

Nanterre, July 29, 2014

Faurecia: Strong improvement in performance and upwards revised guidance for 2014

First half of 2014

- Total sales up 4.0%¹ to €9.33 billion;
- Faurecia outperformed automotive production in Europe and Asia;
- Significant improvement of operating income at €311 million, or 3.3% of total sales (+50 basis points);
- Net cash flow at €177 million, exceeding the target;
- Net financial debt at €1.39 billion, down €125 million;
- Full year 2014 guidance revised upwards, with operating margin expected to improve by 30 to 60 basis points (compared with the previous guidance of “20 to 50 basis points” announced on February 12, 2014).

Yann Delabrière, Chairman and CEO of Faurecia, stated: “Faurecia posted a solid sales growth during the first half of 2014, driven in particular by remarkable growth in Asia, where sales jumped more than 20%, as well as in Europe, where Faurecia’s growth has outpaced the rise in automotive production. Faurecia improved its profitability with an operating margin up 50 basis points. All of Faurecia’s activities showed improvement, notably Faurecia Emissions Control Technologies, where profitability rose 260 basis points.”

RESULTS FOR THE FIRST HALF OF 2014

In € million	H1-2013	H1-2014	Change
Total sales	9,265	9,328	+4.0%*
Operating income	256	311	+21.2%
As % of total sales	2.8	3.3	+ 50 bp ²
Net income (Group share)	35	88	+ €53m
Net cash flow	141	177	+ €36m
Net financial debt (at June 30)	1,708	1,394	- €314m

*At constant exchange rates and scope

SUSTAINED SALES GROWTH

Global automotive production is estimated to have grown by 3.8% during the first half of 2014. Business remained strong in North America and Asia, with automotive production increasing by respectively 4.2% and 5.3%. In Europe, automotive production continued its recovery initiated in the second half of 2013, rising 5.0%. Automotive production in South America posted a sharp drop of 16.7% during the first half of the year.

Faurecia’s **total sales** for the first half of 2014 stood at €9.33 billion, compared with €9.27 billion for the same period in 2013. Currency fluctuations had a negative impact on sales of 3.1%, amounting to €285 million, thus organic growth was 4.0% (at constant exchange rates and scope).

¹ All changes in turnover and product sales are expressed at constant exchange rates and scope.

² bp = basis points

Product sales (parts and components delivered to automakers) totaled €7.09 billion, against €7.14 billion in the first half of 2013. Currency fluctuations had a negative impact of 3.1%, or €222 million, thus organic growth reached 2.9% (at constant exchange rates and scope).

Monolith sales stood at €1.52 billion against €1.39 billion in the first half of 2013, up 12.3% (at constant exchange rates and scope), demonstrating the solid performance of the Emissions Control Technologies activity.

Development, tooling and prototype sales reached €717 million, against €740 million in the first half of 2013, up 0.3% (at constant exchange rates and scope).

STRONG INCREASE IN OPERATING RESULTS

The Group's **operating income** totaled €311 million, or 3.3% of total sales, compared with €256 million and 2.8% of total sales in the previous year. This improvement is the result of increased sales and greater industrial efficiency, with the variable costs margin rising 110 basis points.

ACTIVITY & RESULTS PER REGION: SHARP INCREASE IN BUSINESS AND PROFITABILITY IN ASIA

All changes in revenue and product sales are expressed at constant exchange rates and scope.

Asia showed solid business growth during the first half of 2014 with total sales up by 22.1%, compared with a 5.3% increase in the region's automotive production. Operating margin increased to 8.5% of sales, a significant improvement (up 110 basis points) over the first half of 2013.

In Europe, Faurecia continued to make progress, with product sales up 6.7% when light vehicle production was up 5.0%. Operating margin rose to 3.4% of sales, compared with 2.4% of sales in the first half of 2013.

