

EXHIBIT A

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Promotion of the 2023 Notes in the United Kingdom is restricted by the Financial Services and Markets Act 2000 (the “FSMA”), and accordingly, the 2023 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.

In addition, if and to the extent that this announcement is communicated in, or the offer of securities to which it relates is made in, any EEA member state that has implemented the Prospectus Directive, this announcement and the offering of any securities described herein are only addressed to and directed at persons in that member state who are “qualified investors” within the meaning of the Prospectus Directive or in any other circumstances falling within Article 3(2) of the Prospectus Directive (or who are other persons to whom the offer may lawfully be addressed) and must not be acted on or relied on by other persons in that member state. The offer and sale of the 2023 Notes will be made pursuant to an exception under the Prospectus Directive, as implemented in the EEA member states, from the requirement to produce a prospectus for offers of securities. This announcement does not constitute a prospectus within the meaning of the Prospectus Directive or an offer to the public.

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, will not be accepted.

CERTAIN DEFINITIONS

In this document (except as otherwise defined in “Terms and Conditions of the Notes”, for purposes of that section only, or in our audited consolidated financial statements, included elsewhere in this document):

- 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.A. References to “**us**”, “**we**” or “**our**” are to the Group or to Faurecia, as the context requires;
- “**2016 Notes**” refers to €350 million principal amount of 9.375% Senior Notes due 2016, which we issued on 9 November 2011 and an additional €140 million principal amount of 9.375% Senior Notes due 2016, which we issued on 21 February 2012 and which were consolidated with, and form a single series with, the notes issued on 9 November 2011. We intend to redeem the 2016 Notes with the proceeds of the Notes offered hereby and we have published a conditional notice of redemption of the 2016 Notes which provides that our obligation to redeem the 2016 Notes is conditional upon the issue of the Notes offered hereby in an amount of at least €500 million (“**2016 Notes Redemption**”). In accordance with the trust deed governing the 2016 Notes and subject to the satisfaction of this condition, the 2016 Notes Redemption will occur on or about 12 April 2016;
- “**2022 Notes**” refers to €500 million principal amount of 3.125% Senior Notes due 2022, which we issued on 17 March 2015, and an additional €200 million principal amount of 3.125% Senior Notes due 2022, which we issued on 9 April 2015 and which were consolidated with, and form a single series with, the notes issued on 17 March 2015;
- “**CO₂**” refers to carbon dioxide;
- “**FAE Disposal**” refers to the proposed sale of Faurecia Automotive Exteriors to Compagnie Plastic Omnium, pursuant to a memorandum of understanding (the “**Memorandum of Understanding**”) entered into between Faurecia and Compagnie Plastic Omnium in December 2015;
- “**g**” refers to the unit of mass, “gram”;
- “**Initial Purchasers**” refers to Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, J.P. Morgan Securities plc, Mitsubishi UFJ Securities International plc, Bankinter, S.A., Banco Bradesco BBI S.A. and Raiffeisen Bank International AG;
- “**kg**” refers to the unit of mass, “kilogram”;
- “**km**” refers to the unit of distance, “kilometre”;
- “**NO_x**” refers to nitrogen oxide;
- “**Refinancing**” refers to the issuance of the Notes offered hereby and the use of proceeds therefrom, including the 2016 Notes Redemption; and
- “**Senior Credit Agreement**” means the €1,200 million senior credit agreement among us as borrower and various lenders, dated 15 December 2014. The Senior Credit Agreement is composed of a 5-year facility for an amount of €1,200 million and was undrawn as at 31 December 2015. 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 document includes audited consolidated financial statements of Faurecia as at and for the years ended 31 December 2015, 2014 and 2013. Our audited consolidated financial statements for the year ended 31 December 2015, contained herein, also present comparable financial data for the year ended 31 December 2014. 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 2015 have been approved by our Board of Directors and are expected to be approved by our shareholders on 27 May 2016.

In this document, 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 document has been rounded and, as a result, figures shown as totals in this document 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 document 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 exchange rates fluctuations and changes in perimeter. 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 addition, this document includes certain supplemental indicators of performance and liquidity that we use to monitor our operating performance and debt servicing ability. These indicators include product sales, EBITDA, net debt and net cash flow. 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 document 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 product sales, EBITDA, net cash flow and other non-IFRS financial measures may not be comparable to similarly titled measures of other companies. For example, depreciation and amortisation 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 product sales, EBITDA, net debt and net cash flow 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.

Presentation of Product Sales

We report total sales in our audited consolidated financial statements, both for the Group and by operating segment. In addition, we report “product sales”, meaning sales of automotive parts and components to customers. In addition to these product sales, our total sales include sales of catalytic converter monoliths (a pre-packaged raw material component for catalytic converters, which is chosen by customers and sold on a “pass-through” basis with no mark-up), as well as sales of tooling, research and development (“R&D”), prototypes and other services. We have taken steps to harmonize how our monolith sales are accounted for within our Group and, as a result, since 1 January 2015 the sale of monoliths have been excluded from our total sales in South Korea. The impact of this accounting harmonization in our audited consolidated accounts is not significant and has no impact on our operating income. We have therefore not applied this approach retrospectively to our audited consolidated accounts as at and for the year ended 31 December 2014 which are presented in our accounts as at and for the year ended 31 December 2015.

Restatements

Restatement of Comparative Figures as at and for the Year Ended 31 December 2014

Application of IFRS 5—Non-Current Assets Held for Sale and Discontinued Operations

On 14 December 2015, we entered into a Memorandum of Understanding for the sale of our Automotive Exteriors business worldwide to Compagnie Plastic Omnium. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors”.

We are required by IFRS 5 to present our Automotive Exteriors business as discontinued in our audited consolidated financial statements as at and for the year ended 31 December 2015 (the “2015 Financial Statements”) as a result of the materiality of our Automotive Exteriors business and the highly probable nature of the sale. As a result of applying IFRS 5 to our 2015 Financial Statements, the assets and liabilities relating to our Automotive Exteriors business are presented separately in dedicated lines in our consolidated balance sheet as at 31 December 2015, and the net result of the corresponding discontinued activities are presented on a dedicated line in our consolidated income statement for the years 2015 and 2014. The assets presented separately as “assets held for sale” in the consolidated balance sheet as at 31 December 2015 are valued at the lower of their carrying amount and fair value less costs to sell. The corresponding liabilities are presented separately as “liabilities linked to assets held for sale” in the consolidated balance sheet as at 31 December 2015. The cash flow items of discontinued operations are presented separately in the statement of cash flow for the years 2015 and 2014.

Our financial information as at and for the year ended 31 December 2014 which are included in our 2015 Financial Statements for comparison purposes have been restated to reflect the retrospective application of IFRS 5 in our consolidated income statement and cash-flow statement.

We have not restated our consolidated financial statements as at and for the years ended 31 December 2014 and 2013 and such financial statements are therefore not directly comparable with our 2015 Financial Statements.

Certain Figures are Presented Without Adjustment to Reflect the Application of IFRS 5—Non-Current Assets Held for Sale and Discontinued Operations

Certain information in the notes to our 2015 Financial Statements has not been adjusted to reflect the application of IFRS 5, including financial information by operating segment and by geographic region, contained in note 4.2 (*Key Figures by Operating Segment*) and note 4.4 (*Key Figures by Geographic Region*) to our 2015 Financial Statements.

Unless otherwise stated, the figures presented in this document for product sales have not been adjusted to reflect the application of IFRS 5.

In addition, the following figures (and the percentages calculated by reference to these figures) included in this document have not been adjusted to reflect the application of IFRS 5: (i) the value of our direct purchases of raw materials as a percentage of purchases; (ii) the value of our purchases of materials and supplies, the percentage of those purchases accounted for by our ten largest suppliers and those purchases as a percentage of sales; (iii) the percentage of our borrowings at variable rates; (iv) the impact of currency fluctuations on our pre-tax income; and (v) operating margin by operating segment and by region.

These items, and all percentages calculated by reference to these figures, are therefore presented without adjustment or restatement for IFRS 5, as applicable, in this document.

Implementation of IFRIC 21

Since 1 January 2015, we have applied IFRIC 21 interpretation “Levies”. Our financial information as at and for the year ended 31 December 2014 which are included in our 2015 Financial Statements for comparison purposes have been restated to reflect the application of IFRIC 21. See note 1.B.2 to our 2015 Financial Statements.

SUMMARY

The following summary contains certain information from our 2015 Financial Statements which have not been adjusted to reflect the application of IFRS 5 and certain corresponding figures as at and for the year ended 31 December 2014 have not been restated, including: financial information by operating segment and by geographic region contained in note 4.2 (Key Figures by Operating Segment) and note 4.4 (Key Figures by Geographic Region) to our 2015 Financial Statements; (unless otherwise stated) product sales; and operating margin by operating segment and by region. For more information, see “Presentation of Financial and Other Information—Restatements—Restatement of comparative figures as at and for the year ended 31 December 2014”.

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 currently operate through three core business groups: Faurecia Automotive Seating, Faurecia Emissions Control Technologies and Faurecia Interior Systems. We also operate our Faurecia Automotive Exteriors business which we are in the process of disposing. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors”. 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 Automotive Seating. We estimate we are currently the world’s leading supplier of seat frames and mechanisms and number 3 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 with an emphasis on safety, comfort, quality, versatility and use of natural/recycled materials.

Faurecia Emissions Control Technologies. We estimate we are currently the world’s leading supplier of exhaust systems and components (including mufflers, manifolds and catalytic converters). We develop and manufacture complete exhaust systems, including components reducing emissions as well as components for exhaust system acoustics.

Faurecia Interior Systems. We estimate we are currently the world’s number 2 supplier of automotive interior systems. We manufacture cockpit modules (instrument panels and central consoles), doors (panels, modules and door systems), acoustic modules, as well as decorative parts.

We maintain strong relationships with almost all major global automakers, including Volkswagen, Ford, the PSA Peugeot Citroën group, the Renault-Nissan group, General Motors, Daimler and BMW, each of which accounted for more than €1.0 billion of total sales in 2015. We have a broad geographic footprint, and are one of the few automotive equipment suppliers with the capacity to supply automakers’ global programmes where the same car model is produced throughout several regions.

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). Nevertheless 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 2015, we had 610 programmes in the development phase. We tend to benefit from a high renewal rate of our programmes.

Our products won numerous awards and accolades in 2015 and 2016. Among others, we received the following awards:

- Two “AutomotiveINNOVATIONS” Awards in 2015 from the Centre of Automotive Management during the 2015 German Automotive Brand Contest (ABC) for our innovative strength in the field of automotive interiors: our lightweight concept “Less is More”, first introduced at the 2014 Paris Motor Show, won in the category “Concepts”; and our automatic rear-seat folding system, on board the new Renault Espace, won in the category “Parts & Accessories”;
- The Mercedes Benz S-Class, the Audi A1 and the Audi Q3, 3 car models equipped by us, were respectively recognised “best luxury car”, “best city car” and “best compact SUV” for 2015 by the readers of the prestigious German magazine Auto und Sport;

- The Volkswagen Passat equipped by us, was recognised as European “Car of the year” 2015 at the Geneva International Motor Show;
- “2015 L.E.A.D.E.R. award” from Automotive News Europe / AIC for innovations in weight reduction and energy efficiency;
- Two Faurecia-equipped vehicles, the S-Class Coupé and Citroën C-4 Cactus, were awarded World Cars of the Year in the NY Auto Show 2015;
- “Concept Interior Innovation of the Year” award at Automotive Interiors Expo 2015;
- “JEC World 2016 Innovation Award” for our innovative manufacturing process of composite parts; and
- “Top Employer 2016” in France, Germany and the U.S.A. by Top Employers Institute – an international certification organisation based in the Netherlands since 1991.

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 nearly 6,150 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, such as:

- Being part of the 44 suppliers selected by Volkswagen in 2015 as strategic partners, in their FAST (“**Future Automotive Supply Tracks**”) corporate initiative;
- Being recognized “Best supplier” at the 2015 PSA supplier awards; and
- Being ranked 2nd in the Jaguar Land Rover Supplier League in 2015.

For the year ended 31 December 2015, our total sales amounted to €18,770.4 million compared to €16,876.6 million in 2014 and our EBITDA amounted to €1,441.8 million compared to €1,101.1 million in 2014 (in each case after the application of IFRS 5). The United States is our largest single country market. As at 31 December 2015, we employed approximately 95,300 people in 34 countries, spread over approximately 300 sites (excluding Faurecia Automotive Exteriors’ employees and sites).

Our Competitive Strengths

Leading market positions in our core business groups

We have leading market positions in each of our three current core business groups. In 2015, we estimated that we were, globally, leading supplier of frames and mechanisms for seats, number 3 supplier of complete seats, leading supplier of emissions control technologies and number 2 supplier of interior systems. In 2015, our business groups achieved the following results (in each case prior to the application of IFRS 5):

- Faurecia Automotive Seating’s total sales reached €6,188.2 million (30% of total revenue) employing 37,400 employees. We believe that in 2015 we had a 13% global market share by value for frames and mechanisms and 13% by value for complete seats;
- Faurecia Emissions Control Technologies’ total sales (including monoliths for catalytic converters) reached €7,450.0 million (36% of total revenue), employing 21,200 employees. We believe that in 2015 we had a 27% global market share by value (excluding monoliths, which are components containing precious metals used in catalytic converters for exhaust systems) for light vehicles; and
- Faurecia Interior Systems’ total sales reached €5,018.6 million (24% of total revenue), employing 33,600 employees. We believe that in 2015 we had a 14% 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 existing and new customers. For instance, our partnership with Cummins on commercial vehicles provides significant new opportunities for our Emissions Control Technologies business group to take advantage of global regulatory pressure to reduce carbon footprint and toxic emissions. We also benefit from revenue 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 programmes. We believe that our leading market share in each of our core business groups positions us

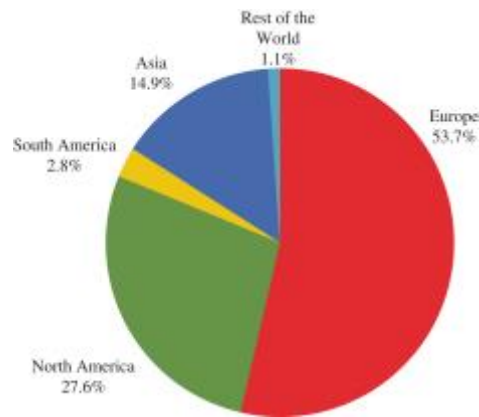
well for future growth, allows us to negotiate favourable terms from our suppliers and to further diversify our business model.

Highly diversified business model

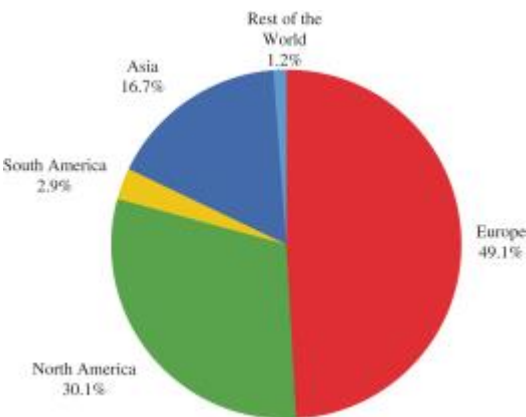
We believe that the high degree of diversification through our core business groups, our geographic presence, and our number of customers and range of products limits our exposure to adverse changes in the global or local economic environment and in the various end-markets we serve, while simultaneously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

We analyse our revenue primarily on the basis of product sales (sales of parts and components to automakers), since product sales are directly linked to the level of car production. We also derive sales from two other sources. First, the sales of our Faurecia Emissions Control Technologies business group include the sales of monoliths from suppliers to automakers on a pass-through basis without generating industrial added value. Second, we generate revenue from the sales of tooling, research and development (“R&D”), prototypes and other services. These sales occur mainly before programmes are launched in production, and can be considered as an indicator of future product sales.

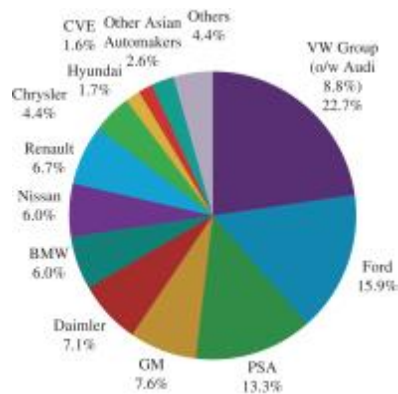
**Product sales by region
(2015, before application of IFRS 5)**



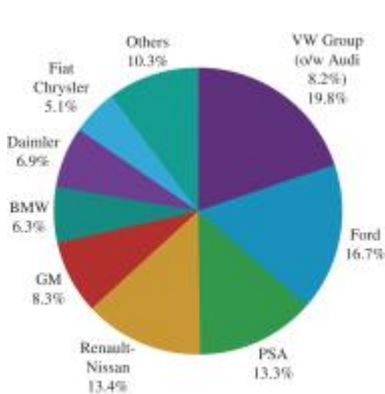
**Product sales by region
(2015, after application of IFRS 5)**



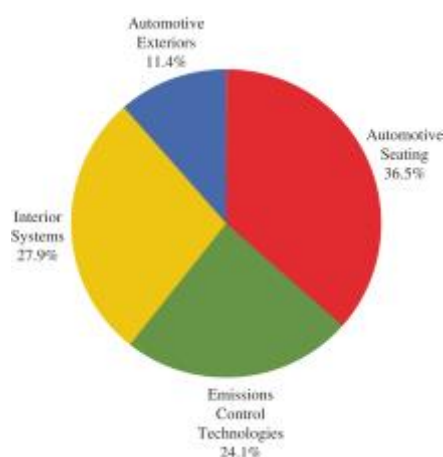
**Product sales by customer
(2015, before application of IFRS 5)**



**Product sales by customer
(2015, after application of IFRS 5)**



**Product sales by business group
(2015, before application of IFRS 5)**



In recent years we further increased our geographic diversification by decreasing the share of our European product sales (from 86% of our consolidated product sales in 2003 to 53.7% in 2015) and by increasing the share of our North American product sales (from 10% of our consolidated product sales in 2003 to 27.6% in 2015) and our Asian product sales (from 1% in 2003 to 14.9% in 2015) (in each case prior to the application of IFRS 5). This increased diversification reduces our exposure to a single geographic area, end- market, automaker or car model.

We benefit from a global customer base, comprising primarily German (36% of our product sales in 2015), American (28% of our product sales in 2015) and Asian (9% of our product sales in 2015) customers (in each case prior to the application of IFRS 5). The classification of customers is based on the nationality of their parent company, except for Chrysler, which has been classified as an American customer. Whereas Japanese and South Korean automakers tend to use their own network of suppliers, we managed to become a supplier to Nissan and Hyundai. In 2015, we increased our product sales to Nissan by 22.6%, to Ford by 12.0% and to Cummins by 10.2%, compared to 2014 (on a like-for-like basis) (in each case prior to the application of IFRS 5), further enhancing the diversification of our sales. We are present on most market segments, from entry-level models to premium and luxury cars (27% of our product sales, prior to the application of IFRS 5), which make us less vulnerable to the parameters which may affect one particular segment.

Global footprint enabling longstanding and expanding partnerships with global automakers

In 2015, our operations in Europe generated €11,256.3 million of total sales, employing approximately 60,000 employees, while our operations in North America generated €5,543.6 million of total sales, with approximately 20,600 employees (in each case prior to the application of IFRS 5). We are well positioned in key growth markets, in particular in Asia. In 2015, our operations in Asia generated €3,101.9 million of total sales, employing approximately 15,800 employees, while those in South America produced €551.3 million total sales with approximately 4,800 employees (in each case prior to the application of IFRS 5). As a result of this global footprint, we are one of only a handful of manufacturers with the capacity to supply automakers' global programmes.

We meet our customers' goals by achieving efficiencies through their and our global footprint. Our global footprint allows us to follow our customers around the world and to establish global programmes. An early successful example of such programme is the Ford Focus, for which we supply interior modules. Production thereof was ramped up from 13 of our production sites in 11 countries in Americas, Europe and Asia, to 7 Ford plants, in 18 months.

In the automotive seating business, we meet our customers' demands through the development of generic seat frames, which can be used in different models across more than one generation. For instance, the Common Module Family 1 ("CMF -1") seat frame for the Renault-Nissan group was first developed in France in one of our R&D centres and has since been produced in Portugal, China, Mexico and South Korea using the same manufacturing process.

The final performance of a programme is mostly determined during the development phase and therefore effective programme management is key. In order to address this, we use vehicle application programmes, such as the "Programme Management System", to bring together the participants needed to develop and launch a new, mass-produced product.

We believe that globalisation in the automotive market is accelerating with global platforms, product convergence and shorter gaps between regional launches, in particular for our Faurecia Automotive Seating and Faurecia Emissions Control

Technologies business groups. This market trend benefits automakers and equipment suppliers with a global footprint such as ours and we believe that we are ideally positioned to further benefit from this trend.

Attractive underlying market fundamentals

We believe that our global footprint and technological leadership enable us to benefit from attractive underlying market fundamentals. We estimate that light vehicle production increased by approximately 1.6% worldwide in 2015, with all regions of the world showing an increase, except in South America. Light vehicle production grew again in Europe (3.8%), remained buoyant in North America (2.7%) and continued to grow in Asia, where production increased by 2.1%. In contrast, production in South America, which represents less than 3% of our total sales, decreased by 20.2% (source: IHS Automotive, February 2016).

We believe that we will benefit from favourable macro-economic factors, such as lower oil prices that should improve consumers' spending, and reduced cost of certain raw materials. We also expect that the depreciation of the euro against the U.S. dollar and the Chinese renminbi should benefit European economies. In China, having met our target operating margins in 2015, we believe 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 and entering into a partnership agreement with Dongfeng Motor Corporation, one of China's largest automobile groups.

We expect further cost reduction, as standard components become a major driver. By offering pre-developed generic products, rolled-out globally, we are able to help automakers manage their production costs. For example, we have introduced a standardised process of production for some of our key equipment in particular by the introduction of generic seat frames such as Renault-Nissan's CMF-1. We also believe that we will continue to benefit from a trend among European automakers to further outsource the production of car seats to car equipment manufacturers.

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 for us. Increasing regulation tends to increase the added value of our products. Lower CO₂ emissions targets create needs for weight reduction, an opportunity for all our business groups. Recycling requirements create a trend towards the use of more bio materials. Standards imposed on emissions of harmful substances (exhaust gases or volatile organic compounds) require more sophisticated exhaust systems, and advanced production processes for painting and foam injection.

For example, in 2013, the European Commission adopted new average CO₂ targets of 95 g/km for the automotive industry in Europe which are to take effect from the end of 2020. In China (which we believe is the world's largest on and off highway commercial vehicles' market) certain cities (such as Beijing, in 2013 and 2015, and Shanghai, in 2014) and provinces (such as Guangdong, in 2015) have already introduced regulations which require fuel consumption and CO₂ emissions to be reduced for passenger and commercial vehicles. India is also considering implementing emissions standards by 2021 which will be equivalent to Euro-6 emissions standards.

Lower CO₂ emissions will be achieved through lower fuel consumption, which can be mainly achieved through improved powertrain efficiency (including hybridisation), and weight reduction. We contribute to improved efficiency through the development of energy recovery devices, and to weight reduction by producing lighter components, developing innovative designs, using raw materials with improved performance, developing bio sourced and renewable materials, and composites which are both lighter and stronger than metal.

Emissions of all combustion-related pollutants are subject to standards that, while specific to each market, are likely to impose significant reductions in emissions of CO₂, pollutants and nitrogen oxides (NO_x). This will present an opportunity for us to offer our customers products specifically designed to control and reduce the emission of CO₂, pollutants and NO_x.

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.

Changing consumer expectations are a key driver of changes within the automotive market. With growing urbanisation in many parts of the world, people tend to spend more time in their cars every day and expect their cars to be a living space, connected to the outside world. We anticipate consumers demanding more comfort, better connectivity, and increased personalisation of cars by installing premium quality, comfortable and well-being equipment in vehicles, such as human machine interface innovations, retractable screens, improved connectivity, air conditioning with reduced vent sizes,

kinematics and decoration and optimized driving positions. Thanks to various innovations and partnerships, we believe our Faurecia Automotive Seating and Faurecia Interior Systems business groups are well positioned to benefit from this trend. In particular our Faurecia Automotive Seating business group has developed a “compliant shell” seat (based on a deformable plastic shell and a foam whose thickness has been significantly reduced) which offers more comfort while being more compact and providing more space. In 2013, we entered into a strategic partnership with Magneti Marelli for the joint development of human-machine interfaces for centre consoles with retractable or fixed screens, command buttons and decoration.

Pioneer in technological innovations

We are a pioneer in technological innovations and our global footprint and R&D capabilities enable us to capitalise on the continuously evolving consumer demands and regulatory requirements.

We focus our technological innovation on the key market trends discussed above and we have always been committed to investment in technologies. In order to achieve these objectives, we committed €924.3 million in 2015 to R&D, or 4.9% of our annual consolidated sales, of which we dedicated approximately €105 million specifically to innovation (in each case after the application of IFRS 5). As at 31 December 2015, we employed nearly 6,150 engineers and technicians in 30 major R&D centres in Europe, America and Asia. We also filed 489 patents in 2015.

With a view to bolstering our R&D capabilities, we have entered into R&D partnerships with automakers, with leading German and French academic engineering laboratories and with other companies, including our joint-venture with Cummins, and we have also acquired specialist technology companies, such as Sora’s automotive composites business.

These partnerships and investments have led to the development of several products for each of our 3 current core business groups. For example, our Faurecia Automotive Seating business group unveiled several innovations in 2015, including the Active Wellness® seat, a seat with invisible sensors that detects whether the driver is subject to stress or sleepiness, and offers tailored therapies for relaxation or stimulation. We believe that seating will play a key role in future autonomous and connected vehicles. In November 2015, we announced a partnership with the Center for Design Research at Stanford University to study user experience in autonomous vehicles. Our Faurecia Emissions Control Technologies business group developed the “SCR BlueBox”, a device which complies with the Euro 6.2 regulation, reduces weight by between 3 to 4 kilogrammes per vehicle and therefore 0.3 to 0.4 grams of CO₂ emissions per kilometre. Our Exhaust Heat Recovery System (EHRS) captures up to 60% of the heat usually wasted in the exhaust system to warm both the engine and the passenger compartment more quickly. By heating the cabin faster, the compact EHRS allows the electric motor to kick in sooner on hybrid vehicles. This reduces CO₂ emissions by 3 g/km and improves fuel consumption by 7%. Our EHRS is currently fitted on a hybrid vehicle produced by an Asian manufacturer.

Our Exhaust Heat Power Generation (EHPG) system produces power that can be used to directly drive trucks or to extend the use of electrical power in hybrid vehicles. EHPG converts heat from exhaust gases to electrical or mechanical power, and is primarily aimed at trucks and commercial vehicles, creating a fuel economy of 5% or more.

Faurecia Interiors Systems has developed Human-Machine-Interface (HMI) advancements that incorporate full black-panel screens, high-resolution active matrix organic LED (AMOLED) screens, smart functional surfaces, new types of connectivity with mobile devices, automated comfort systems and new decoration materials. Faurecia worked with its partner Magneti Marelli to integrate these displays and electronic systems.

Strong focus on operational performance, profitability and financial discipline

Over the past several years, we have reduced our cost structure by achieving further footprint optimisation, in particular by expanding our production capacity in Eastern Europe through seven new production sites and increasing the number of our employees in countries with lower labour costs. We also increased our production capacity in emerging markets to accompany the growth of our sales in these markets. By regrouping some of our factories and opening larger production sites, we also achieved economies of scale. Operational improvements in North America translated into higher variable costs margins, and profitability in Europe increased as we leveraged our cost base.

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, 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 Automotive Seating and Faurecia Emissions Control Technologies business groups. Our Faurecia Automotive Seating operating margin (as a percentage of total sales) increased from 4.4% in 2014 to 4.9% in 2015. Our Faurecia Emissions Control Technologies operating margin (as a percentage of total sales) increased from 3.8% in 2014 to 4.8% in 2015. To lower costs, we continue to further standardise our equipment and production processes, as we did with the CMF-1 seat frame for the Renault-Nissan group mentioned above.

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 capitalised R&D requirements by seeking better capital expenditure allocation. In 2015, we allocated approximately €105 million to research and innovation expenses.

We also try to limit the growth of working capital requirements by reducing our customer overdues, aligning our customer terms and extending our factoring programmes with regard to receivables to additional countries and customers to offset any change in working capital requirements.

We believe that we will benefit from such strong focus on operational performance, profitability, capital expenditure and working capital management.

Experienced management and a new corporate culture

Our management team and Board of Directors have significant experience in the industry. Yann Delabrière, our Chairman and Chief Executive Officer, has 26 years of experience in financial management and leadership positions in the automotive sector. The majority of the members of our Executive Committee have spent most of their careers in the automotive industry. Our management was reinforced by three new appointments to our executive committee in the first quarter of 2015, including Patrick Koller (deputy Chief Executive Officer and Chief Operating Officer since 2 February 2015), Mark Stidham (Executive Vice President for North America) and Hagen Wiesner (Executive Vice President for Faurecia Automotive Seating). This management reinforcement will increase our focus on performance and value creation, allow us to better develop talent internally and facilitate the implementation of our strategic plan.

In 2014, we launched “Being Faurecia”, a major initiative introducing new values of entrepreneurship, autonomy and accountability to drive focus on performance and value creation. This initiative also aims at strengthening people management and talent development, thereby installing a new corporate culture in our Group.

Strategy

After a period of consolidation that saw rapid growth in new regions as well as optimisation of our cost base in Europe and selective cash allocation, we intend to pursue profitable growth and cash generation by:

- (i) taking advantage of our strategy of selective resource allocation;
- (ii) accelerating our Asian development;
- (iii) strengthening our profitability in North America;
- (iv) leveraging our global platforms; and
- (v) continuing to develop value-added technologies and maintaining leadership in all business groups.

Take advantage of our strategy of selective resource allocation

We intend to pursue our selective resource allocation strategy towards a balanced profitable business model by optimising our footprint, standardising our products and reducing our working capital requirements.

We intend to focus on further optimising our industrial footprint by committing over €50 million per year from 2016 onwards for restructuring expenses to continue to optimise our industrial footprint and increase the average size of our plants.

We also aim to continue standardising our products, production and procurement processes and to exercise more purchasing leverage across our various business groups. We intend to continue our allocation of resources to research and innovation expenses and capital expenditure for process standardisation.

We believe this strategy of selective resource allocation will enable us to achieve higher operating income with significant margin improvement and higher net cash flow.

The FAE Disposal represents an important step in balancing our business model. Faurecia Automotive Exteriors is focused primarily on Europe and is therefore exposed to European light vehicle production cycles. In addition, it is smaller than each of our core divisions and is more capital intensive. We believe that the FAE Disposal will enable us to accelerate our investment in higher value-added technologies within our core divisions and it will rebalance our geographical and customer portfolio. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors” and “Risk Factors—Risks Related to Our Operations—Our disposal of Faurecia Automotive Enterprises is subject to uncertainty”.

Accelerate our Asian development

The Asian market represents a significant source of growth potential and high profitability, particularly China with the development of a new business model. 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. In March 2015, we signed a broad partnership agreement with Dongfeng Motor Corporation, one of China’s largest automobile groups, to create joint-ventures with Dongfeng Hongtai, a majority-owned subsidiary of Dongfeng Motor Corporation.

