faurecia
inspiring mobility

# Press release

Nanterre (France), February 18, 2019

FULL-YEAR 2018 RESULTS

**ALL FINANCIAL TARGETS ACHIEVED DESPITE HEADWINDS IN H2**
**RECORD SALES, PROFITABILITY AND CASH - STRONG ORDER INTAKE**
**PROPOSED DIVIDEND OF €1.25 PER SHARE, UP 14% YEAR-ON-YEAR**

**CONTINUED SALES OUTPERFORMANCE, STRONG PROFITABILITY AND CASH IN 2019**

## ALL 2018 FINANCIAL TARGETS ACHIEVED, RECORD SALES, PROFITABILITY AND CASH

- **Sales of €17.5 billion, up 7% at constant currencies and 810bps above worldwide automotive production growth** (-1.1%, source: IHS Markit January 2019)
- **Operating income up 10% to €1,274 million and operating margin at 7.3% (+50bps year-on-year)**
- **Net income (Group share) and EPS up 17% to €701 million and €5.11 respectively**
- **Net cash flow up 21% to €528 million**
- **Solid financial structure with net debt at 0.2x EBITDA at year-end**

## ANOTHER YEAR OF STRONG ORDER INTAKE

- **2016-2018 three-year rolling order intake at €63 billion: best ever, supported by best-in-class execution and strong focus on Total Customer Satisfaction**

## PROPOSED DIVIDEND OF €1.25 PER SHARE

- **Up 14% year-on-year and representing a pay-out ratio of 24%**
- **Subject to approval at the Annual Shareholders' Meeting to be held in Nanterre on May 28**

## 2019 GUIDANCE (including impact of IFRS16 implementation as of January 1, 2019)

**In an environment that remains uncertain and assuming that worldwide automotive production should be down 1% in 2019 vs. 2018:**

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

**Patrick KOLLER, CEO of Faurecia, declared:**

"In 2018, we once again met all our financial targets for the year, despite an environment that worsened in the second half. This demonstrates the agility and resilience of Faurecia's business model. In addition, we have recorded another year of strong order intake, including a significant contribution from our New Value Spaces, ensuring our future profitable growth. I thank all Faurecians for their effective contribution to this performance.

In 2019, in a very uncertain environment, we assume that automotive production will be slightly negative. In this context, we are committed to further demonstrate the resilience of Faurecia. We will outperform the market and maintain strong profitability and cash generation. At the same time, we will continue to deploy our "Cockpit of the Future" and "Sustainable Mobility" strategy. The acquisition of Clarion, which should be closed during the first quarter, will enable us to become a global leader in cockpit electronic systems."

## KEY FIGURES

| in €m | 2017* | 2018 | Change |
|---|---|---|---|
| **Sales** | 16,962.1 | **17,524.7** | **+7.0%**** |
| **Operating income** | 1,157.6 | **1,273.9** | **+10.0%** |
| as % of sales | 6.8% | **7.3%** | **+50bps** |
| **Net income, Group share** | 599.4 | **700.8** | **+16.9%** |
| **Net cash flow** | 435.3 | **528.1** | **+21.3%** |
| **Net debt at the end of the period** | 451.5 | **477.7** | **+5.8%** |

** The implementation of IFRS15 led to restatements to the 2017 figures as reported in February 2018; a table in appendix indicates 2017 figures restated for this implementation*
*** At constant currencies*
*All definitions are explained at the end of this Press Release, under the section "Definitions of terms used in this document"*

- ***The 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, and have been audited.***

- ***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 for 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 2018, sales contribution from bolt-ons amounted to €442m or 2.6% of 2017 sales, mainly including:*
    - *Hug Engineering (Clean Mobility / Europe) for €56m*
    - *BYD (Seating / Asia) for €135m*
    - *JV with Wuling (Seating / Asia) for €90m*
    - *JV with Wuling (Interiors / Asia) for €39m*
    - *Coagent (Interiors / Asia) for €109m*

- ***Operating income presented as Faurecia's main performance indicator is operating income before amortization of intangible assets acquired in business combinations (PPA)***

- ***All references to automotive production growth refer to IHS Markit January 2019*** *(vehicles segment in line with CAAM for China)*

