PLASTIC OMNIUM

Levallois, July 23, 2020

# 2020 half-year results:
# Resilience and transformation

## An agile, efficient and responsible group to manage an historical drop in worldwide automotive production in the first half-year

- Outperformance of 4.3 pts on worldwide automotive production down 33.8% in the first half of 2020;
- Group anticipation and reactivity: €117 million in cost reductions over the period;
- Protecting cash and liquidities: investments were reduced by €82 million; €560 million of 5-year new credit lines, without any covenants;
- On top of employee protection measures, creation of a dedicated Covid-19 fund.

## Reinforced leadership and ambitions in a slowly recovering market

- Outperforming worldwide automotive production by at least 5 points in 2020 and 2021;
- Management hypothesis of a production at 64 million in 2020 and 70 million in 2021 (against 86 million in 2019);
- Strengthening the Group's profitability with a new plan for annual savings of €240-million by end-2022: digitizing and transforming the organization, and industrial rationalization;
- Consolidating clean and connected mobility technologies based on strong innovative capacity and a sound financial structure with €1.9 billion in liquidities available at June 30, 2020;
- Making CSR a performance accelerator via ambitious programs in terms of carbon neutrality, team diversity and equal opportunities.

"Facing an unprecedented global crisis, we can rely on solid human, industrial, technological and financial fundamentals, which will enable us to maintain our strategic ambitions to be a key player in clean and connected mobility.

The Group is unveiling a far-reaching transformation plan to respond to both the moderate recovery in the global automotive market and the accelerating technological and societal changes.

Plastic Omnium will return to positive results and to significant free cash-flow generation in the second half. Our results will continue to grow in the coming years.

I am convinced that the Group will emerge stronger from this crisis. All Plastic Omnium teams are more mobilized than ever and I thank them for their commitment."

**Laurent Favre, Chief Executive Officer of Compagnie Plastic Omnium SE**

## 2020 half-year results

Plastic Omnium had a strong start to 2020. In the first quarter of 2020, despite a 22% drop in automotive production, the Group's revenue stood at €2.1 billion, a level comparable to that of the first quarter of 2019. Net profit was positive.

In the second quarter of 2020, the Group faced a slump of 46% in worldwide automotive production, which reduced its revenue to €1.1 billion, led to significant operating losses despite rapidly implemented savings plans and generated high working capital requirements.

- Economic revenue: €3,233 million (-29.9% and -29.5% like-for-like), i.e. outperformance of 4.3 pts*
- Consolidated revenue: €2,962 million (-30.6% and -30.3% like-for-like), i.e. outperformance of 3.5 pts*
- EBITDA: €171 million, 5.8% of consolidated revenue
- Operating margin: -€116 million, -3.9% of consolidated revenue
- Net profit – Group share: -€179 million, excluding impairment of assets net of tax

  -€404 million, after -€267 million in impairments of assets

  Given the slump in volumes due to the Covid-19 pandemic and an assumption of slow recovery in worldwide automotive production, which in the medium term is set to remain significantly below pre-crisis forecasts, the Group wrote off €267 million in tangible and intangible assets.

- Free cash-flow: -€572 million
  -€157 million, before -€415 in change in WCR
- Net debt: €1,410 million, representing 78% of shareholders' equity and 2.1 times EBITDA
- Liquidities: €1.9 billion at June 30, 2020

* vs a 33.8% drop in worldwide automotive production in the first half of 2020

## Outlook

In the context of a general recovery in activity, worldwide automotive production remains difficult to predict due to changes in the global health and economic situation.

In the second half of 2020, Plastic Omnium has assumed a 15% drop in worldwide automotive production.

