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inspiring mobility

# FY 2018 RESULTS

## All targets achieved despite headwinds in H2
## Strong profitability and order intake

February 18, 2019

*The full-year 2018 consolidated financial statements have been approved by the Board of Directors at its meeting held on February 15, 2019, under the chairmanship of Michel de Rosen. These financial statements have been audited. Operating income presented as Faurecia's main performance indicator is Operating income before amortization of intangible assets acquired in business combinations.*

# Agenda

| | | |
|---|---|---|
| 1 | **FY 2018 highlights** | Patrick Koller<br>*Chief Executive Officer* |
| 2 | **Detailed review of FY 2018 Results** | Michel Favre<br>*Chief Financial Officer* |
| 3 | **Strategic update** | Patrick Koller<br>*Chief Executive Officer* |
| 4 | **2019 guidance and next steps** | Patrick Koller<br>*Chief Executive Officer* |

# Strong performance in 2018
# Confirmation of resilient and pertinent business model

- Faurecia achieved a strong financial performance and met all 2018 financial targets
- Demonstrated resilience in the face of increasingly strong headwinds in H2
- Strong order intake drives future profitable growth and increase in market share
- Pertinent business model with short time-to-market for innovative systems
- Clarion acquisition accelerates Cockpit of the Future strategy
- Guidance for 2019 takes into account market uncertainty and volatility

# Faurecia met all FY 2018 financial targets and posted a strong performance

**Sales**

**€17,525m**
**+7.0% at constant currencies**
**+810bps above worldwide automotive production**

*(Guidance was "At least +8% or at least 600bps above worldwide automotive production")*

**Operating margin**

**7.3% of sales**
**with operating income up 10% at €1,274m**

*(Guidance was "At least 7.2% of sales")*

**Net Cash Flow**

**Strong cash generation of €528m**
**(vs. €431m in 2017)**

*(Guidance was "Above €500m")*

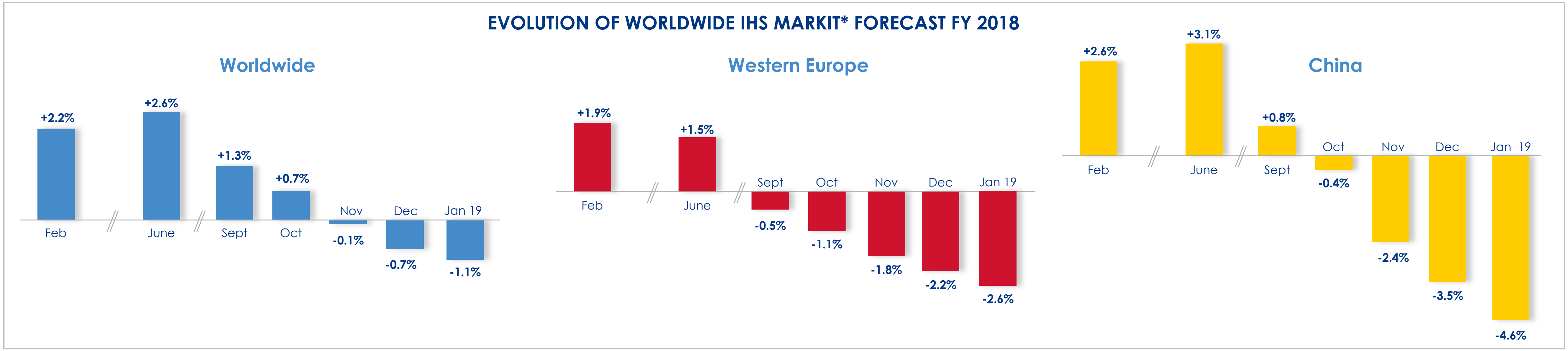
**EPS**

**€5.11**
**with net income up 17% at €701m**

*(Guidance was "Above €5.00")*

# Targets were achieved despite tougher than expected headwinds in H2 2018

- **Full-year production volume started to drop year-on-year in H2, as reflected in forecast changes during the year**
  - Worldwide production in 2018, which was expected to grow by c. 2% until mid-year, declined by 1.1%* vs. 2017 (H1 @ +2.2%* and H2 @ -4,4%*)
  - This was mainly attributable to Western Europe, impacted by the consequences on production of WLTP, and China, impacted by an economic slowdown




- **Raw materials:** impact on operating income of €(20)m in 2018, of which €(15)m in H2
- **Currencies:** impact on operating income of €(50)m in 2018, of which €(11)m in H2



** Source: IHS Markit forecast January 2019 (vehicles segment in line with CAAM for China)*

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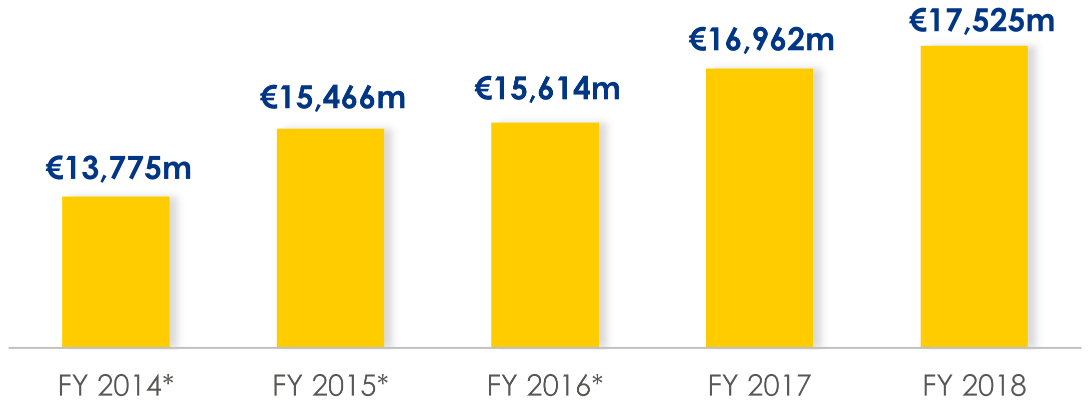
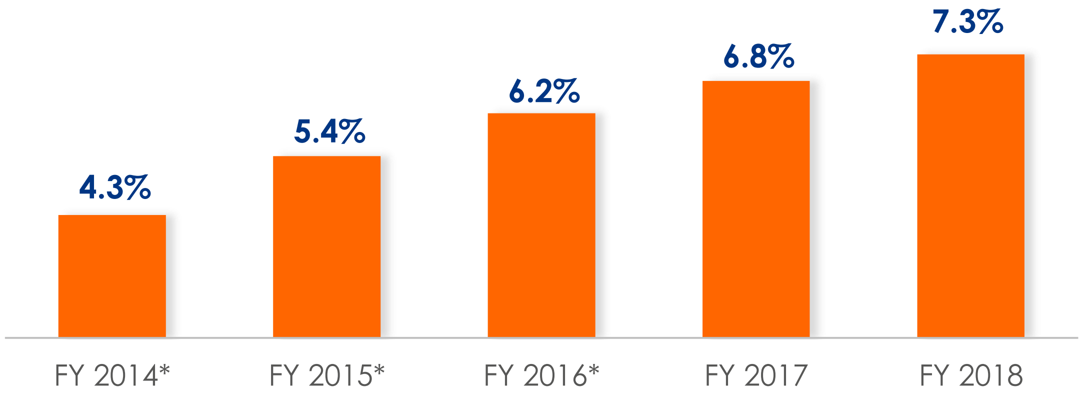
# Continued improvement in performance over the past five years

