EthiFinance Ratings

OPMOBILITY SE

955512611 CORPORATE

BB+ ISSUER RATING
Long term

OUTLOOK
Stable

EF2 ISSUER RATING
Short-term

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RATING ACTION AND RATIONALE

- EthiFinance Ratings downgrades OPmobility SE's long-term rating from BBB- to BB+ and changes the outlook from Negative to Stable. Concurrently, we affirm the group's short-term corporate rating of EF2.
- OPmobility (OPM) is a leading French industrial group specialized in automotive components and innovative mobility solutions.
- Our rating downgrade primarily results from our previously assigned negative outlook, supported by below expectations evolution of OPM's key credit metrics throughout our rating period. In FY24, OPM achieved modest revenues growth of 1.6% yoy, below our previous rating review forecast of 2.4%. However, organic growth was 2.0% (with a -0.4% FX effect), driven by modules outperformance, which surpassed €3bn in sales, offsetting weaker sales from the recently merged lighting and exterior systems, as well as the powertrain segment. The lighting activities, in particular, was affected by a low order intake recorded before OPM's acquisition of Varroc lighting system back in 2022. However, it is expected to recover and reach breakeven from 2026 onward, on the back of growing order intake and cost synergies with the exterior business. The operating margin improved by 40bps in FY24, primarily driven by the modules business. EthiFinance's adjusted net leverage ratio stood at 3.7x (vs 3.4x in FY23), reflecting a 37% increase in capitalized R&D, which we factor into our adjusted EBITDA. We expect the net adjusted leverage to slightly improve to 3.6x in 2025 and reach 3.2x by 2027 on the back of modest EBITDA growth. In FY24, the interest coverage ratio declined to 5.1x (vs 6.7x in FY23) due to higher interest expenses and lower adj EBITDA. We expect this ratio to improve gradually over our forecast period, driven by decreasing interest expenses.
- OPM's significant exposure to headwinds in automotive production, including industry cyclicality and the indirect impact of US tariffs on EU automotive imports negatively impact our revenue and profitability forecasts. Despite OPM's scale and strategic industry positioning, its operating margin remains relatively at the lower-end among peers, further limiting its rating, particularly given S&P IHS forecast of stagnant global light vehicle production in 2025. In addition, our rating factors in OPM's limited diversification across both geographies and customers, with half of FY24 sales generated in Europe and nearly 50% of revenue generated by its top three clients—VW, Stellantis, and GM.
- Nevertheless, our ratings remain supported by OPM's presence in both developed (North America, Europe) and emerging markets (China & India), with an improving customer and regional mix. The company's revenues distribution is indeed gradually shifting from Europe to North America (29% of FY24 sales), driven by its expanding local manufacturing footprint (as opposed to the recent closing of two plants, one in France and one in Germany) and with 2/3 of the order book recorded outside of Europe. OPM remains committed to its dual strategy: reducing reliance on internal combustion engine (ICE) production by pivoting towards EV and hydrogen technologies, while still seizing opportunities to increase its market share in the ICE segment, which will be phasing out during this transitional phase.
- Under our methodology, the auto components industry has medium-to-high ESG risks (sector heatmap score between 3.5 and 4), slightly constraining our industry assessment. Its impact on the climate is primarily tied to OEMs, but with a lighter production process generating low GHG emissions. The industry uses a lot of resources, mainly raw materials, thereby generating a significant amount of waste and pollution. OPM's excellent governance score, favourable social metrics and reducing energy and GHG emissions intensities are key factors contributing to our positive ESG assessment of the company with a score ranging between 0 and 1, more than offsetting the negative impact from our industry ESG assessment.

ISSUER DESCRIPTION

OPM is a leading supplier of automotive parts, headquartered in the suburbs of Paris. The company specializes in designing, manufacturing, and selling car systems and components across its four complementary business groups, including: (i) Exterior and Lighting systems, (ii) Complex modules, (iii) Energy storage systems and battery, and (iv) Hydrogen electrification solutions.

OPM's main three clients are VW (c. 28% of FY24 sales), Stellantis (13%) and GM (9%). With over 39k employees, OPM operates 150 production plants and 40 R&D centers located in 28 countries in 2024.

For FY24, the group reported total revenues of €10.5bn and adjusted EBITDA of €666m, equivalent to a margin of 6.4% (vs 6.8% in FY23). The EthiFinance Ratings adjusted net leverage ratio stood at 3.7x as of end-2024. OPM's major shareholder, with a 61% stake, is Burelle SA, a holding company majority-owned by the family of Pierre Burelle, the founder of OPmobility (formerly Plastic Omnium). As of 21 March 2025, the group's market capitalization was reported at c. €1.4bn.

