



2019

Half-Year Results

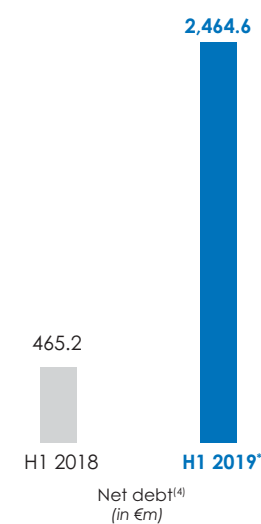
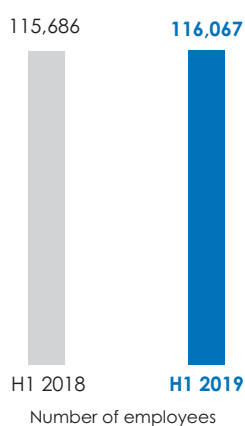
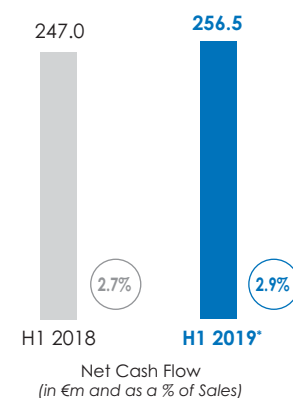
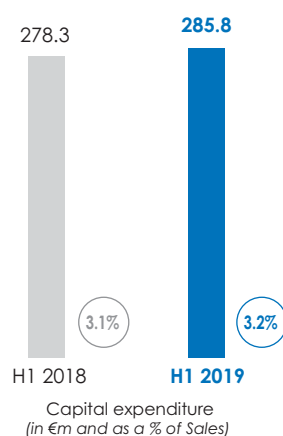
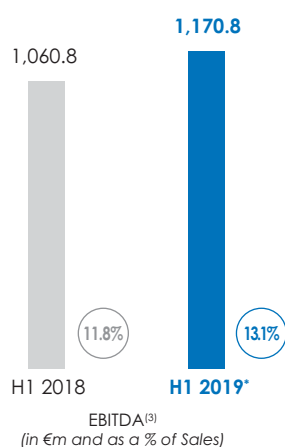
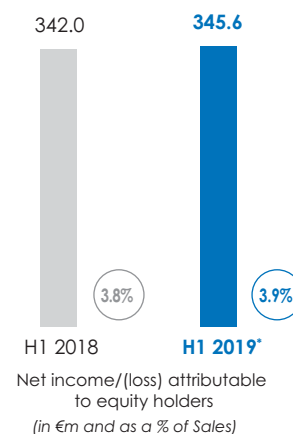
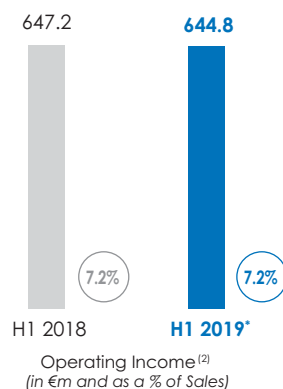
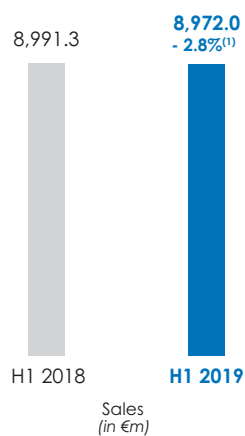
faurecia
inspiring mobility

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Interim results
 **2019**

Key figures



* After application of IFRS 16 in 2019, no pro-forma restatement in 2018.

(1) At constant currencies, including Bolt-Ons and excluding Clarion acquisition effect.

(2) Before amortization of acquired intangible assets (Note 1A to the consolidated financial statements).

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

(4) Note 18.1 to the consolidated financial statements.





1. Business review

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Notable facts

- On April 1, 2019, Clarion entered the Group perimeter and it is now consolidated into the new Business Group named "Faurecia Clarion Electronics".
 - This new Business Group mainly regroups the operations of Coagent Electronics (consolidated as from January 1, 2018 and previously classified within "Faurecia Interiors"), Parrot Automotive (consolidated as from December 31, 2018) and Clarion (consolidated as from April 1, 2019).
 - Following this change of organization, sales and result of the Coagent Electronics activities, which had been included in the Interiors business when the results of the first half-year and full year 2018 were presented, have been reallocated on a retroactive basis for 2018 to the Faurecia Clarion Electronics business.
 - Due to time constraints related to the first consolidation of Clarion, it was accounted for only two months (April and May) in the half-year 2019 consolidated statements. The month of June 2019 will be caught up at the financial closing of September 2019.
- First application of IFRS16 on January 1, 2019. Faurecia is using the simplified retrospective method, according to which there are no pro-forma for 2018. All lease contracts are accounted for in the balance sheet with a "Right to use the asset" as an asset and a corresponding debt representing the obligation to pay the future leases. Impacts on main indicators are detailed in Financial Statements.

1.1. Main events

January/February 2019

Faurecia signed a partnership with Japan Display Inc. (JDI) to enhance user experience inside the cockpit.

Faurecia and JDI will cooperate on the development and integration of large displays into automotive interiors. The two companies will leverage their know-how and expertise so that the functionalities and design of large displays will be a key element of cockpit attractiveness.

During CES 2019, Faurecia and JDI revealed a first illustration of their capabilities by showcasing a world premiere 32.1 inches 6K display integrated into an instrument panel.

March 2019

- Michelin, world leader in tyres and sustainable mobility, and Faurecia announced the signature of a Memorandum of Understanding to create a joint venture bringing together all of Michelin's fuel cell related activities – including its subsidiary Symbio – with those of Faurecia.

This French joint venture, built around a unique ecosystem, will develop, produce and market hydrogen fuel cell systems for light vehicles, utility vehicles, trucks and other applications.

Faurecia and Michelin are convinced of the importance of hydrogen technology in tomorrow's world of zero emissions mobility and of the need to create a strong French and European hydrogen industrial sector. The two companies aim to create a world leader in hydrogen fuel cell systems through combining existing and complementary assets from both partners in the joint-venture. This will enable the joint venture to immediately offer a unique range of hydrogen fuel cell systems for all use cases.

- Faurecia announced it has successfully issued €500 million of senior notes due 2026 at 3.125% to complete financing of Clarion acquisition. The issuance of these notes was intended to refinance the bridge loan of €500 million, which was drawn to finance the acquisition of Clarion Co, Ltd, and related

expenses and transaction costs. The strategic acquisition of Clarion, complementary in terms of technology offer, geographic presence and customer portfolio with Faurecia's current business, will allow the Group to become a leading player in cockpit electronics and systems integration.

April 2019

- Faurecia announced the official launch of its fourth Business Group "Faurecia Clarion Electronics", based in Saitama, Japan. This activity has the ambition to become a global leader in cockpit electronics and low-speed ADAS (Advanced Driver Assistance Systems).

The new Business Group, Faurecia Clarion Electronics, combines Clarion with Faurecia's previous acquisitions of Parrot Automotive and Coagent Electronics.

With 9,000 people including 1,650 engineers, this new Business Group will generate over €2 billion of sales by 2022. Significant synergies are confirmed through leveraging the combined product offer and the complementary customer, geographic and industrial footprints.

- Faurecia announced it has acquired a majority stake in the Swedish company Creo Dynamics, which provides innovative acoustics and Active Noise Control (ANC) solutions.

Creo Dynamics technologies are fully complementary to the audio competences of Faurecia Clarion Electronics which include smart headrests, active surfaces, tuning algorithms and digital sound enabling an immersive sound experience and personalized sound bubble.

Founded in 2010 and based in Linköping, Sweden, Creo Dynamics provides innovative solutions in acoustics, fluid dynamics and smart structures to customers in various industries, primarily automotive and aerospace. Through its unique expertise in automotive acoustics and control algorithms, the company develops state-of-the-art active noise control for vehicle interiors.

- Faurecia announced the establishment of its first Clean Mobility manufacturing plant in Japan, located in Koriyama City, Fukushima Prefecture.

This new facility will be built on a 9,000 square meter industrial site owned by Faurecia Clarion Electronics. Faurecia will employ 50 people to start its operations in August 2020 and will produce exhaust systems for passenger cars and commercial vehicles.

May 2019

Faurecia announced an investment in GuardKnox, an Israeli automotive cybersecurity provider, to reinforce passenger safety and data security in the connected car and for new user experiences.

GuardKnox provides comprehensive cyber defense (hardware and software) for connected and autonomous vehicles. GuardKnox technology will enable Faurecia to propose complete end-to-end solutions integrated into the car vehicle, securing the software, data and cloud connectivity.

This investment in GuardKnox is made by Faurecia Ventures, which advances Faurecia's innovation strategy by identifying,

incubating and investing in start-ups with relevant technologies for Sustainable Mobility and the Cockpit of the Future.

June 2019

Faurecia announced the creation of a global center of expertise for hydrogen storage systems at its research and development center in Bavans, France.

Faurecia aims to invest in research and development in new-generation high-pressure tanks that are more efficient and lighter, as well as in a test center to characterize these tanks.

The center, scheduled to start operations in the second-quarter 2020, represents a total investment of approximately €25 million, including €4.9 million in subsidies from the Bourgogne-Franche-Comté region. In the long term, Faurecia plans to create 50 highly qualified jobs at the Bavans site, which already has nearly 750 employees dedicated to Faurecia's Clean Mobility activity.

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

1.2. Automotive production

Worldwide automotive production dropped by 7.0% in the first half of 2019 compared to the first half of 2018. It decreased in all regions of the world. Production notably fell in Europe by 5.6%, in North America by 2.5%, in Asia by 8.2% (15.7% in China) and by 31.6% in the rest of the world.

All the data related to automotive production and volume evolution in 2019 is coming from IHS Automotive report dated July 2019.

1.3. Sales

Faurecia's year-on-year **sales evolution** is made of three components:

- a “**Currencies effect**”, calculated by applying average currency rates for the period to the sales of the prior year;
- a “**Scope effect**” (acquisition/divestment);
- and “**Growth at constant currencies**”.

