Automotive Components Europe S.A.

Quarterly Consolidated Report

for the

Quarter ended September 30th, 2015

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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, 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*
Grzegorz Stulgis	*Independent Director*

The condensed consolidated quarterly report for the third quarter of 2015 was prepared according to International Accounting Standards.

2. Financial Highlights

in '000 Euro

Selected consolidated financial items	*For the 3rd quarter of 2015 From Jul 1st to September 30th, 2015*	*From Jan 1st to Sept 30th, 2015 Cumulative*	*For the 3rd quarter of 2014 From July 1st to September 30th, 2014*	*From Jan 1st to Sept 30th, 2014 Cumulative*
Revenues from sales	27 066	87 429	23 431	75 534
Operating Profit	2 422	7 482	1 060	4 119
Profit before tax	2 254	7 060	472	3 128
Net profit	1 437	4 735	43	1 570
Net profit attributable to equity holders of the parent company	1 437	4 735	43	1 570
Cash flow from operating activities	2 112	10 012	-1 581	5 045
Cash flow from investment activities	-1 380	-2 410	-2 075	-4 052
Cash flow from financial activities	-1 437	-4 288	1 728	-2 166
Net cash flow	-2 720	1 080	-3 401	-2 838
Current assets	34 646	34 646	31 333	31 333
Fixed assets	44 778	44 778	46 143	46 143
Total Assets	79 424	79 424	77 475	77 475
Liabilities	43 468	43 468	44 487	44 487
Long-term Liabilities	18 660	18 660	20 150	20 150
Short term Liabilities	24 809	24 809	24 337	24 337
Shareholders' Equity	35 956	35 956	32 988	32 988
Shareholders' equity attributable to shareholders of the parent company	35 956	35 956	32 988	32 988
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	0,07	0,22	0,00	0,07
Book value per share	1.69	1.69	1.55	1.55

3. Financial performance

Consolidated Profit & Loss Statement

in '000 Euro

	For the 3rd quarter of 2015 From Jul 1st to September 30th, 2015	*From Jan 1st to Sept 30th, 2015 Cumulative*	*For the 3rd quarter of 2014 From July 1st to September 30th, 2014*	*From Jan 1st to Sept 30th, 2014 Cumulative*
Revenues from sales	27 066	87 429	23 431	75 534
Cost of goods sold	-20 644	-66 790	-18 895	-59 409
Gross profit	6 422	20 638	4 537	16 125
GP margin	*23.7%*	*23.6%*	*19.4%*	*21.3%*
G&A expenses	-4 000	-13 156	-3 476	-12 006
Operating profit	2 422	7 482	1 060	4 119
OP margin	*8.9%*	*8.6%*	*4.5%*	*5.5%*
Depreciation & amortisation	-1 044	-3 561	-1 270	-3 926
EBITDA	3 465	11 044	2 330	8 045
EBITDA margin	*12.8%*	*12.6%*	*9.9%*	*10.7%*
Financial Result	- 168	- 422	- 588	- 991
Profit before tax	2 254	7 060	472	3 128
Tax	- 816	-2 325	- 429	-1 558
Net profit	1 437	4 735	43	1 570
NP margin	*5.3%*	*5.4%*	*0.2%*	*2.1%*

Sources of sales revenues

The main source of ACE Group's sales revenues is sales of nodular iron anchors and callipers as well as aluminium callipers and tandem master cylinders (TMC) for the automotive market. 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 2015*	*%*	*Three quarters of 2014*	*%*
Sales of products	83 962	96.0%	73 543	97.4%
Sales of goods and materials	3 466	4.0%	1 991	2.6%
Total sales revenue	**87 429**	**100%**	**75 534**	**100%**

Sales revenue in '000 Euro	*Three quarters of 2015*	*%*	*Three quarters of 2014*	*%*
Nodular iron products	53 236	63.4%	44 713	60.8%
Grey iron products	382	0.5%	2 661	3.6%
Aluminum products	22 368	26.6%	20 399	27.7%
New family of products	7 976	9.5%	5 769	7.8%
Total sales	**83 962**	**100%**	**73 543**	**100%**

