



Consolidated financial statements

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IN 2018, CHANGE IN THE SCOPE AND PRESENTATION OF BUSINESSES OF COMPAGNIE PLASTIC OMNIUM

Disposal of the Environment Division

On December 18, 2018, Plastic Omnium sold its Plastic Omnium Environment BV subsidiary to the Latour Capital/Bpifrance (Banque Publique d'Investissement) consortium.

Pursuant to IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations," the 2018 result of the Environment business is presented on a separate line in the income statement - "Net Result of Discontinued Operations", and the Group's 2017 income statement has been restated likewise.

Takeover of HBPO, world leader of front-end modules

On June 26, 2018, 2018, Compagnie Plastic Omnium completed the acquisition of the German group Mahle's 33.33% shareholding in the HBPO joint venture, up to then held by Plastic Omnium, Hella and Mahle. Plastic Omnium now holds a 66.67% share in HBPO, the world leader for front-end modules. HBPO assembles 6 millions front-end modules each year in 25 plants and 11 countries around the globe.

Given the takeover of HBPO completed in July 2018 and pursuant to IFRS 10 - "Consolidated Financial Statements" - HBPO has been consolidated using the full consolidation method into the Group's financial statements as from July 1, 2018. HBPO was consolidated using the equity method up until June 30, 2018.

Since July 1, 2018, the Plastic Omnium Group's consolidated revenue and economic revenue have included HBPO revenue at a rate of 100%; up until June 30, 2018, only a 33.33% share of this revenue was included in economic revenue.

New presentation of the Group's businesses around 2 automotive business lines

Plastic Omnium now presents its automotive activity around two different business lines:

- Plastic Omnium Industries brings together the production businesses with 99 plants in 22 countries:
 - Intelligent Exterior Systems,
 - Clean Energy Systems.
- Plastic Omnium Modules incorporates the module assembly business with 25 sites in 11 countries:
 - HBPO, dedicated to front-end modules.

GROWTH IN REVENUE OF COMPAGNIE PLASTIC OMNIUM

In € millions	2017	2018	Change	Change like-for-like
Plastic Omnium Industries	6,924.9	6,833.6	-1.3%	+2.8%
Plastic Omnium Modules	740.3	1,410.3	+90.5%	+0.5%
ECONOMIC REVENUE	7,665.1	8,243.9	+7.6%	+2.4%
Plastic Omnium Industries	6,433.0	6,287.8	-2.3%	+ 2,0 %
Plastic Omnium Modules	0	956.9	na	na
CONSOLIDATED REVENUE	6,433.0	7,244.6	+12.6%	+1.6%

In 2018, the economic revenue reported by Compagnie Plastic Omnium amounted to €8,243.9 million, growth of +7.6% compared to 2017.

On a like-for-like basis, growth stands at +2.4%. The Group's economic revenue takes account of negative exchange rate effects of €237.8 million and positive net effects from scope of €588.2 million, mainly on account of the full consolidation of HBPO as from July 1, 2018 for Plastic Omnium Modules.

Consolidated sales reported by Compagnie Plastic Omnium amounted to €7,244.6 million as at December 31, 2018, growth of +12.6% and of +1.6% like-for-like. The Group's consolidated revenue includes a negative

exchange rate impact of €204.9 million and a positive scope impact of €895.4 million, due primarily to the full consolidation of HBPO as from July 1, 2018 for Plastic Omnium Modules.

OUTPERFORMANCE OF WORLDWIDE AUTOMOTIVE PRODUCTION ON THE RISE

For the whole of 2018, worldwide automotive production fell by 1% (source: IHS January 2019) in comparison with growth in revenue of +2.4%, giving an outperformance of 3.4 points.

Plastic Omnium Industries, up by +2.8% like-for-like, achieved an outperformance of 3.8 points compared to worldwide automotive production.

Plastic Omnium Modules, whose business activity is 30% German, stayed flat over the year (up by 0.5% like-for-like).

In 2018, worldwide automotive production was marked by a sharp disparity between growth of +2.3% over the 1st half-year and a slump of -4.3% over the 2nd half, owing to the economic situation in China and

temporary difficulties encountered by a number of OEMs in the application of WLTP standards in Germany.

Put into this context, the like-for-like revenue reported by Plastic Omnium rose by +4.8% in the 1st half of the year and was flat over the 2nd half (+0.3%).

Outperformance over worldwide automotive production gained pace (+2.5% over the 1st half-year versus +4.6% over the 2nd half), helped in particular by China.

FIRST-HALF

Automotive production in millions of vehicles

	1st half 2017	1st half 2018	Change in %	Change
GLOBAL	45.9	47.0	+2.3%	+1.1
of which China	12.5	13.1	+4.5%	+0.6
of which Germany	3.0	3.0	-1.9%	-

Plastic Omnium economic revenue in millions of vehicles

	1st half 2017	1st half 2018	Change like-for-like	Outperformance vs. auto prod
GLOBAL	3,894.3	3,820.9	+4.8%	+2.5%
of which China	337.8	362.8	+13.7%	+9.2%
of which Germany	644.7	656.6	+3.5%	+5.4%

SECOND-HALF

Automotive production in millions of vehicles

	2nd half 2017	2nd half 2018	Change in %	Change
GLOBAL	46.3	44.3	-4.3%	-2.0
of which China	14.4	12.9	-10.4%	-1.5
of which Germany	2.8	2.4	-15.1%	-0.4

Plastic Omnium economic revenue in millions of vehicles

	2nd half 2017	2nd half 2018	Change like-for-like	Surperformance vs prod auto
GLOBAL	3,771.0	4,423.1	+0.3%	+4.6%
of which China	383.0	430.7	+8.5%	+18.9%
of which Germany	668.0	782.3	-12.6%	+2.5%

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GROWTH IN ALL REGIONS OVER THE FULL YEAR

<i>in € millions and % of sales</i> <i>By region</i>	2017	2018	Change	Change like-for-like
	4,050.1	4,487.2	+10.8%	+1.7%
Europe/Africa	52.8%	54.4%		
	2,035.5	2,148.9	+5.6%	+1.1%
North America	26.6%	26.1%		
	1,318.2	1,414.7	+7.3%	+7.1%
Asia, including China	17.2%	17.2%		
	261.4	193.2	-26.1%	+2.1%
South America	3.4%	2.3%		
ECONOMIC REVENUE	7,665.1	8,243.9	+7.6%	+2.4%
Joint ventures	1,232.1	999.3	-18.9%	+8.7%
CONSOLIDATED REVENUE	6,433.0	7,244.6	+12.6%	+1.6%

Over the whole of 2018, business activities in Europe, which represent 54% of total revenue, was up by 10.8%. It benefited from the full consolidation of HBPO on July 1, 2018, 60% of whose activity is European. On a like-for-like basis, the business, up by +1.7%, outperformed worldwide automotive production, down by -1.8%, by 3.5 points. Germany is the leading contributor to the Group's revenue, posting 17% of total sales. Over the year, the country's revenue was down by -5.9%. Excluding Germany, revenue grew by +5.6%, driven primarily by Eastern Europe, particularly Slovakia with the Porsche Cayenne.

Business in North America grew by +1.1% on a like-for-like basis over the year, with automotive production down by -0.7%, resulting in an outperformance of 1.8 points. The Group was boosted by strong business in Mexico, particularly with the plant at San Luis Potosi (launching Daimler's A-Class). This offset the falls in volumes linked to the gradual ramp-up of bumpers for BMW's new X5 model, achieved simultaneously with a transfer of production between the American Anderson and Greer facilities. The end of the transition period between Anderson and Greer, which will conclude with the closing of the Anderson facility mid 2019, the launch of new programs, particularly in the Mexican plants, and the ramp-up of HBPO business in the region, will help the Group speed up growth in North America in 2019.

Business in Asia, including China, grew by +7.1% like-for-like over the year when automotive production was down by -1%, giving an outperformance of 8.1 points. In China, which accounts for revenue of €793.5 million, i.e. 10% of total sales, growth in business like-for-like came to +10.8% in 2018. In this country, the Group has benefited from market share gains and a ramp-up of the current industrial facility, which in the years ahead will be augmented by the development of HBPO's business, including an initial site built in 2017 and 3 additional sites scheduled by 2021.

In 2018, Volkswagen remained the Group's leading customer with 24.6% of economic revenue, ahead of PSA Peugeot Citroën with 11.5% and General Motors with 11.3%.

In 2018, German carmakers remained the top contributors to Group's economic revenue with 38% of the business, ahead of Asian carmakers with 24%, American carmakers with 22%, and French carmakers with 15%. In total, the Group has a diversified portfolio of 83 customer brands.

OPERATING MARGIN COMPARABLE TO THAT OF 2017, UNDER IFRS 5, AND STRONG GROWTH IN NET PROFIT DRIVEN BY SCOPE EFFECTS

Consolidated gross profit was €1,060.2 million, versus €1,027.1 million in 2017. It represented 14.6% of consolidated sales, versus 16.0% in 2017.

Gross R&D spend was €417.8 million, representing 5.8% of consolidated revenue (compared with €394.6 million in 2017 and 6.1% in 2017), an increase of 5.9%. Net R&D spend, i.e. after deduction of capitalized development costs and amounts re-invoiced to customers, was €204.3 million (2.8% of consolidated revenue, versus 2.6% in 2017), compared with €168.0 million in 2017.

Selling costs were €37.4 million (0.5% of consolidated revenue) compared with €40.9 million (0.6% of consolidated revenue) in 2017.

Administrative expenses fell from €245.0 million in 2017 to €241.8 million in 2018 and represent 3.3% of consolidated revenue, versus 3.8% in 2017.

Amortization of intangible assets acquired in business combinations represented an expense of €18.4 million in 2018, compared with €20.3 million in 2017.

The share of profit of associates and joint ventures amounted to €51.9 million in 2018, versus €61.7 million in 2017. This trend is explained by the full consolidation of HBPO in the Group's financial statements as of July 1, 2018.

The operating margin, after amortization of intangible assets acquired in business combinations and after the share of profit of associates and joint ventures, amounted to €610.1 million in 2018 (8.4% of consolidated revenue), versus €614.7 million in 2017 (9.6% of consolidated revenue). As anticipated, the full consolidation of HBPO (a less capital-intensive assembly business) from July 1, 2018 onward, has had a dilutive impact on the percentage of operating margin.

The operating margin for Plastic Omnium Industries for the year 2018 stands at €577.6 million, i.e. 9.2% of consolidated sales, compared with €599.7 million in 2017, i.e. 9.3% of consolidated sales. A strict cost

control combined with a continued improvement in industrial efficiency helped to cope with the volatility of production and record an operating margin of 8.5% in the 2nd half-year.

In 2018, the operating margin of Plastic Omnium Modules stood at €32.5 million, i.e. 3.4% of consolidated sales. Proforma, i.e. if the takeover of HBPO had occurred on January 1, 2018, operating margin would have come to €50.5 million, or 2.6% of revenue, including the negative €17.5 million relating to the amortization of customer contracts over 7 years, recognized in the context of the price set for the acquisition of HBPO.

Consolidated revenue and operating margin by business line in € millions	2017			2018		
	Revenue	Operating Margin	%	Revenue	Operating Margin	%
Plastic Omnium Industries	6,433.0	599.7	9.3%	6,287.8	577.6	9.2%
Plastic Omnium Modules	0.0	15.1	na	956.9	32.5	3.4%
TOTAL	6,433.0	614.7	9.6%	7,244.6	610.1	8.4%

In 2018, Plastic Omnium recognized net non-current income of +€114.4 million (compared to -€57.3 million in 2017). This takes in a positive impact of €255 million due to the revaluation of the historic 33.33% holding in HBPO under the takeover operation for the joint venture. It also takes account of particularly high non-current expenses due to the volatility and uncertainty surrounding the market.

As at December 31, 2018, the net financial loss stood at €70.2 million, versus a loss of €65.7 million as at December 31, 2017, representing 1.0% of consolidated revenue.

In 2018, the amount of tax on this result came to -€113.0 million, i.e. an effective rate of 18.8%, versus -€81.3 million in 2017 (an effective rate of 18.9%).

Net profit from continued operations thus rose significantly by +31.9% to €541.3 million and represents 7.5% of consolidated sales.

Net profit from discontinued operations came to €1.5 million. This corresponds to the net profit from the Environment business up until the date of disposal (December 18, 2018), and to disposal result.

Net profit amounted to €542.8 million (i.e. 7.5% of consolidated sales), growth of +26.1%.

Net profit, Group share came to €533.3 million (i.e. 7.4% of consolidated sales), growth of +25.4% over the figure for 2017 (€425.2 million or 6.6% of consolidated sales).

Basic earnings per share amounted to €3.63, versus €2.88 in 2017 (+26.0%).

SUSTAINED INVESTMENTS AND STRONG GENERATION OF FREE CASH FLOW

The Group has been engaged in a program of sustained investments since 2016 and in 2018 invested €561.6 million, i.e. 7.8% of consolidated sales (versus €447.5 million or 7.0% of consolidated sales in 2017), an increase of 25.5%.

These investments included:

- the commissioning of 2 plants operating intelligent exterior systems in the United States and China, Greer and Shenyang both supplying BMW; 2 clean energy systems plants in India - Hansalpur supplying Suzuki and Smyrna in the United States supplying Nissan; and a site for the assembly of front-end modules in Mexico for Daimler.
- the ongoing construction of 5 plants (in India, Morocco, Slovakia, China and Malaysia) and 4 assembly sites for modules (in Mexico, China, and 2 in Germany).
- the building or extension of three R&D centers:
 - the creation of an advanced research center for new energies, Δ-Deltatech, due to open in Brussels mid 2019;
 - the building of a new development and testing center for clean energy systems in Wuhan (China) in 2019;
 - the digitalization and extension of the global R&D center for intelligent exterior systems in Lyon by 2020.

This sustained investment program is largely funded by EBITDA that rose to €918.2 million in 2018 (or 12.7% of consolidated sales versus 892.5 million and 13.9% of consolidated sales 2017).

As at December 31, 2018, the Group thus generated free cash flow of €218.0 million, i.e. 3.0% of consolidated sales (versus €176.0 million in 2017).

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SOLID FINANCIAL STRUCTURE

The net financial debt totaled €698 million as at December 31, 2018, up by €127 million compared with December 31, 2017. It includes an enterprise value of €350 million for the takeover of HBPO last July, the global leader for front-end modules, offset in part by an enterprise value of €220 million for the disposal of the Environment business completed in December 2018.

In 2018, the Group distributed dividends to the value of €101 million. Additionally, it pushed ahead with the buy-back of 2.1 million treasury shares for a total net amount of €71 million and canceled 2.4 million shares, thereby increasing the share of control held by Burelle SA from 57.57% to 58.51%.

The Group's net debt now represents 32% of equity and 0.8x EBITDA.

Furthermore, in December 2018 Compagnie Plastic Omnium invested in a Schuldscheindarlehen (private investment under German law) for €300 million. This private investment, without covenant or rating, carries a 7-year maturity and offers a fixed coupon of 1.6%, thereby

strengthening the Group's financing structure by extending the maturity of its debt and diversifying its sources of financing.

As at December 31, 2018, the Group can call on available resources of €3 billion, including undrawn lines of credit worth €1.2 billion.

INVESTMENTS 2019-2021

In a volatile market context, Plastic Omnium is strengthening its fundamental management principles with, among other things, special attention paid to free cash-flow generation. Thus, during the 2019-2021 period, Plastic Omnium plans to invest about 6% of its consolidated revenue (compared to 7 to 8% of its consolidated revenue over the 2016-2018 period). These investments will be in new capacities, the ongoing optimization of the manufacturing base (industry 4.0 and operational excellence), the development of new programs, and the launch of new research projects.

OUTLOOK AND POST-BALANCE SHEET EVENTS

The beginning of 2019 will continue to be marked by macro-political and macro-economic risks, translating to greater uncertainty and volatility, particularly in the automotive industry.

In this market context, Plastic Omnium is working with a hypothesis of flat worldwide automotive production for the whole year. It takes account of strong disparity between a first half-year showing an expected downturn, and a second half with projected growth (enjoying a favorable comparison effect) that will be reflected in the Group's results.

The Group has strengthened its management fundamentals, with a particular attention paid to free cash flow generation, a strengthened cost reduction policy and a renewed ambition in terms of industrial excellence. Equally, it has the benefit of a solid backlog.

The financial outlook for 2019 is part of the 2019-2021 strategic plan presented during the Group's Investor Day on December 13, 2018. In this context, for 2019 Plastic Omnium confirms:

- a 5-point outperformance over worldwide automotive production;
- an operating margin showing growth in value;
- a generation of free cash flow of at least €200 million after 6% of the Group's consolidated sales for investments.

No other event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2018 has occurred since the closing date.

Financial indicators

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

As indicated in Note 3.1 to the consolidated financial statements for sector information for the year ended December 31, 2018, the Group uses the notion of “economic sales” for its operational management, which corresponds to the consolidated revenue of the Group and its joint ventures at their ownership percentage: Yanfeng Plastic Omnium, a Chinese leader in exterior body parts and BPO, a major player in the Turkish market for exterior equipment. Until 30 June 2018, the revenue from joint ventures included HBPO, a German company and world leader in front-end modules, up to the Group’s 33.33% share of ownership. As a result of the HBPO Group takeover, HBPO is consolidated since July 1, 2018, using the full integration method (see Note 2.3.1 in “Significant events of the period”).

Reconciliation of economic revenue with consolidated revenue:

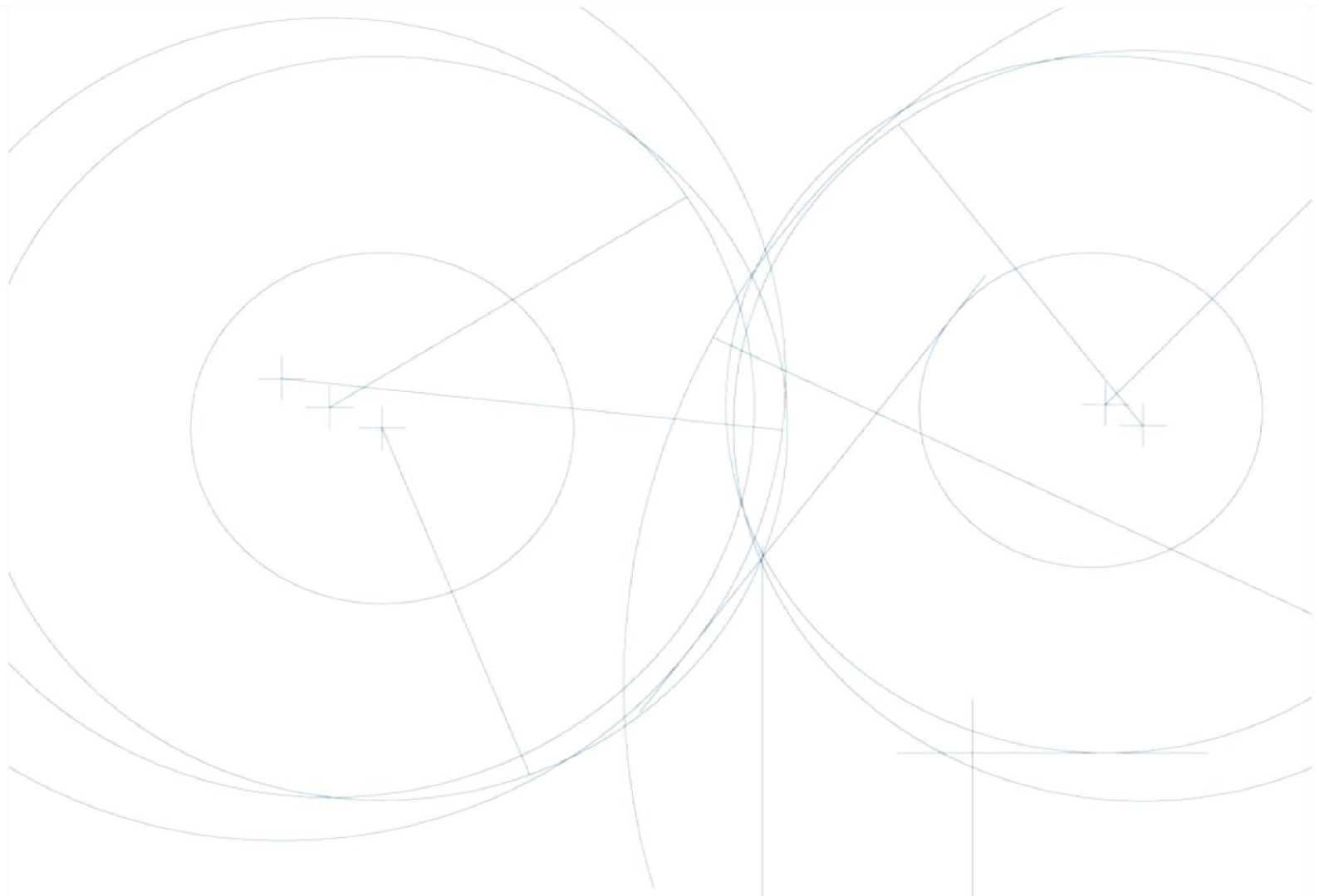
In thousands of euros	2018	2017 restated ⁽¹⁾
Economic revenue	8,243,934	7,665,142
<i>Including revenue from joint ventures at the Group's percentage stake</i>	<i>999,298</i>	<i>1,232,141</i>
Consolidated revenue	7,244,636	6,433,001

(1) The 2017 financial statements have been restated due to the application of IFRS 5 to the Environment Division.

COMPAGNIE PLASTIC OMNIUM

Incorporated in France with limited liability and issued capital of €8,913,966.42
Headquarters: 19 Boulevard Jules Carteret – 69007 Lyon (France)
955 512 611 Lyon Trade and Companies Register

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BALANCE SHEET

In thousands of euros	Notes	December 31, 2018	December 31, 2017
ASSETS			
Goodwill	3.1.2 - 3.2 - 5.1.1 - 5.1.2	1,015,730	584,685
Other intangible assets	3.1.2 - 3.2 - 5.1.2	728,150	497,857
Property, plant and equipment	3.1.2 - 3.2 - 3.3 - 5.1.3 - 5.1.4	1,653,028	1,410,465
Investment property	3.1.2 - 3.2 - 5.1.5	93,263	93,263
Investments in associates joint ventures and non-consolidated investments	5.1.6 - 5.2.7.5 - 6.4.2 - 6.7	193,212	211,490
Other non-current financial assets ⁽¹⁾	5.1.7 - 5.2.7.5 - 6.7	65,775	86,574
Deferred tax assets	5.1.11	101,691	96,663
TOTAL NON-CURRENT ASSETS		3,850,849	2,980,997
Inventories	3.1.2 - 5.1.8	737,109	414,013
Finance receivables ⁽¹⁾	5.1.9 - 5.2.7.5 - 6.7	22,504	42,807
Trade receivables	3.1.2 - 5.1.10.2 - 5.1.10.4 - 6.3.1 - 6.4.2 - 6.7	815,300	940,084
Other	3.1.2 - 5.1.10.3 - 5.1.10.4	370,612	354,602
Other financial assets and financial receivables ⁽¹⁾	5.1.9 - 5.2.7.5 - 6.4.2 - 6.7	63,942	83,209
Hedging instruments ⁽¹⁾	3.1.2 - 5.2.7.5 - 5.2.8 - 6.4.2 - 6.7	1,898	5,254
Cash and cash equivalents ⁽¹⁾	3.1.2 - 5.1.12.1 - 5.1.12.2 - 5.2.7.5 - 6.4.2 - 6.7	916,336	939,635
TOTAL CURRENT ASSETS		2,927,701	2,779,604
Assets held for sale	5.1.15	846	846
TOTAL ASSETS		6,779,396	5,761,447
EQUITY AND LIABILITIES			
Capital	5.2.1.1	8,914	9,059
Treasury stock		-49,850	-61,764
Additional paid-in capital		17,389	17,389
Consolidated reserves		1,576,112	1,337,759
Net income for the period		533,296	425,177
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		2,085,861	1,727,620
Attributable to non-controlling interests		96,138	26,614
TOTAL EQUITY		2,181,999	1,754,234
Non-current borrowings ⁽¹⁾	3.1.2 - 5.2.7.5 - 6.7	1,635,811	1,323,771
Provisions for pensions and other post-employment benefits	5.2.5 - 5.2.6.5 - 5.2.6.2	105,184	106,517
Provisions for liabilities and charges	5.2.5	35,592	54,689
Non-current government grants	5.2.4	6,323	6,557
Deferred tax liabilities	5.1.11	80,718	20,975
TOTAL NON-CURRENT LIABILITIES		1,863,628	1,512,509
Bank overdrafts ⁽¹⁾	3.1.2 - 5.1.12.2 - 5.2.7.5 - 6.4.2 - 6.7	4,684	9,993
Current borrowings ⁽¹⁾	3.1.2 - 5.2.7.5 - 6.7	123,215	381,078
Current debt ⁽¹⁾	3.1.2 - 5.2.7.5 - 6.4.2 - 6.7	31	4
Hedging instruments ⁽¹⁾	3.1.2 - 5.2.7.5 - 5.2.8 - 6.4.2 - 6.7	4,330	5,618
Provisions for liabilities and charges	5.2.5	55,120	70,944
Current government grants	5.2.4	3,994	3,948
Trade payables	5.2.9.1 - 5.2.9.3 - 6.4.2 - 6.7	1,614,989	1,233,221
Other operating liabilities	5.2.9.2 - 5.2.9.3	927,406	789,898
TOTAL CURRENT LIABILITIES		2,733,769	2,494,704
TOTAL EQUITY AND LIABILITIES		6,779,396	5,761,447

(1) Components of net debt. Net debt stands at €698 million at December 31, 2018 compared with €563 million at December 31, 2017 (see Note 5.2.7.5).

INCOME STATEMENT

In thousands of euros		Notes	2018	%	2017 restated ⁽¹⁾	%
Consolidated sales (revenue)		3.1.1 - 3.1.4.1 - 3.1.4.2	7,244,636	100.0%	6,433,001	100.0%
Cost of goods and services sold		4.2	-6,184,457	-85.4%	-5,405,888	-84.0%
Gross profit			1,060,179	14.6%	1,027,113	16.0%
Net research and development costs		4.1 - 4.2	-204,319	-2.8%	-167,961	-2.6%
Selling costs		4.2	-37,433	-0.5%	-40,876	-0.6%
Administrative expenses		4.2	-241,761	-3.3%	-245,020	-3.8%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures		3.1.1	576,666	8.0%	573,256	8.9%
Amortization of intangible assets acquired in business combinations	(2)	3.1.1 - 4.4	-18,454	-0.3%	-20,264	-0.3%
Share of profit/loss of associates and joint ventures	(3)	3.1.1 - 4.5	51,888	0.7%	61,746	1.0%
Operating margin		3.1.1	610,100	8.4%	614,738	9.6%
Other operating income		3.1.1 - 4.6	279,872	3.9%	34,394	0.5%
Other operating expenses		3.1.1 - 4.6	-165,490	-2.3%	-91,663	-1.4%
Financing costs, net		3.1.1 - 4.7	-69,116	-1.0%	-63,225	-1.0%
Other financial income and expenses, net		3.1.1 - 4.7	-1,088	-0.0%	-2,462	-0.0%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures		3.1.1	654,278	9.0%	491,782	7.6%
Income tax		3.1.1 - 4.8	-112,996	-1.6%	-81,302	-1.3%
Net income after tax from continuing operations			541,283	7.5%	410,480	6.4%
Net income after income tax from discontinued activities	(4)	3.1.1	1,494	0.0%	20,006	0.3%
Net income		3.1.1	542,777	7.5%	430,487	6.7%
Net profit attributable to non-controlling interests		4.8	9,481	0.1%	5,310	0.1%
Net profit attributable to owners of the parent company			533,296	7.4%	425,177	6.6%
Earnings per share attributable to owners of the parent company		4.9				
Basic earnings per share (in euros)	(5)		3.63		2.88	
Diluted earnings per share (in euros)	(6)		3.61		2.86	

- (1) The 2017 financial statements have been restated to reflect IFRS5's application to the assets and liabilities of the Environment business which has been sold in December 2018.
- (2) Intangible assets acquired in business combinations, mainly contractual customer relationships.
- (3) See in "Significant Events of the period", Note 2.3.1 related to the acquisition of a 33.33 % equity stake in HBPO from Mahle-Behr on June 26, 2018.
- (4) See Note 2.6.1 in "Significant events of the period" on the sale of the Environment business.
- (5) 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.
- (6) 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	December 31, 2018			December 31, 2017 restated		
	Total	Gross	Tax	Total	Gross	Tax
Net profit for the period attributable to owners of the parent ⁽¹⁾	533,296	643,220	-109,924	425,177	507,815	-82,638
Reclassified to the income statement	-10,971	-11,836	865	-60,499	-59,461	-1,038
Reclassified in the period	5,739	5,979	-240	494	826	-332
Exchange differences on translating foreign operations - reclassified to the income statement	5,154	5,154	-	-	-	-
Cash flow hedges - Interest rate instruments reclassified to the income statement	585	825	-240	494	826	-332
Reclassified at a later date	-16,710	-17,815	1,105	-60,993	-60,287	-706
Exchange differences on translating foreign operations	-12,089	-12,089	-	-62,690	-62,690	-
Cash flow hedges	-4,621	-5,726	1,105	1,697	2,403	-706
<i>Gains/(losses) for the period - Interest rate instruments</i>	<i>-1,815</i>	<i>-1,815</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Gains/(losses) for the period - Exchange rate instruments</i>	<i>-2,806</i>	<i>-3,911</i>	<i>1,105</i>	<i>1,697</i>	<i>2,403</i>	<i>-706</i>
Cannot be reclassified to the income statement at a later date	10,925	11,979	-1,054	-3,805	468	-4,273
Actuarial gains/(losses) recognized in equity ⁽³⁾	1,707	2,761	-1,054	-2,843	1,430	-4,273
Adjustment for change in fair value of investments in listed equity instruments and in funds	366	366	-	-962	-962	-
Revaluation of assets and liabilities due to hyperinflation in Argentina	8,852	8,852	-	-	-	-
Profit/loss from continuing activities recognized directly in equity	-46	143	-189	-64,304	-58,993	-5,311
IFRS 5 - Profit/loss from discontinued activities recognized directly in equity	-	-	-	599	638	-39
Comprehensive income attributable to owners of the parent ⁽²⁾	533,250	643,363	-110,113	361,472	449,460	-87,988
Net profit for the period attributable to non-controlling interests	9,481	12,553	-3,072	5,310	7,220	-1,910
Reclassified to the income statement	-1,125	-1,125	-	-1,797	-1,797	-
Reclassified in the period	-	-	-	-	-	-
Exchange differences on translating foreign operations - reclassified to the income statement	-	-	-	-	-	-
Reclassified at a later date	-1,125	-1,125	-	-1,797	-1,797	-
Exchange differences on translating foreign operations	-1,125	-1,125	-	-1,797	-1,797	-
Cannot be reclassified to the income statement at a later date	-14	-14	-	-	-	-
Actuarial gains/(losses) recognized in equity	-14	-14	-	-	-	-
Other comprehensive income	-1,139	-1,139	-	-1,797	-1,797	-
Comprehensive income attributable to non-controlling interests	8,342	11,414	-3,072	3,513	5,423	-1,910
Total comprehensive income	541,592	654,777	-113,185	364,985	454,883	-89,898

(1) Net profit for the period attributable to owners of the parent amounted to €316,884 thousand at December 31, 2018 compared with €250,259 thousand at December 31, 2017.

