

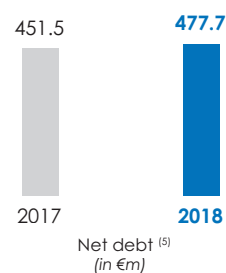
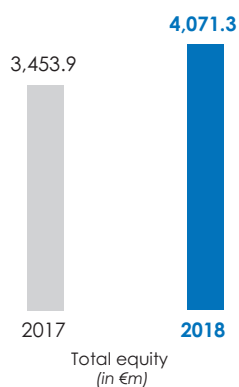
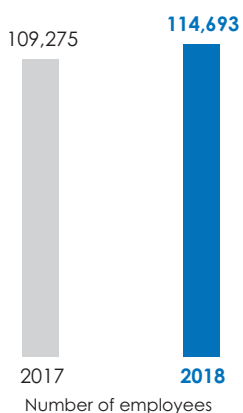
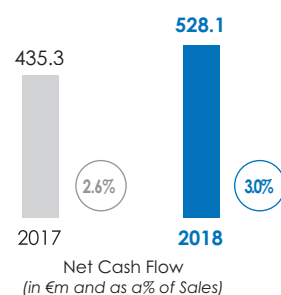
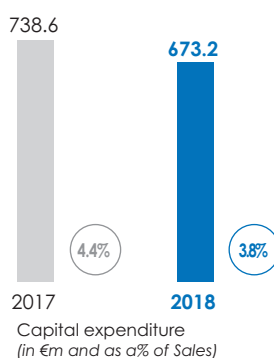
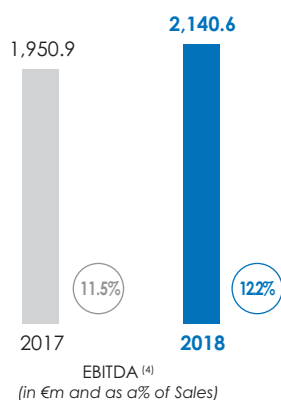
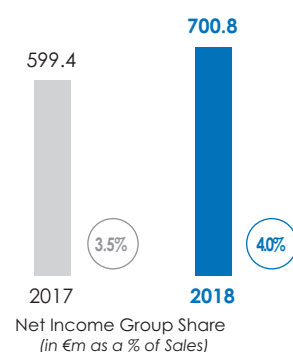
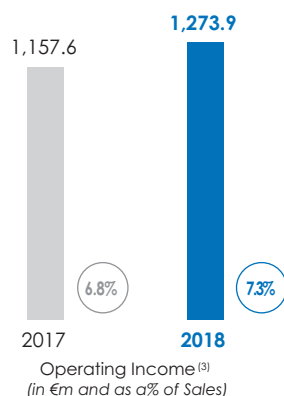
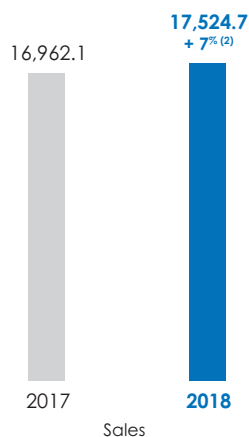


2018
Annual Results

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(1) After application of IFRS 15 (reconciliation available in § 1.7).

(2) At constant currencies and including Bolt-Ons.

(3) Before amortization of acquired intangible assets (§ 2.1 to the consolidated financial statements).

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

(5) Note 26.1 to the consolidated financial statements.



1.

Business review

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Since January 1, 2018 Faurecia has applied the IFRS 15 standard on revenue recognition. As the Group decided to have full retrospective application, the consolidated financial statements published as of December 31, 2017 have been restated consequently. All 2017 figures presented hereafter are after application of IFRS 15 norm.

In 2017, Faurecia had already partly anticipated IFRS 15 through the presentation of sales as «Value-added sales», i.e. “Total sales” minus “Monoliths”, for which Faurecia operates as an agent.

In addition, as from January 1, 2018, with the implementation of IFRS 15:

- revenue from Tooling is recognized at the transfer of control to the customer (PPAP = Production Part Approval Process), shortly before serial production;
- development costs are recognized as set-up costs for the serial parts production and the corresponding revenue is included in product sales.

The impacts of IFRS 15 norm on consolidated financial statements as of December 31, 2017 are available on § 1.7.

The § 2.5 Note 1.B provides further explanation on IFRS 15 application.

1.1. Main events

January/February 2018

Rating agencies updated their long-term corporate credit ratings:

- Standard & Poors has assigned Faurecia their 'BB+' long-term corporate credit ratings, with a stable outlook. The stable outlook reflects their view that Faurecia will gradually improve its profitability, with an S&P Global Ratings-adjusted EBITDA margin widening toward 9% in 2018 and funds from operations to adjusted debt within the 35%-40% range;
- Moody's has upgraded the corporate family rating (CFR) of Faurecia S.A. (Faurecia) to Ba1 from Ba2. The outlook on the ratings is stable;
- Fitch Ratings has upgraded Faurecia S.A.'s Long-Term Issuer Default Rating (IDR) and senior unsecured debt from 'BB' to 'BB+'. The Outlook on the Long-Term IDR is Stable. The rating action reflects the improved and better-than-expected earnings and underlying cash-generation of Faurecia, which positions the French auto supplier at the high-end of the 'BB' category, according to Fitch's revised Rating Navigator for auto suppliers.

February/March 2018

Faurecia issued early March €700 million of 7-year bonds, due 2025, with a coupon of 2.625%. The favourable conditions achieved demonstrate the significant appreciation of Faurecia's credit quality. With the cash raised through these new bonds, Faurecia repaid in advance €700 million of 3.125% bonds June 2022. This was done through an exchange offer which allowed amortising the reimbursement premium and issuance fees over the life of the new bonds. This new long-term bond issue will allow Faurecia to enhance its financial structure by extending its debt maturity profile and reducing its cost of funding.

March 2018

Faurecia announced that it had completed the acquisition of 100% of the Swiss company Hug Engineering, a market leader in complete exhaust gas purification systems for high horsepower engines (above 750 hp). These engines are used in applications including marine propulsion, power generation, rail, agricultural and other industries. This acquisition represents a major step forward for Faurecia in its strategy to improve air quality through world class aftertreatment systems for all types of diesel engines. Hug Engineering is the High Horsepower market leader in Europe and one of the largest players worldwide. The company is well positioned to maintain its leadership position as the market grows rapidly to reach €2.4 billion in the next 10 years when the majority of high horsepower engines become subject to emissions regulations.

Faurecia announced an investment in the French start-up Enogia in order to enhance its expertise in energy recovery technology. Founded in 2009 and based in Marseille, the start-up, which employs 30 people, has developed and patented a hermetic, compact high-speed turbine that recovers heat and converts it into electricity. Enogia's technologies are very well suited to commercial vehicles, trucks and high horsepower engines (marine transport and generators) and the investment by Faurecia will enable it to grow rapidly in these market segments.

April 2018

Faurecia announced the opening of a new tech center in Yokohama, Japan, for its Seating, Interiors and Clean Mobility businesses. With this strengthened presence, the Group will accelerate the development of technologies for Smart Life on Board and Sustainable Mobility through reinforced customer intimacy and the establishment of technology partnerships.

May 2018

At its Capital Markets Day held in Paris on May 15, Faurecia detailed its 2020 financial targets:

- sales growth of above 7% per year to exceed €20 billion. After three years of record order intake, Faurecia has secured growth of above 7% CAGR (including a 2% annual market growth assumption) between 2017 and 2020 to reach sales of over €20 billion. The Group will double its sales in China to reach €4.5 billion;
- operating margin of 8% of sales in 2020 (a 110 basis point improvement vs. 2017) to be achieved through leverage on sales and major Group Initiatives, including digital transformation. Combined, these initiatives will provide around 125 bps of improved operating margin, a part of which will finance acceleration in innovation;
- net cash flow at 4% of sales driven by its "Convert2Cash" initiative.

Faurecia communicated on its 2025 ambition: €30 billion of sales, New Value Spaces representing almost €7 billion.

June 2018

Faurecia signed a strategic partnership framework agreement with one of the leading Chinese automobile manufacturer, FAW group, to develop cockpit of the future technologies and sustainable mobility solutions. Within this strategic cooperation, several fields have been defined: develop Cockpit of the Future solutions and services, develop connected, versatile and predictive seat solutions and provide zero emission and air quality technologies.

Faurecia signed on June 15 an Amend & Extend (A&E) agreement regarding its €1.2 billion Syndicated Credit Facility, initially signed in December 2014 and already amended in June 2016. This new agreement extends the maturity of the facility, which is undrawn as of today, from June 2021 to June 2023, with two optional one-year extensions. It also improved its economic conditions. This agreement strengthens the Group's financial structure and flexibility over the long-term: Faurecia's average long-term debt maturity now exceeds five years and its average cost of financing is below 3%.

July 2018

Faurecia and Parrot have finalized a proposal concerning the take-over of 100% of Parrot Automotive by Faurecia, ahead of schedule. This transaction underlines the importance of Parrot Automotive in Faurecia's Cockpit of the Future strategy. It would accelerate the development of infotainment solutions based on the Android operating system by Parrot Automotive and the development of an open platform integrating the different connected systems and functionalities of the vehicle interior. The transaction would be based on an enterprise value of € 100 million, identical to that used when Faurecia entered into the capital of Parrot Automotive in 2017. This project is subject to consultation of the Parrot Automotive and Parrot SA Works Councils and to the agreement of the antitrust authorities.

August 2018

For its first participation at the IAA Commercial Vehicles trade fair in Hannover, Germany, Faurecia demonstrated advanced technologies for fuel efficiency, air quality, zero emission and driver well-being. Faurecia is a leader in developing technologies to improve air quality and energy efficiency for passenger and commercial vehicles. Through its recent acquisition of HUG Engineering, which offers complete systems for High Horsepower vehicles, including monolith, coating, manufacturing and assembly, Faurecia is now also a leading player in this fast-growing market segment. In addition, the Group is developing innovative solutions for zero emission transportation such as fuel cell and battery technologies. Faurecia offers forward-looking technologies for smart vehicle interiors. At the IAA Commercial Vehicles trade fair, the company presented "Active Wellness Express™", a groundbreaking innovation offering more comfort and safety for professional drivers. This is the first connected seat cover for professional drivers with sensors monitoring health and wellness data. The system detects fatigue and stress at an early stage and triggers appropriate counter-measures for more security, comfort and well-being at the wheel.

September 2018

At the Paris Motor Show, Faurecia showcased its latest and disruptive technologies in its two strategic areas of focus: Smart Life on Board & sustainable Mobility. Faurecia has taken full measure of increasing autonomy and connectedness of vehicles, by pioneering a comprehensive technology offer that makes the Cockpit of the Future a reality today. On its booth, Faurecia demonstrated its role as a leading systems integrator to enhance user experience in the versatile, connected and predictive Cockpit of the Future. Also, as the global clean tech leader, Faurecia is committed to drive the mobility and industry value chain towards zero emissions and offers innovative solutions in three areas: emissions reduction for all types of engines from passenger vehicles to high horsepower, zero emissions mobility and air quality solutions for cities. All these technologies showcased at the Paris Motor Show, will support the automotive industry's evolution towards zero emissions and digital services for smarter and cleaner cities.

October 2018

Faurecia announced the acquisition of 100% of Parrot Faurecia Automotive. The deal followed the announcement of an agreement between Parrot and Faurecia on July 5 this year regarding Faurecia's proposal to acquire 100% of Parrot Faurecia Automotive. The transaction is based on an enterprise value of €100 million, identical to that used when Faurecia entered into the capital of Parrot Automotive in 2017.

Faurecia announced a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd, a China leading automotive component manufacturing company. The new joint venture, named Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd and controlled equally by each party, further extends the bilateral cooperation to the Clean Mobility activity and targets annual sales of 600 million RMB in 2023. Through this joint venture, Faurecia and Wuling Industry embark on a comprehensive strategic cooperation in the area of automotive emissions control systems, leveraging resources from both sides to develop innovative clean mobility solutions starting from SAIC GM Wuling Automobile Co., Ltd (SGMW) and manufacturers which are subsidiaries controlled by SGMW in China.

Faurecia announced that it had reached binding agreements with Clarion and Hitachi, the controlling shareholder owning 63.8% of Clarion, for a tender offer to acquire 100% of the shares of Clarion. Clarion is a major Japanese supplier of in-vehicle-infotainment and full digital audio systems, HMI and advanced driver assistance systems, connectivity and cloud-based services. With its core competences in electronics and software integration, this acquisition would significantly reinforce Faurecia's offer for cockpit systems integration. As part of this transaction, Faurecia and Hitachi Automotive Systems have also reached an agreement for a business alliance within which Clarion and Hitachi Automotive Systems would be able to combine their product offers to propose unique autonomous driving solutions to OEMs.

November 2018

The lighting and electronics specialist HELLA and Faurecia, will cooperate in a strategic partnership for the development of innovative interior lighting solutions. Within this cooperation, both companies will jointly develop lighting with high-technology content in the domain of surface-lighting and dynamic-lighting for a more personalized cockpit environment. Faurecia contributes its expertise as a complete system integrator for vehicle interiors and HELLA supplies innovative products in the field of interior lighting.

December 2018

Faurecia announced an investment in ESP Consulting, an innovative French lab that uses cognitive science to optimize human well-being and performance in different situations. Faurecia's objective is to better assess the human impact of its technologies for predictive and personalized use cases inside the cockpit.

January 2019

At CES, Faurecia showcased how the onboard intelligence and integrated design of the Cockpit of the Future provides a more versatile, connected and predictive environment that allows people to make the most of their time onboard. Faurecia also demonstrated key technologies to accelerate the development of fuel-cell powered vehicles, a promising future zero emissions mobility solution.

Also, as per the announcement made on October 2018, Faurecia announced that it will launch its tender offer for the acquisition of all shares of Clarion Co., Ltd. With the acquisition of Clarion, Faurecia intends to create a new Business Group headquartered in Japan, named "Faurecia Clarion Electronics" regrouping Clarion, Parrot Faurecia Automotive and Coagent Electronics. This Business Group would employ almost 9,200 people and more than 1,650 software engineers. With this strategic and complementary acquisition in terms of technology offer, geographic presence and customer portfolios, Faurecia is positioned as a leading player for cockpit systems integration, able to offer unique user experiences.

All these press releases are available on the site www.faurecia.com.

1.2. Automotive production

Worldwide automotive production decreased by 1.1% in 2018 compared to 2017. It decreased in all regions of the world except in South America, where it grew by 3.1%. Production decreased in Europe (including Russia) by 1.2%, in North America by 0.6% and in Asia by 1.5% (of which a decrease of 4.6% in China).

In the second half of 2018, production decreased by 4.4% compared to 2017, mainly in Europe by 5.3% and Asia by 5.6% ; during the same period, production increased in North America by 1.7%

All the data related to automotive production and volume evolution in 2018 is based on IHS Automotive report dated January 2019.

1.3. Sales

<i>(in € millions)</i>	H2 2017	Currencies	At constant currencies ⁽¹⁾	H2 2018
Product Sales	7,711.1	(139.5)	342.5	7,914.2
Var. in %		-1.8%	4.4%	2.6%
Tooling, Prototypes and Other Services	705.8	(8.4)	(78.1)	619.3
Var. in %		-1.2%	-11.1%	-12.2%
SALES	8,416.9	(147.9)	264.4	8,533.5
VAR. IN %		-1.8%	3.1%	1.4%

(1) Including Bolt-Ons representing €297.9 million or 3.5%.

