Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended September 30th , 2014

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A. Director's report

1. Introduction

ACE (the "Company") is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg (full name Automotive Components Europe S.A., abbreviated form ACE S.A.) ACE is registered with the Luxembourg Registry of Commerce and Companies under number B 118130, and its registered office is at 38, boulevard Napoléon 1er, L-2017 Luxembourg, Grand Duchy of Luxembourg.

ACE as a holding company has one holding company in Spain, ACE Boroa S.L.U., which holds three operating companies (the Group): the iron casting division of Fuchosa in Spain and Feramo in the Czech Republic, and the aluminium casting division of EBCC in Poland. ACE Boroa S.L.U. is also the main shareholder of ACE 4C A.I.E., the R&D company of the Group serving all the operating companies, with 96% of its shares (the remaining 4% are held by Fuchosa).

ACE is a specialised supplier to the European automotive industry, with a leading position in brake system components, focusing on the manufacture of iron anchors (a safety component of disc brake systems, responsible for fixing the brake module to the chassis) and aluminium and iron callipers (a component of the disc brake system that houses the brake pads and pistons; in the braking process it is responsible for supporting the hydraulic pressure).

During the IPO, which took place in May 2007, the Company increased its shareholding capital from 20 050 100 to 22 115 260 shares. The first listing of ACE on Warsaw Stock Exchange took place on June 1st, 2007.

The Extraordinary General Meeting of Shareholders held on 17 June 2009 resolved to reduce the issued share capital of the Company by EUR 132 711.75 to bring it from EUR 3 317 289.00 to EUR 3 184 577.25 by cancellation of 884 745 shares at a par value of EUR 0.15 each, owned by the Company, following the completion of the buy-back programme as approved at the annual shareholders meeting of the Company held on 17 June 2008. Pursuant to the resolution the total number of outstanding shares decreased to 21 230 515 shares.

ACE's business is managed by a Board of Directors and a Chief Executive Officer to whom the Board has delegated the day-to-day management of the Company other than in relation to certain matters specifically reserved to the competence of the Board. The Chief Executive Officer, in the performance of the day-to-day management of ACE is supported by a Management Committee constituted of senior officers of ACE, appointed by the Board.

Composition of the Management bodies of ACE as of September 30th, 2014

Management Committee:

Jose Manuel Corrales	*Chief Executive Officer*
Raul Serrano	*Senior Officer, Chief Financial Officer*
Carlos Caba	*Senior Officer, Business Development Manager*

Board of Directors:

Jose Manuel Corrales	*Class CB Director, President*
Raul Serrano	*Class CB Director*
Witold Franczak	*Independent Director*
Krzysztof Gerula	*Independent Director*
Rafał Lorek	*Independent Director*
Piotr Nadolski	*Independent Director*
Janusz Płocica	*Independent Director*

The condensed consolidated quarterly report for the third quarter of 2014 was prepared according to International Accounting Standards.

2. Financial Highlights

in '000 Euro

Selected consolidated financial items	*For the 3rd quarter of 2014 From Jul 1st to September 30th, 2014*	*From Jan 1st to Sept 30th, 2014 Cumulative*	*For the 3rd quarter of 2013 From July 1st to September 30th, 2013*	*From Jan 1st to Sept 30th, 2013 Cumulative*
Revenues from sales	23 431	75 534	24 075	76 882
Operating Profit	1 060	4 119	872	3 236
Profit before tax	472	3 128	789	2 550
Net profit	43	1 570	581	1 455
Net profit attributable to equity holders of the parent company	43	1 570	581	1 455
Cash flow from operating activities	-1 581	5 045	2 713	8 288
Cash flow from investment activities	-2 075	-4 052	- 947	-3 625
Cash flow from financial activities	1 728	-2 166	-2 853	-5 229
Net cash flow	-3 401	-2 838	-1 279	- 952
Current assets	31 333	31 333	35 420	35 420
Fixed assets	46 143	46 143	47 905	47 905
Total Assets	77 475	77 475	83 325	83 325
Liabilities	44 487	44 487	44 844	44 844
Long-term Liabilities	20 150	20 150	20 579	20 579
Short term Liabilities	24 337	24 337	24 266	24 266
Shareholders' Equity	32 988	32 988	38 481	38 481
Shareholders' equity attributable to shareholders of the parent company	32 988	32 988	38 481	38 481
Share capital	3 185	3 185	3 185	3 185
No of shares outstanding	21 230 515	21 230 515	21 230 515	21 230 515
Net profit (loss) per share	0.00	0.07	0.03	0.07
Book value per share	1.55	1.55	1.81	1.81

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

	For the 3rd quarter of 2014 From Jul 1st to September 30th, 2014	*From Jan 1st to Sept 30th, 2014 Cumulative*	*For the 3rd quarter of 2013 From July 1st to September 30th, 2013*	*From Jan 1st to Sept 30th, 2013 Cumulative*
Revenues from sales	23 431	75 534	24 075	76 882
Cost of goods sold	-18 895	-59 409	-19 712	-61 983
Gross profit	4 537	16 125	4 363	14 899
GP margin	*19.4%*	*21.3%*	*18.1%*	*19.4%*
G&A expenses	-3 476	-12 006	-3 491	-11 663
Operating profit	1 060	4 119	872	3 236
OP margin	*4.5%*	*5.5%*	*3.6%*	*4.2%*
Depreciation & amortisation	-1 270	-3 926	-1 300	-3 713
EBITDA	2 330	8 045	2 172	6 949
EBITDA margin	*9.9%*	*10.7%*	*9.0%*	*9.0%*
Financial Result	- 588	- 991	- 83	- 686
Profit before tax	472	3 128	789	2 550
Tax	- 429	-1 558	- 208	-1 095
Net profit	43	1 570	581	1 455
NP margin	*0.2%*	*2.1%*	*2.4%*	*1.9%*

Sources of sales revenues

The main source of ACE Group's sales revenues is sales of nodular iron anchors as well as aluminium callipers and tandem master cylinders (TMC) for the automotive market, and a small share of grey iron parts for different purposes, including automotive . The remaining, minority part of the Group's sales, comprises mostly revenues from post-production scrap and tooling.