LIQUIDITY

- **Superior liquidity profile with strong refinancing capacity**

We consider OPM's liquidity profile to be 'Superior' as the company can repay all its upcoming debt maturities without raising new financing for more than two years. This is supported mainly by the undrawn confirmed line of €1.8bn as the cash in hand alone would be insufficient to meet the short-term repayments. The holding family may also support the company if and when needed.

Credit Metrics Expected Evolution (CMEE)

- **Stable CMEE**

We have given OPM a Stable CMEE as we expect credit metrics to remain broadly stable over the next twelve months.

MAIN FINANCIAL FIGURES AND FORECASTS

Main financial figures. Millions of €.	FY23	FY24	FY25e	FY26e	FY27e	24vs23%
Revenues	10 314	10 484	10 646	10 890	11 140	*1.6%*
Adj EBITDA (1)	704	666	688	727	761	*-5.4%*
Adj EBITDA Margin (1)	6.8%	6.4%	6.5%	6.7%	6.8%	*-0.5pp*
EBIT	358	318	333	360	382	*-11.3%*
EBIT Margin	3.5%	3.0%	3.1%	3.3%	3.4%	*-0.4pp*
EBT	253	188	221	263	295	*-25.8%*
Total Assets	7 549	7 681	7 603	7 856	8 098	*1.7%*
Equity	1 980	2 087	2 233	2 399	2 578	*5.4%*
Adj Total Financial Debt (2)	2 862	3 001	2 752	2 802	2 827	*4.8%*
Adj Net Financial Debt (2)	2 387	2 491	2 477	2 441	2 425	*4.4%*
Equity/Adj TFD (2)	69.2%	69.6%	81.2%	85.6%	91.2%	*0.4pp*
Adj NFD/ Adj EBITDA (2)	3.4x	3.7x	3.6x	3.4x	3.2x	*0.35x*
Funds From Operations (3)	357	354	428	463	496	*-0.9%*
FFO/ Adj NFD (2)(3)	15.0%	14.2%	17.3%	19.0%	20.5%	*-0.8pp*
Adj EBITDA/Interest (1)	6.7x	5.1x	6.1x	7.5x	8.7x	*-1.6x*

(1) Adj EBITDA includes the CVAE and capitalized R&D

(2) Adj Debt includes pension benefits, non-recourse factoring and restricted cash

(3) FFO excludes capitalized R&D

CREDIT RATING

Credit Rating	
Business Risk Profile	**BB+**
Industry risk assessment	*BB*
Industry's ESG	*Negative*
Competitive Positioning	*BBB-*
Governance	*BB+*
Financial Risk Profile	**BB+**
Cash flow and leverage	*BB*
Capitalisation	*BB+*
Company's ESG	*Positive*
Anchor Rating	**BB+**
Modifiers	*-*
Rating	**BB+**

RATING SENSITIVITY

- **List of ratings:**
  - **LT corporate rating: BB+**
  - **ST corporate rating: EF2**

- **Ratings Positive factors (↑)**

We could upgrade our long-term rating in the event of a general improvement in credit metrics. A trigger could be an EthiFinance Ratings-adjusted net leverage ratio below 3.3x or/and an interest coverage ratio above 7.0x on a sustained basis. A rating upgrade remain subject to a better outlook in the global auto production.

An upgrade to our short-term rating may be triggered by an upgrade of our long-term rating to 'BBB' along with a Stable (and an 'Adequate' or 'Superior' liquidity risk assessment) and a continued Positive CMEE.

- **Ratings Negative factors (↓)**

We could downgrade our long-term rating should OPM's credit metrics only remain stable, particularly if the EthiFinance Ratings-adjusted net leverage ratio is above 4.5x and the interest coverage ratio below 5.0x. Another downgrade scenario could result from the loss of one of its top 3 clients, although this is something which we do not foresee at present. A rating downgrade could also materialize should the company adopt a more aggressive financial policy (higher dividends or debt-funded M&A).

A downgrade of our short-term rating would derive from a change to a Negative CMEE or a deterioration of the liquidity profile from 'Superior' to 'Adequate' with a Stable CMEE or 'Weak' with a Positive CMEE. Additionally, it could derive from a downgrade to our long-term rating to BB regardless of the CMEE and liquidity risk assessment.

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203
- The rating scale used in this report is available at https://www.ethifinance.com/en/ratings/ratingScale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.