Sales volumes in thousand pieces	*Three quarters of 2015*	*Three quarters of 2014*
Nodular iron products	22 404	19 379
Grey iron products	57	426
Aluminum products	4 207	4 139
New family of products	2 525	1 971
Total pieces sold	**29 192**	**25 914**

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

Revenues by country	*Three quarters of 2015*	*Three quarters of 2014*
Germany	25.3%	23.0%
Slovakia	21.6%	17.6%
Czech Republic	16.9%	21.1%
France	7.6%	9.3%
Spain	8.5%	8.7%
Poland	6.8%	4.9%
Other	13.3%	15.5%
Total	**100%**	**100%**

Automotive Market Performance

Thousand Units	*Three quarters of 2015*	*Three quarters of 2014*	*Difference*	*%*
Cars sold	10 025	9 231	794	8.6%
Cars manufactured	9 511	8 920	591	6.6%
Difference sales - production	514	311	203	65.3%
ACE Automotive	29 135	25 488	3 647	14.3%

Thousand Units	*Third quarter of 2015*	*Third quarter of 2014*	*Difference*	*%*
Cars sold	3 131	2 840	291	10.2%
Cars manufactured	3 173	2 754	419	15.2%
Difference sales - production	-42	86	-128	
ACE Automotive	8 914	7 863	1 051	13.4%

Source: Western Europe by LMC Automotive Forecasting, ACE

In the third quarter of 2015 sales of cars in Western Europe increased by about 291 thousand units, or 10,2%, from the third quarter of 2014, according to LMC Automotive. All the main markets had a positive trend, particularly Italy and Spain, where the market increased year-on-year by two digits. This positive trend is some lower comparing the year-to-date market data for the same region that was up by 794 thousand units or 8,6%. In the Pan-European region, sales of cars increased but in a lower extent, by 3.6% for year- to date.

Quarterly car production in Western Europe year on year was much higher than in the third quarter of 2014, by around 419 thousand units or 15.2%, though it is including some YTD corrections. If we look at a more stable year to date, difference is less positive by 6.6% (591 thousand units) and the increase in Europe as a whole was up to 3.2%.

ACE sales in the market context

	Thousand Units				*Thousand Euro*			
	Three quarters of 2015	***Three quarters of 2014***	***Difference***	***%***	***Three quarters of 2015***	***Three quarters of 2014***	***Difference***	***%***
Nodular iron products	22 404	19 379	3 025	15.6%	53 236	44 713	8 523	19.1%
Aluminium products	6 732	6 110	622	10.2%	30 344	26 169	4 175	16.0%
ACE Automotive	**29 135**	**25 488**	**3 647**	**14.3%**	**83 580**	**70 882**	**12 698**	**17.9%**
Non-automotive	57	426	-369	-86.6%	382	2 661	-2 279	-85.6%
Total ACE	**29 192**	**25 914**	**3 278**	**12.6%**	**83 962**	**73 543**	**10 419**	**14.2%**

	Thousand Units				*Thousand Euro*			
	Third quarter of 2015	***Third quarter of 2014***	***Difference***	***%***	***Third quarter of 2015***	***Third quarter of 2014***	***Difference***	***%***
Nodular iron products	6 848	6 002	870	14.5%	16 427	13 934	2 502	18.0%
Aluminium products	2 067	1 861	206	11.1%	9 081	8 087	994	12.3%
ACE Automotive	**8 915**	**7 863**	**1 076**	**13.7%**	**25 507**	**22 021**	**3 496**	**15.9%**
Non-automotive	-	92	-92	-100.0%	-	556	-556	-100.0%
Total ACE	**8 915**	**7 955**	**984**	**12.4%**	**25 507**	**22 577**	**2 929**	**13.0%**

In volume terms the difference year-on-year was +13.7% in the number of units for the automotive segment, slightly below the car production increase, that being a more straightforward driver than sales in our business is including important annual corrections. Year to date, Group sales outperforms car production, and grew by a sound 14.3% versus 6.6% of market growth.

