

COMPAGNIE PLASTIC OMNIUM

2019 INTERIM RESULTS REPORT

CONTENTS

| | PAGE |
|--|---------|
| DECLARATION BY THE PERSON RESPONSIBLE FOR INTERIM FINANCIAL REPORT | 2 |
| INTERIM BUSINESS REPORT | 3 - 9 |
| INTERIM CONSOLIDATED FINANCIAL STATEMENTS | 10 - 59 |
| STATUTORY AUDITORS' REPORT ON INTERIM FINANCIAL INFORMATION | 60 - 62 |

DECLARATION BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

I declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of both the Company and all consolidated companies, and that the interim business report herewith presents a true picture of major events occurring during the six months of the fiscal year, of their incidence on financial statements and of the major transactions between related parties, and that it describes the main risks and uncertainties for the remaining six months of the year.

Levallois, July 18, 2019

Laurent Burelle
Chairman and CEO

INTERIM BUSINESS REPORT

HIGHLIGHTS OF THE FIRST HALF-YEAR 2019

Technological partnership between Plastic Omnium and HELLA

In January 2019, Plastic Omnium and HELLA launched an innovative project partnership to develop integrated solutions, combining exterior body parts and lighting. Experts in engineering and design from each group, based in Germany, are working together on the development of new concepts incorporating innovative technologies in lighting and in intelligent exterior systems, for both the front and rear of vehicles.

This technological alliance intends to bring to carmakers differentiating solutions in terms of style and functionality for body systems that also assist communications and safety in autonomous cars.

This partnership follows on from the innovative project partnership with the German equipment manufacturer Brose, signed in December 2018, to develop a door system offering new functionalities, innovative styling and ease of assembly.

Launch of two new R&D centers and expansion of Σ -Sigmatech

Two new R&D centers, dedicated to fuel and emission control systems as well as new energies, were commissioned in mid-2019, one in Wuhan (China) and the other in Brussels (Belgium).

The ω -Omegatech center opened in China on June 18. It accommodates 150 engineers and technicians, with headcount that should approach 200 employees by the end of 2019. Specializing in development, testing, prototyping and mechanical testing of fuel systems, it will also carry out testing and development of high pressure hydrogen tanks. The site located in Wuhan, a pilot city for the hydrogen sector in China, is also an engineer training center for new energies. With this new R&D center, already counting 57 development projects, Plastic Omnium is equipped with the means to support its Asian clients' transition to clean mobility. This center will in particular support the Group's rapid growth in China where its fuel systems' market share should double, to reach 17% in 2022.

Δ -Deltatech also opened on July 1 near Brussels airport. Δ -Deltatech is dedicated to fuel and emissions reduction systems. It is also spearheading research and development in new energies, fuel cells and hydrogen storage. Headcount should reach 150 engineers and technicians by the end of the year.

ω -Omegatech and Δ -Deltatech represent an overall investment of €100 million. They also confirm Plastic Omnium's commitment to clean, carbon-free mobility.

The international R&D center Σ -Sigmatech, built in 2003 and dedicated to intelligent exterior systems, has also been extended by nearly 4,000 m², to provide it with new mechatronic and virtual reality resources.

Openings of five new production and assembly sites

In the first-half of 2019, Plastic Omnium commissioned three new productions plants for its intelligent exterior systems business: Bhamboli in India for Chevrolet, Hlohovec in Slovakia for Jaguar Land Rover and Kenitra in Morocco for the PSA group. Two new sites also began operations in module assembly, one in Mexico for Dodge, the other in Germany for Porsche. These investments strengthen the Group's growth potential.

Strengthened control of the majority shareholder Burelle SA

Between March 12 and March 26, 2019, Burelle SA acquired 400,000 shares of Compagnie Plastic Omnium, bringing its stake from 58.51% to 58.78%. After the strengthening of the Burelle family's controlling interest in Burelle SA in May 2019, the Burelle family's percentage stake in Compagnie Plastic Omnium now stands at 50.17%.

Transformation of Compagnie Plastic Omnium (SA) into a Societas Europaea (SE)

Following the decision of the Board of Directors on February 13, 2019 and the approval of the Shareholders' Meeting on April 25, 2019, Compagnie Plastic Omnium changed its corporate form from a Société Anonyme (SA) to a Societas Europaea (SE).

This transformation will help better reflect the Plastic Omnium Group's European dimension and will boost its international image and attractiveness in the eyes of all the company's stakeholders. The Group is still governed by French laws and regulations and listed on the Paris Stock Exchange. This change of corporate form has no impact on the company's shareholders and employees and will not affect the head office.

CONSOLIDATED INTERIM 2019 RESULTS

In the first-half of 2019, Compagnie Plastic Omnium's economic revenue¹ amounted to €4,611 million, an increase of 20.7% compared to the first half of 2018.

On a like-for-like basis, growth was +0.2%. The Group's economic revenue includes €70 million of positive currency effects and €700 million of positive net scope effects, mainly due to the full consolidation of HBPO from July 1st, 2018 for Plastic Omnium Modules.

Compagnie Plastic Omnium's consolidated revenue² stood at €4,268 million at June 30, 2019, a rise of +33.8% and stable like-for-like.

| In € millions by business line | First-half 2018 | First-half 2019 | Change | Change like-for-like ⁷ |
|---|--------------------|--------------------|---------------|--------------------------------------|
| Plastic Omnium Industries | 3,446 | 3,458 | +0.4% | -1.2% |
| Plastic Omnium Modules | 375 | 1,153 | +207% | +4.7% |
| Economic revenue¹ | 3,821 | 4,611 | +20.7% | +0.2% |
| Joint ventures | 631 | 343 | -45.7% | +4.5% |
| Consolidated revenue² | 3,190 | 4,268 | +33.8% | -0.1% |

Automotive production outperformance of 7.1 points

In the first-half of 2019, worldwide automotive production declined -6.9% (source: IHS July 2019), compared to growth in economic revenue of +0.2% on a like-for-like basis, i.e. an **outperformance of 7.1 points**, including 5.7 points for Plastic Omnium Industries and 11.6 points for Plastic Omnium Modules.

All regions outperformed automotive production, with a strong outperformance, as forecast, in China (+13.5 points) and in North America (+10.2 points).

| In € millions and % of revenue By region | First-half 2018 | First-half 2019 | Change like- for-like ⁷ | Outperformance/ automotive production |
|---|--------------------|--------------------|---------------------------------------|---|
| Europe/Africa | 2,120 55% | 2,490 54% | -3.1% | +4.9 points |
| North America | 944 25% | 1,311 28% | +7.3% | +10.2 points |
| Asia, excl. China | 293 8% | 343 8% | +3.4% | +3.8 points |
| China | 363 9% | 385 8% | -0.9% | +13.5 points |
| South America | 101 3% | 82 2% | -0.2% | +2.7 points |
| Economic revenue¹ | 3,821 | 4,611 | +0.2% | +7.1 points |

Business in **Europe**, down 3.1% in the first half of 2019, has been impacted by the sharp drop in automotive production in Germany (-11.4%) and the United Kingdom (-19.8%), which represented 16% and 5% respectively of the Group's revenue. This drop is partially offset by the growth in SCR revenue (diesel vehicle emissions reduction systems, +31%) and by strong business in France (+13%) and Eastern Europe (+15%), particularly in Slovakia (+22%).

North American revenues grew strongly (+7.3% like-for like) and benefited from the ramp up of new American and Mexican plants recently commissioned as well as the high exposure to SUV/Light Truck models which represented 80% of its business.

In China, business was virtually stable (-0.9% like-for like) while automotive production fell by -14.4%. The Group's strong market share gains in the leading worldwide automotive market are the result of many new model launches: China today represents nearly half of the Group's launches.

In Asia excluding China, Plastic Omnium performed well in South Korea and Turkey.

Cost structure and change

The change in cost structure between the first half of 2018 and the first-half of 2019 was marked by the full consolidation, as of July 1st, 2018, of HBPO, with an assembly business where 90% of the costs are parts and components purchases.

Consolidated gross margin was €539.6 million, versus €530.7 million in the first-half of 2018. This represents 12.6% of revenue, compared with 16.6% in the first-half of 2018.

In gross value, research and development costs were stable at €200.9 million, compared with 204.7 million euros in the first-half of 2018. In net value, i.e. after capitalization and rebilling to customers, expenditure amounted to €121.5 million, versus €96.4 million in the first-half of 2018. This represents 2.8% of revenue, compared with 3.0% in the first-half of 2018.

Selling expenses totaled €19.2 million or 0.4% of revenue, compared with €20.3 million or 0.6% of revenue in first-half of 2018.

Administrative expenses totaled €124.8 million in the first-half of 2019, compared with €119.9 million in the first-half of 2018, representing 2.9% and 3.8% of revenue respectively.

Drop in operating margin, growth in EBITDA

To respond to the deterioration in worldwide automotive production, Plastic Omnium launched a cost reduction plan in the 4th quarter of 2018, which was strengthened in the 1st quarter of 2019, for a full-year amount of €100 million, including €50 million of savings in indirect production and structural costs.

These cost saving plans enabled the Group's operating margin to withstand the drop in worldwide automotive production and to offset the extra depreciation related to new plant launches and numerous program launches to support the Group's growth. Thus, depreciation (excluding IFRS 16⁸) increased by €64 million between the first-half of 2018 and the first-half of 2019.

The operating margin thus came in at €281 million, i.e. 6.6% of consolidated revenue, in the first-half of 2019. It declined 13% compared to the €324 million in the first-half of 2018 (10.2% of consolidated revenue) and is comparable to the €286 million achieved in the second-half of 2018 (7.1% of consolidated revenue), in tougher market conditions. EBITDA increased from €457 million to €511 million between the first-half of 2018 and the first-half of 2019.

The full consolidation of HBPO from July 1st, 2018 into PO Modules, a less capital-intensive assembly business, had, as expected, a dilutive impact on the operating margin percentage and on EBITDA.

By business, the change in Operating Margin and EBITDA is as follows:

| in € millions | First-half 2018 | Second-half 2018 | First-half 2019 |
|---|----------------------|----------------------|----------------------|
| Consolidated revenue | 3,190 | 4,055 | 4,268 |
| PO Industries | 3,190 | 3,098 | 3,207 |
| PO Modules | 0 | 957 | 1,062 |
| Operating margin as a % of revenue | 324 10.2% | 286 7.1% | 281 6.6% |
| PO Industries | 315 | 263 | 254 |
| as a % of revenue | 9.9% | 8.5% | 7.9% |
| PO Modules | 9 | 24 | 27 |
| as a % of revenue | N/A | 2.5% | 2.5% |
| EBITDA as a % of revenue | 457 14.3% | 461 11.4% | 511 12.0% |
| PO Industries | 448 | 417 | 457 |
| as a % of revenue | 14.1% | 13.4% | 14.2% |
| PO Modules | 9 | 44 | 54 |
| as a % of revenue | N/A | 4.7% | 5.1% |

Net profit, Group share: €155 million

In the first-half of 2019, Plastic Omnium recognized €25 million of net non-current expenses (€9.9 million in net expenses in the first-half of 2018), mainly comprising restructuring charges to respond to the drop in worldwide automotive production.

Net financial income was stable at -€36.9 million.

Income tax stood at -€55.6 million, i.e. an effective tax rate of 28%, versus -€50.9 million at June 30, 2018 (effective tax rate of 21%).

Net income was €163.5 million (i.e. 3.8% of consolidated revenue), versus €232.7 million in the first-half of 2018.

Net profit, Group share, dropped 33% to €155 million (i.e. 3.6% of consolidated revenue) compared to the first-half 2018 record level (€230 million).

Free cash-flow of €30 million after a final quarter of heavy investment

In the first-half of 2019, the Group invested at a high level of €308 million, i.e. 7.2% of consolidated revenue. These investments included:

- four plants for the Intelligent Exterior Systems business in the United States, Slovakia, India and Morocco;
- three R&D centers, including two for the Clean Energy Systems business (Belgium and China) and the extension and digitization of Σ-Sigmatech for Intelligent Exterior Systems, opened in June 2019.

With this high level of investment, the Group generated €30 million in free cash flow at June 30, 2019.

In the second-half of 2019, the Group will not commission any significant plants or finance any additional R&D centers; investments will thus be sharply reduced. They will represent approximately 6% of consolidated revenue for the whole of 2019.

Sound financial structure

Net debt at June 30, 2019 stood at €1,021 million, i.e. approximately the same level as at June 30, 2018 (€992 million), after a +€234 million impact from the changeover to IFRS 16⁸ in 2019. In the meantime, Plastic Omnium paid €123 million in dividends, purchased €50 million of Treasury shares and sold its Environment business for €220 million (December 2018).

The Group's net debt represents **46% of shareholders' equity and 1.1x EBITDA**.

RELATED PARTIES

Related party transactions correspond to transactions with Sofiparc, Burelle SA and Burelle Participations. No changes occurred in the contracts between the Group and these companies during the period.

No material change has been made to the compensation paid to senior executives and officers since December 31, 2018.

OUTLOOK

In expectation of an estimated 4.5% drop in worldwide automotive production for full-year 2019 (an estimated production of around 87 million vehicles in 2019 versus 91.3 million in 2018), Plastic Omnium strengthened its cost reduction plan.

In these market conditions, the Group is confirming outperformance of its businesses of at least 5 points compared to worldwide automotive production in full-year 2019, as well as free cash-flow generation of around €200 million. It is revising its operating income forecast, now expected to decrease slightly compared to the €610 million achieved in 2018. 2019 EBITDA will show an increase compared to 2018 EBITDA.

Furthermore, on the basis of an independent valuation, Plastic Omnium expects to sell its commercial real estate assets to the real estate company Sofiparc, wholly-owned by Burelle SA which is also the holding company controlling Plastic Omnium. This transaction would enable the non-industrial real estate assets of Plastic Omnium to be rationalized and strengthen its financial structure.

The Group does not expect a rebound in worldwide automotive production in 2020 or 2021. On this basis and over this period, it is confirming outperformance of its businesses of around 5 points and generation of annual free cash-flow greater than €200 million.

With a sound financial structure and strengthened fundamentals, Plastic Omnium will consolidate its leadership as an innovative automotive supplier in clean and connected cars.

RISKS OVER THE SECOND HALF-YEAR

The risk factors for Compagnie Plastic Omnium remain those identified in the Group's management report as at end-December 2018.

Glossary

- (1) The economic revenue reflects the Group's operational and managerial reality. It corresponds to the consolidated sales plus the sales of the Group's joint ventures at the Group's percentage stake: BPO (50%) and YFPO (50%) and HBPO for 33.33% until its full consolidation on July 1st, 2018.
- (2) Consolidated revenue, pursuant to IFRS 10-11-12, does not include the share of joint ventures, which are consolidated using the equity method.
- (3) The operating margin includes the share of the results of companies which have been consolidated using the equity method, and the amortization of the intangible assets acquired, before other operating income and expenses.
- (4) EBITDA corresponds to the operating margin plus the share of profit of associates and joint ventures before depreciation and operating provisions.
- (5) Free cash flow corresponds to the operating cash-flow, less tangible and intangible investments net of disposals, taxes and net interest paid +/- variation of the working capital requirements (cash surplus from operations).
- (6) Net debt includes all long-term borrowings, short-term loans and bank overdrafts less loans, marketable debt instruments and other non-current financial assets, and cash and cash equivalents.

- (7) Like-for-like (scope and exchange):
- a. the currency effect is calculated by applying the exchange rate of the previous period to the revenue of the current period. In the first-half of 2019, it is a positive €69.5 million on economic revenue and €72.7 million on consolidated revenue;
 - b. the scope effect is calculated by applying the consolidation method of the current period to the previous period. The full consolidation of HBPO into Plastic Omnium Modules thus impacted economic revenue by +€704.8 million and consolidated revenue by +€1,010 million in the first-half of 2019.
- (8) The Group has applied IFRS 16 “Leases” since January 1st, 2019. At June 30, 2019, it impacted property, plant and equipment and financial liabilities by +€234 million and depreciation and EBITDA by +€26 million.

CONSOLIDATED FINANCIAL STATEMENTS
AT JUNE 30, 2019

Financial indicators

In the context of its financial communication, the Group uses financial indicators based on aggregates taken from the consolidated financial statements prepared in accordance with IFRS, as adopted in the European Union.

As indicated in Note 3.1 on segment information of the consolidated financial statements at June 30, 2019, the Group uses the notion of “economic revenue” for its operational management, which corresponds to the consolidated revenue of the Group and its joint ventures at their ownership percentage: Yanfeng Plastic Omnium, the Chinese leader in exterior body parts, SHB Automotive modules leading Korean front-end module company (Samlip) and BPO a major player in the Turkish market for exterior equipment.