**Over 2020 as a whole, worldwide automotive production is now expected to be 64 million vehicles. This assumption does not take account of a possible second wave of Covid-19.**

In these market conditions, the Group will continue to lower its breakeven point.
**In the second half of 2020, it anticipates:**

- **an operating margin of at least 4%;**
- **EBITDA of at least 10%;**
- **free cash-flow of at least €250 million.**

**Over 2020 as a whole** and depending on the pace of recovery in each key automotive market and the effect of different national and regional measures to support the automotive sector, **the Group anticipates:**

- **market outperformance of at least 5 points;**
- **EBITDA higher than 8% of consolidated revenue;**
- **a positive operating margin.**

**For 2021**, Plastic Omnium assumes a slow recovery in worldwide automotive production with 70 million vehicles, compared with 86 million in 2019 and 64 million in 2020. This management assumption, which is well below the 76 million vehicles predicted for 2021 by the main forecasting institutes, will be used to resize the Group's cost structure.
In this context, **the Group is set to outperform worldwide automotive production by at least 5 points**. Thanks to this growth combined with the initial effects of the new plan to generate annual savings of €240 million by the end of 2022, **Plastic Omnium will significantly improve its results and cash generation over the period.**

## Acceleration of launches for electric vehicles and hydrogen strategy

Numerous new programs for 100% electric vehicles are coming on stream. In recent months, Plastic Omnium has had many commercial successes with the new 100% electric range of its regular customers, in particular:

- Taycan – Porsche: front-end modules and first cockpit modules (Germany);
- E-tron – Audi: front and rear bumpers (Belgium and China) and front-end modules (Belgium);
- ID-3/ID-4 – Volkswagen: front-end modules, innovative active grille systems and center consoles (Germany) and front and rear bumpers and rear tailgates (China – ID4);
- new electric SUV – Mercedes: front and rear bumpers, front-end modules, spoilers, wheel arches and rocker panels (Germany).

The Group is also positioning itself among 100% electric players:

- Tesla models: front and rear bumpers (China) and front-end modules (North America and China);
- Polestar 1 and Polestar 2: front and rear bumpers (China);
- Lucid – Air: front and rear bumpers (United States);
- Rivian: front-end modules for pick-ups and front grille systems for vans (Canada).

In terms of hybrid vehicles, Plastic Omnium has won:

- its first pre-development contract with an American OEM for a Tanktronic® pressurized tank (fuel system designed to withstand increases in gasoline vapor pressure when the vehicle is running in electric mode), which will be used in a new plug-in hybrid vehicle (PHEV) produced in Europe;
- a second pre-development Tanktronic® contract with an Asian OEM. Initially dedicated to the architecture of a PHEV vehicle, it will be rolled out in 2021 across all the carmaker's hybrid vehicles.

In the area of hydrogen storage solutions, Plastic Omnium obtained certification for its 700-bar vessel at the end of 2019 and certification for its 350-bar vessel in the first quarter of 2020. The Group also won its first contract to develop vessels with a German customer, with production set to start in late 2021.

Plastic Omnium is positioning itself as the leader in low-carbon hydrogen mobility in trucks and passenger vehicles. **The Group expects that by 2030 hydrogen will represent a market of 2 million vehicles and is targeting 25% market share in the energy storage segment and 10% in the energy production segment by 2030.**

## First half 2020 results

Compagnie Plastic Omnium SE's Board of Directors, chaired by Mr. Laurent Burelle, met on July 22, 2020 and approved the consolidated financial statements for the six months ended June 30, 2020.

| In € millions | 1st half 2019 | 1st half 2020 | Change |
|---|---|---|---|
| Economic revenue | 4,611 | **3,233** | -29.9% |
| Consolidated revenue | 4,268 | **2,962** | -30.6% |
| Operating margin<br>as % of consolidated revenue | 281<br>6.6% | **-116**<br>**-3.9%** | -€397m<br>-10.5 pts |
| Net profit - Group share,<br>excluding impairments of assets net of tax | 155 | **-179** | -€334m |
| Net result - Group share | 155 | **-404** | -€559m |
| EBITDA<br>as % of consolidated revenue | 511<br>12.0% | **171**<br>**5.8%** | -€340m<br>-6.2 pts |
| Investments | 308 | **226** | -€82m |
| Free cash-flow | 30 | **-572** | -€602m |
| Net debt at June 30<br>Net debt/equity<br>Net debt/EBITDA | 1,021<br>46%<br>1.1x | **1,410**<br>**78%**<br>**2.1x** | +€389m |