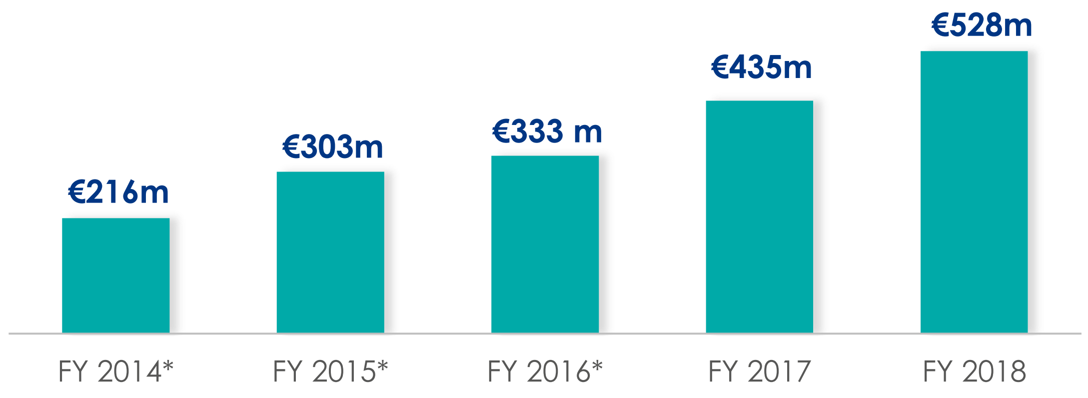
## SALES



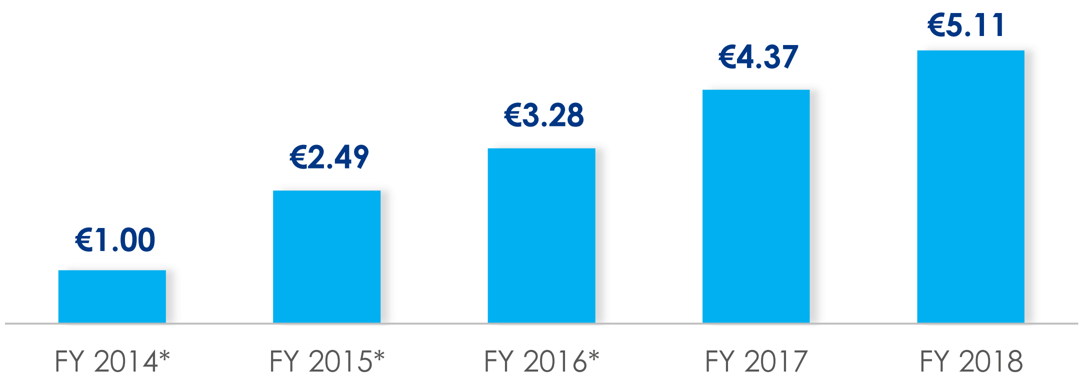

## OPERATING MARGIN




## NET CASH FLOW




## EPS




** Restated for the disposal of the Automotive Exteriors business*



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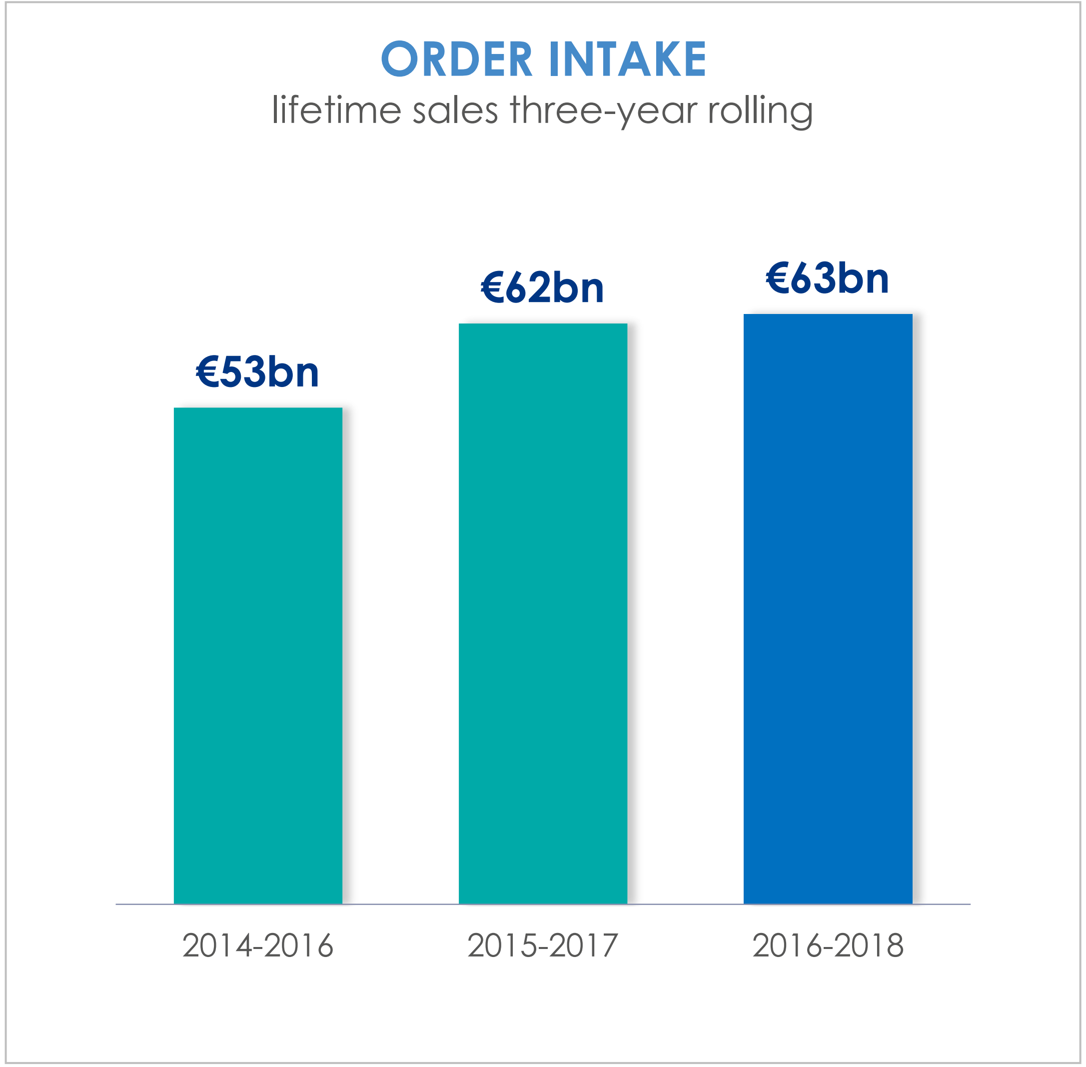
# Another year of strong order intake secures future profitable growth




- **New Value Spaces (NVS) showing good start and representing more than 12% of 2018 order intake**
  - Commercial vehicles and HHP represented €1.2bn, giving market share growth from 17% to 23% by 2023
  - Cockpit of the Future represented €1.5bn, including major awards from Byton, FAW, JLR & Rivian and more than €500m for Parrot Automotive and Coagent
- **2018 order intake in China represented €5.9bn, of which 55% with Chinese OEMs**
- **Not included in 2018 order intake:**
  - US non-consolidated minority business for Seating with VW representing €1.3bn lifetime sales
  - Around €4bn sourcing decisions postponed to 2019

# Increasingly broad and diversified customer portfolio

## MASS MARKET OEMS

- PEUGEOT
- DS AUTOMOBILES
- CITROËN
- Volkswagen
- Opel
- ŠKODA
- RENAULT
- NISSAN
- MITSUBISHI
- SEAT
- FCA – FIAT CHRYSLER AUTOMOBILES
- GM
- Ford
- TOYOTA
- HONDA
- HYUNDAI
- KIA MOTORS
- LADA
- Jeep
- CHEVROLET
- DACIA
- FIAT
- PROTON
- CHRYSLER

## PREMIUM OEMS

- BMW
- VOLVO
- Audi
- JAGUAR
- LAND ROVER
- Mercedes-Benz
- ASTON MARTIN
- LOTUS
- MINI
- ALFA ROMEO
- PORSCHE
- RAM
- LINCOLN
- LAMBORGHINI
- INFINITI
- BENTLEY
- MASERATI
- Cadillac
- AMG
- TESLA
- McLaren
- Alpine
- polestar

## CHINESE OEMS

- FAW
- Great Wall
- BAIC
- GEELY
- SAIC
- DONGFENG
- GAC MOTOR
- BYD
- CHERY
- Venucia
- 五菱汽车 品质驱动生活
- Hongqi
- 上汽通用五菱 SGMW
- 车和家 CHJ·AUTOMOTIVE

## CV & HHP

- JOHN DEERE
- Cummins
- SCANIA
- MACK
- DAF
- CAT
- JCB
- MAN
- DEUTZ
- TATA
- RENAULT TRUCKS
- ISUZU
- NAVISTAR
- Gulf Craft
- VOLVO TRUCKS
- SBB CFF FFS
- DB
- MEYER WERFT
- SNCF
- YUCHAI
- TRATON
- JMC
- National Environment Agency
- CITY LONDON

## NEW ENTRANTS

- BORGWARD
- MOIA
- BYTON
- KARMA
- RIVIAN
- VINFAST
- NIO
- ZOTYE
- ICONIQ
- LUCID
- dyson

New



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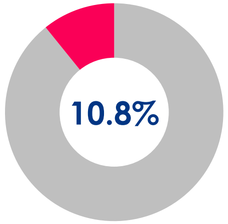
# Significant business conquest will fuel continued market share growth

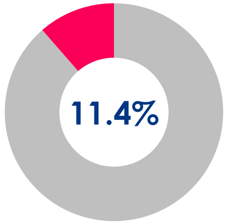
## WORLDWIDE MARKET SHARE* GROWTH FROM 13.6% TO 14.1%

2017

Seating

2018

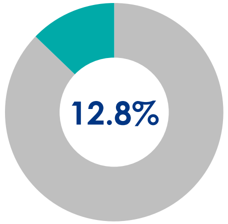


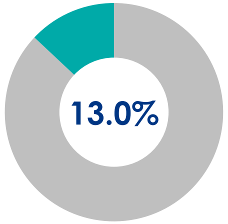




2017

Interiors

2018

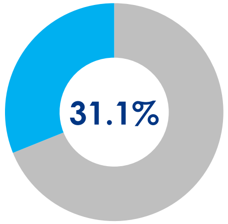


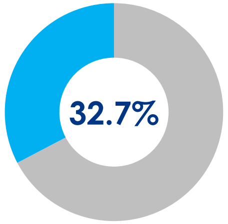




2017

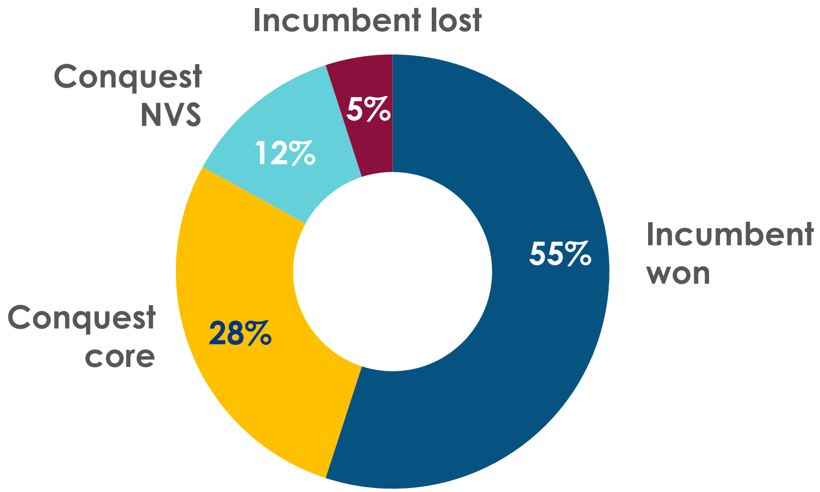
Clean Mobility

2018




## 2018 SOURCING DECISIONS** FUELING FUTURE GROWTH




- Net business wins demonstrate future market share growth
- Record profitability of 2018 order intake



** Market share in value based on average content per car and HIS Markit volume without commercial vehicles, Parrot & Coagent*
*** RFQs for consolidated business Faurecia responded to during the year*

