



# 2017

Annual Results



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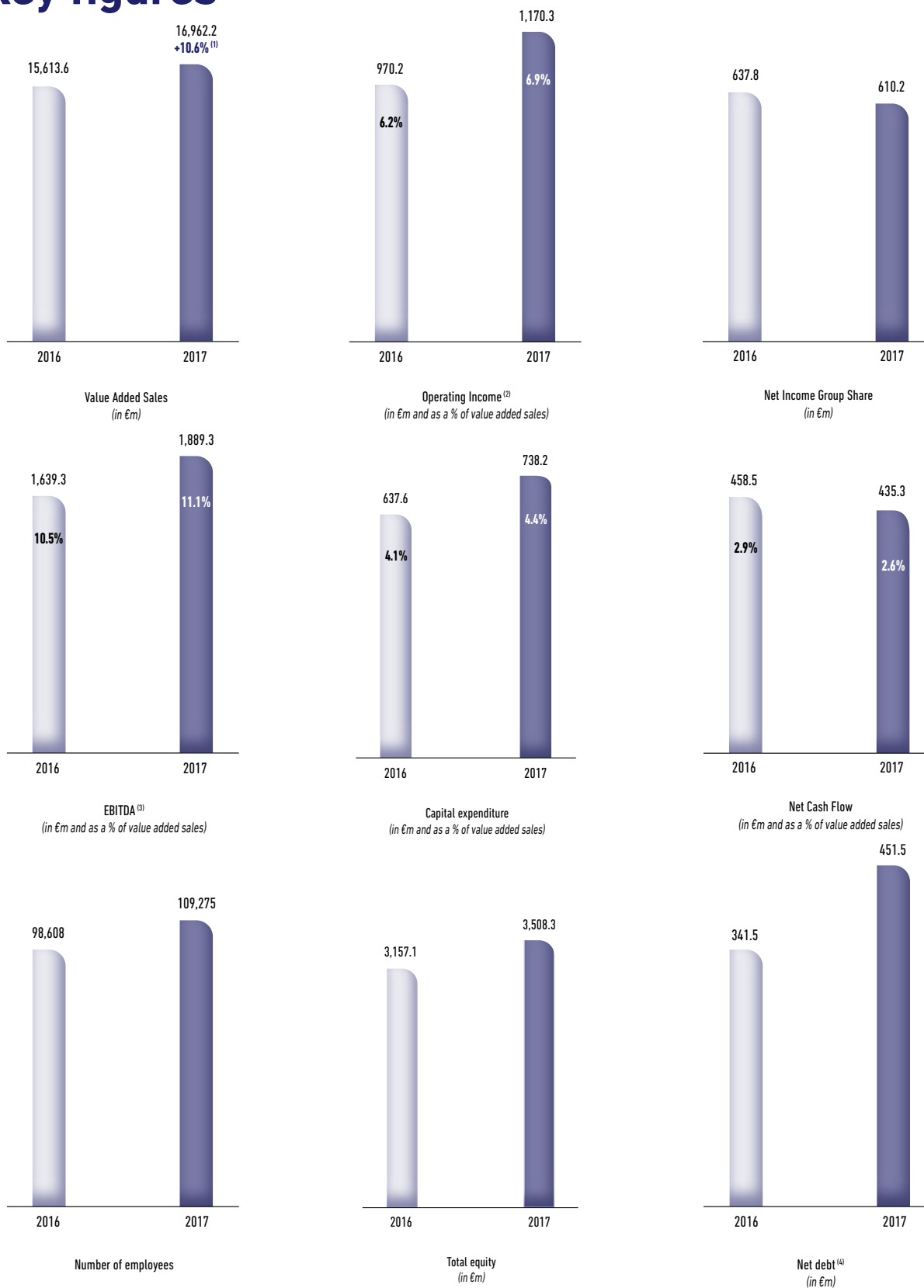
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(1) At constant currencies and scope, and including JVs consolidation (JVs for Changan in China and for FCA in Brazil).

(2) Defined in Note 4.1 to the consolidated financial statements.

(3) Operating income before provisions and amortizations of assets (§ 2.3 to the consolidated financial statements).

(4) Defined in Note 26.1 to the consolidated financial statements.





# 1

## Business review

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*Upon application of accounting rule IFRS 5, the assets and liabilities sold as well as net income (loss) from discontinued operations have been isolated in distinct lines in the consolidated balance sheet and in the income statement (Chapter 2 "Consolidated financial statements").*

*The impact of IFRS 5 application concerns only the Automotive Exteriors which was sold on July 29, 2016 and for which the final arbitration took place in October 2017.*

## 1.1. Automotive Production

Worldwide automotive production grew by 2.3% between 2016 and 2017. It grew in all regions of the world except in North America, where it fell by 4.0%. Production increased in Europe (including Russia) by 3.2%, in South America by 19.7% and continued to grow in Asia by 2.7% (2.6% in China).

All the data related to automotive production and volume evolution in 2017 is coming from IHS Automotive report dated January 2018.

## 1.2. Main Events since January 2017

**February 2017:** Faurecia announced a partnership agreement with TactoTek. TactoTek is a Finnish company providing solutions for Injection Molded Structural Electronics: integrating printed circuitry and electronic components into 3D injection molded plastics. This investment made through Faurecia Venture strengthens Faurecia's capabilities for its "smart life on Board" strategy, and in particular the development and production of intelligent surfaces which are necessary for the cockpit of the future.

**March 2017:** Faurecia finalized and signed its strategic partnership with Parrot Automotive, an automotive connectivity and infotainment specialist. This partnership will allow Faurecia to accelerate development of electronic solutions for the connected vehicle. In addition, this partnership could enable Faurecia to gradually take control of Parrot Automotive. Faurecia acquired a 20% share through a capital increase reserved for Faurecia based on a corporate value of €100 million for 100% ownership of Parrot Faurecia Automotive. At the same time, Faurecia subscribed to a bond issued by Parrot S.A., convertible into Parrot Faurecia Automotive shares, which could increase Faurecia's stake in the company to 50.01% from 2019, in case of conversion. By 2022, Faurecia could be in possession of all Parrot Faurecia Automotive shares.

**April 2017:** Faurecia's Board of Directors decided to appoint Mr. Michel de Rosen, succeeding to Mr. Yann Delabrière, as Chairman of the Board of Directors. This appointment took effect after the General Meeting of May 30, 2017.

### May 2017:

- Faurecia's Shareholders' Meeting in Paris approved, based on the performance of the Group, the distribution of a gross dividend of €0.90 per share, paid in cash on June 6, 2017;
- the European Commission decided to close the case opened on March 25, 2014 involving the exhaust systems sector. Faurecia was one of the companies involved in this investigation.

**June 2017:** At its Investor Day held on 27 June in London, Faurecia focused on Sustainable Mobility. This is one of the Group's strategic priorities, the other one being Smart Life on Board. Faurecia demonstrated the strong profitable growth potential of its Clean Mobility business which will show over 7% CAGR over the next fifteen years, to reach above €10 billion of value added sales by 2030, with an operating margin of 15%.

### July 2017:

- Faurecia announced its new joint-venture with Liuzhou Wuling Industry Co.Ltd. The joint venture will develop, manufacture and deliver automotive seating products to serve SGM Wuling affiliated OEM brands and other customers. Located in Liuzhou, Guangzhou province, the joint venture will manufacture and sell complete seats, frames and other seat components initially to SGM Wuling from three existing plants and one additional plant to be built. The annual sales will reach 1.8 billion RMB (€230 million) by 2022;
- Faurecia, signed a joint venture agreement for its Clean Mobility business with Dongfeng Motor Parts & Components group Co., Ltd in Wuhan. The new company aims to provide advanced clean mobility solutions to Dongfeng affiliated OEM brands, for both passenger cars and commercial vehicles. This joint venture builds upon Faurecia's long term partnership with Dongfeng, with whom it already has a joint venture for its Automotive Interiors business. Located in Xiangyang, the new joint venture will begin operations in 2018. The annual sales should reach €1.2 billion RMB (€155 million) by 2021;

### September 2017:

- At the 2017 International Auto Show (IAA) in Frankfurt, Germany, Faurecia demonstrated how it is accelerating new and disruptive technologies in its two strategic areas of focus – Sustainable Mobility and Smart Life on Board. Faurecia revealed for the first time breakthrough technologies that will support the automotive industry's evolution towards more autonomous and connected driving and powertrain electrification. Technologies showcased on the booth were the result of Faurecia's rapid development of its innovation ecosystem through partnerships, acquisitions and investment in start-ups;
- Faurecia announced the signature of a five year agreement with the CEA (French Alternative Energies and Atomic Energy Commission) to collaborate in a research and development program of fuel cell stack technologies. Faurecia will benefit from more than two decades of CEA research and expertise in fuel cell stacks and key components such as bipolar plates. Combined with Faurecia expertise in fluid dynamics and catalysis, the Group will be able to develop, mass-produce and commercialize a high performance fuel cell stack that will meet auto industry expectations.

**October 2017:**

- Faurecia and Mahle, both leading global automotive systems suppliers, will collaborate for the development of innovative interior thermal management technologies for future mobility solutions. Within the framework of this cooperation, Faurecia will bring its unique expertise as a full interior system integrator. Mahle adds its holistic thermal expertise for passenger comfort and energy efficiency. The two companies have already identified several potential collaboration fields addressing topics such as air distribution, air conditioning integration solutions for electric vehicles and the mutual development of personalized thermal management for the cockpit of the future;
- Faurecia announced its new joint venture with the pioneering Chinese electric vehicle OEM, BYD. The new company, called Shenzhen Faurecia Automotive Parts Co., Ltd. (70% Faurecia – 30% BYD) aims to develop and manufacture advanced seating solutions for BYD-affiliated OEM brands. The strategic partnership will bring together BYD's seating production activities in Shenzhen, Xi'an and Changsha. Sales generated by this new company are expected to reach 2.4 billion RMB (€315 m) by 2020.

**November 2017:**

- As announced in July, Faurecia took a majority share in the Chinese company Jiangxi Coagent Electronics for a total investment of 1.45 billion RMB (€193 million). Jiangxi Coagent Electronics is a private Chinese company specialized in infotainment and interior electronic solutions, including the integration of digital displays and HMI technologies. The Company employs 1,300 people including more than 300 engineers. Jiangxi Coagent Electronics is based in Foshan for its research and development activities and in Jiangxi Province for its industrial production. The Company is a supplier to leading Chinese automotive manufacturers and is seeing a strong growth in sales, which reached €148 million in 2016 and will rise to €270 million by 2019.
- Faurecia opened a new tech center in Silicon Valley to strengthen its relationships with automakers, innovative start-ups, leading universities and new actors in the mobility sector. Faurecia will accelerate its start-up scouting activities in the region and build a technology platform for its Smart Life on Board and Sustainable Mobility innovation ecosystems. The tech center will host one of the Group's Artificial Intelligence teams;
- Faurecia announced the signing of a research partnership with the Indian Institute of Science (IISc). This collaboration will enrich Faurecia's ecosystem of high-level scientific and academic collaborations in its two strategic areas of focus: Smart Life on Board and Sustainable Mobility. Faurecia and the Indian Institute of Science will conduct collaborative research to develop new technologies and solutions in three areas: online air quality monitoring, data analysis and algorithms for driver behavior and artificial intelligence for industrial design;
- Faurecia announced its new joint-venture with Liuzhou Wuling Industry Co.Ltd, named Faurecia Liuzhou Automotive Interior Co., Ltd. The joint venture consolidated by Faurecia will develop and manufacture automotive interior products including instrument panels, center consoles, door panels and acoustic products to SGMW affiliated OEM brands and other customers. Located in Liuzhou (Guangxi Zhuang Autonomous Region), the joint-venture targets annual sales of 1.3 billion RMB (€170 m) by 2022 from 3 plants. This new joint-venture follows the joint-venture agreement signed in July 2017 between Faurecia and Wuling Industry, covering Seating activity.

**December 2017:** Faurecia, alongside 88 French companies, signed the French Business Climate Pledge, a commitment to fight climate change around the world. The pledge was signed on the occasion of the One Planet Summit initiative launched by French President E. Macron on December 12, 2017. As a result, from 2016 to 2020, the undersigning companies will finance over €320 billion of R&D and innovation in renewable energies, energy efficiency, the deployment of sustainable farming practices and other low-carbon technologies to fight climate change. This concrete set of actions will help make the ecological transition a reality.



**January 2018:** Faurecia participated for the first time at CES® Las Vegas (January 9-12) with a booth located in Las Vegas Convention Center. Faurecia revealed major disruptive innovations for a personalized and safe on-board experience in the versatile, connected and predictive Cockpit of the Future. For the first time the Group also showcased digital services for health and wellness and for smarter and cleaner cities. Faurecia demonstrated its role as a leading systems integrator for changing mobility needs and enhance user experience, together with the rapid expansion of its innovation ecosystem through partnerships, acquisitions and investment in start-ups. Among the technologies and services highlighted for Smart Life on Board and Sustainable Mobility are:

- a fully integrated cockpit of the future demonstrating versatile architecture and smart systems for a safe and personalized user experience for different driving modes;
- a connected seat cover for driving professionals incorporating sensors for health and wellness data monitoring. This closed loop comfort system monitors occupant status and applies therapies to improve well-being;
- an individualized infotainment thanks to voice assistants into Parrot Automotive's multi-platform system;
- real time data emissions monitoring with state-of-the-art sensor technology helping cities and fleets improve air quality.

A selection of start-ups working with Faurecia were also present on the booth.

All these press releases are available on the site [www.faurecia.com](http://www.faurecia.com).



## 1.3. Value Added Sales

Starting 2018 January 1<sup>st</sup>, upon application of IFRS 15, Faurecia will communicate only on “value added sales”.

A reconciliation between the value added sales and total sales is available on § 1.4.

<i>(in € millions)</i>	H2 2016	Currencies	Scope	Organic <sup>(1)</sup>	H2 2017
Product Sales	6,952.4	(273.8)		782.7	7,461.4
Var. in %		-3.9%	0.0%	11.3%	7.3%
Development, Tooling, Prototypes and Other Services	739.5	(26.4)		203.2	916.2
Var. in %		-3.6%	0.0%	27.5%	23.9%
Value Added Sales	7,691.9	(300.2)		985.9	8,377.6
Var. in %		-3.9%	0.0%	12.8%	8.9%

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0%.

<i>(in € millions)</i>	2016	Currencies	Scope <sup>(1)</sup>	Organic <sup>(2)</sup>	2017
Product Sales	14,247.1	(176.9)	(113.9)	1,316.1	15,272.4
Var. in %		-1.2%	-0.8%	9.2%	7.2%
Development, Tooling, Prototypes and Other Services	1,366.5	(14.1)	(3.3)	340.7	1,689.8
Var. in %		-1.0%	-0.2%	24.9%	23.7%
Value Added Sales	15,613.6	(191.0)	(117.2)	1,656.8	16,962.2
Var. in %		-1.2%	-0.8%	10.6%	8.6%

(1) Divestment of Fountain Inn (USA) plant in H1 2016.

(2) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7%.

Sales of products (parts and components delivered to manufacturers) reached €15,272.4 million compared to €14,247.1 million in 2016. This represented an increase in product sales of 7.2% on a reported basis and an organic growth of 9.2%.

Sales of tooling, R&D, prototypes and other services in 2017 totaled €1,689.8 million versus €1,366.5 million in 2016. This represented an increase of 23.7% on a reported basis and an organic growth of 24.9%.

Value added sales totaled €16,962.2 million in 2017 compared to €15,613.6 million in 2016, showing an increase of 8.6% on a reported basis and 10.6% on organic growth.

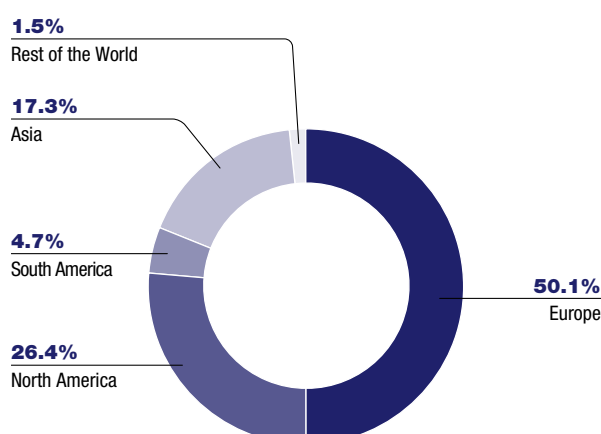
### 1.3.1. BY REGION

(in € millions)	H2 2017	H2 2016	Reported	Organic <sup>(1)</sup>	Automotive Production
Value Added Sales					
Europe	4,205.2	3,703.2	13.6%	14.4%	5.4%
North America	2,069.1	2,207.4	-6.3%	1.1%	-7.3%
South America	399.7	291.5	37.2%	46.9%	20.5%
Asia	1,564.7	1,375.9	13.7%	19.2%	1.2%
Rest of the World	138.9	113.9	21.8%	25.7%	9.9%
<b>TOTAL</b>	<b>8,377.6</b>	<b>7,691.9</b>	<b>8.9%</b>	<b>12.8%</b>	<b>1.3%</b>

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0% (€138.9 million in Asia and €95.3 in South America).

(in € millions)	2017	2016	Reported	Organic <sup>(1)</sup>	Automotive Production
Value Added Sales					
Europe	8,500.4	7,906.6	7.5%	8.2%	3.2%
North America	4,470.2	4,432.7	0.8%	5.6%	-4.0%
South America	788.0	509.6	54.6%	51.1%	19.7%
Asia	2,942.3	2,557.2	15.1%	18.1%	2.7%
Rest of the World	261.3	207.5	25.9%	20.2%	11.7%
<b>TOTAL</b>	<b>16,962.2</b>	<b>15,613.6</b>	<b>8.6%</b>	<b>10.6%</b>	<b>2.3%</b>

(1) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7% (€266.8 million in Asia and €158.1 in South America).



