



ACTIVITY REPORT **2018**

AKWEL

EFFICIENT AUTOMOTIVE
SOLUTIONS



CONSOLIDATING PERFORMANCE IN THE FACE OF GROWING COMPLEXITY

2018 was an eventful year for our Group. We adopted a new name, AKWEL, to rally the teams from all over the world around a common project and a shared identity. We continued to structure our organisation on a regional basis to adapt to the growing segmentation of the global automotive market. We also pursued our targeted production deployment strategy. The sites in Wuhan, China, and Rayong in Thailand began mass production operations, while the Vidin project (Bulgaria), which no longer made sense, was terminated.

Our growth dynamic was still good and our quality performance improved slightly. However, we saw a decline in profitability. Although our fundamentals remain solid, we were impacted by three phenomena: product warranty issues, many of which involved SCR tanks, significant start-up costs for new plants and a less favourable business environment. Manufacturing volumes are more volatile, raw material prices are on the rise, exchange rates are fluctuating and inflation is high in some countries.

This increasing complexity in our business environment will continue in 2019 due to market tensions at both a global and local level. The automotive industry is changing significantly and quickly. The way we use vehicles is changing and restrictions on emissions are tightening, which is all leading to significant upheaval for manufacturers and their parts manufacturers. We are at a turning point in the automotive industry.

In this climate, our mission, more than ever, is to be a trusted tier-one supplier for our customers, helping them to manufacture autonomous and connected vehicles that are more reliable and more ecologically responsible at a competitive price.

2019 will mark a continuation of our previous efforts. We will continue to focus on our targets, namely employee health and safety, customer satisfaction and improving competitiveness and performance.

On the manufacturing side, we will finalise the roll-out of our production system, continue to invest in improving productivity, place an emphasis on training the teams and commit to achieving faster problem resolution. Meanwhile, the Products teams will work on developing new product lines (battery cooling, new handles, etc.).

For everyone involved, the quest for Performance (quality, flexibility, responsiveness) will continue to drive our daily efforts. With the involvement and collaboration of all the teams, we will be able to restore positive free cash flow from 2019 and achieve targeted sales of €1.2 billion in 2020.

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MATHIEU COUTIER
PRESIDENT OF THE EXECUTIVE BOARD

GROUP PROFILE

THE AKWEL GROUP IS A WORLD-CLASS AUTOMOTIVE AND HGV EQUIPMENT AND SYSTEMS MANUFACTURER SPECIALISING IN FLUID MANAGEMENT AND MECHANISMS, OFFERING FIRST-RATE INDUSTRIAL AND TECHNOLOGICAL EXPERTISE IN APPLYING AND PROCESSING MATERIALS (PLASTICS, RUBBER, METAL) AND MECHATRONIC INTEGRATION.



MORE THAN 45 YEARS OF HISTORY

INITIALLY SUBCONTRACTOR AND NOW AN INTERNATIONALLY-RECOGNISED SYSTEMS AND COMPONENTS MANUFACTURER

1972

Founding of Coutier SA, a subcontractor specialising in the manufacture of plastic parts, by the three Coutier brothers, André, Joseph and Roger.

1991 - 1994

Beginning of international expansion in Spain and Turkey followed by China.

1994 - 1998

Continuation of international expansion (Tunisia, Argentina, and Brazil) and strengthening of business activity in France (acquisitions and organic growth).

2004

Deployment in India.

1988 - 1990

Coutier SA begins its transformation through the takeover of MGI and the establishment of MGI Coutier, a components manufacturer specialising in plastics and metal.

1994

Listed on the French Stock Exchange (Paris - Eurolist).

2000

At the start of the new millennium, MGI Coutier implements the SAP management tool in order to efficiently manage its 12 French sites and 9 world-wide subsidiaries.

2005

Doubling of production surface area in Turkey (new site) and in Brazil (extension).



AKWEL designs, develops and distributes high-performance products and systems primarily for a homogeneous market of a dozen global strategic customers, automotive and truck manufacturers.

Through its world class industrial and technological know-how in the application and transformation of materials and in mechatronics, it stands as a trusted partner to its customers. The group's expertise brings it a wide range of opportunities to develop the new products that are needed by the rapidly changing automotive market and to help manufacturers build more reliable and environmentally responsible autonomous and connected vehicles at a competitive price.

To better anticipate and more effectively serve the needs of its customers, AKWEL is organised into **product-line departments that ensure innovation and development, regional industrial departments** that manage manufacturing performance and plants by geographical area, **cross-functional departments that optimise resources and ensure strategic coherence**, and an **aftermarket division for after-sales activities**.

As a resolutely independent family group, AKWEL harnesses **four core values** – *simplicity, reliability, teamwork and performance* – to cultivate its long-term ambitions:

- to establish its position as a recognised international player;
- to adapt to the multiple evolutions of its business and its customers;
- to maintain the balance and diversity of its teams.

2006

Development in Eastern Europe with the opening of a site in Romania.

2011

Strengthening of tooling expertise with the takeover of the mould-manufacturer Deplanche and the implementation of a major external growth transaction through the acquisition of the Avon Automotive components manufacturer in the United States.

2015

The second generation of Coutiers takes the helm with the appointment of Mathieu Coutier as President of the Executive Board.

2018

The MGI Coutier group changes its name and becomes AKWEL. Accelerated growth in Asia with the opening of a 3rd site in China and another in Thailand.

2014

Acquisition of the Swedish components manufacturer Autotube AB.

2016

The group introduces a new organisation structure with the creation of departments dedicated to product lines and industrial departments by geographical zone which manage the group's plants.

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A photograph of a male worker in a green shirt and safety glasses, focused on his work. He is wearing black gloves and is working on a complex industrial machine with various pipes and components. The background is a blurred factory floor with other equipment. A white geometric pattern of interconnected lines is overlaid on the right side of the image. A red horizontal line is positioned above the text.

2018,
CONSOLIDATING
PERFORMANCE

In 2018, AKWEL pursued its development plans against a turbulent backdrop.

The Group recorded an annual turnover of €1,062.2 million in 2018, an increase of 3.7% and 9.4% when taking exchange rates and scope as constants. This business development took place in a global automotive market that was in decline for the first time in 10 years, particularly in the final quarter and especially in relation to a downturn in the Chinese market. Variations in turnover by product line reflect the emerging opportunities we have seized upon and, on the other hand, product families that are becoming less buoyant or more competitive. The highlight of the year was the very strong 18.7% growth in Cooling turnover. The only product line that is entirely related to diesel today is Emission Control. It represents less than 22% of Products and Function turnover. In a context of operational growth and significant industrial investment since 2017, the Group's current operational profit was affected in 2018 by a number of factors, including the rising strength of recently opened sites in Morocco, Mexico, China and Thailand, continuing development and industrialisation projects, as well as the non-recurring impact of a guaranteed returns provision.

