

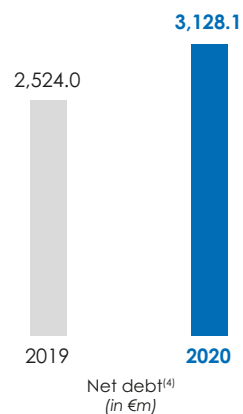
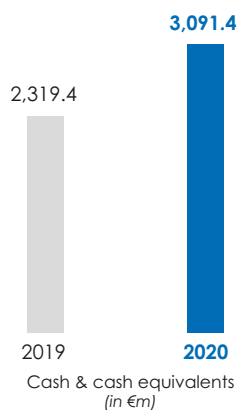
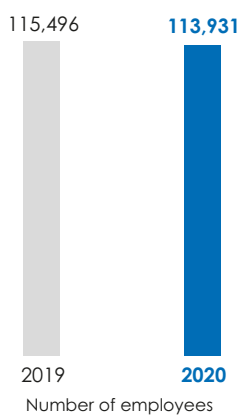
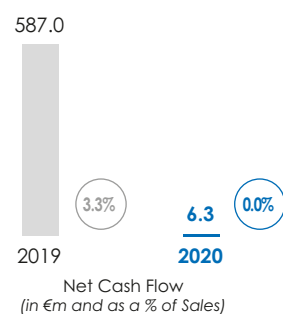
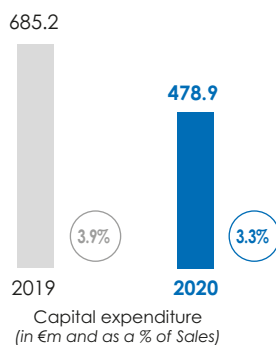
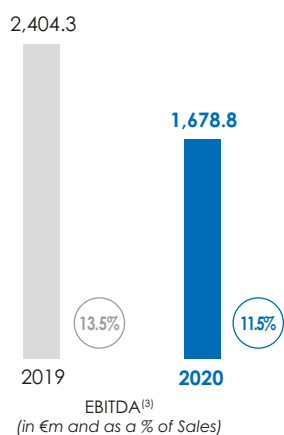
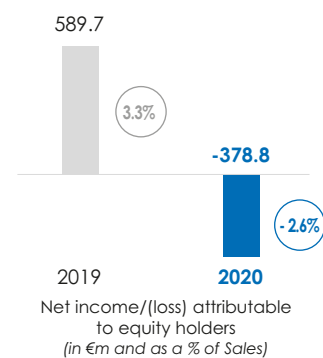
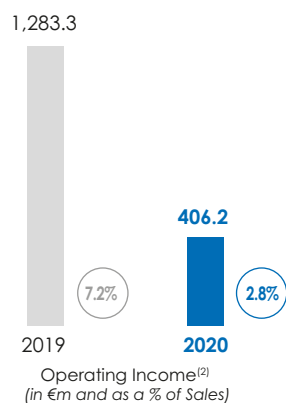
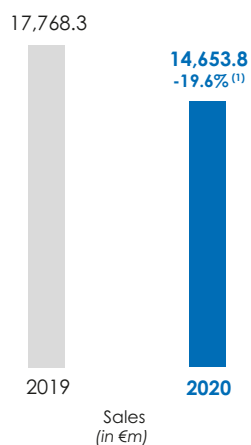


2020
Annual Results

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(1) At constant currencies and scope.

(2) Before amortization of acquired intangible assets (§ 2.1 to the consolidated financial statements).

(3) Operating income before depreciations and amortizations of assets (§ 2.3 to the consolidated financial statements).

(4) Note 26.1 to the consolidated financial statements.





1.

Business review

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1.1. Covid-19

The year 2020 has been strongly impacted by the globalization of the Covid-19 pandemic that heavily impacted the automotive industry and all sectors of the economy, especially during the first semester, where, as a consequence of the temporary shutdown of most of its customers' production sites around the globe, Faurecia also had to stop production in a large number of its sites during this period. The gradual recovery of the activity depending on the geographical areas before the end of the first semester has then continued during the second semester.

In line with the rapid expansion of the pandemic in the different parts of the world during the first quarter of 2020, Asia (24% of Group Sales in 2020) has been the first region to be impacted with a low point for sales in February and a gradual recovery as from March. Since May, Faurecia's sales in China are above last year's levels. Two months later, Europe and the Americas (75% of Group Sales in 2020) faced a low point for sales in April, with gradual recovery as from May.

In the light of this unprecedented situation, Faurecia immediately implemented from March 2020 a strong action plan to react to the crisis with three priorities:

- the first priority was the health and safety of all employees as well as the creation of the right conditions for a safe restart of production ("safer together program"), learning from the successful experience in China;
- the second priority was the close management of the Group's liquidity and the protection of a sound financial structure. To this end, quick measures were implemented during the first half year 2020, ensuring the liquidity to face the production drop. Faurecia has then drawn €600 million out of its €1.2 billion Syndicated Credit Facility, signed and drawn a new Club Deal of €800 million and extended its factoring program to the newly integrated SAS business. The debt has then been restructured beginning of the second half 2020, through the additional issue of 2025 bonds and the issue of 2028 bonds for a total of € 1,000 million, on July 31, 2020, enabling the repayment of the € 800 million loan, as well as later on the repayment of the drawn part of the syndicated credit facility. In addition, the Board of Directors took the decision, approved by shareholders at the June 26, 2020 Annual General Meeting, to cancel the 2020 dividend;
- the third priority was to deploy quick actions to further improve the Group's resilience, on top of the continuous improvement since mid-2018, in order to limit the impact of the sharp sales drop on operating income.

From September 2020, the activity of the group has come back to the level of last year, especially in Europe and North America, with a sales growth in China, the fourth quarter 2020 sales being only below by 0.3% vs previous year. In 2020, Group sales dropped by 19.6% mainly due to the first half of the year (which dropped by -35.4% vs the first half year 2019).

As a result of this efficient action plan, Faurecia contained the drop in operating income to €877 million vs. a drop in sales of €3,114 million. Through resilience actions such as flexibilization of direct and indirect labor cost, flexibilization of manufacturing costs, reduction of R&D net expenses and strict control of SG&A, Faurecia generated €601 million savings that mitigated the €1.4 billion impact estimated from lower sales volume on operating income. Operating income stood at €406 million in 2020 including €65 million one offs of which €30 million Covid related mainly linked to the sanitary protection measures, the temporarily administrative closure of an industrial site and the extra freight costs linked to supply chain disruptions, and €35 million linked to Chinese OEMs.

The quick recovery of the activity during the second half year has enabled to restore the working capital and decrease the net financial debt by €906 million vs June 30, 2020. As of December 31, 2020, the net financial debt reached €3,128.1 million (gross debt of €6,222.1 million and the cash and cash equivalents of € 3,091.4 million).

The impairment test conducted as of December 31, 2020 integrated updated market assumptions including the Covid-19 impact. The test has not led to any additional impairment to the €150 million for Clarion Electronics stated as of June 30, 2020 while no impairment was required for Seating, Interiors and Clean Mobility.

1.2. Other main events

January 2020

- During the CES Las Vegas 2020, Faurecia signed a cooperation framework agreement with Beijing Horizon Robotics, a pioneer in edge computing and Artificial Intelligence. This strategic partnership focuses on co-developing multi-modal perception AI solutions, and accelerating the commercialization of intelligent cockpit systems and Advanced Driver Assistance Systems (ADAS) for the Chinese market.
- Faurecia announced that it has completed the acquisition of the remaining 50% of SAS from Continental, a project that was announced on October 14, 2019. SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people. On January, 30 2020, SAS entered the Group perimeter and is now consolidated in the Interiors operating segment.

April 2020

- Faurecia announced a new joint venture with Changchun Xuyang Industry (group) Co., Ltd (Xuyang group), which marks another key milestone in the strategic cooperation between Faurecia and Xuyang group.

Faurecia and Xuyang group will be engaged in the production, assembly and sales of automotive display products, as well as relevant after-sales services for OEMs. The joint venture will be consolidated by Faurecia.

In recent years, Faurecia has accelerated its strategic transformation in particular through the creation of its fourth Business Group, Faurecia Clarion Electronics, which has the ambition to become a global leader in cockpit electronics. This latest partnership will strengthen its position in the automotive market in China.

Founded in 1999 and headquartered in Changchun, Xuyang group has become one of the leading manufacturing companies in Jilin province with four core business units: intelligent cockpit, intelligent manufacturing, high-end equipment and new energy. In 2001 Faurecia and Xuyang group started working together and over the past years have deepened their strategic cooperation by jointly setting up twelve plants for seating and interiors in Changchun, Tianjin, Foshan, Chongqing and Chengdu.

May 2020

- Faurecia announced that it has selected Schneider Electric as a preferred partner to support the Group in its commitment to reach CO2 neutrality or scopes 1 and 2 by 2025. Schneider Electric, the leader in digital transformation of energy management and automation, will accompany Faurecia in this first stage of its CO2 Neutral mission which involves decarbonizing its operations.

A significant part of greenhouse gas emissions in Faurecia's operations are direct emissions from controlled facilities and indirect emissions from energy procured (scopes 1 and 2 respectively). The first stage of the program will include both purchasing energy produced with low-carbon fuels or from renewable sources, and reducing energy used by adopting innovative digital solutions for efficiency and heat recovery in all of Faurecia's 300 locations around the world.

In addition to this first milestone of CO2 neutrality in scopes 1 and 2 in 2025, the Group is also targeting CO2 neutrality in controlled emissions in 2030 (scopes 1, 2 and most of scope 3, excluding emissions of vehicles equipped with Faurecia parts) and CO2 full neutrality in all scopes by 2050.

June 2020

- Faurecia announced its investment in Moovency, a French start-up specializing in 3D skeleton tracking, to reinforce risk assessment and workplace health in its industrial sites.

Moovency, founded in 2018 and based in Rennes, offers real-time 3D skeleton tracking technology with uses in industrial settings and possible applications in improving productivity and preventing Muscular Skeleton Disorders. Moovency's KIMEA technology enables Faurecia to carry out rapid and accurate ergonomic risk assessments, improving operators' posture and movements at their workstations and helping reduce the onset of musculoskeletal issues over time.

- Starting from July 2020, the Faurecia Aptoide Automotive joint venture will provide VW Latin America customers an unprecedented connected user experience which will be known as "VW Play". Hundreds of apps covering a variety of uses and needs such as navigation, music on demand, video streaming, point of interest recommendations, audiobooks, gaming, weather, fuel and parking location will be available through an intuitive and personalized HMI.

Secure connection to the Aptoide platform will also allow automatic updating and enrichment of the available functions. The VW Play app ecosystem is carefully curated to offer a consistent and relevant digital experience in every region. It also offers an integrated and secure mechanism for pay-as-you-go services, enabling new business models with third parties while ensuring the vehicle and occupants' data privacy.

July 2020

- Faurecia announced the acquisition of the Canadian start-up IRYStec Software. IRYStec has developed the world's first software platform using perception and physiology to optimize the user experience of display systems. This full software solution enables the personalization of the display according to the driver's vision and the ambient light giving a safer and more comfortable user experience at a lower cost. This technology, which is adaptable to all types and sizes of display, gives up to 30% better perceived brightness and contrast as well as up to 30% energy efficiency savings and reduced thermal heating.
- Faurecia and BAIC, one of China's largest automotive manufacturers, announced the establishment of a new 50-50 joint venture in China. This partnership will be created through Faurecia's purchase of the 50% shareholding of Beijing BAI DAS Automotive System Co., Ltd. from DAS Corporation. The transaction will be completed once regulatory approvals are obtained in China.

The new joint venture between BAIC and Faurecia will provide complete seat assembly, seat frames, foams and headrests initially for BAIC Hyundai and BAIC- owned brands. Headquartered in Beijing, the joint venture has 500 employees and four plants in Beijing, Chongqing, Huanghua and Xiangtan.

- Faurecia successfully priced €700 million of 3.75% senior notes due 2028 and an additional €300 million of 2.625% senior notes due 2025. Faurecia priced the 2028 Notes at 3.75%, and the New 2025 Notes at 97.50% of par, or a yield of [3.18]%. The issuance of the 2028 Notes and New 2025 Notes is intended to refinance in full the €800 million club deal loan entered into on April 10, 2020. The excess cash remaining will be used for general corporate purposes.

October 2020

- Faurecia inaugurated its global center of expertise for hydrogen storage. Located in Bavans, France, and representing a Total investment of €25 million, this center of expertise aims to develop lightweight and cost-competitive hydrogen storage systems to accelerate hydrogen mobility.

Faurecia has already started to manufacture hydrogen storage systems for heavy duty trucks and light commercial vehicle fleets for several international OEMs. The Group currently has the ability to produce several thousands of hydrogen storage systems per year and aims to ramp up its production capacity. In addition to the hydrogen storage systems that Faurecia manufactures, the Group has created Symbio, a joint venture with Michelin, dedicated to the development and production of fuel cell stacks. Faurecia's ambition is to become a leader on both fuel cell stacks and hydrogen storage systems in a market that will represent almost €20 billion by 2030.

