€400 million 3.25% Senior Secured Notes due 2024

€250 million 3.375% Senior Secured Notes due 2026

Issued by Grupo Antolin Irausa, S.A.

Financial Results for the third quarter of the year ending September 30, 2019

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USE OF TERMS AND CONVENTIONS

Unless otherwise specified or the context requires otherwise in this quarterly report:

- references to "**2024 Notes**" are to the €400.0 million 3.25% Senior Secured Notes due 2024 issued by the Company pursuant to an indenture dated April 21, 2017;
- references to "**2026 Notes**" are to the €250.0 million 3.375% Senior Secured Notes due 2026, which were issued pursuant to an indenture dated April 27, 2018;
- references to "**APAC**" are to Australia, China, India, Indonesia, Japan, Malaysia, Philippines, South Korea, Taiwan and Thailand, collectively;
- references to "**Company**" are to Grupo Antolín-Irausa, S.A., a limited liability company (sociedad anónima) incorporated and existing under the laws of Spain and the issuer of the Notes;
- references to "**Eastern Europe**" are to the following countries Azerbaijan, Bulgaria, Croatia, Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Uzbekistan;
- references to "**EIB**" are to the European Investment Bank;
- references to "**EIB Facility**", are to are to the facility agreement entered into by the Company and EIB on 12 June, 2018 for an amount of €100.0 million maturing on 31 May, 2028, with 14 equal semi-annual instalments, the first being on 30 November 2021;
- references to "**emerging markets**" and "**emerging economies**" are to growth markets and growth economies, excluding the US;
- references to "**EU**" are to the European Union as of the date of this annual report;
- references to "**Europe**" are to Western Europe and Eastern Europe, collectively;
- references to "**FCA**" are to Fiat-Chrysler Automobiles;
- references to "**Group**", "**Grupo Antolin**", "**we**", "**us**" and "**our**" are to the Company together with its consolidated subsidiaries;
- references to "**growth markets**" and "**growth economies**" are to economies where we are experiencing increasing demand for our products and which include the US, Mexico, Brazil, Turkey, Russia, China, India and Thailand;
- references to "**IFRS-EU**" are to the International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union;
- references to "**JLR**" are to Jaguar Land Rover;
- references to "**LMC Automotive**" are to LMC Automotive Ltd.;
- references to "**Magna**" and "**Magna Group**" are to Magna International Inc. and its subsidiaries;
- references to "**Mercosur**" are to Argentina, Brazil, Bolivia, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay and Venezuela, collectively;
- references to "**North America**" are to the US, Canada and Mexico, collectively;
- references to "**Notes**" are to the 2026 Notes and 2024 Notes;
- references to "**OEM**" are to original equipment manufacturer;
- references to "**R&D**" are to research and development;

- references to "**Revolving Credit Facility**" are to the revolving credit facility made available under the Senior Facilities Agreement;
- references to "**Senior Facilities**" are to the senior term facilities made available under the Senior Facilities Agreement and the Revolving Credit Facility;
- references to "**Senior Facilities Agreement**" are to the senior term and revolving credit facilities agreement originally dated March 13, 2014 as amended from time to time and as further amended and restated pursuant to amendment and restatement agreements dated June 4, 2015, 26 October 2015 and 17 April, 2018 entered into between, among others, the Company, as the original borrower, various subsidiaries of the Company, as original guarantors, the original lenders listed therein and Deutsche Bank AG, London Branch as agent and security agent; and
- references to "**Western Europe**" are to Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden, Switzerland and the United Kingdom, collectively.

FORWARD LOOKING STATEMENTS

Except for historical information contained herein, statements contained in this quarterly report may constitute "forward looking statements" within the meaning of the US Private Securities Litigation Reform Act of 1995.

The words "believe", "anticipate", "expect", "predict", "continue", "intend", "estimate", "plan", "aim", "assume", "positioned", "will", "may", "should", "shall", "risk", "probable" and other similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward looking statements. This quarterly report includes forward looking statements relating to our potential exposure to various types of market risks, such as credit risk, interest rate risk, exchange rate risk and commodity price risk. You should not rely on forward looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- increased or more pronounced cyclicality in the automobile industry;
- our susceptibility to economic trends and to the impact of adverse economic conditions on our customers or suppliers;
- continuing uncertainties and challenging political conditions in Spain and the European economy, which may impact the value of the euro, and uncertainties regarding Brexit and the outcome of future arrangements between the EU and the UK, in particular;
- the potential loss of customers or changes in market share by our customers;
- our ability to realize revenues from our awarded business and/or the potential termination or non-renewal of purchase orders by our customers;
- disruptions in the automotive supply chain and fluctuations in the prices of materials;
- our and our customers' ability to obtain sufficient capital financing, including working capital lines, and credit insurance;
- fluctuations in the prices of materials;
- increased competition in the automotive parts industry generally, as well as shifts in market share among, and demand for, certain vehicles and products;
- our ability to offset price concessions or additional costs from our customers;
- costs and risks in relation to the construction, maintenance, downsizing, closing and/or sale of our plants;
- mechanical failures, equipment shutdowns, technological breakdowns and interruptions in the supply of utilities;
- increased capital expenditures required by our ongoing operations;
- risks and additional costs associated with ongoing and/or future acquisitions and divestitures, program launches and/or our growth with our customers;
- our joint ventures, certain of which we do not control;
- potential impairment of deferred tax assets and/or goodwill;
- our current tax liabilities and the tax accounting treatment we are subject to, including risks related to any changes therein;
- potential reduction in our net income and equity due to the impairment of goodwill;

- our international operations and risks related to compliance with anti-corruption laws, regulations and economic sanctions programs in connection thereto;

- our exposure to foreign exchange rate fluctuations;

- unrealized expectations on our investment strategies or shifts away from technologies in which we invest;

- loss of key executives, availability of labor and any changes in workforce utilization efficiency, including those resulting from work stoppages and other labor problems;

- risks related to potential non-compliance with, or changes in, applicable laws and regulations, including in relation to environmental, insurance, product liability, tax, intellectual property and/or health and safety laws and regulations;

- risks related to shifts away from technologies in which we invest;

- explosions, fires or any other accidents, natural disasters, floods, hurricanes and earthquakes, theft, terrorist attacks and/or other acts of violence, war or other political changes in geographic areas in which we operate;

- restrictions on transfer of funds;

- other risks and uncertainties inherent in our business and the world economy; and

For a more detailed discussion of these and other factors, see "*Operating and Financial Review and Prospects*" included elsewhere in this quarterly report. You are cautioned not to place undue reliance on these forward looking statements. These forward looking statements are made as of the date of this quarterly report and are not intended to give any assurance as to future results. We undertake no obligation to, and do not intend to, publicly update or revise any of these forward looking statements, whether to reflect new information or future events or circumstances or otherwise.

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Information and Operational Data

Company historical financial information

This quarterly report includes our unaudited condensed interim financial statements as of and for the three months ended September 30, 2018 and 2019. Unless otherwise indicated, all financial information in this quarterly report has been prepared in accordance with IFRS-EU applicable at the relevant date and are presented in millions of euro. IFRS differs in certain significant respects from generally accepted accounting principles in the US.

Non-IFRS financial information

We have presented certain information in this quarterly report that are non-IFRS measures. As used in this quarterly report, this information includes "EBITDA" which represents our profit for the year from continuing operations after adding back depreciation and amortization expense. This quarterly report also contains other measures and ratios such as EBITDA margin and capital expenditures. We present these non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In particular, we believe that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. To facilitate the analysis of our operations, this indicator excludes depreciation and amortization expense from our profit for the year from continuing operations 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 our profit for the year from continuing operations as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity.

The information presented by EBITDA and other adjusted financial information presented in this quarterly report is unaudited and has not been prepared in accordance with IFRS or any other accounting standards.

You should not consider EBITDA or any other non-IFRS or financial measures presented herein, as alternatives to measures of financial performance determined in accordance with generally accepted accounting principles, such as net income, as a measure of operating results or cash flow as a measure of liquidity. EBITDA is not a measure of financial performance under IFRS. Our computation of EBITDA and other non-IFRS financial measures may not be comparable to similarly titled measures of other companies.

Rounding adjustments have been made in calculating some of the financial information included in this quarterly report. As a result, 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 quarterly report, 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 we do not make any representation or warranty as to the accuracy or completeness of such information set forth in this quarterly report.