Reconciliation of economic revenue with consolidated revenue:

| In thousands of euros | First-half 2019 | First-half 2018 |
|--|------------------|------------------|
| Economic revenue | 4,610,965 | 3,820,869 |
| <i>Including revenue from joint ventures at the Group's percentage stake</i> | 342,713 | 631,243 |
| Consolidated revenue | 4,268,252 | 3,189,626 |

BALANCE SHEET

| In thousands of euros | | | |
|---|---------------------------|------------------|-------------------|
| | Notes | June 30, 2019 | December 31, 2018 |
| ASSETS | | | |
| Goodwill | 5.1.1 | 1,016,390 | 1,015,730 |
| Other intangible assets | | 733,567 | 728,150 |
| Property, plant and equipment | 5.1.2 | 1,930,275 | 1,653,028 |
| Investment property | 5.1.3 | 93,289 | 93,263 |
| Equity method and non-consolidated investments | 5.1.4 | 181,587 | 193,212 |
| Other non-current financial assets ⁽¹⁾ | 5.2.5.5 | 67,338 | 65,775 |
| Deferred tax assets | | 104,730 | 101,691 |
| TOTAL NON-CURRENT ASSETS | | 4,127,175 | 3,850,849 |
| Inventories | 5.1.6 | 810,633 | 737,109 |
| Finance receivables ⁽¹⁾ | 5.1.7 - 5.2.5.5 | 14,006 | 22,504 |
| Trade receivables | 5.1.8.2 - 5.1.8.4 - 6.2.1 | 975,803 | 815,300 |
| Other receivables | 5.1.8.3 - 5.1.8.4 | 318,618 | 370,612 |
| Other financial assets and financial receivables ⁽¹⁾ | 5.1.7 - 5.2.5.5 | 59,014 | 63,942 |
| Hedging instruments ⁽¹⁾ | 5.2.5.5 - 5.2.6 | 3,724 | 1,898 |
| Cash and cash equivalents ⁽¹⁾ | 5.1.9 - 5.1.9.2 - 5.2.5.5 | 803,635 | 916,336 |
| TOTAL CURRENT ASSETS | | 2,985,433 | 2,927,701 |
| Assets held for sale | | 846 | 846 |
| TOTAL ASSETS | | 7,113,454 | 6,779,396 |
| EQUITY AND LIABILITIES | | | |
| Capital | 5.2.1.1 | 8,914 | 8,914 |
| Treasury stock | | -54,230 | -49,850 |
| Additional paid-in capital | | 17,389 | 17,389 |
| Consolidated reserves | | 2,006,831 | 1,576,112 |
| Net income for the period | | 155,006 | 533,296 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | 2,133,911 | 2,085,861 |
| Attributable to non-controlling interests | | 90,955 | 96,138 |
| TOTAL EQUITY | | 2,224,865 | 2,181,999 |
| Non-current borrowings ⁽¹⁾ | 5.2.5.5 | 1,338,166 | 1,635,811 |
| Provisions for pensions and other post-employment benefits | 5.2.4 | 98,557 | 105,184 |
| Provisions for liabilities and charges | 5.2.4 | 34,903 | 35,592 |
| Non-current grants | | 6,242 | 6,323 |
| Deferred tax liabilities | | 77,248 | 80,718 |
| TOTAL NON-CURRENT LIABILITIES | | 1,555,116 | 1,863,628 |
| Bank overdrafts ⁽¹⁾ | 5.2.5.5 - 5.1.9.2 - 6.3 | 7,461 | 4,684 |
| Current borrowings and financial debt ⁽¹⁾ | 5.2.5.5 | 620,605 | 123,215 |
| Other current financial debt ⁽¹⁾ | 5.2.5.5 - 6.3 | 67 | 31 |
| Hedging instruments ⁽¹⁾ | 5.2.5.5 - 5.2.6 - 6.3 | 2,357 | 4,330 |
| Provisions for liabilities and charges | 5.2.4 | 50,101 | 55,120 |
| Current grants | | 4,069 | 3,994 |
| Trade payables | 5.2.7.1 - 5.2.7.3 | 1,671,797 | 1,614,989 |
| Other operating liabilities | 5.2.7.2 - 5.2.7.3 | 977,015 | 927,406 |
| TOTAL CURRENT LIABILITIES | | 3,333,472 | 2,733,769 |
| TOTAL EQUITY AND LIABILITIES | | 7,113,454 | 6,779,396 |

⁽¹⁾ Components of net debt. Net debt stands at € 1,020.9 million at June 30, 2019 compared with €697.6 million at December 31, 2018 (see Note 5.2.5.5).

INCOME STATEMENT

| In thousands of euros | Notes | First-half 2019 | % | First-half 2018 | % |
|--|------------|--------------------|---------------|--------------------|---------------|
| Consolidated sales (revenue) | | 4,268,252 | 100.0% | 3,189,626 | 100.0% |
| Cost of goods and services sold | 4.2 | -3,728,693 | -87.4% | -2,658,967 | -83.4% |
| Gross profit | | 539,559 | 12.6% | 530,659 | 16.6% |
| Net research and development costs | 4.1 - 4.2 | -121,523 | -2.8% | -96,419 | -3.0% |
| Selling costs | 4.2 | -19,207 | -0.4% | -20,350 | -0.6% |
| Administrative expenses | 4.2 | -124,776 | -2.9% | -119,912 | -3.8% |
| Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures | | 274,052 | 6.4% | 293,978 | 9.2% |
| Amortization of intangible assets acquired in business combinations | 4.3 | -13,583 | -0.3% | -4,882 | -0.2% |
| Share of profit/loss of associates and joint ventures ⁽¹⁾ | 4.4 | 20,524 | 0.5% | 34,675 | 1.1% |
| Operating margin | | 280,993 | 6.6% | 323,771 | 10.2% |
| Other operating income | 4.5 | 22,409 | 0.5% | 29,475 | 0.9% |
| Other operating expenses | 4.5 | -47,364 | -1.1% | -39,393 | -1.2% |
| Financing costs, net | 4.6 | -38,651 | -0.9% | -33,635 | -1.1% |
| Other financial income and expenses, net | 4.6 | 1,706 | 0.0% | -3,161 | -0.1% |
| Profit from continuing operations before income tax and after share of profits of associates and joint ventures | | 219,093 | 5.1% | 277,057 | 8.7% |
| Income tax | 4.7 | -55,599 | -1.3% | -50,900 | -1.6% |
| Net income after tax from continuing operations | | 163,494 | 3.8% | 226,157 | 7.1% |
| Net income after income tax from discontinued activities ⁽²⁾ | | - | - | 6,575 | 0.2% |
| Net income | | 163,494 | 3.8% | 232,732 | 7.3% |
| Net profit attributable to non-controlling interests | 4.8 | 8,488 | 0.2% | 2,632 | 0.1% |
| Net profit attributable to owners of the parent company | | 155,006 | 3.6% | 230,100 | 7.2% |
| Earnings per share attributable to owners of the parent company | 4.9 | | | | |
| Basic earnings per share (in euros) ⁽³⁾ | | 1.06 | | 1.56 | |
| Diluted earnings per share (in euros) ⁽⁴⁾ | | 1.06 | | 1.55 | |

(1) At June 30, 2018, the share of HBPO's profit, i.e. €8.7 million, corresponded to 33.33% of its profit, i.e. the Group's ownership percentage before the acquisition of an additional 33.33% of HBPO. Since the takeover on July 1, 2018, HBPO has been fully consolidated.

(2) The "Environment" Division's business (sold on December 18, 2018) in the income statement was presented on a single line as of June 30, 2018 in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

(3) Basic earnings per share are calculated using the weighted average number of ordinary shares outstanding, less the average number of shares held in treasury stock.

(4) Diluted earnings per share take into consideration the average number of treasury shares deducted from equity and shares which might be issued under stock option programs.

STATEMENT OF COMPREHENSIVE INCOME

| In thousands of euros | First-half 2019 | | | First-half 2018 | | |
|---|-----------------|----------------|----------------|-----------------|----------------|----------------|
| | Total | Gross | Tax | Total | Gross | Tax |
| Net profit for the period attributable to owners of the parent ⁽¹⁾ | 155,006 | 207,440 | -52,434 | 230,100 | 280,246 | -50,147 |
| Reclassified to the income statement | 6,351 | 6,516 | -165 | -8,453 | -9,902 | 1,449 |
| Reclassified in the period | 175 | 191 | -16 | 286 | 413 | -127 |
| Exchange differences on translating foreign operations - reclassified to the income statement | - | - | - | - | - | - |
| Cash flow hedges - Interest rate instruments reclassified to the income statement | 175 | 191 | -16 | 286 | 413 | -127 |
| Reclassified at a later date | 6,176 | 6,325 | -149 | -8,739 | -10,315 | 1,576 |
| Exchange differences on translating foreign operations | 5,850 | 5,850 | - | -3,998 | -3,998 | - |
| Cash flow hedges | 326 | 475 | -149 | -4,741 | -6,317 | 1,576 |
| Gains/(losses) for the period - Interest rate instruments | - | - | - | - | - | - |
| Gains/(losses) for the period - Exchange rate instruments | 326 | 475 | -149 | -4,741 | -6,317 | 1,576 |
| Cannot be reclassified to the income statement at a later date | 1,435 | -857 | 2,292 | -1,713 | -1,728 | 15 |
| Actuarial gains/(losses) recognized in equity | -5,737 | -8,029 | 2,292 | 271 | 256 | 15 |
| Adjustment for change in fair value of long-term investments in equity instruments and funds | 7,172 | 7,172 | - | -1,984 | -1,984 | - |
| Profit/loss from continuing activities recognized directly in equity | 7,786 | 5,659 | 2,127 | -10,166 | -11,630 | 1,464 |
| Comprehensive income attributable to owners of the parent⁽²⁾ | 162,792 | 213,099 | -50,307 | 219,934 | 268,616 | -48,683 |
| Net profit for the period attributable to non-controlling interests | 8,488 | 11,653 | -3,165 | 2,632 | 3,385 | -753 |
| Reclassified to the income statement | 1,451 | 1,451 | - | -399 | -399 | - |
| Reclassified at a later date | 1,451 | 1,451 | - | -399 | -399 | - |
| Exchange differences on translating foreign operations | 1,451 | 1,451 | - | -399 | -399 | - |
| Other comprehensive income | 1,451 | 1,451 | - | -399 | -399 | - |
| Comprehensive income attributable to non-controlling interests | 9,939 | 13,104 | -3,165 | 2,233 | 2,986 | -753 |
| Total comprehensive income | 172,731 | 226,203 | -53,472 | 222,167 | 271,602 | -49,436 |

(1) Net profit for the period attributable to owners of the parent amounted to €92,632 thousand at June 30, 2019 compared with €135,574 thousand at June 30, 2018.

(2) Net comprehensive income for the period attributable to owners of the parent amounted to €97,284 thousand at June 30, 2019 compared with €129,585 thousand at June 30, 2018.

CHANGES IN EQUITY

In thousands of euros
In thousand units for the number of shares

Shareholders' equity

| | Number of shares | Capital | Additional paid-in capital | Treasury stock | Other reserves (1) | Translation adjustment | Net profit for the period | Attributable to owners of the parent | Attributable to non-controlling interests | Total equity |
|---|------------------|--------------|----------------------------|----------------|----------------------|------------------------|---------------------------|--------------------------------------|---|------------------|
| Equity at December 31, 2017 | 150 977 | 9 059 | 17 389 | -61 764 | 1 366 568 (1) | -28 809 | 425 177 | 1 727 620 | 26 614 | 1 754 234 |
| 1st application of IFRS 15 (*) | - | - | - | - | -4 818 | - | - | -4 818 | 30 | -4 788 |
| 1st application of IFRS 9 (*) | - | - | - | - | -1 939 | - | - | -1 939 | - | -1 939 |
| Equity at January 1, 2018 (*) | 150 977 | 9 059 | 17 389 | -61 764 | 1 359 811 (1) | -28 809 | 425 177 | 1 720 863 | 26 644 | 1 747 507 |
| Appropriation of net profit at December 31, 2017 | - | - | - | - | 425 177 | - | -425 177 | - | - | - |
| Net profit at June 30, 2018 | - | - | - | - | - | - | 230 100 | 230 100 | 2 632 | 232 732 |
| Profit/loss from continuing activities recognized directly in equity | - | - | - | - | -1 136 | -9 030 | - | -10 166 | -399 | -10 565 |
| Exchange differences on translating foreign operations | - | - | - | - | 5 032 | -9 030 | - | -3 998 | -399 | -4 397 |
| Actuarial gains/(losses) recognized in equity | - | - | - | - | 271 | - | - | 271 | - | 271 |
| Cash flow hedges - Interest rate instruments | - | - | - | - | 286 | - | - | 286 | - | 286 |
| Cash flow hedges - currency instruments | - | - | - | - | -4 741 | - | - | -4 741 | - | -4 741 |
| Adjustments for changes in fair value of property, plant and equipment | - | - | - | - | -1 984 | - | - | -1 984 | - | -1 984 |
| Comprehensive income | - | - | - | - | 424 041 | -9 030 | -195 077 | 219 934 | 2 233 | 222 167 |
| Treasury stock transactions | - | - | - | -27 578 | 2 089 | - | - | -25 489 | - | -25 489 |
| Dividends paid by Compagnie Plastic Omnium | - | - | - | - | -98 822 | - | - | -98 822 | - | -98 822 |
| Dividends paid by other Group companies | - | - | - | - | - | - | - | - | -389 | -389 |
| Stock option costs | - | - | - | - | 1 274 | - | - | 1 274 | - | 1 274 |
| Deferred tax on stock option and share purchase plans | - | - | - | - | 145 | - | - | 145 | - | 145 |
| Equity at June 30, 2018 (*) | 150 977 | 9 059 | 17 389 | -89 342 | 1 688 538 (1) | -37 839 | 230 100 | 1 817 905 | 28 488 | 1 846 393 |
| Net profit of the second-half 2018 | - | - | - | - | - | - | 303 196 | 303 196 | 6 849 | 310 045 |
| Other comprehensive income | - | - | - | - | 13 732 | -3 658 | - | 10 074 | -740 | 9 334 |
| Exchange differences on translating foreign operations | - | - | - | - | 675 | -3 658 | - | -2 983 | -726 | -3 709 |
| Actuarial gains/(losses) recognized in equity | - | - | - | - | 1 436 | - | - | 1 436 | -14 | 1 422 |
| Cash flow hedges - Interest rate instruments | - | - | - | - | -1 516 | - | - | -1 516 | - | -1 516 |
| Cash flow hedges - currency instruments | - | - | - | - | 1 935 | - | - | 1 935 | - | 1 935 |
| Change in the fair value adjustment of long-term investments in equity instruments and in funds | - | - | - | - | 2 350 | - | - | 2 350 | - | 2 350 |
| Revaluation of assets and liabilities due to hyperinflation in Argentina | - | - | - | - | 8 852 | - | - | 8 852 | - | 8 852 |
| Comprehensive income | - | - | - | - | 13 732 | -3 658 | 303 196 | 313 270 | 6 109 | 319 379 |
| Treasury stock transactions | - | - | - | -43 137 | -2 089 | - | - | -45 226 | - | -45 226 |
| Capital reduction (cancellation of treasury stock) | -2 411 | -145 | - | 82 629 | -82 629 | - | - | -145 | - | -145 |
| Change in scope of consolidation and reserves | - | - | - | - | - | - | - | - | 62 884 | 62 884 |
| Dividends paid by other Group companies | - | - | - | - | - | - | - | - | -1 344 | -1 344 |
| Stock option costs | - | - | - | - | 1 254 | - | - | 1 254 | - | 1 254 |
| Deferred tax on stock option and share purchase plan | - | - | - | - | -1 197 | - | - | -1 197 | - | -1 197 |
| Equity at December 31, 2018 | 148 566 | 8 914 | 17 389 | -49 850 | 1 617 609 (1) | -41 497 | 533 296 | 2 085 861 | 96 138 | 2 181 999 |
| 1st application of IFRS 16 | - | - | - | - | - | - | - | - | - | - |
| 1st application of IFRIC 23 | - | - | - | - | -2 500 | - | - | -2 500 | - | -2 500 |
| Equity at January 1, 2019 | 148 566 | 8 914 | 17 389 | -49 850 | 1 615 109 | -41 497 | 533 296 | 2 083 361 | 96 138 | 2 179 499 |
| Appropriation of net profit at December 31, 2018 | - | - | - | - | 533 296 | - | -533 296 | - | - | - |
| Net profit at June 30, 2019 | - | - | - | - | -660 | 8 446 | - | 7 786 | 1 451 | 163 494 |
| Other comprehensive income | - | - | - | - | -660 | 8 446 | - | 7 786 | 1 451 | 9 237 |
| Exchange differences on translating foreign operations | - | - | - | - | -2 596 | 8 446 | - | 5 850 | 1 451 | 7 301 |
| Actuarial gains/(losses) recognized in equity | - | - | - | - | -5 737 | - | - | -5 737 | - | -5 737 |
| Cash flow hedges - Interest rate instruments | - | - | - | - | 175 | - | - | 175 | - | 175 |
| Cash flow hedges - Currency instruments | - | - | - | - | 326 | - | - | 326 | - | 326 |
| Change in the fair value adjustment of long-term investments in equity instruments and in funds | - | - | - | - | 7 172 | - | - | 7 172 | - | 7 172 |
| Comprehensive income | - | - | - | - | 532 636 | 8 446 | -369 802 | 162 792 | 9 939 | 172 731 |
| Treasury stock transactions | - | - | - | -4 380 | -877 | - | - | -5 257 | - | -5 257 |
| Dividends paid by Compagnie Plastic Omnium | - | - | - | - | -108 168 | - | - | -108 168 | - | -108 168 |
| Dividends paid by other Group companies | - | - | - | - | - | - | - | - | -15 121 | -15 121 |
| Stock option and share purchase plan costs | - | - | - | - | 1 141 | - | - | 1 141 | - | 1 141 |
| Deferred tax on stock option and share purchase plans | - | - | - | - | 43 | - | - | 43 | - | 43 |
| Equity at June 30, 2019 | 148 566 | 8 914 | 17 389 | -54 230 | 2 039 884 (1) | -33 051 | 163 494 | 2 133 911 | 90 955 | 2 224 865 |

(*) The IFRS 15 and IFRS 9 impacts are the definitive impact as of December 31, 2018. The shareholders' equity at June 30, 2018 is adjusted for the variation between July and December 2018 of this 1st application and as such, differ from those published on June 30, 2018.

(1) See Note 5.2.1.2 for breakdown of "Other reserves".

