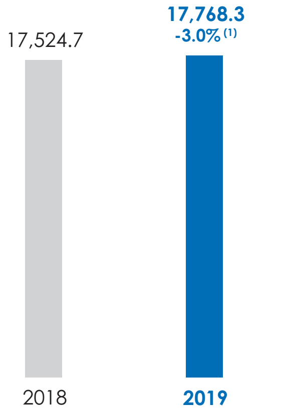
2019
Annual Results

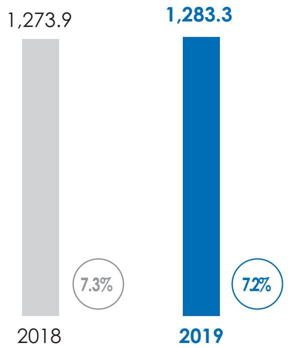
faurecia
inspiring mobility

Contents

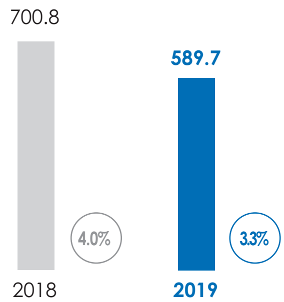
Key figures *



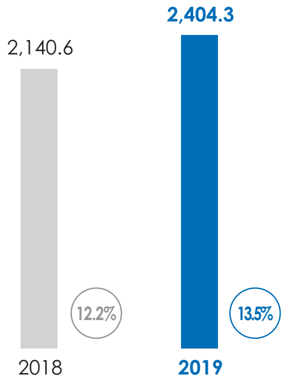
Sales
(in €m)



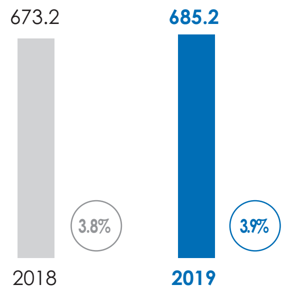
Operating Income [2]
(in €m and as a % of Sales)



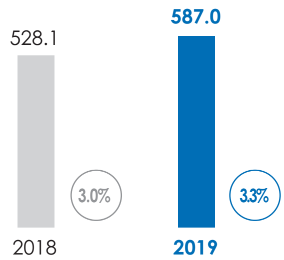
Net income/(loss) attributable to equity holders
(in €m and as a % of Sales)



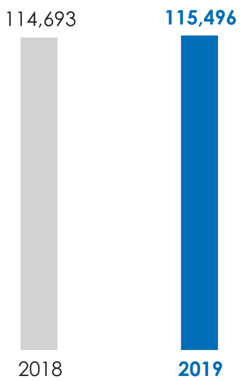
EBITDA [3]
(in €m and as a % of Sales)



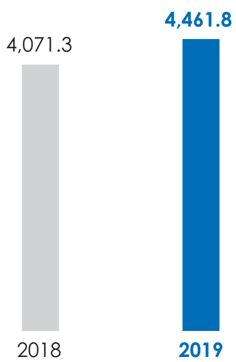
Capital expenditure
(in €m and as a % of Sales)



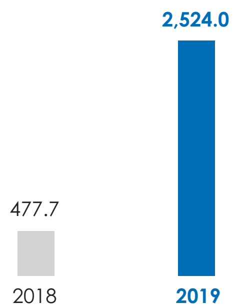
Net Cash Flow
(in €m and as a % of Sales)



Number of employees



Total equity
(in €m)



Net debt [4]
(in €m)

* *After application of IFRS 16 for 2019, no pro-forma restatement for 2018.*

(1) *At constant currencies, excluding Clarion acquisition effect and including Bolt-Ons.*

(2) *Before amortization of acquired intangible assets (§ 2.1 to the consolidated financial statements).*

(3) *Operating income before depreciations and amortizations of assets (§ 2.3 to the consolidated financial statements).*

(4) *Note 26.1 to the consolidated financial statements.*

1. Business review

Notable facts

- On April, 2019, Clarion entered the Group perimeter. It is now consolidated into the fourth Business Group newly created "Faurecia Clarion Electronics".
  - This Business Group mainly regroups the operations of Coagent Electronics (consolidated as from January 1, 2018 and previously classified within "Faurecia Interiors"), Parrot Automotive (consolidated as from December 31, 2018) and Clarion (consolidated as from April 1, 2019).
  - The results of the Coagent Electronics activities, which had been included in the Interiors Business in 2018 have been reallocated on a retroactive basis for 2018 to the Faurecia Clarion Electronics business.
  - Due to time constraints related to the first consolidation of Clarion, it was accounted for only two months (April and May) in the first semester 2019 consolidated statements. The seven months from June til December 2019 have been taken into account in the second semester.
- First application of IFRS16 on January 1, 2019. Faurecia is using the modified retrospective method, according to which there are no pro-forma for 2018. 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. Impacts on main indicators are detailed in Financial Statements.

1.1. Main events

January/February 2019

- Faurecia signed a partnership with Japan Display Inc. to enhance user experience inside the cockpit.

  Faurecia and JDI will cooperate on the development and integration of large displays into automotive interiors. The two companies will leverage their know-how and expertise so that the functionalities and design of large displays will be a key element of cockpit attractiveness.

  During CES 2019, Faurecia and JDI revealed a first illustration of their capabilities by showcasing a world premiere 32.1 inches 6K display integrated into an instrument panel.

March 2019

- Michelin, world leader in tyres and sustainable mobility, and Faurecia announced the signature of a Memorandum of Understanding to create a joint venture bringing together all of Michelin's fuel cell related activities - including its subsidiary Symbio – with those of Faurecia.

  This French joint venture, built around a unique ecosystem, will develop, produce and market hydrogen fuel cell systems for light vehicles, utility vehicles, trucks and other applications.

  Faurecia and Michelin are convinced of the importance of hydrogen technology in tomorrow's world of zero emissions mobility and of the need to create a strong French and European hydrogen industrial sector. The two companies aim to create a world leader in hydrogen fuel cell systems through combining existing and complementary assets from both partners in the joint-venture. This will enable the joint venture to immediately offer a unique range of hydrogen fuel cell systems for all use cases. This agreement was officialized in November 2019.
- Faurecia announced it has successfully issued €500 million of senior notes due 2026 at 3.125% to complete financing of Clarion acquisition. The issuance of these Notes was intended to refinance the bridge loan of €500 million, which was drawn to finance the acquisition of Clarion Co., Ltd, and related expenses and transaction costs. The strategic acquisition of Clarion, complementary in terms of technology offer, geographic presence and customer portfolio with Faurecia's current business, will allow the Group to become a leading player in cockpit electronics and systems integration.

April 2019

- Faurecia announced the official launch of its fourth Business Group "Faurecia Clarion Electronics", based in Saitama, Japan. This activity has the ambition to become a global leader in cockpit electronics and low-speed ADAS.

  The new Business Group, Faurecia Clarion Electronics, combines Clarion with Faurecia's previous acquisitions of Parrot Automotive and Coagent Electronics.

- Faurecia announced it has acquired a majority stake in the Swedish company Creo Dynamics, which provides innovative acoustics and Active Noise Control (ANC) solutions.

  Creo Dynamics technologies are fully complementary to the audio competences of Faurecia Clarion Electronics which include smart headrests, active surfaces, tuning algorithms and digital sound enabling an immersive sound experience and personalized sound bubble.

  Founded in 2010 and based in Linköping, Sweden, Creo Dynamics provides innovative solutions in acoustics, fluid dynamics and smart structures to customers in various industries, primarily automotive and aerospace. Through its unique expertise in automotive acoustics and control algorithms, the company develops state-of-the-art active noise control for vehicle interiors.

- Faurecia announced the establishment of its first Clean Mobility manufacturing plant in Japan, located in Koriyama City, Fukushima Prefecture.

  This new facility will be built on a 9,000 square meter industrial site owned by Faurecia Clarion Electronics. Faurecia will employ 50 people to start its operations in August 2020 and will produce exhaust systems for passenger cars and commercial vehicles.

May 2019

- Faurecia announced an investment in GuardKnox, an Israeli automotive cybersecurity provider, to reinforce passenger safety and data security in the connected car and for new user experiences.

  GuardKnox provides comprehensive cyber defense (hardware and software) for connected and autonomous vehicles. GuardKnox technology will enable Faurecia to propose complete end-to-end solutions integrated into the car vehicle, securing the software, data and cloud connectivity.

  This investment in GuardKnox is made by Faurecia Ventures, which advances Faurecia's innovation strategy by identifying, incubating and investing in start-ups with relevant technologies for Sustainable Mobility and the Cockpit of the Future.

June 2019

- Faurecia announced the creation of a global center of expertise for hydrogen storage systems at its R&D center in Bavans, France.

  Faurecia aims to invest in research and development in new-generation high-pressure tanks that are more efficient and lighter, as well as in a test center to characterize these tanks.

  The center, scheduled to start operations in the second-quarter 2020, represents a total investment of approximatively €25 million, including €4.9 million in subsidies from the Bourgogne-Franche-Comté region. In the long term, Faurecia plans to create 50 highly qualified jobs at the Bavans site, which already has nearly 750 employees dedicated to Faurecia's Clean Mobility activity.

July 2019

- Faurecia announced a collaboration with Microsoft to create disruptive, connected and personalized services inside the Cockpit of the Future.

  Combining expertise in edge-computing, artificial intelligence, cloud-based services, cockpit systems integration and consumer insights, Faurecia targets to collaborate with Microsoft to develop digital services based on Microsoft Connected Vehicle Platform to reinvent the on-board experience for all occupants. Faurecia has also chosen Microsoft Cloud Azure as its preferred cloud platform.

October 2019

- Faurecia signed a Memorandum of Understanding to acquire the remaining 50% of its SAS joint venture from Continental. This joint venture was established in 1996 and has become a key player in complex interior module assembly and logistics. The company employs 4,490 people in 19 facilities in Europe, North America and South America. Sales showed strong growth in 2019 and reached €739 million (IFRS 15).

  This project would expand Faurecia's systems integration offer to cover all interior modules as well as Faurecia's new product lines such as displays, electronics, sensors and thermal management. The addition of SAS core competences in systems integration and complexity management would also strengthen Faurecia's Just in Time plant network.

This project would be immediately accretive to Faurecia in operating margin, net income and ROCE. The financial performance would be consolidated into the Interiors Business Group. Synergies could be obtained in manufacturing engineering, logistics and footprint optimization as well as in purchasing and SG&A. With an order book showing strong growth potential, sales should exceed €1 billion by 2024 (representing a CAGR of around 9%). Growth would be accelerated through regional and customer diversification particularly in China.

This project was finalized in January 2020.

November 2019

- Faurecia and Aptoide, one of the largest independent Android app stores, announced the creation of a 50/50 joint venture to develop and operate Android app Store solutions for the global automotive market.

  This joint venture offers OEMs an affordable and secured automotive apps market, available worldwide with adaptable content per region. The Aptoide app store offers one million Android apps covering a variety of use cases such as gaming, navigation, content streaming services, point of interest recommendations or parking. Aptoide also offers an integrated secure payment mechanism supporting OEM strategies for service monetization, whilst securing the vehicle and occupants' data privacy.

  Within the joint venture, Aptoide brings a unique ecosystem offering a wide range of android apps and distribution expertise. Faurecia brings a broad customer portfolio, systems integration capabilities in In-Vehicle Infotainment (IVI) and cybersecurity expertise.

- Faurecia announced the success of the above transaction, launched today. Faurecia priced €700 million of senior notes due 2027 at 2.375%. The quality of the investor base and the very favourable conditions achieved demonstrate Faurecia's credit quality. Faurecia will use the proceeds of the issuance of the Notes, and cash on hand, to redeem all its €700 million 3.625% senior notes due June 2023 (the "2023 Notes"), plus accrued and unpaid interest.
- During the Capital Market Day, Faurecia announced the acceleration of transformation strategy for the Cockpit of the Future and Sustainable Mobility boosted by recent acquisitions and partnerships. Record performance targeted for 2022 with sales above €20.5 billion, profitability at 8% of sales and cash generation at 4% of sales, combining growth and resilience.

December 2019

- Faurecia and Devialet, the French company behind a host of acclaimed innovations in sound technology, announced a partnership to develop high-quality sound solutions for automakers.

  Devialet brings best-in-class technologies and industry-leading expertise across acoustic architecture, loudspeakers and signal processing, over 160 patents, and a premium consumer brand. Faurecia brings its overall electronic design and system integration capabilities as well as its sound domain controller technology.

January 2020

- During the CES Las Vegas 2020, Faurecia, signed a cooperation framework agreement with Beijing Horizon Robotics, a pioneer in edge computing and Artificial Intelligence. This strategic partnership focuses on co-developing multi-modal perception AI solutions, and accelerating the commercialization of intelligent cockpit systems and Advanced Driver Assistance Systems (ADAS) for the Chinese market.

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

1.2. Automotive production

Worldwide automotive production decreased by 5.8% from 2018 to 2019. It decreased in all regions. Production decreased in Europe (including Russia) by 4.0%, in North America by 3.9%, in South America by 4.5% and in Asia by 6.6% (of which a decrease of 9.3% in China).

All the data related to automotive production and volume evolution in 2019 is based on IHS Markit Automotive report dated February 2020.

1.3. Sales

(in € millions)	H2 2018	Currencies	*Clarion Acquisition Effect*	At constant currencies*	H2 2019
Product Sales	7,914.2	91.7	*426.5*	(292.3)	8,140.1
Var. in %		1.2%		-3.7%	2.9%
Tooling, Prototypes and Other Services	619.3	12.6	*9.4*	14.9	656.2
Var. in %		2.0%		2.4%	6.0%
SALES	**8,533.5**	**104.3**	***435.9***	**(277.4)**	**8,796.3**
VAR. IN %		**1.2%**		**-3.3%**	**3.1%**

* *Including Bolt-Ons representing €26.1 million or 0.3%. Excluding Clarion acquisition effect.*

(in € millions)	FY 2018	Currencies	*Clarion Acquisition Effect*	At constant currencies*	FY 2019
Product Sales	16,330.4	172.4	*563.0*	(553.1)	16,512.7
Var. in %		1.1%		-3.4%	1.1%
Tooling, Prototypes and Other Services	1,194.3	14.2	*23.3*	23.8	1,255.6
Var. in %		1.2%		2.0%	5.1%
SALES	**17,524.7**	**186.6**	***586.3***	**(529.3)**	**17,768.3**
VAR. IN %		**1.1%**		**-3.0%**	**1.4%**

* *Including Bolt-Ons representing €189.8 million or 1.1%. Excluding Clarion acquisition effect.*

Sales of products (parts, components and R&D sold to manufacturers) reached €16,512.7 million in 2019 compared to €16,330.4 million in 2018. The product sales increased by 1.1% on a reported basis and decreased by 3.4% at constant currencies and excluding Clarion acquisition effect.

Sales of tooling, prototypes and other services totaled €1,255.6 million in 2019 versus €1,194.3 million in 2018. This represents an increase of 5.1% on a reported basis and a growth of 2.0% at constant currencies and excluding Clarion acquisition effect.

Sales totaled €17,768.3 million in 2019 compared to €17,524.7 million in 2018, showing an increase of 1.4% on a reported basis and a decrease of 3.0% at constant currencies and excluding Clarion acquisition effect.

