



2020

Half-Year
Results

faurecia
inspiring mobility

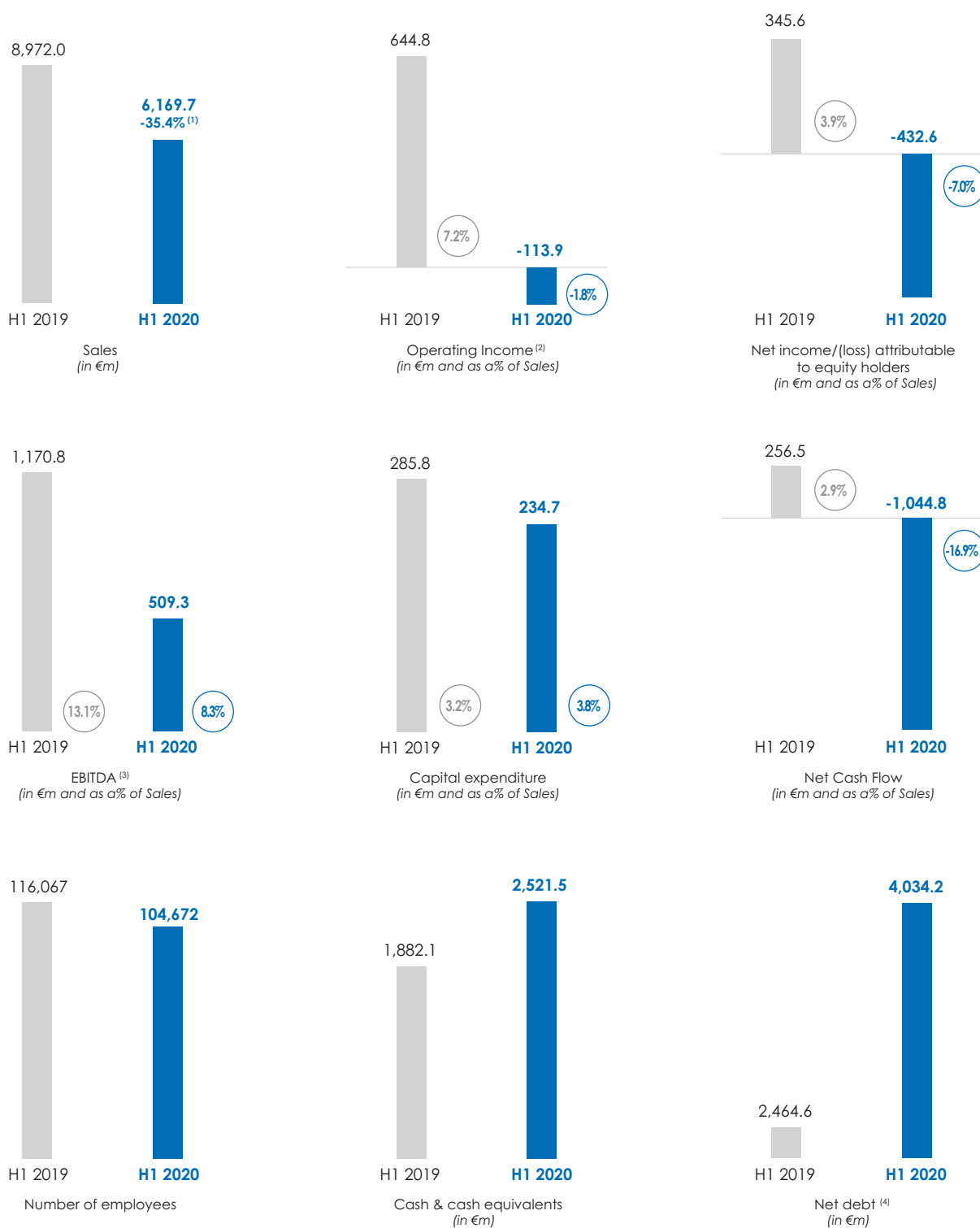
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Interim results
 **2020**



Key figures



(1) At constant currencies and scope.

(2) Before amortization of acquired intangible assets (§ 2.1 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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1.1. Covid-19

The first half of the year was strongly impacted by the globalization of the Covid-19 virus that heavily impacted the automotive industry and all sectors of the economy. As a consequence of the temporary shutdown of most of its customers' production sites around the globe, Faurecia also had to stop production in a large number of its sites during the period.

In line with the rapid expansion of the pandemic in the different parts of the world, Asia (c. 19% of Group sales in H1 2019) was the first region to be impacted with a low point for sales in February and gradual recovery as from March. Since May, Faurecia's sales in China are above last year's levels.

Two months later, Europe and the Americas (c. 76% of Group sales) faced a low point for sales in April, with gradual recovery as from May. In June, sales in Europe and North America were still respectively 22% and 14% below last year's level.

As will be detailed later, region by region, Group sales in the first half of the year dropped by 35.4% at constant scope and currencies.

In the light of this unprecedented situation, Faurecia immediately implemented a strong action plan to react to the crisis with three priorities:

- The first priority was the health and safety of all employees as well as the creation of the right conditions for a safe restart of production, learning from the successful experience in China;
- The second priority was the close management of the Group's liquidity and the protection of a sound financial structure. To this end, Faurecia has drawn €600 million out of its €1.2 billion Syndicated Credit Facility, signed a new Club Deal of €800 million and extended its factoring program to the newly integrated SAS business. In addition, the Board of Directors took the decision, approved by shareholders at the recent Annual General Meeting, to cancel the 2020 dividend;
- The third priority was to deploy quick actions to further improve the Group's resilience, on top of the continuous improvement since mid-2018, in order to limit the impact of the sharp sales drop on operating income.

As a result of this efficient action plan, Faurecia contained the drop in operating income vs. drop in sales. Through resilience actions such as flexibilization of direct and indirect labor cost, flexibilization of manufacturing costs, reduction of R&D net expenses and strict control of SG&A, Faurecia generated savings of €536 million that mitigated the €1.3 billion impact estimated from lower sales volume on operating income. Operating income stood at €-114 million in H1 2020 and included €-20 million from Covid-related one-offs.

The impairment test conducted as of June 30, 2020 integrated new market assumptions due to the Covid-19 impact. The test led to impairment of €150 million for Clarion Electronics while no impairment was required for Seating, Interiors and Clean Mobility.

1.2 Other main events

January 2020

- During the CES Las Vegas 2020, Faurecia signed a cooperation framework agreement with Beijing Horizon Robotics, a pioneer in edge computing and Artificial Intelligence. This strategic partnership focuses on co-developing multi-modal perception AI solutions, and accelerating the commercialization of intelligent cockpit systems and Advanced Driver Assistance Systems (ADAS) for the Chinese market.
- Faurecia announced that it has completed the acquisition of the remaining 50% of SAS from Continental, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people. On January, 30 2020, SAS entered the Group perimeter and is now consolidated in the Interiors operating segment.

April 2020

- Faurecia announced a new joint venture with Changchun Xuyang Industry (group) Co., Ltd (Xuyang group), which marks another key milestone in the strategic cooperation between Faurecia and Xuyang group.

Faurecia and Xuyang group will be engaged in the production, assembly and sales of automotive display products, as well as relevant after-sales services for OEMs. The joint venture will be consolidated by Faurecia.

In recent years, Faurecia has accelerated its strategic transformation in particular through the creation of its fourth Business Group, Faurecia Clarion Electronics, which has the ambition to become a global leader in cockpit electronics. This latest partnership will strengthen its position in the automotive market in China.

Founded in 1999 and headquartered in Changchun, Xuyang group has become one of the leading manufacturing companies in Jilin province with four core business units: intelligent cockpit, intelligent manufacturing, high-end equipment and new energy. In 2001 Faurecia and Xuyang group started working together and over the past years have deepened their strategic cooperation by jointly setting up twelve plants for seating and interiors in Changchun, Tianjin, Foshan, Chongqing and Chengdu.

May 2020

- Faurecia announced that it has selected Schneider Electric as a preferred partner to support the Group in its commitment to reach CO2 neutrality or scopes 1 and 2 by 2025. Schneider Electric, the leader in digital transformation of energy management and automation, will accompany Faurecia in this first stage of its CO2 Neutral mission which involves decarbonizing its operations.

A significant part of greenhouse gas emissions in Faurecia's operations are direct emissions from controlled facilities and indirect emissions from energy procured (scopes 1 and 2 respectively). The first stage of the program will include both purchasing energy produced with low-carbon fuels or from renewable sources, and reducing energy used by adopting innovative digital solutions for efficiency and heat recovery in all of Faurecia's 300 locations around the world.

In addition to this first milestone of CO2 neutrality in scopes 1 and 2 in 2025, the Group is also targeting CO2 neutrality in controlled emissions in 2030 (scopes 1, 2 and most of scope 3, excluding emissions of vehicles equipped with Faurecia parts) and CO2 full neutrality in all scopes by 2050.

June 2020

- Faurecia announced its investment in Moovency, a French start-up specializing in 3D skeleton tracking, to reinforce risk assessment and workplace health in its industrial sites.

Moovency, founded in 2018 and based in Rennes, offers real-time 3D skeleton tracking technology with uses in industrial settings and possible applications in improving productivity and preventing Muscular Skeleton Disorders. Moovency's KIMEA technology enables Faurecia to carry out rapid and accurate ergonomic risk assessments, improving operators' posture and movements at their workstations and helping reduce the onset of musculoskeletal issues over time.

- Starting from July 2020, the Faurecia Aptoid Automotive joint venture will provide VW Latin America customers an unprecedented connected user experience which will be known as "VW Play". Hundreds of apps covering a variety of uses and needs such as navigation, music on demand, video streaming, point of interest recommendations, audiobooks, gaming, weather, fuel and parking location will be available through an intuitive and personalized HMI.

Secure connection to the Aptoid platform will also allow automatic updating and enrichment of the available functions. The VW Play app ecosystem is carefully curated to offer a consistent and relevant digital experience in every region. It also offers an integrated and secure mechanism for pay-as-you-go services, enabling new business models with third parties while ensuring the vehicle and occupants' data privacy.

July 2020

- Faurecia announced the acquisition of the Canadian start-up IRYSStec Software. IRYSStec has developed the world's first software platform using perception and physiology to optimize the user experience of display systems. This full software solution enables the personalization of the display according to the driver's vision and the ambient light giving a safer and more comfortable user experience at a lower cost. This technology, which is adaptable to all types and sizes of display, gives up to 30% better perceived brightness and contrast as well as up to 30% energy efficiency savings and reduced thermal heating. The IRYSStec technology will be launched later this year on a premium vehicle.

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

1.3. Automotive production

Worldwide automotive production was heavily impacted by the Covid-19 crisis. It decreased by 34.4% from the first semester 2019 to the first semester 2020. It decreased in all regions. Production decreased in Europe (including Russia) by 39.7%, in North America by 39.9%, in South America by 51.0% and in Asia by 28.2% (of which a decrease of 22.7% in China).