RESULTS AND PERFORMANCE 2018: **KEY FIGURES**

TURNOVER PRODUCTS
AND FUNCTIONS



€1011.8M
(+2.9%)

CONSOLIDATED TURN-
OVER

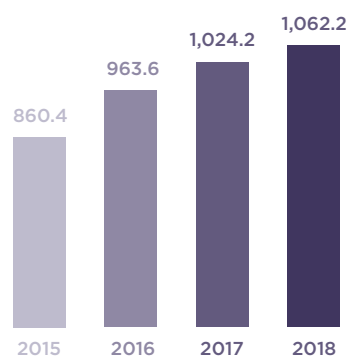
€1,062.2M

+9.4% AT CONSTANT SCOPE AND
EXCHANGE RATES

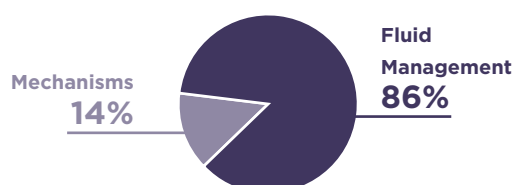
4-YEAR GROWTH IN PUBLISHED TURNOVER

(in millions of euros)

+3.7%



TURNOVER BY PRODUCT LINE AND FUNCTION



in €m	2018	Change on last year	% of turnover
Engine Management Systems	141.0	-2.4%	13.9%
Fuel and Control	232.8	-4.9%	23.0%
Emission Control Systems	219.1	+3.1%	21.7%
Washing Systems	37.7	+0.5%	3.7%
Coolant	243.4	+18.7%	24.1%
Fluid management	874.0	+3.5%	86.4%
Mechanisms	137.8	-0.5%	13.6%
TOTAL	1,011.8	+2.9%	100%

TURNOVER TOOLING



€43.9M

(+26.6%)

AN INTERNATIONAL PRESENCE THAT REMAINS STRONG

NORTH AMERICA

1st site in 2000
5 sites
29.3% of employees
**Turnover in 2018: €247.1m
(+7.6%)**
23.3% of total turnover

FRANCE

15 sites
15.2% of employees
Turnover in 2018: €358.5m (-2.0%)
33.7% of total turnover

EUROPE (EXCLUDING FRANCE), & AFRICA

1st site in 1991
16 sites
37.0% of employees
Turnover in 2018: €318.4m (+4.6%)
30.0% of total turnover

SOUTH AMERICA

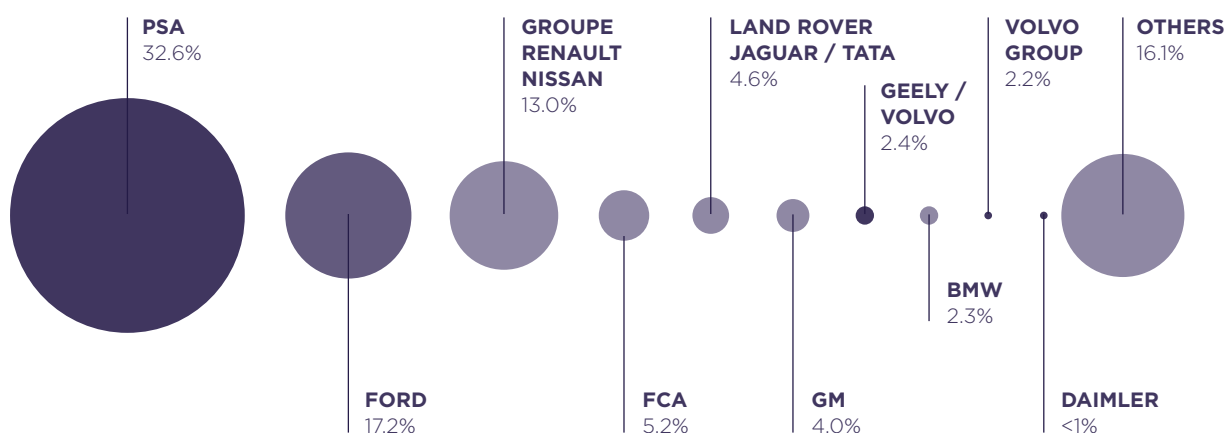
1st site in 1997
2 sites
0.8% of employees
Turnover in 2018: €11.9m (-29.4%)
1.1% of total turnover

ASIA & THE MIDDLE-EAST (INCLUDING TURKEY)

1st site in 1994
11 sites
17.7% of employees
Turnover in 2018: €126.2m (+17.5%)
11.9% of total turnover

2018 WAS A RECORD YEAR
FOR 15 OF OUR FACTORIES,
PARTICULARLY THOSE SITES
OPENED SINCE 2017 THAT WERE
STILL GAINING MOMENTUM.

TURNOVER BY CUSTOMER



In 2018, 83.7% of turnover came from our strategic customers (compared with 86.9% in 2017)

STOCK MARKET DATA

- Euronext Paris
- Compartment B
- ISIN code: FR0000053027
- Share price on 10 April 2019: €15.0
- Total number of shares: 26,741,040
- Market capitalisation: €401m
- Market-making contract: Gilbert Dupont
- Analysts following the stock: Gilbert Dupont / Louis Capital Market / Portzamparc
- Shareholder structure at 31/12/2018:
 - Coutier family: 69.7%
 - Public, treasury shares, employees and managers: 30.3%

5-YEAR SHARE PRICE VARIATION



HIGHLIGHTS IN 2018

THE GLOBAL AUTOMOTIVE MARKET EXPERIENCED SHIFTING TRENDS IN 2018, BUT EVEN IN THIS CHARGED CONTEXT, AKWEL CONTINUED TO PURSUE ITS DEVELOPMENT PLANS. LET'S LOOK BACK AT THE MAIN HIGHLIGHTS OF THE YEAR.





TARGETED INDUSTRIAL DEPLOYMENT

Opening a 3rd factory in China (Wuhan)

- **STARTING DATE:** September 2018
- **FLUIDS:** Oil, Air
- **MECHANISMS:** Handles
- **CUSTOMERS:** DPCA, Changan Ford
- **FLOOR AREA:** 5,000 m²

Inauguration of our 1st factory in Thailand (Rayong)

- **STARTING DATE:** November 2018
- **FLUIDS:** Coolant
- **CUSTOMERS:** Ford
- **FLOOR AREA:** 4,000 m²

Conclusion of the factory project in Bulgaria

A RECORD YEAR FOR 15 OF OUR INDUSTRIAL SITES



PATENTS, AWARDS AND INNOVATION

44

PATENTS
FILED IN 2017



6.6%

OF TURNOVER
DEDICATED
TO R&D

CLOSE TO
200

PATENTS FILED
IN THE PAST 5 YEARS

AWARDS

- **FIAT CHRYSLER AUTOMOTIVE:**
- Best supplier "Engine Systems" of the year, FCA US
- **PSA:**
- "Best Plant" Award, Bursa (Turkey) and Monteux (France)

INVESTMENTS

Investments were down compared to the previous year at €77m, against €87.3m in 2017, but remained at a sustained level.

- Research and development accounted for 6.6% of turnover.
- More than 300 robots have been installed, including 130 new ones during 2018, as part of the 'Plant 4.0' project.

