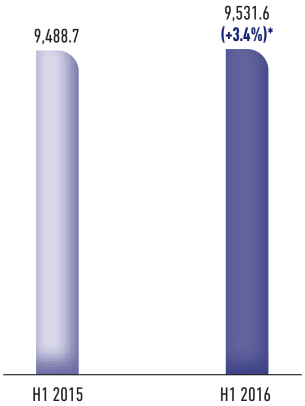
2016
# INTERIM RESULTS

Technical perfection, automotive passion

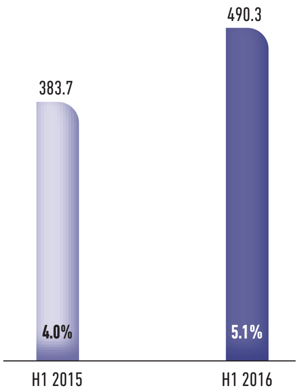
faurecia

CONTENTS

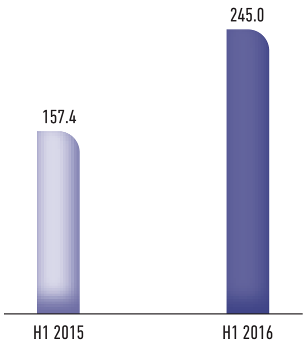
# Key figures



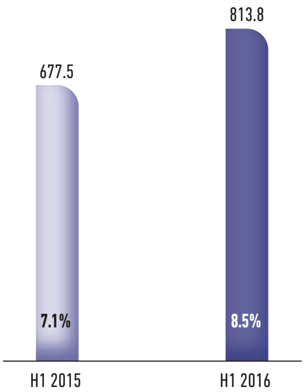

Sales *(in €m)*
** Variation on a like-for-like basis.*



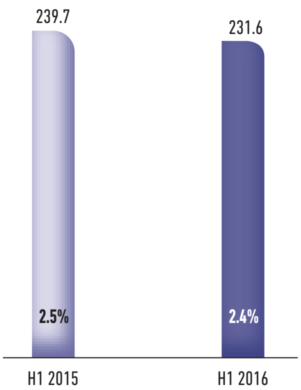

Operating income [(1)]
*(in €m and as a % of sales)*



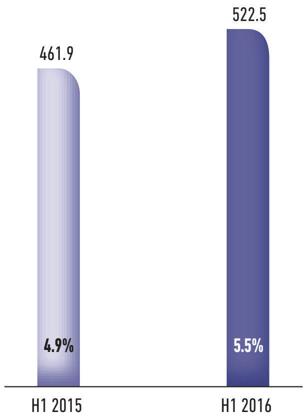

Net income/(loss) attribuable to equity holders
*(in €m)*



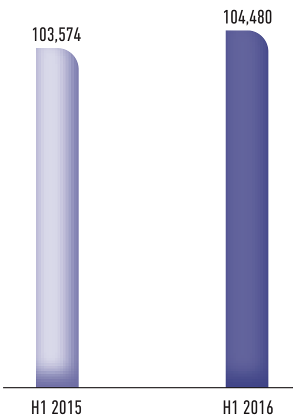

EBITDA [(2)]
*(in €m and as a % of sales)*



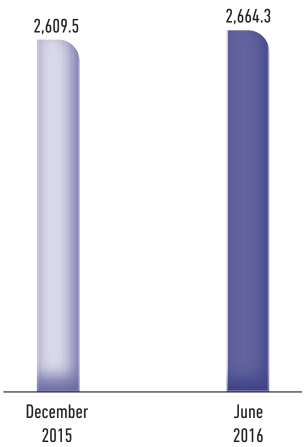

Capital expenditure
*(in €m and as a % of sales)*



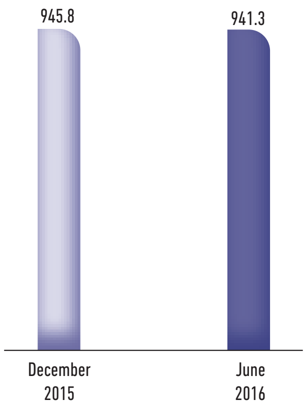

Gross R&D expenditure [(3)]
*(in €m and as a % of sales)*




Number of employees




Total equity
*(in €m)*




Net debt [(4)]
*(in €m)*

*(1) Defined in Note 4.1 of the 2015 Registration document.*
*(2) Operating income + depreciation, amortization and provisions for impairment in value of property, plant and equipment and intangible assets.*
*(3) Before capitalized development costs and amounts billed to customers (See Note 5.4 2015 of the Registration document).*
*(4) Defined in Note 26.1 of the 2015 Registration document.*

# 1

# Comments on the business review and on the consolidated financial statements

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# 1.1. Business review

## 1.1.1. THE FAURECIA GROUP

The increase in global automotive production between the first half of 2015 & the first half of 2016, estimated at 2.4% worldwide, shows growth in all regions of the world with the exception of South America, Russia & South Korea. Production was up in Europe by 4.5% (including Russia), increased in North America (3.3%) and continued to grow in Asia, where production increased by 2.5% (and by 5.8% in China). In contrast, production fell by -21.2% in South America (source IHS Automotive July 2016).

Upon application of accounting rule IFRS 5, the assets and financial results corresponding to the business to be sold and the net result of these discontinued activities, have been isolated in distinct lines on the consolidated balance sheet and income statement (Chapter 2 Consolidated Financial Statements). The results described below are after application of IFRS 5 for both the period H1 2016 and H1 2015.

Faurecia's first half consolidated sales totalled €9,531.6 million, compared to €9,488.7 million for the first half of 2015. Faurecia's consolidated sales grew by 0.5% on a reported basis between the first half of 2016 and the first half of 2015. On a like-for-like basis, sales increased 3.4% compared to 2015.

Sales of products (parts and components delivered to manufacturers) were €7,294.7 million compared to €7,231.7 million in the first half of 2015. This represented an increase in product sales of 0.9% on a reported basis and an increase of 4.2% on a like-for-like basis.

Sales of tooling, R&D, prototypes and other services in the first half of 2016 totalled €627.0 million versus €556.3 million in 2015. This represented an increase of 12.7% on a reported basis. On a like-for-like basis, sales were up 15.5%.

Catalytic converter monolith sales [1] reached €1,609.9 million in the first half of 2016 versus €1,700.7 million for the first half of 2015. They were down -5.3% on a reported basis and fell by -4.0% on a like-for-like basis, driven in part by lower precious metal prices.

Value added sales (total sales excluding monoliths) were €7,921.7 million in the first half of 2016 compared to €7,788.0 million in the first half of 2015, showing an increase of 1.7% when compared to 2015 first half. On a like-for-like basis, value added sales were up 5.0% compared to the first half of 2015.

### BREAKDOWN OF TOTAL SALES

| *(in € millions)* | Product Sales | Catalytic Converter Monolith Sales | Development, Tooling, Prototypes and Other Services | Total Sales |
|---|---|---|---|---|
| Automotive Seating | 3,134.9 | 0.0 | 164.3 | 3,299.2 |
| Emissions Control Technologies | 1,914.9 | 1,609.9 | 166.6 | 3,691.4 |
| Interior Systems | 2,244.9 | 0.0 | 296.1 | 2,541.0 |
| **TOTAL** | **7,294.7** | **1,609.9** | **627.0** | **9,531.6** |

*(1) Precious metals and ceramics used in emission control systems.*

| *(in € millions)* | H1 2016 | H1 2015 | Var (%) published | Var (%)* |
|---|---|---|---|---|
| **Sales** | **9,531.6** | **9,488.7** | **0.5%** | **3.4%** |
| Automotive Seating | 3,299.2 | 3,103.3 | 6.3% | 8.8% |
| Emissions Control Technologies | 3,691.4 | 3,792.8 | -2.7% | -0.2% |
| Interior Systems | 2,541.0 | 2,592.6 | -2.0% | 2.2% |
| **Product Sales** | **7,294.7** | **7,231.7** | **0.9%** | **4.2%** |
| Automotive Seating | 3,134.9 | 2,938.1 | 6.7% | 9.2% |
| Emissions Control Technologies | 1,914.9 | 1,957.6 | -2.2% | 1.2% |
| Interior Systems | 2,244.9 | 2,336.0 | -3.9% | 0.4% |

* *Like-for-like comparison.*

| *(in € millions)* | H1 2015 Reported | Currencies | Scope | Organic (like-for-like)* | H1 2016 Reported |
|---|---|---|---|---|---|
| Product Sales | 7,231.7 | (194.8) | (45.8) | 303.6 | 7,294.7 |
| Var. in % | | -2.7% | -0.6% | 4.2% | 0.9% |
| Value Added Sales | 7,788.0 | (210.4) | (46.1) | 390.2 | 7,921.7 |
| Var. in % | | -2.7% | -0.6% | 5.0% | 1.7% |
| Total Sales | 9,488.7 | (232.9) | (46.1) | 321.9 | 9,531.6 |
| Var. in % | | -2.5% | -0.5% | 3.4% | 0.5% |

* *Like-for-like comparison.*

Product sales by geographic region for the first half of 2016 were as follows:

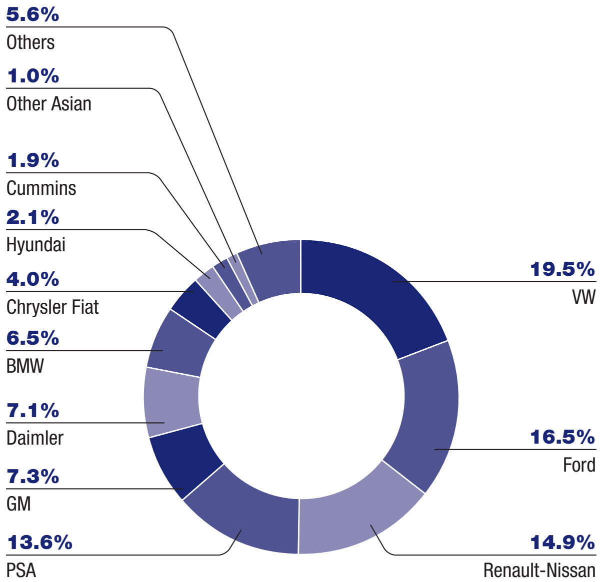
- in Europe, product sales totalled €3,833.1 million (52.5% of total product sales) for the first half of 2016, compared to €3,612.0 million for the first half of 2015. Product sales were up 6.1% on a reported basis when compared to the first half of 2015 and increased 7.1% on a like-for-like basis. In this same period, car manufacturers increased production in Europe by 4.5% (7.0% excluding Russia, source IHS Automotive July 2016);
- in North America, product sales fell -3.8% on a reported basis, to €2,067.8 million (28.3% of total product sales), versus €2,148.8 million for the first half of 2015. On a like-for-like basis, product sales dropped -3.1% compared to an increase in production of 3.3% (source IHS Automotive July 2016);
- in South America, product sales totalled €200.0 million (2.7% of the total product sales), compared to €229.1 million in the first half of 2015. Product sales here fell -12.7% on a reported basis; on a like-for-like basis product sales actually increased 19.4%. This can be compared to a fall in automotive production levels of -21.2% (source: IHS Automotive July 2016);
- in Asia, product sales fell -4.3% on a reported basis to €1,106.8 million (15.2% of total product sales), compared to €1,156.8 million in the first half of 2015. On a like-for-like basis, product sales grew 3.8%. China showed a fall of -11.5% on a reported basis, and of -3.7% on a like-for-like basis, first half 2016 product sales were at €842.7 million. This was impacted by internal production transfers between China and Korea of around €44 million or 460 bp. Korea product sales were at €164.4 million, an increase of 32.6% on a reported basis and of 42.5% on a like-for-like basis. This is compared to an increase in production of 2.5% in Asia and of 5.8% in China (source IHS Automotive July 2016);
- in other countries, product sales amounted to €87.0 million. Product sales were up 2.3% on a reported basis & up 29.1% on a like-for-like basis. Product sales in other countries are primarily from South Africa.

## SALES BY REGION

| *(in € millions)* | H1 2016 | H1 2015 | Var (%) published | Var (%)* | LV Production** |
|---|---|---|---|---|---|
| **Sales** | **9,531.6** | **9,488.7** | **0.5%** | **3.4%** | |
| Europe | 5,144.1 | 4,845.1 | 6.2% | 7.0% | |
| North America | 2,631.7 | 2,725.9 | -3.5% | -2.9% | |
| South America | 236.0 | 276.1 | -14.5% | 15.8% | |
| Asia | 1,412.4 | 1,514.2 | -6.7% | 0.5% | |
| Other countries | 107.4 | 127.4 | -15.6% | 7.0% | |
| **Product Sales** | **7,294.7** | **7,231.7** | **0.9%** | **4.2%** | **2.4%** |
| Europe | 3,833.1 | 3,612.0 | 6.1% | 7.1% | 4.5% |
| North America | 2,067.8 | 2,148.8 | -3.8% | -3.1% | 3.3% |
| South America | 200.0 | 229.1 | -12.7% | 19.4% | -21.2% |
| Asia | 1,106.8 | 1,156.8 | -4.3% | 3.8% | 2.5% |
| Other countries | 87.0 | 85.0 | 2.3% | 29.1% | -4.3% |

* *Like-for-like comparison.*
** *Source: IHS Automotive, July 2016.*

## PRODUCT SALES IN H1 2016 BY CUSTOMER (%)




Product sales to the Volkswagen group totalled €1,422.2 million for the first half of 2016, down -4.1% when compared to the first half 2015 on a reported basis and down -2.0% on a like-for-like basis. Product sales to Volkswagen group accounted for 19.5% of Faurecia's total product sales.

Product sales to the Ford group accounted for 16.5% of Faurecia's total product sales, totalling €1,202.0 million. Compared to the first half of 2015, product sales increased on a reported basis by 2.4% and were up 11.1% on a like-for-like basis.

Product sales to the Renault-Nissan group represented 14.9% of Faurecia's total product sales. Product sales were up 14.5% when compared to the first half of 2015 on a reported basis and grew 17.8% on a like-for-like basis, to total €1,090.3 million. Product sales to Renault were up, 30.2% on a like-for-like basis & product sales to Nissan grew 8.8% like-for-like.

Product sales to the PSA Peugeot Citroën group totalled €990.4 million during the first half of 2016, down -1.2% on a reported basis but up 1.1% on a like-for-like basis. They accounted for 13.6% of Faurecia's total product sales.

