



**€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 second quarter of the year ending  
June 30, 2018**

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## USE OF TERMS AND CONVENTIONS

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

- references to “2022 Notes” are to the €400.0 million 5.125% Senior Secured Notes due 2022, which were issued pursuant to an indenture dated June 23, 2015 and which were redeemed on 30 June 2018;
- references to “2024 Notes” are to the €400.0 million 3.25% Senior Secured Notes due 2024, which were issued 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 “ADE Facility” are to the facility dated October 22, 2012, between the *Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León*, a public company wholly-owned by the regional government of Castilla y León, and the Company, for an amount up to €70.0 million, which was repaid with cash on balance sheet on March 15, 2017;
- references to “APAC” are to Australia, China, India, Indonesia, Japan, Korea, Malaysia, Philippines, 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;
- references to “Divested Business” are the companies formerly included in our Seating business segment which were sold in connection with the Divestment and which, collectively, include Grupo Antolín-Ara, S.A.U., Grupo Antolín-Ardasa, S.A.U., Grupo Antolín-Álava, S.A.U., Grupo Antolín-Vigo, S.A.U., Grupo Antolín-PGA, S.A.U., Grupo Antolín-Martorell, S.A.U., Grupo Antolín-Magnesio, S.A.U., Grupo Antolín-Valença-Componentes Automóvel, Sociedade Unipessoal, Lda., Midtown Invest, S.L., Grupo Antolín-Loire S.A.S., Grupo Antolín Ingenierie Sièges, S.A.S., Grupo Antolin Jarny, S.A.S., 70% of Antolín-CIE Czech Republic, s.r.o. and certain assets of Antolín Tanger, S.A.R.L.;
- 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 “EU” are to the European Union;
- references to “EUR”, “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 “Europe” are to Western Europe and Eastern Europe;
- references to “FCA” are to Fiat-Chrysler Automobiles;
- references to “Group”, “Grupo Antolín”, “we”, “us” and “our” are to the Company together with its consolidated subsidiaries;
- 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 “JIT” are to just in time;
- 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 (excluding the Magna Interiors Business);
- references to the “Magna Interiors Business” are to the Magna Subsidiaries, interests in the Magna JVs and other assets and properties of Magna that purchased pursuant to the terms and conditions of the sale and purchase agreement dated as of April 16, 2015, by and among certain of Magna’s subsidiaries listed therein and the Company;
- references to “Mercosur” are to Argentina, Brazil, Colombia, Ecuador, Paraguay, Uruguay and Venezuela, collectively;
- references to “North America” are to the US, Canada and Mexico, collectively;
- references to “Notes” are to the 2022 Notes, the 2024 Notes and the 2026 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 “Seating” are to the seats and metal business which was a part of the Divested Business;
- references to “Senior Facilities” are to the senior term facility and the revolving credit facility made available under the Senior Facilities Agreement;
- 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;
- references to “US” and “United States” are to the United States of America;
- references to “US\$”, “dollar(s)” and “\$” are to the currency of the United States of America;
- references to “Western Europe” are to Austria, Belgium, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, collectively;
- references to “WLTP” are to Worldwide Harmonized Light-Duty Vehicles Test Procedures, the new globally harmonized standard for levels of pollutants and carbon dioxide of passenger cars. Since the start of September 2018, it has been applying to all newly registered cars.

## 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 cyclicalities 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;
- significant developments stemming from the recent US presidential elections;
- 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;
- the risks related to us not being able to enter into the EIB Facility;
- 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
- other factors related to the Notes as well as other factors discussed or referred to in this offering memorandum.

For a more detailed discussion of these and other factors, see “*Operating and Financial Review and Prospects*” included elsewhere in this offering memorandum. 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 June 30, 2017 and 2018. 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.

From January 1, 2017, as part of a global analysis of our tax structure, we have changed the system by which we allocate overheads of the corporate unit, so that such overhead and structural costs and other structural costs are no longer allocated to the business segments and are instead allocated within “other”. For further information with respect to the reallocation of costs, please refer to Note 2-d of our consolidated financial statements as of and for the year ended December 31, 2017.

#### *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 second quarter of 2018. While LMC Automotive endeavors 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 12 September, the Company gave updated indications of potential full year 2018 performance across 6 key indicators:

- Revenue  $\approx$  € 5.1 billion
- EBITDA margin  $\approx$  8.25%
- Capex  $\approx$  6.5% of revenues
- Working Capital stable at c. 10% of sales
- Dividend  $\approx$  € 30 million
- Leverage is expected to remain at approximately 2.0x Net Financial Debt to EBITDA based on the above as well as (i) cash tax payments of circa € 40 million due to tax returns principally in Spain, USA and Mexico, and (ii) tooling collections of approximately € 70 million as a result of the new project launches completing in the second half of 2018.

The updated guidance was based on:

- Project delays in Shelby (linked to the launch of the “Dodge Ram”), Alabama (linked to Daimler models) and Tianjin (linked to VW models);
- Continued underperformance in the Spartanburg Doors facility related to BMW models and in the Kentucky facility linked to Daimler and BMW launches;
- Emerging market currency weakness across mainly the Mexican peso, the Turkish lira, the British pound or the Indian rupee;
- Brexit uncertainties continue to impact vehicle production in the UK, down 4.3%<sup>1</sup> in the six months ending 30 June, 2018;
- Increased pricing pressure from customers.

Apart from the above, there have been no recent material developments after June 30, 2018.

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<sup>1</sup> Source: LMC Global Automotive Production. Quarter 2, 2018

## 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 June 30, 2018 and 2017 has been derived from the unaudited condensed interim financial statements of the Company and its subsidiaries as of and for the three months ended June 30, 2018 and 2017 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 sections entitled “Forward Looking Statements” and “Presentation of Financial and Other Data”.*

### **Three months ended June 30, 2018 compared to three months ended June 30, 2017**

#### ***Executive summary***

- Sales of € 1,311.1 million, up 3.9% from Q2 2017 and compared to 3.5%<sup>2</sup> industry production decrease. Excluding FX impact, sales up 9.1%
- EBITDA of € 113.4 million, down 7.3% from Q2 2017, margin of 8.6%. Excluding FX impact, EBITDA down 0.5%
- EBIT of € 65.7 million, down 17.1% from Q2 2017, margin of 5.0%
- Cash available of € 157.3 million
- Available revolving credit facilities of € 233.2 million
- Net debt to EBITDA of 2.69x.