## Change in revenue

| In € millions<br>by business | 1st half 2019 | 1st half 2020 | Change | Change LFL* |
|---|---|---|---|---|
| Plastic Omnium Industries | 3,458 | 2,395 | *-30.8%* | *-30.7%* |
| Plastic Omnium Modules | 1,153 | 838 | *-27.3%* | *-25.7%* |
| **Economic revenue** | **4,611** | **3,233** | ***-29.9%*** | ***-29.5%*** |
| *Joint ventures* | 343 | 271 | *-20.8%* | *-19.2%* |
| Plastic Omnium Industries | 3,207 | 2,203 | *-31.3%* | *-31.4%* |
| Plastic Omnium Modules | 1,061 | 759 | *-28.4%* | *-26.9%* |
| **Consolidated revenue** | **4,268** | **2,962** | ***-30.6%*** | ***-30.3%*** |

*Like-for-like: constant scope and exchange rates

Over the first six months of 2020, worldwide automotive production fell by 14.7 million vehicles (a 33.8% decline), dropping from 43.6 million vehicles in the first half of 2019 to 28.8 million vehicles in the first half of 2020.

In this context, **economic revenue** for Compagnie Plastic Omnium SE, stands at **€3,233 million**, down **29.9%** compared to the first half of 2019 (**-29.5% like-for-like). Outperformance** compared to worldwide automotive production is **4.3 points**, of which 3.1 points for Plastic Omnium Industries and 8.1 points for Plastic Omnium Modules.

**Consolidated revenue** for Compagnie Plastic Omnium SE was **€2,962 million** in the first half of 2020, down **30.6%** (**-30.3% like-for-like). Outperformance** compared to worldwide automotive production was **3.5 points.**

| In € millions and as a % of revenue<br>By region | 1st half 2019 | 1st half 2020 | Change LFL* | Change in automotive production |
|---|---|---|---|---|
| Europe | 2,445 | 1,745 | -28.6% | -40.3% |
| North America | 1,311 | 852 | -35.1% | -40.2% |
| Asia | 728 | 567 | -21.0% | -27.7% |
| of which China | 385 | 336 | -11.8% | -21.3% |
| South America | 82 | 30 | -50.6% | -50.8% |
| Africa | 45 | 38 | -10.9% | -12.7% |
| **Economic revenue** | **4,611** | **3,233** | **-29.5%** | **-33.8%** |
| Joint ventures | 343 | 271 | -19.2% | |
| **Consolidated revenue** | **4,268** | **2,962** | **-30.3%** | **-33.8%** |

*Like-for-like: constant scope and exchange rates

In **Europe,** which represents 54% of Group economic revenue, automotive production was hit by total production stoppages among OEMs between mid-March and the beginning of May. It finished the first half of 2020 down 40.3%, with Q2 down 62.8%. In this context, revenue for Plastic Omnium stood at €1,745 million, down 28.6%, resulting in outperformance of 11.7 points. It continues to benefit from the success of the SCR emissions reduction system and the expansion of its range of modules.

In **North America,** which accounts for 26% of Group economic revenue, automotive production shut down completely between late March and mid-May. It finished the first half of 2020 down 40.2%, with Q2 down 69.2%. In this context, revenue for Plastic Omnium stood at €852 million, down 35.1% on a like-for-like basis, resulting in outperformance of 5.1 points, thanks to the ramp-up of new American and Mexican plants.

**China,** which accounts for 10% of Group economic revenue, was the first country hit by Covid-19 and by production stoppages among carmakers starting in late January. Automotive production fell 46.4% in Q1 2020, following which it rose 6.2% in Q2, based on favorable prior-year comparatives. It was down 21.3% over the first half of the year. In this context, revenue for Plastic Omnium stood at €336 million, down 11.8% on a like-for-like basis, resulting in outperformance of 9.5 points, thanks to the strength of its order book.

In **Asia excluding China**, which accounts for 8% of Group economic revenue, activity was down 31.4% on a like-for-like basis in a market that was down 33.9%.