In drafting this quarterly report, we used industry sources, including reports prepared by LMC Automotive in the third quarter of 2019. While LMC Automotive endeavours to ensure the accuracy of the data, estimates and forecasts, provided in its services and reflected herein, decisions based upon them (including those involving investment and planning) are at the user's own risk and LMC Automotive accepts no liability in respect of information, analysis and forecasts provided.

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 such sources state that they do not assume liability for such information. Market studies and analyses are frequently based on information and assumptions that might not be accurate or technically correct, and their methodologies may be forward looking and speculative. We cannot assure you of the accuracy and completeness of such information as we have not independently verified such information.

In addition, in many cases, we have made statements in this quarterly report regarding our industry and our position in the industry based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. While we assume 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. Additionally, all data in relation to our position in our industry as well as specific market share details are based on the number of units of automotive interior components sold.

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. We do not 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.

RECENT DEVELOPMENTS

On 28 November 2019 the Company provided additional information on the progress of its Smart Integrator strategy, driving the development of more complex integrated systems with added value through technology and electronics. The Company also announced it is finalizing its Strategic Plan for 2020 and onwards, details of which will be provided with the 2019 full year results presentation. This Strategic Plan is based on three main drivers:

1. Reinforcing our leadership position and competitiveness. To enable this driver, the efficiency improvement program is on track, with implementation to start in Q1 2020
2. Leading new mobility transformation, providing complex integrated systems for vehicle interiors
3. Consolidating our position as key partner to leading OEMs to develop future vehicles, with a clear strategy to increase value in lighting and electronics

This Strategic Plan will reinforce the main 2019 long term workstreams which have been recently reflected in:

(i) Increased electronic capabilities, as is reflected in (i) the Bamberg facility, inaugurated in May 2019 and featuring the latest and most advanced lighting electronics technology and processes, as well as a state-of-the-art Technical Center with world class experts focusing on technological developments in the ambient lighting business, (ii) discussions with start-ups to define cooperation agreements, (iii) analysis of potential acquisitions to enhance our capabilities in this space; and

(ii) Partnered with key technology providers such as (i) HiRain Technologies (a leading Chinese automotive electronics provider) in February of 2019 to jointly provide carmakers with innovative lighting solutions for vehicle interiors and exteriors through advanced technology and high degrees of electronics, and (ii) Walter Pack (a leading Spanish company specialized in the design and production of high-quality decorative technical surfaces and parts) to integrate its decorative parts into Grupo Antolin's new interior lighting solutions.

Apart from the above, there have been no recent material developments after September 30, 2019.

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

You should read the following discussion together with our unaudited condensed interim financial statements included elsewhere in this quarterly report. The financial data in this discussion of our results of operations and financial condition as of and for the three months ended September 30, 2019 and 2018 has been derived from the unaudited condensed interim financial statements of the Company and its subsidiaries as of and for the three months ended September 30, 2019 and 2018 prepared in accordance with IFRS-EU. Certain monetary amounts, percentages and other figures included in this quarterly report 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.

You should read the following discussion together with the section entitled "Forward Looking Statements".

Three months ended September 30, 2019 compared to three months ended September 30, 2018

Executive summary

- Sales of € 1,171.9 million, down 1.7% from the three months ended September 30, 2018 and compared to –3.8%[1] industry production decrease. Excluding FX impact, sales decreased 3.1%
- EBITDA of € 81.1 million, up 43.4% from the three months ended September 30, 2018, margin of 6.9%. Excluding FX impact, EBITDA increased 40.1%.
- EBIT of € 6.0 million, down 21.2% from the three months ended September 30, 2018, margin of 0.5%
- FY 2019 guidance confirmed
- Cash available of € 231.7 million
- Available revolving credit facilities of € 250.6 million
- Cash and long term undrawn committed credit lines of € 482m vs short term maturities of € 56m (mainly renewable revolving credit facilities)
- Net debt average maturity of 5.0 years
- LTM EBITDA of € 358m and Net Debt to EBITDA of 2.65x
- No receivables factoring in the quarter
- No purchase and cancellation of Notes in the three months ended September 30, 2019

[1] *Source: LMC Global Light Vehicle Production. Quarter 3, 2019*

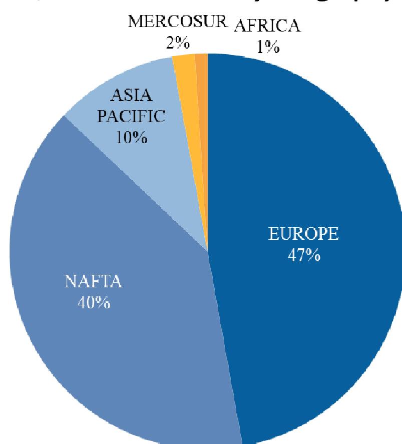
__Group results of operations__

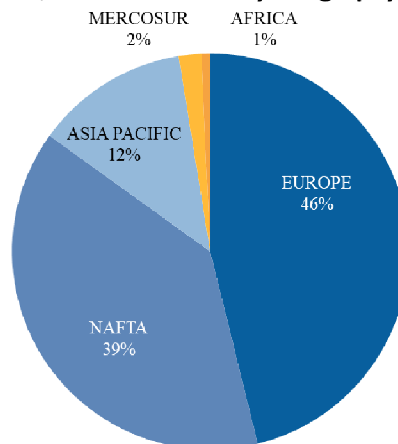
The table below sets out our results of operations for the three months ended September 30, 2019, compared to the three months ended September 30, 2018.

	Three months ended September 30,		
	2019	**2018**	**% change**
	(in millions of €)		
Consolidated Income Statement Data:			
Revenue and Other operating income	1,171.9	1,191.8	(1.7)
Total operating income	**1,171.9**	**1,191.8**	**(1.7)**
Supplies	(740.9)	(773.1)	(4.2)
Staff costs	(244.9)	(235.6)	3.9
Depreciation and amortization expense	(57.0)	(48.9)	16.6
Depreciation for leasing	(18.1)	n.a.	n.a.
Other operating expenses	(105.0)	(126.5)	(17.0)
Profit for the quarter from continuing operations	**6.0**	**7.7**	**(21.2)**
Finance income/(cost)	(9.2)	(8.3)	11.6
Financial expenses for leasing	(2.1)	n.a.	n.a.
Exchange differences	(4.1)	(3.7)	9.8
Net finance income/(cost)	**(15.4)**	**(12.0)**	**28.4**
Net impairment gains/(losses) on non-current assets	(0.9)	(0.0)	4,800.0
Profit of companies consolidated using the equity method	(0.1)	0.5	(118.1)
Profit before tax	**(10.3)**	**(3.8)**	**169.0**
Profit from discontinued operations	0.0	0.0	n.a.
Corporate income tax	(1.0)	(2.7)	(62.3)
Consolidated profit for the three month period	**(11.3)**	**(6.6)**	**72.4**
Attributable to non-controlling interests	(2.7)	0.5	(685.7)
Attributable to shareholders of the Company	**(14.0)**	**(6.1)**	**(128.7)**

__Revenue__

Revenue decreased by €19.9 million, or 1.7%, to € 1,171.9 million in the three months ended September 30, 2019 from €1,191.8 million in the three months ended September 30, 2018. Component and Tooling sales totaled € 1,162.0 million and € 9.9 million respectively in the three months ended September 30, 2019. These figures compare to € 1,191.8 million and € 0 million in the three months ended September 30, 2018. The decrease in revenue was primarily attributable to decreased sales in China, Mexico and UK, partially offset by increased sales in the United States, Germany and the Czech Republic. As a result, our NAFTA revenue grew 1.2% reaching € 467.7 million and Europe 0.5% to € 552.7 million, compared to the 20.8% and 2.1% decreases of our APAC and Mercosur revenue that respectively reached €118.0 million and € 21.3 million. Revenue in Africa increased 41.2% to reach € 12.3 million in the quarter. In NAFTA the positive effect of exchange rates with the US Dollar and Mexican peso represented approximately € 26.0 million of higher revenue. By Business Units, the growth registered in Headliners (4.8%, € 20.4 million increase) and Lighting (6.8%, €5.0 million increase) has not been enough to offset sales decrease in Cockpits & Consoles (-19.3%, -€51.5 million decrease) and Doors and Hard Trim (-0.3%, -€1.1 million decrease). Overall, the positive effect of exchange rates has represented approximately € 17.5 million of higher revenue.





