



Consolidated financial statements 2019

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COMMENTS ON THE CONSOLIDATED FINANCIAL STATEMENTS

STRONG GROWTH IN REVENUE

By business line <i>In millions of euros</i>	2018	2019	Change	Change like-for-like
Plastic Omnium Industries	6,834	6,919	+1.2%	-0.1%
Plastic Omnium Modules	1,410	2,264	+60.5%	+5.0%
ECONOMIC REVENUE	8,244	9,183	+11.4%	+1.1%
Joint ventures	999	689	-31.0%	-2.5%
Plastic Omnium Industries	6,288	6,398	+1.7%	+0.4%
Plastic Omnium Modules	957	2,096	+119.0%	+4.5%
CONSOLIDATED REVENUE	7,245	8,494	+17.2%	+1.4%

In 2019, the economic revenue reported by Compagnie Plastic Omnium amounted to €9,183 million, a growth of +11.4% compared to 2018.

On a like-for-like basis, growth was +1.1%. The Group's economic revenue includes €119 million of positive currency effects and €701 million of positive net scope effects, mainly due to the full consolidation of HBPO as of July 1, 2018 for Plastic Omnium Modules.

Consolidated revenue reported by Compagnie Plastic Omnium amounted to €8,494 million at December 31, 2019, growth of +17.2% and of +1.4% like-for-like. The Group's consolidated revenue includes a positive exchange rate impact of €119 million and a positive scope impact of €1,015 million, due primarily to the full consolidation of HBPO as of July 1, 2018 for Plastic Omnium Modules.

STRONG OUTPERFORMANCE OVER WORLDWIDE AUTOMOTIVE PRODUCTION

Worldwide automotive production dropped by 5.2 million vehicles (-5.8%), falling from 91.2 million vehicles in 2018 to 86.0 million vehicles in 2019.

All of the major car-producing regions were affected: Asia (-3.2 million vehicles) and particularly China (-2.3 million vehicles), Europe (-1 million vehicles) and particularly Germany (-0.5 million vehicles) and North America (-0.7 million vehicles).

In this difficult market environment, Plastic Omnium is outperforming automotive production in all regions, with strong outperformance in China (+12.3 points) and in North America (+10.2 points). Overall, the Group posted economic revenue up by 1.1% on a like-for-like basis and therefore outperformance of 6.9 points over worldwide automotive production, which was down by 5.8%.

The two Group's businesses contributed to this strong outperformance:

- Plastic Omnium Industries, stable over the year, outperformed by 5.7 points;
- Plastic Omnium Modules, up by 5.0% on a like-for-like basis over the year, outperformed by 10.8 points.

By region <i>In millions of euros and % of economic revenue</i>	2018	2019	Change	Change like-for-like	Outperformance/ automotive production
Europe/Africa	4,487 54.4%	4,897 53.3%	+9.1%	-1.0%	+4.3 pts
North America	2,149 26.1%	2,630 28.6%	+22.4%	+6.0%	+10.2 pts
Asia	1,415 17.2%	1,481 16.1%	+4.7%	-1.1%	+5.8 pts
South America	193 2.3%	175 1.9%	-9.5%	+10.9%	+14.8 pts
ECONOMIC REVENUE	8,244	9,183	+11.4%	+1.1%	+6.9 PTS
Joint ventures	999	689	-31.0%	-2.5%	
CONSOLIDATED REVENUE	7,245	8,494	+17.2%	+1.4%	+7.2 PTS

Business in Europe, which represents 53% of total economic revenue, was up by 9.1%. It benefited from the full consolidation of HBPO on July 1, 2018, 60% of whose activity is European. On a like-for-like basis, business slightly declined (-1.0%), posting outperformance of 4.1 points over automotive production, which was down 5.1%. The negative trend continued in Germany (16% of Group revenue) and in the United Kingdom (5% of revenue) where production fell by 8.6% and 13.8% respectively over the year. This drop was partially offset by the growth in SCR revenue (diesel vehicle emissions reduction systems, +12.2%) and by strong business in France (+11.5%) and Eastern Europe (+10.8%).

Business in North America grew strongly by 6.0% on a like-for-like basis over the year, with automotive production down by 4.2%, resulting in outperformance of 10.2 points. Despite the operational difficulties encountered in South Carolina, Plastic Omnium is benefiting from the ramp-up of its recently commissioned American and Mexican plants and its strong exposure on the SUV/Light Trucks markets which account for 80% of its business.

Business in Asia was down by 1.1% on a like-for-like basis over the year, with automotive production down by 6.7%, resulting in outperformance of 5.6 points. In China, which represents revenue of €857 million, or 9% of total revenue, business was up (+3.4% on a like-for-like basis) while automotive production dropped by 8.9%. This strong outperformance of 12.3 points is due to market share gains, by the steady ramp-up of its installed industrial footprint and by the development of the HBPO business, with a first site built in 2017 and 3 additional sites planned by 2021.

The Group has a portfolio of 93 customer brands. In 2019, Volkswagen remained the Group's leading customer with 25.1% of economic revenue, ahead of PSA Peugeot Citroën with 10.3% and General Motors with 9.7%.

In 2019, German carmakers remained the top contributors to Group's economic revenue with 41% of the business, ahead of Asian carmakers with 22%, American carmakers with 20%, and French carmakers with 15%.

OPERATING RESULT AFFECTED BY THE OPERATIONAL DIFFICULTIES OF GREER

Consolidated gross margin was €1,039 million, versus €1,060 million in 2018. It represented 12.2% of consolidated revenue, versus 14.6% in 2018.

Gross R&D spend was €383 million, representing 4.5% of consolidated revenue (compared with €418 million and 5.8% in 2018). Net R&D spend, i.e. after deduction of capitalized development costs and amounts re-invoiced to customers, was €253 million (3.0% of consolidated revenue), compared with €204 million in 2018 (2.8% of consolidated revenue).

Selling costs were €37 million (0.4% of consolidated revenue) compared with €37 million (0.5% of consolidated revenue) in 2018.

Administrative expenses increased from €242 million in 2018 to €248 million in 2019 and represent 2.9% of consolidated revenue, versus 3.3% in 2018.

Amortization of intangible assets acquired in business combinations represented an expense of €27 million in 2019, compared with an expense of €18 million in 2018. This change is due to the inclusion, on a full-year basis, of the 7-year amortization of customer contracts recognized at the takeover of HBPO in July 2018.

The share of profit of associates and joint ventures amounted to €36 million in 2019, versus €52 million in 2018. This change is explained by the full consolidation of HBPO in the Group's financial statements as of July 1, 2018, and by the lower results of the Chinese joint venture YFPO.

Operating result, after amortization of intangible assets acquired in business combinations and after the share of profit of associates and joint ventures, amounted to €511 million in 2019 (6.0% of consolidated revenue), versus €610 million in 2018 (8.4% of consolidated revenue).

The operating result for Plastic Omnium Industries for the year 2019 stood at €460 million, i.e. 7.2% of consolidated revenue, compared with €578 million in 2018, i.e. 9.2% of consolidated revenue. The profitability of Plastic Omnium Industries has been affected firstly by the significant increase in depreciation, and secondly, by operational difficulties encountered in the ramp-up of the North American plant in Greer (South Carolina). A detailed action plan has been put in place, aimed at reducing the losses by €45 million in 2020, before returning to operational breakeven by 2021.

CONSOLIDATED FINANCIAL STATEMENTS 2019

Comments on the fiscal year and outlook

In 2019, the operating result of Plastic Omnium Modules stood at €50 million, representing 2.4% of consolidated revenue, versus €32 million and 3.4% of consolidated revenue in 2018 (as a reminder, HBPO was fully consolidated as of July 1, 2018). The operating result of

Plastic Omnium Modules includes a negative impact of €17.5 million related to the 7-year amortization of customer contracts recognized as part of the purchase price allocation for HBPO.

Consolidated revenue and operating margin by business <i>in millions of euros</i>	2018			2019		
	Revenue	Operating result	% of revenue	Revenue	Operating result	% of revenue
Plastic Omnium Industries	6,288	578	9.2%	6,398	460	7.2%
Plastic Omnium Modules	957	32	3.4%	2,096	50	2.4%
TOTAL	7,245	610	8.4%	8,494	511	6.0%

To respond to the deterioration in worldwide automotive production, throughout 2019, Plastic Omnium improved its cost reduction plans, for a total amount of €100 million, including €50 million of savings on indirect production costs and structural costs.

NET RESULT, GROUP SHARE: €258 MILLION

In 2019, Plastic Omnium recognized net non-current expenses of -€67 million (compared to +€114 million of net income in 2018). In 2018, they included a positive impact of €255 million due to the revaluation of the historic 33.33% holding in HBPO as part of the takeover of the joint venture. In 2019, they essentially included restructuring charges to respond to the drop in worldwide automotive production.

At December 31, 2019, the net financial loss stood at -€78 million, versus a loss of €70 million at December 31, 2018, representing 0.9% of consolidated revenue.

In 2019, income tax came to -€90 million, *i.e.* an effective rate of 27.3%, versus -€113 million in 2018 (an effective rate of 18.8%).

Net result in 2019 stood at €276 million (representing 3.2% of consolidated revenue), versus €543 million in 2018 (7.5% of consolidated revenue). In 2018, it included a positive impact of €255 million due to the revaluation of the historic 33.33% holding in HBPO as part of the takeover of the joint venture.

The net result, Group share, stood at €258 million (representing 3.0% of consolidated revenue), versus €533 million in 2018 (representing 7.4% of consolidated revenue).

Basic earnings per share stood at €1.77, versus €3.63 in 2018.

INVESTMENTS TO SUPPORT FUTURE GROWTH AND STRONG CASH GENERATION

In 2019, the Group invested €512 million, representing 6.0% of its consolidated revenue (versus €562 million, representing 7.8% of its consolidated revenue in 2018).

These investments included:

- 4 plants for the Intelligent Exterior Systems business in the United States, in Slovakia, in India and Morocco and 2 assembly sites for the HBPO business in Germany and Mexico;
- 3 R&D centers, including two for the Clean Energy Systems business (Belgium and China) and the extension and digitization of Σ-Sigmatech for Intelligent Exterior Systems, opened in June 2019.

After a sustained program of industrial investments over the last few years, the Group now has the available installed capacity to ensure its

future growth. Because of this, investments represent a maximum of 6% of its revenue for the period 2019-2022, while continuing a sustained R&D program.

This investment program is largely funded by record EBITDA that rose to €1,005 million in 2019 (or 11.8% of consolidated revenue versus 918 million and 12.7% of consolidated revenue 2018). The increase in EBITDA includes the significant increase in depreciation generated firstly by new plant launches and start-ups of new programs to support the Group's growth, and secondly, by the transition to IFRS 16 and the full consolidation of HBPO.

Also, in December 2019, the Group sold its non-industrial real estate assets to the real estate company Sofiparc, wholly owned by the controlling shareholder of Plastic Omnium, Burelle SA. This disposal was completed, on the basis of two independent valuations, for an amount of €128.5 million.

At December 31, 2019, the Group therefore generated record free cash flow of €347 million, *i.e.* 4.1% of its consolidated revenue (versus €218.0 million, or 3.0% of its consolidated revenue in 2018).

SOUND FINANCIAL STRUCTURE

Net financial debt totaled €739 million at December 31, 2019, up by €42 million compared with December 31, 2018. It includes a net impact of €228 million from the transition to IFRS 16 in 2019.

In 2019, the Group distributed €124 million in dividends.

The Group's net debt, after application of IFRS 16 in 2019, represented 32% of shareholders' equity and 0.7x EBITDA.

On December 31, 2019, the Group had €1.2 billion of undrawn credit lines and a €1.0 billion of available cash.

INVESTMENTS 2020-2022

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, over the period 2020-2022, Plastic Omnium plans to invest a maximum of 6% of its consolidated revenue (versus 7-8% of its consolidated revenue over the period 2016-2018 and 6% already in 2019). 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

Group's situation in China:

The Group is present in China through 29 industrial sites and 2 R&D centers, where it has 5,469 employees. Its economic revenue in China stood at €857 million in 2019 (9% of total economic revenue), for consolidated revenue of €370 million (4% of total consolidated revenue). In the province of Hubei (Wuhan), the Group has 588 employees spread over 3 plants and a R&D center.

To protect its teams and ensure the continuity of its businesses, Plastic Omnium is carefully monitoring the impact of Covid-19 developments.

Financial outlook:

Global automotive production will continue to decrease in 2020. Its evolution will depend on the evolution of the Covid-19 impact.

Based on the production assumptions known to date and excluding the systemic effect linked to Covid-19, Plastic Omnium forecasts for 2020:

- a 5-point outperformance compared to worldwide automotive production;
- operating profit and EBITDA up by value;
- free cash-flow of at least €200 million, with confirmed innovation and R&D capacity.

In this market environment, the Group benefits from a solid backlog and has strengthened its management fundamentals, with particular attention paid to free cash-flow generation, a strengthened cost reduction policy and a renewed ambition in terms of industrial excellence.

Financial outlook for the 2021-2022 period is part of the 2019-2022 strategic plan presented during the Group's Investor day held on January 7, 2020 and is the same for each year as the 2020 outlook.

No other event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2019 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 prepared in accordance with IFRS, as adopted in the European Union.

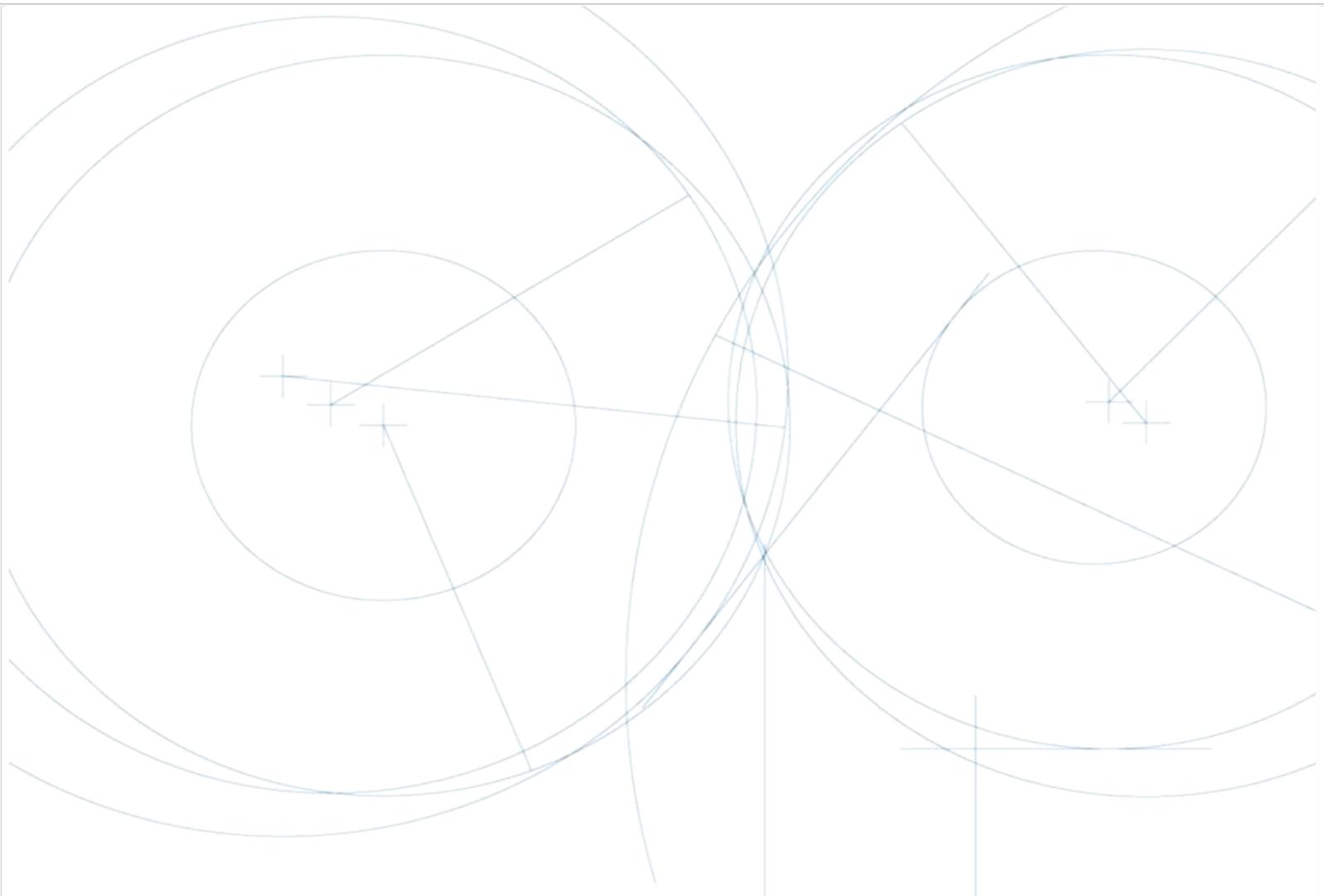
As indicated in Note 3.1 on segment information of the consolidated financial statements at December 31, 2019, the Group uses the notion of “economic revenue” for its operational management, which corresponds to the consolidated revenue of the Group and its joint ventures at their ownership percentage: Yanfeng Plastic Omnium, the Chinese leader in exterior body parts, SHB Automotive modules, the leading Korean front-end module company (Samlip) and BPO, a major player in the Turkish exterior equipment market.

Reconciliation of economic revenue with consolidated revenue:

In thousands of euros	2019	2018
Economic revenue	9,182,632	8,243,934
<i>Including revenue from joint ventures at the Group's percentage stake</i>	689,082	999,298
Consolidated revenue	8,493,550	7,244,636

COMPAGNIE PLASTIC OMNIUM
European company with issued capital of €8,913,966.42
Headquarters: 19 Boulevard Jules Carteret - 69007 Lyon (France)
955 512 611 Lyon Trade and Companies Register

CONSOLIDATED FINANCIAL STATEMENTS AT December 31, 2019



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BALANCE SHEET

In thousands of euros			
	Notes	December 31, 2019	December 31, 2018
ASSETS			
Goodwill	5.1.1	1,017,830	1,015,730
Other intangible assets	5.1.2	724,745	728,150
Property, plant and equipment	5.1.3	1,958,919	1,653,028
Investment property	5.1.4	30	93,263
Equity method and non-consolidated investments	5.1.5	195,129	193,212
Non-current financial assets ⁽¹⁾	5.1.6	70,958	65,775
Deferred tax assets	5.1.10	106,108	101,691
TOTAL NON-CURRENT ASSETS		4,073,719	3,850,849
Inventories	5.1.7	735,846	737,109
Finance receivables ⁽¹⁾	5.1.8	13,100	22,504
Trade receivables	5.1.9.2	818,799	815,300
Other receivables	5.1.9.3	328,757	370,612
Other financial assets and financial receivables ⁽¹⁾	5.1.8	55,127	63,942
Hedging instruments ⁽¹⁾	5.2.7	5,027	1,898
Cash and cash equivalents ⁽¹⁾	5.1.11	1,142,953	916,336
TOTAL CURRENT ASSETS		3,099,609	2,927,701
Assets held for sale		750	846
TOTAL ASSETS		7,174,078	6,779,396
EQUITY AND LIABILITIES			
Capital	5.2.1.1	8,914	8,914
Treasury stock		-54,071	-49,850
Additional paid-in capital		17,389	17,389
Consolidated reserves		2,014,390	1,576,112
Net income for the period		258,197	533,296
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		2,244,819	2,085,861
Attributable to non-controlling interests		98,774	96,138
TOTAL EQUITY		2,343,593	2,181,999
Non-current borrowings ⁽¹⁾	5.2.6.5	1,334,713	1,635,811
Provisions for pensions and other post-employment benefits	5.2.5	107,670	105,184
Provisions for liabilities and charges	5.2.4	29,970	35,592
Non-current government grants		3,769	6,323
Deferred tax liabilities	5.1.10	54,859	80,718
TOTAL NON-CURRENT LIABILITIES		1,530,981	1,863,628
Bank overdrafts ⁽¹⁾	5.1.11.2	9,875	4,684
Current borrowings and financial debt ⁽¹⁾	5.2.6.5	678,731	123,215
Other current financial debt ⁽¹⁾	5.2.6.5	31	31
Hedging instruments ⁽¹⁾	5.2.7	3,268	4,330
Provisions for liabilities and charges	5.2.4	70,362	55,120
Current government grants		4,207	3,994
Trade payables	5.2.8.1	1,518,204	1,614,989
Other operating liabilities	5.2.8.2	1,014,826	927,406
TOTAL CURRENT LIABILITIES		3,299,504	2,733,769
TOTAL EQUITY AND LIABILITIES		7,174,078	6,779,396

(1) Components of net debt. Net debt stands at €739.5 million at December 31, 2019 compared with €698 million at December 31, 2018 (see Note 5.2.6.5).