As **scope effect**, Faurecia presents all acquisitions/divestments, whose sales on an annual basis amount to more than €250 million. Other acquisitions below this threshold are considered as “bolt-on acquisitions” and are included in “**Growth at constant currencies**”.

(in € million)	H1 2018 Reported	Currencies effect	Clarion acquisition Effect	Growth at constant currencies*	H1 2019
Product Sales	8,416.3	80.7	136.6	(260.8)	8,372.7
Var. (in %)		1.0%	1.6%	-3.1%	-0.5%
Tooling, Prototypes and Other Services Sales	575.0	1.6	13.8	8.8	599.3
Var. (in %)		0.3%	2.4%	1.5%	4.2%
TOTAL SALES	8,991.3	82.3	150.4	(252.0)	8,972.0
VAR. (in %)		0.9%	1.7%	-2.8%	-0.2%

* Including Bolt-Ons representing €163.7m or 1.8%.

Sales of products (parts, components and R&D sold to manufacturers) reached €8,372.7 million in the first half of 2019 compared to €8,416.3 million in the same period in 2018. The product sales decreased by 0.5% on a reported basis and by 3.1% at constant currencies and excluding Clarion's acquisition effect.

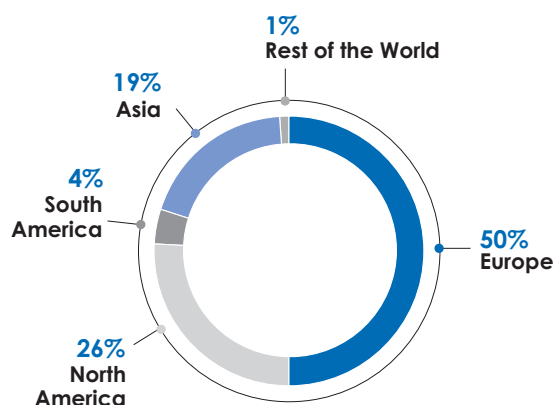
Sales of tooling, prototypes and other services totaled €599.3 million in the first half of 2019 versus €575.0 million in the first half of 2018. This represents an increase of 4.2% on a reported basis and of 1.5% at constant currencies and excluding Clarion's acquisition effect.

Sales totaled €8,972.0 million in the first half of 2019 compared to €8,991.3 million in the first half of 2018, showing a decrease of 0.2% on a reported basis and a loss of 2.8% at constant currencies and excluding Clarion's acquisition effect.

1.3.1. By region

(in € million)	H1 2019	Clarion acquisition Effect	H1 2018 Reported	At constant currencies*	Automotive Production	
Sales						
Europe	4,530.8	12.9	4,730.1	-4.2%	-3.8%	-5.6%
North America	2,288.9	46.6	2,232.0	2.5%	-6.3%	-2.5%
South America	344.7	0.9	363.4	-5.2%	7.2%	-3.1%
Asia	1,716.3	90.0	1,542.8	11.2%	4.4%	-8.2%
o/w China	1,208.0	16.2	1,169.0	3.3%	1.4%	-15.7%
Rest of the World	91.3		123.0	-25.8%	-20.0%	-31.6%
TOTAL	8,972.0	150.4	8,991.3	-0.2%	-2.8%	-7.0%

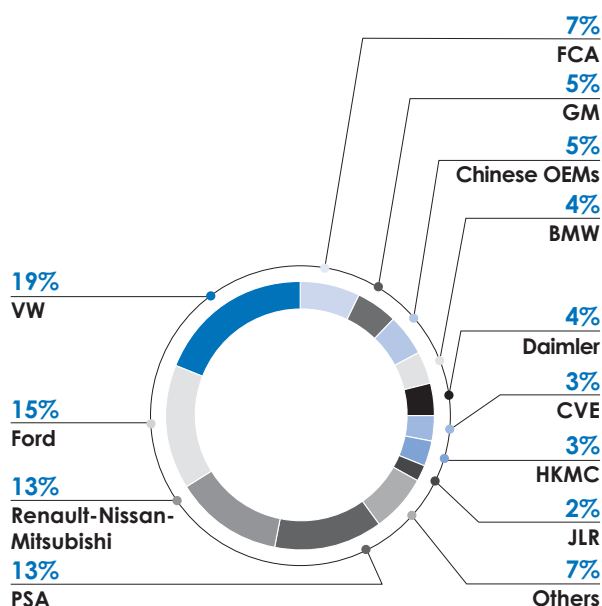
* Including Bolt-Ons representing €163.7m or 1.8%: €31.1m for Hug and Parrot in Europe, €132.6m for Wuling, BYD, Parrot in Asia.



Sales by region in the first half of 2019 were as follows:

- in Europe, sales totaled €4,530.8 million (50.4% of total sales), compared to €4,730.1 million in the first half of 2018. Sales were down 4.2% on a reported basis and down 3.8% at constant currencies and excluding Clarion's acquisition effect. Over the same period, car manufacturers decreased their production in Europe by 5.6%;
- in North America, sales reached €2,288.9 million (25.5% of total sales), versus €2,232.0 million in the first half of 2018. Sales increased by 2.5% on a reported basis whereas they fell by 6.3% at constant currencies and excluding Clarion's acquisition effect. This is to be compared to a 2.5% downturn in production market in North America;
- in South America, sales totaled €344.7 million (3.8% of the total sales), compared to €363.4 million in the first half of 2018. Sales decreased by 5.2% on a reported basis. However, they were up 7.2% at constant currencies and excluding Clarion's acquisition effect. In the first half of 2019, the automotive production in the region decreased by 3.1%;
- in Asia, sales were up by 11.2% on a reported basis to reach €1,716.3 million (19.1% of total sales) and to be compared to €1,542.8 million in the first half of 2018. This represents a growth of 4.4% at constant currencies and excluding Clarion's acquisition effect. Sales in China went up 3.3% on a reported basis, and up 1.4% at constant currencies and excluding Clarion's acquisition effect. Over the same period, the automotive production decreased by 8.2% in Asia and by 15.7% in China;
- in the rest of the world (mainly in South Africa after stopping activities in Iran in 2018), sales amounted to €91.3 million, a 25.8% decrease on a reported basis and a 20.0% decrease at constant currencies and excluding Clarion's acquisition effect.

1.3.2. By customer



1 Business review

Sales

In the first half of 2019, sales to four main customers (VW, Ford, Renault-Nissan-Mitsubishi and PSA) amounted to €5,455.9 million or 60.8% of sales. They were as follows:

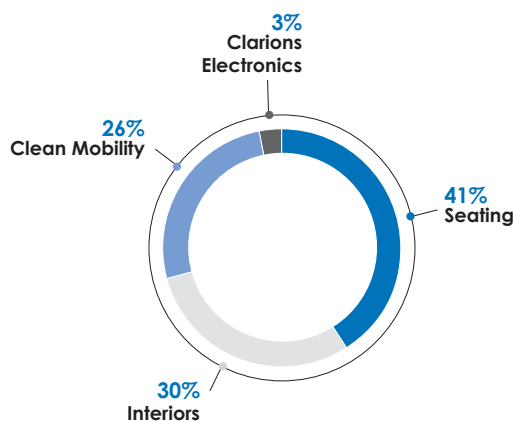
- sales to the VW group totaled €1,698.2 million. They accounted for 18.9% of Faurecia's total sales. Compared to the first half of 2018, they increased by 3.2% on a reported basis and by 2.9% at constant currencies and excluding Clarion's acquisition effect;
- sales to the Ford group accounted for 14.8% of Faurecia's total sales, totaling €1,328.2 million. Compared to the first half of 2018, sales to Ford group decreased by 12.7% on a reported basis and by 14.4% at constant currencies and excluding Clarion's acquisition effect;
- sales to the Renault-Nissan-Mitsubishi group represented €1,216.4 million or 13.5% of Faurecia's total sales. They were up 5.2% on a reported basis and fell at 0.1% at constant currencies and excluding Clarion's acquisition effect compared to the same period in 2018;
- sales to the PSA Group totaled €1,213.1 million. They were down 10.3% on a reported basis and 10.3% at constant currencies and excluding Clarion's acquisition effect. They accounted for 13.5% of Faurecia's total sales;
- sales to the FCA group reached €586.2 million (6.5% of total sales). This represented a growth of 5.0% on a reported basis and of 1.1% at constant currencies and excluding Clarion's acquisition effect compared to the same period in 2018;
- sales to the GM group increased to €489.0 million (5.5% of total sales). They were up by 11.7% on a reported basis and by 5.7% at constant currencies and excluding Clarion's acquisition effect compared to the first half of 2018;
- sales to Chinese OEMs increased to €409.2 millions or 4.6% of total sales. They were up by 41.8% on a reported basis and by 38.3% at constant currencies and excluding Clarion's acquisition effect;
- sales to BMW represented €377.4 million or 4.2% of total sales. They decreased by 17.5% on a reported basis and by 17.8% at constant currencies and excluding Clarion's acquisition effect compared to the same period in 2018.

1.3.3. By Business Group

(in € million)	H1 2019	H1 2018	Reported	At constant currencies*
Sales				
Seating	3,640.1	3,781.5	-3.7%	-4.5%
Interiors	2,746.1	2,795.6 ⁽¹⁾	-1.8%	-2.3%
Clean Mobility	2,351.2	2,360.3	-0.4%	-2.0%
Clarion Electronics	234.6	53.9 ⁽¹⁾	334.9%	54.9%
TOTAL	8,972.0	8,991.3	-0.2%	-2.8%

* Including Bolt-Ons representing €163.7m or 1.8%: €106.1m on BYD for Seating, €20.9m for Wuling on Interiors and €13.7m for Hug on Clean Mobility, €23.0m for Parrot on Clarion Electronics.

(1) For H1 2018, the sales of Coagent Electronics, allocated to Interiors in the 2018 half-year results, have been reallocated to Clarion Electronics.



In the first half of 2019, the four Business Groups contributed to the sales as follows:

- the Seating business reached €3,640.1 million sales, down 3.7% on a reported basis and down 4.5% at constant currencies compared to the same period in 2018;

- the Interiors business totaled €2,746.1 million sales. This represented a 1.8% decrease on a reported basis and a 2.3% decrease at constant currencies;
- the Clean Mobility business generated €2,351.2 million sales, down 0.4% on a reported basis and down 2.0% at constant currencies compared to the first half 2018;
- Clarion Electronics sales include the sales of Coagent Electronics previously reported in the Business Group Interiors. The Clarion Electronics business totaled €234.6 million sales.

