of external companies, specific training, work at heights, etc.

The GHSI is an in-house tool, designed and tailored to the characteristics of our activity, and reaches more stringent levels than those required by international standards.

The GHSI allows us to implement safe working conditions for our business activities. Every quarter, each facility reports its GHSI to our centralized system and we evaluate the facility's specific performance compared to the Group's standards. In addition, full audits are performed in each site every two years to assess the site's condition in all aspects of the GHSI.

The table below reflects the traditional indicators that are part of the GHSI (Severity Index, Frequency Index and Fatal Accidents) for both our own employees and those that are outsourced to our facilities or who work for temporary employment agencies and perform our tasks or tasks that are necessary for our business.

	2015	2016	2017
Severity Index(1)	0.18	0.19	0.14
Frequency Index(2)	13.4	13.2	13.1
Fatal Accidents(3)	1	1	2

(1) Severity Index: Number of lost labor days (Mon-Fri) / thousand hours worked.

(2) Frequency Index: Number of lost labor days (Mon-Fri) / number of accidents causing loss of time.

(3) Number of Fatal Accidents.

Despite our growth over the past years in terms of operations and number of employees, we have managed to keep our rates stable or to slightly improve them, which reflects our commitment in terms of health and safety.

Proceedings

We are from time to time involved in legal proceedings, claims or investigations that are incidental to the conduct of our business. We vigorously defend ourselves against these claims. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters is resolved on unfavorable terms. However, although the ultimate outcome of any legal matter cannot be predicted with certainty, based on current information, including our assessment of the merits of the particular claims, we do not expect that our pending legal proceedings or claims will have a material adverse impact on our future consolidated financial condition, results of operations or cash flows. As of the date of this offering memorandum, we had no significant contingent liabilities. We have not made any provisions with respect to these contingent tax liabilities in Brazil and we intend to dispute any tax reassessments associated with these tax events.

In addition, Gestamp South Carolina LLC ("Gestamp South Carolina") has received a non-judicial claim from the insurer Allianz AG, as insurer of BMW, arising out of damages Allianz AG paid to BMW as the result of an accident at the Gestamp South Carolina plant. In the accident, the wire rope on an overhead crane being used to move a BMW die parted, allowing the die to fall to the floor of the plant. Although no one was hurt in the accident, the die was damaged, resulting in a line stoppage at the BMW plant. Allianz AG alleged to have paid BMW a total of $57.9 million under the terms of the applicable insurance policy, and sought to recover the full amount (including lost profits) from Gestamp South Carolina. We held meetings with both BMW and Allianz AG for the purposes of resolving the claim outside the court, and have settled for $14.3 million, out of which we expect to recover $4.05 million from third parties and $4.2 million from our insurer. Therefore the total impact is expected to be about $6 million, out of which $5 million have already been included in the 2017 financial statements.

Other than the proceedings mentioned in the paragraph above, there are no governmental, legal or arbitration proceedings, whether initiated, pending or threatened, in which we are involved and which may reasonably have, or have had in the recent past, a material effect on the Group's financial position or profitability.

Employees

Over the past decade, as our operations have grown, we have seen our employee headcount grow commensurately. Our international expansion has led to considerable challenges in terms of corporate culture, organization and management of our human resources: the ongoing adaptation of our organizational structure to our growing needs, adjustment of the size of the workforce, standardization of processes, training in new technologies and fostering a corporate culture.

As of December 31, 2017, we had over 41,000 employees globally, of which 41.9%, 17.8%, 13.2%, 14.9% and 12.2% were based in Western Europe, Eastern Europe, Asia, North America and Mercosur, respectively. For a description of the breakdown of average headcount by professional level and personnel expenses, see Note 26 to our consolidated financial statements as of and for the year ended December 31, 2017.

In addition to our over 41,000 employees employed directly by us, we have an additional 5,436 employees employed by agencies and temporary work agencies (*empresas de trabajo temporal*) working in our facilities.

We believe that we provide an attractive career path to our employees and a challenging work environment. While 47.3% of our employees are under 35, approximately 29.3% of our total workforce has worked in Gestamp for more than 10 years.

Our commitment to attract and retain highly skilled and qualified professional is driven by three different approaches to the management of our workforce: (i) the development of a talent management plan that allows us to identify key positions within the Group, (ii) the implementation of a global training plan focused on the standardization of our manufacturing processes and (iii) international mobility.

The development of a talent management plan has allowed us to identify key positions and to take constructive and appropriate measures to retain, train and promote internal talent with a view to cover these positions from within our internal workforce. Given our rapid growth and our continuous commitment to technological leadership, we endeavor to internally develop the talent and to retain experienced and qualified professionals as a fundamental part of our growth strategy. In addition to our commitment to develop the talent of our employees internally, we are always seeking to attract and recruit qualified professionals.

The implementation of a global training plan facilitates the standardization of our technical knowledge and manufacturing processes, allowing us to serve and respond to our clients consistently in a global scenario. In this regard, we have developed a Corporate University (*Universidad Corporativa*) where all our educational materials are managed on a standardized basis. Virtual training is spread through Gestamp Global Learning, and face-to-face technology and process training is conducted through the Gestamp Technology Institute, our Center of Training Excellence in Spain, as well as through the Chassis GTI in the U.K. and the Gestamp Bielefeld Academy in Germany. In 2017, we have provided more than 28 hours of training per employee and invested more than €20 million in training, which amounts to an increase of 17% as compared to the prior year.

We consider the international mobility of our employees as a key element for the transferability of our know-how and the dissemination of our corporate culture across our production facilities. We are committed to promoting the international careers of our employees as part of our growth strategy worldwide.

At Gestamp, the management of our labor relations is carried out in accordance with the labor and trade union legislation in effect in each geographical area. All aspects related to the employees' trade union, workforce and contractual terms are negotiated with each plant's trade union representatives. In certain geographical areas, due to historic, cultural or regulatory reasons, we have inter-workplace committees that complement the plant-based negotiations framework. Moreover, we abide by the rules of the European Works Council with regards to our employees in the European Economic Area.

We place particular emphasis on issues that are essential for the reputation of the Group, such as adherence to trade unions and labor legislation, anti-discrimination policies, compliance with the code of conduct, occupational health and safety, and training and development in key areas to ensure the correct implementation of our business strategy. Moreover, we place particular emphasis on the framework of fundamental labor rights contained in the International Labor Organization (ILO) conventions.

MANAGEMENT

Board of Directors

Our Board of Directors has the power and duty to manage our corporate affairs, and is responsible for the management, administration and representation of our Company in respect of its business matters, subject to the provisions of the bylaws and except for those matters expressly reserved to the general shareholders' meetings. The business address of our Board of Directors is Polígono Industrial de Lebario S/N, 48220, Abadiño, Vizkaya, Spain,

The Board of Directors elects its Chairman, which is currently titled Executive Chairman, and can select one or several Vice Chairman. Except for matters reserved by law, our bylaws, the rules of our Board of Directors and the rules of our general shareholders' meeting, the Board of Directors is the highest decision making body of the Company.

Our Board of Directors is comprised of 12 members, of which five are independent Directors, two are executive Directors, three are proprietary Directors and two are "other external" Directors. The following table sets forth, as of the date of this offering memorandum, the name and title of each member, and is followed by a summary of biographical information of each director.

Name	Date of Last Appointment	Title	Category
Francisco José Riberas Mera	03/03/2017	Executive Chairman	Executive
Juan Maria Riberas Mera	03/03/2017	Vice-Chairman	Proprietary
Francisco López Peña	03/03/2017	Chief Executive Officer	Executive
Schinichi Hori	04/03/2018	Member	Proprietary
Tomofumi Osaki	03/03/2017	Member	Proprietary
Alberto Rodriguez-Fraile Diaz	03/03/2017	Member	Independent
Javier Rodriguez Pellitero	03/03/2017	Member	Independent
Pedro Sainz de Baranda Riva	03/03/2017	Member	Independent
Ana Garcia Fau	03/03/2017	Member	Independent
César Cernunda Rego	03/03/2017	Member	Independent
Geert Maurice Van Poelvoorde	03/03/2017	Member	Other External
Gonzalo Urquijo Fernández de Araoz	03/03/2017	Member	Other External

Francisco José Riberas Mera (53) has been on our Board of Directors since inception on December 22, 1997, and was appointed as the Executive Chairman on March 24, 2017. He holds a degree in Law and a degree in Economics and Business Administration from Comillas Pontifical University (ICADE E-3), Madrid. Mr. Riberas started his professional career at Gonvarri Group, where he held different positions, such as director of Corporate Development, and later became the CEO. He promoted the creation of Gestamp Automoción in 1997 and is part of the management team of certain companies of the Gestamp's Group as well as other Acek Group companies (including companies belonging to Gonvarri Group, Acek Renewable Energies Group and Inmobiliaria Acek Group). Outside Acek Group, Mr. Riberas is a member of the board of directors of Telefónica, CIE Automotive, Global Dominion Access and Sideacero. Furthermore, he is part of Endeavor foundation, and Instituto de la Empresa Familiar, among others.

Juan María Riberas Mera (49) has been on our Board of Directors since inception on December 22, 1997, and was appointed Proprietary Director and Vice-Chairman of the Board of Directors on March 24, 2017. He holds a degree in Law and a degree in Economics and Business Administration from Comillas Pontifical University (ICADE E-3), Madrid. Mr. Riberas began his professional career in the Business Development area of the Gonvarri Group, and is currently its CEO and chairman of the board of directors. He promoted the creation of Acek Renewable Energies Group in 2007, and has been, since then, its CEO and the chairman of the board of directors. He is the chairman of the board of directors of Holding Gonvarri and a member of the management team of certain of its subsidiaries. Mr. Riberas also sits the board of directors of certain Acek group companies (including Inmobiliaria Acek Group). Outside Acek Group, he sits the board of directors of CIE Automotive and certain companies of Sideacero Group. Additionally, he is part of the Juan XXIII Foundation, among others.

Francisco López Peña (59) is our Chief Executive Officer. He was appointed member of the Board of Directors of the Company on March 5, 2010, and was appointed Executive Director on March 24, 2017. He holds a degree in Civil Engineering from the Politécnica University of Barcelona, and an MBA from the IESE Business School, Barcelona. He has wide experience in the automotive supplier industry with more than 18 years of work in executive positions at Gestamp Group. Before joining Gestamp, Mr. Peña was the managing director of companies in the industrial mining and textile sector. He joined Gestamp in 1998 as Corporate Development Director and later, in 2008, he became the Vice President and CFO. On December 14, 2017, he was appointed CEO of the Gestamp Group by the Board of Directors. He is also director of certain of our subsidiaries.

Shinichi Hori (54) was appointed Proprietary Director on April 3, 2018. He graduated from the Waseda University, Tokyo. Additionally, he holds a Master of Science degree in Management Studies from MIT, Sloan School of Management, Massachusetts. He has a broad professional experience in the steel sector, with over 30 years of experience with Mitsui Group, holding different positions worldwide. He started his career at Mitsui Group in the Iron & Steel Products Business Unit, and later held different executive positions in the United States and Japan. In 2009, he was appointed assistant to the President & CEO of the Mitsui Group. Later, he was appointed General Manager in charge of the Investment & Planning of Overseas Projects in the division of Iron & Steel Products. In 2014, he became the Senior Vice President of Mitsui & Co. (USA), and operating officer of the Steel Division of Mitsui & Co. (USA), overseeing the steel product across the region. In 2018, he was promoted to Managing Officer and Chief Operating Officer of Iron & Steel Products Business Unit, a position that he currently holds. He is also member of the board of directors of Mitsui & Co. Steel and some of our companies.

Tomofumi Osaki (53) was re-appointed to our Board of Directors on March 3, 2017. He graduated with a degree in Economics from Wakayama University. For the last 29 years, Mr. Osaki has been working at Mitsui Group, gaining experience in the steel sector through a variety of executive positions worldwide. He is currently the General Manager of the Investment & Planning Division of the Iron & Steel Products Business Unit. Before joining the Mitsui Group, Mr. Osaki was the financial officer at CAEMI Mineracao e Metalurgia for seven years, in Brazil. At Mitsui Group, he was the general manager in the Investment Department of Mineral & Metal Resources Business Unit, and post general manager of the Investment Department of the Iron & Steel Product Business Unit in Japan. After that, at Mitsui's New York Offices, he held different executive positions, such as general manager in the Investment Department for the Financial Management Division. Before taking his current position, Mr. Osaki was the deputy general manager of Iron & Steel Products Business Unit in Japan. He is director of certain companies belonging to Mitsui Group and of companies participated by Mitsui Group such as Bangkok Coil Center. He is also director of certain companies of Acek Group (including companies of Gestamp Automoción Group, and Gonvarri Group). In the past, he was part of the management team of other Mitsui Group's companies, Siam Yamato Steel, Vina Kyoei Steel, Mahindra Sanyo Special Steel and MS Avant.

Alberto Rodgriguez-Fraile Diaz (53) was appointed as Independent Director of our Board of Directors on March 3, 2017. He holds a degree in Business Administration from the University of Miami, and took part in the Business Senior Management Program (PADE) from IESE Business School. Moreover, he is qualified as a Registered Options Principal, Financial and Operation Principal and Securities Principal by the U.S. Securities and Exchange Commission and the National Association of Securities Dealers. Mr. Diaz is a founding partner and has been chairman of the board of directors of Asesores y Gestores Financieros for the last 30 years. Additionally, he is a member of the management team of certain companies belonging to A&G. He started his professional career at Merrill Lynch as a Finance Consultant.

Javier Rodriguez Pellitero (48) was appointed to our Board of Directors on March 3, 2017. He holds a degree in Law and a degree in Economics and Business Administration from Comillas Pontifical University (ICADE E-3), Madrid. He is the general secretary of the Spanish Banking Association (AEB). Mr. Pellitero is also the President of the Tax and Legal Committee, member of the Legal Committee of the Banking Federation of the European Union, and member of the Advisory Committee of the Comisión Nacional del Mercado de Valores (CNMV), which is the Spanish government agency responsible for the financial regulation of the securities markets in Spain. He started his professional career at the law firm Uría & Menéndez, and later, he served as state attorney for the Zamora region in Spain. At CNMV, Mr. Pellitero held different leadership positions, such as the general manager of Legal Services and the secretary of the board of directors. He also served as the secretary of the Special Working Group that elaborated the "Unified Good Governance Code of Listed Companies" in 2006, and as a member of the Committee of Experts in charge of elaborating the "Good Governance Code of Listed Companies" in 2015. Additionally, he is a member of the board of directors of GDF Energía España.

Pedro Sainz de Baranda Riva (56) was appointed Director of our Board of Directors on March 3, 2017. He holds a degree in Mining Engineering from the Oviedo University, an MBA from the MIT, Sloan School of Management, Massachusetts, and a PhD in Engineering from Rutgers University, New Jersey. He is currently a co-founder of an investing company called Sainberg Investments. He held a variety of positions at United Technologies Corporation worldwide. He started as a Research Engineer at United Technologies Corporation, Connecticut, then was promoted to principal engineer and manager of Advanced Technology. After that, he served as the new equipment director at Otis Elevator Mexico, the general manager of Otis Portugal, the Chief Executive Officer of Zardoya Otis, the President of the South Europe and Middle East area at Otis Elevator company, and finally as the president of the Otis Elevator Company.

Ana Garcia Fau (50) was appointed Director of our Board of Directors on March 3, 2017. She holds a degree in Law and a degree in Economics and Business Administration from Comillas Pontifical University (ICADE E-3), Madrid, and a MBA from the MIT, Sloan School of Management, Massachusetts. Currently, Ms. Fau serves as non-executive director on the board of directors of the following companies: Renovalia, Technicolor, Eutelsat Communications and Merlin Properties, and DLA Piper y Globalvia. She started her career at McKinsey & Company, and later worked at Wolff Olins and Goldman Sachs International. After that, and for nine years, she served as the managing director of Corporate Development, and later as CFO of TPI- Páginas Amarillas (Telefonica Group), where she also served as a member of the board of directors of certain subsidiaries of TPI. She also held different leadership roles at Hibu Group (ex-Yell), such as CEO of Yell for the Spanish and Latin American business for seven years, and chief global strategy and development officer, where she was also member of its Global Executive Committee. Furthermore, she was director of Cape Harbor Advisor.

César Cernuda Rego (46) was appointed Director of our Board of Directors on March 3, 2017. He holds a degree in Business Administration and Marketing from the ESIC Business & Marketing School, Madrid. He took part in the Management Development Program (PDD) from the IESE Business School, Madrid, and in the Executive Leadership Program at Harvard University, Massachusetts. He is the president of Microsoft Latin American Organization and vice president of Microsoft Corporation. He started his career in the banking industry, at Banco 21 (Banco Gallego), and afterwards joined Software AG. In the last 20 years, he has had different leadership positions worldwide at Microsoft, such as general manager of Microsoft Business Solutions Europe, Middle East and Africa, the worldwide vice president of Microsoft Business Solutions, vice president of Sales, Marketing and Services of Microsoft Latin America, and president of Microsoft Asia Pacific. Mr Cernuda is currently a member of the board of directors for Americas Society/Council of the Americas http://www.as-coa.org/ and the Trust for the Americas http://trustfortheamericas.org representing Microsoft.

Geert Maurice Van Poelvoorde (52) was re-appointed Director of our Board of Directors on March 3, 2017. He is executive vice president of ArcelorMittal, CEO of ArcelorMittal Europe Flat Products and Europe Purchasing Platform. Mr.Van Poelvoorde started his career in 1989 as a project engineer at the Sidmar Gent hot strip mill, where he held several senior positions in the automation and process computer department. He moved to Stahlwerke Bremen in 1995 as senior project manager. Between 1998 and 2002, he headed a number of departments, and in 2003, he was appointed director of Stahlwerke Bremen, responsible for operations and engineering. In 2005, he returned to ArcelorMittal Gent to take up the position of chief operating officer. In 2008, he became CEO of ArcelorMittal Gent with direct responsibility for primary operations. He was appointed CEO of the Business Division North within Flat Carbon Europe in 2009 and, since January 2014, CEO of Flat Carbon Europe. Mr. Van Poelvoorde graduated from the University of Ghent, Belgium, with a degree in civil engineering and electronics.

Gonzalo Urquijo Fernández de Araoz (56) was appointed as Director of our Board of Directors on March 3, 2017. He holds a degree in Economics and Political Science from Yale University, Connecticut, as well as a MBA from Instituto de Empresa, Madrid. He is the executive chairman of Abengoa S.A. He started his professional career in banking, working for Citibank and Crédit Agricole. After that, he served as director and CFO at Corporación J M Aristrain, and later as CFO at Aceralia Corporación Siderúrgica. At ArcelorMittal Group, he held different executive positions, such as vice president of Stainless Steel, Long Products and China, Principal of AACIS, AMDS, head of the Tubular Products, and principal of the Corporate Social Responsibility, Communication, Institutional Affairs and Occupational Safety. After that, and before holding his current position, he served as Head of the Strategy area at ArcelorMittal. He is on the Board of Directors of Vocento, Fertiberia and Atlantica Yield. He is also the president of the Hesperia Foundation and member of the board of trustees of the Princesa de Asturias Foundation. In the past, he also served on the board of directors of Holding Gonvarri, Aperam, and certain companies belonging to ArcelorMittal.

Board Committees

In compliance with the Spanish Companies Act, our bylaws and the rules of our Board of Directors, our Board of Directors has an audit committee (the "Audit Committee") and a nominations and compensation committee (the "Nominations and Compensation Committee"). Our bylaws also entitle us to create other internal committees.

Audit Committee

The members of the Audit Committee are appointed by our Board of Directors among its members. Our Board Regulations require the Audit Committee to have between three and five members, all of them to be non-executive Directors and the majority of them to be Independent Directors. All the members of the Audit Committee, and specially its chairman, must be appointed taking into account its knowledge and experience in accountancy, auditing and risk management standards.

Among other responsibilities, the Audit Committee reports to the Board of Directors, supervises the efficiency of internal controls, internal audit and risk control and management functions, proposes to the Board of Directors the risk control and management policy, liaises with our external auditors, and issues Audit Committee's opinion on certain financial information and on the independence of the appointed external auditors.

Nominations and Compensation Committee

The members of the Nominations and Compensation Committee are appointed by our Board of Directors among its members. Our Board Regulations require the Nominations and Compensation Committee to have between three and five members, all of them to be non-executive Directors and the majority of them to be Independent Directors.

Among other responsibilities, the Nominations and Compensation Committee evaluates competence and experience required within the Board of Director, issues proposals for the appointment or removal of independent directors and senior management, and makes proposals on compensation policies for Directors and senior management.

Senior Management

Our senior management team is led by Francisco José Riberas Mera. The following table sets forth, as of the date of this offering memorandum, the name and title of each member of the senior management team who does not also serve on the Board of Directors, and is followed by a summary of biographical information of each such member including their respective ages.

Name	Position
David Vázquez Pascual	Secretary
Miguel Escrig Melia	Chief Financial Officer
Carmen de Pablo Redondo	Director of Corporate Development and Investor Relations
Felipe de Frutos	Director of Administration and Finance
Richard Egües	Director of Mergers and Acquisitions
Ignacio Martin	Director of R&D Body-in-White

David Vázquez Pascual (53) was appointed as our Secretary on December 22, 2016. He holds a degree in Law and a degree in Economics and Business Administration from Comillas Pontifical University (ICADE E-3), Madrid. He also holds an MBA from the M.B.S. University of Houston, Texas, and a Master in European Union Law from the Comillas Pontificial University (ICADE), Madrid. He has been General Counsel of the Gestamp Group since 2000, and member of its Steering Committee. At Gestamp, he also served as General Manager of the North America Division in 2006 and 2007. He started his career in banking through different roles at Banesto Banking Corporation (BBC) in New York and at Cajamadrid in Madrid. After that, he developed part of his career at the university as a professor and coordinator of European Union affairs at the M.B.S University of Houston, and subsequently became the director of the MBA program at the same school. Later, he held different managerial roles at the Antonio Nebrija University (Madrid), such as principal of La Berzosa Campus and director of the Social Sciences School. At the same time, he was professor in business disciplines at the same university and law professor at the Comillas Pontificial University (ICADE). Additionally, he is secretary and director of other companies within our Group and the Acek Renewable Energues Group.

Miguel Escrig Melia (54) is our Chief Financial Officer and has joined our Company in 2018. He holds a degree in industrial engineering from Universidad Politécnica de Valencia and a Master in Economics and Business Administration from IESE Business School. Prior to joining our Company, Miguel was Chief Financial Officer at Telefónica, from 2010 to 2016, and at Banco Popular, in 2017. He also worked previously at Banco Santander and J.P Morgan.

Carmen de Pablo Redondo (45) is our Corporate Development and Investors Relations Director and has joined our Group in 2013. She holds an MBA from the Tuck School of Business at Dartmouth College and a degree in business administration from Colegio Universitario de Estudios Financieros (CUNEF) in Madrid. Prior to joining our Company, Carmen was an Executive Director in the Investment Banking Division at Morgan Stanley, both in London and Madrid. Prior to that she worked in consulting at McKinsey and held corporate finance advisory positions at various investment banks worldwide.

Felipe de Frutos (57) is our Administration and Finance Director. And has joined our Company in 2000. He holds a degree in economics from Universidad Autónoma de Madrid. Prior to joining our Company, Felipe was Administration Director at Ferrovial Agroman since 1988. Prior to that, he worked at Arthur Andersen as a Senior Auditor in the manufacturing industry division (automotive sector, chemical, metallurgy and electric).

Richard Egües (51) is our Director of Mergers and Acquisitions and has joined our Group in 2012. He holds an MBA from the M.I.T. Sloan School of Management and a B.A. from Yale University. Prior to joining our Company, he was Chief Financial Officer of a renewable energy business in Spain. Prior to that he held corporate banking and investment banking advisory positions in New York, Frankfurt and Madrid with Deutsche Bank, Merrill Lynch and most recently with HSBC where he was Co-Head of Advisory in Spain.

Ignacio Martin (52) is our Director of R&D Body-in-White and has joined our Group in 1999. He holds a degree in mechanical engineering from University of Wuppertal in Germany. Prior to joining our Company, he held various international management positions in the automotive sector in Germany and Austria. After that, he developed part of his career in Gestamp as Managing Director in several plants, being among others responsible for the setup and development of the hot stamping technology. In 2014, he was appointed as head of R&D Body-in-White.

Compensation

In 2017, the members of our Board of Directors accrued €2,372 from us. This amount includes both executive and non-executive Directors' remuneration, including service on Board Committees.

Further, in 2017, the total remuneration for the members of our top management amounted to €9.63 million in the aggregate (excluding Executive Directors). This amount includes (i) a contribution of €70,575 made by the Company to pension plans, and (ii) the annual accruals for the GIP (as defined below).

General Incentive Plan (GIP)

We have implemented an incentive plan linked to the value creation of the Group ("General Incentive Plan" or "GIP"), offered to key employees, including all the senior management and our CEO, Mr. Francisco López Peña.

The purposes of the GIP are (i) to motivate and retain key employees and managers of our Group, and (ii) to link their remuneration with the fulfillment of our long-term strategy, which allows for the alignment of the interests of the beneficiaries with those of our shareholders.

The GIP consists of a cash bonus based on our value creation, varying among certain divisions, regions and facilities, during a reference period of five years, starting on January 1, 2016, and ending on December 31, 2020.

The GIP was formally approved by our Board of Directors on April 1, 2016.

SHAREHOLDERS AND CERTAIN TRANSACTIONS

Shareholders	Shareholding December 31, 2017	Shareholding December 31, 2016
Acek Desarrollo y Gestion Industrial, S.L. ("Acek")	21.17%	37.63%
Risteel Corporation, B.V.	—	10.75%
Gestamp 2020, S.L.[1]	50.10%	50.10%
Free Float	28.73%	1.52%

(1) Gestamp 2020, S.L. is owned 75% by Acek and 25% by Mitsui.

Terms and Conditions of Transactions with Related Parties

Protocol of Treatment and Approval of Related-Party Transactions

On March 3, 2017, we, Acek and Gonvarri have entered into a protocol of treatment and approval of related-party transactions (the "Gestamp Protocol") to regulate the relationship among us and with our related parties, including the conflicts of interests.

The Gestamp Protocol shall be in place until (i) the direct or indirect stake of Acek in the Company falls below 30% or (ii) if any shareholder, directly or indirectly, holds a stake in our share capital that is higher than Acek's stake. In addition, Gonvarri will cease to be a party to the Gestamp Protocol if the direct or indirect stake of Acek in Gonvarri falls below 50%.

Definition of Related Party Transactions

For the purposes of the Gestamp Protocol, "related party transactions" shall be understood as any supplies, services, commercial relationships or operations that we develop with our principal shareholders or directors, or any third party related thereto and, in particular, with Acek or any company of Gonvarri.

The Gestamp Protocol describes the main transactions that are entered into the parties thereto: (i) blanking, slitting and coating of steel services provided by Gonvarri, (ii) provision of corporate and centralized services by Acek and (iii) corporate services provided by us to certain Acek's affiliates.

General Principles of the Gestamp Protocol

The Gestamp Protocol sets forth that any related-party transaction needs to be carried out in market conditions, with the diligence required to be conducted by an expert in the relevant sector and in the terms specifically established in the Gestamp Protocol.

A series of related-party transactions will require one approval. In addition, recurring transactions within our lines of business (in particular, the purchase of raw materials and agreement with steel service centers) may be subject to a framework approval, as long as such approval: (i) refers to a transaction undertaken within the ordinary course of business, (ii) has a limited term of no more than one year, (iii) sets forth a maximum number of transactions that may fall within the approval, (iv) establishes the price and the legal and commercial terms of the transactions (v) includes the rationale of the series of transactions and (vi) includes a reasonable period for the submission of information to the Audit Committee, which shall be at least on a quarterly basis.

Without prejudice of the above, if we consider it in our interest to terminate any of the legal or commercial related-party transactions, we will notify such circumstance to Acek, who shall cooperate with us to effectuate such termination, but in any case in compliance with the conditions and terms of such legal or commercial relations derived with agreements with third parties.

As a general rule, any related-party transactions shall be approved by our Board of Directors, following the favorable report of the Audit Committee, except where certain thresholds are not met. The alteration of the subject matter, the price or any other relevant term or condition of any related-party transaction that has already been approved, will require additional approval.

Restriction of activity

The activities reserved to us include the design, development, manufacturing and sale, as Tier 1 supplier to OEM customers of (i) Body-in White, (ii) Chassis and (iii) Mechanisms ("Strategic Activities"). However, certain additional and accessory activities that we conduct, such as TWB or press construction, are not included in such definition.

Acek or Gonvarri Corporación Financiera will notify and offer to us any business opportunity which principally relates to our Strategic Activities. If we accept such business opportunity, we will acquire such business opportunity following good faith negotiations with Acek or Gonvarri Corporación Financiera.

Disclosure of information as per the Gestamp Protocol

We will inform the market about the transactions carried out with Acek, Gonvarri or any other related party.

Acek and Gonvarri undertake to provide us as soon as possible with the necessary information about any relationships that might trigger obligations upon us, such as, preparation of financial information and submission of information to the CNMV.

Description of transactions with related parties

We enter into a significant number of transactions on a regular basis and in the ordinary course of business with companies forming part of Gonvarri, which is partially owned by Acek, the main shareholder of Gestamp. These transactions are primarily related to the purchase of steel blanks and coils, for which we paid a consideration of €1,127 million in the year ended December 31, 2017. The majority of such sales are determined by direct agreements between Gonvarri and the different OEMs through re-sale programs without our involvement, and the balance is negotiated at market prices on a non-exclusive and arm's length basis, typically applying contractual formulas to account for the degree and type of steel processing, treatment or preparation.

We also enter into transactions in the ordinary course of business with Acek, its shareholders and subsidiaries, including lease and license agreements, professional and other services and the sale of goods and real estate. In particular, we have leased the following properties from Inmobiliaria Acek S.L. ("Inmobiliaria") (in which Acek holds a 66.6% shareholding): (i) the offices located at Alfonso XII, Madrid; and (ii) the offices located at Ombú 3, Madrid, all of them for an aggregate annual payment of €2.0 million, as of December 31, 2017.

In addition to the above, and according to our business needs from time to time, we charter an airplane from Air Executive, S.L., which is a fully owned subsidiary of Acek. The total amount paid to Air Executive, S.L. for the charter of the airplane was €1.3 million in 2017.

We sell our scrap steel to Gescrap group and to Reimasa Scrap group, groups in which Acek holds a 50% indirect shareholding through Sideacero. In 2017, we received €189.3 million in consideration for these sales.

In the future, we expect to continue to enter into these types of transactions with the Gonvarri group and with Acek and its subsidiaries.

Sale of Trademark

In January 2013, Acek sold to Gestamp Automoción the Gestamp trademark for the automotive category to Gestamp Automoción. The consideration for the sale was €31.0 million to be paid within 20 years by annual installments.

Transactions with Directors

During 2016, approximately 100 key employees, including Senior Management and CEO Mr. Francisco López Peña, received loans for the purchase of shares of the Company for a total amount of €37 million. The loans, which are guaranteed by a pledge over the acquired shares, mature in July 2022 and bear an annual interest rate equal to the Spanish legal interest rate of each year (*interés legal del dinero*), which is 3% for 2016, 2017 and 2018.

DESCRIPTION OF OTHER INDEBTEDNESS

The following section contains a summary of certain key terms of the Senior Facilities Agreement, the Intercreditor Agreement and other financing arrangements. The section is intended to be a summary only and does not purport to be a complete or exhaustive description of the topics summarized. Terms not defined in the following section have the meanings given to them in the Senior Facilities Agreement.

Senior Facilities Agreement

The Company and Gestamp Funding Luxembourg, S.A. ("Gestamp Funding") are parties to a senior term and revolving facilities agreement dated April 19, 2013, as amended on May 8, 2013, May 20, 2014, December 10, 2014, April 17, 2015, as amended and restated on May 20, 2016, and as amended on July 25, 2017 (the "Senior Facilities Agreement") entered into between, among others, the Company as the company and original borrower, Gestamp Funding as original borrower, various subsidiaries of the Company as original guarantors, the lenders listed therein and Deutsche Bank AG, London Branch as agent ("Agent") and security agent ("Security Agent"). The Guarantors of the notes are guarantors of the Senior Facilities Agreement. For a list of the Guarantors of the notes, see "The Offering". The company is currently contemplating an amendment and restatement of the Senior Facilities Agreement, however, such amendment and restatement is not expected to change the commitment, economic terms or the maturities of the Senior Facilities Agreement.

Certain terms of the Senior Facilities Agreement are summarized as follows:

- the Senior Facilities comprise two term facilities and one revolving facility;
- the margin on Facility A (as defined below) and the Revolving Credit Facility ranges from 0.95% to 1.20%, depending on applicable leverage ratios;
- the termination date for Facility A and the Revolving Credit Facility is July 15, 2022;
- the maintenance financial covenants are a ratio of EBITDA to financial expenses of not less than 4.00:1 and a ratio of net financial indebtedness to adjusted EBITDA to not exceed 3.50:1; and
- the commitment fee is 35% of the applicable margin in respect of the Revolving Credit Facility.

Senior Facilities

The Senior Facilities Agreement provides, as of December 31, 2017, for committed facilities of €1,132.5 million, split into:

- an amortizing Euro term loan facility of €520.1 million ("Facility A1");
- an amortizing Euro term loan facility of €332.4 million ("Facility A2" and together with Facility A1, "Facility A"); and
- a multi-currency revolving credit facility of €280.0 million (the "Revolving Credit Facility"), undrawn as of December 31, 2017.

Interest Rates and Fees

The interest rate on each loan under the Senior Facilities Agreement for each interest period is the rate per annum which is the aggregate of the applicable (a) margin (see below) and (b) LIBOR or, in relation to any loan in Euro, EURIBOR.

The margin on Facility A and the Revolving Credit Facility ranges from 0.95% to 1.20%, depending on applicable leverage ratios. There is a margin adjustment mechanism in the Senior Facilities Agreement pursuant to which the margin applicable to Facility A and the Revolving Credit Facility will be adjusted upwards or downwards based on the ratio of Net Financial Indebtedness to Adjusted EBITDA in respect of any relevant testing period, as demonstrated in the compliance certificate required to be delivered under the Senior Facilities Agreement. While an event of default is continuing under the Senior Facilities Agreement, the applicable margin will be the highest margin applicable to each Senior Facility.

Pursuant to the Senior Facilities Agreement, we are required to pay certain fees, including a commitment fee in respect of the available but undrawn Revolving Credit Facility commitments.

Guarantees

Pursuant to the terms of the Senior Facilities Agreement, the Company and certain of its subsidiaries (together, the "SFA Guarantors") guarantee all amounts due to the lenders and other finance parties under the Senior Facilities Agreement and related finance documents. The guarantees granted by the SFA Guarantors are subject to certain guarantee limitations which are set out in the Senior Facilities Agreement. These guarantee limitations primarily limit the scope of the guarantees granted by the SFA Guarantors to ensure that they comply with the laws of the jurisdictions in which the SFA Guarantors are incorporated.

We are required to ensure that each of our subsidiaries in which we hold at least 90 percent of the issued share capital, and which for the last financial year has (a) earnings before interest, tax, depreciation and amortization (i) calculated on the same basis as EBITDA, representing 2.50% or more of the Group's EBITDA; and (ii) (calculated on the same basis as EBITDA but on an unconsolidated basis) greater than €10,000,000; or (b) which has net assets representing 2.5% or more of our consolidated net assets (calculated on a consolidated basis) (a company meeting these criteria being a "Material Company"), accedes to the Senior Facilities Agreement as an additional guarantor as soon as possible after becoming a Material Company. The obligation to require such a Material Company to accede as a guarantor is subject to certain limitations specified in the Senior Facilities Agreement and does not apply to a Spanish company established as an *Agrupación de Interés Económico* or any subsidiary incorporated in any country located in North America or South America or in Japan, China, South Korea, India or Taiwan. In connection with the contemplated amendment to te Senior Facilities Agreement, adjustments would be made to the provisions regarding future guarantees to bring in line with the terms of the notes.

Any of our subsidiaries that becomes a guarantor in respect of the notes is also required to accede to the Senior Facilities Agreement as a guarantor.

Security

Gestamp Automoción, Gestamp Servicios, S.A. (other than in relation to paragraph (e) below) and Gestamp Toledo (other than in relation to paragraph (f) below) granted Spanish law pledges (the "Initial Share Pledges") over all of the shares held by them in the following subsidiaries:

(a) Gestamp Metalbages, S.A.;

(b) Gestamp Bizkaia, S.A.;

(c) Gestamp Vigo, S.A.;

(d) Gestamp Palencia, S.A.;

(e) Gestamp Servicios, S.A.; and

(f) Gestamp Toledo, S.A.

(The companies listed in (a) to (f) above being the "Share Security Subsidiaries").

The Initial Share Pledges will continue to secure obligations owed under (i) the Senior Facilities Agreement and related finance documents, and (ii) the 2023 notes. The Senior Facilities Agreement also permits us and our subsidiaries to grant pledges (the "Future Creditor Share Pledges" and together with the Initial Share Pledges, the "Transaction Security") over the shares we hold in the Share Security Subsidiaries as security for obligations that may in the future be owed by us to other creditors subject to satisfaction of certain conditions set out in the Indenture, the 2023 Indenture, the Senior Facilities Agreement and the Intercreditor Agreement (any such indebtedness being "Additional Senior Financing"). The security created by the Transaction Security will rank in the order described in the section titled "—Ranking of Security" below.

Undertakings

The Senior Facilities Agreement contains certain negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of each obligor (and in certain cases, members of the Group) to, among other things:

- incur or allow to remain outstanding financial indebtedness;
- be a creditor in respect of financial indebtedness;

- create or permit to subsist any security over any of its assets;
- issue or allow to remain outstanding any guarantee in respect of any liability or obligation owed to any person;
- declare or pay any dividend or other payment or distribution of any kind on or in respect of any of its shares; and
- make acquisitions of companies, businesses or undertakings.

In addition to the undertakings listed above, the Senior Facilities Agreement contains a number of other customary positive and negative undertakings. We consider that we are in compliance with these undertakings as of the date of this offering memorandum.

Financial Covenants

The Senior Facilities Agreement contains financial covenants that require the Group to ensure that:

- the ratio of Adjusted EBITDA to Financial Expenses is not lower than 4.00:1.00 on each testing date; and
- the ratio of Net Financial Indebtedness to Adjusted EBITDA is not higher than 3.50:1.00 on each testing date.

Maturity

Loans drawn under Facility A are required to be repaid in semi-annual instalments, starting from January 15, 2020, in accordance with an amortization schedule set out in the Senior Facilities Agreement, with the final repayment instalment due on July 15, 2022. Each loan under the Revolving Credit Facility is required to be repaid on the last day of each interest period, provided however that Revolving Credit Facility loans may be redrawn subject to the terms and conditions set out in the Senior Facilities Agreement. All outstanding loans under the Revolving Credit Facility and any outstanding letters of credit are required to be repaid in full on July 15, 2022.

Prepayments

Subject to certain conditions, we may voluntarily cancel any available commitments under, or voluntarily prepay any outstanding utilizations of, the Senior Facilities by giving 3 business days' prior notice to the Agent. Any Facility A loans that are prepaid may not be reborrowed and the relevant commitments will be cancelled. Any Revolving Credit Facility utilizations that are prepaid may (subject to the terms of the Senior Facilities Agreement) be reborrowed.

Subject to certain exceptions and/or thresholds, mandatory prepayments of amounts outstanding under the Senior Facilities are required to be made upon the disposal of certain categories of assets or recovery of insurance claim proceeds.

A change of control of the Company will trigger a 30 day consultation period with the lenders under the Senior Facilities Agreement. At the end of such consultation period, each lender who does not wish to continue being a lender under the Senior Facilities Agreement may request prepayment of all amounts owed to it. Any lender who makes such a request must be prepaid within five business days and all of such lender's commitments will be cancelled. The Senior Facilities will be automatically cancelled and be immediately repayable upon a sale of all or substantially all of our assets to a third party.

"change of control" for these purposes means Acek Group and their respective affiliates ceasing to directly or indirectly (a) have the power to (i) cast, or control the casting of, at least 50.01% of the votes that may be cast in the Company's general meeting; (ii) appoint or remove all, or the majority of the directors or equivalent officers of the Company; or (iii) give directions with respect to our operating and financial policies with which our directors or equivalent officers are obliged to comply; or (b) hold beneficially at least 50.01% of the issued share capital of the Company with voting rights. In connection with the contemplated amendment to te Senior Facilities Agreement, adjustments would be made to the change of control definition to bring in line with the terms of the notes.

Events of Default

The Senior Facilities Agreement contains events of default customary for financings of this nature (with customary and agreed thresholds and carve-outs), the occurrence of any of which will allow the lenders under the Senior Facilities Agreement to cancel available commitments under the Senior Facilities, declare all amounts owed under the Senior Facilities Agreement to be due upon demand and/or demand immediate repayment of all amounts owed under the Senior Facilities Agreement.

2023 Notes

On May 4, 2016, Gestamp Funding issued €500 million 3.50% Senior Secured Notes due 2023 (the "2023 notes") in an offering pursuant to Rule 144A and Regulation S of the Securities Act. The proceeds of the 2023 notes were issued to refinance existing debt. The 2023 notes mature on May 15, 2023.

The 2023 notes are secured on a second ranking basis by a charge over the shares of certain subsidiaries of the Company but recoveries received upon enforcement of any collateral securing the notes will be distributed *pari passu* and applied pro rata in repayment of liabilities in respect of the notes, the 2023 notes and the Senior Facilities Agreement.

After May 15, 2019, at the option of Gestamp Funding or the Company, Gestamp Funding may redeem all or a part of the 2023 notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the 2023 notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the twelve month period beginning on May 15 of the years indicated below:

Year	Percentage
2019	101.750%
2020	100.875%
2021 and thereafter	100.000%

In addition, at any time prior to May 15, 2019, at the option of Gestamp Funding or the Company, Gestamp Funding may redeem up to 40% of the aggregate principal amount of the 2023 notes with the net cash proceeds from certain equity offerings at a price equal to 103.50% of the principal amount of the 2023 notes redeemed plus accrued and unpaid interest, if any, provided that at least 60% of the original principal amount of the 2023 notes remains outstanding after the redemption and the redemption occurs within 120 days of the closing of the relevant equity offering.

Upon the incurrence of a change of control, each holder of the 2023 notes has the right, subject to certain exceptions, to require Gestamp Funding to repurchase such holder's 2023 notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the repurchase date.

The 2023 Indenture contains several covenants limiting, among other things, the ability of the Company to:

- incur or guarantee additional indebtedness (subject to specific provisions and exceptions);
- pay dividends or make other distributions or repurchase or redeem our stock;
- make investments or certain restricted other payments;
- create certain liens;
- sell assets, including capital stock of restricted subsidiaries;
- enter into certain transactions with affiliates;
- enter into agreements that restrict our restricted subsidiaries' ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

Pursuant to the 2023 Indenture, dividend payments will be generally permitted to the extent they do not exceed 50% of our cumulative consolidated net income if certain conditions are met. Furthermore, the 2023 Indenture provides for additional specific allowances that would permit the payment of dividends, the most relevant of which is the payment of annual dividends up to 3% of our market capitalization if we do not exceed certain indebtedness ratios.

According to the terms of the 2023 Indenture, Gestamp also undertakes to comply with certain covenants of a non-financial nature, such as making the interest payments on the agreed dates or issuing reporting information to bondholders on a timely manner. The Company considers that it is in compliance with these covenants as of the date of this offering memorandum.

Intercreditor Agreement

The Company, the Subsidiary Guarantors, the trustee under the 2023 notes, the Agent, the Security Agent, the lenders under the Senior Facilities Agreement and certain other parties entered into an Intercreditor Agreement dated May 10, 2013 to establish the relative rights of certain of the Group's creditors including creditors under the Senior Facilities Agreement, the 2023 Indenture, the Bank of America loan (which has been fully repaid as of March 21, 2017, as described below) and any Additional Senior Financings. The Trustee will accede to the Intercreditor Agreement as creditors' representative on behalf of the notes on or around the Issue Date. By accepting a note, holders of the notes will be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement.

The Intercreditor Agreement has not been subject to any amendments since May 10, 2013.

The Intercreditor Agreement sets out:

- the ranking of the indebtedness under the Senior Facilities Agreement, the 2023 notes, the notes and any Additional Senior Financing (together the "Senior Secured Debt" and the creditors to whom the Senior Secured Debt is owed being the "Senior Secured Creditors");
- the ranking of the security created pursuant to the Transaction Security;
- the procedure for enforcement of the Transaction Security and any guarantee granted in favour of the Senior Secured Creditors and the allocation of proceeds resulting from such enforcement;
- the types of disposals permitted under distressed and non-distressed scenarios and the Security Agent's authority to release the Transaction Security and guarantees granted in favour of the Senior Secured Creditors in case of a distressed and non-distressed disposal;
- the terms pursuant to which intra-Group debt and certain debt owed to Acek and other equity investors ("Equity Investor Liabilities") will be subordinated; and
- turnover provisions.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and, as such, we urge you to read that document because it, and not the discussion that follows, defines certain rights (and restrictions on entitlement) of the holders of the notes and other Senior Secured Creditors.

Priority of Debts

The Intercreditor Agreement provides that all liabilities owed under the Senior Secured Debt will rank *pari passu* and without any preference between them and in priority to any intra-Group debt and Equity Investor Liabilities.

Ranking of Security

It is agreed under the Intercreditor Agreement that the Transaction Security shall rank and secure the Senior Secured Debt *pari passu* without preference between the different categories of Senior Secured Debt, irrespective of the date of execution or order the Transaction Security Documents are entered into, or the ranking under applicable law.

Enforcement and Application of Proceeds

The Intercreditor Agreement sets forth procedures for enforcement of the Transaction Security. Subject to the Transaction Security having become enforceable, Senior Secured Creditors whose Senior Credit Participations aggregate more than 50% of the total Senior Credit Participations (the "Instructing Group") are entitled to direct the Security Agent to enforce or refrain from enforcing the Transaction Security, as they see fit. The Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by Instructing Group. For these purposes, "Senior Credit Participations" means at any time in relation to a Senior Secured Creditor, the aggregate amount owed to such Senior Secured Creditor.

The proceeds of enforcement of the Transaction Security or any guarantees granted in respect of the Senior Secured Debt and all other amounts paid to the Security Agent under the Intercreditor Agreement shall be applied in the following order:

- first, in payment on a *pari passu* and *pro rata* basis any sums (including fees, costs, expenses and liabilities) owing to (i) the Security Agent or any receiver, delegate, attorney or agent appointed under the Transaction Security Documents or the Intercreditor Agreement; (ii) the Agent, the trustee under the 2023 notes or any creditor representative in its capacity as such (but not bilateral lenders) in respect of any Additional Senior Financing; and (iii) the Trustee;
- second, on a *pari passu* and *pro rata* basis to (i) the Agent on its own behalf and on behalf of the creditors under the Senior Facilities Agreement; (ii) the Trustee on its own behalf and on behalf of the noteholders; (iii) the trustee under the 2023 notes on its own behalf and on behalf of the noteholders; and (iv) any creditor representative in respect of an Additional Senior Financing on its own behalf and on behalf of the creditors under such Additional Senior Financing, for application towards the discharge of amounts owed under the Senior Facilities Agreement (in accordance with the terms thereof), the notes (in accordance with the Indenture), the 2023 notes (on a *pro rata* basis) and any Additional Senior Financing (on a *pro rata* basis);
- third, if none of the debtors is under any further actual or contingent liability under any of the Senior Secured Debt documents, in payment to any person the Security Agent is obliged to pay in priority to any debtor; and
- fourth, in payment or distribution to the relevant debtors.

Distressed and Non-distressed Disposals

The Security Agent is authorized (without the requirement to obtain any further consent or authorization from any Senior Secured Creditor) to release from the Transaction Security any asset that is the subject of a disposal permitted by the Senior Secured Debt documents and the Transaction Security Documents and which is not a Distressed Disposal. A Distressed Disposal means a disposal effected (i) by way of enforcement of the Transaction Security; (ii) at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; or (iii) by a debtor to a third party (not being a member of the Group) after any of the Senior Secured Debt has been accelerated.

If to the extent permitted by applicable law a Distressed Disposal is being effected or the shares of the Share Security Subsidiaries are being appropriated by the Security Agent, the Security Agent is authorized (without the requirement to obtain any further consent or authorization from any Senior Secured Creditor or other relevant party): (i) to release the Transaction Security or any other claim over any asset subject to the Distressed Disposal or appropriation; and (ii) if the asset subject to the Distressed Disposal or appropriation is the shares of a Group company, to release such Group Company and/or its subsidiaries from any liabilities under borrowings and/or guarantees under the Senior Secured Debt documents, intra-Group debt documents or documents evidencing Equity Investor Liabilities.

Intra-Group Debt

Pursuant to the Intercreditor Agreement, the Company and its subsidiaries party thereto that are creditors in respect of intra-Group debt have agreed to subordinate intra-Group debt to the Senior Secured Debt.

Neither we nor any of our subsidiaries that are creditors in respect of intra-Group debt may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of intra-Group debt unless such action is permitted under the Senior Secured Debt documents. Neither we nor any of our subsidiaries may make any payment, prepayment, repayment or otherwise acquire or discharge any intra-Group debt if acceleration action has been taken in respect of any of the Senior Secured Debt unless the Instructing Group consent or such action is undertaken to facilitate repayment or prepayment of the Senior Secured Debt.

Equity Investor Liabilities

Pursuant to the Intercreditor Agreement, Acek and future equity investors party thereto have agreed to subordinate the Equity Investor Liabilities to the Senior Secured Debt. Gestamp Automoción and other debtors may make payments in respect of the Equity Investor Liabilities provided that such payments are permitted under the terms of the Senior Secured Debt documents and the documents evidencing the

Equity Investor Liabilities. No equity investor may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of Equity Investor Liabilities prior to the first date on which all of the Senior Secured Debt has been discharged.

Turnover

If any creditor party to the Intercreditor Agreement (including the Agent, Security Agent, the trustee under the 2023 notes, Senior Secured Creditors, creditors in respect of intra-Group debt and creditors in respect of Equity Investor Liabilities) receives or recovers a payment (whether by way of direct payment, set-off or otherwise) except as permitted pursuant to the terms of the Intercreditor Agreement, such creditor shall hold such payment in trust for the Security Agent and promptly pay over such amounts to the Security Agent for application in accordance with the provision described above under "Enforcement and application of proceeds".

Existing Debt Facilities

The following is a brief description of certain of our other significant interest bearing loans and borrowings ("Existing Debt Facilities").

2017 MARF Commercial Paper Program

On November 27, 2017 we registered a €150 million commercial paper program (the "Program") for the issuance of commercial paper (the "Commercial Paper") to be listed in the Spanish Alternative Fixed-Income Market (Mercado Alternativo de Renta Fija) ("MARF"). Banca March, S.A. is acting as placement agent and sole lead arranger. The Program and the Commercial Paper are subject to Spanish law and any disputes arising from it shall be subject to the jurisdictions of applicable courts in accordance with Spanish law.

Under the one-year Program, we may issue Commercial Paper for a maximum outstanding balance of €150 million, with a redemption period of between three business days and 731 calendar days. Each Commercial Paper shall have a nominal value of €100,000 which means that the maximum number of Commercial Paper in circulation at any given time shall not exceed 1,500.

The Commercial Paper is issued at discount, accrues interest and shall be reimbursed at their nominal value at their maturity. It does not include an early redemption option for the Company (call) or for the securities' holder (put). Notwithstanding the above, the Commercial Paper may be early redeemed if, for any reason, it is held by the Company.

The Commercial Paper will not be secured by any *in rem* guarantees (garantías reales) or personal guarantees (garantías personales). In case of insolvency of the Company, investors rank behind any privileged creditors existing as of the date the insolvency is filed, in accordance with Act 22/2003, of July 9, governing Insolvency, and its related regulations.

As of the date of this offering memorandum, we have executed the following Commercial Paper issuances under the Program, all of which remain outstanding as of the date hereof:

ISIN Code	Nominal amount	Issue Date	Maturity Rate	Interest Rate
ES0505223059	€75,000,000	04/18/2018	06/18/2018	0.00%(1)
TOTAL	€75,000,000	—	—	—

(1) No explicit interest is accrued on this commercial paper issuance since it was issued below par (at a price of 99.98%).

The European Investment Bank Loan

On June 15, 2016, Gestamp signed a €160 million financing agreement with the European Investment Bank ("EIB") with a 1.65% fix interest rate (the "EIB Loan").

The term of the EIB Loan is seven years with maturity on June 22, 2023. The EIB Loan contains certain financial covenants that require the Company to ensure that:

- the ratio of EBITDA to financial expenses is not lower than 4.00:1; and
- the ratio of Net Financial Debt to EBITDA is not higher than 3.50:1.

As of December 31, 2017, the Company was not in breach of any of these covenants. Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. For a list of the Guarantors of the notes, see "The Offering". Pursuant to the terms of the EIB Loan, the aggregate amount of dividends distributed in any fiscal year must not be greater than 50% of the consolidated net income for such relevant fiscal year.

In addition, the EIB Loan also contemplates certain events of default which would trigger, at the EIB discretion, customary for financings of this nature (with customary and agreed thresholds and carve-outs), the occurrence of any of which will allow the EIB to declare all or part of the amounts owed under the EIB Loan to be due upon demand and/or demand immediate repayment of all or part of the amounts owed under the EIB Loan.

Examples of such events of default include, but are not limited to, misrepresentation, non-payment by the borrower or the guarantors, breach of the financial covenants referred to above, cross-default, insolvency, initiation of insolvency proceedings, unlawfulness and invalidity, cessation of business, change of ownership, audit qualification, repudiation and rescission of agreements, expropriation and litigation and material adverse change.

Other

In addition, as of December 31, 2017, we had other interest bearing loans and borrowings of €1,144.8 million maturing between 2018 and 2022, primarily including unsecured loans. Along with the MARF and EIB Loan, these debt facilities add up to €1,379.8 million, of which €543.7 is short-term indebtedness and €836.1 is long-term indebtedness. The providers of these interest bearing loans and borrowings include, among others, Banco Bilbao Vizcaya Argentaria, Banco Sabadell, Banco Santander, Bank of America, Bankia, BNP Paribas, Caixabank and Commerzbank. After giving effect to the Refinancing Transactions and the application of the proceeds therefrom, this indebtedness will decrease to €983.5 million.

While €432.4 million of our €543.7 million of short-term indebtedness is denominated in Euros, most of which is in Western Europe, the other €111.3 million is denominated in foreign currency. After giving effect to the Refinancing Transactions and the application of the proceeds therefrom, this short-term indebtedness will decrease to €157.4 million. See "Capitalization". The table below sets forth the break down of our short-term indebtedness, as of December 31, 2017, on an actual basis and before giving effect to the Refinancings Transactions:

	As of December 31, 2017
	Actual
	(€ millions)
In Euro	
Western Europe	421.0
Esatern Europe	8.2
Asia	3.2
Total	**432.4**
In forieng currency	
U.S. Dollar	
Western Europe	37.6
North America	16.6
Turkish Lira	
Eastern Europe	16.5
Argentine Peso	
*Mercosu*r	3.2
Brazilian Real	
Mercosur	3.1
Indian Rupee	
Asia	26.3
Chinese Yuan	
Asia	5.3
Czech Crown	
Eastern Europe	1.3
Romaniam Leu	
Eastern Europe	1.1
Korean Won	
Asia	0.3
Total	**111.3**
Total	**543.7**

Furthermore, we have €677.0 million in credit lines granted mainly to the Company and which have a maturity of less than one year. Around €578.0 million of these credit lines are Euro-denominated, all of which are in Western Europe, while the equivalent of €102.0 are denominated in foreign currencies, mainly in Asia. These credit lines are unsecured and are generally renewed each year and are subject to customary covenants. As of December 31, 2017, €34.0 million of such credit lines had been drawn, mainly in Asia.

Bank of America loan

On March 21, 2012, we entered into a €60.0 million facility agreement with Bank of America Merrill Lynch Limited. This facility expired on March 21, 2017 and has been fully repaid.

DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading "—Certain Definitions." In this description, the word "*Company*" refers only to Gestamp Automoción, S.A. and not to any of its subsidiaries.

The Company will issue €400.0 million aggregate principal amount of senior secured notes due 2026 (the "*Notes*") under an Indenture (the "*Indenture*") dated the Issue Date among itself, the Guarantors (as defined below), Deutsche Trustee Company Limited, as the trustee (in such capacity, the "*Trustee*"), Deutsche Bank AG, London Branch, as Security Agent, Deutsche Bank AG, London Branch, as paying agent, and Deutsche Bank Luxembourg S.A., as transfer agent and registrar, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See "Notice to Investors." The terms of the Notes are subject to the provisions of the Indenture.

The following description is a summary of the material provisions of the Indenture and certain provisions of the Intercreditor Agreement. It does not restate the Indenture or the Intercreditor Agreement in their entirety. We urge you to read the Intercreditor Agreement attached hereto because it, along with the Indenture, and not this description, defines your rights as a holder of the notes. Copies of the Indenture are available upon request as set forth under "Where You Can Find More Information." Certain defined terms used in this description but not defined below under "—Certain Definitions" have the meanings assigned to them in the Indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Luxembourg Stock Exchange and to trade on the Euro MTF Market of that exchange.

For purposes of any covenant summarized herein, any reference to an amount in "€" shall mean, in respect of any amount in any currency other than euro, the Euro Equivalent thereof.

Brief Description of the Notes, the Note Guarantees and the Intercreditor Agreement

The Notes are initially guaranteed by the Guarantors as of the Issue Date and may, in the future, be guaranteed by further of the Company's Restricted Subsidiaries (each such guarantee, a "*Note Guarantee*"). A Note Guarantee given by a Guarantor may be released in certain circumstances described herein.

The Notes

The Notes:

- are general senior secured obligations of the Company;
- rank *pari passu* in right of payment with all existing and future unsecured Indebtedness of the Company that is not subordinated to the Notes;
- rank senior in right of payment to any and all future obligations of the Company that are subordinated to the Notes;
- are structurally subordinated to all Indebtedness, other obligations and claims of holders of preferred stock of the Company's subsidiaries that are not Guarantors;
- are effectively subordinated to all of the Company's existing and future obligations that are secured by property or assets of the Company to the extent of the value of the property or assets securing such obligations, unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- are fully and unconditionally guaranteed by the Guarantors, as described under "—The Note Guarantees."

As of December 31, 2017, after giving pro forma effect to the Refinancing Transactions, we would have had net Indebtedness, including the Notes, of €1,901.6 million.

The Note Guarantees

Each Note Guarantee will:

- be a senior secured obligation in the case of Gestamp Servicios, S.A. and Gestamp Toledo, S.A. and a senior unsecured obligation in the case of each other Guarantor;
- rank *pari passu* in right of payment with all existing and future Indebtedness of that Guarantor that is not subordinated to that Guarantor's Note Guarantee;
- rank senior in right of payment to any future Indebtedness of that Guarantor that is subordinated in right of payment to that Guarantor's Note Guarantee;
- be effectively subordinated to that Guarantor's existing and future obligations that are secured by property or assets of such Guarantor to the extent of the value of the property or assets securing such obligations unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- be structurally subordinated to all existing and future obligations of any of that Guarantor's subsidiaries that do not guarantee the Notes.

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the subheading "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries," the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries." The Unrestricted Subsidiaries will not be subject to any of the restrictive covenants in the Indenture.

Not all of our Subsidiaries will initially guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any non-guarantor Subsidiaries, these Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. The Company is a holding company dependent upon the cash flow of its operating company subsidiaries in order to satisfy its obligations under the Notes.

The Guarantors, as at the Issue Date, will consist of certain of the Company's subsidiaries incorporated in Czech Republic, France, Germany, Hungary, Luxembourg, Poland, Portugal, Slovakia, Spain, Sweden and the United Kingdom. The Guarantors include both operating companies and various intermediate holding companies. For the year ended December 31, 2017, the Company and the Guarantors represented approximately 48.5% of our total consolidated assets and approximately 54.5% of our consolidated EBITDA. As of December 31, 2017, on a pro forma basis after giving effect to this offering and the application of the proceeds therefrom, the Company's subsidiaries that do not guarantee the Notes would have had approximately €224.8 million of Indebtedness outstanding.

In addition, pursuant to the covenant entitled "—Additional Note Guarantees," subject to certain exceptions, any Restricted Subsidiary (i) that after the Issue Date is or becomes a Material Subsidiary (except for Restricted Subsidiaries which are Material Subsidiaries at the Issue Date but not initial Guarantors and Restricted Subsidiaries that are not 90% or more owned by the Company) or (ii) that guarantees certain Indebtedness of other entities, will also be required to become a Guarantor.

The Note Guarantees are joint and several obligations of the Guarantors. The obligations of the Guarantors will be contractually limited under the applicable Note Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Guarantors and their respective shareholders, directors and general partners. For a description of such limitations, see "Risk Factors—Risks related to the notes—The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses" and "Risk Factors—Risks related to the notes—The granting of guarantees by Spanish companies is restricted by Spanish law." See also "Risk Factors—Risks related to the notes—Fraudulent conveyance laws may limit your rights as a holder of notes."

Release of Note Guarantees

The Note Guarantee of a Guarantor will automatically terminate and be released:

(1) in connection with any direct or indirect sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the

Company or any Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture, and all obligations of the Guarantor with respect to Indebtedness under the Senior Credit Facilities are also released;

(2) in connection with any sale directly or indirectly through the sale of a Parent Company of such Guarantor, of all of the Capital Stock of that Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale complies with the "Asset Sale" provisions of the Indenture, and all obligations of the Guarantor with respect to Indebtedness under the Senior Credit Facilities are also released;

(3) if the Company designates that Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon legal defeasance or covenant defeasance or discharge of the Notes as described under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge;"

(5) as described under the caption "—Amendment, Supplement and Waiver;"

(6) in the case of a Note Guarantee granted pursuant to the covenant entitled "—Certain Covenants—Additional Note Guarantees," upon the discharge of the Indebtedness or the release and discharge of the guarantee that gave rise to the obligation to guarantee the Notes; or

(7) in accordance with an enforcement action pursuant to the Intercreditor Agreement and any Additional Intercreditor Agreement. See "—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries."

Security

The Collateral

Pursuant to the Security Documents, the obligations of the Company under the Notes and Gestamp Servicios, S.A. (only with respect to the pledges mentioned in clauses (i) to (iv) and clause (vi) below) and Gestamp Toledo, S.A. (only with respect to the pledge mentioned in clause (v) below) under their respective Note Guarantees will initially be secured by a third-ranking pledge over all of the shares of capital stock of (i) Gestamp Metalbages, S.A., (ii) Gestamp Bizkaia, S.A., (iii) Gestamp Vigo, S.A., (iv) Gestamp Palencia, S.A., (v) Gestamp Servicios, S.A. and (vi) Gestamp Toledo, S.A. (the "*Collateral*"). The Indenture will provide that the Collateral shall be granted by the Company, Gestamp Servicios, S.A. and Gestamp Toledo, S.A. to secure the Notes (in the case of the Company) and their respective Note Guarantees (in the case of Gestamp Servicios, S.A. and Gestamp Toledo, S.A.) within 60 days from the Issue Date. Pursuant to the terms of the Intercreditor Agreement, recoveries received upon enforcement over Collateral will be applied (subject to certain claims of the Security Agent, the Facility Agent under the Senior Credit Facilities, the trustee under the indenture governing the Existing Notes and costs and expenses related to the enforcement of the Collateral) *pro rata* in repayment of liabilities in respect of (i) obligations under the Indenture and the Notes, (ii) obligations under the Senior Credit Facilities, (iii) obligations under the Existing Notes and (iv) any other Indebtedness of the Company and the Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement. The Company, Gestamp Servicios, S.A. (only with respect to the pledges mentioned in clauses (i) to (iv) and clause (vi) above) and Gestamp Toledo, S.A. (only with respect to the pledge mentioned in clause (v) above) have agreed to take all necessary actions to perfect and make effective the security interest in favor of the Security Agent (for the benefit of the holders of the Notes, among others) in the Collateral pursuant to the Security Documents and to the terms of the Intercreditor Agreement as soon as practicable.

Subject to certain conditions, including compliance with the covenant described under "—Certain Covenants—Liens," the Company is permitted to pledge or cause its Subsidiaries to pledge the Collateral in connection with future incurrence of Indebtedness, including issuances of Additional Notes, permitted under the Indenture on a *pari passu* basis with the then outstanding Notes. The Collateral can also be released from the Liens of the Security Documents under certain circumstances. See "—Release of Security Interests" below.

Administration of Collateral and Enforcement of Liens

The Collateral will be administered by a Security Agent pursuant to the terms of the Security Documents and the Intercreditor Agreement for the benefit of all holders of the Notes and the finance parties under the Senior Credit Facilities, holders of the Existing Notes and certain future secured creditors pursuant to the Intercreditor Agreement. For a description of the Intercreditor Agreement, see "Description of Other Indebtedness—Intercreditor Agreement."

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the Company's bankruptcy and various limitations on enforcement contained in the Intercreditor Agreement. See "Risk Factors—Risks related to the notes—The enforcement of the Collateral may be restricted by Spanish law," "Risk Factors—Risks related to the notes—Fraudulent conveyance laws may limit your rights as a holder of notes" and "Risk Factors—Risks related to the notes—Local insolvency laws may not be as favorable to you as the insolvency laws of another jurisdiction with which you may be more familiar."

The rights of the holders of the Notes with respect to the Collateral must be exercised by the Security Agent. Since the holders of the Notes are not a party to the Security Documents, holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents in accordance with terms of the Indenture and the Intercreditor Agreement without requiring any consent of the holders of the Notes. Subject to the terms of the Intercreditor Agreement, the holders of the Notes will, in certain circumstances, share in or have the ability to direct the Trustee to direct the Security Agent to commence enforcement action under the Security Documents. However, in enforcing the Liens provided for under the Security Documents, the Security Agent will take direction from the Trustee (subject to the terms of the Intercreditor Agreement). Please see "Description of Other Indebtedness—Intercreditor Agreement."

Subject to the terms of the Security Documents, until the acceleration of amounts due under the Notes in accordance with the Indenture, the Company and other pledgors will be entitled to exercise any and all voting rights in a manner which does not materially adversely affect the validity or enforceability of the Liens created under the Security Documents or the value of the Collateral and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distribution (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

The value of the Collateral securing the Notes and the Note Guarantees of Gestamp Servicios, S.A. and Gestamp Toledo, S.A. may not be sufficient to satisfy the Company's obligations under the Notes and Gestamp Servicios, S.A. and Gestamp Toledo, S.A.'s obligations under their respective Note Guarantees, and the Collateral may be reduced or diluted under certain circumstances, including the issuance of Additional Notes or other future incurrences of Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture.

No appraisals of the Collateral have been prepared by or on behalf of the Company or the Guarantors in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of Collateral, in whole or in part, pursuant to the Intercreditor Agreement and the Security Documents following an Event of Default, would be sufficient to satisfy the amounts due on the Notes or the Note Guarantees. By its nature, all of the Collateral is likely to be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

The Security Documents will be governed by Spanish law and will be subject to the jurisdiction of the Spanish courts.

Release of Security Interests

All of the Liens granted under the Security Documents will be automatically and unconditionally released in accordance with the terms and conditions in the Indenture upon Legal Defeasance or Covenant Defeasance as described under "—Legal Defeasance and Covenant Defeasance," if all obligations under the Indenture are discharged in accordance with the terms of the Indenture or as otherwise permitted in accordance with the Indenture, including but not limited to the covenant described under "—Certain Covenants—Impairment of Security Interest," the Security Documents and the Intercreditor Agreement.

The Liens on the Collateral granted in the Security Documents will be released:

(1) in connection with any sale or other disposition, directly or indirectly, of Collateral, if the sale or other disposition does not violate the Indenture, and all liens on the Collateral securing Indebtedness under the Senior Credit Facilities are also released;

(2) to the extent that such Collateral is sold or otherwise disposed of, directly or indirectly, pursuant to an enforcement of the security over such Collateral under the applicable Security Document(s) in accordance with the Intercreditor Agreement;

(3) in the case of a Guarantor that is released from its Note Guarantee (with respect to the Lien securing such Note Guarantee granted by such Guarantor);

(4) if the Company designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property, assets and Capital Stock of such Restricted Subsidiary;

(5) upon legal defeasance or covenant defeasance or discharge of the Notes as described under the captions "—Legal Defeasance and Covenant Defeasance" and "—Satisfaction and Discharge";

(6) as described under "—Amendment, Supplement and Waiver;"

(7) in connection with a transaction permitted by the covenant described under "—Certain Covenants—Merger, Consolidation or Sale of Assets," or

(8) as otherwise provided in the Intercreditor Agreement.

The Security Agent will take all reasonable action required to effectuate any release of Collateral securing the Notes and the Note Guarantees (if applicable), in accordance with the provisions of the Indenture and the Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders of the Notes or any action on the part of the Trustee (unless action is required by it to effect such release).

Intercreditor Agreement

On or before the Issue Date, the Trustee shall accede to the Intercreditor Agreement as described under "Description of Other Indebtedness—Intercreditor Agreement". The Security Documents and the Collateral will be administered by the Security Agent pursuant to the Intercreditor Agreement for the benefit of the Trustee and the holders of the Notes, the creditors under the Senior Credit Facilities, the Existing Notes and certain future Indebtedness of the Company and its Subsidiaries permitted to be incurred and secured pursuant to the Indenture and the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, recoveries received upon enforcement over Collateral will be applied (subject to certain claims of the Trustee, the Security Agent, the Facility Agent under the Senior Credit Facilities, the trustee under the indenture governing the Existing Notes and costs and expenses related to the enforcement of the Collateral) *pro rata* in repayment of liabilities in respect of (i) obligations under the Indenture, the Notes and the Note Guarantees, (ii) obligations under the Senior Credit Facilities, (iii) obligations under the Existing Notes and (iv) any other Indebtedness of the Company and the Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

The Trustee and the creditors under the Senior Credit Facilities, the Existing Notes and the other secured parties under the Intercreditor Agreement have, and by accepting a Note, each holder of a Note will be deemed to have, irrevocably appointed Deutsche Bank AG, London Branch as Security Agent to act as its security agent under the Intercreditor Agreement, the Notes, the Indenture, including the Note Guarantees, and the Security Documents (together, the "*Finance Documents*"). The Trustee and the creditors under the Senior Credit Facilities, the Existing Notes and the other secured parties under the Intercreditor Agreement will have, and by accepting a Note, each holder of a Note will be deemed to have, irrevocably authorized the Security Agent to perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other Finance Documents, together with any incidental rights, power and discretions.

Additional Notes

From time to time, subject to compliance with the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" and "—Certain

Covenants—Liens,” the Company is permitted to issue additional Notes, which shall have terms substantially identical to the Notes except in respect of any of the following terms which shall be set forth in an Officer’s Certificate delivered by the Company to the Trustee (“*Additional Notes*”):

(1) the title of such Additional Notes;

(2) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to the Indenture;

(3) the date or dates on which such Additional Notes will be issued and will mature;

(4) the rate or rates at which such Additional Notes shall bear interest and, with respect to Additional Notes with floating interest, the interest rate basis, formula or other method of determining such interest rate or rates, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable or the method by which such dates will be determined, the record dates for the determination of holders thereof to whom such interest is payable and the basis upon which such interest will be calculated;

(5) the currency or currencies in which such Additional Notes shall be denominated and the currency in which cash or government obligations in connection with such series of Additional Notes may be payable;

(6) the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(7) in the case of Additional Notes with a floating interest date, the date or dates and price or prices at which, the period or periods within which, and the terms and conditions upon which, such Additional Notes may be redeemed, in whole or in part;

(8) if other than in denominations of €100,000 and in integral multiples of €1,000 in excess thereof, the denominations in which such Additional Notes shall be issued and redeemed; and

(9) the ISIN, Common Code, CUSIP or other securities identification numbers with respect to such Additional Notes.

Such Additional Notes will be treated, along with all other Notes, as a single class for the purposes of the Indenture with respect to waivers, amendments and all other matters which are not specifically distinguished for such series. Unless the context otherwise requires, for all purposes of the Indenture and this “Description of the Notes”, references to “Notes” shall be deemed to include references to the Notes initially issued on the Issue Date as well as any Additional Notes. Additional Notes may also be designated to be of the same series as the Notes initially issued on the Issue Date, but only if they have terms substantially identical in all material respects to such initial Notes. However, in order for any Additional Notes to have the same ISIN, CUSIP or common code, as applicable, as the Notes initially issued on the Issue Date, such Additional Notes must be fungible with the initial Notes for U.S. federal income tax purposes.

Principal, Maturity and Interest and Payment of Notes

The Company issued Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of this exchange so require, the Company will publish a notice of any change in these denominations in accordance with the requirements of such rules. The Notes will mature on April 30, 2026.

Interest on the aggregate nominal amount outstanding of the Notes will accrue at the rate of 3.25% per annum and will be payable in cash semi-annually in arrears on April 30 and October 31, commencing on October 31, 2018. The Company will make each interest payment to the holders of record on the Business Day immediately preceding April 30 and October 31. The redemption price of the Notes at maturity will be 100% of the principal amount then outstanding.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

The rights of holders of beneficial interests in the Notes to receive the payments on such Notes are subject to applicable procedures of Euroclear and Clearstream. If the due date for any payment in respect of any Notes is not a Business Day at the place at which such payment is due to be paid, the holders of such Notes will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

Methods of Receiving Payments on the Notes

The Company will pay all principal, interest, premium, and Additional Amounts, if any, on the Global Notes (as defined below) at the corporate trust office or agency of the Paying Agent (as defined below); *provided* that all such payments with respect to Notes represented by one or more Global Notes (as defined below) registered in the name of or held by a nominee of the common depositary for accounts of Euroclear or Clearstream, as applicable, will be made by wire transfer of immediately available funds to Euroclear or Clearstream, which will credit the account specified by such holders of the Notes.

Payments of principal of and premium, if any, on each Note in definitive registered form ("*Definitive Registered Notes*") will be made by transfer on the due date to an account maintained by the payee pursuant to details provided by the holder or, if requested by the holder, by check, in each case against presentation and surrender (or, in the case of partial payment only, endorsement) of the relevant Definitive Registered Note at the office of any Paying Agent. Payments of interest in respect of each Definitive Registered Note will be made by transfer on the due date to an account maintained by the payee (the holder and account details of which appear on the register of holders at the close of business on the relevant record date) or, if requested by the holder, by check mailed on the relevant due date (or if that is not a Business Day, the immediately succeeding Business Day) to the holder (or to the first named of joint holders) of the Definitive Registered Note appearing on the register of holders at the close of business at the address shown on the register of holders on such record date. Payments in respect of principal of, premium, if any, and interest on Definitive Registered Notes are subject in all cases to any tax or other laws and regulations applicable in the place of payment but without prejudice to the provisions under the headings "—Optional Tax Redemption" and "—Additional Amounts." The Paying Agent may require payment of a sum sufficient to cover any transfer tax or similar governmental charge in connection with any payment transfer instructions received by the Paying Agent. Definitive Registered Notes, if issued, will only be issued in registered form.

Paying Agent and Registrar for the Notes

The Company will maintain one or more registrars (each a "*Registrar*"). The initial Registrar will be Deutsche Bank Luxembourg S.A. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on Definitive Registered Notes on behalf of the Company. The Company will also maintain a transfer agent (the "*Transfer Agent*"). The initial Transfer Agent will be Deutsche Bank Luxembourg S.A. The Transfer Agent is responsible for, among other things, facilitating any transfers or exchanges of beneficial interests in different Global Notes (as defined below) between holders.

The Company may change the Paying Agent, the Transfer Agent or the Registrar without prior notice to the holders. The Company or any of its subsidiaries may act as Paying Agent or Registrar in respect of the Notes. For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of this exchange so require, the Company will publish a notice of any change of Paying Agent, Transfer Agent or Registrar in accordance with the requirements of such rules.

Form of Notes

The Notes will be issued in the form of global notes (the "*Global Notes*") in registered form and will be issued in minimum denominations of €100,000 principal amount and integral multiples of €1,000. The Notes will be serially numbered. In no event will Definitive Registered Notes in bearer form be issued. See "Book-Entry, Delivery and Form."

Additional Amounts

All payments made by the Company or any Guarantor (each a "*Payor*") on the Notes or under or with respect to any Note Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or similar governmental charges (including penalties, additions to tax, and interest related thereto) ("*Taxes*") unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) Spain or any political subdivision or governmental authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on the Notes or a Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which a Payor is incorporated or organized or otherwise resident or doing business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a "*Relevant Taxing Jurisdiction*"),

will at any time be required from any payments made with respect to the Notes or any Note Guarantee, including payments of principal, redemption price, interest or premium (if any), the Payor will pay (together with such payments) such additional amounts (the "*Additional Amounts*") as may be necessary in order that the net amounts received in respect of such payments by each beneficial owner of the Notes or the Note Guarantee, as the case may be, after such withholding or deduction by any applicable withholding agent (including any such deduction or withholding from such Additional Amounts), equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however,* that no such Additional Amounts will be payable with respect to:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant holder or beneficial owner, if the relevant holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including any Tax imposed as a result of a holder or beneficial owner being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in, the Relevant Taxing Jurisdiction (such as, for the avoidance of doubt, any net income Tax imposed under the Personal Income Tax, the Corporate Income Tax or the Non-resident Income Tax by Spain as a result of such holder or beneficial owner being resident or doing business in Spain)), other than a connection resulting from the mere acquisition, ownership or disposition of such Note or enforcement of rights under or in respect of such Note or any Note Guarantee or the receipt of payments under or in respect of such Note or any Note Guarantee;

(2) any Taxes that would not have been so imposed if the holder or the beneficial owner of a Note had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (*provided* that (x) such declaration of non-residence or other claim or filing for exemption is required by applicable law, regulation, administrative practice or treaty of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of such Taxes and (y) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in "—Selection and Notice") by the Payor or any other Person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made), but, in each case, only to the extent the holder or beneficial owner is legally eligible to make such declaration or other claim or filing;

(3) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30 day period);

(4) any Taxes that are payable otherwise than by withholding in respect of a payment of the principal of, premium, if any, interest or any other amounts under or with respect to the Notes or any Note Guarantee;

(5) any estate, inheritance, gift, sale, transfer, property or similar Taxes;

(6) any Taxes imposed under Sections 1471 through 1474 of the Code as of the Issue Date (or any amended or successor provisions that are substantively comparable and not materially more

onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code as of the Issue Date (or any amended or successor provisions described above) or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement implementing the foregoing;

(7) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union; or

(8) any combination of (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to any payment to any holder of Notes who is a fiduciary or partnership or other than the beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly, but only if there is no material cost or commercial or legal restriction to transferring the Notes to such beneficiary, settlor, member or beneficial owner.

The applicable withholding agent will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee (or a holder upon request). If certified copies of such tax receipts are not obtainable, the relevant Payor shall provide the Trustee (or a holder upon written request) other evidence of payment reasonably satisfactory to the Trustee (or such holder). The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per € 1,000 principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent located in Luxembourg.

At least 30 days prior to each date on which any payment under or with respect to the Notes or any Note Guarantee is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee and the Paying Agent an Officer's Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to holders on the payment date. Each such Officer's Certificate shall be relied upon until receipt of a further Officer's Certificate addressing such matters.

Wherever in the Indenture, the Notes, any Note Guarantee or this "*Description of the Notes*" there are mentioned, in any context:

(1) the payment of principal,

(2) purchase prices in connection with a purchase of Notes,

(3) interest, or

(4) any other amount payable on or with respect to the Notes or any Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary Taxes, or any other excise, property or similar Taxes which arise in any Relevant Taxing Jurisdiction from the execution, issuance, delivery, registration or enforcement of any Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein or any payments under or with respect to the Notes or any Note Guarantee.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture, and will apply *mutatis mutandis* to any successor to a Payor and to any jurisdiction in which such successor is incorporated, organized, doing business or otherwise considered to be a resident for tax purposes, or any jurisdiction from or through which such successor (or its paying agent) makes any payment under or with respect to the Notes or any Note Guarantee and, in each case, any political subdivision or governmental authority thereof or therein having the power to tax.

Optional Redemption

At any time prior to April 30, 2021, at the option of the Company, the Company may, upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes, on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture at a redemption price of 103.250% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the applicable redemption date, with the Net Cash Proceeds of one or more Equity Offerings; *provided* that:

(1) at least 60% of the aggregate principal amount of Notes issued under the Indenture remain outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(2) the redemption occurs within 120 days of the date of the closing of such Equity Offering.

After April 30, 2021, at the option of the Company, the Company may redeem all or a part of the Notes upon not less than 10 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the twelve month period beginning on April 30 of the years indicated below:

Year	Percentage
2021	101.625%
2022	100.813%
2023 and thereafter	100.000%

In addition, the Company may on or prior to April 30, 2021, upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes, at its option on one or more occasions redeem all or a portion of the Notes (which includes Additional Notes, if any) at a redemption price equal to the sum of:

(1) 100% of the principal amount thereof, *plus*

(2) accrued and unpaid interest, if any, to, but excluding, the applicable redemption date, *plus*

(3) the Applicable Premium at the redemption date, subject to the right of holders of record on the relevant record date to receive interest due on any interest payment date occurring on or prior to the redemption date.

Any redemption and notice of redemption may be, at the Company's discretion, subject to the satisfaction of one or more conditions precedent (including, in the case of a redemption related to an Equity Offering, the consummation of such Equity Offering). In addition, if any redemption is subject to one or more conditions precedent, the notice of redemption in respect thereof shall describe each such condition and, if applicable, shall state that, in the Company's discretion, the redemption date may be delayed (without the need for a new redemption notice) until such time (but not more than 60 days after the date the notice of redemption was delivered) as any such conditions shall be satisfied (or waived by the Company in its sole discretion), or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Company in its sole discretion) by the redemption date, or by the redemption date as so delayed, or such notice may be rescinded at any time in the Company's discretion if in the good faith judgement of the Company any or all of such conditions will not be satisfied.

The Company may repurchase Notes at any time and from time to time in the open market or otherwise.

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Optional Tax Redemption

The Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 10 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional

Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Company determines that, as a result of:

(1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined above) which change or amendment is publicly announced and becomes effective after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, after such later date); or

(2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) of a Relevant Taxing Jurisdiction, which change or amendment is publicly announced and becomes effective after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, after such later date) (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Company is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new Paying Agent in accordance with the third paragraph under "—Paying Agent and Registrar for the Notes" or payment through a Guarantor).

Notice of redemption for taxation reasons will be published in accordance with the procedures described under "—Selection and Notice." Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Company would be obliged to pay Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee (a) an Officer's Certificate stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept and be able to rely on such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the holders.

The foregoing provisions will apply *mutatis mutandis* to any successor to the Company.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof) of that holder's Notes pursuant to an offer on the terms set forth in the Indenture (a "*Change of Control Offer*"). In the Change of Control Offer, the Company will offer a payment (the "*Change of Control Payment*") in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase. Within 30 days following any Change of Control, the Company will mail a notice to each holder of the Notes describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in the notice (the "*Change of Control Payment Date*"), which date will be no earlier than 10 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes and the related Note Guarantees as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the relevant Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The relevant Paying Agent will promptly mail to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of €100,000 or, if greater, an integral multiple of €1,000.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require the Company to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer. The Company also will not be required to make a Change of Control Offer following a Change of Control if it has theretofore issued a redemption notice in respect of all of the Notes in the manner and in accordance with the provisions described under "—Optional Redemption" and thereafter purchases all of the Notes pursuant to such notice. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The definition of "Change of Control" includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. In addition, it should be noted that recent case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a change of control under a clause similar to clause (4) of the definition of "Change of Control," if the outgoing directors were to approve the new directors for the purpose of such change of control clause. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of Notes may require the Company to make an offer to repurchase the Notes as described above.

Subject to the covenants described below, the Company could enter into certain transactions, including acquisitions, refinancings or other recapitalizations which, though not constituting a Change of Control under the Indenture, could increase the amount of outstanding debt or otherwise affect the Company's capital structure or credit ratings. In addition, we may not be able to finance the payments required for a Change of Control Offer. See "Risk Factors—Risks related to the notes—We may not have the ability to raise the funds necessary to finance a change of control offer."

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee or the Paying Agent will select Notes for redemption as follows:

(1) if the Notes are listed on any national securities exchange, in compliance with the requirements, if any, of the principal national securities exchange on which the Notes are listed as certificated to the Trustee and/or the Paying Agent by the Company and in compliance with the requirements of Euroclear and Clearstream; or

(2) if the Notes are not listed on any national securities exchange or such exchange prescribes no method of selection and the Notes are not held through Euroclear or Clearstream or Euroclear or Clearstream prescribe no method of selection, then on a *pro rata* basis, or by lot.

No Notes may be redeemed in part such that the remainder of the Note is less than €100,000 in aggregate principal amount and only Notes in integral multiples of €1,000 will be redeemed. Notices of redemption will be mailed by first class mail at least 10 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. For Notes represented by global certificates held on behalf of Euroclear and Clearstream, notices may be given by delivery to Euroclear and Clearstream for communication to entitled account holders in substitution for aforesaid mailing.

In addition, so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and its rules so require, all notices to holders of the Notes will also be supplied to the Luxembourg Stock Exchange and are expected to be published at *www.bourse.lu*. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. In the case of Definitive Registered Notes, notices will be mailed to holders of the Notes by first class mail at their respective addresses as they appear on the records of the Registrar. If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. Notices given by publication will be deemed given on the first date on which publication is made. Notices given by first class mail, postage paid, will be deemed given five calendar days after mailing whether or not the addressee receives it.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note and will be collectible at the offices of the Paying Agent. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. In the case of Notes represented by global certificates, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

Prescription

Claims against the Company or any other Guarantor for the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of seven years, in the case of principal, or five years, in the case of interest, premium or Additional Amounts, if any, from the applicable original payment date therefor.

Certain Covenants

Restricted Payments

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (A) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt, (B) dividends or distributions to the Company or any of its Restricted Subsidiaries and (C) *pro rata* dividends or distributions made by a Subsidiary that is not a Wholly Owned Restricted Subsidiary to minority stockholders (or owners of any equivalent interest in the case of a Subsidiary that is an entity other than a corporation));

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (x) any Indebtedness that is subordinated in right of payment to the Notes or the Note Guarantees except a payment of interest or principal at the Stated Maturity thereof or any purchase, redemption, defeasance or other acquisition or retirement of principal within one year of the Stated Maturity thereof or (y) any Subordinated Shareholder Debt; or

(4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(2) the Company would, after giving pro forma effect to such Restricted Payment (including the application thereof) as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness (other than Permitted Debt) pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock;" and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (8), (9), (11), (13) and (14) of the next succeeding paragraph), is less than the sum, without duplication, of:

   (a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the first day of the first full fiscal quarter immediately prior to May 11, 2016 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such aggregate Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*

   (b) 100% of the aggregate net cash proceeds and Fair Market Value of property, assets or marketable securities received by the Company since May 11, 2016 as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock or Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company or from Subordinated Shareholder Debt or Excluded Contributions), *plus*

   (c) 100% of any dividends or distributions (including payments made in respect of loans or advances) received by the Company or a Restricted Subsidiary of the Company after May 11, 2016 from an Unrestricted Subsidiary of the Company or a Permitted Joint Venture, to the extent that such dividends or distributions were not otherwise included in Consolidated Net Income of the Company for such period (and *provided* that such dividends or distributions are not included in the calculation of that amount of Permitted Investments permitted under clause (10) of the definition thereof), *plus*

   (d) to the extent that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary after May 11, 2016, the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such redesignation, *plus*

   (e) to the extent that any Restricted Investment that was made after May 11, 2016 is sold for cash or otherwise liquidated or repaid for cash or Cash Equivalents (including, without limitation, any sale for cash or other Cash Equivalents of an Equity Interest in an Unrestricted Subsidiary), the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any), *plus*

   (f) 100% of the cash received by the Company since May 11, 2016 in connection with the incurrence of any Subordinated Shareholder Debt.

The preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Restricted Subsidiary or of any Equity Interests of the Company or any Parent Company by conversion into (in the case of subordinated Indebtedness) or in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Debt or from the substantially concurrent contribution of equity capital to the Company; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition or retirement of subordinated Indebtedness of the Company or any Guarantor with the Net Cash Proceeds from an incurrence of Permitted Refinancing Indebtedness in respect of such subordinated Indebtedness;

(4) any Restricted Payment made by exchange for, or out of the proceeds of the substantially concurrent sale of, Equity Interests of the Company (other than Disqualified Stock) or a substantially concurrent cash capital contribution received by the Company from its shareholders; *provided*, *however*, that the Net Cash Proceeds from such sale or cash capital contribution shall be excluded from clause (3)(b) of the preceding paragraph;

(5) the repurchase, redemption or other acquisition for value of Equity Interests of any non-Wholly Owned Restricted Subsidiary of the Company if, as a result of such purchase, redemption or other acquisition, the Company increases its percentage ownership, directly or indirectly through its Restricted Subsidiaries, of such non-Wholly Owned Restricted Subsidiary;

(6) the repurchase, redemption or other acquisition for value of Equity Interests of the Company or its Restricted Subsidiaries representing fractional shares of such Equity Interests in connection with a merger, consolidation, amalgamation or other combination of the Company or any such Restricted Subsidiary;

(7) the payment by the Company of, or loans or advances, dividends or distributions to any Parent Company to pay dividends on the ordinary shares of the Company or any Parent Company, in an amount not to exceed in any fiscal year the greater of (A) an amount equal to 3.0% of the Market Capitalization; *provided* that after giving pro forma effect to the payment of such amount the Leverage Ratio shall be no greater than 2.5 to 1.0 and (B) 6% per annum of the net cash proceeds received by the Company in any Public Offering or contributed in cash to the Company's ordinary shares with the net cash proceeds of any such Public Offerings by any Parent Company;

(8) loans or advances made to employees, officers or directors (not including the Permitted Holders) in amounts not exceeding €20 million at any time outstanding;

(9) the declaration and payment of dividends to, or the making of loans to, any Parent Company in amounts required for such Parent Company to pay (i) franchise and similar taxes, and other fees and expenses, required to maintain such Parent Company's corporate existence and (ii) consolidated, combined or similar foreign, federal, state and local income and similar Taxes, to the extent such income and similar Taxes are attributable to the income, revenue, receipts, capital or margin of the Company and the Restricted Subsidiaries and, to the extent of the amount actually received from the Company's Unrestricted Subsidiaries, in amounts required to pay such Taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Company, the Restricted Subsidiaries and the Company's Unrestricted Subsidiaries (to the extent described above) would be required to pay in respect of such foreign, federal, state and local Taxes for such fiscal year had the Company, the Restricted Subsidiaries and the Company's Unrestricted Subsidiaries (to the extent described above) been a standalone taxpayer (separate from any such Parent Company) for all fiscal years ending after the Issue Date;

(10) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Equity Interests of (a) the Company or any Restricted Subsidiary (including any options, warrants or other rights in respect thereof) held by any current or former employee, director, officer, member of management or consultant (or their respective Immediate Family Members) of the Company or any Restricted Subsidiaries or (b) the Company held by any Parent Company if the proceeds are to be used to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value of Equity Interests of such Parent Company (including any options, warrants or other rights in respect thereof) held by any current or former employee, director, officer, member of management or consultant (or their respective Immediate Family Members) of the Company or any Restricted Subsidiaries, in either case pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; *provided* that the aggregate amount of all such purchased, repurchased, redeemed, defeased, acquired, cancelled or retired Equity Interests may not exceed €20 million;

(11) [Reserved];

(12) Restricted Payments provided that for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of such Restricted Payment, on a pro forma basis, the Company and its Restricted Subsidiaries on a consolidated basis would have had a Leverage Ratio of no more than 2.00 to 1.00;

(13) Restricted Payments made with the proceeds of Excluded Contributions;

(14) Restricted Payments pursuant to clause (i) of the second paragraph under "—Certain Covenants—Transactions with Affiliates"; and

(15) other Restricted Payments made after the Issue Date in an amount (measured on the date each such Restricted Payment was made and without giving effect to subsequent changes in value) when taken together with all other Restricted Payments made pursuant to this clause (15) not to exceed the greater of (a) €100 million and (b) 1.8% of Total Assets at such time (*provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person is subsequently designated a Restricted Subsidiary, such Investment shall thereafter be deemed to have been made pursuant to clause (3) of the definition of "Permitted Investments" and not this clause);

provided, *however*, that after giving effect to any Restricted Payment referred to in clauses (5), (7), (8), (12) or (15) of this paragraph, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the responsible financial or accounting officer of the Company. The determination of such responsible financial or accounting officer will be final and conclusive.

Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*, that the Company and any Restricted Subsidiary may incur Indebtedness, the Company or any Restricted Subsidiary may incur Acquired Debt and the Company may issue Disqualified Stock and any Restricted Subsidiary may issue shares of preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.5 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; *provided* that a Restricted Subsidiary of the Company that is not a Guarantor may incur Indebtedness or issue Disqualified

Stock or preferred stock pursuant to this paragraph solely to the extent that the Non-Guarantor Leverage Ratio for the Company's most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been no greater than 1.00 to 1.00, as determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if such Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence by the Company or its Restricted Subsidiaries of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(1) the incurrence by the Company and any Restricted Subsidiary of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €1,000 million;

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence (a) by the Company of Indebtedness represented by the Notes to be issued hereby (but not including any Additional Notes) and (b) by the Company, the Guarantors and any future Guarantors of Indebtedness represented by a Note Guarantee (including Note Guarantees of Additional Notes incurred in compliance with the Indenture);

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings, sale and leaseback transactions or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed €150 million at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (15) of this paragraph;

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided*, *however*, that:

  (a) if the Company or any Guarantor is the obligor on such Indebtedness and the creditor is not a Guarantor, such Indebtedness must be unsecured and ((i) except in respect of intercompany liabilities incurred in connection with cash management positions of the Company and its Restricted Subsidiaries and (ii) only to the extent legally permitted (the Company and its Restricted Subsidiaries having completed all procedures required in the reasonable judgment of the directors or officers of the oblige or obligor to protect such persons from any penalty or civil or criminal liability in connection with the subordination of such Indebtedness) expressly subordinated to the prior payment in full in cash of all Obligations with respect, in any bankruptcy, insolvency or winding up of such obligor, to its Note Guarantee, and

  (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations (excluding Hedging Obligations entered into for speculative purposes, in the good faith determination of management) for the purposes of limiting interest rate risk with respect to any Indebtedness permitted to be incurred under the Indenture, exchange rate risk or commodity pricing risk;

(8) the guarantee by the Company or any of the Guarantors (subject to compliance with the covenant "—Certain Covenants—Additional Note Guarantees") of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Note or a Note Guarantee, then the guarantee must be expressly subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness being guaranteed;

(9) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in connection with one or more standby letters of credit or performance bonds issued by the Company or a Restricted Subsidiary in the ordinary course of business or pursuant to self-insurance obligations and, in each case, not in connection with the borrowing of money or the obtaining of advances or credit;

(10) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from agreements providing for indemnification or adjustment of purchase price or from guarantees or letters of credit securing any Obligations of the Company or any Restricted Subsidiary pursuant to such agreements, incurred in connection with the sale or other disposition of any business, assets or Restricted Subsidiary of the Company, other than guarantees or similar credit support by the Company or any Restricted Subsidiary of Indebtedness incurred by any Person acquiring such business, assets or subsidiary; *provided* that the maximum Indebtedness permitted by this clause (10) in respect of any such sale or other disposition of any business, assets or subsidiary shall not exceed the Net Cash Proceeds from such sale or other disposition;

(11) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from guarantees to suppliers, lessors, licensees, contractors, franchisees or customers and incurred in the ordinary course of business;

(12) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of any obligations under workers' compensation laws and similar legislation;

(13) Indebtedness incurred pursuant to the factoring of Receivables arising in the ordinary course of business pursuant to customary arrangements; *provided*, that either (a) no portion of such Indebtedness has, directly or indirectly, contingent or otherwise, recourse to any property or assets of the Company or any of its Restricted Subsidiaries (other than the Receivables that are the subject of the factoring), or (b) if such Indebtedness has recourse to any property or assets of the Company or any of its Restricted Subsidiaries, only the portion of such Indebtedness that is not recourse to any property or assets of the Company or any of its Restricted Subsidiaries (other than Receivables that are the subject of the factoring) may be considered as "Permitted Debt" under this clause (13);

(14) the incurrence by the Company or any Restricted Subsidiary of guarantees of Indebtedness of Permitted Joint Ventures in an amount not to exceed €100 million;

(15) Indebtedness, Disqualified Stock or preferred stock of Persons that are acquired by the Company or any Restricted Subsidiary of the Company or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or a Restricted Subsidiary of the Company in accordance with the terms of the Indenture; *provided* that such Indebtedness, Disqualified Stock or preferred stock are not incurred or issued in connection with such acquisition, merger, consolidation, amalgamation or other combination, and, after giving effect to such acquisition, merger, consolidation, amalgamation or other combination, either:

    (a) the Company or such Restricted Subsidiary would be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence of this covenant; or

    (b) the Fixed Charge Coverage Ratio of the Company is no less than immediately prior to such acquisition, merger, consolidation, amalgamation or other combination; and

(16) the incurrence by the Company or any Restricted Subsidiary of additional Indebtedness (including Acquired Debt) in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (16), not to exceed €200 million.

To the extent any Restricted Subsidiary that is not a Guarantor is a joint obligor with respect to any Indebtedness, the entire amount of such Indebtedness shall be considered Indebtedness of a Restricted Subsidiary that is not a Guarantor for purposes of this covenant.

The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided* that, in each such case, the amount thereof is included in Consolidated Interest Expense of the Company as accrued or paid in accordance with the definition of such term.

The incurrence by an Unrestricted Subsidiary of the Company of Non-Recourse Debt will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided*, *however*, that if any such Indebtedness ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, such Indebtedness shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company that was not permitted by this covenant.

For purposes of determining compliance with this covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

For purposes of determining compliance with any euro-denominated restriction on the incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided* that (1) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than euros, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (2) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date will be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (3) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euros, will be the amount of the principal payment required to be made under such currency agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such currency agreement.

Liens

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind upon any of its assets or property (including Capital Stock of Restricted Subsidiaries), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the "*Initial Lien*"), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Note Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or senior in right of payment to, in the case of Liens with respect to subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Any such Lien created in favor of the Notes pursuant to the preceding paragraph will be automatically and unconditionally released and discharged upon the release and discharge of the Initial Lien to which it relates.

Dividend and Other Payment Restrictions Affecting Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;

(2) the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, the Security Documents and any notes and guarantees in connection with the subsequent issuance of debt securities in accordance with and on terms no less onerous than the Indenture;

(3) applicable law or regulation or the terms of any license, authorization, concession or permit to engage in a Permitted Business;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (4) of the second paragraph of the covenant entitled "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock";

(7) any agreement for the sale or other disposition of Capital Stock of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(9) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant entitled "—Liens" that limit the right of the debtor to dispose of the assets subject to such Liens;

(10) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements, sale-leaseback agreements and other similar agreements;

(11) provisions that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or other contract entered into in the ordinary course of business;

(12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and

(13) any agreement or instrument (A) relating to any Indebtedness or preferred stock of a Restricted Subsidiary of the Company permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facilities as in effect on the Issue Date (as determined in good faith by the Company) or (ii) if the encumbrances and restrictions are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company) and either (x) the Company determines that such encumbrance or restriction will not adversely affect the Company's ability to make principal and interest payments on the Notes as and when they come due or (y) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness, (B) constituting an intercreditor agreement on terms substantially equivalent to the Intercreditor Agreement or (C) relating to any loan or advance by the Company to a Restricted Subsidiary of the Company subsequent to the Issue Date; *provided* that with respect to this clause (13) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facilities, the Security Documents and the Intercreditor Agreement (as in effect on the Issue Date).

Merger, Consolidation or Sale of Assets

The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the "*Surviving Entity*") is a corporation organized or existing under the laws of (i) Spain, (ii) any other member of the European Union that has adopted the euro as its national currency, (iii) the United Kingdom or (iv) the United States, any state of the United States or the District of Columbia;

(2) the Surviving Entity (if other than the Company) assumes all the obligations of the Company under the Notes, the Indenture, the applicable Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(3) immediately after giving effect to such transaction no Default or Event of Default exists or would exist; and

(4) the Company or the Surviving Entity, as the case may be, will:

    (a) on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant entitled "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" or (ii) the Fixed Charge Coverage Ratio of the Company (or, if applicable, the Surviving Entity) would equal or exceed the Fixed Charge Coverage Ratio of the Company immediately prior to giving effect to such transaction; and

    (b) deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and any supplemental indenture comply with this covenant and the Indenture, and, if the Company is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the Successor Entity enforceable (subject to customary exceptions and exclusions) in accordance with their terms.

In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This "—Merger, Consolidation or Sale of Assets" covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among (a) the Company and any of the Guarantors, (b) any Restricted Subsidiary and another Restricted Subsidiary and (c) any Restricted Subsidiary to the Company. Notwithstanding clause (4)(a) of the foregoing, the Company or any Guarantor may merge with an Affiliate solely for the purpose of reincorporating the Company or such Guarantor in another jurisdiction to realize tax or other benefits.

A Guarantor or Restricted Subsidiary may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor or Restricted Subsidiary is the surviving Person) another Person, other than the Company, another Guarantor or another Restricted Subsidiary, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the Indenture and its Note Guarantee pursuant to a supplemental indenture satisfactory to the Trustee and the applicable Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture; or

(c) in any transaction between (i) the Company or a Guarantor and (ii) a Restricted Subsidiary that is not a Guarantor, the Company or such Guarantor is the surviving Person or the Restricted Subsidiary is the surviving Person and assumes all of the obligations of the Company or such Guarantor under the Notes, the Indenture and/or its Note Guarantee, as applicable, pursuant to a supplemental indenture satisfactory to the Trustee.

Transactions with Affiliates

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "*Affiliate Transaction*") involving aggregate payments or consideration in excess of €10 million, unless:

(1) the Affiliate Transaction is on terms no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of €25 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with clause (1) above.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(a) transactions between or among (i) the Company and/or (ii) its Restricted Subsidiaries;

(b) transactions with a Person (including any joint venture or equity investee) that is an Affiliate of the Company or a Restricted Subsidiary solely because the Company or a Restricted Subsidiary owns an Equity Interest in such Person;

(c) payment of reasonable director's and other fees to, indemnities provided on behalf of, and expenses (including expense reimbursement, employee benefit and pension expenses) relating to, officers, directors, employees or consultants of the Company or its Parent Company or the

Company's Subsidiaries and payments of benefits and salaries to employees of the Company or its Subsidiaries in the ordinary course of business;

(d) issuances or sales of Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Debt to Affiliates of the Company;

(e) purchases of steel blanks, coils and other raw materials by Affiliates of the Company or its Restricted Subsidiaries on terms reflecting current market conditions, that are no less favorable, when taken as a whole, to the Company or such Restricted Subsidiary, as applicable, than those available to the Company or such Restricted Subsidiary from third parties;

(f) sales of scrap steel and other steel materials by the Company or its Restricted Subsidiaries to Affiliates on terms reflecting current market conditions, that are no less favorable, when taken as a whole, to the Company or such Restricted Subsidiary, as applicable, than those available from the Company or such Restricted Subsidiary to third parties;

(g) payments pursuant to real estate leases and license agreements entered into in the ordinary course of business and on reasonable arm's length terms, not exceeding €5 million per annum in the aggregate;

(h) Permitted Investments or Restricted Payments that are permitted by the provisions of the Indenture described above under the caption "—Certain Covenants—Restricted Payments" (other than Permitted Investments described in clauses (3), (10), (11)(i), (13) and (15) of the definition of "Permitted Investments"); and

(i) performance of any agreement of the Company or a Restricted Subsidiary as in effect on the Issue Date and disclosed in the Offering Memorandum under "Shareholders and Certain Transactions" and any amendment after the Issue Date (so long as such amendment is not disadvantageous to the holders of the Notes in any material respect) to any such agreement (except as covered by clause (h) hereof).

Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at the time of the Asset Sale at least equal to the Fair Market Value (such Fair Market Value to be determined on the date of contractually agreeing to such Asset Sale) of the assets or Capital Stock issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration (excluding by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) received in the Asset Sale (except to the extent the Asset Sale is a Permitted Asset Swap) by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on the Company's or such Restricted Subsidiary's most recent balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days of the receipt thereof, to the extent of the cash or Cash Equivalents received in that conversion;

(c) Indebtedness of any Restricted Subsidiary, in each case that is no longer a Restricted Subsidiary of the Company as a result of such Asset Sale, to the extent that the Company and such Restricted Subsidiary following such Asset Sale are released from any guarantee of such Indebtedness, as the case may be, in connection with such Asset Sale;

(d) consideration consisting of Indebtedness of the Company or any Restricted Subsidiary (other than Indebtedness that by its terms is subordinated to the Notes); and

(e) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate fair market value, as determined in good faith by an officer or the Board of Directors of the Company, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €50 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) may apply those Net Cash Proceeds, if any, at its option:

(1) (i) to repay, repurchase, prepay or redeem (a) to the extent such Net Cash Proceeds derive from an Asset Sale in respect of an asset which, immediately prior to such Asset Sale, did not constitute Collateral, Indebtedness of a Restricted Subsidiary that is not a Guarantor (other than Indebtedness owed to the Company or an Affiliate of the Company) or Indebtedness which is secured by a Lien on such asset or (b) Indebtedness of the Company or any other Restricted Subsidiary incurred under Credit Facilities pursuant to clause (1) of the second paragraph of the covenant entitled "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" that is secured by a Lien on the Collateral; *provided*, *however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (i)(a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; (ii) to prepay, repay or purchase Pari Passu Indebtedness; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Company either (A) reduces the aggregate principal amount of Notes on an equal or ratable basis with any such Pari Passu Indebtedness repaid pursuant to this clause (ii) by redeeming Notes as provided under "—Optional Redemption" and/or (B) makes (at such time or subsequently in compliance with this covenant) an offer to the holders of the Notes to purchase their Notes in accordance with the provisions set forth below of an Asset Sale Offer on an equal and ratable basis with any such Pari Passu Indebtendess repaid pursuant to this clause (ii) (which offer shall be deemed to be an Asset Sale Offer for purposes hereof); or (iii) to redeem Notes as provided under "—Optional Redemption" so long as such redemption is on a ratable or greater than ratable basis with any Pari Passu Indebtendess concurrently repaid;

(2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(3) to make a capital expenditure;

(4) to acquire other long-term assets (other than Indebtedness or Capital Stock) that are used or useful in a Permitted Business;

(5) to enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 365-day period; or

(6) any combination of the foregoing.

In connection with any investment in Voting Stock pursuant to clause (2) if the assets sold constituted Collateral, the Company will also grant a pledge, or will cause a pledge to be granted, on a senior basis over any acquired Voting Stock in a Person incorporated in the same jurisdiction of the Person whose Voting Stock constituted Collateral as additional Collateral. Pending the final application of any Net Cash Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Cash Proceeds in any manner that is not prohibited by the Indenture. Notwithstanding the foregoing provisions of this covenant, the Company and the Restricted Subsidiaries will not be required to apply any

Net Cash Proceeds in accordance with this covenant except to the extent that the aggregate Net Cash Proceeds from all Asset Sales which is not applied in accordance with this covenant exceeds €25 million.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds €25 million, the Company will make an offer (the "*Asset Sale Offer*") to all holders of Notes, and the Company will make any required offer to purchase Pari Passu Indebtedness containing similar asset sale provisions, to purchase the maximum principal amount of Notes and such Pari Passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other Pari Passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other Pari Passu Indebtedness to be purchased on a *pro rata* basis. Upon completion of each Asset Sale Offer the amount of Excess Proceeds will be reset at zero. For the purposes of calculating the principal amount of any Indebtedness not denominated in euros, the principal amount of such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of the Business Day immediately prior to the date on which the Asset Sale Offer is announced.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes and the related Note Guarantees pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their respective obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company or, if required by applicable law, the shareholders of the Company, may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will either reduce the amount available for Restricted Payments under the first paragraph of the covenant entitled "—Restricted Payments" or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. That designation will only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company or, if required by applicable law, the shareholders of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

Additional Note Guarantees

The Company shall ensure that, within 60 days after the audited financial statements of the Company become available for each financial year of the Company beginning with the financial year ending December 31, 2018, the Company shall cause any Restricted Subsidiary that after the Issue Date is or becomes a Material Subsidiary (except for any Restricted Subsidiary which was a Material Subsidiary at the Issue Date but was not an initial Guarantor, any Restricted Subsidiary that is already a Guarantor, or any Restricted Subsidiary as to which the Company and its Restricted Subsidiaries do not own, directly or indirectly, greater than 90% of the Capital Stock) to execute and deliver a supplemental indenture providing for the Note Guarantee by such Restricted Subsidiary on the same terms as the Note Guarantees granted by the other Guarantors hereunder.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market, the Company will publish a notice of such additional guarantees in accordance with the requirements of such rules.

The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee the payment of any other Credit Facilities or other Public Debt of the Company or any Guarantor unless such incurrence is permitted by the covenant entitled "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock," and such Restricted Subsidiary (if not already a Guarantor) simultaneously executes and delivers a supplemental indenture and supplemental intercreditor agreement pursuant to which such Restricted Subsidiary will guarantee payment of the Notes on the same terms and conditions as those set forth in the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement and which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Credit Facilities or other Public Debt; *provided* that no such additional Note Guarantee need be provided in respect of Credit Facilities or other Public Debt of the Company or any Guarantor (i) that does not exceed €50 million, in the aggregate with all other Credit Facilities or other Public Debt described under this clause (i), (ii) if the guarantee of such Indebtedness is pursuant to a regulatory requirement and such Credit Facilities or other Public Debt is owed to a regulatory body, or (iii) if such Credit Facilities or other Public Debt is guaranteed by such Restricted Subsidiary on the Issue Date and such Restricted Subsidiary is not a Guarantor.

The Company shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that (A) such Note Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company or a Restricted Subsidiary; (2) any liability for the officers, directors or shareholders of such Restricted Subsidiary; (3) any cost, expense, liability or obligation (including any Tax) other than reasonable out of pocket expenses and other than reasonable governmental or regulatory filing fees and (4) a requirement under applicable law, rule or regulation to obtain or prepare financial statements or financial information of such Person to be included in any required filing with a legal or regulatory authority that the Company is not able to obtain or prepare through measures reasonably available to the Company or (B) (i) such Restricted Subsidiary is incorporated in any jurisdiction located in North America or South America, (ii) such Restricted Subsidiary is a Subsidiary of any Person described under clause (i) above, or (iii) such Restricted Subsidiary is incorporated in Japan, China, South Korea, India, Taiwan, Turkey, Morocco or Russia.

Notwithstanding the preceding paragraphs of this covenant, any Note Guarantee by a Restricted Subsidiary will provide by its terms that it will be automatically and unconditionally released and discharged when (i) the Indebtedness that gave rise to the obligation to guarantee the Notes is discharged, (ii) in the case of any Note Guarantee granted as contemplated under the third paragraph of this covenant as a result of a Restricted Subsidiary guaranteeing other Credit Facilities or Public Debt, when such other Indebtedness is released and discharged, or (iii) otherwise under the circumstances described above under the caption "—Brief Description of the Notes, the Note Guarantees and the Intercreditor Agreement—The Note Guarantees." The terms, provisions and limitations related to the Note Guarantees will be included in the Indenture.

Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement; *provided*, *however*, that (a) nothing in this provision shall restrict the release or replacement of any security interests in compliance with the terms of the Indenture as described under "—Security—Release of Security Interests" and (b) any Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, if contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an independent financial advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the Person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release and replacement, or (3) an Opinion of Counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the security so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens, in each case, not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Company complies with the requirements of this covenant, the Trustee and/or the Security Agent (as the case may be) shall (subject to customary protections and indemnifications) consent to any such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the holders of the Notes.

Suspension of Certain Covenants when Notes Rated Investment Grade

If on any date following the Issue Date, (1) two of the following three are satisfied: (i) the Notes are rated Baa3 or better by Moody's, (ii) the Notes are rated BBB− or better by S&P or (iii) the Notes are rated BBB− or better by Fitch (or, if either Moody's, S&P or Fitch ceases to rate the Notes for reasons outside of the control of the Company, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Company as a replacement agency so that the Notes are so rated by at least two such credit rating agencies); and (2) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following captions in this offering memorandum will be suspended and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) "—Restricted Payments;"

(2) "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock;"

(3) "—Dividend and Other Payment Restrictions Affecting Subsidiaries;"

(4) clause (4)(a) of the first paragraph of the covenant described under the caption "—Merger, Consolidation or Sale of Assets;"

(5) "—Transactions with Affiliates;"

(6) "—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries;" and

(7) "—Additional Note Guarantees."

During any period that the foregoing covenants have been suspended, the Company's Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption "—Designation of Restricted and Unrestricted Subsidiaries" or the second paragraph of the definition of "Unrestricted Subsidiary."

Notwithstanding the foregoing, if the rating assigned by any such rating agency should subsequently decline to below Baa3 or BBB−, as applicable, the foregoing covenants will be reinstituted as of and from the date of such rating decline. Such covenants will not, however, be of any effect with respect to actions properly taken during the period of suspension. Calculations under the reinstated "Restricted Payments" covenant will be made as if the "Restricted Payments" covenant had been in effect since the Issue Date except that no default will be deemed to have occurred by reason of a Restricted Payment made while that covenant was suspended. On the rating decline date, all Indebtedness incurred during the suspension period will be classified, at the Company's option, as having been incurred pursuant to the first paragraph of the covenant described under the caption "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" or one or more of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be incurred thereunder as of the rating decline date and after giving effect to Indebtedness incurred prior to the suspension period and outstanding on the rating decline date). To the extent that such Indebtedness would be so permitted to be incurred under the first two paragraphs of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock," such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (2) of the second paragraph of the covenant described under "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock."

The Company shall notify the Trustee that the conditions set forth in the first paragraph under this caption have been satisfied; *provided* that no such notification shall be a condition for the suspension of the covenants described under this caption to be effective; *provided, further*, that the Trustee shall be under no obligation to inform holders of the Notes that the conditions set forth in the first paragraph under this caption have been satisfied.

Reports

The Company will post on its website and furnish to the Trustee and holders the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ending December 31, 2018, annual reports containing (in the case of sub-clauses (a) and (c)) a level of detail that is comparable in all material respects to the Offering Memorandum and the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and cash flow of the Company for the three most recent fiscal years, including appropriate footnotes to such financial statements, and the report of the independent auditors on the financial statements; (b) pro forma income statement and balance sheet information, together with summary explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) to the extent relating to annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a summary description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a summary description of any material changes to risk factors and material recent developments;

(2) within (i) 60 days following the end of the first and third fiscal quarters in each fiscal year of the Company and (ii) 75 days following the end of the second fiscal quarter in each fiscal year of the Company, all quarterly financial statements containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) pro forma income statement and balance sheet information, together with summary explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless pro forma information has been provided in a previous report pursuant to clause (1) or (2) below (*provided* that a material acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal quarter as to which such quarterly report relates shall be reported in the next interim report provided pursuant to this covenant); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and

(3) promptly after the occurrence of a material acquisition, disposition, restructuring, senior management or board of directors changes or change in auditors, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared on a consistent basis for the periods presented and the financial statements required under clause (1) may be presented in the same format as in the Offering Memorandum; *provided*, *however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable International Financial Reporting Standards, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. No report need include separate financial statements or financial data for any Guarantors or non-guarantor Subsidiaries of the Company; *provided* that the annual report in clause (1) shall include a statement of the aggregate percentage of the consolidated EBITDA of the Company represented by the Guarantors.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly information required by clauses (1) and (2) of the first paragraph of this covenant shall include either (i) a reasonable detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenues, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company will furnish to the holders, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

Notwithstanding the above, for so long as ordinary shares of the Company or any Parent Company remain listed on a recognized European or United States stock exchange pursuant to a Public Offering, the requirements of (1), (2) and (3) above shall be considered to have been fulfilled if the relevant entity listing its Capital Stock complies with the reporting requirements of such stock exchange.

Additional Intercreditor Agreements

At the request of the Company, in connection with the incurrence by the Company or its Restricted Subsidiaries of any Indebtedness permitted to be secured under the Indenture, the Company, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the holders (*provided* that the Trustee and the Security Agent shall have received an Officer's Certificate and an Opinion of Counsel to that effect)); *provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent, as the case may be, under the Indenture or the Intercreditor Agreement.

At the direction of the Company and without the consent of holders of the Notes, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including, with respect to any Intercreditor Agreement or Additional Intercreditor Agreement, the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes), (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement, (4) secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or other Indebtedness permitted to be secured by the Indenture or (6) make any other change to any such agreement that does not adversely affect the holders in any material respect (*provided* that the Trustee and the Security Agent shall have received an Officer's Certificate and an Opinion of Counsel to that effect). The Company may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent, in the opinion of the Trustee or the Security Agent, or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, any Intercreditor Agreement or Additional Intercreditor Agreement.

Each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

Events of Default and Remedies

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes;

(2) default in payment when due at maturity, upon redemption, upon repurchase, upon declaration or otherwise, of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Subsidiaries to comply with the provisions described under the first paragraph of the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(4) failure by the Company or any of its Subsidiaries for 30 days after written notice to comply with the provisions described under the captions "—Repurchase at the Option of Holders" and "—Certain Covenants" (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above and a failure to comply with the provisions described under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" described in clause (3) above);

(5) failure by the Company or any of its Subsidiaries for 60 days after written notice to comply with any of the other agreements in the Indenture;

(6) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

  (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

  (b) results in the acceleration of such Indebtedness prior to its express maturity;

  and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €50 million or more;

(7) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (which are not covered by insurance as to which a claim has been submitted and the insurer has not disclaimed or indicated an intent to disclaim responsibility for the payment thereof) aggregating in excess of €50 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(8) except as permitted by the Indenture, any Note Guarantee of any Significant Subsidiary of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect (and any such Default continues for 10 days) or any Guarantor shall deny or disaffirm in writing its obligations under its Note Guarantee;

(9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the relevant Security Documents, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) for any reason other than satisfaction in full of all obligations of the Company and its Subsidiaries under the Indenture or the release of any such security interest in accordance with the Security Documents, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, or the Indenture or any security interest created pursuant to the Indenture and the Security Documents shall be declared invalid or unenforceable or the Company shall assent in writing that any such security interest is invalid or unenforceable or any pledgor disaffirms in writing its obligations under the Security Documents and any such Default continues for 10 days; *provided* that, in each case, such action or event occurs in relation to any Collateral having a market value of greater than €25.0 million;

(10) default under any other Indebtedness that is secured by the Collateral if such default results in the creditors under such Indebtedness commencing an enforcement action of their security rights over the Collateral; and

(11) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary.

However, a default under clauses (4), (5), (6) or (7) of this paragraph will not constitute an Event of Default until the Trustee or the holders of 25% in aggregate principal amount of the outstanding Notes notify the Company of the default and, with respect to clauses (4), (5), (6) and (7), the Company does not cure such default within the time specified in clauses (4), (5), (6) or (7), as applicable, of this paragraph after receipt of such notice.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in clause (6) under "—Events of Default and Remedies" has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to clause (6) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest, or Additional Amounts.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or Additional Amounts on, or the principal of, the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default that would give either the Trustee or the holders of at least 25% or more in aggregate principal amount of Notes then outstanding the right to declare the Notes immediately due and payable, the Company is required to deliver to the Trustee a statement specifying such Default or Event of Default.

If a Default occurs for a failure to deliver a required certificate in connection with another default (an "*Initial Default*") then at the time such Initial Default is cured, such Default for a failure to report or deliver a required certificate in connection with the Initial Default will also be cured without any further action. Any Default or Event of Default for the failure to comply with the time periods prescribed in the covenant entitled "—Certain Covenants—Reports" or otherwise to deliver any notice or certificate pursuant to any other provision of the Indenture shall be deemed to be cured upon the delivery within the 30 day period contemplated by clause (4) of the first paragraph under this caption "—Events of Default and Remedies" of any such report required by such covenant or notice or certificate, as applicable, even though such delivery is not within the prescribed period specified in the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws of the United States.

Legal Defeasance and Covenant Defeasance

The Company may, at its option, and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of any Guarantors discharged with respect to their Note Guarantees ("*Legal Defeasance*") except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, and Additional Amounts, if any, on such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and any Guarantor's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the Indenture.

In addition, the Company may, at its option, and at any time, elect to have the obligations of the Company and any Guarantors released with respect to certain covenants that are described in the Indenture ("*Covenant Defeasance*") and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "—Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit or cause to be deposited with the Trustee (or such other entity designated or appointed (as agent) by the Trustee for such purpose), in trust, for the benefit of the holders of the Notes, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, and Additional Amounts, if any, on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in form and substance reasonably acceptable to the Trustee confirming that (a) the Company has received from, or there has been published by, the United States Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable United States federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company has delivered to the Trustee an Opinion of Counsel in form and substance reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Event of Default described under clause (11) under "—Events of Default and Remedies" has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made or caused to be made by the Company with the intent of preferring the holders over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents may be waived with the consent of the holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes); *provided, however*, that if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of a majority in principal amount of the then outstanding Notes of such series shall be required.

For so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Euro MTF Market and the rules of this exchange so require, the Company will inform the Luxembourg Stock Exchange and publish a notice of any such amendment, supplement or waiver in a newspaper having a general circulation in Luxembourg (currently expected to be the *Luxemburger Wort*) or the website of the Luxembourg Stock Exchange (*www.bourse.lu*).

