faurecia
inspiring mobility

Press release

Nanterre (France), July 21, 2017

STRONG PERFORMANCE IN THE FIRST HALF OF THE YEAR, WHILE BUILDING MOMENTUM ON STRATEGIC PRIORITIES UPGRADED GUIDANCE FOR THE FULL YEAR

STRONG PERFORMANCE IN H1 2017

- **Solid organic* growth in value-added sales of 8.5%, 550bps above worldwide automotive production growth** (+3.0%, source: IHS Automotive June 2017), **to €8.6 billion**
- **Strong growth of 20% in operating income, to €587 million**
- **Significant improvement in operating margin of 60bps, to 6.8% of value-added sales**
- **Double-digit growth in net income (Group share), up 28% to €314 million**

UPGRADED GUIDANCE FOR FY 2017

- **FY 2017 value-added sales growth of +7% (at constant currencies), around 500bps above worldwide automotive production growth** *(previous guidance dated Feb. 9, 2017 was "+6% (at constant currencies) or 400bps above worldwide automotive production growth")*
- **FY 2017 operating margin between 6.6% and 7.0% of value-added sales** *(previous guidance dated Feb. 9, 2017 was "between 6.4% and 6.8% of value-added sales")*
- **FY 2017 net cash flow above €350m** *(unchanged vs. guidance dated Feb. 9, 2017)*
- **FY 2017 earnings per share above €4.00** *(previous guidance dated Feb. 9, 2017 was "around €4.00")*
- **Fully on track to achieve 2018 ambitions**

The 2017 half-year consolidated financial statements have been approved by the Board of Directors at its meeting held on July 20, 2017, under the chairmanship of Michel de Rosen. These financial statements have been subject to a limited review by auditors and their report is about to be issued.

Patrick KOLLER, CEO of Faurecia declared:

"Our strong performance in the first half of the year, as regards both sales growth and profitability, reflects our strong operational performance in all regions and Business Groups. This performance, and our outlook for the second half of the year, allow us to upgrade our full-year guidance and strengthen our confidence that we are fully on track to achieve our 2018 ambitions. At the same time, we have accelerated in our strategic priorities, Sustainable Mobility, Smart Life on Board and Asia, through the establishment of important partnerships and commercial success. "

in €m	H1 2016	H1 2017	YoY change
Value-added sales	7 921,7	**8 584,7**	**+8,4%**
organic			**+8,5%**
Operating income	490,3	**586,7**	**+19,7%**
as % of VA sales	6,2%	**6,8%**	**+60bps**
Net income (Group share)	245,0	**314,4**	**+28,3%**
Basic earnings per share (in €)	1,79	**2,31**	**+29,1%**
Net cash flow	204,7	**210,5**	**+2.8%**
Net debt at the end of the period	941,3	**413,8**	**-56.0%**

All definitions are explained at the end of this Press release under the section "Definitions of terms used in this document"

As previously announced, since January 1, 2017, Faurecia reports only value-added sales, which are total sales less monolith sales (a table in appendix details the reconciliation between total sales and value-added sales).

Upon application of accounting rule IFRS 5, the assets and liabilities sold as well as net income (loss) from discontinued operations have been isolated in distinct lines in the consolidated balance sheet and in the income statement. As the Automotive Exteriors business was sold on July 29, 2016, the impact of IFRS 5 application concerns only 2016.

BUILDING MOMENTUM ON STRATEGIC PRIORITIES

Faurecia made significant progress on its three strategic priorities: developing a strong technology offer for Sustainable mobility and Smart life on Board and accelerating in Asia.

Sustainable Mobility

At its Investor day held on June 27 in London, Faurecia demonstrated the strong profitable growth potential of its Clean Mobility Business Group, which will show an excess of 7% CAGR over the next fifteen years to reach above €10 billion of value-added sales by 2030, with an operating margin of 15%. This will be achieved through accelerating new technologies for powertrain electrification and expanding breakthrough deNOx technologies for commercial vehicles, high horsepower and industrial applications.