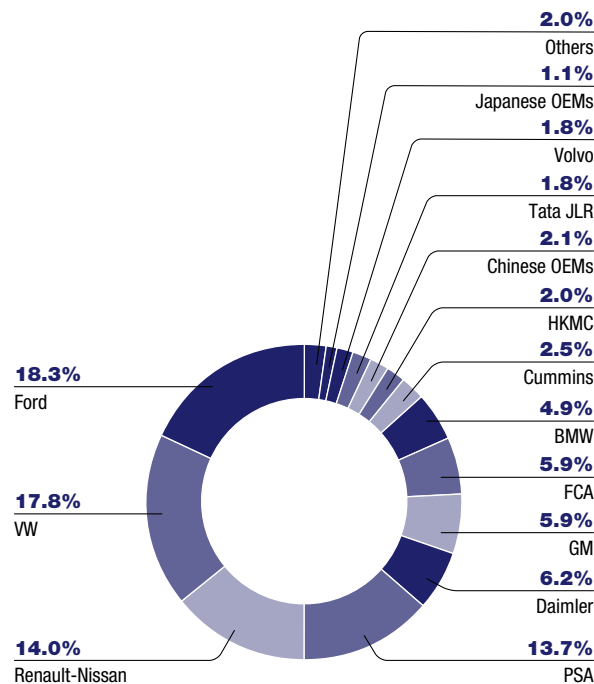
Value added sales by region for 2017 were as follows:

- in Europe, value added sales totaled €8,500.4 million (50.1% of total value added sales) in 2017, compared to €7,906.6 million in 2016. Value added sales were up 7.5% on a reported basis when compared to 2016 and represented an organic growth of 8.2%. Over the same period, car manufacturers increased production in Europe by 3.2% (2.3% when excluding Russia);
- in North America, value added sales increased by 0.8% on a reported basis, to €4,470.2 million (26.4% of total value added sales), versus €4,432.7 million for 2016. This generated an organic growth of 5.6% compared to a 4% downturn in production market in the region;



- in South America, value added sales increased significantly to €788.0 million (4.7% of the total value added sales), compared to €509.6 million in 2016. Value added sales increased by 54.6% on a reported basis. The corresponding organic growth represented 51.1%. This is to be compared to a 19.7% increase of the automotive production;
- in Asia, value added sales were up by 15.1% on a reported basis to €2,942.3 million (17.3% of total value added sales), compared to €2,557.2 million in 2016 representing an organic growth of 18.1%. China increased by 15.3% on a reported basis, and 19.7% in organic growth. In 2017, the automotive production increased by 2.7% in Asia and by 2.6% in China;
- in the rest of the world (South Africa and Iran), value added sales amounted to €261.3 million. Value added sales were up 25.9% on a reported basis and up 20.2% in organic growth. This can be compared to an increase in production of 11.7% in the region.

**1.3.2. BY CUSTOMER**



Faurecia’s four main customers represented 63.8% of value added sales: Ford 18.3%, VW 17.8%, Renault-Nissan 14.0% and PSA 13.7%.

Value added sales to Ford group accounted for 18.3% of Faurecia’s total value added sales, totaling €3,106.5 million. Compared to 2016, value added sales to Ford group showed a 16.1% reported growth or 18.4% organic growth.

Value added sales to the Volkswagen group totaled €3,012.4 million in 2017. They accounted for 17.8% of Faurecia’s total value added sales. Compared to 2016, it represented a 3.0% increase on a reported basis and 4.0% increase in organic growth.

Value added sales to the Renault-Nissan group represented €2,379.2 million or 14.0% of Faurecia’s total value added sales. They were down 1.5% when compared to 2016 on a reported basis and down 0.8% in organic growth. Value added sales to Renault were down 2.5% in organic growth whereas value added sales to Nissan decreased by 0.2% in organic growth.

Value added sales to the PSA Peugeot Citroën group totaled €2,316.1 million in 2017 (including €38.4 million related to Opel’s from August 2017), up by 16.1% on a reported basis and up by 16.5% in organic growth. They accounted for 13.7% of Faurecia’s total value added sales.

Value added sales to the Daimler group totaled €1,049.8 million (6.2% of total value added sales). They were down by 2.3% on a reported basis and by 1.5% in organic growth.

Value added sales to General Motors group in 2017 were €1,005.9 million or 5.9% of total value added sales. They decreased by 14.8% on a reported basis and by 13.3% in organic growth. They include the sales to Opel from January to July 2017 for €55.0 million.

Value added sales to the Fiat-Chrysler group reached €1,004.7 million (5.9% of total value added sales). This represented a 42.0% reported growth and a 41.9% organic growth.

They were down 7.6% with BMW (but up +6.3% in organic growth) and up 37.3% with Cummins (39.0% of organic growth). They increased with HKMC by 3.1% on a reported basis and by 2.8% in organic growth.

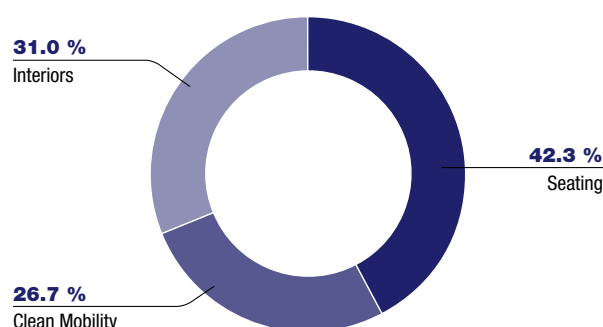
### 1.3.3. BY BUSINESS GROUP

(in € millions)	H2 2017	H2 2016	Reported	Organic <sup>(1)</sup>
Value Added Sales				
Seating	3,499.9	3,308.1	5.8%	9.2%
Interiors	2,671.7	2,293.0	16.5%	20.5%
Clean mobility	2,206.0	2,090.8	5.5%	10.1%
<b>TOTAL</b>	<b>8,377.6</b>	<b>7,691.9</b>	<b>8.9%</b>	<b>12.8%</b>

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0% (all for Interiors business).

(in € millions)	2017	2016	Reported	Organic <sup>(1)</sup>
Value Added Sales				
Seating	7,132.9	6,607.4	8.0%	9.0%
Interiors	5,336.1	4,810.9	10.9%	14.8%
Clean mobility	4,493.2	4,195.3	7.1%	8.3%
<b>TOTAL</b>	<b>16,962.2</b>	<b>15,613.6</b>	<b>8.6%</b>	<b>10.6%</b>

(1) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7% (all for Interiors business).



The Seating business reached €7,132.9 million value added sales in 2017, up by 8.0% when compared to 2016 on a reported basis and up by 9.0% in organic growth.

In 2017, the Interiors business reached €5,336.1 million value added sales. Compared to 2016, it represented a 10.9% increase on a reported basis and a 14.8% increase in organic growth.

The Clean Mobility business generated €4,493.2 million value added sales in 2017, up by 7.1% on a reported basis and by 8.3% in organic growth.



## 1.4. Total Sales

<i>(in € millions)</i>	H2 2016	Currencies	Scope	Organic <sup>(1)</sup>	H2 2017
Value Added Sales	7,691.9	(300.2)		985.9	8,377.6
Var. in %		-3.9%	0.0%	12.8%	8.9%
Monoliths Sales	1,487.0	(46.2)		68.6	1,509.3
Var. in %		-3.1%	0.0%	4.6%	1.5%
Total Sales	9,178.9	(346.4)		1,054.5	9,886.9
Var. in %		-3.8%	0.0%	11.5%	7.7%

(1) At constant currencies and scope, and including JVs consolidation for €234.2 million or 3.0%.

<i>(in € millions)</i>	2016	Currencies	Scope <sup>(1)</sup>	Organic <sup>(2)</sup>	2017
Value Added Sales	15,613.6	(191.0)	(117.2)	1,656.8	16,962.2
Var. in %		-1.2%	-0.8%	10.6%	8.6%
Monoliths Sales	3,096.9	(31.1)		153.7	3,219.5
Var. in %		-1.0%	0.0%	5.0%	4.0%
Total Sales	18,710.5	(222.1)	(117.2)	1,810.5	20,181.7
Var. in %		-1.2%	-0.6%	9.7%	7.9%

(1) Divestment of Fountain Inn (USA) plant.

(2) At constant currencies and scope, and including JVs consolidation for €424.9 million or 2.7%.

Monolith sales, products mandated by the customers on which Faurecia will be considered as an agent under the new IFRS 15 accounting rule, reached €3,219.5 million in 2017 compared to €3,096.9 million in 2016. They were up by 4.0% on a reported basis and by 5.0% in organic growth.

Total sales reached €20,181.7 million in 2017, compared to €18,710.5 million for 2016. Total sales grew by 7.9% on a reported basis between 2017 and 2016. In organic growth, total sales increased by 9.7% compared to 2016.

## 1.5. Operating Income

Operating income in 2017 reached €1,170.3 million (6.9% of value added sales), compared to €970.2 million in 2016 (6.2% of value added sales).

Gross expenditures for R&D in 2017 totaled €1,152.3 million, or 6.8% of value added sales, versus €1,021.5 million, or 6.5% of value added sales in 2016. The portion of R&D expenditure capitalised in 2017 totaled €474.3 million, compared to €389.1 million in 2016. This represented 41.2% of total R&D expenditure in 2017, whereas it represented 38.1% in 2016.

These items resulted in a net R&D expenses for 2017 of €265.0 million, down from €289.5 million in 2016.

Selling and administrative expenses amounted to €680.4 million (4.0% of value added sales), versus €666.2 million (4.3% of value added sales) in 2016.

EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – stood at €1,889.3 million (11.1% of value added sales) in 2017, compared to €1,639.3 million (10.5% of value added sales) in 2016.

### 1.5.1. BY REGION

(in € millions)	H2 2017			H2 2016			2017			2016		
	Value Added Sales	Operating Income	%	Value Added Sales	Operating Income	%	Value Added Sales	Operating Income	%	Value Added Sales	Operating Income	%
Europe	4,205.2	261.1	6.2%	3,703.2	185.9	5.0%	8,500.4	527.0	6.2%	7,906.6	440.0	5.6%
North America	2,069.1	116.5	5.6%	2,207.4	119.4	5.4%	4,470.2	257.6	5.8%	4,432.7	239.4	5.4%
South America	399.7	5.7	1.4%	291.4	(7.0)	-2.4%	788.0	11.6	1.5%	509.6	(23.2)	-4.6%
Asia	1,564.7	182.0	11.6%	1,375.9	170.9	12.4%	2,942.3	341.8	11.6%	2,557.2	310.4	12.1%
Rest of the World	138.9	18.3	13.2%	114.0	13.5	11.8%	261.3	32.2	12.3%	207.5	18.8	9.1%
IFRS 5 adjustment		0.0			(2.8)			0.0			(15.2)	
<b>TOTAL</b>	<b>8,377.6</b>	<b>583.6</b>	<b>7.0%</b>	<b>7,691.9</b>	<b>479.9</b>	<b>6.2%</b>	<b>16,962.2</b>	<b>1,170.3</b>	<b>6.9%</b>	<b>15,613.6</b>	<b>970.2</b>	<b>6.2%</b>

The 2016 IFRS 5 adjustment has been isolated for a homogeneous comparison.



The €200.1 million improvement in operating income in 2017 compared to 2016 is split as follows:

- in Europe, the operating income increased by €87.0 million, bringing operating income to 6.2% of value added sales or €527.0 million. This compares to 5.6% or €440.0 million in 2016;
- in North America the operating income increased by €18.2 million to €257.6 million. Operating income stood at 5.8% of value added sales, compared to 5.4% in 2016;
- in South America the operating income increased by €34.8 million to €11.6 million compared to an operating loss of €23.2 million in 2016;
- in Asia, the operating income increased by €31.4 million to reach €341.8 million. Operating income reached at to 11.6% of value added sales compared to 12.1% of value added sales (€310.4 million) in 2016;
- in the rest of the world (South Africa and Iran), the operating income increased by €13.4 million in operating income;
- upon application of accounting rule IFRS 5, the exclusion of the recharge of selling and administrative expenses to discontinued operations generated a non-recurring charge of €15.2 million in 2016. There is no impact in 2017.

## 1.5.2. BY BUSINESS GROUP

(in € millions)	H2 2017			H2 2016			2017			2016		
	Value Added Sales	Operating Income	%	Value Added Sales	Operating Income	%	Value Added Sales	Operating Income	%	Value Added Sales	Operating Income	%
Seating	3,499.9	208.2	5.9%	3,308.1	168.1	5.1%	7,132.9	410.9	5.8%	6,607.4	343.7	5.2%
Interiors	2,671.7	147.4	5.5%	2,293.0	119.2	5.2%	5,336.1	299.7	5.6%	4,810.9	247.9	5.2%
Clean mobility	2,206.0	228.1	10.3%	2,090.8	195.4	9.3%	4,493.2	459.7	10.2%	4,195.3	393.8	9.4%
IFRS 5 adjustment	0.0	0.0		0.0	(2.8)		0.0	0.0		0.0	(15.2)	
<b>TOTAL</b>	<b>8,377.6</b>	<b>583.6</b>	<b>7.0%</b>	<b>7,691.9</b>	<b>479.9</b>	<b>6.2%</b>	<b>16,962.2</b>	<b>1,170.3</b>	<b>6.9%</b>	<b>15,613.6</b>	<b>970.2</b>	<b>6.2%</b>

The 2016 IFRS 5 adjustment has been isolated for a homogeneous comparison.

The Business Groups' operating income improved as follows:

- operating income for Seating in 2017 totaled €410.9 million (5.8% of value added sales) compared to €343.7 million in 2016 (5.2% of value added sales);
- in 2017, Interiors generated an operating income of €299.7 million (5.6% of value added sales) to be compared to €247.9 million in 2016 (5.2% of value added sales);
- operating income for Clean Mobility in 2017 reached €459.7 million (10.2% of value added sales) to be compared to €393.8 million in 2016 (9.4% of value added sales).



## 1.6. Net Income

In 2017 net income group share stood at €610.2 million, or 3.6% of value added sales compared to €637.8 million in 2016 or 4.1% of value added sales. This is a decrease of €27.6 million, but an increase of €168.0 million excluding the 2016 net result from discontinued operations.

The amortization of intangible assets acquired in business combinations represented an expense of €1.2 million in 2017.

The "other non-recurring operating income and expenses" represented an expense of €96.1 million, compared to an expense of €105.9 million in 2016. This item included €85.0 million in restructuring charges compared to €86.3 million in 2016 implemented to bring costs in line with new market realities.

Financial income totaled €12.6 million, versus €11.4 million in 2016. Financial costs totaled €120.9 million, versus €150.5 million in 2016.

Other financial income and expense represented an expense of €23.0 million, versus €23.3 million in 2016. This expenses included €6.8 million from discounting pension benefit liabilities, €5.9 million commitment fees on credit facilities and €5.6 million linked to the amortization of debt issuance costs.

The tax expense for the year was €261.8 million, versus €189.2 million in 2016, representing an average tax rate of 27.8% in 2017 compared to an average rate of 26.9% in 2016.

The result from discontinued operations represented an expense of €7.4 million in 2017 compared to €188.3 million in 2016.

The share of net income of associates totaled €34.6 million, versus €19.7 million in 2016.

Net income attributable to minority interests totaled €96.9 million in 2017. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China.

Basic earnings per share on continued operations were €4.50 in 2017 (diluted net earnings per share on continued operations at €4.48) compared to €3.28 in 2016 (diluted on continued operations also at €3.28).



## 1.7. Financial Structure and Net Debt

<i>(in € millions)</i>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>Recurring net cash flow</b>		<b>435.3</b>	<b>332.5</b>
Variation of factoring related to discontinued operations		0.0	119.0
Other changes		0.0	7.0
<b>Net cash flow</b>		<b>435.3</b>	<b>458.5</b>
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(218.0)	532.5
Other changes from continued activities	2.3	(52.9)	20.8
Financing surplus from discontinued operations	2.3	0.0	(175.0)
<b>Surplus (used) from operating and financing activities</b>	<b>2.3</b>	<b>164.4</b>	<b>836.8</b>

The net cash inflow was €435.3 million over the year compared to a net cash inflow of €458.5 million in 2016. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €1,889.3 million compared to €1,639.3 million in 2016, due to the increase in operating income for €200.1 million and the increase in depreciation and amortization by €49.9 million;
- restructuring represented cash outflows of €88.3 million compared to €63.5 million in 2016;
- net financial costs represented cash outflows of €124.5 million, versus €132.0 million in 2016;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €213.0 million compared to €162.5 million in 2016. This change consisted in part of an increase in inventories of €185.3 million, a net increase in trade receivables of €103.9 million, an increase in trade payables of €595.2 million and a positive variation of other trade receivables and payables for €93.0 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €738.6 million, versus €638.0 million in 2016;
- capitalized research and development costs represented cash outflows of €468.9 million, versus €406.9 million in 2016;
- income taxes represented cash outflows of €286.5 million, compared to €257.7 million in 2016;
- finally, other cash flow items represented €39.8 million in inflows, compared to €154.8 million in inflows in 2016.

Net debt stood at €451.5 million at the end of December 2017, versus €341.5 million at year-end 2016.

The Group's shareholders' equity rose from €3,157.1 million at year-end 2016 to €3,508.3 million at the end of December 2017, an increase of €351.2 million mainly driven by the net income for the year.

The main elements of long-term financial resources are the syndicated credit facility for €1,200 million, signed in December 2014 and renegotiated in June 2016, maturing in June 2021, and which was not drawn at December 31, 2017, the €700 million of bonds maturing in June 2022 and the €700 million of bonds maturing in June 2023.

## 1.8. Outlook

In the current environment and in line with the latest IHS forecast, Faurecia expects worldwide automotive production to grow by around 2%\* in 2018 vs 2017.

Based on this assumption\* and continued momentum in building profitable growth, Faurecia targets for the full-year 2018:

- sales growth of at least +7% (at constant currencies) i.e. at least 500 bps above worldwide automotive production growth;
- operating margin above 7% of sales;
- net cash flow of above €500 million;
- earnings per share of €5.00.

These targets exceed the 2018 ambitions that Faurecia announced at its April 2016 Capital Markets Day.

After the Capital Markets Day held in London on June 27, 2017 and focused on Sustainable Mobility, Faurecia will hold a new Capital Markets Day in Paris on May 15, which will focus on Smart Life on Board (Seating and Interiors) with an update on Sustainable Mobility.

