

Media Information

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Opel/Vauxhall Go Profitable, Electric and Global with *PACE!*

- Return to profitability by 2020: 2% automotive recurring operating margin, positive operational free cash flow¹
- Lower financial break-even point to 800,000 vehicles
- Electrification and CO₂ leadership: All passenger carlines to be electrified by 2024
- Improve efficiency towards benchmark levels for manufacturing and logistics cost as well as for wage cost/revenue-ratio
- Intention to maintain and modernise all plants and to refrain from forced redundancies
- R&D centre in Rüsselsheim to become a global competence centre for Groupe PSA
- Enlarge commercial scope: Leverage Opel brand for overseas export opportunities and foster growth of Opel/Vauxhall LCV business
- *PACE!* execution to immediately unleash Opel/Vauxhall performance and pave the way to a sustainable future

Rüsselsheim. Michael Lohscheller, CEO of Opel Automobile GmbH, today announced the strategic plan *PACE!* to restore financial fundamentals and enhance sustainable competitiveness and growth. All *PACE!* initiatives will contribute to the goals of generating a positive operational free cash flow as well as a recurring operating margin for the auto division of 2% in a first phase by 2020 and of 6% by 2026. Combining strengths will unleash annual synergies on Groupe PSA level of €1.1 billion by 2020 and €1.7 billion by 2026. All actions will contribute to a lower financial break-even point for Opel/Vauxhall of 800,000 vehicles, creating a profitable business model whatever the headwinds may be.

Having full access to Groupe PSA technologies, Opel/Vauxhall will become a European CO₂ leader. By 2024, all European passenger carlines will be electrified – offering a pure battery electric propulsion or plug-in hybrid version alongside efficient internal combustion

¹ Defined as ROI + D&A – capex – Capitalised R&D – Change in NWC

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engines. By 2020, Opel/Vauxhall will have four electrified carlines on the market, including the Grandland X PHEV and the next generation Corsa as a fully electric vehicle.

The company will enhance its competitiveness by 2020 e.g. by reducing costs by €700 per car. Efficiency of marketing expenses will be improved by more than 10%. Overall efficiencies will be increased by reducing complexity across all functions with a ratio G&A/revenue moving from 5.6% to 4.7% and an objective to bring the company towards industry benchmark in terms of wage cost/revenue ratio. Optimising R&D and CapEx at 7-8% of automotive revenue, manufacturing and administration processes by 2020 and releasing working capital of €1.2 billion by 2022 will also contribute to seizing synergies.

Improved competitiveness of the manufacturing plants will lead to new vehicle allocations that will provide a better utilisation rate for the next decade. The two Groupe PSA platforms CMP and EMP2 will be localised in all Opel/Vauxhall plants. To start with, an EMP2-based SUV is planned for Eisenach in 2019; and an EMP2-based D-segment vehicle is coming to Rüsselsheim. The allocation of new powertrains in Opel/Vauxhall manufacturing sites will accompany the shift from GM to Groupe PSA engines and transmissions.

“*PACE!* will unleash our full potential. This plan is paramount for the company, to protect our employees against headwinds and turn Opel/Vauxhall into a sustainable, profitable, electrified, and global company. Our future will be secured and we will contribute with German excellence to the Groupe PSA development. The implementation has already started with all teams eager to achieve the objectives,” said Opel CEO Michael Lohscheller.

The plan is designed with the clear intention to maintain all plants and refrain from forced redundancies in Europe. The necessary and sustainable reduction of labour costs shall be reached with thoughtful measures such as innovative working time concepts, voluntary programs or early retirement schemes.

All new Opel/Vauxhall vehicles will be engineered in Rüsselsheim, which will be transformed into a global competence centre for the whole Groupe PSA. First areas of expertise are identified, e.g. fuel cells, certain automated driving technologies and driver



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assistance developments. This will further guarantee German engineering quality and affordable innovations. Altogether, the number of platforms Opel/Vauxhall uses for its passenger cars will be reduced from currently 9 to 2 by 2024. Furthermore, the powertrain families will be optimised from currently 10 to 4. “Aligning architecture and powertrain families will substantially reduce development and production complexity, thus allowing scale effects and synergies, contributing to overall profitability,” said Lohscheller.

Opel/Vauxhall will switch to efficient and flexible Groupe PSA vehicle architectures faster than originally expected. From 2024 onwards, all Opel/Vauxhall passenger car models will be based on joint Groupe PSA architectures. Next to come are the Combo in 2018 and the next generation of the bestselling Corsa in 2019. This course will be steadily continued with one major launch per year. Counting every body style, Opel/Vauxhall will launch 9 new models by 2020. This line-up will enable to increase the pricing power of Opel/Vauxhall brands and reduce the gap against benchmark by four points.

Sales growth of the further profiled and strengthened Opel/Vauxhall brands will be supported by initiatives like the start of even more attractive financial offerings as well as full service leasing offers via the Financial Services of Opel and Vauxhall.

Furthermore, Opel will enter more than 20 new export markets by 2022. Beyond that, Opel will explore global midterm overseas profitable export opportunities.

To foster growth in the financially attractive light commercial vehicle (LCV) business, Opel/Vauxhall will launch new models and enter new markets with the clear goal to increase its LCV sales by 25% by 2020 against 2017.

“PACE! has been designed by Opel/Vauxhall for the benefit of our employees as an immediate performance booster,” said Lohscheller.

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