These joint-ventures will supply Dongfeng Hongtai and its automotive partners for passenger and commercial vehicles and when fully deployed, will cover all of our businesses. The first step of the joint-ventures covers the development, manufacturing and delivery of automotive interior and exterior components. The joint-ventures will develop, manufacture and provide these components to Dongfeng Peugeot Citroën Automobile’s vehicle production plants in Wuhan (Hubei province) and in Chengdu (Sichuan province).

To support this strategic partnership, we plan to create a TechCenter and three plants. Located in Wuhan, the TechCenter will focus on developing programmes for the two joint-ventures. We will manufacture automotive interior components such as dashboard/consols, door panels, acoustic and soft trim parts will be manufactured in Wuhan, and we will manufacture exterior parts in a new manufacturing facility in Chengdu.

In China, certain cities (such as Beijing, in 2013 and 2015, and Shanghai, in 2014) and provinces (such as Guangdong, in 2015) have already introduced regulations which require fuel consumption and CO₂ emissions to be reduced for passenger and commercial vehicles. We intend to capture the growth of the commercial vehicle market with regard to emissions control technologies through the strong partnership our Faurecia Emissions Control Technologies business group has with Cummins, a world leader in medium to heavy duty on and off road diesel engines. We were also recently awarded a contract with a major Chinese engine manufacturers, Weichai and Yuchai. Major Chinese cities have also expressed an interest in our Ammonia Storage and Delivery System technology that reduces NO_x emissions. 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.

Strengthen our profitability in North America

Our strategy in North America has focused on returning to robust profitability. The United States is our largest single country market. For the year ended 31 December 2015, we increased our operating margin in North America from 1.7% to 3.9%, and our operating margin rose to 5.1% in the second half of 2015 compared to the second half of 2014 (in each case prior to the application of IFRS 5). Our new North American management appointed at the beginning of 2015 has been instrumental in allowing us to achieve a significant operational improvement, the stabilization of our industrial footprint and realizing the full benefit of the 17 new programmes (mainly for Faurecia Interior Systems) launched in 2014.

Leverage our global platforms

As the trend of automakers setting up global platforms for their different car models and different brands continues, we believe we will benefit from our global reach and customer proximity. We intend to pursue our strategy to leverage our

global footprint by developing standard or generic products to be used by different automakers and ensuring all the competencies for production and R&D are established in the various regions in which we operate. Our seat mechanisms and frames are a global benchmark, with a market share of approximately 13% by value. The number of parts manufactured and their standardization make them robust and competitive, with lifetimes lasting beyond vehicle renewal cycles. We have developed R&D partnerships with automakers including Audi, Cummins, Ford, General Motors, Hyundai-Kia, Nissan and Volkswagen. We are currently pursuing over 70 co-innovation projects with more than 10 of our customers. We believe that few other “tier 1” suppliers have the worldwide reach and experience necessary to manage these global programmes.

Continue to develop value added technologies and maintain leadership in all business groups

We will continue to accelerate technological development in all our business groups. We will focus on new functionality and richer product content in all our business groups.

We seek to develop technology which creates value for automakers and delivers tangible benefits to consumers. Our approach to technological development is informed by our “Driving well-being” strategy. Our Driving well-being strategy is designed to create well-being both for individuals, who expect improved performance, comfort, safety and connectivity and to create collective well-being by saving energy, improving air quality and minimizing environmental impact. These two goals are achieved through our adoption of “sustainable mobility” and “enhanced life on-board” programmes.

“Sustainable mobility” is our policy of focusing our research and development efforts on developing cleaner and lighter vehicles. It involves innovation in four areas: lightweight technologies, bio-materials, energy recovery and air quality. “Enhanced life on-board” represents our focus on the driving and vehicle experience. We therefore develop technology which seeks to provide personalized comfort, perceived harmony, intuitive connectivity and all-round safety. In November 2015, we formed a partnership with Stanford University’s Center for Design Research in order to study potential behavioral changes for users of autonomous vehicles.

In addition, we intend to introduce an energy recovery system from 2020 onwards that should enable a 10% fuel economy. In our Faurecia Interior Systems business group, we intend to focus on innovative high quality human machine interfaces with seamless integration in interiors and develop generic products such as retractable touch-screens, wireless charging, center stacks or smartphone docking stations. We intend to further invest in innovative aluminum, wood and synthetic decorations. This strategy will enable us to develop a global footprint for our aluminium products, complete decoration product line with wood and traditional trim parts and large surfaces with unique industrial technology. Our strategy extends to the development of bio-materials, including competitive bio-based polymer for injection to substitute oil-based materials. For example, our flax fiber reinforced composite sandwich (Flaxpreg™), is light and strong enough to be used for flooring and won a JEC Europe 2015 Innovation Award. We will pursue innovation through the use of internal R&D teams and by leveraging recent acquisitions and partnerships, which have recently provided us with new technologies and expertise, to achieve profitable growth.

Refinancing

The issuance of the Notes in this offering is intended to extend our debt maturity profile and strengthen our balance sheet. The proceeds of the Notes will be used to redeem our 2016 Notes in full. We have published a conditional notice of redemption of the 2016 Notes which provides that our obligation to redeem the 2016 Notes is conditional upon the issue of the Notes offered hereby in an amount of at least €500 million. In accordance with the trust deed governing the 2016 Notes and subject to the satisfaction of this condition, the redemption of the 2016 Notes will occur on or about 12 April 2016.

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

Recent Developments

Disposal of Faurecia Automotive Exteriors

On 14 December 2015, we entered into a Memorandum of Understanding for the sale of Faurecia Automotive Exteriors to Compagnie Plastic Omnium. We currently expect that the sale will be completed during 2016 but the sale remains subject to certain conditions, including filings with and approvals from antitrust authorities and the execution of a sale and purchase agreement. The sale is based on an enterprise value of €665 million. The business which will be sold includes the production of bumpers and front-end modules, employing 7,700 people in 22 sites but does not include the Automotive Composites

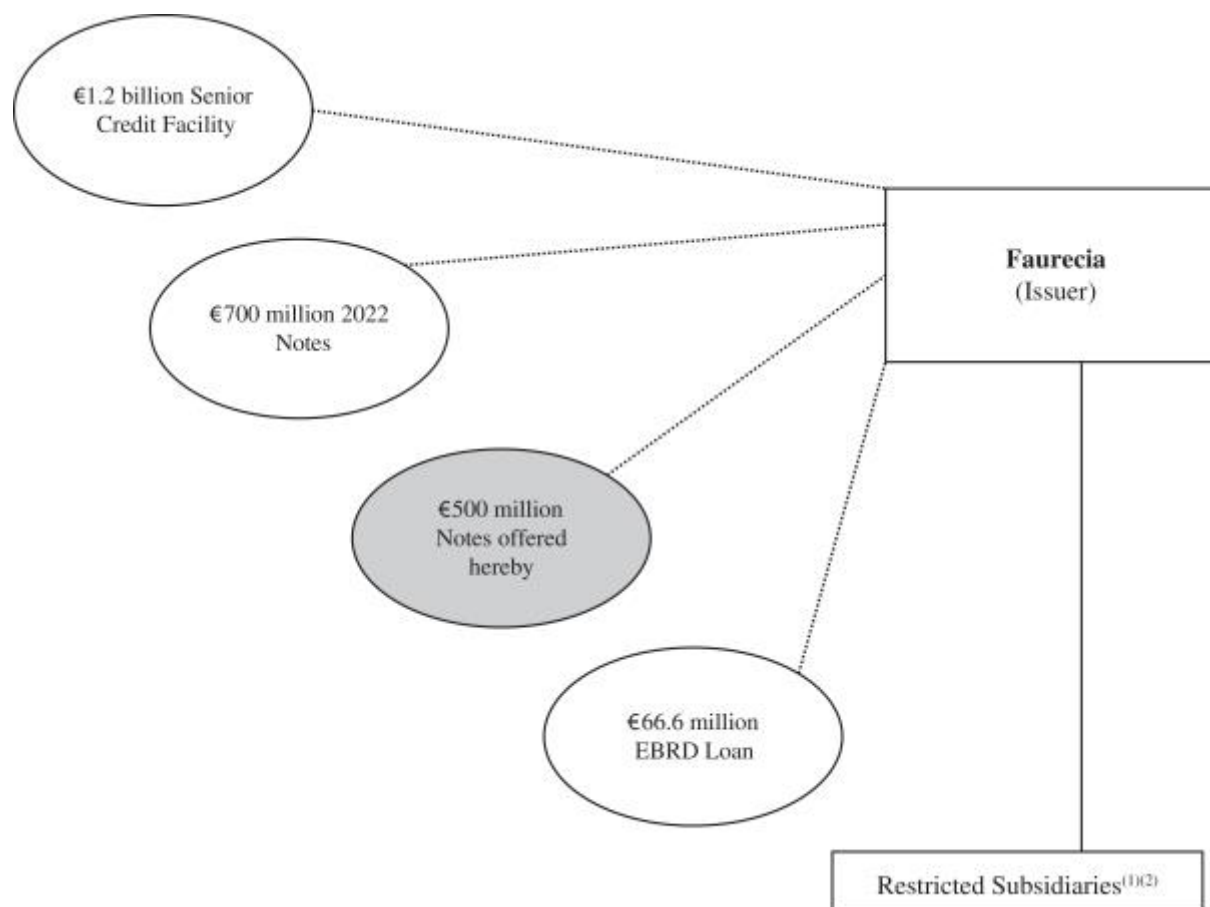
business, the Faurecia plant for Smart in Hambach, France and two joint-ventures in Brazil and China, all of which are currently part of the Faurecia Automotive Exteriors business group.

Faurecia Automotive Exteriors is focused primarily on Europe and is therefore exposed to European automotive production cycles. In addition, it is smaller than each of our core divisions and is more capital intensive.

We believe that the sale of Faurecia Automotive Exteriors represents an important step in balancing our business model as it will enable us to accelerate our investment in higher value-added technologies within our core divisions and it will rebalance our geographical and customer portfolio. For further information, see “Risk Factors—Risks Related to Our Operations—Our disposal of Faurecia Automotive Enterprises is subject to uncertainty”.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following is a simplified summary of our corporate and financing structure. 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 capitalisation, see “Capitalisation” and “Description of Other Indebtedness”.



- (1) Twenty-eight of our subsidiaries are currently guarantors of the Senior Credit Facility, the 2016 Notes, and the 2022 Notes, in each case on a pari passu basis. We intend to redeem the 2016 Notes with the proceeds of the Notes offered hereby and we have published a conditional notice of redemption of the 2016 Notes which provides that our obligation to redeem the 2016 Notes is conditional upon the issue of the Notes offered hereby in an amount of at least €500 million. In accordance with the trust deed governing the 2016 Notes and subject to the satisfaction of this condition, the redemption of the 2016 Notes will occur on or about 12 April 2016. The guarantees of the 2022 Notes, Senior Credit Facility and certain other indebtedness will be released upon the redemption of the 2016 Notes. At that time, none of our outstanding debt will be guaranteed by our subsidiaries and all of Faurecia’s debt will be pari passu and rank equally in terms of right of payment. See “Use of Proceeds” and “Capitalisation”.
- (2) As at 31 December 2015, our subsidiaries had €412.2 million of gross financial debt to third parties (excluding indebtedness pursuant to the guarantees of the 2016 Notes, 2022 Notes and the Senior Credit Facility) and a net cash position of €246.8 million. Such indebtedness will be structurally senior to the Senior Credit Facility, the 2022 Notes and the Notes.

RISK FACTORS

The risk factors described below contain certain information from our 2015 Financial Statements which have not been adjusted to reflect the application of IFRS 5 and certain corresponding figures as at and for the year ended 31 December 2014 have not been restated, including: financial information by operating segment and by geographic region contained in note 4.2 (Key Figures by Operating Segment) and note 4.4 (Key Figures by Geographic Region) to our 2015 Financial Statements; the value of our direct purchases of raw materials as a percentage of purchases; the value of our purchases of materials and supplies, the percentage of those purchases accounted for by our ten largest suppliers and those purchases as a percentage of sales; the percentage of our borrowings at variable rates; and the impact of currency fluctuations on our pre-tax income. See “Presentation of Financial and Other Information—Restatements—Restatement of comparative figures as at and for the year ended 31 December 2014”.

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 specialise 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 characterises 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 programmes (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 4.4 to our audited consolidated financial statements for the year ended 31 December 2015), especially in Europe (which constituted 49.1% of our total product sales in 2015), North America (which constituted 30.1% of our total product sales in 2015) and Asia (which constituted 16.7% of our total product sales in 2015) (in each case after the application of IFRS 5).

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

In 2015, our five largest customers accounted for over 71.5% of total product sales as follows: Volkswagen Group (19.8%), Ford Group (16.7%), Renault-Nissan group (13.4%), PSA Peugeot Citroën group (13.3%) and General Motors (8.3%) (in each case after the application of IFRS 5).

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 2015, our ten largest suppliers for each of our three core business groups together accounted for 27.0% of our purchases, which represented 12% of the sales of these business groups.

If one or more of our main suppliers were to go bankrupt, or experience an unforeseen stock-out, quality problems, a strike or any other incident disrupting the supplies for which it is committed to us, this could impact our 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 and we may be required to make investments which may not always be offset by customer order volumes.

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. We could also be required to make certain investments which may not be offset by customer order volumes.

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:

- we may not be able to identify suitable acquisition candidates in the future, or may not be able to finance such acquisitions on favourable terms;
- the assumptions of the business plans on which valuations are made may prove incorrect, especially concerning synergies and assessments of market demand;
- 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 unfavourable 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.

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, are exposed to certain risks inherent in any activity carried out abroad, including:

- any potential legislative or regulatory changes or commercial, monetary or fiscal policies applied in some foreign countries and, in particular, risks of expropriation and nationalisation;
- 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.

Furthermore, while the regions in which we operate have been affected differently by the global economic downturn, 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 South America, for example, light vehicle production fell by 20.2% in 2015 (source: IHS Automotive, February 2016). As a result, our business, financial condition and results of operations will be materially and adversely affected by a continued or further 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 favourably 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 in the short-term for us to obtain new revenues 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, 28.1% of our borrowings were at variable rates as at 31 December 2015 and 52.0% of our borrowings were at variable rates as at 31 December 2014, compared to 49.8% as at 31 December 2013. Our variable rate financial debt mainly relates to the Senior Credit Facility as well as our short-term debt. Our main fixed rate debt consists of the 2022 Notes and, following the offering, the Notes.

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 2016 and 2017 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 consolidated financial statements for the year ended 31 December 2015.

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

We are also 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.

The sensitivity of our income and equity as at 31 December 2015 to changes in exchange rates of transaction currencies used by our subsidiaries other than their functional currency (with all other variables remaining constant) is as follows:

Currency	As at 31 December 2015						
	USD	CZK	CAD	RUB	GBP	PLN	ZAR
(in € millions)	1.09	27.02	1.51	80.67	0.73	4.26	16.95
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.14	28.37	1.59	84.71	0.77	4.48	17.80
Impact on pre-tax income	(0.73)	0.32	(0.56)	1.33	0.13	0.59	(0.62)
Impact on equity	1.81	(2.76)	0.03	0.00	0.00	(6.67)	0.00

“USD” means United States Dollar, “CZK” means Czech Republic Koruna, “CAD” means Canadian Dollar, “RUB” means Russian Rouble, “GBP” means British Pounds Sterling, “PLN” means Polish Zloty and “ZAR” means South African Rand.

These impacts reflect (i) the effect on our pre-tax income of changes in exchange rates used for the year-end valuation of assets and liabilities denominated in a foreign currency, net of the impact of the change in fair value of existing hedging instruments; and (ii) the effect on our equity of changes in the fair value of hedges of forecast transactions (cash flow hedges).

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 the IAS 39 financial instruments: recognition and measurement (which outlines the requirements for the recognition and measurement of financial assets) (“**IAS 39**”) 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 30.1 to our audited consolidated financial statements for the year ended 31 December 2015.

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 8.3% of purchases in 2015. 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 unfavourable 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 unfavourable 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.

On 18 December 2014, the sanctions commission of the French financial markets authority (the *Autorité des marchés financiers* (“**AMF**”)), considered that Faurecia S.A. and Yann Delabrière, our Chief Executive Officer, failed to comply with their duties as defined by articles 223-1, 223-2 and 223-10-1 of the general rules of the AMF with regard to the disclosure of some information relating to our targets for our 2012 financial year. On the basis of articles L. 621-15 (II (c) and III (c)) of the monetary and financial code, a fine of €2 million and of €100,000 was imposed against us and Yann Delabrière, our Chief Executive Officer, respectively. With the full support of our board, on 26 February 2015, we and Yann Delabrière appealed this decision before the Paris’ court of appeal, which will judge the evidence submitted by us and Yann Delabrière. We and Yann Delabrière deny any merit to this claim.

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 emission control systems on the basis of suspicions of anti-competitive practices in this segment. We are one of the companies subject to these enquiries. These enquiries are on-going. In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. We are at present unable to predict the consequences of such inquiries including the level of fines or sanctions that could be imposed.

In addition, in the event that our products fail to perform as expected, whether allegedly due to our fault or that of one of our suppliers, and such failure results in, or is alleged to result in, bodily injury and/or property damage or other losses, we may be required or requested by our customers to participate in a product recall or other corrective action involving such products. We carry insurance for certain product liability claims, but such coverage may be limited. In addition, we may not be successful in recovering amounts from third parties, including suppliers, in connection with these claims. These types of claims could adversely affect our financial condition, operating results and cash flows.

Except as disclosed in “Business—Litigation”, as at this date of this document, we are not aware of any governmental, legal or arbitration proceedings (or any such pending or threatened proceedings) which has had in the past twelve months, or is likely to have, a significant impact on our financial position or profitability. However, we cannot guarantee that in the future our subsidiaries will not be involved in legal or administrative proceedings, particularly given the complex regulatory requirements applicable to us, our plants and our products. In addition, technical failures, as well as breaches of contract by customers, suppliers or partners may give rise to contractual disputes, warranty claims, product recalls or product liability claims, which may 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 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, systems failure and non-compliance with current or future regulations. For example, in 2011 there was a fire on a foam production line in an acoustic products plant in the United Kingdom as a result of which we incurred costs of approximately €4 million. 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 disposal of Faurecia Automotive Exteriors is subject to uncertainty.

In December 2015, Faurecia entered into a Memorandum of Understanding for the sale of Faurecia Automotive Exteriors to Compagnie Plastic Omnium. The FAE Disposal is based on an enterprise value of €665 million. The FAE Disposal represents an important step in balancing our business model as we believe that it will enable us to accelerate our investment in higher value-added technologies within our core divisions and it will rebalance our geographical and customer portfolio. We currently expect that the FAE Disposal will be completed during 2016 but the sale to the acquirer remains subject to certain conditions, including filings with and approvals from antitrust authorities, the execution of a sale and purchase agreement and other customary closing conditions. We can give no assurance, therefore, that the FAE Disposal will be completed at such time, or on the terms described in this document, or at all.

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. In addition, certain of our subsidiaries guarantee indebtedness of the Issuer under the 2016 Notes, the 2022 Notes and the Senior Credit Facility. Until the guarantees granted by such subsidiaries are released, claims of holders of the 2016 Notes and the 2022 Notes and of lenders under the Senior Credit Facility will also have priority with respect to the assets and earnings of such guarantor subsidiaries over your claims. The guarantees of the 2016 Notes, the 2022 Notes and the Senior Credit Facility will be released after giving effect to the 2016 Notes Redemption, which pursuant to the Trust Deed, is required to occur on or prior to the 30th day following the Issue Date. At that time, none of the Issuer's outstanding debt will be guaranteed by our subsidiaries.

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 reorganisation 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 2015, the subsidiaries of the Issuer had €412.2 million of gross financial debt to third parties (excluding indebtedness pursuant to the guarantees of the 2016 Notes, 2022 Notes and the Senior Credit Facility) and a net cash position of €246.8 million. In addition, as at 31 December 2015, our consolidated trade payables amounted to €3,449.7 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 favourable 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 favourable 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 Trust Deed and the Trust Deed governing the 2022 Notes limit our ability to take certain actions.

The Senior Credit Facility, the Trust Deed, the trust deed governing the 2016 Notes and the trust deed governing the 2022 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;
- pay dividends or make other distributions;
- create certain liens;
- make certain asset dispositions;
- make certain loans or investments;
- issue or sell share capital of our subsidiaries;
- guarantee indebtedness;
- enter into transactions with affiliates; or
- merge, consolidate or sell, lease or transfer all or substantially all of our assets.

In addition, the Trust Deed will limit, among other things, the ability of our subsidiaries to enter into guarantees with respect to certain types of indebtedness without guaranteeing the Notes, our ability to create certain liens on our principal properties and our ability to secure indebtedness. The operating and financial restrictions and covenants in the Senior Credit Facility, the Trust Deed, the trust deed governing the 2016 Notes and the trust deed governing the 2022 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 Trust Deed, the trust deed governing the 2016 Notes and the trust deed governing the 2022 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, we will be required to make an offer to purchase all of the outstanding Notes 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, unless waived by a lender, would result in cancellation of such lender's commitments under the Senior Credit Facility and all amounts outstanding under such facilities owed to such lender would become immediately due and payable. In addition, a change of control under the 2016 Notes or the 2022 Notes would give bondholders the option to redeem their bonds early at par 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 reorganisation, 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 amortisation 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.

The amendments and modification provisions of the terms and conditions of the Notes differ from standard English law amendments and modification provisions.

The terms and conditions of the Notes and the Trust Deed may be amended with the consent of the holders of a majority in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer) and any past default or compliance with any provisions may also be waived with the consent of the holders of a majority in principal amount of the Notes then outstanding. Certain rights under the terms and conditions of the Notes

relating to the key commercial terms of the Notes (“**Entrenched Rights**”) including (but not limited to) reducing the principal amount of Notes whose holders must consent to an amendment or a waiver or that qualifies as a quorum for purposes of making such amendment or waiver, changing the time and/or rate of payments of interest and principal, as applicable, reducing the amount of any premiums, changing the ranking or priority of payments of the Notes and making certain other changes as set out in the terms and conditions of the Notes, cannot be amended or waived by the holders of a majority in principal amount of the Notes then outstanding but require the consent (or a quorum) of the holders of at least 90% of the aggregate principal amount of the Notes then outstanding.

Holders of the Notes should be aware that in order to effect any amendment or waiver in respect of Entrenched Rights, the consent (or a quorum) of holders of at least 90% of the aggregate principal amount of the Notes then outstanding is required to agree to such amendment or waiver. Although this threshold is standard in New York law governed bonds issued by European issuers, it is considerably higher than the usual threshold in English law bond transactions, where typically at a meeting of the holders of Notes, the threshold for changes to the economic provisions of the Notes is set at 75%. As a result, the Issuer may have greater difficulty in passing amendments relating to Entrenched Rights.

In addition, there is a higher risk that a minority of holders of Notes (holders of at least 10% of the aggregate principal amount of the Notes then outstanding) may either disregard the convening of a meeting of the holders of the Notes or a consent solicitation request or actively refuse to give such consent to the amendment or waiver, or could block a resolution or a consent solicitation.

For both majority-led resolutions or consents and resolutions or consents requiring the holders of 90% of the aggregate principal amount of the Notes then outstanding to agree, holders of the Notes should be aware that in the event that such resolutions or consents are approved by the requisite number of holders such decision will bind all holders, including any dissenting holders of Notes.

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 will be made to list the Notes on the Official List of the Irish Stock Exchange 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 unfavourable development of market prices of their Notes which materialise if the holders sell the Notes prior to the final maturity.

The Notes may not become, or remain, listed on the Irish Stock Exchange.

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 the Irish Stock Exchange and admitted to trading on the Global Exchange Market thereof within a reasonable period after the Issue Date 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 the Irish Stock Exchange 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 the Irish Stock Exchange, provided that it will use reasonable best efforts to obtain and maintain the listing of the Notes on another recognised 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 the Irish Stock Exchange or another recognised 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 the Irish Stock Exchange 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 materialisation 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 materialisation 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 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 or, 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 favourable 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 reorganisation 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.

The proposed financial transactions tax (“FTT”).

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common 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, 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 of 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 FTT 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.

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 current French thin capitalisation rules provided by Article 212-II of the French Tax Code (*Code Général des Impôts*—“**FTC**”), the deduction of interest accrued on loans granted by a related party within the meaning of Article 39.12 of the FTC or on loans granted by a third party that are guaranteed by a related party (third party assimilated to related party) may be subject to certain limitations. Notably, deductions for interest accrued on such loans may be partially disallowed in the fiscal year during which they are accrued if such interest exceeds each of the following: (i) the amount of interest multiplied by the ratio of (a) 1.5 times the company’s net equity and (b) the average amount of indebtedness owed to related parties (or to third parties assimilated to related parties) over the relevant fiscal year; (ii) 25% of the company’s earnings before tax and extraordinary items (as adjusted for the purpose of these limitations); and (iii) the amount of interest received by the indebted company from related parties. Deductions may be disallowed for the portion of interest that exceeds in a

relevant fiscal year the highest of the above three limitations if such portion of interest exceeds €150,000. Specific rules apply to companies that belong to French tax-consolidated groups.

Even if a company is regarded as thinly capitalised under the various tests discussed above, the deduction of its interest charges may not be limited under these rules if the company can evidence that its own indebtedness ratio for the relevant fiscal year is lower or equal to the indebtedness ratio of the group of companies to which it belongs (the safe harbour test). For the purpose of such safe harbour test, the notions of “group” and “indebtedness ratio” are defined according to the *Bulletin Officiel des Finances Publiques - Impôts* BOI-IS-BASE-35-20-30-20-20130329.

In addition, Article 209 § IX of the FTC imposes restrictions on the deductibility of interest expenses incurred by a French company if such company has acquired shares of another company qualifying as “*titres de participation*” within the meaning of Article 219 I A *quinquies* of the FTC and if such acquiring company cannot demonstrate, with respect to the fiscal years running over the twelve-month period from the acquisition of the shares (or with respect to the first fiscal year commencing after 1 January 2012 for shares acquired during a fiscal year that commences prior to such date), that (i) the decisions relating to the acquisition of such shares are actually taken by the company having acquired them (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L 233-3 §I of the French Commercial Code (*Code de commerce*), that is located in France and (ii) where control or an influence is exercised over the acquired company, such control or influence is exercised by the acquiring company (or, as the case may be, by a company controlling the acquiring company or by a company directly controlled by such controlling company, within the meaning of Article L 233-3 §I of the French Commercial Code, that is located in France). This restriction does not apply if the French acquiring company is in a position to evidence that, for the year in respect of which interest deduction may be challenged, its own indebtedness ratio is lower or equal to the indebtedness ratio of the group of companies to which it belongs (the safe harbour rule). This safe harbour rule is applied in the same manner as for the thin capitalisation limitation mentioned above.

Moreover, Article 212 *bis* of the FTC aims to generally limit the deductibility of net financial charges, which is defined as the portion of financial charges exceeding financial income, accrued by companies that are subject to French corporate income tax. Pursuant to this Article and subject to certain exceptions, adjusted net financial charges incurred by French companies that are subject to French corporate income tax and are not members of a French tax-consolidated group are deductible from their taxable result only up to 75% of their amount in respect of fiscal years commencing 1 January 2014, to the extent that such companies’ net financial charges are at least equal to €3.0 million in a given fiscal year. Under Article 223 B *bis* of the FTC, special rules apply to companies that belong to French tax-consolidated groups: the 75% limitation applies to the adjusted aggregate net financial charges incurred by companies that are members of the French tax-consolidated group with respect to amounts made available by lenders outside such group, to the extent that the tax group companies’ consolidated net financial charges are at least equal €3.0 million in a given fiscal year.

For fiscal years ending on or after 25 September 2013, the deductibility of interest accrued to a related party within the meaning of Article 39.12 of the FTC are subject to a new limitation pursuant to Article 212 I-b) of the FTC. Interest deduction is subject to an additional requirement: if the lender is a related party to the borrower within the meaning of Article 39.12 of the FTC, the French borrower shall demonstrate, at the French tax authorities’ request, that the lender is, with respect to the same fiscal year and with respect to the concerned interest, subject to an income tax in an amount which is at least equal to 25% of the corporate income tax determined under standard French tax rules. Where the related party lender is domiciled or established outside France, the corporate income tax determined under standard French tax rules shall mean that to which it would have been liable in France on the interest received if it had been domiciled or established in France. Specific rules apply where the lender is a pass-through entity for French tax purposes or a UCITS or a similar entity.

Even if the relevant borrowing transactions correspond to a normal management decision and abide by the arm’s length principle, the abovementioned tax rules may limit our ability to deduct interest incurred in France on our indebtedness and, as a consequence, may increase our tax burden and reduce the cash flow available to service our indebtedness, which could have a material adverse effect on our business, results of operations and financial condition.

Foreign Account Tax Compliance withholding may affect payments on the Notes.

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”) impose a reporting regime and a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” made to certain non-U.S. financial institutions that do not comply with this reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. Whilst the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the

clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has paid the clearing systems, and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Prospective investors should refer to the section "Taxation— U.S. Foreign Account Tax Compliance".

USE OF PROCEEDS

We expect the net proceeds from the offering of the Notes to amount to approximately €494 million, after deduction of estimated costs and commissions.

The net proceeds will be used to redeem the 2016 Notes in full. We intend to redeem the 2016 Notes with the proceeds of the Notes offered hereby and we will publish on or about 14 March 2016 a conditional notice of redemption of the 2016 Notes which provides that our obligation to redeem the 2016 Notes is conditional upon the issue of the Notes offered hereby in an amount of at least €500 million. In accordance with the trust deed governing the 2016 Notes and subject to the satisfaction of this condition, the 2016 Notes Redemption will occur on or about 12 April 2016.

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, estimates of the redemption premium for the redemption of the 2016 Notes in full 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	Redemption in full of the 2016 Notes ⁽¹⁾	522.5
Cash	28.5	Transaction fees and expenses	6.0
Total	528.5	Total	528.5

- (1) Represents the redemption in full of €490.0 million of aggregate principal amount of the 2016 Notes and the payment of an estimated €32.5 million of redemption premium, excluding €13.4 million of accrued interest on the 2016 Notes as at 31 March 2016.

CAPITALISATION

The following table sets forth our cash and cash equivalents, financial liabilities and total capitalisation as at 31 December 2015, on a historical basis, as adjusted to reflect the completion of the offering of the Notes made hereby and the use of the proceeds thereof and as further adjusted for the FAE Disposal. The completion of the FAE Disposal is subject to uncertainty. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors” and “Risk Factors—Risks Related to Our Operations—Our disposal of Faurecia Automotive Exteriors is subject to uncertainty”.

You should read this table in conjunction with “Use of Proceeds”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” and our audited consolidated financial statements included elsewhere in this document.