<i>(in € millions)</i>	FY 2017	Currencies	At constant currencies ⁽¹⁾	FY 2018
Product Sales	15,771.3	(592.1)	1,151.2	16,330.4
Var. in %		-3.8%	7.3%	3.5%
Tooling, Prototypes and Other Services	1,190.8	(38.5)	42.0	1,194.3
Var. in %		-3.2%	3.5%	0.3%
SALES	16,962.1	(630.6)	1,193.2	17,524.7
VAR. IN %		-3.7%	7.0%	3.3%

(1) Including Bolt-Ons representing €441.8 million or 2.6%.

Sales of products (parts, components and R&D sold to manufacturers) reached €16,330.4 million in 2018 compared to €15,771.3 million in 2017. The product sales increased by 3.5% on a reported basis and by 7.3% at constant currencies.

Sales of tooling, prototypes and other services totaled €1,194.3 million in 2018 versus €1,190.8 million in 2017. This represents an increase of 0.3% on a reported basis and a growth of 3.5% at constant currencies.

Sales totaled €17,524.7 million in 2018 compared to €16,962.1 million in 2017, showing an increase of 3.3% on a reported basis and a growth of 7.0% at constant currencies.

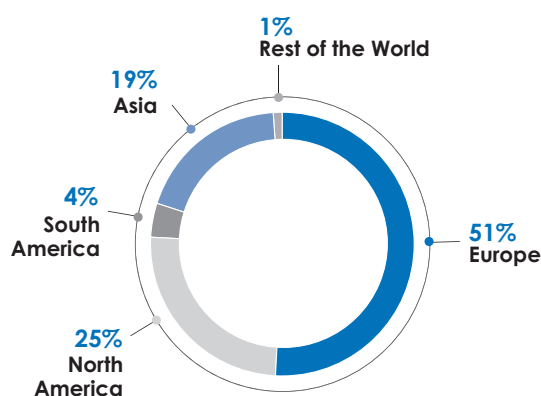
1.3.1. By region

(in € millions)	H2 2018	H2 2017	Reported	At constant currencies ⁽¹⁾	Automotive Production
Sales					
Europe	4,128.1	4,192.5	-1.5%	-0.2%	-5.3%
North America	2,242.2	2,122.0	5.7%	2.9%	1.7%
South America	350.8	405.5	-13.5%	18.3%	-3.3%
Asia	1,714.4	1,558.0	10.0%	11.2%	-5.6%
o/w China	1,325.6	1,185.7	11.8%	13.2%	-12.0%
Rest of the World	98.0	138.9	-29.4%	-27.5%	-14.6%
TOTAL	8,533.5	8,416.9	1.4%	3.1%	-4.4%

(1) Including Bolt-Ons representing €297.9 million or 3.5%: €37.1 million for Hug in Europe, €255.0 million for Wuling, BYD and CoAgent in Asia.

(in € millions)	FY 2018	FY 2017	Reported	At constant currencies ⁽¹⁾	Automotive Production
Sales					
Europe	8,858.2	8,502.8	4.2%	5.4%	-1.2%
North America	4,474.2	4,473.2	0.0%	4.6%	-0.6%
South America	714.1	793.6	-10.0%	17.7%	3.1%
Asia	3,257.2	2,932.9	11.1%	13.9%	-1.5%
o/w China	2,494.6	2,242.6	11.2%	13.9%	-4.6%
Rest of the World	221.0	259.6	-14.8%	-10.0%	-2.2%
TOTAL	17,524.7	16,962.1	3.3%	7.0%	-1.1%

(1) Including Bolt-Ons representing €441.8 million or 2.6%: €55.9 million for Hug in Europe, €372.8 million for Wuling, BYD and CoAgent in Asia.

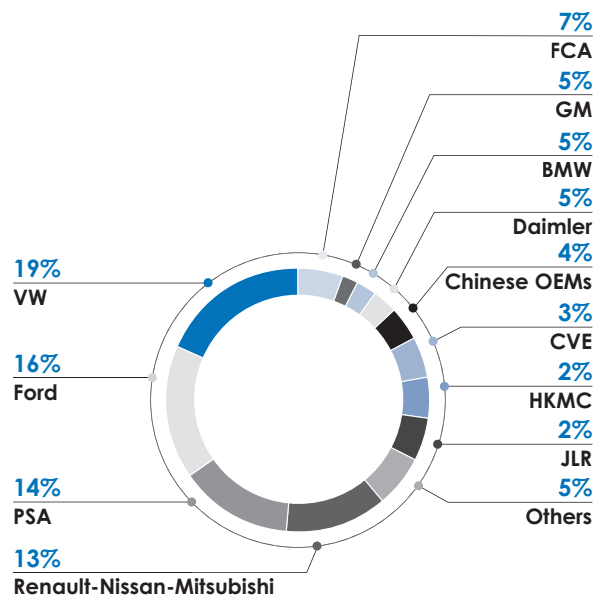


Sales by region in 2018 grew as follows:

- in Europe, sales totaled €8,858.2 million (51% of total sales), compared to €8,502.8 million in 2017. Sales were up 4.2% on a reported basis and up 5.4% at constant currencies. Over the same period, car manufacturers decreased their production in Europe by 1.2%;
- in North America, sales reached €4,474.2 million (25% of total sales), versus €4,473.2 million in 2017. Due to the exchange rate, the sales are in line with last year on a reported basis whereas they grew by 4.6% at constant currencies. This is to be compared to a 0.6% downturn in production market in North America;
- in South America, sales totaled €714.1 million (4% of the total sales), compared to €793.6 million in 2017. Sales decreased by 10.0% on a reported basis. However, they were up 17.7% at constant currencies. In 2018, the automotive production in the region increased by 3.1%;

- in Asia, sales were up by 11.1% on a reported basis to reach €3,257.2 million (19% of total sales) and to be compared to €2,932.9 million in 2017. This represents a growth of 13.9% at constant currencies. Sales in China went up 11.2% on a reported basis, and up 13.9% at constant currencies. Over the same period, the automotive production decreased by 1.5% in Asia and by 4.6% in China;
- in the rest of the world (mainly South Africa after the stoppage of Iran activities), sales amounted to €221.0 million, a 14.8% decrease on a reported basis and a 10.0% decrease at constant currencies.

1.3.2. By customer



In 2018, sales to four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €10,739.4 million or 61.3% of sales. It represented 63.8% in 2017.

Sales to the VW group totaled €3,255.1 million. They accounted for 18.6% of Faurecia's total sales. Compared to 2017, they increased by 8.5% on a reported basis and by 10.9% at constant currencies.

Sales to the Ford group accounted for 16.2% of Faurecia's total sales, totaling €2,842.8 million. Compared to 2017, sales to Ford group decreased by 9.4% on a reported basis and by 2.6% at constant currencies.

Sales to the PSA group totaled €2,429.7 million. They were up 5.7% on a reported basis and up 7.3% at constant currencies. They accounted for 13.9% of Faurecia's total sales.

Sales to the Renault-Nissan-Mistubishi group represented €2,211.8 million or 12.6% of Faurecia's total sales. They were down 7.5% on a reported basis and down 3.6% at constant currencies compared to 2017.

Sales to the FCA group reached €1,125.3 million (6.5% of total sales). This represented a growth of 13.4% on a reported basis and of 20.2% at constant currencies compared to 2017.

Sales to the Daimler group totaled €875.4 million (5.0% of total sales). They were down 15.5% on a reported basis and down 13.9% at constant currencies.

Sales to BMW represented €889.2 million or 5.1% of total sales. They increased by 6.0% on a reported basis and by 6.8% at constant currencies compared to 2017.

Sales to the GM group decreased to €907.6 million (5.2% of total sales). They declined by 11.6% on a reported basis and by 7.7% at constant currencies compared to 2017.

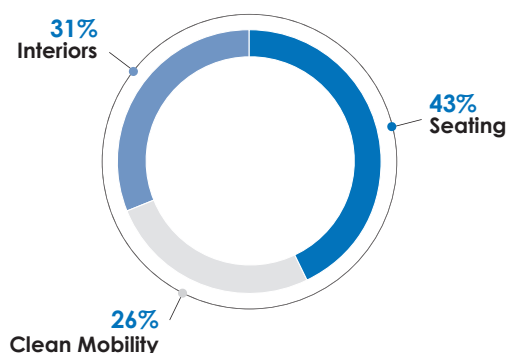
1.3.3. By Business Group

(in € millions)	H2 2018	H2 2017	Reported	At constant currencies ⁽¹⁾
Sales				
Seating	3,656.5	3,492.5	4.7%	6.4%
Interiors	2,622.2	2,741.7	-4.4%	-2.3%
Clean Mobility	2,254.8	2,182.7	3.3%	4.7%
TOTAL	8,533.5	8,416.9	1.4%	3.1%

(1) Including Bolt-Ons representing €297.9 million or 3.5%: €174.5 million for Wuling and BYD on Seating, €80.5 million for Wuling and CoAgent on Interiors and €37.1m for Hug on Clean Mobility.

(in € millions)	FY 2018	FY 2017	Reported	At constant currencies ⁽¹⁾
Sales				
Seating	7,438.0	7,129.2	4.3%	7.6%
Interiors	5,471.7	5,367.4	1.9%	6.0%
Clean Mobility	4,615.0	4,465.5	3.3%	7.2%
TOTAL	17,524.7	16,962.1	3.3%	7.0%

(1) Including Bolt-Ons representing €441.8m or 2.6%: €224.7 million for Wuling and BYD on Seating, €148.2 million for Wuling and CoAgent on Interiors and €55.9 million for Hug on Clean Mobility.



In 2018, the three Business Groups contributed to the sales growth:

- the Seating business reached €7,438.0 million sales, up 4.3% on a reported basis and up 7.6% at constant currencies compared to 2017;
- the Interiors business totaled €5,471.7 million sales. This represented a 1.9% increase on a reported basis and a 6.0% increase at constant currencies;
- the Clean Mobility business generated €4,615.0 million sales, up 3.3% on a reported basis and up 7.2% at constant currencies compared to 2017.

1.4. Operating Income

In 2018:

- operating income before amortization of acquired intangible assets reached €1,273.9 million (7.3% of sales), compared to €1,157.6 million (6.8% of sales) in 2017;
- gross expenditures for R&D totaled €1,093.1 million, or 6.2% of sales, compared to €1,152.3 million, or 6.8% of sales in 2017. The portion of R&D expenditure capitalised amounted to €794.3 million, compared to €870.7 million in 2017. The R&D capitalization ratio represented 72.7% of total R&D expenditure, whereas it represented 75.6% over the same period in 2017;
- the net R&D expenses reached €298.8 million compared to €281.7 million in 2017, stable at 1.7% of sales;
- selling and administrative expenses were contained to €703.2 million (4.0% of sales), compared to €680.4 million (4.0% of sales) in 2017;
- EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – rose to €2,140.6 million (12.2% of sales), to be compared to €1,950.9 million (11.5% of sales) in 2017.

1.4.1. By region

(in € millions)	H2 2018			H2 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	4,128.1	260.7	6.3%	4,192.5	253.4	6.0%
North America	2,242.2	154.3	6.9%	2,122.0	116.5	5.5%
South America	350.8	12.7	3.6%	405.5	6.8	1.7%
Asia	1,714.4	187.3	10.9%	1,558.0	179.8	11.5%
Rest of the World	98.0	11.7	12.0%	138.9	18.4	13.2%
TOTAL	8,533.5	626.7	7.3%	8,416.9	574.9	6.8%

(in € millions)	FY 2018			FY 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	8,858.2	565.9	6.4%	8,502.8	524.0	6.2%
North America	4,474.2	289.7	6.5%	4,473.2	249.6	5.6%
South America	714.1	24.6	3.4%	793.6	12.8	1.6%
Asia	3,257.2	367.0	11.3%	2,932.9	339.2	11.6%
Rest of the World	221.0	26.7	12.1%	259.6	32.0	12.3%
TOTAL	17,524.7	1,273.9	7.3%	16,962.1	1,157.6	6.8%

The operating income in 2018 compared to 2017 increased by €116.3 million:

- in Europe, the operating income was up by €41.9 million, to reach €565.9 million or 6.4% of sales. This is to be compared to €524.0 million or 6.2% in 2017;
- in North America, the operating income increased by €40.1 million to €289.7 million. The operating income reached 6.5% of sales, compared to 5.6% in 2017;
- in South America, the operating income increased by €11.8 million to reach €24.6 million. The operating margin in the region represented 3.4% of sales compared to 1.6% of sales in 2017;
- in Asia, the operating income increased by €27.8 million to reach €367.0 million or 11.3% of sales. The operating income in percentage of sales decreased compared to 2017 which was 11.6%;
- in the rest of the world (South Africa), the operating is stable at 12.1% of sales (decrease of €5.3 million).

1.4.2. By Business Group

(in € millions)	H2 2018			H2 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,656.5	227.0	6.2%	3,492.5	204.5	5.9%
Interiors	2,622.2	155.1	5.9%	2,741.7	148.2	5.4%
Clean Mobility	2,254.8	244.6	10.8%	2,182.7	222.2	10.2%
TOTAL	8,533.5	626.7	7.3%	8,416.9	574.9	6.8%

(in € millions)	FY 2018			FY 2017		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	7,438.0	448.5	6.0%	7,129.2	404.4	5.7%
Interiors	5,471.7	325.6	6.0%	5,367.4	299.8	5.6%
Clean Mobility	4,615.0	499.8	10.8%	4,465.5	453.4	10.2%
TOTAL	17,524.7	1,273.9	7.3%	16,962.1	1,157.6	6.8%

The three Business Groups contributed to the rise of the total operating income in 2018:

- the Seating Business operating income amounted to €448.5 million (6.0% of sales) compared to €404.4 million in 2017 (5.7% of sales);
- the Interiors Business operating income reached €325.6 million (6.0% of sales) compared to €299.8 million in 2017 (5.6% of sales);
- the Clean Mobility Business operating income was up €46.4 million at €499.8 million (10.8% of sales) compared to €453.4 million in 2017 (10.2% of sales).

1.5. Net income

The net income group share reached €700.8 million, or 4.0% of sales in 2018. This is to be compared to €599.4 million or 3.5% of sales over the same period in 2017. It represented an increase of €101.5 million.

In 2018:

- the amortization of intangible assets acquired in business combinations related mainly to Coagent and Hug businesses represented an expense of €10.9 million;
- the "other non-recurring operating income and expenses" represented an expense of €147.3 million, compared to an expense of €96.2 million in 2017. This item included €100.8 million in restructuring charges implemented to bring costs in line with new market realities, compared to €85.0 million in 2017. This item also included the €16.9 million impairment of all assets related to business with Iran. Indeed, following the United-States decision of May 8, 2018 and related restrictions imposed on business with Iran, the 51% interest held by Faurecia in Faurecia Azin Pars has been sold;
- financial income amounted to €9.5 million, compared to €12.7 million in 2017. Financial costs totaled €117.6 million, versus €120.9 million in 2017;
- other financial income and expense represented an expense of €55.7 million compared to €23.0 million in 2017. This expense included €6.6 million from discounting pension benefit liabilities, €4.6 million commitment fees on credit facilities and €7.9 million linked to the amortization of debt issuance costs. This item also includes costs of €20.1 million from loan depreciation related to Amminex and €5.7 million from hyper-inflation in Argentina;
- the tax expense reached €190.0 million, compared to €260.7 million in 2017. This represented an average tax rate of 20.0% compared to an average rate of 28.1% over the same period in 2017. It includes the recognition of €72 million deferred tax assets in France, made possible by the continuous improvement of the group taxable income in the country;
- the share of net income of associates totaled €31.4 million, compared to €34.6 million in 2017;
- net income attributable to minority interests totaled €92.5 million. 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 amounted to €5.11 (diluted net earnings per share on continued operations at €5.09) compared to €4.37 in 2017 (diluted on continued operations at €4.35).