INCOME STATEMENT

In thousands of euros	Notes	2019	%	2018	%
Consolidated sales (revenue)		8,493,550	100.0%	7,244,636	100.0%
Cost of goods and services sold	4.2	-7,454,127	-87.8%	-6,184,457	-85.4%
Gross profit		1,039,423	12.2%	1,060,179	14.6%
Net Research and Development costs	4.1 - 4.2	-253,249	-3.0%	-204,319	-2.8%
Selling costs	4.2	-37,280	-0.4%	-37,433	-0.5%
Administrative expenses	4.2	-247,506	-2.9%	-241,761	-3.3%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures		501,388	5.9%	576,666	8.0%
Amortization of intangible assets acquired in business combinations	4.4	-27,210	-0.3%	-18,454	-0.3%
Share of profit/loss of associates and joint ventures	4.5	36,454	0.4%	51,888	0.7%
Operating margin		510,632	6.0%	610,100	8.4%
Other operating income	4.6	167,694	2.0%	279,872	3.9%
Other operating expenses	4.6	-234,731	-2.8%	-165,490	-2.3%
Financing costs, net	4.7	-79,363	-0.9%	-69,116	-1.0%
Other financial income and expenses, net	4.7	1,598	0.0%	-1,088	-0.0%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures		365,830	4.3%	654,278	9.0%
Income tax	4.8	-89,860	-1.1%	-112,996	-1.6%
Net income after tax from continuing operations		275,970	3.2%	541,283	7.5%
Net income after income tax from discontinued activities		-	-	1,494	0.0%
Net income		275,970	3.2%	542,777	7.5%
Net profit attributable to non-controlling interests	4.9	17,773	0.2%	9,481	0.1%
Net profit attributable to owners of the parent company		258,197	3.0%	533,296	7.4%
Earnings per share attributable to owners of the parent company	4.10				
Basic earnings per share (in euros) ⁽¹⁾		1.77		3.63	
Diluted earnings per share (in euros) ⁽²⁾		1.76		3.61	

(1) 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.

(2) 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, 2019			December 31, 2018		
	Total	Gross	Tax	Total	Gross	Tax
Net profit for the period attributable to owners of the parent ⁽¹⁾	258,197	341,297	-83,100	533,296	643,220	-109,924
Reclassified to the income statement	6,480	6,242	238	-10,971	-11,836	865
Reclassified in the period	302	315	-13	5,739	5,979	-240
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	302	315	-13	585	825	-240
Reclassified at a later date	6,178	5,927	251	-16,710	-17,815	1,105
Exchange differences on translating foreign operations	7,004	7,004	-	-12,089	-12,089	-
Cash flow hedges	-826	-1,077	251	-4,621	-5,726	1,105
Gains/(losses) for the period - Interest rate instruments	-	-	-	-1,815	-1,815	-
Gains/(losses) for the period - Exchange rate instruments	-826	-1,077	251	-2,806	-3,911	1,105
Cannot be reclassified to the income statement at a later date	7,087	7,087	-	10,925	11,979	-1,054
Actuarial gains/(losses) recognized in equity	-12,194	-12,194	-	1,707	2,761	-1,054
Adjustment for change in fair value of long-term investments in equity instruments and funds	10,290	10,290	-	366	366	-
Revaluation of assets and liabilities due to hyperinflation in Argentina	8,991	8,991	-	8,852	8,852	-
Profit/loss from continuing activities recognized directly in equity	13,567	13,329	238	-46	143	-189
Comprehensive income attributable to owners of the parent ⁽²⁾	271,764	354,626	-82,862	533,250	643,363	-110,113
Net profit for the period attributable to non-controlling interests	17,773	24,534	-6,761	9,481	12,553	-3,072
Reclassified to the income statement	1,865	1,865	-	-1,125	-1,125	-
Reclassified at a later date	1,865	1,865	-	-1,125	-1,125	-
Exchange differences on translating foreign operations	1,865	1,865	-	-1,125	-1,125	-
Cannot be reclassified to the income statement at a later date	-83	-83	-	-14	-14	-
Actuarial gains/(losses) recognized in equity	-83	-83	-	-14	-14	-
Other comprehensive income	1,782	1,782	-	-1,139	-1,139	-
Comprehensive income attributable to non-controlling interests	19,556	26,317	-6,761	8,342	11,414	-3,072
Total comprehensive income	291,320	380,943	-89,623	541,592	654,777	-113,185

(1) Net profit for the period attributable to owners of the parent amounted to €154,247 thousand at December 31, 2019 compared with €16,884 thousand at December 31, 2018.

(2) Net comprehensive income for the period attributable to owners of the parent amounted to €162,349 thousand at December 31, 2019 compared with €16,857 thousand at December 31, 2018.

CHANGES IN EQUITY

	Shareholders' equity										
	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	Attributable to owners of the parent	Attributable to non-controlling interests	Total equity
Equity at December 31, 2017	150,977	9,059	17,389	-61,764	1,366,568	⁽¹⁾	-28,809	425,177	1,727,620	26,614	1,754,234
1st application of IFRS 15					-4,818				-4,818	30	-4,788
1st application of IFRS 9					-1,939				-1,939		-1,939
Equity at January 1, 2018	150,977	9,059	17,389	-61,764	1,359,811	⁽¹⁾	-28,809	425,177	1,720,863	26,644	1,747,507
Appropriation of net profit at December 31, 2017	-	-	-	-	425,177		-	-425,177	-	-	-
Net profit at December 31, 2018	-	-	-	-	-		-	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>Change in the fair value adjustment of long-term investments in 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) ⁽¹⁾	-2,411	-145	-	82,629	-82,629		-	-	-145	-	-145
Change in scope of consolidation and reserves ⁽²⁾	-	-	-	-	-		-	-	-	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 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
1st application of IFRS 16	-	-	-	-	-		-	-	-	-	-
1st application of IFRIC 23	-	-	-	-	-2,500		-	-	-2,500	-	-2,500
Equity at January 1, 2019	148,566	8,914	17,389	-49,850	1,615,109		-41,497	533,296	2,083,361	96,138	2,179,499
Appropriation of net profit at December 31, 2018	-	-	-	-	533,296		-	-533,296	-	-	-
Net profit at December 31, 2019	-	-	-	-	-		-	258,197	258,197	17,773	275,970
Other comprehensive income	-	-	-	-	2,455		11,112	-	13,567	1,782	15,349
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	-4,108		11,112	-	7,004	1,865	8,869
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	-12,194		-	-	-12,194	-83	-12,277
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	302		-	-	302	-	302
<i>Cash flow hedges - Currency instruments</i>	-	-	-	-	-826		-	-	-826	-	-826
<i>Change in the fair value adjustment of long-term investments in equity instruments and in funds</i>	-	-	-	-	10,290		-	-	10,290	-	10,290
<i>IFRIC 23</i>	-	-	-	-	8,991		-	-	8,991	-	8,991
Comprehensive income	-	-	-	-	535,751		11,112	-275,099	271,764	19,556	291,320
Treasury stock transactions	-	-	-	-4,221	215		-	-	-4,006	-	-4,006
Dividends paid by Compagnie Plastic Omnium	-	-	-	-	-108,169		-	-	-108,169	-	-108,169
Dividends paid by other Group companies	-	-	-	-	-		-	-	-	-16,920	-16,920
Stock option costs	-	-	-	-	2,492		-	-	2,492	-	2,492
Deferred tax on stock option and share purchase plans	-	-	-	-	-622		-	-	-622	-	-622
Equity at December 31, 2019	148,566	8,914	17,389	-54,071	2,044,775	⁽¹⁾	-30,385	258,197	2,244,819	98,774	2,343,593

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

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

(3) The dividend per share distributed on December 31, 2019 by Compagnie Plastic Omnium in respect of the 2018 fiscal year is €0.74 compared with €0.67 on December 31, 2018 in respect of the 2017 fiscal year (see Note 5.2.2 on dividends voted and paid).

STATEMENT OF CASH FLOWS

In thousands of euros	Notes	2019	2018
I - CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	3.1.1	275,970	542,777
Dividends received from associates and joint ventures		31,567	40,973
Non-cash items		602,553	212,959
<i>Net income from discontinued operations</i>		-	-1,494
<i>Share of profit/(loss) of associates and joint ventures</i>	4.5	-36,454	-51,888
<i>Stock option plan expense</i>	4.3 - 5.2.3	2,492	2,528
<i>Other adjustments⁽¹⁾</i>		6,581	-259,331
<i>Depreciation and provisions for impairment of fixed assets</i>		297,498	202,740
<i>Amortization and provisions for impairment of intangible assets</i>		200,431	163,353
<i>Changes in provisions</i>		-7,238	-22,075
<i>Net (gains)/losses on disposals of non-current assets</i>	4.6	-17,924	1,210
<i>Operating grants recognized in the income statement</i>		-991	-1,407
<i>Current and deferred taxes</i>	4.8.1	89,860	112,995
<i>Interest expense</i>		68,298	66,328
CASH GENERATED BY OPERATIONS (A)		910,090	796,709
Change in inventories and work-in-progress – net		7,937	-23,074
Change in trade receivables – net		36,513	180,442
Change in trade payables		-99,549	-8,097
Change in other operating assets and liabilities - net		38,381	-17,177
CHANGE IN WORKING CAPITAL REQUIREMENTS (B)		-16,718	132,094
TAXES PAID (C)		-95,849	-82,765
Interest paid		-74,166	-71,053
Interest received		6,230	4,641
NET FINANCIAL INTEREST PAID (D)		-67,936	-66,412
NET CASH GENERATED BY OPERATING ACTIVITIES (A+B+C+D)		729,586	779,626
II – CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	3.1.3	-333,697	-434,327
Acquisitions of intangible assets	3.1.3	-199,798	-208,452
Disposals of property, plant and equipment		134,397	4,842
Disposals of intangible assets		6,644	996
Net change in advances to suppliers of fixed assets		10,839	74,131
Government grants received		-1,415	1,172
NET CASH USED IN OPERATIONS-RELATED INVESTING ACTIVITIES (E)		-383,031	-561,639
FREE CASH FLOW (A + B + C + D + E)		346,555	217,988
Acquisitions of shares in subsidiaries and associates, investments in associates and joint ventures, and related investments ⁽²⁾		23	-369,543
Acquisitions of non-consolidated equity instruments		-320	-3,000
Acquisitions of long-term investments in equity instruments and in funds		-26,307	-1,000
Proceeds from disposals of investments in subsidiaries and associates ⁽³⁾		-	200,166
Disposals of long term investments in listed equity instruments and in funds		8,485	-
Impact of changes in scope of consolidation - cash and cash equivalents contributed by companies entering the scope of consolidation		-	26,847
NET CASH FROM FINANCIAL INVESTING ACTIVITIES (F)		-18,119	-146,530
NET CASH FROM INVESTING ACTIVITIES (E+F)		-401,150	-708,169
III - CASH FLOWS FROM FINANCING ACTIVITIES			
Increases/reductions in share capital and premiums		-	-145
Purchases/sales of treasury stock		-4,006	-70,715
Dividends paid by the Compagnie Plastic Omnium to Burelle SA		-64,619	-58,238
Dividends paid to other shareholders ⁽⁴⁾		-58,917	-42,317
Increase in financial debt		267,939	385,283
Repayment of financial debt		-247,049	-306,390
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (G)		-106,652	-92,522
Assets held for sale (and discontinued operations) (H) ⁽⁵⁾		-	15,059
Effect of exchange rate changes (I)		-358	-7,228
NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D + E + F + G + H + I)		221,426	-13,232
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5.1.11.2 - 5.2.6.5	911,652	924,884
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5.1.11.2 - 5.2.6.5	1,133,078	911,652

- (1) In December 2018, this item included the revaluation of €255,000 thousand relating to the 33.33% equity share held in HBPO based on its fair value recognized as part of the takeover by Compagnie Plastic Omnium.
- (2) In December 2018, the amount of €69,762 thousand related to Mahle-Behr's 33.33% equity stake in HBPO acquired by the Group and after the takeover.
- (3) This item included the sale of the Environment Division at the end of 2018.
- (4) In 2019, the €43,549 thousand in dividends paid to other shareholders (compared with €40,584 thousand in 2018) by Compagnie Plastic Omnium, brought the total dividends paid by Compagnie Plastic Omnium to €108,169 thousand (compared with €98,822 thousand in 2018). See Note 5.2.2 "Dividends voted and paid by Compagnie Plastic Omnium".
- (5) In 2018, the amounts for this item corresponded to the results of the Environment Division.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

On February 18, 2020 the Board of Directors of the Plastic Omnium Group approved the consolidated financial statements for the year ended December 31, 2019, which will be submitted to the Combined Shareholders' Meeting on April 23, 2020.

PRESENTATION OF THE GROUP

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

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

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

Following the disposal in 2018 of the Environment Division, which represented a separate business segment, the Group has organized its business into two operating segments:

- **Industries:**
 - *Intelligent Exterior Systems*, dedicated to complex and intelligent body systems;
 - *Clean Energy Systems*, dedicated to clean energy storage systems and emission reduction systems.
- **Modules:** module design, development and assembly.

Plastic Omnium Group shares have been traded on the Paris Stock Exchange since 1965. The Group has been traded on Eurolist subfund A since January 17, 2013 and is listed on the SBF 120 and the CAC Mid 60 indices. The main shareholder is Burelle SA, which held 58.78% of the Group at December 31, 2019 (59.74% excluding treasury stock).

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

1. ACCOUNTING POLICIES, ACCOUNTING RULES AND PRINCIPLES

1.1. Accounting policies

The accounting policies used to prepare the consolidated financial statements are those applied by the Group at December 31, 2018, except for IFRIC 23 interpretation "Uncertainty over Income Tax Treatments" and IFRS 16 "Leases" applied by the Group as of January 1, 2019.

They comply with IFRS standards and interpretations as adopted by the European Union at December 31, 2019 and available on the European Commission website.

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, 2019, as published by the IASB.

The Group has not anticipated the application of standards, interpretations and amendments that are not mandatory at December 31, 2019.

Standards, interpretations and amendments applicable from 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 an application date of January 1, 2019, was endorsed by the European Union on October 31, 2017.

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

The two capitalization exemptions proposed by the standard for contracts with an initial duration of less than or equal to 12 months and assets with a low value when new, which the Group has defined as being less than or equal to €5,000, were used.

The main changes induced by IFRS 16 are as follows:

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

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

The Group has introduced a tool to perform, for each lease complying with the IFRS 16 capitalization criteria, an evaluation of the rights-of-use and the related financial liability in accordance with IFRS 16. The lease term used corresponds to the duration of the lease, taking into account an option to renew or terminate when its exercise is reasonably certain. The discount rate used to calculate the rental liability is determined, for each property, according to the incremental borrowing rate at the date of commencement of the lease. This rate corresponds to the interest rate that the lessee would obtain at inception of the lease to finance the acquisition of the leased goods. This rate is obtained by adding the rate for government bonds with durations similar to the leased goods and the credit spread of the entity. The weighted average interest rate used for the first-time application is around 3.9%.

The amount recognized as of January 1, 2019 for right-of-use assets and financial liabilities amounts to €230.3 million. 85.8 % of this amount concerns real estate rentals for industrial sites, storage and administrative premises. The balance mainly corresponds to industrial equipment and vehicles (see Notes 2.1.1 in "Significant events of the period" and 5.1.3

"Property, plant and equipment – Right-of-use of leased assets"). The rights-of-use relating to the leased assets at January 1, 2019 comprise 11.6 % of the Group's net property, plant and equipment.

Since January 1, 2019, the Group has also applied IFRIC 23 "Uncertainty over Income Tax Treatments", which requires uncertainties regarding the acceptable treatment of a position with respect to tax law to be taken into account in the context of income tax accounting. Accounting for this uncertainty is based on the likelihood of its being challenged by the tax administration, taking into account a 100% "detection risk". The application of IFRIC 23 did not have a significant impact on the principles that had been applied until then in the valuation of provisions for tax risks: see "Changes in equity" and Note 5.2.8.2 "Other operating debts").

1.2. Scope of consolidation

1.2.1. Consolidation principles

Companies in which the Group holds more than 50% of the voting rights or in which governance arrangements allow the Group to exercise power over the companies, are fully consolidated. Companies in which the Group holds less than 50% 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 size of the holding, treated as "joint ventures" insofar as the Group has no joint operations, as well as companies over which the Group exercises significant influence (significant influence is presumed 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 bodies, majority rules, veto rights;
- the determination of 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 entity's variable returns;
- the consequences of a conflict resolution clause;
- the right / exposure of the Group to the entity's variable returns.

1.2.2. Non-controlling interests

Non-controlling interests represent the share of interest that 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, distinct 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.

Changes in a parent's ownership interest in a subsidiary that do not change control are recognized as equity transactions. As such, 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 (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 recognition of the gain or loss on disposal at the date of acquisition;
- accounting for the business combinations under IFRS 3 "Business Combinations".

1.2.3. 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.

1.2.4. 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 assets acquired and the identifiable liabilities assumed 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.

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.

1.3. Operational topics

1.3.1. Segment information

Segment information is presented on the basis of the segments 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 in 2018, the Group has two operating segments: "Industries" and "Modules".

1.3.2. Revenue / "Revenue from contracts with customers"

Since January 1, 2018, the Group has applied IFRS 15 "Revenue from Contracts with Customers".

Sales of parts

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 contracts creating a performance obligation.

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 creation of specific tooling

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 selection 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 business and the supply of certain specific tooling whose control is transferred to clients.

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

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

1.3.3. Operating margin

The Group presents an operating margin in the income statement before taking into account the amortization of intangible assets related to acquisitions as part of business combinations and the share of income of associates and joint ventures and an operating margin after taking into account these elements.

The first aggregate corresponds to revenue less direct selling costs, Research and Development, selling and administrative costs. The "Net Research and Development expenses" include tax credits related to the research effort of the Group and its subsidiaries. These tax credits are included in the operating margin under the item "Net Research and Development expenses", see Notes 4.1 "Research and Development expenses" and 4.2 "Costs of goods and services sold, development, selling and administrative costs").

The second aggregate includes the share of income of associates and joint ventures presented on a separate line and the impacts related to the amortization of customer contracts acquired in the context of business combinations also presented on a separate line of the income statement.

Operating margin after taking into account the amortization of intangible assets related to acquisitions and the share of income of associates and joint ventures, hereafter referred to as "operating margin" in the income statement, is the main performance indicator used by the Group.

The operating margin does not include other operating income and expenses (see Note 1.3.4).

1.3.4. Other income and expenses

Other operating income and expenses include, for the most part

- the results of the disposal of property, plant, equipment and intangible assets;
- provisions for the impairment of property, plant, equipment and intangible assets, including any impairment of goodwill;
- exchange rate differences arising from different currency rates between those used to recognize operating receivables and payables and those recorded when these receivables and debts are settled;
- unusual items corresponding to non-customary income and expenses due to their frequency, nature or amount, such as profits and losses realized in the context of changes in the scope of operations, pre-start-up costs for large new plants, restructuring costs and those related to employee downsizing measures.

1.3.5. 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 valued at historic cost, prevailing at the transaction date (for example: goodwill, property, plant and equipment, inventories). Non-monetary assets and liabilities at fair value are valued at the rates prevailing at the date when fair value is determined.

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

1.3.6. Inventories and work in progress

1.3.6.1. Raw materials inventories and other supplies

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

At the end of the fiscal year, a provision for impairment is recorded when the estimated sales price of the finished products for which they are used 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.

1.3.6.2. 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 selling costs. In addition, they do not include the cost of any below-normal capacity utilization.

1.3.6.3. 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.

1.3.7. Receivables

Receivables are recorded at their fair value at the time 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 in accordance with IFRS 9 for credit risk and counterparty by counterparty, on an individual basis for non-recovery risk.

Finance receivables mainly 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 signed 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.

Receivables sold to third parties, 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.

1.3.8. 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 corresponding to the depreciation of the assets acquired using these grants or associated research expenses.

1.4. Staff costs

1.4.1. Share-based payment

Options granted under employee share purchase and subscription plans are measured at their fair value at the date of grant by the Board of Directors, using the Black & Scholes mathematical 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 in respect of the exercise price is recorded in cash and cash equivalents with a corresponding adjustment to consolidated reserves.

