



Δ-Deltatech (Brussels), January 7, 2020

Plastic Omnium Investor Day

"Always Ahead"

On the occasion of its "Investor Day" held today at its Δ-Deltatech advanced research center in Brussels, dedicated to new energies, Plastic Omnium is setting out its profitable and sustainable growth strategy for 2019-2022, as well as its innovation roadmap to address the rapid technological transformation of the automotive industry.

Laurent Burelle, Chairman of Compagnie Plastic Omnium, made the following statement:

"Plastic Omnium's strategic moves over the past 10 years, along with the integration of new environmental and social issues in the development of our operations, now position the Group as a major and responsible player in the automotive industry. We want to continue to grow in clean and connected mobility while remaining an independent family-owned Group able to ensure its long-term development. In a context of rapid, in-depth transformation of the automotive industry, such is the mission I have entrusted to a new management team, which will propel Compagnie Plastic Omnium into an exciting future filled with opportunities."

Laurent Favre, Chief Executive Officer of Compagnie Plastic Omnium, added the following:

"Our development potential is strong and rests on solid human, industrial and financial fundamentals. Our roadmap is clear: transforming the Group to offer our customers innovative and competitive solutions that meet the technological, environmental and social requirements of the car of the future. With no expected rebound in the worldwide automotive market over the next 3 years, this will firstly require the proactive management of our cost structure and the strengthening of our balance sheet. We will thus be able to seize growth and innovation opportunities that form part of our technological roadmap."

2019 financial outlook:

- Outperformance of more than 5 points compared to a 6% decline in automotive production;
- Operating margin of around 6%;
- EBITDA of around €1 billion;
- Free cash-flow of around €300 million.

2020-2022 financial outlook:

- Outperformance of around 5 points per year compared to the worldwide automotive production forecast of -2% in 2020 and stability in 2021 and 2022 (Plastic Omnium assumptions);
- Annual growth in operating profit and EBITDA (by value);
- Free cash-flow of more than €200 million per year over the period;
- Steady reduction in debt on a like-for-like basis.

Long-term strategy of an innovative industrial Group based on solid fundamentals

The Group implements a strategy of profitable innovation-oriented growth, while continuing its transformation in line with its stakeholders' expectations:

- **Industrial excellence and Industry 4.0 for its customers**

Plastic Omnium is reasserting its goal of increasing the industrial efficiency of its production facilities with the deployment of Industry 4.0 within its plants. Predictive data management, the optimization of processes and the increasing automation of industrial facilities will reduce costs and inventories, while optimizing the supply chain. The objective is to reduce the amount of capital employed and improve operating profitability.

- **Innovative solutions for sustainable mobility**

Plastic Omnium is deeply committed to the technological transformation of the automobile. The zero-carbon and connected car creates new growth opportunities by bringing in additional content in each vehicle in all of the Group's business lines.

Intelligent Exterior Systems:

For its customers, Plastic Omnium develops and designs weight-reduction and optimized aerodynamic solutions. These reduce CO₂ emissions and increase the range of hybrid and electric vehicles by offsetting the weight of batteries.

On the strength of its function integration expertise and its unique performance in the electromagnetic transparency of plastics, Plastic Omnium stands as the connectivity integrator by developing complex systems comprising an ever increasing number of smart functions.

To round off its offer of innovative solutions, Plastic Omnium has entered into technological partnerships, firstly with German supplier Hella for a concept combining exterior body systems and lighting and, secondly, with German supplier Brose for the co-development of an innovative door system.

Clean Energy Systems:

Plastic Omnium is also an energy storage player.

The Group deems that, by 2030, 80% of vehicles will have a combustion engine (of which 36% will be hybrid). The hydrogen and compressed natural gas (CNG) market will account for 7% of vehicles, while that of electric batteries will account for 13%.

The Group is developing depolluting systems for combustion engines with water injection systems for gasoline engines and SCR for diesel engines. It also has specific solutions for plug-in hybrid electric vehicles (PHEV). In parallel, the Group is investing significantly to become a major player in the hydrogen market. The first order recently won by the Group for the development of 350-bar hydrogen tanks for a German manufacturer, as well as the first certification of a 700-bar hydrogen tank intended for passenger cars, illustrate the recognition of Plastic Omnium's technological know-how, developed over more than 4 years in the field of high-pressure composite plastic tanks. CNG tanks are already certified and the certification of 350-bar hydrogen tanks is ongoing.

Modules:

The technological expertise of HBPO enables Plastic Omnium to accelerate its growth in smart and modular exteriors, which will profoundly change the design and esthetics of the cars of the future.

The success of this expertise is substantiated by the expansion of HBPO's business scope, with the assembly of new modules (cockpits, consoles, and electrical energy converters), at the request of our customers.

- **Enhanced skills and innovation**

To meet the technological and environmental requirements of the car of the future, Plastic Omnium relies on over 3,500 engineers, working in 24 R&D centers across the world, including three new ones opened in 2019 in France, Belgium and China.

The Group has also gained new skills to boost its innovation capacities through its Open Innovation ecosystem. With its investment in venture capital companies Aster and then AP Ventures, the Group ranks as leader in the field of clean mobility. Moreover, Plastic Omnium has a network of start-ups, partnerships with leading universities, and an Automotive Strategic Analysis Committee comprised of internationally recognized experts.

- **Ambitious CSR policy**

Plastic Omnium's CSR policy is a key factor in its performance and excellence. Plastic Omnium has formally set out its commitments in a global program called Act for All[®]. This ambitious policy, backed by regularly measured objectives, aims to engage all of the Group's stakeholders around three pillars: a responsible company, care for people, and sustainable production. The policy is regularly assessed by independent bodies, and in particular was recently awarded the status of the world's eighth automotive supplier by RobecoSAM.

2019-2022: outperformance and strengthening of the financial structure

For 2019, the Group will:

- outperform worldwide automotive production by more than 5 points;
- achieve an operating margin of around 6% of revenue;
- achieve EBITDA of around €1 billion;
- generate record free cash-flow of around €300 million;

In the short-term, profitability has been weighed down by the temporary operational difficulties encountered in the ramp-up of our Greer plant (South Carolina, USA). A detailed action plan, aimed at restoring operational breakeven by 2021, and a dedicated team have been put in place, with progress already showing:

- The plant's industrial performance has stabilized and the products delivered to customers have the required quality level.
- A new team has just been deployed. Its goal is to rationalize production costs based on this stabilized industrial facility.
- Once this goal has been achieved, the Group will optimize the industrial loading in South Carolina.

For the 2020-2022 period, Plastic Omnium is making a conservative management assumption for worldwide automotive production: 2% drop in 2020 compared to 2019, then stability in 2021-2022.

Accordingly, the Group remains focused on improving its competitiveness and strengthening its financial structure, in particular by targeting the generation of free cash-flow and debt reduction.

Based on this assumption, Plastic Omnium will:

- outperform worldwide automotive production by around 5 points per year;
- post continuous growth in operating profit and EBITDA (by value);
- generate free cash-flow of more than €200 million per year, after investments capped at 6% of its revenue, and confirmed innovation and R&D capacity.

On the strength of its industrial excellence, its clear innovation strategy, an ambitious CSR policy, and a sound financial structure, the Group ranks as a major automotive industry player ready to strengthen its positions in favor of sustainable mobility.

This growth and innovation strategy will be presented in detail on Tuesday, January 7, 2020 at 10:15 a.m., Paris time.

It will also be accessible by webcast on the website of Groupe Plastic Omnium www.plasticomnium.com.

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