All the data related to automotive production and volume evolution in 2020 is based on IHS Markit Automotive report dated July 2020.

1.4. Sales

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

- A "Currency effect", calculated by applying average currency rates for the period to the sales of the prior year,
- A "Scope effect" (acquisition/divestment),
- A "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 H1 2020, there was no effect from "bolt-on acquisitions"; as a result, "Growth at constant currencies" is equivalent to sales growth at constant scope and currencies also presented as organic growth.

(in € millions)	H1 2020	Currencies	Scope effect *	At constant scope & currencies	H1 2019
Product Sales	5,652.6	(39.4)	405.3	(3,086.0)	8,372.7
Var. (in %)	-32.5%	-0.5%	4.8%	-36.9%	
Tooling, Prototypes and Other Services	517.1	(3.7)	11.8	(90.3)	599.3
Var. (in %)	-13.7%	-0.6%	2.0%	-15.1%	
SALES	6,169.7	(43.1)	417.1	(3,176.3)	8,972.0
VAR. (in %)	-31.2%	-0.5%	4.6%	-35.4%	

* Scope effect includes Clarion sales from January until March and June, and SAS sales from February to June.

Sales of products (parts, components and R&D sold to manufacturers) reached €5,652.6 million in the first semester 2020 compared to €8,372.7 million in the first semester 2019. The product sales decreased by 32.5% on a reported basis and by 36.9% at constant scope & currencies.

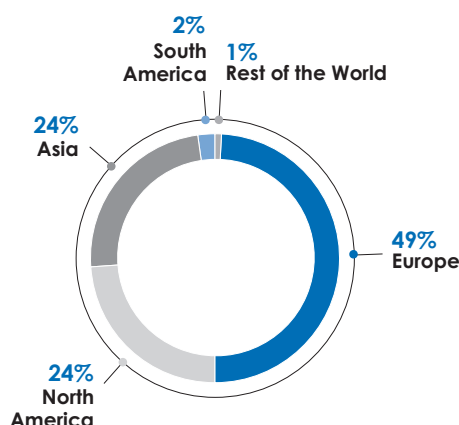
Sales of tooling, prototypes and other services totaled €517.1 million in the first semester 2020 versus €599.3 million in the first semester 2019. This represents a decrease of 13.7% on a reported basis and 15.1% at constant scope & currencies.

Sales totaled €6,169.7 million in the first semester 2020 compared to €8,972.0 million in the first semester 2019, showing a decrease of 31.2% on a reported basis and 35.4% at constant scope & currencies.

1.4.1. By region

(in € millions)	H1 2020	Scope effect *	H1 2019	Reported	At constant scope & currencies	Automotive Production
Sales						
Europe	3,027.2	142.4	4,530.8	-33.2%	-36.1%	-39.7%
North America	1,474.5	105.4	2,288.9	-35.6%	-41.7%	-39.9%
Asia	1,470.4	165.2	1,716.3	-14.3%	-23.2%	-28.2%
o/w China	1,023.6	43.3	1,208.0	-15.3%	-18.0%	-22.7%
South America	156.6	4.1	344.7	-54.6%	-42.1%	-51.0%
Rest of the World	41.0		91.3	-55.1%	-48.7%	-28.3%
TOTAL	6,169.7	417.1	8,972.0	-31.2%	-35.4%	-34.4%

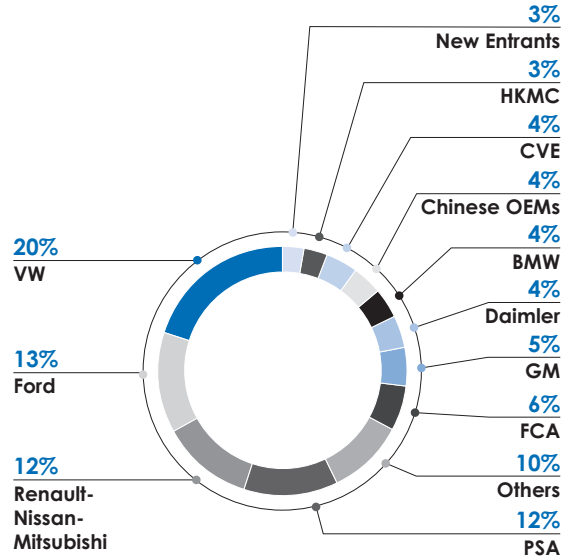
* Scope effect includes Clarion sales from January until March and June, and SAS sales from February to June.



Sales by region in the first semester 2020 were as follows:

- in Europe, sales totaled €3,027.2 million (49% of total sales), compared to €4,530.8 million in the first semester 2019. Sales decreased by 33.2% on a reported basis and by 36.1% at constant scope & currencies. This is to be compared to a 39.7% downturn in production market in Europe;
- in North America, sales reached €1,474.5 million (24% of total sales), versus €2,288.9 million in the first semester 2019. Sales decreased by 35.6% on a reported basis and by 41.7% at constant scope & currencies. This is to be compared to a 39.9% downturn in production market in North America;
- in Asia, sales reached €1,470.4 million (24% of total sales) and to be compared to €1,716.3 million in the first semester 2019. This represents a decrease of 14.3% on a reported basis and 23.2% at constant scope & currencies. Sales in China went down 15.3% on a reported basis and 18.0% at constant scope & currencies. Over the same period, the automotive production decreased by 28.2% in Asia and by 22.7% in China;
- in South America, sales totaled €156.6 million (2% of the total sales), compared to €344.7 million in the first semester 2019. Sales decreased by 54.6% on a reported basis and 42.1% at constant scope & currencies. In the first semester 2020, the automotive production in the region decreased by 51.0%;
- in the rest of the world (mainly South Africa), sales amounted to €41.0 million, a 55.1% decrease on a reported basis and a 48.7% decrease at constant scope & currencies;
- Worldwide sales amounted to €6,169.7 million compared to €8,972.0 million in the first semester 2019. This represented a drop of 35.4% at constant scope and currencies, slightly underperforming market (-34.4%, source IHS Markit forecast dated July 2020) due to unfavorable geographic mix, while most regions significantly outperformed their respective markets.

1.4.2. By customer



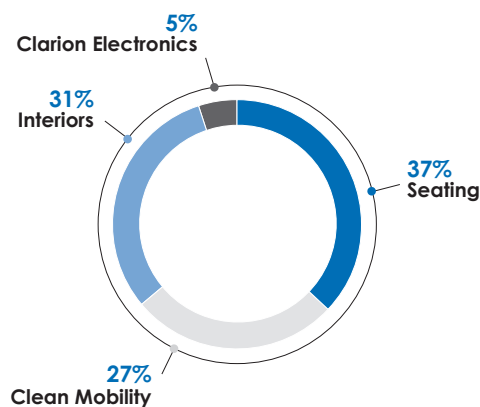
In the first semester 2020, sales to Faurecia four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €3,524.3 million or 57.1% of sales compared to 60.0% in the first semester 2019:

- sales to the VW group totaled €1,259.7 million. They accounted for 20.4% of Faurecia's total sales. They decreased by 25.8% on a reported basis and by 32.0% at constant scope & currencies compared to the first semester 2019;
- sales to the Ford group totaled €821.2 million, accounting for 13.3% of Faurecia's total sales. They decreased by 38.2% on a reported basis and by 39.7% at constant scope & currencies compared to the first semester 2019;
- sales to the PSA group totaled €728.8 million. They accounted for 11.8% of Faurecia's total sales. They decreased by 39.9% on a reported basis and by 39.9% at constant scope & currencies compared to the first semester 2019;
- sales to the Renault-Nissan-Mitsubishi group totaled €714.6 million or 11.6% of Faurecia's total sales. They decreased by 41.3% on a reported basis and by 46.7% at constant scope & currencies compared to the first semester 2019;
- sales to the FCA group totaled €345.6 million or 5.6% of total sales. They decreased by 41.1% on a reported basis and by 40.7% at constant scope & currencies compared to the first semester 2019;
- sales to the General Motors group totaled €315.2 million or 5.1% of total sales. They decreased by 35.5% on a reported basis and by 36.4% at constant scope & currencies compared to the first semester 2019;
- sales to Chinese OEMs totaled €269.6 million or 4.4% of total sales. They decreased by 34.1% on a reported basis and by 34.4% at constant scope & currencies compared to the first semester 2019;
- sales to Daimler totaled €245.7 million or 4.0% of total sales. They decreased by 21.6% on a reported basis and by 27.4% at constant scope & currencies compared to the first semester 2019.

1.4.3. By Business Group

(in € millions)	H1 2020	Scope effect *	H1 2019	Reported	At constant scope & currencies
Sales					
Seating	2,270.3		3,640.1	-37.6%	-37.2%
Interiors	1,922.1	206.9	2,746.1	-30.0%	-36.9%
Clean Mobility	1,646.4		2,351.2	-30.0%	-29.5%
Clarion Electronics	330.9	210.2	234.6	-41.0%	-49.4%
TOTAL	6,169.7	417.1	8,972.0	-31.2%	-35.4%

* Scope effect includes Clarion sales from January until March and June, and SAS sales from February to June.



In the first semester 2020:

- Seating totaled €2,270.3 million sales, down 37.6% on a reported basis and down 37.2% at constant scope & currencies compared to the first semester 2019;
- Interiors totaled €1,922.1 million sales, down 30.0% on a reported basis and down 36.9% at constant scope & currencies compared to the first semester 2019;
- Clean Mobility totaled €1,646.4 million sales, down 30.0% on a reported basis and down 29.5% at constant scope & currencies compared to the first semester 2019;
- Clarion Electronics totaled €330.9 million sales, down 41.0% on a reported basis and down 49.4% at constant scope & currencies to the first semester 2019.

1.5. Operating Income

In the first semester 2020, the operating income was negatively impacted by €1.3bn due the drop of volumes resulting from the Covid-19 crisis. This was partly offset by strong flex and resilience actions for €536m.

- Therefore the operating income before amortization of acquired intangible assets totaled €-113.9 million (-1.8% of sales), compared to €644.8 million (7.2% of sales) in the first semester 2019;
- gross expenditures for R&D totaled €595.5 million, or 9.6% of sales, compared to €637.9 million, or 7.1% of sales in the first semester 2019. The portion of R&D expenditure capitalised amounted to €412.8 million, compared to €439.5 million in the first semester 2019. The R&D capitalization ratio represented 69.3% of total R&D expenditure, whereas it represented 68.9% over the same period in the first semester 2019;
- the net R&D expenses reached €182.7 million (3.0% of sales) compared to €198.4 million in the first semester 2019.
- selling and administrative expenses reached to €361.1 million (5.9% of sales), compared to €381.7 million (4.3% of sales) in the first semester 2019.
- EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – dropped to €509.3 million (8.3% of sales), to be compared to €1,170.8 million (13.1% of sales) in the first semester 2019.