Product sales to General Motors in the first half of 2016 fell on a reported basis by -11.2% and fell by -10.1% on a like-for-like basis, reaching €536.1 million (7.3% of total product sales).

Product sales to the Daimler group totalled €515.3 million (7.1% of Faurecia group's total product sales). They were up 5.4% on a reported basis and grew by 5.5% on a like-for-like basis.

Product sales to the BMW group were €474.8 million (6.5% of total product sales). This was up 17.5% on a reported basis and up 19.2% on a like-for-like basis.

In the first half of 2016, product sales increased 15.6% with Hyundai/Kia (23.1% like-for-like) and down -3.5% with Geely-Volvo (-2.0% like-for-like). They were down -23.9% with Fiat-Chrysler (-23.5% like-for-like) and down -2.9% with Toyota (+9.3% like-for-like).

Faurecia's five main customers represented 71.8% of product sales: VW 19.5%, Ford 16.5%, Renault-Nissan 14.9%, PSA 13.6% and GM 7.3%.

## 1.1.2. SALES BY BUSINESS

### Automotive Seating

The Automotive Seating business generated €3,299.2 million in sales in the first half of 2016, up 6.3% when compared to the first half of 2015 on a reported basis. Sales showed an increase compared to H1 2015 of 8.8% on a like-for-like basis.

Product sales totalled €3,134.9 million, an increase of 6.7% on a reported basis and an increase of 9.2% like-for-like.

### Emissions Control Technologies

The Emissions Control Technologies business generated total sales of €3,691.4 million in the first half of 2016, down -2.7% on a reported basis and down -0.2% on a like-for-like basis.

Product sales (excluding sales of catalytic converter monoliths) reached €1,914.9 million in the first half of 2016, a decrease of -2.2% on a reported basis but an increase of 1.2% like-for-like.

### Interior Systems

During the first half of 2016, the Interior Systems business generated sales of €2,541.0 million, showing a decrease on a reported basis of -2.0% compared to first half 2015. Sales were however up 2.2% on a like-for-like basis.

Product sales totalled €2,244.9 million, a decrease of -3.9% on a reported basis but increases +0.4% like-for-like.

Sales for Interior Systems includes the sales from the remaining Automotive Exteriors business.

# 1.2. Results of operations

## 1.2.1. OPERATING INCOME

Operating income for the first half of 2016 was €490.3 million (6.2% of value added sales, 5.1% of total sales), compared to €383.7 million for the first half of 2015 (4.9% of value added sales, 4.0% of total sales; see Note 1B).

The €106.6 million improvement in operating income over the first half of the year compared to H1 2015 was attributable to the following factors:

- in Europe, the increased sales allowed for an improvement in operating income of €64.0 million, bringing operating income to 4.8% of total sales or €244.6 million. This compares to 3.7% or €180.6 million for the first half of 2015;
- in North America, despite a fall in sales of -2.9% on a like-for-like basis, operating income increased by €43.5 million to €118.4 million. Operating income stood at 4.5% of total sales, up from 2.7% in the first half of 2015;
- helped by the +15.8% like-for-like increase in sales and despite a difficult economic and financial environment, South America managed to reduce operating losses by €4.1 million, finishing with an operating loss of €17.6 million compared to an operating loss of €21.7 million in the first half of 2015;
- in Asia, despite a drop in operating income of €7.2 million to give €139.5 million, operating income progressed to 9.9% of total sales compared to the H1 2015 figure of 9.7% of total sales (€146.7 million);
- other countries, primarily South Africa, showed an increase of €2.2 million in operating income.

The trend for individual business segments was as follows:

- operating income for Automotive Seating in the first half of 2016 was €175.4 million (5.3% of total sales) compared to €139.2 million for the first half of 2015 (4.5% of total sales);
- operating income for Emissions Control Technologies for the first half of 2016 was €200.5 million (5.4% of total sales) compared to €171.4 million for H1 2015 (4.5% of total sales);
- for the first half of 2016, Interior Systems gave an operating income of €126.8 million (5.0% of total sales) versus €79.7 million (3.1% of total sales) for H1 2015;

Gross expenditures for R&D in the first half of 2016 were €522.5 million, or 5.5% of total sales, versus €461.9 million, 4.9% of total sales in the first half of 2015. The portion of R&D expenditure capitalised under IFRS in H1 2016 totalled €179.8 million, compared to €156.5 million for H1 2015. This represented 34.4% of total R&D expenditure in the first half of 2016, versus 33.9% in the first half of 2015.

Taken together, these items resulted in a net R&D cost for the first half of 2016 of €145.6 million, down from €156.3 million in the first half of 2015.

Selling and administrative expenses amounted to €364.6 million (3.8% of total sales), versus €325.4 million (3.4% of total sales) for the first half of 2015.

EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – stood at €813.8 million (8.5% of total sales) in the first half of 2016, compared to €677.5 million (7.1% of total sales) in the first half of 2015.

### SALES AND OPERATING INCOME BY REGION

| *(in € millions)* | H1 2016 Sales | H1 2016 Operating Income | H1 2016 % | H1 2015 Sales | H1 2015 Operating Income | H1 2015 % |
|---|---|---|---|---|---|---|
| Europe | 5,144.1 | 244.6 | 4.8% | 4,845.1 | 180.6 | 3.7% |
| North America | 2,631.7 | 118.4 | 4.5% | 2,725.9 | 74.9 | 2.7% |
| South America | 236.0 | (17.6) | -7.4% | 276.1 | (21.7) | -7.9% |
| Asia | 1,412.4 | 139.5 | 9.9% | 1,514.2 | 146.7 | 9.7% |
| Other Countries | 107.4 | 5.4 | 5.0% | 127.4 | 3.2 | 2.5% |
| **TOTAL** | **9,531.6** | **490.3** | **5.1%** | **9,488.7** | **383.7** | **4.0%** |

### SALES AND OPERATING INCOME BY BUSINESS

| *(in € millions)* | H1 2016 Sales | H1 2016 Operating Income | H1 2016 % | H1 2015 Sales | H1 2015 Operating Income | H1 2015 % |
|---|---|---|---|---|---|---|
| Automotive Seating | 3,299.2 | 175.4 | 5.3% | 3,103.3 | 139.2 | 4.5% |
| Emissions Control Technologies | 3,691.4 | 200.5 | 5.4% | 3,792.8 | 171.4 | 4.5% |
| Interior Systems | 2,541.0 | 126.8 | 5.0% | 2,592.6 | 79.7 | 3.1% |
| IFRS 5 adjustments | | (12.4) | | | (6.6) | |
| **TOTAL** | **9,531.6** | **490.3** | **5.1%** | **9,488.7** | **383.7** | **4.0%** |

## 1.2.2. NET INCOME (LOSS)

The "other income and expenses" item generated an expense of €65.7 million in the first half of 2016 compared to an expense of €28.7 million in the first half of 2015. This item included €58.2 million in restructuring charges compared to €30.7 million in the first half of 2015. These costs mainly pertained to the restructuring of operations in Germany (€50.3 million).

Financial income totalled €6.7 million compared to €5.4 million in the first half of 2015. Finance costs totalled €97.5 million versus €89.7 million in the first half of 2015. The first half 2016 costs include €31 million of interest expense for the anticipated reimbursement of 2016 bonds. The weighted average interest rate on financial liabilities fell from 5.0% in the first half of 2015 to 4.3% in the first half of 2016.

Other financial income and expenses gave a net expense that totalled €15.2 million, compared to €15.6 million in the first half of 2015. This item includes €3.9 million from present discounting pension liabilities, €4.2 million of fees for syndicated debt, €3.8 million commission mainly on use/unuse of syndicated loans and €5.5 million linked to the amortisation of borrowing costs.

The tax expense for the first half of 2016 was €94.8 million, compared to €86.3 million in the first half of 2015, representing an average tax rate of 29.8% compared to 33.8% for the first half of 2015.

The share of net income of associates gave a profit of €13.2 million compared to a loss of €0.4 million in the first half of 2015.

Net income from discontinued operations, corresponding to the activities of Automotive Exteriors to be sold, totalled €47.6 million.

Net of net income attributable to minority interests (totalling €39.6 million in the first half of 2016 and mainly consisting of net income accruing to investors in Chinese companies in which Faurecia is not the sole shareholder) net income for the first half of the year was €245.0 million, compared to €157.4 million for the first half of 2015.

Basic earnings per share were €1.79 (diluted earnings per share €1.79) compared to €1.27 in 2015 (diluted earnings per share of €1.21).

# 1.3. Financial structure and net debt

Net cash flow, (excluding net flows from discontinued operations) corresponding to the cash provided by operating and investing activities restated for the acquisitions of investments and business (-€25.8 million), and changes in other investing activities and non-current assets (-€23.6 million), showed a net positive balance of €204.7 million. This compares to a positive net cash flow of €309.8 million in the first half of 2015.

The €204.7 million of net cash inflow for the first half of 2016 was attributable to the following:

- EBITDA totalled €813.8 million in the first half of 2016 compared to €677.5 million in the first half of 2015;
- the change in net working capital, including receivables factoring, represented a positive €75.4 million compared to €159.6 million in the first half of 2015. This change consisted in part of an increase in production inventory of €114.1 million, a net increase in trade receivables of €71.1 million, and to an increase in trade payables of €169.4 million;
- restructuring represented cash outflows of €24.5 million compared to €30.8 million in the first half of 2015;
- net financial costs represented cash outflows of €83.1 million versus €94.6 million in H1 2015;
- capital expenditures and increases in intangible assets represented cash outflows of €231.6 million versus €239.7 million in the first half of 2015;
- capitalized development costs represented cash outflows of €185.3 million compared to €158.2 million in the first half of 2015;
- income taxes represented cash outflows of €104.8 million compared to €97.2 million in the first half of 2015;
- finally, other cash flow items represented €55.2 million in outflows, versus €93.2 million in inflows in the first half of 2015.

Net debt thus stood at €941.3 million at the first half of 2016, versus €945.8 million at December 2015.

The Group's shareholders' equity rose from €2,609.5 million at year-end 2015 to €2,664.3 million at June 2016.

The main elements of Faurecia's long term debt are the syndicated credit facility of €1,200 million coming to term in June 2021 and which was not drawn upon as of June 30, 2016, the €700 million of bonds with maturity in June 2022 and the €700 million of bonds with maturity in June 2023.

# 1.4. Outlook

Based on an encouraging first half and a solid industrial performance, Faurecia has upgraded its outlook, announced in February 2016, as follows:

## Full-year 2016

- Total sales growth: +1% / +3% organic

  *Unchanged*
- An operating margin (on total sales) of minimum 5.0%

  *Previous guidance: Between 4.6% and 5.0%*
- Net cash flow of minimum €300 million

  *Previous guidance: Around €300 million*

The proceeds from the disposal of Automotive Exteriors will almost eliminate Faurecia's net debt.

# 2

# Consolidated financial statements

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# 2.1. Consolidated statement of comprehensive income

| *(in € millions)* | ***Notes*** | **First-half 2016** | **First-half 2015 restated*** | **2015** |
|---|---|---|---|---|
| **SALES** | *4* | **9,531.6** | **9,488.7** | **18,770.4** |
| Cost of sales | *5* | (8,531.1) | (8,623.3) | (17,024.8) |
| Research and development costs | *5* | (145.6) | (156.3) | (278.4) |
| Selling and administrative expenses | *5* | (364.6) | (325.4) | (637.2) |
| **OPERATING INCOME (LOSS)** | | **490.3** | **383.7** | **830.0** |
| Other non operating income | *6* | 3.4 | 5.3 | 10.9 |
| Other non operating expense | *6* | (69.1) | (34.0) | (76.2) |
| Income from loans, cash investments and marketable securities | | 6.7 | 5.4 | 12.1 |
| Finance costs | | (97.5) | (89.7) | (173.6) |
| Other financial income and expense | *7* | (15.2) | (15.6) | (45.2) |
| **INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES** | | **318.6** | **255.1** | **558.0** |
| Taxes | *8* | (94.8) | (86.3) | (185.7) |
| of which Deferred taxes | *8* | 18.3 | 9.2 | (20.3) |
| **NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES** | | **223.8** | **168.8** | **372.3** |
| Share of net income of associates | *11* | 13.2 | (0.4) | 12.8 |
| **Net income of continued operations** | | **237.0** | **168.4** | **385.1** |
| **Net income of discontinued operations** | *1B/19* | **47.6** | **27.9** | **60.8** |
| **CONSOLIDATED NET INCOME (LOSS)** | | **284.6** | **196.3** | **445.9** |
| **Attributable to owners of the parent** | | **245.0** | **157.4** | **371.8** |
| Attributable to minority interests | | 39.6 | 38.9 | 74.1 |
| Basic earnings (loss) per share *(in €)* | *9* | 1.79 | 1.27 | 2.98 |
| Diluted earnings (loss) per share *(in €)* | *9* | 1.79 | 1.21 | 2.97 |
| Basic earnings (loss) of continued operations per share *(in €)* | *9* | 1.44 | 1.04 | 2.49 |
| Diluted earnings (loss) of continued operations per share *(in €)* | *9* | 1.44 | 1.00 | 2.48 |
| Basic earnings (loss) of discontinued operations per share *(in €)* | *9* | 0.35 | 0.23 | 0.49 |
| Diluted earnings (loss) of discontinued operations per share *(in €)* | *9* | 0.35 | 0.21 | 0.49 |

* *See note 1.B.*

## OTHER COMPREHENSIVE INCOME

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | 2015 |
|---|---|---|---|
| **CONSOLIDATED NET INCOME (LOSS)** | **284.6** | **196.3** | **445.9** |
| **Amounts to be potentially reclassified to profit or loss** | **(10.2)** | **89.9** | **47.7** |
| Gains (losses) arising on fair value adjustments to cash flow hedges | (1.6) | 4.0 | 0.7 |
| *of which recognized in equity* | 5.2 | *1.2* | *(0.2)* |
| *of which transferred to net income (loss) for the period* | (6.8) | *2.8* | *0.9* |
| Exchange differences on translation of foreign operations | (8.6) | 85.9 | 47.0 |
| **Amounts not to be reclassified to profit or loss** | **(48.9)** | **29.5** | **28.4** |
| Actuarial gain/(loss) on post employment benefit obligations | (48.9) | 29.5 | 28.4 |
| **Other comprehensive income of dicontinued operations** | **(7.8)** | **3.9** | **9.8** |
| **TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD** | **217.7** | **319.6** | **531.8** |
| Attributable to owners of the parent | 183.3 | 273.5 | 456.9 |
| Attributable to minority interests | 34.4 | 46.1 | 74.9 |