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<sup>2</sup> Source: LMC Global Automotive Production. Quarter 2, 2018

## Group results of operations

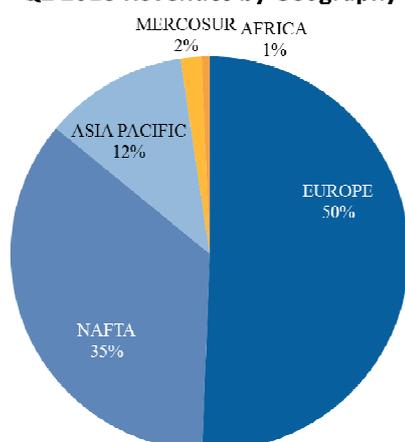
The table below sets out our results of operations for the three months ended June 30, 2018, compared to the three months ended June 30, 2017.

	Three months ended June 30,		% change
	2018	2017	
	(in millions of €)		
<b>Consolidated Income Statement Data:</b>			
Revenue and Other operating income .....	1,311.1	1,261.4	3.9
<b>Total operating income.....</b>	<b>1,311.1</b>	<b>1,261.4</b>	<b>3.9</b>
Supplies .....	(844.6)	(821.2)	2.9
Staff costs .....	(248.5)	(225.2)	10.3
Depreciation and amortization expense .....	(47.6)	(43.0)	10.9
Other operating expenses.....	(104.6)	(92.7)	12.9
<b>Profit for the quarter from continuing operations.....</b>	<b>65.7</b>	<b>79.3</b>	<b>(17.1)</b>
Finance income/(cost).....	(27.6)	(26.3)	4.8
Exchange differences .....	3.0	(6.0)	n.m.
<b>Net finance income/(cost) .....</b>	<b>(24.5)</b>	<b>(32.3)</b>	<b>(24.1)</b>
Net impairment gains/(losses) on non-current assets .....	(7.5)	(6.2)	21.1
Profit of companies consolidated using the equity method.....	1.2	1.8	(32.5)
<b>Profit before tax .....</b>	<b>34.9</b>	<b>42.6</b>	<b>(18.0)</b>
Profit from discontinued operations.....	0.0	132.7	(100.0)
Corporate income tax.....	(10.4)	(34.4)	(69.8)
<b>Consolidated profit for the three month period .....</b>	<b>24.5</b>	<b>140.9</b>	<b>(82.6)</b>
Attributable to non-controlling interests .....	(3.1)	(4.6)	(33.2)
<b>Attributable to shareholders of the Company .....</b>	<b>21.5</b>	<b>136.3</b>	<b>(84.3)</b>

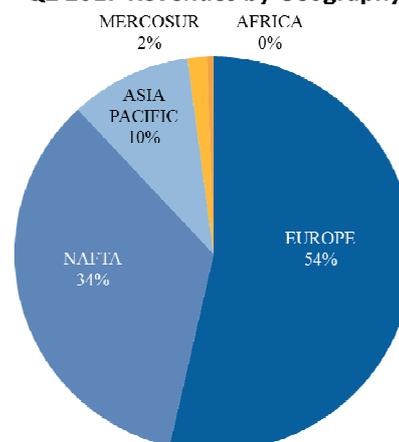
## Revenue

Revenue increased by €49.8 million, or 3.9%, to € 1,311.1 million in the three months ended June 30, 2018 from €1,261.4 million in the three months ended June 30, 2017. The increase in revenue was primarily attributable to increased sales in NAFTA and APAC across the Doors, Cockpits & Consoles and Lighting Business Units. This despite the negative effect of exchange rates with the US Dollar and Mexican peso which jointly represented approximately € 46.5 million of lower revenue. Additionally, Mercosur operations continue to recover, with revenues up 9.8%, compared to the three months ended June 30, 2017. By Business Units, the growth registered in Doors and Hard Trim (+13.4%, €54.2 million increase), Cockpits & Consoles (+6.7%, €17.4 million increase) and Lighting (+16.5%, €12.7 million increase) has been enough to offset the sales decrease in Headliners and Soft Trim (-6.7%, €34.6 million decrease). Overall, the negative effect of exchange rates has represented approximately € 64.5 million of lower Revenue.

**Q2 2018 Revenues by Geography**



**Q2 2017 Revenues by Geography**



### ***Supplies***

Supplies increased by €23.4 million, or 2.9%, to €844.6 million in the three months ended June 30, 2018 from €821.2 million in the three months ended June 30, 2017. The increase in supplies was primarily attributable to the increase in revenues. Supplies increased 2.9% in comparison with revenue increase of 3.9% for the same period, hence supply cost as percentage of total sales has decreased to 64.4% from 65.1% in June 2017, principally due to increased efficiencies as new projects ramp up.

### ***Staff costs***

Staff costs increased by €23.3 million, or 10.3%, to €248.5 million in the three months ended June 30, 2018 from €225.2 million in the three months ended June 30, 2017. The increase in staff costs was primarily attributable to new companies, new project launches and increased activity at Technical Commercial Offices.

### ***EBITDA***

EBITDA decreased by €8.9 million, or 7.3%, to €113.4 million in the three months ended June 30, 2018 from €122.3 million in the three months ended June 30, 2017. The decrease in EBITDA was primarily attributable to the negative effect of exchange rates that represented approximately € 8.2 million of lower EBITDA, as well as new facilities and launch costs that impacted Staff costs and Operating expenses. As a result, EBITDA margin decreased by 1 percentage point to 8.6% in the three months ended June 30, 2018 from 9.7% in the three months ended June 30, 2017.

### ***Depreciation and amortization expense***

Depreciation and amortization expense increased by €4.7 million, or 10.9%, to €47.6 million in the three months ended June 30, 2018 from €43.0 million in the three months ended June 30, 2017. The increase in depreciation and amortization expense was primarily attributable to new programs coming online.

### ***Other operating expenses***

Other operating expenses increased by €12.0 million, or 12.9%, to €104.6 million in the three months ended June 30, 2018 from €92.7 million in the three months ended June 30, 2017. The increase in other operating expenses was primarily attributable to the launch of 6 new facilities as well as product launch costs due to the Group launching 41 new projects for projected revenues 133% higher than the projects launched in the three months ended June 30, 2017.

### ***Profit for the quarter from continuing operations***

Profit for the quarter from continuing operations decreased by €13.6 million, or 17.1%, to €65.7 million in the three months ended June 30, 2018 from € 79.3 million in the three months ended June 30, 2017. The decrease in profit for the year from continuing operations was primarily attributable to new facilities and increased launch costs.