1.5.1. By region

(in € millions)	H1 2020			H1 2019		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	3,072.2	(112.7)	-3.7%	4,530.8	295.0	6.5%
North America	1,474.5	(83.6)	-5.7%	2,288.9	152.9	6.7%
Asia	1,470.4	100.7	6.8%	1,716.3	171.0	10.0%
South America	156.6	(13.8)	-8.8%	344.7	18.5	5.4%
Rest of the World	41.0	(4.5)	-11.0%	91.3	7.4	8.1%
TOTAL	6,169.7	(113.9)	-1.8%	8,972.0	644.8	7.2%

The operating income in the first semester 2020 compared to the first semester 2019 decreased by €758.7 million heavily impacted by Covid-19 crisis:

- in Europe, the operating income dropped by €407.7 million, to reach €-112.7 million or -3.7% of sales. This is to be compared to €295.0 million or 6.5% in the first semester 2019;
- in North America, the operating income dropped by €236.5 million to €-83.6 million. The operating income reached -5.7% of sales, compared to 6.7% in the first semester 2019;
- in Asia, the operating income decreased by €70.3 million to reach €100.7 million. The operating income represented 6.8% of sales, in decrease compared to the first semester 2019 which was 10.0%. Asia was less impacted than other regions thanks to quick and strong recovery from Covid-19 in China;
- in South America, the operating income decreased by €32.3 million to reach €-13.8 million. The operating margin in the region represented -8.8% of sales compared to 5.4% of sales in the first semester 2019;
- in the rest of the world (South Africa), the operating margin decreased by €11.9 million to €-4.5 million. The operating income represented -11.0% of sales, compared to 8.1% in the first semester 2019.

1.5.2. By Business Group

(in € millions)	H1 2020			H1 2019		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	2,270.3	(22.6)	-1.0%	3,640.1	219.1	6.0%
Interiors	1,922.1	(92.6)	-4.8%	2,746.1	170.8	6.2%
Clean Mobility	1,646.4	10.2	0.6%	2,351.2	254.7	10.8%
Clarion Electronics	330.9	(8.9)	-2.7%	234.6	0.2	0.1%
TOTAL	6,169.7	(113.9)	-1.8%	8,972.0	644.8	7.2%

In the first semester 2020:

- Seating operating income amounted to €-22.6 million (-1.0% of sales) compared to €219.1 million in the first semester 2019 (6.0% of sales);
- Interiors operating income amounted to €-92.6 million (-4.8% of sales) compared to €170.8 million in the first semester 2019 (6.2% of sales);
- Clean Mobility operating income amounted to €10.2 million (0.6% of sales) compared to €254.7 million in the first semester 2019 (10.8% of sales);
- Clarion Electronics operating income amounted to €-8.9 million (-2.7% of sales) compared to €0.2 million in the first semester 2019 (0.1% of sales).

1.6. Net income

The net income group share is a loss of €432.6 million, or -7.0% of sales in the first semester 2020. This is to be compared to a profit of €345.6 million or 3.9% of sales over the same period in the first semester 2019. It represented a decrease of €778.2 million.

In the first semester 2020:

- the amortization of intangible assets acquired represented an expense of €45.6 million compared to an expense of €10.8 million in the first semester 2019;
- the "other non-recurring operating income and expenses" represented an expense of €73.3 million, compared to an expense of €93.0 million in the first semester 2019. This item included €89.5 million in restructuring charges compared to an expense of €71.0 million in the first semester 2019. It included also an expense of €160.4 million mainly due to the impairment of Clarion Electronics goodwill and a revenue of €178.0 million coming from the reevaluation of the initial 50% stake hold in SAS ;
- financial income amounted to €11.4 million, compared to €8.4 million in the first semester 2019. Financial costs totaled €97.8 million, versus €93.0 million in the first semester 2019;
- other financial income and expense represented an expense of €21.6 million compared to an expense of €9.8 million in the first semester 2019. This expense included €2.8 million from discounting pension benefit liabilities;
- the tax expense reached €67.2 million, compared to €93.1 million in the first semester 2019. It included a charge due to changes in deferred tax assets for €21 million (mainly France and Germany);
- the share of net income of associates is a loss of €12.0 million, compared to a profit of €24.9 million in the first semester 2019;
- net income attributable to minority interests totaled €12.6 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €32.8 million in the first semester 2019.

Basic earnings per share amounted to €-3.16 (diluted net earnings per share at €-3.16) compared to €2.54 in the first semester 2019 (diluted net earnings per share at €2.51).

1.7. Financial structure

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

<i>(in € millions)</i>	<i>Notes</i>	H1 2020	H1 2019
Recurring net cash flow		(1,044.8)	256.5
Other changes		0.0	0.0
Net cash flow		(1,044.8)	256.5
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(223.6)	(994.0)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	(3.4)	50.0
Surplus (used) from operating and financing activities	2.3	(1,271.8)	(687.6)

1.7.2. Net Cash Flow

The net cash flow was an outflow of €1,044.8 million in the first semester 2020 compared to a net cash inflow of €256.5 million over the same period in the first semester 2019. The deterioration is mainly driven by the Covid-19 impact on EBITDA and the timing impact on working capital and factoring linked to the sudden stop of activity in March 2020. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €509.3 million compared to €1,170.8 million in the first semester 2019, due to the decrease in operating income by €758.7 million and the increase in depreciation and amortization by €97.2 million;
- restructuring represented cash outflows of €53.6 million compared to €60.9 million in the first semester 2019;
- net financial costs represented cash outflows of €93.9 million, versus €85.1 million in the first semester 2019;
- the change in working capital requirement, including receivables factoring, represented a negative impact of €743.5 million compared to a positive impact €2.6 million in the first semester 2019. This change consisted in part of an increase in inventories of €143.1 million, a net decrease in trade receivables of €549.2 million, a decrease in trade payables of €1,209.9 million and a positive variation of other trade receivables and payables for €60.4 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 €234.7 million, versus €285.8 million in the first semester 2019;
- capitalized research and development costs represented cash outflows of €304.8 million, versus €321.9 million in the first semester 2019;
- income taxes represented cash outflows of €109.1 million, compared to €152.4 million in the first semester 2019;
- finally, other cash flow items represented €14.3 million in outflows, compared to €10.8 million in outflows in the first semester 2019.

1.7.3. Net Debt

<i>(in € millions)</i>	June 30, 2020	Dec. 31, 2019
Net debt	4,034.2	2,524.0

The Group's net financial debt stood at €4,034 million at June 30, 2020 compared to €2,524 million at December 31, 2019. The net debt evolution is mainly impacted by the negative Net cash flow evolution of €1,045 million, the net financial investments and other cash elements outflow of €369 million (which includes mainly the investment (50%) in SAS) and the negative impact of €91 million related to IFRS16.

The main elements of long-term financial resources are:

- the €1,200 million syndicated credit facility, renegotiated in June 2018, maturing in June 2024 and which has been drawn for €600 million in March 2020. As at June 30, 2020, this facility was used up to €600 million;
- a total amount of €2,150 million bonds, of which €700 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026 and €700 million of bonds maturing in June 2027;
- €700 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024;
- a 30 billion Japanese Yen credit line signed in February 2020 in order to refinance the long term debt of Clarion Co. Ltd, maturing in February 2025. As at June 30, 2020, this facility was used up to 20 billion Yen;
- a €800 million, 18-months term loan maturing October 2021, signed with four banks. This loan has been fully drawn. As at June 30, 2020, this facility was fully used (€800 million).

1.8. Outlook

H2 2020 GUIDANCE

In the second half of the year, Faurecia will continue to deploy measures to further strengthen resilience, enhance cash generation and maintain a sound financial structure.

Thanks to these measures and based on the assumption that worldwide automotive production in H2 2020 will be down around 15% vs. H2 2019 (vs. IHS Markit dated July 16, 2020 of -11%), including:

- Europe around -15% vs. H2 2019,
- North America between -10% and -15% vs. H2 2019,
- Asia between -5% and -10% vs. H2 2019,

Faurecia is now targeting for the second half of the year:

- Sales of around €7.6 billion,
- Operating margin of around 4.5% of sales,
- Net cash flow of around €600 million.

The assumptions of worldwide automotive production underlying these targets assume no major new lockdown in any automotive region during the period (main average currency rates for the period estimated at 1.10 for USD/€ and 7.80 for CNY/€).

MEDIUM-TERM 2022 AMBITION

As a consequence of the Covid-19 crisis, Faurecia's new worldwide automotive production assumptions for the medium-term are as follows:

- 2020: around 64 million vehicles (around -25% vs. 85 million vehicles produced in 2019),
- 2022: between 76 and 85 million vehicles (vs. 87 million vehicles estimated before the Covid-19 crisis),
- 2024: between 85 and 91 million vehicles.

These assumptions assume a return of worldwide automotive production to the pre-Covid level of 85 million vehicles produced in 2019 between 2022 and 2024.

With these new assumptions for worldwide automotive production in the medium-term and thanks to structural and resilience initiatives, Faurecia confirms its 2022 ambition for profitability and cash generation (as announced at its Capital Markets Day held on November 26, 2019), despite lower sales prospects:

- Sales now expected at above €18.5 billion (based on an assumption of worldwide automotive production of 82 million vehicles) vs. an initial forecast of "above €20.5 billion euros" based on an assumption of worldwide automotive production of 87 million vehicles in 2022,
- Operating margin ambition confirmed at 8% of sales,
- Net cash flow ambition confirmed at 4% of sales.

Faurecia also targets to recover its BB+/Ba2 rating by the end of 2022.



2.