* *See note 1.B.*

# 2.2. Consolidated balance sheet

## ASSETS

| *(in € millions)* | Notes | June 30, 2016 | Dec. 31,2015 |
|---|---|---|---|
| Goodwill | *10* | 1,206.7 | 1,209.8 |
| Intangible assets | | 994.8 | 935.0 |
| Property, plant and equipment | | 2,228.2 | 2,247.3 |
| Investments in associates | *11* | 126.7 | 111.5 |
| Other equity interests | | 18.1 | 15.6 |
| Other non-current financial assets | *14* | 65.3 | 69.4 |
| Other non-current assets | | 33.6 | 36.5 |
| Deferred tax assets | | 261.7 | 215.6 |
| **TOTAL NON-CURRENT ASSETS** | | **4,935.1** | **4,840.7** |
| Inventories, net | | 1,208.2 | 1,105.2 |
| Trade accounts receivables | *12* | 1,738.1 | 1,696.9 |
| Other operating receivables | | 261.4 | 253.9 |
| Other receivables | | 305.2 | 316.5 |
| Other current financial assets | | 0.4 | 6.8 |
| Cash and cash equivalents | *13* | 1,097.5 | 932.5 |
| **TOTAL CURRENT ASSETS** | | **4,610.8** | **4,311.8** |
| Assets held for sale | *1B/19* | 816.5 | 613.4 |
| **TOTAL ASSETS** | | **10,362.4** | **9,765.9** |

## LIABILITIES

| *(in € millions)* | *Notes* | June 30, 2016 | Dec. 31,2015 |
|---|---|---|---|
| **EQUITY** | | | |
| Capital | *15* | 966.3 | 960.4 |
| Additional paid-in capital | | 632.8 | 621.9 |
| Treasury stock | | (25.7) | (1.3) |
| Retained earnings | | 483.9 | 241.4 |
| Translation adjustments | | 187.9 | 203.4 |
| Net income (loss) for the period attributable to owners of the parent | | 245.0 | 371.8 |
| **EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS** | *15* | **2,490.2** | **2,397.6** |
| Minority interests | | 174.1 | 211.9 |
| **TOTAL SHAREHOLDERS' EQUITY** | | **2,664.3** | **2,609.5** |
| Long-term provisions | *16* | 418.8 | 344.1 |
| Non-current financial liabilities | *17* | 1,646.8 | 966.2 |
| Other non-current liabilities | | 1.4 | 1.6 |
| Deferred tax liabilities | | 17.0 | 11.1 |
| **TOTAL NON-CURRENT LIABILITIES** | | **2,084.0** | **1,323.0** |
| Short-term provisions | *16* | 220.6 | 188.4 |
| Current financial liabilities | *17* | 392.4 | 918.9 |
| Prepayments from customers | | 119.6 | 125.9 |
| Trade payables | | 3,571.1 | 3,449.7 |
| Accrued taxes and payroll costs | | 628.8 | 539.0 |
| Sundry payables | | 260.9 | 235.7 |
| **TOTAL CURRENT LIABILITIES** | | **5,193.4** | **5,457.6** |
| Liabilities linked to assets held for sale | *1B/19* | 420.7 | 375.8 |
| **TOTAL LIABILITIES** | | **10,362.4** | **9,765.9** |

# 2.3. Consolidated cash flow statement

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full Year 2015 |
|---|---|---|---|
| **I – OPERATING ACTIVITIES** | | | |
| Operating Income (Loss) | 490.3 | 383.7 | 830.0 |
| Depreciations and amortizations of assets | 323.5 | 293.8 | 611.8 |
| **EBITDA** | **813.8** | **677.5** | **1,441.8** |
| Operating short-term and long term provisions | 19.8 | 30.3 | 31.8 |
| Capital (gains) losses on disposals of operating assets | 8.1 | 2.8 | 5.6 |
| Paid restructuring | (24.5) | (30.8) | (77.0) |
| Paid finance costs net of income | (83.1) | (94.6) | (208.0) |
| Other income and expenses paid | (19.4) | (20.2) | (28.5) |
| Paid taxes | (104.8) | (97.2) | (219.1) |
| Dividends from associates | 16.5 | 15.7 | 16.1 |
| **Change in working capital requirement** | **75.4** | **159.6** | **153.0** |
| Change in inventories | (114.1) | (143.9) | (112.3) |
| Change in trade accounts receivables | (71.1) | (234.5) | (74.3) |
| Change in trade payables | 169.4 | 425.4 | 263.7 |
| Change in other operating receivables and payables | 76.4 | 109.7 | 73.9 |
| Change in other receivables and payables (excl. Tax) | 14.8 | 2.9 | 2.0 |
| **Operating cash flows from discontinued activities** | **(34.0)** | **99.8** | **133.5** |
| **CASH FLOWS PROVIDED BY OPERATING ACTIVITIES** | 667.8 | 742.9 | 1,249.2 |
| **II – INVESTING ACTIVITIES** | | | |
| Additions to property, plant and equipment | (231.4) | (239.1) | (620.8) |
| Additions intangible assets | (0.2) | (0.6) | (1.9) |
| Capitalized development costs | (185.3) | (158.2) | (308.9) |
| Acquisitions/Sales of investments and business (net of cash and cash equivalents) | (25.8) | (19.0) | (30.9) |
| Proceeds from disposal of property, plant and equipment | 33.5 | 4.6 | 15.3 |
| Proceed from disposal of financial assets | 0.0 | 0.4 | 0.0 |
| Change in investment-related receivables and payables | (34.0) | (12.7) | 36.8 |
| Other changes | (23.6) | (18.8) | (27.3) |
| **INVESTING CASH FLOWS FROM DISCONTINUED ACTIVITIES** | **(45.7)** | **(25.1)** | **(65.0)** |
| **CASH FLOWS PROVIDED BY INVESTING ACTIVITIES** | **(512.5)** | **(468.5)** | **(1,002.7)** |
| **CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)** | **155.3** | **274.4** | **246.5** |
| **III – FINANCING ACTIVITIES** | | | |
| Issuance of shares by Faurecia and fully-consolidated companies (net of costs) | 1.4 | 16.6 | 29.1 |
| Option component of convertible bonds | 0.0 | 0.0 | 0.0 |
| Dividends paid to owners of the parent company | (88.8) | (12.8) | (12.8) |
| Dividends paid to minority interests in consolidated subsidiaries | (33.4) | (26.2) | (64.5) |
| Other financial assets and liabilities | 0.0 | 0.0 | 0.0 |
| Issuance of debt securities and increase in other financial liabilities | 736.3 | 853.7 | 933.1 |
| Repayment of debt and other financial liabilities | (559.9) | (964.1) | (1,195.0) |
| **Financing cash flows from discontinued activities** | **(24.2)** | **(38.3)** | **(38.2)** |
| **NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** | 31.4 | (171.1) | (348.3) |
| **IV – OTHER CHANGES IN CASH AND CASH EQUIVALENTS** | | | |
| Impact of exchange rate changes on cash and cash equivalents | (17.1) | 41.8 | 20.7 |
| Net flows from discontinued operations | (4.6) | 0.0 | (3.3) |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **165.0** | **145.1** | **(84.4)** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR** | **932.5** | **1,016.9** | **1,016.9** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **1,097.5** | **1,162.0** | **932.5** |

* *See note 1.B.*

# 2.4. Consolidated statement of changes in equity

| *(in € millions)* | Number of shares [4] | Capital stock | Additional paid-in capital | Treasury Stock | Retained earnings and net income (loss) for the period | Valuation adjustments: Translation adjustments | Valuation adjustments: Cash flow hedges | Valuation adjustments: Actuarial gain/(loss) on post employment benefit obligations | Equity attributable to owners of the parent | Mino-rity inte-rests | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Shareholders' equity as of Dec. 31, 2014 before appropriation of net income (loss) restated *** | **123,925,210** | **867.5** | **430.9** | **(1.7)** | **394.9** | **145.0** | **(6.4)** | **(107.2)** | **1,723.0** | **159.9** | **1,882.9** |
| Net income (loss) restated * | | | | | 157.4 | | | | 157.4 | 38.9 | 196.3 |
| Other comprehensive income | | | | | | 82.6 | 4.0 | 29.5 | 116.1 | 7.2 | 123.3 |
| ***Total income (expense) recognized in equity restated **** | | | | | ***157.4*** | ***82.6*** | ***4.0*** | ***29.5*** | ***273.5*** | ***46.1*** | ***319.6*** |
| Capital increase [1] | 990,811 | 6.9 | 28.2 | | | | | | 35.1 | 18.0 | 53.1 |
| 2014 dividends | | | | | (43.4) | | | | (43.4) | (33.9) | (77.3) |
| Measurement of stock options | | | | | 2.6 | | | | 2.6 | | 2.6 |
| Purchases and sales of treasury stock | | | | (0.6) | 0.1 | | | | (0.5) | | (0.5) |
| Option component of convertible bonds | | | | | | | | | | | |
| Changes in scope of consolidation | | | 28.7 | | (32.9) | (0.6) | | | (4.8) | (1.0) | (5.8) |
| **Shareholders' equity as of June 30, 2015 before appropriation of net income (loss) restated *** | **124,916,021** | **874.4** | **487.8** | **(2.3)** | **478.7** | **227.0** | **(2.4)** | **(77.7)** | **1,985.5** | **189.1** | **2,174.6** |
| Net income (loss) | | | | | 214.4 | | | | 214.4 | 35.2 | 249.6 |
| Other comprehensive income | | | | | | (25.9) | (3.3) | (1.8) | (31.0) | (6.4) | (37.4) |
| ***Total income(expense) recognized in equity*** | | | | | ***214.4*** | ***(25.9)*** | ***(3.3)*** | ***(1.8)*** | ***183.4*** | ***28.8*** | ***212.2*** |
| Capital increase [2] | 12,276,757 | 86.0 | 134.0 | | | | | | 220.0 | 14.2 | 234.2 |
| 2014 dividends | | | | | 0.0 | | | | 0.0 | (21.9) | (21.9) |
| Measurement of stock options and shares grant | | | | | 7.3 | | | | 7.3 | | 7.3 |
| Purchases and sales of treasury stock | | | | 1.2 | (0.1) | | | | 1.1 | | 1.1 |
| Option component of convertible bonds | | | | | | | | | 0.0 | | 0.0 |
| Changes in scope of consolidation and other | | | 0.1 | | (2.1) | 2.3 | | | 0.3 | 1.7 | 2.0 |
| **Shareholders' equity as of Dec. 31, 2015 before appropriation of net income (loss)** | **137,192,778** | **960.4** | **621.9** | **(1.1)** | **698.2** | **203.4** | **(5.7)** | **(79.5)** | **2,397.6** | **211.9** | **2,609.5** |
| Net income (loss) | | | | | 245.0 | | | | 245.0 | 39.6 | 284.6 |
| Other comprehensive income | | | | | | (11.3) | (1.6) | (48.9) | (61.8) | (5.2) | (67.0) |
| ***Total income(expense) recognized in equity*** | | | | | ***245.0*** | ***(11.3)*** | ***(1.6)*** | ***(48.9)*** | ***183.2*** | ***34.4*** | ***217.6*** |
| Capital increase [3] | 843,023 | 5.9 | 10.9 | | | | | | 16.8 | | 16.8 |
| 2015 dividends | | | | | (88.8) | | | | (88.8) | (70.3) | (159.1) |
| Measurement of stock options and shares grant | | | | | 0.0 | | | | 0.0 | | 0.0 |
| Purchases and sales of treasury stock | | | | (24.6) | 8.4 | | | | (16.2) | | (16.2) |
| Option component of convertible bonds | | | | | | | | | 0.0 | | 0.0 |
| Changes in scope of consolidation and other | | | | | 1.8 | (4.2) | | | (2.4) | (1.9) | (4.3) |
| **Shareholders' equity as of June 30, 2016 before appropriation of net income (loss)** | **138,035,801** | **966.3** | **632.8** | **(25.7)** | **864.6** | **187.9** | **(7.3)** | **(128.4)** | **2,490.2** | **174.1** | **2,664.3** |

*(1) Capital increase mainly arising from the payment of dividends in shares for the group part.*
*(2) Capital increase mainly arising from the payment of dividends in shares and from the conversion of Bonds for the group part.*
*(3) Capital increase mainly arising from the conversion of Bonds for the group part.*
*(4) of which 807 216 treasury stock as of June 30, 2016. See note 9.*
** See note 1.B.*

# 2.5. Notes to the consolidated financial statements

CONTENTS



Faurecia SA and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in three vehicle businesses: Automotive Seating, Emissions Control Technologies and Interior Systems.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine region of France. The Company is listed on the Eurolist market of Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on July 25, 2016.

The accounts were prepared on a going concern basis.

## NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.A Accounting principles

The interim consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and available on the European Commission website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

These standards include International Financial Reporting Standards and International Accounting Standards (IAS), as well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The interim consolidated financial statements comply with IAS 34, Interim Financial Reporting, which permits entities to present condensed information. They should therefore be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

The standards used to prepare the interim consolidated financial statements for the six months ended June 30, 2016 and comparative data for 2015 are those published in the Official Journal of the European Union (OJEU) as of June 30, 2016, and whose application was mandatory as of that date.

Since January 1, 2016 Faurecia has applied the standards IAS 1, IAS 16, IAS 38, IFRS 11, which have had no impact on the consolidated financial statements.

Moreover, Faurecia has not applied by anticipation the standards, amendments or interpretations for which application is due for yearly statements opened from July 1, 2016, adopted or not by the European Union. The impact analysis of these standards and amendments is in progress.

Moreover, the accounting policies used for the preparation of these interim financial statements are similar to the ones used for the consolidated financial statements as of December 31, 2015.

### 1.B Modifications to the previously published consolidated financial statements

Following the signature with the Compagnie Plastic Omnium of a Memorandum of Understanding (MoU) for the sale of its Automotive Exteriors business worldwide, all the conditions were met from an IFRS point of view to qualify the activity as discontinued, mainly regarding the materiality of the business and the highly probable character of the sale.

