Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended March 31st, 2015

Automotive Components Europe S.A.
38, boulevard Napoléon 1er
L-2210 Luxembourg
Grand Duchy of Luxembourg
Phone: +352 26 37 71 - 1
Fax: +352 26 37 71 - 50
www.acegroup.lu

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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 March 31st, 2015

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 first quarter of 2015 was prepared according to International Accounting Standards.

2. Financial Highlights

in '000 Euro

Selected consolidated financial items	*For the 1st quarter of 2014 From January 1st to March 31st, 2015*	*For the 1st quarter of 2013 From January 1st to March 31st, 2014*
Revenues from sales	30 090	26 625
Operating Profit	2 475	1 749
Profit before tax	2 332	1 582
Net profit	1 581	955
Net profit attributable to equity holders of the parent company	1 581	955
Cash flow from operating activities	680	- 339
Cash flow from investment activities	- 459	-1 009
Cash flow from financial activities	-1 697	- 689
Net cash flow	-1 597	-2 178
Current assets	34 667	33 437
Fixed assets	44 732	45 860
Total Assets	79 399	79 296
Liabilities	44 761	41 319
Long-term Liabilities	17 605	17 508
Short term Liabilities	27 156	23 811
Shareholders' Equity	34 637	37 977
Shareholders' equity attributable to shareholders of the parent company	34 637	37 977
Share capital	3 185	3 185
No of shares outstanding	21 230 515	21 230 515
Net profit (loss) per share	0.07	0.04
Book value per share	1.63	1.79

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

	For the 1st quarter of 2014 From January 1st to March 31st, 2015	*For the 1st quarter of 2013 From January 1st to March 31st, 2014*
Revenues from sales	30 090	26 625
Cost of goods sold	-22 971	-20 801
Gross profit	7 119	5 825
GP margin	*23.7%*	*21.9%*
G&A expenses	-4 644	-4 076
Operating profit	2 475	1 749
OP margin	*8.2%*	*6.6%*
Depreciation & amortisation	-1 234	-1 302
EBITDA	3 709	3 051
EBITDA margin	*12.3%*	*11.5%*
Financial Result	- 143	- 167
Profit before tax	2 332	1 582
Tax	- 751	- 627
Net profit	1 581	955
NP margin	*5.3%*	*3.6%*

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	*First quarter of 2015*	*%*	*First quarter of 2014*	*%*
Sales of products	29 037	96.5%	25 972	97.5%
Sales of goods and materials	1 054	3.5%	654	2.5%
Total sales revenue	**30 090**	**100%**	**26 625**	**100%**

Sales revenue in '000 Euro	*First quarter of 2015*	*%*	*First quarter of 2014*	*%*
Nodular iron products	18 734	64.5%	15 671	60.3%
Grey iron products	402	1.4%	1 461	5.6%
Aluminum products	7 586	26.1%	6 758	26.0%
New family of products	2 315	8.0%	2 082	8.0%
Total sales	**29 037**	**100%**	**25 972**	**100%**

Sales volumes in thousand pieces	*First quarter of 2015*	*First quarter of 2014*
Nodular iron products	8 058	6 804
Grey iron products	45	226
Aluminum products	1 439	1 403
New family of products	640	674
Total pieces sold	**10 182**	**9 107**

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

Revenues by country	*First quarter of 2015*	*First quarter of 2014*
Germany	26.0%	20.9%
Slovakia	20.3%	17.6%
Czech Republic	17.6%	20.3%
France	8.2%	10.7%
Spain	9.2%	8.3%
Poland	6.3%	4.5%
Other	12.3%	17.8%
Total	**100%**	**100%**

Automotive Market Performance

Thousand Units	*First quarter of 2015*	*First quarter of 2014*	*Difference*	*%*
Cars sold	3 396	3 127	269	8.6%
Cars manufactured	3 169	3 131	38	1.2%
Difference sales - production	226	-4	231	
ACE Automotive	10 137	8 881	1 255	14.1%

Source: Western Europe by LMC Automotive Forecasting, ACE

In the first quarter of 2015 sales of cars in Western Europe increased by 269 thousand units, or 8.6%, from the first quarter of 2014, according to LMC Automotive. In the Pan-European region, sales of cars year- to date increased but in a lower extent, by 2.5%.

Following that Pan Europe trend, quarterly car production in Western Europe year on year was also higher than in the first quarter of 2014, but only by 38 thousand units or 2.3%. And the variance in Europe as a whole was down to -0.3%.