(2) Total net profit attributable to owners of the parent amounted to €316,857 thousand at December 31, 2018 compared with €212,763 thousand at December 31, 2017.

(3) At December 31st, 2018, the amount includes the actuarial gains and losses of the environmental division for a total of €462 thousand.

CHANGES IN EQUITY

	Shareholders' equity									
	Attributable to owners of the parent Attributable to non-controlling interests									
In thousands of euros In thousand units for the number of shares	Number of shares	Capital	Additional paid-in capital	Treasury stock	Other reserves (1)	Translation adjustment	Net profit for the period			Total equity
Equity at January 1,2017	152,477	9,149	17,389	-61,192	1,168,339 ⁽¹⁾	34,240	312,112	1,480,037	23,674	1,503,711
December 31, 2017 net profit	-	-	-	-	-	-	425,177	425,177	5,310	430,487
Profit/loss from continuing activities recognized directly in equity	-	-	-	-	-656	-63,049	-	-63,705	-1,798	-65,503
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	-	-62,690	-	-62,690	-1,797	-64,487
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	-2,843	-	-	-2,843	-	-2,843
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	494	-	-	494	-	494
<i>Cash flow hedges - currency instruments</i>	-	-	-	-	1,697	-	-	1,697	-	1,697
<i>Adjustments for changes in fair value of property, plant and equipment</i>	-	-	-	-	-962	-	-	-962	-	-962
<i>IFRS 5 - Profit/loss from discontinued activities recognized directly in equity</i>	-	-	-	-	958	-359	-	599	-1	598
Comprehensive income	-	-	-	-	311,456	-63,049	113,065	361,472	3,512	364,984
Treasury stock transactions	-	-	-	-41,955	-	-	-	-41,955	-	-41,955
Capital reduction (cancellation of treasury stock)	-1,500	-90	-	41,383	-41,383	-	-	-90	-	-90
Tax effect of treasury stock transactions	-	-	-	-	-2,441	-	-	-2,441	-	-2,441
Dividends paid by Compagnie Plastic Omnium	-	-	-	-	-72,272	-	-	-72,272	-	-72,272
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	-573	-573
Stock option costs	-	-	-	-	3,327	-	-	3,327	-	3,327
Deferred tax on stock option and share purchase plans	-	-	-	-	-962	-	-	-962	-	-962
Effect of Tax rate change on deferred taxes related to the recognition of fixed assets at fair value	-	-	-	-	504	-	-	504	-	504
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	-	-	-
December 31, 2018 net profit	-	-	-	-	-	-	533,296	533,296	9,481	542,777
Other comprehensive income	-	-	-	-	12,596	-12,688	-	-92	-1,139	-1,231
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	5,707	-12,688	-	-6,981	-1,125	-8,106
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	1,707	-	-	1,707	-14	1,693
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	-1,230	-	-	-1,230	-	-1,230
<i>Cash flow hedges - Currency instruments</i>	-	-	-	-	-2,806	-	-	-2,806	-	-2,806
<i>Adjustment for changes in fair value of investments in listed equity instruments and in funds</i>	-	-	-	-	366	-	-	366	-	366
<i>Revaluation of assets and liabilities due to hyperinflation in Argentina</i>	-	-	-	-	8,852	-	-	8,852	-	8,852
Comprehensive income	-	-	-	-	437,773	-12,688	108,119	533,204	8,342	541,546
Treasury stock transactions	-	-	-	-70,715	-	-	-	-70,715	-	-70,715
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 Compagnie Plastic Omnium	-	-	-	-	-98,822	-	-	-98,822	-	-98,822
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	-1,733	-1,733
Stock option and share purchase plan costs	-	-	-	-	2,528	-	-	2,528	-	2,528
Deferred tax on stock option and share purchase plans	-	-	-	-	-1,052	-	-	-1,052	-	-1,052
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

(1) See Note 5.2.1.2 for details of "Other reserves and retained earnings".

(2) See Note 5.2.1.3 for details of "Changes in scope of consolidation and reserves".

(3) The dividend per share distributed on December 31, 2018 by Compagnie Plastic Omnium in respect of the 2017 fiscal year is €0.67 compared with €0.49 on December 31, 2017 in respect of 2016 fiscal year (see Note 5.2.2 on dividends voted and paid).

STATEMENT OF CASH FLOWS

In thousands of euros	Notes	2018	2017 published	December 31st, 2017 restated ⁽¹⁾
I - CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	3.1.1	542,777	430,487	430,487
Dividends received from associates and joint ventures		40,973	32,401	32,401
Non-cash items		212,959	396,516	359,826
<i>Net profit from discontinued operations</i>	2.6.1	-1,494	-	-20,006
<i>Share of profit/(loss) of associates and joint ventures</i>	4.5	-51,888	-61,746	-61,746
<i>Stock option plan expense</i>	4.3 - 5.2.3	2,528	3,327	3,327
<i>Other adjustments⁽²⁾</i>		-259,331	688	698
<i>Depreciation and provisions for impairment of fixed assets</i>	3.1.3	202,740	168,512	155,916
<i>Depreciation and provisions for impairment of intangible assets</i>	3.1.3	163,353	127,660	125,520
<i>Changes in provisions</i>		-22,075	-4,841	-4,913
<i>Net (gains)/losses on disposals of non-current assets</i>	4.6	1,210	19,606	21,537
<i>Proceeds from operating grants recognized in the income statement</i>		-1,407	-2,274	-2,259
<i>Current and deferred taxes</i>	4.8.1	112,995	84,548	81,302
<i>Interest expense</i>		66,328	61,037	60,450
NET OPERATING CASH GENERATED BY OPERATIONS BEFORE IMPACT OF FINANCIAL EXPENSES AND INCOME TAX CASH PAYMENTS (A)	5.1.14	796,709	859,404	822,714
Change in inventories and work-in-progress – net		-23,074	-42,327	-42,858
Change in trade receivables – net		180,442	-195,976	-190,900
Change in trade payables		-8,097	177,432	182,009
Change in other operating assets and liabilities - net		-17,177	17,660	17,810
CHANGE IN WORKING CAPITAL REQUIREMENTS (B)		132,094	-43,211	-33,939
TAXES PAID (C)	5.1.14	-82,765	-114,049	-106,660
Interest paid		-71,053	-62,729	-62,155
Interest received		4,641	3,540	3,554
NET FINANCIAL INTEREST PAID (D)		-66,412	-59,189	-58,601
NET CASH GENERATED BY OPERATING ACTIVITIES (A+B+C+D)		779,626	642,955	623,514
II – CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property, plant and equipment	3.1.3	-434,327	-328,718	-315,523
Acquisitions of intangible assets	3.1.3	-208,452	-165,561	-164,840
Disposals of property, plant and equipment	4.5 a	4,842	20,638	16,351
Disposals of intangible assets	4.5 a	996	1,338	1,338
Net change in advances to suppliers of fixed assets		74,131	14,471	14,492
Government grants received		1,172	688	688
NET CASH USED IN OPERATIONS-RELATED INVESTING ACTIVITIES (E)		-561,639	-457,144	-447,494
FREE CASH FLOW (A + B + C + D + E)		217,988	185,811	176,020
Acquisitions of shares in subsidiaries and associates, investments in associates and joint ventures, and related investments ⁽³⁾		-369,543	-21,419	-21,419
Acquisitions of Investments in non-listed equity instruments ⁽⁴⁾	5.1.6	-3,000	-	-
Acquisitions of long-term Investments in listed equity instruments and in funds ⁽⁶⁾		-1,000	-32,874	-32,874
Proceeds from disposals of shares in subsidiaries and associates	4.5 a	200,166	10,678	10,678
Disposal of Investments in non-listed equity instruments ⁽⁵⁾	4.5 a	-	159,424	159,424
Disposal of long term Investments in listed equity instruments and in funds ⁽⁶⁾	4.5 a	-	36,842	36,842
Impact of changes in scope of consolidation -Cash and cash equivalents contributed by companies entering the scope of consolidation	2.4	26,847	747	747
Impact of changes in scope of consolidation - Cash and cash equivalents from companies leaving the scope of consolidation	2.6 - 5.1.15	-	-5,179	-5,179
Impact of changes in scope of consolidation - Borrowings contributed by companies entering the scope of consolidation		-	-	-
NET CASH FROM FINANCIAL INVESTING ACTIVITIES (F)		-146,530	148,219	148,219
NET CASH FROM INVESTING ACTIVITIES (E+F)		-708,169	-308,925	-299,275
III - CASH FLOWS FROM FINANCING ACTIVITIES				
Increases/reductions in share capital and premiums		-145	-90	-89
Purchases/sales of treasury stock		-70,715	-41,955	-41,955
Dividends paid to Burelle SA ⁽⁷⁾		-58,238	-42,592	-42,592
Dividends paid to other shareholders ⁽⁸⁾		-42,317	-30,253	-30,256
Increase in financial debt		385,283	507,371	507,391
Repayment of borrowings		-306,390	-110,236	-110,574
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (G)		-92,522	282,245	281,925
Assets held for sale (and discontinued operations) (H) ⁽⁹⁾	5.1.15	15,059	-	12,271
Effect of exchange rate changes (I)		-7,228	-10,515	-10,415
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D + E + F + G + H + I)		-13,232	605,761	608,020
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5.1.12.2 - 5.2.7.5	924,884	323,882	316,864
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5.1.12.2 - 5.2.7.5	911,652	929,643	924,884

(1) The 2017 financial statements have been restated reflecting the application of IFRS 5 to the Environment Division.

(2) This item includes the revaluation of €255,000 thousand of HBPO's 33.33% equity shares held prior to the acquisition based on its fair value (see Notes 2.3.1.2 "Accounting treatment of HBPO takeover" and 4.6 "Other Operating Income and Expenses").

(3) See Note 2.3.2 in the "Significant events of the period" the Group's acquisition of Mahle-Behr's 33.33 % equity stake in HBPO on June 26, 2018 for €369,762 thousand.

(4) See in "Significant events of the period", Note 2.3.2 related to the Group's acquisition of Tactotek shares for €3,000 thousand.

(5) Relates to the sale of the "Faurecia Exterior Systems" business recognized as "Assets and liabilities held for sale" amounting to € 159,424 thousand at December 31, 2017, and to € 156,771 thousand at June 30, 2017 (see Notes 4.6-a).

(6) Relates to securities in listed companies recorded under "Long-term investments in listed equity instruments and in funds" (see Notes 4.6-a and 5.1.5.2).

(7) The full amount of the dividend paid to Burelle SA in the two periods was paid by Compagnie Plastic Omnium.

(8) In 2018, the dividend paid to other shareholders of €40,584 thousand (compared with €29,681 thousand in 2017) was paid by Compagnie Plastic Omnium, bringing the total dividends paid by Compagnie Plastic Omnium to €98,822 thousand (compared with €72,272 thousand in 2017). See Note 5.2.2 "Dividends voted and paid by Compagnie Plastic Omnium".

(9) The amounts in this section for 2018 and 2017 "restated" correspond to the "Cash flow result of Environment Division"

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors approved the consolidated financial statements for the year ended December 31, 2018 for the Plastic Omnium Group on February, 13, 2019, which will be submitted to the Combined Shareholders' Meeting on April 25, 2019.

PRESENTATION OF THE GROUP

Compagnie Plastic Omnium, which was set up in 1946, is governed by French law. 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 modules, stockage storage systems and fuel supply systems ("Industries" Division) and front-end modules ("Modules" Division).

The Group sold the activity of the Environment Division on December 18, 2018 (*see Note 2.6.1 "Disposal of the Environment business" in the "Significant events of the period"*). As the Environment Division is a separate business sector, the profit after tax of this discontinued activity is presented on a single line for 2018 and 2017 has been restated in the same way in accordance with IFRS 5 "Non-current Assets Held for sale and discontinued operations".

The "restated" concept is used for all footnotes to the 2017 income statement.

At December 31, 2018, the entire Group revenue was generated from automotive activity.

Furthermore, the acquisition of control of HBPO, the world leader in front-end modules, in the 2018 fiscal year, led the Group to organize its businesses around two operating segments:

- **Plastic Omnium Industries:** production activities, with significant investments in plants and long cycles;
 - *Intelligent Exterior Systems*, dedicated to complex body 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;
- **Plastic Omnium Modules:** module assembly activities

Plastic Omnium Group shares have been traded on the Paris Stock Exchange since 1965. The Group has been traded on Eurolist subfund A of 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 58.51% of the Group's shares at December 31, 2018 (59.42% excluding treasury stock).

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

1. ACCOUNTING POLICIES, ACCOUNTING RULES AND PRINCIPLES

1.1. Accounting policies, accounting rules and methods

The accounting policies used to prepare the consolidated financial statements are those applied by the Group at December 31, 2017, except for IFRS 15 “Income from activities drawn from contracts with customers” and IFRS 9 “Financial Instruments” applied by the Group as of January 1, 2018. They comply with IFRS standards and interpretations as adopted by the European Union at December 31, 2018 and available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission. IFRS includes the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) as well as the International Financial Reporting Interpretations Committee (IFRIC). These accounting principles do not differ significantly from mandatory standards and interpretations as of December 31, 2018, as published by the IASB.

The Group has not anticipated the application of standards, interpretations and amendments that are not mandatory at December 31, 2018.

Standards, interpretations and amendments applicable after January 1, 2019:

The Group has been applying IFRS 16 “Leases” since January 1, 2019. This standard published in early 2016 by the IASB with a date of application on January 1, 2019 was backed by the European Union on October 31, 2017. The impact on the Group of the application of this standard is an increase in property, plant and equipment and of the financial debt of around €220 million at January 1, 2019, mainly linked to property leases. This estimate was made on all tangible assets worth more than € 5,000 leased by the Group's subsidiaries. Future rents have been discounted using discount rates specific to each entity. The impact covers more than 80% of the rental contracts (mainly factories, warehouses).

The Group's processes have been adapted for effective application in the Group's financial statements as of January 1, 2019.

1.1.1. Consolidation principles

Companies in which the Group holds more than 50% of the voting rights enabling it to exercise exclusive control or when the governance arrangements allow the Group to have power over the companies, are fully consolidated. Companies in which the Group holds less than 50 per cent but over which the Group exercises control in substance are also fully consolidated.

Companies over which the Group exercises joint control with other shareholders, regardless of the percentage of the holding, treated as “joint ventures” insofar as the Group has no joint operations, in addition to the companies over which the Group exercises significant influence (significant influence is assumed when the Group holds more than 20% of the voting rights in a company), and classified as “Interests in associates” are accounted for using the equity method.

The Group mainly reviews the following elements and criteria in order to assess whether joint control or significant influence is exercised over an entity:

- governance: representation of the Group on governance boards and committees, majority rules, veto rights;
- the determination of the substantive or protective rights granted to shareholders, particularly related to the relevant businesses of the entity, namely those that have a significant impact on the variable return of the entity;
- the consequences of a conflict resolution clause;
- the right / exposure of the Group to the variable returns of the entity.

1.1.2. Non-controlling interests

Non-controlling interests represent the share of interest, which is not held by the Group. They are presented as a separate item in the income statement and under equity in the consolidated balance sheet, separately from the profit and equity attributable to owners of the parent.

Non-controlling interests may be either measured at fair value on the acquisition date (i.e. with a share of goodwill) or for their share in the fair value of identifiable net assets acquired. This choice can be made on a transaction-by-transaction basis. HBPO minority interests are valued on the basis of the fair value of identifiable net assets acquired.

Changes in a parent's ownership interest in a subsidiary that do not change control are recognized as equity transactions. For example, in the event of an increase (or decrease) in the percentage ownership interest of the Group in a controlled entity, without change in control, the difference between the acquisition cost of (or transfer price) and the carrying amount of the share of net assets acquired (or sold) is recognized in equity.

The changes that trigger a takeover have the following consequences.

- a theoretical sale of the historically held equity holding, with an income statement at the date of acquisition;
- accounting for business combinations an application of IFRS 3 "Business Combinations".

In the 2018 financial year, the acquisition of additional 33.33% stake from Mahle Behr and the take-over of HBPO had the aforementioned consequences above (see Notes 1.1.4 and 2.3.1).

1.1.3. Sector information

Segment information is presented on the basis of the sectors identified in the Group's internal reporting and notified to the management in order to decide on the allocation of resources and to analyze performance.

As a consequence of the takeover of HBPO and the disposal of the Environment business, the Group is managed according to two operating segments:

- "Industries", which combines the activities of body parts (Intelligent Exterior Systems Division) and the fuel storage and supply systems (Clean Energy Systems Division); and
- "Modules", for the HBPO front-end modules business.

1.1.4. Business combinations

Business combinations are recognized by applying the acquisition method. Identifiable assets, liabilities and contingent liabilities acquired are recognized at their fair value on the purchase date.

The surplus of the sum of the price paid to the seller and, where appropriate, the value of the non-controlling interest in the company acquired against the net balance of the acquired assets and the identifiable liabilities acquired is recognized in goodwill.

Where the takeover is carried out through successive purchases, the consideration also includes the acquisition-date fair value of the acquirer's previously held equity interest in the acquired company. The previously held equity interest is measured at fair value through profit or loss (see note 2.3.1.2).

Acquisition costs are recorded as expenses.

The fair value adjustments of assets acquired and liabilities assumed are offset against goodwill adjustments on the basis of information obtained during the allocation period, i.e. within twelve months of the acquisition. Changes in value after that date are recognized in profit or loss, including any changes in deferred tax assets and liabilities, if they are related to new items that have occurred since the change of control. If they result from new information relating to facts existing at acquisition date and collected during the 12 months following this date, they are an offset to the acquisition's goodwill.

1.1.5. Translation of the financial statements of foreign subsidiaries

Plastic Omnium Group uses the euro as its presentation currency in its financial statements. The financial statements of foreign companies are prepared in their functional currency, i.e. in the currency of the economic environment in which the entity operates; usually the functional currency corresponds to the local currency, except for some foreign subsidiaries such as the Mexican subsidiaries which carry out the majority of their transactions in another currency. These financial statements are translated into the Group's presentation currency, as follows:

- translation of balance sheet items, other than equity, at the closing rate;
- translation of income statement items at the average rate for the period;
- translation differences are recognized in consolidated equity.

Goodwill arising from business combinations with foreign companies is recognized in the functional currency of the acquired entity. They are subsequently translated into the Group's presentation currency at the closing rate, with the translation difference recognized in equity.

On disposal of the entire interest in a foreign company, the related translation differences are initially recognized in equity, then reclassified in profit and loss.

1.1.6. Recognition of transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the rate on the transaction date. On the closing date, monetary assets and liabilities are revalued at the rates prevailing at the closing date. Non-monetary assets and liabilities at cost are valued at the historical rates, prevailing at the transaction date (for example, goodwill, tangible assets, inventories, etc.). Non-monetary assets and liabilities at fair value are valued at the rates prevailing at the date when fair value is determined (for example, assets available for sale).

For monetary items exchange rate differences arising from changes in interest rates are recorded in the income statement, as other operating income and expenses, when they are related to operations and as financial income/expense when they are related to financial transactions.

Borrowings in foreign currencies contracted by a subsidiary from the Group and whose repayment is neither planned nor likely in the foreseeable future are considered to be part of the net investment of the Plastic Omnium Group in this foreign business. The corresponding translation differences are recorded in equity.

1.1.7. Revenue / "Revenue from contracts with customers"

Sales of parts

Sales of parts are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer, usually upon delivery of the goods, and measured at the fair value of the consideration received, net of discounts, rebates and other taxes on sales and customs duties.

Services and performance of specific tooling

Automotive Business

The Group has been applying IFRS 15 "Revenue from contracts with customers" since January 1, 2018. In this context, the accounting treatment selected until December 31, 2017 for costs and products related to activities carried out during the project phase of automotive contracts has been amended.

The project phase corresponds to the period during which the Group is working on the development of the part to be produced, on the design and manufacture of specific tooling to be used in production as well as on the organization of future production processes and logistics. It begins with the appointment of the Group for the vehicle and the product concerned and is completed when the normal production volume is reached.

The accounting treatment applied since January 1, 2018 is based on the identification by the Group in most cases of two performance obligations, distinct from the production of parts, under the Design activity and certain specific tooling whose control is transferred to clients.

The costs related to performance bonds are recognized in inventories during the project phase and then in expenses when their control is transferred to the client, i.e. when the series is launched.

Products related to payments including those explicitly included in the part price, and therefore the negative or positive margin for these performance obligations, are recognized at the start of the series' life. Payments received prior to the start of the series are recorded in customer advances.

The Group has also examined the concepts specified or introduced by IFRS 15, such as the concept of “agent versus principal”, which does not have an impact on the principles applied until December 31, 2017.

Agreements signed with customers in the context of the development and supply of parts do not meet the criteria of a contract within the meaning of IFRS 15; in general, only firm orders received from customers are analyzed as a contract evidencing a performance obligation. In addition, the practices for issuing orders vary from one manufacturer to another and in some cases these orders are issued just days before delivery. On this basis, it is not relevant to provide information on performance obligations not met at the balance sheet date.

1.1.8. Receivables

Receivables are recorded at their fair value when they are recorded. The fair value generally corresponds to the nominal value of the receivable as long as the sale has been carried out with normal payment terms. Impairment losses are booked to cover expected credit losses and identified risks of non-recovery. The amount of impairment is calculated on a statistical basis for credit risk and counterparty by counterparty on an individual basis for non-recovery risk. The application of IFRS 9 on financial assets has not had a significant impact on the Group accounts (See Note 5.1.10).

Finance receivables correspond to development and tooling sales for which the Group has signed an agreement enabling customers to pay in installments (for example: “development unit” prices contractually agreed by customers). These receivables have initial payment periods of more than one year and may bear interest in the framework of an asset financing agreement agreed with the customer. The income related to these receivables is recognized in revenue. These finance receivables are deducted when calculating the Group's net debt.

Sold receivables, which are removed from the balance sheet, meet the following criteria:

- the rights attached to the receivables are transferred to third parties;
- substantially all the risks and rewards of ownership are transferred to third parties;

The risks taken into account are the following:

- credit risk,
- risks related to payment arrears both for the duration and amounts,
- the transfer of interest rate risk, which is fully assumed by the buyer.

1.1.9. Operating margin

Operating margin corresponds to the profit from fully consolidated companies before other operating income and expenses which mainly include:

- gains from disposals of property, plant and equipment and intangible assets;
- impairment losses on intangible assets and property, plant and equipment, including any impairment of goodwill;
- translation differences, corresponding to the difference between the exchange rates used to account for operating receivables and payables and the rates used to account for related settlements;
- income and expenses that are unusual in nature, frequency or amount, such as profits and losses related to changes in scope, the start-up costs of new plants, the costs of restructuring and downsizing costs.

Amortization of contractual customer relationships acquired in business combinations is recognized as a separate item in the operating margin and entered alone on a separate line of the income statement.

The share of profit/(loss) of associates and joint ventures is also recorded in the operating margin as a separate item.

Thus, the Group has an operating margin before amortization of intangible assets acquired in business combinations and the share of profit/(loss) of associates and joint ventures and an operating margin after taking these factors into account.

The operating margin after taking into account amortization of intangible assets related to acquisitions and share of profit/(loss) of associates and joint ventures is the main performance indicator used by the Group.

1.1.10. Research tax credit

The Group benefits from tax credits linked to the research effort of its subsidiaries. These tax credits are included in operating margin under "Net research and development costs", see Notes 4.1 "Research and development costs" and 4.2 "Cost of sales, development, selling and administrative costs".

1.1.11. Intangible assets

1.1.11.1. Research and development costs

Development costs incurred during the project phase and related to the execution of the contract with the customer not fulfilling a performance obligation are recognized as intangible assets. These internal and external costs relate to the work on the organization of purchasing, logistics and industrial processes to produce the parts that will be ordered by customers.

These costs are recognized as intangible assets in progress during the development phase and amortized on a straight-line basis over the estimated life of the series production that is generally three years for exterior parts, five years for fuel systems and the Modules business.

The amortization of development hours is booked under Research and Development costs and that of the tooling in gross margin.

These assets are subject to annual impairment tests and then to the value loss index as of their go-live.

Products received from customers related to these costs are recorded in turnover from the start of series life over the production period. Payments received before the start of life are recorded in customer prepayments

The accounting treatment of costs that satisfy a performance obligation is described in Note 1.1.7 "Revenue / Revenue from contracts with customers".

Furthermore, under IFRS 15, only the costs of obtaining contracts that would not exist in the absence of a contract are credited to the assets and depreciated over the expected production period; costs incurred prior to the appointment of the group, whether or not the contract is obtained, are recognized as an expense for the period.

Other research and development costs

The other research and development costs are expenses for the financial year.

1.1.11.2. Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and impairment losses. They are amortized according to the linear method over their estimated useful lives.

In 2018, they mainly included the "Ford-Milan," "Faurecia Exterior activities" and "HBPO" contractual customer relationships.

These intangible assets are tested for impairment when there is an indication of loss of value.

1.1.12. Start-up costs

Costs corresponding to start-up phases of large plants, including organizational costs, are expensed as they are incurred. They correspond to the use of new production capacity or techniques. As indicated in Note 1.1.9, pre-start-up costs for new plants are recognized under "Other operating expenses".

1.1.13. Goodwill and impairment tests

Plastic Omnium group goodwill is not amortized but is tested for impairment at the end of the year, but also during the reporting of the half-yearly accounts in the case of evidence of impairment.

Impairment tests are carried out at the level of the cash generating units (CGU) or groups of cash generating units, which are:

- "Industries"
- "Modules"

On December 31, 2018, the Group presented its segment information in two "reportable segments", i.e., "Industries" and "Modules" (see Note 3 "Sector Information").

The goodwill information follows the same presentation (see Note 5.1.1 on "Goodwill").

The net carrying amount of all assets (including goodwill), comprising each cash-generating unit, is compared to its recoverable amount, i.e. the higher of the fair value less disposal costs and the value in use determined using the discounted cash flow method.

The cash flow forecast is based on the Group's medium-term plans, which are prepared for the next four years, revised as necessary to reflect the most recent market conditions. Beyond this timeframe, a terminal value is calculated based on the capitalization of the projected cash flows for the last year covered by the business plan, using a long-term growth rate that reflects the outlook for the market. These cash flow projections are then discounted.

The assumptions used to determine the discount rates take into account:

- an industry risk premium;
- an industry financing “spread” to value the cost of debt;
- the rates used by comparable companies in each segment.

Goodwill is measured annually at cost, less any accumulated impairment representing loss of value. Impairments on goodwill are irreversible.

Sensitivity tests with an increase in the discount rate of 0.5% or a reduction of 0.5% in the long-term growth rate or a reduction of 0.5% in the operating margin rate are systematically carried out.

Negative goodwill (badwill) is recorded in the income statement during the year of acquisition.

1.1.14. Tangible fixed assets

Gross values

Property, plant and equipment are initially recorded at their acquisition cost, at their cost of production when they are manufactured by the company for itself (or subcontracted) or at their fair value for those acquired without consideration.

Property, plant and equipment may be specific tooling developed by the Group in connection with production contracts signed with customers without transfer of control to customers, for which the Group will receive an integrated remuneration in the part price. In this case, the remuneration is recorded in revenue over the series’ life.

If fixed assets have been sold or contributed within the Group, any gains and losses are eliminated in the consolidated financial statements.

Fixed assets are later recognized at cost less total depreciation based on life span and total impairment.

Maintenance and repair costs for fixed assets to restore or maintain the future economic benefits that the company can expect in terms of the estimated level of performance at the time of acquisition are recognized as an expense as incurred.

Future expenditures are capitalized only on the assumption that the future economic benefits associated with the expenditure benefit the Group, for example, by an increase in the performance or effectiveness of the asset concerned.

Assets under finance leases are recognized in property, plant and equipment at the lower of their fair value and the present value of minimum lease payments and depreciated on the basis of Group depreciation rates applicable to the same assets owned outright. They mainly concern leases on industrial buildings and major functional assemblies.

Amortization

Depreciation is calculated on a straight-line basis over the estimated useful lives:

Buildings and fixtures	10 - 40 years
Presses and transformation machines	7 - 10 years
Machining, finishing and other equipment	3 - 10 years

The Group applies the components approach to its property assets and major functional assemblies.

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment when decisions are made to cease production or to close a site.

1.1.15. Investment property

The items in the “Investment property” section of the Group’s balance sheet assets are not included in ordinary operations. These assets, which belong to the Group, correspond to real estate:

- not occupied on the balance sheet date and whose use is undecided;
- or held by the Group for their long-term appreciation and which are leased to third parties under operating leases.

The Group may, where appropriate, decide to use all or part of a property whose use is undecided (in which case the relevant part would be reclassified as being occupied) or lease them under one or more operating leases.

Investment property is measured at fair value at the balance sheet date, with changes in fair value recognized in profit or loss. The land on which the buildings are constructed follow the same accounting treatment. An independent appraiser makes regular valuations as part of the year-end closing process. Between two valuations, the Group ensures that the real estate market has not undergone any significant change. The fair value determined by the expert is assessed by direct reference to observable prices in an active market (level 2 fair value).

Properties or parts of properties previously classified under investment property and reclassified as operating property as the Group decides to use them for its own purposes, are recognized at their carrying amount at the date of transfer.

When properties are moved from the “Property, plant and equipment” category to the “Investment property” category, any difference between the carrying amount and the fair value on that date is accounted for as a revaluation.

1.1.16. Inventories and work in progress

1.1.16.1. Raw materials inventories and other supplies

Raw materials and supplies are measured at the lower of cost and net realizable value.

At the end of the financial year, a provision for impairment is recorded when the estimated sales price of the related finished products in the normal course of business, less the residual estimated marketing, production and processing costs, is less than the carrying amount of the raw materials or supplies.