\* Main regional automotive production assumptions (PC + LV < 3.5t):

- Europe: at least +2%
- North America: below +1%
- China: at least +2%

2018 currency assumptions:

USD/€ @ 1.20 on average  
CNY/€ @ 7.80 on average





# 2

## Consolidated financial statements

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## 2.1. Consolidated statement of comprehensive income

<i>(in € millions)</i>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>SALES</b>	<b>4</b>	<b>20,181.7</b>	<b>18,710.5</b>
Cost of sales	5	(18,066.0)	(16,784.6)
Research and development costs	5	(265.0)	(289.5)
Selling and administrative expenses	5	(680.4)	(666.2)
<b>OPERATING INCOME</b>	<b>4</b>	<b>1,170.3</b>	<b>970.2</b>
Amortization of intangible assets acquired in business combinations	11	(1.2)	0.0
Other non-recurring operating income	6	5.2	7.0
Other non-recurring operating expense	6	(101.3)	(112.8)
Income from loans, cash investments and marketable securities		12.6	11.4
Finance costs		(120.9)	(150.5)
Other financial income and expense	7	(23.0)	(23.3)
<b>INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES</b>		<b>941.7</b>	<b>702.0</b>
Taxes	8	(261.8)	(189.2)
<i>of which deferred taxes</i>	8	(23.7)	32.6
<b>NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES</b>		<b>679.9</b>	<b>512.8</b>
Share of net income of associates	13	34.6	19.7
<b>NET INCOME FROM CONTINUED OPERATIONS</b>		<b>714.5</b>	<b>532.5</b>
<b>NET INCOME FROM DISCONTINUED OPERATIONS</b>	<b>2.3</b>	<b>(7.4)</b>	<b>188.3</b>
<b>CONSOLIDATED NET INCOME (LOSS)</b>		<b>707.1</b>	<b>720.8</b>
<b>Attributable to owners of the parent</b>		<b>610.2</b>	<b>637.8</b>
Attributable to minority interests	23	96.9	83.0
Basic earnings (loss) per share <i>(in €)</i>	9	4.45	4.65
Diluted earnings (loss) per share <i>(in €)</i>	9	4.42	4.65
Basic earnings (loss) from continued operations per share <i>(in €)</i>	9	4.50	3.28
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	9	4.48	3.28
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	9	(0.05)	1.37
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	9	(0.05)	1.37

**OTHER COMPREHENSIVE INCOME**

<i>(in € millions)</i>	<i>Note</i>	<b>2017</b>	<b>2016</b>
<b>CONSOLIDATED NET INCOME (LOSS)</b>		<b>707.1</b>	<b>720.8</b>
<b>Amounts to be potentially reclassified to profit or loss</b>		<b>(191.0)</b>	<b>34.0</b>
Gains (losses) arising on fair value adjustments to cash flow hedges		9.8	(0.9)
<i>of which recognized in equity</i>		5.9	1.7
<i>of which transferred to net income (loss) for the period</i>		3.9	(2.6)
Exchange differences on translation of foreign operations		(200.8)	34.9
<b>Amounts not to be reclassified to profit or loss</b>		<b>3.1</b>	<b>(27.5)</b>
Actuarial gain/(loss) on post-employment benefit obligations	25	3.1	(27.5)
<b>Other comprehensive income from discontinued operations</b>		<b>0.0</b>	<b>(8.3)</b>
<b>TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD</b>		<b>519.2</b>	<b>719.0</b>
Attributable to owners of the parent		438.6	638.5
Attributable to minority interests		80.6	80.5



## 2.2. Consolidated balance sheet

### ASSETS

<i>(in € millions)</i>	<b>Notes</b>	<b>2017</b>	<b>2016</b>
Goodwill	10	1,216.1	1,217.7
Intangible assets	11	1,281.3	1,107.7
Property, plant and equipment	12	2,649.7	2,468.2
Investments in associates	13	151.1	130.7
Other equity interests	14	239.9	67.1
Other non-current financial assets	15	96.8	66.7
Other non-current assets	16	43.1	43.0
Deferred tax assets	8	232.6	266.2
<b>TOTAL NON-CURRENT ASSETS</b>		<b>5,910.6</b>	<b>5,367.3</b>
Inventories, net	17	1,419.2	1,264.0
Trade accounts receivables	18	1,766.1	1,652.1
Other operating receivables	19	270.3	269.8
Other receivables	20	556.0	426.8
Other current financial assets	30	7.3	2.2
Cash and cash equivalents	21	1,563.0	1,562.2
<b>TOTAL CURRENT ASSETS</b>		<b>5,581.9</b>	<b>5,177.1</b>
Assets held for sale		0.0	0.0
<b>TOTAL ASSETS</b>		<b>11,492.5</b>	<b>10,544.4</b>



**LIABILITIES**

<i>(in € millions)</i>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>EQUITY</b>			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(34.2)	(25.7)
Retained earnings		1,014.9	500.0
Translation adjustments		43.6	230.8
Net income (loss)		610.2	637.8
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</b>		<b>3,233.6</b>	<b>2,942.0</b>
Minority interests	23	274.7	215.1
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>3,508.3</b>	<b>3,157.1</b>
Non-current provisions	25	397.2	399.7
Non-current financial liabilities	26	1,598.4	1,594.0
Other non-current liabilities		1.5	1.7
Deferred tax liabilities	8	18.6	14.2
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,015.7</b>	<b>2,009.6</b>
Current provisions	24	178.0	221.1
Current financial liabilities	26	423.4	311.9
Prepayments from customers		127.7	155.1
Trade payables		4,219.3	3,733.3
Accrued taxes and payroll costs	27	627.4	579.1
Sundry payables	28	392.7	377.2
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,968.5</b>	<b>5,377.7</b>
Liabilities linked to assets held for sale		0.0	0.0
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,492.5</b>	<b>10,544.4</b>



## 2.3. Consolidated cash flow statement

<i>(in € millions)</i>	<i>Notes</i>	<b>2017</b>	<b>2016</b>
<b>I- OPERATING ACTIVITIES</b>			
Operating Income (loss)		1,170.3	970.2
Depreciations and amortizations of assets	5.5	719.0	669.1
<b>EBITDA</b>		<b>1,889.3</b>	<b>1,639.3</b>
Operating current and non-current provisions		(6.7)	25.5
Capital (gains) losses on disposals of operating assets		2.1	10.3
Paid restructuring		(88.3)	(63.5)
Paid finance costs net of income		(124.5)	(132.0)
Other non-recurring operating income and expenses paid		(2.4)	15.7
Paid taxes		(286.5)	(257.7)
Dividends from associates		16.6	18.1
<b>Change in working capital requirement</b>		<b>213.0</b>	<b>162.5</b>
Change in inventories		(185.3)	(151.0)
Change in trade accounts receivables		(103.9)	6.5
Change in trade payables		595.2	268.6
Change in other operating receivables and payables		(17.6)	68.3
Change in other receivables and payables (excl. Tax)		(75.4)	(29.9)
<b>Operating cash flows from discontinued activities</b>		<b>0.0</b>	<b>(121.5)</b>
<b>CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		<b>1,612.6</b>	<b>1,296.7</b>
<b>II- INVESTING ACTIVITIES</b>			
Additional property, plant and equipment	12	(738.2)	(637.6)
Additional intangible assets	11	(0.4)	(0.4)
Capitalized development costs	11	(468.9)	(406.9)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)*		(218.0)	532.5
Proceeds from disposal of property, plant and equipment		23.9	27.0
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		6.3	55.9
Other changes		(52.9)	23.1
<b>Investing cash flows from discontinued operations</b>		<b>0.0</b>	<b>(53.5)</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		<b>(1,448.2)</b>	<b>(459.9)</b>
<b>CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)</b>		<b>164.4</b>	<b>836.8</b>
<b>III- FINANCING ACTIVITIES</b>			
Shares issued by Faurecia and fully consolidated companies (net of costs)		24.3	3.2
Dividends paid to owners of the parent company		(122.6)	(88.8)
Dividends paid to minority interests in consolidated subsidiaries		(63.4)	(76.2)
Acquisitions of treasury stocks		(40.1)	(24.0)
Other financial assets and liabilities		0.0	0.0
Debt securities issued and increase in other financial liabilities		194.9	710.2
Repayment of debt and other financial liabilities		(108.6)	(720.7)
<b>Financing cash flows from discontinued activities</b>		<b>0.0</b>	<b>(8.6)</b>
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		<b>(115.5)</b>	<b>(204.9)</b>
<b>IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS</b>			
Impact of exchange rate changes on cash and cash equivalents		(48.1)	(4.8)
<b>Net cash flows from discontinued operations</b>		<b>0.0</b>	<b>2.6</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>0.8</b>	<b>629.7</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD</b>		<b>1,562.2</b>	<b>932.5</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>1,563.0</b>	<b>1,562.2</b>

\* Of which mainly sale of Faurecia Automotive Exteriors in 2016.

The net cash flow amounts to €435.3 million as of December 31, 2017.

## 2.4. Consolidated statement of changes in equity

(in € millions)	Number of shares <sup>(1)</sup>	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Valuation adjustments				Equity attributable to owners of the parent	Minority interests	Total
						Translation adjustments	Cash flow hedges	Actuarial gain/(loss) on post employment benefit obligations				
<b>Shareholders' equity as of December 31, 2015 before appropriation of net income (loss)</b>												
	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)					637.8				637.8	83.0	720.8	
Other comprehensive income						30.6	(0.9)	(29.0)	0.7	(2.5)	(1.8)	
<b>Comprehensive income</b>					<b>637.8</b>	<b>30.6</b>	<b>(0.9)</b>	<b>(29.0)</b>	<b>638.5</b>	<b>80.5</b>	<b>719.0</b>	
Capital increase <sup>(2)</sup>	843,023	5.9	10.9						16.8	1.8	18.6	
2015 dividends					(88.8)				(88.8)	(80.0)	(168.8)	
Measurement of stock options and shares grant					17.8				17.8		17.8	
Purchases and sales of treasury stock				(24.6)	(0.1)				(24.7)		(24.7)	
Changes in scope of consolidation and other					(12.0)	(3.2)			(15.2)	0.9	(14.3)	
<b>Shareholders' equity as of December 31, 2016 before appropriation of net income (loss)</b>												
	138,035,801	966.3	632.8	(25.7)	1,252.9	230.8	(6.6)	(108.5)	2,942.0	215.1	3,157.1	
Net income (loss)					610.2				610.2	96.9	707.1	
Other comprehensive income						(184.5)	9.8	3.1	(171.6)	(16.3)	(187.9)	
<b>Comprehensive income</b>					<b>610.2</b>	<b>(184.5)</b>	<b>9.8</b>	<b>3.1</b>	<b>438.6</b>	<b>80.6</b>	<b>519.2</b>	
Capital increase									0.0	16.9	16.9	
2016 dividends					(122.6)				(122.6)	(65.8)	(188.4)	
Measurement of stock options and shares grant					(10.4)				(10.4)		(10.4)	
Purchases and sales of treasury stock				(8.5)					(8.5)		(8.5)	
Changes in scope of consolidation and other					(2.8)	(2.7)			(5.5)	27.9	22.4	
<b>Shareholders' equity as of December 31, 2017 before appropriation of net income (loss)</b>												
	138,035,801	966.3	632.8	(34.2)	1,727.3	43.6	3.2	(105.4)	3,233.6	274.7	3,508.3	

(1) Of which 807,216 treasury stock as of 12/31/2016 and 814,320 as of 12/31/2017 - See Note 9.

(2) Capital increase mainly arising from the payment of dividends in shares for the Group part.



## 2.5. Notes to the consolidated financial statements

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Faurecia S.A. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in three vehicle businesses: Automotive Seating, Interior Systems and Clean Mobility.

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

The consolidated financial statements were approved by Faurecia's Board of Directors on February 15, 2017.

The accounts were prepared on a going concern basis.

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the IASB, as adopted by the European Union and available on the European Commission website.

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 standards used to prepare the 2017 consolidated financial statements and comparative data for 2016 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2017, whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented.

Since January 1, 2017, Faurecia has applied the amendments to standards IAS 7, IAS 12 and the amendments and revisions to the existing standards which have no impact on the consolidated financial statements.

However, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory from December 31, 2017, irrespective of whether or not they are adopted by the European Union. The impact analysis of these standards and amendments is in progress.

In particular, as regards IFRS 15, Faurecia has carried out an in depth analysis of contracts and sales transactions in order to identify and assess any change to the presentation of the sales figure and the rules for recognition over time. This analysis has confirmed Faurecia will operate as an agent for monoliths sales, these sales will then be recorded at net value in the income and total sales would be only added-value sales, as defined by Faurecia. Indeed, these components are used in catalyst and their technical specifications are directly settled between final customer and monoliths producer. They are bought by Faurecia to be integrated to emission control systems sold to final customers without added value. This impact on sales is presented in the Note 4.

Moreover, revenue on tooling will generally be recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts and development costs will generally be recognized as set up costs for the serial parts production and capitalized, they will then no more be considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer; the corresponding impacts are not significant.

IFRS 9 will not generate any significant impact on the Group financial statements. As regards IFRS 16, analysis are in progress to identify the impact of the standard.

The accounting principles applied are given in each note hereafter.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses and obligations. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment, intangible assets and goodwill, as well as for measuring pension and other employee benefit obligations. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions.

The results of the sensitivity tests carried out on the carrying amounts of goodwill and provisions for pensions and other employee benefits are provided in Notes 10 and 25.2, respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

Value added sales represent total sales excluding monoliths. Monoliths are precious metals and ceramics used in emission control systems.



## 1.A Consolidation principles

Companies over which the Group exercises significant influence and which are at least 20%-owned are consolidated when one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist when the Group holds more than 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are no longer consolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method.

The Faurecia group's financial statements are presented in euros.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting foreign exchange gains and losses are recorded in equity.

However certain companies located outside the euro or the US-dollar zone and which carry out the majority of their transactions in euros or US dollars may, however, use euros or US dollars as their functional currency.

All material intercompany transactions are eliminated in consolidation, including intercompany gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.

### NOTE 2

### CHANGE IN SCOPE OF CONSOLIDATION AND RECENT EVENTS

#### 2.1 Change in scope of consolidation in 2017

Within the Automotive Seating consolidation scope, the companies Tianjin Faurecia Xuyang Automotive Seat Co, Ltd and Faurecia (Changshu) Automotive System Company Co, Ltd have been created in China, they are held respectively at 60% and at 100% and fully consolidated since May and August 2017. The company Faurecia Liuzhou Automotive Seating Co., Ltd has been created in China, held at 50%, and is fully consolidated since December 2017.

Within Interior Systems, in China, the company Chongqing Faurecia Changpeng Automotive Parts Company Ltd, held at 80% since October 2016, is fully consolidated since January 2017, in addition, the company CSM Faurecia Automotive Systems Company, held at 50% is fully consolidated since January 2017; these two companies are serving their customer Changan group; Faurecia has acquired 16% of FMM Pernambuco Componentes Automotivos Ltda in Brazil, serving FCA as customer, previously consolidated by equity method and which is now held at 51% and fully consolidated since February 2017. The company Faurecia Shing Sun Co. Ltd in South Korea, previously held at 60%, has been sold in March 2017. Faurecia has acquired on March 31, 2017 20% of Parrot Faurecia Automotive which is consolidated by equity method. Faurecia Automotive Industries Morocco Sarl has been created in Morocco and is fully consolidated. In India, the companies Basis Mold India Private Limited and PFP Acoustic and Soft Trims India Private Limited have been created, respectively held at 38% and 100%, the first one is consolidated by equity method and the second one is fully integrated. Faurecia Coagent Electronics S&T Co., Ltd has been acquired in November 2017 in China at 50.1%; its integration is in progress as at December 31<sup>st</sup>, 2017 and will be fully consolidated starting in 2018.

Within the Clean Mobility perimeter, in China, the companies Faurecia (Tianjin) Emissions Control Technologies Co., Ltd, Faurecia Yinlun Emissions Control Technologies (Weifang) Co., Ltd and Dongfeng Faurecia Emissions Control Technologies Co., Ltd have been created; respectively held at 51%, 52% and 50%, they are fully consolidated; the company Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd has been created, held at 50%, and is consolidated by equity method.

## 2.2 Reminder of change in scope of consolidation introduced in 2016

On July 29, 2016, Faurecia completed the sale to Plastic Omnium of its Automotive Exteriors branch for €665 million (enterprise value). The divestiture commitment made by Plastic Omnium towards the European Commission did not have any impact on the sale of the business by Faurecia nor on the price of the transaction. As at December 31, 2016, the capital gain net of tax had been recorded within "Net profit from discontinued operations".

Within the Automotive Seating consolidation scope, the company Faurecia Automotive Systems Technologies based in Morocco, has been fully consolidated since March 2016, as well as Faurecia (Tianjin) Automotive Systems (China) since July 2016.

The entity Faurecia Automotive Seating Canada merged in Faurecia Emissions Control Technologies Canada in December 2016.

Beijing WKW-FAD Automotive Parts Company Limited, part of the Interior Systems business was created in China and the entity Ligneos was created in Italy. Both are held at 50% by Faurecia and consolidated by equity method.

Within the Clean Mobility consolidation scope, the entities Faurecia Emissions Control Technologies, Novaferria GmbH and Faurecia Emissions Control Technologies, Finnentrop GmbH have been merged into Faurecia Emissions Control Technologies, Germany GmbH.

Faurecia Exhaust Systems Qingpu and Faurecia (Jimo) Emissions Control Technologies were created and are held at 100% by Faurecia. Faurecia also acquired shares of OOO Faurecia ADP in Russia and holds 100% of the company.

Faurecia Automotive Seating Korea (Seating), Faurecia Jit And Sequencing Korean (Clean Mobility) and Faurecia Trim Korea (Interior systems) have been merged into Clean Mobility Faurecia Emissions Control Systems Korea in December 2016.

Changchun Huaxiang Faurecia Automotive Plastic Components has been sold in August. The company was consolidated by equity method.

Fountain Inn activities for BMW have been sold to Yanfeng Automotive Interiors on June 30, 2016. The plant sales were €226 million in 2015 and €115 million in 2016.

## 2.3 Recent events

### Sale of the Automotive Exteriors branch

In accordance with the sale and purchase agreement, the procedure for determining any potential price adjustment based on the FAE accounts at closing date has been subject to a contradictory expertise initiated by Plastic Omnium, whose conclusions have been finalized in October 2017; the impacts, not significant for the group financial statements, have been recorded within "Net profit from discontinued operations".

### NOTE 3

### POST-BALANCE SHEET EVENTS

No significant post-balance sheet events have occurred.



## NOTE 4

## INFORMATION BY OPERATING SEGMENT

The Group is structured into three business units based on the nature of the products and services offered:

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

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 expenses, and taxes are monitored at the Group level and are not allocated to the various segments.

#### 4.1 Accounting principles

Sales are recognized when the risks and rewards incidental to ownership of the modules or parts produced are transferred. This generally corresponds to when the goods are shipped.

For development contracts or the sale of tooling, sales are recognized when the technical stages are validated by the customer. If no such technical stages are provided for in the contract, sales are recognized when the related study is completed or the tooling is delivered.

Operating margin is the Faurecia group's principal performance indicator.

It corresponds to net income of the fully consolidated companies before:

- the amortization of intangible assets acquired in business combinations (customer relationship,...)
- other non-recurring operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IAS 39, and gains and losses on sales of shares in subsidiaries;
- taxes.



