

Press release

Nanterre (France), October 23, 2020

THIRD-QUARTER 2020 SALES

Q3 SALES SIGNIFICANTLY BETTER THAN PREVIOUSLY EXPECTED H2 GUIDANCE UPGRADED

In €m	Q3 2019	Q3 2020	Change	9m 2019	9m 2020	Change
Group sales	4,185	3,874	-7.4%	13,157	10,043	-23.7%
At constant scope and currencies			-7.0%			-26.4%

Q3 SALES SIGNIFICANTLY BETTER THAN PREVIOUSLY EXPECTED

- **Strong sequential improvement at constant scope and currencies: -7.0% in Q3, after -19.7% in Q1 and -50.0% in Q2**
- **Month-after-month improvement throughout the quarter, with September up 1.2% year-on-year**
- **Strong sales in China, up 15.4% at constant scope and currencies**
- **Outperformance of Seating and Clean Mobility (representing combined 65% of Group sales), while Interiors and Clarion Electronics underperformed the market**

H2 GUIDANCE UPGRADED

With the revised assumption that worldwide automotive production in H2 should drop in the mid-single digits vs. H2 2019 (vs. "down around 15%" as announced on July 27), **Faurecia is upgrading its financial targets for the second half of the year:**

- **Sales of at least €8 billion** (vs. "around €7.6 billion" as announced on July 27)
- **Operating income of at least 5.5% of sales** (vs. "around 4.5% of sales" as announced on July 27)
- **Net cash flow of at least €700m** (vs. "around €600 million" as announced on July 27)

Patrick KOLLER, CEO of Faurecia, declared:

"Our sales in Q3 were better than previously expected.

Despite ongoing uncertainty related to the Covid-19, we are now more confident about worldwide automotive production in the second half of the year that should drop only in the mid-single digits vs. the second half of 2019.

This improved environment and the confirmed positive effects of our measures to further increase resilience, enhance cash generation and strengthen our financial structure allow us to revise upward our guidance for the second half of the year.

We anticipate a strong market rebound in the next two years and confirm that Faurecia is on track to achieve its sales, profitability and cash ambition for 2022."

- *The Board of Directors, under the chairmanship of Michel de Rosen, met on October 22, 2020 and reviewed the present Press Release.*
- *Operating income presented as Faurecia's main performance indicator is Operating income before amortization of intangible assets acquired in business combinations. All other definitions are explained at the end of this Press Release, under the section "Definitions of terms used in this document".*
- *All figures related to worldwide or regional automotive production refer to IHS Markit forecast dated October 16, 2020 (vehicles segment in line with CAAM for China).*

GROUP SALES

- **Better Q3 sales than previously expected, supported by improved market conditions**
- **Strong sequential improvement with Q3 sales down 7.0% at constant scope and currencies, after -19.7% in Q1 and -50.0% in Q2**
- **Q3 sales improved month after month and September even posted an 1.2% growth at constant scope and currencies**
- **Strong sales growth in China in Q3: +15.4% at constant scope and currencies**
- **Seating and Clean Mobility (representing combined 65% of Group sales) outperformed the market**

	Q3		9 months	
	€m	change	€m	change
2019	4,185		13,157	
Currency	-135	-3.2%	-178	-1.4%
Organic	-293	-7.0%	-3,470	-26.4%
Scope	117	2.8%	534	4.1%
2020	3,874	-7.4%	10,043	-23.7%

Q3 comments

- Higher negative currency effect than in previous quarters of €(135) million or -3.2%, mainly due to the US dollar, the Chinese yuan and the Brazilian real vs. the euro
- Scope effect of €117 million or +2.8%, of which a positive contribution of €160 million from SAS (3 months, since February 1) and a negative contribution of €(43) million from Clarion (Q3 2019 sales took into account 4 months - i.e. June to September 2019 - as Q2 2019 sales only took into account April and May 2019)
- **At constant scope and currencies, sales were down 7.0%, vs. worldwide automotive production down 4.9%** (source: IHS Markit dated October 16, 2020); in the quarter, unfavorable geographic mix represented a negative impact of c. -40bps and lower tooling sales (mostly Interiors) represented an additional negative impact of c. -30bps.
 - Outperformance of Seating and Clean Mobility (65% of Group sales),
 - Underperformance of Interiors and Clarion Electronics (35% of Group sales)

SALES BY BUSINESS GROUP

Seating (39% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	1,571		5,210	
Currency	-34	-2.1%	-49	-0.9%
Organic	-37	-2.3%	-1,391	-26.7%
2020	1,500	-4.5%	3,771	-27.6%