### ***Net finance income/(cost)***

Net finance cost decreased by €7.8 million, or 24.1%, to €24.5 million in the three months ended June 30, 2018 from €32.3 million in the three months ended June 30, 2017. The decrease in net finance cost was primarily attributable to exchange differences and to finance income from deposits in China.

### ***Net impairment losses on non-current assets***

Net impairment losses on non-current assets reached €7.5 million in the three months ended June 30, 2018 compared to a loss of €6.2 million in the three months ended June 30, 2017.

### ***Corporate income tax***

Corporate income tax decreased by €24.0 million, or 69.8%, to €10.4 million in the three months ended June 30, 2018 from €34.4 million in the three months ended June 30, 2017. The decrease in corporate income tax was primarily attributable to decreased profit before tax and to the effect of the sale of the Seating Business in April 2017.

### ***Consolidated profit for the three month period***

Consolidated profit for the three month period decreased by €116.3 million, or 82.6%, to €24.5 million in the three months ended June 30, 2018 from €140.9 million in the three months ended June 30, 2017. The decrease was primarily attributable to the sale of the Seating business in April 2017.

### ***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 June 30, 2018, we were impacted by other currencies' weakness against the Euro. If we were to maintain the June 30 2017 exchange rates stable, sales and EBITDA as at June 2018 would have been approximately € 64.5 million and € 8.3 million higher respectively.

## Six months ended June 30, 2018 compared to six months ended June 30, 2017

### Executive summary

- Sales of € 2,602.0 million, up 0.3% from H1 2017
- EBITDA of € 197.6 million, down 26.3% from H1 2017, margin of 7.6%
- EBIT of € 103.0 million, down 43.5% from H1 2017, margin of 4.0%

### Group results of operations

The table below sets out our results of operations for the six months ended June 30, 2018, compared to the six months ended June 30, 2017.

	<b>Six months ended June 30,</b>		<b>% change</b>
	<b>2018</b>	<b>2017</b>	
	(in millions of €)		
<b>Consolidated Income Statement Data:</b>			
Revenue and Other operating income .....	2,602.10	2,594.0	0.3
<b>Total operating income</b> .....	<b>2,602.1</b>	<b>2,594.0</b>	<b>0.3</b>
Supplies .....	(1,674.0)	(1,672.9)	0.1
Staff costs .....	(485.6)	(444.0)	9.4
Depreciation and amortization expense .....	(94.2)	(85.2)	10.5
Other operating expenses.....	(245.0)	(208.9)	17.3
<b>Profit for the year from continuing operations</b> .....	<b>103.4</b>	<b>183.0</b>	<b>(43.5)</b>
Finance income/(cost).....	(39.8)	(42.3)	(5.9)
Exchange differences.....	(1.2)	(11.4)	(89.8)
<b>Net finance income/(cost)</b> .....	<b>(41.0)</b>	<b>(53.7)</b>	<b>(23.7)</b>
Net impairment losses on non-current assets .....	(7.2)	(6.3)	13.8
Profit of companies consolidated using the equity method .....	2.1	2.5	(15.1)
<b>Profit before tax</b> .....	<b>57.4</b>	<b>125.5</b>	<b>(54.3)</b>
Profit from discontinued operations.....	0.0	140.9	(100.0)
Corporate income tax.....	(17.1)	(65.1)	(73.8)
<b>Consolidated profit for the three month period</b> .....	<b>40.3</b>	<b>201.3</b>	<b>(80.0)</b>
Attributable to non-controlling interests .....	(3.7)	(8.1)	(53.8)
<b>Attributable to shareholders of the Company</b> .....	<b>36.6</b>	<b>193.2</b>	<b>(81.1)</b>

### Revenue

Revenue increased by €8.1 million, or 0.3%, to € 2,602.1 million in the six months ended June 30, 2018 from €2,594.0 million in the six months ended June 30, 2017. The 3.9% increase in revenue in the second quarter of 2018 offset the 3.1% revenue decline in the three months ended June 30, 2018. Revenue growth was primarily attributable to the strong performance of our products in the APAC and NAFTA regions (up 16.3% and 2.9% respectively, equivalent to €40.0 million and € 25.7 million increases) and the contribution of new production facilities, principally in Shelby, USA (representing € 47.5 in increased sales). These trends were offset by declining revenues in Europe (down 4.7% YTD, € 66.4 million) and the appreciation of the Euro (representing € 138.5 million in decreased sales). In terms of Business Units, growth was driven by Doors & Hard Trim (up 10.1% or € 82.2 million) and to a lesser extent by Lighting (+13.7% or €21.8 million). On the negative side, Overheads & Soft Trim and Cockpits and Consoles registered negative sales evolution (-6.4% or -€67.1 million for the former, -5.1% or -€28.7 million for the latter).

### Supplies

Supplies increased by €1.1 million, or 0.1%, to €1,674.0 million in the six months ended June 30, 2018 from €1,672.9 million in the six months ended June 30, 2017. The increase in supplies was primarily attributable to the increase in revenues. Supplies increased 0.1% in comparison with revenue increase of 0.3% for the same period, hence supply cost as percentage of total sales has decreased to 64.3% from 64.5% in June 2017 as a result of continued efficiencies in purchasing.

### ***Staff costs***

Staff costs increased by €41.6 million, or 9.4%, to €485.6 million in the six months ended June 30, 2018 from €444.0 million in the six months ended June 30, 2017. The increase in staff costs was primarily attributable to new project launches and increased activity at Technical Commercial Offices.

### ***EBITDA***

EBITDA decreased by €70.6 million, or 26.3%, to €197.6 million in the six months ended June 30, 2018 from €268.2 million in the six months ended June 30, 2017. Of this decline, € 61.7 million (87.4%) occurred in the three months ended June 30, 2018 as new facilities and products were launched. Additionally, the negative effect of exchange rates has represented approximately € 14.3 million of lower EBITDA.