1.4.2. Provisions for pensions and other post-employment benefits

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

1.4.2.1. Defined-contribution plans

The cost of defined-contribution plans, corresponding to salary-based contributions to national bodies responsible for pension and death/disability insurance plans made in accordance with local laws and practices in each country, is recognized as an operating expense. As 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.

1.4.2.2. Defined benefit plans

Defined-benefit plans mainly concern post-employment benefit plans, corresponding to pension plans for French employees, plus:

- 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 for:

- 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 reduced by the market value of plan assets at the reporting date. The valuation builds in long-term profitability assumptions for 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 acquisition period, in the income statement under "Operating expenses", except for:

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

In 2019, the Group opted for a "defined-contribution" plan for the US subsidiary Plastic Omnium Auto Inergy LLC that had a "defined-benefit" plan (see Notes 4.6 "Other operating income and expenses", 5.2.4 "Provisions" and 5.2.5.1 "Actuarial Assumptions").

1.4.2.3. Other long-term benefits

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

Actuarial gains and losses on "Other long-term benefits" (mainly long-service awards) are recognized immediately in profit or loss.

1.5. Other provisions

1.5.1. Provisions for employee downsizing

The cost of employee 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.

1.5.2. Provisions for onerous contracts

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 a counterparty of 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.

1.6. Goodwill, property, plant and equipment and intangible assets

1.6.1. Goodwill

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

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

1.6.2. Intangible assets

1.6.2.1. Research and development costs

Development costs incurred during the project phase and related to the execution of a contract with a 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, i.e. 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.

These assets are subject to annual impairment tests and then to the impairment index from the time that they enter service.

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

The accounting treatment of costs that satisfy a performance obligation is described in Note 1.3.2 "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 selection of the Group, whether or not the contract is obtained, are recognized as an expense for the period.

1.6.2.2. Other Research and Development costs

Other Research and Development costs are expenses for the fiscal year.

1.6.2.3. 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 Systems business" and "HBPO" customer contracts.

1.6.3. Property, plant and equipment

1.6.3.1. Assets owned outright

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 its own use (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, where appropriate. In this case, the remuneration is recorded in revenue over the series' production term.

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

Property, plant and equipment are later recognized at cost less total depreciation based on their lifespan 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 if it is probable 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.

Buildings	20 and 40 years
Real estate fixtures	10 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.

1.6.3.2. Leased assets

Since January 1, 2019, the Group has recognized in property, plant and equipment the rights-of-use for leased tangible assets that meet the capitalization criteria defined by IFRS 16. These assets are amortized over the term of the lease including the renewal periods if the renewal is likely or over the useful life of the asset in the event of a probable exercise of an option to purchase.

1.6.4. Impairment of goodwill, property, plant and equipment and intangible assets

1.6.4.1. Impairment of goodwill

Plastic Omnium Group goodwill is not amortized but is tested for impairment at least annually, at year-end, as well as during the closing of the half-yearly accounts when there is 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”

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.

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.

1.6.4.2. Impairment of depreciable property, plant and equipment and intangible assets

Depreciable property, plant and equipment and intangible assets are subject to impairment tests from the time they enter service in the case of recurring losses for an entity, decisions to stop commercializing production, or site closures. Intangible assets in progress are also subject to a value test annually at year-end.

1.6.5. 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 unspecified;
- or held by the Group for their long-term appreciation and which are leased under operating leases.

The Group may, where appropriate, decide to use all or part of a property whose use is unspecified (in which case the relevant part would be reclassified as operating property) 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 follows 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 when the Group decides to use them for its own purposes, are recognized at their carrying amount in the accounts 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.

1.7. Non-current 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, groups of assets, businesses and companies 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 groups of assets) 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”.

On the balance sheet, data related to “Assets and activities 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.

1.8. Financial items

1.8.1. Financial assets (excluding derivatives)

1.8.1.1. Shares and funds

These investments (Equity investments and funds) 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 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.

1.8.1.2. 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.

Other financial assets also include marketable securities that do not meet the criteria for classification as cash equivalents. They are valued at their fair value on the closing date, and changes in fair value are recorded in financial income.

1.8.2. 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.

1.8.3. Current and non-current borrowings

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

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.

1.8.4. 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 effective parts and in financial income for the ineffective parts.

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

IFRS 9, applied by the Group since January 1, 2019, does not modify the accounting treatment of the different types of hedging used by the Plastic Omnium Group, or 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 5.2.7.1 on "Interest rate hedges"*).

1.9. Income tax

In France, the entity Compagnie Plastic Omnium maintained the option for the ordinary law tax consolidation system for itself and the French subsidiaries at least 95% controlled, as set out in Article 223 A of the French Tax Code.

In addition, the Group applies optional national consolidation or tax consolidation plans in Germany, Spain and the United States.

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

Deferred taxes are calculated using the liability 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.

1.10. Shareholders' equity and earnings per share

1.10.1. Treasury stock

The Plastic Omnium Group's treasury stock is recorded as soon as it is acquired 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 having no impact on the income statement for the year.

1.10.2. Earnings per share

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

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

1.11. 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 fiscal 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 1.4.2 and 5.2.5 “Provisions for pensions and other post-employment benefits”) on:

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

Other provisions

Estimates also cover provisions, particularly those relating to employee downsizing, 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, in order 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 operating 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.

Other uncertainties

Given international economic news, to date, the two main uncertainties likely to impact the hypotheses assumptions are "Brexit" and "the epidemic of viral pneumonia that has appeared in China".

Determining right-of-use assets and lease liability

The discount rate is a key assumption in determining accounting impacts related to the application of IFRS 16 on leases. It is used to calculate the **lease liability** for each rented property (see Note 1.1).

2. SIGNIFICANT EVENTS OF THE PERIOD

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

2.1.1. First-time application of IFRS 16 "Leases", IFRIC 23 "Uncertainty over Income Tax Treatments" and impacts on the financial statements

The Group has applied IFRS 16 “Leases” and IFRIC 23 interpretation “Uncertainty over Income Tax Treatments” since January 1, 2019. See Notes 1 “Accounting policies, accounting rules and principles” and 5.1.3 “Property, plant and equipment - Right-of-use of leased assets”.

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

In thousands of euros	Notes	December 31, 2018	IFRS 16	IFRIC 23	January 1, 2019
ASSETS					
Goodwill		1,015,730	-	-	1,015,730
Intangible assets		728,150	-	-	728,150
Property, plant and equipment	5.1.3	1,653,028	230,257	-	1,883,285
Investment property		93,263	-	-	93,263
Equity method and non-consolidated investments		193,212	-	-	193,212
Other non-current financial assets		65,775	-	-	65,775
Deferred tax assets		101,691	-	-	101,691
TOTAL NON-CURRENT ASSETS		3,850,849	230,257	-	4,081,106
Inventories		737,109	-	-	737,109
Finance receivables		22,504	-	-	22,504
Trade receivables		815,300	-	-	815,300
Other receivables		370,612	-	-	370,612
Other financial assets and financial receivables		63,942	-	-	63,942
Hedging instruments		1,898	-	-	1,898
Cash and cash equivalents		916,336	-	-	916,336
TOTAL CURRENT ASSETS		2,927,701	-	-	2,927,701
Assets held for sale		846	-	-	846
TOTAL ASSETS		6,779,396	230,257	-	7,009,653

EQUITY AND LIABILITIES					
Capital		8,914	-	-	8,914
Treasury stock		-49,850	-	-	-49,850
Additional paid-in capital		17,389	-	-	17,389
Consolidated reserves		1,576,112	-	-2,500	1,573,612
Net income for the period		533,296	-	-	533,296
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		2,085,861	-	-2,500	2,083,361
Attributable to non-controlling interests		96,138	-	-	96,138
TOTAL EQUITY		2,181,999	-	-2,500	2,179,499
Non-current borrowings	5.2.6.5	1,635,811	180,274	-	1,816,085
Provisions for pensions and other post-employment benefits		105,184	-	-	105,184
Provisions for liabilities and charges		35,592	-	-	35,592
Non-current grants		6,323	-	-	6,323
Deferred tax liabilities		80,718	-	-	80,718
TOTAL NON-CURRENT LIABILITIES		1,863,628	180,274	-	2,043,902
Bank overdrafts		4,684	-	-	4,684
Current borrowings and financial debt	5.2.6.5	123,215	49,983	-	173,198
Other current financial debt		31	-	-	31
Hedging instruments		4,330	-	-	4,330
Provisions for liabilities and charges		55,120	-	-	55,120
Current grants		3,994	-	-	3,994
Trade payables		1,614,989	-	-	1,614,989
Other operating liabilities (Deferred income)	5.2.8.2	927,406	-	2,500	929,906
TOTAL CURRENT LIABILITIES		2,733,769	49,983	2,500	2,786,252
Liabilities related to assets held for sale		-	-	-	-
TOTAL EQUITY AND LIABILITIES		6,779,396	230,257	-	7,009,653

The amount of lessee operating leases in the "Off-balance sheet commitments" (Note 7.2.2) of the Consolidated Financial Statements as of December 31, 2018 amounted to €29,826 thousand. The difference compared with the amount of €30,257 thousand at January 1, 2019 is due to different methods of calculation (renewal assumptions, impact of discounting) and leases not restated for IFRS 16 (leases with a duration of twelve months or less and those with a new value of less than €5,000).

For fiscal year 2019, the amortization expense related to leases was -€4.0 million (see Note 5.1.3) and the interest expense on the lease liability was -€8.8 million (see Note 4.7).

2.2. Follow-up in 2019 of the impact of changes in the scope of consolidation in 2018

2.2.1. Follow-up in 2019 of HBPO takeover

The takeover of HBPO was recognized in accordance with IFRS 3R “Business combinations.” The opening balance sheet at July 1, 2018 was finalized without any adjustments compared with December 31, 2018.

On this basis, at December 31, 2019, goodwill amounted to €24,795 thousand.

If the takeover of HBPO had occurred at January 1, 2018, the Group aggregates at December 31, 2018 would have been as follows:

- revenue: €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. This amount includes the €255 million revaluation relating to the 33.33% equity stake held in HBPO prior to the acquisition based on its fair value

2.3. Sale of real estate portfolio by Compagnie Plastic Omnium to Sofiparc SAS

2.3.1. Sale of investment property located in Lyon Gerland

On December 4, 2019, Compagnie Plastic Omnium sold the investment property it owned in Lyon Gerland (see Note 5.1.4 "Investment properties") to Sofiparc SAS for an amount of €13.0 million.

The sale price determined on the basis of independent appraisals generated a profit of €19.0 million, recorded at December 31, 2019 under "Other operating income and expenses" - Note 4.6. See also in chapter 7.3 "Related party transactions", Note 7.3.2 "Transactions with Sofiparc SAS, Burelle SA and Burelle Participations SA".

2.3.2. Sale of the operating property located in Nanterre in the "Hauts de Seine"

On December 4, 2019, Compagnie Plastic Omnium and Plastic Omnium Gestion SNC sold the property complex it owned in Nanterre in the "Hauts de Seine" to Sofiparc SAS. This real estate complex, intended for the Group's use, was recognized as an operating property (see Note 5.1.3 "Property, plant and equipment").

The sale price determined on the basis of independent appraisals amounted to €16.0 million and generated a profit on disposal of €0.9 million recognized in "Other operating income and expenses" - see Note 4.6. See also in chapter 7.3 "Related-party transactions", Note 7.3.2 "Transactions with Sofiparc SAS, Burelle SA and Burelle Participations SA".

2.4. Financial investments in 2019

2.4.1. Compagnie Plastic Omnium investment in AP Ventures, a hydrogen venture capital fund

Compagnie Plastic Omnium has joined AP Ventures, a London-based venture capital firm specializing in hydrogen and fuel cells, as a co-sponsor and member of the advisory investment committee. Other sponsors include the Mirai Creation fund (whose founding investors are Toyota and Sumitomo Mitsui Banking Corporation (SMBC)), Mitsubishi Corporation, Anglo American Platinum and the South African investment fund PIC.

Compagnie Plastic Omnium committed \$30 million over the life of the fund.

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

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

2.6. Change in the shareholding structure of Compagnie Plastic Omnium in the 1st half-year 2019

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

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

2.7. Change in the international economy and impacts on the Group's financial statements

2.7.1. "Brexit" ou "British exit": exit of the United Kingdom from the European Union and impact on the Group

The United Kingdom left the European Union (EU) on January 31, 2020 following the referendum of June 23, 2016. It would appear that the process to actually determine the terms of the new agreement will be long.

In this context, the Group increasingly monitors its two British subsidiaries, "Plastic Omnium Automotive Ltd" and "HBPO UK Ltd", whose business is mainly domestic. Impairment tests were performed on the long-term assets of these companies on the basis of a hypothetical decline in revenue of 10% and concluded no impairment of assets.

The fluctuations of the pound sterling as well as the activity carried out in the United Kingdom are presented below.

The exchange rate of the pound during the last three years has changed as follows:

- December 31, 2017: 1 euro is exchanged for 0.887 pound;
- December 31, 2018: 1 euro is exchanged for 0.895 pound;
- December 31, 2019: 1 euro is exchanged for 0.851 pound.

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

	December 2017	December 2018	December 2019
As a percentage of Group sales	6.16 %	6.11 %	5.46 %
As a percentage of the Group Operating Margin	1.22 %	3.31 %	5.28 %
As a percentage of the Group Net Income	1.03 %	3.11 %	7.68 %

2.7.2. Monitoring of the hyperinflation in Argentina and impacts on the Group's financial statements

Argentina's deep financial crisis, characterized by steep inflation and which started in 2018, continues in 2019.

Inflation reached 53.8 % at December 31, 2019 (National Institute of Statistics - Index) versus 47.6% at December 31, 2018 with the same characteristics:

- sharp erosion of Argentina's bond prices on the secondary market ;
- surge in long-term interest rates, resulting in a sharp depreciation of the country's currency, the Argentine peso.

At December 31, 2019, the euro / peso exchange rate in Argentina fell at à 1€for 67.2 peso against 1€for 43.1 Argentinian peso as at December 31, 2018 (+55.9 % over the year).

In accordance with IAS 29 "Financial Reporting in Hyperinflationary Economies" and in line with the provisions already recognized by the Group in 2018 on the three entities of the Group whose functional currency is the Argentinian peso:

- The adjustments related to inflation on all non-monetary assets and liabilities already recognized at December 31, 2018 have been updated based on the latest general price index, reflecting the unit of measurement in effect at the end of the year;
- The 2019 Income Statement takes into account the impacts of the financial year.

At December 31, 2019, 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") were revalued. The impacts on the main aggregates of the income statement are as follows:

	2019
Impact on the Group's Revenue	+€593.9 thousand
Impact on the Group's Operating Margin	-€31.2 thousand
Impact on the Group's Financial Income	-€983.9 thousand
Impact on the Group's Non-recurring Income	+€75.6 thousand
Impact on the Group's Tax Expense	-€78.8 thousand
Impact on the Group's Net Income	-€1,019.2 thousand

A new law adopted at the end of 2019 by the new government (December 10, 2019) established a series of economic emergency and fiscal measures to try to end the crisis. At the end of January 2020, the euro / peso exchange rate returned to €1 for 66.9 Argentinian peso.

3. SEGMENT INFORMATION

3.1. Information by operating segment

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

The Group organizes its Automotive businesses into two operating segments (see note on "Group Presentation"): “Industries” and “Modules”.

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

3.1.1. Income statement by operating segment

In thousands of euros	2018			
	Industries	Modules	Unallocated items ⁽²⁾	Total
Economic revenue ⁽¹⁾	6,918,963	2,263,669	-	9,182,632
<i>Including Revenue from joint ventures consolidated at the Group's percentage stake</i>	521,211	167,871	-	689,082
External sales to third parties	6,397,752	2,095,798	-	8,493,550
Sales between segments	-30,037	30,037	-	-
Consolidated revenue	6,367,715	2,125,835	-	8,493,550
<i>% of segment revenue - Total</i>	75.0%	25.0%	-	100.0%
Operating margin before amortization of intangible assets acquired and before share of profit/(loss) of associates and joint ventures	435,288	66,100	-	501,388
<i>% of segment revenue</i>	6.8%	3.1%	-	5.9%
Amortization of intangible assets acquired	-9,663	-17,547	-	-27,210
Share of profit/(loss) of associates and joint ventures	34,566	1,888	-	36,454
Operating margin	460,191	50,441	-	510,632
<i>% of segment revenue</i>	7.2%	2.4%	-	6.0%
Other operating income	165,865	1,829	-	167,694
Other operating expenses	-232,305	-2,427	-	-234,731
<i>% of segment revenue</i>	-1.0%	-	-	-0.8%
Finance costs, net				-79,363
Other financial income and expenses, net				1,598
Profit/(loss) from continuing operations before income tax and after share in associates and joint ventures				365,830
Income tax				-89,860
Net income after income tax from continuing operations				275,970
Net income after income tax from discontinued operations				-
Net income				275,970

In thousands of euros	2018			
	Industries	Modules	Unallocated items ⁽²⁾	Total
Economic revenue ⁽¹⁾	6,833,613	1,410,321	-	8,243,934
<i>Including Revenue from joint ventures consolidated at the Group's percentage stake</i>	545,840	453,458	-	999,298
External sales to third parties	6,287,808	956,863	(35)	7,244,636
Sales between segments	(35)	-	35	-
Consolidated 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 and before share of profit/(loss) of associates and joint ventures	545,376	31,290	-	576,666
<i>% of segment revenue</i>	8.7%	-	-	8.0%
Amortization of intangible assets acquired	(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%	-	-	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%	-	-	1.7%
Finance costs, net				(69,116)
Other financial income and expenses, net				(1,088)
Profit/(loss) 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 activities				1,494
Net income				542,777

- (1) Economic revenue corresponds to revenue 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 the Environment Division's operations sold in December 2018). This column is included to enable segment information to be reconciled with the consolidated financial statements.
- (3) At June 30, 2018, the contribution of HBPO corresponded to 33.33% of HBPO's net income, i.e. before the takeover in July 2018.

3.1.2. Balance sheet aggregate data by operating segment

December 31, 2019				
In thousands of euros	Industries	Modules	Unallocated items	Total
Net amounts				
Goodwill	493,035	524,795	-	1,017,830
Intangible assets	550,467	168,357	5,921	724,745
Property, plant and equipment	1,792,295	133,857	32,767	1,958,919
Investment property	-	-	30	30
Inventories	674,341	61,505	-	735,846
Trade receivables	682,714	132,230	3,855	818,799
Other receivables	239,765	31,565	57,417	328,747
Finance receivables (C) ⁽¹⁾	13,100	-	-	13,100
Current accounts and other financial assets (D)	-1,101,226	3,103	1,167,906	69,783
Long-term investments in equity instruments and funds - FMEA 2 (F)	142	-	56,160	56,302
Hedging instruments (E)	-	-	5,027	5,027
Net cash and cash equivalents (A) ⁽²⁾	124,545	64,711	943,822	1,133,078
Segment assets	3,469,178	1,120,123	2,272,905	6,862,205
Borrowings and financial debt (B)	334,313	50,018	1,632,412	2,016,742
Segment liabilities	334,313	50,018	1,632,412	2,016,742
Segment net financial debt = (B - A - C - D - E - F) ⁽³⁾	1,297,752	-17,796	-540,503	739,453

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

(1) At December 31, 2019, "Finance receivables" amounted to €13,100 thousand vs. €22,504 thousand at December 31, 2018 (increased by €1,763 thousand at December 31, 2018).

(2) Net cash and cash equivalents as reported in the Statement of Cash Flows. See also 5.1.11.2 "Net cash and cash equivalents at end of period".

(3) See Notes 5.2.6.1 "Definition of debt instruments within the Group" and Note 5.2.6.5 "Reconciliation of gross and net debt".

