faurecia

Press Release

Nanterre, February 8, 2011

Faurecia 2010 Annual Results

Net Income of € 202 million

With sales increasing by 48% for 2010, Faurecia has leveraged its lowered cost base and was able to post earnings exceeding all its 2010 targets. Key highlights for 2010 are:

- **Total sales up 48% to € 13,796 million**
- **Operating income of € 456 million, or 3.3% margin**
- **Net income of € 202 million**
- **Free cash flow of € 222 million**
- **Net debt reduced by € 204 million to € 1,197 million**
- **Resume dividend payment**

2010 RESULTS

In € million	2010	2009
Product sales	**10,696**	7,590
Variation	+41%	
Other sales	3,100	1,702
Total sales	**13,796**	9,292
Variation	+48%	
Operating income	**456**	(92)
as a % of Total Sales	3.3%	-1.0%
Net income (Group share)	**202**	(434)
Net cash flow	**222**	(168)
Net financial debt	**1,197**	1,401

Sales

Product sales (parts and components supplied to automakers), stood at € 10,696 million, up 41% or 19% on a comparable basis (2009 data restated including Emcon Technologies, 2010 data restated excluding Plastal and at constant exchange rates). In the second half of 2010, product sales increased by 30% to € 5,341 million (7% on a comparable basis).

Monoliths sales, included in exhaust catalytic converters, were up 162% or 27% on a comparable basis to € 2,168 million. In the second half of 2010, monoliths sales grew by 160% (23% on a comparable basis) to € 1,113 million.

Development, Tooling and Prototype sales increased by 7% to € 932 million. On a comparable basis they contracted by 10% due to an unfavorable comparison basis in the first half of 2009. In the second half of 2010, they grew 37% (22% on a comparable basis) to € 516 million.

Total sales in 2010 reached € 13,796 million, representing a 48% increase (18% on a comparable basis). In the second half, total sales expanded by 42% to € 6,970 million or 10% on a comparable basis.

Product sales by region:

- **In Europe**, product sales increased by 22%, or 9% on a comparable basis, to € 7,043 million. In the second half, product sales grew 13% equivalent to a 1% decline on a comparable basis to € 3,425 million. In 2010, Europe represented 66% of product sales versus 76% a year ago.
- In **North America**, product sales soared by 111% (49% on a comparable basis) to € 1,945 million, largely outpacing light vehicle production (+40%). In the second half, product sales grew 77% (23% on a comparable basis) to € 993 million. In 2010, this region accounted for 18% (vs. 12% in 2009) of product sales.
- In **Asia**, product sales surged by 80% (51% on a comparable basis) to € 968 million. In the second half, despite a less favorable comparison basis, product sales grew 70% (36% on a comparable basis) to € 525 million. 2010 product sales in China increased by 71% (47% on a comparable basis) to € 789 million largely outpacing light vehicle production (+30%). In 2010, Asia represented 9% (vs. 7% in 2009) of Faurecia's product sales.

- **In South America**, product sales nearly doubled (98%) to € 557 million representing 5% of group product sales (vs. 4% in 2009). On a comparable basis, growth came at 23%, that is also largely above light vehicle production growth (+13%). In the second half, product sales increased to € 304 million (34% or 18% on a comparable basis).

Operating income: € 456 million (3.3% of total sales)

2010 operating income reached € 456 million, equivalent to an operating margin of 3.3% of total sales. It represents a € 547 million improvement over 2009. In the second half, operating income stood at € 239 million or 3.4% of total sales. This should be compared with an operating margin of 1.9% in the second half of 2009 and 3.2% in the first half of 2010.

Of the € 547 million improvement in operating income, € 314 million are attributed to higher sales whilst € 188 million are derived from industrial productivity gains. Newly integrated companies (Emcon Technologies & Plastal) have added € 51 million to group operating income.

In 2010, Faurecia fully benefited from its reduced fixed cost base achieved in 2009. Costs have been kept stable at 2.0 billion € (on a comparable basis) despite a surge in activity.

In the second half of 2010, operating income improvement came at € 144 million of which € 60 million stems from higher sales, € 58 million as a result of industrial improvements and € 32 million from newly integrated companies (Emcon Technologies & Plastal).