Nodular iron was the segment growing most in comparison with the previous year, and the allocation per facility was also different. After a significant increase in the activity of the Spanish company in 2013 and stabilisation in 2014, sales for third quarter of 2015 grew somewhat above the market, but this growth was especially boosted by the new capacity in the Czech company after the implementation of the CEE Project. Meanwhile, sales in aluminium activity were up by 11.1% in the number of units, which is also below the market trend during this quarter but well above for year-to-date (including the new family of products).

In the non-automotive segment, there were not sales at all for grey iron in this quarter, as grey iron is no longer produced at the Czech company.

Direct production costs and gross profit

Following turnover growth above 12% in products and 16% in total sales, and especially driven by increasing iron sales and improved performance at Feramo (reducing last year's losses to a large extent), gross margin increased y-o-y by EUR 1 886 thousand, at 23.7% on sales, which is 4.4 pp higher on sales than the same period of 2014. Despite the sales impact, the underperformance of the aluminium division limited further growth. Additionally, it has been accounted a provision in the period by EUR 250 thousand in order to attend some expenses and commitments to be spent in 2015 but accrued during the whole year.

Electricity cost decreased in the period, by about EUR 260 thousand in both Spanish and Czech facilities mainly driven by some price reduction also boosted by better performance. Regarding raw material consumption, some improvements have been achieved during this quarter reducing cost comparing with previous year.

The increase in salaries and wages reflects on one hand the increase of activity in the period, inefficiencies accounted and to a minor extent the inflation rate.

General & administrative expenses

This particular item increased by EUR 524 thousand compared with the 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 aforementioned salary inflation rate. But beyond that effect, there are some other one-off issues of opposite symbol recorded during this and same quarter last year, like insurance reimbursement and sale of assets accounted in 2014 versus lower tax deduction and subsides in 2015.

EBITDA and operating profit

As a result of the above, operating profit grew by EUR 1 362 thousand in the period comparing with 2014, up to EUR 2 422 thousand. With lower depreciation by EUR 226 thousand, this resulted in an EBITDA of EUR 3 465 thousand (12.8% on sales and EUR 1 135 thousand above 2014).

After three quarters the Group maintains and even improves last period's positive gap, so that YTD sales are around 15% higher and Ebitda 37% above last year. Again, mostly leveraged by the nodular iron segment and especially Feramo, whose negative results ballasted the Group performance in last few years.

This is somehow successfully anticipating next year's performance, especially in Spain where volumes are growing far above expectations and new investment in place is already bearing fruits. In Poland we are facing significant problems especially with the start of production of new projects, reducing the company profitability. The reason is a combination of not full suitability of former facilities for the development of these new projects and the associated learning curve, being most of our efforts focused to revert that underperformance because these projects are the source of the near future growth in aluminium. The so called Master Plan increasing capacity, bringing more flexibility and regeneration of machines should also contribute in a large extent.

Financial items

Financial result was negative by EUR 168 thousand, but far positive by EUR 420 thousand comparing with previous year, reflecting the cost of debt restructuring arranged in July 2014.

Profit before tax, Taxes and Net profit

Profit before tax for the period was positive EUR 2 254 thousand (up by EUR 1 781 thousand y-o-y). The tax recorded was EUR 816 thousand, which is EUR 387 thousand higher than in the same period of 2014. This is mainly due to the most tax expensive result accrued in the Spanish company, with the highest tax rates within the ACE Group.

All in all, Net profit amounts to EUR 1 437, which is near the full difference year on year.

Financial Position

The operating generation of cash from January through September of 2015 was positive, by EUR 7 779 thousand (more than 4 million above the same period of 2014), mostly affected by the positive operating results but reduced by the negative working capital level, result of the higher activity versus the end of last year.

Otherwise, investing activities amounted to EUR 2 410 thousand in the period, while financing activity was mainly reflecting the shareholder retribution of EUR 3 480 thousand split in EUR 2 871 thousand of dividend payment and EUR 609 thousand of buy back, which temporary suspension was removed in July.

This negative impact in the financial activity was only partially compensated by a new debt raised during the period and used in a very large extent to replace some other more expensive debt.

