€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, 2020

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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, Vietnam, Taiwan and Thailand, collectively;
- references to "**Company**" are to Grupo Antolin-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 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, Vietnam and Thailand;
- references to "**ICO**" are to the "Instituto de Crédito Oficial", is a state-owned bank, with the legal status of corporate state-owned entity, attached to the Ministry of Economy and Business, via the State Secretariat for Economy and Enterprise Support;
- 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;

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- 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.

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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;

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- 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.

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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, 2020 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.

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 2020. 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.

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RECENT DEVELOPMENTS

On July 1, 2020, Milagros Caiña was appointed to the Advisory Board as well as member of the appointments and remuneration commission.

Milagros Caiña (57). Member of our advisory board since July 1, 2020. Between 2012 and 2019 she was Member of the Board of management of BMW AG, responsible for Human Resources and Labor Relations. She holds a degree in Business Administration from Akademie München. Prior to joining BMW, Ms. Caiña was Head, Human Resources of the Transport and Logistics Division of Schenker and Member of the Management Board from 2011 to 2012.

On 29 July 2020, the Company announced it had signed a strategic partnership with German integrated electronics provider AED Engineering. Thanks to this strategic partnership, Grupo Antolin aims to improve its electronic capabilities, which are vital in the transfomation process it is undertaking to consolidate the company as a global provider of technological solutions for the automotive interior.

AED Engineering will bolster the work of Antolin’s new Electronic Systems Business Unit by partnering in the development of electronics for automobile manufacturers. It will also work with Antolin to bring added value to the Spanish multinational's product portfolio. AED Engineering has more than 140 highly specialized engineers at its advanced engineering centres in Munich (Germany) and Murcia (Spain).

The partnership with Antolin will allow AED Engineering to continue with its expansion plans and the development of its advanced engineering hub in Murcia, where more than 40 professionals already work. With the support of Antolin, AED Engineering will continue to incorporate new engineers to this technological hub. The German company has teamed up with the Polytechnic University of Cartagena to create the AED-UPCT Chair in order to develop automotive research projects, while training young engineers.

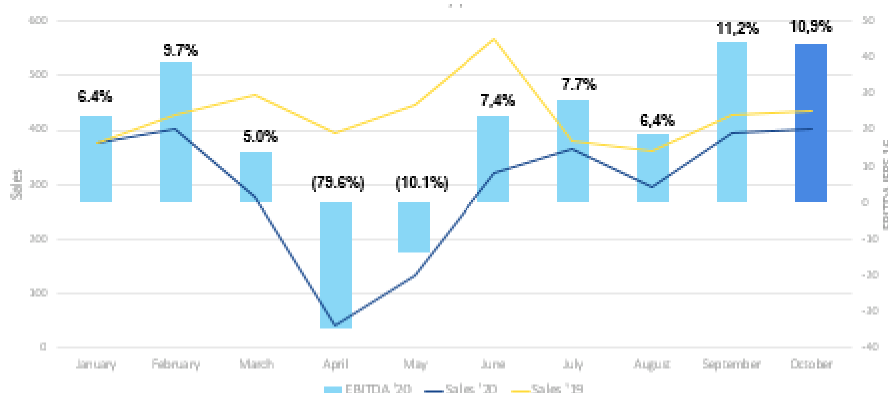
In this way, Antolin continues to support the development and recruitment of talent in the automotive industry. Its Electronic Systems Business Unit will start out with a team of more than 100 engineers, of which nearly 50 are professionals who have joined the company in recent months or will do so soon.

Also on 29 July 2020, the Company signed a waiver agreement with EIB, in line with the waiver signed on 29 May 2020 with the majority lenders of its Senior Facilities Agreement.

On 25 November 2020, the Company provided monthly sales and EBITDA for the first ten months of the year, showing a significant recovery in activity and profitability after the most severe impact of Covid19 in April 2020. The Company shows a firm upward trend, reflected in GA parameters:

1) October Sales in 2020 represented 92% of 2019 sales
2) October Ebitda on sales represented 10.9% vs 9.5% in 2019

YTD September 2020 Monthly Performance



The Company outlined the costs savings that had been achieved in the three months ended 30 September, 2020 compared to the same period in 2019. Specifically, procurement costs were reduced by 12% (representing a €90.6 million savings), staff costs down by 17% (€42 million savings) thanks to direct labor cost adjusted in line with YTD sales declines (€35 million savings) and TCO personnel costs reduced by €7 million savings despite Electronics hiring. Finally, other operating expenses were down 23% (€24 million savings).

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On 25 November 2020, the Company gave updated indications of potential full year 2020 performance, showing an upgraded guidance across four key indicators:

- Total revenues € 3.7-3.8 billion
- EBITDA under IFRS 16 of € 240 - € 250 million
- Capex € 160 - € 175 million
- Cash burn € 30 - 40 million

In addition, the Company announced that up to 25 November 2020 it had reached agreements on government financial support initiatives in Spain, France, Portugal and the UK in order to meet the challenges posed by the Covid 19 pandemic. In Spain, the agreements comprise (i) € 33.8 million in loans from existing lenders backed by a 70% guarantee provided by ICO, and (ii) a € 10 million loan directly provided by ICO. The average life of these facilities is 3 years. In France, the Company has signed €18.5 million (€10m still undrawn) in French state-supported financing through an existing lender with a 12-month maturity, renewable up to 5 years, no interest cost and a 90% Guarantee provided by the French Government. In Portugal, the Company has signed €1.5 million in Portugal state-supported financing through an existing lender with 3.5 years maturity. In the UK, the Company has reached £ 20.0 million in state-supported financing through an existing lender with a 3-year maturity and an 80% Guarantee provided by the UK Government. This facility remains undrawn.