ACE sales in the market context

	Thousand Units				*Thousand Euro*			
	First quarter of 2015	*First quarter of 2014*	*Difference*	*%*	*First quarter of 2015*	*First quarter of 2014*	*Difference*	*%*
Nodular iron products	8 058	6 804	1 254	18.4%	18 734	15 671	3 062	19.5%
Aluminium products	2 079	2 077	2	0.1%	9 901	8 840	1 061	12.0%
ACE Automotive	**10 137**	**8 881**	**1 255**	**14.1%**	**28 635**	**24 511**	**4 124**	**16.8%**
Non-automotive	45	226	-180	-79.9%	402	1 461	-1 059	-72.5%
Total ACE	**10 182**	**9 107**	**1 075**	**11.8%**	**29 037**	**25 972**	**3 065**	**11.8%**

In volume terms the difference year-on-year was +14.1% in the number of units for the automotive segment, far above the sales and even car production increase, which is a more straightforward driver in our business.

Allocation of this growth is uneven, being most of it allocated in iron segment, whereas aluminium is flat. Even so, this segment was also increasing by 4.4% in weight of products sold, which means that mix of sales is changing and resulting in heavier parts, reason of its higher price in turnover. As far as iron segment is concerned our Spanish company was also growing by 2.2% (again 4.6% in weight for the same "mix" reason) and it is our plant in Czech Republic which increased by near x6 y-o-y, recording more than 80% of total group growth in terms of volume.

In the non-automotive segment, grey iron sales decreased by 80%, as currently nodular iron is a priority for the Czech company.

Direct production costs and gross profit

Following turnover growth by near 12% in products and 13% in total sales, and especially driven by increasing sales and improved performance in Feramo (reducing last year losses in a large extent), gross margin increased y-o-y by Euro 1 398 thousand, up to 23,7% on sales, which is 1,8pp on sales higher than the same period of 2014. Besides the sales impact, it is also very remarkable the higher production, above 16% y-o-y in aluminium segment, increasing the operating leverage as well.

Electricity cost, as expected, was also increasing in the period around Euro 220 thousand, mostly in Spain. Even though there are surcharge price mechanism in place, due to the fact that they are reviewed annually, these are indexed at 2014 prices, lower than today.

Salaries and wages increase is reflecting on the one hand the increase of activity in the period and in a minor extent the inflation rate.

General & administrative expenses

This caption increased by Euro 569 Thousand compared with same period of 2014. One of the reasons is the reinforcement of some working positions to assure the supply of services for the growth of the business, as well as the already mentioned salary inflation rate. Beyond that effect, it is important to remark the increase of transportation cost in the iron segment derived of different product mix by Euro 105 thousand, the provisions accrued in the period by Euro185 thousand to eventually cover some commercial one off expenses, and insurance payment recorded in 2014 by Euro 207 thousand, of non-recurrent nature as well.

EBITDA and operating profit

As a result of the above, Operating profit grew by Euro 726 thousand in the period, more than 40% higher comparing 2014, up to Euro 2 475 thousand. With some lower depreciation by Euro 68 thousand, all resulted in an EBITDA of Euro 3 709 thousand (12.3% on sales and Euro 658 thousand above 2014).

Financial items

This caption was almost flat in the comparative period, with some better FX counteracting the higher interest expenses.

Profit before tax, Taxes and Net profit

Profit before tax in first quarter was positive by EUR 2 332 thousand (EUR 750 thousand higher y-o-y). Tax recorded was EUR 751 thousand which is higher by EUR 124 thousand comparing with the same period of 2014. This is mainly driven by the reduction of losses in the Czech company, reducing the amount of capitalized tax losses carry forward.

After this increasing tax, Net profit was positive by Euro 1 581 thousand, which is EUR 626 thousand higher year on year.

Financial Position

The operating generation of cash from January through March of 2015 was positive, by EUR 558 thousand (more than 1 million above the same period of 2014), mostly affected by the positive operating results but reduced by the negative working capital level driven by higher activity versus the end of the exercise and seasonality of payment terms.

Otherwise, investing activities amounted to nearly EUR 459 thousand in the period, while financing activity was mainly reflecting the shareholder retribution of EUR 1 422 thousand, 100% dividend payment, being the buyback programme temporary suspended to preserve funds for company needs. Net cash variance was negative in the period by Euro 1 597 thousand, reaching a final cash position as of the end of March 2015 positive by EUR 2 472 thousand with a net debt of EUR 20 853 thousand, near x2 Net Financial Debt versus EBITDA.