## 4.2 Key figures by operating segment

2017

<i>(in € millions)</i>	Automotive Seating	Interior Systems	Clean Mobility	Other	Total
<b>VALUE ADDED SALES</b>	<b>7,167.9</b>	<b>5,358.3</b>	<b>4,499.7</b>	<b>514.2</b>	<b>17,540.1</b>
<b>MONOLITH SALES</b>	<b>0.0</b>	<b>0.0</b>	<b>3,219.5</b>	<b>0.0</b>	<b>3,219.5</b>
<b>TOTAL SALES</b>	<b>7,167.9</b>	<b>5,358.3</b>	<b>7,719.2</b>	<b>514.2</b>	<b>20,759.6</b>
Inter-segment eliminations	(35.0)	(22.2)	(6.5)	(514.2)	(577.9)
<b>Consolidated sales</b>	<b>7,132.9</b>	<b>5,336.1</b>	<b>7,712.7</b>	<b>0.0</b>	<b>20,181.7</b>
<b>Operating income</b>	<b>410.9</b>	<b>299.7</b>	<b>459.7</b>	<b>0.0</b>	<b>1,170.3</b>
Amortization of intangible assets acquired in business combinations					(1.2)
Other non-recurring operating income					5.2
Other non-recurring operating expenses					(101.3)
Finance costs, net					(108.3)
Other financial income and expenses					(23.0)
Corporate income tax					(261.8)
Share of net income of associates					34.6
<b>Net income from continued operations</b>					<b>714.5</b>
<b>Net income from discontinued operations</b>					<b>(7.4)</b>
<b>NET INCOME (LOSS)</b>					<b>707.1</b>
<b>Segment assets</b>	<b>3,383.9</b>	<b>2,464.8</b>	<b>2,916.0</b>	<b>199.3</b>	<b>8,964.0</b>
Net property, plant and equipment	747.5	962.7	883.5	56.0	2,649.7
Other segment assets	2,636.4	1,502.1	2,032.5	143.3	6,314.3
Investments in associates					151.1
Other equity interests					239.9
Short and long-term financial assets					1,696.0
Tax assets (current and deferred)					441.5
Assets held for sale					0.0
<b>TOTAL ASSETS</b>					<b>11,492.5</b>
<b>Segment liabilities</b>	<b>1,875.4</b>	<b>1,601.7</b>	<b>2,133.6</b>	<b>275.1</b>	<b>5,885.8</b>
Borrowings					2,021.8
Tax liabilities (current and deferred)					76.6
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,508.3
<b>TOTAL LIABILITIES</b>					<b>11,492.5</b>
Capital expenditure	219.5	262.3	240.4	21.6	743.8
Depreciation of property, plant and equipment	(123.9)	(162.1)	(137.5)	(9.2)	(432.7)
Impairment of property, plant and equipment	0.2	(0.4)	(2.0)	0.0	(2.2)
Headcounts	44,794	39,120	22,799	2,562	109,275



## 2016

<i>(in € millions)</i>	Automotive Seating	Interior Systems	Clean Mobility	Other	Total
<b>VALUE ADDED SALES</b>	<b>6,621.5</b>	<b>4,840.5</b>	<b>4,203.2</b>	<b>511.1</b>	<b>16,176.3</b>
<b>MONOLITH SALES</b>	<b>0.0</b>	<b>0.0</b>	<b>3,096.9</b>	<b>0.0</b>	<b>3,096.9</b>
<b>TOTAL SALES</b>	<b>6,621.5</b>	<b>4,840.5</b>	<b>7,300.1</b>	<b>511.1</b>	<b>19,273.2</b>
Inter-segment eliminations	(14.1)	(29.6)	(7.9)	(511.1)	(562.7)
<b>Consolidated sales</b>	<b>6,607.4</b>	<b>4,810.9</b>	<b>7,292.2</b>	<b>0.0</b>	<b>18,710.5</b>
<b>Operating income</b>	<b>343.7</b>	<b>247.9</b>	<b>393.8</b>	<b>(15.2)</b>	<b>970.2</b>
Amortization of intangible assets acquired in business combinations					0.0
Other non-recurring operating income					7.0
Other non-recurring operating expenses					(112.8)
Finance costs, net					(139.1)
Other financial income and expenses					(23.3)
Corporate income tax					(189.2)
Share of net income of associates					19.7
<b>Net income from continued operations</b>					<b>532.5</b>
<b>Net income from discontinued operations</b>					<b>188.3</b>
<b>NET INCOME (LOSS)</b>					<b>720.8</b>
<b>Segment assets</b>	<b>3,241.7</b>	<b>2,105.9</b>	<b>2,734.1</b>	<b>185.4</b>	<b>8,267.1</b>
Net property, plant and equipment	695.4	859.3	846.5	67.0	2,468.2
Other segment assets	2,546.3	1,246.6	1,887.6	118.4	5,798.9
Investments in associates					130.7
Other equity interests					67.1
Short and long-term financial assets					1,654.9
Tax assets (current and deferred)					424.6
Assets held for sale					0.0
<b>TOTAL ASSETS</b>					<b>10,544.4</b>
<b>Segment liabilities</b>	<b>1,767.6</b>	<b>1,350.2</b>	<b>1,986.8</b>	<b>304.4</b>	<b>5,409.0</b>
Borrowings					1,905.9
Tax liabilities (current and deferred)					72.4
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,157.1
<b>TOTAL LIABILITIES</b>					<b>10,544.4</b>
Capital expenditure	179.1	224.0	215.9	49.6	668.6
Depreciation of property, plant and equipment	(116.4)	(145.2)	(124.4)	(6.0)	(392.0)
Impairment of property, plant and equipment	(1.7)	(5.3)	(0.5)	0.0	(7.5)
Headcounts	42,123	32,401	21,651	2,433	98,608

### 4.3 Sales by operating segment

Sales by operating segment break down as follows:

<i>(in € millions)</i>	2017				2016			
	value added sales	%	total sales	%	value added sales	%	total sales	%
Automotive Seating	7,132.9	42	7,132.9	35	6,607.4	42	6,607.4	35
Interior Systems	5,336.1	31	5,336.1	27	4,810.9	31	4,810.9	26
Clean Mobility	4,493.2	27	7,712.7	38	4,195.3	27	7,292.2	39
<b>TOTAL</b>	<b>16,962.2</b>	<b>100</b>	<b>20,181.7</b>	<b>100</b>	<b>15,613.6</b>	<b>100</b>	<b>18,710.5</b>	<b>100</b>

### 4.4 Sales by major customer

Sales\* by major customer break down as follows:

<i>(in € millions)</i>	2017				2016			
	value added sales	%	total sales	%	value added sales	%	total sales	%
Ford group	2,748.0	16	3,004.5	15	2,351.9	15	2,619.9	14
VW group	2,351.5	14	2,795.9	14	2,324.8	15	2,776.3	15
PSA Peugeot Citroën	2,096.0	12	2,368.2	12	1,843.9	12	2,108.8	11
Renault-Nissan	1,847.0	11	2,181.1	11	1,897.5	12	2,165.0	12
GM	921.6	5	1,366.7	7	1,024.2	7	1,530.6	8
Daimler	977.2	6	1,119.8	6	991.8	6	1,182.6	6
BMW	735.9	4	770.5	4	804.1	5	838.6	5
Autres	5,285.0	32	6,575.0	31	4,375.4	28	5,488.7	29
<b>TOTAL</b>	<b>16,962.2</b>	<b>100</b>	<b>20,181.7</b>	<b>100</b>	<b>15,613.6</b>	<b>100</b>	<b>18,710.5</b>	<b>100</b>

\* The presentation of sales invoiced may differ from that of sales by end customer when products are transferred to intermediary assembly companies.



## 4.5 Key figures by geographic area

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate:

### 2017

<i>(in € millions)</i>	<b>France</b>	<b>Germany</b>	<b>Other European countries</b>	<b>North America</b>	<b>South America</b>	<b>Asia</b>	<b>Other countries</b>	<b>Total</b>
Value added sales	2,066.5	2,205.3	4,172.7	4,473.4	811.6	2,934.0	298.7	16,962.2
Monolith sales	350.3	369.4	1,038.4	821.8	48.1	572.0	19.5	3,219.5
Consolidated sales	2,416.8	2,574.7	5,211.1	5,295.2	859.7	3,506.0	318.2	20,181.7
Net property, plant and equipment	336.4	148.8	793.7	607.2	145.8	589.0	28.8	2,649.7
Capital expenditure	114.8	37.8	206.2	177.4	18.7	177.1	11.8	743.8
Headcounts as of December 31	13,739	6,827	39,491	20,690	5,895	20,716	1,917	109,275

### 2016

<i>(in € millions)</i>	<b>France</b>	<b>Germany</b>	<b>Other European countries</b>	<b>North America</b>	<b>South America</b>	<b>Asia</b>	<b>Other countries</b>	<b>Total</b>
Value added sales	1,687.3	2,210.7	3,942.5	4,422.4	546.3	2,560.7	243.7	15,613.6
Monolith sales	308.2	439.4	1,002.2	763.0	35.5	533.9	14.7	3,096.9
Consolidated sales	1,995.5	2,650.1	4,944.7	5,185.4	581.8	3,094.6	258.4	18,710.5
Net property, plant and equipment	313.9	143.9	722.6	643.7	110.2	511.5	22.4	2,468.2
Capital expenditure	112.2	28.9	190.5	148.2	18.4	165.9	4.5	668.6
Headcounts as of December 31	13,167	6,927	35,693	20,086	4,425	16,515	1,795	98,608

**NOTE 5 ANALYSIS OF OPERATING EXPENSES**

**5.1 Analysis of operating expenses by function**

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Cost of sales	(18,066.0)	(16,784.6)
research and development costs	(265.0)	(289.5)
Selling and administrative expenses	(680.4)	(666.2)
<b>TOTAL</b>	<b>(19,011.4)</b>	<b>(17,740.3)</b>

**5.2 Analysis of operating expenses by nature**

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Purchases consumed	(13,448.4)	(12,518.3)
External costs	(1,972.8)	(1,785.1)
Personnel costs	(3,548.6)	(3,360.1)
Taxes other than on income	(54.4)	(53.5)
Other income and expenses*	722.9	641.0
Depreciation, amortization and provisions for impairment in value of non-current assets	(719.0)	(660.2)
Charges to and reversals of provisions	8.9	(4.1)
<b>TOTAL</b>	<b>(19,011.4)</b>	<b>(17,740.3)</b>

\* Including production taken into inventory or capitalized. 610.4                      576.3

The CICE (tax credit for competitiveness and employment) is allocated to personnel costs; it amounted to €14.9 million in 2017 (€12.7 million in 2016).



### 5.3 Personnel costs

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Wages and salaries*	(2,804.9)	(2,663.1)
Payroll taxes	(743.7)	(697.0)
<b>TOTAL</b>	<b>(3,548.6)</b>	<b>(3,360.1)</b>

\* Of which temporary employee costs. (305.2) (301.0)

Details of expenses relating to the Group's stock option and free shares plans and pension costs are provided in Notes 22.2 and 25, respectively.

### 5.4 Research and development costs

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Research and development costs, gross	(1,152.3)	(1,021.5)
- amounts billed to customers and changes in inventories	670.7	587.5
- capitalized development costs	474.3	389.1
- amortization of capitalized development costs	(258.8)	(239.3)
- allowances to and reversals of provisions for impairment of capitalized development costs	1.1	(5.3)
<b>TOTAL</b>	<b>(265.0)</b>	<b>(289.5)</b>

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

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Amortization of capitalized development costs	(258.8)	(239.3)
Amortization of other intangible assets	(29.2)	(25.0)
Depreciation of specific tooling	(13.3)	(13.8)
Depreciation and impairment of other property, plant and equipment	(418.8)	(376.8)
Provisions for impairment of capitalized development costs	1.1	(5.3)
<b>TOTAL</b>	<b>(719.0)</b>	<b>(660.2)</b>

This table does not include allowances and reversals of provision for non-recurring items.

**NOTE 6 OTHER NON RECURRING OPERATING INCOME AND EXPENSES**

Other non recurring operating income and expenses are analyzed as follows:

**OTHER NON RECURRING OPERATING INCOME**

<i>(in € millions)</i>	2017	2016
Release of provision for impairment of assets	1.4	0.0
Losses on disposals of assets	0.0	1.9
Others	3.8	5.1
<b>TOTAL</b>	<b>5.2</b>	<b>7.0</b>

**OTHER NON RECURRING OPERATING EXPENSES**

<i>(in € millions)</i>	2017	2016
Other provisions for impairment of assets	0.0	(8.8)
Reorganization expenses*	(85.0)	(86.3)
Losses on disposal of assets	(0.7)	0.0
Others	(15.6)	(17.7)
<b>TOTAL</b>	<b>(101.3)</b>	<b>(112.8)</b>

\* As of December 31, 2017, this item includes restructuring costs in the amount of €79.2 million and provisions for impairment in value of non-current assets in the amount of €5.8 million, versus respectively, €84.2 million and €2.1 million in 2016.

**RESTRUCTURING**

Reorganization costs (€85.0 million) include redundancy and site relocation payments for 1,424 people.

**NOTE 7 OTHER FINANCIAL INCOME AND EXPENSES**

<i>(in € millions)</i>	2017	2016
Impact of discounting pension benefit obligations	(6.8)	(7.5)
Changes in the ineffective portion of currency hedges	(0.2)	0.8
Changes in fair value of currency hedged relating to debt	4.0	(2.4)
Foreign exchange gains and losses on borrowings	(7.7)	(3.5)
Others*	(12.3)	(10.7)
<b>TOTAL</b>	<b>(23.0)</b>	<b>(23.3)</b>

\* As of December 31, 2017, this item includes mainly amortization of costs related to bonds, and other long-term debts and commissions for non-use of the credit facility.



## NOTE 8

## CORPORATE INCOME TAX

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be utilized.

When appropriate, a deferred tax liability is booked to cover taxes payable on the distribution of retained earnings of subsidiaries and associates which are not considered as having been permanently reinvested and for which the Group is not in a position to control the date when the timing difference will reverse.

Corporate income tax can be analyzed as follows:

<i>(in € millions)</i>	2017	2016
Current taxes		
- Current corporate income tax	(238.1)	(221.8)
Deferred taxes		
- Deferred taxes for the period	(23.7)	32.6
<b>TOTAL</b>	<b>(261.8)</b>	<b>(189.2)</b>

## 8.1 Analysis of the tax charge

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

<i>(in € millions)</i>	2017	2016
Pre-tax income of consolidated companies	941.7	702.0
<i>Theoretical Tax (34.43%)</i>	<i>(324.2)</i>	<i>(241.7)</i>
Effect of rate changes on deferred taxes recognized on the balance sheet	(1.6)	(4.6)
Effect of local rate differences*	68.5	70.0
Tax credits	12.5	11.3
Change in unrecognized deferred tax	1.6	15.4
Permanent differences & others**	(18.6)	(39.6)
<b>Corporate tax recognized</b>	<b>(261.8)</b>	<b>(189.2)</b>

\* *The impact of local rate differences mainly relates to Chinese entities.*

\*\* *Mainly due to withholding tax on gains or losses of disposal.*

Under the 2018 Finance Act, an additional decrease of the tax rate has been voted in France at 25.82% from 2022, this decrease has not had any significant impact on the Group deferred tax assets as of December 31, 2017. The US tax reform effective as at January 1<sup>st</sup>, 2018 is among other reducing the federal tax rate to 21%, as the deferred tax assets concerned were not significant as of December 31, 2017, this measure has not had any significant impact on the Group financial statements.



## 8.2 Analysis of tax assets and liabilities

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
<b>Current taxes</b>		
- Assets	208.9	158.4
- Liabilities	(58.0)	(58.2)
	<b>150.9</b>	<b>100.2</b>
<b>Deferred taxes</b>		
- Assets*	232.6	266.2
- Liabilities	(18.6)	(14.2)
	<b>214.0</b>	<b>252.0</b>
* <i>Of which tax assets on tax losses.</i>	61.5	97.8

The assessment of the ability to recover net deferred tax assets as of December 31, 2017 (€214 million) is based on the Group's 2018-2020 strategic plan for the long-term recovery of tax losses.

Changes in deferred taxes recorded on the balance sheet break down as follows:

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
<b>Amount as at the beginning of the year</b>	<b>252.0</b>	<b>204.5</b>
- Deferred taxes carried to net income from continued operations for the period	(23.7)	32.6
- Deferred taxes carried to net income from discontinued operations for the period	0.0	(14.8)
- Deferred taxes recognized directly in equity*	(1.6)	17.9
- Effect of currency fluctuations and other movements	(12.7)	11.8
<b>Amount at the end of the year</b>	<b>214.0</b>	<b>252.0</b>
* <i>Mainly related to actuarial gains and losses directly recognised in equity.</i>		

## 8.3 Deferred tax assets and liabilities by nature

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Tax asset and tax losses	61.5	97.8
Intangible assets	(213.0)	(174.6)
Other tangible assets and long term assets	109.6	80.8
Pensions	75.1	79.5
Other reserves	15.9	15.9
Stocks	61.7	60.0
Other working capital	103.2	92.6
<b>TOTAL</b>	<b>214.0</b>	<b>252.0</b>
<i>of which deferred tax assets</i>	232.6	266.2
<i>of which deferred tax liabilities</i>	(18.6)	(14.2)



## 8.4 Impairment of tax asset carryforwards

The ageing of impaired tax asset carryforward is detailed as follows:

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
N+1	10.8	17.3
N+2	12.2	17.4
N+3	13.4	10.9
N+4	2.7	1.3
N+5 and above	13.2	20.1
Unlimited	619.4	655.8
<b>TOTAL</b>	<b>671.7</b>	<b>722.8</b>

These impaired deferred income tax assets on loss carry forwards are mainly located in France.

### NOTE 9

### EARNINGS PER SHARE

Basic earnings per share are 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).

	<b>2017</b>	<b>2016</b>
<b>Number of shares outstanding at year-end <sup>(1)</sup></b>	<b>138,035,801</b>	<b>138,035,801</b>
Adjustments:		
- treasury stock	(814,320)	(807,216)
- weighted impact of share issue prorated	0	(55,666)
<b>Weighted average number of shares before dilution</b>	<b>137,221,481</b>	<b>137,172,919</b>
Weighted impact of dilutive instruments:		
- stock options <sup>(2)</sup>	0	6,982
- free shares attributed	761,865	0
- bonds with conversion option	0	0
<b>Weighted average number of shares after dilution</b>	<b>137,983,346</b>	<b>137,179,901</b>

(1) Changes in the number of shares outstanding as of December 31, 2017, are analyzed as follows:

<b>As of December 31, 2016: Number of Faurecia shares outstanding</b>	<b>138,035,801</b>
Exercise of stock options	0
<b>As of December 31, 2017: Number of Faurecia shares outstanding</b>	<b>138,035,801</b>

(2) as of December 31, 2017, no stock options were still outstanding.

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all outstanding stock options had been exercised to the number of shares that could have been acquired at fair value.

Starting in 2017, the potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated. This impact was not material on the computation of the earnings per share after dilution on previous periods.

## Earnings per share

Earnings per share break down as follows:

	2017	2016
<b>Net Income (loss) (in € millions)</b>	<b>610.2</b>	<b>637.8</b>
Basic earnings (loss) per share	4.45	4.65
After dilution	4.42	4.65
<b>Net Income (loss) from continued operations (in € millions)</b>	<b>617.5</b>	<b>449.5</b>
Basic earnings (loss) per share	4.50	3.28
After dilution	4.48	3.28
<b>Net Income (loss) from discontinued operations (in € millions)</b>	<b>(7.4)</b>	<b>188.3</b>
Basic earnings (loss) per share	(0.05)	1.37
After dilution	(0.05)	1.37

### NOTE 10 GOODWILL

In case of a business combination, the aggregate value of the acquisition is allocated to the identifiable assets acquired and liabilities assumed based on their fair value determined at their acquisition date.

A goodwill is recognized when the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated represents the level within the operating segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs:

- Automotive Seating;
- Interior Systems;
- Clean Mobility.