Also the Company announced that as of 1 November 2020 it had € 286 million of cash on its balance sheet. This figure includes restricted cash of € 71 million, principally at Chinese JVs. Additionally, the Company announced it had available and undrawn credit lines of € 251 million, including 200 million RCF and other facilities mainly in China of €27.1 million. All of the Company's short-term credit lines have been renewed until at least April 2021. Additionally, the Company had available non-recourse factoring lines of approximately €46 million. Maturities for the two months ending 31 December 2020 amount to € 18.5 million:

- € 8.4 million of senior financing
- € 2.3 million in soft loans to Spanish government agencies
- € 1.3 million in other loans to Spanish entities
- € 6.5 million interest payments
- € 0.1 million leasing

Additionally, on 25 November, the Company provided additional information on its ongoing efficiency improvement program based on three drivers (Efficiency, Standardization, and Digitalization), across 7 initiatives:

- Industrial efficiency, consisting in (i) in-house benchmarking vs best in class Antolin factories, (ii) standardization, clarification of roles & responsibilities, and (iii) right sizing. The Company estimates it will generate c. € 45 million in savings by year-end 2020 compared to full year 2019;
- Office efficiency, consisting in (i) in-house benchmarking vs best in class Antolin Technical Commercial Offices, (ii) standardization, clarification of roles & responsibilities, and (iii) right sizing. The Company estimates it will generate c. € 24 million in savings by year-end 2020 compared to full year 2019;
- Facility management, consisting in standardization and centralization of MRO and Facility Management purchasing. The Company estimates it will generate c. € 2 million in savings by year-end 2020 compared to full year 2019;
- Temporary employment optimization, consisting in standardization and centralization of temporary labor sourcing. The Company estimates it will generate c. € 0.5 million in savings by year-end 2020 compared to full year 2019;
- Logistics, including global negotiation program for logistics optimization in (i) Europe and (ii) NAFTA. The Company estimates it will generate c. € 3.5 million in savings by year-end 2020 compared to full year 2019;
- Digital transformation, and additional projects including, engineering process efficiency, back-office digitalization, insurance optimization and used machinery and spare parts. These projects are launched and ongoing; and
- Industrial footprint optimization, a new workstream, consisting in the closure or combination of various production facilities across our main geographies. The Company estimates it will generate c. € 15 million in costs in 2020 which will be compensated in future years.

In all, these seven programs expect to generate c. € 50-60 million in structural yearly savings from 2021 and are being carried out with a focus on balancing cash generation savings with the required investments.

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Antolin also disclosed it had inaugurated a new electronics center in Shanghai in August 2020. This should enhance Antolin's R&D&I capabilities in the world's largest automobile market and allow a better and faster response to customers, especially around new electric mobility solutions. More than 100 employees will be focused on developing electronic solutions. The site includes advanced electronics laboratory and client showroom, incorporating virtual reality advances.

Antolin's Communication on Progress has been acknowledged again with the Advanced Level. The United Nations' Global Compact Office awards this highest rating to those companies that strive to be the best in good governance practices and sustainability management as well as reporting on their progress. Grupo Antolin is the only auto parts supplier in the world whose Communication on Progress has been recognized for nine consecutive years with the Advanced Level. In addition to publishing its Communication on Progress, Antolin has reaffirmed its voluntary commitment to the principles of the Global Compact. Antolin is a founding member of the Spanish Network of the Global Compact and member of its Executive Committee.

Additionally, and before year end, our shareholders have communicated that they have undertaken a process to simplify and rationalize their corporate holding. This corporate reorganization contemplates that Castilfale Gestion, S.A., the direct holder of 32.62% of the shares in Grupo Antolin Irausa, S.A. (our top holding company), will be merged into Grupo Antolin Holdco, S.A., the direct holder of the remaining 67.38% of the shares in Grupo Antolin Irausa, S.A. with Grupo Antolin Holdco, S.A. being the surviving entity and thereafter holding 100% of the shares in Group Antolin Irausa, S.A. This corporate reorganization of our parent companies is expected to be completed in 2020.

Apart from the above, there have been no recent material developments after September 30, 2020.

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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, 2020 and 2019 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, 2020 and 2019 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".

Three months ended September 30, 2020 compared to three months ended September 30, 2019

Executive summary

- Sales of €1,059 million, down 9.6% from the third quarter of 2019 and compared to +0.34%[1] industry production increase
- EBITDA of €91.4 million, margin of 8.6%
- EBIT of € 17.8 million, margin of 1.7%
- Cash available of €449 million
- Available revolving credit facilities of €51million
- Cash and long term undrawn committed credit lines of €500 million versus short term maturities of €24[2] million and vs minimum liquidity covenant of € 150 million
- Net debt average maturity of 3.4 years
- Non-recourse factoring of €53m in Q3 2020, leaving approximately c. €47 million of non-recourse factoring lines available

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1 Source: LMC Global Light Vehicle Production. Quarter 3, 2020
2 Excludes € 200 million of the Revolving Credit Facility, due October 2020 but renewable until June 2023

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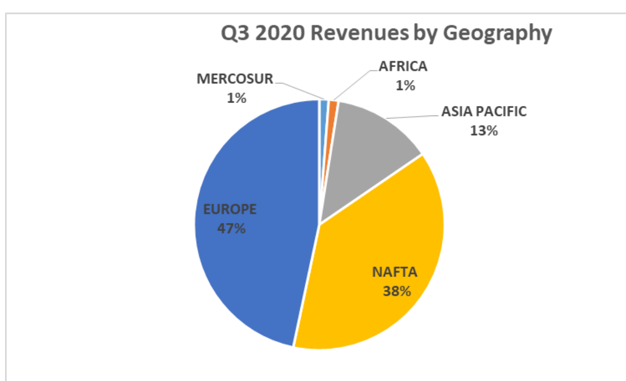
Group results of operations

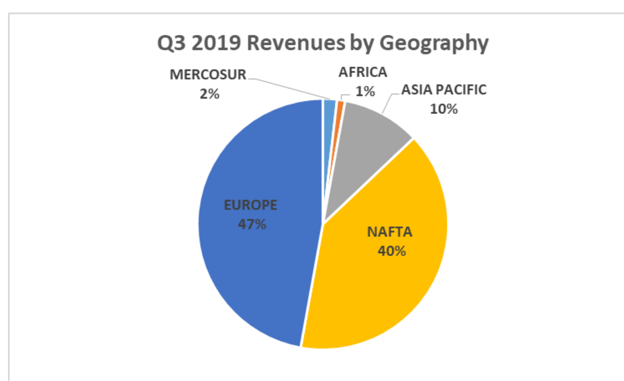
The table below sets out our results of operations for the three months ended September 30, 2020, compared to the three months ended September 30, 2019.