During the semester, Amminex, a company acquired by Faurecia in December 2016, won a major contract with the city of Seoul, Korea, to retrofit 20,000 buses and trucks with its unique and innovative after-treatment solution. This contract follows that of Copenhagen, Denmark, and the company has also been selected as a supplier to retrofit buses in London, UK.

Faurecia's ambition to develop technologies for fuel cell vehicles has led the Group to acquire an exclusive access to the intellectual property and process know-how of composite hydrogen tanks from STELIA Aerospace Composites.

Smart Life on Board

Faurecia is uniquely positioned to develop full interiors for the connected, versatile and predictive cockpit of the future. To this end, it has signed an agreement for the gradual acquisition of Parrot Automotive (France) and has recently acquired 50.1% of Jiangxi Coagent Electronics (China). These two companies provide Faurecia with a strong global offer in hardware and software for connectivity and infotainment.

The Group has also signed an important partnership with ZF for the development of disruptive and differentiating interior and safety technologies for autonomous driving. Within this special advanced engineering partnership the two companies will identify and develop innovative safety and interior solutions linked to different potential occupant positions

Accelerating in Asia

Since the beginning of the year, in addition to the above mentioned acquisition of Jiangxi Coagent Electronics, whose sales should reach €270 million by 2019, Faurecia has signed two joint ventures with Chinese OEMs: one with Dongfeng for Clean Mobility and one with Wuling Industry for Seating. Combined, these two joint ventures should reach €400 million of sales in 2022, thus contributing to Faurecia's objective of €5 billion of value-added sales in China in 2022, of which 35% with Chinese OEMs.

GROUP OPERATING PERFORMANCE

Faurecia's value-added sales reached €8,585 million in H1 2017, up 8.4% on a reported basis and up 8.5% on an organic basis, 550bps above worldwide automotive production growth (+3.0%, source: IHS Automotive June 2017)

- **All Business Groups posted solid organic growth of more than 6%**
- **All regions contributed to organic growth and outperformed the region's automotive production growth; North America, Asia and South America posted double-digit growth**
- **By customer, the most remarkable developments came from Ford** (+20% organic)**, FCA** (+36% organic)**, Cummins for commercial vehicles** (+44% organic) **and Chinese OEMs, which almost doubled** (+96% organic)

In H1 2017, the negative scope effect of €117 million (-1.5%), due to the divestment of the Fountain Inn (USA) plant, was broadly offset by the positive currency effect of €109 million (+1.4%). Organic growth included €191 million (2.4%), resulting from the consolidation of joint ventures (mainly JV with Chang'An in China and JV with FCA in Brazil, both related to the Interiors Business Group).

Faurecia's operating income grew by 20% to €587 million; profitability rose by 60bps, to 6.8% of value-added sales

- **All Business Groups improved profitability**
- **Europe and North America improved profitability by 20bps and 50bps to 6.2% and 5.9% of value-added sales respectively, Asia continued to post double-digit profitability at 11.6% of value-added sales and South America was back to profit, with a significant upswing of €22 million in operating profit**

SALES AND PROFITABILITY BY REGION

Europe (50% of Group sales): **Ongoing profitability improvement, leveraging operational efficiency**

Organic value-added sales growth of 2.7%, to €4,295 million; operating margin up 20bps, to 6.2% of value-added sales

- **Value-added sales** totaled €4,295.2 million in H1 2017, compared to €4,203.4 million in H1 2016. They were up 2.2% on a reported basis and up 2.7% on an organic basis, outperforming automotive production in Europe (incl. Russia) (+1.2%, source: IHS Automotive June 2017).
  Sales in H1 2017 were impacted by a fire disaster at a supplier plant that disrupted production for two OEMs; the negative impact on Faurecia's sales in H1 2017 was estimated at €76 million (1.8%) and it should be partially recovered in H2 2017.
- **Operating income** reached €266.0 million in H1 2017 (vs. €254.1 million in H1 2016), representing 6.2% of value-added sales, an increase of 20bps year-on-year.