Consolidated financial statements

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2.1. Consolidated statement of comprehensive income

<i>(in € millions)</i>	<i>Notes</i>	First-Half 2020	First-Half 2019	Full-Year 2019
SALES	4	6,169.7	8,972.0	17,768.3
Cost of sales	5	(5,739.8)	(7,747.1)	(15,286.5)
Research and development costs	5	(182.7)	(198.4)	(420.0)
Selling and administrative expenses	5	(361.1)	(381.7)	(778.5)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	(113.9)	644.8	1,283.3
Amortization of intangible assets acquired in business combinations		(45.6)	(10.8)	(56.4)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		(159.5)	634.0	1,226.9
Other non-recurring operating income	6	178.3	0.4	2.5
Other non-recurring operating expense	6	(251.6)	(93.4)	(216.3)
Income from loans, cash investments and marketable securities		11.4	8.4	18.7
Finance costs	7	(97.8)	(93.0)	(197.7)
Other financial income and expense	7	(21.6)	(9.8)	(40.4)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		(340.8)	446.6	793.7
Taxes	8	(67.2)	(93.1)	(166.8)
<i>of which deferred taxes</i>	8	1.0	13.5	76.5
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		(408.0)	353.5	626.9
Share of net income of associates	11	(12.0)	24.9	37.8
CONSOLIDATED NET INCOME (LOSS)		(420.0)	378.4	664.7
Attributable to owners of the parent		(432.6)	345.6	589.7
Attributable to minority interests		12.6	32.8	75.0
Basic earnings (loss) per share <i>(in €)</i>	9	(3.16)	2.54	4.31
Diluted earnings (loss) per share <i>(in €)</i>	9	(3.16)	2.51	4.29

Other comprehensive income

(in € millions)

	First-Half 2020	First-Half 2019	Full-Year 2019
CONSOLIDATED NET INCOME (LOSS)	(420.0)	378.4	664.7
Amounts to be potentially reclassified to profit or loss	(148.2)	(5.5)	23.9
Gains (losses) arising on fair value adjustments to cash flow hedges	(16.2)	(16.5)	(22.4)
<i>of which recognized in equity</i>	(28.2)	(16.3)	(22.3)
<i>of which transferred to net income (loss) for the period</i>	12.0	(0.2)	(0.1)
Exchange differences on translation of foreign operations	(137.2)	16.8	38.5
Tax impact	5.2	(5.8)	7.8
Amounts not to be reclassified to profit or loss	(11.0)	(43.6)	(10.8)
Actuarial gain/(loss) on post-employment benefit obligations	(13.2)	(42.5)	(26.7)
Tax impact	2.2	(1.1)	15.9
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD	(579.2)	329.3	677.8
Attributable to owners of the parent	(578.8)	292.3	599.5
Attributable to minority interests	(0.4)	37.0	78.3

2.2. Consolidated balance sheet

Assets

<i>(in € millions)</i>	Notes	June 30, 2020	December 31, 2019
Goodwill	10	2,219.9	2,146.4
Intangible assets		2,787.3	2,550.9
Property, plant and equipment		2,966.4	2,997.4
Right-of-use assets		933.2	877.0
Investments in associates	11	155.5	240.3
Other equity interests		54.5	60.4
Other non-current financial assets	12	83.9	71.4
Other non-current assets		66.8	70.1
Deferred tax assets		467.0	468.4
TOTAL NON-CURRENT ASSETS		9,734.5	9,482.3
Inventories, net		1,494.4	1,423.8
Contract assets *		239.7	129.0
Trade accounts receivables	13	2,478.1	2,608.9
Other operating receivables		304.3	360.4
Other receivables		966.3	839.2
Other current financial assets		3.8	1.8
Cash and cash equivalents	14	2,521.5	2,319.4
TOTAL CURRENT ASSETS		8,008.1	7,682.5
TOTAL ASSETS		17,742.6	17,164.8

* inventories of products for which the group is considered as agent are now presented as contract assets, the comparative period as of 31.12.2019 has been modified accordingly.

Liabilities

<i>(in € millions)</i>	Notes	June 30, 2020	December 31, 2019
EQUITY			
Capital	15	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(43.8)	(44.7)
Retained earnings		2,509.5	1,936.7
Translation adjustments		(66.2)	54.2
Net income (loss)		(432.6)	589.7
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS	15	3,566.0	4,135.0
Minority interests		321.1	326.8
TOTAL SHAREHOLDERS' EQUITY		3,887.1	4,461.8
Non-current provisions	17	473.8	461.6
Non-current financial liabilities	18	4,639.1	3,093.1
Non-current lease liabilities	18	801.2	732.3
Other non-current liabilities		1.9	1.8
Deferred tax liabilities		96.9	38.7
TOTAL NON-CURRENT LIABILITIES		6,012.9	4,327.5
Current provisions	16	277.1	260.4
Current financial liabilities	18	935.7	846.1
Current portion of lease liabilities	18	183.5	173.7
Prepayments on customers contracts		657.5	665.4
Trade payables		4,516.0	5,316.2
Accrued taxes and payroll costs		831.5	752.8
Sundry payables		441.3	360.9
TOTAL CURRENT LIABILITIES		7,842.6	8,375.5
TOTAL EQUITY AND LIABILITIES		17,742.6	17,164.8

2.3. Consolidated cash flow statement

(in € millions)	Notes	First-Half 2020	First-Half 2019	Full-Year 2019
I- OPERATING ACTIVITIES				
Operating income (before amortization of acquired intangible assets)		(113.9)	644.8	1,283.3
Depreciations and amortizations of assets	5.4	623.2	526.0	1,121.0
<i>o/w depreciations and amortizations of R&D assets</i>	5.4	250.0	207.6	441.9
<i>o/w other depreciations</i>		373.1	318.4	679.2
EBITDA		509.3	1,170.8	2,404.3
Operating current and non-current provisions		18.7	13.6	(66.1)
Capital (gains) losses on disposals of operating assets		1.9	(0.2)	2.2
Paid restructuring		(53.6)	(60.9)	(166.3)
Paid finance costs net of income		(93.9)	(85.1)	(197.1)
Other non-recurring operating income and expenses paid		0.4	(38.6)	(35.6)
Paid taxes		(109.1)	(152.4)	(295.8)
Dividends from associates		6.1	21.5	27.8
Change in working capital requirement		(743.5)	2.6	109.3
Change in inventories		(143.1)	(101.1)	(27.0)
<i>o/w R&D inventories increase</i>	5.3	(108.0)	(117.7)	(228.5)
<i>o/w R&D inventories decrease</i>		95.1	98.1	216.3
Change in trade accounts receivables		549.2	(368.9)	(397.5)
Change in trade payables		(1,209.9)	431.9	538.8
Change in other operating receivables and payables		76.9	66.5	73.9
Change in other receivables and payables (excl. Tax)		(16.5)	(25.8)	(78.9)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		(463.7)	871.3	1,782.8
II- INVESTING ACTIVITIES				
Additional property, plant and equipment		(233.7)	(285.2)	(681.8)
Additional intangible assets		(1.0)	(0.6)	(3.4)
Capitalized development costs	5.3	(304.8)	(321.9)	(681.2)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(223.6)	(994.0)	(1,130.3)
Proceeds from disposal of property, plant and equipment		4.9	45.0	205.8
Proceed from disposal of financial assets		0.0	0.0	0.0
Change in investment-related receivables and payables		(46.3)	(52.2)	(35.2)
Other changes		(3.4)	50.0	53.5
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		(808.1)	(1,558.9)	(2,272.6)
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		(1,271.8)	(687.6)	(489.8)
III- FINANCING ACTIVITIES				
Shares issued by Faurecia and fully consolidated companies (net of costs)		3.2	0.0	2.7
Dividends paid to owners of the parent company		0.0	(170.2)	(170.2)
Dividends paid to minority interests in consolidated subsidiaries		(5.3)	(19.6)	(41.6)
Acquisitions/Sales of treasury stocks		0.9	(30.3)	(29.4)
Debt securities issued and increase in other financial liabilities		1,891.2	933.4	1,213.6
Repayment of debt and other financial liabilities		(278.5)	(193.9)	(135.9)
Repayments on lease debts		(79.8)	(56.9)	(140.1)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		1,531.6	462.5	699.2
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS				
Impact of exchange rate changes on cash and cash equivalents		(57.8)	1.9	4.6
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		202.0	(223.2)	214.1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		2,319.4	2,105.3	2,105.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD		2,521.5	1,882.1	2,319.4

The net cash flow amounts to €(1,044.8) million as of June 30, 2020 (see chapter 1, paragraph 1.7)

2.4. Consolidated statement of changes in equity

(in € millions)	Number of shares ⁽¹⁾	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Valuation adjustments			Equity attributable to owners of the parent	Minority interests	Total
						Translation adjustments	Cash flow hedges	Actuarial gain/(loss) on post employment benefit obligations			
Shareholders' equity as of December 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 January 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) restated					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
Net income (loss) restated					244.1				244.1	42.2	286.3
Other comprehensive income						22.6	7.7	32.8	63.1	(0.9)	62.2
Comprehensive income restated					244.1	22.6	7.7	32.8	307.2	41.3	348.5
Capital increase									0.0		0.0
2018 dividends					0.0				0.0	2.4	2.4
Measurement of stock options and shares grant					(27.9)				(27.9)		(27.9)
Purchases and sales of treasury stock				36.6					36.6		36.6
Changes in scope of consolidation and other					0.8	0.8		3.1	4.7	(24.2)	(19.5)
Shareholders' equity as of December 31, 2019 before appropriation of net income (loss)	138,035,801	966.3	632.8	(44.7)	2,637.9	54.2	0.8	(112.3)	4,135.0	326.8	4,461.8
Net income (loss)					(432.6)				(432.6)	12.6	(420.0)
Other comprehensive income						(124.2)	(11.0)	(11.0)	(146.2)	(13.0)	(159.2)
Comprehensive income					(432.6)	(124.2)	(11.0)	(11.0)	(578.8)	(0.4)	(579.2)
Capital increase											
2019 dividends										(5.3)	(5.3)
Measurement of stock options and shares grant					5.4				5.4		5.4
Purchases and sales of treasury stock				0.9					0.9		0.9
Changes in scope of consolidation and other					(0.9)	3.8		0.6	3.5		3.5
Shareholders' equity as of June 30, 2020 before appropriation of net income (loss)	138 035 801	966.3	632.8	(43.8)	2,209.8	(66.2)	(10.2)	(122.7)	3,566.0	321.1	3,887.1

(1) Of which 1,130,994 as of 06/30/2020 and 1,149,994 treasury stock as of 12/31/2019 - 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 key 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 24, 2020.

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.

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, 2019.

The standards used to prepare the interim consolidated financial statements for the six months ended June 30, 2020 and comparative data for 2019 are those published in the Official Journal of the European Union (OJEU) as of June 30, 2020, whose application was mandatory at that date. All new standards, amendments and revisions to the existing standards, 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, 2020, 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.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses accounted for in the financial statements as well as for the evaluation of commitments given and contingent liabilities. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment, right of use, intangible assets and goodwill, for measuring pension and other employee benefit obligations as well as for lease liabilities and depreciation of deferred tax assets. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. These estimations are revised on a regular basis. The results of the sensitivity tests carried out on the carrying amounts of goodwill are provided in Note 10.

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2020

SAS has been acquired on January, 30 2020 and integrated in the Interiors segment (see note 10 A). It was previously held at 50% and consolidated by equity method.

Within the Clean Mobility perimeter, the company Ullit has been fully acquired in January 2020 and is fully consolidated.

For Clarion Electronics perimeter, in Canada, the company Irystec Software Inc. has been fully acquired in April 2020 and is fully consolidated. The company Faurecia Aptoide Automotive, created in October 2019 in Portugal, and held at 50%, is consolidated by equity method since January 1, 2020.

2.2 Reminder of change in scope of consolidation introduced in 2019

Clarion has been acquired in March 2019 and integrated in the new Clarion electronics perimeter. 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 S.A. de CV has been acquired at 49% and is consolidated by equity method since February 2019. In China, the company Chengdu Faurecia Xuyang Automotive Seat Co., Ltd has been created in September 2019, it is held at 60% and fully consolidated.