	Three months ended September 30,		
	2020	**2019**	**% change**
	(in millions of €)		
Consolidated Income Statement Data:			
Revenue and Other operating income	1,059.6	1,171.9	(9.6)
Total operating income	**1,059.6**	**1,171.9**	**(9.6)**
Supplies	(685.2)	(740.9)	(7.5)
Staff costs	(202.4)	(244.9)	(17.3)
Depreciation and amortization expense	(57.1)	(57.0)	0.2
Depreciation for leasing	(16.6)	(18.1)	(8.3)
Other operating expenses	(80.5)	(105.0)	(23.3)
Profit for the quarter from continuing operations	**17.8**	**6.0**	**193.7**
Finance income/(cost)	(9.0)	(9.2)	(2.7)
Financial expenses for leasing	(2.2)	(2.1)	6.5
Exchange differences	6.0	(4.1)	(248.1)
Net finance income/(cost)	**(5.2)**	**(15.4)**	**(66.2)**
Net impairment gains/(losses) on non-current assets	(13.2)	(0.9)	1,396.4
Profit of companies consolidated using the equity method	0.4	(0.09)	(587.5)
Profit before tax	**(0.2)**	**(10.3)**	**(98.0)**
Profit from discontinued operations	0.0	0.0	n.a.
Corporate income tax	(2.7)	(1.0)	162.9
Consolidated profit for the three-month period	**(2.9)**	**(11.3)**	**(74.2)**
Attributable to non-controlling interests	(6.5)	(2.7)	143.7
Attributable to shareholders of the Company	**(9.4)**	**(14.0)**	**(32.7)**

Revenue

Revenue decreased by -€112.3 million, or -9.6%, to € 1,059.6 million in the three months ended September 30, 2020 from €1,171.9 million in the three months ended September 30, 2019. Component reached € 1,014.6 a decrease of -12.7% compared to the three months ended September 30, 2019 and tooling sales reached €45 million vs €9.9 million in Q3 20019. The decrease in revenue was primarily attributable to decreased sales in UK, Mexico, USA, Germany, France and Brazil. As a result, our European revenues decreased by -10.5% (-€58.2 million), NAFTA by -14.2% (-€66.3 million) and Mercosur by -39.8% (-€8.4 million). APAC and Africa sales increase by 16.6% (€19.6 million) and 9.2% (€1.1 million) respectively. By Business Units sales decline with less intensity than in Q2 reflecting a recovery and an upward tendency. Headliners revenue decrease by -13.0% (-€59.6 million) followed by Doors and Hard Trim revenue -9.1%, (-€42.6 million). Cockpits & Consoles and Lighting benefited from its exposure degree to the Chinese market and registered sales decrease by -1% (-€1.6 million) and -6.2% (-4.8 million) respectively.





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Supplies

Supplies decreased by -€55.7 million, or -7.5%, to €685.2 million in the three months ended September 30, 2020 from €740.9 million in the three months ended September 30, 2019. The decrease in supplies was primarily attributable to the decrease in revenues hence supply cost as percentage of total sales increased to 64.7% from 63.2% in 2019.

Staff costs

Staff costs decreased by -€42.4 million, or -17.3%, to €202.4 million in the three months ended September 30, 2020 from €244.9 million in the three months ended September 30, 2019. The decrease in staff costs was primarily attributable to furloughed personnel, efficiency program implementation and adjustments to customer requirements.

EBITDA

EBITDA increased by €10.3 million, or 12.7%, to €91.4 million in the three months ended September 30, 2020 from €81.1 million in the three months ended September 30, 2019. This represents a margin of 8.6% and compares to 6.9% in the three months ended September 30, 2019. Excluding IFRS 16, EBITDA reached €74.9 million, compared to €63.0 million in the three months ended September 30, 2019. EBITDA reflects recovery in sales, the impact of our improvement initiatives in our cost structure plus the tooling income recognition in September. By Business Units, Lighting and Cockpits maintained positive EBITDA due to their exposure degree to the Chinese market. Headliners outperformance has been principally linked to European companies and Doors has benefited from Nafta companies and other European companies contributing to increase EBITDA 10%.

Depreciation and amortization expense

Depreciation and amortization expense increased by €0.1 million, or 0.2%, to €57.1 million in the three months ended September 30, 2020 from €56.9 million in the three months ended September 30, 2019.

Depreciation for leasing

Depreciation for leasing decreased by -€1.5 million, or -8.3%, to €16.6 million in the three months ended September 30, 2020 from €18.1 million in the three months ended September 30, 2019 mainly due the extended terms of some old contracts.

Other operating expenses

Other operating expenses decreased by -€24.5 million, or -23.3%, to €80.5 million in the three months ended September 30, 2020 from €105 million in the three months ended September 30, 2019. The decrease in other operating expenses was partially attributable to cost-cutting and efficiency measures.

Profit/(Losses) for the quarter from continuing operations

Profit for the quarter from continuing operations reached €17.7 million compared to a profit of €6.0 million in the three months ended September 30, 2019. The increase in profit for the year from continuing operations was primarily attributable to increase sales, decreased staff costs or improvements in operating expenses.

Net finance income/(cost)

Net finance cost decreased by -€10.2 million, or -66.2%, to -€5.2 million in the three months ended September 30, 2020 from -€15.4 million in the three months ended September 30, 2019. The decrease in net finance cost was primarily attributable to positive exchange differences in Q320 (€6 million) versus negative exchange differences in Q319 (-€4.0 million).

Net impairment gains on non-current assets

Net impairment losses on non-current assets reached €13.2 million in the three months ended September 30, 2020 compared to losses of €0.9 million in the three months ended September 30, 2019. This decrease was principally due to increased impairments linked to underperforming assets (Nafta and Germany).