STATEMENT OF CASH FLOWS

| In thousands of euros | Notes | First-half 2019 | 2018 | First-half 2018 |
|---|-------------------|-----------------|-----------------|-----------------|
| I - CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income | 3.1.1 | 163,494 | 542,777 | 232,732 |
| Dividends received from associates and joint ventures | | 19,011 | 40,973 | 27,791 |
| Non-cash items | | 281,669 | 212,959 | 161,161 |
| Net income from discontinued operations | | - | -1,494 | -6,575 |
| Share of profit/(loss) of associates and joint ventures | 4.4 | -18,609 | -51,888 | -34,675 |
| Stock option plan expense | | 1,141 | 2,528 | 1,274 |
| Other adjustments ⁽¹⁾ | | -4,811 | -259,331 | 7,971 |
| Depreciation and provisions for impairment of fixed assets | 3.1.3 | 140,763 | 202,740 | 85,609 |
| Amortization and provisions for impairment of intangible assets | 3.1.3 | 95,685 | 163,353 | 59,373 |
| Changes in provisions | | -20,764 | -22,075 | -36,612 |
| Net (gains)/losses on disposals of non-current assets | | 191 | 1,210 | 2,630 |
| Operating grants recognized in the income statement | | -480 | -1,407 | -905 |
| Current and deferred taxes | 4.7.1 | 55,602 | 112,995 | 50,899 |
| Interest expense | | 32,952 | 66,328 | 32,171 |
| CASH GENERATED BY OPERATIONS (A) | | 464,174 | 796,709 | 421,684 |
| Change in inventories and work-in-progress – net | | -71,139 | -23,074 | -76,779 |
| Change in trade receivables – net | | -111,434 | 180,442 | -20,123 |
| Change in trade payables | | 121,888 | -8,097 | 101,942 |
| Change in other operating assets and liabilities – net | | 7,925 | -17,177 | 36,229 |
| CHANGE IN WORKING CAPITAL REQUIREMENTS (B) | | -52,760 | 132,094 | 41,268 |
| TAXES PAID (C) | | -30,383 | -82,765 | -42,831 |
| Interest paid | | -44,547 | -71,053 | -41,092 |
| Interest received | | 1,587 | 4,641 | 1,229 |
| NET FINANCIAL INTEREST PAID (D) | | -42,960 | -66,412 | -39,863 |
| NET CASH GENERATED BY OPERATING ACTIVITIES (A+B+C+D) | | 338,071 | 779,626 | 380,258 |
| II – CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisitions of property, plant and equipment | 3.1.3 | -167,050 | -434,327 | -181,407 |
| Acquisitions of intangible assets | 3.1.3 | -102,957 | -208,452 | -97,797 |
| Disposals of property, plant and equipment | | 2,901 | 4,842 | 391 |
| Disposals of intangible assets | | 4,265 | 996 | - |
| Net change in advances to suppliers of fixed assets | | -45,385 | 74,131 | 6,468 |
| Government grants received | | 441 | 1,172 | 1,118 |
| NET CASH USED IN OPERATIONS-RELATED INVESTING ACTIVITIES (E) | | -307,786 | -561,639 | -271,227 |
| FREE CASH FLOW (A + B + C + D + E) | | 30,286 | 217,988 | 109,031 |
| Acquisitions of shares in subsidiaries and associates, investments in associates and joint ventures, and related investments ⁽²⁾ | | - | -369,543 | 217 |
| Acquisitions of non-consolidated equity instruments ⁽³⁾ | 5.1.4 | -309 | -3,000 | -372,762 |
| Acquisitions of long-term Investments in equity instruments and in funds | | -9,885 | -1,000 | -1,000 |
| Proceeds from disposals of investments in subsidiaries and associates ⁽⁴⁾ | | - | 200,166 | 767 |
| Disposals of non-consolidated equity instruments | | - | - | 20 |
| Disposals of long term investments in listed equity instruments and in funds | | 8,485 | - | - |
| Impact of changes in scope of consolidation - cash and cash equivalents contributed by companies entering the scope of consolidation | | - | 26,847 | - |
| NET CASH FROM FINANCIAL INVESTING ACTIVITIES (F) | | -1,709 | -146,530 | -372,759 |
| NET CASH FROM INVESTING ACTIVITIES (E+F) | | -309,495 | -708,169 | -643,986 |
| III - CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Increases/reductions in share capital and premiums | | - | -145 | - |
| Purchases/sales of treasury stock | | -5,257 | -70,715 | -25,485 |
| Dividends paid by the Compagnie Plastic Omnium to Burelle SA | | -64,619 | -58,238 | -58,238 |
| Dividends paid to other shareholders ⁽⁵⁾ | | -58,672 | -42,317 | -40,974 |
| Increase in financial debt | | 204,996 | 385,283 | 42,233 |
| Repayment of financial debt | | -222,565 | -306,390 | -79,205 |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (G) | | -146,118 | -92,522 | -161,668 |
| Assets held for sale (and discontinued operations) (H) ⁽⁶⁾ | | - | 15,059 | -14,910 |
| Effect of exchange rate changes (I) | | 2,061 | -7,228 | -3,288 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D + E + F + G + H + I) | | -115,479 | -13,232 | -443,596 |
| NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 5.1.9.2 - 5.2.5.5 | 911,652 | 924,884 | 924,884 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 5.1.9.2 - 5.2.5.5 | 796,174 | 911,652 | 481,288 |

- (1) At the end of 2018, this item included the revaluation of €255,000 thousand relating to the 33.33% equity share held in HBPO prior to the acquisition based on its fair value .
- (2) At the end of 2018, the amount of €369,762 thousand related to Mahle-Behr's 33.33 % equity stake in HBPO and after the takeover.
- (3) At the end of the 1st Semester 2018, the amount included the Group's acquisition of Mahle-Behr's 33.33 % equity stake in HBPO on June 26, 2018 for €369,762 thousand and before the takeover.
- (4) This caption included at the end of 2018, the sale of the Environment Division.
- (5) During the First-half 2019, the €43,549 thousand in dividends paid to other shareholders (compared with €40,584 thousand in 2018) was paid by Compagnie Plastic Omnium, bringing the total dividends paid by Compagnie Plastic Omnium to €108,168 thousand (compared with €98,822 thousand in 2018). See Note 5.2.2 "Dividends voted and paid by Compagnie Plastic Omnium".
- (6) The amounts in this section in the two periods of 2018 corresponded to the results of the Environment Division.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Plastic Omnium Group for the six months ended June 30, 2019 were approved by the Board of Directors on July 18, 2019.

PRESENTATION OF THE GROUP

Compagnie Plastic Omnium, a company governed by French law, was set up in 1946. The bylaws set its duration until April 24, 2112. It is registered in the Lyon Trade and Companies Register under number 955 512 611 and its registered office is at 19, boulevard Jules Carteret, 69007 Lyon, France.

The terms “Compagnie Plastic Omnium”, “the Group” and “the Plastic Omnium Group” refer to the group of companies comprising Compagnie Plastic Omnium and its consolidated subsidiaries.

The Plastic Omnium Group is a global leader in the transformation of plastic materials for the automotive market for body parts, storage systems and fuel supply systems (“Industries” segment) and front-end modules (“Modules” segment).

Following the disposal of the Environment Division which represented a separate business segment, on December 18 2018, the Group has organized its business into two operating segments since the end of year 2018 as follows :

▪ **Industries:**

- **Intelligent Exterior Systems**, dedicated to complex and intelligent body systems, replacing the former “Auto Exterior” terminology;
- **Clean Energy Systems**, dedicated to clean energy storage systems, replacing the former “Fuel Systems” terminology.

▪ **Modules:** front end module design, development and assembly.

Plastic Omnium Group shares have been traded on the Paris Stock Exchange since 1965. The Group has been traded on Eurolist subfund A since January 17, 2013 and is listed on the SBF 120 and the CAC Mid 60 indices. The main shareholder is Burelle SA, which held 58.78% of the Group at June 30, 2019 (59.76% excluding treasury stock).

The unit of measurement used in the Notes to the consolidated financial statements is thousand euros, unless otherwise indicated.

1. ACCOUNTING POLICIES, ACCOUNTING RULES AND PRINCIPLES

1.1. Basis of preparation

The condensed consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with IAS 34 *“Interim Financial Reporting”*.

These condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the consolidated financial statements at December 31, 2018.

The accounting policies used are those applied by the Group at December 31, 2018 and described in Note 1 “Accounting policies, accounting rules and principles” of the 2018 consolidated financial statements, with the exception of IFRIC 23 interpretation “Uncertainty over income tax treatments ” (not significant for the Group: see “Changes in equity” and Note 5.2.7.2 “Other operating liabilities”) and IFRS 16 “Leases”, which the Group has been applying since January 1, 2019.

The Group has chosen to apply the IFRS 16 simplified retrospective method for the transition at January 1, 2019: the 2018 consolidated financial statements are not restated and the new accounting treatment is applied to leases in progress at January 1, 2019.

The two capitalization exemptions proposed by the standard for contracts with an initial duration of less than or equal to twelve months and assets with a low value when new, which the Group has defined as being less than or equal to €5,000, were used.

The main changes induced by IFRS 16 are as follows:

- recognition from January 1, 2019, as property, plant and equipment, of right-of-use leased assets under leases that meet the capitalization criteria defined by IFRS 16;
- recognition from January 1, 2019 of a financial liability for the obligation to pay rent during the term of these leases;
- recognition of an amortization expense for the right to use the asset and a financial expense relating to the interest on the lease debt, which partly replace the operating expense previously recognized in respect of rents;
- improvement in cash flow from operations and increase in cash flows from financing transactions.

As part of the implementation of this new standard, the Group measures whether a contract is a lease under IFRS 16 by assessing, at the date of entry of the said contract, whether the latter relates to a specific asset, whether the Group obtains substantially all the economic benefits associated with the use of the asset and has the ability to control the use of this asset.

The Group has implemented a tool to perform, for each contract complying with the IFRS 16 capitalization criteria, an evaluation of the rights-of-use and the related financial debt in accordance with IFRS 16. The lease term used corresponds to the duration of the lease contract, taking into account an option to renew or terminate when its exercise is reasonably certain. The discount rate used to calculate the rent debt is determined, for each property, according to the marginal rate of debt at the date of commencement of the contract. This rate corresponds to the interest rate that the lessee would obtain at inception of the lease to finance the acquisition of the leased property. This rate is obtained by adding the rate for government bonds with durations similar to the leased goods and the credit spread of the entity.

The amount recognized as of January 1, 2019 in rights-of-use and financial debt amounts to €230.2 million. It covers 86% of real estate rentals for industrial sites, storage and administrative premises, the balance mainly corresponds to industrial equipment and vehicles (see Notes 2.1.1 in “Significant events of the period” and 5.1.2 “Property, plant and equipment – Right-of-use leased assets”). The rights of use relating to the assets leased at January 1, 2019 contribute 11.6% to the net fixed assets of the Group.

The impact of the restatement at the date of application of the standard has no impact on the cash flow statement, as these items have no impact on cash and cash equivalents.

The Group has not early applied any standards, interpretations and amendments that are not mandatory at January 1, 2019.

1.2. Preparation of interim financial statements

- **Income tax**

The tax expense (current and deferred) for the period is determined based on the estimated annual tax rate, applied to profit before tax for the period excluding significant non-recurring items.

- **Employee benefits**

The decrease in interest rates in the first half of 2019 led the Group to reassess its employee benefits obligations in the Euro and U.S. zones. The rates used at June 30, 2019 are:

- 1% for the euro zone (1.6% at December 31, 2018); and
- 3.7% for the United States (4.45% at December 31, 2018).

In 2019, the Group opted for a "defined contribution" plan for the remaining U.S. subsidiaries that had a "defined benefit" plan (see Notes 4.5 "Other operating income and expenses" and 5.2.4 "Provisions").

The semester charge for post-employment benefits corresponds to half of the budgeted net expense for the 2019 financial year, determined on the basis of the actuarial data and assumptions used at December 31, 2018, after taking into account, where applicable, special events such as plan changes.

- **Seasonality of activity**

Plastic Omnium Group's business is not seasonal in nature.

- **Goodwill impairment testing**

At June 30, 2019, as no indications of impairment had been identified by the Group, in particular given the level of business and profitability over the period and the outlook, no impairment tests were carried out on goodwill.

1.3. Use of estimates and assumptions

In preparing its financial statements, the Plastic Omnium Group uses estimates and assumptions to assess some of its assets and liabilities. The estimates and assumptions that may lead to a material adjustment to the carrying amount of assets and liabilities at June 30, 2019 mainly concerned deferred taxes and goodwill.

Goodwill is subject to an annual impairment test as part of the annual closing of the consolidated financial statements, prepared at each business segment level but also when there is an indication of impairment. The tests carried out by the Group are based on the value in use, which is calculated as the present value of future cash flows.

2. SIGNIFICANT EVENTS OF THE PERIOD

2.1. Application of the new IFRS standards effective from January 1, 2019

2.1.1. First application of IFRS 16 "Leases", IFRIC 23 "Uncertainty over income tax treatments" and impacts on the Group's consolidated financial statements

The Group has applied IFRS 16 "Leases" and IFRIC 23 interpretation "Uncertainty over income tax treatments" since January 1, 2019. See Notes 1 "Accounting policies, accounting rules and principles" and 5.1.2 "Property, plant and equipment - Right-of-use leased assets".

The impacts on the Group's consolidated financial statements are shown below :

| In thousands of euros | Notes | December 31, 2018 | IFRS 16 | IFRIC 23 | January 1, 2019 |
|--|-------|-------------------|----------------|----------|------------------|
| ASSETS | | | | | |
| Goodwill | | 1,015,730 | - | - | 1,015,730 |
| Intangible assets | | 728,150 | - | - | 728,150 |
| Property, plant and equipment | 5.1.2 | 1,653,028 | 230,233 | - | 1,883,261 |
| Investment property | | 93,263 | - | - | 93,263 |
| Equity method and non-consolidated investments | | 193,212 | - | - | 193,212 |
| Other non-current financial assets | | 65,775 | - | - | 65,775 |
| Deferred tax assets | | 101,691 | - | - | 101,691 |
| TOTAL NON-CURRENT ASSETS | | 3,850,849 | 230,233 | - | 4,081,082 |
| Inventories | | 737,109 | - | - | 737,109 |
| Finance receivables | | 22,504 | - | - | 22,504 |
| Trade receivables | | 815,300 | - | - | 815,300 |
| Other receivables | | 370,612 | - | - | 370,612 |
| Other financial assets and financial receivables | | 63,942 | - | - | 63,942 |
| Hedging instruments | | 1,898 | - | - | 1,898 |
| Cash and cash equivalents | | 916,336 | - | - | 916,336 |
| TOTAL CURRENT ASSETS | | 2,927,701 | - | - | 2,927,701 |
| Assets held for sale | | 846 | - | - | 846 |
| TOTAL ASSETS | | 6,779,396 | 230,233 | - | 7,009,629 |

| | | | | | |
|--|---------|------------------|----------------|---------------|------------------|
| EQUITY AND LIABILITIES | | | | | |
| Capital | | 8,914 | - | - | 8,914 |
| Treasury stock | | -49,850 | - | - | -49,850 |
| Additional paid-in capital | | 17,389 | - | - | 17,389 |
| Consolidated reserves | | 1,576,112 | - | -2,500 | 1,573,612 |
| Net income for the period | | 533,296 | - | - | 533,296 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT | | 2,085,861 | - | -2,500 | 2,083,361 |
| Attributable to non-controlling interests | | 96,138 | - | - | 96,138 |
| TOTAL EQUITY | | 2,181,999 | - | -2,500 | 2,179,499 |
| Non-current borrowings | 5.2.5.5 | 1,635,811 | 180,253 | - | 1,816,064 |
| Provisions for pensions and other post-employment benefits | | 105,184 | - | - | 105,184 |
| Provisions for liabilities and charges | | 35,592 | - | - | 35,592 |
| Non-current grants | | 6,323 | - | - | 6,323 |
| Deferred tax liabilities | | 80,718 | - | - | 80,718 |
| TOTAL NON-CURRENT LIABILITIES | | 1,863,628 | 180,253 | - | 2,043,881 |
| Bank overdrafts | | 4,684 | - | - | 4,684 |
| Current borrowings and financial debt | 5.2.5.5 | 123,215 | 49,980 | - | 173,195 |
| Other current financial debt | | 31 | - | - | 31 |
| Hedging instruments | | 4,330 | - | - | 4,330 |
| Provisions for liabilities and charges | | 55,120 | - | - | 55,120 |
| Current grants | | 3,994 | - | - | 3,994 |
| Trade payables | | 1,614,989 | - | - | 1,614,989 |
| Other operating liabilities (Deferred income) | 5.2.7.2 | 927,406 | - | 2,500 | 929,906 |
| TOTAL CURRENT LIABILITIES | | 2,733,769 | 49,980 | 2,500 | 2,786,249 |
| Liabilities related to assets held for sale | | - | - | - | - |
| TOTAL EQUITY AND LIABILITIES | | 6,779,396 | 230,233 | - | 7,009,629 |

The amount of operating leases in the "Off-balance sheet commitments" (note 7.2.2) of the Consolidated Financial Statements as of December 31, 2018 amounted to €229,826 thousand. The difference with the amount of €230,233 thousand at January 1, 2019 is due to different methods of calculation (renewal assumptions, impact of discounting), the translation difference at the two dates and the contracts not restated for IFRS 16 (contracts of which duration is less than or equal to twelve months and those with a new value of less than € 5,000).

2.2. Impact of changes in the scope of consolidation in 2018 and 2017

The Group's income statement at June 30, 2018, presented for the comparison purpose with June 30, 2019, did not include:

- the HBPO business, which at the time was consolidated using the equity method; and
- the Environment business, for which results were presented on a separate line of the income statement in accordance with IFRS 5.

In the first half of 2019, these changes in the scope of consolidation in 2018 have evolved as follows:

2.2.1. Impact in 2019 of the acquisition in 2018 of an additional 33.33% interest in HBPO

The takeover of HBPO is recognized in accordance with IFRS 3R "Business combinations." The opening balance sheet at July 1, 2018 was finalized without any adjustments compared with December 2018.

On this basis, at June 30, 2019, goodwill amounted to €524,795 thousand.

If the takeover of HBPO had occurred at January 1, 2018, the aggregates of the Group at June 30, 2018 would have been as follows:

- sales: €4,198.6 million;
- operating margin: €341.6 million;
- income from continuing operations before tax and after share of income from associates and joint ventures: €548.0 million. This amount includes the revaluation of €255 million relating to the 33.33% equity share held in HBPO prior to the acquisition based on its fair value

2.2.2. Impact of the disposal of the "Environment" business completed on December 18, 2018

Compagnie Plastic Omnium sold the Environment Division to the consortium "Latour Capital/Bpifrance (French public investment bank) on December 18, 2018.

No significant element relating to this sale occurred during the first half of 2019.

2.2.3. Impact of the disposal of the Automotive Division's Truck business on June 30, 2017

In accordance with the sale agreement, the process for determining any price adjustments ended during the half-year. No price revision is expected.

2.3. Change in 2019 of the legal form of Compagnie Plastic Omnium

2.3.1. Compagnie Plastic Omnium: European company

The legal form of Compagnie Plastic Omnium has changed. From limited company, Compagnie Plastic Omnium became a European company following the decision of the Shareholders' Meeting of April 25, 2019.

2.4. Evolution in the 1st Semester 2019 of the shareholding of Compagnie Plastic Omnium

2.4.1. Strengthening of the equity stake of Burelle SA in Compagnie Plastic Omnium

During the 1st Semester 2019, Burelle SA acquired 400,000 shares of Compagnie Plastic Omnium, increasing its equity interest from 58.51% to 58.78% before cancellation of treasury shares.

3. SEGMENT INFORMATION

3.1. Information by operating segment

The Group uses the concept of “Economic revenue” for its operational management, which corresponds to the consolidated sales of the Group and its joint ventures at their ownership percentage: Yanfeng Plastic Omnium, the Chinese leader in exterior body parts, SHB Automotive modules a leading Korean front-end module company (Samlip) and BPO, a major player in the Turkish market for exterior equipment.

The Group organizes its Automotive businesses into two operating segments (see note on "Group Presentation"):

- Industries;
- Modules.

The Environment Division, a separate business sector in prior years, was sold on December 18, 2018. At June 30, 2018, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", this business results were presented on a single line “Profit after tax of this discontinued activity” in the consolidated income statement.

The columns in the tables below show the amounts by segment. The “Unallocated items” column groups together inter-segment eliminations and amounts that are not allocated to a specific segment (in particular, holding company activity) allowing for the reconciliation of segment data with the Group’s consolidated financial statements. Financial results, taxes and the share of profit/(loss) of associates are monitored at Group level and are not allocated to segments. Transactions between segments are carried out on an arm’s length basis.