Supplies

Supplies decreased by €32.2 million, or 4.2%, to €740.9 million in the three months ended September 30, 2019 from €773.1 million in the three months ended September 30, 2018. The decrease in supplies was primarily attributable to the decrease in revenues. Supplies decreased 4.2% in comparison with revenue decrease of 1.7% for the same period, hence supply cost as percentage of total sales has decreased to 63.2% from 64.9% in September 2018.

Staff costs

Staff costs increased by €9.2 million, or 3.9%, to €244.9 million in the three months ended September 30, 2019 from €235.6 million in the three months ended September 30, 2018. The increase in staff costs was primarily attributable to new companies, new project launches and increased activity at Technical Commercial Offices.

EBITDA

EBITDA, under IFRS 16 in the three months ended September 30, 2019, increased by €24.6 million, or 43.4%, to €81.1 million from €56.5 million in the three months ended September 30, 2018. For the purposes of providing comparable figures, the proforma EBITDA in the three months ended September 30, 2019, excluding the impact of the application of IFRS 16, would be € 63.0 million. The increase in EBITDA was primarily attributable to increased sales and ramp ups in USA, Germany and Czech Republic which offset sales declines in China, Mexico and UK. Specifically, regarding the three months ended September 30, 2019:

1. Kentucky (USA, Headliners) reflected significant operational improvements, with EBITDA improving by €4.4 million compared to the three months ended September 30, 2018.
2. Wayne (USA, Headliners) benefitted from production ramp ups with Ford. Sales increased by 61% compared to the three months ended September 30, 2018.
3. Alabama benefitted from Daimler ramp-ups and operational improvements, with sales reaching € 21.3 million in the thirst quarter of 2019 compared to € 0.1 million in the third quarter of 2018. EBITDA reached - €0.5 million, an improvement of € 2.4 million compared to the third quarter of 2018.
4. Shelby (USA, Doors) continues to ramp up production of the Dodge Ram. Sales in this facility have grown 9% while EBTDA has increased by 37% compared to the three months ended September 30, 2018.
5. Spartanburg (Headliners and Doors) continues to underperform with EBITDA reaching -€7.7 million, an increase of 8.3% compared to the third quarter of 2018. In the same period sales increased 128.6%. This facility reflects advances in production restructuring and client agreements partially implemented.
6. Toluca (Mexico, Doors) saw sales and EBITDA declines of 42% and 50% respectively due to end of production of several models linked to FCA.
7. The positive effect of exchange rates has represented approximately € 1.9 million of higher EBITDA.

As a result of these different factors, EBITDA margin reached 6.9% in the three months ended September 30, 2019 from 4.7% in the three months ended September 30, 2018.

For the purposes of providing comparable figures, the proforma EBITDA in the three months ended September 30, 2019, excluding the impact of the application of IFRS 16, increased by € 6.5 million or 11.5%, to €63.0 million. This represents an EBITDA margin of 5.38%. For additional comparability, the proforma EBITDA margin in the three months ended September 30, 2019, excluding the impact of the application of IFRS 15 and 16, reached 5.42%. This margin is based on € 63.0 million EBITDA and Component sales of € 1,162.0 million and compares to 4.7% for three months ended September 30, 2018.

If we exclude the impact of our Spartanburg and Alabama facilities to better reflect the overall underlying performance of the Company, EBITDA excluding the impact of the application of IFRS 16, would have reached € 71.2 million (a 6.4% margin) in the three months ended September 30, 2019. This would represent a 7.1% increase in EBITDA from the three months ended September 30, 2018 under the same adjustments:

	Three months ended September 30, IFRS 16	Three months ended September 30, IFRS 15		
	2019	**2019 PF**	**2018**	**% change**
		(in million as of €)		
Adjusted EBITDA:				
Headliners and soft trim	24.4	19.0	15.1	25.8
Doors and Hard Trim	45.8	39.5	44.7	(11.6)
Lighting	15.8	14.9	14.6	1.7
Cockpits	23.3	19.6	18.8	4.5
Non-industrial costs	(20.0)	(21.8)	(26.7)	(18.5)
Adjusted EBITDA	**89.3**	**71.2**	**66.5**	**7.1**

	Three months ended September 30, IFRS 15		
	2019 PF	**2018**	**% change**
	(in million as of €)		
Description:			
Alabama revenue	21.3	0.1	n.m.
Spartanburg revenue	38.0	16.6	128.6
Alabama EBITDA	(0.5)	(2.9)	(82.1)
Spartanburg EBITDA	(7.7)	(7.1)	8.3

Alabama is benefitting from completed production restructuring and client agreements. Spartanburg reflects advances in production restructuring and client agreements partially implemented.

Depreciation and amortization expense

Depreciation and amortization expense increased by €8.1 million, or 16.6%, to €57.0 million in the three months ended September 30, 2019 from €48.9 million in the three months ended September 30, 2018. The increase in depreciation and amortization expense was primarily attributable to new programs and facilities coming online.

Depreciation for leasing

Depreciation for leasing reached €18.1 million in the three months ended September 30, 2019. This concept was not reported separately from other operating expenses in the three months ended September 30, 2018 as the Company started applying IFRS 16 on January 1, 2019.

Other operating expenses

Other operating expenses decreased by €21.5 million, or 17.0%, to €105.0 million in the three months ended September 30, 2019 from €126.5 million in the three months ended September 30, 2018. The decrease in other operating expenses was partially attributable to reporting €18.1 million under Depreciation for leasing in the three months ended September 30, 2019, and the normalization of activity after the launch of 6 new facilities through the twelve months ended December 31, 2018.

Profit for the quarter from continuing operations

Profit for the quarter from continuing operations decreased by €1.6 million, or 21.2%, to €6.0 million in the three months ended September 30, 2019 from € 7.7 million in the three months ended September 30, 2018. The decrease in profit for the year from continuing operations was primarily attributable to decreased revenues and increased staff costs that were only partially compensated by reduced supplies and operating expenses.

Net finance income/(cost)

Net finance cost increased by €3.4 million, or 28.4%, to €15.4 million in the three months ended September 30, 2019 from €12.0 million in the three months ended September 30, 2018. The increase in net finance cost was primarily attributable to financial expenses for leasing. This concept was not reported separately in the three months ended September 30, 2018 as the Company started applying IFRS 16 on January 1, 2019.

Net impairment gains on non-current assets

Net impairment losses on non-current assets reached €0.9 million in the three months ended September 30, 2019 compared to no losses in the three months ended September 30, 2018. This was principally due to impairments linked to underperforming assets, mainly in the USA.

Corporate income tax

Corporate income tax reached € 1.0m in the three months ended September 30, 2019 from €2.7 million in the three months ended September 30, 2018. The corporate income tax was primarily attributable to returns to Spanish tax authorities of portfolio impairments.

Consolidated losses for the three month period

Consolidated losses for the three month period increased by €4.8 million, or 72.4%, to €11.3 million in the three months ended September 30, 2019 from €6.6 million in the three months ended September 30, 2018. The increase was primarily attributable to decreased profit before tax.

Foreign exchange translation

Our international expansion and our increasing volume of business outside of the euro-zone, exposes us to exchange rate risks in currencies such as the US dollar, the Brazilian real, the Chinese yuan, the Indian rupee, the Mexican peso, the Czech crown, the Russian ruble, the British pound or the Turkish lira. In the three months ended September 30, 2019, we were impacted by other currencies' strength against the Euro. If we were to maintain the 30 September 2018 exchange rates stable, sales and EBITDA as at September 2019 would have been approximately € 17.5 million and € 1.9 million lower respectively.

Nine months ended September 30, 2019 compared to nine months ended September 30, 2018

Executive summary

- Sales of € 3,850.2 million, down 1.4% from the nine months ended September 30, 2018
- EBITDA of € 307.4 million, up 21.0% from the nine months ended September 30, 2018, margin of 8.0%
- EBIT of € 89.4 million, down 19.5% from the nine months ended September 30, 2018, margin of 2.3%

Group results of operations

The table below sets out our results of operations for the nine months ended September 30, 2019, compared to the nine months ended September 30, 2018.

