

Nanterre (France), November 25, 2013

Faurecia details transformation strategy for profitable growth and cash generation

At its Investor Day held today in Paris, Faurecia outlined its strategy to achieve a strong profitability improvement and a healthy cash flow generation. In 2016, the Group targets over 21 billion euros of total sales, an operating margin of between 4.5 and 5.0% of total sales (depending on European production levels), and a net cash flow of 300 million euros.

Faurecia is completing a period of transformation after the integration of some significant acquisitions (Emcon Technologies, Plastal and Saline), major growth in North America to become the 5th largest automotive supplier in the region and rapid expansion in Asia and particularly in China. From 2014 onwards, Faurecia will pursue controlled growth thanks to its strategy of selective resource allocation.

Faurecia's future growth strategy is based on the major trends of the automotive market which are favorable for the Group: the acceleration in technology, in particular for vehicles with reduced fuel consumption and tighter emissions control, the rapid growth of the automotive market in Asia and the dominance of global platforms.

Faurecia accelerates its technology development

With an investment of over 5% of sales in Research and Development and 30 R&D centers around the world, Faurecia is a leading player in automotive innovation and files over 450 patents per year. Over the past few years, the Group has accelerated the number of industrial partnerships and strengthened its links with scientific institutions.

Faurecia is developing innovations to meet the objectives for a significant reduction in fuel consumption and emissions. Through the use of innovative processes such as induction brazing for exhaust systems, lightweight materials, composites and natural fibers for interiors and exteriors or high-tensile steel, magnesium and laser welding for seat frames, Faurecia is offering solutions that reduce the weight of a vehicle by around 100 kg, representing 10g of CO₂/km. Advanced energy recovery systems will further reduce fuel consumption by up to 8%.

In terms of emissions control, Faurecia has developed SCR BlueBox, a new compact architecture which significantly increases the efficiency of the NO_x reduction system. The Group has also developed the Ammonia Storage and Delivery System meeting future regulatory targets as an alternative to current liquid ammonia systems.

The Group also plays a role in the increasingly important segment of life-on-board with a rich offer in personalized interiors, comfort and well-being as well as in the interface and integration of electronics systems. In 2012, a new electronics tech center was opened in Europe, which is accelerating the development of seat functionalities such as advanced massage and seat adjustment via connection with nomadic devices.

Faurecia continues to outperform the market growth in Asia

Over the next few years, the automotive market in Asia will grow at a very fast pace, especially in China. The Group will continue to outperform the market in the region, driven by growth with Asian automakers such as Hyundai and Nissan, and growth in China where total sales will double by 2016 to reach 3.3 billion euros or 15% of Group total sales.

Faurecia's development in China is based on four key trends:

- Market growth of around 10% per annum and a growing share of premium and SUV segments, where Faurecia is strongly represented;
- The Chinese market's rapid move to international quality levels which requires global suppliers, such as Faurecia, who can manage global platforms and programs;
- The growing momentum of Chinese automakers. Faurecia is accelerating ties with Chinese brands such as Geely, ChangAn and Great Wall which should represent 12% of Faurecia China sales by 2016;
- The implementation of ever more stringent standards for emissions for both light and commercial vehicles.

This rapid growth will significantly rebalance Faurecia's regional sales breakdown: by 2016 Asia will represent 17% of the Group's sales compared with 12% today. Europe will represent 50% of sales and the Americas 33%.

Global Platforms favorable for Faurecia

The dominance of global platforms favors Faurecia with its strong engineering and manufacturing footprint, in all of the geographic regions, where it can keep pace with the accelerating number of global launches. It is a particularly important growth driver for Automotive Seating and Emissions Control Technologies whose products are part of the platform architecture of the vehicle.

Faurecia will continue to globalize Research and Development. In China the Group now has 700 engineers in four R&D centers following the inauguration of its new Tech Center in Shanghai in July this year.