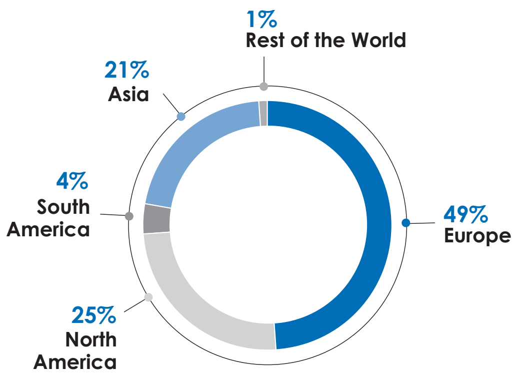
1.3.1. By region

(in € millions)	H2 2019	Including *Clarion Acquisition effect*	H2 2018	Reported	At constant currencies*	Automotive Production
SALES						
Europe	4,110.6	*36.2*	4,128.1	-0.4%	-1.7%	-2.3%
North America	2,194.5	*99.4*	2,242.2	-2.1%	-10.0%	-4.8%
Asia	2,049.8	*296.1*	1,714.4	19.6%	0.8%	-4.3%
o/w China	*1,386.6*	*40.2*	*1,325.6*	*4.6%*	*0.3%*	*-2.1%*
South America	351.6	*4.2*	350.8	0.3%	3.1%	-6.0%
Rest of the World	89.8		98.0	-8.4%	-9.0%	-14.5%
TOTAL	**8,796.3**	***435.9***	**8,533.5**	**3.1%**	**-3.3%**	**-4.3%**

* *Including Bolt-Ons representing €26.1 million or 0.3%: Parrot Automotive with €21.8 million in Europe and €4.3 million in Asia. Excluding Clarion acquisition effect.*

(in € millions)	FY 2019	Including *Clarion Acquisition effect*	FY 2018	Reported	At constant currencies*	Automotive Production
SALES						
Europe	8,641.4	*49.2*	8,858.2	-2.4%	-2.8%	-4.0%
North America	4,483.4	*146.0*	4,474.2	0.2%	-8.1%	-3.9%
Asia	3,766.0	*386.1*	3,257.2	15.6%	2.5%	-6.6%
o/w China	*2,594.6*	*56.4*	*2,494.6*	*4.0%*	*0.8%*	*-9.3%*
South America	696.4	*5.0*	714.1	-2.5%	5.2%	-4.5%
Rest of the World	181.1		221.0	-18.1%	-15.1%	-21.6%
TOTAL	**17,768.3**	***586.3***	**17,524.7**	**1.4%**	**-3.0%**	**-5.8%**

* *Including Bolt-Ons representing €189.8 million or 1.1%: €39.3 million for Parrot Automotive and €13.6 million for Hug in Europe, €106.1 million for BYD, €20.9 million for Wuling and €9.9 million for Parrot Automotive in Asia. Excluding Clarion acquisition effect.*

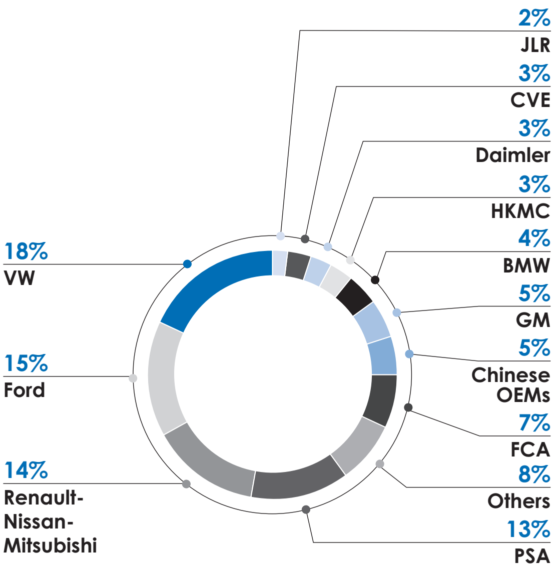


Sales by region in 2019 were as follows:

- in Europe, sales totaled €8,641.4 million (49% of total sales), compared to €8,858.2 million in 2018. Sales decreased by 2.4% on a reported basis and down 2.8% at constant currencies and excluding Clarion acquisition effect. This is to be compared to a 4.0% downturn in production market in Europe;
- in North America, sales reached €4,483.4 million (25% of total sales), versus €4,474.2 million in 2018. Sales increased by 0.2% on a reported basis whereas they decreased by 8.1% at constant currencies and excluding Clarion acquisition effect. This is to be compared to a 3.9% downturn in production market in North America;

- in Asia, sales reached €3,766.0 million (21% of total sales) and to be compared to €3,257.2 million in 2018. This represents a growth of 15.6% on a reported basis and 2.5% at constant currencies and excluding Clarion acquisition effect. Sales in China went up 4.0% on a reported basis, and up 0.8% at constant currencies. Over the same period, the automotive production decreased by 6.6% in Asia and by 9.3% in China;
- in South America, sales totaled €696.4 million (4% of the total sales), compared to €714.1 million in 2018. Sales decreased by 2.5% on a reported basis. However, they were up 5.2% at constant currencies and excluding Clarion acquisition effect. In 2019, the automotive production in the region decreased by 4.5%;
- in the rest of the world (mainly South Africa), sales amounted to €181.1 million, a 18.1% decrease on a reported basis and a 15.1% decrease at constant currencies and excluding Clarion acquisition effect.

1.3.2. By customer



In 2019, sales to Faurecia four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €10,662.5 million or 60.0% of sales. It represented 61.3% in 2018. They were as follows:

- sales to the VW group totaled €3,286.6 million. They accounted for 18.5% of Faurecia's total sales. Compared to 2018, they increased by 1.0% on a reported basis and by 0.6% at constant currencies and excluding Clarion acquisition effect;
- sales to the Ford group totaled €2,599.6 million, accounting for 14.6% of Faurecia's total sales. Compared to 2018, sales to Ford group decreased by 8.6% on a reported basis and by 11.8% at constant currencies and excluding Clarion acquisition effect;
- sales to the Renault-Nissan-Mistubishi group represented €2,446.7 million or 13.8% of Faurecia's total sales. They were up 10.6% on a reported basis and down 0.9% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to the PSA Group totaled €2,329.6 million. They accounted for 13.1% of Faurecia's total sales. They were down 4.1% on a reported basis and down 4.5% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to the FCA group reached €1,186.0 million or 6.7% of total sales. This represented a growth of 5.7% on a reported basis and of 2.2% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to the General Motors group totaled €943.3 million or 5.3% of total sales. They were up 3.9% on a reported basis and down 1.1% at constant currencies and excluding Clarion acquisition effect;
- sales to Chinese OEMs reached €831.4 million or 4.7% of total sales. ThIs represented a growth of 21.3% on a reported basis and of 17.2% at constant currencies and excluding Clarion acquisition effect compared to 2018;
- sales to BMW represented €700.5 million or 3.9% of total sales. They decreased by 21.2% on a reported basis and by 21.6% at constant currencies and excluding Clarion acquisition effect compared to 2018.

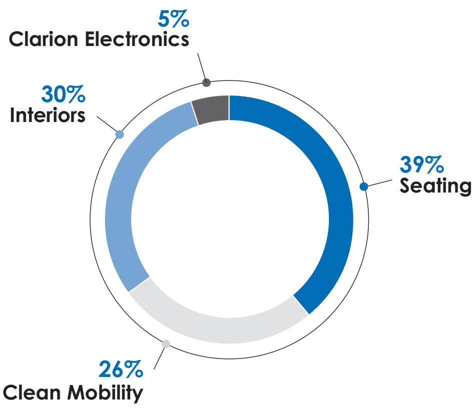
1.3.3. By Business Group

(in € millions)	H2 2019	*Clarion Acquisition Effect*	H2 2018	Reported	At constant currencies*
Sales					
Seating	3,333.3		3,656.5	-8.8%	-9.5%
Interiors	2,624.2		2,567.1	2.2%	0.5%
Clean Mobility	2,302.4		2,254.8	2.1%	0.5%
Clarion Electronics	536.4	*435.9*	55.1		80.5%
TOTAL	**8,796.3**	***435.9***	**8,533.5**	**3.1%**	**-3.3%**

* *Including Bolt-Ons representing €26.1 million or 0.3%: exclusively for Parrot Automotive on Clarion Electronics. Excluding Clarion acquisition effect.*

(in € millions)	FY 2019	*Clarion Acquisition Effect*	FY 2018	Reported	At constant currencies*
Sales					
Seating	6,973.2		7,438.0	-6.2%	-6.9%
Interiors	5,370.2		5,362.6	0.1%	-0.9%
Clean Mobility	4,653.5		4,615.0	0.8%	-0.8%
Clarion Electronics	771.4	*586.3*	109.1		68.2%
TOTAL	**17,768.3**	***586.3***	**17,524.7**	**1.4%**	**-3.0%**

* *Including Bolt-Ons representing €189.8 million or 1.1%: €106.1 million for BYD on Seating, €20.9 million for Wuling on Interiors, €13.6 million for Hug on Clean Mobility and €49.2 million for Parrot Automotive on Clarion Electronics. Excluding Clarion acquisition effect.*



In 2019:

- Seating reached €6,973.2 million sales, down 6.2% on a reported basis and down 6.9% at constant currencies compared to 2018;
- Interiors totaled €5,370.2 million sales. This represented a 0.1% increase on a reported basis and a 0.9% decrease at constant currencies compared to 2018;
- Clean Mobility generated €4,653.5 million sales, up 0.8% on a reported basis and down 0.8% at constant currencies compared to 2018;
- Clarion Electronics totaled €771.4 million sales, up 68.2% compared to 2018 at constant currencies excluding Clarion acquisition effect.

1.4. Operating Income

In 2019:

- operating income before amortization of acquired intangible assets reached €1,283.3 million (7.2% of sales), compared to €1,273.9 million (7.3% of sales) in 2018;
- gross expenditures for R&D totaled €1,329.7 million, or 7.5% of sales, compared to €1,093.2 million, or 6.2% of sales in 2018. The portion of R&D expenditure capitalised amounted to €909.7 million, compared to €794.3 million in 2018. The R&D capitalization ratio represented 68.4% of total R&D expenditure, whereas it represented 72.7% over the same period in 2018;
- the net R&D expenses reached €420.0 million (2.4% of sales) compared to €298.8 million in 2018. These €420.0 million in 2019 include €63.7 million for Clarion Electronics;
- selling and administrative expenses reached to €778.5 million (4.4% of sales), compared to €703.2 million (4.0% of sales) in 2018. These €778.5 million in 2019 include €115.2 million for Clarion Electronics;
- EBITDA – which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures – rose to €2,404.3 million (13.5% of sales), to be compared to €2,140.6 million (12.2% of sales) in 2018.

1.4.1. By region

	H2 2019			H2 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	4,110.6	266.2	6.5%	4,128.1	260.7	6.3%
North America	2,194.5	129.7	5.9%	2,242.2	154.3	6.9%
Asia	2,049.8	202.5	9.9%	1,714.4	187.3	10.9%
South America	351.6	29.3	8.3%	350.8	12.7	3.6%
Rest of the World	89.8	10.7	11.9%	98.0	11.7	12.0%
TOTAL	**8,796.3**	**638.4**	**7.3%**	**8,533.5**	**626.7**	**7.3%**

	FY 2019			FY 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Europe	8,641.4	558.0	6.5%	8,858.2	565.9	6.4%
North America	4,483.4	282.6	6.3%	4,474.2	289.7	6.5%
Asia	3,766.0	373.6	9.9%	3,257.2	367.0	11.3%
South America	696.4	47.9	6.9%	714.1	24.6	3.4%
Rest of the World	181.1	21.2	11.7%	221.0	26.7	12.1%
TOTAL	**17,768.3**	**1,283.3**	**7.2%**	**17,524.7**	**1,273.9**	**7.3%**

The operating income in 2019 compared to 2018 increased by €9.4 million:

- in Europe, the operating income was down by €7.9 million, to reach €558.0 million or 6.5% of sales. This is to be compared to €565.9 million or 6.4% in 2018;
- in North America, the operating income dropped by €7.1 million to €282.6 million. The operating income reached 6.3% of sales, compared to 6.5% in 2018;
- in Asia, the operating income increased by €6.6 million to reach €373.6 million or 9.9% of sales. The operating income represented 9.9% of sales, in decrease compared to 2018 which was 11.3%;
- in South America, the operating income increased by €23.3 million to reach €47.9 million. The operating margin in the region represented 6.9% of sales compared to 3.4% of sales in 2018;
- in the rest of the world (South Africa), the operating margin decreased by €5.5 million to €21.2 million. The operating income represented 11.7% of sales, compared to 12.1% in 2018.

1.4.2. By Business Group

	H2 2019			H2 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,333.3	234.1	7.0%	3,656.5	227.0	6.2%
Interiors	2,624.2	122.6	4.7%	2,567.1	157.5	6.1%
Clean Mobility	2,302.4	270.0	11.7%	2,254.8	244.6	10.8%
Clarion Electronics	536.4	11.7	2.2%	55.1	(2.4)	-4.4%
TOTAL	**8,796.3**	**638.4**	**7.3%**	**8,533.5**	**626.7**	**7.3%**

	FY 2019			FY 2018		
(in € millions)	Sales	Operating Income	%	Sales	Operating Income	%
Seating	6,973.2	453.1	6.5%	7,438.0	448.5	6.0%
Interiors	5,370.2	293.7	5.5%	5,362.6	325.3	6.1%
Clean Mobility	4,653.5	524.6	11.3%	4,615.0	499.8	10.8%
Clarion Electronics	771.4	11.9	1.5%	109.1	0.3	0.3%
TOTAL	**17,768.3**	**1,283.3**	**7.2%**	**17,524.7**	**1,273.9**	**7.3%**

In 2019:

- Seating operating income amounted to €453.1 million (6.5% of sales) compared to €448.5 million in 2018 (6.0% of sales);
- Interiors operating income reached €293.7 million (5.5% of sales), affected by operational issues, compared to €325.3 million in 2018 (6.1% of sales);
- Clean Mobility operating income reached €524.6 million (11.3% of sales) compared to €499.8 million in 2018 (10.8% of sales);
- Clarion Electronics operating income reached €11.9 million (1.5% of sales) compared to €0.3 million in 2018 (0.3% of sales).

1.5. Net income

The net income group share reached €589.7 million, or 3.3% of sales in 2019. This is to be compared to €700.8 million or 4.0% of sales over the same period in 2018. It represented a decrease of €111.1 million, mainly reflecting an increase of restructuring costs to bring costs in line with new market realities and adapt the cost structure of Clarion Electronics.

In 2019:

- the amortization of intangible assets acquired in business combinations related mainly to Clarion and Coagent businesses represented an expense of €56.4 million compared to an expense of €10.9 million in 2018;
- the "other non-recurring operating income and expenses" represented an expense of €213.8 million, compared to an expense of €147.3 million in 2018. This item included €193.9 million in restructuring charges compared to an expense of €100.8 million in 2018;
- financial income amounted to €18.7 million, compared to €9.6 million in 2018. Financial costs totaled €197.7 million, versus €117.6 million in 2018. These €197.7 million include €32.1 million for Clarion Electronics financing and €45.4 million for financial charges related to IFRS 16;
- other financial income and expense represented an expense of €40.4 million compared to €55.7 million in 2018. This expense included €8.3 million from discounting pension benefit liabilities;
- the tax expense reached €166.8 million, compared to €190.0 million in 2018. This represented an average tax rate of 21.0% compared to an average rate of 20.0% over the same period in 2018;
- the share of net income of associates totaled €37.8 million, compared to €31.4 million in 2018;
- net income attributable to minority interests totaled €75.0 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €92.5 million in 2018.

Basic earnings per share on continued operations amounted to €4.31 (diluted net earnings per share on continued operations at €4.29) compared to €5.11 in 2018 (diluted on continued operations at €5.09).

1.6. Financial structure and net debt

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

(in € millions)	Notes	2019	2018
Recurring net cash flow		**587.0**	**528.1**
Other changes		0.0	0.0
Net cash flow		**587.0**	**528.1**
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(1,130.3)	(174.6)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	53.5	(67.0)
Surplus (used) from operating and financing activities	**2.3**	**(489.8)**	**286.5**

1.6.2. Net Cash Flow

The net cash inflow was €587.0 million in 2019 compared to a net cash inflow of €528.1 million over the same period in 2018. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €2,404.3 million compared to €2,140.6 million in 2018, due to the increase in operating income for €9.4 million and the increase in depreciation and amortization by €254.3 million;
- restructuring represented cash outflows of €166.3 million compared to €93.4 million in 2018;
- net financial costs represented cash outflows of €197.1 million, versus €107.8 million in 2018;
- the change in working capital requirement, including receivables factoring, represented a positive impact of €109.3 million compared to a positive impact €18.9 million in 2018. This change consisted in part of a increase in inventories of €27.0 million, a net increase in trade receivables of €397.5 million, an increase in trade payables of €538.8 million and a negative variation of other trade receivables and payables for €5.0 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €685.2 million, versus €673.3 million in 2018;
- capitalized research and development costs represented cash outflows of €681.2 million, versus €592.7 million in 2018;
- income taxes represented cash outflows of €295.8 million, compared to €260.9 million in 2018;
- finally, other cash flow items represented €98.9 million in inflows, compared to €96.7 million in inflows in 2018.

1.6.3. **Net Debt**

(in € millions)	Dec. 31, 2019	Dec. 31, 2018
Net debt	**2,524.0**	**477.7**

At December 31, 2018, the Group's net financial debt stood at €477.7 million.

After a negative impact of €725.8 million related to the first implementation of IFRS16, the opening net debt at January 1, 2019 was €1,203.5 million.

At December 31, 2019, the Group's net financial debt stood at €2,524.0 million. Most of the increase during the period is related to the acquisition of Clarion.

(in € millions)	Dec. 31, 2019	Dec. 31, 2018
Shareholders' equity	**4,461.8**	**4,071.3**

The Group's shareholders' equity rose from €4,071.3 million at year-end 2018 to €4,461.8 million at the end of 2019, an increase of €390.5 million.

The main elements of long-term financial resources are:

- the syndicated credit facility for €1,200 million, renegotiated in June 2018, maturing in June 2024 and which was not drawn in December 31, 2019;
- a total amount of €2,150 million including €700 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026 and €700 million of bonds maturing in June 2027;
- €700 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024.

1.7. Outlook

In an environment that offers low visibility, Faurecia's current assumption is that worldwide automotive production should be down c. 3% in 2020 vs. 2019. There should be a strong seasonality, with the first quarter being the weakest of the year and expected to post a drop in double digits, mostly impacted by Asia and Europe.

