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Sharp rise of half year results, upward revision of 2010 targets

Highlights of the first half of 2010

Faurecia achieved a sharp rise in the first half results, driven by a general upturn across all Business Groups:

- 54% increase in product sales to 5,354 million euros (+33% at constant exchange rates & scope) ;
- operating income of 217 million euros (3.2% of sales);
- consolidated net income of 102 million euros;
- net cash flow¹ of 137 million euros;
- net debt reduced to 1,349 million euros;
- upward revision of 2010 targets in line with objectives for 2012 and 2014.

KEY FIGURES FOR THE FIRST HALF OF 2010 (AUDITED)

In million euros (EUR)	1st half 2009	1st half 2010
Sales	4,380.1	6,825.9
% like-for-like change yr-on-yr	-29.9%	26.9%
Product Sales	3,484.0	5,354.4
% like-for-like change yr-on-yr	-32.7%	33.2%
Operating income	(187.3)	216.5
as % of sales	-4.3%	3.2%
Net income (Group share)	(364.6)	101.9
Capital expenditure	87.8	123.9
Net financial debt (at June 30)	1,467.1	1,348.5

¹ Net cash flow: change in net debt, change from sale of receivables, net debt tied to acquisitions of Emcon Technologies and Plastal Germany & impact of exchange rates on debt

ACTIVITIES

GROUP SALES

Faurecia's consolidated sales for the first half of 2010 stood at 6,825.9 million euros, including figures for Emcon Technologies, consolidated since January 1, 2010 (1,153 million euros), and Plastal Germany, since April 1 (121.1 million euros).

At constant exchange rates and scope—with 2009 figures adjusted to include Emcon Technologies sales and 2010 figures excluding Plastal Germany—sales were up 26.9% compared with the first half of 2009.

Sales of monoliths totaled 1,054.9 million euros, up 30.4% at constant exchange rates and scope compared with the first half of 2009.

Excluding sales of monoliths included in Emissions Control Technologies, sales stood at 5,771 million euros, an increase of 26.3% at constant exchange rates and scope.

Tooling, R&D and prototype sales dropped by 30.1% in the first half of 2010, at constant exchange rates and on a comparable basis, totaling 345.3 million euros. This figure should be taken in context, however, set against a cyclical high in the first half of 2009 as a result of extensive billing to US automakers before they entered Chapter 11 bankruptcy protection.

Product sales (deliveries of parts and components to automakers) in the first half totaled 5,354.4 million euros, up 53.7% (or +33.2% at constant exchange rates and scope).

First-half sales for 2010 **by region**:

- In **Europe**, product sales totaled 3,618 million euros (67.6% of total product sales), up 20.5% at constant exchange rates and scope.
- In **North America**, amid a market turnaround, product sales totaled 951.5 million euros (17.8% of product sales), an increase of 88.5% at constant exchange rates and scope.
- In **South America**, product sales totaled 253 million euros (4.7% of total sales), up 29.6% at constant exchange rates and scope.
- In **Asia**, product sales were up 69.8% at constant exchange rates and scope, totaling 442.3 million euros (8.3% of total sales). At constant exchange rates and scope, this increase stood at **65.2% in China** and **79.6% in South Korea**.
- In **other countries**, product sales totaled 89.6 million euros, an increase of 55.9% at constant exchange rates and scope.

Product sales **by Business Group**:

- **Emissions Control Technologies**: 1,202.2 million euros, up 43.3% at constant exchange rates and scope. This significant increase was due to this Product Group's important exposure to North America and Asia. Emcon Technologies product sales totaled 588.5 million euros.

- **Automotive Seating:** 2,202.7 million euros in the first half of 2010, an increase of 28.8% at constant exchange rates and scope.
- **Interior Systems:** 1,365.2 million euros, an increase of 35% at constant exchange rates and scope.
- **Automotive Exteriors:** 584.4 million euros, up 26.7% at constant exchange rates and scope. The inclusion of Plastal Germany operations as of April 1, 2010, added 108 million euros to division product sales.

RESULTS

Operating income was a profit of 216.5 million euros in the first half of 2010, compared with a loss of 187.3 million euros in the first half of 2009 caused by the sharp drop in business.

Operating margin represented 3.2% of total Faurecia sales, reflecting significant improvement since the first half of 2009 and the second half of 2009, when it represented 1.9% of sales (95.6 million euros).