1.6. Financial structure and net debt

1.6.1. Reconciliation between Net Cash Flow and Cash provided by operating and investing activities

(in € millions)	§	FY 2018	FY 2017
Net cash flow		528.1	435.3
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	174.6	218.0
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	67.0	52.9
Cash provided by operating and investing activities	2.3	286.5	164.4

1.6.2. Net Cash Flow

The net cash inflow was €528.1 million in 2018 compared to a net cash inflow of €435.3 million over the same period in 2017. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €2,140.6 million compared to €1950.9 million in 2017, due to the increase in operating income for €116.3 million and the increase in depreciation and amortization by €73.8 million;
- restructuring represented cash outflows of €93.4 million compared to €88.3 million in 2017;
- net financial costs represented cash outflows of €107.8 million, versus €124.5 million in 2017;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €18.9 million compared to a positive impact €330.5 million in 2017. This change consisted in part of a increase in inventories of €29.0 million, a net increase in trade receivables of €56.6 million, a increase in trade payables of €293.1 million and a negative variation of other trade receivables and payables for €188.6 million, from lower downpayments from customers and higher prepayments on new contracts. 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 €673.2 million, versus €738.6 million in 2017;
- capitalized research and development costs represented cash outflows of €592.7 million, versus €647.9 million in 2017;
- income taxes represented cash outflows of €260.9 million, compared to €286.5 million in 2017;
- finally, other cash flow items represented €96.7 million in inflows, compared to €39.8 million in inflows in 2017.

1.6.3. Net Debt

<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Net debt	477.7	451.5

Net debt stood at €477.7 million at the end of 2018, compared to €451.5 million at year-end 2017.

<i>(in € millions)</i>	Dec. 31, 2018	Dec. 31, 2017
Shareholders' equity	4,071.3	3,453.9

The Group's shareholders' equity rose from €3,453.9 million at year-end 2017 to €4,071.3 million at the end of 2018, an increase of €617.4 million.

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 and June 2018, maturing in June 2023 and which was not drawn at December 31, 2018;
- €700 million of bonds maturing in June 2023 and €700 million of bonds maturing in June 2025;
- the €700 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024, €378 million were settled on December 20, 2018;
- since October 24, 2018, and in order to secure the financing of Clarion, Faurecia has with one of its main banks, a bridge loan of 1.3 billion euros, with a maturity of one year with 2 options of 6 months each, reduced to €750 million following the Schuldscheindarlehen refinancing.

1.7. IFRS 15 reconciliation

The following table is reconciling the 2017 figures as presented in the 2017 Annual Results with the 2017 figures after IFRS 15 norm application as presented in the 2018 Annual Results.

<i>(in € millions)</i>	FY 2017 Reported ⁽¹⁾	IFRS15 Impact	FY 2017 Restated ⁽²⁾	<i>(in € millions)</i>	FY 2017 Reported ⁽¹⁾	IFRS15 Impact	FY 2017 Restated ⁽²⁾
Sales				Operating Income			
Europe	8,500.4	2.4	8,502.8	Europe	527.0	(3.0)	524.0
North America	4,470.2	3.0	4,473.2	North America	257.6	(8.0)	249.6
South America	788.0	5.6	793.6	South America	11.6	1.2	12.8
Asia	2,942.3	(9.4)	2,932.9	Asia	341.8	(2.7)	339.1
Rest of the World	261.3	(1.7)	259.6	Rest of the World	32.3	(0.2)	32.1
TOTAL	16,962.2	(0.1)	16,962.1	TOTAL	1,170.3	(12.7)	1,157.6

<i>(in € millions)</i>	FY 2017 Reported ⁽¹⁾	IFRS15 Impact	FY 2017 Restated ⁽²⁾	<i>(in € millions)</i>	FY 2017 Reported ⁽¹⁾	IFRS15 Impact	FY 2017 Restated ⁽²⁾
Sales				Operating Income			
Seating	7,132.9	(3.7)	7,129.2	Seating	410.9	(6.5)	404.4
Interiors	5,336.1	31.3	5,367.4	Clean Mobility	299.7	0.1	299.8
Clean Mobility	4,493.2	(27.7)	4,465.5	Interiors	459.7	(6.3)	453.4
TOTAL	16,962.2	(0.1)	16,962.1	TOTAL	1,170.3	(12.7)	1,157.6

(1) As presented as Value Added Sales/Operating Income in 2017 Annual Results.

(2) As presented in 2018 Annual Results.

1.8. Outlook

In the current uncertain environment, Faurecia's assumption is that worldwide automotive production should be down 1% in 2019 vs. 2018, with a difficult first half and growth resuming in the second half.

Based on this assumption and including the impact of IFRS16 implementation as of January 1, 2019, Faurecia's full-year 2019 financial targets are:

- Sales growth at constant currencies should outperform worldwide automotive production by 150 to 350bps (excluding Clarion consolidation).

2019 sales outperformance is impacted by the one-off effect of the end of production of two Seating programs in North America and Europe (representing c. 200bps of sales growth). Seating will resume growth in 2020 and further accelerate in 2021 due to the start of production of major global frame programs. This will result in an average yearly sales growth for the Seating activity of 600 to 800bps (at constant currencies) between 2019 and 2021;

- Operating income should increase in value and operating margin should be at least 7% (including Clarion consolidation as from April 1);
- Net cash flow should be at least €500m (including Clarion consolidation as from April 1).

Main currency assumptions: USD/€ @ 1.20 average and CNY/€ @ 7.80 average.

On November 26, Faurecia will hold a Capital Markets Day in Paris presenting:

- Strategic roadmap and medium-term objectives for the new Business Group "Faurecia Clarion Electronics" integrating Clarion, Parrot Automotive and Coagent,
- New medium-term Group objectives: due to the change in perimeter to be effective as from April 1, the 2020 financial targets as presented at the Capital Markets Day of May 15, 2018 are no longer relevant and new medium-term financial targets will be presented.



2.

Consolidated financial statements

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2.1. Consolidated statement of comprehensive income

<i>(in € millions)</i>	Notes	2018	2017 Restated
SALES	4	17,524.7	16,962.1
Cost of sales	5	(15,248.8)	(14,842.4)
Research and development costs	5	(298.8)	(281.7)
Selling and administrative expenses	5	(703.2)	(680.4)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	1,273.9	1,157.6
Amortization of intangible assets acquired in business combinations	11	(10.9)	(1.2)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		1,263.0	1,156.4
Other non-recurring operating income	6	2.9	5.2
Other non-recurring operating expense	6	(150.2)	(101.3)
Income from loans, cash investments and marketable securities		9.6	12.6
Finance costs		(117.7)	(120.9)
Other financial income and expense	7	(55.7)	(23.0)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		951.9	929.0
Taxes	8	(190.0)	(260.7)
<i>of which deferred taxes</i>	8	112.7	(22.6)
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		761.9	668.3
Share of net income of associates	13	31.4	34.6
NET INCOME FROM CONTINUED OPERATIONS		793.3	702.9
NET INCOME FROM DISCONTINUED OPERATIONS	2.3	0.0	(7.4)
CONSOLIDATED NET INCOME (LOSS)		793.3	695.5
Attributable to owners of the parent		700.8	599.4
Attributable to minority interests	23	92.5	96.1
Basic earnings (loss) per share <i>(in €)</i>	9	5.11	4.37
Diluted earnings (loss) per share <i>(in €)</i>	9	5.09	4.35
Basic earnings (loss) from continued operations per share <i>(in €)</i>	9	5.11	4.42
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	9	5.09	4.40
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	9	0.00	(0.05)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	9	0.00	(0.05)

Other comprehensive income

<i>(in € millions)</i>	<i>Notes</i>	2018	2017 restated
CONSOLIDATED NET INCOME (LOSS)		793.3	695.5
Amounts to be potentially reclassified to profit or loss		(18.4)	(189.4)
Gains (losses) arising on fair value adjustments to cash flow hedges		12.2	9.8
<i>of which recognized in equity</i>		7.8	5.9
<i>of which transferred to net income (loss) for the period</i>		4.4	3.9
Exchange differences on translation of foreign operations		(30.6)	(199.2)
Amounts not to be reclassified to profit or loss		15.7	3.1
Actuarial gain/(loss) on post-employment benefit obligations	25	15.7	3.1
Other comprehensive income from discontinued operations		0.0	0.0
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		790.6	509.2
Attributable to owners of the parent		701.4	429.6
Attributable to minority interests		89.2	79.6

2.2. Consolidated balance sheet

Assets

<i>(in € millions)</i>	Notes	2018	2017 Restated
Goodwill	10	1,492.1	1,216.1
Intangible assets	11	1,959.4	1,634.7
Property, plant and equipment	12	2,784.6	2,589.4
Investments in associates	13	144.2	151.1
Other equity interests	14	60.7	239.9
Other non-current financial assets	15	91.2	96.8
Other non-current assets	16	46.2	43.1
Deferred tax assets	8	355.5	246.9
TOTAL NON-CURRENT ASSETS		6,933.9	6,218.0
Inventories, net	17	1,431.7	1,387.5
Trade accounts receivables	18	1,947.5	1,859.3
Other operating receivables	19	313.8	270.3
Other receivables	20	661.5	556.0
Other current financial assets	30	1.0	7.3
Cash and cash equivalents	21	2,105.3	1,563.0
TOTAL CURRENT ASSETS		6,460.8	5,643.4
Assets held for sale		0.0	0.0
TOTAL ASSETS		13,394.7	11,861.4

Liabilities

<i>(in € millions)</i>	Notes	2018	2017 Restated
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(51.0)	(34.2)
Retained earnings		1,443.0	969.9
Translation adjustments		17.8	44.4
Net income (loss)		700.8	599.4
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		3,709.7	3,178.6
Minority interests	23	361.6	275.3
TOTAL SHAREHOLDERS' EQUITY		4,071.3	3,453.9
Non-current provisions	25	393.3	397.2
Non-current financial liabilities	26	1,870.0	1,598.4
Other non-current liabilities		1.7	1.5
Deferred tax liabilities	8	27.3	18.6
TOTAL NON-CURRENT LIABILITIES		2,292.3	2,015.7
Current provisions	24	191.4	183.3
Current financial liabilities	26	714.0	423.4
Prepayments from customers		605.0	545.7
Trade payables		4,562.6	4,219.3
Accrued taxes and payroll costs	27	618.0	627.4
Sundry payables	28	340.1	392.7
TOTAL CURRENT LIABILITIES		7,031.1	6,391.8
Liabilities linked to assets held for sale		0.0	0.0
TOTAL EQUITY AND LIABILITIES		13,394.7	11,861.4

2.3. Consolidated cash flow statement

(in € millions)	Notes	2018	2017 Restated
I- OPERATING ACTIVITIES			
Operating Income (loss)		1,273.9	1,157.6
Depreciations and amortizations of assets	5.5	866.7	793.3
o/w depreciations and amortizations of R&D assets	5.4	394.8	351.9
o/w other amortizations		471.9	441.4
EBITDA		2,140.6	1,950.9
Operating current and non-current provisions		(10.7)	(6.7)
Capital (gains) losses on disposals of operating assets		(36.0)	2.1
Paid restructuring		(93.4)	(88.3)
Paid finance costs net of income		(107.8)	(124.5)
Other non-recurring operating income and expenses paid		(35.4)	(2.4)
Paid taxes		(260.9)	(286.5)
Dividends from associates		27.3	16.6
Change in working capital requirement		18.9	330.5
Change in inventories		(29.0)	(68.0)
o/w R&D inventories increase	5.4	(201.6)	(222.7)
o/w R&D inventories decrease	5.4	224.7	295.6
Change in trade accounts receivables		(56.6)	(106.7)
Change in trade payables		293.1	595.2
Change in other operating receivables and payables		28.6	(14.6)
Change in other receivables and payables (excl. Tax)		(217.2)	(75.4)
Operating cash flows from discontinued activities		0.0	0.0
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,642.6	1,791.6
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(672.7)	(738.2)
Additional intangible assets	11	(0.6)	(0.4)
Capitalized development costs	5.4 & 11	(592.7)	(648.0)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(174.5)	(218.0)
Proceeds from disposal of property, plant and equipment		124.8	23.9
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		26.6	6.3
Other changes		(67.0)	(52.9)
Investing cash flows from discontinued operations		0.0	0.0
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		(1,356.1)	(1,627.2)
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		286.5	164.4
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		15.5	24.3
Dividends paid to owners of the parent company		(150.9)	(122.6)
Dividends paid to minority interests in consolidated subsidiaries		(59.7)	(63.4)
Acquisitions of treasury stocks		(47.8)	(40.1)
Other financial assets and liabilities		0.0	0.0
Debt securities issued and increase in other financial liabilities		682.4	194.9
Repayment of debt and other financial liabilities		(163.3)	(108.6)
Financing cash flows from discontinued activities		0.0	0.0
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		276.2	(115.5)
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		(20.5)	(48.1)
Net cash flows from discontinued operations		0.0	0.0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		542.2	0.8
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		1,563.0	1,562.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,105.3	1,563.0

The net cash flow amounts to €528.1 million as of December 31, 2018.

2.4. Consolidated statement of changes in equity

(in € millions)	Number of shares ⁽¹⁾	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
						Trans- lation adjust- ments	Cash flow hedges	Actuarial gain/(loss) on post employ- ment benefit obligations			
Shareholders' equity as of 12/31/2016 before appropriation of net income (loss)	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
Impact of IFRS 15 application					(45.3)	(1.0)			(46.3)	1.6	(44.7)
Net income (loss) restated					599.4				599.4	96.1	695.5
Other comprehensive income						(182.7)	9.8	3.1	(169.8)	(16.5)	(186.3)
Comprehensive income restated					599.4	(182.7)	9.8	3.1	429.6	79.6	509.2
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					(2.5)	(2.7)			(5.2)	27.9	22.7
Shareholders' equity as of 12/31/2017 Restated before appropriation of net income (loss)	138,035,801	966.3	632.8	(34.2)	1,671.5	44.4	3.2	(105.4)	3,178.6	275.3	3,453.9
Net income (loss)					700.8				700.8	92.5	793.3
Other comprehensive income						(27.3)	12.2	15.7	0.6	(3.3)	(2.7)
Comprehensive income					700.8	(27.3)	12.2	15.7	701.4	89.2	790.6
Capital increase									0.0	24.7	24.7
2017 dividends					(150.9)				(150.9)	(67.6)	(218.5)
Measurement of stock options and shares grant					(11.0)				(11.0)		(11.0)
Purchases and sales of treasury stock				(16.8)					(16.8)		(16.8)
Changes in scope of consolidation and other					7.7	0.7			8.4	40.0	48.4
Shareholders' equity as of 12/31/2018 before appropriation of net income (loss)	138,035,801	966.3	632.8	(51.0)	2,218.1	17.8	15.4	(89.7)	3,709.7	361.6	4,071.3

(1) Of which 814,320 treasury stock as of 12/31/2017 and 917,160 as of 12/31/2018 – See Note 9.