Total sales³, product sales and profitability for the first half of 2014 break down as follows:

- In **Europe**, total sales stood at €5.28 billion, a 5.2% increase, compared with €5.03 billion in the first half of 2013. Product sales totaled €4.12 billion, up 6.7% (€ 3.88 billion in the first half of 2013), rising at a faster pace than automotive production (up 5.0%). Through a combination of a lower cost base and higher sales, operating income rose 46% to €178 million, representing an operating margin of 3.4% of total sales up 100 basis points versus the first half of 2013 (2.4%).
- In **North America**, total sales fell 4.9% to €2.22 billion, compared to €2.46 billion in the first half of 2013. Product sales contracted by 9.5% to €1.70 billion, versus €2.00 billion a year earlier, while automotive production rose 4.2%. These contrasting trends in sales and automotive production are the result of automakers transitioning to new models and to an unfavorable client mix. This trend is expected to be reversed in the second half with sales up in the fourth quarter. The variable costs margin is improving, demonstrating a better industrial efficiency. Due to the volume drop, the operating income fell to €40 million, compared to €62 million in the first half of 2013, with an operating margin of 1.8%, versus 2.5% a year earlier.
- In **Asia**, total sales grew significantly (+22.1%), rising from €1.18 billion to €1.39 billion in the first half of 2014. Product sales stood at €933 million, up from €799 million in the first half of 2013: a 22.2% increase, compared with the 5.3% rise in automotive production. Sales in China reached €769 billion, up 22.9%:

³ Including sales of monoliths, development, tooling and prototypes.

more than double the growth in automotive production (up 10.1%). Profitability in Asia improved sharply, with operating income rising to €118 million (8.5%), compared to €87 million (7.4%).

- In **South America and the rest of the world**, total sales fell by 6.3% to €446 million, compared to €592 million in the first half of 2013. Product sales were hampered by a marked drop in automotive production (down 16.7% in South America) as well as by currency swings, which fell 18% against the euro. Under these difficult conditions, product sales declined 8.2% to reach €337 million, compared with €459 million in the first half of 2013. The dramatic deterioration in operating conditions led to declining profitability, with operating losses increasing from €15 million to €26 million.

ACTIVITY & RESULTS PER ACTIVITY: RISING PROFITABILITY IN ALL FOUR ACTIVITIES, IN PARTICULAR FOR EMISSIONS CONTROL TECHNOLOGIES

Steady growth in product sales was achieved at Interior Systems (6.2%), Emissions Control Technologies (6.1%) and Automotive Exteriors (3.7%). Profitability improved at all four activities, with an especially strong performance at Emissions Control Technologies, where the margin on product sales rose 260 basis points, from 4.5% to 7.1%.

Total sales at **Automotive Seating** came to €2.63 billion, compared to €2.72 billion in the first half of 2013, a very slight contraction of 0.2%. Product sales fell 1.9%, from €2.59 billion in the first half of 2013 to €2.47 billion. Despite the downturn in sales, operating income stood at €107 million, with the operating margin rising from 3.9% to 4.1% of sales.

Total sales at **Emissions Control Technologies** grew 7.5% to €3.33 billion, compared to €3.20 billion in the first half of 2013. Product sales rose from €1.70 billion to €1.72 billion, or 6.1%. Growth was especially strong in Asia (up 17%). Product sales for commercial vehicles posted a 29% increase and now account for just over 8% of the activity's business. The operating margin on product sales jumped 260 basis points, rising from 4.5% to 7.1% of product sales; this represents operating income of €122 million, versus €76 million in the first half of 2013. The operating margin as a percentage of total sales rose from 2.4% to 3.7%.

Total sales at **Interior Systems** stood at €2.37 billion, compared to €2.36 billion in the first half of 2013, an increase of 4.6%. Product sales rose 6.2%, from €1.99 billion in the first half of 2013 to €2.02 billion. Growth was especially solid in Europe (+16%) and Asia (+62%). Product sales to Daimler and GM grew by 50% and 17% respectively. Profitability improved as operating income totaled €63 million, with an operating margin of 2.7%, compared with 2.5% in the first half of 2013 (€59 million).