3.1.3. Other information by operating segment

2019 In thousands of euros	Industries	Modules	Unallocated items	Total
Acquisitions of intangible assets	175,231	22,381	2,186	199,798
Capital expenditure including acquisitions of investment property	304,311	26,452	2,934	333,697

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

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

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

3.1.4.1. Information by sales region

2019			2018		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
France	725,146	7.9%	France	650,513	7.9%
North America	2,629,725	28.6%	North America	2,148,874	26.1%
Europe excluding France	4,073,847	44.4%	Europe excluding France	3,753,041	45.5%
South America	174,798	1.9%	South America	193,168	2.3%
Africa	98,210	1.1%	Africa	83,627	1.0%
Asia	1,480,906	16.1%	Asia	1,414,711	17.2%
Economic revenue	9,182,632	100%	Economic revenue	8,243,934	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	689,082		<i>Including revenue from joint ventures at the Group's percentage stake</i>	999,298	
Consolidated revenue	8,493,550		Consolidated revenue	7,244,636	

3.1.4.2. Information for the top ten contributing countries

2019			2018		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
Germany	1,447,331	15.8%	Germany	1,438,895	17.5%
United States	1,274,576	13.9%	United States	1,204,342	14.6%
Mexico	1,220,653	13.3%	Mexico	828,612	10.1%
China	857,265	9.3%	China	793,531	9.6%
France	725,146	7.9%	Spain	675,348	8.2%
Spain	679,964	7.4%	France	650,513	7.9%
Slovakia	512,123	5.6%	United Kingdom	526,503	6.4%
Great Britain	503,920	5.5%	Slovakia	401,077	4.9%
Korean	297,004	3.2%	Korea	289,963	3.5%
Hungary	294,877	3.2%	Czech Republic	180,053	2.2%
Other	1,369,773	14.9%	Other	1,255,097	15.2%
Economic revenue	9,182,632	100%	Economic revenue	8,243,934	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	689,082		<i>Including revenue from joint ventures at the Group's percentage stake</i>	999,298	
Consolidated revenue	8,493,550		Consolidated revenue	7,244,636	

3.1.4.3. Information by Automotive manufacturer

2019			2018		
Automotive manufacturers	Totals		Automotive manufacturers	Totals	
In thousands of euros	Totals	% of total Automotive revenue	In thousands of euros	Totals	% of total Automotive revenue
Volkswagen-Porsche	2,306,112	25.1%	Volkswagen-Porsche	2,025,392	24.6%
PSA Peugeot Citroën	948,606	10.3%	PSA Peugeot Citroën	946,716	11.5%
General Motors	883,677	9.6%	General Motors	929,886	11.3%
Daimler	864,560	9.4%	Ford	697,110	8.5%
BMW	768,805	8.4%	Renault/Nissan/Mitsubishi	592,924	7.2%
Total – main manufacturers	5,771,760	62.9%	Total – main manufacturers	5,192,028	63.0%
Other automotive manufacturers	3,410,873	37.1%	Other automotive manufacturers	3,051,906	37.0%
Total Economic revenue	9,182,632	100.0%	Total Economic revenue	8,243,934	100%
<i>Including revenue from joint ventures at the Group's percentage stake</i>	689,082		<i>Including revenue from joint ventures at the Group's percentage stake</i>	999,298	
Total Consolidated revenue	8,493,550		Total Consolidated revenue	7,244,636	

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, 2019							
Goodwill	213,274	714,923	80,054	-	9,579	-	1,017,830
<i>including translation adjustment</i>	-	-	1,509	-	592	-	2,100
Intangible assets	98,533	363,543	161,538	84,150	8,200	8,781	724,745
Property, plant and equipment	206,624	825,882	576,751	273,786	33,902	41,974	1,958,919
<i>including capital expenditure for the year</i>	23,007	144,416	67,370	71,442	1,437	26,025	333,697
Investment property	30	-	-	-	-	-	30
Total non-current fixed assets	518,461	1,904,348	818,343	357,936	51,681	50,755	3,701,524

(1) The "Other" region includes South Africa and Morocco.

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>	-	-	3,552	-	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 non-current fixed assets	582,550	1,757,760	798,832	283,164	49,346	18,519	3,490,171

(1) The "Other" region includes South Africa and Morocco.

4. NOTES TO THE INCOME STATEMENT

4.1. Breakdown of Research and Development costs

The percentage of Research and Development costs is expressed in relation to the amount of revenue.

In thousands of euros	2019	%	2018	%
Research and development costs after developments sold	-293,132	-3.5%	-305,042	-4.2%
Capitalized development costs	187,314	2.2%	193,346	2.7%
Depreciation of capitalized development costs	-160,764	-1.9%	-107,112	-1.5%
Research tax credit	11,650	0.1%	13,696	0.2%
Other (including grants and contributions received)	1,683	0.0%	792	0.0%
Net Research and Development costs	-253,249	-3.0%	-204,319	-2.8%

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

In thousands of euros	2019	2018
Cost of sales includes:		
Raw materials (purchases and changes in inventory) ⁽¹⁾	-5,923,749	-4,895,917
Direct production outsourcing	-14,892	-11,515
Utilities and fluids	-108,254	-96,865
Employee benefits expenses	-757,126	-669,484
Other production costs	-387,977	-363,853
Depreciation	-266,890	-174,544
Provisions	4,760	27,721
Total	-7,454,127	-6,184,457
Research and development costs include:		
Employee benefits expenses	-222,276	-208,303
Depreciation, amortization and provisions	-178,945	-117,802
Other	147,972	121,786
Total	-253,249	-204,319
Selling costs include:		
Employee benefits expenses	-25,713	-27,034
Depreciation, amortization and provisions	-699	-638
Other	-10,869	-9,761
Total	-37,280	-37,433
Administrative costs include:		
Employee benefits expenses	-153,797	-142,958
Other administrative expenses	-73,723	-86,642
Depreciation	-19,896	-12,018
Provisions	-90	-143
Total	-247,506	-241,761

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

- - €8,223 thousand in 2019;
- - €4.708 thousand in 2018.

4.3. Staff costs

In thousands of euros	2019	2018
Wages and salaries	-835,462	-778,468
Payroll taxes ⁽¹⁾	-248,762	-201,177
Non-discretionary profit-sharing	-19,213	-15,782
Share-based payments	-2,492	-2,528
Pension and other post-employment benefit costs ⁽²⁾	-5,626	-7,497
Other employee benefits expenses	-47,356	-47,575
Total employee benefits expense excluding temporary staff costs	-1,158,911	-1,053,027
Temporary staff costs	-147,890	-129,868
Total employee benefits expenses	-1,306,801	-1,182,895

(1) This item includes social contributions on the new stock option subscription and / or performance share plans for an amount of:

- -€184 thousand in 2019 (of which - €7 thousand for executive directors);
- None in 2018 (because there was no new stock-option plan).

(2) See Note 5.2.5.5 "Provisions for pensions commitment": changes in balance sheet commitments and benefit costs corresponding to the defined benefit plans" which includes an operating expense of - €5,626 thousand and a non-current income (in " Other operating income and expenses) of +€4,160 thousand.

4.4. Amortization of intangible assets acquired

This item corresponds essentially to:

- the amortization over nine years of contractual customer relationships recognized in 2011 on “Ford’s fuel tank” business in the United States;
- the amortization over six years of contractual customer relationships recognized during the takeover in July, 2016 of the “Faurecia Group Exterior Systems” business;
- And the amortization over seven years for contractual customer contracts and over 15 years for the brand recognized with the takeover of HBPO in July, 2018.

In thousands of euros	2019	2018
Amortization of Brands	-547	-448
Amortization of customer contracts	-26,663	-18,006
Total amortization of intangible assets acquired	-27,210	-18,454

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

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

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

In thousands of euros	2019 % Interest	2018 % Interest	2019	2018
HBPO GmbH and its subsidiaries ⁽¹⁾	%	33.33%	-	8,341
HBPO - SHB Automotive Modules (Samlip)	33.34%	33.34%	1,805	1,518
HICOM HBPO Sdn Bhd	26.66%	26.66%	82	105
JV Yanfeng Plastic Omnium and its subsidiaries - joint venture	49.95%	49.95%	28,370	39,363
B.P.O. AS - joint venture	49.98%	49.98%	6,320	7,769
Plastic Recycling SAS - joint venture ⁽²⁾	-	50.00%	-	18
POCellTech	23.00%	23.00%	-123	-5,226
Total share of profit/(loss) of associates and joint ventures			36,454	51,888

The 33.33% interest in 2018 shown in HBPO corresponds to the Group's equity stake before the acquisition of an additional 33.33% stake from

(1) the German group Mahle-Behr in 2018.

The Group sold its equity investment in "Plastic Recycling" in February 2018. The share of profit in 2018 represents its profit in the Group's

(2) financial statements at the time of the sale.

4.6. Other operating income and expenses

In thousands of euros	2019	2018
Pre-start-up costs at new plants ⁽¹⁾	-13,490	-20,217
Reorganization costs ⁽²⁾	-48,372	-28,182
Impairment of non-current assets ⁽³⁾	-5,455	-41,071
Impairment of investments and financial receivables (net) ⁽⁴⁾	2,326	-9,139
Provisions for charges and litigations ⁽⁵⁾	-14,052	-8,125
Foreign exchange gains and losses on operating activities ⁽⁶⁾	-11,480	-13,958
Full consolidation -HBPO	-	255,000
Other changes in the scope of consolidation	-	182
Argentina hyperinflation ⁽⁷⁾	276	-4,575
Retirement pension plan : change in the plans ⁽⁸⁾	14,160	-
Gains/Losses on disposals of non-current assets ⁽⁹⁾	17,924	-1,660
Other ⁽¹⁰⁾	-8,875	-13,874
Total operating income and expenses	-67,037	114,382
- of which total income	167,694	279,872
- of which total expense	-234,731	-165,490

At December 31, 2019

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

All of the costs incurred during the year relate to Intelligent Exterior Systems plants, mainly at the Greer plant in the United States, Hlohovec in Slovakia and Kenitra in Morocco.

(2) Reorganization costs:

Reorganization costs mainly relate to significant restructuring in:

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

(3) Impairment of non-current assets:

Impairment of non-current assets mainly relates to production and project assets of Intelligent Exterior Systems in Germany and Poland.

(4) Impairment of investments and financial receivables:

This section mainly includes the revenue received as a financial receivable on the sale of the "Performance Plastic Products - 3P" business (sold in 2008).

(5) Provisions for charges and litigation:

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

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

Virtually all foreign exchange losses are realized by the "Industries" segment, mainly related to the US dollar and the Argentinian peso.

(7) Argentina hyperinflation:

In 2018, the first year of recognition of hyperinflation in the Group's accounts, the entire impact was recognized in "Other operating income and expenses". Please refer to Note 2.7.2 in "Significant events of the period" for details of the impacts in 2019.

(8) Change in retirement pension plans:

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

This item includes (See Notes 5.2.5.2 and 5.2.5.5 Provisions for pensions):

- for €3,533 thousand, the impact related to the change from a defined-benefit retirement plan to a defined-contribution plan for the U.S. subsidiary, Plastic Omnium Auto Inergy LLC, which is affiliated to the "Industries" segment ;
- and for €627 thousand, the impact of the crystallization over the financial year, of the rights of the supplementary pension regime for Directors in France (Pacte Law/(Loi Pacte)).

(9) Gains/losses on disposals of non-current assets:

This item mainly includes the sale to Sofiparc SAS (Burelle) of the Lyon Gerland investment property and the Nanterre operating property (see Notes 2.3.1 and 2.3.2 in "Significant events of the period").

(10) Other:

Non-material amounts taken individually.

At December 31, 2018

Refer to the Consolidated financial statements at December 31, 2018 for details of operations in the last fiscal year.

4.7. Net financial income

In thousands of euros	2019	2018
Finance costs	-63,607	-61,451
Interest on post-employment benefit obligations ⁽¹⁾	-2,295	-2,311
Interest on lease liabilities ⁽²⁾	-8,773	-476
Financing fees and commissions	-4,688	-4,878
Finance costs, net	-79,363	-69,116
Exchange gains or losses on financing activities	-3,177	1,709
Gains or losses on interest rate and currency hedges ⁽³⁾	4,471	-1,976
Other ⁽⁴⁾	304	-821
Other financial income and expenses	1,598	-1,088
Total	-77,765	-70,204

(1) See Notes 5.2.5.5 "Changes in net balance sheet benefit positions".

(2) See Notes 2.1.1 "First-time application of IFRS 16 "Leases" and impacts on the financial statements ", 5.1.3 "Property, plant and equipment" and 5.2.6.5 "Reconciliation of gross and net financial debt".

(3) See Notes 5.2.7.1.2 on "Impact of hedging on the Income statement" and 5.2.7.2.2 on the "Impact of unsettled foreign exchange hedges on income and equity".

(4) In 2019, this section includes the reversal of the impairment of the UCITS for an amount of -€25 thousand versus an impairment of -€822 thousands in 2018. See Note 5.2.6.3 "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	2019	2018
Current taxes on continuing activities	-117,763	-92,446
Current income tax expense/(income)	-118,101	-87,209
Tax expense/(income) on non-recurring items	338	-5,237
Deferred taxes on continuing activities	27,903	-20,550
Deferred tax expense/(income) on timing differences arising or reversed during the period	27,130	-18,179
Expense/(income) resulting from changes in tax rates or the introduction of new taxes	773	-2,371
Income tax on continuing activities recorded in the consolidated income statement	-89,860	-112,996

4.8.2. Income tax analysis - Tax proof

Analysis of the income tax expense reveals the following:

In thousands of euros	2019		2018	
	Totals	% ⁽¹⁾	Totals	% ⁽¹⁾
Consolidated profit on continuing activities before tax and share of profit/(loss) of associates and joint ventures (A)	329,376		602,391	
French standard tax rate (B)		34.43%		34.43%
Theoretical tax expense (C) = (A) x (-B)	-113,404		-207,403	
Difference between the theoretical tax expense and the current and deferred tax expense excluding tax assessed on net interim profit on continuing activities (D)	23,544	7.1%	94,407	15.7%
Tax credits	51,145	15.5%	33,582	5.6%
Permanent differences between accounting profits and taxable profits	-11,730	-3.6%	74,562	12.4%
Change in unrecognized deferred taxes	-27,324	-8.3%	-33,900	-5.6%
Impact on deferred tax of a tax rate change	773	0.2%	-2,371	-0.4%
Impact of differences in foreign tax rates	21,377	6.5%	29,043	4.8%
Contribution to Value Added	-6,700	-2.0%	-6,401	-1.1%
Other impacts	-3,997	-1.2%	-108	-0.02%
Total current and deferred tax expense on continuing activities (E) = (C) + (D)	-89,860		-112,996	
Effective tax rate on continuing activities (E)/(A)	27.3%		18.8%	

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

The Group's effective tax rate in 2019 was 27.3% (18.8% in 2018).

In 2019, the tax recognized amounted to an expense of €90 million for a theoretical tax of €113 million, based on a tax rate of 34.43%.

In 2018, the tax recognized was an expense of €113 million for a theoretical tax of €207 million, based on a tax rate of 34.43%.

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

- for €1 million of specific tax reductions or credits mainly in North America, Asia and France (€34 million at December 31, 2018);
- for €1 million by the impact of more favorable tax rates, mainly in Asia (China, Thailand), in the United-States and in Europe (excluding France and Belgium) (€29 million at December 31, 2018);
- for -€27 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 (-€34 million at December 31, 2018);
- for -€12 million by permanent differences between accounting profits and taxable profits (€75 million at December 31, 2018 mainly due to the revaluation of HBPO stake);
- for -€7 million by the contribution to the added value of companies (-€6 million at December 31, 2018) of companies; and
- for €1 million as a consequence of changing tax rates. In 2018, the impact of the change in the tax rate was -€2 million, explained by the effect on the Group's deferred tax liabilities.

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	2019	2018
HBPO GmbH and its subsidiaries	10,265	4,845
Beijing Plastic Omnium Inergy Auto Inergy Co. Ltd	3,636	1,007
Plastic Omnium Auto Inergy Manufacturing India Pvt Ltd	718	920
DSK Plastic Omnium Inergy	3,201	2,776
DSK Plastic Omnium BV	-47	-67
Total attributable to non-controlling interests	17,773	9,481

4.10. Earnings per share and diluted earnings per share

Net profit attributable to owners of the parent	2019	2018
Basic earnings per share (in euros)	1.77	3.63
Diluted earnings per share (in euros)	1.76	3.61

Net income from discontinued activities		
Basic earnings per share from discontinued activities (in euros)	-	0.01
Diluted earnings per share from discontinued activities (in euros)	-	0.01

Net income from continuing activities		
Basic earnings per share from continuing activities (in euros)	1.77	3.62
Diluted earnings per share from continuing activities (in euros)	1.76	3.60

Weighted average number of ordinary shares outstanding at end of period	148,566,107	150,297,547
- Treasury stock	-2,400,104	-3,267,977
Weighted average number of ordinary shares, undiluted	146,166,003	147,029,570
- Impact of dilutive instruments (stock options)	122,180	540,227
Weighted average number of ordinary shares, diluted	146,288,183	147,569,797

Weighted average price of the Plastic Omnium share during the period		
- Weighted average share price	23.78	34.57

5. NOTES TO THE BALANCE SHEET

5.1. Assets

5.1.1. Goodwill

For the 2019 fiscal year, the assumptions for impairment tests (see Note 1.6.1) carried out at the level of the cash-generating units (CGU) or groups of cash generating units (business segments), namely "Industries" and "Modules" were:

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

These assumptions are identical to those used for the 2018 fiscal year.

The tests conducted did not lead to the recording of any impairment of the Group's goodwill at December 31, 2019. 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" CGU, only unreasonable assumptions could impact the test results. Unreasonable assumptions means a negative long-term growth rate combined with a discount rate increased by more than two points. For the "Modules" CGU, a negative long-term growth rate could impact the test results.

GOODWILL In thousands of euros	Gross Value	Impairment	Net value
Goodwill at January 1, 2018	584,685	-	584,685
Removal of goodwill linked to the Environment Division	-98,525	-	-98,525
Goodwill adjustment on the acquisition of companies in the Clean Energy Systems Division of the Industries segment	-303	-	-303
Goodwill of HBPO acquisition	524,795	-	524,795
Translation differences	5,078	-	5,078
Goodwill at December 31, 2018	1,015,730	-	1,015,730
Translation differences	2,100	-	2,100
Goodwill at December 31, 2019	1,017,830	-	1,017,830

5.1.2. Other intangible assets

In thousands of euros	Patents and licenses	Software	Development assets	Customer contracts	Other	Total
Carrying amount published at December 31, 2018	14,078	20,203	555,347	138,518	2	728,150
Capitalized development	-	-	187,314	-	-	187,314
Increases	200	7,624	4,660	-	-	12,484
Disposals - net	-273	-8	-7,667	-	-	-7,948
Other reclassifications	2,497	5,791	-7,820	-	-	468
Amortization for the period	-4,098	-12,313	-160,764	-26,662	-	-203,837
Impairments recognized and reversed	-	-	3,406	-	-	3,406
Translation adjustment	62	3	4,555	90	-	4,710
Carrying amount at December 31, 2018	12,466	21,300	579,031	111,946	2	724,745

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In thousands of euros	Patents and licenses	Software	Development assets	Customer contracts	Other	Total
Carrying amount adjusted at January 1, 2018	26,478	21,998	431,273	37,294	493	517,536
Capitalized development	-	-	193,346	-	-	193,346
Increases	691	5,939	8,476	-	-	15,106
Disposals - net	-6,477	-46	-2,702	-	-	-9,225
Newly-consolidated companies ⁽¹⁾	8,200	4,726	48,617	119,000	-	180,543
Changes in scope of consolidation (deconsolidation) ⁽²⁾	-8,552	-1,116	-1,203	-	-521	-11,392
Other reclassifications	2,234	634	-2,918	-	-	-50
Amortization 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	31	46	5,329	231	-	5,637
Carrying amount published at December 31, 2018	14,078	20,203	555,347	138,518	2	728,150

(1) Takeover of HBPO - See Note 2.3.1 in "Significant events of the period".

(2) Sale of Environment Division - See Note 2.6.1 in "Significant events of the period".

In thousands of euros	Patents and licenses	Software	Development costs	Customer contracts	Other	Total
Analysis of carrying amount at December 31, 2018						
Cost	45,102	145,698	1,126,897	293,303	2	1,611,002
Accumulated amortization	-26,766	-125,495	-551,806	-154,785	-	-858,852
Impairment	-4,258	-	-19,743	-	-	-24,001
Carrying amount at December 31, 2018	14,078	20,203	555,347	138,518	2	728,150
Analysis of carrying amount at December 31, 2019						
Cost	47,609	158,020	1,205,499	293,809	2	1,704,939
Accumulated amortization	-30,885	-136,720	-610,011	-181,863	-	-959,479
Impairment	-4,258	-	-16,457	-	-	-20,715
Carrying amount at December 31, 2019	12,466	21,300	579,031	111,946	2	724,745

5.1.3. Property, plant and equipment

Property, plant and equipment corresponds to tangible assets held in their own right but also, since January 1, 2019, to rights-of-use related to leases of tangible assets following the application of IFRS 16 "Leases".