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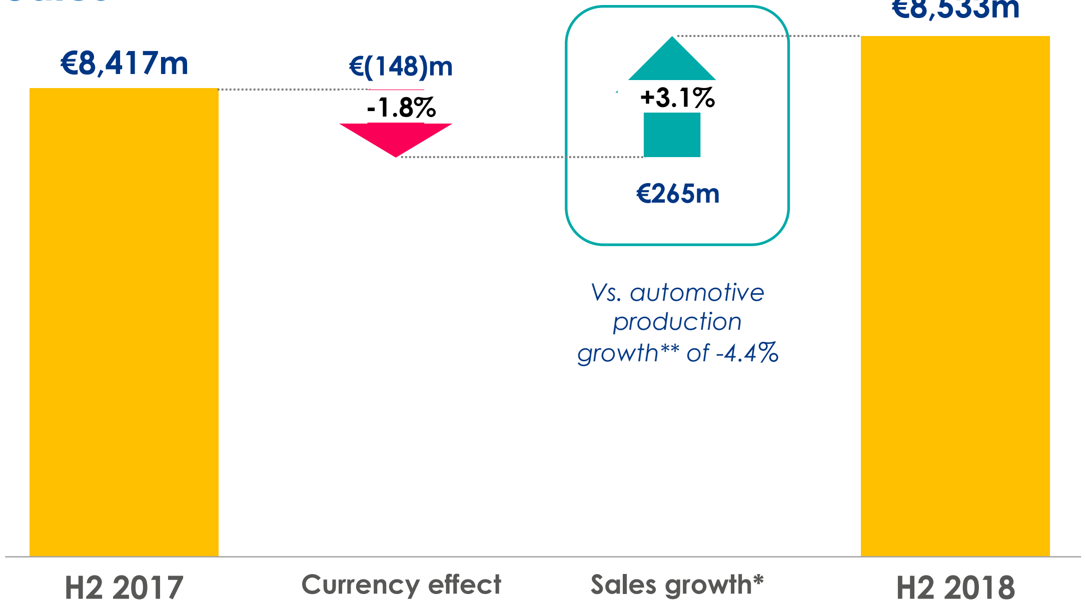
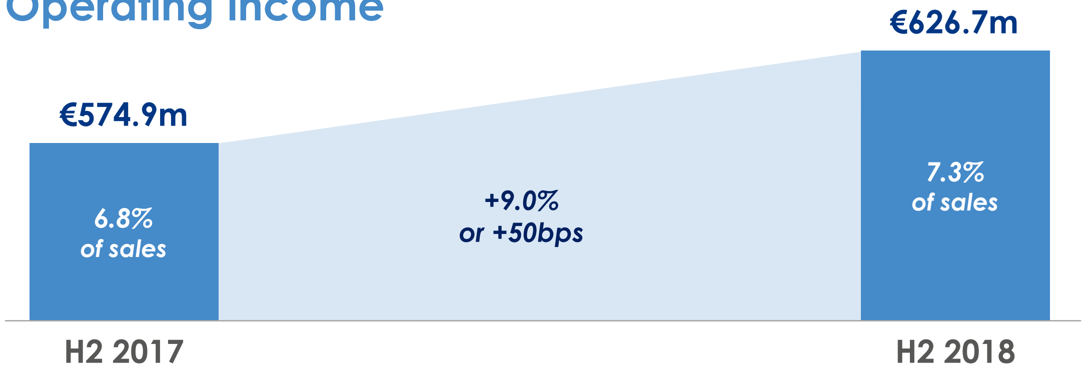
# Strong performance in H2, despite a drop of 4.4% in worldwide automotive production

## Sales




- **Worldwide automotive production was down 4.4%**
  - Mostly impacted by Europe (-5.3%) and China (-12.0%)
- **Faurecia's sales were up 3.1% at constant currencies ⇨ outperformance of 750bps**
- **Sales included:**
  - A negative impact of 1.8% from currencies
  - A positive impact of €298m (or 3.5%) from bolt-ons
- **By Business Group at constant currencies:**
  - Seating and Clean Mobility up 6.4% and 4.7% respectively
  - Interiors down 2.3%, impacted by high tooling sales in Q4 2017
- **By region at constant currencies:**
  - Europe broadly flat (-0.2%)
  - North America up 2.9%
  - Asia up 11.2%, o/w China up 13.2%
  - South America up 18.3%
  - RoW down 27.5% due to Iran

## Operating income

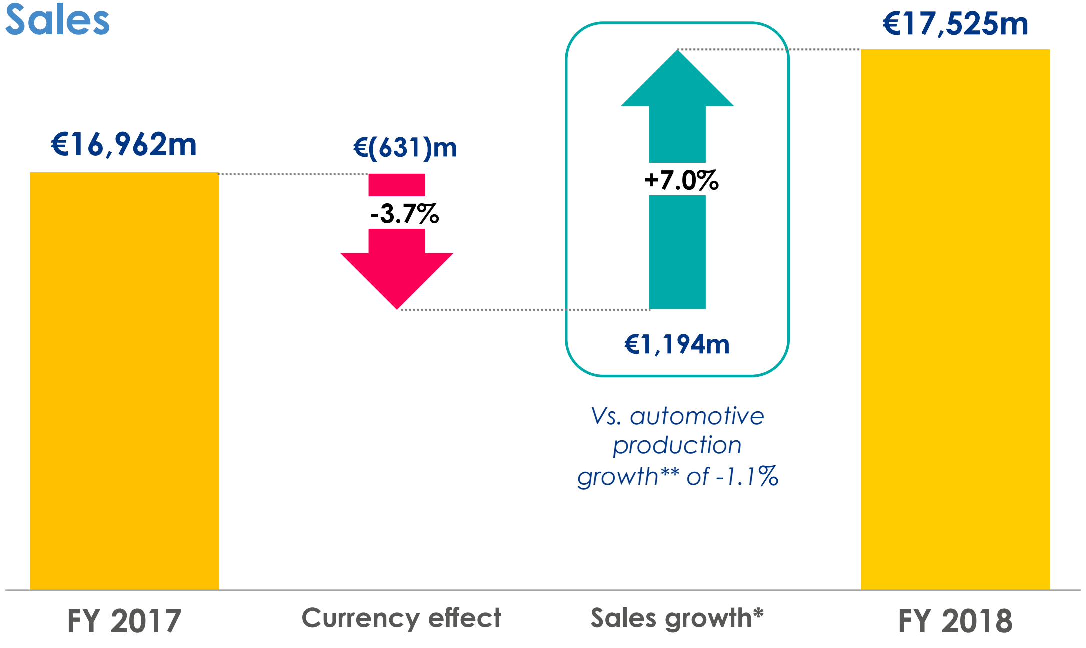



- **Operating income of €626.7m, up 9.0%** (despite a negative impact from the wind-down of activities in Iran)
- **Operating margin rose 50bps, to 7.3% of sales**
  - Improved operating margin in all three Business Groups
  - Improved operating margin in Europe, North America and South America
  - In Asia, margin slightly eroded but remained strong (in double digits)

** At constant currencies*
*** Source: IHS Markit forecast January 2019 (vehicles segment in line with CAAM for China)*

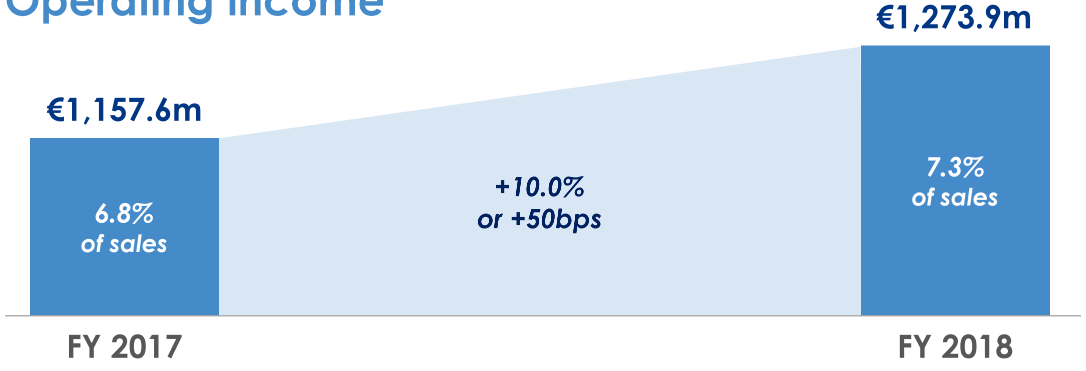
# Faurecia achieved a record year in 2018, thanks to strong growth in H1 and resilient performance in H2

## Sales




- **Worldwide automotive production was down 1.1%**
  - Mostly impacted by Europe (-1.2%) and China (-4.6%)
- **Faurecia's sales were up 7.0% at constant currencies**
  **⇨ outperformance of 810bps**
- **Sales included:**
  - A negative impact of 3.7% from currencies (2/3 of which attributable to USD, ARS and BRL)
  - A positive impact of €442m (or 2.6%) from bolt-ons
- **All Business Groups posted solid growth at constant currencies:**
  - Seating was up 7.6%, Interiors up 6.0% and Clean Mobility up 7.2%
- **All main regions posted growth at constant currencies:**
  - Europe: +5.4%
  - Asia: +13.9%, o/w China: +13.9%
  - North America: +4.6%
  - South America: +17.7%
  - *Only RoW was down 10.0% due to Iran*

## Operating income




- **Operating income of €1,273.9m, up 10.0%**
- **Operating margin rose 50bps, to 7.3% of sales**
  - Improved operating margin in all three Business Groups
  - Improved operating margin in Europe and North America, both above 6%
  - Continued turnaround in South America (from an operating loss in 2016 to a profit of 1.6% in 2017 and 3.4% in 2018)
  - Confirmed strong double digit operating margin in Asia (at 11.3% of sales)