As at 31 December 2015					
(in € millions)	Historical	Adjustments	As adjusted for the offering	Adjustments	As further adjusted for the FAE Disposal
Cash and cash equivalents ⁽¹⁾	932.5	(28.5)	904.0	648.3	1,552.3
Other current financial assets	6.8	—	6.8	—	6.8
Cash and cash equivalent of assets held for sale	2.7	—	2.7	(2.7)	—
Total cash and cash equivalents	942.0	(28.5)	913.5	645.6	1,559.1
Financial liabilities linked to assets held for sale⁽²⁾	19.4	—	19.4	(19.4)	—
Short-term borrowings ⁽³⁾	310.2	—	310.2	—	310.2
2016 Notes	490.0	(490.0)	—	—	—
OCEANE convertible bonds due 2018 ⁽⁴⁾	12.9	—	12.9	—	12.9
Other current portion of long-term debt and financial liabilities	105.8	—	105.8	—	105.8
Total current financial liabilities	918.9	(490.0)	428.9	—	428.9
Senior Credit Facility	—	—	—	—	—
2022 Notes ⁽⁵⁾	691.6	—	691.6	—	691.6
Bank borrowings	246.3	—	246.3	—	246.3
Other long-term debt and other non-current financial liabilities	28.3	—	28.3	—	28.3
Notes offered hereby	—	500.0	500.0	—	500.0
Total long-term financial liabilities	966.2	500.0	1,466.2	—	1,466.2
Total financial liabilities (gross)⁽⁶⁾	1,904.5	10.0	1,914.5	(19.4)	1,895.1
Total financial liabilities (net)	962.5	38.5	1,001.0	(665.0)	336.0
Minority interests	211.9	—	211.9	—	211.9
Equity attributed to owners of the parent	2,397.6	—	2,397.6	—	2,397.6
Total shareholders’ equity	2,609.5	—	2,609.5	—	2,609.5
Total capitalisation	4,514.0	10.0	4,524.0	(19.4)	4,504.6

- (1) The “as further adjusted for the FAE Disposal” amount represents the enterprise value relating to Faurecia Automotive Exteriors (€665 million) less the net financial liabilities (€16.7 million) attributed to such business as at 31 December 2015. See Note 26.1 to our 2015 Financial Statements. The actual amount received by us from the FAE Disposal will be adjusted according to the net debt and working capital of the companies to be sold as part of the FAE Disposal and will be negatively impacted by transaction costs. We can give no assurance that we will receive all or any of the estimated cash proceeds from the FAE Disposal which are included in the table set out above and which are provided for informational purposes only. The estimated cash proceeds set forth in the table above are not intended to be a projection of actual cash proceeds received by us and should not be relied on by prospective investors to calculate our net debt as at and for the year ending 31 December 2015 or for any other period. In addition, any cash proceeds received upon the FAE Disposal may be applied in connection with future acquisitions or investment in assets. No assurance can be given that any such proceeds will be applied to reduce our indebtedness. For further information, see “Risk Factors—Risks Related to Our Operations—Our disposal of Faurecia Automotive Enterprises is subject to uncertainty”.

- (2) Represents gross financial liabilities of Faurecia Automotive Exteriors accounted for in accordance with IFRS 5—Non-current Assets Held for Sale and Discontinued Operations. See “Presentation of Financial and Other Information—Application of IFRS 5—Non-Current Assets Held for Sale and Discontinued Operations”.
- (3) Short-term borrowings include €135.0 million of bank overdrafts.
- (4) As at 31 December 2015, following the conversion or exchange of approximately 94.5% of the OCEANE bonds for new or existing shares of the Issuer, the liability component of the OCEANE bonds was €12.9 million. The amounts shown in the table above do not give effect to the conversion or exchange for new or existing shares of the Issuer of substantially the entire amount of OCEANE bonds and for the reimbursement of the residual amount (€0.2 million) on 15 January 2016.
- (5) Net of capitalized issuance costs.
- (6) As at 31 December 2015, our subsidiaries had €412.2 million of gross financial debt to third parties (excluding indebtedness pursuant to the guarantees of the 2016 Notes, 2022 Notes and the Senior Credit Facility) and a net cash position of €246.8 million. Such indebtedness will be structurally senior to the Notes, the 2022 Notes and the Senior Credit Facility. For further information, see “Risk factors—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”.

For further information relating to the debt instruments described above, see “Management’s Discussion and Analysis of our Financial Condition and Results of Operations—Liquidity and Capital Resources” and “Description of Other Indebtedness”.

Since 31 December 2015, except as set forth above, there have been no other material changes to our capitalisation.

SELECTED HISTORICAL FINANCIAL AND OPERATING DATA

The following tables set forth our selected historical financial and operating data for the years ended and as at the dates indicated below. Our selected consolidated financial information as at and for the years ended 31 December, 2013, 2014 and 2015 has been derived from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December, 2013, 2014 and 2015.

The following tables also set forth a restatement of our consolidated income statement and consolidated cash-flow statement as at and for the year ended 31 December 2014 which are included in our 2015 Financial Statements for comparison purposes, and which have been restated to reflect the retrospective application of IFRS 5.

The following information should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and results of Operations”, “Presentation of Financial and Other Information” and our consolidated financial statements and the related notes thereto. Our historical results do not necessarily indicate results that may be expected for any future period.

Selected consolidated income statement data

	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December			
	2013	2014	2014 ^(*)	2015
(in € millions)			(restated)	
SALES.....	18,028.6	18,828.9	16,876.6	18,770.4
of which product sales.....	13,693.2	14,089.3	12,459.4	14,218.7
Cost of sales.....	(16,636.1)	(17,271.8)	(15,486.9)	(17,024.8)
Research and development costs	(254.0)	(235.5)	(214.4)	(278.4)
Selling and administrative expenses	(600.2)	(648.3)	(579.9)	(637.2)
OPERATING INCOME	538.3	673.3	595.4	830.0
Other non-operating income and expenses	(106.8)	(86.5)	(79.8)	(65.3)
Income from loans, cash investments and marketable securities	9.0	8.0	7.9	12.1
Finance costs.....	(196.9)	(191.1)	(186.6)	(173.6)
Other financial income and expenses	(46.4)	(60.5)	(60.0)	(45.2)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES	197.2	343.2	276.9	558.0
Taxes.....	(64.7)	(115.1)	(94.8)	(185.7)
of which deferred taxes	67.3	46.1	38.9	(20.3)
NET INCOME OF FULLY CONSOLIDATED COMPANIES	132.5	228.1	182.1	372.3
Share of net income of associates	14.0	0.8	4.4	12.8
NET INCOME OF CONTINUED OPERATIONS	146.5	228.9	186.5	385.1
NET INCOME (LOSS) OF DISCONTINUED OPERATIONS	(3.1)	0.0	43.1	60.8
CONSOLIDATED NET INCOME	143.4	228.9	229.6	445.9
Attributable to owners of the parent	87.6	165.7	166.4	371.8
Attributable to minority interests	55.8	63.2	63.2	74.1

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors, and to reflect the application of IFRIC 21. For further information, see “Presentation of Financial and Other Information—Restatements”.

Selected consolidated cash flow statement data

	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December			
	2013	2014	2014 ^(*)	2015
(in € millions)			(restated)	
Net cash provided (used) by:				
Operating activities	927.4	1,037.4	1,037.4	1,249.2
of which discontinued activities	n/a	n/a	144.6	133.5
Investing activities	(822.9)	(870.0)	(870.0)	(1,002.7)
of which discontinued activities	n/a	n/a	(55.5)	(65.0)
Financing activities	37.7	106.2	106.2	(348.3)
of which discontinued activities	n/a	n/a	(28.4)	(38.2)

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors, and to reflect the application of IFRIC 21. For further information, see “Presentation of Financial and Other Information—Restatements”.

Selected consolidated balance sheet data

	Pre-IFRS 5 application		Post-IFRS 5 application	
	As at 31 December			
	2013	2014	2014 ^(*)	2015
Assets			(restated)	
(in € millions)				
Goodwill	1,297.1	1,317.3	1,317.3	1,209.8
Intangible assets.....	686.2	850.5	850.5	935.0
Property, plant and equipment	2,027.9	2,229.7	2,229.7	2,247.3
Investments in associates	88.7	94.7	94.7	111.5
Other equity interests	13.9	14.6	14.6	15.6
Other non-current financial assets	49.4	62.7	62.7	69.4
Other non-current assets	18.9	26.6	26.6	36.5
Deferred tax assets	161.8	220.7	220.7	215.6
TOTAL NON-CURRENT ASSETS.....	4,343.9	4,816.8	4,816.8	4,840.7
Inventories, net	1,123.4	1,076.6	1,076.6	1,105.2
Trade accounts receivables	1,680.7	1,677.0	1,677.0	1,696.9
Other operating receivables	288.1	275.9	275.9	253.9
Other receivables and prepaid expenses	184.2	229.3	229.3	316.5
Other current financial assets.....	8.7	7.9	7.9	6.8
Cash and cash equivalents	701.8	1,016.9	1,016.9	932.5
TOTAL CURRENT ASSETS.....	3,986.9	4,283.6	4,283.6	4,311.8
Assets held for sale.....	0.0	0.0	0.0	613.4
TOTAL ASSETS	8,330.8	9,100.4	9,100.4	9,765.9

	Pre-IFRS 5 application		Post-IFRS 5 application	
	As at 31 December			
	2013	2014	2014 ^(*)	2015
Liabilities			(restated)	
(in € millions)				
SHAREHOLDERS' EQUITY				
Capital.....	858.1	867.5	867.5	960.4
Additional paid-in capital	410.4	430.9	430.9	621.9
Treasury stock.....	(1.4)	(1.7)	(1.7)	(1.3)
Retained earnings.....	118.3	109.2	114.9	241.4
Translation adjustments	28.8	145.0	145.0	203.4
Net income (loss) for the period attributable to owners of the parent	87.6	165.7	166.4	371.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE	1,501.8	1,716.6	1,723.0	2,397.6

	Pre-IFRS 5 application		Post-IFRS 5 application	
	As at 31 December			
	2013	2014	2014 ^(*)	2015
Liabilities			(restated)	
(in € millions)				
PARENT				
Minority interests.....	140.5	159.9	159.9	211.9
TOTAL SHAREHOLDERS' EQUITY	1,642.3	1,876.5	1,882.9	2,609.5
Long-term provisions.....	283.5	369.4	369.4	344.1
Non-current financial liabilities	1,308.8	1,029.0	1,029.0	966.2
Other non-current liabilities	0.6	1.5	1.5	1.6
Deferred tax liabilities	19.6	9.6	9.6	11.1
TOTAL NON-CURRENT LIABILITIES	1,612.5	1,409.5	1,409.5	1,323.0
Short-term provisions	223.2	220.2	220.2	188.4
Current financial liabilities	920.8	1,383.4	1,383.4	918.9
Prepayments from customers	169.4	98.4	98.4	125.9
Trade payables	3,053.1	3,311.5	3,311.5	3,449.7
Accrued taxes and payroll costs.....	517.2	586.0	579.6	539.0
Sundry payables.....	192.3	214.9	214.9	235.7
TOTAL CURRENT LIABILITIES	5,076.0	5,814.4	5,808.0	5,457.6
Liabilities linked to assets held for sale	0.0	0.0	0.0	375.8
TOTAL LIABILITIES.....	8,330.8	9,100.4	9,100.4	9,765.9

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors, and to reflect the application of IFRIC 21. For further information, see "Presentation of Financial and Other Information—Restatements".

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our audited consolidated financial statements and sales data for the years ended 31 December 2013, 2014 and 2015 and, in each case, the notes thereto included elsewhere in this document, which have been prepared in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

The following discussion and analysis contains certain figures from our 2015 Financial Statements which have not been adjusted to reflect the application of IFRS 5 and the corresponding figures as at and for the year ended 31 December 2014 have not been restated. For more information, see "Presentation of Financial and Other Information—Restatements—Restatement of comparative figures as at and for the year ended 31 December 2014".

Overview

We are one of the world's largest automotive equipment suppliers. We develop, manufacture and sell high-quality and highly-engineered products and we currently operate through three core business groups: Faurecia Automotive Seating, Faurecia Emissions Control Technologies and Faurecia Interior Systems. We also operate our Faurecia Automotive Exteriors business which we are in the process of disposing. For further information, see "Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors". 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 Automotive Seating. We estimate we are currently the world's leading supplier of seat frames and mechanisms and number 3 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 with an emphasis on safety, comfort, quality, versatility and use of natural/recycled materials.

Faurecia Emissions Control Technologies. We estimate we are currently the world's leading supplier of exhaust systems and components (including mufflers, manifolds and catalytic converters). We develop and manufacture complete exhaust systems, including components reducing emissions as well as components for exhaust system acoustics.

Faurecia Interior Systems. We estimate we are currently the world's number 2 supplier of automotive interior systems. We manufacture cockpit modules (instrument panels and central consoles), doors (panels, modules and door systems), acoustic modules, as well as decorative parts.

We maintain strong relationships with almost all major global automakers, including Volkswagen, Ford, the PSA Peugeot Citroën group, the Renault-Nissan group, General Motors, Daimler and BMW, each of which accounted for more than €1.0 billion of total sales in 2015. We have a broad geographic footprint, and are one of the few automotive equipment suppliers with the capacity to supply automakers' global programmes where the same car model is produced throughout several regions.

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). Nevertheless 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 2015, we had 610 programmes in the development phase. We tend to benefit from a high renewal rate of our programmes.

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 nearly 6,150 engineers and technicians who design products and develop technological solutions.

For the year ended 31 December 2015, our total sales amounted to €18,770.4 million compared to €16,876.6 million in 2014 and our EBITDA amounted to €1,441.8 million compared to €1,101.1 million in 2014 (in each case after the application of IFRS 5). The United States is our largest single country market. As at 31 December 2015, we employed approximately

95,300 people in 34 countries, spread over approximately 300 sites (excluding Faurecia Automotive Exteriors’ employees and sites).

Significant Factors Affecting Our Results of Operations

Our results of operations, financial condition and liquidity have been influenced in the periods discussed in this document by the following events, facts, developments and market characteristics. We believe that these factors have influenced and are likely to continue to influence our operations in the future.

Developments in the global automotive sector

Our sales depend on the economic developments in the automotive sector, which is correlated with global macroeconomic conditions.

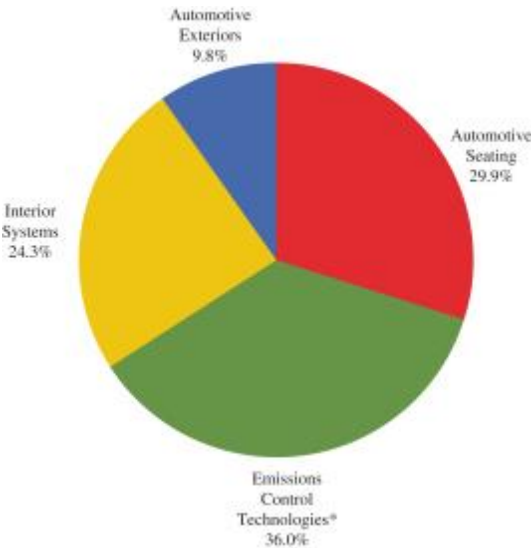
Our sales are primarily impacted by factors influencing consumer demand for new passenger vehicles and commercial vehicles. Our total sales and product sales are indirectly affected by factors such as unemployment, interest rates (and, more generally, overall monetary and fiscal policy), gasoline prices, consumer confidence and the availability of financing for purchases of new vehicles. In addition, our product sales are also indirectly impacted by factors such as the levels of international trade and the availability of vehicle financing, as these factors particularly affect the demand for commercial vehicles.

We report total sales in our audited consolidated financial statements, both for the Group and by business groups. In addition, we report an indicator that we refer to as “product sales”, meaning sales of automotive parts and components to customers (excluding monoliths). Our revenue derives primarily from product sales involving the production and shipments of parts and components to automakers. We also derive sales from two other sources. First, sales of our Faurecia Emissions Control Technologies business group include sales of monoliths, which are components used in catalytic converters for exhaust systems. Monoliths are directly managed by automakers. These products are purchased from suppliers designated by them and invoiced to automakers on a pass-through basis without generating any industrial value added to insulate our margins from fluctuations in prices of raw materials incorporated in the monoliths. Second, we generate revenue from sales of tooling, R&D, prototypes and other services.

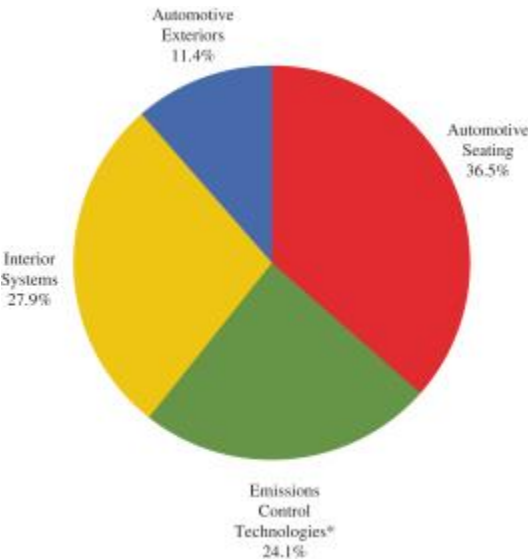
The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

The following charts show our total sales and product sales divided by our three current core business groups and Faurecia Automotive Exteriors, for the year ended 31 December 2015:

Total Sales by Business Group
(2015, Total Sales = €20,691.9 million)



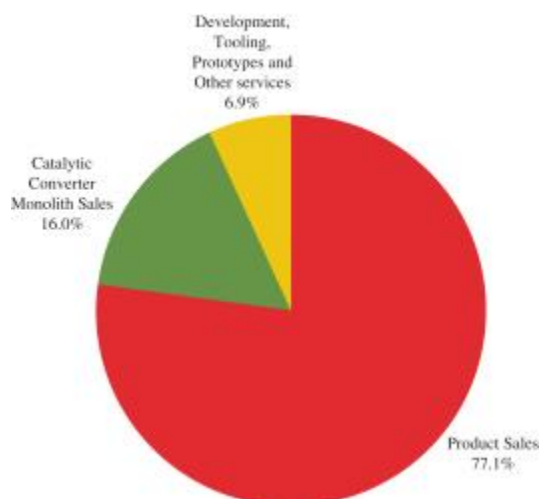
Product Sales by Business Group
(2015, Product Sales = €15,948.6 million)



* All monolith sales are recorded in the sales of the Faurecia Emissions Control Technologies business group.

The following chart shows our total sales split by product sales, sales of catalytic converter monoliths and sales of tooling, R&D, prototypes and other services, for the year ended 31 December 2015.

2015 Total Sales = €20,691.9 million



Capital expenditure

The growth of our business involves significant capital expenditure, to the extent that we build new manufacturing plants or increase capacity in existing plants. Increased success and penetration with our customers based on additional projects translates into increased capital expenditure to accommodate such projects. Once a project is ongoing, maintenance capital expenditure is limited and, to a limited extent, predictable. When new programmes or vehicle models are implemented or produced, usually at the end of a vehicle cycle, “renewal” or “replacement” capital expenditure is required in order to adapt existing infrastructure to accommodate new assembly and process design, in general at levels significantly below the expenditure required to create the capacity.

Diversification

Our strong geographic, customer and product diversification has had the effect of reducing revenue volatility. Our well-diversified customer base, which includes substantially all of the largest automakers, has limited our exposure to a downturn in the demand for the vehicles of a specific automaker. Regional differences in duration, timing and intensity of economic cycles, combined with the diversity of our geographic footprint, have mitigated the effects of economic cycles on our business, for instance when sales in South America decreased in 2015. Our diversification and stable revenues have allowed us to take advantage of global growth opportunities.

Vehicle cycles

In our industry, once a project has been awarded to a supplier, it is rare for an automaker to switch to another supplier, given the high operational, technical and logistical costs of switching suppliers during the life cycle of a specific vehicle model. Vehicle models typically have long, multi-year product life cycles. Given these factors, while the actual revenues which we derive from a project ultimately depend on our customers’ production volumes for the respective car models, we have good visibility on mid-term revenues within a relatively small range of sensitivity.

Raw material prices

Most of the raw materials that we use, such as steel, plastics, brass, cast iron and cast aluminium, are subject to price volatility.

We generally seek to pass through increased raw material costs to our customers through a variety of means. Certain raw material costs are immediately passed through, others are passed through to customers (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. We believe we have been generally successful in passing through increases in raw material costs to our customers. We estimate that we pass through approximately 70% of increases in our raw material costs to our customers.

Research and development

Innovation regarding product development and production technology is important in order to maintain the long-term profitability of our business.

Consumer expectations and societal changes are the two main drivers of change within the automotive market. Regulatory change, which mirrors societal change, aims to reduce in particular the impact of vehicles on the environment across all major automotive markets.

These changes have an impact on our R&D expenses. We employ approximately 6,150 engineers and technicians based in 30 centres spread across our three main geographic areas: Europe, America and Asia. We operate R&D centres in China, Brazil and the United States. R&D expenses accounted for €924.3 million of total expenses in 2015, representing 4.9% of our revenue (in each case after the application of IFRS 5), out of which approximately €105 million was spent on innovation. We also filed 489 patents in 2015.

Our R&D expenditures include primarily design and development expenditures that are financed by our customers. A portion of these design and development expenditures is invoiced directly to customers, and a portion is financed by customers through per vehicle charges that are included in the purchase price of the equipment that we supply. In many cases, the per vehicle charges are initially set on certain volume assumptions and are adjusted over the life of a vehicle based on actual unit sales. Such adjustments limit the risk that unit sales will not be sufficient for us to recover our expenditures.

We record development expenditures that are to be recovered through per vehicle charges as capitalised development costs rather than expenses. The capitalised development costs are amortised over the life of the vehicle. R&D expenditures that are not invoiced to customers or capitalised are recorded as expenses in our income statement. The following table shows our gross R&D expenditures for the periods indicated.

	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December		For the year ended 31 December	
	2013	2014	2014 restated ^(*)	2015
(in € millions)				
Gross R&D expenditures	(916.5)	(955.9)	(866.9)	(924.3)
Amounts billed to customers and changes in inventories	575.3	581.6	513.7	552.4
Subtotal	(341.2)	(374.3)	(353.2)	(371.9)
Capitalised development costs	258.4	317.0	309.6	305.3
Amortisation of capitalised development costs	(171.5)	(175.8)	(168.4)	(208.5)
Charges to and reversals of provisions for impairment of capitalised development costs	0.3	(2.4)	(2.4)	(3.3)
R&D	(254.0)	(235.5)	(214.4)	(278.4)

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors. For further information, see "Presentation of Financial and Other Information—Restatements".

Foreign exchange translation

We are exposed to risks arising from fluctuations in the exchange rates of certain currencies due to our large geographic footprint, as well as purchase of raw materials and other supplies by certain subsidiaries, which sell their products in a currency other than their functional currency.

Currency risks relating to the commercial transactions of our subsidiaries are managed centrally by using forward purchase and sale contracts and options as well as foreign currency financing. Hedging decisions are made by a specific committee that meets on a monthly basis. Currency risks on forecast transactions are hedged on the basis of estimated cash flows determined in forecasts updated on a regular basis and validated by our management.

Subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, they contribute to our currency risk exposure and are therefore hedged through swaps.

Comparability of our Results of Operations

Restatements

Application of IFRS 5—Non-Current Assets Held for Sale and Discontinued Operations

On 14 December 2015, we entered into a Memorandum of Understanding for the sale of our Automotive Exteriors business worldwide to Compagnie Plastic Omnium. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors”.

We are required by IFRS 5 to present our Automotive Exteriors business as discontinued in our audited consolidated financial statements as at and for the year ended 31 December 2015 (the “**2015 Financial Statements**”) as a result of the materiality of our Automotive Exteriors business and the highly probable nature of the sale. As a result of applying IFRS 5 to our 2015 Financial Statements, the assets and liabilities relating to our Automotive Exteriors business are presented separately in dedicated lines as the net result of the corresponding discontinued activities. The assets are presented separately as “assets held for sale” in the consolidated balance sheet as at 31 December 2015 and are valued at the lower of their carrying amount and fair value less costs to sell. The corresponding liabilities are presented separately as “liabilities linked to assets held for sale” in the consolidated balance sheet as at 31 December 2015. The net income and cash flow items of discontinued operations are presented separately in the statement of financial position for the years 2015 and 2014. Assets and liabilities as held for sale are presented without any restatement from the prior year.

The financial information as at and for the year ended 31 December 2014 which are included in our 2015 Financials Statements for comparison purposes have been restated to reflect the retrospective application of IFRS 5 in the income statement and cash-flow statement.

We have not restated our consolidated financial statements as at and for the years ended 31 December 2014 and 2013 and such financial statements are therefore not directly comparable with our 2015 Financial Statements.

Certain figures are presented without adjustment to reflect the application of IFRS 5—Non-Current Assets Held for Sale and Discontinued Operations

Certain information in the notes to our 2015 Financial Statements has not been adjusted to reflect the application of IFRS 5, including financial information by operating segment and by geographic region, contained in note 4.2 (*Key Figures by Operating Segment*) and note 4.4 (*Key Figures by Geographic Region*) to our 2015 Financial Statements.

Unless otherwise stated, the figures presented in this document for product sales have not been adjusted to reflect the application of IFRS 5.

In addition, the following figures (and the percentages calculated by reference to these figures) included in this document have not been adjusted to reflect the application of IFRS 5: (i) the value of our direct purchases of raw materials as a percentage of purchases; (ii) the value of our purchases of materials and supplies, the percentage of those purchases accounted for by our ten largest suppliers and those purchases as a percentage of sales; (iii) the percentage of our borrowings at variable rates; (iv) the impact of currency fluctuations on our pre-tax income; and (v) operating margin by operating segment and by region.

Implementation of IFRIC 21 and application of IFRS 5

Since 1 January 2015, we have applied IFRIC 21 interpretation “Levies”. Our financial statements as at and for the year ended 31 December 2014 which are included in our 2015 Financial Statements for comparison purposes have been restated to reflect the application of IFRIC 21. This restatement had a very minor impact on our consolidated income statement (an increase of €700 thousand to our consolidated net income) and consolidated balance sheet (an increase of €6.4 million to our total shareholder’s equity). See note 1.B.2 to our 2015 Financial Statements.

For certain of our results of operations as at and for the year ended 31 December 2014 as restated for comparative purposes from our results of operations as at and for the year ended 31 December 2014, see our financial statements on page 35.

The tables below set forth a reconciliation of certain of our results of operations and cash flows (i) as at and for the year ended 31 December 2014 as restated for comparative purposes from our results of operations and financial position published as at and for the year ended 31 December 2014 and (ii) as at and for the year ended 31 December 2015, in each case both prior to and after the application of IFRS 5 and display the adjustments made to reconcile such data.

in €m	2014				2015		
	Reported	IFRIC 21 impact	IFRS 5 impact	Restated	Pre-IFRS 5	IFRS 5 impact	Reported
Total sales	18,828.9	—	(1,952.3)	16,876.6	20,691.9	(1,921.5)	18,770.4
of which Product sales	14,089.3	—	(1,629.9)	12,459.4	15,948.6	(1,729.9)	14,218.7
Operating income	673.3	0.7	(78.6)	595.4	912.6	(82.6)	830.0
Operating margin (as % of total sales)	3.6 %	—	—	3.5 %	4.4 %	—	4.4%
Restructuring & other income and expenses	(86.5)	—	6.7	(79.8)	(66.0)	0.7	(65.3)
of which Restructuring	(76.7)	—	—	(73.1)	(57.4)	0.1	(57.3)
Net interests expense & other financial income and expenses	(243.6)	—	4.9	(238.7)	(210.7)	4.0	(206.7)
Pretax income of integrated companies	343.2	0.7	(67.0)	276.9	635.9	(77.9)	558.0
Corporate income taxes	(115.1)	—	20.3	(94.8)	(203.3)	17.6	(185.7)
Net income of associates & other	0.8	—	3.6	4.4	11.6	1.2	12.8
Minority interests	(63.2)	—	—	(63.2)	(74.1)	—	(74.1)
Net income from discontinued operations	—	—	43.1	43.1	—	60.8	60.8
Consolidated net income (Group share)	165.7	0.7	—	166.4	370.1	1.7	371.8

in €m	2014				2015		
	Reported	IFRIC 21 impact	IFRS 5 impact	Restated	Pre-IFRS 5	IFRS 5 impact	Reported
Operating Income	673.3	0.7	(78.6)	595.4	912.6	(82.6)	830.0
D&A	555.6	—	(49.9)	505.7	668.1	(56.3)	611.8
EBITDA	1,228.9	0.7	(128.5)	1,101.1	1,580.7	(138.9)	1,441.8
Change in WCR	263.2	(0.7)	(53.6)	208.9	177.7	(24.7)	153.0
Capex	(521.0)	—	45.0	(476.0)	(677.5)	54.8	(622.7)
Capitalized R&D	(321.6)	—	7.5	(314.1)	(321.4)	12.6	(308.9)
Restructuring	(95.5)	—	5.3	(90.2)	(78.2)	1.2	(77.0)
Financial expenses	(180.2)	—	4.6	(175.6)	(211.9)	3.9	(208.0)
Taxes	(154.9)	—	27.0	(127.9)	(243.2)	24.1	(219.1)
Other	(2.8)	—	(8.1)	(10.9)	76.3	0.8	77.1
Cash flow from discontinued activities	—	—	100.8	100.8	—	66.3	66.3
Net Cash Flow	216.1	0.0	0.0	216.1	302.5	0.0	302.5

Change in scope of consolidation introduced in 2015

Automotive Performance Materials (APM), part of the Interior Systems business and held at 50% by Faurecia, has been created in France and is consolidated by the equity method since January 2015. In China, Dongfeng Faurecia Automotive Interior Systems Company Limited and Dongfeng Faurecia Automotive Parts Sales Company Limited, held at 50% by Faurecia, are consolidated respectively fully and by the equity method from April 2015. Wuhan Hongtai Changpeng Automotive Components Company Limited, held at 49% by Faurecia, is consolidated by the equity method since September 2015.

Faurecia Azin Pars, 51% owned by us, produced automotive seating in Iran for the Renault group. Considering the restrictions imposed by the U.S. authorities on exports to Iran, production was stopped and no operating margin was recognised in the second half of 2013. Due to uncertainties regarding resumption of business in Iran, all the assets related to this subsidiary have been impaired as at 31 December 2013 for an amount of €8.1 million. Following the cessation of restrictions on export to Iran, the impairment of the assets linked to our Iranian subsidiary Faurecia Azin Pars has been fully reversed in 2015 in the Automotive Seating business.

Dongfeng Faurecia Automotive Exterior Systems Company Limited, has been created in China and is consolidated by the equity method since March 2015 in the Automotive Exterior business.

Change in scope of consolidation introduced in 2014

In the Faurecia Interior Systems business group, Faurecia Howa Interior Systems, 51% owned by us, has been established in Mexico and is fully consolidated since July 2014. Faurecia Magneti Marelli Pernambuco Componentes Automotivos Ltda in Brazil, 35% owned by us, is consolidated pursuant to the equity method from November 2014.

In the Faurecia Automotive Seating business group, Shanghai Faurecia Automotive Seating Company Limited, 55% owned by us, has been established in China and is fully consolidated since April 2014. In Spain, Industrias Cousins Frères, previously fully consolidated, is consolidated pursuant to equity method since July 2014, following a change in our governance.

In the Faurecia Emissions Control Technologies business group, Changsha Faurecia Emissions Control Technologies Company Limited has been established in China and is fully consolidated since July 2014.

Change in scope of consolidation introduced in 2013

In the Faurecia Interior Systems business group, Faurecia Summit Interior Systems, 50% owned by us, was established in Thailand and has been consolidated from March 2013. Foshan Faurecia Xuyang Interior Systems Company Limited, 60% owned by us, was established in China and has been consolidated from June 2013. CSM Faurecia Automotive Parts Company Limited, 50% owned by us, was established in China and has been consolidated pursuant to the equity method from July 2013.