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 2015, issued in April 2015, predicts an increase of new car sales in Western Europe by about 6.1%, corresponding to production growth of around 5.8% (source: PwC Autofacts April 2015 including light commercial vehicles), or up to 4.5% for Pan-Europe. The PwC forecast is upgraded in the European Union from the one issued one quarter ago, where the expected increase was 4.5%, and Pan-Europe slightly declined from the previous 4.9% due to stagnation expected in Eastern Europe.

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. The aluminium callipers currently produced by ACE are mostly used in rear brakes, although since start-up of the CEE project in 2014 ACE also produces iron callipers for both front and 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 introduced by ACE, and this system has already been patented.

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, above 70% of its turnover in 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 even though in 2014 the business declined year on year in number of units, the weight of the new products introduced during that year increased..

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, many other customers joined the ACE portfolio, with approximately 75 customers from the Czech Republic and abroad. However, with the launch of the CEE project at Feramo, most of those customers have been removed from the company's portfolio, and only a few of them and new customers have been actively approached. The company started the manufacturing of their new products in the beginning of 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 first quarter of 2014 are as follows:

In '000 Euro

	First quarter of 2015	***First quarter of 2014***
Costs regarding R&D	296	310
Total R&D expenditures	**296**	**310**

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 existing 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 subsequently has generated a considerable portion of revenues. There were several new capacity projects in the pipeline launched in 2009, including aluminium front callipers and iron machining. 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 support areas like logistics, finance, and IT. 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 2015

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, a remarkable growth of 4.7%, up to 12.1 million cars, was recorded in the year 2014 as a whole.
In line with this growth 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 6.1% for year 2015. Regarding production, PwC Autofacts anticipates a forecast with an increase by 5.8% of production, some lower when including Easter Europe, down to 4.5%.

Group Sales

For the upcoming months of 2015 and depending on CEE project' progress, at the time of preparation of this report, and based on current sales, our customer's demand and expectations, Group "traditional" automotive sales (Spain and Poland) should be in line with market sales. In the group automotive business as a whole, we can also anticipate some 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, is expected to reach the same level as in 2013. A new investment project is to be undertaken within next months with an estimated cost of Euro 1 million in order to increase capacity around 10%, which should be achieved throughout next few years.

As far as aluminum segment is concerned, it is also 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 following quarters. To overcome these limitations, some capital expenditure was already accrued in 2014 and is also planned for 2015 mostly to renew current facilities and to make them more flexible and versatile to fit the new production.

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.

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 to expand the portfolio of manufactured products and further diversify future revenues. In addition, an investment for the production of a new product will start during 2015 in the polish plant, as a consequence of the constant searching of new projects in the current market environment.

Thus annual planned capex amounts to near EUR 7 million in 2015 after a final investment of EUR 5.3 million in 2014 (versus originally expected 6 million).

Concerning CEE Investment Project, after some delay in the start-up process, mainly caused by the instability of equipment and processes in general and functionality of the electrical furnaces in particular, the learning curve is still affecting the technical performance of the company, more specifically to:
• Industrialization and rump-up of new projects and products in order to start serial production during the following quarters.
• 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

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, subject to additional capex to increase current capacity in iron. The Board of Directors approved the second step of the CEE Investment Project. A new production line will be completed by the fourth quarter of 2016 and first parts are expected to be produced from the beginning of 2017.

The management of the Group is fully involved in the 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 by high rotation of staff given the important demand of manpower in the Czech labor market. The target is to have in the mid-long term a complete, fully skilled and independent local team.

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 March 31st, 2015

As of March 31st, 2015 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 first quarter of 2015, the following shareholders are entitled to exercise over 5% of voting rights at the General Meeting of Shareholders in the Company:

	As of March 31, 2015 (% of share capital)	*As of December 31, 2014 (% of share capital)*
Casting Brake (Spain)	2 430 607 *(11.45%)*	2 430 607 *(11.45%)*
PZU Złota Jesień OFE	3 370 815 *(15.88%)*	3 370 815 *(15.88%)*
Aviva OFE	3 114 178 *(14.67%)*	3 114 178 *(14.67%)*
ING Nationale Nederlanden Polska OFE	3 038 913 *(14.31%)*	3 038 913 *(14.31%)*
Pioneer Pekao Investments	1 659 249 *(7.82%)*	1 659 249 *(7.82%)*
Noble Funds TFI	1 036 558 *(4.88%)*	1 363 157 *(6.42%)*

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 first quarter of 2015.