1.4. Operating Income

In the first half of 2019:

- operating income before amortization of acquired intangible assets reached €644.8 million (7.2% of sales), compared to €647.2 million (7.2% of sales) in the first half of 2018;
- gross expenditures for R&D totaled €637.9 million, or 7.1% of sales, compared to €558.3 million, or 6.2% of sales in the first half of 2018. The portion of R&D expenditure capitalised amounted to €439.5 million, compared to €404.9 million in the first half of 2018. The R&D capitalization ratio represented 68.9% of total R&D expenditure, whereas it represented 72.5% over the same period in 2018;
- the net R&D expenses reached €198.4 million (2.2% of sales) compared to €153.4 million (1.7% of sales) in the first half of 2018;
- selling and administrative expenses reached €381.7 million (4.3% of sales), compared to €362.4 million (4.0% of sales) in the first half of 2018;
- EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – rose to €1,170.8 million (13.1% of sales), to be compared to €1,060.8 million (11.8% of sales) in the first half of 2018. Most of the increase in EBITDA was related to IFRS16 implementation.

1.4.1. By region

(in € million)	H1 2019			H1 2018		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	4,530.8	295.0	6.5%	4,730.1	305.3	6.5%
North America	2,288.9	152.9	6.7%	2,232.0	135.4	6.1%
South America	344.7	18.5	5.4%	363.4	11.8	3.3%
Asia	1,716.3	171.0	10.0%	1,542.8	179.7	11.6%
Rest of the World	91.3	7.4	8.1%	123.0	15.0	12.2%
TOTAL	8,972.0	644.8	7.2%	8,991.3	647.2	7.2%

The operating income in the first half of 2019 compared to the same period in 2018 decreased by €2.4 million:

- in Europe, the operating income decreased by €10.3 million, to reach €295.0 million or 6.5% of sales. This is to be compared to €305.3 million or 6.5% in the first half of 2018;
- in North America, the operating income increased by €17.5 million to €152.9 million. The operating income reached 6.7% of sales, compared to 6.1% in the first half of 2018;
- in South America, the operating income increased by €6.7 million to reach €18.5 million, or 5.4% of sales compared to 3.3% of sales in the first half of 2018;
- in Asia, the operating income decreased by €8.7 million to reach €171.0 million or 10.0% of sales, compared to 11.6% of sales in the first half of 2018;
- in the rest of the world, the operating income decreased by €7.6 million to reach 8.1% of sales, compared to 12.2% of sales in the first half of 2018.

1.4.2. By Business Group

(in € million)	H1 2019			H1 2018		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,640.1	219.1	6.0%	3,781.5	221.5	5.9%
Interiors	2,746.1	170.8	6.2%	2,795.5 ⁽¹⁾	167.6 ⁽¹⁾	6.0%
Clean Mobility	2,351.2	254.7	10.8%	2,360.4	255.3	10.8%
Clarion Electronics	234.6	0.2	0.1%	53.9 ⁽¹⁾	2.8 ⁽¹⁾	5.1%
TOTAL	8,972.0	644.8	7.2%	8,991.3	647.2	7.2%

(1) For H1 2018, the sales and operating margin of Coagent Electronics, allocated to Interiors in the 2018 half-year results, have been reallocated to Clarion Electronics.

In the first half of 2019, the four Business Groups contributed to the total operating income as follows:

- the Seating Business operating income amounted to €219.1 million (6.0% of sales) compared to €221.5 million in the first half of 2018 (5.9% of sales);
- the Interiors Business operating income reached €170.8 million (6.2% of sales) compared to €167.6 million in the first half of 2018 (6.0% of sales);
- the Clean Mobility Business operating income decreased by €0.6 million at €254.7 million (10.8% of sales) compared to €255.3 million in the first half of 2018 (10.8% of sales);
- the Clarion Electronics Business operating income reached €0.2 million (0.1% of sales) compared to €2.8 million in the first half of 2018 (5.1% of sales). In 2018, only Coagent Electronics was included in Clarion Electronics.

1.5. Net income

The net income group share reached €345.6 million, or 3.9% of sales in the first half of 2019. This is to be compared to €342.0 million or 3.8% of sales over the same period in 2018. It represented an increase of €3.6 million.

In the first half of 2019:

- the amortization of intangible assets acquired in business combinations related mainly to Coagent Electronics, Parrot and Hug businesses represented an expense of €10.8 million compared to €5.4 million in the first half of 2018. At June 30, 2019, there was no amortization accounted for Clarion (to be booked in H2 2019 for 9 months), as the purchase price allocation process is ongoing;
- the "other non-recurring operating income and expenses" represented an expense of €93.0 million, compared to an expense of €63.8 million in the first half of 2018. This item included €71.0 million in reorganization expenses compared to €27.8 million in the first half of 2018. This item also included the €15.5 million related to the acquisition of Clarion in the first half of 2019;
- financial income amounted to €8.4 million, compared to €5.3 million in the first half of 2018. Financial costs totaled €93.0 million, versus €63.6 million in the first half of 2018;
- other financial income and expense represented an expense of €9.8 million; stable compared to €10.0 million in the first half of 2018. This expense included €4.2 million from discounting pension benefit liabilities and €5.2 million linked to the amortization of debt issuance costs. In H1 2019, financial costs and expenses included €20.1 million related to the financing of Clarion and €23.6 million related to the implementation of IFRS16;
- the tax expense reached €93.1 million, compared to €136.0 million in the first half of 2018. This represented an average tax rate of 20.8% compared to an average rate of 26.7% over the same period in 2018;
- the share of net income of associates totaled €24.9 million, compared to €16.8 million in the first half of 2018;
- net income attributable to minority interests totaled €32.8 million compared to €48.5 million in the first half of 2018. 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 €2.54 (diluted net earnings per share on continued operations at €2.51) compared to €2.49 in the first half of 2018 (diluted on continued operations at €2.47).

1.6. Financial structure and net debt

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

<i>(in € million)</i>	<i>Notes</i>	H1 2019	H1 2018
Net cash flow		256.5	247.0
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(994.0)	(63.9)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	50.0	4.9
Cash provided by operating and investing activities	2.3	(687.6)	187.9

1.6.2. Net Cash Flow

The net cash inflow was €256.5 million in the first half of 2019 compared to a net cash inflow of €247.0 million over the same period in 2018. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €1,170.8 million compared to €1,060.8 million in the first half of 2018, due to the increase in depreciation and amortization by €112.4 million. Most of the increase in EBITDA was related to IFRS16 implementation;
- restructuring represented cash outflows of €60.9 million compared to €31.1 million in the first half of 2018;
- net financial costs represented cash outflows of €85.1 million, versus €52.4 million in the first half of 2018;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €2.6 million compared to a negative impact of €18.7 million in the first half of 2018. This change consisted in part of an increase in inventories of €101.1 million, a net increase in trade receivables of €368.9 million, an increase in trade payables of €431.9 million and a positive variation of other trade receivables and payables for €40.7 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €285.8 million, versus €278.3 million in the first half of 2018;
- capitalized research and development costs represented cash outflows of €321.9 million, versus €305.7 million in the first half of 2018;
- income taxes represented cash outflows of €152.4 million, compared to €105.7 million in the first half of 2018;
- finally, other cash flow items represented €10.8 million in outflows, compared to €21.8 million in outflows in the first half of 2018.

1.6.3. Net Debt & financial resources

<i>(in € million)</i>	June 30, 2019	Dec. 31, 2018
Net debt	2,464.6	477.7

At December 31, 2018, the Group's net financial debt stood at €477.7 million.

After a negative impact of €687.3 million related to the first implementation of IFRS16, the opening net debt at January 1, 2019 was €1,165.0 million.

At June 30, 2019, the Group's net financial debt stood at €2,464.6 million. Most of the increase during the period is related to the acquisition of Clarion.

<i>(in € million)</i>	June 30, 2019	Dec. 31, 2018
Shareholders' equity	4,121.7	4,071.3

The Group's shareholders' equity rose from €4,071.3 million at year-end 2018 to €4,121.7 million at the end of June 2019, an increase of €50.4 million.

Faurecia boasts a sound financial structure, supported by strong discipline and secured financing flexibility.

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 2024 and which was not drawn as at June 30, 2019;
- €700 million of bonds maturing in June 2023, €700 million of bonds maturing in June 2025, and €500 million of bonds maturing in June 2026;
- €700 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024.

1.7. Outlook

Faurecia fully confirms its full-year 2019 targets, as announced on February 18, 2019.

These targets are confirmed with the updated assumption that worldwide automotive production should be down c. 4% in 2019 vs. 2018.

Based on this assumption and including the impact of IFRS16 implementation as of January 1, 2019:

- sales growth at constant currencies in the full-year 2019 should outperform worldwide automotive production by 150 to 350 bps (excluding Clarion consolidation);
- operating income in the full-year 2019 should increase in value and operating margin should be at least 7% (including Clarion consolidation as from April 1);
- net cash flow in the full-year 2019 should be at least €500 m (including Clarion consolidation as from April 1).

Main currency assumptions: USD/€ @ 1.14 average and CNY/€ @ 7.74 average (vs. 1.18 and 7.77 previously).



2.