Q3 comments

- **At constant scope and currencies, sales were down 2.3%, outperforming the market by 260bps** (-4.9%, source: IHS Markit dated October 16, 2020)
- As from Q3 2020, sales are no longer impacted by the EoPs (End of Production) that had a negative impact in the previous quarters
- Conversely, significant SoPs (Start of Production) will start as from Q2 2021 and boost Seating outperformance as from next year

Interiors (30% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	1,198		3,939	
Currency	-49	-4.1%	-68	-1.7%
Organic	-139	-11.6%	-1,146	-29.1%
Scope	160	13.3%	367	9.3%
2020	1,170	-2.4%	3,092	-21.5%

Q3 comments

- **At constant scope and currencies, sales were down 11.6%** (vs. -4.9%, source: IHS Markit dated October 16, 2020), i.e. an underperformance of 670bps
- Sales in the quarter were strongly penalized by lower tooling sales, down 45.0% year-on-year, due to delayed programs in Europe, North America and China. Excluding this impact, **Product sales were down 8.5% year-on-year, i.e. an underperformance of 360bps**
- This underperformance was only attributable to Europe, while Product sales outperformed the market in other regions; the underperformance in Europe was attributable to lower content for new models for VW and Daimler and temporary unfavorable product mix with PSA
- The consolidation of SAS (since February 1) contributed €160 million of additional sales

Clean Mobility (26% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	1,114		3,466	
Currency	-46	-4.1%	-57	-1.7%
Organic	-46	-4.1%	-739	-21.3%
2020	1,023	-8.2%	2,669	-23.0%

Q3 comments

- **At constant scope and currencies, sales were down 4.1%, outperforming the market by 80bps** (-4.9%, source: IHS Markit dated October 16, 2020).
- This outperformance was driven by double-digit sales growth in China
- Commercial vehicles evolution was contrasted with double-digit growth in China and double-digit drop in Europe and North America, in line with market regional sales evolution for this segment

Faurecia Clarion Electronics (5% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	302		542	
Currency	-7	-2.3%	-5	-0.9%
Organic	-71	-23.6%	-193	-35.5%
Scope	-43	-14.2%	167	30.9%
2020	181	-40.1%	512	-5.5%

Q3 comments

- **At constant scope and currencies, sales were down 23.6%, significantly underperforming the market** (-4.9%, source: IHS Markit dated October 16, 2020)
- This underperformance was mostly attributable to the unfavorable customer mix of Clarion, highly impacted by the sales decline of its major customer Nissan; this effect will continue to impact sales in Q4 but will gradually disappear in 2021
- Faurecia Clarion Electronics is on track to overachieve its order intake target of €2.1 billion in 2020

SALES BY REGION

Europe (45% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	1,875		6,406	
Currency	-21	-1.1%	-32	-0.5%
Organic	-215	-11.5%	-1,849	-28.9%
Scope	88	4.7%	230	3.6%
2020	1,728	-7.9%	4,755	-25.8%

Q3 comments

- Negative currency effect of €(21) million or -1.1%, mainly reflected the Turkish lira and the Russian ruble vs. the euro
- Scope effect of €88 million or +4.7%, mainly reflected the positive contribution of €91 million from SAS
- **At constant scope and currencies, sales were down 11.5%, underperforming the market by 380bps** (-7.7%, source: IHS Markit dated October 16, 2020)
- This underperformance mostly reflected the underperformance of Interiors (see above) and the double-digit drop in sales for Clean Mobility Commercial Vehicles during the quarter

North America (28% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	1,134		3,423	
Currency	-37	-3.3%	-3	-0.1%
Organic	-37	-3.3%	-991	-28.9%
Scope	37	3.2%	142	4.1%
2020	1,097	-3.3%	2,571	-24.9%

Q3 comments

- Negative currency effect of €(37) million or -3.3%, mostly reflected the US dollar vs. the euro
- Scope effect of €37 million or +3.2%, mainly reflected the positive contribution of €50 million from SAS
- **At constant scope and currencies, sales were down 3.3%, underperforming the market by 380bps** (+0.5%, source: IHS Markit dated October 16, 2020)
- This underperformance was attributable to the double-digit drop in sales for Clean Mobility Commercial Vehicles and, to a lower extent, to lower sales to Nissan for Clarion Electronics

Asia (23% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	942		2,659	
Currency	-34	-3.6%	-47	-1.8%
Organic	4	0.4%	-395	-14.9%
Scope	-9	-1.0%	156	5.9%
2020	903	-4.2%	2,373	-10.7%