Net cash increased year to date by Euro 1 080 thousand, reaching a final cash position as of the end of September 2015 of EUR 5 156 thousand with a net debt of EUR 18 399 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 2015, including September 2015 data, predicts an increase of new car sales in Western Europe by about 8.1%, corresponding to forecasted production growth of around 7.3% (source: PwC Autofacts October 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 three months ago, where the full year expectations were on a level of 5.1%, and 3.0% Pan-Europe due to stagnation of car demand in Eastern European countries.

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, but after the CEE Investment Project the company is now fully dedicated to the automotive sector, and in the nodular iron segment mainly safety components for passenger cars and heavy trucks.

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 third quarter of 2015 are as follows:

In '000 Euro

	Three quarters of 2015	***Three quarters of 2014***
Costs regarding R&D	956	1 176
Total R&D expenditures	**956**	**1 176**

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 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 at 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 also changed 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 rapid development, such as Asia and the Americas.

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

From 2007 to 2013 the Western European market lost more than 3 million cars, from 14.8 million to 11.5 million. This meant a contraction of the market by 22% in that period, a percentage that was 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 of 4.7%, to 12.1 million cars, was recorded in 2014 as a whole which was continuing in 2015 up to 8,6% in September YTD (3.6% in Europe as a whole) and is expected to reach around 13 million cars in 2015 as a whole or +8.1% (according the latest LMC Automotive forecast for sales in the Western Europe automotive market, issued in October 2015). Taking into consideration the already accrued increase by 8.6%, sales growth year on year should be some softer in the last quarter of 2015. Meanwhile, Pan Europe increase was far behind growing by only 3.6%.

As regards production, the forecast is also optimistic. PwC Autofacts, in its last updated quarterly forecast (including light commercial vehicles) issued in October 2015, expects an increase of 7.3% for full year 2015 for the European Union (some lower when including Eastern Europe resulting in Pan Europe growth by +4.2%). According the same source, however "the recent diesel scandal…combined with recent delays in safety recalls and inflated MPG statements, have cast a shadow over automakers, calling into question the reliability and trustworthiness of the entire industry"

In line with these updated forecasts for 2015, sales for 2016 look also positive. Despite the still uncertain economic scenario and weak customer spending in some countries, LMC forecasts a growth in sales of 2.8% for year 2016.

Regarding production, PwC Autofacts anticipates a forecast in line with year 2015, with a flat increase by 0,1% of production EU, but some more positive when including Easter Europe, up to 1.7%.

Group Sales

For the upcoming months of 2015 and 2016, at the time of preparation of this report, based on current sales, our customers' demands and expectations, we can also anticipate some stability for the Group as a whole, mostly subject to the development of our Czech plant, thus with some uneven distribution of sales among the main business segments.

Indeed, regarding the iron segment, it is expected that an important part of the growth of sales in volume will come from our Czech plant with the consolidation of nodular iron in the production process, reaching its maximum capacity as of the end of 2016 but still depending on the efficiency of new equipment, and even more on new product development and second line investment project that should start next year. In our Spanish plant, with the increase of capacity achieved after investment done during summer shutdown, sales volume is also expected to outperform market sales next year.

As far as the aluminium segment is concerned, it is also expected that this business will continue outperforming the market in 2016, with a stable and even growing machining business including the expected growth in the new family of products. However, given the current capacity constraints to meet customer demand, there could still be some inefficiencies, especially visible during the following quarters. To overcome these limitations, some capital expenditure was already accrued in 2014, 2015 and is also planned for 2016, 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 2016 the Group expects some stability compared to the previous year. Energy price is also expected to be some stable and it is already adapted to market conditions in the current surcharge agreements in place that given their annual revision nature could have some, though non recurrent effect.