- Faurecia and Gaussin announced a partnership to equip a fleet of Gaussin's logistics and port vehicles with Faurecia's hydrogen storage systems. Containing 5 kg of hydrogen at 350 bars and with up to 12 hours of autonomy, the storage systems will be developed and produced by Faurecia at its global center of expertise in Bavans dedicated to hydrogen tanks.
- On October 28, 2020, the boards of Peugeot SA and FCA have approved the sale by Peugeot SA of approximately 7% of Faurecia's paid capital prior to the completion of the merger. The sale of 9 663 000 Faurecia shares, representing around 7% share of Faurecia paid in capital has taken place by Peugeot SA on October 29, 2020. In addition to this sale, commitments on Faurecia governance have been taken by Peugeot SA and FCA to ensure that Stellantis will not acquire control of Faurecia, in line with the initial merger agreement.

November 2020

- Faurecia announced that its greenhouse gas emissions reduction targets have been approved by the Science Based Targets initiative (SBTi).

This major step occurs one year after Faurecia launched its CO2 Neutral program which will be deployed in three stages. Faurecia will be CO2 neutral for its internal emissions by 2025 (scopes 1 & 2). To achieve this goal, the Group will equip all its 300 sites globally with efficient systems to reduce energy consumption by over 15% and will use decarbonated energy produced both on and off-site. By 2030, Faurecia will converge towards neutrality for its controlled emissions (scope 3 excluding emissions of vehicles equipped with Faurecia products) and will reach a net zero for its Total emissions by 2050.

December 2020

- Groupe Renault and Faurecia Clarion Electronics launched a partnership for multi-brand electronic repairs.

January 2021

- Faurecia is extending its collaboration with Microsoft to accelerate the Faurecia group's transition to a fully Cloud-based IT infrastructure and further strengthen Faurecia's agility and resilience.

In 2019, Faurecia started collaborating with Microsoft to build services for the Cockpit of the Future, building personalized, connected and upgradeable services. The transition to a Cloud-based IT infrastructure ensures that Faurecia's product offer is adapted to the use cases of the future.

- Faurecia announced the resignation of Olivia Larmaraud, Grégoire Olivier and Philippe de Rovira from its Board of Directors, with immediate effect on January 12th 2021. All three had been Board members nominated by PSA. These resignations come as a result of the commitments made by PSA and FCA in the context of their merger operation.

After this resignation, the Board of Directors of Faurecia is comprised of 12 Board members of whom 80% are independent (excluding the two Board members representing employees).

Also in accordance with its commitments, PSA converted all of its shareholding in Faurecia into bearer shares thereby losing the associated double voting rights.

The distribution of the Faurecia shares will be completed after the Stellantis Board and shareholders' approval expected on March 8th 2021. This distribution will increase the free float and market visibility, the Group will continue to deploy its strategy focused on technologies for the Cockpit of the Future and Sustainable Mobility as an independant company. At its Capital Markets Day to be held on February 22, 2021, Faurecia will outline its mid-term perspectives and strategy.

- On January 20th 2021, Faurecia priced an additional €190 million of 2.375% senior notes due 2027 through a private placement. Faurecia priced the New Notes at 100.75% of par, or a yield of 2.25%.

The proceeds of the issuance of the New Notes will be used for general corporate purposes.

All press releases related to these events are available on the site www.faurecia.com.

1.3. Automotive production

Worldwide automotive production was heavily impacted by the Covid-19 crisis. It decreased by 17.2% from 2019 to 2020. It decreased in all regions. Production decreased in Europe (including Russia) by 21.6%, in North America by 20.2%, in South America by 31.4% and in Asia by 13.0% (of which a decrease of 6.9% in China).

The data related to automotive production and volume evolution in 2020 is based on IHS Markit Automotive report dated February 2021.

Volumes (evolution from 2019 to 2020) - source IHS Markit February 2021

	Q1	Q2	H1	Q3	Q4	H2	FY
Europe	-17.2%	-59.9%	-38.4%	-6.6%	1.5%	-2.3%	-21.6%
North America	-10.7%	-67.6%	-39.2%	0.4%	0.4%	0.4%	-20.2%
South America	-17.1%	-81.8%	-51.0%	-21.7%	0.4%	-11.4%	-31.4%
Asia	-29.3%	-26.3%	-27.9%	-2.4%	4.7%	1.3%	-13.0%
China	-48.0%	6.0%	-22.3%	7.7%	5.6%	6.5%	-6.9%
Rest of the world	-8.1%	-38.3%	-22.7%	-3.7%	0.6%	-1.5%	-12.2%
TOTAL	-21.7%	-45.9%	-33.6%	-3.7%	2.9%	-0.3%	-17.2%

1.4. Sales

Faurecia's year-on-year sales evolution is made of three components:

- a "Currency effect", calculated by applying average currency rates for the period to the sales of the prior year;
- a "Scope effect" (acquisition/divestment);
- a "Growth at constant currencies".

As "Scope effect", Faurecia presents all acquisitions/divestments, whose sales on an annual basis amount to more than €250 million. Other acquisitions below this threshold are considered as "bolt-on acquisitions" and are included in "Growth at constant currencies".

In 2020, there was no effect from "bolt-on acquisitions"; as a result, "Growth at constant currencies" is equivalent to sales growth at constant scope and currencies also presented as organic growth.

(in € millions)	H2 2020	Currencies	Scope Effect *	At constant scope & currencies	H2 2019
Product Sales	7,977.9	(308.8)	327.8	(181.1)	8,140.1
Var. in %	-2.0%	-3.8%	4.0%	-2.2%	
Tooling, Prototypes and Other Services	506.2	(20.8)	(3.6)	(125.8)	656.2
Var. in %	-22.9%	-3.2%	-0.5%	-19.2%	
SALES	8,484.1	(329.6)	324.2	(306.9)	8,796.3
VAR. IN %	-3.5%	-3.7%	3.7%	-3.5%	

* Scope effect includes SAS sales from July to December.

* Scope effect includes a negative effect of Clarion sales of June. Clarion Sales were consolidated for 7 months in H2 2019.

(in € millions)	FY 2020	Currencies	Scope Effect *	At constant scope & currencies	FY 2019
Product Sales	13,630.5	(348.2)	733.1	(3,267.1)	16,512.7
Var. in %	-17.5%	-2.1%	4.4%	-19.8%	
Tooling, Prototypes and Other Services	1,023.3	(24.5)	8.2	(216.0)	1,255.6
Var. in %	-18.5%	-1.9%	0.7%	-17.2%	
SALES	14,653.8	(372.7)	741.3	(3,483.1)	17,768.3
VAR. IN %	-17.5%	-2.1%	4.2%	-19.6%	

* Scope effect includes SAS sales from February to December.

* Scope effect includes Clarion sales of January to March. Clarion Sales were consolidated starting from April 2019.

Sales of products (parts, components and R&D sold to manufacturers) totaled €13,630.5 million in 2020 compared to €16,512.7 million in 2019. This represents a decrease of 17.5% on a reported basis and 19.8% at constant scope & currencies.

Sales of tooling, prototypes and other services totaled €1,023.3 million in 2020 compared to €1,255.6 million in 2019. This represents a decrease of 18.5% on a reported basis and 17.2% at constant scope & currencies.

Sales totaled €14,653.8 million in 2020 compared to €17,768.3 million in 2019. This represents a decrease of 17.5% on a reported basis and 19.6% at constant scope & currencies.

1.4.1. By region

(in € millions)	H2 2020	Scope Effect *	H2 2019	Reported	At constant scope & currencies	Automotive Production
SALES						
Europe	3,944.5	202.9	4,110.6	-4.0%	-7.5%	-2.3%
North America	2,157.0	105.5	2,194.5	-1.7%	-1.8%	0.4%
Asia	2,057.7	9.9	2,049.8	0.4%	2.8%	1.3%
O/w China	1,539.1	30.4	1,386.6	11.0%	11.2%	6.5%
South America	241.7	5.9	351.6	-31.3%	-6.8%	-11.4%
Rest of the world	83.2		89.8	-7.3%	8.4%	-1.5%
TOTAL	8,484.1	324.2	8,796.3	-3.5%	-3.5%	-0.3%

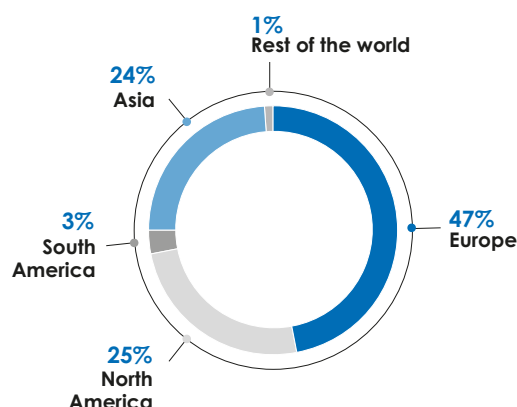
* Scope effect includes SAS sales from July to December.

* Scope effect includes a negative effect of Clarion sales of June. Clarion Sales were consolidated for 7 months in H2 2019.

(in € millions)	FY 2020	Scope Effect *	FY 2019	Reported	At constant scope & currencies	Automotive Production
SALES						
Europe	6,971.7	345.2	8,641.4	-19.3%	-22.5%	-21.6%
North America	3,631.5	211.0	4,483.4	-19.0%	-22.2%	-20.2%
Asia	3,528.1	175.1	3,766.0	-6.3%	-9.1%	-13.0%
O/w China	2,562.7	73.7	2,594.6	-1.2%	-2.4%	-6.9%
South America	398.2	10.0	696.4	-42.8%	-24.2%	-31.4%
Rest of the world	124.3		181.1	-31.4%	-20.4%	-12.2%
TOTAL	14,653.8	741.3	17,768.3	-17.5%	-19.6%	-17.2%

* Scope effect includes SAS sales from February to December.

* Scope effect includes Clarion sales of January to March. Clarion Sales were consolidated starting from April 2019.

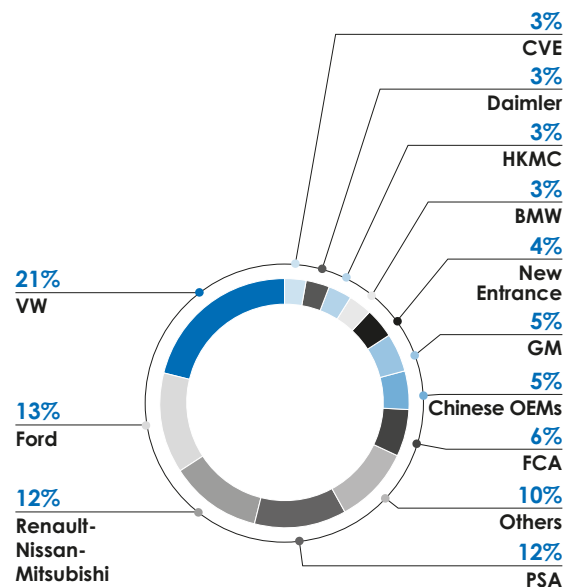


Sales by region in 2020 were as follows:

- in Europe, sales totaled €6,971.7 million (47% of total sales), compared to €8,641.4 million in 2019. This represents a decrease of 19.3% on a reported basis and a 22.5% at constant scope & currencies. This is to be compared to a 21.6% downturn in production market in Europe;
- in North America, sales totaled €3,631.5 million (25% of total sales), compared to €4,483.4 million in 2019. This represents a decrease of 19.0% on a reported basis and a 22.2% at constant scope & currencies. This is to be compared to a 20.2% downturn in production market in North America;

- in Asia, sales totaled €3,528.1 million (24% of total sales), compared to €3,766.0 million in 2019. This represents a decrease of 6.3% on a reported basis and a 9.1% at constant scope & currencies. This is to be compared to a 13.0% downturn in production market in Asia. In China, sales totaled €2,562.7 million compared to €2,594.6 million in 2019. This represents a decrease of 1.2% on a reported basis and a 2.4% at constant scope & currencies. This is to be compared to a 6.9% downturn in production market in China;
- in South America, sales totaled €398.2 million (3% of total sales), compared to €696.4 million in 2019. This represents a decrease of 42.8% on a reported basis and a 24.2% at constant scope & currencies. This is to be compared to a 31.4% downturn in production market in South America;
- in the rest of the world (mainly South Africa), sales totaled €124.3 million (1% of total sales), compared to €181.1 million in 2019. This represents a decrease of 31.4% on a reported basis and a 20.4% at constant scope & currencies. This is to be compared to a 12.2% downturn in production market in the rest of the world;
- worldwide sales totaled €14,653.8 million compared to €17,768.3 million in 2019. Impacted by an unfavorable geographic mix, sales decreased by 17.5% on a reported basis and by 19.6% at constant scope & currencies. This is to be compared to a 17.2% downturn in worldwide automotive production market (source IHS Markit dated February 2021).

1.4.2. By customer



In 2020, sales to Faurecia four main customers (VW, Ford, PSA, Renault-Nissan-Mitsubishi) amounted to €8,451.0 million or 57.7% of sales compared to 60.0% in 2019:

- sales to the VW group totaled €3,060.6 million. They accounted for 20.9% of Faurecia's total sales. They decreased by 6.9% on a reported basis and by 15.3% at constant scope & currencies compared to 2019;
- sales to the Ford group totaled €1,919.8 million. They accounted for 13.1% of Faurecia's total sales. They decreased by 26.2% on a reported basis and by 23.6% at constant scope & currencies compared to 2019;
- sales to the PSA group totaled €1,756.3 million. They accounted for 12.0% of Faurecia's total sales. They decreased by 24.6% on a reported basis and by 24.6% at constant scope & currencies compared to 2019;
- sales to the Renault-Nissan-Mitsubishi group totaled €1,714.3 million. They accounted for 11.7% of Faurecia's total sales. They decreased by 29.9% on a reported basis and by 30.1% at constant scope & currencies compared to 2019;
- sales to the FCA group totaled €925.1 million. They accounted for 6.3% of Faurecia's total sales. They decreased by 22.0% on a reported basis and by 19.3% at constant scope & currencies compared to 2019;
- sales to the General Motors group totaled €763.0 million. They accounted for 5.2% of Faurecia's total sales. They decreased by 19.1% on a reported basis and by 16.6% at constant scope & currencies compared to 2019;
- sales to Chinese OEMs totaled €717.9 million. They accounted for 4.9% of Faurecia's total sales. They decreased by 13.7% on a reported basis and by 12.4% at constant scope & currencies compared to 2019;
- sales to BMW totaled €491.8 million. They accounted for 3.4% of Faurecia's total sales. They decreased by 29.8% on a reported basis and by 29.4% at constant scope & currencies compared to 2019.

