

Deutsche Bank Global Auto Industry Conference

Detroit
January 15 & 16, 2019



Agenda

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**Confirmation of FY 2018 guidance
ahead of FY 2018 results to be announced on February 18**

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**Faurecia's strategy focused on Cockpit of the Future
and Clean Mobility**

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**Accelerating strategy through the project to acquire Clarion
and become a leading player for cockpit systems integration**

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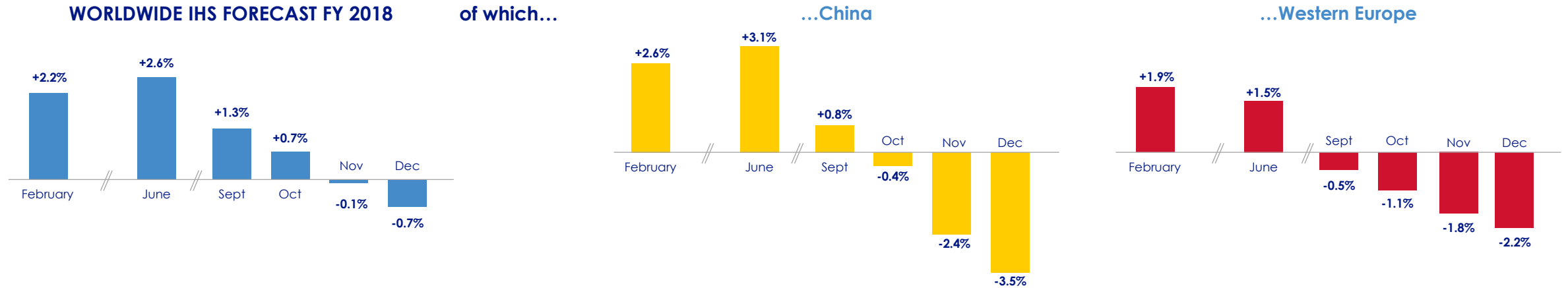
3

Accelerating strategy through the project to acquire Clarion
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Confirmed FY 2018 guidance despite deteriorating trends for worldwide automotive production growth in the second half of the year

Forecast for FY 2018 worldwide automotive production growth** deteriorated in H2



Our FY 2018 guidance in February 2018 was:

- Sales growth: at least +7%* or at least 500bps above worldwide automotive production
- Operating margin: above 7.0% of sales
- Net cash flow: above €500m
- EPS: €5.00

It was upgraded in July 2018 to:

Sales	Operating margin	Net cash flow	Earnings per share
At least +8%* or at least 600bps above worldwide automotive production	At least 7.2% of sales	Above €500m	Above €5.00

Faurecia fully confirms its FY 2018 guidance

increased headwinds in H2 (forex, raw materials, WLTP in Europe and Chinese slowdown)

Faurecia's capability to maintain its FY 2018 guidance despite toughening market conditions confirms the resilience of its business model

INCREASED RESILIENCE

- **A more balanced geographic mix and customer portfolio**
- **Increased operational flexibility**
 - Higher share of temporary headcount (representing today > 20% of total headcount) and sub-contractors
- **Make-or-buy analysis**
- **Group efficiency initiatives** (“Operations Execution and Transformation”, “Global Business Services”, “Global R&D Power”)
- **Risk mitigation through annual stress tests**

DE-RISKED PROFILE

- **Robust balance-sheet**
 - Low net-debt-to-EBITDA ratio
- **Sound financing structure**
 - Limited exposure to bank credit
 - No debt repayment before June 2023
- **Average LT cost of financing below 3%**
- **Strong financial flexibility through the undrawn €1.2bn syndicated credit facility**
 - Maturing June 2023, with two optional one-year extensions
- **Improved and recently confirmed credit rating**

Faurecia's business model is resilient and financial structure is strong

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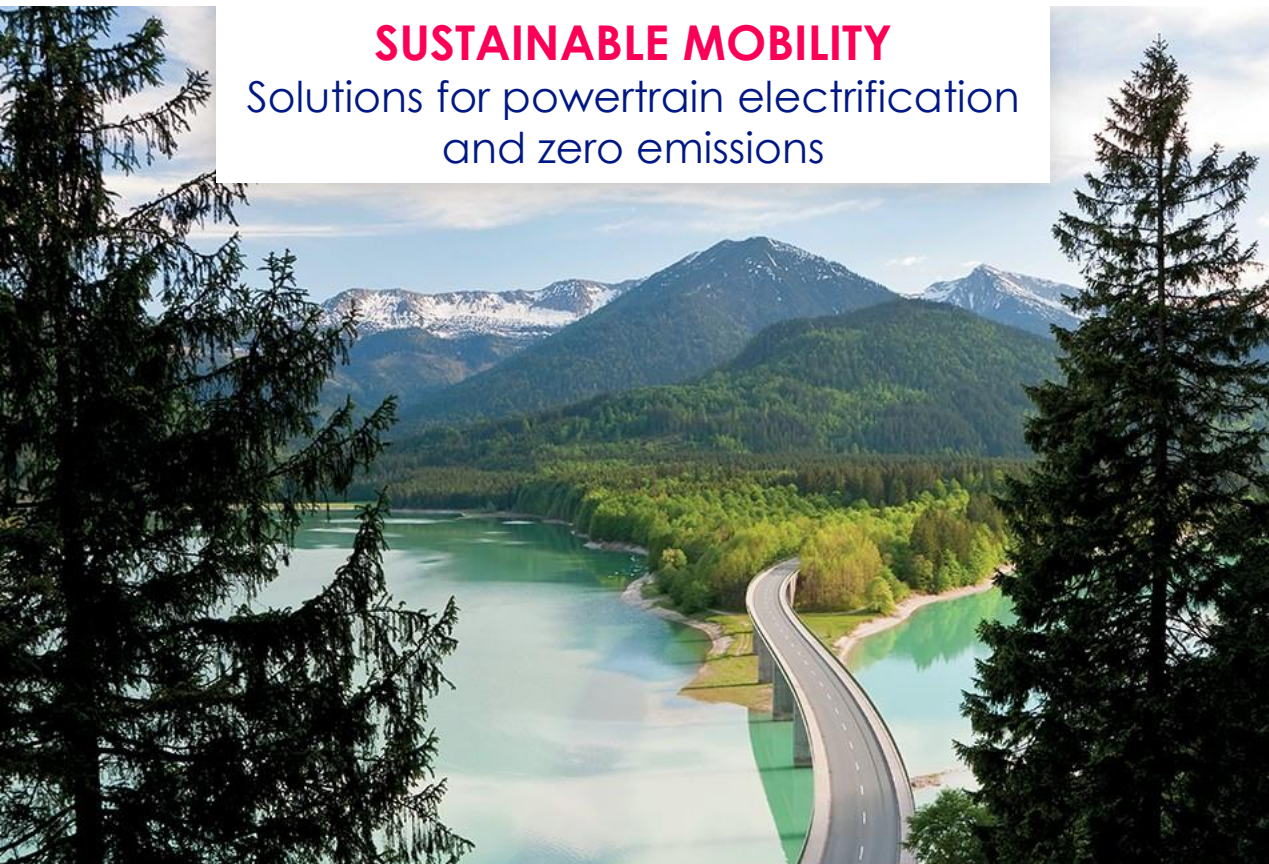
Accelerating strategy through the project to acquire Clarion
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Faurecia's strategy is aligned with megatrends offering significant market opportunities

