EXHIBIT A

This document is not an offer of securities for sale in the United States. The notes being offered by Faurecia (the "2026 Notes") may not be sold in the United States unless they are registered under the Securities Act or are exempt from registration. The offering of 2026 Notes described in this announcement has not been and will not be registered under the Securities Act, and accordingly any offer or sale of 2026 Notes may be made only in a transaction exempt from the registration requirements of the Securities Act.

It may be unlawful to distribute this document in certain jurisdictions. This document is not for distribution in Canada, Japan or Australia. The information in this document does not constitute an offer of securities for sale in Canada, Japan or Australia.

Promotion of the 2026 Notes in the United Kingdom is restricted by the Financial Services and Markets Act 2000 (the "FSMA"), and accordingly, the 2026 Notes are not being promoted to the general public in the United Kingdom. This announcement is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity within the meaning of section 21 of the FSMA in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This announcement is directed only at relevant persons and must not be acted on or relied on by anyone who is not a relevant person.

***MiFID II professionals/ECPs-only/No PRIIPs KID** – Manufacturer target market (MIFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as the 2026 Notes are not available to retail in EEA.*

Neither the content of Faurecia's website nor any website accessible by hyperlinks on Faurecia's website is incorporated in, or forms part of, this announcement. The distribution of this announcement into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this announcement comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, no money, securities or other consideration will be accepted.

CERTAIN DEFINITIONS

In this Offering Circular (except as otherwise defined in "Terms and Conditions of the Notes", for purposes of that section only, or in our audited consolidated financial statements, which have been incorporated by reference into this Offering Circular):

- References to "**our group**" or the "**Group**" are to Faurecia and its consolidated subsidiaries, whereas references to "**Faurecia**" or the "**Issuer**" are to Faurecia S.E. References to "**us**", "**we**" or "**our**" are to the Group or to Faurecia, as the context requires;
- "**2023 Notes**" refers to €700 million in principal amount of 3.625% Senior Notes due 2023, which we issued on 1 April 2016;
- "**2025 Notes**" refers €700 million in principal amount of 2.625% Senior Notes due 2025, which we issued on 8 March 2018;
- "**Bridge Loan**" means the €500 million loan incurred under the €1,300 million facility agreement among us as borrower and Crédit Agricole Corporate and Investment Bank dated 25 October 2018 which we entered into in order to finance the Clarion Acquisition and to pay related expenses and transaction costs (the "**Bridge Facility Agreement**"). The Bridge Facility Agreement is a 1-year term loan facility with an option to extend the maturity by up to a year with two six-month extension options. In December 2018, we entered into a transaction to issue €700 million in principal amount of Schuldschein (a private placement under German law) in multiple tranches, which we issued in December 2018 and January 2019 (the "**Schuldschein**"). The receipt of the net proceeds of the issue of the Schuldschein enabled us to reduce the committed funds available under the Bridge Facility Agreement to €750 million by January 2019. The net proceeds of the Notes being offered hereby will repay the Bridge Loan in full.
- "**Clarion**" refers to Clarion Co, Ltd.;
- "**Clarion Acquisition**" has the meaning ascribed to it in "*Summary – Our Competitive Strengths – Attractive underlying market fundamentals – Cockpit of the Future*";
- "**CO_2**" refers to carbon dioxide;
- "**g**" refers to the unit of mass, "gram";
- "**g/km**" refers to grams per kilometer;
- "**HMI**" refers to human-machine interfaces;
- "**Initial Purchasers**" refers to Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, Goldman Sachs International, J.P. Morgan Securities plc, MUFG Securities EMEA plc, Bank of China Limited, London Branch and Bankinter, S.A.;
- "**IVI**" refers to in-vehicle-infotainment;
- "**kg**" refers to the unit of mass, "kilogram";
- "**km**" refers to the unit of distance, "kilometer";
- "**OEMs**" refers to Original Equipment Manufacturers;
- "**Refinancing**" refers to the issuance of the Notes offered hereby and the use of proceeds therefrom to repay in full the Bridge Loan;
- "**Senior Credit Agreement**" means the €1,200 million senior credit agreement among us as borrower and various lenders, dated 15 December 2014 and amended and restated on 24 June 2016 and further amended and restated on 15 June 2018. The Senior Credit Agreement is composed of a five-year facility maturing in 2023 for an amount of €1,200 million and was undrawn as at 31 December 2018 and as at the date of this Offering Circular. The facility under the Senior Credit Agreement is referred to herein as the "**Senior Credit Facility**".

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Faurecia is the parent company of the Group. This Offering Circular includes audited consolidated financial statements of Faurecia as at and for the years ended 31 December 2018 and 2017. Our audited consolidated financial statements as at and for the year ended 31 December 2018, incorporated by reference herein, also present comparable financial data for the year ended 31 December 2017. Our audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (''**IFRS**'') as adopted by the European Union. Our audited consolidated financial statements for the year ended 31 December 2018 have been approved by our Board of Directors on 15 February 2019. Our statutory auditors are PricewaterhouseCoopers Audit and Ernst & Young Audit. From the date of our next annual general meeting on 28 May 2019, Mazars LLP will replace PricewaterhouseCoopers Audit as part of our standard auditor rotation policy.

In this Offering Circular, references to ''**euro**'' and ''**€**'' refer to the lawful currency of the member states participating in the third stage of the Economic and Monetary Union under the Treaty Establishing the European Community, as amended from time to time.

We publish our audited consolidated financial statements in euros. Some financial information in this Offering Circular has been rounded and, as a result, figures shown as totals in this Offering Circular may vary slightly from the exact arithmetic aggregation of the figures that precede them.

Constant Basis Presentation and Other Non-IFRS Measures

Figures presented in this Offering Circular are calculated on an actual historical basis and, where noted, on a constant or ''like-for-like'' basis, which means that comparable items are presented using a constant consolidation scope but not using constant exchange rates, unless otherwise indicated. The percent change from one period to another has generally been given on a ''like-for-like'' basis in order to eliminate the impact of changes in consolidation scope (that is, changes in the entities that we consolidate in our audited consolidated financial statements due to acquisitions, divestures or mergers).

For comparison purposes, we restate sales to factor in acquisitions and joint ventures, which we refer to as ''bolt ons''. Exchange rates are restated only for sales which are reported in a currency other than euro and where we compare by applying the previous year U.S. dollar/euro exchange rate to both the previous year and the current year sales. The scope is restated by calculating this year sales as at the last year perimeter. In our consolidated financial statements as at and for the year ended 31 December 2017, we restated sales to factor in exchange rate fluctuations and changes in perimeter, which we referred to as organic growth.

In this Offering Circular, we present our estimated order book (calculated on a three-year rolling basis) as of 31 December 2018, 2017 and 2016. Our order book represents the sales that we expect to record when we receive firm production orders, under contracts for vehicle programs that we have been awarded but which are not yet in production. The value of our order book as of any given date is based on the estimated production volumes of vehicle programs as well as their estimated lifetime. We discount the production volumes indicated by our customers based on factors including our management's knowledge of such customer, our historical relationship with such customer and internal and external industry forecasts. We do not increase the estimated production volumes beyond those estimated provided to us by our customers.

In this Offering Circular, we present certain information relating to potential synergies which we believe may result from the Clarion Acquisition. These synergy estimates are based on a number of assumptions made in reliance on the information available to us and management's judgments based on such information. We have not included any estimate of the costs required to achieve these EBIT and cost reduction synergies and the costs we incur in trying to realize these synergies may be substantially higher than our current estimates and may outweigh any benefit. The assumptions used in estimating these synergies are inherently uncertain and are subject to a variety of significant business, economic and competitive risks and uncertainties. We cannot assure you that the information on which we have based our assumptions will not change or that we will be able to realize any of the synergies or other benefits we believe are possible from the Clarion Acquisition.

In addition, this Offering Circular includes certain supplemental indicators of performance and liquidity that we use to monitor our operating performance and debt servicing ability. These indicators include EBITDA, net cash flow, the value of our order book and, for periods prior to our implementation of IFRS 15, value added sales (as discussed below). These measures are unaudited and we are not required to present them under IFRS. Such indicators have limitations as analytical tools, and investors should not consider them in isolation from, or as a substitute for analysis of, related indicators derived in accordance with IFRS. We use these non-IFRS financial measures in this Offering Circular because we believe that they can assist investors in comparing our performance to that of other companies on a consistent basis. However, our computation of EBITDA, net cash flow, value added sales and other non-IFRS financial measures may not be comparable to similarly titled measures of other companies. For example, depreciation and amortization can vary significantly among companies depending on accounting methods, particularly where acquisitions or non-operating factors including historical cost bases are involved. We believe that EBITDA, and net cash flow, order book and the other non-IFRS financial measures, as we define them, are also useful because they enable investors to understand our performance over time, without the impact of various items that we believe do not durably affect our operating performance. However, investors should not consider these measures as alternatives to measures of financial performance, operating results or cash flows that are determined in accordance with IFRS.

Restatement of Comparative Financial Statements

Application of IFRS 15 – Revenue from Contracts with Customers

We have adopted IFRS 15 (*Revenue from Contracts with Customers*) with effect from 1 January 2018. Our consolidated financial statements as at and for the year ended 31 December 2018 ("**2018 Consolidated Financial Statements**"), including "sales", therefore reflect the adoption of IFRS 15. As our application of IFRS 15 is retrospective, the consolidated financial figures as at and for the year ended 31 December 2017 which are included in our 2018 Consolidated Financial Statements for comparison purposes ("**2017 Comparative Consolidated Financial Information**") have been restated to reflect the application of IFRS 15. Financial information which is presented in this Offering Circular as at and for the year ended 31 December 2017 has been extracted from the 2017 Comparative Consolidated Financial Information, and is presented as 'Restated'.

We have set out at note 1.B to our 2018 Consolidated Financial Statements additional information relating to the adoption of IFRS 15, including tables setting out our consolidated statement of comprehensive income, consolidated balance sheet and consolidated cash flow statement as at and for the year ended 31 December 2017 showing the adjustments made as a result of the application of IFRS 15. We have also set out at note 1.7 to the Business Review section which is contained in our 2018 Annual Results (as defined below) (and incorporated by reference into this Offering Circular) further information showing the reconciliation of sales and operating income as a result of the adoption of IFRS 15 for each of our business groups and regions as at and for the year ended 31 December 2017. See note 1.B to our 2018 Consolidated Financial Statements and note 1.7 of the Business Review section of our 2018 Annual Results for further information.

We have not restated our consolidated financial statements as at and for the year ended 31 December 2016 or for any period prior to that date to reflect the adoption of IFRS 15 and therefore financial information presented in this Offering Circular in respect of such dates or periods may not be directly comparable to financial information extracted from our 2018 Consolidated Financial Statements or our 2017 Comparative Consolidated Financial Information.

Prior to the adoption of IFRS 15, we reported "total sales" and "value added sales" in our audited consolidated financial statements both for the Group and by operating segment. Total sales consisted of sales of automotive parts and components to customers, or product sales, sales of tooling, research and development ("**R&D**"), prototypes and other services and sales of catalytic converter monoliths. Value added sales consisted of our total sales excluding sales of catalytic converter monoliths. Catalytic converter monoliths are a pre-packaged raw material component for catalytic converters, which are chosen by customers and sold on a "pass-through" basis with no mark-up. There was no difference between value added sales and total sales for our Faurecia Interiors and Faurecia Seating business groups. Following the adoption of IFRS 15, we report "sales" and no longer report "total sales" or "value added sales", with operating margins calculated as a percentage of "sales".

We have included in this Offering Circular certain financial information in relation to Clarion including, in particular, Clarion's consolidated revenues, operating income and net income for the years ended 31 March 2018 and 31 March 2017. The financial data relating to Clarion has been extracted or derived from Clarion's published audited consolidated financial statements as at and for the year ended 31 March 2018. Accordingly, our auditors have not audited, reviewed or performed any procedures with respect to this financial data. We confirm that financial data relating to Clarion has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by Clarion, no facts have been omitted which would render the reproduced information inaccurate or misleading.

SUMMARY

The following summary highlights selected information contained elsewhere in this Offering Circular. Accordingly, this summary may not contain all of the information that may be important to you. We urge you to carefully read and review this Offering Circular in full, including the documents incorporated by reference herein, in order to fully understand the Group. You should also read the ''Risk Factors'' section in this Offering Circular to determine whether an investment in the Notes is appropriate for you.

Our Company

We are one of the world's largest automotive equipment suppliers. We develop, manufacture and sell high-quality and highly-engineered products and we operate through three business groups: Faurecia Seating, Faurecia Interiors and Faurecia Clean Mobility. We are adapting our business and aligning our strategy to take advantage of the significant trends impacting the automotive industry. As a result, we are developing into a technology company which provides solutions for sustainable mobility and cockpit systems. We have become one of the top 10 automotive technology suppliers in the world by revenue. Our acquisition of Clarion will provide us with critical mass as a leading player in cockpit electronic systems and software integration. Following our acquisition of Clarion, we intend to establish a fourth business group, Faurecia Clarion Electronics, with its head office in Japan. This new business group will incorporate our subsidiaries, Parrot Automotive SAS (''**Parrot Automotive**''), a leader in automotive connectivity and infotainment, and Jiangxi Coagent Electronics Co Ltd. (''**Jiangxi Coagent Electronics**''), which develops human-machine interfaces (''**HMI**'') and in-vehicle-infotainment (''**IVI**''), including displays, voice recognition and smartphone applications. Faurecia Clarion Electronics will focus on manufacturing and developing products which advance our ''Cockpit of the Future'' strategy, in particular, cockpit integrations systems and our cockpit intelligence platform (''**CIP**''). We estimate that at least one third of vehicles in service in the world were originally equipped with at least one product manufactured by us.

Faurecia Seating. We are a global leader in seating solutions and we estimate we are currently the world's leading supplier of seat frames and mechanisms and number three supplier of complete seats. We design and manufacture seat systems, as well as components: frames, mechanisms, foam, seat covers, electronic systems, mechatronics and pneumatics. During the manufacturing process, we assemble the various components to create complete systems, front seats and rear seats, delivered on a just-in-time basis to our customers' plants. We develop solutions for the Cockpit of the Future with an emphasis on advanced safety, comfort, health and wellbeing, quality and versatility. In 2018, sales reached €7,438.0 million (43% of sales).

Faurecia Interiors. We estimate we are currently one of the two global leaders in the supply of automotive interior systems. We manufacture cockpit modules (instrument panels and central consoles), door panels, as well as smart surfaces and solutions for HMI, personalized cabin climate comfort and air quality. Our solutions incorporate the use of natural and recycled materials. In 2018, sales reached €5,471.7 million (31% of sales).

Faurecia Clean Mobility. We are a global leader in clean mobility solutions. We develop and manufacture innovative solutions for reducing emissions (including zero emissions solutions) and improving energy efficiency, acoustic performance and powertrain electrification. We estimate that we are currently the world's leading supplier of exhaust systems and components (including mufflers, manifolds, particulate filters and catalytic converters). We develop and manufacture complete exhaust systems, including components reducing emissions as well as components for exhaust system acoustics. In 2018, sales reached €4,615.0 million (26% of sales).

We are undertaking a significant transformation in our business and strategy to enable us to seize new opportunities in a rapidly changing automotive industry. Our strategy seeks to accelerate profitable growth by developing higher value and innovative products in response to the significant global trends impacting the automotive sector. These global trends include, in particular, CO_2 and emissions regulation, the increasing electrification, connectedness, autonomy of vehicles and the emergence of ride-sharing. We refer to our strategic priorities in these areas as ''Sustainable Mobility'' and ''Cockpit of the Future''. Even though growth in the Chinese market slowed down in the second half of 2018, we believe that the Asian markets represent a significant source of growth potential and high profitability. Our strategy is therefore to continue to expand our portfolio in China with our current customers and strengthen our relationship with major Chinese automakers to accelerate our business activity. In 2018, we concluded two new joint ventures with FAW Group and Wuling Industry to develop Cockpit of the Future technologies and Sustainable Mobility solutions. Our current target is to achieve 40% of our sales in China with Chinese Original Equipment Manufacturers ("**OEMs**") by 2020.

In order to accelerate the development and integration of new products, technology and services, we have developed a collaborative approach to innovation which we refer to as our innovation ecosystem. Our innovation ecosystem has four principal aspects:

(i) strategic and technology partnerships with key parties in different industrial and technology sectors, in particular, with HELLA GmbH & Co. KGaA ("**HELLA**") on lighting and electronics, ZF Friedrichshafen AG ("**ZF**") for advanced safety, Mahle GmbH ("**Mahle**") for thermal comfort, Stelia Composites for fuel cell tanks and Accenture PLC ("**Accenture**") for data analytics;

(ii) academic partnerships with universities and scientific institutions such as Massachusetts Institute of Technology (MIT), Stanford University and the Collège de France, as well as with technical universities;

(iii) investments in start-ups through Faurecia Ventures; and

(iv) technology platforms to collaborate with local start-ups.

We operate 35 research and development centers worldwide and employ approximately 7,300 engineers.

We have introduced digital technology to improve operational efficiency and transform working practices in our production facilities. In 2017, we deployed digital management tools as part of our Digital Enterprise strategy, including real-time information sharing, collaborative robots and autonomous guided vehicles, to optimize assembly automation, quality control and production efficiency. By the end of 2018, over 550 collaborative robots and 800 automated guided vehicles had been installed at Faurecia production sites. More than a hundred of our factories have digital production dashboards, allowing real-time information sharing on the operation of production lines. Over 300 machines are connected to a data pool allowing monitoring and easing predictive maintenance.

We maintain close relationships with almost all of the world's leading car manufacturers and work closely with customers to develop the design and functionality of our products. Each of Ford, Volkswagen, the Renault-Nissan-Mitsubishi group, the PSA Peugeot Citroën group and Fiat Chrysler accounted for more than €1.0 billion of our sales in 2018. We have a broad geographic footprint, and are one of the few automotive equipment suppliers with the capacity to supply automakers' global programs where the same car model is produced throughout several regions. We have experienced significant growth in Asia with sales increasing from approximately 5.9% of total sales in 2008 to 19% of sales in 2018.

We are involved in all stages of the automotive equipment development and supply process. We design and manufacture automotive equipment adapted to each new car model or platform, and conclude contracts to provide these products throughout the anticipated life of the model or platform (usually between five and ten years). Our customers rely increasingly on global platforms, based upon which they will produce a variety of car models. This allows us to decrease costs through a greater commonality of components, and to benefit from components or modules which can be used in more than one generation of cars. We participate in this evolution by offering generic products associated with our customers' platforms, such as standard seats frames. At the end of 2018, we had over 700 programs in the development phase and, in 2018, we successfully launched over 220 programs, including for vehicles such as the Peugeot 508, Dodge RAM 150, Nissan Altima and Ford Focus. In addition, we tend to benefit from a high renewal rate of our programs (91.7% in 2018).

The quality of our products is widely acknowledged among automakers. We ensure the quality of our products through our Faurecia Excellence System, a rigorous set of project management procedures and methodologies, and by the expertise of our engineers and technicians who design products and develop technological solutions. In 2018, we launched our Total Customer Satisfaction program to collect customer feedback in real-time digitally through an application. As a result, for the six months ended 31 December 2018, our customers rejected less than 15 defective parts per million parts delivered, below the target set by the Group. The Faurecia Excellence System, renamed "FES X.0", was updated in 2018 to make it more pragmatic and accessible to employees as well as to accelerate digitization. FES X.0 is being deployed during 2019 and will be an important contributor to our Total Customer Satisfaction program and our financial performance.

We proactively maintain very close relationships with our customers and seek to be their strategic suppliers. Among others, we reached the following milestones in 2018 and 2017:

- being awarded a record contract for our seating business by the BMW Group, which was the highest single order intake ever for us in terms of sales volume;
- being recognized with two German Innovation Awards for our "Morphing Instrument Panel" and "Immersive Sound Experience", two of our Cockpit of the Future solutions, in 2018;
- being recognized with the Innovation award at the 2018 Groupe Renault Suppliers event, for our innovative concept for future vehicle interiors;
- being recognized with the EcoVadis Sustainable Procurement Leadership Award for the global excellence of our "Buy Beyond" sustainable procurement program in 2018;
- being awarded first prize in the Environment category for our exhaust heat recovery system ("**EHRS**") at the Auto-Moto Innovation Awards in 2017;
- being recognized at the JEC World 2017 Innovation Awards with two awards for our Lightweight Solutions;
- being recognized with over 40 awards for quality and operational performance in 2017, many of which were awarded by Chinese Original Equipment Manufacturers;
- being recognized "Best supplier" and being awarded with the "5 star quality" award by Hyundai Kia in 2017;
- being part of the 44 suppliers selected by Volkswagen as strategic partners, in their FAST ("**Future Automotive Supply Tracks**") corporate initiative;
- being a member of the "Supplier Councils" for Ford, the PSA Peugeot Citroën group and Fiat Chrysler; and
- being awarded with a Supplier Diversity and Inclusion Award by Ford Europe in 2017.

For the year ended 31 December 2018, our sales amounted to €17,524.7 million compared to €16,962.1 million in 2017 and our EBITDA amounted to €2,140.6 million compared to €1,950.9 million in 2017. As at 31 December 2018, we employed around 114,693 people (including temporary workers) in 37 countries, spread over approximately 320 sites.

For the year ended 31 December 2018, our order book for sales (calculated over a three-year rolling basis) was €63 billion, a record level for us, compared to €62 billion at the end of 2017 and €53 billion at the end of 2016. We refer to the opportunities to develop products and services to meet our strategic priorities of Smart Mobility and Cockpit of the Future as "New Value Spaces". In 2018, our order intake for sales in New Value Spaces represented €2.7 billion of which commercial vehicles and high horsepower engines represented €1.2 billion of orders and Cockpit of the Future represented €1.5 billion of orders.

Our Competitive Strengths

Leading market positions in our business groups

Based on our estimates, we have leading market positions in each of our three business groups. In 2018, we estimate that we were, globally, a leader in seating solutions and the leading supplier of frames and mechanisms for seats, the number three supplier of complete seats, one of the two leading suppliers of interior systems and the leading supplier of clean mobility solutions. In 2018, our business groups achieved the following results:

- Faurecia Seating's sales reached €7,438.0 million (43% of sales). We believe that in 2018 we had a 11.4% global market share by value;
- Faurecia Interiors' sales reached €5,471.7 million (31% of sales). We believe that in 2018 we had a 13.0% global market share by value; and
- Faurecia Clean Mobility's sales reached €4,615.0 million (26% of sales). We believe that in 2018 we had a 32.7% global market share by value.

Our market leadership in each business group and our global platforms are significant strategic advantages as customers typically look to well-established suppliers when awarding new business. This has allowed us in recent years to win new business from both existing and new customers. For instance, we entered into a partnership with Cummins, a leading manufacturer of medium and heavy-duty engines for on and off-highway commercial vehicles.

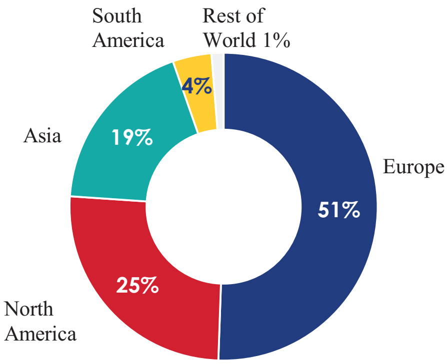
This partnership provides significant new opportunities for our Clean Mobility business group in the commercial vehicle market to take advantage of global regulatory pressure to reduce carbon footprint and toxic emissions. We also benefit from sales visibility and stability, due to the difficulty for automakers to change suppliers in the midst of development and production of a car model, and from a high renewal rate of our programs (91.7% in 2018). We believe that our leading market share in each of our business groups positions us well for future growth, allows us to negotiate favorable terms from our suppliers and to further diversify our business model.

Highly diversified business model

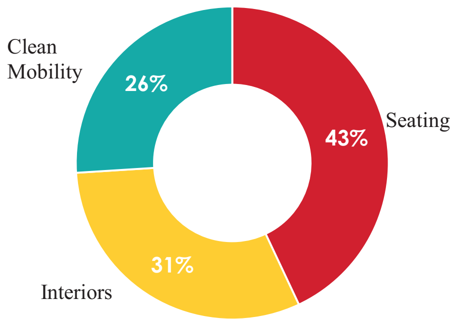
We believe that the high degree of diversification through our business groups, our geographic presence, and our number of customers and range of products limits our exposure to adverse changes in the global or local economic environment and in the various end-markets we serve, while simultaneously mitigating counterparty risk. This high degree of diversification in turn supports the resilience of our sales and our profitability.

The following charts show our sales in 2018 by region, business group and customer.

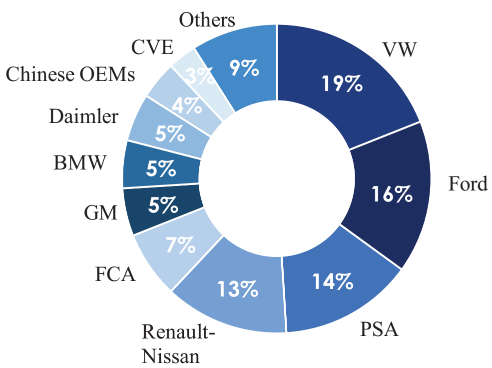
Sales by region (2018)



Sales by business group (2018)



Sales by customer (2018)



In recent years we have further increased our customer diversification. In 2018, our two largest customers accounted for 34.8% of sales compared to approximately 48% of total sales in 2008. We also further increased our geographic diversification by increasing the share of our Asian sales. In 2018, sales in Europe, North America and Asia were 51%, 25% and 19% of sales, respectively compared to approximately 74.4%, 14.8% and 5.9% of total sales, respectively, in 2008. This increased diversification reduces our exposure to a single geographic area, end-market, automaker or car model.