Sales revenues in '000 Euro	*Three quarters of 2014*	*%*	*Three quarters of 2013*	*%*
Sales of products	73 543	97.4%	74 672	97.1%
Sales of goods and materials	1 991	2.6%	2 210	2.9%
Total sales revenue	**75 534**	**100%**	**76 882**	**100%**

Sales revenue in '000 Euro	*Three quarters of 2014*	*%*	*Three quarters of 2013*	*%*
Nodular iron products	44 713	60.8%	43 010	57.6%
Grey iron products	2 661	3.6%	7 798	10.4%
Aluminum products	20 399	27.7%	17 458	23.4%
New family of products	5 769	7.8%	6 406	8.6%
Total sales	**73 543**	**100%**	**74 672**	**100%**

Sales volumes in thousand pieces	*Three quarters of 2014*	*Three quarters of 2013*
Nodular iron products	19 379	19 301
Grey iron products	426	1 065
Aluminum products	4 139	3 700
New family of products	1 971	1 883
Total pieces sold	**25 914**	**25 949**

The geographical profile of sales directly reflects the location of major customer' factories producing complete braking systems.

Revenues by country	*Three quarters of 2014*	*Three quarters of 2013*
Germany	23.0%	21.0%
Czech Republic	21.1%	20.4%
Slovakia	17.6%	14.3%
France	9.3%	11.5%
Spain	8.7%	8.4%
Poland	4.9%	4.7%
Other	15.5%	19.6%
Total	**100.0%**	**100.0%**

Automotive Market Performance

Thousand Units	*Three quarters of 2014*	*Three quarters of 2013*	*Difference*	*%*
Cars sold	9 230	8 779	451	5.1%
Cars manufactured	8 835	8 611	224	2.6%
Difference sales - production	395	169	226	
ACE Automotive	25 488	24 884	605	2.4%

Thousand Units	*Third quarter of 2014*	*Third quarter of 2013*	*Difference*	*%*
Cars sold	2 841	2 721	120	4.4%
Cars manufactured	2 704	2 674	30	1.1%
Difference sales - production	137	47	90	
ACE Automotive	7 864	7 616	248	3.3%

Source: Western Europe by LMC Automotive Forecasting, ACE

In the third quarter of 2014 sales of cars in Western Europe increased by about 120 thousand units, or 4,4%, from the third quarter of 2013, according to LMC Automotive. This positive trend becomes however softer comparing the year-to-date market data for the same region that was up by 451thousand units or 5,4%. In the Pan-European region, sales of cars year-to-date declined by -9.9%.

Quarterly car production in Western Europe year on year was also higher than in the third quarter of 2013, by around 30 thousand units or 1.1%. Once again, the year to date difference is more positive by 2.6% (224 thousand units) and increased in Europe as a whole up to 3.3%.

ACE sales in the market context

	Thousand Units				*Thousand Euro*			
	Three quarters of 2014	***Three quarters of 2013***	***Difference***	***%***	***Three quarters of 2014***	***Three quarters of 2013***	***Difference***	***%***
Nodular iron products	19 379	19 301	78	0.4%	44 713	43 010	1 703	4.0%
Aluminium products	6 110	5 583	527	9.4%	26 169	23 865	2 304	9.7%
ACE Automotive	**25 488**	**24 884**	**605**	**2.4%**	**70 882**	**66 875**	**4 007**	**6.0%**
Non-automotive	426	1 065	(639)	-60.0%	2 661	7 797	(5 136)	-65.9%
Total ACE	**25 914**	**25 949**	**(34)**	**-0.1%**	**73 543**	**74 672**	**(1 129)**	**-1.5%**

	Thousand Units				*Thousand Euro*			
	Third quarter of 2014	***Third quarter of 2013***	***Difference***	***%***	***Third quarter of 2014***	***Third quarter of 2013***	***Difference***	***%***
Nodular iron products	6 003	5 908	95	1.6%	13 934	13 253	680	5.1%
Aluminium products	1 861	1 708	153	9.0%	8 087	7 233	855	11.8%
ACE Automotive	**7 864**	**7 616**	**248**	**3.3%**	**22 021**	**20 486**	**1.535**	**7.5%**
Non-automotive	92	396	(304)	76.8%	556	2 779	(2 223)	-80.0%
Total ACE	**7 956**	**8 012**	**(56)**	**-0.7%**	**22 577**	**23 265**	**(688)**	**-3.0%**

In volume terms the difference year-on-year was +3.3% in the number of units for the automotive segment, above the car production increase, which is a more straightforward driver than sales in our business. This outperformance is not so clear year to date, when Group sales grew by 2.4%. Although nodular iron sales are still some higher than the previous year, the allocation per business segment is different. After a significant increase in the activity of the Spanish company in 2013, year to date sales were lower than in the previous year, but this was balanced by the new capacity in the Czech company after the implementation of the CEE Project. Meanwhile, sales in aluminium activity were up by 9.4% in the number of units, which is much higher than the market trend (including the new family of products). In the non-automotive segment, grey iron sales decreased in the third quarter by 77%, as currently nodular iron is a priority for the Czech company.

Direct production costs and gross profit

Following turnover trend, rest of associated costs were also reduced but in a higher extent, resulting on an improved Gross profit by EUR 173 thousand, also with a better margin on sales by 19.4% versus 18.1% in the corresponding quarter of 2013. With the iron segment increasing margins despite the lower sales, it was aluminium the only business reducing its profitability as a consequence of a reduction of efficiency, ballasted by higher sales.

General & administrative expenses

G&A expenses were in line year on year (even savings of EUR 15 thousand) although it is very remarkable the increasing transportation costs in last quarter derived of the backlogs in the aluminium segment. No other one off effects which are deemed to be commented otherwise.

EBITDA and operating profit

As a result of the above, Operating profit is also higher year on year by EUR 188 thousand, and a slightly higher depreciation generating an EBITDA by EUR 2 330 thousand (almost 10% on sales and EUR 150 thousand above 2013).