** At constant currencies*
*** Source: IHS Markit forecast January 2019 (vehicles segment in line with CAAM for China)*



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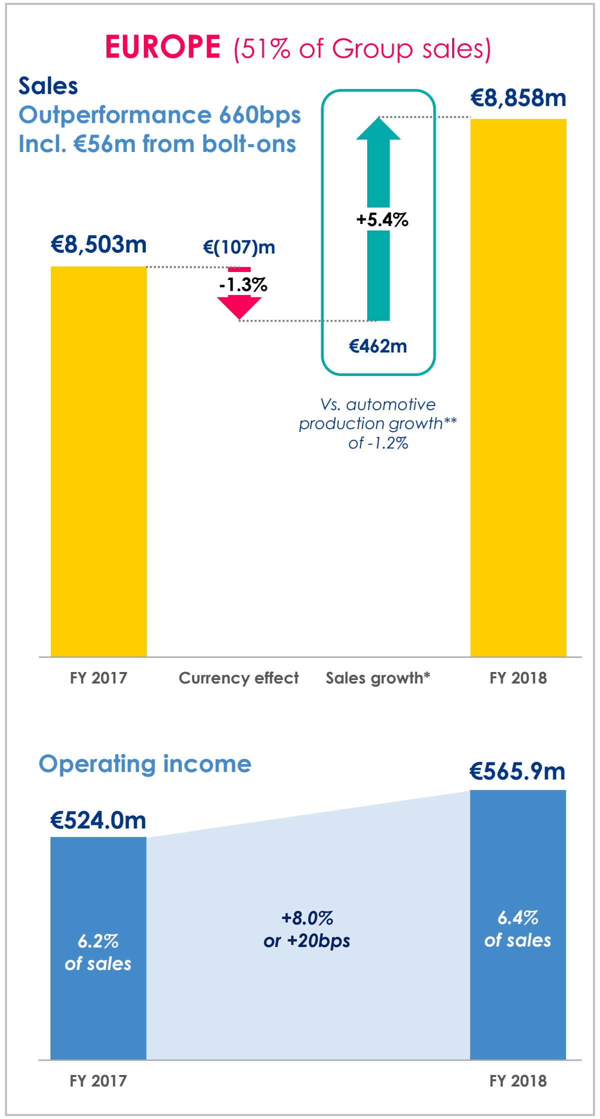
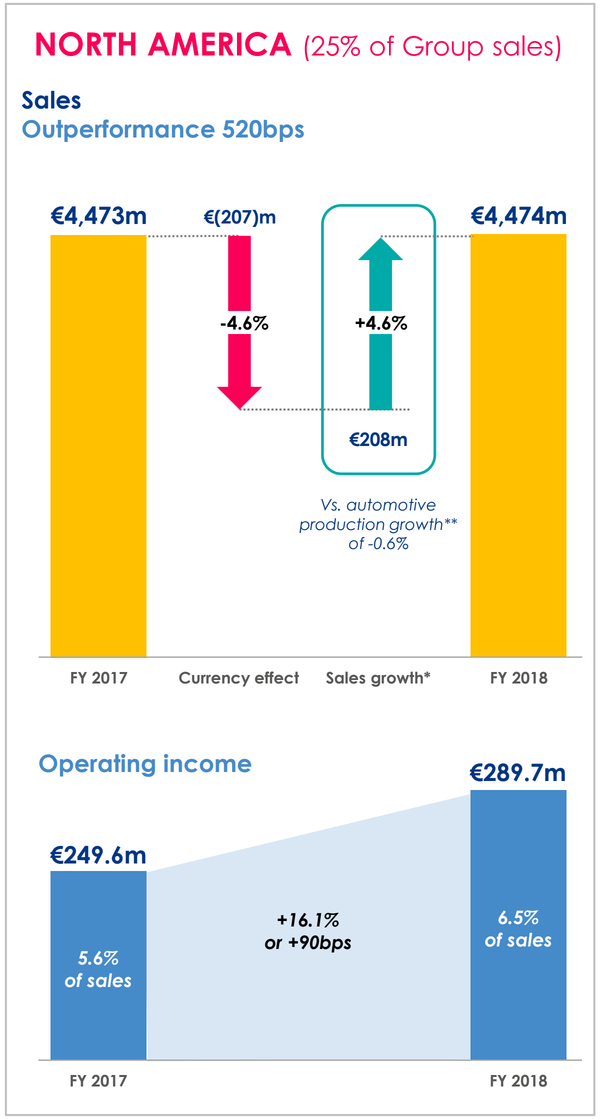
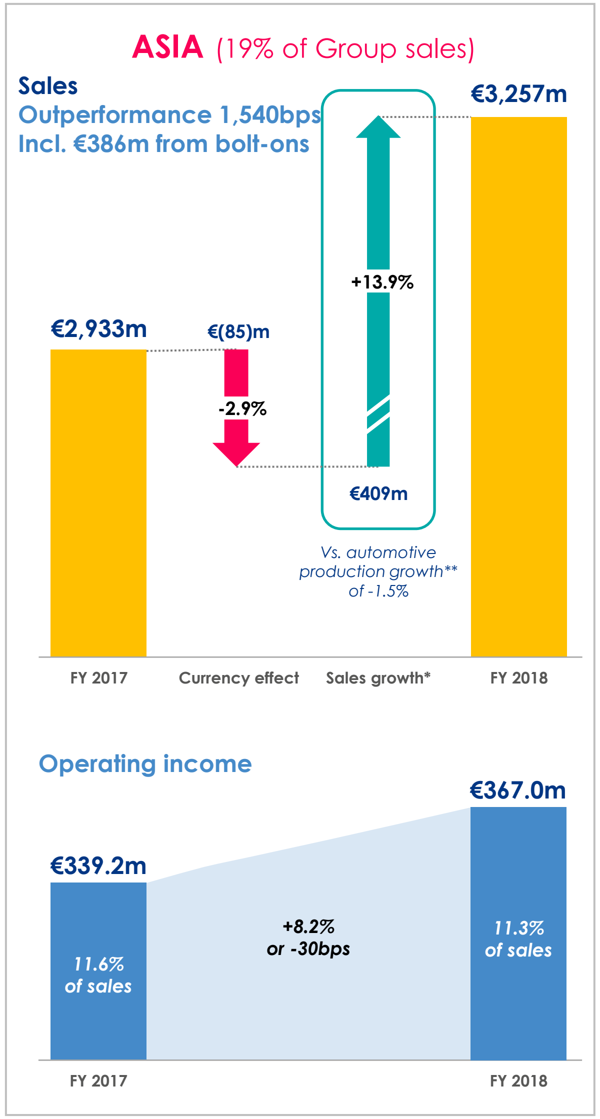
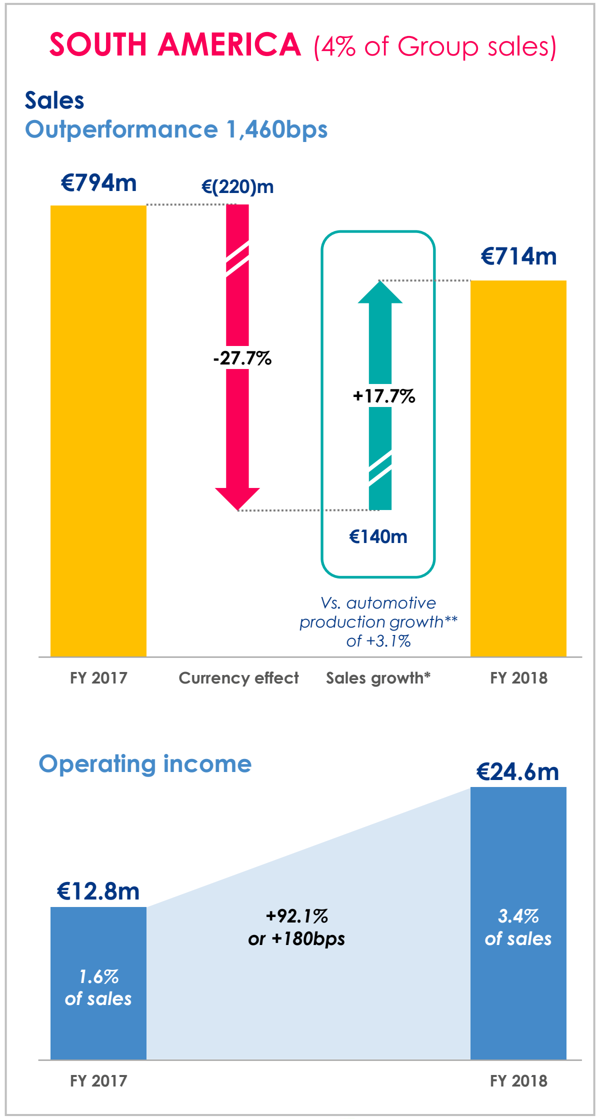
# Solid sales growth at constant currencies in all regions
# Strong increase in operating income in all regions




** At constant currencies*
*** Source: IHS Markit forecast January 2019 (vehicles segment in line with CAAM for China)*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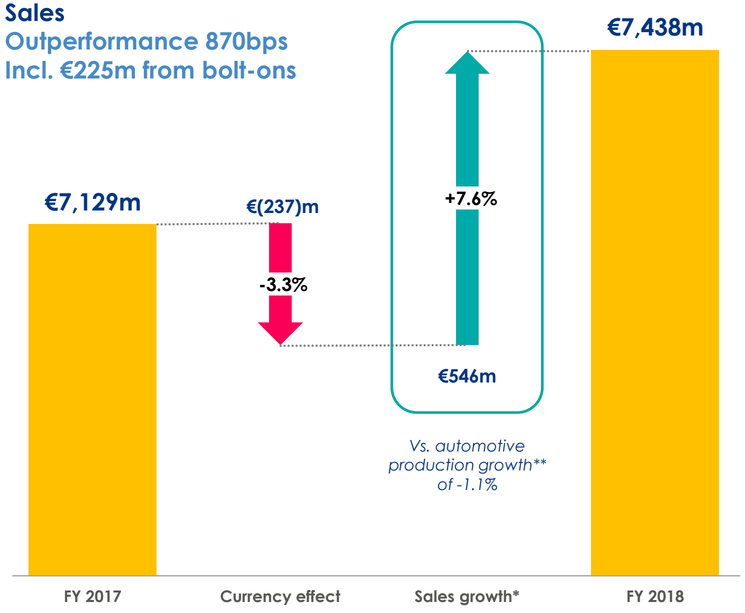
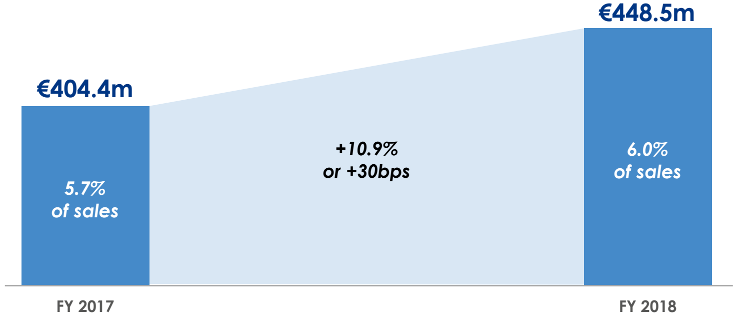
# Solid sales growth at constant currencies and improved operating margin in all three Business Groups

