

PACE!

Opel/Vauxhall Strategic Plan

Michael Lohscheller, CEO Opel Automobile GmbH



STATUS QUO IS NOT AN OPTION

► New competitive mindset reflected in the plan's name

Profitability

Performance

Agility

Accountability

Collaboration

Customer focus

Enablement

Empowerment

PACE!

PEOPLE ARE THE SOLUTION TO MAKE OPEL/VAUXHALL FIT FOR THE FUTURE



LEVERAGE GROUPE PSA'S STRENGTH



New European champion: #2 in Europe

Sales: 4.3 million units worldwide

Automotive revenue: € 55 billion

Combined purchasing power of € 38.8 billion

> 40 plants + 10 R&D centers

> 200,000 employees

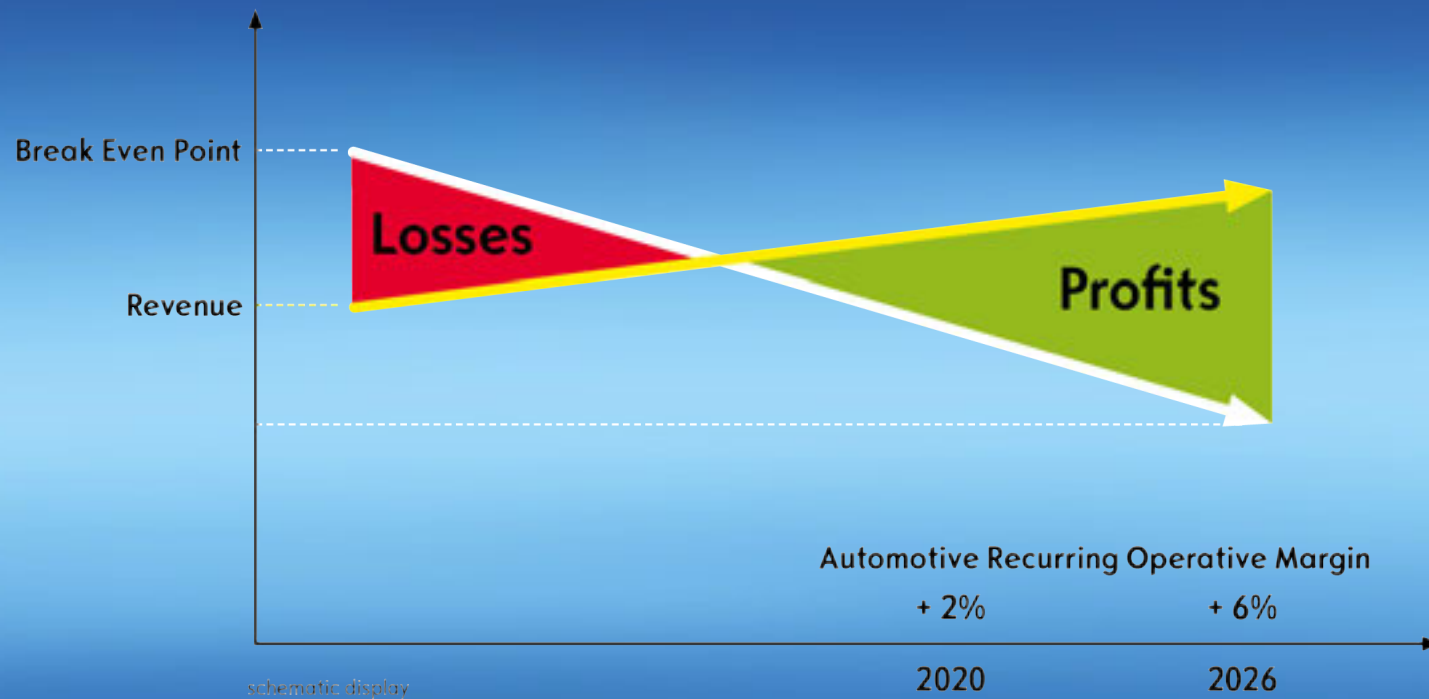
CREATING A SUSTAINABLE FUTURE

Positive Operational Free Cash Flow*
by 2020

Automotive Recurring Operating Margin**
2% by 2020
6% by 2026



LOWER FINANCIAL BREAK-EVEN POINT TO 800,000 CARS: GENERATE PROFIT, LOWER EXPOSURE TO HEADWINDS



4 LEVERS OF “PACE!”

**Roadmap to CO₂
leadership – Opel goes