Q3 comments

- Negative currency effect of €(34) million or -3.6%, mostly reflected the Chinese yuan vs. the euro
- Scope effect of €(9) million or -1.0%, reflected the net effect of the positive contribution of €17 million from SAS and the negative one of €(26) million from Clarion (reminder: Q3 2019 included four months of sales as June 2019 was not included in Q2 2019)
- **At constant scope and currencies, sales in Asia were up 0.4%, strongly outperforming the market by 450bps** (-4.1%, source: IHS Markit dated October 16, 2020)
- **This strong outperformance was driven by sales in China:**
 - Sales in China were up 15.4% at constant scope and currencies, strongly outperforming the market by 850bps (+6.9%, source: IHS Markit dated October 16, 2020)
 - This mainly reflected strong outperformance of Seating and Clean Mobility with sales to international OEMs, new customers and commercial vehicles

South America (3% of Group sales in Q3)

	Q3		9 months	
	€m	change	€m	change
2019	186		530	
Currency	-36	-19.3%	-83	-15.6%
Organic	-46	-24.7%	-191	-36.0%
Scope	2	1.1%	6	1.2%
2020	106	-42.9%	263	-50.5%

Q3 comments

- Negative currency effect of €(36) million or -19.3%, mostly reflected the Brazilian real vs. the euro
- Scope effect of €2 million or +1.1%, reflected the positive contribution from SAS
- **At constant scope and currencies, sales were down 24.7%, underperforming the market** (-21.4%, source: IHS Markit dated October 16, 2020)
- Underperformance mostly reflected sales drop in Brazil, as gradual exit from Argentina is underway

UPDATE ON EXPECTED SPIN-OFF OF THE 46% STAKE OF PSA IN FAURECIA

As regards the PSA-FCA merger project to create Stellantis and according to the amendments announced on September 14, the stake of 46% of Faurecia currently held by PSA is to be distributed to all Stellantis shareholders after completion of the merger, following approval by the Stellantis Board and shareholders.

As PSA and FCA expect merger completion to take place by the end of Q1 2021 and considering the minimum time period required for the approval process, the spin-off of Faurecia could happen at the latest in Q2 2021. It will contribute to significantly increase the company's free float and share liquidity.

H2 GUIDANCE UPGRADED

Considering improved market conditions, **Faurecia now expects worldwide automotive production to drop in the mid-single digits in the second half of the year** (vs. an assumption of "down around 15%" on July 27).

Based on this updated market assumption and thanks to the confirmed positive effects of measures deployed to further increase resilience, enhance cash generation and strengthen financial structure, Faurecia is revising upward its financial targets for the second half of the year:

- **Sales of at least €8 billion** (vs. "around €7.6 billion" as announced on July 27)
- **Operating income of at least 5.5% of sales** (vs. "around 4.5% of sales" as announced on July 27)
- **Net cash flow of at least €700m** (vs. "around €600 million" as announced on July 27)

The assumption of worldwide automotive production underlying these targets assume no major lockdown in any automotive region during the last quarter of the year (main average currency rates for H2 estimated at 1.17 for USD/€ and 8.12 for CNY/€).

A conference call for financial analysts and media will be held today at 8:45 am (Paris time).

Dial-in numbers:

- France: +33 (0)1 70 73 27 27
- UK: +44 (0)203 009 5710
- USA: +1 917-720-0178

No access code needed.

The financial presentation accompanying the conference call will be available at 7:15 am today (Paris time) on the Faurecia website: www.faurecia.com and may also be viewed at the following link: <https://edge.media-server.com/mmc/p/aspsrjpk>

A replay will be available as soon as possible after the call.

Calendar

February 22, 2021: FY 2020 results announcement (before market hours)

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About Faurecia

Founded in 1997, Faurecia has grown to become a major player in the global automotive industry. With 248 industrial sites, 37 R&D centers and 115,500 employees in 37 countries, Faurecia is a global leader in its four areas of business: Seating, Interiors, Clarion Electronics and Clean Mobility. Faurecia has focused its technology strategy on providing solutions for the "Cockpit of the Future" and "Sustainable Mobility". In 2019, the Group posted sales of €17.8 billion. Faurecia is listed on the Euronext Paris stock exchange. For more information, please visit www.faurecia.com

APPENDIX - Definitions of terms used in this document

Sales growth

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

- A "**Currency effect**", calculated by applying average currency rates for the period to the sales of the prior year,
- A "**Scope effect**" (**acquisition/divestment**),
- And "**Growth at constant currencies**".

As scope effect, Faurecia presents all acquisitions/divestments, whose sales on an annual basis amount to more than €250 million.

Other acquisitions below this threshold are considered as "bolt-on acquisitions" and are included in "Growth at constant currencies".

In Q3 2020, there was no effect from "bolt-on acquisitions"; as a result, "Growth at constant currencies" is equivalent to sales growth at constant scope and currencies also presented as organic growth.