Without the consent (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes) of holders of at least 90% of the aggregate principal amount of then outstanding Notes affected (*provided* that, if any amendment, waiver or other modification will only affect one series of the Notes, only the consent of at least 90% of the aggregate principal amount of the then outstanding Notes of such series shall be required), an amendment or waiver may not (with respect to any Notes held by a non-consenting holder):

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the captions "—Repurchase at the Option of Holders" and "—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries");

(3) reduce the rate of or change the time for payment of interest on any Note;

(4) impair the right of any holder of Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(6) make any Note payable in currency other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, premium, or Additional Amounts, if any, on the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions "—Repurchase at the Option of Holders" and "—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries");

(9) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture or the Intercreditor Agreement or any Additional Intercreditor Agreement;

(10) release the security interest granted for the benefit of the holders of the Notes in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement or as otherwise permitted by the Indenture; or

(11) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Company and the Guarantors and the Trustee and the other parties thereto may amend or supplement the Indenture, the Notes or the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents:

(1) to cure any ambiguity, omission, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes;

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets;

(4) to make such changes as are necessary to provide for the issuance of Additional Notes in compliance with the covenants described herein (including for the issuance of Additional Notes denominated in a currency different from the currency of the initially issued Notes), or to add guarantees in favor of the Notes;

(5) to mortgage, pledge, hypothecate or grant security interest in favor of the Security Agent to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "—Certain Covenants—Impairment of Security Interest" is complied with;

(6) to conform the text of the Indenture, the Note Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents, the Note Guarantees or the Notes;

(7) to add additional assets or property as Collateral;

(8) to evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;

(9) as provided under "—Additional Intercreditor Agreements";

(10) to allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the Notes;

(11) to confirm and evidence the release, termination, discharge or retaking of any guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement; or

(12) to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an Opinion of Counsel and an Officer's Certificate.

Notwithstanding anything to the contrary in the paragraph above, in order to effect an amendment authorized by clause (10) above, it shall only be necessary for the supplemental indenture to be duly authorized and executed by the Company, such additional Guarantor and the Trustee.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the delivering of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee (or such other entity designated or appointed (as agent) by it for such purpose) as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in an aggregate amount as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(3) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Concerning the Trustee

If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign. If the Trustee becomes the owner or pledgee of the Notes it may deal with the Company with the same rights it would have if it were not the Trustee, Paying Agent, Registrar or such other agent.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations can be read into the Indenture against the Trustee. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Judgment Currency

Any payment on account of an amount that is payable in euros (the "*Required Currency*") which is made to or for the account of any holder of a Note in lawful currency of any other jurisdiction (the "*Other Currency*") whether as a result of any judgment or order or the enforcement thereof or the realization of any security or the liquidation of any of the Company or any Guarantor shall constitute a discharge of the Company's or such Guarantor's obligation under the Indenture, the Notes or the Note Guarantees, as the case may be, only to the extent of the amount of the Required Currency which such holder could purchase in the New York foreign exchange markets with the amount of the Other Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first day (other than a Saturday or Sunday) on which banks in New York, are generally open for business following receipt of the payment first referred to above. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder, the Company or such Guarantor, as the case may be, shall indemnify and save harmless such holder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture, the Notes or the Note Guarantees, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder of a Note from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Company and each Guarantor will appoint Gestamp Automoción, 2701 Troy Center Drive, Suite 150, Troy, MI 48084, USA as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

Additional Information

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge at the registered office of the Company and at the offices of the Paying Agent and Deutsche Bank AG, London Branch, or by writing to Deutsche Bank Luxembourg S.A.

Governing Law

The Indenture, the Notes and the Note Guarantees are governed by the laws of the State of New York.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of any natural Person, any Immediate Family member of such Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"*Applicable Premium*" means, with respect to a Note at any redemption date, the greater of (a) 1% of the principal amount of such Note at such time and (b) the excess of (A) the present value at such time of (i) the redemption price of such Note on April 30, 2021 (such redemption price being described in the table appearing in the second paragraph under the caption "—Optional Redemption" exclusive of any accrued interest to such redemption date), plus (ii) any required interest payments due on such Note through and including April 30, 2021 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Bund Rate plus 50 basis points, over (B) the principal amount of such Note, as calculated by the Company or other Person appointed by the Company for this purpose.

For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Paying Agent, the Registrar or the Transfer Agent.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets, other than sales of (i) treasury stock of the Company and (ii) inventory in the ordinary course of business; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "—Repurchase at the Option of Holders—Change of Control" and/or the provisions described above under the caption "—Certain Covenants—Merger, Consolidation or Sale of Assets" and not by the provisions of "—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries"; and

(2) the issuance of Capital Stock in any of the Company's Restricted Subsidiaries or the sale by the Company or any of its Restricted Subsidiaries of Capital Stock in any of their respective Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €25 million;

(2) a transfer of assets between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to another Restricted Subsidiary of the Company;

(4) the sale, lease, assignment or sublease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) a Restricted Payment that is permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments";

(7) a Permitted Investment;

(8) a disposition of surplus, obsolete or worn-out equipment or any assets or equipment that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries in the ordinary course of business;

(9) the grant of licenses and sublicenses of intellectual property rights and software to third parties in the ordinary course of business and the transfer or disposal to third parties of any intangible assets derived from the research and development of products of the Company in the ordinary course of business;

(10) the disposal or abandonment of intellectual property that is no longer economically practicable to maintain or which is no longer required for the business of the Company and its Restricted Subsidiaries;

(11) sales of dispositions of Receivables in connection with any factoring transaction arising in the ordinary course of business pursuant to customary arrangements; *provided* that any Indebtedness incurred in relation thereto is permitted to be incurred by clause (13) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(12) a disposition by way of the granting of a Permitted Lien or foreclosures on assets;

(13) the loss, disposal or abandonment of assets in connection with tooling in the ordinary course of business of the Company and its Restricted Subsidiaries;

(14) a disposition by way of the granting of a Lien permitted by the covenant described above under the caption "*—Certain Covenants—Liens*," including Permitted Liens;

(15) the foreclosure, condemnation, abandonment or any similar action with respect to any property or other assets and any surrender or waiver of contract rights, or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(16) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(17) sales or other dispositions of assets received by the Company or any Restricted Subsidiary upon the foreclosure on a Lien granted in favor of the Company or any Restricted Subsidiary; and

(18) the disposition of assets to a Person providing services in relation to such assets, including in connection with any services which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person.

"*Associate*" means (i) any Person engaged in a Permitted Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Permitted Business entered into by the Company or any Restricted Subsidiary of the Company.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"*Board of Directors*" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the board of directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Bund Rate*" means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

(1) "*Comparable German Bund Issue*" means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to April 30, 2021, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to April 30, 2021; *provided*, *however*, that, if the period from such redemption date to April 30, 2021 is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Reference German Bund Dealer*" means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(4) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the relevant date.

"*Business Day*" means a day (other than a Saturday or Sunday) on which banks and financial institutions are open in New York, London, Madrid and Luxembourg.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

"*Capital Stock*" means:

(1) in the case of a corporation, ordinary shares, preferred stock, corporate stock, share capital, treasury stock or other participation in the share capital of such corporation (including in the form of *acciones* or *participaciones*);

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means:

(1) (a) euros or U.S. dollars or, (b) in respect of any Restricted Subsidiary of the Company, its local currency;

(2) securities or marketable direct obligations issued by or directly and fully guaranteed or insured by the government of a member of the European Union, the United States, Canada, Switzerland or Japan having maturities of not more than twelve months from the date of acquisition;

(3) certificates of deposit and euro time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of €500 million;

(4) repurchase obligations and reverse repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having at the time of acquisition thereof at least P-1 by Moody's or at least A-1 by S&P and in each case maturing within twelve months after the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a ranking of "A" or higher from S&P or "A2" or higher from Moody's; and

(7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to another "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a "person" that is controlled by one or more Permitted Holders);

(2) the adoption of a plan relating to the liquidation or dissolution of the Company, except as part of a merger, a consolidation, or a sale, assignment, transfer conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries permitted under "—Certain Covenants—Merger, Consolidation or Sale of Assets";

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined in clause (1) above) or any "group" (as that term is used in Section 14(d) of the Exchange Act), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured, by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication to the extent reflected in the calculation of Consolidated Net Income):

(1) provision for taxes or other similar payments based on income or profits, property taxes, annual fees or other duties or taxation on activities of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(2) Consolidated Interest Expense of such Person and its Restricted Subsidiaries, changes in fair value in financial instruments and exchange gains and losses, for such period, to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(3) depreciation, amortization (including, without limitation, amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), impairments and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization impairments and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

(4) any fees, expenses or commissions relating to equity or debt financings (including the costs and expenses associated with the Refinancing Transactions), Investments, dispositions, asset improvements or acquisitions, whether or not successful, or the non-cash amortization thereof; plus

(5) other non-cash charges, write-downs or items reducing such Consolidated Net Income for such period (other than the accrual of revenue in the ordinary course of business); minus

(6) other non-cash items of income increasing Consolidated Net Income for such period.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, the sum, without duplication, of (1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, Additional Amounts, non-cash interest payments, the interest component of any deferred payment obligations (which shall be deemed to be equal to the principal of any such payment obligation less the amount of such principal discounted to net present value at an interest rate (equal to the interest rate on one-year EURIBOR at the date of determination) on an annualized basis), the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net payments (if any) pursuant to Hedging Obligations), (2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (but excluding such interest on Subordinated Shareholder Debt that was capitalized during such period), (3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such guarantee or Lien is called upon) and (4) the product of (a) all dividend payments on any series of preferred stock of such Person or any of its Restricted Subsidiaries, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current applicable statutory tax rate of such Person (if positive), expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person, or a Restricted Subsidiary of the Person;

(2) for the purposes of the covenant described under "—Certain Covenants—Restricted Payments," the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration

or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation (based, for purposes of Spanish legal reserve requirements, on the reserve status as of the determination thereof at the most recent meeting of stockholders of the applicable Restricted Subsidiary) applicable to that Restricted Subsidiary or its stockholders, unless, in each case, such restriction has (a) been legally waived, or (b) constitutes a restriction described in clauses (1), (2), (9), (10), (11) and (13) of the second paragraph of the covenant "—Certain Covenants—Dividend and Other Payment Restrictions Affecting Subsidiaries";

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded;

(4) the cumulative effect of a change in accounting principles shall be excluded;

(5) any net after tax gain or loss (a) realized in connection with any disposal of assets other than in the ordinary course, disposal of businesses and the disposal of any securities by the Company or any of its Restricted Subsidiaries or the extinguishment or forgiveness of any Indebtedness, or (b) arising from discontinued operations, shall be excluded;

(6) any goodwill or other intangible asset amortization or impairment charge, shall be excluded;

(7) any extraordinary, exceptional, unusual or non-recurring gain, loss, change or expense, or charges in reserves in respect of any restructuring, redundancy or severance, shall be excluded;

(8) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt, shall be excluded;

(9) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions shall be excluded;

(10) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write off or forgiveness of Indebtedness shall be excluded;

(11) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations shall be excluded;

(12) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies shall be excluded; and

(13) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary shall be excluded.

For purposes of clause (2) above, the net income of a Restricted Subsidiary that could have or actually distributed such net income to the relevant Person shall be included in such net income.

"*Consolidated Net Indebtedness*" means, with respect to any Person, (1) the sum of the aggregate outstanding Indebtedness of that Person and its Restricted Subsidiaries as of the relevant date calculation less (2) the sum of (a) the amount of cash and Cash Equivalents plus (b) Financial Assets, plus (c) the aggregate amount of non-interest bearing Indebtedness and loans and grants from public authorities of that Person and its Restricted Subsidiaries, in each case that would be stated on the balance sheet of such Person and its Restricted Subsidiaries as of such date, in each case, on a consolidated basis in accordance with GAAP.

"*Consolidated Net Non-Guarantor Indebtedness*" means (1) the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries as of the relevant date of calculation less (2) the sum of (a) the aggregate outstanding Indebtedness incurred solely by the Company and/or a Guarantor as of the relevant date of calculation, plus (b) the amount of cash and Cash Equivalents to the extent held by the Restricted Subsidiaries of the Company who are not Guarantors. Consolidated Net Non-Guarantor Indebtedness will be determined on the basis of the balance sheet of the Company and its Restricted Subsidiaries as of such date on a consolidated basis in accordance with GAAP and without regard for any Indebtedness of the Company or a Restricted Subsidiary owed to the Company or a Restricted Subsidiary. For the avoidance of doubt, to the extent any Restricted Subsidiary that is not a Guarantor is a joint obligor with respect to any such Indebtedness, Consolidated Net Indebtedness shall not be reduced by the amount of such Indebtedness pursuant to this definition.

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors with the approval of either (a) a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (b) the Principals and their respective Related Parties for so long as they own more than 50% of the Voting Stock of the Company.

"*Credit Facilities*" means one or more debt facilities or commercial paper facilities, in each case with banks, other institutional lenders or governmental lending agencies providing for revolving credit loans, bonds, notes, debt securities, term loans, Receivables financing (including through the sale of Receivables to such lenders or to special purpose entities formed to borrow from such lenders against such Receivables) or letters of credit, including the Senior Credit Facilities, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time by such debt facilities or commercial paper facilities and, in each case, including all agreements, indentures, instruments, purchase agreements and documents executed and delivered pursuant to or in connection with the foregoing (including any letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term "Credit Facilities" shall include any agreement or instrument (i) changing the maturity of any Indebtedness incurred thereunder, (ii) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by an officer or the Board of Directors of the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 365 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "—Certain Covenants—Restricted Payments."

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Offering*" means any public or private sale of Equity Interests of the Company or a Parent Company (other than Disqualified Stock) whereby the Company or a Parent Company receives gross proceeds, together with the gross proceeds received by the Company or a Parent Company in any prior public or private sale of such Equity Interest, of not less than €100 million, other than public offerings with respect to common stock of the Company or a Parent Company registered on Form S-8 but, in the case of any such offering by a Parent Company, only to the extent the net cash proceeds thereof are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company.

"*Euro Equivalent*" means, with respect to any monetary amount in a currency other than the euro, at any time of determination thereof, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in the Financial Times in the "Currency Rates" section (or, if the Financial Times is no longer published, or if such information is no longer available in the Financial Times, such source as may be selected in good faith by the Company) on the date of such determination. Except as expressly provided otherwise, whenever it is necessary to determine whether the Company or any of its Restricted Subsidiaries has complied with any covenant or other provision in the Indenture or if there has occurred a Default or an Event of Default and an amount is expressed in a currency other than euro, such amount will be treated as the Euro Equivalent determined as of the date such amount is initially determined in such non euro currency. For purposes of determining whether any Indebtedness can be incurred (including Permitted Debt), any Investment can be made or any transaction described in the "—Certain Covenants—Transactions with Affiliates" covenant can be undertaken (a "*Tested Transaction*"), the Euro Equivalent of such Indebtedness, Investment or transaction described in the "—Certain Covenants—Transactions with Affiliates" covenant shall be determined on the date incurred, made or undertaken and, in each case, no subsequent change in the Euro Equivalent shall cause such Tested Transaction to have been incurred, made or undertaken in violation of the Indenture.

"*European Government Obligations*" means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

"*Event of Default*" has the meaning set forth under "—Events of Default and Remedies."

"*Exchange Act*" means the U.S. Exchange Act of 1934, as amended.

"*Excluded Contribution*" means Net Cash Proceeds and/or the Fair Market Value of property other than cash, (a) contributed to the ordinary equity of the Company or any Restricted Subsidiary or (b) received by the Company from the sale (other than to a Restricted Subsidiary of the Company or pursuant to any management equity plan or share option plan or any other management or employee benefit plan or arrangement of the Company or its Restricted Subsidiaries, as the case may be) of Equity Interests (other than Disqualified Stock) of the Company, in each case, designated as Excluded Contributions pursuant to an Officer's Certificate, in each case which, for the avoidance of doubt, are excluded from the calculation set forth in clause (3) of the first paragraph under "—Certain Covenants—Restricted Payments."

"*Existing Notes*" means the €500.0 million aggregate principal amount of 3.50% senior secured notes issued by Gestamp Funding Luxembourg S.A. pursuant to an Indenture dated as of May 11, 2016, among, *inter alios*, Gestamp Funding Luxembourg S.A., the Company, certain of the Guarantors, Deutsche Trustee Company Limited, as the trustee, and Deutsche Bank AG, London Branch, as Security Agent.

"*Existing Indebtedness*" means Indebtedness in existence on the Issue Date, including the Existing Notes, but excluding any Indebtedness under the Senior Credit Facilities; *provided* that Indebtedness that is intended to be repaid from the proceeds from the Notes as described in the Offering Memorandum under the heading "Use of Proceeds," shall constitute Existing Indebtedness only until such Indebtedness is so repaid.

"*Fair Market Value*" means, with respect to any asset or property, the price which could be negotiated in an arm's length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For purposes of "—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries" and "—Certain Covenants—Restricted Payments," the Fair Market Value of property or assets other than cash which involves an aggregate amount in excess of €25 million, shall be set forth in a resolution approved by at least a majority of the Board of Directors of the Company set forth in an offeror's certificate delivered to the Trustee. Except as otherwise provided herein, and for the purposes of "—Certain Covenants—

Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries" and "—Certain Covenants—Restricted Payments," Fair Market Value will be determined in good faith by the responsible accounting or financial officer of the Company, whose determination will be final and conclusive.

"*Financial Assets*" means consolidated financial assets (comprised of loans and receivables, securities portfolio and other current financial assets) of the Company and its Restricted Subsidiaries as set forth on the balance sheet of the Company prepared in accordance with GAAP.

"*Fitch*" means Fitch Ratings.

"*Fixed Charge Coverage Ratio*" means with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Consolidated Interest Expense of such Person for such period. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings, unless such ordinary working capital borrowings have been permanently repaid and have not been replaced) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the pro forma calculation of Consolidated Interest Expense shall not give effect to any Permitted Debt (as defined in "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock") incurred on the date of determination or to any discharge on the date of determination of any Indebtedness to the extent such discharge results from the proceeds of Permitted Debt.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (2) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of or the operations of which are substantially terminated prior to the Calculation Date, shall be excluded;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Interest Expense and Consolidated Net Income, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company and may include pro forma expenses and cost reductions and cost synergies that have occurred or are reasonably expected to occur in the good faith judgment of a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness). For purposes of this definition, whenever pro forma effect is to be given to any

Indebtedness incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculation will be computed based on (1) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which the facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation. Interest on Indebtedness that may optionally be determined at an interest rate based on a prime or similar rate, a euro interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen or, if none, then based upon such optional rate chosen as the relevant Person may designate.

"*GAAP*" means International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that (i) at any date after the Issue Date, other than for purposes of the reports required under "—Certain Covenants—Reports", the Company may make an irrevocable election to establish that "GAAP" shall mean GAAP as in effect on a date that is on or prior to the date of such election and (ii) GAAP in respect of the accounting for operating leases shall mean GAAP in respect of operating leases in accordance with GAAP as at the Issue Date.

"*guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

"*Guarantors*" means Gestamp Funding Luxembourg S.A., Edscha Automotive Kamenice s.r.o., Edscha Hradec s.r.o., Gestamp Louny s.r.o., Gestamp Tallent Limited, Gestamp Washington UK Limited, Gestamp Noury S.A.S., Gestamp Ronchamp S.A.S., Edscha Briey S.A.S., Sofedit S.A.S., S.C.I. de Tournan, Edscha Engineering France S.A.S., Gestamp Prisma S.A.S., Edscha Automotive Hengersberg GmbH, Edscha Holding GmbH, Gestamp Griwe Westerburg GmbH, Gestamp Griwe Haynrode GmbH, Edscha Automotive Hauzenberg GmbH, Gestamp Umformtechnik GmbH, Edscha Hengersberg Real Estate GmbH & Co. KG, Edscha Hauzenberg Real Estate GmbH & Co. KG, Edscha Engineering GmbH, GMF Holding, GmbH, Gestamp Hungaria KFT, Gestamp Polska, Sp z o o, Gestamp Wroclaw, Sp z o o, Gestamp Aveiro-Indústria e Accesórios de, Automóveis, S.A., Gestamp Cerveira, Lda., Gestamp Vendas Novas, Unipessoal, Lda., Edscha Velky Meder s.r.o., Gestamp Navarra, S.A., Gestamp Bizkaia, S.A., Gestamp Metalbages, S.A., Gestamp Esmar, S.A., Gestamp Palencia, S.A., Gestamp Servicios, S.A., Gestamp Abrera, S.A., Gestamp Solblank Barcelona, S.A., Loire Sociedad Anonima Franco Espanola, Gestamp Aragon, S.A., Gestamp Linares, S.A., Gestamp Vigo, S.A., Gestamp Galvanizados, S.A., Ingenierıa Global Metalbages, S.A., Gestamp Levante, S.A., Gestamp Toledo, S.A., Edscha Burgos, S.A., Edscha Santander, S.A., Gestamp Global Tooling, S.L., Gestamp HardTech AB and Gestamp Sweden AB and any other Restricted Subsidiary that guarantees the Notes from time to time; *provided*, in each case, that a Guarantor shall cease to be a Guarantor upon release of its Note Guarantee in accordance with the terms of the Indenture; and *provided*, *further*, that Gestamp Funding Luxembourg S.A. shall cease to be a Guarantor and release its Note Guarantee automatically upon the discharge of the Senior Credit Facilities and the Existing Notes or the release of the Gestamp Funding Luxembourg S.A.'s obligations thereunder.

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or foreign exchange rates.

"*Immediate Family*" has the meaning specified in Rule 16a-1(e) of the Exchange Act.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person:

(A) the principal and premium amount of any indebtedness of such Person, whether or not contingent:

   (1) in respect of borrowed money;

   (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or, without duplication, reimbursement agreements in respect thereof, except to the extent such

reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property which deferred purchase price is due more than twelve months after taking delivery and title thereof (but not including, for the purpose of calculating the Fixed Charge Coverage Ratio, any amount deemed to represent interest pursuant to the definition of Consolidated Interest Expense); or

(6) representing any Hedging Obligations entered into in connection with currency exchange rate or interest rate hedging (the amount of any such indebtedness to be equal at any time to the net payments that would be payable by such Person at such time under the Hedging Obligation at its scheduled termination date),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with GAAP.

(B) In addition, the term "Indebtedness" shall include all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any indebtedness of any other Person (to the extent guaranteed by such Person).

(C) Notwithstanding the foregoing, in no event shall the following constitute Indebtedness: (i) advances paid by customers in the ordinary course of business for services or products to be provided or delivered in the future, (ii) deferred taxes, (iii) post-closing payment adjustments in connection with the purchase of any business to which a seller may be entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter, (iv) any contingent obligation in respect of workers' compensation claims, early retirement obligations, obligations in respect of severance or retirement or pension fund contributions, (v) contingent obligations in the ordinary course, (vi) operating leases, (vii) obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance, performance bond, advance payment bonds, surety bonds, completion or performance guarantees or similar transactions, to the extent that such letters, bonds, guarantees or similar credit transactions are not drawn upon, (viii) obligations of any other Person except as provided by (B) above, and (ix) Subordinated Shareholder Debt.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount of the Indebtedness in the case of any other Indebtedness.

"*Intercreditor Agreement*" means the Intercreditor Agreement, dated May 10, 2013, between, amongst others, the facility agent under the Senior Credit Facilities, the trustee under the indenture governing the Existing Notes, the Company, various subsidiaries of the Company and the Security Agent, as amended from time to time, and to which the Trustee acceded on the Issue Date.

"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of other extensions of credit, loans (including the maintenance of current accounts, cash accounts, and the extension of guarantees or other obligations), advances (other than advances to suppliers in the ordinary course of business or to customers in the ordinary course of business that are recorded as Receivables) or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet (excluding the footnotes) prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the last paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments." The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the last paragraph of the covenant described above under the caption "—Certain Covenants—Restricted Payments."

"*Issue Date*" means April 27, 2018.

"*Leverage Ratio*" means for any Person as of any date of determination, the ratio of (x) Consolidated Net Indebtedness as of such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of that Person are available. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings have been permanently repaid and have not been replaced) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Leverage Ratio is made (the "*Leverage Ratio Calculation Date*"), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Leverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of or the operations of which are substantially terminated prior to the Leverage Ratio Calculation Date, shall be excluded;

(3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four quarter period; and any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four quarter period.

For purposes of this definition and the definitions of Consolidated EBITDA, Consolidated Interest Expense and Consolidated Net Income, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company and may include pro forma expenses and cost reductions and cost synergies that have occurred or are reasonably expected to occur in the good faith judgment of a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness). For purposes of this definition, whenever pro forma effect is to be given to any

Indebtedness incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculation will be computed based on (1) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which the facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation. Interest on Indebtedness that may optionally be determined at an interest rate based on a prime or similar rate, a euro interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen or, if none, then based upon such optional rate chosen as the relevant Person may designate.

"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding ordinary shares of the entity conducting the Public Offering on the date of the declaration of the relevant dividend or repurchase, redemption or other acquisition or retirement for value of any ordinary shares multiplied by (ii) the arithmetic mean of the closing price per ordinary share for the 30 consecutive trading days immediately preceding the date of declaration of such dividend or repurchase, redemption or other acquisition or retirement for value of ordinary shares.

"*Material Subsidiary*" means any Restricted Subsidiary whose operating profit less depreciation, amortization and impairment losses calculated on a basis consistent with Consolidated EBITDA and excluding intra-group items is greater than the greater of (x) €10 million and (y) 2.5% of the Consolidated EBITDA of the Company and its Subsidiaries, determined by reference to the most recently available audited accounts delivered to the Trustee pursuant to the Indenture. A determination by a responsible accounting or financial officer of the Company that a Restricted Subsidiary is or is not a Material Subsidiary shall in the absence of manifest error be final and conclusive.

"*Moody's*" means Moody's Investors Service, Inc.

"*Net Cash Proceeds*" means (a) the aggregate proceeds in cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash in cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and (b) with respect to any issuance or sale of Capital Stock or Permitted Refinancing Indebtedness, the proceeds of such issuance or sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultants' and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

"*Non-Guarantor Leverage Ratio*" means the Leverage Ratio, but calculated by replacing Consolidated Net Indebtedness in clause (x) of such definition with Consolidated Net Non-Guarantor Indebtedness.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity (except for any such right that would arise pursuant to Existing Indebtedness or Credit Facilities including any refinancing in respect thereof permitted by the Indenture); and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

"*Obligations*" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"*Offering Memorandum*" means the offering memorandum in relation to the Notes.

"*Officer's Certificate*" means, with respect to any Person, a certificate, reasonably satisfactory to the Trustee, signed by one authorized legal or financial officer of such Person.

"*Opinion of Counsel*" means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Parent Company*" means any corporation, association or other business entity that beneficially owns greater than 50% of the Capital Stock of the Company and of which the Company is a Subsidiary.

"*Pari Passu Indebtedness*" means Indebtedness of the Company or any Guarantor or any guarantor if such guarantee ranks equally in the right of payment to the Note Guarantees which, in each case, is secured by Liens on assets of the Company or any Guarantor.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under "*—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries*."

"*Permitted Business*" means the automobile and other transportation vehicles parts and components manufacturing business and other businesses necessary for and incident to, connected with, ancillary or complementary to, arising out, or developed or operated to permit or facilitate the conduct of the automobile and other transportation vehicles parts and components manufacturing business, and the ownership and operation of real estate, hotels, restaurants and entertainment facilities that are either (A) directly related to the operation of an automobile and other transportation vehicles parts and components manufacturing business, or (B) unrelated to the operation of an automobile and other transportation vehicles parts and components manufacturing business but not in excess, on a pro forma basis, of 20% of the Fair Market Value of the Total Assets of the Company and its Subsidiaries, taken as a whole.

"*Permitted Collateral Liens*" means (1) Liens on the Collateral (a) arising by operation of law or that are described in one or more of clauses (5), (8), (9), (11), (14), (17) and (28) of the definition of "Permitted Liens" or (b) that are Liens granted to cash management banks securing cash management operations and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens on the Collateral; (2) Liens on the Collateral to secure Indebtedness of the Company or any of its Restricted Subsidiaries that is permitted to be incurred under clauses (1), (8) (to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and is specified in this definition of "Permitted Collateral Liens") and (16) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; (3) Liens on the Collateral to secure Hedging Obligations incurred under clause (7) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; (4) Liens on the Collateral securing the Existing Notes and the Notes on the Issue Date and any Permitted Refinancing Indebtedness in respect thereof and the related guarantees on the Existing Notes and Note Guarantees of the Notes or such Permitted Refinancing Indebtedness in respect thereof; and (5) Liens on the Collateral securing Indebtedness incurred under the first paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock"; *provided* that in the case of this clause (5), after giving pro forma effect to such incurrence on that date and the application of the proceeds thereof, the Secured Leverage Ratio of the Company and its Restricted Subsidiaries shall be no greater than 2.5 to 1.0.

"*Permitted Holders*" means, collectively, (a) the Principals and any Related Party thereof and (b) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

"*Permitted Investments*" means:

(1) any Investment in the Company or a Restricted Subsidiary of the Company;

(2) any Investment in cash or Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment made as a result of the receipt of non-cash consideration including Replacement Assets from an Asset Sale (or a transaction excepted from the definition of Asset Sale) that was made pursuant to and in compliance with the covenant described above under the caption "—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries";

(5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;

(6) Receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided*, *however*, that such trade terms may include such concessionary terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;

(7) loans and advances to, and guarantees of loans or advances to, employees in the ordinary course of business and on terms consistent with past practice, including without limitation, travel, relocation and other like advances;

(8) lease, utility and other similar deposits in the ordinary course of business;

(9) Hedging Obligations, which transactions or obligations are incurred in compliance with "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock";

(10) Investments made after the Issue Date having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10) that are at the time outstanding not to exceed (i) €150 million plus (ii) an amount equal to 100% of the dividends or distributions (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from a Permitted Joint Venture (which dividends or distributions are not included in the calculation in clauses (3)(a) through (3)(e) of the first paragraph of the covenant described under "—Certain Covenants—Restricted Payments" and dividends and distributions that reduce amounts outstanding under clause (i) hereof); *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person is subsequently designated a Restricted Subsidiary pursuant to the covenant described under "—Certain Covenants—Restricted Payments," such Investment shall thereafter be deemed to have been made pursuant to clause (3) of the definition of "Permitted Investments" and not this clause;

(11) (i) guarantees not prohibited by the covenant described under "Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" and (ii) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(12) any Investment existing on the Issue Date or Investments in Permitted Joint Ventures pursuant to commitments or agreements in existence on the Issue Date and in each case disclosed in the Offering Memorandum;

(13) any Investments in Permitted Joint Ventures made after the Issue Date, not exceeding, in aggregate, an amount equal to 7.5% of Total Assets of the Company and its Subsidiaries, taken as a whole;

(14) any Investment in the Existing Notes and the Notes; and

(15) Investments in Associates in an aggregate amount when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed an amount equal to 5.0% of Total Assets of the Company and its Subsidiaries, taken as a whole.

"*Permitted Joint Venture*" means (a) any corporation, association or other business entity (other than a partnership) that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business and of which at least 20% of the total equity and total Voting Stock is at the time of determination owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof and (b) any partnership, joint venture, limited liability company or similar entity that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business and of which at least 20% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are at the time of determination, owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise.

"*Permitted Liens*" means:

(1) Liens on assets of the Company and any Restricted Subsidiary securing Indebtedness and other Obligations under Credit Facilities incurred pursuant to clause (1) of the second paragraph under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock" in a principal amount not exceeding €50 million;

(2) Liens in favor of the Company or a Restricted Subsidiary (but not, in the case of a Restricted Subsidiary that is not a Guarantor, Liens in favor of such Restricted Subsidiary over the assets of a Guarantor);

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory or regulatory requirements, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" covering only the assets acquired with such Indebtedness;

(7) Liens securing Permitted Refinancing Indebtedness of secured Indebtedness incurred by the Company or a Restricted Subsidiary permitted to be incurred under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements,

accessions, proceeds or dividends or distributions in respect thereof) that secured the Indebtedness being refinanced;

(8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

(9) Liens, pledges and deposits incurred in connection with workers' compensation, unemployment insurance and other types of statutory obligations;

(10) any Lien that is a Permitted Collateral Lien, or a Lien favor of the Notes and the Note Guarantees, including the Liens created pursuant to the Security Documents;

(11) Liens in favor of customs or revenue authorities to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(12) Liens arising out of put/call agreements with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;

(13) Liens securing Indebtedness incurred under clause (7) of the second paragraph under the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(14) easements, rights-of-way, municipal and zoning ordinances, utility agreements, reservations, encroachments, restrictions and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;

(15) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, to the extent such cash or Cash Equivalents refund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(16) Liens on Capital Stock in an Unrestricted Subsidiary or assets of Unrestricted Subsidiaries that, in each case, secure Non-Recourse Debt of Unrestricted Subsidiaries;

(17) Liens imposed by law, such as carriers', landlords', warehousemen's, suppliers', and mechanics' Liens and other similar Liens, on the property of the Company or any Restricted Subsidiary arising in the ordinary course of business;

(18) Liens on property of the Company or any Restricted Subsidiary pursuant to conditional sale or title retention agreements;

(19) Liens on property of the Company or any Restricted Subsidiary arising as a result of leases of such property to other Persons;

(20) deposit arrangements entered into in connection with acquisitions or in the ordinary course of business excluding arrangements for borrowed money;

(21) Liens of the Company or any Restricted Subsidiary of the Company with respect to Obligations that do not exceed 5.0% of the Total Assets of the Company and its Subsidiaries, taken as a whole, at any one time outstanding;

(22) Liens on assets of Restricted Subsidiaries engaged primarily in a Permitted Business in the People's Republic of China;

(23) Liens existing on the Issue Date;

(24) Liens on the Capital Stock and assets of a Permitted Joint Venture that secure the Indebtedness of such a Permitted Joint Ventures;

(25) Liens in respect of factoring of Receivables arising in the ordinary course of business pursuant to customary arrangements; *provided* that any Indebtedness incurred in relation thereto is permitted to be incurred by clause (13) of the second paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock";

(26) Liens on any proceeds loan made by the Company (or a Restricted Subsidiary) in connection with any future incurrence of Indebtedness (other than Additional Notes) permitted under the Indenture (without any requirement to secure the Notes with a Lien on such proceeds loan);

(27) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(28) banker's Liens, rights of set off or similar rights and remedies as to deposit accounts, cash pooling arrangements, net balance or balance transfer agreements, Liens arising out of judgments or awards not constituting an Event of Default and notices and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(29) Liens to secure Indebtedness incurred under the first paragraph of the covenant described under "—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" by a Restricted Subsidiary of the Company that is not a Guarantor; *provided* that any such Lien shall only extend to the property or assets of such Restricted Subsidiary of the Company that is not a Guarantor;

(30) Liens on escrowed proceeds from the issuance of Indebtedness for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest or premium or discount on such Indebtedness (or any costs related to the issuance of such Indebtedness) and are held in an escrow account or similar arrangement to be applied for such purpose; and

(31) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (30); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all costs, fees, expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or any Note Guarantee, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Note Guarantee (as applicable) on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; *provided* that the Company and any Guarantor may incur refinancing Indebtedness in respect of the Company, any Guarantor, or any Restricted Subsidiary.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principals*" means Francisco José Riberas Mera and Juan María Riberas Mera.

"*Public Debt*" means any bonds, debentures, notes (including the Existing Notes) or other indebtedness of a type that could be issued or traded in any market where capital funds (whether debt or equity) are traded, including private placement sources of debt and equity as well as organized markets and exchanges, whether such indebtedness is issued in a public offering or in a private placement to institutional investors or otherwise.

"*Public Offering*" means any Equity Offering; *provided* that such Equity Offering is an offering of ordinary shares of the Company or any Parent Company following which at least 20% of the total issued and outstanding shares of the Company or any Parent Company not owned by a Permitted Holder are listed on an exchange and/or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act, to professional market investors or similar Persons).

"*Qualified Director*" means any member of the Board of Directors of the Company who (a) is not an Affiliate or a Related Party of any Principal, (b) has no direct or indirect financial, business, employment, contractual or other relationship to any transaction for which such director's status as a Qualified Director is being determined that would interfere with the exercise of such director's independent judgment and (c) who is not an employee or officer of the Company or any of its Subsidiaries or an employee or officer of an Affiliate of the Company.

"*Receivable*" means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with GAAP.

"*Refinancing Transactions*" means the issuance of the Notes and the application of proceeds as set out in "Summary—Refinancing Transactions" and "Use of Proceeds."

"*Related Party*" means:

(1) any Immediate Family member of any Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist the Principals and/or such other Persons referred to in the immediately preceding clause (1).

"*Replacement Assets*" means, with respect to any Asset Sale by the Company or a Restricted Subsidiary, consideration received in the form of:

(1) properties and assets (other than cash or any common stock or other security) that will be used in a Permitted Business by the Company or a Restricted Subsidiary; or

(2) Capital Stock of any Person (i) that will become, be merged into, be liquidated into or otherwise combined or amalgamated with, on or within 90 days of the date of acquisition thereof, a Restricted Subsidiary, if such Person is engaged in a Permitted Business or (ii) that is or that will become a Restricted Subsidiary engaged in a Permitted Business upon the date of acquisition thereof.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*S&P*" means Standard and Poor's Rating Group.

"*Secured Leverage Ratio*" means the Leverage Ratio of the Company and its Restricted Subsidiaries, but calculated by replacing Consolidated Net Indebtedness in clause (x) of such definition with Consolidated Net Indebtedness of such Person and its Restricted Subsidiaries (reduced by an amount equal to all Indebtedness of such Person and its Restricted Subsidiaries that is not secured by a Lien on the Collateral).

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Security Agent*" means any Person acting as security agent with respect to the Collateral pursuant to the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement or such successor security agent as may be appointed thereunder.

"*Security Documents*" means each security agreement, pledge agreement, assignment or other document under which a security interest is granted to secure the payment and performance when due of the

Company and/or the Guarantors under the Notes, the Note Guarantees and the Indenture, as the case may be.

"*Senior Credit Facilities*" means the Senior Facilities Agreement originally dated April 19, 2013 entered into between, amongst others, the Company and certain of its Subsidiaries, as borrowers, certain Subsidiaries of the Company, as guarantors and Deutsche Bank AG, London Branch, as agent, as amended on May 8, 2013, May 2, 2014, December 10, 2014 and April 17, 2015, as amended and restated on May 20, 2016, as amended on July 25, 2017 and as amended and restated in connection with the Transactions, and as the same may be further amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part).

"*Significant Subsidiary*" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subordinated Shareholder Debt*" means, collectively, any debt of the Company issued to and held by any direct or indirect Parent Company or one or more shareholders of a Parent Company or any Permitted Holder or Affiliate thereof, that:

(1) does not mature or require any cash amortization, redemption or other cash repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through the conversion or exchange of any such security or instrument into Capital Stock (other than Disqualified Stock) of the Company or for any indebtedness meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Restricted Subsidiaries and is not guaranteed by any Restricted Subsidiary of the Company;

(5) [reserved];

(6) does not contain any covenants (financial or otherwise), as applicable, other than a covenant to pay such Subordinated Shareholder Debt; and

(7) is fully subordinated and junior in right of payment to the Notes pursuant to the Intercreditor Agreement or to subordination, payment blockage and enforcement limitation terms which taken as a whole are no less favorable in any material respect to the holders of the Notes than those contained in the Intercreditor Agreement as in effect on the Issue Date,

provided, *however*, that any event or circumstance that results in such funding ceasing to qualify as Subordinated Shareholder Debt, such funding shall constitute an incurrence of Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such funding since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation, association or other business entity (a) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); or (b) where that Person or one or more of the Subsidiaries of that Person (or a combination thereof) have the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or (c) where such Person or one or more of the Subsidiaries of that Person (or a combination thereof) has the right to exercise a dominant influence (which must include the right to give directions with respect to operating and financial policies of that corporation, association or other business entity which its directors are obliged to comply with whether or not for its benefit) over such corporation association or other business entity, or by virtue of provisions contained in its articles (or equivalent) or a control contract which is in writing and is authorized by its articles (or equivalent) and is permitted by its law of incorporation; or (d) which is a member of such Person's group and such Person controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in such corporation, association or other business entity or the rights under its constitution to direct the overall policy of such corporation, association or other business entity or alter the terms of its constitution; or (e) which is consolidated in such Person's consolidated financial statements pursuant to GAAP; and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

For the purposes of this definition, a person shall be treated as a member of another person if any of that person's Subsidiaries is a member of that other person or if any shares in that other person are held by a person acting on behalf of it or any of its Subsidiaries. A subsidiary shall include any person the shares or ownership interests in which are subject to a security interest and where the legal title to the shares or ownership interests so secured are registered in the name of the secured party or its nominee pursuant to such security interest.

"*Total Assets*" means, as of the date of determination, with respect to any Person, the consolidated total assets of such Person as shown on its most recent available balance sheet prepared in accordance with GAAP, after giving pro forma effect to take into account any assets acquired or disposed of since the date of the Person's latest balance sheet and any anticipated acquisitions which have become subject to a definitive purchase agreement or contract.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the board resolution giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "—Certain Covenants—Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock," the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"*Wholly Owned Restricted Subsidiary*" of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

BOOK-ENTRY, DELIVERY AND FORM

General

The notes issued to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A (the "Rule 144A Global Notes") are in each case initially represented by one or more global notes in registered form without interest coupons attached and the notes issued to non-U.S. persons outside the Unites States in reliance on Regulation S under the U.S. Securities Act (the "Regulation S Global Notes") are in each case initially represented by one or more global notes in registered form without interest coupons attached. The Rule 144A Global Notes together with the Regulation S Global Notes are collectively referred to as the "Global Notes". The Global Notes are deposited with a common depositary, and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the "Restricted Book-Entry Interests") and ownership of interests in the Regulation S Global Notes (the "Unrestricted Book-Entry Interests" and, together with the Restricted Book-Entry Interests, the "Book-Entry Interests") will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Except under the limited circumstances described below, notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, holders of Book-Entry Interests will not be considered the owners or "holders" of notes for any purpose.

So long as the notes are held in global form, Euroclear or Clearstream, as applicable, will be considered the sole holder(s) of the Global Notes for all purposes under the Indenture governing the notes. In addition, participants must rely on the procedures of Euroclear or Clearstream, as applicable, and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests to transfer their interests or to exercise any rights of holders under the Indenture governing the notes. Neither we nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Payments on Global Notes

Payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made by us to the common depositary or its nominee for Euroclear and Clearstream. The common depositary or its nominee will distribute such payments to participants in accordance with their procedures. Payments of all such amounts will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made by any applicable law or regulation or otherwise as described under "Description of the Notes—Additional Amounts", then, to the extent described under "Description of the Notes—Additional Amounts", such Additional Amounts will be paid as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices. Under the terms of the Indenture governing the notes, we and the Trustee will treat the registered holder of the Global Notes (e.g. Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee nor any of our or the Trustee's agents have or will have any responsibility or liability for:

(1) any aspect of the records of Euroclear or Clearstream or of any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;

(2) Euroclear or Clearstream or any participant or indirect participant; or

(3) the records of the common depositary.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of the Global Notes will be paid to holders of interest in such notes through Euroclear or Clearstream in Euros.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to its participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder of notes requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of notes must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture governing the notes.

The Global Notes will bear a legend to the effect set forth in "Notice to Investors". Book-Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under "Notice to Investors".

Transfer of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to such transfer restrictions.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of any Unrestricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture governing the notes) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the U.S. Securities Act.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Definitive Registered Notes

Under the terms of the Indenture governing the notes, owners of the Book-Entry Interests will receive Definitive Registered Notes only:

(1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act and a successor is not appointed by us within 90 days; or

(2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture governing the notes.

Information Concerning Euroclear and Clearstream

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream participants, either directly or indirectly.

Trustee's Powers

In considering the interests of the holders of the notes, while title to the notes is registered in the name of a nominee for a clearing system, the Trustee may have regard to any information provided to it by that clearing system as to the identity (either individually or by category) of its accountholders with entitlements to notes and may consider such interests as if such accountholders were the holders of the notes.

Enforcement

For the purposes of enforcement of the provisions of the Indenture governing the notes against the Trustee, the persons named in a certificate of the holder of the notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture governing the notes to the extent of the principal amounts of their interests in notes set out in the certificate of the holder, as if they were themselves the holders of notes in such principal amounts.

TAXATION

If you are a prospective investor, you are urged to consult your tax advisor on the possible tax consequences of buying, holding or selling any notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this offering memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.

Certain U.S. Federal Income Tax Consequences to U.S. Holders

The following is a summary of certain U.S. federal income tax consequences of the purchase, ownership and disposition of notes as of the date hereof. This summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquired our notes upon original issuance at their "issue price" (the first price at which a substantial amount of notes is sold to investors for cash, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

For purposes of this summary, a "U.S. holder" means a beneficial owner of the notes that is for U.S. federal income tax purposes any of the following:

- an individual who is a citizen or resident of the U.S.;
- a corporation created or organized under the laws of the U.S., any state thereof or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the U.S. and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable U.S. Treasury regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below. We have not requested, and will not request, a ruling from the United States Internal Revenue Service (the "IRS") with respect to any of the U.S. federal income tax consequences described below, and as a result there can be no assurance that the IRS will not disagree with or challenge any of the conclusions we have reached and describe herein.

This summary does not address all aspects of U.S. federal income taxes, does not address any U.S. federal taxes other than U.S. federal income taxes (such as estate or gift taxes or the Medicare tax on certain investment income) and does not deal with any foreign, state, local or other tax consequences that may be relevant to U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the U.S. federal income tax consequences applicable to U.S. holders subject to special treatment under the U.S. federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, persons that have ceased to be U.S. citizens or lawful permanent residents of the U.S., persons required to accelerate the recognition of any items of gross income with respect to the notes as a result of such income being recognized on an applicable financial statement, financial institutions, regulated investment companies, real estate investment trusts, partnerships or other pass-through entities for U.S. federal income tax purposes (and investors therein), holders who hold their notes through a non-U.S. broker or other non-U.S. intermediary, individual retirement accounts and other tax-deferred accounts, tax-exempt entities or insurance companies;
- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to persons holding the notes in connection with a trade or business conducted outside of the U.S.;

- tax consequences to holders of the notes whose "functional currency" is not the U.S. Dollar; or
- alternative minimum tax consequences, if any.

If an entity, treated as a partnership (or other pass-through entity) for U.S. federal income tax purposes, holds our notes, the tax treatment of a partner in such a partnership (or other owner in such a pass-through entity) will generally depend upon the status of the partner (or other owner) and the activities of the entity. If you are a partner of a partnership (or other owner in such a pass-through entity) considering an investment in our notes, you are urged to consult your own tax advisors.

If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular U.S. federal tax consequences to you of the purchase, ownership and disposition of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.

Notes Subject to Continencies

In certain circumstances (see "Description of the Notes—Additionl Amounts" and "Description of the Notes—Repurchase at the Option of Holders—Change of Control"), we may be obligated to pay you additional amounts in excess of stated interest or principal on the notes. It is possible that our obligation to make additional payments on the notes could implicate the provisions of Treasury regulations relating to "contingent payment debt instruments". If the notes were characterized as contingent payment debt instruments, you might, among other things, be required to accrue interest income at a higher rate than the stated interest rate on the notes and to treat any gain recognized on the sale or other disposition of a Note as ordinary income rather than as capital gain.

We intend to take the position that the likelihood of additional payments on the notes is remote, and thus, that the notes should not be treated as contingent payment debt instruments. Our determination that these contingencies are remote is binding on you unless you disclose your contrary position in the manner required by applicable Treasury regulations. Our determination, however, is not binding on the IRS, and if the IRS were to challenge this determination, you might be required to include in gross income an amount of interest in excess of stated interest and prior to the receipt of cash, and you might be required to treat income realized on the taxable disposition of a Note before the resolution of the contingencies as ordinary income rather than as capital gain. In the event a contingency occurs, it would affect the amount and timing of income recognized by you. If any contingent amounts are in fact paid, you will be required to recognize such amounts as income.

The remainder of this summary assumes that our determination that the contingencies are remote is correct. The Treasury regulations applicable to contingent payment debt instruments have not been the subject of authoritative interpretation, however, and the scope of the regulations is not certain. You are urged to consult your tax advisor regarding the possible application of the contingent payment debt instrument rules to the notes.

Payments of Interest

Subject to the foreign currency rules discussed below, interest (including any amount withheld as withholding tax, and any Additional Amounts paid in respect thereof) will generally be taxable to you as ordinary income at the time it is paid or accrued in accordance with your regular method of accounting for U.S. federal income tax purposes.

You may be entitled to deduct or credit any tax withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Interest on a note generally will be considered foreign source income and, for purposes of the U.S. foreign tax credit, generally will be considered passive category income or, in the case of certain U.S. holders, general category income. You will generally be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your own tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

If you hold notes and you use the cash basis method of accounting for U.S. federal income tax purposes, you will be required to include in income (as ordinary income) the U.S. Dollar value of any interest payment made in Euros, determined by translating the Euros received at the "spot rate" in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. Dollars. You will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest but you may have exchange gain or loss attributable to the actual disposition of the Euros so received.

If you hold notes and you use the accrual method of accounting for U.S. federal income tax purposes, you may determine the amount of income recognized with respect to any interest payment made in Euros in accordance with either of two methods. Under the first method, you will be required to include in income (as ordinary income) for each taxable year the U.S. Dollar value of the Euro-denominated interest that has accrued during such year, determined by translating such interest into U.S. Dollars at the average spot rate of exchange for the period or periods (or portions thereof) in such taxable year during which such interest accrued. Under the second method, you may elect to translate interest income into U.S. Dollars at the spot rate on (i) the last day of the interest accrual period, (ii) the last day of the taxable year for any portion of any accrual period ending on the last day of such taxable year, or (iii) the date the interest payment is received, if such date is within five business days of the end of the accrual period. This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You are urged to consult your own tax advisors as to the advisability of making the above election.

Upon receipt of an interest payment made in Euros (including amounts received upon the sale, exchange, retirement, redemption or other taxable disposition of a note attributable to accrued but unpaid interest), a U.S. holder using the accrual method will recognize foreign currency exchange gain or loss, generally treated as ordinary income or loss, in an amount equal to the difference, if any, between the U.S. Dollar value of such payment (determined by translating the Euros received at the spot rate in effect on the date of receipt) and the U.S. Dollar value of the interest previously included in income with respect to such payment, regardless of whether the payment is in fact converted into U.S. Dollars at such time. Any such foreign currency exchange gain or loss generally will be treated, for U.S. foreign tax credit purposes, as U.S. source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a note, you generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such sale, exchange, retirement, redemption or other taxable disposition (less an amount equal to any accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income) and your adjusted tax basis in the note.

Your adjusted tax basis in a note generally will be the U.S. Dollar value of the Euros paid for such note determined at the spot rate at the time of purchase. If your note is sold, exchanged, retired, redeemed or otherwise disposed of in a taxable transaction for Euros, then your amount realized generally will be the U.S. Dollar value of the Euros received based on the spot rate in effect on the date of such sale, exchange, retirement, redemption or other taxable disposition. However, if you are a cash method taxpayer and the notes are traded on an established securities market for U.S. federal income tax purposes, Euros paid or received will be translated into U.S. Dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase or sale of notes traded on an established securities market, provided that the election is applied consistently to all debt instruments held by such U.S. holder. Such election cannot be changed without the consent of the IRS.

Subject to the foreign currency rules discussed below, any gain or loss recognized will generally be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, retirement, redemption or other taxable disposition, you have held the note for more than one year. Long-term capital gains of non-corporate U.S. holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss realized by you on the sale, exchange, retirement, redemption or other taxable disposition of a note would generally be treated as U.S. source gain or loss.

A portion of any gain or loss with respect to the principal amount of a note may be treated as exchange gain or loss. Any exchange gain or loss will be treated as ordinary income or loss and generally will be U.S. source gain or loss for U.S. foreign tax credit purposes. For these purposes, the principal amount of the note is your purchase price for the note calculated in Euros on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference, if any, between (i) the U.S. Dollar value of the principal amount determined at the spot rate on the date of the sale, exchange, retirement, redemption or other taxable disposition of the note and (ii) the U.S. Dollar value of the principal amount determined at the spot rate on the date you purchased the note (or, possibly, in the case of a cash basis or electing accrual basis taxpayer, the settlement dates of such purchase and taxable disposition, if the note is treated as traded on an established securities market for U.S. federal income tax purposes). The amount of any exchange gain or loss (with respect to both principal and accrued interest) will be limited to the amount of overall gain or loss realized on the disposition of the note.

Exchange Gain or Loss with Respect to Euros

On a sale or other taxable disposition of Euros, you generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of United States Dollars, or the fair market value in United States Dollars of any other property, received by you in such disposition and (ii) your adjusted tax basis in the Euros. Your adjusted tax basis in any Euros received as interest on a note or on the sale, exchange, retirement, redemption or other taxable disposition of a note will be the U.S. Dollar value thereof at the spot rate in effect on the date the Euros are received.

Any gain or loss recognized by you on a sale, exchange or other disposition of the Euros will be ordinary income or loss and generally will be U.S. source gain or loss for U.S. foreign tax credit purposes.

Reportable Transactions

U.S. Treasury regulations issued under the Code meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, retirement, redemption or other taxable disposition of a note or Euros received in respect of a note to the extent that such sale, exchange, retirement, redemption or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of notes, you are urged to consult your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement) as part of your U.S. federal income tax return.

Backup Withholding and Information Reporting

Generally, information reporting requirements will apply to all payments of interest on and the proceeds from a sale, exchange, retirement, redemption or other disposition of a note paid to you, unless you are an exempt recipient (such as a corporation). Additionally, if you fail to provide your taxpayer identification number or to certify that you are not subject to backup withholding, you may be subject to backup withholding with respect to the foregoing amounts.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your U.S. federal income tax liability, if any, provided the required information is timely furnished to the IRS.

Foreign Financial Asset Reporting

Certain U.S. holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by U.S. financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return for each year in which they hold an interest in the notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the notes, including the significant penalties for non-compliance.

Taxation in the Kingdom of Spain

The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

Further, the information below does not consider every aspect of taxation that may be relevant to a particular holder of notes under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (*Territorios Forales*).

Prospective purchasers of the notes are advised to consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of notes.

This tax section is based on Spanish law as in effect on the date of this offering memorandum as well as on administrative interpretation thereof, and is subject to any change in such law that may take effect after such date.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this offering memorandum:

(i) of general application, (i) Additional Provision One of Law 10/2014, of June 26, on supervision and solvency of credit entities ("Law 10/2014") and (ii) Regional Decree 205/2008, of the territory of Vizcaya, developing the common rules of the procedures to apply taxes, as amended by Regional Decree 1145/2011, of July 29 ("Regional Decree 205/2008");

(ii) for individuals resident for tax purposes in Spain who beneficially own the notes which are subject to the Individual Income Tax ("IIT"), Law 35/2006 of November 28 on the IIT Law and on the partial amendment of the Corporate Income Tax Law, the Non-Resident Income Tax Law and the Net Wealth Tax Law, as amended, and Royal Decree 439/2007 of March 30, promulgating the IIT Regulations, along with Law 19/1991, of June 6, on the Net Wealth Tax ("NWT"), as amended, and Law 29/1987, of December 18 on Inheritance and Gift Tax ("IGT");

(iii) for legal entities resident for tax purposes in Spain who beneficially own the notes which are subject to the Corporate Income Tax ("CIT"), Law 27/2014 of November 27 promulgating the CIT Law and Royal Decree 634/2015 of July 10 promulgating the CIT Regulations; and

(iii) for individuals and entities who are not resident for tax purposes in Spain which are subject to the Spanish Non-Resident Income Tax ("NRIT"), Royal Legislative Decree 5/2004 of March 5, promulgating the Consolidated Text of the NRIT Law, as amended, and Royal Decree 1776/2004 of July 30 promulgating the NRIT Regulations, along with Law 19/1991 of June 6, on the Net Wealth Tax and Law 29/1987 of December 18 on the Inheritance and Gift Tax.

Whatever the nature and residence of the noteholder, the acquisition and transfer of notes will be exempt from indirect taxes in Spain, *i.e.*, exempt from Transfer Tax and Stamp Duty, in accordance with the Consolidated Text of such tax promulgated by Royal Legislative Decree 1/1993 of September 24 and exempt from Value Added Tax, in accordance with Law 37/1992 of December 28 regulating such tax.

Individuals with Tax Residency in Spain

Individual Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Both interest periodically received and income derived from the transfer, redemption or repayment of the notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25.2 of the IIT Law, and must be included in the investor's IIT savings taxable base and taxed, currently, at a flat rate of 19% on the first €6,000, 21% on the following €44,000 and 23% for any amount in excess of €50,000.

No withholding on account of IIT will be imposed on interest or on income derived from the redemption or repayment the notes, by individual investors subject to IIT, provided that certain requirements are met (including that the paying agent provides the Company, in a timely manner, with a duly executed and completed payment statement as established under Regional Decree 205/2008). If those requirements are not met, such interest and income will be subject to withholding on account of IIT at the applicable rate 19%. See "—Compliance with Certain Requirements in Connection with Income Payments". Notwithstanding, withholding tax at the applicable rate may have to be deducted by other entities (such as depositaries or financial entities) on account of the IIT, provided that such entities are resident for tax purposes in Spain or act through a permanent establishment within the Spanish territory. In any event, the individual holder may credit taxes withheld against his or her final IIT liability for the relevant tax year.

On the other hand, income derived from the transfer of the notes may be subject, under certain circumstances, to a withholding on account of IIT at the applicable rate (19%). In any event, the individual holder may credit taxes withheld against his or her final IIT liability for the relevant tax year.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Spanish resident tax individuals are subject to NWT, which is a tax on property and rights imposed over any excess of €700,000 held on the last day of any year. Spanish resident tax individuals whose net worth is above €700,000 and who hold notes on the last day of any year would therefore be subject to NWT for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the notes during the last quarter of such year. However, this may vary depending on the legislation of the autonomous region of residency of the taxpayer. Accordingly, prospective noteholders should consult their tax advisers.

In accordance with article 4 of the Royal Decree-Law 3/2016, of December 2 adopting measures in the tax field aimed at the consolidation of public finances and other urgent social security measures, as from year 2018, the full relief (*bonificación del 100%*) on NWT would apply, and therefore from year 2018 Spanish individuals will be released from formal and filing obligations in relation to this NWT, unless the derogation of the relief (*bonificación del 100%)* is extended again which is something we cannot rule out.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax (IGT) in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6% for 2018, depending on relevant factors, such as the amount of the gift or inheritance, the net wealth of the heir or beneficiary of the gift, and the kinship with the deceased or the donor.

It is necessary to take into account that the IGT is a tax, in some relevant aspects (including certain tax benefits), which has been transferred to the Spanish regions and, following this power, some territories have, in practice, eliminated the taxation.

Then, a particular analysis should be made in each specific case since there might be relevant differences *vis-a-vis* the tax treatment above summarized.

Legal Entities with Tax Residency in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Both interest periodically received and income derived from the transfer, redemption or repayment of the notes are subject to CIT (at the current general flat tax rate of 25% for 2018) in accordance with the rules for this tax.

However, such a tax rate will not be generally applicable to all CIT taxpayers and, for instance, it will not apply to banking institutions which will be taxable at a 30% rate.

Pursuant to Section 61(s) of the CIT Regulation, there is no obligation to make a withholding on income obtained by taxpayers subject to Spanish CIT from financial assets traded on organized markets in OECD countries. However, in the case of notes held by a Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest and income deriving from the transfer may be subject to withholding tax at the current rate of 19%. Such withholding may be made by the depositary or custodian if the notes do not comply with the exemption requirements specified in the ruling issued by the Spanish Directorate General for Taxation (*Dirección General de Tributos*) dated 27 July 2004 (that is, placement of the notes outside of Spain in another OECD country and admission to listing of the notes on an organized market in an OECD country other than Spain). The amounts withheld, if any, may be credited by the relevant investors against its final CIT liability. The Company has applied or will apply for the notes to be listed on the Luxembourg Stock Exchange for trading on the Euro MTF Market. Upon admission for trading on the Euro MTF Market the Official List of the Luxembourg Stock Exchange, the notes should fulfill the requirements set forth in the legislation for exemption from withholding.

Notwithstanding the above, no withholding on account of CIT will be imposed on interest as well as on income derived from the redemption or repayment of the notes by Spanish CIT taxpayers provided that certain requirements are met (including that the paying agent provides the Company, in a timely manner, with a duly executed and completed payment statement as established under Regional Decree 205/2008). If those requirements are not met, such interest and income may be subject to withholding on account of CIT at the applicable rate (19%). See "—Compliance with Certain Requirements in Connection with Income Payments".

Net Wealth (Impuesto sobre el Patrimonio)

Spanish resident legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the notes in their taxable income for CIT purposes.

Individuals and Legal Entities That Are Not Tax Resident in Spain. Non-Resident Income Tax (Impuesto Sobre la Renta de no Residentes)

Investors that are not resident in Spain for tax purposes, acting in respect of the notes through a permanent establishment in Spain.

If the notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such notes are, generally, the same as those set out above for Spanish CIT taxpayers. See "—Legal Entities with Tax Residency in Spain—Corporate Income Tax (*Impuesto sobre Sociedades*)". Ownership of the notes by investors who are not resident in Spain for tax purposes will not in itself create the existence of a permanent establishment in Spain.

The Company will comply with the reporting obligations set forth under Spanish tax laws with respect to beneficial owners of the notes that are individuals or legal entities not resident in Spain for tax purposes and that act with respect to the notes through a permanent establishment in Spain.

Investors that are not resident in Spain for tax purposes, not acting in respect of the notes through a permanent establishment in Spain.

Both interest payments periodically received under the notes and income derived from the transfer, redemption or repayment of the notes, obtained by individuals or entities that are not resident in Spain for tax purposes and do not act, with respect to the notes, through a permanent establishment in Spain, are exempt from NRIT and therefore no withholding on account of NRIT will be levied on such income provided certain requirements are met. In order to be eligible for the exemption from NRIT, certain requirements must be met (including, when applicable, that the paying agent provides the Company, in a timely manner, with a duly executed and completed payment statement as established under Regional Decree 205/2008), as set forth in section 5 of article 55 of Regional Decree 205/2008. See "—Compliance with Certain Requirements in Connection with Income Payments".

If the paying agent fails or for any reason is unable to deliver a duly executed and completed payment statement to the Company in a timely manner in respect of a payment of income under the notes, the Company will withhold Spanish withholding tax at the applicable rate (19%) on such payment of income on the notes and the Company will not pay additional amounts with respect to any such withholding tax.

Noteholders that are not resident in Spain for tax purposes and entitled to exemption from NRIT, but the payment to whom was not exempt from Spanish withholding tax due to the failure by the Paying Agent to deliver a duly executed and completed payment statement, may apply directly to the Spanish tax authorities for any refund to which they may be entitled pursuant to the Direct Refund from Spanish Tax Authorities Procedures set out below.

Individuals and Legal Entities That Are Not Tax Resident in Spain. Net Wealth Tax.

For tax year 2018, non-Spanish tax resident individuals are subject to NWT (Spanish Law 19/1991), which imposes a tax on property and rights in excess of €700,000, with regard to goods or rights that are located in Spain, or can be exercised within the Spanish territory, as the case may be, on the last day of any year.

However, to the extent that the interest derived from the notes is exempt from NRIT, as described above, individual beneficial owners not resident in Spain for tax purposes that hold notes on the last day of any year will be exempt from NWT regarding the holding of the notes. Furthermore, beneficial owners who benefit from a treaty for the avoidance of double taxation with respect to wealth tax that provides for taxation only in the beneficial owner's country of residence will not be subject to NWT.

If the provisions of the foregoing paragraph do not apply, non-Spanish tax resident individuals whose net worth related to goods located, or rights that can be exercised, in Spain is above €700,000 and who hold notes on the last day of any year would therefore be subject to NWT for such year at marginal rates varying between 0.2% and 2.5% of the average market value of the notes during the last quarter of such year.

Individuals that are not resident in Spain for tax purposes who are resident in an E.U. or European Economic Area member State may apply the rules approved by the autonomous region where the assets and rights with more value (i) are located, (ii) can be exercised or (iii) must be fulfilled. As such, prospective noteholders should consult their tax advisers.

In accordance with article 4 of the Royal Decree-Law 3/2016, of December 2 adopting measures in the tax field aimed at the consolidation of public finances and other urgent social security measures, as from year 2018, the full relief (*bonificación del 100%*) on Net Wealth Tax would apply, and therefore from year 2018 Spanish individual Holders will be released from formal and filing obligations in relation to this Spanish Wealth Tax, unless the derogation of the relief (*bonificación del 100%)* is extended again which is something we cannot rule out.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the notes by inheritance, gift or legacy are not subject to Net Wealth Tax.

Individuals and Legal Entities That Are Not Tax Resident in Spain. Inheritance and Gift Tax (Impuesto Sobre Sucesiones y Donaciones)

Individuals not resident in Spain for tax purposes who acquire ownership or other rights over the notes by inheritance, gift or legacy will be subject to IGT in accordance with the applicable Spanish state rules, unless they reside in a country for tax purposes with which Spain has entered into a treaty for the avoidance of double taxation in relation to IGT. In such case, the provisions of the relevant treaty for the avoidance of double taxation will apply.

If no treaty for the avoidance of double taxation in relation to IGT applies, applicable IGT rates would range between 7.65% and 81.6% for 2018, depending on various factors, such as the amount of the gift or inheritance, the net wealth of the heir or beneficiary of the gift, the kinship with the deceased or the donor and the qualification for tax benefits. These factors may vary depending on the application of the state's or the autonomous region's IGT laws. Generally, non-Spanish tax resident individuals are subject to Spanish state rules. However, if the deceased, heir or the donee are resident in an E.U. or European Economic Area member State, depending on the specific situation, the applicable rules will be those corresponding to the relevant autonomous regions according to the law. Accordingly, prospective noteholders should consult their tax advisers.

Non-Spanish tax resident legal entities that acquire ownership or other rights over the notes by inheritance, gift or legacy are not subject to IGT. Such acquisitions will be subject to NRIT (as described above), without prejudice to the provisions of any applicable treaty for the avoidance of double taxation entered into by Spain.

Compliance with Certain Requirements in Connection with Income Payments

In accordance with section 5 of Article 55 of Regional Decree 205/2008, and provided that the notes issued are initially registered in a foreign clearance and settlement entity recognized by Spain or other OECD country, a duly executed and completed Payment Statement must be submitted to the Company by the paying agent at the time of each relevant payment of income under the notes which shall include the following information:

(i) the identification of the notes;

(ii) the payment date;

(iii) the total amount of income to be paid on the relevant payment date; and

(iv) the total amount of income corresponding to notes held through each clearing system located outside Spain.

In light of the above, the Company and the paying agent will enter into a paying agency agreement which, among other things, will provide for the timely provision by the paying agent to the Company of a duly executed and completed payment statement in connection with each income payment under the notes and set forth certain procedures agreed by the Company and the paying agent which aim to facilitate such process, along with a form of the payment statement to be used by the paying agent.

Prospective investors should note that neither the Company nor the initial purchasers accept any responsibility relating to the procedures established for the timely provision by the paying agent of a duly executed and completed payment statement in connection with each payment of income under the notes. Accordingly, neither the Company nor the initial purchasers will be liable for any damage or loss suffered by any beneficial owner who would otherwise be entitled to an exemption from Spanish withholding tax but whose income payments are nonetheless paid net of Spanish withholding tax because these procedures prove ineffective. Moreover, the Company will not pay any additional amounts with respect to any such withholding tax.

If the paying agent fails or for any reason is unable to deliver a duly executed and completed payment statement to the Company in a timely manner in respect of a payment of income under the notes, such payment will be made net of Spanish withholding tax, 19%. If this were to occur, affected beneficial owners will receive a refund of the amount withheld, with no need for action on their part, if the paying agent submits a duly executed and completed Payment Statement to the Company no later than the 10th calendar day of the month immediately following the relevant payment date. If such was not the case, beneficial owners may apply directly to the Spanish tax authorities for any refund to which they may be entitled, according to the procedures set forth in the Spanish NRIT Law.

Procedures for direct refund from the Spanish tax authorities

Noteholders entitled to receive income payments in respect of the notes free of any Spanish withholding taxes may claim amounts withheld from the Spanish Treasury no earlier than February 1 of the year immediately following the year in which the relevant payment was made, by filing with the Spanish tax authorities (i) the relevant Spanish tax form, (ii) proof of ownership and (iii) a certificate of residency issued by the tax authorities of the country of tax residence of such Noteholders, amongst other documents. Further details of the direct refund process may be found through the Spanish Tax Administration.

CERTAIN LIMITATIONS ON VALIDITY AND ENFORCEABILITY

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests in some of the jurisdictions in which Guarantees or Collateral are being provided. It is a summary only, and bankruptcy or insolvency proceedings or similar events could be initiated in any of these jurisdictions as well as in any jurisdiction of organization of a future guarantor of the notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdiction's law should apply to a given situation and could adversely affect your ability to enforce your rights and to collect payment in full under the notes, the Guarantees and the security interests in the Collateral.

European Union

Pursuant to Regulation (EU) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings (which entered into force on 26 June 2017 and applies to insolvency proceedings opened on or after that date) replacing Regulation (EC) 1346/2000 of May 29, 2000, (the "E.U. Insolvency Regulation"), which applies within the European Union, other than Denmark, the courts of the Member State in which a company's "centre of main interests" (which according to Article 3(1) of the E.U. Insolvency Regulation is "the place where the debtor conducts the administration of its interests on a regular basis and which is ascertainable by third parties") is situated have jurisdiction to open main insolvency proceedings. The determination of where a company has its "centre of main interests" is a question of fact on which the courts of the different Member States may have differing and even conflicting views.

Pursuant to Article 3(1) of the E.U. Insolvency Regulation the "centre of main interests" of a company is presumed to be in the Member State in which it has its registered office in the absence of proof to the contrary. This presumption only applies if the registered office has not been moved to another Member State within the 3-month period prior to the request for the opening of insolvency proceedings. Furthermore, preamble 30 of the E.U. Insolvency Regulation states that "it should be possible to rebut this presumption where the company's central administration is located in a Member State other than that of its registered office, and where a comprehensive assessment of all the relevant factors establishes, in a manner that is ascertainable by third parties, that the company's actual center of management and supervision and of the management of its interests is located in that other Member State". Prior to 26 June 2017, the courts have taken into consideration a number of factors in determining the "centre of main interests" of a company, including in particular where board meetings are held, the location where the company conducts the majority of its business or has its head office and the location where the majority of the company's creditors are established. A company's "centre of main interests" may change from time to time but is determined for the purposes of deciding which courts have competent jurisdiction to open insolvency proceedings at the time of the filing of the insolvency petition unless (as set forth above) the registered office has been moved within the 3-month period prior to the filing of the insolvency petition.

The E.U. Insolvency Regulation applies to insolvency proceedings which are collective insolvency proceedings of the types referred to in Annex A to the E.U. Insolvency Regulation.

If the "centre of main interests" of a company is in one Member State (other than Denmark), under Article 3(2) of the E.U. Insolvency Regulation the courts of another Member State (other than Denmark) have jurisdiction to open territorial insolvency proceedings against that company only if such company has an "establishment" in the territory of such other Member State. An "establishment" is defined to mean a place of operations where the company carries out or has carried out in the 3-month period prior to the request to open main insolvency proceedings a non-transitory economic activity with human means and assets. The effects of those insolvency proceedings opened in that other Member State are restricted to the assets of the company situated in such other Member State.

Where main proceedings in the Member State in which the company has its center of main interests have not yet been opened, territorial insolvency proceedings can be opened in another Member State where the company has an establishment only where either (a) insolvency proceedings cannot be opened in the Member State in which the company's center of main interests is situated under that Member State's law; or (b) the territorial insolvency proceedings are opened at the request of (i) a creditor whose claim arises from or is in connection with the operation of the establishment situated within the territory of the Member State where the opening of territorial proceedings is requested or (ii) a public authority which, under the law of the Member State within the territory of which the establishment is situated, has the right to request the opening of insolvency proceedings.

The courts of all Member States (other than Denmark) must recognize the judgment of the court opening the main proceedings, which will be given the same effect in the other Member States so long as no secondary proceedings have been opened there. The insolvency practitioner appointed by a court in a Member State which has jurisdiction to open main proceedings (because the company's center of main interests is there) may exercise the powers conferred on him by the law of that Member State in another Member State (such as to remove assets of the company from that other Member State) subject to certain limitations so long as no insolvency proceedings have been opened in that other Member State or any preservation measure taken to the contrary further to a request to open insolvency proceedings in that other Member State where the company has assets.

Spain

The Guarantors in Spain are organized under the laws of Member States of the European Union.

Trust under Spanish law

There is no concept of a security agent, trustee or security trustee under Spanish law. If Spanish law security documents are entered into only by a security agent (*i.e.* and not by the creditors on account of whom it would be acting), the security agent will be the only party entitled to enforce the Guarantees or the security interest in respect of those obligations. However, there is a risk that a security agent would only be able to enforce against the debt it individually holds, and not for the full amount owed to creditors for whom it is acting as security agent. This limitation may be overcome if such creditors grant formal powers of attorney in favour of the security agent in order for the latter to represent them in the enforcement proceedings (yet, this may not work in judicial enforcement proceedings, where one party cannot represent another by virtue of a power of attorney).

In the absence of the abovementioned power of attorney, the Security Agent may not be able to enforce the relevant Spanish security interest on behalf of all of the secured creditors (including the holders of the notes). Further, those beneficial holders of the security who has not accepted the security or duly empowered (by means of notarial and apostilled powers of attorney) the Security Agent to do so may be treated, from a Spanish law perspective including without limitation in an insolvency scenario, as unsecured creditors.

Further, it is worth noting that there is a risk that the relevant court or notary public before whom any Spanish security interest may eventually be enforced might request both the notarization of the documents from which the relevant obligations arise, and the notarization of each and every one of the transfer certificates regarding each and every transfer of the notes.

First demand guarantee

The figure of a first demand guarantee has been admitted in several judgments by the Spanish Supreme Court (*Tribunal Supremo*) as an autonomous guarantee, detached from the underlying agreement whose obligations are being guaranteed, acknowledging therefore the validity of the provision pursuant to which the guarantor has renounced to call on exceptions different to those arising from the guarantee. Notwithstanding this, case law has also admitted the possibility that the guarantor objects to the beneficiary of the guarantee the exception of fraud, bad faith or abuse of right (*abuso de derecho*) in the events where the beneficiary enforces the guarantee in a fraudulent manner or with bad faith. Besides, case law has also admitted that the guarantor can stay the enforcement by showing that there has been no event of default (the guarantor bearing the burden of proof).

Concept and petition for insolvency

The Company and certain Guarantors are incorporated under the laws of Spain. As a general rule, in the event of an insolvency of any of the Company and/or the Guarantors, insolvency proceedings may be initiated in Spain and governed by Spanish law. The Spanish Insolvency Act regulates insolvency proceedings.

The insolvency laws of Spain may differ from the laws of the United States, the United Kingdom or other jurisdictions to which you may be familiar. The following is a brief description of certain aspects of the insolvency laws of Spain.

In Spain, insolvency proceedings are only triggered upon debtor's current insolvency (*insolvencia actual*) or imminent insolvency (*insolvencia inminente*). Under the Spanish Insolvency Act, a debtor is insolvent when it becomes unable to regularly meet its obligations as they become due and payable or when it expects that it will shortly be unable to do so. A petition for insolvency may be initiated by the debtor ("Voluntary insolvency"), by any of its creditors (provided that it has not acquired the credit within the six months prior to the filing of the petition for insolvency, for *inter vivos* acts, on a singular basis and once the credit was mature) or by certain other interested third parties ("Necessary insolvency"). Notwithstanding, only the debtor is entitled to file a petition for insolvency on the basis of its imminent insolvency.

The Spanish Insolvency Act provides that insolvency proceedings conclude following either the court confirmation of a plan of reorganization (the "Plan"), or the liquidation of the estate. An insolvency proceeding can also conclude (i) at any moment when it is verified that there are insufficient assets to pay post insolvency debt, (ii) at any moment when it is verified that all of the credits have been paid, or the situation of insolvency does no longer exist, or (iii) when it is verified that all of the creditors have waived their credit rights.

Voluntary insolvency

Insolvency is considered voluntary (*concurso voluntario*) if filed by the debtor. The debtor must file a petition for insolvency within two months after it becomes aware, or should have become aware, of its state of insolvency. It is presumed that the debtor becomes aware of its insolvency, unless otherwise proved, if any of the circumstances that qualify as the basis for a petition for involuntary insolvency occur. Failure to file a petition for insolvency within the statutory two-month period impedes debtor to propose a pre-arranged plan of reorganization and directors might be held liable in the event of liquidation for the impaired claims accrued as from the onset of insolvency.

Yet, the general duty to file for insolvency within the referred two-month period does not apply if the debtor notifies the relevant court initiation of negotiations with its creditors (the so-called 5 bis Communication), to obtain support to reach a pre-arranged plan of reorganization (*propuesta de convenio anticipado*); an out-of-court workout (a refinancing agreement) set out in Section 71 bis.1 or in the Fourth Additional Provision of the Spanish Insolvency Act; or an out-of-court repayment agreement under Article 231 et seq of the Spanish Insolvency Act.

Effectively, by means of the 5 bis Communication, on the top of those two months, the debtor gains an additional three-month period to achieve an agreement with its creditors regarding an out-of-court workout or a pre—arranged plan of reorganization, and one further month to file for bankruptcy, unless it has overcome insolvency. During this four-month period, creditors' petitions for involuntary cases will not be accepted. Likewise, the 5 bis Communication prevents the commencement of court or out-of-court enforcement actions, and/or suspends (as applicable) existing enforcement actions, over assets that are necessary for the company's business operations (other than those arising from public law claims), until any of the following circumstances occur: (i) an out-of-court workout (a refinancing agreement) set out in Section 71 bis.1 of the Spanish Insolvency Act is formalised; (ii) a court order is issued (*providencia*) accepting for processing the court's confirmation (*homologación judicial*) of admission of the refinancing agreement set out in the Fourth Additional Provision of the Spanish Insolvency Act, (iii) an out-of-court repayment agreement under Article 231 et seq of the Spanish Insolvency Act is entered into, (iv) the necessary accessions for the admission of a pre-arranged plan of reorganization are obtained, or (v) the declaration of bankruptcy takes place. In addition, enforcement proceedings that have been brought by creditors holding financial claims (as defined in the Fourth Additional Provision of the Spanish Insolvency Act) shall be prohibited or suspended (as applicable) provided that it is evidenced that at least 51% of the creditors holding financial liabilities (by value) have supported the initiation of negotiations to enter into a refinancing agreement and have agreed to suspend or not initiate enforcement proceedings against the debtor while creditors holding financial liabilities are still negotiating. Nevertheless, secured creditors shall be entitled to bring enforcement proceedings against the corresponding secured assets although once proceedings have been initiated they shall be immediately suspended. In any event, financial collateral and security interests over collateral located outside of Spain are not affected by the 5 bis Communication automatic stay.

Necessary insolvency

Insolvency is considered necessary (concurso necesario) if filed by a third-party creditor. Under Section 2.4 of the Spanish Insolvency Act, a creditor can seek a debtor's declaration of insolvency if the creditor can prove that the debtor has failed to attach any assets, or sufficient assets, to pay the amount owed. A creditor may also apply for a declaration of insolvency if: (i) there is a generalized default on payments by the debtor; (ii) there is a seizure of assets affecting or comprising the generality of the debtor's assets; (iii) there is a misplacement, "fire sale" or ruinous liquidation of the debtor's assets; or (iv) there is a generalized default on certain tax, social security and employment obligations during the applicable statutory period (three months). Upon receipt of an insolvency petition by a creditor, the court may issue interim measures to protect the assets of a debtor and may request a guarantee from the petitioning creditor asking for the adoption of such measures to cover damages caused by the preliminary protective measures.

The debtor may oppose to the necessary insolvency petition, and will have to prove that it is not insolvent. The court will then summon the parties to a hearing, and will finally render a court ruling either dismissing the application filed by the creditor, or declaring insolvency.

Request of coordinated insolvency

The insolvency of a company forming part of a group of companies, including the parent company, does not automatically lead to the insolvency of the remaining companies of the group. As stated above, a company is insolvent when it cannot regularly meet its payment obligations as they fall due.

Notwithstanding the above, creditors may apply for a coordinated insolvency declaration of two or more of its debtors if either (a) the assets are commingled, or (b) they form part of the same group of companies. Therefore, the request for the coordinated insolvency of two or more legal entities may only be filed by a common creditor of the relevant companies and each of the affected companies must in fact be separately insolvent. Coordinated insolvency may also be requested by the companies themselves provided that they form part of the same group.

Any of the insolvent debtors, or the insolvency administrator, as the case may be, may apply for the procedural coordination of insolvency proceedings already declared under certain circumstances (and, in particular, if the insolvent debtors form part of the same group of companies). In addition, creditors may apply for the procedural coordination of the insolvency proceedings of two or more of its debtors already declared if either (a) the assets are commingled, or (b) they pertain to the same group of companies, provided that a petition has not been submitted by any of the insolvent debtors or by the insolvency administrator pursuant to article 25 bis of the Spanish Insolvency Act.

Coordinated insolvency proceedings do not entail substantive consolidation. As a result, and as a general rule, a "group insolvency" does not lead to a commingling of the debtors' assets and creditors of such group. This means that the creditors of one company of the group will not have recourse against other companies of the same group (except where cross-guarantees exist, in which case such a financial claim shall be subordinated). The current system is basically a procedural one, aimed at making the insolvency proceedings as time and cost-efficient as possible. However, exceptionally, for the purpose of drafting the insolvency report, by the insolvency administrator only, assets and liabilities amongst the insolvent companies may be consolidated where the estates and liabilities are so commingled, in order to avert unjustified cost and delay.

Enforcement and termination in a pre-insolvency scenario

It is uncertain that the obligations under the notes, the Guarantees and/or the security interest will be enforced in accordance with their respective terms in every circumstance, such enforcement being subject to, *inter alia*, the nature of the remedies available in the Spanish Courts, the acceptance by such court of jurisdiction, the discretion of the courts, the power of such courts to stay proceedings, the provisions of the Spanish Law on Civil Procedure (*Ley 1/2000, de 7 de enero, de Enjuiciamento Civil*) regarding remedies and enforcement measures available under Spanish law, the provisions of the Spanish Insolvency Act and other principles of law of general application. In this regard:

- Spanish law does not expressly recognize the concept of an indemnity. Article 1,152 of the Spanish Civil Code (*Código Civil*)establishes that any penalty (*cláusula penal*) agreed by the parties in an agreement will substitute damages (*indemnización de daños*) and the payment of interest (*abono de intereses*) in an event of breach, unless otherwise agreed. Spanish Courts may modify the penalty agreed on an equitable basis if the debtor has partially or irregularly performed its obligations, unless the penalty (liquidated damages) was aimed at such partial performance (and the liquidated damages clause is not disproportionate under fairness standards). There is doubt as to the enforceability in Spain of punitive damages.

- Where obligations are to be performed in a jurisdiction outside Spain, they may not be enforceable in Spain to the extent that performance would be illegal under the laws of Spain.
- Spanish law precludes the validity and performance of contractual obligations to be left at the discretion of one of the contracting parties. Therefore, Spanish courts may refuse to uphold and enforce terms and conditions of an agreement giving discretionary authority to one of the contracting parties.
- Spanish law, as applied by the Spanish Supreme Court, precludes an agreement being terminated on the basis of a breach of obligations, undertakings or covenants that are merely ancillary or complementary to the main payment undertakings of the relevant agreement, and allows Spanish courts not to enforce any such termination. Under Spanish law, acts carried out in accordance with the terms of a legal provision whenever said acts seek a result which is forbidden by or contrary to law, shall be deemed to have been executed in circumvention of law (*fraude de ley*) and the provisions whose application was intended to be avoided shall apply.

Certain effects of insolvency

For the debtor

As a general rule and subject to certain exceptions, the debtor in a voluntary insolvency retains its powers to manage and dispose of its business, but is subject to the supervision of the insolvency administrator ("*administración concursal*") appointed by the court. In the case of involuntary cases, as a general rule and subject to certain exceptions, the debtor no longer has power over its assets, and management powers (including the power to dispose of assets) are conferred solely upon the insolvency administrator. However, the court has the power to modify this general regime subject to the specific circumstances of the case. In addition, upon the insolvency administrator request, the court has the power to swap the intervention regime for a suspension regime or vice versa.

Actions carried out by the debtor in breach of any required supervision of the insolvency authorities may be declared null and void unless ratified by the insolvency administrators.

On contracts

Under Section 61 of the Spanish Insolvency Act, all clauses in contracts with reciprocal obligations that allow any party to terminate an agreement based solely on the other party's insolvency declaration (*ipso facto* clauses) are deemed as not included in the agreement and, therefore, unenforceable, except if expressly permitted by specific laws (*i.e.*, agency laws or Royal Decree Law 5/2005, applicable to financial collateral, as defined therein).

Insolvency declaration does not impinge on the effectiveness of contracts with reciprocal obligations pending on performance by both the insolvent party or the counterparty (executory contracts), which remain in full force and effect, and the obligations of the insolvent debtor will be fulfilled against the insolvent estate (administrative expense—post-insolvency claims that are pre-deductible from the estate). However, upon post-petition breaches, the court can terminate any such contracts at the request of the non-breaching party of the agreement or declare the continuation of the executory contract based on the "insolvency proceeding's best interest" (*mantenimiento del contrato en interés del concurso*), in which case the non-insolvent party's claim will be considered as a post-insolvency credit (pre-deductible from the estate).

On the other hand, the insolvency administrator (together with the insolvent debtor or by its sole discretion if debtor's powers to manage and dispose of its business have been conferred to the insolvency administrator, as provided above) may request the insolvency court to terminate (reject) the executory contract in the interest of the estate (*resolución del contrato en interés del concurso*). The termination of such contracts may result in the insolvent debtor having to return, and indemnify damages to its counterpart against the insolvency estate (*con cargo a la masa*). In the event that the debtor, the insolvency admninistrator and the counterparty agree on the termination and its effects, the insolvency court will approve the parties' agreement; otherwise, if the insolvency court upholds termination, it will also fix the damages claim to be received by the non-breaching party.

Additionally, insolvency declaration stays interest accrual, except (i) credit rights secured with an *in rem* right, in which case interest accrues up to the value of the security (9/10 of the collateral fair value minus senior claims), and (ii) any wage credits in favor of employees, which will accrue the legal interest set forth in the corresponding Law of the State Budget (*Ley de Presupuestos del Estado*).

On enforcement proceedings

As a general rule, insolvency stays enforcement actions.

The enforcement of any security over certain assets or rights that are deemed as necessary by the Court in charge of the insolvency proceeding to the continuation of the commercial or professional activity of the debtor, or to a business unit of the insolvent company (*in rem* securities) may not be commenced (and the procedures already initiated before insolvency declaration shall be suspended) until the earlier of: (i) approval of a creditors' composition agreement provided that such composition agreement does not affect such right; or (ii) one year has elapsed since the declaration of insolvency without liquidation proceedings being initiated.

The stay will only be lifted when the insolvency court determines that the asset or rights is not considered necessary for the debtor to continue its professional or business activities, or when any of the aforementioned scenarios occur. When it comes to determining which assets or rights of the debtor are used for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets and rights. Finally, enforcement of the security will be subject to the provisions of Spanish Civil Procedure Law and Spanish Insolvency Act (where applicable) and this may entail delays in the enforcement. Nevertheless, shares or quota shares held by an insolvent debtor in another company whose only activity is the holding of a material asset and servicing the financing provided in connection with the acquisition of that asset, are not considered to be an asset necessary for the debtor's business activity as long as the foreclosure of the relevant security interest that has been granted over such shares/quota shares does not bring about an early termination or amendment of the contractual relations permitting the economic exploitation of the relevant asset.

Ranking of claims (priority rules)

Creditors are required to report their claims to the insolvency administrator within one month from the day following the last official publication of the court order declaring insolvency, providing documentation to justify such claims. Based on the documentation provided by the creditors and documentation held by the debtor, the court administrator draws up a list of acknowledged creditors/claims and classifies them according to the categories established in the Spanish Insolvency Act.

Under the Spanish Insolvency Act, claims are classified in two groups:

- Post insolvency credits/Estate Claims (*créditos contra la masa*): Section 84 of the Spanish Insolvency Act sets out the so-called "estate claims," which are pre-deductible (when they become due and payable) claims from the estate (excluding those assets of the insolvent debtor subject to *in rem* security). Debt against the insolvency estate includes, among others, (i) certain amounts of the employee payroll, (ii) costs and expenses of the insolvency proceedings, (iii) debtor's liabilities under executory contracts and those deriving from damages claim obligations to return arising out of termination for breach, assumption or rejection of executory contracts, (iv) those that derive from the exercise of a clawback action within insolvency of bilateral contracts (except in cases of bad faith), (v) certain amounts arising from obligations created by law or tort liability of the insolvent debtor after insolvency declaration and until its conclusion, (vi) certain debts incurred by the debtor following insolvency declaration, (vii) in case of liquidation, the financing granted to the debtor under a plan of reorganization in accordance with Section 100.5 of the Spanish Insolvency Act, (viii) 50% of the new funds lent under a refinancing arrangement entered into in compliance with the requirements set forth in Section 71.bis or the 4th Additional Provision of the Spanish Insolvency Act. These claims are preferred to all others except for proceeds from collateral subject to specially privileged claims. Estate claims are not subject to ranking or acknowledgement and, in principle, must be paid as and when they fall due.
- Insolvency Claims (*créditos concursales*): Insolvency claims are classified as follows:
    - Specially Privileged Claims (*créditos con privilegio especial*): Creditors benefiting from special privileges, representing security over certain assets (*in rem* securities) up to the amount of the value of their security calculated in accordance with the rules set out in article 94.5 of the Spanish Insolvency Act, provided that such security is listed in the creditors' list. The part of the claim exceeding the value of their security will be classified according to the nature of the

claim. These claims benefiting from special privileges may entail separate proceedings, though subject to certain restrictions derived from a waiting period that may last up to one year and certain additional limitations set forth in the Spanish Insolvency Act. As a general rule, privileged creditors are not subject to a creditors arrangement plan, except if they give their express support by voting in favor of the plan and if certain majorities have been reached among privileged creditors (see "*Conclusion of insolvency—Plan*"). In the event of liquidation, they are the first to collect payment against the assets on which they are secured up to the value of the security. However, the receiver has the option to halt any enforcement of the securities and pay these claims as administrative expenses under specific payment rules.

- Generally Privileged Claims (*créditos con privilegio general*): Creditors benefiting from a general privilege, including, among others, specific labor claims and specific claims brought by public entities or authorities and 50 percent of the claims held by the creditor who filed for the insolvency of the debtor (provided that it is not a subordinated creditor). 50% of the new funds under a refinancing arrangement entered into in compliance with the requirements set forth in Article 71.bis or the Fourth Additional Section of the Spanish Insolvency Act. As a general rule and except as set forth below (see "*—Conclusion of insolvency—Plan*"), the holders of general privileges are not to be affected by the plan if they do not agree to the said plan and, in the event of liquidation, they are the first to collect payment against assets other than those secured by a specially privileged claim after specially privileged creditors, in accordance with the ranking established under the Spanish Insolvency Act.

- Ordinary Claims (*créditos ordinarios*): Ordinary creditors (non-subordinated and non-privileged claims) are paid *pro rata* once the estate claims and both generally and specially privileged claims have been paid.

- Subordinated Claims (*créditos subordinados*): Subordinated creditors is a category of claims which includes, among others: credits communicated late (outside the specific one-month period mentioned above); credits which are contractually subordinated *vis-à-vis* all other credits of the debtor; credits relating to unpaid interest claims (including default interest), except for those credits secured with an *in rem* right up to the value of the security interest; fines; and claims of creditors which are "specially related parties" to the insolvent debtor.

  In the case of individuals, the following shall be deemed as "specially related parties": their relatives, legal entities controlled by the debtor or its relatives, the factual or legal administrators of such legal entities, any other legal entity forming part of the same group of companies and the legal entities in respect of which the people described in this paragraph are their factual and legal administrators.

  In the case of a legal entity, the following shall be deemed as "specially related parties": (i) shareholders with unlimited liability (in case such shareholders are natural persons it would include any special related party to these shareholders, as described herein); (ii) limited liability shareholders holding directly or indirectly 10% or more of the insolvent company's share capital (or 5% if the company is listed or has securities listed in a secondary official market) at the time the credit is generated; (iii) directors (either *de jure* or *de facto*), insolvency liquidations, shadow directors and those holding general powers of attorney from the insolvent company (including those people that have held these position during the two years prior to the insolvency declaration); and (iv) companies pertaining to the same group as the debtor and their respective shareholders provided such shareholders meet the minimum shareholding requirements set forth in (ii) above. Furthermore, in the absence of evidence to the contrary, assignees or awardees of claims belonging to any of the persons mentioned in this paragraph are presumed to be persons specially related to the insolvent debtor as long as the acquisition has taken place within two years prior to the insolvency proceedings being declared open.

  Notwithstanding the above, creditors who have directly or indirectly capitalized their credit rights pursuant to a refinancing arrangement entered into in compliance with the requirements set forth in Section 71.bis or the Fourth Additional Provision of the Spanish Insolvency Act (and who have even been appointed as directors) shall not be considered as being in a special relationship with the debtor, in respect of credits against the debtor, as a result of the financing granted under such refinancing arrangement. Claims related to accrued and unpaid interest, unless and to the extent they are secured by an *in rem*, right are also subordinated.

Subordinated creditors are second-level creditors. They do not have voting rights but are subject to the plan terms once ordinary claims are satisfied pursuant to the terms of the plan. Thus, subordinated creditors have limited chances of collecting payment according to the ranking established in the Spanish Insolvency Act.

As an exception to the subordination regime, new money granted to the debtor pursuant to an out-of-court workout regulated under Section 71.bis or the Fourth Additional Disposition of the Spanish Insolvency Act, which also contemplates a debt-for-equity swap executed before the granting of fresh money, shall not be classified as subordinated claim under Section 92.5 of the Spanish Insolvency Act provided that the requirements set out in paragraph 2 of Section 93.3.2 of the Spanish Insolvency Act are met. This is an incentive to promote fresh money and debt-for-equity swaps in order to remove insolvency out-of-court.

As a general rule, insolvency proceedings are not compatible with other enforcement proceedings which can have an effect on the estate (excluding enforcement proceedings with regard to financial collateral (as defined in RDL 5/2005)). When compatible, in order to protect the interests of the debtor and creditors, the Spanish Insolvency Act extends the jurisdiction of the court dealing with insolvency proceedings, which is then legally authorized to handle any enforcement proceedings or interim measures affecting the debtor's assets (whether based upon civil, labor, or administrative law).

No termination effect

The general principle of "no termination effect" is established such that all agreements remain effective at the time of the insolvency. Therefore, the declaration of insolvency does not impair the existence of the contracts entered into by the debtor, which would remain in force. Any contractual arrangements establishing the termination of a contract with mutual obligations and/or entitling the relevant creditor to terminate it in the event of the declaration of insolvency of the debtor will be unenforceable.

As a general rule, the declaration of insolvency does not alter the general contractual rules on termination, but under the Spanish Insolvency Act, the judge may decide to remedy an eventual default of the insolvent party by reinstating an agreement, with the effect that any outstanding amounts and further payments under the agreement will be post-insolvency claims. If the court deems it appropriate for the interests of the insolvent party, it is also entitled to terminate an agreement, with compensation for damages if it deems it is best for the insolvency proceeding. There are specific rules for employment agreements, mainly affecting collective dismissals, which are dealt with by the insolvency judge.

Hardening periods

There is no clawback by operation of law. Therefore, there are no prior transactions that automatically become void as a result of the initiation of insolvency proceedings, but instead the insolvency administrator (or creditors that have asked the insolvency administrator to do so in the absence of action by the insolvency administrator) must expressly challenge those transactions that are considered detrimental to the estate. Under the Spanish Insolvency Act, upon insolvency declaration, only transactions that could be deemed as having damaged (*perjudiciales*) the insolvent debtor's estate (*i.e.*, causing a so-called "patrimonial damage") during the two years prior to the date the insolvency is declared, may be challenged, even if there was no fraudulent intention. Transactions taking place earlier than two years prior to the declaration of insolvency may be rescinded subject to ordinary Spanish Civil Code (*Código Civil*) based actions.

The Spanish Insolvency Act does not define the meaning of "patrimonial damage". Damage does not refer to the intention of the parties, but to the consequences of the transaction on the debtor's interest resulting in the damage to the insolvent debtor's estate or the prejudice to the equality of the treatment among creditors which drives insolvency proceedings (*pars condition creditorum*). There are several "irrebuttable presumptions" expressly set forth by the Spanish Insolvency Act (*i.e.*, free disposals and prepayment or cancellation of the company's claims or obligations prior to them being due and where the due dates of the relevant claims or payment obligations fall after the date of declaration of insolvency), except if such obligations were secured by an *in rem* security, in which case such transactions are subject to a rebuttable presumption of "patrimonial change" as set forth below. In addition to the above, the Spanish Insolvency

Act sets forth certain actions which are deemed to cause a "patrimonial damage" to the insolvent company, but which are "rebuttable presumptions" and therefore subject to being contested by the other party (*i.e*., disposals in favor of "specially related parties" (as described above), the provision of security in respect of previously existing obligations or in respect of new obligations replacing existing ones and the payment or other acts to terminate obligations being secured by an *in rem* security and which mature after the date of declaration of insolvency). Ordinary transactions carried out within the debtor's ordinary course of business cannot be rescinded, provided that they are carried out at arm's length.

Guarantees or security interests granted by a Spanish company in favour of a third party, to secure other group companies' debt may be subject to clawback, on the basis that such guarantees or security interests may be considered as detrimental to the guarantor's estate, if the guarantor is not able to show that there was a tangible and identifiable corporate interest benefit for the guarantor to grant such guarantee or security (beyond an abstract group interest or general mentions to pertinence to the same group of companies or the so-called "group interest"). Whether or not the granting of any upstream guarantee or security by the guarantor is detriment to the guarantor's estate is a factual matter that will need to be proven on a case by case basis (the beneficiary of the guarantee bearing the burden of such proof). Notwithstanding the foregoing, Spanish case law recognizes the interest of the group and, hence, the validity of upstream guarantees. In any event, fraudulent acts that have been entered into by creditors may always be rescinded and also those payments made by the insolvent company during the insolvency in respect of obligations which the debtor, at the time of payment, could not be compelled to pay (because it was already unable to regularly pay debts as they did come due). The consequence of the court resolution rescinding a prejudicial act is that the parties involved are required to return their reciprocal consideration with any accrued rents or interest (concerning bilateral contracts, otherwise, the only party obliged to return is the non-insolvent one). Such claims are generally regarded as claims against the estate unless in case of bad faith of the relevant creditor in which case its claims will be subordinated.

Notwithstanding the foregoing, pursuant to article 16 of Regulation (E.U.) no. 2015/848 of the European Parliament and of the Council of May 20, 2015 on insolvency proceedings, and 208 of the Spanish Insolvency Act, acts and transactions governed by laws other than Spanish law will not be subject to claw back actions if such act or transaction cannot be rescinded or challenged by any means and under any grounds whatsoever (i.e., not only in insolvency scenarios) under the relevant non-Spanish applicable laws. Procedurally, lenders can be sued, but the Spanish court should dismiss the clawback action on the merits if lenders prove (i) that the act or transaction at issue is subject to foreign law and (ii) that such act or transaction is unavoidable under the circumstances pursuant to that foreign law.

Conclusion of insolvency

Settlement

Once the debtor's assets and liabilities have been identified, the Spanish Insolvency Act encourages creditors to confirm a plan regarding payment of the insolvency debts. This plan may be proposed either by the debtor or by the creditors, and it shall set forth how, when and up to what amount creditors are to be paid. Once executed, this plan must be honored by the debtor and respected by the creditors.

The plan must contain proposals for write-offs and stays. Article 100 of Spanish Insolvency Act provides that it may also contain alternative or complementary proposals for all creditors or for certain classes of creditors (except for Public Law creditors), including conversion of debt into shares, into profit-sharing credits convertible bonds or subordinated debt, or any financial instrument different from the original debt. It may also include proposals for allocation of all assets or of certain assets to a specific person with a commitment from the acquirer to continue the activity and to pay off the debt as determined in the plan.

The proposals in the plan shall include a payment schedule.

In order for a plan to be approved by the creditors, the following majorities shall be met:

(a) In case the plan contains write-offs equal to or less than 50 percent of the amount of the claims; to stays on the payment of principal, interest or any other outstanding amount, for a period not exceeding five years; or, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans over the same period, at least 50 percent of the unsecured liabilities (ordinary credits) have voted in favor of such settlement or Plan. Notwithstanding the above, a simple majority will suffice when the plan consists of (i) full payment of ordinary or unsecured claims within a period not exceeding three years or (ii) immediate repayment of outstanding ordinary unsecured claims applying a write off of less than 20 percent.

(b) In case the plan contains stays of between five and ten years; write-offs of more than 50 percent of the amount of the claims and, in the case of creditors other than those related to the public administration or employment matters, the conversion of debt into profit participating loans over the same period and any other proposal under article 100 of the Spanish Insolvency Act, 65 percent of the unsecured liabilities (ordinary credits) should have voted for the plan.

The holders of subordinated credits and those creditors considered as especially related to the debtor are not entitled to vote.

Although in principle secured creditors are not subject to an approved plan (unless they have expressly voted in its favor) the effects of an approved plan can be extended to secured and privileged creditors provided that the relevant plan has been approved by the following majorities of creditors within its category of creditors (labor creditors, Public Law creditors, financial creditors or others):

(a) In case the plan contains a write-off (or debt discharges) equal to or less than 50 percent of the amount of the claims, stays for a period no longer than 5 years or conversion of debt into profit participating loans, also for a period no longer than 5 years, at least 60 percent of privileged creditors have voted in favor; and

(b) In case the plan contains a write-off of more than 50 percent of the claim; stays (for a period between 5 and 10 years), conversion of debt into profit participating loans also for a period between 5 and 10 years, and any other proposal under article 100 of the Insolvency Act, at least 75 percent of privileged creditors have voted in favor.

Cramdown effects of certain refinancing agreements

In order to seek protection against clawback, refinancing agreements (out-of-court workouts) may be judicially sanctioned (*homologado*) by the commercial court that will be competent to conduct an eventual insolvency proceeding of the debtor, upon request by the debtor or by any creditor having entered into such refinancing agreements, if (i) they entail a significant enlargement of debtor's credit or a change in the financial structure by either granting a longer term or replacing previous claims with new ones, provided that they meet a viability plan that allows the continuity of the debtor's business in the short and medium term; (ii) they have been subscribed by creditors holding financial liabilities representing, at least, 51% of the debtor's financial liabilities whether or not subject to financial supervision (excluding from the calculation of such thresholds public creditors, labor creditors and those of commercial transactions) at the date of the refinancing agreement; (iii) the debtor's auditor issues a certificate acknowledging that the required thresholds have been reached (in the case of a group a companies, certain courts have held that the majority refers both individually to each company and to the group as a whole, without the intercompany claims being taken into account); and (iv) the refinancing agreement and the documents substantiating performance of conditions (ii) to (iii) above are formalized in a public instrument. Such judicially sanctioned refinancing agreements may not be subject to a clawback action (save in case of fraud under general fraudulent conveyance actions).

As to the rules to calculate whether the required thresholds have been reached, all creditors holding an interest in a syndicated loan will be deemed to have adhered to the refinancing agreement if it is favorably voted upon by at least 75% of the liabilities represented by the loan, or a lower majority if so established in the syndicated loan agreement. Whether dissidents have standing to object to homologation and whether the crammed down content may fall beyond the statutory one is not clear among Spanish scholars or courts and therefore it is not possible yet to ascertain what its practical effects will be.

The following effects of homologated refinancing agreements may be imposed on (i) dissenting or non-participating unsecured financial creditors or (ii) on secured financial creditors to the extent of that part of their secured claim not covered by their security interest, as such security interest is to be valued in accordance with the rules set out in the Spanish Insolvency Act:

(a) If the judicially sanctioned refinancing agreement is supported by creditors representing at least 60% of the debtor's financial liabilities:

i. stays of payments either of principal, interest or any other owed amount may be granted for up to five years; or

ii. the debt converted into so-called profit participation loans (*préstamos participativos*) of duration up to 5 years.

Further, these effects may be extended to the amount of secured claims of non-participating or dissenting financial creditors in the amount covered by their security interest (valued in accordance with the rules set out in the Fourth Additional Provision of the Spanish Insolvency Act), when the agreement has been entered into by financial creditors holding secured claims which represent at least 65% of the value of all secured claims of the debtor.

(b) If the homologated refinancing agreement is supported by creditors representing at least 75% of the debtor's aggregate financial liabilities:

i. a deferral either of principal, interest or any other owed amount for a period of 5 or more years (but not more than 10 years);

ii. haircuts (note that a cap has not been established);

iii. capitalization of debt. Nevertheless, those creditors that have not supported such refinancing agreement (either because they did not sign the agreement or because they oppose it) may choose between (i) the debt for equity swap contemplated by the agreement; or (ii) a discharge of their claims equal to the nominal amount (including any share premium) of the shares/quota shares that would have corresponded to that creditor as a consequence of the relevant debt for equity swap;

iv. conversion of debt into profit participation loans of up to 10 years, convertible obligations, subordinated loans, payment in kind facilities, or in any other financial instrument with a ranking, maturity and features different to the original debt; and

v. assignment of assets or rights as assignment in kind for total or partial payment of the debt (*datio pro soluto*).

Further, these effects may be extended to the amount of secured claims of non-participating or dissenting financial creditors in the amount covered by their security interest (valued in accordance with the rules set out in the Fourth Additional Provision of the Spanish Insolvency Act), when the agreement has been entered into by financial creditors holding secured claims which represent at least 80% of the value of all secured claims of the debtor.

Liquidation

Failure to obtain the approval of a creditors arrangement plan or upon debtor's petition at any time leads to liquidation. The debtor must file for liquidation after a creditors arrangement proposal has been approved when it becomes aware of its renovated insolvency situation or its inability to comply with the plan. Liquidation triggers company dissolution and the insolvency administrator stepping into the directors' shoes. Liquidation is moreover an acceleration and cash conversion event.

The insolvency administrator must prepare a liquidation plan that must be approved by the court. The insolvency administrator is required to report quarterly on the liquidation and has one year to complete it. If the liquidation is not completed within one year, the court may appoint a different insolvency administrator.

Termination of the insolvency proceedings

Article 176.4 of the Spanish Insolvency Act also foresees the termination of the insolvency proceeding at any stage when it is proven that all credits have been paid, or that all creditors have been entirely satisfied by other means, or that the situation of insolvency (i.e. the impossibility to face payment obligations regularly) has been overcome.

Finally, it must be noted that article 176 bis of the Spanish Insolvency Act foresees the termination of the insolvency proceeding at any time when assets are not enough to pay post insolvency debt, so long as no future claw back actions are envisaged, nor actions claiming liability to third parties, nor the assessment of the proceeding as guilty.

Fraudulent Conveyance Laws

Under Spanish law, in addition to insolvency clawback action, the insolvency administrator and any creditor may bring an action to rescind a contract or agreement (*acción rescisoria pauliana*) against the debtor and the third party which is a party to such contract or agreement, provided that the same is performed or entered into fraudulently and the creditor cannot obtain payment of the amounts owed in any other way. Although case law is not entirely consistent, it is broadly accepted that the following requirements must be met in order for a creditor to bring such action:

- the debtor owes the creditor an amount under a valid contract and the fraudulent action took place after such debt was created;
- the debtor has carried out an act that is detrimental to the creditor and beneficial to the third party;
- such act was fraudulent;
- there is no other legal remedy available to the creditor to obtain compensation for the damages suffered; and
- debtor's insolvency, construed as the situation where there has been a relevant decrease in the debtor's estate making it impossible or more difficult to collect the claim.

The existence of fraud (which must be evidenced by the creditor) is one of the essential requirements under Spanish law for the action to rescind to succeed (as opposed to claw back actions where the subjective component or fraud does not have to be proven). Pursuant to Article 1,297 of the Spanish Civil Code (*Código Civil*): (i) agreements by virtue of which the debtor transfers assets for no consideration, and (ii) transfers for consideration carried out by parties who have been held liable by a court (*sentencia condenatoria*) or whose assets have been subject to a writ of attachment (*mandamiento de embargo*) will be considered fraudulent. The presumption referred to in (i) above is a *iuris et de iure* presumption (*i.e.* it cannot be rebutted by evidence), unlike the presumption indicated in (ii) above, which is a *iuris tantum* presumption (*i.e.* it is a rebuttable presumption).

If the rescission action were to be upheld, the third party would be liable to return to the debtor the consideration received under the contract in order to satisfy the debt owed to the creditor. Following that, the creditor would need to carry out the actions necessary to obtain the amount owed by the debtor. If the consideration received by the third party under the contract cannot be returned to the debtor, the third party must indemnify the creditor for such damages.

Limitation on validity and enforcement of guarantees granted by any Spanish subsidiary

Under Spanish law, claims may become time-barred (5 years since the obligation becomes enforceable being the general term established for obligations *in personam* under article 1,964 of the Spanish Civil Code) or may be or become subject to the defence of setoff or counterclaim. In addition, article 1,851 of the Spanish Civil Code establishes that an extension granted to a debtor by a creditor without the consent of the guarantor extinguishes the guarantee (in the sense that it is limited to the original term, although case law has established exceptions where the extension benefits both the debtor and the guarantor).

A guarantee such as the guarantee granted by the Spanish Guarantor will be null if the obligations it secures are declared null. The enforcement of guarantees may be limited since the guarantor may not be required to pay any amount in excess of the amount owed by the principal debtor or under conditions that are less favourable than those applying to the principal debtor.

The terms "enforceable", "enforceability", "valid", "legal", "binding" and "effective" (or any combination thereof) mean that all the obligations assumed by the relevant party under the relevant documents are of a type enforced by Spanish Courts; the terms do not mean that these obligations will necessarily be enforced in all circumstances in accordance with their terms. In particular, enforcement before the Courts will in any event be subject to:

- the nature of the remedies available in the Courts;
- Spanish public policy (overriding mandatory provisions);
- the availability of defences such as (without limitation), setoff (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (*abuso de derecho*), misrepresentation, force majeure, unforeseen circumstances, statute of limitations, undue influence, fraud, duress, abatement and counter-claim; and
- the obligations under Guarantees granted by the Spanish Guarantor in the form of a *sociedad anónima* shall (i) not extend to any obligation incurred by any company of the Group for the purposes of (a) acquiring shares representing the share capital of such Spanish Guarantor or shares representing the share capital of the holding company of such Spanish Guarantor (or, in case of private limited liability companies (*sociedades de responsabilidad limitada*), also shares representing

the share capital of any entity of its group); or (b) refinancing a previous debt incurred by any company of the Group for the acquisition of shares representing the share capital of such Spanish Guarantor or shares representing the share capital of the holding company of such Spanish Guarantor (or, in case of private limited liability companies (*sociedades de responsabilidad limitada*), also shares representing the share capital of any entity of its group), and shall (ii) be deemed not to be undertaken or incurred by a Spanish Guarantor to the extent that the same would constitute unlawful financial assistance within the meaning of article 150 (for Spanish public limited companies (*sociedades anónimas*)) or article 143 (for the Spanish private limited liability companies (*sociedades de responsabilidad limitada*) of the Spanish Companies Royal Decree-Law 1/2010, 2 July (*Ley de Sociedades de Capital*), and, in no case, can any of the Guarantees or security interests given by a Spanish Guarantor secure repayment of the above- mentioned funds.

For the purposes of the paragraph above, a reference to a "holding company" of a Spanish Guarantor shall mean the company which, directly or indirectly, owns the majority of the voting rights of such Spanish Guarantor or that may have a dominant influence on such Spanish Guarantor. It shall be presumed that one company has a dominant influence on another company when any of the scenarios set out in section 1 of article 42 of the Spanish Commercial Code (*Código de Comercio*) are met.

Additionally, the obligations under Guarantees granted by the Spanish Guarantor in the form of a *sociedad de responsabilidad limitada* shall not include any obligations or liabilities which, if incurred, would constitute a breach of article 401 of the Spanish Capital Companies Act, as interpreted by Spanish courts.

- where payments under the Guarantees cause the amount of such Spanish subsidiary's net assets (*patrimonio neto*) to fall below half the amount of its stated share capital, the Spanish subsidiary will need to be wound up (*disolverse*), unless its share capital is increased or decreased in the required amount, and provided it is not required to declare its insolvency; and
- guarantees given or created by a Spanish subsidiary may be deemed null and void under Spanish law in the event that all or part of the Company's obligations under the notes which are guaranteed or secured by virtue of such guarantees are null or void, and may be affected by any amendment, supplement, waiver, repayment, novation or extinction of the Company's obligations under the notes.
- Guarantees or security interests granted by a Spanish company in favour of a third party, to secure other group companies' debt may be subject to clawback, on the basis that such guarantees or security interests may be considered as detrimental to the guarantor's estate, if the guarantor is not able to show that there was a tangible and identifiable corporate interest benefit for the guarantor to grant such guarantee or security (beyond an abstract group interest or general mentions to pertinence to the same group of companies or the so-called "group interest"). Whether or not the granting of any upstream guarantee or security by the guarantor is detriment to the guarantor's estate is a factual matter that will need to be proven on a case by case basis (the beneficiary of the guarantee bearing the burden of such proof). Notwithstanding the foregoing, Spanish case law recognizes the interest of the group and, hence, the validity of upstream guarantees.
- If the beneficiary of a guarantee adhered to or votes in favor of a debtor's refinancing agreement or plan of reorganization (which contains haircuts), the guarantor shall be able to reduce its liability to the same extent, unless otherwise expressly agreed.

Setoff

Spanish Insolvency Act generally prohibits setoff of the credits and debts of the insolvent company once it has been declared insolvent, but such setoff whose requirements in order to operate were met before the declaration of insolvency can still apply. However, setoff may be exercised by a determined creditor vis-à-vis the insolvent company if the governing law of the reciprocal credit right of the insolvent company permits it under insolvency scenarios.

Applicable jurisdiction

Under both European and Spanish law, the applicable jurisdiction to conduct an insolvency proceeding is the one in which the insolvent party has its center of main interest ("COMI"). This COMI is deemed to be where the insolvent party conducts the administration of its interests on a regular basis and which may be recognized as such by third parties (although under European Union and Spanish law there is a presumption that a debtor's COMI is located where its registered address is). Insolvency proceedings conducted by the court of the COMI are considered "the principal insolvency proceedings" and have universal reach affecting all the assets of the insolvent party worldwide. If the COMI is not in Spain, but the insolvent party has a permanent establishment in Spain, Spanish courts will only have jurisdiction over the assets located in Spain (the "territorial insolvency proceedings").

Please note that other jurisdictions outside the European Union do not require a COMI shift in order for a Spanish company to make a filing in those jurisdictions (similarly as the U.K. concerning schemes of arrangements). Yet, recognition of foreign insolvency proceedings not based on COMI in Spain should not be possible and, in addition, any creditor could file for a non-main insolvency proceeding in Spain.

Limited history

Finally, please note that, although the current Spanish Insolvency Act came into effect in September 2004, it has been subject to several recent reforms and, as such, there is only a relatively limited history of its application by Spanish courts and with limited high court resolutions about it.

ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or provisions under any other federal, state, local, non U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, "Similar Laws"), and entities whose underlying assets are considered to include "plan assets" of such plans, accounts and arrangements pursuant to ERISA, applicable Similar Law, or otherwise (each, a "Plan").

General Fiduciary Matters

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an "ERISA Plan") and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary's duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, Section 4975 of the Code and any other applicable Similar Laws.

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are "parties in interest", within the meaning of Section 3(14) of ERISA, or "disqualified persons", within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

The acquisition and/or holding of the notes by an ERISA Plan with respect to which the Company, an Initial Purchaser, a Guarantor or any of their respective affiliates are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions ("PTCEs") that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84 14 respecting transactions determined by independent qualified professional asset managers, PTCE 90 1 respecting insurance company pooled separate accounts, PTCE 91 38 respecting bank collective investment funds, PTCE 95 60 respecting life insurance company general accounts and PTCE 96 23 respecting transactions determined by in house asset managers. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide relief from the prohibited transaction provisions of ERISA and Section 4975 of the Code for certain transactions, provided that neither the issuer of the securities nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than adequate consideration in connection with the transaction. There can be no assurance that any class exemption or any other exemption will be available with respect to any particular transaction involving the notes, or that if an exemption is available, it will cover all aspects of any particular transaction.

Governmental plans, certain church plans and non United States plans, while not subject to the fiduciary responsibility or prohibited transaction provisions of ERISA or Section 4975 of the Code, may nevertheless be subject to Similar Laws. Each person considering purchasing the notes on behalf of, or with the assets of, any such Plan should consult with their counsel before purchasing any notes.

Because of the foregoing, the notes should not be purchased or held by any person investing "plan assets" of any Plan, unless such purchase and holding will not constitute or result in a non exempt prohibited transaction under ERISA and the Code or a similar violation of any applicable Similar Laws.

Representation

Accordingly, by acceptance of a note or any interest therein, each purchaser and holder (including each transferee) will be deemed to have represented and warranted at the time of its purchase and throughout the period that it holds such note or interest therein, that (A) either (i) no portion of the assets used by such purchaser or holder of such note (or any interest therein) constitutes the assets of any Plan, or (ii) the purchase and holding of the notes (or any interest therein) will not constitute or result in a non exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws, and (B) it will not sell or otherwise transfer any such note or interest to any person without first obtaining these same foregoing deemed representations and warranties from that person.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any applicable Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

The sale of notes to a Plan is in no respect a representation by the Company that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement to be dated the date of this offering memorandum, we have agreed to sell to the Initial Purchasers, for whom Deutsche Bank AG, London Branch is acting as representative, on a several and not joint basis, the following respective principal amount of notes:

Initial Purchasers	Principal amount of notes (€)
Deutsche Bank AG, London Branch	240,000,000
CaixaBank, S.A.	18,700,000
Banco Bilbao Vizcaya Argentaria, S.A.	18,700,000
Banco Santander, S.A.	18,700,000
Bankia, S.A.	18,700,000
BNP Paribas	18,700,000
Merrill Lynch International	18,700,000
Société Générale	18,700,000
Banco de Sabadell, S.A.	9,700,000
Banca March, S.A.	9,700,000
Commerzbank Aktiengesellschaft	9,700,000
Total	**€400,000,000**

The Initial Purchasers may make offers and sales through certain affiliates of the Initial Purchasers. One or more of the Initial Purchasers may sell through affiliates or other appropriately licensed entities for sales of the notes in jurisdictions in which they are not otherwise permitted.

Banca March, S.A. is only participating in the offering outside the United States under Regulation S of the Securities Act. Banca March, S.A. is not a registered broker-dealer registered with the SEC and will not be offering or selling securities in the United States or to US nationals or residents.

Banco Bilbao Vizcaya Argentaria, S.A. is not a broker- dealer registered with the SEC and therefore may not make sales of any securities in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. Any offers and sales into the United States by Banco Bilbao Vizcaya Argentaria, S.A. will only be made through one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law.

Banco Santander, S.A. is not a broker-dealer registered with the SEC and therefore may not make sales of any securities in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. Any offers and sales into the United States by Banco Santander, S.A. will only be made through one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law.

Banco de Sabadell, S.A. is only participating in the offering outside the United States under Regulation S of the Securities Act. Banco de Sabadell, S.A. is not a registered broker-dealer registered with the SEC and will not be offering or selling securities in the United States or to U.S. nationals or residents.

CaixaBank, S.A. is not a broker-dealer registered with the SEC participating in the offering exclusively in reliance on Regulation S of the Securities Act of 1933 and will not be offering or selling notes to in the U.S. or to U.S. citizens or residents.

The Initial Purchasers will receive customary commissions and discounts under the purchase agreement upon the consummation of the offering of the notes. In the purchase agreement, subject to the conditions thereof, the Initial Purchasers have agreed to purchase the notes offered hereby at a discount from their respective prices indicated on the cover page of this offering memorandum and to resell such notes to purchasers as described herein under "Transfer Restrictions" and "Notice to Investors". The offering of the notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or in part. After the offering of the notes offered hereby, the offering prices and other selling terms may from time to time be varied by the Initial Purchasers. The purchase agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the notes is subject to, among other conditions, the delivery of certain legal opinions by our counsel.

The purchase agreement provides that the Company and the Guarantors, on one hand, and the several Initial Purchasers, on the other hand, will indemnify each other against certain liabilities, including liabilities under the Securities Act, and will contribute to payments the other may be required to make in respect thereof. In order to facilitate the offering of the notes, the Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the Initial Purchasers may overallot in connection with this offering, creating a short position in the notes for their own accounts. In addition, to cover overallotments or to stabilize the prices of the notes, the Initial Purchasers may bid for, and purchase, notes in the open market. Finally, the Initial Purchasers may reclaim selling concessions allowed to a trustee or dealer for distributing the notes in this offering if the Initial Purchasers repurchase previously distributed notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The Initial Purchasers are not required to engage in these activities, and may end any of these activities at any time. No assurance can be given that active public markets or other markets will develop for the notes or as to the liquidity of the trading market for the notes.

The Company and the Guarantors have agreed that it will not offer, sell, contract to sell or otherwise dispose of any of their debt securities or any debt securities of our subsidiaries similar to the notes during the period beginning on the date of this offering memorandum and ending on the date that is 90 days following the closing date of this offering without the prior written consent of Deutsche Bank AG, London Branch.

The notes and the related Guarantees have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the notes (1) outside the United States in offshore transactions in reliance on Regulation S and (2) in the United States to QIBs in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the offering of the notes, an offer or sale of such notes within the United States by a dealer that is not participating in the offering of the notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The notes will be new securities for which there is currently no market. An application has been made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF. However, there are no assurances that the notes will remain listed and admitted to trade on the Euro MTF. Further, the Company cannot assure you that the initial prices at which the notes will sell in the market after this offering will not be lower than the initial offering prices or that active trading markets for the notes will develop and continue after completion of this offering. The Initial Purchasers have advised us that they currently intend to make a market for the notes. However, the Initial Purchasers are not obligated to do so, and may discontinue any market-making activities with respect to the notes at any time without notice. In addition, market-making activities will be subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, the Company cannot assure you as to the liquidity of, or trading markets for, the notes.

Each Initial Purchaser has represented and agreed that this offering memorandum is directed solely at:

(i) persons who are outside the United Kingdom;

(ii) persons who are investment professionals, as such term is defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order");

(iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; and

(iv) persons to whom an invitation or inducement to engage in investment banking activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated,

(all such persons in (i), (ii), (iii) and (iv) above together being referred to as "relevant persons").

Accordingly, by accepting delivery of this offering memorandum, the recipient warrants and acknowledges that it is such a relevant person. The notes are available only to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such notes will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without our prior written consent. The notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Certain of the Initial Purchasers or their respective affiliates that have a lending relationship with us and routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Initial Purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the notes. Any such short positions could adversely affect future trading prices of the notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the Initial Purchasers and their affiliates may acquire the notes for their own proprietary account.