1.1.16.2. Finished and semi-finished product inventories

Finished and semi-finished products are valued on the basis of standard production costs, revised annually. Cost includes raw materials and direct and indirect production costs. These costs do not include any administrative overheads or IT not linked to production, research and development costs or sales costs. In addition, they do not include the cost of any below-normal capacity utilization.

1.1.16.3. Projects inventories - Tools and development

These inventories correspond to costs incurred by the Group in order to satisfy a performance obligation in connection with automotive projects.

The cost of inventories is compared at the balance sheet date to the net realizable value. If it exceeds the net realizable value, an impairment loss is recorded to bring the inventories to their net realizable value.

1.1.17. Non-current and current borrowings

Current and non-current borrowings are valued using the amortized cost method using the effective interest rate.

1.1.18. Provisions

Provisions are booked when there are obligations to third parties leading to a likely outflow of resources for the benefit of these third parties without at least equivalent value expected for the Group. Losses identified on onerous contracts, i.e. contracts whose unavoidable costs relating to their obligations are greater than the expected economic benefits, are subject to provisions. These provisions are recognized in current or non-current liabilities depending on whether they are short- or medium-long term in nature.

The cost of downsizing plans is recognized in the period in which a detailed plan is drawn up and announced to the employees concerned or their representatives, thus creating a well-founded expectation that the Group will implement this plan.

1.1.19. Provisions for pensions and other post-employment benefits

All Group employees are covered by pensions and other long-term post-employee benefits plans. Pension plans comprise defined contribution plans or defined benefit plans.

1.1.19.1. Defined contribution plans

The cost of defined contribution plans, corresponding to salary-based contributions to government-sponsored pension and death/disability insurance plans made in accordance with local laws and practices in each country is recognized as an operating expense. The Group has no legal or implicit obligation to pay additional contributions or future benefits. Consequently, no actuarial liability is recorded under these defined contribution plans.

1.1.19.2. Defined benefit plans

Defined benefit plans mainly concern post-employment benefit plans, which are defined by:

- other pension and supplementary pension plans, mainly in the US and France;
- plans to cover healthcare costs in the US.

Defined benefit plans are subject to provisions for staff benefits calculated on the basis of actuarial valuations carried out by independent actuaries using the projected unit credit method.

These assessments take into account assumptions on:

- retirement dates determined according to the terms of the legislation and in particular for French employees, a voluntary retirement assumption when full benefit rights have been acquired;
- mortality;
- the probability of active employees departing before retirement age;
- estimates of salary increases up to retirement age;
- discount rates and inflation.

When defined benefit plans are funded, the commitments under these plans are deducted from the market value of plan assets at the reporting date. The valuation builds in long-term profitability assumptions of the invested assets calculated on the basis of the discount rate used to value company commitments.

Changes in provisions for defined benefit obligations are recognized over the benefit vesting period, in the income statement under “Operating expenses”, except for:

- the effect the reversal of discounting of the commitments recognized in financial expenses;
- actuarial gains and losses on post-employment benefit obligations recognized in equity.

1.1.19.3. Other long-term benefits

Other long-term benefits correspond to long-service awards for French employees.

Actuarial gains and losses on “Other long-term benefit plans” (mainly long-service awards) are recognized immediately in profit or loss.

1.1.20. Government grants

The grants received are recognized as liabilities in the balance sheet; they correspond to grants to finance investments in new sites, production equipment or research and development programs.

The grants are reclassified in gross profit over the periods and in the proportions in which the acquired assets are depreciated.

1.1.21. Treasury stock

Treasury stock is recorded as a deduction from equity, regardless of the purpose for which it is being held.

The proceeds from the sale of these securities are recorded directly as an increase in the Group’s equity, any gain or loss on the sales have no impact on the income statement for the year.

1.1.22. Share-based payment

Options granted under employee share purchase and subscription plans (at December 31, 2018 there are no stock option plans) are measured at their fair value at the date of grant by the Board of Directors, using the Black & Scholes option pricing model.

The fair value is recognized in “Employee benefits expense” on a straight-line basis over the vesting period, with a corresponding adjustment to reserves.

When options are exercised, the cash amount received by the Group for the exercise price is recorded in cash and cash equivalents with a corresponding adjustment to consolidated reserves.

1.1.23. Financial assets (excluding derivatives)

1.1.23.1. Long-term investments: equity and fund

Long-term investments also correspond to shares in listed companies as well as to shares subscribed for in venture capital funds and companies. On the acquisition date, they are measured at fair value plus transaction costs directly attributable to their acquisition.

In accordance with the new IFRS 9 standard, effective January 1, 2018:

- changes in the fair value of listed companies are accounted for using the alternative method provided for by IFRS 9 in “Other comprehensive income in equity” (OCI) without recycling in profit or loss;
- changes in long-term investments in mutual funds and mutual funds are recognized in profit or loss.

The impact of the application of this standard is not material for the Plastic Omnium Group.

1.1.23.2. Other financial assets

Other financial assets include loans, security deposits and surety bonds. They are measured at amortized cost. Whenever there is objective evidence of impairment, i.e. a negative difference between the carrying amount and the recoverable amount, an impairment provision is recognized through profit or loss. This impairment may be reversed if the recoverable amount subsequently increases.

1.1.24. Derivatives and hedge accounting

In order to manage its interest rate risk, the Group uses OTC derivative instruments. These hedging instruments are valued and recognized in the balance sheet at their fair value.

Changes in the fair value of instruments described as “Cash flow hedges” are recorded under “Other comprehensive income” (equity) for the efficient parts and in financial income for the inefficient parts.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognized in profit or loss.

IFRS 9 does not modify the accounting treatment of the different types of hedging used by the Plastic Omnium Group, nor the swap point treatment or the optional nature of hedge accounting. It softens the criteria for the eligibility of hedging instruments and the hedged elements and compliance with the effectiveness criteria. On these bases, and in view of the interest rate and forex risk hedging policy, the Group’s impacts are very limited (See Note 5.2.8.1 on “Interest rate hedges”).

1.1.25. Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows include short-term, highly liquid cash items, readily convertibles into known amounts of cash and subject to a negligible risk of change in value. Cash comprises cash and cash equivalents, short-term deposits and bank balances, with the exception of those authorized to cover short- or medium-term cash needs arising from day-to-day operations. Cash equivalents correspond to short-term investments and are subject to a negligible risk of changes in value in the context of the temporary use of cash surpluses (money market funds, negotiable debt securities, etc.). Changes in the fair value of these assets are recognized in profit or loss.

1.1.26. Assets held for sale and discontinued operations

The following items are classified as “Assets held for sale” on the balance sheet, as soon as the assets or groups of assets are available-for-sale in their current state and the sale is highly probable:

- non-current assets held pending their sale;
- a group of assets held for sale and not for continuing use;
- businesses or companies acquired with a view to subsequent sale.

Liabilities related to these assets, group of assets, businesses and liabilities held for sale are also presented as a separate item under liabilities in the balance sheet, “Liabilities directly related to assets held for sale”.

Assets (or asset groups) classified in this category are no longer depreciated. They are valued at the lower of their carrying amount and selling price, less selling costs. Any impairment losses are recognized by the Group under “Other operating expenses”.

In the balance sheet, data related to “Assets held for sale” shown separately in the financial statements do not give rise to the restatement of prior years in terms of presentation.

In the income statement, the profit/loss (from the period and from the sale) of business operations or entities that meet the definition of a discontinued operation are reported as a separate line item entitled “Net income from discontinued operations” in each of the fiscal years presented.

1.1.27. Income taxes

The Plastic Omnium Group recognizes deferred taxes relating to temporary differences between the carrying amount of assets and liabilities on the balance sheet without discounting.

Deferred taxes are calculated using the carryover method, applying the last tax rate enacted (or the quasi-adopted rate) at the balance sheet date and applicable to the period in which the temporary differences reverse.

Tax credits and deferred tax assets on tax loss carryforwards and temporary differences are only recognized when the probability of their utilization within a relatively short period of time is proven..

1.2. Estimates and judgements

In preparing its financial statements, the Plastic Omnium Group uses estimates and assumptions to assess some of its assets, liabilities, income, expenses and commitments. Senior management reviews these estimates and assumptions periodically. The amounts in the future financial statements of the Group may include changes in estimates or assumptions in the consideration of past experience and changes in economic conditions.

In general, the estimates and assumptions used during the financial year were based on the information available at the balance sheet date. Estimates may be revised depending on changes in the underlying assumptions. These assumptions mainly concern:

Deferred taxes

Recognition of deferred tax assets depends on the probability of sufficient taxable earnings being generated to permit their utilization. This leads the Group to make regular estimates of future taxable earnings, particularly as part of the medium-term plans established within the Group. These estimates take into account the recurring or non-recurring nature of certain losses, expenses, etc.

Provisions

Provisions for pensions and other post-employment benefits

In the case of defined benefit plans, the Group, assisted by independent actuaries, adopts assumptions (see Notes 1.1.19 and 5.2.6 “Provisions for pensions and other post-employment benefits”) on:

- discount rates for pension and other long-term benefits;
- rates of growth in healthcare costs for the United States;
- employee turnover and future salary increases.

Other provisions

Estimates also cover provisions, particularly those relating to the workforce adjustments, litigation, customer guarantees, legal and tax risks for which in some cases the Legal Department may be required to employ specialized lawyers.

Asset impairment tests

Impairment tests are carried out in particular on goodwill and development costs relating to Automotive projects recognized as intangible assets. As part of these tests, to determine recoverable value, the concepts of fair value net of disposal costs and value in use obtained by the discounted cash flow method are used. These tests are based on assumptions on future cash flows and discount rates. Assumptions that could have a material impact on the financial statements concern, in particular, the discount rates and growth rates.

2. SIGNIFICANT EVENTS OF THE PERIOD

2.1. Application of the new IFRS standards applicable from January 1, 2018:

IFRS 15 and IFRS 9, mandatory from January 1, 2018, were applied by Plastic Omnium Group for the first time as of January 1, 2018.

The impacts on the Group's financial statements are shown below and explained in the following notes:

1st application of IFRS 15 and IFRS 9: Transition from December 31, 2017 to January 1st, 2018 Consolidated Balance Sheet

In thousands of euros	Notes	December 31, 2017	IFRS 15	IFRS 9	January 1st, 2018
ASSETS					
Goodwill		584,685	-		584,685
Intangible assets	5.1.2	497,857	19,679		517,536
Property, plant and equipment		1,410,465	-230		1,410,235
Investment property		93,263	-		93,263
Equity method and non-consolidated investments		211,490	-		211,490
Other non-current financial assets		86,574	-		86,574
Deferred tax assets		96,663	530		97,193
TOTAL NON-CURRENT ASSETS		2,980,997	19,979	-	3,000,976
Inventories	5.1.8	414,013	274,163		688,176
Finance receivables		42,807	-		42,807
Trade receivables	5.1.10.2	940,084	-124,507	-1,939	813,638
Other		354,602	-		354,602
Other financial assets and financial receivables		83,209	-		83,209
Hedging instruments		5,254			5,254
Cash and cash equivalents		939,635	-		939,635
TOTAL CURRENT ASSETS		2,779,604	149,656	-1,939	2,927,321
Assets held for sale		846	-	-	846
TOTAL ASSETS		5,761,447	169,635	-1,939	5,929,143

EQUITY AND LIABILITIES					
Capital		9,059	-		9,059
Treasury stock		-61,764	-		-61,764
Additional paid-in capital		17,389	-		17,389
Consolidated reserves		1,337,759	-4,818	-1,939	1,331,003
Net income for the period		425,177	-		425,177
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		1,727,620	-4,818	-1,939	1,720,864
Attributable to non-controlling interests		26,614	30		26,644
TOTAL EQUITY		1,754,234	-4,788	-1,939	1,747,508
Non-current borrowings		1,323,771	-		1,323,771
Provisions for pensions and other post-employment benefits		106,517	-		106,517
Provisions for liabilities and charges	5.2.5	54,689	826		55,515
Non-current government grants		6,557	-		6,557
Deferred tax liabilities		20,975	-		20,975
TOTAL NON-CURRENT LIABILITIES		1,512,509	826	-	1,513,335
Bank overdrafts		9,993	-		9,993
Current borrowings		381,078	-		381,078
Current debt		4	-		4
Hedging instruments		5,618	-		5,618
Provisions for liabilities and charges	5.2.5	70,944	3,182		74,126
Current government grants		3,948	-		3,948
Trade payables		1,233,221	-		1,233,221
Other operating liabilities (Deferred income)	5.2.9.2	789,898	170,415		960,313
TOTAL CURRENT LIABILITIES		2,494,704	173,597	-	2,668,301
Liabilities related to assets held for sale		-	-	-	-
TOTAL EQUITY AND LIABILITIES		5,761,447	169,635	-1,939	5,929,143

2.1.1. First application of IFRS 15 "Income from ordinary activities drawn from contracts with customers" and impacts on accounts

The Group has been applying IFRS 15 "Revenue from contract with customers" since January 1, 2018. See Note 1.1.7 "Revenue" in the "Accounting policies, accounting rules and methods". In this context, the accounting treatment selected through December 31, 2017 for costs and products related to activities carried out during the project phase of automotive contracts has been amended (see Notes 1.1.7 and 1.1.11).

The Group decided to apply the modified retrospective method; the 2017 consolidated financial statements are not restated and the new accounting treatment is applied to projects not completed on January 1, 2018, i.e. automotive contracts whose series had not been launched at December 31, 2017.

The impact of this change in accounting treatment on the opening balance sheet at January 1, 2018 is essentially related to the restatement of the revenue recognized for the current projects through December 31, 2017. As previously indicated, the new accounting treatment provides for the recognition of products relating to performance obligations at the start of the series life.

Hence, invoices to be recorded on these unfinished projects as at December 31, 2017 have been cancelled, in the amount of €125 million, and invoices until that date for contracts whose series' life has not begun have been recorded as deferred income, in the amount of €170.4 million. In return, the related costs that were no longer in the balance sheet at December 31, 2017 have been restated, i.e. recorded in inventories, in the amount of €274 million, or property, plant and equipment/intangible assets, in the amount of €19.4 million, according to their nature.

These restatements have a non-significant impact on the equity, since no profit or loss has been booked on these projects at December 31, 2017 in accordance with the accounting principles applicable at that date.

The impact on shareholders' equity of the change in method corresponds to the provisions for losses on the completion of the performance obligations or the tooling sales, and to a lesser extent to the restatement of the acquisition costs of capitalized contracts at December 31, 2017 and the related deferred taxes.

2018: As indicated in the 2017 financial statements, the impact of the application of this new standard has no significant impact on the Group's revenues and results for 2018. The impact on non-current assets is also insignificant (approximately +€20 million). On the other hand, current assets are significantly impacted as a result of the discontinuation of the recognition of turnover at completion (approximately +€310 million on inventories, -€200 million on receivables, +€130 million on operating debts).

2.1.2. First time application of IFRS 9 "Financial Instruments" and impacts on accounts

The impacts related to the provisions of IFRS 9 "Financial Instruments", which are mandatory from January 1, 2018 onwards, are not material for the Plastic Omnium Group. See Notes 1.1.8 "Receivables", 1.1.23 "Other non-current financial assets" and 1.1.24 "Derivatives and hedge accounting" in the "Accounting policies, accounting rules and methods".

2.2. Creation of a "New Energies" business dedicated to new energy sources

During the first half of 2018, the Group created a new "New Energies" business within the Plastic Omnium "Clean Energy Systems" Division of the Industries segment. It is devoted to business related to future energy sources in the fields of combustion cells and hydrogen propulsion.

2.3. Acquisitions and acquisitions of shares in 2018

2.3.1. Acquisition by the Group of Mahle-Behr's 33.33% s interest in HBPO

2.3.1.1. Acquisition information

On March 1, 2018, the Plastic Omnium Group signed an agreement with the German group Mahle-Behr to acquire its 33.33% equity stake in the joint venture HBPO until then held equally by Plastic Omnium, Hella and Mahle-Behr.

After it was authorized by the competition authorities, the Plastic Omnium Group finalized the acquisition on June 26, 2018, for a price of €370 million corresponding to the 33.33% Mahle-Behr stake, financed with the Group's own resources.

The Plastic Omnium Group now holds 66.67% of the HBPO group. The balance is held by Hella.

The global leader in automotive block-front-end module development, assembly and logistics with a global market share of nearly 17%, HBPO employs 2,200 people. This acquisition enables the Plastic Omnium Group to acquire additional industrial resources to implement its development strategy in the smart and modular body segment.

2.3.1.2. Accounting treatment of HBPO takeover

The acquisition of this additional 33.33% stake and integration procedures described below enabled Plastic Omnium Group to gain control of HBPO. In fact, exchanges with the partner in the weeks following the acquisition and the integration arrangements make it possible to conclude that the rights granted to the partner in the shareholders pact are protective rights.

The integration procedures include the appointment of the CEO of HBPO to the Plastic Omnium Group Management Board, HBPO's access to Group Guaranteed Financing to replace the former HBPO financings, the application by HBPO of all the Group's financial processes (reporting, financing, budget), the ongoing alignment of processes (industrial, logistic and technological) and the search for initial synergies.

Given the effective July 2018 takeover, the full consolidation method has been applied since July 1, 2018.

The takeover of HBPO led the Group to reassess the share of 33.33% held before acquisition on the basis of its fair value. The revaluation impact is €255 million in income booked in the Income Statement under "Other operating income and expenses" (see Note 4.6). This gain corresponds to the difference between the carrying amount of the holding at the date of the acquisition and the fair value of the holding (see Note 1.1.4). Fair value was determined on the basis of a multi-criteria approach based on HBPO's business plan available at the purchase date (discounted cash flow and multiples method). The long-term growth rate used to extrapolate flows is 1.7%, using a 9% discount rate. The difference between this fair value and the price paid for the additional holding corresponds to the premium that the Plastic Omnium Group agreed to pay to take over HBPO and thus be able to implement its modular development strategy.

Revaluation of Plastic Omnium's Initial 33.33% Interest	
<i>In thousands of euros</i>	
Book value of the share interest (A)	40,000
Fair value of the share interest (B)	295,000
Revaluation recognized in the Profit and Loss Account under "Other operating income and expenses" of the initial 33.33% held by Compagnie Plastic Omnium (C) = (B) - (A)	255,000

2.3.1.3. Acquisition price for HBPO takeover

The purchase price is broken down as follows:

<i>In thousands of euros</i>	Value of historical participation: 33.33%	Acquisition price of investment acquired from Mahle-Behr: 33.33%	Acquisition price of the takeover: 66.67%
Value of HBPO shares accounted at the equity method as of June 30, 2018	40,000	-	40,000
Revaluation recognized in the Profit and Loss ("Other operating income and expenses")	255,000	-	255,000
Acquisition price of investment from Mahle-Behr	-	369,762	369,762
Acquisition price for HBPO takeover	295,000	369,762	664,762

2.3.1.4. Provisional purchase price allocation

The takeover of HBPO is accounted in accordance with IFRS 3R "Business Combinations", based on an acquisition price of Mahle-Behr shares for €370 million and €295 million for the historical interest held, in particular, within the establishment of an opening balance sheet at July 1, 2018 which is based on the fair value of HBPO acquired assets and liabilities (see Note 2.3.1.5).

Provisional allocation of the purchase price				
<i>In thousands of euros</i>		Attributable to the Group Plastic Omnium	Non-controlling interest attributable to Hella	Assets and liabilities acquired at 100 %
Acquisition price related to the takeover	A	664,762	-	-
Assets and liabilities acquired	B	68,539	30,031	98,570
Adjustment of acquired assets :	C	71,428	32,853	104,281
<i>Customers contracts</i>		79,333	39,667	119,000
<i>Trademark</i>		5,467	2,733	8,200
<i>Deferred tax</i>		-19,093	-9,547	-28,640
<i>Joint-ventures owned by HBPO</i>		5,721	-	5,721
Assets and liabilities acquired measured at fair value - Attributable to the Group	D^{PG}=B^{PG}+C^{PG}	139,967	-	139,967
Assets and liabilities acquired measured at fair value - Attributable to non-controlling interests Hella	D ^{MIN} =B ^{MIN} +C ^{MIN}	-	62,884	62,884
Assets and liabilities acquired measured at fair value	D= D^{PG} + D^{MIN}	-	-	202,851
Partial Goodwill	E=A-D^{PG}	524,795	-	-

Minority interests that constitute a share of current interests and confer a proportional share in HBPO's net assets to the partner Hella in the event of liquidation are assessed on the basis of their share of the net assets (partial goodwill method).

2.3.1.5. Opening balance sheet of HBPO

The provisional opening balance sheet on July 1, 2018 is presented below. In accordance with IFRS 3R, this balance sheet will be finalized within twelve months of the date of the acquisition:

In thousands of euros	July 1, 2018		
	Assets and Liabilities acquired	Adjustments	Assets and Liabilities recognized
ASSETS			
Goodwill		524,795	524,795
Other intangible assets ⁽¹⁾	53,233	127,200	180,433
Property, plant and equipment	63,883		63,883
Investments in associates and joint ventures	9,546	5,721	15,267
Non-current financial assets	3,523		3,523
Deferred tax assets	11,594		11,594
TOTAL NON-CURRENT ASSETS	141,779	657,716	799,495
Inventories	59,053		59,053
Trade receivables	236,214		236,214
Other receivables	48,479		48,479
Other financial assets and financial receivables	297		297
Cash and cash equivalents	26,847		26,847
TOTAL CURRENT ASSETS	370,890	-	370,890
TOTAL ASSETS	512,669	657,716	1,170,385
EQUITY AND LIABILITIES			
Consolidated reserves	68,539	596,223	664,762
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	68,539	596,223	664,762
Attributable to non-controlling interests	30,031	32,853	62,884
TOTAL EQUITY	98,570	629,076	727,646
Non-current and current borrowings			-
Provisions for pensions and other post-employment benefits	963		963
Provisions for liabilities and charges	890		890
Deferred tax liabilities	254	28,640	28,894
TOTAL NON-CURRENT LIABILITIES	2,107	28,640	30,747
Non-current and current borrowings	22,964		22,964
Provisions for liabilities and charges	5,197		5,197
Trade payables	230,614		230,614
Other operating liabilities	153,217		153,217
TOTAL CURRENT LIABILITIES	411,992	-	411,992
TOTAL EQUITY AND LIABILITIES	512,669	657,716	1,170,385
Gross debt	-19,144	-	-19,144
Net cash and cash equivalents	26,847	-	26,847
Net debt	7,703	-	7,703

(1) Of which HBPO brand and customer contracts (See Note 2.3.1.2)

2.3.1.6. Contribution of HBPO to the Plastic Omnium Group Income Statement

The contribution of the HBPO activity to the main aggregates in the 2018 Group Income Statement is presented below:

	In thousands of euros	HBPO 2018 contribution	
		Totals	%
Consolidated revenue		956,863	100.0%
Operating margin ⁽¹⁾		32,481	3.4%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures		31,402	3.3%

(1) Of which, €8 731 thousands related to the equity-accounting of HBPO for the first half of 2018.

If the takeover of HBPO have had been realized on January 1, 2018, the following aggregates of the Group would have been

- Sales: 8,260 million;
- Operating margin: €628 million;
- Income from continuing operations before tax and after share of income from associates and joint ventures: €670 million.

2.3.2. Holding in the in Finnish company Tactotek OY

In February 2018, the Group took a 4.43% equity stake in preferred shares in the Finnish plastronics company “Tactotek OY” in the amount of €3 million. The company specializes in the manufacture of radars, sensors integrated in vehicle bodies.

In the absence of significant influence or control exercised by the Plastic Omnium Group, “Tactotek OY” is not consolidated. The acquired securities are recorded in the balance sheet under “Investments in non-listed equity instruments” (see Note 5.1.7.1).

The change in fair value of this asset is recognized in profit or loss (see Note 2.1.2 on the first application of IFRS 9 “Financial Instruments”).

2.4. Monitoring of 2017 acquisitions and acquisitions of investments

The previous year’s acquisitions have evolved as follows:

2.4.1. Monitoring of the acquisition of “Swiss Hydrogen” by the “Clean Energy Systems” Division

“Swiss Hydrogen”, specializing in the design and production of energy management and control solutions for combustion battery systems dedicated to mobility (“balance of plant/BOP”) based in Fribourg, was acquired on December 18, 2017.

During the first half of 2018, a non-material adjustment was made to the acquisition price of Swiss Hydrogen and therefore goodwill was recorded.

The final goodwill amounted to €8.9 million at December 31, 2018.

2.4.2. Monitoring of the acquisition of “Optimum CPV BVBA” of the “Clean Energy Systems” Division

The Belgian company “Optimum CPV BVBA”, specialized in the design and production of tanks in filament composite for the storage of pressurized hydrogen and based in Zonhoven, was acquired on December 18, 2017.

During the first half of 2018, a non-material adjustment was made to the acquisition price of “Optimum CPV BVBA” and therefore goodwill was recorded.

The final goodwill amounts to €4.8 million at December 31, 2018.

2.4.3. Investment in the venture capital company “Aster”

In 2017, the Plastic Omnium Group, as a co-sponsor, signed a €20 million subscription commitment in the framework of a fundraising operation of €240 million by the venture capital company “Aster”.

“Aster” supports the growth of innovative start-ups in energy, greentech for energy transition, innovative materials, intelligent transport systems, digital transformation, new industrial models and the internet of things, primarily in Europe and the United States.

At December 31, 2018, the amount paid by the Plastic Omnium Group amounted to €1.5 million, including €1 million in 2018. This is recognized as an asset on the balance sheet under “Long-term investments in equities and funds” (*see Note 5.1.7.1*).

The change in fair value is recognized in the income statement (*see Note 2.1.2 on the first-time application of IFRS 9 “Financial Instruments”*).

2.5. Monitoring of investments and site openings

2.5.1. Investments in production capacity: Greer and Smyrna plants in the United States

The construction of the Greer and Smyrna plants in the US ended.

Greer plant, South Carolina, United States:

Construction of the Greer plant in South Carolina in the United States, launched during the first half of 2017, ended in July 2018. This plant is designed to deliver all major painted exterior body parts for carmaker BMW’s X3, X4, X5 and X6 models, as well as future models of the BMW plant. The Greer plant is part of the “Intelligent Exterior Systems” Division of the Industries segment. It will also supply carmakers Volvo in South Carolina and Daimler in Alabama.

The Greer plant is the first plant in the history of the Group (pilot plant) that will operate on “4.0” technology. It will lead to further improvements in industrial processes, parts quality, robotization, standardization and competitiveness.

Smyrna plant, Tennessee, United States:

Construction of the Smyrna plant in Tennessee in the United States for the “Clean Energy Systems” Division of the Industries segment, began in the first half of 2017 and was completed in March 2018. This plant, has been producing fuel systems for a Japanese manufacturer since August 2018.

2.5.2. Investments in production capacity: plant in Hlohovec in Slovakia for the production of body parts

The construction of the new plant in Hlohovec in Slovakia for body parts (Intelligent Exterior Systems Division of the Industries segment), which will supply the plant of carmaker Jaguar Land Rover (which also set up in Slovakia, in Nitra), started in the second half of 2017 and is continuing. Work will be completed in the first half of 2019, when production will begin.

2.5.3. Construction of the innovation and high-tech activity center: Δ -Deltatech

The construction of an innovation and high-tech activity center for new energies, Δ -Deltatech, in Brussels, Belgium decided by the Group in the second half of 2016, began in early 2018. The opening is planned in early 2019.

2.5.4. Construction of a technical center in Wuhan in China for “Clean Energy systems” in the Industries segment - ω -Omegatech

In order to support its growing activities in Asia, and reduce the use of the α -Alphatech center in France in Compiègne (department of the Oise) and of outsourcing, the Group launched a technical center construction project in Wuhan in China, near its current plant specialized in the manufacture of fuel systems. The center will include technical premises for the development of new fuel tank projects and new part validation tests, a fuel test laboratory, a mechanical laboratory and a prototype development workshop.

Construction began in the third quarter of 2018 and will end in the first quarter of 2019.

2.5.5. Expansion and reinforcement of advanced tools at the international R&D center for body components and modules: Σ -Sigmatech

As part of its overall strategy for responding to new challenges arising from the preparation of the vehicle of the future and the advent of the connected, autonomous and cleaner car, the Group launched an extension and digitization program for its international R&D center, Σ -Sigmatech, at the end of 2017.

The program will provide the center with resources in mechatronics, connected systems, virtual reality and collaborative robots.

2.6. Disposals of companies, property assets and site closures at December 31, 2018

2.6.1. Disposal of the “Environment” business

On September 20, 2017, Compagnie Plastic Omnium announced its disposal project of the Environment Division, which specializes in waste management products and services intended primarily for local authorities and businesses to focus on the global development of its automotive activities. It employs 1,800 people and has an R&D center and six plants in Europe (France, Germany and Spain).

Its activities cover:

- containers: household waste receptacles, bins, composters, underground and semi-underground containers;
- associated services: maintenance, washing, surveys and implementation, data management, etc. ;
- urban furniture: waste disposal areas, playgrounds, equipment for parks and streets.

As of 30 June 2018, taking into account the progress of the disposal process and the probability that the sale would take place in the following 12 months, the Group decided to apply IFRS 5 by reclassifying this activity in “Non-current assets held for sale and discontinued operations”.

The IFRS 5 accounting treatment applied from June 2018 to the entities in the Environment Division led to a specific line item for the Division on the presentation of the consolidated income statement for 2017 and 2018.

A "sale purchase agreement" was signed on October 26, 2018 between the Plastic Omnium Group and the “Latour Capital / BPI (Public investment bank)” consortium.

On December 18, 2018, Compagnie Plastic Omnium sold the Environment Division to the consortium “Latour Capital / BPI (Public investment bank)” for €199.4 million.

The "Net profit after tax from discontinued operations" presented in the consolidated income statement of €1,494 thousand includes:

- the activity of the "Environment" Division net of inter-company transactions with the Group, from January 1 to November 30, 2018 for + € 11,964 thousand ; and
- the net loss after tax on the sale of this business for - €10,470 thousand as of December 31, 2018.

The summary statements of the Environment Division sold are presented here after:

Balance Sheet - Environment Division :

In thousands of euros	December, 31st, 2018	December 31, 2017
ASSETS		
Goodwill	98,527	96,151
Other intangible assets	10,791	11,375
Property, plant and equipment	54,851	52,931
Other non-current financial assets	-2,651	109
Deferred tax assets	14,021	13,276
Inventories	41,563	36,884
Finance receivables	311	1,009
Trade receivables	75,961	44,711
Other receivables	17,023	12,884
Other financial assets and financial receivables	26	-9,947
Cash and cash equivalents ⁽¹⁾	20,903	4,759
Total Assets	331,326	264,142
EQUITY AND LIABILITIES		
Consolidated reserves	188,348	163,535
Borrowings and financial debt ⁽¹⁾	25,637	739
Provisions and Government grants	15,311	26,105
Deferred tax liabilities	297	174
Bank overdrafts	144	52
Trade payables	72,547	48,475
Other operating liabilities	29,042	25,062
Total liabilities	331,326	264,142

(1) The closing positions include the borrowing of €25 million from Compagnie Plastic Omnium before the reimbursement.