	Nine months ended September 30,		
	2019	**2018**	**% change**
	(in millions of €)		
Consolidated Income Statement Data:			
Revenue and Other operating income	3,850.2	3,904.6	(1.4)
Total operating income	**3,850.2**	**3,904.6**	**(1.4)**
Supplies	(2,480.9)	(2,534.4)	(2.1)
Staff costs	(758.1)	(721.2)	5.1
Depreciation and amortization expense	(166.9)	(143.1)	16.7
Depreciation for leasing	(51.1)	0.0	n.a.
Other operating expenses	(303.8)	(394.8)	(23.1)
Profit for the year from continuing operations	**89.4**	**111.0**	**(19.5)**
Finance income/(cost)	(26.5)	(48.1)	(44.8)
Financial expenses for leasing	(5.1)	n.a.	n.a.
Exchange differences	(6.7)	(4.9)	38.0
Net finance income/(cost)	**(38.3)**	**(52.9)**	**(27.5)**
Net impairment losses on non-current assets	(13.6)	(7.2)	88.9
Profit of companies consolidated using the equity method	0.2	2.6	(90.5)
Profit before tax	**37.8**	**53.6**	**(29.4)**
Profit from discontinued operations	0.0	0.0	n.a.
Corporate income tax	(22.7)	(19.8)	(14.4)
Consolidated profit for the three month period	**15.1**	**33.7**	**(55.2)**
Attributable to non-controlling interests	(9.1)	(3.3)	175.5
Attributable to shareholders of the Company	**6.1**	**30.5**	**(80.1)**

Revenue

Revenue decreased by €54.4 million, or 1.4%, to € 3,850.2 million in the nine months ended September 30, 2019 from €3,904.6 million in the nine months ended September 30, 2018 and compared to –5.8%[2] industry production decrease. Excluding FX impact, sales decreased 3.4%. Component and Tooling sales totaled € 3,679.0 million and € 171.2 million respectively in the nine months ended September 30, 2019. These figures compare to € 3,793.9 million and € 110.7 million in the nine months ended September 30, 2018. Revenue decline was primarily attributable to declining revenues in China (-27.0%), Mexico (-12.3%) and the UK (-9.0%). These trends were partially offset by strong growth in the USA (+14.7%) and Czech Republic (+35.4%). In terms of geographies revenue increased in NAFTA by 4.7% reaching € 1,484.3 million and decreased in Europe by 0.9% to €1,931.3 million, in APAC by 24.0% to €338.8 million and also in Mercosur by 7.1% to € 62.2 million. In terms of Business Units, growth was driven by Doors & Hard Trim (up 4.8% or € 65.1 million reaching € 1,423.3 million) while the remaining Business Units registered negative sales evolution. Headliners declined -1.8% (-€ 25.9 million to € 1,438.2 million), Cockpits -11.0% (-€ 90.1 million to € 733.0 million) and Lighting -3.5% (-€9.0 million to € 248.4 million).

[2] *Source: LMC Global Light Vehicle Production. Quarter 3, 2019*

Supplies

Supplies decreased by €53.5 million, or 2.1%, to €2,480.9 million in the nine months ended September 30, 2019 from €2,534.4 million in the nine months ended September 30, 2018. The decrease in supplies was primarily attributable to the decrease in revenues. Supplies decreased 2.1% in comparison with revenue decrease of 1.4% for the same period, hence supply cost as percentage of total sales have declined to 64.4% from 64.9% in September 2018.

Staff costs

Staff costs increased by €36.9 million, or 5.1%, to €758.1 million in the nine months ended September 30, 2019 from €721.2 million in the nine months ended September 30, 2018. The increase in staff costs was primarily attributable to new project launches and increased activity at Technical Commercial Offices.

EBITDA

EBITDA under IFRS 16 increased by €53.3 million, or 21.0%, to €307.4 million in the nine months ended September 30, 2019 from €254.1 million in the nine months ended September 30, 2018. Of this increase, € 15.7 million (29.5%) occurred in the three months ended March 31, 2019, € 13.0 million (24.4%) in the three months ended June 30, 2019 and € 24.6 million (46.1%) occurred in the three months ended September 30, 2019. Additionally, the positive effect of exchange rates has represented approximately € 7.4 million of higher EBITDA.

EBITDA margin under IFRS 16 in the nine months ended September 30, 2019, increased to 8.0% from 6.5% in the nine months ended September 30, 2018. For the purposes of providing comparable figures, the proforma EBITDA in the nine months ended September 30, 2019, under IFRS 15 and excluding the impact of the application of IFRS 16, would be € 256.3 million, representing a margin of 6.7%. For additional comparability, the proforma EBITDA margin in the nine months ended September 30, 2019, excluding the impact of the application of both IFRS 15 and 16, reached 7.0%. This margin is based on € 256.3 million EBITDA and Component sales of € 3,679.0 million and compares to 6.7% for nine months ended September 30, 2018.

The increase in EBITDA was primarily attributable to increased sales and ramp ups in USA and Czech Republic which offset declines in China, Mexico and UK due to overall lower sales. EBITDA increased across all Business Units expect for Headliners which was principally impacted by four elements: (i) continued underperformance in Spartanburg as projects for BMW continue to ramp up; (ii) sales declines in VW and Ford-related facilities in Germany; (iii) trunk trim operation in Hungary linked to Daimler; and (iv) lower activity in the UK linked to Brexit.

If we exclude the impact of our Spartanburg and Alabama facilities to better reflect the overall underlying performance of the Company, EBITDA excluding the impact of the application of IFRS 16, would have reached € 292.3 million (a 7.9% margin) in the nine months ended September 30, 2019. This would represent a 5.3% increase in EBITDA from the nine months ended September 30, 2018 under the same adjustments:

	Nine months ended September 30,			
	2019 IFRS 16	2019 PF	2018 IFRS 15	% change
	(in million as of €)			
Adjusted EBITDA:				
Headliners and soft trim	96.8	80.3	94.5	(15.0)
Doors and Hard Trim	183.0	165.4	156.4	5.8
Lighting	57.4	54.7	50.1	9.1
Cockpits	87.7	77.3	63.3	22.0
Non-industrial costs	(81.5)	(85.2)	(86.7)	(1.7)
Adjusted EBITDA	**343.4**	**292.3**	**277.6**	**5.3**

	Nine months ended September 30, IFRS 15		
	2019 PF	2018	% change
	(in million as of €)		
Description:			
Alabama revenue	47.0	0.2	n.m.
Spartanburg revenue	116.8	70.3	66.2
Alabama EBITDA	(8.5)	(6.3)	35.0
Spartanburg EBITDA	(27.5)	(17.2)	60.1

Depreciation and amortization expense

Depreciation and amortization expense increased by €23.8 million, or 16.7%, to €166.9 million in the nine months ended September 30, 2019 from €143.1 million in the nine months ended September 30, 2018. The increase in depreciation and amortization expense was primarily attributable to new programs and facilities coming online.

Depreciation for leasing

Depreciation for leasing reached €51.1 million in the nine months ended September 30, 2019. This concept was not reported separately from other operating expenses in the nine months ended September 30, 2018 as the Company started applying IFRS 16 on January 1, 2019.

Other operating expenses

Other operating expenses decreased by €91.0 million, or 23.1%, to €303.8 million in the nine months ended September 30, 2019 from €394.8 million in the nine months ended September 30, 2018. The decrease in Other operating expenses was partially attributable to reporting €51.1 million under Depreciation for leasing in in the nine months ended September 30, 2019, and the normalization of activity after the launch of 6 new facilities in through the twelve months ended December 31, 2018.

Profit for the year from continuing operations

Profit for the year from continuing operations decreased by €21.6 million, or 19.5%, to €89.4 million in the nine months ended September 30, 2019 from €111.0 million in the nine months ended September 30, 2018. The decrease in profit for the year from continuing operations was primarily attributable to decreased sales and increased staff costs that were only partially compensated by reduced supplies and operating expenses.

Net finance income/(cost)

Net finance cost decreased by €14.6 million, or 27.5%, to €38.3 million in the nine months ended September 30, 2019 from €52.9 million in the nine months ended September 30, 2018. The decrease in net finance cost was primarily attributable to lower finance costs as a result of the issuance of the 2026 Notes and the signing of the EIB Facility.

Corporate income tax

Corporate income tax increased by €2.9 million, or 14.4%, to €22.7 million in the nine months ended September 30, 2019 from €19.8 million in the nine months ended September 30, 2018. The increase in corporate income tax is primarily due to R&D-related tax credits returned to Spanish tax authorities in the second quarter of 2019 and returns to Spanish tax authorities of portfolio impairments throughout the year.