The Initial Purchasers may also impose a penalty bid. This occurs when a particular Initial Purchaser repays to the Initial Purchasers a portion of the underwriting discount received by it because the representative has repurchased notes sold by or for the account of such purchaser in stabilizing or short covering transactions.

The Initial Purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking, and other commercial dealings, including as acting as hedge counterparties with us, our principal shareholders or our affiliates. In addition, the Initial Purchasers or their respective affiliates have lending relationships with us, our principal shareholders or our affiliates including pursuant to bilateral loan facilities, multilateral and/or syndicated loan facilities, guarantee, overdraft or cash management facilities and other forms of credit lines. They have received, and expect to receive, customary fees, commissions and expense reimbursements for these transactions. Each of the Initial Purchasers or their respective affiliates are lenders and/or agents under the Senior Facilities Agreement.

Deutsche Bank AG, London Branch is only acting for the Company and the Guarantors in connection with the transaction referred to in this offering memorandum and no one else and will not be responsible to anyone other than the Company and the Guarantors for providing the protections offered to clients of Deutsche Bank AG, London Branch nor for providing advice in relation to the transaction, this document or any arrangement or other matter referred to herein.

The proceeds of this offering will be used to refinance existing indebtedness of the Company and its subsidiaries, and as a result certain of the Initial Purchasers (or their affiliates) will receive proceeds from the issuance of the notes in their capacities as lender or holders of such debt.

Delivery of the notes was made to investors on April 27, 2018, which was the fifth business day following the date of the pricing of the notes (such settlement being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade on the date of pricing of the notes or the next two succeeding business days will be required, by virtue of the fact that the notes initially settle in T+5, to specify an alternative settlement arrangement at the time of such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

The notes are not intended to be offered, sold or otherwise made available to and should not be made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Solely for the purposes of the product approval process of each manufacturer, the target market assessment in respect of the notes described in this offering memorandum has led to the conclusion that: (i) the target market for such notes is persons satisfying the criteria of the definition of "eligible counterparties" or "professional clients" only, each as defined in Directive 2014/65/E.U. (as amended, "**MiFID II**"); and (ii) all channels for distribution of the notes to such persons are appropriate. Any person subsequently offering, selling or recommending such notes (a "**distributor**") should take into consideration the Manufacturers' target market assessment; however, and without prejudice to the obligations of the Company in accordance with MiFID II, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the notes (by either adopting or refining the Manufacturers' target market assessment) and determining appropriate distribution channels.

Neither the Initial Purchasers nor any of their respective affiliates have authorized the whole or any part of this offering memorandum and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this offering memorandum or any responsibility for any act or omission of the Company, the Guarantors or any other person (other than the relevant Initial Purchaser) in connection with the issue and offering of the notes. Neither the delivery of this offering memorandum nor the offering, sale or delivery of any note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Company or the Guarantors since the date of this offering memorandum.

TRANSFER RESTRICTIONS

Each prospective purchaser of the notes is advised to consult legal counsel prior to making any offer, re-sale, pledge or other transfer of any of the notes offered hereby. The notes have not been, and will not be, registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the notes offered hereby are being sold only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and offered and sold only to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the later of the commencement of the offering and the Issue Date, an offer or sale of the notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

Each purchaser of the notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Company and the Initial Purchasers as follows:

(1) It understands and acknowledges that the notes have not been registered under the Securities Act or any applicable state securities law; are being offered for re-sale in transactions not requiring registration under the Securities Act or any state securities law, including sales pursuant to Rule 144A; and may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any applicable state securities law, pursuant to an exemption therefrom or in any transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (5) below.

(2) It is not an "affiliate" (as defined in Rule 144 under the Securities Act) of the Company or acting on behalf of the Company and it is either:

   (a) a qualified institutional buyer and is aware that any sale of the notes to it will be made in reliance on Rule 144A and the acquisition of the notes will be for its own account or for the account of another qualified institutional buyer; or

   (b) a non-U.S. person purchasing the notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that neither the Company nor the Initial Purchasers nor any person representing the Company or the Initial Purchasers has made any representation to it with respect to the offering or sale of the notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the notes. It acknowledges that neither the Initial Purchasers nor any person representing the Initial Purchasers makes any representation or warranty as to the accuracy or completeness of the information contained in this offering memorandum. It also acknowledges that it has had access to such financial and other information concerning us and the notes as it has deemed necessary in connection with its decision to purchase any of the notes.

(4) It is purchasing the notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities law, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act.

(5) Each noteholder agrees on its own behalf and on behalf of any investor account for which it is purchasing the notes, and each subsequent noteholder by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such notes prior to the date (the "Resale Restriction Termination Date") that is one year (in the case of Rule 144A notes) or 40 days (in the case of Regulation S notes) after the later of the date of the original issue of the notes and the last date on which the Company or any of its affiliates was the owner of such notes (or any predecessor thereto) only:

   (a) to the Company;

(b) pursuant to a registration statement that has been declared effective under the Securities Act;

(c) for so long as the notes are eligible for re-sale pursuant to Rule 144A under the Securities Act, to a person it reasonably believes is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A under the Securities Act;

(d) pursuant to offers and sales to non-U.S. persons that occur outside the United States in compliance with Regulation S under the Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act,

subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws and any applicable local laws and regulations, and further subject to the Company's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (d) or (e) above to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse side of the notes is completed and delivered by the transferor to the Trustee.

Each purchaser acknowledges that each note will contain a legend substantially to the following effect:

"THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND ACCORDINGLY, NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO THE DATE THAT IS [IN THE CASE OF NOTES ISSUED IN RELIANCE ON RULE 144A: ONE YEAR] [IN THE CASE OF NOTES ISSUED UNDER REGULATION S: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUANCE OF THIS SECURITY AND THE LAST DATE ON WHICH THE ISSUER OR ANY OF ITS AFFILIATES WAS THE OWNER OF THIS SECURITY, OFFER, RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY BUYER THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RE-SALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) TO NON-U.S. PERSONS OUTSIDE THE U.S. IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE

TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM AND (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "U.S." AND "U.S. PERSON" HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT".

(6) It acknowledges that it and any subsequent transferee of any note (or any interest therein) will be deemed by their purchase or acquisition of any such note (or any interest therein) to have represented and warranted, either that (i) no portion of the assets used by such purchaser or transferee to acquire or hold the note (or any interest therein) constitutes the assets of any Plan, or (ii) its acquisition, holding and disposition of such note (or any interest therein) will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or a similar violation under any applicable Similar Law.

(7) It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

(8) It acknowledges that the transfer agent will not be required to accept for registration of transfer any notes except upon presentation of evidence satisfactory to the Company and the Trustee that the restrictions set forth therein have been complied with.

(9) It acknowledges that the Company, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify the Initial Purchasers. If it is acquiring any notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

LEGAL MATTERS

Certain legal matters in connection with the offering of the notes will be passed upon for the Company by Paul, Weiss, Rifkind, Wharton & Garrison LLP, as to matters of U.S. federal and New York State law and Cuatrecasas, Gonçalves Pereira S.L.P., as to matters of Spanish law. Certain legal matters in connection with the offering of the notes will be passed upon for the Initial Purchasers by Cahill Gordon & Reindel (UK) LLP, as to matters of U.S. federal and New York State law, and by Clifford Chance, S.L., as to matters of Spanish law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2017, 2016 and 2015 included in this offering memorandum, have been audited by Ernst & Young S.L., independent auditors, as stated in their unqualified reports appearing herein on pages F-4, F-160 and F-298, respectively, of this offering memorandum.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

(a) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(b) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(c) except as provided pursuant to (a) above, no person has been authorized to give any information or to make any representation concerning the notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

For so long as any of the notes remain outstanding and are "restricted securities" within the meaning of Rule 144A(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, as amended, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, as amended, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Company.

ENFORCEABILITY OF CIVIL LIABILITIES

The Company is incorporated under the laws of Spain and none of its directors and executive officers are residents of the United States. Furthermore, a substantial portion of the Company's assets and a substantial portion of the assets of such persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Company or such persons, or to enforce against them judgments of U.S. courts predicated upon the civil liability provisions of U.S. Federal or state securities laws.

Further, the following discussion with respect to the enforceability of certain U.S. court judgments in Spain is based upon advice provided to us by our Spanish legal advisers.

A final and conclusive judgment obtained against the Company or any of the Guarantors in any U.S. Courts or any other appellate court in the United States, would be recognized and enforced by the courts of Spain after having obtained the "exequatur," in accordance with article 523.2 of the Spanish Civil Procedure Act (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*) and articles 41 to 55 of the Spanish International Cooperation in Civil Matters Act (*Ley 29/2015, de 30 de julio de cooperación jurídica internacional en materia civil*), both inclusive.

Such provisions set forth that any, in principle, final and conclusive judgment rendered outside Spain may be enforced in Spain:

- In accordance with the provisions of any applicable treaty (there being none currently in existence between Spain and the United States for these purposes);
- In the absence of any treaty, in those cases in which the relevant court from a foreign country which is not a member bound by the provisions of the E.U. Regulation 1215/2012, if it meets the formal requirements of (i) the relevant law from said foreign country and (ii) Spanish law, to be considered authentic, i.e. enacted by an authorized court (in Spain it would be required, *inter alia*, that the judgement is duly legalized or apostilled and translated into Spanish) and enforceable, and
- If it does not fall within the circumstances set forth in article 46 of the Spanish International Cooperation in Civil Matters Act, in particular:
    - that the judgement breaches Spanish public order ("*orden público*");
    - that the judgement is not final (i.e. subject to further appeal) and therefore is not an enforceable
    - nature (*fuerza ejecutiva*) in the foreign jurisdiction;
    - that the judgement has been rendered by clearly breaching the rights of defence of any of the parties (if a judgements has been rendered by default ("*en rebeldía*") of the defendant it would be deemed to breach his rights of defence if the defendant has not been regularly and timely notified to enable him to defend himself properly);
    - that the subject matter in respect of which the judgement has been rendered falls within the exclusive jurisdiction of the Spanish courts or, in any other matters, if the foreign court jurisdiction does not have a reasonable connection with the dispute;
    - that the foreign judgement is incompatible with other Spanish judgements;
    - that the foreign judgement is incompatible with another country's judgement which meets the requirements to be enforceable in Spain;
    - that there is an ongoing proceeding between the same parties and dealing with the same subject which was opened before a Spanish court prior to the opening of the proceedings before the foreign court; or
    - the company is subject to an insolvency proceeding in Spain and the foreign judgment does not meet the requirements provided for in the Spanish Insolvency Act.

According to Article 3.2 of the Spanish International Cooperation in Civil Matters Act, the Spanish Government may establish that the Spanish authorities will not cooperate with other country's authorities when there has been a reiteration refusal of cooperation or a legal prohibition of providing cooperation by such other country's authorities.

Additionally and according to article 47 of the Spanish International Cooperation in Civil Matters Act, there is a special provision and a special rule concerning the recognition of foreign judgments rendered in proceedings resulting from collective action, which may be recognized and enforced in Spain insofar as they satisfy the conditions set forth therein.

The United States and Spain are not party to any treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards rendered in civil and commercial matters.

Accordingly, any party wishing to have a U.S. ruling recognized or enforced in Spain, which would not directly be recognized or enforced in Spain, must file an application seeking declaration of enforceability of the U.S. resolution (*exequatur*) with the relevant Spanish Judge of First Instance (*Juzgado de Primera Instancia*) or Commercial Court (*Juzgado de lo Mercantil*) for which purpose the abovementioned requirements must be met.

The Spanish courts may express any such order in a currency other than Euro in respect of the amount due and payable by the Company or a Guarantor, but in case of enforcement in Spain, the court costs and interest will be paid in Euros.

A final and conclusive judgment obtained against the Company or any of the Guarantors in any country bound by the provisions of the E.U. Regulation 1215/2012 will be recognized and enforceable by the Spanish courts, without review of its merits, once the judgment has been recognized under the exequatur procedure.

The enforcement of any judgments in Spain involves, *inter alia*, the following principal actions and costs: (a) documents in a language other than Spanish must be accompanied by a sworn translation into Spanish (translator's fees will be payable); (b) foreign documents may be required to be legalized and apostilled; (c) certain court fees must be paid; and (d) the procedural acts of a party litigating in Spain must be directed by an attorney-at-law and the party must be represented by a court agent (*procurador*). In addition, Spanish civil proceedings rules cannot be amended by agreement of the parties and such rules will therefore prevail notwithstanding any provision to the contrary in the relevant agreement.

LISTING AND GENERAL INFORMATION

1. Application has been made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF.

2. So long as the notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, copies of our and the Guarantors' Articles of Association, the share pledge agreements and the Indenture governing the notes will be available for the public free of charge at the specified office of the Transfer Agent in Luxembourg referred to in paragraph 6 below. So long as the notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, copies of all of our audited annual financial statements and those for all subsequent fiscal years will be available for the public free of charge during normal business hours on any weekday at the offices of such Transfer Agent in Luxembourg referred to in paragraph 6 below.

3. We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.

4. Save as disclosed herein, there has been no material adverse change in our consolidated financial position since December 31, 2017.

5. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the notes, except as disclosed herein.

6. We have appointed Deutsche Bank Luxembourg S.A. as our Transfer Agent in Luxembourg. The Transfer Agent will also act as the Listing Agent for the notes. We reserve the right to vary such appointment and shall publish notice of such change of appointment and any other notice concerning the notes, in a newspaper having general circulation in Luxembourg (which is expected to be the *Luxembourg Wort*) or on the Luxembourg Stock Exchange's website, *www.bourse.lu*. The Transfer Agent in Luxembourg will act as intermediary between the holders of the notes and us and as long as the notes are listed on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, we will maintain a transfer agent in Luxembourg. The office of the Transfer Agent in Luxembourg is at 2 Boulevard Konrad Adenauer, L-1115 Luxembourg.

7. The notes have been accepted for clearance and settlement through the facilities of Euroclear and Clearstream. The ISIN numbers for the notes sold pursuant to Rule 144A and the notes sold pursuant to Regulation S are XS1814067473 and XS1814065345, respectively. The Common Codes for the notes sold pursuant to Rule 144A and the notes sold pursuant to Regulation S are 181406747 and 181406534, respectively.

8. All necessary corporate or other action in connection with the issuance of the notes has been taken.

9. Gestamp Automoción S.A. is a *sociedad anónima* incorporated in Spain on December 22, 1997, registered with the the Commercial Register of Vizcaya at the Volume 3,614, Sheet 107, Section 8, Page BI-21245 under number A-48943864 and with its registered office at Polígono Industrial de Lebario S/N, 48220, Abadiño, Vizkaya, Spain. The telephone number of the Company is +34 91 275 28 72. As of the date of this offering memorandum, the Company's issued share capital consists of 575,514,360 ordinary shares with a nominal value of €0.05 each which has been fully paid.

10. The Guarantors operate as suppliers of automotive components and assemblies and maintain their registered offices at the addresses below:

    - Edscha Automotive Hengersberg GmbH: Scharwächterstraße 5, 94491 Hengersberg, Germany
    - Edscha Holding GmbH: Hohenhagener Straße 26-28, 442855 Remscheid, Germany;
    - Gestamp Griwe Westerburg GmbH: Boschstrasse 16, 56457 Westerburg, Germany;
    - Gestamp Griwe Haynrode GmbH: Unterdorf 35, 37339 Haynrode, Germany;
    - Edscha Automotive Hauzenberg GmbH: Wastlmühlstraße 16, 94051 Hauzenberg, Germany;
    - Gestamp Umformtechnik GmbH: Gotenstraße 91, 33647 Bielefeld, Germany;

- Edscha Hengersberg Real Estate GmbH & Co. KG: Scharwächterstraße 5, 94491 Hengersberg, Germany;
- Edscha Hauzenberg Real Estate GmbH & Co. KG: Wastlmühlstraße 16, 94051 Hauzenberg, Germany;
- Edscha Engineering GmbH: Hohenhagener Straße 26-28, 42855 Remscheid, Germany;
- GMF Holding GmbH: Gotenstraße 91, 33647 Bielefeld, Germany;
- Gestamp Servicios, S.A.: Calle Alfonso XII, 16, 28014, Madrid, Spain;
- Gestamp Navarra, S.A.: Polígono Industrial Arazuri-Orcoyen, calle C., 31160, Orcoyen, Navarra, Spain;
- Gestamp Bizkaia, S.A.: Polígono Industrial de Lebario, 48220 Abadiño, Vizcaya, Spain;
- Gestamp Metalbages, S.A.: Camí de les Arenes, nº1, Polígono Industrial Santa Anna II, 08251 Santpedor, Barcelona, Spain;
- Edscha Santander, S.A.: Domicilio social: Calle Gregorio López Bravo, 89, Polígono Industrial de Villalonquejar, 09001 Burgos, Spain;
- Gestamp Esmar, S.A.: Camí de Les Arenes nº 1, Polígono Industrial Santa Anna II, 08251 Santpedor, Barcelona, Spain;
- Gestamp Palencia, S.A.: Camino de los barcos s/n, finca 26, 34210 Dueñas, Palencia, Spain;
- Gestamp Abrera, S.A.: Cami de Les Arenes nº 1. Polígono Industrial Santa Anna s/n; 08251 Santpedor, Barcelona, Spain;
- Edscha Burgos, S.A.: C/ Gregorio López Bravo nº 89, Polígono Industrial de Villalonquejar, 09001 Burgos, Spain;
- Gestamp Solblank Barcelona, S.A.: Polígono Industrial San Vicente, parcela 17, 08755 Castellbisbal, Barcelona, Spain;
- Loire Sociedad Anónima Franco Española: Calle Zikuñaga, 22, 20120, Hernani, Guipúzcoa, Spain;
- Gestamp Aragón, S.A.: Pol. Industrial "El Pradillo", c/General Motors 6; 50690 Pedrola, Zaragoza, Spain;
- Gestamp Toledo, S.A.: Camino de los Pontones, Polígono las Monjas, sector 2, Seseña, Toledo 45224, Spain;
- Gestamp Linares, S.A.: Polígono Industrial Los Rubiales, 23700 Linares, Jaén, Spain;
- Gestamp Vigo, S.A.: Polígono Industrial As Gandaras, Parcela 105, 106-B, 36400 Porriño, Pontevedra, Spain;
- Gestamp Galvanizados, S.A.: Camino de los Barcos, s/n, finca 26, 34210, Dueñas, Palencia, Spain;
- Gestamp Levante, S.A.: Polígono Industrial Rey Juan Carlos I, Avenida. de la Foia 34-36, 46440 Almussafes, Valencia, Spain;
- Ingeniería Global MB, S.A.: Camino de les Arenes nº 1, Polígono Industrial Santa Anna II, 08251 Santpedor, Barcelona, Spain;
- Gestamp Global Tooling, S.L. is at Polígono Industrial Torrelarragoiti, S/N, 48170, Zamudio, Vizcaya, Spain;
- Gestamp Noury S.A.S.: 9 Impasse Denis Papin, Zone Industrielle, 77220 Gretz-Armainvilliers, France ;
- Gestamp Ronchamp S.A.S.: 5 rue des Croix, 70290 Champagney, France ;
- Edscha Briey, S.A.S.: Pôle d'Activités Industrielles et Technologiques; 54150 Briey, France ;
- Sofedit S.A.S.: Rue de la Pêcherie, 61260 Le Theil, France ;

- S.C.I. de Tournan en Brie: Chemin Départemental nº 216 E, Zone Industrielle, Tournan en Brie 77220, France;
- Edscha Engineering France S.A.S.: 4 Avenue du Québec Zone d'Activité de Courtaboeuf Territoire de Villebon, 91941 Courtaboeuf Cedex, France;
- Gestamp Prisma S.A.S.: Messempré, 08110 Caringnan, France;
- Gestamp Hungária KFT.: 8060 Mór, Akai u. 3, Hungary;
- Gestamp Polska Sp. Z o o: Ul. Dzialkowcow, nº 12. Kod 62-300 Września; Poland;
- Gestamp Wroclaw Sp. Z o o: Eugeniusza Kwiatkowskiego 3, 52-407, Wroclaw, Poland;
- Gestamp Aveiro Indústria de Accesórios de Automóveis, S.A.: Sabrosas, freguesia de Nogueira do Cravo, Oliveira de Azeméis, 3700 751, Portugal;
- Gestamp Cerveira, Lda.: Zona Industrial Polo nº 2, parcela 24, Vila Nova de Cerveira, 4920 012, Portugal;
- Gestamp Vendas Novas Unipessoal, Lda.: Estrada Nacional nº 4, apartado 93, freguesia e concelho de Vendas Novas, 7080 111, Portugal;
- Edscha Automotive Kamenice S.R.O.: Kamenice nad Lipou, Masarykova 701, YIP 39470, Czech Republic;
- Edscha Hradec, S.R.O.: Jindrichuv Hradec, Dolni Skrýchov 118, ZIP 377 01, Czech Republic;
- Gestamp Louny, S.R.O.: Prumyslová zóna Triangle 61, 438 01 Velemyšleves, Czech Republic;
- Gestamp Tallent Ltd: 1 Skerne Road, Aycliffe Business Park, Newton Aycliffe, County Durham DL5 6EP, United Kingdom;
- Gestamp Washington UK Limited: Site 10, Rutherford Road, Stephenson Industrial State, Washington, Tyne and Wear, NE37 3HX, United Kingdom;
- Edscha Velky Meder s.r.o.: Mostová 41, 932 01 Velky Meder, Slovakia;
- Gestamp Hardtech, AB: Box 828, 971 25—Luleå, Sweden
- Gestamp Sweden, AB: Box 828, 971 25—Luleå, Sweden; and
- Gestamp Funding Luxembourg, S.A.: 1, rue Hildegard von Bingen, L-1282 Luxembourg.

GLOSSARY OF TECHNICAL TERMS

Unless otherwise defined in this offering memorandum, the following industry terms and abbreviations when used in this offering memorandum have the meaning ascribed to them below.

Abbreviation	Definitions
"bins"	11 certification levels (8 permanent and 3 temporary, which expired in 2008) promulgated under the EPA's Tier 2 emission standards.
"Body-in-White"	Component parts and assemblies, such as hoods, roofs, doors, fenders and other high quality and high efficiency or "Class A" surfaces and assemblies.
"CAFE"	Corporate average fuel economy set by the NHTSA.
"CARB"	California Air Resource Board in the United States.
"Chassis"	The internal framework of an automotive vehicle used in automobile manufacturing.
"China IV"	Engine emission standard introduced for heavy diesel vehicles in China, in force in the Beijing region in January 2008, which are expected to come into force nationwide by July 2013.
"Class A surfaces"	Freeform surfaces of high efficiency and quality with G2 (or even G3) curvature continuity to one another.
"CO"	Carbon monoxide.
"Crash box"	Automotive vehicle part for crash energy absorption.
"Die"	Equipment used in the stamping and forming processes to cut or form raw material into a required shape using a press.
"EMAS"	European Union Eco-Management and Audit Scheme.
"EPA"	Environmental Protection Agency in the United States.
"Euro 1", "Euro 2", "Euro 3", "Euro 4"	European Union regulatory standards under Directive 70/220/EEC with respect to emission regulations for new light vehicles, as amended through 2004.
"Euro 5"	European Union regulatory standards under Regulation 715/2007/EC with respect to emissions from light passenger and commercial vehicles, which came into force in September 2009.
"Euro 6"	European Union regulatory standards under Regulation 715/2007/EC with respect to emissions from light passenger and commercial vehicles, which will come into force in September 2014.

Abbreviation	Definitions
"EuroNCAP"	European New Car Assessment Program, established in 1997,and composed of seven European governments and motoring and consumer organizations to encourage safety improvements to new car design.
"EV"	Electric vehicles.
"HC"	Hydrocarbons.
"ICE"	Internal combustion engine.
"IIHS"	Insurance Institute for Highway Safety in the United States an independent, nonprofit scientific and educational organization established to reduce the losses from crashes on the roads.
"ISO 14000"	Standard set by the International Organization for Standardization in relation to various aspects of environmental management.
"LEV"	Low emission vehicle.
"LEV II", "LEV III"	Regulations issued by CARB in relation to LEVs.
"LPG"	Liquefied petroleum gas.
"M2"	European Union regulatory category under Regulation 510/2011/EC with respect to vehicles for the transportation of passengers, comprising more than eight seats in addition to the driver's seat and having a maximum mass not exceeding 5 tons.
"Mechanisms"	The moving parts and systems used in an automotive vehicle.
"MEP"	Chinese Ministry of Environmental Protection.
"MPa"	Megapascal, a measure of force per unit area.
"MPVs"	Multi-purpose vans.
"N1"	European Union regulatory category under Regulation 510/2011/EC with respect to vehicles for the transportation of goods, having a maximum mass not exceeding 3.5 tons.
"N2"	European Union regulatory category under Regulation 510/2011/EC with respect to vehicles for the transportation of goods, having a maximum mass exceeding 3.5 tons but not exceeding 12 tons.
"NEDC"	New European Driving Cycle, a test procedure for vehicle efficiency that consists of different drive cycles simulating city and highway conditions and serves as a uniform standard for measuring carbon dioxide emissions.
"NG"	Natural gas.
"NHTSA"	National Highway Traffic Safety Administration in the United States that sets CAFE.
"NOx"	Nitrogen oxides.
"NVH"	Noise, vibration and harshness.

Abbreviation	Definitions
“OEMs”	Original equipment manufacturers, a manufacturer of products that are used as components in another company’s product.
“PM”	Particulate matters.
“PROCONVE L5”, “PROCONVE L6”	Engine emission standards introduced for new light vehicles in Brazil, which came into force in between 2013 and 2015.
“PROCONVE P5”	Engine emission standards in Brazil, which were in-force in between 2004 and 2006.
“PROCONVE P6”	Engine emission standard introduced for new light vehicles in Brazil, which came into force January 2009.
“PROCONVE P7”	Engine emission standard introduced for new light vehicles in Brazil, which came into force January 2012.
“SUVs”	Sport Utility Vehicles.
“TMP”	Tailored Material Property, a specific press hardening process, which can be used to produce different strength levels for monolithic parts.
“TWB”	Tailored welded blank sheets made from individual steel sheets of different thickness, strength and coating which are joined together by laser welding.

GESTAMP AUTOMOCIÓN, S.A.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED

DECEMBER 31, 2017, 2016, 2015

GESTAMP AUTOMOCIÓN, S.A.
AND SUBSIDIARIES

Consolidated Financial Statements for the year ended December 31, 2017

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, 2017

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel.: 902 365 456
Fax.: 915 727 300
ey.com

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

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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 balance sheet at December 31, 2017, the income statement, the statement of other comprehensive income, the statement of changes in equity, the cash flow statement, and the notes thereto, all of them consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of equity and the financial position of the Group at December 31, 2017 and of its financial performance and its cash flows, all of them consolidated, 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.

Domicilio Social: Pl. Pablo Ruiz Picasso, 1. 28020 Madrid - Inscrita en el Registro Mercantil de Madrid al Tomo 12749, Libro 0, Folio 215, Sección 8, Hoja M-23123, Inscripción 116. C.I.F. B-78970506.
A member firm of Ernst & Young Global Limited.

Measurement of intangible assets and property, plant, and equipment

Description	At December 31, 2016, the Group had goodwill, other intangible assets, and property, plant, and equipment in the respective amounts of 104,757 thousand, 309,940 thousand, and 3,407,779 thousand euros. Management conducts impairment tests annually for cash generating units (CGUs) with goodwill or assets with assigned indefinite useful lives or 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 accounting 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 IFRS-EU disclosures are discussed in Notes 6.7, 7. 10, and 11 of the accompanying Notes to the consolidated financial statements.
Our response	Part of our audit procedures involved verifying the Group's indicators for determine whether there is any indication of impairment are consistent with IAS 36 requirements. For CGUs subject to impairment testing, we reviewed the reasonableness of the financial information and cash flow projections included in the business plan, and consider both historic and current information, as well as budgets approved by the Board of Directors. We also involved 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. We also analyzed the information disclosed in the notes thereto for the year on the criteria, hypotheses, and sensitivity analyses used for the impairment test.

Recoverability of deferred tax assets

Description As indicated in Note 23, at December 31, 2017, the Group had deferred tax assets totalling 265,799 thousand euros corresponding to tax credits and other deductible temporary differenced which Group management expects to 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 standard and the disclosures required by IFRS-EU are detailed in the notes 6.19, 7, 23, and 28 of the accompanying consolidated notes to the 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 the related tax effects. We also reviewed the appropriateness of the information breakdown in accompanying consolidated notes regarding the applicable regulatory framework for financial information in Spain.

Measurement of derivative instruments

Description The Company has arranged several hedging instruments to cover the risk of changes in the variable interest rates associated with part of its financial debt. Considering that these derivatives are recognized on the consolidated balance sheet at market value, which entails making significant estimates and judgments, we have considered that this area could potentially have a notable impact on our audit. A description of the measurement criteria for derivative financial instruments and information to disclose on the Group's financial derivatives required by IFRS-EU are reflected in the accompanying Notes 6.20, 12.a.3, and 22b of the accompanying consolidated notes to the financial statements.

Our response In this area, our audit procedures included the following, among others:

- Understand the procedures and controls established by the Company to ensure the appropriate measurement and accounting treatment for derivative instruments
- With support from our derivatives specialists, conduct comparisons of the fair value to analyze the correct accounting treatment based on the classification of derivatives, and
- Review of the information disclosed in the accompanying notes to the consolidated financial statements.

Other information: consolidated management report

Other information refers exclusively to the 2017 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 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 in the above paragraph, we have verified that the specific information referred to in paragraph a) above has been provided in the consolidated management report, and that the remaining the information contained therein is consistent with that provided in the 2017 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 consolidated 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 Group's 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 parent company audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the parent company audit committee on February 26, 2018.

Term of engagement

The annual general shareholders' meeting held on October 5, 2015 appointed us as auditors for a period of 3 years, commencing on financial year 2015.

Previously, we were appointed as auditors by the shareholders for 3 years 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 26, 2018

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONTENTS

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2017 AND DECEMBER 31, 2016

(In thousands of euros)

	Note	December 31, 2017	December 31, 2016
ASSETS			
Non-current assets			
Intangible assets	10	414,697	392,964
Goodwill		104,757	110,504
Other intangible assets		309,940	282,460
Property, plant and equipment	11	3,407,779	3,160,014
Land and buildings		1,040,863	983,285
Plant and other PP&E		1,728,297	1,608,351
PP&E under construction and prepayments		638,619	568,378
Financial assets	12	69,427	95,514
Investments in associates accounted for using the equity method		1,787	5,740
Loans and receivables		39,248	50,581
Derivatives in effective hedges		14,718	25,710
Other non-current financial assets		13,674	13,483
Deferred tax assets	23	265,799	273,439
Total non-current assets		**4,157,702**	**3,921,931**
Current assets			
Inventories	13	681,322	630,897
Raw materials and other consumables		350,446	308,335
Work in progress		143,476	141,149
Finished products and by-products		124,487	129,591
Prepayments to suppliers		62,913	51,822
Trade and other receivables	14	1,375,709	1,376,889
Trade receivables		1,174,714	1,169,925
Other receivables		31,627	20,819
Current income tax assets		26,795	35,306
Receivables from public authorities		142,573	150,839
Other current assets	14	71,057	26,240
Financial assets	12	78,896	43,228
Loans and receivables		34,598	11,036
Securities portfolio		5,376	338
Other current financial assets		38,922	31,854
Cash and cash equivalents	14	860,238	430,463
Total current assets		**3,067,222**	**2,507,717**
Total assets		**7,224,924**	**6,429,648**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Continued)

AT DECEMBER 31, 2017 AND DECEMBER 31, 2016

(In thousands of euros)

	Note	December 31, 2017	December 31, 2016
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to equity holders of the parent			
Issued capital	15	287,757	288,237
Share premium	15	61,591	61,591
Retained earnings	16	1,551,924	1,378,145
Translation differences	17	(366,516)	(203,300)
Equity attributable to equity holders of the parent		**1,534,756**	**1,524,673**
Equity attributable to non-controlling interest	18	**435,799**	**347,330**
Total equity		**1,970,555**	**1,872,003**
Liabilities			
Non-current liabilities			
Deferred income	19	22,315	25,945
Non-current provisions	20–21	143,044	154,153
Non trade liabilities	22	2,364,497	1,779,451
Interest-bearing loans and borrowings and debt issues		2,167,091	1,548,305
Derivative financial instruments		66,201	87,983
Other non-current financial liabilities		121,612	132,805
Other non-current liabilities		9,593	10,358
Deferred tax liabilities	23	217,444	238,454
Other non-current liabilities		—	599
Total non-current liabilities		**2,747,300**	**2,198,602**
Current liabilities			
Non trade liabilities	22	678,279	716,036
Interest-bearing loans and borrowings		543,789	419,294
Other current financial liabilities		4,537	5,922
Other non-trade liabilities		129,953	290,820
Trade and other payables	24	1,814,073	1,621,425
Trade accounts payable		1,513,083	1,356,144
Current tax liabilities		25,905	20,727
Other accounts payable		275,085	244,554
Current provisions	20–21	11,723	18,072
Other current liabilities		2,994	3,510
Total current liabilities		**2,507,069**	**2,359,043**
Total liabilities		**5,254,369**	**4,557,645**
Total equity and liabilities		**7,224,924**	**6,429,648**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

(In thousands of euros)

	Note	December 31, 2017	December 31, 2016
CONTINUING OPERATIONS			
OPERATING INCOME	25	8,390,531	7,673,939
Revenue		8,201,571	7,548,938
Other operating income		197,192	131,571
Changes in inventories	13	(8,232)	(6,570)
OPERATING EXPENSE	26	(7,905,802)	(7,211,317)
Raw materials and other consumables		(4,882,126)	(4,509,742)
Personnel expenses		(1,492,846)	(1,366,884)
Depreciation, amortization, and impairment losses		(405,147)	(378,528)
Other operating expenses		(1,125,683)	(956,163)
OPERATING PROFIT		**484,729**	**462,622**
Financial income	27	9,000	5,275
Financial expenses	27	(101,753)	(98,758)
Exchange gains (losses)		(22,918)	(12,442)
Share of profits from associates—equity method	12	(997)	(8,539)
Change in fair value of financial instruments		2,086	—
Impairment and gains (losses) on sale of financial instruments		32	(77)
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		**370,179**	**348,081**
Income tax expense	28	(82,102)	(88,940)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**288,077**	**259,141**
PROFIT FOR THE YEAR		**288,077**	**259,141**
Profit (loss) attributable to non-controlling interest	18	(48,385)	(37,787)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**239,692**	**221,354**
Earnings per share (in euros)			
—Basic(*)	29	0.42	0.38
From continuing operations		0.42	0.38
—Diluted(*)	29	0.42	0.38
From continuing operations		0.42	0.38

(*) During 2017, a split stock took place in the proportion of 120 new shares for every former one. In order to make comparative the infomation, the earning per share in 2016 is shown after applying the split stock of 2017

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR PERIOD ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

(In thousands of euros)

		December 31, 2017	December 31, 2016
PROFIT FOR THE YEAR		288,077	259,141
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to income in next years:			
Actuarial gains and losses	16	1,077	(5,415)
Other comprehensive income to be reclassified to income in next years:			
From cash flow hedges	22.b.1)	6,267	(2,631)
Translation differences		(199,794)	(34,811)
Attributable to Parent Company	17	(163,216)	(35,491)
Attributable to non-controlling interest	18	(36,578)	680
TOTAL COMPREHENSIVE INCOME NET OF TAXES		**95,627**	**216,284**
Attributable to:			
—Parent Company		83,691	177,817
—Non-controlling interest		11,936	38,467
		95,627	**216,284**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR PERIOD ENDE

(In thousands of euros)

	Issued capital (Note 15)	Share premium (Note 15)	Retained earnings (Note 16)
AT JANUARY 1, 2017	**288,237**	**61,591**	**1,378,145**
Profit for the period	—	—	239,692
Fair value adjustments (hedge)	—	—	6,267
Variation in translation differences	—	—	—
Actuarial gains and losses	—	—	948
Total comprehensive income	**—**	**—**	**246,907**
Dividends distributed by the Parent Company	—	—	(66,356)
Dividends distributed by subsidiaries	—	—	—
Business combinations (Jui Li Eds. Body System., Co.Ltd Group and Gestamp Palau, S.A)	—	—	—
Increase in shareholding in controlled companies	—	—	(1,143)
Decrease in shareholding	(480)	—	480
Capital increase in subsidiaries (Edscha Pha, Ltd.)	—	—	—
Recognition of the Put Option sold to non-controlling interest (Note 22.d)	—	—	(4,047)
Other movements and adjustments from prior years	—	—	(2,062)
AT DECEMBER 31, 2017	**287,757**	**61,591**	**1,551,924**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR PERIOD ENDE

(In thousands of euros)

	Issued capital (Note 15)	Share premium (Note 15)	Retained earnings (Note 16)
AT JANUARY 1, 2016	**288,237**	**61,591**	**1,209,789**
Profit for the period	—	—	221,354
Fair value adjustments (hedge)	—	—	(2,631)
Variation in translation differences	—	—	—
Actuarial gains and losses	—	—	(5,415)
Total comprehensive income	**—**	**—**	**213,308**
Dividends distributed by the Parent Company	—	—	(48,444)
Dividends distributed by the subsidiaries	—	—	—
Business combination Çelik Form Gestamp Otomotiv, A.S.	—	—	—
Disposal of companies (G Finance Luxemburgo, S.A.)	—	—	—
Capital increase in controlled companies (Edscha Aapico Aut. Co. Ltd.)	—	—	—
Acquisition of non-controlling interest in Gestamp 2008, S.L. (Note 2.b)	—	—	(263)
Transfer from non-controlling interest due to changes in shareholding of Gestamp 2008, S.L (Note 2.b)	—	—	(190)
Recognition of the Put Option sold to non-controlling interest (Note 22.d)	—	—	4,047
Other movements and adjustments from prior years	—	—	(102)
AT DECEMBER 31, 2016	**288,237**	**61,591**	**1,378,145**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR PERIOD ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

(In thousands of euros)

	Note	December 31, 2017	December 31, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxes and after non-controlling interest		**321,794**	**310,294**
Adjustments to profit		**504,177**	**489,708**
Depreciation and amortization of intangible assets and PP&E	10–11	401,595	377,934
Impairment of intangible assets and PP&E	10–11	3,552	594
Impairment	13–14	16,051	(1,064)
Change in provisions	20	(14,031)	(12,248)
Grants released to income	19	(4,918)	(6,218)
Profit (loss) attributable to non-controlling interest	18	48,385	37,787
Profit from disposal of intangible assets and PP&E		(5,981)	(994)
Profit from disposal of financial instruments		—	77
Financial income	27	(9,000)	(5,275)
Financial expenses	27	101,753	98,758
Share of profits from associates—equity method	12	997	8,539
Unrealized exchange rate differences		(31,521)	(8,182)
Change of fair value of financial instruments		(2,086)	—
Other incomes and expenses		(619)	—
Changes in working capital		**13,736**	**24,581**
(Increase)/Decrease in Inventories	13	(58,673)	(42,714)
(Increase)/Decrease in Trade and other receivables	14	(3,622)	(168,741)
(Increase)/Decrease in Other current assets	14	(38,620)	(2,707)
Increase/(Decrease) in Trade and other payables	24	117,061	243,164
Increase/(Decrease) in Other current liabilities		(2,410)	(4,421)
Other cash-flows from operating activities		**(155,978)**	**(172,003)**
Interest paid		(99,931)	(98,156)
Interest received		8,346	6,348
Income tax paid		(64,393)	(80,195)
Cash flows from operating activities		**683,729**	**652,580**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(910,083)**	**(738,427)**
Acquisition of companies and group investments		(10,934)	(7,611)
Incorporation of treasury from business combinations		2,636	225
Other Intangible assets	10–22	(95,702)	(84,558)
Property, plant and equipment	11–22	(787,441)	(587,095)
Net change of financial assets		(18,642)	(59,388)
Proceeds from divestments		**28,685**	**7,893**
Other intangible assets	10	6,452	1,474
Property, plant and equipment	11	22,233	6,419
Grants, donations and legacies received	19	**1,549**	**1,731**
Cash flows from investing activities		**(879,849)**	**(728,803)**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT (Continued)

FOR THE YEAR PERIOD ENDED DECEMBER 31, 2017 AND DECEMBER 31, 2016

(In thousands of euros)

	Note	December 31, 2017	December 31, 2016
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds and payments on equity instruments		**(1,312)**	**(8,253)**
Change in non-controlling interest	18	(2,108)	(6,282)
Translation differences in equity		796	(1,971)
Proceeds and payments on financial liabilities		**705,732**	**216,690**
Issue		1,065,345	1,226,928
Bonds and other securitites to trade		—	497,875
Interest-bearing loans and borrowings		1,057,136	659,357
Net change in credit facilities, discounted bills and factoring		—	53,828
Borrowings from related parties		62	5,092
Other borrowings		8,147	10,776
Repayment of		(359,613)	(1,010,238)
Bonds and other marketable securities		—	(807,875)
Interest-bearing loans and borrowings		(264,199)	(172,177)
Net change in credit facilities, discounted bills and factoring		(82,367)	—
Borrowings from related parties		(7,010)	(12,530)
Other borrowings		(6,037)	(17,656)
Payments on dividends and other equity instruments		**(73,130)**	**(56,143)**
Dividends	16–18–22	(73,130)	(56,143)
Cash flows from financing activities		**631,290**	**152,294**
Effect of changes in exchange rates		(5,395)	(1,583)
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS		**429,775**	**74,488**

1. Activity and companies included in consolidation scope

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

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

On August 2, 2012 the Parent Company registered the change of its legal name, from limited company to corporation, at the Biscay Commercial Registry. Additionally, since 7 April 2017 the shares of the company are listed in Madrid, Barcelona, Valencia and Bilbao stock exchanges.

The Parent Company, in turn, belongs to a larger group, headed by its majority shareholder Acek, Desarrollo y Gestión Industrial, S.L., formerly named Corporation Gestamp, S.L. The legal name change was adopted in the Extraordinary and Universal General Shareholders' Meeting on February 5, 2015, being executed in a public deed on the same day. The Parent Company carries out commercial and financial transactions with the companies of 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.

The activities of the Parent Company and its subsidiaries (the Group) are focused on the design, development, and manufacturing of metal components for the automotive Industry via: stamping, tooling, assembly, welding, tailor welded blanks, die cutting and machinery. The Group also includes other companies dedicated to services such as research and development of new technologies.

Most of the Group's business is conducted 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 shares 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 constitute 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 operation was held on March 7, 2017. This operation 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 implied 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 operation 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.

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

1. Activity and companies included in consolidation scope (Continued)

On April 5, 2017 the subscription period ended and the offering price was fixed at 5.60 euros per share. Consequently, at December 31, 2017 Gestamp Automoción, S.A. shares were admitted to trading on Madrid, Barcelona, Valencia and Bilbao stock exchanges.

JP Morgan Securities Plc., Morgan Stanley & Co. International Plc. and UBS Ltd. acted as lead underwriters for the initial public stock offering. The cost of the IPO amounted to 2,209 thousands of euros and were completely assumed by Gestamp Automoción, S.A., being accordingly booked in the company's Income Statement.

2. Consolidation scope

2.a Breakdown of consolidation scope

The breakdown of companies included in the consolidation scope, as well as information on the consolidation method applied, location, activity, direct or indirect shareholdings and their auditors, is specified in Annex I.

The companies that hold the indirect investments corresponding to December 31, 2017 and December 31, 2016 are specified in Annex II.

No significant subsidiaries have been excluded from the consolidation scope.

The closing of the financial year for the companies included in the consolidation scope is December 31, 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 years close on March 31. However, an interim closing as at December 31 has been prepared for including these companies in the Consolidated Financial Statements at December 31, 2017 and December 31, 2016.

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 consolidation scope.

2.b Changes in consolidation scope

During 2017

In 2017, the companies MPO Providers Rezistent, S.R.L. (Romania), Gestamp Nitra, S.R.O. (Slovakia) and Almussafes Mantenimiento de Troqueles, S.L. (Spain) were acquired and included in consolidation scope by full consolidation method. Additionally, the companies 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) were created and included in consolidation scope by full consolidation method (Note 3).

On January 1, 2017, after getting permission from National Commission on Markets and Competition, the subsidiary Gestamp Metalbages, S.A. acquires 60% shareholding in subsidiary Essa Palau, S.A., increasing its shareholding in this company from 40% to 100% .This transaction implied a change in consolidation method of the subsidiary, changing from equity method to full consolidation method (Note 3).

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

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

2. Consolidation scope (Continued)

On May 15, 2017 the subsidiary Beyçelik Gestamp Kalip, A.S. acquired to third parties a 48.4% shareholding in subsidiary Çelik Form Gestamp Otomotive, A.S. The acquisition price was 4,450 thousands of euros and after this operation the shareholding in the subsidiary mounted to 100%.

This transaction implied a change in shareholding with no change on control, and thus the difference between non-controlling interests (3,307 thousands of euros (Note 18) and the fair value of the remuneration paid (4,450 thousands of euros) was booked as consolidated equity (1,143 thousands of euros).

In 2017 also took place the merge operation between the subsidiaries Gestamp Metalbages, S.A. (the acquiring company) and Metalbages P-51, S.L. (the acquired company).

Finally, the subsidiaries Edscha Scharwaechter Mechanisms, S.A.P.I. de C.V. and Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de C.V changed their legal names to Edscha Automotive SLP, S.A.P.I. de C.V. and Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V. respectively (Annex I). The company Bero Tools, S.L. also changed its legal name to Gestamp Tooling Erandio, S.L.

During 2016

On January, 2016 the company Çelik Form Gestamp Otomotive, A.S. was acquired and included in consolidation scope by full consolidation method (Note 3).

The following companies were created in 2016: Gestamp Washtenaw, Llc., Gestamp San Luis de Potosí, S.A.P.I. de C.V., Gestamp San Luis de Potosí Servicios Laborales, S.A.P.I. de C.V., Gestamp Auto Components (Tianjin) Co., Ltd., Gestamp 2017 S.L., Autotech Engineering (Shanghai) Co. Ltd., Gestamp Hot Stamping Japan K.K. and Global Laser Araba S.L. All these companies were incorporated into the consolidation scope by the full consolidation method except the last one which was incorporated by the equity method.

On March 31, 2016 the subsidiary Edscha Holding GmbH acquired an additional 40% shareholding in subsidiary Gestamp 2008 S.L. from the shareholder Ade Capital Sodical SCR, S.A. for 6,382 thousand euros, increasing its shareholding in this company from 60% to 100%.

Since this transaction implied a change in shareholding but maintaining control, the difference between the adjustment to the non-controlling interest (6,119 thousand euros (Note 18) and the fair value effectively paid (6,382 thousand euros) was directly recognized in equity (263 thousand euros).

Additionally, the increase in shareholding in Gestamp 2008 S.L. led to a rise in shareholding in their investees due to its previously held investments in several companies. This led to a transfer from Non-controlling interest to Retained earnings in the amount of 190 thousand euros (Note 18).

In 2016 100% shareholding in the company G. Finance Luxemburgo S.A. was sold, including its subsidiary S.G.F. S.A, generating profit for 240 thousand euros.

On a separate issue, the company Tavol Internacional SGPS, Lda. was dissolved.

3. Business combination

During 2017

Gestamp Palau, S.A.

On November 24, 2016 Gestamp Metalbages, S.A. acquired 60% of shares of Gestamp Palau, S.A. (Essa Palau, S.A. changed its legal name on March 9, 2017) to third parties, for the 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.

3. Business combination (Continued)

The contract entered in to force on January 1, 2017 after National Commission on Markets and Competition approval (suspensory condition).

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 to fair value of this previously held shareholding at the date of acquisition, led to a gain of 3,660 thousands of euros. This amount was booked under the heading Other operating income in the Consolidated Income Statement (Note 25.b).

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

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

	Thousands of euros
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 (Note 23)	7,592
Inventories (Note 13)	3,207
Trade receivables	9,783
Current financial assets	1,074
Cash and cash equivalents	120
	70,282
Other non current liabilities	21,540
Deferred tax liabilities	134
Other current liabilities	5,309
Trade accounts payable	39,457
	66,440
Net assets	3,842
Fair value of 40% (first adquisition)	3,660
Provision for responsibilities prior to control takeover	(5,309)
Cost of 60% of consideration (control takeover)	5,491
Net effect business combination	—

The revenue and the income attributable to this business combination since the incorporation date to December 31, 2017 amounted to 61,867 thousand euros and 1,743 thousand euros of profit respectively.

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

There were no significant costs associated to 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 transaction price 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.

3. Business combination (Continued)

Jui Li Edscha Body System Co., Ltd. main activity is the manufacturing of automobile components.

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

	Thousands of euros
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
Advances to suppliers	143
Trade receivables	2,743
Cash and cash equivalents	2,465
Other assets	44
Deferred tax assets (Note 23)	49
	8,337
Other non current liabilities	40
Non-current provisions (Note 20)	29
Trade accounts payable	2,825
	2,894
Net assets	5,443
Net attributable assets (60%)	3,266
Carrying amount of 50% (first adquisition)	2,713
Cost of 10% of consideration (control takeover)	543
Net effect business combination	10

The revenue and the income attributable to this business combination since the incorporation date to December 31, 2017 amounted to 9,095 thousand euros and 354 thousand euros of profit respectively.

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

There were no significant costs associated to 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 originated a 981 thousand euros Goodwill (Note 10).

The balance and P&L figures from this company are integrated in those of the Group since January 1, 2017.

MPO Providers Rezistent, S.R.L. main activity is the manufacturing of automobile components.

3. Business combination (Continued)

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

	Thousands of euros
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
	16,282
Other non current liabilities	2,198
Other current liabilities	178
Trade accounts payable	3,149
Other liabilities	6,560
	12,085
Net assets	4,197
Direct shareholding acquired	70.00%
Attributable net assets	2,938
Total consideration	4,900
Net effect business combination	1,962
Indirect shareholding	50.00%
Final net effect business combination	981

The revenue and the income attributable to this business combination since the incorporation date to December 31, 2017 amounted to 35,712 thousand euros and 850 thousand euros of profit respectively.

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

There were no significant costs associated to this transaction.

Gestamp Nitra, S.R.O.

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

There are no relevant effects related to this business combination.

Gestamp Nitra, S.R.O. main activity is the stamping and manufacturing of automobile components for passenger cars.

The revenue and the income attributable to this business combination since the incorporation date to December 31, 2017 amounted to 4,953 thousand euros and 55 thousand euros of profit respectively.

There were no significant costs associated to this transaction.

3. Business combination (Continued)

Almussafes Mantenimiento de Troqueles, S.L.

On November 24, 2016 Gestamp Metalbages, S.A. acquired 60% of shares of Gestamp Palau, S.A. to third parties, thus increasing its shareholding in this company from 40% to 100%. As a result of this transaction, the Group acquired the company Almussafes Mantenimiento de Troqueles, S.L. a solely held subsidiary of Gestamp Palau, S.A. This subsidiary was included in the consolidation scope in 2017.

There are no relevant effects related to this business combination.

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

The revenue and the income attributable to this business combination since the incorporation date to December 31, 2017 amounted to 2,515 thousand euros and 556 thousand euros of profit respectively.

There were no significant costs associated to this transaction.

During 2016

On January 29, 2016 the subsidiary Beyçelik Gestamp Kalip A.S. acquired a 51.60% shareholding in Çelik Form Gestamp Otomotiv, A.S. for 9,050 thousand euros. Of this amount, 6,750 thousand euros was already disbursed at December 31, 2016 and the outstanding payment for 2,300 thousand euros was disbursed on 2017.

The company is located in Bursa (Turkey) and its activity is stamping and manufacturing automobile components for passenger cars.

The initial goodwill amounted to 7,814 thousand euros. Nevertheless since Beyçelik Gestamp Kalip A.S. is a 50% investee with a non-controlling interest, such part of the said goodwill is attributable to non-controlling interest, so the final goodwill is 3,907 thousand euros (Note 10).

Similarly, the non-controlling interest initially incorporated for the not acquired percentage in Çelik Form Gestamp Otomotiv A.S. amounted to 1,159 euros (credit) but after attribution mentioned above the final balance is 2,748 thousand euros (debit) (Note 18).

3. Business combination (Continued)

The fair value of the assets and liabilities from Çelik Form Gestamp Otomotiv, A.S. obtained from the inclusion balance sheet is as follows:

	Thousands of euros
Intangible assets (Note 10)	57
Property, plant and equipment (Note 11)	
Land and buildings	40
Plant and other PP&E	2,392
Inventories	1,651
Trade receivables	4,731
Cash and cash equivalents	225
Other assets	24
	9,120
Other non current liabilities	174
Current provisions (Note 20)	125
Other current liabilities	2,782
Trade accounts payable	3,136
Other liabilities	508
	6,724
Net assets	2,395
Direct shareholding acquired	51.60%
Attributable net assets	1,236
Total consideration	9,050
Net effect business combination	7,814
Indirect shareholding	50.00%
Final net effect business combination	3,907

The revenue and the income attributable to the business combination from the incorporation date to December 31, 2016 amounted to 16,722 thousand euros and 540 thousand euros of profit respectively.

The headcount incorporated from this business was around 166.

There were no significant costs associated to this transaction.

The main valuation criteria used in these statements for business combination fair value quantification, are as follows:

Intangible assets: measured at acquisition cost, which approximates to fair value.

Property, plant and equipment: valuations were based on an independent third party report. Market valuations served as the underlying criteria for the determination of fair value of Land and buildings.

Inventories of finished products: measured according to production cost, which also approximates to realizable value.

Other assets and liabilities: measured at nominal value.

4. Basis of presentation

4.1 True and fair view

The Consolidated Financial Statements for the period ended December 31, 2017 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and enacted in European Commission legislation in effect on December 31, 2017.

4. Basis of presentation (Continued)

The Consolidated Financial Statements have been prepared on the basis of the accounting records of each Group company as at December 31, 2017 and December 31, 2016. 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 year ended December 31, 2017 were authorized by the Board of Directors of Gestamp Automoción S.A. on February 26, 2018 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The figures contained in these Consolidated Financial Statements are expressed in thousands of euros, unless otherwise indicated, and consequently they are susceptible to rounding.

4.2 Comparison of information

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

- 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 under the consolidation scope 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.

It also took place the merge operation between the subsidiaries Gestamp Metalbages, S.A. (the acquiring company) and Metalbages P-51, S.L. (the acquired company).

The company Çelik Form Gestamp Otomotiv, A.S. was incorporated in January 2016 and control was taken through the subsidiary Beyçelik Gestamp Kalip, A.S. (Note 2.b).

On December 2016 the company G. Finance Luxemburgo S.A. was sold including the interest in its subsidiary S.G.F., S.A. (Note 2.b).

4.3 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and subsidiaries at December 31, 2017.

The Group controls a subsidiary if and only if it has:

- 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.

4. Basis of presentation (Continued)

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.

The financial statement 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 to the Consolidated Financial Statements, being elaborated with the same accounting policies in a uniform and coherent procedure.

The profit of a subsidiary is attributed to non-controlling interest even if it means registering a receivable balance.

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:

- Derecognizes assets (including goodwill) and liabilities of such subsidiary.
- Derecognizes carrying amount of non-controlling interests.
- Derecognizes the translation differences registered in Equity.
- Recognizes the fair value of the amount received for the operation.
- Recognizes the fair value of any retained investment.
- Recognizes 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 consolidation scope and controlled by the Parent Company. The Parent Company controls a subsidiary if and only if the Parent Company has all the following:

I. Power over the subsidiary. The Parent Company has power when it has existing rights that give the ability to make decisions on their relevant activities, which affect, in a significant way, to the subsidiary returns

II. Exposure, or rights, to variable returns from its involvement with the subsidiary; and

III. The ability to use its power over the subsidiary to affect the amount of the Parent Company's returns.

4. Basis of presentation (Continued)

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 the preparation of the accompanying Consolidated Financial Statements, significant influence is deemed to exist in investments in which the Group, directly or indirectly, holds over 20% of the voting power, and in certain instances where the Group's holding is less than 20%, but significant influence can be clearly demonstrated.

Translation of the Financial Statements of foreign operations

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

- The assets, rights, and liabilities of foreign operations are translated at the exchange rate prevailing at the Consolidated Balance Sheet date.
- 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 in the Consolidated Balance Sheet (Note 17).

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 2017 is 74.6 million euros of negative translation differences (8.6 million euros of positive translation differences in 2016).

The intercompany loans to subsidiaries whose repayment is not foreseen are considered permanent financing and thus they are considered equity.

4. Basis of presentation (Continued)

At December 31, 2017 and December 31, 2016 neither the Parent Company nor the subsidiaries held equity units issued by the Parent Company.

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 consolidation scope

The following transactions and balances were eliminated in 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 unrealized gains on inventories, if the amount is significant.
- Intra-Group dividends and the debit balance corresponding to interim dividends recognized at the company that paid them.

Non-controlling interest

The value of non-controlling interest in the equity and profit (loss) for the year of subsidiaries consolidated by the full consolidation method is recognized in "Equity attributable to non-controlling interest" in the Equity in the Consolidated Balance Sheet and in "Profit (loss) attributable to non-controlling interest" in the Consolidated Income Statement and in the Consolidated Statement of Comprehensive Income, respectively.

4.4 Going concern

The Group's management has drawn up these Consolidated Financial Statements on a going concern basis given its judgment 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 80% of its bank financing as at December 31, 2017, maturing over periods longer than twelve months (December 31, 2016: 79%).

At December 31, 2017, total available liquidity hold by the Group raised the amount of 1,788.5 million euros (1,168.1 million euros at December 31, 2016), including 860.2 million euros in cash and cash equivalents (430.5 million euros at December 31, 2016) and 5.4 million euros in securities portfolio (0.3 million euros at December 31, 2016). In addition, the Group had undrawn credit facilities amounting to 642.9 million euros at December 31, 2017 (457.3 million euros at December 31, 2016) and 280.0 million euros in an undrawn Revolving Credit Facility at December 31, 2017 and December 31, 2016. The aforementioned Revolving Credit Facility has maturity on July 15, 2022, different than other credit facilities that have maturity not later than 12 months.

4.5 Alternative management indicators

The Group uses a set of indicators in the decision making process since they allow a better analysis of their financial situation and they are widely used by investors, financial analysts and other interest groups. These indicators are not defined by IFRS and thus may not be comparable to similar indicators used by other companies.

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

EBITDA represents the operating profit before depreciation, amortization and impairment losses.

4. Basis of presentation (Continued)

EBITDA at December 31, 2017 and 2016 was as follows:

	Thousands of euros	
	2017	**2016**
Operating Profit	484,729	462,622
Depreciation and amortization	405,147	378,528
	889,876	**841,150**

EBIT (Earnings Before Interest and Taxes)

EBIT is the Operating Profit

Net Financial Debt

Net Financial Debt at December 31, 2017 and December 31, 2016 was as follows (Note 22):

	Thousands of euros	
	2017	**2016**
Interest-bearing loans and borrowings and debt issues	2,710,880	1,967,599
Financial leasing	32,672	33,574
Borrowings from related parties	59,294	70,162
Other non-current financial liabilities	34,183	34,991
Total (Note 22)	**2,837,029**	**2,106,326**
Current financial assets	(78,896)	(43,228)
Cash and cash equivalents	(860,238)	(430,463)
Total	**(939,134)**	**(473,691)**
Net financial debt	**1,897,895**	**1,632,635**

CAPEX

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

CAPEX at December 31, 2017 and December 31, 2016 was as follows (Note 10.b and Note 11):

	Thousands of euros	
	2017	**2016**
Additions to Other intangible assets	95,702	83,581
Additions to Property, plant and equipment	700,307	641,185
	796,009	**724,766**

5. Changes in accounting policies

a) Standards and interpretations approved by the European Union and applied for the first time during the period

The accounting policies used in the preparation of these Consolidated Financial Statements are the same as the policies applied in the Consolidated Financial Statements as at 31 December 2016, except for the amendments to IAS 7 *Statement of Cash Flows: information provided*. These amendments requires entities to disaggregate all changes in liabilities due to financial activity, including derivative financial instruments and hedges (e.g. exchange gains and losses). This new information to be provided had been detailed in Note 22, and as it is allowed in IAS 7, the Group opted for not provide comparative information.

5. Changes in accounting policies (Continued)

b) Standards issued by IASB but not yet effective this period.

The Group will not adopt the standards, interpretations and amendments to standards issued by IASB, that are not effective in the European Union at the date of issuance of these Consolidated Financial Statements until its official implementation. These to be implemented standards will not have a significant impact in the Consolidated Financial Statements, except for the following policies, interpretations and disclosures:

IFRS 9—*Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Except for hedge accounting, retrospective application is required. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard by not reexpresing comparative information. During 2017, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available in 2018 when the Group will adopt this standard.

The most relevant impact of IFRS 9 implementation in this Consolidated Financial Statements correspond to debt restructuring processes.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9, except for those aspects related to debt restructuring processes.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that all those instruments meet the criteria for amortized cost measurement under IFRS 9. Thus, no reclassification of those instruments is required.

Debt restructuring processes

Group financial debt with banks and credit institutions for the amount of 2,710,880 thousand euros (1,967,599 thousand euros at December 31, 2016) experienced some restructuring processes after the date on which was granted, as it is explained in Note 22. Taking into account these debt restructuration terms, the Group did not considered these modifications as relevant under IAS 39 requirements. Thus, the debt amount booked in the Consolidated Balance Sheet was adjusted to include restructuring fees and to update the effective interest rate.

IFRS 9 guidelines for this kind of debt restructuring processes is different from the above criteria, since it requires to adjust the debt balance registered in 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.

(b) 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 expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects no significant impact due to customer’s credit quality.

5. Changes in accounting policies (Continued)

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9.

All things considered, the IFRS 9 adoption impact will be only linked to debt restructuring processes, and it is expected that this impact will be quantified as follows:

Liabilities	Millions of euros 2017
Interest-bearing loans and borrowings	(106)
Deferred tax liabilities	26
Total liabilities	**(80)**
Positive impact on equity	**80**

IFRS 15—*Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and modified in April 2016. This standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 implementation is required for annual periods beginning on 1 January 2018. Even they are not relevant, the Group analysed the impact on the amount and the time of recognition of the revenues. The specific circumstances related to this issue involving the Group are as follows:

(a) Performance obligations identification

The Group brings tooling services and pieces that are delivered to the customer over time, and not necessarily all of them at the same time. As a general point, Group contracts consist in non-previously determined service and pieces supply agreements, with possible additional orders from the customer.

(b) Allocation of the considerations

The Group negotiates with clients discounts or incentives, which result under IFRS 15 do not lead to significantly different results than those applied at the moment. Even if the agreement has an undetermined number of pieces to be produced, these discounts and incentives are discounted from expected future income.

(c) Revenue recognition

The Group recognizes revenue from pieces on a risk and profit transmission basis as required by IAS 18. Contrary to that criterion, IFRS 15 implies revenue recognition on control transmission basis. Relating to this issue, most of the pieces brought to customers do not have any alternative use, and considering all related circunstaces the Group has the right to receive the cost plus a margin.In accordance with that, the stocks of finished products and work in progress will be valuated at sale price and will be detailed in the Consolidated Balance Sheet under the heading Assets from contracts with customers.

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's Consolidated Financial Statements. Many of the disclosure requirements in IFRS 15 are completely new and the Group estimated that the impact of some

5. Changes in accounting policies (Continued)

of these requirements would be significant. The Group expects that the notes to the Consolidated Financial Statements will be extended due to implementation of significative judgements disclosures: agreement duration identification, performance obligations identification.

In accordance with IFRS 15 requirements, the Group will disclose the operating revenue from contracts with customers in additional categories such as revenue nature, which will be disclosed between the different segments reported.

The expected IFRS 15 implementation quantified effect is as follows:

Assets	Millions of euros 2017
Work in progress	(143)
Finished products	(124)
Assets from contracts with customers	284
Total assets	**17**

Liabilities	2017
Deferred tax liabilities	5
Total liabilities	**5**
Impact in equity	**12**
Retained earnings	11
Non-controlling interest	1

IFRS 16—*Leases*

IFRS 16 was issued in January 2016 and replaces the current lease contract regulation. Although, the standard includes two recognition exemptions for leases of 'low-value' assets and short-term leases, the lessee must recognize a liability for the future lease payments and an asset for the right of use of the leased item during the agreement lifetime. The lessee also must recognize separately the expenditure linked to the interests derived of the lease liability and the expenditure linked to the amortization of the right of use.

Lessees will be also 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 recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 implementation is required for annual periods beginning on 1 January 2019. Lessees can chose between the total retroactive application of this standard or a retroactive modified transition. The transitional dispositions of the standard aloud some exceptions.

The Group will continue to evaluate the potential impact of IFRS 16 implementation in the Consolidated Financial Statements in 2018. This potential effect is expected to be significant taking into account the number of contracts detailed in Note 30.

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,

5. Changes in accounting policies (Continued)

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 begining of the first period of implementation of this interpretation, or

ii. The begining of a previous period used as comparative information in the period of first implementation of this interpretation in the financial statements.

This interpretation is expected to be required for annual periods beginning on 1 January 2018 or later. The advanced application of this interpretation is allowed and must be disclousured. Taking into account that the Group usual practice is in line with this interpretation, there is no expected effect in the consolidated financial statements related to this issue.

IFRIC 23—Uncertainty over Income Tax Treatments

IFRIC 23 clarifies the accounting for uncertainties over income taxes treatments under IAS 12. This interpretation not include levies and taxes out of IAS 12 scope, nor the treatment of tax penalties and interests related to this tax. The interpretation approach specifically to the following aspects:

- When an entity should consider uncertainty over tax separately.
- The hypothesis to be implemented about fiscal authority's tax treatment revision.
- How an entity should determine income for tax purposes, tax bases, tax loses to be compensated, 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 those that better clarifies the uncertainty linked to income tax. This interpretation is expected to be required for annual periods beginning on 1 January 2019 or later, and some exceptions are allowed during transitional period.

The Group will apply this interpretation since 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. It also may be possible that the Group will need to implement new processes and procedures to obtain the necessary information to apply properly this interpretation.

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, as the Euro is the Group's presentation currency and the functional currency of the Parent Company.

Transactions in foreign currency different to 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 recognized in the Consolidated Income Statement.

6. Summary of significant accounting policies (Continued)

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.
- Discounts for prompt payment, which are deducted from the asset's carrying value.
- Directly attributable costs incurred to ready the asset for use.

Prior to the IFRS transition date (January 1, 2007), certain Group companies revalued certain items of property, plant and equipment as permitted under applicable legislation (Royal Decree-Law 7/1996, Basque Regional Law 6/1996 and several international laws). The amount of these revaluations is considered part of the cost of the assets as provided for under IAS 1.

At the transition date to EU-IFRS (January 1, 2007), Property, plant and equipment was measured at fair value at the said date, based on the appraisals of an independent expert, which generated a revaluation of Group assets (Note 11).

The carrying value of Property plant, and equipment acquired by means of a business combination is measured by 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 capitalized.

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 the asset is retired.

As permitted under revised IAS 23, borrowing costs directly attributable to the acquisition or development of a qualifying asset—an asset that takes more than one year to be ready for its intended use—are capitalized as part of the cost of the respective assets. The amount of the said capitalized 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:

	Years of estimated useful life	
	2017	**2016**
Builidings	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.

6. Summary of significant accounting policies (Continued)

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 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 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 as at the acquisition date, including the separation of derivatives implicit in 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 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 recognizes any excess that continues to exist after this reconsideration in the 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. Summary of significant accounting policies (Continued)

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 participations in associates, businesses over which the Group has significant influence.

Participations in associates and joint ventures are accounted for 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 recognized directly in equity by the associate or joint venture, the Group recognizes 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 non-controlling 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 harmonize 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 recognized in "Share of profits from associates- equity method" 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 recognized 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 recognized 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.

6. Summary of significant accounting policies (Continued)

Development expenditure is capitalized 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 December 31, 2017 and December 31, 2016, there are no intangible assets related to development costs capitalized more than one year prior and whose amortization was not started.

Concessions, patents, licenses, 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 and capitalized is amortized over its useful life, which in no instance will exceed 5 years.

IT maintenance costs are expensed as incurred.

6.6 Financial assets

Financial assets are initially measured at fair value plus any directly attributable transaction costs, except financial assets at fair value with changes through profit and loss where transaction costs are registered in the Consolidated Income Statement.

The Group classifies its financial assets, current and non-current, into the following categories:

- Financial assets at fair value with changes through profit and loss (held for trading).
- Held-to-maturity investments.
- Loans and receivables.
- Available-for-sale financial assets.
- Investments in associates accounted for using the equity method.

Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and reassesses this designation at each year end.

6. Summary of significant accounting policies (Continued)

Financial assets at fair value with changes through profit and loss

These are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments, except those designated as hedging instruments in an effective hedge.

They are classified as non-current assets, except for those maturing in less than 12 months, and they are carried on the balance sheet at fair value. Changes in value of these assets are recognized in the Consolidated Income Statement as Financial income or expenses.

Fair value is the market price at the Consolidated Balance Sheet date.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

They are classified as non-current, except for those maturing in less than 12 months from the balance sheet date. They are carried at amortized cost using the effective interest method, less any impairment charges.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current, except for those maturing in more than 12 months from the balance sheet date.

They are carried at amortized cost using the effective interest method, less any impairment charges.

Available-for-sale financial assets

These are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. They are classified as non-current unless management plans to dispose of them within 12 months from the Consolidated Balance Sheet date.

They are measured at fair value at the Consolidated Balance Sheet date. Unrealized gains or losses are recognized in Retained earnings until the investment is retired or impaired, at which time the cumulative gain or loss recorded in equity is recognized in the Consolidated Income Statement.

Investments in associates 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 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 a third party, 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 recognizes any income on the transferred asset and any expense incurred on the financial liability in the Consolidated Income Statement. Such income and expense are not offset.

6. Summary of significant accounting policies (Continued)

6.7 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.

A relevant decrease in EBITDA compared to the previous year or a relevant decrease of EBITDA in the following years forecast or any other qualitative factor that may affect the Cash-Generating Unit are considered indications of impairment. In the case of capitalized Research and Development Expenses, not obtaining the expected return is considered an indication 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 recognized 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 previsions individually prepared for each CGU to which the asset is allocated. Those budgets and previsions refer to a five-year period and for longer periods a long-term growth rate is calculated and used for estimating cash-flows after the fifth year.

The impairment losses from continued operations, including impairment of inventories, are registered in the Consolidated Income Statement in the expenses 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.

A previously recognized impairment loss is reversed, with the reversal recognized in 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 recognized.

The following assets present specific characteristics when assessing their impairment:

Consolidation 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.

6. Summary of significant accounting policies (Continued)

Intangible assets

The Group has implemented annual procedures to test intangible assets with indefinite useful life for impairment. These assessments are carried out for each of the CGUs or groups of CGUs, as well as when there is evidence that intangible assets 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 Consolidated Income Statement for the year. The cumulative loss recognized in the 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 recognized in the Consolidated Income Statement, the impairment loss would 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 carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in the Consolidated Income Statement. 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 December 31, 2017 and December 31, 2016 there are no assets nor liabilities in this category 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 nominal value.

Discounted bills pending maturity at year end are included in the accompanying 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 14.a).

The Group recognizes impairment allowances on balances past-due over certain periods, or when other circumstances warrant their classification as impaired.

6. Summary of significant accounting policies (Continued)

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 Tools made to customer order

A construction contract is a contract specifically negotiated with a customer for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the Consolidated Balance Sheet date (Note 6.18).

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent that contract costs incurred are expected to be recoverable.

Based on its experience and Group estimates, with rare exceptions, management does not expect to incur losses, which have not been recognized in these Consolidated Financial Statements, on the definitive settlement of the tool manufacture contracts in progress at December 31, 2017.

In the exceptional cases where there are contract costs that may not be recovered, no revenue is recognized and all amounts of such costs are recognized in the Consolidated Income Statement as an expense immediately.

Customer advances received reflect billing milestones and not necessarily the stage of completion of the contract.

Tools-in-progress measured using the stage of completion method are recognized under "Trade receivables" net of customer advances with a balancing entry to "Revenue from tool sales".

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.

When the grant relates to an asset, it is recognized as "Deferred Income" in the Consolidated Balance Sheet and released to income over the expected useful life of the related asset.

When the grant relates to expenditure items, it is recognized directly in the Consolidated Income Statement as income.

6. Summary of significant accounting policies (Continued)

6.14 Financial liabilities (trade and other payables and borrowings)

Financial liabilities are initially recognized at fair value less attributable to transaction costs except financial liabilities at fair value through 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, 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 no 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 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 non-controlling interest and the corresponding equity attributable to the Parent Company in the same way as initially registered (Note 22.d).

6.15 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

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

Headcount restructuring provisions are stated at the amount of expenses expected to arise from the restructuring and any other expenses not associated with the entity's day-to-day business.

Headcount restructuring provisions are only recognized when there is a formal plan identifying the affected business, the main locations affected, and the employees to receive redundancy payments, the outlays to be incurred, when it will be implemented, and when the entity has raised a valid expectation that it will carry out the restructuring and 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. Summary of significant accounting policies (Continued)

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-employments 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 recognized in profit and loss according to the accrual principle.

The amount registered in the Consolidated Income Statement at December 31, 2017 was 5.5 million euros (December 31, 2016: 6.1 million euros) (Note 26.b).

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 recognized 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 recognized 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, detailed below, 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

6. Summary of significant accounting policies (Continued)

reporting entity. Fair value is based on market price and in case of stock market values, it corresponds to published prices.

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 in which all the risks and benefits associated with ownership of the asset are substantially transferred 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 recognized as an expense in the Consolidated Income Statement on a straight-line basis over the lease term.

6.18 Revenue and expense recognition

Revenue and expenses are recognized when products are delivered or services are provided, regardless of when actual payment or collection occurs.

Revenue is recognized at fair value of the balancing entry, defining fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For those contracts according to stage of completion and when profit cannot be reliably estimated, revenue is recognized only to the extent where costs are recoverable and costs are recognized as expenses of the year when occurred.

Revenue includes:

- Sale of goods: Revenue from the sale of goods is recognized when the following conditions have been met:
    - The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
    - The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
    - The amount of revenue can be measured reliably;
    - It is probable that the economic benefits associated with the transaction will flow to the Group.
    - The costs incurred or to be incurred in respect of the transaction can be reliably measured.
- Manufacture of tools and machinery for third party sale and rendering of services: the Group uses the stage of completion method for sales of tools and machinery because buyer can specify the most important structural elements in the design of tools before construction starts, as well as the most relevant structural changes (Note 6.11).

6. Summary of significant accounting policies (Continued)

- Interest, royalties, and dividends: interest revenue is recognized as interest accrues 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).

  Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

  Dividends are recognized when the shareholder's right to receive payment is established.

Expenses are recognized when there is a decrease in the value of an asset or an increase in the value of a liability that can be measured reliably, and they are recognized during the period in which they are incurred.

6.19 Income tax

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

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

Current tax

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 recognized as a reduction in tax expense in the year in which they are applied or offset, unless there is reasonable doubt as to their realization, in which case they are not capitalized 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.

6.20 Derivative financial instruments and hedges

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.

6. Summary of significant accounting policies (Continued)

These financial derivatives hedging cash flow are initially recognized in the Consolidated Balance Sheet at acquisition cost and, subsequently, they are marked to market.

Any gains or losses arising from changes in the market value of derivatives in respect of the ineffective portion of an effective hedge are taken directly to the Consolidated Income Statement, while gains or losses on the effective portion are recognized in "Effective hedges" within "Retained earnings" with respect to cash flow hedges. The cumulative gain or loss recognized in equity is taken to the Consolidated Income Statement when the hedged item affects profit or loss or in the year of disposal of the item.

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 June 17, 2016 to cover the exposure to exchange rate risk of the investments in subsidiaries whose functional currency is US dollar (Note 22.b.2).

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 recognized 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.

6.21 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.

6.22 Environmental expenses

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.

7. Significant accounting judgments, estimates and assumptions

The preparation of the accompanying Consolidated Financial Statements under IFRS requires management to make judgments, estimates and assumptions that affect the Consolidated Balance Sheet and the Consolidated Income Statement. 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.

7. Significant accounting judgments, estimates and assumptions (Continued)

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 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.

For calculating the value at perpetuity for the method of discounting cash-flows, a normalized year with all reasonable and recurrent in the future hypotheses is used.

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 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. 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 21.

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 with loss history, which cannot be used to offset future tax profits from other group companies and when there are no taxable temporary differences. Notes 23 and 28 include more detailed information about taxes and tax receivables not recognized for accounting purposes.

7. Significant accounting judgments, estimates and assumptions (Continued)

Revision 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 the 2016 review, the Group analyzed the current use of certain property, plant and equipment. This review was based on the analysis of an independent third party. The total cost of items whose useful life was reviewed was 2,205 million euros.

If this revision had not been carried out, the impact in the Consolidated Income Statement in 2016 would have been higher depreciation expenses in the amount of 12.5 million euros.

Useful life of intangible assets without finite useful life (including capitalized development expenses) is calculated according to internal analysis where useful life is no longer than 6 years and recovery is linear according to the pattern of consumption representing the production of operating plants.

Fair value of financial instruments

When fair value of financial assets and liabilities cannot be obtained from quoted prices in active markets it is calculated by valuation techniques which 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 22.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. and Gestamp Automotive India Private Ltd.

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

Regarding Gestamp Automotive India Private Ltd. 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.

Although board members are elected according to shareholding percentage, it is considered there is control over this company according to the following circumstances related to the most important 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.

   All these activities are carried out by the Group given that the other shareholder does not possess those 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

7. Significant accounting judgments, estimates and assumptions (Continued)

use but no intellectual property. 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.

Regarding Gestamp Automotive India Private Ltd, the Group has designated 4 board members of this company out of a total of 6 members, so the Group is capable of carrying out the relevant activities.

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 recognized in the same Consolidated Income Statement heading in which the associated income or expense was recognized under the former estimate.

Changes in significant accounting policies and restatement of errors:

Changes in accounting policies and restatement of errors are recognized to the extent they are significant: the cumulative effect of the change at the beginning of the period is recognized by restating "Retained earnings" while the period-specific effect of the change is recognized in the Consolidated Income Statement for the year. In these instances, the prior year's balances are also restated to maintain comparability of information.

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:

- Western Europe
    - Spain
    - Germany
    - United Kingdom
    - France
    - Portugal
    - Sweden
    - Luxembourg
- Eastern Europe
    - Russia
    - Poland
    - Hungary
    - Czech Republic
    - Slovakia
    - Turkey

9. Segment reporting (Continued)

  - Romania
- Mercosur
  - Brazil
  - Argentina
- North America
  - 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.

9. Segment reporting (Continued)

Segment information for 2017 and 2016 is as follows:

ITEM	Thousands of euros 2017 WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
NON-CURRENT ASSETS						
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, plant and equipment	1,274,953	516,425	246,180	851,777	518,444	3,407,779
Non-current financial investments	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
Total non-current assets	**1,779,043**	**569,597**	**290,686**	**940,263**	**578,113**	**4,157,702**
WORKING CAPITAL						
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)
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 debt	(59,109)	(4,250)	(12,014)	(24,660)	(29,920)	(129,953)
Total working capital	**(142,966)**	**74,956**	**37,870**	**90,758**	**108,727**	**169,345**

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

ITEM	Thousands of euros 2016 WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
NON-CURRENT ASSETS						
Goodwill	74,345	22,835	10,422	2,890	12	110,504
Other intangible assets	211,566	9,084	5,266	23,408	33,136	282,460
Property, plan and equipment	1,206,745	450,511	272,388	729,639	500,731	3,160,014
Non-current financial investments	46,747	36	10,980	9,667	28,084	95,514
Deferred tax assets	164,584	18,792	28,983	48,824	12,256	273,439
Total non-current assets	**1,703,987**	**501,258**	**328,039**	**814,428**	**574,219 -**	**3,921,931**
WORKING CAPITAL						
Inventories	243,881	83,395	63,870	126,637	113,114	630,897
Trade and other receivables	631,866	169,093	54,882	230,882	290,166	1,376,889
Other current assets	3,362	5,740	3,487	12,897	754	26,240
Trade and other payables	(856,615)	(180,663)	(64,640)	(254,684)	(264,823)	(1,621,425)
Provisions	(9,380)	(3,300)	(1,560)	(129)	(3,703)	(18,072)
Other current liabilities	682	(600)	—	(3,580)	(12)	(3,510)
Other current debt	(152,340)	(10,409)	(16,537)	(84,416)	(27,118)	(290,820)
Total working capital	**(138,544)**	**63,256**	**39,502**	**27,607**	**108,378**	**100,199**

9. Segment reporting (Continued)

	Thousands of euros					
	2016					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
Revenue	3,704,113	859,490	401,365	1,546,104	1,037,866	7,548,938
EBITDA	378,044	95,614	23,198	167,183	177,111	841,150

Recurrent operating activities between subsidiaries of different segments are not significant.

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:

	Thousands of euros	
Segment	2017	2016
Western Europe	66,670	60,870
Eastern Europe	3,830	4,053
Mercosur	2,227	1,828
North America	8,704	7,818
Asia	14,271	9,012
Total	**95,702**	**83,581**

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

	Thousands of euros	
Segment	2017	2016
Western Europe	195,741	188,840
Eastern Europe	105,819	94,571
Mercosur	25,386	54,969
North America	264,212	227,493
Asia	109,149	75,312
Total	**700,307**	**641,185**

In 2017, the three customers representing the highest contribution to sales represent the 48.1% of revenue (2016: 44.5%) and each of them represents more than 10% of revenue for the same period (2016: 10%).

10. Intangible assets

a) Goodwill

The change in goodwill in 2017 and 2016 is as follows:

Segment / CGU	Thousands of euros			
	At December 31, 2016	Additions	Currency translation differences	At December 31, 2017
Western Europe				
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 puesta a punto S.L.	857	—	—	857
Eastern Europe				
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
Mercosur				
Gestamp Brasil Industria de Autopeças, S.A.	10,422	—	(1,440)	8,982
Asia				
Gestamp Services India Private, Ltd.	12	—	(1)	11
Total	**110,504**	**981**	**(6,728)**	**104,757**

Additions in 2017 correspond to the acquisition of MPO Providers Rezistent S.R.L., which has been included in the consolidation scope by full consolidation method, because of the acquisition of control of this business combination (Note 3).

Segment / CGU	Thousands of euros			
	At December 31, 2015	Additions	Currency translation differences	At December 31, 2016
Western Europe				
Gestamp HardTech AB	41,624	—	(1,673)	39,951
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
Eastern Europe				
Beyçelik Gestamp Kalip, A.S.	22,620	—	(3,264)	19,356
Gestamp Severstal Vsevolozhsk, Llc	96	—	21	117
Çelik Form Gestamp Otomotive, A.S.	—	3,907	(545)	3,362
Mercosur				
Gestamp Brasil Industria de Autopeças, S.A.	8,309	—	2,113	10,422
Asia				
Gestamp Services India Private, Ltd.	13	—	(1)	12
Total	**109,946**	**3,907**	**(3,349)**	**110,504**

Additions in 2016 correspond to the acquisition of Çelik Form Gestamp Otomotive, A.S. that has been included in the consolidation scope by full consolidation method (Note 3).

10. Intangible assets (Continued)

Currency translation differences in 2017 and 2016 correspond to the adjustments to the goodwill of companies whose functional currency is different from the Euro, translated at the exchange rate prevailing at 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 CGU recoverable value at December 31, 2017 and 2016 has been determined by choosing the higher value between the fair value less necessary costs to sale the CGU or the calculation of value in use, using cash flow projections covering a five-year period and based on the future business evolution.

The cash flows beyond the five-year period have been extrapolated using a growth rate of 1% for 2017 and 2016. These hypotheses can be considered cautious compared with the rest of the long-term average growth rates of the automotive sector.

The pre-tax discount rate for cash flow projections for the CGUs is calculated in base on the Weighted Average Cost of Capital (WACC) and it is based on the weighted average cost of equity and cost of debt according to the financial structure set for the Group.

The pre-tax discount rates for the CGUs with the most significant goodwill in 2017 and 2016 are as follows:

		Pre-tax discount rate	
Segment	**CGU**	**2017**	**2016**
Western Europe	Gestamp HardTech, AB	8.93%	9.35%
Western Europe	Gestamp Metalbages, S.A.	9.81%	9.99%
Eastern Europe	Beyçelik Gestamp Kalip, A.S.	17.92%	17.74%

The recoverable value is higher than the net value for all the CGUs, so the Group can recover the value of all goodwill recognized at December 31, 2017 and 2016.

Economic projections realized in previous years were not significantly different from the actual figures.

Sensitivity analysis to changes in key assumptions

The Parent Company's management subjects its goodwill valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts, when value in use is the reference value.

- Although a 50 basis point increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of the analyzed assets.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of the analyzed assets.
- Assuming a 150 basis point decrease in EBITDA /sales ratio used for extrapolating cash-flow to perpetuity would reduce value in use but in no case would mean impairment of the carrying amount of the analyzed assets.

10. Intangible assets (Continued)

b) Other intangible assets

The breakdown and change in the various items comprising "Other intangible assets" are shown below:

	Thousands of euros						
Cost	At December 31, 2016	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2017
R&D expenses	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, licenses & trademark	40,266	—	1,851	(732)	(117)	(344)	40,924
Goodwill	1,673	—	—	—	(761)	189	1,101
Transfer fees	—	—	—	—	—	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
Total cost	522,516	1,484	95,702	(13,874)	(9,620)	1,537	597,745
Amortization and impairment							
R&D expenses	(136,853)	(674)	(40,118)	4,060	1,540	510	(171,535)
Concessions	(2,392)	—	(430)	146	152	(3)	(2,527)
Patents, licenses & trademark	(4,074)	—	(1,435)	739	51	349	(4,370)
Transfer fees	(567)	—	(329)	—	46	12	(838)
Software	(94,347)	(404)	(16,697)	2,387	2,732	(316)	(106,645)
Total accumulated amortization	(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)
Net carrying amount	**282,460**	**406**	**36,334**	**(6,458)**	**(5,114)**	**2,312**	**309,940**

Changes in consolidation scope at December 31, 2017 correspond to the incorporation of the companies Gestamp Palau, S.A., MPO Providers Rezistent, 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 correspond mainly 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 licenses renewal and to costs of SAP development and implementation.

Additions to concessions are mainly related to land usage rights.

Additions to Prepayments correspond to costs from SAP implementation.

Additions to Patents, licenses & trademark mainly correspond to cost incurred due to industrial patents acquisition.

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

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

10. Intangible assets (Continued)

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						
Cost	**At December 31, 2015**	**Changes in consolidation scope**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2016**
R&D expenses	240,898	—	58,887	(1,096)	5	(219)	298,475
Concessions	18,434	—	3,972	(707)	(620)	123	21,202
Patents, licenses & trademark	39,102	—	1,491	(205)	(115)	(7)	40,266
Goodwill	1,900	—	—	—	89	(316)	1,673
Transfer fees	114	—	—	—	2	(116)	—
Software	127,475	390	11,815	(1,699)	772	4,626	143,379
Prepayments	13,248	—	7,416	(217)	(8)	(2,918)	17,521
Total cost	441,171	390	83,581	(3,924)	125	1,173	522,516
Amortization and impairment							
R&D expenses	(103,622)	—	(33,920)	818	88	(217)	(136,853)
Concessions	(1,720)	—	(424)	47	57	(352)	(2,392)
Patents, licenses & trademark	(3,983)	—	(510)	15	44	360	(4,074)
Transfer fees	(294)	—	(274)	—	(12)	13	(567)
Software	(80,406)	(333)	(14,571)	1,670	(540)	(167)	(94,347)
Total accumulated amortization	(190,025)	(333)	(49,699)	2,550	(363)	(363)	(238,233)
Impairment of Intangible assets	(1,708)	—	(564)	2	(7)	454	(1,823)
Net carrying amount	**249,438**	**57**	**33,318**	**(1,372)**	**(245)**	**1,264**	**282,460**

Changes in consolidation scope at December 31, 2016 corresponded to the incorporation of Çelik Form Gestamp Otomotiv, A.S. (Note 3).

Additions to R&D expenses corresponded mainly 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 corresponded to software licenses renewal and to costs of SAP development and implementation.

Additions to Concessions corresponded to land usage rights.

Additions to Prepayments corresponded to costs from SAP implementation.

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

Main disposals corresponded to Software regarding items fully amortized and to development projects whose feasibility is not reasonably assured.

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

Development expenses corresponding to projects not fulfilling requirements to be capitalized were registered in the heading Other operating expenses from the Consolidate Income Statement and they amount to 1,473 thousand euros at December 31, 2017 (December 31, 2016: 470 thousand euros).

10. Intangible assets (Continued)

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.

11. Property, plant and equipment

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

	Thousands of euros						
Cost	**At December 31, 2016**	**Changes in consolidation scope**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2017**
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
Total cost	6,501,692	126,213	700,307	(84,543)	(263,953)	(9,748)	6,969,968
Depreciation and impairment							
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 depreciation	(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)
Net book value	**3,160,014**	**50,507**	**354,528**	**(16,246)**	**(141,389)**	**365**	**3,407,779**

Changes in consolidation scope at December 31, 2017 correspond to the incorporation of the companies Gestamp Palau, S.A., MPO Providers Rezistent, 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 correspond to investments in plants and production lines, with the aim of increase the productive capacity of the Group, as well as to capital expenditure to maintain existing activities. They mainly correspond 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 Disposals of PP&E mainly corresponds to the disposal of fully amortized items out of use, as well as to the sale of items to third parties.

11. Property, plant and equipment (Continued)

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

	Thousands of euros						
Cost	At December 31, 2015	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2016
Land and buildings	1,323,618	203	11,737	(910)	8,437	48,401	1,391,486
Plant and other PP&E	4,347,927	6,770	117,113	(140,332)	(32,735)	243,085	4,541,828
PP&E under construction and prepayments	378,608	—	512,335	(718)	(11,205)	(310,642)	568,378
Total cost	6,050,153	6,973	641,185	(141,960)	(35,503)	(19,156)	6,501,692
Depreciation and impairment							
Land and buildings	(365,011)	(163)	(34,899)	552	(3,580)	(4,866)	(407,967)
Plant and other PP&E	(2,811,335)	(4,378)	(293,673)	130,115	26,908	24,492	(2,927,871)
Accumulated depreciation	(3,176,346)	(4,541)	(328,572)	130,667	23,328	19,626	(3,335,838)
Impairment of PP&E	(12,000)	—	(30)	5,767	850	(427)	(5,840)
Net book value	**2,861,807**	**2,432**	**312,583**	**(5,526)**	**(11,325)**	**43**	**3,160,014**

Changes in consolidation scope in 2016 corresponded to the incorporation of the subsidiary Çelik Form Gestamp Otomotiv, A.S. (Note 3).

Cost value of the property, plant and equipment additions at December 31, 2016 mainly corresponded to investments in plants and production lines aimed to increase the productive capacity of the Group as well as to capital expenditure to maintain existing activities. They corresponded mainly to companies located in USA, Mexico, Spain, Germany and Poland. Additions by segment are shown in Note 9.

The net value of Disposals of plant and other PP&E corresponded, mainly, to the dismantlement of production lines and disposal of fully amortized items out of use, as well as to the sale of items to third parties.

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	
	2017	2016
Initial cost	266,567	266,567
Fair value	509,428	509,428
Revaluation	242,861	242,861
Accumulated depreciation	(44,844)	(40,739)
Deferred tax liabilities	(50,026)	(51,115)
Total	**147,991**	**151,007**
Non-controlling interest	(24,878)	(25,121)
Reserves (Note 16.4.c)	(125,886)	(128,659)
Profit for the year	2,773	2,773
Total	**(147,991)**	**(151,007)**

11. Property, plant and equipment (Continued)

The breakdown of PP&E located outside Spain, by country, is as follows:

Segment / Country	Thousands of euros Net carrying amount 2017	Net carrying amount 2016
Western Europe	**628,008**	**621,301**
Germany	276,274	270,703
France	87,945	93,215
Portugal	55,966	48,080
Sweden	23,469	27,671
United Kingdom	184,354	181,632
Eastern Europe	**516,425**	**450,510**
Poland	167,106	156,481
Russia	92,825	106,465
Hungary	33,982	35,821
Czech Republic	103,736	75,883
Romania	8,650	—
Turkey	74,469	70,247
Slovakia	35,657	5,613
Mercosur	**246,180**	**272,389**
Argentina	24,349	30,443
Brazil	221,831	241,946
North America	**851,777**	**729,639**
USA	580,437	513,897
Mexico	271,340	215,742
Asia	**518,445**	**500,731**
China	361,997	361,964
India	94,349	92,907
South Korea	48,169	45,260
Japan	13,482	361
Taiwan	49	—
Thailand	399	239
Total	**2,760,835**	**2,574,570**

The breakdown of assets acquired under finance lease agreements at December 31, 2017 and December 31, 2016 is as follows:

	2017					
			Thousands of euros			
				Present value of lease obligations (Note 22.c.1)		
Segment	Asset cost (thousands of euros)	Lease term	Installments paid	Short term	Long term	Purchase option value
Western Europe						
Other fixtures	297	5 years	285	11	—	—
Eastern Europe						
Machinery	2,837	5 years	2,272	345	153	—
Machinery	13,335	7 years	4,056	1,200	12,080	1
North America						
Machinery	20,825	20 years	5,287	996	17,887	—
				2,552	**30,120**	

11. Property, plant and equipment (Continued)

	2016					
			Thousands of euros			
				Present value of lease obligations (Note 22.c.1)		
Segment	Asset cost (thousands of euros)	Lease term	Installments paid	Short term	Long term	Purchase option value
Western Europe						
Software	34	4 years	34	—	—	—
Other fixtures	297	5 years	222	64	10	—
Eastern Europe						
Machinery	12,978	4.75 years	14,397	267		1
Machinery	3,220	5 years	2,466	632	496	—
Machinery	11,561	7 years	2,355	1,414	8,035	5
North America						
Machinery	23,771	20 years	4,210	1,101	21,555	—
				3,478	**30,096**	

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.

Assets tested represented 24% of total Property, Plant and Equipment of the Group (12% in 2016). The increase is mainly related to USA CGU.

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

Pre-tax discount rates for the CGUs with signs of impairment in 2017 and 2016 were as follows:

	2017	
Segment	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%

	2016	
Segment	WACC rate before taxes	Rate of perpetual growth
Western Europe	9.36%–9.99%	1.00%
Eastern Europe	11.21%–16.65%	1.00%
Asia	9.78%	1.00%
North America	10.50%	1.00%
Mercosur	20.9%–23.65%	1.00%

The recoverable value was higher than the net value for all the CGUs, so the Group can recover the value of the consolidated assets of each CGU at December 31, 2017 and 2016.

11. Property, plant and equipment (Continued)

Economic projections from previous years were not significantly different from actual figures.

Sensitivity analysis to changes in key assumptions

The Parent Company's management subjects its PP&E valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts, when value in use in the reference value.

- Although a 50 basis point increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of the analyzed assets.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of the analyzed assets.
- Assuming a 150 basis point decrease in Ebitda/sales ratio used for extrapolating cash flow to perpetuity would reduce value in use but in no case would mean impairment of the carrying amount of the analyzed assets.

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

As at December 31, 2017 and 2016 there are no items of property, plant, and equipment set aside to secure bank loans (Note 22.a.1).

12. Financial assets

The breakdown of the Group's financial assets at December 31, 2017 and December 31, 2016 by category and maturity, expressed in thousands of euros, is as follows:

	Thousands of euros									
	Investments accounted for using the equity method		Loans and receivables		Derivative financial instruments		Securities portfolio		Other financial assets	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Non-current financial assets	**1,787**	**5,740**	**39,248**	**50,581**	**14,718**	**25,710**	**—**	**—**	**13,674**	**13,483**
Investments accounted for using the equity method	1,787	5,740	—	—	—	—	—	—	—	—
Held-to-maturity investments	—	—	—	—	—	—	—	—	898	957
Loans and receivables	—	—	39,248	50,581	—	—	—	—	12,776	12,526
Derivative financial instruments (Note 22.b.1)	—	—	—	—	14,718	25,710	—	—	—	—
Current financial assets	**—**	**—**	**34,598**	**11,036**	**—**	**—**	**5,376**	**338**	**38,922**	**31,854**
Held-to-maturity investments	—	—	—	—	—	—	5,376	338	—	—
Loans and receivables	—	—	34,598	11,036	—	—	—	—	38,922	31,854
Total financial assets	**1,787**	**5,740**	**73,846**	**61,617**	**14,718**	**25,710**	**5,376**	**338**	**52,596**	**45,337**

12. Financial assets (Continued)

a) Non-current financial assets

The variation of non-current financial assets in 2017 and 2016 is as follows:

	Thousands of euros			
	Investments accounted for using the equity method	**Loans and receivables**	**Derivative financial instruments**	**Other financial assets**
Balance at December 31, 2015	**8,272**	**8,918**	**28,184**	**12,308**
Changes in consolidation scope	750	—	—	—
Additions	—	57,228	—	3,463
Disposals	—	(276)	—	(2,205)
Changes in valuations of financial derivatives	—	—	(2,474)	—
Transfers	—	(17,031)	—	541
Other movements	—	10	—	215
Share of profit	(3,230)	—	—	—
Translation differences	(52)	1,732	—	(839)
Balance at December 31, 2016	**5,740**	**50,581**	**25,710**	**13,483**
Changes in consolidation scope	(2,722)	3,508	—	(3,061)
Additions	—	4,597	—	2,734
Disposals	—	(5,843)	—	1,762
Changes in valuations of financial derivatives	—	—	(10,992)	—
Transfers	—	(12,463)	—	—
Other movements	—	332	—	1
Share of profit	(997)	—	—	—
Translation differences	(234)	(1,464)	—	(1,245)
Balance at December 31, 2017	**1,787**	**39,248**	**14,718**	**13,674**

a.1) Investments accounted for using the equity method

Changes in consolidation scope 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).

Changes in consolidation scope in 2016 corresponded to the incorporation of the subsidiary Global Laser Araba S.L. by equity method (Note 2.b).

"Share of profit" in 2017 and 2016 amounting to 997 thousand euros and 3,230 thousand euros of loss respectively, represented Group's share of the profit recorded by each company.

In addition, the heading "Share of profits from associates—equity method" in the Consolidated Income Statement included the provision for registered risks related to the investment in Gestamp Palau, S.A. (former ESSA Palau, S.A.) for 5,309 thousand euros (Note 20).

No dividends have been received from companies accounted for using the equity method in 2017 and 2016.

12. Financial assets (Continued)

The summarized financial information of the Group´s investment in 2017 and 2016 is as follows:

Summarised balance sheet:

	Thousands of euros		
	December 31, 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	—
Shareholding	30%	30%	30%
Carring amount of the investment	**245**	**1,182**	**360**

	Thousands of euros				
	December 31, 2016				
	Essa Palau, S.A.	Global Laser Araba	Jui Li Edscha Body Systems & subsidiaries	GGM & subsidiaries	Industrias Tamer, S.A.
Total non-current assets	36,137	2,827	793	53,364	1,471
Total current assets	14,184	3,160	7,545	21,183	3,726
Total non-current liabilities	(21,633)	—	(69)	(25,860)	(360)
Total current liabilities	(54,090)	(4,507)	(2,825)	(41,287)	(3,657)
Equity	25,402	(1,480)	(4,721)	(6,978)	(1,180)
Translation differences	—	—	(723)	(422)	—
Shareholding	40%	30%	50%	30%	30%
Carrying amount of the investment	**—**	**444**	**2,722**	**2,220**	**354**

Summarised income statement:

	Thousands of euros		
	December 31, 2017		
	Global Laser Araba	GGM & subsidiaries	Industrias Tamer, S.A.
Operating income	2,910	29,779	2,661
Operating expense	(3,689)	(30,937)	(2,460)
OPERATING PROFIT/LOSS	**(779)**	**(1,158)**	**201**
Financial profit	(166)	(815)	(15)
Exchange gain (losses)	—	(1,254)	—
Impairment and other	—	—	—
PROFIT/LOSS BEFORE TAXES	**(945)**	**(3,227)**	**186**
Income tax expense	—	—	—
Adjustments from previous years	282	547	(166)
Profit for the year from discontinued operations net of taxes	—	—	—
PROFIT/LOSS FOR THE YEAR	**(663)**	**(2,680)**	**20**
Shareholding	30%	30%	30%
Participation of the Group in profit	**(199)**	**(804)**	**6**

12. Financial assets (Continued)

	Thousands of euros				
	December 31, 2016				
	Essa Palau, S.A.	**Global Laser Araba**	**Jui Li Edscha Body Systems & subsidiaries**	**GGM & subsidiaries**	**Industrias Tamer, S.A.**
Operating income	80,879	23	11,395	25,261	2,862
Operating expense	(89,140)	(896)	(10,542)	(25,815)	(2,571)
OPERATING PROFIT/LOSS	**(8,261)**	**(873)**	**853**	**(554)**	**291**
Financial profit	(1,817)	(143)	9	(789)	(24)
Exchange gain (losses)	—	—	(75)	(1,597)	—
Impairment and other	(13)	—	—	—	—
PROFIT/LOSS BEFORE TAXES	**(10,091)**	**(1,016)**	**787**	**(2,940)**	**267**
Income tax expense	—	—	(257)	—	—
Adjustments from previous years	10,091	—	—	(7,960)	—
Profit for the year from discontinued operations net of taxes	—	—	—	—	—
PROFIT/LOSS FOR THE YEAR	**—**	**(1,016)**	**530**	**(10,900)**	**267**
Shareholding	40%	30%	50%	30%	30%
Participation of the Group in profit	**—**	**(305)**	**265**	**(3,270)**	**80**

a.2) Non-current loans and receivables

Changes in consolidation scope in 2017 correspond to the incorporation of subsidiary Gestamp Palau S.A. by full consolidation method (Note 2.b). The subsidiary has loans granted to third parties for the amount of 3,508 thousand of euros. This receivables where totally impaired due to incertitude about its recoverability.

Additions in 2017 mainly correspond to:

- Increase in receivables from public authorities in Gestamp Brasil Industria de Autopeças S.A. for 3,450 thousand euros, and in Gestamp Pune Automotive Pvtd. Ltd. for 157 thousand euros.
- 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 15.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 correspond 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 interests with public administrations for the amount of 746 thousand euros.

12. Financial assets (Continued)

Transfers in 2017 mainly correspond to:

- Reclassification to the heading Public authorities of debit balances from Indian public authorities with Gestamp Pune Automotive Pvtd. 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).

Additions in 2016 mainly corresponded to:

- Increase in debit balances from public authorities with Gestamp Brasil Industria de Autopeças S.A. for 9,963 thousand euros.
- Loan granted by the subsidiary Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. amounting to 8,400 thousand euros. This loan earns a 2.756% interest rate and initial maturity was March 2023. At December 31, 2016 this loan was transferred to short term and final maturity is June 2017.
- Loans to Group employees amounting to 37,110 thousand euros for the acquisition of shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 15.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.

  The fair value of the shares sold by Acek Desarrollo y Gestión Industrial S.L. to employees was based on the operation between significant shareholders in the first quarter of 2016 and the Group Management considered it was out of scope of IFRS 2.

Transfers in 2016 mainly corresponded to the transfer to the heading Public authorities of debit balances of Brazilian public authorities with Gestamp Brasil Industria de Autopeças, S.A. amounting to 8,161 thousand euros and to the loan granted by the subsidiary Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. amounting to 8,400 thousand euros.

a.3) Derivative financial instruments

Changes in valuation of financial instruments at December 31, 2017 and 2016 correspond to the change in the present value of implicit derivatives mainly due to the decrease in 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 22.b.1).

a.4) Other non-current financial assets

Changes in consolidation scope in 2017 correspond to the incorporation of subsidiary Gestamp Palau S.A. by 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)).

Additions in 2017 mainly correspond to deposits as guarantee for operating leases amounting to 526, deposits for employees accident insurance amounting to 1,029 thousand euros and deposits for legal responsibilities for the amount of 1,036 thousand euros.

Disposals in 2017 mainly correspond to:

- Impairment reversal in Gestamp Palau, S.A. due to payment received from third parties for the amount of 3,119 thousand euros.
- The refund of security deposits linked to operational lease contracts for 642 thousand euros and of deposits for legal responsibilities for 162 thousand euros.
- Payments for the amount of 284 thousand euros linked to compensations for accidents at work.

12. Financial assets (Continued)

Additions in 2016 mainly correspond to deposits as guarantee for operating leases amounting to 3,088 thousand euros.

Disposals at December 31, 2016 mainly correspond to:

- The refund of deposits as guarantee for operating leases amounting to 1,629 thousand euros and the refund of legal deposits amounting to 213 thousand euros.
- The cancellation of the investment of Gestamp Manufacturing Autochasis in Beyçelik Craiova S.R.L. amounting to 100 thousand euros.

b) Current financial assets

Variation in current financial assets in 2017 and 2016 is as follows:

	Thousands of euros		
	Loans and receivables	Securities portfolio	Other financial assets
Balance at December 31, 2015	**1,638**	**2,535**	**31,282**
Changes in consolidation scope	—	—	—
Additions	6,245	104	12,608
Disposals	(5,572)	(2,300)	(3,817)
Transfers	8,720	—	(7,976)
Other movements	—	—	79
Translation differences	5	(1)	(322)
Balance at December 31, 2016	**11,036**	**338**	**31,854**
Changes in consolidation scope	(1,745)	—	—
Additions	13,452	5,092	53,687
Disposals	(466)	(9)	(42,965)
Transfers	12,315	—	—
Other movements	6	—	(13)
Translation differences	—	(45)	(3,641)
Balance at December 31, 2017	**34,598**	**5,376**	**38,922**

b.1) Current loans and receivables

Changes in 2017 consolidation scope correspond to current loans and receivables from Gestamp Palau, S.A., and after this subsidiary was incorporated as fully-consolidated under the consolidation scope, were eliminated as part of consolidation process (Note 2.b).

Additions in 2017 mainly correspond to a loan that Gestamp Automoción, S.A. granted to Gestión Global de Matricería, S.L. in the amount of 13,000 thousand euros with maturity in December 2018. This loan bears a 1% interest rate.

Transfers in 2017 mainly correspond to the reclassification from non-current to current loans and receivables of the amounts to be received by the subsidiary Gestamp Brasil Industria de Autopeças, S.A. from Brazilian public authorities (Note 12.a.2)).

Additions in 2016 mainly correspond to a new credit line granted by Gestamp Metalbages S.A. to ESSA Palau S.A. for 5,619 thousand euros. The loan earns an interest referenced to 3-month Euribor plus a 3% spread.

Disposals in 2016 mainly correspond to partial repayment of the credit line granted by Gestamp Metalbages S.A. to ESSA Palau S.A. for 3,550 thousand euros.

12. Financial assets (Continued)

Transfers in 2016 mainly corresponded to the reclassification from long term of the loan granted by Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. for 8,400 thousand euros (Note 12.a.2)).

b.2) Current securities portfolio

Current securities portfolio at December 31, 2017 mainly correspond to:

- Short term deposits from the company Edscha do Brasil, for the amount of 1,293 thousand of euros, with maturity in the same year and average profitability between 4% and 5.5%.
- Short term deposits from the subsidiary Gestamp Metal Forming (Wuhan), Ltd. for 3,798 thousand euros, with an average profitability between 0.30% and 1.30%.

In 2016 current securities portfolio mainly corresponded to short term deposits from the company Edscha do Brasil for the amount of 338 thousand of euros with an average profitability between 4.5% and 6%.

b.3) Other current financial investments

Additions in 2017 mainly correspond to bank deposits from the companies Gestamp Baires and Gestamp Automotive India Private Ltd amounting to 52,047 thousand euros.

Disposals in 2017 mainly correspond to the cancellation of bank deposits from the companies Gestamp Córdoba, S.A., Gestamp Baires, S.A. y Gestamp Automotive Chennai Private Ltd. amounting to 41,801 thousand euros.

Additions in 2016 mainly corresponded to bank deposits from the companies Gestamp Automotive Chennai Private Ltd and Gestamp Automotive India Private Ltd amounting to 11,468 thousand euros.

Disposals in 2016 mainly corresponded to the cancellation of bank deposits from the company Gestamp Baires S.A. amounting to 1,583 thousand euros.

Transfers at December 31, 2016 mainly corresponded to:

- Reclassification of financial assets from the companies Gestamp Brasil Industria de Autopeças S.A. and Gestamp Automotive India Private Ltd amounting to 12,796 thousand euros and 4,054 thousand euros respectively. The maturity of those assets came to be less than three months so they were reclassified to the heading Cash and cash equivalents.
- Reclassification of financial assets from the company Gestamp Baires S.A. amounting to 9,372 thousand euros from the heading Cash and cash equivalents. The maturity of those assets came to be more than three months.

13. Inventories

The breakdown of inventories at December 31, 2017 and December 31, 2016 is as follows:

	Thousands of euros 2017	2016
Commercial inventories	42,571	11,235
Raw materials	189,819	170,560
Parts and subassemblies	68,382	65,121
Spare parts	80,459	74,157
Packaging materials	1,979	5,035
Total cost of raw materials and other consumables	383,210	326,108
Work in progress	149,416	145,508
Finished products	131,297	137,923
Byproducts, waste and recovered materials	696	518
Prepayments to suppliers	62,913	51,822
Total cost of inventories	727,532	661,879
Impairment of raw materials	(23,569)	(10,044)
Impairment of other consumables	(9,195)	(7,729)
Impairment of work in progress	(5,940)	(4,359)
Impairment of finished products	(7,506)	(8,850)
Total impairment	(46,210)	(30,982)
Total inventories	**681,322**	**630,897**

The breakdowns of purchases used in production and changes in inventories are as follows:

	Thousands of euros						
		Change in inventories					
	Balance at Dec 31, 2016	Impairment	Reversal of impairment	Changes in inventories	Total	Changes in consolidation	Balance at Dec 31, 2017
Raw materials and other consumables	**326,108**	—	—	55,744	**55,744**	1,358	**383,210**
Impairment of raw materials and other consumables	**(17,773)**	(19,248)	4,307	—	**(14,941)**	(50)	**(32,764)**
Consumption (Note 26.a)	**308,335**	(19,248)	4,307	55,744	**40,803**	**1,308**	**350,446**

	Thousands of euros						
		Change in inventories					
	Balance at Dec 31, 2016	Impairment	Reversal of impairment	Changes in inventories	Total	Changes in consolidation	Balance at Dec 31, 2017
Work in progress	**145,508**	—	—	(1,568)	**(1,568)**	5,476	**149,416**
Finished products and byproducts	**138,441**	—	—	(6,448)	**(6,448)**	—	**131,993**
Impairment of finished products and work in progress	**(13,209)**	(3,998)	3,782	—	**(216)**	(21)	**(13,446)**
Changes in inventories (see Income Statement)	**270,740**	(3,998)	3,782	(8,016)	**(8,232)**	**5,455**	**267,963**

Changes in consolidation scope correspond to the incorporation of the companies Gestamp Palau, S.A., MPO Providers Rezistent, S.R.L., Jui Li Edscha Body Systems Co., Ltd, Jui Li Edscha Holding Co., Ltd., Almussafes Mantenimiento de Troqueles, S.L. and Jui Li Edscha Hainan Industry Enterprise Co., Ltd. (Note 3).

The inventories were not encumbered at December 31, 2017 nor at December 31, 2016.

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents

a) Trade receivables

	Thousands of euros	
	2017	2016
Trade receivables	792,553	843,048
Trade bills receivable	19,465	16,514
Accounts receivable by stage of completion, tools	307,281	279,677
Accounts receivable by stage of completion, machinery	27,742	2,976
Doubtful debts	1,355	770
Impairment losses	(5,630)	(4,736)
Trade receivables from related parties (Note 31.1)	31,948	31,676
Total	**1,174,714**	**1,169,925**

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.

Accounts receivable by stage of completion correspond to the income recognized pending invoicing. There are no prepayments exceeding the stage of completion by customer. The amount of customer prepayments for tools under construction registered in the heading Accounts receivable by stage of completion, was 750 million euros at December 31, 2017 (December 31, 2016: 713 million euros).

The variation of the impairment provision at December 31, 2017 consisted of an increase of 805 thousand euros (December 31, 2016: 4.080 thousand euros) (Note 26.c) as well as written-off balances and translation differences.

The age analysis of due accounts receivable related to the sale of parts at December 31, 2017 and 2016 is as follows:

	Thousands of euros	
	2017	2016
Less than 3 months	30,861	14,661
Between 3 and 6 months	3,931	6,093
Between 6 and 9 months	1,398	2,164
Between 9 and 12 months	236	730
More than 12 months	4,445	4,825
Total outstanding past due receivables	40,871	28,473
Impairment provision	(5,630)	(4,736)
Total	**35,241**	**23,737**

The past due accounts receivable not provisioned are related to customers with no history of default.

The receivables balances not yet due transferred by the Group as non-recourse factoring to Spanish, German, British, Brazilian and Polish banks, that were eliminated in the Consolidated Balance Sheet amounted to 380,293 thousand euros and to 300,755 thousand euros at December 31, 2017 and December 31, 2016 respectively.

The expense of transferring non-due receivables balances at December 31, 2017 according to non-recourse factoring contracts amounted to 7,682 thousand euros (December 31, 2016: 5,350 thousand euros).

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents (Continued)

b) Other receivables

	Thousands of euros	
	2017	**2016**
Debtors	27,691	18,796
Remuneration advances	3,064	1,937
Short-term loans to employees	872	86
Total	**31,627**	**20,819**

c) Current income tax assets

This line item amount to 26,795 thousand euros at December 31, 2017 (December 31, 2016: 35,306 thousand euros) and reflect the receivables balances related to corporate tax refunds of the Parent Company and group companies.

d) Public authorities

	Thousands of euros	
	2017	**2016**
Sundry receivables from Public Authorities	141,916	150,431
VAT refund	108,814	106,865
Receivable grants	1,420	1,015
Corporate tax refund[a]	22,679	34,571
Others	9,003	7,980
Receivables from Social Security	657	408
Total	**142,573**	**150,839**

(a) The 2017 and 2016 balances reflect receivables from corporate income tax declarations from prior years.

e) Other current assets

This line item, which at December 31, 2017 amount to 71,057 thousand euros (December 31, 2016: 26,240 thousand euros), mainly reflect insurance premiums, maintenance and repair contracts, rentals and software licenses paid for during the year but for which the expense will accrue the following year, as well as expenses for commercial agreements.

f) Cash and cash equivalents

	Thousands of euros	
	2017	**2016**
Cash	840,759	403,789
Cash equivalents	19,479	26,674
Total	**860,238**	**430,463**

Cash equivalents correspond to deposits and surplus cash investments maturing in less than three months.

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents (Continued)

The breakdown by currencies and interest rates at December 31, 2017 and December 31, 2016 is as follows:

	2017		
Company	**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 Industria de Autopeças, S.A.	9,159	Brazilian real	100%–101% CDI
Total	**19,479**		

	2016		
Company	**Thousands of euros**	**Source currency**	**Interest rate range**
Gestamp Severstal Vsevolozhsk, Llc.	1,855	Russian ruble	8.20%
Gestamp Brasil Industria de Autopeças, S.A.	24,819	Brazilian real	100%–101% CDI
Total	**26,674**		

The amounts included in this heading of the attached Consolidated Balance Sheet are not encumbered.

15. Issued capital and share premium

The "Issued capital" and "Share premium" at December 31, 2017 and December 31, 2016 are as follows:

ITEM	**December 31, 2017**	**December 31, 2016**
No. of shares	575,514,360	4,795,953
Par value	0.50	60.10

	Thousands of euros	
Issued capital:		
Issued capital (par value)	287,757	288,237
	287,757	**288,237**
Share premium	**61,591**	**61,591**
Total issued capital + share premium	**349,348**	**349,828**

a) Share capital

As at December 31, 2016 the Parent Company's share capital was represented by 4,795,953 registered shares indivisibles and accumulative with a par value of 60.10 euros each, fully subscribed and paid in, and all carrying the same rights and obligations.

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

- Share capital reduction in the nominal amount of 479.595,30 euros by reducing the nominal value of each one of the shares by the amount of 0.10 euro, creating a non-distributable reserve.
- Split the number of stakes by reducing the nominal value per share from 60 euros to 0.50 euro, in the proportion of 120 new stakes for every former one.

After these operations, and as shown on Note 1, the flotation of the Parent Company shares started on April 7, 2017. This process was conducted by means of an Initial Public Offering (IPO) for 155,388,877 shares representing a 27% of shareholding plus an additional sale equivalent 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).

15. Issued capital and share premium (Continued)

The shareholding structure at December 31, 2017, after the agreements mentioned above, and at December 31, 2016, is as follows:

Shareholders	shareholding	
	December 31, 2017	December 31, 2016
Acek Desarrollo y Gestión Industrial, S.L.	21.17%	37.63%
Risteel Corporation, B.V.	—	10.75%
Gestamp 2020, S.L.	50.10%	50.10%
Free Float	28.73%	1.52%

On February 1, 2016 ArcelorMittal Spain Holding, S.L. and ArcelorMittal Aceralia Basque Holding, S.L. formalized a private contract to sell their shareholding in the Parent Company to Acek Desarrollo y Gestión Industrial S.L. for 875 million euros.

This transaction implied that Acek Desarrollo y Gestión Industrial S.L. increased its shareholding in the Parent Company from the prior 54.25% to 89.25%.

On September 20, 2016 Acek Desarrollo y Gestión Industrial S.L. signed an investment agreement by which a 50.10% of shareholding in Gestamp Automoción S.A. was sold to Gestamp 2020 S.L., and Mitsui & Co. Ltd. acquired a 25% shareholding in Gestamp 2020 S.L. and thus indirectly a 12.525% shareholding in Gestamp Automoción S.A. On December 23, 2016, once the competence review was completed, the agreement entered into force.

In addition, in 2016 Acek Desarrollo y Gestión Industrial S.L. sold shares representing a 1.53% of shareholding in Gestamp Automoción S.A. to employees.

There are no bylaw restrictions on the transfer of the registered shares and they are not listed.

b) Share premium

The share premium of the Parent Company amounted to 61,591 thousand euros at December 31, 2017 and December 31, 2016.

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

16. Retained earnings

The changes in "Retained earnings" for 2017 and 2016 are as follows:

Thousands of euros	Legal reserve	Goodwill reserves	Unrestricted reserves	Reserves at fully consolidated entities
AT JANUARY 1, 2017	**46,129**	**4,455**	**187,679**	**957,080**
Profit for the period	—	—	—	—
Fair value adjustments reserve (hedge)	—	—	—	—
Actuarial gains and losses	—	—	—	948
Appropiation of 2016 profits	980	—	12,127	211,477
Dividends distributed by the Parent Company	—	—	(66,356)	—
Dividends distributed by the subsidiaries	—	—	126,391	(126,391)
Business combinations (Jui Li Eds. Body System., Co.Ltd Group and Gestamp Palau, S.A)	—	—	—	(4,680)
Increase in shareholding in controlled companies	—	—	—	(1,143)
Decrease in shareholding	—	—	480	—
Interest from participative loans	—	—	11,878	(11,878)
Recognition of the Put Option sold to non-controlling interest (Note 22.d)	—	—	—	(4,047)
Other movements and adjustments from prior years			—	(2,062)
AT DECEMBER 31, 2017	**47,109**	**4,455**	**272,199**	**1,019,304**

	Legal reserve	Goodwill reserves	Unrestricted reserves	Reserves at fully consolidated entities
AT JANUARY 1, 2016	**45,251**	**3,884**	**219,687**	**815,120**
Profit for the period	—	—	—	—
Fair value adjustments reserve (hedge)	—	—	—	—
Actuarial gains and losses	—	—	—	(5,415)
Appropiation of 2015 profits	878	571	7,480	152,915
Dividends distributed by the Parent Company	—	—	(48,444)	—
Interest from participative loans	—	—	8,956	(8,956)
Acquisition of non-controlling interest in Gestamp 2008, S.L. (Note 2.b)	—	—	—	(263)
Transfer to non-controlling interest due to changes in shareholding of Gestamp 2008, S.L (Note 2.b)	—	—	—	(190)
Recognition of the Put Option sold to non-controlling interest (Note 22.d)	—	—	—	4,047
Other movements and adjustments from prior years	—	—	—	(178)
AT DECEMBER 31, 2016	**46,129**	**4,455**	**187,679**	**957,080**

16. Retained earnings (Continued)

16.1 Legal reserve

The Legal Reserve of the Parent Company amounted to 47,109 thousand euros at December 31, 2017 and to 46,129 thousand euros at December 31, 2016.

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve is equivalent to at least 20% of issued capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available.

16.2 Goodwill reserve

The Parent Company is required to set aside a non-distributable reserve equal to the amount of goodwill on its balance sheet which was eliminated in the consolidation process and amounted to 3,805 thousand euros at December 31, 2017 (December 31, 2016: 7,610 thousand euros). The amount of the goodwill reserve amounted to 4,455 thousand euros at December 31, 2017 and at December 31, 2016.The amount provisioned in 2016 was 571 thousand euros. In 2017 no amount had been provisioned, being this reserve partially distributable in the amount exceeding the net book value of the goodwill at closing date.

16.3 Unrestricted reserves

The most significant movements in the Parent Company's unrestricted reserves as at December 31, 2017, apart from 2016 profit distribution, amount to 12,127 thousand euros (December 31, 2016: 7,480 thousand euros). These movements are included in the retained earnings detail shown above, and mainly correspond to:

- Dividend distribution by the Parent Company from unrestricted reserves on March 3, 2017, amounting 66,356 thousand euros (December 31, 2016: 48,444 thousand euros). The dividend is utterly paid at December 31, 2017.
- Dividend distribution by some subsidiaries from unrestricted reserves on December 21, 2017, amounting to 126,391 thousand euros. The dividends are utterly paid at December 31, 2017.
- On March 7, 2017 the Parent Company share capital is reduced in the nominal amount of 480 thousand euros by reducing the nominal value of each share in the amount of 0.10 euro. A non-distributable 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 15.a).
- Reclassification of participative loan interests, from reserves at fully consolidated companies in the amount of 11,878 thousand euros (September 30, 2016: 8,956 thousand euros).

16.4 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) Revaluation reserve. Regional Law 6/1996 update

In accordance with prevailing regional legislation, this reserve can be used to offset losses, increase share capital or be transferred to non-distributable reserves.

The balance at December 31, 2017 and December 31, 2016 amounts to 4,884 thousand euros.