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Corporate income tax

Corporate income tax increased by €1.7 million, or 162.9%, to -€2.7 million in the three months ended September 30, 2020 from -€1.0 million in the three months ended September 30, 2019.

Consolidated losses for the three-month period

Consolidated losses for the three months ended September 30, 2020 reached €9.4 million, compared to losses of €14.0 million in the three months ended September 30, 2019. Lower losses were due mainly to recovery in sales, an upward tendency and the impact of process improvements in our cost structure.

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. If we were to maintain the 30 September 2019 exchange rates stable, sales and EBITDA as at September 2020 would have been approximately €45.9 million and €5.2 million higher respectively.

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Nine months ended September 30, 2020 compared to nine months ended September 30, 2019

Executive summary

- Sales of € 2,612.2 million, down 32.1% from the nine months ended September 30, 2019
- EBITDA of € 143.7 million, down 53.3% from the nine months ended September 30, 2019, margin of 5.5%
- EBIT of -€ 78.2 million, down 187.4% from the nine months ended September 30, 2019, margin of -3.0%

Group results of operations

The table below sets out our results of operations for the nine months ended September 30, 2020, compared to the nine months ended September 30, 2019.

	Nine months ended September 30,		
	2020	2019	% change
	(in millions of €)		
Consolidated Income Statement Data:			
Revenue and Other operating income	2,612.2	3,850.2	(32.1)
Total operating income	**2,612.2**	**3,850.2**	**(32.1)**
Supplies	(1,674.2)	(2,480.9)	(32.5)
Staff costs	(592.6)	(758.1)	(21.8)
Depreciation and amortization expense	(171.2)	(166.9)	2.6
Depreciation for leasing	(50.6)	(51.1)	(0.8)
Other operating expenses	(201.7)	(303.8)	(33.6)
Profit for the year from continuing operations	**(78.1)**	**89.4**	**(187.4)**
Finance income/(cost)	(26.0)	(26.5)	(1.9)
Financial expenses for leasing	(6.6)	(5.1)	29.9
Exchange differences	(8.2)	(6.7)	23.3
Net finance income/(cost)	**(40.9)**	**(38.3)**	**6.7**
Net impairment losses on non-current assets	(25.5)	(13.6)	88.1
Profit of companies consolidated using the equity method	0.7	0.2	161.3
Profit before tax	**(143.0)**	**37.8**	**(481.1)**
Profit from discontinued operations	0.0	0.0	n.a.
Corporate income tax	(16.6)	(22.7)	(26.6)
Consolidated profit for the three month period	**(160.6)**	**15.1**	**(1,162.8)**
Attributable to non-controlling interests	(6.1)	(9.1)	(32.7)
Attributable to shareholders of the Company	**(166.7)**	**6.0**	**(2,851.7)**

Revenue

Revenue decreased by -€1,237.9 million, or -32.1%, to € 2,612.2 million in the nine months ended September, 30, 2020 from €3,850.2 million in the nine months ended September 30, 2019 and compared to -23%[3] industry production decrease. Excluding FX impact, sales decreased 30.5%. Component and Tooling sales totaled € 2,564.3 million and € 48.0 million respectively in the nine months ended September 30, 2020. These figures compare to € 3,679.0 million and € 171.2 million in the nine months ended September 30, 2019. Revenue decline was primarily attributable to the Covid 19 pandemic and the restrictive measures implemented across the globe to combat the spread of the virus. This has resulted in a global industrial stoppage, especially noticeable on the second quarter of 2020.

In terms of geographies, revenue decreased in Europe by -34.2% reaching € 1,270.4 million, in NAFTA by -35.0% reaching € 964.7 million, in APAC by -6.7% to €316.2 million and in Mercosur by -53.0% to reach €29.3 million. In terms of Business Units, all registered negative sales evolution. The significant decrease in sales in Doors & Hard Trim (down 35.8% or -€ 570.9 million reaching € 1,022.2 million) reflects this Business Unit's absence from China, a market that has begun to recover earlier from Covid 19 than European and NAFTA markets. Headliners

[3] *Source: LMC Global Light Vehicle Production. Quarter 3, 2020*

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declined 31.1% (-€ 454.9 million to € 1,007.7 million), Cockpits 26% (-€ 140.0 million to € 398.7 million) and Lighting 27% (-€67.2 million to € 181.3 million).

Supplies

Supplies decreased by -€806.7 million, or -32.5%, to €1,674.2 million in the nine months ended September 30, 2020 from €2,480.9 million in the nine months ended September 30, 2019. The decrease in supplies was primarily attributable to the decrease in revenues hence supply cost as percentage of total sales remained stable at 64.1% September 30, 2020 vs 64.4% September 30. 2019.

Staff costs

Staff costs decreased by -€165.5 million, or -21.8%, to €592.6 million in the nine months ended September 30, 2020 from €758.1 million in the nine months ended September 30, 2019. The decrease in staff costs was primarily attributable to furloughed personnel across the Antolin platform from second half of March 2020 on and the wide range of efficiency measures implemented.

EBITDA

EBITDA decreased by -€163.7 million, or -53.3%, to €143.7 million in the nine months ended September 30, 2020 from €307.4 million in the nine months ended September 30, 2019. This represents a margin of 5.5% and compares to 8.0% in the nine months ended September 30, 2019. Excluding IFRS 16, EBITDA reached € 93.0 million, compared to € 256.3 million in the nine months ended September 30, 2019. The decrease in EBITDA was primarily attributable to the impact of global sales declines linked to Covid19-related production stoppages. Non-industrial costs decreased by €4.6 million, or 5.6%, to €76.9 million in the nine months ended September 30, 2020 from €81.5 million in the nine months ended September 30, 2019, principally as result of cost-cutting initiatives started in mid-March 2020 and efficiency measures put in place in early 2020.