- The Environment Division is a separate operating segment meeting the discontinued operations criteria. The presentation in the 2018 and 2017 income statements shows a single amount which includes the total profit or loss after tax of the discontinued operations.

Income Statement - Environment Division:

In thousands of euros	2018	%	2017	%
Consolidated sales (revenue)	309,706	100.0%	335,476	100.0%
Cost of goods and services sold	-245,154	-79.2%	-261,955	-78.1%
Gross profit	64,552	20.8%	73,521	21.9%
Net research and development costs	-2,124	-0.7%	-2,050	-0.6%
Selling costs	-18,444	-6.0%	-20,292	-6.0%
Administrative expenses	-23,144	-7.5%	-24,961	-7.4%
Operating margin	20,840	6.7%	26,218	7.8%
Other operating income	-	-	-	-
Other operating expenses	-6,143	-2.0%	-1,891	-0.6%
Financing costs, net	-642	-0.2%	-720	-0.2%
Other financial income and expenses	33	0.0%	-356	-0.1%
Profit before income tax	14,088	4.5%	23,251	6.9%
Income tax	-2,124	-0.7%	-3,245	-1.0%
Net income	11,964	3.9%	20,006	6.0%

Key aggregate of the Cash flow Statement – Environment Division:

In thousands of euros	2018	2017 restated
Cash flows from Operating activities	9,880	19,441
Cash flows from Investing activities	-10,502	-9,650
Cash flows from Financing activities	5,127	318

2.6.2. Disposal of the Group's Equity shares in "Plastic Recycling SAS"

At the end of February 2018, the Plastic Omnium Group and "Derichebourg", which co-owned Plastic Recycling SAS equally, sold their equity shares to "Veolia Propreté".

The transaction resulted in a +€0.4 million profit for the Plastic Omnium Group, and sale proceeds of €0.8 million.

2.7. Monitoring of disposals of companies in 2017

2.7.1. Monitoring of the disposal of the Automotive Division's Truck business on June 30, 2017

In accordance with the sale contract, the process for determining any price adjustments between the two parties is still ongoing at December 31, 2018. No significant price revisions are expected.

2.8. Financing operations

2.8.1. A new private placement "Schuldscheindarlehen"

On December 21, 2018, the Group set up a new "Schuldscheindarlehen" financing facility at 1,6320 % interest rate, for private investors abroad, notably in Germany, China, France, Belgium, Switzerland and Austria for an amount of €300 million and 7 years of maturity..

The features of this financing facility are given in Note 5.2.7.2 "*Borrowings: private placement notes and bonds*".

2.8.2. End of the 2012 Euro PP private placement

The private placement of a total of €250 million by the Group in 2012 expired on December 12, 2018. See Notes 5.2.7.2 "Borrowings: private placement notes and bonds" and 5.2.7.5 "Reconciliation of gross and net debt".

2.8.3. Term of the negotiable medium-term note agreed on July 13, 2015

The negotiable medium-term note of €10 million subscribed by the Group with a credit institution expired on July 11, 2018. See Notes 5.2.7.3 "Loans, negotiable debt securities and other financial assets" and 5.2.7.5 "Reconciliation of gross and net debt".

2.9. Changes on the equity capital of Compagnie Plastic Omnium

2.9.1. Compagnie Plastic Omnium share capital reduction

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

The share capital of Compagnie Plastic Omnium consists of a par value of €0.06, thus bringing the amount to €8,913,966.42. See Note 5.2.1.1 "*Capital of Compagnie Plastic Omnium*".

As at December 31, 2018, these transactions brought the interest of the parent company, the Burelle SA holding company, to 58.51% of the share capital before cancellation of the treasury stock.

2.10. Evolution of the international economy and impacts on the Group's accounts

2.10.1. Hyperinflation in Argentina and Impacts on the Group's Financial Statements

Argentina has been in deep financial turmoil since 2018 marked by a significant inflation of + 47.6% over the year, resulting in a sharp erosion of Argentina's bond prices on the secondary market, a surge in long-term interest, resulting

in a sharp depreciation of the country's currency, the Argentine peso. The euro / peso exchange rate in Argentina stood at 1 euro for 22.4 Argentine peso as at December, 31 2017 and 1 euro for 43.1 Argentine peso as at December, 31 2018.

The National Institute of Statistics in Argentina announced the recession of the Argentine economy in mid-December 2018. Since the end of 2018, Argentina has been considered a hyperinflationary country.

IAS 29 "Financial Reporting in Hyperinflationary Economies" therefore applies to entities whose functional currency is the Argentine peso. The provisions of this standard have been applied as from January 1, 2018 to the three entities of the Group whose functional currency is the Argentine peso:

- all non-monetary assets and liabilities have been adjusted for inflation by application of a general price index, so that they are expressed in the unit of measurement in effect at the end of the year;
- the income statement has been restated to correct the inflation observed during the year.

At December 31, 2018, the Group valued the assets of the three subsidiaries "Plastic Omnium Auto Inergy Argentina SA" ("Clean Energy Systems"), "Plastic Omnium Argentina" and Plastic Omnium Automotive Argentina ("Intelligent Exterior Systems") for following amounts:

- -€4,575 thousand by income in "Other operating income and expenses" (see note 4.6); and
- + €8,852 thousand by shareholders' equity.

See the impacts in note 5.1.3 "Property, plant and equipment other than investment properties".

In accordance with IFRS, the Group's financial statements in euros are not restated for 2017.

2.10.2. Exit of the United Kingdom from the European Union and impact on the Group - "Brexit"

The exit of the United Kingdom from the European Union (EU), "Brexit" or "British Exit", voted by the British on June 23, 2016 in a referendum, takes effect on March 29, 2019. Until this date, the United Kingdom remains a member of the European Union.

The economic consequences for both the United Kingdom and companies with subsidiaries in the country are not yet fully known, as long as the exit of the European Union is not effective. Moreover, since the vote, the effects on the UK economy are not significant enough despite fluctuations in the pound sterling.

Since the 2016 closing, the price of the pound at the following periods has evolved as follows:

- December 31, 2016: 1 euro is exchanged for 0.886 pound sterling
- December 31, 2017: 1 euro is exchanged for 0.887 pounds sterling
- December 31, 2018: 1 euro is exchanged for 0.895 pounds sterling

The Group operates in the United Kingdom through its two companies, "Plastic Omnium Automotive Ltd" and "HBPO UK Ltd", which has been fully consolidated since July 2018 following the HBPO Group takeover.

As the activity of these companies is essentially carried out on the territory, there should not be a significant direct impact. However, impairment tests were performed on the long-term assets of these companies on the basis of a hypothetical decline in turnover of 20%; they lead to the conclusion that there is no impairment of assets.

The combined turnover and results of these two companies over the last three years represent respectively:

	2016	2017	2018
As a percentage of Group sales	6.83 %	6.16 %	6.11 %
As a percentage of the Group Net Income	1.61 %	0.90 %	3.11 %

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, a Chinese leader in exterior body parts and BPO major player in the Turkish market for exterior equipment.

Since the takeover of HBPO (world leader in body block-front-end modules) in July 2018, the Group has organized its automotive activities around two operating segments (see Note on the "Group Presentation"):

- “ Industries ” and
- “ Modules ”

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

3.1.1. Income statement by operating segment

2018				
In thousands of euros	Industries	Modules	Unallocated items ⁽²⁾	Total
Economic sales (revenue) ⁽¹⁾	6,833,613	1,410,321	-	8,243,934
<i>Including Sales from joint ventures at the Group's percentage stake</i>	545,840	453,458	-	999,298
Sales to third parties	6,287,808	956,863	-35	7,244,636
Sales between segments	-35	-	35	-
Consolidated sales (revenue)	6,287,773	956,863	-	7,244,636
<i>% of segment revenue - Total</i>	86.8%	13.2%	-	100.0%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	545,376	31,290	-	576,666
<i>% of segment revenue</i>	8.7%	3.3%	-	8.0%
Amortization of intangible assets acquired in business combinations	-9,681	-8,773	-	-18,454
Share of profit/(loss) of associates and joint ventures ⁽³⁾	41,925	9,964	-	51,889
Operating margin	577,619	32,481	-	610,100
<i>% of segment revenue</i>	9.2%	3.4%	-	8.4%
Other operating income	281,394	-1,522	-	279,872
Other operating expenses	-166,050	560	-	-165,490
<i>% of segment revenue</i>	1.8%	-0.1%	-	1.7%
Finance costs, net				-69,116
Other financial income and expenses, net				-1,088
Profit from continuing operations before income tax and after share in associates and joint ventures				654,278
Income tax				-112,996
Net income after income tax from continuing operations				541,283
Net income after income tax from discontinued operations				1,494
Net income				542,777
2017				
In thousands of euros	Automotive	Environment	Unallocated items ⁽²⁾	Total
Economic sales (revenue) ⁽¹⁾	7,665,142	335,476	-	8,000,618
<i>Including Sales from joint ventures at the Group's percentage stake</i>	1,232,141	-	-	1,232,141
Sales to third parties	6,433,078	335,543	-144	6,768,477
Sales between segments	-77	-67	144	-
Consolidated sales (revenue)	6,433,001	335,476	-	6,768,477
<i>% of segment revenue - Total</i>	95.0%	5.0%	-	100.0%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	578,326	21,149	-	599,475
<i>% of segment revenue</i>	9.0%	6.3%	-	8.9%
Amortization of intangible assets acquired in business combinations	-20,264	-	-	-20,264
Share of profit/(loss) of associates and joint ventures	61,746	-	-	61,746
Operating margin	619,808	21,149	-	640,957
<i>% of segment revenue</i>	9.6%	6.3%	-	9.5%
Other operating income	36,770	-	-	36,770
Other operating expenses	-87,453	-8,477	-	-95,930
<i>% of segment revenue</i>	-0.8%	-2.5%	-	-0.9%
Finance costs, net				-63,946
Other financial income and expenses, net				-2,817
Profit from continuing operations before income tax and after share in associates and joint ventures				515,035
Income tax				-84,548
Net income				430,487

(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 and Environment Division's discontinued operations, sold in December 2018; see note 2.6.1 "Significant Events of the period"). This column is included to enable segment information to be reconciled to the Group's financial statements.

(3) See in "Significant Events of the period", Note 2.3.1 related to the acquisition of the 33.33% equity stake in HBPO from Mahle-Behr on June 26, 2018.

3.1.2. Balance sheet aggregate data by operating segment

December 31, 2018				
In thousands of euros	Industries	Modules	Unallocated items	Total
Net amounts				
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	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 listed 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 (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 debt = (B - A - C - D - E - F) ⁽³⁾	1,012,539	-64,124	-250,799	697,616

December 31, 2017 published				
	Automotive	Environment	Unallocated items	Total
Goodwill	486,160	98,525	-	584,685
Intangible assets	475,979	11,391	10,487	497,857
Property, plant and equipment	1,308,836	53,053	48,576	1,410,465
Investment property	-	-	93,263	93,263
Inventories	377,020	36,993	-	414,013
Trade receivables	886,624	46,369	7,091	940,084
Other	280,004	12,674	61,924	354,602
Finance receivables (C) ⁽¹⁾	50,200	1,865	-	52,065
Current accounts and other financial assets (D)	-561,801	1,082	693,730	133,011
Long-term investments in listed equity instruments and in funds - FMEA 2 (F)	149	-	27,365	27,514
Hedging instruments (E)	-	298	4,956	5,254
Net cash and cash equivalents (A) ⁽²⁾	142,121	4,758	782,763	929,642
Total segment assets	3,445,292	267,008	1,730,155	5,442,455
Borrowings (B)	144,113	740	1,565,618	1,710,471
Segment liabilities	144,113	740	1,565,618	1,710,471
Segment net debt = (B - A - C - D - E - F) ⁽³⁾	513,444	-7,263	56,804	562,985

(1) At December 31, 2018, "Finance receivables" included €1,763 thousand shown in the balance sheet under "Other non-current financial assets" against €9,258 thousand at December 31, 2017, and €22,504 thousand reported under "Finance receivables – current portion" against €42,807 thousand at December 31, 2017.

(2) Net cash and cash equivalents as reported in the Statement of Cash Flows. See also 5.1.12.2 "Net cash and cash equivalents at end of period".

(3) See Notes 5.2.7.1 "Definition of debt instruments within the Group" and Note 5.2.7.5 "Reconciliation of gross and net debt".

3.1.3. Other information by operating segment

2018 In thousands of euros	Industries	Modules	Unallocated items	Total
Acquisitions of intangible assets	193,428	11,084	3,940	208,452
Capital expenditure including acquisitions of investment property	413,978	17,560	2,789	434,327
Depreciation and amortization expense ⁽¹⁾	-338,341	-22,044	-5,708	-366,093

2017 In thousands of euros	Automotive	Environment	Unallocated items	Total
Acquisitions of intangible assets	162,344	721	2,496	165,561
Capital expenditure including acquisitions of investment property	310,153	13,195	5,370	328,718
Depreciation and amortization expense ⁽¹⁾	-292,398	-14,736	10,962	-296,172

- (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

2018			2017 restated		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
France	650,513	7.9%	France	665,655	19.0%
North America	2,148,874	26.1%	North America	2,035,525	52.2%
Europe excluding France	3,753,041	45.5%	Europe excluding France	3,306,382	86.2%
South America	193,168	2.3%	South America	261,363	6.8%
Africa	83,627	1.0%	Africa	78,065	2.0%
Asia	1,414,711	17.2%	Asia	1,318,152	33.8%
Economic revenue	8,243,934	100%	Economic revenue	7,665,142	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	999,298		<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,232,141	
Consolidated revenue	7,244,636		Consolidated revenue	6,433,001	

3.1.4.2. Information for the first ten contributing countries

2018			2017 restated		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
Germany	1,438,895	17.5%	United States	1,354,692	17.7%
United States	1,204,342	14.6%	Germany	1,312,714	17.1%
Mexico	828,612	10.1%	China	720,847	9.4%
China	793,531	9.6%	France	665,655	8.7%
Spain	675,348	8.2%	Spain	662,104	8.6%
France	650,513	7.9%	Mexico	610,811	8.0%
United Kingdom	526,503	6.4%	United Kingdom	497,374	6.5%
Slovakia	401,077	4.9%	South Korea	276,453	3.6%
South Korea	289,963	3.5%	Slovakia	235,963	3.1%
Czech republic	180,053	2.2%	Brazil	153,547	2.0%
Other	1,255,097	15.1%	Other	1,174,980	15.3%
Economic revenue	8,243,934	100%	Economic revenue	7,665,142	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	999,298		<i>Including revenue from joint ventures at the Group's percentage stake</i>	1,232,141	
Consolidated revenue	7,244,636		Consolidated revenue	6,433,001	

3.1.4.3. Information by automotive manufacturer

2018			2017 restated		
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	2,025,392	24.6%	Volkswagen-Porsche	1,636,856	21.4%
PSA Peugeot Citroën	946,716	11.5%	PSA Peugeot Citroën	962,140	12.6%
General Motors	929,886	11.3%	General Motors	940,273	12.3%
Ford	697,110	8.5%	Ford	731,096	9.5%
Renault/Nissan/Mitsubishi	592,924	7.2%	Renault/Nissan/Mitsubishi	615,660	7.9%
Total – main manufacturers	5,192,028	63.0%	Total – main manufacturers	4,886,025	63.7%
Other automotive manufacturers	3,051,906	37.0%	Other automotive manufacturers	2,779,117	36.3%
Total Automotive – Economic revenue	8,243,934	100.0%	Total Automotive – Economic revenue	7,665,142	100%
<i>Including revenue from joint ventures at the Group's percentage stake Automotive revenue sub-total</i>	999,298		<i>Including revenue from joint ventures at the Group's percentage stake Automotive revenue sub-total</i>	1,232,141	
Total Automotive - Consolidated revenue	7,244,636		Total Automotive - Consolidated revenue	6,433,001	

3.2. Non-current assets by country

In thousands of euros	France	Europe excluding France	North America	Asia	South America	Others ⁽¹⁾	Total
December 31, 2018							
Goodwill	213,273	714,923	78,546	-	8,988	-	1,015,730
<i>including translation adjustment</i>	-	2,568	984	-	1,525	-	5,077
Intangible assets	93,232	391,430	166,299	65,692	7,293	4,204	728,150
Property, plant and equipment	182,782	651,407	553,987	217,472	33,065	14,315	1,653,028
<i>including capital expenditure for the year</i>	29,411	187,208	149,367	54,053	5,356	8,932	434,327
Investment property	93,263	-	-	-	-	-	93,263
Total noncurrent fixed assets	582,550	1,757,760	798,832	283,164	49,346	18,519	3,490,171

(1) The section "Others" includes South Africa and Morocco.

In thousands of euros	France	Europe excluding France	North America	Asia	South America	Others ⁽¹⁾	Total
December 31, 2017							
Goodwill	227,605	274,624	74,993	-	7,463	-	584,685
<i>including translation adjustment</i>	-	-32	-10,185	-10	1,075	-	-9,152
Intangible assets	72,375	235,172	141,066	44,078	2,980	2,186	497,857
Property, plant and equipment	209,014	556,345	416,873	187,079	34,367	6,787	1,410,465
<i>including capital expenditure for the year</i>	34,259	118,032	127,076	39,041	8,493	1,817	328,718
Investment property	93,263	-	-	-	-	-	93,263
Total noncurrent fixed assets	602,257	1,066,141	632,932	231,157	44,810	8,973	2,586,270

(1) The section "Others" includes South Africa and Morocco.

3.3. Property, plant and equipment by operating segments (excluding investment property)

In thousands of euros	Industries	Modules	Unallocated items	Total
December 31, 2018				
Property, plant and equipment owned outright - net value	1,535,374	74,881	29,540	1,639,795
Property, plant and equipment owned outright under operating leases where the Group is lessor - net value ⁽¹⁾	-	-	-	-
Property, plant and equipment leased under finance leases where the Group is lessee - net value ⁽²⁾	13,233	-	-	13,233
Total property, plant and equipment (excluding investment property) - Consolidated Financial Statements	1,548,607	74,881	29,540	1,653,028

In thousands of euros	Automotive	Environment	Unallocated items	Total
December 31, 2017				
Property, plant and equipment owned outright – net value	1,288,330	41,577	48,576	1,378,483
Property, plant and equipment owned outright and under operating leases where the Group is lessor – net value ⁽¹⁾	-	11,476	-	11,476
Property, plant and equipment leased under finance leases where the Group is lessee – net value amount ⁽²⁾	20,506	-	-	20,506
Total property, plant and equipment (excluding investment property) - Consolidated Financial Statements	1,308,836	53,053	48,576	1,410,465

(1) The sum of “Property, plant and equipment owned outright and leased under operating leases where the Group is lessor” and “Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor” corresponds to the value of “Property, plant and equipment leased under operating leases where the Group is lessor” (see corresponding sub-section of Note 5.1.3).

(2) See sub-section “Property, plant and equipment leased under finance leases where the Group is lessee” in Note 5.1.3.

4. NOTES TO THE INCOME STATEMENT

The application of IFRS 5 “Non-Current Assets held for sale and Discontinued Operations” to the Environment Division requires the presentation in the Income Statement 2017 of a single amount comprising the total profit or loss after tax of this discontinued operation. Accordingly, published data of 2017 have been restated.

4.1. Research and development costs

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

In thousands of euros	2018	%	2017 restated	%
Research and development costs after developments sold	-230,664	-3.2%	-220,399	-3.4%
Grants received	792	0.0%	103	0.0%
Capitalized development costs	118,969	1.6%	130,194	2.0%
Amortization of capitalized development costs	-107,112	-1.5%	-89,642	-1.4%
Research tax credit	13,696	0.2%	11,783	0.2%
Net research and development costs	-204,319	-2.8%	-167,961	-2.6%

4.2. Cost of sales, development, selling and administrative costs

In thousands of euros	2018	2017 restated
Cost of sales includes:		
Raw materials (purchases and changes in inventory) ⁽¹⁾	-4,895,917	-4,095,985
Direct production outsourcing	-11,515	-10,905
Utilities and fluids	-96,865	-97,542
Employee benefits expense	-669,484	-659,528
Other production costs	-363,853	-402,102
Depreciation	-174,544	-155,742
Provisions for liabilities and charges	27,721	15,917
Total	-6,184,457	-5,405,888
Research and development costs include:		
Salaries, expenses and employee benefits expense	-208,303	-187,608
Depreciation, amortization and provisions	-117,802	-103,595
Other	121,786	123,242
Other	-204,319	-167,961
Selling costs include:		
Salaries, expenses and employee benefits expense ⁽²⁾	-27,034	-28,239
Depreciation, amortization and provisions	-638	-100
Other	-9,761	-12,537
Total	-37,433	-40,876
Administrative costs include:		
Salaries, expenses and employee benefits expense ⁽²⁾	-142,958	-140,590
Other administrative expenses	-86,642	-94,581
Depreciation	-12,018	-10,302
Provisions for liabilities and charges	-143	453
Total	-241,761	-245,020

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

- - € 4,708 thousand in 2018;
- - €1,283 thousand in 2017.

(2) See, in "Significant events of the period", Note 2.5.1 on the implementation of the Competitiveness and Employment Tax Credit-CICE for French entities in the Consolidated Financial Statements at December 31, 2017.

(3) See “Gains/(losses) on disposals of non-current assets” in Note 4.6 “Other operating income and expenses”.

4.3. Staff costs

In thousands of euros	2018	2017 retraité
Wages and salaries	-778,468	-758,619
Payroll taxes ⁽¹⁾	-201,177	-200,862
Non-discretionary profit-sharing	-15,782	-16,519
Share-based payments	-2,528	-3,327
Pension and other post-employment benefit costs	-7,497	-2,804
Other employee benefits expenses	-47,575	-33,830
Total employee benefits expense excluding temporary staff costs	-1,053,027	-1,015,961
Temporary staff costs	-129,868	-132,097
Total employee benefits expenses	-1,182,895	-1,148,058

(1) This item includes social contributions on stock purchase and subscription plans for an amount of:

- None in 2018 (because there was no stock-option plan in 2018).
- - €954 thousand (of which - €101 thousand for executive corporate officers) in 2017.

4.4. 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” activities in the United States;
- the amortization over six years of contractual customer relationships recognized during the acquisition on July 29, 2016 of the “Faurecia Group Exterior Systems” business;
- And the amortization over seven years for customer relationships and over fifteen years for the brand recognized with the takeover of HBPO in 2018.

In thousands of euros	2018	2018
Amortization of Brands	-448	-350
Amortization of Contractual customer relationships	-18,006	-19,914
Total amortization of intangible assets acquired in business combinations	-18,454	-20,264

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

The associates Chengdu Faway Yanfeng Plastic Omnium, 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	2018 % Interest	2017 restated % Interest	2018	2017 restated
JV HBPO GmbH and its subsidiaries ⁽¹⁾	33.33%	33.33%	8,341	14,187
HBPO - SHB Automotive Modules (Samlip)	33.33%	16.67%	1,518	854
HICOM HBPO Sdn Bhd	26.66%	13.33%	105	25
JV Yanfeng Plastic Omnium and its subsidiaries	49.95%	49.95%	39,363	45,557
B.P.O. AS	49.98%	49.98%	7,769	9,232
Plastic Recycling SAS ⁽²⁾	50.00%	50.00%	18	-37
POCellTech	23.00%	23.00%	-5,226	-8,072
Total share of profit/(loss) of associates and joint ventures			51,888	61,746

(1) The 33.33% in HBPO shown corresponds to the Group's equity shares before the acquisition of an additional 33.33% stake in HBPO from the German group Mahle-Behr the 26th of June 2018. See note 2.3.1 in "Significant Events of the period".

(2) The Group sold its financial investment in "Plastic Recycling" in February 2018. The share of profit/(loss) in 2018 represents profit/(loss) in the Group's financial statements at the time of the sale. See Note 2.6.2 in "Significant events of the period".

4.6. Other operating income and expenses

In thousands of euros	2018	2017 restated
Pre-start-up costs at new plants ⁽¹⁾	-20,217	-5,521
Reorganization costs ⁽²⁾	-28,182	-40,401
Impairment of non-current assets ⁽³⁾	-41,071	-3,823
Provisions for charges ⁽⁴⁾	-3,598	-17,947
Litigation ⁽⁵⁾	-4,527	-8,526
Foreign exchange gains and losses on operating activities ⁽⁶⁾	-13,958	-9,787
Fees and expenses related to changes in the scope of consolidation ⁽⁷⁾	-268	-19,416
Reduction of the purchase price of the "Faurecia Exterior Systems" business ⁽⁸⁾	-	43,733
Full consolidation - Modules ⁽⁹⁾	255,000	-
Deconsolidation impact ^(a)	450	-3,677
Impact of the 1st implementation of Competitiveness and Employment Tax Credit-CICE for French entities ⁽¹⁰⁾	-	13,548
Gains/losses on disposal of Investments in listed equity instruments and in funds ^(a)	-	1,905
Argentina hyperinflation ⁽¹¹⁾	-4,575	-
Impairment of investments and financial receivable ⁽¹²⁾	-9,139	-
Other ⁽¹³⁾	-13,874	-1,277
Gains/losses on disposals of non-current assets ^(a)	-1,660	-6,079
Total operating income and expenses	114,382	-57,269
- of which total other operating income	279,872	34,394
- of which total other operating expense	-165,490	-91,662

At: December 31, 2018

(1): Pre-start costs for new plants:

All of the costs incurred in 2018 relate to Intelligent Exterior Systems factories in the “Industries” Division (mainly the Greer plants in the United States, Hlohovec in Slovakia and San Luis Potosi in Mexico).

(2): Reorganization costs:

Reorganization costs mainly relate to significant restructuring in the Intelligent Exterior Systems division: continued reorganization of the German Faurecia Automotive Exteriors plants acquired in 2016 and closure of the Norcross plant in the United States.

(3): Impairment of non-current assets:

Impairments of non-current assets mainly correspond to:

- -€22,290 thousand for production assets and Intelligent Exterior Systems projects: Faurecia Automotive Exteriors Germany sites acquired in 2016, Lozorno and Gliwice in Poland and Anderson in the United States;
- -€18,600 thousand for project assets following program production discontinuation decisions and to volume downward revisions of Clean Energy Systems plants in the following countries: Belgium, Mexico, Poland, China and United States.

(4): Provisions for charges:

This heading mainly includes provisions for quality disputes and sales price differences with several car manufacturers.

(5): Litigation:

This heading mainly corresponds to provisions for commercial disputes with several car manufacturers.

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

Virtually all of the foreign exchange losses on 2018 are realized in the Automotive segment and covers various currencies including the dollar, the Argentine peso (see Note 2.10.1 "Hyperinflation in Argentina and the impacts on the Group's accounts" in the “Significant events of the period” of the period”), the Mexican peso and the renminbi.

(7): Fees and ancillary costs related to changes in scope:

These are costs relating to the various external growth transactions in progress or recently completed, including the acquisition of the additional 33.33 % stake in HBPO (see Note 2.3.1 in the "Significant events of the period").

(9): Perimeter change of scope for Modules:

See Note 2.3.1.2 "Accounting treatment of the HBPO takeover" in "Significant events of the period"

(11): Hyperinflation in Argentina:

See Note 2.10.1 "Hyperinflation in Argentina and Impacts on the Group's Accounts" in the "Significant events of the period"

(12): Impairment of securities and financial receivables:

These are impairments of equity securities and shares in non-consolidated funds and the impairment of a financial receivable resulting from a court decision.

(13): Other:

Non-material amounts taken individually

At: December 31, 2017

(1) : Pre-start-up costs at new plants:

Costs incurred in 2017 concerned the construction of new plants, including, for the Intelligent Exterior Systems Division of the “Industries” segment, Greer in the United States and San Luis Potosi in Mexico (see note 2.2 “Investments and site openings” in the consolidated accounts published at December 31, 2017).

(2) : Reorganization costs:

Reorganization costs related to the significant restructuring of the Intelligent Exterior Systems Division.

(3) : Impairment of non-current assets:

This item included impairments mainly on assets of the Automotive Division and the reversal of the provision for impairment on the assets of Herford following the sale of the “Sulo Emballagen GmbH” industrial and office buildings in Germany.

(4) : Provisions for charges:

The provisions corresponded to several quality and tax risks.

(5) : Disputes:

This item concerned legal fees and expenses relating to several disputes involving the Environment Division.

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

Almost all foreign exchange losses were borne by the “Industries” segment and covered various currencies including the Argentine peso, the Brazilian real and the Chinese renminbi. Losses on all currencies break down as follows:

- 56.8 % for the "Intelligent Exterior Systems" Division of the “Industries” segment; and
- 43.2 % for the "Clean Energy Systems" Division of the “Industries” segment ;

(7) : Impacts of acquisitions: related fees and expenses:

These included fees for the external growth transactions completed in 2017 and the external growth transactions initiated in the previous year.

(8): Reduction of the acquisition price of the “Faurecia Exterior Systems” business:

See the final price in Notes 2.1.1.3 “Final agreement between Plastic Omnium and Faurecia on the acquisition price of the Faurecia Exterior Systems activity” and 2.1.1.4 “Accounting treatment of the acquisition in Plastic Omnium’s accounts” in the consolidated accounts of December 31, 2017.

(9): The section “Impact of the first implementation of the Competitiveness and Employment Tax Credit-CICE for French entities”:

See Note 2.5.1 on the implementation of the Competitiveness and Employment Tax Credit-CICE for French entities in the “Significant events of the period” of the consolidated accounts at December 31, 2017.