Consolidated financial statements

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2.1. Consolidated statement of comprehensive income

<i>(in € million)</i>	Notes	First-Half 2019	First-Half 2018	Full-Year 2018
SALES	4	8,972.0	8,991.3	17,524.7
Cost of sales	5	(7,747.1)	(7,828.3)	(15,248.8)
Research and development costs	5	(198.4)	(153.4)	(298.8)
Selling and administrative expenses	5	(381.7)	(362.4)	(703.2)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	644.8	647.2	1,273.9
Amortization of intangible assets acquired in business combinations		(10.8)	(5.4)	(10.9)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		634.0	641.8	1,263.0
Other non-recurring operating income	6	0.4	0.2	2.9
Other non-recurring operating expense	6	(93.4)	(64.0)	(150.2)
Income from loans, cash investments and marketable securities		8.4	5.3	9.6
Finance costs		(93.0)	(63.6)	(117.7)
Other financial income and expense	7	(9.8)	(10.0)	(55.7)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		446.6	509.7	951.9
Taxes	8	(93.1)	(136.0)	(190.0)
<i>of which deferred taxes</i>	8	13.5	(10.7)	112.7
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		353.5	373.7	761.9
Share of net income of associates	11	24.9	16.8	31.4
CONSOLIDATED NET INCOME (LOSS)		378.4	390.5	793.3
Attributable to owners of the parent		345.6	342.0	700.8
Attributable to minority interests		32.8	48.5	92.5
Basic earnings (loss) per share <i>(in €)</i>	9	2.54	2.49	5.11
Diluted earnings (loss) per share <i>(in €)</i>	9	2.51	2.47	5.09

Other comprehensive income

<i>(in € million)</i>	First-Half 2019	First-Half 2018	Full-Year 2018
CONSOLIDATED NET INCOME (LOSS)	378.4	390.5	793.3
Amounts to be potentially reclassified to profit or loss	(5.5)	(31.6)	(18.4)
Gains (losses) arising on fair value adjustments to cash flow hedges	(22.3)	(10.0)	12.2
<i>of which recognized in equity</i>	(22.1)	(8.3)	7.8
<i>of which transferred to net income (loss) for the period</i>	(0.2)	(1.7)	4.4
Exchange differences on translation of foreign operations	16.8	(21.6)	(30.6)
Amounts not to be reclassified to profit or loss	(43.6)	24.2	15.7
Actuarial gain/(loss) on post-employment benefit obligations	(43.6)	24.2	15.7
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	329.3	383.1	790.6
Attributable to owners of the parent	292.3	335.5	701.4
Attributable to minority interests	37.0	47.6	89.2

2.2. Consolidated balance sheet

Assets

<i>(in € million)</i>	Notes	June 30, 2019	Dec. 31, 2018
Goodwill	10	2,427.8	1,492.1
Intangible assets		2,122.5	1,959.4
Property, plant and equipment		2,943.8	2,784.6
Right-of-use assets	1B	747.6	-
Investments in associates	11	150.3	144.2
Other equity interests		56.9	60.7
Other non-current financial assets	12	92.4	91.2
Other non-current assets		52.9	46.2
Deferred tax assets		361.8	355.5
TOTAL NON-CURRENT ASSETS		8,956.0	6,933.9
Inventories, net		1,652.4	1,431.7
Trade accounts receivables	13	2,589.1	1,947.5
Other operating receivables		377.0	313.8
Other receivables		804.6	661.5
Other current financial assets		0.3	1.0
Cash and cash equivalents	14	1,882.1	2,105.3
TOTAL CURRENT ASSETS		7,305.5	6,460.8
TOTAL ASSETS		16,261.5	13,394.7

Liabilities

<i>(in € million)</i>	Notes	June 30, 2019	Dec. 31, 2018
EQUITY			
Capital	15	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(81.3)	(51.0)
Retained earnings		1,920.2	1,443.0
Translation adjustments		30.8	17.8
Net income (loss)		345.6	700.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	15	3,814.4	3,709.7
Minority interests		307.3	361.6
TOTAL SHAREHOLDERS' EQUITY		4,121.7	4,071.3
Non-current provisions	17	497.9	393.3
Non-current financial liabilities	18	2,807.1	1,870.0
Non-current lease liabilities	1B	556.7	-
Other non-current liabilities		1.8	1.7
Deferred tax liabilities		22.2	27.3
TOTAL NON-CURRENT LIABILITIES		3,885.7	2,292.3
Current provisions	16	206.3	191.4
Current financial liabilities	18	775.9	714.0
Current portion of lease liabilities	1B	207.3	-
Prepayments from customers		635.3	605.0
Trade payables		5,204.1	4,562.6
Accrued taxes and payroll costs		778.5	618.0
Sundry payables		446.7	340.1
TOTAL CURRENT LIABILITIES		8,254.1	7,031.1
TOTAL EQUITY AND LIABILITIES		16,261.5	13,394.7

2.3. Consolidated cash flow statement

(in € million)	Notes	First-Half 2019	First-Half 2018	Full-Year 2018
I- OPERATING ACTIVITIES				
Operating income (before amortization of acquired intangible assets)		644.8	647.2	1,273.9
Depreciations and amortizations of assets	5.4	526.0	413.6	866.7
o/w depreciations and amortizations of R&D assets	5.4	207.6	186.8	394.8
o/w other depreciations		318.4	226.8	471.9
EBITDA		1,170.8	1,060.8	2,140.6
Operating current and non-current provisions		13.6	4.0	(10.7)
Capital (gains) losses on disposals of operating assets		(0.2)	1.7	(36.0)
Paid restructuring		(60.9)	(31.1)	(93.4)
Paid finance costs net of income		(85.1)	(52.4)	(107.8)
Other non-recurring operating income and expenses paid		(38.6)	(24.4)	(35.4)
Paid taxes		(152.4)	(105.7)	(260.9)
Dividends from associates		21.5	22.9	27.3
Change in working capital requirement		2.6	(18.7)	18.9
Change in inventories		(101.1)	(42.8)	(29.0)
o/w R&D inventories increase	5.3	(117.7)	(99.2)	(201.6)
o/w R&D inventories decrease	5.3	98.1	142.1	224.7
Change in trade accounts receivables		(368.9)	(364.8)	(56.6)
Change in trade payables		431.9	428.5	293.1
Change in other operating receivables and payables		66.5	29.7	28.6
Change in other receivables and payables (excl. Tax)		(25.8)	(69.3)	(217.2)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		871.3	857.1	1,642.6
II- INVESTING ACTIVITIES				
Additional property, plant and equipment		(285.2)	(278.1)	(672.7)
Additional intangible assets		(0.6)	(0.2)	(0.6)
Capitalized development costs	5.3	(321.9)	(305.7)	(592.7)
Acquisitions / Sales of investments and business (net of cash and cash equivalents)		(994.0)	(63.9)	(174.5)
Proceeds from disposal of property, plant and equipment		45.0	14.4	124.8
Proceed from disposal of financial assets		0.0	0.0	0.0
Change in investment-related receivables and payables		(52.2)	(40.6)	26.6
Other changes		50.0	4.9	(67.0)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		(1,558.9)	(669.2)	(1,356.1)
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		(687.6)	187.9	286.5
III- FINANCING ACTIVITIES				
Shares issued by Faurecia and fully consolidated companies (net of costs)		0.0	11.7	15.5
Dividends paid to owners of the parent company		(170.2)	(150.9)	(150.9)
Dividends paid to minority interests in consolidated subsidiaries		(19.6)	(13.0)	(59.7)
Acquisitions of treasury stocks		(30.3)	(4.6)	(47.8)
Other financial assets and liabilities		0.0	0.0	0.0
Debt securities issued and increase in other financial liabilities		933.4	9.6	682.4
Repayment of debt and other financial liabilities		(193.9)	(157.3)	(163.3)
Repayments on lease debts		(56.9)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		462.5	(304.5)	276.2
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS				
Impact of exchange rate changes on cash and cash equivalents		1.9	(8.9)	(20.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(223.2)	(125.5)	542.2
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		2,105.3	1,563.0	1,563.0
CASH AND CASH EQUIVALENTS AT END OF PERIOD		1,882.1	1,437.5	2,105.3

The net cash flow amounts to €256.5million as of June 30, 2019.

2.4. Consolidated statement of changes in equity

(in € million)	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 Dec. 31, 2017 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) restated					342.0				342.0	48.5	390.5
Other comprehensive income						(20.7)	(10.0)	24.2	(6.5)	(0.9)	(7.4)
Comprehensive income					342.0	(20.7)	(10.0)	24.2	335.5	47.6	383.1
Capital increase									0.0	25.0	25.0
2017 dividends					(150.9)				(150.9)	(37.6)	(188.5)
Measurement of stock options and shares grant					11.6				11.6		11.6
Purchases and sales of treasury stock				(4.6)					(4.6)		(4.6)
Changes in scope of consolidation and other					(2.5)	(0.2)			(2.7)	57.0	54.3
Shareholders' equity as of June 30, 2018 before appropriation of net income (loss)	138,035,801	966.3	632.8	(38.8)	1,871.7	23.5	(6.8)	(81.2)	3,367.5	367.3	3,734.8
Net income (loss) restated					358.8				358.8	44.0	402.8
Other comprehensive income						(6.6)	22.2	(8.5)	7.1	(2.4)	4.7
Comprehensive income restated					358.8	(6.6)	22.2	(8.5)	365.9	41.6	407.5
Capital increase									0.0	(0.3)	(0.3)
2017 dividends					0.0				0.0	(30.0)	(30.0)
Measurement of stock options and shares grant					(22.6)				(22.6)		(22.6)
Purchases and sales of treasury stock				(12.2)					(12.2)		(12.2)
Changes in scope of consolidation and other					10.2	0.9			11.1	(17.0)	(5.9)
Shareholders' equity as of Dec. 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
IFRS 16 First application									0.0		0.0
Shareholders' equity as of Jan. 1, 2019 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
Net income (loss)					345.6				345.6	32.8	378.4
Other comprehensive income						12.6	(22.3)	(43.6)	(53.3)	4.2	(49.1)
Comprehensive income					345.6	12.6	(22.3)	(43.6)	292.3	37.0	329.3
Capital increase									0.0		0.0
2018 dividends					(170.2)				(170.2)	(43.0)	(213.2)
Measurement of stock options and shares grant					11.2				11.2		11.2
Purchases and sales of treasury stock				(30.3)					(30.3)		(30.3)
Changes in scope of consolidation and other					16.2	0.4		(14.9)	1.7	(48.3)	(46.6)
Shareholders' equity as of June 30, 2019 before appropriation of net income (loss)	138,035,801	966.3	632.8	(81.3)	2,420.9	30.8	(6.9)	(148.2)	3,814.4	307.3	4,121.7

(1) Of which 1,725,604 as of 06/30/2019 and 917,160 treasury stock as of 12/31/2018 - See note 9.

2.5. Notes to the consolidated financial statements

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Faurecia S.E. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four vehicle businesses: Seating, Interiors, Clean Mobility and Clarion Electronics.