Based on this assumption, Faurecia's full-year 2020 financial targets are the following:

- Solid reported sales growth, including:
  - a scope effect representing c. 500bps of sales growth (3 months of Clarion + 11 months of SAS),
  - an outperformance of 100 to 200bps vs. worldwide automotive production (at constant scope & currencies) ;
- Improvement in profitability, with operating margin above 7.2% of sales ;
- Continued strong cash generation, with net cash flow above €500 million.
  Main currency assumptions: USD/€ @ 1.15 average and CNY/€ @ 7.80 average.

This guidance does not include the risk of a possible impact of Covid-19 on the global supply chain.

The 2020 guidance is fully aligned with the medium-term 2022 ambitions that Faurecia presented at its Capital Markets Day of November 26, 2019:

- Sales should exceed €20.5 billion ;
- Operating margin should reach 8% of sales ;
- Net cash flow should reach 4% of sales.

2.

Consolidated financial statements

2.1. Consolidated statement of comprehensive income

(in € millions)	Notes	2019	2018
SALES	**4**	**17,768.3**	**17,524.7**
Cost of sales	5	(15,286.5)	(15,248.8)
Research and development costs	5	(420.0)	(298.8)
Selling and administrative expenses	5	(778.5)	(703.2)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	**4**	**1,283.3**	**1,273.9**
Amortization of intangible assets acquired in business combinations	11	(56.4)	(10.9)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		**1,226.9**	**1,263.0**
Other non-recurring operating income	6	2.5	2.9
Other non-recurring operating expense	6	(216.3)	(150.2)
Income from loans, cash investments and marketable securities		18.7	9.6
Finance costs	7	(197.7)	(117.7)
Other financial income and expense	7	(40.4)	(55.7)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		**793.7**	**951.9**
Taxes	8	(166.8)	(190.0)
of which deferred taxes	*8*	*76.5*	*112.7*
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		**626.9**	**761.9**
Share of net income of associates	13	37.8	31.4
CONSOLIDATED NET INCOME (LOSS)		**664.7**	**793.3**
Attributable to owners of the parent		**589.7**	**700.8**
Attributable to minority interests	23	75.0	92.5
Basic earnings (loss) per share *(in €)*	9	4.31	5.11
Diluted earnings (loss) per share *(in €)*	9	4.29	5.09

Other comprehensive income

(in € millions)	*Notes*	2019	2018
CONSOLIDATED NET INCOME (LOSS)		**664.7**	**793.3**
Amounts to be potentially reclassified to profit or loss		**23.9**	**(18.4)**
Gains (losses) arising on fair value adjustments to cash flow hedges		(22.4)	20.5
of which recognized in equity		*(22.3)*	*16.1*
of which transferred to net income (loss) for the period		*(0.1)*	*4.4*
Exchange differences on translation of foreign operations		38.5	(30.6)
Tax impact		7.8	(8.3)
Amounts not to be reclassified to profit or loss		**(10.8)**	**15.7**
Actuarial gain/(loss) on post-employment benefit obligations	25	(26.7)	18.0
Tax impact		15.9	(2.3)
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		**677.8**	**790.6**
Attributable to owners of the parent		599.5	701.4
Attributable to minority interests		78.3	89.2

2.2. Consolidated balance sheet

Assets

(in € millions)	Notes	2019	2018
Goodwill	10	2,146.4	1,492.1
Intangible assets	11	2,550.9	1,959.4
Property, plant and equipment	12	2,997.4	2,784.6
Right-of-use assets	1B & 12B	877.0	-
Investments in associates	13	240.3	144.2
Other equity interests	14	60.4	60.7
Other non-current financial assets	15	71.4	91.2
Other non-current assets	16	70.1	46.2
Deferred tax assets	8	468.4	355.5
TOTAL NON-CURRENT ASSETS		**9,482.3**	**6,933.9**
Inventories, net	17	1,552.8	1,431.7
Trade accounts receivables	18	2,608.9	1,947.5
Other operating receivables	19	360.4	313.8
Other receivables	20	839.2	661.5
Other current financial assets	30	1.8	1.0
Cash and cash equivalents	21	2,319.4	2,105.3
TOTAL CURRENT ASSETS		**7,682.5**	**6,460.8**
TOTAL ASSETS		**17,164.8**	**13,394.7**

Liabilities

(in € millions)	Notes	2019	2018
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(44.7)	(51.0)
Retained earnings		1,936.7	1,443.0
Translation adjustments		54.2	17.8
Net income (loss)		589.7	700.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		**4,135.0**	**3,709.7**
Minority interests	23	326.8	361.6
TOTAL SHAREHOLDERS' EQUITY		**4,461.8**	**4,071.3**
Non-current provisions	25	461.6	393.3
Non-current financial liabilities	26	3,093.1	1,870.0
Non-current lease liabilities	1B	732.3	-
Other non-current liabilities		1.8	1.7
Deferred tax liabilities	8	38.7	27.3
TOTAL NON-CURRENT LIABILITIES		**4,327.5**	**2,292.3**
Current provisions	24	260.4	191.4
Current financial liabilities	26	846.1	714.0
Current portion of lease liabilities	1B	173.7	-
Prepayments on customers contracts		665.4	605.0
Trade payables		5,316.2	4,562.6
Accrued taxes and payroll costs	27	752.8	618.0
Sundry payables	28	360.9	340.1
TOTAL CURRENT LIABILITIES		**8,375.5**	**7,031.1**
TOTAL EQUITY AND LIABILITIES		**17,164.8**	**13,394.7**

2.3. Consolidated cash flow statement

(in € millions)	Notes	2019	2018
I- OPERATING ACTIVITIES			
Operating income (before amortization of acquired intangible assets)		1,283.3	1,273.9
Depreciations and amortizations of assets	5.5	1,121.0	866.7
o/w depreciations and amortizations of R&D assets	*5.4*	*441.9*	*394.8*
o/w other depreciations		*679.2*	*471.9*
EBITDA		**2,404.3**	**2,140.6**
Operating current and non-current provisions		(66.1)	(10.7)
Capital (gains) losses on disposals of operating assets		2.2	(36.0)
Paid restructuring		(166.3)	(93.4)
Paid finance costs net of income		(197.1)	(107.8)
Other non-recurring operating income and expenses paid		(35.6)	(35.4)
Paid taxes		(295.8)	(260.9)
Dividends from associates		27.8	27.3
Change in working capital requirement		**109.3**	**18.9**
Change in inventories		(27.0)	(29.0)
o/w R&D inventories increase	*5.4*	*(228.5)*	*(201.6)*
o/w R&D inventories decrease		*216.3*	*224.7*
Change in trade accounts receivables		(397.5)	(56.6)
Change in trade payables		538.8	293.1
Change in other operating receivables and payables		73.9	28.6
Change in other receivables and payables (excl. Tax)		(78.9)	(217.2)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		**1,782.8**	**1,642.6**
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(681.8)	(672.7)
Additional intangible assets	11	(3.4)	(0.6)
Capitalized development costs	5.4 & 11	(681.2)	(592.7)
Acquisitions /Sales of investments and business (net of cash and cash equivalents)		(1,130.3)	(174.5)
Proceeds from disposal of property, plant and equipment		205.8	124.8
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		(35.2)	26.6
Other changes		53.5	(67.0)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		**(2,272.6)**	**(1,356.1)**
CASH PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES (I)+(II)		**(489.8)**	**286.5**
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		2.7	15.5
Dividends paid to owners of the parent company		(170.2)	(150.9)
Dividends paid to minority interests in consolidated subsidiaries		(41.6)	(59.7)
Acquisitions of treasury stocks		(29.4)	(47.8)
Debt securities issued and increase in other financial liabilities		1,213.6	682.4
Repayment of debt and other financial liabilities		(135.9)	(163.3)
Repayments on lease debts		(140.1)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**699.2**	**276.2**
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		4.6	(20.5)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**214.1**	**542.2**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		**2,105.3**	**1,563.0**
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,319.4**	**2,105.3**

The net cash flow amounts to €587 million as of December 31, 2019.

2.4. Consolidated statement of changes in equity

						Valuation adjustments					
(in € millions)	Number of shares [1]	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Translation adjustments	Cash flow hedges	Actuarial gain/(loss) on post employment benefit obligations	Equity attributable to owners of the parent	Minority interests	Total
Shareholders' equity as of December 31, 2017 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(34.2)**	**1,671.5**	**44.4**	**3.2**	**(105.4)**	**3,178.6**	**275.3**	**3,453.9**
Net income (loss) restated					700.8				700.8	92.5	793.3
Other comprehensive income						(27.3)	12.2	15.7	0.6	(3.3)	(2.7)
Comprehensive income					***700.8***	***(27.3)***	***12.2***	***15.7***	***701.4***	***89.2***	***790.6***
Capital increase									0.0	24.7	24.7
2017 dividends					(150.9)				(150.9)	(67.6)	(218.5)
Measurement of stock options and shares grant					(11.0)				(11.0)		(11.0)
Purchases and sales of treasury stock				(16.8)					(16.8)		(16.8)
Changes in scope of consolidation and other					7.7	0.7			8.4	40.0	48.4
Shareholders' equity as of December 31, 2018 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(51.0)**	**2,218.1**	**17.8**	**15.4**	**(89.7)**	**3,709.7**	**361.6**	**4,071.3**
IFRS 16 First application									0.0		0.0
Shareholders' equity as of January 1, 2019 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(51.0)**	**2,218.1**	**17.8**	**15.4**	**(89.7)**	**3,709.7**	**361.6**	**4,071.3**
Net income (loss)					589.7				589.7	75.0	664.7
Other comprehensive income						35.2	(14.6)	(10.8)	9.8	3.3	13.1
Comprehensive income					***589.7***	***35.2***	***(14.6)***	***(10.8)***	***599.5***	***78.3***	***677.8***
Capital increase									0.0		0.0
2018 dividends					(170.2)				(170.2)	(40.6)	(210.8)
Measurement of stock options and shares grant					(16.7)				(16.7)		(16.7)
Purchases and sales of treasury stock				6.3					6.3		6.3
Changes in scope of consolidation and other					17.0	1.2		(11.8)	6.4	(72.5)	(66.1)
Shareholders' equity as of 2019 before appropriation of net income (loss)	**138,035,801**	**966.3**	**632.8**	**(44.7)**	**2,637.9**	**54.2**	**0.8**	**(112.3)**	**4,135.0**	**326.8**	**4,461.8**

(1) Of which 1,149,994 as of 12/31/2019 and 917,160 treasury stock as of 12/31/2018 – See Note 9.

2.5. Notes to the consolidated financial statements

Sommaire

Faurecia S.E. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four vehicle businesses: Seating, Interiors, Clean Mobility and Clarion Electronics.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine department of France. The Company is listed on Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on February 14, 2020.

The accounts were prepared on a going concern basis.

Note 1 Summary of significant accounting policies

1.A Accounting principles

The consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the IASB, as adopted by the European Union and available on the European Commission website.

These standards include International Financial Reporting Standards and International Accounting Standards (IAS), as well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The standards used to prepare the 2019 consolidated financial statements and comparative data for 2018 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2019, whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented.

Faurecia has more specifically applied the new standard IFRS 16 on lease contracts from January 1, 2019 (see Note 1B). All other new standards, amendments and revisions to the existing standards, including IFRIC 23, whose application is mandatory from January 1, 2019, have no significant impact on the Group annual consolidated financial statements.

Moreover, Faurecia has not undertaken any early application of the new standards, amendments or interpretations whose application is mandatory after December 31, 2019, irrespective of whether or not they are adopted by the European Union.

The accounting principles applied are given in each note hereafter.

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

The results of the sensitivity tests carried out on the carrying amounts of goodwill and provisions for pensions and other employee benefits are provided in Notes 10 and 25.2, respectively. In addition, Note 11 “Intangible Assets” describes the main assumptions used for measuring intangible assets.

1.B First application of IFRS 16

Faurecia has applied the new standard IFRS 16 as of January 1, 2019 relating to leases. This standard replaces IAS 17 and the linked interpretations IFRIC 4, SIC 15 et SIC 27.

For the lessees, the accounting is based on a single model, resulting from the cancellation of the distinction between operating lease and finance lease contracts. Applying IFRS 16 implies to account for all lease contracts in the lessee balance sheet, through an asset (representing the right to use the leased asset along the contract duration) and a liability (representing the lease future payments obligation).

Lease contracts for Faurecia are mainly for buildings and which leases vary in most of the cases only based on yearly local revaluation index depending on the country where the contract is located. The cases in which Faurecia is a lessor directly or by sub lease are minimal and not significant.

The main principles considered are:

- transition measures:
  - using the modified retrospective method (no restatement of 2018 comparative period),
  - as of January 1, 2019, exemption of revaluation of qualification of existing contracts; as identified under IAS 17 and IFRIC 4,
  - exemption of contracts with a remaining duration less than 12 months as of January 1, 2019 or which value is below €5,000,
  - the lease liablility is valued at the discounted value of lease payments due as of January 1, 2019,
  - the asset (right of use asset) at transition date is equal to the lease liability of the lease contract, adjusted with leases paid in advance or due,
  - the discount rate used in the absence of a contract implicit rate is the marginal borrowing rate corresponding to the duration of the lease contract, following the IFRS IC September 2019 decision;

- general principles:
  - exemption of contracts with a duration less than 12 months or which value is below €5,000, (corresponding lease payments are still expensed along the contract lifetime),
  - the duration of a contract is equal to its non cancellable duration, except if the Group is reasonably certain to exercise the renewal or cancellation options contractually agreed. The IFRIS IC has published in December 2019 a decision on the determination of the term of the lease and the useful life of leasehold improvements. The analysis of the impact of this decision on current assumptions considered on commercial leases in France (3/6/9 years) is on going in order to implement this decision as soon as possible,
  - as long as the contract implicit rate can't be easily determined, the discount rate used is the marginal borrowing rate corresponding to the duration of the lease contract, determined based on the lessee and duration concerned, following the IFRS IC September 2019 decision,
  - as of the effective date (date at which the leased asset is made available by the lessor) , lease contracts as defined per IFRS 16 are accounted for:
    - as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs that would be paid by Faurecia based on contractual terms if needed, and
    - as lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above,
    - these right of use are depreciated on a linear basis, on the contract duration or by exception on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised by Faurecia,
    - cash flows related to the sale and lease back operations are included in the cash flows provided by investing activities.

IMPACT OF THE FIRST APPLICATION OF IFRS 16

The main impacts on the consolidated financial statements of the period are the following:

- consolidated statement of comprehensive income:
  - operating income (before depreciation of acquired intangible assets): €28.5 million,
  - finance costs (finance costs on lease liabilities): €-45.4 million;
- consolidated balance sheet:
  - assets: right of use for €877.0 million,
  - liabilities: non current lease liability for €732.3 million,

    current lease liability for €173.7 million;
- consolidated cash flow statement:
  - cash flow on operating activities for €+140.1 million,
  - cash flow on financing activities (flow of lease liabilities repayment) for €-140.1 million.

The lease liability amounts to €725.8 million as of January 1, 2019; this amount has been re valued in comparison to the amount published in the 2019 half year financial statements to comply with the IFRS IC September 2019 decision on interest rates; the average discount rate of the lease liability as of January 1st 2019 is at 5.9% ; the variance with the off balance sheet commitments for leases as of December 31, 2018 of €870.4 million can be analyzed as follows:

(in € millions)	
Off balance sheet commitments for leases as of December 31, 2018	870.4
Finance lease liabilities	11.0
Exempted contracts (duration below 12 months and low value)	(32.6)
Duration and additional contracts	62.0
Discount impact	(185.0)
LEASE LIABILITY AS OF 01/01/2019	**725.8**

1.C Consolidation principles

Companies over which the Group exercises significant influence and which are at least 20%-owned are consolidated when one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist when the Group holds more than 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are no longer consolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method. There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting foreign exchange gains and losses are recorded in equity.

Balance sheets and net income of Group entities active in hyperinflation economies are restated to take into account the changes in purchasing power of the local currencies using the official indexes at closing date. They are then translated in euros using the exchange rate of the closing date; without restatement of comparative periods in accordance with IAS 21. This is applied in 2018 and 2019 to Group affiliates in Argentina.

However certain companies located outside the euro or the US-dollar zone and which carry out the majority of their transactions in euros or US dollars may, however, use euros or US dollars as their functional currency.

All material inter-company transactions are eliminated in consolidation, including inter-company gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2019

Clarion has been acquired in March 2019 and integrated in the new Clarion electronics perimeter (see Note 10A). In the same perimeter, the remaining shares of Coagent (49%) has been acquired in June 2019.

Within the Seating consolidation scope, in the United States, the company Total Network Manufacturing has been acquired at 49% and is consolidated by equity method since January 2019. In Mexico, the company Steva Mexico SLP S.A. de CV has been acquired at 49% and is consolidated by equity method since February 2019. In China, the company Chengdu Faurecia Xuyang Automotive Seat Co., Ltd has been created in September 2019, it is held at 60% and fully consolidated.