North America (28% of Group sales): **Strong sales momentum**

Organic value-added sales growth of 10.0%, to €2,401 million; operating margin up 50bps, to 5.9% of value-added sales

- **Value-added sales** totaled €2,401.1 million in H1 2017, compared to €2,225.3 million in H1 2016. They were up 7.9% on a reported basis and up 10.0% on an organic basis, outperforming automotive production in North America (-0.5%, source: IHS Automotive June 2017).
  Scope had a negative effect of €117 million (-5.3%), resulting from the divestment of the Fountain Inn (USA) plant. Conversely, currencies had a positive impact of €71 million (+3.2%).
- **Operating income** reached €141.1 million in H1 2017 (vs. €119.9 million in H1 2016), representing 5.9% of value-added sales, an increase of 50bps year-on-year.

Asia (16% of Group sales, incl. China for 12% of Group sales): **Outstanding sales performance in China, driven by Chinese OEMs and SUVs, with high profitability**

Organic value-added sales growth of 16.9%, to €1,378 million; double-digit operating margin at 11.6% of value-added sales

- **Value-added sales** totaled €1,377.6 million in H1 2017, compared to €1,181.3 million in H1 2016. They were up 16.6% on a reported basis and up 16.9% on an organic basis, outperforming automotive production in Asia (+4.6%, source: IHS Automotive June 2017).
  Organic growth in the region included €127.9 million (10.8%), resulting from the consolidation of the joint venture with Chang'An in China.
  In China, organic value-added sales growth stood at 21.6%, outperforming automotive production (+4.9% source: IHS Automotive June 2017), and value-added sales to Chinese OEMs almost doubled on an organic basis (+96%). Value-added sales in China totaled €1,059.1 million in H1 2017 (vs. €888.6 million in H1 2016), of which Chinese OEMs represented €155.5 million (vs. €80.9 million in H1 2016).
- **Operating income** reached €159.8 million in H1 2017 (vs. €139.5 million in H1 2016), representing 11.6% of value-added sales.

South America (5% of Group sales): **Dramatic turnaround in sales and profitability**

Organic value-added sales growth of 56.6%, to €388 million; return to profitability with an operating profit of €6 million vs. an operating loss of €16 million in H1 2016

- **Value-added sales** totaled €388.2 million in H1 2017, compared to €218.1 million in H1 2016. They were up 78.0% on a reported basis and up 56.6% on an organic basis, outperforming automotive production in South America (+15.0% (source: IHS Automotive June 2017).
  Organic growth included €62.8 million (28.8%), resulting from the consolidation of the joint venture with FCA (production for the Pernambuco plant).
  Currency had a strong positive impact of €46.6 million (+21.4%).
- **Operating income** was a profit of €5.9 million in H1 2017 (vs. a loss of €16.2 million in H1 2016), representing 1.5% of value-added sales and a €22.1 million upswing.

SALES AND PROFITABILITY BY BUSINESS GROUP

Seating (42% of Group sales)

Organic value-added sales growth of 8.9%, to €3,633 million; operating margin up 30bps, to 5.6% of value-added sales

- **Value-added sales** totaled €3,633.0 million in H1 2017, compared to €3,299.4 million in H1 2016. They were up 10.1% on a reported basis and up 8.9% on an organic basis, outperforming worldwide automotive production growth (+3.0%, source: IHS Automotive June 2017).
  Value-added sales grew by 17% on an organic basis in North America and 37% in South America.
- **Operating income** reached €202.7 million in H1 2017 (vs. €175.6 million in H1 2016), representing 5.6% of value-added sales, an increase of 30bps year-on-year.

Clean Mobility (27% of Group sales)

Organic value-added sales growth of 6.6%, to €2,287 million; operating margin up 70bps, to 10.1% of value-added sales

- **Value-added sales** totaled €2,287.3 million in H1 2017, compared to €2,104.4 million in H1 2016. They were up 8.7% on a reported basis and up 6.6% on an organic basis, outperforming worldwide automotive production growth (+3.0%, source: IHS Automotive June 2017).
- Sales to Cummins (+44% year-on-year) continued to be a significant growth driver; commercial vehicle sales rose 38%, now representing 11% of the Clean Mobility Business Group.
  Sales in China also grew at a sustained organic pace of 9%.
- **Operating income** reached €231.6 million in H1 2017 (vs. €198.4 million in H1 2016), representing 10.1% of value-added sales, a strong increase of 70bps year-on-year.