For Interiors, In China, the company Faurecia (Chongqing) Automotive Parts Company Ltd has been sold fully in July 2019 and following the acquisition of the remaining shares of Zhejiang Faurecia Interior and Exterior Systems Company Ltd, this company, previously consolidated by equity method is now fully consolidated since October 2019 as in the same time the shares of Xiangtan Faurecia Limin Interior and Exterior Systems Company Ltd and of Lanzhou Faurecia Limin Interior & Exterior Systems Company Ltd, consolidated by equity method, have been sold in October 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. The company Symbio, in France, is held at 50% and consolidated by equity method since December 2019.

The companies Covatech Automotive Technologies, based in Taiwan, acquired at 82% and fully consolidated since March 2019 and Creo acquired in Sweden at 72% and fully consolidated since April 2019, initially allocated to Interiors, are now integrated into the Clarion Electronics perimeter.

2.3 Recent events

Following approval from the appropriate regulatory bodies in January 2020, Faurecia has completed on January 30, 2020 the acquisition of the remaining 50% of SAS from Continental, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people.

In the light of the unprecedented situation created by the globalization of the Covid-19 virus pandemic, Faurecia has immediately implemented a crisis management plan to adapt, in real time, its response to the impact of the pandemic on the Group's employees, customers and suppliers. The first priority has been the health and safety of employees and their families. The Group has also implemented drastic measures to manage its cash flow as well as a strict control of expenditure and investments during the slowdown of activity.

In terms of the safety of its employees and their families, and learning from its experience in China, Faurecia has put in place all the necessary measures to ensure their protection and to prevent the propagation of the virus within its sites.

In terms of financing strategy and cash management, Faurecia has drawn down €600 million in anticipation of the drop in factoring of receivables out of the syndicated credit line of €1.2 billion (maturity June 2024) and signed in April 2020 a Club Deal of €800 million with four of its main banks with a maturity of 18 months, *pari passu* with the rest of the Group's long-term debt.

Faurecia has taken all the necessary measures to drastically reduce, in the short term, its costs, development expenses and investments, including putting employees in all sites on temporary unemployment, according to the reduction of the activity faced by the site. Production has been mainly stopped in China from mid February to early March 2020 (depending on the provinces), in Europe during the second half of March until early May depending on the countries, in North America from end of March to mid May 2020, each time in compliance with local regulations. The Group has then ensured the safe restart of production in these different areas applying the local regulations and depending on the restart of its customers' plants. At the end of June 2020, production is running on all the plants of the Group.

The impacts on Group results and on the estimates used for the semester closing are being detailed in the notes 8 and 10 C mainly.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.3.

Note 4 Information by operating segment

The Group is 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, manufacture and assembly of instrument panels and complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems);
- Clarion Electronics (Smart cockpit electronics & software integration).

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.

2 Consolidated financial statements

Notes to the consolidated financial statements

4.1 Key figures by operating segment

First-Half 2020

<i>(in € millions)</i>	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	2,282.2	1,937.4	1,649.6	335.5	67.0	6,271.6
Inter-segment eliminations	(11.9)	(15.2)	(3.2)	(4.6)	(67.0)	(101.9)
Consolidated sales	2,270.3	1,922.1	1,646.4	330.9	0.0	6,169.7
Operating income (before amortization of acquired intangible assets)	(22.6)	(92.6)	10.2	(8.9)	0.0	(113.9)
Amortization of intangible assets acquired in business combinations						(45.6)
Operating income (after amortization of acquired intangible assets)						(159.5)
Other non recurring operating income						178.3
Other non recurring operating expenses						(251.6)
Finance costs, net						(86.4)
Other financial income and expenses						(21.6)
Corporate income tax						(67.2)
Share of net income of associates						(12.0)
NET INCOME (LOSS)						(420.0)
Segment assets	3,947.0	4,259.8	4,232.0	1,454.0	259.6	14,152.3
Net property, plant and equipment	793.2	1,000.1	957.1	161.9	54.1	2,966.4
Right-of-use assets	214.8	370.1	214.7	60.6	73.1	933.2
Other segment assets	2,939.0	2,889.5	3,060.2	1,231.5	132.4	10,252.6
Investments in associates						155.5
Other equity interests						54.5
Short and long-term financial assets						2,652.8
Tax assets (current and deferred)						727.4
TOTAL ASSETS						17,742.6
Segment liabilities	1,748.4	2,286.3	2,489.1	442.6	208.4	7,174.7
Borrowings						5,574.8
Lease liabilities						984.7
Tax liabilities (current and deferred)						121.3
Equity and minority interests						3,887.1
TOTAL LIABILITIES						17,742.6
Capital expenditure	(64.0)	(86.4)	(63.9)	(10.2)	(9.2)	(233.7)
Depreciation of property, plant and equipment	(66.8)	(92.3)	(78.8)	(12.6)	(3.0)	(253.6)
Depreciation of Right-of-use assets	(28.1)	(37.4)	(23.5)	(6.8)	(6.3)	(102.2)
Impairment of property, plant and equipment	(3.4)	(0.5)	(2.5)	(0.4)	0.0	(6.8)
Headcounts	38,548	36,143	21,083	6,034	2,864	104,672

First-Half 2019

<i>(in € millions)</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

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Full-Year 2019

<i>(in € millions)</i>	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	7,029.1	5,389.1	4,655.0	774.8	148.4	17,996.3
Inter-segment eliminations	(55.9)	(18.9)	(1.5)	(3.4)	(148.4)	(228.0)
Consolidated sales	6,973.3	5,370.2	4,653.5	771.4	0.0	17,768.3
Operating income (before amortization of acquired intangible assets)	453.1	293.6	524.6	11.9	0.0	1,283.3
Amortization of intangible assets acquired in business combinations						(56.4)
Operating income (after amortization of acquired intangible assets)						1,226.9
Other non recurring operating income						2.5
Other non recurring operating expenses						(216.3)
Finance costs, net						(179.0)
Other financial income and expenses						(40.4)
Corporate income tax						(166.8)
Share of net income of associates						37.8
NET INCOME (LOSS)						664.7
Segment assets	4,041.9	3,449.3	4,374.5	1,647.0	243.3	13,755.9
Net property, plant and equipment	824.5	953.6	997.3	168.5	53.6	2,997.4
Right-of-use assets	210.5	314.8	224.4	37.6	89.6	877.0
Other segment assets	3,006.9	2,180.9	3,152.7	1,440.9	100.1	9,881.5
Investments in associates						240.3
Other equity interests						60.4
Short and long-term financial assets						2,441.1
Tax assets (current and deferred)						667.1
TOTAL ASSETS						17,164.8
Segment liabilities	2,142.3	2,047.7	2,900.5	549.6	155.5	7,795.5
Borrowings						3,939.2
Lease liabilities						906.0
Tax liabilities (current and deferred)						62.3
Equity and minority interests						4,461.8
TOTAL LIABILITIES						17,164.8
Capital expenditure	195.1	222.8	206.1	29.1	27.5	680.6
Depreciation of property, plant and equipment	(138.2)	(165.7)	(153.7)	(28.9)	(5.2)	(491.7)
Depreciation of Right-of-use assets	(47.6)	(39.4)	(54.6)	(3.8)	(11.7)	(157.0)
Impairment of property, plant and equipment	(1.8)	(5.8)	(5.1)	(3.1)	(0.0)	(15.8)
Headcounts	44,742	37,367	23,211	7,325	2,851	115,496

4.2 Sales by operating segment

Sales by operating segment break down as follows:

(in € millions)	First-Half 2020		First-Half 2019		Full-Year 2019	
	Consolidated Sales	%	Consolidated Sales	%	Consolidated Sales	%
Seating	2,270.3	37	3,640.1	40	6,973.3	39
Interiors	1,922.1	31	2,746.1	31	5,370.2	30
Clean Mobility	1,646.4	27	2,351.2	26	4,653.5	26
Clarion Electronics	330.9	5	234.6	3	771.4	4
TOTAL	6,169.7	100	8,972.0	100	17,768.3	100

4.3 Sales by major customer

Sales* by major customer break down as follows:

(in € millions)	First-Half 2020		First-Half 2019		Full-Year 2019	
	Consolidated Sales	%	Consolidated Sales	%	Consolidated Sales	%
VW Group	1,004.3	16	1,296.7	15	2,452.0	14
Ford Group	738.3	12	1,183.6	13	2,289.4	13
PSA Peugeot Citroën	682.8	11	1,071.9	12	2,075.8	12
Renault-Nissan	546.6	9	928.5	10	1,862.1	10
GM	299.1	5	458.2	5	878.8	5
BMW	168.2	3	311.5	4	563.4	3
Daimler	227.3	4	283.7	3	526.8	3
Others	2,503.0	40	3,437.9	38	7,120.1	40
TOTAL	6,169.7	100	8,972.0	100	17,768.3	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 € millions)	First-Half 2020	First-Half 2019	Full-Year 2019
Cost of sales	(5,739.8)	(7,747.1)	(15,286.5)
Research and development costs	(182.7)	(198.4)	(420.0)
Selling and administrative expenses	(361.1)	(381.7)	(778.5)
TOTAL	(6,283.6)	(8,327.2)	(16,485.0)

5.2 Analysis of operating expenses by nature

<i>(in € millions)</i>	First-Half 2020	First-Half 2019	Full-Year 2019
Purchases consumed	(3,520.6)	(5,296.9)	(10,277.1)
External costs	(820.4)	(886.6)	(1,915.7)
Personnel costs	(1,668.6)	(1,965.8)	(3,861.6)
Taxes other than on income	(30.3)	(31.2)	(53.9)
Other income and expenses	396.7	388.7	708.9
Depreciation, amortization and provisions for impairment in value of non-current assets	(623.2)	(526.0)	(1,121.0)
Charges to and reversals of provisions	(17.3)	(9.4)	35.4
TOTAL	(6,283.6)	(8,327.2)	(16,485.0)

5.3 Research and development costs

<i>(in € millions)</i>	First-Half 2020	First-Half 2019	Full-Year 2019
Research and development costs, gross	(595.5)	(637.9)	(1,329.7)
Capitalized development costs	412.8	439.5	909.7
<i>of which in inventory</i>	108.0	117.7	228.5
<i>of which in intangible assets</i>	304.8	321.9	681.2
TOTAL	(182.7)	(198.4)	(420.0)

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €345.2 million as of June, 30, 2020, vs €305.7 million as of June, 30, 2019 and vs €658.2 million as of December, 31, 2019.

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

<i>(in € millions)</i>	First-Half 2020	First-Half 2019	Full-Year 2019
Amortization of capitalized development costs	(242.6)	(206.7)	(437.8)
Provisions for impairment of capitalized development costs	(7.4)	(0.9)	(4.1)
Amortization of other intangible assets	(17.9)	(16.4)	(35.9)
Depreciation of specific tooling	(4.3)	(5.5)	(11.0)
Depreciation and impairment of other property, plant and equipment	(248.8)	(229.0)	(475.2)
Depreciation of Right-of-use assets	(102.2)	(67.5)	(157.0)
TOTAL	(623.2)	(526.0)	(1,121.0)

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

Note 6 Other non recurring operating income and expenses

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

OTHER NON RECURRING OPERATING INCOME

(in € millions)	First-Half 2020	First-Half 2019	Full-Year 2019
Release of provision for impairment of assets	0.0	0.3	0.7
Gain on disposals of assets	0.0	0.0	0.7
Others ⁽¹⁾	178.3	0.1	1.1
TOTAL	178.3	0.4	2.5

(1) of which gain on revaluation of SAS shares previously held for €178 million .