electric**

**Enhance
competitiveness**

**Profitable
sales offensive**



**Powerful
brands**



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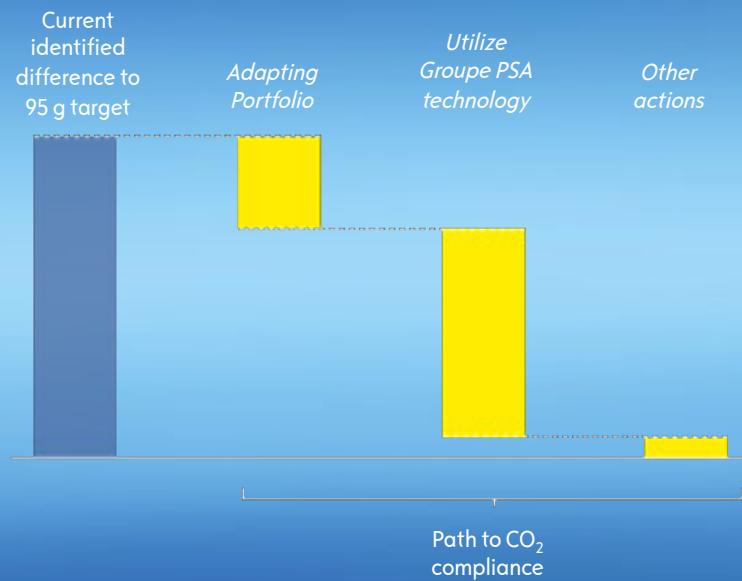
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CLEAR ROADMAP TO CO₂ LEADERSHIP – OPEL GOES ELECTRIC

► Adapting portfolio and electrification strategy to reach 95 g CO₂ EU 2020 target



2020: 4 electrified carlines (incl. Grandland X and next gen. Corsa)

2024: 100% of European passenger cars with electrified options

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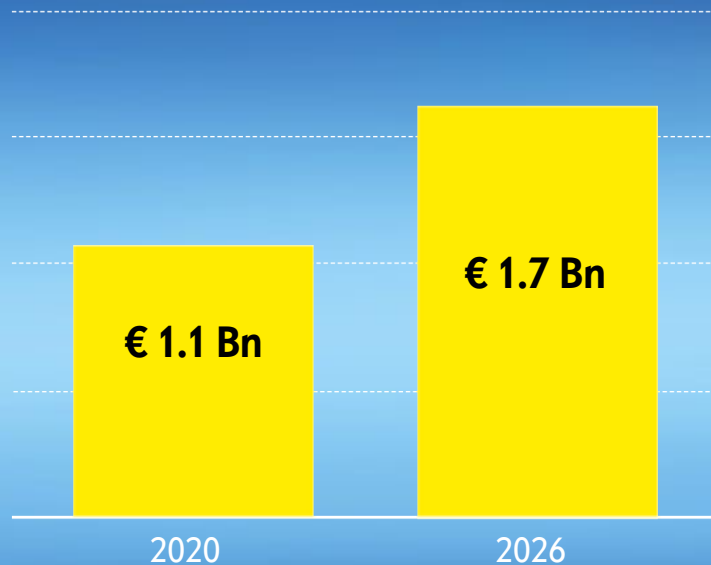
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ENHANCE COMPETITIVENESS – IMPROVE COST EFFICIENCY AND SYNERGIES

Annual Synergies Groupe PSA



 Purchasing	c. 30%
 R&D	c. 25%
 Manufacturing	c. 20%
 SG&A	c. 10%
 Capex	c. 15%
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 Working Capital Optimisation	c. €1.2 Bn*