1.4.3. By Business Group

(in € millions)	H2 2020	Scope Effect *	H2 2019	Reported	At constant scope & currencies
Sales					
Seating	3,289.0		3,333.3	-1.3%	1.2%
Interiors	2,622.4	367.0	2,624.2	-0.1%	-9.3%
Clean Mobility	2,177.0		2,302.4	-5.4%	-0.8%
Clarion Electronics	395.7	(42.8)	536.4	-26.2%	-15.7%
TOTAL	8,484.1	324.2	8,796.3	-3.5%	-3.5%

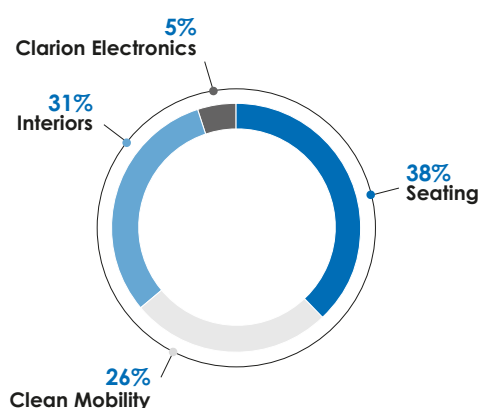
* Scope effect includes SAS sales from July to December.

* Scope effect includes a negative effect of Clarion sales of June. Clarion Sales were consolidated for 7 months in H2 2019.

(in € millions)	FY 2020	Scope Effect *	FY 2019	Reported	At constant scope & currencies
Sales					
Seating	5,559.5		6,973.2	-20.3%	-18.9%
Interiors	4,544.4	573.9	5,370.2	-15.4%	-23.4%
Clean Mobility	3,823.4		4,653.5	-17.8%	-15.3%
Clarion Electronics	726.5	167.4	771.4	-5.8%	-26.0%
TOTAL	14,653.8	741.3	17,768.3	-17.5%	-19.6%

* Scope effect includes SAS sales from February to December.

* Scope effect includes Clarion sales of January to March. Clarion Sales were consolidated starting from April 2019.



Sales by Business Group in 2020 were as follows:

- Seating totaled €5,559.5 million sales, down 20.3% on a reported basis and down 18.9% at constant scope & currencies compared to 2019;
- Interiors totaled €4,544.4 million sales, down 15.4% on a reported basis and down 23.4% at constant scope & currencies compared to 2019;
- Clean Mobility totaled €3,823.4 million sales, down 17.8% on a reported basis and down 15.3% at constant scope & currencies compared to 2019;
- Clarion Electronics totaled €726.5 million sales, down 5.8% on a reported basis and down 26.0% at constant scope & currencies compared to 2019.

1.5. Operating Income

In 2020, the operating income was negatively impacted by €1.4bn due the drop of volumes resulting from the Covid-19 crisis. This was partly offset by strong flex and resilience actions for €601 million:

- therefore the operating income before amortization of acquired intangible assets totaled €406.2 million, or 2.8% of sales in 2020, compared to €1,283.3 million, or 7.2% of sales in 2019. It included a net charge of €65 million due to one-offs, of which €30 million due to Covid-19 related extra-costs and €35 million due to Chinese OEMs ;
- gross expenditures for R&D totaled €1,187.3 million, or 8.1% of sales, compared to €1,329.7 million, or 7.5% of sales in 2019. The portion of R&D expenditure capitalized amounted to €844.8 million, compared to €909.7 million in 2019. The R&D capitalization ratio represented 71.2% of total R&D expenditure, whereas it represented 68.4% in 2019;
- the net R&D expenses totaled €342.5 million, or 2.3% of sales in 2020, compared to €420.0 million, or 2.4% of sales in 2019;
- selling and administrative expenses totaled to €726.1 million, or 5.0% of sales in 2020, compared to €778.5 million, or 4.4% of sales in 2019;
- EBITDA –which represents operating income before depreciation, amortization and provisions for impairment of property, plant and equipment and capitalized R&D expenditures – totaled to €1,678.8 million, or 11.5% of sales in 2020, to be compared to €2,404.3 million, or 13.5% of sales in 2019.

1.5.1. By region

(in € millions)	H2 2020			H2 2019		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	3,944.5	185.6	4.7%	4,110.6	266.2	6.5%
North America	2,157.0	116.9	5.4%	2,194.5	129.7	5.9%
Asia	2,057.7	207.7	10.1%	2,049.8	202.5	9.9%
South America	241.7	8.1	3.4%	351.6	29.3	8.3%
Rest of the world	83.2	1.8	2.2%	89.8	10.7	11.9%
TOTAL	8,484.1	520.1	6.1%	8,796.3	638.4	7.3%

(in € millions)	FY 2020			FY 2019		
	Sales	Operating Income	%	Sales	Operating Income	%
Europe	6,971.7	72.8	1.0%	8,641.4	558.0	6.5%
North America	3,631.5	33.4	0.9%	4,483.4	282.6	6.3%
Asia	3,528.1	308.3	8.7%	3,766.0	373.6	9.9%
South America	398.2	(5.6)	-1.4%	696.4	47.9	6.9%
Rest of the world	124.3	(2.7)	-2.2%	181.1	21.2	11.7%
TOTAL	14,653.8	406.2	2.8%	17,768.3	1,283.3	7.2%

The operating income in 2020 compared to 2019 decreased by €877.1 million heavily impacted by Covid-19 crisis:

- in Europe, the operating income decreased by €485.2 million to reach €72.8 million or 1.0% of sales. This is to be compared to €558.0 million or 6.5% in 2019;
- in North America, the operating income decreased by €249.2 million to reach €33.4 million or 0.9% of sales. This is to be compared to €282.6 million or 6.3% in 2019;

1 Business review

Operating Income

- in Asia, the operating income decreased by €65.3 million to reach €308.3 million or 8.7% of sales. This is to be compared to €373.6 million or 9.9% in 2019. Asia was less impacted than other regions thanks to quick and strong recovery from Covid-19 in China;
- in South America, the operating income decreased by €53.5 million to reach €-5.6 million or -1.4% of sales. This is to be compared to €47.9 million or 6.9% in 2019;
- in the rest of the world (South Africa), the operating margin decreased by €23.9 million to reach €-2.7 million or -2.2% of sales. This is to be compared to €21.2 million or 11.7% in 2019.

1.5.2. By Business Group

(in € millions)	H2 2020			H2 2019		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	3,289.0	213.0	6.5%	3,333.3	234.1	7.0%
Interiors	2,622.4	112.0	4.3%	2,624.2	122.6	4.7%
Clean Mobility	2,177.0	190.9	8.8%	2,302.4	270.0	11.7%
Clarion Electronics	395.7	4.2	1.1%	536.4	11.7	2.2%
TOTAL	8,484.1	520.1	6.1%	8,796.3	638.4	7.3%

(in € millions)	FY 2020			FY 2019		
	Sales	Operating Income	%	Sales	Operating Income	%
Seating	5,559.5	190.6	3.4%	6,973.2	453.1	6.5%
Interiors	4,544.4	19.4	0.4%	5,370.2	293.7	5.5%
Clean Mobility	3,823.4	201.1	5.3%	4,653.5	524.6	11.3%
Clarion Electronics	726.5	(4.9)	-0.7%	771.4	11.9	1.5%
TOTAL	14,653.8	406.2	2.8%	17,768.3	1,283.3	7.2%

The operating income in 2020 compared to 2019 decreased by €877.1 million heavily impacted by Covid-19 crisis:

- Seating operating income amounted to €190.6 million or 3.4% of sales, compared to €453.1 million or 6.5% of sales in 2019;
- Interiors operating income amounted to €19.4 million or 0.4% of sales, compared to €293.7 million or 5.5% of sales in 2019;
- Clean Mobility operating income amounted to €201.1 million or 5.3% of sales, compared to €524.6 million or 11.3% of sales in 2019;
- Clarion Electronics operating income amounted to €-4.9 million or -0.7% of sales, compared to €11.9 million or 1.5% of sales in 2019.

1.6. Net income

The net income group share is a loss of 378.8 million, or -2.6% of sales in 2020. This is to be compared to a profit of €589.7 million or 3.3% of sales over the same period in 2019. It represented a decrease of €968.5 million.

In 2020:

- the amortization of intangible assets acquired represented an expense of €91.7 million compared to an expense of €56.4 million in 2019;
- the "other non-recurring operating income and expenses" represented an expense of €277.0 million, compared to an expense of €213.8 million in 2019. This item included €286.0 million in restructuring charges compared to an expense of €193.9 million in 2019. It included also an expense of €166.1 million due to the impairment of Clarion Electronics goodwill and intangible assets and a revenue of €178.0 million coming from the reevaluation of the initial 50% stake hold in SAS;
- financial income amounted to €18.1 million, compared to €18.7 million in 2019. Financial costs totaled €204.3 million, versus €197.7 million in 2019;
- other financial income and expense represented an expense of €36.6 million compared to an expense of €40.4 million in 2019. This expense included €5.8 million from discounting pension benefit liabilities;
- the tax expense reached €123.4 million, compared to €166.8 million in 2019. It included a charge due to depreciation of deferred tax assets for €25 million (mainly France and Germany);
- the share of net income of associates is a loss of €12.8 million, compared to a profit of €37.8 million in 2019;
- net income attributable to minority interests totaled €57.3 million. It consists of net income accruing to investors in companies in which Faurecia is not the sole shareholder, mainly in China, compared to €75.0 million in 2019.

Basic earnings per share amounted to €-2.75 (diluted net earnings per share at €-2.75) compared to €4.31 in 2019 (diluted net earnings per share at €4.29).

1.7. Financial structure

1.7.1. Reconciliation between net cash flow and cash provided by operating and investing activities

<i>(in € millions)</i>	<i>Notes</i>	2020	2019
Recurring net cash flow		6.3	587.0
Other changes		0.0	0.0
Net cash flow		6.3	587.0
Acquisitions/Sales of investments and business (net of cash and cash equivalents) from continued activities	2.3	(251.5)	(1,130.3)
Proceed from disposal of financial assets from continued activities	2.3	0.0	0.0
Other changes from continued activities	2.3	(11.7)	53.5
Surplus (used) from operating and financing activities	2.3	(257.0)	(489.8)

1.7.2. Net cash flow

The net cash flow was an inflow of €6.3 million in 2020 (of which a consumption of €1,044.8 million in the first semester 2020 and a cash generation of €1,051.1 million in the second semester 2020) compared to a net cash inflow of €587.0 million in 2019. The deterioration is mainly driven by the Covid-19 impact on EBITDA. It can be explained as follows:

- the operating margin before depreciations and amortizations of non-current assets or EBITDA reached €1,678.8 million compared to €2,404.3 million in 2019, due to the decrease in operating income by €877.1 million and the increase in depreciation and amortization by €151.6 million;
- restructuring represented cash outflows of €124.9 million compared to €166.3 million 2019;
- net financial costs represented cash outflows of €209.8 million, versus €197.1 million in 2019;
- the change in working capital requirement, including receivables factoring, represented a negative impact of €57.4 million (of which a negative impact of €743.5 million in the first semester 2020 and a positive impact of €686.1 million in the second semester 2020) compared to a positive impact €109.3 million in 2019. This change consisted in part of an increase in inventories of €137.7 million, a net increase in trade receivables of €324.6 million, an increase in trade payables of €459.8 million and a negative variation of other trade receivables and payables for €54.9 million. The evolution of these balance sheet positions was impacted by exchange rate changes;
- capital expenditures on property, plant and equipment and on intangible assets represented cash outflows of €478.9 million, versus €685.2 million in 2019;
- capitalized research and development costs represented cash outflows of €619.3 million, versus €681.2 million in 2019;
- income taxes represented cash outflows of €196.9 million, compared to €295.8 million in the 2019;
- finally, other cash flow items represented €14.7 million in inflows, compared to €98.9 million in outflows in 2019.

1.7.3. Net Debt

(in € millions)

	Dec. 31, 2020	Dec. 31, 2019
Net debt	3,128.1	2,524.0

The Group's net financial debt stood at €3,128 million at December 31, 2020 compared to €2,524 million at December 31, 2019. The net debt evolution is mainly impacted by the positive Net cash flow evolution of €6 million, the net financial investments and other cash elements outflow of €320 million (which includes mainly the investment (50%) in SAS) and the impact of the new IFRS16 lease of €290 million (of which €79 million due to the SAS entry point).