EBITDA margin decreased to 7.6% in the six months ended June 30, 2018 from 10.3% in the six months ended June 30, 2017. The decrease in EBITDA was primarily attributable to new facilities and launch costs especially in the three months ending March 31, 2018. Specifically, regarding the six months ended June 30, 2018 the main impacts were:

1. In the first quarter of 2018 the Group launched 32 new projects, a 68.4% increase compared to the projects launched in the three months ended March 31, 2017 and in the second quarter of 2018 is launching 41 new projects for revenues 133% higher than those linked to projects launched in the three months ended June 30, 2017. These new launches have had a more significant impact on 5 of our European facilities (Bamberg, Ebergassing, Hungary, Straubing and Turnov) as well as in Saltillo (Mexico). Combined, new launches had a € 14.5 million lower EBITDA in the six months ending June 30, 2018 compared to € 14.2 lower EBITDA just in the three months ending March 31, 2018.
2. The launch of 6 new facilities (Alabama, Bratislava, Chengdu, Shelby, Spartanburg Assembly and Tianjin) has had an approximately € 14.2 million lower EBITDA in the six months ending June 30, 2018 compared to € 13.0 million negative effect on EBITDA just in the three months ending March 31, 2018.
3. The adjustment of obsolete inventories and increased logistics costs in our Kentucky headliners facility in the three months ended December 31, 2017 continued into the first months of 2018 as VW “Atlas”, Ford “Expedition” and BMW “X3” ramped up production. This combined with launch costs in our Michigan headliners facility linked to Dodge “Ram” and Hyundai “Santa Fe” have represented approximately € 19.0 million lower EBITDA in the six months ending June 30, 2018 compared to € 10.6 million of lower EBITDA in the three months ended March 31, 2018.
4. The € 78.6 million decline in UK sales, linked mainly to lower JLR sales volumes, has represented approximately € 13.9 million lower EBITDA in the six months ending June 30, 2018 compared to € 52.2 million and € 8.1 million in decreased sales and EBITDA respectively in the three months ended March 31, 2018.
5. The negative effect of exchange rates has represented approximately € 14.3 million of lower EBITDA.

### ***Depreciation and amortization expense***

Depreciation and amortization expense increased by €9.0 million, or 10.5%, to €94.2 million in the six months ended June 30, 2018 from €85.2 million in the six months ended June 30, 2017. The increase in depreciation and amortization expense was primarily attributable to new programs coming online.

### ***Other operating expenses***

Other operating expenses increased by €36.1 million, or 17.3%, to €245.0 million in the six months ended June 30, 2018 from €208.9 million in the six months ended June 30, 2017. The increase in other operating expenses was primarily attributable to the launch of 6 new facilities as well as product launch costs due to the Group launching (i) 32 new projects in the first quarter of 2018, a 68.4% increase compared to the projects launched in the three months ended March 31, 2017 and (ii) 41 new projects in the second quarter of 2018 for projected revenues 133% higher than the projects launched in the three months ended June 30, 2017.

### ***Profit for the year from continuing operations***

Profit for the year from continuing operations decreased by €79.6 million, or 43.5%, to €103.4 million in the six months ended June 30, 2018 from €183.0 million in the six months ended June 30, 2017. The decrease in profit for the year from continuing operations was primarily attributable to the increase in launch costs across new facilities and projects. Of this decline, € 66.0 million (87.4%) occurred in the three months ended June 30, 2018 as new facilities and products were launched.

### **Net finance income/(cost)**

Net finance cost decreased by €12.8 million, or 23.7%, to €41.0 million in the six months ended June 30, 2018 from €53.7 million in the six months ended June 30, 2017. The decrease in net finance cost was primarily attributable to lower finance costs as a result of the issuance of the 2024 and 2026 Notes and to increased finance income from deposits in China.

### **Corporate income tax**

Corporate income tax decreased by €48.0 million, or 73.8%, to €17.1 million in the six months ended June 30, 2018 from €65.1 million in the six months ended June 30, 2017. The decrease in corporate income tax was primarily attributable to the divestiture of the Seating Business Unit in April 2017 and decreased profit before tax in the six months ending Jun 30, 2018.

### **Consolidated profit for the six month period**

Consolidated profit for the six month period decreased by €161.0 million, or 80.0%, to €40.3 million in the six months ended June 30, 2018 from €201.3 million in the six months ended June 30, 2017. The decrease was primarily attributable to the divestiture of the Seating Business Unit in April 2017 which generated a profit before tax of € 140.9 million.

### **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 six months ended June 30, 2018, we were impacted by other currencies' weakness against the Euro. If we were to maintain the 30 June 2017 exchange rates stable, sales and EBITDA as at June 2018 would have been approximately € 138.5 million and € 14.3 million higher respectively. The main exchange rate impact has been linked to the US Dollar and the Mexican Peso (jointly representing €101.0 million and 10.0 million impact on Revenues and EBITDA respectively).

## **Segment results of operations**

### **Headliners and Soft Trim**

	Three months ended June 30,		% change
	2018	2017	
	(in million as of €)		
<b>Description:</b>			
Net turnover.....	485.3	519.8	(6.7)
Other operating (expenses)/income, net.....	(447.5)	(454.1)	(1.4)
<b>EBITDA.....</b>	<b>37.7</b>	<b>65.8</b>	<b>(42.6)</b>
Depreciation and amortization.....	(12.1)	(10.9)	10.8
<b>Operating profit/(loss) (EBIT).....</b>	<b>25.7</b>	<b>54.9</b>	<b>(53.2)</b>

*Net turnover.* Net turnover decreased by €34.6 million, or 6.7%, to 485.3 million in three months ended June 30, 2018 from €519.8 million in three months ended June 30, 2017. The decrease in net turnover was primarily attributable to the overall currency effect, estimated at approximately € 22.7 million in decreased sales in the quarter. Sales increases in Hungary (Daimler and Ford) were not enough to compensate the revenue declines in Germany (linked to the reduced activity of Rastatt) and NAFTA, specifically in Michigan (Dodge “Ram” and Hyundai “Santa Fe”) and Kentucky (VW “Atlas”, Ford “Expedition” and BMW “X3”).

*Other operating (expenses)/income, net.* Net operating expenses decreased by €6.6 million, or 1.4%, to €447.5 million in three months ended June 30, 2018 from €454.1 million in three months ended June 30, 2017. The decrease in net operating expenses was primarily attributable to decreased launch costs.

*EBITDA.* EBITDA decreased by €28.0 million, or 42.6%, to €37.7 million in three months ended June 30, 2018 from €65.8 million in three months ended June 30, 2017. The decrease in EBITDA was primarily attributable to decreased sales in Michigan (FCA), increased logistics and obsolescence costs in Kentucky, as well as the new factory in

Slovakia (JLR “Discovery” and “Defender”), launch costs in Hungary (Ford and Daimler), and the reduced activity of Rastatt in Germany.