Financial items

Negative financial result in the quarter amounts to EUR 588 thousand, gathering the cost of debt restructuring arranged as of the end of July, by around half million euro. This is also the reason why it is worsening by EUR 505 thousand the result of the same period in 2013.

Profit before tax, Taxes and Net profit

This financial cost is behind the reduction of Profit before taxes, which is positive by EUR 472 thousand, but EUR 317 thousand lower year on year. Besides, the increasing tax by double driven by low rate base of the Spanish company last year after tax payment, placed the Net profit down to EUR 43 thousand, or EUR 538 thousand below year on year.

Financial Position

The operating generation of cash from January through September of 2014 was positive, by EUR 3 381 thousand, mostly affected by the positive operating results but reduced by the negative working capital level which mostly increased the inventories after the summer period to meet the customer demand afterwards.

Otherwise, investing activities amounted to nearly EUR 4 000 thousand in the period, while financing activity was mainly driven by the prepayment of loans and interest expenses resulting of debt restructuring, increased by the buy-back programme in progress and after the first dividend payment following the agreed dividend schedule calendar.

Reflecting all the above, the final cash position of the Company as of the end of September 2014 was positive by EUR 4 884 thousand with net debt of EUR 16 913 thousand.

4. Business overview

European Automotive Industry

The performance of ACE depends on trends in the automotive industry as well as the behaviour of major brake system producers. Due to the current market positions of all brake system production plants, ACE Group is limiting its operations to Europe, where it has a strong position and competitive advantage. However, the Company does not exclude expansion to new geographical markets should favourable acquisition opportunities arise. The conditions of the European automotive market are a major factor influencing performance of the Company's shares because of close-knit relationships in the supply chain structure.

The latest LMC Automotive forecast for 2014, issued in October 2014, predicts an increase of new car sales in Western Europe by about 4.6%, corresponding with a production growth of around 6.7% (source: PwC Autofacts October 2014 including commercial light vehicles), or 4.8% for Pan-Europe due to the potential impact in Easter Europe caused by the political instability in this region. PwC forecast is slightly upgraded in the European Union compared with the one issued one quarter ago, where expected increase was 5.4%, and Pan-Europe grew from previous 4.4% despite of stagnation expected in Eastern Europe now.

Within Europe the producers are shifting their production worldwide facilities to the CEE region. Central and Eastern Europe has become a new hub for manufacturing motor vehicles, especially passenger cars, and is sometimes called "East Detroit". This production zone spreads over southern Poland, north-eastern Czech Republic and Slovakia down to the northern part of Hungary, where a network of manufacturing facilities with significant capacity has recently been set up with more facilities under construction.

European Brake Industry Structure

With respect to brake components such as anchors and callipers, most of the business is outsourced from Tier 1 brake system assemblers to Tier 2 suppliers specialised in foundry parts and castings. ACE is an integrated Tier 2 supplier of front- and rear-axle iron anchors and aluminium callipers for passenger car brake systems.

Tier 2 suppliers deliver their products to Tier 1 producers, which in turn are responsible for assembling brake systems and delivering them to car manufacturers (OEMs). Production of Tier 1 and Tier 2 manufacturers is highly dependent on the performance of OEMs, particularly in the passenger car segment. The relations are structured through open contracts covering capacity, price and product range. Contracts are normally signed or agreed on a long-term basis, however, key terms such as capacity and prices are negotiated every year. The product optimisation and development processes cause a significant client lock-in effect. Suppliers are usually locked in for the entire production life of a given car platform. Tier 1 brake component manufacturers require from Tier 2 casting suppliers capabilities of cooperation in product development of casting items (design, material, etc.), a certified, reliable manufacturing process, a high level of quality, and a competitive price. Machining of aluminium brake components, such as callipers, has mostly been outsourced to CEE suppliers, such as ACE's plant in Poland or LeBelier in Hungary, though following the crisis period and consequent creation of overcapacity, Tier 1 manufacturers are retaining an important part of the machining business for themselves.

All new cars produced in Europe are equipped with disc brakes, as far as the front axle is concerned. Main assumptions in terms of using of disc brakes in cars were: as for rear axle, disc brakes are applied in around three quarters of newly produced cars and the remaining quarter of cars still use drum brakes in rear axle.

In all disc brake systems the anchors are made of nodular iron castings. Currently, nodular iron is by far the best material for anchors. As far as callipers are concerned, these parts are usually made of nodular iron in front axles. However, since the late nineties aluminium castings are becoming increasingly popular, especially in rear disc brakes. Automakers are using more aluminium to improve fuel economy, reduce emissions and enhance performance, as aluminium helps to reduce the weight of the vehicle. Due to the fact that aluminium callipers are less durable than those made of nodular iron they are applied in rear axle disc brakes, as these brakes contribute to 20–30% of braking power. In front disc using of brake systems aluminium callipers is exceptional, as they need to be significantly bigger than nodular iron callipers, and are currently used only in high-end cars. However, this segment represents high growth potential and in fact the company became awarded with some of the few applications in the market, which are in the production pipeline since the last quarter of 2009.

Main Products

The core business of the ACE Group focuses on production of high-quality brake components for disc brake system (Tier 1) manufacturers. The aluminium casting division adds gravity aluminium casting and machining to the ACE Group's product range. With the CEE investment project ACE is also introducing other important products and customers for automotive sector.

Anchors are safety parts expected to meet high technological requirements such as very high standards for strength resistance, elongation, machining, torsion, resilience, thermal stability and vibration reduction. Anchors are responsible for fixing the brake module to the chassis. ACE's anchors are made of nodular iron. Iron anchors are currently applied in most of newly produced cars.

Callipers are also essential components of disc brake systems, which house the brake pads and pistons. In the process of braking they are responsible for supporting the hydraulic pressure in the brake moment. Aluminium callipers currently produced by ACE are mostly used in rear brakes. ACE's focus on rear callipers is in line with the current technological trends, according to which the predominant application of aluminium callipers is the rear-axle brake. A new production line for front aluminium callipers has been in operation since January 2010. A new manufacturing system to produce front callipers in aluminium is an innovative solution recently introduced by ACE, and this system has already been patented. ACE is the reference supplier of this component in Europe.