Interiors (31% of Group sales)

Organic value-added sales growth of 9.5%, to €2,664 million; operating margin up 60bps, to 5.7% of value-added sales

- **Value-added sales** totaled €2,664.4 million in H1 2017, compared to €2,517.9 million in H1 2016. They were up 5.8% on a reported basis and up 9.5% on an organic basis, outperforming worldwide automotive production growth (+3.0%, source: IHS Automotive June 2017).
  Sales were impacted by a negative scope effect of €117 million (-4.7%), due to the divestment of the Fountain Inn (USA) plant.
  Organic growth included €191 million (7.6%), resulting from the consolidation of two joint ventures (JV with Chang'An in China and JV with FCA in Brazil).
- **Operating income** reached €152.4 million in H1 2017 (vs. €128.7 million in H1 2016), representing 5.7% of value-added sales, an increase of 60bps year-on-year.

DOUBLE-DIGIT GROWTH IN NET INCOME (GROUP SHARE), UP 28% TO €314 MILLION

Group operating income stood at €586.7 million, up 20% compared with €490.3 million in H1 2016.

- **Restructuring costs:** net charge of €29.3 million vs. a net charge of €58.2 million in H1 2016;
- **Other non-recurring operating income and expenses:** net charge of €3.0 million vs. a net charge of €7.6 million in H1 2016;
- **Net financial result:** net charge of €64.6 million vs. a net charge of €106.0 million in H1 2016, which included a charge of €21 million related to the anticipated reimbursement of the 2016 bonds**;**
- **Income tax:** net charge of €144.3 million vs. a net charge of €94.8 million in H1 2016, mostly reflecting the increase in income before tax (effective tax rate stood at 29.5% vs. 29.8% in H1 2016).

Net income before minority interests and share of net income of associates was a profit of €345.5 million vs. a profit of €271.4 million in H1 2016, which included €47.6 million of net profit from discontinued operations (corresponding to the activities of Automotive Exteriors that have been disposed since then).

Share of net income of associates was a profit of €18.4 million vs. a profit of €13.2 million in H1 2016.

Net income before minority interests was a profit of €363.9 million, up 28% compared with €284.6 million in H1 2016.

Minority interest amounted to €49.5 million vs. 39.6 million in H1 2016.

As a result, consolidated net income (Group share) was a profit of €314.4 million, up 28% compared with €245.0 million in H1 2016.

SOUND FINANCIAL STRUCTURE AND NET DEBT AT €414 MILLION, DOWN 56% YoY

EBITDA stood at €938.3 million vs. 813.8 million in H1 2016.

- **Capital expenditure and capitalized R&D** totaled €508 million vs. €417 million in H1 2016, reflecting a higher number of programs starting in H1 2017 and H2 2017.
- **Change in working capital requirement** (including receivables factoring) was an inflow of €73 million vs. an inflow of €75 million in H1 2016.
- **Restructuring** represented an outflow of €56 million vs. an outflow of €24 million in H1 2016.
- **Net financial expense** was an outflow of €65 million vs. an outflow of €83 million in H1 2016, reflecting better financial terms.
- **Income tax** was an outflow of €117 million vs. an outflow of €105 million in H1 2016**.**
- **Dividend paid** (incl. minorities) was an outflow of €144 million vs. an outflow of €122 million in H1 2016.
- **Share purchase** was an outflow of €40 million vs. an outflow of €24 million in H1 2016.

Net cash flow stood at €210.5 million vs. €204.7 million in H1 2016.

At June 30, 2017, Group's net financial debt stood at €413.8 million, down 56% year-on-year, compared with €941.3 million at the end of June 30, 2016.

A sound financial structure:

- Over 70% of gross debt secured through bonds with no maturity before 2022,
- Strong financial flexibility through an undrawn €1.2 billion syndicated credit facility with maturity June 2021,
- Significantly improved terms and conditions through recent refinancing operations.