SUSTAINABLE MOBILITY

Solutions for powertrain electrification and zero emissions



ADDRESSABLE MARKET

€51 bn in 2030

COCKPIT OF THE FUTURE

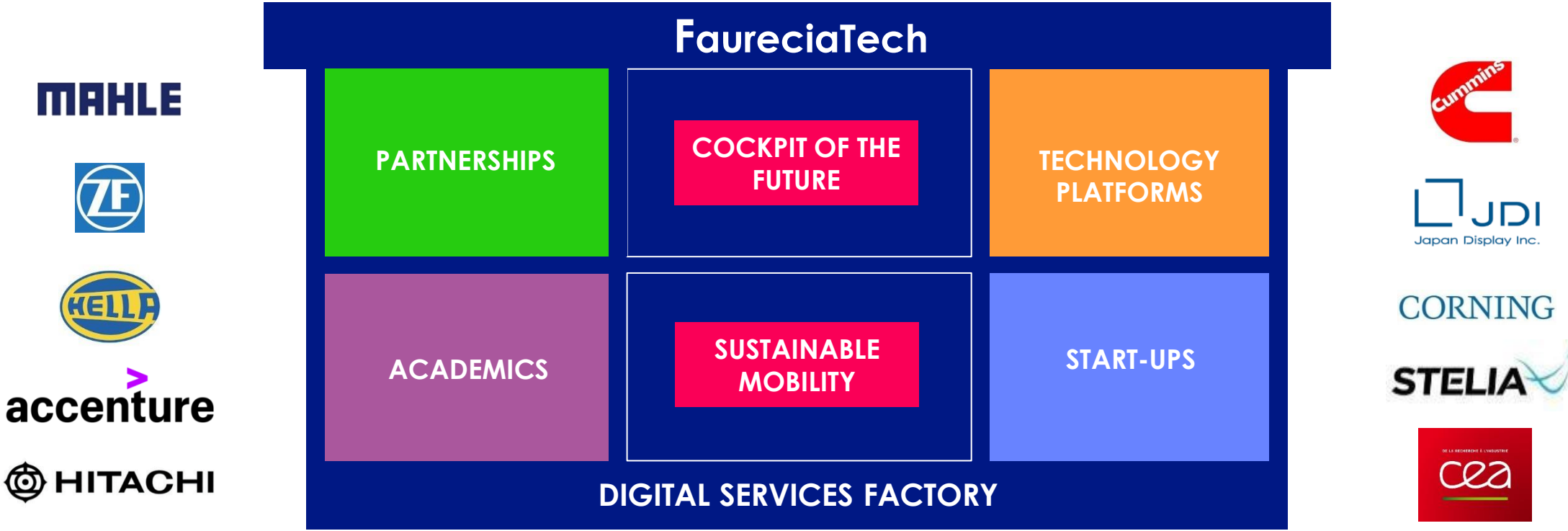
Solutions for a connected, versatile and predictive cockpit



ADDRESSABLE MARKET

€81 bn in 2030

Faurecia's strategic ecosystem is a key differentiation factor for Cockpit of the Future & Sustainable Mobility



Sustainable mobility offers Faurecia a world of opportunities

- Stringent regulations and new ultra-green technology breakthroughs
- All markets getting emissionized including China and India Commercial Vehicles, High Horsepower engines, industrial applications
- Nearly 50% of the market will be electrified by 2030
- Cities will drive new Sustainable Mobility requirements

Expected addressable market growth of €32bn by 2030



VISION

- Be the leading clean mobility company with benchmark technology and profitability
- Leadership in fuel cell systems
- Strategic freedom vs. powertrain mix



STRATEGIC DRIVERS

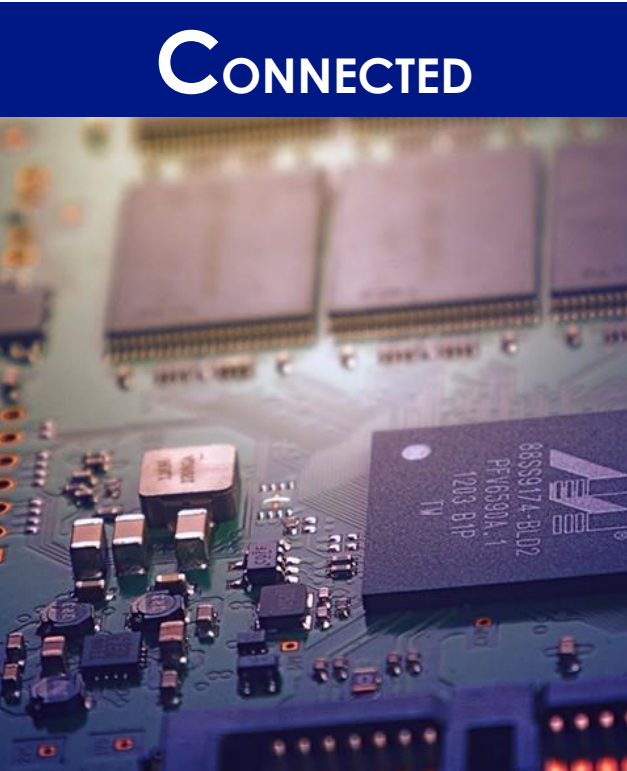
- Full range of technologies for hybrid vehicles
- Zero emissions is a great opportunity
- Commercial Vehicles & High Horsepower will further boost sales and profitability



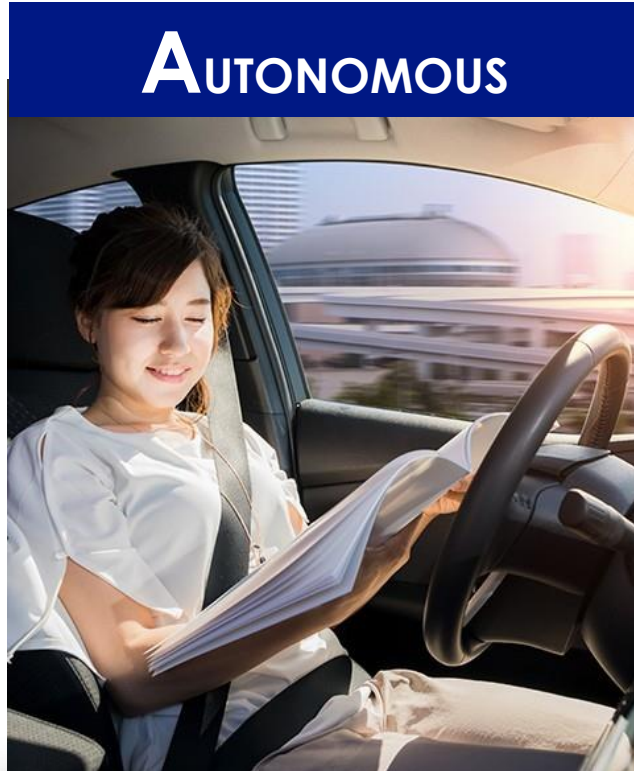
AMBITION 2030

- Sales
 - €11.7bn
 - > 8% CAGR 2017-2030
- Profitability
 - > €1.7bn operating income
 - 15% of sales

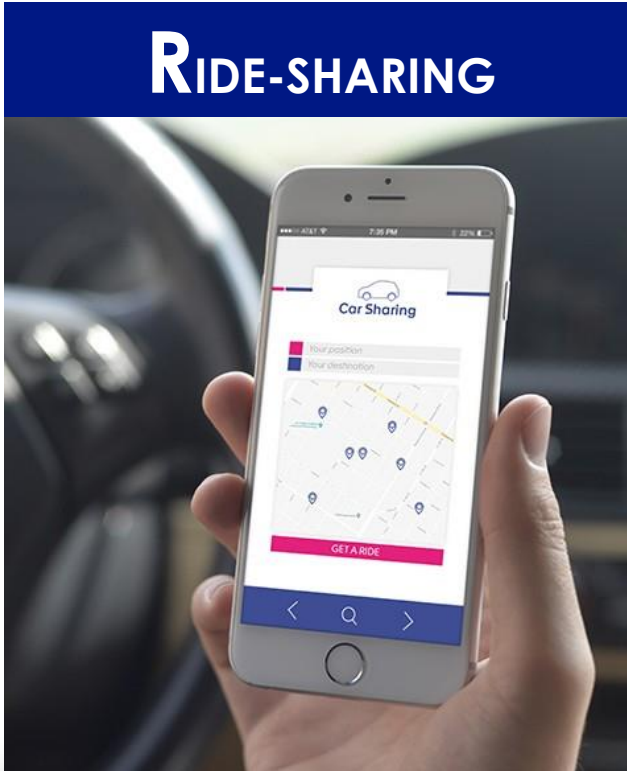
Four megatrends disrupting the automotive industry