ACE continuously cooperates with its customers on redesign and development of products used in new car models introduced onto the market. There are currently several projects in which both divisions are involved, focused on refurbishment and improvement of the braking system components produced. This is the key to our future business development, since ACE cooperates with its customers for a period of one to three years before start of production.

Feramo, a company acquired in 2008 in the Czech Republic, offered a wide range of grey iron castings for the engineering, hydraulic, electrical and automotive sectors, as well as for small urban architecture projects. Sales to the automotive sector constituted more than 10% of Feramo's sales. However, with the CEE Investment Project, Feramo is adding new volumes for the automotive sector and in the nodular iron segment with Tier 1 customers, which means higher specialisation in this market and gaining share in this market, up to 84% in third quarter of 2014.

The present and future development strategy of the Company includes development and introduction of some new products to diversify sales revenues. The evolution of "new family products" continues its strong growth and in 2013 grew by 8.1% from 2012 and more than sevenfold from 2009, the first year of introduction, which very well illustrates and supports that strategy.

Main customers

The ACE Group supplies its products to the following Continental plants: Gifhorn and Rheinböllen (Germany), Palmela (Portugal), Ebbw Vale (Wales) and Zvolen (Slovakia). As far as TRW Automotive is concerned, ACE delivers its products to the plants in Jablonec (Czech Republic), Bouzonville (France), Koblenz (Germany), and Pontypool (Wales). Supplies to CBI (former Bosch) are made at its plants in Buelna (Spain), Bari (Italy), Angers (France) and Wrocław (Poland). Since 2011, the Group has also delivered parts to American and Chinese plants of some of its customers to make up for discontinuation of supplies driven by under-capacity in those regions as well as local suppliers' quality failures.

Since the acquisition of Feramo, some other customers have joined the ACE portfolio. Last years Feramo had approximately 75 customers from the Czech Republic and abroad. The 10 largest customers generated about 70% of total sales revenue, and the customer structure was relatively stable on a year-to-year basis. The main sectors Feramo supplied were engine parts, construction, automotive and urban furniture. With the launch of the growth project at Feramo, several new customers have been actively approached, and the company has already reached commercial agreements with some of them to produce new parts since 2014.

The Group does not usually experience any important fluctuation of sales linked with changes in seasonal demand. Nevertheless, during Easter, summer and Christmas periods the activity decreases due to holidays and maintenance shutdown of facilities.

Suppliers

Because ACE's production plants use different production materials and technologies, each business is responsible for their own supplies.

In general, contracts made by the iron segment are for one month and mainly concern purchase and supply of scrap. As a general rule, upon expiration, the terms of the raw material contracts are re-negotiated and adjusted to market prices. Sand supply contracts have a longer duration, normally of one year, whereas electricity is supplied on a daily basis at the spot price.

The aluminium casting division does not sign long-term written agreements with its major production material suppliers, other than for aluminium raw material itself. Purchases of materials are made on an order-by-order basis on the terms and conditions (including prices) agreed therein.

Research & Development

The Group has a well-executed and highly organised product development system, fully suited to the requirements of its customers in the automotive industry. Compared to other brake casting manufacturers, ACE has leading-edge capabilities in product development. Human resources and equipment are designed to maintain the lead in development of specific products (mainly anchors and callipers). The product development capabilities and philosophy are focused on close cooperation with customers. This allows ACE to be a customer- and product-oriented company providing its customers with customised engineering. This advantageous position definitely generates benefits for introduction of new products, which is especially beneficial for the CEE investment project in terms of knowledge transfer and development.

As a result of this vocation to move forward in R&D capabilities and expansion within the Group, in December 2010 some R&D resources of the operating companies were moved to a new company, ACE4C A.I.E., which is the hub for development of the Group's research capabilities and a technological platform for growth. There are three main areas where ACE4C will be focused:

- Product development for current and potential new products
- Process improvement, including active research on other interesting processes and technologies
- Creation of an important technological network

ACE4C is involved in some important and innovative projects focused on improvements in process, design and products. Some of these projects are developed in collaboration with customers, technical universities and technological centres.

Despite the economic crisis ACE is continuing to devote significant resources to R&D activities because of their importance for the present and future of the Group.

The R&D expenditures after three quarters of 2014 are as follows:

In '000 Euro

	Three quarters of 2014	*Three quarters of 2013*
Investments in R&D	791	592
Costs regarding R&D	385	503
Total R&D expenditures	**1 176**	**1 095**

Strategy

Strengthening the leading position on the European brake supply market
Since specialising in the casting of brake components, the operating plants have been constantly focused on increasing their respective market shares, maintaining the high quality of components manufactured, and providing reliable logistics and service for customers. In the upcoming years, the Spanish plant will focus on maintaining and reinforcing its strong market position in iron castings, while the plant in Poland, currently the number two aluminium calliper provider, will strive to gain additional market share in the aluminium castings market by capturing additional volumes for production of callipers, due to its high degree of innovation and competitiveness. Development of new capacities at Feramo will position the Czech plant among important suppliers of automotive castings in future.

Broadening the technological and product range
The Group has already expanded the current product portfolio, especially through introduction of new aluminium products in Poland and the acquisition of Feramo. In 2008 ACE successfully started production of TMC, which further generated a considerable portion of revenues afterwards. There were several new capacity projects in the pipeline launched in 2009, including aluminium front calliper and iron machining. As regards, ACE has also developed the nodular iron technology in the Czech plant, promoted by the Group to manufacture new parts for the automotive segment, . After the full implementation of the CEE investment project, ACE will also change its profile in the nodular iron segment (location, products and customers, among other aspects).

Increasing presence in Europe and exploring new opportunities overseas
The location of the Polish plant is very favourable because of the lower labour costs and the proximity to customers based in Central & Eastern Europe. Feramo is also located in the heart of the automotive industry, a very short distance from current and potential new customers. This advantage will be exploited in future after expansion of Feramo's production capacity.