(10): Others:

Non-material amounts taken individually

(a) Income from disposals of non-current assets

The breakdown of the disposals of non-current assets given below is used to explain the impact on non-current operating income of transactions in non-current assets and reconcile them with changes in the statement of cash flows:

- *the amount of disposals of property, plant and equipment and intangible assets in the statement of cash flows is comprised of the amount of the income on disposals of fixed assets in “ Other income and expenses, net”;* and
- *the amount of the capital gain or loss on disposals of fixed assets in the statement of cash flows consists of the amount in the income statement for disposals of fixed assets in "Other operating income and expenses ". The details are as follows:*

In thousands of euros	2018		2017 restated	
	Disposal proceeds	Gain/loss	Disposal proceeds	Gain/loss
Disposals of intangible assets	996	-6,743	1,338	964
Disposals of property, plant and equipment ⁽¹⁾	4,842	5,083	16,351	-2,475
Disposals of Long-term Investments in listed equity instruments and in funds ⁽²⁾	-	-	36,842	1,905
Total from disposals of non-current assets and of Long-term Investments in listed equity instruments and in funds	5,838	-1,660	54,531	394
Disposals of non-current financial assets	200,166	450	170,102	-21,932
<i>Shares in "Faurecia Exterior Systems" business, not retained by the Group⁽³⁾</i>			159,424	-2,395
<i>Shares in "Truck" business entities</i>			10,678	-19,537
<i>Disposal of "Environment" Division ⁽⁴⁾</i>	199,379	-		
<i>Shares in "Plastic Recycling"⁽⁵⁾</i>	767	492		
<i>Other shares sold</i>	20	-42		
Total proceeds from disposal of non-current financial assets (see table above)	200,166	450	170,102	-21,932
Total	206,004	-1,210	224,633	-21,538

2018

- (1) Losses on disposal of fixed assets mainly concern Spain for the "Clean Energy Systems" Division.
- (4) Disposal of Environment Division
- (5) Sale in February 2018 of the Group's stake in "Plastic Recycling". See Note 2.6.2 in "Significant events of the period".

2017

- (1) Losses on disposals mainly concerned the disposal of the office buildings of the Environment Division’s “Sulo Emballagen” company in Herford, Germany (see Note 2.3.3 in the "Significant events of the period") and the disposal of the Norcross plant in the United States, from the "Auto Exterior" Division renamed "Intelligent Exterior Systems" (see Note 2.3.5 in the "Significant events of the period").
- (2) The Group disposed of securities of the listed companies shown on the balance sheet at December 31, 2016 under “Other available-for-sale financial assets” (renamed “Investments in listed equity instruments and in funds”).
- (3) Disposals of Faurecia Exterior Systems securities, reclassified in 2016 under “Assets held for sale” for €159,605 thousand, price correction for the disposal of the Spanish site for -€181 thousand and disposal of the truck business entities for the difference.

4.7. Net financial income

In thousands of euros	2018	2017
Finance costs	-61,927	-53,437
Interest cost of post-employment benefit obligations ⁽¹⁾	-2,311	-2,145
Financing fees and commissions	-4,878	-7,643
Finance costs, net	-69,116	-63,225
Exchange gains or losses on financing activities	1,709	-13,358
Gains or losses on interest rate and currency hedges ⁽²⁾	-1,976	10,811
Other ⁽³⁾	-821	85
Other financial income and expenses, net	-1,088	-2,462
Total	-70,204	-65,687

(1) See Note 5.2.6.5 on the “Changes in net balance sheet amounts”.

(2) See Notes 5.2.8.1.3 on the “Impact of hedging on the Income statement” and 5.2.8.2.2 on the “Impact of unsettled foreign exchange currency hedges on income and equity”.

(3) In 2018, this section includes an impairment of the UCITS for an amount of -€822 thousand. See the Note 5.2.7.3 “Loans, negotiable debt securities and other financial assets”.

4.8. Income tax

4.8.1. Income tax recorded in the income statement

The income tax expense breaks down as follows:

In thousands of euros	2018	2017 restated
Current taxes on continuing activities	-92,446	-98,603
Current income tax (expense)/income	-87,209	-93,965
Tax (expense)/income on non-recurring items	-5,237	-4,638
Deferred taxes on continuing activities	-20,550	17,301
Deferred tax (expense)/income on timing differences arising or reversed during the period	-18,179	4,084
Effect of changes in tax rates or the introduction of new taxes	-2,371	13,217
Income tax on continuing activities recorded in the consolidated income statement	-112,996	-81,302

4.8.2. Income tax analysis - Tax proof

The analysis of the income tax expense reveals the following factors:

In thousands of euros	2018		2017 restated	
	Totals	% ⁽¹⁾	Totals	% ⁽¹⁾
Consolidated profit on continuing activities before tax and share of profit/(loss) of associates and joint ventures (A)	602,391		430,038	
French standard tax rate (B)		34.43%		34.43%
Theoretical tax expense (C) = (A) x (B)	-207,403		-148,062	
Difference between the theoretical tax expense and the current and deferred tax expense excluding tax assessed on net interim profit on continuing activities (D)	94,407	-15.7%	66,760	15.5%
Tax credits	33,582	-5.6%	38,195	8.9%
Permanent differences between accounting profits and taxable profits	74,562	-12.4%	-5,035	-1.2%
Change in unrecognized deferred taxes	-33,900	5.6%	11,803	2.7%
Impact on deferred tax of a tax rate change	-2,371	0.4%	13,217	3.1%
Impact of differences in foreign tax rates	29,043	-4.8%	13,807	3.2%
Value-added tax contribution	-6,401	1.1%	-7,128	-1.7%
Other impacts	-108	0.02%	1,901	0.4%
Total current and deferred tax expense on continuing activities (E) = (C) + (D)	-112,996		-81,302	
Effective tax rate on continuing activities (-E) / (A)	18.8%		18.9%	

(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 is 18.8% in 2018 (18.9 % in 2017).

In 2018, the actual income tax expense is €113 million for a theoretical tax of €207 million, based on a tax rate of 34.43%.

In 2017, the tax recognized is a charge of €81 million for a theoretical tax of €148 million, based on a tax rate of 34.43%.

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

- For €34 million by using specific tax reductions or credits mainly in North America, Asia and France (€38 million at December 31, 2017);
- for €29 million in the impact of more favorable tax rates, mainly in Asia (China, Thailand), in the United-States and Europe (excluding France and Belgium) (€14 million at December 31, 2017);
- for -€34 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 (€13 million at December 31, 2017);
- for €75 million by permanent differences between accounting profits and taxable profits such as taxable dividends, mainly derived from the revaluation of HBPO shares held by the Group (-€5 million at December 31, 2017); (see Note 2.3.1.2 "Accounting treatment of HBPO takeover");
- for -€6 million by contribution to the added value of (-€7 million tax at December 31, 2017) companies; and
- for -€2 million as a consequence of changing tax rates. In 2017, the impact of the change in tax rate was €13 million, explained by the effect on the Group's deferred tax liabilities and by the United States' approval of a 21% tax rate against 35% previously, offset by the approval in France a tax rate of 28.92% (against 34.43%) applicable to assets in 2020.

4.9. 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	2018	2017 restated
JV HBPO GmbH and its subsidiaries	4,845	-
Beijing Plastic Omnium Inergy Auto Inergy Co. Ltd	1,007	1,919
Plastic Omnium Auto Inergy Manufacturing India Pvt Ltd	920	1,178
DSK Plastic Omnium Inergy	2,776	2,302
DSK Plastic Omnium BV	-67	-89
Total attributable to non-controlling interests	9,481	5,310

4.10. Earnings per share and diluted earnings per share

Net profit attributable to owners of the parent	2018	2017
Basic earnings per share (in euros)	3.63	2.88
Diluted earnings per share (in euros)	3.61	2.86
Net income from discontinued activities		
Basic earnings per share from discontinued activities (in euros)	0.01	0.14
Diluted earnings per share from discontinued activities (in euros)	0.01	0.13
Net income of continuing activities		
Basic earnings per share of continuing activities (in euros)	3.62	2.74
Diluted earnings per share of continuing activities (in euros)	3.60	2.73
Weighted average number of ordinary shares outstanding	150,297,547	151,901,377
- Treasury stock	-3,267,977	-4,251,559
Weighted average number of ordinary shares, undiluted	147,029,570	147,649,818
- Impact of dilutive instruments (stock options)	540,227	1,046,202
Weighted average number of ordinary shares, diluted	147,569,797	148,696,020
Weighted average price of the Plastic Omnium share during the period		
- Weighted average share price	34.57	34.26

5. NOTES TO THE BALANCE SHEET

As stated in the introduction, the Group applied IFRS 5 to the assets and liabilities of the Environment Division (held for sale) on June 30, 2018. Therefore, the assets and liabilities intended for sale were entered on different consolidated balance sheet assets and liabilities lines at June 30, 2018. In accordance with IFRS 5, this presentation is not applied to the 2017 data provided for comparison.

5.1. Assets

5.1.1. Goodwill

For the 2018 fiscal year, the assumptions for impairment tests carried out at the level of the cash generating units (CGU) (see Note 1.1.13) or groups of cash generating units (business segments) are "Industries" and "Modules:

- a growth rate of 1.5% to infinity; and
- a 9.0% after-tax discount rate.

These assumptions are identical to those used for the 2017 fiscal year.

The tests conducted do not lead to the recording of any impairment of the Group's goodwill at December 31, 2018. An increase in the discount rate of 0.5% or a reduction of 0.5% in the long-term growth rate or a decrease of 0.5% in the operating margin rate would have no impact on the test results.

In the "Industries" and "Modules" CGUs, only unreasonable assumptions could jeopardize the test results. Unreasonable assumptions means a negative long-term growth rate combined with a discount rate increased by more than two points.

GOODWILL In thousands of euros	Gross Value	Impairments	Net Value
Goodwill at January 1, 2017	579,958	-	579,958
IFRS 5 reclassifications	255	-	255
Sale of the "Truck" business from the Intelligent Exterior Systems division	-245	-	-245
Goodwill on the acquisition of new companies in the Clean Energy Systems division of the "Industries" segment	13,869	-	13,869
Translation differences	-9,152	-	-9,152
Goodwill at December 31, 2017	584,685	-	584,685
Removal of goodwill linked to Environment Division ⁽¹⁾	-98,525	-	-98,525
Goodwill adjustment on the acquisition of new companies in the Fuel Systems division of the "Automotive" segment ⁽²⁾	-303	-	-303
Goodwill on HBPO acquisition ⁽³⁾	524,795	-	524,795
Translation differences	5,078	-	5,078
Goodwill at December 31, 2018	1,015,730	-	1,015,730

(1) See Note 2.6.1 Disposal of the Environment business in the section « Significant events of the period ».

(2) See Note 2.4 Monitoring of 2017 acquisitions and investments in the section « Significant events of the period ».

(3) See Note 2.3.1 Acquisition by the Group of Mahle-Behr's 33.33% interest in HBPO in the section « Significant events of the period ».

Hereafter, goodwill by reportable segment:

GOODWILL BY REPORTABLE SEGMENT In thousands of euros	Gross Value	Impairment	Carrying amount
Industries	490,935	-	490,935
Modules	524,795	-	524,795
Value at December 31, 2018	1,015,730	-	1,015,730

Automotive	486,160	-	486,160
Environment	98,525	-	98,525
Value at December 31, 2017	584,685	-	584,685

5.1.2. Goodwill and intangible assets

As regards intangible assets, the impact of the first-time application of IFRS 15 is presented below. No detail is provided on the impact on property, plant and equipment since the amount is immaterial.

In thousands of euros	Goodwill	Patents and licenses	Software	Development assets	Contractual customer relationships	Other	Total
Carrying amount published at December 31, 2017	584,685	26,478	21,998	411,594	37,294	493	1,082,542
IFRS 15 at January 1st, 2018	-	-	-	19,679	-	-	19,679
Adjusted carrying amount at January 1, 2018	584,685	26,478	21,998	431,273	37,294	493	1,102,221
Capitalised development	-	-	-	118,969	-	-	118,969
Increases	-	691	5,939	82,853	-	-	89,483
Disposals – net	-	-6,477	-46	-2,702	-	-	-9,225
Newly-consolidated companies ⁽¹⁾	524,492	8,200	4,726	48,617	119,000	-	705,035
Changes in scope of consolidation (deconsolidation) ⁽²⁾	-98,525	-8,552	-1,116	-1,203	-	-521	-109,917
Other reclassifications	-	2,234	634	-2,918	-	-	-50
Depreciation for the period	-	-4,269	-11,978	-107,111	-18,007	30	-141,335
Impairments recognized and reversed	-	-4,258	-	-17,760	-	-	-22,018
Translation adjustment	5,078	31	46	5,329	231	-	10,715
Carrying amount at December 31, 2018	1,015,730	14,078	20,203	555,347	138,518	2	1,743,879

(1) Acquisition of Mahle-Behr's 33,33% interest in HBPO - See note 2.3.1 in the "Significant events of the period".

(2) Sale of Environment Division - See note 2.3.1 in the "Significant events of the period".

In thousands of euros	Goodwill	Patents and licenses	Software	Development assets	Contractual customer relationships	Other	Total
Carrying amount adjusted at January 1, 2017	579,958	25,825	23,720	375,738	58,340	698	1,064,279
Capitalised development	-	-	-	130,360	-	-	130,360
Increases	-	1,788	5,134	28,271	8	-	35,201
Disposals – net	-	-1,152	-74	-1,364	-	-	-2,590
Newly-consolidated companies ⁽¹⁾	13,869	1,399	1,055	2,340	-	-	18,663
Changes in scope of consolidation (deconsolidation)	-245	-1	-27	-9,660	-	-	-9,933
Reclassifications according to IFRS 5	255	1	83	1,401	-	266	2,006
Other reclassifications	-	2,108	4,460	-3,933	-	-422	2,213
Depreciation for the period	-	-2,802	-12,097	-90,189	-19,914	-38	-125,040
Impairments recognized and reversed	-	-587	-	-2,033	-	-	-2,620
Translation adjustment	-9,152	-101	-256	-19,337	-1,140	-11	-29,997
Carrying amount published at December 31, 2017	584,685	26,478	21,998	411,594	37,294	493	1,082,542

(1) Recognition of goodwill related to acquired companies: "Swiss Hydrogen SAS" (€8,999 thousand) and "Optimum CPV BVBA" (€4,870 thousand).

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at December 31, 2017							
Cost	584,685	53,052	146,250	876,092	173,111	1,017	1,834,207
Accumulated amortization	-	-25,452	-124,252	-462,397	-135,817	-524	-748,442
Accumulated impairment (losses)	-	-1,122	-	-2,101	-	-	-3,223
Carrying amount published at December 31, 2017	584,685	26,478	21,998	411,594	37,294	493	1,082,542
IFRS 15 at January 1st, 2018	-	-	-	19,679	-	-	19,679
Carrying amount adjusted at January 1, 2018	584,685	26,478	21,998	431,273	37,294	493	1,102,221
Analysis of carrying amount at December 31, 2018							
Cost	1,015,730	45,102	145,698	1,126,897	293,303	2	2,626,732
Accumulated amortization	-	-26,766	-125,495	-551,806	-154,785	-	-858,852
Accumulated impairment	-	-4,258	-	-19,743	-	-	-24,001
Carrying amount at December 31, 2018	1,015,730	14,078	20,203	555,348	138,518	2	1,743,880

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at January 1, 2017							
Cost	531,078	49,705	135,440	769,231	176,563	1,281	1,663,298
Accumulated amortization	-1	-23,345	-111,720	-393,421	-118,223	-583	-647,293
Accumulated impairment (losses)	-	-535	-	-72	-	-	-607
Carrying amount at January 1, 2017	531,077	25,825	23,720	375,738	58,340	698	1,015,398
Analysis of carrying amount at December 31, December 31, 2017							
Cost (excluding IFRS 5 reclassifications)	584,685	53,052	146,250	876,092	173,111	1,017	1,834,207
<i>Reclassifications IFRS 5</i>	-255	-83	-603	-17,626	-	-2,579	-21,146
Accumulated amortization (excluding IFRS 5 reclassifications)	-	-25,452	-124,252	-462,397	-135,817	-524	-748,442
<i>Reclassifications IFRS 5</i>	-	82	520	15,995	-	2,314	18,911
Accumulated impairment (excluding IFRS 5 reclassifications)	-	-1,122	-	-2,101	-	-	-3,223
<i>Reclassifications IFRS 5</i>	-	-	-	229	-	-	229
Carrying amount published at December 31, 2017	584,685	26,478	21,998	411,594	37,294	493	1,082,542

5.1.3. Property, plant and equipment excluding investment property

Property, plant and equipment owned or leased by the Group mainly pertain to factories and research and development centers.

These plants and research and development centers break down as follows by number:

Number of plants and research and development centers In units	December 31, 2018				December 31, 2017
	<i>included from HBPO</i>	<i>Environment exit</i>	<i>Other changes</i>		
Western Europe	6	-6		48	54
Eastern Europe	5			18	18
North America	4			20	20
Asia	9		1	50	49
South America				8	8
Africa				2	2
Total	24⁽¹⁾	-6	1	146	151
<i>of which total plants managed under joint ventures</i>	<i>-24⁽¹⁾</i>			23	45

(1) : Following the takeover of HBPO in July 2018, the plants of the "Modules" Division previously in joint venture are now under fully consolidated companies.

Asset breakdowns over the two periods are such that 'no factory site represents a significant proportion of total tangible assets over each period.

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2018	89,086	415,478	509,421	236,811	159,669	1,410,465
Acquisitions	17,157	25,001	73,705	276,535	41,929	434,327
Disposals	-5,702	-7,488	-491	-	-749	-14,430
Newly-consolidated ⁽¹⁾	-	7,185	26,437	11,794	18,498	63,914
Changes in consolidation scope (disposals) ⁽²⁾	-2,217	-5,394	-24,283	-4,532	-16,712	-53,138
Impact entrée en vigueur de IFRS 15	-	-	-131	-	-128	-259
Other reclassifications ⁽³⁾	8,211	61,660	91,873	-196,843	34,943	-156
Adjustment to fair value ⁽⁴⁾	98	446	2,380	-	43	2,967
Impairments recognized and reversed	-	571	-3,454	-	-12,238	-15,121
Depreciation for the period	-1,377	-28,002	-98,899	-	-59,341	-187,619
Translation adjustment	261	3,622	4,789	3,150	256	12,078
Carrying amount at December 31, 2018	105,517	473,079	581,347	326,915	166,170	1,653,028

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2017	86,619	440,770	504,842	173,567	147,791	1,353,589
Acquisitions	6,334	12,878	56,604	205,856	47,046	328,718
Disposals	-1,704	-4,515	-5,003	15	-2,909	-14,116
Entering the consolidation scope ⁽¹⁾	-	-	551	-	136	687
Changes in consolidation scope (disposals) ⁽²⁾	-1,892	-15,298	-13,936	-4,669	-4,278	-40,073
IFRS 5 reclassifications ⁽³⁾	3,373	16,521	5,742	2,362	4,558	32,556
Other reclassifications ⁽⁴⁾	2,021	18,511	76,994	-124,432	18,149	-8,757
Impairments recognized and reversed	-	-4,217	14,138	-	-745	9,176
Depreciation for the period	-1,618	-28,037	-101,754	-	-46,279	-177,688
Translation adjustment	-4,047	-21,135	-28,757	-15,888	-3,800	-73,627
Carrying amount at December 31, 2017	89,086	415,478	509,421	236,811	159,669	1,410,465

"Tech. eq. & tool.": technical equipment and tooling

At December 31, 2018

- (1) See note 2.3.1 in the section "Significant events of the period" related to the acquisition of Mahle-Behr's 33.33% stake interests in HBPO.
- (2) See note 2.6.1 in the section "Significant events of the period" related to the disposal of the Environment division.
- (3) The other reclassifications originated from the revaluation of fixed assets through equity following the Argentine peso hyperinflation for €1,693 thousands (see Note 2.10.1 in the "Significant events of the period") and from a reclassification of a restructuring provision as an impairment of fixed assets in Germany in the Industries division for a total amount of €-1,800 thousand.
- (4) The fair-value adjustment for an amount of €2,967 thousand is related to the Argentine peso hyperinflation and recognized in the profit and loss (see Note 2.10.1 in the "Significant events of the period").

At December 31, 2017

- (1) The tangible investments shown in the statement of cash flows correspond to the amount of acquisitions of property, plant and equipment excluding investment property for €328.718 thousand, against €220.712 thousand in the December 31, 2017.
- (2) See the note “Monitoring at December 31, 2017 of transactions covered by IFRS 5 at December 31, 2016” for the breakdowns.
- (3) Practically all depreciations of buildings, technical equipment, tooling and other property, plant and equipment concerned the assets of the Automotive Division’s Composites business in France and in China as well as the assets of Faurecia (Brazil) business.
- (4) The net balance of an amount of -€8,757 thousand is due to "Intangible assets" reclassifications.

- **Minimum lease payments receivable under subleases operating leases and / or subleases maintenance**

In thousands of euros	December 31, 2018 ⁽¹⁾	December 31, 2017
Due within one year	None	34,059
Due in one to five years		72,550
Due in more than five years		32,405
Total		139,014

(1) : The lease payments receivable under non-cancellable operating leases only concerned the Environment Division.

- Property, plant and equipment leased under finance leases where the Group is lessee

These assets, which are included in the previous tables (of this same note) on property, plant and equipment, correspond to plants, research and development centers and industrial production equipment.

- **Change in capital assets under the scope of lease financing agreements**

In thousand of euros	Land and Buildings	Technical equipment and tooling	Total
Gross value at December 31, 2018	17,486	17,814	35,300
Accumulated depreciation, impairment and provisions at December 31, 2018	-16,293	-5,773	-22,067
Net carrying amount at December 31, 2018⁽¹⁾	1,193	12,041	13,233

Gross value at December 31, 2017	25,345	18,266	43,611
Accumulated depreciation, impairment and provisions at December 31, 2017	-19,404	-3,700	-23,104
Net carrying amount at December 31, 2017⁽¹⁾	5,940	14,566	20,506

(1) See Note 3.3 “Property, plant and equipment (excluding investment property) by operating segment”.

- Changes in payments and discounted value relating to assets subject to lease financing agreements

In thousand of euros	Minimum payments at December 31, 2018	Discounted value at December 31, 2018
Due within one year	2,652	2,400
Due in one to five years	8,506	9,216
Due in more than five years	-	-
Net carrying amount at December 31, 2018⁽¹⁾	11,158	11,616

In thousand of euros	Minimum payments at December 31, 2017	Discounted value at December 31, 2017
Due within one year	3,216	2,741
Due in one to five years	10,350	9,700
Due in more than five years	1,985	1,971
Net carrying amount at December 31, 2017⁽¹⁾	15,551	14,412

(1) See Note 5.2.7.5 “Reconciliation of gross and net debt”.

5.1.4. Property, plant and equipment by category (excluding investment property)

In thousands of euros	Cost	Deprecia-tion	Impairment	Total
December 31, 2018				
Property, plant and equipment owned outright	3,434,236	-1,763,520	-30,921	1,639,795
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	-	-	-	-
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	35,300	-21,988	-79	13,233
Total Property, plant and equipment (excluding Investment property) reclassification	3,469,536	-1,785,508	-31,000	1,653,028

In thousands of euros	Cost	Deprecia-tion	Impairment	Total
December 31, 2017				
Property, plant and equipment owned outright	3,110,498	-1,715,655	-15,514	1,379,329
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	52,242	-39,898	-868	11,476
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	43,611	-23,034	-70	20,506
Total Property, plant and equipment (excluding Investment property)	3,206,351	-1,778,587	-16,453	1,411,311
<i>IFRS 5 reclassifications</i>	<i>-3,917</i>	<i>3,071</i>	<i>-</i>	<i>-846</i>
Total Property, plant and equipment (excluding Investment property) - Consolidated Balance Sheet	3,202,434	-1,775,516	-16,453	1,410,465

(1) The sum of “Property, plant and equipment owned outright and leased under operating leases where the Group is lessor” and “Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor” corresponds to the value of “Property, plant and equipment leased under operating leases where the Group is lessor”.

(2) See sub-section “Property, plant and equipment leased under finance leases where the Group is lessee”.

5.1.5. Investment property

The item “Investment property” is unchanged from December 31, 2017. It includes:

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

In thousands of euros	Land	Buildings	Total
Lyon Gerland office complex	12,700	80,563	93,263
Fair value at December 31, 2018 and December 31, 2017	12,700	80,563	93,263

Investment property-related income and expenses are as follows:

In thousands of euros	2018	2017
Income from investment property rentals	6,899	6,592
Investment property direct operating expenses	-1,423	-1,226

5.1.6. Non-consolidated interests and Investments in associates and joint ventures accounted by the equity method

Non-consolidated interests:

The non-consolidated securities amount to €0.2 million at December 31, 2018 (€0.3 million at December 31, 2017) and relate to:

- non-significant shell companies, dormant companies;
- and the acquisition of shares over the period, whose small stake does not allow the group to exercise at least a notable influence (Tactotek OY).

In the context of the first time application of IFRS 9 “Financial Instruments”, the Group opted to recognize changes in value of non-consolidated companies in the income statement (see Note 2.1.2.).

Investments in associates and joint ventures accounted by the equity method:

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

In thousands of euros	2018 % interest	2017 % interest	December 31, 2018	December 31, 2017
JV HBPO GmbH and its subsidiaries ⁽¹⁾	-	33.00%	-	36,407
HBPO - SHB Automotive Modules (Samlip) ⁽¹⁾	33.33%	16.67%	16,141	4,661
HICOM HBPO Sdn Bhd ⁽¹⁾	26.66%	13.33%	466	93
JV Yanfeng Plastic Omnium and its subsidiaries	49.95%	49.95%	159,850	146,153
B.P.O. AS	49.98%	49.98%	14,221	16,057
Plastic Recycling SAS ⁽²⁾	50.00%	50.00%	-	258
POCellTech	23.00%	23.00%	2,319	7,545
Total of Investments in associates and joint ventures			192,997	211,174
Financial investments in "Tactotek OY" ⁽³⁾			-	-
Othe Investments in non-listed equity instruments			225	316
Total of non-listed equity instruments			225	316
Total of Investments in associates and joint ventures and in non-listed equity instruments			193,222	211,490

(1) See Note 2.3.1 in "Significant events of the period" on the Group's June 26th 2018 acquisition of the German group Mahle-Behr 33.33% in HBPO. The Group took control of HBPO, whose entities are fully consolidated. Only the two companies whose stake does not allow control are accounted by the equity method

(2) "Plastic Recycling SAS" was sold in February 2018. See note 2.6.2 on the disposal of this company in the "Significant events of the period".

(3) Acquisition, in February 2018, of an equity stake in the Finnish company "Tactotek OY" impaired at the end of the year. See Note 2.3.2 in "Significant events of the period".

Investments in these entities include goodwill by segment and for the following amounts:

In thousands of euros	December 31, 2018	December 31, 2017
Goodwill in associates and joint ventures - Industries segment ⁽¹⁾	13,625	17,948
Goodwill in associates and joint ventures - Modules segment ⁽²⁾	-	5,493
Total goodwill in associates and joint ventures	13,625	23,441

The change over the period mainly corresponds to :

- (1) the impairment of POCellTech Goodwill;
- (2) the divestment of goodwill related to HBPO entities is due to the full consolidation of HBPO, following the Group's takeover in July 2018 (see Note 2.4.2 in "Significant events of the period").

In view of the individual contribution of less than 10% of joint ventures and companies associated with the Group's main financial indicators, the summary balance sheet and income statement aggregates below are those of the consolidated companies and joint ventures:

In 2018:

- the joint venture YFPO and its subsidiaries after elimination of internal transactions;
- the Samlip associate of HBPO; and
- the joint-venture BPO.

In 2017 :

- the joint venture YFPO and its subsidiaries before elimination of internal transactions;
- the associates Chengdu Faway Yanfeng Plastic Omnium, Dongfeng Plastic Omnium Automotive Exterior of YFPO;
- the HBPO and its subsidiaries before elimination of internal transactions;
- the Samlip and Hicom associates of HBPO ; and
- the joint-venture BPO.

In thousands of euros	December 31, 2018	December 31, 2017
Non-current assets	252,090	530,965
Current assets	952,428	1,556,210
Total assets	1,204,517	2,087,175
Shareholders' equity	275,727	639,793
Non-current liabilities	8,400	12,397
Current liabilities	920,390	1,434,985
Total equity and liabilities	1,204,517	2,087,175
Revenue	1,399,610	3,950,724

5.1.7. 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 bonds grouped according to the following distinctions:

5.1.7.1. Long-term investments in equities and funds

- investments in listed companies, funds or equivalents and investments in securities of listed companies, including funds invested in the “Aster” venture capital company;
- the Group’s investments in the “ FMEA 2 ” fund as part of the support of the Automotive Division sub-contractors in shell shell and in shell companies.

In the context of the first time application of IFRS 9 “Financial Instruments” (IFRS 9), the Group opted to recognize changes in the value of listed shares and investments funds, such as “Aster”, “Tactotek OY” and “FMEA” funds, in non-recyclable profit or loss.

In thousands of euros	December 31, 2018			December 31, 2017		
	Subscribed amounts	Non-called-up amounts	Net	Subscribed amounts	Non-called-up amounts	Net
Contributions to the “FMEA 2” fund ⁽¹⁾	-	-	829	-	-	1,512
Financial investments in listed securities ⁽¹⁾	-	-	25,719	-	-	25,353
Investment in the venture capital company "Aster" ⁽²⁾	20,000	-18,500	1,500	20,000	-19,500	500
Other	-	-	135	-	-	149
Long-term Investments in listed equity instruments and in funds			28,183			27,514

(1) Contributions to the “FMEA 2” fund and investments in shares in listed companies are listed with long-term financial receivables in Note 5.2.7.5 “Reconciliation of gross and net debt”.

(2) Payment of € 1 million during the first half of 2018. See Note 2.4.3 of the "Significant Events of the period".

5.1.7.2. Other non-current financial assets

In thousands of euros	December 31, 2018	December 31, 2017
Loans	1,979	2
Deposits and bonds	33,846	49,758
Other receivables	4	42
Other non-current assets and financial receivables (see Note 5.2.7.5)	35,829	49,802
Finance receivables related to Environment finance leases (see Note 6.4.1)		856
Finance receivables related to Automotive contracts (see Note 6.4.1) ⁽¹⁾	1,763	8,402
Non-current financial receivables (see Note 5.2.7.5)	1,763	9,258
Total	37,592	59,060

(1) See Note 6.4.1 on Current and other non-current financial receivables.

“Deposits and bonds” mainly concern deposits linked to leased offices and sold receivables sales programs.

5.1.8. Inventories

In thousands of euros	December 31, 2018	January 1st, 2018	IFRS 15 at January 1st, 2018 ⁽¹⁾	December 31, 2017
Raw materials and supplies				
At cost (gross)	190,377	144,991	-	144,991
Net realizable value	180,667	134,802	-	134,802
Molds, tooling and engineering				
At cost (gross)	431,360	415,950	274,163	141,787
Net realizable value	426,623	415,362	274,163	141,199
Other work in progress				
At cost (gross)	-	67	-	67
Net realizable value	-	67	-	67
Maintenance inventories				
At cost (gross)	63,432	59,199	-	59,199
Net realizable value	54,934	49,180	-	49,180
Goods				
At cost (gross)	1,754	9,927	-	9,927
Net realizable value	1,361	8,822	-	8,822
Semi-finished products				
At cost (gross)	43,311	41,781	-	41,781
Net realizable value	40,746	38,582	-	38,582
Finished products				
At cost (gross)	35,656	44,391	-	44,391
Net realizable value	32,778	41,361	-	41,361
Total, net	737,109	688,176	274,163	414,013

(1) See, in "Significants events of the period", Note 2.1.1 "1st time application of IFRS 15".