We benefit from a global customer base. Although Japanese and South Korean automakers tend to use their own network of suppliers, we managed to become a supplier to Nissan and Hyundai. We are present on most market segments, from entry-level models to premium and luxury cars, which make us less vulnerable to the parameters which may affect one particular segment.

Attractive underlying market fundamentals

We are undertaking a significant transformation in our business and strategy to enable us to take advantage of the major trends impacting the automotive industry. In particular, CO_2 and other emissions regulation, the increasing electrification, connectedness and autonomy of vehicles and the emergence of ride-sharing. As a result, we are developing into a technology company which provides solutions for sustainable mobility and cockpit systems. We believe that our global footprint and technological leadership enable us to benefit from attractive underlying market fundamentals.

Sustainable Mobility

Social and political pressures on the automotive industry to reduce emissions have never been higher. Regulatory changes which seek to reduce the impact of automobiles on the environment and the increasing demand for electrified vehicles, have had, and will continue to have, a significant impact in our markets. This creates significant business opportunities for us and we have made sustainable mobility a strategic priority.

For example, in 2018 the European Commission confirmed its drastic tightening of average CO_2 targets. The current requirement for passenger vehicles is 95g/km CO_2 by 2020. The next requirement will be a reduction of 15% to around 80g/km CO_2 by 2025. In China, the government has set a target of 90g/km CO_2 for passenger vehicles by 2025 and certain cities and provinces have also introduced emissions regulations which require passenger vehicles to reduce particulate matter ahead of national regulations. India is also implementing stricter CO_2 targets for passenger vehicles of around 110 g/km CO_2 by 2022, a reduction of 15% from current requirements. In February 2019, the European Commission also proposed stricter CO_2 requirements for commercial vehicles with reductions from current levels of 15% by 2025 and 30% by 2030. We also expect stricter emissions regulations for commercial vehicles in China and India.

Our strategic roadmap for Sustainable Mobility focuses on the following three areas:

- developing innovative solutions for hybrid vehicles that improve fuel economy, such as exhaust heat recovery solutions and lightweighting;
- developing ultra-clean solutions for commercial vehicles and high horsepower engines, and;
- developing solutions for zero emissions, in particular fuel cell technology and battery housing sub-systems and modules.

For example, on hybrid vehicles, we developed our exhaust heat recovery system (‘‘**EHRS**’’), which reduces fuel consumption by up to 7% by recovering heat produced by drivetrains and lost through the vehicle exhaust system and using the recovered heat to maintain appropriate engine temperature and heat the cabin, which is particularly important in hybrid vehicles. We also developed our electric heated catalyst (‘‘**EHC**’’) technology to minimize the emission of pollutants from internal combustion engines in order to bring vehicles in line with more stringent new emissions regulations. We expect increasing regulation to reduce emissions, which will drive the demand for our clean mobility solutions and significantly increase the overall value of our exhaust line.

For zero emissions vehicles (that is, pure electric vehicles), we developed lightweight battery housing with integrated battery thermal management. We have also developed lightweight hydrogen tanks and stacks for fuel cell vehicles, which we regard as a credible alternative for zero emissions vehicles such as long range SUV vehicles or commercial vehicle application.

The market for emissions purification systems for high horsepower engines also presents significant business opportunities. High horsepower engines are used in marine propulsion, power generation, rail, agricultural and other industries. Hug Engineering, which we acquired in 2018, is a leader in gas purification systems for high horsepower engines. We believe that it is well positioned to capitalize on opportunities which will arise as a result of the enforcement of new environmental regulations which are expected to cover over 75% of the global market for high horsepower engines by 2030.

Cockpit of the Future

The increasing connectedness and autonomy of vehicles, as well as the significant potential growth in ‘‘shared mobility’’ such as ride-hailing or car-pooling, will radically alter the driving experience and as a consequence vehicle seating and interiors. Customers' expectations for infotainment are increasing and autonomous vehicles will allow the driver to engage in activities not previously possible while driving, such as relaxing, working and socializing. Users of shared mobility will expect more personalized interiors and digital continuity in vehicles. As a result, vehicle seating and interiors will be substantially redesigned and enhanced to deliver the ‘‘Cockpit of the Future’’. Our ‘‘Cockpit of the

Future'' strategy is designed to respond to these trends by focusing on pioneering technological development which will provide users with versatile architecture, advanced safety, health and wellbeing, cockpit integration systems, connectivity, infotainment and HMI systems. As part of this strategy, in 2017 we signed a strategic partnership with Parrot Automotive, an automotive connectivity and infotainment specialist for the joint development of integrated smart surfaces manufactured by us, HMI, infotainment and connectivity solutions, and in October 2018 we announced our acquisition of 100% of Parrot Automotive. On 26 October 2018, we announced our intention to acquire Clarion, a leading Japanese developer, manufacturer and supplier of IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver assistance systems (the ''**Clarion Acquisition**''). We believe that Clarion's core competence in electronics and software integration and our complementary geographic presence and customer portfolio will help to position us as a leading provider of cockpit systems integration and advance our Cockpit of the Future strategy.

Additionally, safety standards impose higher levels of performance and seating plays a key role in driver and passenger safety. As the leading supplier of frames and mechanisms for seats, we continue to play a key role by working in partnership with automakers on the development of new products and believe we are well positioned to benefit from further requirements in terms of safety applicable to seats.

We believe that we will also benefit from favorable macro-economic factors, such as increased gross domestic product in many of the markets we operate in, that should improve consumers' spending. In China, we maintained a high level of profitability in 2018, demonstrating that we are adapting well to changes in the Chinese market (such as the higher presence of domestic automakers) by strengthening our relationship with major Chinese automakers. Although growth in the Chinese automotive market slowed down in the second half of 2018 due to a weaker domestic economy, we believe that China remains the primary driver of growth in the global automotive industry, particularly for electric vehicles.

Pioneer in technological innovations

We are a pioneer in technological innovations in the automotive sector, as highlighted by our consistent track record of award winning innovations. We operate 35 research and development centers worldwide and employ approximately 7,300 engineers. In 2018, we filed 403 new patents, compared to 330 in 2017.

We are accelerating our investment in innovation in order to capitalize on the significant global trends impacting the automotive sector including, in particular, CO_2 and other emissions regulation and the increasing electrification, connectedness and autonomy of vehicles. In 2018, we allocated €1,093 million to gross R&D costs of which management estimates that €180 million was allocated to research and innovation expenses, an increase of €20 million compared to 2017.

Given the pace of technological change and the need for the efficient development of new products, we have adopted a co-innovation policy involving external research institutes, investment in start-ups and strategic partnerships.

Since 2011, we have developed numerous partnerships and chairs with research institutions, such as Massachusetts Institute of Technology (MIT), Stanford University and the Collège de France, and technical universities in France and Germany such as Centrale Supélec and Technische Universität Dortmund. In France, we work with the Jules-Verne and M2P Technological Research Institutes to develop innovative production processes for composite and metallic materials. We have a five-year agreement in place with the French CEA (Commissariat for Atomic Energy and Alternative Energy) for the research and development of fuel cell technology, among other areas. In 2017, we established a new partnership with the Indian Institute of Science in order to develop innovative HMI systems and sensors.

We are seeking to identify, incubate and invest in start-up companies to develop technological innovations and generate long-term value. In 2017, we established a ''technology platform'' in Silicon Valley and intend to establish further platforms in Canada, France, Israel, China and India. Through our technology platforms, we intend to research and identify new innovations, assess their commercial value and determine whether to make an investment. In 2018, through our subsidiary Faurecia Ventures, we invested in American start-ups which have assisted us in developing wireless charging technology (Powersphyr Inc.), climate control technology (Promethient Inc.) and innovative audio solutions (SUBPAC Inc.). We also invested in Enogia in 2017, a French start-up specializing in energy recovery, and ESP Consulting, a laboratory that uses cognitive science to optimize human well-being and performance in different situations, to study the effect of our technologies under different test conditions. On 26 February 2019, we signed a partnership with Japan Display Inc. aimed at enhancing the passengers' cockpit by developing innovative displays adapted to different uses.

In order to accelerate our investment in key areas, we develop partnerships with other industrial or technology groups. In particular, HELLA for lighting and electronics, ZF for advanced safety, Mahle for thermal comfort, Stelia Composites for fuel cell tanks and Accenture for data analytics. In 2017, we signed a strategic partnership with Parrot Automotive, an automotive connectivity and infotainment specialist for the joint development of integrated smart surfaces manufactured by us, HMI, infotainment and connectivity solutions, and in October 2018 we announced our acquisition of 100% of Parrot Automotive. We have acquired a 50.1% stake in Jiangxi Coagent Electronics in order to develop HMI and IVI such as displays, voice recognition, radio and navigation and smartphone applications. On 26 October 2018, we announced our intention to acquire Clarion, a leading Japanese developer, manufacturer and supplier of IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver assistance systems.

We have also established multidisciplinary teams from our Seating and Interiors business groups to focus on our development of products and technology for the "Cockpit of the Future". We have established "Cockpit of the Future Labs" in Paris, San Francisco, Yokohama and Shanghai. We aim to develop, for and with manufacturers, applications and solutions that integrate and develop our products. We also collaborate with local start-ups via technology platforms. They help us to discover new start-ups, establishing strong connections in major innovation clusters and to closely follow emerging trends and new technologies. Our platforms are located in the Silicon Valley, Toronto, Shenzhen and Tel Aviv. In order to keep abreast of the latest technology and market trends, we have created two advisory councils, one in Silicon Valley and one in China. Our council members are experts in different fields such as start-up incubators, venture capital, artificial intelligence, new mobility solutions and economics. Their role is to bring a new perspective and challenge our ideas as well as to identify relevant technology and strategic topics for discussion. We have also joined with, amongst others, Amazon, Google, Microsoft, NAVER LABS and Valeo to form the "Prairie Institute" (Paris Artificial Intelligence Research Institute) in Paris, an international center for research and training relating to artificial intelligence.

We have more than ten years of experience in energy recovery systems, having introduced the first generation of EHRS in 2006 and, more recently, introducing our compact EHRS to the market which reduces fuel consumption by up to 7%. We have been selected to install our compact EHRS in Hyundai IONIQ Hybrids and plug-in Hybrids.

Strong focus on operational performance, profitability and financial discipline

Our operational performance, profitability, and financial discipline and close relationship with customers form an important foundation for our transformation and sustainable value creation. Over the past several years we have achieved significant improvements in our profitability. Our operating income increased from 3.5% of value added sales in 2013 to 7.3% of sales in 2018. In particular, our operating income in North America increased from around 2.8% of value added sales in 2013 to 6.5% of sales in 2018, and our Faurecia Interiors business group improved its operating income from 1.8% of its value added sales in 2013 to 6.0% of its sales in 2018.

We are also implementing a Digital Enterprise strategy in order to improve operational performance. For example, we have introduced into our development, manufacturing and logistics activities various digital technologies. These include the use of collaborative robots for manufacturing tasks, deployment of automated guided vehicles to transport parts within plants, tracking parts coming in and out of factories using Radio Frequency Identification ("**RFID**"), use of data from connected machines for predictive maintenance to avoid breakdowns, and implementation of fully digital production monitoring systems to facilitate the control of production lines. By the end of 2018, over 550 collaborative robots and 800 automated guided vehicles had been installed at our production sites. More than a hundred of our factories have digital production dashboards, allowing real-time information sharing on the operation of production lines. Over 300 machines are connected to a data pool allowing monitoring and easing predictive maintenance.

We generally seek to pass through increased raw material costs to our customers through a variety of means. Certain raw material cost fluctuations, such as for monoliths, are directly passed through, whilst others are passed through (typically with a time lag) through indexation clauses in our contracts. In addition, we seek to pass through certain other raw material costs to customers through periodic price reviews that are part of our contract management. Our ability to pass through such costs has had a positive impact on our margins and profitability. In an environment of increasing raw material prices, we believe we have been generally successful in passing on the higher costs of our raw materials to our customers.

Our selective cost structure and our focus on more profitable businesses has enabled us to improve our operating margin, in particular for our Faurecia Clean Mobility business group. Our Faurecia Seating operating margin (as a percentage of sales) increased from 5.7% in 2017 to 6.0% in 2018. Our Faurecia Interiors operating margin (as a percentage of sales) increased from 5.6% in 2017 to 6.0% in 2018. Our Faurecia Clean Mobility operating margin (as a percentage of sales) increased from 10.2% in 2017 to 10.8% in 2018. To lower costs, we continue to further standardize our equipment and production processes.

We seek to achieve steady and predictable levels of capital expenditure and working capital. We are still planning to grow while limiting our capital expenditure and capitalized R&D requirements by seeking better capital expenditure allocation. Our three-year order intake for the period 2016 to 2018 was €63 billion, compared to €53 billion for the period 2014 to 2016. Subject to the global growth of vehicle production, we believe that our order book strongly supports our future sales and growth objectives.

We successfully completed a refinancing plan in 2018 which involved amending and extending our €1,200 million Senior Credit Agreement, issuing the 2025 Notes and redeeming in full €700 million in principal amount of our notes due 2022 following a tender offer. In addition, in 2018 we entered into the €1,300 million Bridge Facility Agreement in order to finance the Clarion Acquisition. In December 2018, we entered into a transaction to issue €700 million in principal amount of Schuldschein (a private placement under German law) in multiple tranches, which we issued in December 2018 and January 2019. The receipt of the net proceeds from the issue of the Schuldschein enabled us to reduce the committed funds available under the Bridge Facility Agreement to €750 million by January 2019. As a result, we have increased our financial flexibility and improved our financial condition. We currently have no significant long-term debt repayment prior to December 2022. The issuance of the Notes in this offering is intended to refinance in full the outstanding principal amount under the Bridge Loan.

Over the past several years we have also developed a close relationship with our key customers through regular contact and meetings from all levels of our organization from our management to our site teams, including close monitoring of customer feedback through our Total Customer Satisfaction. This relationship has also been developed by maintaining the high quality of our products through our Faurecia Excellence System, in future FES X.0, and through technology reviews and co-development projects. The success of our relationships is reflected in our order intake, a record €63 billion at the end of 2018 calculated on a three-year rolling basis, and the awards we have received in recent years. For more information on the awards we have received, see "– *Our Company*".

We believe that we will benefit from our strong focus on operational performance, profitability, capital expenditure and working capital management and our close relationship with our customers.

Experienced management team

Our management team and Board of Directors have significant experience in the industry. Patrick Koller, our Chief Executive Officer, has been with the Group since 2006. Prior to becoming our Chief Executive Officer, he was Executive Vice President at our Faurecia Seating business group from 2006 to 2015. Michel Favre, our Chief Financial Officer, has been with the Group since 2013. Prior to becoming our Chief Financial Officer, he was Executive Vice President (Financial Controlling and Legal) at Rexel SA from 2009 to 2013, Chief Financial Officer at Casino Guichard-Perrachon SA from 2006 to 2009 and Chief Financial Officer of Altadis SA from 2001 to 2006. He also held a number of senior financial and operational roles with Valeo SA over a 13-year period including Vice President of the Lighting Branch from 1999 to 2001. The majority of the members of our Executive Committee have spent most of their careers in the automotive industry. We believe that the experience, industry knowledge and leadership of our management team will help us implement our strategy described below and achieve further profitable growth.

Strategy

Focus on Sustainable Mobility and Cockpit of the Future

Our strategy is designed to respond to the significant global trends impacting the automotive sector including, in particular, CO_2 and other emissions regulation, the increasing electrification, connectedness and autonomy of vehicles and the emergence of ride-sharing.

We are seeking to accelerate our growth by focusing on two strategic priorities which we refer to as "Sustainable Mobility" and "Cockpit of the Future". "Sustainable Mobility" involves our development of products and processes which improve weight reduction, size reduction, air quality, energy recovery and the development of bio-sourced and renewable materials. "Cockpit of the Future" involves the development of products and technology which are aligned with the increasing connectedness and autonomy of vehicles. We believe this trend will radically alter the driving experience. As a result, vehicle seating and interiors will be substantially redesigned and enhanced to deliver the "Cockpit of the Future". We are pioneering technological development in the "Cockpit of the Future", which will provide users with versatile architecture, advanced safety, health and wellbeing, cockpit integration systems, connectivity, infotainment and intuitive HMI systems. We are focusing our product development on higher value, innovative products with a high technology content.

Regulatory changes, which seek to reduce the impact of automobiles on the environment, will also have a significant impact in our markets and we anticipate that this will present a significant business opportunity. We believe that the Asian markets represent a significant source of growth potential and high profitability. For example, we believe that the likely introduction of more stringent CO_2 and other emission regulations in Asia, in particular in China and India, will lead to significant upgrades in vehicle content and provide substantial opportunities for growth in our Asian markets. Our strategy is to continue to expand our portfolio in China with our current customers and strengthen our relationship with major Chinese automakers to accelerate our business activity.

Our strategic roadmap for Sustainable Mobility focuses on the following three areas:

- developing innovative solutions for hybrid vehicles;
- developing ultra-clean solutions for commercial vehicles and high horsepower engines; and
- developing solutions for zero emissions.

Sustainable Mobility – Innovative Solutions for Passenger Vehicles: Our "Sustainable Mobility" strategy for passenger vehicles is focused on two main areas. Firstly, we continue to develop innovations for passenger vehicles that improve fuel economy such as low-pressure exhaust gas recirculation for gasoline engines, a technology that re-injects a precise amount of cooled engine-exhaust gas back into the engine to improve combustion cycle efficiency, which improves fuel economy by up to 6%. Our EHRS improves vehicle efficiency by recovering up to 75% of exhaust heat for re-use in either warming up the vehicle cabin or heating the engine, improving fuel economy by up to 6% in cold conditions in all types of hybrid vehicles. Our EHC is an innovative system that activates catalysts in low-temperature phases during the use of a vehicle by using electric energy, which improves vehicle depollution performance. Secondly, we are expanding our capabilities in lightweight materials. In 2017, we joined the German carbon fiber composites network based in Augsburg, Germany to develop manufacturing processes for mass production of carbon composite parts in vehicles. We expect carbon composite vehicle parts to weigh 50% less than equivalent parts made from steel. Ten kilograms of weight savings could reduce CO_2 emissions by 1g/km. We also recently developed a resonance free pipe which reduces weight and packaging complexity by eliminating resonators. This award-winning innovation was launched in 2018 in the United States, in collaboration with General Motors.

Sustainable Mobility – Ultra-clean Solutions for Commercial Vehicles, High Horsepower Engines: Our strategy for commercial vehicles and high horsepower engines is focused on developing innovative "Sustainable Mobility" and ultra-clean diesel technologies for these markets.

Sustainable Mobility – Solutions for Zero Emissions: Our strategy for zero emissions is focused on battery electric vehicles ("**BEV**") and fuel cell technology. We are seeking to become a leading player in battery housing for BEVs, including thermal management. Based on our experience of composites, we have already begun supplying battery pack covers which will be combined with functional thermal management and crash resistance.

Whilst they have not reached large scale production yet, fuel cell electric vehicles offer some advantages over BEVs, in particular for heavy and long range vehicles in terms of autonomy and charging time. Fuel cell electric vehicles and battery electric vehicles will probably coexist for different applications.

Cockpit of the Future: We believe that our existing product portfolio and competencies give us an extremely strong position to become the leading interior supplier to the automotive industry. We are focusing in particular on developing our capabilities in the following areas:

- *Cockpit Technologies*: As vehicles become increasingly autonomous, the way occupants spend their time in the vehicle becomes increasingly important. Our cockpit technologies include versatile architecture and intelligent HMI systems which adapt to passengers' needs to ensure a personalized experience in all driving modes. Our "Smart Control Unit" allows smartphones to be integrated in the most convenient place in the car for the passenger and then be used to control the displays, seat position, thermal or audio settings, and lighting. Our cockpit technologies also include adaptive displays which adjust depending upon the driving mode, transforming from a central instrument and information cluster in driving mode to a large infotainment screen in autonomous mode.
- *Advanced Safety, Health and Wellness*: We expect that by 2030, 15% of all vehicles will have reached "level 4 automated driving", which means passengers will have more freedom to do other tasks during their journey and safety features will be imperative. Accordingly, we are adapting and developing safety systems so that passengers can continue to travel safely in any seated position, whether they are driving, working or relaxing. In 2017, we signed a partnership agreement with ZF to develop the Advanced Versatile Structure ("**AVS**") seat frame which allows the driver to recline, lift, adjust and swivel their seat and return it quickly back to the upright driving position. The seat belt and belt retractor are both integrated into the seat allowing the seat belt to function in different seat positions. Our R&D teams have developed technology solutions that provide drivers and passengers with a personalized comfort experience, in terms of thermal management, undisturbed personal sound environment, with individual preferences stored in the cloud and using artificial intelligence to anticipate user needs.
- *Cockpit Integration Systems*: We are developing our "cockpit intelligence platform" ("**CIP**") that will connect and manage all interior cabin electronics, integrating the key functions of the cockpit including infotainment and audio, safety and comfort and thermal management. Our CIP aims to simplify hardware and software integration for car manufacturers by utilising a "single brain" electronic control unit that replaces current multiple domain controllers. It uses artificial intelligence to learn a driver's preferences in the vehicle and predict when the driver will need certain in-vehicle-adjustments to be made. Our CIP is being developed with open source technologies so that software developers can develop new applications for it. In-vehicle infotainment is moving towards open platforms which allow for easy integration with the driver's own digital devices, also known as "digital continuity". Our strategic partnership with Jiangxi Coagent Electronics, our acquisition of Parrot Automotive and the Clarion Acquisition will allow us to develop flexible connectivity and infotainment solutions quickly.

Sustainable Development

We recognise our responsibility as a company to make a positive contribution to society and to all stakeholders. We seek to ensure that our commitment to sustainable development is an integral part of our corporate culture. We intend to remain focused on our strong quality, environmental and health and safety standards while continuing to be proactive and innovative in protecting the environment. For example, we recognise the need to reduce the carbon footprint of our activities and we will continue to offer solutions for sustainable mobility. We work to improve air quality by developing products which reduce pollutant emissions. We also recognise that we are a member of the communities in which we operate. We contribute to economic development by hiring locally, providing career training and advancement for our employees and by our commitment to ethics and social responsibility.

Accelerate our Asian development

The Asian market represents a significant source of growth potential and high profitability. Although growth in the Chinese automotive market slowed down in the second half of 2018, we believe that China remains the primary driver of growth in the global automotive industry, particularly for electric vehicles. We believe that the likely introduction of more stringent CO_2 and other emission regulations in Asia, in particular in China and India, will lead to significant increases in vehicle content and provide substantial opportunities for growth in our Asian markets. Our strategy is to continue expanding our portfolio with our current customers, and strengthen the relationship with major Chinese automakers to accelerate our business activity. Sales to Chinese OEMs as a percentage of our China sales has grown from 16% in full year 2017 to 25% in the first half of 2018 and 32% in the third quarter of 2018.

We have developed joint ventures in China across our business groups, including a joint venture with Dongfeng Hongtai Holdings Co Ltd ("**Dongfeng Hongtai**") (involving our Faurecia Clean Mobility group) and Liuzhou Wuling Industry Co Ltd ("**Wuling Industry**") and BYD Co Ltd ("**BYD**"). We have also acquired a 50.1% stake in Jiangxi Coagent Electronics in order to develop HMI and IVI such as displays, voice recognition, radio and navigation and smartphone applications.

In July 2018, we signed a strategic partnership framework agreement with FAW Group, a leading Chinese automobile manufacturer, to develop technology and solutions for the cockpit of the future and sustainable mobility. We also recently announced a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd, a leading Chinese automotive manufacturing company. The new joint venture will be controlled equally by each party and will focus on developing automotive emissions control systems.

In China, certain cities and provinces have already introduced regulations which require fuel consumption and CO_2 emissions to be reduced for passenger and commercial vehicles. We intend to capture the growth of the commercial vehicle market for clean mobility solutions through the strong partnership our Faurecia Clean Mobility business group has with Cummins, a world leader in medium to heavy-duty on and off-road diesel engines. We supply major Chinese engine manufacturers, Weichai and Yuchai. India is also considering implementing emissions standards by 2021 which will be equivalent to Euro-6 emissions standards.

We also intend to increase our business activity with other Asian automakers, in particular through the continuous development of our relationship with Nissan and Hyundai.

The Clarion Acquisition

On 26 October 2018, we announced our intention to acquire Clarion, a leading Japanese developer, manufacturer and supplier of IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver assistance systems. In addition, Faurecia and Hitachi Automotive Systems Ltd ("**Hitachi Automotive Systems**") agreed to enter into a business alliance within which Clarion and Hitachi Automotive Systems Ltd will be able to combine their products in order to offer innovative autonomous driving solutions to OEMs.

Clarion is a public company domiciled in Japan whose shares are currently listed on the Tokyo Stock Exchange. For the full year ended 31 March 2018, Clarion had sales of approximately €1.4 billion. Sales in North and South America, Japan, Asia-Pacific and Europe were 44%, 32% 17% and 7% of sales, respectively. Clarion's OEM customers include Ford, PSA, GM, FCA, Suzuki, Mazda, Subaru, Daihatsu, Tata and certain Chinese OEMs. Clarion has over 7,500 employees globally, including more than 2,000 engineers (of which 1,150 are software engineers). It operates from seven manufacturing sites, one in each of Japan, Malaysia, Thailand, Hungary and Mexico and two in China. Clarion also has nine R&D centers in eight countries and 26 local and regional sales offices across 16 countries. For the year ended 31 March 2018, Clarion generated revenues of JPY183,056 million (as compared to JPY194,841 million for the year ended 31 March 2017), operating income of JPY4,792 million (as compared to JPY11,367 million for the year ended 31 March 2017) and net income of JPY2,095 million (as compared to JPY7,736 million for the year ended 31 March 2017). A significant proportion of Clarion's revenues for the year ended 31 March 2018 were generated in Asia (including Japan) and the Americas.