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: 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, 2019.

The accounts were prepared on a going concern basis.

Note 1 Summary of significant accounting policies

1.A Accounting principles

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 2018 consolidated financial statements and comparative data for 2017 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2018, 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.

Faurecia has more specifically applied the new standard IFRS 15 on revenue recognition from January 1, 2018 (see Note 1B). All other new standards, amendments and revisions to the existing standards including IFRS 9, whose application is mandatory from January 1, 2018, have no significant impact on the Group consolidated financial statements.

Moreover, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory after December 31, 2018, irrespective of whether or not they are adopted by the European Union.

Faurecia will apply the new IFRS 16 standard as of January 1, 2019 relating to leases by using the modified retrospective method (no restatement of comparative periods).

The main assumptions considered are :

- the exemption of contracts with a duration less than 12 months;
- the duration of a contract is equal to its non cancellable duration, except if the group is reasonably certain to exercise the renewal or cancellation options contractually agreed;
- the discount rate used is the marginal borrowing rate corresponding to the contract duration, in the absence of a contract implicit rate.

The impacts are currently being determined and audited. The financial debt linked to leases is expected to reach an amount between €650 and €700 million as of January 1, 2019.

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.

As of July 1, 2018 Argentina has been declared as hyper inflation country according to the criteria defined by the standard IAS29. As of January 1, 2018, Faurecia has then applied the specific accounting rules defined by this standard to its Argentinian subsidiaries. The impact on the group financial statements as of December 31, 2018 is not material.

1.B Modifications to the previously published consolidated financial statements

Implementation of IFRS 15

Since January 1, 2018 Faurecia has applied the new standard IFRS 15 on revenue recognition. As this application is retrospective the published consolidated financial statements as of December 31, 2017 have been restated consequently. The corresponding impacts are presented in the following tables; they were also indicated for the major part in the Note 4 of the consolidated financial statements as of December 31, 2017.

The in-depth analysis conducted on contracts and sales transactions has enabled to identify and assess the changes to the presentation of the sales figure and the rules for recognition over time described below.

Faurecia operates as an agent for monoliths sales, these sales are then recorded at net value in the income and total sales are therefore only added-value sales, as previously reported 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 direct added value.

For development contracts or the sale of tooling, sales were recognized when the technical stages were validated by the customer. If no such technical stages were provided for in the contract, sales were recognized when the related study was completed or the tooling delivered. From now on, revenue on tooling is recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts and development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

The impacts of changes due to IFRS 15 on the recognition of tooling sales to the customers as well as on development costs are not significant for the Group.

RESTATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	Full-year 2017 published	IFRS 15 Impact	Full-year 2017 restated
SALES	20,181.7	(3,219.6) ⁽¹⁾	16,962.1
Cost of sales	(18,066.0)	3,223.6 ⁽²⁾	(14,842.4)
Research and development costs	(265.0)	(16.7)	(281.7)
Selling and administrative expenses	(680.4)	0.0	(680.4)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	1,170.3	(12.7)	1,157.6
Amortization of intangible assets acquired in business combinations	(1.2)	0.0	(1.2)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	1,169.1	(12.7)	1,156.4
Other non operating income	5.2	0.0	5.2
Other non operating expense	(101.3)	0.0	(101.3)
Income from loans, cash investments and marketable securities	12.6	0.0	12.6
Finance costs	(120.9)	0.0	(120.9)
Other financial income and expense	(23.0)	0.0	(23.0)
INCOME (LOSS) BEFORE TAX OF FULLY CONSOLIDATED COMPANIES	941.7	(12.7)	929.0
Taxes	(261.8)	1.1	(260.7)
<i>Of which deferred taxes</i>	(23.7)	1.1	(22.6)
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES	679.9	(11.6)	668.3
Share of net income of associates	34.6	0.0	34.6
Net income from continued operations	714.5	(11.6)	702.9
Net income from discontinued operations	(7.4)	0.0	(7.4)
CONSOLIDATED NET INCOME (LOSS)	707.1	(11.6)	695.5
Attributable to owners of the parent	610.2	(10.8)	599.4
Attributable to minority interests	96.9	(0.8)	96.1
Basic earnings (loss) per share <i>(in €)</i>	4.45	(0.08)	4.37
Diluted earnings (loss) per share <i>(in €)</i>	4.42	(0.08)	4.35
Basic earnings (loss) from continued operations per share <i>(in €)</i>	4.50	(0.08)	4.42
Diluted earnings (loss) from continued operations per share <i>(in €)</i>	4.48	(0.08)	4.40
Basic earnings (loss) from discontinued operations per share <i>(in €)</i>	(0.05)	0.00	(0.05)
Diluted earnings (loss) from discontinued operations per share <i>(in €)</i>	(0.05)	0.00	(0.05)

(1) Of which monolith's impact of €-3,219.4 million.

(2) Of which monolith's impact of €3,219.4 million.

RESTATED CONSOLIDATED BALANCE SHEET
Assets

<i>(in € millions)</i>	2017 published	IFRS 15 Impact	2017 restated⁽¹⁾
Goodwill	1,216.1	0.0	1,216.1
Intangible assets	1,281.3	353.4	1,634.7
Property, plant and equipment	2,649.7	(60.3)	2,589.4
Investments in associates	151.1	0.0	151.1
Other equity interests	239.9	0.0	239.9
Other non-current financial assets	96.8	0.0	96.8
Other non-current assets	43.1	0.0	43.1
Deferred tax assets	232.6	14.3	246.9
TOTAL NON-CURRENT ASSETS	5,910.6	307.4	6,218.0
Inventories, net	1,419.2	(31.7)	1,387.5
Trade accounts receivables	1,766.1	93.2	1,859.3
Other operating receivables	270.3	0.0	270.3
Other receivables	556.0	0.0	556.0
Other current financial assets	7.3	0.0	7.3
Cash and cash equivalents	1,563.0	0.0	1,563.0
TOTAL CURRENT ASSETS	5,581.9	61.5	5,643.4
Assets held for sale	0.0	0.0	0.0
TOTAL ASSETS	11,492.5	368.9	11,861.4

(1) Reclassifications have been made between non current assets and current assets in comparison to the version published for the half year results as of June 30, 2018 for €93.3 million.

Liabilities

<i>(in € millions)</i>	2017 published	IFRS 15 Impact	2017 restated
EQUITY			
Capital	966.3	0.0	966.3
Additional paid-in capital	632.8	0.0	632.8
Treasury stock	(34.2)	0.0	(34.2)
Retained earnings	1,014.9	(45.0)	969.9
Translation adjustments	43.6	0.8	44.4
Net income (loss)	610.2	(10.8)	599.4
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	3,233.6	(55.0)	3,178.6
Minority interests	274.7	0.6	275.3
TOTAL SHAREHOLDERS' EQUITY	3,508.3	(54.4)	3,453.9
Non-current provisions	397.2	0.0	397.2
Non-current financial liabilities	1,598.4	0.0	1,598.4
Other non-current liabilities	1.5	0.0	1.5
Deferred tax liabilities	18.6	0.0	18.6
TOTAL NON-CURRENT LIABILITIES	2,015.7	0.0	2,015.7
Current provisions	178.0	5.3	183.3
Current financial liabilities	423.4	0.0	423.4
Prepayments from customers	127.7	418.0	545.7
Trade payables	4,219.3	0.0	4,219.3
Accrued taxes and payroll costs	627.4	0.0	627.4
Sundry payables	392.7	0.0	392.7
TOTAL CURRENT LIABILITIES	5,968.5	423.3	6,391.8
Liabilities linked to assets held for sale	0.0	0.0	0.0
TOTAL EQUITY AND LIABILITIES	11,492.5	368.9	11,861.4

RESTATED CONSOLIDATED CASH FLOW STATEMENT

<i>(in € millions)</i>	2017 published	IFRS 15 impact	2017 restated⁽¹⁾
I- OPERATING ACTIVITIES			
Operating Income (loss)	1,170.3	(12.7)	1,157.6
Depreciations and amortizations of assets	719.0	74.3	793.3
<i>o/w depreciations and amortizations of R&D assets</i>	257.6	94.3	351.9
<i>o/w other amortizations</i>	461.4	(20.0)	441.4
EBITDA	1,889.3	61.6	1,950.9
Operating current and non-current provisions	(6.7)	0.0	(6.7)
Capital (gains) losses on disposals of operating assets	2.1	0.0	2.1
Paid restructuring	(88.3)	0.0	(88.3)
Paid finance costs net of income	(124.5)	0.0	(124.5)
Other non-recurring operating income and expenses paid	(2.4)	0.0	(2.4)
Paid taxes	(286.5)	0.0	(286.5)
Dividends from associates	16.6	0.0	16.6
Change in working capital requirement	213.0	117.5	330.5
Change in inventories	(185.3)	117.3	(68.0)
<i>o/w R&D inventories increase</i>	(396.3)	173.6	(222.7)
<i>o/w R&D inventories decrease</i>	379.4	(83.8)	295.6
Change in trade accounts receivables	(103.9)	(2.8)	(106.7)
Change in trade payables	595.2	0.0	595.2
Change in other operating receivables and payables	(17.6)	3.0	(14.6)
Change in other receivables and payables (excl. Tax)	(75.4)	0.0	(75.4)
Operating cash flows from discontinued activities	0.0	0.0	0.0
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,612.6	179.0	1,791.6
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	(738.2)	0.0	(738.2)
Additional intangible assets	(0.4)	0.0	(0.4)
Capitalized development costs	(468.9)	(179.0)	(648.0)
Acquisitions / Sales of investments and business (net of cash and cash equivalents) ⁽¹⁾	(218.0)	0.0	(218.0)
Proceeds from disposal of property, plant and equipment	23.9	0.0	23.9
Proceed from disposal of financial assets	0.0	0.0	0.0
Change in investment-related receivables and payables	6.3	0.0	6.3
Other changes	(52.9)	0.0	(52.9)
Investing cash flows from discontinued operations	0.0	0.0	0.0
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	(1,448.2)	(179.0)	(1,627.2)
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)	164.4	(0.0)	164.4
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)	24.3	0.0	24.3
Dividends paid to owners of the parent company	(122.6)	0.0	(122.6)
Dividends paid to minority interests in consolidated subsidiaries	(63.4)	0.0	(63.4)
Acquisitions of treasury stocks	(40.1)	0.0	(40.1)
Other financial assets and liabilities	0.0	0.0	0.0
Debt securities issued and increase in other financial liabilities	194.9	0.0	194.9
Repayment of debt and other financial liabilities	(108.6)	0.0	(108.6)
Financing cash flows from discontinued activities	0.0	0.0	0.0
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(115.5)	0.0	(115.5)
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents	(48.1)	0.0	(48.1)
Net cash flows from discontinued operations	0.0	0.0	0.0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	0.8	0.0	0.8
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1,562.2	0.0	1,562.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,563.0	0.0	1,563.0

(1) Reclassifications have been made between Change in inventories and Capitalized development costs in comparison to the version published for the half year results as of June 30, 2018 for €93.3 millions.

1.C 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. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

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.

Balance sheets and net income of Group entities active in hyperinflation economies are restated to take into account the changes in purchasing power of the local currencies using the official indexes at closing date. They are then translated in euros using the exchange rate of the closing date; without restatement of comparative periods in accordance with IAS21.

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 inter-company transactions are eliminated in consolidation, including inter-company 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 2018

Within the Seating consolidation scope, the company Shenzhen Faurecia Automotive Parts Co, Ltd. has been acquired at 70% and is fully consolidated since March 2018. Following the United States decision of May 8, 2018 and related restrictions imposed on business with Iran, the 51% interest held by Faurecia in Faurecia Azin Pars have been sold. All related assets have been impaired (see Note 6).

Within Interior Systems, in China, Faurecia consolidates since January 1, 2018, using the full consolidation method, Coagent of which the main company is Faurecia Coagent Electronics S&T Co., Ltd, held at 50.1%. Moreover, in China, the companies Faurecia (Liuzhou) Automotive Interior Systems Co. Ltd and Faurecia (Hangzhou) Automotive Systems Co., Ltd have been created in February 2018, and are held respectively at 50% and 100%. These companies are fully consolidated. The company Chongqing Zhuotong Automotive Interior Systems has been also created in August 2018, and it is held at 50%. This company is fully consolidated. In the United States, Faurecia share in DMS companies, consolidated by equity method, is now at 49%. Finally, Faurecia acquired, in September 2018, the remaining part (80%) of Parrot Faurecia Automotive, previously held at 20% and consolidated by equity method. Parrot Faurecia Automotive is now fully consolidated with its 2 chinese subsidiaries.

Within the Clean Mobility perimeter, Faurecia has acquired 100% of the company Hug Engineering AG, based in Switzerland, and its commercial subsidiaries. This company is fully consolidated since March 1, 2018. Moreover, Faurecia has created the company Hongtai Faurecia Composite (Wuhan) Co., Ltd, held at 50% and consolidated by equity method since April 1, 2018.

2.2 Reminder of change in scope of consolidation introduced in 2017

Within the 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, 2017 and is fully consolidated starting in 2018.

Within the Clean Mobility perimeter, in China, the companies Faurecia (Tianjin) Emissions Control Technologies Co., Ltd, Faurecia Ynlun 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.

2.3 Recent events

Faurecia, through its subsidiary Hennape 6 SAS, has reached on October 26, 2018 binding agreements with Clarion and Hitachi, the controlling shareholder owning 63.8% of Clarion, for a tender offer to acquire 100% of the shares of Clarion, listed on the Tokyo Stock Exchange. The tender offer has been authorized by anti trust authorities and launched on January 30, 2019. Clarion shareholders can present their shares to the offer until February 28, 2019. Hitachi has given an undertaken to tender its shares. Faurecia tender offer has received the support of both the Hitachi and Clarion Boards of Directors. Clarion has moreover recommended to its shareholders to tender their shares. In case of a successful settlement of the tender offer, Faurecia intends to implement a squeeze-out.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the launch of the tender offer on Clarion described in 2.3.

Note 4 Information by operating segment

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

- 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

Revenue on parts is recognized when the control is transferred to the customer, incidental to ownership of the modules or parts produced. This generally corresponds to when the goods are shipped.

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts and development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

Operating margin (before amortization of acquired intangible assets) 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 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 IFRS 9, and gains and losses on sales of shares in subsidiaries;
- taxes.