The key strategic drivers for each Business Group are as follows:

Faurecia Automotive Seating will accelerate its growth to over 10% CAGR¹ (2013-2016), driven by global platforms, technology and a breakthrough in Asia. Product standardization to leverage global platforms will be a key driver for the Business Group's expansion. By 2016, 80% of seat frame sales will be generic products. Automotive Seating has a comprehensive technology portfolio and will boost its value-added content through seat electronics, pneumatic and thermal systems. In Asia, the Business Group will more than double its product sales to reach around 1.5 billion euros in 2016, with growth coming from both global and Chinese automakers.

Faurecia Emissions Control Technologies has tripled its sales since 2009 through the acquisition of Emcon Technologies and strong organic growth to become the global leader in emissions control. The Business Group will continue to grow steadily with a CAGR of 5% (2013- 2016). The commercial vehicle market is set to grow at 10% per annum and demand for on- and off-highway after-treatment systems is boosted by increasingly stringent emissions control regulations. The Group has an exclusive partnership with Cummins, the world leader in diesel engines for commercial vehicles. Through this partnership Faurecia supplies the full emissions control system to Cummins. In Asia, the Business Group will see double digit sales growth driven in particular by its position with Hyundai, its growth with Chinese customers and the rapid growth of the commercial vehicle business. The Business Group will accelerate its sales of value-added technologies. Faurecia recently introduced its Exhaust Dynamic Sound Technology system which allows personalizing the vehicle sound regardless of engine type or size.

Faurecia Automotive Exteriors is the European market leader and among the top three players in South America. The Business Group will pursue its international growth on a case-by-case basis, with one project underway in Russia and two under consideration in the Americas. Automotive Exteriors is a leading player in the key composites technology following the acquisition of Sora Composites and will continue to invest in this technology, which will give a breakthrough in weight reduction in the long term. Faurecia is positioned in all the market segments of visible parts, semi-structural and structural parts. The Business Group is working to accelerate the development of fibers and resins for the automotive market and to create a step-change in the industrial process. The composite market is expected to take off from 2017 and will further accelerate from 2020.

Faurecia Interior Systems has rapidly grown to become the global leader. In Asia, Interior Systems will accelerate its growth to reach product sales of 700 million euros through its joint ventures with the Chinese automakers ChangAn and Geely and a breakthrough in South East Asia. Interior Systems is accelerating its offer in high-value technologies. It recently created a joint-venture with Magneti Marelli for the development and production of advanced Human Machine Interfaces. This will further expand the Business Group's offer to include center stacks, retractable touch screens and displays as well as the integration of nomadic devices. The acquisition of Angell-Demmel in 2010 has positioned Interior Systems as a leading player in interior decoration across the range of technologies in wood, aluminum and synthetics. This business will reach over 300 million euros of product sales in 2016.

¹ CAGR : Compounded Annual Growth Rate

During its Investor Day Faurecia also confirmed its outlook for 2013:

- An increase in sales to reach between €17.8 and 18.0 billion;
- Operating income improvement, particularly due to an accelerated recovery in North America, a €50 million reduction in fixed costs in Europe and sustained high profitability in Asia. The operating margin is estimated at 3% of total sales;
- For the year, positive net cash flow before restructuring (estimated at €120 million).

The full set of the Investor Day presentations is available on the Faurecia website (from 8:30am).

The meeting, starting at 10:30am CET will also be broadcast live on the Faurecia website, www.faurecia.com.

About Faurecia

Faurecia is the world's sixth-largest automotive equipment supplier with four key Business Groups: Automotive Seating, Emissions Control Technologies, Interior Systems and Automotive Exteriors. In 2012, the Group posted total sales of €17.4 billion (\$22.5 billion). At December 31, 2012, Faurecia employed 94,000 people in 34 countries at 320 sites, including 30 R&D centers and 5,500 engineers. Visit us at: www.faurecia.com

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