16. Retained earnings (Continued)

b) 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 balance of these reserves at December 31, 2017 and December 31, 2016 amounts to 85,337 thousand euros and 75,986 thousand euros respectively.

c) 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, amounts to 126 million euros at December 31, 2017 and 129 million euros at December 31, 2016 (Note 11). This reserve is not distributable.

d) Restrictions related to capitalized development expenses

Under prevailing legislation, dividend payments cannot result in an unrestricted reserve balance that is lower than the net carrying amount of development expenses as per the individual financial statements of the Group's Spanish companies prepared under prevailing Spanish GAAP.

16.5 Approval of the Financial Statements and proposal for the allocation of profit

The individual 2017 Financial Statements of the Group companies will be presented for approval at their respective Annual General Meetings of shareholders within the deadlines established by the prevailing legislation. The Directors of the Parent Company believe that no significant changes will be made to the 2017 Consolidated Financial Statements as a result of this process. The Gestamp Automoción Group's 2017 Consolidated Financial Statements will be authorized by the Board of Directors of the Parent Company on February 26, 2018 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The Parent Company's Board of Directors will submit the following allocation of profit proposal for the year ended December 31, 2017 for approval at the Annual General Meeting:

	Thousands of euros
Basis of allocation	
As per income statement	190,437
Allocation to:	
Legal reserve	10,441
Dividends	71,939
Unrestricted reserve	108,057

Restrictions on the distribution of dividends

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of issued capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

Once the legal requirements have been met, dividends may only be distributed against profit for the year or against unrestricted reserves if the book value of equity is not lower than, or as a result of the dividend payment would not dip below, issued share capital. For this purpose, profit recognized directly in shareholders' equity cannot be directly or indirectly distributed. If prior years' losses have reduced the

16. Retained earnings (Continued)

Parent Company's book value of equity to below the amount of its issued share capital, profit must be allocated to offset these losses.

In addition to these legal restrictions there are contractual restrictions detailed in Note 22.

17. Translation differences

The breakdown of translation differences by country is as follows:

	Thousands of euros		
Segment / Country	**2017**	**2016**	**Difference**
Western Europe			
Germany	5	440	(435)
Spain	(49,710)	12,909	(62,619)
France	—	(1)	1
Luxembourg	(1)	(1)	—
United Kingdom	(13,014)	(5,542)	(7,472)
Sweden	(3,895)	(3,756)	(139)
Eastern Europe			
Hungary	(2,455)	(2,011)	(444)
Poland	(27,176)	(34,413)	7,237
Czech Republic	(2,263)	(4,938)	2,675
Romania	(77)	—	(77)
Russia	(52,773)	(49,571)	(3,202)
Turkey	(40,767)	(31,296)	(9,471)
Mercosur			
Argentina	(83,972)	(75,834)	(8,138)
Brazil	(5,323)	11,381	(16,704)
North America			
USA	(35,125)	(1,254)	(33,871)
Mexico	(56,029)	(46,679)	(9,350)
Asia			
China	3,142	19,151	(16,009)
South Korea	4,110	4,363	(253)
India	29	3,489	(3,460)
Japan	(1,315)	186	(1,501)
Thailand	26	77	(51)
Taiwan	67	—	67
Total	**(366,516)**	**(203,300)**	**(163,216)**

Changes in translation differences for the year period amount to a negative variation of 163,216 thousand euros (2016: 35,491 thousand euros), mainly corresponding to:

- Spain, mainly corresponding to the permanent financing granted to subsidiaries that generated traslantion differences regarding the US dollar and the Brazilian real;
- United Kingdom, regarding the fluctuation of the British pound;
- Asia regarding the fluctuation of the Chinese yuan reminbi;
- Eastern Europe regarding to Polish zloty and to Turkish lira;
- North America regarding the fluctuation of US dollar and to a lesser extent to Mexican peso; and,
- Mercosur regarding the fluctuation of Brazilian real and Argentinian peso.

18. Non-controlling interest

The changes in "Equity attributable to non-controlling interest" by company in 2017 and 2016 are as follows:

	Thousands of euros									
Company	**At December 31, 2016**	**Changes in consolidation scope**	**Capital increase**	**Translation differences**	**Distribution of dividends**	**Increase in % of shareholding in companies previously under control**	**Put Option**	**Other movements**	**Profit (loss)**	**At December 31, 2017**
Gestamp Holding Rusia, S.L./Todlem, S.L./ Gestamp Severstal Vsevolozhsk Llc./ Gestamp Severstal Kaluga, Llc.	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 Aapico Automotive Co. Ltd	1,183			(49)				(3)	325	1,456
Sofedit, SAS	30,245							162	8,844	39,251
Gestamp Wroclaw, sp. Z.o.o.	(4,844)			(183)				(110)	(871)	(6,008)
Gestamp Brasil Industria 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)	(2,409)		29,454	1,962	12,785	96,657
Gestamp North America, INC and North American companies	73,598			(13,397)			36,799	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
Total	**347,330**	**2,164**	**1,199**	**(36,578)**	**(5,931)**	**(3,307)**	**80,947**	**1,590**	**48,385**	**435,799**

The most significant variations in "Non-controlling interest" at December 31, 2017 correspond 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).
- Increase in "Non-controlling interest" balance included in the Put Option column, corresponds to the reversal of a Put Option granted by the Parent Company to Mitsui & Co. Ltd., related to 10% of shares in subsidiaries companies in which Mitsui & Co. Ltd. was shareholder. The option was not exercised (Note 22.d).
- Increase in shareholding in companies previously under control is due to Beyçelik Gestamp Kalip, A.S. acquisition of 48.4% shareholding in the subsidiary Çelik Form Gestamp Otomotive, A.S. (Note 2.b).

18. Non-controlling interest (Continued)

- "Other movements" in 2017 mainly corresponds to profit (loss) adjustments attributable to non-controlling interest in 2016.

	Thousands of euros									
Company	**At December 31, 2015**	**Changes in consolidation scope**	**Capital increase**	**Translation differences**	**Distribution of dividends**	**Increase in % of shareholding in companies previously under control**	**Put Option**	**Other movements**	**Profit (loss)**	**At December 31, 2016**
G Finance Luxemburgo, S.A.	51	(51)	—	—	—	—	—	—	—	—
Gestamp Holding Rusia, S.L./ Todlem, S.L./ Gestamp Severstal Vsevolozhsk Llc./ Gestamp Severstal Kaluga, Llc.	11,848	—	—	3,702	—	—	—	(427)	6,102	21,225
Gestamp Auto Components (Kunshan) Co., Ltd/Gestamp Holding China, AB	33,821	—	—	(1,215)	—	—	—	1,687	2,678	36,971
Gestamp 2008, S.L.	6,119	—	—	—	—	(6,119)	—	—	—	—
Edscha Briey S.A.S.	(11,053)	—	—	—	—	11,053	—	—	—	—
Edscha Santander, S.L.	13,466	—	—	—	—	(13,466)	—	—	—	—
Edscha Burgos, S.A.	(1,334)	—	—	—	—	1,334	—	—	—	—
Edscha do Brasil Ltda.	(1,079)	—	—	(190)	—	1,269	—	—	—	—
Shanghai Edscha Machinery Co., Ltd.	12,603	—	—	(475)	(2,169)	—	—	—	1,207	11,166
Edscha Pha, Ltd.	2,773	—	—	43	—	—	—	253	1,631	4,700
Edscha Aapico Automotive Co. Ltd	825	—	151	42	(168)	—	—	80	253	1,183
Gestamp Global Tooling, S.L.	11	—	—	—	—	—	—	—	(11)	—
Sofedit, SAS	21,722	—	—	—	—	—	—	(857)	9,380	30,245
Gestamp Wroclaw, sp. Z.o.o.	(478)	—	—	2	—	—	—	—	(4,368)	(4,844)
Gestamp Brasil Industria Autopeças, S.A.	35,242	—	—	6,162	—	—	(13,752)	495	(643)	27,504
Gestamp Holding Argentina, S.L. and Argentinian companies	6,155	—	—	(2,199)	—	—	(942)	(197)	(933)	1,884
Gestamp Holding México, S.L. and Mexican companies	96,135	—	—	(5,564)	(6,210)	—	(29,454)	(69)	4,069	58,907
Gestamp North America, INC and North American companies	105,911	—	—	3,683	—	—	(36,799)	(1)	804	73,598
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	37,526	—	—	(580)	—	—	—	(1,189)	3,357	39,114
Beyçelik Gestamp Kalip, A.S. / Çelik Form Gestamp Otomotive, A.S./ Beyçelik Gestamp Sasi, L.S.	19,388	(2,748)	—	(3,082)	—	—	—	574	7,709	21,841
Gestamp Automotive India Private Ltd.	16,933	—	—	351	—	—	—	—	6,552	23,836
Total	**406,585**	**(2,799)**	**151**	**680**	**(8,547)**	**(5,929)**	**(80,947)**	**349**	**37,787**	**347,330**

The most significant variation in "Non-controlling interest" at December 31, 2016 corresponded to:

- Incorporation of the company Çelik Form Gestamp Otomotive, A.S. and exit from consolidation scope of the company G Finance Luxemburgo, S.A. (Note 2.b).
- Increase in shareholding in Gestamp 2008 S.L. Since there was already prior control in this company, there was a direct decrease in non-controlling interest of 6,119 thousand euros and an indirect increase due to the investments of this company in other group companies of 190 thousand euros (Note 2.b).
- Decrease in "Non-controlling interest" included in the Put Option Colum, corresponds to the Put Option granted by the Parent Company to Mitsui & Co. Ltd., issued on December 23, 2016, in relation to 10% of shares in subsidiary companies (Note 22.d).
- "Other movements" in 2016 corresponds to profit (loss) adjustments attributable to non-controlling interests in 2015.

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.

18. Non-controlling interest (Continued)

Financial information about subsidiaries that have significant non-controlling interests is provided below and has been elaborated following the criteria as follows:

- Based on the individual financial statements of each subgroup, except for USA, Argentina, Mexico and Brazil which information had been based on their Consolidated Financial Statements.
- The formentioned financial statements are adapted to Group criteria.
- Intercompany eliminations from Gestamp Autoción Group consolidation process are not included.
- Other consolidation adjustments from Gestamp Automoción Group are detailed in an aditional line.

Summarised income statement at December 31, 2017 and December 31, 2016:

	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)
Operating profit	**(17,444)**	**18,768**	**58,423**	**16,876**	**45,518**	**7,818**	**18,225**	**12,290**	**160,474**
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
Profit before taxes	**(39,486)**	**15,796**	**65,523**	**(7,307)**	**31,552**	**6,511**	**17,750**	**2,707**	**93,046**
Income tax expense	24,507	(6,537)	(14,615)	833	(3,322)	(1,171)	(1,287)	(189)	(1,781)
Non-controlling interest	—	(625)	—	—	—	—	—	—	(625)
Profit attributable to parent company	**(14,979)**	**8,634**	**50,908**	**(6,474)**	**28,230**	**5,340**	**16,463**	**2,518**	**90,640**
	30%	30%	30%	30%	50%	31.05%	35.00%	41.87%	—
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
Onther non-significative non-controlling interest									18,460
Total Gain (Loss) attributable to non-controlling in	**(5,836)**	**2,603**	**12,785**	**(2,176)**	**15,108**	**2,380**	**4,603**	**458**	**48,385**

18. Non-controlling interest (Continued)

	2016								
Item	**USA Subgroup**	**Argentina Subgroup**	**Mexico Subgroup**	**Brazil Subgroup**	**Beyçelik, A.S.**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**	**Total**
Operating income	1,086,896	156,838	407,146	220,570	286,509	206,359	195,671	94,996	2,654,985
Operating expense	(1,066,058)	(152,321)	(362,370)	(219,608)	(261,956)	(191,562)	(174,081)	(84,627)	(2,512,583)
Operating profit	**20,838**	**4,517**	**44,776**	**962**	**24,553**	**14,797**	**21,590**	**10,369**	**142,402**
Financial profit	(9,194)	(3,247)	857	(17,745)	(3,089)	(248)	(3,567)	(7,687)	(43,920)
Exchange gain (losses)	631	(2,234)	(24,507)	14,394	(9,461)	(1,759)	(6,875)	16,391	(13,420)
Impairment and other	—	—	(40)	(170)	—	—	—	—	(210)
Profit before taxes	**12,275**	**(964)**	**21,086**	**(2,559)**	**12,003**	**12,790**	**11,148**	**19,073**	**84,852**
Income tax expense	(8,283)	(737)	(7,706)	1,892	(802)	(4,171)	(1,198)	(4,832)	(25,837)
Non-controlling interest	—	158	—	—	—	—	—	—	158
Profit attributable to parent company	**3,992**	**(1,543)**	**13,380**	**(667)**	**11,201**	**8,619**	**9,950**	**14,241**	**59,173**
	30%	30%	30%	30%	50%	31.05%	35.00%	41.87%	—
Gain (Loss) attributable to non-controlling interest	1,198	(463)	4,014	(200)	5,601	2,676	3,483	5,963	22,272
Consolidation adjustments	(394)	(470)	55	(443)	556	2	(126)	141	(679)
Non-controlling interest profit	804	(933)	4,069	(643)	6,157	2,678	3,357	6,104	21,593
Other subgroup non-controlling interest	—	—	—	—	1,552	—	—	(2)	1,550
Onther non-significative non-controlling interest									14,644
Total Gain (Loss) attributable to non-controlling in	**804**	**(933)**	**4,069**	**(643)**	**7,709**	**2,678**	**3,357**	**6,102**	**37,787**

Summarised balance sheet at December 31, 2017 and December 31, 2016:

	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	79,946	70,086	138,481	86,912	1,524,581
Total current assets	458,825	100,960	308,259	110,898	96,731	99,492	2,982	37,919	1,216,066
Total non-current liabilities	(158,468)	(4,329)	(14,496)	(31,537)	(21,696)	(128)	(7,841)	(50,838)	(289,333)
Total current liabilities	(583,327)	(107,394)	(311,055)	(217,717)	(87,237)	(51,078)	(12,593)	(19,862)	(1,390,263)
Equity	(302,740)	(91,742)	(332,356)	(107,143)	(94,891)	(112,609)	(121,029)	(95,698)	(1,258,208)
Translation differences	(18,088)	70,860	73,356	8,078	27,147	(5,763)	—	41,567	197,157
	30%	30%	30%	30%	50%	31.05%	35%	42%	—
Equity attributable to non-controlling interest	(96,248)	(6,265)	(77,700)	(29,720)	(33,872)	(36,755)	(42,360)	(22,665)	(345,585)
Consolidation adjustments	5,070	4,316	(18,957)	(5,410)	4,079	(680)	(114)	3,285	(8,411)
Non-controlling interest	(91,178)	(1,949)	(96,657)	(35,130)	(29,793)	(37,435)	(42,474)	(19,380)	(353,996)
Other not signitificative non-controlling interest	—	—	—	—	—	—	—	—	(81,803)
Total Non-controlling interest									(435,799)

18. Non-controlling interest (Continued)

	2016								
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	530,028	40,610	239,320	263,902	74,381	79,383	144,066	98,740	1,470,430
Total current assets	431,960	88,209	256,075	101,982	100,108	142,737	3,324	55,676	1,180,071
Total non-current liabilities	(195,531)	(6,204)	(19,124)	(98,260)	(30,585)	(5)	(12,042)	(79,160)	(440,911)
Total current liabilities	(382,077)	(99,395)	(246,450)	(147,992)	(86,262)	(102,924)	(14,254)	(20,399)	(1,099,753)
Equity	(321,634)	(83,255)	(288,593)	(113,620)	(79,039)	(106,152)	(121,094)	(92,656)	(1,206,043)
Translation differences	(62,746)	60,035	58,772	(6,012)	21,397	(13,039)	—	37,799	96,206
	30%	30%	30%	30%	50%	31.05%	35%	42%	—
Equity attributable to non-controlling interest	(115,314)	(6,966)	(68,946)	(35,890)	(28,821)	(37,009)	(42,383)	(22,969)	(358,298)
Consolidation adjustments	4,917	4,140	(19,415)	(5,366)	6,980	38	3,269	1,744	(3,693)
Put Option	(36,799)	(942)	(29,454)	(13,752)	—	—	—	—	(80,947)
Non-controlling interest	(73,598)	(1,884)	(58,907)	(27,504)	(21,841)	(36,971)	(39,114)	(21,225)	(281,044)
Other not signitificative non-controlling interest	—	—	—	—	—	—	—	—	(66,286)
Total Non-controlling interest									(347,330)

Summarized cash flow at December 31, 2017 and December 31, 2016:

	2017							
Item	**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	48,008	23,284	(20)	24,687
Investing activities	(202,559)	(2,497)	(96,631)	(17,334)	(22,061)	(10,644)	9,664	(1,283)
Financing activities	248,882	(10,447)	55,793	(15,217)	(14,562)	(40,835)	(9,644)	(37,928)
Net increase (decrease) of cash or cash equivalents	**59,740**	**9,817**	**13,032**	**5,215**	**11,385**	**(28,195)**	**—**	**(14,524)**

	2016							
Item	**USA Subgroup**	**Argentina Subgroup**	**Mexico Subgroup**	**Brazil Subgroup**	**Beyçelik, A.S**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**
Operating activities	57,421	7,350	25,749	28,204	26,842	32,393	(53)	31,901
Investing activities	(97,726)	(3,718)	(74,582)	(43,030)	(17,337)	(20,805)	(66,005)	(1,398)
Financing activities	126,474	(8,356)	52,435	26,844	(5,352)	(24,334)	(820)	(1,431)
Net increase (decrease) of cash or cash equivalents	**86,169**	**(4,724)**	**3,602**	**12,018**	**4,153**	**(12,746)**	**(66,878)**	**29,072**

19. Deferred income

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

19. Deferred income (Continued)

The variation in this heading as at December 31, 2017 and December 31, 2016 is as follows:

	Thousands of euros
Balance at December 31, 2015	**30,720**
Grants received during the period	2,264
Grants disposals during the period	(529)
Released income during the period (Note 25.b)	(6,218)
Translation differences	(905)
Other movements	613
Balance at December 31, 2016	**25,945**
Grants received during the period	1,760
Grants disposals during the period	(227)
Released income during the period (Note 25.b)	(4,918)
Translation differences	(261)
Other movements	16
Balance at December 31, 2017	**22,315**

Grants received correspond to grants from public authorities for investments in plant and equipment and job-creation incentives.

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

Grants to be released to income next year are expected to be similar to the present year.

20. Provisions and contingent liabilities

The breakdown of provisions by concept in 2017 and 2016 is as follows:

	Thousands of euros					
	Non-current		Current		Total	
	2017	2016	2017	2016	2017	2016
Provision for employee compensation (Note 21)	100,984	91,642	625	1,904	101,609	93,546
Provision for taxes	7,848	7,252	—	—	7,848	7,252
Provision for other responsibilities	34,212	55,259	11,098	16,168	45,310	71,427
	143,044	**154,153**	**11,723**	**18,072**	**154,767**	**172,225**

20. Provisions and contingent liabilities (Continued)

The changes in provisions during 2017 and 2016 are as follows:

	Thousands of euros			
	Provision for employee compensation	Provision for taxes	Provision for other responsibilities	Total
Balance at December 31, 2015	**79,068**	**6,898**	**87,139**	**173,105**
Changes in consolidation scope	—	—	125	125
Increase in allowance	20,568	1,074	20,712	42,354
Decrease	(2,396)	(905)	(38,291)	(41,592)
Translation differences	(169)	781	(93)	519
Other	(3,525)	(596)	1,835	(2,286)
Balance at December 31, 2016	**93,546**	**7,252**	**71,427**	**172,225**
Changes in consolidation scope	29	—	—	29
Increase in allowance	16,979	1,753	7,808	26,540
Decrease	(6,880)	(670)	(32,885)	(40,435)
Translation differences	(152)	(487)	(1,870)	(2,509)
Other	(1,913)	—	830	(1,083)
Balance at December 31, 2017	**101,609**	**7,848**	**45,310**	**154,767**

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 2017 and 2016 mainly correspond to:

- Provisions for employee compensation regarding seniority awards and other benefits for staying in the company.
- Provisions based on actuarial calculations as detailed in Note 21.
- Provisions for employee compensation regarding a long-term incentive plan for 9,491 thousand euros in 2017 (5,555 thousand euros in 2016). This plan is aimed to certain employees considered as key by the Group management and the amount depends on the compliance with certain consolidated financial parameters in 2019 and 2020, established in the Group Strategic Plan elaborated in 2016. It will be paid in cash. The provision is based on the estimation of the compliance with those consolidated parameters which are linked to the fulfillment of the Group strategic plan. Such incentive plan is not related to the process for admission of the Group to official listing in the Madrid Stock Exchange.

Decreases in 2017 and 2016 mainly correspond to reversal 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.

Decreases in 2017 and 2016 mainly correspond to the application of provisions relating to tax assessments.

20. Provisions and contingent liabilities (Continued)

Provision for other responsibilities

This line item primarily reflects provisions recognized by certain Group companies to cover specific risks arising from their day-to-day businesses and provisions for personnel restructuring and onerous contracts in 2016.

In 2016, a provision for the amount 5,309 thousand euros was made with the purpose of reestablishing the financial position of the company Gestamp Palau S.A., included in the consolidation scope by equity method (Note 12.a.1). In 2017, with the integration of the company Gestamp Palau, S.A. in the consolidation scope as fully consolidated (Note 2.b), this provision was reversed.

Decreases in 2016 correspond to the reversal of provisions for onerous contracts from Gestamp Vendas Novas Lda., company belonging to Western Europe segment. This reversal was registered in the heading "Other operating expenses" for the amount of 2,090 thousand euros (Note 26.c).

In 2016 a reversal for the amount of 26,850 thousand euros was made as a result of risk revaluation in a provision from 2015 for risks on commercial activity. The provision was related to operating expenses valuated on 50,000 thousand euros that were registered as consumables and other operating expenses.

This line item also includes provisions for risks related to personnel restructuring, commercial disputes and claims from suppliers.

In 2017, and as a result of the obtainment of new information, the Group made a reversal of 13,640 thousand euros from exceeded provisions.

Other decreases in provisions are mainly related to operational expenses and trade operations provisions applications from different Group subsidiaries.

The Group Management considers 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.

As at December 31, 2017 and December 31, 2016 there are no significant contingent liabilities.

21. Pensions and other post-employment obligations

The breakdown of the provision for employee benefits is as follows:

		Non-current		Current		Total	
Item		**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Employee benefits	a)	21,515	14,114	625	1,904	22,140	16,018
Post-employment benefits							
Defined benefit plans	b)	79,469	77,528	—	—	79,469	77,528
Total (Note 20)		**100,984**	**91,642**	**625**	**1,904**	**101,609**	**93,546**

a) Employee benefits

This line item includes provisions by some Group companies for seniority awards and other benefits for staying in the company (anniversary, retirement, awards, etc.).

b) Defined benefit plans

The Group has a number of defined benefit plans. The main defined benefit plans are located in Germany and France. Among these pension plans, some are partially funded by investment funds and some are not funded at all by investment funds.

21. Pensions and other post-employment obligations (Continued)

The risks of the different defined benefit plans are those associated with pensions not funded by an external fund. Other risks of the defined benefit plans common to partially funded plans as well as to unfunded plans are those related to demographic issues, such as mortality and longevity of employees, and those related to financial issues such as pension increase rate depending on inflation.

Assets and liabilities corresponding to the said plans at December 31, 2017 and December 31, 2016, by countries, are the following:

	Thousand of euros		
Item	**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)
Value of defined benefit obligation at December 31, 2017	**71,587**	**7,882**	**79,469**

	Thousand of euros		
Item	**Germany**	**France**	**Total**
Present value of the defined benefit obligation	74,551	9,648	84,199
Fair value of plan assets and reimbursement rights	(4,516)	(2,155)	(6,671)
Value of defined benefit obligation at December 31, 2016	**70,035**	**7,493**	**77,528**

21. Pensions and other post-employment obligations (Continued)

The changes in present value of plan liabilities are the following:

	Thousand of euros		
	Germany	France	Total
Present value of the defined benefit obligation at December 31, 2015	**66,573**	**8,846**	**75,419**
Current service cost year 2016	2,929	552	3,481
Interest income or expense	—	44	44
Interest income or expense	1,420	175	1,595
Pension cost charged to profit and loss at 2016	4,349	771	5,120
Payments from the plan except any settlements	(1,392)	(173)	(1,565)
Payments from plan settlements	—	—	—
Actuarial gains and losses arising from changes in demographic assumptions	—	(66)	(66)
Actuarial gains and losses arising from changes in financial assumptions	5,021	655	5,676
Actuarial gains and losses attributable to non-controlling interests	—	(229)	(229)
Remeasurements of the net defined benefit liability	5,021	360	5,381(*)
Other effects	—	(156)	(156)
Present value of the defined benefit obligation at December 31, 2016	**74,551**	**9,648**	**84,199**
Current service cost year 2017	3,261	605	3,866
Gains and losses arising from settlements	—	6	6
Interest income or expense	1,172	144	1,316
Pension cost charged to profit and loss at 2016	4,433	755	5,188
Payments from the plan except any settlements	(2,099)	(366)	(2,465)
Payments from plan settlements	—	—	—
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)
Present value of the defined benefit obligation at December 31, 2017	**76,162**	**9,775**	**85,937**

21. Pensions and other post-employment obligations (Continued)

The changes in fair value of plan assets are the following:

	Thousand of euros		
	Germany	France	Total
Fair value of plan assets and reimbursement rights at December 31, 2015	**4,482**	**2,205**	**6,687**
Interest income or expense	97	10	107
Pension cost charged to profit and loss at 2016	97	10	107
Payments from the plan except any settlements	—	(89)	(89)
Return on plans assets, excluding amounts included in interest	—		
Actuarial gains and losses arising from changes in demographic assumptions	(63)	29	(34)
Actuarial gains and losses attributable to non-controlling interests	—		
Remeasurements of the net defined benefit liability	(63)	29	(34)(*)
Contributions to the plan by the employer	—		
Fair value of plan assets and reimbursement rights at December 31, 2016	**4,516**	**2,155**	**6,671**
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)
Return on plans assets, excluding amounts included in interest	—		
Actuarial gains and losses arising from changes in financial assumptions	(13)	(9)	(22)
Actuarial gains and losses attributable to non-controlling interests	—		
Remeasurements of the net defined benefit liability	(13)	(9)	(22)(**)
Fair value of plan assets and reimbursement rights at December 31, 2017	**4,575**	**1,893**	**6,468**

(*) The balance registered as actuarial gains and losses, booked as a decrease in the Consolidated Statement of Changes in Equity at December 31, 2016 amounted to 5,415 thousand euros (5,381 thousand euros corresponded to the change in value of the defined benefit liability and 34 thousand euros corresponded to the change in value of the plan assets).

(**) The balance registered as actuarial gains and losses, booked as an increase in the Consolidated Statement of Changes in Equity at December 31, 2017 amounted to 948 thousand euros (970 thousand euros corresponded to the change in value of the defined benefit liability and −22 thousand euros correspond to the change in value of the plan assets).

The breakdown of the expense recognized in the Consolidated Income Statement regarding these plans is as follows:

	Thousand of euros					
	Germany		France		Total	
Item	2017	2016	2017	2016	2017	2016
Current services cost	3,261	2,929	605	552	3,866	3,481
Gains and losses arising from settlements	—	—	6	44	6	44
Net interest on the net defined benefit liability (asset)	1,100	1,323	112	165	1,212	1,488
Total expense recognised in profit or loss	**4,361**	**4,252**	**723**	**761**	**5,084**	**5,013**

21. Pensions and other post-employment obligations (Continued)

The main categories of plan assets and their fair value are the following:

	Thousand of euros			
	Germany		France	
Item	2017	2016	2017	2016
Investments quoted in active markets				
Mixed investment funds in Europe	4,575	4,516	1,893	—
Not quoted investments				
Investment funds in insurances	—	—	—	2,155
	4,575	**4,516**	**1,893**	**2,155**

The main hypotheses used for determining the defined benefit obligation are the following:

	Germany		France	
Item	2017	2016	2017	2016
Discount rate	1.6%–2.0%	1.6%–2.3%	1.3%–1.81%	1,81%–1,9%
Expected rate of return on any plan assets	0%–1.6%	0%–1.6%	1.4%	1.9%
Future salary increases rate	2.0%–2.5%	2.0%–2.5%	1.5%–2.0%	1.5%–2.5%
Future pension increases rate	1.5%–2%	1.5%–2%	—	—
Inflation rate	2.0%	2.0%	1.0%–1.5%	1.0%–1.4%
Mortality table	RT 2005 G Dr. Klaus Heubeck modified	RT 2005 G	INSEE F 08–14	INSEE F 08–10
Rates of employee turnover, disability and early retirement	Aon Hewitt Standard tables, RT 2005 G, 0.5%	Aon Hewitt Standard tables, RT 2005 G, 0.5%	2.0%	3.0%
Proportion of plan members with dependants who will be eligible for benefits	100%	100%	—	—
Percentage of taxes payable by the plan on contributions relating to service before the reporting date or on benefits resulting from that service	2.0%	2.0%	—	—
Retirement age	—	—	62–65 years	62–65 years

21. Pensions and other post-employment obligations (Continued)

The sensitivity analysis of the value of post-retirement benefits obligations for the main hypotheses at December 31, 2017 and December 31, 2016 are as follows:

		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%				
Decrease	0.25%				
Increase	0.5%	86	—	49	—
Decrease	0.5%	—	78	—	45
Mortality rate					
Decrease	1 year	1,374	—	—	—

		2016			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	0.25%	—	—	—	301
Decrease	0.25%	—	—	317	—
Increase	0.5%	—	12,469	—	—
Decrease	0.5%	14,971	—	—	—
Future pension increases rate		—	—	—	—
Increase	0.5%	11,660	—	—	—
Decrease	0.5%	—	10,105	—	—
Future salary increases rate		—	—	—	—
Increase	0.5%	85	—	641	—
Decrease	0.5%	—	76	—	583
Mortality rate					
Increase	1 year	1,389	—	—	—

The expected future payments related to pension benefit at December 31, 2017 and December 31, 2016 are the following:

	Thousand of euros					
	2017			2016		
	Germany	France	Total	Germany	France	Total
Within the next 12 months	3,652	107	3,759	3,254	108	**3,362**
Between 2 and 5 years	11,500	2,070	13,570	11,167	1,882	**13,049**
Beyond 5 years	14,955	21,426	36,381	15,904	23,447	**39,351**
Total	**30,107**	**23,603**	**53,710**	**30,325**	**25,437**	**55,762**

22. Non-trade liabilities

The breakdown of non-trade liabilities at December 31, 2017 and December 31, 2016 classified by concepts is as follows:

		Thousands of euros				
		Non current			Current	
Item		2017	2016		2017	2016
a) Interest-bearing loans and borrowings and debt issues	a.1)	2,167,091	1,548,305	a.2)	543,789	419,294
b) Derivative financial instruments	b.1)	66,201	87,983		—	—
c) Other financial liabilities		121,612	132,805		4,537	5,922
Financial leasing	c.1)	30,120	30,096	c.1)	2,552	3,478
Borrowings from related parties	c.2)	57,309	67,718	c.2)	1,985	2,444
Other liabilities	c.3)	34,183	34,991	c.3)	—	—
d) Other non-trade liabilities	d)	9,593	10,358		129,953	290,820
Total		**2,364,497**	**1,779,451**		**678,279**	**716,036**

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

	Thousand of euros						
	2016	Cash flow	Variations in foreign currency	Changes in fair value	New lease contracts	Others	2017
Interest-bearing loans, borrowings and debt issues (Non-current)	1,548,305	736,987	(5,083)	—	—	(113,118)	2,167,091
Interest-bearing loans and borrowings (Current)	419,294	(26,419)	(8,498)	—	—	159,412	543,789
Financial leasing (Non-current)	30,096	—	(4,362)	—	5,711	(1,325)	30,120
Financial leasing (Current)	3,478	(1,630)	(621)	—	—	1,325	2,552
Borrowings from related parties (Non-current)	67,718	(7,010)	(2,357)	—	—	(1,042)	57,309
Borrowings from related parties (Current)	2,444	62	—	—	—	(521)	1,985
Other non-trade liabilities	34,991	(808)	—	—	—	—	34,183
Total (Note 4.5)	**2,106,326**	**701,182**	**(20,921)**	**—**	**5,711**	**44,731**	**2,837,029**
Derivative financial instruments	87,983	—	—	(21,782)	—	—	66,201
Total	**2,194,309**	**701,182**	**(20,921)**	**(21,782)**	**5,711**	**44,731**	**2,903,230**

Column "Others" mainly include the effect of the reclassification between current and non-current liabilities due to passage of time. It also include financial liabilities from business combinations (Note 3).

22. Non-trade liabilities (Continued)

a) Interest-bearing loans, borrowings and debt issues

a.1) Non-current interest-bearing loans, borrowings and debt issues

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

	Thousands of euros						
	2017						2016
Description	**2019**	**2020**	**2021**	**2022**	**Beyond**	**Total**	**Total**
In Euro	**145,953**	**394,965**	**363,453**	**605,397**	**639,006**	**2,148,774**	**1,528,472**
Western Europe	118,870	384,535	361,423	604,857	639,006	2,108,691	1,511,689
Eastern Europe	27,083	10,430	2,030	540	—	40,083	16,783
In foreign currency	**5,757**	**3,614**	**1,971**	**4,379**	**2,596**	**18,317**	**19,833**
Brazilian real							
Mercosur	3,368	3,057	1,925	2,111	2,596	13,057	14,198
Turkish lira							
Eastern Europe	1,100	550	46		—	1,696	—
Czech crown							
Europa oriental	1,262		—	—	—	1,262	2,510
Remimbi yuan							
Asia	—	—	—	—	—	—	2,726
Romanian leu							
Eastern Europe	—	—	—	2,268	—	2,268	—
Korean won							
Asia	27	7	—	—	—	34	399
Total	**151,710**	**398,579**	**365,424**	**609,776**	**641,602**	**2,167,091**	**1,548,305**

The breakdown of maturity dates for the balances at December 31, 2016 is as follows:

Thousands of euros					
2016					
2018	**2019**	**2020**	**2021**	**Beyond**	**Total**
99,950	159,279	250,027	390,619	648,430	1,548,305

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

There are no real guarantees over loans at December 31, 2016 nor at December 31, 2017 (Note 11).

It also exists real and related guarantees in the description of individual financial arrangements included in this Note.

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

	Interest rate
• Loans denominated in euro	0.90%–1.45%
• Loans denominated in Brazilian real*	4.50%–8.50%
• Loans denominated in Korean won	3.60%
• Loans denominated in US dollar	3.00%

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

22. Non-trade liabilities (Continued)

The nominal interest rate on the loans at December 31, 2016 is as follows:

	Interest rate
• Loans denominated in euro	1.00%–1.45%
• Loans denominated in Brazilian real*	4.50%–8.50%
• Loans denominated in Korean won	3.60%
• Loans denominated in US dollar	1.45%–2.10%

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

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

I) 2012 Bank of America Loan and 2013 Syndicated Loan (modified in 2016)

On May 20, 2016 the Parent Company signed an agreement modifying the syndicated loan from April 2013. The agreement modified the amount granted (increase of 340 million euros, tranche A2) and certain loan conditions.

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 March 21, 2017, maturity date of the contract, the loan signed between the Parent Company and Bank of America was completely paid.

The most relevant information regarding interest-bearing loans and borrowings subject to covenants at December 31, 2017 and December 31, 2016 is as follows:

Entity	Initial date	Modification agreement date	Amount granted	Maturity date	Financial obligations	Restrictions
Bank of America Securities Limited	March 21, 2012		60 million euros	March 21, 2017	"Net debt/EBITDA" below 3.50x "EBITDA/Financial expense" above 4.00x	N/A
Group of banks	April 19, 2013	May 20, 2016*	Tranche A1: 532 million euros Tranche A2: 340 million euros Revolving Credit Facility:280 million euros	Tranche A1: May 31, 2021* Tranche A2: May 31, 2021* Revolving Credit Facilities: May 31, 2021*	"Net debt/EBITDA" below or equal 3.50x "EBITDA/Financial expense" above 4.00x	Limitation for the dividends distribution: – Dividends can be no more than 50% of the consolidated benefit

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

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.

The Revolving Credit Facility granted, amounting to 280,000 thousand euros, was undrawn neither at December 31, 2017 nor at December 31, 2016.

As at December 31, 2016 and December 31, 2016, the Parent Company is not in breach of any of these covenants.

22. Non-trade liabilities (Continued)

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the mentioned loans. These companies are specified in Annex III.

II) May 2013 and May 2016 Bonds

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 with an interest rate of 5.875%, and the other amounting to 350 million dollars with a 5.625% interest rate.

The initial maturity date of the bonds was May 31, 2020 and interest are payable every six months (November and May).

On September and October 2015, the Group acquired a part of the issued bonds for 16,702 thousand dollars and 5,500 thousand euros.

On May 11, 2016, a new issuance of bond by the subsidiary Gestamp Funding Luxembourg, S.A. was made for the amount of 500 million euros with a spread rate of 3.5%. This new issue of bonds was used to refinance the May 2013 bond emission plus interest payments, and was considered as a refinancing operation due to the nonexistence of significant modifications of the debt.

The tranche A2 of the new syndicated loan for 340 million euros granted on May 20 (heading I) was used on June 17, 2016 to fully cancel the US dollar bond issued in May 2013 plus interest payments.

After the required analysis, this re-financing was considered new debt and as a result was registered a financial expense for the amount of 9.8 million euros in the Consolidated Income Statement at December 31, 2016.

The maturity date of the new bond is May 15, 2023 with coupon payable every six months (in November and May).

The carrying value of the May 2016 bond emission at December 31, 2017 amounts to 479 million euros (December, 31 2016: 486 million euros). The carrying value of the May 2013 bonds at December 31, 2015 at the exchange rate of the said date amounted to 793 million euros (489 million euros and 304 million euros corresponding to the euro and dollar bond respectively).

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the bonds. These companies are specified in Annex III.

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 term is seven years with maturity on June 22, 2023. The Parent Company must accomplish certain financial obligations related to Consolidated Financial Statements over the life of the loan. The mentioned obligations are as follows:

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

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. As at December 31, 2017 and 2016 these ratios were within the limits mentioned above (“EBITDA / Financial expense” ratio was 9.59 at December 31, 2017 and 9.00 at December 31, 2016, and “Net Financial Debt / EBITDA” ratio was 2.13 at December 31, 2017 and 1.94 at December 31, 2016).

22. Non-trade liabilities (Continued)

It also exists a limitation on dividends distribution such that dividends each year can be no more than 50% of the consolidated net income.

The outstanding amount of the syndicated loan, granted to the Parent Company, is registered as long-term in the amount of 160 million euros.

Parent Company ratios accomplished both covenants on December 31, 2017 and on December 31, 2016.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. These companies are specified in Annex III.

IV) KfW IPEX Bank GmbH

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

The loan term is five years with maturity on June 19, 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 accomplish certain financial obligations related to Consolidated Financial Statements over the life of the loan. The mentioned obligations are as follows:

- "EBITDA / Financial expense" above 4.00x
- "Net Financial Debt / EBITDA" below 3.50x

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. As at December 31, 2017 and 2016 these ratios were within the limits mentioned above ("EBITDA / Financial expense" ratio was 9.59 at December 31, 2017 and 9.00 at December 31, 2016, and "Net Financial Debt / EBITDA" ratio was 2.13 at December 31, 2017 and 1.94 at December 31, 2016).

Parent Company ratios accomplished both covenants on December 31, 2017 and on December 31, 2016.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. These companies are specified in Annex III.

a.2) Current interest-bearing loans and borrowings

22. Non-trade liabilities (Continued)

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

	Thousands of euros											
	Credit facilities											
Description	**Drawn down (a)**		**Limit**		**Loans (b)**		**Accured interest (c)**		**Discounted bills (d)**		**(a)+(b)+(c)+(d) TOTALS**	**(a)+(b)+(c)+(d) TOTALS**
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
In Euro	**2,726**	**109,629**	**574,800**	**528,800**	**418,419**	**246,478**	**10,081**	**7,987**	**1,194**	**88**	**432,420**	**364,182**
Western Europe	2,726	109,629	574,800	528,800	407,727	229,557	9,315	7,701	1,194	88	420,962	346,975
Eastern Europe	—	—	—	—	7,476	15,067	759	273	—	—	8,235	15,340
Asia	—	—	—	—	3,216	1,854	7	13	—	—	3,223	1,867
In foreign currency	**31,292**	**8,484**	**102,180**	**46,600**	**79,561**	**46,313**	**516**	**315**	**—**	**—**	**111,369**	**55,112**
US dollar												
Western Europe					37,485		129				37,614	—
North America	—	—	—	—	16,660	19,017	4	—	—	—	16,664	19,017
Turkish lira												
Eastern Europe	1,196	772	4,124	5,199	14,979	6,747	334	282	—	—	16,509	7,801
Argentine peso												
Mercosur	—	—	—	—	3,154	—	—	—	—	—	3,154	—
Brazilian real												
Mercosur	—	—	—	—	3,105	4,119	24	12	—	—	3,129	4,131
Indian rupee												
Asia	26,123	4,850	59,320	33,763	165	212	—	—	—	—	26,288	5,062
Remimbi yuan												
Asia	3,973	2,862	37,169	6,064	1,269	14,485	25	20	—	—	5,267	17,367
Czech crown												
Eastern Europe	—	—	—	—	1,262	1,255	—	—	—	—	1,262	1,255
Romanian leu												
Eastern Europe	—	—	—	—	1,118	—	—	—	—	—	1,118	—
Korean won												
Asia	—	—	1,567	1,574	364	478		1	—	—	364	479
Total	**34,018**	**118,113**	**676,980**	**575,400**	**497,980**	**292,791**	**10,597**	**8,302**	**1,194**	**88**	**543,789**	**419,294**

The Group had 567 million euros in with-recourse and non-recourse factoring and available discounting facilities at December 31, 2017 (569 million euros at December 31, 2016).

Interest rate on the credit facilities is basically indexed to a floating rate of Euribor plus a spread between 0.50% and 0.75% in 2017 and 2016.

b) Derivative financial instruments

b.1) Interest rate derivatives and exchange rate derivatives

The Consolidated Balance Sheet register the fair value of interest rate hedges and the fair value of derivatives held for trading contracted by the Group:

	Thousands of euros	
Description	**2017**	**2016**
Financial assets—derivatives (Note 12.a.3)	**14,718**	**25,710**
Others	14,718	25,710
Financial liabilities—derivatives	**66,201**	**87,983**
Derivatives held for trading	11,914	13,123
Cash flow hedges	39,569	49,150
Others	14,718	25,710

22. Non-trade liabilities (Continued)

The interest rate swaps, arranged by the Group, in place at December 31, 2017 and December 31, 2016 are the following:

		Thousands of euros			
		2017		2016	
Contract	Item	Asset	Liability	Asset	Liability
1	Derivatives held for trading	—	4,025	—	4,277
2	Derivatives held for trading	—	4,726	—	5,484
5	Derivatives held for trading	—	3,163	—	3,362
Total derivatives held for trading		**—**	**11,914**	**—**	**13,123**
1	Cash flow	—	8,145	—	10,494
2	Cash flow	—	18,601	—	20,889
3	Cash flow	—	5,145	—	6,796
4	Cash flow	—	1,761	—	3,432
5	Cash flow	—	5,917	—	7,539
Total cash flow hedges		**—**	**39,569**	**—**	**49,150**

As at December 31, 2017 the Group arranges a strategy to hedge interest rate risk on notional of the Group's estimated bank debt for the period from 2018 to 2021, via several interest rate swaps with the following notional amounts at December 31 of each year in thousands of euros:

Year	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5
2018	140,000	320,000	77,835	110,000	110,000
2019	140,000	320,000	77,835	—	110,000
2020	140,000	320,000	77,835	—	110,000

The interest rate swaps, arranged by the Group, in place at December 31, 2017 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	0.25% (2015), 0.45% (2016), 1.20% (2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 2	December 30, 2014	January 4, 2021	1-month Euribor	0.25% (2015-2016-2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 3	January 2, 2015	January 4, 2021	3-month Euribor	1.24% (2015), 1.48% (2016), 1.66% (2017), 1.99% (2018) and 2.09% beyond
Contract 4	April 2, 2014	January 2, 2019	3-month Euribor	1.26%
Contract 5	July 1, 2015	January 4, 2021	3-month Euribor	0.15% (2015), 0.40% (2016), 1.00% (2017), 1.25% (2018), 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 swaps are recognized in equity while the accrued interest is recognized in the Consolidated Income Statement.

22. Non-trade liabilities (Continued)

The cash flows underlying the hedges are expected to affect the Consolidated Income Statement during the following years:

	Thousands of euros
	2017
2018	(13,269)
2019	(13,643)
2020	(12,527)
2021	(130)
Total	(39,569)

	Thousands of euros
	2016
2017	(8,680)
2018	(12,766)
2019	(13,800)
2020	(13,904)
Total	(49,150)

As at December 31, 2017 the Group has transferred from Equity to the Consolidated Income Statement, the amount of 8,969 thousand euros (expense) as a result of liquidations carried out in the corresponding year to cash flow (interest rate) hedges. In 2016, expense recognized on the same basis amounted to 5,927 thousand euros.

In 2017, the Group recognized a 1,209 thousand euros revenue in the Consolidated Income Statement relating to changes in value neither of derivatives held for trading, and a 877 thousand euros revenue relating to hedges inefficiency. In 2016 the Group recognized expense amounting to 13,099 thousand euros in the Consolidated Income Statement relating to changes in value of derivatives held for trading and expense amounting to 877 thousand euros relating to hedges inefficiency.

The effect of financial instruments in retained earnings in 2017 and 2016 is as follows:

	Thousands of euros
Fair value adjustment at December 31, 2015	**(32,125)**
Variation in fair value adjustment	**(2,631)**
Variation in deferred tax from financial instruments (Note 28)	1,023
Variation in derivative financial instruments (liabilities)	(4,531)
Effect in profit due to hedge inefficiency	877
Fair value adjustment at December 31, 2016	**(34,756)**
Variation in fair value adjustment	**6,267**
Variation in deferred tax from financial instruments (note 28)	(2,437)
Variation in derivative financial instruments (liabilities)	9,581
Effect in profit due to hedge inefficiency	(877)
Fair value adjustment at December 31, 2017	**(28,489)**

"Others" includes the present value of implicit derivatives of exchange rates applicable to sales and purchases prices in certain customer and suppliers contracts (Note 12.a.3).

22. Non-trade liabilities (Continued)

b.2) Net investment hedges

According to Note 22.a.1.II, the bond issued by the subsidiary Gestamp Funding Luxembourg, S.A. amounting to 350 million US dollars, was classified on January 1, 2014 as hedge in net investment in subsidiaries located in the United States. On June 17, 2016 this bond was purchased and fully cancelled (Note 22.a.1.II)).

This bond covered the Group exposure to the exchange rate risk of these investments. The gains and losses arising in the conversion of the debt are included in consolidated equity under the heading Translation differences to compensate the possible gains and losses due to the conversion of the net investment in the subsidiaries.

Since this bond is considered a hedge instrument, the result generated in the conversion of the debt is included (net of tax effect) in consolidated equity under the heading Translation differences. The result amounted to 11,760 thousand euros in profit in 2016 (8,467 thousand euros net of taxes).

Cumulative translation differences through June 17, 2016 (date of the cancellation of the US dollar bonds) led to a loss of 46,813 thousand euros (33,706 thousand euros net of taxes).

The net investment in these subsidiaries includes the investment in the equity of the subsidiaries and the loans in US dollars granted to those subsidiaries by Group companies whose functional currency is Euro.

Although the bond was issued in US dollar by Gestamp Funding Luxembourg, S.A on May, 2013, the hedging relationship was not established for accountancy purposes until January 1, 2014. As at June 17, 2016, maturity date of this bond issued in US dollars, there was no hedge inefficiency.

c) Other liabilities

c.1) Financial leasing

The finance lease commitments, recognized under this heading, correspond to the present value of the payment commitments on the finance leases outlined in Note 11. The payment schedule for these lease payments and the corresponding finance expenses are as follows:

	2017					
	Thousands of euros					
	Present value of lease obligations					
	Short term	Long term				
Segment	Less than one year	Between one and five years	More than five years	Total	Future financial expenses	Financial lease installments
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
Total	2,552	14,398	15,722	30,120	5,876	38,548

22. Non-trade liabilities (Continued)

	2016					
	Thousands of euros					
	Present value of lease obligations					
	Short term		Long term			
Segment	Less than one year	Between one and five years	More than five years	Total	Future financial expenses	Financial lease installments
North America	1,101	4,778	16,777	21,555	6,453	29,109
Eastern Europe	2,313	7,701	830	8,531	1,562	12,406
Western Europe	64	10	—	10	3	77
Total	3,478	12,489	17,607	30,096	8,018	41,592

c.2) Borrowings with related parties

This heading in the Consolidated Balance Sheet includes the following items with related parties:

	Thousands of euros			
	Long term		Short term	
Description	2017	2016	2017	2016
Loans (Note 31.1)	33,053	42,420	93	—
Fixed assets suppliers (Note 31.1)	24,256	25,298	—	—
Interest (Note 31.1)	—	—	1,892	2,413
Current accounts (Note 31.1)	—	—	—	31
Total	57,309	67,718	1,985	2,444

As at December 31, 2017 and December 31, 2016 the balance of long-term fixed assets suppliers with Acek, Desarrollo y Gestión Industrial, S.L. corresponds to the purchase of the GESTAMP brand.

On June 22, 2017 the loan that the subsidiary Gestamp Severstal Kaluga, Llc. from Eastern Europe segment, borrowed from its minor shareholder JSC Karelsky and with maturity on May 2019 was fully paid (Note 31.1).

The breakdown of expected maturities for borrowings with related parties is as follows (Note 31.1):

	Thousands of euros						
Description	2019	2020	2021	2022	Beyond	Total 2017	Total 2016
Loans	22,767	—	—	10,286	—	33,053	42,420
North America	18,197	—	—	—	—	18,197	20,771
Eastern Europe	4,570	—	—	10,286	—	14,856	21,649
Fixed assets suppliers	1,110	1,183	1,260	1,343	19,360	24,256	25,298
Western Europe	1,110	1,183	1,260	1,343	19,360	24,256	25,298

The breakdown of maturity dates for the balances at December 31, 2016 is as follows:

Thousands of euros					
2016					
2018	2019	2020	2021	Beyond	Total
21,813	12,555	1,183	1,260	30,907	67,718

Interest rates of loans granted by related parties are at market value.

22. Non-trade liabilities (Continued)

c.3) Other liabilities

Other non-current liabilities

The breakdown of the amounts included under this heading, by nature and maturity, at December 31, 2017 and December 31, 2016 is as follows:

	Thousands of euros						
Description	**2019**	**2020**	**2021**	**2022**	**Beyond**	**Total 2017**	**Total 2016**
Loans from Ministry of Science and Technology	9,715	5,811	5,375	4,863	8,419	34,183	34,991

The detail of these amounts corresponds to companies included in the Western Europe segment.

The breakdown of maturity dates for the balances at December 31, 2016 is as follows:

Thousands of euros 2016					
2018	**2019**	**2020**	**2021**	**Beyond**	**Total**
6,316	5,920	5,559	5,007	12,189	34,991

d) Other non-trade liabilities

The breakdown of the amounts included under this heading by maturity and segment at September 30, 2017 and December 31, 2016 is as follows:

	Thousands of euros						
Description	**2019**	**2020**	**2021**	**2022**	**Beyond**	**Total 2017**	**Total 2016**
Guarantees received	6	—	—	—	392	398	392
Western Europe	6	—	—	—	391	397	390
Mercosur	—	—	—	—	1	1	2
Fixed assets suppliers	—	—	—	—	—	—	510
Western Europe	—					—	138
Mercosur	—	—	—	—	—	—	372
Other creditors	1,519	1,289	3,542	1,858	987	9,195	9,456
Western Europe	1,496	1,285	3,542	1,617	987	8,927	6,780
Eastern Europe	—	—	—	241	—	241	2,303
Mercosur	23	4	—	—	—	27	373
Total	**1,525**	**1,289**	**3,542**	**1,858**	**1,379**	**9,593**	**10,358**

The breakdown of maturity dates for the balances at December 31, 2016 is as follows:

Thousands of euros 2016					
2018	**2019**	**2020**	**2021**	**Beyond**	**Total**
5,857	1,200	810	957	1,534	10,358

22. Non-trade liabilities (Continued)

Other current liabilities

The amounts included under this heading by nature are as follows:

Item	Thousands of euros 2017	2016
Fixed assets suppliers	99,277	182,953
Other suppliers (Note 31.1)	1,311	1,050
Dividends (Note 31.1)	5	848
Short term debts	29,284	29,156
Put Option	—	76,900
Short term interests payable	66	16
Deposits and guarantees	294	140
Others	(284)	(243)
Total	**129,953**	**290,820**

On December 23, 2016 the Parent Company granted a Put Option to Mitsui & Co. Ltd. for 10% of the shares in certain subsidiaries. The Put Option was valued according to the calculation method established in the contract, based on a multiplier of EBITDA generated in 2016 by the subsidiaries included in the put option. This option would be exercisable within 45 days after the notification to Mitsui & Co. Ltd. of the intention to start a process for admission to official listing in the Madrid Stock Exchange.

On February 24, 2017 Mitsui & Co. Ltd notified irrevocably that the Put Option will not be exercised, and consequently the recognition of this option was cancelled. This implied a debt withdrawal for 76,900 thousand euros, as specified in the previous paragraph, a restitution of its effect on non-controlling interest for 80,947 thousand euros (Note 18), and the retrocession of the effect of this operation in reserves at fully consolidated companies for 4,047 thousand euros (Note 16).

23. Deferred Taxes

The changes in deferred tax assets and liabilities were as follows:

	Thousands of euros						
Deferred tax assets	**Tax credits**	**Reversal of start-up expenses**	**Non-deductible provisions**	**Accelerated depreciation**	**Unrealized, non-deductible exchange gains (losses)**	**Other**	**Total**
At December 31, 2015	**150,277**	**79**	**48,275**	**5,438**	**4,349**	**62,359**	**270,777**
Inclusion in scope	—	—	—	—	—	—	—
Increases	19,248	—	7,081	1,565	1,566	19,689	49,149
Decreases	(38,691)	(72)	(12,743)	(123)	(6,061)	(15,842)	(73,532)
Translation differences	2,836	(6)	677	(228)	623	(2,332)	1,570
Other	22,150	—	(9,320)	558	6,917	5,170	25,475
At December 31, 2016	**155,820**	**1**	**33,970**	**7,210**	**7,394**	**69,044**	**273,439**
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)
At December 31, 2017	**141,792**	**—**	**36,142**	**7,478**	**7,342**	**73,045**	**265,799**

Other regarding Tax credits: The 22,150 thousand euros amount in 2016 mainly corresponded to the recognition of tax credits due to negative tax bases and incentives from previous years. In 2017 the (27,316) thousand euros amount under this heading mainly correspond to the effect of the recalculation of deferred tax from Gestamp North America and subsidiaries fiscal group as result of the change in tax rate from 35%

23. Deferred Taxes (Continued)

to 21% for 2018 and onward, being considered an estimated application period of 5 years regarding those tax credits for USA based companies.

Increases in Other amounting to 19,689 thousand euros in 2016 mainly corresponded to the tax effect of hedges from the Parent Company as well as to non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o. The amount of 26,534 thousand euros in 2017 mainly correspond to the tax effect of non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o.

Decreases in Other amounting to 15,842 thousand euros in 2016 and 15,616 thousand euros in 2017, mainly correspond to the reversal of non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o. from previous years. Additionally, in 2017 this figure also includes the tax effect of hedges from the Parent Company.

	Thousands of euros						
Deferred tax liabilities	**Tax deduction-goodwill individual companies**	**Capitalization of expenses**	**Allocation to goodwill**	**Revaluation of land and buildings**	**Depreciation/ amortization**	**Other**	**Total**
At December 31, 2015	**8,130**	**49,452**	**28,841**	**50,739**	**76,604**	**11,778**	**225,544**
Inclusion in scope							—
Increases	716	11,625	—	286	1,437	20,433	34,497
Decreases	(633)	(5,755)	(3,645)	(1,576)	(4,677)	—	(16,286)
Translation differences		(634)	446	142	1,909	(902)	961
Other	133	(103)		1,246	(3,195)	(18)	(6,262)
At December 31, 2016	**8,346**	**54,585**	**25,642**	**50,837**	**72,078**	**31,291**	**238,454**
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)
At December 31, 2017	**9,735**	**58,053**	**24,135**	**49,480**	**50,289**	**30,077**	**217,444**

Other regarding Depreciation/Amortization: The amount of (19,192) thousand euros in 2017 mainly correspond to the effect of the recalculation of deferred tax from Gestamp North America and subsidiaries fiscal group as result of the change in tax rate from 35% to 21% for 2018 and onward.

Increases in Other: The amount of 20,433 thousand euros in 2016 mainly corresponded to the tax effect of the retrocession in consolidation process of the hedges registered as inefficient by the Parent Company and considered efficient at Group level.

Translation differences generated in 2017 and 2016 amounting to (597) thousand euros and 609 thousand euros respectively mainly corresponded to the application of different exchange rates each year (Note 28).

24. Trade and other payables

a) Trade payables

	Thousands of euros	
	2017	2016
Trade accounts payable	1,057,690	978,617
Trade bills payable	138,259	147,166
Suppliers from related parties (Note 31.1)	317,054	226,348
Trade creditors, related parties (Note 31.1)	80	4,013
Total	**1,513,083**	**1,356,144**

b) Other payables

	Thousands of euros	
	2017	2016
VAT payable	81,225	60,682
Tax withholdings payable	15,312	12,910
Other items payable to the tax authorities	17,242	18,101
Payable to social security	31,661	28,124
Other payables	8,712	14,918
Outstanding remuneration	120,933	109,819
Total	**275,085**	**244,554**

25. Operating revenue

a) Revenue

The breakdown of revenue by category in 2017 and 2016 is as follows:

	Thousands of euros	
	2017	2016
Parts, prototypes and components	7,166,134	6,767,411
Tools	746,366	579,167
Byproducts and containers	272,589	194,163
Services rendered	16,482	8,197
Total	**8,201,571**	**7,548,938**

25. Operating revenue (Continued)

The geographical breakdown of revenue was as follows:

	Thousands of euros		
	2017	2016	% variat.
Western Europe	**4,011,171**	**3,704,114**	**8.3%**
Spain	1,448,269	1,320,922	**9.6%**
Germany	1,158,328	1,044,527	**10.9%**
United Kingdom	636,405	670,805	**−5.1%**
France	501,413	434,989	**15.3%**
Portugal	198,359	159,911	**24.0%**
Sweden	68,397	72,960	**−6.3%**
Eastern Europe	**1,043,441**	**859,489**	**21.4%**
Turkey	322,297	272,037	**18.5%**
Czech Republic	185,295	167,687	**10.5%**
Russia	113,752	107,623	**5.7%**
Poland	307,889	256,290	**20.1%**
Hungary	66,973	50,584	**32.4%**
Slovakia	11,523	5,268	**118.7%**
Romania	35,712	—	
Mercosur	**562,316**	**401,365**	**40.1%**
Brazil	346,256	245,709	**40.9%**
Argentina	216,060	155,656	**38.8%**
North America	**1,482,798**	**1,546,104**	**−4.1%**
USA	1,012,337	1,153,802	**−12.3%**
Mexico	470,461	392,302	**19.9%**
Asia	**1,101,845**	**1,037,866**	**6.2%**
China	736,292	719,602	**2.3%**
India	218,602	168,187	**30.0%**
South Korea	133,406	137,844	**−3.2%**
Japan	7,765	7,259	**7.0%**
Thailand	5,505	4,974	**10.7%**
Taiwan	275	—	
	8,201,571	**7,548,938**	**8.6%**

b) Other operating income

	Thousands of euros	
	2017	2016
Other operating income	40,841	23,221
Grants related to income	5,245	3,494
Grants related to assets released to income for the year (Note 19)	4,918	6,218
Surplus provision for environmental matters and other commitments	4,462	4,261
Own work capitalized	128,094	93,383
Others	13,632	994
Profit (loss) from PP&E disposals	5,981	—
Adjustments from prior years	(1,688)	—
Other	9,339	994
Total	**197,192**	**131,571**

Other operating income in 2017 and 2016 mainly include third party billing for transactions different from the main activity of the companies.

26. Operating expenses

a) Raw materials and other consumables

	Thousands of euros	
	2017	2016
Purchases of goods for resale and tools	605,254	860,423
Discounts for prompt payment	(1,825)	(1,769)
Purchase returns and similar transactions	2,865	(663)
Volume discounts	(11,804)	(8,240)
Change in inventories(**)	(55,744)	(32,136)
Purchases of raw materials	3,221,954	2,666,535
Consumption of other supplies	743,511	668,011
Work performed by third parties	362,974	354,606
Impairment of goods for resale and raw materials(**)	19,248	5,054
Reversal of impairment of goods for resale and raw materials(**)	(4,307)	(2,079)
Total	**4,882,126**	**4,509,742**

(**) The total of these line items amounts to a net consumption of raw materials of 40,803 thousand euros (Note 13).

b) Personnel expenses

The breakdown of "Personnel expenses" in the Consolidated Income Statement is as follows:

	Thousands of euros	
	2017	2016
Salaries	1,142,532	1,043,824
Social security	247,461	225,570
Other benefits expenses	102,853	97,490
Total	**1,492,846**	**1,366,884**

Other benefit expenses include the contributions to defined contribution plans amounting to 5.5 million euros in 2017 (2016: 6.1 million euros) (Note 6.16).

The breakdown of average headcount by professional level in 2017 and 2016 is as follows:

Professional level	2017	2016
Production workers	20,135	18,399
Maintenance	5,087	5,009
Logistic	3,935	3,665
Engineering	2,814	2,646
Quality	2,857	2,765
Administration, finance and IT	3,984	3,733
Total	**38,812**	**36,217**

26. Operating expenses (Continued)

The breakdown of headcount by professional level at year end at December 31, 2017 and December 31, 2016 is as follows:

	2017		2016	
Professional level	**Males**	**Females**	**Males**	**Females**
Production workers	17,699	3,429	16,856	2,012
Maintenance	5,423	93	4,792	63
Logistic	3,711	487	3,265	309
Engineering	2,567	347	2,437	235
Quality	2,593	518	2,301	424
Administration, finance and IT	2,406	1,775	2,364	1,337
Total	**34,399**	**6,649**	**32,015**	**4,380**

c) Other operating expenses

	Thousands of euros	
	2017	2016
Maintenance and upkeep	649,319	576,494
Other external services	438,619	334,783
Taxes and levies	35,830	34,302
Impairment of accounts receivable (Note 14.a)	805	4,080
Others	1,110	6,504
Provision for risks and expenses	1,110	5,217
Increase/ Application of provisions (Note 20)	—	(2,090)
Adjustments prior years	—	5,567
Other	—	(2,190)
Total	**1,125,683**	**956,163**

27. Financial income and financial expenses

a) Financial income

	Thousands of euros	
	2017	2016
From equity investments	1	1
From current loans to third parties	—	3
Other financial income	8,519	4,839
From current loans to related parties (Note 31.1)	102	432
From non-current loans to third parties	378	—
Total	**9,000**	**5,275**

27. Financial income and financial expenses (Continued)

b) Financial expenses

	Thousands of euros	
	2017	2016
On bank borrowings	73,339	78,701
On trade bills with credit institutions	5,153	3,444
Other financial expenses	18,714	10,635
On update provisions	102	45
On borrowings from related parties (Note 31.1)	4,445	5,933
Total	**101,753**	**98,758**

28. 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, Llc., Gestamp Mason, Llc., Gestamp Chattanooga, Llc., Gestamp Chattanooga II Llc., Gestamp South Carolina, Llc., Gestamp West Virginia, Llc. and Gestamp Washtenaw Llc. file a tax return according to fiscal transparency system.
- The subsidiaries Griwe Innovative Umfortechnik, 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 2017 and 2016, in thousands of euros, is as follows:

	Thousands of euros	
	2017	2016
Current tax expense	89,974	78,900
Deferred tax	(7,872)	9,940
Other income tax adjustments	—	100
Total	**82,102**	**88,940**

28. Income tax (Continued)

The reconciliation between the deferred tax expense in 2017 (income in 2016) and the net variation of deferred tax assets and liabilities is as follows:

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2017	2016	2017	2016
Balance (Note 23)	265,799	273,439	217,444	238,454
Variation current year	*(7,640)*	*2,662*	*(21,010)*	*12,910*
Net variation (Increase / decrease in net deferred asset)	*13,370*	*(10,248)*		
Translation differences (Note 23)	597	(609)		
Tax effect of hedges registered in Equity (Note 22.b.1))	2,437	(1,023)		
Other variations	(1,025)	1,940		
Increase / decrease in net deferred asset against profit for the year	*15,379*	*(9,940)*		
Income /expense for deferred tax current year	(7,872)	9,940		

Tax expense was calculated based on accounting profit before taxes, as shown below:

	Thousands of euros	
	2017	2016
Accounting profit (before taxes)	**370,179**	**348,081**
Theoretical tax expense	103,650	97,463
Differences in prevailing rates	(15,125)	(4,792)
Permanent differences	2,394	4,649
Deductions and tax credits previously not recognized	(27,126)	(27,579)
Statute-barred tax credits	18,733	13,474
Adjustments to income tax of prior years	(3,576)	5,765
Adjustments to tax rate	3,152	(40)
Tax expense (tax income)	**82,102**	**88,940**

The theoretical tax rate applied was 28% in 2017 and 2016.

In 2017, the total amount booked under the headings “Theoretical tax expense”, “Differences in prevailing rates” and “Adjustments to tax rate” amounted to 91.7 million euros that resulted in a tax effective rate of 24.8% (2016: 26.6%).

“Differences in prevailing rates” in 2017 and 2016 reflected the differences between prevailing rates in certain operating markets and the theoretical applicable rate, mainly relating to operations taxed in the United States (35%) and Spain (Common territory 25%).

The Permanent differences in 2017 and 2016 reflected mainly inflation adjustments, exemption of income from brand billing, nondeductible differences in exchange rates, nondeductible expenses, and those differences permanent differences generated in the consolidation process.

Adjustments to tax rate in 2017 mainly include the effect of the recalculation of deferred tax from Gestamp North America and subsidiaries fiscal group as result of the change in tax rate from 35% to 21% for 2018 and onward.

28. Income tax (Continued)

The balances converted to euros of tax bases pending to be offset and unused tax incentives in other currencies, calculated at the exchange rates prevailing on that date, at December 31, 2017 and 2016 are the following:

	Millions of euros					
	2017			2016		
	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	307	721	**1,028**	309	605	**914**
Tax credit	94	192	***286***	97	159	***256***
Unused tax incentives	48	115	**163**	59	101	**160**
Tax credit	48	115	***163***	59	101	***160***
Total Tax credit registered (Note 23)	***142***			***156***		

At year end 2017 and 2016, the Group had capitalized unused negative bases and tax incentives that it expects to be able to utilize in future periods based on earnings projections and the deadlines and limits for their utilization.

The analysis on recoverability of tax credits is based on estimated future profits for each company. Such recoverability ultimately depends on the capacity of each company to generate taxable profits along the period where deferred tax assets are deductible.

The analysis on recoverability is elaborated according to the life-time of tax credits with a maximum of 10 years and to the current application conditions for such tax credits, especially the limits of application for negative tax bases.

The unused tax losses and unused tax incentives at December 31, 2017 and 2016 whose corresponding tax credit has been registered have the following breakdown by prescription date:

	2017	
	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
Total	**307**	**48**

	2016	
	Millions of euros	
Range of maturity	Negative Tax Bases	Tax incentives
2017–2022	59	1
2023–2028	62	31
2029–2035	46	26
Without limit	142	1
Total	**309**	**59**

28. Income tax (Continued)

The unused tax losses and unused tax incentives at December 31, 2017 and 2016 whose corresponding tax credit has not been registered have the following breakdown by prescription date:

	2017	
	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	—
Total	**721**	**115**

	2016	
	Millions of euros	
Range of maturity	Negative Tax Bases	Tax incentives
2017–2022	107	7
2023–2028	71	63
2029–2035	40	30
Without limit	387	1
Total	**605**	**101**

The majority of Group companies are open to inspection of all taxes to which they are liable and for the full statute of limitations period (4 years from filing date for all Spanish companies except for those with registered offices in the Basque Country for which the period is three years, and five years, as a rule, for companies based abroad), or since the date of incorporation, if more recent.

Management of the Parent Company and its subsidiaries calculated income tax for 2017 and the years open for inspection according to the legislation prevailing in each year. Given that the prevailing tax regulations related to the above mentioned matters are subject to varying interpretations, certain tax liabilities and contingencies may exist for 2017 and previous years that cannot be objectively quantified. However, the Group's directors and their legal and tax advisors consider that any potential tax liability which might arise would not significantly affect the accompanying Consolidated Financial Statements.

29. 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 and the weighted average number of ordinary shares outstanding by all the dilutive effects inherent to potential ordinary shares.

29. Earnings per share (Continued)

Basic and diluted earnings per share for 2017 and 2016 are as follows:

	2017	2016(*)
Profit attributable to equity holders of the parent company (Thousands of euros)	239,692	221,354
Weighted average number of ordinary shares outstanding (Thousands of shares)	575,514	575,514
Basic earnings per share from continuing operations (Euros per share)	0.42	0.38
Basic earnings per share from continuing operations (Euros per share)	0.42	0.38

(*) On March 2017 the Parent Company splitted the number of shares in the proportion of 120 new shares for every former one (Note 15). To make both exercises comparable, 2016 figures assumption is that operation also occurred in 2016.

30. Commitments

The Group is lessee of buildings, warehouses, machinery and vehicles. The lease expenses charged as at December 31, 2017 in the Consolidated Income Statement amount to 116,511 thousand euros (December 31, 2016: 99,643 thousand euros) and the breakdown by segment is as follows:

	Thousands of euros	
	2017	2016
Western Europe	63,123	59,421
Eastern Europe	11,613	10,147
Mercosur	3,518	2,998
North America	29,598	18,920
Asia	8,659	8,157
Total	**116,511**	**99,643**

Total future minimum payments for non-cancellable operating lease contracts as at December 31, 2017 and December 31, 2016 by segment are as follows:

	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Western Europe	46,327	84,777	90,588
Eastern Europe	2,756	11,378	1,662
Mercosur	3,384	1,185	—
North America	32,045	113,573	98,510
Asia	5,349	4,438	1,159
Total 2017	**89,861**	**215,351**	**191,919**

	Thousands of euros		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Total 2016	**85,872**	**241,645**	**158,004**

The increase in future minimum payments from 2016 to 2017 mainly corresponded to the renegotiation of already existing agreements and to the signature of new agreements (mainly related to property, plant and equipment) in companies belonging to the Western Europe and North America segments.

30. Commitments (Continued)

The commitments acquired by Group companies relating to the acquisition of fixed assets amounted to 1,021 million euros at December 31, 2017. Of those, 16% referred to orders from 2015, 43% from 2016 and 41% from 2017. It is likely that the execution of these orders will be from 2018 to 2020.

Additionally, the commitments acquired at December 31, 2016 amounted to 895 million euros. These commitments mainly refer to projects from new plants for manufacturing parts already nominated by customers to our Group.

The Group has no guarantees granted to third parties. The guarantees received from financial entities by the Group and presented to third parties at December 31, 2017 amounted to 126 million euros (2016: 305 million euros).

31. Related party transactions

31.1 Balances and transactions with Related Parties

At December 31, 2017 and December 31, 2016 the amounts payable to and receivable from Related Parties and transactions carried out with Related Parties were as follows:

	Thousands of euros	
	2017	2016
Receibables / Payables	(323,591)	(259,477)
Revenue		
Sales of goods	(248,965)	(165,665)
Services rendered	(4,330)	(5,377)
Financial income	(102)	(432)
Expenses		
Purchases	1,227,416	986,803
Services received	53,354	11,046
Financial expenses	4,445	5,933

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.

The sale operations included in the following Related Parties transactions tables mainly correspond to sales of subproducts, and the most significant acquisition transactions correspond to steel supply and die cutting and steel cutting services.

There are no acquisition commitments with related parties no related to the usual productive activity of the Group.

31. Related party transactions (Continued)

The breakdown of receivables from and payables to Related Parties at December 31, 2017 is as follows:

Balance at December 31, 2017

Company	Thousands of euros
Shareholders	
Mitsui &Co., Ltd	(18,197)
JSC Karelsky Okatysh	(14,856)
Total non-current loans (Note 22.c.2)	**(33,053)**
Associates	
Esymo Metal, S.L.	320
Gestión Global de Matriceria, S.L	21,400
Total Current Loans	**21,720**
Associates	
Esymo Metal, S.L.	1
Gestión Global de Matriceria, S.L	4
Total interest receivable	**5**
Related parties	
Gescrap Centro, S.L	1,416
Gescrap France S.A.R.L.	953
Gescrap Navarra, S.L.	345
Gescrap Polska, SP, ZOO	2,289
Gescrap Desarrollo S.L.U.	1,236
Gescrap Bilbao, S.L.	4,697
Gescrap Aragón, S.L.	62
Gescrap Autometal Mexico S.A. de C.V.	913
Gescrap Czech S.R.O.	66
Gescrap Rusia, Ltd.	285
Gescrap Autometal Comercio de Sucatas S.A.	843
Gestamp Solar Steel, S,L.	46
Gescrap GmbH	4,143
Gescrap Noroeste, S.L.U.	661
GES Recycling USA Llc.	2,290
Gonvarri Galicia, SA	1,936
Gonvarri I. Centro Servicios, S.L.	1,198
Gonvarri Industrial, S.A.	(79)
Gonvauto Navarra, SA	584
Gonvauto Puebla S.A. de C.V.	117
Gonvauto Thuringen, GMBH	1,244
Gonvauto, SA	958
Steel & Alloy Ltd	612
Others	154
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	395
Esymo Metal, S.L.	26
GGM Puebla, S.A. de C.V.	3,183
Gestión Global de Matriceria, S.L	4
Global Laser Araba, S.L.	53
Gonvvama, Ltd.	278
Hierros y Aplanaciones, S.A.	66
Ingeniería y Construcción Matrices, S.A.	871
IxCxT, S.A.	103

31. Related party transactions (Continued)

Company	Thousands of euros
Total Trade receivables from related parties (Note 14.a)	**31,948**
Related parties	
Gescrap Bilbao, S.L.	(93)
Total current loans (Note 22.c.2)	**(93)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,042)
Associates	
GGM Puebla, S.A. de C.V.	(269)
Total Other current suppliers (Note 22.d)	**(1,311)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,244)
JSC Karelsky Okatysh	(518)
Mitsui &Co., Ltd	(94)
Related parties	
Gonvarri I. Centro Servicios, S.L.	(36)
Total interest payable (Note 22.c.2)	**(1,892)**
Associates	
Esymo Metal, S.L.	480
Total Non-current Loans	**480**
Others shareholders	(5)
Total Dividends payable (Note 22.d)	**(5)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(945)
Related parties	
Gonvarri Argentina S.A.	(8,169)
Gonvarri Galicia, SA	(38,595)
Gonvarri I. Centro Servicios, S.L.	(92,445)
Severstal Gonvarri Kaluga, LLC	(5,300)
Gonvarri Polska, SP, ZOO.	(13,715)
Gonvarri Ptos. Siderúrgicos, SA	(20,668)
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	(9,093)
Gonvauto Asturias S.L.	(2,928)
Dongguan Gonvarri Center, LTD.	(6,749)
Gonvauto Navarra, SA	(3,949)
Gonvauto Puebla S.A. de C.V.	(28,165)
Gonvauto Thuringen, GMBH	(11,074)
Gonvauto, SA	(27,410)
Gonvauto South Carolina LLC	(8,314)
Ind. Ferrodistribuidora, S.L.	(1,786)
Láser Automotive Barcelona S.L.	(1,267)
Bursa Celik Sigorta Aracilik Hizma. A.S.	(37)
Gonvarri Czech S.R.O.	(323)
Steel & Alloy Ltd	(21,380)
Inmobiliaria Acek,S.L.	(132)
Arcelor Group	(4,162)
Others	(71)
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	(2,566)
Esymo Metal, S.L.	(1,690)
GGM Puebla, S.A. de C.V.	(3,939)

31. Related party transactions (Continued)

Company	Thousands of euros
Gestión Global de Matriceria, S.L	(330)
Global Laser Araba, S.L.	(662)
Ingeniería y Construcción Matrices, S.A.	(955)
IxCxT, S.A.	(235)
Total Suppliers from related parties (Note 24.a)	**(317,054)**
Related parties	
Gestamp Solar Steel, S,L.	(80)
Total Trade creditors, related parties (Note 24.a)	**(80)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(24,256)
Total non-current Fixed assets suppliers (Note 22.c.2)	**(24,256)**
Total balances receivable / payable	**(323,591)**

The breakdown of receivables from and payables to Related Parties at December 31, 2016 is as follows:

Balance at December 31, 2016

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(31)
Total payable Current account (Note 22.c.2)	**(31)**
Shareholders	
Mitsui &Co., Ltd	(20,771)
JSC Karelsky Okatysh	(21,649)
Total non-current loans (Note 22.c.2)	**(42,420)**
Associates	
Esymo Metal, S.L.	320
Essa Palau, S.A.	1,745
Gestión Global de Matriceria, S.L	8,400
Total Current Loans	**10,465**
Associates	
Esymo Metal, S.L.	1
Gestión Global de Matriceria, S.L	2
Total interest receivable	**3**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	406
Related parties	
Gescrap Centro, S.L	1,571
Gescrap France S.A.R.L.	91
Gescrap Navarra, S.L.	86
Gescrap Polska, SP, ZOO	258
Gescrap, S.L.	803
Gescrap Hungría KFT	306
Gescrap Autometal Mexico S.A. de C.V.	96
Gescrap Czech S.R.O.	42
Gescrap Autometal Comercio de Sucatas S.A.	1,141
GES Recycling Ltd.	5
Gescrap GmbH	1,454
Gescrap Noroeste, S.L.U.	26

31. Related party transactions (Continued)

Company	Thousands of euros
Gescrap Kaluga Llc.	257
GES Recycling USA Llc.	852
Gonvarri Galicia, SA	1,225
Gonvarri I. Centro Servicios, S.L.	264
Gonvarri MS Corporate S.L.	46
Gonvauto Navarra, SA	432
Gonvauto Puebla S.A. de C.V.	3
Gonvauto Thuringen, GMBH	3,147
Gonvauto, SA	3,199
Gonvarri Corporación Financiera, S.L.	(369)
Gonvarri Polska, SP, ZOO.	5
Steel & Alloy Ltd	362
Ind. Ferrodistribuidora, S.L.	56
Gestamp Energías Renovables S.L.	501
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	8,166
Essa Palau, S.A.	1,647
Esymo Metal, S.L.	26
GGM Puebla, S.A. de C.V.	2,736
Gestión Global de Matriceria, S.L	77
Ingeniería y Construcción Matrices, S.A.	2,540
IxCxT, S.A.	135
Jui Li Edscha Body System Co Ltd	3
Jui Li Edscha Hainan Co Ltd	81
Total Trade receivables from related parties (Note 14.a)	**31,676**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,292)
JSC Karelsky Okatysh	(1,085)
Related parties	
Gonvarri I. Centro Servicios, S.L.	(36)
Total interest payable (Note 22.c.2)	**(2,413)**
Associates	
Esymo Metal, S.L.	800
Total Non-current Loans	**800**
Shareholders	
Mitsui &Co., Ltd	(842)
Otros socios	(6)
Total Dividends payable (Note 22.d)	**(848)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(101)
Related parties	
Agricola La Veguilla, S.A.	(18)
Gescrap Navarra, S.L.	(2)
Gescrap Polska SPZOO	(16)
Gescrap France S.A.R.L.	2
Gonvarri Argentina S.A.	(7,903)
Gonvarri Galicia, SA	(31,988)
Gonvarri Corporación Financiera, S.L.	(62)
Gonvarri I. Centro Servicios, S.L.	(53,865)
Gonvarri Polska, SP, ZOO.	(23,714)

31. Related party transactions (Continued)

Company	Thousands of euros
Gonvarri Ptos. Siderúrgicos, SA	(11,700)
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	(2,341)
Gonvauto Asturias S.L.	(1,608)
Gonvauto Navarra, SA	(3,072)
Gonvauto Puebla S.A. de C.V.	(16,946)
Gonvauto Thuringen, GMBH	(7,590)
Gonvauto, SA	(30,220)
Gonvauto South Carolina LLC	(1,160)
Severstal Gonvarri Kaluga, LLC	(135)
Ind. Ferrodistribuidora, S.L.	(504)
Láser Automotive Barcelona S.L.	(629)
Gonvarri Czech S.R.O.	(771)
Steel & Alloy Ltd	(12,143)
Láser Automotive Gmbh	(205)
Inmobiliaria Acek,S.L.	(359)
Arcelor Group	(1,991)
Associates	
Essa Palau, S.A.	(8,365)
Esymo Metal, S.L.	(2,306)
GGM Puebla, S.A. de C.V.	(4,385)
Gestión Global de Matriceria, S.L	(444)
Ingeniería y Construcción Matrices, S.A.	(1,413)
IxCxT, S.A.	(394)
Total Suppliers from related parties (Note 24.a)	**(226,348)**
Related parties	
Severstal Gonvarri Kaluga, LLC	(4,002)
Associates	
Gestión Global de Matriceria, S.L	(11)
Total Trade creditors, related parties (Note 24.a)	**(4,013)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(25,298)
Total non-current fixed assets suppliers (Note 22.c.2)	**(25,298)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(978)
Associates	
Esymo Metal, S.L.	(72)
Total Other current suppliers (Note 22.d)	**(1,050)**
Total balances receivable / payable	**(259,477)**

31. Related party transactions (Continued)

The breakdown of transactions carried out with Related Parties as at December 31, 2017 has been as follows:

December 31, 2017

Company	Thousands of euros
Related parties	
Gescrap Autometal Comercio de Sucata S.A.	(11,206)
Gescrap Autometal México, S.A. de C.V.	(19,624)
Gescrap Centro, S.L	(3,851)
Gescrap France S.A.R.L.	(18,074)
Gescrap Navarra, S.L.	(5,507)
Gescrap Polska SP, ZOO.	(14,038)
Gescrap Czech S.R.O.	(806)
GES Recycling Ltd.	(16,460)
Gescrap RUS Llc.	(3,045)
Gescrap GmbH	(33,453)
Gescrap Hungaria	(2,419)
Gescrap Noroeste, S.L.U.	(3,958)
Gescrap Bilbao, S.L.	(32,079)
Gescrap Aragón, S.L.	(576)
GES Recycling USA Llc.	(24,173)
Gonvarri Galicia, S.A.	(7,639)
Gonvarri I. Centro Servicios, S.L.	(1,518)
Gonvauto Navarra, SA	(2,852)
Gonvauto Puebla S.A. de C.V.	(232)
Hierros y Aplanaciones, S.A.	(54)
Ind. Ferrodistribuidora, S.L.	(300)
Gonvauto, SA	(23,342)
Gonvauto Thuringen, GMBH	(7,093)
Gonvarri Polska, SP, ZOO.	(10)
Gonvarri Ptos. Siderúrgicos, SA	(4)
Severstal Gonvarri Kaluga, LLC	(53)
Arcelor Group	(109)
Others	(6)
Associates	
Ingeniería y Construcción Matrices, S.A.	(927)
Gestamp Tooling Manufacturing Kunshan Co Ltd	(11,990)
GGM Puebla, S.A de C.V	(46)
Gestion Global de Matriceria, S.L	(10)
Global Laser Araba, S.L.	(3,511)
Total Sales	**(248,965)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(793)
Related parties	
Gonvarri Polska, SP, ZOO.	(97)
Gonvauto Thuringen, GMBH	(62)
Gescrap Polska SP, ZOO.	(57)
Gescrap RUS Llc.	(7)
Gescrap Hungary, Kft.	(52)
Arcelor Group	(20)
Others	(33)
Associates	
Ingeniería y Construcción Matrices, S.A.	(728)

31. Related party transactions (Continued)

Company	Thousands of euros
IxCxT, S.A	(237)
IxCxT, S.A	(131)
GGM Puebla, S.A de C.V	(1,223)
Gestamp Tooling Manufacturing Kunshan Co Ltd	(393)
Global Laser Araba, S.L.	(228)
Gonvvama, Ltd.	(269)
Total Services rendered	**(4,330)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(2)
Associates	
Esymo Metal, S.L.	(12)
Gestion Global de Matriceria, S.L	(88)
Total Financial income (Note 27.a)	**(102)**
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	47,287
Gonvauto Asturias	14,685
Gonvarri Argentina S.A.	59,862
Gonvarri Galicia, SA	93,151
Gonvarri I. Centro Servicios, S.L.	294,165
Gonvarri Polska, SP, ZOO.	103,279
Gonvarri Ptos. Siderúrgicos, SA	43,061
Gonvauto Navarra, SA	10,372
Gonvauto Puebla S.A. de C.V.	106,017
Gonvauto Thuringen, GMBH	55,393
Gonvauto, SA	91,688
Ind. Ferrodistribuidora, S.L.	4,801
Severstal Gonvarri Kaluga, LLC	46,679
Steel & Alloy	95,681
Gonvauto South Carolina Llc.	24,566
Laser Automotive Barcelona, S.L.	54
Gonvarri Corporación Financiera, S.L.	34
Dongguan Gonvarri Center Ltd.	37,069
Arcelor Group	94,091
Others	3
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	629
GGM Puebla, S.A de C.V	4,061
Global Laser Araba, S.L.	25
Esymo Metal, S.L.	763
Total Purchases	**1,227,416**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	4,890
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	3,203
Gescrap GmbH	298
Gescrap Polska SP, ZOO.	366
Gonvarri Polska, SP, ZOO.	299
Gonvarri Ptos. Siderúrgicos, SA	263
Gonvarri I. Centro Servicios, S.L.	156
Gonvauto Puebla S.A. de C.V.	358
Gonvauto, SA	51
Gonvauto Navarra, SA	129

31. Related party transactions (Continued)

Company	Thousands of euros
Gonvauto South Carolina Llc.	7,182
Laser Automotive Barcelona, S.L.	2,976
Gonvarri Czech	2,754
Dongguan Gonvarri Center Ltd.	27
Inmobiliaria Acek, S.L.	2,043
Others	105
Associates	
Air Executive, S.L.	1,275
Ingeniería y Construcción Matrices, S.A.	6,338
IxCxT, S.A	1,848
Gestamp Tooling Manufacturing Kunshan Co Ltd	3,872
Esymo Metal, S.L.	2,879
Gestión Global de Matricería, S.L.	2,409
Global Laser Araba, S.L.	2,787
GGM Puebla, S.A de C.V	6,846
Total Services received	**53,354**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	1,677
Mitsui & Co	498
JSC Karelsky Okatysh	1,673
Related parties	
Gonvarri Galicia, SA	46
Gonvarri I. Centro Servicios, S.L.	164
Gonvarri Ptos. Siderúrgicos, SA	8
Gonvauto Navarra, SA	8
Gonvauto, SA	180
Gonvauto Puebla S.A. de C.V.	185
Others	6
Total Financial expenses (Note 27.b)	**4,445**

The breakdown of transactions carried out with Related Parties as at December 31, 2016 has been as follows:

December 31, 2016

Company	Thousands of euros
Related parties	
Gescrap Autometal Comercio de Sucata S.A.	(7,625)
Gescrap S.L.	(29,419)
Gescrap Centro, S.L	(2,522)
Gescrap France S.A.R.L.	(12,412)
Gescrap Navarra, S.L.	(3,987)
Gescrap Polska SPZOO	(6,947)
Gescrap Czech S.R.O.	(482)
Gescrap Hungría KFT	(1,372)
GES Recycling Ltd.	(1,291)
Gescrap GmbH	(6,701)
Gescrap Noroeste S.L.U.	(2,411)
Gescrap Kaluga Llc.	(2,234)
Gescrap Autometal México, S.A. de C.V.	(11,621)
GES Recycling USA Llc.	(8,486)

31. Related party transactions (Continued)

Company	Thousands of euros
Gonvarri Galicia, SA	(6,194)
Gonvarri I. Centro Servicios, S.L.	(1,385)
Gonvauto Navarra, SA	(3,079)
Gonvauto Puebla S.A. de C.V.	(356)
Gonvauto, SA	(36,678)
Gonvauto Thuringen, GMBH	(9,729)
Severstal Gonvarri Kaluga, LLC	(84)
Ind. Ferrodistribuidora, S.L.	(46)
Associates	
Ingeniería y Construcción Matrices, S.A.	(830)
Jui Li Edscha Hainan Co. Ltd.	(70)
Essa Palau, S.A.	(6,455)
GGM Puebla, S.A de C.V	(2,599)
Gestión Global de Matricería, S.L.	(650)
Total Sales	**(165,665)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,976)
Related parties	
Gonvarri Polska, SP, ZOO.	(4)
Gonvarri Ptos. Siderúrgicos, SA	(1)
Gonvauto Thuringen, GMBH	(75)
Gonvarri Corporación Financiera, S.L.	(5)
Inmobiliaria Acek, S.L	(12)
Gestamp Energías Renovables S.L.	(414)
Gescrap S.L.	(1)
Gescrap Autometal México, S.A. de C.V.	(41)
Gescrap Autometal México Servicios, S.A. de C.V.	(3)
Gescrap France S.A.R.L.	(37)
Gescrap Polska SPZOO	(65)
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	(126)
Esymo Metal, S.L.	(126)
Ingeniería y Construcción Matrices, S.A.	(745)
IxCxT, S.A	(242)
Jui Li Edscha Body Systems Co. Ltd.	(1)
Jui Li Edscha Hainan Co. Ltd.	(10)
Essa Palau, S.A.	(303)
GGM Puebla, S.A de C.V	(1,170)
Gestión Global de Matricería, S.L.	(20)
Total Services rendered	**(5,377)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(11)
Associates	
Esymo Metal, S.L.	(17)
Essa Palau, S.A.	(302)
Gestión Global de Matricería, S.L.	(102)
Total Financial income (Note 27.a)	**(432)**
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	19,296
Gonvauto Asturias S.L.	10,234
Gonvarri Argentina S.A.	45,414
Gonvarri Galicia, SA	75,030

31. Related party transactions (Continued)

Company	Thousands of euros
Gonvarri I. Centro Servicios, S.L.	198,962
Gonvarri Polska, SP, ZOO.	78,044
Gonvarri Ptos. Siderúrgicos, SA	32,505
Gonvauto Navarra, SA	11,348
Gonvauto Puebla S.A. de C.V.	64,761
Gonvauto Thuringen, GMBH	81,689
Gonvauto, SA	88,158
Hierros y Aplanaciones S.A.	(55)
Ind. Ferrodistribuidora, S.L.	1,824
Severstal Gonvarri Kaluga, LLC	46,888
Steel & Alloy Ltd.	74,521
Gonvauto South Carolina Llc.	8,485
Laser Automotive Barcelona S.L.	2,414
Gonvarri Czech S.R.O.	2,524
Laser Automotive Thuringen GmbH	815
Gonvarri Corporación Financiera, S.L.	82
Grupo Arcelor	57,675
Associates	
Esymo Metal, S.L.	3,358
Jui Li Edscha Body Systems Co. Ltd.	7
Ingeniería y Construcción Matrices, S.A.	7,831
IxCxT, S.A	580
GGM Puebla, S.A de C.V	12,374
Essa Palau, S.A.	62,039
Total Purchases	**986,803**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	3,341
Related parties	
Air Executive, S.L.	1,417
Agricola La Veguilla, S.A.	161
Gescrap S.L.	202
Gescrap Navarra, S.L.	13
Gescrap Polska SPZOO	39
Gonvarri I. Centro Servicios, S.L.	80
Gonvarri Polska, SP, ZOO.	10
Gonvarri Ptos. Siderúrgicos, SA	305
Gonvauto Puebla S.A. de C.V.	114
Gonvauto, SA	11
Gonvarri Corporación Financiera, S.L.	2
Laser Automotive Barcelona S.L.	5
Ind. Ferrodistribuidora, S.L.	2
Gonvauto Asturias S.L.	(1)
Gonvauto South Carolina Llc.	(6)
Gonvarri Galicia, SA	90
Gonvarri Czech S.R.O.	13
Inmobiliaria Acek, S.L	2,095
Associates	
Esymo Metal, S.L.	397
Ingeniería y Construcción Matrices, S.A.	184
IxCxT, S.A	83
Essa Palau, S.A.	(142)
Gestión Global de Matricería, S.L.	2,443

31. Related party transactions (Continued)

Company	Thousands of euros
GGM Puebla, S.A de C.V	188
Total Services received	**11,046**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	1,851
Mitsui & Co	933
JSC Karelsky Okatysh	2,138
Related parties	
Gonvarri Corporación Financiera, S.L.	77
Gonvarri Galicia, SA	247
Gonvarri I. Centro Servicios, S.L.	64
Gonvarri Ptos. Siderúrgicos, SA	83
Gonvauto Navarra, SA	10
Gonvauto, SA	188
Gonvauto Puebla S.A. de C.V.	342
Total Financial expenses (Note 27.b)	**5,933**

31.2 Board of Directors' remuneration

In 2017 Acek, Desarrollo y Gestión Industrial, S.L. had been member of the Board of Directors of certain Group companies from January 1, 2017 to March 23, 2017, receiving a total remuneration of 79 thousand euros (2016: 345 thousand euros) as compensation for membership of the Board. From March 24, 2017 and onward Acek Desarrollo y Gestión Industrial, S.L. was substituted by Gestamp Automoción, S.A. as member of the board of directors in these subsidiaries.

The breakdown of the total remuneration received by the members of the Board of Directors of the Parent Company as a compensation (in thousands of euros) is as follows:

	Thousands of euros
Non-Executive Members	2017
Mr. Alberto Rodríguez Fraile	78,75
Mr. Noboru Katsu	67,5
Mr. Gonzalo Urquijo Fernández de Araoz	67,5
Mr. Pedro Sainz de Baranda	67,5
Mr. Javier Rodríguez Pellitero	78,75
Ms. Ana García Fau	67,5
Mr. Juan María Riberas Mera	67,5
Mr. Tomofumi Osaki	56,25
Mr. Cesar Cernuda	56,25
Mr. Geert Maurice Van Poelvoorde	0,00
TOTAL	**607,50**

(From March 24, 2017 to December 31, 2017 period)

Executive Members	
Mr. Francisco José Riberas Mera	751,15
Mr. Francisco López Peña	1.013,34
TOTAL	**1.764,49**

(From March 24, 2017 to December 31, 2017 period)

31. Related party transactions (Continued)

The total amount of the loans granted to the members of the Board of Directors of the Parent Company for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. amounts to 3,000 thousand euros at December 31, 2017 (Note 12.a.2). These loans were granted in 2016.

In 2017 and 2016, no advances, pensions or life insurance benefits were granted to members of its Board.

31.3 Senior Management's Remuneration

In 2017 the total remuneration for the members of the Management Committee, Executive Directors excluded, amounted to 9,633 thousand euros (2016: 6,346 thousand euros), included in "Personnel expenses" in the accompanying consolidated income statement. The amount corresponding to life insurances in 2017 was 23 thousand euros.

In 2016 loans amounting to 11,500 thousand euros were granted to the members of the Management Committee, except those who are members of the Board of Directors and who are included in Note 31.2, for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 12.a.2).

32. Other disclosures

32.1 Audit fees

Audit fees related to the annual audit of consolidated and individual financial statements of the companies included in the consolidation scope for 2017 amounted to 4,276 thousand euros (2016: 3,950 thousand euros).

Of the audit fees mentioned above, the fees paid to the auditor of the Parent Company for all audit work performed for the Group in 2017 amounted to 4,235 thousand euros (2016: 3,892 thousand euros).

Fees paid to the auditor of the Parent Company and companies with their trade name for other services related to annual audit of the financial estatements amounted to 361 thousand euros in 2017 (2016: 20 thousand euros)

Fees paid for other services rendered by the auditor of the Parent Company and companies with their trade name in 2017 amounted to 712 thousand euros (2016: 671 thousand euros). The nature of these services is mainly related to the collaboration in tax issues and in due diligence processes linked to new subsidiaries acquisition.

32.2 Environmental issues

The cost of PP&E items acquired for environmental protection and improvement purposes amounted to 4,973 thousand euros at year end 2017. Accumulated depreciation on these assets stood at 2,539 thousand euros (2016: 5,152 thousand euros and 3,182 thousand euros, respectively).

In 2017, the Group also recognized 1,396 thousand euros in environmental protection and improvement expenses (2016: 853 thousand euros).

The accompanying consolidated balance sheet does not include any provision for environmental issues given that the Parent Company's directors consider that at year end there are no liabilities to be settled in the future in connection with actions taken by the companies which comprise the consolidated Group to prevent, reduce or repair damages to the environment, and they believe that were such liabilities to exist, they would not be significant. At year end the Group had not received any subsidies for environmental issues.

33. Financial risk management

To manage its financial risk, the Group continually revises its business plans, analyses 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 an assessment of changes in risk exposure.

33. Financial risk management (Continued)

33.1 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
    - Exposure to fluctuations in foreign exchange rates
    - Exposure to fluctuations in interest rates
- Liquidity risk
- Credit risk
- Raw material price risk

Foreign currency risk

Fluctuations in the exchange rate between the currency in which a transaction is denominated and the Group's presentation currency can have a negative or positive impact on its profit or loss, specifically affecting management of its financial debt.

The Group operates in the following currencies:

Euro	US dollar	Mexican peso
Argentine peso	Brazilian real	British pound
Swedish crown	Polish zloty	Hungarian forint
Turkish lira	Indian rupee	Korean won
Chinese yuan	Russian rubble	Czech crown
Japanese yen	Thai baht	Romanian Leu
Taiwanese Dollar		

To manage exchange rate risk, the Group uses a series of financial instruments that give it a degree of flexibility, basically comprised of the following:

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. "Puttable instruments": Other derivatives are also used to hedge currency risk, including those designed to lock in a maximum or minimum exchange rate (collar or tunnel) at a set settlement date.

At December 31, 2017 and December 31, 2016 these instruments were not arranged.

The tables below show the sensitivity of profit and equity, in thousands of euros, to changes in exchange rates relative to the euro.

33. Financial risk management (Continued)

The sensitivity of profit to exchange rate fluctuations, corresponding to years 2017 and 2016, is as follows:

	2017	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	5% Fluctuation
Swedish crown	(1,458)	1,458
US dollar	(1,480)	1,480
Hungarian florint	(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)
IMPACT IN ABSOLUTE TERMS	**2,174**	**(2,174)**
TO EQUITY HOLDERS OF PARENT COMPANY	**239,692**	**239,692**
EFFECT IN RELATIVE TERMS	**0.91%**	**−0.91%**

	2016	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	5% Fluctuation
Swedish crown	(1,311)	1,311
US dollar	80	(80)
Hungarian forint	(740)	740
GB pound	631	(631)
Mexican peso	151	(151)
Brazilian real	(470)	470
Chinese yuan	1,961	(1,961)
Indian rupee	379	(379)
Turkish lira	357	(357)
Argentine peso	31	(31)
Russian ruble	6	(6)
Korean won	453	(453)
Polish zloty	1,096	(1,096)
Czech crown	265	(265)
Japanese yen	57	(57)
Thai baht	18	(18)
IMPACT IN ABSOLUTE TERMS	**2,964**	**(2,964)**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**221,354**	**221,354**
EFFECT IN RELATIVE TERMS	**1.34%**	**−1.34%**

33. Financial risk management (Continued)

The sensitivity of equity to exchange rate fluctuations, corresponding to years 2017 and 2016, is as follows:

	2017	
	IMPACT ON EQUITY	
Currency	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)
IMPACT IN ABSOLUTE TERMS	**17,242**	**(17,242)**
EQUITY	**1,970,555**	**1,970,555**
EFFECT IN RELATIVE TERMS	**0.87%**	**−0.87%**

	2016	
	IMPACT ON EQUITY	
Currency	5% Fluctuation	−5% fluctuation
Swedish crown	(2,667)	2,667
US dollar	5,555	(5,555)
Hungarian forint	(3,090)	3,090
Sterling pound	7,875	(7,875)
Mexican peso	(520)	520
Brazilian real	3,400	(3,400)
Chinese yuan	11,183	(11,183)
Indian rupee	1,700	(1,700)
Turkish lira	243	(243)
Argentine peso	(2,571)	2,571
Russian ruble	(4,293)	4,293
Korean won	1,868	(1,868)
Polish zloty	1,988	(1,988)
Czech crown	(201)	201
Japanese yen	(67)	67
Thai baht	89	(89)
IMPACT IN ABSOLUTE TERMS	**20,490**	**(20,490)**
EQUITY	**1,872,003**	**1,872,003**
EFFECT IN RELATIVE TERMS	**1.09%**	**−1.09%**

The amounts above had been calculated increasing or decreasing a 5% the exchange rates used to translate to euros the income statements and the equity of the subsidiary companies.

33. Financial risk management (Continued)

In 2017, consolidated equity decreased in 199.8 million euros due to translation differences variation. This variation is mainly due to investment outside 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 market fluctuations affect cash flows. The Group mitigates this risk by using interest rate derivatives, 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.

In general, the Group's borrowings are at floating rates indexed to Euribor except the bond issued by the Group on May 2016, which bears a fixed interest rate.

Had the average interest on euro denominated financial borrowings changed in 50 Bps in 2017, all other variables remaining constant, the finance result would have changed in 7,102 thousand euros.

Had the average interest on euro denominated financial borrowings changed in 50 Bps in 2016, all other variables remaining constant, the finance result would have changed in 3,764 thousand euros.

Liquidity risk

Liquidity risk is defined as the risk that a company will not be able to service its commitments as a result of adverse conditions in the debt and/or equity markets that prevent or hinder its capital raising efforts.

The Group manages liquidity risk by maintaining sufficient cash balances to enable it to negotiate refinancing on the best possible terms and to cover its short term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms.

The breakdown of liquidity and capital resources at December 31, 2017 and 2016 was as follows:

	Thousands of euros	
	2017	**2016**
Cash and cash equivalents	860,238	430,463
Current financial investments Debt securities	5,376	338
Revolving credit facilities (Note 22.a.1.I)	280,000	280,000
Undrawn credit lines	642,962	457,287
	1,788,576	**1,168,088**

The amount corresponding to undrawn credit lines correspond to committed operation with several banks with a maturity of less than 12 months, meanwhile the Revolving credit facilities will attain its maturity on July 15, 2022.

Liquidity reserves with maturity of more than 12 months, in absence of additional financing operations, will serve to cover debt maturities in 2018 for the amount of 544 million euros (Note 22.a.2); plus the cash flows from investment activities net of cash flow from operating activities (in 2017 this implied a cash need of 196 million euros as shown in the Consolidated Cash Flow Statement); and plus the payment of dividends that mounted to 73 million euros in 2017.

The working capital can be defined as the permanent financial resources needed to carry out the activity of the company, that is, the part of current assets financed with long-term funds.

33. Financial risk management (Continued)

The Group´s working capital at December 31, 2017 and December 31, 2016 is as follows:

	Thousand euros	
	2017	2016
Current assets	3,067,222	2,507,717
Current liabilities	(2,507,069)	(2,359,043)
TOTAL WORKING CAPITAL	**560,153**	**148,674**

	Thousand euros	
	2017	2016
Equity	1,970,555	1,872,003
Non-current liabilities	2,747,300	2,198,602
Non-current assets	(4,157,702)	(3,921,931)
TOTAL WORKING CAPITAL	**560,153**	**148,674**

The working capital increase is mainly due to the increase in cash and equivalents as a result of the increase in the cash flow from financing activities with long-term maturity.

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 analyze 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 the Group policies.

The surplus cash investments are contracted only with authorized counterparties and always within the credit limit assigned for each counterparty.

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 December 31, 2017 and 2016 amounts to the carrying values (Note 14), 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.

Raw Materials Price Risk

The steel is the main raw material used in the business.

33. Financial risk management (Continued)

For 2017, 63% of the steel was purchased through "re-sale" programs with customers (60% in 2016), whereby the OEM periodically negotiates with the steel maker the price of the steel that Gestamp uses for the production of automotive components. Any fluctuations in steel prices are directly adjusted in the selling price of the final product.

In the case of products that use steel not purchased under "re-sale", the OEMs adjust Gestamp's selling prices based on the steel prices they have negotiated with steel suppliers. Historically, the Group has negotiated and agreed its purchase contracts with steel suppliers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal.

Hence Gestamp considers that the Group's exposure to steel price fluctuations is not significant.

33.2 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 of a recognized asset or liability, or of a firm commitment attributable to a specific risk.
- Cash flow hedges when hedging exposure to fluctuations in cash flows that are either attributable to a particular risk associated with a recognized asset or liability, or 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 recognized at acquisition cost and are subsequently valued 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 recognized 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. Amounts taken to equity 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: these hedges are accounted for in a way similar to cash flow hedges. Fair value gains or losses in these hedging instruments are recognized in "Translation differences." If a foreign operation is sold, the cumulative value of any such gains or losses recognized directly in equity ("Translation differences ") is transferred to the Consolidated Income Statement.

33.3 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 organized 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.

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.

33. Financial risk management (Continued)

Equity investments are carried on the Condensed 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.

Changes in fair value, net of the related tax effect, are recognized with a charge or credit, as appropriate, to "Retained earnings" within Equity until these investments are sold, at which time the cumulative amount recognized in equity is recognized in full in the Consolidated Income Statement. If fair value is lower than acquisition cost, the difference is recognized directly in equity, unless the asset is determined to be impaired, in which case it is recognized in the Consolidated Income 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's management considers the carrying amount of the items recorded in this Consolidated Balance Sheet line item to be a reasonable 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).

33. Financial risk management (Continued)

The classification of financial assets recognized in the Consolidated Financial Statements, by methodology of fair value measurement, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
Financial assets measured at fair value						
Financial derivative hedging instruments (Note 12.a.3)			14,718	25,710		
Total	—	—	14,718	25,710	—	—

The classification of financial liabilities at fair value in the Consolidated Financial Statements, according to their relevant valuation methodology, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2017	2016	2017	2016	2017	2016
Financial derivative hedging instruments			54,287	74,860		
Financial derivative instruments held-for-trading			11,914	13,123		
Total Financial derivative instruments (Note 22.b.1))			66,201	87,983		
Other current liabilities-Put Option (Note 22.d))						76,900
Defined benefit plans (Note 21.b))	79,469	77,528				
Total	79,469	77,528	66,201	87,983		76,900

33.4 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 to maximize shareholder value.

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).

33. Financial risk management (Continued)

The Group's leverage is set forth below:

Concept	Thousands of euros 2017	Thousands of euros 2016
Interest-bearing loans and borrowings and debt issues	2,710,880	1,967,599
Financial leasing	32,672	33,574
Borrowings from related parties	59,294	70,162
Other non-current financial liabilities	34,183	34,991
Short term financial investments	(78,896)	(43,228)
Cash and cash equivalents	(860,238)	(430,463)
TOTAL NET DEBT	**1,897,895**	**1,632,635**
Consolidated equity	1,970,555	1,872,003
Grants received (Note 19)	22,315	25,945
TOTAL EQUITY	**1,992,870**	**1,897,948**
LEVERAGE RATIO	**95.2%**	**86.0%**

During 2017 the Group maintained its average collection and payment periods, as well as its average inventory turnover rates, at levels comparable to 2016. In addition, during 2017 the Group continued to exercise strict control over investments.

34. Information about postponement of payments to suppliers in commercial transactions

The Spanish companies of the Group have adapted their internal processes and payment policy terms to the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. In this sense, the contractual conditions in the year 2017 with commercial suppliers for parts manufacturing in Spain have included periods of payment equal to or less than 60 days in 2017 and in 2016, according to the second transitory legal provision of the Law.

According to this Law, it is detailed below the information from Group companies operating in Spain:

2017

Average period for payment to suppliers	49 days
Total payments realized	4,233 million euros
Total outstanding payments	582 million euros

2016

Average period for payment to suppliers	57 days
Total payments realized	4,299 million euros
Total outstanding payments	465 million euros

Due to reasons of efficiency, and in line with the common practice of trading, the Spanish companies of the Group have, basically, a schedule of payments to suppliers by virtue of which payments are made on fixed days, which in the majority of companies are twice a month.

In general terms, in 2017 and 2016, payments made by Spanish companies to suppliers, for contracts concluded after the entry into force the Law 15/2010, did not exceeded the legal limits of payment terms. Payments to Spanish suppliers which exceeded the legal deadline for years 2017 and 2016 were, in quantitative terms, not significant and were derived from circumstances or incidents beyond the established payment policy, which included, primarily, the closing of agreements with suppliers in the delivery of the goods or provision of the service or handling specific processes.

34. Information about postponement of payments to suppliers in commercial transactions (Continued)

In addition, at December 31, 2017 and 2016 there were no outstanding amounts of payment to suppliers located in Spain exceeding the maximum legal payment terms.

35. Subsequent events

There are no significant subsequent events as at December 31, 2017.

36. Information about compliance with the Article 229 of the Spanish Corporate Enterprises Act

According to the articles 229 and 231 of the Spanish Corporate Enterprises Act and with the aim of reinforcing the transparency of capital companies, the joint administrators of the Parent Company and their representative natural persons have reported they have no situations of conflict with the interest of the Parent Company nor the subsidiaries.

Additionally, Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera, members of the Board of Directors of the Parent Company, have reported that they are shareholders and board members of ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. and the subsidiaries of the ACEK Desarrollo y Gestión Industrial Group.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L is the parent company of an industrial group that developed, through the following subgroups, the activities mentioned below:

- GESTAMP AUTOMOCIÓN GROUP: engaged in manufacturing and sale of metal parts and components for the automotive industry.
- HOLDING GONVARRI GROUP: engaged in manufacturing, processing and sale of metal products, including structures for renewable energy such as wind turbines, photovoltaic plants and infrastructure elements of solar thermal power plants.
- ACEK ENERGíAS RENOVABLES GROUP: dedicated to the development, construction and operation of plants generating renewable energy including solar, wind and biomass.
- INMOBILIARIA ACEK GROUP: engaged in real estate activities.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L holds a direct and indirect investment of 17.909% in the company Cie Automotive, S.A., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Additionally, Mr. Francisco López Peña is a member of the Board of CIE Automotive, S.A

Cie Automotive, S.A. is the parent company of an industrial group, which is engaged in, among other things, the design, manufacture and sale of automobile components and sub-units on the world automotive market.

Finally, ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. holds a direct investment of 50.00% in the company Sideacero, S.L., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Sideacero, S.L. is the parent company of an industrial group, which is engaged in, among other things, import, export, purchase and sale of ferrous, non-ferrous products, steel materials and recovery materials.

37. Additional note for English translation

These consolidated financial statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

ANNEX I

Consolidation scope

Company	December 31, 2017				
	Address	Country	Direct shareholding	Indirect shareholding	Activity
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturin
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturin
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	42.25%	57.75%	Tooling and parts manufacturin
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturin
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturin
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturin
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturin
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Investment promotion and subs
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Galvanizados, S.A.	Palencia	Spain		100.00%	Component galvanazing
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturin
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturin
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturin
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturin
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturin
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturin
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturin
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Industrial services

	December 31, 2017				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management
Gestamp Navarra, S.A.	Navarra	Spain	71.37%	28.63%	Tooling and parts manufacturin
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts m
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturin
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tooling and welding
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturin
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturin
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturin
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturin
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturin
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturin
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturin
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturin
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturin
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturin

	December 31, 2017				
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturin
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Manufacturing and fine-tuning
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturin
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturin
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturin
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Die cutting production
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturin
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturin
Gestamp Palau, S.A.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machi
Gestamp Tooling Erandio, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management
Diede Die Developments, S.L.	Vizcaya	Spain	100.00%		Die cutting production
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturin
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturin
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production

(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 equit

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR PER DECEMBER 31, 2017 (Continued)

Company	Address	Country	Direct shareholding	Indirect shareholding	Activity
	December 31, 2017				
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturin
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%	0.00%	Tooling and parts manufacturin
Çelik Form Gestamp Otomotive, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Washtenaw, LLc.	Delaware	USA		70.00%	Tooling and parts manufacturin
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Labor services
Gestamp San Luis Potosí Servicios Laborales S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Auto Components (Tianjin) Co., LTD.	Tianjin	China		100.00%	Tooling and parts manufacturin
Gestamp 2017, S.L.	Madrid	Spain	100.00%		Portfolio management
Autotech Engineering (Shangai) Co. Ltd.	Shangai	China		100.00%	Research & Development
Gestamp Hot Stamping Japan K.K.	Tokio	Japan		100.00%	Tooling and parts manufacturin
Global Laser Araba, S.L.	Álava	Spain	30.00%		Tooling and parts manufacturin
MPO Providers Rezistent, S.R.L.	Darmanesti	Romania		35.00%	Tooling and parts manufacturin
Beyçelik Gestamp Teknoloji Kalip, A.S.	Bursa	Turkey		50.00%	Die cutting production
Gestamp Nitra, S.R.O.	Bratislava	Slovakia	100.00%		Tooling and parts manufacturin
Almussafes Mantenimiento de Troqueles, S.L.	Barcelona	Spain		100.00%	Tooling maintenance
Gestamp (China) Holding, Co. Ltd	Shangai	China		100.00%	Portfolio management
Gestamp Autotech Japan K.K.	Tokio	Japan		100.00%	Research & Development

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR YEAR PER
DECEMBER 31, 2017

	December 31, 2017				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Edscha Holding GmbH	Remscheid	Germany		100.00%	Portfolio management
Edscha Automotive Hengersberg GmbH	Hengersberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Automotive Hauzenberg GmbH	Hauzenberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Engineering GmbH	Remscheid	Germany		100.00%	Research & Development
Edscha Hengersberg Real Estate GmbH	Hengersberg	Germany	5.10%	94.90%	Real Estate
Edscha Hauzenberg Real Estate GmbH	Hauzenberg	Germany	5.10%	94.90%	Real Estate
Edscha Automotive Kamenice S.R.O.	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturin
Edscha Hradec S.R.O.	Hradec	Czech Republic		100.00%	Die cutting production
Edscha Velky Meder S.R.O.	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturin
Gestamp 2008, S.L.	Villalonquéjar (Burgos)	Spain		100.00%	Portfolio management
Edscha Burgos, S.A.	Villalonquéjar (Burgos)	Spain		100.00%	Tooling and parts manufacturin
Edscha Santander, S.L.	El Astillero (Cantabria)	Spain	5.01%	94.99%	Tooling and parts manufacturin
Edscha Briey S.A.S.	Briey Cedex	France		100.00%	Tooling and parts manufacturin
Edscha Engineering France S.A.S.	Les Ulis	France		100.00%	Research & Development
Edscha do Brasil Ltda.	Sorocaba	Brazil		100.00%	Tooling and parts manufacturin
Gestamp Edscha Japan Co., Ltd.	Tokio	Japan		100.00%	Sales office
Jui Li Edscha Body Systems Co., Ltd.	Kaohsiung	Taiwan		60.00%	Tooling and parts manufacturin
Jui Li Edscha Holding Co., Ltd.	Apia	Samoa		60.00%	Portfolio management
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Hainan	China		60.00%	Tooling and parts manufacturin
Edscha Automotive Technology Co., Ltd.	Shanghai	China		100.00%	Research & Development
Shanghai Edscha Machinery Co., Ltd.	Shanghai	China		55.00%	Tooling and parts manufacturin
Anhui Edscha Automotive Parts Co Ltda.	Anhui	China		100.00%	Tooling and parts manufacturin
Edscha Automotive Michigan, Inc	Lapeer	USA		100.00%	Tooling and parts manufacturin
Edscha Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Edscha Automotive Components Co., Ltda.	Kunshan	China		100.00%	Tooling and parts manufacturin
Gestamp Finance Slovakia S.R.O.	Velky Meder	Slovakia	25.00%	75.00%	Portfolio management
Edscha Kunststofftechnik GmbH	Remscheid	Germany		100.00%	Tooling and parts manufacturin
Edscha Pha, Ltd.	Seul	South Korea		50.00%	Research & Development and
Edscha Aapico Automotive Co. Ltd	Pranakorn Sri Ayutthaya	Thailand		51.00%	Tooling and parts manufacturin
Edscha Automotive SLP, S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	Dormant
Edscha Automotive SLP Servicios Laborales, S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	Dormant
Edscha Automotive Components (Chongqing) Co. Ltd.	Chongqing	China		100.00%	Tooling and parts manufacturin
GMF Holding GmbH	Remscheid	Germany		100.00%	Portfolio management
Gestamp Metal Forming (Wuhan), Ltd	Wuhan	China		100.00%	Tooling and parts manufacturin
Gestamp Umformtechnik GmbH	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturin
Automotive Chassis Products Plc.	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio management
Sofedit, S.A.S	Le Theil sur Huisne	France		65.00%	Tooling and parts manufacturin
Gestamp Prisma, S.A.S	Usine de Messempré	France		100.00%	Tooling and parts manufacturin
Gestamp Tallent , Ltd	Newton Aycliffe, Durham	United Kingdom		100.00%	Tooling and parts manufacturin
Gestamp Wroclaw Sp.z,o.o.	Wroclaw	Poland		65.00%	Tooling and parts manufacturin
Gestamp Auto components (Chongqing) Co., Ltd.	Chongqing	China		100.00%	Tooling and parts manufacturin

Company	Address	Country	Direct shareholding	Indirect shareholding	Activity
	December 31, 2017				
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturin
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturin
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	42.25%	57.75%	Tooling and parts manufacturin
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturin
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturin
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturin
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturin
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturin
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturin
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturin
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturin
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturin
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturin
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturin
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management
Gestamp Navarra, S.A.	Navarra	Spain	71.37%	28.63%	Tooling and parts manufacturin
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturin
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturin
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturin
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturin

	December 31, 2017				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturin
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturin
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturin
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturin
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturin
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturin
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturin
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturin
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Adjustment
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturin
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturin
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturin
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Engineering and mold design
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturin
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturin
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturin
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machi
Bero Tools, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management
Diede Die Developments, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturin
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturin
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the

	December 31, 2016				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturin
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturin
Çelik Form Gestamp Otomotive, A.S.	Bursa	Turkey		25.80%	Tooling and parts manufacturin
Gestamp Washtenaw, LLc.	Delaware	USA		70.00%	Tooling and parts manufacturin
Gestamp San Luis Potosí, S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Labor services
Gestamp San Luis Potosí Servicios Laborales S.A.P.I. de C.V.	Mexico City	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Auto Components (Tianjin) Co., LTD.	Tianjin	China		100.00%	Tooling and parts manufacturin
Gestamp 2017, S.L.	Madrid	Spain	100.00%		Portfolio management
Autotech Engineering (Shangai) Co. Ltd.	Shangai	China		100.00%	Research & Development
Gestamp Hot Stamping Japan K.K.	Tokio	Japan		100.00%	Tooling and parts manufacturin

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the

Company	December 31, 2016 Address	Country	Direct shareholding	Indirect shareholding	Activity
Global Laser Araba, S.L.	Álava	Spain	30.00%		Tooling and parts manufacturin
Edscha Holding GmbH	Remscheid	Germany		100.00%	Portfolio management
Edscha Automotive Hengersberg GmbH	Hengersberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Automotive Hauzenberg GmbH	Hauzenberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Engineering GmbH	Remscheid	Germany		100.00%	Research & Development
Edscha Hengersberg Real Estate GmbH	Hengersberg	Germany	5.10%	94.90%	Real Estate
Edscha Hauzenberg Real Estate GmbH	Hauzenberg	Germany	5.10%	94.90%	Real Estate
Edscha Automotive Kamenice S.R.O.	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturin
Edscha Hradec S.R.O.	Hradec	Czech Republic		100.00%	Die cutting production
Edscha Velky Meder S.R.O.	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturin
Gestamp 2008, S.L.	Villalonquéjar (Burgos)	Spain		100.00%	Portfolio management
Edscha Burgos, S.A.	Villalonquéjar (Burgos)	Spain		100.00%	Tooling and parts manufacturin
Edscha Santander, S.L.	El Astillero (Cantabria)	Spain	5.01%	94.99%	Tooling and parts manufacturin
Edscha Briey S.A.S.	Briey Cedex	France		100.00%	Tooling and parts manufacturin
Edscha Engineering France S.A.S.	Les Ulis	France		100.00%	Research & Development
Edscha do Brasil Ltda.	Sorocaba	Brazil		100.00%	Tooling and parts manufacturin
Gestamp Edscha Japan Co., Ltd.	Tokio	Japan		100.00%	Sales office
Jui Li Edscha Body Systems Co., Ltd.	Kaohsiung	Taiwan		50.00%	Tooling and parts manufacturin
Jui Li Edscha Holding Co., Ltd.	Apia	Samoa		50.00%	Portfolio management
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Hainan	China		50.00%	Tooling and parts manufacturin
Edscha Automotive Technology Co., Ltd.	Shanghai	China		100.00%	Research & Development
Shanghai Edscha Machinery Co., Ltd.	Shanghai	China		55.00%	Tooling and parts manufacturin
Anhui Edscha Automotive Parts Co Ltda.	Anhui	China		100.00%	Tooling and parts manufacturin
Edscha Automotive Michigan, Inc	Lapeer	USA		100.00%	Tooling and parts manufacturin
Edscha Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Edscha Automotive Components Co., Ltda.	Kunshan	China		100.00%	Tooling and parts manufacturin
Gestamp Finance Slovakia S.R.O.	Velky Meder	Slovakia	25.00%	75.00%	Portfolio management
Edscha Kunststofftechnik GmbH	Remscheid	Germany		100.00%	Tooling and parts manufacturin
Edscha Pha, Ltd.	Seul	South Korea		50.00%	Research & Development and
Edscha Aapico Automotive Co. Ltd	Pranakorn Sri Ayutthaya	Thailand		51.00%	Parts manufacturing
Edscha Scharwaecther Mechanism S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	Dormant
Edscha Scharwaecther Mechanism Servicios Laborales S.A.P.I. de C.V.	Mexico City	Mexico		100.00%	Dormant
GMF Holding GmbH	Remscheid	Germany		100.00%	Portfolio management
GMF Wuhan, Ltd	Wuhan	China		100.00%	Parts manufacturing
Gestamp Umformtechnik GmbH	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturin
Automotive Chassis Products Plc.	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio management
Sofedit, S.A.S	Le Theil sur Huisne	France		65.00%	Parts manufacturing
Gestamp Prisma, S.A.S	Usine de Messempré	France		100.00%	Parts manufacturing
Gestamp Tallent , Ltd	Newton Aycliffe, Durham	United Kingdom		100.00%	Parts manufacturing
Gestamp Wroclaw Sp.z,o.o.	Wroclaw	Poland		65.00%	Tooling and parts manufacturin
Gestamp Auto components (Chongqing) Co., Ltd.	Chongqing	China		100.00%	Parts manufacturing

(B) These companies are consolidated under full consolidation method in Jui Li Edscha Body Systems Subgroup. This Subgroup is accounted for in Gestamp Automoción Group using the e

The companies which compose the Griwe Subgroup at December 31, 2017 and December 31, 2016 are the following:

	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

	December 31, 2016			
Company	Address	Country	Shareholding	Consolidation method
Gestamp Griwe Westerburg GmbH	Westerburg	Germany	Parent company	Full
Gestamp Griwe Hot Stamping GmbH	Haynrode	Germany	100.00%	Full
Gestamp Griwe Haynrode GmbH	Haynrode	Germany	100.00%	Full

(*) In 2017 took place the merge operation 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 merge operation was held

ANNEX II

Indirect investments at December 31, 2017

	December 31, 2017	
Company	Company holding the 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%

	December 31, 2017	
Company	Company holding the indirect investment	% investment
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%
Gestamp 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%
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%

	December 31, 2017	
Company	Company holding the indirect investment	% investment
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%
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.	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	0.45
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%
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%
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%

	December 31, 2017	
Company	Company holding the indirect investment	% investment
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%

Indirect investments at December 31, 2016

	December 31, 2016	
Company	**Company holding the 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 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.	94.990%
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.	16.030%
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%

Company	December 31, 2016 Company holding the indirect investment	% investment
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	50.000%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Holding Gmbh	Gestamp Metalbages, S.A.	67.000%
Metalbages P-51	Gestamp Metalbages, S.A.	100.000%
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%
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.	6.420%
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 Manufacturing Autochasis, S.L.	Metalbages P-51, S.L.	44.990%
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%
ESSA PALAU,S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.550%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.230%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.000%
Autotec Engineering (Shangai), Co. Ltd.	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%

	December 31, 2016	
Company	**Company holding the indirect investment**	**% investment**
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.000%
Bero Tools, 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%
Bero Tools, S.L.	Loire Sociedad Anónima Franco Española	80.000%
Diede Die Development, S.L.	Bero Tools, S.L.	62.000%
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%
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.	51.600%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%
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 Scharwaechter Mechanism S.A.P.I. de CV.	Edscha Holding GmbH	99.990%
Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de CV.	Edscha Holding GmbH	99.990%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	50.000%
Edscha Automotive Aapico, Co. Ltd.	Edscha Holding GmbH	50.990%
Edscha do Brasil, Ltd.	Edscha Engineering GmbH	83.260%
Edscha Scharwaechter Mechanism S.A.P.I. de CV.	Edscha Engineering GmbH	0.010%
Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de CV.	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%

	December 31, 2016	
Company	Company holding the indirect investment	% investment
Gestamp Auto Components (Chnongqing), 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%

ANNEX III

Guarantors for 2012 (fully paid in 2017) Bank of America Loan and 2013 Syndicated Loan (modified in 2016 and 2017)

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha Engineering France, S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Umformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A
Gestamp Levante, S.A.
Edscha Santander, S.L.