Total sales at **Automotive Exteriors** reached €1.00 billion, an increase of 2.4% over the first half of 2013 (€985 million). Product sales increased 3.7%, climbing from €860 million to €887 million. Operating income rose from €15 million to €18 million, representing an increase in the operating margin of 20 basis points, to 1.8% (versus 1.6% in the first half of 2013).

CONSOLIDATED NET INCOME

Consolidated net income (Group share) reached €88 million, compared to €35 million in the first half of 2013. Apart from operating income, the primary items are:

- restructuring costs and other net operating expenses which stood at €45 million (compared to €41 million in the first half of 2013);
- net financial charges and other income and net interest expenses which declined by €11 million to €104 million, versus €115 million in the first half of 2013. This decline is due to the reduced net debt, accelerated by the early conversion of the 2015 convertible bond in December 2013.

POSITIVE NET CASH FLOW AND NET DEBT REDUCED BY €125 MILLION

EBITDA rose 12% to €571 million mainly as a result of the increase in operating income.

Capital expenditure and capitalized R&D reached €403 million during the first half of 2014 and will remain in line with the stabilized annual amount of €800 million.

Net cash flow stood at €177 million, reflecting the positive impact of rising operating income, the significant improvement in working capital requirements and the good management of capital expenditure and capitalized R&D.

At end-June 2014, the Group's **net financial debt** stood at €1.39 billion, compared to €1.52 billion at December 31, 2013, down €125 million.

The financial statements for the first half of fiscal 2014 have been approved for issue by the Board of Directors in its meeting held on July 28, 2014. The audit procedures have been carried out on the consolidated financial statements for the first half of 2014 and the limited statutory auditor's report has been issued.

2014 OUTLOOK REVISED UPWARD

In view of the first half 2014 results, Faurecia now forecasts, for the full year 2014, a European automotive expansion comprised between 3 and 4%. However, the market deterioration in the first half of 2014 in South America leads us to anticipate a contraction of at least 10%. For North America and China, automotive production estimates are slightly upgraded to +5% and +8 to 9% respectively.

In the light of Faurecia's performance in the first half, the Group is revising its operating margin guidance upward for the 2014 fiscal year. Faurecia now anticipates the following for fiscal 2014:

- an increase in sales of between 2% and 4% (at constant exchange rates);
- growth in operating margin of between 30 and 60 basis points (compared with the previous forecast of "20 to 50 basis points" announced on February 12, 2014); and
- positive net cash flow.

Faurecia's financial presentation and half-year report will be available at 6:30 am today (Paris time) on the Faurecia website: www.faurecia.com. A meeting for financial analysts and the press will be held today at 9:15 am (CET = Paris time) at Pavillon Gabriel in Paris. It can also be followed at www.faurecia.com or by telephone:

- Paris, France: +33 (0)1 76 77 22 31
- London, UK: +44 (0)20 3427 1909

Confirmation code: 7265865

Faurecia will hold its annual Investor Day in Shanghai (China), on Tuesday, November 11, 2014.

About Faurecia

Faurecia is the world's seventh-largest automotive equipment supplier with four key Business Groups: Automotive Seating, Emissions Control Technologies, Interior Systems and Automotive Exteriors. In 2013, the Group posted sales of 18 billion euros. At December 31, 2013, Faurecia employed 97,500 people in 34 countries at 320 sites, including 30 R&D centers. Faurecia is listed on the NYSE Euronext Paris stock exchange and trades in the U.S. over-the-counter (OTC) market. For more information, visit: www.faurecia.com

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Note to editors:**Definitions of terms used in this document:**1. Operating income:

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

- other operating income and expense, corresponding to material, unusual and non-recurring items including reorganization expenses and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure or sale of an industrial site, disposals of non-operating buildings, impairment losses recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs;
- other financial income and expense, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in relationship cannot be demonstrated under IAS 39, and gains and losses on sales of shares in subsidiaries;
- taxes.

2. Monoliths:

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

3. Variable costs margin:

The variable costs margin consists of product sales less material consumption, direct labor and freight out.