This financial data relating to Clarion has been extracted or derived from Clarion's published audited consolidated financial statements as at and for the year ended 31 March 2018 which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Accordingly, our auditors have not audited, reviewed or performed any procedures with respect to this financial data. On 29 January 2019, Clarion issued revised guidance for its full-year earnings for the year ended 31 March 2019 which indicated that Clarion expects its net sales to decrease as a result of a stagnating level of new car sales globally and, in particular, in the Chinese market, stagnation of bus sales in Japan and the delayed launch of new service operations.

We believe that Clarion's core competences in electronics and software integration and our complementary geographic presence and customer portfolios will help to position Faurecia as a leading provider of cockpit systems integration and advance our "Cockpit of the Future" strategy.

Under the terms of an agreement between us, Hitachi, Ltd ("**Hitachi**") (Clarion's parent company) and Hennape Six SAS ("**Hennape**"), our wholly owned subsidiary, Hitachi agreed to tender all of the common shares it held in Clarion (representing an ownership percentage of 63.81% of Clarion) pursuant to a tender offer to be launched by Hennape once certain conditions, including regulatory and competition authority approvals had been obtained. The agreed tender offer price of JPY2,500 per common share, represented a premium of 10.47% on the closing price of Clarion's common shares on the First Section of the Tokyo Stock Exchange on 25 October 2018 for all outstanding shares and a total purchase price of JPY140.9 billion (approximately €1.1 billion).

Following the launch of the tender offer by Hennape on 30 January 2019 and the expiry of the tender offer period on 28 February 2019, a total of 95.28% of Clarion's common shares were tendered for settlement on 7 March 2019. Following the successful completion of the tender offer, we will require all remaining shareholders to sell their shares in Clarion to Hennape at the original tender offer price pursuant to a squeeze-out procedure in compliance with the Japanese Companies Act. We currently anticipate that Clarion's shares will be delisted from the Tokyo Stock Exchange on 25 March 2019.

Following the Clarion Acquisition, we intend to establish a fourth business group, Faurecia Clarion Electronics, which will integrate our existing electronic cockpit systems businesses, Parrot Automotive and Jiangxi Coagent Electronics with Clarion. This new business group will employ almost 9,200 people with more than 1,650 software engineers. Our management has previously estimated that Faurecia Clarion Electronics will achieve sales of approximately €2 billion by 2022 and potential synergies arising as a result of the Clarion Acquisition of around €90 million of earnings before interest and tax by 2022. Our management has estimated that these synergies will comprise EBIT synergies of approximately €40 million, primarily driven by our ability to capitalize on Clarion's network with Japanese OEMs and our existing relationship with U.S. and European OEMs. In addition, our management has estimated cost synergies of approximately €50 million of earnings before interest and tax which will be achieved as a result of savings resulting from our combined purchasing power, footprint optimization and the delisting of Clarion common shares. In addition, our management has estimated that our ratio of net debt to EBITDA, excluding the impact of the adoption of IFRS 16, for each year from 2019 to 2021 (inclusive) will remain below 1.0x after the Clarion Acquisition. In section 1.8 of our 2018 Annual Results we identified certain financial targets for the full-year 2019, based on our assumption that worldwide automotive production will decline by 1% in 2019, including: (i) sales growth at constant currencies outperforming worldwide automotive production by 1.5% to 3.5% (excluding the consolidation of Clarion as from 1 April 2019); (ii) operating income increasing in value and operating margin of at least 7% (including the consolidation of Clarion as from 1 April 2019); and (iii) net cash flow of at least €500 million (including the consolidation of Clarion from 1 April 2019). *These forward-looking statements are based on management's current beliefs, expectations, assumptions and business plan and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from the trends and objectives described. No assurance can be given that the aforementioned trends and objectives will occur or be achieved. These forward-looking statements involve assessments about matters that are inherently uncertain and actual results may differ for a variety of reasons including those described in "Forward-Looking Statements" and "Risk Factors". No assurance can be given that actual results will track those described in the aforementioned forward-looking statements.*

We expect the integration will give critical mass to our cockpit systems business and create significant commercial and cost synergies. For example, Clarion will provide a cloud platform and cyber security systems for our infotainment and connectivity products and technology systems which were not previously developed by Parrot Automotive and Jiangxi Coagent Electronics. Clarion will also enhance our safety and information offering by providing driver and passenger monitoring and car and environment monitoring. We expect Clarion's expertise in IVI, digital sound design, sensing and image processing, connectivity and cloud management and application integration, combined with Parrot Automotive and Jiangxi Coagent Electronics' existing competencies, will allow us to develop new products and technology which will form part of our "Cockpit of the Future" offering. The Clarion Acquisition will immediately provide us with Advanced Driver Assistance Systems ("**ADAS**") and automated parking capabilities as well as cloud-based services for our "Cockpit of the Future". We will also be able to offer full autonomous driving solutions through our business alliance with Hitachi Automotive Systems Ltd and the combination of ADAS and artificial intelligence systems in the cockpit.

On 25 October 2018 we entered into a €1,300 million facility agreement among us as borrower and Crédit Agricole Corporate and Investment Bank in order to finance the Clarion Acquisition and to pay related expenses and transaction costs (the "**Bridge Facility Agreement**"), which remained undrawn as at 31 December 2018. The Bridge Facility Agreement is a 1-year term loan facility with an option to extend the maturity by up to a year with two six-month extension options.

In December 2018, we entered into a transaction to issue €700 million in principal amount of Schuldschein (a private placement under German law) in multiple tranches, which we issued in December 2018 and January 2019 and which matures in December 2022, December 2023 and December 2024. The receipt of the net proceeds from the issue of the Schuldschein enabled us to reduce the committed funds available under the Bridge Facility Agreement to €750 million by January 2019. We applied (a) €700 million of the net proceeds from the issue of the Schuldschein and (b) €500 million of funds borrowed under the Bridge Facility Agreement to finance the acquisition of Clarion's shares following the successful completion of the tender offer. For further information, see "Business Description – Description of Other Indebtedness".

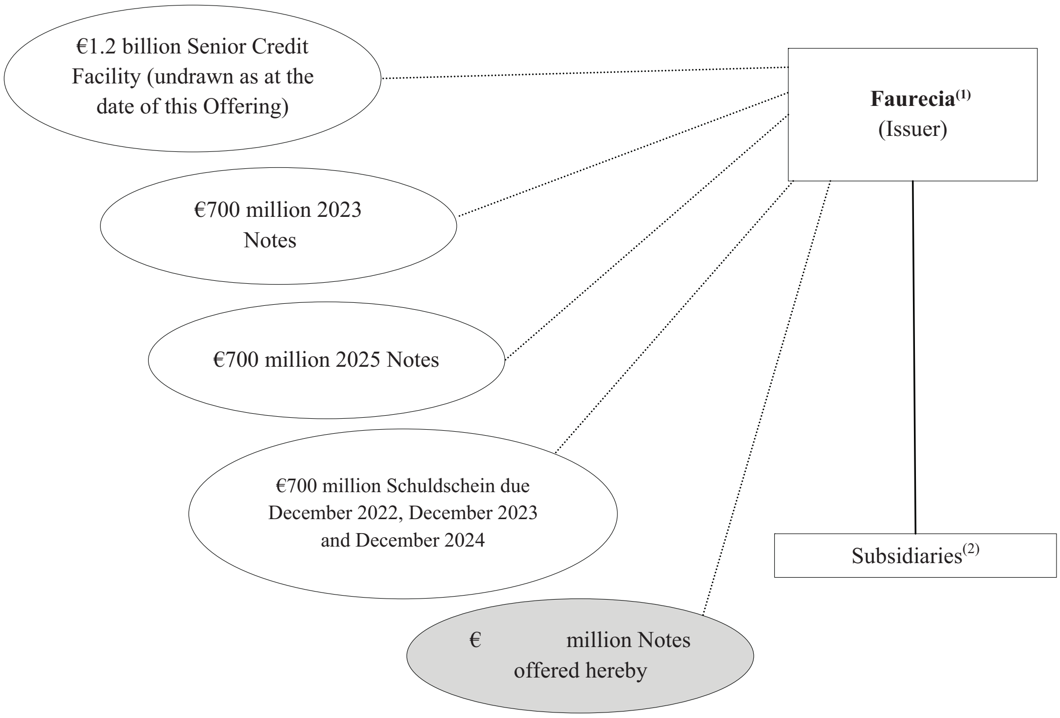
Refinancing

The issuance of the Notes in this offering is intended to repay the Bridge Loan in full and further strengthen our balance sheet.

See "Description of Other Indebtedness" for further details regarding our outstanding indebtedness and the principal terms and conditions of our other debt instruments.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following is a simplified summary of our corporate and financing structure after giving effect to the Refinancing but excludes the impact of Clarion's net debt following the completion of the Clarion Acquisition. This structure chart excludes certain financing arrangements and indebtedness borrowed by our Group, some of which is at the subsidiary level, including bank loans, overdrafts, factoring arrangements and finance lease obligations. For more information on our capitalization, see "Capitalization" and "Description of Other Indebtedness".



(1) All of our debt is *pari passu* and ranks equally in terms of right of payment.

(2) As at 31 December 2018, our subsidiaries had €286.3 million of gross financial debt to third parties and a net cash position of €918.5 million. Such indebtedness will be structurally senior to the Senior Credit Facility, the Schuldschein, the 2023 Notes, the 2025 Notes and the Notes.

SUMMARY FINANCIAL AND OPERATING DATA

The following tables set forth our summary financial and operating data for the years ended and as at the dates indicated below. Our summary financial information as at and for the years ended 31 December 2016, 2017 and 2018 has been derived from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2017 and 2018, an English translation of which is incorporated by reference in this Offering Circular. The tables below also set out summary financial and operating data at and for the year ended 2017 which has been restated to reflect the implementation of IFRS 15 (*Revenue from Contracts with Customers*). The consolidated financial statements of the Issuer incorporated by reference in this Offering Circular have been prepared in accordance with IFRS as adopted by EU.

The following information should be read in conjunction with the section headed "Business Review" contained in the 2018 Annual Results incorporated by reference herein, "Presentation of Financial and Other Information" and our consolidated financial statements and the related notes thereto, an English translation of which is incorporated by reference in this Offering Circular. Our historical results do not necessarily indicate results that may be expected for any future period.

Summary consolidated income statement data

	For the year ended 31 December			
	2016	**2017 (published)**	**2017 (restated)***	**2018***
(in € millions)				
Total sales	**18,710.5**	**20,181.7**	—	—
Value added sales	**15,613.6**	**16,962.2**	—	—
SALES	—	—	**16,962.2**	**17,524.7**
Cost of sales	(16,784.6)	(18,066.0)	(14,842.4)	(15,248.8)
Research and development costs	(289.5)	(265.0)	(281.7)	(298.8)
Selling and administrative expenses	(666.2)	(680.4)	(680.4)	(703.2)
OPERATING INCOME	**970.2**	**1,170.3**	**1,157.6**	**1,273.9**
Amortization of intangible assets acquired in business combinations	—	(1.2)	(1.2)	(10.9)
Other non-operating income and expenses	(105.8)	(96.1)	(96.1)	(147.3)
Income from loans, cash investments and marketable securities	11.4	12.6	12.6	9.6
Finance costs	(150.5)	(120.9)	(120.9)	(117.7)
Other financial income and expenses	(23.3)	(23.0)	(23.0)	(55.7)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES	**702.0**	**941.7**	**929.0**	**951.9**
Taxes	(189.2)	(261.8)	(260.7)	(190.0)
of which deferred taxes	32.6	(23.7)	(22.6)	112.7
NET INCOME OF FULLY CONSOLIDATED COMPANIES	**512.8**	**679.9**	**668.3**	**761.9**
Share of net income of associates	19.7	34.6	34.6	31.4
NET INCOME FROM CONTINUED OPERATIONS	**532.5**	**714.5**	**702.9**	**793.3**
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**188.3**	**(7.4)**	**(7.4)**	**—**
CONSOLIDATED NET INCOME	**720.8**	**707.1**	**695.5**	**793.3**
Attributable to owners of the parent	637.8	610.2	599.4	700.8
Attributable to minority interests	83.0	96.9	96.1	92.5

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

Summary consolidated cash flow statement data

	For the year ended 31 December			
	2016	2017 (published)	2017 (restated)*	2018*
(in € millions)				
Net cash provided (used) by:				
Operating activities	1,296.7	1,612.6	1,791.6	1,642.6
of which discontinued activities	(121.5)	—	—	—
Investing activities	(483.9)	(1,448.2)	(1,627.2)	(1,356.1)
of which discontinued activities	(53.5)	—	—	—
Financing activities	(180.9)	(115.5)	(115.5)	276.2
of which discontinued activities	(8.6)	—	—	—

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

Summary consolidated balance sheet data

	As at 31 December			
	2016	2017 (published)	2017 (restated)*	2018*
Assets				
(in € millions)				
TOTAL NON-CURRENT ASSETS	**5,367.3**	**5,910.6**	**6,218.0**	**6,933.9**
of which intangible assets	1,107.7	1,281.3	1,634.7	1,959.4
of which property, plant and equipment	2,468.2	2,649.7	2,589.4	2,784.6
TOTAL CURRENT ASSETS	**5,177.1**	**5,581.9**	**5,643.4**	**6,460.8**
of which inventories, net	1,264.0	1,419.2	1,387.5	1,431.7
of which trade accounts receivables	1,652.1	1,766.1	1,859.3	1,947.5
of which cash and cash equivalents	1,562.2	1,563.0	1,563.0	2,105.3
of which assets held for sale	—	—	—	—
TOTAL ASSETS	**10,544.4**	**11,492.5**	**11,861.4**	**13,394.7**

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

	As at 31 December			
	2016	2017 (published)	2017 (restated)*	2018*
Liabilities				
(in € millions)				
Equity attributable to owners of the parent	2,942.0	3,233.6	3,178.6	3,709.7
Total shareholders' equity	3,157.1	3,508.3	3,453.9	4,071.3
Total non-current liabilities	2,009.6	2,015.7	2,015.7	2,292.3
Total current liabilities	5,377.7	5,968.5	6,391.8	7,031.1
Liabilities linked to assets held for sale	—	—	—	—
TOTAL EQUITY AND LIABILITIES	**10,544.4**	**11,492.5**	**11,861.4**	**13,394.7**

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

Other consolidated financial data

	As at and for the year ended 31 December			
	2016	2017 (published)	2017 (restated)*	2018*
(in € millions, except ratios)				
EBITDA[(1)]	1,639.3	1,889.3	1,950.9	2,140.6
Gross finance costs	(150.5)	(120.9)	(120.9)	(117.7)
Gross cash interest expense[(2)]	(150.5)	(120.9)	(120.9)	(117.7)
Total capital expenditure[(3)]	(638.0)	(738.6)	(738.6)	(673.2)
Capitalized development costs	(406.9)	(468.9)	(648.0)	(529.7)
Net debt[(4)]	341.5	451.5	451.5	477.7
Ratio of net debt to EBITDA[(5)]	0.2x	0.2x	0.2x	0.2x
Ratio of EBITDA to gross cash interest expense[(6)]	10.9x	15.6x	16.1x	18.2x
Adjusted for the Refinancing				
Pro forma net debt[(7)]				1,585.9
Pro forma gross cash interest expense[(8)]				(135.2)
Ratio of EBITDA to *pro forma* gross cash interest expense[(9)]				15.8x
Ratio of *pro forma* net debt to EBITDA[(10)]				0.7x

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

(1) EBITDA is a non-IFRS measure, which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures. It should not be considered as an alternative to operating income, net income, cash flow from operating activities or as a measure of liquidity. Companies with similar or different activities may calculate EBITDA differently than us. See "Presentation of Financial and Other Information".

EBITDA reconciliation	For the year ended 31 December			
	2016	2017 (published)	2017 (restated)*	2018*
(in € millions)				
Operating income / (loss)	**970.2**	**1,170.3**	**1,157.6**	**1,273.9**
Depreciation and amortizations of assets	669.1	719.0	793.3	866.7
EBITDA	**1,639.3**	**1,889.3**	**1,950.9**	**2,140.6**

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

(2) Cash interest expense equals gross finance cost.

(3) Total capital expenditures include Property, Plant & Equipment and Intangibles.

(4) Net debt represents total non-current and current financial liabilities, less derivatives classified under non-current and current assets, less cash and cash equivalents, as reported.

(5) Net debt to EBITDA represents net debt divided by EBITDA.

(6) EBITDA to cash interest expense represents EBITDA divided by cash interest expense.

(7) Pro forma net debt (adjusted for the Refinancing) for the year ended 31 December 2018 is based on our net debt for the year ended 31 December 2018, as defined above, as adjusted to give effect to the offering of the Notes offered hereby and the repayment of the Bridge Loan in full as if such transactions had occurred on 31 December 2018.

(8) Pro forma gross cash interest expense for the year ended 31 December 2018 is based on our gross cash interest expense for the year ended 31 December 2018, as defined above, as adjusted to give effect to the offering of the Notes offered hereby and the repayment of the Bridge Loan in full as if such transactions had occurred on 1 January 2018; it does not reflect the margin in the Senior Credit Facility, which remains undrawn as at the date of this Offering Circular. Pro forma gross cash interest expense (adjusted for the Refinancing) has been presented for illustrative purposes only and does not purport to represent what our gross interest expense would have actually been had the issuance of the Notes offered hereby occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

(9) Ratio of EBITDA to *pro forma* cash interest expense for the year ended 31 December 2018 is based on our ratio of EBITDA to *pro forma* cash interest expense, as defined above.

(10) Ratio of *pro forma* net debt to EBITDA for the year ended 31 December 2018 is based on our ratio of net debt to EBITDA for the year ended 31 December 2018, as adjusted to give effect to the offering of the Notes offered hereby and repayment of the Bridge Loan in full, as if such transactions had occurred on 31 December 2018 and, for the avoidance of doubt, does not include Clarion's net debt or EBITDA.

RISK FACTORS

Potential investors should carefully read and consider the risk factors described below and the other information contained in this Offering Circular before they make a decision about acquiring the Notes. The realization of one or more of these risks could individually or together with other circumstances adversely affect our business, financial condition and results of operations. The market price of the Notes could decline as the result of any of these risks, and investors could lose all or part of their investment. The risks described below may not be the only risks we face. Additional risks that are presently not known to us or that are currently considered immaterial could also adversely affect our operations and have material adverse effects on our business, financial condition and results of operations. The sequence in which the risks factors are presented below is not indicative of their importance, their likelihood of occurrence or the scope of their financial consequences.

Risks Related to Our Operations

Our business is dependent on the automotive sector and the commercial success of the models for which we supply components.

Given that we specialize in the manufacture of original equipment for our automaker customers, our business is directly related to vehicle production levels of these customers in their markets. The cyclical nature that characterizes our customers' businesses can have a significant impact on our sales and results. The level of sales and production for each of our customers depends on numerous parameters, notably the general level of consumption of goods and services in a given market; confidence levels of participants in that market; buyers' ability to access credit for vehicle purchases; and in some cases governmental aid programs (such as the financial support provided to the automotive sector and incentives introduced for the purchase of vehicles).

Therefore, our sales are directly linked to the performance of the automotive industry in the major geographic regions where we and our customers operate (see note 4.5 to our audited 2018 Consolidated Financial Statements), especially in Europe (which constituted 51% of our sales in 2018), North America (which constituted 25% of our sales in 2018) and Asia (which constituted 19% of our sales in 2018).

Moreover, our sales are related to the commercial success of the models for which we produce components and modules. At the end of a vehicle's life cycle, there is significant uncertainty around whether our products will be taken up again for the replacement model. In addition, orders placed with us are open orders without any guarantees of minimum volumes and are generally based on the life of the vehicle model concerned. A shift in market share away from the vehicles for which we produce components and modules could have a material adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the loss of key customers due to industry consolidation, and by the risk that our customers could default on their financial obligations or enter bankruptcy.

Given the economic context in the automotive sector, we cannot rule out the possibility that one or more of our customers may not be able to honor certain contracts or may suffer financial difficulties. Furthermore, changes in the automotive sector could accelerate the concentration of automakers, ultimately resulting in the disappearance of certain brands or vehicle models for which we produce equipment. Our major customers could also face a slowdown in activity, including as a result of the potential impact of increased regulatory scrutiny of emissions tests, among other factors.

In 2018, our four largest customers accounted for over 61.3% of sales, as follows: Volkswagen (18.6%), Ford (16.2%), PSA Peugeot Citroën group (13.9%) and Renault-Nissan-Mitsubishi group (12.6%).

The occurrence of one or more of these events could have a material adverse effect on our business, financial condition and results of operations.

We are dependent on many suppliers to maintain production levels.

We use a large number of suppliers based in different countries for our raw materials and basic parts supplies. In 2018, our ten largest suppliers together accounted for 16% of our purchases and 10% of our sales.

If one or more of our main suppliers were to go bankrupt, or experience an unforeseen stock-out, quality problems, social unrest, a strike or any other incident disrupting the supplies for which it is committed to us, this could negatively impact our image or production output or lead to additional costs, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We may not always be able to satisfy our customers' demands or maintain the quality of our products.

As a components producer and components and systems assembler for the automotive industry, and given the high volumes that our customers order, we constantly have to adapt our business activity to our customers' demands in terms of their supply chain, production operations, services and R&D. Should we, or one of our suppliers or service providers, default at any stage of the manufacturing process, we could be held liable for failure to fulfil our contractual obligations or for any technical problems that may arise.

In addition, any actual or alleged instances of inferior product quality, or of damage caused or allegedly caused by our products, could damage our reputation and brand and could lead to new or existing customers becoming less willing to conduct business with us.

Our gross margins may be adversely affected if we fail to identify risks when we tender for new contracts or appropriately monitor the performance of our programs.

The contracts which we enter into are awarded after a complex equipment supply bidding process by our customers. Each contract with our customer is a program with a lifespan of up to ten years from the development phase through to the production phase. As part of the tender process, we carry out a detailed risk assessment to ensure that we identify and manage the nature and level or risks that we may be exposed to and, during the life of the program, we monitor the program in order to ensure operational and financial performance.

If we fail to identify and manage risks in connection with the bidding for and establishment of new programs, or fail to appropriately monitor our operational and financial performance, our gross margins could be adversely affected, which could also have a material adverse effect on our business, financial condition and results of operations.

If we fail to attract and retain key personnel could adversely affect our business.

Our success depends to a large degree on the services of our senior management team and key personnel with particular expertise. In particular, the loss or unavailability of our senior management team for an extended period of time could have an adverse effect on our operations. In addition, we must compete with other companies for suitably qualified personnel, including technical and engineering personnel. Our inability to attract and retain key personnel could have a material adverse effect on our business, financial condition and results of operations.

We may experience difficulties integrating acquired businesses or achieving anticipated synergies.

As part of our external growth policy, we have made, and may make in the future, acquisitions of varying sizes, some of which have been, and may yet be, significant to us.

These acquisitions entail risks, such as:

- the assumptions of the business plans on which valuations are made may prove incorrect, especially concerning synergies and assessments of market demand, trend and forecasts;
- we may not have appropriately assessed associated risks related to the acquisitions, in particular in the course of performing our due diligence investigations;
- we may not succeed in integrating the acquired companies, their technologies, product ranges and employees;
- we may not be in a position to retain some key employees, customers or suppliers of the acquired companies;
- we may be forced or wish to terminate pre-existing contractual relationships with costly and/or unfavorable financial conditions; and
- we may increase our debt with a view to financing these acquisitions or refinancing the debt of the acquired companies.

As a result, the benefits expected from future acquisitions or those already made may not be confirmed within the expected time frames or to the extent anticipated, which could have a material adverse effect on our business, financial conditions and results of operations.

Clarion may have liabilities that are not known to us and which could have a material adverse effect on our business, financial conditions and results of operations

Following the Clarion Acquisition, Clarion will become a consolidated subsidiary of Faurecia. There may be liabilities that we failed, or were unable to discover, in the course of performing our due diligence investigations on Clarion. As we integrate Clarion, we may learn additional information that adversely affects us, such as unknown or contingent liabilities and issues relating to non-compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

We may be unable to realize anticipated synergies from the Clarion Acquisition

Following the Clarion Acquisition, we will seek to establish a fourth business group, Faurecia Clarion Electronics, with its head office in Japan. This new business group will incorporate our subsidiaries Parrot Automotive, a leader in automotive connectivity and infotainment, and Jiangxi Coagent Electronics, which develops HMI and in-vehicle-infotainment, including displays, voice recognition and smartphone applications. Faurecia Clarion Electronics will focus on manufacturing and developing products which advance our "Cockpit of the Future" strategy, in particular, cockpit electronic systems and software integration and our CIP. Our management has previously estimated that we will achieve significant potential synergies arising as a result of the Clarion Acquisition which will arise both from EBIT synergies and cost synergies. For more information, see "Business – Clarion Acquisition". This estimated level of synergies is based upon our assumptions about our ability to implement the integration of Clarion in a timely fashion and within certain cost parameters. Our ability to achieve synergies is dependent on various factors, including the information available to us prior to completing the Clarion Acquisition. If one or more of our underlying assumptions proves to be incorrect, then we may not be able to realize these synergies in full or within the anticipated timeframe, and the costs we incur in trying to realize these synergies may be substantially higher than our current estimates.

The Clarion Acquisition, and more generally, our Cockpit of the Future and Sustainable Mobility strategies may prove to be based on incorrect assumptions about market trends and forecasted demand.