Additionally, the Group companies 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. have shares pledge.

Guarantors for May, 2013 and May, 2016 Bonds

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha Engineering France, S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción, S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Umformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Aragón, S.A.
Gestamp Abrera, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A.
Gestamp Levante, S.A.
Edscha Santander, S.L.

Guarantors for European Investment Bank Loan

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha Engineering France, S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Umformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Gestamp Funding Luxemburgo, S.A.

Guarantors for Kfw IPEX Bank GmbH Loan

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha Engineering France, S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Edscha Burgos, S.A.
Gestamp Levante, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Umformtechnik, GmbH
Subgrupo Griwe
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Gestamp Funding Luxemburgo, S.A.
Gestamp Toledo, S.A.
Edscha Santander, S.A.

GESTAMP AUTOMOCIÓN, S.A.
AND SUBSIDIARIES

Consolidated Financial Statements and
Consolidated Management Report for the year ended
December 31, 2016

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Tel.: 902 365 456
Fax: 915 727 300
ey.com

Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 37)

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GESTAMP AUTOMOCIÓN, S.A. (the parent company) and its subsidiaries (the Group), which comprise consolidated balance sheet at December 31, 2016, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto for the year then ended.

Directors' responsibility 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 consolidated equity and consolidated financial position and the consolidated results of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards, as adopted by the European Union, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries at December 31, 2016, and its consolidated results and consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards, as adopted by the European Union, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying 2016 consolidated management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2016 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

Ramón Masip López

March 07, 2017

GESTAMP AUTOMOCIÓN AND SUBSIDIARIES

CONTENTS

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
ASSETS			
Non-current assets			
Intangible assets	10	392,964	359,384
Goodwill		110,504	109,946
Other intangible assets		282,460	249,438
Property, plant, and equipment	11	3,160,014	2,861,807
Land and buildings		983,285	958,215
Plant and other PP&E		1,608,351	1,524,984
PP&E under construction and prepayments		568,378	378,608
Financial assets	12	95,514	57,682
Investments in associates accounted for using the equity method		5,740	8,272
Loans and receivables		50,581	8,918
Derivatives in effective hedges		25,710	28,184
Other non-current financial assets		13,483	12,308
Deferred tax assets	23	273,439	270,777
Total non-current assets		**3,921,931**	**3,549,650**
Current assets			
Inventories	13	630,897	586,438
Raw materials and other consumables		308,335	277,870
Work in progress		141,149	158,676
Finished products and by-products		129,591	118,287
Prepayments to suppliers		51,822	31,605
Trade and other receivables	14	1,376,889	1,194,690
Trade receivables		1,169,925	992,938
Other receivables		20,819	25,058
Current income tax assets		35,306	32,906
Receivables from public authorities		150,839	143,788
Other current assets	14	26,240	23,533
Financial assets	12	43,228	35,455
Loans and receivables		11,036	1,638
Securities portfolio		338	2,535
Other current financial assets		31,854	31,282
Cash and c ash equivalents	14	430,463	355,975
Total current assets		**2,507,717**	**2,196,091**
Total assets		**6,429,648**	**5,745,741**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (Continued)

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to equity holders of the parent			
Issued capital	15	288,237	288,237
Share premium	15	61,591	61,591
Retained earnings	16	1,378,145	1,209,789
Translation differences	17	(203,300)	(167,809)
Equity attributable to equity holders of the parent		**1,524,673**	**1,391,808**
Equity attributable to non-controlling interest	18	**347,330**	**406,585**
Total equity		**1,872,003**	**1,798,393**
Liabilities			
Non-current liabilities			
Deferred income	19	25,945	30,720
Provisions	20–21	154,153	156,787
Non trade liabilities	22	1,779,451	1,674,148
Interest-bearing loans and borrowings		1,548,305	1,448,036
Derivative financial instruments		87,983	72,828
Other non-current financial liabilities		132,805	136,739
Other non-current liabilities		10,358	16,545
Deferred tax liabilities	23	238,454	225,544
Other non-current liabilities		599	619
Total non-current liabilities		**2,198,602**	**2,087,818**
Current liabilities			
Non trade liabilities	22	716,036	450,875
Interest-bearing loans and borrowings		419,294	282,900
Other current financial liabilities		5,922	16,854
Other non-trade liabilities		290,820	151,121
Trade and other payables	24	1,621,425	1,384,406
Trade accounts payable		1,356,144	1,137,378
Current tax liabilities		20,727	30,269
Other accounts payable		244,554	216,759
Provisions	20–21	18,072	16,318
Other current liabilities		3,510	7,931
Total current liabilities		**2,359,043**	**1,859,530**
Total liabilities		**4,557,645**	**3,947,348**
Total equity and liabilities		**6,429,648**	**5,745,741**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
CONTINUING OPERATIONS			
OPERATING INCOME	25	7,673,939	7,202,309
Revenue		7,548,938	7,034,512
Other operating income		131,571	156,871
Changes in inventories	13	(6,570)	10,926
OPERATING EXPENSE	26	(7,211,317)	(6,802,113)
Raw materials and other consumables		(4,509,742)	(4,308,597)
Personnel expenses		(1,366,884)	(1,258,010)
Depreciation, amortization, and impairment losses		(378,528)	(360,137)
Other operating expenses		(956,163)	(875,369)
OPERATING PROFIT		**462,622**	**400,196**
Financial income	27	5,275	13,309
Financial expenses	27	(98,758)	(121,850)
Exchange gains (losses)		(12,442)	(24,660)
Share of profits from associates—equity method	12	(8,539)	(364)
Impairment and gains (losses) on sale of financial instruments	27	(77)	(13,829)
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		**348,081**	**252,802**
Income tax expense	28	(88,940)	(63,950)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**259,141**	**188,852**
PROFIT FOR THE YEAR		**259,141**	**188,852**
Profit (loss) attributable to non-controlling interest	18	(37,787)	(27,372)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		**221,354**	**161,480**
Earnings per share			
—Basic	29	46.15	33.67
From continuing operations		46.15	33.67
—Diluted	29	46.15	33.67
From continuing operations		46.15	33.67

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousands of euros)

		December 31, 2016	December 31, 2015
PROFIT FOR THE YEAR		259,141	188,852
OTHER COMPREHENSIVE INCOME			
Other comprehensive income not to be reclassified to income in next years:			
Actuarial gains and losses	21.b)	(5,415)	5,745
Other comprehensive income to be reclassified to income in next years:			
From cash flow hedges	22.b.1)	(2,631)	4,728
Translation differences		(34,811)	(34,411)
Attributable to Parent Company	17	(35,491)	(28,069)
Attributable to non-controlling interest	18	680	(6,342)
TOTAL COMPREHENSIVE INCOME NET OF TAXES		**216,284**	**164,914**
Attributable to:			
—Parent Company		177,817	143,884
—Non-controlling interest		38,467	21,030
		216,284	**164,914**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousand of euros)

	Issued capital (Note 15)	Share premium (Note 15)	Retained earnings (Note 16)
AT DECEMBER 31, 2014	**288,237**	**61,591**	**1,087,326**
Profit for 2015			161,480
Fair value adjustments reserve (hedge)			4,728
Variation in translation differences			
Actuarial gains and losses			5,745
Total comprehensive income for 2015			**171,953**
Dividends distributed by the Parent Company			(37,711)
Dividends distributed by subsidiaries			
Increase in shareholding in companies previously under control (adjustment for dividends paid to former shareholders of Anhui Edscha Automotive Parts Co. Ltda.)			(712)
Increase in shareholding in companies previously under control due to acquisition to non-controlling interest (Ekarpen Private Equity, S.A.)			(7,997)
Transfers from retained earnings to non-controlling interest due to non-proportional capital increase			(2,771)
Other movements and adjustments from prior years			(299)
AT DECEMBER 31, 2015	**288,237**	**61,591**	**1,209,789**
Profit for 2016			221,354
Fair value adjustments reserve (hedge)			(2,631)
Variation in translation differences			
Actuarial gains and losses			(5,415)
Total comprehensive income for 2016			**213,308**
Dividends distributed by the Parent Company			(48,444)
Dividends distributed by subsidiaries			
Business combination Celik Form Otomotiv. S.L.			
Disposal of companies (G Finance Luxemburgo, S.A.)			
Proportional capital increase in companies previously under control (Edscha Aapico Aut. Co. Ltd.)			
Acquisition of investment in Gestamp 2008, S.L. to non-controlling interest (Note 2.b)			(263)
Transfer of non-controlling interest due to changes in shareholding in Gestamp 2008, S.L. (Note 2.b)			(190)
Put Option Recognition			4,047
Other movements and adjustments from prior years			(102)
AT DECEMBER 31, 2016	**288,237**	**61,591**	**1,378,145**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxes and after non-controlling interest		**310,294**	**225,430**
Adjustments to profit		**489,708**	**542,083**
Depreciation and amortization of intangible assets and PP&E	10–11	377,934	356,402
Impairment of intangible assets and PP&E	10–11	594	3,735
Impairment	13–14	(1,064)	5,570
Change in provisions	20	(12,248)	31,181
Grants released to income	19	(6,218)	(6,589)
Profit (loss) attributable to non-controlling interest	18	37,787	27,372
Profit from disposal of intangible assets and PP&E		(994)	(1,832)
Profit from disposal of financial instruments		77	13,829
Financial income	27	(5,275)	(13,309)
Financial expenses	27	98,758	121,850
Share of profits from associates—equity method	12	8,539	364
Exchange rate differences		(8,182)	4,881
Other income and expenses		—	(1,371)
Changes in working capital		**24,581**	**9,685**
(Increase)/Decrease in Inventories	13	(42,714)	(19,931)
(Increase)/Decrease in Trade and other receivables	14	(168,741)	(141,582)
(Increase)/Decrease in Other current assets	14	(2,707)	(5,190)
Increase/(Decrease) in Trade and other payables	24	243,164	171,097
Increase/(Decrease) in Other current liabilities		(4,421)	5,291
Other cash-flows from operating activities		**(172,003)**	**(177,255)**
Interest paid		(98,156)	(113,135)
Interest received		6,348	8,680
Proceeds (payments) of income tax		(80,195)	(72,800)
Cash flows from operating activities		**652,580**	**599,943**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(738,427)**	**(616,216)**
Acquisition of companies and group investments		(7,611)	(2,548)
Incorporation of treasury from business combinations		225	2,653
Intangible assets	10–22	(84,558)	(88,303)
Property, plant and equipment	11–22	(587,095)	(528,018)
Net change of financial assets		(59,388)	—
Proceeds from divestments		**7,893**	**81,637**
Other intangible assets	10	1,474	574
Property, plant and equipment	11	6,419	20,165
Net change of financial assets		—	60,898
Grants, donations and legacies received	**19**	**1,731**	**5,772**
Cash flows from investing activities		**(728,803)**	**(528,807)**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

AT DECEMBER 31, 2016 AND DECEMBER 31, 2015

(In thousands of euros)

	Note	December 31, 2016	December 31, 2015
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds and payments on equity instruments		**(8,253)**	**(33,839)**
Change in non-controlling interest	18	(6,282)	(32,216)
Translation differences in equity		(1,971)	(911)
Other movements on equity		—	(712)
Proceeds and payments on financial liabilities		**216,690**	**(120,799)**
Issue		1,226,928	162,734
Bonds and other securitites to trade		497,875	—
Interest-bearing loans and borrowings		659,357	154,492
Net change in credit facilities, discounted bills and factoring		53,828	—
Borrowings from related parties		5,092	—
Other borrowings		10,776	8,242
Repayment of		(1,010,238)	(283,533)
Bonds and other marketable securities		(807,875)	(20,371)
Interest-bearing loans and borrowings		(172,177)	(139,066)
Net change in credit facilities, discounted bills and factoring		—	(59,809)
Borrowings from related parties		(12,530)	(22,019)
Other borrowings		(17,656)	(42,268)
Payments on dividends and other equity instruments		**(56,143)**	**(50,196)**
Dividends	16–18	(56,143)	(50,196)
Cash flows from financing activities		**152,294**	**(204,834)**
Effect of changes in exchange rates		**(1,583)**	**5,739**
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS		**74,488**	**(127,959)**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2016

1. Activity and companies included in consolidation scope

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

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

On August 2, 2012 the Parent Company registered the change of its legal name, from limited company to corporation, in the Commercial Register of Vizcaya.

The Parent Company in turn belongs to a larger group, headed by its majority shareholder Acek, Desarrollo y Gestión Industrial, S.L., formerly named Corporación Gestamp, S.L. The legal name change was adopted in the Extraordinary and Universal General Shareholders' Meeting on February 5, 2015, being executed in a public deed on the same day. The Parent Company carries out commercial and financial transactions with the companies of 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.

The activities of the Parent Company and its subsidiaries (the "Group") are focused on the design, development, and manufacturing of metal components for the automotive Industry via: stamping, tooling, assembly, welding, tailor welded blanks, die cutting and machinery. The Group also includes other companies dedicated to services such as research and development of new technologies.

Most of the Group's business is conducted 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.

2. Consolidation scope

2.a Breakdown of consolidation scope

The breakdown of companies included in the consolidation scope, as well as information on the consolidation method applied, location, activity, direct or indirect shareholdings and their auditors, is specified in Annex I.

The companies which hold the indirect investments corresponding to December 31, 2016 and December 31, 2015 are specified in Annex II.

No significant subsidiaries have been excluded from the consolidation scope.

The closing of the financial year for the companies included in the consolidation scope is December 31, 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 years close on March 31. However, an interim closing as at December, 31 has been prepared for the purpose of including these companies in the Consolidated Financial Statements at December 31.

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 consolidation scope.

2.b Changes in consolidation scope

During 2016

In 2016 the company Çelik Form Gestamp Otomotive, A.S. was acquired and included in consolidation scope by full consolidation method (Note 3).

2. Consolidation scope (Continued)

The following companies were created in 2016: Gestamp Washtenaw, LLC., Gestamp San Luis de Potosí, S.A.P.I. de C.V., Gestamp San Luis de Potosí Servicios Laborales, S.A.P.I. de C.V., Gestamp Auto Components (Tianjin) Co., LTD, Gestamp 2017 S.L., Autotech Engineering (Shanghai) Co. Ltd., Gestamp Hot Stamping Japan K.K. and Global Laser Araba S.L. All these companies were incorporated into the consolidation scope by the full consolidation method except the last one which was incorporated by the equity method.

On March 31, 2016 the subsidiary Edscha Holding Gmbh acquired an additional 40% shareholding in subsidiary Gestamp 2008 S.L. from the shareholder Ade Capital Sodical SCR, S.A. for 6,382 thousand euros, thus increasing its shareholding in this company from 60% to 100%.

Since this transaction implied a change in shareholding but maintaining control, the difference between the adjustment to the non-controlling interest (6,119 thousand euros (Note 18) and the fair value of the consideration paid (6,382 thousand euros) was directly recognized in equity (263 thousand euros (Note 16)).

Since Gestamp 2008 S.L. had investments in several companies within its consolidation scope, the increase in shareholding in this company implied an increase in shareholding in their investees. This led to a transfer from Non-controlling interest to Retained earnings in the amount of 190 thousand euros (Note 18).

In 2016 100% shareholding in the company G. Finance Luxemburgo S.A. was sold and thus their subsidiary S.G.F. S.A, generating profit for 240 thousand euros.

Also the company Tavol Internacional SGPS, Lda was dissolved.

During 2015

In 2015 the companies Gestamp Technology Institute S.L., Gestamp Tooling Engineering Deutschland GmbH, Gestamp Chattanooga II Llc., Autotech Engineering R&D USA, Inc., Gestamp Autocomponents Wuhan, Co. Ltd. and the companies belonging to Edscha Subgroup Edscha Scharwaechter Mechanism S.A.P.I. de C.V. and Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de C.V. were incorporated into the consolidation scope.

These companies were created in 2015 and incorporated into the consolidation scope by the full consolidation method.

On December 1, 2015 the company Gestamp Mor KFT was dissolved.

On November 4, 2015 the company GMF Wuhan Ltd, which belonged to Gestamp Metal Forming Subgroup, split off and consequently the company Gestamp Auto Components (Chongqing) Co Ltd. was created.

In 2015 an additional 50% shareholding in the company Gestamp Pune Automotive Private Limited was acquired (Note 3).

Due to the acquisition of the 30% shareholding in Anhui Edscha Automotive Parts Co Ltda in 2014 there was a price adjustment for 712 thousand euros in 2015 (Note 16).

On July 21, 2015 the Parent Company and the subsidiary Gestamp Bizkaia, S.A. acquired an additional 40% shareholding in subsidiary Gestamp Global Tooling S.L. from non-controlling partner Ekarpen Private Equity S.A. (Ekarpen) for 32,216 thousand euros.

Through this transaction the Group increased its shareholding in the said company from 60% to 100%. Since Group had already controlled the subsidiary, the profit from the transaction was directly registered in Equity, leading to a decrease in Reserves at fully-consolidated companies for 7,997 thousand euros (Note 16).

2. Consolidation scope (Continued)

In addition, this transaction meant a decrease in non-controlling interest of 24,219 thousand euros (Note 18).

3. Business combination

During 2016

On January 29, 2016 the subsidiary Beyçelik Gestamp Kalip AS acquired 51.60% shareholding in Çelik Form Gestamp Otomotiv, AS for 9,050 thousand euros. Of this amount, 6,750 thousand euros was already disbursed at December 31, 2016 and the outstanding payment for 2,300 thousand euros has maturity in July 2017.

The company is located in Bursa (Turkey) and their purpose is stamping and manufacturing automobile components for passenger cars.

The initial goodwill amounted to 7,814 thousand euros. Nevertheless since Beyçelik Gestamp Kalip AS is a 50% investee with a non-controlling interest, such part of the said goodwill is attributable to the non-controlling interest, so the final goodwill is 3,907 thousand euros (Note 10).

Similarly, the non-controlling interest initially incorporated for the not acquired percentage in Çelik Form Gestamp Otomotiv AS amounted to 1,159 euros (credit) but after attribution mentioned above the final balance is 2,748 thousand euros (debit) (Note 18).

The fair value of the assets and liabilities from Çelik Form Gestamp Otomotiv, A.S. obtained from the inclusion balance sheet is as follows:

	Thousand euros
Intangible assets (Note 10)	57
Property, plant and equipment (Note 11)	
Land and buildings	40
Plant and other PP&E	2,392
Inventories	1,651
Trade receivables	4,731
Cash and cash equivalents	225
Other assets	24
	9,120
Other non current liabilities	174
Current provisions (Note 20)	125
Other current liabilities	2,782
Trade accounts payable	3,136
Other liabilities	508
	6,724
Net assets	2,395
Direct shareholding acquired	51.60%
Attributable net assets	1,236
Total consideration	9,050
Net effect business combination	7,814
Indirect shareholding	50.00%
Final net effect business combination	3,907

The revenue and the income attributable to the business combination from the incorporation date to December 31, 2016 amounted to 16,722 thousand euros and 540 thousand euros of profit respectively.

3. Business combination (Continued)

The headcount incorporated from this business was around 166.

There were no significant costs associated to this transaction.

During 2015

Gestamp Pune Automotive Private Limited (formerly Sungwoo Gestamp Hitech (Pune) Private Limited) located in Pune (India) was incorporated on August 7, 2008 by Sungwoo Hitech Company Ltd. On April 3, 2013 Sungwoo Hitech Company Ltd signed a Joint Venture agreement with subsidiary Gestamp Cerveira Ltda so each company owned 50% shareholding in Sungwoo Gestamp Hitech (Pune) Private Limited.

This investment was accounted for using the equity method until control was acquired in July 2015, and the carrying amount at the said date was 3,542 thousand euros. When assessing again the fair value of the investment before the business combination a loss was recognized amounting to 1,037 thousand euros.

The company purpose is manufacturing automobile components for passenger cars.

On July 22, 2015 the subsidiary Gestamp Automotive Chennai Private Limited acquired the remaining 50% shareholding in Gestamp Pune Automotive Private Limited and by so doing acquired control. The cost of this acquisition amounted to 98 thousand euros.

The fair value of the assets and liabilities from Gestamp Pune Automotive Private Limited obtained from the balance sheet at inclusion is as follows:

	Thousands of euros
Intangible assets (Note 10)	33
Property, plant and equipment (Note 11)	
Land and buildings	6,006
Plant and other PP&E	783
Deferred tax assets	
Inventories	40
Trade receivables	
Cash and cash equivalents	2,656
Other assets	1,597
	11,115
Other current liabilities	5
Trade accounts payable	51
Other liabilities	6,048
	6,104
Net assets	5,011
Carrying amount of 50% (first adquisition)	3,542
Cost of 50% of consideration (control takeover)	98
Net effect business combination	1,371

The consideration was fully paid in cash.

No goodwill arose from the acquisition and there were no significant contingent payments.

The net effect of the business combination amounted to 1,371 thousand euros and was registered under the heading “Other operating income” in the Consolidated Income Statement as of December 31, 2015 (Note 25.b).

3. Business combination (Continued)

Since the company was still dormant at December 31, 2015 there was no contribution to revenue. The income attributable to the business combination from the acquisition date to December 31, 2015 amounted to 912 thousand euros of profit. It included the net effect of the business combination for 2015 amounting to 1,371 thousand euros. The headcount incorporated from this business was around 19.

There were no significant costs associated to this transaction.

With regard to this business combination, the principal assessment criteria for calculating the fair value of the different accounting line items are as follows:

Intangible assets: measured at acquisition cost, which approximates to fair value.

Property, plant, and equipment: valuations were based on an independent third party report. Market valuations served as the underlying criteria for the determination of fair value of Land and buildings.

Inventories of finished products: measured according to production cost, which also approximates to replacement value.

Other assets and liabilities: measured at nominal value.

4. Basis of presentation

4.1 True and fair view

The Consolidated Financial Statements for the period ended December 31, 2016 were prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and enacted in European Commission legislation in effect on December 31, 2016.

The Consolidated Financial Statements were prepared on the basis of the accounting records of each Group company as of December 31, 2016 and December 31, 2015. 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 in order to harmonize the policies and methods used and to adapt them to IFRS.

These Consolidated Financial Statements for year ended December 31, 2016 were authorized by the Board of Directors of Gestamp Automoción S.A. on March 3, 2017 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The figures contained in these Consolidated Financial Statements are expressed in thousands of euros, unless otherwise indicated. Thus they are susceptible to rounding.

4.2 Comparison of information

The company Çelik Form Gestamp Otomotiv, A.S. was incorporated in January 2016 and control was taken through the subsidiary Beyçelik Gestamp Kalip, A.S. (Note 3).

On December 2016 the company G. Finance Luxemburgo S.A. was sold and the company S.G.F., S.A. was dissolved (Note 2.b).

In 2015 the business combination of Gestamp Pune Automotive Private Limited (Note 3) took place, as well as the acquisition of the remaining 40% shareholding in Gestamp Global Tooling, S.L. from non-controlling shareholder Ekarpen Private Equity S.A. (Ekarpen) (Note 2.b).

4.3 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and subsidiaries as per December 31, 2016.

4. Basis of presentation (Continued)

The Group controls a subsidiary if and only if it has:

- 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
- The ability to use its power over the subsidiary to affect the amount of the investor's 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.

The financial statement 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 to the Consolidated Financial Statements, being elaborated with the same accounting policies in a uniform and coherent procedure.

The profit of a subsidiary is attributed to non-controlling interest even if it means registering a receivable balance.

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:

- Derecognizes assets (including goodwill) and liabilities of such subsidiary.
- Derecognizes carrying amount of non-controlling interests.
- Derecognizes the translation differences registered in Equity.
- Recognizes the fair value of the amount received for the operation.
- Recognizes the fair value of any retained investment.
- Recognizes 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 consolidation scope and controlled by the Parent Company. The Parent Company controls a subsidiary if and only if the Parent Company has all the following:

I. power over the subsidiary. The Parent Company has power when it has existing rig relevant activities;

II. exposure, or rights, to variable returns from its involvement with the subsidiary; and

III. the ability to use its power over the subsidiary to affect the amount of the Parent Company's returns.

4. Basis of presentation (Continued)

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 the preparation of the accompanying Consolidated Financial Statements, significant influence is deemed to exist in investments in which the Group, directly or indirectly, holds over 20% of the voting power, and in certain instances where the Group's holding is less than 20%, but significant influence can be clearly demonstrated.

Translation of the Financial Statements of foreign operations

The assets and liabilities and income statements of foreign operations included in the consolidation scope whose functional currency is different from the presentation currency are translated to euro using the closing foreign exchange rates method as follows:

- The assets, rights, and liabilities of foreign operations are translated at the exchange rate prevailing at the Consolidated Balance Sheet date.
- Income and expenses are translated using the average exchange rate, so 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 in the Consolidated Balance Sheet (Note 17).

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 2016 was 8.6 million euros of positive translation differences (16 million euros of negative translation differences in 2015).

The intercompany loans to subsidiaries whose repayment is not foreseen are considered permanent financing and thus they are considered equity.

At December 31, 2016 and December 31, 2015 neither the Parent Company nor the subsidiaries held equity units issued by the Parent Company.

4. Basis of presentation (Continued)

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 consolidation scope

The following transactions and balances were eliminated in 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 unrealized gains on inventories, if the amount is significant.
- Intra-Group dividends and the debit balance corresponding to interim dividends recognized at the company that paid them.

Non-controlling interest

The value of non-controlling interest in the equity and profit (loss) for the year of subsidiaries consolidated by the full consolidation method is recognized in "Equity attributable to non-controlling interest" in the Equity in the Consolidated Balance Sheet and in "Profit (loss) attributable to non-controlling interest" in the Consolidated Income Statement and Consolidated Comprehensive Income Statement, respectively.

4.4 Going concern

The Group's management has drawn up these Consolidated Financial Statements on a going concern basis given its judgment 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 on an ongoing basis with 79% of its bank financing as of December 31, 2016 maturing over periods longer than twelve months (December 31, 2015: 84%).

At December 31, 2016 the Group had 1,168.1 million euros (2015: 920.6 million euros) (Note 33.1) of total available liquidity, comprised of 430.5 million euros in cash and cash equivalents (2015:356 million euros) and 0.3 million euros in securities portfolio (2015: 2.5 million euros). In addition, the Group had undrawn credit facilities amounting to 457.3 million euros at December 31, 2016 (2015: 282.1 million euros) and 280.0 million euros in an undrawn Revolving Credit Facility.

4.5 Alternative management indicators

The Group uses a set of indicators in the decision making process since they allow a better analysis of their financial situation and they are widely used by investors, financial analysts and other interest groups. These indicators are not defined by IFRS and thus may not be comparable to similar indicators used by other companies.

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

EBITDA represents the operating profit before depreciation, amortization and impairment losses.

EBITDA at December 31, 2016 and 2015 was as follows:

	2016	2015
Operating Profit	462,622	400,196
Depreciation and amortization	378,528	360,137
	841,150	760,333

4. Basis of presentation (Continued)

EBIT (Earnings Before Interest and Taxes)

EBIT is the Operating Profit

Net Financial Debt

Net Financial Debt at December 31, 2016 and 2015 was as follows (Note 22):

	Thousands of euros	
	2016	2015
Interest-bearing loans and borrowings	1,967,599	1,730,936
Financial leasing	33,574	35,161
Borrowings from related parties	70,162	79,004
Other non-current financial liabilities	34,991	39,428
Current financial assets	(43,228)	(35,455)
Cash and cash equivalents	(430,463)	(355,975)
Net financial debt	**1,632,635**	**1,493,099**

CAPEX

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

CAPEX at December 31, 2016 and 2015 was as follows (Notes 10.b) and 11):

	2016	2015
Additions to Other intangible assets	83,581	88,303
Additions to Property, plant and equipment	641,185	534,125
	724,766	622,428

5. Changes in accounting standards

a) Standards and interpretations approved by the European Union and applied for the first time during the period

The Group applied for the first time in 2016 the IFRS 8 *Operating segments* and IAS 33 *Earnings per share.*

The accounting policies used in the preparation of these Consolidated Financial Statements are the same as the policies applied in the Consolidated Financial Statements as at 31 December 2015, except for the following amendments that have been applied for the first time during this year and may have had the potential to have some impact:

Annual IFRS Improvements-2010-2012 Cycle

These improvements to IFRS include, among other improvements, the improvements to the IFRS 8 *Operating Segments*:

The amendments apply retrospectively and clarify that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'

5. Changes in accounting standards (Continued)

- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

These improvements have been taken into account in the disclosure of the Operating segments, as IFRS 8 has been applied for the first time in 2016.

IAS 24 *Related Party Disclosures*

The amendment is applied retrospectively and clarifies that when key managers are not employees of the entity but employees of other entity managing different Group entities, transactions with management entity (and not with key managers) are subject to the related party disclosures. In addition, the expenses incurred for management services must be disclosed. The Group has no transactions with entities that might be run by managers (Note 31).

Amendments to IAS 1-Disclosure Initiative

The amendments to IAS 1 clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI (Other Comprehensive Income) of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to Consolidate Income Statement

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. These amendments do not have any impact on the Group.

b) Standards issued by IASB but not yet effective this period.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's Consolidated Financial Statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Although the Group is currently analyzing their impact on Consolidated Financial Statements, based on the analysis made so far, Gestamp estimates that their initial application will not have a significant impact in the Consolidated Financial Statements, except for the following policies, interpretations and disclosures:

IFRS 9 *Financial Instruments*

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* that replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9.

IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. Although early application is permitted the Group will not apply the standard earlier. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

5. Changes in accounting standards (Continued)

The Group plans to adopt the new standard on the required effective date. During 2016, the Group has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. Overall, the Group expects no major impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9, not expected to be significant.

(a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Debt securities are expected to be measured at fair value through (Other Comprehensive Income) under IFRS 9 as the Group expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

The equity shares in non-listed companies are intended to be held for the foreseeable future. The Group expects to apply the option to present fair value changes in Other Comprehensive Income, and, therefore, believes the application of IFRS 9 would not have a significant impact. If the Group were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Group expects that these will continue to be measured at amortized cost under IFRS 9. However, the Group will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortized cost measurement under IFRS 9.

(b) 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 expects to apply the simplified approach and record lifetime expected losses on all trade receivables. However the Group expects no significant impact on its equity, but it is performing a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

The Group believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Group does not expect a significant impact as a result of applying IFRS 9. The Group will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. During 2016, the Group performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing

5. Changes in accounting standards (Continued)

analysis. Furthermore, the Group is considering the clarifications issued by the IASB in April 2016 and will monitor any further developments.

Although at the issuance date of these Consolidated Financial Statements the analysis has not been finalized, the Group's management preliminarily considers that it is foreseeable that its application will have some impact on the amount and the time of recognition of the revenues related to the products sold by the Group as a consequence of the following circumstances:

(a) Agreement's duration

Some of the contracts that the group carries out with its customers are long-term supply contracts, which implies taking into account the contract as a whole and making an allocation of the consideration for all performance obligations identified. This could lead to a different revenue amount recognized when compared to the revenue that is being recognized with the current standards.

(b) Performance obligations, allocation of the considerations received and revenue recognition

The majority of the client contracts contain several performance obligations (tooling services and delivery of pieces) that are being delivered to the customer over time and not necessarily all of them at the same time. This brings a greater likelihood of impact due to the need to separate sale prices and the moment of transfer of control of each item.

The standard requires recording the performance obligations over time or at a specific time depending on the transfer of control. The revenue recognition's method which is currently being used by the Group for the delivery of pieces that are non-tooling goods is focused on physical delivery which could differ from the revenue recognition method applied with IFRS 15 depending on the characteristics of each contract.

(c) Sales incentives and discounts

Additionally, the Group negotiates with its clients discounts or incentives that need to be analyzed from the perspective of the contract as a whole and it needs to be verified whether the results derived from the application of the criteria established in IFRS 15 do not lead to significantly different results than those applied at the moment.

(d) Presentation and disclosure requirements

IFRS 15 provides presentation and disclosure requirements, which are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in Group's Consolidated Financial Statements. Many of the disclosure requirements in IFRS 15 are completely new. In 2016 the Group developed and started testing internal controls, policies and procedures necessary to collect and disclose the required information.

Once the above analysis is completed, the method of transition to be applied will be decided.

IFRS 16 *Leases*

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

IFRS 16 was issued in January 2016 and it 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 Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard

5. Changes in accounting standards (Continued)

includes two recognition exemptions for lessees—leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also 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 recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessees will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The nature of the leasing agreements of the Group are detailed in Note 30.

It is expected that IFRS 16 will have an impact on the Consolidated Financial Statements of the Group, and the Group's management is analyzing the information related to these contracts in terms of amounts committed, planned renewals, those that are at the Group's discretion, concepts included in contracts that correspond to services rather than leases, etc.

The Group is also evaluating the different transition possibilities and practical solutions offered by the standard in its first application.

Amendments to IAS 7—Statement of Cash Flows: Disclosure Initiative

The amendments to IAS 7 are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

Amendments to IAS 12—Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. The Group is currently assessing the impact of this amendment, when it become effective.

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, as the Euro is the Group's presentation currency and the functional currency of the Parent Company.

Transactions in foreign currency different to 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 recognized 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.
- Discounts for prompt payment, which are deducted from the asset's carrying value.
- Directly attributable costs incurred to ready the asset for use.

Prior to the IFRS transition date (January 1, 2007), certain Group companies revalued certain items of property, plant, and equipment as permitted under applicable legislation (Royal Decree-Law 7/1996, Basque Regional Law 6/1996 and several international laws). The amount of these revaluations is considered part of the cost of the assets as provided for under IAS 1.

At the transition date to EU-IFRS (January 1, 2007), Property, plant and equipment was measured at fair value at the said date, based on the appraisals of an independent expert, which generated a revaluation of Group assets (Note 11).

The carrying value of Property, plant, and equipment acquired by means of a business combination is measured by its fair value 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 capitalized.

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 the asset is retired.

As permitted under revised IAS 23, borrowing costs directly attributable to the acquisition or development of a qualifying asset-an asset that takes more than one year to be ready for its intended use-are capitalized as part of the cost of the respective assets. The amount of the said capitalized costs is not significant.

6. Summary of significant accounting policies (Continued)

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:

	Years of estimated useful life	
	2016	2015
Builidings	17 to 35	17 to 50
Plant and machinery	3 to 20	3 to 15
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 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 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 as at the acquisition date, including the separation of derivatives implicit in 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 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 recognizes any excess that continues to exist after this reconsideration in the income statement.

6. Summary of significant accounting policies (Continued)

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 participations in associates, businesses over which the Group has significant influence.

Participations in associates and joint ventures are accounted for 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 recognized directly in equity by the associate or joint venture, the Group recognizes 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 non-controlling 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 harmonize 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 recognized in "Share of profits from associates—equity method" 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 recognized in the Consolidated Income Statement.

6. Summary of significant accounting policies (Continued)

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 recognized 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 capitalized 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 December 31, 2016 there were no intangible assets related to development costs capitalized more than one year prior and whose amortization was not started.

Concessions, patents, licenses, 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 and capitalized is amortized over its useful life, which in no instance will exceed 5 years. IT maintenance costs are expensed as incurred.

6.6 Financial assets

Financial assets are initially measured at fair value plus any directly attributable transaction costs, except financial assets at fair value with changes through profit and loss where transaction costs are registered in the Consolidated Income Statement.

The Group classifies its financial assets, current and non-current, into the following categories:

- Financial assets at fair value with changes through profit and loss (held for trading).

6. Summary of significant accounting policies (Continued)

- Held-to-maturity investments.
- Loans and receivables.
- Available-for-sale financial assets.
- Investments in associates accounted for using the equity method.

Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and reassesses this designation at each year end.

Financial assets at fair value with changes through profit and loss

These are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments, except those designated as hedging instruments in an effective hedge.

They are classified as non-current assets, except for those maturing in less than 12 months, and they are carried on the balance sheet at fair value. Changes in value of these assets are recognized in the Consolidated Income Statement as Financial income or expenses.

Fair value is the market price at the Consolidated Balance Sheet date.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

They are classified as non-current, except for those maturing in less than 12 months from the balance sheet date. They are carried at amortized cost using the effective interest method, less any impairment charges.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current, except for those maturing in more than 12 months from the balance sheet date.

They are carried at amortized cost using the effective interest method, less any impairment charges.

Available-for-sale financial assets

These are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. They are classified as non-current unless management plans to dispose of them within 12 months from the balance sheet date.

They are measured at fair value at the balance sheet date. Unrealized gains or losses are recognized in Retained earnings until the investment is retired or impaired, at which time the cumulative gain or loss recorded in equity is recognized in the Consolidated Income Statement.

Investments in associates 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 its rights to receive cash flows from the asset or, retaining these rights, when the Group has

6. Summary of significant accounting policies (Continued)

assumed a contractual obligation to pay the cash flows to a third party, 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 recognizes any income on the transferred asset and any expense incurred on the financial liability in the Consolidated Income Statement. Such income and expense are not offset.

6.7 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.

A relevant decrease in EBITDA compared to the previous year or a relevant decrease of EBITDA in the following years or any other qualitative factor that may affect the Cash-Generating Unit are considered indications of impairment. In the case of capitalized Research and Development Expenses, not obtaining the expected return is considered an indication 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 recognized 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 previsions individually prepared for each CGU to which the asset is allocated. Those budgets and previsions refer to a five-year period and for longer periods a long-term growth rate is calculated and used for estimating cash-flows after the fifth year.

The impairment losses from continued operations, including impairment of inventories, are registered in the Consolidated Income Statement in the expenses 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.

A previously recognized impairment loss is reversed, with the reversal recognized in the 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 recognized.

6. Summary of significant accounting policies (Continued)

The following assets present specific characteristics when assessing their impairment:

Consolidation goodwill

At year end as well as when there is evidence that goodwill may be impaired, an impairment test of goodwill is carried out.

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

The Group has implemented annual procedures to test intangible assets with indefinite useful life for impairment. This assessment is carried out for each of the CGUs or groups of CGUs, as well as when there is evidence that intangible assets 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 Consolidated Income Statement for the year. The cumulative loss recognized in the 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 recognized in the Consolidated Income Statement, the impairment loss is 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 carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in the Consolidated Income Statement. 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 December 31, 2016 and 2015 there were no assets and liabilities in this category and no profit from discontinued operations.

6. Summary of significant accounting policies (Continued)

6.9 Trade and other receivables

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

Discounted bills pending maturity at year end are included in the accompanying consolidated balance sheets 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 14.a).

The Group recognizes impairment allowances on balances past-due over certain periods, or when other circumstances warrant their classification as impaired.

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 Tools made to customer order

A construction contract is a contract specifically negotiated with a customer for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the balance sheet date (Note 6.18).

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent that contract costs incurred are expected to be recoverable.

Based on its experience and Group estimates, with rare exceptions, management does not expect to incur losses, which have not been recognized on these Consolidated Financial Statements, on the definitive settlement of the tool manufacture contracts in progress at December 31, 2016.

In the exceptional cases where there are contract costs that may not be recovered, no revenue is recognized and all amounts of such costs are recognized as an expense immediately.

Customer advances received reflect billing milestones and not necessarily the stage of completion of the contract.

Tools-in-progress measured using the stage of completion method are recognized under "Trade receivables" net of customer advances with a balancing entry to "Revenue from tool sales".

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. Summary of significant accounting policies (Continued)

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.

When the grant relates to an asset, it is recognized as "Deferred Income" in the Consolidated Balance Sheet and released to income over the expected useful life of the related asset.

When the grant relates to expense items, it is recognized directly in the Consolidated Income Statement as income.

6.14 Financial liabilities (trade and other payables and borrowings)

Financial liabilities are initially recognized at fair value less attributable to transaction costs except financial liabilities at fair value through 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, 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 no 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 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 non-controlling interest and the corresponding equity attributable to the Parent Company in the same way as initially registered (Note 22.d).

6.15 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

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

Headcount restructuring provisions are stated at the amount of expenses expected to arise from the restructuring and any other expenses not associated with the entity's day-to-day business.

Headcount restructuring provisions are only recognized when there is a formal plan identifying the affected business, the main locations affected, and the employees to receive redundancy payments, the outlays to be incurred, when it will be implemented, and when the entity has raised a valid expectation that it will carry out the restructuring and those affected have been informed.

6. Summary of significant accounting policies (Continued)

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-employments 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 recognized in profit and loss according to the accrual principle.

The amount registered in the Consolidated Income Statement at December 31, 2016 was 6.1 million euros (December 31, 2015: 4.8 million euros).

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 in profit and loss.

The amounts to be recognized 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 recognized 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, detailed below, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any

6. Summary of significant accounting policies (Continued)

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.

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 in which all the risks and benefits associated with ownership of the asset are substantially transferred 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 recognized as an expense in the Consolidated Income Statement on a straight line basis over the lease term.

6.18 Revenue and expense recognition

Revenue and expenses are recognized when products are delivered or services are provided, regardless of when actual payment or collection occurs.

Revenue is recognized at fair value of the balancing entry, defining fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For those contracts according to stage of completion and when profit cannot be reliably estimated, revenue is recognized only to the extent where costs are recoverable and costs are recognized as expenses of the year when occurred.

Revenue includes:

- Sale of goods: Revenue from the sale of goods is recognized when the following conditions have been met:
    - the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

6. Summary of significant accounting policies (Continued)

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group.
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

- Manufacture of tools and machinery for third party sale and rendering of services: the Group uses the stage of completion method for sales of tools and machinery since they buyer can specify the most important structural elements in the design of tools before construction starts, as well as the most relevant structural changes (Note 6.11).
- Interest, royalties, and dividends: interest revenue is recognized as interest accrues 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).

Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

Dividends are recognized when the shareholder's right to receive payment is established.

Expenses are recognized when there is a decrease in the value of an asset or an increase in the value of a liability that can be measured reliably, and they are recognized during the period in which they are incurred.

6.19 Income tax

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

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

Current tax

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 recognized as a reduction in tax expense in the year in which they are applied or offset, unless there is reasonable doubt as to their realization, in which case they are not capitalized 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

6. Summary of significant accounting policies (Continued)

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.

6.20 Derivative financial instruments and hedges

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.

These financial derivatives hedging cash flow are initially recognized in the Consolidated Balance Sheet at acquisition cost and, subsequently, they are marked to market.

Any gains or losses arising from changes in the market value of derivatives in respect of the ineffective portion of an effective hedge are taken directly to the Consolidated Income Statement, while gains or losses on the effective portion are recognized in "Effective hedges" within "Retained earnings" with respect to cash flow hedges. The cumulative gain or loss recognized in equity is taken to the Consolidated Income Statement when the hedged item affects profit or loss or in the year of disposal of the item.

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) at December 31, 2015 and until June 17, 2016 to cover the exposure to exchange rate risk of the investments in subsidiaries whose functional currency is US dollar (Note 22.b.2).

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 recognized 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.

6.21 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.

6.22 Environmental issues

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 above.

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

7. Significant accounting judgments, estimates, and assumptions

The preparation of the accompanying Consolidated Financial Statements under IFRS requires management to make judgments, estimates, and assumptions that affect the Consolidated Balance Sheet and Income Statement.

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 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.

For calculating the value at perpetuity for the method of discounting cash-flows, a normalized year with all reasonable and recurrent in the future hypotheses is used.

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 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. 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 21.

7. Significant accounting judgments, estimates, and assumptions (Continued)

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 with loss history, which cannot be used to offset future tax profits from other group companies and when there are no taxable temporary differences. Note 23 and Note 28 include further details on taxes and tax credits not accounted by the Group.

Revision 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 the 2016 review, the Group analyzed the current use of certain property, plant and equipment. This review was based on the analysis of an independent third party. The total cost of items whose useful life was reviewed was 2,205 million euros.

Had this revision not been carried out, the impact in the Consolidated Income Statement in 2016 would have been higher depreciation expenses in the amount of 12.5 million euros.

Useful life of intangible assets without finite useful life (including capitalized development expenses) is calculated according to internal analysis where useful life is no longer than 6 years and recovery is linear according to the pattern of consumption representing the production of operating plants.

Fair value of financial instruments

When fair value of financial assets and liabilities cannot be obtained from quoted prices in active markets it is calculated by valuation techniques which 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. Please see Note 12 and Note 22.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. and Gestamp Automotive India Private Ltd.

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

Regarding Gestamp Automotive India Private Ltd. 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.

Although board members are elected according to shareholding percentage, it is considered there is control over this company according to the following circumstances related to the most important 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.

7. Significant accounting judgments, estimates, and assumptions (Continued)

2. Accordingly, the most important activities for a supplier in this sector are the following:

   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.

   All these activities are carried out by the Group given that the other shareholder does not possess those 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 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.

Regarding Gestamp Automotive India Private Ltd, the Group designated 4 board members of this company out of a total of 6 members, so the Group is capable of carrying out the relevant activities.

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 recognized in the same Consolidated Income Statement heading in which the associated income or expense was recognized under the former estimate.

Changes in significant accounting policies and restatement of errors:

Changes in accounting policies and restatement of errors are recognized to the extent they are significant: the cumulative effect of the change at the beginning of the period is recognized by restating "Retained earnings" while the period-specific effect of the change is recognized in Consolidated Profit and Loss for the year. In these instances, the prior year's balances are also restated to maintain comparability of information.

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:

- Western Europe
  - Spain
  - Germany
  - United Kingdom
  - France
  - Portugal

9. Segment reporting (Continued)

- Sweden
- Belgium
- Luxembourg

- Eastern Europe
  - Russia
  - Poland
  - Hungary
  - Czech Republic
  - Slovakia
  - Turkey
- Mercosur
  - Brazil
  - Argentina
- North America
  - USA
  - Mexico
- Asia
  - China
  - South Korea
  - India
  - Thailand
  - Japan

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

The Board of Directors of the Group manages the operating segments corresponding to continuing activities basically according to the evolution of the main financial indicators from each segment such as revenue and EBITDA (Earnings before interest, taxes, depreciation and amortization). Financial income and expenses, 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.

9. Segment reporting (Continued)

Segment information for 2016 and 2015 is as follows:

	Thousands of euros					
	2016					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
NON-CURRENT ASSETS						
Goodwill	74,345	22,835	10,422	2,890	12	110,504
Other intangible assets	211,566	9,084	5,266	23,408	33,136	282,460
Property, plan and equipment	1,206,745	450,511	272,388	729,639	500,731	3,160,014
Total non-current assets	**1,492,656**	**482,430**	**288,076**	**755,937**	**533,879**	**3,552,978**
WORKING CAPITAL						
Inventories	243,881	83,395	63,870	126,637	113,114	630,897
Trade and other receivables	631,866	169,093	54,882	230,882	290,166	1,376,889
Other current assets	3,362	5,740	3,487	12,897	754	26,240
Trade and other payables	(856,615)	(180,663)	(64,640)	(254,684)	(264,823)	(1,621,425)
Provisions	(9,380)	(3,300)	(1,560)	(129)	(3,703)	(18,072)
Other current liabilities	682	(600)	—	(3,580)	(12)	(3,510)
Other current debt	(152,340)	(10,409)	(16,537)	(84,416)	(27,118)	(290,820)
Total working capital	**(138,544)**	**63,256**	**39,502**	**27,607**	**108,378**	**100,199**

	Thousands of euros					
	2016					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
Revenue	3,704,113	859,490	401,365	1,546,104	1,037,866	7,548,938
EBITDA	378,044	95,614	23,198	167,183	177,111	841,150

	Thousands of euros					
	2015					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
NON-CURRENT ASSETS						
Goodwill	76,019	22,716	8,309	2,890	12	109,946
Other intangible assets	188,000	6,828	3,038	21,489	30,083	249,438
Property, plan and equipment	1,200,687	383,957	203,792	577,802	495,569	2,861,807
Total non-current assets	**1,464,706**	**413,501**	**215,139**	**602,181**	**525,664**	**3,221,191**
WORKING CAPITAL						
Inventories	261,063	68,772	49,832	104,932	101,839	586,438
Trade and other receivables	581,050	114,580	61,724	157,490	279,846	1,194,690
Other current assets	10,328	2,708	944	8,732	821	23,533
Trade and other payables	(780,077)	(119,339)	(39,850)	(197,382)	(247,758)	(1,384,406)
Provisions	(9,862)	(3,042)	(1,053)	(169)	(2,192)	(16,318)
Other current liabilities	(7,412)	(222)	—	(297)	—	(7,931)
Other current debt	(55,663)	(18,529)	(6,509)	(38,355)	(32,065)	(151,121)
Total working capital	**(573)**	**44,928**	**65,088**	**34,951**	**100,491**	**244,885**

	Thousands of euros					
	2015					
ITEM	WESTERN EUROPE	EASTERN EUROPE	MERCOSUR	NORTH AMERICA	ASIA	TOTAL
Revenue	3,607,362	660,664	466,503	1,323,355	976,628	7,034,512
EBITDA	347,339	86,338	26,289	144,194	156,173	760,333

9. Segment reporting (Continued)

Recurrent operating activities between subsidiaries of different segments are not significant.

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:

	Thousands of euros	
Segment	**2016**	**2015**
Western Europe	60,870	68,789
Eastern Europe	4,053	1,956
Mercosur	1,828	636
North America	7,818	12,389
Asia	9,012	4,533
Total	**83,581**	**88,303**

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

	Thousands of euros	
Segment	**2016**	**2015**
Western Europe	188,840	197,199
Eastern Europe	94,571	106,133
Mercosur	54,969	22,305
North America	227,493	129,606
Asia	75,312	78,882
Total	**641,185**	**534,125**

The three groups of customers representing the highest contributino to sales accounted for 44.5% of revenue in 2016 (2015: 45.2%) and each of them represented more than 10% of revenue in 2016 (2015: 10%).

10. Intangible assets

a) Goodwill

The change in goodwill in 2016 and 2015 is as follows:

	Thousands of euros				
Segment	**At December 31, 2015**	**Additions**	**Decreases**	**Currency translation differences**	**At December 31, 2016**
Western Europe					
Gestamp HardTech AB	41,624			(1,673)	39,951
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
Eastern Europe					
Beyçelik Gestamp Kalip, A.S.	22,620			(3,264)	19,356
Gestamp Severstal Vsevolozhsk, Llc	96			21	117
Çelik Form Gestamp Otomotive, A.S.	—	3,907		(545)	3,362
Mercosur					
Gestamp Brasil Industria de Autopeças, S.A.	8,309			2,113	10,422
Asia					
Gestamp Services India Private, Ltd.	13			(1)	12
Total	**109,946**	**3,907**	**—**	**(3,349)**	**110,504**

Additions in 2016 corresponded to the acquisition of Çelik Form Gestamp Otomotive, A.S. which was included in the consolidation scope by the full consolidation method (Note 3).

	Thousands of euros				
Segment	**At December 31, 2014**	**Additions**	**Decreases**	**Currency translation differences**	**At December 31, 2015**
Western Europe					
Gestamp HardTech AB	40,527			1,097	41,624
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
Eastern Europe					
Beyçelik Gestamp Kalip, A.S.	25,347			(2,727)	22,620
Gestamp Severstal Vsevolozhsk, Llc	104			(8)	96
Mercosur					
Gestamp Brasil Industria de Autopeças, S.A.	11,110			(2,801)	8,309
Asia					
Gestamp Services India Private, Ltd.	12			1	13
Total	**114,384**	**—**	**—**	**(4,438)**	**109,946**

10. Intangible assets (Continued)

Currency translation differences in 2016 and 2015 corresponded to the adjustments to the goodwill of companies whose functional currency is different from the Euro, translated at the exchange rate prevailing at the 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 CGU recoverable value at December 31, 2016 was determined by choosing the higher value between the fair value less necessary costs to sale the CGU or the calculation of value in use, using cash flow projections covering a five-year period and based on the future business evolution.

The cash flows beyond the five-year period have been extrapolated using a growth rate of 1% for 2016 and 2015, except for the CGU Gestamp Brasil Industria de Autopeças S.A. where the growth rate used in 2015 was 2%. These hypotheses can be considered cautious compared with the rest of the long term average growth rates of the automotive sector.

The pre-tax discount rate for cash flow projections for the CGUs is calculated in base on the Weighted Average Cost of Capital (WACC) and it is based on the weighted average cost of equity and cost of debt according to the financial structure set for the Group.

The pre-tax discount rates for the CGUs with the most significant goodwill in 2016 and 2015 are as follows:

		Pre-tax discount rate	
Segment	**CGU**	**2016**	**2015**
Western Europe	Gestamp HardTech, AB	9.35%	10.65%
Western Europe	Gestamp Metalbages, S.A.	9.99%	10.58%
Eastern Europe	Beyçelik Gestamp Kalip, A.S.	17.74%	18.00%

The recoverable value is higher than the net value for all the CGUs, so the Group can recover the value of all goodwill recognized at December 31, 2016 and 2015.

Economic projections realized in previous years were not significantly different from the actual figures.

Sensitivity analysis to changes in key assumptions

The Parent Company's management subjects its goodwill valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts, when value in use is the reference value.

- Although a 100 basis point increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of the analyzed assets.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of the analyzed assets.
- Assuming a 150 basis point decrease in EBITDA /sales ratio used for extrapolating cash-flow to perpetuity would reduce value in use but in no case would mean impairment of the carrying amount of the analyzed assets.

10. Intangible assets (Continued)

b) Other intangible assets

The breakdown and change in the various items comprising "Other intangible assets" are shown below:

	Thousands of euros						
Cost	**At December 31, 2015**	**Changes in consolidation scope**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2016**
R&D expenses	240,898		58,887	(1,096)	5	(219)	298,475
Concessions	18,434		3,972	(707)	(620)	123	21,202
Patents, licenses & trademark	39,102		1,491	(205)	(115)	(7)	40,266
Goodwill	1,900				89	(316)	1,673
Transfer fees	114				2	(116)	—
Software	127,475	390	11,815	(1,699)	772	4,626	143,379
Prepayments	13,248		7,416	(217)	(8)	(2,918)	17,521
Total cost	441,171	390	83,581	(3,924)	125	1,173	522,516
Amortization and impairment							
R&D expenses	(103,622)		(33,920)	818	88	(217)	(136,853)
Concessions	(1,720)		(424)	47	57	(352)	(2,392)
Patents, licenses & trademark	(3,983)		(510)	15	44	360	(4,074)
Transfer fees	(294)		(274)		(12)	13	(567)
Software	(80,406)	(333)	(14,571)	1,670	(540)	(167)	(94,347)
Total accumulated amortization	(190,025)	(333)	(49,699)	2,550	(363)	(363)	(238,233)
Impairment of Intangible assets	(1,708)		(564)	2	(7)	454	(1,823)
Net carrying amount	**249,438**	**57**	**33,318**	**(1,372)**	**(245)**	**1,264**	**282,460**

Changes in consolidation scope corresponded to the incorporation of Çelik Form Gestamp Otomotiv, A.S. (Note 3).

Additions to R&D expenses corresponded mainly 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 Concessions corresponded to the right to use land.

Additions to Software mainly corresponded to software licenses renewal and to costs of SAP development and implementation.

Additions to Prepayments corresponded to costs from SAP implementation.

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

Main disposals corresponded to Software regarding items fully amortized and to development projects whose feasibility is not reasonably assured.

10. Intangible assets (Continued)

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

	Thousands of euros						
Cost	At December 31, 2014	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2015
R&D expenses	180,104		57,904	(910)	1,722	2,078	240,898
Concessions	17,323				1,106	5	18,434
Patents, licenses & trademark	36,451		2,854	(73)	58	(188)	39,102
Goodwill	1,898			(4)	303	(297)	1,900
Transfer fees	119					(5)	114
Software	105,283	103	14,244	(397)	(255)	8,497	127,475
Prepayments	8,926		13,301	(174)	(270)	(8,535)	13,248
Total cost	350,104	103	88,303	(1,558)	2,664	1,555	441,171
Amortization and impairment							
R&D expenses	(76,648)		(26,558)	787	(903)	(300)	(103,622)
Concessions	(1,214)		(344)		(72)	(90)	(1,720)
Patents, licenses & trademark	(3,709)		(456)	73	(43)	152	(3,983)
Transfer fees	(32)		(265)		3		(294)
Software	(69,978)	(70)	(11,217)	(8)	108	759	(80,406)
Total accumulated amortization	(151,581)	(70)	(38,840)	852	(907)	521	(190,025)
Impairment of Intangible assets	(1,316)		(802)	132	(19)	297	(1,708)
Net carrying amount	**197,207**	**33**	**48,661**	**(574)**	**1,738**	**2,373**	**249,438**

Changes in consolidation scope in 2015 corresponded to the incorporation of the company Gestamp Pune Automotive Pvt Ltd (Note 3).

Additions to R&D expenses corresponded mainly 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 corresponded to software licenses renewal and to costs of SAP development and implementation.

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

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

Development expenses corresponding to projects not fulfilling requirements to be capitalized were registered in the heading Other operating expenses from the Income Statement and they amounted to 470 thousand euros at December 31, 2016 (December 31, 2015: 1,361 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.

11. Property, plant and equipment

The breakdown and change in various items comprising "Property, plant and equipment" are shown below:

	Thousands of euros						
Cost	**At December 31, 2015**	**Changes in consolidation scope**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2016**
Land and buildings	1,323,618	203	11,737	(910)	8,437	48,401	1,391,486
Plant and other PP&E	4,347,927	6,770	117,113	(140,332)	(32,735)	243,085	4,541,828
PP&E under construction and prepayments	378,608		512,335	(718)	(11,205)	(310,642)	568,378
Total cost	6,050,153	6,973	641,185	(141,960)	(35,503)	(19,156)	6,501,692
Depreciation and impairment							
Land and buildings	(365,011)	(163)	(34,899)	552	(3,580)	(4,866)	(407,967)
Plant and other PP&E	(2,811,335)	(4,378)	(293,673)	130,115	26,908	24,492	(2,927,871)
Accumulated depreciation	(3,176,346)	(4,541)	(328,572)	130,667	23,328	19,626	(3,335,838)
Impairment of PP&E	(12,000)		(30)	5,767	850	(427)	(5,840)
Net book value	**2,861,807**	**2,432**	**312,583**	**(5,526)**	**(11,325)**	**43**	**3,160,014**

Changes in consolidation scope corresponded to the incorporation of the company Çelik Form Gestamp Otomotiv, A.S. (Note 3).

Cost value of the property, plant and equipment additions at December 31, 2016 corresponded, mainly, to investments in plants and production lines aimed to increase the productive capacity of the Group as well as to capital expenditure to maintain existing activities. They corresponded mainly to companies located in USA, Mexico, Spain, Germany and Poland. Additions by segment are shown in Note 9.

The net value of Disposals of plant and other PP&E corresponded mainly to the disposal of fully amortized items out of use, as well as to the sale of items to third parties.

11. Property, plant and equipment (Continued)

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

	Thousands of euros						
Cost	At December 31, 2014	Changes in consolidation scope	Additions	Disposals	Currency translation differences	Other movements	At December 31, 2015
Land and buildings	1,299,634	7,023	10,974	(5,602)	(5,711)	17,300	1,323,618
Plant and other PP&E	4,046,953	1,839	148,413	(75,438)	2,616	223,544	4,347,927
PP&E under construction and prepayments	250,803		374,738	(2,421)	(848)	(243,664)	378,608
Total cost	5,597,390	8,862	534,125	(83,461)	(3,943)	(2,820)	6,050,153
Depreciation and impairment							
Land and buildings	(337,374)	(1,017)	(32,393)	3,262	1,320	1,191	(365,011)
Plant and other PP&E	(2,589,468)	(1,056)	(285,110)	61,866	3,547	(1,114)	(2,811,335)
Accumulated depreciation	(2,926,842)	(2,073)	(317,503)	65,128	4,867	77	(3,176,346)
Impairment of PP&E	(8,759)		(2,933)		(309)	1	(12,000)
Net book value	**2,661,789**	**6,789**	**213,689**	**(18,333)**	**615**	**(2,742)**	**2,861,807**

Changes in consolidation scope in 2015 corresponded to the incorporation of the company Gestamp Pune Automotive Pvt Ltd (Note 3).

Cost value of the property, plant and equipment additions at December 31, 2015 mainly corresponded to investments in plants and production lines aimed to increase the productive capacity of the Group as well as to capital expenditure to maintain existing activities. They corresponded mainly to companies located in Poland, Spain, Mexico, China and USA. Additions by segment are shown in Note 9.

The net value of Disposals of plant and other PP&E corresponded, mainly, to the dismantlement of production lines and disposal of fully amortized items out of use, as well as to the sale of items to third parties.

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

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

	Thousands of euros	
	2016	2015
Initial cost	266,567	266,567
Fair value	509,428	509,428
Revaluation	242,861	242,861
Accumulated depreciation	(40,739)	(36,634)
Deferred tax liabilities	(51,115)	(52,204)
Total	**151,007**	**154,023**
Non-controlling interest	(25,121)	(25,363)
Reserves (Note 16.4.d))	(128,659)	(131,738)
Result for the year	2,773	3,078
Total	**(151,007)**	**(154,023)**

11. Property, plant and equipment (Continued)

The breakdown of PP&E located outside Spain, by country, is as follows:

	Thousands of euros	
Segment / Country	Net carrying amount 2016	Net carrying amount 2015
Western Europe		
Germany	270,703	252,372
France	93,215	90,534
Portugal	48,080	38,297
Sweden	27,671	32,264
United Kingdom	181,632	216,373
Eastern Europe		
Poland	156,481	107,204
Russia	106,465	93,364
Hungary	35,821	30,248
Czech Republic	75,883	71,362
Turkey	70,247	78,115
Slovakia	5,613	3,664
Mercosur		
Argentina	30,443	35,191
Brazil	241,946	168,602
North America		
USA	513,897	409,737
Mexico	215,742	168,063
Asia		
China	361,964	370,625
India	92,907	79,405
South Korea	45,260	45,138
Japan	361	96
Thailand	239	305
Total	**2,574,570**	**2,290,959**

11. Property, plant and equipment (Continued)

The breakdown of assets acquired under finance lease agreements at December 31, 2016 and December 31, 2015 are as follows:

	December 31, 2016					
			Thousands of euros			
				Present value of lease obligations		
Segment	Asset cost (thousands of euros)	Lease term	Installments paid	Short term	Long term	Purchase option value
Western Europe						
Software	34	4 years	34	—	—	—
Other fixtures	297	5 years	222	64	10	—
Eastern Europe						
Machinery	244	5 years	283	15	—	—
Machinery	12,978	4.75 years	14,397	267	—	1
Machinery	1,104	5 years	955	241	42	—
Machinery	597	5 years	485	120	120	—
Machinery	646	5 years	273	128	287	—
Machinery	2,969	7 years	815	412	1,870	—
Machinery	1,952	7 years	550	265	1,238	—
Machinery	285	7 years	78	38	185	1
Machinery	1,081	7 years	293	146	701	1
Machinery	473	7 years	123	63	313	—
Machinery	598	7 years	131	79	416	—
Machinery	711	7 years	86	79	469	1
Machinery	616	7 years	74	68	406	1
Machinery	755	7 years	62	86	524	—
Machinery	706	7 years	42	77	497	1
Machinery	1,415	7 years	101	101	1,416	—
Machinery	629	5 years	470	128	47	—
North America						
Machinery (November 2012)	14,263	20 years	2,569	661	12,911	—
Machinery (December 2012)	9,508	20 years	1,641	440	8,644	—
				3,478	**30,096**	

11. Property, plant and equipment (Continued)

Segment	December 31, 2015					
	Thousands of euros					
	Asset cost (thousands of euros)	Lease term	Installments paid	Present value of lease obligations: Short term	Present value of lease obligations: Long term	Purchase option value
Western Europe						
Software	34	4 years	23	9	2	—
Other fixtures	297	5 years	181	61	75	—
Eastern Europe						
Machinery	244	5 years	224	56	15	—
Machinery	12,990	4.75 years	11,186	3,127	267	1
Machinery	1,105	5 years	705	228	283	—
Machinery	598	5 years	241	120	240	—
Machinery	647	5 years	130	122	415	—
Machinery	2,971	7 years	352	776	2,196	—
Machinery	1,954	7 years	238	449	1,505	—
Machinery	285	7 years	32	37	223	1
Machinery	1,082	7 years	117	141	848	1
Machinery	474	7 years	45	61	377	—
Machinery	598	7 years	33	76	496	—
North America						
Machinery (November 2012)	13,414	20 years	1,427	618	13,135	—
Machinery (December 2012)	8,943	20 years	882	411	8,792	—
				6,292	**28,869**	

The amounts contained in the table above are affected by the application of different exchange rates in the conversion process of the financial statements at the exchange rate prevailing at the date of the transaction for companies whose functional currency is different from the presentation currency.

Impairment test of Property, Plant and Equipment

Impairment tests by calculating recoverable value were carried out for CGU's where there were signs of impairment according to indicators mentioned in Note 6.7.

Asssets tested represented 12% of total Property, Plant and Equipment of the Group.

The CGU's recoverable value at December 31, 2016 was determined by choosing the higher of the fair value less necessary costs to sell the CGU, and the calculation of value in use, using cash flow projections covering a five-year period and based on the future business evolution.

Pre-tax discount rates for the CGUs with signs of impairment in 2016 and 2015 were the following:

Segment	2016	
	WACC rate before taxes	Rate of perpetual growth
Western Europe	9.36%–9.99%	1.00%
Eastern Europe	11.21%–16.65%	1.00%
Asia	9.78%	1.00%
North America	10.50%	1.00%
Mercosur	20.9%–23.65%	1.00%

11. Property, plant and equipment (Continued)

	2015	
Segment	WACC rate before taxes	Rate of perpetual growth
Western Europe	9.60%–10.27%	1,00%
Eastern Europe	9.56%–19.25%	1,00%
Asia	11.70%	1,00%
North America	10.65%	1,00%
Mercosur	22.17%	1,00%

The recoverable value was higher than the net value for all the CGUs, so the Group can recover the value of the consolidated assets of each CGU at December 31, 2016 and 2015.

Economic projections realized in previous years were not significantly different from the actual figures.

Sensitivity analysis to changes in key assumptions

The Parent Company's management subjects its goodwill valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts, when value in use in the reference value.

- Although a 100 basis point increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of the analyzed assets.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of the analyzed assets.
- Assuming a 150 basis point decrease in Ebitda/sales ratio used for extrapolating cash-flow to perpetuity would reduce value in use but in no case would mean impairment of the carrying amount of the analyzed assets.

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

At December 31, 2015 there were items of property, plant, and equipment to secure bank loans received in the outstanding amount of 808 thousand euros. The net carrying amount of these assets at December 31, 2015 was 6,914 thousand euros.

At December 31, 2016 those bank loans were repaid so there were no items to secure those loans anymore (Note 22.a.1)).

12. Financial assets

The breakdown of the Group's financial assets at December 31, 2016 and December 31, 2015 by category and maturity, expressed in thousands of euros, is as follows:

	Thousands of euros									
	Investments accounted for using the equity method		Loans and receivables		Derivative financial instruments		Securities portfolio		Other financial assets	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Non-current financial assets	5,740	8,272	50,581	8,918	25,710	28,184	—	—	13,483	12,308
Investments accounted for using the equity method	5,740	8,272								
Held-to-maturity investments									957	914
Loans and receivables			50,581	8,918					12,526	11,394
Derivative financial instruments (Note 22.b.1)					25,710	28,184				
Current financial assets	**—**	**—**	**11,036**	**1,638**	**—**	**—**	**338**	**2,535**	**31,854**	**31,282**
Held-to-maturity investments							338	2,535		
Loans and receivables			11,036	1,638					31,854	31,282
Total financial assets	**5,740**	**8,272**	**61,617**	**10,556**	**25,710**	**28,184**	**338**	**2,535**	**45,337**	**43,590**

a) Non-current financial assets

The movements of non-current financial assets in 2016 and 2015 are as follows:

	Thousands of euros			
	Investments accounted for using the equity method	Loans and receivables	Derivative financial instruments	Other financial assets
Balance at December 31, 2014	**9,455**	**43,556**	**5,863**	**17,911**
Changes in consolidation scope	(3,542)			
Additions	2,450	2,938		5,340
Disposals		(24,682)		(10,975)
Changes in valuations of financial derivatives			22,321	
Transfers		(10,719)		64
Other movements		8		388
Share of profit	(364)			
Translation differences	273	(2,183)		(420)
Balance at December 31, 2015	**8,272**	**8,918**	**28,184**	**12,308**
Changes in consolidation scope	750			
Additions		57,228		3,463
Disposals		(276)		(2,205)
Changes in valuations of financial derivatives			(2,474)	
Transfers		(17,031)		541
Other movements		10		215
Share of profit	(3,230)			
Translation differences	(52)	1,732		(839)
Balance at December 31, 2016	**5,740**	**50,581**	**25,710**	**13,483**

12. Financial assets (Continued)

a.1) Investments accounted for using the equity method

Changes in consolidation scope in 2016 corresponded to the incorporation of Global Laser Araba S.L. by equity method (Note 2.b).

Changes in consolidation scope in 2015 corresponded to the subsidiary Gestamp Pune Automotive Pvt Ltd which changed from equity method to full consolidation method since control was acquired (Note 3).

Additions in 2015 corresponded to the capital increase in the company Gestión Global de Matricería, S.L. for 9,000 thousand euros and subscribed by the Parent Company for 2,450 thousand euros. Since the capital increase was not proportionally subscribed, the shareholding decreased from 35% to 30%.

"Share of profit" in 2016 and 2015 amounting to 3,230 thousand euros and 364 thousand euros of loss respectively, represented the Group's share of the profit recorded by each company.

In addition, the heading "Share of profits from associates—equity method" in the Consolidated Income Statement included the provision for registered risks related to the investment in ESSA Palau S.A. for 5,309 thousand euros (Note 20).

No dividends were received from companies accounted for using the equity method in 2016 and 2015.

The summarized financial information of the Group's investment in these companies at December 31, 2016 and December 31, 2015 is as follows:

Summarised balance sheet:

	2016				
	Essa Palau, S.A.	**Global Laser Araba**	**Jui Li Edscha Body Systems and subsidiaries**	**GGM and subsidiaries**	**Industrias Tamer, S,A.**
Total non-current assets	36,137	2,827	793	53,364	1,471
Total current assets	14,184	3,160	7,545	21,183	3,726
Total non-current liabilities	(21,633)	—	(69)	(25,860)	(360)
Total current liabilities	(54,090)	(4,507)	(2,825)	(41,287)	(3,657)
	—	—	—	—	—
Equity	25,402	(1,480)	(4,721)	(6,978)	(1,180)
Translation differences	—	—	(723)	(422)	—
Shareholding	40%	30%	50%	30%	30%
Carrying amount of the investment	**—**	**444**	**2,722**	**2,220**	**354**

	2015			
	Essa Palau, S.A.	**Jui Li Edscha Body Systems and subsidiaries**	**GGM and subsidiaries**	**Industrias Tamer, S,A.**
Total non-current assets	41,994	881	48,266	1,114
Total current assets	26,796	7,003	7,142	1,994
Total non-current liabilities	(23,552)	(32)	(17,963)	(309)
Total current liabilities	(59,300)	(2,464)	(19,763)	(1,889)
Equity	14,062	(4,190)	(17,486)	(910)
Translation differences	—	(1,198)	(196)	—
Shareholding	40%	50%	30%	30%
Carrying amount of the investment	**—**	**2,694**	**5,305**	**273**

12. Financial assets (Continued)

Summarised income statement:

	2016				
	Essa Palau, S.A.	Global Laser Araba	Jui Li Edcha Body Systems and subsidiaries	GGM and subsidiaries	Industries Tamer, S,A.
Operating income	80,879	23	11,395	25,261	2,862
Operating expense	(89,140)	(896)	(10,542)	(25,815)	(2,571)
OPERATING PROFIT/LOSS	**(8,261)**	**(873)**	**853**	**(554)**	**291**
Financial profit	(1,817)	(143)	9	(789)	(24)
Exchange gain (losses)	—	—	(75)	(1,597)	—
Impairment and other	(13)	—	—	—	—
PROFIT/LOSS BEFORE TAXES	**(10,091)**	**(1,016)**	**787**	**(2,940)**	**267**
Income tax expense	—	—	(257)	—	—
Adjustments from previous years	10,091	—	—	(7,960)	—
Profit for the year from discontinued operations net of taxes	—	—	—	—	—
PROFIT/LOSS FOR THE YEAR	**—**	**(1,016)**	**530**	**(10,900)**	**267**
Shareholding	40%	30%	50%	30%	30%
Participation of the Group in profit	**—**	**(305)**	**265**	**(3,270)**	**80**

	2015				
	Essa Palau, S.A.	Jui Li Edscha Body Systems and subsidiaries	GGM and subsidiaries	Industrias Tamer, S,A.	Sungwoo Gestamp Hitech Pune Private Ltd.
Operating income	71,634	9,717	4,175	2,751	3
Operating expense	(76,853)	(9,081)	(4,042)	(2,650)	(12)
OPERATING PROFIT/LOSS	**(5,219)**	**636**	**133**	**101**	**(9)**
Financial profit	(1,355)	24	826	(39)	20
Exchange gain (losses)	—	(29)	1,500	—	(87)
Impairment and other	(18)	—	—	—	—
PROFIT/LOSS BEFORE TAXES	**(6,592)**	**631**	**2,459**	**62**	**(76)**
Income tax expense	—	(150)	—	—	—
Adjustments from previous years	3,294	—	111	—	—
Profit for the year from discontinued operations net of taxes	—	—	—	—	—
PROFIT/LOSS FOR THE YEAR	**(3,298)**	**481**	**2,570**	**62**	**(76)**
Shareholding	40%	50%	30%	30%	100%
Participation of the Group in profit	**(1,319)**	**241**	**771**	**19**	**(76)**

12. Financial assets (Continued)

a.2) Non-current loans and receivables

Additions in 2016 mainly corresponded to:

- Increase in debit balances of public authorities with Gestamp Brasil Industria de Autopeças S.A. for 9,963 thousand euros.
- Loan granted by the subsidiary Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. amounting to 8,400 thousand euros. This loan earns a 2.756% interest rate and initial maturity was March 2023. At December 31, 2016 this loan was transferred to short term and final maturity is June 2017.
- Loans to Group employees amounting to 37,110 thousand euros for the acquisition of shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 15.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.

The fair value of the shares sold by Acek Desarrollo y Gestión Industrial S.L. to employees was based on the operation between significant shareholders in the first quarter of 2016 and the Group Management considered it was out of scope of IFRS 2.

Transfers in 2016 mainly corresponded to the transfer to the heading Public authorities of debit balances of Brazilian public authorities with Gestamp Brasil Industria de Autopeças, S.A. amounting to 8,161 thousand euros and to the loan granted by the subsidiary Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. amounting to 8,400 thousand euros.

Disposals in 2015 mainly corresponded to the repayment of the loan granted to Gestión Global de Matricería, S.L. amounting to 24,628 thousand euros. Bank financing was obtained and so the loan was pre-paid.

Transfers in 2015 corresponded to the transfer to the heading Public authorities of debit balances of Argentine and Brazilian public authorities with companies Gestamp Baires, S.A. and Gestamp Brasil Industria de Autopeças, S.A. as well as to the transfer from long-term to short-term of the loans granted to Esymo Metal, S.L. and to ESSA Palau S.A. (heading b.1)).

a.3) Derivative financial instruments

Change in valuation of financial instruments at December 31, 2016 and 2015 corresponded to the change in the present value of implicit derivatives mainly due to the decrease in 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 22.b.1)).

a.4) Other non-current financial assets

Additions in 2016 mainly corresponded to deposits as guarantee for operating leases amounting to 3,088 thousand euros.

Additions in 2015 mainly included deposits as guarantee of labor insurances amounting to 880 thousand euros and deposits as guarantee for operating leases amounting to 3,567 thousand euros.

Disposals in 2016 mainly corresponded to:

- The refund of deposits as guarantee for operating leases amounting to 1,629 thousand euros and the refund of legal deposits amounting to 213 thousand euros.
- The cancellation of the investment of Gestamp Manufacturing Autochasis in Beyçelik Craiova S.R.L. amounting to 100 thousand euros. This disposal implied a loss of 72 thousand euros (Note 27.c)).

12. Financial assets (Continued)

Disposals in 2015 mainly corresponded to:

- The refund of deposits as guarantee for operating leases amounting to 3,045 thousand euros and the refund of legal deposits amounting to 524 thousand euros.
- The cancellation of the investment of Gestamp Servicios S.A. in Genesis International Llc amounting to 2,200 thousand euros.
- The reduction amounting to 4,500 thousand euros from the regularization of the sale price of Araluce S.A. agreed in a previous year, since production objectives were not achieved as indicated in the sale agreement. This regularization was registered in the heading Impairment and gains (losses) on sale of financial instruments from the Consolidated Income Statement (Note 27.c)).

b) Current financial assets

The movements of current financial assets in 2016 and 2015 are as follows:

	Thousands of euros		
	Loans and receivables	Securities portfolio	Other financial assets
Balance at December 31, 2014	**18,319**	**—**	**57,558**
Changes in consolidation scope			225
Additions	2,247	2,535	21,373
Disposals	(16,361)		(46,022)
Transfers	5,385		(58)
Other movements	(9,324)		(2,022)
Translation differences	1,372		228
Balance at December 31, 2015	**1,638**	**2,535**	**31,282**
Changes in consolidation scope			—
Additions	6,245	104	12,608
Disposals	(5,572)	(2,300)	(3,817)
Transfers	8,720		(7,976)
Other movements			79
Translation differences	5	(1)	(322)
Balance at December 31, 2016	**11,036**	**338**	**31,854**

b.1) Current loans and receivables

Additions in 2016 mainly corresponded to a new credit line granted by Gestamp Metalbages S.A. to ESSA Palau S.A. for 5,619 thousand euros. The loan earns an interest referenced to 3-month Euribor plus a 3% spread.

Disposals in 2016 mainly corresponded to partial repayment of the credit line granted by Gestamp Metalbages S.A. to ESSA Palau S.A. for 3,550 thousand euros.

Transfers in 2016 mainly corresponded to the reclassification from long term of the loan granted by Gestamp Finance Slovakia S.R.O. to Gestión Global de Matricería S.L. for 8,400 thousand euros (heading a.2).

Additions in 2015 mainly corresponded to a loan granted to ESSA Palau S.A. by Gestamp Metalbages S.A. amounting to 2,000 thousand euros. The loan earns an interest referenced to 3-month Euribor plus a 3% spread.

12. Financial assets (Continued)

Disposals in 2015 mainly corresponded to the repayment of the loan granted to Genesis Internacional S.A. by Gestamp Servicios, S.A. amounting to 14,262 thousand euros.

Transfers in 2015 mainly corresponded to the transfer from long-term to short-term of the loans granted to Esymo Metal S.L. and to ESSA Palau, S.A. for 4,320 thousand euros.

Other movements in 2015 amounting to 9,324 thousand euros included the full impairment of the loans granted to ESSA Palau S.A. by Gestamp Metalbages S.A. (5,000 thousand euros) and by Gestamp Solblank Barcelona S.A. (4,000 thousand euros of principal an 324 thousand euros of interest). This impairment was registered in the heading Impairment and gains (losses) on sale of financial instruments from the Consolidated Income Statement (Note 27.c)).

b.2) Current securities portfolio

Current securities portfolio in 2016 and 2015 mainly corresponded to short term deposits from the company Gestamp Pune Automotive Pvt Ltd with maturity in the same year and average profitability between 4.5% and 6%.

b.3) Other current financial investments

Additions in 2016 mainly corresponded to bank deposits from the companies Gestamp Automotive Chennai Private Ltd and Gestamp Automotive India Private Ltd amounting to 11,468 thousand euros.

Disposals in 2016 mainly corresponded to the cancellation of bank deposits from the company Gestamp Baires S.A. amounting to 1,583 thousand euros.

Transfers in 2016 mainly corresponded to:

- Reclassification of financial assets from the companies Gestamp Brasil Industria de Autopeças S.A. and Gestamp Automotive India Private Ltd amounting to 12,796 thousand euros and 4,054 thousand euros respectively. The maturity of those assets came to be less than three months so they were reclassified to the heading Cash and cash equivalents.
- Reclassification of financial assets from the company Gestamp Baires S.A. amounting to 9,372 thousand euros from the heading Cash and cash equivalents. The maturity of those assets came to be more than three months.

Additions in 2015 mainly included bank deposits from the companies Gestamp Automotive India Private, Ltd. and Gestamp Brasil Industria de Autopeças, S.A. amounting to 13,517 thousand euros and 5,013 thousand euros respectively.

Disposals in 2015 mainly included the cancellation of bank deposits from the company Gestamp Automotive India Private Ltd amounting to 43,991 thousand euros. It was related to the repayment of loans granted by Gonvarri Corporación Financiera S.L. and Gestamp Polska SP ZOO.

13. Inventories

The breakdown of inventories at December 31, 2016 and December 31, 2015 is as follows:

	Thousands of euros	
	2016	2015
Commercial inventories	11,235	10,865
Raw materials	170,560	163,480
Parts and subassemblies	65,121	56,731
Spare parts	74,157	58,572
Packaging materials	5,035	3,020
Total cost of raw materials and other consumables	326,108	292,668
Work in progress	145,508	166,448
Finished products	137,923	126,239
Byproducts, waste, and recovered materials	518	554
Prepayments to suppliers	51,822	31,605
Total cost of inventories	661,879	617,514
Impairment of raw materials	(10,044)	(7,331)
Impairment of other consumables	(7,729)	(7,467)
Impairment of work in progress	(4,359)	(7,772)
Impairment of finished products	(8,850)	(8,506)
Total impairment	(30,982)	(31,076)
Total inventories	**630,897**	**586,438**

The breakdowns of purchases used in production and changes in inventories are as follows:

	Thousands of euros						
		Change in inventories					
	2015	Impairment	Reversal of impairment	Changes in inventories	Total	consolidation scope	2016
Raw materials and other consumables	**292,668**			32,136	**32,136**	1,304	**326,108**
Impairment of raw materials and other consumables	**(14,798)**	(5,054)	2,079		**(2,975)**		**(17,773)**
Consumption (Note 26.a)	**277,870**	(5,054)	2,079	32,136	**29,161**	1,304	**308,335**

	Thousands of euros						
		Change in inventories					
	2015	Impairment	Reversal of impairment	Changes in inventories	Total	consolidation scope	2016
Work in progress	**166,448**			(20,940)	**(20,940)**		**145,508**
Finished products and by products	**126,793**			11,301	**11,301**	347	**138,441**
Impairment of finished products and work in progress	**(16,278)**	(6,027)	9,096		**3,069**		**(13,209)**
Changes in inventories (see Income Statement)	**276,963**	(6,027)	9,096	(9,639)	**(6,570)**	347	**270,740**

Changes in consolidation scope corresponded to the incorporation of Çelik Form Gestamp Otomotiv, A.S. in 2016 (Note 3).

The inventories were not encumbered at December 31, 2016 and December 31, 2015.

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents

a) Trade receivables

	Thousands of euros	
	2016	**2015**
Trade receivables	843,048	750,592
Trade bills receivable	16,514	37,457
Accounts receivable by stage of completion, tools	279,677	192,024
Accounts receivable by stage of completion, machinery	2,976	—
Doubtful debts	770	1,837
Impairment losses	(4,736)	(5,706)
Trade receivables from related parties (Note 31.1)	31,676	16,734
Total	**1,169,925**	**992,938**

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.

Accounts receivable by stage of completion correspond to the income recognized pending invoicing. There are no prepayments exceeding the stage of completion by customer. The amount of customer prepayments for tools under construction registered in the heading Accounts receivable by stage of completion, tools was 713 million euros at December 31, 2016 (December 31, 2015: 447 million euros).

The movement of the impairment provision at December 31, 2016 consisted of an increase of 4,080 thousand euros (December 31, 2015: reversal of 127 thousand euros) (Note 26.c)) as well as written-off balances and translation differences.

The age analysis of due accounts receivable related to the sale of parts at December 31, 2016 and 2015 is as follows:

	Thousands of euros	
	2016	**2015**
Less than 3 months	14,661	5,361
Between 3 and 6 months	6,093	3,228
Between 6 and 9 months	2,164	5,079
Between 9 and 12 months	730	1,407
More than 12 months	4,825	5,014
Total outstanding past due receivables	28,473	20,090
Impairment provision	(4,736)	(5,706)
Total	**23,737**	**14,384**

The past due accounts receivable not provisioned are related to customers with no history of default.

The receivables balances not yet due transferred by the Group as non-recourse factoring to Spanish, German, British, Brazilian, Polish and Argentine banks, that were eliminated in the Consolidated Financial Statements amounted to 300,755 thousand euros and to 224,039 thousand euros at December 31, 2016 and December 31, 2015 respectively.

The expense of transferring non-due receivables balances at December 31, 2016 according to non-recourse factoring contracts amounted to 5,350 thousand euros (December 31, 2015: 2,822 thousand euros).

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents (Continued)

b) Other receivables

	Thousands of euros	
	2016	**2015**
Debtors	18,796	23,089
Remuneration advances	1,937	1,862
Short-term loans to employees	86	107
Total	**20,819**	**25,058**

c) Current income tax assets

This line item amounted to 35,306 thousand euros at December 31, 2016 (December 31, 2015: 32,906 thousand euros) and reflected the receivables balances related to corporate tax refunds of the Parent Company and group companies.

d) Public authorities

	Thousands of euros	
	2016	**2015**
Sundry receivables from Public Authorities	150,431	143,588
VAT refund	106,865	107,202
Receivable grants	1,015	3,887
Corporate tax refund[a]	34,571	28,073
Other	7,980	4,426
Receivables from Social Security	408	200
Total	**150,839**	**143,788**

(a) The 2016 and 2015 balances reflected receivables from corporate income tax declarations from prior years.

e) Other current assets

This line item, which at December 31, 2016 amounted to 26,240 thousand euros (December 31, 2015: 23,533 thousand euros), mainly reflected insurance premiums, maintenance and repair contracts, rentals and software licenses paid for during the year but for which the expense will accrue the following year, as well as expenses for commercial agreements.

f) Cash and cash equivalents

	Thousands of euros	
	2016	**2015**
Cash	403,789	296,482
Cash equivalents	26,674	59,493
Total	**430,463**	**355,975**

Cash equivalents corresponded to surplus cash investments maturing in less than three months.

14. Trade and other receivables/ Other current assets/ Cash and cash equivalents (Continued)

The breakdown by currencies and interest rates at December 31, 2016 and December 31, 2015 is the following:

	2016		
Company	**Thousands of euros**	**Source currency**	**Interest rate range**
Gestamp Severstal Vsevolozhsk Llc	1,855	Russian rubles	8.20%
Gestamp Brasil Industria de Autopeças S.A.	24,819	Brazilian reais	100%–101% CDI
Total	**26,674**		

	2015		
Company	**Thousands of euros**	**Source currency**	**Interest rate range**
Gestamp Automoción S.A.	47,500	Euros	0.30%
Gestamp Baires S.A.	11,159	Argentine pesos	15–22.67%
Gestamp Metal Forming (Wuhan) Ltd.	834	Renmimbi yuan	2.55%–3%
Total	**59,493**		

The amounts included in this heading of the attached Consolidated Balance Sheet are not encumbered.

15. Issued capital and share premium

The "Issued capital" and "Share premium" at December 31, 2016 and December 31, 2015 are as follows:

ITEM	**December 31, 2016**	**December 31, 2015**
No. of shares	4,795,953	4,795,953
Par value	60.10	60.10
	Thousands of euros	
Issued capital:		
Issued capital (par value)	288,237	288,237
	288,237	**288,237**
Share premium	**61,591**	**61,591**
Total issued capital + share premium	349,828	349,828

a) Share capital

At December 31, 2016 and December 31, 2015 the Parent Company's share capital was represented by 4,795,953 registered shares indivisible and accumulable with a par value of 60.10 euros each, fully subscribed and paid in, and all carrying the same rights and obligations.

15. Issued capital and share premium (Continued)

The shareholder structure at December 31, 2016 and December 31, 2015 is as follows:

	shareholding	
Shareholders	**December 31, 2016**	**December 31, 2015**
Acek Desarrollo y Gestión Industrial, S.L.	37.62%	54.25%
ArcelorMittal Spain Holding, S.L.		24.18%
ArcelorMittal Basque Holding, S.L.		10.82%
Risteel Corporation, B.V.	10.75%	10.75%
Gestamp 2020, S.L.	50.10%	
Employees	1.53%	

On February 1, 2016 ArcelorMittal Spain Holding S.L. and ArcelorMittal Aceralia Basque Holding S.L. formalized a private contract to sale their full shareholding in the Parent Company to Acek Desarrollo y Gestión Industrial S.L. for 875 million euros.

This transaction meant that Acek Desarrollo y Gestión Industrial S.L. increased its shareholding in the Parent Company from 54.25% in 2015 to 89.25% in 2016.

On September 20, 2016 Acek Desarrollo y Gestión Industrial S.L. signed an investment agreement by which 50.10% shares in Gestamp Automoción S.A. were sold to Gestamp 2020 S.L. and Mitsui & Co. Ltd. acquired a 25% shareholding in Gestamp 2020 S.L. and thus indirectly a 12.525% shareholding in Gestamp Automoción S.A. On December 23, 2016, once the competition review was completed, the agreement was executed.

In addition, in 2016 Acek Desarrollo y Gestión Industrial S.L. sold shares representing a 1.53% stake in Gestamp Automoción S.A. to employees.

There are no bylaw restrictions on the transfer of the registered shares and they are not listed.

b) Share premium

The share premium of the Parent Company amounted to 61,591 thousand euros at December 31, 2016 and December 31, 2015.

The amended Spanish Corporate Enterprises Act expressly permits the use of paid-in surplus capital to increase share capital balance, corresponding to an unrestricted reserve.

16. Retained earnings

The changes in “Retained earnings” in 2016 and 2015 were as follows:

	Legal reserve	Goodwill reserves	Unrestricted reserves	Reserves at fully consolidated entities	Rese asso
AT DECEMBER 31, 2014	**45,251**	**3,313**	**234,573**	**721,523**	
Profit for 2015					
Fair value adjustments reserve (hedge)					
Actuarial gains and losses				5,745	
Appropiation of 2014 profits			31,765	97,101	
Dividends distributed by the Parent Company			(37,711)		
Dividends distributed by subsidiaries			2,147	(2,147)	
Transfer from reserves under equity method to reserves under full consolidation method because of sale of companies (Gestamp Pune Aut. Pvte. Ltd.)				(5,839)	
Interest from participative loans			(10,516)	10,516	
Increase in shareholding in companies previously under control (adjustment for dividends paid to former shareholders of Anhui Edscha Automotive Parts Co. Ltda.)				(712)	
Increase in shareholding in companies previously under control due to acquisition to non-controlling interest (Ekarpen Private Equity, S.A.)				(7,997)	
Transfers from retained earnings to non-controlling interest due to non-proportional capital increase				(2,771)	
Other movements and adjustements from prior years		571	(571)	(299)	
AT DECEMBER 31, 2015	**45,251**	**3,884**	**219,687**	**815,120**	
Profit for 2016					
Fair value adjustments reserve (hedge)					
Actuarial gains and losses				(5,415)	
Appropiation of 2015 profits	878	571	7,480	152,915	
Dividends distributed by the Parent Company			(48,444)		
Interest from participative loans			8,956	(8,956)	
Acquisition of investment in Gestamp 2008, S.L. to non-controlling interest (Note 2.b)				(263)	
Transfer of non-controlling interest due to changes in shareholding in Gestamp 2008, S.L. (Note 2.b)				(190)	
Put Option Recognition		2	(2)	4,047	
Other movements and adjustements from prior years				(178)	
AT DECEMBER 31, 2016	**46,129**	**4,457**	**187,677**	**957,080**	

16. Retained earnings (Continued)

16.1 Legal reserve of the Parent Company

The Legal Reserve of the Parent Company amounted to 46,129 thousand euros at December 31, 2016 (December 31, 2015: 45,251 thousand euros).

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve is equivalent to at least 20% of issued capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available.

16.2 Goodwill reserve

The Parent Company is required to set aside a non-distributable reserve equal to the amount of goodwill on its balance sheet which was eliminated in the consolidation process and amounted to 7,610 thousand euros at December 31, 2016 (December 31, 2015: 11,415 thousand euros). The amount of profit designated for this purpose must represent at least 5% of goodwill. If no profits are available or profits should prove to be insufficient, freely distributable reserves must be used for this purpose. The amount of the goodwill reserve amounted to 4,455 thousand euros at December 31, 2016 (December 31, 2015: 3,884 thousand euros) .The amount provisioned in 2016 and 2015 was 571 thousand euros.

16.3 Unrestricted reserves

At December 31, 2016 the Parent Company's unrestricted reserves amounting to 187,677 thousand euros, corresponded to those derived from the individual financial statements of the Parent Company amounting to 224,798 thousand euros (December 31, 2015: 261,452 thousand euros) less the adjustments generated in the consolidation process in the amount of 37,121 thousand euros that mainly corresponded to:

- Elimination of the difference between the carrying amount of investments in subsidiaries Gestamp Brasil Industria de Autopeças, S.A., Gestamp Global Tooling, S.L. and Matricerías Deusto, S.A. and the consolidated value of these companies amounting to 63,656 thousand euros.
- The remaining balance mainly corresponded to: elimination of the margins from intercompany purchase-sale transactions of financial participations; reversal of the goodwills which arose in the merger processes between Group companies; reversal of portfolio provisions and capitalization of differences derived from changes in exchange rates of functional currencies compared to Euro in Group financing considered permanent (Note 4.3).

16.4 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) Revaluation reserve. Regional Law 6/1996

In accordance with prevailing regional legislation, this reserve can be used to offset losses, increase share capital or be transferred to non-distributable reserves.

The balance at December 31, 2016 and December 31, 2015 amounted to 4,884 thousand euros.

b) Reserve for productive investments. Regional Law 3/1996, of June 26

In accordance with prevailing regional legislation, this special reserve may only be applied to offset losses or increase share capital in 5 years since it is materialized in fixed assets.

The balance of this reserve at December 31, 2016 and December 31, 2015 was 26,398 thousand euros.

16. Retained earnings (Continued)

c) Legal reserves at subsidiaries

By virtue of 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 balance of these reserves at December 31, 2016 and December 31, 2015 was 75,986 thousand euros and 69,139 thousand euros respectively.

d) Reserve from NIIF 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 have been 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 after-tax increase in reserves deriving from these revaluations amounted to 129 million euros at December 31, 2016 and 132 million euros at December 31, 2015 (Note 11). This increase of reserves is not distributable.

e) Restrictions related to capitalized development expenses

Under prevailing legislation, dividend payments cannot result in an unrestricted reserve balance that is lower than the net carrying amount of development expenses as per the individual financial statements of the Group's Spanish companies prepared under prevailing Spanish GAAP.

16.5 Approval of the Financial Statements and proposal for the allocation of profit

The individual 2016 Financial Statements of the Group companies will be presented for approval at their respective Annual General Meetings of shareholders within the deadlines established by the prevailing legislation. The Directors of the Parent Company believe that no significant changes will be made to the 2016 Consolidated Financial Statements as a result of this process. The Gestamp Automoción Group's 2016 Consolidated Financial Statements will be authorized by the Board of Directors of the Parent Company on March 3, 2017 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The Parent Company's Board of Directors will submit the following allocation of profit proposal for the year ended December 31, 2016 for approval at the Annual General Meeting:

	Thousands of euros
Basis of allocation	
As per income statement	9,802
Allocation to:	
Losses to offset	622
Legal reserve	980
Unrestricted reserve	8,200

Restrictions on the distribution of dividends

The Parent Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of issued capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

Once the legal requirements have been met, dividends may only be distributed against profit for the year or against unrestricted reserves if the book value of equity is not lower than, or as a result of the dividend

16. Retained earnings (Continued)

payment would not dip below, issued share capital. For this purpose, profit recognized directly in shareholders' equity cannot be directly or indirectly distributed. If prior years' losses have reduced the Parent Company's book value of equity to below the amount of its issued share capital, profit must be allocated to offset these losses.

In addition to these legal restrictions there are contractual restrictions detailed in Note 22.

17. Translation differences

The breakdown of translation differences by country is as follows:

	Thousands of euros		
Segment/Country	2016	2015	Difference
Western Europe			
Germany	440	678	(238)
Spain	12,909	5,309	7,600
France	(1)	—	(1)
Luxembourg	(1)	732	(733)
United Kingdom	(5,542)	18,991	(24,533)
Sweden	(3,756)	(1,916)	(1,840)
Eastern Europe			
Hungary	(2,011)	2,961	(4,972)
Poland	(34,413)	(10,057)	(24,356)
Czech Republic	(4,938)	(4,744)	(194)
Russia	(49,571)	(60,076)	10,505
Turkey	(31,296)	(24,488)	(6,808)
Mercosur			
Argentina	(75,834)	(70,405)	(5,429)
Brazil	11,381	(15,795)	27,176
North America			
USA	(1,254)	(20,114)	18,860
Mexico	(46,679)	(30,015)	(16,664)
Asia			
China	19,151	34,524	(15,373)
South Korea	4,363	3,864	499
India	3,489	2,308	1,181
Japan	186	422	(236)
Thailand	77	12	65
Total	**(203,300)**	**(167,809)**	**(35,491)**

Changes in Translation differences in 2016 amounting to 35,491 thousand euros (2015: 28,069 thousand euros) mainly corresponded to: Eastern Europe regarding the fluctuation of Polish zloty, Asia regarding the fluctuation of Chinese renminbi, Mercosur regarding the fluctuation of Brazilian reais and Western Europe regarding the fluctuation of pound Sterling.

18. Non-controlling interest

The changes in "Equity attributable to non-controlling interest" by company in 2016 and 2015 were as follows:

	Thousands of euros									
Company	**At December 31, 2015**	**Changes in consolidation scope**	**Capital increase**	**Translation differences**	**Distribution of dividends**	**Increase in shareholding in companies previously under control**	**Put Option Recognition**	**Other movements**	**Profit (loss)**	**At December 31, 2016**
G Finance Luxemburgo, S.A.	51	(51)	—	—	—	—		—	—	—
Gestamp Holding Rusia, S.L./Todlem, S.L./Gestamp Seversta Vsevolozhsk Llc.//Gestamp Severstal Kaluga, Llc.	11,848	—	—	3,702	—	—		(427)	6,102	21,225
Gestamp Auto Components (Kunshan) Co., Ltd/Gestamp Holding China, AB	33,821	—	—	(1,215)	—	—		1,687	2,678	36,971
Gestamp 2008, S.L.	6,119	—	—	—	—	(6,119)		—	—	—
Edscha Briey S.A.S.	(11,053)	—	—	—	—	11,053		—	—	—
Edscha Santander, S.L.	13,466	—	—	—	—	(13,466)		—	—	—
Edscha Burgos, S.A.	(1,334)	—	—	—	—	1,334		—	—	—
Edscha do Brasil Ltda.	(1,079)	—	—	(190)	—	1,269		—	—	—
Shanghai Edscha Machinery Co., Ltd.	12,603	—	—	(475)	(2,169)	—		—	1,207	11,166
Edscha Pha, Ltd.	2,773	—	—	43	—	—		253	1,631	4,700
Edscha Aapico Automotive Co. Ltd	825	—	151	42	(168)	—		80	253	1,183
Gestamp Global Tooling, S.L.	11	—	—	—	—	—		—	(11)	—
Sofedit, SAS	21,722	—	—	—	—	—		(857)	9,380	30,245
Gestamp Wroclaw, sp. Z.o.o.	(478)	—	—	2	—	—		—	(4,368)	(4,844)
Gestamp Brasil Industria Autopeças, S.A.	35,242	—	—	6,162	—	—	(13,752)	495	(643)	27,504
Gestamp Holding Argentina, S.L. and Argentine companies	6,155	—	—	(2,199)	—	—	(942)	(197)	(933)	1,884
Gestamp Holding México, S.L. and Mexican companies	96,135			(5,564)	(6,210)	—	(29,454)	(69)	4,069	58,907
Gestamp North America, INC and North American companies	105,911	—	—	3,683	—	—	(36,799)	(1)	804	73,598
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	37,526	—	—	(580)	—	—		(1,189)	3,357	39,114
Beyçelik Gestamp Kalip, A.S./Çelik Form Otomotive, A.S.	28,214	(2,748)	—	(3,153)	—	—		106	6,946	29,365
Gestamp Automotive India Private Ltd.	16,933	—	—	351	—	—		—	6,552	23,836
Beyçelik Gestamp Sasi, L.S.	(8,826)	—	—	71	—	—		468	763	(7,524)
Total	**406,585**	**(2,799)**	**151**	**680**	**(8,547)**	**(5,929)**	**(80,947)**	**349**	**37,787**	**347,330**

The most significant movements in "Non-controlling interest" at December 31, 2016 corresponded to:

- Incorporation of the company Çelik Form Gestamp Otomotive, A.S. and exit from consolidation scope of the company G. Finance Luxemburgo, S.A. (Note 2.b).
- Increase in shareholding in Gestamp 2008 S.L. Since there was already prior control in this company, there was a direct decrease in non-controlling interest of 6,119 thousand euros and an indirect increase due to the investments of this company in other group companies of 190 thousand euros (Note 2.b).
- On December 23, 2016 the Parent Company granted a Put Option to Mitsui & Co. Ltd. in relation to 10% of shares in subsidiaries companies (Note 22.d).

18. Non-controlling interest (Continued)

- “Other movements” in 2016 corresponded to profit (loss) adjustments attributable to non-controlling interests in 2015.

	Thousands of euros							
Company	**At December 31, 2014**	**Translation differences**	**Distribution of dividends**	**Transfer Reserves under full consolidation method due to capital increase**	**Increase in shareholding in companies previously under control**	**Other movements**	**Profit (loss)**	**At December 31, 2015**
G Finance Luxemburgo, S.A.	51	—	—			—	—	51
Gestamp Holding Rusia, S.L./Todlem, S.L./Gestamp Seversta Vsevolozhsk Llc.//Gestamp Severstal Kaluga, Llc.	21,222	(955)	—		—	565	(8,984)	11,848
Gestamp Auto Components (Kunshan) Co., Ltd/Gestamp Holding China, AB	26,021	1,684	—		—	684	5,432	33,821
Edscha subgroup	17,882	921	(2,799)	2,771	—	327	3,218	22,320
Matricerias Deusto S.L.	3,387	—	—		(4,849)	1,462	—	—
Adral Matriceria y Pta. a punto, S.L.	6,333	—	—		(6,025)	(308)	—	—
Gestamp Tooling Services, AIE	(302)	—	—		306	(4)	—	—
Gestamp Global Tooling, S.L.	9,784	—	—		(10,925)	(366)	1,518	11
Gestamp Tool Hardening, S.L.	2,917	—	—		(2,430)	(487)	—	—
Bero Tools, S.L.	(6)	—	—		6	—	—	—
Die Diede Development, S.L.	(308)	—	—		308	—	—	—
Gestamp Metal Forming Subgroup	17,822	30	—		—	—	3,392	21,244
Gestamp Try Out Services, S.L.	743	—	—		(610)	(133)	—	—
Gestamp Brasil Industria Autopeças, S.A.	51,054	(9,440)	—		—	—	(6,372)	35,242
Gestamp Holding Argentina, S.L. and Argentine companies	12,426	(5,781)	—		—	—	(490)	6,155
Gestamp Holding México, S.L. and Mexican companies	93,031	(2,224)	(6,243)		—	7	11,564	96,135
Gestamp North America, INC and North American companies	87,257	10,342	—		—	—	8,312	105,911
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	36,803	405	—		—	(915)	1,233	37,526
Beyçelik Gestamp Kalip, A.S.	29,787	(1,996)	(3,443)		—	(169)	4,035	28,214
Gestamp Automotive India Private Ltd.	10,190	559	—		—	—	6,184	16,933
Beyçelik Gestamp Sasi, L.S.	(7,269)	113	—		—	—	(1,670)	(8,826)
Total	**418,825**	**(6,342)**	**(12,485)**	**2,771**	**(24,219)**	**663**	**27,372**	**406,585**

The most significant movements in “Non-controlling interest” at December 31, 2015 corresponded to:

- Acquisition from non-controlling shareholders (EKARPEN Private Equity S.A.) of 40% shareholding in Gestamp Global Tooling S.L and indirectly also in their subsidiaries. Thus, 100% shareholding in this company was reached, over which there was prior control (Note 2.b).
- “Other movements” in 2015 corresponded to profit (loss) adjustments attributable to non-controlling interests in 2014.

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.

Financial information about subsidiaries that have significant non-controlling interests is provided below. The summarized financial information of these subsidiaries, based on their individual financial statements

18. Non-controlling interest (Continued)

adapted to Group criteria and before intercompany eliminations and consolidation adjustments, is as follows:

Summarised income statement at December 31, 2016 and December 31, 2015:

	2016								
Item	**Subconsolid. USA (*)**	**Subconsolid. Argentina (*)**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S.**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**	**Total**
Operating income	1,086,896	156,838	407,146	220,570	250,847	206,359	—	94,996	2,423,652
Operating expense	(1,066,058)	(152,321)	(362,370)	(219,608)	(229,829)	(191,546)	(396)	(84,510)	(2,306,638)
OPERATING PROFIT	**20,838**	**4,517**	**44,776**	**962**	**21,018**	**14,813**	**(396)**	**10,486**	**117,014**
Financial profit	(9,194)	(3,247)	857	(17,745)	(2,406)	(246)	2,624	(7,506)	(36,863)
Exchange gain (losses)	631	(2,234)	(24,507)	14,394	(6,988)	(1,760)	(16)	16,391	(4,089)
Impairment and other	—	—	(40)	(170)	—	—	—	—	(210)
PROFIT BEFORE TAXES	**12,275**	**(964)**	**21,086**	**(2,559)**	**11,624**	**12,807**	**2,212**	**19,371**	**75,852**
Income tax expense	(8,283)	(737)	(7,706)	1,892	(802)	(4,171)	—	(4,832)	(24,639)
Non-controlling interest	—	158	—	—	—	—	—	—	158
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**3,992**	**(1,543)**	**13,380**	**(667)**	**10,822**	**8,636**	**2,212**	**14,539**	**51,371**

	2015								
Item	**Subconsolid. USA (*)**	**Subconsolid. Argentina (*)**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S.**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**	**Total**
Operating income	855,225	218,287	414,763	218,004	244,629	208,370	—	116,005	2,275,283
Operating expense	(818,075)	(213,582)	(362,029)	(212,771)	(225,669)	(185,275)	(171)	(103,839)	(2,121,411)
OPERATING PROFIT	**37,150**	**4,705**	**52,734**	**5,233**	**18,960**	**23,095**	**(171)**	**12,166**	**153,872**
Financial profit	(4,532)	(1,748)	1,517	(16,432)	(2,287)	(987)	3,058	(7,871)	(29,282)
Exchange gain (losses)	2,230	(4,669)	(1,185)	(20,714)	(5,785)	(1,510)	731	(16,288)	(47,190)
PROFIT BEFORE TAXES	**34,848**	**(1,712)**	**53,066**	**(31,913)**	**10,888**	**20,598**	**3,618**	**(11,993)**	**77,400**
Income tax expense	(4,951)	(1,895)	(15,668)	10,603	(934)	(3,090)	—	443	(15,492)
Non-controlling interest	—	81	—	—	—	—	—	—	81
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**29,897**	**(3,526)**	**37,398**	**(21,310)**	**9,954**	**17,508**	**3,618**	**(11,550)**	**61,989**

(*) These figures correspond to Subconsolidated Financial Statements

Summarised balance sheet at December 31, 2016 and December 31, 2015:

	2016								
Item	**Subconsolid. USA (*)**	**Subconsolid. Argentina (*)**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S.**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**	**Total**
Total non-current assets	530,028	40,610	239,320	263,902	74,381	79,383	144,066	98,740	1,470,430
Total current assets	431,960	88,209	256,075	101,982	100,108	142,737	3,324	55,676	1,180,071
Total non-current liabilities	(195,531)	(6,204)	(19,124)	(98,260)	(30,585)	(5)	(12,042)	(79,160)	(440,911)
Total current liabilities	(382,077)	(99,395)	(246,450)	(147,992)	(86,262)	(102,924)	(14,254)	(20,399)	(1,099,753)
Equity	(321,634)	(83,255)	(288,593)	(113,620)	(79,039)	(106,152)	(121,094)	(92,656)	(1,206,043)
Translation differences	(62,746)	60,035	58,772	(6,012)	21,397	(13,039)	—	37,799	96,206
	30%	30%	30%	30%	50%	31%	35%	42%	—
Equity attributable to non-controlling interest	(115,314)	(6,966)	(68,946)	(35,890)	(28,821)	(37,009)	(42,383)	(22,969)	(358,298)
Consolidation adjustments	4,917	4,140	(19,415)	(5,366)	(544)	38	3,269	1,744	(11,217)
Put Option Recognition	(36,799)	(942)	(29,454)	(13,752)	—	—	—	—	(80,947)
Non-controlling interest	(73,598)	(1,884)	(58,907)	(27,504)	(29,365)	(36,971)	(39,114)	(21,225)	(288,568)
Other not signititicative non-controlling interest	—	—	—	—	—	—	—	—	(58,762)
Total Non-controlling interest									**(347,330)**

18. Non-controlling interest (Continued)

	2015								
Item	**Subconsolid. USA (*)**	**Subconsolid. Argentina (*)**	**subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S.**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**	**Total**
Total non-current assets	441,226	47,049	192,058	189,840	73,556	81,965	78,061	87,438	1,191,193
Total current assets	279,197	96,631	233,204	78,763	94,921	157,294	70,453	49,018	1,059,481
Total non-current liabilities	(197,037)	(7,498)	(17,654)	(32,233)	(18,887)	(38,459)	(23,068)	(79,448)	(414,284)
Total current liabilities	(155,274)	(103,888)	(151,910)	(136,124)	(97,471)	(91,760)	(5,420)	(24,965)	(766,812)
Equity	(317,644)	(85,495)	(292,530)	(114,287)	(68,007)	(92,084)	(120,026)	(78,684)	(1,168,757)
Translation differences	(50,468)	53,201	36,832	14,041	15,888	(16,956)	—	46,641	99,179
	30%	30%	30%	30%	50%	31.05%	35.00%	41.87%	—
Equity attributable to non-controlling interest	(110,434)	(9,688)	(76,709)	(30,074)	(26,060)	(33,857)	(42,009)	(13,416)	(342,247)
Consolidation adjustments	4,523	3,533	(19,426)	(5,168)	(2,154)	36	4,483	1,568	(12,605)
Non-controlling interest	(105,911)	(6,155)	(96,135)	(35,242)	(28,214)	(33,821)	(37,526)	(11,848)	(354,852)
Other not signitificative non-controlling interest									(51,733)
Total Non-controlling interest									**(406,585)**

(*) These figures correspond to Subconsolidated Financial Statements

Summarized cash flow at December 31, 2016 and December 31, 2015:

	2016							
Item	**Subconsolid. USA (*)**	**Subconsolid. Argentina (*)**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**
Operating activities	57,421	7,350	25,749	28,204	26,842	32,393	(53)	31,901
Investing activities	(97,726)	(3,718)	(74,582)	(43,030)	(17,337)	(20,805)	(66,005)	(1,398)
Financing activities	126,474	(8,356)	52,435	26,844	(5,352)	(24,334)	(820)	(1,431)
Net increase (decrease) of cash or cash equivalents	**86,169**	**(4,724)**	**3,602**	**12,018**	**4,153**	**(12,746)**	**(66,878)**	**29,072**

	2015							
Item	**Subconsolid. USA (*)**	**Subconsolid. Argentina (*)**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S**	**Gestamp Holding China Subgroup**	**Mursolar Subgroup**	**Todlem Subgroup**
Operating activities	63,406	24,471	13,432	13,851	24,729	52,938	(587)	19,297
Investing activities	(75,547)	(2,769)	(22,092)	(24,811)	(15,584)	(16,164)	30,638	(3,696)
Financing activities	(1,383)	(266)	17,224	(33,117)	(10,323)	1,549	23,390	(11,907)
Effect of changes in exclange rates	10,051	(10,822)	(5,352)	(988)	—	—	—	—
Net increase (decrease) of cash or cash equivalents	**(3,473)**	**10,614**	**3,212**	**(45,065)**	**(1,178)**	**38,323**	**53,441**	**3,695**

(*) These figures correspond to Subconsolidated Financial Statements

19. Deferred income

Deferred income included grants relating to assets obtained by Group subsidiaries pending release to the Consolidated Income Statement.

The movements of this heading at December 31, 2016 and December 31, 2015 is as follows:

	Thousands of euros
Balance at December 31, 2014	**31,280**
Additions	5,663
Released income (Note 25.b))	(6,589)
Translation differences	257
Other movements	109
Balance at December 31, 2015	**30,720**
Additions	2,264
Disposals	(529)
Released income (Note 25.b))	(6,218)
Translation differences	(905)
Other movements	613
Balance at December 31, 2016	**25,945**

The additions recognized corresponded to grants received from public authorities for investments in plant and equipment and job creation.

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

Grants released to income next year are expected to be similar to this year.

20. Provisions and contingent liabilities

The breakdown of provisions by concept in 2016 and 2015 is as follows:

	Non-current		Current		Total	
	2016	2015	2016	2015	2016	2015
Provision for employee compensation (Note 21)	91,642	74,840	1,904	4,228	93,546	79,068
Provision for taxes	7,252	6,898	—	—	7,252	6,898
Other provisions	55,259	75,049	16,168	12,090	71,427	87,139
	154,153	**156,787**	**18,072**	**16,318**	**172,225**	**173,105**

20. Provisions and contingent liabilities (Continued)

The changes in Provisions during 2016 and 2015 are as follows:

	Provision for employee compensation	Provision for taxes	Other provisions
December 31, 2014	**86,531**	**6,447**	**57,339**
Increase in allowance	11,675	1,834	60,268
Decrease	(19,548)	(692)	(30,472)
Translation differences	(30)	(691)	(1,927)
Other	440	—	1,931
December 31, 2015	**79,068**	**6,898**	**87,139**
Changes in consolidation scope	—	—	125
Increase in allowance	20,568	1,074	20,712
Decrease	(2,396)	(905)	(38,291)
Translation differences	(169)	781	(93)
Other	(3,525)	(596)	1,835
December 31, 2016	**93,546**	**7,252**	**71,427**

Provision for employee compensation

According to commitments undertaken, 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 2016 and 2015 mainly corresponded to:

- Provisions for employee compensation regarding seniority awards and other benefits for staying in the company.
- Provisions based on actuarial calculations detailed in Note 21.
- Provisions for employee compensation regarding a long-term incentive plan for 5,555 thousand euros. This plan is aimed to certain employees considered as key by the Group management and the amount depends on the compliance with certain consolidated parameters in 2019 and 2020 established in the Group Strategic Plan elaborated in 2016. It will be paid in cash. The provision is based on the estimation of the compliance with those consolidated parameters which are linked to the fulfillment of the Group strategic plan. Such incentive plan is not related to the process for admission of the Group to official listing in the Madrid Stock Exchange.

Decreases in 2016 and 2015 mainly corresponded to reversal 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.

Decreases in 2016 and 2015 mainly corresponded to the application of provisions relating to tax assessments.

20. Provisions and contingent liabilities (Continued)

Provision for other responsibilities

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

There was an increase in 2016 of 5,309 thousand euros for reestablishing the financial position of the company ESSA Palau S.A., included in the consolidation scope by the equity method (Note 12.a)).

Decreases in 2016 corresponded to the reversal of provisions for onerous contracts from Gestamp Vendas Novas Lda., a company belonging to the Western Europe segment. Decreases in 2015 corresponded to Gestamp Vendas Novas Ltd, Edscha Burgos and Edscha Briey, all companies belonging to the Western Europe segment. The reversals were registered in the heading "Other operating expenses" for 2,090 thousand euros in 2016 (Note 26.c) and in the heading "Other operating income" for 18,540 thousand in 2015 (Note 25.b).

In 2016 there was a reversal of 26,850 thousand euros of a provision from 2015 for risks from commercial activity related to operating expenses after analysis and evidence indicated a decrease in risks. The provision for 50,000 thousand euros was registered in consumables and operating expenses.

This line item also includes provisions for risks related to personnel restructuring, commercial disputes and claims from suppliers.

Decreases in 2015 included the reversal of the provision for personnel restructuring in Edscha Briey SAS amounting to 5,077 thousand euros, whereof 4,227 thousand euros corresponded to application and 850 thousand euros corresponded to provision surplus.

The Group 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 December 31, 2016 and 2015 there were no significant contingent liabilities.

21. Pensions and other post-employment obligations

The breakdown of the provision for employee benefits is as follows:

		Non-current		Current		Total	
Item		**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Employee benefits	a)	14,114	6,108	1,904	4,228	16,018	10,336
Post-employment benefits							
Defined benefit plans	b)	77,528	68,732	—	—	77,528	68,732
Total (Note 20)		**91,642**	**74,840**	**1,904**	**4,228**	**93,546**	**79,068**

a) Employee benefits

This line item includes provisions by some Group companies for seniority awards and other benefits for staying in the company (anniversary, retirement, awards, etc.).

b) Defined benefit plans

The Group has a number of defined benefit plans. The main defined benefit plans are located in Germany and France. Among these pension plans, some are partially funded by investment funds and some are not funded at all by investment funds.

The risks of the different defined benefit plans are those associated with pensions not funded by an external fund. Other risks of the defined benefit plans common to partially funded plans as well as to unfunded plans are those related to demographic issues, such as mortality and longevity of employees, and those related to financial issues such as pension increase rate depending on inflation.