3.1.1. Income statement by operating segment

| In thousands of euros | First-half 2019 | | | |
|--|------------------|------------------|----------------------------------|------------------|
| | Industries | Modules | Unallocated items ⁽²⁾ | Total |
| Economic sales (revenue) ⁽¹⁾ | 3,458,252 | 1,152,713 | - | 4,610,965 |
| <i>Including Sales from joint ventures at the Group's percentage stake</i> | 250,711 | 92,002 | - | 342,713 |
| Sales to third parties | 3,207,541 | 1,060,711 | - | 4,268,252 |
| Sales between segments | -987 | 987 | - | - |
| Consolidated sales (revenue) | 3,206,554 | 1,061,698 | - | 4,268,252 |
| <i>% of segment revenue - Total</i> | 75.1% | 24.9% | - | 100.0% |
| Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures | 239,295 | 34,757 | - | 274,052 |
| <i>% of segment revenue</i> | 7.5% | 3.3% | - | 6.4% |
| Amortization of intangible assets acquired in business combinations | -4,805 | -8,778 | - | -13,583 |
| Share of profit/(loss) of associates and joint ventures ⁽³⁾ | 19,467 | 1,057 | - | 20,524 |
| Operating margin | 253,957 | 27,036 | - | 280,993 |
| <i>% of segment revenue</i> | 7.9% | 2.5% | - | 6.6% |
| Other operating income | 20,362 | 2,047 | - | 22,409 |
| Other operating expenses | -45,229 | -2,135 | - | -47,364 |
| <i>% of segment revenue</i> | -0.8% | -0.0% | - | -0.6% |
| Finance costs, net | | | | -38,651 |
| Other financial income and expenses, net | | | | 1,706 |
| Profit from continuing operations before income tax and after share in associates and joint ventures | | | | 219,093 |
| Income tax | | | | -55,599 |
| Net income after income tax from continuing operations | | | | 163,494 |
| Net income after income tax from discontinued operations | | | | - |
| Net income | | | | 163,494 |

| In thousands of euros | First-half 2018 | | | | |
|--|------------------|----------------|----------------------------------|--------------------------|------------------|
| | Automotive | Environ-ment | Unallocated items ⁽²⁾ | Reclassificatio n IFRS 5 | Total |
| Economic sales (revenue) ⁽¹⁾ | 3,820,869 | 165,035 | - | -165,035 | 3,820,869 |
| <i>Including Sales from joint ventures at the Group's percentage stake</i> | 631,243 | - | - | - | 631,243 |
| Sales to third parties | 3,189,647 | 165,050 | -37 | -165,050 | 3,189,610 |
| Sales between segments | -21 | -16 | 37 | 16 | 16 |
| Consolidated sales (revenue) | 3,189,626 | 165,034 | - | -165,034 | 3,189,626 |
| <i>% of segment revenue - Total</i> | 100.0% | 5.2% | - | -5.2% | 100.0% |
| Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures | 294,888 | 9,516 | - | -10,426 | 293,978 |
| <i>% of segment revenue</i> | 9.2% | 5.8% | - | 6.3% | 9.2% |
| Amortization of intangible assets acquired in business combinations | -4,882 | - | - | - | -4,882 |
| Share of profit/(loss) of associates and joint ventures ⁽³⁾ | 34,675 | - | - | - | 34,675 |
| Operating margin | 324,681 | 9,516 | - | -10,426 | 323,771 |
| <i>% of segment revenue</i> | 10.2% | 5.8% | - | 6.3% | 10.2% |
| Other operating income | 27,021 | 2,591 | - | -137 | 29,475 |
| Other operating expenses | -39,393 | -1,860 | - | 1,860 | -39,393 |
| <i>% of segment revenue</i> | -0.4% | 0.4% | - | -1.0% | -1.0% |
| Finance costs, net | | | | | -33,635 |
| Other financial income and expenses, net | | | | | -3,161 |
| Profit from continuing operations before income tax and after share in associates and joint ventures | | | | | 277,057 |
| Income tax | | | | | -50,900 |
| Net income after income tax from continuing operations | | | | | 226,157 |
| Net income after income tax from discontinued activities | | | | | 6,575 |
| Net income | | | | | 232,732 |

- (1) Economic sales (revenue) correspond to the sales of the Group and its joint ventures consolidated at their percentage of ownership.
- (2) "Unallocated items" correspond to inter-segment eliminations and amounts that are not allocated to a specific segment (for example, holding company activities). This column is included to enable segment information to be reconciled to the Group's consolidated financial statements.
- (3) At June 30, 2018, the contribution of HBPO corresponded to 33.33% of HBPO's net income, i.e. representing the Group's initial equity share before the acquisition of an additional 33.33% stake and the takeover.

3.1.2. Balance sheet aggregate data by operating segment

| June 30, 2019 | | | | |
|--|-------------------|------------------|--------------------------|------------------|
| In thousands of euros | Industries | Modules | Unallocated items | Total |
| Net amounts | | | | |
| Goodwill | 491,595 | 524,795 | - | 1,016,390 |
| Intangible assets | 553,641 | 173,664 | 6,262 | 733,567 |
| Property, plant and equipment | 1,756,460 | 127,513 | 46,302 | 1,930,275 |
| Investment property | - | - | 93,289 | 93,289 |
| Inventories | 751,526 | 59,107 | - | 810,633 |
| Trade receivables | 779,237 | 193,560 | 3,006 | 975,803 |
| Other receivables | 238,021 | 27,211 | 53,386 | 318,618 |
| Finance receivables (C) ⁽¹⁾ | 14,364 | - | - | 14,364 |
| Current accounts and other financial assets (D) | -1,158,150 | 3,343 | 1,244,061 | 89,254 |
| Long-term investments in equity instruments and in funds - FMEA 2 (F) | 137 | - | 36,603 | 36,740 |
| Hedging instruments (E) | - | - | 3,724 | 3,724 |
| Net cash and cash equivalents (A) ⁽²⁾ | 145,237 | 51,037 | 599,900 | 796,174 |
| Segment assets | 3,572,068 | 1,160,230 | 2,086,532 | 6,818,830 |
| Borrowings and financial debt (B) | 287,114 | 54,063 | 1,620,018 | 1,961,195 |
| Segment liabilities | 287,114 | 54,063 | 1,620,018 | 1,961,195 |
| Segment net financial debt = (B - A - C - D - E - F) ⁽³⁾ | 1,285,526 | -317 | -264,269 | 1,020,940 |

| December 31, 2018 | | | | |
|--|-------------------|------------------|--------------------------|------------------|
| | Industries | Modules | Unallocated items | Total |
| Goodwill | 490,935 | 524,795 | - | 1,015,730 |
| Intangible assets | 545,196 | 176,870 | 6,084 | 728,150 |
| Property, plant and equipment | 1,548,607 | 74,881 | 29,540 | 1,653,028 |
| Investment property | - | - | 93,263 | 93,263 |
| Inventories | 685,168 | 51,941 | - | 737,109 |
| Trade receivables | 659,608 | 141,347 | 14,345 | 815,300 |
| Other receivables | 275,176 | 30,948 | 64,488 | 370,612 |
| Finance receivables (C) ⁽¹⁾ | 24,267 | - | - | 24,267 |
| Current accounts and other financial assets (D) | -1,015,045 | 3,444 | 1,111,372 | 99,771 |
| Long-term investments in equity instruments and in funds - FMEA 2 (F) | 135 | - | 28,048 | 28,183 |
| Hedging instruments (E) | - | - | 1,898 | 1,898 |
| Net cash and cash equivalents (A) ⁽²⁾ | 124,407 | 65,105 | 722,140 | 911,652 |
| Total segment assets | 3,338,454 | 1,069,331 | 2,071,178 | 6,478,963 |
| Borrowings and financial debt (B) | 146,303 | 4,425 | 1,612,659 | 1,763,387 |
| Segment liabilities | 146,303 | 4,425 | 1,612,659 | 1,763,387 |
| Segment net financial debt = (B - A - C - D - E - F) ⁽³⁾ | 1,012,539 | -64,124 | -250,799 | 697,616 |

(1) At June 30, 2019, "Finance receivables" included €358 thousand shown under the balance sheet under "Other non-current financial assets" vs. €1,763 thousand at December 31, 2018, and €14,006 thousand reported under "Finance receivables – current portion" vs. €22,504 thousand at December 31, 2018.

Please refer to Notes 5.1.5.2 et 5.2.5.5.

(2) Net cash and cash equivalents as reported in the Statement of cash flows. See also 5.1.9.2 "Net cash and cash equivalents at end of period".

(3) See Notes 5.2.5.1 "Definition of debt instruments within the Group" and Note 5.2.5.5 "Reconciliation of gross and net financial debt".

3.1.3. Other information by operating segment

| First-half 2019 In thousands of euros | Industries | Modules | Unallocated items | IFRS 5 Reclassification | Total |
|---|-------------------|----------------|--------------------------|------------------------------------|--------------|
| Acquisitions of intangible assets | 90,489 | 11,383 | 1,085 | - | 102,957 |
| Capital expenditure including acquisitions of investment property | 155,583 | 10,827 | 640 | - | 167,050 |
| Depreciation and amortization expense and provisions on fixed assets ⁽¹⁾ | -204,284 | -27,802 | -4,362 | - | -236,448 |

| First-half 2018 In thousands of euros | Automotive | Environment | Unallocated items | IFRS 5 Reclassification | Total |
|---|-------------------|--------------------|--------------------------|------------------------------------|--------------|
| Acquisitions of intangible assets | 96,627 | 318 | 1,170 | -318 | 97,797 |
| Capital expenditure including acquisitions of investment property | 180,636 | 6,185 | 771 | -6,185 | 181,407 |
| Depreciation and amortization expense and provisions on fixed assets ⁽¹⁾ | -141,994 | -6,412 | -2,988 | 6,412 | -144,982 |

(1) This item corresponds to depreciation, amortization and impairments of property, plant and equipment and intangible assets, including the amortization of intangible assets (primarily contractual customer relationships and, to a lesser extent, brands) acquired in business combinations.

3.1.4. Revenue - Information by geographic region and by country of sales

The information given in the following tables corresponds to the revenue generated by the subsidiaries in the marketing regions or market countries as indicated below:

3.1.4.1. Information by market region

| First-half 2019 | | | First-half 2018 | | |
|--|------------------|-------------|--|------------------|-------------|
| In thousands of euros | Totals | % | In thousands of euros | Totals | % |
| France | 378,655 | 8.2% | France | 334,772 | 8.8% |
| North America | 1,310,608 | 28.4% | North America | 943,179 | 24.7% |
| Europe excluding France | 2,066,669 | 44.8% | Europe excluding France | 1,744,081 | 45.6% |
| South America | 81,789 | 1.8% | South America | 101,389 | 2.7% |
| Africa | 45,348 | 1.0% | Africa | 41,108 | 1.1% |
| Asia | 727,896 | 15.8% | Asia | 656,340 | 17.1% |
| Economic revenue | 4,610,965 | 100% | Economic revenue | 3,820,869 | 100% |
| <i>Including revenue from joint ventures at the Group's percentage stake</i> | 342,713 | | <i>Including revenue from joint ventures at the Group's percentage stake</i> | 631,243 | |
| Consolidated revenue | 4,268,252 | | Consolidated revenue | 3,189,626 | |

3.1.4.2. Information for the top ten contributing countries

| First-half 2019 | | | First-half 2018 | | |
|--|------------------|-------------|--|------------------|-------------|
| In thousands of euros | Totals | % | In thousands of euros | Totals | % |
| Germany | 743,570 | 16.1% | Germany | 656,556 | 17.2% |
| United States | 666,707 | 14.5% | United States | 577,173 | 15.1% |
| Mexico | 575,901 | 12.5% | Spain | 371,332 | 9.7% |
| China | 384,628 | 8.3% | China | 362,785 | 9.5% |
| France | 378,655 | 8.2% | France | 334,772 | 8.8% |
| Spain | 352,162 | 7.6% | Mexico | 328,890 | 8.6% |
| Slovakia | 257,431 | 5.6% | United Kingdom | 249,275 | 6.5% |
| United Kingdom | 244,625 | 5.3% | Slovakia | 138,157 | 3.6% |
| Korea | 161,269 | 3.5% | Korea | 121,648 | 3.2% |
| Hungary | 143,919 | 3.1% | Czech Republic | 76,414 | 2.0% |
| Other | 702,098 | 15.3% | Other | 603,867 | 15.8% |
| Economic revenue | 4,610,965 | 100% | Economic revenue | 3,820,869 | 100% |
| <i>Including revenue from joint ventures at the Group's percentage stake</i> | 342,713 | | <i>Including revenue from joint ventures at the Group's percentage stake</i> | 631,243 | |
| Consolidated revenue | 4,268,252 | | Consolidated revenue | 3,189,626 | |

3.1.4.3. Information by Automotive manufacturer

| First-half 2019 | | | First-half 2018 | | |
|--|------------------|-------------------------------|--|------------------|-------------------------------|
| Automotive manufacturers | Totals | | Automotive manufacturers | Totals | |
| In thousands of euros | Totals | % of total Automotive revenue | In thousands of euros | Totals | % of total Automotive revenue |
| Volkswagen-Porsche | 1,223,507 | 26.5% | Volkswagen-Porsche | 871,461 | 22.8% |
| PSA Peugeot Citroën | 465,476 | 10.1% | PSA Peugeot Citroën | 514,381 | 13.5% |
| General Motors | 428,254 | 9.3% | General Motors | 468,867 | 12.3% |
| BMW | 379,247 | 8.2% | Ford | 369,309 | 9.7% |
| Daimler | 370,559 | 8.0% | Renault/Nissan/Mitsubishi | 293,849 | 7.6% |
| Total - main manufacturers | 2,867,043 | 62.2% | Total - main manufacturers | 2,517,867 | 65.9% |
| Other automotive manufacturers | 1,743,922 | 37.8% | Other automotive manufacturers | 1,303,002 | 34.1% |
| Total Economic revenue | 4,610,965 | 100.0% | Total Economic revenue | 3,820,869 | 100% |
| <i>Including revenue from joint ventures at the Group's percentage stake</i> | 342,713 | | <i>Including revenue from joint ventures at the Group's percentage stake</i> | 631,243 | |
| Total Consolidated revenue | 4,268,252 | | Total Consolidated revenue | 3,189,626 | |

4. NOTES TO THE INCOME STATEMENT**4.1. Breakdown of Research and Development costs**

The percentage of research and development costs is expressed in relation to the amount of revenue.

| In thousands of euros | First-half 2019 | % | First-half 2018 | % |
|--|-----------------|--------------|-----------------|--------------|
| Research and development costs after developments sold | -148,762 | -3.5% | -148,672 | -4.7% |
| Capitalized development costs | 96,901 | 2.3% | 92,884 | 2.9% |
| Depreciation of capitalized development costs | -76,595 | -1.8% | -48,604 | -1.5% |
| Research tax credit | 6,394 | 0.1% | 7,803 | 0.2% |
| Other (including grants received) | 539 | 0.0% | 170 | 0.0% |
| Net research and development costs | -121,523 | -2.8% | -96,419 | -3.0% |

4.2. Cost of goods and services sold, development, selling and administrative costs

| In thousands of euros | First-half 2019 | First-half 2018 |
|---|-------------------|-------------------|
| Cost of sales includes: | | |
| Raw materials (purchases and changes in inventory) ⁽¹⁾ | -3,039,071 | -2,045,516 |
| Direct production outsourcing | -7,428 | -5,805 |
| Utilities and fluids | -56,200 | -48,453 |
| Employee benefits expenses | -384,172 | -327,571 |
| Other production costs | -122,196 | -166,439 |
| Depreciation | -125,674 | -80,581 |
| Provisions | 6,048 | 15,398 |
| Total | -3,728,693 | -2,658,967 |
| Research and development costs include: | | |
| Employee benefits expenses | -113,569 | -99,903 |
| Depreciation, amortization and provisions | -84,843 | -53,124 |
| Other | 76,889 | 56,608 |
| Total | -121,523 | -96,419 |
| Selling costs include: | | |
| Employee benefits expenses | -13,298 | -13,818 |
| Depreciation, amortization and provisions | -326 | -829 |
| Other | -5,583 | -5,703 |
| Total | -19,207 | -20,350 |
| Administrative costs include: | | |
| Employee benefits expenses | -79,207 | -70,444 |
| Other administrative expenses | -36,055 | -44,085 |
| Depreciation | -9,840 | -5,383 |
| Provisions | 326 | - |
| Total | -124,776 | -119,912 |

(1) Including charges and reversals of provisions for impairment on inventories amounting to :

-- €4,560 thousand at June 30, 2019;

+ €272 thousand at June 30, 2018.

4.3. Amortization of intangible assets acquired in business combinations

This item corresponds essentially to:

- the amortization over nine years of contractual customer relationships recognized in 2011 on Ford's fuel tank business in the United States;
- the amortization over six years of contractual customer relationships recognized during the take-over on July 29, 2016 of the Faurecia Group Exterior Systems business;
- And the amortization over seven years for contractual customer relationships and over fifteen years for the brand recognized with the takeover of HBPO in 2018.

| In thousands of euros | First-half 2019 | First-half 2018 |
|--|-----------------|-----------------|
| Amortization of Brands | -276 | -175 |
| Amortization of Contractual customer relationships | -13,307 | -4,707 |
| Total amortization of intangible assets acquired in business combinations | -13,583 | -4,882 |

4.4. Share of profit/(loss) of associates and joint ventures

The associates Chengdu Faway Yanfeng Plastic Omnium and Dongfeng Plastic Omnium Automotive Exterior are included in the YFPO joint ventures.

Share of profit/(loss) of associates and joint ventures is broken down as follows:

| In thousands of euros | First-half 2019 % Interest | First-half 2018 % Interest | First-half 2019 | First-half 2018 |
|--|-------------------------------|-------------------------------|-----------------|-----------------|
| JV HBPO GmbH and its subsidiaries ⁽¹⁾ | - | 33.33% | - | 8,295 |
| HBPO - SHB Automotive Modules (Samlip) | 33.34% | 16.67% | 1,049 | 411 |
| HICOM HBPO Sdn Bhd | 26.66% | 13.33% | 8 | 25 |
| JV Yanfeng Plastic Omnium and its subsidiaries - joint venture | 49.95% | 49.95% | 15,745 | 22,305 |
| B.P.O. AS - joint venture | 49.98% | 49.98% | 3,844 | 5,470 |
| Plastic Recycling SAS - joint venture ⁽²⁾ | - | 50.00% | - | 18 |
| POCellTech | 23.00% | 23.00% | -122 | -1,849 |
| Total share of profit/(loss) of associates and joint ventures | | | 20,524 | 34,675 |

(1) During the first-half 2018, the 33.33% interest in HBPO shown corresponded to the Group's equity share before the acquisition of an additional 33.33% stake in HBPO.

(2) The Group sold its equity investment in "Plastic Recycling" in February 2018. The share of profit in 2018 represents its profit in the Group's financial statements at the time of the sale.