In the Faurecia Automotive Seating business group, Changchun Faurecia Xuyang Automotive Components Technologies R&D Company Limited, 45% owned by us, was established in China and has been consolidated pursuant to the equity method from June 2013.

In the Faurecia Emissions Control Technologies business group, Faurecia Emissions Control Technologies (Foshan) Company Limited, 51% owned by us, was established in China and has been consolidated from August 2013. Faurecia Emissions Control Technologies Ningbo Hangzhou Bay, 66% owned by us, was established in China and has been consolidated from December 2013.

COMPARISON OF OUR RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2015 AND 31 DECEMBER 2014

Consolidated Sales

Group Overview

We estimate that global light vehicle production increased by approximately 1.6% worldwide in 2015, with all regions of the world showing an increase, except in South America. Light vehicle production grew in Europe (3.8%) and in North America (2.7%) and continued to grow in Asia, where production increased by 2.1%. In contrast, production fell by 20.2% in South America (source: IHS Automotive, February 2016).

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

The following table presents our sales divided by segment;

(in € millions)	For the year ended 31 December		
	2014	2015	Change ^(*)
Total sales	18,828.9	20,691.9	5.2%
Faurecia Automotive Seating	5,309.1	6,188.2	9.4%
Faurecia Emissions Control Technologies	6,747.4	7,450.0	7.6%
Faurecia Interior Systems	4,709.3	5,018.6	0.2%
Faurecia Automotive Exteriors	2,063.1	2,035.1	(2.1)%
Product sales	14,089.3	15,948.6	6.0%
Faurecia Automotive Seating	4,938.9	5,826.4	10.6%
Faurecia Emissions Control Technologies	3,433.0	3,844.7	1.6%
Faurecia Interior Systems	3,996.5	4,452.0	4.5%
Faurecia Automotive Exteriors	1,720.9	1,825.5	5.1%

(*) On a like-for-like basis.

Our total sales amounted to €20,691.9 million in 2015, compared to €18,828.9 million in 2014. This represented an increase of 9.9% on a reported basis and of 5.2% on a like-for-like basis.

Product sales (parts and components delivered to automakers) amounted to €15,948.6 million in 2015, compared to €14,089.3 million in 2014. This represented an increase of 13.2% on a reported basis and of 6.0% on a like-for-like basis.

Sales of tooling, R&D, prototypes and other services amounted to €1,438.9 million in 2015, compared to €1,637.7 million in 2014. This represented a decrease of 12.1% on a reported basis and of 15.6% on a like-for-like basis.

Sales of catalytic converter monoliths amounted to €3,304.4 million in 2015, compared to €3,101.9 million in 2014. This represented an increase of 6.5% on a reported basis and of 12.4% on a like-for-like basis.

Total sales excluding monoliths amounted to €17,387.5 million in 2015, compared to €15,727.0 million in 2014. This represented an increase of 10.6% on a reported basis and of 3.8% on a like-for-like basis.

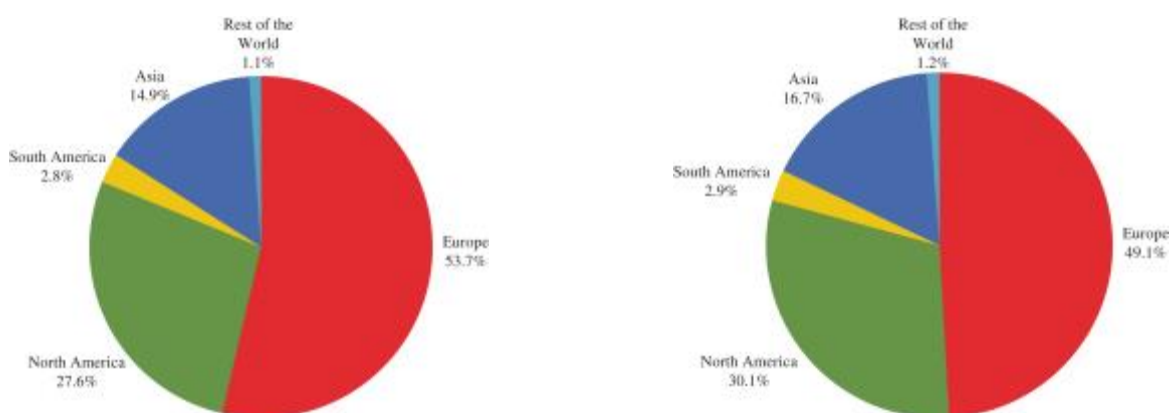
Product Sales in 2015 by Geographic Region

The following discussion presents information which, unless otherwise stated, has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

Product sales in 2015 are divided by geographic region as follows:

**Product sales by region
(2015, before application of IFRS 5)**

**Product sales by region
(2015, after application of IFRS 5)**



The following table sets forth our product sales for the year ended 31 December 2015 and the percentage change compared to the year ended 31 December 2014 on a reported basis and on a like-for-like basis.

Region	For the year ended 31 December		Change (reported, year-on-year 2015)	Change (like-for-like, year-on-year 2015)
	2014	2015		
Europe.....	€7,873.1 million	€8,556.8 million	8.7%	8.7%
North America	€3,495.8 million	€4,400.2 million	25.9%	5.2%
South America	€550.4 million	€449.7 million	(18.3)%	(9.0)%
Asia.....	€2,029.4 million	€2,371.4 million	16.9%	0.3%

Europe: in Europe, our product sales amounted to €8,556.8 million in 2015 (53.7% of our product sales), compared to €7,873.1 million in 2014. Product sales increased by 8.7%, both on a reported basis and like-for-like basis, compared to an increase in light vehicle production in Europe by 3.8% (source: IHS Automotive February 2016).

North America: in North America, our product sales amounted to €4,400.2 million in 2015 (27.6% of our product sales), compared to €3,495.8 million in 2014. Product sales increased by 25.9% on a reported basis and by 5.2% on a like-for-like basis, compared to an increase in light vehicle production in North America by 2.7% (source IHS Automotive February 2016).

South America: in South America, our product sales amounted to €449.7 million in 2015 (2.8% of our product sales), compared to €550.4 million in 2014. Product sales decreased by 18.3% on a reported basis and by 9.0% on a like-for-like basis, compared to a decrease in light vehicle production in South America by 20.2% (source: IHS Automotive February 2016), due to lower sales to all main customers with the exception of Toyota and Hyundai, where sales grew by 8.4% and 12.9% on a like-for-like basis, respectively.

Asia: in Asia, our product sales amounted to €2,371.4 million in 2015 (14.9% of our product sales), compared to €2,029.4 million in 2014. Product sales increased by 16.9% on a reported basis and by 0.3% on a like-for-like basis, with a decrease of 1.8% on a like-for-like basis in China where 2015 product sales reached €1,945.6 million but an increase of 9.8% on a like-for-like basis in Korea with 2015 product sales at €245.3 million. In 2015, light vehicle production increased by 5.4% in China and by 2.1% in Asia (source: IHS Automotive February 2016). The evolution of the performance in China results from a change in mix between international and domestic customers. In 2015, growth of sales to Chinese Original Equipment Manufacturers was 46% and our sales to Chinese customers increased from 6.0% for the year ended 31 December 2014 to 9.0% for the year ended 31 December 2015.

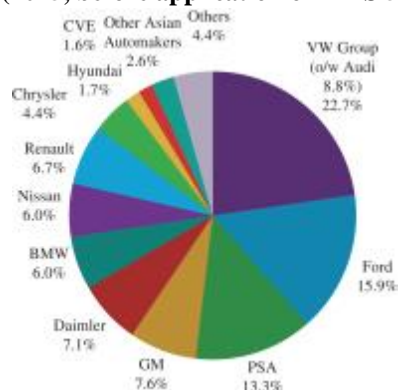
Other countries: in other countries, our product sales amounted to €170.5 million in 2015 (1.1% of our product sales), compared to €140.5 million in 2014. Product sales increased by 21.3% on a reported basis and by 18.8% on a like-for-like basis. Product sales in other countries are primarily sales in South Africa.

Product Sales in 2015 by Customer

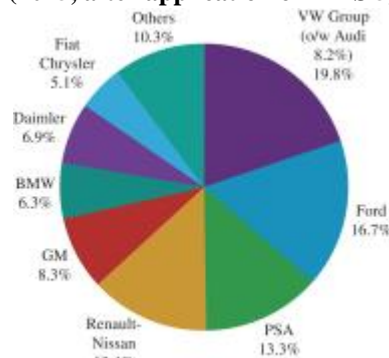
The following discussion presents information which, unless otherwise stated, has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

Product sales in 2015 are split by customer as follows:

**Product sales by customer
(2015, before application of IFRS 5)**



**Product sales by customer
(2015, after application of IFRS 5)**



The following table sets forth our product sales to our five main customers for the year ended 31 December 2015, the percentage change compared to the year ended 31 December 2014 on a reported basis and on a like-for-like basis and as a percentage of our total product sales.

Customer	Product Sales (2015)	% of Product Sales	Change (reported, year-on-year 2015)	Change (like-for-like, year-on-year 2015)
Volkswagen Group	€3,626.4 million	22.7%	4.7%	1.6%
Ford Group	€2,539.7 million	15.9%	23.3%	12.0%
PSA Peugeot Citroën Group	€2,116.9 million	13.3%	9.4%	7.3%
Renault-Nissan Group	€2,023.4 million	12.7%	30.0%	23.8%
General Motors	€1,217.2 million	7.6%	6.2%	7.5%

In 2015, our five main customers (Volkswagen Group, Ford Group, PSA Peugeot Citroën, Renault-Nissan and General Motors) represented 72.2% of our product sales.

Product sales to the Volkswagen Group increased by 4.7% on a reported basis and 1.6% on a like-for-like basis to €3,626.4 million in 2015, and represented 22.7% of our product sales.

Product sales to Ford Group increased by 23.3% on a reported basis and 12.0% on a like-for-like basis to €2,539.7 million in 2015, and represented 15.9% of our product sales.

Product sales to the PSA Peugeot Citroën Group increased by 9.4% on a reported basis and 7.3% on a like-for-like basis to €2,116.9 million in 2015, and represented 13.3% of our product sales.

Product sales to the Renault-Nissan Group increased by 30% on a reported basis and 23.8% on a like-for-like basis to €2,023.4 million in 2015, and represented 12.7% of our product sales. Product sales to Renault increased by 29.3% on a like-for-like basis, whereas product sales to Nissan increased by 22.6% on a like-for-like basis, with strong growth in Europe (26.9%), North America (28.4%) and Asia (16.3%).

Product sales to General Motors increased by 6.2% on a reported basis but decreased by 7.5% on a like-for-like basis to €1,217.2 million in 2015, and represented 7.6% of our product sales.

Product sales to the Daimler Group increased by 9.7% on a reported basis in 2015 and 2.5% on a like-for-like basis to €1,129.0 million, and represented 7.1% of our product sales.

Product sales to the BMW Group increased by 12.9% on a reported basis and by 4.2% on a like-for-like basis to €960.3 million in 2015, and represented 6.0% of our product sales.

Product sales to Fiat/Chrysler increased by 14.8% on a reported basis (but decreased by 0.3% on a like-for-like basis) in 2015, and those to Chrysler represented 4.4% of our total sales.

Product sales to Hyundai/Kia increased by 15% on a reported basis and 4.2% on a like-for-like basis in 2015, and those to Hyundai represented 1.7% of total sales.

Product sales to Geely-Volvo increased by 14.7% on a reported basis and 10.2% on a like-for-like basis in 2015. Product sales to Toyota increased by 7.2% on a reported basis and 5.5% on a like-for-like basis in 2015.

Product Sales in 2015 by Business Group

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

Faurecia Automotive Seating

Total Sales	Product Sales	Headcount	Sites	Countries	R&D and Design and Development Centres
€6,188.2 million..	€5,826.4 million	37,400	74	24	19

Faurecia Automotive Seating total sales increased by 16.6% year-on-year on a reported basis and 9.4% on a like-for-like basis to €6,188.2 million in 2015. Faurecia Automotive Seating product sales increased by 18.0% on a reported basis and 10.6% on a like-for-like basis to €5,826.4 million in 2015, compared to €4,938.9 million in 2014.

The following table sets forth Faurecia Automotive Seating's product sales for the year ended 31 December 2015 and the percentage change compared to the year ended 31 December 2014 on a reported basis and on a like-for-like basis.

Region	2015	Change (reported, year-on-year 2015)	Change (like-for-like, year-on-year 2015)
Europe.....	€3,147.1 million	15.6%	16.1%
North America	€1,568.5 million	31.9%	10.5%
South America	€169.6 million	(17.5)%	(8.1)%
Asia.....	€941.2 million	12.8%	(3.7)%

In Europe, Faurecia Automotive Seating product sales increased by 15.6% year-on-year on a reported basis and 16.1% on a like-for-like basis to €3,147.1 million in 2015.

In North America, Faurecia Automotive Seating product sales increased by 31.9% year-on-year on a reported basis and 10.5% on a like-for-like basis to €1,568.5 million in 2015.

In South America, Faurecia Automotive Seating product sales decreased by 17.5% year-on-year on a reported basis and 8.1% on a like-for-like basis in 2015 to €169.6 million.

In Asia, Faurecia Automotive Seating product sales increased by 12.8% year-on-year on a reported basis but were down 3.7% on a like-for-like basis to €941.2 million in 2015.

In 2015 we started a significant number of new production programmes including the production of complete seats, seat structures and components (such as seat covers, foam, head restraints or comfort pneumatic modules). A growing number of these production programmes form part of our customers' global production platforms.

Approximately one-third of these new programmes were launched in each of Europe and Asia. In Europe we launched the production of complete seats for new middle- and high-end models in France and Portugal (Renault Espace, Talisman, Kadjar and Mégane), in Germany and Slovakia (Audi A4 and Audi Q7), in the Czech Republic (the BMW 2 series Gran Tourer) and in Russia (Mini Clubman UK, Renault Duster SUV). In Poland, we also launched a programme for the production of rear complete seats for Ford minivans S-Max and Galaxy and seat structures for Renault-Nissan's CMF-1 platform.

In China, we launched the production of complete seats for the Citroën C4 sedan, MQB2 platform seat structures for Shanghai Volkswagen, front seat structures for Golf + Sportsvan, for the top-end Haval SUV range launched by the Chinese

manufacturer Great Wall, CMF-1 platform seat structures for the Nissan Lannia and rear seat structures with motorized kinematics for the Ford Edge SUV. In South Korea, we delivered to Hyundai the first seat structures for the new Equus. In India, we started production of seat structures for the Ford Figo.

In North America we began delivering the first complete seats for the Nissan Titan pickup, the Mercedes MLC SUV and the premium Cadillac CT6 sedan. In Brazil, we commenced production of complete seats for the Renault Oroch Pickup truck.

We announced several innovations in 2015, including the Active Wellness® seat, a seat with invisible sensors that detects whether the driver is subject to stress or sleepiness, and offers tailored therapies for relaxation or stimulation. We believe that seating will play a key role in future autonomous and connected vehicles. In November 2015, we announced a partnership with the Center for Design Research at Stanford University to study the user experience in autonomous vehicles.

Faurecia Emissions Control Technologies

Total Sales	Product Sales*	Employees	Sites	Countries	R&D and Design and Development Centres
€7,450.0 million..	€3,844.7 million	21,200	78	25	7

* Excluding catalytic converter monoliths sales.

The Faurecia Emissions Control Technologies total sales increased by 10.4% on a reported basis and 7.6% on a like-for-like basis to €7,450.0 million in 2015. Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 12.0% on a reported basis and 1.6% on a like-for-like basis to €3,844.7 million in 2015, compared to €3,433.0 million in 2014.

The following table sets forth Faurecia Emissions Control Technologies' product sales for the year ended 31 December 2015 and the percentage change compared to the year ended 31 December 2014 on a reported basis and on a like-for-like basis.

Region	Product Sales (2015)	Change (reported, year-on-year 2015)	Change (like-for-like, year-on-year 2015)
Europe.....	€1,291.0 million	9.9%	9.8%
North America	€1,343.5 million	17.0%	(2.3)%
South America	€121.2 million	(25.4)%	(16.3)%
Asia.....	€1,054.7 million	14.7%	(1.1)%

In Europe, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 9.9% year-on-year on a reported basis and 9.8% on a like-for-like basis to €1,291.0 million in 2015.

In North America, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 17.0% year-on-year on a reported basis but decreased by 2.3% on a like-for-like basis to €1,343.5 million in 2015.

In South America, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) decreased by 25.4% year-on-year on a reported basis and 16.3% on a like-for-like basis to €121.2 million in 2015.

In Asia, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 14.7% year-on-year on a reported basis but decreased by 1.1% on a like-for-like basis to €1,054.7 million in 2015.

Our Faurecia Emissions Control Technologies business group has increased its production activity levels with 130 programmes launched in 2015 in Europe, Asia, North America and South America.

In Europe, we launched 59 programmes and opened a second site in Bragança (Spain) to start the production of hot-end parts for the PSA Peugeot Citroën group and Renault-Nissan programmes and to support increasing customer volumes for the Jaguar XE, Ford S-Max, Edge, Galaxy and Transit Connect programmes.

In Asia, we launched 39 programmes and opened new plants and new assembly sites. For example, we opened Ningbo Beilun and Nanchang in China and expanded our site in Nanjing site to serve local manufacturers such as SAIC, CMA, BAIC, ZNA and Chery. In Malaysia, we expanded our Tanjung Malin site to accommodate the launch of the first programme for Proton.

In North America, we launched 25 programmes including the production of the hot-end parts of exhaust systems for the Nissan Titan. In South America, we expanded our site in Queretaro, Mexico to support the launch of the Audi Q5 in Mexico and we opened a new just-in-time plant in San Jose Chiappa.

In 2015, we strengthened our leading position in Selective Catalytic Reduction (SCR) systems which are designed to reduce nitrogen oxides (NOx) in diesel engines. Our innovative BlueBox® SCR, a close-coupled SCR system, was adopted in its U-shaped version by a major Asian light vehicle manufacturer, and in its axial version, by two American manufacturers, with production starting in 2018 and 2019.

In 2015, a light vehicles manufacturer in the United States pre-ordered our gasoline particulate filter for a production scheduled to start in 2018.

Faurecia Interior Systems

Total Sales	Product Sales	Headcount	Sites	Countries	R&D and Design and Development Centres
€5,018.6 million..	€4,452.0 million	33,600	78	23	28

Faurecia Interior Systems total sales increased by 6.6% year-on-year on a reported basis and 0.2% on a like-for-like basis to €5,018.6 million in 2015. Faurecia Interior Systems product sales increased by 11.4% on a reported basis and 4.5% on a like-for-like basis to €4,452.0 million in 2015, compared to €3,996.5 million in 2014.

The following table sets forth Faurecia Interior Systems' product sales for the year ended 31 December 2015 and the percentage change compared to the year ended 31 December 2014 on a reported basis and on a like-for-like basis.

Region	Product Sales (2015)	Change (reported, year-on-year 2015)	Change (like-for-like, year-on-year 2015)
Europe.....	€2,520.1 million	3.2%	2.7%
North America	€1,372.7 million	28.7%	7.5%
South America	€129.4 million	(21.8)%	(12.2)%
Asia.....	€375.6 million	36.6%	17.4%

In Europe, Faurecia Interior Systems product sales increased by 3.2% year-on-year on a reported basis and 2.7% on a like-for-like basis to €2,520.1 million in 2015.

In North America, Faurecia Interior Systems product sales increased by 28.7% year-on-year on a reported basis and 7.5% on a like-for-like basis to €1,372.7 million in 2015.

In South America, Faurecia Interior Systems product sales decreased by 21.8% year-on-year on a reported basis and 12.2% on a like-for-like basis to €129.4 million in 2015 due to the current economic situation in South America.

In Asia, Faurecia Interior Systems product sales increased by 36.6% year-on-year on a reported basis and 17.4% on a like-for-like basis to €375.6 million in 2015.

In Europe, we started a range of new programmes in 2015, including the production of dashboards, door panels and center consoles for the Renault Espace in France and the dashboard for the new Renault Megane. In Germany, we started production of the dashboard and door panels for the Volkswagen Transporter and in Spain, we started production of door panels for the Opel Mokka. In South America, we started production of the interior for the Jeep Renegade in a new plant in Brazil. In Asia, we launched production of dashboards and door panels for the Ford Ranger/Everest in Thailand and commenced three programmes in China including instrument panels, center consoles and door panels for the Ford Edge SUV and the Geely Borui, and the dashboard for the Peugeot 308S.

We also opened or expanded plants in Poland, Brazil, Mexico and China in 2015.

We also concluded a number of partnership agreements in 2015. For example, we entered into a partnership with DongFeng to create a joint-venture (Dongfeng Faurecia Automotive Interior Co., Ltd) to produce dashboards, door panels and Acoustic & Soft Trim modules. We also established a joint-venture with Beijing WKW Automotive Parts Co. Ltd in Beijing to provide aluminum decorative elements for the Chinese market for Audi, VW and Volvo. Finally, we entered into a partnership agreement with Philips to provide onboard air purification solutions.

Faurecia Automotive Exteriors

On 14 December 2015, we entered into a Memorandum of Understanding for the sale of Faurecia Automotive Exteriors to Compagnie Plastic Omnium. We currently expect the sale to complete by the end of 2016. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors” and “Risk Factors—Our disposal of Faurecia Automotive Exteriors is subject to uncertainty”.

Total Sales	Product Sales	Employees	Sites	Countries	R&D and Design and Development Centres
€2,035.1 million..	€1,825.5 million	8,300	32	9	9

The Faurecia Automotive Exteriors business group total sales increased by 1.4% year-on-year on a reported basis but decreased by 2.1% on a like-for-like basis to €2,035.1 million in 2015. Faurecia Automotive Exteriors product sales increased by 6.1% year-on-year on a reported basis and 5.1% on a like-for-like basis to €1,825.5 million in 2015, compared to €1,720.9 million in 2014.

We were awarded 25 new programmes and launched 19 new programmes into production. For example, in Europe, we launched programmes for the Ford S-Max and Galaxy (in Spain), Audi A4 & A5, Volkswagen Touran (in Germany) and McLaren P13 and Renault Mégane (in France). In South America, we launched the first two FCA programmes for the Jeep Renegade & Ranger (in Brazil). We have continued to expand internationally, particularly in South America and China.

Following our strategic decision to become a major manufacturer in the composites sector, with the creation of Faurecia Automotive Composites in 2012, we started mass production of a composite spare wheel tray, the first composite structural part for a volume manufacturer. This product is designed to support carmakers who will be subject to new CO₂ reduction targets which are expected to be introduced in 2021 by assisting them in reducing the weight of their vehicles. We continue to work in partnership with technology research institutes and various industry participants to develop the potential of composite technologies.

Operating Expenses

Our total operating expenses amounted to €17,940.4 million in 2015, compared to €16,281.2 million in 2014, an increase that reflected the growth of our sales. Cost of sales represented 94.9% of our total operating expenses in 2015 and 95.1% in 2014. Our total operating expenses can be divided by type of expense as follows:

	For the year ended 31 December	
	2014 restated⁽⁹⁾	2015
(in € millions)		
Purchases consumed	(11,498.5)	(12,685.1)
External costs.....	(1,582.5)	(1,724.4)
Personnel costs.....	(3,013.2)	(3,335.2)
Taxes other than on income	(44.2)	(54.7)
Other income and expenses	387.7	505.7
<i>Of which production taken into inventory or capitalised production</i>	<i>332.0</i>	<i>438.2</i>
Depreciation, amortisation and provisions for impairment in value of non-current assets	(509.0)	(611.5)
Charges to and reversals of other provisions	(21.4)	(35.2)
Total Operating Expenses	(16,281.2)	(17,940.4)

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors. For further information, see “Presentation of Financial and Other Information—Restatements”.

Operating Income

Operating income in 2015 amounted to €830.0 million (4.4% of total sales), compared to €595.4 million in 2014 (3.5% of total sales).

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

Operating income in 2015 amounted to €912.6 million (4.4% of total sales), compared to €673.3 million in 2014 (3.6% of total sales).

The €239.3 million increase in operating income in 2015 compared to 2014 was attributable to the following factors:

- **Europe:** increased sales allowed for an improvement in operating income of €76.4 million, bringing operating income to 4.0% of total sales. In addition, the margin on products improved as a result of the increase in sales;
- **North America:** an increase in sales and improved operational efficiency contributed to an increase in operating income of €140.8 million. Operating income as a percentage of total sales amounted to 3.9%, up strongly compared to 1.7% in 2014;
- **South America:** a decrease in sales (by 9.0% on a like-for-like basis compared to 2014) and a difficult economic and financial environment resulted in a decrease of €4.7 million in operating income leading to an operating loss of €54.1 million;
- **Asia:** despite a decrease in sales in the second half of 2015, year-on-year sales in 2015 continued to increase and contributed to an additional €24.2 million of operating income. Operating income was €292.6 million or 9.4% of total sales compared to 2014 figures of €268.4 million or 8.9% of total sales; and
- **Other countries:** primarily in South Africa, operating income increased by €2.7 million.

The trend for individual business segments was as follows:

- **Faurecia Automotive Seating:** operating income in 2015 was €305.6 million (4.9% of total sales) compared to €234.4 million in 2014 (4.4% of total sales);
- **Faurecia Emissions Control Technologies:** operating income in 2015 was €360.0 million (4.8% of total sales) compared to €256.7 million in 2014 (3.8% of total sales); and
- **Faurecia Interior Systems:** operating income in 2015 was €197.7 million (3.9% of total sales) compared to €129.2 million in 2014 (2.7% of total sales).

Research and Development Costs

Gross expenditures for R&D in 2015 were €924.3 million, or 4.9% of total sales, compared to €866.9 million, or 5.1% of total sales in 2014. The portion of R&D expenditure capitalised under IFRS amounted to €305.3 million in 2015, representing 33.0% of total R&D expenditure in 2015, compared to €309.6 million in 2014, representing 35.7% of total R&D expenditure in 2014.

Taken together, these items resulted in a net R&D cost of €278.4 million in 2015, compared to €214.4 million in 2014.

Selling and Administrative Expenses

Selling and administrative expenses amounted to €637.2 million in 2015 (3.4% of total sales), compared with €579.9 million (3.4% of total sales) in 2014. This increase was due in particular to the investments in our “Digital Enterprise” transformation programme, the purpose of which is to review opportunities presented by new digital technologies (such as 3D printing, robotisation, augmented reality and predictive analytics) to improve business process efficiency.

EBITDA

EBITDA (which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures) amounted to €1,441.8 million (7.7% of total sales) in 2015, compared to €1,101.1 million (6.5% of total sales) in 2014.

Other Income Statement Items

Other non-operating income and expenses. Other non-operating income and expenses amounted to €65.3 million in 2015 compared to €79.8 million in 2014. This item included €57.3 million in restructuring charges compared to €73.1 million in 2014. These costs mainly related to the restructuring of our operations in France (€27.6 million), Germany (€21.4 million), Spain (€1.0 million) and other countries (€7.3 million). These charges stemmed from restructuring plans implemented with a view to reducing costs, in particular due to the termination of 1,472 employees.

Finance costs. Financial income amounted to €12.1 million compared to €7.9 million in 2014. Finance costs amounted to €173.6 million in 2015 compared to €186.6 million in 2014. The weighted average interest rate on financial liabilities fell from 5.4% in 2014 to 5.1% in 2015.

Other financial income and expenses. Other financial income and expenses resulted in a net expense of €45.2 million (compared to €60.0 million in 2014). This includes €7.9 million from discounting pension liabilities, €8.2 million of fees for syndicated debt and €8.4 million linked to the amortisation of borrowing costs.

The tax expense in 2015 amounted to €185.7 million, compared to €94.8 million in 2014, representing an average tax rate (as reported) of 33.3% compared to 34.2% in 2014.

The share of net income of associates totalled €12.8 million, compared to €4.4 million in 2014. The difference stemmed largely from higher volumes in certain joint-ventures.

Net Income

Net income for 2015 totalled €371.8 million, compared to €166.4 million in 2014, net of net income attributable to minority interests (totalling €74.1 million in 2015 and mainly consisting of net income accruing to investors in Chinese companies in which we are not the sole shareholder).

COMPARISON OF OUR RESULTS OF OPERATIONS FOR THE YEARS ENDED 31 DECEMBER 2014 AND 31 DECEMBER 2013

Consolidated Sales

Group Overview

The growth in global automotive production between 2013 and 2014, estimated at 3.3% worldwide, shows a growth in all regions of the world with the exception of South America. Thus, business grew again in Europe (3.2%), remained buoyant in North America (5.0%) and continued to grow in Asia, where production increased by 4.1%. In contrast, production fell 16.1% in South America (source: IHS Automotive, January 2015).

The following table presents our sales divided by segment.

(in € millions)	For the year ended 31 December		
	2013	2014	Change ^(*)
Total sales	18,028.6	18,828.9	5.5%
Faurecia Automotive Seating.....	5,218.9	5,309.1	2.8%
Faurecia Emissions Control Technologies.....	6,350.5	6,747.4	6.9%
Faurecia Interior Systems	4,560.0	4,709.3	5.0%
Faurecia Automotive Exteriors	1,899.2	2,063.1	9.1%
Product sales	13,693.2	14,089.3	4.4%
Faurecia Automotive Seating.....	4,890.9	4,938.9	2.1%
Faurecia Emissions Control Technologies.....	3,351.7	3,433.0	4.7%
Faurecia Interior Systems	3,793.2	3,996.5	7.1%
Faurecia Automotive Exteriors	1,657.4	1,720.9	4.3%

(*) On a like-for-like basis.

Our total sales amounted to €18,828.9 million in 2014, compared to €18,028.6 million in 2013. This represented an increase of 4.4% on a reported basis and of 5.5% on a like-for-like basis.

Product sales (parts and components delivered to automakers) amounted to €14,089.3 million in 2014, compared to €13,693.2 million in 2013. This represented an increase of 2.9% on a reported basis and of 4.4% on a like-for-like basis.

Sales of tooling, R&D, prototypes and other services amounted to €1,637.7 million in 2014, compared to €1,567.7 million in 2013. This represented an increase of 4.5% on a reported basis and of 3.4% on a like-for-like basis.

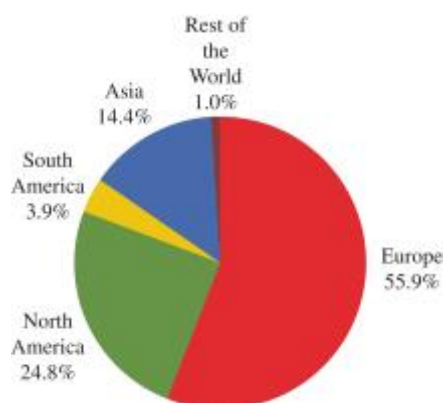
Sales of catalytic converter monoliths amounted to €3,101.9 million in 2014, compared to €2,767.7 million in 2013. This represented an increase of 12.1% on a reported basis and of 12.2% on a like-for-like basis due to the increase of precious metals prices (with such price increase being passed through to customers).

Total sales excluding monoliths amounted to €15,727.0 million in 2014, compared to €15,260.9 million in 2013. This represented an increase of 3.1% on a reported basis and of 4.3% on a like-for-like basis.