21. Pensions and other post-employment obligations (Continued)

Assets and liabilities corresponding to the said plans at December 31, 2016 and December 31, 2015, by countries, are the following:

	Thousand of euros		
Item	**Germany**	**France**	**Total**
Present value of the defined benefit obligation	74,551	9,648	84,199
Fair value of plan assets and reimbursement rights	(4,516)	(2,155)	(6,671)
Value of defined benefit obligation at December 31, 2016	**70,035**	**7,493**	**77,528**

	Thousand of euros		
Item	**Germany**	**France**	**Total**
Present value of the defined benefit obligation	66,573	8,846	75,419
Fair value of plan assets and reimbursement rights	(4,482)	(2,205)	(6,687)
Value of defined benefit obligation at December 31, 2015	**62,091**	**6,641**	**68,732**

The changes in present value of plan liabilities are the following:

	Thousand of euros		
	Germany	**France**	**Total**
Present value of the defined benefit obligation at December 31, 2014	**67,303**	**7,937**	**75,240**
Current service cost year 2015	3,077	549	3,626
Interest income or expense	(105)	(619)	(724)
Interest income or expense	5,043	169	5,212
Pension cost charged to profit and loss at 2015	8,015	99	8,114
Payments from the plan except any settlements	(2,319)	(156)	(2,475)
Payments from plan settlements	(350)	—	(350)
Actuarial gains and losses arising from changes in financial assumptions	(5,724)	(128)	(5,852)
Actuarial gains and losses attributable to non-controlling interests	—	46	46
Remeasurements of the net defined benefit liability	(5,724)	(82)	(5,806)(*)
Other effects	(352)	1,048	696
Present value of the defined benefit obligation at December 31, 2015	**66,573**	**8,846**	**75,419**
Current service cost year 2016	2,929	552	3,481
Gains and losses arising from settlements	—	44	44
Interest income or expense	1,420	175	1,595
Pension cost charged to profit and loss at 2016	4,349	771	5,120
Payments from the plan except any settlements	(1,392)	(173)	(1,565)
Payments from plan settlements			
Actuarial gains and losses arising from changes in demographic assumptions	—	(66)	(66)
Actuarial gains and losses arising from changes in financial assumptions	5,021	655	5,676
Actuarial gains and losses attributable to non-controlling interests	—	(229)	(229)
Remeasurements of the net defined benefit liability	5,021	360	5,381(**)
Other effects	—	(156)	(156)
Present value of the defined benefit obligation at December 31, 2016	**74,551**	**9,648**	**84,199**

21. Pensions and other post-employment obligations (Continued)

The changes in fair value of plan assets are the following:

	Thousand of euros		
	Germany	France	Total
Fair value of plan assets and reimbursement rights at December 31, 2014	**4,410**	**2,373**	**6,783**
Interest income or expense	79	42	121
Pension cost charged to profit and loss at 2015	79	42	121
Payments from the plan except any settlements	—	(156)	(156)
Return on plans assets, excluding amounts included in interest	—	(68)	(68)
Actuarial gains and losses arising from changes in demographic assumptions	(7)	—	(7)
Actuarial gains and losses attributable to non-controlling interests	—	14	14
Remeasurements of the net defined benefit liability	(7)	(54)	(61)(*)
Contributions to the plan by the employer	—	—	—
Fair value of plan assets and reimbursement rights at December 31, 2015	**4,482**	**2,205**	**6,687**
Interest income or expense	97	10	107
Pension cost charged to profit and loss at 2016	97	10	107
Payments from the plan except any settlements	—	(89)	(89)
Return on plans assets, excluding amounts included in interest	—	—	—
Actuarial gains and losses arising from changes in financial assumptions	(63)	29	(34)
Actuarial gains and losses attributable to non-controlling interests	—	—	—
Remeasurements of the net defined benefit liability	(63)	29	(34)(**)
Fair value of plan assets and reimbursement rights at December 31, 2016	**4,516**	**2,155**	**6,671**

(*) The balance registered as actuarial gains and losses in the Consolidated Statement of Changes in Equity at December 31, 2015 amounted to 5,745 thousand euros (5,806 thousand euros corresponded to the change in value of the defined benefit liability minus 61 thousand euros corresponded to the change in value of the plan assets).

(**) The balance registered as actuarial gains and losses in the Consolidated Statement of Changes in Equity at December 31, 2016 amounted to 5,415 thousand euros (5,381 thousand euros corresponded to the change in value of the defined benefit liability and 34 thousand euros correspond to the change in value of the plan assets).

21. Pensions and other post-employment obligations (Continued)

The breakdown of the expense recognized in the Consolidated Income Statement regarding these plans is as follows:

	Thousand of euros					
	Germany		France		Total	
Item	2016	2015	2016	2015	2016	2015
Current service cost	2,929	3,077	552	549	3,481	3,626
Past service cost	—	—	—	—		
Gains and losses arising from settlements	—	(105)	44	(619)	44	(724)
Net interest on the net defined benefit liability (asset)	1,323	4,964	165	127	1,488	5,091
Total expense recognised in profit or loss	**4,252**	**7,936**	**761**	**57**	**5,013**	**7,993**

The main categories of plan assets and their fair value are the following:

	Thousand of euros			
	Germany		France	
Item	2016	2015	2016	2015
Investments quoted in active markets				
Mixed investment funds in Europe	4,516	4,482		
Not quoted investments				
Investment funds in insurances			2,155	2,205
	4,516	**4,482**	**2,155**	**2,205**

21. Pensions and other post-employment obligations (Continued)

The main hypotheses used for determining the defined benefit obligation are the following:

Item	Germany 2016	Germany 2015	France 2016	France 2015
Discount rate	1.6%–2.3%	2.0%–2.3%	1.81%–1.9%	1,8%–1,9%
Expected rate of return on any plan assets	0%–1.6%	0%–2.2%	1.90%	1.90%
Future salary increases rate	2.0%–2.5%	2.50%	1,5%–2,5%	2.50%
Future pension increases rate	1.5%–2%	1.5%–2%	—	—
Inflation rate	2.00%	2.00%	1%–1.4%	1%–1,5%
Mortality table	RT 2005 G	RT 2005 G	INSEE F 08-10	INSEE F 08-10
Rates of employee turnover, disability and early retirement	Aon Hewitt Standard tables, RT 2005 G, 0.5%	Aon Hewitt Standard tables, RT 2005 G, 0.5%	3.00%	3.00%
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%	0%–2%	—	0.00%
Retirement age	—	—	62–65 years	62–65 years

The sensitivity analysis of the value of post-retirement benefits obligations for the main hypotheses at December 31, 2016 and December 31, 2015 are as follows:

Assumptions	Sensitivity	2016 Germany Increase	2016 Germany Decrease	2016 France Increase	2016 France Decrease
Discount rate					
Increase	0.25%				301
Decrease	0.25%			317	
Increase	0.5%		12,469		
Decrease	0.5%	14,971			
Future pension increases rate					
Increase	0.5%	11,660			
Decrease	0.5%		10,105		
Future salary increases rate					
Increase	0.5%	85		641	
Decrease	0.5%		76		583
Mortality rate					
Increase	1 year	1,389			

21. Pensions and other post-employment obligations (Continued)

		2015			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	0.25%				301
Decrease	0.25%			317	
Increase	0.5%		4,291		
Decrease	0.5%	3,862			
Future pension increases rate					
Increase	0.5%	1,804			
Decrease	0.5%		1,714		
Future salary increases rate					
Increase	0.5%			641	
Decrease	0.5%				583
Mortality rate					
Increase	1 year	1,245			

The expected future payments related to pension benefit at December 31, 2016 and December 31, 2015 are the following:

	Thousand of euros					
	2016			2015		
	Germany	France	Total	Germany	France	Total
Within the next 12 months	3,254	108	3,362	3,091	87	3,178
Between 2 and 5 years	11,167	1,882	13,049	10,943	1,239	12,182
Beyond 5 years	15,904	23,447	39,351	15,059	23,768	38,827
Total	**30,325**	**25,437**	**55,762**	**29,093**	**25,094**	**54,187**

22. Non-trade liabilities

The breakdown of non-trade liabilities at December 31, 2016 and December 31, 2015 classified by concepts is as follows:

		Non current			Current	
Item		2016	2015		2016	2015
a) Interest-bearing loans and borrowings	a.1)	1,548,305	1,448,036	a.2)	419,294	282,900
b) Derivative financial instruments	b.1)	87,983	72,828		—	—
c) Other financial liabilities		132,805	136,739		5,922	16,854
Financial leasing	c.1)	30,096	28,869	c.1)	3,478	6,292
Borrowings from related parties	c.2)	67,718	68,442	c.2)	2,444	10,562
Other liabilities	c.3)	34,991	39,428	c.3)	—	—
d) Other non-trade liabilities	d)	10,358	16,545		290,820	151,121
Total		**1,779,451**	**1,674,148**		**716,036**	**450,875**

22. Non-trade liabilities (Continued)

a) Interest-bearing loans and borrowings

a.1) Non-current interest-bearing loans and borrowings

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

	Thousands of euros						
	2016						2015
Description	**2018**	**2019**	**2020**	**2021**	**Beyond**	**Total**	**Total**
In Euros	**92,106**	**154,506**	**246,983**	**388,525**	**646,352**	**1,528,472**	**1,114,056**
Western Europe	80,417	149,412	246,983	388,525	646,352	1,511,689	1,106,528
Eastern Europe	11,689	5,094				16,783	7,528
In foreign currency	**7,844**	**4,773**	**3,044**	**2,094**	**2,078**	**19,833**	**333,980**
Brazilian reais							
Mercosur	3,498	3,491	3,037	2,094	2,078	14,198	14,616
Indian rupees							
Asia							7,539
Remimbi Yuan							
Asia	2,726					2,726	2,820
Czech Crowns							
Eastern Europe	1,255	1,255				2,510	3,765
Korean wons							
Asia	365	27	7			399	870
US Dollars							
Western Europe							304,370
Total	**99,950**	**159,279**	**250,027**	**390,619**	**648,430**	**1,548,305**	**1,448,036**

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros					
2015					
2017	**2018**	**2019**	**2020**	**Beyond**	**Total**
141,583	94,951	163,023	1,043,287	5,192	1,448,036

The guarantees granted are personal guarantees of the borrower.

At December 31, 2016 the loans granted to the Griwe Subgroup (belonging to the Western Europe segment) were repaid. These loans were additionally secured by the property, plant, and equipment financed by these loans (Note 11) and whose outstanding amount at December 31, 2015 was 808 thousand euros.

There are also real guarantees mentioned in the description of individual financial arrangements included in this Note.

The nominal interest rate on the loans at December 31, 2016 was as follows:

	Interest rate
• Loans denominated in euros	1.00%–1.45%
• Loans denominated in Brazilian reais*	4.50%–8.50%
• Loans denominated in Korean wones	3.60%
• Loans denominated in US dollar	1.45%–2.10%

* The lower level of the range corresponded to loans received by BNDES with a subsidized interest rate.

22. Non-trade liabilities (Continued)

The nominal interest rate on the loans at December 31, 2015 was as follows:

	Interest rate
• Loans denominated in euros	1.45%–1.55%
• Loans denominated in Indian rupees	10.30%–12.30%
• Loans denominated in Brazilian reais*	4.50%–16.21%
• Loans denominated in Korean wones	3.60%–4.00%

* The lower level of the range corresponded to loans received by BNDES with a subsidized interest rate.

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

I) 2012 Bank of America Loan and 2013 Syndicated Loan (modified in 2016)

On May 20, 2016 the Parent Company signed an agreement modifying the syndicated loan from April 2013. There were modifications to the amount granted (increase of 340 million euros, tranche A2) and to the interest margins.

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

The most relevant information regarding interest-bearing loans and borrowings subject to covenants at December 31, 2016 and December 31, 2015 is as follows:

Entity	Initial date	Modification agreement date	Amount granted	Maturity date	Financial obligations	Restrictions
Bank of America Securities Limited	March 21, 2012		60 million euros	March 21, 2017	"Net debt/EBITDA" below 3.50x "EBITDA/Financial expense" above 4.00x	N/A
Group of banks	April 19, 2013	May 20, 2016	Tranche A1: 532 million euros Tranche A2: 340 million euros Revolving Credit Facility: 280 million euros	Tranche A1: May 31, 2021 Tranche A2: May 31, 2021 Revolving Credit Facilities: May 31, 2021	"Net debt/EBITDA" below or equal 3.50x "EBITDA/Financial expense" above 4.00x	Limitation for the dividends distribution: – Dividends can be no more than 30% of the consolidated benefit

The Bank of America loan as well as the syndicated loan were granted to the Parent Company. The outstanding amount to Bank of America was registered as short-term in the amount of 60,000 thousand euros and the outstanding amount of the syndicated loan was registered as long-term in the amount of 832,851 thousand euros and as short-term in the amount of 39,244 thousand euros.

The Revolving Credit Facility granted amounting to 280,000 thousand euros was undrawn at December 31, 2016 and December 31, 2015.

At December 31, 2016 and December 31, 2015 the Parent Company was not in breach of any of these covenants.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the mentioned loans. These companies are specified in Annex III.

22. Non-trade liabilities (Continued)

II) May 2013 and May 2016 Bonds

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 interest rate of 5.875%, and the other amounting to 350 million dollars with a 5.625% interest rate.

The initial maturity date of the bonds was May 31, 2020 and interest was payable every six months (November and May).

On September and October 2015 the Group acquired part of the issued bonds for 16,702 thousand dollars and 5,500 thousand euros.

On May 11, 2016 there was a new issuance of bonds through the subsidiary Gestamp Funding Luxembourg, S.A. for 500 million euros at an interest rate of 3.5%. This was used to fully cancel the May 2013 bond and accrued interest.

After the required analysis, this transaction was considered to be a bond refinancing since there was no substantial change in the debt.

The tranche A2 of the new syndicated loan for 340 million euros granted on May 20 (heading I) was used on June 17, 2016 to fully cancel the US dollar bonds issued in May 2013 and accrued interest.

After the required analysis, this re-financing was considered new debt and therefore unamortized capitalized expenses in relation to the US dollar bonds amounting to 9.8 million euros were registered as expense in the financial result of the Consolidated Income Statement.

The maturity date of the new bonds is May 15, 2023 and interest is payable every six months (November and May).

The carrying value of the May 2016 bonds at December 31, 2016 was 486 million euros. The carrying value of the May 2013 bonds at December 31, 2015 at the exchange rate of the said date was 793 million euros (489 million euros and 304 million euros corresponding to the euro and dollar bonds respectively).

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the bonds. These companies are specified in Annex III.

III) European Investment Bank

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

The loan term is seven years with maturity on June 22, 2023. The Parent Company must comply with certain financial obligations related to Consolidated Financial Statements over the life of the loan. The mentioned obligations are the following:

- "EBITDA / Financial expense" above 4.00x
- "Net Financial Debt / EBITDA" below 3.50x

There is also a limitation on dividends distribution such that dividends each year can be no more than 50% of the consolidated net income.

At December 31, 2016 and December 31, 2015 the Parent Company was not in breach of any of these covenants.

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of this loan. These companies are specified in Annex III.

22. Non-trade liabilities (Continued)

a.2) Current interest-bearing loans and borrowings

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

	Thousands of euros											
	Credit facilities											
	Drawn down (a)		Limit		Loans (b)		Accrued interest (c)		Discounted bills (d)		(a)+(b)+(c)+(d) TOTALS	(a)+(b)+(c)+(d) TOTALS
Description	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
In Euros	109,629	43,148	528,800	316,800	246,478	161,304	7,987	5,006	88	89	364,182	209,547
Western Europe	109,629	43,148	528,800	316,800	229,557	133,390	7,701	4,465	88	89	346,975	181,092
Eastern Europe	—	—	—	—	15,067	24,526	273	501	—	—	15,340	25,027
Asia	—	—	—	—	1,854	3,388	13	40	—	—	1,867	3,428
In foreign currency	8,484	21,134	46,600	29,569	46,313	50,487	315	1,732	—	—	55,112	73,353
US dollars											—	—
Western Europe	—	—	—	—	—	—	—	1,534	—	—	—	1,534
North America	—	—	—	—	19,017	—	—	—	—	—	19,017	—
Turkish lira	—	—	—	—	—	—	—	—	—	—	—	
Eastern Europe	772	—	5,199	—	6,747	7,885	282	80	—	—	7,801	7,965
Argentine pesos	—	—	—	—	—	—	—	—	—	—	—	
Mercosur	—	—	—	—	—	922	—	—	—	—	—	922
Brazilian reais	—	—	—	—	—	—	—	—	—	—	—	
Mercosur	—	—	—	—	4,119	8,570	12	11	—	—	4,131	8,581
Indian rupees	—	—	—	—	—	—	—	—	—	—	—	
Asia	4,850	18,596	33,763	23,294	212	3,471	—	60	—	—	5,062	22,127
Remimbi Yuan	—	—	—	—	—	—	—	—	—	—	—	
Asia	2,862	2,538	6,064	6,275	14,485	23,740	20	45	—	—	17,367	26,323
Czech Crowns	—	—	—	—	—	—	—	—	—	—	—	
Eastern Europe	—	—	—	—	1,255	3,755	—	—	—	—	1,255	3,755
Korean wons	—	—	—	—	—	—	—	—	—	—	—	
Asia	—	—	1,574	—	478	2,144	1	2	—	—	479	2,146
Total	**118,113**	**64,282**	**575,400**	**346,369**	**292,791**	**211,791**	**8,302**	**6,738**	**88**	**89**	**419,294**	**282,900**

In all, the Group had approximately 577 million euros in with-recourse and non-recourse factoring and available discounting facilities at December 31, 2016 (December 31, 2015: 431 million euros).

Interest on the credit facilities was basically indexed to a floating rate of Euribor plus a spread between 0.50% and 0.75% in 2016 and a spread between 0.65% and 1.75% in 2015.

b) Derivative financial instruments

b.1) Interest rate derivatives and exchange rate derivatives

The fair value of interest rate and derivatives held for trading hedges contracted by the Group are recognized in the following headings of the Consolidated Balance Sheet:

	Thousands of euros	
Description	**2016**	**2015**
Financial assets—derivatives (Note 12.a.3))	25,710	28,184
Others	25,710	28,184
Financial liabilities—derivatives	87,983	72,828
Derivatives held for trading	13,123	25
Cash flow hedges	49,150	44,619
Others	25,710	28,184

22. Non-trade liabilities (Continued)

The interest rate swaps arranged by the Group in place at December 31, 2016 and December 31, 2015 were the following:

		Thousands of euros			
		2016		2015	
Contract	Item	Asset	Liability	Asset	Liability
1	Derivatives held for trading	—	4,277	—	—
2	Derivatives held for trading	—	5,484	—	—
5	Derivatives held for trading	—	3,362	—	—
6	Derivatives held for trading	—	—	—	25
Total derivatives held for trading		**—**	**13,123**	**—**	**25**
1	Cash flow	—	10,494	—	9,263
2	Cash flow	—	20,889	—	16,242
3	Cash flow	—	6,796	—	8,073
4	Cash flow	—	3,432	—	4,524
5	Cash flow	—	7,539	—	6,517
Total cash flow hedges		**—**	**49,150**	**—**	**44,619**

At December 31, 2016 the Group arranged a strategy to hedge interest rate risk on notionals of the Group's estimated bank debt for the period from 2017 to 2021 via several interest rate swaps with the following notional amounts at December 31 of each year in thousand euros:

Year	Contract 1	Contract 2	Contract 3	Contract 4	Contract 5
2017	140,000	320,000	77,835	110,000	110,000
2018	140,000	320,000	77,835	110,000	110,000
2019	140,000	320,000	77,835		110,000
2020	140,000	320,000	77,835		110,000

The interest rate swaps arranged by the Group in place at December 31, 2016 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	0.25% (2015), 0.45% (2016), 1.20% (2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 2	July 14, 2015	January 4, 2021	1-month Euribor	0.25% (2015-2016-2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 3	January 2, 2015	January 4, 2021	3-month Euribor	1.24% (2015), 1.48% (2016), 1.66% (2017), 1.99% (2018) and 2.09% beyond
Contract 4	April 2, 2014	January 2, 2019	3-month Euribor	1.26%
Contract 5	July 1, 2015	January 4, 2021	3-month Euribor	0.15% (2015), 0.40% (2016), 1.00% (2017), 1.25% (2018), 1.80% (2019) and 2.05% (2020)
Contract 6	August 6, 2012	June 30, 2016	Closed	—

The hedging arrangements outlined above qualify as effective hedges under IFRS hedge accounting criteria. Accordingly, changes in the fair value of the swaps are recognized in equity while the interest accrued is recognized in the Consolidated Income Statement.

22. Non-trade liabilities (Continued)

The cash flows underlying the hedges are expected to affect profit or loss in the following years:

	2016
	Thousands of euros
2017	(8,680)
2018	(12,766)
2019	(13,800)
2020	(13,904)
Total	**(49,150)**

	2015
	Thousands of euros
2016	(6,076)
2017	(6,964)
2018	(10,306)
2019	(10,131)
2020	(9,385)
2021	(1,966)
2022	(725)
2023	(32)
2024	452
2025	489
Total	**(44,644)**

At December 31, 2016 the Group transferred from Equity to the Consolidated Income Statement the amount of approximately 5,927 thousand euros (expense) as a result of liquidations carried out in 2016 corresponding to cash flow (interest rate) hedges. In 2015, expense recognized on the same basis amounted to 9,633 thousand euros.

In 2016 the Group recognized expense amounting to 13,099 thousand euros in the Consolidated Income Statement relating to changes in value of derivatives held for trading and expense amounting to 877 thousand euros relating to hedges inefficiency. In 2015 the income recognized relating to changes in value of derivatives held for trading amounted to 1,162 thousand euros and also income relating to hedges inefficiency for 3,500 thousand euros was recognised.

22. Non-trade liabilities (Continued)

The effect of financial instruments in retained earnings in 2016 and 2015 is as follows:

	Thousands of euros
2014 Fair value adjustment	**(36,853)**
Variation in fair value adjustment	**4,728**
Variation in deferred tax from financial instruments (Note 28)	12,493
Variation in derivative financial instruments (assets)	22,321
Variation in derivative financial instruments (liabilities)	(26,586)
Effect in profit due to hedge inefficiency	(3,500)
2015 Fair value adjustment	**(32,125)**
Variation in fair value adjustment	**(2,631)**
Variation in deferred tax from financial instruments (Note 28)	1,023
Variation in derivative financial instruments (liabilities)	(4,531)
Effect in profit due to hedge inefficiency	877
2016 Fair value adjustment	**(34,756)**

"Others" includes the present value of implicit derivatives of exchange rates applicable to sales and purchases prices in certain customer and suppliers contracts (Note 12.a.3)).

b.2) Net investment hedges

At December 31, 2015 the heading "Interest-bearing loans and borrowings" included the bond issued by the subsidiary Gestamp Funding Luxembourg, S.A. amounting to 333 million US dollars (initial issue for 350 million US dollars of which 17 million were repurchased in 2015 (Note 22.a.1.II)) classified as hedge in net investment in subsidiaries located in the United States. On June 17, 2016 this bond was purchased and fully cancelled (Note 22.a.1.II).

This bond covered the Group exposure to the exchange rate risk of these investments. The gains and losses arising in the conversion of the debt are included in consolidated equity under the heading Translation differences to compensate the possible gains and losses due to the conversion of the net investment in the subsidiaries.

Since this bond is considered a hedge instrument, the result generated in the conversion of the debt is included in consolidated equity and net of tax effect under the heading Translation differences. The result amounted to 11,760 thousand euros in profit in 2016 (8,467 thousand euros net of taxes) and 30,585 thousand euros in losses in 2015 (22,021 thousand euros net of taxes).

Cumuative translation differences through June 17, 2016 (date of the cancellation of the US dollar bonds) led to a loss of 46,813 thousand euros (33,706 thousand euros net of taxes).

The net investment in these subsidiaries includes the investment in the equity of the subsidiaries and the loans in US dollars granted to said subsidiaries by Group companies whose functional currency is Euro.

Although the bond in US dollar was issued by Gestamp Funding Luxembourg, S.A on May, 2013, the hedging relationship was not established for accountancy purposes until January 1, 2014. At June 17, 2016 and December 31, 2015 there was no hedge inefficiency.

22. Non-trade liabilities (Continued)

c) Other liabilities

c.1) Financial leasing

The finance lease commitments recognized under this heading correspond to the present value of the payment commitments on the finance leases outlined in Note 11. The payment schedule for these lease payments and the corresponding finance expenses are as follows:

	2016					
	Thousands of euros					
	Present value of lease obligations					
	Short term	Long term				
Segment	**Less than one year**	**Between one and five years**	**More than five years**	**Total**	**Future finance expenses**	**Finance lease installments**
North America	1,101	4,778	16,777	21,555	6,453	29,109
Eastern Europe	2,313	7,701	830	8,531	1,562	12,406
Western Europe	64	10		10	3	77
Total	**3,478**	**12,489**	**17,607**	**30,096**	**8,018**	**41,592**

	2015					
	Thousands of euros					
	Present value of lease obligations					
	Short term	Long term				
Segment	**Less than one year**	**Between one and five years**	**More than five years**	**Total**	**Future finance expenses**	**Finance lease installments**
North America	1,029	4,476	17,451	21,927	6,983	29,939
Eastern Europe	5,192	5,457	1,408	6,865	1,054	13,111
Western Europe	71	77	—	77	9	157
Total	**6,292**	**10,010**	**18,859**	**28,869**	**8,046**	**43,207**

c.2) Borrowings with related parties

This heading in the Consolidated Balance Sheet includes the following items with related parties:

	Long term		Short term	
Description	**2016**	**2015**	**2016**	**2015**
Loans (Note 31.1)	42,420	42,167	—	7,438
Fixed assets suppliers (Note 31.1)	25,298	26,275	—	—
Interest (Note 31.1)	—	—	2,413	3,124
Current accounts (Note 31.1)			31	—
Total	**67,718**	**68,442**	**2,444**	**10,562**

22. Non-trade liabilities (Continued)

At December 31, 2016 and December 31, 2015 the balance of long term fixed assets suppliers with Acek, Desarrollo y Gestión Industrial, S.L. corresponded to the purchase of the GESTAMP brand.

The breakdown of expected maturities for borrowings with related parties is as follows (Note 31.1):

	Thousands of euros						
Description	2018	2019	2020	2021	Beyond	Total 2016	Total 2015
Loans	20,771	21,649	—	—	—	42,420	42,167
North America	20,771					20,771	20,104
Eastern Europe		21,649				21,649	22,063
Fixed assets suppliers	1,042	1,110	1,183	1,260	20,703	25,298	26,275
Western Europe	1,042	1,110	1,183	1,260	20,703	25,298	26,275

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros 2015					
2017	2018	2019	2020	Beyond	Total
977	21,146	23,173	1,183	21,963	68,442

Interest rates of loans granted by related parties are at market value.

c.3) Other liabilities

Other non-current liabilities

The breakdown of the amounts included under this heading, by segment, nature, and maturity, at December 31, 2016 and December 31, 2015 is as follows:

	Thousands of euros						
Description	2018	2019	2020	2021	Beyond	Total 2016	Total 2015
Loans from Ministry of Science and Technology	6,316	5,920	5,559	5,007	12,189	34,991	39,428
Western Europe	6,316	5,920	5,559	5,007	12,189	34,991	39,428

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros 2015					
2017	2018	2019	2020	Beyond	Total
6,245	5,915	6,124	5,499	15,645	39,428

22. Non-trade liabilities (Continued)

d) Other non-trade liabilities

The breakdown of the amounts included under this heading by maturity and segment at December 31, 2016 is as follows:

	Thousands of euros						
Description	**2018**	**2019**	**2020**	**2021**	**Beyond**	**Total 2016**	**Total 2015**
Guarantees received		6			386	392	401
Western Europe		6			384	390	391
Mercosur					2	2	2
Asia						—	8
Fixed assets suppliers	198	70	82	96	64	510	831
Western Europe	138					138	276
Mercosur	60	70	82	96	64	372	555
Other creditors	5,659	1,124	728	861	1,084	9,456	15,313
Western Europe	2,989	1,118	728	861	1,084	6,780	14,861
Eastern Europe	2,303					2,303	—
Mercosur	367	6				373	452
Total	**5,857**	**1,200**	**810**	**957**	**1,534**	**10,358**	**16,545**

The breakdown of maturity dates for the balances at December 31, 2015 is as follows:

Thousands of euros					
2015					
2017	**2018**	**2019**	**2020**	**Beyond**	**Total**
9,097	3,799	462	610	2,577	16,545

Other current liabilities

The amounts included under this heading by nature are as follows:

	Thousands of euros	
Item	**2016**	**2015**
Fixed assets suppliers	182,953	127,698
Fixed assets suppliers, Associated companies (Note 31.1)	1,050	923
Dividends (Note 31.1)	848	—
Short term debts	29,156	22,240
Put Option Recognition	76,900	—
Short term interests payable	16	242
Deposits and guarantees	140	148
Other	(243)	(130)
Total	**290,820**	**151,121**

On December 23, 2016 the Parent Company granted a Put Option to Mitsui & Co. Ltd. for 10% of the shares in certain subsidiaries. The Put Option was valued according to the calculation method established in the contract, based on a multiplier of EBITDA generated in 2016 by the subsidiaries included in the put option. This option will be exercisable within 45 days after the notification to Mitsui & Co. Ltd. of the intention to start a process for admission to official listing in the Madrid Stock Exchange.

22. Non-trade liabilities (Continued)

On February 24th , 2017 Mitsui & Co. Ltd notified irrevocably that they will not exercise the Put Option (Note18).

23. Deferred Taxes

The changes in deferred tax assets and liabilities were as follows:

	Thousands of euros							
Deferred tax assets	**Tax credits**	**Reversal of start-up expenses**	**Fair value of property and buildings**	**Non-deductible provisions**	**Accelerated depreciation**	**Unrealized, non-deductible exchange gains (losses)**	**Other**	**Total**
At December 31, 2014	**164,319**	**161**	**17,184**	**30,180**	**3,677**	**4,962**	**27,857**	**248,340**
Inclusion in scope								—
Increases	10,569			29,757	742	1,794	34,362	77,224
Decreases	(28,668)	(78)		(9,292)	(67)	(2,766)	(4,881)	(45,752)
Translation differences	2,936	(4)		(3,722)	(123)	(526)	(1,038)	(2,477)
Other	1,121		(17,184)	1,352	1,209	885	6,059	(6,558)
At December 31, 2015	**150,277**	**79**	**—**	**48,275**	**5,438**	**4,349**	**62,359**	**270,777**
Inclusion in scope								—
Increases	19,248			7,081	1,565	1,566	19,689	49,149
Decreases	(38,691)	(72)		(12,743)	(123)	(6,061)	(15,842)	(73,532)
Translation differences	2,836	(6)		677	(228)	623	(2,332)	1,570
Other	22,150			(9,320)	558	6,917	5,170	25,475
At December 31, 2016	**155,820**	**1**	**—**	**33,970**	**7,210**	**7,394**	**69,044**	**273,439**

The balance *Other regarding Tax credits* mainly corresponded to the recognition of tax credits due to negative tax bases and incentives from previous years.

Increases in Other amounting to 34,362 thousand euros in 2015 and 19,689 thousand euros in 2016 mainly corresponded to the tax effect of hedges from the Parent Company as well as to non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o.

Decreases in Other amounting to 15,842 thousand euros in 2016 mainly corresponded to the reversal of non-deductible expenses from invoices to be received by Gestamp Polska SP. z.o.o. of previous years.

The breakdown of deferred taxes by segment is as follows:

	Thousands of euros	
Segment	**2016**	**2015**
WESTERN EUROPE	164,584	158,090
EASTERN EUROPE	18,792	16,405
MERCOSUR	28,983	29,385
NORTH AMERICA	48,824	56,366
ASIA	12,256	10,531
TOTAL	**273,439**	**270,777**

23. Deferred Taxes (Continued)

	Thousands of euros							
Deferred tax liabilities	**Portfolio provisions— individual companies**	**Tax deduction— goodwill individual companies**	**Capitalization of expenses**	**Allocation to goodwill**	**Revaluation of land and buildings**	**Depreciation/ amortization**	**Other**	**Total**
At December 31, 2014	**803**	**8,231**	**44,233**	**30,341**	**68,423**	**72,029**	**11,035**	**235,095**
Inclusion in scope								—
Increases		852	10,364	3,003	1,643	11,644	2,725	30,231
Decreases	(1,203)		(4,790)	(3,645)	(1,666)	(3,106)	(885)	(15,295)
Translation differences			(86)	(858)		4,797	(797)	3,056
Other movements	(471)	(953)	(269)		(17,661)	(8,760)	571	(27,543)
At December 31, 2015	**(871)**	**8,130**	**49,452**	**28,841**	**50,739**	**76,604**	**12,649**	**225,544**
Inclusion in scope								—
Increases		716	11,625		286	1,437	20,433	34,497
Decreases		(633)	(5,755)	(3,645)	(1,576)	(4,677)		(16,286)
Translation differences			(634)	446	142	1,909	(902)	961
Other movements		133	(103)	(4,325)	1,246	(3,195)	(18)	(6,262)
At December 31, 2016	**(871)**	**8,346**	**54,585**	**21,317**	**50,837**	**72,078**	**32,162**	**238,454**

The net balance of Other movements in 2015 amounted to 20,985 thousand euros in liabilities and mainly included adjustments from prior years as well as tax credits from Gestamp North America, INC regarding recognition of tax losses from previous years as a consequence of local regulations approved this year.

Translation differences generated in 2016 and 2015 amounting to 609 thousand euros and 5,533 thousand euros respectively mainly corresponded to the application of different exchange rates each year (Note 28).

Increases in Other in 2016 amounting to 20,433 thousand euros mainly corresponded to the tax effect of the retrocession in consolidation process of the hedges registered as inefficient by the Parent Company and considered efficient at Group level.

24. Trade and other payables

a) Trade payables

	Thousands of euros	
	2016	**2015**
Trade accounts payable	978,617	812,718
Trade bills payable	147,166	133,890
Suppliers from related parties (Note 31.1)	226,348	188,405
Trade creditors, related parties (Note 31.1)	4,013	2,365
Total	**1,356,144**	**1,137,378**

b) Other payables

	Thousands of euros	
	2016	**2015**
VAT payable	60,682	50,589
Tax withholdings payable	12,910	13,616
Other items payable to the tax authorities	18,101	11,617
Payable to social security	28,124	26,857
Other payables	14,918	16,966
Outstanding remuneration	109,819	97,114
Total	**244,554**	**216,759**

25. Operating revenue

a) Revenue

The breakdown of revenue by category in 2016 and 2015 is as follows:

	Thousands of euros	
	2016	2015
Parts, prototypes, and components	6,767,411	6,408,731
Tools	579,167	389,373
Byproducts and containers	194,163	219,136
Services rendered	8,197	17,272
Total	**7,548,938**	**7,034,512**

The geographical breakdown of revenue was as follows:

	Thousands of euros	
	2016	2015
Western Europe	**3,704,114**	**3,607,362**
Spain	1,320,922	1,269,940
Germany	1,044,527	1,020,375
United Kingdom	670,805	685,919
France	434,989	409,625
Portugal	159,911	143,487
Sweden	72,960	78,016
Eastern Europe	**859,489**	**660,664**
Turkey	272,037	241,493
Czech Republic	167,687	129,875
Russia	107,623	117,723
Poland	256,290	111,810
Hungary	50,584	50,434
Slovakia	5,268	9,329
Mercosur	**401,365**	**466,503**
Brazil	245,709	247,295
Argentina	155,656	219,208
North America	**1,546,104**	**1,323,355**
USA	1,153,802	907,346
Mexico	392,302	416,009
Asia	**1,037,866**	**976,628**
China	719,602	690,110
India	168,187	157,791
South Korea	137,844	118,541
Japan	7,259	5,956
Thailand	4,974	4,230
	7,548,938	**7,034,512**

25. Operating revenue (Continued)

b) Other operating income

	Thousands of euros	
	2016	2015
Other operating income	23,221	24,926
Grants related to income	3,494	2,073
Grants related to assets released to income for the year (Note 19)	6,218	6,589
Surplus provision for environmental matters and other commitments	4,261	4,454
Surplus provision for restructuring	—	5,147
Own work capitalized	93,383	91,757
Other	994	21,925
Change in provisions (Note 20)	—	18,540
Adjustments from prior years	—	(4,595)
Other	994	7,980
Total	**131,571**	**156,871**

Other operating income in 2016 and 2015 mainly included third party billing for transactions different from the main activity of the companies. In 2015 it also included the income from the business combination of Gestamp Pune Automotive Private Limited amounting to 1.371 thousand euros (Note 2.b).

The heading Other at December 31, 2016 included profits from tangible assets amounting to 994 thousand euros (December 31, 2015: 1,832 thousand euros). At December 31, 2015 this heading also included other income and expenses mainly related to commercial agreements, litigations and state financial aids amounting to 6,148 thousand euros. The balance of the said income and expenses at December 31, 2016 was a debit balance and it was registered in the heading Other operating expenses (Note 26.c)).

26. Operating expenses

a) Raw materials and other consumables

	Thousands of euros	
	2016	2015
Purchases of goods and tools for resale	860,423	679,004
Discounts for prompt payment	(1,769)	(2,164)
Purchase returns and similar transactions	(663)	(5,269)
Volume discounts	(8,240)	(7,946)
Change in inventories(**)	(32,136)	(22,322)
Purchases of raw materials	2,666,535	2,764,168
Consumption of other supplies	668,011	644,581
Work performed by third parties	354,606	255,855
Impairment of goods for resale and raw materials(**)	5,054	4,067
Reversal of impairment of goods for resale and raw materials(**)	(2,079)	(1,377)
Total	**4,509,742**	**4,308,597**

(**) The total of these line items amounts to a net consumption of raw materials amounting to 29,161 thousand euros (Note 13).

26. Operating expenses (Continued)

b) Personnel expenses

The breakdown of "Personnel expenses" in the Consolidated Income Statement is as follows:

	Thousands of euros	
	2016	2015
Salaries	1,043,824	971,251
Social security	225,570	206,969
Other benefits expenses	97,490	79,790
Total	**1,366,884**	**1,258,010**

Other benefit expenses included the contributions to defined contribution plans amounting to 6.1 million euros in 2016 (2015: 4.8 million euros) (Note 6.16).

The breakdown of average headcount by professional level in 2016 and 2015 is as follows:

Professional level	2016	2015
Directors/ Managers	831	714
Clerical, financial and IT department	1,624	1,878
Quality control deparment	2,173	1,804
Logistics department	2,889	2,644
Supply department	872	864
Technical department	3,509	2,828
Production foreman	1,469	1,320
Production workers	18,301	16,764
Other	4,550	4,089
Total	**36,218**	**32,905**

The breakdown of headcount by professional level at year end at December 31, 2016 and December 31, 2015 is as follows:

	2016		2015	
Professional level	Males	Females	Males	Females
Directors/ Managers	755	120	666	94
Clerical, financial and IT department	876	795	1,382	881
Quality control deparment	1,760	407	1,557	249
Logistics department	2,501	370	2,274	319
Supply department	708	159	713	155
Technical department	3,499	288	2,874	232
Production foreman	1,385	67	1,261	57
Production workers	17,906	1,609	16,427	1,334
Other	2,625	565	2,268	449
Total	**32,015**	**4,380**	**29,422**	**3,770**

26. Operating expenses (Continued)

c) Other operating expenses

	Thousands of euros	
	2016	**2015**
Maintenance and upkeep	576,494	530,423
Other external services	334,783	310,387
Taxes and levies	34,302	30,761
Impairment of accounts receivable (Note 14.a))	4,080	(127)
Other	6,504	3,925
Provision for risks and expenses	5,217	3,925
Increase/ Application of provisions (Note 20)	(2,090)	—
Adjustments prior years	5,567	—
Other	(2,190)	—
Total	**956,163**	**875,369**

The heading Other at December 31, 2016 included other income and expenses mainly related to commercial agreements and litigations amounting to 2,190 thousand euros. The balance of the said income and expenses at December 31, 2015 was a credit balance and it was registered in the heading Other operating income (Note 25.b)).

27. Financial income and financial expenses

a) Financial income

	Thousands of euros	
	2016	**2015**
From equity investments, Group Companies	—	5
From equity investments	1	4
From current loans to third parties	3	27
Other financial income	4,839	12,913
From current loans to related parties (Note 31.1)	432	360
Total	**5,275**	**13,309**

b) Financial expenses

	Thousands of euros	
	2016	**2015**
On bank borrowings	78,701	97,547
On trade bills with credit institutions	3,444	1,807
Other financial expenses	10,635	14,584
On update provisions	45	15
On borrowings from related parties (Note 31.1)	5,933	7,897
Total	**98,758**	**121,850**

27. Financial income and financial expenses (Continued)

c) Impairment and gains (losses) on sale of financial instruments

	Thousands of euros	
	2016	2015
Short term loans impairment loss (Note 12.b.1))	—	9,324
Loss from investment securities in associated companies (Note 12.a.4))	72	4,500
Others	5	5
Total	**77**	**13,829**

28. 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 11/2015. The subsidiaries included in this fiscal group are Gestamp Bizkaia, S.A; Bero Tools, S.L.; Gestamp North Europe Services, S.L., Loire S.A.F.E., Gestamp Global Tooling S.L., Matricerías 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, Llc., Gestamp Mason, Llc., Gestamp Chattanooga, Llc., Gestamp Chattanooga II Llc.,Gestamp South Carolina, Llc., Gestamp West Virginia, Llc. and Gestamp Washtenaw Llc. file a tax return according to fiscal transparency system.
- The subsidiaries Gestamp 2008, S.L., Edscha Santander, S.L. and Edscha Burgos, S.L. file a consolidated tax return.
- The subsidiaries Griwe Innovative Umfortechnik, 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 2016 and 2015, in thousands of euros, is as follows:

	Thousands of euros	
	2016	2015
Current tax expense	78,900	87,824
Deferred tax	10,080	(23,458)
Other income tax adjustments	(40)	(416)
Total	**88,940**	**63,950**

28. Income tax (Continued)

The reconciliation between the deferred tax expense in 2016 (income in 2015) and the net variation of deferred tax assets and liabilities is as follows:

	Thousands of euros			
	Deferred tax assets		Deferred tax liabilities	
	2016	2015	2016	2015
Balance (Note 23)	273,439	270,777	238,454	225,544
Variation current year	2,662	22,437	12,910	(9,551)
Net variation (Increase / decrease in net deferred asset)	*(10,248)*	*31,988*		
Translation differences (Note 23)	(609)	5,533		
Tax effect of hedges registered in Equity (Note 22.b.1))	(1,023)	(12,493)		
Other variations	1,800	(1,570)		
Increase / decrease in net deferred asset against profit for the year	*(10,080)*	*23,458*		
Income /expense for deferred tax current year	10,080	(23,458)		

Tax expense was calculated based on accounting profit before taxes, as shown below:

	Thousands of euros	
	2016	2015
Accounting profit (before taxes)	**348,081**	**252,802**
Theoretical tax expense	97,463	70,785
Differences in prevailing rates	(4,792)	(1,792)
Permanent differences	4,649	(215)
Deductions and tax credits previously not recognized	(27,579)	(10,124)
Statute-barred tax credits	13,474	21,602
Adjustments to income tax of prior years	5,765	(15,889)
Adjustments to tax rate	(40)	(417)
Tax expense (tax income)	**88,940**	**63,950**

The theoretical tax rate applied was 28% in 2016 and 2015.

"Differences in prevailing rates" in 2016 and 2015 reflected the differences between prevailing rates in certain operating markets and the theoretical applicable rate, mainly relating to operations taxed in the United States (35%), Brazil (34%), and Argentina (35%).

The Permanent differences in 2016 and 2015 reflected mainly inflation adjustments, exemption of income from brand billing, nondeductible differences in exchange rates, nondeductible expenses, and those differences permanent differences generated in the consolidation process.

28. Income tax (Continued)

The balances converted to euros of tax bases pending to be offset and unused tax incentives in other currencies, calculated at the exchange rates prevailing on that date, at December 31, 2016 and 2015 are the following:

	Millions of euros					
	2016			2015		
	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	309	605	**914**	286	586	**872**
Tax credit	97	159	***256***	84	163	***247***
Unused tax incentives	59	101	**160**	66	79	**145**
Tax credit	59	101	***160***	66	79	***145***
Total Tax credit registered (Note 23)	***156***			***150***		

At year end 2016 and 2015, the Group had capitalized unused negative bases and tax incentives that it expects to be able to utilize in future periods based on earnings projections and the deadlines and limits for their utilization.

The analysis on recoverability of tax credits is based on estimated future profits for each company. Such recoverability ultimately depends on the capacity of each company to generate taxable profits along the period where deferred tax assets are deductible.

The analysis on recoverability is elaborated according to the life-time of tax credits with a maximum of 10 years and to the current application conditions for such tax credits, especially the limits of application for negative tax bases.

The unused tax losses and unused tax incentives at December 31, 2016 and 2015 whose corresponding tax credit has been registered have the following breakdown by prescription date:

	2016	
	Millions of euros	
Range of maturity	Negative Tax Bases	Tax incentives
2017–2022	59	1
2023–2028	62	31
2029–2035	46	26
Without limit	142	1
Total	**309**	**59**

	2015	
	Millions of euros	
Range of maturity	Negative Tax Bases	Tax incentives
2016–2021	40	1
2022–2027	75	4
2028–2034	120	61
Without limit	51	—
Total	**286**	**66**

28. Income tax (Continued)

The unused tax losses and unused tax incentives at December 31, 2016 and 2015 whose corresponding tax credit has not been registered have the following breakdown by prescription date:

	2016	
	Millions of euros	
Range of maturity	Negative Tax Bases	Tax incentives
2017–2022	107	7
2023–2028	71	63
2029–2035	40	30
Without limit	387	1
Total	**605**	**101**

	2015	
	Millions of euros	
Range of maturity	Negative Tax Bases	Tax incentives
2016–2021	188	5
2022–2027	14	6
2028–2034	116	63
Without limit	268	5
Total	**586**	**79**

The majority of Group companies are open to inspection of all taxes to which they are liable and for the full statute of limitations period (4 years from filing date for all Spanish companies except for those with registered offices in the Basque Country for which the period is three years, and five years, as a rule, for companies based abroad), or since the date of incorporation, if more recent.

Management of the Parent Company and its subsidiaries calculated income tax for 2016 and the years open for inspection according to the legislation prevailing in each year. Given that the prevailing tax regulations related to the above mentioned matters are subject to varying interpretations, certain tax liabilities and contingencies may exist for 2016 and previous years that cannot be objectively quantified. However, the Group's directors and their legal and tax advisors consider that any potential tax liability which might arise would not significantly affect the accompanying Consolidated Financial Statements.

29. 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 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 2016 and 2015 are as follows:

	2016	2015
Profit attributable to equity holders of the parent company (Thousands of euros)	221,354	161,480
Loss from discontinued activities attributable to equity holders of the parent company (Thousand of euros)	—	—
Weighted average number of ordinary shares outstanding (Thousands of shares)	4,796	4,796
Basic earnings per share from continuing operations (Euros per share)	46.15	33.67
Basic earnings per share from discontinued operations (Euros per share)	—	—

30. Commitments

The Group is lessee of buildings, warehouses, machinery and vehicles. The lease expenses charged to the December 31, 2016 Consolidated Income Statement amounted to 99,643 thousand euros (December 31, 2015: 88,038 thousand euros) and the breakdown by segment is as follows:

	Thousands of euros	
	2016	**2015**
Western Europe	59,421	50,620
Eastern Europe	10,147	7,718
Mercosur	2,998	3,122
North America	18,920	18,805
Asia	8,157	7,773
Total	**99,643**	**88,038**

Total future minimum payments for non cancellable operating leases at December 31, 2016 and December 31, 2015 by segment are as follows:

	Thousands of euros		
	Less than 1 year	**Between 1 and 5 years**	**More than 5 years**
Western Europe	44,902	94,705	79,231
Eastern Europe	2,714	11,661	2,040
Mercosur	2,521	1,156	—
North America	29,130	128,217	72,422
Asia	6,605	5,906	4,311
Total 2016	**85,872**	**241,645**	**158,004**

	Thousands of euros		
	Less than 1 year	**Between 1 and 5 years**	**More than 5 years**
Total 2015	**65,329**	**189,021**	**133,410**

The increase in future minimum payments from 2015 to 2016 corresponded mainly to the signing of new agreements (mainly related to machinery) in companies belonging to the North America segment, and to the renegotiation of already existing agreements.

The commitments acquired by Group companies relating to the acquisition of fixed assets amounted to 895 million euros at December 31, 2016. Of those, 12% referred to orders from 2014, 20% from 2015 and 68% from 2016. It is likely that these percentages will be maintained in the future with regard to invoicing and payments of these commitments, such that execution will be from 2017 to 2019.

These commitments mainly refer to projects from new plants for manufacturing parts already nominated by customers to our Group.

The Group has no guarantees granted to third parties. The guarantees received from financial entities by the Group and presented to third parties at December 31, 2016 amounted to 305 million euros (December 31, 2015: 201 million euros).

31. Related party transactions

31.1 Balances and transactions with Related Parties

At December 31, 2016 and December 31, 2015 the amounts payable to and receivable from Related Parties and transactions carried out with Related Parties were as follows:

	Thousands of euros	
	2016	2015
Balances receivable /payable	(259,477)	(252,435)
Revenue		
Sales of goods	165,665	155,059
Services rendered	5,377	5,407
Financial income	432	360
Expenses		
Purchases	986,803	922,718
Services received	11,046	11,595
Financial expenses	5,933	7,897
Impairment loss	—	9,324

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.

There are no acquisition commitments with related parties no related to the usual productive activity of the Group.

31. Related party transactions (Continued)

The breakdown of receivables from and payables to Related Parties at December 31, 2016 is as follows:

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(31)
Total payable Current account (Note 22.c.2)	**(31)**
Shareholders	
Mitsui &Co., Ltd	(20,771)
JSC Karelsky Okatysh	(21,649)
Total non-current loans (Note 22.c.2)	**(42,420)**
Associates	
Esymo Metal, S.L.	320
Essa Palau, S.A.	1,745
Gestion Global de Matriceria, S.L	8,400
Total Current Loans	**10,465**
Shareholders	
Mitsui &Co., Ltd	(842)
Other shareholders	(6)
Total Dividends payable (Note 22.d)	**(848)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	406
Related parties	
Gescrap Centro, S.L	1,571
Gescrap France S.A.R.L.	91
Gescrap Navarra, S.L.	86
Gescrap Polska SPZOO	258
Gescrap, S.L.	803
Gescrap Hungría KFT	306
Gescrap Autometal Mexico S.A. de C.V.	96
Gescrap Czech S.R.O.	42
Gescrap Autometal Comercio de Sucatas S.A.	1,141
GES Recycling Ltd.	5
Gescrap GmbH	1,454
Gescrap Noroeste, S.L.U.	26
Gescrap Kaluga Llc.	257
GES Recycling USA Llc.	852
Gonvarri Galicia, SA	1,225
Gonvarri I. Centro Servicios, S.L.	264
Gonvarri MS Corporate S.L.	46
Gonvauto Navarra, SA	432
Gonvauto Puebla S.A. de C.V.	3
Gonvauto Thuringen, GMBH	3,147
Gonvauto, SA	3,199
Gonvarri Corporación Financiera, S.L.	(369)
Gonvarri Polska, SP, ZOO.	5
Steel & Alloy Ltd	362
Ind. Ferrodistribuidora, S.L.	56
Gestamp Energías Renovables S.L.	501
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	8,166
Essa Palau, S.A.	1,647
Esymo Metal, S.L.	26
GGM Puebla, S.A. de C.V.	2,736
Gestion Global de Matriceria, S.L	77
Ingeniería y Construcción Matrices, S.A.	2,540
IxCxT, S.A.	135
Jui Li Edscha Body System Co Ltd	3
Jui Li Edscha Hainan Co Ltd	81
Total Trade receivables from related parties (Note 14.a)	**31,676**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,292)
JSC Karelsky Okatysh	(1,085)
Related parties	
Gonvarri I. Centro Servicios, S.L.	(36)

31. Related party transactions (Continued)

Company	Thousands of euros
Total interest payable (Note 22.c.2)	**(2,413)**
Associates	
Esymo Metal, S.L.	1
Gestion Global de Matriceria, S.L	2
Total interest receivable	**3**
Associates	
Esymo Metal, S.L.	800
Total Non-current Loans	**800**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(101)
Related parties	
Agricola La Veguilla, S.A.	(18)
Gescrap Navarra, S.L.	(2)
Gescrap Polska SPZOO	(16)
Gescrap France S.A.R.L.	2
Gonvarri Argentina S.A.	(7,903)
Gonvarri Galicia, SA	(31,988)
Gonvarri Corporación Financiera, S.L.	(62)
Gonvarri I. Centro Servicios, S.L.	(53,865)
Gonvarri Polska, SP, ZOO.	(23,714)
Gonvarri Ptos. Siderúrgicos, SA	(11,700)
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	(2,341)
Gonvauto Asturias S. L.	(1,608)
Gonvauto Navarra, SA	(3,072)
Gonvauto Puebla S.A. de C.V.	(16,946)
Gonvauto Thuringen, GMBH	(7,590)
Gonvauto, SA	(30,220)
Gonvauto South Carolina LLC	(1,160)
Severstal Gonvarri Kaluga, LLC	(135)
Ind. Ferrodistribuidora, S.L.	(504)
Láser Automotive Barcelona S.L.	(629)
Gonvarri Czech S.R.O.	(771)
Steel & Alloy Ltd	(12,143)
Láser Automotive Gmbh	(205)
Inmobiliaria Acek,S.L.	(359)
Arcelor Group	(1,991)
Associates	
Essa Palau, S.A.	(8,365)
Esymo Metal, S.L.	(2,306)
GGM Puebla, S.A. de C.V.	(4,385)
Gestion Global de Matriceria, S.L	(444)
Ingeniería y Construcción Matrices, S.A.	(1,413)
IxCxT, S.A.	(394)
Total Suppliers from related parties (Note 24.a)	**(226,348)**
Related parties	
Severstal Gonvarri Kaluga, LLC	(4,002)
Associates	
Gestion Global de Matriceria, S.L	(11)
Total Trade creditors, related parties (Note 24.a)	**(4,013)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(25,298)
Total non-current Fixed assets suppliers (Note 22.c.2)	**(25,298)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(978)
Associates	
GGM Puebla, S.A de C.V	(72)
Total Other current suppliers (Note 22.d)	**(1,050)**
Total balances receivable/payable	**(259,477)**

31. Related party transactions (Continued)

The breakdown of receivables from and payables to Related Parties at December 31, 2015 were as follows:

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L.	26
Total receivable Current account	**26**
Shareholders	
Mitsui &Co., Ltd	(20,104)
JSC Karelsky Okatysh	(22,063)
Total non-current loans (Note 22.c.2)	**(42,167)**
Related parties	
Gonvarri Corporación Financiera, S.L.	(7,438)
Total current loans (Note 22.c.2)	**(7,438)**
Associates	
Esymo Metal, S.L.	320
Total Current Loans	**320**
Associates	
Esymo Metal, S.L.	1
Gestion Global de Matriceria, S.L	61
Total interest receivable	**62**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	7
Related parties	
Gescrap Centro, S.L	516
Gescrap France S.A.R.L.	1,010
Gescrap Navarra, S.L.	234
Gescrap Polska SP.Z O.O.	345
Gescrap, S.L.	3,501
Gescrap Hungría KFT	176
Gescrap Autometal Mexico S.A. de C.V.	606
Gescrap Czech S.R.O.	22
Gescrap Autometal Comercio de Sucatas S.A.	351
GES Recycling Ltd.	285
Gonvarri Galicia, S.A.	148
Gonvarri I. Centro Servicios, S.L.	112
Gonvarri MS Corporate S.L.	46
Gonvauto Navarra, S.A.	694
Gonvauto Puebla S.A. de C.V.	389
Gonvauto Thuringen, GmbH	1,092
Gonvauto, S.A.	480
Gonvarri Corporación Financiera, S.L.	169
Gonvarri Polska SP. Z O.O.	4
Ind. Ferrodistribuidora, S.L.	281
Severstal Gonvarri Kaluga, LLC	8
Steel & Alloy Ltd.	29
Gonvarri Czech S.R.O.	37
Gestamp Energías Renovables S.L.	426
Inmobiliaria Acek,S.L.	8
Recuperaciones Medioambientales Subgroup	6
Associates	
Esymo Metal, S.L.	9
Essa Palau, S.A.	1,440
GGM Puebla, S.A. de C.V.	1,373
Ingeniería y Construcción Matrices, S.A.	1,919
Gestion Global de Matriceria, S.L	740
IxCxT, S.A.	3
Jui Li Edscha Body System Co. Ltd.	6
Jui L i Edscha Hain an Co, Ltd.	262
Total Trade receivables from related parties (Note 14.a)	**16,734**

31. Related party transactions (Continued)

Company	Thousands of euros
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,337)
JSC Karelsky Okatysh	(1,169)
Related parties	
Gonvarri I. Centro Servicios, S.L.	(36)
Gonvarri Corporación Financiera, S.L.	(582)
Total interest payable (Note 22.c.2)	**(3,124)**
Associates	
Esymo Metal, S.L.	1,120
Total Non-current Loans	**1,120**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(2,582)
Arcelor Group	(2,527)
Related parties	
Agricola La Veguilla, S.A.	(18)
Gescrap Navarra, S.L.	(2)
Gescrap Polska SP. Z O.O.	(3)
Gonvarri Argentina S.A.	(6,974)
Gonvarri Galicia, S.A.	(23,753)
Gonvarri Corporación Financiera, S.L.	41
Gonvarri I. Centro Servicios, S.L.	(42,666)
Gonvarri Polska, SP. Z O.O.	(9,486)
Gonvarri Ptos. Siderúrgicos, S.A.	(10,673)
Gonvauto Asturias S.L.	(2,236)
Gonvauto Navarra, S.A.	(4,976)
Gonvauto Puebla S.A. de C.V.	(18,680)
Gonvauto Thuringen, GmbH	(5,507)
Gonvauto, S.A.	(22,812)
Gonvauto South Carolina LLC	(673)
Severstal Gonvarri Kaluga, LLC	(517)
Hierros y Aplanaciones, S.A.	(70)
Ind. Ferrodistribuidora, S.L.	70
Láser Automotive Barcelona S.L.	(805)
Gonvarri Czech S.R.O.	(621)
Steel & Alloy Ltd.	(15,092)
Inmobiliaria Acek,S.L.	(208)
Air Executive S.L.	(107)
Associates	
Esymo Metal, S.L.	(1,766)
Jui Li Edscha Body System Co. Ltd.	(8)
Ingeniería y Construcción Matrices, S.A.	(898)
Essa Palau, S.A.	(13,777)
GGM Puebla, S.A. de C.V.	(796)
Gestion Global de Matriceria, S.L	(283)
Total Suppliers from related parties (Note 24.a)	**(188,405)**
Related parties	
Severstal Gonvarri Kaluga, LLC	(2,342)
Associates	
Gestion Global de Matriceria, S.L	(23)
Total Trade creditors, related parties (Note 24.a)	**(2,365)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(26,275)
Total non-current Fixed assets suppliers (Note 22.c.2)	**(26,275)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(918)
Related parties	
Gonvarri Galicia, S.A.	(3)
Associates	
Esymo Metal, S.L.	(2)
Total Other current suppliers (Note 22.d)	**(923)**
Total balances receivable/payable	**(252,435)**

31. Related party transactions (Continued)

The breakdown of transactions carried out with Related Parties during 2016 was as follows:

Company	Thousands of euros
Related parties	
Gescrap Autometal Comercio de Sucata S.A.	(7,625)
Gescrap S.L.	(29,419)
Gescrap Centro, S.L	(2,522)
Gescrap France S.A.R.L.	(12,412)
Gescrap Navarra, S.L.	(3,987)
Gescrap Polska SPZOO	(6,947)
Gescrap Czech S.R.O.	(482)
Gescrap Hungría KFT	(1,372)
GES Recycling Ltd.	(1,291)
Gescrap GmbH	(6,701)
Gescrap Noroeste S.L.U.	(2,411)
Gescrap Kaluga Llc.	(2,234)
Gescrap Autometal México, S.A. de C.V.	(11,621)
GES Recycling USA Llc.	(8,486)
Gonvarri Galicia, SA	(6,194)
Gonvarri I. Centro Servicios, S.L.	(1,385)
Gonvauto Navarra, SA	(3,079)
Gonvauto Puebla S.A. de C.V.	(356)
Gonvauto, SA	(36,678)
Gonvauto Thuringen, GMBH	(9,729)
Severstal Gonvarri Kaluga, LLC	(84)
Ind. Ferrodistribuidora, S.L.	(46)
Associates	
Ingeniería y Construcción Matrices, S.A.	(830)
Jui Li Edscha Hainan Co. Ltd.	(70)
Essa Palau, S.A.	(6,455)
GGM Puebla, S.A de C.V	(2,599)
Gestión Global de Matricería, S.L.	(650)
Total Sales	**(165,665)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(1,976)
Related parties	
Gonvarri Polska, SP, ZOO.	(4)
Gonvarri Ptos. Siderúrgicos, SA	(1)
Gonvauto Thuringen, GMBH	(75)
Gonvarri Corporación Financiera, S.L.	(5)
Inmobiliaria Acek, S.L	(12)
Gestamp Energías Renovables S.L.	(414)
Gescrap S.L.	(1)
Gescrap Autometal México, S.A. de C.V.	(41)
Gescrap Autometal México Servicios, S.A. de C.V.	(3)
Gescrap France S.A.R.L.	(37)
Gescrap Polska SPZOO	(65)
Associates	
Gestamp Tooling Manufacturing Kunshan Co Ltd	(126)
Esymo Metal, S.L.	(126)
Ingeniería y Construcción Matrices, S.A.	(745)
IxCxT, S.A	(242)
Jui Li Edscha Body Systems Co. Ltd.	(1)
Jui Li Edscha Hainan Co. Ltd.	(10)
Essa Palau, S.A.	(303)
GGM Puebla, S.A de C.V	(1,170)
Gestión Global de Matricería, S.L.	(20)
Total Services rendered	**(5,377)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(11)
Associates	
Essa Palau, S.A.	(302)
Esymo Metal, S.L.	(17)
Gestión Global de Matricería, S.L.	(102)
Total Financial income (Note 27.a)	**(432)**

31. Related party transactions (Continued)

Company	Thousands of euros
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	19,296
Gonvauto Asturia s S. L.	10,234
Gonvarri Argentina S.A.	45,414
Gonvarri Galicia, SA	75,030
Gonvarri I. Centro Servicios, S.L.	198,962
Gonvarri Polska, SP, ZOO.	78,044
Gonvarri Ptos. Siderúrgicos, SA	32,505
Gonvauto Navarra, SA	11,348
Gonvauto Puebla S.A. de C.V.	64,761
Gonvauto Thuringen, GMBH	81,689
Gonvauto, SA	88,158
Hierros y Aplanaciones S.A.	(55)
Ind. Ferrodistribuidora, S.L.	1,824
Severstal Gonvarri Kaluga, LLC	46,888
Steel & Alloy Ltd.	74,521
Gonvauto South Carolina Llc.	8,485
Laser Automotive Barcelona S.L.	2,414
Gonvarri Czech S.R.O.	2,524
Laser Automotive Thuringen GmbH	815
Gonvarri Corporación Financiera, S.L.	82
Arcelor Group	57,675
Associates	
Esymo Metal, S.L.	3,358
Jui Li Edscha Body Systems Co. Ltd.	7
Ingeniería y Construcción Matrices, S.A.	7,831
IxCxT, S.A	580
GGM Puebla, S.A de C.V	12,374
Essa Palau, S.A.	62,039
Total Purchases	**986,803**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	3,341
Related parties	
Air Executive, S.L.	1,417
Agricola La Veguilla, S.A.	161
Gescrap S.L.	202
Gescrap Navarra, S.L.	13
Gescrap Polska SPZOO	39
Gonvarri I. Centro Servicios, S.L.	80
Gonvarri Polska, SP, ZOO.	10
Gonvarri Ptos. Siderúrgicos, SA	305
Gonvauto Puebla S.A. de C.V.	114
Gonvauto, SA	11
Gonvarri Corporación Financiera, S.L.	2
Laser Automotive Barcelona S.L.	5
Ind. Ferrodistribuidora, S.L.	2
Gonvauto Asturias S.L.	(1)
Gonvauto South Carolina Llc.	(6)
Gonvarri Galicia, SA	90
Gonvarri Czech S.R.O.	13
Inmobiliaria Acek, S.L	2,095
Associates	
Esymo Metal, S.L.	397
Ingeniería y Construcción Matrices, S.A.	184
IxCxT, S.A	83
Essa Palau, S.A.	(142)
Gestión Global de Matricería, S.L.	2,443
GGM Puebla, S.A de C.V	188
Total Services received	**11,046**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	1,851
Mitsui &Co., Ltd	933
JSC Karelsky Okatysh	2,138

31. Related party transactions (Continued)

Company	Thousands of euros
Related parties	
Gonvarri Corporación Financiera, S.L.	77
Gonvarri Galicia, SA	247
Gonvarri I. Centro Servicios, S.L.	64
Gonvarri Ptos. Siderúrgicos, SA	83
Gonvauto Navarra, SA	10
Gonvauto, SA	188
Gonvauto Puebla S.A. de C.V.	342
Total Financial expenses (Note 27.b)	**5,933**

The breakdown of transactions carried out with Related Parties during 2015 was as follows:

Company	Thousands of euros
Related parties	
Gescrap Autometal Comercio de Sucata S.A.	(7,088)
Gescrap Autometal México, S.A. de C.V.	(16,621)
Gescrap S.L.	(27,082)
Gescrap Centro, S.L	(2,976)
Gescrap France S.A.R.L.	(15,474)
Gescrap Navarra, S.L.	(4,391)
Gescrap Polska SP.Z O.O.	(5,412)
Gescrap Czech S.R.O.	(430)
Gescrap Hungría KFT	(1,609)
GES Recycling Ltd.	(4,199)
Gescrap GmbH	(8,276)
Gonvarri Galicia, S.A.	(5,900)
Gonvarri I. Centro Servicios, S.L.	(1,994)
Gonvauto Navarra, S.A.	(9,377)
Gonvauto Puebla S.A. de C.V.	(296)
Gonvauto, S.A.	(34,670)
Ind. Ferrodistribuidora, S.L.	(301)
Gonvauto South Carolina LLC	(3)
Gonvauto Thuringen, GmbH	(30)
Severstal Gonvarri Kaluga, LLC	(26)
Associates	
Ingeniería y Construcción Matrices, S.A.	(391)
Jui Li Edscha Hainan Co. Ltd.	(173)
Essa Palau, S.A.	(7,280)
GGM Puebla, S.A de C.V	(102)
Gestión Global de Matricería, S.L.	(958)
Total Sales	**(155,059)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(16)
Related parties	
Gonvarri Polska, SP. Z O.O.	(22)
Gonvarri Ptos. Siderúrgicos, S.A.	(1)
Gonvarri Czech S.R.O.	(30)
Gonvarri Corporación Financiera, S.L.	(400)
Gonvarri I. Centro Servicios, S.L.	(21)
Gonvarri Aluminium GmbH	(1)
Gonvauto Thuringen, GmbH	(13)
Inmobiliaria Acek, S.L	(10)
Gestamp Energías Renovables S.L.	(588)
Gescrap Autometal México, S.A. de C.V.	(3)
Recuperaciones Mediambientales Subgroup	(99)
Associates	
Esymo Metal, S.L.	(112)
Ingeniería y Construcción Matrices, S.A.	(1,794)
IxCxT, S.A	(8)
Jui Li Edscha Body Systems Co. Ltd.	(12)
Jui Li Edscha Hainan Co. Ltd.	(6)
Essa Palau, S.A.	(581)

31. Related party transactions (Continued)

Company	Thousands of euros
GGM Puebla, S.A de C.V	(1,291)
Gestión Global de Matricería, S.L.	(399)
Total Services rendered	**(5,407)**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	(9)
Associates	
Essa Palau, S.A.	(197)
Esymo Metal, S.L.	(29)
Gestion Global de Matriceria, S.L	(125)
Total Financial income (Note 27.a)	**(360)**
Shareholders	
Arcelor Group	82,617
Related parties	
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	9,937
Gonvauto Asturias S.L.	6,935
Gonvarri Argentina S.A.	56,446
Gonvarri Galicia, S.A.	60,484
Gonvarri I. Centro Servicios, S.L.	184,532
Gonvarri Polska, SP. Z O.O.	67,152
Gonvarri Ptos. Siderúrgicos, S.A.	31,687
Gonvauto Navarra, S.A.	20,520
Gonvauto Puebla S.A. de C.V.	68,892
Gonvauto Thuringen, GmbH	77,437
Gonvauto, S.A.	86,325
Ind. Ferrodistribuidora, S.L.	201
Severstal Gonvarri Kaluga, LLC	42,676
Steel & Alloy Ltd	41,513
Gonvauto South Carolina LLC	6,355
Laser Automotive Barcelona S.L.	812
Gonvarri Czech S.R.O.	592
Gonvarri Aluminium GmbH	66
Associates	
Esymo Metal, S.L.	3,439
Jui Li Edscha Body Systems Co. Ltd.	53
Ingeniería y Construcción Matrices, S.A.	8,354
GGM Puebla, S.A de C.V	4,976
Essa Palau, S.A.	60,717
Total Purchases	**922,718**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	3,593
Related parties	
Agricola La Veguilla, S.A	140
Air Executive, S.L.	587
Gescrap S.L.	194
Gescrap Navarra, S.L.	10
Gescrap Polska SP. Z O.O.	32
Gonvarri I. Centro Servicios, S.L.	124
Gonvarri Polska, SP. Z O.O.	(1)
Gonvarri Ptos. Siderúrgicos, S.A.	237
Gonvauto Puebla S.A. de C.V.	737
Gonvauto, S.A.	23
Ind. Ferrodistribuidora, S.L.	4
Gonvauto Navarra, S.A.	(1)
Gonvarri Argentina S.A.	11
Gonvauto South Carolina LLC	(92)
Inmobiliaria Acek, S.L	2,017
Associates	
Esymo Metal, S.L.	1,350
Ingeniería y Construcción Matrices, S.A.	176
Essa Palau, S.A.	(122)

31. Related party transactions (Continued)

Company	Thousands of euros
Gestión Global de Matricería, S.L.	2,418
GGM Puebla, S.A de C.V	158
Total Services received	**11,595**
Shareholders	
Acek, Desarrollo y Gestión Industrial, S.L	2,344
Mitsui & Co	809
JSC Karelsky Okatysh	2,280
Related parties	
Gonvarri Corporación Financiera, S.L.	1,320
Gonvarri Galicia, S.A.	100
Gonvarri I. Centro Servicios, S.L.	72
Gonvarri Ptos. Siderúrgicos, S.A.	81
Gonvauto Navarra, S.A.	18
Gonvauto, S.A.	231
Gonvauto Puebla S.A. de C.V.	642
Total Financial expenses (Note 27.b)	**7,897**
Associates	
Essa Palau, S.A.	9,324
Total Short term loans impairment loss	**9,324**

31.2 Board of Directors' remuneration

In 2016 Acek, Desarrollo y Gestión Industrial, S.L. received total remuneration of 345 thousand euros as compensation for membership of the Board of Directors of certain Group companies (2015: 345 thousand euros).

The remuneration and life insurance premiums accrued during 2016 and 2015 by the natural persons acting as representatives of the members of the Board of Directors of the Parent Company is included in the remuneration accrued by the Senior Management's Remuneration informed in Note 31.3.

In 2016 loans amounting to 3,000 thousand euros were granted to the representative natural persons of the members of the Board of Directors for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 12.a.2)). In 2015 no loans were granted.

In 2016 and 2015, no advances, pensions or life insurance benefits were granted to members of its Board nor their representatives as natural persons.

31.3 Senior Management's Remuneration

In 2016 total remuneration for the members of the Management Committee, which fully corresponded to salaries, amounted to 6,346 thousand euros (2015: 4,265 thousand euros), included in "Personnel expenses" in the accompanying consolidated income statement. The amount corresponding to life insurances in 2016 was 25 thousand euros.

In 2016 loans amounting to 13,000 thousand euros were granted to the members of the Management Committee, except those who are members of the Board of Directors and who are included in Note 31.2, for acquiring shares in the Parent Company from Acek Desarrollo y Gestión Industrial S.L. (Note 12.a.2)). In 2015 no loans were granted.

32. Other disclosures

32.1 Audit fees

Audit fees related to the annual audit of consolidated and individual financial statements of the companies included in the consolidation scope for 2016 amounted to 3,950 thousand euros (2015: 3,735 thousand euros).

Of the audit fees mentioned above, the fees paid to the auditor of the Parent Company for all audit work performed for the Group in 2016 amounted to 3,892 thousand euros (2015: 3,598 thousand euros).

Fees paid for other services rendered by the auditor of the Parent Company and companies with their trade name in 2016 amounted to 691 thousand euros (2015: 434 thousand euros).

32.2 Environmental issues

The cost of PP&E items acquired for environmental protection and improvement purposes amounted to 5,152 thousand euros at year end 2016. Accumulated depreciation on these assets stood at 3,182 thousand euros (2015:4,628 thousand euros and 2,932 thousand euros, respectively).

In 2016, the Group also recognized 853 thousand euros in environmental protection and improvement expenses (2015: 668 thousand euros).

The accompanying consolidated balance sheet does not include any provision for environmental issues given that the Parent Company's directors consider that at year end there are no liabilities to be settled in the future in connection with actions taken by the companies which comprise the consolidated Group to prevent, reduce or repair damages to the environment, and they believe that were such liabilities to exist, they would not be significant. At year end the Group had not received any subsidies for environmental issues.

33. Financial risk management

To manage its financial risk, the Group continually revises its business plans, analyses 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 an assessment of changes in risk exposure.

33.1 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
    - Exposure to fluctuations in foreign exchange rates
    - Exposure to fluctuations in interest rates
- Liquidity risk
- Credit risk
- Raw material price risk

Foreign currency risk

Fluctuations in the exchange rate between the currency in which a transaction is denominated and the Group's presentation currency can have a negative or positive impact on its profit or loss, specifically affecting management of its financial debt.

33. Financial risk management (Continued)

The Group operates in the following currencies:

Euro	US dollar	Mexican peso
Argentine peso	Brazilian reais	GB pound
Swedish crown	Polish zloty	Hungarian forint
Turkish lira	Indian rupee	Korean won
Chinese yuan	Russian rubble	Czech crown
Japanese yen	Thai baht	

To manage exchange rate risk, the Group uses a series of financial instruments that give it a degree of flexibility, basically comprised of the following:

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. “Puttable instruments”: Other derivatives are also used to hedge currency risk, including those designed to lock in a maximum or minimum exchange rate (collar or tunnel) at a set settlement date.

At December 31, 2016 and December 31, 2015 these instruments were not arranged.

The tables below show the sensitivity of profit and equity, in thousands of euros, to changes in exchange rates relative to the euro.

The sensitivity of profit to exchange rate fluctuations, corresponding to years 2016 and 2015, is as follows:

	2016	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	−5% Fluctuation
Swedish crown	(1,311)	1,311
US dollar	80	(80)
Hungarian forint	(740)	740
GB pound	631	(631)
Mexican peso	151	(151)
Brazilian reais	(470)	470
Chinese yuan	1,961	(1,961)
Indian rupee	379	(379)
Turkish lira	357	(357)
Argentine peso	31	(31)
Russian ruble	6	(6)
Korean won	453	(453)
Polish zloty	1,096	(1,096)
Czech crown	265	(265)
Japanese yen	57	(57)
Thai baht	18	(18)
IMPACT IN ABSOLUTE TERMS	**2,964**	**(2,964)**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**221,354**	**221,354**
EFFECT IN RELATIVE TERMS	**1.34%**	**−1.34%**

33. Financial risk management (Continued)

	2015	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	−5% Fluctuation
Swedish crown	(1,021)	1,021
US dollar	817	(817)
Hungarian forin	(419)	419
GB pound	830	(830)
Mexican peso	1,200	(1,200)
Brazilian reais	(565)	565
Chinese yuan	2,093	(2,093)
Indian rupee	349	(349)
Turkish lira	90	(90)
Argentine peso	(98)	98
Russian ruble	(296)	296
Korean won	249	(249)
Polish zloty	(89)	89
Czech crown	66	(66)
Japanese yen	60	(60)
Thai baht	10	(10)
IMPACT IN ABSOLUTE TERMS	**3,276**	**(3,276)**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**161,480**	**161,480**
EFFECT IN RELATIVE TERMS	**2.03%**	**−2.03%**

The sensitivity of equity to exchange rate fluctuations, corresponding to years 2016 and 2015, is as follows:

	2016	
	IMPACT ON EQUITY	
Currency	5% Fluctuatior	5% fluctuatior
Swedish crown	(2,667)	2,667
US dollar	5,555	(5,555)
Hungarian forint	(3,090)	3,090
GB pound	7,875	(7,875)
Mexican peso	(520)	520
Brazilian reais	3,400	(3,400)
Chinese yuan	11,183	(11,183)
Indian rupee	1,700	(1,700)
Turkish lira	243	(243)
Argentine peso	(2,571)	2,571
Russian ruble	(4,293)	4,293
Korean won	1,868	(1,868)
Polish zloty	1,988	(1,988)
Czech crown	(201)	201
Japanese yen	(67)	67
Thai baht	89	(89)
IMPACT IN ABSOLUTE TERMS	**20,490**	**(20,490)**
EQUITY	**1,872,003**	**1,872,003**
EFFECT IN RELATIVE TERMS	**1.09%**	**−1.09%**

33. Financial risk management (Continued)

	2015	
	IMPACT ON EQUITY	
Currency	5% Fluctuation	−5% fluctuation
Swedish crown	(1,264)	1,264
US dollar	6,148	(6,148)
Hungarian forint	(2,101)	2,101
Sterling pound	7,204	(7,204)
Mexican peso	1,273	(1,273)
Brazilian reais	2,908	(2,908)
Chinese yuan	9,973	(9,973)
Indian rupee	912	(912)
Turkish lira	104	(104)
Argentine peso	(2,178)	2,178
Russian ruble	(5,299)	5,299
Korean won	1,294	(1,294)
Polish zloty	2,538	(2,538)
Czech crown	488	(488)
Japanese yen	(113)	113
Thai baht	59	(59)
IMPACT IN ABSOLUTE TERMS	**21,944**	**(21,944)**
EQUITY	**1,798,393**	**1,798,393**
EFFECT IN RELATIVE TERMS	**1.22%**	**−1.22%**

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 market fluctuations affect cash flows. The Group mitigates this risk by using interest rate derivatives, 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.

In general the Group's borrowings are at floating rates indexed to Euribor except the bonds issued by the Group in May, 2016 which bear a fixed interest rate.

Had the average interest on euro denominated financial borrowings changed in 50 Bps in 2016, all other variables remaining constant, the finance result would have changed in 3,764 thousand euros.

Had the average interest on euro denominated financial borrowings changed in 50 Bps in 2015, all other variables remaining constant, the finance result would have changed in 80 thousand euros.

Liquidity risk

Liquidity risk is defined as the risk that a company will not be able to service its commitments as a result of adverse conditions in the debt and/or equity markets that prevent or hinder its capital raising efforts.

The Group manages liquidity risk by maintaining sufficient cash balances to enable it to negotiate refinancing on the best possible terms and to cover its near term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms.

33. Financial risk management (Continued)

The breakdown of liquidity and capital resources at December 31, 2016 and 2015 was as follows:

	Thousands of euros	
	2016	2015
Cash and cash equivalents	430,463	355,975
Current financial investments		
Debt securities	338	2,535
Revolving credit facilities (Note 22.a.1.I))	280,000	280,000
Undrawn credit lines	457,287	282,087
	1,168,088	**920,597**

The working capital can be defined as the permanent financial resources needed to carry out the activity of the company, that is, the part of current assets financed with long-term funds.

The Group's working capital at December 31, 2016 and December 31, 2015 is as follows:

	Thousand euros	
	2016	2015
Current assets	2,507,717	2,196,091
Current liabilities	(2,359,043)	(1,859,530)
TOTAL WORKING CAPITAL	**148,674**	**336,561**

	Thousand euros	
	2016	2015
Equity	1,872,003	1,798,393
Non-current liabilities	2,198,602	2,087,818
Non-current assets	(3,921,931)	(3,549,650)
TOTAL WORKING CAPITAL	**148,674**	**336,561**

As reflected in the 2016 Consolidated Statement of Cash Flows, changes in working capital imply a decrease in necessities amounting to 24.6 million euros.The main reason is the increase in Trade payables because of a 5-day increase in the average period of payment to suppliers at December 31, 2016 compared to the same period at December 31, 2015. It is partially compensated with the increase in Trade receivables at December 31, 2016 compared to the balance of the said heading from the Consolidated Balance Sheet at December 31, 2015. The main reason is the increase in Accounts receivable by stage of completion, tools in 2016.

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 analyze 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 the Group policies.

33. Financial risk management (Continued)

The surplus cash investments are contracted only with authorized counterparties and always within the credit limit assigned for each counterparty.

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 December 31, 2016 and 2015 amounts to the carrying values (Note 14), 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.

Raw Materials Price Risk

The steel is the main raw material used in the business.

In 2016, 60% of the steel was purchased through “re-sale” programs with customers (58% in 2015), whereby the OEM periodically negotiates with the steel maker the price of the steel that Gestamp uses for the production of automotive components. Any fluctuations in steel prices are directly adjusted in the selling price of the final product.

In the case of products that use steel not purchased under “re-sale”, the OEMs adjust Gestamp’s selling prices based on the steel prices they themselves have negotiated with steel suppliers. Historically, the Group has negotiated and agreed its purchase contracts with steel suppliers under terms such that the impact (whether positive or negative) of the steel price fluctuation in these cases is minimal.

Hence, Gestamp considers that the Group’s exposure to steel price fluctuations is not significant.

33.2 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 of a recognized asset or liability, or of a firm commitment attributable to a specific risk.
- Cash flow hedges when hedging exposure to fluctuations in cash flows that are either attributable to a particular risk associated with a recognized asset or liability, or 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 recognized at acquisition cost and are subsequently valued 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 recognized 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. Amounts taken to equity are transferred to the Consolidated Income Statement when the hedged cash flows affect profit or loss.

33. Financial risk management (Continued)

- Hedges of a net investment in a foreign operation: these hedges are accounted for in a way similar to cash flow hedges. Fair value gains or losses in these hedging instruments are recognized in "Translation differences." If a foreign operation is sold, the cumulative value of any such gains or losses recognized directly in equity ("Translation differences ") is transferred to the Consolidated Income Statement.

33.3 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 organized 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.

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 are carried on 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.

Changes in fair value, net of the related tax effect, are recognized with a charge or credit, as appropriate, to "Retained earnings" within Equity until these investments are sold, at which time the cumulative amount recognized in equity is recognized in full in the Consolidated Income Statement. If fair value is lower than acquisition cost, the difference is recognized directly in equity, unless the asset is determined to be impaired, in which case it is recognized in the Consolidated Income 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's management considers the carrying amount of the items recorded in this Consolidated Balance Sheet line item to be a reasonable 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.

33. Financial risk management (Continued)

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 recognized in the Consolidated Financial Statements, by methodology of fair value measurement, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Financial assets measured at fair value						
Financial derivative hedging instruments (Note 12.a.3))			25,710	28,184		
Total	—	—	25,710	28,184	—	—

The classification of financial liabilities at fair value in the Consolidated Financial Statements, according to their relevant valuation methodology, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2016	2015	2016	2015	2016	2015
Financial derivative hedging instruments			74,860	72,803		
Financial derivative instruments held-for-trading			13,123	25		
Total Financial derivative instruments (Note 22.b.1))			87,983	72,828		
Other current liabilities—Put Option (Note 22.d))					76,900	
Defined benefit plans (Note 21.b))	77,528	68,732				
Total	77,528	68,732	87,983	72,828	76,900	

33.4 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 to maximize shareholder value.

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).

33. Financial risk management (Continued)

The Group's leverage is set forth below:

Concept	Thousands of euros 2016	2015
Interest-bearing loans and borrowings	1,967,599	1,730,936
Financial leasing	33,574	35,161
Borrowings from related parties	70,162	79,004
Other non-current financial liabilities	34,991	39,428
Short term financial investments	(43,228)	(35,455)
Cash and cash equivalents	(430,463)	(355,975)
TOTAL NET DEBT (Note 22)	**1,632,635**	**1,493,099**
Consolidated equity	1,872,003	1,798,393
Grants received (Note 19)	25,945	30,720
TOTAL EQUITY	**1,897,948**	**1,829,113**
LEVERAGE RATIO	**86.0%**	**81.6%**

During 2016 the Group maintained its average collection and payment periods, as well as its average inventory turnover rates, at levels comparable to 2015. In addition, during 2016 the Group continued to exercise strict control over investments.

34. Information about postponement of payments to suppliers in commercial transactions

The Spanish companies of the Group have adapted their internal processes and payment policy terms to the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. In this sense, the contractual conditions in the year 2016 with commercial suppliers for parts manufacturing in Spain have included periods of payment equal to or less than 60 days in 2016 and in 2015, according to the second transitory legal provision of the Law.

According to this Law, it is detailed below the information from Group companies operating in Spain:

2016

Average period for payment to suppliers	57 days
Total payments realized	4,299 million euros
Total outstanding payments	465 million euros

2015

Average period for payment to suppliers	57 days
Total payments realized	3,828 million euros
Total outstanding payments	424 million euros

Due to reasons of efficiency, and in line with the common practice of trading, the Spanish companies of the Group have, basically, a schedule of payments to suppliers by virtue of which payments are made on fixed days, which in the majority of companies are twice a month.

In general terms, in 2016 and 2015, payments made by Spanish companies to suppliers, for contracts concluded after the entry into force the Law 15/2010, did not exceeded the legal limits of payment terms. Payments to Spanish suppliers which exceeded the legal deadline for years 2016 and 2015 were, in quantitative terms, not significant and were derived from circumstances or incidents beyond the established payment policy, which included, primarily, the closing of agreements with suppliers in the delivery of the goods or provision of the service or handling specific processes.

34. Information about postponement of payments to suppliers in commercial transactions (Continued)

In addition, at December 31, 2016 and 2015 there were no outstanding amounts of payment to suppliers located in Spain exceeding the maximum legal payment terms.

35. Subsequent events

On November 24, 2016 the subsidiary Gestamp Metalbages S.A. acquired the remaining 60% shareholding in ESSA Palau S.A. for 23,373 thousand euros. The transaction was subject to a condition precedent related to duly obtaining the authorization from competition authorities. On January 17, 2017 the condition was met and the acquisition agreement was formalized. Thus the Group came to own 100% of the shares in ESSA Palau and to fully pay the purchase price indicated.

ESSA Palau S.A. is located in Barcelona (Spain) and its purpose is stamping and manufacturing automobile components for passenger cars.

At the issuance date of these Consolidated Financial Statements, the Group is analyzing the fair value of the net assets and liabilities. With this valuation and the consideration amount, goodwill will be calculated. There were no significant costs associated with this transaction.

As mentioned in Note 22.d), on February 24, 2017 Mitsui & Co. Ltd notified irrevocably that they will not exercise the Put Option that the Parent Company had granted through agreement on December 23, 2016 over 10% shareholding in subisidaries where the Group has investment (Note18). Consequently, in the first quarter of 2017 the mentioned put option will be reversed in the Group consolidated financial statements by cancelling the balance registered in the heading Other current liabilities for 76,900 thousand euros and the counterparty will be an increase in the heading non-controlling interest for 80,947 thousand euros and a decrease in the heading Retained earnings for 4,047 thousand euros.

At the date of formulation of these Consolidated Financial Statements the Parent Company is involved in a process for admission to official listing in the Madrid Stock Exchange. This process is pending to be formalized.

The significant costs of the mentioned process will be assumed by Acek Desarrollo y Gestión Industrial S.L.

There is no variable remuneration subject to the process for admission to official listing in the Madrid Stock Exchange.

36. Information about compliance with the Article 229 of the Spanish Corporate Enterprises Act

According to the articles 229 and 231 of the Spanish Corporate Enterprises Act and with the aim of reinforcing the transparency of capital companies, the joint administrators of the Parent Company and their representative natural persons have reported they have no situations of conflict with the interest of the Parent Company or the Group.

Additionally, Mr. Francisco José Riberas Mera, as president and representative of GESTAMP BIZKAIA, S.A. and Mr. Juan María Riberas Mera as representative of HOLDING GONVARRI, S.L. and AUTOTECH ENGINEERING, A.I.E., board members of the Parent Company, have reported that they are shareholders and board members of ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. and several subsidiaries of the ACEK Desarrollo y Gestión Industrial Group.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L is the parent company of an industrial group that developed, through the following subgroups, the activities mentioned below:

- GESTAMP AUTOMOCIÓN GROUP: engaged in manufacturing and sale of metal parts and components for the automotive industry.
- GONVARRI GROUP: engaged in manufacturing, processing and sale of metal products, including structures for renewable energy such as wind turbines, photovoltaic plants and infrastructure elements of solar thermal power plants.

36. Information about compliance with the Article 229 of the Spanish Corporate Enterprises Act (Continued)

- GESTAMP ENERGíAS RENOVABLES GROUP: dedicated to the development, construction and operation of plants generating renewable energy including solar, wind and biomass.
- INMOBILIARIA ACEK GROUP: engaged in real estate activities.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L holds a direct and indirect investment of 22.909% in the company Cie Automotive, S.A., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Additionally, Mr. Francisco López Peña is a member of the Board of CIE Automotive, S.A

Cie Automotive, S.A. is the parent company of an industrial group which is engaged in, among other things, the design, manufacture and sale of automobile components and sub-units on the world automotive market.

Finally, ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. holds a direct investment of 50.00% in the company Sideacero, S.L., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Siceacero, S.L. is the parent company of an industrial group which is engaged in, among othe things, import, export, purchase and sale of ferrous, non-ferrous products, steel materials and recovery materials.

37. Additional note for English Translation

These Consolidated Financial Statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

ANNEX I

Consolidation scope

	December 31, 2016				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturin
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturin
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	42.25%	57.75%	Tooling and parts manufacturin
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturin
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturin
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturin
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturin
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturin
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturin
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturin
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturin
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturin
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturin
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturin
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management
Todlem , S.L.	Barcelona	Spain		58.13%	Portfolio management
Gestamp Navarra, S.A.	Navarra	Spain	71.37%	28.63%	Tooling and parts manufacturin
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturin
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturin
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturin
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturin
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturin

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continu
AT DECEMBER 31, 2016

	December 31, 2016				
Company	Address	Country	Direct shareholding	Indirect Shareholding	Activity
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturin
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturin
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturin
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturin
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturin
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturin
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturin
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Adjustment
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturin
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturin
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturin
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Engineering and mold design
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturin
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturin
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturin
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machi
Bero Tools, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management
Diede Die Developments, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturin
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturin
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturin
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Group using the equity metho

	December 31, 2016				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturin
Çelik Form Gestamp Otomotive, A.S.	Bursa	Turkey		25.80%	Tooling and parts manufacturin
Gestamp Washtenaw, LLc.	Delaware	USA		70.00%	Tooling and parts manufacturin
Gestamp San Luis Potosí, S.A.P.I. de C.V.	México DF	Mexico		70.00%	Labor services
Gestamp San Luis Potosí Servicios Laborales S.A.P.I. de C.V.	México DF	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Auto Components (Tianjin) Co., LTD.	Tianjin	China		100.00%	Tooling and parts manufacturin
Gestamp 2017, S.L.	Madrid	Spain	100.00%		Portfolio management
Autotech Engineering (Shangai) Co. Ltd.	Shangai	China		100.00%	Research & Development
Gestamp Hot Stamping Japan K.K.	Tokio	Japan		100.00%	Tooling and parts manufacturin
Global Laser Araba, S.L.	Álava	Spain	30.00%		Tooling and parts manufacturin
Edscha Holding GmbH[*]	Remscheid	Germany		100.00%	Portfolio management
Edscha Automotive Hengersberg GmbH[*]	Hengersberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Automotive Hauzenberg GmbH[*]	Hauzenberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Engineering GmbH[*]	Remscheid	Germany		100.00%	Research & Development
Edscha Hengersberg Real Estate GmbH[*]	Hengersberg	Germany	5.10%	94.90%	Real Estate
Edscha Hauzenberg Real Estate GmbH[*]	Hauzenberg	Germany	5.10%	94.90%	Real Estate
Edscha Automotive Kamenice S.R.O.[*]	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturin
Edscha Hradec S.R.O.[*]	Hradec	Czech Republic		100.00%	Die cutting production
Edscha Velky Meder S.R.O.[*]	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturin
Gestamp 2008, S.L.[*]	Villalonquéjar (Burgos)	Spain		100.00%	Portfolio management
Edscha Burgos, S.A.[*]	Villalonquéjar (Burgos)	Spain		100.00%	Tooling and parts manufacturin
Edscha Santander, S.L.[*]	El Astillero (Cantabria)	Spain	5.01%	94.99%	Tooling and parts manufacturin
Edscha Briey S.A.S.[*]	Briey Cedex	France		100.00%	Tooling and parts manufacturin
Edscha Engineering France SAS[*]	Les Ulis	France		100.00%	Research & Development
Edscha do Brasil Ltda.[*]	Sorocaba	Brazil		100.00%	Tooling and parts manufacturin
Gestamp Edscha Japan Co., Ltd.[*]	Tokio	Japan		100.00%	Sales office
Jui Li Edscha Body Systems Co., Ltd.[*]	Kaohsiung	Taiwan		50.00%	Tooling and parts manufacturin
Jui Li Edscha Holding Co., Ltd.[*]	Apia	Samoa		50.00%	Portfolio management
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.[*]	Hainan	China		50.00%	Tooling and parts manufacturin
Edscha Automotive Technology Co., Ltd.[*]	Shanghai	China		100.00%	Research & Development
Shanghai Edscha Machinery Co., Ltd.[*]	Shanghai	China		55.00%	Tooling and parts manufacturin
Anhui Edscha Automotive Parts Co Ltda.[*]	Anhui	China		100.00%	Tooling and parts manufacturin
Edscha Automotive Michigan, Inc[*]	Lapeer	USA		100.00%	Tooling and parts manufacturin
Edscha Togliatti, Llc.[*]	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Edscha Automotive Components Co., Ltda.[*]	Kunshan	China		100.00%	Tooling and parts manufacturin
Gestamp Finance Slovakia S.R.O.[*]	Velky Meder	Slovakia	25.00%	75.00%	Portfolio management
Edscha Kunststofftechnik GmbH[*]	Remscheid	Germany		100.00%	Tooling and parts manufacturin
Edscha Pha, Ltd.[*]	Seul	South Korea		50.00%	Research & Development and p
Edscha Aapico Automotive Co. Ltd[*]	Pranakorn Sri Ayutthaya	Thailand		51.00%	Parts manufacturing
Edscha Scharwaecther Mechanism S.A.P.I. de C.V.[*]	Mexico City	Mexico		100.00%	Dormant
Edscha Scharwaecther Mechanism Servicios Laborales S.A.P.I. de C.V.[*]	Mexico City	Mexico		100.00%	Dormant
GMF Holding GmbH[**]	Remscheid	Germany		100.00%	Portfolio management
GMF Wuhan, Ltd[**]	Wuhan	China		100.00%	Parts manufacturing
Gestamp Umformtechnik GmbH[**]	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturin
Automotive Chassis Products Plc.[**]	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio management

	December 31, 2015				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Sofedit, S.A.S[**]	Le Theil sur Huisne	France		65.00%	Parts manufacturing
Gestamp Prisma, S.A.S[**]	Usine de Messempré	France		100.00%	Parts manufacturing
Gestamp Tallent , Ltd[**]	Newton Aycliffe, Durham	United Kingdom		100.00%	Parts manufacturing
Gestamp Wroclaw Sp.z,o.o.[**]	Wroclaw	Poland		65.00%	Tooling and parts manufacturin
Gestamp Auto components (Chongqing) Co., Ltd.[**]	Chongqing	China		100.00%	Parts manufacturing
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturin
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturin
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	39.37%	60.63%	Tooling and parts manufacturin
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturin
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and I
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturin
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturin
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturin
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturin
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturin
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturin
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturin
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturin
Tavol Internacional SGPS, Lda.	Madeira	Portugal		100.00%	Dormant
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturin
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturin
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management
Gestamp Navarra, S.A.	Navarra	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts r
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturin
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturin
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturin
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturin
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturin

Company	December 31, 2015 Address	Country	Direct shareholding	Indirect shareholding	Activity
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturin
G Finance Luxemburgo, S.A.	Luxembourg	Luxembourg		99.95%	Portfolio management
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturin
S.G.F, S.A.	Brussels	Belgium		99.95%	Portfolio management
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturin
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturin
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturin
Beyçelik Gestamp Kalip, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturin
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturin
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Adjustment
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturin
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturin
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturin
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Engineering and mold design
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturin
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturin
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturin
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machi
Bero Tools, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management
Diede Die Developments, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturin
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Beyçelik Gestamp Sasi, L.S.	Kocaeli	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturin
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturin

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Group using the equity metho

	December 31, 2015				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturin
Edscha Holding GmbH(*)	Remscheid	Germany		100.00%	Portfolio management
Edscha Automotive Hengersberg GmbH(*)	Hengersberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Automotive Hauzenberg GmbH(*)	Hauzenberg	Germany		100.00%	Tooling and parts manufacturin
Edscha Engineering GmbH(*)	Remscheid	Germany		100.00%	Research & Development
Edscha Hengersberg Real Estate GmbH(*)	Hengersberg	Germany	5.10%	94.90%	Real Estate
Edscha Hauzenberg Real Estate GmbH(*)	Hauzenberg	Germany	5.10%	94.90%	Real Estate
Edscha Automotive Kamenice S.R.O.(*)	Kamenice	Czech Republic		100.00%	Tooling and parts manufacturin
Edscha Hradec S.R.O.(*)	Hradec	Czech Republic		100.00%	Die cutting production
Edscha Velky Meder S.R.O.(*)	Velky Meder	Slovakia		100.00%	Tooling and parts manufacturin
Gestamp 2008, S.L.(*)	Villalonquéjar (Burgos)	Spain		60.00%	Portfolio management
Edscha Burgos, S.A.(*)	Villalonquéjar (Burgos)	Spain		60.00%	Tooling and parts manufacturin
Edscha Santander, S.L.(*)	El Astillero (Cantabria)	Spain	5.01%	56.99%	Tooling and parts manufacturin
Edscha Briey S.A.S.(*)	Briey Cedex	France		62.00%	Tooling and parts manufacturin
Edscha Engineering France SAS(*)	Les Ulis	France		100.00%	Research & Development
Edscha do Brasil Ltda.(*)	Sorocaba	Brazil		93.64%	Tooling and parts manufacturin
Gestamp Edscha Japan Co., Ltd.(*)	Tokio	Japan		100.00%	Sales office
Jui Li Edscha Body Systems Co., Ltd.(*)	Kaohsiung	Taiwan		50.00%	Tooling and parts manufacturin
Jui Li Edscha Holding Co., Ltd.(*)	Apia	Samoa		50.00%	Portfolio management
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.(*)	Hainan	China		50.00%	Tooling and parts manufacturin
Edscha Automotive Technology Co., Ltd.(*)	Shanghai	China		100.00%	Research & Development
Shanghai Edscha Machinery Co., Ltd.(*)	Shanghai	China		55.00%	Tooling and parts manufacturin
Anhui Edscha Automotive Parts Co Ltda.(*)	Anhui	China		100.00%	Tooling and parts manufacturin
Edscha Automotive Michigan, Inc(*)	Lapeer	USA		100.00%	Tooling and parts manufacturin
Edscha Togliatti, Llc.(*)	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Edscha Automotive Components Co., Ltda.(*)	Kunshan	China		100.00%	Tooling and parts manufacturin
Gestamp Finance Slovakia S.R.O.(*)	Velky Meder	Slovakia	25.00%	75.00%	Portfolio management
Edscha Kunststofftechnik GmbH(*)	Remscheid	Germany		100.00%	Tooling and parts manufacturin
Edscha Pha, Ltd.(*)	Seul	South Korea		50.00%	Research & Development and
Edscha Aapico Automotive Co. Ltd(*)	Pranakorn Sri Ayutthaya	Thailand		51.00%	Parts manufacturing
Edscha Scharwaecther Mechanism S.A.P.I. de C.V.(*)	Mexico City	Mexico		100.00%	Dormant
Edscha Scharwaecther Mechanism Servicios Laborales S.A.P.I. de C.V.(*)	Mexico City	Mexico		100.00%	Dormant
GMF Holding GmbH(**)	Remscheid	Germany		100.00%	Portfolio management
GMF Wuhan, Ltd(**)	Wuhan	China		100.00%	Parts manufacturing
Gestamp Umformtechnik GmbH(**)	Ludwigsfelde	Germany		100.00%	Tooling and parts manufacturin
Automotive Chassis Products Plc.(**)	Newton Aycliffe, Durham	United Kingdom		100.00%	Portfolio management
Sofedit, S.A.S(**)	Le Theil sur Huisne	France		65.00%	Parts manufacturing
Gestamp Prisma, S.A.S(**)	Usine de Messempré	France		100.00%	Parts manufacturing
Gestamp Tallent , Ltd(**)	Newton Aycliffe, Durham	United Kingdom		100.00%	Parts manufacturing
Gestamp Wroclaw Sp.z,o.o.(**)	Wroclaw	Poland		65.00%	Tooling and parts manufacturin
Gestamp Auto components (Chongqing) Co., Ltd.(**)	Chongqing	China		100.00%	Parts manufacturing

The companies which compose the Griwe Subgroup at December 31, 2016 and December 31, 2015 are the following:

Company	Address	Country	Shareholding	Consolidation method
Gestamp Griwe Westerburg GmbH	Westerburg	Germany	Parent company	Full
Gestamp Griwe Hot Stamping GmbH	Haynrode	Germany	100.00%	Full
Gestamp Griwe Haynrode GmbH	Haynrode	Germany	100.00%	Full

ANNEX II

Indirect investments at December 31, 2016

Company	December 31, 2016 Company holding the 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 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%

	December 31, 2016	
Company	**Company holding the indirect investment**	**% investment**
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	94.990%
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.	16.030%
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.	50.000%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Holding Gmbh	Gestamp Metalbages, S.A.	67.000%
Metalbages P-51	Gestamp Metalbages, S.A.	100.000%
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%
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.	6.420%
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 Subgroup	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%

Company	December 31, 2016 Company holding the indirect investment	% investment
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 Manufacturing Autochasis, S.L.	Metalbages P-51, S.L.	44.990%
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%
ESSA PALAU, S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.550%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.230%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.000%
Autotec Engineering (Shangai), Co. Ltd.	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%
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.000%
Bero Tools, 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%
Bero Tools, S.L.	Loire Sociedad Anónima Franco Española	80.000%
Diede Die Development, S.L.	Bero Tools, S.L.	62.000%
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%
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 Otomotive, A.S.	Beyçelik Gestamp Kalip, A.S.	51.600%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%

Company	December 31, 2016 Company holding the 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 Scharwaechter Mechanism S.A.P.I. de CV.	Edscha Holding GmbH	99.990%
Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de CV.	Edscha Holding GmbH	99.990%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	50.000%
Edscha Automotive Aapico, Co. Ltd.	Edscha Holding GmbH	50.990%
Edscha do Brasil, Ltd.	Edscha Engineering GmbH	83.260%
Edscha Scharwaechter Mechanism S.A.P.I. de CV.	Edscha Engineering GmbH	0.010%
Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de CV.	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 (Chnongqing), 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%

Indirect investments at December 31, 2015

Company	Company holding the 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 pvt. 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.	60.630%
Gestamp Washington Uk, Limited	Gestamp Vigo, S.A.	100.000%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.000%
Gestamp Louny sro.	Gestamp Cerveira, Lda.	52.720%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.660%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Cerveira, Lda.	50.000%
Autotech Engineering AIE	Gestamp Bizkaia, S.A.	90.000%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	55.010%
G Finance Luxemburgo, S.A.	Gestamp Bizkaia, S.A.	49.950%
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%
Gestamp Tooling Services, AIE	Gestamp Bizkaia, S.A.	40.000%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.500%
S.G.F, S.A.	G Finance Luxemburgo, S.A.	100.000%
Gestamp Hard Tech AB	Gestamp Sweden AB	100.000%
Gestamp Holding China, AB	Gestamp Hard Tech AB	68.940%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.100%
Gestamp Tooling Services, AIE	Matricerías Deusto, S.L.	20.000%
SCI Tournan en Brie	Gestamp Noury, S.A.	99.900%
Gestamp Linares, S.L.	Gestamp Toledo, S.L.	94.980%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.L.	43.530%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.340%
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	94.990%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.670%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	7.040%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.000%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	16.030%
Mursolar, 21, S.L.	MB 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%
Tavol Internacional, S.A.	Gestamp Aveiro, S.A.	100.000%
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.000%
Gestamp Navarra, S.A	Gestamp Metalbages, S.A.	94.990%
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%

Company	Company holding the indirect investment	% investment
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	50.000%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.000%
Edscha Subgroup	Gestamp Metalbages, S.A.	67.000%
Metalbages P-51	Gestamp Metalbages, S.A.	100.000%
Gestamp Metal Forming Subgroup	Gestamp Metalbages, S.A.	100.000%
Gestamp Services India pvt. Ltd.	Gestamp Levante, S.L.	98.990%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.L.	7.810%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.535%
Gestamp Holding Rusia, S.L.	MB 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 Mexico, S.A. de CV	100.000%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.000%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	99.900%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.420%
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%
G Finance Luxemburgo, S.A.	Gestamp Polonia SP. Z.O.O.	50.000%
Gestamp Holding Rusia, S.L.	Gestamp Polonia SP. Z.O.O.	24.561%
Edscha subgroup	Gestamp Polonia SP. Z.O.O.	33.000%
Gestamp Automotive India Private Ltd.	Gestamp Polonia 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 América, Inc.	100.000%
Gestamp Mason, Llc.	Gestamp North América, Inc.	100.000%
Gestamp Alabama, Llc	Gestamp North América, Inc.	100.000%
Gestamp West Virginia, Llc.	Gestamp North América, Inc.	100.000%
Gestamp South Carolina, LLC.	Gestamp North América, Inc.	100.000%
Gestamp Chattanooga II, LLC.	Gestamp North América, 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.	50.000%
Mursolar, 21, S.L.	Griwe Subgroup	19.540%
Gestamp Louny sro.	Griwe Subgroup	47.280%
Gestamp Manufacturing Autochasis, S.L.	Metalbages P-51	44.990%
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%
ESSA PALAU,S.A.	Gestamp Manufacturing Autochasis, S.L.	40.000%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.000%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.550%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.230%
Autotech Engineering Deutschland GmbH	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%
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.000%
Bero Tools, S.L.	Gestamp Tool Hardening, S.L.	20.000%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding Mexico, S.L.	100.000%
Gestamp Argentina, S.A.	Gestamp Holding Mexico, S.L.	3.000%
Bero Tools, S.L.	Loire S.A. Franco Española	80.000%

Company	Company holding the indirect investment	% investment
Diede Die Development, S.L.	Bero Tools, S.L.	62.000%
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.	IxCxT, S.A.	0.001%
GGM Puebla de Servicios Laborales, S.A. de C.V.	IxCxT, S.A.	0.001%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.990%
Gestamp Sweden, AB	GMF Subgroup	44.990%
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar , 21, S.L.	100.000%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar , 21, S.L.	100.000%
Beyçelik Gestamp Sasi, L.S.	Beyçelik Gestamp Kalip, A.S.	100.000%
Edscha Hengersberg	Edscha Holding GmbH	100.000%
Edscha Hauzenberg	Edscha Holding GmbH	100.000%
Edscha Engineering	Edscha Holding GmbH	100.000%
Edscha Automot. Technology	Edscha Holding GmbH	100.000%
Gestamp 2008	Edscha Holding GmbH	60.000%
Anhui E. Automotive parts	Edscha Holding GmbH	100.000%
Edscha Hradec	Edscha Holding GmbH	100.000%
Gestamp edscha Japan	Edscha Holding GmbH	100.000%
Edscha Burgos	Edscha Holding GmbH	0.010%
Edscha Velky Meder	Edscha Holding GmbH	100.000%
Edscha Automot. Kamenice	Edscha Holding GmbH	100.000%
Edscha Engineering France	Edscha Holding GmbH	100.000%
Hengersberg Real Estate	Edscha Holding GmbH	94.900%
Hauzenberg Real Estate	Edscha Holding GmbH	94.900%
Shanghai Edscha Machinery	Edscha Holding GmbH	55.000%
Edscha Michigan	Edscha Holding GmbH	100.000%
Edscha Togliatti	Edscha Holding GmbH	100.000%
Edscha Automotive Kunshan	Edscha Holding GmbH	100.000%
Gestamp Finance Slovakia	Edscha Holding GmbH	75.000%
Edscha Kunststofftechnik	Edscha Holding GmbH	100.000%
Edscha Pha	Edscha Holding GmbH	50.000%
Edscha Scharwaechter Mec.	Edscha Holding GmbH	99.990%
Edscha Scharwaechter Mec., S.L.	Edscha Holding GmbH	99.990%
Jui li Edscha Body Systems Co. Ltd.	Edscha Holding GmbH	50.000%
Edscha Aapico	Edscha Holding GmbH	50.990%
Edscha do Brasil	Edscha Engineering GmbH	83.260%
Edscha Scharwaechter Mec.	Edscha Engineering GmbH	0.010%
Edscha Scharwaechter Mec., S.L.	Edscha Engineering GmbH	0.010%
Edscha Aapico	Edscha Engineering GmbH	0.010%
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.990%
Edscha Burgos	Gestamp 2008, S.L.	99.990%
Edscha Briey	Edscha Santander, S.L.	100.000%
Edscha do Brasil	Edscha Santander, S.L.	16.740%
GMF Wuhan, Ltd.	GMF Holding GmbH	100.000%
Gestamp Umformtechnik	GMF Holding GmbH	100.000%
Aut. Chassis Products	GMF Holding GmbH	100.000%
Sofedit SAS	GMF Holding GmbH	65.000%
G. Autocomponents Chongqing	GMF Holding GmbH	100.000%
Prisma SAS	GMF Holding GmbH	100.000%
Tallent Automotive, Ltd.	Automotive Chassis Products Plc.	100.000%
Sofedit Polska, SP. Z.o.o.	Sofedit, S.A.S	100.000%
Gestamp Sweden, AB	Gestamp Tallent , Ltd	44.990%

ANNEX III

Guarantors for May, 2013 and May, 2016 Bonds

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S. A.
Gestamp Aveiro, S. A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S. r. o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S. A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A
Gestamp Levante, S.A.
Edscha Santander, S. L.

Guarantors for 2012 Bank of America Loan and 2013 Syndicated Loan (modified in 2016)

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción, S.A.
Gestamp Aveiro, S. A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Aragón, S.A.
Gestamp Abrera, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A.
Gestamp Levante, S.A.
Edscha Santander, S. L.

Additionally, the Group companies 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. have shares pledge.

Guarantors for European Investment Bank Loan

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Gestamp Wroclaw, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Gestamp Funding Luxemburgo, S.A.

GESTAMP AUTOMOCIÓN, S.A.
AND SUBSIDIARIES

Consolidated Financial Statements and
Consolidated Management Report for the year ended
December 31, 2015

Ernst & Young, S.L.
Torre Picasso
Plaza Pablo Ruiz Picasso, 1
28020 Madrid

Tel.: 902 365 456
Fax: 915 727 300
ey.com

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

INDEPENDENT AUDIT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of GESTAMP AUTOMOCION, S.A. (the parent company) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows, and the notes thereto for the year then ended.

Directors' responsibility 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 consolidated equity and consolidated statement of financial position and the consolidated results of GESTAMP AUTOMOCION, S.A. and its subsidiaries, in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, 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.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit. We conducted our audit in accordance with prevailing audit regulations in Spain. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of consolidated financial statements by the directors of the parent company 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries at December 31, 2015, and its consolidated results and consolidated cash flow for the year then ended, in accordance with IFRS, as adopted by the EU, and other provisions in the regulatory framework for financial information applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated 2015 management report contains such explanations as the directors of the parent company consider appropriate concerning the situation of the Group, the evolution of its business and other matters; however, it is not an integral part of the consolidated financial statements. We have checked that the accounting information included in the aforementioned consolidated management report agrees with the 2015 consolidated financial statements. Our work as auditors is limited to verifying the consolidated management report in accordance with the scope mentioned in this paragraph, and does not include the review of information other than that obtained from the accounting records of GESTAMP AUTOMOCIÓN, S.A. and its subsidiaries.

ERNST & YOUNG, S.L.

(Signed in the original in Spanish)

Ramón Masip López

March 22, 2016

GESTAMP AUTOMOCIÓN AND SUBSIDIARIES

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NOTE

NOTE

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

(In thousands of euros)

	Note	December 31, 2015	December 31, 2014
ASSETS			
Non-current assets			
Intangible assets	8	359,384	311,591
Goodwill		109,946	114,384
Other intangible assets		249,438	197,207
Property, plant, and equipment	9	2,861,807	2,661,789
Land and buildings		958,215	962,088
Plant and other PP&E		1,524,984	1,448,898
PP&E under construction and prepayments		378,608	250,803
Financial assets	10	57,682	76,785
Investments in associates accounted for using the equity method		8,272	9,455
Loans and receivables		8,918	43,556
Derivatives in effective hedges		28,184	5,863
Other non-current financial assets		12,308	17,911
Deferred tax assets	21	270,777	248,340
Total non-current assets		**3,549,650**	**3,298,505**
Current assets			
Inventories	11	586,438	573,031
Raw materials and other consumables		277,870	258,238
Work in progress		158,676	149,071
Finished products and by-products		118,287	116,966
Prepayments to suppliers		31,605	48,756
Trade and other receivables	12	1,194,690	1,057,453
Trade receivables		992,938	852,106
Other receivables		25,058	26,749
Current income tax assets		32,906	32,143
Receivables from public authorities		143,788	146,455
Other current assets	12	23,533	18,343
Financial assets	10	35,455	75,877
Loans and receivables		1,638	18,319
Securities portfolio		2,535	—
Other current financial assets		31,282	57,558
Cash and cash equivalents	12	355,975	483,934
Total current assets		**2,196,091**	**2,208,638**
Total assets		**5,745,741**	**5,507,143**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AT DECEMBER 31, 2015 AND DECEMBER 31, 2014 (Continued)

(In thousands of euros)

	Note	December 31, 2015	December 31, 2014
EQUITY AND LIABILITIES			
Equity			
Capital and reserves attributable to equity holders of the parent			
Issued capital	13	288,237	288,237
Share premium	13	61,591	61,591
Retained earnings	14	1,209,789	1,087,326
Translation differences	15	(167,809)	(139,740)
Equity attributable to equity holders of the parent		**1,391,808**	**1,297,414**
Equity attributable to non-controlling interest	16	**406,585**	**418,825**
Total equity		**1,798,393**	**1,716,239**
Liabilities			
Non-current liabilities			
Deferred income	17	30,720	31,280
Provisions	18–19	156,787	131,226
Non trade liabilities	20	1,674,148	1,725,325
Interest-bearing loans and borrowings		1,448,036	1,482,300
Derivative financial instruments		72,828	47,404
Other non-current liabilities		153,284	195,621
Deferred tax liabilities	21	225,544	235,095
Other non-current liabilities		619	17
Total non-current liabilities		**2,087,818**	**2,122,943**
Current liabilities			
Non trade liabilities	20	450,875	454,465
Interest-bearing loans and borrowings		282,900	282,480
Other current liabilities		167,975	171,985
Trade and other payables	22	1,384,406	1,191,765
Trade accounts payable		1,137,378	945,612
Current tax liabilities		30,269	14,560
Other accounts payable		216,759	231,593
Provisions	18–19	16,318	19,091
Other current liabilities		7,931	2,640
Total current liabilities		**1,859,530**	**1,667,961**
Total liabilities		**3,947,348**	**3,790,904**
Total equity and liabilities		**5,745,741**	**5,507,143**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT

AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

(In thousands of euros)

	Note	December 31, 2015	December 31, 2014
CONTINUING OPERATIONS			
OPERATING INCOME	23	7,202,309	6,411,331
Revenue		7,034,512	6,255,804
Other operating income		156,871	126,555
Changes in inventories	11	10,926	28,972
OPERATING EXPENSE	24	(6,802,113)	(6,073,861)
Raw materials and other consumables		(4,308,597)	(3,885,772)
Personnel expenses		(1,258,010)	(1,124,934)
Depreciation, amortization, and impairment losses		(360,137)	(318,995)
Other operating expenses		(875,369)	(744,160)
OPERATING PROFIT		**400,196**	**337,470**
Financial income	25	13,309	9,597
Financial expenses	25	(121,850)	(138,608)
Exchange gains (losses)		(24,660)	(7,575)
Share of profits from associates—equity method	10	(364)	(3,164)
Change in fair value of financial instruments		—	(7,047)
Impairment and gains (losses) on sale of financial instruments		(13,829)	—
PROFIT BEFORE TAXES FROM CONTINUING OPERATIONS		**252,802**	**190,673**
Income tax expense	27	(63,950)	(60,290)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**188,852**	**130,383**
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations net of taxes	26	—	(1,573)
PROFIT FOR THE YEAR		**188,852**	**128,810**
Profit (loss) attributable to non-controlling interest	16	(27,372)	(3,108)
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**161,480**	**125,702**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

(In thousands of euros)

	December 31, 2015	**December 31, 2014**
PROFIT FOR THE YEAR	188,852	128,810
OTHER COMPREHENSIVE INCOME		
Other comprehensive income not to be reclassified to income in next years:		
Actuarial gains and losses	5,745	(12,939)
Other comprehensive income to be reclassified to income in next years:		
From cash flow hedges	4,728	(7,006)
Translation differences	(34,411)	(5,042)
TOTAL COMPREHENSIVE INCOME NET OF TAXES	**164,914**	**103,823**
Attributable to:		
—Parent company	143,884	95,912
—Non-controlling interest	21,030	7,911
	164,914	**103,823**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AT DECEMBER 31, 2015 AND DECEMBER 31, 2014
(In thousand of euros)

	Issued capital (Note 13)	Share premium (Note 13)	Retained earnings (Note 14)
AT DECEMBER 31, 2013	**288,237**	**61,591**	**1,019,461**
Profit for 2014			125,702
Fair value adjustments reserve (hedge)			(7,006)
Variation in translation differences			
Actuarial gains and losses			(12,939)
Total comprehensive income for 2014			**105,757**
Dividends distributed by the Company			(33,922)
Dividends distributed by subsidiaries			
Merge of subisidiaries including companies not previously in consolidation scope			46
Capital increase in Todlem, S.L.			
Increase in shareholding in companies previously under control			(4,603)
Transfers from retained earnings to non-controlling interest due to the change of shareholding in companies and others			1,439
Other movements and adjustments from prior years			(852)
AT DECEMBER 31, 2014	**288,237**	**61,591**	**1,087,326**
Profit for 2015			161,480
Fair value adjustments reserve (hedge)			4,728
Variation in translation differences			
Actuarial gains and losses			5,745
Total comprehensive income for 2015			**171,953**
Dividends distributed by the Company			(37,711)
Dividends distributed by subsidiaries			
Increase in shareholding in companies previously under control (adjustment for dividends paid to former shareholders of Anhui Edscha Automotive Parts Co. Ltda.)			(712)
Increase in shareholding in companies previously under control due to acquisition to non-controlling interest (Ekarpen Private Equity, S.A.)			(7,997)
Transfers from retained earnings to non-controlling interest due to non-proportional capital increase			(2,771)
Other movements and adjustments from prior years			(299)
AT DECEMBER 31, 2015	**288,237**	**61,591**	**1,209,789**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

(In thousands of euros)

	Note	December 31, 2015	December 31, 2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxes and after non-controlling interest from continuing activities		**225,430**	**187,565**
Profit for the year from discontinued operations net of taxes		**—**	**(1,573)**
Profit for the year before taxes and after non-controlling interest		**225,430**	**185,992**
Adjustments to profit		**542,083**	**420,850**
Depreciation and amortization of intangible assets and PP&E	8–9	356,402	318,917
Impairment of intangible assets and PP&E	8–9	3,735	78
Impairment	11–12	5,570	(10,988)
Change in provisions	18	31,181	(9,862)
Grants released to income	17	(6,589)	(5,388)
Profit (loss) attributable to non-controlling interest	16	27,372	3,108
Profit from disposal of intangible assets and PP&E		(1,832)	1,379
Profit from disposal of financial instruments		13,829	—
Financial income	25	(13,309)	(9,597)
Financial expenses	25	121,850	138,608
Share of profits from associates—equity method	10	364	3,164
Exchange rate differences		4,881	(12,054)
Other income and expenses		(1,371)	3,485
Changes in working capital		**9,685**	**151,833**
(Increase)/Decrease in Inventories		(19,931)	(38,816)
(Increase)/Decrease in Trade and other receivables		(141,582)	84,503
(Increase)/Decrease in Other current assets		(5,190)	(6,576)
Increase/(Decrease) in Trade and other payables		171,097	120,195
Increase/(Decrease) in Other current liabilities		5,291	(7,473)
Other cash-flows from operating activities		**(177,255)**	**(193,198)**
Interest paid		(113,135)	(139,820)
Interest received		8,680	7,224
Proceeds (payments) of income tax		(72,800)	(60,602)
Cash flows from operating activities		**599,943**	**565,477**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments on investments		**(626,649)**	**(501,636)**
Group companies and associates		(2,050)	(28,811)
Intangible assets	8–20	(88,303)	(70,008)
Property, plant and equipment	9–20	(528,018)	(382,033)
Other financial assets		(8,278)	(6,105)
Net change of other financial assets		—	(14,679)
Proceeds from divestments		**92,070**	**54,035**
Group companies and associates		28,411	10,403
Intangible assets	8	574	1,086
Property, plant and equipment	9	20,165	12,481
Other financial assets		4,317	1,652
Net change of other financial assets		38,603	—
Assets held for sale		—	28,413
Cash flows from investing activities		**(534,579)**	**(447,601)**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

AT DECEMBER 31, 2015 AND DECEMBER 31, 2014

(In thousands of euros)

	Note	December 31, 2015	December 31, 2014
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds and payments on equity instruments		**(28,067)**	**(6,535)**
Change in non-controlling interest	16	(32,216)	(11,320)
Grants, donations and legacies received	17	5,772	4,990
Translation differences in equity		(911)	(205)
Other movements on equity		(712)	—
Proceeds and payments on financial liabilities		**(120,799)**	**(130,869)**
Issue		162,734	74,417
Interest-bearing loans and borrowings		154,492	42,824
Net change in credit facilities, discounted bills and factoring		—	—
Borrowings from Group companies and associates		—	21,803
Other borrowings		8,242	9,790
Repayment of		(283,533)	(205,286)
Bonds and other marketable securities		(20,371)	—
Interest-bearing loans and borrowings		(139,066)	(56,982)
Net change in credit facilities, discounted bills and factoring		(59,809)	(2,277)
Borrowings from Group companies and associates		(22,019)	(131,170)
Other borrowings		(42,268)	(14,857)
Payments on dividends and other equity instruments		**(50,196)**	**(41,512)**
Dividends	14–16	(50,196)	(41,512)
Cash flows from financing activities		**(199,062)**	**(178,916)**
Effect of changes in exchange rates		**5,739**	**24,557**
NET INCREASE/ DECREASE OF CASH OR CASH EQUIVALENTS		**(127,959)**	**(36,483)**

GESTAMP AUTOMOCIÓN, S.A. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2015

1. Activity and companies included in consolidation scope

GESTAMP AUTOMOCIÓN, S.A., (hereinafter, the "Company") was incorporated on December 22, 1997. Its registered address is currently in the Industrial Park of Lebario in Abadiano (Vizcaya).

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

On August 2, 2012 the Company registered the change of its legal name, from limited company to corporation, in the Commercial Register of Vizcaya.

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

The activities of the Company and its subsidiaries (the "Group") are focused on the design, development, and manufacturing of metal components for the automotive Industry via: stamping, tooling, assembly, welding, tailor welded blanks, and die cutting. The Group also includes other companies dedicated to services such as research and development of new technologies.

Most of the Group's business is conducted in the European Union; the Americas constitute the second most significant geographic market and Asia the third one (Note 23.a).