4.5. Other operating income and expenses

| In thousands of euros | First-half 2019 | First-half 2018 |
|--|-----------------|-----------------|
| Pre-start-up costs at new plants ⁽¹⁾ | -8,584 | -10,490 |
| Reorganization costs ⁽²⁾ | -14,094 | -3,266 |
| Impairment of non-current assets ⁽³⁾ | -1,635 | -70 |
| Provisions for charges ⁽⁴⁾ | -2,464 | 9,162 |
| Litigations | -630 | 2,350 |
| Foreign exchange gains and losses on operating activities ⁽⁵⁾ | -4,080 | -6,076 |
| Fees and expenses related to changes in the scope of consolidation | -199 | 2,014 |
| Deconsolidation impact | - | 492 |
| Gains/losses on disposal of long-term investments in equity instruments and in funds | 841 | -42 |
| Retirement pension plan in the U.S.: change in the plan ⁽⁶⁾ | 13,375 | - |
| Other ⁽⁷⁾ | -7,297 | -1,067 |
| Losses on disposals of non-current assets | -187 | -2,925 |
| Total operating income and expenses | -24,955 | -9,918 |
| - of which total other operating income | 22,409 | 29,475 |
| - of which total other operating expense | -47,364 | -39,393 |

During the First-half 2019

(1) Pre-start costs at new plants:

All of the costs incurred in first-half 2019 relate to Intelligent Exterior Systems plants mainly the Greer plant in the United States, Hlohovec in Slovakia and Kenitra in Morocco.

(2) Reorganization costs:

Reorganization costs mainly relate to significant restructuring in:

- the Intelligent Exterior Systems division: continued reorganization in Germany and closure of a plant in the United States;
- the Clean Energy Systems division : restructuring in France.

(3) Impairment of non-current assets:

Impairments of non-current assets mainly related to production and projects assets of Intelligent Exterior Systems in Germany and Poland.

(4) Provisions for charges:

This heading mainly includes provisions for quality disputes with several car manufacturers.

(5) Foreign exchange gains and losses on operating activities:

During the first half of 2019, currencies fluctuated little, leading to a contained impact. Virtually all foreign exchange losses are realized by the "Industries" segment, mainly related to the US dollar and the Argentine peso.

(6) Change in United States retirement pensions plan :

The Group opted to shift from a defined-benefit retirement plan to a defined-contribution plan for its U.S. subsidiary, Plastic Omnium Auto Inergy LLC, which is affiliated to the "Industries" segment.

(7) Other:

Non-material amounts taken individually.

4.6. Net financial income

| In thousands of euros | First-half 2019 | First-half 2018 |
|---|------------------------|------------------------|
| Finance costs | -30,580 | -29,485 |
| Interest on post-employment benefit obligations | -1,179 | -1,208 |
| Interest on lease debt ⁽¹⁾ | -4,519 | -256 |
| Financing fees and commissions | -2,373 | -2,686 |
| Finance costs, net | -38,651 | -33,635 |
| Exchange gains or losses on financing activities | -1,164 | 9,111 |
| Gains or losses on interest rate and currency hedges ⁽²⁾ | 2,648 | -12,272 |
| Other ⁽³⁾ | 222 | - |
| Other financial income and expenses, net | 1,706 | -3,161 |
| Total | -36,945 | -36,796 |

- (1) See Notes 2.1.1 "First application of IFRS 16 «Lease contract» and impacts on the financial statements ", 5.1.2 "Property, plant and equipment" and 5.2.5.5 "Reconciliation of gross and net financial debt".
- (2) See Notes 5.2.6.1.2 on "Impact of hedging on the Income statement" and 5.2.6.2.2 on the "Impact of unsettled foreign exchange hedges on income and equity".
- (3) During the first-half of 2019, this section includes a reverse of impairment of the UCITS for an amount of +€523 thousand. See Note 5.2.5.3 "Loans, negotiable debt securities and other financial assets".

4.7. Income tax
4.7.1. Income tax recorded in the income statement

The income tax expense breaks down as follows:

| In thousands of euros | First-half 2019 | First-half 2018 |
|---|------------------------|------------------------|
| Current taxes on continuing activities | -59,275 | -47,027 |
| Current income tax (expense)/income | -55,793 | -45,524 |
| Tax (expense)/income on non-recurring items | -3,482 | -1,503 |
| Deferred taxes on continuing activities | 3,676 | -3,873 |
| Deferred tax (expense)/income on timing differences arising or reversed during the period | 4,786 | -1,061 |
| Effect of changes in tax rates or the introduction of new taxes | -1,110 | -2,812 |
| Income tax on continuing activities recorded in the consolidated income statement | -55,599 | -50,900 |

4.7.2. Income tax analysis - Tax proof

Analysis of the income tax expense reveals the following factors:

| In thousands of euros | First-half 2019 | | First-half 2018 | |
|--|-----------------|---------------|-----------------|---------------|
| | Totals | % (1) | Totals | % (1) |
| Consolidated profit on continuing activities before tax and share of profit/(loss) of associates and joint ventures (A) | 198,569 | | 242,382 | |
| French standard tax rate (B) | | 32.20% | | 34.43% |
| Theoretical tax expense (C) = (A) x (B) | -63,939 | | -83,452 | |
| Difference between the theoretical tax expense and the current and deferred tax expense excluding tax assessed on net interim profit on continuing activities (D) | 8,340 | 4.2% | 32,552 | -13.4% |
| Tax credits | 19,565 | 9.9% | 19,184 | 7.9% |
| Permanent differences between accounting profits and taxable profits | -5,851 | -2.9% | -5,021 | -2.1% |
| Change in unrecognized deferred taxes | -8,202 | -4.1% | 593 | 0.2% |
| Impact on deferred tax of a tax rate change | -1,110 | -0.6% | -2,785 | -1.1% |
| Impact of differences in foreign tax rates | 13,755 | 6.9% | 22,307 | 9.2% |
| Value-added tax contribution | -2,959 | -1.5% | -3,061 | -1.3% |
| Other impacts | -6,858 | -3.5% | 1,335 | 0.6% |
| Total current and deferred tax expense on continuing activities (E) = (C) + (D) | -55,599 | | -50,900 | |
| Effective tax rate on continuing activities (E)/(A) | 28.0% | | 21.0% | |

(1) Percentage expressed in relation to the consolidated profit on continuing activities before tax and share of profit/(loss) of associates and joint ventures (C)

The Group's effective tax rate in first-half 2019 was 28.0 % (21.0 % for first-half 2018).

In the first-half of 2019, the tax recognized amounted to an expense of €55.6 million for a theoretical tax of €63.9 million, based on a tax rate of 32.20 %.

During the first-half of 2018, for the same period, the tax recognized amounted to an expense of €50.9 million for a theoretical tax of €83.5 million, based on a tax rate of 34.43%.

The difference between the tax recognized in the income statement and the theoretical tax is mainly explained:

- for €19.6 million by using specific tax reductions or credits mainly in North America, Asia and France (€19.2 million for first-half 2018);
- for €13.8 million by the impact of more favorable tax rates, mainly in Asia, Europe (excluding France and Belgium) and Mexico (€22.3 million for first-half 2018);
- for -€8.2 million by the effect of losses or other assets generated in the year but not recognized, net of those previously not activated but used or recognized in the year (€0.6 million for first-half 2018); and
- for -€5.8 million by permanent differences between accounting profits and taxable profits such as taxable dividends (-€5 million for first-half 2018).

4.8. Net profit attributable to non-controlling interests

The net profit attributable to non-controlling interests corresponds to the share of minority interests in the profit/loss of fully consolidated entities controlled by the Group. It breaks down as follows:

| In thousands of euros | First-half 2019 | First-half 2018 |
|--|-----------------|-----------------|
| JV HBPO GmbH and its subsidiaries | 5,859 | - |
| Beijing Plastic Omnium Inergy Auto Inergy Co. Ltd | 796 | 970 |
| Plastic Omnium Auto Inergy Manufacturing India Pvt Ltd | 300 | 633 |
| DSK Plastic Omnium Inergy | 1,547 | 1,060 |
| DSK Plastic Omnium BV | -14 | -31 |
| Total attributable to non-controlling interests | 8,488 | 2,632 |

4.9. Earnings per share and diluted earnings per share

| Net profit attributable to owners of the parent | First-half 2019 | First-half 2018 |
|--|--------------------|--------------------|
| Basic earnings per share (in euros) | 1.06 | 1.56 |
| Diluted earnings per share (in euros) | 1.06 | 1.55 |
| Net income from discontinued activities | | |
| Basic earnings per share from discontinued activities (in euros) | - | 0.04 |
| Diluted earnings per share from discontinued activities (in euros) | - | 0.04 |
| Net income from continuing activities | | |
| Basic earnings per share from continuing activities (in euros) | 1.06 | 1.52 |
| Diluted earnings per share from continuing activities (in euros) | 1.06 | 1.51 |
| Weighted average number of ordinary shares outstanding at end of period | 148,566,107 | 150,976,720 |
| - Treasury stock | -2,398,486 | -3,461,894 |
| Weighted average number of ordinary shares, undiluted | 146,167,621 | 147,514,826 |
| - Impact of dilutive instruments (stock options) | 69,001 | 734,804 |
| Weighted average number of ordinary shares, diluted | 146,236,622 | 148,249,630 |
| Weighted average price of the Plastic Omnium share during the period | | |
| - Weighted average share price | 23.79 | 39.65 |

5. NOTES TO THE BALANCE SHEET

5.1. Assets

5.1.1. Goodwill

At June 30, 2019, as no indications of impairment had been identified by the Group, no impairment tests were carried out (see Note 1.3 “Use of estimates and assumptions”).

| GOODWILL In thousands of euros | Gross Value | Impairment | Net value |
|--|------------------|------------|------------------|
| Goodwill at January 1, 2018 | 584,685 | - | 584,685 |
| Disposal of the Environment Division | -98,525 | - | -98,525 |
| Goodwill adjustment on the acquisition of companies in the Clean Energy Systems Division of the Industries segment | -303 | - | -303 |
| Goodwill of HBPO | 524,795 | - | 524,795 |
| Translation differences | 5,078 | - | 5,078 |
| Goodwill at December 31, 2018 | 1,015,730 | - | 1,015,730 |
| Translation differences | 660 | - | 660 |
| Goodwill at June 30, 2019 | 1,016,390 | - | 1,016,390 |

5.1.2. Property, plant and equipment

Tangible fixed assets correspond to tangible assets held in their own right but also, since January 1, 2019, to rights of use related to leases of tangible assets following the application of IFRS 16 “Lease contracts”.

| In thousands of euros | Land | Buildings | Tech. eq. & tool. | Property, plant and equipment under construction | Other property, plant and equipment | Total |
|---|----------------|----------------|-------------------|--|-------------------------------------|------------------|
| Carrying amount at December 31, 2018: Property, plant and equipment owned outright | 105,518 | 473,080 | 581,347 | 326,915 | 166,168 | 1,653,028 |
| Reclassifications ⁽¹⁾ | -358 | -868 | -11,567 | - | - | -12,793 |
| Other changes in the period | -305 | -3,175 | 17,495 | -5,290 | 46,773 | 55,498 |
| Carrying amount at June 30, 2019: Property, plant and equipment owned outright (A) | 104,855 | 469,037 | 587,275 | 321,625 | 212,941 | 1,695,733 |

| Right-of-use leased assets | | | | | | |
|--|------------|----------------|---------------|----------|---------------|----------------|
| 1st application of IFRS 16 at January 1, 2019 | 852 | 196,809 | 14,173 | - | 18,399 | 230,233 |
| Reclassifications ⁽¹⁾ | 358 | 868 | 11,567 | - | - | 12,793 |
| Acquisitions | 1,269 | 15,193 | 2,389 | - | 1,603 | 20,454 |
| End of lease | - | -3,344 | -288 | - | -562 | -4,194 |
| Depreciation for the period | -1,608 | -15,963 | -3,772 | - | -3,693 | -25,036 |
| Translation adjustment | 7 | 172 | 86 | - | 27 | 292 |
| Carrying amount at June 30, 2019 : Right-of-use leased assets (B) | 878 | 193,735 | 24,155 | - | 15,774 | 234,542 |

| | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|------------------|
| Carrying amount at June 30, 2019: Property, plant and equipment (C) = (A)+ (B) | 105,733 | 662,772 | 611,430 | 321,625 | 228,715 | 1,930,275 |
|---|----------------|----------------|----------------|----------------|----------------|------------------|

(1) Corresponds to finance leases agreements capitalized in the financial statements at December 31, 2018 according to IAS 17 "Lease Agreement" and in accordance with IFRS 16, reclassified since January 1, 2019 as "Right-of-use leased assets".

Information on rents resulting from leases and services not capitalized:

The lease expense on uncapitalized leases amounted to €5.9 million as at June 30, 2019.

5.1.3. Investment property

As at June 30, 2019, the item "Investment property" was composed of the same assets as at December 31, 2018. It includes:

- an office complex of 33,000 sq.m. located in Lyon Gerland, 82% of which is rented to a third party and 3% is used by the Group;
- as well as an undeveloped plot of land in the Lyon region.

| In thousands of euros | Land | Buildings | Total |
|------------------------------------|---------------|---------------|---------------|
| Lyon Gerland office complex | 12,700 | 80,589 | 93,289 |
| Fair value at June 30, 2019 | 12,700 | 80,589 | 93,289 |

| In thousands of euros | Land | Buildings | Total |
|--|---------------|---------------|---------------|
| Lyon Gerland office complex | 12,700 | 80,563 | 93,263 |
| Fair value at December 31, 2018 | 12,700 | 80,563 | 93,263 |

5.1.4. Non-consolidated interests and investments in associates and joint ventures accounted for by the equity method

The non-consolidated securities relate to non-significant shell companies, dormant companies and small stakes (Tactotek OY) for which changes in value are recognized in the income statement (IFRS 9 "Financial instruments").

Investments in associates and joint ventures correspond to investments by the Group in the following companies:

| In thousands of euros | 2019 % interest | 2018 % interest | June 30, 2019 | December 31, 2018 |
|---|--------------------|--------------------|----------------|-------------------|
| HBPO - SHB Automotive Modules (Samlip) ⁽¹⁾ | 33.34% | 33.34% | 15,420 | 16,141 |
| HICOM HBPO Sdn Bhd ⁽¹⁾ | 26.66% | 26.66% | 476 | 466 |
| JV Yanfeng Plastic Omnium and its subsidiaries - joint venture | 49.95% | 49.95% | 154,017 | 159,850 |
| B.P.O. AS - joint venture | 49.98% | 49.98% | 11,153 | 14,221 |
| POCellTech | 23.00% | 23.00% | 282 | 2,319 |
| Total investments in associates and joint ventures | | | 181,348 | 192,997 |
| Equity investments in "Tactotek OY" ⁽²⁾ | | | - | - |
| Other non-consolidated equity investments | | | 239 | 225 |
| Total non-consolidated equity investments | | | 239 | 225 |
| Total of Investments in associates and joint ventures and in non-listed equity instruments | | | 181,587 | 193,222 |

(1) This relates to HBPO's two joint ventures.

(2) The 2018 equity stake acquisition in the Finnish company "Tactotek OY" was impaired at the end of the 2018. An additional investment for €300 thousand realized during first-half 2019. It is also impaired at June 30, 2019.

5.1.5. Non-current financial assets

The financial assets recognized under this item correspond to long-term investments in equities and funds as well as other assets such as deposits and surety bonds grouped as follows:

5.1.5.1. Long-term investments in equities and funds

| In thousands of euros | June 30, 2019 | | | December 31, 2018 | | |
|--|--------------------|-----------------------|---------------|--------------------|-----------------------|---------------|
| | Subscribed amounts | Non-called-up amounts | Net | Subscribed amounts | Non-called-up amounts | Net |
| Financial investments in the "FMEA 2" fund ⁽¹⁾ | - | - | 829 | - | - | 829 |
| Financial investments in listed securities ⁽¹⁾ | - | - | 32,874 | - | - | 25,719 |
| Investment in the venture capital company "Aster" ⁽²⁾ | 20,000 | -17,100 | 2,900 | 20,000 | -18,500 | 1,500 |
| Other | - | - | 137 | - | - | 135 |
| Long-term investments in equities and funds | | | 36,740 | | | 28,183 |

(1) Financial investments in the "FMEA 2" fund and investments in shares in listed companies are listed with long-term financial receivables in Note 5.2.5.5 "Reconciliation of gross and net financial debt".

(2) Call for funds of €1.4 million at the end of January with payment in February 2019.

5.1.5.2. Other non-current financial assets

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|--|---------------|-------------------|
| Loans | 1,892 | 1,979 |
| Deposits and surety bonds | 28,347 | 33,846 |
| Other receivables | - | 4 |
| Other non-current assets and financial receivables (see Note 5.2.5.5) | 30,240 | 35,829 |
| Finance receivables related to Automotive contracts | 358 | 1,763 |
| Non-current financial receivables (see Note 5.2.5.5) | 358 | 1,763 |
| Total | 30,598 | 37,592 |

"Deposits and surety bonds" mainly concern deposits relating to leased offices and assignment of receivables programs.

5.1.6. Inventories

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|---------------------------------------|----------------|-------------------|
| Raw materials and supplies | | |
| At cost (gross) | 210,102 | 190,377 |
| Net realizable value | 197,038 | 180,667 |
| Molds, tooling and engineering | | |
| At cost (gross) | 461,695 | 431,360 |
| Net realizable value | 457,102 | 426,623 |
| Other work in progress | | |
| At cost (gross) | - | - |
| Net realizable value | - | - |
| Maintenance inventories | | |
| At cost (gross) | 67,544 | 63,432 |
| Net realizable value | 58,701 | 54,934 |
| Goods | | |
| At cost (gross) | 1,658 | 1,754 |
| Net realizable value | 1,331 | 1,361 |
| Semi-finished products | | |
| At cost (gross) | 57,346 | 43,311 |
| Net realizable value | 53,325 | 40,746 |
| Finished products | | |
| At cost (gross) | 45,979 | 35,656 |
| Net realizable value | 43,136 | 32,778 |
| Total, net | 810,633 | 737,109 |

5.1.7. Current financial receivables

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|--|-----------------|-------------------|
| | Carrying amount | Carrying amount |
| Current financial receivables (see Note 5.2.5.5) | 14,006 | 22,504 |
| <i>of which Automotive Division finance receivables</i> | 14,006 | 22,504 |
| Other current financial assets and financial receivables (see Note 5.2.5.5) | 59,014 | 63,942 |
| <i>of which "Negotiable debt securities" ⁽¹⁾</i> | 9,003 | 14,003 |
| <i>of which "UCITS" or mutual funds ⁽²⁾</i> | 49,707 | 49,185 |
| <i>of which "Other"</i> | 304 | 754 |
| Total current financial receivables | 73,020 | 86,446 |

- (1) See Note 5.2.5.3 "Loans, negotiable debt securities and other financial assets : Negotiable medium-term notes subscribed on February 24, 2015".
- (2) The change corresponds to an impairment of short-term investment securities. See Note 5.2.5.3 "Loans, negotiable debt securities and other financial assets" .