OTHER NON RECURRING OPERATING EXPENSES

(in € millions)	First-Half 2020	First-Half 2019	Full-Year 2019
Other provisions for impairment of assets ⁽²⁾	(10.4)	0.0	0.0
Reorganization expenses ⁽¹⁾	(89.5)	(71.0)	(193.9)
Impairment of goodwill ⁽²⁾	(150.0)	0.0	0.0
Losses on disposal of assets	0.0	0.0	0.0
Others	(1.7)	(22.4)	(22.4)
TOTAL	(251.6)	(93.4)	(216.3)

(1) As of June 30, 2020, this item includes restructuring costs in the amount of €77.0 million and provisions for impairment in value of non-current assets in the amount of €12.5 million and versus respectively, €170.4 million and €23.5 million as of December 31, 2019 and €54.3 million and €16.7 million as of June 30, 2019.

(2) Of which €150.0 million of impairment of Clarion Electronics' goodwill (see note 10.C) and €10.4 million of impairment of technologies of Clarion Electronics as of June 30, 2020.

RESTRUCTURING

Reorganization costs (€89,5 million) include redundancy and site relocation payments for 3,327 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € millions)	First-Half 2020	First-Half 2019	Full-Year 2019
Finance costs	(72.6)	(69.4)	(152.2)
Finance costs on leases	(25.2)	(23.7)	(45.5)
TOTAL	(97.8)	(93.0)	(197.7)

7.2 Other financial income and expenses

(in € millions)	First-Half 2020	First-Half 2019	Full-Year 2019
Impact of discounting pension benefit obligations	(2.8)	(4.2)	(8.3)
Changes in the ineffective portion of currency hedges	(0.1)	(3.3)	(3.4)
Changes in fair value of currency hedged relating to debt	(3.4)	0.8	0.6
Foreign exchange gains and losses on borrowings	(8.2)	3.4	(1.3)
Hyperinflation impact (Argentina)	(2.5)	(1.3)	0.3
Others*	(4.6)	(5.2)	(28.3)
TOTAL	(21.6)	(9.8)	(40.4)

* As of June 30, 2020, 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 € millions)	First-Half 2020	First-Half 2019	Full-Year 2019
Pre-tax income of consolidated companies	(340.8)	446.6	793.7
Theoretical Tax (32.02%)	109.1	(143.0)	(273.3)
Effect of rate changes on deferred taxes recognized on the balance sheet	(17.8)	5.3	15.6
Effect of local rate differences*	(16.3)	32.7	68.7
Tax credits	0.7	8.3	6.7
Change in unrecognized deferred tax	(149.0)	(9.5)	23.4
Permanent differences & others**	6.1	13.1	(7.9)
Corporate tax recognized	(67.2)	(93.1)	(166.8)

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

** Mainly due to withholding tax

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be utilized, based on the Group's strategic plan. These have been reviewed as at June 30, 2020 with new assumptions on the activity level (see note 10.C), having as a consequence a partial depreciation of the deferred income tax assets recognized for France and Germany for a total amount of €41.0 million.

Deferred tax assets are not recognized for tax losses carried forwards that are not certain of being utilized. As of June 30, 2020 these assets amounted to €682.9 million, compared with €577.9 million as of December 31, 2019.

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 2020	First-Half 2019	Full-Year 2019
Number of shares outstanding at year-end ⁽¹⁾	138,035,801	138,035,801	138,035,801
Adjustments :			
■ treasury stock	(1,130,994)	(1,725,604)	(1,149,994)
■ weighted impact of share issue prorated		0	0
Weighted average number of shares before dilution	136,904,807	136,310,197	136,885,807
Weighted impact of dilutive instruments:			
■ stock options ⁽²⁾	0	0	0
■ free shares attributed	1,085,144	1,260,075	642,747
■ bonds with conversion option	0	0	0
WEIGHTED AVERAGE NUMBER OF SHARES AFTER DILUTION	137,989,951	137,570,272	137,528,554

(1) Changes in the number of shares outstanding as of June 30, 2020, are analyzed as follows:

As of December 31, 2019: Number of Faurecia shares outstanding	138,035,801
Exercise of stock options	0
As of June 30, 2020: Number of Faurecia shares outstanding	138,035,801

(2) As of June 30, 2020, 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.

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 2020	First-Half 2019	Full-Year 2019
Net Income (loss) (in € millions)	(432.6)	345.6	589.7
Basic earnings (loss) per share	(3.16)	2.54	4.31
After dilution	(3.16)	2.51	4.29

Note 10A Business Combination – SAS

Following approval from the appropriate regulatory bodies, Faurecia, through its subsidiary Faurecia Automotive GmbH, has acquired the remaining 50% of SAS from Continental on January 30, 2020, a project that was announced on October 14, 2019.

SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people. This acquisition reinforces Faurecia's Cockpit of the Future strategy and its systems integration offer which now covers all interior modules as well as functionalities such as lighting and thermal management. It also strengthens Faurecia's Just in Time plant network with 20 facilities in Europe, North and South America and China. SAS has an order book showing strong growth potential, and sales growth will be further accelerated through regional and customer diversification particularly in China.

This business combination was accounted for provisionally at June 30, 2020 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 January acquisition date. The purchase price allocation is being finalized; as of June 30, 2020, out of the initial purchase price of €493.6 million (including the revaluation of the 50% share previously held), €290.1 million has been allocated to the net assets acquired, specifically to customer relationships for €230.0 million, and €203.5 million to the goodwill.

SAS accounts have been included in the consolidated financial statements since February 1, 2020. SAS total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €218.0 million and €4.4 million for the first semester 2020.

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The table below shows a breakdown of SAS net assets acquired by Faurecia:

<i>(in € millions)</i>	Fair Values
Intangible assets	252.0
Property, plant and equipment	87.2
Right-of-use assets	78.7
Other non current assets	1.0
TOTAL NON CURRENT ASSETS	418.8
Inventories, net	11.5
Contract assets	89.5
Trade accounts receivable	533.7
Other Current assets	84.7
Cash & cash equivalent	38.3
TOTAL CURRENT ASSETS	757.7
TOTAL ASSETS	1,176.6
Non controlling interests	0.0
Long term provisions and non current liabilities	1.1
Non current financial liabilities	0.0
Non current lease liabilities	63.2
TOTAL NON CURRENT LIABILITIES	64.3
Trade payables	545.9
Current provisions	6.9
Current liabilities	239.2
Current financial liabilities	14.6
Current portion of lease liabilities	15.6
TOTAL CURRENT LIABILITIES	822.2
TOTAL LIABILITIES	886.5
Net acquired assets	290.1
Goodwill	203.5
Acquisition cost (including fair value of the previously owned participation in SAS)	493.6

Note 10B Business Combination – Clarion

Faurecia, through its subsidiary Hennape Six SAS, had acquired 100% of the shares of Clarion, listed on the Tokyo Stock Exchange, through a tender offer closed on February 28, 2019, followed by a squeeze out closed on March 28, 2019.

The one-year period during which the amounts assets acquired and liabilities assumed and the related goodwill may be amended has ended on March 31, 2020; the changes that have occurred on the opening balance sheet since the December 31, 2019 closing are not significant.

Note 10C Goodwill

<i>(in € millions)</i>	Gross	Impairment	Net
Amount as of January 1, 2019	2,002.8	(510.7)	1,492.1
Acquisitions	651.8	0.0	651.8
Translation adjustments and other movements	2.5	0.0	2.5
Amount as of December 31, 2019	2,657.1	(510.7)	2,146.4
Acquisitions	225.6	0.0	225.6
Provision for impairment	0.0	(150.0)	(150.0)
Translation adjustments and other movements	(2.3)	0.2	(2.1)
Amount as of June 30, 2020	2,880.4	(660.5)	2,219.9

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

- Seating;
- Interiors;
- Clean Mobility;
- Clarion Electronics.

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

Breakdown of the net amount of goodwill by operating segment:

<i>(in € millions)</i>	June 30, 2020	December 31, 2019
Seating	850.4	850.4
Interiors*	497.4	295.2
Clean Mobility	475.9	464.9
Clarion Electronics*	396.2	535.9
TOTAL	2,219.9	2,146.4

* See note 10.A & 10.B

Following the impact of the Covid-19 pandemic on the activity, an impairment test has been conducted as of June 30, 2020. The cash flow forecasts are based to calculate the value in use were based on the Group's 2020-2022 strategic plan, drafted in mid-2019 updated to integrate with new assumptions on the activity level in each of the years considered to integrate this impact, based on a decrease of the worldwide automotive market down to 64 million of cars in 2020, 72 million in 2021 and 74 million in 2022. The sensitivity assumptions detailed below are covering the Group low range assumption of the automotive market for the years 2021 and 2022. For Clarion Electronics, the same process has been applied on the cash flow forecasts used for this activity for the period 2020-2025, updating as well the detailed assumptions for new contracts. The impact of the Group low range assumption of the automotive market for the years 2021 and 2022 (respectively 70 and 76 millions of cars) is around 60% of the maximum sensitivity detailed below for the total Group.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2022 remains in the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year of the Strategic Business Plan (2022) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the June 2020 test was 1.4% (1.4% applied at the end of 2019), except for Clarion Electronics for which 2% has been considered (2% applied at the end of 2019).

Faurecia called on an independent expert to update the weighted average cost of capital used at the end of 2019 to discount future cash flows. The market parameters used in the expert's calculation are based on a sample of companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 8% on average, the weighted cost of capital used to discount future cash flows was set at 9.5% (on the basis of a range of values provided by the independent expert) in June 2020 (9% in 2019). This rate was applied for the impairment tests carried out on all of the groups of CGUs, as they all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using

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geographically different discount rates except for Clarion Electronics, for which a discount rate of 8.75% has been considered to take into account a slightly different country exposure (8% at the end of 2019).

The tests performed as of June 30, 2020 did not show any indication of further impairment in goodwill for Seating, Interiors and Clean Mobility. The test on Clarion Electronics is leading to an impairment of €150 million as of June 30, 2020.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of June 30, 2020 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

Sensitivity (in € millions)	Test income (value in use – net carrying value) *	Cash flow discount rate + 0.5 pt	Growth rate to infinity -0.5 pt	Operating margin rate for terminal value -0.5 pt	Combination of the 3 factors
Seating	2,213	(282)	(261)	(280)	(759)
Interiors	1,042	(218)	(201)	(214)	(583)
Clean Mobility	2,284	(277)	(258)	(177)	(660)
Clarion Electronics	(150)	(108)	(89)	(92)	(262)
TOTAL	5,389	(885)	(809)	(763)	(2,264)

* Before impairment of goodwill booked during the period.