New electronic architecture and new technology players



Creation of new user experiences



New business models and new actors



Powertrain mix shifting rapidly towards increased electrification

Four societal trends creating new markets

MILLENNIALS



From the focus to the car to the focus on mobility

AGEING



Life expectancy increase

URBANISATION



Rapidly rising urban populations

ASIA



Growth leadership

Four consumer priorities creating new mobility business models

FREEDOM



Mobility whenever
and wherever wanted

AFFORDABILITY



Affordable mobility
for all

SAFETY & SECURITY



No compromise: trust is key

TIME

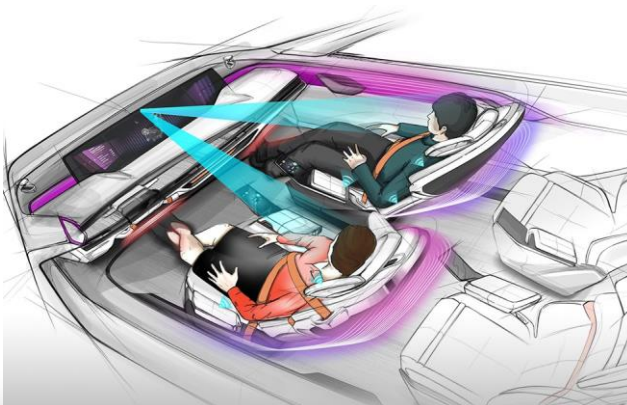


Individualized and
effective time
management

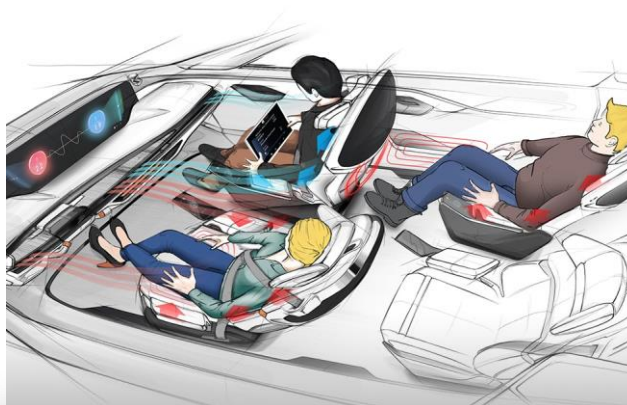
New user experiences for Cockpit of the Future



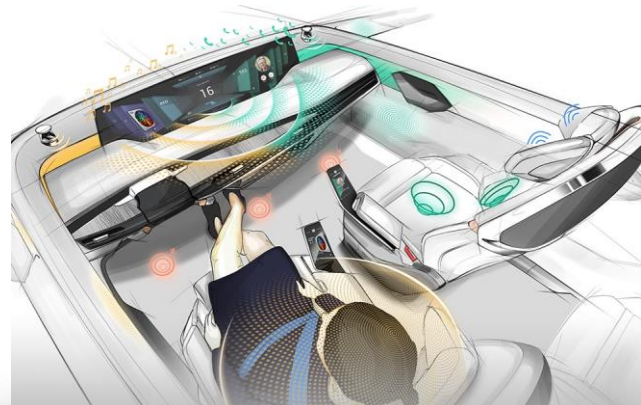
Advanced safety



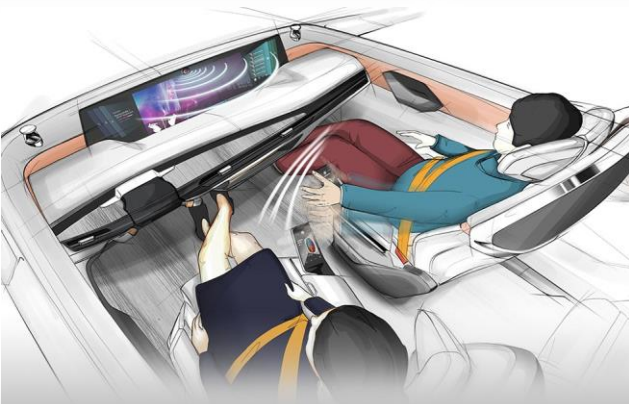
Enhanced comfort and wellness



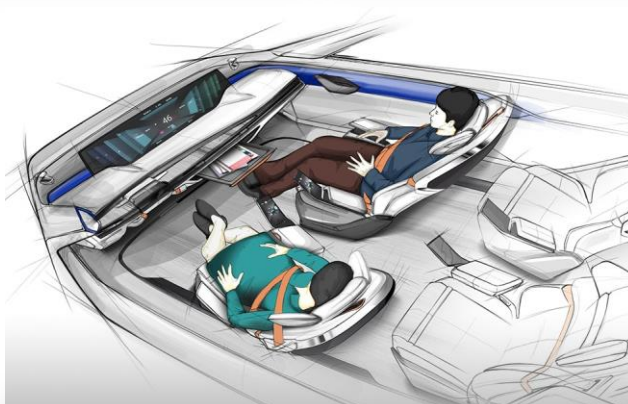
Personalized climate comfort & air quality



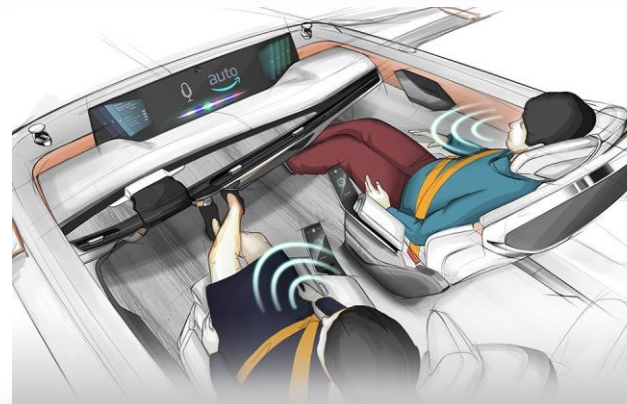
Immersive sound experience



Intuitive HMI solutions



Adaptive cabin



Cloud-based services

Faurecia has unique set of key competences to accelerate innovation and transformation and become leader in Cockpit Intelligence Platform

CORE COMPETENCES

- **Systems integration**
- **Systems architecture**
- **Comfort**
- **Ergonomics, HMI and cognitive expertise**
- **Safety**
- **Perceived quality**
- **Acoustics and sound management**
- **Thermal management**
- **Mechatronics and plasronics**

COMPETENCES BEING RAPIDLY ACCELERATED

- **Software & electronics, data analytics, artificial intelligence and deep learning**
 - 650 engineers today to be doubled by 2020
- **Interior lighting**
 - Recent partnership with Hella
- **Project to acquire Clarion**

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A value-creating acquisition fully in line with Faurecia strategy

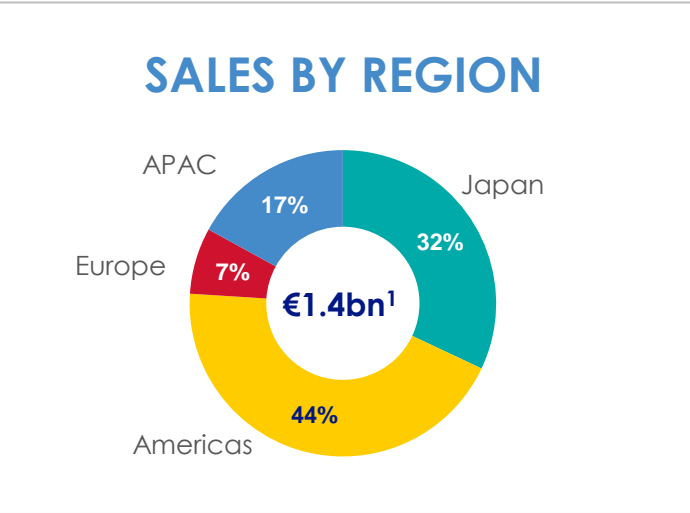
■ Clarion is a strong match with Faurecia strategy:

- Aligned with megatrends of connectivity and autonomous driving
- High technology, electronics and software expertise
- Complementary geographic, customer and industrial footprints

■ Faurecia will accelerate value creation through:

- Critical size for cockpit electronic systems and software integration
- Significantly increase sales with Japanese OEM
- Business alliance with Hitachi Automotive Systems for combined offer for autonomous driving
- Significant commercial and industrial synergies

Clarion profile

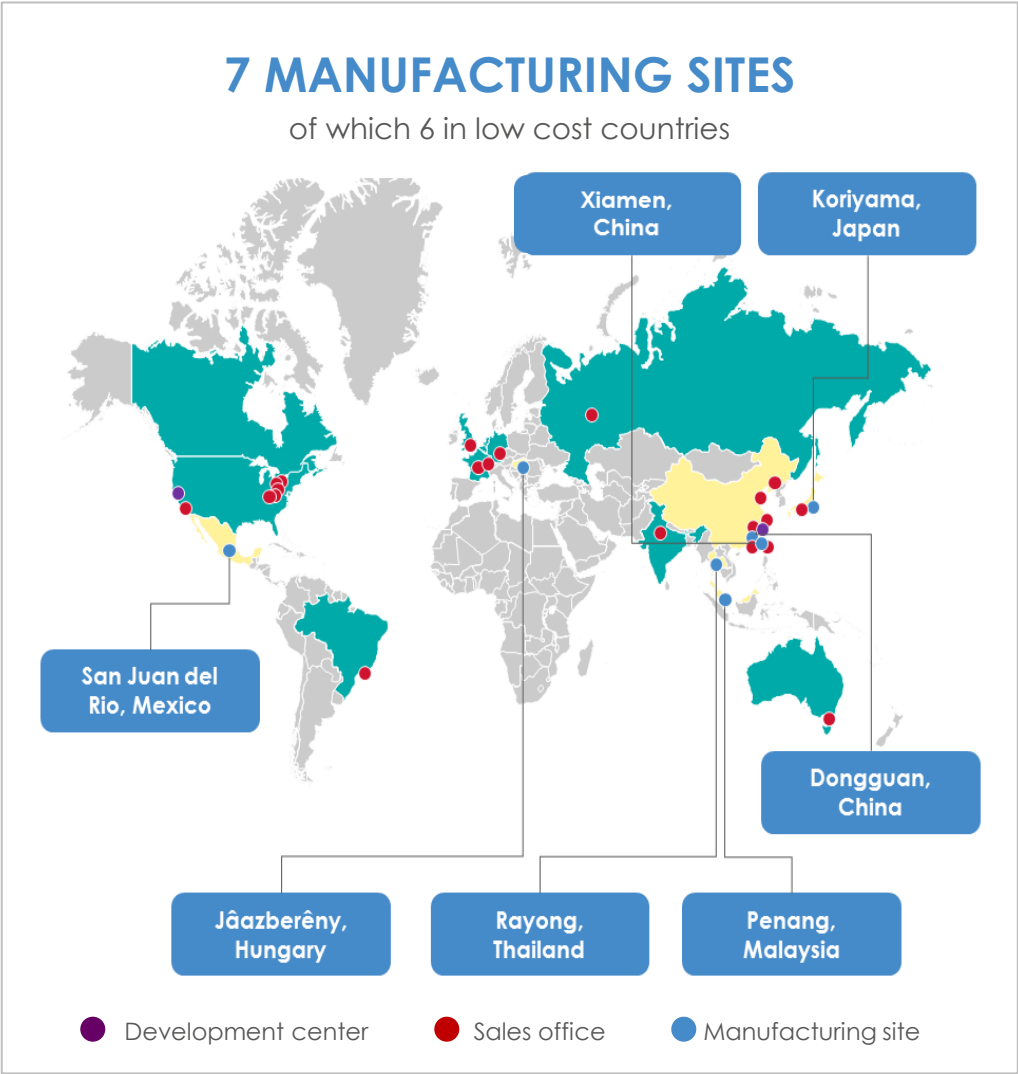


CUSTOMERS

KEY CUSTOMERS > 50% of sales

SELECTED OEM CUSTOMERS

+ Chinese OEMs



- ### KEY FACTS
- **Headquarter:** Saitama, Japan
 - **> 7,500 employees** worldwide
 - **> 2,000 engineers including 1,150 software engineers**
 - **7 manufacturing sites**, of which 6 in low cost countries
 - **9 R&D centers** in 8 countries
 - **26 local and regional sales offices** across 16 countries

¹As reported for fiscal year ending Mar-18
1 euro = 128 yen

IN-VEHICLE-ENTERTAINMENT
INTUITIVE HMI SOLUTIONS
ADVANCED AUDIO SYSTEMS



DELIVERING COMFORT AND CONVENIENCE TO ALL PASSENGERS

INTUITIVE HMI &IVI

Intuitive and versatile touch-based HMI managing multiple views on one screen . Clear and simple graphical user interface (GUI). Next generation infotainment systems centrally managing multiple infotainment screens throughout the vehicle.

ADVANCED AUDIO SYSTEMS

Outstanding sound experience including speakerless systems that are smaller and lighter as well as sound headrests

ADVANCED DRIVER ASSISTANCE
LOW SPEED AUTONOMOUS DRIVING

CONNECTIVITY SOLUTION
CLOUD SERVICES



CREATING A SEAMLESS WORLD INSIDE AND OUTSIDE THE CAR

CONNECTIVITY SOLUTIONS

Ensuring safety of the driver through the development of technologies such as V2X(vehicle-to-everything) communication, TCU-integrated antenna module, and eCall emergency communication features.

SERVICE PLATFORM

A service platform for business operators to monitor drivers for greater efficiency and safety.



DEVELOPING UNINTERRUPTED SAFETY AND SECURITY

ADVANCED DRIVER ASSISTANCE

Megapixel cameras, giving full HD, and night vision systems giving outstanding levels of visibility to the driver. Video-based guidance system using three cameras to give a comprehensive view of the car's surrounding environment.

AUTOMATED PARKING SOLUTIONS

Advanced autonomous parking technology allowing vehicle retrieval and which can also track parking lot occupancy via cloud networks



Creation of a new Business Group headquartered in Japan: Faurecia Clarion Electronics Systems

Clarion



HQ in **Saitama, Japan**
7 manufacturing sites



7,500 employees



Japanese & US OEMs



€1.4bn sales (FY 03/2018)



100% owned by Faurecia



HQ & R&D center in **Paris, France**
Fabless



300 employees



European OEMs



€ 60M sales in 2017



50.1% owned by Faurecia



HQ & R&D center in **Foshan, China**
2 production sites in China



1,400 employees



Chinese OEMs



€130m sales in 2017

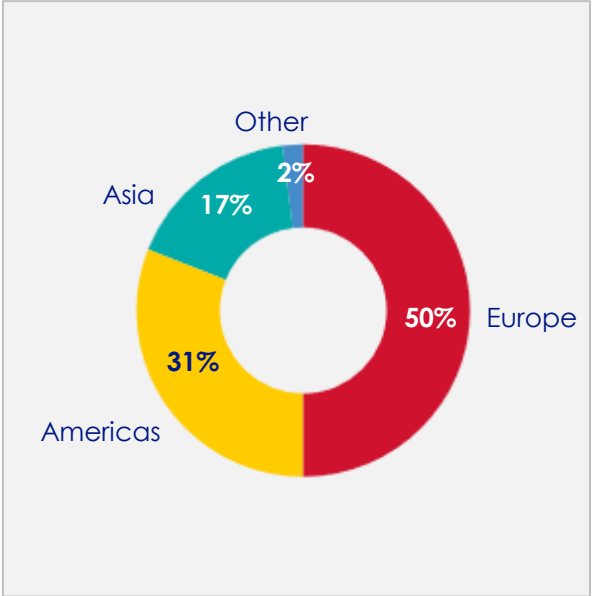
**The new Business Group would employ 1,650 software engineers
and should exceed €2 billion of sales by 2022**