5.1.8. Trade and other receivables

5.1.8.1. Sale of receivables

Compagnie Plastic Omnium and some of its European and United States subsidiaries have set up several commercial receivables sales programs with French banks. These programs have an average maturity of more than two years.

These non-recourse programs transfer substantially all the risks and rewards of ownership to the buyer of the sold receivables; for these programs, only the non-material dilution risk is not transferred to the buyer.

Receivables sold under these programs, which are therefore no longer included in the balance sheet, totaled €383 million at June 30, 2019 versus €347 million at December 31, 2018.

5.1.8.2. Trade receivables - Cost, impairment and carrying amounts

| In thousands of euros | June 30, 2019 | | | December 31, 2018 | | |
|--------------------------|----------------|---------------|-----------------|-------------------|---------------|-----------------|
| | Cost | Impairment | Carrying amount | Cost | Impairment | Carrying amount |
| Trade receivables | 980,741 | -4,938 | 975,803 | 820,132 | -4,833 | 815,300 |

The Group has not identified significant unaccrued customer risk over the two periods.

5.1.8.3. Other receivables

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|---|----------------|-------------------|
| Sundry receivables | 112,766 | 101,949 |
| Prepayments to suppliers of tooling and prepaid development costs | 24,493 | 70,713 |
| Prepaid and recoverable income taxes | 83,455 | 97,810 |
| Other prepaid and recoverable taxes | 80,864 | 82,613 |
| Employee advances | 5,693 | 3,129 |
| Prepayments to suppliers of non-current assets | 11,347 | 14,398 |
| Other receivables | 318,618 | 370,612 |

5.1.8.4. Trade and other receivables by currency

| In thousands of currency units | June 30, 2019 | | | December 31, 2018 | | |
|--------------------------------|----------------|------------------|-------------|-------------------|------------------|-------------|
| | Local currency | Euro | % | Local currency | Euro | % |
| EUR Euro | 687,858 | 687,858 | 53% | 619,258 | 619,258 | 52% |
| USD US dollar | 318,785 | 280,127 | 22% | 306,508 | 267,692 | 23% |
| CNY Chinese yuan | 697,998 | 89,275 | 7% | 618,348 | 78,519 | 7% |
| GBP Pound sterling | 36,880 | 41,135 | 3% | 29,418 | 32,887 | 3% |
| Other Other currencies | | 196,027 | 15% | | 187,556 | 16% |
| Total | | 1,294,422 | 100% | | 1,185,912 | 100% |
| Of which: | | | | | | |
| • Trade receivables | | 975,803 | 75% | | 815,300 | 69% |
| • Other receivables | | 318,618 | 25% | | 370,612 | 31% |

5.1.9. Cash and cash equivalents

5.1.9.1 Gross cash and cash equivalents

| In thousands of euros | June 30, 2019 | December 31, 2018 | June 30, 2018 |
|---|----------------|-------------------|----------------|
| Cash at banks and in hand | 780,491 | 903,485 | 423,370 |
| Short-term deposits | 23,144 | 12,851 | 70,938 |
| Total cash and cash equivalents on the balance sheet | 803,635 | 916,336 | 494,308 |

Cash and cash equivalents break down as follows:

| In thousands of euros | June 30, 2019 | December 31, 2018 | June 30, 2018 |
|--|----------------|-------------------|----------------|
| Cash and cash equivalents of the Group's captive reinsurance company | 33,721 | 33,689 | 31,559 |
| Cash and cash equivalents in countries with exchange controls ⁽¹⁾ | 76,580 | 84,380 | 91,731 |
| Cash equivalents | 693,334 | 798,267 | 371,018 |
| Total cash and cash equivalents on the balance sheet | 803,635 | 916,336 | 494,308 |

(1) The countries in "regions with exchange controls" include Brazil, China, India, Chile, Argentina and South Korea.

The different categories of the above table are presented under current assets in the absence of any general restriction on these amounts.

5.1.9.2 - Net cash and cash equivalents at end of period

| In thousands of euros | June 30, 2019 | December 31, 2018 | June 30, 2018 |
|--|----------------|-------------------|----------------|
| Cash and cash equivalents | 803,635 | 916,336 | 494,308 |
| Short-term bank loans and overdrafts | -7,461 | -4,684 | -13,021 |
| Net cash and cash equivalents at end of period in the statement of cash flows | 796,174 | 911,652 | 481,287 |

5.2. Liabilities

5.2.1. Group shareholders' equity

5.2.1.1 Share capital of Compagnie Plastic Omnium

| In euros | June 30, 2019 | December 31, 2018 |
|---|------------------|-------------------|
| Share capital for the period at January 1 | 8,913,966 | 9,058,603 |
| Capital reduction during the period | - | -144,637 |
| Share capital at end of period, made up of ordinary shares with a par value of €0.06 each over the two periods | 8,913,966 | 8,913,966 |
| Treasury stock | 146,050 | 137,456 |
| Total share capital net of treasury stock | 8,767,916 | 8,776,511 |

Shares registered on behalf of the same holder for at least two years have double voting rights.

Capital structure at June 30, 2019

At June 30, 2019, the share capital of Compagnie Plastic Omnium remains unchanged from December 31, 2018. The treasury shares amount to 2,434,169, i.e. 1.64 % of the share capital, against 2,290,930 own shares i.e. 1.54 % of the share capital at December 31, 2018.

During the 1st semester 2019, the parent company Burelle SA holding increased its equity interest from 58.51% to 58.78% before cancellation of treasury shares (see Note 2.4.1 under « Significant events of the period»).

Capital structure at December 31, 2018

The Compagnie Plastic Omnium Boards of Directors' of July 19, 2018 and October 30, 2018 decided, respectively, to cancel 1,100,613 treasury shares (i.e. 0.74% of share capital) and 1,300,000 treasury shares (i.e. 0.87% of the previously reduced share capital). The two transactions took effect on July 25, 2018 and November 8, 2018 respectively.

At December 31, 2018, the share capital of Compagnie Plastic Omnium, consisting of shares with a par value of €0.06, amounted to €8,913,966.42 including 2,290,930 treasury shares, i.e. 1.54% of the share capital, against 3,306,070 treasury shares, i.e. 2.19% of the share capital, at December 31, 2017.

5.2.1.2 Breakdown of “Other reserves” in the consolidated statement of changes in equity

| <i>In thousands of euros</i> | Actuarial gains/(losses) recognized in equity | Cash flow hedges – interest rate instruments | Cash flow hedges – currency instruments | Fair value adjustments | Retained earnings and other reserves | Attributable to owners of the parent |
|----------------------------------|---|--|---|------------------------|--------------------------------------|--------------------------------------|
| December 31, 2017 | -51,733 | -626 | 1,525 | 18,238 | 1,399,164 | 1,366,568 |
| 1st application of IFRS 15 | - | - | - | - | -4,818 | -4,818 |
| 1st application of IFRS 9 | - | - | - | - | -1,939 | -1,939 |
| At January 1, 2018 | -51,733 | -626 | 1,525 | 18,238 | 1,392,407 | 1,359,811 |
| Movements for first half of 2018 | 271 | 286 | -4,741 | -1,984 | 334,895 | 328,727 |
| At June 30, 2018 | -51,462 | -340 | -3,216 | 16,254 | 1,727,302 | 1,688,538 |
| Movements for second-half 2018 | 1,436 | -1,516 | 1,935 | 2,350 | -75,134 | -70,929 |
| At December 31, 2018 | -50,026 | -1,856 | -1,281 | 18,604 | 1,652,168 | 1,617,609 |
| 1st application of IFRS 16 | - | - | - | - | - | - |
| 1st application of IFRIC 23 | - | - | - | - | -2,500 | -2,500 |
| At January 1, 2019 | -50,026 | -1,856 | -1,281 | 18,604 | 1,649,668 | 1,615,109 |
| Movements for first half of 2019 | -5,737 | 175 | 326 | 7,172 | 422,839 | 424,775 |
| At June 30, 2019 | -55,763 | -1,681 | -955 | 25,776 | 2,072,507 | 2,039,884 |

5.2.1.3 Breakdown of “Changes in scope of consolidation and reserves” in the consolidated statement of changes in equity

The takeover of HBPO and its full consolidation has no impact on the reserves “Attributable to owners of the parent”, but leads to the recognition of minority interests for the 33.33% stake of the partner, Hella.

5.2.2. Dividends voted and paid by Compagnie Plastic Omnium

| <i>In thousands of euros</i> | June 30, 2019 | | December 31, 2018 | |
|---|--------------------------|----------------------------|--------------------------|----------------------------|
| | Number of shares in 2018 | Dividend | Number of shares in 2017 | Dividend |
| Dividend per share in euros | | | | |
| Number of shares in units | | | | |
| Dividend per share (in euros) | | 0.74 ⁽¹⁾ | | 0.67 ⁽¹⁾ |
| Total number of shares outstanding at the end of the previous year | 148,566,107 | | 150,976,720 | |
| Total number of shares held in treasury on the ex-dividend date | 2,392,281 ⁽²⁾ | | 3,481,820 ⁽²⁾ | |
| Total number of shares held in treasury at the year-end (for information) | 2,290,930 ⁽²⁾ | | 3,306,070 ⁽²⁾ | |
| Dividends on ordinary shares | | 109,939 | | 101,154 |
| Dividends on treasury stock (unpaid) | | -1,770 ⁽²⁾ | | -2,333 ⁽²⁾ |
| Total net dividend | | 108,169 | | 98,822 |

(1) During first-half 2019, Compagnie Plastic Omnium paid a dividend of €0.74 per share on the 2018 net profit.

During first-half 2018, Compagnie Plastic Omnium paid a dividend of €0.67 per share on the 2017 net profit.

(2) **At June 30, 2019:** 2,290,930 treasury shares were taken into account at December 31, 2018 to determine the provisional total dividend. The number of treasury shares at the time of the dividend’s payment during the first-half of 2019 amounted to 2,392,281 shares, increasing the dividends attached to these shares from €1,695 thousand to €1,770 thousand.

At December 31, 2018: 3,306,070 treasury shares were taken into account at December 31, 2018 to determine the provisional total dividend. The number of treasury shares at the time of the dividend’s payment during the first-half of 2018 amounted to 3,481,820 shares, increasing the dividends attached to these shares from €2,215 thousand to €2,333 thousand.

5.2.3. Share-based payments

The Combined Shareholders’ Meeting of April 26, 2018 authorized the Board of Directors of February 19, 2019 to award free existing shares of the Company effective May 2, 2019, subject to performance conditions, and vesting from May 2, 2023, following a 4-year vesting period.

This plan was valued using the principles of IFRS 2. The main assumptions retained for this valuation were as follows:

| Valuation of May 2, 2019 plan <i>In euros</i> <i>In units for the number of shares</i> | Options for May 2, 2019 plan |
|---|-------------------------------------|
| Number of shares allocated to the performance share plan | 400,000 shares |
| Market conditions | Not subject to market conditions |
| Average value of one share | €23.00 |
| Number of shares attributable after application of a turnover rate | 386,000 shares |
| Accounting expense (with adjustment to reserves) | €8,878,000 |

On these bases, the plan of May 2, 2019 was valued at €8,878,000. The expense is amortized on a straight-line basis over the vesting period of four years (of which €364,350 as of June 30, 2019).

| Other information | Plan of May 2, 2019 |
|---|--|
| Plastic Omnium share price at the performance plan date | €25.65 |
| Performance condition 1 : Operating margin target | Final acquisition of 50% of the rights granted |
| Performance condition 2: Free cash flow target | Final acquisition of 50% of the rights granted |
| Total number of beneficiaries | 255 |

5.2.4. Provisions

| In thousands of euros | December 31, 2018 | Allocations | Utilizations | Releases of surplus provisions | Other reclassifications | Actuarial gains/(losses) | Translation adjustment | June 30, 2019 |
|---|-------------------|---------------|----------------|--------------------------------|-------------------------|--------------------------|------------------------|----------------|
| Customer warranties | 26,898 | 6,110 | -2,515 | -471 | 552 | - | 41 | 30,615 |
| Reorganization plans | 15,438 | 2,202 | -3,271 | -200 | 178 | - | 13 | 14,360 |
| Taxes and tax risks | 6,363 | 358 | -27 | -288 | 290 | - | - | 6,696 |
| Contract risks ⁽¹⁾ | 29,654 | 9,238 | -15,293 | -1,428 | 414 | - | 36 | 22,621 |
| Claims and litigations | 4,277 | 1,222 | -428 | -69 | 174 | - | 7 | 5,183 |
| Other | 8,082 | 1,264 | -2,047 | -178 | -1,608 | - | 17 | 5,530 |
| Provisions for liabilities and charges | 90,712 | 20,394 | -23,582 | -2,634 | - | - | 114 | 85,004 |
| Provisions for pensions and other post-employment benefits ⁽²⁾ | 105,184 | 38 | -1,621 | -13,375 | - | 8,029 | 302 | 98,557 |
| TOTAL | 195,896 | 20,432 | -25,202 | -16,009 | - | 8,029 | 416 | 183,561 |

(1) Impacts of loss-making contracts and losses on completion in the "Industries" segment.

(2) The "Release of surplus provisions" for the period is due mainly to the transition of the last subsidiaries in the United States to a "Defined contribution Plan" (see Note 4.5 "Other operating income and expenses").

The change in the "Actuarial gain" over the period includes the changes in the euro zone's discount rate (from 1.6 % at December 31, 2018 to 1 % at June 30, 2019) and in the United States (from 4.45 % at December 31, 2018 to 3.7 % at June 30, 2019).

| In thousands of euros | December 31, 2017 | IFRS 15 1st application on January 1, 2018 ⁽¹⁾ | Allocations | Utilizations | Releases of surplus provisions | Disposal of Environment Division | Other reclassifications | Actuarial gains/(losses) | Consolidation of Modules ⁽²⁾ | Translation adjustment | December 31, 2018 |
|---|-------------------|---|---------------|----------------|--------------------------------|----------------------------------|-------------------------|--------------------------|---|------------------------|-------------------|
| Customer warranties | 27,403 | - | 16,534 | -4,122 | -13,255 | -2,212 | -936 | - | 3,378 | 108 | 26,898 |
| Reorganization plans ⁽³⁾ | 15,905 | - | 8,296 | -10,928 | -27 | -300 | 2,616 | - | 425 | -549 | 15,438 |
| Taxes and tax risks ⁽⁴⁾ | 8,548 | - | 4,446 | -4,111 | -2,083 | -667 | 230 | - | - | - | 6,363 |
| Contract risks ⁽⁵⁾ | 47,650 | 4,008 | 23,858 | -37,412 | -14,262 | - | 5,779 | - | 43 | -10 | 29,654 |
| Claims and litigations | 11,172 | - | 938 | -5,214 | -2,883 | -113 | 442 | - | - | -65 | 4,277 |
| Other ⁽⁶⁾ | 14,955 | - | 2,796 | -625 | -512 | -633 | -9,953 | - | 2,240 | -186 | 8,082 |
| Provisions for liabilities and charges | 125,633 | 4,008 | 56,868 | -62,412 | -33,022 | -3,925 | -1,822 | - | 6,086 | -702 | 90,712 |
| Provisions for pensions and other post-employment benefits ⁽⁷⁾ | 106,517 | - | 11,281 | -1,477 | - | -11,871 | - | -2,285 | 964 | 2,055 | 105,184 |
| TOTAL | 232,150 | 4,008 | 68,149 | -63,889 | -33,022 | 15,796 | -1,822 | -2,285 | 7,050 | 1,353 | 195,896 |

(1) 1st application of IFRS 15

(2) Related to the impacts of the acquisition of HBPO.

(3) Related to the impacts of restructuring in the Intelligent Exterior Systems Division sites.

(4) Related to the reversal of provisions for tax audits.

(5) Related to the impacts of loss-making contracts and losses on completion in the "Industries" segment.

(6) The "Others" sub-section included individually insignificant amounts.

(7) The actuarial difference corresponded to the revaluation of the US plan assets.

5.2.5. Non-current borrowings

5.2.5.1 Definition of debt instruments within the Group

Net debt is an important notion for the day-to-day management of Plastic Omnium’s cash. It is used to determine the Group’s debit or credit position in relation to third parties and outside of the operating cycle. Net debt is determined as:

- long-term borrowings:
 - drawdowns on lines of credit;
 - private placement notes;
 - bonds;
- less loans, negotiable debt securities and other long-term financial assets (see Note 5.2.5.3 “Loans, negotiable debt securities and other financial assets”);
- plus short-term loans;
- plus overdraft facilities;
- less cash and cash equivalents.

5.2.5.2 Borrowings: private placement notes and bonds

At June 30, 2019:

The main features of the bonds and private placements as at June 30, 2019 are summarized in the following table:

| June 30, 2019 | 2013 bond | "Schuldscheindarlehen" private placement of 2016 | Private placement bond issue of June 2017 | "Schuldscheindarlehen" private placement of December 21, 2018 |
|-------------------------------|-----------------------------|---|---|--|
| Issue - Fixed rate (in euros) | 500,000,000 | 300,000,000 | 500,000,000 | 300,000,000 |
| Annual interest rate / coupon | 2.875% | 1.478% | 1.25% | 1.6320% |
| Features | European investors | International (Asian, German, Dutch, Swiss, Luxembourg, Belgian) and French investors | European investors | International (Germany, China, Belgium, Switzerland, Austria) and French investors |
| | No "covenants" and "rating" | | | |
| Maturity | May 29, 2020 | June 17, 2023 | June 26, 2024 | December 21, 2025 |

5.2.5.3 Loans, negotiable debt securities and other financial assets

Other financial assets include loans, security deposits and surety bonds, negotiable debt securities and mutual funds holding cash and bonds (UCITS - Undertaking for Collective Investment in Transferable Securities).

Other financial assets also include investment securities that do not meet the criteria for classification as cash equivalents. These assets are measured at their fair value at the closing date, and changes in fair value are recognized in net financial income. The impairment of -€822 thousand recognized at December 31, 2018 has been decreased to -€299 thousand at June 30, 2019.

In 2015, the Group subscribed to negotiable medium-term notes with a credit institution and in 2017, the Group invested in UCITS holding medium-term bonds and cash. One of these notes matured in the first-half of 2019.

Expiry of negotiable medium-term notes subscribed on February 24, 2015:

The negotiable medium-term note of €5 million subscribed by the Group on February 24, 2015 expired during this 1st semester. See Note 5.2.5.5 "Reconciliation of gross and net financial debt".