The Clarion Acquisition is expected to reinforce our ability to produce technological content for use in IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver systems, which we will leverage to develop our Cockpit of the Future and Sustainable Mobility strategy. Our strategic choices, such as the Clarion Acquisition, Cockpit of the Future and Sustainable Mobility, are based on assumptions and expectations of market demand. If one or more of those assumptions or expectations proves to be incorrect, expected sales and performance can be negatively impacted, which could have a material adverse effect on our business, financial condition and results of operation.

The international nature of our business exposes us to a variety of economic, political, tax, legal and other related risks.

Due to the international nature of our business activities, we are exposed to economic, political, fiscal, legal and other types of risks.

Our sales are mostly generated in Europe, North America and Asia. Our international business activities, notably in emerging countries, and following the Clarion Acquisition, in Japan, are exposed to certain risks inherent in any activity carried out abroad, including:

- any potential legislative or regulatory changes such as the UK's withdrawal from the EU or commercial, monetary or fiscal policies applied in some foreign countries and, in particular, risks of expropriation and nationalization;
- customs regulations, monetary control policies, investment restrictions or requirements or any other constraints such as levies or other forms of taxation on settlements and other payment terms adopted by subsidiaries; and
- difficulties in enforcing agreements, collecting payments due and protecting property through foreign legal systems, in particular, where intellectual property protection is less stringent.

Our business is affected by general economic conditions and macroeconomic trends which can impact overall demand for our products and the markets in which we operate including, for example, trade tensions between the EU and the US and between the US and China. Furthermore, while the regions in which we operate were affected differently by the global economic downturn which began in 2008, any weakening in economic conditions may affect the automotive supply industry globally and negative economic conditions in one or more regions may affect the automotive supply industry in other regions. In China, for example, light vehicle production fell by 5.1% in 2018 (source: IHS Automotive February, 2019). Our business, financial condition and results of operations may be materially and adversely affected by an economic downturn on a global scale or in significant markets in which we operate.

We operate in the highly competitive automotive supply industry where customers can exert significant price pressure.

The global automotive supply sector is highly competitive. Competition is based mainly on price, global presence, technology, quality, delivery, design and engineering capabilities, new product innovation and customer service as a whole. There are no guarantees that our products will be able to compete successfully with those of our competitors. Supply contracts are mostly awarded through competitive bids, and are often subject to renewed bidding when their terms expire. Although the overall number of competitors has decreased due to on-going industry consolidation, we face significant competition within each of our major product areas, including from new competitors entering the markets that we serve. We cannot assure you that we will be able to continue to compete favorably in these competitive markets or that increased competition will not have a material adverse effect on our business, financial condition and results of operation by reducing our ability to increase or maintain sales and profit margins.

The failure to obtain new business projects on new models, or to retain or increase business projects on redesigned existing models, could adversely affect our business, financial condition and results of operations. In addition, as a result of the relatively long lead times required for many of our structural components, it may be difficult for us to adequately manage the execution of a program from development to launch, adequately respond to any deterioration in the profitability of a program or to obtain new revenues in the short-term to replace any unexpected decline in the sale of existing products.

A rise in interest rates would increase the cost of servicing our debt.

Before taking into account the impact of interest rate hedges, 37.7% of our borrowings were at variable rates as at 31 December 2018 and 24.1% of our borrowings were at variable rates as at 31 December 2017. Our variable rate financial debt mainly relates to the Senior Credit Facility, when drawn, as well as our short-term debt. Our main fixed rate debt consists of the 2023 Notes, the 2025 Notes and the Schuldschein.

We manage hedging of interest rate risks centrally. This management is handled by our Finance and Treasury Department, which reports to our General Management. Interest rate hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Since a significant part of our borrowings are at variable rates, the aim of our interest rate hedging policy is to reduce the impact of short-term rate changes on earnings. Our hedges primarily comprise euro-denominated interest rate swaps. They hedge a part of our interest payable in 2017 and 2018 against a rise in interest rates. Our interest rate position with respect to the different types of financial instruments used is detailed in note 30.3 to our audited 2018 Consolidated Financial Statements.

We rely on capital markets to provide liquidity to operate and grow our business.

The capital and credit markets provide us with liquidity to operate and grow our business beyond the liquidity that operating cash flows provide. A worldwide economic downturn and/or disruption of the credit markets could reduce our access to capital necessary for our operations and executing our strategic plan. If our access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, our financial condition, results of operations and cash flows could be adversely affected.

We are subject to fluctuations in exchange rates, primarily between the euro and other operating currencies.

We are exposed to risks arising from fluctuations in the exchange rates of certain currencies, particularly due to the location of some of our production sites, as well as the fact that certain subsidiaries purchase raw materials and other supplies or sell their products in a currency other than their functional currency.

See note 30.1 of our audited 2018 Consolidated Financial Statements for more information on changes in exchange rates of transaction currencies (other than their functional currency) used by our subsidiaries (with all other variables remaining constant).

We centrally manage currency risks relating to the commercial transactions of our subsidiaries, mainly using forward purchase and sale contracts and options as well as foreign currency financing. We manage foreign exchange risks centrally, through our Finance and Treasury Department, which reports to our General Management.

Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis. Currency risks on forecast transactions are hedged based on estimated cash flows determined in forecasts validated by our General Management. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies IFRS 9 financial instruments: recognition and measurement (which outlines the requirements for the recognition and measurement of financial assets) ("**IFRS 9**") criteria.

Subsidiaries whose functional currency is not the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in the consolidation of our audited consolidated financial statements, they contribute to our currency risk exposure and are therefore hedged through swaps.

Details of net balance sheet positions and hedges by currency are provided in note 30.2 to our audited 2018 Consolidated Financial Statements.

A failure of our information technology (IT) and data protection and security infrastructure could adversely impact our business, operations and reputation.

We rely upon the capacity, reliability and security of our IT and data protection and security infrastructure, as well as our ability to expand and update this infrastructure in response to the changing needs of our business.

If we experience a problem with the functioning of an important IT system or a security breach of our IT systems, including during system upgrades and/or new system implementations, the resulting disruptions could have an adverse effect on our business. We implement security measures in relation to our IT systems but we, like other companies, are vulnerable to damage from computer viruses, natural disasters, unauthorized access, cyber-attacks and other similar disruptions.

Any system failure, accident or security breach could result in disruptions to our operations. A material network breach in the security of our IT systems could result in the theft of our intellectual property, trade secrets, customer information, human resources information or other confidential information. To the extent that any disruptions or security breach result in a loss or damage to our data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to our reputation, affect our relationships with our customers, lead to claims against us and ultimately harm our business. In addition, we may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

We are subject to fluctuations in the prices of raw materials.

We are exposed to commodity risk through our direct purchases of raw materials and indirectly through components purchased from our suppliers. The proportion of our direct purchases of raw materials, mainly steel and plastics, represented approximately 15% of purchases in 2018. Our operating and net income can be adversely affected by changes in the prices of the raw materials we use, notably steel and plastics.

To the extent that our sales contracts with customers do not include price indexation clauses linked to the price of raw materials, we are exposed to risks related to unfavorable fluctuations in commodity prices. We do not use derivatives to hedge our purchases of raw materials or energy.

If commodity prices were to rise steeply, we may not be able to pass on all such price increases to our customers, which could have an unfavorable impact on our sales, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We face litigation risks, including product liability, warranty and recall risk.

We are currently and may in the future become subject to legal proceedings and commercial or contractual disputes. These are typically lawsuits, claims and proceedings that arise in the normal course of business including, without limitation, claims pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. We are also subject to investigations by competition authorities relating to alleged anti-competitive practices in certain jurisdictions. See "Business – Litigation" for further information.

The outcome of such lawsuits, investigations, claims or proceedings cannot be predicted with certainty. There exists the possibility that such claims may have an adverse impact on our results of operations that is greater than we anticipate, and/or negatively affect our reputation.

We are also subject to a risk of product liability or warranty claims if our products actually or allegedly fail to perform as expected or the use of our products results, or is alleged to result, in bodily injury and/or property damage. While we maintain reasonable limits of insurance coverage to appropriately respond to such exposures, large product liability claims, if made, could exceed our insurance coverage limits and further insurance may not continue to be available on commercially acceptable terms, if at all. We may incur significant costs to defend these claims or experience product liability losses in the future. In addition, if any of our designed products are, or are alleged to be, defective, we may be required to participate in recalls and exchanges of such products. The future cost associated with providing product warranties and/or bearing the cost of repair or replacement of our products could have a material adverse effect on our business, financial condition and results of operations.

Our insurance coverage may not be adequate to cover all the risks we may face and it may be difficult to obtain replacement insurance on acceptable terms or at all.

Our production plants, equipment and other assets are insured for property damage and business interruption risks, and we carry insurance for products liability risks. Our insurance policies are subject to deductibles and other coverage limitations and we cannot ensure you that we are fully insured against all potential hazards incident to our business, including losses resulting from risks of war or terrorist acts, certain natural hazards (such as earthquakes), environmental damage or all potential losses, including damage to our reputation. We have entered into liability insurance which includes specific policies such as environmental liability insurance and coverage of liability for damages resulting from accidents.

However, as some risks cannot be assessed or can only be assessed to a limited extent, the possibility of loss or damage not being covered by the insured amounts and provisions cannot be ruled out. Should such loss or damage occur, this could have a material adverse effect on our business, financial conditions and results of operations.

If we incur a significant liability for which we are not fully insured or if premiums and deductibles for certain insurance policies were to increase substantially as a result of any incidents for which we are insured, this could have a material adverse effect on our business, financial condition and results of operations.

We face risks related to the intellectual and industrial property we use.

We consider that we either own or may validly use all the intellectual and industrial property rights required for our business operations and that we have taken all reasonable measures to protect our rights or obtain guarantees from the owners of third party rights. However, we cannot rule out the risk that our intellectual and/or industrial property rights may be disputed by a third party on the grounds of pre-existing rights or for any other reason. Furthermore, for countries outside France, we cannot be sure of holding or obtaining intellectual and industrial property rights offering the same level of protection as those in France.

Industrial and environmental risks could disrupt our business and a have a material adverse effect on our business, financial condition and results of operations.

Our manufacturing sites are subject to risks associated with fire, explosion, natural disaster (including extreme weather events), systems failure, accidental pollution and non-compliance with current or future regulations. For example, in 2018, we suffered losses of approximately €7 million due to product delays arising from an explosion fire at the Meridian mill in Eaton Rapids, Michigan, mostly covered by our liability insurance. These various risks may result in us incurring additional costs. These additional costs could have a material adverse effect on our business, financial condition and results of operations. The occurrence of any natural disaster could cause the total or partial destruction of a plant and thus prevent us from supplying products to our customers, causing further disruption at their plants for an indeterminate period of time, which in turn could have a material adverse effect on our business, financial condition and results of operation.

Our reputation is critical to our business

Our results of operations depend on maintaining a positive reputation with customers. Any negative incident could significantly affect our reputation and damage our business.

We may be adversely affected by any negative publicity, regardless of its accuracy, including without limitation with respect to:

- the quality of our products;
- damage to the environment
- employee or customer injury;
- failure of our information technology (IT) and data security infrastructure, including security breaches of confidential customer or employee information;
- employment-related claims relating to alleged employment discrimination, wages and hours;
- violations of law or regulations;
- labour standards or healthcare and benefits issues; or
- our brand being affected globally for reasons outside of our control.

While we try to ensure that our suppliers maintain the reputation of our brand, suppliers may take actions that adversely affect our reputation. In addition, through the increased use of social media, individuals and non-governmental organisations have the ability to disseminate their opinions regarding the safety of our products, and our business, to an increasingly wide audience at a faster pace. Any failure to effectively respond to any negative opinions or publicity in a timely manner could harm the perception of our brand and products and damage our reputation, regardless of the validity of the statements against us and ultimately harm our business.

Non-compliance with internal corporate governance requirements

We have a number of company-wide policies and measures, including our "Code of Ethics", which addresses the latest requirements of applicable French anti-corruption legislation, our management code and other measures such as our Code of Conduct for the Prevention of Corruption and our Guide to Good Practice in Combating Anti-Competitive Practices, which put into practice many of the principles set out in the Code of Ethics. There can be no assurance that violations of our internal corporate governance requirements will not occur. In the event violations do occur, they could harm our reputation and result in fines, which could in turn have a material adverse effect on our business, financial condition and results of operations and therefore on our ability to fulfil our obligations under the Notes.

Changes to IFRS standards for lease accounting may adversely affect our financial results and position.

Changes to IFRS have been proposed in recent years, and further changes may be proposed in the future. In particular, the International Accounting Standards Board ("**IASB**") released a new standard ("**IFRS 16**") on lease accounting, which replaced International Accounting Standards ("**IAS**") 17 Leases and which became effective for financial reporting periods beginning on or after 1 January, 2019. The application of IFRS 16 is expected to have a significant impact on our consolidated balance sheet, as we will be required to recognize the present value of minimum lease payments as a liability and record rights of usage as assets. It is also expected to have a significant impact on our consolidated statement of comprehensive income, as we will be required to report depreciation expenses related to such additional assets and interest expenses related to such additional liabilities (instead of lease expenses). This and any other changes to IFRS that may be proposed in the future could have a material adverse effect on our results of operations or financial condition.

Although we are still in the process of analyzing the detailed consequences of IFRS 16's application, we currently believe that had IFRS 16 been applicable as at and for the year ended 31 December, 2018, the estimated impact on our consolidated financial statements would have been as follows: (a) an increase of up to €700 million in our consolidated assets; (b) an increase of up to €700 million in our consolidated liabilities; (c) an increase in our consolidated depreciation expense; (d) an increase in our consolidated interest expense; and (e) a decrease in our consolidated lease expense.

Risks Related to the Notes

The Notes are solely obligations of the Issuer and will be structurally subordinated to all of the claims of creditors of the Issuer's subsidiaries.

None of the Issuer's subsidiaries will guarantee the Notes. You will therefore not have any direct claim on the cash flows or assets of the Issuer's subsidiaries, and the Issuer's subsidiaries will have no obligation, contingent or otherwise, to pay amounts due under the Notes, or to make funds available to the Issuer for those payments.

Generally, claims of creditors of a subsidiary, including lenders and trade creditors, will effectively have priority with respect to the assets and earnings of the subsidiary over the rights of its ordinary shareholders, including the Issuer. Accordingly, claims of creditors of a subsidiary will also effectively have priority over the claims of creditors of the Issuer, including claims of holders of the Notes. In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer. The Notes, therefore, will be effectively junior and structurally subordinated to all debt and other liabilities of our subsidiaries, including liabilities owed to trade creditors. As at 31 December 2018, the subsidiaries of the Issuer had €286.3 million of gross financial debt to third parties and a net cash position of €918.5 million. In addition, as at 31 December 2018, our consolidated trade payables amounted to €4,563 million, substantially all of which was incurred by our subsidiaries. Pursuant to the Trust Deed governing the Notes, our subsidiaries will be permitted to incur additional indebtedness, which will rank structurally ahead of the Notes. See "Terms and Conditions of the Notes – Condition 6.1: Limitation on Indebtedness".

We will rely on payments from our subsidiaries to pay our obligations under the Notes.

The Issuer is primarily a holding company, with business operations principally located at the level of our subsidiaries. Accordingly, we will have to rely largely on dividends and other distributions from our subsidiaries to make payments under the Notes. We cannot be certain that the earnings from, or other available assets of, these operating subsidiaries will be sufficient to enable us to pay principal or interest on the Notes when due.

The payment of dividends and the making of loans and advances to us by our subsidiaries are subject to various restrictions, including:

- restrictions under applicable company law that restrict or prohibit companies from paying dividends unless such payments are made out of profits available for distribution;
- restrictions under the laws of certain jurisdictions that can make it unlawful for a company to provide financial assistance in connection with the acquisition of its own shares or the shares of any of its holding companies;
- statutory or other legal obligations that affect the ability of our subsidiaries to make payments to us on account of intercompany loans; and
- existing or future agreements governing our or our subsidiaries' debt may prohibit or restrict the payment of dividends or the making of loans or advances to us.

If we are not able to obtain sufficient funds from our subsidiaries, we will not be able to make payments on the Notes.

We may not have the ability to repay the Notes.

We may not be able to repay the Notes at maturity. Moreover, we may be required to repay all or part of the Notes prior to their scheduled maturity upon an event of default. If you were to require us to repay the Notes following an event of default, we cannot guarantee that we would be able to pay the required amount in full. Our ability to repay the Notes will depend, in particular, on our financial condition at the time of the required repayment, and may be limited by applicable law, or by the terms of our indebtedness and the terms of new facilities outstanding on such date, which may replace, increase or amend the terms of our existing or future indebtedness.

Our other creditors, in particular the lenders under the loans and creditors under factoring arrangements and other indebtedness described in "Description of Other Indebtedness", would be able to accelerate their loans or claims if certain events occur, such as breach of certain financial covenants that would not permit the acceleration of the Notes. Such an event would have a significant impact on our ability to repay the Notes. Furthermore, our failure to repay the Notes could result in a cross-default under other indebtedness.

A substantial amount of our indebtedness will mature before the Notes, and we may not be able to repay this indebtedness or refinance this indebtedness at maturity on favorable terms, or at all.

Substantially all of our indebtedness will mature prior to the maturity of the Notes.

Our ability to service our current debt obligations and to repay or refinance our existing debt will depend in part on a combination of generation of cash flow from our operations and cash produced by the disposal of selected assets, as well as on our ability to obtain financing. There can be no assurance that we will continue to generate sufficient cash flow in the future to service our current debt obligations and our other operating costs and capital expenditures, particularly if global or regional economies were to experience another significant economic downturn. Further, there can be no assurance that we will be able to consummate such disposals or, if consummated, that the terms of such transactions will be advantageous to us.

In addition, our ability to refinance our indebtedness, on favorable terms, or at all, will depend in part on our financial condition at the time of any contemplated refinancing. Any refinancing of our indebtedness could be at higher interest rates than our current debt and we may be required to comply with more onerous financial and other covenants, which could further restrict our business operations and may have a material adverse effect on our business, financial condition, results of operations and prospects and the value of the Notes. We cannot assure you that we will be able to refinance our indebtedness as it comes due on commercially acceptable terms or at all and, in connection with the refinancing of our debt or otherwise, we may seek additional financing, dispose of certain assets, reduce or delay capital investments or seek to raise additional capital.

If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate their commitments thereunder and cause all amounts outstanding with respect to such indebtedness to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments, including the Notes. Any such actions could force us into bankruptcy or liquidation, and we may not be able to repay the Notes in such an event.

Restrictions imposed by the Senior Credit Facility, the Bridge Facility Agreement, the Schuldschein, the Trust Deed and the trust deeds governing the 2023 Notes and the 2025 Notes limit our ability to take certain actions.

The Senior Credit Facility, the Bridge Facility Agreement, the Schuldschein, the Trust Deed and the trust deeds governing the 2023 Notes and the 2025 Notes limit our flexibility to operate our business. For example, certain of these agreements restrict our and certain of our subsidiaries' ability to, among other things:

- borrow money;
- create certain liens;
- guarantee indebtedness; or
- merge, consolidate or sell, lease or transfer all or substantially all of our assets.

In addition, the Senior Credit Facility and the trust deed governing the 2023 Notes limit, among other things, our ability and our subsidiaries' ability to pay dividends or make other distributions, make certain asset dispositions, make certain loans or investments, issue or sell share capital of our subsidiaries or enter into transactions with affiliates. The operating and/or financial restrictions and/or covenants in the Senior Credit Facility, the Bridge Facility Agreement, the Schuldschein, the Trust Deed and the trust deed governing the 2023 Notes and the 2025 Notes may adversely affect our ability to finance our future operations or capital needs or engage in other business activities that may be in our interest. In addition to limiting our flexibility in operating our business, a breach of the covenants in the Senior Credit Facility, the Bridge Facility Agreement, the Schuldschein, the Trust Deed or the trust deeds governing the 2023 Notes and the 2025 Notes could cause a default under the terms of each of those agreements, causing all the debt under those agreements to be accelerated. If this were to occur, we may not have sufficient assets to repay our debt.

We may be unable to raise funds necessary to finance any change of control repurchase offers required by the Notes.

If we experience specified changes of control, pursuant to the Trust Deed, each holder of the Notes will have the right to require that we purchase all or any of the outstanding Notes of such holder at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. Additionally, a change of control under the Senior Credit Facility, the Bridge Facility Agreement or the Schuldschein, unless waived by a lender, would result in cancellation of such lender's commitments under such facility and all amounts outstanding under such facility owed to such lender would become immediately due and payable. In addition, a change of control under the 2023 Notes and the 2025 Notes would give bondholders the option to have their bonds redeemed early at par or 101% of the principal amount thereof, respectively, in each case plus accrued and unpaid interest.

We may not have the resources to finance the redemption of the Notes or the early repayment of certain of our indebtedness following a change of control. Therefore, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot give any assurances that we would be able to obtain such financing. Our failure to effect a change of control offer when required would constitute an event of default under the Trust Deed.

In addition, the change of control provision in the Notes may not necessarily afford investors protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transactions involving our Group that may adversely affect holders of Notes, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a "Change of Control" as defined in the Terms and Conditions of the Notes.

The Notes are not necessarily suitable for all investors.

Investors must have sufficient knowledge and experience in financial markets and familiarity with our Group to evaluate the benefits and risks of investing in the Notes, as well as knowledge and access to analytical tools in order to assess these benefits and risks in the context of their financial situation. The Notes are not suitable for investors who are not familiar with concepts such as amortization prior to or at maturity at our option, events of default or other financial terms governing these types of securities.

Investors must also be sure that they have sufficient financial resources to bear the risks inherent in the purchase of Notes and that an investment in this type of security is appropriate in the context of their financial situation.

Exchange rate risks exist for certain holders of the Notes.

We will make all payments under the Notes in euros. Any holder of the Notes who conducts its financial activities mainly in a currency other than the euro should take into consideration the risk that the rates of exchange could fluctuate and the risk that the authorities of the countries of the relevant currencies could modify any exchange controls. An appreciation of the value of the currency of the holder of the Notes compared to the euro would decrease, in the currency of the holder of the Notes, the value of payments (interest and principal) received under the terms of the Notes, the market value of the Notes, and thus the return of the Notes for such holder of the Notes.

Moreover, governments and monetary authorities could impose (as some have done in the past) exchange controls that could affect the applicable exchange rate. In such a case, holders of the Notes could receive principal or interest in amounts lower than expected, or even no principal or interest.

There currently exists no market for the Notes, and we cannot provide assurance that an active trading market will develop for the Notes.

The Notes will be new securities for which there currently is no market. Application has been made to list the Notes on the Official List of Euronext Dublin and to admit the Notes for trading on the Global Exchange Market. However, there is a risk that no liquid secondary market for the Notes will develop or, if it does develop, that it will not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. In an illiquid market, an investor is subject to the risk of not being able to sell Notes at any time at fair market prices or at all.

The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and other factors, including general economic conditions and our financial condition, results of operations and prospects, as well as recommendations of securities analysts. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on investors in the Notes, regardless of our financial condition, results of operations and prospects.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates and the level of demand for the Notes and for high yield securities generally, as well as our financial condition, results of operations and prospects. The Notes may thus trade at prices that are lower than their initial purchase price. The holders are therefore exposed to the risk of an unfavorable development of market prices of their Notes which materialize if the holders sell the Notes prior to the final maturity.

The Notes may not become, or remain, listed on Euronext Dublin.

Although the Issuer has, pursuant to the Trust Deed, agreed to use its commercially reasonable efforts to have the Notes listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market thereof and to maintain such listing as long as the Notes are outstanding, the Issuer cannot assure you that the Notes will become, or remain, listed. If the Issuer cannot maintain the listing on the Official List of Euronext Dublin and the admission to trading on the Global Exchange Market or it becomes unduly burdensome to make or maintain such listing, the Issuer may cease to make or maintain such listing on the Official List of Euronext Dublin, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another recognized stock exchange in Europe, although there can be no assurance that the Issuer will be able to do so. Although no assurance can be made as to the liquidity of the Notes as a result of listing on the Official List of Euronext Dublin or another recognized stock exchange in Europe in accordance with the Trust Deed, failure to be approved for listing or the delisting of the Notes from the Official List of Euronext Dublin or another listing exchange in accordance with the Trust Deed may have a material adverse effect on a holder's ability to resell Notes in the secondary market.

The market value of the Notes could decrease if our creditworthiness worsens.

The market value of the Notes will suffer if the market perceives us to be less likely to fully perform all our obligations under the Notes, which could occur, for example, because of the materialization of any of the risks listed above regarding our Group. Even if the likelihood that we will be in position to fully perform all our obligations under the Notes has not actually decreased, market participants could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business as us could adversely change, causing the market value of the Notes to fall. If any of these risks occurs, third parties would only be willing to purchase Notes for a lower price than before the materialization of these risks. Under these circumstances, the market value of the Notes will decrease.

The rights of holders of the Notes will be limited so long as the Notes are issued in book-entry interests.

Owners of the book-entry interests will not be considered owners or holders of Notes unless and until definitive notes are issued in exchange for book-entry interests. Instead, Euroclear or Clearstream, or their nominees, will be the sole holders of the Notes.

Payments of principal, interest and other amounts owing on or in respect of the Notes in global form will be made by the Issuer to the Trustee or the Principal Paying Agent, which will make payments to the clearing system. Thereafter, such payments will be credited to the clearing system participants' accounts that hold book-entry interests in the Notes in global form and credited by such participants to indirect participants. After payment to the clearing system, neither we, nor the Trustee nor the Principal Paying Agent, will have any responsibility or liability for any aspect of the records relating to, or payments of, interest, principal or other amounts to the clearing system, or to owners of book-entry interests.