The increased CEE exposure enables optimisation of the ACE Group's cost position and further business growth through expansion of the current product line and meeting customers' expectations for more flexible deliveries. With hi-tech know-how and experience in deliveries to the automotive industry, top product quality and customer service are guaranteed. Although the Group is focused on expansion in Europe, ACE is actively exploring opportunities in other important automotive areas for fast development, such as Asia and America.

Combined engineering and other synergies
Combining and exploiting the strengths of each business as well as developing the synergies between them is one of the main factors for present and future success, not only in the business areas of engineering and manufacturing but also in the areas of

support, like finance, HR and IT, which step by step are being standardised. Indeed, this is one of the main pillars of our strategy when developing the nodular iron technology for the automotive business in the CEE region.

5. Outlook for the following months

Automotive market in 2014

In just six years since 2007, the Western European market lost more than 3 million cars, from 14.8 million to 11.5 million. This means a contraction of the market by 22% in only six years, a percentage that is softened when Eastern Europe is included but also with an increased number of cars lost in the period. After six consecutive years of a shrinking market, remarkable growth is currently developing and can be reasonably expected for the year 2014 as a whole.

In this sense, the latest LMC Automotive forecast for sales in the Western Europe automotive market, issued in October, expects an increase of 4.6% from 2013, which was slightly downgraded from the report issued in August (+4.8%). Taking into consideration that so far sales were already up by 5.1%, following this forecast sales growth year on year should be softer in the last quarter of 2014.

As regards production, the forecast is some more optimistic. PwC Autofacts, in its last updated quarterly forecast (including light commercial vehicles) issued in October 2014, shows an increase of 6.7% in full year 2014 for the European Union (somewhat lower when including Eastern Europe: +4.8%).

This forecast was also upgraded from the previous one, issued in July, which showed an increase of 5.4% for the European Union. As production was already up by 2.6% so far, under these forecasts production growth for the second half of the year should increase further from 2H 2013 in the European Union. However, this trend is somehow against last month's development and it could make probably more sense when referred to Europe as a whole, where production grew by 3.3% so far.

In line with these updated forecasts for 2014, sales and production for 2015 look also quite positive. Despite the still uncertain economic scenario and weak customer spending in some countries, LMC forecasts a growth in sales of 3.3% for year 2015.

Regarding production, PwC Autofacts anticipates a -very in line with sales- forecast, with an identical increase of 3.3% of production, even higher when including Easter Europe, up to 4.2%.

Group Sales

For the upcoming months of 2014, and depending on CEE project' progress, Group automotive sales will be more in line with sales market than in the precedent months. In our Spanish plant, the growth is more limited after the boost of the new facilities, with further decline of sales due to a temporary shift of a couple of projects. In aluminium business, due to its continuous and uneven growth throughout the year, some inefficiency could be still reasonably expected in following quarters. To overcome these limitations, some capital expenditure is already planned in 2014 and 2015 mostly to renew current facilities and make them more flexible and versatile.

As far as 2015 is concerned, at the time of preparation of this report, and based on current sales, our customer's demand and expectations, we can anticipate an important market outperformance mostly subject to the development of our Czech plant, thus with some unbalanced distribution of sales along the main business segments, and with a general improvement of our margins in the automotive business.

Indeed, regarding iron segment, it is expected that an important part of the growth of sales in volume is coming from our Czech plant with the consolidation of nodular iron in the production process but still depending on the performance of new facilities, and even more on new product development (start on production). In our Spanish plant, sales volume, after some projects temporary shifted are back, it is expected to reach the same level as in 2013 and still with room for some productivity improvement after the new capacity investment developed last summer, keen to compensate the huge market pressure on margins.

As far as aluminum segment is concerned, it is expected that this business will continue outperforming the market in 2015 with a stable and even growing machining business including the highly strategic volume of a new project shared with the iron division and the expected growth in the new family of products. However, given the current capacity constrains to meet the customer demand, there could be still some inefficiencies, especially visible during first months of 2015.

Economy drivers

As regards raw material activity, in 2015 the Group expects some stability compared to the previous year. Energy price is also expected to be more stable comparing precedent years and it is already adapted to market conditions in the current surcharge agreements in place. Nevertheless, given the downward trend of energy prices during 2014, there should be a reduction of indexes in the yearly based agreements decreasing the positive difference of 2014.

In this 2015 scenario of slow recovery and underused capacity, there is still an important competition factor which customers are taking advantage of to push down selling prices. The Group's important competitive advantage, mostly provided by the high degree of specialization and thorough knowledge of the product, should help the Group to a significant extent to face this situation in better standing, but the Group is aware that it is operating in a still contracted market, and only companies that manage to deal better with the new environment will be stronger after the slowdown.

Investment activity-CEE Investment Project

In the context of expected constant growth in the automotive market for the following years, CEE expansion as the Group's platform to grow in the nodular iron segment for the automotive market is also an important asset for the Group which will bring additional value in the near future. Although the main part of the investment is almost finalized, CEE project should be more visible in the remaining part of 2014 and also challenging productivity goals are targeted to be achieved throughout 2015 in the search of the necessary cost-efficiency to break even this business. In addition to this, an investment for the production of a new product will start in the polish plant, as a consequence of the constant searching of new projects in the current market environment. Thus annual expected capex amounts to near EUR 6 million in 2014.

Concerning CEE Investment Project, after some delay in the start-up process, mainly caused by the functionality of the electrical furnaces and learning curve, the company is now focused in the following activities:

- Industrialization and rump-up of new projects and products
- Stabilization of equipment and processes
- Improvement of technical parameters and cost efficiency orienting the efforts to our strategic activity
- Recruitment and training of some key positions and stabilization of new staff

Besides, we have already been successfully homologated for some project for a specific customer, starting the serial production with the new equipment. Additionally, we had initiated the trials and tests for some other new projects and customers in order to start serial production during the current and following quarters.

In the commercial pipeline, our R&D department is currently developing projects for a certain small amount of mass production projects, feeding only in 2016 the expected volume for the full new capacity installed in the plant and with an enormous market potential to develop a further group growth.