A man with dark hair, wearing a blue work uniform and purple gloves, is focused on working on a mechanical part. He is using a small tool, possibly a drill or a screwdriver, on a cylindrical component. The background shows a factory environment with blue structural elements and other workers in the distance. A red horizontal line is positioned above the text.

A FAMILY GROUP WITH AN INTERNATIONAL **DIMENSION**

PANORAMA

A world-class Tier 1 equipment manufacturer specialised in fluid management (86% of 2018 turnover) and mechanisms (14% of 2018 turnover), AKWEL boasts an extensive international presence. The group is present in 20 countries on 5 continents, with 41 industrial sites and 7 representative offices. It currently employs nearly 12,000 people worldwide.

TWELVE STRATEGIC CUSTOMERS

WORK IN THREE MARKET SEGMENTS:

GENERAL PURPOSE LIGHT VEHICLE
PREMIUM LIGHT VEHICLE
UTILITY VEHICLE AND TRUCK

MORE THAN 30 BRANDS

PEUGEOT, CITROËN, OPEL, DONGFENG,
FORD, CHANG'AN, GEELY, GENERAL MOTORS,
CHRYSLER, FIAT, RENAULT,
DACIA, NISSAN, SAMSUNG
JAGUAR, LAND-ROVER, VOLVO,
DS AUTOMOBILE, BMW,
MERCEDES-BENZ, INFINITI, RENAULT TRUCKS,
VOLVO TRUCKS, MACK, UD, EICHER, DAIMLER,
MITSUBISHI ...

OPERATING INCOME 2018

€73.1M

AKWEL IS AN
INDEPENDENT FAMILY GROUP,
OWNED **69.7%**
BY
THE COUTIER FAMILY.

2018 TURNOVER

€1,062.2m

TWO AREAS OF EXPERTISE
+ A DEDICATED AFTER-SALES DIVISION

FLUID MANAGEMENT:

86%
OF 2018
TURNOVER

STORAGE, TRANSFER,
COOLING, HEATING,
DOSING, SEPARATION,
MIXING, FILTRATION,
TEMPERATURE AND
PRESSURE MEASURE-
MENT

MECHANISMS:

14%
OF 2018
TURNOVER

HINGES,
LOCKS,
OPENING
CONTROLS,
PEDAL BOXES

**AFTERMARKET – MANUFACTURER REPLACEMENT
AND DISTRIBUTION (VIA THE SEIM BRAND).**



A GOVERNANCE THAT GUARANTEES INDEPENDENCE

AKWEL is one of the few equipment manufacturers of its size to retain a family-based structure. A full 69.7% of the company's capital is owned by the Coutier family, the second generation of which is now in command. The group places great stock in maintaining its independence and reflecting its values in its organisation structure. AKWEL's legal structure is built around a small executive body composed of a supervisory board and an executive board.

THE EXECUTIVE BOARD MANAGES:

- the Executive Committee: this committee assists the Executive Board by formulating opinions and recommendations and encourages dialogue and the cross-cutting dissemination of best practices throughout the group's areas of activity;
- the cross-functional departments, which provide assistance and uniformity, guarantee the consistency of strategies, and optimise resources, including the Business Development department which manages the product lines – coolant, emission control, air and oil intake, fuel and control, mechanisms and washing systems – as well as innovation and material and product development;
- the regional industrial departments, under which the plants are grouped by geographical zone;
- an aftermarket division dedicated to the after-sales market;
- joint ventures.



THE EXECUTIVE BOARD

From left to right:

Jean-louis Thomasset,
Finance Director

Nicolas Coutier,
Director of Industrialisation
and Standardisation

Mathieu Coutier,
President

Benoit Coutier,
Legal Director

Frédéric Marier,
Director of
Industrial Performance

THE SUPERVISORY BOARD

From left to right:

Christophe Besse,
Christophe Coutier,
Emilie Coutier,
André Coutier,
Geneviève Coutier,
Nicolas Job.



A photograph of a factory interior with several workers in the background. In the foreground, a woman on the left and a man on the right are both wearing safety glasses and green high-visibility vests over grey shirts. They are looking towards the right side of the frame. The background shows other workers and industrial equipment under bright lights. A large, semi-transparent white triangle is overlaid on the right side of the image. A thin red horizontal line is positioned above the text.

OUR BUSINESS LINES **AND THEIR EM- PLOYEES**

SKILLS IN TWO FIELDS

THE AKWEL GROUP HAS LONG BEEN POSITIONED IN TWO FIELDS OF EXPERTISE, IN WHICH IT MASTERS THE ENTIRE RANGE OF KNOW-HOW AND THE PRODUCTION CHAIN.

FLUID MANAGEMENT

for which AKWEL is able to provide a complete management capability in terms of storage, treatment, distribution, transfer, cooling, reheating, dosing, separation, mixing and filtration, as well as temperature and pressure measurement...



MECHANISMS in many application areas: opening, closing and articulations.



OIL

CYLINDER HEAD COVERS, PIPING AND BLOW-BY HEATING CONNECTORS...

THERMAL MANAGEMENT (AIR/LIQUID) APPLIED TO TRADITIONAL, ELECTRIC AND/OR HYBRID VEHICLES

COOLING

PIPES, CONNECTORS, DEGASSING TANKS, WATER INLET/OUTLET VALVES...