The summary is presented in the table below:

| Negotiable medium-term notes | Classified as current financial receivables ⁽¹⁾ | | UCITS ⁽²⁾ |
|--|---|--|--------------------------|
| | July 13, 2015 | February 24, 2015 | |
| Subscription date | July 13, 2015 | February 24, 2015 | December 14 and 29, 2017 |
| Nominal (in euros) | 4,000,000 | 5,000,000 | 50,006,265 |
| Depreciation | | | -299,180 ⁽³⁾ |
| Maturity | July 15, 2019 <i>Not available for four quarters following the subscription date</i> | February 24, 2020 <i>Not available for eight quarters following the subscription date</i> | Indeterminate |
| Quarterly coupon: Fixed rate Variable rate | Fixed for the first four quarters following the issue 3-month Euribor + spread as of the fifth quarter | Fixed for the first eight quarters following the issue 3-month Euribor + spread as of the ninth quarter | N/A |
| Total at June 30, 2019 | €9,000,000 | | €49,707,085 |

(1) See Note 5.1.7 "Current financial receivables".

(2) UCITS: Undertaking for Collective Investment in Transferable Securities.

(3) Regarding the impairment of the UCITS in the two periods, please refer to Note 4.6 "Net Financial Income".

5.2.5.4 Utilization of medium-term credit lines

At June 30, 2019 as at December 31, 2018, the Plastic Omnium Group had access to several confirmed bank lines of credit exceeding the Group's requirements.

At June 30, 2019, the amount of these confirmed bank lines of credit amounted to €1,290 million with an average maturity of four years, compared with €1,264 million at December 31, 2018.

5.2.5.5 Reconciliation of gross and net financial debt

| In thousands of euros | June 30, 2019 | | | December 31, 2018 | | |
|---|------------------|-----------------|---------------------|-------------------|-----------------|---------------------|
| | Total | Current portion | Non-current portion | Total | Current portion | Non-current portion |
| Finance lease liabilities | 234,865 | 53,921 | 180,944 | 11,616 | 2,400 | 9,216 |
| Bonds and bank loans | 1,723,907 | 566,685 | 1,157,222 | 1,747,410 | 120,815 | 1,626,595 |
| <i>of which the "Schuldscheindarlehen" private placement 2018⁽¹⁾</i> | 301,280 | 2,575 | 298,705 | 298,841 | 148 | 298,693 |
| <i>of which the bond issue in 2017</i> | 496,483 | 497 | 495,986 | 499,148 | 3,545 | 495,603 |
| <i>of which the bond issue in 2013</i> | 500,337 | 500,337 | - | 507,072 | 8,546 | 498,526 |
| <i>of which the "Schuldschein" private placement 2016</i> | 299,261 | 158 | 299,103 | 301,393 | 2,393 | 299,000 |
| <i>of which bank lines of credit</i> | 126,546 | 63,118 | 63,428 | 140,956 | 106,183 | 34,773 |
| Non-current and current borrowings (+) | 1,958,772 | 620,606 | 1,338,166 | 1,759,026 | 123,215 | 1,635,811 |
| Other current debt (+) | 67 | 67 | | 31 | 31 | |
| Hedging instruments - liabilities (+) ⁽²⁾ | 2,357 | 2,357 | | 4,330 | 4,330 | |
| Total borrowings (B) | 1,961,196 | 623,030 | 1,338,166 | 1,763,387 | 127,576 | 1,635,811 |
| Long-term investments in equity instruments and in funds (-) ⁽³⁾ | -36,740 | | -36,740 | -28,183 | | -28,183 |
| Other financial assets (-) | -44,604 | -14,006 | -30,598 | -60,096 | -22,504 | -37,592 |
| <i>of which non-current financial receivables⁽⁴⁾</i> | -30,240 | | -30,240 | -35,829 | | -35,829 |
| <i>of which trade accounts receivable⁽⁴⁾⁽⁵⁾</i> | -14,364 | -14,006 | -358 | -24,267 | -22,504 | -1,763 |
| Other current financial assets and financial receivables (-) ⁽⁵⁾ | -59,014 | -59,014 | | -63,942 | -63,942 | |
| <i>of which negotiable debt securities and UCITS⁽⁶⁾</i> | -58,710 | -58,710 | | -63,188 | -63,188 | |
| Hedging instruments - assets (-) ⁽²⁾ | -3,724 | -3,724 | | -1,898 | -1,898 | |
| Total financial receivables (C) | -144,082 | -76,744 | -67,338 | -154,119 | -88,344 | -65,775 |
| Gross debt (D) = (B) + (C) | 1,817,114 | 546,286 | 1,270,828 | 1,609,268 | 39,232 | 1,570,036 |
| Cash and cash equivalents (-) ⁽⁷⁾ | 803,635 | 803,635 | | 916,336 | 916,336 | |
| Short-term bank loans and overdrafts (+) | -7,461 | -7,461 | | -4,684 | -4,684 | |
| Net cash and cash equivalents as recorded in the statement of cash flows (A)⁽⁸⁾ | -796,174 | -796,174 | | -911,652 | -911,652 | |
| NET FINANCIAL DEBT (E) = (D) + (A) | 1,020,940 | -249,888 | 1,270,828 | 697,616 | -872,420 | 1,570,036 |

(1) See Note 5.2.5.2 "Bonds: private placements and private bonds"

(2) See Note 5.2.6 "Interest rate and foreign exchange hedges"

(3) See Note 5.1.5.1 "Long-term investments in equity instruments and in funds"

(4) See 5.1.5.2 "Other non-current financial assets"

(5) See Notes 5.1.7 "Current financial receivables" and 5.2.7.3 for the principal amount

(6) See Note 5.2.5.3 "Loans, negotiable debt securities and other financial assets : Expiry of negotiable medium-term notes subscribed on February 24, 2015"

(7) See Note 5.1.9.1 "Gross cash and cash equivalents"

(8) See Note 5.1.9.2 "Net cash and cash equivalents at end of period"

5.2.5.6 Analysis of gross financial debt by currency

The table below shows the gross financial debt after taking into account the swaps transactions that allowed the conversion of the euro into foreign currency.

| <i>As a % of total debt</i> | June 30, 2019 | December 31, 2018 |
|---------------------------------|----------------------|--------------------------|
| Euro | 66% | 72% |
| US dollar | 23% | 18% |
| Chinese yuan | 6% | 5% |
| Pound sterling | 3% | 4% |
| Brazilian real | 1% | 1% |
| Other currencies ⁽¹⁾ | - | - |
| Total | 100% | 100% |

(1) “Other currencies” concerns various currencies, which, taken individually, account for less than 1% of total financial debt over the two

5.2.5.7 Analysis of gross financial debt by type of interest rate

| <i>As a % of total debt</i> | June 30, 2019 | December 31, 2018 |
|-----------------------------|----------------------|--------------------------|
| Hedged variable rates | - | - |
| Unhedged variable rates | 6% | 6% |
| Fixed rates | 94% | 94% |
| Total | 100% | 100% |

5.2.6. Interest rate and currency hedges

| <i>In thousands of euros</i> | June 30, 2019 | | December 31, 2018 | |
|------------------------------|----------------------|--------------------|--------------------------|--------------------|
| | Assets | Liabilities | Assets | Liabilities |
| Interest rate derivatives | - | - | - | -486 |
| Exchange rate derivatives | 3,724 | -2,357 | 1,898 | -3,844 |
| Total balance sheet | 3,724 | -2,357 | 1,898 | -4,330 |

5.2.6.1 Interest rate hedges

The last interest rate instrument (swap) contract signed by the Group expired in February 2019. There are no closing positions at June 30, 2019.

The Group has no longer any interest rate instrument qualified as “cash flow hedges”.

5.2.6.1.1. Amounts recognized in equity under “Other comprehensive income”

The amounts below are expressed in gross value before tax.

| In thousands of euros | Balance before tax recorded in OCI at December 31, 2018 ⁽¹⁾ | Change in fair value of derivatives | Amount reclassified in profit or loss in the period | Balance before tax recorded in OCI at June 30, 2019 ⁽¹⁾ |
|---|--|-------------------------------------|---|--|
| Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾ | 217 | - | -217 | - |
| Effect of June 2013 restructuring of the derivatives portfolio | -272 | - | 272 | - |
| Effect of the rate hedging of Schuldschein maturing in 2025 | -1,815 | - | 137 | -1,678 |
| Total | -1,870 | - | 192 | -1,678 |

| In thousands of euros | Balance before tax recorded in OCI at December 31, 2017 ⁽¹⁾ | Change in fair value of derivatives | Amount reclassified in profit or loss in the period | Balance before tax recorded in OCI at December 31, 2018 ⁽¹⁾ |
|---|--|-------------------------------------|---|--|
| Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾ | 1,020 | - | -803 | 217 |
| Effect of June 2013 restructuring of the derivatives portfolio | -1,900 | - | 1,628 | -272 |
| Effect of the rate hedging of Schuldschein maturing in 2025 | - | -1,823 | 8 | -1,815 |
| Total | -880 | -1,823 | 825 | -1,870 |

(1) OCI: Other Comprehensive Income.

(2) Restructuring of derivatives portfolio to extend maturity of hedging instruments.

5.2.6.1.2 Impact of hedging on the income statement

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|--|---------------|-------------------|
| Effective component of hedging instruments related to derivatives portfolio (hedging of accrued interest over the period) | -471 | -2,970 |
| Reclassification in profit or loss of accumulated gains and losses related to past restructurings ⁽¹⁾ | -55 | -825 |
| Reclassification in profit or loss of accumulated gains and losses related to interest rate hedging | -137 | -8 |
| Time value of caps | - | - |
| Changes in value of instruments that do not qualify for hedge accounting | 478 | 2,898 |
| Total⁽²⁾ | -185 | -905 |

(1) See Note 5.2.6.2 "Foreign exchange hedge Instruments" for the amounts reclassified in profit or loss.

(2) See “Gains or losses on interest rate and currency hedges” in Note 4.6 “Net financial income”.
See also the impact of currency hedges in Note 5.2.6.2.

5.2.6.2 Currency hedges

The Group uses derivatives to hedge its exposure to currency risk.

At June 30, 2019, the fair value of the instruments implemented and thus recognized was €1,367 thousand of which €474 thousand was recognized in equity.

Changes in the fair value of other currency hedging instruments are recognized in net financial income.

5.2.6.2.1. Portfolio of currency hedges

| | June 30, 2019 | | | | December 31, 2018 | | | |
|--|---|--|-------------------------------------|---|---|--|-------------------------------------|---|
| | Fair value (in thousands of euros) | Notional amount (in thousands of currency units) | Medium- term exchange rate | Exchange rate at June 30, 2019 | Fair value (in thousan ds of euros) | Notional amount (in thousands of currency units) | Medium- term exchange rate | Exchange rate at December 31, 2018 |
| | | | Currency / Euro | Currency / Euro | | | Currency / Euro | Currency / Euro |
| Net sell position (net buy position if <0) | | | | | | | | |
| USD / EUR - Forward exchange contract | -1,454 | -174,243 | 1.1637 | 1.1380 | -1,241 | -198,990 | 1.1708 | 1.1450 |
| JPY / EUR - Forward exchange contract | -75 | -310,890 | 126.3168 | 122.6000 | -4 | -329,595 | 126.0400 | 125.8500 |
| GBP / EUR - Forward exchange contract | +143 | -4,000 | 0.8728 | 0.8966 | - | - | 0.000 | - |
| KRW / EUR - Forward exchange contract | -82 | -8,000,000 | 1,337.750 0 | 1,315.350 0 | -6 | -1,615,763 | 1,283.475 8 | 1,277.9300 |
| KRW / USD - Forward exchange contract | - | - | - | - | -19 | -3,036,296 | 1,123.928 2 | 1,115.8000 |
| KRW / JPY - Forward exchange contract | - | - | - | - | +2 | -282,598 | 10.0373 | 10.1809 |
| KRW / CNY - Forward exchange contract | - | - | - | - | -4 | -794,457 | 162.9103 | 162.1331 |
| USD / EUR - Forward currency swap | +2,961 | -573,300 | 1.1329 | 1.1380 | -542 | -303,300 | 1.1482 | 1.1450 |
| GBP / EUR - Forward currency swap | +6 | -18,000 | 0.8965 | 0.8966 | -91 | -25,000 | 0.8974 | 0.8945 |
| CHF / EUR - Forward currency swap | -68 | -5,440 | 1.1259 | 1.1105 | -11 | -3,940 | 1.1301 | 1.1269 |
| RUB / EUR - Forward currency swap | -46 | -104,000 | 76.3619 | 71.5975 | +60 | -108,000 | 76.8650 | 79.7153 |
| CNY / EUR - Forward currency swap | +16 | -238,000 | 7.8928 | 7.8185 | -22 | -398,000 | 7.9579 | 7.8751 |
| CNY / USD - Forward currency swap | - | - | - | - | -68 | -92,403 | 6.9003 | 6.8778 |
| TOTAL | +1,367 | | | | -1,946 | | | |

5.2.6.2.2. Impact of unsettled foreign exchange hedges on income and equity

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|---|---------------|-------------------|
| Impact of change in foreign exchange hedging portfolio on income (ineffective portion) ⁽¹⁾ | 2,839 | -1,071 |
| Impact of change in foreign currency hedging portfolio on equity (effective portion) | 474 | -3,911 |
| Total | 3,313 | -4,982 |

- (1) See "Gains or losses on interest rate and currency hedges" in Note 4.6 "Net financial income".
See also Note 5.2.6.1.2 "Impact of hedging on the income statement".

5.2.7. Operating and other liabilities

5.2.7.1. Trade payables

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|----------------------------------|------------------|-------------------|
| Trade payables | 1,578,416 | 1,444,192 |
| Due to suppliers of fixed assets | 93,381 | 170,797 |
| Total | 1,671,797 | 1,614,989 |

5.2.7.2. Other operating liabilities

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|--|----------------|-------------------|
| Accrued employee benefits expense | 177,504 | 155,985 |
| Accrued income taxes ⁽¹⁾ | 48,577 | 38,797 |
| Other accrued taxes | 118,388 | 122,494 |
| Other payables | 269,451 | 254,299 |
| Customer prepayments - Deferred revenues | 363,095 | 355,831 |
| Total | 977,015 | 927,406 |

(1) This item includes the accounting of IFRIC 23 for €2.5 million. See the "Changes in equity", and the Note 1.1 "Basis of preparation".

5.2.7.3. Trade payables and other operating liabilities by currency

| In thousands of currency units | Liabilities at June 30, 2019 | | | Liabilities at December 31, 2018 | | |
|--------------------------------|------------------------------|------------------|-------------|----------------------------------|------------------|-------------|
| | Local currency | Euro | % | Local currency | Euro | % |
| EUR Euro | 1,501,289 | 1,501,289 | 57% | 1,390,737 | 1,390,737 | 55% |
| USD US dollar | 598,733 | 526,127 | 20% | 684,139 | 597,502 | 24% |
| GBP Pound sterling | 123,180 | 137,393 | 5% | 117,196 | 131,014 | 5% |
| CNY Chinese yuan | 1,273,533 | 162,887 | 6% | 1,010,547 | 128,322 | 5% |
| BRL Brazilian real | 131,986 | 30,334 | 1% | 146,333 | 32,928 | 1% |
| Other Other currencies | | 290,782 | 11% | | 261,892 | 10% |
| Total | | 2,648,812 | 100% | | 2,542,395 | 100% |
| <i>Of which:</i> | | | | | | |
| • Trade payables | | 1,671,797 | 63% | | 1,614,989 | 64% |
| • Other operating liabilities | | 977,015 | 37% | | 927,406 | 36% |

6. CAPITAL MANAGEMENT AND MARKET RISKS

Compagnie Plastic Omnium has set up a global cash management system with its subsidiary Plastic Omnium Finance, which manages liquidity, currency and interest rate risks on behalf of all subsidiaries. The market risks strategy, which may result in entering balance sheet and off-balance sheet commitments, is approved every quarter by the Chairman and Chief Executive Officer.

6.1. Capital management

The Group's objective is to have, at all times, sufficient financial resources to enable it to carry out its current business, fund the investments required for its development and also to respond to any exceptional events.

This is achieved through the use of capital markets, leading to capital and financial debt management.

As part of its capital management strategy, the Group pays dividends to its shareholders and may make adjustments in line with changes in economic conditions.

The capital structure may be adjusted by paying ordinary or special dividends, through share buybacks and cancellation of treasury stock, returning a portion of capital to shareholders or issuing new shares and/or securities giving rights to capital.

The Group uses the gearing ratio, corresponding to the ratio of consolidated net debt to equity, as an indicator of the Group's leverage. The Group includes in net debt all financial liabilities and commitments, other than operating payables, interest-bearing liabilities, less cash and cash equivalents and other non-operating financial assets, such as marketable securities and loans. At June 30, 2019 and December 31, 2018, the gearing ratio was as follows:

| In thousands of euros | June 30, 2019 | December 31, 2018 |
|---------------------------------------|---------------|-------------------|
| Net financial debt ⁽¹⁾ | 1,020,940 | 697,616 |
| Equity (including non-current grants) | 2,231,108 | 2,188,321 |
| Gearing ratio | 45.76% | 31.88% |

(1) See Note 5.2.5.5 "Reconciliation of gross and net financial debt".

None of the Group's bank loans or financial liabilities contains covenants providing for early repayment in the event of non-compliance with financial ratios.

6.2. Credit risk

Credit risk covers customer credit risk and bank counterparty risk.

6.2.1. Customer risk

At June 30, 2019, 5,7% of the Group's trade receivables were past due, versus 7.4% at December 31, 2018. Trade receivables break down as follows:

Ageing analysis of net receivables:

At June 30, 2019 :

| In thousands of euros | Total outstanding | Not yet due | Due and past due | Less than 1 month | 1-6 months | 6-12 months | More than 12 months |
|-----------------------|-------------------|----------------|------------------|-------------------|---------------|--------------|---------------------|
| Industries | 779,237 | 724,881 | 54,356 | 34,048 | 13,589 | 3,584 | 3,135 |
| Modules | 193,560 | 191,890 | 1,670 | 1,125 | 544 | - | - |
| Unallocated items | 3,006 | 3,006 | - | - | - | - | - |
| Total | 975,803 | 919,777 | 56,026 | 35,173 | 14,133 | 3,584 | 3,135 |

At December 31, 2018 :

| In thousands of euros | Total outstanding | Not yet due | Due and past due | Less than 1 month | 1-6 months | 6-12 months | More than 12 months |
|-----------------------|-------------------|----------------|------------------|-------------------|---------------|--------------|---------------------|
| Industries | 659,608 | 602,083 | 57,525 | 30,926 | 14,368 | 6,131 | 6,100 |
| Modules | 141,347 | 138,916 | 2,431 | 1,811 | 620 | - | - |
| Unallocated items | 14,345 | 14,341 | 4 | 4 | - | - | - |
| Total | 815,300 | 755,340 | 59,960 | 32,741 | 14,988 | 6,131 | 6,100 |

The risk of non-recovery is low and involves only a non-material amount of receivables more than twelve months past due.