## ALL 2018 FINANCIAL TARGETS ACHIEVED DESPITE HEADWINDS IN H2

- **Sales of €17,525 million, up 7.0% at constant currencies and 810bps above worldwide automotive production growth** (-1.1%, source: IHS Markit January 2019) vs. guidance of "At least +8% at constant currencies or at least 600bps above worldwide automotive production growth".
- **Operating margin of 7.3% of sales with operating income up 10% at 1,274 million** vs. guidance of "At least 7.2% of sales".
- **Net cash flow of €528 million, up 21.3%,** vs. guidance of "Above €500m".
- **Earnings per share of €5.11 with net income, Group share up 17% at €701 million** vs. guidance of "Above €5.00".

All 2018 financial targets were achieved despite headwinds in the second half of the year: worldwide automotive production, which was expected to grow by c. 2% until mid-year, declined by 1.1% vs. 2017 (source: IHS Markit January 2019). This deterioration in the second half of the year was mainly driven by Western Europe, impacted by the consequences on production of WLTP, and by China, impacted by an economic slowdown.

Faurecia's capability to meet its 2018 financial targets despite headwinds in the second half demonstrates the resilience of its business model and its agility to adapt to volatile market conditions.

## GROUP OPERATING PERFORMANCE IN H2 2018:

## SALES UP 3.1% AT CONSTANT CURRENCIES AND OPERATING MARGIN AT 7.3% (+50bps)

**Faurecia's sales reached €8,533 million in H2 2018, up 1.4% on a reported basis and up 3.1% at constant currencies, 750bps above worldwide automotive production growth** (-4.4%, source: IHS Markit forecast January 2019)

- **By Business Group and at constant currencies: Seating and Clean Mobility were up 6.4% and 4.7% respectively, while Interiors was down 2.3%, impacted by the high base of comparison of H2 2017, which included record high sales of Tooling**
- **By region and at constant currencies: Europe was broadly flat (-0.2%), while North America grew by 2.9%, Asia by 11.2% (including China by 13.2%, driven by bolt-ons) and South America by 18.3%.**

**Faurecia's operating income grew by 9.0% to €627 million in H2 2018; operating margin rose by 50bps, to 7.3% of sales**

- **All Business Groups improved profitability year-on-year**
- **All regions (except Asia, which however continued to post double-digit profitability) improved profitability year-on-year**

## GROUP OPERATING PERFORMANCE IN FY 2018:

## SALES UP 7.0% AT CONSTANT CURRENCIES AND OPERATING MARGIN AT 7.3% (+50bps)

**Faurecia's sales reached €17,525 million in FY 2018, up 3.3% on a reported basis and up 7.0% at constant currencies, 810bps above worldwide automotive production growth** (-1.1%, source: IHS Markit forecast January 2019)

- **All Business Groups posted growth at constant currencies: Seating was up 7.6%, Interiors was up 6.0% and Clean Mobility was up 7.2%**
- **All regions posted growth at constant currencies: Europe grew by 5.4%, North America by 4.6%, Asia by 13.9% (including China by 13.9%, driven by bolt-ons) and South America by 17.7%**

**Bolt-ons contributed to sales growth at constant currencies for €442 million** (+2.6%), as detailed on page 2.

**Change in currencies had a net negative effect of €631 million** (-3.7%), two thirds of which were attributable to the USD (in H1), ARS and BRL.

**Faurecia's operating income grew by 10.0% to €1,274 million in FY 2018; operating margin rose by 50bps, to 7.3% of sales, a record profitability for Faurecia**

- **All Business Groups improved profitability year-on-year**
- **By region: Europe and North America improved profitability, both above 6% of sales, and South America confirmed its turnaround, from an operating loss in 2016 to an operating margin of 1.6% in 2017 and 3.4% in 2018, while Asia confirmed double-digit operating margin at 11.3% of sales, slightly below 2017**

## 2018 WAS ANOTHER STRONG YEAR FOR ORDER INTAKE WITH A RECORD OF €63 BILLION OVER THE LAST THREE-YEAR PERIOD (2016-2018)

In 2018, Faurecia recorded another strong year of business awards with a three-year rolling order intake (2016-2018) of €63 billion lifetime sales, despite about €4 billion of sourcing decisions postponed to 2019. The Volkswagen Chattanooga Seating business transfer to Faurecia – a US non-consolidated minority business -, which counts for €1.3 billion of lifetime sales, is not included.