## Major cost reductions to limit the impact of the significant drop in business on operating results

Expecting a significant drop in automotive production in 2020, the Group implemented cost reduction and industrial footprint flexibility plans since the end of 2019. Learning from the business shutdown in China during the first quarter, these plans were strengthened to deal with the production shutdowns in the rest of the world from mid-March. They were rolled out extremely quickly and managed daily, site by site.

- The Group's payroll, which represented 15% of revenue in 2019, dropped 40% during the shutdown thanks to:

- Partial unemployment measures implemented rapidly, in accordance with applicable provisions, in all Group plants, R&D and administrative centers as soon as they closed;
- the termination of the contracts of temporary employees, representing 20% of the workforce, in the countries concerned.

The Group has ensured the protection of its employees by supplementing, country by country, the legal provisions through agreements with trade unions (particularly in France, Germany and Spain) or through unilateral actions in countries without employee representation, such as the United States and Mexico.

Furthermore, the compensation of Group's executives was reduced by 15% during the business shutdown (-20% for members of the Executive Committee and -25% for executive directors) and the annual compensation of directors was reduced, at their initiative, by 15%.

- Production costs and overheads, representing 6% of revenue in 2019, dropped 30% over the period. All non-essential expense commitments have been cancelled.

In total, over the first half of the year, the Group reduced personnel expenses by 14%, for savings of €94 million. Production costs and overheads have been reduced by €23 million. All costs will continue to decline significantly in the second half.

In the first half of 2020, the Group's operating result stood at -€116 million and represented -3.9% of consolidated revenue, of which -€106 million for Plastic Omnium Industries (-4.8% of revenue) and -€11 million for Plastic Omnium Modules (-1.4% of revenue).

In addition, the ongoing action plan for the Greer plant in the United States is continuing as announced with the improvement of all industrial indicators and a level of quality in line with customer expectations.

## Net result - Group share

The Group recorded €313 million of non-current expenses in the first half of 2020. These include €267 million in impairment of tangible and intangible assets, given the slump in volumes due to the Covid-19 pandemic and an assumption of slow recovery in worldwide automotive production, which in the medium term will remain significantly below pre-crisis forecasts.

The net financial loss stood at -€35 million at June 30, 2020 versus a loss of -€37 million at June 30, 2019.

In the first half of 2020, the Group recorded tax income of €47 million versus an expense of €56 million in the first half of 2019 (effective rate of 28.0%), mainly related to the impact of deferred taxes.

At June 30, 2020, the net profit - Group share, excluding asset impairments, net of taxes, amounted to a loss of -€179 million. After these impairments, it was -€404 million.

## EBITDA and free cash-flow

EBITDA stood at €171 million in the first half of 2020 (i.e. 5.8% of consolidated revenue) versus €511 million and 12.0% of consolidated revenue in the first semester of 2019.

In first half of 2020, the Group invested €226 million versus €308 million, i.e. a drop of 27% and €82 million. These investments will be further reduced and will represent a decline of around 30% over the year compared to the €512 million invested in 2019. They will amount to less than 6% of consolidated revenue in 2020.

The working capital requirement deteriorated by €415 million due to the slump in business in Europe and North America in the second quarter. This caused:

- a €95 million decrease in sales of receivables, which amounted to €220 million at June 30, 2020 (versus €315 million at December 31, 2019);
- a reduction in the difference between trade payables and trade receivables net of sales of receivables, which amounted to €694 million at December 31, 2019 compared to €224 million at June 30, 2020.

At June 30, 2020, free cash-flow stood at -€572 million.

## Sound financial structure

Net debt stood at €1,410 million at June 30, 2020, versus €1,021 million at June 30, 2019 and €739 million at December 31, 2019.

The Group's net debt represents 78% of shareholders' equity and 2.1 x EBITDA.

On May 29, 2020, the Group repaid, as expected, a €500-million bond. It also obtained new five-year credit lines from banking partners for €560 million.

In the first half of 2020, the Group paid €71 million in dividends on its 2019 results (dividend of €0.49 per share, down 34% from the €0.74 dividend paid in the previous year and initially proposed).