An additional purpose of this investment programme is to expand the portfolio of manufactured products and further diversify future revenues. This programme is being financed entirely from internal resources. The management of the Group is fully involved in development of the growth project, and acknowledge the important difficulties arisen along the project, far above any reasonable expectation. Group is providing extraordinary managerial, human, technical and financial resources to supply the important lack of the Czech company means, caused among other to high rotation of staff given the important demand of manpower in the Czech labour market. We are convinced that it is an important asset for the Group in the near future and we already see improvements, but unfortunately these are much more slow than desired and at this stage it is still early to commit a much higher speed in the near future.

M&A

Additional growth of production and sales should come from M&A activities. The management of ACE carefully review any acquisition targets that appear, to assess their potential impact not only on the Group's sales but also on the financial position of the future entity. For a transaction to be approved, it should generate added value for the Group and the shareholders and should not worsen the financial situation of the existing plants in any way.

As regards Group strategy as stated in our ESPI report published on December 2011, the goals stated therein remain unchanged and it will be our main framework to develop our activities within the near future.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of September 30th, 2014

As of September 30th, 2014 the Company's share capital comprised 21 230 515 shares. The corresponding number of voting rights was 21 230 515.

To the best of the Company's knowledge as of the end of the third quarter of 2014, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of September 30, 2014 (% of share capital)	*As of December 31, 2013 (% of share capital)*
Casting Brake (Spain)	2 430 607 (11.45%)	2 430 607 (11.45%)
PZU Złota Jesień OFE	3 378 199 (15.91%)	3 500 762 (16.49%)
Aviva OFE	3 121 000 (14.70%)	3 105 776 (14.63%)
ING Nationale Nederlanden Polska OFE	3 000 000 (14.13%)	3 185 090 (15.00%)
Pioneer Pekao Investments	1 659 249 (7.82%)	1 061 525 (5.00%)
Noble Funds TFI	1 363 157 (6.42%)	1 076 463 (5.07%)

Automotive Components Europe S.A. in the result of the purchase transactions on the main market of the Warsaw Stock Exchange executed on 28 October 2014, increased the number of own shares held above 5% of the share capital and voting rights on the General Shareholders Meeting of the Company.

Following the transactions referred to above, the Company holds 1 063 568 own shares that constitute 5.0096% of the share capital and represent up to 1 063 568 votes in the General Assembly of the Company, which corresponds to 5.0096% of the aggregate number of votes on the General Assembly of the Company.

Changes in ownership of shares and rights to shares by Board of Directors' members

Except for the commitments raised by the ESOP program described below, the Board of Directors and Management Committee members do not have directly any shares of ACE or its subsidiaries or any rights to them, although indirectly some of them hold a stake in the Company.

Information on any one or more transactions concluded by the issuer or its subsidiary with related parties

The Company did not conclude any transactions with its subsidiaries or related parties in the third quarter of 2014.

Information on paid or planned dividend and buy-back

The General Meeting of Shareholders held on 17 June 2014 approved the distribution of a dividend EUR 0.24 per share to be paid from the share premium and other reserve accounts in compliance with the following schedule:

- EUR 0.10 per share on 18 July 2014
- EUR 0.07 per share on 31 October 2014

- EUR 0.07 per share on 27 February 2015

The dividend is paid to shareholders holding shares of the Company on 4 July 2014 (the record date). The dividend is paid in euro and distributed through the National Depository for Securities, in accordance with regulations applicable to dividend payments by companies listed on the Warsaw Stock Exchange.

On July 18, 2014 the first tranche of the dividend was paid.

At the same session, the General Meeting of Shareholders agreed to increase the maximum amount of the authorisation granted on 18 June 2013 by the General Meeting to the Board of Directors of the Company and the corporate bodies of any subsidiaries of the Company, for a maximum period of three years, to purchase shares of the Company at any time and as many times as they deem appropriate by any means permitted by law, from EUR 5 000 000 to EUR 5 500 000.

Changes of the Company's managing or supervisory persons in the third quarter of 2014

There were no changes in the Company's managing or supervisory persons in the third quarter of 2014.

Information on the supervision of employee stock option plans

On 14 May 2013 the Board of Directors approved a new management incentive scheme (ESOP) and a new annual bonus structure replacing entirely the existing bonus structure and ESOP approved by the Board of Directors on December 23, 2010. The objective of the scheme will be to incentivize the management team or executive directors of ACE or its affiliates ("Participants") to contribute to the success of ACE Group, to align the interests of the management, ACE Group and ACE shareholders. The Participants shall be entitled to acquire from ACE, upon the terms of the scheme, shares representing in aggregate up to nine per cent (9%) of the outstanding share capital of ACE (the "Management Shares"). The purchase by the Participants and transfer by ACE of the shares will take place in December, 2013, December 2014 and December 2015, resulting three per cent (3%) each date. The Management Shares will be distributed by the Board on an individual basis at its discretion, among the Participants. The purchase price in EURO will be the lower of (i) average purchase price paid by the company for the shares to be sold or (ii) the daily average stock market price of the day when the shares to be sold were acquired.

On 2 January 2014 the Company sold 636 916 of its own shares, on the basis of contracts for sale of shares concluded on 23 December 2013 with ten participants of the ESOP Program. The purpose of the sale transaction of the Company's shares was the implementation of the first step of the ESOP Program. The average off the market transaction share price was EUR 1.98 per share. The total volume of sold shares was 636 916 representing 3.00% of the share capital and votes in the Company.

The new annual bonus for the Participants will be based on achievement of certain EBITDA targets in following years in line with former system, following which the Participants will be entitled to a yearly amount in EUR equivalent to 1% of shares acquired by ACE and that will be wholly dedicated to cover payments for acquired shares.