This figure demonstrates Faurecia's capability to attract new business and customers and it increases confidence in profitable growth prospects.

## SALES AND PROFITABILITY BY REGION

### **Europe** (51% of Group sales)

**Sales up 5.4% at constant currencies and operating income up 8%, at 6.4% of sales (+20bps year-on-year)**

- **Sales** totaled €8,858 million in 2018 vs. €8,503 million in 2017. They were up 4.2% on a reported basis and up 5.4% at constant currencies, outperforming by 660bps automotive production in Europe (incl. Russia) (-1.2%, source: IHS Markit January 2019).
  Sales included a negative impact of €107 million (-1.3%) from currencies (mostly the Russian ruble and the Turkish lira) and a positive contribution of €56 million (+0.7%) from bolt-ons (Hug Engineering).
  About 2/3 of sales growth at constant currencies came from Seating, notably with the successful PSA 3008 and 5008 models and the complete seats business in Lozorno for VW (Audi Q8, VW Touareg and Porsche Cayenne). Interiors and Clean Mobility contributed equally in the full-year.
- **Operating income** reached €565.9 million in 2018 (vs. €524.0 million in 2017), representing 6.4% of sales, an increase of 20bps year-on-year, with an improvement in both H1 and H2, despite lower sales year-on-year in H2.

### **North America** (25% of Group sales)

**Sales up 4.6% at constant currencies and operating income up 16%, at 6.5% of sales (+90bps year-on-year)**

- **Sales** totaled €4,474 million in 2018 vs. €4,473 million in 2017. They were almost flat on a reported basis and up 4.6% at constant currencies, outperforming by 520bps automotive production in North America (-0.6%, source: IHS Markit January 2019).
  Sales included a negative impact of €207 million (-4.6%) from the US dollar.
  Sales growth at constant currencies was driven by Interiors (mostly attributable to FCA with the new RAM models and the gradual normalization of Tesla Model 3 production) and Clean Mobility (also mostly attributable to FCA with the new RAM models). Seating was down year-on-year, impacted by the fire disaster at the Meridian Magnesium plant in H1 and by the expected and gradual phase-out of the Daimler GLE/GLS starting in H2.
- **Operating income** reached €289.7 million in 2018 (vs. €249.6 million in 2017), representing 6.5% of sales, an increase of 90bps year-on-year, with significant improvement in both H1 and H2.

### **Asia** (19% of Group sales, incl. China representing 77% of the region's sales i.e. 14% of Group sales)

**Sales up 13.9% at constant currencies and operating income up 8%, at 11.3% of sales (-30bps year-on-year)**

- **Sales** totaled €3,257 million in 2018 vs. €2,933 million in 2017. They were up 11.1% on a reported basis and up 13.9% at constant currencies, strongly outperforming automotive production in Asia (-1.5%, source: IHS Markit January 2019).
  Sales included a negative impact of €85 million (-2.9%) from currencies (mostly the Chinese yuan) and a positive contribution of €386 million (+13.2%) from bolt-ons (two JVs with Wuling + BYD + Coagent).
  Growth at constant currencies was mainly driven by Seating and by sales to Chinese OEMs, which amounted to €716m, up 107% at constant currencies, representing 29% of sales in China. Total sales in China amounted to close to €2.5bn, up 13.9% at constant currencies. They represented 77% of the region's sales and 14% of Group sales.

- **Operating income** reached €367.0 million in 2018 (vs. €339.2 million in 2017), representing 11.3% of sales, a decrease of 30bps year-on-year.

**South America** (4% of Group sales)

**Sales up 17.7% at constant currencies and operating income up 92%, at 3.4% of sales (+180bps year-on-year)**

- **Sales** totaled €714 million in 2018 vs. €794 million in 2017. They were down 10.0% on a reported basis and up 17.7% at constant currencies, strongly outperforming automotive production in South America (+3.1%, source: IHS Markit January 2019).
  Sales included a negative impact of €220 million (-27.7%) from currencies (almost equally split between the Argentine peso and the Brazilian real).
  Sales growth at constant currencies was mainly driven by Seating and Clean Mobility.
- **Operating income** reached €24.6 million in 2018 (vs. €12.8 million in 2017), representing 3.4% of sales, an increase of 180bps year-on-year. This confirms the turnaround of operations in South America, which were loss-making in 2016.