The carrying amount of assets and liabilities thus grouped is compared to the higher of its market value and value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

(in € millions)	Gross	Impairment	Net
<b>Amount as of January 1, 2016</b>	<b>1,719.5</b>	<b>(509.7)</b>	<b>1,209.8</b>
Acquisitions	0.0	0.0	0.0
Translation adjustments and other movements	9.1	(1.2)	7.9
<b>Amount as of December 31, 2016</b>	<b>1,728.6</b>	<b>(510.9)</b>	<b>1,217.7</b>
Acquisitions	19.6	0.0	19.6
Translation adjustments and other movements	(21.3)	0.1	(21.2)
<b>Amount as of December 31, 2017</b>	<b>1,726.9</b>	<b>(510.8)</b>	<b>1,216.1</b>



Breakdown of the net amount of goodwill by operating segment:

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Automotive Seating	793.6	793.9
Interior Systems	66.9	47.9
Clean Mobility	355.6	375.9
<b>TOTAL</b>	<b>1,216.1</b>	<b>1,217.7</b>

## Cash generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is also recorded for losses to completion on loss-making contracts.

In case of a triggering event, impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among various manufacturing flows, optimization of capacity utilization, and centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

The cash flow forecasts used to calculate value in use were based on the Group's 2018-2020 strategic plan which was drafted in mid-2017. The volume assumptions used in the 2018-2020 strategic plan are based on external information sources.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2020 is 8% of value added sales for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2020) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the year-end 2017 test was 1.4% (1.4% applied for 2016).

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 19 companies operating in the automotive supplier sector (8 in Europe, 5 in the United States and 6 in Asia). Taking into account these parameters and a market risk premium of 7% on average, the weighted cost of capital used to discount future cash flows was set at 9% (on the basis of a range of values provided by the independent expert) in 2017 (9.0% in 2016). This rate was applied for the impairment tests carried out on all of the Group's CGUs. They all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates.

The tests performed at year-end 2017 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2017 to determine the value in use of the CGUs to which the Group's goodwill is allocated:

<b>Sensitivity</b> <i>(in € millions)</i>	<b>Test income (value in use - net carrying value)</b>	<b>Cash flow discount rate +0.5pt</b>	<b>Growth rate to infinity -0.5 pt</b>	<b>Operating margin rate for terminal value -0.5pt</b>	<b>Combination of the 3 factors</b>
Automotive Seating	2,447	(276)	(243)	(300)	(745)
Interior Systems	1,333	(199)	(176)	(235)	(554)
Clean Mobility	3,451	(292)	(258)	(313)	(785)

**NOTE 11 INTANGIBLE ASSETS**

**A. Research and development expenditure**

The Faurecia Group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are not considered as sold to the customer, especially when paid for by the customer on delivery of each part. In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the Company's ability to measure these reliably;
- its ability to reliably measure the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

**B. Other intangible assets**

Other intangible assets include development and purchase costs relating to software used within the Group – which are amortized on a straight-line basis over a period of between one and three years – as well as patents and licenses, and the intangible assets acquired in business combinations (customer relationship,...); these assets are amortized on the corresponding contracts duration.

Intangible assets break down as follows:

<i>(in € millions)</i>	<b>Development costs</b>	<b>Software and other*</b>	<b>Total</b>
<b>AMOUNT AS OF JANUARY 1, 2016</b>	<b>888.9</b>	<b>46.1</b>	<b>935.0</b>
Additions	407.0	0.5	407.5
Depreciation and amortization	(239.3)	(25.0)	(264.3)
Funding of provisions	(5.3)	0.1	(5.2)
Translation adjustments and other	3.0	31.7	34.7
<b>AMOUNT AS OF DECEMBER 31, 2016</b>	<b>1,054.3</b>	<b>53.4</b>	<b>1,107.7</b>
Additions	473.6	0.4	474.0
Depreciation and amortization	(258.8)	(30.5)	(289.3)
Funding of provisions	1.1	0.1	1.2
Translation adjustments and other	(55.7)	43.4	(12.3)
<b>AMOUNT AS OF DECEMBER 31, 2017</b>	<b>1,214.5</b>	<b>66.8</b>	<b>1,281.3</b>

\* Including intangible assets acquired.

The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's marketing department based on automakers' forecasts when available.



## NOTE 12

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

Specific tooling is produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders, which are either a) not sold to the customer, or b) paid for by the customer on delivery of each part. In accordance with IAS 16, this tooling is recognized as property, plant and equipment.

It is depreciated to match the quantities of parts delivered to the customer over a maximum of five years, in line with the rate at which models are replaced.

Investment grants are recorded as a deduction from the assets that they were used to finance.

Property, plant and equipment acquired under finance leases which transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are recorded under assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The recognized assets are subsequently depreciated as described above. An obligation of the same amount is recorded as a liability.

<i>(in € millions)</i>	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
<b>AMOUNT AS OF JANUARY 1, 2016</b>	<b>89.2</b>	<b>416.6</b>	<b>1,241.4</b>	<b>79.9</b>	<b>420.2</b>	<b>2,247.3</b>
Additions (including own work capital) <sup>(1)</sup>	0.0	2.4	24.2	32.3	609.7	668.6
Disposals	(2.4)	(36.6)	(210.1)	(5.0)	(28.6)	(282.7)
Funding of depreciation, amortization and impairment provisions	(0.4)	(48.8)	(280.3)	(30.1)	(32.4)	(392.0)
Non-recurring impairment losses	(0.5)	(0.4)	(6.0)	(0.3)	(0.3)	(7.5)
Depreciation written off on disposals	0.5	27.1	181.8	4.1	28.3	241.8
Currency translation adjustments	0.7	9.4	17.5	0.1	5.1	32.8
Entry into scope of consolidation & other movements	0.4	62.9	358.7	0.6	(462.7)	(40.1)
<b>AMOUNT AS OF DECEMBER 31, 2016</b>	<b>87.5</b>	<b>432.6</b>	<b>1,327.2</b>	<b>81.6</b>	<b>539.3</b>	<b>2,468.2</b>
Additions (including own work capital) <sup>(1)</sup>	0.0	1.2	23.1	48.5	671.0	743.8
Disposals	(6.3)	(61.2)	(182.3)	(14.5)	(14.4)	(278.7)
Funding of depreciation, amortization and impairment provisions	(0.3)	(51.2)	(314.9)	(29.5)	(36.8)	(432.7)
Non-recurring impairment losses	0.0	0.1	(0.9)	(0.5)	(0.9)	(2.2)
Depreciation written off on disposals	0.8	44.3	179.1	14.5	13.9	252.6
Currency translation adjustments	(2.2)	(20.9)	(87.2)	(3.0)	(28.9)	(142.2)
Entry into scope of consolidation & other movements	0.9	58.1	583.0	1.0	(602.1)	40.9
<b>AMOUNT AS OF DECEMBER 31, 2017</b>	<b>80.4</b>	<b>403.0</b>	<b>1,527.1</b>	<b>98.1</b>	<b>541.1</b>	<b>2,649.7</b>

(1) Including assets held under finance leases:  
in 2016 2.6  
in 2017 1.1

<i>(in € millions)</i>	2017			2016	
	Gross	Depreciation	Net	Gross	Net
Land	90.3	(9.9)	80.4	98.0	87.5
Buildings	1,087.4	(684.4)	403.0	1,125.9	432.6
Plant, tooling and technical equipment	3,919.2	(2,392.1)	1,527.1	3,683.2	1,327.2
Specific tooling	270.7	(172.6)	98.1	241.6	81.6
Other property, plant and equipment & property, plant and equipment in progress	787.7	(246.6)	541.1	769.8	539.3
<b>TOTAL</b>	<b>6,155.3</b>	<b>(3,505.6)</b>	<b>2,649.7</b>	<b>5,918.5</b>	<b>2,468.2</b>
Including assets subject to lease financing	65.3	(56.5)	8.8	83.4	8.0

Property, plant and equipment are often dedicated to client programs.


**NOTE 13 INVESTMENTS IN ASSOCIATES**

Investment in associates for continued operations:

<i>(in € millions)</i>	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50	5.5	(1.5)	34.8	19.0
Changchun Xuyang Faurecia Acoustics & Soft Trim Co. Ltd	40	3.2	0.0	20.7	15.9
Dongfeng Faurecia Automotive Exterior Systems Co. Ltd	50	13.4	0.0	32.6	51.0
Detroit Manufacturing Systems LLC	45	6.4	(2.1)	391.2	71.3
DMS leverage lender (LLC)	45	3.1	0.0	0.0	14.7
Faurecia Japon NHK Co. Ltd	50	0.0	0.0	217.3	33.3
Parrot Faurecia Automotive	20	26.8	0.0	11.1	29.9
Others	-	32.2	(3.0)	174.5	83.7
<b>SUB TOTAL</b>		<b>90.6</b>	<b>(6.6)</b>	<b>882.2</b>	<b>318.8</b>
SAS group	50	60.5	(10.0)	1,584.3	269.5
<b>TOTAL</b>		<b>151.1</b>	<b>(16.6)</b>	<b>2,466.5</b>	<b>588.3</b>

\* Percent of interest held by the Company that owns the shares.

\*\* As the Group 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.

### 13.1 Change in investments in associates

<i>(in € millions)</i>	2017	2016
<b>Group share of equity at beginning of period</b>	<b>130.7</b>	<b>111.5</b>
Dividends	(16.6)	(18.2)
Share of net income of associates	34.6	19.7
Change in scope of consolidation	7.2	(1.8)
Capital increase	1.9	21.7
IFRS 5 reclassifications	0.0	0.2
Currency translation adjustments	(6.7)	(2.4)
<b>Group share of equity at end of period</b>	<b>151.1</b>	<b>130.7</b>



## 13.2 Information on significant associates

SAS is a joint venture with Continental Automotive GmbH which manufactures full cockpit modules with electronics and circuitry built into the instrument panels. Its headquarters is located in Karlsruhe (Germany), with subsidiaries mainly in France, Slovakia, Spain, Mexico, Turkey, Czech Republic and United States of America. Additional information on this entity (actual data as of November and December forecasts) is provided below:

<i>(in € millions)</i>	2017	2016
Sales	3,168.5	3,285.9
Operating income (loss)	46.1	57.2
Net income (loss)	37.0	34.0

<i>(in € millions)</i>	2017	2016
Fixed assets	113.8	76.4
Current assets	351.5	273.2
Cash	73.6	127.8

<b>TOTAL ASSETS</b>	<b>538.9</b>	<b>477.4</b>
Equity	121.0	110.0
Borrowings	0.0	0.6
Other non-current liabilities	20.4	19.3
Non-current financial liabilities	397.5	347.5
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>538.9</b>	<b>477.4</b>

The other associates, in joint control or significant influence, taken individually, are not considered as significant neither for sales nor for total assets.

In accordance with IAS 39, the Group classifies its financial assets in the following categories: loans and receivables, available-for-sale financial assets, and financial assets at fair value through profit or loss. They are recorded on the following balance sheet items: "Other equity interests" (Note 14), "Other non-current financial assets" (Note 15), "Trade account receivables" (Note 18), "Other operating receivables" (Note 19), "Other receivables" (Note 20) and "Cash and cash equivalents" (Note 21).

The Group does not use the IAS 39 categories of "Held-to-maturity investments" nor "Financial assets held for trading".


**NOTE 14 OTHER EQUITY INTERESTS**

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized when appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

(in € millions)	% of share capital	2017		2016
		Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	12.4	12.4	13.2
Amminex Emissions Systems APS	91.5	24.0	24.0	24.0
Chongqing Faurecia Changpeng Automotive Parts Co., Ltd*	80.0	-	-	21.2
TactoTek Oy	9.8	5.0	5.0	4.0
Canatu Oy	7.5	5.0	5.0	3.0
Coagent**	50.1	187.5	187.5	-
Others	-	7.8	6.0	1.7
<b>TOTAL</b>		<b>241.7</b>	<b>239.9</b>	<b>67.1</b>

\* Consolidated in 2017.

\*\* See Note 2.1.

**NOTE 15 OTHER NON-CURRENT FINANCIAL ASSETS**

Loans and other financial assets are initially stated at fair value and then at amortized cost, calculated using the effective interest method. Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

(in € millions)	2017			2016
	Gross	Provisions	Net	Net
Loans with maturity longer than one year	44.3	(17.1)	27.2	24.6
Others	79.2	(9.6)	69.6	42.1
<b>TOTAL</b>	<b>123.5</b>	<b>(26.7)</b>	<b>96.8</b>	<b>66.7</b>

**NOTE 16 OTHER NON-CURRENT ASSETS**

This item includes:

(in € millions)	2017	2016
Pension plan surpluses	18.3	20.1
Guarantee deposits and other	24.8	22.9
<b>TOTAL</b>	<b>43.1</b>	<b>43.0</b>

**NOTE 17 INVENTORIES AND WORK-IN-PROGRESS**

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of internally-manufactured specific tooling or development work which is sold to customers, i.e. where the related risks and rewards are transferred. These costs are recognized in the income statement over the period in which the corresponding sales are made, as each technical stage is validated by the customer, or when the tooling is delivered if the contract does not provide for specific technical stages.

Provisions are booked for inventories for which the probable realizable value is lower than cost.

<i>(In € millions)</i>	2017			2016
	Gross	Depreciations	Net	Net
Raw materials and supplies	589.1	(73.3)	515.8	437.5
Engineering, tooling and prototypes	569.3	(10.8)	558.5	512.7
Work in progress for production	2.4	(0.2)	2.2	3.4
Semi-finished and finished products	410.4	(67.7)	342.7	310.4
<b>TOTAL</b>	<b>1,571.2</b>	<b>(152.0)</b>	<b>1,419.2</b>	<b>1,264.0</b>

**NOTE 18 TRADE ACCOUNTS RECEIVABLES**

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North America 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 December 31, 2017, 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 which corresponds to the cash received as consideration for the receivables sold:

<i>(in € millions)</i>	2017	2016
Financing	1,146.5	1,083.6
Guarantee reserve deducted from borrowings	(39.4)	(36.1)
Cash received as consideration for receivables sold	1,107.1	1,047.5
Receivables sold and derecognized	(1,038.7)	(1,045.9)

Individually impaired trade receivables are as follows:

<i>(in € millions)</i>	2017	2016
Gross total trade receivables	1,781.8	1,670.1
Provision for impairment of receivables	(15.7)	(18.0)
<b>TOTAL</b>	<b>1,766.1</b>	<b>1,652.1</b>



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 December 31, 2017 were €159.0 million, breaking down as follows:

- €82.8 million less than one month past due;
- €26.4 million between one and two months past due;
- €9.9 million between two and three months past due;
- €11.3 million between three and six months past due;
- €28.6 million more than six months past due.

## NOTE 19 OTHER OPERATING RECEIVABLES

<i>(In € millions)</i>	2017	2016
Down payments	103.3	117.1
Currency derivatives for operations	4.3	0.9
Other receivables <sup>(1)</sup>	162.7	151.8
<b>TOTAL</b>	<b>270.3</b>	<b>269.8</b>

(1) Including the following amounts for VAT and other tax receivables.

156.9

145.7

## NOTE 20 OTHER RECEIVABLES

<i>(in € millions)</i>	2017	2016
Short-term portion of loans	24.0	10.9
Prepaid expenses	223.1	178.3
Current taxes	208.9	158.4
Other sundry payables	100.0	79.2
<b>TOTAL</b>	<b>556.0</b>	<b>426.8</b>

In 2017, the receivables on *Crédit d'Impôt pour la Compétitivité et l'Emploi* (CICE) and *Crédit d'Impôt Recherche* (CIR) have been sold respectively for amounts of €14.2 million and €43.1 million.

## NOTE 21 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include current account balances in the amount of €868.1 million (compared to €1,315.3 million in 2016) and short-term investments in the amount of €694.9 million (compared to €246.9 million in 2016), or a total of €1,563 million as of December 31, 2017.

These components include current account balances and units in money market funds that are readily convertible to a known amount of cash and are not subject to a significant risk of impairment in the event of changes in interest rates. They are measured at fair value and variances are booked through P&L.

The carrying amount of marketable securities is almost identical to market value as they are held on a very short-term basis.

## NOTE 22 SHAREHOLDERS' EQUITY

### 22.1 Capital

As of December 31, 2017, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up 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 December 31, 2017, Peugeot S.A. held 46.34% of the capital stock and 63.09% of the voting rights. The capital and additional paid-in capital variance on the period can be analyzed as follows:

	Number of shares	Capital (in € millions)	Additional paid-in capital (in € millions)
Amount as of January 1, 2017	138,035,801	966.3	604.0
Exercise of stock options	-	-	-
Amount as of December 31, 2017	138,035,801	966.3	604.0

### 22.2 Share-based payment

#### A – STOCK OPTIONS

Faurecia has a policy of issuing stock options to the executives of Group companies.

Options are measured at fair value as of the grant date using the Black & Scholes option pricing model. The fair value of stock options is recognized in payroll costs on a straight-line basis over the vesting period (the period between the grant date and the vesting date), with a corresponding adjustment to equity.

As of December 31, 2017, no stock options were still outstanding.

Movements in the aggregate number of options under all of the plans in force were as follows:

	2017	2016
Amount as at beginning of the period	244,200	636,500
Options granted	0	0
Options exercised	0	(152,900)
Options cancelled and expired	(244,200)	(239,400)
Amount as at the end of the year	0	244,200



## B – FREE SHARE GRANT

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

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less (i) an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and (ii) an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

The amount recognized for the period is an expense of €21.1 million, compared to €17.8 million in 2016.

Details of the share grant plans as of December 31, 2017 are set out in the table below:

Date of Annual shareholders' meeting	Date of Board meeting	Maximum number of free shares that can be granted* for:		Performance condition	share market value at grant date (€)	Adjustments			Acquisition date	sales date (from)
		reaching the objective	exceeding the objective			dividend rate	transferrability	Non-discount		
5/27/2015	7/23/2015	570,122	741,081	2017 pretax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	37.4	1.25%	NA	7/23/2019	7/23/2019	
5/27/2016	7/25/2016	687,711	894,665	2018 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	32.875	1.25%	NA	7/25/2020	7/25/2020	
5/27/2016	7/20/2017	617,595	802,830	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	48.46	1.75%	NA	7/20/2021	7/20/2021	

\* Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 24, 2013 have been met, the corresponding shares, (i.e. 947,050) have been distributed in July 2017. The performance conditions for the plan attributed by the Board of July 28, 2014 have been met, the corresponding shares, (i.e. 761,865) will be distributed in July 2018.

## 22.3 Treasury stock

As of December 31, 2017, Faurecia held 814,320 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2017 totaled €34.2 million, representing an average cost of €42.01 per share.

**NOTE 23 MINORITY INTERESTS**

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

Changes in minority interests were as follows:

<i>(in € millions)</i>	2017	2016
<b>Amount as at beginning of the period</b>	<b>215.1</b>	<b>211.9</b>
Increase in minority shareholder interests	16.9	1.8
Other changes in scope of consolidation	27.9	0.8
Minority interests in net income for the year	96.9	83.0
Dividends allocated to minority interests	(65.8)	(80.0)
Currency translation adjustments	(16.3)	(2.4)
<b>Amount as the end of the year</b>	<b>274.7</b>	<b>215.1</b>

The minority interests, taken individually, are not considered as significant in comparison to the total net equity.