*Depreciation and amortization.* Depreciation and amortization increased by €1.2 million, or 10.8%, to €12.1 million in three months ended June 30, 2018 from €10.9 million in three months ended June 30, 2017 primarily attributable to new programs coming online.

*Operating profit/(loss) (EBIT).* Operating profit decreased by €29.2 million, or 53.2%, to €25.7 million in three months ended June 30, 2018 from €54.9 million in three months ended June 30, 2017. The decrease in operating profit was primarily attributable to decreased EBITDA.

### Doors and Hard Trim

Description:	Three months ended June 30,		% change
	2018	2017	
	(in millions of €)		
Net turnover.....	459.6	405.4	13.4
Other operating (expenses)/income, net.....	(397.5)	(357.9)	11.1
<b>EBITDA.....</b>	<b>62.0</b>	<b>47.4</b>	<b>30.7</b>
Depreciation and amortization.....	(14.7)	(12.7)	15.5
<b>Operating profit/(loss) (EBIT).....</b>	<b>47.3</b>	<b>34.7</b>	<b>36.3</b>

*Net turnover.* Net turnover increased by €54.2 million, or 13.4%, to €459.6 million in three months ended June 30, 2018 from €405.4 million in three months ended June 30, 2017. The increase in net turnover was primarily attributable to the favorable evolution of the market in NAFTA, linked to the numerous projects entered into production phase, such as the Dodge “Ram” in Shelby, Dodge “Journey” in Toluca and Audi “Q5” in Tlaxcala, and to a lesser extent, to the positive performance of several European facilities (Germany, Portugal), which compensated the sales declines in our UK facilities linked to JLR models. The overall currency effect, principally of the Sterling Pound, Turkish Lira and Mexican Peso, has been estimated at approximately € 32.9 million in decreased sales.

*Other operating (expenses)/income, net.* Net operating expenses increased by €39.6 million, or 11.1%, to €397.5 million in three months ended June 30, 2018 from €357.9 million in three months ended June 30, 2017. The increase in net operating expenses was primarily attributable to the increase in revenues and the launch of the new Spartanburg facility (BMW “X5/X6”, Volvo “S60”).

*EBITDA.* EBITDA increased by €14.6 million, or 30.7%, to €62.0 million in three months ended June 30, 2018 from €47.4 million in the three months ended June 30, 2017. The increase in EBITDA was primarily attributable to successful launches of new projects and facilities, principally Dodge “Ram” in Shelby and Dodge “Journey” in Toluca.

*Depreciation and amortization.* Depreciation and amortization increased by €2.0 million or 15.5%, to €14.7 million in three months ended June 30, 2018 from €12.7 million in three months ended June 30, 2017. This increase was primarily due to increases across numerous different facilities.

*Operating profit/(loss) (EBIT).* Operating profit increased by €12.6 million, or 36.3%, to €47.3 million in three months ended June 30, 2018 from €34.7 million in three months ended June 30, 2017. The increase in operating profit was primarily attributable to increased EBITDA.

### Lighting

Description:	Three months ended June 30,		% change
	2018	2017	
	(in millions of €)		
Net turnover.....	90.0	77.2	16.5
Other operating (expenses)/income, net.....	(71.8)	(63.0)	13.9
<b>EBITDA.....</b>	<b>18.2</b>	<b>14.2</b>	<b>27.6</b>

Depreciation and amortization.....	(4.5)	(4.2)	8.2
<b>Operating profit/(loss) (EBIT).....</b>	<b>13.7</b>	<b>10.1</b>	<b>35.7</b>

*Net turnover.* Net turnover increased by €12.7 million, or 16.5%, to €90.0 million in three months ended June 30, 2018 from €77.2 million in three months ended June 30, 2017. The increase in net turnover was primarily attributable to increased sales in Bamberg (Volkswagen and BMW), Beçanson (Volkswagen and Toyota) and Guangzhou (Honda and FCA).

*Other operating (expenses)/income, net.* Net operating expenses increased by €8.8 million, or 13.9%, to €71.8 million in three months ended June 30, 2018 from €63.0 million in three months ended June 30, 2017. The increase in net operating expenses was primarily attributable to higher purchased content and launch costs at our European facilities.

*EBITDA.* EBITDA increased by €3.9 million, or 27.6%, to €18.2 million in three months ended June 30, 2017 from €14.2 million in three months ended June 30, 2017. The increase in EBITDA was primarily attributable to successful launches in Bamberg (Volkswagen and BMW) and Besançon (linked to French OEMs).

*Depreciation and amortization.* Depreciation and amortization increased by €0.3 million, or 8.2%, to €4.5 million in three months ended June 30, 2017 from €4.2 million in three months ended June 30, 2017. The increase in depreciation and amortization was primarily attributable to the increasing amortization of capitalized development investments.

*Operating profit/(loss) (EBIT).* Operating profit increased by €3.6 million, or 35.7%, to €13.7 million in three months ended June 30, 2017 from €10.1 million in three months ended June 30, 2017. The increase in operating profit was primarily attributable to increased EBITDA.

### Cockpits

Description:	Three months ended June 30,		% change
	2018	2017	
	(in millions of €)		
Net turnover.....	276.4	259.0	6.7
Other operating (expenses)/income, net.....	(252.2)	(240.9)	4.7
<b>EBITDA.....</b>	<b>24.1</b>	<b>18.1</b>	<b>33.5</b>
Depreciation and amortization.....	(8.8)	(6.9)	27.2
<b>Operating profit/(loss) (EBIT).....</b>	<b>15.4</b>	<b>11.2</b>	<b>37.4</b>

*Net turnover.* Net turnover increased by €17.4 million, or 6.7%, to €276.4 million in three months ended June 30, 2018 from €259.0 million in three months ended June 30, 2017. The increase in net turnover was primarily attributable to successful launches in Changshu (JLR, Volvo and Geely models) that compensated decreased sales in Redditch (principally JLR models) and Nashville (Cadillac “CTS” and GMC “Acadia”). The overall currency effect has been estimated at approximately € 8.8 million in decreased sales.

*Other operating (expenses)/income, net.* Net operating expenses increased by €11.3 million, or 4.7%, to €252.2 million in three months ended June 30, 2018 from €240.9 million in three months ended June 30, 2017. The increase in net operating expenses was primarily attributable to startup costs of the new Tianjin facility linked to Daimler, VW and Audi launches.