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.

Third tranche of the dividend was paid on 27 February 2015.

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.

The Board of Directors on its meeting held on 11 December 2014 resolved to suspend until the end of the first quarter of 2015 implementation of the buy-back programme with effect as of January 1, 2015, with the purpose to preserve cash for future purposes. The Board will resolve prior the beginning of each quarter about the buy-back activity for the next quarterly period.

Changes of the Company's managing or supervisory persons in the first quarter of 2015

There were no changes in the Company's managing or supervisory persons in the first quarter of 2015.

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.

On 9 January 2015 the Company sold 636 915 its own shares, on the basis of contracts for sale of shares concluded on 30 December 2014 with participants of the ESOP Program. The purpose of the sale transaction of the Company's shares was further implementation of the ESOP Program. The average off the market transaction share price was EUR 3.32 per share. The total volume of sold shares was 636 915 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

	First quarter of 2015	*First quarter of 2014*
Western Europe	15 517	13 672
Eastern Europe	13 759	12 062
Other	813	891
Total	**30 090**	**26 625**

Business segments in '000 Euro

	Iron castings	*Aluminium castings*	*Other*	*Consolidated*
Total revenues	19 106	9 900	1 084	30 090
Operating Profit for the segment	**2 611**	**569**	**- 705**	**2 475**
Net Profit for the segment	**1 847**	**636**	**- 902**	**1 581**

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 March 2015

	Compared to the end of 2014
ACE S.A.	-0.1%
WIG Index	+5.2%
SWIG80 Index	+11.0%

Stock Market Data

	First quarter of 2015	*2014*	*2013*
Market capitalisation as of the end of the period	PLN 194.0m	PLN 194.3 m	PLN 348.2m
(in millions of PLN and EUR)	€ 47.4m	€ 45.7 m	€ 84.0m
Share price (in PLN)			
- Highest	10.30	16.90	17.70
- Lowest	7.99	9.10	5.70
- Average	9.21	12.49	9.57
- At the end of the period	9.14	9.15	16.40
Shareholders' equity per share in EUR (in PLN)	1.63 (6.67)	1.53 (6.52)	1.78 (7.38)

Per Share Data

	First quarters of 2015	*2014*	*2013*
Earnings per share (in EUR)	0.07	0.07	0.09
Cash Flow per share (in EUR)	-0.08	-0.17	-0.22
Dividend per share (in EUR)	-	0.24*	0.07

* Last tranche of the dividend was paid on 27 Feb 2015.

B. Condensed Consolidated Financial Statements for the quarter ended March 31st, 2015

The condensed consolidated quarterly report for the first quarter of 2015 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 Jan – 31 Mar 2014	4.1858	4.2375	4.1450	4.1713
1 Jan – 31 Mar 2015	4.1929	4.3335	4.0886	4.0890

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 Jan – 31 Mar 2014	27.4407	27.5900	27.3300	27.4400
1 Jan – 31 Mar 2015	27.6238	28.4100	27.1850	27.5300

Consolidated Balance Sheet as of March 31st,2015 in thousands of Euros

Assets	*As of Mar 31, 2015*	*As of Dec 31, 2014*	*As of Mar 31, 2014*
Non-current Assets			
Intangible assets	532	261	204
Property, plant and equipment	42 056	42 866	43 378
Investment in Associates	6	6	6
Derivative financial instruments (NCA)	82	9	48
Deferred tax assets	2 056	2 249	2 223
	44 732	**45 391**	**45 860**
Current assets			
Inventories	9 764	9 543	7 639
Trade and other receivables	22 112	16 948	20 041
Derivative financial instruments (CA)	320	54	157
Current income tax assets	-	-	99
Cash and cash equivalents	2 472	4 067	5 500
	34 667	**30 612**	**33 437**
Total assets	**79 399**	**76 003**	**79 296**