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

2. Changes in consolidation scope and business combinations

2.a Changes in consolidation scope

During 2015

In 2015 the companies Gestamp Technology Institute S.L., Gestamp Tooling Engineering Deutschland GmbH, Gestamp Chattanooga II Llc., Autotech Engineering R&D USA, Inc., Gestamp Autocomponents Wuhan, Co. Ltd. and the companies belonging to Edscha Subgroup Edscha Scharwaechter Mechanism S.A.P.I. de C.V. and Edscha Scharwaechter Mechanism Servicios Laborales S.A.P.I. de C.V. were incorporated into the consolidation scope. These companies have been created in 2015 and incorporated into consolidation scope by full consolidation method.

On December 1, 2015 the company Gestamp Mor KFT was dissolved.

On November 4, 2015 the company GMF Wuhan Ltd, which belonged to Gestamp Metal Forming Subgroup, split and consequently the company Gestamp Auto Components (Chongqing) Co Ltd. was created.

In 2015 there have been a business combination of Gestamp Pune Automotive Private Limited (Note 2.b).

Due to the acquisition of 30% shareholding in Anhui Edscha Automotive Parts Co Ltda in 2014 there has been a price adjustment for 712 thousand euros.

On July 21, 2015 the Company and the subsidiary Gestamp Bizcaya, S.A. acquired 40% shareholding in subsidiary Gestamp Global Tooling S.L. from non-controlling partner Ekarpen Private Equity S.A. (Ekarpen) for 32,216 thousand euros.

By this operation the Group increased their shareholding in the said company from 60% to 100%. Since there were previous control, the profit from the operation was directly registered in Equity, leading to a decrease in Reserves at fully-consolidated companies for 7,997 thousand euros (Note 14).

2. Changes in consolidation scope and business combinations (Continued)

In addition, this operation meant a decrease in non-controlling interest for 24,219 thousand euros (Note 16).

During 2014

In 2014 the companies GGM Puebla, S.A. de C.V and GGM Puebla Servicios Laborales, S.A. de C.V., were incorporated into the consolidation scope. Both companies are consolidated by full consolidation method into the Gestión Global de Matricería, S.L. Subgroup, which is included into the Group consolidation scope by equity method.

On April 11, 2014 the group company Gestamp Toledo S.A. sold their investment in the company Sungwoo Gestamp Hitech Chennai Ltd. In addition, the Griwe Subgroup has sold their investment in companies Gestamp Sungwoo Hitech (Chennai) private Ltd and GS Hot Stamping Co. Ltd. The sold companies were being consolidated under equity method. The result of the operation is 526 thousand euros of losses, registered under the heading discontinued operations (Note 26).

On April 11, 2014 the group company Gestamp Solblank Barcelona S.A. acquired 50% shareholding of the company Gestamp Automotive Chennai Private, Ltd. (by so reaching 100% shareholding) over which they already had control. This increase in shareholding has led to a decrease in Reserves at fully consolidated entities registered under the heading retained earnings amounting to 1,553 thousand euros.

On February 17, 2014, with effective date January 1, 2014, the company Edscha Holding GmbH, belonging to Edscha Subgroup, acquired 30% shareholding of Anhui Edscha Automotive Parts Co Ltda, company also belonging to Edscha Subgroup over which they already had 70% shareholding and had control. This increase in shareholding has led to a decrease in Reserves at fully consolidated entities registered under the heading retained earnings amounting to 1,780 thousand euros.

Additionally, in 2013 the Group acquired 5% shareholding of Griwe Subgroup. The cost price has increased in 2014 due to the tax settlement related to the acquisition amounting to 1,270 thousand euros.

The total decrease in Retained earnings due to the increase in shareholding in Gestamp Automotive Chennai Private, Ltd. and Anhui Edscha Automotive Parts Co Ltd as well as to the cost price adjustment of Griwe Subgroup amounted to 4,603 thousand euros (Note 14).

On February 7, 2014 the companies Gestamp Ingeniería Europa Sur S.L., Ocon Automated Systems S.L.U. and Ocon Industrielle Konzepte S.L.U. have merged, being Gestamp Ingeniería Europa Sur S.L. the absorbing company. Ocon Industrielle Konzepte S.L.U. was not included in consolidation scope since considered no significant, so the merge has led to an increase in Reserves at fully consolidated entities for 46 thousand euros (Note 14).

On February 7, 2014 the company MB Pamplona S.A.U. was dissolved.

On December 18, 2013 Mursolar 21, S.L. acquired shareholding in subsidiaries Gestamp Autocomponents (Shenyang) Co. Ltd. and Gestamp Autocomponents (Dongguan) Co. Ltd. to other Group companies. This agreement was subject to approval from Chinese competence authorities.

In 2014 the requirements for the completion of the sale are fulfilled, therefore Mursolar, 21, S.L. has direct shareholding in both companies, recognizing COFIDES, S.A. as indirect non-controlling interest.

On September 26, 2014 the companies Gestamp Palencia, S.A. and Sofedit España, S.A.U. have merged, being Gestamp Palencia, S.A. the absorbing company.

In 2014, the company Gestamp Sungwoo Stamping&Assemblies Private, Ltd changed their legal name to Gestamp Automotive Chennai Private, Ltd.

The contribution to Consolidated Balance Sheet and Income Statement from the new companies included in the consolidation scope in 2014 is not significant.

2. Changes in consolidation scope and business combinations (Continued)

2.b Business combinations

Gestamp Pune Automotive Private Limited (formerly Sungwoo Gestamp Hitech (Pune) Private Limited) located in Pune (India) was incorporated on August 7, 2008 by Sungwoo Hitech Company Ltd. On April 3, 2013 Sungwoo Hitech Company Ltd signed a Joint Venture agreement with subsidiary Gestamp Cerveira Ltda so each company owned 50% shareholding in Sungwoo Gestamp Hitech (Pune) Private Limited.

This investment was accounted for using the equity method until acquiring control in July 2015 and the carrying amount at the said date was 3,542 thousand euros. When assessing again the fair value of the investment before business combination it was recognized loss amounting to 1,037 thousand euros.

The company purpose is manufacturing automobile components for passenger cars.

On July 22, 2015 the subsidiary Gestamp Automotive Chennai Private Limited acquired remaining 50% shareholding in Gestamp Pune Automotive Private Limited and by so acquired control. The cost of this acquisition amounted to 98 thousand euros.

The fair value of the assets and liabilities from Gestamp Pune Automotive Private Limited obtained from the inclusion balance sheet is as follows:

	Thousand euros
Intangible assets (Note 8)	33
Property, plant and equipment (Note 9)	
Land and buildings	6,006
Plant and other PP&E	783
Inventories	40
Cash and cash equivalents	2,656
Other assets	1,597
	11,115
Other current liabilities	5
Trade accounts payable	51
Other liabilities	6,048
	6,104
Net assets	5,011
Carrying amount of 50% (first adquisition)	3,542
Cost of 50% of consideration (control takeover)	98
Net effect business combination	1,371

The consideration was fully paid in cash.

No goodwill arose from the acquisition and there were no significant contingent payments.

The net effect of the business combination amounted to 1,371 thousand euros and was registered under the heading "Other operating income" in the Consolidated Income Statement as of December 31, 2015 (Note 23.b).

Since the company was still dormant at December 31, 2015 there was no contribution to revenue. The income attributable to the business combination from the acquisition date to December 31, 2015 amounted to 912 thousand euros of profit. It included the net effect of the business combination for 2015 amounting to 1,371 thousand euros. The headcount incorporated from this business was around 19.

There were no significant costs associated to this transaction.

2. Changes in consolidation scope and business combinations (Continued)

With regard to this business combination, the principal assessment criteria for calculating the fair value of the different accounting line items are as follows:

Intangible assets: measured at acquisition cost, which approximates to fair value.

Property, plant, and equipment: valuations were based on an independent third party report. Market valuations served as the underlying criteria for the determination of fair value of Land and buildings.

Inventories of finished products: measured according to production cost, which also approximates to replacement value.

Other assets and liabilities: measured at nominal value.

There were no business combinations at December 31, 2014.

3. Consolidation scope

The breakdown of companies included in the consolidation scope, as well as information on the consolidation method applied, location, activity, direct or indirect shareholdings and their auditors, is shown below:

3. Consolidation scope (Continued)

Company	December 31, 2015				
	Address	Country	Direct shareholding	Indirect shareholding	Activity
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management
Gestamp Bizkaia, S.A.	Vizcaya	Spain	85.31%	14.69%	Tooling and parts manufacturing
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturing
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	39.37%	60.63%	Tooling and parts manufacturing
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturing
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and IT
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturing
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturing
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturing
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services
Matricerías Deusto, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturing
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturing
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturing
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturing
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturing
Tavol Internacional SGPS, Lda.	Madeira	Portugal		100.00%	Dormant
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturing
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturing
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management
Gestamp Navarra, S.A.	Navarra	Spain	5.01%	94.99%	Tooling and parts manufacturing
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts manu
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturing
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturing
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturing
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturing
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturing
Gestamp Hungaria KFT	Akai	Hungary	100.00%		Tooling and parts manufacturing
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturing
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturing
Gestamp Alabama, LLc	Alabama	USA		70.00%	Tooling and parts manufacturing
Gestamp Finance Luxemburgo, S.A.	Luxembourg	Luxembourg		99.95%	Portfolio management
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturing
S.G.F, S.A.	Brussels	Belgium		99.95%	Portfolio management
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturing
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturing

3. Consolidation scope (Continued)

	December 31, 2015				
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity
Gestamp Tooling Services, AIE	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturing
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturing
Beyçelik, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturing
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturing
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		69.93%	Labor services
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturing
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturing
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		100.00%	Adjustment
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturing
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturing
Gestamp Pune Automotive, Private Ltd.	Pune	India		100.00%	Tooling and parts manufacturing
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturing
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management
Edscha Subgroup(*)	Remscheid	Germany		100.00%	Tooling and parts manufacturing
Gestamp Global Tooling, S.L.	Vizcaya	Spain	99.99%	0.01%	Engineering and mold design
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		100.00%	Engineering and mold design
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturing
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturing
Gestamp Metal Forming Subgroup	Remscheid	Germany		100.00%	Tooling and parts manufacturing
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturing
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturing
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machinery
Bero Tools, S.L.	Guipúzcoa	Spain		100.00%	Portfolio management
Diede Die Developments, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturing
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturing
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturing
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi	Kocaeli	Turkey		50.00%	Tooling and parts manufacturing
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturing
Gestamp Try Out Services, S.L.	Vizcaya	Spain		100.00%	Die cutting production
Gestión Global de Matricería, S.L.	Vizcaya	Spain	30.00%		Dormant
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		30.00%	Die cutting production
IxCxT, S.A.	Vizcaya	Spain		30.00%	Die cutting production
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturing
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and IT
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and IT
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management
GGM Puebla, S.A. de C.V.	Puebla	Mexico		30.00%	Tooling and parts manufacturing
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		30.00%	Labor services
Gestamp Technlogy Institute, S.L.	Vizcaya	Spain	99.99%	0.01%	Education
Gestamp Tooling Engineering Deutschland, GmbH	Braunschweig.	Germany		100.00%	Die cutting production
Gestamp Chattanooga II, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturing
Autotech Engineering R&D USA	Delaware	USA		100.00%	Research & Development and IT
Gestamp Autocomponents Wuhan, co. Ltd.	Wuhan	China	100.00%		Tooling and parts manufacturing

(*) The Edscha Subgroup indirect shareholding corresponds to the Gestamp Metalbages, S.A. and Gestamp Polska, SP. Z.O.O. direct shareholding in Edscha Holding GmbH., 67% and 33%, respectively.

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Group using the equity method.

3. Consolidation scope (Continued)

	December 31, 2014				
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**Activity**
Gestamp Automoción, S.A.	Vizcaya	Spain	Parent company		Portfolio management
Gestamp Bizkaia, S.A.	Vizcaya	Spain	75.00%	25.00%	Tooling and parts manufacturin
Gestamp Vigo, S.A.	Pontevedra	Spain	99.99%	0.01%	Tooling and parts manufacturin
Gestamp Cerveira, Lda.	Viana do Castelo	Portugal	39.37%	60.63%	Tooling and parts manufacturin
Gestamp Toledo, S.A.	Toledo	Spain	99.99%	0.01%	Tooling and parts manufacturin
Autotech Engineering AIE	Vizcaya	Spain	10.00%	90.00%	Research & Development and
SCI de Tournan en Brie	Tournan	France	0.10%	99.90%	Real Estate
Gestamp Solblank Barcelona, S.A.	Barcelona	Spain	5.01%	94.99%	Tailored blank welding
Gestamp Palencia, S.A.	Palencia	Spain	100.00%		Tooling and parts manufacturin
Gestamp Argentina, S.A.	Buenos Aires	Argentina		70.00%	Portfolio management
Gestamp Córdoba, S.A.	Córdoba	Argentina		70.00%	Tooling and parts manufacturin
Gestamp Linares, S.A.	Jaén	Spain	5.02%	94.98%	Tooling and parts manufacturin
Gestamp Servicios, S.A.	Madrid	Spain	100.00%		Administrative services
Matricerías Deusto, S.L.	Vizcaya	Spain		60.00%	Die cutting production
Gestamp Galvanizados, S.A.	Palencia	Spain	5.01%	94.99%	Component galvanazing
Gestamp Tech, S.L.	Palencia	Spain	0.33%	99.67%	Dormant
Gestamp Brasil Industria de Autopeças, S.A.	Parana	Brazil		70.00%	Tooling and parts manufacturin
Gestamp Metalbages, S.A.	Barcelona	Spain	100.00%		Tooling and parts manufacturin
Gestamp Esmar, S.A.	Barcelona	Spain	0.10%	99.90%	Tooling and parts manufacturin
Metalbages P-51, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Noury, S.A.S	Tournan	France		100.00%	Tooling and parts manufacturin
Gestamp Aveiro, S.A.	Aveiro	Portugal		100.00%	Tooling and parts manufacturin
Tavol Internacional SGPS, Lda.	Madeira	Portugal		100.00%	Dormant
Griwe Subgroup	Westerburg	Germany		100.00%	Tooling and parts manufacturin
Gestamp Aguascalientes, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Tooling and parts manufacturin
Mexicana Servicios Laborales, S.A.de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Puebla, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Cartera de México, S.A. de C.V.	Puebla	Mexico		70.00%	Portfolio management
Gestamp Mexicana de Serv. Laborales, S.A. de C.V.	Aguas Calientes	Mexico		70.00%	Labor services
Gestamp Ingeniería Europa Sur, S.L.	Barcelona	Spain		100.00%	Portfolio management
Todlem, S.L.	Barcelona	Spain		58.13%	Portfolio management
Gestamp Navarra, S.A.	Navarra	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Baires, S.A.	Buenos Aires	Argentina		70.00%	Die cutting, tooling, and parts
Ingeniería Global MB, S.A.	Barcelona	Spain		100.00%	Administrative services
Gestamp Aragón, S.A.	Zaragoza	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Abrera, S.A.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Gestamp Levante, S.A.	Valencia	Spain	88.50%	11.50%	Tooling and parts manufacturin
Gestamp Solblank Navarra, S.L.	Navarra	Spain		100.00%	Tailored blank welding
MB Aragón P21, S.L.	Barcelona	Spain		100.00%	Tooling and parts manufacturin
Gestamp Polska, SP. Z.O.O.	Wielkopolska	Poland		100.00%	Tooling and parts manufacturin
Gestamp Washington UK Limited	Newcastle	United Kingdom		100.00%	Tooling and parts manufacturin
Gestamp Hungaria KFT	Akai	Hungary		100.00%	Tooling and parts manufacturin
Gestamp Mör, KFT	Akai	Hungary		100.00%	Dormant
Gestamp North America, INC	Michigan	USA		70.00%	Administrative services
Gestamp Sweden, AB	Lulea	Sweden		100.00%	Portfolio management
Gestamp HardTech, AB	Lulea	Sweden		100.00%	Tooling and parts manufacturin
Gestamp Mason, LLc.	Michigan	USA		70.00%	Tooling and parts manufacturin
Gestamp Alabama, LLc.	Alabama	USA		70.00%	Tooling and parts manufacturin
Gestamp Finance Luxemburgo, S.A.	Luxembourg	Luxembourg		99.95%	Portfolio management
Gestamp Ronchamp, S.A.S	Ronchamp	France		100.00%	Tooling and parts manufacturin
S.G.F, S.A.	Brussels	Belgium		99.95%	Portfolio management

3. Consolidation scope (Continued)

	December 31, 2014				
Company	Address	Country	Direct shareholding	Indirect shareholding	Activity
Gestamp Manufacturing Autochasis, S.L.	Barcelona	Spain	5.01%	94.99%	Tooling and parts manufacturin
Industrias Tamer, S.A.	Barcelona	Spain		30.00%	Tooling and parts manufacturin
Gestamp Tooling Services, AIE	Vizcaya	Spain		76.00%	Engineering and mold design
Gestamp Auto Components (Kunshan) Co., Ltd	Kunshan	China		68.95%	Tooling and parts manufacturin
Gestamp Kartek Co, Ltd.	Gyeongsangnam-Do	South Korea		100.00%	Tooling and parts manufacturin
Beyçelik, A.S.	Bursa	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Toluca SA de CV	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Gestamp Servicios Laborales de Toluca SA de CV	Puebla	Mexico		70.00%	Labor services
Gestamp Services India Private, Ltd.	Mumbai	India		100.00%	Tooling and parts manufacturin
Gestamp Severstal Vsevolozhsk Llc	Saint Petersburg	Russia		58.13%	Tooling and parts manufacturin
Adral, matriceria y pta. a punto, S.L.	Vizcaya	Spain		60.00%	Adjustment
Gestamp Severstal Kaluga, LLc	Kaluga	Russia		58.13%	Tooling and parts manufacturin
Gestamp Automotive India Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturin
Sungwoo Gestamp Hitech Pune Private Ltd.	Pune	India		50.00%	Tooling and parts manufacturin
Gestamp Chattanooga, Llc	Chattanooga	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding Rusia, S.L.	Madrid	Spain	25.19%	52.34%	Portfolio management
Gestamp South Carolina, Llc	South Carolina	USA		70.00%	Tooling and parts manufacturin
Gestamp Holding China, AB	Lulea	Sweden		68.95%	Portfolio management
Edscha Subgroup(*)	Remscheid	Germany		100.00%	Tooling and parts manufacturin
Gestamp Global Tooling, S.L.	Vizcaya	Spain	60.00%		Engineering and mold design
Gestamp Tool Hardening, S.L.	Vizcaya	Spain		60.00%	Engineering and mold design
Gestamp Vendas Novas Lda.	Évora	Portugal	100.00%		Tooling and parts manufacturin
Gestamp Togliatti, Llc.	Togliatti	Russia		100.00%	Tooling and parts manufacturin
Gestamp Metal Forming Subgroup	Remscheid	Germany		100.00%	Tooling and parts manufacturin
Gestamp Automotive Chennai Private Ltd.	Chennai	India		100.00%	Tooling and parts manufacturin
Essa Palau, S.A.	Barcelona	Spain		40.00%	Tooling and parts manufacturin
Gestamp North Europe Services, S.L.	Vizcaya	Spain	99.97%	0.03%	Consultory services
Loire Sociedad Anónima Franco Española	Guipúzcoa	Spain	100.00%		Manufacture and sale of machi
Bero Tools, S.L.	Guipúzcoa	Spain		92.00%	Portfolio management
Diede Die Developments, S.L.	Vizcaya	Spain		79.84%	Die cutting production
Gestamp Louny, S.R.O.	Prague	Czech Republic		100.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Shenyang), Co. Ltd.	Shenyang	China		65.00%	Tooling and parts manufacturin
Gestamp West Virginia, Llc.	Michigan	USA		70.00%	Tooling and parts manufacturin
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi	Kocaeli	Turkey		50.00%	Tooling and parts manufacturin
Gestamp Autocomponents (Dongguan), Co. Ltd.	Dongguan	China		65.00%	Tooling and parts manufacturin
Gestamp Try Out Services, S.L.	Vizcaya	Spain		60.00%	Die cutting production
Gestión Global de Matricería, S.L.	Vizcaya	Spain	35.00%		Dormant
Ingeniería y Construcción Matrices, S.A.	Vizcaya	Spain		35.00%	Die cutting production
IxCxT, S.A.	Vizcaya	Spain		35.00%	Die cutting production
Gestamp Funding Luxembourg, S.A.	Luxembourg	Luxembourg	100.00%		Portfolio management
Gestamp Puebla II, S.A. de C.V.	Puebla	Mexico		70.00%	Tooling and parts manufacturin
Autotech Engineering Deutschland GmbH	Bielefeld	Germany		100.00%	Research & Development and
Autotech Engineering R&D Uk limited	Durhan	United Kingdom		100.00%	Research & Development and
Gestamp Holding México, S.L.	Madrid	Spain		69.99%	Portfolio management
Gestamp Holding Argentina, S.L.	Madrid	Spain	10.80%	59.19%	Portfolio management
Mursolar 21, S.L.	Madrid	Spain		65.00%	Portfolio management
GGM Puebla, S.A. de C.V.	Puebla	Mexico		35.00%	Tooling and parts manufacturin
GGM Puebla de Servicios Laborales, S.A. de C.V.	Puebla	Mexico		35.00%	Labor services

(*) The Edscha Subgroup indirect shareholding corresponds to the Gestamp Metalbages, S.A. and Gestamp Polska, SP. Z.O.O. direct shareholding in Edscha Holding GmbH., 67% and 33%

(A) These companies are consolidated under full consolidation method in Gestión Global de Matricería Subgroup. This Subgroup is accounted for in Gestamp Group using the equity metho

3. Consolidation scope (Continued)

The companies which hold the indirect investments indicated in the above table, corresponding to December 31, 2015 and December 31, 2014 are specified in Annex I.

The companies which compose the Griwe Subgroup at December 31, 2015 and December 31, 2014 are the following:

Company	Address	Country	Shareholding	Consolidation method
Gestamp Griwe Westerburg GmbH	Westerburg	Germany	Parent company	Full
Gestamp Griwe Hot Stamping GmbH	Haynrode	Germany	100.00%	Full
Gestamp Griwe Haynrode GmbH	Haynrode	Germany	100.00%	Full

The activity of these companies relates mainly to manufacturing automobile parts and components.

The companies which compose the Edscha Subgroup at December 31, 2015 and December 31, 2014 and the information about the consolidation method used, address and shareholding percentage (direct and indirect), are the following:

	December 31, 2015					
Company	Address	Country	Direct shareholding	Indirect shareholding	% Direct shareholding Gestamp Automoción	Consolidation method
Edscha Holding GmbH	Remscheid	Germany	Parent company			Full
Edscha Automotive Hengersberg GmbH	Hengersberg	Germany	100.00%			Full
Edscha Automotive Hauzenberg GmbH	Hauzenberg	Germany	100.00%			Full
Edscha Engineering GmbH	Remscheid	Germany	100.00%			Full
Edscha Hengersberg Real Estate GmbH	Hengersberg	Germany	94.90%		5.10%	Full
Edscha Hauzenberg Real Estate GmbH	Hauzenberg	Germany	94.90%		5.10%	Full
Edscha Automotive Kamenice S.R.O.	Kamenice	Czech Republic	100.00%			Full
Edscha Hradec S.R.O.	Hradec	Czech Republic	100.00%			Full
Edscha Velky Meder S.R.O.	Velky Meder	Slovakia	100.00%			Full
Gestamp 2008, S.L.	Villalonquéjar (Burgos)	Spain	60.00%			Full
Edscha Burgos, S.A.	Villalonquéjar (Burgos)	Spain	0.01%	59.99%		Full
Edscha Santander, S.L.	El Astillero (Cantabria)	Spain		56.99%	5.01%	Full
Edscha Briey S.A.S.	Briey Cedex	France		62.00%		Full
Edscha Engineering France SAS	Les Ulis	France	100.00%			Full
Edscha do Brasil Ltda.	Sorocaba	Brazil		93.64%		Full
Gestamp Edscha Japan Co., Ltd.	Tokio	Japan	100.00%			Full
Jui Li Edscha Body Systems Co., Ltd.	Kaohsiung	Taiwan	50.00%			Equity method
Jui Li Edscha Holding Co., Ltd.	Apia	Samoa		50.00%		Equity method(A)
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Hainan	China		50.00%		Equity method(A)
Edscha Automotive Technology Co., Ltd.	Shanghai	China	100.00%			Full
Shanghai Edscha Machinery Co., Ltd.	Shanghai	China	55.00%			Full
Anhui Edscha Automotive Parts Co Ltda.	Anhui	China	100.00%			Full
Edscha Automotive Michigan, Inc	Lapeer	USA	100.00%			Full
Edscha Togliatti, Llc.	Togliatti	Russia	100.00%			Full
Edscha Automotive Components Co., Ltda.	Kunshan	China	100.00%			Full
Gestamp Finance Slovakia S.R.O.	Velky Meder	Slovakia	75.00%		25.00%	Full
Edscha Kunststofftechnik GmbH	Remscheid	Germany	100.00%			Full
Edscha Pha, Ltd.	Seul	South Korea	50.00%			Full
Edscha Aapico Automotive Co. Ltd	Pranakorn Sri Ayutthaya	Thailand	50.99%	0.01%		Full
Edscha Scharwaecther Mechanism S.A.P.I. de C.V.	México DF	Mexico	99.99%	0.01%		Full
Edscha Scharwaecther Mechanism Servicios Laborales S.A.P.I. de C.V.	México DF	Mexico	99.99%	0.01%		Full

(A) These companies are consolidated under full consolidation method in Jui Li Edscha Body Systems Subgroup. This Subgroup is accounted for in Edscha Subgroup using the equity method.

3. Consolidation scope (Continued)

	December 31,2014					
Company	**Address**	**Country**	**Direct shareholding**	**Indirect shareholding**	**% Direct shareholding Gestamp Automoción**	**Consolidation method**
Edscha Holding GmbH	Remscheid	Germany	Parent company			Full
Edscha Automotive Hengersberg GmbH	Hengersberg	Germany	100.00%			Full
Edscha Automotive Hauzenberg GmbH	Hauzenberg	Germany	100.00%			Full
Edscha Engineering GmbH	Remscheid	Germany	100.00%			Full
Edscha Hengersberg Real Estate GmbH	Hengersberg	Germany	94.90%		5.10%	Full
Edscha Hauzenberg Real Estate GmbH	Hauzenberg	Germany	94.90%		5.10%	Full
Edscha Automotive Kamenice S.R.O.	Kamenice	Czech Republic	100.00%			Full
Edscha Hradec S.R.O.	Hradec	Czech Republic	100.00%			Full
Edscha Velky Meder S.R.O.	Velky Meder	Slovakia	100.00%			Full
Gestamp 2008, S.L.	Villalonquéjar (Burgos)	Spain	60.00%			Full
Edscha Burgos, S.A.	Villalonquéjar (Burgos)	Spain	0.01%	59.99%		Full
Edscha Santander, S.L.	El Astillero (Cantabria)	Spain		56.99%	5.01%	Full
Edscha Briey S.A.S.	Briey Cedex	France		56.98%		Full
Edscha Engineering France SAS	Les Ulis	France	100.00%			Full
Edscha do Brasil Ltda.	Sorocaba	Brazil		74.78%		Full
Gestamp Edscha Japan Co., Ltd.	Tokio	Japan	100.00%			Full
Jui Li Edscha Body Systems Co., Ltd.	Kaohsiung	Taiwan	50.00%			Equity method
Jui Li Edscha Holding Co., Ltd.	Apia	Samoa		50.00%		Equity method(A)
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Hainan	China		50.00%		Equity method(A)
Edscha Automotive Technology Co., Ltd.	Shanghai	China	100.00%			Full
Shanghai Edscha Machinery Co., Ltd.	Shanghai	China	55.00%			Full
Anhui Edscha Automotive Parts Co Ltda.	Anhui	China	100.00%			Full
Edscha Automotive Michigan, Inc	Lapeer	USA	100.00%			Full
Edscha Togliatti, Llc.	Togliatti	Russia	100.00%			Full
Edscha Automotive Components Co., Ltda.	Kunshan	China	100.00%			Full
Gestamp Finance Slovakia S.R.O.	Velky Meder	Slovakia	75.00%		25.00%	Full
Edscha Kunststofftechnik GmbH	Remscheid	Germany	100.00%			Full
Edscha Pha, Ltd.	Seul	South Korea	50.00%			Full
Edscha Aapico Automotive Co. Ltd	Pranakorn Sri Ayutthaya	Thailand	50.99%	0.01%		Full

(A) These companies are consolidated under full consolidation method in Jui Li Edscha Body Systems Subgroup. This Subgroup is accounted for in Edscha Subgroup using the equity method.

The companies which hold the indirect shareholding indicated in the above table at December 31, 2015 and December 31, 2014 are the following:

	December 31, 2015	
Company	**Company holding the indirect investment**	**% investment**
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.99%
Edscha Burgos, S.A.	Gestamp 2008, S.L.	99.99%
Edscha do Brasil, Ltda.	Edscha Santander, S.L.	16.74%
Edscha Briey, S.A.S	Edscha Santander, S.L.	100.00%
Edscha do Brasil, Ltda.	Edscha Engineering GmbH	83.26%
Edscha Aapico Automotive, Co, Ltd.	Edscha Engineering GmbH	0.01%
Edscha Scharwaechter Mec. S.A.P.I. de C.V.	Edscha Engineering GmbH	0.01%
Edscha Scharwaechter Mec. Serv. Lab. S.A.P.I. de C.V.	Edscha Engineering GmbH	0.01%
Jui Li Edscha Holding Co. Ltda.	Jui Li Edscha Body Systems Co Ltda.	100.00%
Jui Li Edscha Hainan Industry Enterprise Co Ltda.	Jui Li Edscha Holding Co. Ltda.	100.00%

3. Consolidation scope (Continued)

	December 31, 2014	
Company	Company holding the indirect investment	% investment
Edscha Santander, S.L.	Gestamp 2008, S.L.	94.99%
Edscha Burgos, S.A.	Gestamp 2008, S.L.	99.99%
Edscha do Brasil, Ltda.	Edscha Santander, S.L.	58.63%
Edscha Briey, S.A.S	Edscha Santander, S.L.	100.00%
Edscha do Brasil, Ltda.	Edscha Engineering GmbH	41.37%
Jui Li Edscha Holding Co. Ltda.	Jui Li Edscha Body Systems Co Ltda.	100.00%
Jui Li Edscha Hainan Industry Enterprise Co Ltda.	Jui Li Edscha Holding Co. Ltda.	100.00%
Edscha Aapico Automotive, Co, Ltd.	Edscha Engineering GmbH	0.01%

These companies are active primarily in the manufacturing of automotive components.

The companies which compose the Gestamp Metal Forming Subgroup at December 31, 2015 and December 31, 2014 and the information about the consolidation method used, address and shareholding percentage (direct and indirect), are the following:

	December 31, 2015				
Company	Address	Country	Direct shareholding	Indirect shareholding	Consolidation method
GMF Holding GmbH	Remscheid	Germany	Parent company		Full
GMF Wuhan, Ltd	Wuhan	China	100.00%		Full
Gestamp Umformtechnik GmbH	Ludwigsfelde	Germany	100.00%		Full
Automotive Chassis Products Plc.	Newton Aycliffe, Durham	United Kingdom	100.00%		Full
Sofedit, S.A.S	Le Theil sur Huisne	France	65.00%		Full
Gestamp Prisma, S.A.S	Usine de Messempré	France	100.00%		Full
Gestamp Tallent , Ltd	Newton Aycliffe, Durham	United Kingdom		100.00%	Full
Gestamp Wroclaw Sp.z,o.o.	Wroclaw	Poland		65.00%	Full
Gestamp Auto components (Chongqing) Co., Ltd.	Chongqing	China	100.00%		Full

	December 31, 2014				
Company	Address	Country	Direct shareholding	Indirect shareholding	Consolidation method
GMF Holding GmbH	Remscheid	Germany	Parent company		Full
GMF Wuhan, Ltd	Wuhan	China	100.00%		Full
Gestamp Umformtechnik GmbH	Ludwigsfelde	Germany	100.00%		Full
Automotive Chassis Products Plc.	Newton Aycliffe, Durham	United Kingdom	100.00%		Full
Sofedit, S.A.S	Le Theil sur Huisne	France	65.00%		Full
Gestamp Prisma, S.A.S	Usine de Messempré	France	100.00%		Full
Gestamp Tallent , Ltd	Newton Aycliffe, Durham	United Kingdom		100.00%	Full
Gestamp Wroclaw Sp.z,o.o.	Wroclaw	Poland		65.00%	Full

The companies which hold the indirect shareholding indicated in the above table at December 31, 2015 and December 31, 2014 are the following:

	December 31, 2015	
Company	Company holding the indirect investment	% investment
Gestamp Tallent, Ltd.	Automotive Chassis Products, Plc	100.00%
Gestamp Wroclaw Sp.z,o.o.	Sofedit, S.A.S	100.00%

	December 31, 2014	
Company	Company holding the indirect investment	% investment
Gestamp Tallent, Ltd.	Automotive Chassis Products, Plc	100.00%
Gestamp Wroclaw Sp.z,o.o.	Sofedit, S.A.S	100.00%

These companies are active primarily in the manufacturing of automotive components.

3. Consolidation scope (Continued)

No significant subsidiaries have been excluded from the consolidation scope.

The closing of the financial year for the companies included in the consolidation scope is December 31, 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 years close on March 31. However, an interim closing as at December, 31 has been prepared for the purpose of including these companies in the Consolidated Financial Statements at December 31.

4. Basis of presentation

4.1 True and fair view

The Consolidated Financial Statements for the period ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the European Union and enacted in European Commission legislation in effect on December 31, 2015.

The Consolidated Financial Statements have been prepared on the basis of the accounting records of each group company as of December 31, 2015 and December 31, 2014. 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 have been made in consolidation in order to harmonize the policies and methods used and to adapt them to IFRS.

The figures contained in these Consolidated Financial Statements are expressed in thousands of euros, unless otherwise indicated.

4.2 Approval of the Financial Statements and proposal for the appropriation of profit

The individual 2015 Financial Statements of the Group companies will be presented for approval at their respective Annual General Meetings of shareholders within the deadlines established by the prevailing legislation. The Directors of the Company believe that no significant changes will be made to the 2015 Consolidated Financial Statements as a result of this process. The Gestamp Automoción Group's 2015 Consolidated Financial Statements will be authorized by the Board of Directors of the Company on March 21, 2016 for issue and submission to the Annual General Meeting where they are expected to be approved without modification.

The Company's Board of Directors will submit the following appropriation of profit proposal for the year ended December 31, 2015 for approval at the Annual General Meeting:

	Thousands of euros
Basis of appropriation	
As per income statement	8,785
Appropriation to:	
Losses to offset	7,336
Legal reserve	878
Goodwill reserve	571

Restrictions on the distribution of dividends

The Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve reaches an amount at least equal to 20% of issued capital. Unless the balance of the reserve exceeds this amount, it cannot be distributed to shareholders.

Once the legal requirements have been met, dividends may only be distributed against profit for the year or against unrestricted reserves if the book value of equity is not lower than, or as a result of the dividend payment would not dip below, issued share capital. For this purpose, profit recognized directly in

4. Basis of presentation (Continued)

shareholders' equity cannot be directly or indirectly distributed. If prior years' losses have reduced the Company's book value of equity to below the amount of its issued share capital, profit must be allocated to offset these losses.

4.3. Comparison of information

There have been no significant additions to consolidation scope in 2015 and 2014 except the business combination of Gestamp Pune Automotive Private Limited (Note 2.b) and the acquisition of 40% shareholding in Gestamp Global Tooling, S.L. to non-controlling shareholder Ekarpen Private Equity S.A. (Ekarpen) (Note 2.a).

4.4 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the parent company and subsidiaries as per December 31, 2015.

The Group controls a subsidiary if and only if it has:

- 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
- The ability to use its power over the subsidiary to affect the amount of the investor's 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

The Group reassesses the existence of control over a subsidiary when facts and circumstances indicate changes in one or more elements determining control (Note 6).

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.

The financial statement of the subsidiaries have the same closing date as the parent company, except for the companies mentioned in Note 3. The said companies have an additional closing for the financial year for their inclusion to the Consolidated Financial Statements, being elaborated with the same accounting policies in a uniform and coherent procedure.

The profit of a subsidiary is attributed to non-controlling interest even if it means registering a receivable balance.

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:

- Derecognizes assets (including goodwill) and liabilities of such subsidiary.
- Derecognizes carrying amount of non-controlling interests.
- Derecognizes the translation differences registered in Equity.
- Recognizes the fair value of the amount received for the operation.

4. Basis of presentation (Continued)

- Recognizes the fair value of any retained investment.
- Recognizes 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 meeting the following requirements:

I. Companies in which the Company holds a direct or indirect interest of over 50%, which gives it more than half the voting rights on the entity's governing bodies.

II. Companies where the Company have influence in returns, over which the Company has rights, by making decisions on their relevant activities.

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 the preparation of the accompanying Consolidated Financial Statements, significant influence is deemed to exist in investments in which the Group, directly or indirectly, holds over 20% of the voting power, and in certain instances where the Group's holding is less than 20%, but significant influence can be clearly demonstrated.

Translation of the Financial Statements of foreign operations

The assets and liabilities and income statements of foreign operations included in the consolidation scope whose functional currency is different from the presentation currency are translated to euro using the closing foreign exchange rates method as follows:

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

4. Basis of presentation (Continued)

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 in the Consolidated Balance Sheet (Note 15).

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 2015 is 16 million euros of negative translation differences (20 million euros of negative translation differences in 2014).

At December 31, 2015 and December 31, 2014 neither the Company nor the subsidiaries held equity units issued by the Company.

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 consolidation scope

The following transactions and balances were eliminated in consolidation:

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

Non-controlling interest

The value of non-controlling interest in the equity and profit (loss) for the year of consolidated subsidiaries consolidated by the full consolidation method is recognized in "Equity attributable to non-controlling interest" in the Equity in the Consolidated Balance Sheet and in "Profit (loss) attributable to non-controlling interest" in the Consolidated Income Statement and Consolidated Comprehensive Income Statement, respectively.

4.5 Changes in accounting policies

1. Standards and interpretations adopted by the European Union applied by first time this year

The accounting policies used in the preparation of these Consolidated Financial Statements are the same to those applied to the Consolidated Financial Statements for the year ended December 31, 2014 since none of the modifications to the standards or the interpretations which are first time applicable this year have impact in the Group.

2. Standards and interpretations issued by the IASB but not applicable this year

The Group intends to adopt the standards, interpretations and amendments issued by the IASB but not mandatory in the European Union at the date of these consolidated financial statements when they become effective, if applicable. The Group is currently analyzing the impact. Based on the analyses carried out to date, the Group considers that the application of these standards and amendments will not have a significant impact on the consolidated financial statements except amendments down below.

4. Basis of presentation (Continued)

IFRS 15 *Revenue From Contracts With Customers*

IFRS 15 was published in May 2014 and establishes a new five-step model framework applicable to revenue from customer contracts. Under IFRS 15, the amount of revenue recognized reflects the consideration to which the entity expects to be entitled in exchange for those goods or services provided to a customer. The principles of IFRS 15 introduce a more structured approach to measuring and recognizing revenue.

This new standard supersedes all prior standards on revenue recognition. IFRS 15 must be applied retroactively either totally or in part for the years beginning on January 01, 2018 or afterwards; early application is also permitted although this standard has not been adopted by the European Union yet. The Group is currently assessing the impact of IFRS 15 and plans to adopt it by the abovementioned date.

IFRS 16 *Leases*

IFRS 16 was published in January 2016 and implies significant changes for lessees since, for most leases, they will have to account an asset for the right to use and a liability for the rentals to pay. For lessors there are few changes compared to current IAS 17.

This new standard supersedes prior standards on leases. IFRS 16 permits either a full retrospective or a modified retrospective approach for the years beginning on January 01, 2019 included; early application is also permitted although this standard has not been adopted by the European Union yet. The Group pretends to adopt this new standard at the required effective date by a retrospective transition approach. The Group has started a preliminary assessment of IFRS 16 and the effects on their consolidated financial statements.

Company as lessee

The main effect in Group financial statements is the recognition in balance sheet of the right to use and the corresponding liability related to operating leases. As mentioned in Note 28, future minimum payments for non-cancellable operating leases amount to 439,838 thousand euros at December 31, 2015. The Group is analyzing whether periods for those future minimum payments are similar to lease periods to use according to IFRS 16.

In addition there will be an increase in operating income since leasing expenses (88,038 thousand euros in 2015 (Note 28)) are eliminated and amortization and financial expenses will increase for a total amount slightly higher to that amount.

Amendments to IAS 1 Disclosure Initiative

The Group is analyzing the proposed amendments and thus expects to apply the following recommendations in its 2015 financial statements:

- Eliminate immaterial information.
- Structure the notes so that the most relevant matters are described at the beginning of the notes to the financial statements.
- Eliminate disclosures included in the accounting policies that are included in the standards, including only Group-specific matters.

The Group's consolidated financial statements are not expected to be affected by the remaining amendments.

4. Basis of presentation (Continued)

Amendments to IAS 7 Statement of cash-flows: Disclosure Initiative

These amendments require the Group to present information about the changes in financial liabilities for a better understanding of movements in Group debt. The amendments will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from monetary and non-monetary operations (such as foreign exchange differences).

The amendments include illustrative examples with the reconciliation between the opening and closing balances of items for which cash flows are classified as financing activities, excluding equity items and separating movements that imply cash-flows from those that do not. These amendments will become effective for annual periods beginning on or after January 1, 2017 although early application is permitted. Comparative information from previous year is not required. Consequently, the amendments will not have impact until 2017, when this disclosure is required.

4.6 Going concern

The Group's management has drawn up these Financial Statements on a going concern basis given its judgment 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 on an ongoing basis with 84% of its bank financing as of December 31, 2015 and 2014 maturing over periods longer than twelve months.

At December 31, 2015 the Group had 391 million euros (2014: 560 million euros) of total available liquidity, comprised of 356 million euros in cash and cash equivalents (2014: 484 million euros) and 35 million euros in current financial assets (2014: 76 million euros). In addition, the Group has undrawn credit facilities amounting to 345 million euros at December 31, 2015 (2014: 267 million euros).

5. Summary of significant accounting policies

5.1 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 Annual Financial Statements are presented in thousands of euros, as the Euro is the Group's presentation currency and the functional currency of the parent company.

Transactions in foreign currency different to 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 recognized in the Consolidated Income Statement.

5.2 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.
- Discounts for prompt payment, which are deducted from the asset's carrying value.

5. Summary of significant accounting policies (Continued)

- Directly attributable costs incurred to ready the asset for use.

Prior to the IFRS transition date (January 1, 2007), certain Group companies revalued certain items of property, plant, and equipment as permitted under applicable legislation (Royal Decree-Law 7/1996, Basque regional law 6/1996 and several international laws). The amount of these revaluations is considered part of the cost of the assets as provided for under IAS 1.

At the transition date to EU-IFRSs (January 1, 2007), Property, plant and equipment was measured at fair value at the said date, based on the appraisals of an independent expert, which generated a revaluation of Group assets (Note 9).

The carrying value of Property, plant, and equipment acquired by means of a business combination is measured by its fair value at the moment of its incorporation into the Group (Note 5.3) being it consider as its cost value.

Specific spare parts: certain major parts of some items of 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 capitalized.

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 the asset is retired.

As permitted under revised IAS 23, borrowing costs directly attributable to the acquisition or development of a qualifying asset—an asset that takes more than one year to be ready for its intended use—are capitalized as part of the cost of the respective assets.

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:

	Years of estimated useful life
Buildings	17 to 50
Plant and machinery	3 to 15
Other plant, tools and furniture	2 to 10
Other PP&E items	4 to 10

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

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 until recoverable value.

5.3 Business combinations and 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.

5. Summary of significant accounting policies (Continued)

Acquisition costs incurred are registered under the heading "Other operating expenses" in the 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 as at the acquisition date, included the separation of implicit derivatives financial instruments 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 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 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 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 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). The Company recognizes any excess that continues to exist after this reconsideration in the 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 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 5.7).

5.4 Investment in associates and joint ventures

The Group has several participations in joint ventures, business over which the Group exercises joint control, where contractual agreements exist. The contracts require that the agreement between the parties with respect the operating and financial decisions be unanimous.

The Group has also participations in associates, business over which the Group has significant influence.

Participations in associates and joint ventures are accounted for 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 amortised and no impairment test related is done.

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 recognized directly in equity by the associate or joint venture, the Group recognizes its share of this change, when applicable, in the statement

5. Summary of significant accounting policies (Continued)

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 non-controlling interests.

The financial statements of the associate and the joint venture are prepared for the same period than the Group; the required adjustments and reclassifications have been made in consolidation in order to harmonize 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 recognised. At closing date the Group consider 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 recognized in "Share of profits from associates- equity method" 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 in the moment of loss of significant influence and the fair value of the investment plus the income for sale is recognized in the Consolidated Income Statement.

5.5 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 recognized 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 capitalized 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.

Concessions, patents, licenses, 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.

5. Summary of significant accounting policies (Continued)

Software

Software is measured at acquisition cost.

Software acquired from third parties and capitalized is amortized over its useful life, which in no instance will exceed 5 years.

IT maintenance costs are expensed as incurred.

5.6 Financial assets

Financial assets are initially measured at fair value plus any directly attributable transaction costs, except financial assets at fair value through profit and loss where transaction cost are registered in Consolidated Income Statement.

The Group classifies its financial assets, current and non-current, into the following categories:

- Financial assets at fair value through profit and loss (held for trading).
- Held-to-maturity investments.
- Loans and receivables.
- Available-for-sale financial assets.
- Investments in associates accounted for using the equity method.

Classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets upon initial recognition and reassesses this designation at each year end.

Financial assets at fair value through profit and loss

These are financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments, except those designated as hedging instruments in an effective hedge.

They are classified as non-current assets, except for those maturing in less than 12 months, and they are carried on the balance sheet at fair value. Changes in value of these assets are recognized in the Consolidated Income Statement as Financial gains or losses.

Fair value is the market price at the Consolidated Balance Sheet date.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

They are classified as non-current, except for those maturing in less than 12 months from the balance sheet date. They are carried at amortized cost using the effective interest method, less any impairment charges.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current, except for those maturing in more than 12 months from the balance sheet date.

They are carried at amortized cost using the effective interest method, less any impairment charges.

5. Summary of significant accounting policies (Continued)

Available-for-sale financial assets

There are financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. They are classified as non-current unless management plans to dispose of them within 12 months from the balance sheet date.

They are measured at fair value at the balance sheet date. Unrealized gains or losses are recognized in Retained earnings until the investment is retired or impaired, at which time the cumulative gain or loss recorded in equity is recognized in the Consolidated Income Statement.

Investments in associates 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 5.4).

Derecognition of financial instruments

The Group retires a transferred financial asset from the Consolidated Balance Sheet when it has transferred 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 a third party, 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 recognizes any income on the transferred asset and any expense incurred on the financial liability in the Consolidated Income Statement. Such income and expense are not offset.

5.7 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.

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.

When the carrying amount of a group of assets or CGU exceeds its recoverable amount, an impairment loss is recognized 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 that, 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 previsions individually prepared for each CGU to which the asset is allocated. Those budgets and previsions refer to a five-year period and for longer periods a long-term growing rate is calculated and used for estimating cash-flows after the fifth year.

5. Summary of significant accounting policies (Continued)

The impairment losses from continued operations, including impairment of inventories, are registered in the Consolidated Income Statement in the expenses 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.

A previously recognized impairment loss is reversed, with the reversal recognized in the 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 recognized.

The following assets present specific characteristics when assessing their impairment:

Consolidation goodwill

At year end as well as when there is evidence that goodwill may be impaired, an impairment test of goodwill is carried out.

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 their carrying amount, an impairment loss is registered.

Goodwill impairment losses cannot be reversed in future periods.

Intangible assets

The Group has implemented annual procedures to test intangible assets with indefinite useful life for impairment. This assessment is carried out for each of the CGUs or groups of CGUs, as well as when there is evidence that intangible assets 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 Consolidated Income Statement for the year. The cumulative loss recognized in the income statement is measured as the difference between the acquisition cost and current fair value.

Once that 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 recognized in the income statement, the impairment loss is reversed through the 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 carrying amount of the asset is reduced through use of an allowance account and the amount of the loss is recognized in the Consolidated Income Statement. 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.

5. Summary of significant accounting policies (Continued)

5.8 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 December 31, 2015 there are no assets and liabilities in this category and no profit from discontinued operations.

At December 31, 2014 the result of the sale of companies Gestamp Sungwoo Hitech (Chennai) Pvt., Ltd., Sungwoo Gestamp Hitech Chennai, Ltd. and GS Hot-Stamping Co. Ltd was registered as Profit for the year from discontinued operations net of taxes (under the heading Discontinued operations) for 526 thousand euros of losses (Note 26).

In addition, the 2014 profit from these companies until the sale amounting to 1,047 thousand euros of losses (Note 26) was also registered as Profit for the year from discontinued operations net of taxes (under the heading Discontinued operations).

5.9 Trade and other receivables

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

Discounted bills pending maturity at year end are included in the accompanying consolidated balance sheets 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 have been transferred to the bank (Note 12.a).

The Group recognizes impairment allowances on balances past-due over certain periods, or when other circumstances warrant their classification as impaired.

5.10 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).

5.11 Tools made to customer order

A construction contract is a contract specifically negotiated with a customer for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the balance sheet date (Note 5.18).

When the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent that contract costs incurred are expected to be recoverable.

5. Summary of significant accounting policies (Continued)

Based on its experience and Group estimates, with rare exceptions, management does not expect to incur losses, which have not been recognized on these Financial Statements, on the definitive settlement of the tool manufacture contracts in progress at December 31, 2015.

In the exceptional cases where there are contract costs that may not be recovered, no revenue is recognized and all amounts of such costs are recognized as an expense immediately.

Customer advances received reflect billing milestones and not necessarily the stage of completion of the contract.

Tools-in-progress measured using the stage of completion method are recognized under "Trade receivables" net of customer advances with a balancing entry to "Revenue from tool sales".

5.12 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.

5.13 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.

When the grant relates to an asset, it is recognized as "Deferred Income" in the Consolidated Balance Sheet and released to income over the expected useful life of the related asset.

When the grant relates to expense items, it is recognized directly in the Consolidated Income Statement as income.

5.14 Financial liabilities (trade and other payables and borrowings)

Financial liabilities are initially recognized at fair value less attributable to transaction costs except financial liabilities at fair value through 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, cancelled or expires.

5.15 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or implicit) as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

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

Headcount restructuring provisions are stated at the amount of expenses expected to arise from the restructuring and any other expenses not associated with the entity's day-to-day business.

Headcount restructuring provisions are only recognized when there is a formal plan identifying the affected business, the main locations affected, and the employees to receive redundancy payments, the outlays to be incurred, when it will be implemented, and when the entity has raised a valid expectation that it will carry out the restructuring and those affected have been informed.

5. Summary of significant accounting policies (Continued)

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 just broken down and not accounted for.

5.16 Employee benefits

The Group has assumed pension commitments for some companies belonging to the Edscha and the Gestamp Metal Forming Subgroups 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-employments 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 recognized in profit and loss according to accrual principle.

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 in profit and loss.

The amounts to be recognized 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 recognized 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, detailed below, 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.

5. Summary of significant accounting policies (Continued)

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 (if any).

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.

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.

5.17 Leases

Leases in which all the risks and benefits associated with ownership of the asset are substantially transferred 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 recognized as an expense in the Consolidated Income Statement on a straight line basis over the lease term.

5.18 Revenue and expense recognition

Revenue and expenses are recognized when products are delivered or services are provided, regardless of when actual payment or collection occurs.

Revenue is recognized at fair value of the balancing entry, defining fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Revenue includes:

- Sale of goods: Revenue from the sale of goods is recognized when the following conditions have been met:
  - the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
  - the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
  - the amount of revenue can be measured reliably;
  - it is probable that the economic benefits associated with the transaction will flow to the Group.
  - the costs incurred or to be incurred in respect of the transaction can be reliably measured.

5. Summary of significant accounting policies (Continued)

- Manufacture of tools for third party sale and rendering of services: revenue arising from the manufacture of tools for sale to third parties and the rendering of services are recognized by reference to the stage of completion of the transaction at the reporting date—stage of completion method (Note 5.11).
- Interest, royalties, and dividends: interest revenue is recognized as interest accrues 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).

  Royalties are recognized on an accrual basis in accordance with the substance of the relevant agreement.

  Dividends are recognized when the shareholder's right to receive payment is established.

Expenses are recognized when there is a decrease in the value of an asset or an increase in the value of a liability that can be measured reliably, and they are recognized during the period in which they are incurred.

5.19 Income tax

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

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

Current tax

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 recognized as a reduction in tax expense in the year in which they are applied or offset, unless there is reasonable doubt as to their realization, in which case they are not capitalized 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.

5. Summary of significant accounting policies (Continued)

5.20 Derivative financial instruments and hedges

The 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 Company and on a portion of expected future borrowings.

These financial derivatives hedging cash flow are initially recognized in the Consolidated Balance Sheet at acquisition cost and, subsequently, they are marked to market.

Any gains or losses arising from changes in the market value of derivatives in respect of the ineffective portion of an effective hedge are taken directly to the Consolidated Income Statement, while gains or losses on the effective portion are recognized in "Effective hedges" within "Retained earnings" with respect to cash flow hedges, and in "Translation differences" with respect to net foreign investment hedges. The cumulative gain or loss recognized in equity is taken to the Consolidated Income Statement when the hedged item affects profit or loss or in the year of disposal of the item.

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

In addition, the Group has debt instrument (US dollar bonds issuance) to cover the exposure to exchange rate risk of the investments in subsidiaries whose functional currency is US dollar (Note 20.b.2).

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 shall be recognized in Consolidated Income Statement and the effective portion in Translation differences (Consolidated Equity). The accumulated loss or gain is transferred to the Consolidated Income Statement when the investment of the foreign operation is derecognized.

5.21 Related parties

The Group considers its direct and indirect shareholders, its associated companies, its directors and its officers as Related Parties.

Companies belonging to the majority shareholder of the Company are also considered related parties.

5.22 Environmental issues

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 5.2 above.

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

6. Significant accounting judgments, estimates, and assumptions

The preparation of the accompanying Consolidated Financial Statements under IFRS requires management to make judgments, estimates, and assumptions that affect:

- The reported amounts of assets and liabilities.
- The disclosure of contingent assets and liabilities at the reporting date.
- The reported amounts of revenue and expenses throughout the year.

6. Significant accounting judgments, estimates, and assumptions (Continued)

The key estimates and assumptions that have a significant impact on the accompanying Consolidated Financial Statements are as follows:

- The valuation of assets and goodwill for the purposes of determining any impairment losses.
- In relation to the assumptions used to estimate cash flows at the CGUs, management used the most conservative scenarios so that adjustments to carrying amounts in this regard are considered unlikely (Note 5.7 and 8.a).
- Cash-flow discount rates and growth rates (Note 8.a).
- The likelihood and quantification of indeterminate and contingent liabilities (Note 5.15 and 18).
- Calculation of discount rates, future salary increases, mortality rates and future pensions increases.
- Revision of useful lifes of operative assets.
- The Group checks all relevant facts and circumstances that may imply significant changes in control of subsidiaries.
- Calculation of income tax expense and recognition of deferred tax assets: the correct measurement of income tax expense depends on a number of factors, including timing estimates in relation to the application of deferred tax assets and the accrual of income tax payments. The actual timing of payments and collections could differ from these estimates as a result of changes in tax regulations or in planned/future transactions with an impact on the tax base of the Group's assets.

Although these estimates have been made based on the best information available regarding the facts analyzed at the reporting date, events may occur in the future that require adjustments to be made prospectively in subsequent years to reflect the effect of the revised estimates. Nevertheless, management does not expect any such adjustments to have a material impact on its future Consolidated Financial Statements.

7. 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 recognized prospectively in the same Consolidated Income Statement heading in which the associated income or expense was recognized under the former estimate.

Changes in significant accounting policies and restatement of errors:

Changes in accounting policies and restatement of errors are recognized to the extent they are significant: the cumulative effect of the change at the beginning of the period is recognized by restating "Retained earnings" while the period-specific effect of the change is recognized in Consolidated Profit and Loss for the year. In these instances, the prior year's balances are also restated to maintain comparability of information.

8. Intangible assets

a) Goodwill

The change in goodwill in 2014 and 2015 is as follows:

	Thousands of euros				
Company	At December 31, 2013	Additions	Decreases	Currency translation differences	At December 31, 2014
Gestamp Metalbages, S.A.	15,622				15,622
Gestamp Levante, S.L.	6,944				6,944
Gestamp Aveiro, S.A.	7,395				7,395
Griwe Subgroup	6,466				6,466
Gestamp HardTech, AB	43,236			(2,709)	40,527
Gestamp Brasil Industria de Autopeças, S.A.	11,007			103	11,110
Beyçelik, A.S.	24,312			1,035	25,347
Gestamp Services India Private, Ltd.	11			1	12
Gestamp Severstal Vsevolozhsk, Llc	168			(64)	104
Adral, matricería y pta. a punto, S.L.	857				857
	116,018	—	—	(1,634)	114,384

	Thousands of euros				
Company	At December 31, 2014	Additions	Decreases	Currency translation differences	At December 31, 2015
Gestamp Metalbages, S.A.	15,622				15,622
Gestamp Levante, S.L.	6,944				6,944
Gestamp Aveiro, S.A.	7,395				7,395
Griwe Subgroup	6,466				6,466
Gestamp HardTech, AB	40,527			1,097	41,624
Gestamp Brasil Industria de Autopeças, S.A.	11,110			(2,801)	8,309
Beyçelik, A.S.	25,347			(2,727)	22,620
Gestamp Services India Private, Ltd.	12			1	13
Gestamp Severstal Vsevolozhsk, Llc	104			(8)	96
Adral, matricería y pta. a punto, S.L.	857				857
	114,384	—	—	(4,438)	109,946

Currency translation differences in 2014 and 2015 correspond to the adjustments to the goodwill of companies whose functional currency is different from the Euro, translated at the exchange rate prevailing at the Consolidated Balance Sheet date, according to IAS 21 (Note 5.3).

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.

8. Intangible assets (Continued)

The CGU recoverable value at December 31, 2015 has been determined by the assessment of value in use, using cash flow projections covering a five-year period and based on the future business evolution. The cash flows beyond the five-year period has been extrapolated using a growth rate of 1% for 2015 and 2014, except for the Brazilian CGU where the growth rate used in 2015 is 2%. These hypotheses can be considered cautious compared with the rest of the long term average growth rates of the automotive sector. Pre-tax discount rate for cash flow projections for the CGUs with the most significant goodwill in 2015 and 2014 are the followings:

	Pre-tax discount rate	
CGU	2015	2014
Gestamp HardTech, AB	10.65%	10,24%
Beycelik, A.S.	18.00%	17.65%
Gestamp Metalbages, S.A.	10.58%	10.51%

The value in use is higher than the net value for all the CGUs.

According to the estimates and projections available to management, the expected future cash flows attributable to the various CGUs or groups of CGUs to which goodwill is assigned indicate that the carrying amount of all the goodwill recognized at December 31, 2015 is at least equal to the corresponding recoverable amounts.

Sensitivity analysis to changes in key assumptions

The Company's management subjects its goodwill valuations to a sensitivity analysis, varying key inputs such as the discount and terminal growth rates used, to ensure that potential changes in these estimates do not reduce recoverable amounts to below carrying amounts.

- Although a 50 basis points increase in the discount rate used would reduce value in use, in no case would this be reduced to below the carrying amount of goodwill.
- Assuming a rate of perpetual growth of 0.5% would similarly result in a decline in value in use, albeit in no instance to below the carrying amount of goodwill.

8. Intangible assets (Continued)

b) Other intangible assets

The breakdown and change in the various items comprising "Other intangible assets" are shown below:

	Thousands of euros					
Cost	**At December 31, 2013**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2014**
R&D expenses	143,710	46,721	(2,001)	1,500	(9,826)	180,104
Concessions	16,278	464		1,674	(1,093)	17,323
Patents, licenses & trademark	35,478	1,096	(104)	(104)	85	36,451
Goodwill	1,849			351	(302)	1,898
Transfer fees	252			(7)	(126)	119
Software	84,375	12,670	(1,932)	732	9,438	105,283
Prepayments	6,393	9,057	(4)	(259)	(6,261)	8,926
Total cost	288,335	70,008	(4,041)	3,887	(8,085)	350,104
Amortization and impairment						
R&D expenses	(61,614)	(19,199)	1,836	(1,151)	3,480	(76,648)
Concessions	(971)	(359)		(129)	245	(1,214)
Patents, licenses & trademark	(3,288)	(550)	100	29		(3,709)
Transfer fees	(156)	59		7	58	(32)
Software	(60,898)	(8,871)	1,019	(671)	(557)	(69,978)
Total accumulated amortization	(126,927)	(28,920)	2,955	(1,915)	3,226	(151,581)
Impairment of Intangible assets	(1,467)	1	—	(27)	177	(1,316)
Net carrying amount	159,941	41,089	(1,086)	1,945	(4,682)	197,207

Additions in R&D expenses correspond mainly to the companies Autotech Engineering AIE and Edscha Automotive Technology Co. Ltd. regarding development and design costs of portfolio projects, as well as the application of new technologies and the introduction of new materials related with the business.

Additions in Software corresponded mainly to software licenses renewal and to costs of SAP development and implementation in subsidiaries.

8. Intangible assets (Continued)

Other movements mainly reflect a reclassification for 4,277 thousand euros from R&D expenses to Machinery, after an accurate study on the nature of these items, as well as adjustments from previous years.

	Thousands of euros						
Cost	**At December 31, 2014**	**Additions to consolidation scope**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2015**
R&D expenses	180,104		57,904	(910)	1,722	2,078	240,898
Concessions	17,323				1,106	5	18,434
Patents, licenses & trademark	36,451		2,854	(73)	58	(188)	39,102
Goodwill	1,898			(4)	303	(297)	1,900
Transfer fees	119					(5)	114
Software	105,283	103	14,244	(397)	(255)	8,497	127,475
Prepayments	8,926		13,301	(174)	(270)	(8,535)	13,248
Total cost	350,104	103	88,303	(1,558)	2,664	1,555	441,171
Amortization and impairment							
R&D expenses	(76,648)		(26,558)	787	(903)	(300)	(103,622)
Concessions	(1,214)		(344)		(72)	(90)	(1,720)
Patents, licenses & trademark	(3,709)		(456)	73	(43)	152	(3,983)
Transfer fees	(32)		(265)		3		(294)
Software	(69,978)	(70)	(11,217)	(8)	108	759	(80,406)
Total accumulated amortization	(151,581)	(70)	(38,840)	852	(907)	521	(190,025)
Impairment of Intangible assets	(1,316)		(802)	132	(19)	297	(1,708)
Net carrying amount	197,207	33	48,661	(574)	1,738	2,373	249,438

Additions to consolidation scope in 2015 correspond to assets contributed by Gestamp Pune Automotive Pvt Ltd (Note 2.b).

Additions in R&D expenses correspond mainly to the companies Autotech Engineering AIE, Edscha Automotive Michigan Inc. and Edscha Automotive Hengersberg GmbH regarding development and design costs of portfolio projects, as well as the application of new technologies and the introduction of new materials related with the business

Additions in Software mainly corresponded to software licenses renewal and to costs of SAP development and implementation in subsidiaries.

Additions in Prepayments correspond to costs from SAP implementation in subsidiaries.

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

9. Property, plant and equipment

The breakdown and change in various items comprising "Property, plant and equipment" are shown below:

	Thousands of euros					
Cost	**At December 31, 2013**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2014**
Land and buildings	1,149,335	31,361	(143)	5	119,076	1,299,634
Plant and other PP&E	3,575,528	109,062	(35,289)	35,955	361,697	4,046,953
PP&E under construction and prepayments	483,611	272,888	(31,486)	1,830	(476,040)	250,803
Total cost	5,208,474	413,311	(66,918)	37,790	4,733	5,597,390
Depreciation and impairment						
Land and buildings	(301,557)	(36,303)	141	(1,244)	1,589	(337,374)
Plant and other PP&E	(2,340,080)	(254,245)	31,555	(20,809)	(5,889)	(2,589,468)
Accumulated depreciation	(2,641,637)	(290,548)	31,696	(22,053)	(4,300)	(2,926,842)
Impairment of PP&E	(13,055)	(79)	549	(342)	4,168	(8,759)
Net book value	2,553,782	122,684	(34,673)	15,395	4,601	2,661,789

Cost value of the property, plant and equipment additions at December 31, 2014 correspond, mainly, to investments in plants and production lines as well as to replacement of capital expenditure to maintain existing activities. The breakdown of investments by countries is as follows:

	Thousands of euros
Spain	79,278
China	71,853
United Kingdom	52,406
USA	43,520
Germany	38,925
Mexico	30,482
Brazil	19,567
Czech Republic	14,591
Russia	10,550
France	10,310
Turkey	7,923
Korea	6,218
Other	27,688
TOTAL	**413,311**

The net value of Disposals of plant and other PP&E corresponds, mainly, to the dismantlement of production lines and disposal of fully amortized items out of use.

Cost value of the PP&E under construction disposals correspond, mainly, to the sale of PP&E under construction of Gestamp Bizkaia, S.A.

The net value of Other movements mainly reflect adjustments relating to prior years as well as the reclassification from R&D expenses to Machinery for 4,277 thousand euros (Note 8.b).

9. Property, plant and equipment (Continued)

The breakdown by country of translation differences arising at December 31, 2014 is the following:

	Thousands of euros
USA	37,752
China	23,329
United Kingdom	15,682
India	6,365
Turkey	2,843
Argentina	(7,152)
Russia	(63,906)
Other countries	482
TOTAL	15,395

	Thousands of euros						
Cost	**At December 31, 2014**	**Additions to consolidation scope**	**Additions**	**Disposals**	**Currency translation differences**	**Other movements**	**At December 31, 2015**
Land and buildings	1,299,634	7,023	10,974	(5,602)	(5,711)	17,300	1,323,618
Plant and other PP&E	4,046,953	1,839	148,413	(75,438)	2,616	223,544	4,347,927
PP&E under construction and prepayments	250,803		374,738	(2,421)	(848)	(243,663)	378,609
Total cost	5,597,390	8,862	534,125	(83,461)	(3,943)	(2,819)	6,050,154
Depreciation and impairment							
Land and buildings	(337,374)	(1,017)	(32,393)	3,262	1,320	1,191	(365,011)
Plant and other PP&E	(2,589,468)	(1,056)	(285,110)	61,866	3,547	(1,115)	(2,811,336)
Accumulated depreciation	(2,926,842)	(2,073)	(317,503)	65,128	4,867	76	(3,176,347)
Impairment of PP&E	(8,759)	—	(2,933)	—	(309)	1	(12,000)
Net book value	2,661,789	6,789	213,689	(18,333)	615	(2,742)	2,861,807

Additions to consolidation scope in 2015 correspond to assets contributed by Gestamp Pune Automotive Pvt Ltd (Note 2.b).

9. Property, plant and equipment (Continued)

Cost value of the property, plant and equipment additions at December 31, 2015 correspond, mainly, to investments in plants and production lines as well as to replacement of capital expenditure to maintain existing activities. The breakdown of investments by countries is as follows:

	Thousands of euros
Spain	69,684
Poland	69,546
Mexico	66,714
USA	62,892
China	66,067
United Kingdom	52,993
Germany	37,133
France	24,362
Brazil	18,744
Turkey	15,720
Czech Republic	8,732
Hungary	8,213
India	7,939
Other	25,386
TOTAL	**534,125**

The net value of Disposals of plant and other PP&E corresponds, mainly, to the dismantlement of production lines and disposal of fully amortized items out of use, as well as to the sale of items to third parties.

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

The breakdown by country of translation differences arising at December 31, 2015 is the following:

	Thousands of euros
USA	38,585
China	20,870
United Kingdom	10,111
India	4,371
Czech Republic	1,407
Korea	979
Sweden	747
Mexico	(4,309)
Russia	(6,218)
Turkey	(7,377)
Argentina	(10,243)
Brazil	(48,651)
Other countries	343
TOTAL	**615**

9. Property, plant and equipment (Continued)

The movement in Currency translation differences mainly corresponds to changes in the closing exchange rates of this year compared to those of the previous year used to translate the foreign currency balances into Euros. The most significant changes correspond to Brazilian reais, Turkish lira and Argentine peso in 2015 and to Russian ruble in 2014.

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

	Thousands of euro	
	2015	2014
Initial cost	266,567	266,567
Fair value	563,300	563,300
Revaluation	296,733	296,733
Accumulated depreciation	(41,482)	(36,839)
Deferred tax liabilities	(68,276)	(69,599)

The breakdown of PP&E located outside Spain, by country, is as follows:

	Thousands of euros	
Country	Net carrying amount 2015	Net carrying amount 2014
PORTUGAL	38,297	35,576
FRANCE	90,044	89,185
GERMANY	252,150	251,019
BRAZIL	162,447	212,901
ARGENTINA	34,921	48,342
MEXICO	168,063	117,051
UNITED KINGDOM	216,373	188,967
HUNGARY	30,248	24,403
POLAND	106,006	38,733
SWEDEN	32,264	31,456
USA	409,739	357,285
CHINA	362,172	316,010
INDIA	78,582	70,517
SOUTH KOREA	45,138	44,091
TURKEY	77,483	80,607
RUSSIA	93,262	111,975
CZECH REPUBLIC	70,888	67,978
JAPAN	96	93
SLOVAKIA	3,664	3,743
THAILAND	305	357
	2,272,142	2,090,289

9. Property, plant and equipment (Continued)

The breakdown of assets acquired under finance lease agreements at December 31, 2015 and December 31, 2014 are as follows:

December 31, 2015

	Asset cost (thousands of euros)	Lease term	Thousands of euros: Installments paid	Present value of lease obligations: Short term	Present value of lease obligations: Long term	Purchase option value
Edscha subgroup						
Software	34	4 years	23	9	2	—
Gestamp Metal Forming subgroup						
Other fixtures	297	5 years	181	61	75	—
Beyçelik, A.S.						
Machinery	244	5 years	224	56	15	—
Machinery	12,990	4.75 years	11,186	3,127	267	1
Machinery	1,105	5 years	705	228	283	—
Machinery	598	5 years	241	120	240	—
Machinery	647	5 years	130	122	415	—
Machinery	2,971	7 years	352	776	2,196	—
Machinery	1,954	7 years	238	449	1,505	—
Machinery	285	7 years	32	37	223	1
Machinery	1,082	7 years	117	141	848	1
Machinery	474	7 years	45	61	377	—
Machinery	598	7 years	33	76	496	—
Gestamp West Virginia Llc.						
Machinery (November 2012)	13,414	20 years	1,427	618	13,135	—
Machinery (December 2012)	8,943	20 years	882	411	8,792	—
				6,292	**28,869**	

December 31, 2014

	Asset cost (thousands of euros)	Lease term	Thousands of euros: Installments paid	Present value of lease obligations: Short term	Present value of lease obligations: Long term	Purchase option value
Edscha subgroup						
Software	34	4 years	14	9	11	—
Gestamp Metal Forming subgroup						
Other fixtures	297	5 years	122	59	136	—
Loire Sociedad Anónima Franco Española						
Machinery	400	5 years	375	25	—	5
Beyçelik, A.S.						
Machinery	200	5 years	163	51	70	—
Machinery	10,773	4.75 years	7,920	2,959	3,377	1
Machinery	1,004	5 years	452	215	508	—
Machinery	623	5 years	80	120	359	—
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi						
Machinery	110	3 years	79	32	—	—
Gestamp West Virginia Llc.						
Machinery (November 2012)	12,397	20 years	831	46	12,351	—
Machinery (December 2012)	8,264	20 years	522	—	8,264	—
				3,516	**25,076**	

9. Property, plant and equipment (Continued)

At December 31, 2015 the company Beyçelik A.S. recorded seven new finance lease agreements regarding machinery.

In addition, the companies GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi and Loire Sociedad Anónima Franco Española finished their agreements so currently they have no assets under financial lease.

At December 31, 2014 the company Gestamp West Virginia, LLc. has no recorded lease obligations in the short term for December 2012 contract as principal amortization will start from year 2016 on. The fees paid regarding this contract correspond to interest amortization for 2015 and 2014.

The fees paid by the company Gestamp West Virginia, Llc. regarding November 2012 contract correspond to interest amortization for 2014 and to interest amortization and a fee for 2015.

The amounts contained in the table above are affected by the application of different exchange rates in the conversion process of the financial statements at the exchange rate prevailing at the date of the transaction for companies whose functional currency is different from the presentation currency. Regarding Gestamp West Virginia, Llc., the effect of exchange rate variations of US dollar is specially significant, making long term debt at December 31, 2015 is higher than the one at December 31, 2014.

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

At December 31, 2015 the Griwe Subgroup has pledged items of property, plant, and equipment to secure bank loans received in the outstanding amount of 808 thousand euros (December 31, 2014: 2,619 thousand euros). The net carrying amount of these assets at December 31, 2015 was 6,914 thousand euros (December 31, 2014: 7,441 thousand euros).

10. Financial assets

The breakdown of the Group's financial assets at December 31, 2015 and December 31, 2014 by category and maturity

	Thousands of euros					
	Investments accounted for using the equity method		Loans and receivables		Derivative financial instruments	
Item	2015	2014	2015	2014	2015	2014
Non-current financial assets	**8,272**	**9,455**	**8,918**	**43,556**	**28,184**	**5,863**
Investments accounted for using the equity method	8,272	9,455				
Held-to-maturity investments						
Loans and receivables			8,918	43,556		
Derivative financial instruments (Note 20.b.1)					28,184	5,863
Current financial assets	**—**	**—**	**1,638**	**18,319**	**—**	**—**
Held-to-maturity investments						
Loans and receivables			1,638	18,319		
Total financial assets	**8,272**	**9,455**	**10,556**	**61,875**	**28,184**	**5,863**

10. Financial assets (Continued)

a) Non-current financial assets

The movements of non-current financial assets in 2015 and 2014 are as follows:

	Thousands of euros			
	Investments accounted for using the equity method	Loans and receivables	Derivative financial instruments	Other financial assets
Balance at December 31, 2013	11,302	22,850	63,756	16,923
Additions	875	28,312		2,429
Disposals		(6,657)		(1,534)
Changes in valuations of financial derivatives			(57,893)	
Transfers		(1,298)		11
Other movements		23		(43)
Share of profit	(3,164)			
Translation differences	442	326		125
Balance at December 31, 2014	9,455	43,556	5,863	17,911
Additions to consolidation scope	(3,542)			
Additions	2,450	2,938		5,340
Disposals		(24,682)		(10,975)
Changes in valuations of financial derivatives			22,321	
Transfers		(10,719)		64
Other movements		8		388
Share of profit	(364)			
Translation differences	273	(2,183)		(420)
Balance at December 31, 2015	8,272	8,918	28,184	12,308

a.1) Investments accounted for using the equity method

Additions in 2014 correspond to the capital increase in the company Gestión Global de Matricería, S.L. for 2,500 thousand euros and 35% subscribed by the Company.

Additions to consolidation scope in 2015 correspond to the subsidiary Gestamp Pune Automotive Pvt Ltd which changes from equity method to full consolidation method since control is acquired (Note 2.b).

Additions in 2015 correspond to the capital increase in the company Gestión Global de Matricería, S.L. for 9,000 thousand euros and subscribed by the Company for 2,450 thousand euros. Since the capital increase was not proportionally subscribed, the shareholding has decreased from 35% to 30%.

"Share of profit" represents the Group's share of the profit recorded by each company.

a.2) Non-current loans and receivables

Additions in 2014 mainly correspond to:

- Loan granted to Gestión Global de Matricería, S.L. amounting to 24,628 thousand euros for financing tangible investments and working capital. The loan earns a 3.25% interest rate with sole maturity date at December 2016.
- Increase of long term Federal Brazilian Tax receivables of the subsidiary Gestamp Brasil Industria de Autopeças, S.A., with maturity date between 2015 and 2017.

10. Financial assets (Continued)

- Increase of debt of the Argentine public authorities with Gestamp Baires, S.A. regarding local tax Impuesto de Ganancia Mínima Presunta (GMP).

Disposals in 2014 mainly correspond to the early repayment of the loan granted to Shrenik Industries Pvt Ltd. and GS Hot Stamping, Co, Ltd., amounting to 2,590 thousand euros and 3,553 thousand euros respectively.

Transfers in 2014 mainly correspond to the transfer from long-term to short-term of the part of the loan granted to Esymo Metal, S.L. with maturity date in 2015 (heading b.1).

Disposals in 2015 mainly correspond to the repayment of the loan granted to Gestión Global de Matricería, S.L. amounting to 24,628 thousand euros. Bank financing has been obtained and so the loan has been early paid out.

Transfers in 2015 correspond to the transfer to the heading Public authorities of debit balances of Argentine and Brazilian public authorities with companies Gestamp Baires, S.A. and Gestamp Brasil Industria de Autopeças, S.A. as well as to the transfer from long-term to short-term of the loans granted to Esymo Metal, S.L. and to ESSA Palau S.A. (heading b.1).

a.3) Derivatives financial instruments

Change in valuation of financial instruments at December 31, 2015 and 2014 corresponds to the change of the present value of implicit derivatives mainly due to the evolution of the exchange rates applicable to sales and purchases prices in certain customer and suppliers contracts (note 20.b.1).

a.4) Other non-current financial assets

Additions in 2014 mainly include labor legal deposits amounting to 991 thousand euros and deposits as guarantee for operating leases amounting to 989 thousand euros.

Disposals in 2014 mainly include the refund of several labor legal deposits amounting to 833 thousand euros and the refund of deposits as guarantee for operating leases amounting to 408 thousand euros.

Additions in 2015 mainly include deposits as guarantee of labor insurances amounting to 880 thousand euros and deposits as guarantee for operating leases amounting to 3,567 thousand euros.

Disposals in 2015 mainly correspond to:

- The refund of deposits as guarantee for operating leases amounting to 3,045 thousand euros and the refund of legal deposits amounting to 524 thousand euros.
- The cancellation of the investment of Gestamp Servicios S.A. in Genesis International Llc amounting to 2,200 thousand euros.
- The derecognition amounting to 4,500 thousand euros from the regularization of the sale price of Araluce S.A. in previous years, since production objectives were not achieved as indicated in the sale agreement. This regularization was registered in the heading Impairment and gains (losses) on sale of financial instruments from the Consolidated Income Statement.

10. Financial assets (Continued)

b) Current financial assets

The movements of current financial assets in 2015 and 2014 are as follows:

	Thousands of euros		
	Loans and receivables	Securities portfolio	Other financial assets
Balance at December 31, 2013	16,017		41,570
Additions	4,254		53,847
Disposals	(3,928)		(1,610)
Transfers	978		(38,210)
Other movements	4		
Translation differences	994		1,961
Balance at December 31, 2014	18,319	—	57,558
Additions to consolidation scope			225
Additions	2,247	2,535	21,373
Disposals	(16,361)		(46,022)
Transfers	5,385		(58)
Other movements	(9,324)		(2,022)
Translation differences	1,372		228
Balance at December 31, 2015	1,638	2,535	31,282

b.1) Current loans and receivables

Additions in 2014 mainly correspond to the loan granted to Essa Palau, S.A. by Gestamp Metalbages, S.A., amounting to 3,000 thousand euros. The loan earns an interest referenced to 3- month Euribor plus a 3% spread.

Disposals in 2014 mainly correspond to the partial cancellation of the loan granted to Gonvarri Argentina, S.A. by Gestamp Baires, S.A., amounting to 3,612 thousand euros.

Transfers in 2014 correspond to the short-term maturity of the loan granted to Esymo Metal, S.L.

Additions in 2015 mainly correspond to a loan granted to Essa Palau S.A. by Gestamp Metalbages S.A. amounting to 2,000 thousand euros. The loan earns an interest referenced to 3-month Euribor plus a 3% spread.

Disposals in 2015 mainly correspond to the repayment of the loan granted to Genesis Internacional S.A. by Gestamp Servicios, S.A. amounting to 14,262 thousand euros.

Transfers in 2015 mainly correspond to the transfer from long-term to short-term of the loans granted to Esymo Metal S.L. and to ESSA Palau, S.A.

Other movements in 2015 include the full impairment of the loans granted to ESSA Palau S.A. by Gestamp Metalbages S.A. (5,000 thousand euros) and by Gestamp Solblank Barcelona S.A. (4,000 thousand euros). This impairment was registered in the heading Impairment and gains (losses) on sale of financial instruments from the Consolidated Income Statement.

b.2) Current securities portfolio

Additions in 2015 mainly correspond to bank deposits from the company Gestamp Pune Automotive Pvt Ltd with maturity in 2016 and average profitability between 4.5% and 6%.

10. Financial assets (Continued)

b.3) Other current financial investments

Additions in 2014 mainly include bank deposits of the subsidiaries Gestamp Automotive India Private, Ltd. and Gestamp Brasil Industria de Autopeças, S.A. amounting to 27,727 and 24,806 thousand euros, respectively.

Transfers in 2014 mainly include deposits movements of the subsidiary Gestamp Brasil Industria de Autopeças, S.A. due to the following items:

- Transfer to the heading Cash and Cash equivalents amounting to 45,070 thousand euros due to a maturity of no more than three months (Note 12.f).
- Transfer from the heading Cash and Cash equivalents amounting to 5,315 thousand euros due to a maturity of more than three months.

Additions in 2015 mainly include bank deposits of the companies Gestamp Automotive India Private, Ltd. and Gestamp Brasil Industria de Autopeças, S.A. amounting to 13,517 thousand euros and 5,013 thousand euros respectively.

Disposals in 2015 mainly include the cancellation of bank deposits of the company Gestamp Automotive India Private Ltd amounting to 43,991 thousand euros. It is related to the repayment of loans granted by Gonvarri Corporación Financiera S.L. and Gestamp Polska SP ZOO.

11. Inventories

The breakdown of inventories at December 31, 2015 and December 31, 2014 is as follows:

	Thousands of euros	
	2015	**2014**
Commercial inventories	10,865	10,619
Raw materials	163,480	155,706
Parts and subassemblies	56,731	48,961
Spare parts	58,572	52,440
Packaging materials	3,020	2,620
Total cost of raw materials and other consumables	292,668	270,346
Work in progress	166,448	155,109
Finished products	126,239	124,776
Byproducts, waste, and recovered materials	554	31
Prepayments to suppliers	31,605	48,756
Total cost of inventories	617,514	599,018
Impairment of raw materials	(7,331)	(6,360)
Impairment of other consumables	(7,467)	(5,748)
Impairment of work in progress	(7,772)	(6,038)
Impairment of finished products	(8,506)	(7,841)
Total impairment	(31,076)	(25,987)
Total inventories	586,438	573,031

11. Inventories (Continued)

The breakdowns of purchases used in production and changes in inventories are as follows:

			2015 movements			
	2015	2014	Impairment	Reversal of impairment	Changes in inventories	Total change in inventories
Raw materials and other consumables	292,668	270,346			22,322	22,322
Impairment of raw materials and other consumables	(14,798)	(12,108)	(4,067)	1,377		(2,690)
Consumption (Note 24.a)	**277,870**	**258,238**	**(4,067)**	**1,377**	**22,322**	**19,632**

			2015 movements			
	2015	2014	Impairment	Reversal of impairment	Changes in inventories	Total change in inventories
Work in progress	166,448	155,109			11,339	11,339
Finished products and byproducts	126,793	124,807			1,986	1,986
Impairment of finished products and work in progress	(16,278)	(13,879)	(3,878)	1,479		(2,399)
Changes in inventories (see Income Statement)	**276,963**	**266,037**	**(3,878)**	**1,479**	**13,325**	**10,926**

The inventories are not encumbered at December 31, 2015 and December 31, 2014.

12. Trade and other receivables/ Other current assets/ Cash and cash equivalents

a) Trade receivables

	Thousands of euros	
	2015	2014
Trade receivables	750,592	684,845
Trade bills receivable	37,457	75,554
Accounts receivable, tools	192,024	79,803
Doubtful debts	1,837	368
Impairment losses	(5,706)	(5,225)
Trade receivables from Group companies (Note 29.1)	16,734	16,761
	992,938	852,106

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 so overdue balances have little significance.

The movement of the impairment provision at December 31, 2015 consists of a reversal of 127 thousand euros (December 31, 2014: reversal of 702 thousand euros) (Note 24.c) as well as written-off balances and translation differences.

The receivables balances not yet due transferred by the Group as non-recourse factoring to Spanish, German, British, Brazilian, Polish and Argentine banks, that have been eliminated in the Consolidated Financial Statements amounted to 224,039 thousand euros and to 150,701 thousand euros at December 31, 2015 and December 31, 2014 respectively.

12. Trade and other receivables/ Other current assets/ Cash and cash equivalents (Continued)

The expense of transferring non-due receivables balances at December 31, 2015 according to the non-recourse factoring contract amounted to 2,822 thousand euros (December 31, 2014: 1,819 thousand euros).

b) Other receivables

	Thousands of euros	
	2015	**2014**
Debtors	23,089	23,997
Remuneration advances	1,862	2,608
Short-term loans to employees	107	144
	25,058	26,749

c) Current income tax assets

This line item amounted to 32,906 thousand euros at December 31, 2015 (December 31, 2014: 32,143 thousand euros) and reflects the receivables balances related to corporate tax refund of the Company and group companies.

d) Public authorities

	Thousands of euros	
	2015	**2014**
Sundry receivables from Public Authorities	143,588	146,493
VAT refund	107,202	116,479
Receivable grants	3,887	5,334
Corporate tax refund[(a)]	28,073	19,924
Other	4,426	4,756
Receivables from Social Security	200	(38)
	143,788	146,455

(a) The 2015 and 2014 balances reflect receivables corporate income tax declarations from previous years. The most significant balances correspond to the Company, whose balance from 2014 was fully collected in 2015.

e) Other current assets

This line item, which at December 31, 2015 amounted to 23,533 thousand euros (December 31, 2014: 18,343 thousand euros), mainly reflects insurance premiums, maintenance and repair contracts, rentals and software licenses paid for during the year but for which the expense will accrue the following year, as well as expenses for commercial agreements.

f) Cash and cash equivalents

	Thousands of euros	
	2015	**2014**
Cash	296,482	213,430
Cash equivalents	59,493	270,504
	355,975	483,934

Cash equivalents correspond to surplus cash investments maturing in less than three months.

12. Trade and other receivables/ Other current assets/ Cash and cash equivalents (Continued)

The breakdown by currencies and interest rates at December 31, 2015 and December 31, 2014 is the following:

	2015		
Company	**Thousands of euros**	**Source currency**	**Interest rate range**
Gestamp Automoción S.A.	47,500	Euros	0.30%
Gestamp Baires S.A.	11,159	Argentine pesos	15–22.67%
Gestamp Metal Forming (Wuhan) Ltd.	834	Renmimbi yuan	2.55%–3%
	59,493		

	2014		
Company	**Thousands of euros**	**Source currency**	**Interest rate range**
Gestamp Automoción S.A.	222,000	Euros	0.62%
Gestamp Baires S.A.	3,165	Argentine pesos	14.67%
Gestamp Metal Forming Subgroup	269	Renmimbi yuan	0.35%
Gestamp Brasil Industria de Autopeças, S.A.	45,070	Brazilian reais	100% CDI
	270,504		

The amounts included in this heading of the attached Consolidated Balance Sheet are not encumbered.

13. Issued capital and share premium

The "Issued capital" and "Share premium" at December 31, 2015 and December 31, 2014 are as follows:

ITEM	**December 31, 2015**	**December 31, 2014**
No. of shares	4,795,953	4,795,953
Par value	60.10	60.10
	Thousand of euro	
Issued capital:		
Issued capital (par value)	288,237	288,237
	288,237	**288,237**
Share premium	**61,591**	**61,591**
Total issued capital + share premium	**349,828**	**349,828**

a) Share capital

At December 31, 2015 and December 31, 2014 the Company's share capital is represented by 4,795,953 registered shares indivisible and accumulable with a par value of 60.10 euros each, fully subscribed and paid in, and all carrying the same rights and obligations.

The shareholder structure at December 31, 2015 and December 31, 2014 is as follows:

Shareholders	**shareholding**
Acek Desarrollo y Gestión Industrial, S.L.	54.25%
ArcelorMittal Spain Holding, S.L.	24.18%
ArcelorMittal Basque Holding, S.L.	10.82%
Risteel Corporation, B.V.	10.75%

13. Issued capital and share premium (Continued)

There are no bylaw restrictions on the transfer of the registered shares and they are not listed.

b) Share premium

The share premium of the Company amounts to 61,591 thousand euros at December 31, 2015 and December 31, 2014.

The amended Spanish Corporate Enterprises Act expressly permits the use of paid-in surplus capital to increase share capital balance, corresponding to an unrestricted reserve.

14. Retained earnings

The changes in "Retained earnings" in 2014 and 2015 were as follows:

	RETAINED EARNING AT DECEMBER 31, 2015 AND DECEMBER 31, 2014 (thousand of euros)							
	Legal reserve	Goodwill reserves	Unrestricted reserves	Reserves at fully consolidated entities	Reserves at associates	Profit for the year	Effective hedges	Total
AT DECEMBER 31, 2013	**38,751**	**2,742**	**185,838**	**704,771**	**3,219**	**113,987**	**(29,847)**	**1,019,461**
Profit for 2014						125,702		125,702
Fair value adjustments reserve (hedge)							(7,006)	(7,006)
Actuarial gains and losses				(12,939)				(12,939)
Appropiation of 2013 profits	6,500	571	52,574	56,622	(2,280)	(113,987)		
Dividends distributed by the Company			(33,922)					(33,922)
Dividends distributed by subsidiaries			556	(556)				
Merge of subisidiaries including companies not previosly in consolidation scope				46				46
Transfer from reserves under equity method to reserves under full consolidation method because of sale of companies				7,112	(7,112)			
Interest from participative loans			29,527	(29,527)				
Increase in shareholding in companies previously under control				(4,603)				(4,603)
Transfers from retained earnings to non-controlling interests due to the change of shareholding in companies and others				1,439				1,439
Other movements and adjustements from prior years				(842)	(10)			(852)
AT DECEMBER 31, 2014	**45,251**	**3,313**	**234,573**	**721,523**	**(6,183)**	**125,702**	**(36,853)**	**1,087,326**
Profit for 2015						161,480		161,480
Fair value adjustments reserve (hedge)							4,728	4,728
Actuarial gains and losses				5,745				5,745
Appropiation of 2014 profits			31,765	97,101	(3,164)	(125,702)		
Dividends distributed by the Company			(37,711)					(37,711)
Dividends distributed by subsidiaries			2,147	(2,147)				
Transfer from reserves under equity method to reserves under full consolidation method because of sale of companies (Gestamp Pune Aut. Pvte. Ltd.)				(5,839)	5,839			
Interest from participative loans			(10,516)	10,516				
Increase in shareholding in companies previously under control (adjustment for dividends paid to former shareholders of Anhui Edscha Automotive Parts Co. Ltda.)				(712)				(712)
Increase in shareholding in companies previously under control due to acquisition to non-controlling interest (Ekarpen Private Equity, S.A.)				(7,997)				(7,997)
Transfers from retained earnings to non-controlling interest due to non-proportional capital increase				(2,771)				(2,771)
Other movements and adjustements from prior years		571	(571)	(299)				(299)
AT DECEMBER 31, 2015	**45,251**	**3,884**	**219,687**	**815,120**	**(3,508)**	**161,480**	**(32,125)**	**1,209,789**

14. Retained earnings (Continued)

14.1 Legal reserve of the Company

The Legal Reserve of the Company amounted to 45,251 thousand euros at December 31, 2015 and December 31, 2014.

The Company is obliged to transfer 10% of profit for the year to a legal reserve until this reserve is equivalent to at least 20% of issued capital. This reserve is not distributable to shareholders and may only be used to offset losses if no other reserves are available.

14.2 Goodwill reserve

The Company is required to set aside a non-distributable reserve equal to the amount of goodwill on its balance sheet which amounts to 11,415 thousand euros at December 31, 2015 and December 31, 2014. The amount of profit designated for this purpose must represent at least 5% of goodwill. If no profits are available or profits should prove to be insufficient, freely distributable reserves must be used for this purpose. The amount of the goodwill reserve amounted to 3,884 thousand euros at December 31, 2015 (December 31, 2014: 3,313 thousand euros). The amount provisioned in 2015 as well as in 2014 is 571 thousand euros.

14.3 Unrestricted Company reserves

At December 31, 2015 the Company's unrestricted reserves amounting to 219,687 thousand euros, correspond to those derived from the individual financial statements of the Company amounting to 261,452 thousand euros (December 31, 2014: 307,691 thousand euros) less the adjustments generated in the consolidation process for an amount of 41,765 thousand euros that mainly correspond to:

- Elimination of the difference between the carrying amount of Gestamp Brasil Industria de Autopeças, S.A., Gestamp Global Tooling, S.L. and Matricerías Deusto, S.A. and the consolidated value of the said companies amounting to 63,656 thousand euros.
- The remaining balance mainly corresponds to: elimination of the margins from intercompany purchase-sale transactions of financial participations; reversal of the goodwills arisen in the merger processes between Group companies; reversal of portfolio provisions and capitalization of differences derived from changes in exchange rates of functional currencies compared to Euro in Group financing considered permanent (Note 4.4).

14.4 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) Revaluation reserve. Regional Law 6/1996

In accordance with prevailing regional legislation, this reserve can be used to offset losses, increase share capital or be transferred to non-distributable reserves.

The balance at December 31, 2015 and December 31, 2014 amounted to 4,884 thousand euros.

b) Reserve for productive investments. Regional Law 3/1996, of June 26

In accordance with prevailing regional legislation, this special reserve may only be applied to offset losses or increase share capital in 5 years since it is materialized in fixed assets.

The balance of this reserve at December 31, 2015 and December 31, 2014 was 26,398 thousand euros.

14. Retained earnings (Continued)

c) Legal reserves at subsidiaries

By virtue of 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 balance of these reserves at December 31, 2015 and December 31, 2014 was 69,139 thousand euros and 65,557 thousand euros respectively.

d) Fair value of property, plant and equipment

As a result of valuation of Property, plant, and equipment at fair value, the land and buildings of certain subsidiaries have been 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 after-tax increase in reserves deriving from these revaluations amounts to 129 million euros at December 31, 2015 and 125 million euros at December 31, 2014. This increase of reserves is not distributable.

e) Restrictions related to capitalized development expenses

Under prevailing legislation, dividend payments cannot result in an unrestricted reserve balance that is lower than the net carrying amount of development expenses as per the individual financial statements of the Group's Spanish companies prepared under prevailing Spanish GAAP.

15. Translation differences

The breakdown of this line item by company included in the consolidation scope is as follows:

	Thousands of euros	
Company	**2015**	**2014**
ARGENTINA		
Gestamp Córdoba, S.A.	(22,616)	(19,874)
Gestamp Argentina, S.A.	2,112	2,273
Gestamp Baires, S.A.	(49,902)	(38,985)
BRAZIL		
Gestamp Brasil Industria de Autopeças, S.A.	(18,586)	17,276
Edscha do Brasil Ltda.	2,791	(747)
UNITED KINGDOM		
Gestamp Washington UK Limited	2,791	2,864
Autotech R&D UK Limited	97	79
Automotive Chassis Products Plc.	4,128	2,772
Gestamp Tallent, Ltd	11,975	7,005
POLAND		
Gestamp Polska, S.P., Zoo	(9,870)	(9,623)
Gestamp Wroclaw Sp.z,o.o.	(187)	(227)
HUNGARY		
Gestamp Hungaria KFT	2,961	(2,440)
Gestamp Mor	—	(1)
USA		
Gestamp Alabama, LLC	25,994	5,891
Gestamp Mason, LLc	(18,474)	(12,445)
Gestamp North America, INC	(34,998)	(18,109)
Gestamp Chattanooga LLc	(805)	(602)
Gestamp South Carolina, LLc.	8,184	1,537

15. Translation differences (Continued)

Company	Thousands of euros 2015	2014
Gestamp West Virginia, Llc	(2,814)	(1,118)
Gestamp Chattanooga II, Llc	(15)	—
Gestamp Chattanooga II, Llc	(5)	—
Edscha Automotive Michigan, Inc	2,819	1,544
SWEDEN		
Gestamp Sweden, AB	(1,895)	(2,203)
Gestamp HardTech AB	(413)	(1,031)
Gestamp Holding China AB	393	396
MEXICO		
Gestamp Aguascalientes, S.A. de CV	(7,702)	(6,485)
Gestamp MSL, S.A. de CV	(69)	(43)
Gestamp Cartera de México, S.A de CV	(2,903)	(2,044)
Gestamp Puebla, S.A. de CV	(14,463)	(11,200)
Mexicana Servicios Laborales, S.A. de CV	(15)	(12)
Gestamp Toluca, S.A. de CV	(4,852)	(3,571)
Gestamp Serv. Laborales de Toluca, S.A. de CV	8	23
Gestamp Puebla II, S.A. de CV	(18)	10
CHINA		
Gestamp Auto Components (Kunshan) Co., Ltd	11,770	8,803
Gestamp Auto Components (Shenyang) Co.,Ltd.	(1,469)	87
Gestamp Auto Components (Dongguan) Co.,Ltd.	(182)	243
Gestamp Auto Components (Wuhan) Co. Ltd	38	—
GMF Wuhan, Ltd	12,726	9,037
Gestamp Auto Components Chongquing	1,921	—
Edscha Automotive Technology Co., Ltd.	46	34
Anhui Edscha Automotive Parts Co Ltda.	4,299	3,155
Shanghai Edscha Machinery Co., Ltd.	3,403	2,540
Edscha Automotive Components Co., Ltda.	1,972	950
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	—	281
INDIA		
Gestamp Services India Private, Ltd.	14	60
Gestamp Automotive India Private Ltd.	1,425	602
Gestamp Automotive Chennai Private, Ltd.	760	(92)
Gestamp Pune Automotive Pvt. Ltd	111	—
SOUTH KOREA		
Gestamp Kartek	3,751	2,764
Edscha Pha, Ltd.	113	88
TURKEY		
Beyçelik, A.S.	(24,712)	(20,156)
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi	224	132
RUSSIA		
Gestamp Severstal Vsevolozhsk Llc	(9,769)	(9,587)
Gestamp Severstal Kaluga, Llc	(48,337)	(43,411)
Gestamp Togliatti, Llc.	(3,238)	(3,845)
Edscha Togliatti, Llc.	1,268	919
CZECH REPUBLIC		
Gestamp Louny, S.R.O.	(2,529)	(3,011)
Edscha Hradec S.R.O.	(22)	(27)
Edscha Automotive Kamenice S.R.O.	(2,192)	(2,991)
LUXEMBOURG		
Gestamp Funding Luxembourg, S.A.	(9,383)	(10,116)

15. Translation differences (Continued)

Company	Thousands of euros 2015	2014
SPAIN		
Gestamp Automoción, S.A.	2,888	3,139
Gestamp Servicios, S.A.	6,364	9,161
Gestamp Global Tooling, S.L.	296	—
Gestamp Holding México, S.L.	118	(144)
Gestamp Metalbages, S.A.	—	3
Mursolar 21, S.L.	5,541	—
OTHER		
Other	1,325	732
TOTAL	(167,809)	(139,740)

16. Non-controlling interest

The changes in "Equity attributable to non-controlling interest" by company in 2014 and 2015 were as follows:

Company	At December 31, 2013	Translation differences	Capital increase	Distribution of dividends	Transfer of fully consolidated reserves	Increase in shareholding in companies previously under control	Other movements	Profit (loss)	At December 31, 2014
	Thousands of euros								
Gestamp Finance Luxemburgo, S.A.	50								50
Todlem, S.L./ Gestamp Seversta Vsevolozhsk Llc.//Gestamp Severstal Kaluga, Llc.	27,207	(13,784)	1,722		247		(130)	(19,108)	(3,846)
Gestamp Holding Rusia, S.L.	24,472				24			(3)	24,493
Gestamp Auto Components (Kunshan) Co., Ltd/ Gestamp Holding China, AB	19,400	2,369					565	3,688	26,022
Edscha subgroup	25,313	1,221		(3,747)	1,337	(4,865)	13	(1,389)	17,883
Matricerias Deusto S.L.	9,190				185		271	(6,345)	3,301
Adral Matriceria y Pta. a punto , S.L.	5,294						(209)	1,435	6,520
Gestamp Tooling Services, AIE	(305)						(5)	(63)	(373)
Gestamp Global Tooling, S.L.	7,783						(45)	2,016	9,754
Gestamp Tool Hardening, S.L.	1,314						(312)	1,914	2,916
Bero Tools, S.L.	(6)								(6)
Die Diede Development, S.L.	(263)						(3)	(42)	(308)
Gestamp Metal Forming Subgroup	20,229	(74)					(178)	(2,156)	17,821
Gestamp Try Out Services, S.L.	373						(104)	475	744
Gestamp Brasil Industria Autopeças, S.A.	48,188	271					389	2,205	51,053
Gestamp Holding Argentina, S.L. and Argentine companies	14,153	283					297	(2,309)	12,424
Gestamp Holding México, S.L. and Mexican companies	89,928	132		(1,086)			(67)	4,704	93,611
Gestamp North America, INC and North American companies	68,402	10,555						8,298	87,255
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	40,023	981			(3,232)		(905)	(63)	36,804
Beyçelik, A.S.	24,786	1,458		(2,757)			(126)	6,426	29,787
Gestamp Automotive India Private Ltd.	5,774	725					(52)	3,743	10,190
Gestamp Automotive Chennai Private Ltd.	1,168	723				(3,574)	1,683		
GMF Otomotiv Parçalari Sanayi ve Ticaret Ltd. Sirketi	(7,023)	(57)					128	(318)	(7,270)
	425,450	4,803	1,722	(7,590)	(1,439)	(8,439)	1,210	3,108	418,825

The most significant movements in "Non-controlling interest" at December 31, 2014 correspond to:

- Translation differences generated in 2014.
- Capital increase in Todlem, S.L.
- Distribution of dividends by the subsidiaries Anhui Edscha Automotive Parts Co. Ltda, Gestamp 2008, S.L., Beycelik A.S. and Gestamp Holding Mexico, S.L.

16. Non-controlling interest (Continued)

- The transfers of fully consolidated reserves correspond to:
  - the capital increases in Todlem, S.L. and Edscha do Brasil Ltda., not pro rata subscribed by its shareholders.
  - recognition of COFIDES, S.A., shareholding in Gestamp Autocomponents (Shenyang) Co. Ltd. and Gestamp Autocomponents (Dongguan) Co. Ltd. as indirect non-controlling interest through the subsidiary Mursolar 21, S.L. (Note 2.a).
- Increase in shareholding in Anhui Edscha Automotive Parts Co. Ltda. and in Gestamp Automotive Chennai Private, Ltd., by acquisition of 30% and 50% shareholding respectively and by so acquiring 100% shareholding and consequently non-controlling interest are derecognized.
- "Other movements" in 2014 correspond to profit (loss) adjustments attributable to non-controlling interests in 2013.
- Profit from 2014 attributable to non-controlling interest.

	Thousands of euros							
Company	**At December 31, 2014**	**Translation differences**	**Distribution of dividends**	**Transfer Reserves under full consolidation method due to capital increase**	**Increase in shareholding in companies previously under control**	**Other movements**	**Profit (loss)**	**At December 31, 2015**
Gestamp Finance Luxemburgo, S.A.	51							51
Todlem, S.L./ Gestamp Seversta Vsevolozhsk Llc.//Gestamp Severstal Kaluga, Llc.	(3,846)	(955)				565	(8,980)	(13,216)
Gestamp Holding Rusia, S.L.	25,068						(4)	25,064
Gestamp Auto Components (Kunshan) Co., Ltd/Gestamp Holding China, AB	26,021	1,684				684	5,432	33,821
Edscha subgroup	17,882	921	(2,799)	2,771		327	3,218	22,320
Matricerias Deusto S.L.	3,387				(4,849)	1,462		—
Adral Matriceria y Pta. a punto , S.L.	6,333				(6,025)	(308)		—
Gestamp Tooling Services, AIE	(302)				306	(4)		—
Gestamp Global Tooling, S.L.	9,784				(10,925)	(366)	1,518	11
Gestamp Tool Hardening, S.L.	2,917				(2,430)	(487)		—
Bero Tools, S.L.	(6)				6			—
Die Diede Development, S.L.	(308)				308			—
Gestamp Metal Forming Subgroup	17,822	30					3,392	21,244
Gestamp Try Out Services, S.L.	743				(610)	(133)		—
Gestamp Brasil Industria Autopeças, S.A.	51,054	(9,440)					(6,372)	35,242
Gestamp Holding Argentina, S.L. and Argentine companies	12,426	(5,781)					(490)	6,155
Gestamp Holding México, S.L. and Mexican companies	93,031	(2,224)	(6,243)			7	11,564	96,135
Gestamp North America, INC and North American companies	87,257	10,342					8,312	105,911
Mursolar 21, S.L./Gestamp A. Shenyang, Co. Ltd./Gestamp A. Dongguan, Co. Ltd.	36,803	405				(915)	1,233	37,526
Beyçelik, A.S.	29,787	(1,996)	(3,443)			(169)	4,035	28,214
Gestamp Automotive India Private Ltd.	10,190	559					6,184	16,933
GMF Otomotiv Parçalari Sanayi ve Ticaret Ltd. Sirketi	(7,269)	113					(1,670)	(8,826)
	418,825	(6,342)	(12,485)	2,771	(24,219)	663	27,372	406,585

The most significant movements in "Non-controlling interest" at December 31, 2015 correspond to:

- Translation differences generated at December 2015.
- Dividends distributed to non-controlling interest by the subsidiaries Shanghai Edscha Machinery Co Ltd, Gestamp Cartera de Mexico S.A. de C.V and Beyçelik A.S.
- Non-proportional subscription of capital increase in Edscha do Brasil Ltda.

16. Non-controlling interest (Continued)

- Acquisition from non-controlling shareholders (EKARPEN Private Equity S.A.) of 40% shareholding in Gestamp Global Tooling S.L and indirectly also in their subsidiaries. By so, 100% shareholding in this company is reached, over which there was previous control (Note 2.a).
- "Other movements" in 2015 correspond to profit (loss) adjustments attributable to non-controlling interests in 2014.
- Profit from 2015 attributable to non-controlling interest.

The most significant non-controlling interest mentioned in this Note has protecting rights mainly related to significant decisions on divestments, companies restructuring, distribution of dividends and changes in statutes.

17. Deferred income

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

The breakdown of this heading at December 31, 2014 and December 31, 2015 including the movements during the year is as follows:

	Thousands of euros					
Company	At December 31, 2013	Additions	Released income	Translation differences	Other movements	At December 31, 2014
Gestamp Bizkaia, S.A.	1,984		(271)			1,713
Gestamp Vigo, S.A.	3,265		(881)			2,384
Gestamp Toledo, S.L.	2,398		(290)			2,108
Gestamp Palencia, S.A.	3,114		(358)			2,756
Gestamp Linares, S.A.	972		(58)			914
Gestamp Galvanizados, S.A.	86		(13)			73
Gestamp Puebla, S.A. de C.V.	200		(32)	1		169
Gestamp Aveiro, S.A.	237		(68)			169
Gestamp Navarra, S.A.	1,749		(194)			1,555
Gestamp Solblank Navarra, S.L.	56		(9)			47
Gestamp Aragón, S.A.	694		(94)		(9)	591
Gestamo Abrera, S.A.	1,256		(255)			1,001
Gestamp Metalbages, S.A.	122		(19)			103
Gestamp Solblank Barcelona, S.A.	106		(19)			87
Gestamp Washington UK, Ltd	248		(100)	13		161
Gestamp Levante, S.A.	620	2,927	(451)			3,096
Gestamp Hungaria KFT	232		(11)	(14)		207
Griwe Subgroup	2,249		(439)		2	1,812
Gestamp Cataforesis Vigo, S.A.						—
Gestamp Kartek Co, Ltd.	21		(9)	2		14
Gestamp Manufactoring Autochasis, S.L.	156		(20)			136
Adral, matriceria y pta. a punto, S.L.	135				(37)	98
Gestamp Esmar, S.A.	6		(3)			3
Beyçelik, A.S.	343	104		14		461
Edscha Subgroup	4,187	1,793	(841)	(5)	(546)	4,588
Gestamp Metal Forming Subgroup	6,031	151	(812)	384		5,754
Loire Sociedad Anónima Franco Española	325	16	(69)			272
Diede Die Developments, S.L.	491		(72)		(39)	380
Gestamp Puebla II, S.A. de C.V.		628				628
Total	31,283	5,619	(5,388)	395	(629)	31,280

17. Deferred income (Continued)

	Thousands of euros					
Company	At December 31, 2014	Additions	Released income	Translation differences	Other movements	At December 31, 2015
Gestamp Bizkaia, S.A.	1,713		(273)			1,440
Gestamp Vigo, S.A.	2,384		(870)			1,514
Gestamp Cerveira, Lda.			(17)		17	
Gestamp Toledo, S.L.	2,108	29	(251)			1,886
Gestamp Palencia, S.A.	2,756	3,468	(420)			5,804
Gestamp Linares, S.A.	914		(57)			857
Gestamp Galvanizados, S.A.	73		(13)			60
Gestamp Puebla, S.A. de C.V.	169		(33)	(6)		130
Gestamp Aveiro, S.A.	169		(114)		181	236
Gestamp Navarra, S.A.	1,555		(164)			1,391
Gestamp Solblank Navarra, S.L.	47		(8)			39
Gestamp Aragón, S.A.	591		(100)			491
Gestamo Abrera, S.A.	1,001		(145)			856
Gestamp Metalbages, S.A.	103		(19)			84
Gestamp Solblank Barcelona, S.A.	87	81	(40)			128
Gestamp Washington UK, Ltd	161		(111)	10		60
Gestamp Levante, S.A.	3,096		(525)		(4)	2,567
Gestamp Hungaria KFT	207		(11)			196
Griwe Subgroup	1,812		(332)		(4)	1,476
Gestamp Kartek Co, Ltd.	14		(4)	1		11
Gestamp Manufactoring Autochasis, S.L.	136		(22)			114
Adral, matriceria y pta. a punto, S.L.	98				(31)	67
Gestamp Esmar, S.A.	3		(3)			
Beyçelik, A.S.	461	93		(50)		504
Edscha Subgroup	4,588	205	(873)	8	(50)	3,878
Gestamp Metal Forming Subgroup	5,754	823	(1,992)	322		4,907
Loire Sociedad Anónima Franco Española	272	256	(80)			448
Diede Die Developments, S.L.	380		(88)			292
Gestamp Puebla II, S.A. de C.V.	628	708	(24)	(28)		1,284
Total	31,280	5,663	(6,589)	257	109	30,720

The additions recognized in 2014 and 2015 correspond to grants received from public authorities for investments in plant and equipment and job creation.

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

18. Provisions

The breakdown of non-current and current provisions in 2015 and 2014 is as follows:

	Non-current		Current	
	2015	2014	2015	2014
Provisions for retributions to employees (Note 19)	74,840	79,517	4,228	7,014
Provisions for taxes	6,898	6,440	—	—
Other provisions	75,049	45,269	12,090	12,077
	156,787	131,226	16,318	19,091

18. Provisions (Continued)

The changes in Provisions during 2014 and 2015 are as follows:

	Thousands of euros	
	Non-current	Current
Balance at December 31, 2013	135,020	13,648
Increase in allowance	36,260	6,314
Decrease	(32,303)	(14,858)
Translation differences	(223)	283
Other movements	(7,528)	13,704
Balance at December 31, 2014	131,226	19,091
Increase in allowance	69,487	4,290
Decrease	(43,588)	(7,124)
Translation differences	(1,916)	(732)
Other movements	1,578	793
Balance at December 31, 2015	156,787	16,318

This line item primarily reflects employee compensations and provisions recognized by certain Group companies to cover specific risks arising from their day-to-day businesses and potential liabilities relating to employee compensations and tax assessments which are currently being appealed, among other items.

Non-current provisions

Increases of non-current provisions at December 31, 2015 mainly correspond to risks from commercial activity related to operating expenses and increases in post-retirement benefits.

Increases of non-current provisions in 2014 correspond mainly to post-retirement benefits, liabilities relating to differences in the interpretation of tax matters, and long term employee compensation.

Decreases of non-current provisions in 2015 and 2014 mainly reflect:

- Application of provisions relating to tax assessments.
- Reversal of provisions from onerous contracts of the Edscha Subgroup and Gestamp Vendas Novas Lda.
- Application of long term employee compensation provisions among others.
- Reversal in 2015 of the provision for personnel restructuring in Edscha Briey SAS amounting to 5,077 thousand euros, whereof 4,227 thousand euros correspond to application and 850 thousand euros correspond to provision surplus.

Changes of non-current provisions directly registered in the Consolidated Income Statement in 2015 mainly correspond to:

- Reversal of provisions mainly related to onerous contracts mentioned above registered under the heading “Other operating income” amounting to 18,540 thousand euros (2014: 12,479 thousand euros (Note 23.b).

18. Provisions (Continued)

- Balance registered in consumables and operating expenses amounting to 50,406 thousand euros (2014: 19,317 thousand euros).

Current provisions

Increases in current provisions in 2015 mainly correspond to provisions from Edscha Automotive Kamenice S.R.O., Sofedit SAS and Gestamp Umformtechnik GmbH for short-term employee compensation and for covering specific risks arising from day to day businesses.

Increases in current provisions in 2014 mainly correspond to provisions from Gestamp Metal Forming (Wuhan), Ltd., Gestamp Umformtechnik Gmbh, Sofedit S.A.S., Edscha Automotive Kamenice S.R.O., Edscha do Brasil Ltda. and Shanghai Edscha Machinery Co. Ltd. for short-term employee compensation and for covering specific risks arising from day to day businesses.

Decreases in current provisions in 2015 and 2014 mainly correspond to employee restructuring installments, regularization of provisions related to resolved litigations and short term employee compensation.

Other movements in current and non-current provisions in 2015 and 2014 are mainly related to prior year's adjustments and reclassifications and transfers from non-current to current provisions since application is expected in less than 12 months.

19. Pensions and other post-employment obligations

The breakdown of the provision for employee benefits is as follows:

		Non-current		Current		Total	
Item		**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Employee benefits	a)	6,137	11,060	4,228	7,014	10,365	18,074
Post-employment benefits							
Defined benefit plans	b)	68,703	68,457	—	—	68,703	68,457
Total (Note 18)		74,840	79,517	4,228	7,014	79,068	86,531

a) Employee benefits

This line item includes provisions by some Group companies for seniority awards and other benefits for staying in the company (anniversary, retirement, awards, etc.).

b) Defined benefit plans

The Group has a number of defined benefit plans. The main defined benefit plans are located in Germany and France and correspond to companies belonging to Gestamp Metal Forming Subgroup and Edscha Subgroup as well as Autotech Engineering Deutschland, GmbH. Among these pension plans, there are partially supported plans by an investment fund and not supported plans by an investment fund.

The risks of the different defined benefit plans are those associated to pensions not supported by an external fund. Other risks of the defined benefit plans common to partially supported plans as well as to not supported plans are those related to demographic issues, such as mortality and longevity of employees, and those related to financial issues such as pension increase rate depending on inflation.

19. Pensions and other post-employment obligations (Continued)

Assets and liabilities recognized in these Consolidated Financial Statements and corresponding to the said plan, by countries, are the following:

	Thousand of euros		
Item	**Germany**	**France**	**Total**
Present value of the defined benefit obligation	66,573	8,845	75,418
Fair value of plan assets and reimbursement rights	(4,482)	(2,233)	(6,715)
Value of defined benefit obligation at December 31, 2015	**62,091**	**6,612**	**68,703**

	Thousand of euros		
Item	**Germany**	**France**	**Total**
Present value of the defined benefit obligation	67,303	7,937	75,240
Fair value of plan assets and reimbursement rights	(4,410)	(2,373)	(6,783)
Value of defined benefit obligation at December 31, 2014	**62,893**	**5,564**	**68,457**

The changes in present value of plan liabilities are the following:

	Thousand of euros		
	Germany	**France**	**Total**
Present value of the defined benefit obligation at December 31, 2013	**52,017**	**7,333**	**59,350**
Current service cost year 2014	2,489	424	2,913
Interest income or expense	—	(143)	(143)
Interest income or expense	1,722	146	1,868
Pension cost charged to profit and loss at 2014	4,211	427	4,638
Payments from the plan except any settlements	(2,039)	(129)	(2,168)
Actuarial gains and losses arising from changes in demographic assumptions	12,785	470	13,255
Actuarial gains and losses arising from changes in financial assumptions	—	(164)	(164)
Tax effect	(253)	—	(253)
Remeasurements of the net defined benefit liability	12,532	306	12,838
Effect of disposals	14	—	14
Other effects	568	—	568
Present value of the defined benefit obligation at December 31, 2014	**67,303**	**7,937**	**75,240**
Current service cost year 2015	3,077	549	3,626
Gains and losses arising from settlements	(105)	(619)	(724)
Interest income or expense	5,043	169	5,212
Pension cost charged to profit and loss at 2015	8,015	99	8,114
Payments from the plan except any settlements	(2,319)	(156)	(2,475)
Payments from plan settlements	(350)	0	(350)
Actuarial gains and losses arising from changes in financial assumptions	(5,724)	(128)	(5,852)
Actuarial gains and losses attributable to non-controlling interests	—	45	45
Tax effect		—	
Remeasurements of the net defined benefit liability	(5,724)	(83)	(5,807)
Effect of disposals		—	
Other effects	(352)	1,048	696
Present value of the defined benefit obligation at December 31, 2015	**66,573**	**8,845**	**75,418**

19. Pensions and other post-employment obligations (Continued)

The changes in fair value of plan assets are the following:

	Thousand of euros		
	Germany	France	Total
Fair value of plan assets and reimbursement rights at December 31, 2013	**4,338**	**2,453**	**6,791**
Interest income or expense	148	74	222
Pension cost charged to profit and loss at 2014	148	74	222
Payments from the plan except any settlements	—	(129)	(129)
Return on plans assets, excluding amounts included in interest	—	(38)	(38)
Actuarial gains and losses arising from changes in demographic assumptions	(76)	—	(76)
Actuarial gains and losses attributable to non-controlling interests		13	13
Remeasurements of the net defined benefit liability	(76)	(25)	(101)
Contributions to the plan by the employer	—		
Fair value of plan assets and reimbursement rights at December 31, 2014	**4,410**	**2,373**	**6,783**
Interest income or expense	79	42	121
Pension cost charged to profit and loss at 2015	79	42	121
Payments from the plan except any settlements	—	(156)	(156)
Return on plans assets, excluding amounts included in interest	—	(40)	(40)
Actuarial gains and losses arising from changes in financial assumptions	(7)	—	(7)
Actuarial gains and losses attributable to non-controlling interests	—	14	14
Remeasurements of the net defined benefit liability	(7)	(26)	(33)
Fair value of plan assets and reimbursement rights at December 31, 2015	**4,482**	**2,233**	**6,715**

The breakdown of the expense recognized in the Consolidated Income Statement regarding these plans is as follows:

	Thousand of euros					
	Germany		France		Total	
Item	2015	2014	2015	2014	2015	2014
Current service cost	3,077	2,489	549	424	3,626	2,913
Past service cost	—	—	—	—		
Gains and losses arising from settlements	(105)		(619)	(143)	(724)	(143)
Net interest on the net defined benefit liability (asset)	4,964	1,574	127	73	5,091	1,647
Total expense recognised in profit or loss	**7,936**	**4,063**	**57**	**354**	**7,993**	**4,417**

The main categories of plan assets and their fair value are the following:

	Thousand of euros			
	Germany		France	
Item	2015	2014	2015	2014
Investments quoted in active markets				
Mixed investment funds in Europe	4,482	4,410		
Not quoted investments				
Investment funds in insurances			2,205	2,373
	4,482	**4,410**	**2,205**	**2,373**

19. Pensions and other post-employment obligations (Continued)

The main hypotheses used for determining the defined benefit obligation are the following:

Item	Germany 2015	Germany 2014	France 2015	France 2014
Discount rate	2.0%–2.3%	1.8%–2.6%	1.8%–1.9%	1.80%
Expected rate of return on any plan assets	0%–2.2%	0%–1.8%	1.90%	—
Future salary increases rate	2.50%	2.50%	2.50%	2.50%
Future pension increases rate	1.5%–2%	1.5%–2%	—	—
Inflation rate	2.00%	2.00%	1%–1.5%	—
Mortality table	RT 2005 G	RT 2005 G	INSEE F 08–10	INSEE F 08–10
Rates of employee turnover, disability and early retirement	Aon Hewitt Standard tables, RT 2005 G, 0.5%	Aon Hewitt Standard tables, RT 2005 G, 0.5%	3.00%	—
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	0%–2%	0%–2%	—	0.00%
Retirement age	—	—	62–65 years	62–65 years

The sensitivity analysis of the value of post-retirement benefits obligations for the main hypotheses at December 31, 2015 and December 31, 2014 are as follows:

		Thousand of euros			
		2015			
		Germany		France	
Assumptions	Sensitivity	Increase	Decrease	Increase	Decrease
Discount rate					
Increase	0.25%				301
Decrease	0.25%			317	
Increase	0.5%		4,291		
Decrease	0.5%	3,862			
Future pension increases rate					
Increase	0.5%	1,804			
Decrease	0.5%		1,714		
Future salary increases rate					
Increase	0.5%			641	
Decrease	0.5%				583
Mortality rate					
Increase	1 year	1,245			

19. Pensions and other post-employment obligations (Continued)

Assumptions	Sensitivity	Thousand of euros 2014 Germany Increase	Decrease	France Increase	Decrease
Discount rate					
Increase	0.25%				301
Decrease	0.25%			316	
Increase	0.5%		4,226		
Decrease	0.5%	4,696			
Future pension increases rate					
Increase	0.5%	2,011			
Decrease	0.5%		1,910		
Future salary increases rate					
Increase	0.5%			641	
Decrease	0.5%				583
Mortality rate					
Increase	1 year	1,368			

The expected future payments related to pension benefit at December 31, 2015 and December 31, 2014 are the following:

	Thousand of euros 2015 Germany	France	Total	2014 Germany	France	Total
Within the next 12 months	3,049	87	3,136	2,864	24	2,888
Between 2 and 5 years	10,643	1,239	11,882	10,426	1,649	12,075
Beyond 5 years	13,905	23,768	37,673	13,159	22,475	35,634
Total	**27,597**	**25,094**	**52,691**	**26,449**	**24,148**	**50,597**

20. Non-trade liabilities

The breakdown of non-trade liabilities at December 31, 2015 and December 31, 2014 classified by concepts is as follows:

		Non current 2015	2014		Current 2015	2014
a) Interest-bearing loans and borrowings	a.1)	1,448,036	1,482,300	a.2)	282,900	282,480
b) Derivative financial instruments	b.1)	72,828	47,404		—	—
c) Other liabilities		153,284	195,621		167,975	171,985
Financial leasing	c.1)	28,869	25,076	c.1)	6,292	3,516
Borrowings from Associated companies	c.2)	68,442	73,179	c.2)	11,485	51,159
Other liabilities	c.3)	55,973	97,366	c.3)	150,198	117,310
		1,674,148	1,725,325		450,875	454,465

20. Non-trade liabilities (Continued)

a) Interest-bearing loans and borrowings

a.1) Non-current interest-bearing loans and borrowings

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

	Thousand of euros						
	2015						2014
	2017	2018	2019	2020	Beyond	Total	Total
In Euros	**130,892**	**87,194**	**158,127**	**736,489**	**1,354**	**1,114,056**	**1,133,513**
Gestamp Automoción,S.A. **I**)	119,438	77,360	151,247	242,021		590,066	570,330
Griwe Subgroup	2,713	2,713	2,713	2,713	1,354	12,206	15,724
Beyçelik, A.S.	2,199	449				2,648	25,656
Gestamp Metal Forming Subgroup	4,167	4,167	4,167	3,124		15,625	19,793
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi	2,375	2,505				4,880	9,213
Gestamp Funding Luxembourg, S.A. **II**)				488,631		488,631	492,797
In foreign currency	**10,691**	**7,757**	**4,896**	**306,798**	**3,838**	**333,980**	**348,787**
Brazilian reais							
Gestamp Brasil Industria de Autopeças, S.A.	2,791	2,789	2,777	2,421	3,838	14,616	28,266
Edscha Subgroup							663
Indian rupees							
Gestamp Automotive Chennai Private Ltd.	3,351	3,351	837			7,539	20,424
Remimbi Yuan							
Gestamp Autocomponents (Shenyang), Co. Ltd.	2,820					2,820	6,561
Edscha Subgroup							1,508
Czech Crowns							
Edscha Subgroup	1,255	1,255	1,255			3,765	3,604
Korean wons							
Gestamp Kartek Co, Ltd	474	362	27	7		870	1,407
US Dollars							
Gestamp Funding Luxembourg, S.A. **II**)				304,370		304,370	286,354
	141,583	94,951	163,023	1,043,287	5,192	1,448,036	1,482,300

The breakdown of maturity dates for the balances at December 31, 2014 is as follows:

Thousands of euros					
2014					
2016	2017	2018	2019	Beyond	Total
133,451	260,983	272,665	17,611	797,590	1,482,300

The guarantees granted are personal guarantees of the borrower, except for the loans granted to the Griwe Subgroup which are additionally secured by the property, plant, and equipment financed by these loans (Note 9) and the guarantees mentioned in the description of individual operations included in this Note.