5.1.9. Current financial receivables

In thousands of euros	December 31, 2018		December 31, 2017	
	Undiscounted values	Carrying amount	Undiscounted values	Carrying amount
Current financial receivables (see Note 5.2.7.5)	22,504	22,504	42,631	42,807
<i>of which Environment division finance lease receivables</i>			833	1,009
<i>of which Automotive division finance receivables ⁽¹⁾</i>	22,504	22,504	41,798	41,798
Other current financial assets and financial receivables (see Note 5.2.7.5)	63,942	63,942	83,209	83,209
<i>of which "Current accounts"</i>	-	-	1,344	1,344
<i>of which "Negotiable debt securities"</i>	14,003	14,003	24,011	24,011
<i>of which "UCITS" or mutual funds (2) ⁽²⁾</i>	49,185	49,185	50,007	50,007
<i>of which "Other" ⁽³⁾</i>	754	754	7,847	7,847
Total current financial receivables	86,446	86,446	125,840	126,016

(1) See Note 5.1.7.2 on Other non-current financial assets.

(2) The change corresponds to an impairment of short-term investment securities. See Note 5.2.7.3 "Loans, negotiable debt securities and other financial assets" for the principal amount.

(3) See Note 5.2.7.3 on the characteristics of the investment in UCITS (Undertaking for Collective Investment in Transferable Securities) carried out by the Group in 2017 as part as its cash management.

5.1.10. Trade and other receivables
5.1.10.1. Sale of receivables

Compagnie Plastic Omnium and some of its European and United States subsidiaries have set up several 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 €347 million at December 31, 2018 against €341 million at December 31, 2017 (this amount included €22 million as of 31 December 2017 related to the Environment Division, sold in December 2018).

5.1.10.2. Trade receivables - Cost, impairment and carrying amounts

In thousands of euros	December 31, 2018			December 31, 2017		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
Trade receivables	820,132	-4,833	815,300	944,886	-4,802	940,084
1st application of IFRS 15 ⁽¹⁾				-124,507		-124,507
1st application of IFRS 9 ⁽²⁾					-1,939	-1,939
Trade receivables at January 1st, 2018				820,379	-6,741	813,638

(1) See, in "Significant events of the period", Notes 2.1 and 2.1.1 on the 1st time application of IFRS15 at January 2018.

(2) See, in "Significant events of the period", Notes 2.1 and 2.1.2 on the 1st time application of IFRS9 at January 2018.

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

5.1.10.3. Other receivables

In thousands of euros	December 31, 2018	December 31, 2017
Sundry receivables	101,949	95,389
Prepayments to suppliers of tooling and prepaid development costs	70,713	58,265
Prepaid and recoverable income taxes	97,810	93,048
Other prepaid and recoverable taxes	82,613	101,209
Employee advances	3,129	2,342
Prepayments to suppliers of non-current assets	14,398	4,349
Other receivables	370,612	354,602

5.1.10.4. Trade and other receivables by currency

In thousands of currency units	December 31, 2018			December 31, 2017		
	Local currency	Euro	%	Local currency	Euro	%
EUR Euro	619,258	619,258	52%	706,031	706,031	55%
USD US dollar	306,508	267,692	23%	336,820	280,847	22%
CNY Chinese yuan	618,348	78,519	7%	703,206	90,104	7%
GBP Pound sterling	29,418	32,887	3%	63,968	72,099	6%
Other Other currencies		187,175	16%		145,605	11%
Total		1,185,912	100%		1,294,686	100%
<i>Of which:</i>						
• Trade receivables		815,300	69%		940,084	73%
• Other receivables		370,611	31%		354,602	27%
1st application of IFRS 15					-124,507	
1st application of IFRS 9					-1,939	
Total at January 1st, 2018					1,168,240	
<i>Of which:</i>						
• Trade receivables					813,638	70%
• Other receivables					354,602	30%

Sensitivity tests on movements in currencies under “Trade and other receivables” give the following results:

In thousands of currency units	Sensitivity tests on receivables at December 31, 2018						Sensitivity tests on receivables at December 31, 2017					
	Base		Increase – all currencies		Decrease – all currencies		Base		Increase – all currencies		Decrease – all currencies	
			+10%	+20%	-10%	-20%			+10%	+20%	-10%	-20%
	Local currency	Exchange rate	%	%	%	%	Local currency	Exchange rate	%	%	%	%
EUR Euro	619,258	1.00000	50%	47%	55%	58%	706,031	1.00000	52%	50%	57%	60%
USD US dollar	306,508	0.87336	24%	25%	21%	20%	336,820	0.83382	23%	24%	20%	19%
CNY Chinese yuan	618,348	0.12698	7%	7%	6%	6%	703,206	0.12813	7%	8%	7%	6%
GBP Pound sterling	29,418	1.11791	3%	3%	3%	2%	63,968	1.12710	6%	6%	5%	5%
Other Other currencies			16%	18%	15%	14%			12%	12%	11%	10%
Total in euros		1,185,911	1,242,577	1,299,243	1,129,247	1,072,581		1,294,686	1,353,551	1,412,417	1,235,821	1,176,955
Of which:												
• Trade receivables		815,300	854,257	893,214	776,344	737,387		940,084	982,827	1,025,570	897,342	854,599
• Other receivables		370,611	388,320	406,029	352,903	335,194		354,602	370,724	386,847	338,479	322,356
1st application of IFRS 15								-124,507	-128,929	-133,351	-120,084	-115,662
1st application of IFRS 9								-1,939	-1,939	-1,939	-1,939	-1,939
Total in euros at January 1st, 2018								1,168,240	1,222,683	1,277,127	1,113,798	1,059,354
Of which:												
• Trade receivables								813,638	851,959	890,280	775,319	736,998
• Other receivables								354,602	370,724	386,847	338,479	322,356

Foreign exchange sensitivity tests on “Trade receivables and other receivable” and “Trade payables and other operating liabilities by currency” show a low sensitivity of this item to variations in exchange rates (see Note 5.2.9.3).

5.1.11. Deferred taxes

As noted in Note 1.1.27 of the accounting rules and principles, deferred tax assets on tax loss carryforwards, temporary differences and tax credits are assessed according to their probability of future use. For this purpose, estimates were made as part of the closing of the accounts and led to the recognition of assets based on probable use within a relatively short period of time reflecting a prudent approach given the current economic environment.

The Group applied IFRS 15 and IFRS 19 on January 1, 2018. The only impact on deferred taxes result from application of IFRS 15 and relate to the recognition of losses on contracts upon termination. The net impact at January 1, 2018 of €0.5 million in deferred tax assets.

Deferred taxes are broken down as follows:

In thousands of euros	December 31, 2018	December 31, 2017
Property, plant and equipment	-51,920	-49,370
Post-employment benefit obligations	26,098	28,596
Provisions for liabilities and charges	33,463	35,699
Financial instruments	612	43
Tax loss carryforwards and tax credits	122,937	139,011
Other	-18,424	2,867
Impairment of deferred tax assets	-91,793	-81,158
Total	20,973	75,688
Of which:		
Deferred tax assets	101,691	96,663
Deferred tax liabilities	80,718	20,975

Unrecognized tax assets in respect of tax losses in the December 31, 2018 amount to €85 million, against €76 million in the December 31, 2017 and have the following characteristics:

In thousands of euros	December 31, 2018	December 31, 2017
Evergreen tax loss carryforwards	69,301	63,640
Tax loss carryforwards available for more than 5 years	12,628	9,647
Tax loss carryforwards available for up to 5 years	846	1,823
Tax loss carryforwards available for up to 4 years	730	271
Tax loss carryforwards available for up to 3 years	535	81
Tax loss carryforwards available for less than 3 years	828	604
Total	84,868	76,066

The change in the financial year is essentially due to variations in Brasil, Germany, Poland and Slovakia.

5.1.12. Cash and cash equivalents

5.1.12.1 Cash and cash equivalents

In thousands of euros	December 31, 2018	December 31, 2017
Cash at bank and in hand	903,485	762,731
Short-term deposits	12,851	176,904
Total cash and cash equivalents on the balance sheet	916,336	939,635

Cash and cash equivalents break down as follows:

In thousands of euros	December 31, 2018	December 31, 2017
Cash and cash equivalents of the Group's captive reinsurance company	33,689	30,902
Cash and cash equivalents in countries with exchange controls on remittances and transfers ⁽¹⁾	84,380	86,138
Cash equivalents	798,267	822,594
Total cash and cash equivalents on the balance sheet	916,336	939,635

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

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

5.1.12.2 - Net cash and cash equivalents at end of period

In thousands of euros	December 31, 2018	December 31, 2017
Cash and cash equivalents	916,336	939,635
Short-term bank loans and overdrafts	-4,684	-9,993
Net cash and cash equivalents at end of period in the statement of cash flows	911,652	929,642

5.1.13. Statement of cash flows - Acquisitions and disposals of financial assets, non-controlling interests and related investments

5.1.13.1 Acquisitions of equity interests, non-controlling interests and related investments

The Group's financial acquisitions are broken down into two categories, which analysis as follows:

a – acquisitions of shares in subsidiaries and associates, investments leading to a change in control, equity investments in associates, joint ventures and related investments

These are recorded under "Cash flows from investments" in the Consolidated Cash flows statement.

At December 31, 2018:

The amount of €369.6 million under the heading "Acquisitions of equity investment of integrated companies and takeover" corresponds to:

- the acquisition of the 33.33% stake in "HBPO" for € 369.8 million (*see Note 2.3.1 in the "Significant events of the period"*); and
- reductions of purchase prices of the companies "Swiss Hydrogen" and "Optimum CPV BVBA" for -€0.2 million (*see Notes 2.4.1 and 2.4.2 in the "Significant events of the period"*).

At December 31, 2017:

The amount of €21.4 million under "Acquisitions of shares in subsidiaries and associates" corresponded to:

- the acquisition of the following two companies:
 - "Swiss Hydrogen" for €12.8 million ; and
 - "Optimum CPV BVPA" for €6.1 million (of which €1 million recognized in financial liabilities as a guarantee for liabilities);
- the subscription in 2017 to the capital increase of the Israeli company "POCelltech" for an amount of €2.5 million.

5.1.13.2 Disposal of shares in subsidiaries and associates and non-controlling interests

Disposals of shares in subsidiaries and associates

Disposals of shares in subsidiaries and associates are recognized under "Cash flows from investments" in the Consolidated statement of cash flows.

2018: The Group sold:

- at the end of February 2018, the company "Plastic Recycling SAS" for an amount of € 0.8 million (*see note 2.6.2 in the "Significant events of the period"*); and
- on December 18, 2018, the "Environment" Division for an amount of € 199.4 million (*see note 2.6.1 in the "Significant events of the period"*).

2017 : On June 30, 2017, the Group sold truck parts business for €10.7 million.

5.1.14. Consolidated funds and proportionate share of funds from operations of associates and joint ventures, after taxes and interest paid, net of dividends paid

The Group uses the concept of "Funds from operations", which includes all companies within the scope of consolidation whose activities were monitored and managed during the period for the determination of certain major aggregates.

The disposal of the "Environment" division on December 18, 2018 and the "2017 restated" presentation with the Environment Division as "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5, do not cover the effective management scope of all companies over the period.

For the sake of completeness of information, the presentation of the "funds from operations" covers in the same table, the different approaches:

- the funds from operations - with the disposal of the Environment Division in 2018;
- the " funds from operations - vision with integration of the financial data of the Environment Division" in 2017; and
- the " funds from operations - Vision Environment Division in IFRS 5" in 2017 ("Restated 2017").

The consolidated cash flow from operations and the share of cash flow from associates and joint ventures after tax and interest paid, net of dividends paid, are as follows:

Consolidated financial statements	2018	2017	2017 restated
Funds from operations	796,709	859,404	822,714
Tax paid	-82,765	-114,049	-106,660
Interest paid	-66,412	-59,189	-58,601
Funds from operations after payment of taxes and interest	647,532	686,167	657,453
Associates and joint ventures ⁽¹⁾			
Share of funds from operations	85,939	95,433	95,433
Share of tax paid	-17,024	-16,470	-16,470
Share of interest received/paid	1,490	1,134	1,134
Elimination of dividends paid	-40,973	-32,401	-32,401
Share of funds from operations after payment of taxes and interest received, net of dividends paid	29,432	47,696	47,696
Total excluding the "Environment" Division	676,964		705,149
Funds from operations after payment of taxes and interest - "Environment" Division	19,821		
Total including the "Environment" Division	696,785	733,863	

(1) The proportionate share of associates and joint ventures in the Group's operating cash flow includes HBPO until the takeover. See Note 2.3.1 "Acquisition by the Group of the 33.33% interest of Mahle-Behr in HBPO" in the "Significant events of the period".

5.1.15. Monitoring of transactions at December 31, 2018, which were classified under IFRS 5

"Assets and Liabilities held for sale" are measured based on the best estimate of realizable values. The differences between realizable values and net carrying amounts in cases where they are negative result in a depreciation over the period.

At December 31, 2018 as the previous year, are always booked under IFRS 5:

- the “Clean Energy Systems” technical center in Compiègne, (Oise)
- the “Clean Energy Systems” technical center in Laval, fully depreciated.

December 31, 2018, the breakdown of “Assets and Liabilities held for sale” is provided in the following table.

	December 31, 2018	December 31, 2017
In thousands of euros	Amount	Amount
Compiègne technical center in the Oise department	846	846
<i>of which Land</i>	<i>167</i>	<i>167</i>
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i>	<i>679</i>	<i>679</i>
ASSETS held for sale	846	846
NET ASSETS HELD FOR SALE	846	846

5.2. Liabilities

5.2.1. Shareholders' equity

5.2.1.1 Capital of Compagnie Plastic Omnium

In euros	December 31, 2018	December 31, 2017
Share capital for the period at January 1	9,058,603	9,148,603
Capital reduction during the year	-144,637	-90,000
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	9,058,603
Treasury stock	137,456	198,364
Total share capital net of treasury stock	8,776,511	8,860,239

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

Capital structure at December 31, 2018:

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

The share capital of Compagnie Plastic Omnium consists of a par value of €0.06, thus bringing the amount to €8,913,966.42.

The share capital of Compagnie Plastic Omnium dropped from 150,976,720 shares to 149,866,107 shares with a par value of €0.06 on July 25, 2018, and then to 148,566,107 shares with a par value of €0.06 on November 8th 2018, representing a total of €8,913,966.42.

At December 31, 2018, Compagnie Plastic Omnium holds 2,290,930 of its own shares, i.e. 1.54 % of the share capital, against three 3,306,070 or equal to 2.19% of the share capital at December 31, 2017.

Capital structure at December 31, 2017:

On July 20, 2017, the Board of Directors of Compagnie Plastic Omnium decided to cancel 1,500,000 treasury shares, i.e. 0.98% of the share capital with effect from August 14, 2017.

The share capital of Compagnie Plastic Omnium decreased from 152,476,720 shares to 150,976,720 shares with a par value of €0.06, representing a total value of €9,058,603.20.

At December 31, 2017, Compagnie Plastic Omnium held 3,306,070 treasury shares, i.e. 2.19% of the share capital, against 4,226,467 shares or 2.77% of the share capital at December 31, 2016.

5.2.1.2 Detail of “Other reserves and retained earnings” 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
At December 31, 2017	-49,848	-1,120	-172	19,200	1,200,279	1,168,339
Movements of 2017	-1,885	494	1,697	-962	198,885	198,229
At 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 1st, 2018	-51,733	-626	1,525	18,238	1,392,407	1,359,811
Movements of 2018	1,707	-1,230	-2,806	366	259,761	257,798
At December 31, 2018	-50,026	-1,856	-1,281	18,604	1,652,168	1,617,609

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

The acquisition of control at 66,67 % of HBPO consolidated by full consolidation has no impact on the Group’s “Share” reserves, but leads to recognition of minority interests.

<i>In thousands of euros</i>	Shareholders’ equity		Total equity
	Attributable to owners of the parent	Attributable to non-controlling interests	
None	-	-	-
Other changes in scope of consolidation at December 31, 2017	-	-	-
Takeover of HBPO with Hella non-controlling interests integration	-	62,884	62,884
Other changes in scope of consolidation at December 31, 2018	-	62,884	62,884

5.2.2. Dividends voted and paid by Compagnie Plastic Omnium

<i>In thousands of euros</i>	December 31, 2018		December 31, 2017	
	Number of shares in 2017	Dividend	Number of shares in 2016	Dividend
Dividend per share (in euros)		0.67 ⁽¹⁾		0.49 ⁽¹⁾
Total number of shares outstanding at the end of the previous year	150,976,720		152,476,720	
Total number of shares held in treasury on the ex-dividend date	3,481,820 ⁽²⁾		4,981,805 ⁽²⁾	
Total number of shares held in treasury at the year-end (for information)	3,306,070 ⁽²⁾		4,226,467 ⁽²⁾	
Dividends on ordinary shares		101,154		74,713
Dividends on treasury stock (unpaid)		-2,333 ⁽²⁾		-2,441 ⁽²⁾
Total net dividend		98,822		72,272

(1) In 2018, Compagnie Plastic Omnium paid a dividend of 0.67 per share on the 2017.

In 2017, Compagnie Plastic Omnium paid a dividend of 0.49 per share on profits from the 2016.

At December 31, 2018: 3,306,070 of treasury shares were taken into account at December 31, 2017 to determine the provisional total dividend. The number of treasury shares at the time of the dividend's payment in 2018 amounted to 3,481,820 shares, increasing the dividends attached to these shares from €2,215 thousand to €2,333 thousand.

At December 31, 2017: 4,226,467 treasury shares were taken into account at December 31, 2016 to determine the provisional total dividend. On the ex-dividend date for the first half of 2017, this number amounted to 4,981,805 shares, increasing the dividends attached to these shares from €2,071 thousand to €2,441 thousand.

It will be proposed to the Combined Shareholders' Meeting on April 25, 2019, the distribution of a dividend of €0.74 per share in respect of the 2018 (total amount of 109,938,919 for 148,566,107 outstanding shares before the decrease of treasury shares at December 31, 2018).

5.2.3. Share-based payments

2018 : no new stock options plan was opened on the 2018 financial year.

2017 : see the consolidated financial statements for the year ended December 31, 2017.

Outstanding options at the end of the year and charge for the period of option

The vesting period is four years par

Outstanding options <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2018	Revaluations/adjustments	Increases Options granted during the period	Decreases		Cost for the period	Options outstanding at December 31, 2018	
				Options forfeited during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2018
March 21, 2012 plan								
Number of options	574,012			-14,000	-419,750		140,262	140,262
Share price at the grant date	7.3						7.3	
Exercise price	7.38						7.38	
Term	7 years						7 years	
Unrecognized cost at period-end	-						-	
Remaining life	1.25 year						0.25 year	
August 7, 2013 plan								
Number of options	687,160			-21,000	-395,860		270,300	270,300
Share price at the grant date	17.71						17.71	
Exercise price	16.17						16.17	
Term	7 years						7 years	
Unrecognized cost at period-end	0						0	
Remaining life	2.6 years						1.6 year	
August 6, 2015 plan								
Number of options	1,169,000			-51,000			1,118,000	None
Share price at the grant date	26.33						26.33	
Exercise price	24.72						24.72	
Term	7 years						7 years	
Unrecognized cost at period-end	2,986,630			-442,680		-1,589,969	953,981	
Remaining life	4.6 years						3.6 years	

March 10, 2017 plan								
Number of options	552,500			-24,000			528,500	None
Share price at the grant date	33.71						33.71	
Exercise price	32.84						32.84	
Term	7 years						7 years	
Unrecognized cost at period-end	3,205,924			-210,961		-938,336	2,056,627	
Remaining life	6.2 years						5.2 years	
Total expense for the fiscal year						-€2,528,305		

5.2.4. Grants

In thousands of euros	December 31, 2018	December 31, 2017
Grants recognized in non-current liabilities	6,323	6,557
Grants recognized in current liabilities	3,994	3,948
Total grants recognized as liabilities	10,317	10,505

5.2.5. Provisions

In thousands of euros	December 31, 2017	IFRS 15 1st application on January 1st, 2018 ⁽¹⁾	Charges	Utilizations	Releases of surplus provisions	Environment's Disposal	Other reclassifications	Actuarial gains/(losses)	Changes in scope of consolidation (derecognition) ⁽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 litigation	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 (see Note 2.1.1 in the "Significant events of the period").

(2) Regarding the impacts of the HBPO's acquisition.

(3) Regarding the impacts of the HBPO's acquisition.

(4) Regarding the reversal of provisions for tax audits.

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

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

(7) The actuarial difference corresponds to the revaluation of the US hedging assets.

In thousands of euros	December 31, 2016	Charges	Utilizations	Releases of surplus provisions	Reclassifications according to IFRS 5 ⁽⁵⁾	Other reclassifications	Actuarial gains/losses ⁽⁴⁾	Changes in scope of consolidation (derecognition) ⁽⁶⁾	Translation adjustment	December 31, 2017
Customer warranties	19,985	16,557	-7,899	-941	-	-	-	-	-299	27,403
Reorganization plans ⁽¹⁾	10,752	13,098	-7,500	-263	-	-	-	-	-182	15,905
Taxes and tax risks	298	8,250	-	-	-	-	-	-	-	8,548
Contract risks ⁽²⁾	80,480	13,047	-39,320	-7,701	17,239	94	-	-15,879	-310	47,650
Claims and litigation	4,986	8,211	-1,557	-825	848	-146	-	-275	-70	11,172
Other ⁽³⁾	15,092	2,292	-1,070	-535	-	52	-	-	-877	14,955
Provisions for liabilities and charges	131,593	61,455	-57,346	-10,265	18,087	-	-	-16,154	-1,738	125,633
Provisions for pensions and other post-employment benefits	109,718	8,424	-3,375	-	9,990	-	-2,427	-10,601	-5,212	106,517
TOTAL	241,311	69,879	-60,721	-10,265	28,077	-	-2,427	-26,755	-6,950	232,150

(1) Regarding the reorganization of an Automotive Division site in Germany.

(2) Regarding provisions for ongoing tax audits in the Automotive Division.

(3) Regarding the impacts of loss-making contracts and losses on completion in the Automotive Division.

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

(5) Regarding provisions for companies classified in "Assets & Liabilities held for sale" in 2016 and actually sold in 2017. The two columns "Reclassifications according to IFRS 5" and "Change in scope of consolidation" are related.

(6) The actuarial difference corresponded to the combined effect of the decrease in rates in the United States and the increase in rates in France.

5.2.6. Provisions for pensions and other post-employment benefits

Post-employment benefits:

The generic term "post-employment benefits" covers both pension and other employee benefits.

Provisions for pensions:

Provisions for pensions mainly concern:

- end of career benefits ;

- supplementary pension plans ; and
- healthcare coverage plans.

In France, supplementary pension plans only concern Executive Corporate Officers and consist end of career benefits (“IFC”). Supplementary pension plans, when they affect the other geographical regions, concern all employees. Plans for the payment of healthcare costs mainly concern North America Zone (United States)

Other long-term employee benefits:

Other long-term employee benefits cover long-service awards and other long-service awards within the Group.

Post-employment benefit plans are subject to the regulations applicable in each country. The benefits recognized in the financial statements are therefore not a function of the number of employees by region.

The regions identified and presented are those for which the regulations are consistent allowing data to be aggregated. Where no such aggregation is possible, no reference actuarial rate is given as a discrepancy in the parameters is too great to calculate an average. Similarly, sensitivity tests are carried out on significant, homogeneous and regional data.

5.2.6.1 Actuarial Assumptions

The main actuarial assumptions used to value post-retirement and long-term benefits are the following:

	December 31, 2018		December 31, 2017	
	France	United States	France	United States
	Managers and non-managers		Managers and non-managers	
Minimum age for receiving a full pension	60-62 years	65 years	60-62 years	65 years
Age from which no reduction applies	65-67 years		65-67 years	
Discount rate – post-employment benefits	1.60%	4.25%	1.60%	3.75%
Discount rate – length-of-service awards	1.30%		1.10%	
Inflation rate	1.70%		1.70%	
Rate of future salary increases	2.70%	3.50%	1.70% to 4.70%	3.50%
Rate of growth in healthcare costs		8.25%		7.50%
Expected long-term rate of return on pension plan assets	1.60%	4.25%	1.00%	3.75%

Annual rate of discounting of post-employment benefits:

The Group uses, as a reference, the rate of bonds issued by good quality (AA) commercial and industrial companies and with maturity equal to the length of the commitment being valued.

Inflation rates:

In France, benefits are linked to inflation rates. The impact of inflation rates is not material in the United States.

Average rate of future salary increases:

The average rates of future salary increases are weighted between "managers" and "non-executive" staff and the age of employees.

The expected long-term return on pension plan assets:

These rates are based on long-term market forecasts and take account of each plan’s asset allocation. For other foreign subsidiaries, rate differentials are determined based on local conditions.

5.2.6.2. Changes in balance sheet commitments and benefit costs corresponding to the defined benefit plans

The balance sheet amounts for these benefits are as follows:

In thousands of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2018	December 31, 2017	December 31, 2016
Projected benefit obligation at January 1	154,399	150,173	135,123	4,323	4,876	5,678	158,722	155,051	140,802
Service cost	9,560	11,108	8,929	232	263	658	9,792	11,371	9,587
Interest cost	3,846	3,626	3,881	46	44	94	3,892	3,670	3,975
Curtailments, settlements and other		632	-1,579		-65	-239		567	-1,818
Actuarial gains and losses	-4,801	1,172	12,411	-117	-466	197	-4,918	706	12,608
<i>Of which, experience adjustments</i>	<i>2,009</i>	<i>-1,715</i>	<i>705</i>	<i>-74</i>	<i>-327</i>	<i>-137</i>	<i>1,935</i>	<i>-2,042</i>	<i>568</i>
Benefits paid from plan assets	-979	-368	-711	5	21	5	-974	-347	-706
Benefits paid by the Company	-700	-1,920	-2,050	-121	-324	-436	-821	-2,244	-2,486
Change in scope		-9,703	572	-0	-898	-163	-0	-10,601	409
Consolidation of "Modules"	964						964		
IFRS 5 Reclassifications	-11,421	9,057	-9,057	-1,157	933	-933	-12,578	9,990	-9,990
Translation adjustment	3,616	-9,378	2,654	23	-61	15	3,639	-9,439	2,669
Projected benefit obligation at December 31	154,484	154,399	150,173	3,233	4,323	4,876	157,717	158,722	155,049
<i>Change in projected benefit obligation</i>	<i>85</i>	<i>4,226</i>	<i>15,050</i>	<i>-1,090</i>	<i>-553</i>	<i>-802</i>	<i>-1,005</i>	<i>3,671</i>	<i>14,247</i>
Fair value of plan assets at January 1	52,206	45,331	38,811				52,206	45,331	38,811
Return on plan assets	1,581	1,392	1,328				1,581	1,392	1,328
Employer contributions	1,179	6,655	4,996				1,179	6,655	4,996
Actuarial gains and losses	-2,480	3,568	-459				-2,480	3,568	-459
Benefit payments funded by plan assets	-829	-514	-405				-829	-514	-405
IFRS 5 Reclassifications	-707						-707		
Translation adjustment	1,583	-4,226	1,060				1,583	-4,226	1,060
Fair value of plan assets at December 31	52,533	52,206	45,331				52,533	52,206	45,331
<i>Change in fair value of plan assets</i>	<i>327</i>	<i>6,875</i>	<i>6,520</i>				<i>327</i>	<i>6,875</i>	<i>6,520</i>
Excess of projected benefit obligation over plan assets = net provision recorded in the balance sheet	101,951	102,194	104,842	3,233	4,323	4,876	105,184	106,517	109,718
- of which France	43,372	47,720	50,026	2,283	3,047	3,496	45,655	50,767	53,522
- of which Europe excluding France	9,303	9,927	10,947	428	827	880	9,731	10,754	11,827
- of which United States	38,296	35,224	34,842	522	449	500	38,818	35,673	35,342
- of which other regions	10,980	9,323	9,027				10,980	9,323	9,027

The present value of partially hedged commitments amounted to €105,450 thousand at December 31, 2018, including €13,844 thousand for French plans and €73,230 thousand the United States plans. As of December 31, 2017, the present value of partially funded liabilities amounted to € 99,903 thousand, including €12,712 thousand for France and €70,221 thousand for the United States plans.

In 2018:

The decrease in the value of the commitments is related to the disposal of the Environment Division and the increase in the discount rate in the United States.

In 2017:

The decline in the value of commitments is mainly linked to the increase in the discount rate in Europe.