UPGRADED GUIDANCE* FOR FULL-YEAR 2017

Based on Faurecia's strong performance in H1 2017 and outlook for H2 2017, and assuming a worldwide automotive production growth of around 2% during the year, the FY 2017 guidance that was indicated on February 9, 2017 is now upgraded as follows:

- **FY 2017 value-added sales growth: +7% (at constant currencies), around 500bps above worldwide automotive production growth** *(previous guidance dated Feb. 9 was: "+6% (at constant currencies) or 400 bps above worldwide automotive production growth")*
- **FY 2017 operating margin between 6.6% and 7.0% of value-added sales** *(previous guidance dated Feb. 9 was: "between 6.4% and 6.8% of value-added sales")*
- **FY 2017 net cash flow above €350m** *(unchanged vs. guidance dated Feb. 9)*
- **FY 2017 earnings per share above €4.00** *(previous guidance dated Feb. 9 was: "around €4.00")*

Faurecia is fully on track to achieve its 2018 ambitions:

- **CAGR 2016-2018 value-added sales growth: +6% or 400 bps above automotive production growth**
- **FY 2018 operating margin of 7% on value-added sales**
- **FY 2018 net cash flow above 500 million euros**
- **FY 2018 earnings per share of €5.00**

* *Main assumptions*

LV vehicle (PC + LV<3.5t) production estimated to grow globally by around 2%:
Europe: at least +2%
North America: -3% to -1%
China: +1 million vehicles per year
Currencies:
USD/€ at 1.10
CNY/€ at 7.52

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

A webcast (www.faurecia.com) will be held today at 10:30 am (Paris time).

You may follow the presentation via conference call:

- France: +33 1 76 77 22 57
- UK: +44(0)330 336 9411
- USA: +1 719 325 4746

No access code needed.

Calendar

September 12-24, 2017:	Faurecia's presence at the IAA in Francfort
October 12, 2017:	Q3 sales announcement (after market hours)
January 7-12, 2018:	First presence at CES Las Vegas
February 16, 2018:	FY 2017 results announcement (before market hours)

About Faurecia

Founded in 1997, Faurecia has grown to become a major player in the global automotive industry. With 330 sites including 30 R&D centers, 100 000 employees in 34 countries, Faurecia is now a global leader in its three areas of business: automotive seating, interior systems and clean mobility. Faurecia has focused its technology strategy on providing solutions for smart life on board and sustainable mobility. In 2016, the Group posted total sales of €18.7 billion. Faurecia is listed on the NYSE Euronext Paris stock exchange and trades in the U.S. over-the-counter (OTC) market. For more information, visit www.faurecia.com

Contacts

Press
Eric Fohlen-Weill
Head of Media Relations
Tel: +33 (0)1 72 36 72 58
eric.fohlen-weill@faurecia.com

Analysts/Investors
Marc Maillet
VP Investor Relations
Tel: +33 (0)1 72 36 75 70
marc.maillet@faurecia.com

Definitions of terms frequently used:

1. Organic
   Variation at constant exchange rates and consolidation scope, including JVs consolidation.

2. Value-added sales
   Total sales less monoliths sales

3. Order intake
   Sum of 3 year order intake

4. Monolith sales
   Monolith are components used in catalytic converters for exhaust systems. Monoliths are directly managed by automakers. They are purchased from suppliers designated by them and invoiced to automakers on a pass-through basis. They accordingly generate no industrial value-added.

5. Operating income
   Operating income is the Faurecia group's principal performance indicator. It corresponds to net income of fully consolidated companies before:
   - 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.

6. 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.

7. 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.