Product Sales in 2014 by Geographic Region

Product sales in 2014 are divided by geographic region as follows:

**Product Sales by region
(2014, before application of IFRS 5)**



The following table sets forth our product sales for the year ended 31 December 2014 and the percentage change compared to the year ended 31 December 2013 on a reported basis and on a like-for-like basis.

Region	For the year ended 31 December		Change (reported, year-on-year 2014)	Change (like-for-like, year-on-year 2014)
	2013	2014		
Europe.....	€7,411.5 million	€7,873.1 million	6.2%	6.8%
North America	€3,707.5 million	€3,495.8 million	(5.7)%	(4.6)%
South America	€717.0 million	€550.4 million	(23.2)%	(10.3)%
Asia.....	€1,075.8 million	€2,029.4 million	19.0%	19.7%

Europe: in Europe, our product sales amounted to €7,873.1 million in 2014 (55.9% of our product sales), compared to €7,411.5 million in 2013. Product sales increased by 6.2% on a reported basis and by 6.8% on a like-for-like basis, compared to an increase in automotive production in Europe of 3.2% (source: IHS Automotive January 2015).

North America: in North America, our product sales amounted to €3,495.8 million in 2014 (24.8% of our product sales), compared to €3,707.5 million in 2013. Product sales decreased by 5.7% on a reported basis and by 4.6% on a like-for-like basis, compared to an increase in automotive production in North America by 5.0% (source IHS Automotive January 2015). Sales performance in the first half of 2014 was driven by lower sales to Ford, Chrysler (delayed launch of one programme) and the end of a programme for BMW. Recovery with Ford and Chrysler and continued growth with Nissan and Cummins drove performance in the second half of the year.

South America: in South America, our product sales amounted to €550.4 million in 2014 (3.9% of our product sales), compared to €717.0 million in 2013. Product sales decreased by 23.2% on a reported basis and by 10.3% on a like-for-like basis, compared to a decrease in automotive production in South America by 16.1% (source: IHS Automotive January 2015), due to lower sales to all main customers with the exception of Volkswagen, where our sales increased by 17.7% on a like-for-like basis.

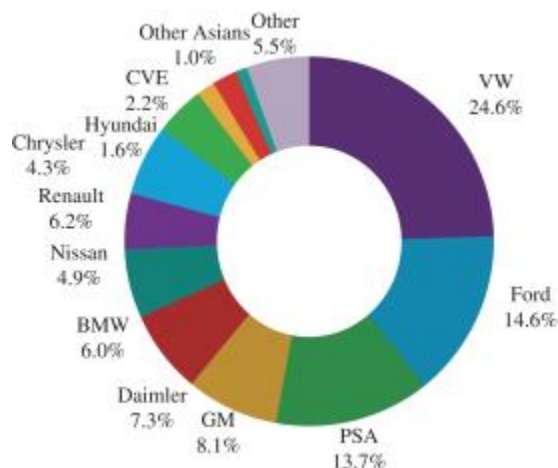
Asia: in Asia, our product sales amounted to €2,029.4 million in 2014 (14.4% of our product sales), compared to €1,705.8 million in 2013. Product sales increased by 19.0% on a reported basis and by 19.7% on a like-for-like basis, with an increase of 21.5% on a like-for-like basis in China, where our product sales amounted to €1,687.8 million in 2014, and of 1.6% on a like-for-like basis in South Korea where our product sales amounted to €200.5 million in 2014. In 2014, automotive production increased by 9.4% in China and by 4.1% in South Korea (source: IHS Automotive January 2015). Our sales growth in Asia was primarily due to our wide range of products sold, in particular to joint-ventures with European automakers, which performed better than their competitors, and to the increase in the value per vehicle as these products sold are for more upmarket models.

Other countries: in other countries, our product sales amounted to €140.5 million in 2014 (1.0% of our product sales), compared to €151.4 million in 2013. Product sales decreased by 7.2% on a reported basis but increased by 4.2% on a like-for-like basis. Product sales in other countries are primarily sales in South Africa.

Product Sales in 2014 by Customer

Product sales in 2014 are split by customer as follows:

**Product sales by customer
(2014, before application of IFRS 5)**



The following table sets forth our product sales to our five main customers for the year ended 31 December 2015, the percentage change compared to the year ended 31 December 2014 on a reported basis and on a like-for-like basis and as a percentage of our total product sales.

Customer	Product Sales (2014)	% of product sales	Change (reported, year-on-year 2014)	Change (like-for-like, year-on-year 2014)
Volkswagen Group	€3,464.4 million	24.6%	2.5%	3.4%
Ford Group	€2,059.2 million	14.6%	1.2%	4.5%
PSA Peugeot Citroën Group	€1,934.4 million	13.7%	1.2%	2.4%
Renault-Nissan Group	€1,555.9 million	11.1%	6.8%	8.8%
General Motors	€1,145.8 million	8.1%	5.3%	6.4%

In terms of customers, the most significant developments in 2014 have been recorded with Nissan (with an increase of product sales of 21.3% on a like-for-like basis) with a strong growth in North America and in China, and with Daimler (with an increase of product sales of 23.2% on a like-for-like basis) supported by the sales of the Mercedes Benz S-Class. Sales to Cummins for commercial vehicles increased by 59% (on a like-for-like basis). Commercial vehicles in 2014 accounted for 8% of Faurecia Emissions Control Technologies product sales.

In 2014, our five main customers (Volkswagen Group, Ford Group, PSA Peugeot Citroën, Renault-Nissan and General Motors) represented 72.1% of our product sales.

Product sales to the Volkswagen Group increased by 2.5% on a reported basis and 3.4% on a like-for-like basis to €3,464.4 million in 2014, and represented 24.6% of our product sales.

Product sales to Ford Group increased by 1.2% on a reported basis and 4.5% on a like-for-like basis to €2,059.2 million in 2014, and represented 14.6% of our product sales.

Product sales to the PSA Peugeot Citroën group increased by 1.2% on a reported basis and 2.4% on a like-for-like basis to €1,934.4 million in 2014, and represented 13.7% of our product sales.

Product sales to the Renault-Nissan group increased by 6.8% on a reported basis and 8.8% on a like-for-like basis to €1,555.9 million in 2014, and represented 11.1% of our product sales. Product sales to Renault slightly increased by 0.5% on a like-for-like basis, whereas product sales to Nissan increased by 21.3% on a like-for-like basis, with strong growth in Europe (82.4%) and Asia (20.0%).

Product sales to General Motors increased by 5.3% on a reported basis and 6.4% on a like-for-like basis to €1,145.8 million in 2014, and represented 8.1% of our product sales.

Product sales to Daimler Group increased by 23.1% on a reported basis in 2014 and 23.2% on a like-for-like basis to €1,029.3 million, and represented 7.3% of our product sales.

Product sales to the BMW Group decreased by 12.2% on a reported basis and by 12.8% on a like-for-like basis to €850.6 million in 2014, and represented 6.0% of our product sales.

Product sales to Fiat/Chrysler decreased by 10.2% on a reported basis and 9.9% on a like-for-like basis in 2014, and those to Chrysler represented 4.3% of our total sales. Product sales to Hyundai/Kia increased by 4.9% on a reported basis and 3.1% on a like-for-like basis in 2014, and those to Hyundai represented 1.6% of total sales. Product sales to Geely-Volvo increased by 4.6% on a reported basis and 4.7% on a like-for-like basis in 2014, and represented 1.5% of our total sales. Product sales to Toyota increased by 2.1% on a reported basis and 9.1% on a like-for-like basis in 2014.

Product Sales in 2014 by Business Group

Faurecia Automotive Seating

Total Sales	Product Sales	Headcount	Sites	Countries	R&D and Design and Development Centres
€5,309.1 million..	€4,938.9 million	34,799	77	24	16

Faurecia Automotive Seating total sales increased by 1.7% year-on-year on a reported basis and 2.8% on a like-for-like basis to €5,309.1 million in 2014. Faurecia Automotive Seating product sales increased by 1.0% on a reported basis and 2.1% on a like-for-like basis to €4,938.9 million in 2014, compared to €4,890.9 million in 2013.

The following table sets forth Faurecia Automotive Seating's product sales for the year ended 31 December 2014 and the percentage change compared to the year ended 31 December 2013 on a reported basis and on a like-for-like basis.

Region	2014	Change (reported, year-on-year 2014)	Change (like-for-like, year-on-year 2014)
Europe.....	€2,722.3 million	2.5%	2.8%
North America	€1,188.8 million	(5.9)%	(5.2)%
South America	€193.6 million	(21.9)%	(9.0)%
Asia.....	€834.1 million	17.7%	18.1%

In Europe, Faurecia Automotive Seating product sales increased by 2.5% year-on-year on a reported basis and 2.8% on a like-for-like basis to €2,722.3 million in 2014.

In North America, Faurecia Automotive Seating product sales decreased by 5.9% year-on-year on a reported basis and 5.2% on a like-for-like basis to €1,188.8 million in 2014.

In South America, Faurecia Automotive Seating product sales decreased by 21.9% year-on-year on a reported basis and 9.0% on a like-for-like basis to €193.6 million in 2014.

In Asia, Faurecia Automotive Seating product sales increased by 17.7% year-on-year on a reported basis and 18.1% on a like-for-like basis to €834.1 million in 2014.

In 2014, we launched a dozen new products, including nine relating to the assembly of complete seats and three relating to the production of seat frames. In North America, we started delivering complete seats for the Chrysler 200, Dodge Avenger,

Chevrolet Colorado, GMC Canyon, Nissan Frontier and Murano. In Europe, we started production of complete seats for the Mercedes V- Class, Mercedes Vito in Spain, the third generation of Renault Trafic and the new Nissan Primastar in France and the BMW Series 2 Active Tourer in the Czech Republic. In Poland, we commenced production of new seats frames to equip several car models for Volkswagen based on the MVS G2 platform. In Asia, we started to produce complete seats for Peugeot 308 and 2008 in China. The production of new CMF-1 seat frames for the Renault-Nissan group has been extended to South Korea.

Faurecia Emissions Control Technologies

Total Sales	Product Sales*	Employees	Sites	Countries	R&D and Design and Development Centres
€6,747.4 million	€3,433.0 million	21,445	77	27	7

* Excluding catalytic converter monoliths sales.

The Faurecia Emissions Control Technologies total sales increased by 6.3% on a reported basis and 2.9% on a like-for-like basis to €6,747.4 million in 2014. Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 2.4% on a reported basis and 4.7% on a like-for-like basis to €3,433.0 million in 2014, compared to €3,351.7 million in 2013.

The following table sets forth Faurecia Emissions Control Technologies' product sales for the year ended 31 December 2014 and the percentage change compared to the year ended 31 December 2013 on a reported basis and on a like-for-like basis.

Region	2014	Change (reported, year-on-year 2014)	Change (like-for-like, year-on-year 2014)
Europe.....	€1,109.1 million	1.2%	3.0%
North America	€1,148.5 million	0.9%	1.9%
South America	€162.4 million	(24.8)%	(12.2)%
Asia.....	€919.6 million	14.0%	14.7%

In Europe, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 1.2% year-on-year on a reported basis and 3.0% on a like-for-like basis to €1,109.1 million in 2014.

In North America, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 0.9% year-on-year on a reported basis and 1.9% on a like-for-like basis to €1,148.5 million in 2014.

In South America, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) decreased by 24.8% year-on-year on a reported basis and 12.1% on a like-for-like basis to €162.4 million in 2014.

In Asia, Faurecia Emissions Control Technologies product sales (excluding sales of catalytic converter monoliths) increased by 14.0% year-on-year on a reported basis and 14.7% on a like-for-like basis to €919.6 million in 2014.

Our Faurecia Emissions Control Technologies business group has maintained its production activity levels with more than a 100 programmes launched in 2014.

In Europe, we reinforced our presence through our plant called Togliatti, which produces cold end parts of various vehicles. We also started production programmes at our plants in Beaulieu and Mesei (France) including for the Freelander, produced by Jaguar Land Rover and for the Audi Q7 at our Hungarian plant of Jasza.

In Asia, we maintained our market position with 35 launches, alongside the opening of new sites and plants such as Tanjung Malim in Malaysia to start our first Volkswagen programme and Changsha in China for the SVW programme.

We are working in close cooperation with automakers on some of their key models by providing the exhaust systems for Ford Mustang, Dodge Charger, Challenger and Peugeot 308. We also started production assembly lines for car engines of the PG26 Volkswagen platform (including the Polo, Fabia, A1, Fox, Ibiza and Rapid) in our plants in Orcoyen (Spain), Pisek (Czech Republic) and Port Elizabeth (South Africa).

We supply the required equipment for global platforms of some of our clients, including Ford Everest in Thailand and both Ford Edge and Kuga in North America, in Europe and in China. We also work alongside Hyundai with the launch of exhaust systems for its engines 2,0l and 2,2l in South Korea and North America, and for its engines 1,0l, 1,2l and 1,4l in India and Turkey.

Our global platform also enabled us to start production for a series of new regional clients of emission control systems including the Chinese automaker Chery, GACC and Chang'an as well as the complete systems for automakers including Geely, Greatwall and SAIC. In 2014, we increased our market share for commercial vehicles by supplying depollution systems in compliance with FT4 norms to our clients John Deere, Navistar, Ventura and Vanguard in North America. We also contributed to serial productions for 10 programmes in our Beijing plant for our clients FAW and Hino and the programmes ZhuQue and Dragon. To sustain this growth, we extended the production of our Port Elizabeth's plant in South Africa to include the production of emissions solutions products.

We confirmed our market share with the award of 95 new programmes. We are a leader in nitrogen oxide reduction particulate filters for gasoline diesel engine and heat recovery to reduce CO₂ emission. For instance, we are providing noise reduction equipment in exhaust systems for the new Mercedes Benz S-Class.

Faurecia Interior Systems

Total Sales	Product Sales	Headcount	Sites	Countries	R&D and Design and Development Centres
€4,709.3 million	€3,996.5 million	32,817	85	23	27

Faurecia Interior Systems total sales increased by 3.3% year-on-year on a reported basis and 5.0% on a like-for-like basis to €4,709.3 million in 2014. Faurecia Interior Systems product sales increased by 5.4% on a reported basis and 7.1% on a like-for-like basis to €3,996.5 million in 2014, compared to €3,793.2 million in 2013.

The following table sets forth Faurecia Interior Systems' product sales for the year ended 31 December 2014 and the percentage change compared to the year ended 31 December 2013 on a reported basis and on a like-for-like basis.

Region	2014	Change (reported, year-on-year 2014)	Change (like-for-like, year-on-year 2014)
Europe.....	€2,442.6 million	14.6%	15.3%
North America	€1,066.2 million	(10.9)%	(9.3)%
South America	€165.6 million	(29.0)%	(17.8)%
Asia.....	€275.0 million	44.9%	46.7%

In Europe, Faurecia Interior Systems product sales increased by 14.6% year-on-year on a reported basis and 15.3% on a like-for-like basis to €2,442.6 million in 2014.

In North America, Faurecia Interior Systems product sales decreased by 10.9% year-on-year on a reported basis and 9.3% on a like-for-like basis to €1,066.2 million in 2014.

In South America, Faurecia Interior Systems product sales decreased by 29.0% year-on-year on a reported basis and 17.8% on a like-for-like basis to €165.6 million in 2014.

In Asia, Faurecia Interior Systems product sales increased by 44.9% year-on-year on a reported basis and 46.7% on a like-for-like basis to €275.0 million in 2014.

In 2014, in Europe we started a series of productions of various parts of the instrument panel, the cockpit and the door panel of Mercedes Benz S-Class; the instrument panel of Volkswagen Passat; the trunk slab of the Mercedes Benz C Class; the instrument panel, door panel, console and glove compartment of the new Renault Espace and the instrument panel and door panels of the Mercedes Benz Vito and the Viano. In North America, we started production of the door panel for the BMW X5 but also of the instrument panel, door panel and console for the Ford F 150 and Ford Mustang. In Asia, we started the production of instrument panels for the Citroen DS6.

In 2014, in Europe, we started the production in the Romanian plant of Mioveni of the interior equipment for the following automakers: Volvo (XC60/S60), Land Rover (Range Rover) and Ford (Focus). In Asia, our plant in Chengdu also started production to supply interior equipment to Volvo and Geely.

We also widened the range of products manufactured in two of our plants in Brazil: in Porto Real with the production of instrument panels for the Peugeot 208 and door panels for the Nissan Micra and Versa; and in Dias D'Avila with the production of instrument panels, door panels and consoles for the Ford Ka. In China, our joint-ventures CSM Faurecia Automotive Parts Co. Ltd., Changchun Faurecia Xuyang Interior Systems Co. Ltd., Changchun Xuyang Faurecia Acoustics & Soft Trim Co. Ltd., Xuyang and Chang'an are now fully operational with split responsibilities in terms of engineering and the ability to support all our projects, including the DS type with the 100% leather model.

Faurecia Automotive Exteriors

Total Sales	Product Sales	Employees	Sites	Countries	R&D and Design and Development Centres
€2,063.1 million	€1,720.9 million	8,057	32	9	9

The Faurecia Automotive Exteriors business group total sales increased by 8.6% year-on-year on a reported basis and 9.1% on a like-for-like basis to €2,063.1 million in 2014. Faurecia Automotive Exteriors product sales increased by 3.8% year-on-year on a reported basis and 4.3% on a like-for-like basis to €1,720.9 million in 2014, compared to €1,657.4 million in 2013.

We acquired Plastal Germany and Plastal Spain in 2010, followed by Plastal France and Sora Composites in 2012 and we have continued our development policy by launching new products and making new investments in different regions.

In Western Europe, stable market conditions enabled us to fully allocate our resources in Germany and Spain. In Spain, our large production capability will enable us to benefit fully from the currently changing volumes of production by automakers.

We continue to reduce our exposure to Europe by increasing our international presence, in particular in South America and China. This evolution is relying on production processes via the modular and flexible design of Newtech paint lines, enabling markedly different high quality products and services, combined with optimised economic performance, to be introduced to these growth areas.

We decided in 2012 to become a key manufacturer in the sector of composites by setting up Faurecia Automotive Composites, following our acquisition of Sora Composites, aimed at developing innovative solutions leading to reduced weight of car models. As a result of this initiative, we were awarded various contracts for mass produced car models in 2013. In 2014, we received several orders for composite tailgates by two major clients in Europe and we gained new orders for exterior equipment in Europe with the PSA Peugeot Citroën group (Berlingo / Partner, 2008, DS3), Ford (Kuga, Fiesta), Volkswagen (Tiguan, Touran R-Line), Audi (A5), Daimler (Class S), BMW (Series-3 GT), but also in Brazil with FCA and in China with FAW.

In 2014, we launched 29 new programmes, in particular in Europe for the Mercedes Benz S-Class Coupé, Smart Fortwo, Porsche Boxster and Cayman GTS, Audi A1 and A6-A7, Ford Mondeo, VW Golf 7 and Polo, Citroën C4-Cactus, Opel Adam X-Air, and in South America with the PSA Peugeot Citroën group Berlingo / Partner.

Operating Expenses

Our total operating expenses amounted to €18,155.6 million in 2014, compared to €17,490.3 million in 2013, an increase that reflected both internal and external growth, which was partially offset by an improvement in margins (as discussed below). Cost of sales represented 95.1% of our total operating expenses in 2014 and 95.1% in 2013. Our total operating expenses can be divided by type of expense as follows:

(in € millions)	For the year ended 31 December	
	2013	2014
Purchases consumed	(12,383.6)	(12,711.8)
External costs.....	(1,682.9)	(1,776.4)
Personnel costs.....	(3,239.8)	(3,383.2)
Taxes other than on income.....	(48.7)	(48.6)
Other income and expenses	353.7	349.2
Of which production taken into inventory or capitalised production.....	319.2	288.0
Depreciation, amortisation and provisions for impairment in value of non-current assets ..	(532.0)	(559.0)
Charges to and reversals of other provisions	43.0	(25.8)
Total Operating Expenses	(17,490.3)	(18,155.6)

Operating Income

Operating income in 2014 amounted to €673.3 million (3.6% of total sales), compared to €538.3 million in 2013 (3.0% of total sales).

The €135.0 million increase in operating income over the full-year 2014 compared to 2013 was attributable to the following factors:

- **Europe:** the increase in sales led to an increase in operating income of €110.7 million, with operating income accounting for 3.6% of total sales;
- **North America:** the decrease in sales for the year 2014 led to a decrease in operating income of €20.6 million, with operating income accounting for 1.7% of total sales, down slightly compared to 2.1% in 2013;
- **South America:** the decrease in sales of 10.3% on a like-for-like basis and a difficult economic and financial environment led to a decrease in operating income of €21.5 million, resulting in an operating loss of €49.4 million in 2014;
- **Asia:** the increased activities in the region led to an additional €58.3 million of operating income and operating income amounted to €268.4 million in 2014, or 8.9% of our total sales, compared to €210.1 million in 2013, or 8.3% of our total sales; and
- **Other countries:** primarily in South Africa, operating income increased by €8.0 million.

The trend for individual business segments was as follows:

- **Faurecia Automotive Seating:** operating income in 2014 was €234.1 million (4.4% of total sales) compared to €217.4 million in 2013 (4.2% of total sales);
- **Faurecia Emissions Control Technologies:** operating income in 2014 was €256.6 million (3.8% of total sales) compared to €199.0 million in 2013 (3.1% of total sales);
- **Faurecia Interior Systems:** operating income in 2014 was €128.9 million (2.7% of total sales) compared to €84.0 million in 2013 (1.8% of total sales); and
- **Faurecia Automotive Exteriors:** operating income in 2014 was €53.7 million (2.6% of total sales) compared to €37.9 million in 2013 (2.0% of total sales).

Research and Development Costs

Gross expenditures for R&D in 2014 were €955.9 million, or 5.1% of total sales, compared to €916.5 million, or 5.1% of total sales in 2013. The portion of R&D expenditure capitalised under IFRS amounted to €317.0 million in 2014, representing 33.2% of total R&D expenditure in 2014, compared to €258.4 million in 2013, represented 28.2% of total R&D expenditure in 2013. Sales which were previously billed as product sales in 2013 have now been integrated as sales of R&D in 2014 for an amount of €37.6 million, this amount hence reduces the net R&D cost.

Taken together, these items resulted in a net R&D cost of €235.5 million in 2014, compared to €254.0 million in 2013.

Selling and Administrative Expenses

Selling and administrative expenses amounted to €648.3 million in 2014 (3.4% of total sales), compared with €600.2 million (3.3% of total sales) in 2013. This increase was due to the reinforcement of our management and operating structure across all regions and business groups.

EBITDA

EBITDA (which represents operating income before depreciation, amortisation and provisions for impairment of property, plant and equipment and capitalised R&D expenditures) amounted to €1,228.9 million (6.5% of total sales) in 2014, compared to €1,070.3 million (5.9% of total sales) in 2013. EBITDA for Faurecia Automotive Exteriors in 2013 was €88.9 million.

Other Income Statement Items

Other income and expenses. Other income and expenses amounted to €86.5 million in 2014 compared to €106.8 million in 2013. This item included €76.7 million in restructuring charges compared to €91.3 million in 2013. These costs mainly related to the restructuring of our operations in Germany (€29.3 million), France (€17.7 million), Russia (€8.7 million), Spain (€3.5 million), North America (€11.8 million), South America (€6.0 million) and other countries (for a net income of €0.3 million). These charges stemmed from restructuring plans implemented with a view to bringing costs in line with new market realities. These costs include expenses relating to downsizing by 1,781 employees.

Finance costs. Financial income totalled €8.0 million compared to €9.0 million in 2013. Finance costs totalled €191.1 million in 2014 compared to €196.9 million in 2013. The 2014 finance costs included €16.4 million which corresponds to the amount of premium to be paid in connection with the redemption of the 2019 Notes and was accrued at the time as a result of the announcement of our intention to exercise this redemption. The 2019 Notes were redeemed on 17 April 2015. The weighted average interest rate on financial liabilities fell from 6.1% in 2013 to 5.4% in 2014.

Other financial income and expenses. Other financial income and expenses resulted in a net expense of €60.5 million (compared to €46.4 million in 2013). This includes €9.1 million from discounting pension liabilities, €12.1 million of fees for syndicated debt (of which, €8.6 million is related to the amortisation of fees relating to the early reimbursement of a syndicated credit at the end of 2014), €14.0 million linked to the amortisation of borrowing costs and €15.3 million of translation differences on borrowings, mainly from the rouble.

The tax expense in 2014 amounted to €115.1 million, compared to €64.7 million in 2013, representing an average tax rate of 33.5% compared to 32.8% in 2013. The increase in tax expense was attributable to lower recognition of tax assets in 2014 compared to 2013 and a higher value of taxable income.

The share of net income of associates totalled €0.8 million, compared to €14.0 million in 2013. The difference stemmed largely from lower volumes in certain joint-ventures.

Net Income

Net income for 2014 totalled €165.7 million, compared to €87.6 million in 2013, net of net income attributable to minority interests (totalling €63.2 million in 2014 and mainly consisting of net income accruing to investors in Chinese companies in which we are not the sole shareholder).

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth certain information derived from our consolidated cash flow statements for the periods indicated.

(in € millions)	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December		For the year ended 31 December	
	2013	2014	2014 restated ^(a)	2015
Operating income.....	538.3	673.3	595.4	830.0
Depreciation and amortisations of assets	532.0	555.6	505.7	611.8
EBITDA	1,070.3	1,228.9	1,101.1	1,441.8

	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December		For the year ended 31 December	
	2013	2014	2014 restated ^(*)	2015
(in € millions)				
Change in working capital requirement	364.4	263.2	208.9	153.0
Cash flows provided by operating activities	927.4	1,037.4	1,037.4	1,249.2
Cash flows provided by investing activities	(822.9)	(870.0)	(870.0)	(1,002.7)
Cash provided (used) by operating and investing activities ..	104.5	167.4	167.4	246.5
Issuance of debt securities and increase in other financial liabilities.....	473.0	296.2	322.0	933.1
Repayment of debt and other financial liabilities	(398.4)	(138.4)	(135.8)	(1,195.0)
Net cash provided by (used in) financing activities.....	37.7	106.2	106.2	-348.3
Impact of exchange rate changes on cash and cash equivalents .	(27.7)	41.5	41.5	20.7
Net flows from discontinued operations	(40.7)	—	0.0	-3.3
Net increase (decrease) in cash and cash equivalents	73.8	315.1	315.1	-84.4
Cash and cash equivalents at the beginning of the year	628.0	701.8	701.8	1,016.9
Cash and cash equivalents at end of the year.....	701.8	1,016.9	1,016.9	932.5

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors. For further information, see “Presentation of Financial and Other Information—Restatements”.

In addition to our consolidated cash flow statement, we analyse variations in cash flow by reference to changes in our net debt, excluding changes in net debt from acquisitions, variation in factoring levels (which results in derecognition of receivables), the impact of foreign exchange variations on outstanding debt, and dividend payments. We refer to the remaining variation as our “net cash flow”, a non-IFRS measure. Net cash flow represents all cash flows after adjustment for changes in working capital requirements, investments (property, plant and equipment and capitalised R&D), finance costs, costs related to restructuring, tax and other operating items but before our management decisions on acquisitions (including equity investments).

The principal operational components of our net cash flow include:

- EBITDA;
- changes in working capital, net of receivables sold and derecognised in securitisation transactions;
- cash flow used for restructuring, generally equal to restructuring costs as recorded in the income statement, adjusted for accruals of new restructuring reserves;
- capital expenditures, net of changes in payables and receivables related to capital expenditures; and
- changes in capitalised R&D costs.

In addition to these operational components, we analyse certain non-operational components at the Group level, including cash net financial expense, and cash tax charges, generally equal to the current tax charge as indicated in the income statement adjusted for variations in tax reserves.

Financial structure and net debt 2015

Sources of Funds in 2015

Net cash flow corresponds to cash provided by operating and investing activities, restated for the acquisitions of investments and business (€30.9 million) and other changes in investing activities (€27.3 million).

In relation to the net cash flow in 2015:

- EBITDA amounted to €1,441.8 million in 2015 compared to €1,101.1 million in 2014;
- a negative change in net working capital, including receivables factoring, of €153.0 million in 2015 compared to €208.9 million in 2014, due to a €112.3 million decrease in production inventory, a €74.3 million decrease in trade receivables, and a €263.7 million increase in trade payables. Trade payables represented 20.3% of our cost of sales in 2015, compared to 21.4 % of our cost of sales in 2014;

- restructuring represented cash outflows of €77.0 million compared to €90.2 million in 2014;
- financial costs represented cash outflows of €208.0 million compared to €175.6 million in 2014;
- capitalised development costs represented cash outflows of €308.9 million compared to €314.1 million in 2014. The percentage of total capitalised R&D expenditure amounted to 33.0% of total R&D costs in 2015 compared to 35.7% in 2014; and
- income taxes represented cash outflows of €219.1 million compared to €127.9 million in 2014.

Uses of Funds in 2015

For the 2015 financial year, the other items contributing to changes in our net debt were:

- the acquisition of new companies and investments in unconsolidated companies represented €30.9 million in net cash outflows;
- dividends paid to minority shareholders represented €64.5 million in cash outflows compared to €49.8 million in 2014; and
- a positive foreign exchange effect of €20.7 million compared to a positive foreign exchange effect of €41.5 million in 2014.

Net debt amounted to €945.8 million as at 31 December 2015, compared to €1,387.6 million as at 31 December 2014.

Our shareholders' equity increased from €1,723.0 million as at 31 December 2014 to €2,397.6 million as at 31 December 2015, mainly driven by net income for the year.

The main elements of our long-term debt as at 31 December 2015 are the Senior Credit Facility (€1,200 million), which was not drawn upon as at 31 December 2015, the 2016 Notes (€490 million) and the 2022 Notes (€700 million). Upon completion of the offering of the Notes we will in addition have €500 million of long-term debt under the Notes and we will redeem the 2016 Notes with the proceeds of such offering.

Financial structure and net debt 2014

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

Sources of Funds in 2014

Net cash flow (excluding net flows from discontinued operations) corresponds to cash provided by operating and investing activities, restated for the acquisitions of investments and business (€33.3 million) and changes in other investing activities and non-current assets (€15.4 million). We had a net positive balance of €216.1 million in 2014, compared to a net positive balance of €143.6 million in 2013.

The €216.1 million of net positive balance in 2014 was attributable to the following:

- EBITDA amounted to €1,228.9 million in 2014 compared to €1,070.3 million in 2013;
- a positive change in net working capital, including receivables factoring, of €263.2 million in 2014 compared to €364.4 million in 2013, due to a €77.9 million decrease in production inventory, a €87.8 million decrease in trade receivables (including a €356.8 million increase in factoring due to a higher volume of annual sales than in 2013), and a €120.2 million increase in trade payables. Trade payables represented 19.2% of our cost of sales in 2014, compared to 18.4% and 17.2% of our cost of sales in 2013 and 2012, respectively;
- restructuring represented cash outflows of €95.5 million compared to €122.6 million in 2013;
- financial costs represented cash outflows of €180.2 million compared to €187.5 million in 2013;
- capital expenditures and increases in intangible assets represented cash outflows of €521.0 million compared to €522.6 million in 2013;
- capitalised development costs represented cash outflows of €321.6 million compared to €265.0 million in 2013. The percentage of total capitalised R&D expenditure reached 33.2% in 2014 compared to 28.2% in 2013;
- income taxes represented cash outflows of €154.9 million compared to €134.3 million in 2013; and

- finally, other cash flow items represented cash outflows of €3.0 million, compared to €59.0 million in outflows in 2013.