## SALES AND PROFITABILITY BY BUSINESS GROUP

**Seating** (43% of Group sales)

**Sales up 7.6% at constant currencies and operating income up 11%, at 6.0% of sales (+30bps year-on-year)**

- **Sales** totaled €7,438 million in 2018 vs. €7,129 million in 2017. They were up 4.3% on a reported basis and up 7.6% at constant currencies, outperforming by 870bps worldwide automotive production growth (-1.1%, source: IHS Markit January 2019).
  Sales included a negative impact of €237 million (-3.3%) from currencies and a positive contribution of €225 million (+3.2%) from bolt-ons.
- By region and at constant currencies:
  - Asia and South America grew by double-digits, respectively by 30.7% and 34.5%,
  - Europe grew by 7.7%, mostly driven by PSA and VW,
  - North America was down 6.9%, impacted by the fire disaster at the Meridian Magnesium plant in H1 and by the expected and gradual phase-out of the Daimler GLE/GLS starting in H2.
- **Operating income** reached €448.5 million in 2018 (vs. €404.4 million in 2017), representing 6.0% of sales, an increase of 30bps year-on-year.

**Interiors** (31% of Group sales)

**Sales up 6.0% at constant currencies and operating income up 9%, at 6.0% of sales (+40bps year-on-year)**

- **Sales** totaled €5,472 million in 2018 vs. €5,367 million in 2017. They were up 1.9% on a reported basis and up 6.0% at constant currencies, outperforming by 710bps worldwide automotive production growth (-1.1%, source: IHS Markit January 2019).
  Sales included a negative impact of €220 million (-4.1%) from currencies and a positive contribution of €160 million (+3.0%) from bolt-ons.
  All regions contributed to growth at constant currencies:
  - Europe: +2.8%,
  - North America: +14.4%,
  - Asia: +8.2%,
  - South America: +5.7%.
- **Operating income** reached €325.6 million in 2018 (vs. €299.8 million in 2017), representing 6.0% of sales, an increase of 40bps year-on-year.

**Clean Mobility** (26% of Group sales)

**Sales up 7.2% at constant currencies and operating income up 10%, at 10.8% of sales (+60bps year-on-year)**

- **Sales** totaled €4,615 million in 2018 vs. €4,466 million in 2017. They were up 3.3% on a reported basis and up 7.2% at constant currencies, outperforming by 830bps worldwide automotive production growth (-1.1%, source: IHS Markit January 2019).
  Sales included a negative impact of €174 million (-3.9%) from currencies and a positive contribution of €56 million (+1.3%) from bolt-ons.
  All regions contributed to growth at constant currencies:
  - Europe: +5.4%,
  - North America: +10.9%,
  - Asia: +2.3%,
  - South America: +37.2%.
- **Operating income** reached €499.8 million in 2018 (vs. €453.4 million in 2017), representing 10.8% of sales, an increase of 60bps year-on-year.

## NET INCOME (GROUP SHARE) UP 17% TO €701 MILLION
## EPS UP 17% TO €5.11

**Group operating income stood at €1,273.9 million, up 10% compared with €1,157.6 million in 2017.**

- **Amortization of intangible assets acquired in business combinations:** net charge of €10.9 million vs. a net charge of €1.2 million in 2017; the increase mainly reflected Coagent for €6.7 million and Hug Engineering for €3.4 million
- **Restructuring costs:** net charge of €100.8 million vs. a net charge of €85.0 million in 2017; the increase mainly reflected the measures taken to adapt to a worsening environment in H2 2018
- **Other non-recurring operating income and expenses:** net charge of €46.5 million vs. a net charge of €11.2 million in 2017; in 2018, they included a charge of €16.9 million due to the wind-down of activities in Iran and a charge of €8.8 million due to the settlement of anti-trust actions
- **Net financial result:** net charge of €163.8 million vs. a net charge of €131.3 million in 2017; in 2018, it included a charge of €20.1 million due to a loan depreciation related to Amminex, a charge of €5.7 million due to hyper-inflation in Argentina and a charge of €5.5 million due to the refinancing operations that took place in H1 2018
- **Income tax:** net charge of €190.0 million (20.0% of pre-tax income) vs. a net charge of €260.7 million in 2017 (28.1% pf pre-tax income); in 2018, it included the recognition of deferred tax assets in France and the expected tax rate in 2019 should be back to a normalized level of 25%
- **Share of net income of associates:** profit of €31.4 million vs. a profit of €34.6 million in 2017