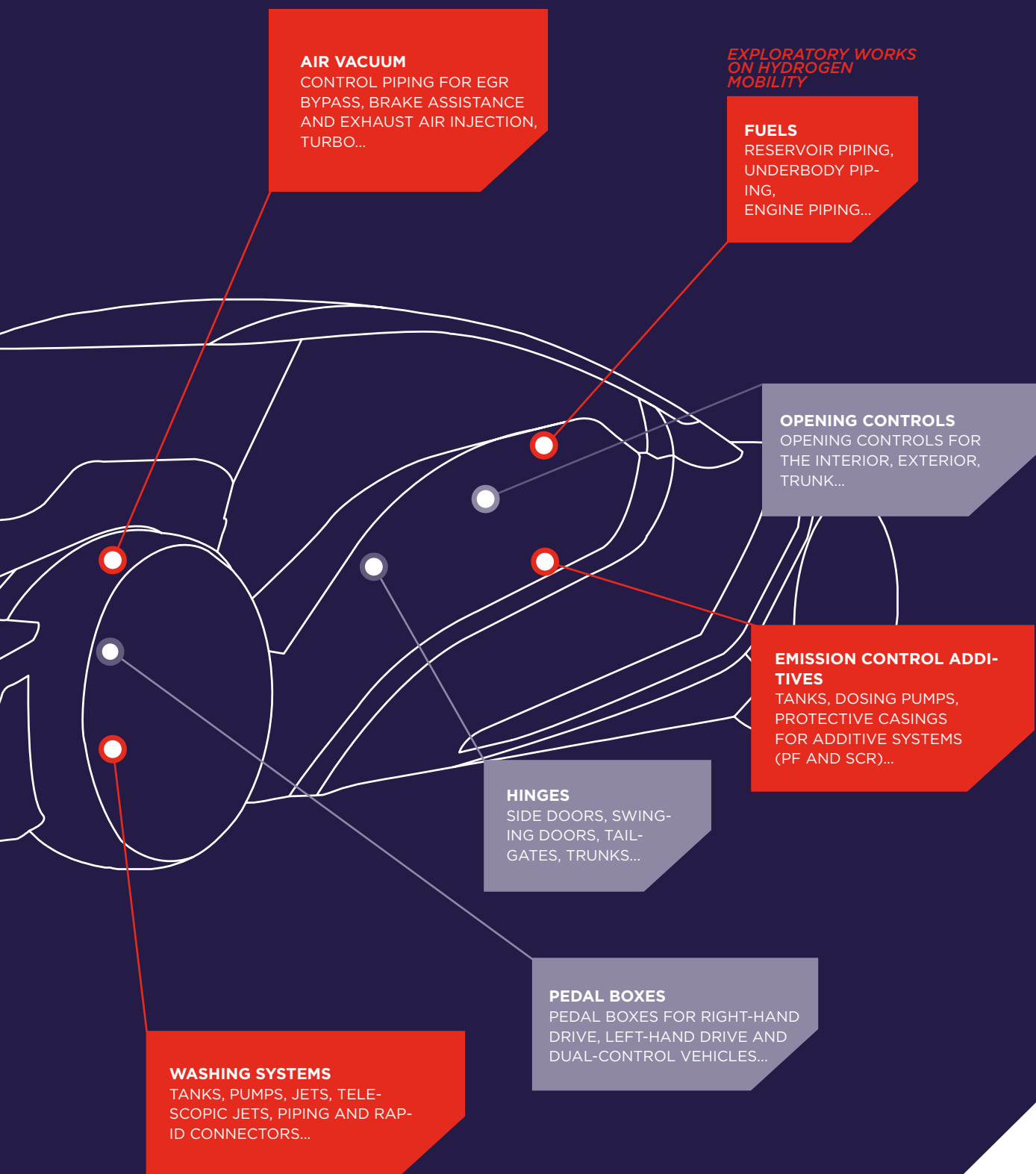
LOCKS & STRIKERS

HOODS, TRUNKS, SWINGING AND SLIDING DOORS...

EXPLORATORY WORKS ON HYDROGEN MOBILITY

AIR INTAKE

DISTRIBUTORS, TURBO INLET DUCTS, TURBO AND INTERCOOLER OUTPUT DUCTS, BATTERY COMPARTMENT VENTILATION SOLUTIONS, COOLANTS, LOW-PRESSURE DIESEL ENGINE COMMON RAIL CIRCUITS...



AN ORGANISATION SYSTEM CENTRED AROUND **PRODUCTS AND PERFORMANCE**



Quality and performance are key to the satisfaction of AKWEL's customers. To safeguard their trust, the group has organised itself around the quality and development of its products, from design through to after-sales service.

The **Business Development** cross-functional department oversees all product lines (fuel and regulations, cooling, mechanisms and cleaning, emission control and oil/air intake) from innovation to product sign-off in order to constantly provide reliable and competitive products for future mobility. New products and processes are developed by international project teams, assisted by industrial development teams based at the production sites. The Group equips them with world-class communication, laboratory, testing, validation and prototyping resources.

The **marketing** of AKWEL products is organised according to proximity. To be as close as possible to markets and customer needs, the group's sales teams are divided by geographic area and by customer.

In the same way as marketing, **operational activity** is organised by geographical area. Forty-one plants are divided into six regional industrial departments. Each production site is managed by a plant manager.

Finally, an aftermarket **division** is entirely dedicated to after-sales activities, manufacturers or independents.

These entities are supported by the centralised and international management of purchasing, quality, human resources, industrial performance and standardisation.

... BACKED BY LEADING-EDGE INDUSTRIAL AND MATERIALS EXPERTISE

To further enhance its products and its two areas of expertise, AKWEL organises all of its know-how in the fields of **plastic, rubber, metal** and **mechatronics**. This cross-functional expertise is indispensable for the transformation of raw materials. Upstream and downstream, the group also incorporates state-of-the-art tooling skills (design, production, development), in **complex assembly** (welds, couplings, collars, overmouldings, snap-fasteners) and **electronic hardware expertise** (innovation, development, prototyping) and **software** (development and validation).



PLASTIC

INJECTION, BLOW MOULDING,
EXTRUSION, FORMING

21,000 TONNES
OF PROCESSED MATERIALS

MORE THAN **420 PRESSES**,
BLOW MOULDERS AND EXTRUDERS

RUBBER

INJECTION, EXTRUSION, MOULDING

30,000 TONNES
OF PROCESSED MATERIALS

MORE THAN **110 PRESSES**,
BLOW MOULDERS AND EXTRUDERS

METAL

MACHINING, CUTTING, STAMPING,
BENDING, SHAPING

29,000 TONNES
OF PROCESSED MATERIALS

MORE THAN **45 PRESSES**
AND BENDING MACHINES

MECHATRONICS

18% OF TURNOVER

32 MILLION
PARTS, FROM SWITCHES
TO ELECTRONIC BOARDS

307 ROBOTS INSTALLED,

INCLUDING **130 NEW ONES** IN 2018,
AS PART OF THE "PLANT 4.0" PROJECT

OUR TEAMS, A TRUE WEALTH

A FAMILY-OWNED AND INDEPENDENT GROUP, AKWEL HAS ALWAYS PLACED ITS EMPLOYEES AT THE FOREFRONT OF ITS VALUES, ALONG WITH LOYALTY AND FAIRNESS. 2018 WAS NO EXCEPTION TO THIS RULE, GIVING AKWEL THE OPPORTUNITY TO REAFFIRM ITS GOAL OF BEING A GROUP WHERE IT IS A GREAT PLACE TO WORK TOGETHER, WHERE COLLABORATION AND TEAM-WORK ARE PRIORITIES.

PROMOTING EMPLOYEE COMMITMENT

The success of the AKWEL group's business plan is based on the motivation of all employees, on the ability of its staff to move forward together, galvanised by the desire to achieve a common goal. To this end, each service manager at the group presents the company project to his team, the aim being to lend meaning to its work so as to harness energies and stimulate the involvement of everyone to create a bright future. In 2017, AKWEL launched a continuous improvement process alongside the completion of an internal audit of all 'Europe' sites. In 2018, a Group-wide diagnosis was carried out to assess team engagement and the drivers of that engagement, particularly in terms of internal and managerial communications.