Depreciation and amortization expense

Depreciation and amortization expense increased by €4.3 million, or 2.6%, to €171.2 million in the nine months ended September 30, 2020 from €166.9 million in the nine months ended September 30, 2019. The increase in depreciation and amortization expense was primarily attributable to new programs and facilities coming online.

Depreciation for leasing

Depreciation for leasing decreased by -€0.4 million, or -0.8%, to €50.6 million in the nine months ended September 30, 2020 from €51.0 million in the nine months ended September 30, 2019.

Other operating expenses

Other operating expenses decreased by -€102.0 million, or -33.6%, to €201.7 million in the nine months ended September 30, 2020 from €303.8 million in the nine months ended September 30, 2019. The decrease in other operating expenses was partially attributable to cost-cutting initiatives started in mid-March and efficiency measures put in place in early 2020.

Profit/(Losses) for the year from continuing operations

Losses for the nine months ended September 30, 2020 from continuing operations reached -€78.2 million compared to a profit of € 89.4 million in the nine months ended September 30, 2019. The decrease in profit for the year from continuing operations was primarily attributable to the sharp decrease in sales as result of Covid19 pandemic, which were not sufficiently compensated by decreased staff costs or improvements in operating expenses.

Net finance income/(cost)

Net finance cost increased by €2.6 million, or 6.7%, to €40.9 million in the nine months ended September 30, 2020 from €38.3 million in the nine months ended September 30, 2019. The increase in net finance cost was primarily attributable to higher negative exchange differences that increased by €1.6 million linked principally to the Mexican peso, the Brazilian real, Rand and Ruble.

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Corporate income tax

Corporate income tax decreased by -6.0 million, or -26.6%, to -€16.6 million in the nine months ended September 30, 2020 from -€22.7 million in the nine months ended September 30, 2019. The decrease in corporate income tax was primarily attributable to the decrease in profit before tax.

Consolidated profit/(losses) for the nine-month period

Consolidated losses for the nine months period reached -€166.7 million compared to €6.1 million profits in the nine months ended September 30, 2019. 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. If we were to maintain the 30 September 2019 exchange rates stable, sales and EBITDA as at September 2020 would have been approximately € 62.2 million and €5.5 million higher respectively.

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Segment results of operations

Headliners and Soft Trim

	Three months ended September 30,		
	2020	**2019**	**% change**
	(in million as of €)		
Description:			
Net turnover	399.4	459.0	(13.0)
Other operating (expenses)/income, net	(381.3)	(444.4)	(14.2)
EBITDA	**18.1**	**14.6**	**24.3**
Depreciation and amortization	(21.7)	(22.3)	(2.8)
Operating profit/(loss) (EBIT)	**(3.6)**	**(7.7)**	**(53.7)**

Net turnover. Net turnover decreased by -59.6 million, or -13.0%, to 399.4 million in three months ended September 30, 2020 from €459.0 million in three months ended September 30, 2019. The decrease in net turnover was primarily attributable to the challenges of the Covid 19 pandemic, which led to customer and Company plant shutdowns across all regions, with the most significant effects felt in NAFTA and Europe.

Other operating (expenses)/income, net. Net operating expenses decreased by -€63.2 million, or -14.2%, to €381.3 million in three months ended September 30, 2020 from €444.4 million in three months ended September 30, 2019. The decrease in net operating expenses was primarily attributable to lower sales, decline personnel and purchasing costs as well as reduced launch costs.

EBITDA. EBITDA increased by €3.5 million, or 24.3%, to €18.1 million in three months ended September 30, 2020 from €14.5 million in three months ended September 30, 2019. The increase in EBITDA was primarily linked to outperformance in European countries.

*Depreciation and amortization.0020*Depreciation and amortization decreased by -€0.6 million, or -2.8%, to €21.7 million in three months ended September 30, 2020 from €22.3 million in three months ended September 30, 2019.

Operating profit/(loss) (EBIT). Operating performance improved by €4.2 million, or 53.7%, to post losses of -€3.6 million in three months ended September 30, 2019 versus losses of -€7.8 million in three months ended September 30, 2019. The improvement in operating profit was primarily attributable to increased EBITDA.

Doors and Hard Trim

	Three months ended September 30,		
	2020	**2019**	**% change**
	(in millions of €)		
Description:			
Net turnover	425.1	467.7	(9.1)
Other operating (expenses)/income, net	(362.3)	(410.8)	(11.8)
EBITDA	**62.7**	**56.9**	**10.2**
Depreciation and amortization	(27.8)	(27.2)	2.4
Operating profit/(loss) (EBIT)	**34.9**	**29.7**	**17.2**

Net turnover. Net turnover decreased by -€42.6 million, or -9.1%, to €425.1 million in three months ended September 30, 2020 from €467.7 million in three months ended September 30, 2019. The decrease in net turnover was primarily attributable to a higher exposure to NAFTA and UK and the lack of presence in China.

Other operating (expenses)/income, net. Net operating expenses decreased by -€48.4 million, or -11.8%, to €362.3 million in three months ended September 30, 2020 from €410.8 million in three months ended September 30, 2019. The decrease in net operating expenses was primarily attributable to lower sales, increased cost cutting measures as well as reduced launch costs.

EBITDA. EBITDA increased by €5.8 million, or 10.2%, to €62.7 million in three months ended September 30, 2020 from €56.9 million in the three months ended September 30, 2019. Doors has benefited from Nafta companies and

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other European companies. A lower Ebitda Growth rate than other Business Units reflects the lack of presence in China and higher exposure to UK and Spain.

Depreciation and amortization. Depreciation and amortization increased by €0.6 million or 2.4%, to €27.8 million in three months ended September 30, 2020 from €27.2 million in three months ended September 30, 2019.

Operating profit/(loss) (EBIT). Operating performance increased by €5.1 million, or 17.2%, to post profits of €34.9 million in three months ended September 30, 2019 versus a profit of €29.7 million in three months ended September 30, 2019. The increase in operating profit was primarily attributable to increased EBITDA.