The main elements of long-term financial resources are:

- the €1,200 million syndicated credit facility, renegotiated in June 2018, maturing in June 2024 and which has been drawn for €600 million in March 2020 and repaid in September 2020. As at December 31, 2020, this facility was not used and fully available for its total amount;
- a total amount of €3,150 million bonds, of which €1000 million of bonds maturing in June 2025, €750 million of bonds maturing in June 2026, €700 million of bonds maturing in June 2027 and €700 million of bonds maturing in June 2028;
- €700 million of Schuldscheindarlehen (private placement under German law), made of several tranches maturing in December 2022, December 2023 and December 2024;
- a 30 billion Japanese Yen credit line signed in February 2020 in order to refinance the long term debt of Clarion Co. Ltd, maturing in February 2025. As at December 31, 2020, this facility was used up to ¥20 billion.

Note that the €800 million, 18-months term loan maturing October 2021, signed with four banks and fully drawn in April 2020, has been fully repaid in July 2020 with part of the proceeds of a €1,000 bond issue, and subsequently cancelled.

1.8. Outlook

2021 GUIDANCE

Faurecia expects worldwide automotive production to rebound to 76.6 million vehicles in 2021, up 8% vs. 2020.

This assumption is more conservative than IHS Markit forecast (dated February 2021) of 80.9 million vehicles, as there are uncertainties in H1 2021, mainly related to Covid variants as well as electronic components shortage, even if this could be caught up in H2 2021.

Based on this assumption that worldwide automotive production should reach 76.6 million vehicles in 2021, Faurecia's financial targets for the year are:

- Sales of at least €16.5 billion and sales outperformance > +600bps; the sales target includes c. €(610) million negative effect, of which c. €(130) million from scope (a positive effect of €60 million from one month of SAS and a negative effect of €190 million from the divestment of AST Acoustics) and c. €(480) million from currencies;
- Operating margin of c. 7% of sales, close to pre-Covid levels;
- Net cash flow of c. €500 million and net-debt-to-EBITDA ratio < 1.5x at year-end; this target takes into account a cash outflow of c. €180 million from restructurings.

Faurecia's assumption of 2021 worldwide automotive production assumes no major lockdown impacting production or retail sales in any automotive region during the year.

All financial targets are based on 2021 average currency rates of 1.18 for USD/€ and 8.15 for CNY/€.

2022 TARGETS AND 2025 AMBITION

On February 22, Faurecia held a Capital Markets Day, during which the Group presented its "New Perspectives" and detailed its strong profitable growth potential over the medium-term.

Faurecia detailed its 2022 financial targets and 2025 ambition for each of its Business Groups and at Group level.

Faurecia confirmed its financial targets for 2022 (based on an assumption of worldwide automotive production of 82.3 million vehicles and at constant 2021 scope and currencies):

- Sales of at least €18.5 billion;
- Operating margin of 8% of sales;
- Net cash flow of 4% of sales, representing c. €750 million.

Faurecia also presented its 2025 ambition (based on an assumption of worldwide automotive production of 90.9 million vehicles and at constant 2021 scope and currencies):

- Sales of at least €24.5 billion;
- Operating margin above 8% of sales;
- Net cash flow close to 4.5% of sales, representing c. €1.1 billion.

Over the five-year period (2021 to 2025):

- Organic sales CAGR will be of c. 11% and sales average annual outperformance will exceed +500bps;
- Cumulated net cash flow will exceed €4 billion driving continuous deleveraging.



2.

Consolidated financial statements

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2.1. Consolidated statement of comprehensive income

<i>(in € millions)</i>	Notes	2020	2019
SALES	4	14,653.8	17,768.3
Cost of sales	5	(13,179.0)	(15,286.5)
Research and development costs	5	(342.5)	(420.0)
Selling and administrative expenses	5	(726.1)	(778.5)
OPERATING INCOME (BEFORE AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)	4	406.2	1,283.3
Amortization of intangible assets acquired in business combinations	11	(91.7)	(56.4)
OPERATING INCOME (AFTER AMORTIZATION OF ACQUIRED INTANGIBLE ASSETS)		314.5	1,226.9
Other non-recurring operating income	6	180.7	2.5
Other non-recurring operating expense	6	(457.7)	(216.3)
Income from loans, cash investments and marketable securities		18.1	18.7
Finance costs	7	(204.3)	(197.7)
Other financial income and expense	7	(36.6)	(40.4)
INCOME BEFORE TAX OF FULLY CONSOLIDATED COMPANIES		(185.3)	793.7
Taxes	8	(123.4)	(166.8)
<i>of which deferred taxes</i>	8	57.8	76.5
NET INCOME (LOSS) OF FULLY CONSOLIDATED COMPANIES		(308.7)	626.9
Share of net income of associates	13	(12.8)	37.8
CONSOLIDATED NET INCOME (LOSS)		(321.5)	664.7
Attributable to owners of the parent		(378.8)	589.7
Attributable to minority interests	23	57.3	75.0
Basic earnings (loss) per share <i>(in €)</i>	9	(2.75)	4.31
Diluted earnings (loss) per share <i>(in €)</i>	9	(2.75)	4.29

Other comprehensive income

<i>(in € millions)</i>	<i>Notes</i>	2020	2019
CONSOLIDATED NET INCOME (LOSS)		(321.5)	664.7
Amounts to be potentially reclassified to profit or loss		(332.9)	23.9
Gains (losses) arising on fair value adjustments to cash flow hedges		(2.3)	(22.4)
<i>of which recognized in equity</i>		(14.3)	(22.3)
<i>of which transferred to net income (loss) for the period</i>		12.0	(0.1)
Exchange differences on translation of foreign operations		(331.5)	38.5
Tax impact		0.9	7.8
Amounts not to be reclassified to profit or loss		(44.5)	(10.8)
Actuarial gain/(loss) on post-employment benefit obligations	25	(54.1)	(26.7)
Tax impact		9.6	15.9
TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD		(698.9)	677.8
Attributable to owners of the parent		(736.9)	599.5
Attributable to minority interests		38.0	78.3

2.2. Consolidated balance sheet

Assets

(in € millions)	Notes	2020	2019
Goodwill	10	2,195.9	2,146.4
Intangible assets	11	2,668.0	2,550.9
Property, plant and equipment	12A	2,813.3	2,997.4
Right-of-use assets	12B	913.3	877.0
Investments in associates	13	177.4	240.3
Other equity interests	14	53.8	60.4
Other non-current financial assets	15	104.7	71.4
Other non-current assets	16	70.5	70.1
Deferred tax assets	8	475.4	468.4
TOTAL NON-CURRENT ASSETS		9,472.3	9,482.3
Inventories, net	17	1,431.3	1,423.8
Contracts assets *		248.0	129.0
Trade accounts receivables	18	3,237.1	2,608.9
Other operating receivables	19	363.4	360.4
Other receivables	20	856.4	839.2
Other current financial assets	30	2.6	1.8
Cash and cash equivalents	21	3,091.4	2,319.4
TOTAL CURRENT ASSETS		9,230.2	7,682.5
TOTAL ASSETS		18,702.5	17,164.8

* Inventories of products for which the Group is considered as agent are now presented as contract assets, the comparative period as of 12/31/2019 has been modified accordingly.

Liabilities

<i>(in € millions)</i>	<i>Notes</i>	2020	2019
EQUITY			
Capital	22	966.3	966.3
Additional paid-in capital		632.8	632.8
Treasury stock		(19.1)	(44.7)
Retained earnings		2,449.2	1,936.7
Translation adjustments		(254.7)	54.2
Net income (loss)		(378.8)	589.7
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS		3,395.7	4,135.0
Minority interests	23	331.4	326.8
TOTAL SHAREHOLDERS' EQUITY		3,727.1	4,461.8
Non-current provisions	25	515.3	461.6
Non-current financial liabilities	26	4,222.8	3,093.1
Non-current lease liabilities		794.0	732.3
Other non-current liabilities		1.9	1.8
Deferred tax liabilities	8	82.0	38.7
TOTAL NON-CURRENT LIABILITIES		5,616.0	4,327.5
Current provisions	24	315.4	260.4
Current financial liabilities	26	1,023.1	846.1
Current portion of lease liabilities		182.2	173.7
Prepayments on customers contracts		605.7	665.4
Trade payables	27	6,016.4	5,316.2
Accrued taxes and payroll costs	27	771.9	752.8
Sundry payables	28	444.7	360.9
TOTAL CURRENT LIABILITIES		9,359.4	8,375.5
TOTAL EQUITY AND LIABILITIES		18,702.5	17,164.8

2.3. Consolidated cash flow statement

<i>(in € millions)</i>	Notes	2020	2019
I- OPERATING ACTIVITIES			
Operating income (before amortization of acquired intangible assets)		406.2	1,283.3
Depreciations and amortizations of assets	5.5	1,272.6	1,121.0
<i>o/w depreciations and amortizations of R&D assets</i>	5.4	524.7	441.9
<i>o/w other depreciations</i>		747.9	679.2
EBITDA		1,678.8	2,404.3
Operating current and non-current provisions		10.4	(66.1)
Capital (gains) losses on disposals of operating assets		2.0	2.2
Paid restructuring		(124.9)	(166.3)
Paid finance costs net of income		(209.8)	(197.1)
Other non-recurring operating income and expenses paid		(3.7)	(35.6)
Paid taxes		(196.9)	(295.8)
Dividends from associates		7.3	27.8
Change in working capital requirement		(57.4)	109.3
Change in inventories		(137.7)	(27.0)
<i>o/w R&D inventories increase</i>	5.4	(225.5)	(228.5)
<i>o/w R&D inventories decrease</i>		196.4	216.3
Change in trade accounts receivables		(324.6)	(397.5)
Change in trade payables		459.8	538.8
Change in other operating receivables and payables		(58.3)	73.9
Change in other receivables and payables (excl. Tax)		3.4	(78.9)
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		1,105.7	1,782.8
II- INVESTING ACTIVITIES			
Additional property, plant and equipment	12	(475.7)	(681.8)
Additional intangible assets	11	(3.2)	(3.4)
Capitalized development costs	5.4 & 11	(619.3)	(681.2)
Acquisitions/Sales of investments and business (net of cash and cash equivalents)		(251.5)	(1,130.3)
Proceeds from disposal of property, plant and equipment		38.1	205.8
Proceed from disposal of financial assets		0.0	0.0
Change in investment-related receivables and payables		(39.4)	(35.2)
Other changes		(11.7)	53.5
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		(1,362.7)	(2,272.6)
CASH PROVIDED BY (USED IN) OPERATING AND INVESTING ACTIVITIES (I)+(II)		(257.0)	(489.8)
III- FINANCING ACTIVITIES			
Shares issued by Faurecia and fully consolidated companies (net of costs)		5.3	2.7
Dividends paid to owners of the parent company		0.0	(170.2)
Dividends paid to minority interests in consolidated subsidiaries		(35.4)	(41.6)
Acquisitions of treasury stocks		0.9	(29.4)
Debt securities issued and increase in other financial liabilities		3,062.0	1,213.6
Repayment of debt and other financial liabilities		(1,734.3)	(135.9)
Repayments on lease debts		(173.1)	(140.1)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		1,125.4	699.2
IV- OTHER CHANGES IN CASH AND CASH EQUIVALENTS			
Impact of exchange rate changes on cash and cash equivalents		(96.3)	4.6
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		772.1	214.1
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD		2,319.4	2,105.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD		3,091.4	2,319.4

The net cash flow amounts to €6.3 million as of December 31, 2020. (see chapter 1, paragraph 1.7).

2.4. Consolidated statement of changes in equity

(in € millions)	Number of shares ⁽¹⁾	Capital stock	Additional paid-in capital	Treasury Stock	Retained earnings and net income (loss) for the period	Valuation adjustments			Equity attributable to owners of the parent	Minority interests	Total
						Translation adjustments	Cash flow hedges	Actuarial gain/(loss) on post-employment benefit obligations			
Shareholders' equity as of January 1, 2019 before appropriation of net income (loss)	138,035,801	966.3	632.8	(51.0)	2,218.1	17.8	15.4	(89.7)	3,709.7	361.6	4,071.3
Net income (loss) restated					589.7				589.7	75.0	664.7
Other comprehensive income						35.2	(14.6)	(10.8)	9.8	3.3	13.1
Comprehensive income					589.7	35.2	(14.6)	(10.8)	599.5	78.3	677.8
Capital increase									0.0		0.0
2018 dividends					(170.2)				(170.2)	(40.6)	(210.8)
Measurement of stock options and shares grant					(16.7)				(16.7)		(16.7)
Purchases and sales of treasury stock				6.3					6.3		6.3
Changes in scope of consolidation and other					17.0	1.2		(11.8)	6.4	(72.5)	(66.1)
Shareholders' equity as of December 31, 2019 before appropriation of net income (loss)	138,035,801	966.3	632.8	(44.7)	2,637.9	54.2	0.8	(112.3)	4,135.0	326.8	4,461.8
Net income (loss)					(378.8)				(378.8)	57.3	(321.5)
Other comprehensive income						(312.2)	(1.4)	(44.5)	(358.1)	(19.3)	(377.4)
Comprehensive income					(378.8)	(312.2)	(1.4)	(44.5)	(736.9)	38.0	(698.9)
Capital increase									0.0	2.2	2.2
2019 dividends									0.0	(35.3)	(35.3)
Measurement of stock options and shares grant					(8.9)				(8.9)		(8.9)
Purchases and sales of treasury stock				25.6					25.6		25.6
Changes in scope of consolidation and other					(23.1)	3.3		0.7	(19.1)	(0.3)	(19.4)
Shareholders' equity as of December 31, 2020 before appropriation of net income (loss)	138,035,801	966.3	632.8	(19.1)	2,227.1	(254.7)	(0.6)	(156.1)	3,395.7	331.4	3,727.1

(1) Of which 499,273 treasury stock as of 12/31/2020 and 1,149,994 treasury stock as of 12/31/2019 - See note 9.