Since December 15, 2015, applying IFRS 5, the corresponding assets and liabilities have been isolated in dedicated lines as the net result of the corresponding discontinued activities.

These assets have been presented separately in a line "assets held for sale" in the consolidated balance sheet and are valued at the lower of its carrying amount and fair value less costs to sell. The corresponding liabilities have been presented in a line "liabilities linked to assets held for sale" in the consolidated balance sheet.

The net income, comprehensive income and cash flows items of discontinued operations are presented separately in the statement of financial position for all prior periods presented in the financial statements. Therefore, the net income, comprehensive income and cash flows items as of June 30, 2015 have been restated in the tables presented hereafter. Assets and liabilities as held for sale are presented without any restatement from the prior year.

As of June 30, 2016, these principles have been applied to the scope of the sale, as presented in the financial statements as of December 31, 2015 and to the entities created during the semester to carry over the assets of the business units (BAU) which were part of a legal entity.

### RESTATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in € millions)* | June 2015 published in July 2015 | IFRS 5 Impact | June 2015 restated |
|---|---|---|---|
| **Sales** | **10,507.1** | **(1,018.4)** | **9,488.7** |
| Cost of sales | (9,556.7) | 933.7 | (8,623.0) |
| Research and development costs | (164.9) | 8.3 | (156.6) |
| Selling and administrative expenses | (361.6) | 36.2 | (325.4) |
| **OPERATING INCOME (LOSS)** | **423.9** | **(40.2)** | **383.7** |
| Other non operating income | 6.4 | (1.1) | 5.3 |
| Other non operating expense | (34.1) | 0.1 | (34.0) |
| Income from loans, cash investments and marketable securities | 5.4 | - | 5.4 |
| Finance costs | (91.6) | 1.9 | (89.7) |
| Other financial income and expense | (15.7) | 0.1 | (15.6) |
| **INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES** | **294.3** | **(39.2)** | **255.1** |
| Current taxes | (107.6) | 12.1 | (95.5) |
| Deferred taxes | 10.6 | (1.4) | 9.2 |
| **NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES** | **197.3** | **(28.5)** | **168.8** |
| Share of net income of associates: | (1.0) | 0.6 | (0.4) |
| Net income of continued operations | 196.3 | (27.9) | 168.4 |
| Net income of discontinued operations | - | 27.9 | 27.9 |
| **CONSOLIDATED NET INCOME (LOSS)** | **196.3** | **-** | **196.3** |
| Attributable to owners of the parent | 157.4 | - | 157.4 |
| Attributable to minority interests | 38.9 | - | 38.9 |
| Basic earnings (loss) per share *(in €)* | 1.27 | - | 1.27 |
| Diluted earnings (loss) per share *(in €)* | 1.21 | - | 1.21 |
| Basic earnings (loss) of continued operations per share *(in €)* | 1.27 | - | 1.04 |
| Diluted earnings (loss) of continued operations per share *(in €)* | 1.21 | - | 1.00 |

### RESTATED CONSOLIDATED CASH FLOW STATEMENT

| *(in € millions)* | June 2015 published in July 2015 | IFRS 5 Impact | June 2015 restated |
|---|---|---|---|
| **I – OPERATING ACTIVITIES** | | | |
| Operating Income (Loss) | 423.9 | (40.2) | 383.7 |
| Depreciations and amortizations of assets | 322.3 | (28.5) | 293.8 |
| **EBITDA** | **746.2** | **(68.7)** | **677.5** |
| Operating short -term and long term provisions | 29.3 | 1.0 | 30.3 |
| Capital (gains) losses on disposals of operating assets | 2.3 | 0.5 | 2.8 |
| Paid restructuring | (31.6) | 0.8 | (30.8) |
| Paid finance costs net of income | (96.6) | 2.0 | (94.6) |
| Other income and expenses paid | (17.6) | (2.6) | (20.2) |
| Paid taxes | (109.1) | 11.9 | (97.2) |
| Dividends from associates | 15.1 | 0.6 | 15.7 |
| **Change in working capital requirement** | **204.9** | **(45.3)** | **159.6** |
| Change in inventories | (159.6) | 15.7 | (143.9) |
| Change in trade accounts receivables | (235.1) | 0.6 | (234.5) |
| Change in trade payables | 476.7 | (51.3) | 425.4 |
| Change in other operating receivables and payables | 117.2 | (7.5) | 109.7 |
| Change in other receivables and payables (excl. Tax) | 5.7 | (2.8) | 2.9 |
| **Operating cash flows from discontinued activities** | **0.0** | **99.8** | **99.8** |
| **CASH FLOWS PROVIDED BY OPERATING ACTIVITIES** | **742.9** | **0.0** | **742.9** |
| **II – INVESTING ACTIVITIES** | | | |
| Additionals to property, plant and equipment | (260.5) | 21.4 | (239.1) |
| Additionals intangible assets | (0.6) | 0.0 | (0.6) |
| Capitalized development costs | (163.7) | 5.5 | (158.2) |
| Acquisitions/Sales of investments and business (net of cash and cash equivalents) | (19.0) | 0.0 | (19.0) |
| Proceeds from disposal of property, plant and equipment | 8.9 | (4.3) | 4.6 |
| Proceed from disposal of financial assets | 0.4 | 0.0 | 0.4 |
| Change in investment-related receivables and payables | (17.1) | 4.4 | (12.7) |
| Other changes | (16.9) | (1.9) | (18.8) |
| **Investing cash flows from discontinued activities** | **0.0** | **(25.1)** | **(25.1)** |
| **CASH FLOWS PROVIDED BY INVESTING ACTIVITIES** | **(468.5)** | **0.0** | **(468.5)** |
| **CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)** | **274.4** | **0.0** | **274.4** |
| **III – FINANCING ACTIVITIES** | | | |
| Issuance of shares by Faurecia and fully-consolidated companies (net of costs) | 16.6 | 0.0 | 16.6 |
| Option component of convertible bonds | 0.0 | 0.0 | 0.0 |
| Dividends paid to owners of the parent company | (12.8) | 0.0 | (12.8) |
| Dividends paid to minority interests in consolidated subsidiaries | (26.2) | 0.0 | (26.2) |
| Other financial assets and liabilities | 0.0 | 0.0 | 0.0 |
| Issuance of debt securities and increase in other financial liabilities | 819.3 | 34.4 | 853.7 |
| Repayment of debt and other financial liabilities | (968.0) | 3.9 | (964.1) |
| **Financing cash flows from discontinued activities** | **0.0** | **(38.3)** | **(38.3)** |
| **NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** | **(171.1)** | **0.0** | **(171.1)** |
| **IV – OTHER CHANGES IN CASH AND CASH EQUIVALENTS** | | | |
| Impact of exchange rate changes on cash and cash equivalents | 41.8 | 0.0 | 41.8 |
| Net flows from discontinued operations | 0.0 | 0.0 | 0.0 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **145.1** | **0.0** | **145.1** |
| **CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR** | **1,016.9** | **0.0** | **1,016.9** |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **1,162.0** | **0.0** | **1,162.0** |

## NOTE 2 CHANGES IN SCOPE OF CONSOLIDATION

### 2.1 Change in scope of consolidation in 2016

In Automotive Seating, Faurecia Automotive Systems Technologies established in Morocco is a fully consolidated entity since March 2016.

In Interior Systems, Beijing WKW-FAD Automotive Parts Company Limited, held at 50% by Faurecia, has been created in China and is consolidated through equity method since January 2016.

Faurecia Emissions Control Technologies, Novaferra GmbH and Faurecia Emissions Control Technologies, Finnentrop GmbH, part of the Emissions Control Technologies business, have been merged in Faurecia Emissions Control Technologies, Germany GmbH, fully consolidated.

Faurecia Ventures has been created in June 2016 in order to invest in new technologies, this entity is fully consolidated.

In the framework of the Automotive Exteriors business sale to Plastic Omnium, the entities Faurecia Automotive Marles (France), Automotive Exteriors, LLC (United States), Automotive Exteriors Do Brasil (Brazil) and Automotive Exteriors Slovakia SRO (Slovakia) have been created during the semester to carry over the assets held for sale. Thus, the corresponding entities have been integrated to the scope of the sale and their contribution are accounted for in the lines "Assets held for sale", "Liabilities linked to the assets held for sale" and "Net result of the discontinued activities".

The Automotive Seating, Interior Systems and Emissions Control Technologies activities of the previous Faurecia Slovakia SRO have been transferred to the entity Faurecia Automotive Slovakia SRO, newly created and fully consolidated since April 2016.

The changes in consolidation scope during the period had no a material impact on the presentation of the Group's interim consolidated financial statements.

### 2.2 Reminder of change in scope of consolidation introduced in 2015

Automotive Performance Materials (APM), part of the Interior Systems business and held at 50% by Faurecia, has been created in France and is consolidated through equity method since January 2015. In China, Dongfeng Faurecia Automotive Interior Systems Company Limited and Dongfeng Faurecia Automotive Parts Sales Company Limited, held at 50% by Faurecia, are consolidated respectively fully and by equity method from April 2015. Wuhan Hongtai Changpeng Automotive Components Company Limited, held at 49% by Faurecia, is consolidated through equity method since September 2015.

Following the stop of the restrictions on exports to Iran, the impairment of the assets linked to Faurecia Azin Pars has been fully reversed in 2015 in the Automotive Seating business.

Dongfeng Faurecia Automotive Exterior Systems Company Limited, has been created in China and is consolidated through equity method since March 2015 in the Automotive Exterior business.

### 2.3 Recent events

#### BONDS

On December 7, 2015, Faurecia announced its intention to reimburse at par value on January 15, 2016 the 2018 OCEANE bonds convertible, issued in September 2012 for €250 million, due January 2018.

Following the announcement of such operation, 94.5% of the OCEANE bonds have been converted as of December 31, 2015, and the nominal of remaining bonds in life at this date amounted €13.7 million. As of January 15, 2016, almost the entire amount has been converted and the residual nominal of €0.2 million has been reimbursed.

On March 16, 2016, Faurecia issued Notes due 2023 at 3.625% for a nominal amount of €700 million and it also redeemed in full, on April 12, 2016, the €490 million of 9.375% Notes due 2016 at a redemption price of 106.34% of the principal amount plus accrued interest up to April 12, 2016. (See note 17.1).

#### DISCONTINUED ACTIVITIES

On December 14, 2015, Faurecia signed a Memorandum of Understanding (MoU) for the sale of its Automotive Exteriors business worldwide to Compagnie Plastic Omnium.

On April 19, 2016, Faurecia announced the signature of the definitive agreement (Sales and Purchase Agreement) for the sale of its Automotive Exteriors Business to Plastic Omnium following the completion of the information and consultation procedures with the relevant employee representatives. The appropriate filings have been made by Plastic Omnium with the relevant antitrust authorities. (See Note 1B and 19)

As of July 11, 2016, the European Commission authorized the sale of the Automotive Exteriors business to Plastic Omnium, with the Plastic Omnium commitment to sell the French sites and one Spanish site for the bumpers activity and the front end module assembly activity in Germany.

Following this authorization, the sale completion should take place on July 29, 2016.

**ONGOING ENQUIRIES**

On March 24, 2016, two class actions were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, alleging anticompetitive practices in regard to Exhaust Systems, and seeking unspecified amounts of civil damages. Faurecia Emissions Control Technologies US, LLC, is one of the companies named as defendants, and Faurecia SA has been named as an additional defendant.

As a reminder, on March 25, 2014, the European Commission and the Department of Justice of the United States of America and on November 27, 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these enquiries. These enquiries are ongoing.

In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. The Group is at present unable to predict the consequences of such inquiries and action groups including the level of fines or sanctions that could be imposed: therefore, no accruals were accounted for as of June 30, 2016.

## NOTE 3 SEASONAL FLUCTUATIONS IN BUSINESS LEVELS

Business levels in the automotive industry are traditionally slightly higher in the first half of the year than in the second half due to summer vacations in the north of Europe.

## NOTE 4 INFORMATION BY OPERATING SEGMENT

Following the signature of the final agreement for the sale of its Automotive Exteriors Business to Plastic Omnium, the Group is now structured into the following three business units based on the type of products and services provided:

- Automotive Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Emissions Control Technologies (design and manufacture of exhaust systems);
- Interior Systems (design and manufacture of instrument panels, complete cockpits, door panels and modules, and acoustic systems).

The performance of the entities of the previous Automotive Exteriors business, not sold to Plastic Omnium, has been included in the one of the Interior Systems business.

These business units are managed by the Group on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment – notably operating income – and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expense, and taxes are monitored at Group level and are not allocated to the various segments.