**NOTE 24 CURRENT PROVISIONS AND CONTINGENT LIABILITIES**

**24.1 Current provisions**

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

<i>(in € millions)</i>	2017	2016
Restructuring	72.5	83.5
Risks on contracts and customer warranties	48.4	57.0
Litigation	17.6	35.7
Other provisions	39.5	44.9
<b>TOTAL</b>	<b>178.0</b>	<b>221.1</b>

Changes in these provisions in 2017 were as follows:

<i>(in € millions)</i>	Amount as of January 1, 2017	Additions	Expenses charged	Reversal*	Sub-total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2017
Restructuring	83.5	60.0	(69.4)	(0.5)	(9.9)	(1.1)	72.5
Risks on contracts and customer warranties	57.0	25.7	(27.3)	(4.6)	(6.2)	(2.4)	48.4
Litigation	35.7	7.9	(22.5)	(3.2)	(17.8)	(0.3)	17.6
Other provisions	44.9	14.7	(9.8)	(2.1)	2.8	(8.2)	39.5
<b>TOTAL</b>	<b>221.1</b>	<b>108.3</b>	<b>(129.0)</b>	<b>(10.4)</b>	<b>(31.1)</b>	<b>(12.0)</b>	<b>178.0</b>

\* Surplus provisions.



## 24.2 Contingent liabilities

### LITIGATION

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 market. Faurecia is one of the companies covered by these enquiries. As communicated by Faurecia on May 2<sup>nd</sup>, 2017, the European Commission has announced to close the case. The other enquiries are still ongoing.

On May 19, 2017, the Brazilian competition authority (the CADE) initiated an enquiry covering Faurecia Emissions Control Technologies do Brazil and some of its former employees, alleging anticompetitive practices in regard to the exhaust systems market in Brazil.

The Group has reached agreements in principal with the plaintiffs to settle all three pending class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. When finalized with the court, these settlements, for non-significant amounts in line with potential defense costs, will put an end to these class actions.

Two class actions for similar allegations have also been filed in Canada but are at a very preliminary stage.

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 enquiries and class actions, including the level of fines or sanctions that could be imposed: therefore, no accruals were accounted for as of December 31, 2017.

There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

### NOTE 25

## NON-CURRENT PROVISIONS AND PROVISIONS FOR PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

### 25.1 Non-current provisions

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
<b>Provisions for pensions and other employee obligations</b>	<b>397.2</b>	<b>399.7</b>
- Pension plan benefit obligations	224.0	228.3
- Post-retirement benefit obligations	128.2	122.2
- Long-service awards	26.2	27.1
- Healthcare costs	18.8	22.1
<b>TOTAL</b>	<b>397.2</b>	<b>399.7</b>

### CHANGES IN NON-CURRENT PROVISIONS

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
<b>Amount as at beginning of the period</b>	<b>399.7</b>	<b>344.1</b>
Changes in scope of consolidation	(0.4)	0.0
Other movements	(6.5)	3.2
Allowance (or reversal) of provision	32.5	31.6
Expenses charged to the provision	(13.7)	(11.5)
Payments to external funds	(9.8)	(12.8)
Restatement differences	(4.6)	45.1
<b>Amount as at the end of the period</b>	<b>397.2</b>	<b>399.7</b>



## 25.2 Provisions for pensions and other post-employment benefits

Group employees may receive, in addition to their pensions in conformity with the applicable regulations in the countries where the Group companies employing them are located, additional benefits or post-retirement benefit obligations. The Group offers these benefits through either defined benefits or defined contribution plans.

The valuation and accounting methodologies followed by the Group are the following:

- for defined contribution plans, costs are recognized as expenses based on contributions;
- the liability for defined benefit plans is determined on an actuarial basis using the projected unit credit method, according to the agreements effective in each concerned Group company.

The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels as well as other economic assumptions (such as the inflation rate, the discount rate) for each concerned zone or country. These assumptions are described in Note 25.2.

Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability. An excess of plan assets is only recognized in the balance sheet when it represents future benefits effectively available for the Group.

Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period.

Actuarial gains and losses on defined benefits plan are recognized in other comprehensive income.

In case of a change in regime, past service costs are fully recognized as operating expenses, the benefits being fully acquired or not.

The expected rate of return of defined benefits plan assets is equal to the discount rate used to value the obligation. This return is recorded in "Other financial income and expense".

The other post-employment benefits mainly cover seniority bonuses as well as health care benefits. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post-employment benefits.

### BENEFIT OBLIGATIONS

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
<b>Present value of projected obligations</b>		
- Pension plan benefit obligations	382.9	370.5
- Post-retirement indemnities obligations	134.1	128.7
- Long-service awards	26.2	27.1
- Healthcare costs	18.8	22.1
<b>TOTAL</b>	<b>562.0</b>	<b>548.4</b>
Value of plan assets:		
- Provisions booked in the accounts	397.2	399.7
- External funds (market value) <sup>(1)</sup>	183.1	168.8
- Plan surplus <sup>(2)</sup>	(18.3)	(20.1)
<b>TOTAL</b>	<b>562.0</b>	<b>548.4</b>

(1) External funds mainly cover pension plan benefit obligations for €177.2 million in 2017.

(2) Pension plan surpluses are included in Other non-current assets.



## PENSION BENEFIT OBLIGATIONS

### A – Description of the plans

In France, the supplementary pension scheme comprises a defined benefit plan for all managerial employees granting a rent relating to salary tranche C.

In the United States, one plan was settled in May 2017. The two remaining defined benefit pension plans are all closed to new participants, respectively since 1996 and 2002. The first plan covers 647 participants and the second plan covers 350 participants.

In Germany, the main defined benefit pension plan still open covers 5,357 participants. The benefit granted is based on the number of years of service, starting after 14 years.

A specific supplementary pension scheme for Executive Committee members who have an employment contract with Faurecia S.A. or any of its subsidiaries, comprising a defined benefit plan for French members and a defined contribution plan for foreign members, was approved by the Board of Directors on February 11, 2015. It guarantees an annuity based on the reference salary, the Group's operating income, and the budget approved by the Board of Directors.

### B – Assumptions used

The Group's obligations under these plans are determined on an actuarial basis, using the following assumptions:

- retirement age between 62 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected long-term return on external funds;
- discount and inflation rates (or differential) based on local conditions.

The main actuarial assumptions used in the past two years to measure the pension liability are as follows:

<i>(in %)</i>	<b>Eurozone</b>	<b>United Kingdom</b>	<b>USA</b>
<b>DISCOUNT RATE</b>			
<b>2017</b>	<b>1.50%</b>	<b>2.60%</b>	<b>3.40%</b>
2016	1.50%	2.80%	3.74%
<b>INFLATION RATE</b>			
<b>2017</b>	<b>1.80%</b>	<b>3.20%</b>	<b>N/A</b>
2016	1.80%	3.25%	N/A

Nota: Iboxx AA rate is the reference to determine the discount rate for the euro zone.

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

The average duration of the various plans is as follows:

<i>(in number of years)</i>	<b>Eurozone</b>	<b>United Kingdom</b>	<b>USA</b>
Average duration	16.1	23.5	8.4

### C – Information on external funds

External funds are invested as follows:

(in %)	2017			2016		
	Equities	Bonds	Others	Equities	Bonds	Others
France	23%	75%	2%	18%	78%	4%
United Kingdom	32%	67%	1%	39%	61%	0%
United States	63%	29%	8%	49%	33%	18%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2017.

### D – Provisions for pension liabilities recognized on the balance sheet

(in € millions)	2017			2016		
	France	Abroad*	Total	France	Abroad	Total
<b>Amount as at beginning of the period</b>	<b>160.0</b>	<b>170.5</b>	<b>330.5</b>	<b>136.1</b>	<b>142.0</b>	<b>278.1</b>
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.0	(0.4)	(0.4)	0.0	0.0	0.0
Additions	15.8	13.4	29.2	13.6	12.9	26.5
Expenses charged to the provision	(3.8)	(4.9)	(8.7)	(3.2)	(4.7)	(7.9)
Payments to external funds	(4.6)	(5.2)	(9.8)	(7.0)	(5.8)	(12.8)
Actuarial gains/(losses)	(0.4)	(4.4)	(4.8)	21.1	26.2	47.3
Other movements	0.0	(2.1)	(2.1)	(0.6)	(0.1)	(0.7)
<b>Amount as at the end of the period</b>	<b>167.0</b>	<b>166.9</b>	<b>333.9</b>	<b>160.0</b>	<b>170.5</b>	<b>330.5</b>

\* The provision for €166.9 million as of December 31, 2017 relates mainly to Germany (€133.1 million).



### E – Changes in pension liabilities

(in € millions)	2017			2016		
	France	Abroad	Total	France	Abroad	Total
<b>PROJECTED BENEFIT OBLIGATION</b>						
<b>Amount as at beginning of the period</b>	<b>175.0</b>	<b>324.2</b>	<b>499.2</b>	<b>147.1</b>	<b>299.2</b>	<b>446.3</b>
Service costs	13.4	9.7	23.1	10.6	9.4	20.0
Annual restatement	2.8	7.6	10.4	3.5	9.1	12.6
Benefits paid	(5.8)	(16.8)	(22.6)	(7.1)	(16.2)	(23.3)
Actuarial gains/(losses)	(0.1)	17.7	17.6	21.1	37.9	59.0
Other movements (including translation adjustment)	0.0	(10.9)	(10.9)	0.0	(15.2)	(15.2)
Curtailments and settlements	(0.2)	(0.1)	(0.3)	(0.2)	0.0	(0.2)
Effect of closures and plan amendments	0.0	0.5	0.5	0.0	0.0	0.0
<b>Amount as at the end of the period</b>	<b>185.1</b>	<b>331.9</b>	<b>517.0</b>	<b>175.0</b>	<b>324.2</b>	<b>499.2</b>
<b>VALUE OF PLAN ASSETS</b>						
<b>Amount as at beginning of the period</b>	<b>15.0</b>	<b>153.7</b>	<b>168.7</b>	<b>11.1</b>	<b>157.2</b>	<b>168.3</b>
Projected return on plan assets	0.2	4.3	4.5	0.3	5.6	5.9
Actuarial gains/(losses)	0.3	22.1	22.4	0.0	11.7	11.7
Other movements (including translation adjustment)	0.0	(8.4)	(8.4)	(0.1)	(15.1)	(15.2)
Employer contributions	4.6	5.2	9.8	7.0	5.8	12.8
Benefits paid	(2.0)	(11.9)	(13.9)	(3.3)	(11.5)	(14.8)
Curtailments and settlements	0.0	0.0	0.0	0.0	0.0	0.0
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
<b>Amount as at the end of the period</b>	<b>18.1</b>	<b>165.0</b>	<b>183.1</b>	<b>15.0</b>	<b>153.7</b>	<b>168.7</b>
<b>BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD</b>	<b>167.0</b>	<b>166.9</b>	<b>333.9</b>	<b>160.0</b>	<b>170.5</b>	<b>330.5</b>
<b>TOTAL CHANGE EXPENSED AT THE END OF THE YEAR</b>	<b>15.8</b>	<b>12.9</b>	<b>28.7</b>	<b>13.6</b>	<b>12.9</b>	<b>26.5</b>

These costs are recognized:

- in operating income for the portion relating to service cost;
- in "Other financial income and expenses" for restatement of vested rights and the projected return on external funds.

The actuarial gains and losses generated have been recorded in *Other comprehensive income* according to IAS 19R. It can be analyzed as follows:

(in € millions)	2017		
	France	Abroad	Total
<b>Detail of actuarial gains and losses of the period:</b>			
- differences linked to financial assumptions	0.0	(3.8)	(3.8)
- differences linked to demographic assumptions	0.1	2.7	2.8
- other differences	0.3	5.5	5.8
<b>TOTAL</b>	<b>0.4</b>	<b>4.4</b>	<b>4.8</b>

In France, pension liability increased by €10.1 million at year-end compared to 2016. This increase breaks down as follows:

- €16.2 million relating to service cost and interest cost for 2017;
- €(5.8) million relating to lump-sum retirement bonuses and rights to capital for supplementary pension schemes;
- €(0.2) million relating to employee reduction plans;
- €(0.1) million resulting from actuarial gains and losses relating to experience.

**F - Retirement pension liabilities: sensitivity to changes in the discount rate and in the inflation rate in the main scope**

The impact of a 25 basis point increase in the discount rate and in the inflation rate for the projected benefit obligation is as follows:

<i>(in %)</i>	<b>Discount rate +0.25 pts</b>	<b>Inflation rate +0.25 pts</b>
France	(2.8)%	+2.7%
Germany	(4.7)%	+1.1%

## 25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set aside as follows:

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
French companies	6.2	6.6
Foreign companies	20.0	20.5
<b>TOTAL</b>	<b>26.2</b>	<b>27.1</b>

## 25.4 Healthcare costs

In addition to pension plans, some Group companies, mainly in the United States, cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Foreign companies	18.8	22.1
<b>TOTAL</b>	<b>18.8</b>	<b>22.1</b>

The increase of 25 basis points in the discount rate and 1 percentage point in the healthcare cost trend rates would lead to the following variations on the Group's projected benefits obligations:

<i>(in %)</i>	<b>Discount rate +0.25 pts</b>	<b>Healthcare cost trend rate +1 pt.</b>
Projected benefit obligation	(1.5)%	11.8%



Expenses recognized in connection with this liability break down as follows:

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Service cost	(0.1)	(0.1)
Interest cost*	(0.9)	(0.9)
Curtailment	0.0	0.0
<b>TOTAL</b>	<b>(1.0)</b>	<b>(1.0)</b>

\* Interest cost is recorded under "Other financial income and expenses".

The Group's financial liabilities fall within the IAS 39 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial liabilities" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Other payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

## NOTE 26 NET DEBT

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

### 26.1 Analysis of net debt

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Bonds	1,387.7	1,385.1
Bank borrowings	195.7	188.1
Other borrowings	0.9	1.1
Obligations under finance lease	14.1	17.9
Non-current derivatives	0.0	1.8
<b>SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>1,598.4</b>	<b>1,594.0</b>
Current portion of long term debt	56.0	52.2
Short-term borrowings <sup>(1)</sup>	365.3	258.4
Current derivatives	2.1	1.3
<b>SUB-TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>423.4</b>	<b>311.9</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>2,021.8</b>	<b>1,905.9</b>
Derivatives classified under non-current and current assets	(7.3)	(2.2)
Cash and cash equivalents	(1,563.0)	(1,562.2)
<b>NET DEBT</b>	<b>451.5</b>	<b>341.5</b>
<b>Net cash and cash equivalent</b>	<b>1,563.0</b>	<b>1,562.2</b>

(1) Including bank overdrafts.

62.7

103.0

The change in net financial debt during the year is as follows:

<i>(in € millions)</i>	Balance as of December 31, 2016	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2017
Bonds	1,385.1	2.6	0.0	0.0	0.0	1,387.7
Bank borrowings	188.1	8.1	(3.6)	(0.1)	3.2	195.7
Other borrowings	1.1	0.0	0.0	0.0	(0.2)	0.9
Obligations under finance lease	17.9	1.0	(0.3)	0.0	(4.5)	14.1
Non-current derivatives	1.8	(1.8)	0.0	0.0	0.0	0.0
<b>SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES</b>	<b>1,594.0</b>	<b>9.9</b>	<b>(3.9)</b>	<b>(0.1)</b>	<b>(1.5)</b>	<b>1,598.4</b>
Current portion of long term debt	52.2	(35.3)	(2.2)	0.0	41.3	56.0
Short-term borrowings	258.4	109.9	(44.0)	(4.1)	45.1	365.3
Current derivatives	1.3	0.3	0.0	0.5	0.0	2.1
<b>SUB-TOTAL CURRENT FINANCIAL LIABILITIES</b>	<b>311.9</b>	<b>74.9</b>	<b>(46.2)</b>	<b>(3.6)</b>	<b>86.4</b>	<b>423.4</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>1,905.9</b>	<b>84.8</b>	<b>(50.1)</b>	<b>(3.7)</b>	<b>84.9</b>	<b>2,021.8</b>
Derivatives classified under non-current and current assets	(2.2)	0.0	(0.5)	(4.6)	0.0	(7.3)
Cash and cash equivalents	(1,562.2)	(4.5)	48.1	0.0	(44.4)	(1,563.0)
<b>TOTAL</b>	<b>341.5</b>	<b>80.3</b>	<b>(2.5)</b>	<b>(8.3)</b>	<b>40.5</b>	<b>451.5</b>



## 26.2 Maturities of long-term debt

<i>(in € millions)</i>	2019	2020	2021	2022	2023 and beyond	Total
Bonds	0.0	0.0	0.0	694.2	693.5	1,387.7
Bank borrowings	26.0	152.0	7.5	4.5	5.7	195.7
Other borrowings	0.7	0.1	0.1	0.0	0.0	0.9
Obligation under finance leases	6.1	1.7	1.8	1.7	2.8	14.1
<b>TOTAL AS OF DECEMBER 31, 2017</b>	<b>32.8</b>	<b>153.8</b>	<b>9.4</b>	<b>700.4</b>	<b>702.0</b>	<b>1,598.4</b>

## 26.3 Financing

The main components of Faurecia financing are described below:

### 2022 BONDS

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

A first tranche of these bonds has been issued on March 17, 2015 for €500 million. An additional €200 million bond was issued on April 9, 2015, with the same due date and same coupon, at 100.25% of the nominal value. On May 19, 2015, the bonds of this second tranche were wholly assimilated to those issued on March 17, 2015.

They include a covenant restricting the additional indebtedness if the EBITDA\*\* after certain adjustments is lower than twice times the gross interest costs, and restrictions on the debt similar to those 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. The bonds benefit from guarantees from some group affiliates; the entities providing these guarantees are the same as those that guarantee the bonds due December 2016. These guarantees have been eliminated with the full redemption of these 2016 bonds.

### 2023 BONDS

On April 1, 2016, Faurecia issued bonds for an amount of €700 million due June 15, 2023, carrying 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 issued by subsidiaries.

### SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

In accordance with the credit documentation, all guarantees issued by some Group subsidiaries in favor of banks participating in this credit facility were eliminated when the bonds due in December 2016 were fully redeemed on April 12, 2016.

As of December 31, 2017, this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt\*/EBITDA\*\* must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2017, the Group complied with this ratio.

\* 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 12 months.



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.

Finally, in 2017, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France.

Faurecia is rated Ba2 by Moody's with positive outlook (issued on October 30, 2017) and BB with a stable outlook by Fitch Ratings. On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook.