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

Within the Clean Mobility perimeter, the company Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd has been created in March 2019, it is held at 50% and consolidated by equity method. The company Amminex, held at 91.5%, is fully consolidated since January 2019. The company Symbio, in France, is held at 50% and consolidated by equity method since December 2019.

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

2.2 Reminder of change in scope of consolidation introduced in 2018

Within the Seating consolidation scope in China, the company Shenzen Faurecia Automotive Parts Co., Ltd has been acquired at 70% and is fully consolidated since March 2018. Following the United States decision of May 8, 2018 and related restrictions imposed on business with Iran, the 51% interest held by Faurecia in Faurecia Azin Pars have been sold and all related assets have been impaired in 2018 (see Note 6).

Within Interiors, in China, Faurecia consolidates since January 1, 2018, using the full consolidation method, Coagent of which the main company is Faurecia Coagent Electronics S&T Co., Ltd, held at 50.1%. Moreover, in China, the companies Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd and Faurecia (Hangzhou) Automotive Systems Co., Ltd have been created in February 2018, and are held respectively at 50% and 100%. These companies are fully consolidated. The company Chongqing Zhuotong Automotive Interior Systems has been also created in August 2018, and it is held at 50%. This company is fully consolidated. In the United States, Faurecia share in DMS companies, consolidated by equity method, is now at 49%. Finally, Faurecia acquired, in September 2018, the remaining part (80%) of Parrot Faurecia Automotive, previously held at 20% and consolidated by equity method. Parrot Faurecia Automotive is now fully consolidated with its two chinese subsidiaries.

Within the Clean Mobility perimeter, Faurecia has acquired 100% of the company Hug Engineering AG, based in Switzerland, and its commercial subsidiaries. This company is fully consolidated since March 1, 2018. Moreover, Faurecia has created the company Hongtai Faurecia Composite (Wuhan) Co., Ltd, held at 50% and consolidated by equity method since April 1, 2018.

2.3 Recent events

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

Uncertainly remains in China over the current health concerns. At this stage, the impact on the activity is difficult to assess, the progressive start up of production is done in link with the customers and the Chinese authorities; the Group is taking the appropriate measures for its employees and to cover customers' requirements.

Note 3 Post-balance sheet events

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

Note 4 Information by operating segment

Following the acquisition of Clarion in March 2019, (see 2.1), the Group is now structured into four business units based on the nature of the products and services offered:

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Interiors (design and manufacture of instrument panels, complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems);
- Clarion Electronics (Smart cockpit electronics & software integration), integrating Clarion, Parrot and Coagent activities (the lasts being part of Interiors in 2018). 2018 figures have been restated accordingly.

These business units are managed by the Group on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment – notably operating income (before amortization of acquired intangible assets) – and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expenses, and taxes are monitored at the Group level and are not allocated to the various segments.

4.1 Accounting principles

Revenue on parts is recognized when the control is transferred to the customer, incidental to ownership of the modules or parts produced. This generally corresponds to when the goods are shipped.

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts. Development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

Faurecia operates as an agent for monoliths sales, these sales are then recorded at net value in the income.

Operating margin (before amortization of acquired intangible assets) is the Faurecia group’s principal performance indicator.

It corresponds to net income of the fully consolidated companies before:

- the amortization of intangible assets acquired in business combinations (customer relationship…);
- other non-recurring operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs, including finance costs on lease liabilities;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IFRS 9, and gains and losses on sales of shares in subsidiaries;
- taxes.

4.2 Key figures by operating segment

2019

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

2018

(in € millions)	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	7,491.5	5,380.1	4,617.3	109.2	128.4	17,726.5
Inter-segment eliminations	(53.6)	(17.5)	(2.2)	(0.1)	(128.4)	(201.8)
Consolidated sales	**7,437.9**	**5,362.6**	**4,615.1**	**109.1**	**0.0**	**17,524.7**
Operating income (before amortization of acquired intangible assets)	**448.5**	**325.3**	**499.8**	**0.3**	**0.0**	**1,273.9**
Amortization of intangible assets acquired in business combinations						(10.9)
Operating income (after amortization of acquired intangible assets)						**1,263.0**
Other non recurring operating income						2.9
Other non recurring operating expenses						(150.2)
Finance costs, net						(108.1)
Other financial income and expenses						(55.7)
Corporate income tax						(190.0)
Share of net income of associates						31.4
NET INCOME (LOSS)						793.3
Segment assets	**3,730.6**	**2,699.4**	**3,390.9**	**420.8**	**172.9**	**10,414.7**
Net property, plant and equipment	791.6	950.2	951.7	32.2	58.9	2,784.6
Other segment assets	2,939.0	1,749.2	2,439.2	388.7	114.0	7,630.1
Investments in associates						144.2
Other equity interests						60.7
Short and long-term financial assets						2,255.9
Tax assets (current and deferred)						519.2
TOTAL ASSETS						13,394.7
Segment liabilities	**2,143.2**	**1,770.6**	**2,419.3**	**90.5**	**228.5**	**6,652.1**
Borrowings						2,584.0
Tax liabilities (current and deferred)						87.3
Equity and minority interests						4,071.3
TOTAL LIABILITIES						13,394.7
Capital expenditure	218.5	218.1	204.2	6.6	25.4	672.8
Depreciation of property, plant and equipment	(132.4)	(160.4)	(139.5)	(2.7)	(6.2)	(441.2)
Impairment of property, plant and equipment	(0.1)	(2.6)	(0.4)	0.0	0.0	(3.1)
Headcounts	47,279	38,864	24,278	1,572	2,700	114,693

4.3 Sales by operating segment

Sales by operating segment break down as follows:

	2019		2018	
(in € millions)	Consolidated Sales	%	Consolidated Sales	%
Seating	6,973.3	39	7,437.9	42
Interiors	5,370.2	30	5,362.6	31
Clean Mobility	4,653.5	26	4,615.1	26
Clarion Electronics	771.4	4	109.1	1
TOTAL	**17,768.3**	**100**	**17,524.7**	**100**

4.4 Sales by major customer

Sales* by major customer break down as follows:

	2019		2018	
(in € millions)	Consolidated Sales	%	Consolidated Sales	%
VW Group	2,452.0	14	2,531.7	14
Ford Group	2,289.4	13	2,494.8	14
PSA Peugeot Citroën	2,075.8	12	2,182.6	12
Renault-Nissan	1,862.1	10	1,681.6	10
GM	878.8	5	826.8	5
BMW	563.4	3	730.0	4
Daimler	526.8	3	816.3	5
Others	7,120.1	40	6,261.0	36
TOTAL	**17,768.3**	**100**	**17,524.7**	**100**

* *The presentation of sales invoiced may differ from that of sales by end customer when products are transferred to intermediary assembly companies.*

4.5 Key figures by geographic area

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate:

2019

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,883.2	1,212.1	4,546.1	4,483.4	696.3	3,766.0	181.1	17,768.3
Net property, plant and equipment	372.1	111.1	895.7	734.7	117.4	742.2	24.3	2,997.4
Right-of-us assets	153.5	39.0	257.5	266.7	6.7	145.3	8.3	877.0
Capital expenditure	140.9	19.5	186.1	179.7	15.5	133.2	5.8	680.6
Headcounts as of December 31	13,306	5,787	41,419	20,574	5,187	27,842	1,381	115,496

2018

(in € millions)	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,181.3	2,049.8	4,569.7	4,482.2	738.2	3,240.0	263.5	17,524.7
Net property, plant and equipment	341.3	129.0	845.1	653.4	122.2	671.2	22.4	2,784.6
Capital expenditure	99.7	22.5	211.3	166.8	14.9	154.8	2.8	672.8
Headcounts as of December 31	13,831	6,474	40,489	20,996	5,729	25,753	1,421	114,693

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

(in € millions)	2019	2018
Cost of sales [1]	(15,286.5)	(15,248.8)
Research and development costs [2]	(420.0)	(298.8)
Selling and administrative expenses	(778.5)	(703.2)
TOTAL	**(16,485.0)**	**(16,250.8)**

(1) Includes in 2019 the gain on sales and lease backs on operational assets for €6.8 million and in 2018 the gain on sales and lease backs on operational assets for €24 million and expenses linked to an industrial reorganization following the sale of Automotive Exterior business and a new organization for painting lines for €28 million.
(2) Includes in 2018 the gain on sales and lease backs on operational assets for €18 million.

5.2 Analysis of operating expenses by nature

(in € millions)	2019	2018
Purchases consumed	(10,277.1)	(10,389.5)
External costs	(1,915.7)	(2,010.0)
Personnel costs	(3,861.6)	(3,705.7)
Taxes other than on income	(53.9)	(48.7)
Other income and expenses	708.9	756.7
Depreciation, amortization and provisions for impairment in value of non-current assets	(1,121.0)	(866.7)
Charges to and reversals of provisions	35.4	13.1
TOTAL	**(16,485.0)**	**(16,250.8)**

The CICE (*Crédit d'Impôt pour la Compétitivité et l'Emploi)* has been replaced in 2019 by social charges reductions; it was allocated to personnel costs for €12.6 million for the full year 2018.

5.3 Personnel costs

(in € millions)	2019	2018
Wages and salaries*	(3,077.5)	(2,942.8)
Payroll taxes	(784.1)	(762.9)
TOTAL	**(3,861.6)**	**(3,705.7)**
* *Of which temporary employee costs.*	*(325.7)*	*(334.4)*

Details of expenses relating to the Group's free shares plans and pension costs are provided in Notes 22.2 and 25, respectively.

5.4 Research and development costs

(in € millions)	2019	2018
Research and development costs, gross	(1,329.7)	(1,093.1)
Capitalized development costs	909.7	794.3
of which in inventory	*228.5*	*201.6*
of which in intangible assets	*681.2*	*592.7*
TOTAL	**(420.0)**	**(298.8)**

Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where the developments works are a separate performance obligation under IFRS 15 the corresponding costs comply with the definition of work in progress and are capitalized in inventory. These inventories are then expensed (cost of sales) when the corresponding revenue is recognized.

The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €658.2 million as of December, 31, 2019, vs €619.6 million as of December, 31, 2018.

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

(in € millions)	2019	2018
Amortization of capitalized development costs	(437.8)	(398.6)
Provisions for impairment of capitalized development costs	(4.1)	3.8
Amortization of other intangible assets	(35.9)	(31.5)
Depreciation of specific tooling	(11.0)	(12.8)
Depreciation and impairment of other property, plant and equipment	(475.2)	(427.6)
Depreciation of right-of-use assets	(157.0)	-
TOTAL	**(1,121.0)**	**(866.7)**

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

Note 6 Other non recurring operating income and expenses

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

OTHER NON RECURRING OPERATING INCOME

(in € millions)	2019	2018
Release of provision for impairment of assets	0.7	0.0
Gain on disposals of assets	0.7	1.8
Others	1.1	1.1
TOTAL	**2.5**	**2.9**

OTHER NON RECURRING OPERATING EXPENSES

(in € millions)	2019	2018
Other provisions for impairment of assets	0.0	(3.4)
Reorganization expenses [(1)]	(193.9)	(100.8)
Losses on disposal of assets	0.0	0.0
Others [(2)] [(3)]	(22.4)	(46.0)
TOTAL	**(216.3)**	**(150.2)**

(1) As of December 31, 2019, this item includes restructuring costs in the amount of €170.4 million and provisions for impairment in value of non-current assets in the amount of €23.5 million and versus respectively, €97.8 million and €3 million as of December 31, 2018.
(2) Of which €16.9 million relating to the end of business with Iran as of December 31, 2018 (see Note 2.2).
(3) Of which €16.2 million relating to the acquisition of Clarion for the first half 2019 (see Note 10A).

RESTRUCTURING

Reorganization costs (€193.9 million) include redundancy and site relocation payments for 5,713 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

(in € millions)	2019	2018
Finance costs	(152.2)	(117.7)
Finance costs on leases	(45.5)	N/A
TOTAL	**(197.7)**	**(117.7)**

7.2 Other financial income and expenses

(in € millions)	2019	2018
Impact of discounting pension benefit obligations	(8.3)	(6.6)
Changes in the ineffective portion of currency hedges	(3.4)	(1.9)
Changes in fair value of currency hedged relating to debt	0.6	(5.6)
Foreign exchange gains and losses on borrowings	(1.3)	(6.0)
Hyperinflation impact (Argentina)	0.3	(5.7)
Others*	(28.3)	(29.9)
TOTAL	**(40.4)**	**(55.7)**

* *As of December 31, 2019, this item includes amortization of costs related to bonds and other long-term debts, commissions for non-use of the credit facility and depreciation of loans to non consolidated entities.*

Note 8 Corporate income tax

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be used based on the Group's strategic plan.

Deferred tax liabilities are accounted for every taxable temporary differences in relation with investment in subsidiaries, joint ventures and associates unless the Group has the capacity to control the timing of the reversal of temporary differences and if it is probable that they will not be reversed in a predictable future.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statement of comprehensive income and of income tax payables within the balance sheet (note 28).

Corporate income tax can be analyzed as follows:

(in € millions)	2019	2018
Current taxes		
■ Current corporate income tax	(243.3)	(302.7)
Deferred taxes		
■ Deferred taxes for the period	76.5	112.7
TOTAL	**(166.8)**	**(190.0)**

8.1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

(in € millions)	2019	2018
Pre-tax income of consolidated companies	793.7	951.9
Theoretical Tax (34.43%)	*(273.3)*	*(327.7)*
Effect of rate changes on deferred taxes recognized on the balance sheet	15.6	(2.8)
Effect of local rate differences*	68.7	80.0
Tax credits	6.7	0.5
Change in unrecognized deferred tax	23.4	93.8
Permanent differences & others**	(7.9)	(33.8)
Corporate tax recognized	**(166.8)**	**(190.0)**

* *The impact of local rate differences mainly relates to Chinese entities.*
** *Mainly due to withholding tax in 2019 and in 2018.*

The 2019 tax expense includes the recognition of a € 34.2 million deferred tax assets in Germany, made possible by the continuous improvement of the group taxable income in this country and based on the Group strategic plan 2020-2022.

8.2 Analysis of tax assets and liabilities

(in € millions)	2019	2018
Current taxes		
■ Assets	198.7	163.7
■ Liabilities	(73.0)	(60.0)
	125.7	**103.7**
Deferred taxes		
■ Assets*	468.4	355.5
■ Liabilities	(38.7)	(27.3)
	429.7	**328.2**
* *Of which tax assets on tax losses.*	*155.9*	*138.6*

The assessment of the ability to recover net deferred tax assets as of December 31, 2019 (€429.7 million) is based on the Group's 2020-2022 strategic plan for the long-term recovery of tax losses.

Changes in deferred taxes recorded on the balance sheet break down as follows:

(in € millions)	2019	2018
Amount as at the beginning of the year	**328.2**	**228.3**
■ Deferred taxes carried to net income for the period	76.5	112.7
■ Deferred taxes recognized directly in equity*	15.9	(2.3)
■ Effect of currency fluctuations and other movements	9.1	(10.5)
Amount at the end of the year	**429.7**	**328.2**

* *Mainly related to actuarial gains and losses directly recognized in equity.*

8.3 Deferred tax assets and liabilities by nature

(in € millions)	2019	2018
Tax asset carryforwards	155.9	138.6
Intangible assets	(463.8)	(367.0)
Other tangible assets and long term assets	338.3	234.3
Pensions	89.6	66.0
Other reserves	29.3	11.5
Stocks	129.3	97.6
Other working capital	151.1	147.2
TOTAL	**429.7**	**328.2**
of which deferred tax assets	*468.4*	*355.5*
of which deferred tax liabilities	*(38.7)*	*(27.3)*

8.4 Impairment of tax asset carryforwards

The ageing of impaired tax asset carryforward is detailed as follows:

(in € millions)	2019	2018
N+1	10.3	11.7
N+2	12.1	11.4
N+3	10.8	15.5
N+4	11.3	5.1
N+5 and above	51.6	21.4
Unlimited	481.8	499.6
TOTAL	**577.9**	**564.7**

These impaired deferred income tax assets on loss carry forwards are mainly located in France.

Note 9 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock. For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds).

	2019	2018
Number of shares outstanding at year-end (1)	**138,035,801**	**138,035,801**
Adjustments:		
■ treasury stock	(1,149,994)	(917,160)
■ weighted impact of share issue prorated	0	0
Weighted average number of shares before dilution	**136,885,807**	**137,118,641**
Weighted impact of dilutive instruments:		
■ stock options (2)	0	0
■ free shares attributed	642,747	610,752
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	**137,528,554**	**137,729,393**

(1) Changes in the number of shares outstanding as of December 31, 2019, are analyzed as follows:

As of December 31, 2018: Number of Faurecia shares outstanding	**138,035,801**
Exercise of stock options	*0*
As of December 31, 2019: Number of Faurecia shares outstanding	**138,035,801**

(2) As of December 31, 2019, no stock options were still outstanding

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all outstanding stock options had been exercised to the number of shares that could have been acquired at fair value.

The potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated by the Board.