**Net income from continued operations was a profit of €793.3 million, up 13% vs. a profit of €702.9 million in 2017.**

In 2017, net income included a limited charge of €7.4 million, due to a minor adjustment to the disposal of the Automotive Exteriors business that took place in 2016.

**Net income before minority interests was a profit of €793.3 million, up 14% vs. a profit of €695.5 million in 2017.**

Minority interests amounted to €92.5 million vs. €96.1 million in 2017.

**Net income (Group share) was a profit of €700.8 million, up 17% vs. a profit of €599.4 million in 2017.**

**Earnings per share (basic) stood at €5.11, up 17% vs. €4.37 in 2017.**

## SOUND FINANCIAL STRUCTURE AND STRONG FINANCIAL FLEXIBILITY

**EBITDA stood at €2,140.6 million, up 10% vs. €1,950.9 million in 2017.**

- **Capital expenditure** was an outflow of €673.3 million vs. an outflow of €738.6 million in 2017, thanks to improved standardization and asset re-use as well as sales and lease-back operations.
- **Capitalized R&D** was an outflow of €592.7 million vs. an outflow of €647.9 million in 2017.
- **Change in working capital requirement** was an inflow of €80.3 million vs. an inflow of €337.5 million in 2017, reflecting tight control of all items.
- **Change in factoring** was an outflow of €61.4 million (factoring reduced to €977 million at December 31, 2018) vs. an outflow of €7.0 million in 2017.
- **Restructuring** represented an outflow of €93.4 million vs. an outflow of €88.3 million in 2017.
- **Net financial expense** was an outflow of €107.8 million vs. an outflow of €124.5 million in 2017.
- **Income tax** was an outflow of €260.9 million vs. an outflow of €286.5 million in 2017.

**Net cash flow stood at €528.1 million, up 21% vs. €435.3 million in 2017, representing 3.0% of sales vs. 2.6% of sales in 2017.**

- **Dividend paid** (incl. minorities) was an outflow of €210.6 million (€151 million to Faurecia shareholders + €60 million to minorities) vs. an outflow of €186.1 million in 2017.
- **Share purchase** was an outflow of €47.8 million vs. an outflow of €40.1 million in 2017.
- **Net financial investments and other cash elements** was an outflow of €295.8 million vs. an outflow of €319.2 million in 2017. The 2018 outflow mainly included the increase to 100% in Parrot Automotive and the acquisition of Hug Engineering and BYD, while the 2017 outflow mainly included the initial investment in Parrot Automotive, the increase from 35% to 51% in the JV for the FCA-Pernambuco plant and the 50.1% stake in Coagent.

**At December 31, 2018, the Group's net financial debt stood at €477.7 million vs. €451.5 million at December 31, 2017. It represented 0.2x EBITDA, a stable ratio year-on-year.**

**As regards its financing, Faurecia continued to be active in 2018 in order to strengthen its financial structure and flexibility, while extending its debt maturity, improving economic conditions and securing the financing of the projected Clarion acquisition:**

- In February and March, Faurecia issued €700 million senior notes due 2025 at 2.625% and used the proceeds of these notes, together with available cash, to redeem all of its €700 million Senior notes due 2022 at 3.125%,
- In June, Faurecia improved the conditions and extended the maturity of its undrawn €1.2 billion Syndicated Credit Facility, from June 2021 to June 2023, with two optional one-year extensions,
- In October, Faurecia secured the financing of the projected Clarion acquisition through a one-year bridge loan with option to renew twice 6 months at Faurecia's initiative,
- In December, issued €700m of *Schuldscheindarlehen*, with maturities between 4 and 6 years (average 5 years) and an average margin of less than 180bps (complementary refinancing to take place after the acquisition).