Lighting

	Three months ended September 30,		
	2020	**2019**	**% change**
	(in millions of €)		
Description:			
Net turnover	73.1	77.9	(6.2)
Other operating (expenses)/income, net	(53.0)	(62.1)	(14.7)
EBITDA	**20.1**	**15.8**	**27.3**
Depreciation and amortization	(6.7)	(6.2)	7.9
Operating profit/(loss) (EBIT)	**13.4**	**9.6**	**39.8**

Net turnover. Net turnover decreased by -€4.8 million, or -6.2%, to €73.1 million in three months ended September 30, 2020 from €77.9 million in three months ended September 30, 2019. The decrease in net turnover was primarily attributable to the challenges of the Covid 19 pandemic with the most significant effects felt in France and Germany.

Other operating (expenses)/income, net. Net operating expenses decreased by -€9.2 million, or -14.7%, to €53.0 million in three months ended September 30, 2020 from €62.1 million in three months ended September 30, 2019. The decrease in net operating expenses was primarily attributable to lower sales and increased cost cutting measures.

EBITDA. EBITDA increased by €4.3 million, or 27.3%, to €20.1 million in three months ended September 30, 2020 from €15.8 million in three months ended September 30, 2019. The increase in EBITDA was primarily attributable to its exposure degree to the Chinese market.

Depreciation and amortization. Depreciation and amortization increased by €0.5 million, or 7.9%, to €6.7 million in three months ended September 30, 2020 from €6.2 million in three months ended September 30, 2019. The increase in depreciation and amortization was primarily attributable to the increasing amortization of capitalized development investments.

Operating profit/(loss) (EBIT). Operating performance increased by €3.8 million, or 39.8%, to post profits of €13.4 million in three months ended September 30, 2019 from a profit of €9.6 million in three months ended September 30, 2019. The increase in operating profit was primarily attributable to increased EBITDA.

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Cockpits

	Three months ended September 30,		
	2020	2019	% change
	(in millions of €)		
Description:			
Net turnover	161.7	163.3	(1.0)
Other operating (expenses)/income, net	(143.7)	(149.4)	(3.9)
EBITDA	**18.0**	**13.9**	**29.7**
Depreciation and amortization	(10.0)	(10.1)	(0.1)
Operating profit/(loss) (EBIT)	**7.9**	**3.8**	**107.7**

Net turnover. Net turnover decreased by -€1.6 million, or -1.0%, to €161.7 million in three months ended September 30, 2020 from €163.3 million in three months ended September 30, 2019. The decrease in net turnover was primarily attributable to a slow recovery across European companies with the most significant effects felt in the UK and Germany and partially offset by revenue growth in China.

Other operating (expenses)/income, net. Net operating expenses decreased by -€5.8 million, or -3.9%, to €143.6 million in three months ended September 30, 2020 from €149.4 million in three months ended September 30, 2019. The decrease in net operating expenses was primarily attributable to lower and cost cutting initiatives across the platform.

EBITDA. EBITDA increased by €4.1 million, or 29.7%, to €18.0 million in three months ended September 30, 2020 from €13.9 million in three months ended September 30, 2019. The increase in EBITDA was primarily attributable to its exposure degree to the Chinese market.

Depreciation and amortization. Depreciation and amortization remains stable around €10.0 million in three months ended September 30, 2020 versus €10.1 million in three months ended September 30, 2019.

Operating profit/(loss) (EBIT). Operating performance increased by €4.1 million, or 107.7%, to post profits of €7.9 million in three months ended September 30, 2019 from a profit of €3.8 million in three months ended September 30, 2019. The increase in operating profit was primarily attributable to increased EBITDA.

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Liquidity and capital resources

Historical cash flows

The following tables set forth our historical cash flow items for the nine months ended September 30, 2020 and September 30, 2019:

	Nine months ended September 30,	
	2020	2019
	(in millions of €)	
Consolidated Cash Flow Information:		
Cash flows from operating activities:		
Consolidated profit/(loss) for the three-month period before taxes	**(143.9)**	**37.8**
Adjustments for:		
Depreciation, amortization and impairment	171.2	166.9
Finance income and expense	26.0	26.5
Net impairment loss on non-current assets	25.5	13.6
Profit of companies accounted for using the equity method	(0.6)	(0.2)
Allocation to / (reversal of) non-current provisions	(15.0)	(8.3)
Operating profit before movements in working capital	**63.2**	**236.3**
(Increase)/decrease in trade and other receivables	(23.4)	(88.9)
(Increase)/decrease in inventories	57.9	(39.9)
Increase/(decrease) in trade and other payables	8.8	62.6
Increase/(decrease) in other current liabilities	(41.1)	6.6
Unrealized exchange differences and other items	8.2	6.7
Cash generated from operations	**73.6**	**183.4**
Corporate income tax (paid)/collected	3.2	2.0
Net cash generated by/(used in) operating activities	**76.8**	**185.4**
Cash flows from investing activities:		
Dividends received	0.0	0.4
Proceeds from disposals of:		
Associated companies	0.0	8.4
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	(50.1)	(103.6)
Intangible assets	(60.5)	(97.8)
Financial assets	0.0	0.0
Investment property	(5.7)	0.1
Net cash generated by/(used in) investing activities	**(116.3)**	**(192.5)**
Cash flows from financing activities:		
Proceeds from/(payments for) financial liabilities:		
Proceeds from bank borrowings, net	240.4	(38.1)
Other cash flows from financing activities:		
Finance income and expense paid, net	(18.4)	(19.6)
Dividends paid	0.0	(7.0)
Other liabilities	(6.6)	(7.2)
Net cash generated by/(used in) financing activities	**215.4**	**(71.9)**
Net increase/(decrease) in cash and bank balances	**175.6**	**(79.1)**
Cash and bank balances at the beginning of the three-month period	273.6	310.8
Cash and bank balances at the end of the three-month period	**449.3**	**231.7**

Net cash generated by/(used in) operating activities

Our net cash used in operating activities was €76.8 million in the nine months ended September 30, 2020. Consolidated loss before taxes for the nine months ended September 30, 2020 of -€143.9 million was mainly offset by depreciation and amortization expenses which totaled €171.2 million, finance income and expenses of €26.0 million, net collections of corporate income tax of €3.2 million and decrease in working capital of €43.2 million (considering the effect of the factorized invoices €53 million).