*EBITDA.* EBITDA increased by €6.1 million, or 33.5%, to €24.1 million in three months ended June 30, 2017 from €18.1 million in three months ended June 30, 2017. The increase in EBITDA was primarily attributable to cost cutting initiatives in the UK and successful launches in Changshu (JLR models) that compensated launch costs in Tianjin.

*Depreciation and amortization.* Depreciation and amortization increased by €1.9 million, or 27.2%, to €8.8 million in three months ended June 30, 2018 from €6.9 million in three months ended June 30, 2017 due to increases across numerous different facilities.

*Operating profit/(loss) (EBIT).* Operating profit increased by €4.2 million to €15.4 million in three months ended June 30, 2018 from €11.2 million in three months ended June 30, 2017. The increase in operating profit was primarily attributable to increased EBITDA.

## Liquidity and capital resources

### Historical cash flows

The following tables set forth our historical cash flow items for the six months ended June 30, 2018 and June 30, 2017:

	Six months ended June 30,	
	2018	2017
(in millions of €)		
<b>Consolidated Cash Flow Information:</b>		
<b>Cash flows from operating activities:</b>		
Consolidated profit for the three month period before taxes .....	57.4	125.5
<b>Adjustments for:</b>		
Depreciation, amortization and impairment .....	94.2	85.2
Finance income and expense .....	39.8	42.3
Net impairment loss on non-current assets .....	7.2	6.3
Profit of companies accounted for using the equity method .....	(2.1)	(2.5)
<b>Operating profit before movements in working capital .....</b>	<b>196.4</b>	<b>256.8</b>
(Increase)/decrease in trade and other receivables .....	(124.2)	16.6
(Increase)/decrease in inventories .....	(80.7)	(188.6)
Increase/(decrease) in trade and other payables .....	76.0	138.0
Increase/(decrease) in other current liabilities .....	(30.3)	(29.4)
Unrealized exchange differences and other items .....	(10.6)	(16.4)
<b>Cash generated from operations .....</b>	<b>26.5</b>	<b>177.0</b>
Corporate income tax paid .....	(25.0)	(38.6)
<b>Net cash generated by/(used in) operating activities .....</b>	<b>1.5</b>	<b>138.4</b>
<b>Cash flows from investing activities:</b>		
Dividends received .....	0.0	0.8
<b>Proceeds from disposals of:</b>		
Associated companies .....	0.9	275.0
Property, plant and equipment .....	0.0	0.0
Intangible assets .....	0.0	0.0
Non-current financial assets .....	0.0	0.0
<b>Payments for investments in:</b>		
Property, plant and equipment .....	(72.0)	(64.9)
Intangible assets .....	(59.9)	(59.5)
Financial assets .....	0.0	(8.0)
Investment property .....	(3.0)	(2.6)
<b>Net cash generated by/(used in) investing activities .....</b>	<b>(134.0)</b>	<b>140.8</b>
<b>Cash flows from financing activities:</b>		
<b>Proceeds from/(payments for) financial liabilities:</b>		
Proceeds from bank borrowings, net .....	422.3	400.0
<b>Other cash flows from financing activities:</b>		
Finance income and expense paid, net .....	(444.5)	(522.9)
Dividends paid .....	(16.0)	(16.0)
Other liabilities .....	(5.9)	0.0
<b>Net cash generated by/(used in) financing activities .....</b>	<b>(44.1)</b>	<b>(138.9)</b>
<b>Net increase/(decrease) in cash and bank balances .....</b>	<b>(176.6)</b>	<b>140.4</b>
Cash and bank balances at the beginning of the three month period .....	333.9	306.5
<b>Cash and bank balances at the end of the three month period .....</b>	<b>157.3</b>	<b>446.8</b>

### Net cash generated by/(used in) operating activities

Our net cash generated by operating activities was €1.5 million in the six months ended June 30, 2018, primarily attributable to a consolidated profit before taxes for the six months ended June 30, 2018 of €57.4 million, depreciation and amortization expenses which totaled €94.2 million, finance income and expenses of €39.8 million, payments of corporate income tax of €25.0 million and an increase in working capital of €31.4 million.

Our net cash generated by operating activities was €138.4 million in the six months ended June 30, 2017, primarily attributable to a consolidated profit before taxes for the six months ended June 30, 2017 of €125.5 million, depreciation and amortization expenses which totaled €85.2 million, finance income and expenses of €42.3 million, payments of corporate income tax of €38.6 million and a decrease in working capital of €6.9 million.

### ***Net cash generated by/(used in) investing activities***

Our net cash used in investing activities was €134.0 million in the six months ended June 30, 2018, primarily attributable to investments in Doors (€ 52.4 million) and Headliners (€ 42.9 million). These two segments represented approximately 71.2% of investments. Some of the main projects under development are “Chrysler FCA2”, “BMW G05/G07”, “Mercedes GL-class”, “Skoda Octavia”, “BMW G1x” and “Land Rover Discovery”.

Our net cash generated by investing activities was €140.8 million in the six months ended June 30, 2017, primarily attributable to the sale of the Seating Business Unit for net proceeds of € 275.0 million, and investments in Doors (€ 44.0 million) and Headliners (€ 41.7 million) and Cockpits (€ 24.3 million). These three segments represented approximately 88.4% of investments. Some of the main projects under development are “Mercedes MFA2”, “BMW G01”, “Audi Q6”, “Chrysler FCA”, “BMW G05/G07”, “Audi Au326”, “BMW G06”.

### ***Net cash generated by/(used in) financing activities***

Our net cash used in financing activities was €44.1 million in the three months ended June 30, 2018, primarily attributable to the € 400.0 million redemption of the 2022 Notes, € 32.6 million of interest payments and costs related to the 2022 Notes’ redemption, as well as € 11.9 million of scheduled repayments, principally of the Senior Facilities through the six month period. The € 16.0 million dividend reflects payments to our shareholders. Payments for other liabilities of € 5.9 million reflect dividend payments to partners at our Turkish, Hungarian and US Joint Ventures, which are majority controlled by the Company.

Our net cash used in financing activities was €138.9 million in the six months ended June 30, 2017, primarily attributable to € 81.5 million in repayments of bank borrowings, principally the € 57.5 million early repayment of the ADE Facility and € 9.9m early repayment of soft loans as a result of the Seating Business Unit divestiture; as well as € 41.3 million of financial expenses that reflect expenses related to the issuance of the 2024 Notes in April and the redemption and repayment of the 2021 Notes.

## **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 June 30, 2018, 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.

