IVL To Acquire UTT Group

December 11, 2018
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2018 – Enhancing Value with M&A

- **Corpus Christi JV**: Expected start-up in 2020, subject to regulatory approval in 4Q18
  - Completed Mar 21, 2018

- **EIPET JV**: Production started in Aug 2018
  - Completed Jun 15, 2018

- **Medco**: Completed Nov 14, 2018
  - Completed Jul 19, 2018

- **Schoeller**: Completed Nov 24, 2018
  - Completed Oct 1, 2018

- **UTT**: Expected closing in 1Q19
  - Completed Dec 11, 2018

- **M&G PET Brazil**: Completed May 24, 2018
  - Completed Mar 16, 2018

- **Avgol**: Completed Jul 25, 2018
  - Completed May 14, 2018

- **Kordarna**: Completed Oct 30, 2018
  - Completed Jun 29, 2018

- **Sorepla**: Completed Jul 31, 2018
  - Completed Jul 31, 2018

- **M&G Fibras**: Expected closing in 4Q18
  - Completed Nov 2, 2018
UTT Group - Transaction Highlights

**Acquisition**

- UTT Group - a leading supplier of airbag fabrics and highly specialized solutions in the field of technical textiles
- Manufacturing presence in Germany and Mexico, in close proximity to automotive hubs
- UTT will be acquired by PHP Fibers, a company owned by IVL (80% stake) and Toyobo (20% stake)

**Strategic Rationale**

- Enhances IVL’s HVA portfolio
- Strengthens IVL’s leading global position in the airbag market
- Strong forward integration with existing airbag yarn business
- Forms a leading manufacturer of airbag yarns and textiles globally with strong synergies and value creation potential

**Integration**

- Brings together two long-standing and trustworthy partners
- Opens up further growth opportunities by joining forces
- Transaction closing expected in 1Q19, subject to regulatory approvals
Attractiveness of UTT Group

UTT Group at A Glance - 2018

A trusted airbag fabric producer with state of the art machinery and expertise

One of the most sought-after partners of the automotive industry

Strategically located in proximity to global automotive hubs

Covering the complete range of airbag fabrics

Note: 1. Global airbag fabric market share 2017
2. Airbag Fabrics
UTT Group - Downstream Growth Opportunity for IVL

Integrating the Value Chain

Airbag Yarn Producer

Airbag Fabric Producer

Airbag System Supplier

Broadening Our Product Offering

<table>
<thead>
<tr>
<th></th>
<th>Nylon airbag yarns</th>
<th>PET airbag yarns</th>
<th>PET airbag flat fabrics coated</th>
<th>Nylon and PET one-piece-woven fabrics</th>
<th>Nylon airbag flat fabrics coated and uncoated</th>
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Enhancing Our Value Addition
IVL + UTT Group = Strong Strategic Fit

Attractive, Protected Market

Demand CAGR 2018-2022:

- ~2-3%
- ~6-8%

- Airbag demand is growing faster than car production
- Driven by safety mega trends
- Limited number of producers, innovation-driven, IP protected

Global Market Leadership

Airbag yarn and fabric capacities - 2018 (kt):

- Peer 1: 71
- Peer 2: 57
- Peer 3: 52
- Peer 4: 43
- Peer 5: 37
- Peer 6: 29
- PHP: 21
- UTT: 20
- IVL: 1

Synergies

- Adds UTT weaving sites in Germany and Mexico to PHP yarn facilities in Germany and US
- Technology combination and know-how boost
- Cost and revenue synergies
- Best practice emulation and cross fertilization

Note: 1. Industry Data, IVL Analysis
Firmly on Track to Delivering Long-Term Value

+45%
Core LTM 3Q18 EBITDA growth driven by structural shifts in our industry

$1,037m
LTM 3Q18 Operating Cash Flow, strengthening balance sheet and enabling value accretive capex

Solid 9M18 Performance provides confidence in the resilience of our business model

2019 Guidance Reaffirmed on strong visibility of earnings and cash flows while industry fundamentals remain favorable
For information on acquisition of UTT Group and more, contact us on:

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