4.2 Key figures by operating segment

2018

<i>(in € millions)</i>	Seating	Interior Systems	Clean Mobility	Other	Total
TOTAL SALES	7,491.5	5,489.2	4,617.3	128.4	17,726.4
Inter-segment eliminations	(53.6)	(17.5)	(2.2)	(128.4)	(201.7)
Consolidated sales	7,437.9	5,471.7	4,615.1	0.0	17,524.7
Operating income (before amortization of acquired intangible assets)	448.5	325.6	499.8	0.0	1,273.9
Amortization of intangible assets acquired in business combinations					(10.9)
Operating income (after amortization of acquired intangible assets)					1,263.0
Other non recurring operating income					2.9
Other non recurring operating expenses					(150.2)
Finance costs, net					(108.1)
Other financial income and expenses					(55.7)
Corporate income tax					(190.0)
Share of net income of associates					31.4
Net income from continued operations					793.3
Net income from discontinued operations					0.0
NET INCOME (LOSS)					793.3
Segment assets	3,730.6	3,120.3	3,390.9	172.9	10,414.7
Net property, plant and equipment	791.6	982.4	951.7	58.9	2,784.6
Other segment assets	2,939.0	2,137.9	2,439.2	114.0	7,630.1
Investments in associates					144.2
Other equity interests					60.7
Short and long-term financial assets					2,255.9
Tax assets (current and deferred)					519.2
Assets held for sale					0.0
TOTAL ASSETS					13,394.7
Segment liabilities	2,143.2	1,861.2	2,419.3	228.4	6,652.1
Borrowings					2,584.0
Tax liabilities (current and deferred)					87.3
Liabilities linked to assets held for sale					0.0
Equity and minority interests					4,071.3
TOTAL LIABILITIES					13,394.7
Capital expenditure	218.5	224.7	204.2	25.4	672.8
Depreciation of property, plant and equipment	(132.4)	(163.1)	(139.5)	(6.2)	(441.2)
Impairment of property, plant and equipment	(0.1)	(2.6)	(0.4)	0.0	(3.1)
Headcounts	47,279	40,436	24,278	2,700	114,693

2017 Restated

<i>(in € millions)</i>	Seating	Interior Systems	Clean Mobility	Other	Total
TOTAL SALES	7,164.1	5,389.6	4,472.1	514.2	17,540.0
Inter-segment eliminations	(35.0)	(22.2)	(6.5)	(514.2)	(577.9)
Consolidated sales	7,129.1	5,367.4	4,465.6	0.0	16,962.1
Operating income (before amortization of acquired intangible assets)	404.4	299.8	453.4	0.0	1,157.6
Amortization of intangible assets acquired in business combinations					(1.2)
Operating income (after amortization of acquired intangible assets)					1,156.4
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					(260.7)
Share of net income of associates					34.6
Net income from continued operations					702.9
Net income from discontinued operations					(7.4)
NET INCOME (LOSS)					695.5
Segment assets	3,469.6	2,642.3	3,007.2	199.5	9,318.6
Net property, plant and equipment	725.4	929.1	878.7	56.2	2,589.4
Other segment assets	2,744.2	1,713.2	2,128.5	143.3	6,729.2
Investments in associates					151.1
Other equity interests					239.9
Short and long-term financial assets					1,696.0
Tax assets (current and deferred)					455.8
Assets held for sale					0.0
TOTAL ASSETS					11,861.4
Segment liabilities	1,986.9	1,807.7	2,239.4	275.1	6,309.1
Borrowings					2,021.8
Tax liabilities (current and deferred)					76.6
Liabilities linked to assets held for sale					0.0
Equity and minority interests					3,453.9
TOTAL LIABILITIES					11,861.4
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	(0.3)	(2.0)	0.0	(2.1)
Headcounts	44,794	39,120	22,799	2,562	109,275

2 Consolidated financial statements

Notes to the consolidated financial statements

4.3 Sales by operating segment

Sales by operating segment break down as follows:

(in € millions)	2018		2017 Restated	
	Consolidated Sales	%	Consolidated Sales	%
Seating	7,437.9	43	7,129.1	42
Interior Systems	5,471.7	31	5,367.4	32
Clean Mobility	4,615.1	26	4,465.6	26
TOTAL	17,524.7	100	16,962.1	100

4.4 Sales by major customer

Sales * by major customer break down as follows:

(in € millions)	2018		2017 Restated	
	Consolidated Sales	%	Consolidated Sales	%
Ford Group	2,494.8	14	2,780.8	16
VW Group	2,531.7	14	2,338.6	14
PSA Peugeot Citroën	2,182.6	12	2,078.2	12
Renault-Nissan	1,681.6	10	1,858.4	11
GM	826.8	5	942.1	6
Daimler	816.3	5	963.5	6
BMW	730.0	4	738.9	4
Others	6,260.9	36	5,261.6	31
TOTAL	17,524.7	100	16,962.1	100

* 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:

2018

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,181.3	2,049.8	4,569.7	4,482.2	738.2	3,240.0	263.5	17,524.7
Net property, plant and equipment	341.3	129.0	845.1	653.4	122.2	671.2	22.4	2,784.6
Capital expenditure	99.7	22.5	211.3	166.8	14.9	154.8	2.8	672.8
Headcounts as of December 31	13,831	6,474	40,489	20,996	5,729	25,753	1,421	114,693

2017 Restated

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,075.3	2,187.5	4,184.0	4,476.4	817.3	2,924.6	297.0	16,962.1
Net property, plant and equipment	335.6	134.2	781.4	602.2	143.0	564.3	28.7	2,589.4
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

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

<i>(in € millions)</i>	2018	2017 Restated
Cost of sales ⁽¹⁾	(15,248.8)	(14,842.4)
Research and development costs ⁽²⁾	(298.8)	(281.7)
Selling and administrative expenses	(703.2)	(680.4)
TOTAL	(16,250.8)	(15,804.5)

(1) Includes in 2018 the gain on sales and lease backs on operational assets for €24 million and expenses linked to an industrial reorganization following the sale of Automotive Exterior business and a new organization for painting lines for €28 million.

(2) Includes in 2018 the gain on sales and lease backs on operational assets for €18 million.

5.2 Analysis of operating expenses by nature

<i>(in € millions)</i>	2018	2017 Restated
Purchases consumed	(10,389.5)	(10,230.5)
External costs	(2,010.0)	(1,972.8)
Personnel costs	(3,705.7)	(3,548.6)
Taxes other than on income	(48.7)	(54.4)
Other income and expenses *	756.7	786.2
Depreciation, amortization and provisions for impairment in value of non-current assets	(866.7)	(793.3)
Charges to and reversals of provisions	13.1	8.9
TOTAL	(16,250.8)	(15,804.5)

* Including production taken into inventory or capitalized.

607.2

673.7

The CICE (tax credit for competitiveness and employment) is allocated to personnel costs; it amounted to €12.6 million in 2018 (€14.9 million in 2017).

5.3 Personnel costs

<i>(in € millions)</i>	2018	2017 Restated
Wages and salaries *	(2,942.8)	(2,804.9)
Payroll taxes	(762.9)	(743.7)
TOTAL	(3,705.7)	(3,548.6)

* Of which temporary employee costs.

(334.4)

(305.2)

Details of expenses relating to the Group's 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>	2018	2017 Restated
Research and development costs, gross	(1,093.1)	(1,152.3)
Capitalized development costs	794.3	870.7
of which in inventory	201.6	222.7
of which in intangible assets	592.7	648.0
TOTAL	(298.8)	(281.7)

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Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where there is a separate transfer of control of these development works, in accordance with IFRS 15, costs are capitalized in inventory and recognized in P&L (cost of sales) when the corresponding revenue is recognized.

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €619.6 million as of December, 31, 2018, vs €647.5 million as of December, 31, 2017.

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

(in € millions)	2018	2017 Restated
Amortization of capitalized development costs	(398.6)	(353.1)
Provisions for impairment of capitalized development costs	3.8	1.1
Amortization of other intangible assets	(31.5)	(29.2)
Depreciation of specific tooling	(12.8)	(9.5)
Depreciation and impairment of other property, plant and equipment	(427.6)	(402.6)
TOTAL	(866.7)	(793.3)

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

(in € millions)	2018	2017 Restated
Release of provision for impairment of assets	0.0	1.4
Others	2.9	3.8
TOTAL	2.9	5.2

OTHER NON RECURRING OPERATING EXPENSES

(in € millions)	2018	2017 Restated
Other provisions for impairment of assets	(3.4)	0.0
Reorganization expenses ⁽¹⁾	(100.8)	(85.0)
Others ⁽²⁾	(46.0)	(16.3)
TOTAL	(150.2)	(101.3)

(1) As of December 31, 2018, this item includes restructuring costs in the amount of €97.8 million and provisions for impairment in value of non-current assets in the amount of €3.0 million, versus respectively, €79.2 million and €5.8 million in 2017.

(2) Of which €16.9 million relating to the end of business with Iran (see Note 2.1), as of December 31, 2018.

RESTRUCTURING

Reorganization costs (€100.8 million) include redundancy and site relocation payments for 2,180 people.

Note 7 Other financial income and expenses

<i>(in € millions)</i>	2018	2017 Restated
Impact of discounting pension benefit obligations	(6.6)	(6.8)
Changes in the ineffective portion of currency hedges	(1.9)	(0.2)
Changes in fair value of currency hedged relating to debt	(5.6)	4.0
Foreign exchange gains and losses on borrowings	(6.0)	(7.7)
Hyperinflation impact (Argentina)	(5.7)	0.0
Others *	(29.9)	(12.3)
TOTAL	(55.7)	(23.0)

* As of December 31, 2018, this item includes amortization of costs related to bonds and other long-term debts, commissions for non-use of the credit facility and depreciation of loans to non consolidated entities.

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>	2018	2017 Restated
Current taxes		
■ Current corporate income tax	(302.7)	(238.1)
Deferred taxes		
■ Deferred taxes for the period	112.7	(22.6)
TOTAL	(190.0)	(260.7)

8.1 Analysis of the tax charge

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

(in € millions)	2018	2017 Restated
Pre-tax income of consolidated companies	951.9	929.0
Theoretical Tax (34.43%)	(327.7)	(319.9)
Effect of rate changes on deferred taxes recognized on the balance sheet	(2.8)	(1.6)
Effect of local rate differences *	80.0	67.3
Tax credits	0.5	12.5
Change in unrecognized deferred tax	93.8	(0.4)
Permanent differences & others **	(33.8)	(18.6)
Corporate tax recognized	(190.0)	(260.7)

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

** Mainly due to withholding tax in 2018.

The 2018 tax expense includes the recognition of a €72 million deferred tax assets in France, made possible by the continuous improvement of the group taxable income in this country and based on the Group strategic plan 2019-2021.

8.2 Analysis of tax assets and liabilities

(in € millions)	2018	2017 Restated
Current taxes		
■ Assets	163.7	208.9
■ Liabilities	(60.0)	(58.0)
	103.7	150.9
Deferred taxes		
■ Assets*	355.5	246.9
■ Liabilities	(27.3)	(18.6)
	328.2	228.3
* Of which tax assets on tax losses.	138.6	61.5

The assessment of the ability to recover net deferred tax assets as of December 31, 2018 (€328.2 million) is based on the Group's 2019-2021 strategic plan for the long-term recovery of tax losses.

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

(in € millions)	2018	2017 Restated
Amount as at the beginning of the year	228.3	252.0
■ Deferred taxes carried to net income from continued operations for the period	112.7	(22.6)
■ Deferred taxes carried to net income from discontinued operations for the period	0.0	0.0
■ Deferred taxes recognized directly in equity *	(2.3)	(1.6)
■ Effect of currency fluctuations and other movements	(10.5)	0.5
Amount at the end of the year	328.2	228.3

* Mainly related to actuarial gains and losses directly recognised in equity.

8.3 Deferred tax assets and liabilities by nature

<i>(in € millions)</i>	2018	2017 Restated
Tax asset carryforwards	138.6	61.5
Intangible assets	(367.0)	(291.7)
Other tangible assets and long term assets	234.3	119.9
Pensions	66.0	75.1
Other reserves	11.5	16.4
Stocks	97.6	80.0
Other working capital	147.2	167.1
TOTAL	328.2	228.3
<i>of which deferred tax assets</i>	355.5	246.9
<i>of which deferred tax liabilities</i>	(27.3)	(18.6)

8.4 Impairment of tax asset carryforwards

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

<i>(in € millions)</i>	2018	2017 Restated
N+1	11.7	10.8
N+2	11.4	12.2
N+3	15.5	13.4
N+4	5.1	2.7
N+5 and above	21.4	13.2
Unlimited	499.6	619.4
TOTAL	564.7	671.7

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).

	2018	2017 Restated
Number of shares outstanding at year-end ⁽¹⁾	138,035,801	138,035,801
Adjustments :		
■ treasury stock	(917,160)	(814,320)
■ weighted impact of share issue prorated	0	0
Weighted average number of shares before dilution	137,118,641	137,221,481
Weighted impact of dilutive instruments:		
■ stock options ⁽²⁾	0	0
■ free shares attributed	610,752	761,865
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	137,729,393	137,983,346

(1) Changes in the number of shares outstanding as of December 31, 2018, are analyzed as follows:

As of 12/31/2017: Number of Faurecia shares outstanding	138,035,801
Exercise of stock options	0
As of 12/31/2018: Number of Faurecia shares outstanding	138,035,801

(2) As of December 31, 2018, 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 by the board.

Earnings per share

Earnings per share break down as follows:

	2018	2017 Restated
Net Income (loss) (in € millions)	700.8	599.4
Basic earnings (loss) per share	5.11	4.37
After dilution	5.09	4.35
Net Income (loss) from continued operations (in € millions)	700.8	606.7
Basic earnings (loss) per share	5.11	4.42
After dilution	5.09	4.40
Net Income (loss) from discontinued operations (in € millions)	0.0	(7.4)
Basic earnings (loss) per share	0.00	(0.05)
After dilution	0.00	(0.05)

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:

- 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.

<i>(in € millions)</i>	Gross	Impairment	Net
Amount as of January 1, 2017 Restated	1,728.6	(510.9)	1,217.7
Acquisitions	19.6	0.0	19.6
Translation adjustments and other movements	(21.3)	0.1	(21.2)
Amount as of December 31, 2017 Restated	1,726.9	(510.8)	1,216.1
Acquisitions	269.5	0.0	269.5
Translation adjustments and other movements	6.4	0.1	6.5
Amount as of December 31, 2018	2,002.8	(510.7)	1,492.1

Breakdown of the net amount of goodwill by operating segment :

<i>(in € millions)</i>	2018	2017 Restated
Seating	842.9	793.6
Interior Systems	271.8	66.9
Clean Mobility	377.4	355.6
TOTAL	1,492.1	1,216.1

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 2019-2021 strategic plan which was drafted in mid-2018. The volume assumptions used in the 2019-2021 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 2021 is the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2021) 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 2018 test was 1.4% (1.4% applied for 2017).

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 18 companies operating in the automotive supplier sector (7 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 2018 (9% in 2017). 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 2018 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, 2018 to determine the value in use of the CGUs to which the Group's goodwill is allocated:

Sensitivity (in € millions)	Test income (value in use - net carrying value)	Cash flow discount rate +0.5 pt	Growth rate to infinity -0.5 pt	Operating margin rate for terminal value -0.5 pt	Combination of the 3 factors
Seating	3,419	(332)	(289)	(323)	(872)
Interior Systems	1,845	(235)	(207)	(253)	(642)
Clean Mobility	3,965	(344)	(302)	(212)	(798)

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 considered as set up costs for the serial parts production and capitalized.