Consolidated profit for the nine month period

Consolidated profit for the nine month period decreased by €18.6 million, or 55.2%, to €15.1 million in the nine months ended September 30, 2019 from €33.7 million in the nine months ended September 30, 2018. The decrease was primarily attributable to decreased profit before tax.

Foreign exchange translation

Our international expansion and our increasing volume of business outside of the euro-zone, exposes us to exchange rate risks in currencies such as the US dollar, the Brazilian real, the Chinese yuan, the Indian rupee, the Mexican peso, the Czech crown, the Russian ruble, the British pound or the Turkish lira. In the nine months ended September 30, 2019, we benefited from other currencies' strength against the Euro. If we were to maintain the 30 September 2018 exchange rates stable, sales and EBITDA as at September 2019 would have been approximately € 79.0 million and € 7.4 million lower respectively. The main exchange rate impact has been linked to the US Dollar and the Mexican Peso (jointly representing €83.1 million and € 6.3 million impact on Revenues and EBITDA respectively).

Segment results of operations

Headliners and Soft Trim

	Three months ended September 30, IFRS 15		
	2019 PF	2018	% change
	(in million as of €)		
Description:			
Net turnover	450.0	429.6	4.7
Other operating (expenses)/income, net	(436.4)	(421.2)	3.6
EBITDA	**13.6**	**8.4**	**61.0**
Depreciation and amortization	(15.8)	(12.4)	27.4
Operating profit/(loss) (EBIT)	**(2.2)**	**(3.9)**	**(44.7)**

Net turnover. Net turnover increased by €20.4 million, or 4.7%, to €450.0 million in three months ended September 30, 2019 from €429.6 million in three months ended September 30, 2018. Sales increases in the USA in Alabama (linked to Daimler "GLE", "GLS" and "GLE Coupe" SUVs), Wayne (Ford pick-ups) and Spartanburg (BMW "X5" and "X7"), as well as in Silao in Mexico (FCA) compensated revenue declines in Hungary (Daimler) and UK (JLR). The overall currency effect, principally of the US Dollar and Mexican Peso, has been estimated at approximately € 8.3 million in increased sales.

Other operating (expenses)/income, net. Net operating expenses increased by €15.2 million, or 3.6%, to €436.4 million in three months ended September 30, 2019 from €421.2 million in three months ended September 30, 2018. The increase in net operating expenses was primarily attributable to increased sales.

EBITDA. For the purposes of providing comparable figures, the proforma EBITDA in the three months ended September 30, 2019, excluding the impact of the application of IFRS 16, increased by €5.1 million, or 61.0%, to €13.6 million in three months ended September 30, 2019 from €8.4 million in three months ended September 30, 2018. The increase in EBITDA was primarily attributable to production improvements in Kentucky, Ford pick-up launches in Wayne and the ramp up of Alabama helped by efficiency measures. These offset the negative effect of the underperformance in Spartanburg (BMW), the slowdown of Daimler production in Hungary and the impact of Brexit uncertainties in our UK facility. EBITDA in the three months ended September 30, 2019, including the impact of the application of IFRS 16, would be € 19.0 million.

Depreciation and amortization. Depreciation and amortization increased by €3.4 million, or 27.4%, to €15.8 million in three months ended September 30, 2019 from €12.4 million in three months ended September 30, 2018. The increase in depreciation and amortization expense was primarily attributable to new programs and facilities launched in 2018.

Operating profit/(loss) (EBIT). Operating losses decreased by €1.8 million, or 44.7%, to -€2.2 million in three months ended September 30, 2018 from -€3.9 million in three months ended September 30, 2018. The decrease in operating losses was primarily attributable to increased EBITDA that could not compensate for the increased Depreciation and amortization.

Doors and Hard Trim

	Three months ended September 30, IFRS 15		
	2019 PF	2018	% change
	(in millions of €)		
Description:			
Net turnover	421.1	422.2	(0.2)
Other operating (expenses)/income, net	(384.4)	(380.8)	1.0
EBITDA	**36.7**	**41.4**	**(11.3)**
Depreciation and amortization	(17.1)	(15.1)	13.6
Operating profit/(loss) (EBIT)	**19.6**	**26.3**	**(25.5)**

Net turnover. Net turnover decreased by €1.1 million, or 0.2%, to €421.1 million in three months ended September 30, 2019 from €422.2 million in three months ended September 30, 2018. The decrease in net turnover was primarily attributable to sales decreases in Mexico in Toluca linked to lower FCA sales which we not entirely

compensated by the favorable evolution of the Dodge “Ram” in Shelby (USA), the Audi “Q3” in Turnov (Czech Republic) and, to a lesser extent, to the ramp up of production in the Spartanburg Assembly facility (BMW). The overall currency effect, principally of the US Dollar and Mexican Peso, has been estimated at approximately € 5.8 million in increased sales.

Other operating (expenses)/income, net. Net operating expenses increased by €3.6 million, or 1.0%, to €384.4 million in three months ended September 30, 2019 from €380.8 million in three months ended September 30, 2018. The increase in net operating expenses was primarily attributable to the launch of the Spartanburg Assembly facility and the decreased activity in Hartlip (UK) as we consolidate production in Barton (UK).

EBITDA. For the purposes of providing comparable figures, the proforma EBITDA in the three months ended September 30, 2019, excluding the impact of the application of IFRS 16, decreased by €4.7 million, or 11.3%, to €36.7 million in three months ended September 30, 2019 from €41.4 million in the three months ended September 30, 2018. The decrease in EBITDA was primarily attributable to decreased sales in Toluca in Mexico and underperformance in Spartanburg Doors that could not be compensated by increased EBITDA in Shelby and Turnov. EBITDA in the three months ended September 30, 2019, including the impact of the application of IFRS 16, would be € 43.0 million.

Depreciation and amortization. Depreciation and amortization increased by €2.0 million or 13.6%, to €17.1 million in three months ended September 30, 2019 from €15.1 million in three months ended September 30, 2018. This increase was primarily due to increases across numerous different facilities.

Operating profit/(loss) (EBIT). Operating profit decreased by €6.7 million, or 25.5%, to €19.6 million in three months ended September 30, 2019 from €26.3 million in three months ended September 30, 2018. The decrease in operating profit was primarily attributable to decreased EBITDA and increased depreciation and amortization.

Lighting

	Three months ended September 30, IFRS 15		
	2019 PF	**2018**	**% change**
	(in millions of €)		
Description:			
Net turnover	77.8	72.7	7.0
Other operating (expenses)/income, net	(63.0)	(58.1)	8.4
EBITDA	**14.9**	**14.6**	**1.7**
Depreciation and amortization	(5.3)	(4.7)	13.8
Operating profit/(loss) (EBIT)	**9.6**	**10.0**	**(4.0)**

Net turnover. Net turnover increased by €5.1 million, or 7.0%, to €77.8 million in three months ended September 30, 2019 from €72.7 million in three months ended September 30, 2018. The increase in net turnover was primarily attributable to sales growth in Bamberg in Germany (German OEMs). The overall currency effect has been estimated at approximately € 0.3 million in increased sales.

Other operating (expenses)/income, net. Net operating expenses increased by €4.9 million, or 8.4%, to €63.0 million in three months ended September 30, 2019 from €58.1 million in three months ended September 30, 2018. The increase in net operating expenses was primarily attributable to higher launch costs at our European facilities.

EBITDA. For the purposes of providing comparable figures, the proforma EBITDA in the three months ended September 30, 2019, excluding the impact of the application of IFRS 16, increased by €0.2 million, or 1.7%, to €14.9 million in three months ended September 30, 2019 from €14.6 million in three months ended September 30, 2018. The increase in EBITDA was primarily attributable to increased activity in Sibiu in Romania for Western OEMs. EBITDA in the three months ended September 30, 2019, including the impact of the application of IFRS 16, would be € 15.8 million.

Depreciation and amortization. Depreciation and amortization increased by €0.6 million, or 13.8%, to €5.3 million in three months ended September 30, 2019 from €4.7 million in three months ended September 30, 2018. The increase in depreciation and amortization was primarily attributable to the increasing amortization of capitalized development investments.

Operating profit/(loss) (EBIT). Operating profit decreased by €0.4 million, or 4.0%, to €9.6 million in three months ended September 30, 2019 from €10.0 million in three months ended September 30, 2018. The decrease in operating profit was primarily attributable to increased amortization of capitalized development investments.