## SEATING (43% of Group sales)

**Sales**
**Outperformance 870bps**
**Incl. €225m from bolt-ons**

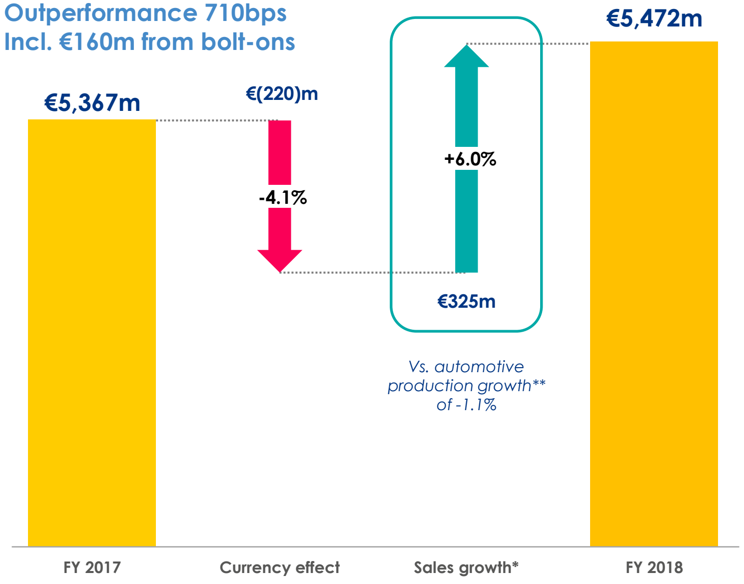



**Operating income**

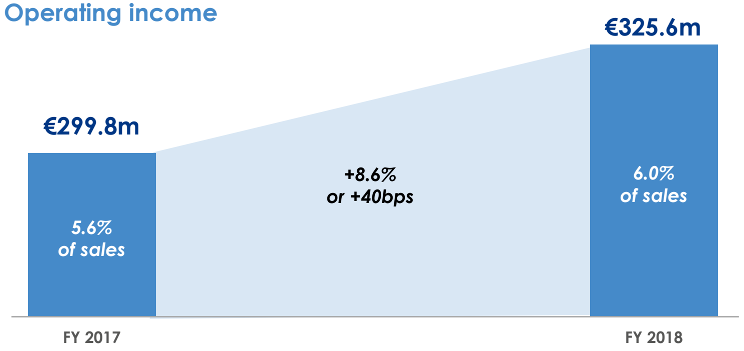



## INTERIORS (31% of Group sales)

**Sales**
**Outperformance 710bps**
**Incl. €160m from bolt-ons**

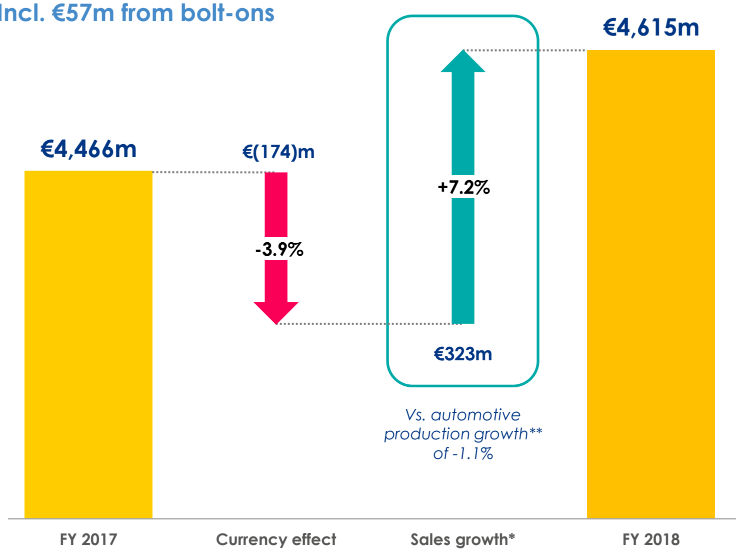



**Operating income**

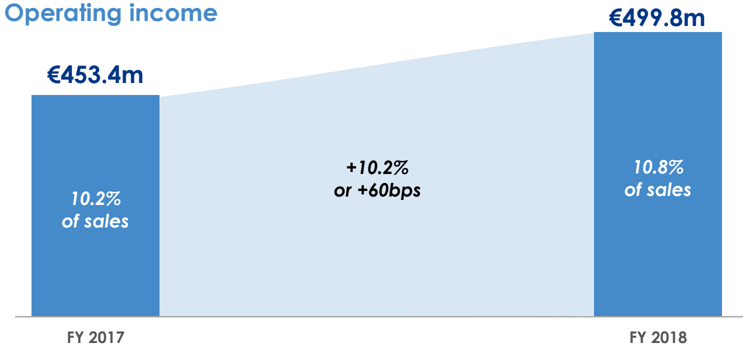



## CLEAN MOBILITY (26% of Group sales)

**Sales**
**Outperformance 830bps**
**Incl. €57m from bolt-ons**




**Operating income**




** At constant currencies*
*** Source: IHS Markit forecast January 2019 (vehicles segment in line with CAAM for China)*



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# Operating income up 10% to €1,274m
# Operating margin up 50bps to 7.3% of sales

| in €m | FY 2017 | FY 2018 | Change |
|---|---|---|---|
| **Sales** | **16,962.1** | **17,524.7** | **+3.3%** |
| Cost of sales | (14,842.4) | (15,248.8) | +2.7% |
| % of sales | (87.5)% | (87.0)% | |
| **Gross margin** | **2,119.7** | **2,275.9** | **+7.4%** |
| **% of sales** | **12.5%** | **13.0%** | **+50bps** |
| *R&D gross* | *(1,152.3)* | *(1,093.1)* | |
| *Capitalized development costs** | *870.6* | *794.3* | |
| *as % of R&D gross* | *75.6%* | *72.7%* | |
| R&D costs, net | (281.7) | (298.8) | +6.1% |
| % of sales | (1.7)% | (1.7)% | |
| Selling and administrative expenses | (680.4) | (703.2) | +3.4% |
| % of sales | (4.0)% | (4.0)% | |
| **Operating income** | **1,157.6** | **1,273.9** | **+10.0%** |
| **% of sales** | **6.8%** | **7.3%** | **+50bps** |

- **Gross margin improved by 50bps including sales and lease-back operations broadly offsetting other one-off expenses related mainly to two industrial reorganizations**
- **Net R&D stable as % of sales, as lower capitalization of R&D was compensated by increase in research tax credits and other gains**
- **Selling and administrative expenses, including investment in NVS, were flat as % of sales**
- **Operating income improved by 50bps**

** of which:*
*. R&D stock increase of €222m in 2017 and €202m in 2018*
*. Capitalized R&D of €648m and 593m in 2018*



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# Strong rise in net income (Group share), up 17% to €701m

| In €m | FY 2017 | FY 2018 | Change |
|---|---|---|---|
| **Sales**<br>***ex-currency growth*** | **16,962.1** | **17,524.7** | **+3.3%**<br>***+7.0%*** |
| **Operating income**<br>***as % of sales*** | **1,157.6**<br>***6.8%*** | **1,273.9**<br>***7.3%*** | **+10.0%**<br>***+50bps*** |
| Amort. of intangible assets acquired in business combinations | (1.2) | (10.9) | |
| Restructuring | (85.0) | (100.8) | |
| Other non-recurring operating income and expense | (11.2) | (46.5) | |
| Net interest expense & other financial income and expense | (131.3) | (163.8) | |
| **Pre-tax income of fully consolidated companies** | **929.0** | **951.9** | **+2.5%** |
| Corporate income taxes<br>*as % of pre-tax income* | (260.7)<br>*(28.1%)* | (190.0)<br>*(20.0%)* | |
| **Net income before tax of fully consolidated companies** | **668.3** | **761.9** | **+14.0%** |
| Share of net income of associates | 34.6 | 31.4 | |
| **Net income from continued operations** | **702.9** | **793.3** | **+12.9%** |
| Net income from discontinued operations | (7.4) | | |
| **Consolidated net income, before minority interest** | **695.5** | **793.3** | **+14.1%** |
| Minority interest | (96.1) | (92.5) | |
| **Consolidated net income, Group share** | **599.4** | **700.8** | **+16.9%** |
| **Basic EPS (in €)** | **4.37** | **5.11** | **+16.9%** |

- **Operating income reflected strong operating leverage**
- **Amortization of intangible assets in 2018 included:**
  - €(6.7)m for Coagent
  - €(3.4)m for Hug
- **Increase of restructuring expense in H2 2018 to adapt to worsening environment**
- **Other non-recurring operating income and expense in 2018 included:**
  - €(16.9)m from wind-down of activities in Iran
  - €(8.8)m from settlement of anti-trust actions
- **Net interest expense and other financial income and expense in 2018 included:**
  - €(20.1)m from loan depreciation related to Amminex
  - €(5.7)m from hyper-inflation in Argentina
  - €(5.5)m from refinancing operations in H1
- **Tax rate of 20% in 2018 included the recognition of deferred tax assets in France; normalized tax rate of c. 25% expected in 2019**
- **EPS (basic) up 17% to €5.11**



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# Net cash flow up 21 % to €528m, in line with target to be above €500m

| In €m | FY 2017 | FY 2018 | Change |
|---|---|---|---|
| **Operating income** | **1,157.6** | **1,273.9** | **+8.3%** |
| Depreciation and amortization, of which:<br>• *Amortization of R&D intangible assets*<br>• *Other depreciation and amortization* | 793.3<br>*353.0*<br>*440.3* | 866.7<br>*398.6*<br>*468.1* | |
| **EBITDA** | **1,950.9** | **2,140.6** | **+9.7%** |
| Capex | (738.6) | (673.3) | |
| Capitalized R&D | (648.0) | (592.7) | |
| Change in WCR | 337.5 | 80.3 | |
| Change in factoring | (7.0) | (61.4) | |
| Restructuring | (88.3) | (93.4) | |
| Financial expenses | (124.5) | (107.8) | |
| Taxes | (286.5) | (260.9) | |
| Other (operational) | 39.8 | 96.7 | |
| **Net cash flow** | **435.3** | **528.1** | **+21.3%** |
| Dividends paid (incl. to minorities) | (186.1) | (210.6) | |
| Share purchase | (40.1) | (47.8) | |
| Net financial investments and Other | (319.2) | (295.8) | |
| **Change in net debt** | **(110.0)** | **(26.2)** | |
| Net debt at the beginning of the period | **341.5** | **451.5** | |
| **Net debt at the end of the period** | **451.5** | **477.7** | |

- **EBITDA up €190m or +9.7%, mainly reflecting increased profitability**
- **Reduced capex thanks to improved standardization and asset re-use**
- **Decrease in capitalized R&D**
- **Inflow of €80m from WCR despite sales growth**
- **Factoring reduced from €1,039m to €977m**
- **Net cash flow representing 3.0% sales vs. 2.6% of sales in 2017**
- **Dividends of €151m to Faurecia shareholders and €60m to minorities**
- **Net financial investments include BYD, Hug Engineering and increase to 100% of Parrot Automotive**
- **Net debt/EBITDA ratio of 0.2x at year-end, stable year-on-year**

# Strong financial structure and flexibility
# Low financing cost, long maturity and Clarion financing secured

- **In 2018, Faurecia continued to strengthen its financial structure and flexibility, while extending debt maturity and improving economic conditions; average long-term cost of financing below 3%**
  - **February/March:** Issuance of €700m bonds @ 2.625% (maturity: June 2025, callable June 2021)
  - **June:** Improved conditions and extended maturity for the undrawn €1.2bn Syndicated Credit Facility

- **Strong financial flexibility through the undrawn €1.2bn Syndicated Credit Facility and no significant long-term debt repayment before June 2023**

- **Financing of Clarion fully secured (1 year bridge loan with option to renew twice 6 months at our initiative)**
  - Successful issuance of €700m of *Schuldscheindarlehen* in December 2018, maturities 4 to 6 years and average margin < 180bps
  - Complementary refinancing after the acquisition to maintain strong liquidity profile
  - Ratings and outlook confirmed after the announcement of the project to acquire Clarion
  - Consistent with Faurecia's financial policy, Clarion acquisition will keep net debt < 1xEBITDA at year-end*