The Group's global contractual maturity schedule as of December 31, 2017 breaks down as follows:

<i>(in € millions)</i>	Carrying Amount			Remaining contractual maturities				
	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	>5 years
Other non-current financial assets	96.8		96.8				96.8	
Loans and receivables	43.1		43.1				43.1	
Trade accounts receivables	1,766.1		1,766.1	1,750.7	2.4	13.0		
Cash and cash equivalents	1,563.0		1,563.0	1,563.0				
Interests on:								
2022 Bonds		(98.4)	(98.4)		(10.9)	(10.9)	(76.6)	0.0
2023 Bonds		(139.6)	(139.6)		(12.7)	(12.7)	(101.5)	(12.7)
Other long term borrowings		(5.1)	(5.1)	(3.1)	(2.0)			
Obligations under finance leases (ST portion)		(4.1)	(4.1)	(4.1)	0.0	0.0		
Other current financial liabilities		(412.1)	(412.1)	(310.4)	(0.5)	(101.2)		
Trade accounts payables		(4,219.3)	(4,219.3)	(4,186.8)	(6.2)	(26.3)		
Bonds (excluding interest)								
2022 Bonds		(694.2)	(694.2)				(694.2)	
2023 Bonds		(693.5)	(693.5)					(693.5)
Bank borrowings								
Syndicated credit facility			0.0					
Others		(195.7)	(195.7)				(189.9)	(5.8)
Other borrowings		(0.9)	(0.9)				(0.9)	
Obligations under finance leases (LT portion)		(14.1)	(14.1)				(11.3)	(2.8)
<b>Interest rate derivatives</b>		<b>(0.4)</b>	<b>(0.4)</b>	<b>(0.4)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
• o/w cash flow hedges		(0.4)	(0.4)	(0.4)				
• o/w derivatives not qualifying for hedge accounting under IFRS								
<b>Currency hedges</b>	<b>11.1</b>	<b>(1.9)</b>	<b>9.2</b>	<b>7.7</b>	<b>1.3</b>	<b>0.2</b>	<b>0.0</b>	
• o/w fair value hedges	7.3	(1.7)	5.6	5.6				
• o/w cash flow hedges	3.7	(0.2)	3.5	2.0	1.3	0.2		
• o/w derivatives not qualifying for hedge accounting under IFRS	0.1	0.0	0.1	0.1				
<b>TOTAL</b>	<b>3,480.1</b>	<b>(6,479.3)</b>	<b>(2,999.2)</b>	<b>(1,183.4)</b>	<b>(28.6)</b>	<b>(137.9)</b>	<b>(934.5)</b>	<b>(714.8)</b>



## 26.4 Analysis of borrowings

As of December 31, 2017, the variable rate borrowings were 24.1% 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 30.2).

<i>(in € millions)</i>	<b>2017</b>	
Variable rate borrowings	486.9	24.1%
Fixed rate borrowings	1,534.9	75.9%
<b>TOTAL</b>	<b>2,021.8</b>	<b>100.0%</b>

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

<i>(in € millions)</i>	<b>2017</b>		<b>2016</b>	
Euros	1,297.6	64.2%	1,572.2	82.5%
US Dollars	504.4	24.9%	246.5	12.9%
Other currencies	219.8	10.9%	87.2	4.6%
<b>TOTAL</b>	<b>2,021.8</b>	<b>100.0%</b>	<b>1,905.9</b>	<b>100.0%</b>

In 2017, the weighted average interest rate on gross outstanding borrowings was 4.03%.

**NOTE 27 ACCRUED TAXES AND PAYROLL COSTS**

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Accrued payroll costs	344.1	310.3
Payroll taxes	146.1	139.7
Employee profit-sharing	24.3	26.0
Other accrued taxes and payroll costs	112.9	103.1
<b>TOTAL</b>	<b>627.4</b>	<b>579.1</b>

**NOTE 28 SUNDRY PAYABLES**

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Due to suppliers of non-current assets	161.3	162.8
Prepaid income	91.7	78.4
Current taxes	58.0	58.2
Other	81.5	72.4
Currency derivatives for operations	0.2	5.4
<b>TOTAL</b>	<b>392.7</b>	<b>377.2</b>



## NOTE 29

## FINANCIAL INSTRUMENTS

## 29.1 Financial instruments recorded in the balance sheet

	2017		Breakdown by category of instrument <sup>(1)</sup>					
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss <sup>(2)</sup>	Financial assets/liabilities at fair value through equity <sup>(2)</sup>	Available for sale assets	Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value
<i>(In € millions)</i>								
Other equity interests	239.9				239.9			239.9
Other non-current financial assets	96.8					96.8		96.8
Trade accounts receivables	1,766.1					1,766.1		1,766.1
Other operating receivables	270.3		0.2	3.7		266.4		270.3
Other receivables and prepaid expenses	556.0	99.1				456.9		456.9
Currency derivatives	7.3		7.3					7.3
Interest rate derivatives								0.0
Cash and cash equivalents	1,563.0		1,563.0					1,563.0
<b>FINANCIAL ASSETS</b>	<b>4,499.4</b>	<b>99.1</b>	<b>1,570.5</b>	<b>3.7</b>	<b>239.9</b>	<b>2,586.2</b>	<b>0.0</b>	<b>4,400.3</b>
Long-term debt*	1,598.4	0.9					1,597.5	1,671.4
Short-term debt	423.4						423.4	423.4
Prepayments from customers	127.7					127.7		
Trade payables	4,219.3					4,219.3		
Accrued taxes and payroll costs	627.4					627.4		
Sundry payables	392.7	91.7	1.7	0.6		298.7		
<i>Of which Currency derivatives</i>	<i>1.9</i>		<i>1.7</i>	<i>0.2</i>	<i>0.0</i>			
<i>Interest rate derivatives</i>	<i>0.4</i>			<i>0.4</i>				
<b>FINANCIAL LIABILITIES</b>	<b>7,388.9</b>	<b>92.6</b>	<b>1.7</b>	<b>0.6</b>	<b>0.0</b>	<b>5,273.1</b>	<b>2,020.9</b>	<b>2,094.8</b>

(1) No financial instruments were transferred between categories in 2017.

(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.

\* The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2017): for the 2022 bonds quoted 102.958% of par, at €720.7 million and for the 2023 bonds quoted 105.695% of par, at €739.9 million.

	2016		Breakdown by category of instrument <sup>(1)</sup>					
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss <sup>(2)</sup>	Financial assets/liabilities at fair value through equity <sup>(2)</sup>	Available for sale assets	Loans and receivables	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value
<i>(In € millions)</i>								
Other equity interests	67.1				67.1			67.1
Other non-current financial assets	66.7					66.7		66.7
Trade accounts receivables	1,652.1					1,652.1		1,652.1
Other operating receivables	269.8		0.9			268.9		269.8
Other receivables and prepaid expenses	426.8	78.5				348.3		348.3
Currency derivatives	2.2		1.4	0.7	0.1			2.2
Interest rate derivatives								0.0
Cash and cash equivalents	1,562.2		1,562.2					1,562.2
<b>FINANCIAL ASSETS</b>	<b>4,046.9</b>	<b>78.5</b>	<b>1,564.5</b>	<b>0.7</b>	<b>67.2</b>	<b>2,336.0</b>		<b>3,968.4</b>
Long-term debt*	1,594.0	1.1					1,592.9	1,664.1
Short-term debt	311.9						311.9	311.9
Prepayments from customers	155.1					155.1		
Trade payables	3,733.3					3,733.3		
Accrued taxes and payroll costs	579.1					579.1		
Sundry payables	377.2	78.4	1.3	7.3		290.2		
<i>Of which Currency derivatives</i>	<i>6.7</i>		<i>1.3</i>	<i>5.4</i>				
<i>Interest rate derivatives</i>	<i>1.9</i>			<i>1.9</i>				
<b>FINANCIAL LIABILITIES</b>	<b>6,750.6</b>	<b>79.5</b>	<b>1.3</b>	<b>7.3</b>		<b>4,757.7</b>	<b>1,904.8</b>	<b>1,976.0</b>

(1) No financial instruments were transferred between categories in 2016.

(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.

\* The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2016): for the 2022 bonds quoted 103.585% of par, at €725.1 million and for the 2023 bonds quoted 104.494% of par, at €731.5 million.

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are 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;
- financial liabilities are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value given of their very short maturities.



The impact of financial instruments on income:

	2017					
	Impact Income	Breakdown by category of instrument				
		Financial assets/ liabilities at fair value through profit or loss	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Instruments derivatives
<i>(in € millions)</i>						
Translation differences on commercial transactions	1.4	1.3				0.1
Income on loans, cash investments and marketable securities	12.6	12.6				
Finance costs	(120.9)				(120.9)	
Other financial income and expenses	(23.0)			(23.0)		
<b>Net income (expenses)</b>	<b>(129.9)</b>	<b>13.9</b>	<b>0.0</b>	<b>(23.0)</b>	<b>(120.9)</b>	<b>0.1</b>

	2016					
	Impact Income	Breakdown by category of instrument				
		Financial assets/ liabilities at fair value through profit or loss	Available for sale assets	Loans and receivables	Financial liabilities at amortized cost	Instruments derivatives
<i>(in € millions)</i>						
Translation differences on commercial transactions	(15.8)	(15.9)				0.1
Income on loans, cash investments and marketable securities	11.4	11.4				
Finance costs	(150.5)				(150.5)	
Other financial income and expenses	(23.3)			(23.1)		(0.2)
<b>Net income (expenses)</b>	<b>(178.2)</b>	<b>(4.5)</b>	<b>0.0</b>	<b>(23.1)</b>	<b>(150.5)</b>	<b>(0.1)</b>

As of December 31, 2017, movements in provisions for impairment break down as follows by category of financial asset:

	Balance as of January 1, 2017		Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2017
		Additions				
<i>(in € millions)</i>						
Doubtful accounts	(18.0)	(1.0)	4.0	0.0	(0.7)	(15.7)
Shares in non-consolidated companies	(1.8)	(0.1)	0.1	0.0	0.0	(1.8)
Non-current financial assets	(26.2)	(2.3)	0.8	0.0	1.0	(26.7)
Other receivables	(9.9)	(0.1)	0.5	0.0	0.4	(9.1)
<b>TOTAL</b>	<b>(55.9)</b>	<b>(3.5)</b>	<b>5.4</b>	<b>0.0</b>	<b>0.7</b>	<b>(53.3)</b>

## 29.2 Financial instruments – 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) for currency and interest rate instruments.

**NOTE 30 HEDGING OF CURRENCY AND INTEREST RATE RISKS**

### 30.1 Transactions in foreign currencies and derivatives

Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. Resulting gains or losses are recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expenses" for other receivables and payables.

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks.

They are recorded at fair value in the balance sheet.

### 30.2 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 currency risks on a central basis, through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive 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 foreign exchange swaps or financing in the concerned currency.

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expenses" together with changes in the fair value of instruments used to hedge other receivables and payables.

#### 2017

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	72.7	(43.0)	(7.2)	9.5	(5.4)	(0.6)	0.0	42.7
Financial assets (net of liabilities)*	553.3	0.0	164.7	7.7	(60.9)	0.0	0.0	32.8
Forecast transactions**	30.4	(52.6)	(10.0)	12.5	26.4	(89.3)	(117.2)	(0.9)
<b>Net position before hedging</b>	<b>656.4</b>	<b>(95.6)</b>	<b>147.5</b>	<b>29.7</b>	<b>(39.9)</b>	<b>(89.9)</b>	<b>(117.2)</b>	<b>74.6</b>
Currency hedges	(581.4)	66.7	(162.7)	(13.7)	73.7	87.6	0.0	(30.5)
<b>Net position after hedging</b>	<b>74.9</b>	<b>(28.9)</b>	<b>(15.2)</b>	<b>16.0</b>	<b>33.8</b>	<b>(2.3)</b>	<b>(117.2)</b>	<b>44.2</b>

\* Including inter-company financing.

\*\* Commercial exposure anticipated over the next six months.



## 2016

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	(1.3)	(9.3)	44.5	5.8	(2.3)	(19.3)	0.0	20.2
Financial assets (net of liabilities)*	249.5	8.1	18.2	22.9	(65.5)	0.0	0.0	33.4
Forecast transactions**	89.2	(49.6)	(15.9)	6.3	(16.0)	(100.5)	(82.7)	(5.4)
<b>Net position before hedging</b>	<b>337.4</b>	<b>(50.8)</b>	<b>46.8</b>	<b>35.0</b>	<b>(83.8)</b>	<b>(119.8)</b>	<b>(82.7)</b>	<b>48.2</b>
Currency hedges	(310.2)	43.4	(17.8)	(27.7)	65.4	92.4	24.7	(34.7)
Net position after hedging	27.3	(7.4)	29.0	7.4	(18.4)	(27.4)	(58.0)	13.5

\* Including inter-company financing.

\*\* Commercial exposure anticipated over the next six months.

Hedging instruments are recognized in the balance sheet at fair value. Said value is determined based on measurements confirmed by banking counterparties.

### Information on hedged notional amounts

(in € millions) 2017	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
- forward currency contracts	0.1	0.0	11.6	11.6	0.0	0.0
- inter-company loans in foreign currencies swapped for euros	7.3	(1.7)	795.8	795.8	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	3.7	(0.2)	259.2	259.2	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	29.0	29.0	0.0	0.0
	<b>11.2</b>	<b>(1.9)</b>				

\* Notional amounts based on absolute values.

(in € millions) 2016	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
- forward currency contracts	0.1	0.0	4.7	4.7	0.0	0.0
- inter-company loans in foreign currencies swapped for euros	2.2	(1.3)	509.4	509.4	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	0.7	(5.4)	252.1	252.1	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	11.1	11.1	0.0	0.0
	<b>3.1</b>	<b>(6.7)</b>				

\* Notional amounts based on absolute values.



The sensitivity of Group income and equity as of December 31, 2017 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
2017	1.20	25.54	7.80	69.39	0.89	4.18	23.66	14.81
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>Exchange rate after currency depreciation</b>	<b>1.26</b>	<b>26.81</b>	<b>8.19</b>	<b>72.86</b>	<b>0.93</b>	<b>4.39</b>	<b>24.84</b>	<b>15.55</b>
Impact on pre-tax income (in € millions)	(7.08)	2.15	(0.15)	(0.22)	0.21	(0.71)	0.00	(2.35)
Impact on equity (in € millions)	3.72	(3.17)	0.00	0.00	(0.28)	(3.48)	0.00	0.00

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

### 30.3 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Such management is implemented through the Group Finance and Treasury department, which reports to the Executive 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 expenses" when the hedging relationship cannot be demonstrated under IAS 39, or where the Group has elected not to apply hedge accounting principles.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

(in € millions)	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
<b>2017</b>										
Financial assets		1,570.3							0.0	1,570.3
Financial liabilities	(1.4)	(416.4)	(41.5)	0.0	(775.6)	(70.5)	(716.4)	0.0	(1,534.9)	(486.9)
<b>Net position before hedging</b>	<b>(1.4)</b>	<b>1,153.9</b>	<b>(41.5)</b>	<b>0.0</b>	<b>(775.6)</b>	<b>(70.5)</b>	<b>(716.4)</b>	<b>0.0</b>	<b>(1,534.9)</b>	<b>1,083.4</b>
Interest rate hedges	(400.0)	400.0	0.0	0.0	0.0	0.0	0.0	0.0	(400.0)	400.0
<b>Net position after hedging</b>	<b>(401.4)</b>	<b>1,553.9</b>	<b>(41.5)</b>	<b>0.0</b>	<b>(775.6)</b>	<b>(70.5)</b>	<b>(716.4)</b>	<b>0.0</b>	<b>(1,934.9)</b>	<b>1,483.4</b>

(in € millions)	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
<b>2016</b>										
Financial assets		1,564.4								1,564.4
Financial liabilities	(1.4)	(306.2)	(37.5)	0.0	(80.2)	(75.1)	(1,405.7)	0.0	(1,524.8)	(381.3)
<b>Net position before hedging</b>	<b>(1.4)</b>	<b>1,258.2</b>	<b>(37.5)</b>	<b>0.0</b>	<b>(80.2)</b>	<b>(75.1)</b>	<b>(1,405.7)</b>	<b>0.0</b>	<b>(1,524.8)</b>	<b>1,183.1</b>
Interest rate hedges	(50.0)	50.0	(400.0)	400.0	0.0	0.0	0.0	0.0	(450.0)	450.0
<b>Net position after hedging</b>	<b>(51.4)</b>	<b>1,308.2</b>	<b>(437.5)</b>	<b>400.0</b>	<b>(80.2)</b>	<b>(75.1)</b>	<b>(1,405.7)</b>	<b>0.0</b>	<b>(1,974.8)</b>	<b>1,633.1</b>



The main components of the fixed rate debt are:

- bonds maturing in June 2022, issued in March and April 2015 for a total amount of €700 million;
- bonds maturing in June 2023, issued in April 2016 for a total amount of €700 million.

A significant part of the gross borrowings (syndicated credit facility, sale of receivables, short-term loans, commercial paper as applicable) 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 arranged comprise mainly euro-denominated interest rate swaps. In order to benefit from historically low interest rates, initially 2- and 3-year maturity hedges have been set up. These hedges cover a part of the interest on variable rate borrowings, due in 2017 and first quarter of 2018, against a rise in interest rates.

Interest rate hedging instruments are recognized in the balance sheet at fair 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:

(in € millions) 2017	Carrying amount		Notional amounts by maturity		
	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/fixed rate swaps	0.0	(0.4)	400.0	0.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	<b>0.0</b>	<b>(0.4)</b>	<b>400.0</b>	<b>0.0</b>	<b>0.0</b>

(in € millions) 2016	Carrying amount		Notional amounts by maturity		
	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/fixed rate swaps	0.0	(1.9)	50.0	400.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	<b>0.0</b>	<b>(1.9)</b>	<b>50.0</b>	<b>400.0</b>	<b>0.0</b>

A part of the Group borrowings being at variable rates as stated in Note 26.4, a rise in short-term rates would therefore have an impact on financial expense.

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of December 31, 2017 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2017.

### 30.4 Counterpart risk on derivatives

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool. The consideration of derivatives compensation agreements existing with counterparties, is summarized as follows:

Financial assets as of December 31, 2017 (in € millions)	(a) Gross amount value (before compensation)	(b) Gross Amounts compensated (according to IAS 32)	(c) = (a) - (b) Net amounts presented in the balance sheet	(d) Related amounts not set off in the balance sheet (not fulfilling IAS32 compensation criteria)		(e) = (c) - (d) Net amount
				Financial instruments	Collaterals received	
Derivatives	11.2		11.2	1.2		10.0
Other financial instruments						
<b>TOTAL</b>	<b>11.2</b>	<b>0.0</b>	<b>11.2</b>	<b>1.2</b>	<b>0.0</b>	<b>10.0</b>

Financial liabilities as of December 31, 2017 <i>(in € millions)</i>	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS32 compensation criteria)		(e) = (c) - (d)
	Gross amount value (before compensation)	Gross Amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	2.3		2.3	1.2		1.2
Other financial instruments						
<b>TOTAL</b>	<b>2.3</b>	<b>0.0</b>	<b>2.3</b>	<b>1.2</b>	<b>0.0</b>	<b>1.2</b>

## NOTE 31 COMMITMENTS GIVEN AND CONTINGENT LIABILITIES

### COMMITMENTS GIVEN

<i>(in € millions)</i>	2017	2016
Future minimum lease payments under operating leases	648.2	460.8
Debt collateral:		
- mortgages	2.0	1.9
Other debt guarantees	59.3	68.0
Firm orders for property, plant and equipment and intangible assets	132.0	144.2
Other	1.3	2.0
<b>TOTAL</b>	<b>842.8</b>	<b>676.9</b>

Future minimum lease payments under operating leases break down as follows:

<i>(in € millions)</i>	2017	2016
N+1	140.1	94.7
N+2	98.0	80.3
N+3	82.9	66.2
N+4	70.2	50.4
N+5 and above	257.0	169.2
<b>TOTAL</b>	<b>648.2</b>	<b>460.8</b>



Expiry dates of mortgages and guarantees:

<i>(in € millions)</i>	<b>2017</b>
- less than a year	40.9
- 1 to 5 years	4.8
- more than 5 years	15.6
<b>TOTAL</b>	<b>61.3</b>

## NOTE 32 RELATED PARTY TRANSACTIONS

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non consolidated or Equity consolidated entities are considered as non significant.