Equity & Liabilities	*As of Mar 31, 2015*	*As of Dec 31, 2014*	*As of Mar 31, 2014*
Equity			
Share capital	3 185	3 185	3 185
Share premium	-	-	3 959
Retained earnings	30 679	28 889	30 999
Cash flow hedges	162	-145	- 20
Exchange gain or loss against equity	- 970	-1 083	-1 101
Profit for the year	1 581	1 538	955
	34 637	**32 384**	**37 977**
Liabilities			
Non-current liabilities			
Borrowings (NCL)	15 539	16 799	14 338
Deferred income	339	349	433
Deferred tax liabilities	1 360	1 647	2 342
Provisions for other liabilities and charges (NCL)	140	171	137
Derivative financial instruments (NCL)	227	245	258
	17 605	**19 211**	**17 508**
Current liabilities			
Trade and other payables	16 333	13 771	16 039
Borrowings (CL)	7 786	6 774	5 394
Derivative financial instruments (CL)	-	23	0
Current income tax liabilities	2 553	1 911	1 829
Other current liabilities	11	1 433	11
Provisions for other liabilities and charges (CL)	473	495	538
	27 156	**24 407**	**23 811**
Total Liabilities	**44 761**	**43 618**	**41 319**
Total equity and liabilities	**79 399**	**76 003**	**79 296**

Consolidated Income Statement for the period from January 1st to March 31st, 2015 in thousands of Euros

	For the 1st quarter of 2015 From January 1st to March 31st, 2015	*For the 1st quarter of 2014 From January 1st to March 31st, 2014*
Revenues	30 090	26 625
Costs of goods sold	-22 971	-20 801
Gross profit	7 119	5 825
Selling and distribution costs	- 722	- 658
General and administration costs	-4 126	-3 790
Other income	235	482
Other expenses	- 31	- 110
Operating profit	2 475	1 749
Financial result	- 143	- 167
Profit before income tax	**2 332**	**1 582**
Income tax expense	- 751	- 627
Profit for the period	**1 581**	**955**

Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to March 31st, 2015 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, 2015	**3 185**		**320**	**28 569**	**- 145**	**-1 083**	**1 538**	**32 384**
Allocation of previous year profit				1 538			-1 538	
Profit / Loss for the period							1 581	**1 581**
Total recognised income and expenses for the period							1 581	**1 581**
Exchange differences						113		**113**
Changes in fair value of currency hedging instruments					307			**307**
Dividend related to 2013								
Other				252				**252**
Balance as of Mar 31, 2015	**3 185**	**0**	**320**	**30 359**	**162**	**- 970**	**1 581**	**34 637**

Consolidated Cash Flow Statement for the period from January 1st to March 31st, 2015
in thousands of Euros

	From Jan 1st to Mar 31st, 2015	*From Jan 1st to Mar 31st, 2014*
Profit before income tax	2 332	1 582
Adjustments for:		
- Depreciation and amortizations of non-current assets	1 234	1 302
- Losses on sale of property, plant and equipment	- 4	-
- Net financial result	170	210
- Net movements in provisions	362	- 175
Changes in working capital(excluding effects of acquisition and exchange differences on consolidation)	-3 414	-3 259
- Inventories	- 212	192
- Trade and other receivables	-5 332	-4 689
- Trade and other payables	2 130	1 239
Cash from operating activities	**680**	**- 339**
Income tax paid	- 122	- 142
Net cash from ordinary activities	**559**	**- 481**
Cash flows from investing activities		
Acquisition of subsidiary, net of cash acquired		
Purchases of property, plant and equipment (PPE)	- 422	-1 005
Proceeds from sale of non-current assets	4	
Purchases of intangible assets	- 41	- 4
Net cash used in investing activities	**- 459**	**-1 009**
Cash flows from financing activities		
Purchase of treasury shares		-734
Repayments of bank borrowings	-2 439	- 274
Repayment of other loans	- 25	-
Proceeds from bank borrowings	1 999	37
Proceeds from other loans	313	522
Dividends Paid to Shareholders	-1 422	-
Net of financial result paid and received	- 123	- 240
Net cash used in financing activities	**-1 696**	**- 689**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**-1 596**	**-2 179**
Cash, cash equivalents and bank overdrafts at beginning of the period	4 067	7 690
Effects of exchange rate changes on the balance of cast held, in foreign currencies	1	- 12
Cash, cash equivalents and bank overdrafts at the end of the period	**2 472**	**5 500**

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 first quarter

There were no significant non-recurring items affecting assets, liabilities, equity, net income or cash flows for the first 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 first quarter of 2015

On 27 February, 2015 the Company paid third EUR 0.07 tranche out 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 1 608 thousand of debt in the first quarter of 2015.

Material events after the end of the first quarter of 2015 that have not been reflected in the financial statements

There were no material events after the end of the reported period.

Changes in the composition of the Company during first quarter of 2015

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