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>	Development costs	Software and other	Intangible assets acquired	Total
AMOUNT AS OF JANUARY 1, 2017 RESTATED	1,329.9	53.4	0.0	1,383.3
Additions	652.6	0.4	0.0	653.0
Depreciation and amortization	(353.1)	(29.2)	(1.2)	(383.5)
Funding of provisions	1.1	0.1	0.0	1.2
Translation adjustments and other	(62.7)	39.2	4.2	(19.3)
AMOUNT AS OF DECEMBER 31, 2017 RESTATED	1,567.8	63.9	3.0	1,634.7
Additions	596.0	0.6	0.0	596.6
Depreciation and amortization	(398.6)	(31.5)	(10.9)	(441.0)
Funding of provisions	3.8	0.0	0.0	3.8
Translation adjustments and other	14.4	26.0	124.9	165.3
AMOUNT AS OF DECEMBER 31, 2018	1,783.4	59.0	117.0	1,959.4

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

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.

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2017 RESTATED	87.5	432.6	1,327.2	17.6	539.3	2,404.2
Additions (including own work capital) ⁽¹⁾	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	34.6	13.9	272.7
Currency translation adjustments	(2.2)	(20.9)	(87.2)	(0.3)	(28.9)	(139.5)
Entry into scope of consolidation & other movements	0.9	58.1	583.0	(18.1)	(602.1)	21.8
AMOUNT AS OF DECEMBER 31, 2017 RESTATED	80.4	403.0	1,527.1	37.8	541.1	2,589.4
Additions (including own work capital) ⁽¹⁾	0.0	3.2	20.7	14.1	634.8	672.8
Disposals	(10.5)	(61.5)	(170.6)	(3.5)	(19.8)	(265.9)
Funding of depreciation, amortization and impairment provisions	(0.4)	(49.2)	(341.0)	(12.8)	(37.8)	(441.2)
Non-recurring impairment losses	0.0	(1.7)	(0.3)	0.0	(1.1)	(3.1)
Depreciation written off on disposals	3.1	45.2	112.0	2.0	19.8	182.1
Currency translation adjustments	(0.1)	(6.1)	(0.3)	(0.1)	(0.3)	(6.9)
Entry into scope of consolidation & other movements	17.4	84.9	551.9	(10.0)	(586.8)	57.4
AMOUNT AS OF DECEMBER 31, 2018	89.9	417.8	1,699.5	27.5	549.9	2,784.6

(1) Including assets held under finance leases :
 • in 2017 Restated 1.1
 • in 2018 0.2

(in € millions)	2018			2017 Restated	
	Gross	Depreciation	Net	Gross	Net
Land	100.5	(10.6)	89.9	90.3	80.4
Buildings	1,110.3	(692.5)	417.8	1,087.4	403.0
Plant, tooling and technical equipment	4,337.5	(2,638.0)	1,699.5	3,919.2	1,527.1
Specific tooling	150.3	(122.8)	27.5	145.5	37.8
Other property, plant and equipment & property, plant and equipment in progress	817.6	(267.7)	549.9	787.7	541.1
TOTAL	6,516.2	(3,731.6)	2,784.6	6,030.1	2,589.4
Including assets subject to lease financing	65.2	(61.4)	3.8	65.3	8.8

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

Note 13 Investments in associates

Investment in associates for continued operations:

(in € millions)	% interest *	Group share of equity **	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50%	4.8	(2.8)	28.7	14.7
Parrot Faurecia Automotive ***	20%	NA	0.0	9.7	NA
Changchun Xuyang Faurecia Acoustics & Soft Trim Co. Ltd	40%	3.7	0.0	21.3	16.8
Dongfeng Faurecia Automotive Exterior Systems Co. Ltd	50%	10.6	0.0	21.0	37.7
Detroit Manufacturing Systems LLC	49%	16.1	(4.2)	380.9	102.0
DMS leverage lender (LLC)	49%	4.5	0.0	0.0	17.7
Faurecia Japon NHK Co. Ltd	50%	0.0	0.0	166.7	36.9
Others	-	36.2	(5.3)	195.1	89.7
SUB TOTAL		75.9	(12.3)	823.4	315.5
SAS Group	50%	68.3	(15.0)	1,916.0	304.3
TOTAL		144.2	(27.3)	2,739.4	619.8

* 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.

*** Until 2018, September.

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

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13.1 Change in investments in associates

<i>(in € millions)</i>	2018	2017 Restated
Group share of equity at beginning of period	151.1	130.7
Dividends	(27.3)	(16.6)
Share of net income of associates	31.4	34.6
Change in scope of consolidation	(12.2)	7.2
Capital increase	1.7	1.9
Currency translation adjustments	(0.5)	(6.7)
Group share of equity at end of period	144.2	151.1

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>	2018	2017 Restated *
Sales	633.0	544.1
Operating income (loss)	63.4	46.1
Net income (loss)	47.0	37.0

* After IFRS 15.

<i>(in € millions)</i>	2018	2017 Restated
Fixed assets	150.8	113.8
Current assets	394.8	351.5
Cash	63.0	73.6
TOTAL ASSETS	608.6	538.9
Equity	136.5	121.0
Borrowings	0.0	0.0
Other non-current liabilities	82.8	20.4
Non-current financial liabilities	389.3	397.5
TOTAL EQUITY AND LIABILITIES	608.6	538.9

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

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	2018		2017 Restated
		Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	12.3	12.3	12.4
Amminex Emissions Systems APS	91.5	24.0	24.0	24.0
TactoTek Oy	9.0	5.0	5.0	5.0
Canatu Oy	7.5	5.0	5.0	5.0
Coagent *	50.1			187.5
Other		16.3	14.4	6.0
TOTAL		62.6	60.7	239.9

* Consolidated in 2018.

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)	2018			2017 Restated
	Gross	Provisions	Net	Net
Loans with maturity longer than one year	73.6	(16.5)	57.1	27.2
Others	41.8	(7.7)	34.1	69.6
TOTAL	115.4	(24.2)	91.2	96.8

Note 16 Other non-current assets

This item includes:

(in € millions)	2018	2017 Restated
Pension plan surpluses	17.6	18.3
Guarantee deposits and other	28.6	24.8
TOTAL	46.2	43.1

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 specific tooling produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders and which are sold to the customer, ie for which the control is transferred to the customer, usually shortly before serial production starts or specific development work which is sold to customers when the contract enables to consider that there is a separate transfer of control of these development works in accordance with IFRS 15. These costs are recognized in the income statement over the period in which the corresponding sales are made.

Provisions are booked for inventories for which the probable realizable value is lower than cost and for slow moving items.

(In € millions)	2018			2017 Restated
	Gross	Depreciations	Net	Net
Raw materials and supplies	628.8	(81.9)	546.9	515.8
Engineering, tooling and prototypes	490.9	(8.4)	482.5	526.8
Work in progress for production	4.9	0.0	4.9	2.2
Semi-finished and finished products	472.5	(75.1)	397.4	342.7
TOTAL	1,597.1	(165.4)	1,431.7	1,387.5

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, 2018, 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:

(in € millions)	2018	2017 Restated
Financing	1,032.8	1,146.5
Guarantee reserve deducted from borrowings	(33.6)	(39.4)
Cash received as consideration for receivables sold	999.2	1,107.1
Receivables sold and derecognized	(977.3)	(1,038.7)

Individually impaired trade receivables are as follows:

(in € millions)	2018	2017 Restated
Gross total trade receivables	1,968.5	1,875.0
Provision for impairment of receivables	(21.0)	(15.7)
TOTAL	1,947.5	1,859.3

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, 2018 were €152.4 million, breaking down as follows:

- €78.3 million less than one month past due;
- €18.2 million between one and two months past due;
- €6.8 million between two and three months past due;
- €17.4 million between three and six months past due;
- €31.7 million more than six months past due.

Note 19 Other operating receivables

<i>(In € millions)</i>	2018	2017 Restated
Down payments	111.3	103.3
Currency derivatives for operations	29.8	4.3
Other receivables ⁽¹⁾	172.7	162.7
TOTAL	313.8	270.3
<i>(1) Including the following amounts for VAT and other tax receivables.</i>	163.7	156.9

Note 20 Other receivables

<i>(in € millions)</i>	2018	2017 Restated
Short-term portion of loans	65.5	24.0
Prepaid expenses	388.1	223.1
Current taxes	163.7	208.9
Other sundry receivables	44.2	100.0
TOTAL	661.5	556.0

In 2018, 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 €13.1 million and €95.6 million vs respectively €14.2 million and €43.1 million in 2017.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €1,462.0 million (compared to €868.1 million in 2017) and short-term investments in the amount of €643.3 million (compared to €694.9 million in 2017), or a total of €2,105.3 million as of December 31, 2018.

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, 2018, 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, 2018, Peugeot S.A. held 46.34% of the capital stock and 63.11% of the voting rights.

The capital and additional paid-in capital variance on the period can be analyzed as follows:

	Number of shares	Capital (en € millions)	Additional paid-in capital (en € millions)
Amount as of January 1, 2018 Restated	138,035,801	966.3	604.0
Exercise of stock options	-	-	-
Amount as of December 31, 2018	138,035,801	966.3	604.0

22.2 Share-based payment

A - 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 €20 million, compared to €21.1 million in 2017.

Details of the share grant plans as of December 31, 2018 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	Non-transferability discount			
05/27/2016	07/25/2016	632,231	822,485	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	07/25/2020	07/25/2020	
05/27/2016	07/20/2017	569,422	740,210	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	07/20/2021	07/20/2021	
05/29/2018	07/19/2018	420,956	547,250	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	62.26	2.30%	NA	07/19/2022	07/19/2022	

* Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 28, 2014 have been met, the corresponding shares, ie 738,660 have been definitely distributed in July 2018. The performance conditions for the plan attributed by the Board of July 23, 2015 have been met, the corresponding shares, ie 610,752 will be definitely distributed in July 2019.

22.3 Treasury stock

As of December 31, 2018, Faurecia held 917,160 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2018 totaled €51 million, representing an average cost of €55.61 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>	2018	2017 Restated
Amount as at beginning of the period	275.3	215.1
Increase in minority shareholder interests	24.7	16.9
Other changes in scope of consolidation	40.0	29.3
Minority interests in net income for the year	92.5	96.1
Dividends allocated to minority interests	(67.6)	(65.8)
Currency translation adjustments	(3.3)	(16.3)
Amount as the end of the year	361.6	275.3

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>	2018	2017 Restated
Restructuring	78.9	72.5
Risks on contracts and customer warranties	57.1	53.7
Litigation	10.0	17.6
Other provisions	45.4	39.5
TOTAL	191.4	183.3

Changes in these provisions in 2018 were as follows:

<i>(in € millions)</i>	Amount as of January 1, 2018 Restated	Additions	Expenses charged	Reversal *	Sub total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2018
Restructuring	72.5	76.2	(72.1)	0.0	4.1	2.3	78.9
Risks on contracts and customer warranties	53.7	11.8	(26.1)	(1.4)	(15.7)	19.1	57.1
Litigation	17.6	8.6	(12.9)	(1.7)	(6.0)	(1.6)	10.0
Other provisions	39.5	12.7	(6.3)	(0.1)	6.3	(0.4)	45.4
TOTAL	183.3	109.3	(117.4)	(3.2)	(11.3)	19.4	191.4

* Surplus provisions.

24.2 Contingent liabilities

LITIGATION

As a reminder, on March 25, 2014, the European Commission and the United States Department of Justice, on November 27, 2014, the Competition Commission of South Africa, and on May 19, 2017, the Brazilian competition authority (CADE), initiated inquiries 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 inquiries.

On the status of these inquiries :

- the European Commission has announced to close the case, as communicated by Faurecia on May 2, 2017;
- an agreement has been reached with the CADE for a non material amount and made public on September 5 , 2018 putting an end to the inquiry on Faurecia;
- in December 2018, Faurecia has been informed by the United States Department of Justice that it was no more subject to an inquiry;
- the inquiry of the Competition Commission of South Africa is still ongoing.

Moreover, The Group has reached agreements, for non material amounts, with the plaintiffs to settle all three 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. These agreements have been validated by the court.

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

The consequences of still on-going procedures and above mentioned can not be predicted ; therefore, no accruals were accounted for as of December 31, 2018.

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>	2018	2017 Restated
Provisions for pensions and other employee obligations	393.3	397.2
■ Pension plan benefit obligations	221.9	224.0
■ Post-retirement benefit obligations	130.3	128.2
■ Long-service awards	26.4	26.2
■ Healthcare costs	14.7	18.8
Provisions for early retirement costs	0.0	0.0
TOTAL	393.3	397.2

CHANGES IN NON-CURRENT PROVISIONS

<i>(in € millions)</i>	2018	2017 Restated
Amount as at beginning of the period	397.2	399.7
Changes in scope of consolidation	5.8	(0.4)
Other movements	0.0	(6.5)
Allowance (or reversal) of provision	34.1	32.5
Expenses charged to the provision	(14.6)	(13.7)
Payments to external funds	(10.5)	(9.8)
Restatement differences	(18.7)	(4.6)
Amount as at the end of the period	393.3	397.2

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>	2018	2017 Restated
Present value of projected obligations		
■ Pension plan benefit obligations	396.8	382.9
■ Post-retirement indemnities obligations	135.2	134.1
■ Long-service awards	26.4	26.2
■ Healthcare costs	14.7	18.8
TOTAL	573.1	562.0
Value of plan assets :		
■ Provisions booked in the accounts	393.3	397.2
■ External funds (market value) ⁽¹⁾	197.4	183.1
■ Plan surplus ⁽²⁾	(17.6)	(18.3)
TOTAL	573.1	562.0

(1) External funds mainly cover pension plan benefit obligations for €192.4 millions in 2018.

(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 637 participants and the second plan covers 337 participants.

In Germany, the main defined benefit pension plan still open covers 5,402 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.

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Notes to the consolidated financial statements

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

(in %)	Euro zone	United Kingdom	USA
DISCOUNT RATE			
2018	1.95%	2.95%	3.91%
2017 Restated	1.50%	2.60%	3.40%
INFLATION RATE			
2018	1.80%	3.30%	N/A
2017 Restated	1.80%	3.20%	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:

(in number of years)	Euro zone	United Kingdom	USA
Average duration	15.4	21.8	7.4

C – Information on external funds

External funds are invested as follows:

(in %)	2018			2017 Restated		
	Equities	Bonds	Others	Equities	Bonds	Others
France	23%	75%	2%	23%	75%	2%
United Kingdom	31%	68%	1%	32%	67%	1%
United States	59%	33%	8%	63%	29%	8%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2018.

D – Provisions for pension liabilities recognized on the balance sheet

(in € millions)	2018			2017 Restated		
	France	Abroad *	Total	France	Abroad	Total
Amount as at beginning of the period	167.0	166.9	333.9	160.0	170.5	330.5
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.7	5.1	5.8	0.0	(0.4)	(0.4)
Additions	15.7	14.9	30.6	15.8	13.4	29.2
Expenses charged to the provision	(4.7)	(6.6)	(11.3)	(3.8)	(4.9)	(8.7)
Payments to external funds	(6.1)	(4.4)	(10.5)	(4.6)	(5.2)	(9.8)
Actuarial gains/(losses)	(5.8)	(8.5)	(14.3)	(0.4)	(4.4)	(4.8)
Other movements	0.0	0.4	0.4	0.0	(2.1)	(2.1)
Amount as at the end of the period	166.8	167.8	334.6	167.0	166.9	333.9

* The provision for €167.8 million as of December, 31, 2018 relates mainly to Germany (€124.5 million).