Following the growing demand for 2016 and positive efficiency improvements trend in Feramo, some additional growth in margins is still possible, but in some extent limited by the implementation of the second new line. As regards the two mature companies, volume increases not always translate into improvement of margins given the still excess of market capacities and price reduction expectations and commitments. However, 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

The Czech plant was improving rapidly in last months, and finally became the main driver of growing financial results at group level. Thus, after some months it can be said that the company is finally stabilized at financial level, but still far below performance targets, holding important inefficiencies. The learning curve is still work in progress given the very short

experience in the new market, facilities, customers, products and technology. In the short term, the correction of these inefficiencies is crucial to assume the growing volume and potentially a source of further financial improvement.
In the mid-long term, after external technical support in the development of second line project, this subject is already in the stage of internal analysis, which is being taken longer than planned to avoid any potential problem in the design of new facilities which could be a source of future and unexpected contingencies. This project is an important asset for the Group that should bring most of the additional value in both turnover and profits.

As stated above, this is not the only one. Another important investment project is envisaged for our aluminum facility in Poland in order to increase capacity for future volumes, but also to bring more flexibility and renovate our machines so that they can fit the new and more demanding sales volume.

All in all, bi-annual planned capex for years 2015 and 2016 amounts around EUR 20 million that company should finance with own resources, including the usage of some available credit facilities.

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.

6. Additional information

Major shareholders (over 5% of shareholder's equity) as of September 30th, 2015

As of September 30th, 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 third 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 September 30, 2015 (% of share capital)	***As of December 31, 2014 (% of share capital)***
Casting Brake (Spain)	2 434 183 *(11.47%)*	2 430 607 *(11.45%)*
PZU Złota Jesień OFE	3 378 199 *(15.91%)*	3 370 815 *(15.88%)*
Aviva OFE	3 121 00 *(14.70%)*	3 114 178 *(14.67%)*
Nationale Nederlanden Polska OFE	3 000 000 *(14.13%)*	3 038 913 *(14.31%)*
Pioneer Pekao Investments	1 265 205 *(6.00%)*	1 659 249 *(7.82%)*

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 2015.

Information on paid or planned dividend and buy-back

The Annual General Meeting of Shareholders held on 16 June 2015 (agenda item 4) approved the distribution of a dividend of EUR 1 448 658.05 (EUR 0.07 per share).

The dividend was paid on 30 July 2015 (the Payment Date) to shareholders holding shares of the Company on 13 July 2015 (the Record Date). The dividend was paid in euro and distributed through the Central Securities Depository of Poland, in accordance with regulations applicable to dividend payments by companies listed on the Warsaw Stock Exchange.

The Company applied tax withholding rates applicable under Luxembourg law or other international laws, if applicable.

The Board of Directors at its meeting held on 2 July 2015 resolved to lift the temporary suspension of the buyback programme communicated via Current Report 73/2014, with effect as of the following day

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

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

Although, the General Meeting of Shareholders held on 16 June 2015 appointed the following person as a Director of the Company:

Grzegorz Stulgis – Independent Director

Information on 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 23 December 2010. The objective of the scheme will be to incentivise the management team and executive directors of ACE and 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 (“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, three per cent (3%) on 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 EUR will be the lower of (i) the average purchase price paid by the Company for the shares to be sold or (ii) the daily average stock market price on 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 programme. The purpose of the sale transaction of the Company’s shares was the implementation of the first step of the ESOP programme. The average off the market transaction share price was EUR 1.98 per share. The total volume of shares sold was 636,916, representing 3.00% of the share capital and votes in the Company.

On 9 January 2015 the Company sold 636,915 of its own shares, on the basis of contracts for sale of shares concluded on 30 December 2014 with Participants of the ESOP programme. The purpose of the sale transaction of the Company’s shares was further implementation of the ESOP programme. The average off the market transaction share price was EUR 3.32 per share. The total volume of shares sold 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 subsequent years, in line with the former system, following which the Participants will be entitled to a yearly amount in EUR equivalent to 1% of the 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 2015	*Three quarters of 2014*
Western Europe	43 975	38 616
Eastern Europe	40 757	34 687
Other	2 697	2 231
Total	**87 429**	**75 534**

Business segments in '000 Euro

	Iron castings	*Aluminium castings*	*Other*	*Consolidated*
Total revenues	53 618	30 343	3 466	87 427
Operating Profit for the segment	**7 352**	**1 606**	**-1 476**	**7 482**
Net Profit for the segment	**5 062**	**1 560**	**-1 887**	**4 735**