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Property, plant and equipment under construction	Other property, plant and equipment	Total
Carrying amount at December 31, 2018: Property, plant and equipment owned outright	105,517	473,079	581,347	326,915	166,170	1,653,028
Reclassifications of finance leases (First-time application of IFRS 16) ⁽¹⁾	-354	-860	-11,294	-	-	-12,508
Carrying amount at January 1, 2019 : Property, plant and equipment owned outright	105,163	472,219	570,053	326,915	166,170	1,640,520
Acquisitions	1,285	69,711	74,906	109,634	78,161	333,697
Disposals ⁽²⁾	-3,498	-11,782	-2,947	-	-5,715	-23,942
Change in consolidation scope (disposals)	-	-	6	-	-	6
Others reclassifications	-1,246	62,501	123,752	-259,936	85,155	10,226
Impairments and reversals	-264	101	-3,128	-	-853	-4,144
Depreciation for the period	-1,608	-31,569	-129,754	-	-76,422	-239,353
Translation adjustment	1,426	4,969	5,128	2,966	704	15,193
Carrying amount at December 31, 2019: Property, plant and equipment owned outright (A)	101,258	566,150	638,016	179,579	247,200	1,732,204

Right-of-use assets for leases						
1st application of IFRS 16 at January 1, 2019	852	196,682	14,162	-	18,561	230,257
Reclassifications of finance leases ⁽¹⁾	354	860	11,294	-	-	12,508
Acquisitions	1,298	40,394	6,043	-	4,638	52,373
Diminutions	-86	-10,231	-202	-	-333	-10,852
Depreciation for the period	-495	-36,882	-8,658	-	-7,966	-54,001
Others reclassifications	-	-4,970	-	-	-	-4,970
Translation adjustment	-6	1,070	265	-	72	1,401
Right-of-use assets for leases: Carrying amount at December 31, 2019 : (B)	1,917	186,923	22,904	-	14,972	226,715

Carrying amount at December 31, 2019: Property, plant and equipment (C) = (A)+ (B)	103,175	753,073	660,920	179,579	262,172	1,958,919
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(1) Corresponds to finance leases agreements capitalized in the financial statements at December 31, 2018 in accordance with IAS 17 "Leases" and IFRS 16, reclassified since January 1, 2019 as "Right-of-use of leased assets".

(2) See Note 2.3.2 related to the sale by the Group of the operating investment property in Nanterre in the "Hauts de Seine" to Sofiparc SAS.

Information on rents resulting from uncapitalized leases and services:

The lease expense on uncapitalized leases amounted to €2.4 million at December 31, 2019.

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Tangible assets under construction	Other tangible assets	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 ⁽³⁾	-	7,185	26,437	11,794	18,498	63,914
Changes in consolidation scope (disposals) ⁽⁴⁾	-2,217	-5,394	-24,283	-4,532	-16,712	-53,138
Impact of IFRS 15 application	-	-	-131	-	-128	-259
Other reclassifications ⁽⁵⁾	8,211	61,660	91,873	-196,843	34,943	-156
Fair value adjustment ⁽⁶⁾	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

(3) See note 2.3.1 "Significant events of the Period" related to the takeover of HBPO (consolidated financial statements of December 31, 2018).

(4) See note 2.6.1 "Significant events of the Period" related to the disposal of the Environment Division (consolidated financial statements of December 31, 2018).

(5) The Other reclassifications stem from the revaluation of property, plant and equipment by shareholders' equity following the hyperinflation on the Argentine peso for €1,693 thousand (see note 2.10.1 in "Transactions for the Period") and a reclassification in depreciation of property, plant and equipment of the restructuring provision in Germany in the Industries cluster for an impairment of -€1,800 thousand (consolidated financial statements of December 31, 2018).

(6) The fair value adjustments for €2,967 thousand are related to the hyperinflation effects on tangible assets of the three Argentinian subsidiaries recognized under profit and loss.

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Tangible assets under construction	Other tangible assets	Total
Analysis of carrying amount at January 1 2019						
Gross value	114,750	765,623	1,734,675	326,931	527,557	3,469,536
Depreciation	-9,226	-280,910	-1,146,467	-	-348,905	-1,785,508
Impairment	-7	-11,634	-6,861	-16	-12,482	-31,000
Carrying amount at January 1, 2019	105,517	473,079	581,347	326,915	166,170	1,653,028
Analysis of carrying amount at December 31, 2019						
Cost	114,846	1,106,388	1,920,713	179,596	689,128	4,010,671
Depreciation	-11,405	-341,945	-1,249,816	-	-413,567	-2,016,733
Accumulated impairment	-266	-11,370	-9,977	-17	-13,389	-35,019
Carrying amount at December 31, 2019	103,175	753,073	660,920	179,579	262,172	1,958,919

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Tangible assets under construction	Other tangible assets	Total
Analysis of carrying amount at January 1, 2018						
Gross value	99,375	693,128	1,662,871	236,812	510,247	3,202,433
Depreciation	-10,283	-264,142	-1,151,594	-	-349,497	-1,775,515
Impairment	-7	-13,508	-1,856	-	-1,082	-16,453
Carrying amount at January 1, 2018	89,086	415,478	509,421	236,812	159,669	1,410,465
Analysis of carrying amount at December 31, 2018						
Cost (excluding IFRS 5 reclassifications)	114,750	765,623	1,734,675	326,931	527,557	3,469,536
Depreciation (excluding IFRS 5 reclassifications)	-9,226	-280,910	-1,146,467	-	-348,905	-1,785,508
Accumulated impairment (excluding IFRS 5 reclassifications)	-7	-11,634	-6,861	-16	-12,482	-31,000
Carrying amount at December 31, 2018	105,517	473,079	581,347	326,915	166,170	1,653,028

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

5.1.4. Investment property

On December 4, 2019, the Group sold the Lyon Gerland real estate complex to Sofiparc SAS (subsidiary of the group Burelle SA). See Note 2.3.1 in "Significant events of the period".

The transaction resulted in the recognition of a gain of €9.0 million. See note 4.6 "Other operating income and expenses".

At the year-end account closing, the Group only has one vacant land in the Lyon region.

In thousands of euros	Land	Buildings	Total
Investment property	12,700	80,589	93,289
Sale to Sofiparc SAS (Burelle)	-12,670	-80,589	-93,259
Fair value at December 31, 2019	30	-	30

In thousands of euros	Land	Buildings	Total
Investment property	12,700	80,563	93,263
Fair value at December 31, 2018	12,700	80,563	93,263

Investment property-related income and expenses are as follows:

In thousands of euros	2019	2018
Income from investment property rentals	6,907	6,899
Investment property direct operating expenses	-1,311	-1,423

5.1.5. Non-consolidated interests and investments in associates and joint ventures consolidated by the equity method

Non-consolidated interests:

The non-consolidated interests relate to:

- non-significant shell companies, dormant companies; and
- the shares 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 interests in the income statement.

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

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

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In thousands of euros	2019 % interest	2018 % interest	December 31, 2019	December 31, 2018
HBPO - SHB Automotive Modules (Samlip) ⁽¹⁾	33.34%	33.34%	16,346	16,141
HICOM HBPO Sdn Bhd ⁽¹⁾	26.66%	26.66%	559	466
JV Yanfeng Plastic Omnium and its subsidiaries - joint venture ⁽²⁾	49.95%	49.95%	164,683	159,850
B.P.O. AS - joint venture	49.98%	49.98%	13,342	14,221
POCellTech	23.00%	23.00%	-	2,319
Total investments in associates and joint ventures			194,930	192,997
Equity investments in "Tactotek OY" ⁽³⁾			-	-
Other non-consolidated equity investments			199	225
Total non-consolidated equity investments			199	225
Total of investments consolidated by the equity method and non-consolidated equity instruments			195,129	193,222

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

(2) The Yanfeng Plastic Omnium sub-group has three new entities in 2019: "Ningde", "Daqing" (activity not yet started) and "Yangkang Rugao" following an acquisition.

(3) The 2018 equity stake acquisition in the Finnish company "Tactotek OY" was impaired at the end of the 2018. An additional investment of €321 thousand at December 31, 2019 that was also impaired.

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

In thousands of euros	December 31, 2019	December 31, 2018
Goodwill in associates and joint ventures - Industries segment ⁽¹⁾	21,414	13,625
Total goodwill in associates and joint ventures	21,414	13,625

(1) The change over the period corresponds to :

* the goodwill from the acquisition in 2019 of "Yankang Rugao" by Yanfeng Plastic Omnium; and

* the impairment of POCellTech goodwill.

In view of the individual contribution of less than 10% of joint ventures and associates to the Group's main financial indicators, the summary balance sheet and income statement aggregates of the joint ventures are as follows:

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

In thousands of euros	December 31, 2019	December 31, 2018
Non-current assets	424,981	252,090
Current assets	1,030,412	952,428
Total assets	1,455,393	1,204,517
Shareholders' equity	289,925	275,727
Non-current liabilities	109,145	8,400
Current liabilities	1,056,323	920,390
Total equity and liabilities	1,455,393	1,204,517
Revenue	1,541,006	1,399,610

5.1.6. Non-current financial assets

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

5.1.6.1. 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 and in shell companies.

In the context of the application of IFRS 9 “Financial Instruments, 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, 2019			December 31, 2018		
	Subscribed amounts	Non-called-up amounts	Net	Subscribed amounts	Non-called-up amounts	Net
Financial investments in the “FMEA 2” fund ^{(1)/(3)}	-	-	2,330	-	-	829
Financial investments in listed securities ⁽¹⁾	-	-	50,530	-	-	25,719
Investment in the venture capital company "Aster" ⁽²⁾	20,000	-16,700	3,300	20,000	-18,500	1,500
Other	-	-	142	-	-	135
Long-term investments in equities and funds			56,302			28,183

- (1) Financial investments in the “FMEA 2” fund and investments in shares in listed companies are listed with long-term financial receivables in Note 5.2.6.5 “Reconciliation of gross and net financial debt”.
- (2) Payment of €1.8 million in the fiscal year 2019.
- (3) Payment of \$1.7 million during the fiscal year 2019 to "AP Ventures", a venture capital fund dedicated to hydrogen. See Note 2.4.1 in "Significant events of the period".

5.1.6.2. Other non-current financial assets

In thousands of euros	December 31, 2019	December 31, 2018
Loans	1,807	1,979
Deposits and surety bonds	12,849	33,846
Other receivables	-	4
Other non-current assets and financial receivables (see Note 5.2.6.5)	14,656	35,829
Finance receivables related to Automotive contracts (see Note 6.4.1)	-	1,763
Non-current financial receivables (see Note 5.2.6.5)	-	1,763
Total	14,656	37,592

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

5.1.7. Inventories and Inventories in progress

In thousands of euros	December 31, 2019	December 31, 2018
Raw materials and supplies		
At cost (gross)	213,190	190,377
Net realizable value	197,729	180,667
Molds, tooling and engineering		
At cost (gross)	381,744	431,360
Net realizable value	375,797	426,623
Other work in progress		
At cost (gross)	-	-
Net realizable value	-	-
Maintenance inventories		
At cost (gross)	72,142	63,432
Net realizable value	59,655	54,934
Goods		
At cost (gross)	2,008	1,754
Net realizable value	1,664	1,361
Semi-finished products		
At cost (gross)	62,765	43,311
Net realizable value	59,637	40,746
Finished products		
At cost (gross)	45,282	35,656
Net realizable value	41,364	32,778
Total, net	735,846	737,109

5.1.8. Current financial receivables

In thousands of euros	December 31, 2019		December 31, 2018	
	Undiscounted values	Carrying amount	Undiscounted values	Carrying amount
Current financial receivables (see Note 5.2.6.5)	13,100	13,100	22,504	22,504
<i>of which Customer receivables</i>	<i>13,100</i>	<i>13,100</i>	<i>22,504</i>	<i>22,504</i>
Other current financial assets and financial receivables (see Note 5.2.6.5)	55,127	55,127	63,942	63,942
<i>of which "Negotiable debt securities"</i>	<i>5,000</i>	<i>5,000</i>	<i>14,003</i>	<i>14,003</i>
<i>of which "UCITS"⁽¹⁾</i>	<i>49,809</i>	<i>49,809</i>	<i>49,185</i>	<i>49,185</i>
<i>of which "Other"⁽²⁾</i>	<i>316</i>	<i>316</i>	<i>754</i>	<i>754</i>
Total current financial receivables	68,227	68,227	86,446	86,446

- (1) The change corresponds to an impairment of short-term investment securities. See Note 5.2.6.3 "Loans, negotiable debt securities and other financial assets".
- (2) See Note 5.2.6.3 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.

5.1.9. Trade and other receivables

5.1.9.1. Sale of receivables

Compagnie Plastic Omnium and some of its European and United States subsidiaries have set up several commercial receivables sales programs with French banks. These programs have an average maturity of more than two years. These non-recourse programs transfer substantially all the risks and rewards of ownership to the buyer of the sold receivables; for these programs, only the non-material dilution risk is not transferred to the buyer. Receivables sold under these programs, which are therefore no longer included in the balance sheet, totaled €15 million at December 31, 2019 versus €347 million at December 31, 2018.

5.1.9.2. Trade receivables – Gross values, impairment and carrying amounts

In thousands of euros	December 31, 2019			December 31, 2018		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables	823,843	-5,044	818,799	820,132	-4,833	815,300

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

5.1.9.3. Other receivables

In thousands of euros	December 31, 2019	December 31, 2018
Sundry receivables	88,560	101,949
Prepayments to suppliers of tooling and prepaid development costs	40,734	70,713
Prepaid and recoverable income taxes	93,990	97,810
Other prepaid and recoverable taxes	90,655	82,613
Employee advances	3,837	3,129
Prepayments to suppliers of non-current assets	10,980	14,398
Other receivables	328,757	370,612

5.1.9.4. Trade and other receivables by currency

In thousands of currency units		December 31, 2019			December 31, 2018		
		Local currency	Euro	%	Local currency	Euro	%
EUR	Euro	579,439	579,439	50%	619,258	619,258	52%
USD	US dollar	276,384	246,025	21%	306,508	267,692	23%
CNY	Chinese yuan	831,066	106,268	9%	618,348	78,519	7%
GBP	Pound sterling	56,899	66,877	6%	29,418	32,887	3%
Other	Other currencies		148,947	13%		187,556	16%
Total			1,147,556	100%		1,185,912	100%
<i>Of which:</i>							
• Trade receivables			818,799	71%		815,300	69%
• Other receivables			328,757	29%		370,612	31%

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, 2019						Sensitivity tests on receivables at December 31, 2018					
		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	579,439	1.0000	48%	46%	53%	56%	619,258	1.0000	50%	47%	55%	58%
USD	US dollar	276,384	#VALUE!	22%	23%	20%	19%	306,508	0.8734	24%	25%	21%	20%
CNY	Chinese yuan	831,066	#VALUE!	10%	10%	9%	8%	618,348	0.1270	7%	7%	6%	6%
GBP	Pound sterling	56,899	1.1754	6%	6%	6%	5%	29,418	1.1179	3%	3%	3%	2%
Other	Other currencies	-	-	14%	14%	12%	11%	-	-	16%	18%	15%	14%
Total in euros			1,147,556	1,204,356	1,261,169	1,090,734	1,033,923		1,185,912	1,242,577	1,299,243	1,129,247	1,072,581
<i>Of which:</i>													
• Trade receivables			818,799	859,334	899,872	778,263	737,727		815,300	854,257	893,214	776,344	737,387
• Other receivables			328,757	345,022	361,297	312,471	296,196		370,612	388,320	406,029	352,903	335,194

Foreign exchange sensitivity tests on “Trade and other receivables and other receivables” and “Trade payables and other operating liabilities by currency” (see Note 5.2.8.3) show a low sensitivity of this item to variations in exchange rates.

5.1.10. Deferred taxes

As noted in Note 1.9 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.

Deferred taxes are broken down as follows:

In thousands of euros	December 31, 2019	December 31, 2018
Property, plant and equipment	-40,293	-51,920
Employee benefit obligations	26,204	26,098
Provisions	41,413	33,463
Financial instruments	-497	612
Tax loss carryforwards and tax credits	140,528	122,937
Other	714	-18,424
Impairment of deferred tax assets	-116,820	-91,793
Total	51,249	20,973
<i>Of which:</i>		
<i>Deferred tax assets</i>	<i>106,108</i>	<i>101,691</i>
<i>Deferred tax liabilities</i>	<i>54,859</i>	<i>80,718</i>

Unrecognized tax assets in respect of tax losses at December 31, 2019 amount to €85 million as at December 31, 2018 and have the following characteristics:

In thousands of euros	December 31, 2019	December 31, 2018
Evergreen tax loss carryforwards	72,247	69,301
Tax loss carryforwards available for more than 5 years	5,256	12,628
Tax loss carryforwards available for up to 5 years	3	846
Tax loss carryforwards available for up to 4 years	578	730
Tax loss carryforwards available for up to 3 years	6,912	535
Tax loss carryforwards available for less than 3 years	483	828
Total	85,479	84,868

The change in the fiscal year is essentially due to variations in France and in Germany.

5.1.11. Cash and cash equivalents

5.1.11.1 Gross cash and cash equivalents

In thousands of euros	December 31, 2019	December 31, 2018
Cash at banks and in hand	1,130,587	903,485
Short-term deposits	12,366	12,851
Total cash and cash equivalents on the balance sheet	1,142,953	916,336

Cash and cash equivalents break down as follows:

In thousands of euros	December 31, 2019	December 31, 2018
Cash and cash equivalents of the Group's captive reinsurance company	18,000	33,689
Cash and cash equivalents in countries with exchange controls ⁽¹⁾	95,176	84,380
Available cash	1,029,777	798,267
Total cash and cash equivalents on the balance sheet	1,142,953	916,336

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

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

5.1.11.2 - Net cash and cash equivalents at end of period

In thousands of euros	December 31, 2019	December 31, 2018
Cash and cash equivalents	1,142,953	916,336
Short-term bank loans and overdrafts	-9,875	-4,684
Net cash and cash equivalents in the statement of cash flows	1,133,078	911,652

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

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

The Group's financial acquisitions are broken down into two categories, 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 statement of cash flows.

At December 31, 2019:

None

At December 31, 2018:

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

- the acquisition in 2018 of the 33.33% stake in "HBPO" for €369.8 million; and
- reductions in the acquisition prices of the companies "Swiss Hydrogen" and "Optimum CPV BVBA" for -€0.2 million.

5.1.12.2 Disposal of investments in subsidiaries and associates and non-controlling interests

Disposals of investments in subsidiaries and associates

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

2019:

None

2018: The Group sold:

- the company "Plastic Recycling SAS" at the end of February 2018, for an amount of €0.8 million; and
- the "Environment" Division on December 18, 2018, for an amount of €199.4 million.

5.2. Liabilities

5.2.1. Group shareholders' equity

5.2.1.1 Share capital of Compagnie Plastic Omnium

In euros	December 31, 2019	December 31, 2018
Share capital at January 1 of the period	8,913,966	9,058,603
Capital reduction during the period	-	-144,637
Share capital at end of period, made up of ordinary shares with a par value of €0.06 each over the two periods	8,913,966	8,913,966
Treasury stock	143,310	137,456
Total share capital net of treasury stock	8,770,656	8,776,511

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

Capital structure at December 31, 2019

At December 31, 2019, the share capital of Compagnie Plastic Omnium remains the same as at December 31, 2018 with 2,388,499 of its own shares, i.e. 1.61 % of the share capital, compared with 2,290,930 own shares, i.e. 1.54% of the capital at December 31, 2018.

In 2019, the parent company Burelle SA strengthened its equity interest, bringing it from 58.51% to 58.78% before cancellation of treasury shares (see Note 2.6.1 in "Significant events of the period").

Capital structure at December 31, 2018

The Compagnie Plastic Omnium Boards of Directors' of July 19, 2018 and October 30, 2018 decided, respectively, to cancel 1,100,613 treasury shares (i.e. 0.74% of the 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.

At December 30, 2018, the share capital of Compagnie Plastic Omnium consisted of shares with a par value of €0.06 totaling €8,913,966.42 including 2,290,930 treasury shares, i.e. 1.54 % of the share capital, against 3,306,070 treasury shares i.e. 2.19% of the share capital at December 31, 2017.