## 4.1 Key figures by operating segment

### FIRST HALF 2016

| *(in € millions)* | Automotive Seating | Emission Control Technologies | Interior Systems | Other | Total |
|---|---|---|---|---|---|
| **Sales** | **3,303.6** | **3,693.4** | **2,562.4** | **236.8** | **9,796.2** |
| Inter-segment eliminations | (4.4) | (2.0) | (21.4) | (236.8) | (264.6) |
| **Consolidated sales** | **3,299.2** | **3,691.4** | **2,541.0** | **0.0** | **9,531.6** |
| Operating income (loss) before allocation of costs | 186.9 | 210.3 | 138.6 | (45.5) | 490.3 |
| Allocation of costs | (11.5) | (9.8) | (11.8) | 33.1 | 0.0 |
| **Operating income** | **175.4** | **200.5** | **126.8** | **(12.4)** | **490.3** |
| Other non-operating income | | | | | 3.4 |
| Other non-operating expense | | | | | (64.4) |
| Finance costs, net | | | | | (90.8) |
| Other financial income and expense | | | | | (19.9) |
| Corporate income tax | | | | | (94.8) |
| Share of net income of associates | | | | | 13.2 |
| **Net income of continued operations** | | | | | **237.0** |
| **Net income of discontinued operations** | | | | | **47.6** |
| **NET INCOME (LOSS)** | | | | | **284.6** |
| **Segment assets** | **3,170.6** | **2,497.5** | **2,043.8** | **139.3** | **7,851.2** |
| Property, plant and equipment, net | 636.8 | 748.2 | 781.4 | 61.8 | 2,228.2 |
| Other segment assets | 2,533.8 | 1,749.3 | 1,262.4 | 77.5 | 5,623.0 |
| Investments in associates | | | | | 126.7 |
| Other equity interests | | | | | 18.1 |
| Short and long-term financial assets | | | | | 1,186.0 |
| Tax assets (current and deferred) | | | | | 363.9 |
| Assets held for sale | | | | | 816.5 |
| **TOTAL ASSETS** | | | | | **10,362.4** |
| **Segment liabilities** | **1,733.6** | **1,885.5** | **1,351.7** | **206.9** | **5,177.7** |
| Borrowings | | | | | 2,039.2 |
| Tax liabilities (current and deferred) | | | | | 60.5 |
| Liabilities linked to assets held for sale | | | | | 420.7 |
| Equity and minority interests | | | | | 2,664.3 |
| **TOTAL LIABILITIES** | | | | | **10,362.4** |
| Capital expenditure | 61.9 | 78.0 | 73.5 | 19.7 | 233.1 |
| Depreciation of items of property, plant and equipment | (57.2) | (58.0) | (75.9) | (2.7) | (193.8) |
| Impairment of property, plant and equipment | (0.1) | (0.5) | (4.4) | 0.0 | (5.0) |
| Headcounts | 39,157 | 21,002 | 33,977 | 10,344 | 104,480 |

## FIRST HALF 2015

| *(in € millions)* | Automotive Seating | Emission Control Technologies | Interior Systems | Other | Total restated * |
|---|---|---|---|---|---|
| **Sales** | **3,108.7** | **3,794.3** | **2,607.8** | **186.2** | **9,697.1** |
| Inter-segment eliminations | (5.4) | (1.5) | (15.3) | (186.2) | (208.4) |
| **Consolidated sales** | **3,103.3** | **3,792.8** | **2,592.6** | **0.0** | **9,488.7** |
| Operating income (loss) before allocation of costs | 144.6 | 176.3 | 86.0 | (23.2) | 383.7 |
| Allocation of costs | (5.4) | (5.0) | (6.2) | 16.6 | 0.0 |
| **Operating income** | **139.2** | **171.4** | **79.7** | **(6.6)** | **383.7** |
| Other non-operating income | | | | | 5.3 |
| Other non-operating expense | | | | | (34.0) |
| Finance costs, net | | | | | (84.3) |
| Other financial income and expense | | | | | (15.6) |
| Corporate income tax | | | | | (86.3) |
| Share of net income of associates | | | | | (0.4) |
| **Net income of continued operations** | | | | | **168.4** |
| **Net income of discontinued operations** | | | | | **27.9** |
| **NET INCOME (LOSS)** | , | , | , | , | **196.3** |

* See note 1.B.

According to the IFRS 5 principles, the balance sheet as of June 2015 has not been restated.

## FULL YEAR 2015

| *(in € millions)* | Automotive Seating | Emission Control Technologies | Interior Systems | Other | Total |
|---|---|---|---|---|---|
| **Sales** | **6,198.2** | **7,453.4** | **5,161.6** | **449.1** | **19,262.3** |
| Inter-segment eliminations | (9.9) | (3.2) | (29.7) | (449.1) | (491.9) |
| **Consolidated sales** | **6,188.3** | **7,450.2** | **5,131.9** | **0.0** | **18,770.4** |
| Operating income (loss) before allocation of costs | 317.2 | 370.8 | 197.5 | (55.5) | 830.0 |
| Allocation of costs | (12.6) | (11.8) | (14.5) | 38.9 | 0.0 |
| **Operating income** | **304.6** | **359.0** | **183.0** | **(16.6)** | **830.0** |
| Other non-operating income | | | | | 10.9 |
| Other non-operating expense | | | | | (76.2) |
| Finance costs, net | | | | | (161.5) |
| Other financial income and expense | | | | | (45.2) |
| Corporate income tax | | | | | (185.7) |
| Share of net income of associates | | | | | 12.8 |
| **Net income of continued operations** | | | | | **385.1** |
| **Net income of discontinued operations** | | | | | **60.8** |
| **NET INCOME (LOSS)** | | | | | **445.9** |
| **Segment assets** | **3,078.8** | **2,434.4** | **2,033.2** | **119.4** | **7,665.8** |
| Property. plant and equipment, net | 642.1 | 734.8 | 818.1 | 52.3 | 2,247.3 |
| Other segment assets | 2,436.7 | 1,699.6 | 1,215.1 | 67.1 | 5,418.5 |
| Investments in associates | | | | | 111.5 |
| Other equity interests | | | | | 15.6 |
| Short and long-term financial assets | | | | | 1,029.3 |
| Tax assets (current and deferred) | | | | | 330.3 |
| Assets held for sale | | | | | 613.4 |
| **TOTAL ASSETS** | | | | | **9,765.9** |
| **Segment liabilities** | **1,710.3** | **1,746.6** | **1,236.3** | **145.1** | **4,838.3** |
| Borrowings | | | | | 1,885.1 |
| Tax liabilities (current and deferred) | | | | | 57.2 |
| Liabilities linked to assets held for sale | | | | | 375.8 |
| Equity and minority interests | | | | | 2,609.5 |
| **TOTAL LIABILITIES** | | | | | **9,765.9** |
| Capital expenditure | 184.8 | 200.7 | 191.6 | 46.1 | 623.2 |
| Depreciation of items of property, plant and equipment | (104.1) | (112.7) | (151.5) | (4.9) | (373.2) |
| Impairment of property, plant and equipment | (0.7) | 0.0 | (1.3) | 0.0 | (2.0) |
| Headcounts | 37,419 | 21,225 | 35,503 | 10,722 | 102,869 |

### 4.2 Sales by operating segment

Sales by operating segment break down as follows:

| *(in € millions)* | First-half 2016 | % | First-half 2015 restated* | % | Full-year 2015 | % |
|---|---|---|---|---|---|---|
| Automotive Seating | 3,299.2 | 34 | 3,103.3 | 33 | 6,188.2 | 33 |
| Emissions Control Technologies | 3,691.4 | 39 | 3,792.8 | 40 | 7,450.0 | 40 |
| Interior Systems | 2,541.0 | 27 | 2,592.6 | 27 | 5,132.2 | 27 |
| **TOTAL AFTER IFRS 5 RECLASSIFICATIONS** | **9,531.6** | **100** | **9,488.7** | **100** | **18,770.4** | **100** |

** See note 1.B.*

### 4.3 Sales by major customer

Sales [(1)] by major customer break down as follows:

| *(in € millions)* | First-half 2016 | % | First-half 2015 restated* | % | Full-year 2015 | % |
|---|---|---|---|---|---|---|
| VW Group | 1,456.9 | 15 | 1,568.9 | 17 | 2,976.9 | 16 |
| Ford Group | 1,295.6 | 14 | 1,294.7 | 14 | 2,573.9 | 14 |
| PSA Peugeot Citroën | 1,143.7 | 12 | 1,170.7 | 12 | 2,178.8 | 12 |
| Renault-Nissan | 1,085.2 | 11 | 917.6 | 10 | 1,864.5 | 10 |
| GM | 760.9 | 8 | 788.8 | 8 | 1,576.5 | 8 |
| Daimler | 614.5 | 6 | 614.2 | 6 | 1,218.7 | 6 |
| BMW | 480.1 | 5 | 413.6 | 4 | 947.9 | 5 |
| Others | 2,694.7 | 29 | 2,720.3 | 29 | 5,433.2 | 29 |
| **TOTAL** | **9,531.6** | **100** | **9,488.7** | **100** | **18,770.4** | **100** |

** See note 1.B.*
*(1) The presentation of sales invoiced may differ from the one of sales by end customer when products are transferred to intermediary assembly companies.*

## NOTE 5 ANALYSIS OF OPERATING EXPENSES

### 5.1 Analysis of operating expenses by function

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Cost of sales | (8,531.1) | (8,623.3) | (17,024.8) |
| Research and development costs | (145.6) | (156.3) | (278.4) |
| Selling and administrative expenses | (364.6) | (325.4) | (637.2) |
| **TOTAL** | **(9,041.3)** | **(9,105.0)** | **(17,940.4)** |

** See note 1.B.*

## 5.2 Analysis of operating expenses by nature

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Purchases consumed | (6,389.4) | (6,456.1) | (12,685.1) |
| External costs | (880.7) | (872.0) | (1,724.4) |
| Personnel costs | (1,715.2) | (1,712.9) | (3,335.2) |
| Taxes other than income tax | (31.1) | (31.8) | (54.7) |
| Other income and expenses (1) | 311.3 | 293.6 | 505.7 |
| Depreciation, amortization and provisions for impairment in value of non-current assets | (318.8) | (295.0) | (611.5) |
| Charges to and reversals of provisions | (17.4) | (30.8) | (35.2) |
| **TOTAL** | **(9,041.3)** | **(9,105.0)** | **(17,940.4)** |
| *(1) Including production taken into inventory or capitalized.* | *295.0* | *261.8* | *438.2* |

* *See note 1.B.*

The CICE (tax credit for competitivity and employment) has been allocated to personnel costs; it amounts to €6.5 million for the first semester 2016 (€6.8 million for the first half-year 2015).

## 5.3 Research and development costs

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Research and development costs, gross | (522.5) | (461.9) | (924.3) |
| - Amounts billed to customers and changes in inventories | 310.6 | 250.0 | 552.4 |
| - Capitalized development costs | 179.8 | 156.5 | 305.3 |
| - Amortization of capitalized development costs | (111.7) | (99.4) | (208.5) |
| - Charges to and reversals of provisions for impairment of capitalized development costs | (1.8) | (1.5) | (3.3) |
| **NET EXPENSE** | **(145.6)** | **(156.3)** | **(278.4)** |

* *See note 1.B.*

## 5.4 Depreciation, amortization and provisions for impairment in value of non-current assets

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Amortization of capitalized development costs | (111.7) | (99.4) | (208.5) |
| Amortization of items of property, plant and equipment | (12.1) | (13.0) | (26.8) |
| Depreciation of specific tooling | (7.6) | (1.0) | (6.1) |
| Depreciation and impairment of other items of property, plant and equipment | (185.6) | (180.2) | (366.8) |
| Provisions for impairment of capitalized development costs | (1.8) | (1.5) | (3.3) |
| **TOTAL** | **(318.8)** | **(295.1)** | **(611.5)** |

* *See note 1.B.*

## NOTE 6 OTHER NON OPERATING INCOME AND EXPENSE

Other non-operating income and expense are analyzed as follows:

### OTHER NON-OPERATING INCOME

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Release of provision for impairment of assets | 0.0 | 4.3 | 4.9 |
| Gain on disposals of assets | 2.6 | 0.0 | 2.9 |
| Other | 0.8 | 1.0 | 3.1 |
| **TOTAL** | **3.4** | **5.3** | **10.9** |

* *See note 1.B.*

### OTHER NON-OPERATING EXPENSE

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Other provisions for impaiment of assets | 0.0 | 0.0 | (3.8) |
| Reorganization expenses [(1)] | (58.2) | (30.7) | (57.3) |
| Losses on disposal of assets | 0.0 | 0.0 | 0.0 |
| Other [(2)] | (10.9) | (3.3) | (15.1) |
| **TOTAL** | **(69.1)** | **(34.0)** | **(76.2)** |

* *See note 1.B.*

*(1) As of June 30, 2016, this item includes restructuring costs in the amount of € 57.2 million and provisions for impairment in value of non-current assets in the amount of € 1.0 million, versus respectively, €55.7 million and € 1.6 million as of December 2015 and €28.7 million and € 2.0 million as of June 2015.*

*(2) As of December 31, 2015, this item includes non-recurring charges linked to the resolution of a litigation (€-9.1 million).*

## NOTE 7 OTHER FINANCIAL INCOME AND EXPENSE

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Impact of discounting pension benefit obligations | (3.9) | (3.8) | (7.9) |
| Changes in the ineffective portion of currency hedges | 0.7 | 0.3 | (0.5) |
| Changes in fair value of currency hedged relating to debt | (5.5) | 1.9 | 0.4 |
| Changes in fair value of interest rate hedges | 0.0 | 0.0 | 0.0 |
| Translation differences on borrowings | 2.5 | (5.8) | (17.2) |
| Other [(1)] | (9.0) | (8.2) | (20.0) |
| **TOTAL** | **(15.2)** | **(15.6)** | **(45.2)** |

* *See note 1.B.*

*(1) This item includes mainly amortization on costs related to bonds, OCEANE and other long term debts and commissions for no use of credit facility.*

## NOTE 8 CORPORATE INCOME TAX

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

| *(in € millions)* | First-half 2016 | First-half 2015 restated* | Full-year 2015 |
|---|---|---|---|
| Pre-tax income of consolidated companies | 318.6 | 255.1 | 558.0 |
| *Tax rate at 34.43% in 2016 and December 2015 but 38% in June 2015* | *(109.7)* | *(96.9)* | *(212.0)* |
| Effect of rate changes on deferred taxes recognized on the balance sheet | 0.4 | 2.2 | 1.1 |
| Effect of local rate differences ** | 33.2 | 45.5 | 85.8 |
| Tax credits | 10.5 | 5.5 | 10.0 |
| Change in unrecognized deferred tax | (2.1) | (21.9) | 11.1 |
| Permanent differences | (27.1) | (20.7) | (81.7) |
| **Corporate tax recognized** | **(94.8)** | **(86.3)** | **(185.7)** |

** See note 1.B.*
*** The effect of local rate differences is mainly coming from Chinese entities.*

The first half-year 2016 tax charge includes the recognition of deferred income tax assets in France for an amount of €15.8 million (net deferred tax assets on temporary differences) and in Czech Republik for €5.8 million.

Deferred tax assets are not recognized for tax losses carried forwards that are not certain of being utilized. As of June 30, 2016, these assets amounted to € 733.4 million, compared with € 706.9 million as of December 31, 2015. This variance is mainly explained by the depreciation accounted during the period on previous Brazilian deferred tax assets losses carried forward for €9.9 million.