Investor Relations Contact Person:

Piotr K. Fugiel
Investor Relations Officer
e-mail: investor.relations@acegroup.lu

Information on the revenues and net results of individual business segments and geographical segments

Geographical segments in '000 Euro

	Three quarters of 2014	*Three quarters of 2013*
Western Europe	38 616	41 004
Eastern Europe	34 687	32 426
Other	2 231	3 452
Total	**75 534**	**76 882**

Business segments in '000 Euro

	Iron castings	*Aluminium castings*	*Other*	*Consolidated*
Total revenues	47 374	26 169	1 991	75 534
Operating Profit for the segment	**4 369**	**1 736**	**-1 986**	**4 119**
Net Profit for the segment	**2 976**	**1 213**	**-2 619**	**1 570**

7. Stock Market Information

Basic Information

Fiscal Year:	1 January through 31 December
ISIN Code:	LU0299378421
Par Value:	EUR 0.15 per share
Market of Quotations:	Warsaw Stock Exchange

Share Price Evolution

% of change as of the end of September 2014

	Compared to the end of 2013
ACE S.A.	-28.7%
WIG Index	+7.0%
SWIG80 Index	-11.9%

Stock Market Data

	Third quarter of 2014	*2013*	*2012*
Market capitalisation as of the end of the period	PLN 248.4 m	PLN 348.2m	PLN 121.0m
(in millions of PLN and EUR)	€ 59.5 m	€ 84.0m	€ 29.6m
Share price (in PLN)			
- Highest	13.16	17.70	7.60
- Lowest	10.94	5.70	4.00
- Average	11.83	9.57	5.72
- At the end of the period	11.70	16.40	5.70
Shareholders' equity per share in EUR (in PLN)	1.55 (6.47)	1.78 (7.38)	1.92 (7.85)

Per Share Data

	Three quarters of 2014	*2013*	*2012*
Earnings per share (in EUR)	0.07	0.09	0.11
Cash Flow per share (in EUR)	-0.16	-0.22	-0.41
Dividend per share (in EUR)	0.10*	0.07	0.05

* The first tranche of the dividend amounting to EUR 0.24 per share

B. Condensed Consolidated Financial Statements for the quarter ended September 30th, 2014

The condensed consolidated quarterly report for the third quarter of 2014 was prepared according to International Accounting Standards.

Applied Exchange rates

As ACE is incorporated in Luxembourg, its statutory reporting currency is Euro. However, Polish plant uses *zloty* and Feramo uses Czech korona for both statutory and internal reporting. For the consolidation within ACE, the financial monthly statements of Polish plant are converted into euro by being its functional currency.
The following table shows certain information regarding the exchange rate between *zloty* and euro for the respective periods of analysis. This information is based on the official exchange rates quoted by the National Bank of Poland on its website www.nbp.gov.pl.
Investors should also note that the average rates are simple arithmetic averages for each given period.

PLN per 1 Euro	*Average*	*Highest*	*Lowest*	*Period end*
1 Jul – 30 Sep 2013	4.2487	4.3416	4.1790	4.2163
1 Jan – 30 Sep 2013	4.2014	4.3432	4.0671	4.2163
1 Jul – 30 Sep 2014	4.1748	4.2184	4.1272	4.1755
1 Jan – 30 Sep 2014	4.1759	4.2375	4.0998	4.1755

The following table shows certain information regarding the exchange rate between *korona* and euro for the respective periods of analysis. This information is based on the official exchange rates quoted by the Czech National Bank on its website www.cnb.cz.
Investors should also note that the average rates are simple arithmetic averages for each given period.

CZK per 1 Euro	*Average*	*Highest*	*Lowest*	*Period end*
1 Jul – 30 Sep 2013	25.8523	26.0500	25.6250	25.7350
1 Jan – 30 Sep 2013	25.7513	26.1200	25.2250	25.7350
1 Jul – 30 Sep 2014	27.6182	28.0000	27.4300	27.5000
1 Jan – 30 Sep 2014	27.5041	28.0000	27.3300	27.5000

Consolidated Balance Sheet as of September 30th,2014 in thousands of Euros

Assets	*As of Sep 30, 2014*	*As of Dec 31, 2013*	*As of Sep 30, 2013*
Non-current Assets			
Intangible assets	160	229	193
Property, plant and equipment	43 432	43 364	45 469
Investment in Associates	6	6	6
Derivative financial instruments (NCA)	43	47	15
Deferred tax assets	2 502	1 947	2 221
	46 143	**45 593**	**47 905**
Current assets			
Inventories	9 135	7 831	6 657
Trade and other receivables	17 129	15 406	16 912
Derivative financial instruments (CA)	152	185	132
Current income tax assets	33	60	5
Other current assets	0	0	0
Cash and cash equivalents	4 884	7 690	11 715
	31 333	**31 172**	**35 420**
Total assets	**77 475**	**76 765**	**83 325**

Equity & Liabilities	***As of Sep 30, 2014***	***As of Dec 31, 2013***	***As of Sep 30, 2013***
Equity			
Share capital	3 185	3 185	3 185
Share premium	0	3 959	3 958
Retained earnings	29 223	29 675	30 251
Cash flow hedges	6	30	- 96
Exchange gain or loss against equity	- 996	-1 083	- 272
Profit for the year	1 570	1 936	1 455
	32 988	**37 701**	**38 481**
Liabilities			
Non-current liabilities			
Borrowings (NCL)	17 410	13 973	17 017
Deferred income	391	470	481
Deferred tax liabilities	2 023	2 307	2 698
Provisions for other liabilities and charges (NCL)	115	235	93
Derivative financial instruments (NCL)	211	220	290
	20 150	**17 204**	**20 579**
Current liabilities			
Trade and other payables	15 254	14 893	18 817
Borrowings (CL)	4 387	5 240	3 719
Derivative financial instruments (CL)	0	0	6
Current income tax liabilities	1 323	1 254	1 184
Other current liabilities	2 855	12	42
Provisions for other liabilities and charges (CL)	518	460	498
	24 337	**21 859**	**24 266**
Total Liabilities	**44 487**	**39 064**	**44 844**
Total equity and liabilities	**77 475**	**76 765**	**83 325**

Consolidated Income Statement for the period from January 1st to September 30th, 2014
in thousands of Euros