Our net cash generated by operating activities was €185.4 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

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million, depreciation and amortization expenses which totaled €166.9 million, finance income and expenses of €26.5 million. Working capital increase by €66.3 million.

Net cash generated by/(used in) investing activities

Our net cash used in investing activities was €116.3 million in the nine months ended September 30, 2020, primarily attributable to investments in Doors (€45.4 million) and Headliners (€33.4 million). These two segments represented approximately 68% of investments. Some of the main projects under development are Porsche "Macan", Chrysler MP552 ("Jeep Compass"), Renault "Kadjar", VW T7 ("MultiVans"), Jaguar X391, Audi eQ5 & eQ6, VW "Caddy". The mentioned amount of €116.3m also includes the payments made in connection with the participation in AED and Eyesight companies.

Our net cash used in investing activities was €192.5 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 75.6% 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.

Net cash generated by/(used in) financing activities

Our net cash generated by our financing activities was €215.4 million in the nine months ended September 30, 2020, primarily attributable to (i) the €252 million of additional bank borrowings, including €200.0 million Revolving Credit Facility and other agreements on government financial support agreements net of €11.5 million repayment of loans (ii) €18.4 million of net finance expenses paid and (iii) €6.6 million dividends paid and payments on other equity instruments.

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 € 38.2 million of repayments of bank borrowings, linked to the cancellation of 2024 Notes for € 13.7 million (with a nominal value of € 15 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.

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, 2020, our long-term indebtedness primarily consists of (i) the 2024 and 2026 Notes, (ii) the senior term facility and the revolving credit facility 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.(vi) credit lines.

As of September 30, 2020, the cash and bank balances and other liquid assets amounted to €449 million. Additionally, we had available revolving credit facilities totaling € 51.1 million, considering the €200.0 million revolving credit facility made available under the Senior Facilities Agreement was fully drawn in the month of April 2020 and repaid on 27th October.

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

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- 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, 2020, we have approximately €1.4 billion of financial debt, including €4.0 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, 2020 and 2019:

	Three months ended September 30, (in millions of €)	
	2020	**2019**
(Increase)/decrease in trade and other receivables	(277.9)	87.6
(Increase)/decrease in inventories	109.0	(82.5)
Increase/(decrease) in trade and other payables	210.6	16.4
Total (increase)/decrease in working capital	**41.7**	**21.5**
Adjustment for non- recourse factoring at 3Q 2020	(5.0)	n.a.
Total (increase)/decrease in adjusted working capital	**36.7**	**21.5**

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, 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 decreased by €41.7 million in the three months ended September 30, 2020. This decrease is due to (i) € 42.0 million decreased Operating working capital (considering the effect of the factorized invoices €53 million and (ii) Tooling working capital variation is almost zero (€ -0.4 million).

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

Capital expenditures

The following table sets forth our cash used in investing activities for the three months ended September 30, 2020 and 2019:

	Three months ended September 30, (in millions of €)	
	2020	**2019**
Property, plant and equipment	17.6	40.8

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Intangible assets	19.7	39.5
Capital expenditures	37.3	80.3

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, 2020, correspond to Toluca (México), Alabama (USA), Besançon (France), Turnov (Czech), Cuautitlán (México). The main investments in tangible assets in the three months ended September 30, 2019, correspond to Liban (Czech Republic), Silesia (Poland), Turnov (Czech Republic), Bamberg (Germany), Toluca (México), Besançon (France), Kentuky (USA) and Barton (UK).

Investments in intangible assets in the three months ended September 30, 2020, related mainly to development expenses on certain new projects such as Porsche "Macan", Chrysler MP552 ("Jeep Compass"), Renault "Kadjar", VW T7 ("MultiVans"), Jaguar X391, Audi eQ5 & eQ6, VW "Caddy", Ford CX727 and VW "Arteon". 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").

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, 2020 were as follows:

	Total	**Less than 1 year**	**1-5 years**	**More than 5 years**
		(in millions of €)		
Contractual Obligations				
Loans and borrowings[1]	1,407.7	57.1	1,057.5	293.1
Financial leases	0.3	0.3	0.0	0.0
Total Financial Debt	**1,408.0**	**57.4**	**1,057.5**	**293.1**
Soft loans – interest bearing[2]	4.0	0.8	2.4	0.8
Soft loans – non-interest bearing[2]	15.7	3.4	10.9	1.4
Total Soft Loans	**19.7**	**4.2**	**13.3**	**2.2**

(1) Loans and borrowings consists of (i) €635.4 million incurred under the Notes and €385.7 million under the Senior Facilities Agreement, (ii) €100.0 million under the EIB Facility, (iii) € 58.8 million of other bank loans or obligations (from which €53.8 million are related to estate aids: a) €43.8 million interest bearing loans provided by Spanish bodies b) €8.5 million non-interest bearing loans related to French public bodies and c) €1.5 million non-interest bearing loans related to Portugal public bodies, (iv) € 217.3 million in drawn revolving credit facilities and (v) €10.4 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 NINE MONTHS ENDED SEPTEMBER, 30, 2020

Grupo Antolin-Irausa, S.A. And Subsidiaries
Consolidated Balance Sheet at 30 September 2020 and 2019 and 31 December 2019 and 2018