*Full realization by 2022

ENHANCE COMPETITIVENESS – COST EFFICIENCIES IN ALL AREAS



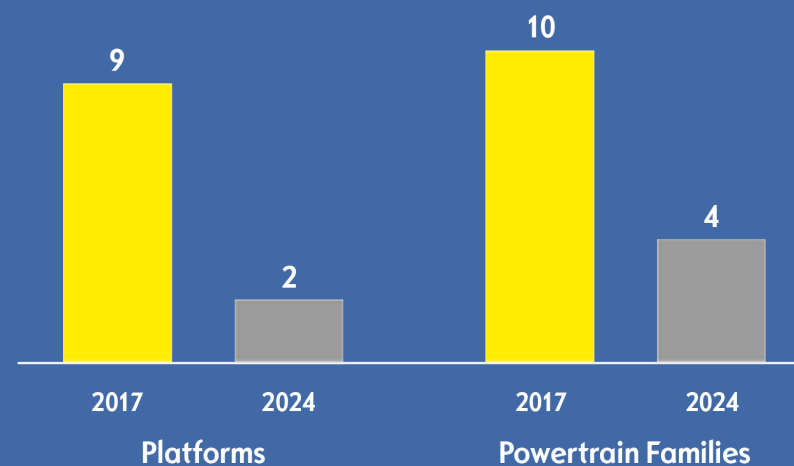
- Cost reduction of € 700 per car by 2020
- Improve fixed marketing expenses efficiency by more than 10% by 2020
- Ratio G&A/revenue from 5.6% to 4.7% by 2020
- Improve efficiency to benchmark levels for manufacturing and logistics cost as well as wage cost/revenue ratio*

*Revenue and wages of the automotive division

ENHANCE COMPETITIVENESS – COMPLEXITY REDUCTION IN ENGINEERING



Full passenger car model line-up will be based on joint Groupe PSA architectures by 2024



ENGINEERING CENTER RÜSSELSHEIM: HOME OF ALL NEW O/V VEHICLES



- German DNA: All new O/V vehicles engineered in Rüsselsheim
- Using Groupe PSA technologies (platforms, modules, powertrains)
- Joint R&D and Capex sized at 7-8% ratio on automotive revenue
- O/V engineering skills will be fully leveraged within Groupe PSA

ENGINEERING CENTER RÜSSELSHEIM: GLOBAL COMPETENCE CENTERS



- Rüsselsheim engineering will be key contributor to Groupe PSA global R&D
- First centers of competence identified:
 - US market federalization for vehicles & powertrains
 - Fuel cell
 - Alternative fuels
 - Certain automated driving & driver assistance developments
 - Electric/Electronic test automation
 - Software configuration & release

ENHANCE COMPETITIVENESS – CLOSE THE PERFORMANCE GAP VS. BENCHMARK



- Improve manufacturing and logistics performance by > € 400 per car by 2020*
- Main levers:
 - Components diversity: - 50%
 - Rightsize plant space requirements: -25%
 - Increase utilization > 100% by 2020, e.g. by moving volumes from Korea to Europe
 - Capex from 6% to 4% of revenue in 2020 through improvement in carry over of tools

* Included in the € 700 cost per car reduction

ENHANCE COMPETITIVENESS – HIGHER EFFICIENCY AND PLANT INVESTMENTS



- Plant performance plans to allow allocation of new Opel/Vauxhall models and create opportunities to produce PCD* vehicles, as per existing cross-manufacturing
- Localization of CMP and EMP2 platforms in Opel/Vauxhall plants
- Starting with Eisenach (SUV, EMP2 based) and Rüsselsheim (D-segment, EMP2 based)
- Allocation of new powertrains in Opel/Vauxhall manufacturing sites to accompany the shift from GM to PSA engines and gearboxes

*PCD = Peugeot, Citroën, DS Automobiles

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POWERFUL BRANDS – CLEAR BRAND POSITIONING