2.5. Notes to the consolidated financial statements

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Faurecia S.E. and its subsidiaries ("Faurecia") form one of the world's leading automotive equipment suppliers in four vehicle businesses: Seating, Interiors, Clean Mobility and Clarion Electronics.

Faurecia's registered office is located in Nanterre, in the Hauts-de-Seine department of France. The Company is listed on Euronext Paris.

The consolidated financial statements were approved by Faurecia's Board of Directors on February 19, 2021.

The accounts were prepared on a going concern basis.

Note 1 Summary of significant accounting policies

1.A Accounting principles

The consolidated financial statements of the Faurecia group have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the IASB, as adopted by the European Union and available on the European Commission website.

These standards include International Financial Reporting Standards and International Accounting Standards (IAS), as well as the related International Financial Reporting Interpretations Committee (IFRIC) interpretations.

The standards used to prepare the 2020 consolidated financial statements and comparative data for 2019 are those published in the Official Journal of the European Union (OJEU) as of December 31, 2020, whose application was mandatory at that date.

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied to all the years presented.

The new standards, amendments and revisions to the existing standards, whose application is mandatory from January 1, 2020, have no significant impact on the Group annual consolidated financial statements. The application of the December 2019 IFRS IC decision on the determination of the term of the lease and the useful life of leasehold improvements has not had any significant impact on the Group annual consolidated financial statements.

Faurecia has not undertaken any early application of new standards, amendments or interpretations whose application is mandatory after December 31, 2020, irrespective of whether or not they are adopted by the European Union.

The accounting principles applied are given in each note hereafter.

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions when measuring certain assets, liabilities, income, expenses accounted for in the financial statements as well as for the evaluation of commitments given and contingent liabilities. These estimates and assumptions are primarily used when calculating the impairment of property, plant and equipment, right of use, intangible assets and goodwill, for measuring pension and other employee benefit obligations as well as for lease liabilities and depreciation of deferred tax assets. They are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates and assumptions. These estimations are revised on a regular basis.

The results of the sensitivity tests carried out on the carrying amounts of goodwill and provisions for pensions and other employee benefits are provided in Notes 10 and 25.2, respectively. In addition, Note 11 "Intangible Assets" describes the main assumptions used for measuring intangible assets.

1.B Consolidation principles

Companies over which the Group exercises significant influence and which are at least 20%-owned are consolidated when one or more of the following criteria are met: annual sales of over €20 million, total assets of over €20 million, and debt of over €5 million.

Non-consolidated companies are not material, either individually or in the aggregate.

Subsidiaries controlled by the Group are fully consolidated. Control is presumed to exist when the Group holds more than 50% of a company's voting rights, and may also arise as a result of shareholders' agreements.

Subsidiaries are fully consolidated as of the date on which control is transferred to the Group. They are no longer consolidated as of the date that control ceases.

Companies over which the Group exercises significant influence but not control, generally through a shareholding representing between 20% and 50% of the voting rights, are accounted for by the equity method. There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

The Faurecia group's financial statements are presented in euros. Except if specifically specified, amounts are in millions of euros; generally, amounts presented are rounded to the closest unit; consequently, the sum of rounded amounts can present non significant differences to the reported total. Moreover, ratios and variances reported are computed with the detailed amounts and not with the rounded amounts.

The functional currency of foreign subsidiaries is generally their local currency. The assets and liabilities of these companies are translated into euros at the year-end exchange rate and income statement items are translated at the average exchange rate for the year. The resulting foreign exchange gains and losses are recorded in equity.

Balance sheets and net income of Group entities active in hyperinflation economies are restated to take into account the changes in purchasing power of the local currencies using the official indexes at closing date. They are then translated in euros using the exchange rate of the closing date; without restatement of comparative periods in accordance with IAS 21. This is applied in 2019 and 2020 to Group affiliates in Argentina.

However certain companies located outside the euro or the US-dollar zone and which carry out the majority of their transactions in euros or US dollars may, however, use euros or US dollars as their functional currency.

All material inter-company transactions are eliminated in consolidation, including inter-company gains.

The accounting policies of subsidiaries and companies accounted for by the equity method are not significantly different from those applied by the Group.

Note 2 Change in scope of consolidation and recent events

2.1 Change in scope of consolidation in 2020

SAS has been acquired on January 30, 2020 and integrated in the Interiors segment (see note 10A). It was previously held at 50% and consolidated by equity method.

Within the Clean Mobility perimeter, the company Ullit has been fully acquired in January 2020 and is fully consolidated.

For Clarion Electronics perimeter, in Canada, the company Irystec Software Inc. has been fully acquired in April 2020 and is fully consolidated. The company Faurecia Aptoide Automotive, created in October 2019 in Portugal, and held at 50%, is consolidated by equity method since January 1, 2020. In China, the company Changchun Faurecia Xuyang Display Technology Co., Ltd., held at 55%, is fully consolidated since July 2020.

Within the Seating consolidation scope, the company Beijing BAIC Faurecia Automotive Systems Co., Ltd, acquired up to 50% in November 2020, is consolidated by equity method.

2.2 Reminder of change in scope of consolidation introduced in 2019

Clarion has been acquired in March 2019 and integrated in the new Clarion Electronics perimeter (see Note 10B). In the same perimeter, the remaining shares of Coagent (49%) has been acquired in June 2019.

Within the Seating consolidation scope, in the United States, the company Total Network Manufacturing has been acquired at 49% and is consolidated by equity method since January 2019. In Mexico, the company Steva Mexico SLP SA de CV has been acquired at 49% and is consolidated by equity method since February 2019. In China, the company Chengdu Faurecia Xuyang Automotive Seat Co., Ltd has been created in September 2019, it is held at 60% and fully consolidated.

For Interiors, In China, the company Faurecia (Chongqing) Automotive Parts Company Ltd has been sold fully in July 2019 and following the acquisition of the remaining shares of Zhejiang Faurecia Interior and Exterior Systems Company Ltd, this company, previously consolidated by equity method is now fully consolidated since October 2019 as in the same time the shares of Xiangtan Faurecia Limin Interior and Exterior Systems Company Ltd and of Lanzhou Faurecia Limin Interior & Exterior Systems Company Ltd, consolidated by equity method, have been sold in October 2019.

Within the Clean Mobility perimeter, the company Faurecia (Liuzhou) Emissions Control Technologies Co Ltd has been created in March 2019, it is held at 50% and consolidated by equity method. The company Amminex, held at 91.5%, is fully consolidated since January 2019. The company Symbio, in France, is held at 50% and consolidated by equity method since December 2019.

The companies Covatech Automotive Technologies, based in Taiwan, acquired at 82% and fully consolidated since March 2019 and Creo acquired in Sweden at 72% and fully consolidated since April 2019, initially allocated to Interiors, are now integrated into the Clarion Electronics perimeter.

2.3 Recent events

Impact Covid-19

The year 2020 has been strongly impacted by the globalization of the Covid-19 pandemic that heavily impacted the automotive industry and all sectors of the economy, especially during the first semester, where, as a consequence of the temporary shutdown of most of its customers' production sites around the globe, Faurecia also had to stop production in a large number of its sites during this period.

Production has then been stopped mainly in China from mid February to early March 2020 (depending on the provinces), in Europe during the second half of March until early May depending on the countries and in North America from end of March to mid May 2020, each time in compliance with local regulations. The Group has then ensured the safe restart of production in these different areas applying the local regulations and depending on the restart of its customers' plants.

In the light of this unprecedented situation, Faurecia immediately implemented from March 2020 a strong action plan to react to the crisis with three priorities:

- The first priority was the health and safety of all employees as well as the creation of the right conditions for a safe restart of production ("safer together program"), learning from the successful experience in China;
- The second priority was the close management of the Group's liquidity and the protection of a sound financial structure. To this end, quick measures were implemented during the first half year 2020, ensuring the liquidity to face the production drop. Faurecia has then drawn €600 million out of its €1.2 billion syndicated credit facility, signed and drawn a new Club Deal of €800 million and extended its factoring program to the newly integrated SAS business. The debt has then been restructured beginning of the second half 2020, through the additional issue of 2025 bonds and the issue of 2028 bonds for a total of €1,000 million, on July 31, 2020, enabling the repayment of the €800 million loan, as well as later on the repayment of the drawn part of the syndicated credit facility. In addition, the Board of Directors took the decision, approved by shareholders at the June 26, 2020 Annual General Meeting, to cancel the 2020 dividend;
- The third priority was to deploy quick actions to further improve the Group's resilience, in order to limit the impact of the sharp sales drop on operating income. Faurecia has then taken all the necessary measures to drastically reduce, in the short term, its costs, development expenses and investments, including putting employees in all sites on temporary unemployment, according to the reduction of the activity faced by the site.

At the end of June 2020, production was running on all the plants of the Group, the gradual recovery of the activity has then continued during the second semester. From September 2020, the activity of the Group has come back to the level of last year.

The impacts on Group results and on the estimates used for the year end closing are being detailed in the notes 8 and 10C mainly.

The last developments on Covid and its variants are still generating uncertainties on the automotive production in H1 2021, as well as the electronic components shortage, the impact of the latter being likely to be recovered during the rest of the year.

Merger Peugeot SA and FCA to create Stellantis Group

Within the frame of the merger between Peugeot SA and FCA:

- on October 28, 2020, the boards of Peugeot SA and FCA have approved the sale by Peugeot SA of approximately 7% of Faurecia's paid capital prior to the completion of the merger. The sale of 9,663,000 Faurecia shares, representing around 7% share of Faurecia paid in capital has taken place by Peugeot SA on October 29, 2020. In addition to this sale, commitments on Faurecia governance have been taken by Peugeot SA and FCA to ensure that Stellantis will not acquire control of Faurecia, in line with the initial merger agreement ;
- on January 4, 2021, the extraordinary shareholder's meetings of Peugeot SA and FCA have approved the merger of the two groups ;
- on January 12, 2021, as committed by Peugeot SA and FCA, the Faurecia shares held by Peugeot SA have been converted to bearer shares (followed by a conversion to nominative shares) involving the loss of the double voting rights that were attached to them so far, and the three Faurecia board members representing Peugeot SA in Faurecia's board have resigned at that date ;
- on January 25, 2021, after the realization of the merger between Peugeot SA and FCA effective on January 16, 2021, Stellantis has announced for March 8, 2021, the convening of an extraordinary shareholder's meeting to approve the distribution of the shares held in Faurecia.

Faurecia has signed on February 18, 2021 a memorandum of understanding concerning the sale of its acoustics and soft trim division (AST) to the Adler group.

Note 3 Post-balance sheet events

No significant post-balance sheet events have occurred apart from the events described in 2.3.

Note 4 Information by operating segment

The Group is structured into four business units based on the nature of the products and services offered:

- Seating (design and manufacture of complete vehicle seats, seating frames and adjustment mechanisms);
- Interiors (design, manufacture and assembly of instrument panels and complete cockpits, door panels and modules, and acoustic systems);
- Clean Mobility (design and manufacture of exhaust systems, solutions for fuel cell electric vehicles, and aftertreatment solutions for commercial vehicles);
- Clarion Electronics (design and manufacture of display technologies, driver assistance systems and cockpit electronics).

These business units are managed by the Group on an independent basis in terms of reviewing their individual performance and allocating resources. The tables below show reconciliation between the indicators used to measure the performance of each segment –notably operating income (before amortization of acquired intangible assets)– and the consolidated financial statements. Borrowings, other operating income and expense, financial income and expenses, and taxes are monitored at the Group level and are not allocated to the various segments.

4.1 Accounting principles

Revenue on parts is recognized when the control is transferred to the customer, incidental to ownership of the modules or parts produced. This generally corresponds to when the goods are shipped.

Revenue on tooling is generally recognized at the transfer of control of these toolings to the customer, usually shortly before serial production starts. Development costs are generally recognized as set up costs for the serial parts production and capitalized, they are then not considered as a revenue distinct from product sales, except specific cases depending on the contract with the customer.

Faurecia operates as an agent for monoliths sales, as well as for some cockpit components, these sales are then recorded at net value in the income statement.

Operating margin (before amortization of acquired intangible assets) is the Faurecia group's principal performance indicator.

It corresponds to net income of the fully consolidated companies before:

- the amortization of intangible assets acquired in business combinations (customer relationship...);
- other non-recurring operating income and expenses, corresponding to material, unusual and non-recurring items including reorganization costs and early retirement costs, the impact of exceptional events such as the discontinuation of a business, the closure of an industrial site, disposals of non-operating buildings, impairment losses and reversals recorded for property, plant and equipment or intangible assets, as well as other material and unusual losses;
- income on loans, cash investments and marketable securities;
- finance costs, including finance costs on lease liabilities;
- other financial income and expenses, which include the impact of discounting the pension benefit obligation and the return on related plan assets, the ineffective portion of interest rate and currency hedges, changes in value of interest rate and currency instruments for which the hedging relationship does not satisfy the criteria set forth in IFRS 9, and gains and losses on sales of shares in subsidiaries;
- taxes.