	For the 3rd quarter of 2014 From Jul 1st to September 30th, 2014	*From Jan 1st to Sept 30th , 2014 Cumulative*	*For the 3rd quarter of 2013 From July 1st to September 30th , 2013*	*From Jan 1st to Sept 30th , 2013 Cumulative*
Revenues	23 431	75 534	24 075	76 882
Costs of goods sold	-18 895	-59 409	-19 712	-61 983
Gross profit	4 537	16 125	4 363	14 899
Selling and distribution costs	- 671	-2 062	- 556	-1 767
General and administration costs	-3 060	-10 774	-3 041	-10 342
Other income	302	1 041	215	745
Other expenses	- 48	- 211	- 109	- 300
Operating profit	1 060	4 119	872	3 236
Financial result	- 588	- 991	- 83	- 686
Profit before income tax	**472**	**3 128**	**789**	2 550
Income tax expense	- 429	-1 558	- 208	-1 095
Profit for the period	**43**	**1 570**	**581**	1 455

Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to September 30th, 2014
in thousands of Euros

Attributable to equity holders of the Parent

	Share capital	*Share premium*	*Legal Reserve*	*Retained earnings*	*Cash flow hedges*	*Exchange differences*	*Profit for the period*	*Net Equity*
Balance as of Jan 1, 2014	**3 185**	**3 959**	**320**	**29 355**	**30**	**-1 083**	**1 936**	**37 702**
Allocation of previous year profit				1 936			-1 936	
Profit / Loss for the period							1 570	**1 570**
Total recognised income and expenses for the period					**-24**	**87**	**1 570**	**1 633**
Purchase of treasury shares				-1 800				**-1 800**
Dividend related to 2013		-3 959		-917				**-4 876**
Other				330				**330**
Balance as of Sep 30, 2014	**3 185**		**320**	**28 904**	**6**	**-996**	**1 570**	**32 988**

Consolidated Cash Flow Statement for the period from January 1st to September 30th, 2014
in thousands of Euros

	From Jan 1st to Sep 30th, 2014	*From Jan 1st to Sep 30th, 2013*
Profit before income tax	3 128	2 550
Adjustments for:	5 388	3 948
- Depreciation and amortizations of non-current assets	3 926	3 713
- Net financial result	1 209	699
- Net movements in provisions	253	- 464
Changes in working capital(excluding effects of acquisition and exchange differences on consolidation)	-3 471	1 790
- Inventories	-1 304	2 070
- Trade and other receivables	-2 208	-2 332
- Trade and other payables	41	2 051
Cash from operating activities	**5 045**	**8 288**
Income tax paid	-1 664	- 387
Net cash from ordinary activities	**3 381**	**7 901**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired		-6
Purchases of property, plant and equipment (PPE)	-4 049	-3 618
Proceeds from sale of non current assets		27
Purchases of intangible assets	-4	-27
Net cash used in investing activities	**-4 053**	**-3 625**
Cash flows from financing activities		
Purchase of treasury shares	-1 800	-1 695
Repayments of bank borrowings	-13 874	-1 931
Repayment of other loans	- 170	- 114
Proceeds from bank borrowings	15 813	
Proceeds from other loans	522	523
Dividends Paid to Shareholders	-2 032	-1 486
Net of financial result paid and received	- 626	- 526
Net cash used in financing activities	**-2166**	**- 5299**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**-2 838**	**- 952**
Cash, cash equivalents and bank overdrafts at beginning of the period	7 690	12 407
Effects of exchange rate changes on the balance of cast held, in foreign currencies	32	260
Cash, cash equivalents and bank overdrafts at the end of the period	**4 884**	**11 715**

Notes to condensed financial statements

Accounting polices

The accounting principles and measurement basis of these Condensed Consolidated Financial Statements are consistent with those applied in the prospectus and changes introduced in 2012 regarding treatment of tax credits for R&D expenses. In the preparation of these financial statements, the Company has followed the IAS interim condensed financial reporting standards.

Consolidated entities

Company name	***Status***	***Ownership***	***Consolidation method***
ACE S.A.	Holding Company	-	Full
ACE Boroa S.L.	Holding Company	100%	Full
ACE 4C, A.I.E	R&D	100%	Full
Fuchosa S.L.	Operating	100%	Full
EBCC Sp. z o.o.	Operating	100%	Full
Feramo S.r.o.	Operating	100%	Full

Share capital changes

During IPO which took place in May 2007 the Company issued 2 065 160 new shares, which were offered to new investors of ACE as well as 10 103 927 existing shares which were sold by old shareholders. Changes in the share capital are illustrated in the following table.

	Before IPO		***After IPO***		***Current***	
	No of shares	*%*	*No of shares*	*%*	*No of shares*	*%*
Existing shares	20 050 100	100%	20 050 100	90.66%	21 230 515	100%
New shares	-	-	2 065 160	9.34%	-	-
Total	**20 050 100**	**100%**	**22 115 260**	**100%**	**21 230 515**	**100%**

Non-recurring items affecting assets, liabilities, equity, net income or cash flows for the third quarter

There were no significant non-recurring items affecting assets, liabilities, equity, net income or cash flows for the third quarter, other than those already described in chapter 3, Financial Performance.

The nature and amount of changes in estimates of amounts reported in previous financial reports having material effect in the current financial report.

There has been no change in estimates of amounts since publication of the Prospectus. All valuation methods applied in this report are consistent with those used for financial statements presented in the Prospectus.

Dividends Paid in the period of the third quarter of 2014

On July 18, 2014 the Company paid the first EUR 0,10 tranche of EUR 0,24 dividend approved by the General Shareholders Meeting held on June 17, 2014.

Issuances, repurchases and repayments of debt and equity securities

The company repaid EUR 11 284 thousand of debt in the third quarter of 2014.

Material events after the end of the third quarter of 2014 that have not been reflected in the financial statements

On October 31, 2014 the second tranche of the dividend (EUR 0.07 per share) was paid.

Changes in the composition of the Company during third quarter of 2014

There has not been any change in composition of the ACE group within the period.