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 July 22, 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 interim consolidated financial statements comply with IAS 34, Interim Financial Reporting, which permits entities to present condensed information. They should therefore be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018.

The standards used to prepare the interim consolidated financial statements for the six months ended June 30, 2019 and comparative data for 2018 are those published in the Official Journal of the European Union (OJEU) as of June 30, 2019, whose application was mandatory at that date. Faurecia has more specifically applied the new standard IFRS 16 on lease contracts from January 1, 2019 (see Note 1B). All other new standards, amendments and revisions to the existing standards, including IFRIC 23, whose application is mandatory from January 1, 2019, have no significant impact on the Group semester consolidated financial statements.

Moreover, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory after June 30, 2019, irrespective of whether or not they are adopted by the European Union.

The principal accounting policies considered have been applied consistently to all presented periods. Specifically, the Operating margin (before amortization of intangible assets acquired) 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.

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in million 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.

1.B First application of IFRS 16

Faurecia has applied the new standard IFRS16 as of January 1, 2019 relating to leases. This standard replaces IAS17 and the interpretations IFRIC 4, SIC 15 et SIC 27.

For the lessees, the accounting is based on a single model, resulting from the cancellation of the distinction between operating lease and finance lease contracts. Applying IFRS 16 implies to account for all lease contracts in the lessee balance sheet, through an asset (representing the right to use the leased asset along the contract duration) and a liability (representing the lease payments obligation).

The main assumptions considered are:

- transition measures:
 - using the modified retrospective method (no restatement of comparative periods);
 - as of January 1, 2019, exemption of revaluation of qualification of existing contracts;
 - exemption of contracts with a duration less than 12 months as of January 1, 2019 or which value is below €5,000;
 - the lease liability is valued at the discounted value of lease payments due;
 - the right to use asset at transition date is equal to the lease liability of the lease contract, adjusted with leases paid in advance or due;

- the discount rate used is the marginal *in fine* borrowing rate corresponding to the contract lease term, in the absence of a contract implicit rate;
- general principles:
 - exemption of contracts with a duration less than 12 months or which value is below €5,000,
 - 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,
 - in the absence of a contract implicit rate, the discount rate used is the marginal *in fine* borrowing rate corresponding to the contract lease term, determined based on the country and duration concerned,
 - as of the effective date, lease contracts as defined per IFRS16 are accounted for :
 - as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs based on contractual terms if needed, and
 - as lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above,
 - these right of use are depreciated on a linear basis, on the contract duration or on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised,
 - cash flows related to the sale and lease back operations are included in the cash flows provided by investing activities.

IMPACT OF THE FIRST APPLICATION OF IFRS 16

The main impacts on the consolidated financial statements of the period are the following:

- consolidated statement of comprehensive income:
 - operating income (before depreciation of acquired intangible assets): €12.6 million,
 - finance costs: €-23.6 million;
- consolidated balance sheet:
 - assets: right of use for €747.6 million,
 - liabilities: non current lease liability for €556.7 million,
current lease liability for €207.3 million;
- consolidated cash flow statement:
 - cash flow on operating activities for €+56.9 million,
 - cash flow on financing activities for €-56.9 million.

The lease liability of €687.3 million as of January 1st, 2019; the variance with the off balance sheet commitments for leases as of December 31, 2018 of €870.4 million can be analyzed as follows:

(in € million)

Off balance sheet commitments for leases as of December 31, 2018	870.4
Finance lease liabilities	11.0
Exempted contracts (duration below 12 months and low value)	-32.6
Duration and additional contracts	62.0
Discount impact	-223.5
LEASE LIABILITY AS OF 01/01/2019	687.3

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2019

Clarion has been acquired in March 2019 and integrated in the new Clarion electronics perimeter (see note 10A). In the same perimeter, the remaining shares of Coagent (49%) has been acquired in June 2019.

Within the Seating consolidation scope, in the United States, the company Total Network Manufacturing has been acquired at 49% and is consolidated by equity method since January 2019. In Mexico, the company Steva Mexico SLP SA de CV has been acquired at 49% and is consolidated by equity method since February 2019.

For Interiors, in China, the company Covatech Automotive Technologies has been acquired at 82% and is fully consolidated since March 2019. Finally, the company Creo has been acquired in Sweden at 72% and is fully consolidated since April 2019.

Within the Clean Mobility perimeter, the company Faurecia (Liuzhou) Emissions Control Technologies Co Ltd has been created in March 2019, it is held at 50% and consolidated by equity method. The company Amminex, held at 91.5%, is fully consolidated since January 2019.

2.2 Reminder of change in scope of consolidation introduced in 2018

Within the Seating consolidation scope in China, 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 and all related assets have been impaired in 2018 (see Note 6).

Within Interiors, 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 two 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.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred.

Note 4 Information by operating segment

Following the acquisition of Clarion in March 2019, (see 2.1), the Group is now structured into four 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);
- Interiors (design and manufacture of instrument panels, complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems);
- Clarion Electronics (Smart cockpit electronics & software integration), integrating Clarion, as well as Parrot and Coagent activities (part of Interiors in 2018).

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 (before amortization of acquired intangible assets) – 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 Key figures by operating segment

First-Half 2019

<i>(in € million)</i>	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	3,666.4	2,753.5	2,351.8	234.6	60.0	9,066.4
Inter-segment eliminations	(26.3)	(7.5)	(0.6)	(0.0)	(60.0)	(94.4)
Consolidated sales	3,640.1	2,746.1	2,351.2	234.6	0.0	8,972.0
Operating income (before amortization of acquired intangible assets)	219.1	170.8	254.7	0.2	0.0	644.8
Amortization of intangible assets acquired in business combinations						(10.8)
Operating income (after amortization of acquired intangible assets)						634.0
Other non recurring operating income						0.4
Other non recurring operating expenses						(93.4)
Finance costs, net						(84.6)
Other financial income and expenses						(9.8)
Corporate income tax						(93.1)
Share of net income of associates						24.9
NET INCOME (LOSS)						378.4
Segment assets	4,076.0	3,188.2	4,036.4	1,904.3	239.4	13,444.4
Net property, plant and equipment	772.9	950.8	969.4	208.8	41.9	2,943.7
Right-of-use assets	200.3	241.9	185.8	32.3	87.2	747.6
Other segment assets	3,102.9	1,995.5	2,881.3	1,663.2	110.3	9,753.1
Investments in associates						150.3
Other equity interests						56.9
Short and long-term financial assets						2,009.5
Tax assets (current and deferred)						600.4
TOTAL ASSETS						16,261.5
Segment liabilities	2,275.1	1,994.9	2,760.4	371.2	285.4	7,687.0
Borrowings						3,583.0
Lease liabilities						764.0
Tax liabilities (current and deferred)						105.8
Equity and minority interests						4,121.7
TOTAL LIABILITIES						16,261.5
Capital expenditure	68.5	108.4	93.2	2.7	11.8	284.6
Depreciation of property, plant and equipment	(68.3)	(82.1)	(75.5)	(6.3)	(2.5)	(234.8)
Depreciation of Right-of-use assets	(20.4)	(17.8)	(23.7)	(0.5)	(5.2)	(67.5)
Impairment of property, plant and equipment	(0.4)	(3.7)	(3.4)	0.0	0.0	(7.5)
Headcounts	44,120	38,206	23,223	7,712	2,806	116,067

First-Half 2018

<i>(in € million)</i>	Seating	Interiors	Clean Mobility	Other	Total
TOTAL SALES	3,810.3	2,858.2	2,360.9	54.4	9,083.8
Inter-segment eliminations	(28.8)	(8.7)	(0.6)	(54.4)	(92.5)
Consolidated sales	3,781.5	2,849.5	2,360.3	0.0	8,991.3
Operating income (before amortization of acquired intangible assets)	221.5	170.4	255.3	(0.0)	647.2
Amortization of intangible assets acquired in business combinations					(5.4)
Operating income (after amortization of acquired intangible assets)					641.8
Other non recurring operating income					0.2
Other non recurring operating expenses					(64.0)
Finance costs, net					(58.3)
Other financial income and expenses					(10.0)
Corporate income tax					(136.0)
Share of net income of associates					16.8
NET INCOME (LOSS)					390.5
Segment assets	3,730.4	3,079.5	3,380.6	182.9	10,373.4
Net property, plant and equipment	757.9	976.7	926.4	52.1	2,713.1
Other segment assets	2,972.5	2,102.8	2,454.2	130.8	7,660.3
Investments in associates					146.0
Other equity interests					53.3
Short and long-term financial assets					1,569.5
Tax assets (current and deferred)					436.6
TOTAL ASSETS					12,578.8
Segment liabilities	2,212.6	1,879.2	2,500.7	248.3	6,840.8
Borrowings					1,902.8
Tax liabilities (current and deferred)					100.4
Equity and minority interests					3,734.8
TOTAL LIABILITIES					12,578.8
Capital expenditure	83.6	97.5	90.5	6.5	278.1
Depreciation of property, plant and equipment	(63.5)	(77.1)	(67.0)	(3.0)	(210.6)
Impairment of property, plant and equipment	0.0	0.6	0.0	0.0	0.6
Headcounts	46,758	41,061	25,200	2,667	115,686

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Year 2018

<i>(in € million)</i>	Seating	Interiors	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 (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
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
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

4.2 Sales by operating segment

Sales by operating segment break down as follows:

(in € million)	First-Half 2019		First-Half 2018		Full-Year 2018	
	Consolidated Sales	%	Consolidated Sales	%	Consolidated Sales	%
Seating	3,640.1	40	3,781.5	42	7,437.9	43
Interiors	2,746.1	31	2,849.5	32	5,471.7	31
Clean Mobility	2,351.2	26	2,360.3	26	4,615.1	26
Clarion Electronics	234.6	3	-	-	-	-
TOTAL	8,972.0	100	8,991.3	100	17,524.7	100

4.3 Sales by major customer

Sales* by major customer break down as follows:

(in € million)	First-Half 2019		First-Half 2018		Full-Year 2018	
	Consolidated Sales	%	Consolidated Sales	%	Consolidated Sales	%
VW Group	1,296.7	15	1,285.4	14	2,531.7	14
Ford Group	1,183.6	13	1,334.7	15	2,494.8	14
PSA Peugeot Citroën	1,071.9	12	1,208.7	13	2,182.6	12
Renault-Nissan	928.5	10	893.4	10	1,681.6	10
GM	458.2	5	407.3	5	826.8	5
BMW	311.5	4	373.7	4	730.0	4
Daimler	283.7	3	440.2	5	816.3	5
Other	3,437.9	38	3,047.9	34	6,260.9	36
TOTAL	8,972.0	100	8,991.3	100	17,524.7	100

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

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € million)	First-Half 2019	First-Half 2018	Full-Year 2018
Cost of sales	(7,747.1)	(7,828.3)	(15,248.8)
Research and development costs	(198.4)	(153.4)	(298.8)
Selling and administrative expenses	(381.7)	(362.4)	(703.2)
TOTAL	(8,327.2)	(8,344.1)	(16,250.8)

5.2 Analysis of operating expenses by nature

<i>(in € million)</i>	First-Half 2019	First-Half 2018	Full-Year 2018
Purchases consumed	(5,296.9)	(5,347.3)	(10,389.5)
External costs	(886.6)	(981.2)	(2,010.0)
Personnel costs	(1,965.8)	(1,926.2)	(3,705.7)
Taxes other than on income	(31.2)	(29.3)	(48.7)
Other income and expenses ⁽¹⁾	388.7	358.5	756.7
Depreciation, amortization and provisions for impairment in value of non-current assets	(526.0)	(413.6)	(866.7)
Charges to and reversals of provisions	(9.4)	(5.0)	13.1
TOTAL	(8,327.2)	(8,344.1)	(16,250.8)
<i>(1) Including production taken into inventory or capitalized.</i>	410.0	311.2	607.2

The CICE (tax credit for competitiveness and employment) has been replaced in 2019 by social charges reductions it was allocated to personnel costs in 2018, for €6.7 million for the first half-year 2018 and €12.6 million for the full year 2018.

5.3 Research and development costs

<i>(in € million)</i>	First-Half 2019	First-Half 2018	Full-Year 2018
Research and development costs, gross	(637.9)	(558.3)	(1,093.1)
Capitalized development costs	439.5	404.9	794.3
<i>of which in inventory</i>	117.7	99.2	201.6
<i>of which in intangible assets</i>	321.9	305.7	592.7
TOTAL	(198.4)	(153.4)	(298.8)

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €305.7 million as of June, 30, 2019, vs €619.6 million as of December, 31, 2018 and €328.7 million as of June, 30, 2018.

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

<i>(in € million)</i>	First-Half 2019	First-Half 2018	Full-Year 2018
Amortization of capitalized development costs	(206.7)	(184.3)	(398.6)
Provisions for impairment of capitalized development costs	(0.9)	(2.5)	3.8
Amortization of other intangible assets	(16.4)	(16.4)	(31.5)
Depreciation of specific tooling	(5.5)	(4.8)	(12.8)
Depreciation and impairment of other property, plant and equipment	(229.0)	(205.6)	(427.6)
Depreciation of Right-of-use assets	(67.5)	-	-
TOTAL	(526.0)	(413.6)	(866.7)

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 € million)	First-Half 2019	First-Half 2018	Full-Year 2018
Release of provision for impairment of assets	0.3	0.0	0.0
Gain on disposals of assets	0.0	0.0	0.0
Others	0.1	0.2	2.9
TOTAL	0.4	0.2	2.9

OTHER NON RECURRING OPERATING EXPENSES

(in € million)	First-Half 2019	First-Half 2018	Full-Year 2018
Other provisions for impairment of assets	0.0	0.0	(3.4)
Reorganization expenses ⁽¹⁾	(71.0)	(27.8)	(100.8)
Losses on disposal of assets	0.0	(1.0)	0.0
Others ⁽²⁾⁽³⁾	(22.4)	(35.2)	(46.0)
TOTAL	(93.4)	(64.0)	(150.2)

(1) As of June 30, 2019, this item includes restructuring costs in the amount of €54.3 million and provisions for impairment in value of non-current assets in the amount of 16.7 million and versus respectively, €97.8 million and €3 million as of December 2018 and €27.4 million and €0.4 million as of June 2018.

(2) Of which €17.2 million relating to the end of business with Iran for the first half 2018 and €16.9 million as of December 31, 2018 (see note 2.2).

(3) Of which €15.5 million relating to the acquisition of Clarion for the first half 2019 (see note 10A).

RESTRUCTURING

Reorganization costs (€71.0 million) include redundancy and site relocation payments for 2,472 people.

Note 7 Other financial income and expenses

(in € million)	First-Half 2019	First-Half 2018	Full-Year 2018
Impact of discounting pension benefit obligations	(4.2)	(3.3)	(6.6)
Changes in the ineffective portion of currency hedges	(3.3)	0.0	(1.9)
Changes in fair value of currency hedged relating to debt	0.8	(4.8)	(5.6)
Foreign exchange gains and losses on borrowings	3.4	3.6	(6.0)
Hyperinflation impact (Argentina)	(1.3)	0.0	(5.7)
Others ⁽¹⁾	(5.2)	(5.5)	(29.9)
TOTAL	(9.8)	(10.0)	(55.7)

(1) As of June 30, 2019, 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

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

(in € million)	First-Half 2019	First-Half 2018	Full-Year 2018
Pre-tax income of consolidated companies	446.6	509.7	951.9
Theoretical Tax (32.02% in 2019 and 34.43% in 2018)	(143.0)	(175.5)	(327.7)
Effect of rate changes on deferred taxes recognized on the balance sheet	5.3	(1.5)	(2.8)
Effect of local rate differences ⁽¹⁾	32.7	51.6	80.0
Tax credits	8.3	14.0	0.5
Change in unrecognized deferred tax	(9.5)	(6.5)	93.8
Permanent differences & others	13.1	(18.1)	(33.8)
Corporate tax recognized	(93.1)	(136.0)	(190.0)

(1) The impact of local rate differences mainly relates to Chinese entities.

Deferred tax assets are not recognized for tax losses carried forwards that are not certain of being utilized. As of June 30, 2019 these assets amounted to €576 million, compared with €564.7 million as of December 31, 2018.

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).

	First-Half 2019	First-Half 2018	Full-Year 2018
Number of shares outstanding at year-end ⁽¹⁾	138,035,801	138,035,801	138,035,801
Adjustments:			
■ treasury stock	(1,725,604)	(881,820)	(917,160)
■ weighted impact of share issue prorated	0	0	0
Weighted average number of shares before dilution	136,310,197	137,153,981	137,118,641
Weighted impact of dilutive instruments:			
■ stock options ⁽²⁾	0	0	0
■ free shares attributed	1,260,075	1,362,406	610,752
■ bonds with conversion option	0	0	0
Weighted average number of shares after dilution	137,570,272	138,516,387	137,729,393

(1) Changes in the number of shares outstanding as of June 30, 2019, are analyzed as follows:

As of December 31, 2018: Number of Faurecia shares outstanding 138,035,801

Exercise of stock options 0

As of June 30, 2019: 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:

	First-Half 2019	First-Half 2018	Full-Year 2018
Net Income (loss) (in € million)	345.6	342.0	700.8
Basic earnings (loss) per share	2.54	2.49	5.11
After dilution	2.51	2.47	5.09

Note 10A Business Combination

Faurecia, through its subsidiary Hennape Six 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, for a price of ¥2,500 per clarion share. The tender offer has been authorized by antitrust authorities. Clarion shareholders have tendered 95.2% of their shares to the offer launched on January 30, 2019. The tender offer, closed on February 28, 2019, has been followed by a squeeze out at the end of which Hennape Six SAS has acquired on March 28, 2019 the remaining Clarion shares (excluding treasury shares) which will be paid in July 2019.

This acquisition has been financed through the issuance by Faurecia SE in December 2018 of a €700 million *Schuldscheindarlehen* and a €500 million bridge loan. Faurecia SE has successfully issued on March 27, 2019 €500 million of senior notes due 2026 at 3.125% to refinance the bridge loan.

Faurecia thus acquires key competencies in electronics, software, full digital audio systems, human-machine interface and image treatment, which are at the heart of its strategy for Sustainable Mobility and Cockpit of the Future.

This business combination was accounted for provisionally at June 30, 2019 as the fair values assigned to the identifiable assets acquired and liabilities assumed and the related goodwill may be amended within the one-year period following the March 2019 acquisition date. The purchase price allocation is on going; as of June 30, 2019, out of the initial purchase price of €1,108 million; €227 million has been allocated to the net assets acquired and €881 million to the goodwill.

Clarion's accounts have been included in the consolidated financial statements since April 1, 2019 and as of June 30, 2019 Clarion's accounts until end of May have been consolidated. Clarion's total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €150 million and €-1.2 million in the first half of 2019.

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The table below shows a breakdown of Clarion's net assets acquired by Faurecia:

<i>(in € million)</i>	Amounts
Intangible assets	56.2
Property, plant and equipment	175.9
Right-of-use assets	7.2
Other non current assets	21.1
TOTAL NON CURRENT ASSETS	260.4
Inventories, net	108.6
Trade accounts receivable	239.1
Other Current assets	46.0
Cash & cash equivalent	132.0
TOTAL CURRENT ASSETS	525.7
TOTAL ASSETS	786.2
Long term provisions and non current liabilities	53.4
Non current financial liabilities	119.1
Non current lease liabilities	6.9
TOTAL NON CURRENT LIABILITIES	179.4
Trade payables	180.0
Current liabilities	85.7
Current financial liabilities	113.9
Current portion of lease liabilities	0.3
TOTAL CURRENT LIABILITIES	379.9
TOTAL LIABILITIES	559.2
Net acquired assets	226.9
Goodwill	880.8
Acquisition cost	1,107.8

Note 10B Goodwill

<i>(in € million)</i>	Gross	Impairment	Net
Amount as of January 1, 2018	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
Acquisitions	939.3	0.0	939.3
Translation adjustments and other movements	(3.6)	0.0	(3.6)
Amount as of June 30, 2019	2,938.5	(510.7)	2,427.8

Breakdown of the net amount of goodwill by operating segment:

<i>(in € million)</i>	June 30, 2019	Dec. 31, 2018
Seating	842.1	842.9
Interiors	290.4	271.8
Clean Mobility	414.5	377.4
Clarion Electronics ⁽¹⁾	880.8	-
TOTAL	2,427.8	1,492.1

(1) See note 10A.