Net income: € 202 million

Restructuring charges amounted to € 117 million (vs. € 130 million in 2009) of which € 59 million occurred in the second half of 2010. They are attributed to the final phase of the industrial rationalization plan in Europe and Emcon Technologies' integration.

Net interest expenses decreased to € 91 million (vs. € 123 million in 2009) thanks to lower financing cost and a lower debt level. In the second half, net interest expenses were € 43 million (vs. € 61 million a year ago).

Consolidated net income (group share) reached € 202 million, versus a loss of € 434 million in 2009. In the second half, it amounted to € 100 million.

With Faurecia now solidly anchored into profits, the Board of Directors has decided to propose at the next shareholder meeting, in May 2011, a **dividend of € 0.25 per share**.

Financial Structure

With investment kept under tight control at € 278 million (or 2% of total sales) and capitalized R&D expenses carefully controlled at € 154 million, Faurecia generated a **net cash flow of € 222 million** (vs. a net cash outflow of € 168 million in 2009). In the second half, the net cash flow generation reached € 85 million (vs. nil a year ago).

Net financial debt at end of December 2010 **stood at € 1,197 million**, i.e. € 204 million less than a year ago (€ 1,401 million).

With an **equity of € 898 million** (vs. € 303 million at end December 2009) at the end of December 2010, Faurecia's balance sheet ratios have substantially improved during 2010.

STRATEGIC DEVELOPMENTS

Emcon Technologies has been successfully integrated

After just one year within Faurecia Emissions Control Technologies, Emcon Technologies has been successfully integrated. 2012 synergy objectives are thus raised to € 80 million (vs. € 60 million). In 2010, they reached € 30 million versus an initial target of € 20m.

Faurecia Emissions Control Technologies, through its strategic partnership with Cummins Emissions Solutions, is able to better serve the fast-growing after-treatment market for commercial vehicles.

Solid contribution from Plastal

Plastal's acquisition is earnings accretive as of 2010 and is also leading the way into international markets. Plastal's contribution to Faurecia's 2010 operating income was € 19 million or 4.8% of total sales. Faurecia Automotive Exteriors has set-up a new joint-venture in China to supply FAW/VW's Volkswagen Magotan and the next generation of Audi A6. Faurecia Automotive Exteriors has decided to enter the Brazilian market with a new factory soon to be opened in Porto Real.

Another record year for new contracts

In 2010, Faurecia was able to surpass last year's record by winning new contracts worth € 13.1 billion (vs. € 11.0 billion in 2009). These new contracts will ensure Faurecia's future growth and will yield returns that are adequate to meet the Group's medium-term objectives (5.0% / 6.0% operating margin in 2014).

Steady development in China

China is on the top of Faurecia's priority list and once again, sales expanded at a steady pace outperforming local vehicle production growth by a wide margin. In 2010, total sales in China passed for the first time the € 1.0 billion mark, to reach € 1,023 million (+58%). In 2009, total sales already grew 43%. In 2010, Faurecia signed new contracts worth € 1.3 billion. To accommodate such a rapid expansion, the Group opened six new factories bringing the total to 23 at the end of 2010 and will add another seven in 2011. Faurecia also reinforced its presence with local OEMs through two new partnerships with Geely-Limin and Xuyang. All four Business Group are now active in China.

OBJECTIVES AND PRIORITIES FOR 2011

Faurecia will continue to implement its **strategy based on 6 priorities**:

1. focus on its four core businesses;
2. continuous improvement in operational performance;
3. support global automakers & global programs;
4. increase technology leadership;
5. accelerate Asian development;
6. consider consolidation opportunities.

Faurecia is expecting 2011 worldwide light vehicle production to grow between 6.5% and 7.0% with production in Europe expanding by 3.0% to 4.0%.

On that basis, **Faurecia's objectives for 2011** are as follows:

- Total sales comprised between € 14.8 billion and € 15.3 billion;
- Operating income between € 580 million and € 640 million;
- Net Cash Flow in excess of € 200 million.

About Faurecia

Faurecia is the world's #6 automotive equipment supplier with four key Business Groups: Automotive Seating, Emissions Control Technologies, Interior Systems and Automotive Exteriors. In 2010, the Group posted total sales of 13.8 billion euros. It employs 75,000 people in 33 countries at 238 sites and 38 R&D centers. Faurecia is listed on the NYSE Euronext Paris stock exchange. For more information, visit: www.faurecia.com

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