5,188

RECRUITMENTS IN 2018

11,769

EMPLOYEES WORLDWIDE

**EMPLOYEES BY GEOGRAPHICAL
REGION**

37.1%

EUROPE (EXCLUDING
FRANCE) AND AFRICA

29.4%

NORTH AMERICA

> 1%

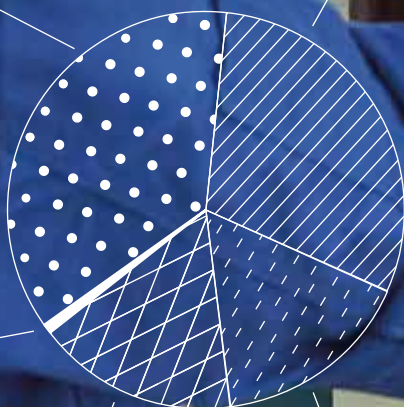
SOUTH AMERICA

15.3%

FRANCE

17.7%

ASIA AND THE MIDDLE EAST
(INCLUDING TURKEY)



PROFESSIONS AT THE SERVICE OF INDUSTRIAL PERFORMANCE

Specialists in their field, key players in AKWEL'S areas of expertise, and the backbone of its effectiveness, the group's professionals are at the very heart of its industrial performance.

JINSONG LIU'S POINT OF VIEW ON... DEVELOPMENT IN CHINA

Sales Manager, Wuhan site, China



"I joined AKWEL ten years ago as a project engineer. I have held several positions, from project manager to technical supervisor and production manager. Today, I am a sales manager. In this way I am contributing to AKWEL'S development in China. All of our Fluids and Mechanisms product lines are present at our three sites to meet our customers' requirements. Turnover here is growing substantially, which increases the opportunities for me to use my skills."

ALFREDO SOTO'S POINT OF VIEW ON... MANAGEMENT AND MULTICULTURALISM

Plant Director, Juarez site, Mexico



"I have been Plant Director since 1999. I am passionate about my profession. It consists of managing the site as if I was running a small business and constantly offers new challenges, both in terms of manufacturing and quality as well as human resources management. Every day, I listen to and learn from my managers at the plant, who are all experts, so that I can reach the best decision, and I try to set an example. This approach has proved successful for the past 22 years. I have made the Orizaba plant a stable and profitable site with a high quality level, and I recently planned and managed the construction of the new plant right next door, in Ixtaczoquitlan. I can see myself working at AKWEL until I retire. It is a multinational that knows how to build on its multiculturalism, entrusting the management of its plants to local people."

DORIANE MANIÈRE'S POINT OF VIEW ON... ROBOTISATION AND INNOVATION

Methodology engineer, Champfromier site in France



"I joined AKWEL in 2013 via a work-study programme during my mechanical engineering studies. This period of apprenticeship was vital in helping me to really learn the profession. I took advantage of the position as an apprentice quality engineer at a company working in automotive plastics, a sector known for its rigour. I now work as a methodology engineer. One of the major focuses of my profession is product industrialisation. I am working on developing new, fully robotic manufacturing processes. It's exciting, we are constantly innovating to develop ever more complex robotic cells."

IRAIS RODRIGUEZ'S POINT OF VIEW ON... QUALITY

Quality, Safety, Environment and Energy Manager (QSE²), Orizaba site in Mexico



"I joined AKWEL in 1998 as a quality engineer. In 2013, after holding a number of positions, I was promoted to QSE² Manager. My job is to act as the customer's eyes at the plant. I must ensure customer satisfaction by making sure that all the parts produced comply with the quality standards of the group and of its customers. I'm very proud of having deployed the QSE² corporate system at the Orizaba site: it guarantees everyday discipline based on a robust process and the relevant indicators. Since we introduced the system, our results have been steadily improving."

AMER BOUBECHA'S POINT OF VIEW ON... INTERNATIONAL ACTIVITIES AND AKWEL'S VALUES

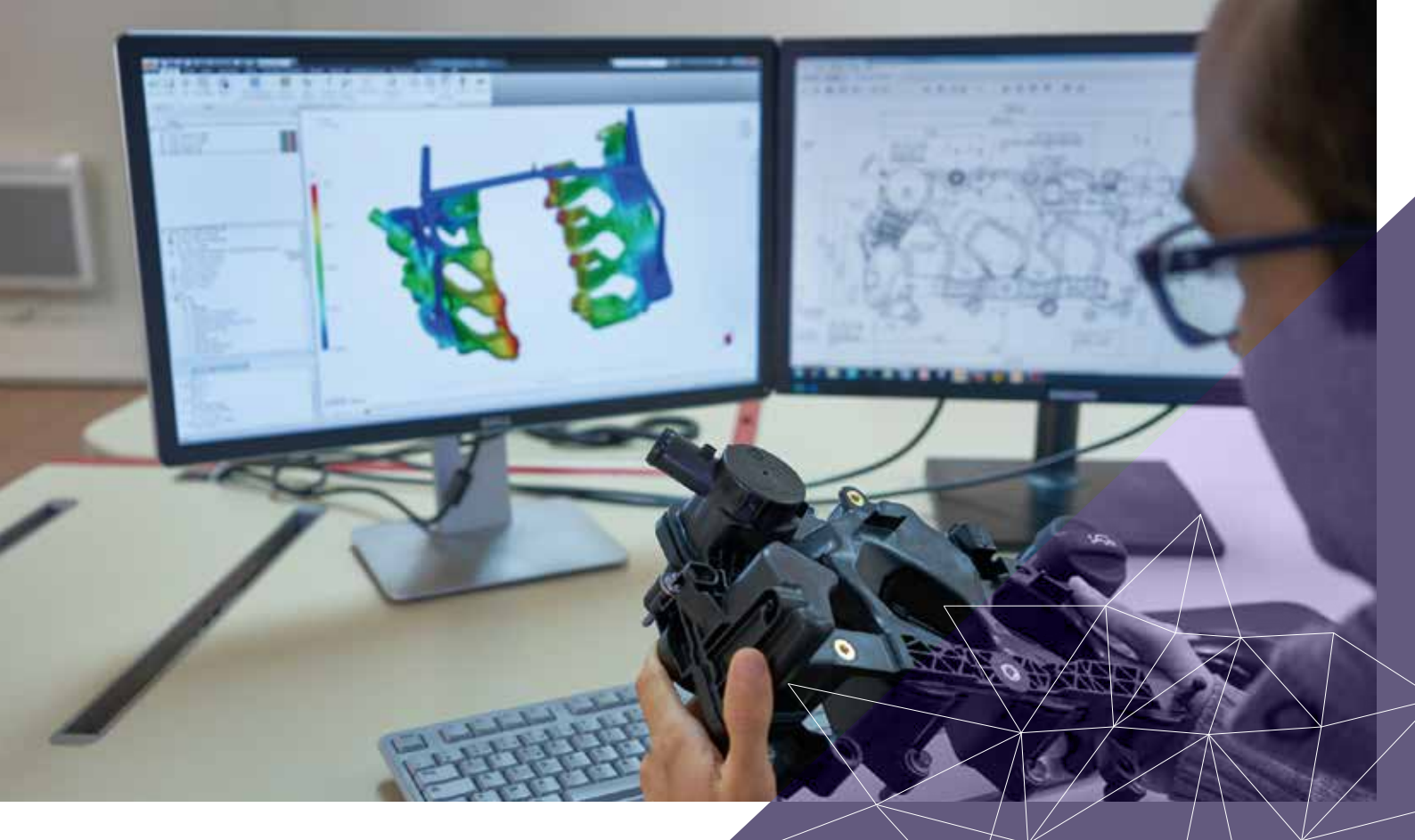
Product Development Manager, Montoux site, France



"After studying mechanical and industrial engineering in France, and then at an American university, I began my career in the USA. I joined AKWEL in 2008 as project manager for international manufacturing ventures, working with Ford in the USA and Mexico. Today, my work consists in promoting Fuel and Control products, supporting our sales department with customers. I'm also the contact person for customers during the consultation and pre-project phases. I collect a list of their requirements and transform them into technical solutions and business opportunities for the group. Apart from the international advantage, this is a family group with recognised know-how, enjoying excellent financial health and armed with a long-term vision. There is a great atmosphere here, and the multitude of product lines and sites provide many opportunities for collaboration and career evolution."