4.2 Key figures by operating segment

2020

<i>(in € millions)</i>	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	5,599.3	4,591.8	3,832.2	737.0	108.4	14,868.7
Inter-segment eliminations	(39.8)	(47.4)	(8.9)	(10.5)	(108.4)	(214.9)
Consolidated sales	5,559.5	4,544.4	3,823.4	726.5	0.0	14,653.8
Operating income (before amortization of acquired intangible assets)	190.6	19.4	201.1	(4.9)	0.0	406.2
Amortization of intangible assets acquired in business combinations						(91.7)
Operating income (after amortization of acquired intangible assets)						314.5
Other non recurring operating income						180.7
Other non recurring operating expenses						(457.7)
Finance costs, net						(186.2)
Other financial income and expenses						(36.6)
Corporate income tax						(123.4)
Share of net income of associates						(12.8)
NET INCOME (LOSS)						(321.5)
Segment assets	4,054.7	4,326.4	4,543.4	1,424.4	208.0	14,557.0
Net property, plant and equipment	778.4	923.5	911.7	144.0	55.7	2,813.3
Right-of-use assets	214.2	350.8	208.3	55.4	84.5	913.3
Other segment assets	3,062.2	3,052.1	3,423.4	1,225.0	67.7	10,830.4
Investments in associates						177.4
Other equity interests						53.8
Short and long-term financial assets						3,252.8
Tax assets (current and deferred)						661.5
TOTAL ASSETS						18,702.5
Segment liabilities	2,143.9	2,612.4	3,281.6	431.2	185.9	8,654.9
Borrowings						5,245.9
Lease liabilities						976.2
Tax liabilities (current and deferred)						98.4
Equity and minority interests						3,727.1
TOTAL LIABILITIES						18,702.5
Capital expenditure	137.3	156.6	141.3	18.6	21.4	475.1
Depreciation of property, plant and equipment	(133.7)	(183.8)	(158.2)	(24.6)	(6.8)	(507.0)
Depreciation of Right-of-use assets	(57.9)	(75.6)	(45.7)	(13.1)	(13.2)	(205.5)
Impairment of property, plant and equipment	(6.9)	(19.8)	(4.8)	(0.4)	0.0	(31.9)
Headcounts	42,515	40,467	22,256	5,797	2,896	113,931

2019

<i>(in € millions)</i>	Seating	Interiors	Clean Mobility	Clarion Electronics	Other	Total
TOTAL SALES	7,029.1	5,389.1	4,655.0	774.8	148.4	17,996.3
Inter-segment eliminations	(55.9)	(18.9)	(1.5)	(3.4)	(148.4)	(228.0)
Consolidated sales	6,973.3	5,370.2	4,653.5	771.4	0.0	17,768.3
Operating income (before amortization of acquired intangible assets)	453.1	293.6	524.6	11.9	0.0	1,283.3
Amortization of intangible assets acquired in business combinations						(56.4)
Operating income (after amortization of acquired intangible assets)						1,226.9
Other non recurring operating income						2.5
Other non recurring operating expenses						(216.3)
Finance costs, net						(179.0)
Other financial income and expenses						(40.4)
Corporate income tax						(166.8)
Share of net income of associates						37.8
NET INCOME (LOSS)						664.7
Segment assets	4,041.9	3,449.3	4,374.5	1,647.0	243.3	13,755.9
Net property, plant and equipment	824.5	953.6	997.3	168.5	53.6	2,997.4
Right-of-use assets	210.5	314.8	224.4	37.6	89.6	877.0
Other segment assets	3,006.9	2,180.9	3,152.7	1,440.9	100.1	9,881.5
Investments in associates						240.3
Other equity interests						60.4
Short and long-term financial assets						2,441.1
Tax assets (current and deferred)						667.1
TOTAL ASSETS						17,164.8
Segment liabilities	2,142.3	2,047.7	2,900.5	549.6	155.5	7,795.5
Borrowings						3,939.2
Lease liabilities						906.0
Tax liabilities (current and deferred)						62.3
Equity and minority interests						4,461.8
TOTAL LIABILITIES						17,164.8
Capital expenditure	195.1	222.8	206.1	29.1	27.5	680.6
Depreciation of property, plant and equipment	(138.2)	(165.7)	(153.7)	(28.9)	(5.2)	(491.7)
Depreciation of Right-of-use assets	(47.6)	(39.4)	(54.6)	(3.8)	(11.7)	(157.0)
Impairment of property, plant and equipment	(1.8)	(5.8)	(5.1)	(3.1)	(0.0)	(15.8)
Headcounts	44,742	37,367	23,211	7,325	2,851	115,496

4.3 Sales by operating segment

Sales by operating segment break down as follows:

(in € millions)	2020		2019	
	Consolidated Sales	%	Consolidated Sales	%
Seating	5,559.5	38	6,973.3	39
Interiors	4,544.4	31	5,370.2	30
Clean Mobility	3,823.4	26	4,653.5	26
Clarion Electronics	726.5	5	771.4	4
TOTAL	14,653.8	100	17,768.3	100

4.4 Sales by major customer

Sales * by major customer break down as follows:

(in € millions)	2020		2019	
	Consolidated Sales	%	Consolidated Sales	%
VW Group	2,427.8	17	2,452.0	14
Ford Group	1,733.6	12	2,289.4	13
PSA Peugeot Citroën	1,600.2	11	2,075.8	12
Renault-Nissan	1,333.0	9	1,862.1	10
FCA	793.1	5	1,002.3	6
GM	722.2	5	878.8	5
Daimler	439.5	3	526.8	3
BMW	365.2	2	563.4	3
Other	5,239.3	36	6,117.8	34
TOTAL	14,653.8	100	17,768.3	100

* The presentation of sales invoiced may differ from that of sales by end customer when products are transferred to intermediary assembly companies.

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Notes to the consolidated financial statements

4.5 Key figures by geographic area

Sales are broken down by destination region. Other items are presented by the region where the companies involved operate:

2020

<i>(in € millions)</i>	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	1,528.2	962.9	4,480.6	3,631.5	398.2	3,528.1	124.3	14,653.8
Net property, plant and equipment	375.7	116.1	903.1	677.6	78.6	641.1	21.1	2,813.3
Right-of-use assets	168.7	45.4	266.8	265.1	8.9	152.0	6.4	913.3
Capital expenditure	107.2	21.8	133.0	124.1	11.3	74.0	3.7	475.1
Headcounts as of December 31	12,057	5,805	40,889	20,935	4,846	28,154	1,245	113,931

2019

<i>(in € millions)</i>	France	Germany	Other European countries	North America	South America	Asia	Other countries	Total
Consolidated Sales	2,883.2	1,212.1	4,546.1	4,483.4	696.3	3,766.0	181.1	17,768.3
Net property, plant and equipment	372.1	111.1	895.7	734.7	117.4	742.2	24.3	2,997.4
Right-of-use assets	153.5	39.0	257.5	266.7	6.7	145.3	8.3	877.0
Capital expenditure	140.9	19.5	186.1	179.7	15.5	133.2	5.8	680.6
Headcounts as of December 31	13,306	5,787	41,419	20,574	5,187	27,842	1,381	115,496

Note 5 Analysis of operating expenses

5.1 Analysis of operating expenses by function

<i>(in € millions)</i>	2020	2019
Cost of sales	(13,179.0)	(15,286.5)
Research and development costs	(342.5)	(420.0)
Selling and administrative expenses	(726.1)	(778.5)
TOTAL	(14,247.6)	(16,485.0)

5.2 Analysis of operating expenses by nature

<i>(in € millions)</i>	2020	2019
Purchases consumed	(8,444.2)	(10,277.1)
External costs	(1,747.0)	(1,915.7)
Personnel costs	(3,480.5)	(3,861.6)
Taxes other than on income	(55.5)	(53.9)
Other income and expenses	759.1	708.9
Depreciation, amortization and provisions for impairment in value of non-current assets	(1,272.6)	(1,121.0)
Charges to and reversals of provisions	(6.9)	35.4
TOTAL	(14,247.6)	(16,485.0)

5.3 Personnel costs

<i>(in € millions)</i>	2020	2019
Wages and salaries *	(2,772.1)	(3,077.5)
Payroll taxes	(708.4)	(784.1)
TOTAL	(3,480.5)	(3,861.6)
* Of which temporary employee costs.	(248.2)	(325.7)

Details of expenses relating to the Group's free shares plans and pension costs are provided in Notes 22.2 and 25, respectively.

5.4 Research and development costs

<i>(in € millions)</i>	2020	2019
Research and development costs, gross	(1,187.3)	(1,329.7)
Capitalized development costs	844.8	909.7
of which in inventory	225.5	228.5
of which in intangible assets	619.3	681.2
TOTAL	(342.5)	(420.0)

Development costs are usually capitalized in intangible assets as they are considered as set up costs for the serial parts production, and then amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances. For some specific contracts where the developments works are a separate performance obligation under IFRS 15 the corresponding costs comply with the definition of work in progress and are capitalized in inventory. These inventories are then expensed (cost of sales) when the corresponding revenue is recognized.

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The development costs recognized in the cost of sales (stock decrease and R&D assets depreciation) amount to €703.9 million as of December 31, 2020, vs €658.2 million as of December 31, 2019.

5.5 Depreciation, amortization and provisions for impairment in value of non-current assets

<i>(in € millions)</i>	2020	2019
Amortization of capitalized development costs	(509.4)	(437.8)
Provisions for impairment of capitalized development costs	(15.3)	(4.1)
Amortization of other intangible assets	(36.0)	(35.9)
Depreciation of specific tooling	(8.9)	(11.0)
Depreciation and impairment of other property, plant and equipment	(497.5)	(475.2)
Depreciation of Right-of-use assets	(205.5)	(157.0)
TOTAL	(1,272.6)	(1,121.0)

This table does not include allowances and reversals of provision for non-recurring items.

Note 6 Other non recurring operating income and expenses

Other non recurring operating income and expenses are analyzed as follows:

OTHER NON RECURRING OPERATING INCOME

<i>(in € millions)</i>	2020	2019
Release of provision for impairment of assets	0.2	0.7
Gain on disposals of assets	1.8	0.7
Others ⁽¹⁾	178.7	1.1
TOTAL	180.7	2.5

(1) Of which in 2020 gain on revaluation of SAS shares previously held for €178 million.

OTHER NON RECURRING OPERATING EXPENSES

<i>(in € millions)</i>	2020	2019
Other provisions for impairment of assets ⁽²⁾	(16.7)	0.0
Reorganization expenses ⁽¹⁾	(286.0)	(193.9)
Impairment of goodwill ⁽²⁾	(150.0)	0.0
Losses on disposal of assets	0.0	0.0
Others	(5.0)	(22.4)
TOTAL	(457.7)	(216.3)

(1) As of December 31, 2020, this item includes restructuring costs in the amount of €223.4 and provisions for impairment in value of assets in the amount of €62.6 million and versus respectively, €168.8 million and €25.1 million as of December 31, 2019.

(2) Of which €150.0 million of impairment of Clarion Electronics' goodwill (see Note 10C) and €16.1 million of impairment of intangible assets of Clarion Electronics as of December 31, 2020.

RESTRUCTURING

Reorganization costs (€286.0 million) include redundancy and site relocation payments for 6,012 people.

Note 7 Finance costs and Other financial income and expenses

7.1 Finance costs

<i>(in € millions)</i>	2020	2019
Finance costs	(156.0)	(152.2)
Finance costs on leases	(48.4)	(45.5)
TOTAL	(204.3)	(197.7)

7.2 Other financial income and expenses

<i>(in € millions)</i>	2020	2019
Impact of discounting pension benefit obligations	(5.8)	(8.3)
Changes in the ineffective portion of currency hedges	(0.3)	(3.4)
Changes in fair value of currency hedged relating to debt	2.6	0.6
Foreign exchange gains and losses on borrowings	(10.4)	(1.3)
Hyperinflation impact (Argentina)	(5.4)	0.3
Others *	(17.3)	(28.3)
TOTAL	(36.6)	(40.4)

* This item includes amortization of costs related to bonds and other long-term debts, commissions for non-use of the credit facility and depreciation of loans to non consolidated entities.

Note 8 Corporate income tax

Deferred taxes are recognized using the liability method for temporary differences arising between the tax bases for assets and liabilities and their carrying amounts on the consolidated financial statements. Temporary differences mainly arise from tax loss carryforwards and consolidation adjustments to subsidiaries' accounts.

Deferred taxes are measured using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carry forward can be utilized, based on the Group's forecasts.

Deferred tax liabilities are accounted for every taxable temporary differences in relation with investment in subsidiaries, joint ventures and associates unless the Group has the capacity to control the timing of the reversal of temporary differences and if it is probable that they will not be reversed in a predictable future.

In compliance with IFRIC 23, accruals for risk on income tax are part of the income tax within the statement of comprehensive income and of income tax payables within the balance sheet (Note 28).

Corporate income tax can be analyzed as follows:

<i>(in € millions)</i>	2020	2019
Current taxes		
■ Current corporate income tax	(181.2)	(243.3)
Deferred taxes		
■ Deferred taxes for the period	57.8	76.5
TOTAL	(123.4)	(166.8)

8.1 Analysis of the tax charge

The effective corporate income tax charge can be reconciled with the theoretical tax charge as follows:

<i>(in € millions)</i>	2020	2019
Pre-tax income of consolidated companies	(185.3)	793.7
Theoretical Tax (32.02%)	59.3	(273.3)
Effect of rate changes on deferred taxes recognized on the balance sheet	(30.1)	15.6
Effect of local rate differences *	9.9	68.7
Tax credits	3.0	6.7
Change in unrecognized deferred tax	(145.0)	23.4
Permanent differences & others **	(20.5)	(7.9)
Corporate tax recognized	(123.4)	(166.8)

* The impact of local rate differences mainly relates to Chinese entities.