Growth in operating income stems from:

- an increase in business volume worth an estimated 254 million euros;
- an improvement in the variable margin for product sales, totaling 131 million euros;
- operating income from Emcon Technologies (consolidated on January 1, 2010) and Plastal Germany (April 1, 2010), stood at 11 million euros and 8 million euros, respectively.

Gross R&D expenditure totaled 339.9 million euros and 5% of sales compared with 265.1 million euros and 6.1% of sales in the first half of 2009. Net of amounts billed to customers, gross R&D expenditure totaled 149.6 million euros, compared with 103.1 million euros in the first half of 2009. Business contribution from Emcon Technologies and Plastal Germany represented 22.8 million euros of additional net expenditure. Excluding this input, expenditure was up 23.7 million euros.

Administrative and commercial expenses totaled 214.4 million euros, compared with 167.8 million euros in the first half of 2009. The integration of Emcon Technologies and Plastal Germany represented 30.9 million euros of additional expenditure. Excluding expenses related to consolidating the two companies, administrative and commercial expenses decreased from 3.8% to 3.3% of overall sales.

Other operating income of 60.6 million euros essentially represented, in the amount of 60 million euros, by a profit generated by the bargain purchase (badwill) of Plastal Germany.

DEBT

Capital expenditure totaled 123.9 million euros, representing 1.8% of sales, compared with 87.8 million euros (2% of sales) in the first half of 2009.

Net cash flow², not including changes from the sale of receivables, led to a balance of 137 million euros in the first half of 2010.

Net financial debt at June 30, 2010, stood at 1,349 million euros, compared with 1,401 million euros at December 31, 2009.

OUTLOOK

The company forecasts an 8% drop in light-vehicle production in Europe in the second half of 2010, caused by the phasing out of tax incentives. Production is expected to grow by around 11% in North America.

Faurecia expects a change in product sales of between -2% and +2% in the second half of 2010, versus the same period of 2009.

At constant exchange rates and scope, the outlook for Faurecia product sales in the second half of the year includes:

- a drop of 5-8% in Europe ;
- an increase of 11-14% in North America ;
- growth of 20-25% in Asia.

Against this backdrop, and based on first half achievements, Faurecia has revised its 2010 targets upward as follows:

- 13-16% increase in 2010 product sales at constant exchange rates and scope (compared with an initial forecast of 4%);
- Operating income above 340 million euros (above 200 million euros initially);
- Net cash flow² above 100 million euros (initially forecast as "positive").

² Net cash flow: change in net debt – change from sale of receivables – net debt linked to acquisitions of Emcon Technologies & Plastal Germany – impact of exchange rates on debt

APPENDIX

2010 targets

Product sales*

Operating income

Net Cash Flow**

Announced
in February

4%

> €200m

Positive

Revised
in July

13-16%

> €340m

> €100m

* At constant exchange rates and scope

** Net cash flow: change in net debt – change from sale of receivables – cash/debt linked to acquisitions of Emcon Technologies & Plastal Germany – impact of exchange rates on debt

Sales (million euros)	1 st half 2009	1 st half 2010	Change*
Automotive Seating	1,867.5	2,313.7	22.5%
Vehicle Interiors	1,247.9	1,565.5	22.8%
Vehicle Interior Modules	3,115.4	3,879.2	22.6%
Emissions Control Technologies	855.9	2,317.7	35.7%
<i>excluding monoliths</i>	<i>455.9</i>	<i>1,262.8</i>	<i>40.4%</i>
Exterior Systems	408.8	629.0	24.2%
Other Modules	1,264.7	2,946.7	33.4%
Total	4,380.1	6,825.9	26.9%
<i>excluding monoliths</i>	<i>3,980.1</i>	<i>5,771.0</i>	<i>26.3%</i>

* At constant exchange rates and scope

Vehicle Interiors achieved operating income of 133.1 million euros, representing 3.4% of total sales.

Other modules posted operating income of 83.5 million euros, representing 2.8% of total sales. As stated above, business contribution from Emcon and Plastal Germany stood at 19 million euros.

Faurecia is one of the world's leading (#6 worldwide) automotive equipment suppliers with four key Business Groups: Automotive Seating, Emissions Control Technologies, Interior Systems and Automotive Exteriors. In 2009, the Group posted pro-forma sales of 11.3 billion euros, including Emcon Technologies and Plastal Germany. It employs 62,000 people in 32 countries at 200 sites and 33 R&D centers. Faurecia is listed on the NYSE Euronext Paris stock exchange. For more information, visit: www.faurecia.com

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