Consolidated Balance Sheet *(Thousands of Euros)*	**Dec 2018**	**sep-19**	**Dec 2019**	**sep-20**
Goodwill	118.718	118.718	98.641	98.641
Other Intangibles assets	371.402	395.537	403.829	356.513
Property , plant and equipment	866.490	861.986	847.893	766.387
Assets for leasing		338.247	324.450	291.689
Investments property	4.458	4.448	6.107	6.092
Investments in companies accounted for using the equity method	31.043	24.670	28.582	28.162
Other non current financial assets	89.602	89.939	96.507	90.934
Total non-current assets	**1.481.713**	**1.833.545**	**1.806.009**	**1.638.417**
Non- current assets held for sale	6.760	6.815	6.910	6.910
Inventories	917.540	957.501	795.790	737.903
Trade and other receivables	749.193	838.127	757.693	781.114
Other receivables	151.225	154.932	99.145	99.863
Other current financial assets	41.942	4.482	4.215	4.798
Cash and bank balances	310.802	231.683	273.657	449.352
Total current assets	**2.177.462**	**2.193.540**	**1.937.410**	**2.079.940**
TOTAL ASSETS	**3.659.175**	**4.027.085**	**3.743.419**	**3.718.357**
Share capital	37.469	37.469	37.469	37.469
Share Premium	72.578	72.578	72.578	72.578
Reserves	709.122	742.367	745.091	745.552
Profit attributable to the Parent	47.245	6.059	461	(166.726)
Remeasurements	(114.052)	(80.885)	(96.787)	(180.899)
Dividend and Other				
Non-controlling interests	61.977	64.590	67.274	63.210
Total equity	**814.339**	**842.178**	**826.086**	**571.184**
Bank borrowings	492.028	481.540	473.513	508.663
Other financial liabilities	26.275	24.790	26.770	26.809
Liabilities for Leasing		299.096	254.597	232.764
Bonds	650.000	635.400	635.400	635.400
Other non- current liabilities	192.085	194.181	149.649	144.024
Total non current liabilities	**1.360.388**	**1.635.007**	**1.539.929**	**1.547.660**
Bank borrowings	71.951	50.815	40.951	255.002
Other financial liabilities	10.633	4.164	6.696	8.534
Liabilities for Leasing		42.728	74.285	65.655
Bonds				
Trade and other payables	1.134.980	1.197.541	1.025.213	1.034.004
Other current liabilities	266.884	254.652	230.259	236.319
Total current liabilities	**1.484.448**	**1.549.900**	**1.377.404**	**1.599.514**
TOTAL EQUITY AND LIABILITIES	**3.659.175**	**4.027.085**	**3.743.419**	**3.718.357**

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Consolidated Income Statement at 30 September 2020 and 2019

(Millions of Euros)	THIRD QUARTER 2020	2019	Diff AV	Diff %	YTD SEPTEMBER 2020	2019	Diff AV	Diff %
Revenues	1.059,6	1.171,9	(112,3)	-9,6%	2.612,2	3.850,2	(1.237,9)	-32,2%
Total operating income	**1.059,6**	**1.171,9**	**(112,3)**	**-9,6%**	**2.612,2**	**3.850,2**	**(1.237,9)**	**-32,2%**
Supplies	(685,2)	(740,9)	55,7	-7,5%	(1.674,2)	(2.480,9)	806,7	-32,5%
Staff costs	(202,4)	(244,9)	42,4	-17,3%	(592,6)	(758,1)	165,5	-21,8%
Depreciation and amortisation expense	(57,1)	(57,0)	(0,1)	0,2%	(171,2)	(166,9)	(4,3)	2,6%
Depreciation for Leasing	(16,6)	(18,1)	1,5	-8,3%	(50,6)	(51,1)	0,4	-0,8%
Other operating expenses	(80,5)	(105,0)	24,5	-23,3%	(201,7)	(303,8)	102,0	-33,6%
EBIT	**17,8**	**6,0**	**11,7**	**193,7%**	**(78,2)**	**89,4**	**(167,6)**	**-187,4%**
Net Financial results	(9,0)	(9,2)	0,3	-2,7%	(26,0)	(26,5)	0,5	-1,9%
Financial expenses for leasing	(2,2)	(2,1)	(0,1)	6,5%	(6,6)	(5,1)	(1,5)	29,9%
Exchange differences	6,0	(4,1)	10,1	-248,2%	(8,3)	(6,7)	(1,6)	23,3%
Net Finance Income / Cost	**(5,2)**	**(15,4)**	**10,2**	**-66,2%**	**(40,9)**	**(38,3)**	**(2,6)**	**6,7%**
Net Impairment loss on non-current assets /extraordinary results	(13,2)	(0,9)	(12,3)	1396,4%	(25,5)	(13,6)	(12,0)	88,1%
Profit of companies accounted for using the equity method	0,4	(0,1)	0,5	-587,5%	0,7	0,2	0,4	161,3%
PROFIT BEFORE TAX	**(0,2)**	**(10,3)**	**10,1**	**-98,0%**	**(144,0)**	**37,8**	**(181,8)**	**-481,1%**
Profit from discontinued operations								
Income tax	(2,7)	(1,0)	(1,7)	162,9%	(16,6)	(22,7)	6,0	-26,6%
Consolidated profit for the three-month period	**(2,9)**	**(11,3)**	**8,4**	**-74,2%**	**(160,6)**	**15,1**	**(175,7)**	**-1162,9%**
Minority interest	(6,5)	(2,7)	(3,8)	143,7%	(6,1)	(9,1)	3,0	-32,7%
NET PROFIT	**(9,4)**	**(14,0)**	**4,6**	**-32,7%**	**(166,7)**	**6,1**	**(172,8)**	**-2851,7%**
EBITDA ex IFRS16	**74,9**	**63,0**	**11,8**	**18,8%**	**93,0**	**256,3**	**(163,3)**	**-63,7%**
EBITDA IFRS16	**91,4**	**81,1**	**10,3**	**12,7%**	**143,7**	**307,4**	**(163,7)**	**-53,3%**

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Critical accounting policies

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.

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 analysing 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.

IFRS 9 Financial Instruments

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. We started applying IFRS 9 on January 1, 2018.

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard, where lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases/Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after January 1, 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16. We started applying IFRS 16 initially on January 1, 2019.

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, revenue from the sale of project tools and originary revenue from the provision of services.

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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 incomes from miscellaneous services, operating grants, 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 and the cost of sales of the project tools. 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, capitalized development expenses and IFRS16 leases assets. 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. IFRS 16 leases assets are amortized on a straight-line basis from the inception date until the end of the lease term.

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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.

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