PLANNING **FOR** **THE FUTURE**





In an automotive market in the midst of a revolution, with deep-seated changes in the car maker ecosystem and the emergence of new types of vehicle, AKWEL is making every effort to adapt its strategy and continue to offer its 12 strategic customers the innovative solutions that will enable them to stand apart in the future in this changing environment.

The automotive market is faced with major upheavals in the medium term. The development of completely redesigned vehicles, combining multiple engines, varying degrees of autonomy and a diverse range of configurations and usages is at the forefront of these challenges.

Further major challenges include the globalisation of customers and projects, local production, the arrival of new players, and the more stringent requirements on the environment and risk management. In this context, some products will be forced to evolve while others will disappear, replaced by new products and solutions. But the need for reliable equipment manufacturers successfully combining quality and competitiveness, global projects and local production will only increase for car makers.

To meet these many challenges, AKWEL is leading a **long-term strategy** driven by the industrial performance and adaptation of its products.

This strategy is based on five pillars:

- industrial and operational performance;
- an appropriate product offering;
- innovation;
- international presence;
- structuring external growth.

Strengthened by these fundamentals, AKWEL aims to boost its leadership in its key markets, businesses and

products, so as to remain a benchmark and trusted partner for its 12 strategic customers.

In this way it intends to:

- **pursue the globalisation of its product lines so as to stand as a benchmark supplier;**
- **strengthen its development in Asia – especially in China – where it aims to generate 30% of its business in the future;**
- **forge closer relations with Chinese car makers such as Dongfeng, Changan and Geely;**
- **develop new products adapted to the revolution in vehicles and their engines (hybrid, electric, hydrogen).**

This vision is based on AKWEL's ability to harness its expertise and its mastery of materials to conceive new products, the increasing use of mechatronics, a continually evolving organisation structure, an ever finer understanding of customers needs and the ongoing training of its teams.

In short, an evolution without revolution to help customers build environmentally responsible autonomous and connected vehicles at a competitive price.

PERFORMANCE, THE KEY FACTOR

Part of the group's DNA from the very beginning, a culture of performance, efficiency, results and customer satisfaction drives the development and progress of AKWEL.

Industrial performance is an essential asset for winning and keeping the trust of its customers, and the level of this performance must be identical in all countries where AKWEL supports them.

Industrial performance hinges on the standardisation of equipment, manufacturing processes, validation methods and plant management, in order to ensure smooth production ramp-ups and to allow customers, wherever they are, to recognise the group's identity.

Further upstream, performance relies on industrial and technological choices ensuring the peace of mind of the teams as well as customer satisfaction. The successful development of a project begins with an understanding of the customer's need, the preparation of a sound technical and economic proposal, as well as excellent communications between developers and producers throughout the pre-project phase.

Industrial performance is also measured in the daily work of teams as part of a continuous progress and improvement approach, but also in the ability of the group to identify best practices and roll them out at all its plants.

In 2018, the Manufacturing Performance Department (MPD) introduced a single production system to be shared across all sites and by all employees for all the products and technologies we use.

This new AKWEL production system is based on:

- standard plant organisation,
- common role definitions,
- operating instructions and procedures,
- guidelines, methodologies and templates.

The system is based on strict standards and all the best practices we've identified at AKWEL.

It applies to production, maintenance and logistics, as well as aspects of safety, environment and resource management.

The second half of 2018 was dedicated to implementing this new production system: 10 training sessions took place over 5 days on AKWEL's new production system for all plant directors and service managers.

SUPPORTING THE ARRIVAL OF THE VEHICLE OF TOMORROW

The coming years will see the confirmation of the prevailing trend that is disrupting the automotive ecosystem: the car, in the midst of a revolution, will be completely rethought. The change will concern engines (petrol, diesel, hybrid, electric or hydrogen), autonomy (from total driver control to complete autonomy) and configuration (re-defined number of seats, rental/purchase, type of use).

For an equipment manufacturer such as AKWEL, this calls for a change in products and functions, with the appearance of new solutions and the disappearance of existing offers. Our know-how will help us to calmly deal with this transition by focusing on thermal control, mechatronics, hydrogen technology, new mechanisms and the complementarity of plastic-metal-rubber-electronics combinations.

In 2019, the global automotive market will remain as it was in the 2nd quarter of 2018, with lots of volatility and significant uncertainties on the markets, along with developments in diesel's market share throughout Europe. For AKWEL, 2019 will be a year of consolidation after two years of significant investment and several years of strong growth. We will benefit from slower growth in our turnover, which should stabilise around €1.2 billion in 2020, as we strengthen our bases and perfectly support our customers.

We will work to meet their changing needs and support them in their transformations because we possess the human, technological and financial resources to do so. We will

also pursue our efforts to improve our quality performance and reduce the level of guaranteed returns.

In terms of new technologies, and beyond those developed for our customers, we will be analysing new opportunities offered by the latest advances (artificial intelligence, etc.) and, where necessary, integrate them within our organisation and tools via 'Plant 4.0' and 'Innovation and Entrepreneurship' initiatives.



QSE² POLICY, A SHARED RESPONSIBILITY

AKWEL has always considered the quality of its products, the satisfaction of its customers, the safety of its employees and respect of the environment as the foundations of its industrial performance. All of these go hand in hand. The integrated Quality Safety Environment Energy system (QSE²) in use for many years at the group is a concrete expression of this conviction.

SAFETY, OUR ABSOLUTE PRIORITY

In keeping with our fundamental values of reliability, collaboration and performance, AKWEL has put safety at the heart of all of its processes. Everything is done each day and in each gesture to ensure that our teams are protected as part of a healthy and safe working environment.

The group's policy, charter of ethics and anti-corruption code are designed to enforce worldwide compliance with the legal requirements and ethical and professional rules in force, by means of objectives that are adjusted locally to the specifics of each site.