Uses of Funds in 2014

For the 2014 financial year, the other items contributing to changes in our net debt were:

- the acquisition of new companies and investments in unconsolidated companies represented €33.3 million in net cash outflows;
- dividends paid to minority shareholders represented €49.8 million in cash outflows compared to €47.9 million in 2013;
- a positive foreign exchange effect of €41.5 million compared to a negative foreign exchange effect of €27.7 million in 2013.

The main elements of our long term debt as at 31 December 2014 are the new syndicated credit facility of €1,200 million signed on 15 December 2014 (which is scheduled to mature in December 2019), which was not drawn upon as at 31 December 2014, the €490 million of bonds with maturity in December 2016, the €250 million of convertible bonds with maturity 1 January 2018 and the €250 million of bonds which mature in June 2019, for which we had initially announced our intention to exercise our right to reimburse in June 2015.

Contractual commitments

The following tables set forth our outstanding off-balance sheet contractual commitments as at 31 December 2015, as well as the schedule of lease payments due as at each date.

(in € millions)	As at the year ended 31 December 2015
Future minimum lease payments under operating leases	433.6
Debt collateral:	
Mortgages	5.6
Other debt guarantees	65.7
Firm orders for property, plant and equipment and intangible assets	105.2
Other	2.2
Total	612.3

Future minimum lease payments under operating leases are divided as follows:

(in € millions)	As at the year ended 31 December 2015
2016	107.7
2017	86.8
2018	73.7
2019	60.8
2020 and later	184.4
Total	513.4

Capital expenditure and capitalised development costs

Our capital expenditure is incurred primarily in connection with the acquisition or construction of new plants, or with the acquisition of tooling and equipment for new or existing plants. We analyse our capital expenditure on a gross basis and adjust capital expenditures for the changes in investment-related receivables and payables.

We also incur development costs linked to programmes, which we expect to recover through per-vehicle charges over the life of a car model as part of the purchase price of the equipment that we sell. See “Significant Factors Affecting the Group’s Results of Operations—R&D”.

The following table sets forth our capital expenditure, on a gross and a net basis, as well as our capitalised development costs, for the periods indicated.

	Pre-IFRS 5 application		Post-IFRS 5 application	
	As at the year ended 31 December			
(in € millions)	2013	2014	2014 restated ^(e)	2015
Capital expenditure ⁽¹⁾	518.0	519.2	474.7	620.8
Additional intangible assets	4.6	1.8	1.3	1.9
Total capital expenditure	522.6	521.0	476	622.7
Capitalised development costs	265.0	321.6	314.1	308.9

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors. For further information, see “Presentation of Financial and Other Information—Restatements”.

(1) Capital expenditure represents additions to property, plant and equipment. Certain plant tooling and specific tooling is produced or purchased exclusively for the purpose of manufacturing parts or modules for customer orders. Such tools and equipment investments may be either not sold to the customer, or paid for by the customer incrementally on delivery of each part, without the customer guaranteeing full financing of the costs incurred. In accordance with IAS 16: Property, Plant and Equipment, this tooling is capitalised on the balance sheet as property, plant and equipment and is depreciated to match the quantities of parts delivered to the customer over a maximum of three years, in line with the rate at which models are replaced.

The implementation of a selective sales policy, combining growth and cash generation, translated into capital expenditures, which amounted to €522.6 million in 2013 (before the application of IFRS 5), remained stable at €521.0 million in 2014 (before the application of IFRS 5) and increased from €476 million in 2014 to €622.7 million in 2015 (in each case after the application of IFRS 5).

Capitalised development costs increased from €265.0 million in 2013 to €321.6 million in 2014 (in each case prior to the application of IFRS 5) and remained stable between 2014 (€314.1 million) and 2015 (€308.9 million) (in each case after the application of IFRS 5). The €56.6 million increase between 2013 and 2014 (before the application of IFRS 5) was due to programmes acquired in 2013 and to the fact that after review of commercial practices, an additional €20.0 million of 2014 development costs were considered eligible to be capitalised.

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5.

The following table sets forth our capital expenditure (which represents additions to property, plant and equipment) in all our geographic regions in 2015.

(in € millions)	France	Germany	Other European Countries	North America	South America	Asia	Other Countries	Total
Capital Expenditure	116.5	61.9	156.0	154.5	20.2	159.3	9.3	677.5

We expect in the coming year an increase in annual capital expenditure as we increase our production capacity, mainly outside Europe. We may incur capital expenditures in connection with the introduction of new technologies, although the amount will depend on whether these technologies can be successfully developed and in a certain timeframe.

Working capital

The trend in our working capital requirements over the past several years has largely reflected trends in our business. We analyse our working capital requirements after adjusting for sales of derecognised trade receivables under our non-recourse factoring program.

	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December			
(in € millions)	2013	2014	2014 restated ^(*)	2015
Change in inventories	(79.4)	77.9	20.3	(112.3)
Change in trade accounts receivable.....	(44.0)	87.8	85.1	(74.3)
Change in trade payables	395.8	120.2	152.2	263.7
Change in other operating receivables and payables ⁽¹⁾	74.4	(4.8)	(36.9)	73.9
Change in other receivables and payables ⁽²⁾	17.6	(17.9)	(11.8)	2.0
Change in working capital requirements.....	364.4	263.2	208.9	153.0

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors. For further information, see "Presentation of Financial and Other Information—Restatements".

(1) Represents primarily the change in VAT and other tax receivables.

(2) Represents primarily the change in prepaid income and expenses, current taxes and amounts due to suppliers of non-current assets.

Short-term debt, net debt and cash

Our short-term debt and cash and cash equivalents include significant amounts of cash balances that we collect in respect of receivables that we have sold and derecognised under our non-recourse factoring program. Our obligation to deliver cash to the owner of the receivables is treated as short-term debt. The proportion of our short-term debt represented by these amounts typically represents between one third and one half of our total consolidated short-term debt. As at 31 December 2015, we had €310.2 million of short-term borrowings (including overdrafts).

Our net debt as at 31 December 2015 was €945.8 million, reflecting total gross debt of €1,885.1 million and net cash and cash equivalents of €932.5 million (excluding net financial liabilities linked to assets held for sales). In addition to the cash balances held in respect of servicing of derecognised receivables (described above), our subsidiaries tend to hold significant amounts of cash 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.

Dividend payment policy

We pay dividends in line with the practices of other similar companies, based on our results for the year. In light of our performance, the Board of Directors has announced that at the next annual shareholder meeting, to be held on 27 May 2016, it would propose the payment of a dividend of 0.65 euro cents per share, an increase of 85.7% compared to our 2015 dividend.

Market risk

Currency risks relating to the commercial transactions of our subsidiaries are managed centrally using forward purchase and sale contracts and options as well as foreign currency financing. We manage the hedging of interest rate risks on a central basis, through our finance and treasury department, which reports to Group General Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis. Our principal accounting policies are set out in note 1 to our audited consolidated financial statements for the year ended 31 December 2015 and a discussion of hedging interest rate and currency risks is set out in note 30 to our audited consolidated financial statements for the year ended 31 December 2015.

Interest rate risk

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5

Taking into account the impact of interest rate hedges, 28.1% of our borrowings were at variable rates as at 31 December 2015, compared with 52.0% as at 31 December 2014. Variable rate financial debt mainly relates to the €1,200 million Senior Credit Facility maturing December 2014 and maturing in December 2019, as well as short-term debt. The main components of fixed-rate debt as at 31 December 2015 are:

- bonds maturing in December 2016 with a principal amount of €490.0 million (which will be redeemed with the proceeds from the offering of the Notes);
- bonds maturing in June 2022, with a principal amount of €700.0 million; and
- Pro forma for the effect of the offering of the Notes, we will in addition have €500.0 million of bonds maturing in June 2023.

We manage the hedging of interest rate risks on a central basis. The management of this risk is implemented through our finance and treasury department, which reports to Group general management. Hedging decisions are made by a market risk management committee that meets on a monthly basis.

We engage in derivatives transactions in order to hedge against the impact of short-term rate changes on earnings, as a significant part of our borrowings are at variable rates; these hedging transactions may entail counterparty risk. The hedges arranged comprise mainly euro denominated interest rate swaps. These hedges cover a part of the interest on variable rate borrowings, due in 2016 and 2017, against a rise in rates. Our interest rate position based on the nature of the instruments used and the sensitivity of interest expense to short-term rates are disclosed in note 30.2 to our audited consolidated financial statements for the year ended 31 December 2015. Since part of our borrowings are at variable rates, a rise in short-term rates would impact our financial expenses. A 100 basis points increase in average interest rates compared to the rate curve as at 31 December 2015 shows that the effect on financial expense (before taxes) would not be significant, taking into account the profile of our borrowings and derivatives in place as at 31 December 2015.

Currency risk

The following discussion presents information which has not been adjusted or restated, as applicable, to reflect the application of IFRS 5

We are also exposed to risks arising from fluctuations in the exchange rates of certain currencies, particularly due to the location of some of our plants 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. The sensitivity of our income and equity as at 31 December 2015 to changes in exchange rates of transaction currencies used by our subsidiaries other than their functional currency (with all other variables remaining constant) are as follows:

As at 31 December 2015							
Currency	USD	CZK	CAD	RUB	GBP	PLN	ZAR
(in € millions)	1.09	27.02	1.51	80.67	0.73	4.26	16.95
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.14	28.37	1.59	84.71	0.77	4.48	17.80
Impact on pre-tax income	(0.73)	0.32	0.56	1.33	0.13	0.59	(0.62)
Impact on equity	1.81	(2.76)	0.03	0.00	0.00	(6.67)	0.00

“USD” means United States Dollar, “CZK” means Czech Republic Koruna, “CAD” means Canadian Dollar, “RUB” means Russian Rouble, “GBP” means British Pounds Sterling, “PLN” means Polish Zloty and “ZAR” means South African Rand.

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognised on the balance sheet, net of the impact of the change in the intrinsic value of hedging instruments (both those qualifying and not qualifying as fair value hedges) and (ii) the effect on equity of the change in the intrinsic value of hedging instruments for derivatives qualifying as cash flow hedges.

Currency risks relating to the commercial transactions of our subsidiaries are managed centrally using forward purchase and sale contracts and options as well as foreign currency financing. Hedging decisions are made by a market risk management committee that meets on a monthly basis. Currency risks on forecast transactions are hedged on the basis of estimated cash flows determined in forecasts validated by general management; these forecasts are updated on a regular basis. The related derivatives are classified as cash flow hedges when there is a hedging relationship that satisfies the IAS 39 criteria. Our subsidiaries with a functional currency different from the euro are granted inter-company loans in their operating currencies. Although these loans are refinanced in euros and eliminated in consolidation, 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 30.1 to our audited consolidated financial statements for the year ended 31 December 2015. Our hedging policy implemented may not prove effective in mitigating our foreign exchange risk and may create additional risks for us, such as counterparty risks.

BUSINESS

The following discussion and analysis contains certain information from our 2015 Financial Statements which have not been adjusted to reflect the application of IFRS 5 and certain corresponding figures as at and for the year ended 31 December 2014 have not been restated including: financial information by operating segment and geographic region contained in note 4.2 (Key Figures by Operating Segment) and note 4.4 (Key Figures by Geographic Region) to our 2015 Financial Statements; (unless otherwise stated) product sales; and operating margin by operating segment and by region. For more information, see “Presentation of Financial and Other Information—Restatements—Restatement of comparative figures as at and for the year ended 31 December 2014”.

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 currently operate through three core business groups: Faurecia Automotive Seating, Faurecia Emissions Control Technologies and Faurecia Interior Systems. We also operate our Faurecia Automotive Exteriors business which we are in the process of disposing. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors”. 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 Automotive Seating. We estimate we are currently the world’s leading supplier of seat frames and mechanisms and number 3 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 with an emphasis on safety, comfort, quality, versatility and use of natural/recycled materials.

Faurecia Emissions Control Technologies. We estimate we are currently the world’s leading supplier of exhaust systems and components (including mufflers, manifolds and catalytic converters). We develop and manufacture complete exhaust systems, including components reducing emissions as well as components for exhaust system acoustics.

Faurecia Interior Systems. We estimate we are currently the world’s number 2 supplier of automotive interior systems. We manufacture cockpit modules (instrument panels and central consoles), doors (panels, modules and door systems), acoustic modules, as well as decorative parts.

We maintain strong relationships with almost all major global automakers, including Volkswagen, Ford, the PSA Peugeot Citroën group, the Renault-Nissan group, General Motors, Daimler and BMW, each of which accounted for more than €1.0 billion of total sales in 2015. We have a broad geographic footprint, and are one of the few automotive equipment suppliers with the capacity to supply automakers’ global programmes where the same car model is produced throughout several regions.

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). Nevertheless 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 2015, we had 610 programmes in the development phase. We tend to benefit from a high renewal rate of our programmes.

Our products won numerous awards and accolades in 2015 and 2016. Among others, we received the following awards:

- Two “Automotive INNOVATIONS” Awards in 2015 from the Centre of Automotive Management during the 2015 German Automotive Brand Contest (ABC) for our innovative strength in the field of automotive interiors: our lightweight concept “Less is More”, first introduced at the 2014 Paris Motor Show, won in the category “Concepts”; and our automatic rear-seat folding system, on board the new Renault Espace, won in the category “Parts & Accessories”;
- The Mercedes Benz S-Class, the Audi A1 and the Audi Q3, 3 car models equipped by us, were respectively recognised “best luxury car”, “best city car” and “best compact SUV” for 2015 by the readers of the prestigious German magazine *Auto und Sport*;

- The Volkswagen Passat equipped by us, was recognised as European “Car of the year” 2015 at the Geneva International Motor Show;
- American car magazine “Ward’s Auto World” distinguished the Mercedes-Benz S-Class for its outstanding interior;
- Our Active Glove Box equipping the 2015 Ford Mustang won 2 awards;
- Flaxpreg™ flax fibre-based composite material wins JEC Europe 2015 Innovation Award in the semi-products category;
- “2015 L.E.A.D.E.R. award” from Automotive News Europe / AIC for innovations in weight reduction and energy efficiency;
- Two Faurecia-equipped vehicles, the S-Class Coupé and Citroën C-4 Cactus, were awarded World Cars of the Year in the NY Auto Show 2015;
- “Concept Interior Innovation of the Year” award at Automotive Interiors Expo 2015;
- Seating and emissions control technologies named finalists for the 2016 Automotive News PACE award;
- “JEC World 2016 Innovation Award” for our innovative manufacturing process of composite parts; and
- “Top Employer 2016” in France, Germany and the U.S.A. by Top Employers Institute – an international certification organisation based in the Netherlands since 1991.

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 nearly 6,150 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, such as:

- being part of the 44 suppliers selected by Volkswagen in 2015 as strategic partners, in their FAST (“**Future Automotive Supply Tracks**”) corporate initiative;
- being part of Ford’s Allied Business Framework since 2009;
- being one of Renault-Nissan’s “Alliance Growth Partners” since 2012;
- being recognized “Best supplier” at the 2015 PSA supplier awards; and
- being ranked 2nd in the Jaguar Land Rover Supplier League in 2015.

For the year ended 31 December 2015, our total sales amounted to €18,770.4 million compared to €16,876.6 million in 2014 and our EBITDA amounted to €1,441.8 million compared to €1,101.1 million in 2014 (in each case after the application of IFRS 5). The United States is our largest single country market. As at 31 December 2015, we employed approximately 95,300 people in 34 countries, spread over approximately 300 sites (excluding Faurecia Automotive Exteriors’ employees and sites).

Geographical Presence

Our four principal markets include Europe, North America, Asia and South America. Outside of these regions, our sales were mainly recorded in South Africa. The following table shows a breakdown of our total sales in 2015 by geographic region (in each case prior to the application of IFRS 5).

	2015 Total Sales by Region					Total
	Europe	North America	Asia	South America	Rest of the World and Other countries	
(in € millions)						
Sales.....	11,256.3	5,543.6	3,101.9	551.3	238.8	20,691.9
Percentage of Total Sales.....	54.4	26.8	15.0	2.7	1.2	100
	%	%	%	%	%	%

Our Competitive Strengths

Leading market positions in our core business groups

We have leading market positions in each of our three current core business groups. In 2015, we estimated that we were, globally, leading supplier of frames and mechanisms for seats, number 3 supplier of complete seats, leading supplier of emissions control technologies and number 2 supplier of interior systems. In 2015, our business groups achieved the following results (in each case prior to the application of IFRS 5):

- Faurecia Automotive Seating's total sales reached €6,188.2 million (30% of total revenue) employing 37,400 employees. We believe that in 2015 we had a 13% global market share by value for frames and mechanisms and 13% by value for complete seats;
- Faurecia Emissions Control Technologies' total sales (including monoliths for catalytic converters) reached €7,450.0 million (36% of total revenue), employing 21,200 employees. We believe that in 2015 we had a 27% global market share by value (excluding monoliths, which are components containing precious metals used in catalytic converters for exhaust systems) for light vehicles; and
- Faurecia Interior Systems' total sales reached €5,018.6 million (24% of total revenue), employing 33,600 employees. We believe that in 2015 we had a 14% global market share by value.

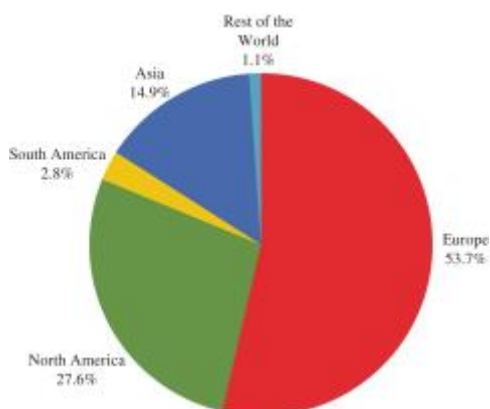
Our market leadership in each business group and our global platforms are significant strategic advantages as customers typically look to well-established suppliers when awarding new business. This has allowed us in recent years to win new business from existing and new customers. For instance, our partnership with Cummins on commercial vehicles provides significant new opportunities for our Emissions Control Technologies business group to take advantage of global regulatory pressure to reduce carbon footprint and toxic emissions. We also benefit from revenue 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 programmes. We believe that our leading market share in each of our core business groups positions us well for future growth, allows us to negotiate favourable terms from our suppliers and to further diversify our business model.

Highly diversified business model

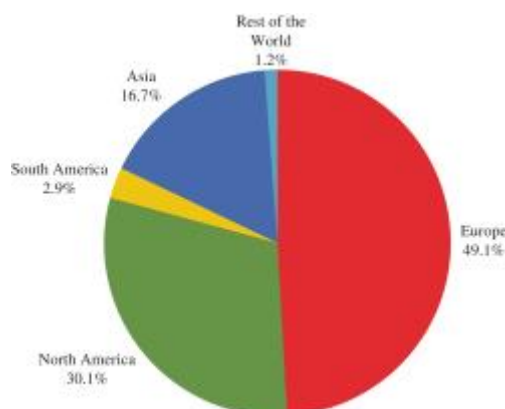
We believe that the high degree of diversification through our core business groups, our geographic presence, and our number of customers and range of products limits our exposure to adverse changes in the global or local economic environment and in the various end-markets we serve, while simultaneously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

We analyse our revenue primarily on the basis of product sales (sales of parts and components to automakers), since product sales are directly linked to the level of car production. We also derive sales from two other sources. First, the sales of our Faurecia Emissions Control Technologies business group include the sales of monoliths from suppliers to automakers on a pass-through basis without generating industrial added value. Second, we generate revenue from the sales of tooling, research and development (“**R&D**”), prototypes and other services. These sales occur mainly before programmes are launched in production, and can be considered as an indicator of future product sales.

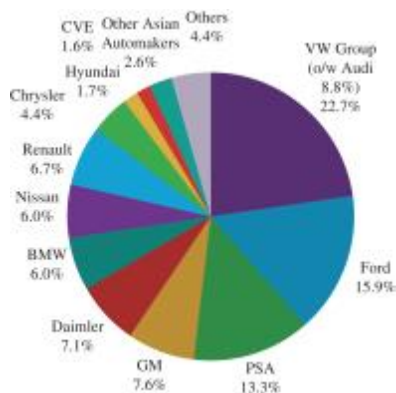
**Product sales by region
(2015, before application of IFRS 5)**



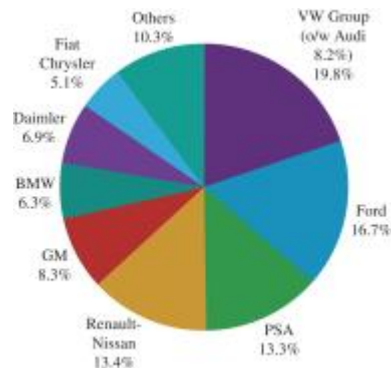
**Product sales by region
(2015, after application of IFRS 5)**



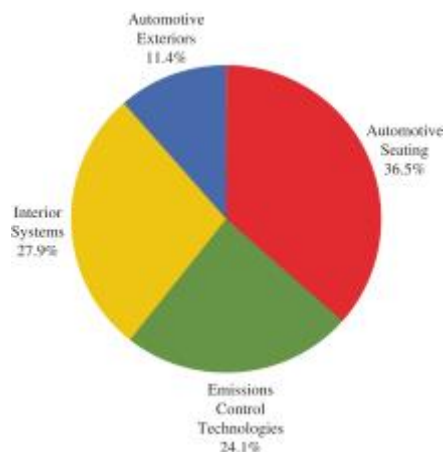
**Product sales by customer
(2015, before application of IFRS 5)**



**Product sales by customer
(2015, after application of IFRS 5)**



**Product sales by business group
(2015, before application of IFRS 5)**



In recent years we further increased our geographic diversification by decreasing the share of our European product sales (from 86% of our consolidated product sales in 2003 to 53.7% in 2015) and by increasing the share of our North American product sales (from 10% of our consolidated product sales in 2003 to 27.6% in 2015) and our Asian product sales (from 1% in 2003 to 14.9% in 2015) (in each case prior to the application of IFRS 5). This increased diversification reduces our exposure to a single geographic area, end-market, automaker or car model.

We benefit from a global customer base, comprising primarily German (36% of our product sales in 2015), American (28% of our product sales in 2015) and Asian (9% of our product sales in 2015) customers (in each case prior to the application of IFRS 5). The classification of customers is based on the nationality of their parent company, except for Chrysler, which has been classified as an American customer. Whereas Japanese and South Korean automakers tend to use their own network of suppliers, we managed to become a supplier to Nissan and Hyundai. In 2015, we increased our product sales to Nissan by 22.6%, to Ford by 12.0% and to Cummins by 10.2%, compared to 2014 (on a like-for-like basis) (in each case prior to the application of IFRS 5), further enhancing the diversification of our sales. We are present on most market segments, from entry-level models to premium and luxury cars (27% of our product sales, prior to the application of IFRS 5), which make us less vulnerable to the parameters which may affect one particular segment.

Global footprint enabling longstanding and expanding partnerships with global automakers

In 2015, our operations in Europe generated €11,256.3 million of total sales, employing approximately 60,000 employees, while our operations in North America generated €5,543.6 million of total sales, with approximately 20,600 employees (in each case prior to the application of IFRS 5). We are well positioned in key growth markets, in particular in Asia. In 2015, our operations in Asia generated €3,101.9 million of total sales, employing approximately 15,800 employees, while those in South America produced €551.3 million total sales with approximately 4,800 employees (in each case prior to the application

of IFRS 5). As a result of this global footprint, we are one of only a handful of manufacturers with the capacity to supply automakers' global programmes.

We meet our customers' goals by achieving efficiencies through their and our global footprint. Our global footprint allows us to follow our customers around the world and to establish global programmes. An early successful example of such programme is the Ford Focus, for which we supply interior modules. Production thereof was ramped up from 13 of our production sites in 11 countries in Americas, Europe and Asia, to 7 Ford plants, in 18 months.

In the automotive seating business, we meet our customers' demands through the development of generic seat frames, which can be used in different models across more than one generation. For instance, the Common Module Family 1 ("CMF-1") seat frame for the Renault-Nissan group was first developed in France in one of our R&D centres and has since been produced in Portugal, China, Mexico and South Korea using the same manufacturing process.

The final performance of a programme is mostly determined during the development phase and therefore effective programme management is key. In order to address this, we use vehicle application programmes, such as the "Programme Management System", to bring together the participants needed to develop and launch a new, mass-produced product.

We believe that globalisation in the automotive market is accelerating with global platforms, product convergence and shorter gaps between regional launches, in particular for our Faurecia Automotive Seating and Faurecia Emissions Control Technologies business groups. This market trend benefits automakers and equipment suppliers with a global footprint such as ours and we believe that we are ideally positioned to further benefit from this trend.

Attractive underlying market fundamentals

We believe that our global footprint and technological leadership enable us to benefit from attractive underlying market fundamentals. We estimate that light vehicle production increased by approximately 1.6% worldwide in 2015, with all regions of the world showing an increase, except in South America. Light vehicle production grew again in Europe (3.8%), remained buoyant in North America (2.7%) and continued to grow in Asia, where production increased by 2.1%. In contrast, production in South America, which represents less than 3% of our total sales, decreased by 20.2% (source: IHS Automotive, February 2016).

We believe that we will benefit from favourable macro-economic factors, such as lower oil prices that should improve consumers' spending, and reduced cost of certain raw materials. We also expect that the depreciation of the euro against the U.S. dollar and the Chinese renminbi should benefit European economies. In China, having met our target operating margins in 2015, we believe 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 and entering into a partnership agreement with Dongfeng Motor Corporation, one of China's largest automobile groups.

We expect further cost reduction, as standard components become a major driver. By offering pre-developed generic products, rolled-out globally, we are able to help automakers manage their production costs. For example, we have introduced a standardised process of production for some of our key equipment in particular by the introduction of generic seat frames such as Renault-Nissan's CMF-1. We also believe that we will continue to benefit from a trend among European automakers to further outsource the production of car seats to car equipment manufacturers.

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 for us. Increasing regulation tends to increase the added value of our products. Lower CO₂ emissions targets create needs for weight reduction, an opportunity for all our business groups. Recycling requirements create a trend towards the use of more bio materials. Standards imposed on emissions of harmful substances (exhaust gases or volatile organic compounds) require more sophisticated exhaust systems, and advanced production processes for painting and foam injection.

For example, in 2013, the European Commission adopted new average CO₂ targets of 95 g/km for the automotive industry in Europe which are to take effect from the end of 2020. In China (which we believe is the world's largest on and off highway commercial vehicles' market) certain cities (such as Beijing, in 2013 and 2015, and Shanghai, in 2014) and provinces (such as Guangdong, in 2015) have already introduced regulations which require fuel consumption and CO₂ emissions to be reduced for passenger and commercial vehicles. India is also considering implementing emissions standards by 2021 which will be equivalent to Euro-6 emissions standards.

Lower CO₂ emissions will be achieved through lower fuel consumption, which can be mainly achieved through improved powertrain efficiency (including hybridisation), and weight reduction. We contribute to improved efficiency through the development of energy recovery devices, and to weight reduction by producing lighter components, developing innovative designs, using raw materials with improved performance, developing bio sourced and renewable materials, and composites which are both lighter and stronger than metal.

Emissions of all combustion-related pollutants are subject to standards that, while specific to each market, are likely to impose significant reductions in emissions of CO₂, pollutants and nitrogen oxides (NO_x). This will present an opportunity for us to offer our customers products specifically designed to control and reduce the emission of CO₂, pollutants and NO_x. For example, we have:

- developed an “Ammonia Storage and Delivery System” (“**ASDS**”), a breakthrough technology for NO_x reduction, which stores ammonia in a crystalline substrate and releases it as a gas when the cartridge is heated, with a much quicker response time and weight savings of up to approximately 10 kg. Significant interest has been shown by major Chinese cities in ASDS;
- developed the “SCR BlueBox”, which uses an oxidation catalyser to remove harmful carbon monoxide and unburnt fuel and a “Selective Catalytic Reduction” process to turn nitrogen oxides into nitrogen and water;
- developed a strong partnership (through Faurecia Emissions Control Technologies) with a world leader in medium to heavy duty on and off road diesel engines (Cummins), to capitalize on the commercial vehicles’ market in China;
- been awarded business by major Chinese engine manufacturers, Weichai and Yuchai; and
- in September 2015, entered into a contract to upgrade over 300 city buses in Copenhagen with a retrofit SCR-DPF emission system that incorporates the ASDS.

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.

Changing consumer expectations are a key driver of changes within the automotive market. With growing urbanisation in many parts of the world, people tend to spend more time in their cars every day and expect their cars to be a living space, connected to the outside world. We anticipate consumers demanding more comfort, better connectivity, and increased personalisation of cars by installing premium quality, comfortable and well-being equipment in vehicles, such as human machine interface innovations, retractable screens, improved connectivity, air conditioning with reduced vent sizes, kinematics and decoration and optimized driving positions. Thanks to various innovations and partnerships, we believe our Faurecia Automotive Seating and Faurecia Interior Systems business groups are well positioned to benefit from this trend. In particular our Faurecia Automotive Seating business group has developed a “compliant shell” seat (based on a deformable plastic shell and a foam whose thickness has been significantly reduced) which offers more comfort while being more compact and providing more space. In 2013, we entered into a strategic partnership with Magneti Marelli for the joint development of human-machine interfaces for centre consoles with retractable or fixed screens, command buttons and decoration.

Pioneer in technological innovations

We are a pioneer in technological innovations and our global footprint and R&D capabilities enable us to capitalise on the continuously evolving consumer demands and regulatory requirements.

We focus our technological innovation on the key market trends discussed above and we have always been committed to investment in technologies. In order to achieve these objectives, we committed €924.3 million in 2015 to R&D, or 4.9% of our annual consolidated sales, of which we dedicated approximately €105 million specifically to innovation (in each case after the application of IFRS 5). As at 31 December 2015, we employed nearly 6,150 engineers and technicians in 30 major R&D centres in Europe, America and Asia. We also filed 489 patents in 2015.

With a view to bolstering our R&D capabilities, we have entered into R&D partnerships with automakers, with leading German and French academic engineering laboratories and with other companies, including our joint-venture with Cummins, and we have also acquired specialist technology companies, such as Sora’s automotive composites business.

These partnerships and investments have led to the development of several products for each of our 3 current core business groups. For example, our Faurecia Automotive Seating business group unveiled several innovations in 2015, including the Active Wellness® seat, a seat with invisible sensors that detects whether the driver is subject to stress or sleepiness, and offers tailored therapies for relaxation or stimulation. We believe that seating will play a key role in future autonomous and connected vehicles. In November 2015, we announced a partnership with the Center for Design Research at Stanford University to study user experience in autonomous vehicles. Our Faurecia Emissions Control Technologies business group developed the “SCR BlueBox”, a device which complies with the Euro 6.2 regulation, reduces weight by between 3 to 4 kilogrammes per vehicle and therefore 0.3 to 0.4 grams of CO₂ emissions per kilometre. Our Exhaust Heat Recovery System (EHRS) captures up to 60% of the heat usually wasted in the exhaust system to warm both the engine and the passenger compartment more quickly. By heating the cabin faster, the compact EHRS allows the electric motor to kick in sooner on hybrid vehicles. This reduces CO₂ emissions by 3 g/km and improves fuel consumption by 7%. Our EHRS is currently fitted on a hybrid vehicle produced by an Asian manufacturer.