The Group had €1.9 billion of liquidity at June 30, 2020, including:

- €620 million in available cash;
- €1.25 billion in confirmed, undrawn credit lines, with an average maturity of five years and without any covenants.

## Cost reduction program and transformation plan

Based on production assumptions of 64 million vehicles in 2020 and 70 million vehicles in 2021 (compared with 86 million vehicles in 2019), the Group is continuing to rationalize its industrial footprint and is accelerating the reduction in indirect production costs and overheads:

- The composites business of Arevalo's Spanish site (Intelligent Exterior Systems) will cease in the second half of 2020.
- In the Clean Energy Systems business, the Eisenach plant in Germany will close in the first half of 2021;
- Some underused paint lines will be shut down;
- In Germany, Intelligent Exterior Systems production business is reorganized and the R&D system is being rationalized;
- HBPO Asia's regional headquarters in Seoul will be closed at the end of 2020 to be combined with that in Shanghai.

**These measures will save a combined €40 million annually.**
The Group is continuing to review additional measures to size its production capacities and costs to the moderate recovery in worldwide automotive production, weighted by an estimated 5 points of outperformance in the coming years.

Plastic Omnium has also initiated a transformation plan, called Omega, whose objective is to:

- rethink and make the Group's organization more agile across all its functions;
- simplify processes;
- accelerate digitization.

**Thanks to this Transformation plan, Plastic Omnium is targeting annual savings totaling €200 million by the end of 2022.**
**In total, the Group will achieve €240 million in annual savings by the end of 2022.**

## An ambitious corporate social responsibility policy as a performance driver

- **Creation of a Covid-19 ACT FOR ALL™ solidarity fund**

In April, Plastic Omnium created the Covid-19 ACT FOR ALL™ solidarity fund, to enable each of its sites, in line with the situation on the ground locally, to help and support populations impacted by the coronavirus health crisis. With a budget of €1 million, it is intended to support recognized local associations. Priority has been given to helping medical personnel and vulnerable people. In total, 113 causes in 23 countries have been supported to date.

- **Award received for the change in the percentage of women in teams**

Convinced that diversity in business leads to success and high performance, Plastic Omnium set the target of having 25% of management roles held by women by 2025. Training and awareness-raising initiatives for senior managers and the creation of the Women@PO network, designed to promote gender diversity and women's careers within the Group, support this commitment.
The Group currently has 47% women on the Board of Directors, 27% on the Executive Committee, and 14% women managers.
This policy was recognized in March 2020 by the Wave (Women and Vehicles in Europe) association, which awarded Plastic Omnium the Trophy for Best Progress in France 2017-2020 for the percentage of women in the Executive Committee, the TOP 100 and the overall workforce.
In June 2020, Plastic Omnium was also awarded first place in the 2019 Awards for the number of women in governance bodies in SBF 120 automotive industry companies in the ranking established by the Secretary of State responsible for Gender Equality (25$^{th}$ place in the overall rankings, up 20 places compared to the 2018 ranking).

- **Carbon neutrality target**

Plastic Omnium's objective is to reach carbon neutrality in 2050.

The Group is currently working on a methodology and budget related to a medium-term carbon neutrality target on scopes 1, 2 and 3 (upstream). The organization will be strengthened accordingly.

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## Webcast of the 2020 Half-year Results Presentation

The half-year earnings presentation will be held in camera on Thursday, July 23, 2020 at 9:00 a.m., Paris time, and will be broadcast live via webcast on the Plastic Omnium Group website and by telephone at:

Language: English only

- France: +33172727403
- Germany: +4969222225429
- Spain: +34911140101
- United Kingdom: +442071943759
- United States: +16467224916

Participant pin code: 83108624#

More detailed financial information is available on the website www.plasticomnium.com.

## Calendar

October 22, 2020: 2020 3rd quarter revenue

February 18, 2021: 2020 Annual results

## Glossary

1. Economic revenue reflects the Group’s operational and managerial reality. It corresponds to the consolidated revenue plus the revenue of the Group's joint ventures at the Group's percentage interest: BPO (50%) and YFPO (50%) for Plastic Omnium Industries and SHB Automotive Modules (Samlip) (33%) for Plastic Omnium Modules.