** Mainly due to withholding tax.

The 2020 tax expense includes the recognition of a €20 million deferred tax assets in the United States, and the depreciation of €25 million deferred tax assets in France and Germany.

8.2 Analysis of tax assets and liabilities

<i>(in € millions)</i>	2020	2019
Current taxes		
■ Assets	186.1	198.7
■ Liabilities	(74.2)	(73.0)
	111.9	125.7
Deferred taxes		
■ Assets *	475.4	468.4
■ Liabilities	(82.0)	(38.7)
	393.4	429.7
* Of which tax assets on tax losses.	152.4	155.9

The Group considers the recovery of the deferred tax net balance as at December 31, 2020, i.e. €393.4 million, as probable.

Changes in deferred taxes recorded on the balance sheet break down as follows:

<i>(in € millions)</i>	2020	2019
Amount as at the beginning of the year	429.7	328.2
■ Deferred taxes carried to net income for the period	57.8	76.5
■ Deferred taxes recognized directly in equity *	9.6	15.9
■ Effect of currency fluctuations and other movements	(46.9)	0.8
■ Effect of scope variations	(56.9)	8.3
Amount at the end of the year	393.4	429.7

* Mainly related to actuarial gains and losses directly recognized in equity.

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8.3 Deferred tax assets and liabilities by nature

<i>(in € millions)</i>	2020	2019
Tax asset carryforwards	152.4	155.9
Intangible assets	(328.5)	(463.8)
Other tangible assets and long term assets	59.7	338.3
Pensions	97.5	89.6
Other reserves	15.0	29.3
Stocks	193.5	129.3
Other working capital	203.7	151.1
TOTAL	393.4	429.7
<i>of which deferred tax assets</i>	475.4	468.4
<i>of which deferred tax liabilities</i>	(82.0)	(38.7)

8.4 Impairment of tax asset carryforwards

The ageing of impaired tax asset carryforward is detailed as follows:

<i>(in € millions)</i>	2020	2019
N+1	15.1	10.3
N+2	7.3	12.1
N+3	11.7	10.8
N+4	14.1	11.3
N+5 and above	108.3	51.6
Unlimited	417.8	481.8
TOTAL	574.3	577.9

These impaired deferred income tax assets on loss carry forwards are mainly located in France.

Note 9 Earnings per share

Basic earnings per share are calculated by dividing net income attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding treasury stock. For the purpose of calculating diluted earnings per share, the Group adjusts net income attributable to owners of the parent and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares (including stock options, free shares and convertible bonds). As of December 31, 2020, no stock options were still outstanding.

	2020	2019
Number of shares outstanding at year-end ⁽¹⁾	138,035,801	138,035,801
Adjustments:		
■ treasury stock	(499,273)	(1,149,994)
■ weighted impact of share issue prorated	0	0
Weighted average number of shares before dilution	137,536,528	136,885,807
Weighted impact of dilutive instruments:		
■ free shares attributed	440,567	642,747
■ bonds with conversion option	0	0
Weighted average number of shares after dilution	137,977,095	137,528,554

(1) Changes in the number of shares outstanding as of December 31, 2020, are analyzed as follows:

As of December 31, 2019: Number of Faurecia shares outstanding	138,035,801
Change of number of shares	0
As of December 31, 2020: Number of Faurecia shares outstanding	138,035,801

The dilutive impact of the bonds was calculated using the treasury stock method.

In relation to stock options, this method consists of comparing the number of shares that would have been issued if all outstanding stock options had been exercised to the number of shares that could have been acquired at fair value.

The potentially dilutive impact of free shares is taken into account considering the number of shares to be distributed for the plans of which the realization of the performance conditions has already been stated by the Board.

Earnings per share

Earnings per share break down as follows:

	2020	2019
Net Income (loss) (in € millions)	(378.8)	589.7
Basic earnings (loss) per share	(2.75)	4.31
After dilution	(2.75)	4.29

Note 10A Business Combination – SAS

Following approval from the appropriate regulatory bodies, Faurecia, through its subsidiary Faurecia Automotive GmbH, has acquired the remaining 50% of SAS from Continental on January 30, 2020, a project that was announced on October 14, 2019.

SAS is a key player in complex interior module assembly and logistics with sales of around €740 million in 2019 and employing around 4,490 people. This acquisition reinforces Faurecia's Cockpit of the Future strategy and its systems integration offer which now covers all interior modules as well as functionalities such as lighting and thermal management. It also strengthens Faurecia's *Just in Time* plant network with 20 facilities in Europe, North and South America and China. SAS has an order book showing strong growth potential, and sales growth will be further accelerated through regional and customer diversification particularly in China.

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The one-year period during which the amounts assets acquired and liabilities assumed and the related goodwill may be amended has ended on January 31, 2021.

As of December 31, 2020, out of the initial purchase price of €496.3 million (including the revaluation of the 50% share previously held – see Note 6), €285.2 million has been allocated to the net assets acquired, specifically to customer relationships for €230.0 million, and €211.0 million to the goodwill.

SAS accounts have been included in the consolidated financial statements since February 1, 2020. SAS Total contribution to Faurecia's consolidated revenue and operating income (before depreciation of acquired intangible assets) was respectively €600.8 million and €33.8 million for the year 2020.

The table below shows a breakdown of SAS net assets acquired by Faurecia:

<i>(in € millions)</i>	Fair Values
Intangible assets	250.1
Property, plant and equipment	83.9
Right-of-use assets	78.7
Other non current assets	1.0
TOTAL NON CURRENT ASSETS	413.6
Inventories, net	11.5
Contract assets	89.5
Trade accounts receivable	533.4
Other Current assets	83.7
Cash & cash equivalent	38.3
TOTAL CURRENT ASSETS	756.3
TOTAL ASSETS	1,170.0
Non controlling interests	0.0
Long term provisions and non current liabilities	1.4
Non current financial liabilities	0.0
Non current lease liabilities	64.3
TOTAL NON CURRENT LIABILITIES	65.8
Trade payables	547.5
Current provisions	5.7
Current liabilities	236.8
Current financial liabilities	14.6
Current portion of lease liabilities	14.4
TOTAL CURRENT LIABILITIES	819.0
TOTAL LIABILITIES	884.7
Net acquired assets	285.2
Goodwill	211.0
Acquisition cost (including fair value of the previously owned participation in SAS)	496.3

Note 10B Business Combination – Clarion

Faurecia, through its subsidiary Hennape Six SAS, had acquired 100% of the shares of Clarion, listed on the Tokyo Stock Exchange, through a tender offer closed on February 28, 2019, followed by a squeeze out closed on March 28, 2019.

The one-year period during which the amounts assets acquired and liabilities assumed and the related goodwill may be amended has ended on March 31, 2020. The changes that have occurred on the opening balance sheet since the December 31, 2019 closing are not significant.

Note 10C Goodwill

In case of a business combination, the aggregate value of the acquisition is allocated to the identifiable assets acquired and liabilities assumed based on their fair value determined at their acquisition date.

A goodwill is recognized when the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree exceed the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired. For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs). A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The CGU to which goodwill is allocated represents the level within the operating segment at which goodwill is monitored for internal management purposes. The Group has identified the following CGUs:

- Seating;
- Interior Systems;
- Clean Mobility;
- Clarion Electronics.

The carrying amount of assets and liabilities thus grouped is compared to the higher of its market value and value in use, which is equal to the present value of the net future cash flows expected, and their net market value including costs of disposal.

<i>(in € millions)</i>	Gross	Impairment	Net
Amount as of January 1, 2019	2,002.8	(510.7)	1,492.1
Acquisitions	651.8	0.0	651.8
Translation adjustments and other movements	2.5	0.0	2.5
Amount as of December 31, 2019	2,657.1	(510.7)	2,146.4
Acquisitions	235.3	0.0	235.3
Provision for impairment	0.0	(150.0)	(150.0)
Translation adjustments and other movements	(36.0)	0.2	(35.8)
Amount as of December 31, 2020	2,856.4	(660.5)	2,195.9

Breakdown of the net amount of goodwill by operating segment:

<i>(in € millions)</i>	2020	2019
Seating	850.3	850.4
Interiors *	504.7	295.2
Clean Mobility	444.6	464.9
Clarion Electronics *	396.3	535.9
TOTAL	2,195.9	2,146.4

* See Notes 10.A and 10.B

Cash-generating units and impairment tests

Impairment tests are carried out whenever there is an indication that an asset may be impaired. Impairment testing consists of comparing the carrying amount of an asset, or group of assets, with the higher of its market value and value in use. Value in use is defined as the present value of the net future cash flows expected to be derived from an asset or group of assets.

The assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or CGUs).

Impairment tests are performed on each group of intangible assets (development costs) and property, plant and equipment attributable to a customer contract. This is done by comparing the aggregate carrying amount of the Group of assets concerned with the present value of the expected net future cash flows to be derived from the contract.

An impairment loss is recorded when the assets' carrying amount is higher than the present value of the expected net future cash flows. A provision is then recorded for losses to completion on loss-making contracts in compliance with IAS 37.

In case of a triggering event, impairment testing is also carried out on general and corporate assets grouped primarily by type of product and geographic area.

The cash inflows generated by the assets allocated to these CGUs are largely interdependent due to the high overlap among various manufacturing flows, optimization of capacity utilization, and centralization of research and development activities.

Manufacturing assets whose closure is planned are tested independently for impairment.

Within the frame of the impairment tests of goodwill and group of CGUs as defined in Note 10C, the cash flow forecasts used to calculate value in use were based on the Group's 2021-2023 forecasts which were drafted in the last quarter of 2020. The volume assumptions used in the strategic plan are based on worldwide automotive market assumptions of 76.6 million of cars in 2021, 82.3 million in 2022 and 85.7 million in 2023, based themselves on external information sources. In order to take into account the development plan for Clarion Electronics following the acquisition of Clarion in 2019, having as priorities to accelerate the growth on four product lines and an aggressive roadmap for cost competitiveness, the cash flow forecasts used for this activity are based on detailed forecasts for the period 2021-2025. The impact of a worldwide automotive market assumption 5% lower than the volumes considered by the Group is around 75% of the maximum sensitivity detailed below for the total Group.

The main assumption affecting value in use is the level of operating income used to calculate future cash flows and particularly the terminal value. The operating margin assumption for 2023 remains in the range of 8% of sales for the Group as a whole.

Projected cash flows for the last year (2023) have been projected to infinity by applying a growth rate determined based on analysts' trend forecasts for the automotive market. The growth rate applied for the 2020 test was 1.4% (1.4% applied at the end of 2019), except for Clarion Electronics for which 2% has been considered (2% applied at the end of 2019).

Faurecia called on an independent expert to update the weighted average cost of capital used to discount future cash flows. The market parameters used in the expert's calculation are based on a sample of companies operating in the automotive supplier sector. Taking into account these parameters and a market risk premium of 8% on average, the weighted cost of capital used to discount future cash flows was set at 9.5% (on the basis of a range of values provided by the independent expert) in 2020 (9% in 2019). This rate was applied for the impairment tests carried out on all of the groups of CGUs, as they all bear the same specific risks relating to the automotive supplier sector and the CGUs multinational operation does not justify using geographically different discount rates except for Clarion Electronics, for which a discount rate of 8.75% has been considered to take into account a slightly different country exposure (8% at the end of 2019).

The tests performed as of December 31, 2020 did not show any indication of further impairment in goodwill for Seating, Interiors and Clean Mobility. An impairment of €150 million on the goodwill of Clarion Electronics had been booked on June 30, 2020, the test as of December 31, 2020 has not stated any additional impairment.

The table below shows the sensitivity of the impairment test results to changes in the assumptions used as of December 31, 2020 to determine the value in use of the CGUs groups to which the Group's goodwill is allocated:

Sensitivity (in € millions)	Test income (value in use - net carrying value)	Cash flow discount rate +0.5 pt	Growth rate to infinity -0.5 pt	Operating margin rate for terminal value -0.5 pt	Combination of the 3 factors
Seating	3,101	(331)	(297)	(312)	(867)
Interiors	1,574	(226)	(203)	(215)	(594)
Clean Mobility	2,846	(278)	(250)	(179)	(655)
Clarion Electronics	76	(117)	(98)	(96)	(231)

Note 11 Intangible assets

A. Research and development expenditure

The Faurecia group incurs certain development costs in connection with producing and delivering modules for specific customer orders which are considered as set up costs for the serial parts production and capitalized. In accordance with IAS 38, these development costs are recorded as an intangible asset where the Company concerned can demonstrate:

- its intention to complete the project as well as the availability of adequate technical and financial resources to do so;
- how the customer contract will generate probable future economic benefits and the Company's ability to measure these reliably;
- its ability to reliably measure the expenditure attributable to the contracts concerned (costs to completion).

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred.

B. Other intangible assets

Other intangible assets include development and purchase costs relating to software used within the Group –which are amortized on a straight-line basis over a period of between one and three years– as well as patents and licenses, and the intangible assets acquired in business combinations (customer relationship...); these assets are amortized on the corresponding contracts duration.