On 17 April 2018, the Company announced its intention to issue senior secured notes worth €250 million due 2026. On 18 April 2018, the Company announced that it had completed the pricing of its €250-million aggregate principal amount of senior secured notes with an annual interest rate of 3.375%. Also on 17 April 2018, the Company received unanimous approval from its syndicated lenders on its €369.2m Senior Facilities Agreement to, among other modifications, reset maturities for an additional five years starting April 2018, add a new committed facility in an amount of €50m and at the same time decrease the margin by 10 basis points. These modifications became effective as of 27 April 2018 upon completion of standard conditions precedent.

The 2022 Notes were redeemed on 30 June, 2018 with (i) proceeds from the 2026 Notes, (ii) the EIB Facility and (iii) the borrowing of € 50 million under the Term Facility secured through the amendment and restatement of the Senior Facilities Agreement signed on 17 April 2018.

As of June 30, 2018, the cash and bank balances and other liquid assets amounted to €157.3 million. Additionally we had available and undrawn revolving credit facilities totaling € 233.2 million, of which €200 million correspond to the revolving credit facility made available under the Senior Facilities Agreement and € 33.2 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 June 30, 2018 we have approximately €1.2 billion of financial debt, including €4.6 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 June 30, 2018 and June 30, 2017:

	<b>Three months ended June 30,</b>	
	<b>(in millions of €)</b>	
	<b>2018</b>	<b>2017</b>
(Increase)/decrease in trade and other receivables .....	(28.5)	69.9
(Increase)/decrease in inventories .....	(6.0)	(109.8)
Increase/(decrease) in trade and other payables .....	3.1	46.9
<b>Total (increase)/decrease in working capital.....</b>	<b><u>(31.4)</u></b>	<b><u>6.9</u></b>

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, petroleum-based resins and certain metals, including steel, aluminum and copper) 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 increased by €31.4 million in the three months ended June 30, 2018. This increase is due to € 57.4 million in increased Tooling working capital as a result of new projects awarded, which will represent relevant collections through 2018. Operating working capital declined by € 22.1 million, 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 June 30, 2018 and 2017:

	<b>Three months ended</b>	
	<b>June 30,</b>	
	<b>(in millions of €)</b>	
	<b>2018</b>	<b>2017</b>
Property, plant and equipment .....	43.0	38.4
Intangible assets .....	35.4	33.4
<b>Capital expenditures .....</b>	<b>78.4</b>	<b>71.8</b>

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 June 30, 2018, correspond to Shelby (USA), Besançon (France), Kentucky (USA), Ebergassing (Austria), Turnov (Czech Republic) and Saltillo (México). The main investments in tangible assets in the three months ended June 30, 2017, correspond to Shelby (USA), Kentucky (USA), Straubing (Germany), Spartanburg H/P (USA), and Tlaxcala and Toluca (Mexico).

Investments in intangible assets in the three months ended June 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”, Skoda SK38 IP, Mercedes “BR167 Trunk” and Seat “326 IP”. Investments in intangible assets in the three months ended June 30, 2017, related mainly to development expenses on certain new projects including “Audi Q6 Instrument Panel”, “Chrysler FCA Panel”, “BMW G1x Panel”, “Ford B515 Instrumental Panel”, “Mercedes BR463 Panel”, “BMW G29-J29 Instrumental Panel”, and “BMW F40/44 Panel”.

### 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 June 30, 2018 were as follows:

	<b>Total</b>	<b>Less than</b>	<b>1-5 years</b>	<b>More than</b>
		<b>1 year</b>		<b>5 years</b>
<b>(in millions of €)</b>				
<b>Contractual Obligations</b>				
Loans and borrowings <sup>(1)</sup> .....	1,240.1	60.4	453.7	726.0
Financial leases .....	2.1	0.8	1.3	0.0
<b>Total Financial Debt .....</b>	<b>1,242.2</b>	<b>61.2</b>	<b>455.0</b>	<b>726.0</b>
Soft loans – interest bearing <sup>(2)</sup> .....	4.6	0.6	2.6	1.4
Soft loans – non-interest bearing <sup>(2)</sup> .....	18.8	3.5	12.1	3.2
<b>Total Soft Loans .....</b>	<b>23.3</b>	<b>4.0</b>	<b>14.7</b>	<b>4.6</b>

(1) Loans and borrowings consists of (i) €650.0 million incurred under the 2024 and 2026 Notes, (ii) €419.2 million under the Senior Facilities Agreement reflecting € 50.0 million of additional borrowing signed on 17 April 2018, (iii) €100.0 million under the EIB Facility, (iv) € 11.2 million of other bank loans or obligations, (v) €4.6 million in interest-bearing soft loans, (vi) €18.8 million in non-interest bearing soft loans, (vi) € 32.5 million in drawn revolving credit facilities and (vii) €3.9 million in accrued interest, excluding financial remeasurement.

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

## INTERIM REPORT FOR THE THREE MONTHS ENDED JUNE 30, 2018

### Grupo Antolín-Irausa, S.A. And Subsidiaries

#### Consolidated Balance Sheet at 30 June 2018 and 2017 and 31 December 2018 and 2017

<i>(Millions of Euros)</i>	Dec 2016	June 2017	Dec 2017	June 2018
Goodwill	156,6	156,6	120,8	120,8
Other Intangibles assets	340,6	321,0	336,7	362,7
Property , plant and equipment	808,4	735,9	789,5	793,7
Investments property	4,7	4,7	4,5	4,5
Investments in companies accounted for using the equity method	20,9	20,0	22,5	26,8
Other non current financial assets	96,2	94,7	75,4	75,4
<b>Total non-current assets</b>	<b>1.427,3</b>	<b>1.332,8</b>	<b>1.349,4</b>	<b>1.383,9</b>
Non- current assets held for sale	7,0	6,6	6,6	6,6
Inventories	825,4	980,5	910,7	991,4
Trade and other receivables	980,6	929,6	882,9	1.007,1
Other receivables	86,5	77,2	154,1	132,1
Other current financial assets	7,0	2,9	40,3	40,3
Cash and bank balances	306,5	446,8	333,9	157,3
<b>Total current assets</b>	<b>2.212,9</b>	<b>2.443,7</b>	<b>2.328,6</b>	<b>2.334,8</b>
<b>TOTAL ASSETS</b>	<b>3.640,2</b>	<b>3.776,4</b>	<b>3.678,0</b>	<b>3.718,7</b>
Share capital	37,5	37,5	37,5	37,5
Share Premium	72,6	72,6	72,6	72,6
Reserves	335,1	489,9	499,4	741,5
Profit attributable to the Parent	177,6	193,2	242,1	36,6
Remeasurements	(67,4)	(93,5)	(124,5)	(132,1)
Dividend and Other				
Non-controlling interests	65,3	70,0	65,9	67,6
<b>Total equity</b>	<b>620,8</b>	<b>769,6</b>	<b>792,9</b>	<b>823,6</b>
Bank borrowings	426,0	368,2	352,3	502,3
Other financial liabilities	32,5	23,4	25,0	26,3
Bonds	800,0	800,0	800,0	650,0
Other non- current liabilities	168,8	165,4	184,3	187,2
<b>Total non current liabilities</b>	<b>1.427,4</b>	<b>1.357,0</b>	<b>1.361,5</b>	<b>1.365,8</b>
Bank borrowings	38,1	34,3	34,9	55,1
Other financial liabilities	17,7	10,5	12,2	6,5
Bonds	0,0	0,0	0,0	0,0
Trade and other payables	1.240,0	1.328,5	1.185,6	1.261,6
Other current liabilities	296,2	276,6	290,9	206,1
<b>Total current liabilities</b>	<b>1.592,1</b>	<b>1.649,9</b>	<b>1.523,6</b>	<b>1.529,3</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3.640,2</b>	<b>3.776,4</b>	<b>3.678,0</b>	<b>3.718,7</b>