Cockpits

	Three months ended September 30, IFRS 15		
	2019 PF	**2018**	**% change**
	(in millions of €)		
Description:			
Net turnover	215.8	267.3	(19.2)
Other operating (expenses)/income, net	(196.2)	(248.5)	(21.0)
EBITDA	**19.6**	**18.8**	**4.5**
Depreciation and amortization	(11.2)	(9.1)	23.2
Operating profit/(loss) (EBIT)	**8.4**	**9.7**	**(13.2)**

Net turnover. Net turnover decreased by €51.4 million, or 19.2%, to €215.8 million in three months ended September 30, 2019 from €267.3 million in three months ended September 30, 2018. The decrease in net turnover was primarily attributable to decreased sales in Changshu in China and Redditch in the UK, both principally linked to JLR models, as well as the sale of the Tianjin facility and decreases in Howell in the USA (linked to GM and Ford models) which were not compensated by sales increases in Straubing (Czech Republic, linked to BMW and Audi). The overall currency effect has been estimated at approximately € 3.1 million in increased sales.

Other operating (expenses)/income, net. Net operating expenses decreased by €52.3 million, or 21.0%, to €196.2 million in three months ended September 30, 2019 from €248.5 million in three months ended September 30, 2018. The decrease in net operating expenses was primarily attributable to decreased sales and cost cutting initiatives across the platform.

EBITDA. For the purposes of providing comparable figures, the proforma EBITDA in the three months ended September 30, 2019, excluding the impact of the application of IFRS 16, increased by €0.8 million, or 4.5%, to €19.6 million in three months ended September 30, 2019 from €18.8 million in three months ended September 30, 2018. The increase in EBITDA was primarily attributable to successful launches in Straubing and the sale of the Tianjin facility which offset declines in Howell in the USA. EBITDA in the three months ended September 30, 2019, including the impact of the application of IFRS 16, would be € 23.3 million.

Depreciation and amortization. Depreciation and amortization increased by €2.1 million, or 23.2%, to €11.2 million in three months ended September 30, 2019 from €9.1 million in three months ended September 30, 2018 due to increases across numerous different facilities.

Operating profit/(loss) (EBIT). Operating profit decreased by €1.3 million, or 13.2%, to €8.4 million in three months ended September 30, 2019 from €9.7 million in three months ended September 30, 2018. The decrease in operating profit was primarily attributable to increased depreciation and amortization.

Liquidity and capital resources

Historical cash flows

The following tables set forth our historical cash flow items for the nine months ended September 30, 2019 and September 30, 2018:

	Nine months ended September 30,	
	2019	**2018**
	(in millions of €)	
Consolidated Cash Flow Information:		
Cash flows from operating activities:		
Consolidated profit for the nine month period before taxes	**37.8**	**53.6**
Adjustments for:		
Depreciation, amortization and impairment	166.9	143.1
Finance income and expense	26.5	48.1
Net impairment loss on non-current assets	13.6	7.2
Reversal of non-current provisions	(8.3)	(10.6)
Profit of companies accounted for using the equity method	(0.2)	(2.6)
Operating profit before movements in working capital	**236.2**	**238.7**
(Increase)/decrease in trade and other receivables	(88.9)	(35.7)
(Increase)/decrease in inventories	(40.0)	(176.8)
Increase/(decrease) in trade and other payables	62.6	103.1
Increase/(decrease) in other current liabilities	6.6	(15.2)
Unrealized exchange differences and other items	6.7	0.0
Cash generated from operations	**183.2**	**114.0**
Corporate income tax paid	2.0	(27.4)
Net cash generated by/(used in) operating activities	**185.2**	**86.7**
Cash flows from investing activities:		
Dividends received	0.4	0.0
Proceeds from disposals of:		
Associated companies	8.4	1.6
Property, plant and equipment	0.0	0.0
Intangible assets	0.0	0.0
Non-current financial assets	0.0	0.0
Payments for investments in:		
Property, plant and equipment	(103.6)	(114.9)
Intangible assets	(97.8)	(89.0)
Financial assets	0.0	0.0
Investment property	0.1	(11.0)
Net cash generated by/(used in) investing activities	**(192.4)**	**(213.3)**
Cash flows from financing activities:		
Proceeds from/(payments for) financial liabilities:		
Proceeds from bank borrowings	0.0	431.8
Repayments of bank borrowings	(38.1)	(413.1)
Other cash flows from financing activities:		
Finance income and expense paid, net	(19.6)	(36.6)
Dividends paid	(7.0)	(16.0)
Other liabilities	(7.2)	(7.7)
Net cash generated by/(used in) financing activities	**(71.9)**	**(41.6)**
Net increase/(decrease) in cash and bank balances	**(79.1)**	**(168.3)**
Cash and bank balances at the beginning of the nine month period	310.8	333.9
Cash and bank balances at the end of the nine month period	**231.7**	**165.7**

Net cash generated by/(used in) operating activities

Our net cash generated by operating activities was € 185.2 million in the nine months ended September 30, 2019, primarily attributable to a consolidated profit before taxes for the nine months ended September 30, 2019 of € 37.8 million, depreciation and amortization expenses which totaled € 166.9 million, finance income and expenses of € 26.5 million, net collections of corporate income tax of € 2.0 million and an increase in working capital of € 66.3 million.

Our net cash generated by operating activities was €86.7 million in the nine months ended September 30, 2018, primarily attributable to a consolidated profit before taxes for the nine months ended September 30, 2018 of €53.6

million, depreciation and amortization expenses which totaled €143.1 million, finance income and expenses of €48.1 million, payments of corporate income tax of €27.4 million and an increase in working capital of €109.4 million.

Net cash generated by/(used in) investing activities

Our net cash used in investing activities was €192.4 million in the nine months ended September 30, 2019, primarily attributable to investments in Doors (€85.3 million) and Headliners (€60.3 million). These two segments represented approximately 71.1 % of investments. Some of the main projects under development are BMW F40/44 ("1 Series"), Mercedes BR167 ("M-Klasse"), BMW G1x ("8 Series"), MAN SE ("TGL/TGM)", and Ford CX717 (electric vehicle). The proceeds from the sale of our Tianjin facility are reflected under Proceeds from disposals of Associated companies.

Our net cash used in investing activities was €213.3 million in the nine months ended September 30, 2018, primarily attributable to investments in Doors (€ 80.0 million), Headliners (€ 65.0 million) and Cockpits (€ 36.8 million). These three segments represented approximately 88.1% of investments. Some of the main projects under development are Chrysler "FCA2", BMW "G05/G07", Mercedes "C-class", Audi "Q6 e-tron", Mercedes "GL-class", Skoda "Octavia", BMW "G1x" and Seat "Ateca". In addition, the € 11.0 million investments in Investment property mainly reflects the acquisition of Haselbeck, a high-quality plastic injection mold maker based in Deggendorf (Germany). The transaction was closed in August 2018 for approximately € 7.1 million.

Net cash generated by/(used in) financing activities

Our net cash used in our financing activities was € 71.9 million in the nine months ended September 30, 2019, primarily attributable to (i) the € 38.1 million of repayments of bank borrowings, linked to the cancellation of 2024 Notes for € 13.3 million (with a nominal value of € 14.6 million), calendar debt repayments amounting to € 14.6 million (including € 8.4 million of the Senior Facilities) and bilateral credit lines up to € 10.3 million., and (ii) € 19.6 million of net finance expenses paid. The € 7.0 million dividend reflects payments to our shareholders. Payments for other liabilities of € 7.2 million reflect dividend payments to partners at our Turkish, Hungarian, Chinese and US Joint Ventures, which are majority controlled by the Company.

Our net cash used in financing activities was €41.6 million in the nine months ended September 30, 2018, primarily attributable to the € 400.0 million redemption of the 2022 Notes, € 36.6 million of interest payments and costs related to the 2022 Notes' redemption, as well as € 13.1 million of scheduled repayments, principally of the Senior Facilities through the nine month period. The € 16.0 million dividend reflects payments to our shareholders. Payments for other liabilities of € 7.7 million reflect dividend payments to partners at our Turkish, Hungarian, Chinese and US Joint Ventures, which are majority controlled by the Company.

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.

As of September 30, 2019, our long-term indebtedness primarily consists of (i) the 2024 and 2026 Notes, (ii) the senior term facility and the revolving credit facility (undrawn) made available under the Senior Facilities Agreement, (iii) the EIB Facility, (iv) certain loans granted to us by Spanish public bodies to finance R&D projects and improve competitiveness and (v) other loans and finance leases.