Our Exhaust Heat Power Generation (EHPG) system produces power that can be used to directly drive trucks or to extend the use of electrical power in hybrid vehicles. EHPG converts heat from exhaust gases to electrical or mechanical power, and is primarily aimed at trucks and commercial vehicles, creating a fuel economy of 5% or more.

Faurecia Interiors Systems has developed Human-Machine-Interface (HMI) advancements that incorporate full black-panel screens, high-resolution active matrix organic LED (AMOLED) screens, smart functional surfaces, new types of connectivity with mobile devices, automated comfort systems and new decoration materials. Faurecia worked with its partner Magneti Marelli to integrate these displays and electronic systems.

Strong focus on operational performance, profitability and financial discipline

Over the past several years, we have reduced our cost structure by achieving further footprint optimisation, in particular by expanding our production capacity in Eastern Europe through seven new production sites and increasing the number of our employees in countries with lower labour costs. We also increased our production capacity in emerging markets to accompany the growth of our sales in these markets. By regrouping some of our factories and opening larger production sites, we also achieved economies of scale. Operational improvements in North America translated into higher variable costs margins, and profitability in Europe increased as we leveraged our cost base.

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, 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 Automotive Seating and Faurecia Emissions Control Technologies business groups. Our Faurecia Automotive Seating operating margin (as a percentage of total sales) increased from 4.4% in 2014 to 4.9% in 2015. Our Faurecia Emissions Control Technologies operating margin (as a percentage of total sales) increased from 3.8% in 2014 to 4.8% in 2015. To lower costs, we continue to further standardise our equipment and production processes, as we did with the CMF-1 seat frame for the Renault- Nissan group mentioned above.

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 capitalised R&D requirements by seeking better capital expenditure allocation. In 2015, we allocated approximately €105 million to research and innovation expenses.

We also try to limit the growth of working capital requirements by reducing our customer overdues, aligning our customer terms and extending our factoring programmes with regard to receivables to additional countries and customers to offset any change in working capital requirements.

We believe that we will benefit from such strong focus on operational performance, profitability, capital expenditure and working capital management.

Experienced management and a new corporate culture

Our management team and Board of Directors have significant experience in the industry. Yann Delabrière, our Chairman and Chief Executive Officer, has 26 years of experience in financial management and leadership positions in the automotive sector. The majority of the members of our Executive Committee have spent most of their careers in the automotive industry. Our management was reinforced by three new appointments to our executive committee in the first quarter of 2015, including Patrick Koller (deputy Chief Executive Officer and Chief Operating Officer since 2 February 2015), Mark Stidham (Executive Vice President for North America) and Hagen Wiesner (Executive Vice President for Faurecia Automotive Seating). This management reinforcement will increase our focus on performance and value creation, allow us to better develop talent internally and facilitate the implementation of our strategic plan.

In 2014, we launched “Being Faurecia”, a major initiative introducing new values of entrepreneurship, autonomy and accountability to drive focus on performance and value creation. This initiative also aims at strengthening people management and talent development, thereby installing a new corporate culture in our Group.

Strategy

After a period of consolidation that saw rapid growth in new regions as well as optimisation of our cost base in Europe and selective cash allocation, we intend to pursue profitable growth and cash generation by:

- (i) taking advantage of our strategy of selective resource allocation;
- (ii) accelerating our Asian development;
- (iii) strengthening our profitability in North America;
- (iv) leveraging our global platforms; and
- (v) continuing to develop value-added technologies and maintaining leadership in all business groups.

Take advantage of our strategy of selective resource allocation

We intend to pursue our selective resource allocation strategy towards a balanced profitable business model by optimising our footprint, standardising our products and reducing our working capital requirements.

We intend to focus on further optimising our industrial footprint by committing over €50 million per year from 2016 onwards for restructuring expenses to continue to optimise our industrial footprint and increase the average size of our plants.

We also aim to continue standardising our products, production and procurement processes and to exercise more purchasing leverage across our various business groups. We intend to continue our allocation of resources to research and innovation expenses and capital expenditure for process standardisation.

We believe this strategy of selective resource allocation will enable us to achieve higher operating income with significant margin improvement and higher net cash flow.

The FAE Disposal represents an important step in balancing our business model. Faurecia Automotive Exteriors is focused primarily on Europe and is therefore exposed to European light vehicle production cycles. In addition, it is smaller than each of our core divisions and is more capital intensive. We believe that the FAE Disposal will enable us to accelerate our investment in higher value-added technologies within our core divisions and it will rebalance our geographical and customer portfolio. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Exteriors” and “Risk Factors—Risks Related to Our Operations—Our disposal of Faurecia Automotive Enterprises is subject to uncertainty”.

Accelerate our Asian development

The Asian market represents a significant source of growth potential and high profitability, particularly China with the development of a new business model. 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. In March 2015, we signed a broad partnership agreement with Dongfeng Motor Corporation, one of China’s largest automobile groups, to create joint-ventures with Dongfeng Hongtai, a majority-owned subsidiary of Dongfeng Motor Corporation.

These joint-ventures will supply Dongfeng Hongtai and its automotive partners for passenger and commercial vehicles and when fully deployed, will cover all of our businesses.

The first step of the joint-ventures covers the development, manufacturing and delivery of automotive interior and exterior components. The joint-ventures will develop, manufacture and provide these components to Dongfeng Peugeot Citroën Automobile's vehicle production plants in Wuhan (Hubei province) and in Chengdu (Sichuan province).

To support this strategic partnership, we plan to create a TechCenter and three plants. Located in Wuhan, the TechCenter will focus on developing programmes for the two joint-ventures. We will manufacture automotive interior components such as dashboard/consols, door panels, acoustic and soft trim parts will be manufactured in Wuhan, and we will manufacture exterior parts in a new manufacturing facility in Chengdu.

In China, certain cities (such as Beijing, in 2013 and 2015, and Shanghai, in 2014) and provinces (such as Guangdong, in 2015) have already introduced regulations which require fuel consumption and CO₂ emissions to be reduced for passenger and commercial vehicles. We intend to capture the growth of the commercial vehicle market with regard to emissions control technologies through the strong partnership our Faurecia Emissions Control Technologies business group has with Cummins, a world leader in medium to heavy duty on and off road diesel engines. We were also recently awarded a contract with a major Chinese engine manufacturers, Weichai and Yuchai. Major Chinese cities have also expressed an interest in our Ammonia Storage and Delivery System technology that reduces NO_x emissions. 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.

Strengthen our profitability in North America

Our strategy in North America has focused on returning to robust profitability. The United States is our largest single country market. For the year ended 31 December 2015, we increased our operating margin in North America from 1.7% to 3.9%, and our operating margin rose to 5.1% in the second half of 2015 compared to the second half of 2014 (in each case prior to the application of IFRS 5). Our new North American management appointed at the beginning of 2015 has been instrumental in allowing us to achieve a significant operational improvement, the stabilization of our industrial footprint and realizing the full benefit of the 17 new programmes (mainly for Faurecia Interior Systems) launched in 2014.

Leverage our global platforms

As the trend of automakers setting up global platforms for their different car models and different brands continues, we believe we will benefit from our global reach and customer proximity. We intend to pursue our strategy to leverage our global footprint by developing standard or generic products to be used by different automakers and ensuring all the competencies for production and R&D are established in the various regions in which we operate. Our seat mechanisms and frames are a global benchmark, with a market share of approximately 13% by value. The number of parts manufactured and their standardization make them robust and competitive, with lifetimes lasting beyond vehicle renewal cycles. We have developed R&D partnerships with automakers including Audi, Cummins, Ford, General Motors, Hyundai-Kia, Nissan and Volkswagen. We are currently pursuing over 70 co-innovation projects with more than 10 of our customers. We believe that few other "tier 1" suppliers have the worldwide reach and experience necessary to manage these global programmes.

Continue to develop value added technologies and maintain leadership in all business groups.

We will continue to accelerate technological development in all our business groups. We will focus on new functionality and richer product content in all our business groups.

We seek to develop technology which creates value for automakers and delivers tangible benefits to consumers. Our approach to technological development is informed by our "Driving well-being" strategy. Our Driving well-being strategy is designed to create well-being both for individuals, who expect improved performance, comfort, safety and connectivity and to create collective well-being by saving energy, improving air quality and minimizing environmental impact. These two goals are achieved through our adoption of "sustainable mobility" and "enhanced life on-board" programmes.

"Sustainable mobility" is our policy of focusing our research and development efforts on developing cleaner and lighter vehicles. It involves innovation in four areas: lightweight technologies, bio-materials, energy recovery and air quality.

“Enhanced life on-board” represents our focus on the driving and vehicle experience. We therefore develop technology which seeks to provide personalized comfort, perceived harmony, intuitive connectivity and all-round safety.

In November 2015, we formed a partnership with Stanford University’s Center for Design Research in order to study potential behavioral changes for users of autonomous vehicles.

In addition, we intend to introduce an energy recovery system from 2020 onwards that should enable a 10% fuel economy. In our Faurecia Interior Systems business group, we intend to focus on innovative high quality human machine interfaces with seamless integration in interiors and develop generic products such as retractable touch-screens, wireless charging, center stacks or smartphone docking stations. We intend to further invest in innovative aluminum, wood and synthetic decorations. This strategy will enable us to develop a global footprint for our aluminium products, complete decoration product line with wood and traditional trim parts and large surfaces with unique industrial technology. Our strategy extends to the development of bio-materials, including competitive bio-based polymer for injection to substitute oil-based materials. For example, our flax fiber reinforced composite sandwich (Flaxpreg™), is light and strong enough to be used for flooring and won a JEC Europe 2015 Innovation Award. We will pursue innovation through the use of internal R&D teams and by leveraging recent acquisitions and partnerships, which have recently provided us with new technologies and expertise, to achieve profitable growth.

History and Development

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

1914. At Levallois-Perret to the west of Paris, Bertrand Faure opens his first workshop, making seats for Paris trams and underground trains.

1929. Bertrand Faure acquires the patent for the Epeda process, enabling the company to fine-tune its seats for the automotive industry and develop a new product: the spring mattress. Both businesses meet with significant success after the Second World War. Bertrand Faure’s clients include Renault, Peugeot, Citroën, Talbot, Panhard-Levassor, Berliet and Simca.

1987. Cycles Peugeot and Aciers & Outillages Peugeot are merged to form Ecia (Équipements et Composants pour l’Industrie Automobile), the PSA Peugeot Citroën group’s specialist automotive equipment subsidiary. Ecia then undergoes ten years of substantial industrial and geographical expansion.

1997. Ecia 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.

1999. 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.

2000. We purchase Sommer Allibert. By financing this transaction, the PSA Peugeot Citroën group raises its stake in our company to 71.5%.

2002. We acquire a 49% stake in the South Korean catalytic converter maker Daeki Industrial, number 2 in its market.

2003. We follow up these acquisitions by buying the South Korean exhaust systems company Chang Heung Precision, which holds market share of over 20%.

2005. To strengthen our South Korean operations, we raise our stake in Daeki (specializing in exhaust systems for Hyundai) to 100%.

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 centre in India.

2010. We become the European leader in automotive exterior parts by acquiring the German activities of Plastal, and subsequently Plastal Spain. In addition, we acquire an 18.75% stake in Xuyang Group in China, which enables us to widen the range of products and services we provide.

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 Emissions Control Technologies business group enters into a joint-venture agreement with Suzhou PowerGreen Emission System Solution Co. Ltd, to jointly manufacture emissions control systems in Shanghai. Our Interior Systems 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 Automotive 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 Interior Systems business group enters into a joint-venture with Interval, a major French agricultural cooperative to develop the use of natural fibre-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 group in Mexico.

2015. On 14 December 2015, we entered into a Memorandum of Understanding for the sale of Faurecia Automotive Exteriors to Compagnie Plastic Omnium. We currently expect that the sale will be completed during 2016 but the sale remains subject to certain conditions, including filings with and approvals from antitrust authorities and the execution of a sale and purchase agreement. The sale of Faurecia Automotive Exteriors represents an important step in balancing our business model as it will enable us to accelerate our investment in higher value-added technologies within our remaining 3 divisions and it will rebalance our geographical and customer portfolio. For further information, see "Business—Our Company—Disposal of Faurecia Automotive Enterprises".

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, customisable and financially attractive products.

Since early 2010, our markets have experienced substantial growth, fuelled by a rebound of sales in Europe and North America, as well as robust growth in China and other emerging markets. We estimate that global light vehicle production increased by approximately 1.6% worldwide in 2015, with all regions of the world showing an increase, except in South America (source: IHS Automotive February 2016). Light vehicle production grew in Europe (3.8%) (excluding Russia, approximately 7.5%), remained buoyant in North America (2.7%) and continued to grow in Asia, where production increased by 2.1% (including an increase of approximately 5.4% in China). In contrast, production fell by an estimated 20.2% in South America (source: IHS Automotive February 2016). 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 2013, the European Commission adopted average CO₂ emission targets for the automotive industry in Europe of 95 grams per kilometre (equivalent to around 4.1 litres of petrol or 3.6 litres of diesel per 100 kilometres), by 2021, to be phased in from 2020. As the average level was estimated to be 124 grams in 2014, this target will lead automakers to drastically improve parameters such as vehicle weight. This objective 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, optimised 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 is 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. From 2014, we have supplied the world's first particulate filters for gasoline engines as standard equipment. For diesel engines, we expect that regulatory change will result in the widespread adoption of post-treatment in the exhaust system for such emissions by 2018. By mastering all aspects of the design and production of exhaust systems, we are able to provide systems integrating the most efficient pollutant and particulate treatment technologies.

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 fibre-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.

Attractiveness

Vehicles are becoming 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 standardisation 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.

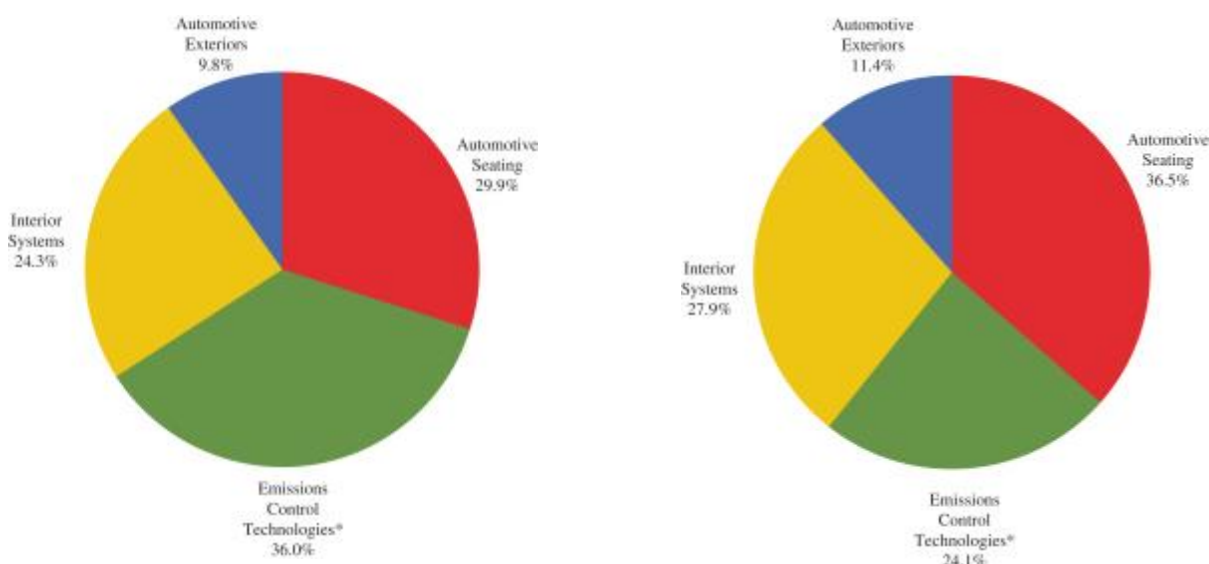
Products

We develop, manufacture and sell high-quality and highly-engineered products and we currently operate through 4 business groups: Faurecia Automotive Seating, Faurecia Emissions Control Technologies, Faurecia Interior Systems and Faurecia Automotive Exteriors. We have entered into a Memorandum of Understanding for the sale of Faurecia Automotive Exteriors, to Compagnie Plastic Omnium. For further information, see "Business—Our Company—Disposal of Faurecia Automotive Enterprises".

The following charts show our total sales and product sales in 2015 across our 4 current business groups:

Total Sales by Business Group
(2015, Total Sales = €20,691.9 million)

Product Sales by Business Group
(2015, Product Sales = €15,948.6 million)



* All monolith sales are recorded in the sales of the Faurecia Emissions Control Technologies business group.

Faurecia Automotive Seating

We estimate we are currently the world's number 1 supplier of seat frames and mechanisms and number 3 supplier of complete seats. We believe that in 2015 we had a 13% global market share by value for frames and mechanisms and 13% by value for complete seats.

We are a leader in the design, development and manufacture of seat systems, as well as seat products. 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 savvy that has won recognition from the largest automakers, we work alongside our customers to develop solutions that focus on safety, modularity, comfort and quality.

As seats play a critical role in the driver and passenger experience, we maintain a constant pace of innovation to provide automotive seating that is more efficient and inviting than ever, without compromising on safety.

The principal characteristics distinguishing our automotive seating products are the following:

Safety. The seat is what connects the drivers and passengers to the vehicle. In case of a crash, it plays a key role in driver and passenger safety by being firmly anchored to the floor and holding the body in place. We estimate that seats absorb around 80% of the pressure coming from a shock at the back, around 30% to 40% of the pressure coming from the front and, depending on automakers, around 30% to 80% of the pressure coming sideways.

Comfort. We draw on our expertise in foam and covers, adjustment mechanisms, runners, headrests and armrests to provide drivers and passengers with superior comfort. We develop new features (heating and massage functions, built-in screens for rear passengers) and make greater use of mechatronics to ensure that, among other advantages, seat adjustments can be customised to each user's needs and body type. We leverage advanced functions, in particular innovations in on-board electronics, to create added value. Our concept seats provide a glimpse of the ultra-premium seats of the future, in which technology delivers optimal personal comfort.

Quality. We design seats to deliver maximum quality and ensure that the level of finish is targeted towards each type of vehicle, creating optimised industrial products.

Modularity. We develop modular rear seating solutions that adapt the vehicle's interior to suit the number of passengers and the purpose of the journey.

Weight reduction. Seats account for approximately 6% to 10% of the vehicle's weight. As part of the "Light Attitude" weight reduction programme, we use high tensile steel, offering superior resistance, while reducing volume and weight. We use a laserbeam welding process that does not require additional materials that would otherwise increase the vehicle's weight. We

also have the requisite skills for incorporating biomaterials into seat foam and controlling the recycling process for certain materials used. For instance we developed an “e-pump”, our first power height adjustment mechanism, which is approximately 25% lighter than a conventional manual mechanism and saves an average of approximately 500 grams per seat. We developed a lightweight seat that has a 35% lighter front seat structure, around 30% more compact seat back and saves an average of up to 11 kilogrammes per car or 1.1 gram of CO₂ emission per kilometre.

Competitiveness. We estimate that seats account for around 5% of a vehicle’s total cost; as a result, they represent the second largest expense for automakers in terms of purchases from third party suppliers. Generic mechanisms and/or structures can be implemented in multiple vehicle models or segments thereby reducing costs. For instance, the front seat frame platforms developed and produced for Nissan, General Motors, Volkswagen and the PSA Peugeot Citroën group are being deployed worldwide. These new generations of generic seat frames can now be found in more than 50 different vehicle models.

Faurecia Emissions Control Technologies

We estimate we are currently the world’s number 1 supplier of exhaust systems and components. We believe that in 2015 we had a 27% market share by value (excluding monoliths, which are components containing precious metals used in catalytic converters for exhaust systems) for light vehicles.

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. Through constant innovation, we are mobilising our know-how to enhance the environment.

Environmental standards for managing and reducing pollutant emissions are becoming more stringent worldwide. Emerging markets are adopting established European standards. Against this backdrop, our added value for automakers is our ability to propose a comprehensive portfolio of forward-looking solutions with regard to emissions control as well as acoustic treatment, weight reduction and exhaust heat recovery.

We have defined key areas for innovation for our Faurecia Emissions Control Technologies business group:

Weight reduction. In terms of weight reduction, we are the market leader for valves used in cold-end exhaust components. Our self-adjusting “Adaptive Valve™” valve addresses the growing market demand for lighter-weight vehicles: by cutting muffler size in half, it provides significant savings in exhaust system weight. Similarly, the use of brazing in the welding process reduces the thickness of each component, which not only yields substantial weight reduction but also enhances the exhaust system’s quality and durability.

Pollutant emissions control. With regard to emissions reduction, we have developed the Blue Box Selective Catalytic Reduction (SCR) solution. Due to this innovation, the SCR converter can be placed as close as possible to the engine, for more efficient recovery of nitrogen oxide emissions. To respond to the needs of diesel trucks, we have developed the ActiveClean® Thermal Enhancer™, which reduces diesel fuel needs to regenerate catalytic converters and particulate filters. This device consists of a small combustion chamber where precisely measured quantities of diesel fuel are injected and burned in an optimised manner when not enough natural exhaust heat is available for regeneration and efficient catalytic operations. ActiveClean® operates at 80 to 90% efficiency, requiring much less extra fuel than conventional diesel heating methods. Another approach to supporting Diesel Particulate Filter regeneration is the diesel fuel vaporizer, a technology in which we have become the world leader.

Energy recovery. We developed the Exhaust Heat Recovery Manifold (EHRM). This technology captures heat of the exhaust to warm the interior more quickly than a conventional set-up, reducing fuel consumption and pollutant emissions. This technology can reduce the amount of time that the engine must run to sufficiently heat the interior by up to 50%. The reduced running time for the engine leads to improved fuel economy and lower emissions. The Thermoelectric Generator (TEG), a device currently under development, will convert part of the otherwise lost heat from exhaust gases into electricity to power vehicle systems. This additional electricity can reduce the demands on the alternator, resulting in less fuel use and therefore a lower level of vehicle emissions.

Faurecia Interior Systems

We estimate we are currently the world's number 2 supplier of automotive interior systems. We believe that in 2015 we had a 14% global market share by value of interior systems.

We develop and produce instrument panels and centre consoles, cockpits, door panels and modules, acoustic products and modules and decorative components (such as paint, film, wood and aluminium).

Cars are increasingly regarded as a living space. Their users want an interior that is a reflection of themselves. They are looking for customised comfort and style that let everyone enjoy a unique road and driving experience. We rely on our in-house expertise to supply quality products with a solid cost-performance ratio to every market segment. In particular, we draw on our specialised know-how in cut-and-sew techniques, applied to genuine leather as well as polyurethane or PVC-based thermoplastics.

In terms of decoration, from the instrument panel to the door panels and centre console, we can customize nearly every surface that contributes to the visual ambiance of the vehicle interior. Interior decoration and quality have become priorities for automakers, and we use a wide array of materials (wood, skins, leather, textiles, brushed or polished aluminium) and technology to create a full range of interior environments for every market segment.

Doors. We are a leading global supplier of door panels and modules. We offer our customers highly integrated door modules that contain all the door's main functions. These modules comprise the door panel and all the mechanical components, such as locks and window-lifts, as well as the electric/electronic functions and connectivity. Modular solutions reduce costs for automakers and also allow them to manufacture lighter cars and accelerate their production processes. We use a full range of synthetic and natural materials, including wood fibers, natural fibers and thermoplastic composites. The door plays a critical role in protecting drivers and passengers in the event of a frontal or lateral impact. We leverage our expertise in safety and material behaviour to design unique solutions implementing energy-absorbing structures.

Acoustic Modules. We are rated among the top suppliers of acoustic modules in Europe. Acoustics plays a key role in vehicle comfort. We strive to optimise the trade-off between noise absorption, insulation and material diversity, which represents one of our key strengths in this particular field. We develop and produce acoustic modules that can be mounted directly on the assembly line, such as the parcel shelf, which contains speakers, brake lights, a rear-seat locking system and seatbelt retractors.

We produce coverings and insulators, designed to soundproof the vehicle's interior (floor carpets and dash insulators), the trunk (parcel shelves, side trims and trunk floor carpets) and engine compartment (hood insulators and absorbers).

We offer our customers acoustic solutions that ensure optimal vehicle quality, cost and weight, with some of the most sophisticated acoustic analysis and simulation tools in the world. These solutions include the Light Weight Concept inner dashboard insulator found in the Peugeot 208, for which we were rewarded by an innovation award from the PSA Peugeot-Citroën group in 2012.

Cockpit modules. The main three parts of the cockpit are the instrument panel, the centre console, and the cross-car beam. We are a global leader in designing and producing instrument panels and centre consoles. We can draw on our extensive experience to deliver high-quality products featuring an excellent cost/performance ratio for all market segments. As a world leader in cockpits through SAS, our joint-venture with Continental, we have developed a unique expertise in providing automakers with high quality, cost-effective instrument panels in all market segments, combining our modules with Continental's electronics.

Instrument Panel. The overall quality impression of the cockpit is provided by the instrument panel so our engineers focus on quality and decoration while optimizing the cost/quality ratio.

Centre Console. The centre console has become an increasingly complex part. Its design in terms of ergonomics, comfort and quality plays a major role in the car interior. We have developed several innovative console features, such as movable consoles or storage areas combined with adjustable armrests.

Cross -Car Beam. The cross-car beam is the basic backbone of the cockpit to which other components are attached. The cross-car beam of most vehicles is constructed of metal and requires a large number of welds. We are resolving this issue by applying cold metal transfer welding techniques to the cross-car beam as a means of saving weight through a reduced wall thickness. We achieve this by creating a lighter-weight hybrid cross-car beam that combines steel with glass-fibre-filled

thermoplastics for reduced weight, noise and vibration while meeting the toughest safety standards at an affordable cost. We also achieve this by developing a composite cross-car beam, fabricated from nylons, carbon fibre and/or glass fibre. We intend to start mass production of the full composite cross-car beam in 2020.

Electronic technologies. Through SAS, our joint-venture with Continental, we supply turnkey cockpits featuring the latest electronic technologies. We optimise the vehicle architecture and simplify automakers’ assembly lines and supply chain management systems.

When designing and developing our products, we use powerful simulation and virtual reality tools, which allows us to shorten the development cycles, propose multiple variants to our customers and enable thorough testing.

We are developing and integrating renewable, bio-based materials as part of a long-term campaign to produce lighter components. For example, one of our technologies combines natural hemp fibres with a polypropylene resin to yield a 25% weight reduction over glass-reinforced polypropylene. Another example relates to a fibre glass composite floor that is 16.5 kilogrammes lighter than a conventional steel floor, reducing emissions of CO₂ by 1.65 grams per kilometre.

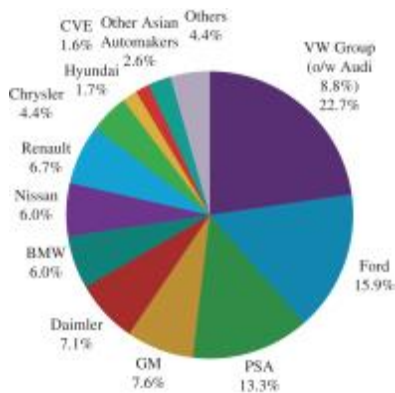
Faurecia Automotive Exteriors

We manufacture painted exterior body parts (including bumpers, tailgates, fenders and spoilers), composite parts (including fenders, roofs and doors, as well as semi structural and structural parts) and front end modules (including structural front ends and fan units). On 14 December 2015, we entered into a Memorandum of Understanding for the sale of our Automotive Exteriors business worldwide to Compagnie Plastic Omnium. For further information, see “Summary—Recent Developments—Disposal of Faurecia Automotive Enterprises”.

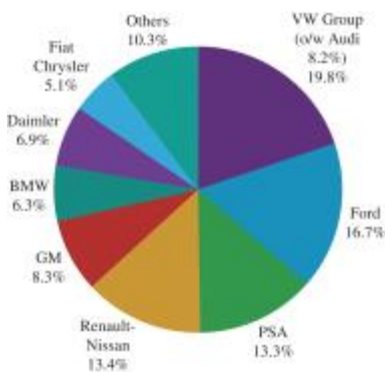
Customers

Our customer portfolio includes nearly every large automakers in the world, including automakers in emerging economies, such as Brazil and China. Volkswagen, Ford, the PSA Peugeot Citroën group, the Renault-Nissan group and General Motors each accounted for more than €1.0 billion in total sales in 2015. The table below shows 2015 product sales for each of the following customers:

**Product sales by customer
(2015, before application of IFRS 5)**



**Product sales by customer
(2015, after application of IFRS 5)**



We are successfully developing and implementing customer vehicle production programmes on a global scale. At the end of 2015, we had 610 customer programmes 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 standardised 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.

In 2015, Faurecia production sites received numerous awards from customers.

Regarding Faurecia Automotive Seating:

- Sielest (France) received a Best Factory award from PSA;
- Escobar (Argentina) received a Best Factory trophy from PSA;
- Changchun (China) has received a Supplier Quality Excellence Award from FAW-Volkswagen;
- Wuhan (China) General Manager received a Special Award from Dongfeng Peugeot Citroen Automotive and Supplier Quality Excellence Award from Dongfeng-Renault;
- Anting (China) received a QSB Process Outstanding Award (Top 5) from SAIC-GM; and
- Wuxi (China) received an Excellent Supplier Award for Quality / Delivery from BYD and a Best Supplier Award for Quality / Delivery from Hongli Zhixing Hebei.

Regarding Faurecia Automotive Exteriors:

- Audincourt (France) received a Best Factory Award from PSA.

Regarding Faurecia Emissions Control Technologies:

The Business Group as a whole received a Supplier Relationship Award from Fiat / Chrysler. In addition to this:

- the Wuhan (China) has received several awards:
 - 2015 Wuhan Branch Excellence Quality Award from Shanghai GM;
 - Quality announcement to Supplier full score 100 for six successive months from Dongfeng Peugeot Citroën Automobile (DPCA);
 - General Manager's Special Award from DPCA;
- Chongqing (China) received the 2015 Top Supplier Award from Ford Changan;
- Anting (China) received several awards:
 - TOP 10 Best Supplier Award from Shanghai GM;
 - Supplier of the year from GM;
 - Excellent Supplier from Shanghai GM Dongyue;
 - Excellent Supplier Award from Shanghai VW;
- Changchun (China) has received two awards:
 - Benchmark Supplier from FAW VW;
 - TOP 10 Best Supplier Award from FAW;
- Beilun (China) received the Excellent Supplier Award from Geely;
- Nanjing (China) received The Best Quality Supplier award from SAIC Nanjing; and
- Bangalore (India) received the Quality Award (zero ppm) from Toyota.

Regarding the Faurecia Interior Systems:

- Ourense and Porrino (Spain), and Méru (France) received a Best Factory award from PSA; and
- Foshan (China) received the 2015 FAW-VW South Region Excellent Supplier Quality Award from FAW-VW.

The quality of our products is widely acknowledged among automakers. We ensure the quality of our products by our Faurecia Excellence System, a rigorous set of project management procedures and methodologies, and by the expertise of our nearly 6,150 engineers and technicians who design products and develop technological solutions.

Competition

Based on 2014 sales figures, we are the seventh leading automotive parts supplier worldwide (source: Automotive News, June 2015). 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.

Faurecia Automotive Seating: Our main competitors are JCI, Lear, Magna and Brose.