Note 11 Investments in associates

Investment in associates for continued operations:

As of June 30, 2020

(in € millions)	% interest*	Group share of equity**	Dividends received by the Group	Group share of sales	Group share of total assets
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	40%	5.1	0.0	10.1	20.1
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd	50%	6.7	0.0	15.1	22.4
Faurecia-NHK Co., Ltd	50%	0.0	0.0	68.7	22.4
Teknik Malzeme Ticaret Ve Sanayi A.S	50%	3.4	0.0	8.0	9.7
Symbio	50%	72.4	0.0	1.1	105.1
Total Network Manufacturing LLC	49%	0.3	0.0	27.8	24.2
Detroit Manufacturing Systems, LLC	49%	9.3	(0.3)	122.5	88.0
Others	-	58.3	(5.8)	107.2	125.1
SUB TOTAL		155.5	(6.1)	360.5	417.0
SAS Group ***	-	N/A	0.0	29.5	N/A
TOTAL		155.5	(6.1)	390.0	417.0

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

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

*** SAS Group has been fully consolidated the February 1st, 2020 (see note 2.1).

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 € millions)</i>	First-Half 2020	First-Half 2019	Full-Year 2019
Group share of equity at beginning of period	240.3	144.2	144.2
Dividends	(6.1)	(21.5)	(27.8)
Share of net income of associates	(12.0)	24.9	37.8
Change in scope of consolidation	(65.9)	(3.5)	76.3
Capital increase	0.0	6.1	9.9
Currency translation adjustments	(0.8)	0.1	(0.1)
Group share of equity at end of period	155.5	150.3	240.3

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.

<i>(in € millions)</i>	June 30, 2020		December 31, 2019	
	Gross	Provisions	Net	Net
Loans with maturity longer than one year	54.3	(16.6)	37.7	37.4
Others	50.4	(4.2)	46.2	34.0
TOTAL	104.7	(20.8)	83.9	71.4

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 American 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, 2020, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs which corresponds to the cash received as consideration for the receivables sold:

<i>(in € millions)</i>	June 30, 2020	December 31, 2019
Financing	895.0	1,027.6
Guarantee reserve deducted from borrowings	(10.4)	(10.8)
Cash received as consideration for receivables sold	884.7	1,016.8
Receivables sold and derecognized	(884.7)	(952.7)

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Individually impaired trade receivables are as follows:

<i>(in € millions)</i>	June 30, 2020	December 31, 2019
Gross total trade receivables	2,500.2	2,626.4
Provision for impairment of receivables	(22.1)	(17.5)
TOTAL	2,478.1	2,608.9

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

Late payments as of June 30, 2020 were €118.9 million, breaking down as follows:

- €36.2 million less than one month past due;
- €17.4 million between one and two months past due;
- €12.1 million between two and three months past due;
- €28.2 million between three and six months past due;
- €25 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 € 2,457.0 million (compared to €2,177.9 million in 2019) and short-term investments in the amount of € 64.5 million (compared to €141.5 million in 2019), or a total of € 2,521.5 million as of June 30, 2020.

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, 2020, 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. Double voting rights are attributed to shares which have been registered in the name of the same holder for at least two years carry.

As of June 30, 2020, Peugeot S.A. held 46.34% of the capital stock and 62.99% of the voting rights (theoretical).

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 €5.4 million, compared to €11.2 million in the first semester 2019.

Details of the share grant plans as of June 30, 2020 are set out in the table below:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for:		Performance condition	share market value at grant date (€)	Adjustments		Acquisition date	sales date (from)
		reaching the objective	exceeding the objective			dividend rate	Non-transferability discount		
05/29/2018	07/19/2018	378,954	492,640	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
05/28/2019	10/09/2019	884,620	1,150,720	2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population	39.20	2.50%	NA	10/09/2023	10/09/2023

* Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, i.e. 631,721 will be definitely distributed in July 2020. The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, the corresponding shares, ie 453,423 will be definitely distributed in July 2021.

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 € millions)</i>	June 30, 2020	December 31, 2019
Restructuring	95.6	76.9
Risks on contracts and customer warranties	108.5	113.8
Litigation	9.6	15.0
Other provisions	63.4	54.7
TOTAL	277.1	260.4

Changes in these provisions during 2020 were as follows:

<i>(in € millions)</i>	Amount as of January 1, 2020	Additions	Expenses charged	Reversal*	Sub total changes	Change in scope of consolidation and other changes	Amount as of June 30, 2020
Restructuring	76.9	67.4	(46.7)	0.0	20.7	(2.0)	95.6
Risks on contracts and customer warranties	113.8	13.3	(16.5)	(0.5)	(3.7)	(1.6)	108.5
Litigation	15.0	0.7	(7.2)	(0.7)	(7.2)	1.8	9.6
Other provisions	54.7	5.1	(1.6)	(0.4)	3.1	5.6	63.4
TOTAL	260.4	86.5	(72.0)	(1.6)	12.9	3.9	277.1

* 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 anticompetitive 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;
- an agreement has been reached with the Competition Commission of South Africa for a non material amount and made public on May 18, 2020, putting an end to this enquiry on Faurecia.

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.

The consequences of remaining procedures and above mentioned can not be predicted.

In 2014, the Alliance of Artists and Recording Companies, Inc. or AARC (an organisation protecting copyrights in the USA) filed two consolidated cases in the United States District Court for the District of Columbia (the "District Court") seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America (a 100% subsidiary of Clarion Co. Ltd) for one of the cases (the "Case"). In the Case, 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.

In September 2018, AARC appealed the District Court's summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit (the "D.C. 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.

On January 28, 2020, the D.C. Circuit's three-judge panel unanimously affirmed the District Court's summary judgment in Clarion's favor, ruling that automakers and manufacturers of certain onboard vehicle systems (which include Clarion's systems), comprised of hard drives, computer programs and databases, were not liable for damages or royalty payments under the Audio Home Recording Act of 1992, 17 U.S.C. §1001, et. Seq.

In the absence of petition to the D.C. Circuit for a rehearing or appeal to the U.S. Supreme Court from the plaintiffs within the adequate timeframe, the Case is considered as being definitively concluded.

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

<i>(in € millions)</i>	June 30, 2020	December 31, 2019
Provisions for pensions and other employee obligations	473.8	461.6
■ Pension plan benefit obligations	244.5	234.3
■ Post-retirement benefit obligations	187.6	184.3
■ Long-service awards	29.2	28.8
■ Healthcare costs	12.6	14.2
TOTAL	473.8	461.6

ASSUMPTIONS USED

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

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

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

(in %)	Euro zone	United Kingdom	USA
DISCOUNT RATE			
06/30/2020	1.20%	1.65%	2.21%
12/31/2019	1.20%	2.20%	2.79%
06/30/2019	1.20%	2.45%	3.35%
INFLATION RATE			
06/30/2020	1.80%	2.90%	N/A
12/31/2019	1.80%	3.10%	N/A
06/30/2019	1.80%	3.30%	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

(in € millions)	June 30, 2020	December 31, 2019
Bonds	2,117.4	2,114.6
Bank borrowings	2,483.9	943.7
Other borrowings	28.6	28.8
Non-current lease liabilities	801.2	732.3
Non-current derivatives	9.2	6.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	5,440.3	3,825.4
Current portion of long term debt	63.2	122.1
Current portion of lease liabilities	183.5	173.7
Short-term borrowings ⁽¹⁾	868.5	722.7
Current derivatives	4.0	1.3
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	1,119.2	1,019.8
TOTAL FINANCIAL LIABILITIES	6,559.5	4,845.2
Derivatives classified under non-current and current assets	(3.8)	(1.8)
Cash and cash equivalents	(2,521.5)	(2,319.4)
NET DEBT	4,034.2	2,524.0
Net cash and cash equivalent	2,521.5	2,319.4
(1) Including bank overdrafts	63.9	80.5

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.

In order to secure the liquidity of the Group during the covid-19 crisis, €600 million have been drawn down in March 2020. As of June 30, 2020, the drawn amount was still at €600 million. In compliance with IFRS1 §73, this debt is classified as long term debt, as this drawdown can be renewed until the final maturity of the credit facility.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt ⁽¹⁾/EBITDA ⁽²⁾ must be lower than 2.79 ⁽³⁾. Compliance with this ratio is a condition affecting the availability of this credit facility. As of June 30, 2020, 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.

SCHULDSCHEINDARLEHEN

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.

This private placement has been used to finance the acquisition of Clarion Co. Ltd.

¥30 BILLION CREDIT FACILITY

On February 7, 2020, Faurecia has signed a credit facility in Yen for an amount of ¥30 billion, with a five-year maturity, aiming at refinancing on a long term basis, the debt of Clarion Co Ltd. The credit facility comprises two tranches of ¥15 billion each, one being a loan and the other one a revolving credit line.

The proceeds of this credit line have enabled Clarion Co Ltd to reimburse most of its bank debts.

As of June 30, 2020, the drawn amount was at ¥20 billion, representing €165.8 million.

This credit facility benefits from the same restrictions as the €1.2 billion credit facility.

€800 MILLION CREDIT FACILITY FOR 18 MONTHS

On April 10, 2020, in order to secure the liquidity of the Group, Faurecia has signed a credit facility for an amount of €800 million with four banks. This credit facility is a term loan with an 18 months maturity. The loan has been fully drawn and the amount due as of June 30, 2020 is of €800 million.

This credit facility benefits from the same restrictions as the €1.2 billion credit facility. It doesn't benefit from a state guarantee.

(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.

(3) This limit was previously at 2.50 and has been changed to 2.79 to take into account the implementation of IFRS 16.

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

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 Global Exchange Market of Euronext Dublin (previously Irish Stock Exchange). 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 finance the acquisition of Clarion Co., Ltd.

The bonds are listed on the Global Exchange Market of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been done on October 31, 2019. These additional bonds have been issued at 104.50% of the par, which corresponds to a yield to maturity of 2.40%. As of June 30, 2020, the amount of these 2026 bonds amounted to €750 million.

2027 BONDS

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The success rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The exchange premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the repayment premium for bonds redeemed by anticipation has been expensed in the year 2019.

The bonds are listed on the Global Exchange Market of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

Finally, during 2020, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. The amount of the commercial papers program has been brought from €1 billion to €1.3 billion in September 2019. Faurecia has been able to issue commercial paper in the first half of 2020. As of June 30, 2020, the outstanding amount was € 634.2 million.

On June 12, 2020, Fitch has confirmed the BB+ rating of Faurecia, with a negative outlook. On June 19, 2020 Standard & Poor's has downgraded Faurecia rating from BB+ to BB with a stable outlook, and Moody's has downgraded Faurecia rating from Ba1 to Ba2, with a stable outlook.