5.2.1.2 Breakdown of "Other reserves" in the consolidated statement of changes in equity

<i>In thousands of euros</i>	Actuarial gains/(losses) recognized in equity	Cash flow hedges – interest rate instruments	Cash flow hedges – currency instruments	Fair value adjustments	Retained earnings and other reserves	Attributable to owners of the parent
December 31, 2017	-51,733	-626	1,525	18,238	1,399,164	1,366,568
First-time application of IFRS 15	-	-	-	-	-4,818	-4,818
First-time application of IFRS 9	-	-	-	-	-1,939	-1,939
At January 1, 2018	-51,733	-626	1,525	18,238	1,392,407	1,359,811
Movements in 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
First-time application of IFRIC 23	-	-	-	-	-2,500	-2,500
At January 1, 2019	-50,026	-1,856	-1,281	18,604	1,649,668	1,615,109
Movements in 2019	-12,194	302	-826	10,290	432,094	429,666
At December 31, 2019	-62,220	-1,554	-2,107	28,894	2,081,762	2,044,775

5.2.1.3 Breakdown of “Changes in the scope of Consolidation and reserves” in the “Consolidated statement of changes in equity”

The takeover of HBPO and its full consolidation, starting from July 1, 2018, had no impact on the reserves “Attributable to owners of the parent”, but led to the recognition of minority interests.

In thousands of euros	Shareholders' equity		Total shareholders' equity
	Attributable to owners of the parent	Attributable to non-controlling interests	
Takeover of HBPO with Hella's non-controlling interests integration	-	62,884	62,884
Other changes in the scope of consolidation at December 31, 2018	-	62,884	62,884
None	-	-	-
Other changes in the scope of consolidation at December 31, 2019	-	-	-

5.2.2. Dividends voted and paid by Compagnie Plastic Omnium

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

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

In 2018, Compagnie Plastic Omnium paid a dividend of €0.67 per share on the 2017 net profit.

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

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

Distribution of a dividend of €0.74 per share in respect of 2019 (total amount of €109,939 thousand for 148,566,107 outstanding shares before the decrease of treasury shares at December 31, 2019) will be proposed to the Combined Shareholders' Meeting on April 23, 2020.

5.2.3. Share-based payments

Stock options plan:

2018 and 2019: no new stock option plans were introduced in the 2018 and 2019 fiscal years.

Performance share Plan:

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

Beneficiaries must be employees, Executive Corporate Officers of Compagnie Plastic Omnium, related companies, or groups linked to Compagnie Plastic Omnium.

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

Valuation of May 2, 2019 plan <i>In euros</i> <i>In units for the number of shares</i>	Valuation of the number of shares allocated and valuation on May 2, 2019		
	Initial	Renunciations in 2019	Final positions
Number of shares allocated to the performance share plan	400,000 shares	-3,440 shares	396,560 shares
Market conditions	Not subject to market conditions		
Plastic Omnium share price at the performance plan date	€26.65		
Average value of one share	€23.00		
Number of shares attributable after application of an employee turnover rate	386,000 shares		
Estimated overall cost of the plan on the date of allocation - (Accounting expense with adjustment to reserves)	€8,878,000		

The overall cost of the plan was subject to a revaluation based on the achievement of the performance conditions for the 2019 financial year. Based on this new estimate, the overall plan charge of May 2, 2019 amounts to €7,768,250. The expense is amortized on a straight-line basis over the vesting period of four years (of which €1,296,479 as of December 31, 2019).

The performance share plan is subject to a 20% social security contribution for the employer, as a French subsidiary. This contribution is due the month following the date of vesting by the beneficiary, i.e. in June 2023. It is subject to a provision for charges, calculated on the nominal value of the shares according to the market price of the day of allocation, spread over the term of the plan, ie four years. As of December 31, 2019, the provision for accrued expenses amounted to €184 thousand.

Other information	Plan of May 2, 2019
Performance condition 1 : Operating margin target	Vesting of 50% of the rights granted
Performance condition 2: Free cash flow target	Vesting of 50% of the rights granted
Total number of beneficiaries	255

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

The vesting period for all plans is four years per plan.

Outstanding options Stock options <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2019	Revaluations/adjustments	Increases Options granted during the period	Decreases		Cost for the period	Options outstanding at December 31, 2019	
				Options forfeited during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2019
March 21, 2012 plan								
Number of options	140,262			-66,600	-73,662		-	-
Share price at the grant date	7.3						-	-
Exercise price	7.38						-	-
Term	7 years						-	-
Unrecognized cost at period-end	-						-	-
Remaining life	0.25 year						-	-
August 7, 2013 plan								
Number of options	270,300			12,000	-105,500		176,800	176,800
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	-						-	-
Remaining life	1.6 year						0.6 year	
August 6, 2015 plan								
Number of options	1,118,000			-51,000	-12,000		1,055,000	1,055,000
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	953,981			-520,800		-433,181	0	
Remaining life	4.6 years						3.6 years	
March 10, 2017 plan								
Number of options	528,500			-43,500			485,000	None
Share price at the grant date	33.71						33.71	
Exercise price	32.84						32.84	
Term	7 ans		0				7 years	
Unrecognized cost at period-end	2,056,627			-382,365		-763,882	910,380	
Remaining life	5,2 ans		0				4.2 years	
Outstanding options Performance share Plan <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2019	Revaluations/adjustments	Increases Options granted during the period	Decreases		Cost for the period	Options outstanding at December 31, 2019	
				Options forfeited during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2019
May 2, 2019 plan								
Number of shares		-50,000	400,000	-3,440			346,560	None
Number of shares after application of the headcount turnover rate (3.5%) ⁽¹⁾		-48,250	386,000				337,750	
Share price at the grant date			26.65				26.65	
Average share value			23.00				23.00	
Term			4 years				4 years	
Unrecognized cost at period-end		-1,109,750	8,878,000			-1,294,708	6,473,542	
Remaining life			4 years				3.3 years	
Total expense for the fiscal year						-2,491,771 in euros		

(1) Used in determining "Diluted earnings per share".

5.2.4. Provisions

In thousands of euros	December 31, 2018	Allocations	Utilizations	Releases of surplus provisions	Other reclassifications	Actuarial gains/(losses)	Translation adjustment	December 31, 2019
Customer warranties	26,898	17,554	-6,002	-5,169	628	-	65	33,974
Reorganization plans	15,438	21,971	-6,408	-	45	-	-31	31,015
Taxes and tax risks	6,363	602	-6,450	-	289	-	-	804
Contract risks ⁽¹⁾	29,654	9,123	-14,747	-4,417	416	-	84	20,113
Claims and litigations	4,277	4,520	-435	-230	-19	-	-149	7,964
Other	8,082	4,249	-3,169	-1,387	-1,360	-	46	6,460
Provisions for liabilities and charges	90,712	58,019	-37,211	-11,203	-	-	15	100,332
Provisions for pensions and other post-employment benefits	105,184	3,055	-3,488	-13,497 ⁽²⁾	-	15,532 ⁽³⁾	884	107,670
TOTAL	195,896	61,074	-40,699	-24,700	-	15,532	899	208,002

(1) It corresponds to the loss-making contracts in the "Industries" segment.

(2) The reversal of provisions in the period corresponds mainly to the transition to a defined-contribution scheme of a subsidiary in the United States (see Note 4.6 "Other operating income and expenses").

(3) The change in "actuarial gains and losses" over the period, is explained by the decrease of the discount rates between December 31, 2018 and 2019 respectively from 1.6% to 0.75% for the Euro zone and from 4.25% to 3.2% for the United States zone.

See Note 5.2.5 "Provisions for pensions and other post-employment benefits".

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

(1) First-time application of IFRS 15.

(2) Impacts of the takeover of HBPO.

(3) Impacts of the restructuring in the "Intelligent Exterior Systems" Division sites.

(4) Reversal of provisions for tax audits.

(5) Loss-making contracts and losses on completion in the "Industries" segment.

(6) The "Other" item included individually insignificant amounts.

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

5.2.5. 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 related to 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 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 does not enable an average to be calculated. Similarly, sensitivity tests are carried out on significant, homogeneous data by and region.

5.2.5.1 Actuarial Assumptions

The decrease in interest rates in 2019 led the Group to revalue its employee-related commitments for the Euro zone and the United States. The rates used at December 31, 2019 were respectively:

- 0.75% for the Euro zone (1.6% at December 31, 2018)
- 3.2% for the United States (4.25% at December 31, 2018)

In 2019, the Group opted for a “defined-contribution” plan for the only American subsidiary that operated a “defined-benefit” plan (see notes 4.6 “Other operating income and expenses” and 5.2.4 “Provisions”).

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

	December 31, 2019		December 31, 2018	
	France	United	France	United
	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	0.75%	3.20%	1.60%	4.25%
Discount rate – long-service awards	0.30%		1.30%	
Inflation rate	1.70%	2.00%	1.70%	2.00%
Rate of future salary increases		3.50%	1.70% to 4.70%	3.50%
Rate of increases in healthcare costs				
		8.00%		8.25%
		5.50%		5.75%
Expected long-term rate of return on pension plan assets	0.75%	3.20%	1.60%	4.25%

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-managers" and the age of employees.

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.

5.2.5.2. Changes in balance sheet commitments and benefit costs corresponding to 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, 2019	December 31, 2018	December 31, 2017	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2019	December 31, 2018	December 31, 2017
Projected benefit obligation at January 1	154,484	154,399	150,173	3,233	4,323	4,876	157,717	158,722	155,051
Service cost	8,055	9,560	11,108	272	232	263	8,327	9,792	11,371
Interest cost	4,016	3,846	3,626	66	46	44	4,082	3,892	3,670
Curtailments, settlements and other	-14,160	-	632	-	-	-65	-14,160	-	567
Actuarial gains and losses	21,839	-4,801	1,172	433	-117	-466	22,272	-4,918	706
<i>Of which, experience adjustments</i>	<i>58</i>	<i>2,009</i>	<i>-1,715</i>	<i>71</i>	<i>-74</i>	<i>-327</i>	<i>129</i>	<i>1,935</i>	<i>-2,042</i>
Benefits paid from plan assets	-1,685	-979	-368	5	5	21	-1,680	-974	-347
Benefits paid by the Company	-1,501	-700	-1,920	-327	-121	-324	-1,828	-821	-2,244
Change in scope	-	-	-9,703	-	-0	-898	-	-0	-10,601
Consolidation of "Modules"	-	964	-	-	-	-	-	964	-
IFRS 5 Reclassifications	-	-11,421	9,057	-	-1,157	933	-	-12,578	9,990
Translation adjustment	1,499	3,616	-9,378	9	23	-61	1,508	3,639	-9,439
Projected benefit obligation at December 31	172,547	154,484	154,399	3,691	3,233	4,323	176,238	157,717	158,722
<i>Change in projected benefit obligation</i>	<i>18,063</i>	<i>85</i>	<i>4,226</i>	<i>458</i>	<i>-1,090</i>	<i>-553</i>	<i>18,521</i>	<i>-1,005</i>	<i>3,671</i>
Fair value of plan assets at January 1	52,533	52,206	45,331	-	-	-	52,533	52,206	45,331
Return on plan assets	1,787	1,581	1,392	-	-	-	1,787	1,581	1,392
Employer contributions	7,727	1,179	6,655	-	-	-	7,727	1,179	6,655
Actuarial gains and losses	6,740	-2,480	3,568	-	-	-	6,740	-2,480	3,568
Benefit payments funded by plan assets	-845	-829	-514	-	-	-	-845	-829	-514
IFRS 5 Reclassifications	-	-707	-	-	-	-	-	-707	-
Translation adjustment	624	1,583	-4,226	-	-	-	624	1,583	-4,226
Fair value of plan assets at December 31	68,568	52,533	52,206	-	-	-	68,568	52,533	52,206
<i>Change in fair value of plan assets</i>	<i>16,035</i>	<i>327</i>	<i>6,875</i>	-	-	-	<i>16,035</i>	<i>327</i>	<i>6,875</i>
Excess of projected benefit obligation over plan assets = net provision recorded in the balance sheet	103,979	101,951	102,194	3,691	3,233	4,323	107,670	105,184	106,517
- of which France	48,064	43,372	47,720	2,270	2,283	3,047	50,334	45,655	50,767
- of which Europe excluding France	12,069	9,303	9,927	750	428	827	12,819	9,731	10,754
- of which United States	31,257	38,296	35,224	670	522	449	31,927	38,818	35,673
- of which other regions	12,589	10,980	9,323	-	-	-	12,589	10,980	9,323

The present value of partially hedged commitments amounted to €17,067 thousand at December 31, 2019, including €6,363 thousand for French plans and €7,977 thousand the United States plans. As at December 31, 2018, the present value of partially funded liabilities amounted to €105,450 thousand, including €3,844 thousand for France and €73,230 thousand for the United States plans.

In 2019:

The increase in the value of commitments is due to the decrease of discount rates in the two regions of Europe and United States.

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.

5.2.5.3 Analysis of net obligations by region

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

In thousands of euros	December 31, 2019				December 31, 2018			
	France	Europe excluding France	United States	Other	France	Europe excluding France	United States	Other
Post-employment benefit plans								
Indemnity payable on retirement	45,873	1,955	-	12,589	40,638	1,854	-	10,980
Supplementary pension plans	2,191	10,114	26,626	-	2,734	7,449	34,808	-
Healthcare plans			4,631	-			3,488	-
Total post-employment benefit obligations	48,064	12,069	31,257	12,589	43,372	9,303	38,296	10,980
Other long-term benefits	2,270	750	670	-	2,283	428	522	-
Total other post-employment benefit obligations	2,270	750	670	-	2,283	428	522	-
Net obligations recognized in the balance sheet	50,334	12,819	31,927	12,589	45,655	9,731	38,818	10,980

		December 31, 2019		December 31, 2018	
		France	United States	France	United States
Average maturity of obligations	In years	13	20	13	19
Amount of obligations	In thousands of euros	59,382	77,977	52,121	73,230
<i>of which:</i>					
	Retirement obligations	-	6,991	-	5,175
	Vested deferred obligations	-	11,256	-	5,464
	Active obligations	59,382	59,730	52,121	62,590

5.2.5.4 Sensitivity tests on Retirement obligations

The retirement obligation sensitivity-tests on the main external variable, the discount rate, in 2019 and in 2018 show the following impacts:

In thousands of euros	December 31, 2019						December 31, 2018					
	Basis	Increase		Decrease		Basis	Increase		Decrease			
		+ 0,25%	- 0,25%	+ 0,25%	- 0,25%		+ 0,25%	- 0,25%	+ 0,25%	- 0,25%		
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%		
France												
Effect on service cost and interest cost	3,808	3,704	-2.74%	3,679	-3.40%	4,170	4,155	-0.37%	4,185	0.36%		
Effect on projected benefit obligation	57,127	55,473	-2.89%	58,853	3.02%	52,121	50,090	-3.88%	53,143	1.98%		
United States												
Effect on service cost and interest cost	2,842	2,882	1.40%	2,793	-1.74%	6,328	6,221	-1.69%	6,440	1.78%		
Effect on projected benefit obligation	79,086	75,497	-4.54%	82,854	4.76%	73,230	69,984	-4.43%	76,637	4.65%		

5.2.5.5 Changes in net balance sheet benefit positions

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, 2019	December 31, 2018	December 31, 2017	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2019	December 31, 2018	December 31, 2017
Net projected benefit obligation at January 1	101,950	102,194	104,842	3,234	4,323	4,876	105,183	106,517	109,718
<u>Expense/income for the year</u>									
Service cost	8,055	9,560	11,108	272	232	263	8,327	9,792	11,371
Curtailments, settlements and other	-14,160	-	632	-	-	-65	-14,160 ⁽¹⁾	-	567
Benefits paid by the Company	-1,500	-700	-1,920	-328	-121	-324	-1,828	-821	-2,244
Actuarial gains and losses	-	-	-	-	-153	-431	-	-153	-431
Benefit payments funded by assets	-840	-150	146	5	5	21	-835	-145	167
Employer contributions	-2	-1,179	-6,655	-	-	-	-2	-1,179	-6,655
Net non-recurring post-employment benefit plan costs recorded in operating expenses⁽¹⁾	-8,447	7,530	3,311	-51	-37	-536	-8,498	7,493	2,775
Interest cost	4,016	3,846	3,626	66	46	44	4,082	3,892	3,670
Expected return on plan assets	-1,787	-1,581	-1,392	-	-	-	-1,787	-1,581	-1,392
Interest costs of post-employment benefit obligations⁽²⁾	2,229	2,265	2,234	66	46	44	2,295⁽²⁾	2,311	2,278
<u>Balance sheet impact</u>									
Pension plan asset contribution	-7,727	-	-	-	-	-	-7,727	-	-
Change in scope	-	964	-9,703	-	-	-898	-	964	-10,601
IFRS 5 reclassification ⁽³⁾	-	-10,714	9,057	-	-1,157	933	-	-11,871 ⁽³⁾	9,990
Actuarial gains and losses	15,099	-2,321	-2,396	433	36	-35	15,532	-2,285	-2,431
Translation adjustment	875	2,032	-5,152	9	23	-61	884	2,055	-5,213
Balance sheet impact	8,247	-10,039	-8,194	442	-1,098	-61	8,689	-11,137	-8,255
Net projected benefit obligation at December 31	103,979	101,950	102,194	3,691	3,234	4,323	107,670	105,183	106,517

This is the income linked to the change in the retirement pension plan of the U.S. subsidiary Plastic Omnium Auto Inergy LLC from "Defined benefits" to "Defined contributions" for €13,533 thousand, and the impact of the crystallization of the rights of supplementary pension plan of the Managers in France (Pacte Law / (Loi Pacte)) for €627 thousand.

(1) See Note 4.6 "Other income and expenses".

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

(3) See Note 5.1.15 for the breakdown of components reclassified in "Assets and liabilities held for sale" in the consolidated financial statements at December 31, 2018.

5.2.5.6 Healthcare cost sensitivity tests in the United States

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

In thousands of euros	December 31, 2019		December 31, 2018	
	Increase	Decrease	Increase	Decrease
Effect on provisions for post-employment benefit obligations	669	-847	651	-298

5.2.5.7 Breakdown of plan assets by category

The funded plan assets at fair value break down by category as follows:

In thousands of euros	December 31, 2019	December 31, 2018
Equities	33,853	24,854
Bonds	19,843	15,019
Real estate	1,199	856
Other	13,673	11,803
Total	68,568	52,533

5.2.5.8 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.

5.2.6. Non-current and current borrowings

5.2.6.1 Definition of debt within the Group

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

- long-term borrowings:
 - drawdowns on lines of credit;
 - private placement notes;
 - bonds;
- less loans, negotiable debt securities and other long-term financial assets (*see Note 5.2.6.3 “Loans, negotiable debt securities and other financial assets”*);
- plus short-term loans;
- plus overdraft facilities; and
- less cash and cash equivalents.

5.2.6.2 Borrowings: private placement notes and bonds

At December 31, 2019:

The main features of the bonds and private placements as at December 31, 2019 are summarized in the following table:

December 31, 2019	2013 bond	"Schuldscheindarlehen" private placement of 2016	Private placement bond issue of June 2017	"Schuldscheindarlehen" private placement of December 21, 2018
Issue - Fixed rate (in euros)	500,000,000	300,000,000	500,000,000	300,000,000
Interest rate / coupon	2.875%	1.478%	1.25%	1.6320%
Features	European investors	International (Asian, German, Dutch, Swiss, Luxembourg, Belgian) and French investors	European investors	International (Germany, China, Belgium, Switzerland, Austria) and French investors
	No "covenants" and "rating"			
Maturity	May 29, 2020	June 17, 2023	June 26, 2024	December 21, 2025

5.2.6.3 Loans, negotiable debt securities and other financial assets

Changes in the fair value of marketable securities that do not meet the criteria for classification as cash equivalents are recorded in financial income. The balance sheet impairment at December 31, 2019 amounted to -€197 thousand compared with -€222 thousand euros as of December 31, 2018.

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

Maturity of negotiable medium-term notes taken out on February 24, 2015 and on July 13, 2015:

The €5 million and €4 million in negotiable medium-term note subscribed by the Group respectively on February 24, 2015 and on July 13, 2015, have expired. See Note 5.2.6.5 "Reconciliation of gross and net financial debt".