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 2015

	Compared to the end of 2014
ACE S.A.	+29.0%
WIG Index	-3.1%
SWIG80 Index	+8.2%

Stock Market Data

	Third quarter of 2015	*2014*	*2013*
Market capitalisation as of the end of the period	PLN 250.5 m	PLN 194.3 m	PLN 348.2m
(in millions of PLN and EUR)	€ 59.1 m	€ 45.7 m	€ 84.0m
Share price (in PLN)			
- Highest	13.42	16.90	17.70
- Lowest	10.59	9.10	5.70
- Average	12.27	12.49	9.57
- At the end of the period	11.80	9.15	16.40
Shareholders' equity per share in EUR (in PLN)	1.69 (7.16)	1.53 (6.52)	1.78 (7.38)

Per Share Data

	Three quarters of 2015	*2014*	*2013*
Earnings per share (in EUR)	0.22	0.07	0.09
Cash Flow per share (in EUR)	0.05	-0.17	-0.22
Dividend per share (in EUR)	0.07	0.24	0.07

B. Condensed Consolidated Financial Statements for the quarter ended September 30th, 2015

The condensed consolidated quarterly report for the third 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 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
1 Jul – 30 Sep 2015	4.1888	4.2440	4.1021	4.2386
1 Jan – 30 Sep 2015	4.1576	4.3335	3.9822	4.2386

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 2014	27.6182	28.0000	27.4300	27.5000
1 Jan – 30 Sep 2014	27.5041	28.0000	27.3300	27.5000
1 Jul – 30 Sep 2015	27.0718	27.2650	27.0200	27.1800
1 Jan – 30 Sep 2015	27.3569	28.4100	27.0200	27.1800

Consolidated Balance Sheet as of September 30th,2015 in thousands of Euros

Assets	*As of Sep 30, 2015*	*As of Dec 31, 2014*	*As of Sep 30, 2014*
Non-current Assets			
Intangible assets	480	261	160
Property, plant and equipment	41 974	42 866	43 432
Investment in Associates	6	6	6
Derivative financial instruments (NCA)	10	9	43
Deferred tax assets	2 309	2 249	2 502
	44 778	**45 391**	**46 142**
Current assets			
Inventories	9 803	9 543	9 135
Trade and other receivables	19 614	16 948	17 129
Derivative financial instruments (CA)	73	54	152
Current income tax assets	-	-	33
Cash and cash equivalents	5 156	4 067	4 884
	34 646	**30 612**	**31 333**
Total assets	**79 424**	**76 003**	**77 475**

Equity & Liabilities	*As of Sep 30, 2015*	*As of Dec 31, 2014*	*As of Sep 30, 2014*
Equity			
Share capital	3 185	3 185	3 185
Retained earnings	28 908	28 889	29 223
Cash flow hedges	- 122	-145	6
Exchange gain or loss against equity	- 750	-1 083	- 996
Profit for the year	4 735	1 538	1 570
	35 956	**32 384**	**32 988**
Liabilities			
Non-current liabilities			
Borrowings (NCL)	16 598	16 799	17 410
Deferred income	332	349	391
Deferred tax liabilities	1 379	1 647	2 023
Provisions for other liabilities and charges (NCL)	140	171	115
Derivative financial instruments (NCL)	210	245	211
	18 660	**19 211**	**20 150**
Current liabilities			
Trade and other payables	15 688	13 771	15 254
Borrowings (CL)	6 597	6 774	4 387
Derivative financial instruments (CL)	41	23	-
Current income tax liabilities	2 037	1 911	1 323
Other current liabilities	14	1 433	2 855
Provisions for other liabilities and charges (CL)	431	495	518
	24 809	**24 407**	**24 337**
Total Liabilities	**43 468**	**43 618**	**44 487**
Total equity and liabilities	**79 424**	**76 003**	**77 475**

Consolidated Income Statement for the period from January 1st to September 30th, 2015
in thousands of Euros