Earnings per share

Earnings per share break down as follows:

	2019	2018
Net Income (loss) *(in € millions)*	**589.7**	**700.8**
Basic earnings (loss) per share	4.31	5.11
After dilution	4.29	5.09

Note 10A Business Combination - Clarion

Faurecia, through its subsidiary Hennape Six SAS, has reached on October 26, 2018 binding agreements with Clarion and Hitachi, the controlling shareholder owning 63.8% of Clarion, for a tender offer to acquire 100% of the shares of Clarion, listed on the Tokyo Stock Exchange, for a price of ¥2,500 per Clarion share. The tender offer has been authorized by antitrust authorities. Clarion shareholders have tendered 95.2% of their shares to the offer launched on January 30, 2019. The tender offer, closed on February 28, 2019, has been followed by a squeeze out at the end of which Hennape Six SAS has acquired on March 28, 2019 the remaining Clarion shares (excluding treasury shares) which have been paid in July 2019.

This acquisition has been financed through the issuance by Faurecia S.E. in December 2018 of a €700 million *Schuldscheindarlehen* and a €500 million bridge loan. Faurecia S.E. has successfully issued on March 27, 2019 €500 million of senior notes due 2026 at 3.125% to refinance the bridge loan.

Faurecia thus acquires key competencies in electronics, software, full digital audio systems, human-machine interface and image treatment, which are at the heart of its strategy for Sustainable Mobility and Cockpit of the Future.

This business combination was accounted for provisionally at December 31, 2019 as the fair values assigned to the identifiable assets acquired and liabilities assumed and the related goodwill may be amended within the one-year period following the March 2019 acquisition date. The purchase price allocation is being finalized; as of December 31, 2019, out of the initial purchase price of €1,099.4 million; €495.6 million has been allocated to the net assets acquired, specifically to customer relationships for €185 million and to technologies for €125 million and €603.9 million to the goodwill. A portion of this goodwill has been reallocated for €75 million to the other activities of the group as synergies linked to this acquisition.

Clarion's accounts have been included in the consolidated financial statements since April 1, 2019. Clarion's total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €586.3 million and €17.6 million for the year 2019.

The table below shows a breakdown of Clarion's net assets acquired by Faurecia:

(in € millions)	**Fair Values**
Intangible assets	393.0
Property, plant and equipment	245.8
Right-of-use assets	6.8
Other non current assets	18.4
TOTAL NON CURRENT ASSETS	**664.0**
Inventories, net	84.1
Trade accounts receivable	241.8
Other Current assets	164.9
Cash & cash equivalent	134.4
TOTAL CURRENT ASSETS	**625.2**
TOTAL ASSETS	**1,289.2**
Non controlling interests	0.2
Long term provisions and non current liabilities	51.6
Non current financial liabilities	119.0
Non current lease liabilities	7.0
TOTAL NON CURRENT LIABILITIES	**177.8**
Trade payables	202.0
Current provisions	103.2
Current liabilities	196.4
Current financial liabilities	113.9
Current portion of lease liabilities	0.3
TOTAL CURRENT LIABILITIES	**615.8**
TOTAL LIABILITIES	**793.6**
Net acquired assets	**495.6**
Goodwill	603.9
Acquisition cost	**1,099.4**

Note 10B Goodwill

In case of a business combination, the aggregate value of the acquisition is allocated to the identifiable assets acquired and liabilities assumed based on their fair value determined at their acquisition date.

A goodwill is recognized when the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

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

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

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

(in € millions)	Gross	Impairment	Net
Amount as of January 1, 2018	**1,726.9**	**(510.8)**	**1,216.1**
Acquisitions	269.5	0.0	269.5
Translation adjustments and other movements	6.4	0.1	6.5
Amount as of December 31, 2018	**2,002.8**	**(510.7)**	**1,492.1**
Acquisitions	651.8	0.0	651.8
Translation adjustments and other movements	2.5	0.0	2.5
Amount as of December 31, 2019	**2,657.1**	**(510.7)**	**2,146.4**

Breakdown of the net amount of goodwill by operating segment:

(in € millions)	2019	2018
Seating	850.4	842.9
Interiors	295.2	271.8
Clean Mobility	464.9	377.4
Clarion Electronics *	535.9	-
TOTAL	**2,146.4**	**1,492.1**

* *See Note 10.A*

Cash-generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is then ecorded for losses to completion on loss-making contracts in compliance with IAS 37.

In case of a triggering event, impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among various manufacturing flows, optimization of capacity utilization, and centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

Within the frame of the impairment tests of goodwill and group of CGUs as defined in note 10B, the cash flow forecasts used to calculate value in use were based on the Group's 2020-2022 strategic plan which was drafted in mid-2019. The volume assumptions used in the strategic plan are based on external information sources. In order to take into account the development plan for Clarion Electronics following the acquisition of Clarion in 2019, having as priorities to accelerate the growth on four product lines and an agressive roadmap for cost competitiveness, the cash flow forecasts used for this activity are based on forecasts for the period 2020-2025.

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

Projected cash flows for the last year of the Strategic Business Plan (2022) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the year-end 2019 test was 1.4% (1.4% applied for 2018), except for Clarion Electronics for which 2% has been considered.

Faurecia called on an independent expert to calculate the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation were based on a sample of 18 companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 7.3% on average, the weighted cost of capital used to discount future cash flows was set at 9% (on the basis of a range of values provided by the independent expert) in 2019 (9% in 2018). This rate was applied for the impairment tests carried out on all of the groups of CGUs. They all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates except for Clarion Electronics, for which a discount rate of 8% has been considered to take into account a slightly different country exposure.

The tests performed at year-end 2019 did not show any indication of further impairment in goodwill.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2019 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

Sensitivity *(in € millions)*	**Test income (value in use - net carrying value)**	**Cash flow discount rate +0.5 pt**	**Growth rate to infinity -0.5 pt**	**Operating margin rate for terminal value -0.5 pt**	**Combination of the 3 factors**
Seating	3,174	(348)	(312)	(318)	(898)
Interiors	1,522	(225)	(202)	(218)	(591)
Clean Mobility	3,250	(345)	(312)	(201)	(793)
Clarion Electronics	109	(144)	(117)	(103)	(324)

Note 11 Intangible assets

A. Research and development expenditure

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are considered as set up costs for the serial parts production and capitalized.

In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the Company's ability to measure these reliably;
- its ability to reliably measure the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B. Other intangible assets

Other intangible assets include development and purchase costs relating to software used within the Group – which are amortized on a straight-line basis over a period of between one and three years – as well as patents and licenses, and the intangible assets acquired in business combinations (customer relationship…); these assets are amortized on the corresponding contracts duration.

Intangible assets break down as follows:

(in € millions)	Development costs	Software and other	Intangible assets acquired	Total
AMOUNT AS OF JANUARY 1, 2018	**1,567.8**	**63.9**	**3.0**	**1,634.7**
Additions	596.0	0.6	0.0	596.6
Depreciation and amortization	(398.6)	(31.5)	(10.9)	(441.0)
Funding of provisions	3.8	0.0	0.0	3.8
Translation adjustments and other	14.4	26.0	124.9	165.3
AMOUNT AS OF DECEMBER 31, 2018	**1,783.4**	**59.0**	**117.0**	**1,959.4**
Additions	683.6	3.4	0.1	687.0
Depreciation and amortization	(437.8)	(35.9)	(56.4)	(530.1)
Funding of provisions	(4.0)	0.0	0.0	(4.0)
Translation adjustments and other	28.4	48.9	361.3	438.6
AMOUNT AS OF DECEMBER 31, 2019	**2,053.7**	**75.3**	**422.0**	**2,550.9**

The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's Marketing department based on automakers' forecasts when available.

Note 12A Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned. The amount is not significant for the period.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

Investment grants are recorded as a deduction from the assets that they were used to finance.

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2018	**80.4**	**403.0**	**1,527.1**	**37.8**	**541.1**	**2,589.4**
Additions (including own work capital) [(1)]	0.0	3.2	20.7	14.1	634.8	672.8
Disposals	(10.5)	(61.5)	(170.6)	(3.5)	(19.8)	(265.9)
Funding of depreciation, amortization and impairment provisions	(0.4)	(49.2)	(341.0)	(12.8)	(37.8)	(441.2)
Non-recurring impairment losses	0.0	(1.7)	(0.3)	(0.0)	(1.1)	(3.1)
Depreciation written off on disposals	3.1	45.2	112.0	2.0	19.8	182.1
Currency translation adjustments	(0.1)	(6.1)	(0.3)	(0.1)	(0.3)	(6.9)
Entry into scope of consolidation & other movements	17.4	84.9	551.9	(10.0)	(586.8)	57.4
AMOUNT AS OF DECEMBER 31, 2018	**89.9**	**417.8**	**1,699.5**	**27.5**	**549.9**	**2,784.6**
Additions (including own work capital) [(1)]	0.0	1.6	66.0	15.4	597.6	680.6
Disposals	(71.8)	(130.4)	(186.6)	(8.3)	(57.2)	(454.3)
Funding of depreciation, amortization and impairment provisions	(0.5)	(52.5)	(379.3)	(11.0)	(48.4)	(491.7)
Non-recurring impairment losses	0.0	(4.9)	(9.5)	(0.2)	(1.3)	(15.8)
Depreciation written off on disposals	2.5	58.4	147.0	8.6	55.8	272.4
Currency translation adjustments	3.2	4.9	12.9	0.1	3.3	24.3
Entry into scope of consolidation & other movements	87.5	137.4	473.1	(0.6)	(500.1)	197.3
AMOUNT AS OF DECEMBER 31, 2019	**110.8**	**432.3**	**1,823.1**	**31.4**	**599.9**	**2,997.4**

(1) Including assets held under finance leases:

- *in 2018 0.2*
- *in 2019 N/A*

(in € millions)	2019 Gross	2019 Depreciation	2019 Net	2018 Gross	2018 Net
Land	120.2	(9.5)	110.8	100.5	89.9
Buildings	1,153.2	(720.9)	432.3	1,110.3	417.8
Plant, tooling and technical equipment	4,794.6	(2,971.6)	1,823.1	4,337.5	1,699.5
Specific tooling	156.9	(125.5)	31.4	150.3	27.5
Other property, plant and equipment & property, plant and equipment in progress	936.2	(336.3)	599.9	817.6	549.9
TOTAL	**7,161.1**	**(4,163.7)**	**2,997.4**	**6,516.2**	**2,784.6**
Including assets subject to lease financing	N/A	N/A	N/A	65.2	3.8

Property, plant and equipment are often dedicated to client programs.

Note 12B Right-of-use assets

Right of use assets are valued initially up to the discounted lease liability for lease contracts as defined per IFRS 16, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs based on contractual terms if needed (see Note 1B).

(in € millions)	Land	Buildings	Plant and equipment	Others	Total
AMOUNT AS OF JANUARY 1, 2019	**0.0**	**608.4**	**51.5**	**65.9**	**725.8**
New contracts	0.2	214.6	39.4	43.9	298.1
Depreciation	0.0	(110.2)	(14.5)	(32.3)	(157.0)
Funding of impairment provisions	0.0	(4.1)	0.0	0.0	(4.1)
Other movements	0.0	2.5	0.5	11.1	14.1
AMOUNT AS OF DECEMBER 31, 2019	**0.2**	**711.3**	**77.0**	**88.5**	**877.0**

Note 13 Investments in associates

Investment in associates for continued operations:

(in € millions)	% interest *	Group share of equity **	Dividends received by the Group	Group share of sales	Group share of total assets
Teknik Malzeme	50%	3.9	(2.7)	25.6	12.0
Symbio	50%	79.6	0.0	0.6	104.8
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	40%	4.7	0.0	24.7	20.4
Faurecia (Liuzhou) Emissions Control Technologies Co. Ltd	50%	6.7	0.0	27.5	25.8
Detroit Manufacturing Systems LLC	49%	15.5	(3.9)	375.9	87.7
Total Network Manufacturing LLC	49%	0.2	0.0	85.6	42.5
Faurecia Japon NHK Co., Ltd	50%	0.0	0.0	185.8	43.8
Others	-	57.5	(6.3)	369.6	129.9
SUB TOTAL		**168.1**	**(12.8)**	**1,095.3**	**466.9**
SAS Group	50%	72.1	(15.0)	369.3	372.8
TOTAL		**240.3**	**(27.8)**	**1,464.7**	**839.7**

* *Percent of interest held by the Company that owns the shares.*
** *As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.*

There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

13.1 Change in investments in associates

(in € millions)	2019	2018
Group share of equity at beginning of period	**144.2**	**151.1**
Dividends	(27.8)	(27.3)
Share of net income of associates	37.8	31.4
Change in scope of consolidation	76.3	(12.2)
Capital increase	9.9	1.7
Currency translation adjustments	(0.1)	(0.5)
Group share of equity at end of period	**240.3**	**144.2**

13.2 Information on significant associates

SAS is a joint venture with Continental Automotive GmbH which manufactures full cockpit modules with electronics and circuitry built into the instrument panels. Its headquarters is located in Karlsruhe (Germany), with subsidiaries mainly in France, Slovakia, Spain, Mexico, Turkey, Czech Republic and United States of America. Additional information on this entity (actual data as of November and December forecasts) is provided below:

(in € millions)	2019	2018
Sales	738.7	633.0
Operating income (loss)	77.1	63.4
Net income (loss)	37.7	47.0

(in € millions)	2019	2018
Fixed assets	232.1	150.8
Current assets	461.6	394.8
Cash	51.8	63.0
TOTAL ASSETS	**745.5**	**608.6**
Equity	144.3	136.5
Borrowings	73.7	0.0
Other non-current liabilities	69.1	82.8
Non-current financial liabilities	458.4	389.3
TOTAL EQUITY AND LIABILITIES	**745.5**	**608.6**

The other associates, in joint control or significant influence, taken individually, are not considered as significant neither for sales nor for total assets.

Note 14 Other equity interests

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized when appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

		2019		2018
(in € millions)	**% of share capital**	Gross	Net	Net
Changchun Xuyang Industrial Group	19.0	12.3	12.3	12.3
Amminex Emissions Systems APS *	91.5	-	-	24.0
TactoTek Oy	9.0	5.8	5.8	5.0
Guardknox Cyber Technologies Ltd	7.0	5.4	5.4	-
Canatu Oy	7.9	7.0	7.0	5.0
Other		36.7	29.9	14.4
TOTAL		**67.2**	**60.4**	**60.7**

* *Consolidated from January 1st, 2019*

Note 15 Other non-current financial assets

Loans and other financial assets are initially stated at fair value and then at amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

	2019			2018
(in € millions)	Gross	Provisions	Net	Net
Loans with maturity longer than one year	54.4	(17.0)	37.4	57.1
Others	38.2	(4.2)	34.0	34.1
TOTAL	**92.6**	**(21.2)**	**71.4**	**91.2**

Note 16 Other non-current assets

This item includes:

(in € millions)	2019	2018
Pension plan surpluses	29.0	17.6
Guarantee deposits and other	41.1	28.6
TOTAL	**70.1**	**46.2**

Note 17 Inventories and work-in-progress

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of specific tooling produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders and which are sold to the customer, ie for which the control is transferred to the customer, usually shortly before serial production starts, and specific development work which is sold to customers and corresponding to the definition of work in progress when the contract enables to consider that these developments are a specific performance obligation under IFRS 15. These costs are expensed (cost of sales) over the period in which the corresponding revenue is recognized, ie at transfer of control of these development works to the customer.

Provisions are booked for inventories for which the probable realizable value is lower than cost and for slow moving items.

	2019			2018
(In € millions)	Gross	Depreciations	Net	Net
Raw materials and supplies	689.1	(124.8)	564.3	546.9
Engineering, tooling and prototypes	512.1	(9.1)	503.0	482.5
Work in progress for production	7.6	(0.5)	7.1	4.9
Semi-finished and finished products	577.9	(99.5)	478.4	397.4
TOTAL	**1,786.7**	**(233.9)**	**1,552.8**	**1,431.7**

Note 18 Trade accounts receivables

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North America and other subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

The following table shows the amount of receivables sold with maturities beyond December 31, 2019, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs which corresponds to the cash received as consideration for the receivables sold:

(in € millions)	2019	2018
Financing	1,027.6	1,032.8
Guarantee reserve deducted from borrowings	(10.8)	(33.6)
Cash received as consideration for receivables sold	1,016.8	999.2
Receivables sold and derecognized	(952.7)	(977.3)

Individually impaired trade receivables are as follows:

(in € millions)	2019	2018
Gross total trade receivables	2,626.4	1,968.5
Provision for impairment of receivables	(17.5)	(21.0)
TOTAL	**2,608.9**	**1,947.5**

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

Late payments as of December 31, 2019 were €178,3 million, breaking down as follows:

- €96,7 million less than one month past due;
- €24,7 million between one and two months past due;
- €9,6 million between two and three months past due;
- €19,7 million between three and six months past due;
- €27,6 million more than six months past due.