E – Changes in pension liabilities

(in € millions)	2018			2017 Restated		
	France	Abroad	Total	France	Abroad	Total
PROJECTED BENEFIT OBLIGATION						
Amount as at beginning of the period	185.1	331.9	517.0	175.0	324.2	499.2
Service costs	13.8	11.7	25.5	13.4	9.7	23.1
Annual restatement	2.9	7.8	10.7	2.8	7.6	10.4
Benefits paid	(8.9)	(17.5)	(26.4)	(5.8)	(16.8)	(22.6)
Actuarial gains/(losses)	(5.4)	(13.5)	(18.9)	(0.1)	17.7	17.6
Other movements (including translation adjustment)	0.7	24.1	24.8	0.0	(10.9)	(10.9)
Curtailments and settlements	(0.7)	0.0	(0.7)	(0.2)	(0.1)	(0.3)
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.5	0.5
Amount as at the end of the period	187.5	344.5	532.0	185.1	331.9	517.0
VALUE OF PLAN ASSETS						
Amount as at beginning of the period	18.1	165.0	183.1	15.0	153.7	168.7
Projected return on plan assets	0.3	4.6	4.9	0.2	4.3	4.5
Actuarial gains/(losses)	0.4	(5.0)	(4.6)	0.3	22.1	22.4
Other movements (including translation adjustment)	0.0	18.6	18.6	0.0	(8.4)	(8.4)
Employer contributions	6.1	4.4	10.5	4.6	5.2	9.8
Benefits paid	(4.2)	(10.9)	(15.1)	(2.0)	(11.9)	(13.9)
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
Amount as at the end of the period	20.7	176.7	197.4	18.1	165.0	183.1
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	166.8	167.8	334.6	167.0	166.9	333.9
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	15.7	14.9	30.6	15.8	12.9	28.7

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)	2018		
	France	Abroad	Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	16.3	18.2	34.5
■ differences linked to demographic assumptions	(10.9)	(4.7)	(15.6)
■ other differences	0.4	(5.0)	(4.6)
TOTAL	5.8	8.5	14.3

2 Consolidated financial statements

Notes to the consolidated financial statements

In France, pension liability increased by €2.4 million at year-end compared to 2017. This increase breaks down as follows:

- €16.7 million relating to service cost and interest cost for 2018;
- €(8.9) million relating to lump-sum retirement bonuses and rights to capital for supplementary pension schemes;
- €0.7 million relating to change in scope;
- €(0.7) million relating to employee reduction plans;
- €(5.4) million resulting from actuarial gains and losses, (including €(16.3) million relating to the discount rate, €10.9 million 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>	Discount rate +0.25 pts	Inflation rate +0.25 pts
France	(2.6%)	+2.6%
Germany	(4.2%)	+0.9%

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>	2018	2017 Restated
French companies	5.7	6.2
Foreign companies	20.7	20.0
TOTAL	26.4	26.2

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>	2018	2017 Restated
Foreign companies	14.7	18.8
TOTAL	14.7	18.8

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>	Discount rate +0.25 pts	Healthcare cost trend rate +1 pt.
Projected benefit obligation	(2.3%)	9.8%

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

<i>(in € millions)</i>	2018	2017 Restated
Service cost	(0.1)	(0.1)
Interest cost *	(0.7)	(0.9)
Curtailement	0.0	0.0
TOTAL	(0.8)	(1.0)

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

The Group's financial liabilities fall within the IFRS9 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>	2018	2017 Restated
Bonds	1,371.4	1,387.7
Bank borrowings	485.6	195.7
Other borrowings	1.2	0.9
Obligations under finance lease	11.3	14.1
Non-current derivatives	0.5	0.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	1,870.0	1,598.4
Current portion of long term debt	46.7	56.0
Short-term borrowings ⁽¹⁾	665.3	365.3
Current derivatives	2.0	2.1
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	714.0	423.4
TOTAL FINANCIAL LIABILITIES	2,584.0	2,021.8
Derivatives classified under non-current and current assets	(1.0)	(7.3)
Cash and cash equivalents	(2,105.3)	(1,563.0)
NET DEBT	477.7	451.5
Net cash and cash equivalent	2,105.3	1,563.0
<i>(1) including bank overdrafts</i>	34.6	62.7

2 Consolidated financial statements

Notes to the consolidated financial statements

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

<i>(in € millions)</i>	Balance as of December 31, 2017 Restated	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2018
Bonds	1,387.7	0.0	0.0	0.0	(16.2)	1,371.4
Bank borrowings	195.7	401.3	(2.3)	0.0	(109.1)	485.6
Other borrowings	0.9	0.1	0.0	0.0	0.2	1.2
Obligations under finance lease	14.1	0.2	0.1	0.0	(3.1)	11.3
Non-current derivatives	0.0	0.5	0.0	0.0	0.0	0.5
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	1,598.4	402.1	(2.2)	0.0	(128.2)	1,870.0
Current portion of long term debt	56.0	(137.3)	(1.6)	0.0	129.5	46.7
Short-term borrowings	365.3	261.4	3.8	1.1	33.7	665.3
Current derivatives	2.1	(0.4)	0.0	0.3	0.0	2.0
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	423.4	123.7	2.2	1.4	163.2	714.0
TOTAL FINANCIAL LIABILITIES	2,021.8	525.8	0.0	1.4	35.0	2,584.0
Derivatives classified under non- current and current assets	(7.3)	0.0	0.3	6.1	0.0	(1.0)
Cash and cash equivalents	(1,563.0)	(515.6)	20.5	0.0	(47.3)	(2,105.3)
TOTAL	451.5	10.2	20.8	7.5	(12.3)	477.7

26.2 Maturities of long-term debt

<i>(in € millions)</i>	2020	2021	2022	2023	2024 and beyond	Total
Bonds	0.0	0.0	0.0	694.4	677.0	1,371.4
Bank borrowings	85.3	7.8	139.8	196.8	55.8	485.6
Other borrowings	1.2	0.0	0.0	0.0	0.0	1.2
Obligation under finance leases	4.9	1.8	1.8	0.5	2.3	11.3
Non-current derivatives	0.0	0.0	0.4	0.0	0.1	0.5
TOTAL AS OF DECEMBER 31, 2018	91.5	9.7	141.9	891.7	735.2	1,870.0

26.3 Financing

The main components of Faurecia financing are described below:

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 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 include a covenant restricting the additional indebtedness if the EBITDA ** after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

2025 BONDS

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15 and December 15 each year, as from June 15, 2018.

These bonds benefit from the same restrictions as the 2023 bonds and do not benefit from guarantees issued by subsidiaries.

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

This has been done through a tender offer through which 2022 bond holders could exchange their bonds against new 2025 bonds. The rate of exchange has reached over 77%. The bonds that were not tendered in this offer have been redeemed ("make-whole") in accordance with the offering memorandum. The settlement of these two operations has taken place on March 8, 2018.

The bond premium for bonds tendered in the offer is amortized over the duration of the new 2025 bonds; the bond premium for bonds redeemed by anticipation has been expensed. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

The bonds 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.

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.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025. This agreement has improved again its terms and conditions and strengthens the Group's financial structure.

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, 2018, 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, 2018, the Group complied with this ratio.

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.

FINANCING OF CLARION CO. LTD ACQUISITION

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co. Ltd, (cf note 2.3).

The tender covers whole Clarion shares (around 56.55 millions shares) for a price of 2.500 yens per share, i.e. a total of around ¥141.3 billions, or around €1.1 billion.

The total amount of the acquisition is hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of €1.3 billion with one of its main banks. This loan has a maturity of one year, extendable by one year through two six-months extension options. This loan includes some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

As of December 31, 2018, this bridge loan was not drawn and its amount was reduced to €750 million as a consequence of the refinancing described hereafter.

* 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.

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In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 4, 5 and 6 years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Finally, during 2018, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France.

Faurecia is rated Ba1 by Moody's with stable outlook and BB+ with a stable outlook by Fitch Ratings (increase of these two ratings on February 20, 2018). 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, 2018 breaks down as follows:

	Carrying Amount			Remaining contractual maturities				
	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	>5 years
<i>(in € millions)</i>								
Other non-current financial assets	91.2		91.2				91.2	
Loans and receivables	46.2		46.2				46.2	
Trade accounts receivables	1,947.5		1,947.5	1,923.7	15.3	8.5		
Cash and cash equivalents	2,105.3		2,105.3	2,105.3				
Interests on:								
2023 Bonds		(114.2)	(114.2)		(12.7)	(12.7)	(88.8)	
2025 Bonds		(119.4)	(119.4)		(9.2)	(9.2)	(73.5)	(27.6)
Other long term borrowings		(2.9)	(2.9)	(2.9)				
Obligations under finance leases (ST portion)		(2.6)	(2.6)	(2.4)	(0.1)	(0.1)		
Other current financial liabilities		(706.5)	(706.5)	(696.8)	(6.7)	(3.0)		
Trade accounts payables		(4,562.6)	(4,562.6)	(4,544.7)	(6.4)	(11.5)		
Bonds (excluding interest)								
2023 Bonds		(685.4)	(685.4)				(685.4)	
2025 Bonds		(686.0)	(686.0)					(686.0)
Bank borrowings								
Syndicated credit facility			0.0					
Others		(485.6)	(485.6)				(429.8)	(55.8)
Other borrowings		(1.2)	(1.2)				(1.2)	
Obligations under finance leases (LT portion)		(11.3)	(11.3)				(9.0)	(2.3)
Interest rate derivatives		(0.5)	(0.5)	(0.5)	0.0	0.0	0.0	0.0
■ o/w cash flow hedges		(0.5)	(0.5)	(0.5)				
■ o/w derivatives not qualifying for hedge accounting under IFRS			0.0					
Currency hedges	30.8	(9.3)	21.5	20.0	1.2	1.6	(1.3)	0.0
■ o/w fair value hedges	1.1	(2.1)	(1.0)	0.2		0.1	(1.3)	
■ o/w cash flow hedges	29.6	(7.2)	22.4	19.7	1.2	1.5		
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.1	0.0	0.1	0.1				
TOTAL	4,221.0	(7,387.5)	(3,166.5)	(1,198.3)	(18.6)	(26.4)	(1,151.6)	(771.7)

26.4 Analysis of borrowings

As of December 31, 2018, the variable rate borrowings were 37.7% of borrowings before taking into account the impact of hedging.

<i>(in € millions)</i>	2018	
Variable rate borrowings	975.3	37.7%
Fixed rate borrowings	1,608.8	62.3%
TOTAL	2,584.0	100.0%

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

<i>(in € millions)</i>	2018		2017 Restated	
Euros	2,327.9	90.1%	1,297.6	64.2%
US Dollars	81.9	3.2%	504.4	24.9%
Other currencies	174.3	6.7%	219.8	10.9%
TOTAL	2,584.0	100.0%	2,021.8	100.0%

In 2018, the weighted average interest rate on gross outstanding borrowings was 3.28%.

Note 27 Accrued taxes and payroll costs

<i>(in € millions)</i>	2018	2017 Restated
Accrued payroll costs	353.6	344.1
Payroll taxes	149.5	146.1
Employee profit-sharing	33.5	24.3
Other accrued taxes and payroll costs	81.4	112.9
TOTAL	618.0	627.4

Note 28 Sundry payables

<i>(in € millions)</i>	2018	2017 Restated
Due to suppliers of non-current assets	187.4	161.3
Prepaid income	31.9	91.7
Current taxes	60.0	58.0
Other	53.5	81.5
Currency derivatives for operations	7.3	0.2
TOTAL	340.1	392.7

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

	2018		Breakdown by category of instrument ⁽¹⁾			
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss ⁽²⁾	Financial assets/liabilities at fair value through equity ⁽²⁾	Assets and liabilities at amortized cost	Financial liabilities measured at fair value
<i>(In € millions)</i>						
Other equity interests	60.7		60.7			60.7
Other non-current financial assets	91.2				91.2	91.2
Trade accounts receivables	1,947.5	1,947.5			0.0	0.0
Other operating receivables	313.8	284.0	8.4	21.4	0.0	29.8
Other receivables and prepaid expenses	661.5	596.0			65.5	65.5
Currency derivatives	1.0		1.0			1.0
Interest rate derivatives	0.1		0.1			0.1
Cash and cash equivalents	2,105.3		2,105.3			2,105.3
FINANCIAL ASSETS	5,181.1	2,827.5	2,175.5	21.4	156.7	2,353.6
Long-term debt (*)	1,870.0	1.2		0.5	1,868.3	1,865.3
Short-term debt	714.0		2.0		712.0	714.0
Prepayments from customers	605.0	605.0			0.0	0.0
Trade payables	4,562.6	4,562.6			0.0	0.0
Accrued taxes and payroll costs	618.0	618.0			0.0	0.0
Sundry payables	340.1	332.8		7.3	0.0	7.3
Of which Currency derivatives	7.3			7.3		7.3
FINANCIAL LIABILITIES	8,709.7	6,119.6	2.0	7.8	2,580.3	2,586.6

(1) No financial instruments were transferred between categories in 2018.

(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, 2018) : for the 2023 bonds quoted 100.822% of par, at €705.8 million and for the 2025 bonds quoted 94.587% of par, at €662.1 million.

	2017 Restated		Breakdown by category of instrument ⁽¹⁾			
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss ⁽²⁾	Financial assets/liabilities at fair value through equity ⁽²⁾	Assets and liabilities 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	1,859.3	1,859.3				0.0
Other operating receivables	270.3	266.4	0.2	3.7		3.9
Other receivables and prepaid expenses	556.0	532.0			24.0	24.0
Currency derivatives	7.3		7.3			7.3
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	1,563.0		1,563.0			1,563.0
FINANCIAL ASSETS	4,592.6	2,657.7	1,810.4	3.7	120.8	1,934.9
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	545.7	545.7				0.0
Trade payables	4,219.3	4,219.3				0.0
Accrued taxes and payroll costs	627.4	627.4				0.0
Sundry payables	392.7	390.4	1.7	0.6		2.3
Of which Currency derivatives	1.9		1.7	0.2		1.9
Interest rate derivatives	0.4			0.4		0.4
FINANCIAL LIABILITIES	7,806.9	5,783.7	1.7	0.6	2,020.9	2,097.1

(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.

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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:

(in € millions)	2018			
	Impact Income	Breakdown by category of instrument		
		Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.8)	(7.0)		0.2
Income on loans, cash investments and marketable securities	9.6	9.6		
Finance costs	(117.7)		(117.7)	
Other financial income and expenses	(55.7)		(55.7)	
Net income (expenses)	(170.6)	2.6	(173.4)	0.2

(in € millions)	2017 Restated			
	Impact Income	Breakdown by category of instrument		
		Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
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)	
Net income (expenses)	(129.9)	13.9	(143.9)	0.1

As of December 31, 2018, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Balance as of January 1, 2017 Restated	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2018
Doubtful accounts	(15.7)	(5.5)	(0.5)	0.0	0.7	(21.0)
Shares in non-consolidated companies	(1.8)	(0.1)	0.0	0.0	0.0	(1.9)
Non-current financial assets	(26.7)	(1.1)	3.2	0.0	0.4	(24.2)
Other receivables	(9.1)	(26.5)	0.5	0.0	(0.7)	(35.8)
TOTAL	(53.3)	(33.2)	3.2	0.0	0.4	(82.9)

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 IFRS 9 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 except for the changes in the fair value of cash flow hedges which are recorded in amounts to be potentially reclassified to profit or loss.