As of September 30, 2019, the cash and bank balances and other liquid assets amounted to €231.7 million. Additionally we had available revolving credit facilities totaling € 250.6 million, of which €200 million correspond to the revolving credit facility made available under the Senior Facilities Agreement and € 50.6 million to other credit lines.

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.

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 to make payments due to us;
- a 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 Notes and any future debt may limit our ability to pursue any of these alternatives.

We are leveraged and have debt service obligations. As of September 30, 2019 we have approximately €1.2 billion of financial debt, including €4.1 million in Soft loans with cost (loans granted to the Company principally by certain Spanish public bodies at below market interest rates). We anticipate that our leverage will continue for the foreseeable future.

Working capital

The following table sets forth changes to our working capital for the three months ended September 30, 2019 and September 30, 2018:

	Three months ended September 30,	
	(in millions of €)	
	2019	**2018**
(Increase)/decrease in trade and other receivables	87.6	88.6
(Increase)/decrease in inventories	(82.5)	(96.1)
Increase/(decrease) in trade and other payables	16.4	27.1
Total (increase)/decrease in working capital	**21.5**	**19.5**

Our working capital requirements largely arise from our trade receivables, which are primarily composed of amounts owed to us by our customers, inventories primarily composed of materials (mainly textile fabric, plastic injection grain and petroleum-based resins) and also tooling 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 materials, services and fixed assets, 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 funds from other finance sources.

Net working capital decreased by € 21.5 million in the three months ended September 30, 2019. This decrease is due to € 25.7 million in increased Operating working capital in line with the seasonality of sales, and € 47.3 million decrease in Tooling working capital.

Net working capital decreased by € 19.5 million in the three months ended September 30, 2018. This decrease is due to € 77.2 million in decreased Tooling working capital and € 57.7 million in increased Operating working capital in line with the seasonality of sales.

Capital expenditures

The following table sets forth our cash used in investing activities for the three months ended September 30, 2019 and 2018:

	Three months ended September 30,	
	(in millions of €)	
	2019	2018
Property, plant and equipment	40.8	42.9
Intangible assets	39.5	29.1
Capital expenditures	80.3	72.0

Our capital expenditure consists principally in expenditure on development expenses, property, plant and equipment. The main investments in tangible assets in the three months ended September 30, 2019, correspond to Alabama (USA), Hungary, Liban (Czech Republic), Silesia (Poland), Turnov (Czech Republic), Bamberg (Germany), Toluca (México), Besançon (France), Kentuky (USA) and Barton (UK). The main investments in tangible assets in the three months ended September 30, 2018, correspond to Shelby (USA), Besançon (France), Kentuky (USA), Ebergassing (Austria), Turnov (Czech Republic), and Saltillo (México).

Investments in intangible assets in the three months ended September 30, 2019, related mainly to development expenses on certain new projects MAN SE ("TGL/TGM"), BMW F40/44 ("1 Series"), BMW G1x ("8 Series"), Mercedes BR1672 ("M-Klasse"), Mercedes MFA2 ("B-Class") and Jaguar D7a ("F-Pace"). Investments in intangible assets in the three months ended September 30, 2018, related mainly to development expenses on certain new projects Chrysler "FCA Panel", BMW "G05/G07 NA18 Luggage C", BMW "G1x Panel", Mercedes "BR463 Panel", Mercedes "BR167 Trunk" and Seat "326 IP".

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 September 30, 2019 were as follows:

	Total	Less than 1 year	1-5 years	More than 5 years
	(in millions of €)			
Contractual Obligations				
Loans and borrowings[(1)]	1,177.6	51.4	819.0	307.1
Financial leases	1.1	0.7	0.4	0.0
Total Financial Debt	**1,178.6**	**52.1**	**819.4**	**307.1**
Soft loans – interest bearing[(2)]	4.1	0.6	2.2	1.3
Soft loans – non-interest bearing[(2)]	15.9	3.3	11.2	1.5
Total Soft Loans	**20.0**	**3.9**	**13.4**	**2.8**

(1) Loans and borrowings consists of (i) €635.4 million incurred under the Notes and €402.4 million under the Senior Facilities Agreement, (ii) €100.0 million under the EIB Facility, (iii) € 7.8 million of other bank loans or obligations, (iv) € 22.4 million in drawn revolving credit facilities and (v) €9.5 million in accrued interest, excluding financial remeasurement.

(2) Soft loans include several loans granted to the Company by certain Spanish public bodies.

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INTERIM REPORT FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2019

Grupo Antolin-Irausa, S.A. And Subsidiaries

Consolidated Balance Sheet at 30 September 2019 and 2018 and 31 December 2018 and 2017

(Millions of Euros)	Dec 2017*	Sep 2018	Dec 2018	Sep 2019
Goodwill	120,8	121,2	118,7	118,7
Other Intangibles assets	336,7	368,9	371,4	395,5
Property , plant and equipment	789,5	816,6	866,5	862,0
Assets for leasing	0,0	0,0	0,0	338,2
Investments property	4,5	4,5	4,5	4,4
Investments in companies accounted for using the equity method	22,5	26,8	31,0	24,7
Other non current financial assets	75,4	77,7	89,6	89,9
Total non-current assets	**1.349,4**	**1.415,7**	**1.481,7**	**1.833,5**
Non- current assets held for sale	6,6	6,7	6,8	6,8
Inventories	910,7	1.087,5	917,5	957,5
Trade and other receivables	882,9	918,5	749,2	838,1
Other receivables	154,1	113,4	151,2	154,9
Other current financial assets	40,3	40,3	41,9	4,5
Cash and bank balances	333,9	165,7	310,8	231,7
Total current assets	**2.328,6**	**2.332,2**	**2.177,5**	**2.193,5**
TOTAL ASSETS	**3.678,0**	**3.747,8**	**3.659,2**	**4.027,1**
Share capital	37,5	37,5	37,5	37,5
Share Premium	72,6	72,6	72,6	72,6
Reserves	499,4	710,0	709,1	742,4
Profit attributable to the Parent	242,1	30,5	47,2	6,1
Remeasurements	(124,5)	(114,3)	(114,1)	(80,9)
Dividend and Other	0,0	0,0	0,0	0,0
Non-controlling interests	65,9	53,4	62,0	64,6
Total equity	**792,9**	**789,6**	**814,3**	**842,2**
Bank borrowings	352,3	501,4	492,0	481,5
Other financial liabilities	25,0	29,7	26,3	24,8
Liabilities for Leasing	0,0	0,0	0,0	299,1
Bonds	800,0	650,0	650,0	635,4
Other non- current liabilities	184,3	187,2	192,1	194,2
Total non current liabilities	**1.361,5**	**1.368,3**	**1.360,4**	**1.635,0**
Bank borrowings	34,9	75,3	72,0	50,8
Other financial liabilities	12,2	6,2	10,6	4,2
Liabilities for Leasing	0,0	0,0	0,0	42,7
Bonds	0,0	0,0	0,0	0,0
Trade and other payables	1.185,6	1.288,7	1.135,0	1.197,5
Other current liabilities	290,9	219,8	266,9	254,7
Total current liabilities	**1.523,6**	**1.590,0**	**1.484,4**	**1.549,9**
TOTAL EQUITY AND LIABILITIES	**3.678,0**	**3.747,8**	**3.659,2**	**4.027,1**