APPENDIX

Sales by type in €m	Product	H1 2013			H1 2014			
		Monoliths	R&D & Tooling	Total	Product	Monoliths	R&D & Tooling	Total
Automotive Seating	2,591.6		127.0	2,718.6	2,466.6		164.0	2,630.6
Emissions Control Technologies	1,700.6	1,387.4	112.0	3,200.0	1,715.1	1,522.1	91.5	3,328.6
Interior Systems	1,985.1		376.2	2,361.3	2,021.0		347.0	2,368.0
Automotive Exteriors	860.3		124.8	985.1	886.8		114.3	1,001.1
TOTAL	7,137.7	1,387.4	740.0	9,265.0	7,089.5	1,522.1	716.7	9,328.3

in €m	H1 2013 Reported	Currencies	Scope	Organic (like for like)*	H1 2014 Reported
Total sales	9,265.0	-284.5	-18.9	366.7	9,328.3
Var in %		-3.1%	-0.2%	4.0%	0.7%
Product sales	7,137.7	-222.1	-35.9	209.8	7,089.5
Var in %		-3.1%	-0.5%	2.9%	-0.7%

*: At constant exchange rates & scope

BY BUSINESS GROUP

in €m	H1 2013	H1 2014	Var in % Reported	Var in % Like for like*
Total sales				
Automotive Seating	2,718.6	2,630.6	-3.2%	-0.2%
Emissions Control Technologies	3,200.0	3,328.6	4.0%	7.5%
Interior Systems	2,361.3	2,368.0	0.3%	4.6%
Automotive Exteriors	985.0	1,001.1	1.6%	2.4%
TOTAL	9,265.0	9,328.3	0.7%	4.0%
Product sales				
Automotive Seating	2,591.6	2,466.6	-4.8%	-1.9%
Emissions Control Technologies	1,700.6	1,715.1	0.9%	6.1%
Interior Systems	1,985.1	2,021.0	1.8%	6.2%
Automotive Exteriors	860.3	886.8	3.1%	3.7%
TOTAL	7,137.7	7,089.5	-0.7%	2.9%

*: At constant exchange rates & scope

TOTAL SALES (in €m)	2012	H1 2013	H2 2013	2013	H1 2014
Automotive Seating	5,155.9	2,718.6	2,500.3	5,218.9	2,630.6
Emissions Control Technologies	6,079.5	3,200.0	3,150.4	6,350.5	3,328.6
Interior Systems	4,352.7	2,361.3	2,198.7	4,560.0	2,368.0
Automotive Exteriors	1,776.4	985.0	914.2	1,899.3	1,001.1
TOTAL	17,364.5	9,265.0	8,763.6	18,028.6	9,328.3

PRODUCT SALES (in €m)	2012	H1 2013	H2 2013	2013	H1 2014
Automotive Seating	4,904.5	2,591.6	2,299.3	4,890.9	2,466.6
Emissions Control Technologies	3,233.2	1,700.6	1,651.0	3,351.7	1,715.1
Interior Systems	3,597.1	1,985.1	1,808.1	3,793.2	2,021.0
Automotive Exteriors	1,561.5	860.3	797.0	1,657.4	886.8
TOTAL	13,296.3	7,137.7	6,555.5	13,693.2	7,089.5

OPERATING INCOME (in €m)	2012*	H1 2013	H2 2013	2013	H1 2014
Automotive Seating	193.2	105.4	111.9	217.4	106.9
<i>Margin (as % of Total sales)</i>	3.7%	3.9%	4.5%	4.2%	4.1%
Emissions Control Technologies	145.8	76.4	122.6	199.0	122.0
<i>Margin (as % of Total sales)</i>	2.4%	2.4%	3.9%	3.1%	3.7%
<i>Margin (as % of Product sales)</i>	4.5%	4.5%	7.4%	5.9%	7.1%
Interior Systems	131.5	59.0	25.0	84.0	63.4
<i>Margin (as % of Total sales)</i>	3.0%	2.5%	1.1%	1.8%	2.7%
Automotive Exteriors	43.1	15.4	22.5	37.9	18.3
<i>Margin (as % of Total sales)</i>	2.4%	1.6%	2.5%	2.0%	1.8%
TOTAL	513.7	256.2	282.1	538.3	310.6
<i>Margin (as % of Total sales)</i>	3.0%	2.8%	3.2%	3.0%	3.3%