5.2.6.3 Analysis of net obligations by region

Details of net obligations by region are presented in the table below:

In thousands of euros	December 31, 2018				December 31, 2017			
	France	Europe excluding France	United States	Other	France	Europe excluding France	United States	Other
Post-employment benefit plans								
Length-of-service awards payable on retirement	40,638	1,854		10,980	46,378	738		9,323
Supplementary pension plans	2,734	7,449	34,808		1,342	9,189	31,968	
Healthcare plans			3,488				3,256	
Total post-employment benefit obligations	43,372	9,303	38,296	10,980	47,720	9,927	35,224	9,323
Other long-term benefits	2,283	428	522		3,047	827	449	
Total other post-employment benefit obligations	2,283	428	522		3,047	827	449	
Net obligations recognized in the balance sheet	45,655	9,731	38,818	10,980	50,767	10,754	35,673	9,323

		December 31, 2018		December 31, 2017	
		France	United States	France	United States
Average maturity of obligations	In years	13	19	12	21
Amount of obligations	In thousands of euros	52,121	73,230	57,362	70,221
<i>of which:</i>					
Retirees obligations		-	5,175	-	2,263
Vested deferred obligations		-	5,464	-	3,203
Active obligations		52,121	62,590	57,362	64,755

5.2.6.4 Sensitivity tests of Retirement obligations

The sensitivity tests on retirement obligations on the main external variable, the discount rate, in 2018 and in 2017 show the following impacts:

In thousands of euros	December 31, 2018					December 31, 2017				
	Basis	Increase		Decrease		Basis	Increase		Decrease	
		+ 0,25%		- 0,25%			+ 0,25%		- 0,25%	
		Amount	%	Amount	%		Amount	%	Amount	%
France										
Effect on service cost and interest cost	4,170	4,155	-0.37%	4,185	0.36%	4,687	4,663	-0.52%	4,711	0.51%
Effect on projected benefit obligation	52,121	50,090	-3.88%	53,143	1.98%	57,362	55,568	-3.12%	59,229	3.26%
United States										
Effect on service cost and interest cost	6,328	6,221	-1.69%	6,440	1.78%	7,329	7,162	-2.28%	7,496	2.27%
Effect on projected benefit obligation	73,230	69,984	-4.43%	76,637	4.65%	70,221	66,835	-4.82%	73,784	5.08%

5.2.6.5 Changes in net balance sheet amounts of the benefits

Changes in net balance sheet positions related to the full range of benefits are as follows:

In thousands of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2018	December 31, 2017	December 31, 2016
Net projected benefit obligation at January 1	102,194	104,842	96,312	4,323	4,876	5,679	106,516	109,718	101,991
<u>Expense/income for the year</u>									
Service cost	9,560	11,108	8,929	232	263	658	9,792	11,371	9,587
Curtailments, settlements and other		632	-1,579		-65	-239		567	-1,818
Benefits paid by the Company	-700	-1,920	-2,050	-121	-324	-436	-821	-2,244	-2,486
Actuarial gains and losses			-8	-153	-431	269	-153	-431	261
Benefit payments funded by assets	-150	146	-307	5	21	5	-145	167	-302
Employer contributions	-1,179	-6,655	-4,996				-1,179	-6,655	-4,996
Net non-recurring post-employment benefit plan costs recorded in operating expenses⁽¹⁾	7,530	3,311	-11	-37	-536	256	7,493	2,775	245
Interest cost	3,846	3,626	3,881	46	44	94	3,892	3,670	3,975
Expected return on plan assets	-1,581	-1,392	-1,328				-1,581	-1,392	-1,328
Interest costs of post-employment benefit obligations⁽²⁾	2,265	2,234	2,553	46	44	94	2,311	2,278	2,647
<u>Balance sheet impact</u>									
Change in scope	964	-9,703	572		-898	-163	964	-10,601	409
IFRS 5 reclassification ⁽³⁾	-10,714	9,057	-9,057	-1,157	933	-933	-11,871	9,990	-9,990
Actuarial gains and losses	-2,321	-2,396	12,878	36	-35	-72	-2,285	-2,431	12,806
Translation adjustment	2,032	-5,152	1,594	23	-61	15	2,055	-5,213	1,609
Balance sheet impact	-10,039	-8,194	5,987	-1,098	-61	-1,153	-11,137	-8,255	4,835
Net projected benefit obligation at December 31	101,950	102,194	104,842	3,234	4,323	4,876	105,184	106,516	109,718

(1) No expense recognized as other operating income and expenses for 2018 versus €65 thousand for 2017.

(2) See Interest costs of post-employment benefit obligations in note 4.7 on "Net Financial Income".

5.2.6.6 Healthcare cost sensitivity tests in the United States

The following table shows the impact of a 1-point change in the rate of growth of health care costs in the United States:

In thousands of euros	December 31, 2018		December 31, 2017	
	Increase	Decrease	Increase	Decrease
Effect on provisions for post-employment benefit obligations	651	-298	500	-633

5.2.6.7 Breakdown of plan assets by category

The funded plan assets at fair value - mainly in the United States - break down as follows by category:

In thousands of euros	December 31, 2018	December 31, 2017
Equities	24,854	25,083
Bonds	15,019	15,252
Real estate	856	598
Other	11,803	11,274
Total	52,533	52,206

5.2.6.8 Contributions paid in respect of defined contribution plans

Contributions paid in respect of defined contribution plans amounted to €14 014 thousand in 2018 compared with €11 594 thousand in 2017.

5.2.7. Non-current borrowings

5.2.7.1 Definition of debt instruments within the Group

Net debt is an important notion for the day-to-day management of Plastic Omnium cash. It is used to determine the Group's debit or credit position 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 5.2.7.3 "Loans, negotiable debt securities and other financial assets"*);
- plus short-term loans;
- plus overdraft facilities;
- less cash and cash equivalents.

5.2.7.2 Borrowings: private placement notes

In 2018:

New "schuldscheindarlehen" private placement of €300 million:

On December 21, 2018, the Group performed a private placement €300 million for private investors, without “covenants” or “ratings”, mainly foreign (Germany, China, France, Belgium, Switzerland, Austria) and French, whose characteristics are reflected in the summary table below (see Note 2.8.1 in “Significant events of the period”). This placement at 1.6320 % interest rate has a maturity of 7 years.

Maturity of Europp "private Placement:

The private placement of a total of €250 million in 2012 by the Group matured on December 12, 2018. See Note 2.8.2 “Transactions in the period” and Note 5.2.7.5 “Gross financial debt and net financial debt”.

At 31 December 2018:

The main features of the bonds and private placements as at December 31, 2018 are summarised in the following table:

December 31, 2018	Private bond of 2013	"Schuldscheindarlehen" private placement of 2016	Private placement bond issue of June 2017	"Schuldscheindarlehen" private placement of 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 (Asia, Germany, Netherlands, Switzerland, Luxembourg, Belgium) and French investors	European investors	International (Germany, China, France, Belgium, Switzerland, Austria) and French investors
	No "covenants" and "ratings"			
Maturity	May 29, 2020	June 17, 2023	June 26, 2024	December 21, 2025

5.2.7.3 Loans, negotiable debt securities and other financial assets

Other financial assets include loans, security deposits and surety bonds and negotiable debt securities and mutual funds holding cash and bonds (UCITS - Undertaking for Collective Investment in Transferable Securities). They are valued at amortized cost. Whenever there is any objective evidence of impairment - i.e. a negative difference between the carrying amount and the recoverable amount - an impairment provision is recognized through profit or loss. This impairment is reversed if the amount recovered is favorable.

Other financial assets also include short-term investment securities that do not meet the criteria for the equivalent of 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. In 2018, a depreciation was recognized for an amount of -€822 thousand.

In 2015, the Group subscribed to four negotiable medium-term notes with a credit institution and in 2017, the Group invested in UCITS holding medium-term government bonds and cash, one of which matured this year.

Negotiable medium-term notes agreed on July 13, 2015:

The negotiable medium-term note of €10 million subscribed by the Group expired on July 11, 2018. See Note 2.8.3 in the “Significant events of the period” and Note 5.2.7.5 «Reconciliation of gross and net financial debt».

The summary is presented in the table below:

Negotiable medium-term note	Classified as current financial receivables ⁽¹⁾		UCITS ⁽²⁾
	February 24, 2015	July 13, 2015	
Subscription date	February 24, 2015	July 13, 2015	December, 14 and 29, 2017
Nominal (in euros)	5,000,000	4,000,000	50,006,265
Depreciation			-821,810 ⁽³⁾
Maturity	February 25, 2019 <i>Not available for four quarters following the subscription date</i>	July 15, 2019 <i>Not available for eight quarters following the subscription date</i>	February 24, 2020 <i>Not available for eight quarters following the subscription date</i>
Quarterly coupon: Fixed rate Variable rate	Sets the first four quarters following the issue 3-month Euribor + spread as of the fifth quarter		Sets the first eight quarters following the issue 3-month Euribor + spread as of the ninth quarter
Total at December 31, 2018	€14,000,000		€49,184,455

- (1) See Note 5.1.9 on Current financial receivables.
- (2) UCITS: Undertaking for Collective Investment in Transferable Securities.
- (3) Relates to the impairment of the UCITS (see Note 4.7 "Net Financial Income").

5.2.7.4 Utilization of medium-term credit lines

At December 31, 2018 as at December 31, 2017, the Plastic Omnium Group had access to several confirmed bank lines of credit exceeding the Group's requirements.

At December 31, 2018, the amount of these confirmed bank lines of credit amounted to €1,264 million with an average maturity of four years, compared with €1,349 million at December 31, 2017.

5.2.7.5 Reconciliation of gross and net debt

In thousands of euros	December 31, 2018			December 31, 2017		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Finance lease liabilities	11,616	2,400	9,216	14,412	2,741	11,671
Bonds and bank loans	1,747,410	120,815	1,626,595	1,690,437	378,337	1,312,100
<i>of which the "Schuldscheindarlehen" private placement 2018⁽¹⁾</i>	298,841	148	298,693	-	-	-
<i>of which the bond issue in 2017</i>	499,148	3,545	495,603	498,180	3,339	494,841
<i>of which the bond issue in 2013</i>	507,072	8,546	498,526	506,067	8,546	497,521
<i>of which the "EuroPP" "bond issue"⁽²⁾</i>	-	-	-	249,964	249,964	-
<i>of which the "Schuldschein" private placement 2016</i>	301,393	2,393	299,000	301,173	2,393	298,780
<i>of which bank lines of credit</i>	140,956	106,183	34,773	135,053	114,095	20,958
Non-current and current borrowings (+)	1,759,026	123,215	1,635,811	1,704,849	381,078	1,323,771
Other current debt (+)	31	31		4	4	
Hedging instruments - liabilities (+) ⁽³⁾	4,330	4,330		5,618	5,618	
Total borrowings (B)	1,763,387	127,576	1,635,811	1,710,471	386,700	1,323,771
Long-term Investments in listed equity instruments and in funds (-) ⁽⁴⁾	-28,183		-28,183	-27,514		-27,514
Other financial assets (-)	-60,096	-22,504	-37,592	-101,867	-42,807	-59,060
<i>of which non-current financial receivables⁽⁵⁾</i>	-35,829		-35,829	-49,802		-49,802
<i>of which trade accounts receivable⁽⁵⁾⁽⁶⁾</i>	-24,267	-22,504	-1,763	-52,065	-42,807	-9,258
Other current financial assets and financial receivables (-) ⁽⁶⁾	-63,942	-63,942		-83,209	-83,209	
<i>of which negotiable debt securities and UCITS or mutuals funds⁽⁷⁾</i>	-63,188	-63,188		-74,018	-74,018	
Hedging instruments - assets (-) ⁽³⁾	-1,898	-1,898		-5,254	-5,254	
Total financial receivables (C)	-154,119	-88,344	-65,775	-217,844	-131,270	-86,574
Gross debt (D) = (B) + (C)	1,609,268	39,232	1,570,036	1,492,627	255,430	1,237,197
Cash and cash equivalents (-) ⁽⁸⁾	916,336	916,336		939,635	939,635	
Short-term bank loans and overdrafts (+)	-4,684	-4,684		-9,993	-9,993	
Net cash and cash equivalents as recorded in the Statement of Cash Flows (A)⁽⁹⁾	-911,652	-911,652		-929,642	-929,642	
NET DEBT (E) = (D) + (A)	697,616	-872,420	1,570,036	562,985	-674,212	1,237,197

(1) See Notes 2.8.1 on the new private placement in the "Significant events of the period" and 5.2.7.2" Bonds: private placements and private bonds".

(2) See Notes 2.8.2 on the "Maturity of the 2012 EuroPP Private placement" in the Significant events of the Period and 5.2.7.2 " Bonds: Private Placements and Private Bonds".

(3) See Note 5.2.8 "Interest rate and foreign exchange hedges".

(4) See Note 5.1.7.1 "Long-term Investments in listed equity instruments and in funds".

(5) See 5.1.7.2 "Other non-current financial assets".

(6) See Note 5.1.9 "Current financial assets" and 5.2.7.3 for the principal amount.

(7) See Notes 2.8.3 on the "Maturity of the July 13, 2015 Medium-term Note" in the Significant events of the Period and 5.2.7.2" Bonds: Private Placements and Private Bonds".

(8) See Note 5.1.12.1 "Cash and cash equivalents - Gross value".

(9) See Note 5.1.12.2 "Net cash and cash equivalents at close".

5.2.7.6 Analysis of gross 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>	December 31, 2018	December 31, 2017
Euro	72%	74%
US dollar	18%	18%
Chinese yuan	5%	3%
Pound sterling	4%	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 periods.

5.2.7.7 Analysis of gross debt by type of interest rate

<i>As a % of total debt</i>	December 31, 2018	December 31, 2017
Hedged variable rates	-	-
Unhedged variable rates	6%	7%
Fixed rates	94%	93%
Total	100%	100%

5.2.8. Interest rate and currency hedges

<i>In thousands of euros</i>	December 31, 2018		December 31, 2017	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	-486	-	-3,400
Exchange rate derivatives	1,898	-3,844	5,254	-2,218
Total balance sheet	1,898	-4,330	5,254	-5,618

5.2.8.1 Interest rate hedges

Interest rate hedges included swaps. The objective is to hedge the Plastic Omnium Group against the increase in interest rates to which it is exposed for its financing.

At December 31, 2018:

- the total notional amount of derivative instruments used to manage interest rate risks (swap) amounts to €105 million (swaps) as at December 31, 2017;

The Group no longer has any “cash flow hedges”.

Instruments that do not qualify for hedge accounting are nevertheless part of the Group’s interest rate hedging strategy, which is financed at variable rates, particularly in the context of its sales of receivables.

The fair value of derivatives is recognized in the assets and liabilities in the consolidated balance sheet under “Hedging instruments”.

For derivatives that qualify for hedge accounting under IFRS:

- the effective portion of the change in fair value of the derivatives to hedge future periods is recognized in equity (“Other comprehensive income”);
- it is reclassified to the income statement in the same period as the hedged cash flows (i.e. Interest payments) affect profit;
- the time value of options is excluded from the hedging relationship. Changes in the time value of options and the ineffective portion of the gain or loss on the hedging instrument are recognized in profit or loss.

Changes in fair value of instruments that do not qualify for hedge accounting are recognized directly in financial income.

5.2.8.1.1 Portfolio of derivatives

In thousands of euros	December 31, 2018			December 31, 2017		
	Fair value of hedging instruments	Recorded in assets	Recorded in liabilities	Fair value of hedging instruments	Recorded in assets	Recorded in liabilities
Interest rate derivatives (fair value)	-486	-	-486	-3,400	-	-3,400
Total fair value and outstanding premiums		-	-486		-	-3,400

Composition of interest rate derivatives portfolio:

In thousands of euros	December 31, 2018								
	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI(1)	Nominal	Maturity	Reference interest rate	Outstanding premiums	Nature of derivative
Swaps	-486	-	-486	-	105,000	February 2019	1-month EURIBOR	N/A	Non qualifié
Total	-486	-	-486	-	105,000			N/A	

In thousands of euros	December 31, 2017								
	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI(1)	Nominal	Maturity	Reference interest rate	Outstanding premiums(2)	Nature of derivative
Swaps	-3,400	-	-3,400	-	105,000	February 2019	1-month EURIBOR	N/A	Non qualified
Total	-3,400	-	-3,400	-	105,000			N/A	

(1) OCI: Other comprehensive income.

5.2.8.1.2. 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 (1) at December 31, 2017	Change in fair value of derivatives	Montant recyclé en résultat sur la période	Fair value adjustments reclassified in profit or loss December 31, 2018
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	833	-1,870

In thousands of euros	Balance before tax recorded in OCI (1) at December 31, 2016	Change in fair value of derivatives	Amount reclassified in profit or loss in the period	Fair value adjustments reclassified in profit or loss December 31, 2017
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	1,824	-	-804	1,020
Effect of June 2013 restructuring of the derivatives portfolio	-3,530	-	1,630	-1,900
Total	-1,706	-	826	-880

(1) OCI: Other Comprehensive Income.

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

5.2.8.1.3 Impact of hedging on the income statement

In thousands of euros	December 31, 2018	December 31, 2017
Effective component of hedging instruments related to derivatives portfolio (hedging of accrued interest over the period)	-2,970	-3,260
Reclassification in profit or loss of accumulated gains and losses following past restructurings ⁽¹⁾	-825	-826
Reclassification in profit or loss of accumulated gains and losses related to interest rate hedging	-8	-
Time value of caps	-	299
Changes in fair value of instruments that do not qualify for hedge accounting	2,898	3,022
Total ⁽²⁾	-905	-765

(1) See Note 5.2.8.1.2 "Foreign exchange hedge Instruments", the amounts reclassified in profit or loss.

(2) See “Gains or losses on interest rate and currency hedges” in Note 4.7 “Net financial income”.
See also the impact of currency hedges in Note 5.2.8.2.

5.2.8.2 Currency hedges

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

Since 2016, the Group has opted for a policy to hedge the highly probable future transactions in foreign currencies of its entities. Hedging instruments implemented in this respect are forward purchases of foreign currency. The Group has applied to these instruments the accounting treatment of cash flow hedges as planned: instruments are valued at fair value and changes in value are recognized in equity for the effective portion. These amounts recognized in equity are reported in profit or loss when the hedged cash flows affect the income.

Instruments are valued at fair value and changes in value and their settlement are recognized in equity.

At December 31, 2018, the fair value of the instruments implemented and thus recognized was -€1,946 thousand of which -€1,695 thousand was recognized in equity.

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

5.2.8.2.1. Portfolio of currency hedges

	December 31, 2018				December 31, 2017			
	Fair value in thousands of euros	Notional amount in thousands of currency units	Medium-term exchange rate	Exchange rate at December 31, 2018	Fair value in thousands of euros	Notional amount in thousands of currency units	Medium-term exchange rate	Exchange rate at December 31, 2017
			Currency / Euro	Currency / Euro			Currency / Euro	Currency / Euro
Net sell position (net buy position if <0)								
USD / EUR - Forward exchange contract	-1,241	-198,990	1.1708	1.1450	+2,216	-45,780	1.1492	1.1993
JPY / EUR - Forward exchange contract	-4	-329,595	126.0400	125.8500	-	-	-	-
HUF / EUR - Forward exchange contract	-	-	-	-	-19	-283,982	316.8402	310.3300
CLP / EUR - Forward exchange contract	-	-	-	-	-1	+222,832	742.7733	-
KRW / EUR - Forward exchange contract	-6	-1,615,763	1,283.4758	1,277.9300	-6	-2,225,591	1,281.7979	1,279.6100
KRW / USD - Forward exchange contract	-19	-3,036,296	1,123.9282	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	-542	-303,300	1.1482	1.1450	+2,739	-228,000	1.1834	1.1993
GBP / EUR - Forward currency swap	-91	-25,000	0.8974	0.8945	-519	-48,000	0.8980	0.8872
CHF / EUR - Forward currency swap	-11	-3,940	1.1301	1.1269	-	-	-	-
RUB / EUR - Forward currency swap	+60	-108,000	76.8650	79.7153	-76	-127,670	72.8100	69.3920
CNY / EUR - Forward currency swap	-22	-398,000	7.9579	7.8751	-	-	-	-
CNY / USD - Forward currency swap	-68	-92,403	6.9003	6.8778	-1,300	-398,000	8.0525	7.8044
TOTAL	-1,946				+3,036			

5.2.8.2.2. *Impact of unsettled foreign exchange hedges on income and equity*

In thousands of euros	December 31, 2018	December 31, 2017
Impact of change in foreign exchange hedging portfolio on income (ineffective portion) ⁽¹⁾	-1,071	11,587
Impact of change in foreign currency hedging portfolio on equity (effective portion)	-3,911	2,403
Total	-4,982	13,990

See “Gains or losses on interest rate and currency hedges” in Note 4.7 “Net financial income”.

- (1) See also Note 5.2.8.1.3 "Impact of hedging on the income statement".

5.2.9. *Operating and other liabilities*

5.2.9.1. Trade payables

In thousands of euros	December 31, 2018	December 31, 2017
Trade payables	1,444,192	1,146,885
Due to suppliers of fixed assets	170,797	86,336
Total	1,614,989	1,233,221

5.2.9.2. Other operating liabilities

In thousands of euros	December 31, 2018	January 1st, 2018	1st application of IFRS 15	December 31, 2017
Accrued employee benefits expense	155,985	156,558		156,558
Accrued income taxes	38,797	31,741		31,741
Other accrued taxes ⁽¹⁾	122,494	125,574		125,574
Other payables	254,299	260,760		260,760
Customer prepayments - Deferred revenues ⁽²⁾	355,831	385,680	170,415	215,265
Total	927,406	960,313	170,415	789,898

(1) This account includes the Competitiveness Tax Credit (CICE) which is recognized as a reduction in personnel costs.

(2) See Note 2.1.1 in "Significant events of the period" related to the first application of IFRS 15.

5.2.9.3. Trade payables and other operating liabilities by currency

In thousands of currency units		Liabilities at December 31, 2018			Liabilities at December 31, 2017		
		Local currency	Euro	%	Local currency	Euro	%
EUR	Euro	1,390,737	1,390,737	55%	1,138,805	1,138,805	56%
USD	US dollar	684,139	597,502	24%	538,656	449,142	22%
GBP	Pound sterling	117,196	131,014	5%	118,456	133,512	7%
CNY	Chinese yuan	1,010,547	128,322	5%	878,575	112,574	6%
BRL	Brazilian real	146,333	32,928	1%	174,635	43,957	2%
Other	Other currencies		261,892	10%		145,129	7%
Total			2,542,395	100%		2,023,119	100%
<i>Of which:</i>							
• Trade payables			1,614,989	64%		1,233,221	61%
• Other operating liabilities			927,406	36%		789,898	39%
1st application of IFRS 15						170,415	
1st application of IFRS 9						-	
Total at January 1st, 2018						2,193,534	
<i>Of which:</i>							
• Trade payables						1,233,221	56%
• Other operating liabilities						960,313	44%

Sensitivity tests on changes in foreign exchange rates of “ Trade payables and other liabilities ” give the following results:

In thousands of currency units	Sensitivity tests on liabilities at December 31, 2018						Sensitivity tests on liabilities at December 31, 2017						
	Base		Increase – all currencies		Decrease – all currencies		Base		Increase – all currencies		Decrease – all currencies		
			+10%	+20%	-10%	-20%			+10%	+20%	-10%	-20%	
	Local currency	Conversion rate	%	%	%	%	Local currency	Conversion rate	%	%	%	%	
EUR	Euro	1,390,737	1.0000	52%	50%	57%	60%	1,138,805	1.0000	54%	52%	59%	62%
USD	US dollar	684,139	0.8734	25%	26%	22%	21%	538,656	0.8338	23%	24%	21%	19%
GBP	Pound sterling	117,196	1.1179	5%	6%	5%	5%	118,456	1.1271	7%	7%	6%	6%
CNY	Chinese yuan	1,010,547	0.1270	5%	6%	5%	4%	878,575	0.1281	6%	6%	5%	5%
BRL	Brazilian real	146,333	0.2250	1%	1%	1%	1%	174,635	0.2517	2%	2%	2%	2%
Other	Other currencies			12%	11%	10%	9%			8%	9%	7%	6%
Total in euros			2,542,395	2,657,561	2,772,727	2,427,229	2,312,063		2,023,119	2,111,554	2,199,985	1,934,690	1,846,258
<i>Of which:</i>													
• Trade payables			1,614,989	1,688,145	1,761,301	1,541,833	1,468,677		1,233,221	1,287,126	1,341,030	1,179,316	1,125,411
• Other operating liabilities			927,406	969,416	1,011,426	885,396	843,386		789,898	824,428	858,955	755,374	720,847
1st application of IFRS 9									-	-	-	-	-
1st application of IFRS 15									170,415	177,439	184,373	163,572	156,638
Total at January 1st, 2018									2,193,534	2,288,993	2,384,358	2,098,262	2,002,896
<i>Of which:</i>													
• Trade payables									1,233,221	1,287,126	1,341,030	1,179,316	1,125,411
• Other operating liabilities									960,313	1,001,867	1,043,328	918,946	877,485

Foreign exchange sensitivity tests on “ Trade payables and other liabilities ” and “ Trade and other receivables ” show an insignificant net sensitivity to exchange rate fluctuations as of December 31, 2018. (See Note 5.1.10)

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 a ratio of the Group's net debt. The Group includes in net debt all financial liabilities and commitments, other than operating payables, bearing interests, less cash and cash equivalents and other financial assets, other than operating receivables, such as marketable securities and loans. At December 31, 2018 and December 31, 2017, the gearing ratio was as follows:

In thousands of euros	December 31, 2018	December 31, 2017
Net debt ⁽¹⁾	697,616	562,985
Equity (including non-current government grants)	2,188,321	1,760,791
Gearing ratio	31.88%	31.97%

(1) See Note 5.2.7.5 "Reconciliation of gross and net 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.

As part of its capital management, the liquidity account shows the following positions:

- at December 31, 2018:
 - 110,583 securities (shares) ;
 - and €9,035 in cash

An additional contract of €3 million for the liquidity agreement was concluded with "Kepler Cheuvreux" (responsible for monitoring the purchase and sale on behalf of the Group of its shares on the Euronext Paris market) on January 28, 2019.

- at December 31, 2017:
 - 9,500 securities (shares) ;
 - and €3,552,108 in cash

6.2. Commodities risk - Exposure to plastics risk

Plastic Omnium's business requires the purchase of large quantities of plastic, steel, paint and other raw materials subject to price changes that could have an impact on its operating margin.

To limit the risks associated with price fluctuations, the Group has negotiated price indexation clauses with most of its automotive customers or, failing that, regularly renegotiates selling prices.

In view of these measures, the Group considers that the price changes of the raw materials do not have a material impact on its operating margin.

6.3. Credit risk

Credit risk covers customer credit risk and bank counterparty risk.

6.3.1. Customer risk

At December 31, 2018, 7,4% of the Group's trade receivables were past due, versus 13.2% at December 31, 2017. Trade receivables break down as follows:

Ageing analysis of net receivables:

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

At December 31, 2017

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
Automotive	886,624	772,123	114,501	73,557	23,287	13,186	4,471
Environment	46,369	36,849	9,520	4,995	3,792	654	79
Unallocated items	7,091	7,091	-	-	-	-	-
Total at December 31, 2017	940,084	816,063	124,021	78,552	27,079	13,840	4,550
1st application of IFRS 15	-124,507	-124,507	-	-	-	-	-
1st application of IFRS 9	-1,939	-	-1,939	-	-	-	-1,939
Total at January 1st, 2018	813,638	691,556	122,082	78,552	27,079	13,840	2,611

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

6.3.2. Bank counterparty risk

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

6.4. Liquidity risk

The Group must have at all times 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.

6.4.1. Other long-term financial receivables - carrying amounts and undiscounted values

Undiscounted values can be reconciled to the information in the rating table 6.4.2 on “ Liquidity risks by maturity ”.

In thousands of euros	December 31, 2018		December 31, 2017	
	Undiscounted finance receivables	Carrying amount	Undiscounted finance receivables	Carrying amount
Due in one to five years	1,876	1,767	10,100	9,153
Other receivables (see Note 5.1.7.2)	-	4	42	42
Finance receivables related to Environment finance leases (see Note 5.1.6)			799	709
Finance receivables related to Automotive contracts (see Note 5.1.6)	1,876	1,763	9,259	8,402
Due beyond five years	-	-	156	147
Other receivables (see Note 5.1.6)	-	-	-	-
Finance receivables related to Environment finance leases (see Note 5.1.6)			156	147
Total	1,876	1,767	10,256	9,300

6.4.2. Liquidity risk by maturity

Liquidity risk by maturity is calculated on the basis of the undiscounted contractual cash flows of financial liabilities. The liquidity risk analysis shows the following:

At December 31, 2018:

In thousands of euros	December 31, 2018	Less than 1 year	1 to 5 years	More than 5 years
Financial assets				
Available-for-sale financial assets - Equity interests	215	-	215	-
Other available for sale financial assets	28,183	-	28,183	-
Other financial assets	35,829	-	35,829	-
Finance receivables ⁽¹⁾	24,380	22,504	1,876	-
Trade receivables ⁽²⁾	815,300	809,200	6,100	-
Other current financial assets and financial receivables	63,942	63,942	-	-
Hedging instruments	1,898	1,898	-	-
Cash and cash equivalents	916,336	916,336	-	-
Total financial assets	1,886,083	1,813,880	72,203	-

Financial liabilities				
Non-current borrowings ⁽³⁾	1,762,934	29,955	924,231	808,748
Bank overdrafts	4,684	4,684	-	-
Current borrowings ⁽⁴⁾	126,754	126,754	-	-
Other current 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

Financial assets and financial liabilities - net⁽⁵⁾	-1,627,639	33,137	-852,028	-808,748
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(1) Undiscounted amounts (see Notes 5.1.9 "Current financial receivables" and 6.4.1 "Other long-term financial receivables").

(2) "Trade receivables" includes €59 960 thousand past due at December 31, 2018 against €124,021 thousand at December 31, 2017. See Note 6.3.1 on "Customer credit risk".

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

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

(5) See Note 5.2.7.4 on confirmed medium-term credit lines compared to usage. In 2018 and 2017, the confirmed and unused bank lines largely covered the Group's cumulative medium-term financing requirements.

At December 31, 2017:

In thousands of euros	December 31, 2017	Less than 1 year	1 to 5 years	More than 5 years
Financial assets				
Available-for-sale financial assets - Equity interests	316	-	316	-
Other available for sale financial assets	27,514	-	27,514	-
Other financial assets	49,802	-	49,802	-
Finance receivables ⁽¹⁾	53,103	42,889	10,058	156
Trade receivables ⁽²⁾	940,084	935,534	4,550	-
Other current financial assets and financial receivables	83,209	83,209	-	-
Hedging instruments	5,254	5,254	-	-
Cash and cash equivalents	939,635	939,635	-	-
Total financial assets	2,098,917	2,006,521	92,240	156
Financial liabilities				
Non-current borrowings ⁽³⁾	1,427,177	11,332	599,713	816,133
Bank overdrafts	9,993	9,993	-	-
Current borrowings ⁽⁴⁾	393,796	393,796	-	-
Other current debt	4	4	-	-
Hedging instruments	5,618	5,618	-	-
Trade payables	1,233,221	1,233,221	-	-
Total financial liabilities	3,069,810	1,653,964	599,713	816,133
Financial assets and financial liabilities - net⁽⁵⁾	-970,893	352,557	-507,473	-815,977

(1) Undiscounted amounts (see Notes 5.1.10 “Current financial receivables” and 6.4.1 “Other long-term financial receivables”).

(2) “Trade receivables” includes €90,036 thousand past due at December 31, 2017, against €49,521 thousand at December 31, 2016. See Note 6.3.1 on “Customer credit risk”.

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

(5) “Current borrowings” includes the amounts reported in the balance sheet and interest due within one year.

See Note 5.2.7.4 on confirmed medium-term credit lines compared to usage in 2017 and 2016, the confirmed and unused bank

(6) lines largely cover the Group’s cumulated medium-term financing requirements.

6.5. Currency risks

Plastic Omnium’s business is based for the most part on local plants: by producing locally what is sold locally, the group has little exposure to currency fluctuations, except for the translation of financial statements.

The Group’s policy is to minimize the currency risk arising from transactions that will result in future payment or future revenue. If a transaction does give rise to a material currency risk, it is hedged with a forward currency contract. The subsidiary involved places this hedge with the central treasury or, with the latter’s approval, locally.