Innovation accessible to all

VIDEO „THE FUTURE IS EVERYONE’S“

POWERFUL BRANDS – CLEAR BRAND POSITIONING



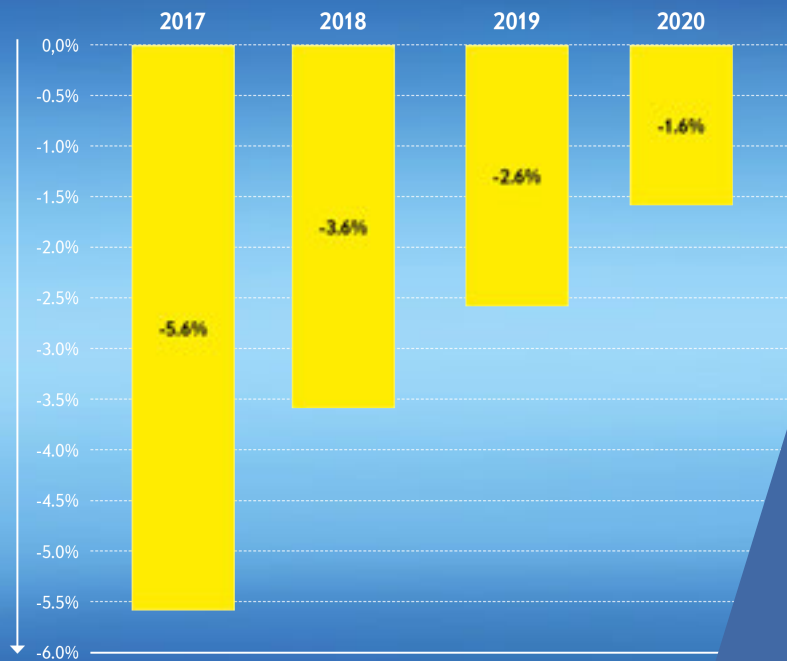
Great design and
ingenious technology

POWERFUL BRANDS – UNIQUE OPEL/VAUXHALL DESIGN WILL REMAIN A USP



POWERFUL BRANDS – FOCUS ON PRICING POWER

Pricing gap versus benchmark in Europe G7 (%)*



*In retail channel

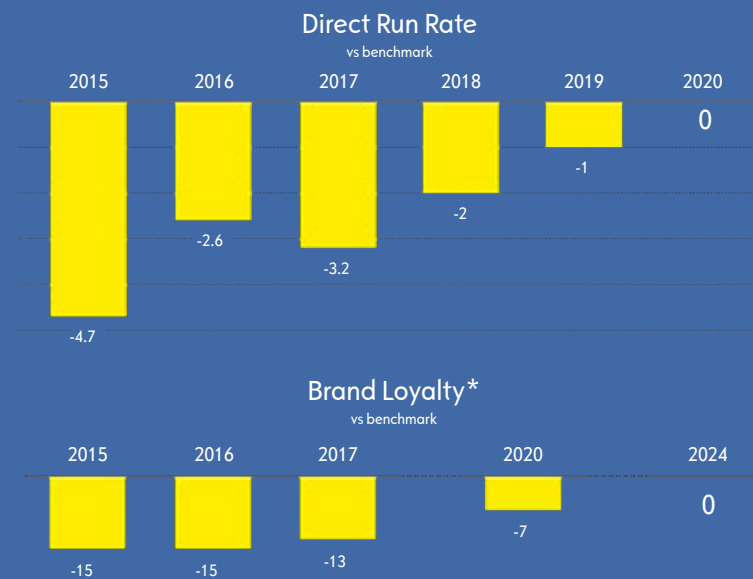
- 40% of sales volume from SUVs by 2021
- Optimize channel mix/strengthen market share in retail and fleet



POWERFUL BRANDS – QUALITY



Significant improvements of quality, customer satisfaction, service quality and brand loyalty



*Source: International studies vs. industry benchmark
Direct Run Rate defined as percentage of cars leaving the manufacturing line w/o the necessity of rework
Brand Loyalty: Percentage of customers replacing their vehicle with a model from the same brand

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PROFITABLE SALES OFFENSIVE – NEW MODELS



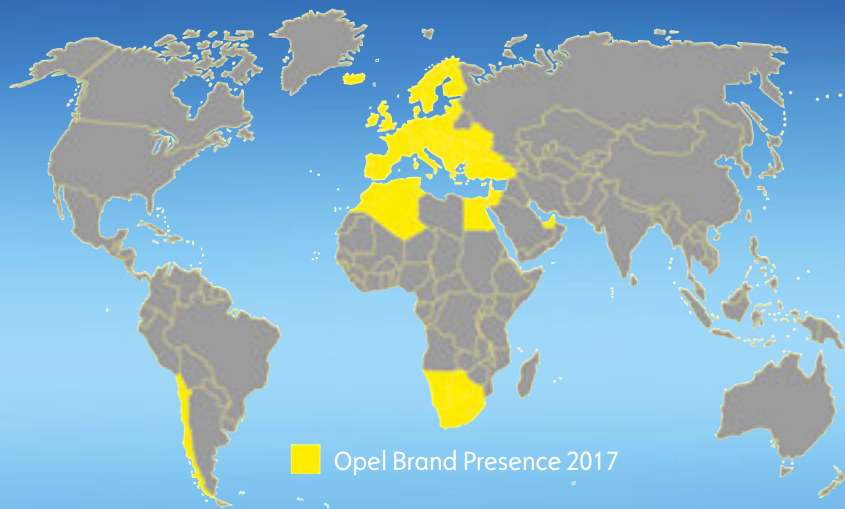
- One major launch per year on Groupe PSA architectures from 2018
- Total of 9 launches – including bodystyles – until 2020
- Reduce complexity and focus on key options/versions