**Through recent refinancing operations, Faurecia has secured an average long-term cost of financing below 3% and has no significant long-term debt repayment before June 2023.**

- Over 70% of gross debt secured through bonds: €700m bonds issued in June 2016 at 3.625% (maturity June 2023, callable June 2019) and €700m bonds issued in February 2018 at 2.625% (maturity June 2025, callable June 2021),
- Strong financial flexibility through an undrawn €1.2 billion syndicated credit facility with maturity June 2023,
- Significantly improved terms and conditions through recent refinancing operations,
- Faurecia remains attentive to market opportunities to further strengthen its financial structure.

**Faurecia's ratings and outlook were confirmed by all three rating agencies after the announcement of the project to acquire Clarion.**

## UPDATE ON CLARION ACQUISITION

On October 26, 2018, Faurecia announced its project to acquire Clarion, a major Japanese supplier of in-vehicle-infotainment (IVI), full digital audio systems, HMI and advanced driver assistance systems, connectivity and cloud-based services (see Press release on www.faurecia.com).

This acquisition will reinforce Faurecia's offer for cockpit systems integration and accelerate its strategy to become a leader in cockpit electronics.

On January 30, 2019, following clearance from anti-trust authorities, Faurecia launched its tender offer for the acquisition of all shares of Clarion at a price of 2,500 yens per share. Pursuant to the agreement signed on October 26, 2018, Hitachi committed to tender all of its shares, representing 63.8% of the share capital of Clarion, to Faurecia's offer and Faurecia intends to implement a squeeze-out procedure to acquire all the remaining shares of Clarion, to the extent needed after the tender offer process.

After the closing, expected in March, Faurecia will create a new Business Group headquartered in Japan, named "Faurecia Clarion Electronics" regrouping Clarion, Parrot Faurecia Automotive and Coagent. This Business Group will employ almost 9,200 people, including more than 1,650 engineers, and should generate over €2 billion of sales by 2022.

## IMPACT OF IFRS16

As from January 1, 2019, Faurecia's accounts will apply the IFRS16 new standard on lease.

As a consequence, all lease contracts will be 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.

Faurecia will be 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 €650 million and €700 million.

The other main indicators that will be impacted are:

- EBITDA = strong improvement
- Operating Income = improvement
- Finance costs = deterioration
- Net cash flow = improvement

## PROPOSED DIVIDEND OF €1.25 PER SHARE, UP 14% YEAR-ON-YEAR

The Board of Directors will propose at the next Annual Shareholders' Meeting, to be held in Nanterre on May 28, the payment of a dividend of €1.25 per share, up 14% vs. the dividend of €1.10 paid last year. It will be paid in cash early June. The dividend increase reflects the Group's confidence in its capability to generate profitable growth and enhanced cash flow as well as its commitment to create shareholder value.

## OUTLOOK

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

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

- **Sales growth at constant currencies should outperform worldwide automotive production by 150 to 350bps (excluding Clarion consolidation)**
  *2019 sales outperformance is impacted by the one-off effect of the end of production of two Seating programs in North America and Europe (representing c. 200bps of sales growth). Seating will resume growth in 2020 and further accelerate in 2021 due to the start of production of major global frame programs. This will result in an average yearly sales growth for the Seating activity of 600 to 800bps (at constant currencies) between 2019 and 2021*
- **Operating income should increase in value and operating margin should be at least 7% (including Clarion consolidation as from April 1)**
- **Net cash flow should be at least €500m (including Clarion consolidation as from April 1)**

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

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

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

Faurecia's financial presentation and financial report will be available at 10:00am today (Paris time) on the Faurecia website: www.faurecia.com.

A webcast will be held today at 10:00am (Paris time). If you wish to follow the presentation using the webcast, please access the following link: **https://edge.media-server.com/m6/p/oeuevnbi**

You may also follow the presentation via conference call:

- France: +33 (0)1 70 72 25 50
- UK: +44 (0)330 336 9125
- USA: +1 323 794 2093

No access code needed and a replay will be available as soon as possible.