Owners of book-entry interests will not have the direct right to act upon our solicitations for consents or requests for waivers or other actions for holders of the Notes. Instead, holders of the Notes may be entitled to act only to the extent that they have received appropriate proxies to do so from the clearing system or, if applicable, from a participant. We cannot assure you that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any requested actions on a timely basis.

Early redemption of the Notes may reduce an investor's expected yield.

The Notes may be redeemed at our option at the principal amount of the Notes plus accrued and unpaid interest, if any, to the date fixed for redemption as more fully described in "Terms and

Conditions of the Notes – Condition 3: Optional Redemption". In the event that we exercise the option to redeem the Notes, you may suffer a lower than expected yield and may not be able to reinvest the funds on the same terms.

Transfer of the Notes will be restricted, which may adversely affect the value of the Notes.

Because the Notes have not been, or will not be, and are not required to be, registered under the Securities Act or the securities laws of any other jurisdiction, they may not be offered or sold in the United States and may only be sold outside the United States in offshore transactions in accordance with Regulation S or pursuant to another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and all other applicable laws. These restrictions may limit the ability of investors to resell the Notes. It is the obligation of investors in the Notes to ensure that all offers and sales of the Notes within the United States and other countries comply with applicable securities laws. See "Selling Restrictions".

The insolvency laws of France may not be as favorable to you as the bankruptcy laws of another jurisdiction and may preclude holders of the Notes from recovering payments due on the Notes.

Under French insolvency law, holders of debt securities are automatically grouped into a single assembly of holders (the "**Assembly**") in order to defend their common interests if an accelerated safeguard procedure (*procédure de sauvegarde accélérée*), an accelerated financial safeguard procedure (*procédure de sauvegarde financière accélérée*), a safeguard procedure (*procédure de sauvegarde*) or a judicial reorganization procedure (*procédure de redressement judiciaire*) is opened in France with respect to the Issuer.

The Assembly comprises holders of all debt securities issued by the Issuer (including the Notes), whether or not under a debt issuance programme and regardless of their governing law.

The Assembly deliberates on the draft accelerated safeguard plan (*projet de plan de sauvegarde accélérée*), draft safeguard plan (*projet de plan de sauvegarde*), draft accelerated financial safeguard plan (*projet de plan de sauvegarde financière accélérée*) or draft judicial reorganisation plan (*projet de plan de redressement*) applicable to the Issuer and may further agree to:

- increase the liabilities (*charges*) of holders of debt securities (including the holders of the Notes) by rescheduling and/or writing-off debts;
- establish an unequal treatment between holders of debt securities (including the holders of the Notes) as appropriate under the circumstances; and/or
- decide to convert debt securities (including the Notes) into securities that give or may give right to share capital.

Decisions of the Assembly will be taken by a two-third majority (calculated as a proportion of the debt securities held by the holders attending such Assembly or represented thereat). No quorum is required on convocation of the Assembly.

French tax legislation may restrict the deductibility, for French tax purposes, of all or a portion of the interest incurred in France on our indebtedness, thus reducing the cash flow available to service our indebtedness.

Under article 212 bis of the French General Tax Code (Code Général des Impôts – "**FTC**"), for financial years opened as from 1 January 2019, the net financial expenses (NFE) are deductible up to the highest of €3,000,000 per financial year and 30% of the borrower's taxable result before tax, interest, depreciation and amortization (EBITDA).

The NFE are defined as the excess, if any, of the financial expenses of the borrower over its financial income. If the borrower belongs to a consolidated group, and its ratio of own funds to aggregated assets is equal to or higher than the corresponding ratio of the group, then 75% of any non-deducted NFE, under the above rule, becomes deductible.

If the borrower has a ratio of affiliated debts to own funds which exceeds 1.5, it is viewed as thinly capitalized, and the deduction of the NFE is governed by the following specific limitations the portion of the NFE related to the affiliated debts which exceeds 1.5 times the own funds is deductible up to the highest of the pro-rated €1,000,000 per financial year and 10% of the pro-rated EBITDA; the portion of the NFE related to the non-affiliated debts, and to the affiliated debts which do not exceed 1.5 times the own funds, is deductible up to the highest of the pro-rated €3,000,000 per financial year and 30% of the pro-rated EBITDA. These specific limitations do not apply if the ratio of affiliated debts to own funds of the borrower is lower or equal to the corresponding ratio of the consolidated group to which it belongs.

The portion of the NFE which is non-deductible, in respect of a given financial year, may be carried forward indefinitely and deducted from the subsequent financial years subject to the same limitations (in case of thinly capitalized entities, only one third of the NFE may be carried forward). Also if a portion of a deductibility capacity, in respect of a given financial year, is not fully used by the borrower (other than a thinly capitalized one), it may be carried forward to the next 5 financial years.

Special rules apply to the NFE related to public infra structure projects, and to French tax groupings.

Under article 212 I – a of the FTC, any interest paid by a borrower to an affiliated creditor is deductible up to the highest of the maximum interest rate defined under article 39 1 3e of the FTC and the interest rate which may be obtained from independent financial institutions under similar conditions.

Furthermore, under article 212 I – b of the FTC, any interest paid by a borrower to an affiliated creditor is deductible only if, upon any request by the French tax authorities, the borrower is able to evidence that the tax liability of the creditor in respect of the interest, during the same financial year, is equal to at least 25% of the French corporate tax as determined under standard French tax rules.

Transactions in the Notes could be subject to the European financial transaction tax, if adopted.

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common Financial Transaction Tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

In a common declaration dated 8 December 2015, the Participating Member States, excluding Estonia which ultimately indicated its withdrawal from the enhanced cooperation in March 2016, confirmed their intention to make decisions regarding the outstanding issues related to the FTT before the end of June 2016.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's Proposal remains subject to negotiation between the Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

USE OF PROCEEDS

We expect the net proceeds from the offering of the Notes to amount to approximately €494.8 million, after deduction of estimated costs and commissions.

The net proceeds will be used to (i) repay in full the Bridge Loan of €500 million which was used to finance the Clarion Acquisition and to pay related expenses and transaction costs of the Clarion Acquisition and (ii) to pay fees and expenses incurred in connection with the issue of the Notes.

The following table illustrates the sources and uses of funds relating to the issuance of the Notes and the expected use of the net proceeds therefrom. Actual amounts will vary from estimated amounts depending on several factors, including the issue price of the Notes offered hereby and differences from our estimates of transaction fees and expenses.

Sources of funds		Uses of funds	
(in € millions)		**(in € millions)**	
Notes offered hereby	500.0	Repayment of the Bridge Loan	500.0
Cash on balance sheet	5.2	Estimated fees and expenses	5.2
Total	505.2	**Total**	505.2

CAPITALIZATION

The following table sets forth our cash and cash equivalents, financial liabilities and total capitalization as at 31 December 2018, on a historical basis, and as adjusted to reflect the completion of the offering of the Notes made hereby and the Refinancing.

You should read this table in conjunction with the section headed "Business Review" contained in the 2018 Annual Results, "Presentation of Financial and Other Information" and our consolidated financial statements and the related notes thereto, an English translation of which is incorporated by reference into this Offering Circular. Our historical results do not necessarily indicate results that may be expected for any future period.

	As at 31 December 2018				
	Historical (Reported)	**Adjustments – Additional Clarion Acquisition Funding**	**Adjustments – the Clarion Acquisition**	**Adjustments – the Refinancing**	**As adjusted**
(in € millions)					
Cash and cash equivalents	2,105.3	822.0	(1,103.0)[3]	(5.2)	1,819.1
Other current financial assets	1.0	—	—	—	1.0
Total cash and cash equivalents	**2,106.3**	**822.0**	**(1,103.0)**	**(5.2)**	**1,820.3**
Short-term borrowings[1]	665.3	—	—	—	665.3
Other current financial liabilities	48.7	—	—	—	48.7
Total current financial liabilities	**714.0**	**—**	**—**	**—**	**714.0**
Senior Credit Facility	—	—	—	—	—
2023 Notes[2]	700.0	—	—	—	700.0
2025 Notes[2]	700.0	—	—	—	700.0
Notes offered hereby[2]	—	—	—	500.0	500.0
Schuldschein[4]	378.0	322.0	—	—	700.0
Bridge Loan	—	500.0	—	(500.0)	—
Bank borrowings & other long-term debt	92.0	—	—	—	92.0
Total long-term financial liabilities	**1,870.0**	**822.0**	**—**	**—**	**2,692.0**
Total financial liabilities (gross)	**2,584.0**	**822.0**	**—**	**—**	**3,406.0**
Total financial liabilities (net)	**477.7**	**—**	**1,103.0**	**5.2**	**1,585.9**
Minority interests	361.6	—	—	—	361.6
Equity attributed to owners of the parent	3,709.7	—	—	—	3,709.7
Total shareholders' equity	**4,071.3**	**—**	**—**	**—**	**4,071.3**
Total capitalization	**6,655.3**	**—**	**—**	**—**	**7,477.3**

(1) Including bank overdrafts of €62.7 million

(2) Gross of capitalized issuance costs

(3) Includes the amount required for the squeeze-out of remaining Clarion shareholders at the original tender offer price, in compliance with the Japanese Companies Act, resulting in 100% ownership of Clarion.

(4) €378 million of the €700 million Schuldschein were issued on 20 December 2018, with the remaining €322 million issued on 9 January 2019.

Since 31 December 2018, except as set forth above, there have been no other material changes to our capitalization.

BUSINESS

Our Company

We are one of the world's largest automotive equipment suppliers. We develop, manufacture and sell high-quality and highly-engineered products and we operate through three business groups: Faurecia Seating, Faurecia Interiors and Faurecia Clean Mobility. We are adapting our business and aligning our strategy to take advantage of the significant trends impacting the automotive industry. As a result, we are developing into a technology company which provides solutions for sustainable mobility and cockpit systems. We have become one of the top 10 automotive technology suppliers in the world by revenue. Our acquisition of Clarion will provide us with critical mass as a leading player in cockpit electronic systems and software integration. Following our acquisition of Clarion, we intend to establish a fourth business group, Faurecia Clarion Electronics, with its head office in Japan. This new business group will incorporate our subsidiaries, Parrot Automotive SAS ("**Parrot Automotive**"), a leader in automotive connectivity and infotainment, and Jiangxi Coagent Electronics Co Ltd. ("**Jiangxi Coagent Electronics**"), which develops human-machine interfaces ("**HMI**") and in-vehicle-infotainment ("**IVI**"), including displays, voice recognition and smartphone applications. Faurecia Clarion Electronics will focus on manufacturing and developing products which advance our "Cockpit of the Future" strategy, in particular, cockpit integrations systems and our cockpit intelligence platform ("**CIP**"). We estimate that at least one third of vehicles in service in the world were originally equipped with at least one product manufactured by us.

Faurecia Seating. We are a global leader in seating solutions and we estimate we are currently the world's leading supplier of seat frames and mechanisms and number three supplier of complete seats. We design and manufacture seat systems, as well as components: frames, mechanisms, foam, seat covers, electronic systems, mechatronics and pneumatics. During the manufacturing process, we assemble the various components to create complete systems, front seats and rear seats, delivered on a just-in-time basis to our customers' plants. We develop solutions for the Cockpit of the Future with an emphasis on advanced safety, comfort, health and wellbeing, quality and versatility. In 2018, sales reached €7,438.0 million (43% of sales).

Faurecia Interiors. We estimate we are currently one of the two global leaders in the supply of automotive interior systems. We manufacture cockpit modules (instrument panels and central consoles), door panels, as well as smart surfaces and solutions for HMI, personalized cabin climate comfort and air quality. Our solutions incorporate the use of natural and recycled materials. In 2018, sales reached €5,471.7 million (31% of sales).

Faurecia Clean Mobility. We are a global leader in clean mobility solutions. We develop and manufacture innovative solutions for reducing emissions (including zero emissions solutions) and improving energy efficiency, acoustic performance and powertrain electrification. We estimate that we are currently the world's leading supplier of exhaust systems and components (including mufflers, manifolds, particulate filters and catalytic converters). We develop and manufacture complete exhaust systems, including components reducing emissions as well as components for exhaust system acoustics. In 2018, sales reached €4,615.0 million (26% of sales).

We are undertaking a significant transformation in our business and strategy to enable us to seize new opportunities in a rapidly changing automotive industry. Our strategy seeks to accelerate profitable growth by developing higher value and innovative products in response to the significant global trends impacting the automotive sector. These global trends include, in particular, CO_2 and emissions regulation, the increasing electrification, connectedness, autonomy of vehicles and the emergence of ride-sharing. We refer to our strategic priorities in these areas as "Sustainable Mobility" and "Cockpit of the Future". Even though growth in the Chinese market slowed down in the second half of 2018, we believe that the Asian markets represent a significant source of growth potential and high profitability. Our strategy is therefore to continue to expand our portfolio in China with our current customers and strengthen our relationship with major Chinese automakers to accelerate our business activity. In 2018, we concluded two new joint ventures with FAW Group and Wuling Industry to develop Cockpit of the Future technologies and Sustainable Mobility solutions. Our current target is to achieve 40% of our sales in China with Chinese Original Equipment Manufacturers ("**OEMs**") by 2020.

In order to accelerate the development and integration of new products, technology and services, we have developed a collaborative approach to innovation which we refer to as our innovation ecosystem. Our innovation ecosystem has four principal aspects:

(i) strategic and technology partnerships with key parties in different industrial and technology sectors, in particular, with HELLA GmbH & Co. KGaA ("**HELLA**") on lighting and electronics, ZF Friedrichshafen AG ("**ZF**") for advanced safety, Mahle GmbH ("**Mahle**") for thermal comfort, Stelia Composites for fuel cell tanks and Accenture PLC ("**Accenture**") for data analytics;

(ii) academic partnerships with universities and scientific institutions such as Massachusetts Institute of Technology (MIT), Stanford University and the Collège de France, as well as with technical universities;

(iii) investments in start-ups through Faurecia Ventures; and

(iv) technology platforms to collaborate with local start-ups.

We operate 35 research and development centers worldwide and employ approximately 7,300 engineers.

We have introduced digital technology to improve operational efficiency and transform working practices in our production facilities. In 2017, we deployed digital management tools as part of our Digital Enterprise strategy, including real-time information sharing, collaborative robots and autonomous guided vehicles, to optimize assembly automation, quality control and production efficiency. By the end of 2018, over 550 collaborative robots and 800 automated guided vehicles had been installed at Faurecia production sites. More than a hundred of our factories have digital production dashboards, allowing real-time information sharing on the operation of production lines. Over 300 machines are connected to a data pool allowing monitoring and easing predictive maintenance.

We maintain close relationships with almost all of the world's leading car manufacturers and work closely with customers to develop the design and functionality of our products. Each of Ford, Volkswagen, the Renault-Nissan-Mitsubishi group, the PSA Peugeot Citroën group and Fiat Chrysler accounted for more than €1.0 billion of our sales in 2018. We have a broad geographic footprint, and are one of the few automotive equipment suppliers with the capacity to supply automakers' global programs where the same car model is produced throughout several regions. We have experienced significant growth in Asia with sales increasing from approximately 5.9% of total sales in 2008 to 19% of sales in 2018.

We are involved in all stages of the automotive equipment development and supply process. We design and manufacture automotive equipment adapted to each new car model or platform, and conclude contracts to provide these products throughout the anticipated life of the model or platform (usually between five and ten years). Our customers rely increasingly on global platforms, based upon which they will produce a variety of car models. This allows us to decrease costs through a greater commonality of components, and to benefit from components or modules which can be used in more than one generation of cars. We participate in this evolution by offering generic products associated with our customers' platforms, such as standard seats frames. At the end of 2018, we had over 700 programs in the development phase and, in 2018, we successfully launched over 220 programs, including for vehicles such as the Peugeot 508, Dodge RAM 150, Nissan Altima and Ford Focus. In addition, we tend to benefit from a high renewal rate of our programs (91.7% in 2018).

The quality of our products is widely acknowledged among automakers. We ensure the quality of our products through our Faurecia Excellence System, a rigorous set of project management procedures and methodologies, and by the expertise of our engineers and technicians who design products and develop technological solutions. In 2018, we launched our Total Customer Satisfaction program to collect customer feedback in real-time digitally through an application. As a result, for the six months ended 31 December 2018, our customers rejected less than 15 defective parts per million parts delivered, below the target set by the Group. The Faurecia Excellence System, renamed "FES X.0", was updated in 2018 to make it more pragmatic and accessible to employees as well as to accelerate digitization. FES X.0 is being deployed during 2019 and will be an important contributor to our Total Customer Satisfaction program and our financial performance.

We proactively maintain very close relationships with our customers and seek to be their strategic suppliers. Among others, we reached the following milestones in 2018 and 2017:

- being awarded a record contract for our seating business by the BMW Group, which was the highest single order intake ever for us in terms of sales volume;
- being recognized with two German Innovation Awards for our "Morphing Instrument Panel" and "Immersive Sound Experience", two of our Cockpit of the Future solutions, in 2018;

- being recognized with the Innovation award at the 2018 Groupe Renault Suppliers event, for our innovative concept for future vehicle interiors;
- being recognized with the EcoVadis Sustainable Procurement Leadership Award for the global excellence of our "Buy Beyond" sustainable procurement program in 2018;
- being awarded first prize in the Environment category for our exhaust heat recovery system ("**EHRS**") at the Auto-Moto Innovation Awards in 2017;
- being recognized at the JEC World 2017 Innovation Awards with two awards for our Lightweight Solutions;
- being recognized with over 40 awards for quality and operational performance in 2017, many of which were awarded by Chinese Original Equipment Manufacturers;
- being recognized "Best supplier" and being awarded with the "5 star quality" award by Hyundai Kia in 2017;
- being part of the 44 suppliers selected by Volkswagen as strategic partners, in their FAST ("**Future Automotive Supply Tracks**") corporate initiative;
- being a member of the "Supplier Councils" for Ford, the PSA Peugeot Citroën group and Fiat Chrysler; and
- being awarded with a Supplier Diversity and Inclusion Award by Ford Europe in 2017.

For the year ended 31 December 2018, our sales amounted to €17,524.7 million compared to €16,962.1 million in 2017 and our EBITDA amounted to €2,140.6 million compared to €1,950.9 million in 2017. As at 31 December 2018, we employed around 114,693 people (including temporary workers) in 37 countries, spread over approximately 320 sites.

For the year ended 31 December 2018, our order book for sales (calculated over a three-year rolling basis) was €63 billion, a record level for us, compared to €62 billion at the end of 2017 and €53 billion at the end of 2016. We refer to the opportunities to develop products and services to meet our strategic priorities of Smart Mobility and Cockpit of the Future as "New Value Spaces". In 2018, our order intake for sales in New Value Spaces represented €2.7 billion of which commercial vehicles and high horsepower engines represented €1.2 billion of orders and Cockpit of the Future represented €1.5 billion of orders.

Geographical Presence

Our four principal markets include Europe, North America, Asia and South America. The following table shows a breakdown of our sales in 2018 by geographic region.

	2018 Sales by Region					
	Europe	**North America**	**Asia**	**South America**	**Rest of the World and Other countries**	**Total**
(in € millions)						
Sales	8,858.2	4,474.2	3,257.2	714.1	221.0	17,524.7
Percentage of Sales	50.5%	25.5%	18.6%	4.1%	1.3%	100%

Our Competitive Strengths

Leading market positions in our business groups

Based on our estimates, we have leading market positions in each of our three business groups. In 2018, we estimate that we were, globally, a leader in seating solutions and the leading supplier of frames and mechanisms for seats, the number three supplier of complete seats, one of the two leading suppliers of interior systems and the leading supplier of clean mobility solutions. In 2018, our business groups achieved the following results:

- Faurecia Seating's sales reached €7,438.0 million (43% of sales). We believe that in 2018 we had a 11.4% global market share by value;
- Faurecia Interiors' sales reached €5,471.7 million (31% of sales). We believe that in 2018 we had a 13.0% global market share by value; and

- Faurecia Clean Mobility's sales reached €4,615.0 million (26% of sales). We believe that in 2018 we had a 32.7% global market share by value.

Our market leadership in each business group and our global platforms are significant strategic advantages as customers typically look to well-established suppliers when awarding new business. This has allowed us in recent years to win new business from both existing and new customers. For instance, we entered into a partnership with Cummins, a leading manufacturer of medium and heavy-duty engines for on and off-highway commercial vehicles.

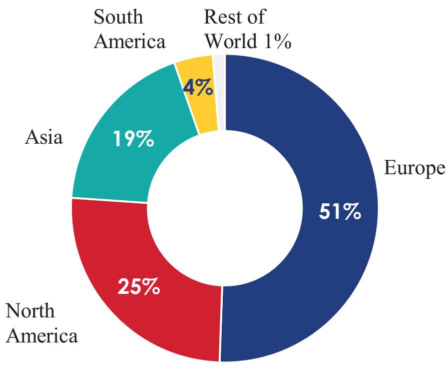
This partnership provides significant new opportunities for our Clean Mobility business group in the commercial vehicle market to take advantage of global regulatory pressure to reduce carbon footprint and toxic emissions. We also benefit from sales visibility and stability, due to the difficulty for automakers to change suppliers in the midst of development and production of a car model, and from a high renewal rate of our programs (91.7% in 2018). We believe that our leading market share in each of our business groups positions us well for future growth, allows us to negotiate favorable terms from our suppliers and to further diversify our business model.

Highly diversified business model

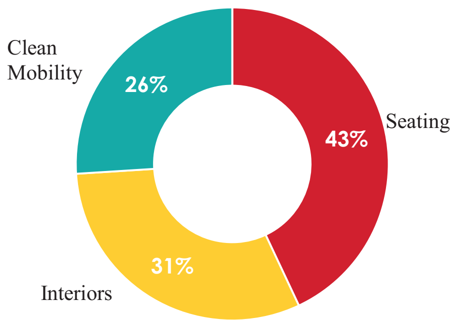
We believe that the high degree of diversification through our business groups, our geographic presence, and our number of customers and range of products limits our exposure to adverse changes in the global or local economic environment and in the various end-markets we serve, while simultaneously mitigating counterparty risk. This high degree of diversification in turn supports the resilience of our sales and our profitability.

The following charts show our sales in 2018 by region, business group and customer.

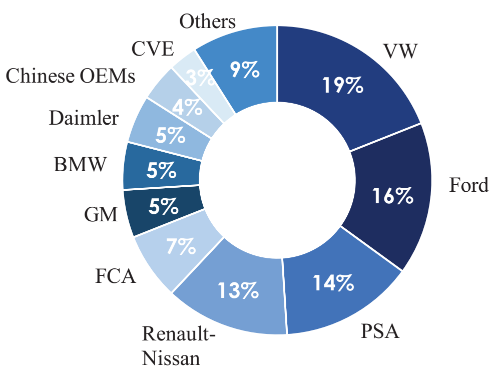
Sales by region (2018)



Sales by business group (2018)



Sales by customer (2018)



In recent years we have further increased our customer diversification. In 2018, our two largest customers accounted for 34.8% of sales compared to approximately 48% of total sales in 2008. We also further increased our geographic diversification by increasing the share of our Asian sales. In 2018, sales in Europe, North America and Asia were 51%, 25% and 19% of sales, respectively compared to approximately 74.4%, 14.8% and 5.9% of total sales, respectively, in 2008. This increased diversification reduces our exposure to a single geographic area, end- market, automaker or car model.

We benefit from a global customer base. Although Japanese and South Korean automakers tend to use their own network of suppliers, we managed to become a supplier to Nissan and Hyundai. We are present on most market segments, from entry-level models to premium and luxury cars, which make us less vulnerable to the parameters which may affect one particular segment.

Attractive underlying market fundamentals

We are undertaking a significant transformation in our business and strategy to enable us to take advantage of the major trends impacting the automotive industry. In particular, CO_2 and other emissions regulation, the increasing electrification, connectedness and autonomy of vehicles and the emergence of ride-sharing. As a result, we are developing into a technology company which provides solutions for sustainable mobility and cockpit systems. We believe that our global footprint and technological leadership enable us to benefit from attractive underlying market fundamentals.

Sustainable Mobility

Social and political pressures on the automotive industry to reduce emissions have never been higher. Regulatory changes which seek to reduce the impact of automobiles on the environment and the increasing demand for electrified vehicles, have had, and will continue to have, a significant impact in our markets. This creates significant business opportunities for us and we have made sustainable mobility a strategic priority.

For example, in 2018 the European Commission confirmed its drastic tightening of average CO_2 targets. The current requirement for passenger vehicles is 95g/km CO_2 by 2020 . The next requirement will be a reduction of 15% to around 80g/km CO_2 by 2025. In China, the government has set a target of 90g/km CO_2 for passenger vehicles by 2025 and certain cities and provinces have also introduced emissions regulations which require passenger vehicles to reduce particulate matter ahead of national regulations. India is also implementing stricter CO_2 targets for passenger vehicles of around 110 g/km CO_2 by 2022, a reduction of 15% from current requirements. In February 2019, the European Commission also proposed stricter CO_2 requirements for commercial vehicles with reductions from current levels of 15% by 2025 and 30% by 2030. We also expect stricter emissions regulations for commercial vehicles in China and India.

Our strategic roadmap for Sustainable Mobility focuses on the following three areas:

- developing innovative solutions for hybrid vehicles that improve fuel economy, such as exhaust heat recovery solutions and lightweighting;
- developing ultra-clean solutions for commercial vehicles and high horsepower engines, and;
- developing solutions for zero emissions, in particular fuel cell technology and battery housing sub-systems and modules.