As of June 30, 2019 the management has not identified any triggering event for a potential impairment.

Note 11 Investments in associates

Investment in associates for continued operations:

<i>(in € million)</i>	% interest ⁽¹⁾	Group share of equity ⁽²⁾	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50%	3.3	(2.7)	14.0	12.7
Changchun Xuyang Faurecia Acoustics & Soft Trim Co. Ltd.	40%	4.0	0.0	11.2	16.8
Detroit Manufacturing Systems LLC	49%	16.8	0.0	186.2	98.9
DMS leverage lender (LLC)	49%	4.6	0.0	0.0	17.8
Faurecia Japon NHK Co. Ltd.	50%	0.0	0.0	96.1	35.8
Total Network Manufacturing, LLC	49%	0.1	0.0	46.4	12.2
Others	-	55.3	(3.8)	107.7	126.0
SUB TOTAL		84.1	(6.5)	461.6	320.2
SAS Group	50%	66.2	(15.0)	190.8	395.0
TOTAL		150.3	(21.5)	652.4	715.2

(1) Percent of interest held by the Company that owns the shares.

(2) As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.

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

11.1 Change in investments in associates

<i>(in € million)</i>	First-Half 2019	First-Half 2018	Full-Year 2018
Group share of equity at beginning of period	144.2	151.1	151.1
Dividends	(21.5)	(22.9)	(27.3)
Share of net income of associates	24.9	16.8	31.4
Change in scope of consolidation	(3.5)	(0.5)	(12.2)
Capital increase	6.1	1.7	1.7
Currency translation adjustments	0.1	(0.2)	(0.5)
Group share of equity at end of period	150.3	146.0	144.2

Note 12 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 € million)	June 30, 2019			Dec. 31, 2018	
	Gross	Provisions	Net	Net	
Loans with maturity longer than one year	74.9	(16.4)	58.5	57.1	
Others	35.5	(1.6)	33.9	34.1	
TOTAL	110.4	(18.0)	92.4	91.2	

Note 13 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 June 30, 2019, 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 € million)	June 30, 2019	Dec. 31, 2018
Financing	1,153.2	1,032.8
Guarantee reserve deducted from borrowings	(18.4)	(33.6)
Cash received as consideration for receivables sold	1,134.8	999.2
Receivables sold and derecognized	(1,036.3)	(977.3)

Individually impaired trade receivables are as follows:

(in € million)	June 30, 2019	Dec. 31, 2018
Gross total trade receivables	2,608.1	1,968.5
Provision for impairment of receivables	(19.0)	(21.0)
TOTAL	2,589.1	1,947.5

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

Late payments as of June 30, 2019 were €158.6 million, breaking down as follows:

- €82.9 million less than one month past due;
- €18.4 million between one and two months past due;
- €15.4 million between two and three months past due;
- €16.5 million between three and six months past due;
- €25.4 million more than six months past due.

Note 14 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €1,769.4 million (compared to €1,462.0 million in 2018) and short-term investments in the amount of €112.7 million (compared to €643.3 million in 2018), or a total of €1,882.1 million as of June 30, 2019.

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 15 Shareholders' equity

15.1 Capital

As of June 30, 2019, 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 June 30, 2019, 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 (in € million)	Additional paid-in capital (in € million)
Amount as of January 1, 2018	138,035,801	966.3	604.0
Exercise of stock options	-	-	-
Amount as of June 30, 2019	138,035,801	966.3	604.0

15.2 Share-based payment

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 €11.2 million, compared to €11.6 million in the first semester 2018.

Details of the share grant plans as of June 30, 2019 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 ⁽¹⁾ for:		Performance condition	share market value at grant date (€)	Adjustments			Acquisition date	sales date (from)
		reaching the objective	exceeding the objective			dividend rate	Non-transferrability discount			
05/27/2016	07/25/2016	610,501	659,270	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	549,813	714,720	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	409,818	532,770	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	

(1) Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 23, 2015 have been met, the corresponding shares, ie 600,805 will be definitely distributed in July 2019. The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, ie 659,270 will be definitely distributed in July 2020.

Note 16 Current provisions and contingent liabilities

16.1 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 € million)</i>	June 30, 2019	Dec. 31, 2018
Restructuring	71.7	78.9
Risks on contracts and customer warranties	60.6	57.1
Litigation	10.5	10.0
Other provisions	63.5	45.4
TOTAL	206.3	191.4

<i>(in € million)</i>	Amount as of January 1, 2019	Additions	Expenses charged	Reversal ⁽¹⁾	Sub total changes	Change in scope of consolidation and other changes	Amount as of June 30, 2019
Restructuring	78.9	41.6	(48.4)	0.0	(6.8)	(0.4)	71.7
Risks on contracts and customer warranties	57.1	0.4	(6.9)	(1.5)	(8.0)	11.5	60.6
Litigation	10.0	2.1	(1.6)	0.0	0.5	0.0	10.5
Other provisions	45.4	25.8	(2.4)	(0.2)	23.2	(5.1)	63.5
TOTAL	191.4	69.9	(59.3)	(1.7)	8.9	6.0	206.3

(1) Surplus provisions.

16.2 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 June 30, 2019.

In 2014, the Alliance of Artists and Recording Companies, Inc. (AARC) filed two consolidated cases in the United States District Court for the District of Columbia seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America. AARC alleged that the defendants were distributing in-vehicle navigation systems in violation of the Audio Home Recording Act of 1992, in part, because no royalties were paid pursuant to the Act. The case centers

on whether the systems are “digital audio recording devices” that are capable of making “digital audio copied recordings” as defined by the statute. On March 23, 2018, the District Court issued summary judgment in favor of Clarion and ruled that Clarion’s navigation systems are not “digital audio recording devices” because they are not capable of producing a “digital audio copied recording” under the statute’s definitions. The District Court entered final judgment in favor of Clarion and the other defendants and there are no additional claims against Clarion that remain pending at the District Court level. However, AARC has appealed the District Court’s summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit on similar grounds argued at the District Court. Clarion along with the other defendants filed an opposing appeal brief supporting affirmance of the District Court’s opinion. The appeal is on-going.

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 17 Non-current provisions and provisions for pensions and other post-employment benefits

17.1 Non-current provisions

<i>(in € million)</i>	June 30, 2019	Dec. 31, 2018
Provisions for pensions and other employee obligations	497.9	393.3
■ Pension plan benefit obligations	252.7	221.9
■ Post-retirement benefit obligations	202.9	130.3
■ Long-service awards	27.0	26.4
■ Healthcare costs	15.3	14.7
Provisions for early retirement costs	0.0	0.0
TOTAL	497.9	393.3

ASSUMPTIONS USED

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

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

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

<i>(in %)</i>	Euro zone	United Kingdom	USA
DISCOUNT RATE			
June 30, 2019	1.20%	2.45%	3.35%
Dec. 31, 2018	1.95%	2.95%	3.91%
June 30, 2018	1.85%	2.90%	3.91%
INFLATION RATE			
June 30, 2019	1.80%	3.30%	N/A
Dec. 31, 2018	1.80%	3.30%	N/A
June 30, 2018	1.80%	3.10%	N/A

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

The variation of discount rates generated actuarial gains and losses which have been recorded in Other comprehensive income according to IAS 19R.

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

Note 18 Net debt

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

18.1 Analysis of net debt

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

<i>(in € million)</i>	June 30, 2019	Dec. 31, 2018
Bonds	1,869.2	1,371.4
Bank borrowings	926.6	485.6
Other borrowings	1.9	1.2
Obligations under finance lease	0.0	11.3
Non-current lease liabilities ⁽¹⁾	556.7	-
Non-current derivatives	9.4	0.5
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	3,363.8	1,870.0
Current portion of long term debt	50.6	46.7
Current portion of lease liabilities ⁽¹⁾	207.3	-
Short-term borrowings ⁽²⁾	723.5	665.3
Current derivatives	1.8	2.0
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	983.2	714.0
TOTAL FINANCIAL LIABILITIES	4,347.0	2,584.0
Derivatives classified under non-current and current assets	(0.3)	(1.0)
Cash and cash equivalents	(1,882.1)	(2,105.3)
NET DEBT	2,464.6	477.7
Net cash and cash equivalent	1,882.1	2,105.3
<i>(1) See note 1B First application of IFRS16.</i>		
<i>(2) Including bank overdrafts.</i>	115.4	34.6

18.2 Financing

The main components of Faurecia financing are described below:

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.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

As of June 30, 2019 this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt ⁽¹⁾ / EBITDA ⁽²⁾ must be lower than 2.50. Compliance with this ratio is a condition affecting the availability of this credit facility. As of June 30, 2019, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% 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.

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 ⁽²⁾ 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.

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.

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

The proceeds of these bonds have been used to refinance the €500 million drawn on the bridge loan described below in the paragraph "Financing of Clarion Co Ltd acquisition".

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.

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 per share, i.e. a total of around ¥141.3 billions, or around €1.1 billion.

The total amount of the acquisition has been 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 had a maturity of one year, extendable by one year through two six-months extension options. This loan included some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

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.

(1) Consolidated net debt.

(2) 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.

Thanks to this operation the amount of the bridge loan has been reduced down to €750 million at the end of December 2018.

At the closing of the tender offer, end of February 2019, Faurecia was owner of 95.28% of Clarion shares. This acquisition has been paid early March 2019 for an amount of ¥134 billion or €1,051 million at hedging rate. A squeeze out has then been launched, bringing the level of acquired shares at 100% at the end of March 2019, at which date Clarion shares have been delisted from the Tokyo Stock Exchange.

The bridge loan has therefore been drawn early March 2019 for an amount of €500 million, then paid back with the result of the 2016 bonds issue, this credit facility being then cancelled.

Finally, during 2019, 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. Moody's confirmed Faurecia's credit rating on April 24, 2019 and so did Fitch Ratings on July 3, 2019. In addition, the three rating agencies rated Ba1/BB+ the bonds issued in March 2019.