PROFITABLE SALES OFFENSIVE – DEVELOP LCV BUSINESS



- 2018: New Combo launch
 - Exploring further markets
 - 2020: Start of electrification of LCV portfolio
- ▶ Increase LCV sales >25% by 2020

PROFITABLE SALES OFFENSIVE – ENLARGE FRONTIERS



- Increase overseas export sales:
 - Double sales by 2020
 - >10% of global sales by mid next decade
- Enter > 20 new markets by 2022
- Explore profitable worldwide mid-term opportunities

FURTHER PROFIT AND REVENUE DRIVERS



- Aftersales Business: > €100 million operating profit improvement until 2020
- New possibilities thanks to strengthened Financial Services
 - Introduction of full service leasing
 - Increase penetration of financial offers, services and insurance products through access to very competitive cost of funds



BNP PARIBAS

OPEL BANK



KEY TAKE-AWAYS

Roadmap to CO₂ leadership – Opel goes electric

- Reshape product portfolio strategy
- 100% European passenger carlines with electrified option by 2024

Enhance competitiveness

- Implement synergies: €1.1 billion p.a. by 2020 / € 1.7 billion p.a. by 2026
- Lower break even point to 800,000 units
- Release Working Capital: €1.2 billion by 2022
- Lower wage costs/revenues ratio to industry benchmark
- Engineering: All new Opel/Vauxhall vehicles will be engineered in Germany
- Rüsselsheim: First O/V competence centers identified for Groupe PSA
- Increased competitiveness will secure plants' future
- Intention to maintain and modernize all plants and to refrain from forced redundancies

Powerful brands

- Clear brand positioning : Opel will stay German, Vauxhall will stay British
- Enhance Pricing Power: Improvement by 4 percentage points vs. benchmark by 2020

Profitable sales offensive

- Launch 9 new vehicles until 2020; LCV sales + >25% by 2020
- Increase overseas sales to > 10% of global sales by mid of next decade
- Strengthen Financial Services with full service leasing offers



THANK YOU

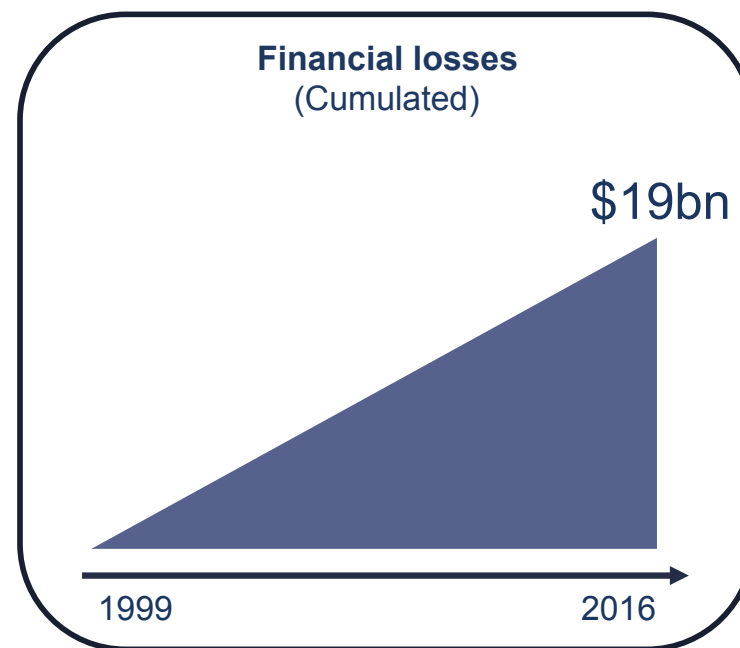
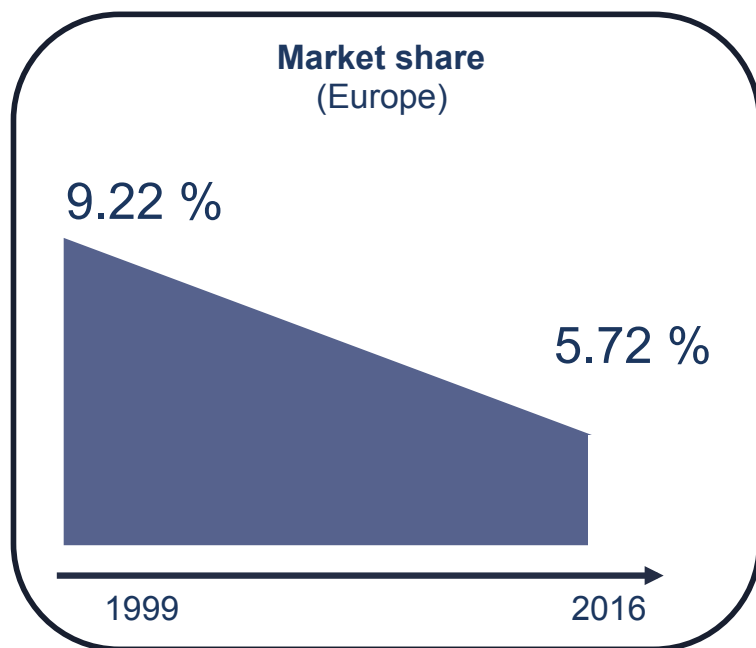
Carlos TAVARES