Note 19 Other operating receivables

(In € millions)	2019	2018
Down payments	87.5	111.3
Currency derivatives for operations	9.0	29.8
Other receivables [(1)]	263.9	172.7
TOTAL	**360.4**	**313.8**
(1) Including the following amounts for VAT and other tax receivables.	*259.0*	*163.7*

Note 20 Other receivables

(in € millions)	2019	2018
Short-term portion of loans	12.7	65.5
Prepaid expenses	557.2	388.1
Current taxes	198.7	163.7
Other sundry receivables	70.6	44.2
TOTAL	**839.2**	**661.5**

In 2019, the receivables *Crédit d'Impôt Recherche (CIR)* have been sold for an amount of €72.4 million vs €95.6 million in 2018. In 2018, the Group also sold its receivable on *Crédit d'Impôt pour la Compétitivité et l'Emploi (CICE)* for an amount of €13.1 million.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,177.9 million (compared to €1,462.0 million in 2018) and short-term investments in the amount of €141.5 million (compared to €643.3 million in 2018), or a total of €2,319.4 million as of December 31, 2019.

These components include current account balances and units in money market funds that are readily convertible to a known amount of cash and are not subject to a significant risk of impairment in the event of changes in interest rates. They are measured at fair value and variances are booked through P&L.

The carrying amount of marketable securities is almost identical to market value as they are held on a very short-term basis.

Note 22 Shareholders' equity

22.1 Capital

As of December 31, 2019, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

The Group's capital is not subject to any external restrictions. Shares which have been registered in the name of the same holder for at least two years carry double voting rights.

As of December 31, 2019, Peugeot S.A. held 46.34% of the capital stock and 62.99% of the voting rights.

The capital and additional paid-in capital variance on the period can be analyzed as follows:

	Number of shares	Capital *(in € millions)*	Additional paid-in capital *(in € millions)*
Amount as of January 1, 2019	**138,035,801**	**966.3**	**604.0**
Exercise of stock options	-	-	-
Amount as of December 31, 2019	**138,035,801**	**966.3**	**604.0**

22.2 Share-based payment

A - Free share grant

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less (i) an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and (ii) an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

The amount recognized for the period is an expense of €18.9 million, compared to €20 million in 2018.

Details of the share grant plans as of December 31, 2019 are set out in the table below:

		Maximum number of free shares that can be granted* for:				Adjustments			
Date of Annual Shareholders' Meeting	Date of Board meeting	reaching the objective	exceeding the objective	Performance condition	share market value at grant date *(€)*	dividend rate	Non-transfer-rability discount	Acquisition date	sales date (from)
05/27/2016	07/20/2017	520,181	676,200	2019 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies.	48.46	1.75%	NA	07/20/2021	07/20/2021
05/29/2018	07/19/2018	385,952	501,740	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies.	62.26	2.30%	NA	07/19/2022	07/19/2022
05/28/2019	10/09/2019	899,350	1,169,900	2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population.	39.20	2.50%	NA	10/09/2023	10/09/2023

* *Net of free shares granted cancelled.*

The performance conditions for the plan attributed by the Board of July 23, 2015 have been met, the corresponding shares, ie 594,666 have been definitely distributed in July 2019. The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, ie 642,747 will be definitely distributed in July 2020.

22.3 Treasury stock

As of December 31, 2019, Faurecia held 1,149,994 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2019 totaled €44.7 million, representing an average cost of €38.9 per share.

Note 23 Minority interests

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

Changes in minority interests were as follows:

(in € millions)	2019	2018
Amount as at beginning of the period	**361.6**	**275.3**
Increase in minority shareholder interests	0.0	24.7
Other changes in scope of consolidation	(72.5)	40.0
Minority interests in net income for the year	75.0	92.5
Dividends allocated to minority interests	(40.6)	(67.6)
Currency translation adjustments	3.3	(3.3)
Amount as at the end of the year	**326.8**	**361.6**

The minority interests, taken individually, are not considered as significant in comparison to the total net equity.

Note 24 Current provisions and contingent liabilities

24.1 Current provisions

A provision is recorded when Group Executive Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives, when relevant.

(in € millions)	2019	2018
Restructuring	76.9	78.9
Risks on contracts and customer warranties	113.8	57.1
Litigation	15.0	10.0
Other provisions	54.7	45.4
TOTAL	**260.4**	**191.4**

Changes in these provisions in 2019 were as follows:

(in € millions)	Amount as of January 1, 2019	Additions	Expenses charged	Reversal *	Sub total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2019
Restructuring	78.9	121.9	(123.4)	0.0	(1.5)	(0.5)	76.9
Risks on contracts and customer warranties	57.1	7.8	(45.0)	(6.4)	(43.6)	100.3	113.8
Litigation	10.0	3.8	(5.1)	(1.2)	(2.5)	7.5	15.0
Other provisions	45.4	30.4	(5.8)	(0.7)	23.9	(14.6)	54.7
TOTAL	**191.4**	**163.9**	**(179.3)**	**(8.3)**	**(23.7)**	**92.7**	**260.4**

* *Surplus provisions.*

24.2 Contingent liabilities

LITIGATION

As a reminder, on March 25, 2014, the European Commission and the United States Department of Justice, on November 27, 2014, the Competition Commission of South Africa, and on May 19, 2017, the Brazilian competition authority (CADE), initiated inquiries covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this market. Faurecia is one of the companies covered by these inquiries.

On the status of these inquiries:

- the European Commission has announced to close the case, as communicated by Faurecia on May 2, 2017;
- an agreement has been reached with the CADE for a non material amount and made public on September 5, 2018 putting an end to the inquiry on Faurecia;
- in December 2018, Faurecia has been informed by the United States Department of Justice that it was no more subject to an inquiry;
- the inquiry of the Competition Commission of South Africa is still ongoing.

Moreover, the Group has reached agreements, for non material amounts, with the plaintiffs to settle all three class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. These agreements have been validated by the court.

Two class actions for similar allegations have also been filed in Canada but are at a very preliminary stage.

The consequences of still on-going procedures and above mentioned can not be predicted; therefore, no accruals were accounted for as of December 31, 2019.

In 2014, the Alliance of Artists and Recording Companies, Inc. (AARC) filed two consolidated cases in the United States District Court for the District of Columbia seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America. AARC alleged that the defendants were distributing in-vehicle navigation systems in violation of the Audio Home Recording Act of 1992, in part, because no royalties were paid pursuant to the Act. The case centers on whether the systems are “digital audio recording devices” that are capable of making “digital audio copied recordings” as defined by the statute. On March 23, 2018, the District Court issued summary judgment in favor of Clarion and ruled that Clarion’s navigation systems are not “digital audio recording devices” because they are not capable of producing a “digital audio copied recording” under the statute’s definitions. The District Court entered final judgment in favor of Clarion and the other defendants and there are no additional claims against Clarion that remain pending at the District Court level. AARC appealed the District Court’s summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit (“D.C.Circuit”) on similar grounds argued at the District Court.

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

There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group’s consolidated financial position.

Note 25 Non-current provisions and provisions for pensions and other post-employment benefits

25.1 Non-current provisions

(in € millions)	2019	2018
Provisions for pensions and other employee obligations	**461.6**	**393.3**
■ Pension plan benefit obligations	234.3	221.9
■ Post-retirement benefit obligations	184.3	130.3
■ Long-service awards	28.8	26.4
■ Healthcare costs	14.2	14.7
Provisions for early retirement costs	**0.0**	**0.0**
TOTAL	**461.6**	**393.3**

CHANGES IN NON-CURRENT PROVISIONS

(in € millions)	2019	2018
Amount as beginning of the period	**393.3**	**397.2**
Changes in scope of consolidation	50.6	5.8
Other movements	13.4	0.0
Allowance (or reversal) of provision	(0.4)	34.1
Expenses charged to the period	(16.4)	(14.6)
Payment to external funds	(5.8)	(10.5)
Restatement differences	26.9	(18.7)
Amount as at the end of the period	**461.6**	**393.3**

25.2 Provisions for pensions and other post-employment benefits

Group employees may receive, in addition to their pensions in conformity with the applicable regulations in the countries where the Group companies employing them are located, additional benefits or post-retirement benefit obligations. The Group offers these benefits through either defined benefits or defined contribution plans.

The valuation and accounting methodologies followed by the Group are the following:

- for defined contribution plans, costs are recognized as expenses based on contributions;
- the liability for defined benefit plans is determined on an actuarial basis using the projected unit credit method, according to the agreements effective in each concerned Group company.

The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels as well as other economic assumptions (such as the inflation rate, the discount rate) for each concerned zone or country. These assumptions are described in Note 25.2.

Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability. An excess of plan assets is only recognized in the balance sheet when it represents future benefits effectively available for the Group.

Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period.

Actuarial gains and losses on defined benefits plan are recognized in other comprehensive income.

In case of a change in regime, past service costs are fully recognized as operating expenses, the benefits being fully acquired or not.

The expected rate of return of defined benefits plan assets is equal to the discount rate used to value the obligation. This return is recorded in "Other financial income and expense".

The other post-employment benefits mainly cover seniority bonuses as well as health care benefits. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post-employment benefits.

BENEFIT OBLIGATIONS

(in € millions)	2019	2018
Present value of projected obligations		
■ Pension plan benefit obligations	468.2	396.8
■ Post-retirement indemnities obligations	201.0	135.2
■ Long-service awards	28.8	26.4
■ Healthcare costs	14.2	14.7
TOTAL	**712.2**	**573.1**
Value of plan assets:		
■ Provisions booked in the accounts	461.6	393.3
■ External funds (market value) [1]	279.7	197.4
■ Plan surplus [2]	(29.1)	(17.6)
TOTAL	**712.2**	**573.1**

(1) External funds mainly cover pension plan benefit obligations for €263 millions in 2019.
(2) Pension plan surpluses are included in Other non-current assets.

PENSION BENEFIT OBLIGATIONS

A – Description of the plans

In France, all managerial employees with a salary in tranche C are granted a defined benefit pension scheme. This scheme enables a yearly acquisition of a rent based on the tranche C part of the salary. Executive Committee members who have an employement contract with Faurecia SE or any of its subsidiaries also benefit from a defined benefit pension scheme for French members and defined contribution pension scheme for foreign members, the schemes having been approved by the Board of Directors on February 11, 2015. In order to comply with the PACTE law from May 22, 2019 and its notification of July 3, 2019 transposing Directive 2014/50/EU. These two defined benefit schemes have been closed, the rights acquired in these schemes being frozen as of December 31, 2019.

In the United States, one plan was settled in May 2017. The two remaining defined benefit pension plans are all closed to new participants, respectively since 1996 and 2002. The first plan covers 620 participants and the second plan covers 320 participants.

In Germany, the main defined benefit pension plan still open covers 5,231 participants. The benefit granted is based on the number of years of service, starting after 14 years.

B – Assumptions used

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

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

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

(in %)	Euro zone	United Kingdom	USA
DISCOUNT RATE			
2019	**1.20%**	**2.20%**	**2.79%**
2018	1.95%	2.95%	3.91%
INFLATION RATE			
2019	**1.80%**	**3.10%**	**N/A**
2018	1.80%	3.30%	N/A

Nota: Iboxx AA rate is the reference to determine the discount rate for the euro zone.

In the United States, the pension benefit obligations (closed to new participants) are not sensitive to the inflation rate.

The average duration of the various plans is as follows:

(in number of years)	Euro zone	United Kingdom	USA
Average duration	15.8	21.9	8.1

C – Information on external funds

External funds are invested as follows:

	2019			2018		
(in %)	Equities	Bonds	Others	Equities	Bonds	Others
France	26%	66%	8%	23%	75%	2%
United Kingdom	38%	60%	2%	31%	68%	1%
United States	62%	30%	8%	59%	33%	8%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2019.

D – Provisions for pension liabilities recognized on the balance sheet

	2019			2018		
(in € millions)	France	Abroad *	Total	France	Abroad	Total
Amount as at beginning of the period	**166.8**	**167.8**	**334.6**	**167.0**	**166.9**	**333.9**
Effect of changes in scope of consolidation (provision net of plan surpluses)	1.0	49.5	50.5	0.7	5.1	5.8
Additions	16.5	2.1	18.6	15.7	14.9	30.6
Expenses charged to the provision	(4.0)	(9.7)	(13.7)	(4.7)	(6.6)	(11.3)
Payments to external funds	(0.6)	(5.2)	(5.8)	(6.1)	(4.4)	(10.5)
Actuarial gains/(losses)	8.5	18.9	27.4	(5.8)	(8.5)	(14.3)
Other movements	(23.8)	1.7	(22.1)	0.0	0.4	0.4
Amount as at the end of the period	**164.4**	**225.1**	**389.5**	**166.8**	**167.8**	**334.6**

* *The provision for €225.1 million as of December, 31, 2019 relates mainly to Germany (€145 million).*

E – Changes in pension liabilities

In France, retirement commitments decreased by €6 million at the closing compared to that of the previous year as detailed below:

(in € millions)	2019 France	2019 Abroad	2019 Total	2018 France	2018 Abroad	2018 Total
PROJECTED BENEFIT OBLIGATION						
Amount as at beginning of the period	**187.5**	**344.5**	**532.0**	**185.1**	**331.9**	**517.0**
Service costs	13.4	14.0	27.4	13.8	11.7	25.5
Annual restatement	3.8	9.3	13.1	2.9	7.8	10.7
Benefits paid	(7.7)	(17.3)	(25.0)	(8.9)	(17.5)	(26.4)
Actuarial gains/(losses)	7.6	37.5	45.1	(5.4)	(13.5)	(18.9)
Other movements (including translation adjustment)	1.0	120.6	121.6	0.7	24.1	24.8
Curtailments and settlements	(0.3)	(21.0)	(21.3)	(0.7)	0.0	(0.7)
Effect of closures and plan amendments	(23.8)	0.0	(23.8)	0.0	0.0	0.0
Amount as at the end of the period	**181.5**	**487.6**	**669.1**	**187.5**	**344.5**	**532.0**
VALUE OF PLAN ASSETS						
Amount as at beginning of the period	**20.7**	**176.7**	**197.4**	**18.1**	**165.0**	**183.1**
Projected return on plan assets	0.4	5.1	5.5	0.3	4.6	4.9
Actuarial gains/(losses)	(0.9)	18.6	17.7	0.4	(5.0)	(4.6)
Other movements (including translation adjustment)	0.0	69.4	69.4	0.0	18.6	18.6
Employer contributions	0.6	5.2	5.8	6.1	4.4	10.5
Benefits paid	(3.7)	(7.6)	(11.3)	(4.2)	(10.9)	(15.1)
Curtailments and settlements	0.0	(4.9)	(4.9)	0.0	0.0	0.0
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
Amount as at the end of the period	**17.1**	**262.5**	**279.6**	**20.7**	**176.7**	**197.4**
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	**164.4**	**225.1**	**389.5**	**166.8**	**167.8**	**334.6**
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	**16.5**	**2.1**	**18.6**	**15.7**	**14.9**	**30.6**

These costs are recognized:

- in operating income for the portion relating to service cost;
- in "Other financial income and expenses" for restatement of vested rights and the projected return on external funds.