18.3 Analysis of borrowings

As of June 30, 2019, the variable rate borrowings were 44.7% of borrowings before taking into account the impact of hedging.

<i>(in € million)</i>	June 30, 2019	
Variable rate borrowings	1,556.0	44.7%
Fixed rate borrowings	2,791.0	55.3%
TOTAL	4,347.0	100.0%

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

<i>(in € million)</i>	June 30, 2019		Dec. 31, 2018	
Euros	3,564.8	81.1%	2,327.9	90.1%
US Dollars	225.5	6.7%	81.9	3.2%
Yen japanese	241.3	5.1%	-	-
Other currencies	315.5	7.1%	174.3	6.7%
TOTAL	4,347.0	100.0%	2,584.0	100.0%

In the first half of 2019, the weighted average interest rate on gross outstanding borrowings was 2.63% versus 3.68% for the first half of 2018.

Note 19 Financial instruments

19.1 Financial instruments recorded in the balance sheet

	June 30, 2019		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 € million)</i>						
Other equity interests	56.9		56.9			56.9
Other non-current financial assets	92.4				92.4	92.4
Trade accounts receivables	2,589.1	2,589.1			0.0	0.0
Other operating receivables	377.0	369.4	0.7	6.9	0.0	7.6
Other receivables and prepaid expenses	804.6	781.2			23.4	23.4
Currency derivatives	0.3		0.3			0.3
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	1,882.1		1,882.1			1,882.1
FINANCIAL ASSETS	5,802.4	3,739.7	1,940.0	6.9	115.8	2,062.7
Long-term debt*	2,807.1	1.9		9.4	2,795.8	2,805.2
Current portion of lease liabilities	556.7				556.7	556.7
Short-term*	775.9			2.0	773.9	775.9
Non-current lease liabilities	207.3				207.3	207.3
Prepayments from customers	635.3	635.3			0.0	0.0
Trade payables	5,204.1	5,204.1			0.0	0.0
Accrued taxes and payroll costs	778.5	778.5			0.0	0.0
Sundry payables	446.7	444.3		2.4	0.0	2.4
Of which						
Currency derivatives	2.4			2.4		2.4
FINANCIAL LIABILITIES	11,411.6	7,064.1	0.0	13.8	4,333.7	4,347.5

(1) No financial instruments were transferred between categories in 2019.

(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 (June 30, 2019) : for the 2023 bonds quoted 102.2455% of par, at €715.7 million, for the 2025 bonds quoted 104.514% of par, at €731.6 million, and for the 2026 bonds quoted 105.412% of par, at €527.1 million.

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	Dec. 31, 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 € million)</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
Current portion of lease liabilities	-					-
Short-term*	714.0		2.0		712.0	714.0
Non-current lease liabilities	-					-
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						
<i>Currency derivatives</i>	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.

Note 20 Hedging of currency and interest rate risks

20.1 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of 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.

INFORMATION ON HEDGED NOTIONAL AMOUNTS

(in € million)	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
June 30, 2019						
Fair value hedges						
■ forward currency contracts	0.3	(0.3)	54.6	54.6	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.3	(0.6)	679.1	679.1	0.0	0.0
■ cross-currency swaps	0.4	(1.8)	105.4	0.0	105.4	0.0
Cash flow hedges						
■ forward currency contracts	4.2	(1.5)	387.7	387.7	0.0	0.0
■ currency option	2.3	(0.1)	173.9	173.9	0.0	0.0
■ contingent forward	0.0	0.0	0.0	0.0	0.0	0.0
Not eligible for hedge accounting	0.3	0.0	69.6	69.6	0.0	0.0
	7.8	(4.3)				

* Notional amounts based on absolute values.

(in € million)	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Dec. 31, 2018						
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.

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, was hedged through contingent forwards, which 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.

The tender offer has been successful with 95.28% of shares presented; the contingent forwards have been transformed in forward hedging for which the main part has been settled early March 2019 in order to pay for the shares brought to the tender offer.

The time value component of the contingent forwards has booked in financial result, for an amount of €1.8 million in 2018 and €3.5 million for the first quarter 2019. 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 was depending on the effective date of the payment of Clarion acquisition) has been at €5.3 million, i.e. less than 0.5% of the hedged amount.

20.2 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 € million) June 30, 2019	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	(9.4)	0.0	577.0	137.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(9.4)	0.0	577.0	137.0

(in € million) Dec. 31, 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

The impact of the valuation of the credit risk in the derivatives fair value is not material on the group financial statements as of June, 30, 2019.

Note 21 Commitments given and contingent liabilities

Commitments given

<i>(in € million)</i>	June 30, 2019	Dec. 31, 2018
Future minimum lease payments under operating leases*	44.7	870.4
Debt collateral:		
■ mortgages	2.1	2.0
Other debt guarantees	69.6	55.4
Firm orders for property, plant and equipment and intangible assets	161.5	164.3
Other	1.2	1.1
TOTAL	279.1	1,093.2

* Commitments on future lease payments are considering only obligations not reflected in the lease liability, such as payments on contracts corresponding to exemption criteria allowed by IFRS 16 and considered by the Group as well as future payments on signed contracts which execution has not yet started.

Note 22 Related party transactions

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 € million)</i>	June 30, 2019	Dec. 31, 2018
Sales	1,071.9	2,182.6
Purchases of products, services and materials	7.0	15.8
Receivables ⁽¹⁾	503.5	406.6
Trade payables	112.5	94.5
<i>(1) Before no-recourse sales of receivables amounting to:</i>	<i>203.0</i>	<i>221.6</i>



3.

Statement by the
person responsible
for the 2019
half year financial
report

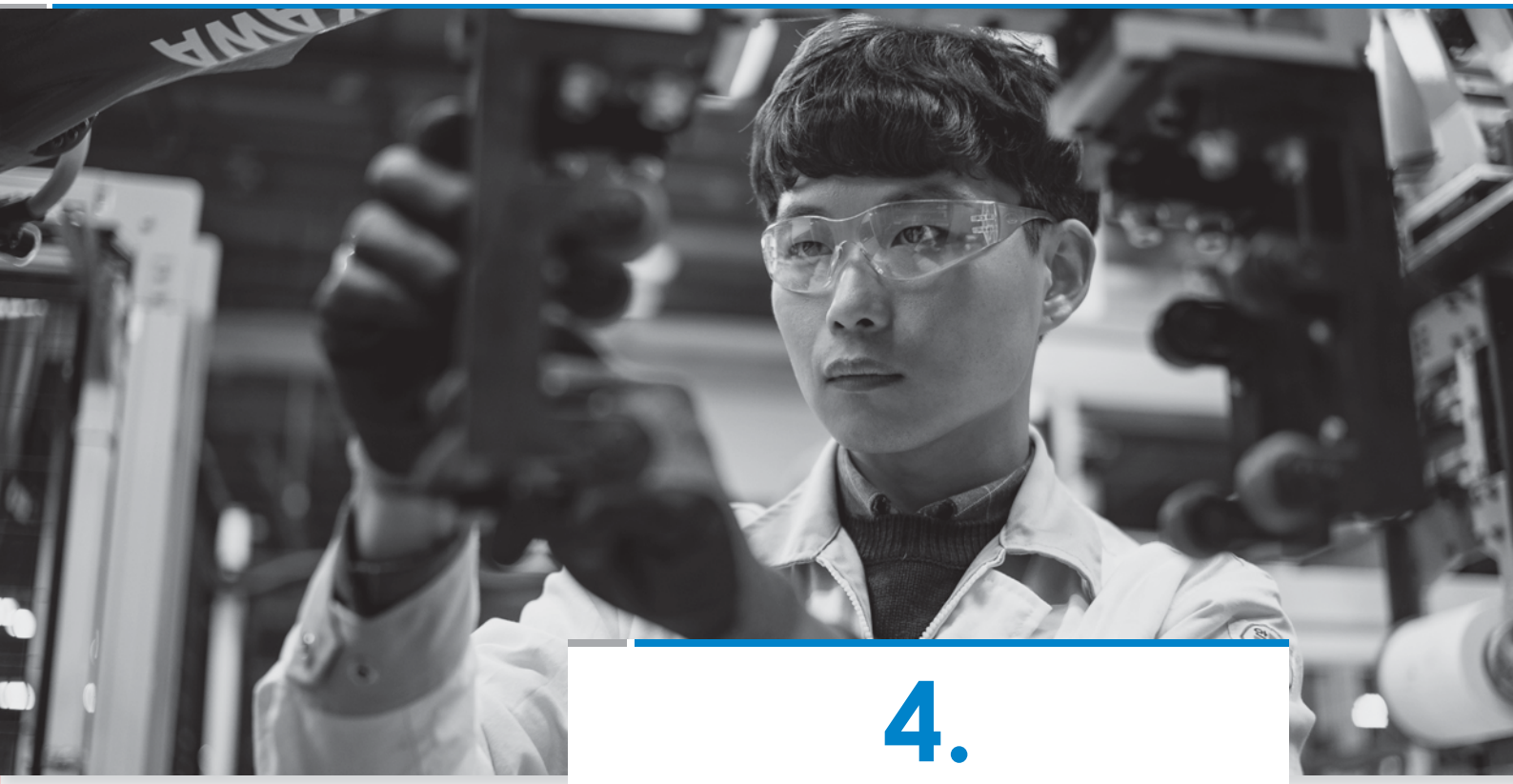
Statement by the person responsible for the 2019 half year financial report

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

July 22, 2019

Patrick KOLLER

Chief Executive Officer



4.

Statutory Auditors' review report on the interim financial information

Statutory Auditors' review report on the half-yearly financial information

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

To the Shareholders,

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Faurecia for the six months ended June 30, 2019;
- the verification of the information contained in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements have not been prepared, in all material respects, in accordance with IAS 34 – "Interim Financial Reporting", standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in Note 1B "First application of IFRS 16" to the condensed half-yearly consolidated financial statements regarding the impact of the application of IFRS 16 standard – Leases, as of January 1st, 2019.

II - Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Courbevoie and Paris La Défense, July 22, 2019

The Statutory Auditors

French original signed by

MAZARS
David Chaudat

ERNST & YOUNG AUDIT
Jean-Roch Varon

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