Chairman of the Managing Board



Rüsselsheim, 9 November 2017

BRING OPEL VAUXHALL BACK ON A PROFITABLE GROWTH PATH



PUSH^{TO} ***PASS***

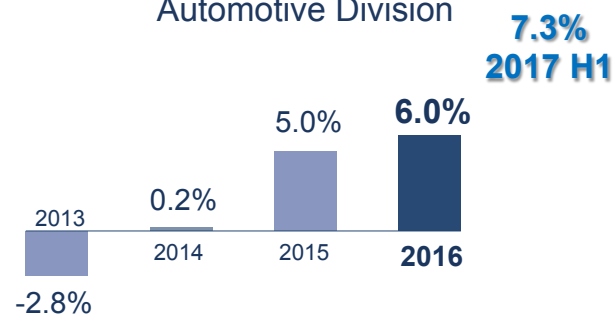
ORGANIC PROFITABLE GROWTH

BACK *IN THE* ***RACE***

OPERATIONAL EXCELLENCE

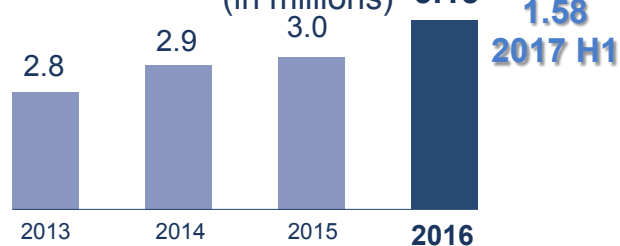
BUILD SUSTAINABLE BASIS

Recurring Operating Margin* Automotive Division



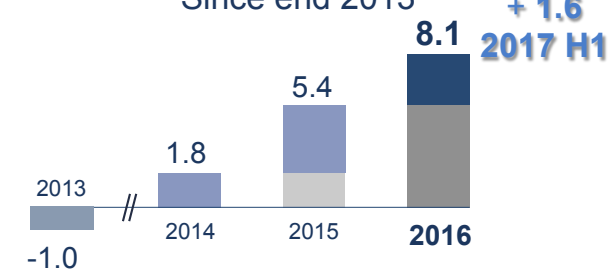
* Recurring Operating Income related to Revenue

Worldwide Unit Sales** (in millions)



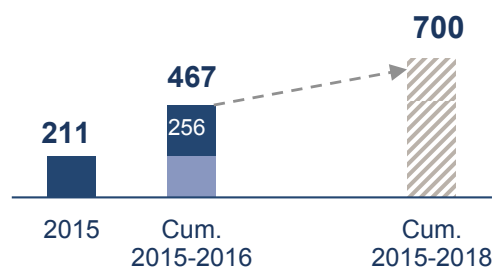
** Assembled Vehicles, CKDs and vehicles under license

