PLASTIC OMNIUM

Levallois, July 19, 2019,

1st half-year results: 21% growth in revenue
Automotive production outperformance of 7.1 points
Results show good resilience

In the second-half of 2018, worldwide automotive production declined for the first time in 10 years (-4.4%); this decline steepened in the first-half of 2019 (-6.9%). In this context, in the first-half of 2019, Compagnie Plastic Omnium saw its revenue[1] grow 20.7% and its results show good resilience thanks to cost savings plans carried out from the 4th quarter of 2018.

- Group revenue[1] stood at €4,611 million, growing 20.7% at the new Group scope. Like-for-like, it was stable (+0.2%) and outperformed worldwide automotive production by 7.1 points, particularly in China and North America.
- The operating margin reached €281 million (6.6% of revenue), versus €324 million in the first-half of 2018 and €286 million in the second-half of 2018. It held up to the sharp decline and volatility of the market in China, Germany and the United Kingdom.
- After €64 million in additional depreciation on assets supporting future growth (excluding IFRS 16 impact[8]), EBITDA increased by €54 million to reach €511 million.
- Net income, Group share, came in at €155 million and includes €25 million of restructuring costs.
- After €308 million in investments (7.2% of revenue), free cash-flow stood at €30 million. The second-half of 2019 will see lower investments which will represent, as announced, around 6% of revenue for full-year 2019;
- The financial structure is sound, with net debt of €1,021 million representing 46% of shareholders' equity and 1.1x EBITDA, taking into account the application of IFRS 16 (+€234 million)[8].

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 from its businesses of at least 5 points in 2019 as well as free cash-flow generation of around €200 million. It now expects its operating income 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.

"With a solid order book, Plastic Omnium confirms its objective of strengthening its financial structure through strict control of investments and costs in order to consolidate its leadership as an innovative automotive supplier.
The recent increase in direct and indirect family control of Compagnie Plastic Omnium demonstrates the majority shareholder's confidence in the Group's fundamentals and its long-term growth strategy, based on technological developments and market opportunities." **Laurent Burelle, Chairman and CEO**

First-half 2019 consolidated results

The Board of Directors of Compagnie Plastic Omnium met on July 18, 2019, under the Chairmanship of Laurent Burelle, and approved the consolidated financial statements at June 30, 2019.

In € millions Group	First-half 2018	**First-half 2019**	Change
Economic revenue[1]	3,821	4,611	+21%
Consolidated revenue[2]	3,190	4,268	+34%
Operating margin[3] *as a % of consolidated revenue*	324 *10.2%*	281 *6.6%*	-13% *-3.6 points*
Net profit - Group share	230	155	-33%
EBITDA[4,8] *as a % of consolidated revenue*	457 *14.3%*	511 *12.0%*	+12% *-2.3 points*
Investments	271	308	+14%
Free cash-flow[5]	109	30	
Net debt[6] at June 30[8] Net debt/shareholders' equity Net debt/EBITDA	992 54% 1.1	1,021 46% 1.1	+€29 million

20.7% growth in revenue[1]

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 revenue[1]	**3,821**	**4,611**	***+20.7%***	***+0.2%***
Joint ventures	631	343	*-45.7%*	*+4.5%*
Consolidated revenue[2]	**3,190**	**4,268**	***+33.8%***	***-0.1%***

In the first-half of 2019, Compagnie Plastic Omnium's economic revenue[1] 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 revenue[2] stood at €4,268 million at June 30, 2019, a rise of +33.8% and stable like-for-like.

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 revenue[1]	**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.

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 16[8]) 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	**324**	**286**	**281**
as a % of revenue	***10.2%***	***7.1%***	**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	**457**	**461**	**511**
as a % of revenue	***14.3%***	***11.4%***	***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 ∑-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 16[8] 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.**

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 now expects its operating income to decrease slightly compared to the €610 million achieved in 2018. 2019 EBITDA will show an increase compared to 2018 EBITDA.

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.

****

More detailed financial information can be found on the website: www.plasticomnium.com.

As at the date of this release, the financial statements have been subject to a limited review and the Statutory Auditors' have issued their limited review report.

Webcast presentation of the annual results

The presentation of half-year results, with simultaneous translation, will take place on Friday, July 19, 2019 at 8:30 a.m. Paris time.
It will also be accessible by webcast on the website of Groupe Plastic Omnium and by telephone to:

Main language - French:

- France Tel: +33170710159 PIN: 45080523#

Secondary language - English:

- France Tel: +33 172727403 PIN: 23337858#
- Germany Tel: +49 69222225429 PIN: 23337858#
- Spain Tel: +34 911140101 PIN: 23337858#
- United Kingdom Tel: +44 2071943759 PIN: 23337858#
- United States Tel: +1 6467224916 PIN: 23337858#

****

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.