The summary is presented in the table below:

Negotiable medium-term notes	Classified as current financial receivables ⁽¹⁾	UCITS ⁽²⁾
Subscription date	February 24, 2015	December 14 and 29, 2017
Nominal (in euros)	5,000,000	50,006,265
Impairment		-197,078 ⁽³⁾
Maturity	February 24, 2020 <i>Not available for eight quarters following the subscription date</i>	Not fixed
Quarterly coupon: Fixed rate Variable rate	Fixed for the first eight quarters following the issue 3-month Euribor + spread as of the ninth quarter	N/A
Total at December 31, 2019	€5,000,000	€49,809,188

(1) See Note 5.1.8 "Current financial receivables".

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

(3) Regarding the impairment of the UCITS in the two periods, please refer to Note 4.7 "Net financial income".

5.2.6.4 Utilization of medium-term credit lines

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

At December 31, 2019, the amount of these confirmed bank lines of credit amounted to €1,340 million with an average maturity of four years, compared with €1,264 million at December 31, 2018.

5.2.6.5 Reconciliation of gross and net financial debt

In thousands of euros	December 31, 2019			December 31, 2018		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Finance lease liabilities	228,565	56,582	171,983	11,616	2,400	9,216
Bonds and bank loans	1,784,878	622,149	1,162,729	1,747,410	120,815	1,626,595
<i>of which the "Schuldscheindarlehen" private placement 2018⁽¹⁾</i>	298,960	135	298,825	298,841	148	298,693
<i>of which the bond issue in 2017</i>	500,099	3,750	496,349	499,148	3,545	495,603
<i>of which the bond issue in 2013</i>	508,110	508,110	-	507,072	8,546	498,526
<i>of which commercial paper</i>	301,607	2,393	299,214	301,393	2,393	299,000
<i>of which bank lines of credit</i>	176,102	107,761	68,341	140,956	106,183	34,773
Non-current and current borrowings (+)	2,013,444	678,731	1,334,713	1,759,026	123,215	1,635,811
Other current debt (+)	31	31		31	31	
Hedging instruments - liabilities (+) ⁽²⁾	3,268	3,268		4,330	4,330	
Total borrowings (B)	2,016,743	682,030	1,334,713	1,763,387	127,576	1,635,811
Long-term investments in equity instruments and funds (-) ⁽³⁾	-56,302		-56,302	-28,183		-28,183
Other financial assets (-)	-27,756	-13,100	-14,656	-60,096	-22,504	-37,592
<i>of which non-current financial receivables⁽⁴⁾</i>	-14,656		-14,656	-35,829		-35,829
<i>of which trade accounts receivable⁽⁴⁾⁽⁵⁾</i>	-13,100	-13,100	-	-24,267	-22,504	-1,763
Other current financial assets and financial receivables (-) ⁽⁵⁾	-55,127	-55,127		-63,942	-63,942	
<i>of which negotiable debt securities and UCITS⁽⁶⁾</i>	-54,809	-54,809		-63,188	-63,188	
Hedging instruments - assets (-) ⁽²⁾	-5,027	-5,027		-1,898	-1,898	
Total financial receivables (C)	-144,212	-73,254	-70,958	-154,119	-88,344	-65,775
Gross debt (D) = (B) + (C)	1,872,531	608,776	1,263,755	1,609,268	39,232	1,570,036
Cash and cash equivalents (-) ⁽⁷⁾	1,142,953	1,142,953		916,336	916,336	
Short-term bank loans and overdrafts (+)	-9,875	-9,875		-4,684	-4,684	
Net cash and cash equivalents as recorded in the statement of cash flows (A)⁽⁸⁾	-1,133,078	-1,133,078		-911,652	-911,652	
NET FINANCIAL DEBT (E) = (D) + (A)	739,453	-524,302	1,263,755	697,616	-872,420	1,570,036

(1) See Note 5.2.6.2 "Bonds: private placement notes and bonds"

(2) See Note 5.2.7 "Interest rate and currency hedges"

(3) See Note 5.1.6.1 "Long-term investments in equity instruments and funds"

(4) See 5.1.6.2 "Other non-current financial assets"

(5) See Notes 5.1.8 "Current financial receivables" and 5.2.6.3 for the principal amount

(6) See Note 5.2.6.3 "Loans, negotiable debt securities and other financial assets: Expiry of negotiable medium-term notes subscribed on February 24, 2015"

(7) See Note 5.1.11.1 "Gross cash and cash equivalents"

(8) See Note 5.1.11.2 "Net cash and cash equivalents at end of period"

5.2.6.6 Analysis of gross financial debt by currency

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

As a % of total debt	December 31, 2019	December 31, 2018
Euro	60%	72%
US dollar	28%	18%
Chinese yuan	6%	5%
Pound sterling	3%	4%
Brazilian real	1%	1%
Indian rupee	1%	-
Other currencies ⁽¹⁾	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.

5.2.6.7 Analysis of gross financial debt by type of interest rate

As a % of total debt	December 31, 2019	December 31, 2018
Hedged variable rates	-	-
Unhedged variable rates	6%	6%
Fixed rates	94%	94%
Total	100%	100%

5.2.7. Interest rate and currency hedges

The last interest rate swap contract signed by the Group expired in February 2019.

In thousands of euros	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	-	-	-486
Exchange rate derivatives	5,027	-3,268	1,898	-3,844
Total balance sheet	5,027	-3,268	1,898	-4,330

5.2.7.1 Interest rate hedges

The last interest rate instrument (swap) contract signed by the Group expired in February 2019.

5.2.7.1 Portfolio of derivatives

In thousands of euros	December 31, 2019			December 31, 2018		
	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
Total fair value and outstanding premiums		-	-		-	-486

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December 31, 2019									
In thousands of euros	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI(1)	Nominal	Maturity	Reference interest rate	Outstanding premiums	Nature of derivative
Total	None								
December 31, 2018									
Swaps	-486	-	-486	-	105,000	February 2019	1-month EURIBOR	N/A	Non qualified
Total	-486	-	-486	-	105,000			N/A	

(1) OCI: Other comprehensive income.

5.2.7.1.1. Amounts recognized in equity under "Other comprehensive income"

The amounts below are expressed in gross value before tax.

In thousands of euros	Balance before tax recorded in OCI at December 31, 2018 ⁽¹⁾	Change in fair value of derivatives	Amount reclassified in profit or loss in the period	Balance before tax recorded in OCI at December 31, 2019 ⁽¹⁾
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	217	-	-217	-
Effect of June 2013 restructuring of the derivatives portfolio	-272	-	272	-
Effect of the rate hedging of Schuldschein maturing in 2025	-1,815	-	260	-1,555
Total	-1,870	-	315	-1,555

In thousands of euros	Balance before tax recorded in OCI at December 31, 2017 ⁽¹⁾	Change in fair value of derivatives	Amount reclassified in profit or loss in the period	Balance before tax recorded in OCI at December 31, 2018 ⁽¹⁾
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	1,020	-	-803	217
Effect of June 2013 restructuring of the derivatives portfolio	-1,900	-	1,628	-272
Effect of the rate hedging of Schuldschein maturing in 2025	-	-1,823	8	-1,815
Total	-880	-1,823	833	-1,870

(1) OCI: Other Comprehensive Income.

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

5.2.7.1.2 Impact of hedging on the income statement

In thousands of euros	December 31, 2019	December 31, 2018
Effective component of hedging instruments related to derivatives portfolio (hedging of accrued interest over the period)	-478	-2,970
Reclassification in profit or loss of accumulated gains and losses related to past restructurings ⁽¹⁾	-55	-825
Reclassification in profit or loss of accumulated gains and losses related to interest rate hedging	-260	-8
Time value of caps	-	-
Changes in value of instruments that do not qualify for hedge accounting	478	2,898
Total⁽²⁾	-315	-905

(1) See Note 5.2.7.2 "Currency hedges" for 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 5.2.7.2.

5.2.7.2 Currency hedges

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

The Group has opted for a policy of hedging 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 income.

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

At December 31, 2019, the fair value of the instruments subscribed and thus recognized was €1,759 thousand, of which - €2,773 thousand was recognized in equity.

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

5.2.7.2.1. Portfolio of currency hedges

	December 31, 2019				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, 2019	Fair value (in thousands of euros)	Notional amount (in thousands of currency units)	Medium-term exchange rate	Exchange rate at December 31, 2018
			Currency / Euro	Currency / Euro			Currency / Euro	Currency / Euro
Net sell position (net buy position if >0)								
USD / EUR - Forward exchange contract	-2,861	-74,181	1.1805	1.1234	-1,241	-198,990	1.1708	1.1450
JPY / EUR - Forward exchange contract	-88	-329,595	126.0400	121.9400	-4	-329,595	126.0400	125.8500
KRW / EUR - Forward exchange contract	-	-	-	-	-6	-1,615,763	1,283.4758	1,277.9300
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	+5,001	-416,300	1.1110	1.1234	-542	-303,300	1.1482	1.1450
GBP / EUR - Forward currency swap	-39	-24,000	0.8520	0.8508	-91	-25,000	0.8974	0.8945
CHF / EUR - Forward currency swap	-39	-7,240	1.0915	1.0854	-11	-3,940	1.1301	1.1269
RUB / EUR - Forward currency swap	-20	-48,000	7.8765	69.9563	+60	-108,000	76.8650	79.7153
CNY / EUR - Forward currency swap	-72	-238,000	7.9177	7.8205	-22	-398,000	7.9579	7.8751
CNY / USD - Forward currency swap	-123	-94,084	7.0740	6.9615	-68	-92,403	6.9003	6.8778
TOTAL	+1,759				-1,946			

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

In thousands of euros	December 31, 2019	December 31, 2018
Impact of change in foreign exchange hedging portfolio on income (ineffective portion) ⁽¹⁾	4,781	-1,071
Impact of change in foreign currency hedging portfolio on equity (effective portion)	-1,077	-3,911
Total	3,704	-4,982

(1) See "Gains or losses on interest rate and currency hedges" in Note 4.7 "Net financial income".
See also Note 5.2.7.1.2 "Impact of hedging on the income statement".

5.2.8. Operating and other liabilities

5.2.8.1. Trade payables

In thousands of euros	December 31, 2019	December 31, 2018
Trade payables	1,368,188	1,444,192
Due to suppliers of fixed assets	150,016	170,797
Total	1,518,204	1,614,989

5.2.8.2. Other operating liabilities

In thousands of euros	December 31, 2019	December 31, 2018
Accrued employee benefits expense	167,813	155,985
Accrued income taxes	57,605	38,797
Other accrued taxes	153,552	122,494
Other payables	282,921	254,299
Customer prepayments - Deferred revenues	352,936	355,831
Total	1,014,826	927,406

5.2.8.3. Trade payables and other operating liabilities by currency

In thousands of currency units	Liabilities at December 31, 2019			Liabilities at December 31, 2018		
	Local currency	Euro	%	Local currency	Euro	%
EUR Euro	1,413,809	1,413,809	56%	1,390,737	1,390,737	55%
USD US dollar	576,873	513,507	20%	684,139	597,502	24%
GBP Pound sterling	127,186	149,490	6%	117,196	131,014	5%
CNY Chinese yuan	1,422,557	181,901	7%	1,010,547	128,322	5%
BRL Brazilian real	122,648	27,160	1%	146,333	32,928	1%
Other Other currencies		247,163	10%		261,892	10%
Total		2,533,030	100%		2,542,395	100%
<i>Of which:</i>						
• Trade payables		1,518,204	60%		1,614,989	64%
• Other operating liabilities		1,014,826	40%		927,406	36%

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, 2019						Sensitivity tests on liabilities at December 31, 2018					
	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	1,413,812	1.0000	53%	51%	58%	61%	1,390,737	1.0000	52%	50%	57%	60%
USD US dollar	576,873	0.8902	21%	22%	19%	18%	684,139	0.8734	25%	26%	22%	21%
GBP Pound sterling	127,186	1.1754	6%	7%	6%	5%	117,196	1.1179	5%	6%	5%	5%
CNY Chinese yuan	1,422,557	0.1279	9%	8%	7%	6%	1,010,547	0.1270	5%	6%	5%	4%
BRL Brazilian real	122,648	0.2214	1%	1%	1%	1%	146,333	0.2250	1%	1%	1%	1%
Other Other currencies			10%	11%	9%	9%			12%	11%	10%	9%
Total in euros		2,533,030	2,644,376	2,756,246	2,420,638	2,308,768		2,542,395	2,657,561	2,772,727	2,427,229	2,312,063
<i>Of which:</i>												
• Trade payables		1,518,204	1,584,940	1,651,991	1,450,840	1,383,789		1,614,989	1,688,145	1,761,301	1,541,833	1,468,677
• Other operating liabilities		1,014,826	1,059,436	1,104,255	969,798	924,979		927,406	969,416	1,011,426	885,396	843,386

Foreign exchange sensitivity tests on “Trade payables and other liabilities” and “Trade and other receivables” (see Note 5.1.9) show an insignificant net sensitivity to exchange rate fluctuations as of December 31, 2019.

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 compensates its shareholders primarily through the payment of dividends and may make adjustments in line with changes in economic conditions.

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

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

In thousands of euros	December 31, 2019	December 31, 2018
Net financial debt ⁽¹⁾	739,453	697,616
Equity (including non-current grants)	2,347,363	2,188,321
Gearing ratio	31.50%	31.88%

(1) See Note 5.2.6.5 "Reconciliation of gross and net financial debt".

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

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

- at December 31, 2019:
 - 113,614 securities (shares);
 - and €3,490,024 in cash

- at December 31, 2018:
 - 110,583 securities (shares);
 - and €9,035 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 such price fluctuations, the Group has negotiated selling 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 raw materials price fluctuations 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, 2019, 7.7% of the Group's trade receivables were past due, versus 7.4% at December 31, 2018. Trade receivables break down as follows:

Ageing analysis of net receivables:

At December 31, 2019:

In thousands of euros	Total outstanding	Not yet due	Due and past due	Less than 1 month	1-6 months	6-12 months	More than 12 months
Industries	682,714	624,178	58,536	28,004	18,957	6,983	4,592
Modules	132,230	127,714	4,517	793	3,724	-	-
Unallocated items	3,855	3,855	-	-	-	-	-
Total	818,799	755,747	63,053	28,797	22,681	6,983	4,592

At December 31, 2018:

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

The risk of non-recovery of trade receivables 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 leading banks and/or in senior securities.

6.4. Liquidity risk

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

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

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

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

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

In thousands of euros	December 31, 2019		December 31, 2018	
	Undiscounted finance receivables	Carrying amount	Undiscounted finance receivables	Carrying amount
Due in one to five years	None	None	1,876	1,767
Other receivables (see Note 5.1.6.2)			-	4
Finance receivables related to Environment finance leases (see Note 5.1.7.2)			-	-
Finance receivables related to Automotive contracts (see Note 5.1.7.2)			1,876	1,763
Due beyond five years			-	-
Other receivables (see Note 5.1.7.2)	-	-		
Total			1,876	1,767

6.4.2. Liquidity risk by maturity

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

At December 31, 2019:

In thousands of euros	December 31, 2019	Less than 1 year	1 to 5 years	More than 5 years
Financial assets				
Non consolidated equity interests	199	-	199	-
Long-term investments in equities and funds	56,302	-	56,302	-
Other financial assets	14,656	-	14,656	-
Finance receivables ⁽¹⁾	13,100	13,100	-	-
Trade receivables ⁽²⁾	818,799	814,207	4,592	-
Other current financial assets and financial receivables	55,127	55,127	-	-
Hedging instruments	5,027	5,027	-	-
Cash and cash equivalents	1,142,953	1,142,953	-	-
Total financial assets	2,106,163	2,030,414	75,749	-
Financial liabilities				
Non-current borrowings ⁽³⁾	1,403,692	82	1,036,967	366,644
Bank overdrafts	9,875	9,875	-	-
Current borrowings ⁽⁴⁾	712,580	712,580	-	-
Other current financial debt	31	31	-	-
Hedging instruments	3,268	3,268	-	-
Trade payables	1,518,204	1,518,204	-	-
Total financial liabilities	3,647,650	2,244,040	1,036,967	366,644
Financial assets and financial liabilities - net⁽⁵⁾	-1,541,487	-213,626	-961,218	-366,644

(1) Undiscounted amounts (see Notes 5.1.8 "Current financial receivables" and 6.4.1 "Other long-term financial receivables").

(2) "Trade receivables" includes €63 053 thousand past due at December 31, 2019 against €59,960 thousand at December 31, 2018. See Note 6.3.1 on "Customer 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 5.2.6.4 on confirmed medium-term credit lines compared to usage. In 2019 and 2018, the confirmed and unused bank lines amply covered the Group's cumulative medium-term financing requirements.

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				
Non consolidated equity interests	215	-	215	-
Long-term investments in equities and funds	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 financial debt	31	31	-	-
Hedging instruments	4,330	4,330	-	-
Trade payables	1,614,989	1,614,989	-	-
Total financial liabilities	3,513,722	1,780,743	924,231	808,748
Financial assets and financial liabilities - net⁽⁵⁾	-1,627,639	33,137	-852,028	-808,748

(1) Undiscounted amounts (see Notes 5.1.8 “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 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.

See Note 5.2.6.4 on confirmed medium-term credit lines compared to usage in 2018 and 2017, the confirmed and unused

(5) bank lines amply 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 operating profitability.

At December 31, 2019 as at December 31, 2018, the Group’s core funding was at fixed rates (see Notes 5.2.6.7 “Analysis of debt by type of interest rate”).

Financial transactions, particularly interest rate hedges, are carried out with a broad 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, 2019, the Group no longer had interest rate hedges (see note 5.2.7.1 "Interest rate hedges"). At December 31, 2018, a 1% increase in interest rates on floating rate debt would lead to an increase of €1.4 million in the cost of interest after taking into account the impact of hedging instruments. In the opposite side, a 1% decrease in interest rates on floating rate debt would lead to a decrease of €1.4 million in the cost of interest after taking into account the impact of hedging instruments at December 31, 2018.

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:

2019									
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 profit or loss	Through shareholders' equity	Through shareholders' equity (CFH) ⁽²⁾					
ASSETS									
Non consolidated equity interests	-	-	199	-	199	199	-	-	-
Long-term investments in equities and funds	-	-	56,302	-	56,302	-	56,302	-	-
Other non-current financial assets	14,656	-	-	-	14,656	-	-	-	-
Finance receivables	13,100	-	-	-	13,100	-	-	-	-
Trade receivables	818,799	-	-	-	818,799	-	-	-	-
Other current financial assets and receivables	5,318	49,809	-	-	55,127	-	49,809	-	-
Hedging instruments	-	5,027	-	-	5,027	-	-	5,027	-
Cash and cash equivalents	-	1,142,953	-	-	1,142,953	-	-	1,142,953	-

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 profit or loss	Through shareholders' equity	Through shareholders' equity (CFH) ⁽²⁾					
LIABILITIES									
Non-current borrowings ⁽¹⁾	1,334,713	-	-	-	1,334,713	-	-	-	-
Bank overdrafts	9,875	-	-	-	9,875	-	-	-	-
Current borrowings	678,731	-	-	-	678,731	-	-	-	-
Other current debt	31	-	-	-	31	-	-	-	-
Hedging instruments	-	2,191	-	1,077	3,268	-	-	3,268	-
Trade payables	1,518,204	-	-	-	1,518,204	-	-	-	-

In 2019, as in 2018, there was no transfer between fair value levels.

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2018

In thousands of euros ASSETS	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 profit or loss	Through shareholders' equity	Through shareholders' equity (CFH) ⁽²⁾					
Non consolidated equity interests	-	-	215	-	215	215	-	-	-
Long-term investments in equities and funds	-	-	27,514	-	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 assets and 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	-	-	916,336	-

In thousands of euros LIABILITIES	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 profit or loss	Through shareholders' equity	Through shareholders' equity (CFH) ⁽²⁾					
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	-	-	-	-

(1) See Note 5.2.6.5 "Reconciliation of gross and net debt". This item includes "Finance lease liabilities" and "Bonds and bank loans".

(2) CFH: "Cash Flow Hedge".

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, 2019			Fair value at December 31, 2019		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾	1,784,878	622,149	1,162,729	1,815,892	628,335	1,187,557

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⁾	1,747,410	120,815	1,626,595	1,729,473	120,880	1,608,593

(1) See Note 5.2.6.5 "Reconciliation of gross and net debt".