## NOTE 9 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock.

For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds).

| | First-half 2016 | First-half 2015 | Full-year 2015 |
|---|---|---|---|
| **Number of shares outstanding at year end (1)** | **138,035,801** | **124,916,021** | **137,192,778** |
| Adjustments: | | | |
| - Treasury stock | (807,216) | (49,888) | (21,888) |
| - Weighted impact of share issue prorated | (111,945) | (862,232) | (12,335,082) |
| **Weighted average number of shares before dilution** | **137,116,640** | **124,003,901** | **124,835,808** |
| Weighted impact of dilutive instruments: | | | |
| - Stock options (2) | 48,990 | 72,331 | 50,818 |
| - Free shares attributed | 0 | 0 | 0 |
| - Bonds with conversion option (3) | 0 | 5,686,632 | 373,956 |
| **Weighted average number of shares after dilution** | **137,165,630** | **129,762,864** | **125,260,582** |

*(1) Changes in the number of shares outstanding as of June 30 are analyzed as follows:*

| | |
|---|---|
| ***As of December 31, 2015: Number of Faurecia shares outstanding*** | ***137,192,778*** |
| *OCEANE conversion* | *690,123* |
| *Attribution of performance shares* | *152,900* |
| ***As of June 30, 2016: Number of Faurecia shares outstanding*** | ***138,035,801*** |

*(2) As of June 30, 2016, 244,800 stock options were outstanding and exercisable, compared with 636,500 as of December 31, 2015. Taking into account the average Faurecia share price for the first semester 2016, no stock option plan has a dilutive impact.*

*(3) Bonds with conversion option have a dilutive effect when the net interest per share deriving from the conversion is less than the basic earnings per share. As of June 30, 2016, these is no more bonds with conversion option.*

## Earnings per share

Earnings per share break down as follows:

| | First-half 2016 | First-half 2015 | Full-year 2016 |
|---|---|---|---|
| **Net Income (Loss)** *(in € millions)* | **245.0** | **157.4** | **371.8** |
| Basic earnings (loss) per share | 1.79 | 1.27 | 2.98 |
| After dilution | 1.79 | 1.21 | 2.97 |
| **Net Income (Loss) of continued operations** *(in € millions)* | **197.4** | **129.5** | **311.0** |
| Basic earnings (loss) per share | 1.44 | 1.04 | 2.49 |
| After dilution | 1.44 | 1.00 | 2.48 |
| **Net Income (Loss) of discontinued operations** *(in € millions)* | **47.5** | **27.9** | **60.8** |
| Basic earnings (loss) per share | 0.35 | 0.23 | 0.49 |
| After dilution | 0.35 | 0.21 | 0.49 |

* *See note 1.B.*

## NOTE 10 GOODWILL

| *(in € millions)* | Gross | Impairment | Net |
|---|---|---|---|
| **Net carrying amount as of January 1, 2015** | **1,827.2** | **(509.9)** | **1,317.3** |
| Acquisitions | 0.0 | 0.0 | 0.0 |
| Translation adjustments and other movements | 17.7 | 0.2 | 17.9 |
| IFRS 5 reclassifications | (125.4) | 0.0 | (125.4) |
| **Net carrying amount as of December 31, 2015** | **1,719.5** | **(509.7)** | **1,209.8** |
| Acquisitions | 0.0 | 0.0 | 0.0 |
| Translation adjustments and other movements | (3.1) | 0.0 | (3.1) |
| **Net carrying amount as of June 30, 2016** | **1,716.4** | **(509.7)** | **1,206.7** |

Breakdown of the net amount of goodwill by operating segment:

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Automotive Seating | 793.8 | 793.8 |
| Emissions Control Technologies | 367.3 | 370.4 |
| Interior Systems | 45.6 | 45.6 |
| **TOTAL** | **1,206.7** | **1,209.8** |

As of June 30, 2016 the management has not identified any triggering event.

## NOTE 11 INVESTMENTS IN ASSOCIATES

### AS OF JUNE 30, 2016

Investment in associates for continued activities:

| *(in € millions)* | % interest (*) | Group share of equity (**) | Dividends received by the Group | Group share of sales | Group share of total assets |
|---|---|---|---|---|---|
| Teknik Malzeme | 50 | 5.9 | (1.2) | 14.5 | 17.6 |
| Amminex Emissions Systems APS | 42 | 7.2 | 0.0 | 0.0 | 11.2 |
| Changchun Xuyang Faurecia Acoustics & Soft Trim Co. Ltd. | 40 | 3.5 | 0.0 | 9.8 | 17.7 |
| Detroit Manufacturing Systems LLC | 45 | 2.2 | 0.0 | 224.2 | 63.0 |
| DMS leverage lender (LLC) | 45 | 3.3 | 0.0 | 0.0 | 5.7 |
| CSM Faurecia Automotive Parts Co. Ltd. | 50 | 9.5 | 0.0 | 30.6 | 35.6 |
| FMM Pernambuco Componentes Automotivos Ltda | 35 | 10.6 | 0.0 | 17.6 | 56.4 |
| Faurecia Japon NHK Co. Ltd. | 50 | 0.0 | 0.0 | 77.9 | 43.4 |
| Others | - | 34.0 | (0.3) | 78.1 | 100.5 |
| SAS Groupe | 50 | 50.5 | (15.0) | 891.6 | 318.9 |
| **TOTAL** | | **126.7** | **(16.5)** | **1,344.3** | **670.0** |

** Percent interest held by the company that owns the shares.*
***As the Group's share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.*

There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

## 11.1 Movements in investments in associates

| *(in € millions)* | First-half 2016 | First-half 2015 | Full-year 2015 |
|---|---|---|---|
| Group share of equity at beginning of period | 111.5 | 94.7 | 94.7 |
| Dividends | (16.5) | (15.1) | (16.1) |
| Share of net income of associates | 13.2 | (1.0) | 12.8 |
| Change in scope of consolidation | 0.0 | 2.4 | 2.7 |
| Capital increase | 20.2 | 17.9 | 17.0 |
| IFRS 5 reclassifications | 0.0 | 0.0 | (1.2) |
| Currency translation adjustments | (1.7) | 2.5 | 1.6 |
| **Group share of equity at end of period** | **126.7** | **101.4** | **111.5** |

## NOTE 12 TRADE ACCOUNTS RECEIVABLES

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German and other subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

The following table shows the amount of receivables sold with maturities beyond June 30, 2016, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized as well as the financing under these programs – corresponding to the cash received as consideration for the receivables sold:

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Financing | 1,018.3 | 899.5 |
| Guarantee reserve deducted from borrowings | (33.5) | (32.2) |
| Cash received as consideration for receivables sold | 984.8 | 867.3 |
| Receivables sold and derecognized | (966.4) | (840.4) |

Individually impaired trade receivables are as follows:

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Gross total trade receivables | 1,756.2 | 1,716.1 |
| Provision for impairment of receivables | (18.1) | (19.2) |
| **TOTAL TRADE ACCOUNTS RECEIVABLE, NET** | **1,738.1** | **1,696.9** |

Given the high quality of Group counterparties, late payments do not represent a material risk. They generally arise from administrative issues.

Late payments as of June 30, 2016 were €123.9 million, breaking down as follows:

- €74.6 million less than one month past due;
- €13.6 million one to two months past due;
- €7.1 million two to three months past due;
- €10.3 million three to six months past due;
- €18.3 million more than six months past due.

## NOTE 13 CASH AND CASH EQUIVALENTS

As of June 30, 2016, cash and cash equivalents amounted to €1,097.5 million including current account balances in the amount of €1,060.2 million (versus €718.8 million as of December 31, 2015) and short-term investments in the amount of €37.3 million (versus €213.7 million as of December 31, 2015).

Net cash flow, as mentioned in the comments on the business review and the consolidated financial statements, represents the net financing surplus adjusted for acquisitions of investments and business net of cash acquired and for changes in other investments and non-current assets. Net cash flow amounts €204.7 million for the first semester 2016 (versus €302.5 million in 2015).

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| **Net cash flow** | **204.7** | **302.5** |
| Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities | (25.8) | (30.9) |
| Other changes from continued activities | (23.6) | (27.3) |
| Other changes from discontinued activities | 0.0 | 2.2 |
| **Surplus (used) from operating and financing activities** | **155.3** | **246.5** |

## NOTE 14 OTHER NON-CURRENT FINANCIAL ASSETS

| | June 30, 2016 | | | Dec. 31, 2015 |
|---|---|---|---|---|
| *(in € millions)* | Gross | Provisions | Net | Net |
| Loans with maturity longer than one year | 40.3 | (17.1) | 23.2 | 25.5 |
| Other | 53.7 | (11.6) | 42.1 | 43.9 |
| **TOTAL** | **94.0** | **(28.7)** | **65.3** | **69.4** |

## NOTE 15 SHAREHOLDERS' EQUITY

### 15.1 Capital

As of June 30, 2016, Faurecia's capital stock totalled €966,250,607 divided into 138,035,801 fully paid-in shares with a par value of €7 each.

The Group's capital is not subject to any external restrictions. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

As of June 30, 2016, considering all the exercise of stock options for the period, Peugeot S.A. held 46.33% of Faurecia's capital and 62.98% of the voting rights.

### 15.2 Employee stock options and share grants

#### A – STOCK SUBSCRIPTION OPTIONS

Stock options, share grant and free shares plans are attributed to managers of Group companies.

As of June 30, 2016, a total of 244,800 stock options were outstanding.

The exercise of these options would result in increasing:

- the capital stock by €1.7 million;
- additional paid-in capital by €9.2 million.

Details of the stock subscription option plans as of June 30, 2016 are set out in the table below:

| Date of Shareholders' Meeting | Date of Board meeting / Adjusted exercise price (in €) | Adjusted number of options granted | Including granted to senior executive management | Start of exercise period / Last exercise date | Options exercised | Options cancelled | Adjusted number of options outstanding as of June 30, 2016 |
|---|---|---|---|---|---|---|---|
| | April 13, 2006 | | | April 12, 2010 | | | |
| May 23, 2005 | 45.20 | 340,800 | 168,000 | April 12, 2016 | 0 | 340,800 | 0 |
| | April 16, 2007 | | | April 17, 2011 | | | |
| May 23, 2005 | 44.69 | 346,200 | 172,800 | April 17, 2017 | 0 | 101,400 | 244,800 |
| | April 10, 2008 | | | April 10, 2012 | | | |
| May 29, 2007 | 28.38 | 357,000 | 174,000 | April 10, 2016 | 261,000 | 96,000 | 0 |
| **TOTAL** | | | | | | | **244,800** |

In accordance with IFRS 2, the three plans issued since April 13, 2006 have been measured at fair value as of the grant date.

The fair value of the option is amortized over the vesting period in personnel costs, with a corresponding adjustment to equity. The plans have not generated any expense in 2016.

### B – FREE SHARES ATTRIBUTED

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

The fair value of this plan has been measured by reference to the market price of Faurecia's shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The corresponding expense will be deferred and recognized over the share vesting period with the corresponding adjustment to equity.

Details of the share grant plans as of June 30, 2016 are set out in the table below:

| Date of Shareholders' Meeting | Date of Board meeting | Maximum number of free shares that can be granted* for | | Performance condition |
|---|---|---|---|---|
| | | reaching the objective | exceeding the objective | |
| May 30, 2013 | July 24, 2013 | 760,000 | 988,000 | 2015 pretax income target as stated in strategic plan when granted and earning per share of Faurecia compared to a reference group of companies |
| May 30, 2013 | July 28, 2014 | 642,800 | 835,640 | 2016 pretax income target as stated in strategic plan when granted and earning per share of Faurecia compared to a reference group of companies |
| May 27, 2015 | July 23, 2015 | 641,284 | 833,581 | 2017 pretax income target as stated in strategic plan when granted and earning per share of Faurecia compared to a reference group of companies |

** Net of free shares granted cancelled.*

Following the achievement of the performance conditions for the previous plans, 478,400 shares have been attributed in 2012 and 226,200 in 2014.

NOTE 16 **LONG AND SHORT TERM PROVISIONS AND CONTINGENT LIABILITIES**

## 16.1 Long and short term provisions and contingent liabilities

As mentioned in the note 2.3, on March 25, 2014, the European Commission and the Department of Justice of the United States of America and on November 27, 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these enquiries. These enquiries are ongoing.

In addition, on March 24, 2016, two class actions were filed against several suppliers of emissions control systems, alleging anticompetitive practices in regard to Exhaust Systems, and seeking unspecified amounts of civil damages. Faurecia Emissions Control Technologies US, LLC, is one of the companies named as defendants, and Faurecia SA has been named as an additional defendant.

In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. The Group is at present unable to predict the consequences of such inquiries and action groups including the level of fines or sanctions that could be imposed: therefore, no accruals were accounted for as of June 30th, 2016.

### LONG-TERM PROVISIONS

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Provisions for pensions and other employee obligations: | | |
| - Pension plan benefit obligations | 245.6 | 187.5 |
| - Retirement indemnities obligations | 124.8 | 108.2 |
| - Long-service awards | 25.5 | 24.9 |
| - Healthcare costs | 22.9 | 23.5 |
| **TOTAL LONG-TERM PROVISIONS** | **418.8** | **344.1** |

### SHORT-TERM PROVISIONS

A provision is booked when Group General Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives, when relevant.

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Restructuring | 95.8 | 64.4 |
| Risks on contracts and customer warranties | 65.3 | 64.6 |
| Litigation | 12.8 | 14.4 |
| Other | 46.7 | 45.0 |
| **TOTAL SHORT-TERM PROVISIONS** | **220.6** | **188.4** |

## 16.2 Provisions for pensions and other post employment benefits

### A – ASSUMPTIONS USED

| *(in %)* | Euro Zone | United Kingdom | United States |
|---|---|---|---|
| **DISCOUNT RATE** | | | |
| June 30, 2016 | 1.25% | 2.90% | 3.52% |
| Dec 31, 2015 | 2.30% | 3.85% | 4.16% |
| June 30, 2015 | 2.30% | 3.85% | 3.95% |
| **INFLATION RATE** | | | |
| June 30, 2016 | 1.80% | 2.95% | N/A |
| Dec 31, 2015 | 1.80% | 3.00% | N/A |
| June 30, 2015 | 1.80% | 3.00% | 2.00% |

*Note: the iboxx AA rate has been used as reference to determine the discount rate of the euro zone.*

In the United States, the pension benefit obligations (closed to new participants) are not sensitive to inflation rate.