For example, on hybrid vehicles, we developed our exhaust heat recovery system (‘‘**EHRS**’’), which reduces fuel consumption by up to 7% by recovering heat produced by drivetrains and lost through the vehicle exhaust system and using the recovered heat to maintain appropriate engine temperature and heat the cabin, which is particularly important in hybrid vehicles. We also developed our electric heated catalyst (‘‘**EHC**’’) technology to minimize the emission of pollutants from internal combustion engines in order to bring vehicles in line with more stringent new emissions regulations. We expect increasing regulation to reduce emissions, which will drive the demand for our clean mobility solutions and significantly increase the overall value of our exhaust line.

For zero emissions vehicles (that is, pure electric vehicles), we developed lightweight battery housing with integrated battery thermal management. We have also developed lightweight hydrogen tanks and stacks for fuel cell vehicles, which we regard as a credible alternative for zero emissions vehicles such as long range SUV vehicles or commercial vehicle application.

The market for emissions purification systems for high horsepower engines also presents significant business opportunities. High horsepower engines are used in marine propulsion, power generation, rail, agricultural and other industries. Hug Engineering, which we acquired in 2018, is a leader in gas purification systems for high horsepower engines. We believe that it is well positioned to capitalize on opportunities which will arise as a result of the enforcement of new environmental regulations which are expected to cover over 75% of the global market for high horsepower engines by 2030.

Cockpit of the Future

The increasing connectedness and autonomy of vehicles, as well as the significant potential growth in "shared mobility" such as ride-hailing or car-pooling, will radically alter the driving experience and as a consequence vehicle seating and interiors. Customers' expectations for infotainment are increasing and autonomous vehicles will allow the driver to engage in activities not previously possible while driving, such as relaxing, working and socializing. Users of shared mobility will expect more personalized interiors and digital continuity in vehicles. As a result, vehicle seating and interiors will be substantially redesigned and enhanced to deliver the "Cockpit of the Future". Our "Cockpit of the Future" strategy is designed to respond to these trends by focusing on pioneering technological development which will provide users with versatile architecture, advanced safety, health and wellbeing, cockpit integration systems, connectivity, infotainment and HMI systems. As part of this strategy, in 2017 we signed a strategic partnership with Parrot Automotive, an automotive connectivity and infotainment specialist for the joint development of integrated smart surfaces manufactured by us, HMI, infotainment and connectivity solutions, and in October 2018 we announced our acquisition of 100% of Parrot Automotive. On 26 October 2018, we announced our intention to acquire Clarion, a leading Japanese developer, manufacturer and supplier of IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver assistance systems (the "**Clarion Acquisition**"). We believe that Clarion's core competence in electronics and software integration and our complementary geographic presence and customer portfolio will help to position us as a leading provider of cockpit systems integration and advance our Cockpit of the Future strategy.

Additionally, safety standards impose higher levels of performance and seating plays a key role in driver and passenger safety. As the leading supplier of frames and mechanisms for seats, we continue to play a key role by working in partnership with automakers on the development of new products and believe we are well positioned to benefit from further requirements in terms of safety applicable to seats.

We believe that we will also benefit from favorable macro-economic factors, such as increased gross domestic product in many of the markets we operate in, that should improve consumers' spending. In China, we maintained a high level of profitability in 2018, demonstrating that we are adapting well to changes in the Chinese market (such as the higher presence of domestic automakers) by strengthening our relationship with major Chinese automakers. Although growth in the Chinese automotive market slowed down in the second half of 2018 due to a weaker domestic economy, we believe that China remains the primary driver of growth in the global automotive industry, particularly for electric vehicles.

Pioneer in technological innovations

We are a pioneer in technological innovations in the automotive sector, as highlighted by our consistent track record of award winning innovations. We operate 35 research and development centers worldwide and employ approximately 7,300 engineers. In 2018, we filed 403 new patents, compared to 330 in 2017.

We are accelerating our investment in innovation in order to capitalize on the significant global trends impacting the automotive sector including, in particular, CO_2 and other emissions regulation and the increasing electrification, connectedness and autonomy of vehicles. In 2018, we allocated €1,093 million to gross R&D costs of which management estimates that €180 million was allocated to research and innovation expenses, an increase of €20 million compared to 2017.

Given the pace of technological change and the need for the efficient development of new products, we have adopted a co-innovation policy involving external research institutes, investment in start-ups and strategic partnerships.

Since 2011, we have developed numerous partnerships and chairs with research institutions, such as Massachusetts Institute of Technology (MIT), Stanford University and the Collège de France, and technical universities in France and Germany such as Centrale Supélec and Technische Universität Dortmund. In France, we work with the Jules-Verne and M2P Technological Research Institutes to develop innovative production processes for composite and metallic materials. We have a five-year agreement in place with the French CEA (Commissariat for Atomic Energy and Alternative Energy) for the research and development of fuel cell technology, among other areas. In 2017, we established a new partnership with the Indian Institute of Science in order to develop innovative HMI systems and sensors.

We are seeking to identify, incubate and invest in start-up companies to develop technological innovations and generate long-term value. In 2017, we established a ''technology platform'' in Silicon Valley and intend to establish further platforms in Canada, France, Israel, China and India. Through our technology platforms, we intend to research and identify new innovations, assess their commercial value and determine whether to make an investment. In 2018, through our subsidiary Faurecia Ventures, we invested in American start-ups which have assisted us in developing wireless charging technology (Powersphyr Inc.), climate control technology (Promethient Inc.) and innovative audio solutions (SUBPAC Inc.). We also invested in Enogia in 2017, a French start-up specializing in energy recovery, and ESP Consulting, a laboratory that uses cognitive science to optimize human well-being and performance in different situations, to study the effect of our technologies under different test conditions. On 26 February 2019, we signed a partnership with Japan Display Inc. aimed at enhancing the passengers' cockpit by developing innovative displays adapted to different uses.

In order to accelerate our investment in key areas, we develop partnerships with other industrial or technology groups. In particular, HELLA for lighting and electronics, ZF for advanced safety, Mahle for thermal comfort, Stelia Composites for fuel cell tanks and Accenture for data analytics. In 2017, we signed a strategic partnership with Parrot Automotive, an automotive connectivity and infotainment specialist for the joint development of integrated smart surfaces manufactured by us, HMI, infotainment and connectivity solutions, and in October 2018 we announced our acquisition of 100% of Parrot Automotive. We have acquired a 50.1% stake in Jiangxi Coagent Electronics in order to develop HMI and IVI such as displays, voice recognition, radio and navigation and smartphone applications. On 26 October 2018, we announced our intention to acquire Clarion, a leading Japanese developer, manufacturer and supplier of IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver assistance systems.

We have also established multidisciplinary teams from our Seating and Interiors business groups to focus on our development of products and technology for the ''Cockpit of the Future''. We have established ''Cockpit of the Future Labs'' in Paris, San Francisco, Yokohama and Shanghai. We aim to develop, for and with manufacturers, applications and solutions that integrate and develop our products. We also collaborate with local start-ups via technology platforms. They help us to discover new start-ups, establishing strong connections in major innovation clusters and to closely follow emerging trends and new technologies. Our platforms are located in the Silicon Valley, Toronto, Shenzhen and Tel Aviv. In order to keep abreast of the latest technology and market trends, we have created two advisory councils, one in Silicon Valley and one in China. Our council members are experts in different fields such as start-up incubators, venture capital, artificial intelligence, new mobility solutions and economics. Their role is to bring a new perspective and challenge our ideas as well as to identify relevant technology and strategic topics for discussion. We have also joined with, amongst others, Amazon, Google, Microsoft, NAVER LABS and Valeo to form the ''Prairie Institute'' (Paris Artificial Intelligence Research Institute) in Paris, an international center for research and training relating to artificial intelligence.

We have more than ten years of experience in energy recovery systems, having introduced the first generation of EHRS in 2006 and, more recently, introducing our compact EHRS to the market which reduces fuel consumption by up to 7%. We have been selected to install our compact EHRS in Hyundai IONIQ Hybrids and plug-in Hybrids.

Strong focus on operational performance, profitability and financial discipline

Our operational performance, profitability, and financial discipline and close relationship with customers form an important foundation for our transformation and sustainable value creation. Over the past several years we have achieved significant improvements in our profitability. Our operating income increased from 3.5% of value added sales in 2013 to 7.3% of sales in 2018. In particular, our operating income in North America increased from around 2.8% of value added sales in 2013 to 6.5% of sales in 2018, and our Faurecia Interiors business group improved its operating income from 1.8% of its value added sales in 2013 to 6.0% of its sales in 2018.

We are also implementing a Digital Enterprise strategy in order to improve operational performance. For example, we have introduced into our development, manufacturing and logistics activities various digital technologies. These include the use of collaborative robots for manufacturing tasks, deployment of automated guided vehicles to transport parts within plants, tracking parts coming in and out of factories using Radio Frequency Identification ("**RFID**"), use of data from connected machines for predictive maintenance to avoid breakdowns, and implementation of fully digital production monitoring systems to facilitate the control of production lines. By the end of 2018, over 550 collaborative robots and 800 automated guided vehicles had been installed at our production sites. More than a hundred of our factories have digital production dashboards, allowing real-time information sharing on the operation of production lines. Over 300 machines are connected to a data pool allowing monitoring and easing predictive maintenance.

We generally seek to pass through increased raw material costs to our customers through a variety of means. Certain raw material cost fluctuations, such as for monoliths, are directly passed through, whilst others are passed through (typically with a time lag) through indexation clauses in our contracts. In addition, we seek to pass through certain other raw material costs to customers through periodic price reviews that are part of our contract management. Our ability to pass through such costs has had a positive impact on our margins and profitability. In an environment of increasing raw material prices, we believe we have been generally successful in passing on the higher costs of our raw materials to our customers.

Our selective cost structure and our focus on more profitable businesses has enabled us to improve our operating margin, in particular for our Faurecia Clean Mobility business group. Our Faurecia Seating operating margin (as a percentage of sales) increased from 5.7% in 2017 to 6.0% in 2018. Our Faurecia Interiors operating margin (as a percentage of sales) increased from 5.6% in 2017 to 6.0% in 2018. Our Faurecia Clean Mobility operating margin (as a percentage of sales) increased from 10.2% in 2017 to 10.8% in 2018. To lower costs, we continue to further standardize our equipment and production processes.

We seek to achieve steady and predictable levels of capital expenditure and working capital. We are still planning to grow while limiting our capital expenditure and capitalized R&D requirements by seeking better capital expenditure allocation. Our three-year order intake for the period 2016 to 2018 was €63 billion, compared to €53 billion for the period 2014 to 2016. Subject to the global growth of vehicle production, we believe that our order book strongly supports our future sales and growth objectives.

We successfully completed a refinancing plan in 2018 which involved amending and extending our €1,200 million Senior Credit Agreement, issuing the 2025 Notes and redeeming in full €700 million in principal amount of our notes due 2022 following a tender offer. In addition, in 2018 we entered into the €1,300 million Bridge Facility Agreement in order to finance the Clarion Acquisition. In December 2018, we entered into a transaction to issue €700 million in principal amount of Schuldschein (a private placement under German law) in multiple tranches, which we issued in December 2018 and January 2019. The receipt of the net proceeds from the issue of the Schuldschein enabled us to reduce the committed funds available under the Bridge Facility Agreement to €750 million by January 2019. As a result, we have increased our financial flexibility and improved our financial condition. We currently have no significant long-term debt repayment prior to December 2022. The issuance of the Notes in this offering is intended to refinance in full the outstanding principal amount under the Bridge Loan.

Over the past several years we have also developed a close relationship with our key customers through regular contact and meetings from all levels of our organization from our management to our site teams, including close monitoring of customer feedback through our Total Customer Satisfaction. This relationship has also been developed by maintaining the high quality of our products through our Faurecia Excellence System, in future FES X.0, and through technology reviews and co-development projects. The success of our relationships is reflected in our order intake, a record €63 billion at the end of 2018 calculated on a three-year rolling basis, and the awards we have received in recent years. For more information on the awards we have received, see "– *Our Company*".

We believe that we will benefit from our strong focus on operational performance, profitability, capital expenditure and working capital management and our close relationship with our customers.

Experienced management team

Our management team and Board of Directors have significant experience in the industry. Patrick Koller, our Chief Executive Officer, has been with the Group since 2006. Prior to becoming our Chief Executive Officer, he was Executive Vice President at our Faurecia Seating business group from 2006 to 2015. Michel Favre, our Chief Financial Officer, has been with the Group since 2013. Prior to becoming our Chief Financial Officer, he was Executive Vice President (Financial Controlling and Legal) at Rexel SA from 2009 to 2013, Chief Financial Officer at Casino Guichard-Perrachon SA from 2006 to 2009 and Chief Financial Officer of Altadis SA from 2001 to 2006. He also held a number of senior financial and operational roles with Valeo SA over a 13-year period including Vice President of the Lighting Branch from 1999 to 2001. The majority of the members of our Executive Committee have spent most of their careers in the automotive industry. We believe that the experience, industry knowledge and leadership of our management team will help us implement our strategy described below and achieve further profitable growth.

Strategy

Focus on Sustainable Mobility and Cockpit of the Future

Our strategy is designed to respond to the significant global trends impacting the automotive sector including, in particular, CO_2 and other emissions regulation, the increasing electrification, connectedness and autonomy of vehicles and the emergence of ride-sharing.

We are seeking to accelerate our growth by focusing on two strategic priorities which we refer to as "Sustainable Mobility" and "Cockpit of the Future". "Sustainable Mobility" involves our development of products and processes which improve weight reduction, size reduction, air quality, energy recovery and the development of bio-sourced and renewable materials. "Cockpit of the Future" involves the development of products and technology which are aligned with the increasing connectedness and autonomy of vehicles. We believe this trend will radically alter the driving experience. As a result, vehicle seating and interiors will be substantially redesigned and enhanced to deliver the "Cockpit of the Future". We are pioneering technological development in the "Cockpit of the Future", which will provide users with versatile architecture, advanced safety, health and wellbeing, cockpit integration systems, connectivity, infotainment and intuitive HMI systems. We are focusing our product development on higher value, innovative products with a high technology content.

Regulatory changes, which seek to reduce the impact of automobiles on the environment, will also have a significant impact in our markets and we anticipate that this will present a significant business opportunity. We believe that the Asian markets represent a significant source of growth potential and high profitability. For example, we believe that the likely introduction of more stringent CO_2 and other emission regulations in Asia, in particular in China and India, will lead to significant upgrades in vehicle content and provide substantial opportunities for growth in our Asian markets. Our strategy is to continue to expand our portfolio in China with our current customers and strengthen our relationship with major Chinese automakers to accelerate our business activity.

Our strategic roadmap for Sustainable Mobility focuses on the following three areas:

- developing innovative solutions for hybrid vehicles;
- developing ultra-clean solutions for commercial vehicles and high horsepower engines; and
- developing solutions for zero emissions.

Sustainable Mobility – Innovative Solutions for Passenger Vehicles: Our "Sustainable Mobility" strategy for passenger vehicles is focused on two main areas. Firstly, we continue to develop innovations for passenger vehicles that improve fuel economy such as low-pressure exhaust gas recirculation for gasoline engines, a technology that re-injects a precise amount of cooled engine-exhaust gas back into the engine to improve combustion cycle efficiency, which improves fuel economy by up to 6%. Our EHRS improves vehicle efficiency by recovering up to 75% of exhaust heat for re-use in either warming up the vehicle cabin or heating the engine, improving fuel economy by up to 6% in cold conditions in all types of hybrid vehicles. Our EHC is an innovative system that activates catalysts in low-temperature phases during the use of a vehicle by using electric energy, which improves vehicle depollution performance. Secondly, we are expanding our capabilities in lightweight materials. In 2017, we joined the German carbon fiber composites network based in Augsburg, Germany to develop manufacturing processes for mass production of carbon composite parts in vehicles. We expect carbon composite vehicle parts to weigh 50% less than equivalent parts made from steel. Ten kilograms of weight savings could reduce CO_2 emissions by 1g/km. We also recently developed a resonance free pipe which reduces weight and packaging complexity by eliminating resonators. This award-winning innovation was launched in 2018 in the United States, in collaboration with General Motors.

Sustainable Mobility – Ultra-clean Solutions for Commercial Vehicles, High Horsepower Engines: Our strategy for commercial vehicles and high horsepower engines is focused on developing innovative "Sustainable Mobility" and ultra-clean diesel technologies for these markets.

Sustainable Mobility – Solutions for Zero Emissions: Our strategy for zero emissions is focused on battery electric vehicles ("**BEV**") and fuel cell technology. We are seeking to become a leading player in battery housing for BEVs, including thermal management. Based on our experience of composites, we have already begun supplying battery pack covers which will be combined with functional thermal management and crash resistance.

Whilst they have not reached large scale production yet, fuel cell electric vehicles offer some advantages over BEVs, in particular for heavy and long range vehicles in terms of autonomy and charging time. Fuel cell electric vehicles and battery electric vehicles will probably coexist for different applications.

Cockpit of the Future: We believe that our existing product portfolio and competencies give us an extremely strong position to become the leading interior supplier to the automotive industry. We are focusing in particular on developing our capabilities in the following areas:

- *Cockpit Technologies*: As vehicles become increasingly autonomous, the way occupants spend their time in the vehicle becomes increasingly important. Our cockpit technologies include versatile architecture and intelligent HMI systems which adapt to passengers' needs to ensure a personalized experience in all driving modes. Our "Smart Control Unit" allows smartphones to be integrated in the most convenient place in the car for the passenger and then be used to control the displays, seat position, thermal or audio settings, and lighting. Our cockpit technologies also include adaptive displays which adjust depending upon the driving mode, transforming from a central instrument and information cluster in driving mode to a large infotainment screen in autonomous mode.
- *Advanced Safety, Health and Wellness*: We expect that by 2030, 15% of all vehicles will have reached "level 4 automated driving", which means passengers will have more freedom to do other tasks during their journey and safety features will be imperative. Accordingly, we are adapting and developing safety systems so that passengers can continue to travel safely in any seated position, whether they are driving, working or relaxing. In 2017, we signed a partnership agreement with ZF to develop the Advanced Versatile Structure ("**AVS**") seat frame which allows the driver to recline, lift, adjust and swivel their seat and return it quickly back to the upright driving position. The seat belt and belt retractor are both integrated into the seat allowing the seat belt to function in different seat positions. Our R&D teams have developed technology solutions that provide drivers and passengers with a personalized comfort experience, in terms of thermal management, undisturbed personal sound environment, with individual preferences stored in the cloud and using artificial intelligence to anticipate user needs.
- *Cockpit Integration Systems*: We are developing our "cockpit intelligence platform" ("**CIP**") that will connect and manage all interior cabin electronics, integrating the key functions of the cockpit including infotainment and audio, safety and comfort and thermal management. Our CIP aims to simplify hardware and software integration for car manufacturers by utilising a "single brain" electronic control unit that replaces current multiple domain controllers. It uses artificial intelligence to learn a driver's preferences in the vehicle and predict when the driver will need certain in-vehicle-adjustments to be made. Our CIP is being developed with open source technologies so that software developers can develop new applications for it. In-vehicle infotainment is moving towards open platforms which allow for easy integration with the driver's own digital devices, also known as "digital continuity". Our strategic partnership with Jiangxi Coagent Electronics, our acquisition of Parrot Automotive and the Clarion Acquisition will allow us to develop flexible connectivity and infotainment solutions quickly.

Sustainable Development

We recognise our responsibility as a company to make a positive contribution to society and to all stakeholders. We seek to ensure that our commitment to sustainable development is an integral part of our corporate culture. We intend to remain focused on our strong quality, environmental and health and safety standards while continuing to be proactive and innovative in protecting the environment. For example, we recognise the need to reduce the carbon footprint of our activities and we will continue to offer solutions for sustainable mobility. We work to improve air quality by developing products which reduce pollutant emissions. We also recognise that we are a member of the communities in which we operate. We contribute to economic development by hiring locally, providing career training and advancement for our employees and by our commitment to ethics and social responsibility.

Accelerate our Asian development

The Asian market represents a significant source of growth potential and high profitability. Although growth in the Chinese automotive market slowed down in the second half of 2018, we believe that China remains the primary driver of growth in the global automotive industry, particularly for electric vehicles. We believe that the likely introduction of more stringent CO_2 and other emission regulations in Asia, in particular in China and India, will lead to significant increases in vehicle content and provide substantial opportunities for growth in our Asian markets. Our strategy is to continue expanding our portfolio with our current customers, and strengthen the relationship with major Chinese automakers to accelerate our business activity. Sales to Chinese OEMs as a percentage of our China sales has grown from 16% in full year 2017 to 25% in the first half of 2018 and 32% in the third quarter of 2018.

We have developed joint ventures in China across our business groups, including a joint venture with Dongfeng Hongtai Holdings Co Ltd ("**Dongfeng Hongtai**") (involving our Faurecia Clean Mobility group) and Liuzhou Wuling Industry Co Ltd ("**Wuling Industry**") and BYD Co Ltd ("**BYD**"). We have also acquired a 50.1% stake in Jiangxi Coagent Electronics in order to develop HMI and IVI such as displays, voice recognition, radio and navigation and smartphone applications.

In July 2018, we signed a strategic partnership framework agreement with FAW Group, a leading Chinese automobile manufacturer, to develop technology and solutions for the cockpit of the future and sustainable mobility. We also recently announced a new joint venture with Liuzhou Wuling Automotive Industry Co., Ltd, a leading Chinese automotive manufacturing company. The new joint venture will be controlled equally by each party and will focus on developing automotive emissions control systems.

In China, certain cities and provinces have already introduced regulations which require fuel consumption and CO_2 emissions to be reduced for passenger and commercial vehicles. We intend to capture the growth of the commercial vehicle market for clean mobility solutions through the strong partnership our Faurecia Clean Mobility business group has with Cummins, a world leader in medium to heavy-duty on and off-road diesel engines. We supply major Chinese engine manufacturers, Weichai and Yuchai. India is also considering implementing emissions standards by 2021 which will be equivalent to Euro-6 emissions standards.

We also intend to increase our business activity with other Asian automakers, in particular through the continuous development of our relationship with Nissan and Hyundai.

The Clarion Acquisition

On 26 October 2018, we announced our intention to acquire Clarion, a leading Japanese developer, manufacturer and supplier of IVI, audio equipment, connected service platforms for vehicles and HMI and advanced driver assistance systems. In addition, Faurecia and Hitachi Automotive Systems Ltd ("**Hitachi Automotive Systems**") agreed to enter into a business alliance within which Clarion and Hitachi Automotive Systems Ltd will be able to combine their products in order to offer innovative autonomous driving solutions to OEMs.

Clarion is a public company domiciled in Japan whose shares are currently listed on the Tokyo Stock Exchange. For the full year ended 31 March 2018, Clarion had sales of approximately €1.4 billion. Sales in North and South America, Japan, Asia-Pacific and Europe were 44%, 32% 17% and 7% of sales, respectively. Clarion's OEM customers include Ford, PSA, GM, FCA, Suzuki, Mazda, Subaru, Daihatsu, Tata and certain Chinese OEMs. Clarion has over 7,500 employees globally, including more than 2,000 engineers (of which 1,150 are software engineers). It operates from seven manufacturing sites, one in each of Japan, Malaysia, Thailand, Hungary and Mexico and two in China. Clarion also has nine R&D centers in eight countries and 26 local and regional sales offices across 16 countries. For the year ended 31 March 2018, Clarion generated revenues of JPY183,056 million (as compared to JPY194,841 million for the year ended 31 March 2017), operating income of JPY4,792 million (as compared to JPY11,367 million for the year ended 31 March 2017) and net income of JPY2,095 million (as compared to JPY7,736 million for the year ended 31 March 2017). A significant proportion of Clarion's revenues for the year ended 31 March 2018 were generated in Asia (including Japan) and the Americas.

This financial data relating to Clarion has been extracted or derived from Clarion's published audited consolidated financial statements as at and for the year ended 31 March 2018 which was prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Accordingly, our auditors have not audited, reviewed or performed any procedures with respect to this financial data. On 29 January 2019, Clarion issued revised guidance for its full-year earnings for the year ended 31 March 2019 which indicated that Clarion expects its net sales to decrease as a result of a stagnating level of new car sales globally and, in particular, in the Chinese market, stagnation of bus sales in Japan and the delayed launch of new service operations.

We believe that Clarion's core competences in electronics and software integration and our complementary geographic presence and customer portfolios will help to position Faurecia as a leading provider of cockpit systems integration and advance our "Cockpit of the Future" strategy.

Under the terms of an agreement between us, Hitachi, Ltd ("**Hitachi**") (Clarion's parent company) and Hennape Six SAS ("**Hennape**"), our wholly owned subsidiary, Hitachi agreed to tender all of the common shares it held in Clarion (representing an ownership percentage of 63.81% of Clarion) pursuant to a tender offer to be launched by Hennape once certain conditions, including regulatory and competition authority approvals had been obtained. The agreed tender offer price of JPY2,500 per common share, represented a premium of 10.47% on the closing price of Clarion's common shares on the First Section of the Tokyo Stock Exchange on 25 October 2018 for all outstanding shares and a total purchase price of JPY140.9 billion (approximately €1.1 billion).

Following the launch of the tender offer by Hennape on 30 January 2019 and the expiry of the tender offer period on 28 February 2019, a total of 95.28% of Clarion's common shares were tendered for settlement on 7 March 2019. Following the successful completion of the tender offer, we will require all remaining shareholders to sell their shares in Clarion to Hennape at the original tender offer price pursuant to a squeeze-out procedure in compliance with the Japanese Companies Act. We currently anticipate that Clarion's shares will be delisted from the Tokyo Stock Exchange on 25 March 2019.

