

Levallois, April 29<sup>th</sup>, 2022 – 6:30AM CET

## PLASTIC OMNIUM ACQUIRES VARROC'S AUTOMOTIVE LIGHTING SYSTEMS BUSINESS AND CREATES AN INTEGRATED LIGHTING PLAYER ENABLING DIFFERENTIATING SOLUTIONS FOR EXTERIOR SYSTEMS

- **Plastic Omnium's strategic roadmap execution gathers pace with new lighting activity**
  - Plastic Omnium to acquire Varroc Lighting Systems (VLS), a key Tier 1 automotive lighting supplier with sales of c.€0.8bn in 2021, for an enterprise value of €600m paid for in cash
  - Creation of a new strategic lighting division in 2022 with revenue of c. €1bn<sup>1</sup>, combining AMLS (ams OSRAM Automotive Lighting Systems) and VLS
- **Plastic Omnium to offer differentiating exterior systems for OEMs through the creation of a comprehensive end-to-end lighting value chain**
  - Strong product portfolio and pipeline of innovative products, highly complementary to AMLS' portfolio of high-tech lighting parts and R&D excellence
  - Balanced, international footprint of facilities in best-cost countries with a strong and diversified customer base
  - A differentiating suite of smart solutions, thanks to VLS and AMLS, meeting increasing OEM demand for integrated exterior systems and enabling increased potential content and value per vehicle
- **Plastic Omnium has identified clear levers to unlock VLS' full potential and return to a profitability level in line with Group standards, with significant long-term value creation for stakeholders**
  - Strong customer support for the transaction
  - Operational excellence and quality processes implemented across sites
  - Cash optimization across the new division

**Laurent Favre, Chief Executive Officer of Plastic Omnium said:** *“With Varroc Lighting Systems, Plastic Omnium becomes a comprehensive lighting player, meeting growing OEM demand for integrated exterior systems. This acquisition will provide us with an extensive lighting product portfolio, a balanced footprint across best-cost countries and significant cross-selling opportunities. VLS will also benefit from the technological innovations and advanced R&D capabilities of AMLS, a fast-growing German technology leader in automotive lighting. Building on our operational excellence, financial strength, and long-term vision, we have identified clear levers for VLS to deliver best-in-class operating performance.”*

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<sup>1</sup> proforma equivalent full year

Plastic Omnium has agreed with Varroc Engineering Limited (Maharashtra, India) to acquire its automotive lighting business, Varroc Lighting Systems (VLS), for an enterprise value of €600m. VLS, a company with annual revenues of c.€0.8bn in 2021, is among the top 10 automotive lighting suppliers worldwide. This acquisition will position Plastic Omnium as major player in the large and continuously expanding lighting market, which is expected to reach c.\$42bn by 2027 vs c.\$31bn in 2021 (CAGR +5%).

An established player with a broad international customer base covering a wide range of market segments and notably BEV vehicles, VLS has long standing relationships with key historical OEMs. It operates a comprehensive product portfolio that includes advanced lighting solutions in headlamps and rear lamps, innovative technologies in optic system development and electronic control, and software for lighting. VLS has a balanced industrial footprint across best-cost countries with facilities located across 8 plants. It has around 6,500 employees, including 800+ working in 8 dedicated R&D centers, which provide VLS with strong engineering capabilities aligned with lighting megatrends such as active safety, style, and electrification.

After AMLS (intention to acquire the company announced on March 25<sup>th</sup>), a fast-growing German technology leader in automotive lighting, the acquisition of VLS is a key step towards positioning Plastic Omnium as a new major player in the lighting segment, covering the full end-to-end value chain. While AMLS provides Plastic Omnium with a portfolio of innovative products for projection, front and rear lighting, interior and body shell lighting with cutting-edge expertise in high-tech lighting modules, electronics, and software, VLS will bring a balanced, global manufacturing footprint, strong engineering expertise and an established portfolio of products and clients. As part of a new c. €1bn lighting division, these combined capabilities will enable Plastic Omnium to develop smart and fully integrated exterior systems for OEMs including bumpers, tailgates, body panels, front-end-modules, and lighting, increasing its potential content and value per vehicle.

**Laurent Burelle, Chairman of Plastic Omnium added:** *“The acquisition of Varroc Lighting Systems is a significant addition to an already rich history of successful strategic acquisitions undertaken by Plastic Omnium. Our strategy of value creation has relied on organic and inorganic growth for decades, demonstrating its relevance over time. By unlocking Varroc Lighting Systems’ true potential, we will create significant long-term value for our stakeholders.”*

#### Transaction details and financials

Plastic Omnium has agreed to acquire 100% ownership of VLS companies in Europe, Americas, and North Africa and to acquire an Indian R&D center (Pune). The acquisition will be fully self-financed and paid for in cash by Plastic Omnium.

Plastic Omnium will acquire 100% of the enterprise value of €600m with an implied multiple of c.0.75x FY21 sales. The acquisition will have limited impact on the Group operating margin on a proforma basis in 2022.

Plastic Omnium has established a detailed integration and turnaround plan, post-closing, driven by strong customer satisfaction, operational excellence, and quality processes, in addition to cash optimization. This plan aims to return VLS to growth in 2022, with the EBITDA margin reaching double-digits in the short to medium-term. Based on these measures, significant long-term value for shareholders will be created with accretive EPS expected within 12-24 months post-closing.

Closing of the acquisition is expected in H2 2022 and is subject to obtaining customary antitrust and regulatory approvals.

A Webcast will be held on Friday, April 29, 2022 at 8:30 am (CET).

To follow the webcast, please click on the following link:

[https://channel.royalcast.com/landingpage/plastic-omnium-en/20220429\\_1/](https://channel.royalcast.com/landingpage/plastic-omnium-en/20220429_1/)

If you wish to access the conference call, simply dial one of the following access numbers:

Single language - English:

- France: +33 (0) 1 7037 7166

- UK: +44 (0) 33 0551 0200

- USA: +1 212 999 6659

Code for the operator: Plastic Omnium

More detailed financial information is available at [www.plasticomnium.com](http://www.plasticomnium.com)

## About Plastic Omnium

A world leader, Plastic Omnium provides innovative solutions for a more connected and sustainable mobility. The Group develops and produces intelligent exterior systems, clean energy systems and customized complex modules. With €8 billion economic revenue in 2021, an international footprint of 137 plants and 31 R&D centers, Plastic Omnium relies on its 30,000 employees to meet the challenges of clean and smart mobility. Innovation-driven since its creation, Plastic Omnium is now paving the way for zero carbon mobility through its investments in hydrogen solutions, where the Group has ambitions to become world leader throughout the entire value chain.

Plastic Omnium is listed on Euronext Paris, compartment A, is eligible for the Deferred Settlement Service (SRD) and is part of the SBF 120 and CAC Mid 60 indices (ISIN code: FR0000124570). [www.plasticomnium.com](http://www.plasticomnium.com)

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## About Varroc Engineering Ltd:

Varroc Engineering Ltd is a global Tier 1 automotive component manufacturing organization, incorporated in 1988. The organization designs, manufactures and supplies exterior lighting systems, plastic and polymer components, electricals-electronics components, and precision metallic components to passenger cars, commercial vehicles, two-wheelers, three-wheelers, and off-highway vehicle OEMs directly worldwide. The organization's revenue was close to ₹ 11,300 crores (USD 1.8 Billion) in FY21. The organization employs more than 13,800+ employees, has 43 operating manufacturing facilities across five continents, and has 189 patents as on date.

Varroc Engineering Limited's shares are listed on the National Stock Exchange of India Limited (VARROC) and the BSE Limited (541578).