### B – RECONCILIATION OF BALANCE SHEET AS OF JUNE 30, 2016

| | June 30, 2016 | | |
|---|---|---|---|
| *(in € millions)* | France | Abroad | Total |
| **Projected benefit obligations** | **(188.8)** | **(358.5)** | **(547.3)** |
| Value of plan assets | 10.8 | 155.9 | 166.7 |
| **(Provisions) assets net** | **(178.0)** | **(202.6)** | **(380.6)** |
| *of which provision for pension* | *(178.0)* | *(215.3)* | *(393.3)* |
| *of which assets (plan surplus)* | *-* | *12.7* | *12.7* |
| Impact directy booked in equity (after deferred taxes) on the period | (36.9) | (36.7) | (73.6) |

## NOTE 17 NET DEBT

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

| *(in € millions)* | Jun. 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Bonds | 1,384.2 | 692.4 |
| Bank borrowings | 237.3 | 246.3 |
| Other borrowings | 1.5 | 1.5 |
| Obligations under finance lease | 21.0 | 24.0 |
| Non-current derivatives | 2.8 | 2.0 |
| **SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES** | **1,646.8** | **966.2** |
| Current portion of long term debt | 106.0 | 606.1 |
| Short-term borrowings [1] | 283.8 | 310.2 |
| Current derivatives | 2.6 | 2.6 |
| **SUB-TOTAL CURRENT FINANCIAL LIABILITIES** | **392.4** | **918.9** |
| **TOTAL** | **2,039.2** | **1,885.1** |
| Derivatives classified under non-current and current assets | (0.4) | (6.8) |
| Cash and cash equivalents | (1,097.5) | (932.5) |
| **NET DEBT** | **941.3** | **945.8** |
| Net cash and cash equivalent | 1,097.5 | 932.5 |
| *(1) Including bank overdrafts* | *129.8* | *135.0* |

### DISCONTINUED OPERATIONS

| *(in € millions)* | Jun. 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Non-current financial liabilities of discontinued operations | 2.9 | 3.6 |
| Current financial liabilities of discontinued operations | 1.1 | 15.8 |
| Cash and cash equivalents of discontinued operations | (7.2) | (2.7) |
| **NET DEBT OF DISCONTINUED OPERATIONS** | **(3.2)** | **16.7** |

### TOTAL NET DEBT SYNTHESIS

| *(in € millions)* | Jun. 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Total financial liabilities | 2,043.2 | 1,904.5 |
| Cash and cash equivalents | (1,105.1) | (942.0) |
| **TOTAL NET DEBT** | **938.1** | **962.5** |

With regards to the fact that financial liabilities for discontinued operations are not material, the following analyses on debt are presented for the whole group.

## 17.1 Financing

The main components of Faurecia financing are described below:

### 2016 BONDS

On November 9, 2011 Faurecia issued €350 million worth of bonds, due December 15, 2016. The bonds bear annual interest of 9.375% payable on June 15 and December 15 each year, as from June 15, 2012; they have been issued at 99.479% of the nominal value. An additional €140 million has been issued on February 21, 2012 with the same due date and same interest rate, at 107.5% of the nominal value; they are listed on the Luxembourg stock exchange. They include a covenant restricting the additional indebtedness if the EBITDA after some adjustments is lower than 2.5 times the gross interest costs, and restrictions on the debt similar to the ones of the syndicated credit facility. The costs related to the bond issue are expensed in P&L over the life time of the bonds. The 2016 bonds benefit from guarantees from some Group affiliates.

These bonds have been redeemed in full by anticipation ("make-whole") on April 12, 2016 at 106.34% of par, plus the accrued interest up to April 12, 2016, amounting €536 million.

### 2022 BONDS

Faurecia issued bonds, due June 15, 2022, bearing annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2015.

A first part of these bonds has been issued on March 17, 2015 for €500 million at par value. An additional issuance of €200 million worth of bonds has been done on April 9, 2015, with the same due date and the same interest, at 100.25% of the nominal value.

They include a covenant restricting the additional indebtedness if the EBITDA after some adjustments is lower than 2 times the gross interest costs, and restrictions on the debt similar to the ones of the syndicated credit loan.

They are listed on the Irish Stock Exchange (Global Exchange Market).

The costs related to the bond issue are expensed in P&L over the life time of the bonds. In accordance with the terms and conditions of these bonds, all guaranteed by certain Group affiliates in favour of the bondholders disappeared as soon as the 2016 bonds have been fully reimbursed, on April 12, 2016.

### 2023 BONDS

On April 2016, Faurecia issued €700 million Senior notes, due June 15, 2023, bearing annual interest of 3.625%, payable on June 15 and December 15 each year, as from June 15, 2016.

They are also listed on the Irish Stock Exchange (Global Exchange Market).

The costs related to the bond issue are expensed in P&L over the life time of the bonds.

These bonds benefit from the same restrictions as the 2022 bonds and do not benefit from guarantees from any Group affiliate.

### CREDIT FACILITY

Faurecia signed on December 15, 2014, a credit facility expiring in 5 years (ie December 2019), for an amount of €1,200 million.

On June 24, 2016, this credit facility has been renegociated to extend the maturity to 5 years since the renegociation date, ie June 24, 2021, and to improve the terms and conditions.

As of June 30, 2016, this credit facility is not drawn.

This credit facility includes one covenant, concerning compliance with consolidated financials: the ratio Net debt*/EBITDA** has to be below 2.50; the compliance with this ratio is a condition to the availability of this credit facility. As of June 30, 2016, the Group complied with this ratio.

As of June 30, 2016, the Group complied with this ratio.

* *Net debt = published consolidated net debt.*

** *Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past twelve months.*

Furthermore, this credit facility includes some restrictive clauses on asset disposals (disposal representing over 25% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries. The credit facility benefits from guarantees from some Group affiliates, which are the same affiliates granting the 2016 bonds. These guarantees will disappear automatically as soon as the 2016 bonds will be fully reimbursed.

According to the credit facility agreement, all the guarantees from some Group affiliates in favour of participating banks disappeared as soon as the 2016 bonds have been fully reimbursed, on April 12, 2016.

**OCEANE 2018**

Faurecia issued on September 18, 2012, OCEANE bonds convertible into or exchangeable for new or existing shares, due January 1, 2018, for an amount of €250 million. These bonds bear annual interest of 3.25% payable on January 1 each year, as from January 1, 2013. Each bond had a nominal value of €19.48.

On December 7, 2015, Faurecia announced its intention to reimburse at par value on January 15, 2016 the 2018 OCEANE bonds convertible issued in September 2012 for an amount of €250 million, with maturity January 1, 2018.

Following the announcement of such operation, 94.5% of the OCEANE bonds have been converted as of December 31, 2015, and the nominal of remaining bonds in life at this date amounted €13.7 million. As of January 15, 2016, almost the entire amount has been converted and the residual nominal of €0.2 million has been reimbursed.

## 17.2 Analysis of borrowings

As of June 30, 2016, the floating rate portion was 23.7% of borrowings before taking into account the impact of hedging.

Derivatives have been set up to partially hedge interest payable on variable rate borrowings against increases in interest rates (see Note 18).

| *(in € millions)* | June 30, 2016 | |
|---|---|---|
| Variable rate borrowings | 484.2 | 23.7% |
| Fixed rate borrowings | 1,559.0 | 76.3% |
| **TOTAL** | **2,043.2** | **100.0%** |

Borrowings, taking into account exchange rate swaps, break down by repayment currency as follows:

| *(in € millions)* | June 30, 2016 | | Dec. 31, 2015 | |
|---|---|---|---|---|
| Euros | 1,644.1 | 80.5% | 1,469.1 | 77.2% |
| US Dollars | 332.5 | 16.3% | 397.1 | 20.8% |
| Other currencies | 66.6 | 3.2% | 38.3 | 2.0% |
| **TOTAL** | **2,043.2** | **100.0%** | **1,904.5** | **100.0%** |

In the first half of 2016, the weighted average interest rate on gross outstanding borrowings was 4.34% versus 5.02% for the first half of 2015.

## 17.3 Fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank based on market data) for currency and interest rate instruments.

## 17.4 Financial instruments recorded in the balance sheet

| *(in € millions)* | June 30, 2016 | | Breakdown by category of instrument [1] | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Balance sheet carrying amount** | **Carrying amount not defined as financial instruments** | **Financial assets/ liabilities at fair value through profit or loss [2]** | **Financial assets/ liabilities at fair value through equity [2]** | **Available-for-sale assets** | **Loans and receivables** | **Financial liabilities measured at amortized cost** | **Financial liabilities measured at amortized cost** |
| Other equity interests | 18.1 | | | | 18.1 | | | 18.1 |
| Other non-current financial assets | 65.3 | | | | | 65.3 | | 65.3 |
| Trade accounts receivables | 1,738.1 | | | | | 1,738.1 | | 1,738.1 |
| Other operating receivables | 261.4 | | 1.8 | | | 259.6 | | 261.4 |
| Other receivables and prepaid expenses | 305.2 | 51.5 | | | | 253.7 | | 253.7 |
| Currency derivatives | 0.4 | | 0.4 | | | | | 0.4 |
| Interest rate derivatives | 0.0 | | | | | | | 0.0 |
| Cash and cash equivalents | 1,097.5 | | 1,097.5 | | | | | 1.097.5 |
| **FINANCIAL ASSETS** | **3,486.0** | **51.5** | **1,099.7** | **0.0** | **18.1** | **2,316.7** | **0.0** | **3,434.5** |
| Long-term debt * | 1,646.8 | 1.5 | | 2.8 | | | 1642.5 | 1675.4 |
| Short-term debt | 392.4 | | 2.4 | 0.2 | | | 389.8 | 392.4 |
| Prepayments from customers | 119.6 | | | | | 119.6 | | |
| Trade payables | 3,571.1 | | | | | 3,571.1 | | |
| Accrued taxes and payroll costs | 628.8 | | | | | 628.8 | | |
| Sundry payables | 260.9 | 53.8 | 2.4 | 4.5 | | 200.2 | | |
| Of which currency and interest rate derivatives | 12.3 | | 4.8 | 7.5 | | | | |
| *Of which Currency derivatives* | *9.3* | | *4.8* | *4.5* | | | | |
| *Interest rate derivatives* | *3.0* | | | *3.0* | | | | |
| **FINANCIAL LIABILITIES** | **6,619.6** | **55.3** | **4.8** | **7.5** | **0.0** | **4,519.7** | **2,032.3** | **2,067.8** |

*(1) No financial instruments were transferred between categories during the year.*

*(2) All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition.*

** The fair value of the bonds, excluding accrued interest, was established on the base of the end of year valuation (June 30, 2016): for the 2022 bonds quoted 100.55% of par, at €703.8 million and for the 2023 bonds quoted 101.44%, at €710.1 million.*

| (In € millions) | Dec. 31, 2015 | | Breakdown by category of instrument (1) | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance sheet carrying amount | Carrying amount not defined as financial instruments | Financial assets/ liabilities at fair value through profit or loss (2) | Financial assets/ liabilities at fair value through equity (2) | Available-for-sale assets | Loans and receivables | Financial liabilities measured at amortized cost | Financial liabilities measured at amortized cost |
| Other equity interests | 15.6 | | | | 15.6 | | | 15.6 |
| Other non-current financial assets | 69.4 | | | | | 69.4 | | 69.4 |
| Trade accounts receivables | 1,696.9 | | | | | 1,696.9 | | 1,696.9 |
| Other operating receivables | 253.9 | | 1.7 | | | 252.2 | | 253.9 |
| Other receivables and prepaid expenses | 316.5 | 41.5 | | | | 275.0 | | 275.0 |
| Currency derivatives | 6.8 | | 6.4 | 0.4 | | | | 6.8 |
| Interest rate derivatives | 0.0 | | | | | | | 0.0 |
| Cash and cash equivalents | 932.5 | | 932.5 | | | | | 932.5 |
| **FINANCIAL ASSETS** | **3,291.6** | **41.5** | **940.6** | **0.4** | **15.6** | **2,293.5** | **0.0** | **3,250.1** |
| Long-term debt * | 966.2 | 1.6 | | | | | 964.6 | 965.4 |
| Short-term debt | 918.9 | | | | | | 918.9 | 978.4 |
| Prepayments from customers | 125.9 | | | | | 125.9 | | |
| Trade payables | 3,449.7 | | | | | 3,449.7 | | |
| Accrued taxes and payroll costs | 539.0 | | | | | 539.0 | | |
| Sundry payables | 235.7 | 15.3 | 2.6 | 7.0 | | 210.8 | | |
| *Of which Currency derivatives* | *7.6* | | *2.6* | *5.0* | | | | |
| *Of which Interest rate derivatives* | *2.0* | | | *2.0* | | | | |
| **FINANCIAL LIABILITIES** | **6,235.4** | **16.9** | **2.6** | **7.0** | **0.0** | **4,325.4** | **1,883.5** | **1,943.8** |

*(1) No financial instruments were transferred between categories during the year.*

*(2) All of the instruments in this category are financial assets or liabilities designated as measured at fair value through profit or loss on initial recognition.*

** The fair value of the OCEANE 2018 was established on the base of the end of year valuation (Dec. 31, 2015) of €46 at €32.3 million.*
*In the balance sheet, OCEANE are recorded, on the one hand, as an amount of the component for bonds with no conversion option and, on the other hand, as a registered component of shareholder's equity that represents the value of the conversion option.*
*The fair value of the bonds, excluding accrued interest, was established on the base of the end of year valuation (Dec. 31, 2015): for the 2016 bonds quoted 108.296% of par, at €530.7 million and for the 2022 bonds quoted 98.916% of par, at €692.4 million.*

## NOTE 18 HEDGING OF CURRENCY AND INTEREST RATE RISKS

### 18.1 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of interest rate risks on a central basis, through the Group Finance and Treasury department, which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecast transactions are hedged on the basis of estimated cash flows determined in forecasts validated by General Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IAS 39 criteria.

Subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through swaps.