Following the Clarion Acquisition, we intend to establish a fourth business group, Faurecia Clarion Electronics, which will integrate our existing electronic cockpit systems businesses, Parrot Automotive and Jiangxi Coagent Electronics with Clarion. This new business group will employ almost 9,200 people with more than 1,650 software engineers. Our management has previously estimated that Faurecia Clarion Electronics will achieve sales of approximately €2 billion by 2022 and potential synergies arising as a result of the Clarion Acquisition of around €90 million of earnings before interest and tax by 2022. Our management has estimated that these synergies will comprise EBIT synergies of approximately €40 million, primarily driven by our ability to capitalize on Clarion's network with Japanese OEMs and our existing relationship with U.S. and European OEMs. In addition, our management has estimated cost synergies of approximately €50 million of earnings before interest and tax which will be achieved as a result of savings resulting from our combined purchasing power, footprint optimization and the delisting of Clarion common shares. In addition, our management has estimated that our ratio of net debt to EBITDA, excluding the impact of the adoption of IFRS 16, for each year from 2019 to 2021 (inclusive) will remain below 1.0x after the Clarion Acquisition. In section 1.8 of our 2018 Annual Results we identified certain financial targets for the full-year 2019, based on our assumption that worldwide automotive production will decline by 1% in 2019, including: (i) sales growth at constant currencies outperforming worldwide automotive production by 1.5% to 3.5% (excluding the consolidation of Clarion as from 1 April 2019); (ii) operating income increasing in value and operating margin of at least 7% (including the consolidation of Clarion as from 1 April 2019); and (iii) net cash flow of at least €500 million (including the consolidation of Clarion from 1 April 2019). *These forward-looking statements are based on management's current beliefs, expectations, assumptions and business plan and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from the trends and objectives described. No assurance can be given that the aforementioned trends and objectives will occur or be achieved. These forward-looking statements involve assessments about matters that are inherently uncertain and actual results may differ for a variety of reasons including those described in "Forward-Looking Statements" and "Risk Factors". No assurance can be given that actual results will track those described in the aforementioned forward-looking statements.*

We expect the integration will give critical mass to our cockpit systems business and create significant commercial and cost synergies. For example, Clarion will provide a cloud platform and cyber security systems for our infotainment and connectivity products and technology systems which were not previously developed by Parrot Automotive and Jiangxi Coagent Electronics. Clarion will also enhance our safety and information offering by providing driver and passenger monitoring and car and environment monitoring. We expect Clarion's expertise in IVI, digital sound design, sensing and image processing, connectivity and cloud management and application integration, combined with Parrot Automotive and Jiangxi Coagent Electronics' existing competencies, will allow us to develop new products and technology which will form part of our "Cockpit of the Future" offering. The Clarion Acquisition will immediately provide us with Advanced Driver Assistance Systems ("**ADAS**") and automated parking capabilities as well as cloud-based services for our "Cockpit of the Future". We will also be able to offer full autonomous driving solutions through our business alliance with Hitachi Automotive Systems Ltd and the combination of ADAS and artificial intelligence systems in the cockpit.

On 25 October 2018 we entered into a €1,300 million facility agreement among us as borrower and Crédit Agricole Corporate and Investment Bank in order to finance the Clarion Acquisition and to pay related expenses and transaction costs (the "**Bridge Facility Agreement**"), which remained undrawn as at 31 December 2018. The Bridge Facility Agreement is a 1-year term loan facility with an option to extend the maturity by up to a year with two six-month extension options.

In December 2018, we entered into a transaction to issue €700 million in principal amount of Schuldschein (a private placement under German law) in multiple tranches, which we issued in December 2018 and January 2019 and which matures in December 2022, December 2023 and December 2024. The receipt of the net proceeds from the issue of the Schuldschein enabled us to reduce the committed funds available under the Bridge Facility Agreement to €750 million by January 2019. We applied (a) €700 million of the net proceeds from the issue of the Schuldschein and (b) €500 million of funds borrowed under the Bridge Facility Agreement to finance the acquisition of Clarion's shares following the successful completion of the tender offer. For further information, see "Business Description – Description of Other Indebtedness".

Refinancing

The issuance of the Notes in this offering is intended to repay the Bridge Loan in full and further strengthen our balance sheet.

See "Description of Other Indebtedness" for further details regarding our outstanding indebtedness and the principal terms and conditions of our other debt instruments.

History and Development

We have been a major automotive equipment supplier for decades and trace our history back to 1914. We have grown in tandem with technological and industrial advancements to reach our current position as a market leader in our three business groups. The following are key milestones and acquisitions in our development.

1997-1999. Ecia (Équipements et Composants pour l'Industrie Automobile), the PSA Peugeot Citroën group's specialist automotive equipment subsidiary, launches a friendly bid for Bertrand Faure, bringing its direct and indirect stake in this group to 99%. The acquisition leads to our formation in 1998 with the underlying aim of focusing on the automotive equipment business. Ecia and Bertrand Faure merge, resulting in the PSA Peugeot Citroën group holding a 52.6% stake in our company by the end of 1999. At that time, we report sales of over €4 billion, with a workforce of 32,000 employees.

2002-2005. We acquire a 49% stake in the South Korean catalytic converter maker Daeki Industrial (specializing in exhaust systems for Hyundai), number two in its market, and subsequently increase our stake to 100%. We also purchase the South Korean exhaust systems company Chang Heung Precision, which holds market share of over 20%.

2009. We agree to acquire Emcon Technologies, becoming the world leader in the exhaust systems market. Following completion of the all-equity deal, One Equity Partners (JP Morgan Chase & Co's private equity arm) takes a 17.3% stake in our company (fully divested in October 2010) and the PSA Peugeot Citroën group's interest is reduced to 57.4%. In India, we buy out joint-venture partner Tata to become the sole owner of Taco Faurecia Design Centre, which is renamed Faurecia Automotive Engineering India and becomes our development center in India.

2012. On 3 May 2012, we announce our acquisition of the Ford ACH interior components plant in Saline, Michigan (USA). On 30 August 2012, we announce the acquisition of Plastal France (Plastal SAS), a supplier of plastic body parts for Smart branded vehicles (Daimler). We acquire the automotive business of Sora Composites and sign a partnership agreement with Mitsubishi Chemical to co-develop and produce bio-plastics for the automotive industry.

2013. Our Faurecia Clean Mobility business group enters into a joint-venture agreement with Suzhou PowerGreen Emission System Solution Co. Ltd, to jointly manufacture clean mobility solutions in Shanghai. Our Interiors business group also enters into a joint-venture agreement with Chinese automaker Chang'an Automobile Group, one of China's largest automakers to produce and deliver automotive interior equipment to Ford and PSA Peugeot Citroën group for its DS premium range and also enters into a cooperation agreement with Magneti Marelli for the design, development and manufacture of advanced human-machine interface vehicle interior products. Our Faurecia Seating business group enters into an agreement to establish a joint-venture with Thailand-based equipment manufacturer Summit Auto Seats to support Ford's growth strategy in Southeast Asia, especially in Thailand.

2014. Our Faurecia Interiors business group enters into a joint-venture with Interval, a major French agricultural cooperative to develop the use of natural fiber-based materials for the automotive industry, and also enters into a joint-venture with the Japanese equipment supplier Howa for the production of interior systems for the Renault-Nissan-Mitsubishi group in Mexico.

2016. On 29 July 2016, we complete the sale of Faurecia Automotive Exteriors to Compagnie Plastic Omnium for an enterprise value of €665 million. The sale of Faurecia Automotive Exteriors represents an important step in balancing our business model as it has enabled us to accelerate our investment in higher value-added technologies within our remaining 3 divisions and to rebalance our geographical and customer portfolio. For example, part of the proceeds from the sale of Faurecia Automotive Exteriors were used for our investments in Parrot Automotive, Amminex Emissions Technology A/S ("**Amminex**") and Jiangxi Coagent Electronics. On 6 December 2016, we announce that we had entered into exclusive talks with Parrot Automotive, one of the leaders in connectivity and infotainment solutions for the automotive industry, with the aim of developing applications and platforms for connected vehicles. On 13 December 2016, we announce that we had increased our stake in Danish company Amminex from 42% to 91.5% through a share purchase agreement.

2017. On 24 March 2017, we complete our strategic partnership with Parrot Automotive by taking a 20% stake. On 17 November 2017, we acquire a 50.1% stake in Jiangxi Coagent Electronics in order to develop HMI and in-vehicle-infotainment such as displays, voice recognition, radio and navigation and smartphone applications.

2018. In March, we complete our acquisition of Hug Engineering, a leader in gas purification systems for high horsepower engines. We also announce our investment in French start-up Enogia, a specialist for energy recovery. In April, we announce the opening of a new technology center in Yokohama. In June, we sign a strategic partnership framework agreement with FAW Group to develop cockpit of the future technologies and Sustainable Mobility solutions. In October, we announce our full acquisition of Parrot Automotive. We also announce a new joint venture with Liuzhou Wuling, Faurecia Liuzhou Emissions Control Technologies. We also announce the Clarion Acquisition. In November, we announce a strategic partnership with HELLA for the development of innovative interior lighting solutions. In December, we announce an investment in ESP Consulting, which uses cognitive science to optimize human well-being and performance in different situations.

Our Industry

We operate within the global automotive equipment sector and our business growth is dependent on the trends in the global automotive market. Consumer expectations and societal changes are the two main drivers of change within such market. Regulatory change, which mirrors societal change, aims to reduce the impact of vehicles on the environment across all major automotive markets. The globalization of the automotive markets and the swift change in consumption patterns and tools, particularly in the field of electronics, have prompted automakers to look for new solutions enabling them to offer diverse, customizable and financially attractive products.

Since early 2010, our markets have experienced substantial growth, fueled by a rebound of sales in Europe and North America, as well as robust growth in China and other emerging markets. Although growth in the Chinese automotive market slowed down in the second half of 2018, we believe that it remains the primary driver of growth in the global automotive industry, particularly for electric vehicles. We estimate that light vehicle production increased by approximately 2.3% worldwide in 2017, with all regions of the world showing an increase, except in North America. Light vehicle production grew again in Europe (3.2%), increased significantly in South America (19.7%) and continued to grow in Asia, where production increased by 2.7% (with production growth of 2.6% in China). In contrast, production in North America decreased by 4.0% (source: IHS Automotive, January 2018). However, light vehicle production decreased by approximately 1.2% worldwide in

2018, with most regions of the world showing a decrease, except in South America. In particular, in 2018 light vehicle production decreased in Europe (-1.1%), North America (-0.7%) and in Asia, where production decreased by 1.8% (with production declining by 5.1% in China). In contrast, production in South America increased by 3.1% (source: IHS Automotive, February 2019). We also expect that companies such as ours will be particularly well positioned to take advantage of market growth in light of the following key industry trends.

Reducing fuel consumption, an increasingly compelling requirement

In 2018 the European Commission confirmed its drastic tightening of average CO_2 targets. The current requirement for passenger vehicles is 95g/km CO_2 by 2020. The next requirement will be a reduction of 15% to around 80g/km CO_2 by 2025. In China, the government has set a target of 90g/km CO_2 for passenger vehicles by 2025 and certain cities and provinces have also introduced emissions regulations which require passenger vehicles to reduce particulate matter ahead of national regulations. India is also implementing stricter CO_2 targets for passenger vehicles of around 110 g/km CO_2 by 2022, a reduction of 15% from current requirements. In February 2019, the European Commission also proposed stricter CO_2 requirements for commercial vehicles with reductions from current levels of 15% by 2025 and 30% by 2030. We also expect stricter emissions regulations for commercial vehicles in China and India. These objectives will require breakthroughs in design and materials. We are already active in the various areas that help reduce vehicle weight by offering new products and new designs applicable to existing products, optimized design, and are working to develop alternative materials and new manufacturing processes.

Environmental performance

Emissions of all combustion-related pollutants are subject to standards that are converging towards a drastic reduction. Reducing fuel consumption results in increased levels of pressure and higher temperatures in combustion chambers, which are damaging to the environment in terms of emissions of gas, pollutants and particulates. Direct fuel injection, increasingly widespread in gasoline engines, generates particulates that may require treatment in the exhaust system. We have been supplying particulate filters for gasoline engines since 2014, when we were the first company to introduce them as standard equipment in the market. The new Euro 6c emission standards have made it mandatory for all vehicles produced after 1 September 2018 with gasoline engines to have particulate filters installed, as has been the case for diesel engines since 2011. We are able to develop exhaust systems integrating the most efficient pollutant and particulate treatment technologies as a result of our experience in all aspects of the design and production of exhaust systems.

Sustainable development and use of raw materials

Materials are increasingly chosen and designed to satisfy regulatory constraints and societal expectations. From 2015, the European Commission imposed stricter requirements where the recyclability of synthetic materials such as plastics and, in the longer term, composite materials is one of the key features of the vehicle of the future. As with alternative energy sources, the development of bio-sourced resins associated with natural fiber reinforcements will ultimately allow vehicles to survive the depletion of oil resources. We are already making a contribution by developing technology strategies and innovative partnerships in these two areas. In 2013, we entered into a strategic partnership with Mitsubishi Chemicals for the development of bio-sourced resins and in 2014, with an agricultural cooperative for the development of natural fiber-based composites. Bio-materials have been part of our raw materials for over 25 years, from the initial ''Lignotoc'' compressed wood of the 1990s to the NafiLean™ (Natural Fibers for Lean Injection Design) created in 2013, and the introduction of bio-based resins in 2014 and FlaxPreg™ flax fiber reinforced composite sandwich in 2015. NAFILite™, a new project we developed together with a major French agricultural cooperative, Interval, which combines NAFILean™ material and an injection (foaming process), received a sustainability award at the JEC World 2017 Innovation Awards.

Attractiveness

Vehicles have become living spaces in which drivers and passengers expect comfort, quality and seamless connectivity with their personal and professional environments. Accordingly, while the use of wood, aluminum and leather is indispensable for interiors in the upper segments, alternative technologies can increasingly provide a premium touch in the intermediate segments. From the body to the cockpit and the seats, the products supplied by us are subject to continuous technological innovation.

Competitiveness

Development cost overruns and increased diversity are the downsides of the increase in embedded equipment. The standardization of components across production sites can help automakers offset these additional costs. By offering pre-developed generic products, rolled out globally, we are making a contribution to the strategy of streamlining costs imposed by automakers, while continuing to provide the highest level of technical performance.

Products

We develop, manufacture and sell high-quality and highly-engineered products and we currently operate through three business groups: Faurecia Seating, Faurecia Interiors and Faurecia Clean Mobility. Following the Clarion Acquisition, we intend to establish a fourth business group, Faurecia Clarion Electronics, which will incorporate Parrot Automotive and Jiangxi Coagent Electronics and focus on manufacturing and developing products for our "Cockpit of the Future" strategy, in particular, our cockpit integration systems and CIP.

Faurecia Seating

We are a global leader in seating solutions and the design, development and manufacture of seat systems, as well as seat products and we estimate we are currently the world's leading supplier of seat frames and mechanisms and number three supplier of complete seats. Our line of automotive seating components include frames, mechanisms and motors, padding, seat, covers, accessories, electronic and pneumatic systems. We also assemble complete seats, both front and rear, for just-in-time delivery to our customers' plants. Drawing on technological know-how that has won recognition from the largest automakers, we work alongside our customers to develop solutions that focus on safety, modularity, comfort and quality.

We estimate we are currently the world's number one supplier of seat frames and mechanisms and number three supplier of complete seats. We believe that in 2018 we had a 11.4% global market share by value.

For the year ended 31 December 2018, Faurecia Seating's sales reached €7,438.0 million, compared to sales of €7,129.2 million for the year ended 31 December 2017 and value added sales of €6,607.4 million for the year ended 31 December 2016. Faurecia Seating's operating margin increased to 6.0% for the year ended 31 December 2018, compared to 5.7% for the year ended 31 December 2017 and 5.2% for the year ended 31 December 2016.

Faurecia Interiors

We manufacture automotive interior systems including cockpit modules (instrument panels and central consoles), door panels, modules and door systems, acoustic modules, as well as decorative parts.

We estimate we are currently one of the world's two leading suppliers of automotive interior systems. We believe that in 2018 we had a 13% global market share by value.

For the year ended 31 December 2018, Faurecia Interiors' sales reached €5,471.7 million, compared to sales of €5,367.4 million for the year ended 31 December 2017 and value added sales of €4,810.9 million for the year ended 31 December 2016. Faurecia Interiors' operating margin increased to 6.0% for the year ended 31 December 2018, compared to 5.6% for the year ended 31 December 2017 and 5.2% for the year ended 31 December 2016.

Faurecia Clean Mobility

We develop and manufacture clean mobility solutions, particularly for reducing emissions (including zero emissions solutions), improving energy efficiency, acoustic performance and powertrain electrification as well as components for exhaust system acoustics.

We estimate we are currently the world's number one supplier of exhaust systems and components. We believe that in 2018 we had a 32.7% global market share by value. We are the global market leader in emissions control for light and commercial vehicles alike. We develop and manufacture complete exhaust systems and components, including mufflers, manifolds and catalytic converters.

We focus on three critical areas: weight reduction, pollutant emissions control and energy recovery, to ensure our exhaust systems meet more stringent environmental standards and to also respond to the public's growing ecological concerns.

For the year ended 31 December 2018, Faurecia Clean Mobility's sales reached €4,615.0 million, compared to sales of €4,465.6 million for the year ended 31 December 2017 and value added sales of

€4,195.3 million for the year ended 31 December 2016. Faurecia Clean Mobility's operating margin increased to 10.8% for the year ended 31 December 2018, compared to 10.2% for the year ended 31 December 2017 and 9.4% for the year ended 31 December 2016.

Customers

We maintain close relationships with almost all of the world's leading car manufacturers and work closely with customers to develop the design and functionality of our products. Each of Ford, Volkswagen, the Renault-Nissan-Mitsubishi group, the PSA Peugeot Citroën group, Fiat Chrysler accounted for more than €1.0 billion of our sales in 2018.

We are successfully developing and implementing customer vehicle production programs on a global scale. At the end of 2018, we had over 700 customer programs in development. Global platforms for non-visible components have become the norm for an automotive industry that intends to reduce its production costs. Automakers use standardized parts that can be adapted to an array of vehicles or even brands worldwide. This requirement represents a strong barrier to entry for new entrants. We develop and produce standard, modular products such as seat frames or exhaust line components that enable full-scale production to begin virtually simultaneously on every continent.

We design and manufacture equipment that is specific to each new car model or platform, and generally conclude contracts to provide these products throughout the anticipated life of the model or platform (usually between five and ten years). Products for new vehicle models are designed and developed in a close collaborative process involving the component supplier and the customer, which can last up to two years. Design and development are financed largely by the customer, either directly or through a per-product charge that is part of the product purchase price.

The quality of our products is widely acknowledged among automakers. We ensure the quality of our products through our Faurecia Excellence System, a rigorous set of project management procedures and methodologies, and by the expertise of approximately 7,300 engineers and technicians who design products and develop technological solutions.

This enables us to maintain very close relationships and to be strategic suppliers to many of our customers. For more information on the milestones we reached, see "– *Our Company*".

Competition

We estimate that we are one of the top 10 automotive technology suppliers in the world by revenue. We estimate that we are among the top three suppliers in terms of worldwide sales in every business in which we compete. Each of our segments is projected to experience significant growth, not least due to increased car ownership in developing countries. We have benefited from the significant consolidation in our markets and have been able to acquire significant new technologies, markets and product lines. Our 3 main competitors by business group are:

Faurecia Seating: Adient, Lear Corp and Magna International Inc.

Faurecia Interiors: Yanfeng Automotive Interiors ("**YFAI**"), IAC (International Automotive Components) and Grupo Antolin.

Faurecia Clean Mobility: Tenneco, Eberspächer and Boysen.

The list above does not include "captive" Keiretsu / Chaebol competitors closely linked to carmakers, such as Toyota Boshoku, Sitech, Calsonic Kansei, Magneti Marelli, Mobis, Sango, Futaba, Yutaka or Sejong.

Manufacturing

With approximately 320 plants and R&D sites in 37 countries, we can support automakers with on-the-ground services, especially in high-growth emerging markets. Focusing on innovation, project-engineering and production, we play a leading role in shaping the automotive industry around the world.

Around two thirds of our plants producing components are specifically located near our customers' plants in order to streamline industrial and supply chain costs. Around a third of our sites use a just-in-time business model, meaning that rather than stock-piling raw materials and finished products, components are produced based on the specifications communicated by the customer on the day of production. Located near automakers' assembly lines or even set up within their actual industrial parks, these sites are capable of delivering to our customers' production lines in less than three hours.

For this reason, much of our property, plant and equipment is specifically dedicated to particular client programs and utilization rates are dependent on the activity level of the customers.

Most of our property, plants and equipment is comprised of machinery, specific tooling and new plants in the process of construction, as well as land and buildings involved in our production processes. The level of automation in our manufacturing plants will depend on the local context and customers' needs; however, none of our plants are 100% automated and the skills of our employees is a key factor of our quality level. By the end of 2018, over 550 collaborative robots and 800 automated guided vehicles had been installed at our production sites. More than a hundred of our factories have digital production dashboards, allowing real-time information sharing on the operation of production lines. Over 300 machines are connected to a data pool allowing monitoring and easing predictive maintenance.

Suppliers

We use a large number of suppliers based in different countries for our raw materials and basic parts. In 2018, out of a total of €10,390 million in purchases from approximately 2,500 suppliers, our ten largest suppliers for each of our three business groups together accounted for 16% of our total purchases, which represented 10% of our sales.

Quality

We measure our quality performance as the average rate of customer rejections per million parts delivered (ppm). For the year ended 31 December 2018, this indicator was below the target of 15 ppm set by the Group.

This performance was primarily due to the application of the Faurecia Quality Breakthrough Plan and specific actions related to the application of basic quality controls, reinforced by the implementation of a plan, which introduced 20 daily safety and regulation rules for each of our employees, to ensure quality requirements are met. In order to monitor and maintain this performance, the number of quality audits conducted at production plants was increased.

Our Quick Response Continuous Improvement (''**QRCI**'') initiative has continued to evolve in 2018. QRCI is a management approach, applied company-wide, whereby all defects must be dealt with through corrective action immediately, or within 24 hours at the latest, working from an in-depth analysis to pinpoint the root causes of the problem and determine appropriate technical solutions that can be used across all of our businesses.

Our major customers acknowledge that we offer one of the highest levels of quality worldwide, as evidenced by numerous awards received from customers each year. Detailed monitoring of specific performance with each customer has been introduced in order to ensure that corrective measures are taken immediately to address any quality issues at a given plant. Reducing quality performance differentials between sites remains an overriding goal.

Research and Development

Consumer expectations and societal changes are the two main drivers of change within the market. Regulatory change, which mirrors societal change, aims to reduce the impact of cars and commercial vehicles on the environment across all major automotive markets. The globalization of the automotive markets and swift change in consumption patterns and tools, particularly in the field of electronics, have prompted automakers to look for new solutions enabling them to offer diverse, customizable and financially attractive product ranges.

In 2018, we employed nearly 7,300 engineers and technicians based in 35 R&D centers spread across our three main geographic areas: Europe, Americas and Asia. Gross R&D expenses accounted for €1,093.1 million of total expenses in 2018, representing 6.2% of our sales, of which management estimates that €180 million was allocated to research and innovation expenses, an increase of €20 million compared to 2017. We filed 403 patents in 2018 compared to 330 in 2017.

We focus our innovation efforts on ''Sustainable Mobility'', the development of products and processes which improve weight reduction, size reduction, air quality, energy recovery and the development of bio-sourced and renewable materials and ''Cockpit of the Future'', the development of products and technology which is aligned with the increasing connectedness and autonomy of vehicles which we believe will radically alter the driving experience and lead to the ''Cockpit of the Future'', with substantially redesigned and enhanced vehicle seating and interiors. We are pioneering technological development in the ''Cockpit of the Future'' which will provide users with versatile architecture, advanced safety, health and wellbeing, personalized comfort, connectivity, infotainment and intuitive HMI systems. We are focusing our product development on higher value, innovative products with a high technology content.

Systems approach

We develop and supply complete modules such as seats, front-end modules, cockpits and exhaust systems. We develop our own product architecture for each module.

We develop systems engineering in each of the areas covered by the modules we design. Since 2012, we have made particular efforts to enhance our expertise in mechatronics, with the creation of an electronics laboratory in Brières (France) and an industrial chair of automotive mechatronics with Centrale-Supelec (France).

Product process and design

Product process and design are central to the activity of our engineering teams. We develop our own rules and design standards. This guarantees both a high level of robustness and a competitive advantage. We expect this process of standardization to help us reduce our existing level of capital expenditure by allowing us to manufacture different types of vehicles for several automakers, using the same production process and the same plants.

We commit a lot of efforts and incur significant expenses to improve our production processes, in particular in order to ensure that our productivity and production efficiency continues to increase. Our customers often require that we share with them our productivity gains by agreeing to some potential price reduction to reflect any improvement in productivity based on certain volume of production assumptions for each particular programme. These approaches have allowed us to develop lighter products than our competitors.

The industrial chair of automotive mechatronics with Centrale Nantes (France) and of processing methods for metal materials with the Technische Universität Dortmund (TUD, Germany) are part of this process.

Intellectual Property

Technological development and innovation are among our priorities. In order to protect our new and existing products, proprietary know-how and production processes, we manage a large intellectual property rights portfolio including patents, designs and trademarks relating to our business in France and other countries. In particular, we filed 403 patent applications in 2018. These patents relate to products, materials, and manufacturing processes, demonstrating the efforts made by us to optimize the entire product value chain and to sustain a competitive advantage.

While our patent portfolio and other intellectual property rights including trademarks and designs are of material importance to our business, we do not consider any one patent or group of patents that relates to any particular product or process as being of material importance in relation to the products we supply to any client or, for that matter, to our business as a whole. We are not currently engaged in any material intellectual property litigation, nor do we know of any material intellectual property claims outstanding.