18.3 Analysis of borrowings

As of June 30, 2020, the variable rate borrowings were 35.1% of borrowings before taking into account the impact of hedging.

(in € millions)

June 30, 2020

Variable rate borrowings	2,301.4	35.1%
Fixed rate borrowings	4,258.1	64.9%
TOTAL	6,559.5	100.0%

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

(in € millions)

June 30, 2020

December 31, 2019

	June 30, 2020		December 31, 2019	
Euros	4,917.3	75.0%	3,969.0	81.9%
US Dollars	1,018.8	15.5%	292.0	6.0%
Japanese Yen	294.3	4.5%	212.9	4.4%
Other currencies	329.1	5.0%	371.3	7.7%
TOTAL	6,559.5	100.0%	4,845.2	100.0%

In the first half of 2020, the weighted average interest rate on gross outstanding borrowings was 2.82% versus 2.63% for the first half of 2019.

Note 19 Financial instruments

19.1 Financial instruments recorded in the balance sheet

	June 30, 2020		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 assets/liabilities measured at fair value
<i>(in € millions)</i>						
Other equity interests	54.5		54.5			54.5
Other non-current financial assets	83.9				83.9	83.9
Trade accounts receivables	2,478.1	2,478.1				0.0
Other operating receivables	304.3	300.3	0.2	3.8		4.0
Other receivables and prepaid expenses	966.3	966.3				0.0
Currency derivatives	3.8		1.8	2.0		3.8
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	2,521.5		2,521.5			2,521.5
FINANCIAL ASSETS	6,412.4	3,744.7	2,578.0	5.8	83.9	2,667.7
Long-term debt*	4,639.1	1.7		9.2	4,628.2	4,596.5
Non-current lease liabilities	801.2				801.2	801.2
Short-term debt	935.7		4.0		931.7	935.7
Current portion of lease liabilities	183.5				183.5	183.5
Prepayments on customers contracts	657.5	657.5				0.0
Trade payables	4,516.0	4,516.0				0.0
Accrued taxes and payroll costs	831.5	831.5				0.0
Sundry payables	441.3	429.7		11.6		11.6
<i>Of which Currency derivatives</i>	11.6			11.6		11.6
FINANCIAL LIABILITIES	13,005.8	6,436.4	4,0	20,8	6 544,6	6 528,5

(1) No financial instruments were transferred between categories in 2020.

(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 half-year market value (June 30, 2020): for the 2025 bonds quoted 97.23% of par, at €680.6 million and for the 2026 bonds quoted 98.80% of par, at €741.0 million and for the 2027 bonds quoted 93.55% of par, at €654.9 million.

	December 31, 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 assets/liabilities measured at fair value
<i>(In € millions)</i>						
Other equity interests	60.4		60.4			60.4
Other non-current financial assets	71.4				71.4	71.4
Trade accounts receivables	2,608.9	2,608.9				0.0
Other operating receivables	360.4	351.4	0.1	8.9		9.0
Other receivables and prepaid expenses	839.2	839.2				0.0
Currency derivatives	1.8		1.8			1.8
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	2,319.4		2,319.4			2,319.4
FINANCIAL ASSETS	6,261.5	3,799.5	2,381.7	8.9	71.4	2,462.0
Long-term debt*	3,093.1	1.9		6.0	3,085.2	3,229.8
Current portion of lease liabilities	732.3				732.3	732.3
Short-term	846.1		1.3		844.8	846.1
Non-current lease liabilities	173.7				173.7	173.7
Prepayments on customers contracts	665.4	665.4				0.0
Trade payables	5,316.2	5,316.2				0.0
Accrued taxes and payroll costs	752.8	752.8				0.0
Sundry payables	360.9	359.7		1.2		1.2
<i>Of which Currency derivatives</i>	1.2			1.2		1.2
FINANCIAL LIABILITIES	11,940.5	7,096.0	1.3	7.2	4,836.0	4,983.1

(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 (December 31, 2019): for the 2025 bonds quoted 104.25% of par, at €729.6 million, for the 2026 bonds quoted 106.39% of par, at €798.0 million and for the 2027 bonds quoted 103.68% of par, at €725.8 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 € millions) June 30, 2020	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.2	(0.1)	13.6	13.6	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.2	(4.0)	863.6	863.6	0.0	0.0
■ cross-currency swaps	4.3	(0.6)	107.2	0.0	107.2	0.0
Cash flow hedges						
■ forward currency contracts	3.6	(2.7)	279.1	279.1	0.0	0.0
■ currency option	0.1	(8.6)	125.0	125.0	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	14.0	14.0	0.0	0.0
	8.5	(16.0)				

* Notional amounts based on absolute values.

(in € millions) December 31, 2019	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount*	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.1	0.0	5.0	5.0	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.8	(1.3)	541.2	541.2	0.0	0.0
■ cross-currency swaps	1.7	(0.6)	106.8	0.0	106.8	0.0
Cash flow hedges						
■ forward currency contracts	5.2	(0.9)	405.0	405.0	0.0	0.0
■ currency option	3.6	(0.4)	221.5	221.5	0.0	0.0
Not eligible for hedge accounting	0.2	0.0	28.5	28.5	0.0	0.0
	11.6	(3.2)				

* Notional amounts based on absolute values.

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 € millions) June 30, 2020	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	(9.2)	0.0	714.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(9.2)	0.0	714.0	0.0

(in € millions) December 31, 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	(6.0)	0.0	714.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(6.0)	0.0	714.0	0.0

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, 2020.

Note 21 Commitments given and contingent liabilities

Commitments given

(in € millions)	June 30, 2020	December 31, 2019
Future minimum lease payments ⁽¹⁾	96.4	96.7
Debt collateral:		
■ mortgages	1.9	2.0
Other debt guarantees	46.9	33.7
Firm orders for property, plant and equipment and intangible assets	159.8	173.3
Other	1.1	1.1
TOTAL	306.1	306.8

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

Transactions with PSA group

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

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

<i>(in € millions)</i>	June 30, 2020	December 31, 2019
Sales	682.8	2,075.8
Purchases of products, services and materials	3.2	12.8
Receivables*	264.5	473.3
Trade payables	116.5	138.1
* Before no-recourse sales of receivables amounting to:	120.9	252.0



3.

Statement
by the person responsible
for the 2020 half year
financial report

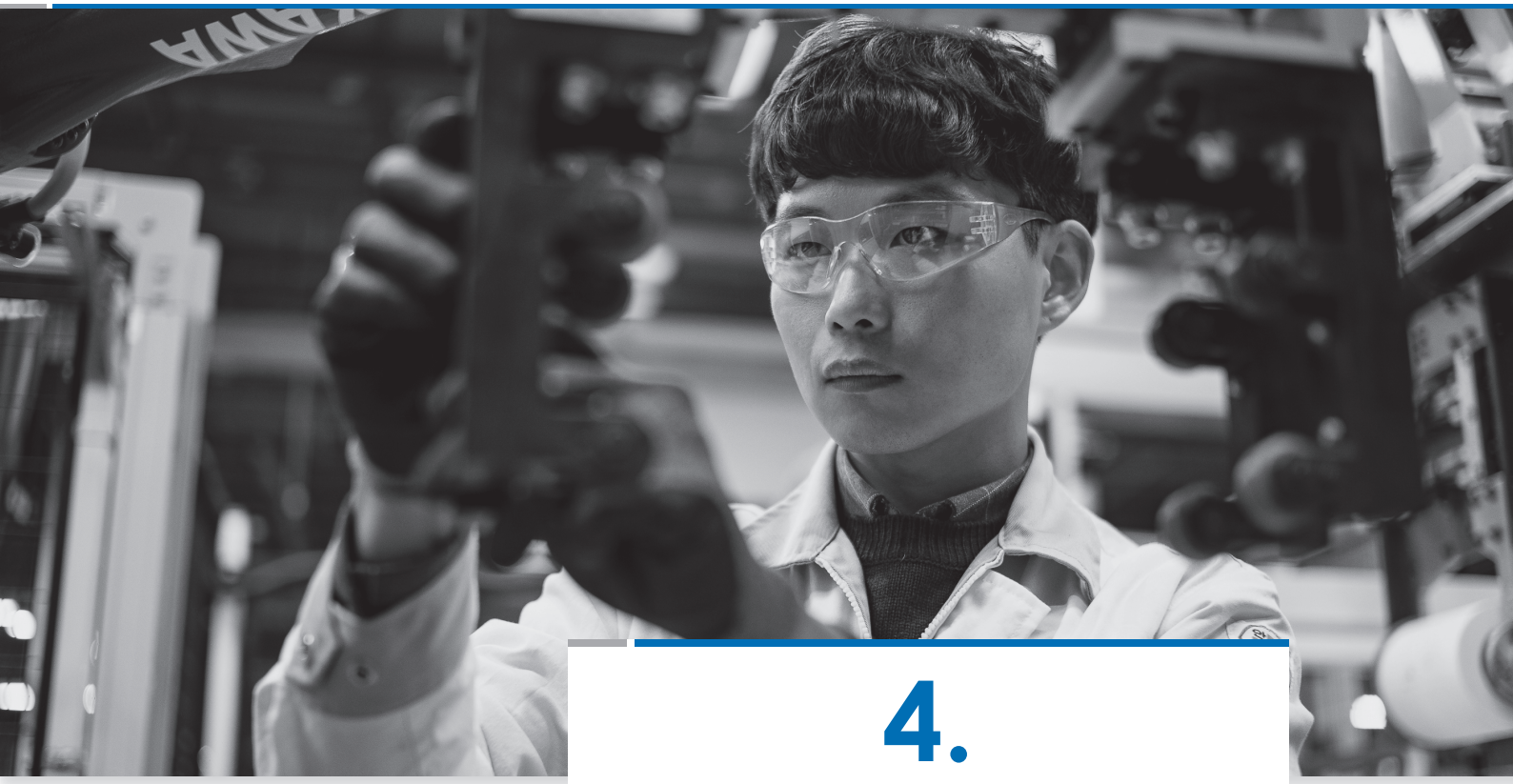
Statement by the person responsible for the 2020 half year financial report

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 the company 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 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 27, 2020

Patrick KOLLER

Chief Executive Officer



4.

Statutory Auditors' review report on the interim financial information

Statutory Auditors' review report on the interim financial information

This is a free translation into English of the Statutory Auditors' review report on the half-yearly 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 period from January 1, 2020 to June 30, 2020;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors on July 24, 2020 on the basis of the information available at that date in the evolving context of the crisis related to Covid-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that 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 are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without modifying our conclusion, we draw your attention to the matter set out in Note 2.3 "Recent events" to the condensed half-yearly consolidated financial statements, which describes the consequences of the sanitary crisis Covid-19 on Faurecia group.

2. 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 prepared on July 24, 2020.

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

Courbevoie and Paris La Défense, July 24, 2020

The Statutory Auditors

French original signed by

MAZARS

David Chaudat

Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon

Guillaume Brunet-Moret

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