**Calendar**

| | |
|---|---|
| April 23, 2019: | Q1 2019 sales announcement (before market hours) |
| May 28, 2019: | Annual Shareholders' Meeting (Nanterre) |
| July 23, 2019: | H1 2019 results announcement (before market hours) |
| October 17, 2019: | Q3 2019 sales announcement (before market hours) |
| November 26, 2018: | Capital Markets Day focused on the new Business Group "Faurecia Clarion Electronics" |

**About Faurecia**

Founded in 1997, Faurecia has grown to become a major player in the global automotive industry. With around 300 sites including 35 R&D centers and 115,000 employees in 32 countries, Faurecia is now a global leader in its three areas of business: Seating, Interiors and Clean Mobility. Faurecia has focused its technology strategy on providing solutions for "Cockpit of the Future" and "Sustainable Mobility". In 2018, the Group posted sales of €17.5 billion. Faurecia is listed on the Euronext Paris stock exchange and is a component of the CAC Next 20 index. For more information, please visit www.faurecia.com


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**Definitions of terms frequently used:**

1. Operating income
   Operating income is the Faurecia group's principal performance indicator. It corresponds to net income of fully consolidated companies before:
   - Amortization of intangible assets acquired in business combinations;
   - Other non-recurring operating income and expense, corresponding to material, unusual and non-recurring items including reorganization expenses and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses 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 expense, 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 relationship cannot be demonstrated under IAS 39, and gains and losses on sales of shares in subsidiaries;
   - Taxes.

2. Net cash flow
   Net cash flow is defined as follow: Net cash from (used in) operating and investing activities less (acquisitions)/disposal of equity interests and businesses (net of cash and cash equivalents), other changes and proceeds from disposal of financial assets.

3. Net financial debt
   Net financial debt is defined as follow: Gross financial debt less cash and cash equivalents and derivatives classified under non-current and current assets.

## Appendices

## 2017 sales restated for 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

### 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 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** |

## 2017 operating income restated for IFRS15 implementation

| | As initially reported (in €m) | | | IFRS15 proforma (in €m) | | |
|---|---|---|---|---|---|---|
| | 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 |
| **Operating income** | **586,7** | **583,6** | **1 170,3** | **582,7** | **574,9** | **1 157,6** |

| | As initially reported (in €m) | | | IFRS15 proforma (in €m) | | |
|---|---|---|---|---|---|---|
| | 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 |
| **Operating income** | **586,7** | **583,6** | **1 170,3** | **582,7** | **574,9** | **1 157,6** |

## H2 2018 Sales by Business Group and by region

| Sales (in €m) | Restated H2 2017 | Currency effect value | Currency effect % | Growth ex-currencies value | Growth ex-currencies % | Reported H2 2018 | Reported % |
|---|---|---|---|---|---|---|---|
| **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%*** | | |

| Sales (in €m) | Restated H2 2017 | Currency effect value | Currency effect % | Growth ex-currencies value | Growth ex-currencies % | Reported H2 2018 | Reported % |
|---|---|---|---|---|---|---|---|
| **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% | **350,8** | -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%*** | | |

## FY 2018 Sales by Business Group and by region

| Sales (in €m) | Restated FY 2017 | Currency effect value | Currency effect % | Growth ex-currencies value | Growth ex-currencies % | Reported FY 2018 | Reported % |
|---|---|---|---|---|---|---|---|
| **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% | **4 615,1** | 3,4% |
| *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%*** | | |

| Sales (in €m) | Restated FY 2017 | Currency effect value | Currency effect % | Growth ex-currencies value | Growth ex-currencies % | Reported FY 2018 | Reported % |
|---|---|---|---|---|---|---|---|
| **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%*** | | |

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## H2 2018 Operating income by Business Group and by region

| Operating income | | H2 2017 €m | H2 2018 €m | 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%** | |

| Operating income | | H2 2017 €m | H2 2018 €m | 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 Operating income by Business Group and by region

| Operating income | | FY 2017<br>€m | FY 2018<br>€m | 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%** | |

| Operating income | | FY 2017<br>€m | FY 2018<br>€m | 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%** | |

## Detailed contribution from bolt-on 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** |