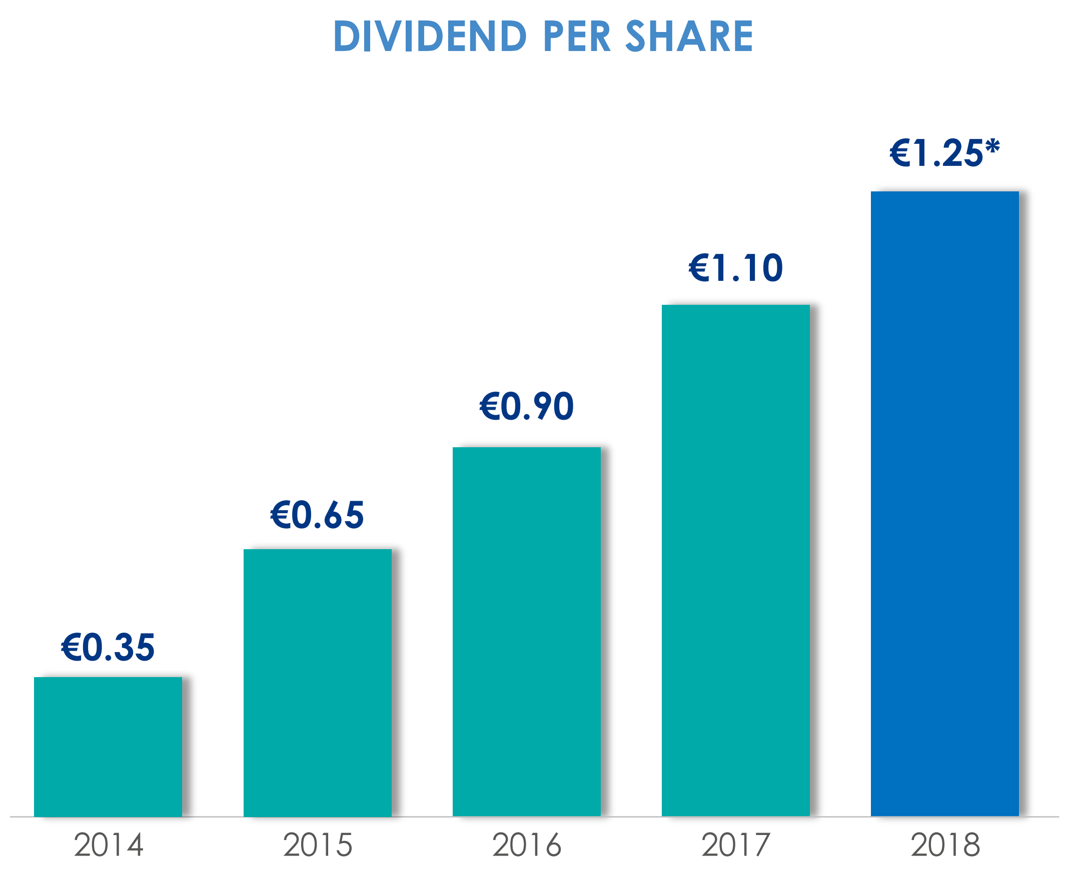
** Before implementation of IFRS16*

# Proposed dividend of €1.25 per share, up 14% year-on-year

- **Faurecia will propose to shareholders a dividend of €1.25 per share**

- **It will be payable in cash early June 2019, subject to approval at the Annual Shareholders' Meeting to be held in Nanterre on May 28, 2019**

- **This dividend represents a pay-out ratio of 24% of net income Group share, reflecting:**
  - The Group's confidence in its capability to generate profitable growth and enhanced cash flow
  - Its commitment to create shareholder value




** Subject to approval at the Annual Shareholders' Meeting to be held on May 28*

# Agenda

| | | |
|---|---|---|
| 1 | FY 2018 highlights | Patrick Koller<br>*Chief Executive Officer* |
| 2 | Detailed review of FY 2018 Results | Michel Favre<br>*Chief Financial Officer* |
| 3 | **Strategic update** | Patrick Koller<br>*Chief Executive Officer* |
| 4 | 2019 guidance and next steps | Patrick Koller<br>*Chief Executive Officer* |

# Four megatrends disrupting the automotive industry

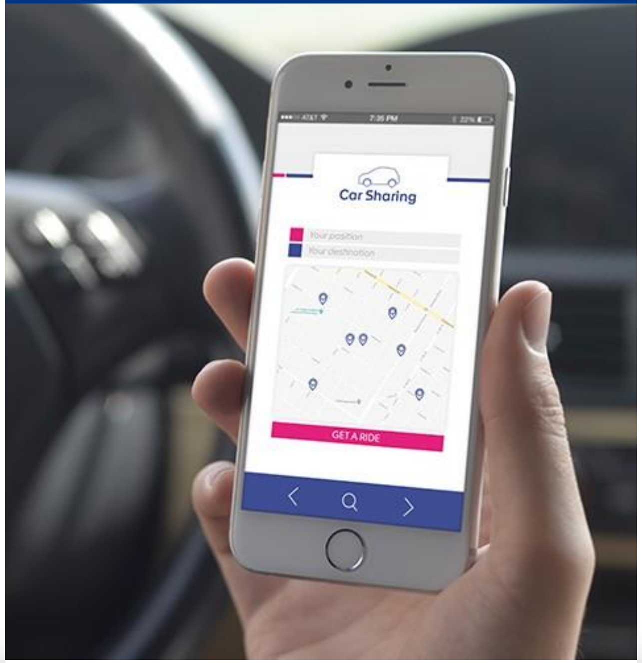
## Connected

New electronic architecture and new technology players

## Autonomous

Creation of new user experiences

## Ride-sharing




New business models and new actors

## Electrified

Powertrain mix shifting rapidly towards increased electrification

# Faurecia's strategy is aligned with megatrends offering significant market opportunities

## SUSTAINABLE MOBILITY

Solutions for powertrain electrification and zero emissions

ADDRESSABLE MARKET

**€51 bn** in 2030

## COCKPIT OF THE FUTURE

Solutions for a connected, versatile and predictive cockpit

ADDRESSABLE MARKET

**€81 bn** in 2030

# Accelerating in New Value Spaces with short time-to-market

## SUSTAINABLE MOBILITY

- **Profitable growth driven by fast-growing market segments**
  - Technologies for hybrid passenger vehicles entering into production
  - Contracts already booked for zero emission vehicles (fuel cell tanks and battery pack)
  - Commercial vehicles and HHP accelerating and gaining market share with diversified customer base

## COCKPIT OF THE FUTURE

- **Long term vision for connected, versatile and predictive cockpit through short term systems**
  - Gradual increase of content per vehicle by over 50%
  - New customers early adopters of technology
  - 17 development contracts and 20 business awards with 22 customers
  - Towards a B2C business model

**New Value Spaces represented €2.7bn of order intake in 2018**

# Clarion acquisition accelerates Cockpit of the Future strategy

## IN-VEHICLE-INFOTAINMENT

## INTUITIVE HMI SOLUTIONS

## ADVANCED AUDIO SYSTEMS

**DELIVERING COMFORT AND CONVENIENCE TO ALL PASSENGERS**

**INTUITIVE HMI &IVI**
- Intuitive and versatile touch-based HMI
- Clear and simple graphical user interface
- Next generation infotainment systems for multiple screen management

**ADVANCED AUDIO SYSTEMS**
- Outstanding sound experience
- Smaller, lighter door speakerless systems
- Sound headrests

## CONNECTIVITY SOLUTION

## CLOUD SERVICES

**CREATING A SEAMLESS WORLD INSIDE AND OUTSIDE THE CAR**

**CONNECTIVITY SOLUTIONS**
- V2X(vehicle-to-everything) communication
- TCU-integrated antenna module
- eCall emergency communication features

**SERVICE PLATFORM**
- A service platform for business operators to monitor drivers

## ADVANCED DRIVER ASSISTANCE

## LOW SPEED AUTONOMOUS DRIVING

**DEVELOPING UNINTERRUPTED SAFETY AND SECURITY**

**ADVANCED DRIVER ASSISTANCE**
- Full HD megapixel cameras
- Night vision systems for outstanding visibility
- Four camera system for comprehensive view of car's surrounding environment.

**AUTOMATED PARKING SOLUTIONS**
- Advanced autonomous parking technology allowing vehicle retrieval
- Track parking lot occupancy via cloud networks

# Creation of a new Business Group headquartered in Japan

| TIMELINE | FAURECIA CLARION ELECTRONICS |
|---|---|
| ▪ Regulatory authorities approvals obtained<br>▪ Tender offer launched on January 30<br>▪ Closing expected in March<br>▪ Integration workstreams launched<br>▪ Business Group organization launched April 1 | ▪ Regrouping Clarion, Parrot Automotive and Coagent<br>▪ 9,200 employees, including 1,650 engineers<br>▪ 9 production sites<br>▪ Over €2bn of sales by 2022 |

faurecia clarion
ELECTRONICS

# Agenda

| | | |
|---|---|---|
| 1 | **FY 2018 highlights** | Patrick Koller<br>*Chief Executive Officer* |
| 2 | **Detailed review of FY 2018 Results** | Michel Favre<br>*Chief Financial Officer* |
| 3 | **Strategic update** | Patrick Koller<br>*Chief Executive Officer* |
| 4 | **2019 guidance and next steps** | Patrick Koller<br>*Chief Executive Officer* |

# Increased resilience through structural initiatives and agility allowing increased investment in innovation for New Value Spaces

## GROUP INITIATIVES ALREADY UNDERWAY

- **"Global R&D Power" focusing on reducing R&D hourly rate through best-shoring:**
  - c. 2,000 engineers in India at the end of 2019 vs. 1,510 at the end of 2018
- **"Global Business Services" focusing on reducing support function cost structure**
  - Transfer completed to 5 regional hubs in 2018 and increased function coverage in 2019
- **"Operations Execution and Transformation" focused on digital transformation:**
  - 555 additional smart robots in 2018; c. 800 additional in 2019

**Sub-total: c. €70m**

## ADDITIONAL RESILIENCE ACTIONS

- **Operational flexibility through direct and indirect headcount management**
  - Temporary headcount representing more than 20% of total headcount
  - Reduced use of sub-contractors
- **Acceleration of restructuring with short pay-back (< 2 years)**

**Sub-total: c. €50m**

**2019 P&L impact of c. €120m**

# In 2019, Faurecia should outperform automotive production by between 150 and 350bps

- Significant outperformance of above 800bps in 2017 and 2018
- 2019 sales outperformance is impacted by the one-off effect of the end of production of two Seating programs in North America and Europe (representing c. 200bps of sales growth)
- Seating will resume growth in 2020 and further accelerate in 2021 due to the start of production of major global frame programs. This will result in an average yearly sales growth for the Seating activity of 600 to 800bps (at constant currencies) between 2019 and 2021
- On track to respect our communicated sales ambition for the period 2018-2020