8. Adjusted net cash-flow

   Net cash-flow excluding one-off impact from discontinued activities. See table in appendices

Appendices:

Value-added sales by region

VA sales	H1 2016	Currencies		Scope		Organic*		H1 2017	
	€m	€m	vs. H1 2016	€m	vs. H1 2016	€m	vs. H1 2016	€m	vs. H1 2016
Europe	4 203,4	-21,5	-0,5%			113,3	2,7%	4 295,2	2,2%
North America	2 225,3	71,0	3,2%	-117,2	-5,3%	222,0	10,0%	2 401,1	7,9%
Asia	1 181,3	-3,2	-0,3%			199,5	16,9%	1 377,6	16,6%
o/w China	*888,6*	*-21,5*	*-2,4%*			*191,9*	*21,6%*	*1 059,1*	*19,2%*
South America	218,1	46,6	21,4%			123,5	56,6%	388,2	78,0%
RoW	93,6	16,3	17,4%			12,7	13,6%	122,6	31,0%
Group	**7 921,7**	**109,2**	**1,4%**	**-117,2**	**-1,5%**	**671,0**	**8,5%**	**8 584,7**	**8,4%**

**of which JVs for €190.7m: €127.9m in Asia (China) and €62.8m in South America*

Value-added sales by Business Group

VA sales	H1 2016	Currencies		Scope		Organic*		H1 2017	
	€m	€m	vs. H1 2016	€m	vs. H1 2016	€m	vs. H1 2016	€m	vs. H1 2016
Seating	3 299,4	41,4	1,3%			292,2	8,9%	3 633,0	10,1%
Clean Mobility	2 104,4	44,1	2,1%			138,8	6,6%	2 287,3	8,7%
Interiors	2 517,9	23,7	0,9%	-117,2	-4,7%	240,0	9,5%	2 664,4	5,8%
Group	**7 921,7**	**109,2**	**1,4%**	**-117,2**	**-1,5%**	**671,0**	**8,5%**	**8 584,7**	**8,4%**

**of which JVs for €190.7m (100% in Interiors)*

Reconciliation Value-added sales & Total sales

	H1 2016	Currencies		Scope		Organic*		H1 2017	
	€m	€m	vs. H1 2016	€m	vs. H1 2016	€m	vs. H1 2016	€m	vs. H1 2016
Value-added sales	**7 921,7**	**109,2**	**1,4%**	**-117,2**	**-1,5%**	**671,0**	**8,5%**	**8 584,7**	**8,4%**
Catalytic Converter Monoliths	1 609,9	15,1	0,9%			85,0	5,3%	1 710,0	6,2%
Total sales	**9 531,6**	**124,3**	**1,3%**	**-117,2**	**-1,2%**	**756,0**	**7,9%**	**10 294,7**	**8,0%**

faurecia
inspiring mobility

Profitability by region

Operating income		H1 2016 €m	H1 2017 €m	Change
Europe		254,1	266,0	4,7%
	% of VA sales	6,0%	6,2%	
North America		119,9	141,1	17,7%
	% of VA sales	5,4%	5,9%	
Asia		139,5	159,8	14,6%
	% of VA sales	11,8%	11,6%	
South America		-16,2	5,9	-136,4%
	% of VA sales	-7,4%	1,5%	
RoW		5,4	13,9	157,4%
	% of VA sales	5,8%	11,3%	
IFRS5 adjustment		-12,4	0,0	
Group		**490,3**	**586,7**	**19,7%**
	% of VA sales	**6,2%**	**6,8%**	

Profitability by Business Group

Operating income		H1 2016 €m	H1 2017 €m	Change
Seating		175,6	202,7	15,4%
	% of VA sales	5,3%	5,6%	
Clean Mobility		198,4	231,6	16,7%
	% of VA sales	9,4%	10,1%	
Interiors		128,7	152,4	18,4%
	% of VA sales	5,1%	5,7%	
IFRS5 adjustment		-12,4	0,0	
Group		**490,3**	**586,7**	**19,7%**
	% of VA sales	**6,2%**	**6,8%**	

Cash flow reconciliation

in €m	H1 2016	H1 2017	Change
Net cash flow	**204,7**	**210,5**	**3%**
Acquisitions of investments and businesses (net of cash)	-25,8	22,6	
Proceeds from disposal of financial assets	0,0	-1,0	
Acquisitions of treasury stocks	-24,0	-40,0	
Other changes from continued operations	0,4	-35,4	
Cash provided (used) by operating and investing activities	**155,3**	**156,7**	**1%**