Plastic Omnium Steps Up Its Development in Russia

Inergy Automotive Systems, a wholly owned subsidiary of Compagnie Plastic Omnium, and Russia’s Detalstroykonstruktsiya have signed an agreement to create a joint venture.

The new company, which is subject to approval by Russian authorities, will be the leading producer of plastic fuel systems in the local Russian market and will be 51% owned by Inergy. It will include the manufacturing assets of Inergy, which already has industrial operations in Stavrovo, and those of its Russian partner, in Togliatti. The company will supply fuel systems for AvtoVaz in Togliatti, n°1 in the Russian market with a market share of 27%, Ford in Saint Petersburg and Avtoframos in Moscow, as well as for future Nissan and Renault models to be produced in Russia.

Leading global carmakers have announced major investment projects in Russia where automobile production is expected to rise sharply, from 1 million vehicles in 2010 to 1.8 million vehicles in 2015. The new company, which will generate revenue of approximately €25 million in 2011, will benefit from the rapid growth of the Russian market as well as from the gradual substitution of plastic fuel tanks from steel fuel tanks, which still account for 60% of the market, whereas almost all the European fuel tanks are made of plastic.

The transaction represents another phase in Inergy’s strategy of making targeted acquisitions in fast-growing regions and with new customers, following the acquisition of Ford’s US fuel system manufacturing assets in May 2011 and the announcement in July 2011 of the creation of a Chinese joint venture, owned 60% by Inergy and 40% by a subsidiary of the Chinese carmaker BAIC, in partnership in China with Hyundai and Mercedes Benz.

Plastic Omnium will pursue this strategic commitment to strengthening its worldwide position in its other businesses as well.