# FY 2019 guidance*

- In the current uncertain and volatile environment, our assumption is that worldwide automotive production should be down 1% in 2019 vs. 2018, with a difficult H1 and H2 resuming growth

- On this basis, our FY 2019 guidance is as follows:

| Sales | Profitability | Net cash flow |
|---|---|---|
| FY 2019 sales at constant currencies should outperform worldwide automotive production between 150 and 350bps | FY 2019 operating income should increase in value and operating margin should be at least 7% of sales | FY 2019 net cash flow should be at least €500m |
| *(excluding Clarion consolidation)* | *(including Clarion consolidation as from April 1)* | *(including Clarion consolidation as from April 1)* |



** Currency assumptions: USD/€ @ 1.20 and CNY/€ @ 7.80, on average, and taking into account IFRS16 implementation*

# Financial communication agenda

| | |
|---|---|
| **By the end of March 2019** | **Closing of the Clarion acquisition** |
| **April 23, 2019** | **Q1 2019 sales announcement** |
| **July 23, 2019** | **H1 2019 results announcement** |
| **October 17, 2019** | **Q3 2019 sales announcement** |
| **November 26, 2019** | **Capital Markets Day in Paris, presenting:** |

- Strategic roadmap and medium-term objectives for the new Business Group
- New medium-term Group objectives: due to the change in perimeter effective from April 1, the 2020 financial targets as presented at the Capital Markets Day of May 15, 2018 are no longer relevant

# Key takeaways

- **Strong performance in 2018 despite headwinds in H2 demonstrating resilience and agility**
- **Accelerated business development for Cockpit of the Future and Sustainable Mobility**
- **Differentiating business model with short time-to-market for new technologies and increased content per vehicle**
- **2019 guidance demonstrates ability to maintain strong profitability and cash generation even in an uncertain environment**

# FY 2018 RESULTS
*Appendices*

# FY 2018 Results
# Key Facts

## IMPACT FROM IFRS15 IMPLEMENTATION

- **In 2017, Faurecia had already partly anticipated IFRS15 through the presentation of sales as "Value-added sales", i.e. "Total sales" minus "Monoliths", for which Faurecia operates as an agent**
- **In addition, as from January 1, 2018, with the implementation of IFRS15:**
  - Revenue from Tooling is recognized at the transfer of control to the customer (PPAP = Production Part Approval Process), shortly before serial production
  - Development costs are recognized as set-up costs for the serial parts production and the corresponding revenue is included in product sales
- **A table in appendix indicates 2017:**
  - Sales figures by quarter/region/business group restated for the IFRS15 implementation
  - Operating income by half/region/business group restated for the IFRS15 implementation
  - Impacts are not material

## IMPACT FROM RECENT INVESTMENTS

- **In FY 2018, sales contribution from bolt-ons amounted to €442m or 2.6% of FY 2017 sales (see detail on slide 45)**



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# 2017 sales restated for IFRS15 implementation (1/2)

## 2017 SALES RESTATED FOR IFRS15 IMPLEMENTATION AT GROUP LEVEL

| As reported during the fiscal year 2017 (in €m) | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY 2017 |
|---|---|---|---|---|---|
| **Product sales** | 3,917.7 | 3,893.3 | 3,474.9 | 3,986.5 | 15,272.4 |
| **R&D and Tooling** | 308.1 | 465.5 | 315.4 | 600.8 | 1,689.9 |
| **Value-added sales** | 4,225.8 | 4,358.8 | 3,790.3 | 4,587.3 | 16,962.2 |
| **Monoliths** | 865.9 | 844.1 | 728.9 | 780.4 | 3,219.4 |
| **Total sales** | **5,091.7** | **5,203.0** | **4,519.2** | **5,367.7** | **20,181.7** |

| IFRS15 proforma (in €m) | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY 2017 |
|---|---|---|---|---|---|
| **Product sales** | 4,028.6 | 4,031.5 | 3,585.2 | 4,125.9 | 15,771.3 |
| **Tooling and Prototypes** | 174.6 | 310.5 | 203.7 | 502.1 | 1,190.9 |
| **Sales** | **4,203.2** | **4,342.0** | **3,788.9** | **4,628.0** | **16,962.1** |

| Restatements by quarter (in €m) | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY 2017 |
|---|---|---|---|---|---|
| **Sales** | **(22.7)** | **(16.8)** | **(1.4)** | **40.7** | **(0.1)** |

# 2017 sales restated for IFRS15 implementation (2/2)

## 2017 SALES RESTATED FOR IFRS15 IMPLEMENTATION BY REGION & BUSINESS GROUP

| IFRS15 proforma (in €m) | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY 2017 |
|---|---|---|---|---|---|
| **Seating** | 1,786.6 | 1,850.1 | 1,611.5 | 1,881.0 | 7,129.2 |
| **Interiors** | 1,297.9 | 1,327.7 | 1,173.6 | 1,568.1 | 5,367.4 |
| **Clean Mobility** | 1,118.7 | 1,164.1 | 1,003.8 | 1,178.9 | 4,465.5 |
| **Sales** | **4,203.2** | **4,342.0** | **3,788.9** | **4,628.0** | **16,962.1** |

| IFRS15 proforma (in €m) | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 | FY 2017 |
|---|---|---|---|---|---|
| **Europe** | 2,108.0 | 2,202.3 | 1,833.9 | 2,358.6 | 8,502.8 |
| **North America** | 1,177.2 | 1,173.9 | 984.1 | 1,137.9 | 4,473.2 |
| **Asia** | 688.5 | 686.4 | 697.6 | 860.4 | 2,932.9 |
| *of which China* | *537.8* | *519.1* | *532.0* | *653.7* | *2,242.6* |
| **South America** | 169.1 | 219.0 | 201.7 | 203.9 | 793.7 |
| **Rest of World** | 60.3 | 60.4 | 71.7 | 67.2 | 259.6 |
| **Sales** | **4,203.2** | **4,342.0** | **3,788.9** | **4,628.0** | **16,962.1** |



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# 2017 operating income restated for IFRS15 implementation

## 2017 OPERATING INCOME RESTATED FOR IFRS15 IMPLEMENTATION BY REGION & BUSINESS GROUP

| Operating income (in €m) | As initially reported | | | IFRS 15 proforma | | |
|---|---|---|---|---|---|---|
| | H1 2017 | H2 2017 | FY 2017 | H1 2017 | H2 2017 | FY 2017 |
| **Seating** | 202.7 | 208.2 | 410.9 | 199.9 | 204.5 | 404.4 |
| **Interiors** | 152.4 | 147.4 | 299.7 | 151.5 | 148.3 | 299.8 |
| **Clean Mobility** | 231.6 | 228.1 | 459.7 | 231.2 | 222.2 | 453.4 |
| **Group** | **586.7** | **583.6** | **1,170.3** | **582.7** | **574.9** | **1,157.6** |

| Operating income (in €m) | As initially reported | | | IFRS 15 proforma | | |
|---|---|---|---|---|---|---|
| | H1 2017 | H2 2017 | FY 2017 | H1 2017 | H2 2017 | FY 2017 |
| **Europe** | 266.0 | 261.1 | 527.0 | 270.6 | 253.4 | 524.0 |
| **North America** | 141.1 | 116.5 | 257.6 | 133.1 | 116.5 | 249.6 |
| **Asia** | 159.8 | 182.0 | 341.8 | 159.3 | 179.8 | 339.1 |
| **South America** | 5.9 | 5.7 | 11.6 | 6.0 | 6.8 | 12.8 |
| **Rest of World** | 13.9 | 18.3 | 32.2 | 13.7 | 18.3 | 32.0 |
| **Group** | **586.7** | **583.6** | **1,170.3** | **582.7** | **574.9** | **1,157.6** |

# H2 2018 sales by Business Group

| Sales (in €m) | Restated | Currency effect | | Growth ex-currencies | | Reported | |
|---|---|---|---|---|---|---|---|
| | H2 2017 | value | % | value | % | H2 2018 | % |
| **Seating** | **3,492.5** | -60.7 | -1.7% | 224.7 | 6.4% | **3,656.5** | 4.7% |
| *of which bolt-ons* | | | | *174.5* | *5.0%* | | |
| **Interiors** | **2,741.7** | -57.2 | -2.1% | -62.3 | -2.3% | **2,622.2** | -4.4% |
| *of which bolt-ons* | | | | *85.2* | *3.1%* | | |
| **Clean Mobility** | **2,182.7** | -30.0 | -1.4% | 102.1 | 4.7% | **2,254.8** | 3.3% |
| *of which bolt-ons* | | | | *38.2* | *1.8%* | | |
| **Group** | **8,416.9** | **-147.9** | **-1.8%** | **264.5** | **3.1%** | **8,533.5** | **1.4%** |
| *of which bolt-ons* | | | | ***297.9*** | ***3.5%*** | | |

# H2 2018 sales by region

| Sales (in €m) | Restated | Currency effect | | Growth ex-currencies | | Reported | |
|---|---|---|---|---|---|---|---|
| | H2 2017 | value | % | value | % | H2 2018 | % |
| **Europe** | **4,192.5** | -55.5 | -1.3% | -8.9 | -0.2% | **4,128.1** | -1.5% |
| *of which bolt-ons* | | | | *37.1* | *0.9%* | | |
| **North America** | **2,122.0** | 57.7 | 2.6% | 62.4 | 2.9% | **2,242.2** | 5.7% |
| **Asia** | **1,558.0** | -18.3 | -1.2% | 174.7 | 11.2% | **1,714.4** | 10.0% |
| *of which China* | ***1,185.7*** | *-17.0* | *-1.4%* | *156.9* | *13.2%* | ***1,325.6*** | *11.8%* |
| *of which bolt-ons* | | | | *260.8* | *16.7%* | | |
| **South America** | **405.5** | -129.1 | -31.8% | 74.3 | 18.3% | **350.7** | -13.5% |
| **RoW** | **138.9** | -2.7 | -1.9% | -38.2 | -27.5% | **98.0** | -29.4% |
| **Group** | **8,416.9** | **-147.9** | **-1.8%** | **264.5** | **3.1%** | **8,533.5** | **1.4%** |
| *of which bolt-ons* | | | | ***297.9*** | ***3.5%*** | | |

# H2 2018 operating income by Business Group

| Operating income (in €m) | H2 2017 | H2 2018 | Change |
|---|---|---|---|
| **Seating** | 204.5 | 227.0 | 11.0% |
| *% of sales* | *5.9%* | *6.2%* | |
| **Interiors** | 148.2 | 155.1 | 4.7% |
| *% of sales* | *5.4%* | *5.9%* | |
| **Clean Mobility** | 222.2 | 244.6 | 10.1% |
| *% of sales* | *10.2%* | *10.8%* | |
| **Group** | **574.9** | **626.7** | **9.0%** |
| *% of sales* | ***6.8%*** | ***7.3%*** | |