2018

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	0.0	(23.1)	(13.6)	11.2	(6.2)	(22.2)	0.0	0.0
Financial assets (net of liabilities) *	(188.4)	0.0	0.0	0.0	(122.9)	0.0	0.0	0.0
Forecast transactions **	193.1	(149.3)	50.4	93.5	(30.5)	(159.6)	(222.2)	27.3
Net position before hedging	4.7	(172.4)	36.8	104.7	(159.6)	(181.8)	(222.2)	27.3
Currency hedges	69.3	83.1	0.0	(6.0)	123.0	106.4	162.7	0.0
Net position after hedging	74.0	(89.4)	36.8	98.7	(36.6)	(75.4)	(59.5)	27.3

* Including inter-company financing.

** Commercial exposure anticipated over the next six months.

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)
Net position before hedging	656.4	(95.6)	147.5	29.7	(39.9)	(89.9)	(117.2)	74.6
Currency hedges	(581.4)	66.7	(162.7)	(13.7)	73.7	87.6	0.0	(30.5)
Net position after hedging	74.9	(28.9)	(15.2)	16.0	33.8	(2.3)	(117.2)	44.2

* Including inter-company financing.

** Commercial exposure anticipated over the next six months.

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

Information on hedged notional amounts

(in € millions) 2018	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount *	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.2	(0.1)	16.6	16.6	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.9	(0.7)	392.3	392.3	0.0	0.0
■ cross-currency swaps	0.0	(1.3)	104.8	0.0	104.8	0.0
Cash flow hedges						
■ forward currency contracts	2.2	(2.3)	391.8	391.8	0.0	0.0
■ currency option	7.8	(4.9)	325.4	325.4	0.0	0.0
■ contingent forward	19.6	0.0	1,102.8	1,102.8	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	31.3	31.3	0.0	0.0
	30.8	(9.3)				

* Notional amounts based on absolute values.

(in € millions) 2017 Restated	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
	11.2	(1.9)				

* Notional amounts based on absolute values.

The sensitivity of Group income and equity as of December 31, 2018 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
2018	1.15	25.72	7.88	79.72	0.89	4.30	22.49	16.46
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.20	27.01	8.27	83.70	0.94	4.52	23.62	17.28
Impact on pre-tax income (in € millions)	0.15	1.24	0.68	(0.28)	0.60	1.09	0.00	0.00
Impact on equity (in € millions)	7.17	(4.02)	0.00	0.00	0.00	(5.03)	(0.14)	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.

Hedging of the foreign exchange exposure linked to Clarion Co., Ltd acquisition

The total amount of the acquisition, around ¥141.3 billion, or around €1.1 billion, is hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for ; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

Given its contingent nature, the underlying exposure is not included in above tables which are representing financial or commercial exposures currency by currency and its sensitivity, certain or highly probable. The intrinsic market value of this hedging is booked in the balance sheet and in other comprehensive income. Its time value component is booked in financial result, for an amount of €1.8 million in 2018. This time value is defined as being the value of the discount between the rate granted by the contingent forward and the market rate at the realization date of the hedging. Its amount (which depends on the effective date of the payment of Clarion acquisition) is estimated at €5.3 million, ie less than 0.5% of the hedged amount. The net amount in the balance sheet is of €19.6 million, as of December 31, 2018.

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 IFRS 9, 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
2018										
Financial assets		2,106.3								2,106.3
Financial liabilities	(1.4)	(710.4)	(26.4)	0.0	(857.4)	(239.8)	(723.6)	(25.0)	(1,608.8)	(975.2)
Net position before hedging	(1.4)	1,395.9	(26.4)	0.0	(857.4)	(239.8)	(723.6)	(25.0)	(1,608.8)	1,131.1
Interest rate hedges	0.0	0.0	0.0	0.0	(152.0)	152.0	(25.0)	25.0	(177.0)	177.0
Net position after hedging	(1.4)	1,395.9	(26.4)	0.0	(1,009.4)	(87.8)	(748.6)	0.0	(1,785.8)	1,308.1

Cross-currency swaps variable/fixed rate are included in the above detailed position, but their value in the balance sheet as well as the notional amounts are included in the corresponding table for currency hedging instruments in Note 30.2 and not in the interest rate hedging instruments herebelow.

(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
2017 Restated										
Financial assets		1,570.3								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)
Net position before hedging	(1.4)	1,153.9	(41.5)	0.0	(775.6)	(70.5)	(716.4)	0.0	(1,534.9)	1,083.4
Interest rate hedges	(400.0)	400.0	0.0	0.0	0.0	0.0	0.0	0.0	(400.0)	400.0
Net position after hedging	(401.4)	1,553.9	(41.5)	0.0	(775.6)	(70.5)	(716.4)	0.0	(1,934.9)	1,483.4

2 Consolidated financial statements

Notes to the consolidated financial statements

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 part of the *Schuldscheindarlehen* (see Note 26.3, § « Financing of Clarion Co. Ltd Acquisition ») issued in December 2018.

The interest rate derivatives as of December 31, 2018 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

The second part of the *Schuldscheindarlehen*, for which funds have been received in January 2019, has also been subject to interest rate hedging beginning of 2019.

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

(in € millions) 2018	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	(0.5)	0.0	104.0	25.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(0.5)	0.0	104.0	25.0

(in € millions) 2017 Restated	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
	0.0	(0.4)	400.0	0.0	0.0

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, 2018 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, 2018.

30.4 Counterparty 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 counterparts, is summarized as follows:

Financial assets as of December 31, 2018 (in € millions)	(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	11.2		11.2	7.2		4.0
Other financial instruments						
TOTAL	11.2	0.0	11.2	7.2	0.0	4.0

Financial liabilities as of December 31, 2018 <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	9.8		9.8	7.2		2.6
Other financial instruments						
TOTAL	9.8	0.0	9.8	7.2	0.0	2.6

Note 31 Commitments given and contingent liabilities

Commitments given

<i>(in € millions)</i>	2018	2017 Restated
Future minimum lease payments under operating leases	870.4	648.2
Debt collateral :		
- mortgages	2.0	2.0
Other debt guarantees	55.4	59.3
Firm orders for property, plant and equipment and intangible assets	164.3	132.0
Other	1.1	1.3
TOTAL	1,093.2	842.8

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

<i>(in € millions)</i>	2018	2017 Restated
N+1	160.8	140.1
N+2	129.9	98.0
N+3	113.7	82.9
N+4	89.3	70.2
N+5 and above	376.7	257.0
TOTAL	870.4	648.2

Expiry dates of mortgages and guarantees:

<i>(in € millions)</i>	2018
■ less than a year	53.2
■ 1 to 5 years	2.3
■ more than 5 years	1.9
TOTAL	57.4

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.

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.

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>	2018	2017 Restated
Sales	2,182.6	2,078.2
Purchases of products, services and materials	15.8	17.8
Receivables *	406.6	522.2
Trade payables	94.5	107.0
* Before no-recourse sales of receivables amounting to:	221.6	273.7

32.2 Management compensation

Total compensation for 2018 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2018 amounted to €11,882,938 including directors' fees of €596,000, compared with the 2017 figures of €9,521,431 and €512,400 respectively.

Note 33 Fees paid to the Statutory Auditors

	PricewaterhouseCoopers				Ernst & Young			
	Amount (excl.VAT)		%		Amount (excl.VAT)		%	
	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated	2018	2017 Restated
<i>(in € millions)</i>								
AUDIT								
Statutory and contractual audits								
Issuer	0.5	0.5	10.2%	9.4%	0.5	0.5	10.6%	10.9%
Fully consolidated companies	3.6	3.9	73.5%	73.6%	3.4	3.6	72.3%	78.3%
SUB TOTAL	4.1	4.4	83.7%	83.0%	3.9	4.1	83.0%	89.1%
Other services								
Issuer	0.4	0.9	8.2%	17.0%	0.5	0.5	10.6%	10.9%
Fully consolidated companies	0.4	0.0	8.2%	0.0%	0.3	0.0	6.4%	0.0%
SUB TOTAL	0.8	0.9	16.3%	17.0%	0.8	0.5	17.0%	10.9%
TOTAL	4.9	5.3	100.0%	100.0%	4.7	4.6	100.0%	100.0%

Other services provided by PricewaterhouseCoopers Audit to the Company and its subsidiaries mainly relate to issuance of statements as independant auditors, agreed-upon procedures reports, contractual audit reports, comfort letters in connection with a financing operation, technical consultations and procedures on internal controls.

Other services provided by Ernst & Young Audit to the Company and its subsidiaries mainly relate to issuance of statements as independant auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

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, 2018, Peugeot S.A. held 46.34% of the capital stock of Faurecia and 63.11% of the voting rights.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.25 per share.

List of consolidated companies as of December 31, 2018

	Country	Interest of (%)	Stake (%) ⁽¹⁾
I - FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Holding	Holding
South Africa			
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
Germany			
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
Hug Engineering GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Faurecia Industrie N.V.	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
China			
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd	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	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
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

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

	Country	Interest of (%)	Stake (%) ⁽¹⁾
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	100	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
Jiangxi Faurecia Coagent Electronics Co., Ltd	China	50.1	100
Shenzhen Faurecia Automotive Parts Co., Ltd	China	70	100
Faurecia (Hangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Interior Systems Co.,Ltd	China	50	100
Guangdong Coagent Global S&T Co., Ltd	China	50.1	100
Faurecia Chongqing Zhuotong Automotive Interior Systems Co.,Ltd	China	50	100
Shanghai Faurecia Automotive Seating component Co., Ltd	China	55	100
Parrot Automotive Shenzhen	China	100	100
Coagent Global Limited	China	50.1	100
Parrot Automotive Asia Pacific LTD	China	100	100

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

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	Country	Interest of (%)	Stake (%) ⁽¹⁾
South Korea			
Faurecia Korea, Ltd	South Korea	100	100
FCM Yeongcheon	South Korea	100	100
FAS Yeongcheon	South Korea	100	100
Spain			
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 Systems España, S.A.	Spain	100	100
Faurecia Interior Systems 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
Faurecia Automotive Industrie Spain, S.L.	Spain	100	100
United States			
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
Hug Engineering Inc.	United States	100	100
Faurecia DMS	United States	100	100
France			
Faurecia Sièges d'automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Etudes Et Construction de Sièges pour l'Automobile	France	100	100
Siebret	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

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

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Echappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia - Metalloprodukcia Holding	France	70	100
Faurecia Smart Technologies	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
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
Parrot Faurecia Automotive S.A.S	France	100	100
Great Britain			
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
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
India			
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
Israel			
Faurecia Security Technologies	Israel	100	100
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Hug Engineering Italia S.r.l.	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Luxembourg			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Luxembourg Sarl	Luxembourg	100	100
Malaysia			
Faurecia HICOM Emissions Control Technologies (M)	Malaysia	65	100
Morocco			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100

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

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List of consolidated companies as of December 31, 2018

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Mexico			
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
Netherlands			
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Hug Engineering B.V.	Netherlands	100	100
Poland			
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
Portugal			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sistemas 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
Czech Republic			
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
Romania			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcja Exhaust Systems	Russia	70	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Exteriors Bumpers	Russia	100	100

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

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Switzerland			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sarl	Switzerland	100	100
Thailand			
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
Tunisia			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100

II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD

Germany			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
China			
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 Exteriors Co., Ltd	China	50	50
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Hongtai Faurecia Composite (Wuhan) Co., Ltd	China	50	50
Spain			
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.

2 Consolidated financial statements

List of consolidated companies as of December 31, 2018

	Country	Interest of (%)	Stake (%) ⁽¹⁾
United States			
Detroit Manufacturing Systems, LLC	United States	49	49
DMS leverage lender, LLC	United States	49	49
DMS Toledo, LLC	United States	49	49
France			
Automotive Performance Materials (APM)	France	50	50
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia - NHK Co., Ltd	Japan	50	50
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Turkey			
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, 2018

Statutory Auditors' report on the consolidated financial statements

For the year ended December 31, 2018

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,

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, 2018.

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 at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Basis for 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 opinion.

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

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report, and, in particular, we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the matter set out in Note 1.B "Modifications to the previously published consolidated financial statements" to the consolidated financial statements, which describes the terms and impact of the first-time application at January 1, 2018 of IFRS 15 on revenue recognition.

Justification of 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 inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were the most significant in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements 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.

Impairment testing of goodwill

(Note 10 to the consolidated financial statements)

DESCRIPTION OF RISK

The carrying amount of goodwill amounts to €1,492.1m at December 31, 2018. Goodwill is allocated to the three cash generating units (CGUs) corresponding to the Group's operating segments: 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 between groups of 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 2019-2021 strategic plan, approved by the Board of Directors. The volume assumptions used 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 measurement of 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 made inquiries with 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 consistency 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 group of CGUs;
- reperformed the calculations and reconciled the main strategic plan data with the data used in impairment testing;
- performed sensitivity analyses on the recoverable amounts calculated by management, in particular with regard to discount rates and operating income.

We also assessed the appropriateness of the disclosures on goodwill 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 €1,783.4m at December 31, 2018.

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 with the present value of the net future cash flows expected to be derived from the contract. The cash flow forecasts used were also based on the assumptions used to prepare the Group's 2019-2021 strategic plan.

We considered the accounting and recoverability 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 impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates 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 development costs were eligible for capitalization.

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

- we made inquiries with management about any indications of impairment. We obtained an understanding of 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 assess 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,
 - reperformed the calculations and reconciled the main strategic plan data per program with the data used in impairment testing,
 - reconciled the data specific to each program, such as projected delivery quantities and negotiated unit price per product, with the customer contract or observable external data, where applicable taking into account any 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

Deferred tax assets stood at €355.5m in the balance sheet at December 31, 2018, while deferred tax liabilities stood at €27.3m.

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, 2018 (€328.2m) is based on the Group's 2019-2021 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 recoverability of deferred tax assets to be a key audit matter due to the importance of the assumptions and judgments used by management to recognize these assets and to the materiality of their amounts in the consolidated financial statements.

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.

Lastly, we also assessed the appropriateness of the disclosures on deferred tax assets provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Board of Directors' management report.

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

We attest that the information pertaining to the Group presented in the management report includes the consolidated non-financial information statement required under article L.225-102-1 of the French Commercial Code. However, in accordance with article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on other legal and regulatory requirements

APPOINTMENT OF THE STATUTORY AUDITORS

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

At December 31, 2018, PricewaterhouseCoopers Audit and Ernst & Young Audit were in the sixteenth and thirty-sixth consecutive year of their engagement, respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements giving a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements that are 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, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting, unless it expects to liquidate the Company or to cease operations.

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

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

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 as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a 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 taken by users on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of the Company's management.

As part of an audit conducted 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 in the consolidated financial statements, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence considered to be 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 the internal control procedures 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 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;
- assess 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 Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company 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 the 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 assess whether these 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 the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any significant deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were the most significant for the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. 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, 2019

The Statutory Auditors

PricewaterhouseCoopers Audit

Dominique Ménard

Ernst & Young Audit

Jean-Roch Varon

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