OSHA FREQUENCY RATE
(NUMBER OF WORK ACCIDENTS
DIVIDED BY THE NUMBER OF
WORKING HOURS MULTIPLIED
BY 200,000):

2.7

SEVERITY RATE:

0.28



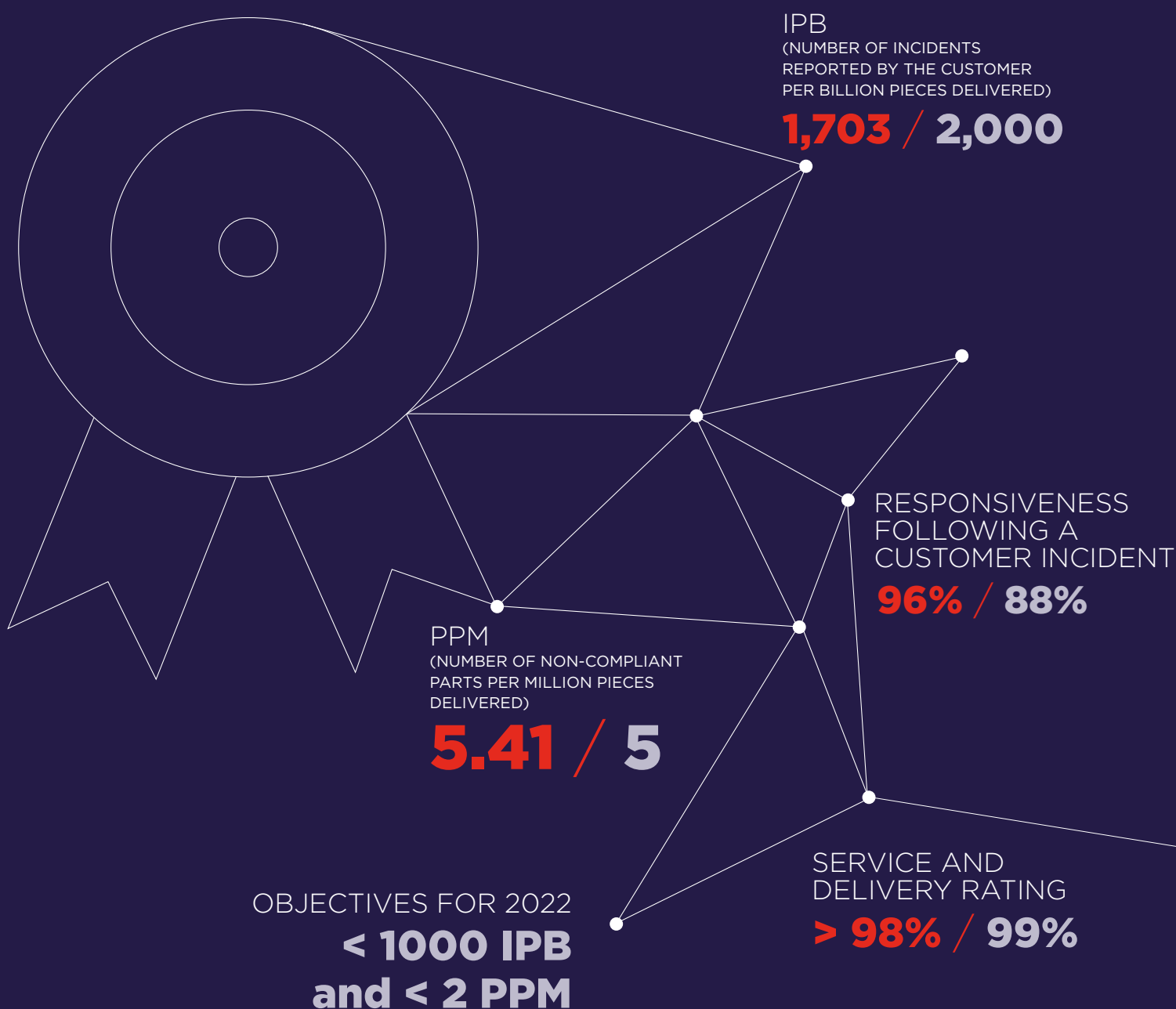
**NUMBER OF COLLECTIVE
AGREEMENTS CONCLUDED:**

23

QUALITY, THE PILLAR OF CUSTOMER SATISFACTION

Constantly seeking more reliable and competitive solutions for our customers, AKWEL has made the quality of our products and solutions a must. From the outset, this has been the cornerstone of the culture of performance and customer satisfaction forming the basis of the group's development. This requirement of excellence, present at all levels and at each site, is central to our business plan. It allows us, year after year, to meet and often exceed our objectives on key indicators.

PERFORMANCE / OBJECTIVES



THE ENVIRONMENT AND ENERGY EFFICIENCY AT THE HEART OF THE CUSTOMER APPROACH

Mindful of its impact on the environment, as well as the importance of ecological issues for its customers, the AKWEL group acts in several ways in this respect. First of all, the group offers innovative solutions to its customers for meeting environmental challenges (emission control, weight reduction) and energy issues (local production, recycling).

The group also ecodesigns its parts (bio-polymers, sustainable resources, recycled materials) with a view to protecting biodiversity and ecosystems by reducing its environmental impact.

Lastly, each of our sites strives to act as a responsible manufacturer respectful of its ecosystem. Our local production strategy contributes to limiting the global environmental footprint and the impact of products on climate change by reducing polluting transport and logistics operations. It also does so by reducing energy expenses, greenhouse gas emissions and discharges from each of our plants.

This concern is reflected in the group-wide implementation of an ISO 14001-certified environmental management system, used to specify adapted objectives for each site.

Since 2018, our French sites in Champfromier, Beaurepaire, Confort, Vieux-Thann, Monteux and Romans, which represent 75% of our energy bill for France, have been certified ISO 50001. Lastly, AKWEL calls on all of its partners to join in this approach, serving to protect the environment and control energy use.