2. Consolidated revenue does not include the share of joint ventures, which are consolidated using the equity method, in implementation of IFRS 10-11-12.

3. The operating margin includes the share of the results of companies which have been consolidated using the equity method, and the amortization of the intangible assets acquired, before other operating income and expenses.

4. EBITDA corresponds to the operating profit, which includes the share of profit of associates and joint ventures, before depreciation and operating provisions.

5. Free cash-flow corresponds to the operating cash-flow, less tangible and intangible investments net of disposals, taxes and net interest paid +/- change in working capital requirements (cash surplus from operations).

6. Net debt includes all long-term borrowings, short-term loans and bank overdrafts less loans, marketable debt instruments and other non-current financial assets, and cash and cash equivalents.

7. Like-for-like: constant scope and exchange rates:
   a. the currency effect is calculated by applying the exchange rate of the previous period to the revenue of the current period. In the first half of 2020, it is a positive €19.5 million on economic revenue and €13.5 million on consolidated revenue.
   b. During the first half of 2020, there was no scope effect.

## Appendix – Q1 / Q2 Revenue

The drop in production in the first quarter of 2020 (-22.4%), mainly impacted by China (-49%), accelerated during the second quarter (-45.6%) in line with the spread of the Covid-19 pandemic in Europe and the Americas and the sudden shutdown of related automotive production lines.
In this market, Plastic Omnium generated economic revenue of €2,137 million in the first quarter of 2020, comparable to the first quarter of 2019, with a 17.6 point outperformance over worldwide automotive production.
The Group, which generated 84% of its revenue in Europe and the Americas, was heavily impacted in the second quarter of 2020, with economic revenue of €1,097 million, a 52.7% drop.

| In € millions and as a % of revenue<br>By region | Q1 2019 | Q1 2020 | Change LFL* | Change in automotive production | Outperformance |
|---|---|---|---|---|---|
| Europe | 1,206 | 1,182 | *-2.2%* | -18.1% | 15.9 pts |
| North America | 599 | 648 | *+5.8%* | -11.0% | 16.8 pts |
| Asia | 371 | 258 | *-30.0%* | -29.9% | -0.1 pt |
| of which China | 185 | 121 | *-34.0%* | -46.4% | 12.4 pts |
| South America | 37 | 24 | *-18.9%* | -16.8% | -2.1 pts |
| Africa | 23 | 25 | *+11.7%* | +13.7% | -2 pts |
| **Economic revenue** | **2,236** | **2,137** | ***-4.8%*** | **-22.4%** | **17.6 pts** |
| Joint ventures | 161 | 108 | *-32.0%* | | |
| **Consolidated sales revenue** | **2,075** | **2,029** | ***-2.7%*** | **-22.4%** | **19.7 pts** |

| In € millions and as a % of revenue<br>By region | Q2 2019 | Q2 2020 | Change LFL* | Change in automotive production | Outperformance |
|---|---|---|---|---|---|
| Europe | 1,239 | 563 | *-54.3%* | -62.8% | 8.5 pts |
| North America | 712 | 205 | *-69.6%* | -69.2% | -0.4 pt |
| Asia | 357 | 310 | *-11.7%* | -25.3% | 13.6 pts |
| of which China | 200 | 214 | *+8.9%* | +6.2% | 2.7 pts |
| South America | 44 | 6 | *-77.3%* | -81.5% | 4.2 pts |
| Africa | 23 | 13 | *-33.4%* | -38.5% | 5.1 pts |
| **Economic revenue** | **2,375** | **1,096** | ***-52.7%*** | **-45.6%** | **-7.1 pts** |
| Joint ventures | 181 | 164 | *-7.9%* | | |
| **Consolidated revenue** | **2,193** | **933** | ***-56.4%*** | **-45.6%** | **-10.8 pts** |

*Like-for-like: constant scope and exchange rates