Acquisition to strengthen Faurecia presence in Asia and allow a breakthrough with Japanese OEMs

Revenue breakdown by geography

Sales

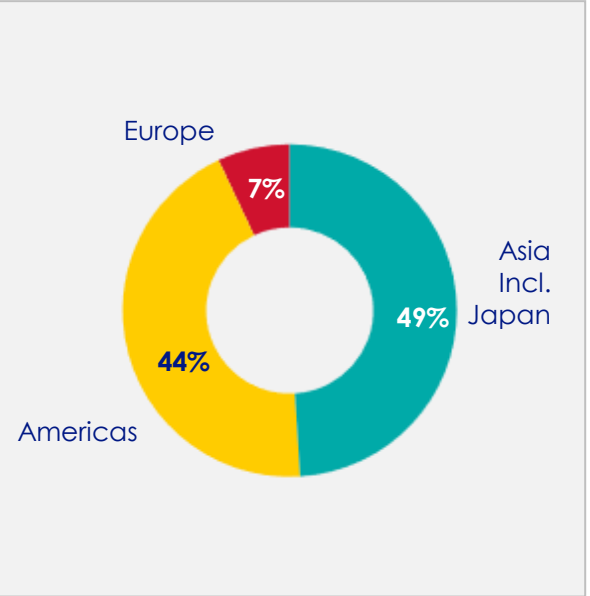
Faurecia



**FY17
€17 bn**

+

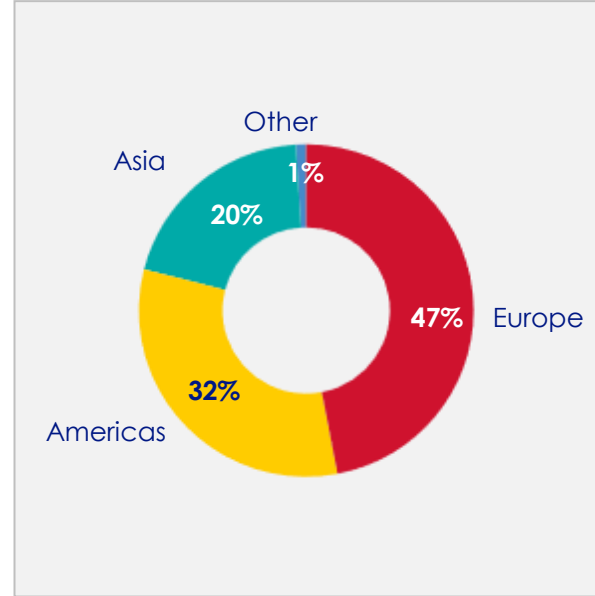
Clarion



**FY18 (ending March)
€1.4bn**

=

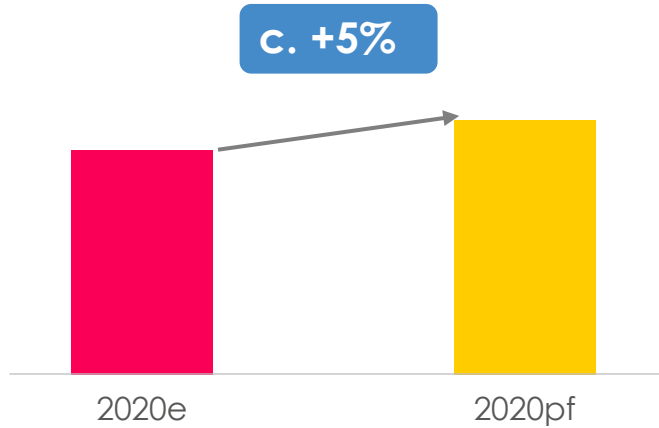
Faurecia post transaction



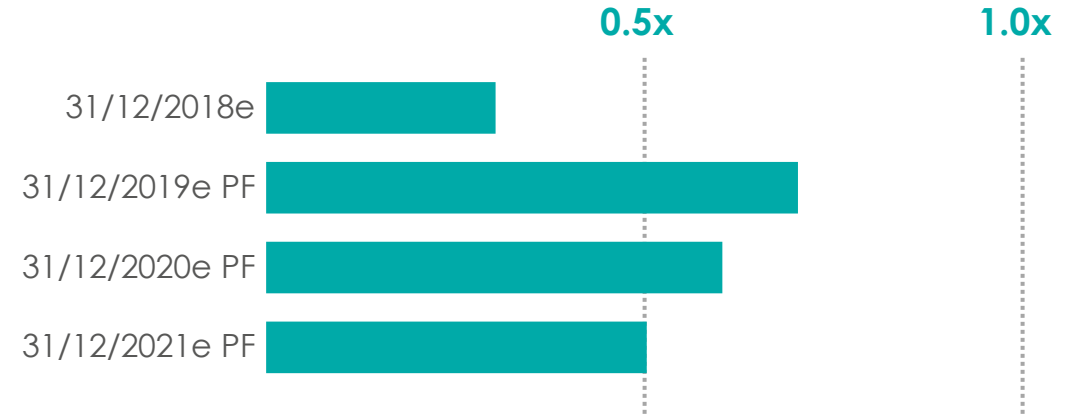
**FY 17 proforma
€18.4bn**

The transaction meets Faurecia acquisition criteria and creates value through significant synergies

EPS ACCRETIVE WITHIN 24 MONTHS



NET DEBT / EBITDA ALWAYS BELOW 1x



SIGNIFICANT SYNERGIES

At least €90m of run-rate synergies at EBIT level by 2022

Revenue synergies

- Capitalize on Clarion's network with Japanese OEMs
- Support from Faurecia with US and European OEMs

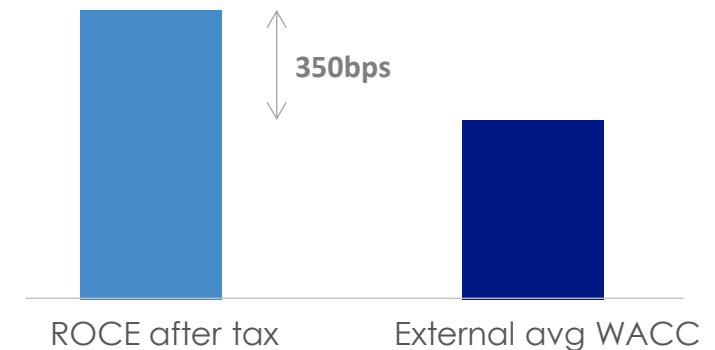
c. €40m EBIT by 2022

Industrial synergies

- Purchasing,
- Footprint optimization,
- Delisting,...

c. €50m EBIT by 2022

2022 ROCE > WACC



Transaction summary

- **All-cash transaction for equity value of €1.1bn for outstanding shares of Clarion or JP¥2,500 per share. This price represents a premium of:**
 - 10.5 % to the last closing price (October 25, 2018)
 - 31.2 % to the average of the last 20 trading days¹
- **Implied acquisition multiple of 5.7 x March 2018 EBITDA including run-rate synergies estimated at €90m by 2022**
- **Bridge financing fully secured (1 year with option to renew twice 6 months at our initiative)**
- **Hitachi has committed to tender all of their shares (63.8% of Clarion) to Faurecia**
- **Refinancing through the bond market:**
 - Successful issuance of €700m of *Schuldscheindarlehen* in December 2018
 - Complementary refinancing after the acquisition to maintain strong liquidity profile

Closing expected during Q1 2019

Next announcement

**FY 2018 results will be released
on February 18, 2019
(before market hours)**

Appendices



Appendices

- **Faurecia's three Business Groups**
- **Faurecia's balanced customer portfolio and geographic mix**
- **Highlights from latest financial publications**
 - H1 2018 results (released on July 20, 2018)
 - Q3 2018 sales (released on October 11, 2018)
- **Update on IFRS 15: clarification about R&D capitalization**
- **Disclaimer related to the project to acquire Clarion**
- **Safe Harbor Statement**
- **Contact and Share data**

**FY 2018 results will be released on February 18, 2019
(before market hours)**

Faurecia's activities are currently organized around three "Business Groups" with global leadership positions and strong development potential