20. Non-trade liabilities (Continued)

The nominal interest rate on the loans at December 31, 2015 is as follows:

	Interest rate
• Loans denominated in euros	1.45%–2.50%
• Loans denominated in Indian rupees	10.30%–12.30%
• Loans denominated in Brazilian reais*	4.50%–16.21%
• Loans denominated in Korean wones	3.60%–4.00%

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

The nominal interest rate on the loans at December 31, 2014 was as follows:

	Interest rate
• Loans denominated in euros	1.45%–3.50%
• Loans denominated in Indian rupees	10.30%–12.30%
• Loans denominated in Brazilian reais*	4.50%–16.21%
• Loans denominated in Korean wones	3.60%–4.00%

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

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

I) *2012 Bank of America Loan and 2013 Syndicated Loan*

Most relevant information regarding interest-bearing loans and borrowings subject to covenants at December 31, 2015 and December 31, 2014 is as follows:

Entity	Initial date	Amount granted	Maturity date	Financial obligations	Restrictions
Bank of America Securities Limited	March 21, 2012	60 million euros	March 21, 2017	"Net debt/EBITDA" below 3.50x "EBITDA/Financial expense" above 4.00x	N/A
Group of banks	April 19, 2013	850 million euros*	March 11, 2020	"Net debt/EBITDA" below or equal 3.50x "EBITDA/Financial expense" above 4.00x	Limitation for the dividends distribution: • If "Net debt/EBITDA" is below 3.00x and above 2.00x dividends can be no more than 35% of the consolidated benefit • If "Net debt/EBITDA" is equal or below 2.00x dividends can be no more than 50% of the consolidated benefit

The Bank of America loan as well as the syndicated loan were granted to the Company and they are registered in long-term for 60,000 thousand euros and 519,840 thousand euros respectively, and the part of syndicated loan in short term for 24,510 thousand euros.

At December 31, 2015 and December 31, 2014 the Company was not in breach of any of these covenants.

20. Non-trade liabilities (Continued)

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the mentioned loans. These companies are specified in Annex II.

II) *May 2013 Bond*

On May 2013, the Group completed an issuance of bonds through its subsidiary Gestamp Funding Luxembourg, S.A. This issuance has been carried out in two stages, in the first stage bonds were issued amounting to 500 million euros at an interest rate of 5.875%, and in the second stage bonds were issued amounting 350 million dollars with 5.625% interest rate.

Interests are payable every six months (November and May).

The maturity date of the bonds is May 31, 2020.

On September and October 2015 the Group acquired part of the issued bonds for 16,702 thousand dollars and 5,500 thousand euros. These bonds were later cancelled and fully paid.

The amortized cost at December 31, 2015 at exchange rate of the said date was 793 million euros (489 million euros and 304 million euros corresponding to the stages in euros and dollars respectively). The cost at December 31, 2014 was 779 million euros (493 million euros and 286 million euros corresponding to the stages in euros and dollars respectively).

Certain Group companies, which together represent a significant portion of total consolidated assets, revenue and EBITDA, act as joint guarantors of the bonds. These companies are specified in Annex II.

20. Non-trade liabilities (Continued)

a.2) Current interest-bearing loans and borrowings

The Group companies have been granted the following credit and discounting facilities:

	Thousands o					
	Credit facilities					
	Drawn down (a)		Limit		Loans (b)	
Company	2015	2014	2015	2014	2015	2014
In Euros	**43,148**	**50,609**	**316,800**	**315,800**	**161,304**	**86,775**
Gestamp Automoción,S.A.	40,978	43,608	309,600	308,600	117,598	50,386
Gestamp Solblank Barcelona, S.A.						
Gestamp Palencia, S.A.						
Gestamp Servicios, S.A.						
Gestamp Metalbages, S.A.	2,170	7,001	7,200	7,200		
Gestamp Abrera, S.A.						
Griwe Subgroup					3,521	4,273
Beyçelik, A.S.					22,275	4,445
Gestamp Aragón, S.A.						
Edscha Subgroup						
Gestamp Manufacturing Autochasis, S.L.						
MB Levante, S.L.						
Gestamp Navarra, S.A.						
Gestamp Vigo, S.A.						
Gestamp Hungaria KFT						
Gestamp Auto Components (Kunshan) Co., Ltd					869	14,051
Gestamp Auto Components (Donguan) Co., Ltd						2,562
Gestamp Autocomponents (Shenyang), Co. Ltd.					2,519	
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi					2,251	
Gestamp Metal Forming subgroup					4,167	4,167
Gestamp Funding Luxembourg, S.A.						
Gestamp Polska, SP. Z.O.O.						1,473
Loire Sociedad Anónima Franco Española					8,104	5,404
Autotech Engineering R&D Uk limited						14
In foreign currency	**21,134**	**1,193**	**29,569**	**3,048**	**50,487**	**61,476**

20. Non-trade liabilities (Continued)

	Thousands o					
	Credit facilities					
	Drawn down (a)		Limit		Loans (b)	
Company	2015	2014	2015	2014	2015	2014
US dollars						
Gestamp Funding Luxembourg, S.A.						
Turkish lira						
Beyçelik, A.S.					7,885	
Argentine pesos						
Gestamp Córdoba, S.A.					922	
Brazilian reais						
Gestamp Brasil Industria de Autopeças, S.A.					8,570	16,555
Edscha Subgroup						4,348
Indian rupees						
Gestamp Services India Private, Ltd.					120	70
Sungwoo Gestamp Hitech Pune Private Ltd.	4,534		7,765			
Gestamp Automotive Chennai Private Ltd.	14,062		15,529		3,351	
Remimbi Yuan						
Gestamp AutoComponents (Shenyang) Co., Ltd					12,600	13,905
Edscha Subgroup	2,538	1,193	6,275	3,048		1,193
Gestamp Metal Forming Subgroup					11,140	21,208
Czech Crowns						
Edscha Subgroup					3,755	3,400
Korean wons						
Edscha Subgroup					1,558	
Gestamp Kartek Co, Ltd.					586	797
	64,282	**51,802**	**346,369**	**318,848**	**211,791**	**148,251**

Discounted bills of the Company at December 31, 2014 amounting to 52,712 thousand euros correspond to the assum
subsidiaries.

20. Non-trade liabilities (Continued)

In all, the Group has approximately 431 million euros in with-recourse and non-recourse factoring and available discounting facilities at December 31, 2015 (December 31, 2014: 415 million euros).

Interest on the credit facilities is basically indexed to a floating rate of Euribor plus a spread between 0.65% and 1.75% in 2015 and a spread between 1.00% and 1.75% in 2014.

b) Derivative financial instruments

b.1) Interest rate derivatives and exchange rate derivatives

The fair value of interest rate and derivatives held for trading hedges contracted by the Group are recognized in the following headings of the Consolidated Balance Sheet:

	Thousands of euros	
Description	**2015**	**2014**
Financial assets—derivatives (Note 10.a.3)	**28,184**	**5,863**
Others	28,184	5,863
Financial liabilities—derivatives	**72,828**	**47,404**
Derivatives held for trading	25	1,187
Cash flow hedges	44,619	40,354
Others	28,184	5,863

The interest rate swaps arranged by the Group in place at December 31, 2015 and December 31, 2014 are the following:

	Thousands of euros				
		2015		2014	
Contract	**Item**	**Asset**	**Liability**	**Asset**	**Liability**
2	Derivatives held for trading	—		—	1,061
6	Derivatives held for trading	—	25	—	126
Total derivatives held for trading		—	**25**		**1,187**
1	Cash flow	—	9,263	—	7,661
3	Cash flow	—	16,242	—	13,649
4	Cash flow	—	8,073	—	9,147
5	Cash flow	—	—	—	32
7	Cash flow	—	4,524	—	4,910
8	Cash flow	—	6,517	—	4,955
Total cash flow hedges		—	**44,619**	—	**40,354**

At December 31, 2015 the Company arranged a strategy to hedge interest rate risk on notionals of the Group's estimated bank debt for the period from 2016 to 2024 via several interest rate swaps with the

20. Non-trade liabilities (Continued)

following notional amounts at December 31 of each year in thousand euros except contract 6, referenced to Sterling pounds:

Year	Contract 1	Contract 3	Contract 4	Contract 6	Contract 7	Contract 8
2016	140,000	320,000	77,835	10,000	110,000	110,000
2017	140,000	320,000	77,835		110,000	110,000
2018	140,000	320,000	77,835		110,000	110,000
2019	140,000	320,000	77,835			110,000
2020	140,000	320,000	77,835			110,000
2021	140,000					110,000
2022	140,000					110,000
2023	140,000					110,000
2024	140,000					110,000

The interest rate swaps arranged by the Group in place at December 31, 2015 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 1, 2025	3-month Euribor	0.25% (2015), 0.45% (2016), 1.2% (2017), 1.4% (2018), 1.98% (2019), 2.15% (2020) and 1.60% beyond
Contract 2	July 1, 2011	July 1, 2015	Closed	—
Contract 3	July 14, 2015	December 31, 2020	1-month Euribor	0.25% (2015-2016-2017), 1.40% (2018), 1.98% (2019) and 2.15% (2020)
Contract 4	January 2, 2015	January 4, 2021	3-month Euribor	1.24% (2015), 1.48% (2016), 1.66% (2017), 1.99% (2018) and 2.09% beyond
Contract 5	April 1, 2010	January 2, 2015	Closed	—
Contract 6	August 6, 2012	June 30, 2016	3-month Libor	0.975%
Contract 7	April 2, 2014	January 2, 2019	3-month Euribor	1.26%
Contract 8	July 1, 2015	January 1, 2025	3-month Euribor	0.15% (2015), 0.4% (2016), 1% (2017), 1.25% (2018) and 1.60% beyond

The hedging arrangements outlined above qualify as effective hedges under IFRS hedge accounting criteria. Accordingly, changes in the fair value of the swaps are recognized in equity while the interest accrued is recognized in the Consolidated Income Statement.

The cash flows underlying the hedges are expected to affect profit or loss in the following years:

	2014
	Thousands of euros
2015	(16,510)
2016	(12,362)
2017	(10,083)
2018	(2,586)
	(41,541)

20. Non-trade liabilities (Continued)

	2015 Thousands of euros
2016	(6,076)
2017	(6,964)
2018	(10,306)
2019	(10,131)
2020	(9,385)
2021	(1,966)
2022	(725)
2023	(32)
2024	452
2025	489
	(44,644)

At December 31, 2015 the Group has transferred from Equity to the Consolidated Income Statement the amount of approximately 9,633 thousand euros (expense) as a result of liquidations carried out in 2015 corresponding to cash flow (interest rate) hedges. In 2014, expense recognized on the same basis amounted to 11,935 thousand euros.

In 2015 the Group has recognized income amounting to 3,500 thousand euros in the Consolidated Income Statement relating to derivatives held for trading, while during 2014 the income recognized amounted to 2,178 thousand euros.

"Others" includes the present value of implicit derivatives of exchange rates applicable to sales and purchases prices in certain customer and suppliers contracts (Note 10.a.3).

In addition, there is a purchase option of the 60% shareholding of Essa Palau, S.A. with initial amount of 3,000 thousand euros in 2011 which was fully impaired at December 31, 2015 and December 31, 2014.

b.2) Net investment hedges

At December 31, 2015 the heading "Interest-bearing loans and borrowings" include the bond issued by the subsidiary Gestamp Funding Luxembourg, S.A. amounting to 333 million US dollar (350 million dollars less 17 million bought and cancelled in 2015 (Note 20.a.1.I)) classified as hedge in net investment in subsidiaries located in the United States.

This bond covers the Group exposure to the exchange rate risk of these investments. The gains and losses arising in the conversion of the debt are included in consolidated equity under the heading Translation differences to compensate the possible gains and losses due to the conversion of the net investment in the subsidiaries. The losses generated in the conversion of the debt (hedge instrument) included in consolidated equity and net of tax effect under the heading Translation differences of Gestamp North America INC (Note 15) amount to 30,585 thousand euros at December 31, 2015 (22,021 thousand euros net of taxes) and 27,988 thousand euros (20,151 thousand euros net of taxes) in 2014.

The net investment in these subsidiaries includes the investment in the equity of the subsidiaries and the loans in US dollar granted to the said subsidiaries by Group companies whose functional currency is Euro.

Although the bond in US dollar was issued by Gestamp Funding Luxembourg, S.A on May, 2013, the hedging relationship was not stablished for accountancy purpose until January 1, 2014. At December 31, 2015 and December 31, 2014 there is no hedge inefficiency.

20. Non-trade liabilities (Continued)

c) Other liabilities

c.1) Financial leasing

The finance lease commitments recognized under this heading correspond to the present value of the payment commitments on the finance leases outlined in Note 9. The payment schedule for these lease payments and the corresponding finance expenses are as follows:

	2015				
	Thousands of euros				
	Present value of lease obligations				
	Less than one year	Between one and five years	More than five years	Future finance expenses	Finance lease installments
Gestamp West Virginia, LlC	1,029	4,476	17,451	6,983	29,939
Beyçelik, A.S.	5,192	5,457	1,408	1,054	13,111
Gestamp Metal Forming Subgroup	61	75		8	144
Edscha Subgroup	10	2		1	13
Total	6,292	10,010	18,859	8,046	43,207

	2014				
	Thousands of euros				
	Present value of lease obligations				
	Less than one year	Between one and five years	More than five years	Future finance expenses	Finance lease installments
Gestamp West Virginia, LlC	46	3,890	16,725	6,676	27,337
Beyçelik, A.S.	3,345	4,314		479	8,138
Gestamp Metal Forming Subgroup	59	136		11	206
GMF Otomotive Parçalari Sanayi ve Ticaret L.S	32			3	35
Loire Sociedad Anónima Franco Española	25			1	26
Edscha Subgroup	9	11		2	22
Total	3,516	8,351	16,725	7,172	35,764

c.2) Borrowings with Associated Companies

This heading in the Consolidated Balance Sheet includes the following items with associated companies:

	Long term		Short term	
Description	2015	2014	2015	2014
Current accounts (Note 29)	—	—	—	399
Loans (Note 29)	42,167	45,986	7,438	21,618
Interest (Note 29)	—	—	3,124	3,269
Fixed assets suppliers (Note 29)	26,275	27,193	923	25,873
	68,442	73,179	11,485	51,159

At December 31, 2015 and December 31, 2014 the balance of long term fixed assets suppliers with Acek, Desarrollo y Gestión Industrial, S.L. corresponds to the purchase of GESTAMP brand.

The balance of fixed assets suppliers amounting to 25,873 thousand euros in 2014 included the debt for purchases of PP&E to Inmobiliaria Acek S.L. amounting to 25,010 thousand euros (Note 29) paid out in the first quarter of 2015.

20. Non-trade liabilities (Continued)

c.3) Other liabilities

Other non-current liabilities

The breakdown of the amounts included under this heading, by company, nature, and maturity, at December 31, 2015 and December 31, 2014 is as follows:

	Thousands of euros						
Company	**2017**	**2018**	**2019**	**2020**	**Beyond**	**Total 2015**	**Total 2014**
Guarantees received					401	401	15
Gestamp Automoción, S.A.					291	291	—
Gestamp Abrera, S.A.					6	6	6
Gestamp Argentina, S.A					2	2	—
Gestamp Kartek Co, Ltd					8	8	8
Gestamp Metalbages, S.A.					1	1	1
SCI de Tournan en Brie					93	93	—
Fixed assets suppliers	327	60	71	83	290	831	—
Gestamp Bizkaia, S.A.	276					276	—
Gestamp Córdoba, S.A.	51	60	71	83	290	555	—
Loans from Ministry of Science and Technology	6,245	5,915	6,124	5,499	15,645	39,428	55,996
Gestamp Vigo, S.A	513	513	513	513	1,325	3,377	3,678
Gestamp Toledo, S.L	474	474	474	474	900	2,796	5,098
Gestamp Palencia, S.A	262	262	262	262	585	1,633	2,794
Gestamp Linares, S.A	181	145	70			396	577
Gestamp Galvanizados, S.A	34	34	34	34	77	213	235
Gestamp Metalbages, S.A.	327	325	323	321	1,015	2,311	2,498
Gestamp Navarra, S.A	675	701	731	275	439	2,821	13,287
Gestamp Manufactoring Autochasis S.L	278	276	274	272	868	1,968	2,005
Autotech Engineering, A.I.E	247	167	167	167	418	1,166	1,416
Gestamp Aragón, S.A.	312	300	288	277	922	2,099	2,333
Gestamp Abrera, S.A.	477	456	439	423	1,559	3,354	3,645
Gestamp Levante, S.L.	303	292	281	271	1,035	2,182	2,217
Gestamp Ingenieria Europa Sur, S.L.							194
Gestamp Solblank Navarra, S.L.	40	36	33	28		137	151
Loire Sociedad Anónima Franco Española					351	351	337
Gestamp Solblank Barcelona, S.A	120	120	450	433	1,869	2,992	2,858
Diede Die Developments S.L	323	167	168	161	0	819	970
Gestamp Bizkaia, S.A.	1,679	1,647	1,617	1,588	4,282	10,813	11,703
Other creditors	8,770	3,739	391	527	1,886	15,313	41,355
Gestamp Aveiro, S.A	408	419				827	1,224
Gestamp Cerveira, Lda	1,268	1,056	364	527		3,215	3,348
Diede Die Developments S.L						—	
Ocon Automated Systems S.L.						—	
Edscha Subgroup	7,068	2,238			1,882	11,188	12,821
Gestamp Baires, S.A	26	26	27			79	147
Gestamp Sweden, AB					4	4	4
Gestamp West Virginia, LlC						—	2,066
Gestamp Servicios, S.A						—	20,738
Gestamp Córdoba, S.A						—	821
SCI de Tournan en Brie						—	93
Gestamp Argentina, S.A						—	93
Total	15,342	9,714	6,586	6,109	18,222	55,973	97,366

20. Non-trade liabilities (Continued)

On December 19, 2012 Gestamp Servicios, S.L. received a loan granted by International Business Machine, S.A. amounting to 48,760 thousand euros. This loan accrued a 5.10% market interest rate with quarterly maturity dates, being the last one on December 19, 2017. The outstanding balance at December 31, 2014 amounted to 20,738 thousand euros. Because of Group financial restructuring and with the aim of saving financial costs, this loan was early paid out in the first quarter of 2015.

The breakdown of maturity dates for the balances at December 31, 2014 is as follows:

Thousands of euros					
2014					
2016	2017	2018	2019	Beyond	Total
24,109	24,047	13,025	9,295	26,890	97,366

Other current liabilities

The amounts included under this heading by nature are as follows:

	Thousands of euros 2015	2014
Fixed assets suppliers	127,698	98,334
Short term debts	22,240	18,336
Short term interests payable	242	38
Deposits and guarantees	148	137
Other	(130)	465
	150,198	117,310

21. Deferred Taxes

The changes in deferred tax assets and liabilities were as follows:

Deferred tax assets	Tax credits	Reversal of start-up expenses	Fair value of property and buildings	Non-deductible provisions	Accelerated depreciation	Unrealized, non-deductible exchange gains (losses)	Other	Total
	Thousands of euros							
At December 31, 2013	**119,882**	**2,344**	**17,666**	**43,402**	**6,590**	**8,815**	**1,771**	**200,470**
Increases	21,212	90		6,581	623	2,766	16,131	47,403
Decreases	(27,532)			(8,691)	(113)	(2,484)	(16,268)	(55,088)
Translation differences	3,189	(120)	(2)	855	15	(61)	968	4,844
Other	47,568	(2,153)	(480)	(11,967)	(3,438)	(4,074)	25,255	50,711
At December 31, 2014	**164,319**	**161**	**17,184**	**30,180**	**3,677**	**4,962**	**27,857**	**248,340**
Inclusion in scope								
Increases	10,569			29,757	742	1,794	34,362	77,224
Decreases	(28,668)	(78)		(9,292)	(67)	(2,766)	(4,881)	(45,752)
Translation differences	2,936	(4)		(3,722)	(123)	(526)	(1,038)	(2,477)
Other	1,121		(17,661)	1,352	1,209	885	6,536	(6,558)
At December 31, 2015	**150,277**	**79**	**(477)**	**48,275**	**5,438**	**4,349**	**62,836**	**270,777**

21. Deferred Taxes (Continued)

Increases in Other in 2015 amounting to 34,362 thousand euros mainly correspond to the tax effect of hedges from the Company as well as to non-deductible expenses from invoices to be received by Gestamp Polska SP Z.o.o.

	Thousands of euros							
Deferred tax liabilities	**Portfolio provisions— individual companies**	**Tax deduction— goodwill individual companies**	**Capitalization of expenses**	**Allocation to goodwill**	**Revaluation of land and buildings**	**Depreciation/ amortization**	**Other**	**Total**
At January 31, 2013	**4,746**	**10,884**	**29,956**	**34,131**	**77,885**	**18,115**	**3,193**	**178,910**
Inclusion in scope								—
Increases		994	17,662	84		11,457	3,728	33,925
Decreases	(529)		(2,878)	(5,731)	(1,490)	(2,348)	(1,378)	(14,354)
Translation differences			185	(56)		4,879	506	5,514
Other movements	(3,414)	−3,647	(692)	1,913	(7,972)	39,926	4,986	31,100
At December 31, 2014	**803**	**8,231**	**44,233**	**30,341**	**68,423**	**72,029**	**11,035**	**235,095**
Inclusion in scope	—	—	—	—	—	—	—	—
Increases	—	852	10,364	3,003	1,643	11,644	2,725	30,231
Decreases	(1,203)	—	(4,790)	(3,645)	(1,666)	(3,106)	(885)	(15,295)
Translation differences	—	—	(86)	(858)	—	4,797	(797)	3,056
Other movements	(471)	(953)	(269)	—	(17,661)	(8,760)	571	(27,543)
At December 31, 2015	**(871)**	**8,130**	**49,452**	**28,841**	**50,739**	**76,604**	**12,649**	**225,544**

The net balance of Other movements in 2015 amounts to 20,985 thousand euros in liabilities and mainly includes adjustments from prior years as well as tax credits from Gestamp North America, INC regarding recognition of tax losses from previous years as a consequence of local regulations approved this year.

The net amount recognized in Other movements at December 31, 2014 amounting to 19,611 thousand euros (asset), correspond mainly to the tax rates updating and adjustments from previous years. The movements recognized under the headings tax credits and depreciation/amortization, correspond mainly to deferred tax reclassifications of assets and liabilities in 2014 by the subsidiary Gestamp North America, INC.

22. Trade and other payables

a) Trade payables

	Thousands of euros	
	2015	**2014**
Trade accounts payable	812,718	689,604
Trade bills payable	133,890	89,055
Suppliers from Group companies (Note 29.1)	187,351	160,202
Suppliers from Associated companies (Note 29.1)	1,054	2,265
Trade creditors, Group companies (Note 29.1)	2,365	4,486
	1,137,378	945,612

22. Trade and other payables (Continued)

b) Other payables

	Thousands of euros	
	2015	2014
VAT payable	50,589	48,127
Tax withholdings payable	13,616	18,539
Other items payable to the tax authorities	11,617	26,361
Payable to social security	26,857	23,490
Other payables	16,966	27,879
Outstanding remuneration	97,114	87,197
	216,759	231,593

23. Operating revenue

a) Revenue

The breakdown of revenue by category in 2015 and 2014 is as follows:

	Thousands of euros	
	2015	2014
Parts, prototypes, and components	6,408,731	5,565,547
Tools	389,373	415,432
Byproducts and containers	219,136	264,000
Services rendered	17,272	10,825
	7,034,512	6,255,804

23. Operating revenue (Continued)

The geographical breakdown of revenue was as follows:

	Thousands of euros		%	
	2015	2014	2015	2014
European Union	3,908,810	3,593,760	55%	57%
Home market	1,269,940	1,087,489	18%	17%
Other European Union countries	2,638,870	2,506,271	37%	40%
France	409,625	387,132		
Portugal	143,487	138,182		
Poland	111,810	118,005		
Hungary	50,434	49,917		
Slovakia	9,329	11,289		
Czech Republic	129,875	116,047		
United Kingdom	685,919	582,652		
Sweden	78,016	72,301		
Germany	1,020,375	1,030,746		
Other markets	3,125,702	2,662,044	45%	43%
America	1,789,858	1,556,419	26%	25%
Brazil	247,295	385,133		
Argentina	219,208	183,317		
Mexico	416,009	294,367		
USA	907,346	693,602		
Asia	976,628	739,821	14%	12%
India	157,791	121,934		
South Korea	118,541	87,283		
China	690,110	521,084		
Japan	5,956	6,088		
Thailand	4,230	3,432		
Other	359,216	365,804	5%	6%
Russia	117,723	149,898		
Turkey	241,493	215,906		
TOTAL	7,034,512	6,255,804	100%	100%

23. Operating revenue (Continued)

b) Other operating income

	Thousands of euros	
	2015	2014
Other operating income	24,926	27,692
Grants related to income	2,073	3,861
Grants related to assets released to income for the year (Note 17)	6,589	5,388
Surplus provision for environmental matters and other commitments	4,454	10,097
Surplus provision for restructuring	5,147	80
Own work capitalized	91,757	67,746
Other	21,925	11,691
Change in provisions (Note 18)	18,540	12,479
Adjustments from prior years	(4,595)	—
Other	7,980	(788)
	156,871	126,555

Other operating income includes the income from the business combination of Gestamp Pune Automotive Private Limited amounting to 1.371 thousand euros (Note 2.b).

The heading Other includes profits from tangible assets amounting to 1,832 thousand euros as well as extraordinary income and expenses mainly related to commercial agreements, litigations and state financial aids amounting to 6,148 thousand euros.

24. Operating expenses

a) Raw materials and other consumables

	Thousands of euros	
	2015	2014
Purchases of goods and tools for resale	679,004	445,435
Discounts for prompt payment	(2,164)	(2,035)
Purchase returns and similar transactions	(5,269)	(3,483)
Volume discounts	(7,946)	(7,503)
Change in inventories(**)	(22,322)	(28,181)
Purchases of raw materials	2,764,168	2,740,494
Consumption of other supplies	644,581	491,781
Work performed by third parties	255,855	252,009
Impairment of goods for resale and raw materials(**)	4,067	2,538
Reversal of impairment of goods for resale and raw materials(**)	(1,377)	(5,283)
	4,308,597	3,885,772

(**) The total of this line items make a net consumption of raw materials amounting to 19,632 thousand euros (Note 11).

24. Operating expenses (Continued)

b) Personnel expenses

The breakdown of "Personnel expenses" in the Consolidated Income Statement is as follows:

	Thousands of euros	
	2015	2014
Salaries	971,251	859,856
Social security	206,969	191,845
Other benefits expenses	79,790	73,233
	1,258,010	1,124,934

The breakdown of average headcount by professional level in 2015 and 2014 is as follows:

Professional level	2015	2014
Directors/ Managers	714	725
Clerical, financial and IT department	1,878	1,240
Quality control department	1,804	1,782
Logistics department	2,644	2,520
Supply department	864	827
Technical department	2,828	3,075
Production foreman	1,320	1,125
Production workers	16,764	16,167
Other	4,089	3,712
	32,905	**31,173**

The breakdown of headcount by professional level at year end at December 31, 2015 and December 31, 2014 is as follows:

	2015		2014	
Professional level	Males	Females	Males	Females
Directors/ Managers	666	94	645	99
Clerical, financial and IT department	1,382	881	619	671
Quality control department	1,557	249	1,559	254
Logistics department	2,274	319	2,197	327
Supply department	713	155	706	126
Technical department	2,874	232	3,059	265
Production foreman	1,261	57	1,087	55
Production workers	16,427	1,334	15,421	1,211
Other	2,268	449	2,872	573
	29,422	**3,770**	**28,165**	**3,581**

24. Operating expenses (Continued)

c) Other operating expenses

	Thousands of euros	
	2015	2014
Maintenance and upkeep	530,423	443,812
Other external services	310,387	271,898
Taxes and levies	30,761	24,408
Impairment of accounts receivable	(127)	(702)
Other	3,925	4,744
Losses and impairment of assets	—	1,379
Provision for risks and expenses	3,925	3,365
	875,369	744,160

Balance in "Other" in 2014 mainly corresponds to Edscha and Gestamp Metal Forming Subgroups related to provisions for litigations, employee contribution and others (Note 18),while in 2015 it fully corresponds to provision for risks and expenses.

25. Financial income and financial expenses

a) Financial income

	Thousands of euros	
	2015	2014
From equity investments, Group Companies	5	—
From equity investments	4	—
From current loans to third parties	27	395
Other financial income	12,913	8,023
Total from loans to Associated companies (Note 29.1)	360	1,179
From non-current loans to Associated companies	—	13
From current loans to Associates companies	360	1,166
	13,309	9,597

b) Financial expenses

	Thousands of euros	
	2015	2014
On bank borrowings	97,547	113,864
On trade bills with credit institutions	1,807	2,123
On factoring transactions with credit institutions	774	—
Other financial expenses	13,810	14,199
On update provisions	15	—
Total on borrowings from Group companies and associates (Note 29.1)	7,897	8,422
	121,850	138,608

26. Profit from discontinued operations

On December 26, 2013 the Group signed an agreement of intentions to sell the subsidiaries Gestamp Sungwoo Hitech (Chennai) Pvt. Ltd, Sungwoo Gestamp Hitech Chennai, Ltd and GS Hot-Stamping Co. Ltd. so their assets and liabilities were classified as held for sale at December 31, 2013.

These companies were sold on April 11, 2014 (Note 2.a).

At December 31, 2014 the result of these companies (the result generated until the sale as well as the own result of the sale) has been classified as profit from discontinued operations according to the following breakdown:

	Thousands of euros			
	2014			
	Gestamp Sungwoo Hitech (Chennai) Pvt. Ltd	Sungwoo Gestamp Hitech Chennai, Ltd	GS Hot Stamping, Co. Ltd	Total
Income from discontinued operations				
Profit (loss) from associates under equity method	(251)	(796)	—	(1,047)
Profit (loss) from the sale of discontinued operations	1,781	(4,073)	1,766	(526)
Net profit (loss) from discontinued operations	**1,530**	**(4,869)**	**1,766**	**(1,573)**

At December 31, 2014 the Group had no assets held for sale.

At December 31, 2015 the Group has no income from discontinued operations and no assets held for sale.

27. Income tax

The Company and its subsidiaries file their income tax returns separately except:

- From January 1, 2014 on, the Company choose to apply the special fiscal consolidation regime, regulated under Basque Regional Law 3/1996. The subsidiaries include in this fiscal group are Gestamp Bizkaia, S.A; Bero Tools, S.L.; Gestamp North Europe Services, S.L. and Loire S.A.F.E.
- The subsidiaries Gestamp North America, Inc., Gestamp Alabama, Llc., Gestamp Mason, Llc., Gestamp Chattanooga, Llc., Gestamp Chattanooga II Llc.,Gestamp South Carolina, Llc. and Gestamp West Virginia, Llc. file a tax return according to fiscal transparency system.
- The subsidiaries Gestamp 2008, S.L., Edscha Santander, S.L. and Edscha Burgos, S.L. file a consolidated tax return.
- The subsidiaries Gestamp Global Tooling, S.L., Matricerías Deusto, S.L., Adral, Matricería y Puesta a punto, S.L, Gestamp Tool Hardening, S.L. and Gestamp Try Out Services, S.L. file a consolidated tax return.
- The subsidiaries Griwe Innovative Umfortechnik, 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 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.

27. Income tax (Continued)

The detail of income taxes in 2015 and 2014, in thousands of euros, is as follows:

	Thousands of euros	
	2015	2014
Current tax expense	84,053	57,805
Deferred tax	(23,458)	9,832
Other income tax adjustments	3,355	(7,347)
	63,950	**60,290**

Tax expense was calculated based on accounting profit before taxes, as shown below:

	Thousands of euros	
	2015	2014
Accounting profit (before taxes)	**252,802**	**190,673**
Theoretical tax expense	70,785	57,202
Differences in prevailing rates	(1,792)	3,409
Permanent differences	(215)	14,844
Deductions and tax credits previously not recognized	(10,124)	(12,293)
Statute-barred tax credits	21,602	23,232
Adjustments to income tax of prior years	(15,889)	(20,380)
Adjustments to tax rate	(417)	(5,724)
Tax expense (tax income)	**63,950**	**60,290**

The theoretical tax rate applied is 28% in 2015 and 30% in 2014.

"Differences in prevailing rates" in 2015 and 2014 reflects the differences between prevailing rates in certain operating markets and the theoretical applicable rate, mainly relating to operations taxed in the United States (35%), Brazil (34%), and Argentina (35%).

The Permanent differences in 2015 and 2014 reflect mainly inflation adjustments, exemption of income from brand billing, nondeductible differences in exchange rates, nondeductible expenses, and those differences generated in the consolidation process.

The Adjustments to tax rate in 2014 correspond to Spain and reflect the appliance of law 27/2014, approved on November 27, for Corporate Income Tax in Spain that has modified the general tax rate, from the present tax rate of 30%, to the 2015 tax rate of 28% and beyond of 2015 tax rate of 25%. Previous deferred tax assets and liabilities have been adjusted according to the tax rate changes at the reversion date.

At December 31, 2015 the conversion to euros of tax loss carried forwards in other currencies, calculated at the exchange rates prevailing on that date, amounted to 872 million euros (2014: 813 million euros).

At December 31, 2015 the conversion to euros of unused tax credits carried forward in other currencies calculated at the exchange rates prevailing on that date, amounted to 145 million euros (2014: 134 million euros).

At year end 2015 and 2014, the Group had capitalized unused tax losses and tax credits that it expects to be able to utilize in future periods based on earnings projections and the deadlines and limits for their utilization.

At December 31, 2015 the Group had capitalized tax credits for a total of 150 million euros of unused tax losses and unused tax credits (2014: 164 million euros) (Note 21).

The unused tax losses and unused tax credits at December 31, 2015 whose corresponding tax credit has not been registered amount to 665 million euros (2014: 474 million euros). From that amount, 392 million

27. Income tax (Continued)

euros have limitation period for their utilization between 2016 and 2034 (2014: 314 million euros with limitation period between 2015 and 2033) and the rest have no limitation period.

The majority of Group companies are open to inspection of all taxes to which they are liable and for the full statute of limitations period (4 years from filing date for all Spanish companies except for those with registered offices in the Basque Country for which the period is three years, and five years, as a rule, for companies based abroad), or since the date of incorporation, if more recent.

Management of the Company and its subsidiaries calculated income tax for 2015 and the years open for inspection according to the legislation prevailing in each year. Given that the prevailing tax regulations related to the above mentioned matters are subject to varying interpretations, certain tax liabilities and contingencies may exist for 2015 and previous years that cannot be objectively quantified. However, the Group's directors and their legal and tax advisors consider that any potential tax liability which might arise would not significantly affect the accompanying Consolidated Financial Statements.

28. Contingent liabilities and commitments

The Group companies have not provided liens to third parties for significant amounts other than the Griwe Subgroup PP&E items pledged to guarantee repayment of the loans they were granted (Note 9) or other non-current borrowings.

Operating lease commitments

The Group is a lessee of buildings, warehouses, machinery and vehicles. The lease expenses charged to the December 31, 2015 Consolidated Income Statement amount to 88,038 thousand euros (December 31, 2014: 69,101 thousand euros) and the breakdown by country is as follows:

	Thousands of euros	
	2015	**2014**
Spain	20,787	16,637
Germany	13,394	11,917
France	3,241	3,063
Portugal	2,060	1,828
Poland	1,433	1,081
Hungary	1,303	732
Slovakia	11	23
Czech Republic	524	473
United Kingdom	8,400	5,915
Sweden	2,661	1,747
Luxembourg	76	44
USA	10,578	7,190
Mexico	8,228	5,885
Brazil	2,184	2,940
Argentina	938	662
India	864	762
South Korea	387	564
China	6,275	3,227
Japan	221	161
Thailand	26	22
Russia	891	1,349
Turkey	3,556	2,879
	88,038	**69,101**

28. Contingent liabilities and commitments (Continued)

Total future minimum payments for operating leases at December 31, 2015 and December 31, 2014 are as follows:

	Thousands of euros		
	Future minimum payments		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Spain	16,415	53,214	30,715
Germany	9,341	20,450	777
France	2,520	953	—
Portugal	1,410	3,454	—
Poland	1,541	—	—
Czech Republic	48	280	—
United Kingdom	9,634	29,641	53,279
Sweden	643	1,697	—
USA	8,474	31,857	40,129
Mexico	15,641	81,173	9,082
Brazil	2,412	—	—
Argentina	8	38	—
India	219	263	—
China	6,285	395	—
Japan	50	—	—
Thailand	25	129	—
Russia	394	1,834	—
Turkey	582	2,453	2,383
Total 2015	**75,642**	**227,831**	**136,365**

	Thousands of euros		
	Future minimum payments		
	Less than 1 year	Between 1 and 5 years	More than 5 years
Total 2014	**74,561**	**216,203**	**128,041**

The increase in long-term future minimum payments from 2014 to 2015 for 19 million euros corresponds to renegotiation of already existing agreements and to signing new agreements, mainly in companies in USA and Germany, as well as to changes in exchange rates.

The Group companies have not acquired additional significant commitments to those already existing corresponding to the planification of the ordinary business, acquisition of raw materials or fixed assets.

29. Related party transactions

29.1 Balances and transactions with Related Parties

At December 31, 2015 and December 31, 2014 the amounts payable to and receivable from Related Parties and transactions carried out with Related Parties were as follows:

	Thousands of euros	
	2015	2014
Balances receivable	18,262	51,738
Balances payable	(270,697)	(291,291)
Revenue		
Sales of goods	155,059	175,050
Services rendered	5,407	3,048
Financial income	360	1,179
Expenses		
Purchases	922,718	941,653
Services received	11,595	8,926
Financial expenses	7,897	8,422
Impairment loss	9,324	—

The breakdown of receivables from and payables to Related Parties at December 31, 2015 is as follows:

		Thousand of euro	
Company	Item	Amounts receivable	Amounts payable
Acek, Desarrollo y Gestión Industrial, S.L.	Current account	26	—
Total Current account		26	
Mitsui &Co., Ltd	Non-current loans	—	(20,104)
JSC Karelsky Okatysh	Non-current loans	—	(22,063)
Total non-current loans (Note 20.c.2)			(42,167)
Gonvarri Corporación Financiera, S.L.	Current loans	—	(7,438)
Total current loans (Note 20.c.2)			(7,438)
Acek, Desarrollo y Gestión Industrial, S.L	Current interest payable	—	(1,337)
Gonvarri I. Centro Servicios, S.L.	Current interest payable	—	(36)
Gonvarri Corporación Financiera, S.L.	Current interest payable	—	(582)
JSC Karelsky Okatysh	Current interest payable	—	(1,169)
Total interest payable (Note 20.c.2)			(3,124)
Esymo Metal, S.L.	Non-current loans	1,120	—
Esymo Metal, S.L.	Current loans	320	—
Total loans		1,440	
Esymo Metal, S.L.	Current interest receivable	1	—
Gestion Global de Matriceria, S.L	Current interest receivable	61	—
Total interest receivable		62	
Essa Palau, S.A.	Trade receivables from Group companies	1,440	—
Esymo Metal, S.L.	Trade receivables from Group companies	9	—
Gescrap Centro, S.L	Trade receivables from Group companies	516	—
Gescrap France S.A.R.L.	Trade receivables from Group companies	1,010	—
Gescrap Navarra, S.L.	Trade receivables from Group companies	234	—
Gescrap Polska SPZOO	Trade receivables from Group companies	345	—
Gescrap, S.L.	Trade receivables from Group companies	3,501	—
Gescrap Hungría KFT	Trade receivables from Group companies	176	—
Gescrap Autometal Mexico S.A. de C.V.	Trade receivables from Group companies	606	—

29. Related party transactions (Continued)

Company	Item	Thousand of euro — Amounts receivable	Thousand of euro — Amounts payable
Gescrap Czech S.R.O.	Trade receivables from Group companies	22	—
Gescrap Autometal Comercio de Sucatas S.A.	Trade receivables from Group companies	351	—
GES Recycling Ltd.	Trade receivables from Group companies	285	—
GGM Puebla, S.A. de C.V.	Trade receivables from Group companies	1,373	—
Gestion Global de Matriceria, S.L	Trade receivables from Group companies	740	—
Gonvarri Galicia, SA	Trade receivables from Group companies	148	—
Gonvarri I. Centro Servicios, S.L.	Trade receivables from Group companies	112	—
Gonvarri MS Corporate S.L.	Trade receivables from Group companies	46	—
Gonvauto Navarra, SA	Trade receivables from Group companies	694	—
Gonvauto Puebla S.A. de C.V.	Trade receivables from Group companies	389	—
Gonvauto Thuringen, GMBH	Trade receivables from Group companies	1,092	—
Gonvauto, SA	Trade receivables from Group companies	480	—
Gonvarri Corporación Financiera, S.L.	Trade receivables from Group companies	169	—
Gonvarri Polska	Trade receivables from Group companies	4	—
Ind. Ferrodistribuidora, S.L.	Trade receivables from Group companies	281	—
Severstal Gonvarri Kaluga, LLC	Trade receivables from Group companies	8	—
Steel & Alloy	Trade receivables from Group companies	29	—
Gonvarri Czech S.R.O.	Trade receivables from Group companies	37	—
GS Hot Stamping, Ltd.	Trade receivables from Group companies	5	—
Ingeniería y Construcción Matrices, S.A.	Trade receivables from Group companies	1,919	—
IxCxT, S.A.	Trade receivables from Group companies	3	—
Jui Li Edscha Body System	Trade receivables from Group companies	6	—
Jui Li Edscha Hainan	Trade receivables from Group companies	257	—
Gestamp Energías Renovables	Trade receivables from Group companies	426	—
Inmobiliaria Acek,S.L.	Trade receivables from Group companies	8	—
Acek, Desarrollo y Gestión Industrial, S.L	Trade receivables from Group companies	7	—
Recuperaciones Medioambientales Subgroup	Trade receivables from Group companies	6	—
Total Trade receivables from Group companies (Note 12.a)		16,734	
Agricola La Veguilla, S.A.	Suppliers from Group companies		(18)
Acek, Desarrollo y Gestión Industrial, S.L	Suppliers from Group companies		(2,582)
Essa Palau, S.A.	Suppliers from Group companies		(13,777)
Esymo Metal, S.L.	Suppliers from Group companies		(1,766)
Gescrap Navarra, S.L.	Suppliers from Group companies		(2)
Gescrap Polska	Suppliers from Group companies		(3)
GGM Puebla, S.A. de C.V.	Suppliers from Group companies		(796)
Gestion Global de Matriceria, S.L	Suppliers from Group companies		(283)
Gonvarri Argentina S.A.	Suppliers from Group companies		(6,974)
Gonvarri Galicia, SA	Suppliers from Group companies		(23,753)
Gonvarri Corporación Financiera, S.L.	Suppliers from Group companies		41
Gonvarri I. Centro Servicios, S.L.	Suppliers from Group companies		(42,666)
Gonvarri Polska, SP, ZOO.	Suppliers from Group companies		(9,486)
Gonvarri Ptos. Siderúrgicos, SA	Suppliers from Group companies		(10,673)
Gonvauto Asturias	Suppliers from Group companies		(2,236)
Gonvauto Navarra, SA	Suppliers from Group companies		(4,976)
Gonvauto Puebla S.A. de C.V.	Suppliers from Group companies		(18,680)

29. Related party transactions (Continued)

Company	Item	Thousand of euro Amounts receivable	Amounts payable
Gonvauto Thuringen, GMBH	Suppliers from Group companies		(5,507)
Gonvauto, SA	Suppliers from Group companies		(22,812)
Gonvauto South Carolina LLC	Suppliers from Group companies		(673)
Severstal Gonvarri Kaluga, LLC	Suppliers from Group companies		(517)
Hierros y Aplanaciones, SA	Suppliers from Group companies		(70)
Ind. Ferrodistribuidora, S.L.	Suppliers from Group companies		70
Láser Automotive Barcelona	Suppliers from Group companies		(805)
Gonvarri Czech S.R.O.	Suppliers from Group companies		(621)
Steel & Alloy	Suppliers from Group companies		(15,092)
Inmobiliaria Acek,S.L.	Suppliers from Group companies		(208)
Arcelor Group	Suppliers from Group companies		(1,473)
Ingeniería y Construcción Matrices, S.A.	Suppliers from Group companies		(898)
Jui Li Edscha Body System	Suppliers from Group companies		(8)
Air Executive	Suppliers from Group companies		(107)
Total Suppliers from Group companies (Note 22.a)			(187,351)
Arcelor Group	Suppliers from Associated companies		(1,054)
Total Suppliers from Associated companies (Note 22.a)			(1,054)
Severstal Gonvarri Kaluga, LLC	Trade creditors, Group companies		(2,342)
Gestion Global de Matriceria, S.L	Trade creditors, Group companies		(23)
Total Trade creditors, Group companies (Note 22.a)			(2,365)
Acek, Desarrollo y Gestión Industrial, S.L	Long term fixed assets suppliers		(26,275)
Acek, Desarrollo y Gestión Industrial, S.L	Short term fixed assets suppliers		(918)
Gonvarri Galicia, SA	Short term fixed assets suppliers		(3)
Esymo Metal, S.L.	Short term fixed assets suppliers		(2)
Total Fixed assets suppliers (Note 20.c.2)			(27,198)
		18,262	(270,697)

29. Related party transactions (Continued)

The breakdown of receivables from and payables to Related Parties at December 31, 2014 were as follows:

		Thousands of euros	
Company	Item	Amount receivable	Amounts payable
Acek, Desarrollo y Gestión Industrial, S.L.	Current account	—	(399)
Total Current Account (Note 20.c.2)			**(399)**
Mitsui &Co., Ltd	Non-current loans	—	(18,054)
Gonvarri Corporación Financiera, S.L.	Non-current loans	—	(7,438)
Severstal Trade GesmbH	Non-current loans	—	(10,834)
Melsonda Holdings Ltd.	Non-current loans	—	(9,660)
Total non-current loans (Note 20.c.2)			**(45,986)**
Gonvarri Argentina, S.A	Current loans	—	(354)
Gonvarri Corporación Financiera, S.L.	Current loans	—	(21,264)
Total current loans (Note 20.c.2)			**(21,618)**
Gonvarri I. Centro Servicios, S.L.	Current interest payable	—	(36)
Acek, Desarrollo y Gestión Industrial, S.L.	Current interest payable	—	(1,379)
Severstal Trade GmbH	Current interest payable	—	(1,064)
Melsonda Holdings Ltd.	Current interest payable	—	(9)
Gonvarri Corporación Financiera, S.L.	Current interest payable	—	(781)
Total interest payable (Note 20.c.2)			(3,269)
Esymo Metal, S.L.	Non-current loans	1,440	—
Essa Palau, S.A.	Non-current loans	4,000	—
Acek, Desarrollo y Gestión Industrial, S.L.	Non-current loans	24,628	—
Esymo Metal, S.L.	Current loans	978	—
Gonvarri Argentina S.A.	Current loans	673	—
Essa Palau, S.A.	Current loans	3,000	—
Essa Palau, S.A.	Current interest receivable	243	—
Acek, Desarrollo y Gestión Industrial, S.L.	Current interest receivable	3	—
Gestión Global de Matricería, S.L.	Current interest receivable	12	—
Total loans and interest receivable		**34,977**	
Gescrap Navarra, S.L.	Trade receivables from Group companies	676	—
Gescrap, S.L.	Trade receivables from Group companies	6,356	—
Gescrap Polska SPZ00	Trade receivables from Group companies	1,097	—
Gescrap Desarrollo, S.L.	Trade receivables from Group companies	1,174	—
Gescrap France S.A.R.L.	Trade receivables from Group companies	1,676	—
Gescrap Centro, S.L	Trade receivables from Group companies	419	—

29. Related party transactions (Continued)

Company	Item	Thousands of euros Amount receivable	Amounts payable
Gonvarri I. Centro Servicios, S.L.	Trade receivables from Group companies	496	—
Gonvarri Galicia, SA	Trade receivables from Group companies	645	—
Gonvauto Navarra, SA	Trade receivables from Group companies	199	—
Gonvauto Puebla S.A. de C.V.	Trade receivables from Group companies	28	—
Gonvauto Thuringen, GMBH	Trade receivables from Group companies	740	—
Gonvauto, SA	Trade receivables from Group companies	1,054	—
Hierros y Aplanaciones, SA	Trade receivables from Group companies	24	—
Gonvarri Corporación Financiera, S.L.	Trade receivables from Group companies	124	—
Severstal Gonvarri Kaluga, LLC	Trade receivables from Group companies	1	—
Jui Li Edscha Hainan Industry Enterprise Co. Ltd.	Trade receivables from Group companies	77	—
Sungwoo Gestamp Hitech Pune Private, Ltd.	Trade receivables from Group companies	56	—
Esymo Metal, S.L.	Trade receivables from Group companies	16	—
Essa Palau, S.A.	Trade receivables from Group companies	1,420	—
Ingeniería y Construcción Matrices, S.A.	Trade receivables from Group companies	121	—
IxCxT, S.A.	Trade receivables from Group companies	4	—
Gestión Global de Matricería, S.L.	Trade receivables from Group companies	235	—
GGM Puebla, S.A. de C.V.	Trade receivables from Group companies	115	—
Inmobiliaria Acek, S.L.	Trade receivables from Group companies	8	—
Total Trade receivables from Group companies (Note 12.a)		**16,761**	
Agricola La Veguilla, S.A.	Suppliers from Group companies	—	(18)
Acek, Desarrollo y Gestión Industrial, S.L.	Suppliers from Group companies	—	(313)
Gonvarri I. Centro Servicios S.L.	Suppliers from Group companies	—	(33,043)
Arcelormittal Gonvarri Brasil Prod. Siderúrgicos	Suppliers from Group companies	—	(591)

29. Related party transactions (Continued)

Company	Item	Thousands of euros: Amount receivable	Amounts payable
Gonvarri Galicia, SA	Suppliers from Group companies	—	(9,807)
Hierros y Aplanaciones, SA	Suppliers from Group companies	—	(71)
Gonvarri Ptos. Siderúrgicos, SA	Suppliers from Group companies	—	(10,282)
Gonvauto Navarra, SA	Suppliers from Group companies	—	(4,790)
Gonvauto Puebla S.A. de C.V.	Suppliers from Group companies	—	(24,430)
Gonvauto Thuringen, GMBH	Suppliers from Group companies	—	(4,769)
Gonvauto, SA	Suppliers from Group companies	—	(20,084)
Gonvarri Argentina S.A.	Suppliers from Group companies	—	(8,374)
Gestión Global de Matricería, S.L.	Suppliers from Group companies	—	(124)
Ind. Ferrodistribuidora, S.L.	Suppliers from Group companies	—	787
Severstal Gonvarri Kaluga, LLC	Suppliers from Group companies	—	(14)
Gonvarri Polska, SP, ZOO.	Suppliers from Group companies	—	(8,501)
Steel & Alloy	Suppliers from Group companies	—	(12,349)
Gonvarri Tarragona, S.L.	Suppliers from Group companies	—	(1,026)
Gonvauto Asturias	Suppliers from Group companies	—	(183)
Air Executive, S.L.	Suppliers from Group companies	—	(144)
Inmobiliaria Acek, S.L.	Suppliers from Group companies	—	(270)
Gescrap Navarra, S.L.	Suppliers from Group companies	—	(4)
Gescrap, S.L.	Suppliers from Group companies	—	(18)
Gescrap Polska SPZ00	Suppliers from Group companies	—	(4)
Esymo Metal, S.L.	Suppliers from Group companies	—	(1,584)
Essa Palau, S.A.	Suppliers from Group companies	—	(16,969)
Ingeniería y Construcción Matrices, S.A.	Suppliers from Group companies	—	(592)
GGM Puebla, S.A. de C.V.	Suppliers from Group companies	—	(28)
Arcelor Group	Suppliers from Group companies	—	(2,607)
Total Suppliers from Group companies (Note 22.a)			**(160,202)**
Arcelor Group	Suppliers from Associated companies	—	(2,265)
Total Suppliers from Associated companies (Note 22.a)			**(2,265)**
Severstal Gonvarri Kaluga, LLC	Trade creditors, Group companies	—	(4,486)
Total Trade creditors, Group companies (Note 22.a)			**(4,486)**
Acek, Desarrollo y Gestión Industrial, S.L.	Long term fixed assets suppliers	—	(27,193)
Acek, Desarrollo y Gestión Industrial, S.L.	Short term fixed assets suppliers	—	(861)
Esymo Metal, S.L.	Short term fixed assets suppliers	—	(2)
Inmobiliaria Acek, S.L.	Short term fixed assets suppliers	—	(25,010)
Total Fixed assets suppliers (Note 20.c.2)			**(53,066)**
		51,738	(291,291)

29. Related party transactions (Continued)

The breakdown of transactions carried out with Related Parties during 2015 was as follows:

Company	Transaction	Thousands of euros
Gescrap Autometal Comercio de Sucata S.A.	Sales	(7,088)
Gescrap Autometal México, S.A. de C.V.	Sales	(16,621)
Gescrap S.L.	Sales	(27,082)
Gescrap Centro, S.L	Sales	(2,976)
Gescrap France S.A.R.L.	Sales	(15,474)
Gescrap Navarra, S.L.	Sales	(4,391)
Gescrap Polska SPZOO	Sales	(5,412)
Gescrap Czech S.R.O.	Sales	(430)
Gescrap Hungría	Sales	(1,609)
GES Recycling Ltd.	Sales	(4,199)
Gescrap GmbH	Sales	(8,276)
Gonvarri Galicia, SA	Sales	(5,900)
Gonvarri I. Centro Servicios, S.L.	Sales	(1,994)
Gonvauto Navarra, SA	Sales	(9,377)
Gonvauto Puebla S.A. de C.V.	Sales	(296)
Gonvauto, SA	Sales	(34,670)
Ind. Ferrodistribuidora, S.L.	Sales	(301)
Gonvauto South Carolina Llc.	Sales	(3)
Gonvauto Thuringen, GMBH	Sales	(30)
Severstal Gonvarri Kaluga, LLC	Sales	(26)
Ingeniería y Construcción Matrices, S.A.	Sales	(391)
Jui Li Edscha Hainan Industry Enterprise	Sales	(173)
Essa Palau, S.A.	Sales	(7,280)
GGM Puebla, S.A de C.V	Sales	(102)
Gestión Global de Matricería, S.L.	Sales	(958)
Total Sales		**(155,059)**
Acek, Desarrollo y Gestión Industrial, S.L	Services rendered	(16)
Gonvarri Polska, SP, ZOO.	Services rendered	(22)
Gonvarri Ptos. Siderúrgicos, SA	Services rendered	(1)
Gonvarri Czech	Services rendered	(30)
Gonvarri Corporación Financiera, S.L.	Services rendered	(400)
Gonvarri I. Centro Servicios, S.L.	Services rendered	(21)
Gonvarri Aluminium GmbH	Services rendered	(1)
Gonvauto Thuringen, GMBH	Services rendered	(13)
Inmobiliaria Acek, S.L	Services rendered	(10)
Gestamp Energías Renovables	Services rendered	(588)
Gescrap Autometal México, S.A. de C.V.	Services rendered	(3)
Ingeniería y Construcción Matrices, S.A.	Services rendered	(1,794)
IxCxT, S.A	Services rendered	(8)
Jui Li Edscha Body Systems Co. Ltd.	Services rendered	(12)
Jui Li Edscha Hainan Industry Enterprise	Services rendered	(6)
Essa Palau, S.A.	Services rendered	(581)
Esymo Metal, S.L.	Services rendered	(112)
GGM Puebla, S.A de C.V	Services rendered	(1,291)
Gestión Global de Matricería, S.L.	Services rendered	(399)
Recuperaciones Mediambientales Subgroup	Services rendered	(99)
Total Services rendered		**(5,407)**
Acek, Desarrollo y Gestión Industrial, S.L	Financial income	(9)

29. Related party transactions (Continued)

Company	Transaction	Thousands of euros
Essa Palau, S.A.	Financial income	(197)
Esymo Metal, S.L.	Financial income	(29)
Gestion Global de Matriceria, S.L	Financial income	(125)
Total Financial income (Note 25.a)		**(360)**
Arcelormittal Gonvarri Brasil Ptos. Siderúrgicos, S.A	Purchases	9,937
Gonvauto Asturias	Purchases	6,935
Gonvarri Argentina S.A.	Purchases	56,446
Gonvarri Galicia, SA	Purchases	60,484
Gonvarri I. Centro Servicios, S.L.	Purchases	184,532
Gonvarri Polska, SP, ZOO.	Purchases	67,152
Gonvarri Ptos. Siderúrgicos, SA	Purchases	31,687
Gonvauto Navarra, SA	Purchases	20,520
Gonvauto Puebla S.A. de C.V.	Purchases	68,892
Gonvauto Thuringen, GMBH	Purchases	77,437
Gonvauto, SA	Purchases	86,325
Ind. Ferrodistribuidora, S.L.	Purchases	201
Severstal Gonvarri Kaluga, LLC	Purchases	42,676
Steel & Alloy	Purchases	41,513
Gonvauto South Carolina Llc.	Purchases	6,355
Laser Automotive Barcelona	Purchases	812
Gonvarri Czech	Purchases	592
Gonvarri Aluminium GmbH	Purchases	66
Jui Li Edscha Body Systems Co. Ltd.	Purchases	53
Arcelor Group	Purchases	82,617
Ingeniería y Construcción Matrices, S.A.	Purchases	8,354
GGM Puebla, S.A de C.V	Purchases	4,976
Essa Palau, S.A.	Purchases	60,717
Esymo Metal, S.L.	Purchases	3,439
Total Purchases		**922,718**
Agricola La Veguilla, S.A	Services received	140
Air Executive, S.L.	Services received	587
Acek, Desarrollo y Gestión Industrial, S.L	Services received	3,593
Gescrap S.L.	Services received	194
Gescrap Navarra, S.L.	Services received	10
Gescrap Polska SP, ZOO.	Services received	32
Gonvarri I. Centro Servicios, S.L.	Services received	124
Gonvarri Polska, SP, ZOO.	Services received	(1)
Gonvarri Ptos. Siderúrgicos, SA	Services received	237
Gonvauto Puebla S.A. de C.V.	Services received	737
Gonvauto, SA	Services received	23
Ind. Ferrodistribuidora, S.L.	Services received	4
Gonvauto Navarra, SA	Services received	(1)
Gonvarri Argentina S.A.	Services received	11
Gonvauto South Carolina Llc.	Services received	(92)
Inmobiliaria Acek, S.L	Services received	2,017
Ingeniería y Construcción Matrices, S.A.	Services received	176
Essa Palau, S.A.	Services received	(122)
Esymo Metal, S.L.	Services received	1,350
Gestión Global de Matricería, S.L.	Services received	2,418

29. Related party transactions (Continued)

Company	Transaction	Thousands of euros
GGM Puebla, S.A de C.V	Services received	158
Total Services received		**11,595**
Acek, Desarrollo y Gestión Industrial, S.L	Financial expenses	2,344
Gonvarri Corporación Financiera, S.L.	Financial expenses	1,320
Gonvarri Galicia, SA	Financial expenses	100
Gonvarri I. Centro Servicios, S.L.	Financial expenses	72
Gonvarri Ptos. Siderúrgicos, SA	Financial expenses	81
Gonvauto Navarra, SA	Financial expenses	18
Gonvauto, SA	Financial expenses	231
Gonvauto Puebla S.A. de C.V.	Financial expenses	642
Mitsui & Co	Financial expenses	809
JSC Karelsky Okatysh	Financial expenses	2,280
Total Financial expenses (Note 25.b)		**7,897**
Essa Palau, S.A.	Short term loans impairment loss	9,324
Total Short term loans impairment loss		**9,324**

The breakdown of transactions carried out with Related Parties during 2014 was as follows:

Company	Transaction	Thousands of euros
Acek, Desarrollo y Gestión Industrial, S.L.	Sales	(10)
Gescrap, S.L.	Sales	(61,749)
Gescrap Navarra, S.L.	Sales	(5,009)
Gescrap Polska SPZOO	Sales	(10,333)
Gescrap France S.A.R.L.	Sales	(5,109)
Gescrap Autometal Comercio de Sucata S.A.	Sales	(10,517)
Gescrap Autometal México, S.A. de C.V.	Sales	(17,178)
Gonvarri Galicia, SA	Sales	(5,935)
Gonvarri Polska, SP, ZOO.	Sales	(1,170)
Gonvarri I. Centro Servicios, S.L.	Sales	(2,459)
Gonvauto Navarra, SA	Sales	(7,709)
Gonvauto, SA	Sales	(30,316)
Gonvauto Asturias	Sales	(1)
Gonvarri Argentina S.A.	Sales	(2)
Gonvauto Thuringen, GMBH	Sales	(20)
Gonvarri MS Corporate, S.L	Sales	(34)
Gonvauto Puebla S.A. de C.V.	Sales	(193)
Gonvarri Ptos. Siderúrgicos, S.A	Sales	(19)
Gescrap Centra, S.L	Sales	(3,027)
Ingeniería y Construcción Matrices, S.A.	Sales	97
Gestamp Global Mexico	Sales	(2,110)
Severstal Gonvarri Kaluga, Llc	Sales	(28)
Essa Palau, S.A.	Sales	(3,742)
Gestión Global de Matricería, S.L.	Sales	(8,477)
Total Sales		**(175,050)**
Acek, Desarrollo y Gestión Industrial, S.L.	Services rendered	(11)
Gonvauto Puebla S.A. de C.V.	Services rendered	(55)
Gonvarri Polska, SP, ZOO.	Services rendered	(20)
Gonvarri Corporación Financiera, S.L.	Services rendered	(170)
Gonvarri Ptos. Siderúrgicos, S.A	Services rendered	1
Steel & Alloy	Services rendered	(21)

29. Related party transactions (Continued)

Company	Transaction	Thousands of euros
Inmobiliaria Acek S.L.	Services rendered	(51)
Esymo Metal, S.L.	Services rendered	(89)
Gescrap France S.A.R.L.	Services rendered	(48)
Gonvarri I. Centro Servicios, S.L.	Services rendered	(38)
Gestamp Global Mexico	Services rendered	(54)
Gestamp Polska SPZOO	Services rendered	(2)
Gestamp Energías Renovables	Services rendered	(70)
Gescrap Autometal México, S.A. de C.V.	Services rendered	(3)
Essa Palau, S.A.	Services rendered	(439)
Reimasa	Services rendered	(48)
Gestión Global de Matricería, S.L.	Services rendered	(43)
IxCxT, S.A	Services rendered	1
Jui Li Edscha Body System and subsidiaries	Services rendered	(26)
Ingeniería y Construcción Matrices, S.A.	Services rendered	(1,862)
Total Services rendered		**(3,048)**
Acek, Desarrollo y Gestión Industrial, S.L.	Financial income	(140)
Esymo Metal, S.L.	Financial income	(43)
Essa Palau, S.A.	Financial income	(169)
Jeff Wilson	Financial income	(16)
Gonvarri Argentina S.A.	Financial income	(705)
Shrenik Industries Private Ltd.	Financial income	(106)
Total Financial income (Note 25.a)		**(1,179)**
Acek, Desarrollo y Gestión Industrial, S.L.	Purchases	4
Gonvarri Galicia, SA	Purchases	59,069
Gonvarri I. Centro Servicios, S.L.	Purchases	173,283
Gonvarri Polska, SP, ZOO.	Purchases	57,717
Gonvarri Tarragona, S.L.	Purchases	4,799
Gonvarri Ptos. Siderúrgicos, SA	Purchases	30,594
Hierros y Aplanaciones, SA	Purchases	72
Ind. Ferrodistribuidora, S.L.	Purchases	1,786
Gonvauto Navarra, SA	Purchases	17,632
Gonvauto Puebla S.A. de C.V.	Purchases	54,823
Gestamp Global México	Purchases	23
Gonvauto Thuringen, GMBH	Purchases	70,967
Gonvarri Argentina S.A.	Purchases	49,715
Gonvauto, S.A.	Purchases	72,195
Severstal Gonvarri Kaluga, LLC	Purchases	61,303
Steel & Alloy	Purchases	68,732
Gonvauto Asturias S.L.	Purchases	172
Gescrap Navarra, S.L.	Purchases	769
Gescrap, S.L.	Purchases	231
Arcelormilttal Gonvarri Brasil Ptos. Siderúrgicos, S.A	Purchases	7,517
Esymo Metal, S.L	Purchases	2,839
Essa Palau, S.A.	Purchases	48,193
Ingeniería y Construcción Matrices, S.A.	Purchases	7,610
Arcelor Group	Purchases	151,608
Total Purchases		**941,653**
Acek, Desarrollo y Gestión Industrial, S.L.	Services received	2,611
Gescrap Navarra, S.L.	Services received	11
Gescrap Polska SP, ZOO.	Services received	17
Gonvauto, SA	Services received	39
Gonvauto Puebla S.A. de C.V.	Services received	83
Gonvarri I. Centro Servicios, S.L.	Services received	(31)

29. Related party transactions (Continued)

Company	Transaction	Thousands of euros
Gonvarri Corporación Financiera, S.L.	Services received	2
Gonvarri Galicia, SA	Services received	(1)
Gonvarri Ptos. Siderúrgicos, S.A.	Services received	260
Inmobiliaria Acek S.L.	Services received	3,849
Air Executive, S.L.	Services received	1,289
Agricola La Veguilla, S.A	Services received	125
Gonvarri Polska, SP, ZOO.	Services received	(1)
Gestamp Eólica	Services received	1
Gestamp Solar	Services received	(207)
Essa Palau, S.A.	Services received	(69)
Gestamp Global México	Services received	101
Arcelor Group	Services received	(11)
Ingeniería y Construcción Matrices, S.A.	Services received	528
Esymo Metal, S.L	Services received	328
Ind. Ferrodistribuidora, S.L.	Services received	2
Total Services received		**8,926**
Acek, Desarrollo y Gestión Industrial, S.L.	Financial expenses	3,804
Gonvarri Galicia, SA	Financial expenses	60
Gonvarri Corporación Financiera, S.L.	Financial expenses	1,737
Gonvarri Argentina SA	Financial expenses	337
Gonvarri I. Centro Servicios, S.L.	Financial expenses	114
Gonvarri Ptos. Siderúrgicos, SA	Financial expenses	82
Gescrap Navarra, S.L.	Financial expenses	1
Gonvauto Navarra, SA	Financial expenses	22
Gonvauto, SA	Financial expenses	229
Ind. Ferrodistribuidora, S.L.	Financial expenses	1
Mitsui & Co, Ltd	Financial expenses	8
Severstal Trade GesmbH	Financial expenses	1,353
Melsonda Holdings Ltd.	Financial expenses	674
Total Financial expenses (Note 25.b)		**8,422**

29.2 Board of Directors' remuneration

In 2015 and 2014 the members of the Company's Board of Directors received no remuneration from any of the companies which compose the Group.

In 2015 and 2014 Acek, Desarrollo y Gestión Industrial, S.L. received total remuneration of 690 thousand euros as compensation for membership of the Board of Directors of certain Group companies.

The remuneration accrued during 2014 by the representatives (natural persons) of the members of the Board of Directors (legal entity), is included in the remuneration accrued by the Management´s Remuneration informed in Note 29.3

In 2015 and 2014, no loans or advances, pensions or life insurance benefits were granted to members of its Board nor their representatives as natural persons.

29.3 Senior Management's Remuneration

In 2015 total remuneration for the members of the Management Committee, which fully correspond to salaries, amounted to 4,265 thousand euros (2014: 2,708 thousand euros), included in "Personnel expenses" in the accompanying consolidated income statement. The company made no contributions to pension plans on their behalf.

30. Subsidiaries with significant non-controlling interest

Financial information of subsidiaries that have significant non-controlling interests is provided below. The summarised financial information of these subsidiaries, based on their individual financial statements adapted to Group criteria and before intercompany eliminations and consolidation adjustments, is as follows:

Summarised profit statement at December 31, 2015 and December 31, 2014:

	2015								
	Subconsolid. USA (*)	**Subconsolid. Argentina**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S.**	**Getamp Auto Components (Kunshan) Co, Ltd**	**Mursolar 21, S.L**	**Gestamp Severstal Vsevolozhsk, LLc**	**Gestamp Severstal Kaluga, Llc**
Operating income	855,225	218,287	414,763	218,004	244,629	208,370	—	32,810	83,195
Operating expense	(818,075)	(213,582)	(362,029)	(212,771)	(225,669)	(185,275)	(171)	(30,320)	(73,519)
OPERATING PROFIT	**37,150**	**4,705**	**52,734**	**5,233**	**18,960**	**23,095**	**(171)**	**2,490**	**9,676**
Financial profit	(4,532)	(1,748)	1,517	(16,432)	(2,287)	(987)	3,058	(2,153)	(5,718)
Exchange gain (losses)	2,230	(4,669)	(1,185)	(20,714)	(5,785)	(1,510)	731	(4,877)	(11,411)
Impairment and other	—	—	—	—	—	—	—	—	—
PROFIT BEFORE TAXES	**34,848**	**(1,712)**	**53,066**	**(31,913)**	**10,888**	**20,598**	**3,618**	**(4,540)**	**(7,453)**
Income tax expense	(4,951)	(1,895)	(15,668)	10,603	(934)	(3,090)	—	443	—
Profit for the year from discontinued operations net of taxes	—	—	—	—	—	—	—	—	—
Non-controlling interest	—	81	—	—	—	—	—	—	—
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**29,897**	**(3,526)**	**37,398**	**(21,310)**	**9,954**	**17,508**	**3,618**	**(4,097)**	**(7,453)**
Non-controlling interest	30.00%	30.01%	30.00%	30.00%	50.00%	31.06%	35.00%	41.87%	41.87%
Attributable to non-controlling interest	8,969	(1,058)	11,219	(6,393)	4,977	5,438	1,266	(1,715)	(3,121)

	2014								
	Subconsolid. USA (*)	**Subconsolid. Argentina**	**Subconsolid. Mexico (*)**	**Subconsolid. Brazil (*)**	**Beyçelik, A.S.**	**Getamp Auto Components (Kunshan) Co, Ltd**	**Mursolar 21, S.L**	**Gestamp Severstal Vsevolozhsk, LLc**	**Gestamp Severstal Kaluga, Llc**
Operating income	702,097	185,639	299,961	345,370	203,157	175,253	—	47,395	103,471
Operating expense	(664,807)	(178,944)	(281,962)	(312,735)	(188,519)	(160,208)	(235)	(48,124)	(97,008)
OPERATING PROFIT	**37,290**	**6,695**	**17,999**	**32,635**	**14,638**	**15,045**	**(235)**	**(729)**	**6,463**
Financial profit	(5,890)	(5,353)	3,878	(18,903)	(2,416)	(1,526)	3,132	(1,958)	(5,735)
Exchange gain (losses)	4,561	(12,175)	623	(45)	187	2,333	—	(15,280)	(32,986)
Impairment and other	—	—	(9)	(405)	—	—	—	—	—
PROFIT BEFORE TAXES	**35,961**	**(10,833)**	**22,491**	**13,282**	**12,409**	**15,852**	**2,897**	**(17,967)**	**(32,258)**
Income tax expense	190	5,418	(7,068)	(5,892)	(1,373)	(3,963)	—	520	—
Profit for the year from discontinued operations net of taxes	—	—	—	—	—	—	—	—	—
Non-controlling interest	—	481	—	—	—	—	—	—	—
PROFIT ATTRIBUTABLE TO PARENT COMPANY	**36,151**	**(4,934)**	**15,423**	**7,390**	**11,036**	**11,889**	**2,897**	**(17,447)**	**(32,258)**
Non-controlling interest	30.00%	30.01%	30.00%	30.00%	50.00%	31.05%	35.00%	41.87%	41.87%
Attributable to non-controlling interest	10,845	(1,481)	4,627	2,217	5,518	3,692	1,014	(7,305)	(13,506)

(*) These figures correspond to Subconsolidated Financial Statements

30. Subsidiaries with significant non-controlling interest (Continued)

Summarised statement of financial position at December 31, 2015 and December 31, 2014:

	2015								
	Subconsolid. USA (*)	Subconsolid. Argentina	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Getamp Auto Components (Kunshan) Co Ltd	Mursolar 21, S.L	Gestamp Severstal Vsevolozhsk, LLc	Gestamp Severstal Kaluga, Llc
Total non-current assets	441,226	47,049	192,058	189,840	73,556	81,965	78,061	15,864	71,574
Total current assets	279,197	96,631	233,204	78,763	94,921	157,294	70,453	12,996	36,022
Total non-current liabilities	(197,037)	(7,498)	(17,654)	(32,233)	(18,887)	(38,459)	(23,068)	(18,501)	(60,947)
Total current liabilities	(155,274)	(103,888)	(151,910)	(136,124)	(97,471)	(91,760)	(5,420)	(8,313)	(16,652)
Equity	(317,644)	(85,495)	(292,530)	(114,287)	(68,007)	(92,084)	(120,026)	(9,346)	(69,338)
Translation differences	(50,468)	53,201	36,832	14,041	15,888	(16,956)	—	7,300	39,341
Equity attributable to:									
Equity holders of the parent	(222,351)	(59,838)	(204,771)	(80,001)	(34,004)	(63,483)	(78,017)	(5,433)	(40,306)
Non-controlling interest	(95,293)	(25,657)	(87,759)	(34,286)	(34,004)	(28,601)	(42,009)	(3,913)	(29,032)
Translation differences attributable to:									
Equity holders of the parent	(35,327)	37,235	25,782	9,829	7,944	(11,689)	—	4,243	22,869
Non-controlling interest	(15,140)	15,966	11,050	4,212	7,944	(5,267)	—	3,057	16,472

	2014								
	Subconsolid. USA (*)	Subconsolid. Argentina	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Getamp Auto Components (Kunshan) Co Ltd	Mursolar 21, S.L	Gestamp Severstal Vsevolozhsk, LLc	Gestamp Severstal Kaluga, Llc
Total non-current assets	396,673	64,497	196,026	227,764	73,081	77,289	100,885	18,148	84,332
Total current assets	230,643	105,799	170,801	145,755	77,169	128,702	16,363	17,652	31,427
Total non-current liabilities	(185,766)	(67,951)	(16,580)	(87,539)	(39,419)	(25,954)	—	(17,273)	(56,650)
Total current liabilities	(137,817)	(47,180)	(103,701)	(131,672)	(57,450)	(96,135)	28	(13,446)	(20,933)
Equity	(287,747)	(90,402)	(275,064)	(135,597)	(65,278)	(72,372)	(117,276)	(12,094)	(75,588)
Translation differences	(15,986)	35,237	28,518	(18,711)	11,897	(11,530)	—	7,013	37,412
Equity attributable to:									
Equity holders of the parent	(201,423)	(63,272)	(192,545)	(94,918)	(32,639)	(49,900)	(76,229)	(7,030)	(43,939)
Non-controlling interest	(86,324)	(27,130)	(82,519)	(40,679)	(32,639)	(22,472)	(41,047)	(5,064)	(31,649)
Translation differences attributable to:									
Equity holders of the parent	(11,190)	24,662	19,963	(13,098)	5,949	(7,950)	—	4,077	21,748
Non-controlling interest	(4,796)	10,575	8,555	(5,613)	5,949	(3,580)	—	2,936	15,664

(*) These figures correspond to Subconsolidated Financial Statements

30. Subsidiaries with significant non-controlling interest (Continued)

Summarized cash flow at December 31, 2015 and December 31, 2014:

	2015								
	Subconsolid. USA (*)	Subconsolid. Argentina	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Getamp Auto Components (Kunshan) Co, Ltd	Mursolar 21, S.L	Gestamp Severstal Vsevolozhsk, LLc	Gestamp Severstal Kaluga, Llc
Operating activities	63,406	24,471	13,432	13,851	24,729	52,938	(587)	6,459	12,839
Investing activities	(75,547)	(2,769)	(22,092)	(24,811)	(15,584)	(16,164)	30,638	(350)	(3,346)
Financing activities	(1,383)	(266)	17,224	(33,117)	(10,323)	1,549	23,390	(3,620)	(8,287)
Effect of changes in exclange rates	10,051	(10,822)	(5,352)	(988)	—	—	—	—	—
Net increase (decrease) of cash or cash equivalents	(3,473)	10,614	3,212	(45,065)	(1,177)	38,324	53,441	2,489	1,206

	2014								
	Subconsolid. USA (*)	Subconsolid. Argentina	Subconsolid. Mexico (*)	Subconsolid. Brazil (*)	Beyçelik, A.S.	Getamp Auto Components (Kunshan) Co, Ltd	Mursolar 21, S.L	Gestamp Severstal Vsevolozhsk, LLc	Gestamp Severstal Kaluga, Llc
Operating activities	77,650	216	37,658	59,792	17,055	21,194	(3,151)	3,803	15,600
Investing activities	(81,431)	(433)	(59,531)	(2,478)	(7,124)	(7,610)	(51,224)	(1,431)	(3,497)
Financing activities	(14,518)	1,702	11,240	(20,073)	(8,752)	2,358	10,909	(13,457)	(15,640)
Effect of changes in exclange rates	2,456	(3,399)	151	(328)	—	—	—	—	—
Net increase (decrease) of cash or cash equivalents	(15,843)	(1,914)	(10,482)	36,913	1,179	15,942	(43,466)	(11,085)	(3,537)

(*) These figures correspond to Subconsolidated Financial Statements

As mentioned in Note 16, the most significant non-controlling interest mentioned has protecting rights mainly related to significant decisions on divestments, companies restructuring, distribution of dividends and changes in statutes.

31. Investment in associates

The Group has interests in the following associates:

Company	Shareholding 2015	Shareholding 2014	Activity
Industrias Tamer, S.A.	30.00%	30.00%	Tooling and parts manufacturing
Gestamp Pune Automotive Pvt, Ltd.	100.00%	50.00%	Tooling and parts manufacturing
Essa Palau, S.A.	40.00%	40.00%	Tooling and parts manufacturing
Gestión Global de Matricería, S.L.	30.00%	35.00%	Dormant
GGM Puebla, S.A de C.V	30.00%	35.00%	Die cutting production
GGM Puebla de Servicios Laborales, S.A de C.V	30.00%	35.00%	Labor services
Ingeniería y Construcción Matrices, S.A.	30.00%	35.00%	Die cutting production
IxCxT, S.A.	30.00%	35.00%	Die cutting production
Jui Li Edscha Body Systems Co., Ltd.	50.00%	50.00%	Parts manufacturing
Jui Li Edscha Holding Co., Ltd.	50.00%	50.00%	Portfolio management
Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	50.00%	50.00%	Parts manufacturing

As explained in Note 2.b, on July 22, 2015 the subsidiary Gestamp Automotive Chennai Private Limited acquired remaining 50% shareholding in Gestamp Pune Automotive Private Limited and therefore acquired control.

31. Investment in associates (Continued)

The summarized financial information of the Group´s investment in these companies at December 31, 2015 and December 31, 2014 is as follows:

Summarised statement of financial position:

	2015				
	GGM and subsidiaries	Essa Palau, S.A.	Jui Li Edscha Body Systems Co., Ltd.	Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Other
Total non-current assets	49,050	41,994	358	814	1,375
Total current assets	604	26,796	1,415	5,587	1,962
Total non-current liabilities	(17,929)	(23,552)	(28)	—	(314)
Total current liabilities	(19,763)	(59,300)	(912)	(1,853)	(1,889)
Equity	(11,962)	14,061	(744)	(3,739)	(1,134)
Translation differences	—	—	(89)	(809)	1
Carrying amount of the investment	3,589	(5,624)	372	1,870	392

	2014				
	Sungwoo Gestamp Hitech Pune Private Ltd.	Essa Palau, S.A.	Jui Li Edscha Body Systems Co., Ltd.	Jui Li Edscha Hainan Industry Enterprise Co., Ltd.	Other
Total non-current assets	5,959	42,396	327	702	45,421
Total current assets	3,940	27,318	1,696	4,438	9,024
Total non-current liabilities	—	(25,708)	(24)	—	(16,056)
Total current liabilities	(5,468)	(52,839)	(796)	(1,193)	(31,421)
Equity	(4,607)	8,833	(1,098)	(3,385)	(6,969)
Translation differences	176	—	(105)	(562)	1
Carrying amount of the investment	2,303	(3,533)	601	1,692	2,451

31. Investment in associates (Continued)

Summarised profit statement:

	2015				
	GGM and subsidiaries	**Essa Palau, S.A.**	**Jui Li Edscha Body Systems Co., Ltd.**	**Jui Li Edscha Hainan Industry Enterprise Co., Ltd.**	**Other**
Operating income	21,082	71,634	2,669	7,047	2,751
Operating expense	(22,963)	(76,853)	(2,521)	(6,560)	(2,650)
OPERATING PROFIT/ LOSS	**(1,881)**	**(5,219)**	**148**	**487**	**101**
Financial profit	(575)	(1,355)	24	—	(39)
Exchange gain (losses)	(1,500)	—	(21)	(7)	—
Impairment and other	—	(18)	—	—	—
PROFIT/LOSS BEFORE TAXES	**(3,956)**	**(6,592)**	**151**	**480**	**62**
Income tax expense	—	—	(26)	(125)	—
Adjustments from previous years	221	—	—	—	—
PROFIT/LOSS FOR THE YEAR	**(3,735)**	**(6,592)**	**125**	**355**	**62**
Participation of the Group in profit	(1,120)	(2,637)	63	178	21

	2014				
	Sungwoo Gestamp Hitech Pune Private Ltd.	**Essa Palau, S.A.**	**Jui Li Edscha Body Systems Co., Ltd.**	**Jui Li Edscha Hainan Industry Enterprise Co., Ltd.**	**Other**
Operating income	422	97,500	2,368	5,040	13,359
Operating expense	(1,227)	(103,062)	(2,298)	(4,514)	(13,848)
OPERATING PROFIT/LOSS	**(805)**	**(5,562)**	**70**	**526**	**(489)**
Financial profit	189	(1,074)	15	—	(105)
Exchange gain (losses)	(78)	(7)	22	—	(255)
Impairment and other	—	(8)	—	—	—
PROFIT/LOSS BEFORE TAXES	**(694)**	**(6,651)**	**107**	**526**	**(849)**
Income tax expense	—	—	(56)	(133)	—
Adjustments from previous years	1	(566)	—	—	421
PROFIT/LOSS FOR THE YEAR	**(693)**	**(7,217)**	**51**	**393**	**(428)**
Participation of the Group in profit	(347)	(2,887)	25	196	(151)

32. Other disclosures

32.1 Audit fees

Audit fees related to the annual audit of consolidated and individual financial statements of the companies included in the consolidation scope for 2015 amounted to 3,735 thousand euros (2014: 3,468 thousand euros).

Of the audit fees mentioned above, the fees paid to the auditor of the Company for all audit work performed for the Group in 2015 amounted to 3,598 thousand euros (2014: 3,347 thousand euros).

Fees paid for other services rendered by the auditor of the Company in 2015 amounted to 434 thousand euros (2014: 650 thousand euros).

32.2 Environmental issues

The cost of PP&E items acquired for environmental protection and improvement purposes amounted to 4,628 thousand euros at year end 2015. Accumulated depreciation on these assets stood at 2,932 thousand euros (2014: 3,694 thousand euros and 2,629 thousand euros, respectively).

In 2015, the Group also recognized 668 thousand euros in environmental protection and improvement expenses (2014: 903 thousand euros).

The accompanying consolidated balance sheet does not include any provision for environmental issues given that the Company's directors consider that at year end there are no liabilities to be settled in the future in connection with actions taken by the companies which comprise the consolidated Group to prevent, reduce or repair damages to the environment, and they believe that were such liabilities to exist, they would not be significant. At year end the Group had not received any subsidies for environmental issues.

33. Financial risk management

To manage its financial risk, the Group continually revises its business plans, analyses 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 an assessment of changes in risk exposure.

33.1 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
  - Exposure to fluctuations in foreign exchange rates
  - Exposure to fluctuations in interest rates
- Liquidity risk
- Credit risk
- Raw material price risk

Foreign currency risk

Fluctuations in the exchange rate between the currency in which a transaction is denominated and the Group's presentation currency can have a negative or positive impact on its profit or loss, specifically affecting management of its financial debt.

The Group operates in the following currencies:

- Euro

33. Financial risk management (Continued)

- US dollar
- Mexican peso
- Argentine peso
- Brazilian reais
- GB pound
- Swedish crown
- Polish zloty
- Hungarian forint
- Turkish lira
- Indian rupee
- Korean won
- Chinese yuan
- Russian rubble
- Czech crown
- Yen
- Thai baht
- Taiwanese dollar

To manage exchange rate risk, the Group uses a series of financial instruments that give it a degree of flexibility, basically comprised of the following:

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. "Puttable instruments": Other derivatives are also used to hedge currency risk, including those designed to lock in a maximum or minimum exchange rate (collar or tunnel) at a set settlement date.

The tables below show the sensitivity of profit and equity, in thousands of euros, to changes in exchange rates relative to the euro.

33. Financial risk management (Continued)

The sensitivity of profit to exchange rate fluctuations, corresponding to years 2015 and 2014, is as follows:

	2015	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	−5% Fluctuation
Swedish crown	(1,021)	1,021
US dollar	817	(817)
Hungarian forint	(419)	419
GB pound	830	(830)
Mexican peso	1,200	(1,200)
Brazilian reais	(565)	565
Chinese yuan	2,093	(2,093)
Indian rupee	349	(349)
Turkish lira	90	(90)
Argentine peso	(98)	98
Russian ruble	(296)	296
Korean won	249	(249)
Polish zloty	(89)	89
Czech crown	66	(66)
Japanese yen	60	(60)
Thai baht	10	(10)
IMPACT IN ABSOLUTE TERMS	**3,276**	**(3,276)**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**161,480**	**161,480**
EFFECT IN RELATIVE TERMS	**2.03%**	**−2.03%**

	2014	
	IMPACT ON PROFIT	
Currency	5% Fluctuation	−5% Fluctuation
Swedish crown	(426)	426
US dollar	1,204	(1,204)
Hungarian forint	(452)	452
GB pound	985	(985)
Mexican peso	449	(449)
Brazilian reais	151	(151)
Chinese yuan	864	(864)
Indian rupee	53	(53)
Turkish lira	290	(290)
Argentine peso	509	(509)
Russian ruble	(396)	396
Korean won	123	(123)
Polish zloty	91	(91)
Czech crown	135	(135)
Japanese yen	34	(34)
Thai baht	(9)	9
IMPACT IN ABSOLUTE TERMS	**3,605**	**(3,605)**
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**125,702**	**125,702**
EFFECT IN RELATIVE TERMS	**2.87%**	**−2.87%**

33. Financial risk management (Continued)

The sensitivity of equity to exchange rate fluctuations, corresponding to years 2015 and 2014, is as follows:

	2015	
	IMPACT ON EQUITY	
Currency	5% Fluctuation	−5% fluctuation
Swedish crown	(1,838)	1,838
US dollar	753	(753)
Hungarian forint	(2,101)	2,101
Sterling pound	7,204	(7,204)
Mexican peso	695	(695)
Brazilian reais	1,200	(1,200)
Chinese yuan	8,431	(8,431)
Indian rupee	65	(65)
Turkish lira	(865)	865
Argentine peso	(579)	579
Russian ruble	(2,898)	2,898
Korean won	1,156	(1,156)
Polish zloty	2,562	(2,562)
Czech crown	488	(488)
Japanese yen	(113)	113
Thai baht	18	(18)
IMPACT IN ABSOLUTE TERMS	**14,177**	**(14,177)**
EQUITY	**1,798,393**	**1,798,393**
EFFECT IN RELATIVE TERMS	**0.79%**	**−0.79%**

	2014	
	IMPACT ON EQUITY	
Currency	5% Fluctuation	−5% fluctuation
Swedish crown	(863)	863
US dollar	(124)	124
Hungarian forint	(1,952)	1,952
GB pound	5,828	(5,828)
Mexican peso	498	(498)
Brazilian reais	3,759	(3,759)
Chinese yuan	5,917	(5,917)
Indian rupee	(62)	62
Turkish lira	(560)	560
Argentine peso	111	(111)
Russian ruble	(2,394)	2,394
Korean won	864	(864)
Polish zloty	2,424	(2,424)
Czech crown	826	(826)
Japanese yen	(159)	159
Thai baht	2	(2)
Taiwan dollar	(4)	4
IMPACT IN ABSOLUTE TERMS	**14,111**	**(14,111)**
EQUITY	**1,716,239**	**1,716,239**
EFFECT IN RELATIVE TERMS	**0.82%**	**−0.82%**

33. Financial risk management (Continued)

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 market fluctuations affect cash flows. The Group mitigates this risk by using interest rate derivatives, 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.

In general the Group's borrowings are at floating rates indexed to Euribor except the bonds issued by the Group in May, 2013 which bear a fixed interest rate.

Had the average interest on euro denominated financial borrowings been 5% higher or lower in 2015, all other variables remaining constant, the finance result would have been 0.09 million euros lower or higher.

Had the average interest on euro denominated financial borrowings been 5% higher or lower in 2014, all other variables remaining constant, the finance result would have been 0.1 million euros lower or higher.

Liquidity risk

Liquidity risk is defined as the risk that a company will not be able to service its commitments as a result of adverse conditions in the debt and/or equity markets that prevent or hinder its capital raising efforts.

The Group manages liquidity risk by maintaining sufficient cash balances to enable it to negotiate refinancing on the best possible terms and to cover its near term cash outlays, thereby avoiding the need to raise funds on disadvantageous terms.

The breakdown of liquidity and capital resources at December 31, 2015 and 2014 was as follows:

	Thousands of Euros	
	2015	2014
Cash and cash equivalents	355,975	483,934
Current financial investments		
Debt securities	2,535	—
Revolving credit facilities	280,000	280,000
Undrawn credit lines	344,480	267,046
	982,990	1,030,980

The working capital can be defined as the permanent financial resources needed to carry out the activity of the company, that is, the part of current assets financed with long-term funds.

The Group's working capital at December 31, 2015 and December 31, 2014 is as follows:

	Thousand euros	
	2015	2014
Current assets	2,196,091	2,208,638
Current liabilities	(1,859,530)	(1,667,961)
TOTAL WORKING CAPITAL	**336,561**	**540,677**

33. Financial risk management (Continued)

	Thousand euros	
	2015	2014
Equity	1,798,393	1,716,239
Non-current liabilities	2,095,848	2,122,943
Non-current assets	(3,557,680)	(3,298,505)
TOTAL WORKING CAPITAL	**336,561**	**540,677**

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 analyze 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 the Group policies.

The surplus cash investments are contracted only with authorized counterparties and always within the credit limit assigned for each counterparty.

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 December 31, 2015 and 2014 amounts to the carrying values (Note 12), except for financial guarantees and derivative financial instruments.

Raw Materials Price Risk

The steel is the main raw material used in the business. In 2015 and 2014, 58% of the steel was purchased through programs of re-sale with clients, whereby the manufacturer negotiates the price of steel used by the Group in the production of automotive components. The negotiated price is directly included in the selling price customer.

The rest of the purchases of steel were performed through contracts negotiated with suppliers.

Historically, and in accordance with the standards of the automotive industry, the Group has been able to negotiate with clients, significantly, the transfer of the impact of variations in the price of steel.

33.2 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 of a recognized asset or liability, or of a firm commitment attributable to a specific risk.
- Cash flow hedges when hedging exposure to fluctuations in cash flows that are either attributable to a particular risk associated with a recognized asset or liability, or 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.

33. Financial risk management (Continued)

Such derivative financial instruments are initially recognized at acquisition cost and are subsequently valued 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 recognized in the consolidated income statement.
- Cash flow hedges: changes in the fair value of the hedging instrument attributable to the risk hedged are recognized in "Retained earnings" in equity. Amounts taken to equity 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: these hedges are accounted for in a way similar to cash flow hedges. Fair value gains or losses in these hedging instruments are recognized in "Translation differences." If a foreign operation is sold, the cumulative value of any such gains or losses recognized directly in equity ("Retained earnings") is transferred to the income statement.

33.3 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 organized 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.

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 are carried on 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.

Changes in fair value, net of the related tax effect, are recognized with a charge or credit, as appropriate, to "Retained earnings" within Equity until these investments are sold, at which time the cumulative amount recognized in equity is recognized in full in the consolidated income statement. If fair value is lower than acquisition cost, the difference is recognized directly in equity, unless the asset is determined to be impaired, in which case it is recognized in the consolidated income 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.

33. Financial risk management (Continued)

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's management considers the carrying amount of the items recorded in this consolidated balance sheet line item to be a reasonable 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 recognized in the financial statements, by methodology of fair value measurement, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
Financial assets measured at fair value (Note 10)						
Financial derivative hedging instruments			28,184	5,863		
Total	—	—	28,184	5,863	—	—

The classification of financial liabilities at fair value in the financial statements, according to their relevant valuation methodology, is as follows:

	Thousands of euros					
	Level 1		Level 2		Level 3	
	2015	2014	2015	2014	2015	2014
Financial liabilities measured at fair value (Note 20.b.4)						
Financial derivative hedging instruments			45,074	40,346		
Financial derivative instruments held-for-trading			27,754	7,058		
Total	—	—	72,828	47,404	—	—

33.4 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 to maximize shareholder value.

33. Financial risk management (Continued)

The Group monitors its capital structure based on its leverage ratio. It defines leverage as net debt (current and non-current financial borrowings less short-term investments and cash and cash equivalents) divided by total equity (consolidated equity plus grants pending release to the income statement).

The Group's leverage is set forth below:

	Thousands of euros	
	2015	**2014**
Non-current debt	1,448,036	1,482,300
Current debt	282,900	282,480
Short term financial investments	(35,455)	(75,877)
Cash and cash equivalents	(355,975)	(483,934)
TOTAL NET DEBT	**1,339,506**	**1,204,969**
Consolidated equity	1,798,393	1,716,239
Grants received	30,720	31,280
TOTAL EQUITY	**1,829,113**	**1,747,519**
LEVERAGE RATIO	**73.2%**	**69.0%**

During 2015, the leverage ratio has maintained at level comparable to 2014.

During 2015 the Group maintained its average collection and payment periods, as well as its average inventory turnover rates, at levels comparable to 2014. In addition, during 2015 the Group continued to exercise strict control over investments

34. Information about postponement of payments to suppliers in commercial transactions

The Spanish companies of the Group have adapted their internal processes and payment policy terms to the legal provision of the Law 15/2010, which establishes actions against late payment in commercial transactions. In this sense, the contractual conditions in the year 2015 with commercial suppliers in Spain have included periods of payment equal to or less than 60 days in 2015 and in 2014, according to the second transitory legal provision of the Law.

Due to reasons of efficiency, and in line with the common practice of trading, the Spanish companies of the Group have, basically, a schedule of payments to suppliers by virtue of which payments are made on fixed days, which in the majority of companies are twice a month.

In general terms, in 2015 and 2014, payments made by Spanish companies to suppliers, for contracts concluded after the entry into force the Law 15/2010, have not exceeded the legal limits of payment terms. Payments to Spanish suppliers which have exceeded the legal deadline for years 2015 and 2014 have been, in quantitative terms, no relevant and are derived from circumstances or incidents beyond the established payment policy, which include, primarily, the closing of agreements with suppliers in the delivery of the goods or provision of the service or handling specific processes.

In addition, at December 31, 2015 and 2014 there were no outstanding amounts of payment to suppliers located in Spain exceeding the maximum legal payment terms.

35. Subsequent events

On February 1, 2016 the shareholders ArcelorMittal Spain Holding, S.L. and ArcelorMittal Basque Holding, S.L. sold their entire 35% shareholding in the Company to Acek Desarrollo y Gestión Industrial, S.L. for 875 million euros.

36. Information about compliance with the Article 229 of the Spanish Corporate Enterprises Act

According to the articles 229 and 231 of the Spanish Corporate Enterprises Act and with the aim of reinforcing the transparency of capital companies, the joint administrators of the Parent and their representative natural persons have reported they have no situations of conflict with the interest of the Parent or the Group.

Additionally, Mr. Francisco José Riberas Mera, as president and representative of GESTAMP BIZKAIA, S.A. and Mr. Juan María Riberas Mera as representative of HOLDING GONVARRI, S.L. and AUTOTECH ENGINEERING, A.I.E., board members of the Company, have reported that they are shareholders and board members of ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L. and several subsidiaries of the Company.

ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L is the parent company of an industrial group that developed, through the following subgroups, the activities mentioned below:

- GESTAMP AUTOMOCIÓN GROUP: engaged in manufacturing and sale of metal parts and components for the automotive industry.
- GONVARRI GROUP: engaged in manufacturing, processing and sale of metal products, including structures for renewable energy such as wind turbines, photovoltaic plants and infrastructure elements of solar thermal power plants.
- GESTAMP ENERGíAS RENOVABLES GROUP: dedicated to the development, construction and operation of plants generating renewable energy including solar, wind and biomass.
- INMOBILIARIA ACEK GROUP: engaged in real estate activities.

Additionally, ACEK, DESARROLLO Y GESTIÓN INDUSTRIAL, S.L holds a direct and indirect investment of 24.82% in the company Cie Automotive, S.A., of which Mr. Francisco José Riberas Mera and Mr. Juan María Riberas Mera are also directors.

Additionally, Mr. Francisco López Peña is a member of the Board of CIE Automotive, S.A

Cie Automotive, S.A. is the parent company of an industrial group which is engaged in, among other things, the design, manufacture and sale of automobile components and sub-units on the world automotive market.

37. Additional note for English Translation

These consolidated financial statements were originally prepared in Spanish. In the event of a discrepancy, the Spanish-language version prevails.

ANNEX I

Indirect investments at December 31, 2015

Company	Company holding the indirect investment	% investment
Gestamp Vigo, S.A.	Gestamp Servicios, S.A.	0.01%
Gestamp Toledo, S.L.	Gestamp Servicios, S.A.	0.01%
Gestamp Brasil Industria de Autopeças, S.A.	Gestamp Servicios, S.A.	70.00%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Servicios, S.A.	0.04%
Gestamp Esmar, S.A.	Gestamp Servicios, S.A.	99.90%
Gestamp Bizkaia, S.A.	Gestamp Servicios, S.A.	14.69%
Gestamp Kartek Co., LTD	Gestamp Servicios, S.A.	100.00%
Gestamp Services India pvt. Ltd.	Gestamp Servicios, S.A.	1.01%
Beyçelik, A.S.	Gestamp Servicios, S.A.	50.00%
Gestamp Holding México, S.L.	Gestamp Servicios, S.A.	69.85%
Gestamp Holding Rusia, S.L.	Gestamp Servicios, S.A.	7.66%
Gestamp Togliatti, LLC.	Gestamp Servicios, S.A.	100.00%
Gestamp Cerveira, Lda.	Gestamp Vigo, S.A.	60.63%
Gestamp Washington Uk, Limited	Gestamp Vigo, S.A.	100.00%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.00%
Gestamp Louny sro.	Gestamp Cerveira, Lda.	52.72%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.66%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Cerveira, Lda.	50.00%
Autotech Engineering AIE	Gestamp Bizkaia, S.A.	90.00%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	55.01%
Gestamp Finance Luxemburgo, S.A.	Gestamp Bizkaia, S.A.	49.95%
Gestamp North Europe Services, S.L.	Gestamp Bizkaia, S.A.	0.03%
Autotech Engineering Deutschland GmbH	Gestamp Bizkaia, S.A.	55.00%
Autotech Engineering R&D Uk limited	Gestamp Bizkaia, S.A.	55.00%
Gestamp Technology Institute, S.L.	Gestamp Bizkaia, S.A.	0.01%
Gestamp Global Tooling, S.L.	Gestamp Bizkaia, S.A.	0.01%
Autotech Engineering R&D USA, Inc.	Gestamp Bizkaia, S.A.	55.00%
Gestamp Tooling Services, AIE	Gestamp Bizkaia, S.A.	40.00%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.50%
S.G.F, S.A.	Gestamp Finance Luxemburgo, S.A.	100.00%
Gestamp Hard Tech AB	Gestamp Sweden AB	100.00%
Gestamp Holding China, AB	Gestamp Hard Tech AB	68.94%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.10%
Gestamp Tooling Services, AIE	Matricerías Deusto, S.L.	20.00%
SCI Tournan en Brie	Gestamp Noury, S.A.	99.90%
Gestamp Linares, S.L.	Gestamp Toledo, S.L.	94.98%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.L.	43.53%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.34%
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	94.99%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.67%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	7.04%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.00%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	16.03%
Mursolar, 21, S.L.	MB Aragón, S.A.	16.92%
Gestamp Holding México, S.L.	Gestamp Galvanizados, S.A.	0.15%
Gestamp Holding Argentina, S.L.	Gestamp Galvanizados, S.A.	8.62%
Tavol International, S.A.	Gestamp Aveiro, S.A.	100.00%

Company	Company holding the indirect investment	% investment
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.00%
Gestamp Navarra, S.A	Gestamp Metalbages, S.A.	94.99%
Ingeniería Global MB, S.A.	Gestamp Metalbages, S.A.	100.00%
Gestamp Aragon, S.A.	Gestamp Metalbages, S.A.	94.99%
Gestamp Abrera, S.A.	Gestamp Metalbages, S.A.	94.99%
MB Aragon P21, S.L.	Gestamp Metalbages, S.A.	100.00%
Gestamp Polska SP. Z.O.O.	Gestamp Metalbages, S.A.	100.00%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Metalbages, S.A.	99.96%
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	50.00%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.00%
Edscha Subgroup	Gestamp Metalbages, S.A.	67.00%
Metalbages P-51	Gestamp Metalbages, S.A.	100.00%
Gestamp Metal Forming Subgroup	Gestamp Metalbages, S.A.	100.00%
Gestamp Services India pvt. Ltd.	Gestamp Levante, S.L.	98.99%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.L.	7.81%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.54%
Gestamp Holding Rusia, S.L.	MB Solblank Navarra, S.L.	5.64%
Gestamp Severstal Vsevolozhsk Llc	Todlem, S.L.	100.00%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.00%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	99.90%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.42%
Gestamp Baires, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.77%
MB Solblank Navarra, S.L.	Gestamp Abrera, S.A.	100.00%
Gestamp Solblank Barcelona, S.A.	Gestamp Abrera, S.A.	94.99%
Gestamp Finance Luxemburgo, S.A.	Gestamp Polonia SP. Z.O.O.	50.00%
Gestamp Holding Rusia, S.L.	Gestamp Polonia SP. Z.O.O.	24.56%
Edscha subgroup	Gestamp Polonia SP. Z.O.O.	33.00%
Gestamp Automotive India Private Ltd.	Gestamp Polonia SP. Z.O.O.	50.00%
Gestamp Automotive Chennai Private, Ltd.	Gestamp Solblank Barcelona,S.A.	100.00%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Barcelona,S.A.	6.67%
Gestamp Chattanooga, LLC.	Gestamp North América, Inc.	100.00%
Gestamp Mason, Llc.	Gestamp North América, Inc.	100.00%
Gestamp Alabama, Llc	Gestamp North América, Inc.	100.00%
Gestamp West Virginia, Llc.	Gestamp North América, Inc.	100.00%
Gestamp South Carolina, LLC.	Gestamp North América, Inc.	100.00%
Gestamp Chattanooga II, LLC.	Gestamp North América, Inc.	100.00%
Todlem, S.L.	Gestamp Holding Rusia, S.L.	74.98%
Gestamp Auto Components (Kunshan) Co., Ltd	Gestamp Holding China AB	100.00%
Industrias Tamer, S.A.	Gestamp Esmar, S.A.	30.00%
Gestamp Pune Automotive, Pvt. Ltd.	Gestamp Automotive Chennai Private, Ltd.	50.00%
Mursolar, 21, S.L.	Griwe Subgroup	19.54%
Gestamp Louny sro.	Griwe Subgroup	47.28%
Gestamp Manufacturing Autochasis, S.L.	Metalbaqes P-51	44.99%

Company	Company holding the indirect investment	% investment
Matricerías Deusto, S.L.	Gestamp Global Tooling, S.L.	100.00%
Gestamp Try Out Services, S.L.	Gestamp Global Tooling, S.L.	100.00%
Gestamp Tooling Services, AIE	Gestamp Global Tooling, S.L.	40.00%
Adral Matricería y puesta a punto, S.L.	Gestamp Global Tooling, S.L.	100.00%
Gestamp Tool Hardening, S.L.	Gestamp Global Tooling, S.L.	99.90%
Gestamp Tooling Engineering Deutschland GmbH	Gestamp Global Tooling, S.L.	100.00%
ESSA PALAU, S.A.	Gestamp Manufacturing Autochasis, S.L.	40.00%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.00%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.55%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.23%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.00%
Autotech Engineering R&D Uk limited	Autotech Engineering AIE	45.00%
Autotech Engineering R&D USA limited	Autotech Engineering AIE	45.00%
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.00%
Bero Tools, S.L.	Gestamp Tool Hardening, S.L.	20.00%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding Mexico, S.L.	100.00%
Gestamp Argentina, S.A.	Gestamp Holding Mexico, S.L.	3.00%
Bero Tools, S.L.	Loire S.A. Franco Española	80.00%
Diede Die Development, S.L.	Bero Tools, S.L.	62.00%
Ingeniería y Construcción Matrices, S.A.	Gestión Global de Matricería, S.L.	100.00%
IxCxT, S.A.	Gestión Global de Matricería, S.L.	100.00%
GGM Puebla, S.A. de C.V.	IxCxT, S.A.	0.001%
GGM Puebla de Servicios Laborales, S.A. de C.V.	IxCxT, S.A.	0.001%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.99%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.99%
Gestamp Sweden, AB	GMF Subgroup	44.99%
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar , 21, S.L.	100.00%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar , 21, S.L.	100.00%
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi	Beyçelik, A.S.	100.00%
Gestamp Vigo, S.A.	Gestamp Servicios, S.A.	0.01%
Gestamp Toledo, S.L.	Gestamp Servicios, S.A.	0.01%
Gestamp Brasil Industria de Autopeças, S.A.	Gestamp Servicios, S.A.	70.00%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Servicios, S.A.	0.04%
Gestamp Esmar, S.A.	Gestamp Servicios, S.A.	99.90%
Gestamp Bizkaia, S.A.	Gestamp Servicios, S.A.	25.00%
Gestamp Kartek Co., LTD	Gestamp Servicios, S.A.	100.00%
Gestamp Services India pvt. Ltd.	Gestamp Servicios, S.A.	1.01%
Beyçelik, A.S.	Gestamp Servicios, S.A.	50.00%
Gestamp Holding México, S.L.	Gestamp Servicios, S.A.	69.85%
Gestamp Holding Rusia, S.L.	Gestamp Servicios, S.A.	7.66%
Gestamp Togliatti, LLC.	Gestamp Servicios, S.A.	100.00%
Gestamp Cerveira, Lda.	Gestamp Vigo, S.A.	60.63%
Gestamp Washington Uk, Limited	Gestamp Vigo, S.A.	100.00%
Gestamp Noury, S.A.	Gestamp Vigo, S.A.	100.00%
Gestamp Louny sro.	Gestamp Cerveira, Lda.	52.72%
Gestamp Aveiro, S.A.	Gestamp Cerveira, Lda.	45.66%

Company	Company holding the indirect investment	% investment
Sungwo Gestamp Hitech Pune, Ltd.	Gestamp Cerveira, Lda.	50.00%
Autotech Engineering AIE	Gestamp Bizkaia, S.A.	90.00%
Gestamp Sweden, AB	Gestamp Bizkaia, S.A.	55.01%
Gestamp Finance Luxemburgo, S.A.	Gestamp Bizkaia, S.A.	49.95%
Gestamp North Europe Services, S.L.	Gestamp Bizkaia, S.A.	0.03%
Autotech Engineering Deutschland GmbH	Gestamp Bizkaia, S.A.	55.00%
Autotech Engineering R&D Uk limited	Gestamp Bizkaia, S.A.	55.00%
Gestamp Tooling Services, AIE	Gestamp Bizkaia, S.A.	40.00%
Gestamp Levante, S.L.	Gestamp Linares, S.A.	11.50%
S.G.F, S.A.	Gestamp Finance Luxemburgo, S.A.	100.00%
Gestamp Hard Tech AB	Gestamp Sweden AB	100.00%
Gestamp Holding China, AB	Gestamp Hard Tech AB	68.94%
Gestamp Tool Hardening, S.L.	Matricerías Deusto, S.L.	0.10%
Gestamp Tooling Services, AIE	Matricerías Deusto, S.L.	20.00%
SCI Tournan en Brie	Gestamp Noury, S.A.	99.90%
Gestamp Linares, S.L.	Gestamp Toledo, S.L.	94.98%
Gestamp Holding Argentina, S.L.	Gestamp Toledo, S.L.	43.53%
Gestamp Aveiro, S.A.	Gestamp Palencia, S.A.	54.34%
Gestamp Galvanizados, S.A.	Gestamp Palencia, S.A.	94.99%
Gestamp Tech, S.L.	Gestamp Palencia, S.A.	99.67%
Gestamp Holding Argentina, S.L.	Gestamp Palencia, S.A.	7.04%
Gestamp Romchamp, S.A.	Gestamp Palencia, S.A.	100.00%
Gestamp Córdoba, S.A.	Gestamp Argentina, S.A.	16.03%
Mursolar, 21, S.L.	MB Aragón, S.A.	16.92%
Gestamp Holding México, S.L.	Gestamp Galvanizados, S.A.	0.15%
Gestamp Holding Argentina, S.L.	Gestamp Galvanizados, S.A.	8.62%
Tavol Internacional, S.A.	Gestamp Aveiro, S.A.	100.00%
Gestamp North America, INC	Gestamp Aveiro, S.A.	70.00%
Gestamp Navarra, S.A	Gestamp Metalbages, S.A.	94.99%
Ingeniería Global MB, S.A.	Gestamp Metalbages, S.A.	100.00%
Gestamp Aragon, S.A.	Gestamp Metalbages, S.A.	94.99%
Gestamp Abrera, S.A.	Gestamp Metalbages, S.A.	94.99%
MB Aragon P21, S.L.	Gestamp Metalbages, S.A.	100.00%
Gestamp Polska SP. Z.O.O.	Gestamp Metalbages, S.A.	100.00%
Gestamp Ingeniería Europa Sur, S.L.	Gestamp Metalbages, S.A.	99.96%
Gestamp Manufacturing Autochasis, S.L.	Gestamp Metalbages, S.A.	50.00%
Griwe Subgroup	Gestamp Metalbages, S.A.	100.00%
Edscha Subgroup	Gestamp Metalbages, S.A.	67.00%
Metalbages P-51	Gestamp Metalbages, S.A.	100.00%
Gestamp Metal Forming Subgroup	Gestamp Metalbages, S.A.	100.00%
Gestamp Services India pvt. Ltd.	Gestamp Levante, S.L.	98.99%
Gestamp Holding Rusia, S.L.	Gestamp Levante, S.L.	7.81%
Gestamp Hungana KFT.	Gestamp Navarra, S.A.	100.00%
Mursolar, 21, S.L.	Gestamp Navarra, S.A.	28.54%
Gestamp Holding Rusia, S.L.	MB Solblank Navarra, S.L.	5.64%
Gestamp Mcr Kft	Gestamp Hungana KFT	100.00%
Gestamp Severstal Vsevolozhsk Llc	Todlem, S.L.	100.00%
Gestamp Severstal Kaluga, Llc	Todlem, S.L.	100.00%
Mexicana Servicios Laborales, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Aguascalientes, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Puebla, S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Mexicana Serv. Lab., S.A. de CV	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.00%

Company	Company holding the indirect investment	% investment
Gestamp Puebla II, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	100.00%
Gestamp Sevicios Laborales de Toluca, S.A. de C.V.	Gestamp Cartera de Mexico, S.A. de CV	99.90%
Gestamp Córdoba, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.42%
Gestamp Baires, S.A.	Gestamp Brasil Industria de Autopeças, S.A.	6.77%
MB Solblank Navarra, S.L.	Gestamp Abrera, S.A.	100.00%
Gestamp Solblank Barcelona, S.A.	Gestamp Abrera, S.A.	94.99%
Gestamp Finance Luxemburgo, S.A.	Gestamp Polonia SP. Z.O.O.	50.00%
Gestamp Holding Rusia, S.L.	Gestamp Polonia SP. Z.O.O.	24.56%
Edscha subgroup	Gestamp Polonia SP. Z.O.O.	33.00%
Gestamp Automotive India Private Ltd.	Gestamp Polonia SP. Z.O.O.	50.00%
Gestamp Automotive Chennai Private, Ltd.	Gestamp Solblank Barcelona,S.A.	100.00%
Gestamp Holding Rusia, S.L.	Gestamp Solblank Barcelona,S.A.	6.67%
Gestamp Chattanooga, LLC.	Gestamp North América, Inc.	100.00%
Gestamp Mason, Llc.	Gestamp North América, Inc.	100.00%
Gestamp Alabama, Llc	Gestamp North América, Inc.	100.00%
Gestamp West Virginia, Llc.	Gestamp North América, Inc.	100.00%
Gestamp South Carolina, LLC.	Gestamp North América, Inc.	100.00%
Todlem, S.L.	Gestamp Holding Rusia, S.L.	74.98%
Gestamp Auto Components (Kunshan) Co., Ltd	Gestamp Holding China AB	100.00%
Industrias Tamer, S.A.	Gestamp Esmar, S.A.	30.00%
Mursolar, 21, S.L.	Griwe Subgroup	19.54%
Gestamp Louny sro.	Griwe Subgroup	47.28%
Gestamp Manufacturing Autochasis, S.L.	Metalbages P-51	44.99%
Matricerías Deusto, S.L.	Gestamp Global Tooling, S.L.	100.00%
Gestamp Try Out Services, S.L.	Gestamp Global Tooling, S.L.	100.00%
Gestamp Tooling Services, AIE	Gestamp Global Tooling, S.L.	40.00%
Adral Matricería y puesta a punto, S.L.	Gestamp Global Tooling, S.L.	100.00%
Gestamp Tool Hardening, S.L.	Gestamp Global Tooling, S.L.	99.90%
ESSA PALAU,S.A.	Gestamp Manufacturing Autochasis, S.L.	40.00%
Gestamp Argentina, S.A.	Gestamp Holding Argentina, S.L.	97.00%
Gestamp Córdoba, S.A.	Gestamp Holding Argentina, S.L.	77.55%
Gestamp Baires, S.A.	Gestamp Holding Argentina, S.L.	93.23%
Autotech Engineering Deutschland GmbH	Autotech Engineering AIE	45.00%
Autotech Engineering R&D Uk limited	Autotech Engineering AIE	45.00%
Diede Die Development, S.L.	Gestamp Tool Hardening, S.L.	38.00%
Bero Tools, S.L.	Gestamp Tool Hardening, S.L.	20.00%
Gestamp Cartera de Mexico, S.A. de CV	Gestamp Holding Mexico, S.L.	100.00%
Gestamp Argentina, S.A.	Gestamp Holding Mexico, S.L.	3.00%
Bero Tools, S.L.	Loire S.A. Franco Española	80.00%
Diede Die Development, S.L.	Bero Tools, S.L.	62.00%
Ingeniería y Construcción Matrices, S.A.	Gestión Global de Matricería, S.L.	100.00%
IxCxT, S.A.	Gestión Global de Matricería, S.L.	100.00%
GGM Puebla, S.A. de C.V.	IxCxT, S.A.	0.00%
GGM Puebla de Servicios Laborales, S.A. de C.V.	IxCxT, S.A.	0.00%
GGM Puebla, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.99%
GGM Puebla de Servicios Laborales, S.A. de C.V.	Gestión Global de Matricería, S.L.	99.99%
Gestamp Sweden, AB	Gestamp Metal Forming Subgroup	44.99%

Company	Company holding the indirect investment	% investment
Gestamp Auto Components (Shenyang), Co. Ltd.	Mursolar , 21, S.L.	100.00%
Gestamp Autocomponents (Dongguan) Co., Ltd.	Mursolar , 21, S.L.	100.00%
GMF Otomotiv Parçalari Sanayi ve Ticaret Limited Sirketi	Beyçelik, A.S.	100.00%

ANNEX II

Guarantors for May 2, 2013 Bond

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Sofedit Polska, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Edscha Santander, S.L.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
Sofedit España, S.A.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A.
Gestamp Levante, S.A.

Additionally, the Group companies 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. have shares pledge.

Guarantors for April 19, 2013 Syndicated Loan

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Sofedit Polska, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Edscha Santander, S.L.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe Subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
Sofedit España, S.A.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A.
Gestamp Levante, S.A.

Additionally, the Group companies 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. have shares pledge.

Guarantors for March 21, 2012 Loan

Gestamp Navarra, S.A.
Edscha Automotive Kamenice, S.R.O.
Edscha Engineering, GmbH.
Edscha Briey, S.A.S.
Edscha France Engineering , S.A.S.
Edscha Automotive Hauzenberg, GmbH
Edscha Hauzenberg Real Estate GmbH, & Co.
Edscha Hengersberg Real Estate GmbH, & Co.
Edscha Automotive Hengersberg, GmbH.
Edscha Holding, GmbH.
Edscha Hradec, S.r.o.
Edscha Velky Meder, S.r.o.
Gestamp Bizkaia, S.A.
Gestamp Galvanizados, S.A.
Gestamp Automoción,S.A.
Gestamp Aveiro, S.A.
Gestamp HardTech, AB
Gestamp Hungaria, KFT.
Gestamp Linares, S.A.
Gestamp Louny, S.r.o.
Gestamp Esmar, S.A.
Sofedit Polska, Sp. Z.o.o
Sofedit, S.A.S.
Gestamp Toledo, S.A.
Edscha Santander, S.L.
Gestamp Noury, SAS
Gestamp Palencia, S.A.
Gestamp Polska, Sp.Z.o.o.
Gestamp Cerveira, Ltda
Gestamp Ronchamp, S.A.S.
Gestamp Servicios, S.A.
Gestamp Washington UK Limited
Gestamp Vendas Novas Unipessoal, Lda.
Gestamp Vigo, S.A.
Gestamp Unformtechnik, GmbH
Griwe subgroup
Ingeniería Global MB, S.A.
Loire S.A. Franco Española
Gestamp Abrera, S.A.
Gestamp Aragón, S.A.
Gestamp Metalbages, S.A.
Gestamp Prisma, S.A.S.
Sofedit España, S.A.
SCI de Tournan en Brie
Gestamp Solblank Barcelona, S.A.
Gestamp Tallent Limited
Gestamp Sweden AB
Edscha Burgos, S.A.
Gestamp Levante, S.A.

Additionally, the Group companies 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. have shares pledge.

THE COMPANY
Gestamp Automoción, S.A.
Lebario S/N 48220 in Abadiño, Spain

LEGAL ADVISORS TO THE COMPANY

As to U.S. Law

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Alder Castle
10 Noble Street
London EC2V 7JU
United Kingdom

As to Spanish Law

Cuatrecasas, Gonçalves Pereira S.L.P.
Calle de Almagro, 9
28010 Madrid
Spain

LEGAL ADVISOR TO THE INITIAL PURCHASERS

As to U.S. Law

Cahill Gordon & Reindel (UK) LLP
24 Monument Street
London EC3R 8A
United Kingdom

As to Spanish law

Clifford Chance, S.L.
Paseo de la Castellana, 110
28046 Madrid
Spain

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

REGISTRAR, LISTING AND TRANSFER AGENT

Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

SECURITY AGENT AND PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

INDEPENDENT ACCOUNTANTS

Ernst & Young, S.L.
Torre Azca
Calle Raimundo Fernández Villaverde 65
28003 Madrid
Spain

Merrill Corporation Ltd, London
18ZBO49301