



Press Release

Varroc to focus on electronics, connectivity, EV product lines, and the 2-wheeler segment globally

- *To divest its 4-wheeler lighting system operations in the Americas and Europe*
- *Securities Purchase Agreement has been signed with Plastic Omnium of France*

Aurangabad / Pune, April 29th 2022:

In a bid to transform itself into a high-tech company and focus on the existing growth of electronics, connectivity, electrical vehicles (EVs) product lines and the 2-wheeler segment globally, Varroc Engineering Limited (VEL), India's leading automobile component company, has signed a Securities Purchase Agreement (SPA) with Compagnie Plastic Omnium SE of France to divest its 4-wheeler lighting systems operations in the Americas and Europe. The divestment is part of VEL's (Varroc) strategy to align its resources with the high value and high growth primary markets in China, India, and the two-wheeler sector globally.

The Euro 600 million transaction will see Varroc divesting its lighting System operations in the USA, Brazil, Mexico, Poland, Czech Republic, Germany, Turkey, and Morocco

Varroc will also continue to operate its China JV and other international 2-wheeler businesses in countries like Italy and Vietnam and global electronics businesses in Poland and Romania. The company is retaining its 4-wheeler lighting operations in Asia.

The planned divestment of Varroc's 4-wheeler lighting systems businesses in the Americas and Europe will ensure enhanced shareholders' value, sustainable growth, and further development of its R&D facilities and engineering capabilities.

Commenting on the development, **Tarang Jain, Chairman & Managing Director of Varroc Engineering** said: "Our immediate goal is to be future-ready with continued profitable growth in emerging sectors like the EV and high technology electronics. The divestment of our passenger car lighting operations in the Americas and Europe will be a win-win deal for Varroc and Plastic Omnium. For us, we unlock great value for all our shareholders, employees, and business partners as we plan for our next level of growth in the fastest-growing economies and auto sectors in the world. We will also continue to invest in our teams and people as we embark on the next phase of our growth.

Laurent Favre, Chief Executive Officer of Plastic Omnium: - "Varroc Lighting Systems is a strategic addition to our business that will provide us with an extensive lighting product portfolio, a balanced footprint across best-cost countries and cross-selling opportunities. Building on our operational excellence, financial strength, and long-term vision we have identified clear levers to bring VLS to best-in-class operating performance.



Press Release

Besides the identified growth area focus, Varroc's lighting systems and other businesses in India, namely design, manufacture, and supply of a diverse range of Polymer, Electrical-Electronics and Metallic components will continue to enjoy a leadership position in these business segments.

With the Indian automobile sector, including 2-wheelers, 3-wheelers, and passenger car segment, poised to grow at 10-12 % CAGR over the next 4-5 years, and with emerging alternative technologies in electric vehicle (EV) mobility, Varroc will be investing in operations and R&D to enhance its shareholders' value by creating a robust and financially strong operation, ensuring higher return on investments.

Rothschild & Co acted as the exclusive financial advisor to VEL on the transaction.

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).

About Plastic Omnium For 75 years, Plastic Omnium has supported the transformations of the automotive industry. Given today's accelerated transformation toward sustainable mobility, Plastic Omnium remains true to its core values of enterprise and innovation. It designs and produces complex and interactive body systems, emissions reduction systems and energy storage solutions. Since 2015, Plastic Omnium's continued investment in hydrogen has enabled the company to offer a comprehensive range of hydrogen storage tanks, fuel cells and hydrogen systems. These innovations for zero-emission mobility position Plastic Omnium as a partner of choice for all clean mobility stakeholders. With revenue of 8 billion in 2021, a network of 137 production sites and 31 R&D centres that are located near its clients, Plastic Omnium's 30,000 employees committed to rising to the challenges of zero-carbon mobility. Plastic Omnium is listed on Euronext Paris, compartment A, and is included in the SRD (deferred settlement service) and SBF 120 and CAC Mid 60 indices (ISIN code: FR0000124570).

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