

# Press release

Nanterre (France), 26 November 2019

## FAURECIA CAPITAL MARKETS DAY 2019 TRANSFORMATION IN ACTION

- Transformation strategy for the Cockpit of the Future and Sustainable Mobility accelerated by recent acquisitions and partnerships
- Record performance targeted for 2022 with sales above €20.5bn, profitability at 8% of sales and cash generation at 4% of sales, combining growth and resilience

At its Capital Markets Day held in Paris on 26 November, Faurecia demonstrated the relevance of its transformation strategy, deployed at a sustained pace through acquisitions and partnerships, and detailed its 2022 financial targets.

**Patrick KOLLER, Chief Executive Officer, said:** *“Despite the challenging market conditions, we have continued to deploy our transformation strategy for the Cockpit of the Future and Sustainable Mobility, whilst maintaining a strong focus on resilience and Total Customer Satisfaction. Our new Business Group, Faurecia Clarion Electronics, is a strong enabler for the Cockpit of the Future and has a robust roadmap for profitable growth. At the same time, our investment in Fuel Cell Electric Vehicles will accelerate our Zero Emissions strategy and allow us to benefit from rapid powertrain electrification. In 2022, we will see record sales, profitability and cash generation. From a longer-term perspective, we are preparing for the next major disruption and target carbon neutrality by 2030.”*

### Cockpit of the Future enabled by Faurecia Clarion Electronics

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The Cockpit of the Future will allow personalized consumer experiences combining functionalities such as infotainment, ambient lighting, postural and thermal comfort and immersive sound. From its leading position in Seating and Interiors, Faurecia has undertaken a series of acquisitions and partnerships, including the SAS acquisition project, which gives it a unique position in interior modules and systems architecture. The creation of Faurecia Clarion Electronics (FCE), regrouping the complementary technologies of Clarion, Parrot Automotive and Coagent Electronics, technology companies Covatech and Creo Dynamics as well as an ecosystem of start-ups and partners, provides Faurecia with the electronics, software, computer vision and artificial intelligence competences to enable its vision of the Cockpit of the Future.

The profitable growth strategy of FCE has two priorities: accelerate order intake and improve cost competitiveness.

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FCE is organized around four product lines: Cockpit Domain Controller, Display Technologies, Immersive Experiences and Advanced Driver Assistance Systems (ADAS). The Business Group is focusing on those market segments which offer high profitability and where FCE has a technology advantage. The diversification of its customer portfolio, from a primarily Japanese to a global customer base, and the doubling of the content per vehicle through its new product lines will significantly increase the Business Group's accessible market. This growth strategy will allow FCE to reach €1.6 billion of sales in 2022 (up from €1 billion proforma in 2019) and €2.5 billion in 2025.

The Business Group is deploying an aggressive cost competitiveness plan including headcount reduction and engineering offshoring, operations optimization and bill of material savings. FCE will improve its profitability from at least 2% in 2019 to at least 6% in 2022 and 8% in 2025.

### **Accelerating transition to Clean Mobility solutions**

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Powertrain electrification continues to accelerate for all market segments, driven by regulation and public opinion. Recently, there has been additional momentum for fuel cell electric vehicles (FCEV), especially for use cases requiring longer autonomy and shorter fueling times than battery electric vehicles (BEV). Faurecia estimates that 15% of both passenger vehicles and commercial vehicles will be electric vehicles by 2030, with the share of FCEV being around 2% for passenger vehicles and 5% for commercial vehicles.

Faurecia is continuing its strong innovation momentum for ICE solutions for passenger vehicles, which will continue to represent 85% of the market in 2030. The Group's technologies for ultra-clean and quiet ICE engines will increase Faurecia's content per vehicle by over 20% over the same period. For commercial vehicles, Faurecia's deNOx technologies will increase content per vehicle by over 30%. Additional growth will come from the High Horsepower market, which Faurecia entered through the acquisition of Hug Engineering, and where the emissionization rate is increasing from 10% in 2018 to 60% in 2030.

Faurecia is accelerating its investment in fuel cell technologies. Through its expertise in hydrogen storage systems and its joint venture with Michelin for fuel cell stack systems, the Group estimates it will reach a content per vehicle of €40,000 for commercial vehicles and €8,000 for passenger vehicles in 2025. Faurecia has already won two business awards for hydrogen storage systems, with a start of production in 2021.

Faurecia Clean Mobility expects a 9% CAGR sales growth from 2020 to 2025, increasing to 11% from 2025 to 2030 as electrification accelerates, with market share gain in all segments. A more aggressive scenario of 30% electric vehicles by 2030 would increase sales growth of Faurecia Clean Mobility.

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## Convictions for Sustainable Development

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Faurecia's strategy for sustainable development is driven by its values and its six Convictions:

- Environmental challenges pose a serious challenge for humanity
- The world is in a state of permanent disruption
- Diversity is a strength
- Companies must have a positive impact on society
- Power must have a counterbalance
- Short-term thinking jeopardizes future generations

In order to respond to these Convictions, the Group is deploying six transversal initiatives with defined and measured improvement indicators. Demographic and societal trends indicate that environmental challenges will drive the next disruption. To this end, and aligned with its Convictions, Faurecia has launched a program to become carbon neutral by 2030.