The actuarial gains and losses generated have been recorded in Other comprehensive income according to IAS 19R. It can be analyzed as follows:

(in € millions)	2019 France	2019 Abroad	2019 Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	(2.9)	(43.3)	(46.2)
■ differences linked to demographic assumptions	(4.7)	5.8	1.1
■ other differences	(0.9)	18.6	17.7
TOTAL	**(8.5)**	**(18.9)**	**(27.4)**

F – Retirement pension liabilities: sensitivity to changes in the discount rate and in the inflation rate in the main scope

The impact of a 25 basis point increase in the discount rate and in the inflation rate for the projected benefit obligation is as follows:

(in %)	**Discount rate +0.25 pt**	**Inflation rate +0.25 pt**
France	(2.5)%	+2.3%
Germany	(4.5)%	+1.3%

25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set aside as follows:

(in € millions)	**2019**	**2018**
French companies	5.9	5.7
Foreign companies	22.9	20.7
TOTAL	**28.8**	**26.4**

25.4 Healthcare costs

In addition to pension plans, some Group companies, mainly in the United States, cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	**2019**	**2018**
Foreign companies	14.2	14.7
TOTAL	**14.2**	**14.7**

The increase of 25 basis points in the discount rate and 1 percentage point in the healthcare cost trend rates would lead to the following variations on the Group's projected benefits obligations:

(in %)	**Discount rate +0.25 pts**	**Healthcare cost trend rate +1 pt.**
Projected benefit obligation	(2.2)%	+9.7%

Expenses recognized in connection with this liability break down as follows:

(in € millions)	2019	2018
Service cost	(0.1)	(0.1)
Interest cost *	(0.6)	(0.7)
Curtailment	0.0	0.0
TOTAL	**(0.7)**	**(0.8)**

* *Interest cost is recorded under "Other financial income and expenses".*

The Group's financial liabilities fall within the IFRS 9 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial liabilities" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Other payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

Note 26 Net debt

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

26.1 Analysis of net debt

(in € millions)	2019	2018
Bonds	2,114.6	1,371.4
Bank borrowings	943.7	485.6
Other borrowings	28.8	1.2
Obligations under finance lease	0.0	11.3
Non-current lease liabilities [(2)]	732.3	N/A
Non-current derivatives	6.0	0.5
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**3,825.4**	**1,870.0**
Current portion of long term debt	122.1	46.7
Current portion of lease liabilities [(2)]	173.7	N/A
Short-term borrowings [(1)]	722.7	665.3
Current derivatives	1.3	2.0
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**1,019.8**	**714.0**
TOTAL FINANCIAL LIABILITIES	**4,845.2**	**2,584.0**
Derivatives classified under non-current and current assets	(1.8)	(1.0)
Cash and cash equivalents	(2,319.4)	(2,105.3)
NET DEBT	**2,524.0**	**477.7**
Net cash and cash equivalent	**2,319.4**	**2,105.3**
(1) Including bank overdrafts	*80.5*	*34.6*

(2) See Note 1B First application of IFRS 16

The change in net financial debt during the year is as follows:

(in € millions)	Balance as of December 31, 2018	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2019
Bonds	1,371.4	743.2	0.0	0.0	0.0	2,114.6
Bank borrowings	485.6	429.4	3.9	0.0	24.8	943.7
Other borrowings	1.2	0.3	0.0	26.8	0.4	28.8
Obligations under finance lease	11.3	0.0	0.0	0.0	(11.3)	0.0
Non-current lease liabilities [1]	N/A	0.0	5.4	0.0	726.9	732.3
Non-current derivatives	0.5	5.5	0.0	0.0	0.0	6.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	**1,870.0**	**1,178.4**	**9.3**	**26.8**	**740.8**	**3,825.4**
Current portion of long term debt	46.7	(26.6)	(0.1)	0.0	102.1	122.1
Current portion of lease liabilities *	N/A	(140.1)	(0.4)	0.0	314.2	173.7
Short-term borrowings	665.3	(68.5)	(2.7)	0.0	128.6	722.7
Current derivatives	2.0	0.1	0.0	(0.8)	0.0	1.3
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	**714.0**	**(235.1)**	**(3.3)**	**(0.8)**	**545.0**	**1,019.8**
TOTAL FINANCIAL LIABILITIES	**2,584.0**	**943.3**	**6.1**	**26.0**	**1,285.8**	**4,845.2**
Derivatives classified under non-current and current assets	(1.0)	0.1	0.0	(0.8)	(0.1)	(1.8)
Cash and cash equivalents	(2,105.3)	(78.1)	(4.6)	0.0	(131.4)	(2,319.4)
TOTAL	**477.7**	**865.3**	**1.4**	**25.2**	**1,154.2**	**2,524.0**

* *See Note 1B First application of IFRS16.*

26.2 Maturities of long-term debt

(in € millions)	2021	2022	2023	2024	2025 and beyond	Total
Bonds	0.0	0.0	0.0	0.0	2,114.6	2,114.6
Bank borrowings	84.9	343.4	208.4	298.4	8.5	943.7
Other borrowings	1.3	27.1	0.2	0.3	0.0	28.8
Obligation under finance leases	0.0	0.0	0.0	0.0	0.0	0.0
Non current lease liabilities	135.8	111.2	95.2	75.8	314.3	732.3
Non-current derivatives	0.0	2.2	0.6	3.2	0,0	6.0
TOTAL AS OF DECEMBER 31, 2019	**222.0**	**483.9**	**304.4**	**377.7**	**2,437.4**	**3,825.4**

26.3 Financing

The main components of Faurecia financing are described below:

SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025. This agreement has improved again its terms and conditions and strengthens the Group's financial structure.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

As of December 31, 2019 this credit facility was not drawn.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt [*]/EBITDA [**] must be lower than 2.79 [***]. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2019, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

2025 BONDS

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15 and December 15 each year, as from June 15, 2018.

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

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

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

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

The proceeds of these bonds have been used to refinance the €500 million drawn on the bridge loan described below in the paragraph "Financing of Clarion Co., Ltd acquisition".

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

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been performed on October 31, 2019. these additional bonds have been issued at 104.50% of the pair, which corresponds to a return at issuance of 2.40%. As of December 31, 2019, the amount of these 2026 bonds amounted to €750 million.

* *Consolitated net debt.*

** *Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.*

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

2027 BONDS

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

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

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

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

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

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

FINANCING OF CLARION CO., LTD ACQUISITION

Following the binding agreements reached on October 26, 2018 with Clarion and Hitachi, and the authorization received from anti trust authorities, Faurecia has launched on January 30, 2019 a tender offer on Clarion Co., Ltd, (cf Note 10A).

The tender covers whole Clarion shares (around 56.55 millions shares) for a price of ¥2,500 per share, i.e. a total of around ¥141.3 billions, or around €1.1 billion.

The total amount of the acquisition has been hedged through contingent forwards, which will transform in forward hedging at a given exchange rate when the offer is a success and the acquisition has to be paid for; in the opposite case, hedging is cancelled without Faurecia having to pay (or receive) any amount, whatever the exchange rate euro/yen.

In order to secure the financing of the acquisition, of the repayment of some Clarion debts as well as of integration costs, Faurecia has implemented a bridge loan for an amount of €1.3 billion with one of its main banks. This loan had a maturity of one year, extendable by one year through two six-months extension options. This loan included some restrictive clauses similar to the ones of the syndicated loan of €1.2 billion.

In order to anticipate and secure the refinancing of this bridge loan, Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of 4, 5 and 6 years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

Thanks to this operation the amount of the bridge loan has been reduced down to €750 million at the end of December 2018.

At the closing of the tender offer, end of February 2019, Faurecia was owner of 95.28% of Clarion shares. This acquisition has been paid early March 2019 for an amount of ¥134 billion or €1,051 million at hedging rate. A squeeze out has then been launched, bringing the level of acquired shares at 100% at the end of March 2019, at which date Clarion shares have been delisted from the Tokyo Stock Exchange.

The bridge loan has therefore been drawn early March 2019 for an amount of €500 million, then paid back with the result of the 2026 bonds issue, this credit facility being then cancelled.

Finally, during 2019, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. The amount of the commercial papers program has been brought from €1 billion to €1.3 billion in September 2019.

Faurecia is rated Ba1 by Moody's with stable outlook and BB+ with a stable outlook by Fitch Ratings (increase of these two ratings on February 20, 2018). On January 31, 2018, Standard & Poor's assigned to Faurecia a BB+ long-term corporate credit ratings, with a stable outlook. Moody's confirmed Faurecia's credit rating on April 24, 2019 and so did Fitch Ratings on July 3, 2019. In addition, the three rating agencies rated Ba1/BB+ the bonds issued in March, October and November 2019.

The Group's global contractual maturity schedule as of December 31, 2019 breaks down as follows:

	Carrying Amount			Remaining contractual maturities				
(in € millions)	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	>5 years
Other non-current financial assets	71.4		71.4				71.4	
Loans and receivables	70.1		70.1				70.1	
Trade accounts receivables	2,608.9		2,608.9	2,557.7	7.7	43.5		
Cash and cash equivalents	2,319.4		2,319.4	2,319.4				
Interests on:								
2025 Bonds		*(1.1)*	*(101.1)*		*(9.2)*	*(9.2)*	*(73.5)*	*(9.2)*
2026 Bonds		*(1.3)*	*(152.4)*		*(11.7)*	*(11.7)*	*(93.8)*	*(35.2)*
2027 Bonds		*(1.6)*	*(124.7)*		*(8.3)*	*(8.3)*	*(66.5)*	*(41.6)*
Other long term borrowings		*(1.3)*	*(70.5)*	*(2.7)*	*(7.0)*	*(10.7)*	*(50.1)*	
Current portion of lease liabilities		(173.7)	(173.7)	(43.4)	(43.4)	(86.9)		
Other current financial liabilities		(839.6)	(839.6)	(760.7)	(3.6)	(75.3)		
Trade accounts payables		(5,316.2)	(5, 316.2)	(5,251.3)	(18.3)	(46.6)		
Bonds (excluding interest)								
2025 Bonds		*(680.4)*	*(680.4)*					*(680.4)*
2026 Bonds		*(754.6)*	*(754.6)*					*(754.6)*
2027 Bonds		*(679.6)*	*(679.6)*					*(679.6)*
Bank borrowings								
Schuldschein		*(702.7)*	*(702.7)*				*(702.7)*	
Others		*(241.0)*	*(241.0)*				*(232.5)*	*(8.5)*
Other borrowings		(28.8)	(28.8)				(28.8)	
Non-current lease liabilities		(732.3)	(732.3)				(418.0)	(314.3)
Interest rate derivatives		**(6.0)**	**(6.0)**	**0.0**	**0.0**	**0.0**	**(6.0)**	**0.0**
■ o/w cash flow hedges		(6.0)	(6.0)				(6.0)	
■ o/w derivatives not qualifying for hedge accounting under IFRS								
Currency hedges	**11.6**	**(3.2)**	**8.4**	**2.9**	**3.1**	**1.3**	**1.1**	**0.0**
■ o/w fair value hedges	0.9	(1.3)	(0.4)	(0.4)				
■ o/w cash flow hedges	10.5	(1.9)	8.6	3.3	3.1	1.1	1.1	
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.2	0.0	0.2			0.2		
TOTAL	**5,081.4**	**(9,431.1)**	**(4,793.1)**	**(1,178.1)**	**(90.7)**	**(203.9)**	**(1,111.3)**	**(2,209.1)**

26.4 Analysis of borrowings

As of December 31, 2019, the variable rate borrowings were 30.4% of borrowings before taking into account the impact of hedging.

(in € millions)	2019	
Variable rate borrowings	1,470.9	30.4%
Fixed rate borrowings	3,374.3	69.6%
TOTAL	**4,845.2**	**100.0%**

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

(in € millions)	2019		2018	
Euros	3,969.0	81.9%	2,327.9	90.1%
US Dollars	292.0	6.0%	81.9	3.2%
Yen japanese	212.9	4.4%	-	-
Other currencies	371.3	7.7%	174.3	6.7%
TOTAL	**4,845.2**	**100.0%**	**2,584.0**	**100.0%**

In 2019, the weighted average interest rate on gross outstanding borrowings was 3%.

Note 27 Accrued taxes and payroll costs

(in € millions)	2019	2018
Accrued payroll costs	397.4	353.6
Payroll taxes	157.2	149.5
Employee profit-sharing	36.4	33.5
Other accrued taxes and payroll costs	161.7	81.4
TOTAL	**752.7**	**618.0**

Note 28 Sundry payables

(in € millions)	2019	2018
Due to suppliers of non-current assets	156.0	187.4
Prepaid income	26.9	31.9
Current taxes	73.0	60.0
Other	103.8	53.5
Currency derivatives for operations	1.2	7.3
TOTAL	**360.9**	**340.1**

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

(In € millions)	2019		Breakdown by category of instrument [1]			
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss [2]	Financial assets/liabilities at fair value through equity [2]	Assets and liabilities at amortized cost	Financial liabilities measured at fair value
Other equity interests	60.4		60.4			60.4
Other non-current financial assets	71.4				71.4	71.4
Trade accounts receivables	2,608.9	2,608.9				0.0
Other operating receivables	360.4	351.4	0.1	8.9		9.0
Other receivables and prepaid expenses	839.2	839.2				0.0
Currency derivatives	1.8		1.8			1.8
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	2,319.4		2,319.4			2,319.4
FINANCIAL ASSETS	**6,261.5**	**3,799.5**	**2,381.7**	**8.9**	**71.4**	**2,462.0**
Long-term debt *	3,093.1	1.9		6.0	3,085.2	3,229.8
Non-current lease liabilities	732.3				732.3	732.3
Short-term debt *	846.1		1.3		844.8	846.1
Current portion of lease liabilities	173.7				173.7	173.7
Prepayments from customers	665.4	665.4				0.0
Trade payables	5,316.2	5,316.2				0.0
Accrued taxes and payroll costs	752.8	752.8				0.0
Sundry payables	360.9	359.7		1.2		1.2
Of which Currency derivatives	*1.2*			*1.2*		*1.2*
FINANCIAL LIABILITIES	**11,940.5**	**7,096.0**	**1.3**	**7.2**	**4,836.0**	**4,983.1**

(1) No financial instruments were transferred between categories in 2019.
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2019): for the 2025 bonds quoted 104.25% of par, at €729.6 million, for the 2026 bonds quoted 106.39% of par, at €798.0 million and for the 2027 bonds quoted 103.68% of par, at €725.8 million.*

(In € millions)	2018 Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Breakdown by category of instrument [(1)] Financial assets/liabilities at fair value through profit or loss [(2)]	Financial assets/liabilities at fair value through equity [(2)]	Assets and liabilities at amortized cost	Financial liabilities measured at fair value
Other equity interests	60.7		60.7			60.7
Other non-current financial assets	91.2				91.2	91.2
Trade accounts receivables	1,947.5	1,947.5			0.0	0.0
Other operating receivables	313.8	284.0	8.4	21.4	0.0	29.8
Other receivables and prepaid expenses	661.5	596.0			65.5	65.5
Currency derivatives	1.0		1.0			1.0
Interest rate derivatives	0.1		0.1			0.1
Cash and cash equivalents	2,105.3		2,105.3			2,105.3
FINANCIAL ASSETS	**5,181.1**	**2,827.5**	**2,175.5**	**21.4**	**156.7**	**2,353.6**
Long-term debt *	1,870.0	1.2		0.5	1,868.3	1,865.3
Short-term debt *	714.0		2.0		712.0	714.0
Prepayments from customers	605.0	605.0			0.0	0.0
Trade payables	4,562.6	4,562.6			0.0	0.0
Accrued taxes and payroll costs	618.0	618.0			0.0	0.0
Sundry payables	340.1	332.8		7.3	0.0	7.3
Of which Currency derivatives	*7.3*			*7.3*		*7.3*
FINANCIAL LIABILITIES	**8,709.7**	**6,119.6**	**2.0**	**7.8**	**2,580.3**	**2,586.6**

(1) No financial instruments were transferred between categories in 2018.
(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.
** The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2018): for the 2023 bonds quoted 100.822% of par, at €705.8 million and for the 2025 bonds quoted 94.587% of par, at €662.1 million.*

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank;
- financial liabilities are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value given of their very short maturities.

The impact of financial instruments on income:

	2019	Breakdown by category of instrument		
(in € millions)	Impact Income	Financial assets/liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.1)	(6.2)		0.1
Income on loans, cash investments and marketable securities	18.7	18.7		
Finance costs	(197.7)		(197.7)	
Other financial income and expenses	(40.4)		(40.4)	
Net income (expenses)	**(225.5)**	**12.5**	**(238.1)**	**0.1**

	2018	Breakdown by category of instrument		
(in € millions)	Impact Income	Financial assets/liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.8)	(7.0)		0.2
Income on loans, cash investments and marketable securities	9.6	9.6		
Finance costs	(117.7)		(117.7)	
Other financial income and expenses	(55.7)		(55.7)	
Net income (expenses)	**(170.6)**	**2.6**	**(173.4)**	**0.2**

As of December 31, 2019, movements in provisions for impairment break down as follows by category of financial asset:

(in € millions)	Balance as of January 1, 2019	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2019
Doubtful accounts	(21.0)	(9.5)	11.9	0.0	1.1	(17.5)
Shares in non-consolidated companies	(1.9)	(5.0)	0.1	0.0	0.0	(6.8)
Non-current financial assets	(24.2)	(0.3)	6.9	0.0	(3.6)	(21.2)
Other receivables	(35.8)	(2.8)	9.3	0.0	18.0	(11.3)
TOTAL	**(82.9)**	**(17.6)**	**28.2**	**0.0**	**15.5**	**(56.8)**

29.2 Financial instruments – fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement: Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank) for currency and interest rate instruments.

Note 30 Hedging of currency and interest rate risks

30.1 Transactions in foreign currencies and derivatives

Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. Resulting gains or losses are recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expenses" for other receivables and payables.

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks.

They are recorded at fair value in the balance sheet.

30.2 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of currency risks on a central basis, through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive Management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IFRS 9 criteria.

Subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to the Group's currency risk exposure and are therefore hedged through foreign exchange swaps or financing in the concerned currency.

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expenses" together with changes in the fair value of instruments used to hedge other receivables and payables except for the changes in the fair value of cash flow hedges which are recorded in amounts to be potentially reclassified to profit or loss.