Faurecia Emissions Control Technologies: Our main competitors are Tenneco, Eberspächer, Boysen, Benteler and Keiretsu/Chaebol competitors such as Calsonic Kansei and Sejong.

Faurecia Interior Systems: Our main competitors are Yanfeng (which acquired JCI Interiors), IAC, Grupo Antolin (which acquired Magna Interiors), Reydel (ex-Visteon), Inteva, Dräxlmaier and Keiretsu/Chaebol competitors such as Calsonic Kansei and Mobis.

Manufacturing

With approximately 300 plants and R&D centres in 34 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.

Two thirds of our plants producing components are specifically located near our customers' plants in order to streamline industrial and supply chain costs. 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 programmes and utilisation rates are dependant on the activity level of the customers.

Most of our property, plants and equipment is comprised of machinery, specific tooling and new plant 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.

Suppliers

We use a large number of suppliers based in different countries for our raw materials and basic parts. In 2015, out of a total of approximately €9,727 million in purchases from approximately 5,400 suppliers, our ten largest suppliers for each of our four business groups together accounted for 28% of our purchases, which represented 15% of our sales. We closely monitor the quality and reliability of our suppliers' production operations.

Quality

We measure our quality performance as the average half-yearly rate of customer rejections per million parts delivered (ppm). For the six months ended 31 December 2015, this indicator showed a record 10 defective parts per million parts delivered.

Our culture of quality has been reinforced via major initiatives: Quick Response Continuous Improvement (QRCI) and Faurecia Excellence System (FES) audits. QRCI is a management approach 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. It is applied company-wide, from production line operators to workshop and site managers, as well as in project development teams and development centres. FES audits allow to accurately monitor the progress of our plants and to adjust processes where needed, which allows the plants concerned to quickly achieve progress towards meeting our quality requirements.

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 globalisation 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, customisable and financially attractive product ranges.

In 2015, we employed nearly 6,150 engineers and technicians based in 30 centres spread across our three main geographic areas: Europe, America and Asia. We opened a new R&D centre in Shanghai and also have one in Brazil and the United States. R&D expenses accounted for €924.3 million of total expenses in 2015, representing 4.9% of our revenue, of which we dedicated approximately €105 million specifically to innovation (in each case after the application of IFRS 5). 489 patents were filed in 2015.

Starting in 2013, we focused our innovation efforts on the following five objectives: fuel consumption reduction, environmental performance, use of renewable materials, attractiveness and competitiveness. The overall performance of research and innovation is based on two key drivers: a systems approach and optimised product and process design.

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 Supélec and ESIGELEC (France).

We also reinforced our expertise in the optimisation of assembly lines and logistics through the creation of an industrial chair with École Centrale de Paris (ECP, France) and the Technische Universität München (TUM, Germany).

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 standardisation 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 composites with École Centrale de Nantes (France), of processing methods for metal materials with the Technische Universität Dortmund (TUD, Germany), as well as a new chair in polymer chemistry and renewable materials with the University of Freiburg (FMF) and Süddeutsche Kunststoff-Zentrum (SKZ) Würzburg are part of this process.

Marketing

We sell directly to our existing customers or to other automotive equipment makers that sell directly to their own customers. For instance, we provide the so-called “CMF-1” seat structure platform, which is fitted in many Renault and Nissan car models. We may sell the seat structure platform directly to Renault or Nissan if we are responsible for the complete seat assembly, or to other auto equipment suppliers if they are responsible.

Our sales terms comprise predominantly open deliveries, as well as agreed contract conditions which can be framework agreements, single-year or multi-year contracts. As we have business locations all over the world, sales channels, sales

conditions and terms of sales are different in each country, depending on the respective economic and financial situation as well as national custom.

Intellectual Property

In order to ensure that new and existing products, proprietary know-how and production processes are not compromised, we maintain issued and pending patents and other intellectual property, including trademarks relating to our business in France and other countries. Technological development and innovation are among our priorities and we filed 489 patents in 2015. These patents relate to products, materials, and manufacturing processes, demonstrating the efforts made by us to optimise the entire product value chain.

While our patent portfolio and other intellectual property rights including trademarks 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 CO₂ emissions by approximately 8-10g per kilometre 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. Through our Faurecia Emissions Control Technologies Business Group, we also make a significant contribution to lowering CO₂ emissions and reducing noise pollution.

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).

Product approach

From product design to the technical expertise we provide to automakers, our process spans six areas:

- reducing the weight of our components;
- reducing the space taken up by products, which helps to reduce vehicle size without affecting vehicle performance or capacity (or achieving more space for vehicles of equal size);
- recycling, including anticipation of the end-of-life phase, optimization of production waste recovery and the use of recycled materials;
- increasing the use of bio-sourced materials;
- reviewing and enhancing environmental performance based on life cycle analysis; and
- lowering emissions of greenhouse gas and other pollutants.

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 offer an increasing number of recycled plastic parts. In our Faurecia Automotive Seating, Interiors Systems and Automotive Exteriors business groups, depending on the type and category of vehicle, various components are now partly

made of recycled materials, the quality of which is certified from the development stage of the programmes. Taking all these components together, recycled plastics, for instance, can now account for 15-20% of the materials comprising the seats manufactured by us.

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 2015. Liability insurance covers operating liability and product liability after delivery, including the risk of product recall.

Employees

Our total number of employees, including Faurecia Automotive Exteriors, increased by 3,588, or 3.6%, to approximately 103,000 as at 31 December 2015, compared to 2014.

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

	2015				2014				Variation
	Operators and workers	Technicians, foremen and administrative staff	Managers and professionals	Total	Operators and workers	Technicians, foremen and administrative staff	Managers and professionals	Total	
Europe.....	30,810	7,509	8,795	47,114	29,805	7,453	8,282	45,540	3.5%
North America.....	13,372	1,318	3,877	18,567	12,815	1,307	3,714	17,836	4.1%
South America.....	3,020	1,115	594	4,729	3,332	1,169	621	5,122	(7.7)%
Asia.....	4,944	1,102	3,938	9,984	4,532	1,079	3,549	9,160	9.0%
Other	3,664	573	587	4,824	3,577	611	536	4,724	2.1%
Total	55,810	11,617	17,791	85,218	54,061	11,619	16,702	82,382	3.4%

The proportion of employees employed under indefinite term contracts (as opposed to employees on fixed term contracts) decreased slightly from 91.9% in 2014 to 91.2% in 2015.

Our employees benefit from stock option programmes, 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 employees, we employed 17,651 total temporary employees throughout all of our sites. The proportion of temporary staff rose from 17.0% in 2014 to 17.2% in 2015.

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 emission control systems on the basis of suspicions of anti-competitive practices in this segment. We are one of the companies subject to these enquiries. These enquiries are on-going. In the event anti-competitive practices are proven, possible sanctions include

finances, criminal charges or civil damages. We are at present unable to predict the consequences of such inquiries including the level of fines or sanctions that could be imposed.

On 18 December 2014, the sanctions commission of the French financial markets authority (the *Autorité des marchés financiers* (“**AMF**”)), considered that Faurecia S.A. and Yann Delabrière, our Chief Executive Officer, failed to comply with their duties as defined by articles 223-1, 223-2 and 223-10-1 of the general rules of the AMF with regard to the disclosure of some information relating to our targets for our 2012 financial year. On the basis of articles L. 621-15 (II (c) and III (c)) of the monetary and financial code, a fine of €2 million and of €100,000 were imposed against us and Yann Delabrière, our Chief Executive Officer, respectively. With the full support of our board, on 26 February 2015, we and Yann Delabrière appealed this decision before the Paris court of appeal, which will judge the evidence submitted by us and Yann Delabrière. We and Yann Delabrière deny any merit to this claim.

Except as otherwise disclosed in this document, we are not or have not in the previous 12 months been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the recent past, a significant impact on our financial position or profitability.

MANAGEMENT

We are a public limited liability company (*société anonyme à conseil d'administration*) with a Board of Directors. The business address of our Board of Directors is 2 rue Hennape, 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 organisation. 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. The term of office has been four years since the General Meeting of 27 May 2015 and our Board of Directors has been composed of thirteen members since the General Meeting of 23 May 2012.

Members of the Board of Directors

The Board of Directors currently consists of thirteen 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**”): Éric Bourdais de Charbonnière, Jean-Pierre Clamadieu, Lee Gardner, Linda Hasenfratz, Hans-Georg Härter, Ross McInnes, Amparo Moraleda and Bernadette Spinoy.

Four 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, Thierry Peugeot and Carlos Tavares. Yann Delabrière has been our Chairman and Chief Executive Officer since 16 February 2007.

Name	Age	Position	Initially Appointed	Date of Reappointment
Mr. Yann Delabrière	65	Chairman and CEO	16 February 2007	23 May 2012
Mr. Éric Bourdais de Charbonnière	76	Director	8 February 2010	27 May 2012
Mr. Jean-Baptiste Chasseloup de Chatillon	50	Director	23 May 2012	—
Mr. Jean-Pierre Clamadieu	57	Director	29 May 2007	23 May 2012
Mr. Lee Gardner	68	Director	8 February 2010	27 May 2015
Mr. Hans-Georg Härter.....	70	Director	26 May 2010	27 May 2015
Ms. Linda Hasenfratz.....	49	Director	26 May 2011	—
Mr. Ross McInnes.....	61	Director	29 May 2007	23 May 2012
Ms. Amparo Moraleda.....	51	Director	23 May 2012	—
Mr. Robert Peugeot.....	65	Director	29 May 2007	23 May 2012
Mr. Thierry Peugeot.....	58	Director	17 April 2003	26 May 2011
Ms. Bernadette Spinoy.....	53	Director	27 May 2014	—
Mr. Carlos Tavares	57	Director	27 May 2014	—

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 no employee-elected or 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. The only directors with a family connection are Thierry Peugeot

and Robert Peugeot. There are no other family relationships between members of the Board of Directors or corporate officers.

Yann Delabrière—Chairman of the Board of Directors. Yann Delabrière, 65, has been the Chairman of our Board of Directors and Chief Executive Officer since 16 February 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2017. Yann Delabrière has been a director since 18 November 1996. He occupied various positions within the finance departments of major manufacturing groups before joining the PSA Peugeot Citroën group in 1990 where he held the position of Chief Financial Officer and member of the Executive Committee from 1998 to 2007.

Éric Bourdais de Charbonnière. Éric Bourdais de Charbonnière, 76, has been a member of our Board of Directors since 8 February 2010. His term of office will expire at the Annual Shareholder's Meeting to be held in 2019. Éric Bourdais de Charbonnière joined JP Morgan in 1965 and went on to hold various positions in the bank. From 1987 to 1990 he was the Executive Vice-President, Head of Europe. In 1990, he joined Michelin as Chief Financial Officer, and later became member of our Executive Committee. He was Chairman of the Supervisory Board from September 2000 until 17 May 2013.

Jean-Baptiste Chasseloup de Chatillon. Jean-Baptiste Chasseloup de Chatillon, 50, has been a member of our Board of Directors since 23 May 2012. His term of office will expire at the Annual Shareholders' Meeting to be held in 2017. He has held several financial and sales positions within the PSA Peugeot Citroën group since 1989, and is currently the Chief Financial Officer of the PSA Peugeot Citroën group and a member of the Management Board of Peugeot S.A.

Jean-Pierre Clamadieu. Jean-Pierre Clamadieu, 57, has been a member of our Board of Directors since 29 May 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2017. Jean-Pierre Clamadieu was appointed Chief Executive Officer of Rhodia in October 2003 and served as Chairman and Chief Executive Officer between March 2008 and October 2011. He previously held various divisional executive positions, and has been the Chief Executive Officer of Solvay since 8 May 2012. He currently also serves as Chairman of the Executive Committee of Solvay.

Lee Gardner. Lee Gardner, 68, has been a member of our Board of Directors since 8 February 2010. His term of office will expire at the Annual Shareholders' Meeting to be held in 2019. Lee Gardner is currently general director of OEP Capital Advisors, L.P., which he joined in 2001. In 2008, he became Chairman and Chief Executive Officer of Emcon Technologies, a position he relinquished further to the merger of this company with us in February 2010. He is currently a Partner and Managing Director of One Equity Partners.

Hans-Georg Härter. Mr. Hans-Georg Härter, 70, has been a member of our Board of Directors since 26 May 2010. His term of office will expire at the Annual Shareholders' Meeting to be held in 2019. Mr. Härter spent his whole career within the ZF Group, which he joined in 1973, and held the position of CEO of ZF Friedrichshafen AG between January 2007 and May 2012, when he retired.

Linda Hasenfratz. Linda Hasenfratz, 49, has been a member of our Board of Directors since 26 May 2011. Her term of office will expire at the Annual Shareholders' Meeting to be held in 2016. Linda Hasenfratz is Chief Executive Officer of Linamar Corporation since August 2002. She had been President of Linamar Corporation from April 1999 to August 2004. From September 1997 to September 1999 Ms. Hasenfratz was also Chief Operating Officer of the Company. Ms. Hasenfratz has been a director of Linamar Corporation since 1998.

Ross McInnes. Ross McInnes, 61, has been a member of our Board of Directors since 29 May 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2017. Ross McInnes held the position of Chief Financial Officer of Eridania Beghin-Say from 1991 to 2000, and became a director in 1999. He joined Thomson-CSF (Thales) in 2000 as Senior Vice-President and Chief Financial Officer before joining the PPR group in 2005 as Senior Vice-President Finance and Strategy. From 2007 to 2009 he held the position of Vice Chairman of Macquarie Capital Europe. In 2009, Ross McInnes joined the Safran group as Advisor to the Chairman of the Management Board and was appointed Chief Operating Officer responsible for Economic and Financial Affairs. He was a member of the Executive Board from July 2009 to April 2011. In April 2011, he was appointed Deputy Managing Director responsible for Economic and Financial Affairs. In April 2015, Ross McInnes was appointed Chairman of the Board of Safran.

Amparo Moraleda. Amparo Moraleda, 51, has been a member of our Board of Directors since 23 May 2012. Her term of office will expire at the Annual Shareholders' Meeting to be held in 2017. Amparo Moraleda was the Chief Operating Officer at Iberdrola S.A. International Division between January 2009 and February 2012. Between 1998 and 2008, she held various positions at the IBM group, including General Manager of IBM Spain and Portugal, from June 2001 to June 2005, and General Manager of IBM for Spain, Portugal, Greece, Israel and Turkey, from June 2005 to December 2008.

Robert Peugeot. Robert Peugeot, 65, has been a member of our Board of Directors since 29 May 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2017. Robert Peugeot is a member of the Supervisory Board of Peugeot S.A. He has held a number of executive positions, primarily in the PSA Peugeot Citroën group. He was previously a member of the Executive Committee of PSA Peugeot Citroën group and held the position of Vice-President, Innovation and Quality between 1998 and 2007. He has also been Chairman and Chief Executive Officer of FFP since 2003.

Thierry Peugeot. Thierry Peugeot, 58, has been a member of our Board of Directors since 17 April 2003. His term of office will expire at the Annual Shareholders' Meeting to be held in 2016. Thierry Peugeot previously held executive positions within the PSA Peugeot Citroën group in Europe and South America.

Bernadette Spinoy. Bernadette Spinoy, 53, has been a member of our Board of Directors since 27 May 2014. Her term of office will expire at the Annual Shareholders' Meeting to be held in 2019. Bernadette Spinoy began her career in 1985 with the Belgian PetroFina Group. Since 1999, she has held various positions with the Total Group in the areas of supply and refining of petroleum products, logistics and marketing of natural gas, strategy and petrochemicals with the Total Group. She is currently director of industrial safety of the Total Group.

Carlos Tavares. Carlos Tavares, 57, has been a member of our Board of Directors since 27 May 2014. His term of office will expire at the Annual Shareholders' Meeting to be held in 2019. Carlos Tavares held various senior positions in the Renault Group between 1981 and 2004 before joining the Nissan Group. After being Operations Manager for Nissan in the Americas, he was appointed Chief Operations Officer by the Renault Group from 2011 to 2013. He became a member of the Managing Board of Peugeot S.A. on 1 January 2014 and was named Chairman of the Managing Board on 31 March 2014.

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 2014. 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 the Board meeting on 8 September 2006 and confirmed by the Board meeting on 16 February 2007, the positions of our Chairman and Chief Executive Officer have been combined.

Committees of the Board of Directors

The Audit Committee

The Audit Committee assists the Board on matters related to compiling and checking accounting and financial information. It is tasked with preparing Board meetings to review half-year and annual financial statements and providing input to assist with Board decisions. Members of the Audit Committee must be members of Faurecia's Board of Directors.

The Audit Committee consists of four members with financial or accounting experience and expertise: Ross McInnes (Chairman), Eric Bourdais de Charbonnière, Jean-Baptiste Chasseloup de Chatillon and Bernadette Spinoy.

Strategy Committee

Since 2009, the Strategy Committee has been providing proposals, opinions and recommendations on key aspects of Faurecia's strategy ahead of decisions taken by the Board of Directors. It reviews strategic growth opportunities for the

Faurecia Group, such as the plan to acquire the Ford/ACH automotive interiors business in Saline, Michigan, in 2012. It also reviews medium and long-term plans for disposals and acquisitions, along with the Group's financing strategy.

The Strategy Committee consists of five members (including two independent directors): Carlos Tavares (Chairman), Yann Delabrière, Lee Gardner, Hans-Georg Härter and Thierry Peugeot.

Appointments and Compensation Committee

The Appointments and Compensation Committee is tasked with selecting and appointing new directors, providing input on compensation received by corporate officers and making recommendations on corporate governance. It also closely monitors the management structure of the Faurecia Group.

The Appointments and Compensation Committee consists of four members (including three independent directors and no executive director, in accordance with the AFEP-MEDEF Code, the corporate governance code for listed companies in France published jointly by French business groups *Française des Entreprises Privées* and *Mouvement des Entreprises de France*): Jean-Pierre Clamadieu (Chairman), Linda Hasenfratz, Amparo Moraleda and Robert Peugeot.

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 Chairman and 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. Yann Delabrière	Chairman and CEO	2007
Mr. Patrick Koller	Chief Operating Officer	2006
Mr. Niklas Braun	Executive Vice-President, Faurecia Automotive Exteriors	2014
Mr. Michel Favre	Executive Vice-President, Group Chief Financial Officer	2013
Mr. Hervé Guyot	Executive Vice-President, Strategy	2012
Mr. Mark Stidham	Executive Vice-President, North America	2003
Ms. Kate Philipps	Executive Vice-President, Faurecia Communication	2012
Mr. Jean-Michel Renaudie	Executive Vice-President, Faurecia Interior Systems	2002
Mr. Christophe Schmitt	Executive Vice-President, Faurecia Emissions Control Technologies	2006
Mr. Jean-Pierre Sounillac	Executive Vice-President, Human Resources	2004
Mr Hagen Wiesner	Executive Vice-President, Faurecia Automotive Seating	2006

Yann Delabrière—Chairman of the Board of Directors and CEO. Yann Delabrière, 65, has been our Chairman and Chief Executive Officer of our Board of Directors since 16 February 2007. His term of office will expire at the Annual Shareholders' Meeting to be held in 2017. Yann Delabrière has been a director since 18 November 1996. He occupied various positions within the finance departments of major manufacturing groups before joining the PSA Peugeot Citroën group in 1990 where he held the position of Chief Financial Officer and member of the Executive Committee from 1998 to 2007.

Patrick Koller—Chief Operating Officer. Patrick Koller has been our deputy Chief Executive Officer and Chief Operating Officer since 2 February 2015. He held various managerial positions at Rhodia and Valeo before joining us in 2006.

Niklas Braun—Executive Vice-President, Faurecia Automotive Exteriors. Niklas Braun has been our Executive Vice-President for Faurecia Automotive Exteriors since 2014. He held various managerial positions at Rehau before joining us.

Michel Favre—Executive Vice-President, Group Chief Financial Officer. Michel Favre has been our Executive Group Chief Financial Officer since 2013. He held various managerial positions at Rexel, Casino and Altadis before joining us in 2013.

Hervé Guyot—Executive Vice-President, Strategy. Hervé Guyot is Executive Vice-President for Strategy. He held various managerial positions at Fonds Stratégique d'Investissement, Fonds de Modernisation des Equipementiers Automobile and the PSA Peugeot Citroën group before joining us.

Mark Stidham—Executive Vice-President, North America. Mark Stidham has been appointed Executive Vice-President for North America in March 2015. He was previously VP North America for Faurecia Emissions Control Technologies.

Kate Philipps—Executive Vice-President, Faurecia Communication. Kate Philipps has been Executive Vice-President for Faurecia Communication since 2012. She held various managerial positions at Essilor, Valeo and Schlumberger Smart Cards and Terminals Division before joining us.

Jean-Michel Renaudie—Executive Vice-President, Faurecia Interior Systems. Jean-Michel Renaudie has been Executive Vice-President for Faurecia Interior Systems since 2013. He held various managerial positions at Faurecia before becoming Executive Vice-President for Faurecia Interior Systems.

Christophe Schmitt—Executive Vice-President, Emissions Control Technologies. Christophe Schmitt has been Executive Vice-President for Faurecia Emissions Control Technologies since 2013. He held various managerial positions at Faurecia before becoming Executive Vice-President for Faurecia Emissions Control Technologies.

Jean-Pierre Sounillac—Executive Vice-President, Human Resources. Jean-Pierre Sounillac has been Executive Vice-President for Human Resources since 2004. He held various positions in human resources at Alstom and Faurecia before becoming Executive Vice-President for human resources.

Hagen Wiesner—Executive Vice-President, Faurecia Automotive Seating. Hagen Wiesner has been Executive Vice-President for Faurecia Automotive Seating since 2015. He held various managerial positions at Edscha AG and Faurecia before becoming Executive Vice-President for Faurecia Automotive Seating.

Senior Management

Each of our three core businesses is organised into geographic divisions—Europe (divided when appropriate into Northern and Southern Europe), North America, South America, and Asia—which manage operations in their region and also coordinate operations with customers headquartered in their region.

The three businesses also have central staff that handle the main operating functions (sales and marketing, programmes, manufacturing support, purchasing, human relations and finance). These functions are also managed within the geographic divisions by equivalent teams. Additionally, some specialised areas are managed by worldwide product lines within the four businesses, such as seat mechanisms, acoustic treatments and interior decorative trim.

Our Senior Management consists of all the aforementioned management teams along with the Executive Committee and the key headquarters managers of the manufacturing and quality staff, the human relations department and the financial department.

Our Senior Management as at 31 December 2015 included 321 members. This is our operational management, responsible for our operations, growth and performance. As such, the members of our Senior Management receive variable bonuses which are performance based.

In June 2010, we implemented a share grant plan for executives of our subsidiaries. These shares are subject to service and performance conditions. The fair value of this plan has been measured by reference to the market price of our shares at the grant date, less an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and an amount reflecting the cost of the shares being subject to a lock-up period. The corresponding expense will be deferred and recognised over the share vesting period. The amount recognised in 2015 is an expense of €9.9 million, compared to €6.0 million in 2014.

Date of shareholders' meeting	Date of Board Meeting	Maximum number of free shares that can be granted* for		Performance condition
		reaching the objective	exceeding the objective	
30 May 2013	24 July 2013	852,000	1,107,600	2015 pre-tax income target as stated in strategic plan when granted and earning per share of Faurecia compared to a reference group of companies
30 May 2013	28 July 2014	718,350	933,855	2016 pre-tax income target as stated in strategic plan when granted and earning per share of Faurecia compared to a reference group of companies
27 May 2015	23 July 2015	668,249	868,631	2017 pre-tax income target as stated in strategic plan when granted and earning per share of Faurecia compared to a reference group of companies

* Net of free shares granted cancelled.

Following the achievement of the performance condition for the first plan (Board meeting of 23 June 2010), 478,400 shares have been attributed in previous years and 226,200 in 2014.

Compensation of the Board of Directors and the Executive Committee

Total compensation for 2015 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at 31 December 2015 amounted to €9,258,730, including directors' fees of €413,200, compared with the year-earlier figures of €7,379,663 and €396,359, respectively. The compensation of the Executive Committee includes a variable bonus. Performing on target can result in a bonus worth 50% of base salary. Should targets be exceeded, this percentage can rise to 100% of the base salary through performance based bonuses.

If the employment contract of an Executive Committee member is terminated, he or she may receive contractual severance pay of up to 12 months compensation, depending on his or her position. This amount is not payable in the event of gross or wilful misconduct.

PRINCIPAL SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Principal Shareholders

As at 31 December 2015, our share capital amounted to €960,349,446 divided into 137,192,778 fully paid-up shares with a par value of €7, all in the same class. These shares represent 201,316,041 exercisable voting rights and 188,084,044 exercisable voting rights.

Our ownership structure and voting rights as at 31 December 2015 were as follows:

Shareholder	Shares Owned	Per cent of shares outstanding	Theoretical voting rights	Exercisable voting rights	Per cent of voting rights
Peugeot S.A.	63,960,006	46.62%	127,277,956	127,277,956	63.22%
Faurecia Actionnariat corporate mutual fund	329,685	0.24%	631,353	631,353	0.31%
Board members	78,966	0.06%	124,207	124,207	0.06%
Treasury stock(*)	21,888	0.02%	21,888	21,888	—
Other	72,802,233	53.07%	73,282,525	73,282,525	36.40%
TOTAL	137,192,778	100%	201,337,929	201,337,929	100%

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

Our directors hold approximately 0.06% 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 recognised as follows in our audited consolidated financial statements:

(in € millions)	Pre-IFRS 5 application		Post-IFRS 5 application	
	For the year ended 31 December			
	2013	2014	2014 ^(*) (restated)	2015
Sales	2,263	2,219	1,976	2,178
Purchases of products, services and materials	16	14	14	17
Receivables ^(**)	426	430	430	438
Payables	17	23	23	24

(*) Restated to reflect the application of IFRS 5 as a result of the proposed sale of Faurecia Automotive Exteriors, and to reflect the application of IFRIC 21. For further information, see "Presentation of Financial and Other Information—Restatements".

(**) Before no-recourse sales of receivables amounting to:..... 160 167 167 175.

DESCRIPTION OF OTHER INDEBTEDNESS

Debt Summary

Our net debt as at 31 December 2015 (including net financial liabilities linked to assets held for sale of €16.7 million) was €962.5 million, reflecting total gross debt of €1,904.5 million and cash and cash equivalents (including other current financial assets included in net debt) of €942.0 million. Our subsidiaries hold significant cash balances from their servicing of de recognised receivables, which is 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 2015, the weighted average interest rate on our outstanding debt was 5.1% for 2015.

Maturities of Outstanding Debt

The main elements of our long term debt as at 31 December 2015 are the Senior Credit Agreement of €1,200 million signed on 15 December 2014 (which is scheduled to mature in December 2019 and was undrawn as at 31 December 2015), the €490 million under the 2016 Notes and the €700 million under the 2022 Notes. In addition, following the offering, we will have €500 million under the Notes.

We intend to redeem the 2016 Notes with the proceeds of the Notes offered hereby and we have published a conditional notice of redemption of the 2016 Notes which provides that our obligation to redeem the 2016 Notes is conditional upon the issue of the Notes offered hereby in an amount of at least €500 million. In accordance with the trust deed governing the 2016 Notes and subject to the satisfaction of this condition, the redemption of the 2016 Notes will occur on or about 12 April 2016. See “Use of Proceeds”.

The following table sets forth the maturity schedule of our outstanding debt, set forth by category, in each case as at 31 December 2015 and after giving effect to the offering of the Notes and the 2016 Notes Redemption.

(in € millions)	2016	2017	2018	2019	2020	2021 and beyond	Total
2022 Notes and the Notes	0.0	0.0	0.0	0.0	0.0	1,200.0	1,200.0
Bank borrowings.....	398.0	61.3	25.4	12.8	136.0	10.8	644.3
Other borrowings	23.8	3.9	0.2	0.1	0.1	0.0	28.1
Obligations under finance leases	7.1	10.6	2.4	1.9	2.0	7.1	31.1
Total as at 31 December 2015	428.9	75.8	28.0	14.8	138.1	1,217.9	1,903.5

2022 Notes

On 17 March 2015, we issued €500 million principal amount of 3.125% Senior Notes due 2022. On 29 April 2015, we issued an additional €200 million principal amount of 3.125% Senior Notes due 2022, which were consolidated with, and form a single series with, the notes issued on 17 March 2015.

Terms of the 2022 Notes

We are required to pay interest on the 2022 Notes semi-annually in arrears on 15 June and 15 December of each year, commencing on 15 June 2015.

The 2022 Notes will mature at par on 15 June 2022 unless earlier redeemed or repurchased and cancelled.

The 2022 Notes are senior unsecured obligations of the Issuer, and are guaranteed by certain of our subsidiaries as described below under “Guarantors”.

The guarantees of the 2022 Notes will be released automatically upon the redemption of the 2016 Notes, which is expected to occur on or about 12 April 2016.

The 2022 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 2022 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 2022 Notes with the net proceeds from one or more specified equity offerings at a redemption price equal to 103.125% 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 2022 Notes may require us to re purchase their 2022 Notes at a price equal to 101% of the outstanding principal amount thereof, plus accrued and unpaid interest, if any.

Guarantors

The 2022 Notes are currently guaranteed by 28 of our subsidiaries organised in nine jurisdictions. These guarantees will be released automatically upon the redemption of the 2016 Notes, which is expected to occur on or about 12 April 2016.

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, which refinanced our prior senior credit facility. The Senior Credit Agreement is composed of a 5-year facility (including a swingline) for an amount of €1,200 million. As at 31 December 2015 this Senior Credit Facility was not drawn; therefore the undrawn portion of this Senior Credit Facility was €1,200 million. 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 this Senior Credit Facility. As at 31 December 2015, we complied with this ratio. Net debt corresponds to published consolidated net debt. EBITDA corresponds to operating income plus depreciation, amortisation 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 €2,000 million and 25% 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. The Senior Credit Facility benefits from guarantees from the same guarantors as the 2022 Notes. These guarantees will be released automatically upon the redemption of the 2016 Notes, which is expected to occur on or about 12 April 2016.

EBRD Loan Agreement

We have entered into a €121.6 million loan agreement between us as borrower, and the European Bank for Reconstruction and Development dated 13 September 2013.

The EBRD loan is repayable on an amortising basis with a final repayment date of 13 March 2020. The outstanding amount under this loan as at 31 December 2015 was €66.6 million. The EBRD loan benefits from guarantees from the same guarantors as the Senior Credit Facility and the 2022 Notes. These guarantees will be released automatically upon the redemption of the 2016 Notes, which is expected to occur on or about 12 April 2016.

Factoring Programmes

We have several factoring programmes, 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 programmes (see note 18 to our audited consolidated financial statements for the year ended 31 December 2015), under which the receivables are derecognised and not included as assets in our consolidated balance sheet.

As at 31 December 2015, financing under these programmes, corresponding to the cash received as consideration for the receivables sold totalled €867.3 million, compared to €816.7 million as at 31 December 2014.

(in € millions)	As at 31 December		
	2013	2014	2015
Financing	565.5	850.6	899.5
Guarantee reserve deducted from borrowings	(16.0)	(33.9)	(32.2)
Cash received as consideration for receivables sold	549.5	816.7	867.3
Receivables sold and de-recognised	(385.4)	(742.2)	(840.4)

Commercial Paper Programme

We have a commercial paper programme on the French domestic market amounting to €1 billion, of which €46 million had been used as at 31 December 2015.