Cumulated Free Cash Flow (€bn) *** Since end 2013

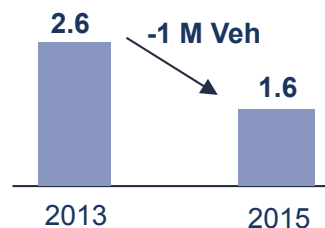


*** FCF for Sales & Manufacturing companies

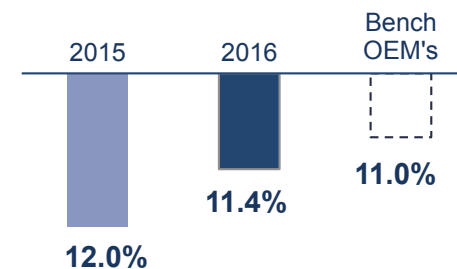
Production cost savings in Europe €/veh. over 2015 - 2018, including Euro6



Financial breakeven point Million Vehicles



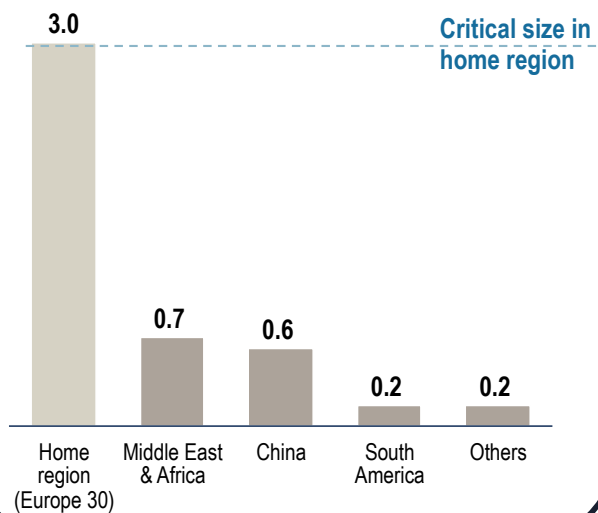
Wages to revenue ratio Automotive division*



CREATE A EUROPEAN CHAMPION

Split of PCD + OV sales per region

PSA
GROUPE



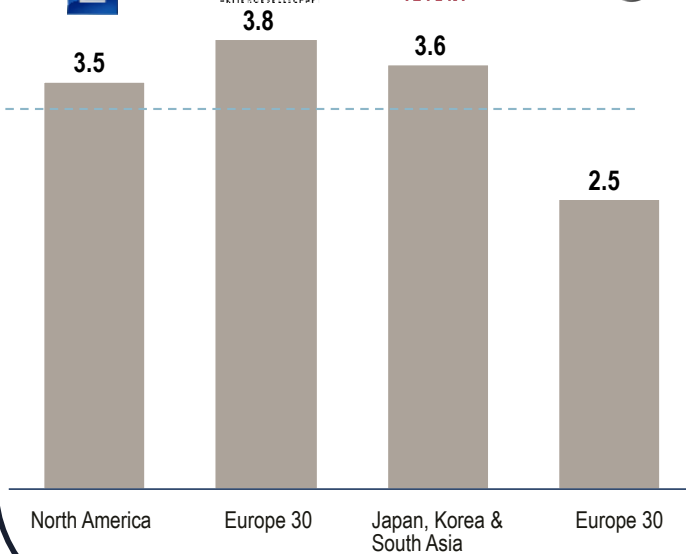
Size in home region of top-4 worldwide OEMs 1)

GM

VOLKSWAGEN
- RENAULT NISSAN

TOYOTA

NISSAN



1) Considered as strategic groups (all brands taken into account); 2) Volumes for all Europe (IHS definition): 4.2 m for VW, 3.2 m for Renault/Nissan

North America: home region considered

Sources: IHS, Roland Berger

PSA
GROUPE

TO A GLOBAL MULTI BRAND GROUP

PERFORMANCE MATTERS MORE THAN SIZE

A Great global car maker with cutting edge efficiency

GROWTH IS A REWARD FOR A WELL DONE JOB

focus on implementation excellence

READY TO GRASP NEW OPPORTUNITIES

Fit for the Race, driving our future with agility



DCOM

9 November 2017