6.2.2. Bank counterparty risk

The Group invests its cash surplus with leading banks and/or in senior securities.

6.3. Liquidity risk

The Group must at all times have sufficient financial resources to finance the current business and the investments required to support its development, but also to withstand any exceptional events.

This objective is mainly achieved by using medium-term lines of credit with banking institutions but also by short-term bank resources.

The cash position of the Group is monitored daily for each business division and at central level, and a weekly summary report is submitted to the Chairman and Chief Executive Officer and the Chief Operating Officers.

At June 30, 2019:

| In thousands of euros | June 30, 2019 | Less than 1 year | 1 to 5 years | More than 5 years |
|---------------------------------------|------------------|------------------|------------------|-------------------|
| Financial liabilities | | | | |
| Non-current borrowings ⁽¹⁾ | 1,433,173 | - | 1,065,456 | 367,717 |
| Bank overdrafts | 7,461 | 7,461 | - | - |
| Current borrowings ⁽²⁾ | 653,490 | 653,490 | - | - |
| Other current financial debt | 67 | 67 | - | - |
| Hedging instruments | 2,357 | 2,357 | - | - |
| Trade payables | 1,671,797 | 1,671,797 | - | - |
| Total financial liabilities | 3,768,345 | 2,335,172 | 1,065,456 | 367,717 |

(1) "Non-current borrowings" includes the amounts reported in the balance sheet and interest payable over the remaining life of the debt.

(2) "Current borrowings" includes the amounts reported in the balance sheet and interest due within one year.

At December 31, 2018:

| In thousands of euros | December 31, 2018 | Less than 1 year | 1 to 5 years | More than 5 years |
|---------------------------------------|-------------------|------------------|----------------|-------------------|
| Financial liabilities | | | | |
| Non-current borrowings ⁽¹⁾ | 1,762,934 | 29,955 | 924,231 | 808,748 |
| Bank overdrafts | 4,684 | 4,684 | - | - |
| Current borrowings ⁽²⁾ | 126,754 | 126,754 | - | - |
| Other current financial debt | 31 | 31 | - | - |
| Hedging instruments | 4,330 | 4,330 | - | - |
| Trade payables | 1,614,989 | 1,614,989 | - | - |
| Total financial liabilities | 3,513,722 | 1,780,743 | 924,231 | 808,748 |

(1) "Non-current borrowings" includes the amounts reported in the balance sheet and interest payable over the remaining life of the debt.

(2) "Current borrowings" includes the amounts reported in the balance sheet and interest due within one year.

7. ADDITIONAL INFORMATION

7.1. Related party transactions

Related party transactions correspond to transactions with Sofiparc, Burelle SA and Burelle Participations. The nature of contracts which bind the Group with these companies has not been subject to any changes over the period.

No material change has been made to the compensation paid to senior executives and officers since December 31, 2018.

7.2. Consolidating entity

Burelle SA holds 59.76% of Compagnie Plastic Omnium, after the cancellation of Compagnie Plastic Omnium's treasury stock (58.78% before cancellation of treasury stock), and fully consolidates the Company.

Burelle SA - 19, Boulevard Jules Carteret
69342 Lyon Cedex 07

7.3. Subsequent events

No event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at June 30, 2019 has occurred since the closing date.

LIST OF CONSOLIDATED COMPANIES AT JUNE 30, 2019

Consolidation method and special features:

- G: Full consolidation
- EM: Companies that were already consolidated by the equity method before the application of the new Consolidation standards at January 1, 2014.
- EM_IFRS: Companies consolidated by the equity method since the application of the new consolidation at January 1, 2014

Movements for the period:

- a: Companies created and/or acquired during the First-half 2019
- b: Takeover of HBPO on July 1, 2018
- c: Disposal of the Environment Division in December 2018 - business classified in accordance with IFRS 5 under “Assets and liabilities held for sale” at June 30, 2018
- d: Entities sold in 2018

| Legal name | Reportable segment | | | | June 30, 2019 | | | December 31, 2018 | | | June 30, 2018 | | |
|---|--------------------|---------|-------------|--------------|-------------------------|-----------|------------|-------------------------|-----------|------------|-------------------------|-----------|------------|
| | Industries | Modules | Environment | Un-allocated | Method of Consolidation | % control | % interest | Method of Consolidation | % control | % interest | Method of Consolidation | % control | % interest |
| France | | | | | | | | | | | | | |
| COMPAGNIE PLASTIC OMNIUM SA | | | | * | Parent company | | | Parent company | | | Parent company | | |
| PLASTIC OMNIUM GESTION SNC | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM FINANCE SNC | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| SIGNALISATION FRANCE SA | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| INERGY AUTOMOTIVE SYSTEMS FRANCE SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIEUR HOLDING SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIEUR SERVICES SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIORS SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY MANAGEMENT SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIEUR SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM COMPOSITES SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| MIXT COMPOSITES RECYCLABLES - MCR SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY SERVICES SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY FRANCE SAS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM MANAGEMENT 4 | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC RECYCLING SAS | d | * | | | - | - | - | EM_ifrs | 50 | 50 | EM_ifrs | 50 | 50 |
| PLASTIC OMNIUM SYSTEMES URBAINS SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| METROPLAST SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| LA REUNION VILLES PROPRES SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM CARAIBES SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| LUDOPARC SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| BEAUVAIS DIFFUSION SAS | | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| TECHNIQUES ET MATERIELS DE COLLECTE - - TEMACO - SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM ENVIRONNEMENT HOLDING SAS | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| SULO FRANCE SAS | | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| South Africa | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY SOUTH AFRICA (PROPRIETARY) Ltd | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |

| Legal name | Reportable segment | | | | June 30, 2019 | | | December 31, 2018 | | | June 30, 2018 | | |
|--|--------------------|---------|-----------------|----------------------|----------------------------|--------------|---------------|----------------------------|--------------|-------------------|----------------------------|--------------|-------------------|
| | Industri es | Modules | Enviro nment | Un- allocat ed | Method of Consolidation | % control | % Interest | Method of Consolidation | % control | % Intere st | Method of Consolidation | % control | % Interes t |
| Germany | | | | | | | | | | | | | |
| PLASTIC OMNIUM GmbH | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO COMPONENTS GmbH | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY GERMANY GmbH | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM COMPOSITES GmbH | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTOMOTIVE EXTERIORS GmbH | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| HBPO BETEILIGUNGSGESELLSCHAFT GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO RASTATT GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO GERMANY GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO INGOLSTADT GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO REGENSBURG GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO VAIHINGEN Enz GmbH | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| HBPO Saarland GmbH | a | * | | | FC | 66.67 | 66.67 | - | - | - | - | - | - |
| PLASTIC OMNIUM ENTSORGUNGSTECHNIK GmbH | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM ENVIRONNEMENT GmbH | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| ENVICOMP SYSTEMLOGISTIK GmbH | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| WESTFALIA INTRALOG GmbH | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| SULO UMWELTECHNIK GmbH | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM SYSTEMS GmbH | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| SULO EA GmbH | | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| Argentina | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY ARGENTINA SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTOMOTIVE ARGENTINA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Belgium | | | | | | | | | | | | | |
| PLASTIC OMNIUM NV | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM ADVANCED INNOVATION AND RESEARCH NV | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY BELGIUM SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTOMOTIVE BELGIUM | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| OPTIMUM CPV BVBA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM NEW ENERGIES SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Brazil | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM DO BRASIL Ltda | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| HBPO BRASIL AUTOMOTIVE SERVICIOS Ltda | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |

COMPAGNIE PLASTIC OMNIUM – Interim Financial Report 2019

| Legal name | Reportable segment | | | | June 30, 2019 | | | December 31, 2018 | | | June 30, 2018 | | | | |
|--|--------------------|---------|-------------|--------------|---------------|---------|----------|-------------------|---------|----------|---------------|---------|----------|--|--|
| | Industries | Modules | Environment | Un-allocated | Method of | % | % | Method of | % | % | Method of | % | % | | |
| | | | | | Consolidation | control | Interest | Consolidation | control | Interest | Consolidation | control | Interest | | |
| Canada | | | | | | | | | | | | | | | |
| HBPO CANADA INC. | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 | | |
| Chile | | | | | | | | | | | | | | | |
| PLASTIC OMNIUM SA | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 | | |
| China | | | | | | | | | | | | | | | |
| PLASTIC OMNIUM HOLDING (SHANGHAI) Co. Ltd | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| PLASTIC OMNIUM COMPOSITES (JIANGSU) Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| WUHAN PLASTIC OMNIUM AUTO INERGY Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| PLASTIC OMNIUM INERGY (SHANGHAI) CONSULTING Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| INERGY AUTOMOTIVE SYSTEMS CONSULTING (BEIJING) Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| BEIJING PLASTIC OMNIUM AUTO INERGY Co. Ltd | * | | | | FC | 60 | 60 | FC | 60 | 60 | FC | 60 | 60 | | |
| CHONGQING PLASTIC OMNIUM AUTO INERGY Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| GUANGZHOU PLASTIC OMNIUM AUTO INERGY Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| NINGBO PLASTIC OMNIUM AUTO INERGY Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| SHENYANG PLASTIC OMNIUM AUTO INERGY Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM (SHANGHAI) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM YIZHENG AUTOMOTIVE EXTERIOR SYSTEM Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM (SHENYANG) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM NINGBO AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM WUHAN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM HARBIN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM HANGZHOU AUTO EXTERIOR SYSTEMS Co. Ltd | * | | | | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | EM_lfrs | 49.95 | 49.95 | | |
| YANFENG PLASTIC OMNIUM NINGDE AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | a | * | | | EM_lfrs | 49.95 | 49.95 | - | - | - | - | - | - | | |
| YANKANG AUTO PARTS RUGAO Co. Ltd | a | * | | | EM_lfrs | 49.95 | 49.95 | - | - | - | - | - | - | | |
| CHONGQING YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR FAWAY Co. Ltd | * | | | | EM_lfrs | 49.95 | 25.47 | EM_lfrs | 49.95 | 25.47 | EM_lfrs | 49.95 | 25.47 | | |
| GUANGZHOU ZHONGXIN YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR TRIM Co. Ltd | * | | | | EM_lfrs | 49.95 | 25.47 | EM_lfrs | 49.95 | 25.47 | EM_lfrs | 49.95 | 25.47 | | |
| CHENGDU FAWAY YANFENG PLASTIC OMNIUM Co. Ltd | * | | | | EM | 24.48 | 24.48 | EM | 24.48 | 24.48 | EM | 24.48 | 24.48 | | |
| DONGFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd | * | | | | EM | 24.98 | 24.98 | EM | 24.98 | 24.98 | EM | 24.98 | 24.98 | | |
| CHANGCHUN HUAZHONG YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIORS Co. Ltd | * | | | | EM_lfrs | 49.95 | 24.98 | EM_lfrs | 49.95 | 24.98 | EM_lfrs | 49.95 | 24.98 | | |
| HBPO CHINA Co. Ltd | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 | | |
| HBPO CHINA BEIJING Co. Ltd | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 | | |
| South Korea | | | | | | | | | | | | | | | |
| PLASTIC OMNIUM Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 | | |
| SHB AUTOMOTIVE MODULES | b | * | | | EM_lfrs | 33.34 | 33.34 | EM_lfrs | 33.34 | 33.34 | EM_lfrs | 16.67 | 16.67 | | |
| HBPO PYEONGTAEK Ltd | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 | | |
| HBPO ASIA HQ Ltd | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 | | |

| Legal name | Reportable segment | | | | June 30, 2019 | | | December 31, 2018 | | | June 30, 2018 | | |
|--|--------------------|-------------|-----------------|----------------------|----------------------------|--------------|---------------|----------------------------|--------------|-------------------|----------------------------|--------------|-------------------|
| | Industr ies | Module s | Enviro nment | Un- allocat ed | Method of Consolidation | % control | % Interest | Method of Consolidation | % control | % Inter est | Method of Consolidation | % control | % Inter est |
| | | | | | | | | | | | | | |
| Spain | | | | | | | | | | | | | |
| COMPANIA PLASTIC OMNIUM SA | | | | * | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM EQUIPAMIENTOS EXTERIORES SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY SPAIN SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM COMPOSITES ESPANA SA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM COMPONENTES EXTERIORES SL | * | | | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTOMOTIVE ESPANA | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| HBPO AUTOMOTIVE SPAIN SL | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| PLASTIC OMNIUM SISTEMAS URBANOS SA | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| United States | | | | | | | | | | | | | |
| PLASTIC OMNIUM Inc. | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM INDUSTRIES Inc. | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIORS LLC | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY (USA) LLC | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| AUTOMOTIVE EXTERIORS LLC | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| HBPO NORTH AMERICA Inc. | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| Hungary | | | | | | | | | | | | | |
| HBPO MANUFACTURING HUNGARY Kft | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| HBPO AUTOMOTIVE HUNGARIA Kft | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| India | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO EXTERIORS (INDIA) PVT Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY INDIA PVT Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY MANUFACTURING INDIA PVT Ltd | * | | | | FC | 55 | 55 | FC | 55 | 55 | FC | 55 | 55 |
| Israel | | | | | | | | | | | | | |
| POCellTech | * | | | | EM | 50 | 23 | EM | 50 | 23 | EM | 50 | 23 |
| Japan | | | | | | | | | | | | | |
| PLASTIC OMNIUM KK | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |

| Legal name | Reportable segment | | | | June 30, 2019 | | | December 31, 2018 | | | June 30, 2018 | | |
|---|--------------------|---------|-------------|--------------|-------------------------|-----------|------------|-------------------------|-----------|------------|-------------------------|-----------|------------|
| | Industries | Modules | Environment | Un-allocated | Method of Consolidation | % control | % interest | Method of Consolidation | % control | % interest | Method of Consolidation | % control | % interest |
| Malaysia | | | | | | | | | | | | | |
| HICOM HBPO SDN BHD | b | * | | | EM | 26.66 | 26.66 | EM | 26.66 | 26.66 | EM | 13.33 | 13.33 |
| Morocco | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY (MOROCCO) SARL | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIEUR | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Mexico | | | | | | | | | | | | | |
| PLASTIC OMNIUM INDUSTRIAL AUTO EXTERIORES RAMOS ARIZPE SA DE CV | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY MEXICO SA DE CV | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIORES SA DE CV | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM SISTEMAS URBANOS SA DE CV | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| HBPO MEXICO SA DE CV | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| PLASTIC OMNIUM MEDIO AMBIENTE SA DE CV | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INDUSTRIAL SRL DE CV | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY INDUSTRIAL SA DE CV | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| HBPO SERVICES MEXICO SA DE CV | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| HBPO MANAGEMENT SERVICES MEXICO SA DE CV | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| PLASTIC OMNIUM AUTO INERGY SERVICIOS SA DE CV | a | * | | | FC | 100 | 100 | - | - | - | - | - | - |
| Netherlands | | | | | | | | | | | | | |
| PLASTIC OMNIUM BV | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM ENVIRONMENT BV | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| DSK PLASTIC OMNIUM BV | | * | | | FC | 51 | 51 | FC | 51 | 51 | FC | 51 | 51 |
| PLASTIC OMNIUM AUTO INERGY NETHERLANDS HOLDING BV | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Poland | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY POLAND Sp Z.O.O | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO EXTERIORS Sp Z.O.O | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| SULO Sp Z.O.O | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO Sp Z.O.O | | * | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Czech Republic | | | | | | | | | | | | | |
| HBPO CZECH S.R.O. | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_ifrs | 33.33 | 33.33 |
| SULO S.R.O. | c | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |

| Legal name | Reportable segment | | | | June 30, 2019 | | | December 31, 2018 | | | June 30, 2018 | | |
|---|--------------------|---------|-------------|--------------|-------------------------|-----------|------------|-------------------------|-----------|------------|-------------------------|-----------|------------|
| | Industries | Modules | Environment | Un-allocated | Method of Consolidation | % control | % interest | Method of Consolidation | % control | % interest | Method of Consolidation | % control | % interest |
| Romania | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY ROMANIA SRL | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| United Kingdom | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTOMOTIVE Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM URBAN SYSTEMS Ltd | C | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| SULO MGB Ltd | C | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| HBPO UK Ltd | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| Russia | | | | | | | | | | | | | |
| OOO STRAVROVO AUTOMOTIVE SYSTEMS | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| DSK PLASTIC OMNIUM INERGY | * | | | | FC | 51 | 51 | FC | 51 | 51 | FC | 51 | 51 |
| Singapore | | | | | | | | | | | | | |
| SULO ENVIRONMENTAL SYSTEMS PTE Ltd | C | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| Slovakia | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO EXTERIORS S.R.O. | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTO INERGY SLOVAKIA S.R.O. | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| HBPO SLOVAKIA S.R.O. | b | * | | | FC | 66.67 | 66.67 | FC | 66.67 | 66.67 | EM_lfrs | 33.33 | 33.33 |
| PLASTIC OMNIUM AUTOMOTIVE SLOVAKIA S.R.O | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Sweden | | | | | | | | | | | | | |
| PLASTIC OMNIUM AB | C | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| Switzerland | | | | | | | | | | | | | |
| PLASTIC OMNIUM AG | C | | * | | - | - | - | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM RE AG | | | | * | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| SWISS HYDROGEN | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Thailand | | | | | | | | | | | | | |
| PLASTIC OMNIUM AUTO INERGY THAILAND Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| PLASTIC OMNIUM AUTOMOTIVE Co. Ltd | * | | | | FC | 100 | 100 | FC | 100 | 100 | FC | 100 | 100 |
| Turkey | | | | | | | | | | | | | |
| B.P.O. AS | * | | | | EM_lfrs | 50 | 49.98 | EM_lfrs | 50 | 49.98 | EM_lfrs | 50 | 49.98 |

COMPAGNIE PLASTIC OMNIUM

Statutory Auditors' Review Report on the Half-yearly Financial Information

This is a translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Period from January 1 to June 30, 2019

ERNST & YOUNG et Autres

MAZARS

ERNST & YOUNG et Autres
Tour First – TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

MAZARS
61, rue Henri Regnault
92075 Paris-La Défense Cedex
S.A. au capital de € 8.320.000

Société Anonyme d'Expertise Comptable
et de Commissariat aux Comptes
à Directoire et Conseil de Surveillance

Compagnie Plastic Omnium

Period from January 1 to June 30, 2019

Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Compagnie Plastic Omnium, for the period from January 1 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Opinion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information primarily consists of making inquiries of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in Notes 1.1. and 2.1.1. to the condensed half-yearly consolidated financial statements regarding changes in accounting policies relating to IFRS 16 “Leases contracts” effective from January 1, 2019.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Paris-La Défense, July 18, 2019

The Statutory Auditors
French original signed by

ERNST & YOUNG et Autres

MAZARS

Gilles Puissochet

Juliette Decoux