* Excludes Seating activity

Consolidated Income Statement at 30 September 2019 and 2018

(Millions of Euros)	THIRD QUARTER 2019	THIRD QUARTER 2018	THIRD QUARTER Diff AV	THIRD QUARTER Diff %	YTD SEP 30 2019	YTD SEP 30 2018	YTD SEP 30 Diff AV	YTD SEP 30 Diff %
Revenues	1.171,9	1.191,8	(19,9)	-1,7%	3.850,2	3.904,6	(54,4)	-1,4%
Total operating income	**1.171,9**	**1.191,8**	**(19,9)**	**-1,7%**	**3.850,2**	**3.904,6**	**(54,4)**	**-1,4%**
Supplies	(740,9)	(773,1)	32,2	-4,2%	(2.480,9)	(2.534,4)	53,5	-2,1%
Staff costs	(244,9)	(235,6)	(9,2)	3,9%	(758,1)	(721,2)	(36,9)	5,1%
Depreciation and amortisation expense	(57,0)	(48,9)	(8,1)	16,6%	(166,9)	(143,1)	(23,8)	16,7%
Depreciation for Leasing	(18,1)	0,0	(18,1)	n.a.	(51,1)	0,0	(51,1)	n.a.
Other operating expenses	(105,0)	(126,5)	21,5	-17,0%	(303,8)	(394,8)	91,0	-23,1%
EBIT	**6,0**	**7,7**	**(1,6)**	**-21,2%**	**89,4**	**111,0**	**(21,6)**	**-19,5%**
Net Financial results	(9,2)	(8,3)	(1,0)	11,6%	(26,5)	(48,1)	21,5	-44,8%
Financial expenses for leasing	(2,1)	0,0	(2,1)	n.a.	(5,1)	0,0	(5,1)	n.a.
Exchange differences	(4,1)	(3,7)	(0,4)	9,8%	(6,7)	(4,9)	(1,8)	38,0%
Net finance income/(cost)	**(15,4)**	**(12,0)**	(3,4)	28,4%	**(38,3)**	**(52,9)**	14,6	-27,5%
Net Impairment loss on non-current assets /extraordinary results	(0,9)	(0,0)	(0,9)	4800,0%	(13,6)	(7,2)	(6,4)	88,9%
Profit of companies accounted for using the equity method	(0,1)	0,5	(0,6)	-118,1%	0,2	2,6	(2,4)	-90,5%
PROFIT BEFORE TAX	**(10,3)**	**(3,8)**	**(6,5)**	**169,0%**	**37,8**	**53,6**	**(15,8)**	**-29,4%**
Income tax	(1,0)	(2,7)	**1,7**	-62,3%	(22,7)	(19,8)	**(2,9)**	14,4%
Consolidated profit for the three month period	**(11,3)**	**(6,6)**	(4,8)	72,4%	**15,1**	**33,7**	(18,6)	-55,2%
Minority interest	(2,7)	0,5	(3,1)	-685,7%	(9,1)	(3,3)	(5,8)	175,5%
NET PROFIT	**(14,0)**	**(6,1)**	**(7,9)**	**128,7%**	**6,1**	**30,5**	**(24,4)**	**-80,1%**
EBITDA IFRS 15*	**63,0**	**56,5**	**6,5**	**11,5%**	**256,3**	**254,1**	**2,2**	**0,9%**
EBITDA IFRS 16	**81,1**	**n.a.**	**24,6**	**43,4%**	**307,4**	**n.a.**	**53,3**	**21,0%**

* 2019 data is Pro Forma for the ppurpose of providing comparable figures

Other Financial Data at 30 September 2019 and 2018 and 31 December 2018

Millions of Euros	September '18-'19	December 2018
Calculation of EBITDA (12 Months):		
Profit for the year from continuing operations	139,3	160,9
Adjusted for:		
Depreciation and amortization expense	218,8	195,0
EBITDA	**358,2**	**355,9**
Net finance income / (cost) for covenants	**(32,4)**	**(38,4)**
Ratio of net financial debt to EBITDA	2,65x	2,58x
Ratio of EBITDA to net finance income /cost	11,1x	9,3x

	30 Sep '19	31 Dec '18
Bank Loans	1.167,8	1.214,0
Financial remeasurement	10,9	11,0
Soft loans with cost	4,1	4,1
Adjustments exchange rates	(0,0)	0,9
Financial debt (12mo FX Avrg.)	**1.182,7**	**1.230,0**
Cash and bank balances (12mo FX Avrg.)	232,2	312,2
Net finacial debt	**950,4**	**917,8**

Bank loans includes both current and non-current payables under bridge loan, syndicated loans, other loans, credit lines, finance leases, invoice discount lines, interest payable and less financial remeasurement.

Most of the balances under "Other current and non-current financial liabilities" corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness.

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.

We started applying IFRS 9 on January 1, 2018. See Note 2-b of our consolidated financial statements for the year ended December 31, 2018 for the expected quantified effect of IFRS 9 on our consolidated financial statements in 2018. We have started applying IFRS 15 on January 1, 2018. See Note 2-b of our consolidated financial statements for the year ended December 31, 2018 for the expected quantified effect of IFRS 15 on our consolidated financial statements in 2018. 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. We have started applying IFRS 16 initially on January 1, 2019. Any change arising from the application of these new accounting standards would be presentational in nature and will not affect underlying cash flows. Under the indenture for the Notes, the financial ratios and financial definitions are generally determined in accordance with IFRS as in effect from time to time.

The directors of the Company have assessed the potential impacts of applying these new standards in the future and consider that it may be significant for presenting and analyzing certain items on our consolidated financial statements, although they will not affect the profit and loss attributable to the Company or the net equity attributable to its shareholders.

Principal income statement account items

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

Revenue

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, value added tax and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected. Revenue includes revenue on sales of products and originary revenue from the provision of services.

Changes in inventories of finished goods and work in progress

We value our inventories as follows:

Materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale, are valued at the lower of cost applying the weighted average price method and net realizable value.

Finished goods, semi-finished goods and work-in-process are stated at the lower of real average production cost (materials used, labor and direct and indirect manufacturing expenses) and net realizable value.

Tools for new projects, which are developed and manufactured by us to be sold later on to our customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated net realizable value.

Net realizable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in the marketing, selling and distribution.

Obsolete, defective or slow-moving inventories are reduced to their realizable value. In addition, if the net realizable value of the inventories is lower than the acquisition or production cost, the appropriate write-downs are recognized as an expense in the consolidated income statement for the year.

Capital grants and other grants taken to income

Official grants related to property, plant and equipment are recognized in our consolidated statement of financial position as deferred income when we have met the relevant qualifying conditions and there are, therefore, no reasonable doubts about the grants being collected. These capital grants are taken to the consolidated income statement under "Capital grants and other grants taken to income" on a straight-line basis over the useful lives of the assets.

Grants to cover or finance our expenses are recognized once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

Other operating income

Other operating income is comprised principally of revenues on the sale of project tools, income from miscellaneous services, operating grants, income from leases of investment property, revenues from the assignment of industrial property and other revenue.

Supplies

The amount of supplies that are used in the production process are reported in the consolidated income statement. The most significant item accounted as supply is the purchase of materials. Changes during the period in inventories of materials, goods for resale and other supplies are adjusted in the supplies account.

Staff costs

Our staff costs include wages, salaries and similar expenses, termination benefits, employer's social security contributions and other welfare expenses. Staff costs are primarily driven by the size of our operations, our geographical reach and customer requirements.

Depreciation and amortization expense

Depreciation and amortization expense relates mainly to the annual depreciation charges on property, plant, equipment and capitalized development expenses. We transfer property, plant and equipment under construction to property, plant and equipment used in operations when the assets in question become operational, from which time depreciation is charged. Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to "Depreciation and amortization expense" in the consolidated income statement over the average estimated useful life of the assets. Capitalized development expenses are generally amortized on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Other operating expenses

Our other operating expenses relate to the rental cost of leased buildings, maintenance and upkeep, other external services, taxes and levies, impairment of accounts receivable and application of non-current provisions.

Net finance income/(cost)

Net finance income/(cost) primarily consists of finance income, finance costs, net fair value gain/(loss) on financial instruments, exchange differences and impairment and gains/(losses) on disposal of financial instruments.

Profit before tax

Profit before tax primarily includes net impairment loss on non-current assets, profits or losses from disposal of assets, gain/(losses) on disposal of non-current assets, profits from business combinations and profit of companies accounted for using the equity method.

Corporate income tax

The Company and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporation tax returns.

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognized arising from temporary differences and from tax credit and tax loss carry forwards.

We consider that a timing difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for us to pay taxes to the related tax authorities. A deductible timing difference is one that will generate a right for us to a refund or to make a lower payment to the related tax authorities in the future.

Tax credits and deductions and tax loss carry forwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that we consider it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognized. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in future years.

Deferred tax liabilities are recognized for all taxable temporary differences. In this regard, a deferred tax liability is recognized for the taxable timing differences resulting from investments in subsidiary companies and associate companies, and from holdings in joint ventures, except when we can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognize deferred tax assets arising from deductible temporary differences and from tax credit and tax loss carry forwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilized.

Deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability (other than in a business combination) that at the time of recognition affects neither accounting profit nor taxable profit. The deferred tax assets and liabilities recognized are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.