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 from coupons and coupons excluding accrued interest (principal and interest) for the remaining duration of the product on the balance sheet date (level 2). The discount rate used in this case is the market rate matching the maturity and products' characteristics.
- Other non-current financial assets and financial receivables: items consisting mainly of financial 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, for 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 of controlled companies

	December 31, 2019			December 31, 2018			
	Excluding temporary	Temporary	Total	Excluding temporary	Temporary	Total	Changes/Total
France	2,897	517	3,414	2,994	553	3,547	-4%
%	12.5%	12.5%	12.5%	13.1%	13.4%	13.2%	
Europe excluding France	11,217	1,892	13,109	11,294	1,835	13,129	0%
%	48.4%	45.9%	48.0%	49.5%	44.6%	48.8%	
North America	5,453	790	6,243	4,978	650	5,628	11%
%	23.5%	19.2%	22.9%	21.8%	15.8%	20.9%	
Asia and South America ⁽¹⁾	3,612	923	4,535	3,546	1,074	4,620	-2%
%	15.6%	22.4%	16.6%	15.5%	26.1%	17.2%	
Total	23,179	4,122	27,301	22,812	4,112	26,924	1%

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

7.2. Off-balance sheet commitments

7.2.1. Commitments granted / received

At December 31, 2019:

In thousands of euros	Total	On intangible assets	On property, plant and equipment	On financial assets and liabilities	On other non-financial current assets/liabilities
Surety bonds granted ⁽¹⁾	-17,059	-	-1,434	-13,814	-1,811
Commitments to purchase assets ⁽²⁾	-29,235	-13	-29,222	-	-
Other off-balance sheet commitments ⁽³⁾	-8,570	-	-8,570	-	-
Total commitments given	-54,864	-13	-39,226	-13,814	-1,811
Surety bonds received ⁽⁴⁾	2,927	-	2,927	-	-
Total commitments received	2,927	-	2,927	-	-
Total commitments – net	-51,937	-13	-36,299	-13,814	-1,811

At December 31, 2018:

In thousands of euros	Total	On intangible assets	On property, plant and equipment	On financial assets and liabilities	On other non-financial current assets/liabilities
Surety bonds granted ⁽⁴⁾	-37,087	-	-21,386	-11,453	-4,248
Commitments to purchase assets ⁽⁵⁾	-48,618	-504	-48,114	-	-
Total commitments given	-85,705	-504	-69,500	-11,453	-4,248
Surety bonds received	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, 2019:

(1) The surety bond given mainly related to :

- 7.5 million of Compagnie Plastic Omnium SA to "Société Générale Frankfurt" ;
- €6.0 million on financial assets and liabilities of HBPO Germany GmbH to " Deutsche Bank" ;
- €1.4 million on other non-financial current assets/ liabilities of Plastic Omnium Auto Exteriors (India) Pvt Ltd to “Crédit Agricole CIB” ;
- €1.2 million on other non-financial current assets/ liabilities of Plastic Omnium Auto Exteriors SP Z.O.O to "BNP Paribas".

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

- €1 million of Plastic Omnium Auto Inergy (USA) LLC.
- €3.3 million of Plastic Omnium Equipamientos Exteriores SA;
- €1.6 million of Plastic Omnium Auto Inergy Mexico SA de CV.

(3) The other off-balance sheet commitments are mainly:

- €5.8 million of Plastic Omnium Auto Exteriors S.R.O.;
- €2.3 million of credit letter for the purchase of molds for Plastic Omnium Auto Exteriors (India) Pvt Ltd.

(4) The surety bonds received mainly related to:

- €2.2 million of “Crédit Agricole CIB” for Plastic Omnium Auto Exteriors S.R.O.

At December 31, 2018:

(5) The surety bonds given mainly relate to:

- €9.8 million for a Plastic Omnium Auto Exteriors S.R.O. paint line;
- €6.0 million for HBPO Germany GmbH financial assets and liabilities to “Deutsche Bank” and €5.2 million for Compagnie Plastic Omnium SA to “Société Générale Frankfurt”;
- €4.1 million surety bond for non-financial current assets/liabilities of Plastic Omnium Equipamientos Exteriores SA to “BNP Spain”.

(6) The commitments to purchase assets mainly relate to:

- €3.4 million for Plastic Omnium Auto Inergy (USA) LLC;
- €3.5 million for Plastic Omnium Auto Inergy Mexico SA de CV.

(7) The surety bonds received mainly relate to:

- €6.7 million from Crédit Agricole CIB for Plastic Omnium Auto Exteriors S.R.O.

7.3. Related-party transactions

7.3.1. Compensation paid to senior executives and corporate officers

Senior executives 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.

The Board granted 15,000 shares to Executive Directors as part of the Performance Share Plan of May 2, 2019 (see 5.2.3 “Share-based payments”).

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...	2019	2018
Directors’ fees	Paid by Compagnie Plastic Omnium	103	166
Directors’ fees	Paid by companies controlled by Compagnie Plastic Omnium (excl. Compagnie Plastic Omnium) and by Burelle SA	191	397
Gross compensation	Payable by the Plastic Omnium Group	5,806	6,751
Supplementary pension plans	Payable by the Plastic Omnium Group ⁽¹⁾	1,423	-
Cost of stock option plans	Payable by the Plastic Omnium Group	235	498
	<i>Cost to be spread over the vesting period</i>	186	498
	<i>Social contributions related to the new plan over the period ⁽²⁾</i>	49	-
Total compensation		7,758	7,811

(1) : No supplementary pension plan has been taken out during 2019.

(2) : No new stock option plan in 2019

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

At December 31, 2019:

In thousands of euros	Direct and indirect costs	Royalties and management fees	Proceeds from disposal of tangible assets including Investment property	Gain on disposal of tangible assets	Financial income and expenses	Net book value of Investment Property	Net book value of Operating Property	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	374	-4,796	128,955 ⁽¹⁾ et ⁽²⁾	19,937 ⁽¹⁾ et ⁽²⁾	5	-93,968 ⁽¹⁾	-15,052 ⁽²⁾	-	1,104	5	28	-	54
Burelle SA	2	-6,879	-	-	10	-	-	-	-	1,966	-	-	11
Burelle Participations SA	-	120	-	-	10	-	-	-	-	-	-	-	-

(1) See Note 2.3.1 in the "Significant events of the period" related to the "Sale of Investment property located at Lyon Gerland".

(2) See Note 2.3.2 in the "Significant events of the period" related to the "Sale of Investment property located at Nanterre in Hauts de Seine".

At December 31, 2018 :

In thousands of euros	Direct and indirect costs	Royalties and management fees	Proceeds from disposal of capital assets	Financial income and expenses	Property, plant and equipment	Investment property	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	-	-

7.4. Fees paid to the Statutory Auditors

In thousands of euros	2019		
	Mazars	EY	Total
Audit services	-2,335	-2,301	-4,636
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	<i>-482</i>	<i>-578</i>	<i>-1,060</i>
<i>Subsidiaries</i>	<i>-1,853</i>	<i>-1,723</i>	<i>-3,576</i>
Fees other than certification of accounts⁽¹⁾	-105	-372	-477
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	<i>-89</i>	<i>-37</i>	<i>-126</i>
<i>Subsidiaries</i>	<i>-16</i>	<i>-335</i>	<i>-351</i>
Total	-2,440	-2,673	-5,113

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>	<i>-431</i>	<i>-376</i>	<i>-807</i>
<i>Subsidiaries</i>	<i>-1,332</i>	<i>-1,938</i>	<i>-3,271</i>
Fees other than certification of accounts⁽¹⁾	-174	-1,071	-1,245
<i>of which:</i>			
<i>Compagnie Plastic Omnium</i>	<i>-127</i>	<i>-84</i>	<i>-211</i>
<i>Subsidiaries</i>	<i>-47</i>	<i>-987</i>	<i>-1,034</i>
Total	-1,937	-3,385	-5,323

(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 59.74% of Compagnie Plastic Omnium, after the cancellation of Compagnie Plastic Omnium's treasury stock (58.78% before cancellation of treasury stock), and fully consolidates the Company.

Burelle SA - 19 Boulevard Jules Carteret
69342 Lyon Cedex 07

7.6. 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, 2019 has occurred since the closing date.

LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2019

Legal name	Reportable segment				December 31, 2019			December 31, 2018			Tax group
	Industri es	Modules	Environ ment	Un- allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
France											
COMPAGNIE PLASTIC OMNIUM SA				*	Parent company			Parent company			1
PLASTIC OMNIUM GESTION SNC				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM FINANCE SNC				*	FC	100	100	FC	100	100	1
SIGNALISATION FRANCE SA				*	FC	100	100	FC	100	100	1
INERGY AUTOMOTIVE SYSTEMS FRANCE SAS				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM AUTO EXTERIEUR HOLDING SA	d			*	-	-	-	FC	100	100	1
PLASTIC OMNIUM AUTO EXTERIEUR SERVICES SAS				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM AUTO EXTERIORS SA				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM AUTO INERGY SAS				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM AUTO INERGY MANAGEMENT SAS				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM AUTO EXTERIEUR SA				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM COMPOSITES SA				*	FC	100	100	FC	100	100	1
MIXT COMPOSITES RECYCLABLES - MCR SAS	d			*	-	-	-	FC	100	100	
PLASTIC OMNIUM AUTO INERGY SERVICES SAS				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM AUTO INERGY FRANCE SAS				*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM MODULES SAS	e			*	FC	100	100	FC	100	100	1
PLASTIC OMNIUM MANAGEMENT 4				*	FC	100	100	FC	100	100	1
PLASTIC RECYCLING SAS	d			*	-	-	-	EM_ifrs	50	50	
PLASTIC OMNIUM SYSTEMES URBAINS SAS	c			*	-	-	-	FC	100	100	
METROPLAST SAS	c			*	-	-	-	FC	100	100	
LA REUNION VILLES PROPRES SAS	c			*	-	-	-	FC	100	100	
PLASTIC OMNIUM CARAIBES SAS	c			*	-	-	-	FC	100	100	
LUDOPARC SAS	c			*	-	-	-	FC	100	100	
BEAUVAIS DIFFUSION SAS				*	-	-	-	FC	100	100	
TECHNIQUES ET MATERIELS DE COLLECTE - « TEMACO » SAS	c			*	-	-	-	FC	100	100	
PLASTIC OMNIUM ENVIRONNEMENT HOLDING SAS	c			*	-	-	-	FC	100	100	
SULO FRANCE SAS				*	-	-	-	FC	100	100	
South Africa											
PLASTIC OMNIUM AUTO INERGY SOUTH AFRICA (PROPRIETARY) Ltd				*	FC	100	100	FC	100	100	

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019 – Compagnie PLASTIC OMNIUM

Legal name	Reportable segment				December 31, 2019			December 31, 2018			Tax group
	Industri- es	Modules	Environ- ment	Un- allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
<u>Germany</u>											
PLASTIC OMNIUM GmbH				*	FC	100	100	FC	100	100	2
PLASTIC OMNIUM AUTO COMPONENTS GmbH	*				FC	100	100	FC	100	100	2
PLASTIC OMNIUM AUTO INERGY GERMANY GmbH	*				FC	100	100	FC	100	100	2
PLASTIC OMNIUM COMPOSITES GmbH	*				FC	100	100	FC	100	100	2
PLASTIC OMNIUM AUTOMOTIVE EXTERIORS GmbH	*				FC	100	100	FC	100	100	2
HBPO BETEILIGUNGSGESELLSCHAFT GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO RASTATT GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO GERMANY GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO INGOLSTADT GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO REGENSBURG GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO VAIHINGEN Enz GmbH	b	*			FC	66.67	66.67	FC	66.67	66.67	5
HBPO Saarland GmbH	a	*			FC	66.67	66.67	-	-	-	5
PLASTIC OMNIUM ENTSORGUNGSTECHNIK GmbH	c		*		-	-	-	FC	100	100	
PLASTIC OMNIUM ENVIRONNEMENT GmbH	c		*		-	-	-	FC	100	100	
ENVICOMP SYSTEMLOGISTIK GmbH	c		*		-	-	-	FC	100	100	
WESTFALIA INTRALOG GmbH	c		*		-	-	-	FC	100	100	
SULO UMWELTTECHNIK GmbH	c		*		-	-	-	FC	100	100	
PLASTIC OMNIUM SYSTEMS GmbH	c		*		-	-	-	FC	100	100	
SULO EA GmbH	d		*		-	-	-	FC	100	100	
<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	c		*		-	-	-	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	*				FC	100	100	FC	100	100	
PLASTIC OMNIUM NEW ENERGIES SA	*				FC	100	100	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 SERVICIOS Ltda	b	*			FC	66.67	66.67	FC	66.67	66.67	

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Legal name	Reportable segment				December 31, 2019			December 31, 2018			Tax group
	Industri es	Modules	Environ ment	Un- allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
Canada											
HBPO CANADA INC.	b	*			FC	66.67	66.67	FC	66.67	66.67	
Chile											
PLASTIC OMNIUM SA	c		*		-	-	-	FC	100	100	
China											
PLASTIC OMNIUM HOLDING (SHANGHAI) Co. Ltd				*	FC	100	100	FC	100	100	
PLASTIC OMNIUM COMPOSITES (JIANGSU) Co. Ltd		*			-	-	-	FC	100	100	
WUHAN PLASTIC OMNIUM AUTO INERGY Co. Ltd		*			FC	100	100	FC	100	100	
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 PLASTIC OMNIUM AUTO INERGY Co. Ltd		*			FC	100	100	FC	100	100	
GUANGZHOU PLASTIC OMNIUM AUTO INERGY Co. Ltd		*			FC	100	100	FC	100	100	
NINGBO 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 AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM (SHANGHAI) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM YIZHENG AUTOMOTIVE EXTERIOR SYSTEM Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM (SHENYANG) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM NINGBO AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM WUHAN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM HARBIN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM HANGZHOU AUTO EXTERIOR SYSTEMS Co. Ltd		*			EM_Ifrs	49.95	49.95	EM_Ifrs	49.95	49.95	
YANFENG PLASTIC OMNIUM NINGDE AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	a	*			EM_Ifrs	49.95	49.95	-	-	-	
YANKANG AUTO PARTS RUGAO Co. Ltd	a	*			EM_Ifrs	49.95	49.95	-	-	-	
YANFENG PLASTIC OMNIUM (DAQING) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	a	*			EM_Ifrs	49.95	49.95	-	-	-	
CHONGQING YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR FAWAY Co. Ltd		*			EM_Ifrs	49.95	25.47	EM_Ifrs	49.95	25.47	
GUANGZHOU ZHONGXIN YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR TRIM Co. Ltd		*			EM_Ifrs	49.95	25.47	EM_Ifrs	49.95	25.47	
CHENGDU FAWAY YANFENG PLASTIC OMNIUM Co. Ltd		*			EM	24.48	24.48	EM	24.48	24.48	
DONGFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*			EM	24.98	24.98	EM	24.98	24.98	
CHANGCHUN HUAZHONG YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIORS Co. Ltd		*			EM_Ifrs	49.95	24.98	EM_Ifrs	49.95	24.98	
HBPO CHINA Co. Ltd	d		*		-	-	-	FC	66.67	66.67	
HBPO CHINA BEIJING Co. Ltd	b		*		FC	66.67	66.67	FC	66.67	66.67	
HBPO Nanjin Co. Ltd	a		*		FC	66.67	66.67	-	-	-	
South Korea											
PLASTIC OMNIUM Co. Ltd		*			FC	100	100	FC	100	100	
SHB AUTOMOTIVE MODULES	b		*		EM_Ifrs	33.34	33.34	EM_Ifrs	33.34	33.34	
HBPO PYEONGTAEK Ltd	b		*		FC	66.67	66.67	FC	66.67	66.67	
HBPO ASIA HQ Ltd	b		*		FC	66.67	66.67	FC	66.67	66.67	

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Legal name	Reportable segment				December 31, 2019			December 31, 2018			Tax group
	Industri es	Modules	Environ ment	Un- allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
<u>Spain</u>											
COMPANIA PLASTIC OMNIUM SA	d			*	-	-	-	FC	100	100	3
PLASTIC OMNIUM EQUIPAMIENTOS EXTERIORES SA		*			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
PLASTIC OMNIUM COMPONENTES EXTERIORES SL	d	*			-	-	-	FC	100	100	3
PLASTIC OMNIUM AUTOMOTIVE ESPANA		*			FC	100	100	FC	100	100	3
HBPO AUTOMOTIVE SPAIN SL	b		*		FC	66.67	66.67	FC	66.67	66.67	
PLASTIC OMNIUM SISTEMAS URBANOS SA	c			*	-	-	-	FC	100	100	
<u>United States</u>											
PLASTIC OMNIUM Inc.				*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM INDUSTRIES Inc.				*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTO EXTERIORS LLC		*			FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTO INERGY (USA) LLC		*			FC	100	100	FC	100	100	4
HBPO NORTH AMERICA Inc.	b		*		FC	66.67	66.67	FC	66.67	66.67	
<u>Hungary</u>											
HBPO MANUFACTURING HUNGARY Kft	b		*		FC	66.67	66.67	FC	66.67	66.67	
HBPO AUTOMOTIVE HUNGARIA Kft	b		*		FC	66.67	66.67	FC	66.67	66.67	
HBPO Szekesfehervar Kft	a				FC	66.67	66.67	-	-	-	
<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		*			EM	50	23	EM	50	23	
<u>Japan</u>											
PLASTIC OMNIUM KK		*			FC	100	100	FC	100	100	

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019 – Compagnie PLASTIC OMNIUM

Legal name	Reportable segment				December 31, 2019			December 31, 2018			Tax group
	Industri es	Modules	Enviro nment	Un- allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
<u>Malaysia</u>											
HICOM HBPO SDN BHD	b	*			EM	26.66	26.66	EM	26.66	26.66	
PO AUTOMOTIVE SDN BHD Malaysia	a	*			FC	100	100	-	-	-	
<u>Morocco</u>											
PLASTIC OMNIUM AUTO INERGY (MOROCCO) SARL		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIEUR		*			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		*			FC	100	100	FC	100	100	
PLASTIC OMNIUM SISTEMAS URBANOS SA DE CV	c		*		-	-	-	FC	100	100	
HBPO MEXICO SA DE CV	b	*			FC	66.67	66.67	FC	66.67	66.67	
PLASTIC OMNIUM MEDIO AMBIENTE SA DE CV	c		*		-	-	-	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	b	*			FC	66.67	66.67	FC	66.67	66.67	
HBPO MANAGEMENT SERVICES MEXICO SA DE CV	b	*			FC	66.67	66.67	FC	66.67	66.67	
PLASTIC OMNIUM AUTO INERGY SERVICIOS SA DE CV	a	*			FC	100	100	-	-	-	
<u>Netherlands</u>											
PLASTIC OMNIUM BV	c		*		-	-	-	FC	100	100	
PLASTIC OMNIUM ENVIRONMENT BV	c		*		-	-	-	FC	100	100	
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	c		*		-	-	-	FC	100	100	
PLASTIC OMNIUM AUTO Sp Z.O.O		*			FC	100	100	FC	100	100	
<u>Czech Republic</u>											
HBPO CZECH S.R.O.	b	*			FC	66.67	66.67	FC	66.67	66.67	
SULO S.R.O.	c		*		-	-	-	FC	100	100	

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019 – Compagnie PLASTIC OMNIUM

Legal name	Reportable segment				December 31, 2019			December 31, 2018			Tax group
	Industri es	Modules	Environ ment	Un- allocated	Method of Consolidation	% control	% interest	Method of Consolidation	% control	% interest	
<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	
PLASTIC OMNIUM URBAN SYSTEMS Ltd	c		*		-	-	-	FC	100	100	
SULO MGB Ltd	c		*		-	-	-	FC	100	100	
HBPO UK Ltd	b	*			FC	66.67	66.67	FC	66.67	66.67	
<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	c		*		-	-	-	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.	b	*			FC	66.67	66.67	FC	66.67	66.67	
<u>Sweden</u>											
PLASTIC OMNIUM AB	c		*		-	-	-	FC	100	100	
<u>Switzerland</u>											
PLASTIC OMNIUM AG	c		*		-	-	-	FC	100	100	
PLASTIC OMNIUM RE AG				*	FC	100	100	FC	100	100	
SWISS HYDROGEN	*				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	50	49.98	EM_ifrs	50	49.98	

Consolidation method and special features:

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

Movements for the period:

Creation of companies:

a	Companies acquired or created in 2019
b	Takeover of HBPO at July 1, 2018
c	Disposal of the Environment Division in December 2018
d	Companies disposed and /or merged in 2018
e	Companies whose name was changed in 2019

Tax group:

1	Plastic Omnium France
2	Germany Plastic Omnium GmbH
3	Spain
4	United States
5	Germany HBPO