Information on hedged notional amounts:

| | Carrying amount | | | Maturities | | |
|---|---|---|---|---|---|---|
| *(in € millions)* **As of June 30, 2016** | **Assets** | **Liabilities** | **Notional amount*** | **< 1 year** | **1 to 5 years** | **> 5 years** |
| Fair value hedges: | | | | | | |
| - forward currency contracts | 0.0 | (0.9) | 29.8 | 29.8 | 0.0 | 0.0 |
| - inter-company loans in foreign currencies swapped for euros | 0.5 | (2.3) | 600.9 | 600.9 | 0.0 | 0.0 |
| - cross-currency swaps | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow hedges: | | | | | | |
| - forward currency contracts | 1.7 | (6.1) | 267.0 | 267.0 | 0.0 | 0.0 |
| Not eligible for hedge accounting | 0.0 | 0.0 | 19.7 | 19.7 | 0.0 | 0.0 |
| **TOTAL** | **2.3** | **(9.3)** | | | | |

* *Notional amounts based on absolute values.*

| | Carrying amount | | | Maturities | | |
|---|---|---|---|---|---|---|
| *(in € millions)* **As of December 31, 2015** | **Assets** | **Liabilities** | **Notional amount*** | **< 1 year** | **1 to 5 years** | **> 5 years** |
| Fair value hedges: | | | | | | |
| - forward currency contracts | 1.1 | 0.0 | 29.0 | 29.0 | 0.0 | 0.0 |
| - inter-company loans in foreign currencies swapped for euros | 6.8 | (2.6) | 555.2 | 555.2 | 0.0 | 0.0 |
| - cross-currency swaps | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow hedges: | | | | | | |
| - forward currency contracts | 0.4 | (5.0) | 327.3 | 327.3 | 0.0 | 0.0 |
| Not eligible for hedge accounting | 0.2 | 0.0 | 41.9 | 41.9 | 0.0 | 0.0 |
| **TOTAL** | **8.5** | **(7.6)** | | | | |

* *Notional amounts based on absolute values.*

## 18.2 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Said management is implemented through the Group Finance and Treasury department, which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expense" when the hedging relationship cannot be demonstrated under IAS 39, or where the Group has elected not to apply hedge accounting principles.

The main components of the fixed rate debt are:

- the bonds due December 2022 issued in March and April 2015 for a total amount of €700 million;
- the bonds due December 2023 issued in April 2016 for a total amount of €700 million.

A significant part of the gross borrowings (syndicated credit loan when drawn, short term loans, commercial paper) are at variable or renewable rates. The aim of the Group's interest rate hedging policy is to reduce the impact of changes in short-term rates on earnings. The hedges comprise mainly euro-denominated interest rate swaps. In order to benefit from historically low interest rates, 2- and 3-year maturity hedges have been set up during the first half of 2015. These hedges cover a part of the interest on variable rate borrowings, due in 2016 and 2017, against a rise in rates.

Interest rate hedging instruments are recognized in the balance sheet at fair market value. Such value is determined based on measurements of market data, confirmed by banking counterparties.

The notional amounts of the Group's interest rate hedges break down as follows:

| | Carrying amount | | Notional amounts by maturity | | |
|---|---|---|---|---|---|
| **As of June 30, 2016** *(in € millions)* | **Assets** | **Liabilities** | **< 1 year** | **1 to 5 years** | **> 5 years** |
| Interest rate options | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Variable-rate rate/fixed rate swaps | 0.0 | (3.0) | 50.0 | 400.0 | 0.0 |
| Accrued premiums payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **TOTAL** | **0.0** | **(3.0)** | **50.0** | **400.0** | **0.0** |

| | Carrying amount | | Notional amounts by maturity | | |
|---|---|---|---|---|---|
| **As of Dec. 31, 2015** *(in € millions)* | **Assets** | **Liabilities** | **< 1 year** | **1 to 5 years** | **> 5 years** |
| Interest rate options | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Variable-rate rate/ fixed rate swaps | 0.0 | (2.0) | 0.0 | 450.0 | 0.0 |
| Accrued premiums payable | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **TOTAL** | **0.0** | **(2.0)** | **0.0** | **450.0** | **0.0** |

The valuation of the credit risk in the derivatives fair value has no material impact on the Group financial statements as of June 30, 2016.

## NOTE 19 NET ASSETS HELD FOR SALE AND DISCONTINUED ACTIVITIES

Non-current assets or disposal groups are held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable.

These assets (or disposal groups) are presented separately on a line "assets held for sale" in the consolidated balance sheet when they are significant. The asset (or disposal group) is being measured on initial recognition at the lower of its carrying amount and fair value less costs to sell. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated balance sheet, in the row "Liabilities linked to assets held for sale".

An operation considered as held for sale is defined as a component of the Group, for which either a sale is ongoing, or being classified as assets or a disposal group as held for sale, and representing a business or a geographical area significant for the Group, or a business acquired only to be sold.

The contribution of discontinued activities is made of:

| *(in € millions)* | First-half 2016 | First-half 2015 | Full-year 2015 |
|---|---|---|---|
| **Sales** | **969.5** | **1,018.4** | **1,921.5** |
| Cost of sales | (845.4) | (933.7) | (1,751.2) |
| Research and development costs | (15.4) | (8.3) | (18.7) |
| Selling and administrative expenses | (37.0) | (36.2) | (69.0) |
| **Operating income (loss)** | **71.7** | **40.2** | **82.6** |
| Other non operating income | 0.0 | 1.1 | 1.1 |
| Other non operating expense | (15.2) | (0.1) | (0.1) |
| Income from loans, cash investments and marketable securities | (0.0) | 0.0 | 0.2 |
| Finance costs | (1.4) | (1.9) | (3.8) |
| Other financial income and expense | (0.2) | (0.1) | (0.4) |
| **Income (loss) before tax of fully consolidated companies** | **54.9** | **39.2** | **79.6** |
| Current taxes | (4.7) | (12.1) | (24.7) |
| Deferred taxes | (2.7) | 1.4 | 7.1 |
| **Net income (loss) of fully consolidated companies** | **47.6** | **28.5** | **62.0** |
| Share of net income of associates | 0.0 | (0.6) | (1.2) |
| **Net income of discontinued operations** | **47.6** | **27.9** | **60.8** |
| **Attributable to owners of the parent** | **47.6** | **27.9** | **60.8** |
| Attributable to minority interests | 0.0 | 0.0 | 0.0 |

According to the IFRS 5 principles, since the classification of the corresponding assets in assets held for sale, the depreciation has been stopped and the equity of the entity consolidated through equity method, Changchun Huaxiang Faurecia Automotive Plastic Components Company Limited, has been frozen.

The impact of such disposals is a charge reduction amounting to €27.3 million.

In the same way, the lines "Assets held for sale" and "Liabilities linked to assets held for sale" in the consolidated balance sheet can be analysed as follows:

## ASSETS

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Goodwill | 125.4 | 125.4 |
| Intangible assets | 43.3 | 28.7 |
| Property, plant and equipment | 282.8 | 244.7 |
| Investments in associates | 0.2 | 0.2 |
| Other equity interests | 0.0 | 0.0 |
| Other non-current financial assets | 1.0 | 1.0 |
| Other non-current assets | 0.9 | 0.9 |
| Deferred tax assets | 1.0 | 11.1 |
| **TOTAL NON-CURRENT ASSETS** | **454.6** | **412.0** |
| Inventories, net | 144.7 | 123.1 |
| Trade accounts receivables | 181.4 | 38.0 |
| Other operating receivables | 16.3 | 15.9 |
| Other receivables | 12.3 | 21.7 |
| Other current financial assets | 0.0 | 0.0 |
| Cash and cash equivalents | 7.2 | 2.7 |
| **TOTAL CURRENT ASSETS** | **361.9** | **201.4** |
| **TOTAL ASSETS** | **816.5** | **613.4** |

## LIABILITIES

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Long-term provisions | 19.3 | 18.1 |
| Non-current financial liabilities | 2.9 | 3.6 |
| Other non-current liabilities | 0.0 | 0.0 |
| Deferred tax liabilities | 0.0 | 11.2 |
| **TOTAL NON-CURRENT LIABILITIES** | **22.2** | **32.9** |
| Short-term provisions | 10.4 | 7.4 |
| Current financial liabilities | 1.1 | 15.8 |
| Prepayments from customers | 15.0 | 11.6 |
| Trade payables | 273.8 | 230.9 |
| Accrued taxes and payroll costs | 71.8 | 62.5 |
| Sundry payables | 26.4 | 14.7 |
| **TOTAL CURRENT LIABILITIES** | **398.5** | **342.9** |
| **TOTAL LIABILITIES** | **420.7** | **375.8** |

Finally, the lines "Operating cash flows from discontinued activities", "Investing cash flows from discontinued activities" and "Financing cash flows from discontinued activities" in the consolidated cash flow statement are made of:

| *(in € millions)* | First-half 2016 | First-half 2015 | Full-year 2015 |
|---|---|---|---|
| **I – DISCOUNTED OPERATING ACTIVITIES** | | | |
| Operating Income (Loss) | 71.7 | 40.2 | 82.6 |
| Depreciations and amortizations of assets | 0.0 | 28.5 | 56.3 |
| **EBITDA** | **(71.7)** | **68.7** | **138.9** |
| Operating short -term and long term provisions | (0.5) | (1.0) | (1.7) |
| Capital (gains) losses on disposals of operating assets | 0.3 | (0.5) | (0.5) |
| Paid restructuring | (0.5) | (0.8) | (1.2) |
| Paid finance costs net of income | (1.5) | (2.0) | (3.4) |
| Other income and expenses paid | (11.8) | 2.6 | 0.8 |
| Paid taxes | (1.8) | (11.9) | (24.1) |
| Dividends from associates | 0.0 | (0.6) | 0.0 |
| **Change in working capital requirement** | **89.9** | **45.3** | **24.7** |
| Change in inventories | (21.3) | (15.7) | (29.3) |
| Change in trade accounts receivables | (143.1) | (0.6) | 62.1 |
| Change in trade payables | 43.3 | 51.3 | 5.5 |
| Change in other operating receivables and payables | 14.5 | 7.5 | (6.7) |
| Change in other receivables and payables (excl. Tax) | 16.7 | 2.8 | (6.9) |
| **CASH FLOWS PROVIDED BY OPERATING ACTIVITIES OF DISCONTINUED ACTIVITIES** | **(34.0)** | **99.8** | **133.5** |
| **II – INVESTING ACTIVITIES FROM DISCONTINUED ACTIVITIES** | | | |
| Additionals to property, plant and equipment | (35.4) | (21.4) | (54.4) |
| Additionals intangible assets | 0.0 | 0.0 | (0.4) |
| Capitalized development costs | (12.7) | (5.5) | (12.6) |
| Acquisitions / Sales of investments and business (net of cash and cash equivalents) | 0.1 | 0.0 | 0.0 |
| Proceeds from disposal of property, plant and equipment | (0.7) | 4.3 | 3.4 |
| Proceed from disposal of financial assets | 0.0 | 0.0 | 0.0 |
| Change in investment-related receivables and payables | 2.9 | (4.4) | (3.2) |
| Other changes | 0.1 | 1.9 | 2.2 |
| **CASH FLOWS PROVIDED BY INVESTING ACTIVITIES FROM DISCONTINUED ACTIVITIES** | **(45.7)** | **(25.1)** | **(65.0)** |
| **CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II) FROM DISCONTINUED ACTIVITIES** | **79.7** | **74.7** | **68.5** |
| **III – FINANCING ACTIVITIES FROM DISCONTINUED ACTIVITIES** | | | |
| Issuance of debt securities and increase in other financial liabilities | (9.5) | (34.4) | (33.4) |
| Repayment of debt and other financial liabilities | (14.9) | (3.9) | (4.8) |
| **NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES FROM DISCONTINUED ACTIVITIES** | **24.4** | **(38.3)** | **(38.2)** |

## NOTE 20 COMMITMENTS GIVEN AND CONTINGENT LIABILITIES

### COMMITMENTS GIVEN REGARDING CONTINUED OPERATIONS

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Future minimum lease payments under operating leases | 458.7 | 433.6 |
| Debt collateral : | | |
| - mortgages | 4.8 | 5.6 |
| Other debt guarantees | 85.8 | 65.7 |
| Firm orders for property, plant and equipment and intangible assets | 108.7 | 105.2 |
| Other | 2.0 | 2.2 |
| **TOTAL** | **660.0** | **612.3** |

### COMMITMENTS GIVEN REGARDING DISCCONTINUED OPERATIONS

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Future minimum lease payments under operating leases | 75.3 | 79.8 |
| Debt collateral : | | |
| - mortgages | 0.0 | 0.0 |
| Other debt guarantees | 11.5 | 11.5 |
| Firm orders for property, plant and equipment and intangible assets | 19.7 | 10.6 |
| Other | 0.0 | 0.0 |
| **TOTAL** | **106.5** | **101.9** |

## NOTE 21 TRANSACTIONS WITH PSA PEUGEOT CITROËN

The Faurecia group is managed independently and transactions with the PSA Peugeot Citroën group are conducted on an arm's length basis.

These transactions (including with companies accounted for by the equity method by the PSA Peugeot Citroën group) are recognized as follows in the Group's consolidated financial statements:

| *(in € millions)* | June 30, 2016 | Dec. 31, 2015 |
|---|---|---|
| Sales of continued activities | 1,143.7 | 2,178.8 |
| *Sales of discontinued operations* | *162.8* | *269.7* |
| Purchases of products, services and materials | 8.8 | 17.4 |
| Receivables of continued activities* | 466.3 | 438.8 |
| *Receivables of discontinued operations* | *56.8* | *40.8* |
| Trade Payables of continued activities | 29.5 | 24.5 |
| *Trade Payables of discontinued operations* | *2.7* | *3.2* |
| ** Before no-recourse sales of receivables amounting to:* | *203.6* | *175.5* |

## NOTE 22 EVENTS AFTER THE BALANCE SHEET DATE

There are no other events after the balance sheet date than the one mentioned in Note 2.

# 3

# Statement by the person responsible for the 2016 half year financial report

# Statement by the person responsible for the 2016 half year financial report

I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the six-month period ended June 30, 2016 have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of Faurecia and the consolidated companies making up the Group. I further declare that, to the best of my knowledge, the accompanying interim management report (i) provides a true and fair view of the material events that occurred in the first six months of the financial year and their impact on the interim financial statements, as well as of the main related-party transactions, and (ii) sets out a description of the principal risks and uncertainties for the remaining six months of the year.

July 25, 2016

Patrick Koller

*Chief Executive Officer*

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# Statutory Auditors' review report on the interim financial information

# Statutory Auditors' review report on the interim financial information

*This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Faurecia, for the six months ended June 30, 2016;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

## 1. CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – the standard of IFRSs as adopted by the European Union applicable to interim financial information.

## 2. SPECIFIC VERIFICATION

We have also verified the information provided in the interim management report on the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 25, 2016

The statutory auditors
French original signed by:

| | |
|---|---|
| PricewaterhouseCoopers Audit | Ernst & Young Audit |
| Eric Bertier | Valérie Quint |

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