## 2022 financial targets: Growth and Resilience

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As well as confirming all its financial targets for 2019, demonstrating once again a resilient performance in a challenging environment, Faurecia announced today its 2022 financial targets:

- With an expected record order intake of €68 billion for the three years 2017 to 2019, Faurecia annual average sales growth should be above 5% between 2019 and 2022 to reach above €20.5 billion in 2022. Over the period, all three historical Business Groups should post a CAGR of above 4% (with Interiors to reach above 6% CAGR including the SAS acquisition project) and Faurecia Clarion Electronics should double its contribution to reported sales.
- The operating margin should reach 8% of sales in 2022 (versus a confirmed target of at least 7% in 2019). This improvement will be achieved through sales leverage and major Group initiatives, including digital transformation, while accelerating on innovation in New Value Spaces. Operating margin will improve in all Business Groups.
- Net Cash Flow should reach 4% of sales by 2022, driven by the "Convert2Cash" program. The cash allocation strategy will remain focused on bolt-on acquisitions and fair shareholder remuneration.

These financial targets should be reached despite a significant revision of worldwide automotive production. Faurecia's assumption is that market volumes should be slightly negative in 2020 and grow on average by 1% in 2021 and 2022, leading to estimated market volumes of 87 million vehicles in 2022, whereas the previous expectation was 97 million vehicles (in May 2018).

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**The Capital Market Day presentation will be available on the Faurecia website [www.faurecia.com](http://www.faurecia.com) at 11:00 am Paris time. A live webcast will be broadcasted at 11:30 am (Paris time) that may be viewed at [www.faurecia.com](http://www.faurecia.com) or at the following link:**

**<https://hosting.3sens.com/Faurecia/20191126-F814F186/en/startup.php>**

### **Important information concerning forward looking statements**

This press release contains certain forward-looking statements concerning Faurecia. Such forward-looking statements represent trends or objectives and cannot be construed as constituting forecasts regarding the future Faurecia's results or any other performance indicator. In some cases, you can identify these forward-looking statements by forward-looking words, such as "estimate," "expect," "anticipate," "project," "plan," "intend," "objective", "believe," "forecast," "foresee," "likely," "may," "should," "goal," "target," "might," "would," "will", "could," "predict," "continue," "convinced," and "confident," the negative or plural of these words and other comparable terminology. Forward looking statements in this document include, but are not limited to, financial projections and estimates and their underlying assumptions, expectations and statements regarding Faurecia's operation of its business, and the future operation, direction and success of Faurecia's business.

Although Faurecia believes its expectations are based on reasonable assumptions, investors are cautioned that these forward-looking statements are subject to numerous various risks, whether known or unknown, and uncertainties and other factors, which may be beyond the control of Faurecia and which could cause actual results to differ materially from those anticipated in these forward-looking statements. For a detailed description of these risks and uncertainties and other factors, please refer to public filings made with the *Autorité des Marchés Financiers* ("AMF"), press releases, presentations and, in particular, to those described in the section 2."Risk Factor" section of Faurecia's 2018 Registration Document filed with the AMF on 26 April 2019 under number D.19-0415 (a version of which is available on [www.faurecia.com](http://www.faurecia.com)).

Subject to regulatory requirements, Faurecia does not undertake to publicly update or revise any of these forward-looking statements whether as a result of new information, future events, or otherwise. Any information relating to past performance contained herein is not a guarantee of future performance. Nothing herein should be construed as an investment recommendation or as legal, tax, investment or accounting advice.

This press release does not constitute and should not be construed as an offer to sell or a solicitation of an offer to buy Faurecia securities.

### **Contacts**

#### **Media**

Eric FOHLEN-WEILL  
Corporate communications Director  
Tel: +33 (0)1 72 36 72 58  
[eric.fohlen-weill@faurecia.com](mailto:eric.fohlen-weill@faurecia.com)

#### **Analysts/Investors**

Marc MAILLET  
Head of Investor Relations  
Tel: +33 (0)1 72 36 75 70  
[marc.maillet@faurecia.com](mailto:marc.maillet@faurecia.com)

Anne-Sophie JUGEAN  
Deputy Head of Investor Relations  
Tel: +33 (0)1 72 36 71 31  
[annesophie.jugean@faurecia.com](mailto:annesophie.jugean@faurecia.com)

### **About Faurecia**

Founded in 1997, Faurecia has grown to become a major player in the global automotive industry. With around 300 sites including 35 R&D centers and 122,000 employees in 37 countries, Faurecia is a global leader in its four areas of business: Seating, Interiors, Clarion Electronics and Clean Mobility. Faurecia has focused its technology strategy on providing solutions for the "Cockpit of the Future" and "Sustainable Mobility". In 2018, the Group posted sales of €17.5 billion. Faurecia is listed on the Euronext Paris stock exchange and is a component of the CAC Next 20 index. For more information, please visit [www.faurecia.com](http://www.faurecia.com)