	For the 3rd quarter of 2015 From Jul 1st to September 30th, 2015	*From Jan 1st to Sept 30th, 2015 Cumulative*	*For the 3rd quarter of 2014 From July 1st to September 30th, 2014*	*From Jan 1st to Sept 30th, 2014 Cumulative*
Revenues	27 066	87 429	23 431	75 534
Costs of goods sold	-20 644	-66 790	-18 895	-59 409
Gross profit	6 422	20 638	4 537	16 125
Selling and distribution costs	- 771	-2 332	- 671	-2 062
General and administration costs	-3 219	-11 175	-3 060	-10 774
Other income	39	461	302	1 041
Other expenses	- 49	- 110	- 48	- 211
Operating profit	2 422	7 482	1 060	4 119
Financial result	- 168	- 422	- 588	- 991
Profit before income tax	**2 254**	**7 060**	**472**	**3 128**
Income tax expense	- 816	-2 325	- 429	-1 558
Profit for the period	**1 437**	**4 735**	**43**	**1 570**

Consolidated Statement of changes in Shareholders' Equity for the period from January 1st to September 30th, 2015
in thousands of Euros

Attributable to equity holders of the Parent

	Share capital	*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			1538			-1538	
Profit / Loss for the period						4735	**4735**
Total recognised income and expenses for the period				**23**	**333**	**4735**	**5091**
Purchase of treasury Shares			-610				**-610**
Dividend related to 2014			-1449				**-1449**
Other			542				**542**
Balance as of Sep 30, 2015	**3185**	**320**	**28590**	**-122**	**-750**	**4735**	**35.958**

Consolidated Cash Flow Statement for the period from January 1st to September 30th, 2015
in thousands of Euros

	From Jan 1st to Sep 30th, 2015	*From Jan 1st to Sep 30th, 2014*
Profit before income tax	7 060	3 128
Adjustments for:		
- Depreciation and amortizations of non-current assets	3 561	3 926
- Losses on sale of property, plant and equipment	5	0
- Net financial result	760	1 209
- Net movements in provisions	463	253
Changes in working capital(excluding effects of acquisition and exchange differences on consolidation)	-1 837	-3 471
- Inventories	- 234	-1 304
- Trade and other receivables	-3 489	-2 208
- Trade and other payables	1 886	41
Cash from operating activities	**10 012**	**5 045**
Income tax paid	-2 233	-1 664
Net cash from ordinary activities	**7 779**	**3 381**
Cash flows from investing activities		
Purchases of property, plant and equipment (PPE)	-2 389	-4 049
Proceeds from sale of non-current assets	22	0
Purchases of intangible assets	- 44	- 4
Net cash used in investing activities	**-2 410**	**-4 053**
Cash flows from financing activities		
Purchase of treasury shares	- 609	-1 800
Repayments of bank borrowings	-4 495	-13 874
Repayment of other loans	-1 676	- 170
Proceeds from bank borrowings	5 281	15 813
Proceeds from other loans	482	522
Dividends Paid to Shareholders	-2 871	-2 032
Net of financial result paid and received	- 400	- 626
Net cash used in financing activities	**-4 288**	**-2 166**
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	**1 080**	**-2 838**
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	8	32
Cash, cash equivalents and bank overdrafts at the end of the period	**5 155**	**4 884**

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 2015

On 30 July, 2015 the Company paid EUR 0.07 dividend approved by the General Shareholders Meeting held on June 16, 2015. The dividend is paid in euro and distributed through the Central Securities Depository of Poland, in accordance with regulations applicable to dividend payments by companies listed on the Warsaw Stock Exchange.

The Company applied tax withholding rates applicable under Luxembourg law or other international laws, if applicable.

Issuances, repurchases and repayments of debt and equity securities

The company repaid EUR 4 088 thousands of debt in the third quarter of 2015.

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

On 27 October 2015 Grupo Industrial Saltillo (“Offeror”) announced a tender offer for 100% of Automotive Components Europe S.A. (“Company”)shares. The price per share offered by the Offeror was PLN 13.5. Subscription period will start on 17 November 2015 and will be finished on 16 December 2015. But according to the announcement it might be further extended.

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

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