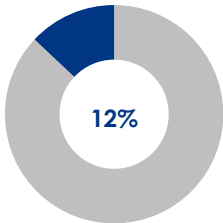
Seating (42% of Group sales)



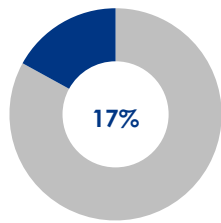
- Sales 2017 €7.1bn
- Operating margin 2017 5.8%

Market shares:

Complete seats
3 Worldwide



Frames & mechanisms
#1 Worldwide



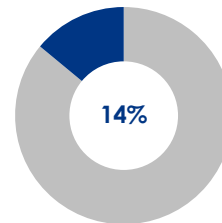
- Leader in global frame platforms with:
 - Highly efficient standard process
 - Global leadership and strong profitability of mechanisms business
- Recognized innovation leader with a portfolio of advanced technologies supporting future mobility needs

Interiors (31% of Group sales)



- Sales 2017 €5.3bn
- Operating margin 2017 5.6%

Market share: #2 Worldwide



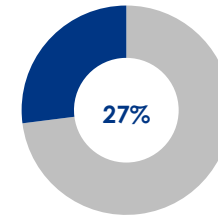
- Benefiting from market consolidation
- Complete portfolio of products & technologies
- Most agile interior supplier for Premium and Value
- Value-creating business for Cockpit of the Future

Clean Mobility (27% of Group sales)



- Sales 2017 €4.5bn
- Operating margin 2017 10.2%

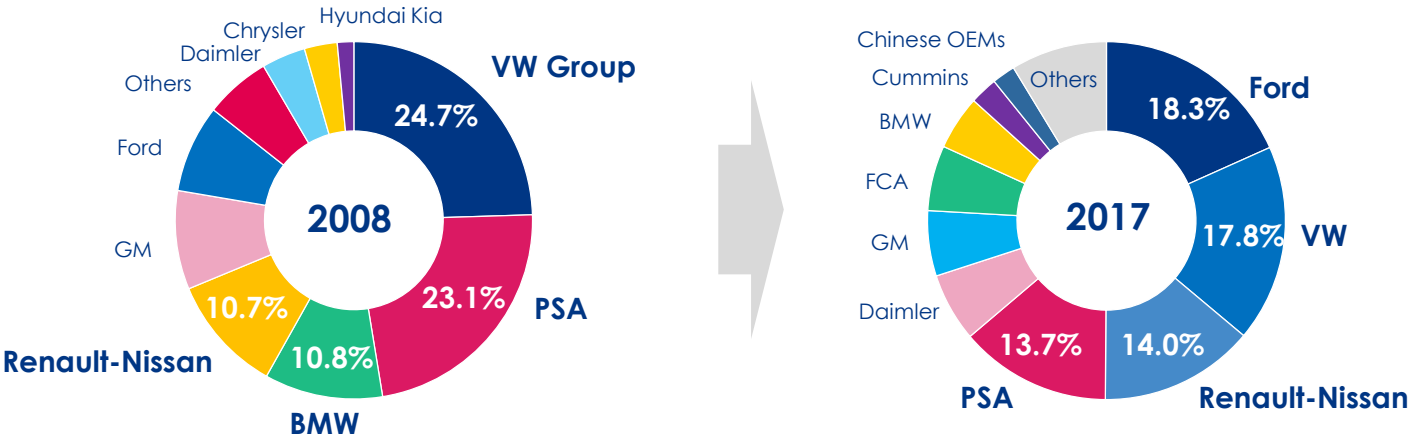
Market share: #1 Worldwide



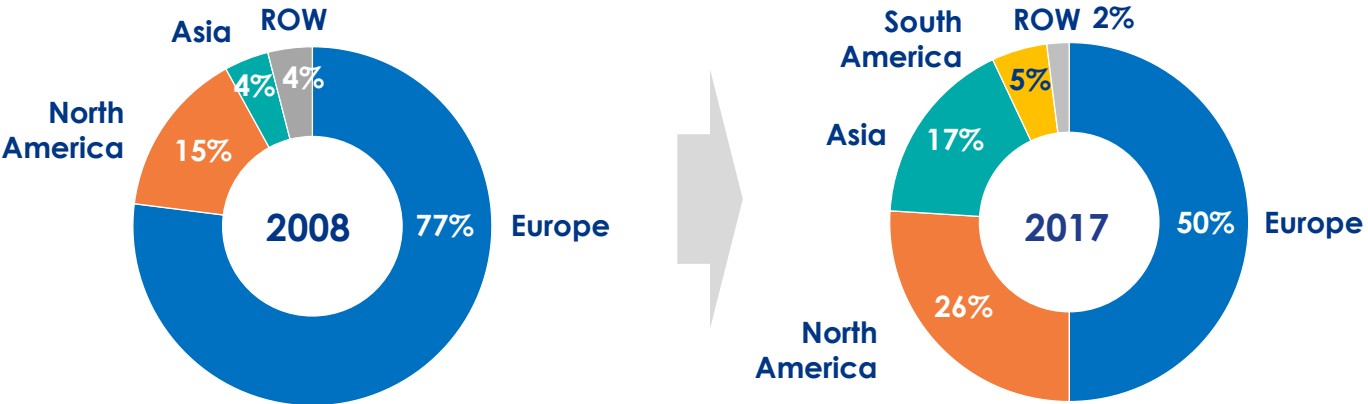
- Leader in clean solutions for cars, trucks and HHP
- Well-balanced regional footprint and WW market leader, including China
- Breakthrough solutions towards electrification (Energy recovery for hybrids, battery packs, fuel cell systems)

Faurecia has completed its transformation to become a global leader with a balanced customer portfolio and geographic mix

PRODUCT SALES BY CUSTOMER



PRODUCT SALES BY REGION



- Strong and well-diversified customer portfolio
- Well-balanced geographically
- Global leadership positions in each business
- Excellence in execution
- Strong profitability and financial flexibility
- Agile and dynamic teams with entrepreneurial culture

H1 2018 Highlights

Double-digit growth in sales and operating income

■ Another semester of strong performance, with double-digit growth in all key financials

- **Sales: +10.9%*** at €8,991m, 910bps above worldwide automotive production**
- **Operating income: +11.1%** at €647m, margin up 40bps at **7.2% of sales**
- **Net cash flow: +17.3%** at €247m and **Net income: +10.2%** at €342m

■ 113 new program flawless launches in H1

■ Order intake on track for another strong year

- 15 business awards & 20 pre-developments/co-developments for NVS (New Value Spaces)
- On track to exceed 30% of sales in China with Chinese OEMs in 2018