### 32.1 Transactions with PSA group

The Faurecia group is managed independently and transactions with the PSA group are conducted at arm's length terms.

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

<i>(in € millions)</i>	<b>2017</b>	<b>2016</b>
Sales of continued activities	2,368.2	2,108.8
<i>Sale of discontinued operations</i>	0.0	189.1
Purchases of products, services and materials	17.8	15.6
Receivables of continued activities*	497.0	415.6
<i>Receivables of discontinued operations</i>	0.0	0.0
Trade payables of continued activities	33.1	34.2
<i>Trade payables of discontinued operations</i>	0.0	0.0
* Before no-recourse sales of receivables amounting to:	273.7	208.5

### 32.2 Management compensation

Total compensation for 2017 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2017 amounted to €9,521,431 including directors' fees of €512,400, compared with the 2016 figures of €11,795,349 and €523,400 respectively.

No Faurecia stock subscription options were awarded to management in 2017.

**NOTE 33 FEES PAID TO THE STATUTORY AUDITORS**

<i>(in € millions)</i>	PricewaterhouseCoopers				Ernst & Young Audit			
	Amount (excl.VAT)		%		Amount (excl.VAT)		%	
	2017	2016	2017	2016	2017	2016	2017	2016
<b>AUDIT</b>								
Statutory and contractual audits								
Issuer	0.5	0.6	9.4%	11.3%	0.5	0.7	10.9%	15.2%
Fully consolidated companies	3.9	3.9	73.6%	73.6%	3.6	3.4	78.3%	73.9%
<b>SUB TOTAL</b>	<b>4.4</b>	<b>4.5</b>	<b>83.0%</b>	<b>84.9%</b>	<b>4.1</b>	<b>4.1</b>	<b>89.1%</b>	<b>89.1%</b>
Other services								
Issuer	0.9	0.8	17.0%	15.1%	0.5	0.5	10.9%	10.9%
Fully consolidated companies	0.0	0.0	0.0%	0.0%	0.0	0.0	0.0%	0.0%
<b>SUB TOTAL</b>	<b>0.9</b>	<b>0.8</b>	<b>17.0%</b>	<b>15.1%</b>	<b>0.5</b>	<b>0.5</b>	<b>10.9%</b>	<b>10.9%</b>
<b>TOTAL</b>	<b>5.3</b>	<b>5.3</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.6</b>	<b>4.6</b>	<b>100.0%</b>	<b>100.0%</b>

**NOTE 34 INFORMATION ON THE CONSOLIDATING COMPANY**

The consolidated financial statements of the Faurecia group are included in the consolidated accounts of its parent, the Peugeot S.A., parent company of the PSA group, 7, rue Henri Sainte-Claire Deville 92500 Rueil-Malmaison (France).

As of December 31, 2017, Peugeot S.A. held 46.34% of the capital stock of Faurecia and 63.09% of the voting rights.

**NOTE 35 DIVIDENDS**

The Board of Directors has decided to propose to the next Annual shareholders' meeting a dividend of €1.10 per share.



## List of consolidated companies as of December 31, 2017

	Country	Interest of (%)	Stake (%) <sup>(1)</sup>
<b>I - FULLY CONSOLIDATED COMPANIES</b>			
Faurecia	France	Holding	Holding
<b>South Africa</b>			
Faurecia Exhaust Systems South Africa, Ltd	South Africa	100	100
Faurecia Interior Systems South Africa (Pty), Ltd	South Africa	100	100
Faurecia Interior Systems Pretoria (Pty), Ltd	South Africa	100	100
Faurecia Emission Control Technologies South Africa (CapeTown) (Pty), Ltd	South Africa	100	100
<b>Germany</b>			
Faurecia Autositze GmbH	Germany	100	100
Faurecia Abgastechnik GmbH	Germany	100	100
Faurecia Angell - Demmel GmbH	Germany	100	100
Faurecia Automotive GmbH	Germany	100	100
Faurecia Innenraum Systeme GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH	Germany	100	100
<b>Argentina</b>			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
<b>Belgium</b>			
Faurecia Automotive Belgium	Belgium	100	100
Faurecia Industrie N.V.	Belgium	100	100
<b>Brazil</b>			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
Faurecia Emissions Control Technologies do Brasil S.A.	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
<b>Canada</b>			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
<b>China</b>			
Faurecia Exhaust Systems Changchun Co., Ltd (ex-CLEC)	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd (CFXAS)	China	60	100
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd (ex-TEEC)	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd (ex-SHEESC)	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	<b>Country</b>	<b>Interest of (%)</b>	<b>Stake (%) <sup>(1)</sup></b>
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72.5	100
Faurecia Emissions Control Technologies (Yantai) Co., Ltd.	China	100	100
Faurecia (Chengdu) Emissions Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	79.19	100
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
CSM Faurecia Automotive Parts Co., Ltd	China	50	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.	China	91	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd	China	91	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Co., Ltd	China	50	100
Borgward Faurecia (Tianjin) Auto Systems Co., Ltd	China	51	100
Faurecia Exhaust Systems (Shanghai) Co., Ltd	China	100	100
Chongqing Faurecia Changpeng Automotive Parts Co., Ltd	China	80	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
<b>South Korea</b>			
Faurecia Korea, Ltd	South Korea	100	100

(1) Cumulated percentages of interest for fully consolidated companies.



	Country	Interest of (%)	Stake (%) <sup>(1)</sup>
<b>Spain</b>			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
<b>United States</b>			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
<b>France</b>			
Faurecia Sièges d'automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Etudes Et Construction de Sièges pour l'Automobile	France	100	100
Siebert	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100

(1) Cumulated percentages of interest for fully consolidated companies.



	<b>Country</b>	<b>Interest of (%)</b>	<b>Stake (%) <sup>(1)</sup></b>
Faurecia Systèmes d'Échappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia - Metalloprodukcia Holding	France	70	100
Faurecia Interior Luga Holding	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Faurecia Exteriors International	France	100	100
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
<b>Great Britain</b>			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
<b>Hungary</b>			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
<b>India</b>			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies Technical Center India Private, Ltd	India	100	100
PFP Acoustic and Soft Trims India Private Limited	India	100	100
<b>Iran</b>			
Faurecia Azin Pars Company	Iran	51	100
<b>Italy</b>			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
<b>Japan</b>			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
<b>Luxembourg</b>			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Automotive Luxembourg S.à.r.l.	Luxembourg	100	100

(1) Cumulated percentages of interest for fully consolidated companies.



	Country	Interest of (%)	Stake (%) <sup>(1)</sup>
<b>Malaysia</b>			
Faurecia HICOM Emissions Control Technologies (M)	Malaysia	65	100
<b>Morocco</b>			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100
<b>Mexico</b>			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
<b>Netherlands</b>			
Faurecia Automotive Seating B.V.	Netherlands	100	100
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
<b>Poland</b>			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
<b>Portugal</b>			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sstemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
<b>Czech Republic</b>			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen	Czech Republic	100	100
<b>Romania</b>			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
<b>Russia</b>			

(1) Cumulated percentages of interest for fully consolidated companies.

	<b>Country</b>	<b>Interest of (%)</b>	<b>Stake (%) <sup>(1)</sup></b>
000 Faurecia Interior Luga	Russia	100	100
000 Faurecia Metalloprodukcija Exhaust Systems	Russia	70	100
000 Faurecia Automotive Development	Russia	100	100
000 Faurecia Automotive Exteriors Bumpers	Russia	100	100
<b>Slovakia</b>			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
<b>Sweden</b>			
Faurecia Interior Systems Sweden AB	Sweden	100	100
<b>Thailand</b>			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
<b>Tunisia</b>			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
<b>Turkey</b>			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
<b>Uruguay</b>			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
<b>II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD</b>			
<b>Germany</b>			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
<b>China</b>			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Zhejiang Faurecia Limin Interior & Exterior Systems Co., Ltd	China	50	50
Xiangtan Faurecia Limin Interior & Exterior Systems Co., Ltd	China	50	50
Lanzhou Limin Automotive Parts Co., Ltd	China	50	50
Jinan Jidao Auto Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia Automotive Exterior Co., Ltd	China	50	50
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Wuhan Hongtai Changpeng Automotive Components Co., Ltd	China	49	49
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
<b>Spain</b>			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
Industrias Cousin Frères, S.L.	Spain	50	50

(1) Cumulated percentages of interest for fully consolidated companies.



	Country	Interest of (%)	Stake (%) <sup>(1)</sup>
<b>United States</b>			
Detroit Manufacturing Systems, LLC	United States	45	45
DMS leverage lender, LLC	United States	45	45
<b>France</b>			
Automotive Performance Materials (APM)	France	50	50
Parrot Faurecia Automotive	France	20	20
<b>India</b>			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38
<b>Italy</b>			
Ligneos Srl	Italy	50	50
<b>Japan</b>			
Faurecia - NHK Co., Ltd	Japan	49.99	49.99
<b>Portugal</b>			
Vanpro Assentos, Lda	Portugal	50	50
<b>Turkey</b>			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

(1) Cumulated percentages of interest for fully consolidated companies.



**3**

**Statutory Auditors' report  
on the consolidated  
financial statements  
For the year ended December 31, 2017**



# Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers.

This report includes information specifically required by European Regulations or French law, such as information about the appointment of Statutory Auditors.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To The Annual General Meeting of Faurecia,

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## OPINION

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

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## BASIS OF THE AUDIT OPINION

### Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under those standards are further described in the section of this report entitled "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements".

### Independence

We conducted our audit engagement in compliance with the applicable independence rules for the period from January 1, 2017 to the date of issue of our report, and in particular we did not provide any services that are prohibited by Article 5 (1) of Regulation (EU) No. 537/2014 or the Code of Ethics for Statutory Auditors in France.

## JUSTIFICATION OF OUR ASSESSMENTS – KEY AUDIT MATTERS

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the key audit matters relating to the risks of material misstatement that, in our professional judgment, were most significant in the audit of the consolidated financial statements, as well as how our audit addressed those risks.

These matters were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

### Measurement of the recoverable amount of goodwill

(Note 10 to the consolidated financial statements)

#### DESCRIPTION OF RISK

The carrying amount of goodwill amounts to €1,217million at December 31, 2017. Goodwill is allocated to the three cash generating units (CGUs) corresponding to the Group's operating segments: Automotive Seating, Clean Mobility, Interior Systems.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired.

For the purpose of impairment testing, goodwill is allocated to CGUs. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, as described in Note 10 to the consolidated financial statements.

Impairment tests are performed to compare the carrying amount of assets and liabilities by group of CGUs with the higher of their value in use (equal to the present value of the net future cash flows expected) and their fair value including costs of disposal.

The cash flow forecasts used were based on the assumptions used to prepare the Group's 2018-2020 strategic plan, approved by the Board of Directors. Assumptions relating to volumes included in the strategic plan, are corroborated by external sources.

For a given group of CGUs, an impairment loss is recognized whenever its recoverable amount falls below its carrying amount.

We considered the recoverable amount of goodwill to be a key audit matter for the following reasons:

- the amount of goodwill recorded in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC) and long-term growth rates, which are inherently dependent on the economic environment;
- the model used to measure recoverable amount is sensitive to these estimates.

#### HOW OUR AUDIT ADDRESSED THIS RISK

We inquired management about any indications of impairment. We assessed the method used by management to determine the recoverable amount of each group of CGUs in order to consider its compliance with IAS 36.

With the support of our asset valuation experts, we assessed the reasonableness of the key assumptions used by management to determine projected future cash flows and, in particular:

- compared the key assumptions used with independent market data. The key assumptions, such as discount rates, are used to determine the recoverable amount for the operating segment;
- verified the calculations as well as the main strategic plan data used in impairment testing;
- performed sensitivity analysis on the recoverable amounts calculated by management, in particular with regard to discount rates and the operating margin.

We also assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.



## Accounting and recoverability of development costs

(Note 11 to the consolidated financial statements)

### DESCRIPTION OF RISK

Capitalized development costs stood at a net amount of €m 1,214.5 at December 31, 2017.

In accordance with IAS 38, development costs incurred in connection with producing and delivering modules for specific customer orders are recorded as an intangible asset pursuant to the conditions set out in Note 11 to the consolidated financial statements.

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

These assets are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve comparing the carrying amount of the assets allocated to a customer contract and that of the associated specific tooling to the present value of the expected net future cash flows to be derived from the contract. Future cash flows are also based on the Group's 2018-2020 strategic plan.

We considered impairment testing of development costs to be a key audit matter for the following reasons:

- the amount of capitalized development costs in the consolidated financial statements is material;
- defining the inputs to be used to perform these tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC), and the expected gross margin per program, which are inherently dependent on the economic environment.

### HOW OUR AUDIT ADDRESSED THIS RISK

With regard to the capitalization of development costs:

- we obtained an understanding of the procedures implemented by management to determine the eligibility of development costs for capitalization and analyzed their compliance with IAS 38;
- we performed certain specific testing on a sample of customer programs to evaluate whether the related costs were eligible for capitalization.

With regard to the measurement of the recoverable amount of capitalized development costs:

- we inquired management about any indications of impairment. We assessed the method used by management to determine the recoverable amount of these assets in order to consider its compliance with IAS 36;
- with the support of our asset valuation experts, we assessed the consistency of the key assumptions used by management to determine projected future cash flows for a sample of customer programs and, in particular:
  - compared the key assumptions used with independent market data, such as discount rates,
  - verified the calculations and reconciled the main data used in impairment testing with strategic plan,
  - reconciled the data specific to each program, such as projected delivery quantities and negotiated unit price per product, with the customer contract, where applicable updated to reflect ongoing negotiations.

We also assessed the appropriateness of the disclosures provided in the relevant notes to the consolidated financial statements.



## Recoverability of deferred tax assets

(Note 8 to the consolidated financial statements)

### DESCRIPTION OF RISK

As described in Note 8 to the consolidated financial statements, deferred tax assets stood at €232.6million at December 31, 2017, while deferred tax liabilities stood at €18.6million.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carryforward can be utilized.

The assessment of the ability to recover net deferred tax assets as of December 31, 2017 (€214 million) is based on the Group's 2018 2020 strategic plan for the long-term recovery of tax losses.

The Group's ability to recover deferred tax assets is assessed by management at the end of the year.

We considered the measurement and recoverability of deferred tax assets relating to tax loss carryforwards to be a key matter in our audit due to the importance of the assumptions and judgments used by management to recognize these assets and to the materiality of their amounts at the end of the year.

### HOW OUR AUDIT ADDRESSED THIS RISK

We assessed the consistency of the assumptions used by management to recognize and measure deferred tax assets and their compliance with IAS 12.

With the support of our tax experts, we assessed the probability that the Group will be able to utilize the tax loss carryforwards currently recognized in its balance sheet, in particular with regard to:

- deferred tax liabilities existing in the same tax jurisdiction that may be used to offset existing tax loss carryforwards prior to their expiry date,
- the ability of the Group companies concerned to generate future taxable profit against which the existing tax loss carryforwards can be utilized.

We also assessed the consistency of the main data and assumptions on which taxable income projections underlying the accounting and recoverability of deferred tax assets relating to tax loss carryforwards are based.

We also assessed the appropriateness of the disclosures provided in the notes to the consolidated financial statements.

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## VERIFICATION OF INFORMATION RELATING TO THE GROUP PROVIDED IN THE MANAGEMENT REPORT

As required by law and in accordance with professional standards applicable in France, we have also verified the information presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.



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## DISCLOSURES RESULTING FROM OTHER LEGAL AND REGULATORY REQUIREMENTS

### Appointment of Statutory Auditors

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings of May 27, 2003 (PricewaterhouseCoopers Audit) and June 17, 1983 (Ernst & Young Audit).

As of December 31, 2017, PricewaterhouseCoopers Audit was in the fifteenth consecutive year of its engagement and Ernst & Young Audit was in the thirty-fifth consecutive year of its engagement.

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## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE RELATING TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union, as well as for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern, for disclosing any matters relating to its ability to continue as a going concern and for adopting the going concern basis of accounting, unless it intends to liquidate the company or cease its operations.

The Audit Committee is responsible for monitoring the process of preparing financial information and the effectiveness of internal control and risk management systems, as well as any internal audit procedures relating to the preparation and processing of financial and accounting information.

The consolidated financial statements were approved by the Board of Directors.

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## RESPONSIBILITIES OF THE STATUTORY AUDITORS RELATING TO THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement. Reasonable assurance corresponds to a high level of assurance, but does not guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In accordance with the provisions of Article L. 823-10-1 of the French Commercial Code, our audit of the consolidated financial statements does not constitute a guarantee of the longer-term viability or quality of the company's management.

A more detailed description of our responsibilities as Statutory Auditors in the scope of the audit of the consolidated financial statements is set out in the appendix to this report, and is an integral part hereof.

## Report to the Audit Committee

We submit a report to the Audit Committee that includes a description of the scope of our audit work and the audit program implemented, as well as the resulting findings. We also bring to its attention any material weaknesses that we have identified in internal control procedures relating to the preparation and processing of financial and accounting information.

Our report to the Audit Committee includes an assessment of the risks of material misstatement that we deem to have been most significant for the audit of the consolidated financial statements and which constitute key audit matters. We describe these matters in this report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) No. 537-2014, confirming our independence within the meaning of the rules applicable in France, as defined in Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors in France. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris La Défense, February 15, 2018

The Statutory Auditors

PricewaterhouseCoopers Audit

Eric Bertier

ERNST & YOUNG Audit

Valérie Quint

Jean-Roch Varon



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## APPENDIX

### Detailed description of the Statutory Auditors' responsibilities

As part of an audit performed in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit.

They also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. This conclusion is made on the basis of audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the entity to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in their audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion;
- evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for directing, supervising and performing the audit of the consolidated financial statements as well as for the opinion expressed thereon.





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Designed & published by  LABRADOR +33 (0)1 53 06 30 80