6.6. Interest rate risk

Interest rate risk relates to the possibility of an increase in variable rates for variable rate debt, which would adversely affect net financial income. Interest rate risk is managed on the basis of the Group's consolidated debt with the main objective of maintaining a durably low consolidated financing cost in light of the Group's profitability.

At December 31, 2018 as at December 31, 2017, the Group's core funding was at fixed rates (see Notes 5.2.7.7 "Analysis of debt by type of interest rate" and 5.2.8.1 "Interest rate hedges").

Financial transactions, particularly interest rate hedges, are carried out with a panel of leading financial institutions. A competitive bidding process is carried out for any significant financial transactions and the diversification of resources and satisfactory participants is a selection criterion.

Sensitivity to interest rate changes:

At December 31, 2018, an increase of 1% in interest rates on variable rate debt would lead to a net increase of €1.4 million in interest expense after taking into account the impact of hedging instruments compared with an increase of €1.3 million (of the interest expense after taking into account the impact of hedging instruments for a 1% increase in the interest rate on variable rate debt) at December 31, 2017.

At December 31, 2018, a 1% decrease in interest rates on floating rate debt would lead to a decrease of €1.4 in the cost of interest after taking into account the impact of hedging instruments compared with an increase of €1.3 million (of interest expense after taking into account the impact of hedging instruments for a 1% decrease in the interest rate on variable rate debt) at December 31, 2017.

6.7. Additional information about financial assets and liabilities

Most derivatives are traded over-the-counter for which there are no listed prices. Therefore, their valuation is based on models commonly used by traders to evaluate these financial instruments (models for discounting future cash flows or option valuation models).

Financial assets and liabilities by category and fair value break down as follows:

2018									
In thousands of euros	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH) ⁽³⁾					
ASSETS									
Available-for-sale financial assets - Equity interests	-	-	215	-	215	215	-	-	-
Available-for-sale financial assets	-	-	28,183	-	28,183	-	27,514	-	669
Other non-current financial assets	37,592	-	-	-	37,592	-	-	-	-
Finance receivables	22,504	-	-	-	22,504	-	-	-	-
Trade receivables	815,300	-	-	-	815,300	-	-	-	-
Other current financial receivables	13,935	50,007	-	-	63,942	-	50,007	-	-
Hedging instruments	-	1,898	-	-	1,898	-	-	1,898	-
Cash and cash equivalents	-	916,336	-	-	916,336	-	-	939,635	-

In thousands of euros	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH) ⁽³⁾					
LIABILITIES									
Non-current borrowings ⁽¹⁾	1,635,811	-	■	-	1,635,811	-	-	-	-
Bank overdrafts	4,684	-	■	-	4,684	-	-	-	-
Current borrowings	123,215	-	■	-	123,215	-	-	-	-
Other current debt	31	-	■	-	31	-	-	-	-
Hedging instruments	-	8,021	■	-3,691	4,330	-	-	4,330	-
Trade payables	1,614,989	-	■	-	1,614,989	-	-	-	-

In 2018, just as in 2017, there was no transfer between fair value levels.

2017

In thousands of euros	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH) ⁽³⁾					
ASSETS									
Available-for-sale financial assets - Equity interests	-	-	316	-	316	316	-	-	-
Available-for-sale financial assets	-	-	27,514	-	27,514	-	27,514	-	-
Other non-current financial assets	59,060	-	-	-	59,060	-	-	-	-
Finance receivables	42,807	-	-	-	42,807	-	-	-	-
Trade receivables	940,084	-	-	-	940,084	-	-	-	-
Other current financial receivables	33,202	50,007	-	-	83,209	-	50,007	-	-
Hedging instruments	-	5,254	-	-	5,254	-	-	5,254	-
Cash and cash equivalents	-	939,635	-	-	939,635	-	-	939,635	-

In thousands of euros	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH) ⁽³⁾					
LIABILITIES									
Non-current borrowings ⁽¹⁾	1,323,771	-		-	1,323,771	-	-	-	-
Bank overdrafts	9,993	-		-	9,993	-	-	-	-
Current borrowings	381,078	-		-	381,078	-	-	-	-
Other current debt	4	-		-	4	-	-	-	-
Hedging instruments	-	8,021		-2,403	5,618	-	-	5,618	-
Trade payables	1,233,221	-		-	1,233,221	-	-	-	-

(1) See Note 5.2.7.5 "Reconciliation of gross and net debt". This includes "Finance lease liabilities" and "Bonds and bank loans".

(2) AFS: "Available-for-sale".

(3) CFH: "Cash Flow Hedge".

In 2018, as in 2017, there was no transfer between fair value levels.

The fair value of financial assets and liabilities at amortized cost was close to the carrying amount, except for current and non-current debt.

In thousand of euros	Balance sheet values at December 31, 2018			Fair value at December 31, 2018		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾⁽²⁾	1,747,410	120,815	1,626,595	1,729,473	120,880	1,608,593

In thousand of euros	Balance sheet values at December 31, 2017			Fair value at December 31, 2017		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾	1,690,437	378,337	1,312,100	1,734,589	387,243	1,347,346

(1) See Note 5.2.7.5 “Reconciliation of gross and net debt”.

(2) The significant variation in bond issues between 2018 and 2017 is due to the new bond issued by Compagnie Plastic Omnium on June 17, 2017 (see Note 2.8.1 in the “Significant events of the period”).

Methods for measuring fair value:

- The fair value of listed bonds is determined on the basis of quoted prices (level 1). The fair value of other borrowings is determined for each loan by discounting future cash flows at a rate corresponding to the Euribor yield curve at year-end, corrected for the Group’s credit risk (level 2).
- The fair value of monetary and non-monetary UCITS is measured according to their last known net asset value (level 1). The fair value of interest rate products (certificates of deposit, time-deposit accounts, negotiable medium-term notes, etc.) is based on discounted future cash flows (the principal and interest) for the remaining duration of the product on the balance sheet date (level 2) (certificates of deposit, term deposits, negotiable medium-term notes, etc.) (nominal and interest). The discount rate used in this framework is the market rate matching the maturity and products’ characteristics.
- Other non-current financial assets and finance receivables: items consisting mainly of finance receivables recorded on the basis of a discounted value when their maturity is more than one year.
- Most of the derivatives are traded over-the-counter on which there are no listed prices. As a result, their valuation is based on models commonly used by traders to evaluate financial instruments using discounted cash flow models or option valuation models (level 2).

7. ADDITIONAL INFORMATION

7.1. Headcount at end of year

	December 31, 2018			December 31, 2017			
	Excluding temporary	Temporary	Total	Excluding temporary	Temporary	Total	Changes/Total
France	2,994	553	3,547	3,703	867	4,570	-22%
%	13.1%	13.4%	13.2%	17.5%	19.8%	17.9%	
Europe excluding France	11,294	1,835	13,129	10,210	2,112	12,322	7%
%	49.5%	44.6%	48.8%	48.3%	48.3%	48.3%	
North America	4,978	650	5,628	3,761	596	4,357	29%
%	21.8%	15.8%	20.9%	17.8%	13.6%	17.1%	
Asia and South America ⁽¹⁾	3,546	1,074	4,620	3,453	802	4,255	9%
%	15.5%	26.1%	17.2%	16.3%	18.3%	16.7%	
Total ⁽²⁾	22,812	4,112	26,924	21,127	4,377	25,504	6%

(1) The “Asia and South America” region includes Turkey, South Africa and Morocco.

(2) The headcount linked to the disposal of the Environment Division represents a total of 1,795 employees in 2018. In 2017, it represented a total of 1,824 employees.

7.2. Off-balance sheet commitments

7.2.1. Commitments granted / received

At December 31, 2018:

In thousands of euros	Total	On intangible assets	On property, plant and equipment	On financial assets and liabilities	Other non-financial current assets/liabilities
Surety bonds granted ⁽¹⁾	-37,087	-	-21,386	-11,453	-4,248
Commitments to purchase assets ⁽²⁾	-48,618	-504	-48,114	-	-
Debt collateral (mortgages) granted to third parties	-	-	-	-	-
Other off-balance sheet commitments	-	-	-	-	-
Total commitments given	-85,705	-504	-69,500	-11,453	-4,248
Surety bonds received ⁽³⁾	6,390	-	6,390	-	-
Total commitments received	6,390	-	6,390	-	-
Total commitments – net	-79,315	-504	-63,110	-11,453	-4,248

At December 31, 2017:

In thousands of euros	Total	On intangible assets	On property, plant and equipment	On financial assets and liabilities	Other non-financial current assets/liabilities
Surety bonds granted ⁽⁴⁾	-15,141	-	-2,760	-556	-11,825
Commitments to purchase assets ⁽⁵⁾	-55,455	-	-55,455	-	-
Debt collateral (mortgages) granted to third parties ⁽⁶⁾	-3,221	-	-	-3,221	-
Other off-balance sheet commitments	-340	-298	-	-	-42
Total commitments given	-74,157	-298	-58,215	-3,777	-11,867
Surety bonds received	320	-	-	-	320
Total commitments received	320	-	-	-	320
Total commitments – net	-73,837	-298	-58,215	-3,777	-11,547

At December 31, 2018:

(1) The surety bond given are mainly related to :

- €19 million for paint line of Plastic Omnium Auto Exteriors S.R.O. ;
- € 6 million on financial assets and liabilities of HBPO Germany GmbH to Deutsche Bank and €5.2 million of Compagnie Plastic Omnium SA to Société Générale Frankfurt ;
- €4.1 million on other non-financial current assets/ liabilities of of Plastic Omnium Equipamientos Exteriores SA to BNP Spain.

(2) The commitments to purchase assets are mainly related to:

- €34.4 million of Plastic Omnium Auto Inergy (USA) LLC;
- €3.5 million of Plastic Omnium Auto Inergy Mexico SA de CV.

(3) The surety bonds received are mainly related to:

- €6.7 million of Crédit Agricole CIB pour Plastic Omnium Auto Exteriors S.R.O.

At December 31, 2017:

(4) The surety bond given are mainly related to :

- €5,6 million other non-financial current assets/ liabilities of Plastic Omnium Sistemas Urbanos SA and €3.8 million of Compania Plastic Omnium SA to BNP Spain.

(5) The commitments to purchase assets are mainly related to:

- €45.2 million of Plastic Omnium Auto Inergy (USA) LLC.

(6) The amount in “Debt collateral (mortgages)” granted to third parties corresponded to a mortgage of €3.2 million from Compagnie Plastic Omnium SA.

7.2.2. Operating leases where the Group is lessee

In thousand of euros	December 31, 2018	December 31, 2017
<i>Minimum lease payments under non cancelable operating leases</i>		
Due within one year	57,158	54,718
Due in one to five years	122,351	97,327
Due beyond five years	50,317	28,283
Total	229,826	180,328

7.3. Related party transactions

7.3.1. Compensation paid to senior executives and corporate officers

The Directors are, in accordance with IAS 24 “Persons with the authority and responsibility for planning, directing and controlling the activities” of Compagnie Plastic Omnium and its subsidiaries.

No new equity option plans were granted in 2018.

The total amount of compensation paid to members of the Board of Directors and Senior Executives is presented in the table below:

<i>In thousands of euros</i>	Paid or payable by...	2018	2017
Directors’ fees	Paid by Compagnie Plastic Omnium	166	155
Directors’ fees	Paid by companies controlled by Compagnie Plastic Omnium (excl. Compagnie Plastic Omnium) and by Burelle SA	397	404
Gross compensation	Payable by the Plastic Omnium Group	6,751	6,889
Supplementary pension plans	Payable by the Plastic Omnium Group ⁽¹⁾	-	878
Cost of stock option plans	Payable by the Plastic Omnium Group	498	786
	<i>Cost spread over the vesting period</i>	498	685
	<i>Social contributions related to the new plan over the period</i> ⁽²⁾	-	101
Total compensation		7,811	9,112

(1): No supplementary pension plan has been taken out during 2018.

(2) : No new stock option plan in 2018

7.3.2. Transactions with Sofiparc SAS, Burelle SA and Burelle Participations SA

At December 31, 2018:

In thousands of euros	Direct and indirect costs	Royalties and management fees	Financial income and expenses	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	-	-5,842	2	-	886	-	2	-	36
Burelle SA	2	-7,903	8	-	-	2,319	8	-	11
Burelle Participations SA	-	-	8	-	-	-	8	-	-

At December 31, 2017:

In thousands of euros	Restated			Published					
	Direct and indirect costs	Royalties and management fees	Financial income and expenses	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	-	-5,907	5	-	1,185	-	-	-	2
Burelle SA	2	-7,891	12	-	-	2,460	-	-	11
Burelle Participations SA	-	-	6	-	-	-	-	-	-

7.4. Fees paid to the Statutory Auditors

In thousands of euros	2018		
	Mazars	EY	Total
Audit services	-1,763	-2,314	-4,078
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	-431	-376	-807
<i>Subsidiaries</i>	-1,332	-1,938	-3,271
Fees other than certification of accounts⁽¹⁾	-174	-1,071	-1,245
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	-127	-84	-211
<i>Subsidiaries</i>	-47	-987	-1,034
Total	-1,937	-3,385	-5,323

In thousands of euros	2017		
	Mazars	EY	Total
Audit services	-2,130	-1,954	-4,084
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	-416	-424	-840
<i>Subsidiaries</i>	-1,714	-1,530	-3,244
Fees other than certification of accounts⁽¹⁾	-168	-602	-770
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	-78	-288	-366
<i>Subsidiaries</i>	-90	-314	-404
Total	-2,298	-2,556	-4,854

(1) The "Fees other than certification of accounts" are related to the review of the consolidated social, environmental and societal information provided in the management report, the certificates, the agreed procedures, and due diligence.

7.5. Consolidating entity

Burelle SA holds 59.42% of Compagnie Plastic Omnium, after the cancellation of Compagnie Plastic Omnium's treasury stock (58.51% before cancellation of treasury stock), and fully consolidates the Company.

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

7.6. Subsequent events

No event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2018 has occurred since the closing date.

LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2018

Legal name	Reportable segment				December 31, 2018			December 31, 2017			Tax group
	Industries	Modules	Environment	Un-allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
<u>France</u>											
COMPAGNIE PLASTIC OMNIUM SA				*	Parent company			Parent company			1 - a
PLASTIC OMNIUM SYSTEMES URBAINS SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
METROPLAST SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
LA REUNION VILLES PROPRES SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM CARAIBES SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
INERGY AUTOMOTIVE SYSTEMS FRANCE SAS		*			FC	100	100	FC	100	100	1 - a
PLASTIC RECYCLING SAS	c2018	*			EM_ifrs_2014	50	50	EM_ifrs_2014	50	50	
PLASTIC OMNIUM AUTO EXTERIEUR HOLDING SA	x2017f	*			FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO EXTERIEUR SERVICES SAS		*			FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM GESTION SNC				*	FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM FINANCE SNC				*	FC	100	100	FC	100	100	1 - a
LUDOPARC SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM AUTO EXTERIORS SA		*			FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY SAS		*			FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY MANAGEMENT SAS		*			FC	100	100	FC	100	100	1 - a
BEAUVAIS DIFFUSION SAS	d2018		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AITO EXTERIEUR SA	x2017e	*			FC	100	100	FC	100	100	1 - a
TECHNIQUES ET MATERIELS DE COLLECTE - « TEMACO » SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM COMPOSITES SA	ca2017	*			FC	100	100	FC	100	100	1 - a
MIXT COMPOSITES RECYCLABLES - MCR SAS	c2017	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM ENVIRONNEMENT HOLDING SAS	cp2018		*		FC	100	100	FC	100	100	1 - b
SIGNALISATION FRANCE SA				*	FC	100	100	FC	100	100	1 - b
SULO FRANCE SAS	d2018		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM AUTO INERGY SERVICES SAS		*			FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY FRANCE SAS		*			FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM MANAGEMENT 4	i2017	*			FC	100	100	FC	100	100	
<u>South Africa</u>											
PLASTIC OMNIUM AUTO INERGY SOUTH AFRICA (PROPRIETARY) Ltd		*			FC	100	100	FC	100	100	

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	Industri es	Modules	Environ- ment	Un- allocate d	Method of Consolidation	% control	% interest	Method of Consolidation	% contro l	% interest	
<u>Germany</u>											
PLASTIC OMNIUM GmbH				*	FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM AUTO COMPONENTS GmbH				*	FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM ENTSORGUNGSTECHNIK GmbH	cp2018			*	FC	100	100	FC	100	100	2 - a
PLASTIC OMNIUM AUTO INERGY GERMANY GmbH				*	FC	100	100	FC	100	100	2 - b
HBPO BETEILIGUNGSGESELLSCHAFT GmbH	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
HBPO RASTATT GmbH	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
HBPO GERMANY GmbH	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
HBPO GmbH	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
PLASTIC OMNIUM ENVIRONNEMENT GmbH	cp2018			*	FC	100	100	FC	100	100	2 - a
ENVICOMP SYSTEMLOGISTIK GmbH	cp2018			*	FC	100	100	FC	100	100	2 - a
WESTFALIA INTRALOG GmbH	cp2018			*	FC	100	100	FC	100	100	2 - a
SULO UMWELTTECHNIK GmbH	cp2018			*	FC	100	100	FC	100	100	2 - a
PLASTIC OMNIUM COMPOSITES GmbH	ca2017			*	FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM SYSTEMS GmbH	cp2018			*	FC	100	100	FC	100	100	2 - a
HBPO INGOLSTADT GmbH	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
HBPO REGENSBURG GmbH	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
SULO EA GmbH	d2018			*	FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM AUTOMOTIVE EXTERIORS GmbH				*	FC	100	100	FC	100	100	2 - bi
HBPO VAIHINGEN Enz GmbH	b2017 - bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
<u>Argentina</u>											
PLASTIC OMNIUM AUTO INERGY ARGENTINA SA				*	FC	100	100	FC	100	100	
PLASTIC OMNIUM SA				*	FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE ARGENTINA				*	FC	100	100	FC	100	100	
<u>Belgium</u>											
PLASTIC OMNIUM NV	cp2018			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM ADVANCED INNOVATION AND RESEARCH NV				*	FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY BELGIUM SA				*	FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE BELGIUM				*	FC	100	100	FC	100	100	
OPTIMUM CPV BVBA	b2017			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM NEW ENERGIES SA	a2018			*	FC	100	100	-	-	-	
<u>Brazil</u>											
PLASTIC OMNIUM AUTO INERGY				*	FC	100	100	FC	100	100	
PLASTIC OMNIUM DO BRASIL Ltda				*	FC	100	100	FC	100	100	
HBPO BRASIL AUTOMOTIVE SERVICOS Ltda	bc2018			*	FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	

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		Industri es	Modules	Environ- ment	Un- allocate d	Method of Consolidation	% control	% interest	Method of Consolidation	% contro l	% interest	
Canada												
HBPO CANADA INC.	bc2018		*			FC	66.67	66.67	EM_Ifrs_2014	33.33	33.33	
Chile												
PLASTIC OMNIUM SA	cp2018			*		FC	100	100	FC	100	100	
China												
PLASTIC OMNIUM COMPOSITES (JIANGSU) Co. Ltd	c2017	*				FC	100	100	FC	100	100	
WUHAN PLASTIC OMNIUM AUTO INERGY Co. Ltd		*				FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
PLASTIC OMNIUM INERGY (SHANGHAI) CONSULTING Co. Ltd		*				FC	100	100	FC	100	100	
INERGY AUTOMOTIVE SYSTEMS CONSULTING (BEIJING) Co. Ltd		*				FC	100	100	FC	100	100	
BEIJING PLASTIC OMNIUM AUTO INERGY Co. Ltd		*				FC	60	60	FC	60	60	
CHONGQING YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR FAWAY Co. Ltd		*				EM_Ifrs_2014	49.95	25.47	EM_Ifrs_2014	49.95	25.47	
GUANGZHOU ZHONGXIN YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR TRIM Co. Ltd		*				EM_Ifrs_2014	49.95	25.47	EM_Ifrs_2014	49.95	25.47	
CHENGDU FAWAY YANFENG PLASTIC OMNIUM Co. Ltd		*				EM	24.48	24.48	EM	24.48	24.48	
HBPO CHINA Co. Ltd	c2018 - bc2018		*			FC	66.67	66.67	EM_Ifrs_2014	33.33	33.33	
YANFENG PLASTIC OMNIUM (SHANGHAI) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
DONGFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM	24.98	24.98	EM	24.98	24.98	
GUANGZHOU PLASTIC OMNIUM AUTO INERGY Co. Ltd		*				FC	100	100	FC	100	100	
SHENYANG PLASTIC OMNIUM AUTO INERGY Co. Ltd		*				FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM YIZHENG AUTOMOTIVE EXTERIOR SYSTEM Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
PLASTIC OMNIUM HOLDING (SHANGHAI) Co. Ltd				*		FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM (SHENYANG) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
YANFENG PLASTIC OMNIUM NINGBO AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
YANFENG PLASTIC OMNIUM WUHAN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
NINGBO PLASTIC OMNIUM AUTO INERGY Co. Ltd		*				FC	100	100	FC	100	100	
HBPO CHINA BEIJING Co. Ltd	bc2018		*			FC	66.67	66.67	EM_Ifrs_2014	33.33	33.33	
YANFENG PLASTIC OMNIUM HARBIN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
CHONGQING PLASTIC OMNIUM AUTO INERGY Co. Ltd		*				FC	100	100	FC	100	100	
CHANGCHUN HUAZHONG YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIORS Co. Ltd	b2017	*				EM_Ifrs_2014	24.98	24.98	EM_Ifrs_2014	24.98	24.98	
YANFENG PLASTIC OMNIUM HANGZHOU AUTO EXTERIOR SYSTEMS Co. Ltd	b2017	*				EM_Ifrs_2014	49.95	49.95	EM_Ifrs_2014	49.95	49.95	
South Korea												
SHB AUTOMOTIVE MODULES	bc2018		*			EM_Ifrs_2014	34.34	34.34	EM_Ifrs_2014	16.67	16.67	
PLASTIC OMNIUM Co. Ltd		*				FC	100	100	FC	100	100	
HBPO PYEONGTAEK Ltd	bc2018		*			FC	66.67	66.67	EM_Ifrs_2014	33.33	33.33	
HBPO ASIA HQ Ltd	bc2018		*			FC	66.67	66.67	EM_Ifrs_2014	33.33	33.33	

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		Industri es	Modules	Environ- ment	Un- allocat ed	Method of Consolidation	% control	% interest	Method of Consolidation	% contro l	% interest	
<u>Spain</u>												
COMPANIA PLASTIC OMNIUM SA	d2018				*	FC	100	100	FC	100	100	3
PLASTIC OMNIUM EQUIPAMIENTOS EXTERIORES SA		*				FC	100	100	FC	100	100	3
PLASTIC OMNIUM SISTEMAS URBANOS SA	cp2018			*		FC	100	100	FC	100	100	3
PLASTIC OMNIUM AUTO INERGY SPAIN SA		*				FC	100	100	FC	100	100	3
PLASTIC OMNIUM COMPOSITES ESPANA SA		*				FC	100	100	FC	100	100	3
HBPO AUTOMOTIVE SPAIN SL	bc2018		*			FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
PLASTIC OMNIUM COMPONENTES EXTERIORES SL		*				FC	100	100	FC	100	100	3
PLASTIC OMNIUM AUTOMOTIVE ESPANA		*				FC	100	100	FC	100	100	3i
<u>United States</u>												
PLASTIC OMNIUM AUTO EXTERIORS LLC		*				FC	100	100	FC	100	100	4
PLASTIC OMNIUM Inc.					*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM INDUSTRIES Inc.					*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTO INERGY (USA) LLC		*				FC	100	100	FC	100	100	4
HBPO NORTH AMERICA Inc.	bc2018		*			FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
AUTOMOTIVE EXTERIORS LLC		*				FC	100	100	FC	100	100	4
<u>Hungary</u>												
HBPO MANUFACTURING HUNGARY Kft	bc2018		*			FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
HBPO AUTOMOTIVE HUNGARIA Kft	bc2018		*			FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
<u>India</u>												
PLASTIC OMNIUM AUTO EXTERIORS (INDIA) PVT Ltd		*				FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDIA PVT Ltd		*				FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY MANUFACTURING INDIA PVT Ltd		*				FC	55	55	FC	55	55	
<u>Israel</u>												
POCellTech	f2017	*				EM_ifrs_2014	50	23	EM_ifrs_2014	50	23	
<u>Japan</u>												
PLASTIC OMNIUM KK		*				FC	100	100	FC	100	100	

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	Industri es	Modules	Environ- ment	Un- allocate d	Method of Consolidation	% control	% interest	Method of Consolidation	% contro l	% interest	
<u>Malaysia</u>											
HICOM HBPO SDN BHD	bc2018	*			EM	26.66	26.66	EM	13.33	13.33	
<u>Morocco</u>											
PLASTIC OMNIUM AUTO INERGY (MOROCCO) SARL		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIEUR	a2017f	*			FC	100	100	FC	100	100	
<u>Mexico</u>											
PLASTIC OMNIUM INDUSTRIAL AUTO EXTERIORES RAMOS ARIZPE SA DE CV		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY MEXICO SA DE CV		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIORES SA DE CV	c2017	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM SISTEMAS URBANOS SA DE CV	cp2018		*		FC	100	100	FC	100	100	
HBPO MEXICO SA DE CV	bc2018		*		FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
PLASTIC OMNIUM MEDIO AMBIENTE SA DE CV	cp2018		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INDUSTRIAL SRL DE CV		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDUSTRIAL SA DE CV		*			FC	100	100	FC	100	100	
HBPO SERVICES MEXICO SA DE CV	bc2018		*		FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
HBPO MANAGEMENT SERVICES MEXICO SA DE CV	bc2018		*		FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
<u>Netherlands</u>											
PLASTIC OMNIUM BV	cp2018		*		FC	100	100	FC	100	100	5
PLASTIC OMNIUM ENVIRONMENT BV	cp2018		*		FC	100	100	FC	100	100	5
DSK PLASTIC OMNIUM BV		*			FC	51	51	FC	51	51	
PLASTIC OMNIUM AUTO INERGY NETHERLANDS HOLDING BV		*			FC	100	100	FC	100	100	
<u>Poland</u>											
PLASTIC OMNIUM AUTO INERGY POLAND Sp Z.O.O		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIORS Sp Z.O.O		*			FC	100	100	FC	100	100	
SULO Sp Z.O.O	cp2018		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO Sp Z.O.O		*			FC	100	100	FC	100	100	

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Legal name	Reportable segment				December 31, 2018			December 31, 2017			Tax group
	Industri es	Modules	Environ- ment	Un- allocate d	Method of Consolidation	% control	% interest	Method of Consolidation	% contro l	% interest	
<u>Czech republic</u>											
HBPO CZECH S.R.O.	bc2018	*			FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
SULO S.R.O.	cp2018		*		FC	100	100	FC	100	100	
<u>Romania</u>											
PLASTIC OMNIUM AUTO INERGY ROMANIA SRL		*			FC	100	100	FC	100	100	
<u>United Kingdom</u>											
PLASTIC OMNIUM AUTOMOTIVE Ltd		*			FC	100	100	FC	100	100	6
PLASTIC OMNIUM URBAN SYSTEMS Ltd	cp2018		*		FC	100	100	FC	100	100	6
SULO MGB Ltd	cp2018		*		FC	100	100	FC	100	100	6
HBPO UK Ltd	bc2018		*		FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
<u>Russia</u>											
OOO STRAVROVO AUTOMOTIVE SYSTEMS		*			FC	100	100	FC	100	100	
DSK PLASTIC OMNIUM INERGY		*			FC	51	51	FC	51	51	
<u>Singapore</u>											
SULO ENVIRONMENTAL SYSTEMS PTE Ltd	cp2018			*	FC	100	100	FC	100	100	
<u>Slovakia</u>											
PLASTIC OMNIUM AUTO EXTERIORS S.R.O.		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY SLOVAKIA S.R.O.		*			FC	100	100	FC	100	100	
HBPO SLOVAKIA S.R.O.	bc2018		*		FC	66.67	66.67	EM_ifrs_2014	33.33	33.33	
PLASTIC OMNIUM AUTOMOTIVE SLOVAKIA S.R.O.	d2017	*			FC	100	100	FC	100	100	
<u>Sweden</u>											
PLASTIC OMNIUM AB	cp2018			*	FC	100	100	FC	100	100	
<u>Switzerland</u>											
PLASTIC OMNIUM AG	cp2018			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM RE AG				*	FC	100	100	FC	100	100	
SWISS HYDROGEN	b2017	*			FC	100	100	FC	100	100	
<u>Thailand</u>											
PLASTIC OMNIUM AUTO INERGY THAILAND Co. Ltd		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE Co. Ltd		*			FC	100	100	FC	100	100	
<u>Turkey</u>											
B.P.O. AS		*			EM_ifrs_2014	50	49.98	EM_ifrs_2014	50	49.98	

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_2014:	Companies consolidated by the equity method since the application of the new consolidation standards at January 1, 2014

Movements for the period:

Creation of companies:

a2018	Companies created in 2018
a2017f	Companies being formed in 2017, created in 2018
a2017	Companies created in 2017

Acquisition of companies:

b2018	Companies acquired 2018
b2017	Companies acquired in 2017

Takeover of a business line with full consolidation:

bc2018	Takeover of HBPO at June 26, 2018
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Disposal of companies:

c2018	Companies disposed in 2018
c2017	Companies disposed in 2017

Disposal of sites and / or activities and activities of Business Divisions

cp2018	Disposal of the Environment Division in 2018
ca2017	Disposal of sites and/or activities in 2017

Merging of companies:

d2018	Companies merged in 2018
d2017	Companies merged in 2017

Liquidation of companies:

e2018	Companies liquidated in 2018
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Change in the percentage of Plastic Omnium ownership:

f2017	"Ξ PO-CellTech" in 2017
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Activation of companies:

i2018	companies activated during 2018
i2017	companies activated during 2017

Change in company name:

x2018 **Companies whose name was changed in 2018**

x2017 **Companies whose name was changed in 2017**

x2017e “Plastic Omnium Auto Exterior SA” is the new name of “Plastic Omnium Vernon SAS”.

x2017f “Plastic Omnium Auto Exterior SA” is the new name of “Plastic Omnium Auto Exterior SA”.

Tax group:

1 - a Plastic Omnium France
1 - b Plastic Omnium France Environnement Holding
2 - a Germany Systèmes Urbains
2 - b Germany Plastic Omnium Gmbh
2 - bi Companies included in 2017 in the German tax group Plastic Omnium Gmbh
2 - c Germany Plastic Omnium Environnement
3 Spain
3i Companies included in the Spain tax group in 2017
4 United States
5 Netherlands
6 United Kingdom.
7-a Germany HBPO