■ Continued deployment of technology strategy

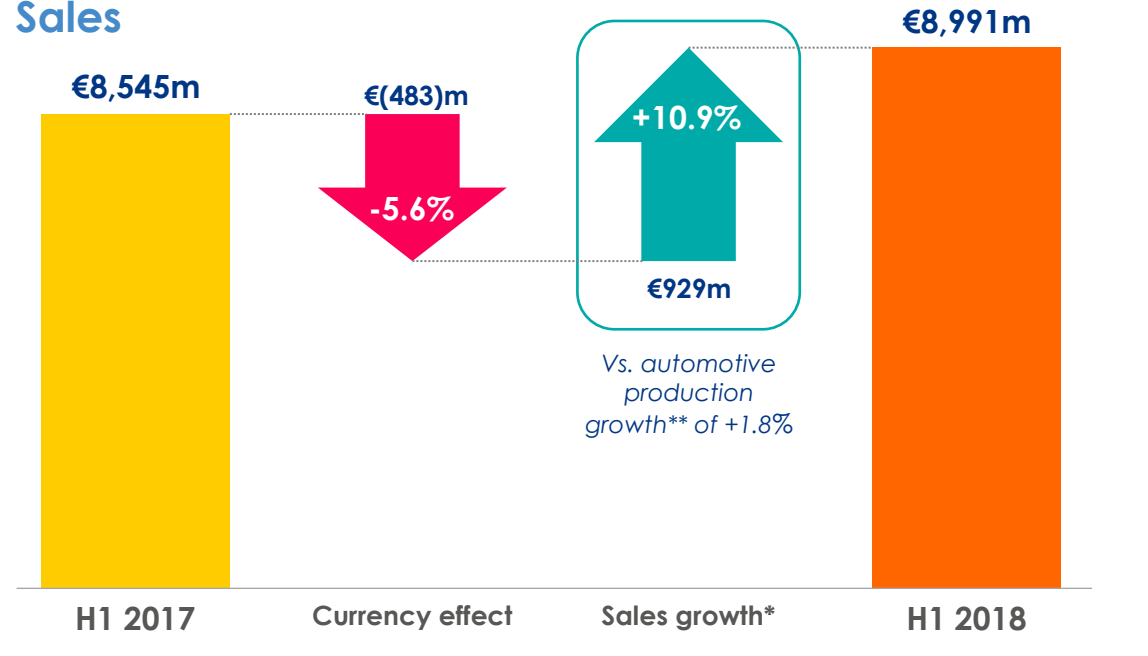
- Planned control of 100% of Parrot Automotive in H2 2018, ahead of initial schedule
- Investment in Powersphyr, Promethient and Subpac (through Faurecia Ventures)
- Strategic partnership with FAW Group, to develop Cockpit of the Future and Sustainable Mobility technologies
- FaureciaTech: 6 new divisions for NVS and 2 new technology platforms in Tel Aviv and Toronto



H1 2018 Results

Continued improvement in profitability leading to upgrade FY2018 guidance

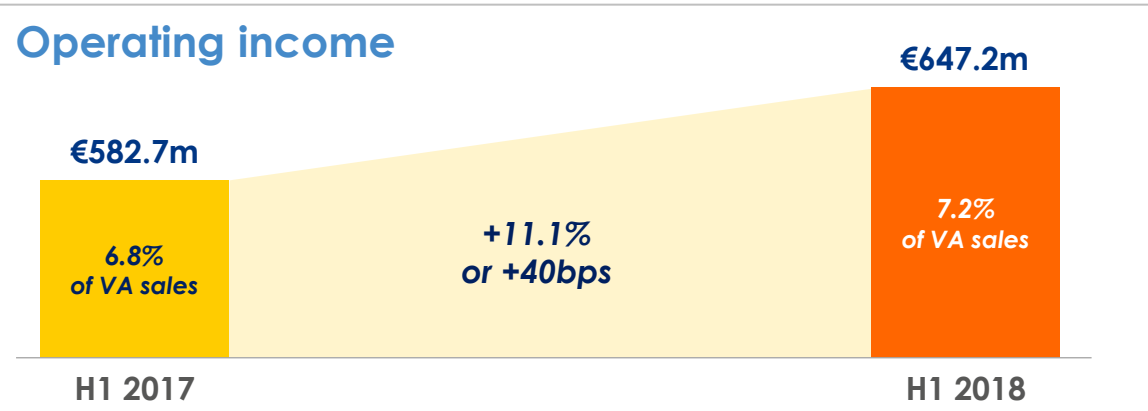
Sales



- **Strong H1 sales growth* of +10.9%, outperforming worldwide automotive production growth** by 910bps**
 - Excluding a negative currency effect of -5.6%
 - Including €144m (or +1.7%) from bolt-ons
- **Strong sales growth* in all Business Groups and regions**

■ Seating:	+8.8%	■ Europe:	+10.9%
■ Interiors:	+14.7%	■ North America:	+6.2%
■ Clean Mobility:	+9.7%	■ Asia:	+17.0%
		■ South America:	+17.0%

Operating income



- **Operating income up 11.1% to €647.2m**
- **Improved operating margin at 7.2% of sales, up 40bps yoy**
 - Improved margin in all Business Groups
 - Improved or stable margin in all regions
- **Net income up 10.2%, at €342.0m**

Q3 2018 Highlights

- **Despite market headwinds that impacted the quarter ...**
 - Worldwide automotive production was down 0.9%** in the quarter
 - Lower production volumes in Western Europe, mainly due to the effect of WLTP
 - Lower production volumes in China
 - Devaluation of Turkish Lira, Brazilian Real and Argentinean Peso
- **...we posted strong sales growth of 8.3%** and robust outperformance of 920bps, supported by the following tailwinds:**
 - Acceleration in commercial vehicles and HHP segments in Clean Mobility
 - Continued solid growth fueled by higher content per vehicle in Seating and Interiors
 - Continued strong development of sales in China, through Chinese OEMs and increased access to market
 - Ramp-up of new programs (DT-RAM, complete seats for VW Group, Tesla Model 3...)
- **Bolt-on contribution in the quarter represented €135m or +3.6%**
 - Excluding bolt-ons, sales growth and outperformance were solid, respectively 4.7%* and 560bps

* At constant currencies

** Source: IHS forecast September 2018
(vehicles segment in line with CAAM for China)

Strong sales growth* and robust outperformance

FY 2018 guidance confirmed

■ Q3 2018 sales up 8.3%*, 920bps above worldwide automotive production growth**

- Excluding a negative currency effect of €(90)m or -2.4%
- Including a positive effect of €135m or +3.6% from bolt-ons
- Including a negative effect of €11m due to the wind-down of Iran

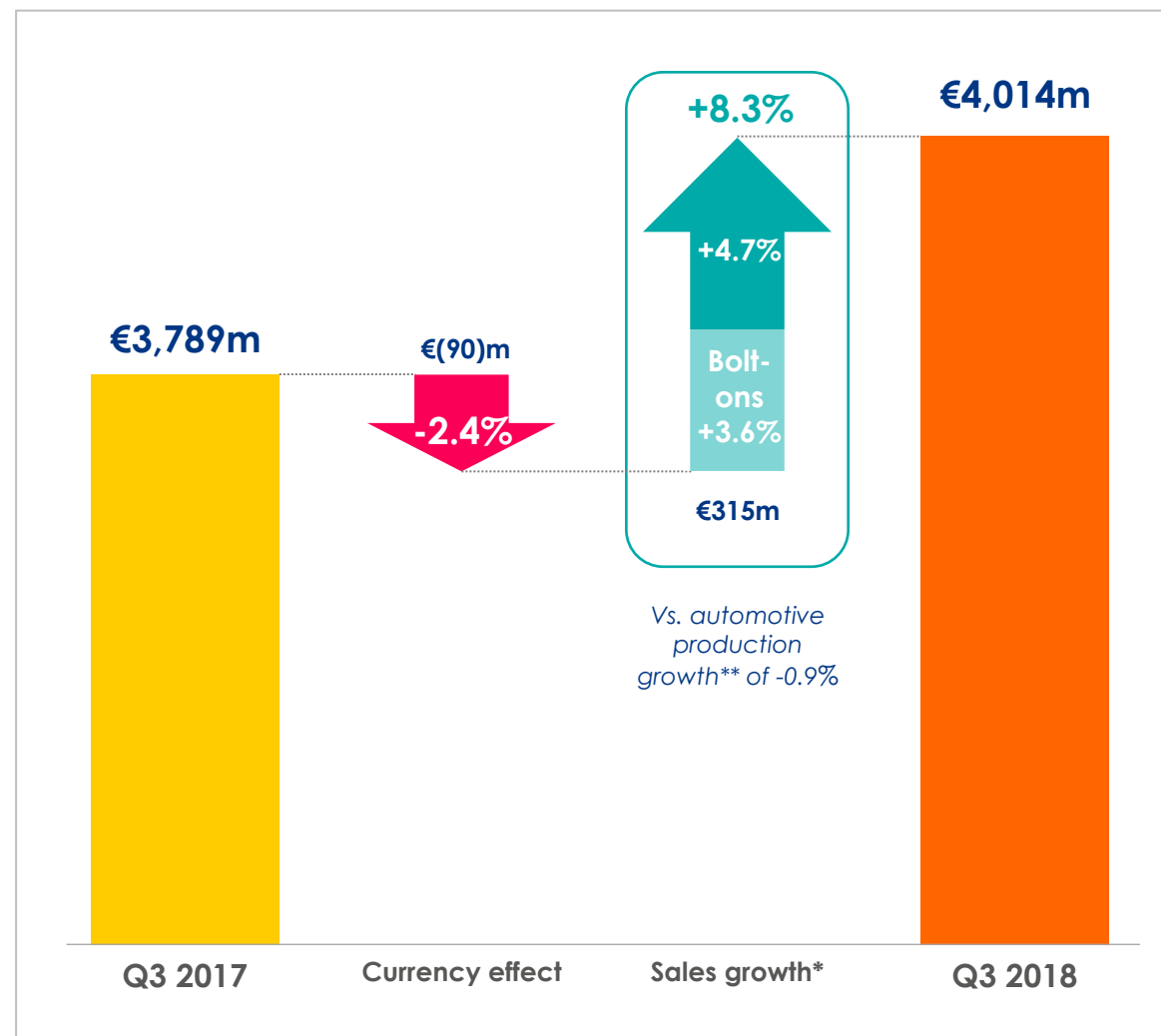
■ All three Business Groups posted strong growth*