2019

Currency exposure *(in € millions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
Trade receivables (net of payables)	64.3	(9.5)	3.4	2.2	9.8	(8.5)	(108.1)	5.3
Financial assets (net of liabilities)*	(154.2)	0.0	0.0	(36.3)	(93.9)	0.0	0.0	12.1
Forecast transactions**	101.7	(49.7)	2.4	20.5	0.4	(69.5)	(49.2)	39.3
Net position before hedging	**11.8**	**(59.2)**	**5.8**	**(13.6)**	**(83.7)**	**(78.0)**	**(157.3)**	**56.7**
Currency hedges	47.9	57.1	9.0	31.1	94.0	102.6	104.6	(6.9)
Net position after hedging	59.8	(2.1)	14.8	17.6	10.3	24.6	(52.6)	49.7

* *Including inter-company financing.*
** *Commercial exposure anticipated over the next six months.*

2018

Currency exposure *(in € millions)*	USD	CZK	CNY	RUB	GBP	PLN	MXN	ZAR
Trade receivables (net of payables)	0.0	(23.1)	(13.6)	11.2	(6.2)	(22.2)	0.0	0.0
Financial assets (net of liabilities)*	(188.4)	0.0	0.0	0.0	(122.9)	0.0	0.0	0.0
Forecast transactions**	193.1	(149.3)	50.4	93.5	(30.5)	(159.6)	(222.2)	27.3
Net position before hedging	**4.7**	**(172.4)**	**36.8**	**104.7**	**(159.6)**	**(181.8)**	**(222.2)**	**27.3**
Currency hedges	69.3	83.1	0.0	(6.0)	123.0	106.4	162.7	0.0
Net position after hedging	74.0	(89.4)	36.8	98.7	(36.6)	(75.4)	(59.5)	27.3

* *Including inter-company financing.*
** *Commercial exposure anticipated over the next six months.*

Hedging instruments are recognized in the balance sheet at fair value. Fair value is determined based on measurements confirmed by banking counterparties.

Information on hedged notional amounts

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

* *Notional amounts based on absolute values.*

(in € millions) 2018	Carrying amount Assets	Carrying amount Liabilities	Notional amount*	Maturities < 1 year	Maturities 1 to 5 years	Maturities > 5 years
Fair value hedges						
■ forward currency contracts	0.2	(0.1)	16.6	16.6	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.9	(0.7)	392.3	392.3	0.0	0.0
■ cross-currency swaps	0.0	(1.3)	104.8	0.0	104.8	0.0
Cash flow hedges						
■ forward currency contracts	2.2	(2.3)	391.8	391.8	0.0	0.0
■ currency option	7.8	(4.9)	325.4	325.4	0.0	0.0
■ contingent forward	19.6	0.0	1,102.8	1,102.8	0.0	0.0
Not eligible for hedge accounting	0.1	0.0	31.3	31.3	0.0	0.0
	30.8	**(9.3)**				

* *Notional amounts based on absolute values.*

The sensitivity of Group income and equity as of December 31, 2019 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure *(in € milions)*	**USD**	**CZK**	**CNY**	**RUB**	**GBP**	**PLN**	**MXN**	**JPY**
2019	1.12	25.41	7.82	69.96	0.85	4.26	21.22	121.94
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	**1.18**	**26.68**	**8.21**	**73.45**	**0.89**	**4.47**	**22.28**	**128.04**
Impact on pre-tax income *(in € millions)*	(4.46)	0.47	(0.60)	0.23	(0.27)	0.49	5.40	(0.29)
Impact on equity *(in € millions)*	5.02	(2.71)	0.00	0.00	0.00	(4.73)	(0.16)	(0.24)

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

30.3 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Such management is implemented through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Changes in the fair value of interest rate hedges are recorded directly in “Other financial income and expenses” when the hedging relationship cannot be demonstrated under IFRS 9, or where the Group has elected not to apply hedge accounting principles.

The table below shows the Group’s interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € millions) **2019**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**
Financial assets		2,321.2								2,321.2
Financial liabilities	(175.1)	(834.2)	(203.9)	(45.9)	(551.0)	(590.8)	(2,444.3)	0.0	(3,374.3)	(1,470.9)
Net position before hedging	**(175.1)**	**(1,487.0)**	**(203.9)**	**(45.9)**	**(551.0)**	**(590.8)**	**(2,444.3)**	**0.0**	**(3,374.3)**	**850.3**
Interest rate hedges					(762.5)	762.5			(762.5)	762.5
Net position after hedging	**(175.1)**	**(1,487.0)**	**(203.9)**	**(45.9)**	**(1,313.5)**	**171.7**	**(2,444.3)**	**0.0**	**(4,136.8)**	**1,612.8**

	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
(in € millions) **2018**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**	**Fixed rate**	**Variable Rate**
Financial assets		2,106.3								2,106.3
Financial liabilities	(1.4)	(710.4)	(26.4)	0.0	(857.4)	(239.8)	(723.6)	(25.0)	(1,608.8)	(975.2)
Net position before hedging	**(1.4)**	**1,395.9**	**(26.4)**	**0.0**	**(857.4)**	**(239.8)**	**(723.6)**	**(25.0)**	**(1,608.8)**	**1,131.1**
Interest rate hedges	0.0	0.0	0.0	0.0	(152.0)	152.0	(25.0)	25.0	(177.0)	177.0
Net position after hedging	**(1.4)**	**1,395.9**	**(26.4)**	**0.0**	**(1,009.4)**	**(87.8)**	**(748.6)**	**0.0**	**(1,785.8)**	**1,308.1**

Cross-currency swaps variable/fixed rate are included in the above detailed position, but their value in the balance sheet as well as the notional amounts are included in the corresponding table for currency hedging instruments in Note 30.2 and not in the interest rate hedging instruments herebelow.

The main components of the fixed rate debt are:

- bonds maturing in June 2025, issued in March 2018 for a total amount of €700 million;
- bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million;
- bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million;
- a part of the *Schuldscheindarlehen* (see Note 26.3, § "Financing of Clarion Co.de Ltd Acquisition") issued in December 2018.

The interest rate derivatives as of December 31, 2019 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

The second part of the *Schuldscheindarlehen*, for which funds have been received in January 2019, has also been subject to interest rate hedging beginning of 2019.

The notional amounts of the Group's interest rate hedges break down as follows:

(in € millions)	Carrying amount		Notional amounts by maturity		
2019	**Assets**	**Liabilities**	**<1 year**	**1 to 5 years**	**>5 years**
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(6.0)	0.0	714.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(6.0)**	**0.0**	**714.0**	**0.0**

(in € millions)	Carrying amount		Notional amounts by maturity		
2018	**Assets**	**Liabilities**	**<1 year**	**1 to 5 years**	**>5 years**
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(0.5)	0.0	104.0	25.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	**(0.5)**	**0.0**	**104.0**	**25.0**

A part of the Group borrowings being at variable rates as stated in Note 26.4, a rise in short-term rates would therefore have an impact on financial expense.

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of December 31, 2019 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2019.

30.4 Counterpart risk on derivatives

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool. The consideration of derivatives compensation agreements existing with counterparts, is summarized as follows:

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fullfiling IAS 32 compensation criteria)		(e) = (c) - (d)
Financial assets as of December 31, 2019 *(in € millions)*	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	11.6	0.0	11.6	3.1	0.0	8.5
Other financial instruments						
TOTAL	**11.6**	**0.0**	**11.6**	**3.1**	**0.0**	**8.5**

	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fullfiling IAS 32 compensation criteria)		(e) = (c) - (d)
Financial liabilities as of December 31, 2019 *(in € millions)*	Gross amount value (before compensation)	Gross amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	9.2	0.0	9.2	3.1	0.0	6.1
Other financial instruments						
TOTAL	**9.2**	**0.0**	**9.2**	**3.1**	**0.0**	**6.1**

Note 31 Commitments given and contingent liabilities

Commitments given

(in € millions)	2019	2018
Future minimum lease payments [1]	96.7	870.4
Debt collateral:		
■ mortgages	2.0	2.0
Other debt guarantees	33.7	55.4
Firm orders for property, plant and equipment and intangible assets	173.3	164.3
Other	1.1	1.1
TOTAL	**306.8**	**1,093.2**

(1) Commitments on future lease payments are considering for 2019 only obligations not reflected in the lease liability, such as payments on contracts corresponding to exemption criteria allowed by IFRS 16 and considered by the Group as well as future payments on signed contracts which execution has not yet started.

Future minimum lease payments break down as follows:

(in € millions)	2019	2018
N+1	8.1	160.8
N+2	3.9	129.9
N+3	5.5	113.7
N+4	5.2	89.3
N+5 and above	74.1	376.7
TOTAL	**96.7**	**870.4**

Expiry dates of mortgages and guarantees:

(in € millions)	2019
■ less than a year	24.2
■ 1 to 5 years	6.9
■ more than 5 years	4.6
TOTAL	**35.7**

Note 32 Related party transactions

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

32.1 Transactions with PSA group

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

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

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

(in € millions)	2019	2018
Sales	2,075.8	2,182.6
Purchases of products, services and materials	12.8	15.8
Receivables*	473.3	406.6
Trade payables	138.1	94.5
* *Before no-recourse sales of receivables amounting to:*	*252.0*	*221.6*

32.2 Management compensation

Total compensation for 2019 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2019 amounted to €12,641,372 including directors' fees of €614,870, compared with the 2018 figures of €11,882,938 and €596,000 respectively.

Note 33 Fees paid to the Statutory Auditors

	Ernst & Young				Mazars		PricewaterhouseCoopers	
	Amount (excl. VAT)		%		Amount (excl. VAT)	%	Amount (excl. VAT)	%
(in € millions)	**2019**	**2018**	**2019**	**2018**	**2019**	**2019**	**2018**	**2018**
AUDIT								
Statutory and contractual audits								
Issuer	1.3	0.5	24.8%	10.6%	0.6	14.7%	0.5	10.2%
Fully consolidated companies	3.5	3.4	67.5%	72.3%	3.3	82.6%	3.6	73.5%
SUB TOTAL	**4.8**	**3.9**	**92.3%**	**83.0%**	**3.9**	**97.4%**	**4.1**	**83.7%**
Other services								
Issuer	0.2	0.5	3.8%	10.6%	0.1	2.6%	0.4	8.2%
Fully consolidated companies	0.2	0.3	3.8%	6.4%	0.0	0.0%	0.4	8.2%
SUB TOTAL	**0.4**	**0.8**	**7.7%**	**17.0%**	**0.1**	**2.6%**	**0.8**	**16.3%**
TOTAL	**5.2**	**4.7**	**100.0%**	**100.0%**	**4.0**	**100.0%**	**4.9**	**100.0%**

Other services provided by Ernst & Young Audit to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by Mazars in 2019 to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by PricewaterhouseCoopers Audit in 2018 to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, agreed-upon procedures reports, contractual audit reports, comfort letters in connection with a financing operation, technical consultations and procedures on internal controls.

Note 34 Information on the consolidating company

The consolidated financial statements of the Faurecia group are included in the consolidated accounts of its parent, the Peugeot S.A., parent company of the PSA group, 7, rue Henri Sainte-Claire Deville 92500 Rueil-Malmaison (France).

As of December 31, 2019, Peugeot S.A. held 46.34% of the capital stock of Faurecia and 62.99% of the voting rights.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders’ Meeting a dividend of €1.30 per share.

List of consolidated companies as of December 31, 2019

	Country	Interest of (%)	Stake (%) [1]
I - FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Holding	Holding
South Africa			
Faurecia Interior Systems South Africa (Pty), Ltd	South Africa	100	100
Faurecia Interior Systems Pretoria (Pty), Ltd	South Africa	100	100
Faurecia Emission Control Technologies South Africa (CapeTown) (Pty), Ltd	South Africa	100	100
Germany			
Faurecia Autositze GmbH	Germany	100	100
Faurecia Abgastechnik GmbH	Germany	100	100
Faurecia Automotive GmbH	Germany	100	100
Faurecia Innenraum Systeme GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH	Germany	100	100
Hug Engineering GmbH	Germany	100	100
Clarion Europa GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
Austria			
Faurecia Angell-Demmel GmbH	Austria	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Faurecia Industrie N.V.	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
Clarion do Brasil Ltda.	Brazil	100	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
Clarion Canada Inc.	Canada	100	100
China			
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72,5	100
Faurecia Emissions Control Technologies (Yantaï) Co., Ltd	China	100	100
Faurecia (Chengdu) Emissions Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	90,19	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
CSM Faurecia Automotive Parts Co., Ltd	China	50	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Co., Ltd	China	50	100
Borgward Faurecia (Tianjin) Auto Systems Co., Ltd	China	51	100
Faurecia Exhaust Systems (Shanghai) Co., Ltd	China	100	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	55	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
Jiangxi Faurecia Coagent Electronics Co., Ltd	China	100	100
Shenzhen Faurecia Automotive Parts Co., Ltd	China	70	100
Faurecia (Hangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Interior Systems Co., Ltd	China	50	100
Guangdong Coagent Global S&T Co., Ltd	China	100	100
Faurecia Chongqing Zhuotong Automotive Interior Systems Co., Ltd	China	50	100
Shanghai Faurecia Automotive Seating component Co., Ltd	China	55	100
Parrot Automotive Shenzhen	China	100	100
HUG Engineering Shanghai Co., Ltd	China	100	100
Dongguan Clarion Orient Electronics Co., Ltd	China	100	100
Xiamen Clarion Electrical Enterprise Co., Ltd	China	100	100
Chengdu Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Zhejiang Faurecia Interior & Exterior Systems Co., Ltd	China	100	100
Coagent Global Limited	China	100	100
Parrot Automotive Asia Pacific Ltd	China	100	100
Chang Ming Co., Ltd	China	82	100
Clarion (H.K.) Industries Co., Ltd	China	100	100
China Taiwan			
Covatech Inc.	China Taiwan	82	100
Clairon (Taiwan) Manufacturing Co., Ltd	China Taiwan	100	100
South Korea			
Faurecia Korea, Ltd	South Korea	100	100
FCM Yeongcheon	South Korea	100	100
FAS Yeongcheon	South Korea	100	100
Denmark			
Amminex Emissions Technology AS	Denmark	91,5	100
Spain			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100
Faurecia Sistemas De Escape España, S.A.	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior Systems España, S.A.	Spain	100	100
Faurecia Interior Systems SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Incalplas, S.L.	Spain	100	100
Faurecia Automotive Industrie Spain, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
United States			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
Hug Engineering Inc.	United States	100	100
Faurecia DMS	United States	100	100
Clarion Corporation of America	United States	100	100
France			
Faurecia Sièges d'automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Etudes Et Construction de Sièges pour l'Automobile	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Échappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia - Metalloprodukcia Holding	France	70	100
Faurecia Smart Technologies	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
Parrot Faurecia Automotive S.A.S	France	100	100
Clarion Europe S.A.S	France	100	100
Great Britain			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
Clarion Hungary Electronics Kft.	Hungary	100	100
India			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Clarion India Pvt, Ltd	India	100	100
Israel			
Faurecia Security Technologies	Israel	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Hug Engineering Italia S.r.l.	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Clarion Co., Ltd	Japan	100	100
Clarion Sales and Marketing Co., Ltd	Japan	100	100
Clarion Manufacturing and Service Co., Ltd	Japan	100	100
Luxembourg			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Luxembourg Sarl	Luxembourg	100	100
Faurecia Holdings AST, Sarl	Luxembourg	100	100
Malaysia			
Crystal Precision (M) Sdn. Bhd.	Malaysia	100	100
Morocco			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100
Mexico			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Electronica Clarion, S.A. de C.V.	Mexico	100	100
Ultra Industrial, S.A. de C.V.	Mexico	100	100
Netherlands			
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Hug Engineering B.V.	Netherlands	100	100
Poland			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100
Portugal			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sistemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
Czech Republic			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen	Czech Republic	100	100
Romania			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcia Exhaust Systems	Russia	70	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Exteriors Bumpers	Russia	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Clarion RUS LLC	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Faurecia CREO	Sweden	72	100
Switzerland			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sàrl	Switzerland	100	100
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thaïland Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
Clarion Asia (Thailand) Co., Ltd	Thailand	100	100
Tunisia			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
Vietnam			
Faurecia Vietnam Haiphong	Vietnam	100	100
II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
Germany			
SAS Autosystemtechnik GmbH und Co., KG	Germany	50	50
China			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Jinan Jidao Auto Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Hongtai Faurecia Composite (Wuhan) Co., Ltd	China	50	50
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd	China	50	50
Wuhan Clarion Kotei Software Technology Co., Ltd	China	25	25
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
Industrias Cousin Frères, S.L.	Spain	50	50
United States			
Detroit Manufacturing Systems, LLC	United States	49	49
DMS leverage lender, LLC	United States	49	49
DMS Toledo, LLC	United States	49	49
Total Network Manufacturing LLC	United States	49	49
France			
Automotive Performance Materials (APM)	France	50	50
Symbio	France	50	50
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia - NHK Co., Ltd	Japan	50	50

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) [1]
Malaysia			
Clarion (Malaysia) Sdn. Bhd.	Malaysia	45	45
Mexico			
Steva Mexico SLP S.A. de CV	Mexico	49	49
Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V.	Mexico	20	20
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

(1) Cumulated percentages of interest for fully consolidated companies.

This document is printed in France by an Imprim'Vert certified printer on PEFC certified paper produced from sustainably managed forest.

Designed & published by LABRADOR INFORMATION DESIGN +33 (0)1 53 06 30 80

faurecia
inspiring mobility