# H2 2018 operating income by region

| Operating income (in €m) | H2 2017 | H2 2018 | Change |
|---|---|---|---|
| **Europe** | 253.4 | 260.7 | 2.9% |
| % of sales | 6.0% | 6.3% | |
| **North America** | 116.5 | 154.3 | 32.4% |
| % of sales | 5.5% | 6.9% | |
| **Asia** | 179.8 | 187.3 | 4.2% |
| % of sales | 11.5% | 10.9% | |
| **South America** | 6.8 | 12.7 | 86.8% |
| % of sales | 1.7% | 3.6% | |
| **RoW** | 18.4 | 11.7 | -36.4% |
| % of sales | 13.2% | 12.0% | |
| **Group** | **574.9** | **626.7** | **9.0%** |
| % of sales | **6.8%** | **7.3%** | |

# FY 2018 sales by Business Group

| Sales (in €m) | Restated | Currency effect | | Growth ex-currencies | | Reported | |
|---|---|---|---|---|---|---|---|
| | FY 2017 | value | % | value | % | FY 2018 | % |
| **Seating** | **7,129.2** | -236.6 | -3.3% | 545.4 | 7.6% | **7,438.0** | 4.3% |
| *of which bolt-ons* | | | | *224.6* | *3.2%* | | |
| **Interiors** | **5,367.4** | -219.9 | -4.1% | 324.2 | 6.0% | **5,471.7** | 1.9% |
| *of which bolt-ons* | | | | *160.2* | *3.0%* | | |
| **Clean Mobility** | **4,465.5** | -174.1 | -3.9% | 323.7 | 7.2% | **4,615.0** | 3.3% |
| *of which bolt-ons* | | | | *57.0* | *1.3%* | | |
| **Group** | **16,962.1** | **-630.6** | **-3.7%** | **1,193.2** | **7.0%** | **17,524.7** | **3.3%** |
| *of which bolt-ons* | | | | ***441.8*** | ***2.6%*** | | |

# FY 2018 sales by region

| Sales (in €m) | Restated | Currency effect | | Growth ex-currencies | | Reported | |
|---|---|---|---|---|---|---|---|
| | FY 2017 | value | % | value | % | FY 2018 | % |
| **Europe** | **8,502.8** | -106.8 | -1.3% | 462.2 | 5.4% | **8,858.2** | 4.2% |
| *of which bolt-ons* | | | | *55.9* | *0.7%* | | |
| **North America** | **4,473.2** | -206.8 | -4.7% | 207.8 | 4.6% | **4,474.2** | 0.0% |
| **Asia** | **2,932.9** | -84.6 | -2.9% | 408.9 | 13.9% | **3,257.2** | 11.1% |
| *of which China* | **2,242.6** | *-59.2* | *-2.6%* | *311.2* | *13.9%* | **2,494.6** | *11.2%* |
| *of which bolt-ons* | | | | *385.9* | *13.2%* | | |
| **South America** | **793.6** | -219.8 | -27.7% | 140.2 | 17.7% | **714.1** | -10.0% |
| **RoW** | **259.6** | -12.6 | -4.9% | -26.0 | -10.0% | **221.0** | -14.9% |
| **Group** | **16,962.1** | **-630.6** | **-3.7%** | **1,193.2** | **7.0%** | **17,524.7** | **3.3%** |
| *of which bolt-ons* | | | | ***441.8*** | ***2.6%*** | | |

# FY 2018 operating income by Business Group

| Operating income (in €m) | FY 2017 | FY 2018 | Change |
|---|---|---|---|
| **Seating** | 404.4 | 448.5 | 10.9% |
| *% of sales* | 5.7% | 6.0% | |
| **Interiors** | 299.8 | 325.6 | 8.6% |
| *% of sales* | 5.6% | 6.0% | |
| **Clean Mobility** | 453.4 | 499.8 | 10.2% |
| *% of sales* | 10.2% | 10.8% | |
| **Group** | **1,157.6** | **1,273.9** | **10.0%** |
| *% of sales* | **6.8%** | **7.3%** | |



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# FY 2018 operating income by region

| Operating income (in €m) | FY 2017 | FY 2018 | Change |
|---|---|---|---|
| **Europe** | 524.0 | 565.9 | 8.0% |
| % of sales | 6.2% | 6.4% | |
| **North America** | 249.6 | 289.7 | 16.1% |
| % of sales | 5.6% | 6.5% | |
| **Asia** | 339.2 | 367.0 | 8.2% |
| % of sales | 11.6% | 11.3% | |
| **South America** | 12.8 | 24.6 | 92.2% |
| % of sales | 1.6% | 3.4% | |
| **RoW** | 32.0 | 26.7 | -16.6% |
| % of sales | 12.3% | 12.1% | |
| **Group** | **1,157.6** | **1,273.9** | **10.0%** |
| % of sales | **6.8%** | **7.3%** | |

# FY 2018 detailed contribution from bolt-ons to sales

| Sales (in €m) | Business Group | Region | Q1 2018 | Q2 2018 | H1 2018 | Q3 2018 | Q4 2018 | H2 2018 | FY 2018 |
|---|---|---|---|---|---|---|---|---|---|
| **Hug Engineering** | Clean Mobility | Europe | | 18.8 | 18.8 | 16.7 | 20.4 | 37.1 | 55.9 |
| **BYD** | Seating | Asia | | | 0.0 | 63.2 | 71.6 | 134.8 | 134.8 |
| **JV with Wuling** | Seating | Asia | 23.1 | 27.0 | 50.1 | 14.5 | 25.2 | 39.7 | 89.8 |
| **JV with Wuling** | Interiors | Asia | | 13.7 | 13.7 | 12.6 | 12.8 | 25.4 | 39.1 |
| **Coagent** | Interiors | Asia | 33.7 | 20.2 | 53.9 | 25.6 | 29.5 | 55.1 | 109.1 |
| **Other** | Interiors | Asia | | 7.3 | 7.3 | 2.0 | 3.8 | 5.8 | 13.1 |
| **TOTAL** | | | **56.8** | **87.0** | **143.9** | **134.6** | **163.3** | **297.9** | **441.8** |

# R&D capitalization restated for IFRS15 implementation

## Cash flow statement

| In €m | FY 2017 restated | FY 2018 |
|---|---|---|
| **Operating income** | **1 157,6** | **1 273,9** |
| Depreciation and amortization | 793,3 | 866,7 |
| *o/w amortization of R&D intangible assets* | *353,0* | *398,6* |
| *o/w change in impairment of R&D assets* | *-1,1* | *-3,8* |
| **EBITDA** | **1 950,9** | **2 140,6** |
| Capex | -738,6 | -673,3 |
| Capitalized R&D | -648,0 | -592,7 |
| Change in WCR | 330,5 | 18,9 |
| *o/w R&D stock decrease* | *295,6* | *224,7* |
| *o/w R&D stock increase* | *-222,7* | *-201,6* |
| Restructuring | -88,3 | -93,4 |
| Finance expenses | -124,5 | -107,8 |
| Taxes | -286,5 | -260,9 |
| Other (operational) | 39,8 | 96,7 |
| **Net cash flow** | **435,3** | **528,1** |
| Dividends paid (incl. mino.) | -186,1 | -210,6 |
| Share purchase | -40,1 | -47,8 |
| Net financial investments and Other | -319,2 | -295,8 |
| **Change in net debt** | **-110,0** | **-26,2** |
| Net debt at the beginning of the period | 341,5 | 451,5 |
| Net debt at the end of the period | 451,5 | 477,7 |

| | FY 2017 restated | FY 2018 |
|---|---|---|
| **Cost of sales** | **-647,5** | **-619,6** |
| **Capitalized costs** | **870,6** | **794,3** |
| **Capitalization net impact** | **223,1** | **174,7** |

## P&L statement

| In €m | FY 2017 restated | FY 2018 |
|---|---|---|
| R&D Sales | 653,1 | 663,3 |
| Inventory decrease | -295,6 | -224,7 |
| Amort. of capitalized development costs | -353,0 | -398,6 |
| Charges to and reversals of prov. for impairment | 1,1 | 3,8 |
| **R&D Costs of sales (A)** | **-647,5** | **-619,6** |
| **R&D Gross Margin** | **5,6** | **43,7** |
| Research and development Gross costs | -1 152,3 | -1 093,2 |
| **Capitalized development costs (B)** | **870,6** | **794,3** |
| o/w inventory increase | 222,7 | 201,6 |
| o/w capitalized in intangible assets | 648,0 | 592,7 |
| **Net R&D costs** | **-281,7** | **-298,8** |
| **Capitalization net impact (A + B)** | **223,1** | **174,7** |

**Net effect from R&D capitalization/amortization was lower in 2018 (€174.7) than in 2017 (€223.1m)**

# Impact of IFRS16 on 2019 opening balance sheet

- **IFRS16 is the new standard on lease**
  - All lease contracts are accounted for in the balance sheet with a « Right to Use » the asset as an asset and a corresponding debt representing the obligation to pay the future leases
- **The first  application of IFRS16 is on January 1, 2019**
- **Faurecia is using the simplified retrospective method, according to which there will be no pro-forma of the previous year**
- **The impact of IFRS16 on Faurecia net debt as of January 1, 2019 is expected to be an increase of between €650m and €700m**
- **Impact on other main indicators**
  - EBITDA = strong improvement
  - Operating Income = improvement
  - Finance costs = deterioration
  - Net cash flow = improvement



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# Market share methodology

- Market Share based on Faurecia sales (without commercial vehicles) divided by market size in value
- Market size in value is based on IHS Markit production volume multiplied by average content per car on a car segment & region
- Market scope: all passenger cars and light vehicles
- Product scope: Interiors, Seating, Air quality, Acoustic performance

# Contact & share data

## Investor Relations

**Marc MAILLET**

23-27, avenue des Champs Pierreux
92000 Nanterre
France

Tel: +33 1 72 36 75 70
Fax: +33 1 72 36 70 30
E-mail: marc.maillet@faurecia.com
Web site: www.faurecia.com

## Share Data

| | |
|---|---|
| Bloomberg Ticker: | EO:FP |
| Reuters Ticker: | EPED.PA |
| Datastream: | F:BERT |
| ISIN Code: | FR0000121147 |

## Bonds ISIN Codes

2023 bonds : XS1384278203
2025 bonds : XS1785467751

# Safe Harbor Statement

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

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

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

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

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