## Consolidated Income Statement at 30 June 2018 and 2017

(Millions of Euros)	SECOND QUARTER				YTD JUNE 30			
	2018	2017	Diff AV	Diff %	2018	2017	Diff AV	Diff %
Revenues	1.311,1	1.261,4	49,8	3,9%	2.602,1	2.594,0	8,1	0,3%
<b>Total operating income</b>	<b>1.311,1</b>	<b>1.261,4</b>	<b>49,8</b>	<b>3,9%</b>	<b>2.602,1</b>	<b>2.594,0</b>	<b>8,1</b>	<b>0,3%</b>
Supplies	(844,6)	(821,2)	(23,4)	2,9%	(1.674,0)	(1.672,9)	(1,1)	0,1%
Staff costs	(245,5)	(225,2)	(20,3)	9,0%	(482,6)	(444,0)	(38,6)	8,7%
Depreciation and amortisation expense	(47,6)	(43,0)	(4,7)	10,9%	(94,2)	(85,2)	(9,0)	10,5%
Other operating expenses	(107,6)	(92,7)	(14,9)	16,1%	(247,9)	(208,9)	(39,0)	18,7%
<b>EBIT</b>	<b>65,7</b>	<b>79,3</b>	<b>(13,6)</b>	<b>-17,1%</b>	<b>103,4</b>	<b>183,0</b>	<b>(79,6)</b>	<b>-43,5%</b>
Net Financial results	(27,6)	(26,3)	(1,3)	4,8%	(39,8)	(42,3)	2,5	-5,9%
Exchange differences	3,0	(6,0)	9,1	-150,2%	(1,2)	(11,4)	10,2	-89,8%
<b>Net finance income/(cost)</b>	<b>(24,5)</b>	<b>(32,3)</b>	<b>7,8</b>	<b>-24,1%</b>	<b>(41,0)</b>	<b>(53,7)</b>	<b>12,8</b>	<b>-23,7%</b>
Net Impairment loss on non-current assets /extraordinary results	(7,5)	(6,2)	(1,3)	21,1%	(7,2)	(6,3)	(0,9)	13,8%
Profit of companies accounted for using the equity method	1,2	1,8	(0,6)	-32,5%	2,1	2,5	(0,4)	-15,1%
<b>PROFIT BEFORE TAX</b>	<b>34,9</b>	<b>42,6</b>	<b>(7,7)</b>	<b>-18,0%</b>	<b>57,4</b>	<b>125,5</b>	<b>(68,1)</b>	<b>-54,3%</b>
Profit from discontinued operations	0,0	132,7	(132,7)	-100,0%	0,0	140,9	(140,9)	-100,0%
Income tax	(10,4)	(34,4)	24,0	-69,8%	(17,1)	(65,1)	48,0	-73,8%
<b>Consolidated profit</b>	<b>24,5</b>	<b>140,9</b>	<b>(116,3)</b>	<b>-82,6%</b>	<b>40,3</b>	<b>201,3</b>	<b>(161,0)</b>	<b>-80,0%</b>
Minority interest	(3,1)	(4,6)	1,5	-33,2%	(3,7)	(8,1)	4,4	-53,8%
<b>NET PROFIT</b>	<b>21,5</b>	<b>136,3</b>	<b>(114,8)</b>	<b>-84,3%</b>	<b>36,6</b>	<b>193,2</b>	<b>(156,6)</b>	<b>-81,1%</b>
<b>EBITDA</b>	<b>113,4</b>	<b>122,3</b>	<b>(8,9)</b>	<b>-7,3%</b>	<b>197,6</b>	<b>268,2</b>	<b>(70,6)</b>	<b>-26,3%</b>

## Other Financial Data at 30 June 2018 and 2017 and 31 December 2017

Millions of Euros

	June '17-'18	December 2017
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Calculation of EBITDA (12 Months):

Profit for the year from continuing operations	211,4	291,0
Adjusted for:		
Depreciation and amortization expense	183,7	174,7
<b>EBITDA</b>	<b>395,0</b>	<b>465,7</b>

<b>Net finance income / (cost) for covenants</b>	<b>(41,4)</b>	<b>(44,0)</b>
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Ratio of net financial debt to EBITDA	2,7x	1,9x
Ratio of EBITDA to net finance income /cost	9,5x	10,6x

	30 June '18	31 Dec '17
Bank Loans	1.230,7	1.187,2
Financial remeasurement	11,5	15,3
Soft loans with cost	4,6	3,8
Adjustments exchange rates	(23,5)	0,2
<b>Financial debt (average)</b>	<b>1.223,3</b>	<b>1.206,5</b>
Cash and bank balances (12mo FX Avg.)	159,1	339,1
<b>Net financial debt</b>	<b>1.064,1</b>	<b>867,4</b>

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 have adopted IFRS 10, 11 and 12 with effect from January 1, 2014. Among other things, these new standards eliminate the use of the proportional consolidation method for jointly controlled companies. Certain of our joint arrangements, the terms of which are renegotiated from time to time, may be reclassified as either joint ventures and accounted for using the equity method or be fully consolidated. 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 ordinary 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.