Environment

Depending on the engine type and driving cycle, decreasing the average vehicle's total mass by 100kg reduces CO_2 emissions by approximately 8-10g per kilometer driven. Our products can represent up to 20% of a vehicles' total weight. This makes us a major contributor to the reduction of vehicle weight as a means of cutting fuel consumption, limiting emissions of greenhouse gases and reducing the use of raw materials in vehicle production.

In order to grow and manufacture lighter and cleaner vehicles, we take environmental factors into account at all stages of the product life cycle, from product design to the environmental impact of our plants, from supplier collaboration to product end-of-life. We have gradually put in place a management system that allows us to be particularly responsive to new restrictions and to set up an alternative project if necessary. Our management system includes an investigation phase to collect reports from our suppliers, notably in the context of the new EU regulatory framework for the Registration, Evaluation, Authorization and Restriction of Chemicals ("**REACH**") regulation, and setting up an alternative project if necessary).

We offer bio-sourced materials, including vegetable fibers, that can reduce the weight of parts. This innovation, whose environmental impact was assessed according to ISO 14040 and ISO 14044 international standards, makes it possible to decrease certain carbon emissions on both the products and services we purchase and the products we sell. Natural hemp fibers used by us also reduce environmental impact as the natural fibers in plastics is renewable and the lesser weight of products allows for responsible consumption and use of these materials. Plastic materials strengthened with hemp are recognized as compatible with industrial recycling processes already in place.

Three technologies patented by us utilize biomaterials. Lignolight technology, using compressed fibers for between 50% and 90% of the resin applied to door panels, improves density by 40% compared with traditional components. NAFILean technology (Natural Fiber Injection), which combines natural hemp fibers with polypropylene resin, reduces weight by 25% compared with traditional components. To date, more than 17 vehicles are equipped with NAFILean technology.

NAFILITE, a second generation of this product, is currently being manufactured. This technology can further reduce weight by 10%. Our product portfolio includes natural fibers combined with polypropylene fibers.

Natural fibers currently account for 30.5% of the total amount of fibers used by the Group. This percentage increased by 2.6% compared with 2017.

Recycling

Given the general increase of regulatory requirements from an environmental perspective, automakers demand their suppliers to focus on end-of-life product recycling.

All of our businesses are affected by these regulatory requirements and, depending on the characteristics of the component in question, have implemented plans and solutions to ensure that end-of-life products are processed as efficiently as possible in the future.

We incorporate recyclability in the design of our products by anticipating the regulatory requirements for vehicles at the end of their life-cycle and optimizing the recovery of production waste. Regulations in Europe currently require a significant proportion (by weight) of vehicles at the end of their lifecycle to be recoverable, of which a signifcant proportion will need to be reusable or recycled. Given such onerous regulatory requirements, automakers are placing ever-greater demands on their suppliers in terms of end-of-life product recyclability.

We are committed to a process of forecasting the life-cycle of a product and the recoverability of a product at the end of its life-cycle. Selective trials overseen by us comprise the first phase of a comprehensive approach by the automotive sector in partnership with industrial firms, academic institutions and automotive industry related, groups to forecast volumes of materials available for recycling in the future.

Faurecia Interiors, after performing tests on the recycling and recovery of products, has begun similar operations after disassembling vehicles. Industrial-scale recyclability studies and tests have been undertaken with certain car-disassembling plants, both on existing products and materials being developed, including agro-composites. For example, the NAFCORECY (NAtural Fiber COmposites RECYcling) project was able to demonstrate, with the help of European companies specialized in recycling, that parts made of NAFILean (polypropylene with natural fibers) can be processed with post- disassembling technologies for vehicles or recycling technologies used for industrial waste.

Insurance

As we do not have any captive insurance entities, our system for safeguarding assets is based on the implementation and on-going adaptation of our risk prevention policy as well as our strategy of transferring our principal risks to the insurance market. As with any industrial activity, our sites are exposed to various risks: fire, explosion, natural disaster, systems failure, non-compliance with regulations or stricter regulations applicable or other factors. These types of events may result in us incurring additional costs and/or capital expenditure to remedy the situation, to comply with regulations and/or as a result of any fines.

We hold fire, property damage and business interruption insurance policies. Insurance coverage for our buildings and equipment is based on the asset's replacement value. We have established special coverage in connection with certain country-specific risks. We renewed our liability insurance policy on 1 January 2017. Liability insurance covers operating liability and product liability after delivery, including the risk of product recall.

Employees

As at 31 December 2018, we employed around 114,693 people (including temporary workers). Our total number of permanent employees, increased by 6,565, or 7.6%, to approximately 92,000 as at 31 December 2018, compared to 2017.

The following table shows our permanent employees across regions and functions:

	2018				2017				
	Operators and workers	Technicians, foremen and administrative staff	Managers and professionals	Total	Operators and workers	Technicians, foremen and administrative staff	Managers and professionals	Total	Variation
Europe	28,926	6,618	9,241	44,785	28,299	6,431	8,572	43,302	3.4%
North America	14,792	1,300	3,934	20,026	14,422	1,286	3,882	19,590	2.2%
South America	4,221	840	499	5,560	4,004	1,145	498	5,647	-1.5%
Asia	8,125	1,505	6,546	16,176	6,110	1,013	5,098	12,221	32.4%
Other	4,984	640	713	6,337	4,259	601	699	5,59	14.0%
Total	**61,048**	**10,903**	**20,933**	**92,884**	**57,094**	**10,476**	**18,749**	**86,319**	**7.6%**

The proportion of permanent employees employed under indefinite term contracts (as opposed to employees on fixed term contracts) increased from 90.9% in 2017 to 91.6% in 2018.

Our employees benefit from employees saving plans and other incentive-based pay depending on their level and the country in which they work. In 2010 we implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

In addition to the above permanent employees, we employed 22,956 total temporary employees throughout all of our sites. The proportion of temporary staff rose from 19.1% in 2016 to 21.0% in 2017.

Litigation

On 25 March 2014, the European Commission and the Department of Justice of the United States of America and, on 27 November 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emissions control systems on the basis of suspicions of anti-competitive practices in this market. Faurecia is one of the companies covered by these enquiries. As communicated by Faurecia on 2 May 2017, the European Commission announced that it had closed the enquiry. In December 2018, we were informed by the Department of Justice of the United States of America that we were no longer subject to an enquiry. The other enquiry of the Competition Commission of South Africa is still ongoing.

On 19 May 2017, the Brazilian competition authority (the "**CADE**") initiated an enquiry covering Faurecia Emissions Control Technologies do Brazil and some of its former employees, alleging anticompetitive practices in regard to the exhaust systems market in Brazil. An agreement has been reached with the CADE for a non-material amount and made public on 5 September 2018 putting an end to the inquiry.

Separately, the Group has reached agreements in principle with the plaintiffs to settle all three pending class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of clean mobility solutions, including Group subsidiaries, alleging anticompetitive practices in regard to exhaust systems.

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

In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. The Group is at present unable to predict the consequences of such enquiries and class actions, including the level of fines or sanctions that could be imposed.

In its decision of 18 December 2014, the Enforcement Committee of the AMF considered that Faurecia S.E. and its Chairman and CEO, Mr. Yann Delabrière, had failed to meet certain obligations defined in the AMF General Regulation pertaining to information related to the Company's objectives for 2012. The AMF fined Faurecia S.E. and its Chairman and CEO, Mr. Yann Delabrière, €2 million and €100,000, respectively. On 26 February 2015, Faurecia S.E. and Mr. Yann Delabrière, supported by the Board of Directors of the Company, lodged an appeal against this decision with the Paris Court of Appeal. In a ruling rendered on 30 June 2016, the Paris Court of

Appeal, considering that the decision did not enable an assessment of the proportionality of the fine, decided that the financial penalty imposed on the Company should be overturned and, as a consequence, reduced to €1 million. As regards Mr. Yann Delabrière, the Paris Court of Appeal found no evidence of personal wrongdoing and maintained the penalty solely in his capacity as legal representative of the Company. On 22 August 2016, the Company and Mr. Yann Delabrière lodged a further appeal against this ruling before the French Supreme Court. The Company requested that the appeal be rescinded and such request was granted by the French Supreme Court in a judgment on 26 September 2018.

MANAGEMENT

We are a public limited liability company (*société européenne*) with a Board of Directors. The business address of our Board of Directors is 23-27 Avenue des Champs Pierreux, 92000 Nanterre, Cedex, France.

Our Board of Directors determines our overall business, financial and economic strategies and oversees their implementation. Subject to the powers expressly granted by shareholders meetings and subject to our by-laws, the Board of Directors handles all our matters. The Board of Directors is consulted with respect to all of our strategic decisions at the initiative of our Chairman.

Our day-to-day activities are overseen by an Executive Committee. Our Executive Committee meets once a month to review the principal questions relating to our general organization. The Executive Committee discusses and prepares guidelines on major operations-related issues concerning us and our subsidiaries, which are then implemented by each of the Executive Committee's members in line with their functions.

Board of Directors

According to our Articles of Association, our Board of Directors must be composed of at least three members and no more than fifteen (excluding board members representing employees). The term of office has been four years since the General Meeting of 27 May 2015. The Board of Directors currently consists of 15 members, out of which 2 represent the employees and 8 of which are independent.

Members of the Board of Directors

The Board of Directors currently consists of fifteen members, eight of whom are independent directors under French corporate governance guidelines issued by the *Association Française des Entreprises Privées / Mouvement des Entreprises de France* (the "**Corporate Governance Code**"): Michel de Rosen (Chairman), Éric Bourdais de Charbonnière, Odile Desforges, Hans-Georg Härter, Linda Hasenfratz, Penelope Herscher, Valérie Landon and Bernadette Spinoy.

Three directors hold or have held executive management or supervisory positions within the PSA Peugeot Citroën group, our majority shareholder: Jean-Baptiste Chasseloup de Chatillon, Robert Peugeot and Carlos Tavares. Michel de Rosen has been our Chairman since 30 May 2017 and Patrick Koller has been our Chief Executive Officer since 1 July 2016.

Name	Position	Initially Appointed	Date of Reappointment
Mr. Michel de Rosen	Chairman	27 May 2016	—
Mr. Patrick Koller	CEO	30 May 2017	—
Mr. Éric Bourdais de Charbonnière	Director	8 February 2010	27 May 2015
Mr. Philippe de Rovira	Director	1 August 2018	—
Mr. Grégoire Olivier	Director	10 October 2018	—
Ms. Odile Desforges	Director	27 May 2016	—
Mr. Hans-Georg Härter	Director	26 May 2010	27 May 2015
Ms. Linda Hasenfratz	Director	26 May 2011	27 May 2016
Ms. Penelope Herscher	Director	30 May 2017	—
Ms. Valérie Landon	Director	12 October 2017	—
Ms. Olivia Larmaraud	Director	27 May 2016	—
Mr. Robert Peugeot	Director	29 May 2007	30 May 2017
Ms. Bernadette Spinoy	Director	27 May 2014	—
Mr. Daniel Bernardino	Director	30 October 2017	—
Mr. Emmanuel Pioche	Director	30 October 2017	—

The members of the Board of Directors bring together a range of quality managerial, industrial and financial skills. Our directors come from a broad spectrum of professional backgrounds, including not only the automotive industry but also various other business sectors. They enhance the work and discussions of the Board of Directors and its committees through their diverse capabilities and the expert input they can give both from an international perspective as well as in terms of their specific experience in finance, manufacturing and management. They act in the best interests of all shareholders and are fully involved in defining our corporate strategy so that they can actively contribute to and support the decisions of the Board of Directors.

We have two employee-elected and no non-voting directors. Each member of the Board of Directors must hold at least 20 shares or stock in our company throughout his or her term of office. There are no family relationships between members of the Board of Directors or corporate officers.

Responsibilities of the Board of Directors

The rules of procedure of the Board of Directors, which can be consulted by shareholders at the Company's head office or on our website, www.faurecia.fr, detail the mission of the Board of Directors and its committees. Such rules describe the Board's *modus operandi* and its role in our management and our compliance with the law and our Articles of Association.

They specify the rights and responsibilities of members of our Board of Directors, particularly regarding the prevention of conflicts of interest, the holding of multiple offices, and the need for strict confidentiality in deliberations as well as diligence in taking part in the work of the Board of Directors. They also set out the rules governing transactions in our shares, as recommended by the AMF.

The Board of Directors is also subject to a set of internal rules, which were last updated in December 2018. These internal rules aim to improve work methods and govern the provision of information to its members.

The Board of Directors is free to decide how to exercise their oversight. This can be performed, under its responsibility, either by the Chairman of the Board of Directors himself or by another person appointed by the Board of Directors and bearing the title of Chief Executive Officer.

Since 1 July 2016, the positions of our Chairman and Chief Executive Officer have been separate.

Committees of the Board of Directors

The Audit Committee

The Audit Committee has the primary role of reviewing the approval process for the corporate and consolidated financial statements as well as the process of preparing financial information. It ensures the relations with the statutory auditors of which it handles the selection process and checks the independence and follows internal control and risks management processes. It also reviews the budget, its execution and, more generally, the Group's financial situation.

The Audit Committee consists of four members with financial or accounting experience and expertise (including 2 independent directors): Odile Desforges (Chairman), Olivia Larmaraud, Valérie Landon and Emmanuel Pioche.

Governance Committee

Since 2009, the Governance Committee has the role of dealing with issues relating to the composition and operation of the Board of Directors and its Committees. More generally, the Committee assesses the Company's governance structure, it handles the selection process for the Directors and the Chairman of the Board and conducts the governance assessment process (assessment of Board and Committees works, examination of Directors' independence). It is also in charge of assessing the policy followed by the Company in terms of ethics and compliance as regards good governance practices.

The Governance Committee consists of four members (including three independent directors): Michel de Rosen (Chairman), Eric Bourdais de Charbonnière, Philippe de Rovira and Bernadette Spinoy.

Management Committee

The Management Committee is tasked with the role of dealing with issues relating to the selection of members of the general management as well as their compensation. More generally, this Committee deals with issues associated with long-term incentive plans policy as well as the selection, performance and compensation of the Group's key executives (Executive Committee, Senior Management).

The Management Committee consists of five members (including three independent directors): Linda Hasenfratz (Chairman), Hans-Georg Härter, Penelope Herscher, Robert Peugeot and Daniel Bernardino.

Conflicts of Interest

As provided for in the Board of Directors' internal regulations, each director must disclose to the Board any conflicts of interest (including any potential conflicts of interest) relating to issues on the agendas of Board meetings, and must refrain from taking part in the vote on the matters in question. No such situations arose in the last three years.

The Board of Directors strengthened its rules relating to conflicts of interest by adopting a procedure regarding the use of inside information. This procedure provides that no transactions may be carried out involving our shares until the related information has been made public. Directors and certain categories of personnel, who are all included in a regularly updated list, must disclose any trades they carry out in our shares to the Company which then informs the market.

Executive Committee

Our executive management function is performed under the responsibility of the Chief Executive Officer by our Executive Committee that meets every month to review our results and consider general matters concerning our Group. Its members are as follows:

Name	Position	Joined the Company
Mr. Patrick Koller	Chief Operating Officer	2006
Mr. Hagen Wiesner	Executive Vice-President, Group Operations	2006
Mr. Michel Favre	Executive Vice-President, Group Chief Financial Officer	2013
Mr. Hervé Guyot	Executive Vice-President, Group Strategy	2012
Ms. Kate Philipps	Executive Vice-President, Group Communication	2012
Mr. Jean-Michel Renaudie	Executive Vice-President, Faurecia Interiors	2002
Mr. Christophe Schmitt	Executive Vice-President, Faurecia Clean Mobility	2006
Mr. Jean-Pierre Sounillac	Executive Vice-President, Group Human Resources	2004
Mr. Thorsten Muschal	Executive Vice-President, Sales & Program Management	2006
Mr. François Tardif	Executive Vice-President, Faurecia China	2012
Mr. Eelco Spoelder	Executive Vice-President, Faurecia Seating	2016

Compensation of the Board of Directors and the Executive Committee

Please see note 32.2 of our audited 2018 Consolidated Financial Statements as at and for the year ended 31 December 2018 contained in the 2018 Annual Results for more information on our senior management.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

As at 31 December 2018, our share capital amounted to €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7, all in the same class. These shares represent 202,700,644 theoretical voting rights and 201,784,484 exercisable voting rights.

Our ownership structure and voting rights as at 31 December 2018 were as follows:

Shareholder	Shares Owned	Per cent of shares outstanding	Theoretical voting rights	% Theoretical voting rights	Exercisable voting rights	Per cent of voting rights
Peugeot S.A.	63,960,006	46.34%	127,920,012	63.11%	127,920,012	63.39%
Faurecia Actionnariat corporate mutual fund	333,480	0.24%	640,598	0.32%	640,598	0.32%
Board members & CEO	70,285	0.05%	87,581	0.04%	87,581	0.04%
Treasury stock(*)	917,160	0.66%	917,160	0.45%	0	0.00%
Other	72,754,870	52.71%	73,135,293	36.08%	72,135,293	36.24%
TOTAL	**138,035,801**	**100.00%**	**202,700,644**	**100.00%**	**201,783,484**	**100.00%**

(*) voting rights in treasury stock cannot be exercised by us.

Our directors hold approximately 0.04% of our capital and voting rights.

Transactions with majority shareholders

We are managed independently and transactions with the PSA Peugeot Citroën group are conducted on arm's length terms. These transactions (including with companies accounted for by the equity method by the PSA Peugeot Citroën group) are recognized as follows in our audited consolidated financial statements:

	For the year ended 31 December			
	2016	**2017 (Published)**	**2017 (Restated)***	**2018**
(in € millions)				
Sales	2,108.8	2,368.2	2,078.2	2,182.6
Purchases of products, services and materials	15.6	17.8	17.8	15.8
Receivables(**)	415.6	497.0	522.2	406.6
Payables	34.2	33.1	107.0	94.5
(**)Before no-recourse sales of receivables amounting to:	208.5	273.7	273.7	221.6

* Restated to reflect the implementation of IFRS 15. Note that financial information as at and for the full year ended 31 December 2018 was prepared on the same basis.

DESCRIPTION OF OTHER INDEBTEDNESS

Debt Summary

Our net debt as at 31 December 2018 was €477.7 million, reflecting total gross debt of €2,548.0 million and cash and cash equivalents (including other current financial assets included in net debt) of €2,105.3 million. Our subsidiaries hold significant cash balances from their servicing of derecognized receivables, which are included in our short-term debt. In addition, our subsidiaries tend to hold significant amounts of cash that they intend to use to fund working capital requirements and capital expenditure, particularly in jurisdictions where it would be disadvantageous from a tax perspective to distribute the cash and subsequently to receive funding from the parent company.

As at 31 December 2018, the weighted average interest rate on our outstanding debt was 3.28% for 2018.

Maturities of Outstanding Debt

The main elements of our long-term debt as at 31 December 2018 are the Senior Credit Facility of €1,200 million signed on 15 December 2014 and amended and restated on 24 June 2016 and further amended and restated on 15 June 2018 (which is scheduled to mature in December 2023 and was undrawn as at the date of this Offering Circular), the €700 million under the 2023 Notes, the €700 million under the Schuldschein, the €700 million under the 2025 Notes and the €500 million under the Bridge Loan, which we intend to repay pursuant to the Refinancing. In addition, following the offering, we will have €500 million under the Notes.

The following table sets forth the maturity schedule of our outstanding debt, set forth by category, in each case as at 31 December 2018 and after giving effect to the offering of the Notes and the Refinancing.

(in € millions)	2020	2021	2022	2023	2024 and beyond	Total
Bonds	—	—	—	700.0	1,200.0	1,900.0
Schuldschein, Bank and other borrowings	86.5	7.8	139.8	191.2	32.8	458.2
Obligations under finance leases	4.9	1.8	1.8	0.5	2.3	11.3
Non-current derivatives	—	—	0.4	—	0.1	0.5
Total	**91.4**	**9.6**	**142.0**	**891.7**	**1,235.2**	**2,370.0**

2023 Notes

On 1 April 2016, we issued €700 million principal amount of 3.625% Senior Notes due 2023. They are listed on Euronext Dublin (Global Exchange Market).

Terms of the 2023 Notes

We are required to pay interest on the 2023 Notes semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 June 2016.

The 2023 Notes will mature at par on 15 June 2023 unless earlier redeemed or repurchased and cancelled.

The 2023 Notes are senior unsecured obligations of the Issuer, and are not guaranteed.

The 2023 Notes are redeemable, in whole or in part, at a redemption price equal to 100% of their principal amount plus a "make-whole" premium and accrued and unpaid interest, if any, to the redemption date. The 2023 Notes are also redeemable, in whole but not in part, upon certain developments affecting taxation, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. In addition, we may, at our option and on one or more occasions, redeem up to 35% of the outstanding principal amount of the 2023 Notes with the net proceeds from one or more specified equity offerings at a redemption price equal to 103.625% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. In addition, in the event we undergo specific kinds of changes of control, holders of the 2023 Notes may require us to repurchase their 2023 Notes at a price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any.

2025 Notes

On 8 March 2018, we issued €700 million in principal amount of 2.625% Senior Notes due 2025. They are listed on Euronext Dublin (Global Exchange Market).

The 2025 Notes will mature at par on 15 June 2025 unless earlier redeemed or repurchased and cancelled.

Terms of the 2025 Notes

We are required to pay interest on the 2025 Notes semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 June 2018.

The 2025 Notes will mature at par on 15 June 2025 unless earlier redeemed or repurchased and cancelled.

The 2025 Notes are senior unsecured obligations of the Issuer, and are not guaranteed.

The 2025 Notes are redeemable, in whole or in part, at a redemption price equal to 100% of their principal amount plus a "make-whole" premium and accrued and unpaid interest, if any, to the redemption date. The 2025 Notes are also redeemable, in whole but not in part, upon certain developments affecting taxation, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. In addition, we may, at our option and on one or more occasions, redeem up to 35% of the outstanding principal amount of the 2025 Notes with the net proceeds from one or more specified equity offerings at a redemption price equal to 102.625% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. In addition, in the event we undergo specific kinds of changes of control, holders of the 2025 Notes may require us to repurchase their 2025 Notes at a price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any.

Senior Credit Facility

We have entered into a €1,200 million Senior Credit Agreement among us as borrower and various lenders, dated 15 December 2014 and amended and restated on 24 June 2016 and further amended and restated on 15 June 2018, which refinanced our prior senior credit facility. The Senior Credit Facility was renegotiated on 15 June 2018, in order to extend the maturity to five years from that date, or 15 June 2023 (with the possibility to extend such maturity by two one-year periods), and improve its terms and conditions. The Senior Credit Agreement is composed of a facility (including a swingline) for an amount of €1,200 million. As at 31 December 2018 this Senior Credit Facility was not drawn. This Senior Credit Facility includes one financial covenant (which needs to be complied with semi-annually), concerning compliance with a consolidated financial ratio: the ratio of total net debt/EBITDA must not exceed 2.50x; the compliance with this ratio is a condition to the availability of borrowings under this Senior Credit Facility. As at 31 December 2018, we complied with this ratio. Net debt corresponds to published consolidated net debt. EBITDA corresponds to operating income plus depreciation, amortization and provisions for impairment in value of property, plant and equipment and intangible assets, for the past twelve months. Furthermore, this Senior Credit Facility includes some restrictive provisions on asset disposals (and for example, a disposal representing the higher of €4,000 million and 35% of our total consolidated assets requires the prior approval of lenders representing two-thirds of the lenders under the Senior Credit Agreement) and on the level of indebtedness of our subsidiaries.

Bridge Facility Agreement

We have entered into the Bridge Facility Agreement, a €1,300 million credit agreement among us as borrower and Crédit Agricole Corporate and Investment Bank, dated 25 October 2018. The Bridge Facility Agreement is composed of a 1-year term loan facility (with the possibility to extend such maturity by up to a year with two six-month extention options). As at 31 December 2018 this Bridge Facility Agreement was not drawn. The Bridge Facility Agreement includes one financial covenant (which needs to be complied with semi-annually), concerning compliance with a consolidated financial ratio: the ratio of total net debt/EBITDA must not exceed 2.50x. As at 31 December 2018, we complied with this ratio. Net debt corresponds to published consolidated net debt. EBITDA corresponds to operating income plus depreciation, amortization and provisions for impairment in value of property, plant and equipment and intangible assets, for the past twelve months.

Furthermore, this Bridge Facility Agreement includes some restrictive provisions on asset disposals (and for example, a disposal representing the higher of €4,000 million and 35% of our total consolidated assets requires the prior approval of lenders representing two-thirds of the lenders under the Bridge Facility Agreement) and on the level of indebtedness of our subsidiaries.

Schuldschein

In December 2018, we entered into a transaction to issue €700 million in principal amount of Schuldschein (a private placement under German law) in multiple tranches, which we issued in December 2018 and January 2019. The receipt of the net proceeds of the issue of the Schuldschein enabled us to reduce the committed funds available under the Bridge Facility Agreement to €750 million by January 2019. The Schuldschein does not include any financial covenants. However, the Schuldschein includes certain restrictive provisions on asset disposals and on the level of indebtedness of our subsidiaries.

Factoring Programs

We have several factoring programs which enable us to obtain financing at a lower cost than issuing bonds or obtaining bank loans. Part of our financing requirements is met through receivables sale programs, under which the receivables are derecognized and not included as assets in our consolidated balance sheet.

As at 31 December 2018, financing under these programs corresponding to the cash received as consideration for the receivables sold totaled €999.2 million, compared to €1,107.1 million as at 31 December 2017. See note 18 of our audited 2018 Consolidated Financial Statements for more information on our factoring programs.

Commercial Paper Program

We have a commercial paper programme on the French domestic market amounting to €1 billion, of which €411.2 million had been used as at 31 December 2018.