- Seating +10.3%
- Interiors +6.2%
- Clean Mob. +7.6%

■ All regions posted significant outperformance

- Europe +2.8% vs. IHS@ -2.6% → +540bps
- North Am. +11.3% vs. IHS@ +3.2% → +810bps
- Asia +16.7% vs. IHS@ -2.1% → +1,880bps
- South Am. +27.1% vs. IHS@ +8.1% → +1,900bps

■ FY 2018 guidance confirmed



* At constant currencies

** Source: IHS forecast September 2018
(vehicles segment in line with CAAM for China)

Update on IFRS 15 - Clarification about R&D capitalization

- **IFRS 15 was adopted as of January 1, 2018**
- **Our accounting principles:**
 - Only development costs specifically sold to customers are capitalized.
 - Capitalized amounts are amortized as costs of sales along related revenue recognition; duration of amortization not to exceed 5 years.
- **Our rules:**
 - No capitalization related to low profitability businesses.
 - Increase in R&D net capitalization not to exceed average increase in sales of the next 3 years.
- **IFRS 15 had a limited impact on P&L statement**
- **IFRS15 mainly impacted the financial presentation of R&D:**
 - Before IFRS 15, development costs were classified as “Inventories” if sold before SOP (Start of Production) and as “Intangible assets” if sold along model serial life.
 - Under IFRS 15, both are classified as “Intangible assets” and the line “Net R&D costs” (as presented in note 5.3 of our H1 2018 Financial statements) regroups both categories as “Capitalized development costs”. The H1 2017 restatement between “Inventories” and “Intangible assets” impacted only the balance sheet (no reclassification in cash-flow).
 - Margin on R&D sales is now reflected in “Gross Margin” instead of “Net R&D expenses”.
- **Our H1 2018 financial statements did not provide enough details to allow comparison between H1 2017 and H1 2018**
- **Next slide provides with all details and demonstrates that the net effect from R&D capitalization was lower in H1 2018 than in H1 2017**

Update on IFRS 15 - Clarification about R&D capitalization

CASH FLOW STATEMENT

(in € millions)	H1 2017	H1 2018
Operating income	582,7	647,2
Depreciation and amortization	388,4	413,6
o/w amortization of R&D intangible assets (A1)	168,8	184,3
o/w change in impairment of R&D assets (A2)	1,6	2,3
EBITDA	971,1	1,060,8
Change in WCR	40,5	(18,7)
o/w R&D stock decrease (A3)	146,5	142,1
o/w R&D stock increase (B1)	(221,3)	(99,2)
Capex	(292,4)	(278,3)
Capitalized R&D (B2)	(215,9)	(305,7)
Restructuring	(56,3)	(31,1)
Finance expenses	(65,0)	(52,4)
Taxes	(117,4)	(105,7)
Other (operational)	(54,1)	(22,0)
Net cash flow	210,5	247,0
Dividends paid (incl. mino.)	(143,9)	(164,0)
Share purchase	(40,0)	(4,6)
Net financial investments and Other	(98,9)	(92,1)
Change in net debt	(72,3)	(13,7)
Net debt at the beginning of the period	341,5	451,5
Net debt at the end of the period	413,8	465,2

	H1 2017	H1 2018
Cost of sales (A = A1+A2+A3)	(316,9)	(328,7)
Capitalized costs (B = B1+B2)	437,2	404,9
Capitalization net impact (A) + (B)	120,3	76,2

P&L STATEMENT

(in € millions)	H1 2017 restated	H1 2018
R&D sales	327,1	332,5
Inventory decrease	(146,5)	(142,1)
Amort. of capitalized development costs	(168,8)	(184,3)
Charges to and reversals of prov. for impairment	(1,6)	(2,3)
R&D cost of sales (A)	(316,9)	(328,7)
R&D gross Margin	10,2	3,8
Research and development costs, gross	(583,9)	(558,3)
Capitalized development costs (B)	437,2	404,9
o/w inventory increase	221,3	99,2
o/w capitalized in intangible assets	215,9	305,7
Net R&D costs	(146,7)	(153,4)
Capitalization net impact (A) + (B)	120,3	76,2

Net effect from R&D capitalization/amortization was lower in H1 2018 (€76.2m) than in H1 2017 (€120.3m)

Disclaimer related to the project to acquire Clarion

Additional information and where to find it

The tender offer described in this communication has not yet commenced and this communication is neither an offer to purchase nor a solicitation of an offer to sell shares of Clarion. At the time the tender offer is commenced, pursuant to the Japanese tender offer regulations, the bidder will publish a tender offer statement, and Clarion will publish an opinion statement, with respect to the tender offer. Clarion shareholders and other investors are strongly advised to read the tender offer materials and the opinion statement, as they may be amended from time to time, because they will contain important information which should be read carefully before any decision is made with respect to the tender offer. The tender offer materials, as well as the opinion statement, will be made available to all Clarion shareholders at no expense to them. English translations of all tender offer materials may also be obtained at <http://www.faurecia.com/en/newsroom>

Notice to U.S. shareholders of Clarion

The bidder, a company of the Faurecia group, is a French company and the target, Clarion, is a Japanese company. Information distributed in connection with the proposed tender offer is subject to Japanese disclosure requirements that are different from those of the United States. Financial statements and financial information included in the tender offer materials are prepared in accordance with Japanese accounting standards that may not be comparable to the financial statements or financial information of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws in respect of the tender offer, since the companies are located in France and Japan, respectively. You may not be able to sue the companies or their officers or directors in a French or Japanese court for violations of the U.S. securities laws. Finally, it may be difficult to compel the companies and their affiliates to subject themselves to a U.S. court's judgment.

You should be aware that, pursuant to certain exemptions to the U.S. tender offer regulations, the bidder or its affiliates may bid for or purchase the target's shares outside the United States otherwise than pursuant to the tender offer in the U.S., such as in open market or privately negotiated purchases, at any time during the pendency of the tender offer.

Safe Harbor Statement

This report contains statements that are not historical facts but rather forward-looking statements. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates" and similar expressions identify these forward-looking statements. All such statements are based upon our current expectations and various assumptions, and apply only as of the date of this report.

Our expectations and beliefs are expressed in good faith and we believe there is a reasonable basis for them.

However, there can be no assurance that forward-looking statements will materialize or prove to be correct. Because such statements involve risks and uncertainties such as automotive vehicle production levels, mix and schedules, financial distress of key customers, energy prices, raw material prices, the strength of the European or other economies, currency exchange rates, cancellation of or changes to commercial contracts, liquidity, the ability to execute on restructuring actions according to anticipated timelines and costs, the outcome could differ materially from those set out in the statements.

Except for our ongoing obligation to disclose information under law, we undertake no obligation to update publicity any forward-looking statements whether as a result of new information or future events.

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Share Data

Bloomberg Ticker: EO:FP

Reuters Ticker: EPED.PA

Datastream: F:BERT

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Bonds ISIN Codes

2023 bonds : XS1384278203

2025 bonds : XS1785467751

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