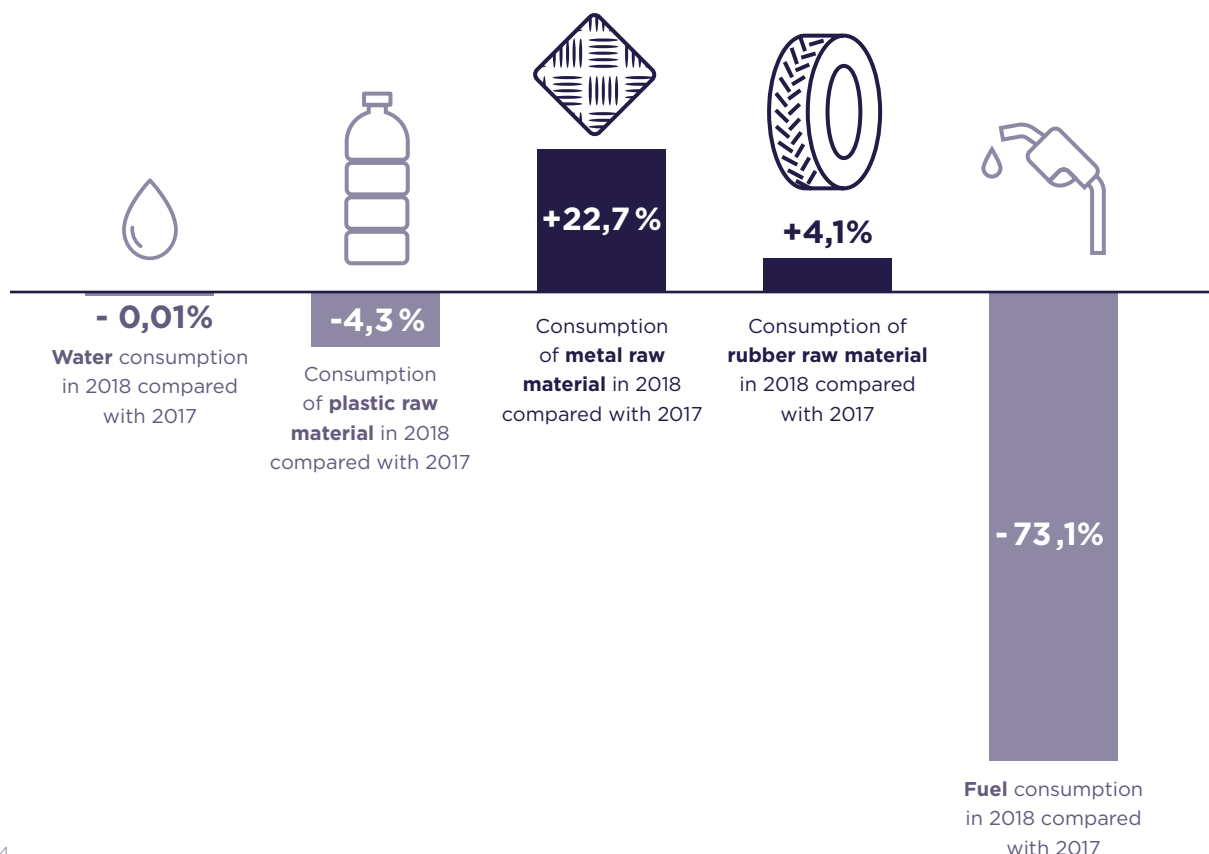
EXPENSES INCURRED IN 2017 TO AVERT THE CONSEQUENCES OF AKWEL'S ACTIVITY ON THE ENVIRONMENT

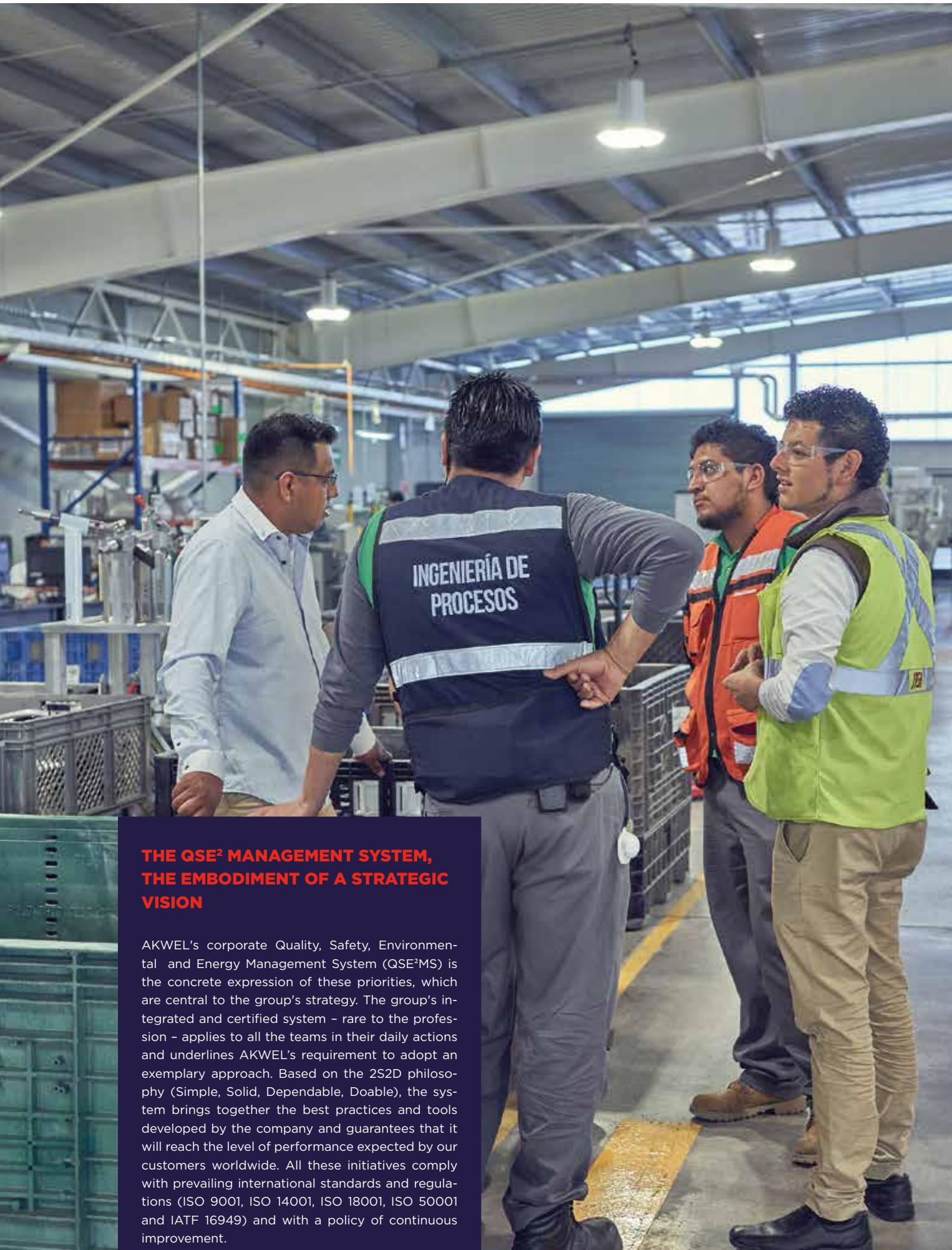
€1,058K

(e.g. installing wastewater treatment facilities, LED lighting to reduce electricity consumption, equipment for sorting waste, etc.)

SAVINGS FROM WASTE RECOVERY (EXCLUDING METAL WASTE)

€182K





THE QSE² MANAGEMENT SYSTEM, THE EMBODIMENT OF A STRATEGIC VISION

AKWEL's corporate Quality, Safety, Environmental and Energy Management System (QSE²MS) is the concrete expression of these priorities, which are central to the group's strategy. The group's integrated and certified system - rare to the profession - applies to all the teams in their daily actions and underlines AKWEL's requirement to adopt an exemplary approach. Based on the 2S2D philosophy (Simple, Solid, Dependable, Doable), the system brings together the best practices and tools developed by the company and guarantees that it will reach the level of performance expected by our customers worldwide. All these initiatives comply with prevailing international standards and regulations (ISO 9001, ISO 14001, ISO 18001, ISO 50001 and IATF 16949) and with a policy of continuous improvement.

AKWEL

EFFICIENT AUTOMOTIVE
SOLUTIONS

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ACTIVITY REPORT **2017**

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