* Reported (not restated for IAS 19R)

BY REGION

Sales by region	H1 2013	H1 2014	Var in %		
in €m			Reported	Like for like	LV production*
Total sales					
Europe	5,034.6	5,275.5	4.8%	5.2%	
North America	2,461.4	2,219.8	-9.8%	-4.9%	
Asia	1,177.1	1,387.5	17.9%	22.1%	
South America	450.7	331.4	-26.5%	-7.7%	
Rest of the World	141.2	114.2	-19.1%	-2.1%	
TOTAL	9,265.0	9,328.3	0.7%	4.0%	
Product sales					
Europe	3,884.2	4,117.4	6.0%	6.7%	5.0%
North America	1,995.5	1,702.0	-14.7%	-9.5%	4.2%
Asia	799.2	933.4	16.8%	22.2%	5.3%
South America	370.7	270.8	-26.9%	-7.9%	-16.7%
Rest of the World	88.1	65.9	-25.2%	-9.4%	3.9%
TOTAL	7,137.7	7,089.5	-0.7%	2.9%	3.8%

* Source IHS estimates, July 2014

TOTAL SALES* (in €m)	2012	H1 2013	H2 2013	2013	H1 2014
Europe	9,618.3	5,034.6	4,666.4	9,701.0	5,275.5
North America	4,541.1	2,461.4	2,230.3	4,691.7	2,219.8
Asia	2,123.9	1,177.1	1,344.8	2,521.9	1,387.5
South America	777.7	450.7	410.7	861.4	331.4
RoW, Other & Elims	303.4	141.2	111.4	252.6	114.2
TOTAL	17,364.5	9,265.0	8,763.6	18,028.6	9,328.3

PRODUCT SALES* (in €m)	2012	H1 2013	H2 2013	2013	H1 2014
Europe	7,411.7	3,884.2	3,527.3	7,411.5	4,117.4
North America	3,645.5	1,995.5	1,712.0	3,707.5	1,702.0
Asia	1,388.4	799.2	906.6	1,705.8	933.4
South America	661.6	370.7	346.3	717.0	270.8
RoW, Other & Elims	189.1	88.1	63.3	151.4	65.9
TOTAL	13,296.3	7,137.7	6,555.5	13,693.2	7,089.5

OPERATING INCOME (in €m)	2012	H1 2013	H2 2013	2013	H1 2014
Europe	281.3	122.1	138.6	260.8	178.5
<i>Margin (as % of Total sales)</i>	2.9%	2.4%	3.0%	2.7%	3.4%
North America	90.9	62.2	35.9	98.1	40.0
<i>Margin (as % of Total sales)</i>	2.0%	2.5%	1.6%	2.1%	1.8%
Asia	169.8	87.2	122.9	210.1	118.4
<i>Margin (as % of Total sales)</i>	8.0%	7.4%	9.1%	8.3%	8.5%
South America	-17.2	-13.4	-14.5	-27.9	-30.0
<i>Margin (as % of Total sales)</i>	-2.2%	-3.0%	-3.5%	-3.2%	-9.1%
RoW, Other & Elims	-11.1	-1.9	-0.8	-2.7	3.8
<i>Margin (as % of Total sales)</i>	-3.7%	-1.3%	-0.7%	-1.1%	3.3%
TOTAL	513.7	256.2	282.1	538.3	310.6
<i>Margin (as % of Total sales)</i>	3.0%	2.8%	3.2%	3.0%	3.3%

* by origin

CASH FLOW RECONCILIATION

Cash flow reconciliation	H1 2014
<i>in €m</i>	
Net Cash Flow	177
Acquisitions of investments and business (net of cash & cash equivalent)	0
Proceeds from disposal of financial assets	0
Other changes	-10
Cash provided (used) by operating & investing activities	167