Intangible assets break down as follows:

<i>(in € millions)</i>	Development costs	Software and other	Intangible assets acquired	Total
AMOUNT AS OF JANUARY 1, 2019	1,783.4	59.0	117.0	1,959.4
Additions	683.6	3.4	0.1	687.0
Depreciation and amortization	(437.8)	(35.9)	(56.4)	(530.1)
Funding of provisions	(4.0)	0.0	0.0	(4.0)
Translation adjustments and other	28.4	48.9	361.3	438.6
AMOUNT AS OF DECEMBER 31, 2019	2,053.7	75.3	422.0	2,550.9
Additions	624.3	3.2	0.0	627.5
Depreciation and amortization	(509.4)	(36.0)	(91.7)	(637.1)
Funding of provisions	(15.3)	0.0	0.0	(15.3)
Translation adjustments and other	(93.6)	31.7	203.8	141.9
AMOUNT AS OF DECEMBER 31, 2020	2,059.7	74.2	534.1	2,668.0

The book value of development costs allocated to a customer contract as well as the associated specific tooling is compared to the present value of the expected net future cash flows to be derived from the contract based on the best possible estimate of future sales. The volumes taken into account in Faurecia's Business Plans are the best estimates by the Group's Marketing department based on automakers' forecasts when available.

Note 12A Property, plant and equipment

Property, plant and equipment are stated at acquisition cost, or production cost in the case of assets produced by the Group for its own use, less accumulated depreciation.

Maintenance and repair costs are expensed as incurred, except when they increase productivity or prolong the useful life of an asset, in which case they are capitalized.

In accordance with the amended version of IAS 23, borrowing costs on qualifying assets arising subsequent to January 1, 2009 are included in the cost of the assets concerned. The amount is not significant for the period.

Property, plant and equipment are depreciated by the straight-line method over the estimated useful lives of the assets, as follows:

Buildings	20 to 30 years
Leasehold improvements, fixtures and fittings *	10 to 20 years
Machinery, tooling and furniture	3 to 10 years

* For leased buildings, leasehold improvements are depreciated over the same duration than the corresponding Right-of-Use asset.

Investment grants are recorded as a deduction from the assets that they were used to finance.

(in € millions)	Land	Buildings	Plant, tooling and equipment	Specific tooling	Other property, plant and equipment and property, plant and equipment in progress	Total
AMOUNT AS OF JANUARY 1, 2019	89.9	417.8	1,699.5	27.5	549.9	2,784.6
Additions (including own work capital)	0.0	1.6	66.0	15.4	597.6	680.6
Disposals	(71.8)	(130.4)	(186.6)	(8.3)	(57.2)	(454.3)
Depreciation	(0.5)	(52.5)	(379.3)	(11.0)	(48.4)	(491.7)
Non-recurring impairment losses	0.0	(4.9)	(9.5)	(0.2)	(1.3)	(15.8)
Depreciation written off on disposals	2.5	58.4	147.0	8.6	55.8	272.4
Currency translation adjustments	3.2	4.9	12.9	0.1	3.3	24.3
Scope variations & other movements	87.5	137.4	473.1	(0.6)	(500.1)	197.3
AMOUNT AS OF DECEMBER 31, 2019	110.8	432.3	1,823.1	31.4	599.9	2,997.4
Additions (including own work capital)	0.0	1.1	48.9	6.4	418.7	475.1
Disposals	(4.7)	(62.6)	(168.0)	(3.3)	(24.6)	(263.2)
Depreciation	(0.3)	(52.2)	(392.1)	(8.9)	(53.6)	(507.0)
Non-recurring impairment losses	(0.2)	(2.3)	(26.3)	0.0	(3.1)	(31.9)
Depreciation written off on disposals	1.0	37.1	151.4	3.3	26.1	219.0
Currency translation adjustments	(3.4)	(19.7)	(94.4)	(0.1)	(23.5)	(141.1)
Scope variations & other movements	1.2	51.4	400.2	(0.5)	(387.3)	65.0
AMOUNT AS OF DECEMBER 31, 2020	104.3	385.1	1,742.9	28.5	552.6	2,813.3

(in € millions)	2020			2019	
	Gross	Depreciation	Net	Gross	Net
Land	113.8	(9.6)	104.3	120.2	110.8
Buildings	1,096.6	(711.5)	385.1	1,153.2	432.3
Plant, tooling and technical equipment	4,847.1	(3,104.3)	1,742.9	4,794.6	1,823.1
Specific tooling	156.5	(128.0)	28.5	156.9	31.4
Other property, plant and equipment & property, plant and equipment in progress	931.6	(379.0)	552.6	936.2	599.9
TOTAL	7,145.6	(4,332.4)	2,813.3	7,161.1	2,997.4

Property, plant and equipment are often dedicated to client programs.

Note 12B Right-of-use assets

Lease contracts are accounted for in the balance sheet, through an asset (representing the right to use the leased asset along the contract duration) and a liability (representing the lease future payments obligation), considering the main following principles:

- exemption of contracts with a duration less than 12 months or which value is below €5,000 (corresponding lease payments are still expensed along the contract lifetime);
- the duration of a contract is equal to its non cancellable duration, except if the Group is reasonably certain to exercise the renewal or cancellation options contractually agreed;
- as long as the contract implicit rate can't be easily determined, the discount rate used is the marginal borrowing rate corresponding to the duration of the lease contract, determined based on the lessee and duration concerned;
- as of the effective date (date at which the leased asset is made available by the lessor), lease contracts as defined per IFRS 16 "leases" are accounted for:
 - as fixed assets (right of use) for the amount of the lease liability, increased by advanced payments made to lessor, initial costs incurred, as well as estimated dismantling or refurbishment costs that would be paid by Faurecia based on contractual terms if needed, and
 - as lease liability for the amount of discounted lease payment over the contract duration as defined above, using the discount rate defined above,
 - these right of use are depreciated on a linear basis, on the contract duration or by exception on the utility duration, if this one is shorter or if the contract transfers to the lessee the asset property or if a purchase option exists which is reasonably certain to be exercised by Faurecia,
 - cash flows related to the sale and lease back operations are included in the cash flows provided by investing activities.

<i>(in € millions)</i>	Land	Buildings	Plant and equipment	Others	Total
AMOUNT AS OF JANUARY 1, 2019	0.0	608.4	51.5	65.9	725.8
New contracts	0.2	214.6	39.4	43.9	298.1
Depreciation	0.0	(110.2)	(14.5)	(32.3)	(157.0)
Funding of impairment provisions	0.0	(4.1)	0.0	0.0	(4.1)
Other movements	0.0	2.5	0.5	11.1	14.1
AMOUNT AS OF DECEMBER 31, 2019	0.2	711.3	77.0	88.5	877.0
New contracts	0.0	142.1	16.9	40.8	199.8
Depreciation	0.0	(144.8)	(18.6)	(42.1)	(205.5)
Funding of impairment provisions	0.0	(1.1)	0.0	0.0	(1.1)
Other movements	0.0	54.1	(2.2)	(8.7)	43.1
AMOUNT AS OF DECEMBER 31, 2020	0.2	761.5	73.1	78.5	913.3

Note 13 Investments in associates

Investment in associates for continued operations:

(in € millions)	% interest *	Group share of equity **	Dividends received by the Group	Group share of sales	Group share of Total assets
Beijing BAIC Faurecia Automotive Systems Co., Ltd	50%	20.7	0.0	8.8	42.6
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd.	50%	6.9	0.0	40.0	29.3
Faurecia-NHK Co., Ltd	50%	0.0	0.0	151.2	42.4
Teknik Malzeme Ticaret Ve Sanayi A.S	50%	2.4	0.0	17.1	10.6
Symbio	50%	70.2	0.0	2.3	106.9
Total Network Manufacturing LLC	49%	0.2	(0.2)	86.6	19.1
Detroit Manufacturing Systems, LLC	49%	6.4	(0.6)	275.8	89.9
Others	-	70.6	(6.4)	288.4	185.4
SUB-TOTAL		177.4	(7.3)	870.3	526.2
SAS Group***	-	N/A	0.0	29.5	N/A
TOTAL		177.4	(7.3)	899.9	526.2

* Percent of interest held by the Company that owns the shares.

** As the Group share of some company's net equity is negative, it is recorded under liabilities as a provision for contingencies and charges.

*** SAS group has been fully consolidated the February 1, 2020 (see Notes 2.1&10A).

There is no joint operation in the sense of IFRS 11 within the companies consolidated by equity method.

13.1 Change in investments in associates

(in € millions)	2020	2019
Group share of equity at beginning of period	240.3	144.2
Dividends	(7.3)	(27.8)
Share of net income of associates	(12.8)	37.8
Change in scope of consolidation	(47.2)	76.3
Capital increase	7.5	9.9
Currency translation adjustments	(3.1)	(0.1)
Group share of equity at end of period	177.4	240.3

Note 14 Other equity interests

Equity interests correspond to the Group's interests in the capital of non-consolidated companies. They are subject to impairment testing based on the most appropriate financial analysis criteria. An impairment loss is recognized when appropriate. The criteria generally applied are the Group's equity in the underlying net assets and the earnings outlook of the Company concerned.

<i>(in € millions)</i>	% of share capital	2020		2019
		Gross	Net	Net
Changchun Xuyang Industrial Group	18.8	12.1	12.1	12.3
TactoTek Oy	9.0	6.6	6.6	5.8
Guardknox Cyber Technologies Ltd	7.0	5.4	5.4	5.4
Canatu Oy	8.0	7.0	7.0	7.0
Other		32.7	22.7	29.9
TOTAL		63.8	53.8	60.4

Note 15 Other non-current financial assets

Loans and other financial assets are initially stated at fair value and then at amortized cost, calculated using the effective interest method.

Provisions are booked on a case-by-case basis where there is a risk of non-recovery.

<i>(in € millions)</i>	2020			2019
	Gross	Provisions	Net	Net
Loans with maturity longer than one year	55.3	(17.3)	38.0	37.4
Others	70.8	(4.1)	66.7	34.0
TOTAL	126.1	(21.4)	104.7	71.4

Note 16 Other non-current assets

This item includes:

<i>(in € millions)</i>	2020	2019
Pension plan surpluses	24.0	29.0
Guarantee deposits and other	46.5	41.1
TOTAL	70.5	70.1

Note 17 Inventories and work-in-progress

Inventories of raw materials and supplies are stated at cost, determined by the FIFO method (First-In, First-Out).

Finished and semi-finished products, as well as work-in-progress, are stated at production cost, determined by the FIFO method. Production cost includes the cost of materials and supplies as well as direct and indirect production costs, excluding overhead not linked to production and borrowing costs.

Work-in-progress includes the costs of specific tooling produced or purchased specifically for the purpose of manufacturing parts or modules for customer orders and which are sold to the customer, ie for which the control is transferred to the customer, usually shortly before serial production starts, and specific development work which is sold to customers and corresponding to the definition of work in progress when the contract enables to consider that these developments are a specific performance obligation under IFRS 15. These costs are expensed (cost of sales) over the period in which the corresponding revenue is recognized, ie at transfer of control of these development works to the customer.

Inventories of products for which the Group is considered as agent are presented as contract assets and not in inventories.

Provisions are booked for inventories for which the probable realizable value is lower than cost and for slow moving items.

<i>(in € millions)</i>	2020			2019
	Gross	Depreciations	Net	Net
Raw materials and supplies	615.5	(130.8)	484.7	486.2
Engineering, tooling and prototypes	581.6	(11.8)	569.8	503.0
Work in progress for production	7.6	0.0	7.6	7.1
Semi-finished and finished products	475.5	(106.3)	369.2	427.5
TOTAL	1,680.2	(248.9)	1,431.3	1,423.8

Note 18 Trade accounts receivables

Under trade receivables sale programs, the Group can sell a portion of the receivables of a number of its French, German, North America and other subsidiaries to a group of financial institutions, transferring substantially all of the risks and rewards relating to the receivables sold to the financial institutions concerned.

The following table shows the amount of receivables sold with maturities beyond December 31, 2020, for which substantially all the risks and rewards have been transferred, and which have therefore been derecognized, as well as the financing under these programs which corresponds to the cash received as consideration for the receivables sold:

<i>(in € millions)</i>	2020	2019
Financing	1,011.0	1,027.6
Guarantee reserve deducted from borrowings	(38.8)	(10.8)
Cash received as consideration for receivables sold	972.2	1,016.8
Receivables sold and derecognized	(972.2)	(952.7)

Individually impaired trade receivables are as follows:

<i>(in € millions)</i>	2020	2019
Gross total trade receivables	3,267.8	2,626.4
Provision for impairment of receivables	(30.7)	(17.5)
TOTAL	3,237.1	2,608.9
<i>of which SAS</i>	308.6	N/A

Given the high quality of Group counterparties, late payments do not represent a material risk. They generally arise from administrative issues.

Late payments as of December 31, 2020 were €123.2 million, breaking down as follows:

- €56.5 million less than one month past due;
- €17.0 million between one and two months past due;
- €11.1 million between two and three months past due;
- €8.7 million between three and six months past due;
- €29.9 million more than six months past due.

Note 19 Other operating receivables

<i>(in € millions)</i>	2020	2019
Down payments	104.7	87.5
Currency derivatives for operations	10.2	9.0
Other receivables ⁽¹⁾	248.5	263.9
TOTAL	363.4	360.4
<i>(1) Including the following amounts for VAT and other tax receivables.</i>	241.9	259.0

Note 20 Other receivables

<i>(in € millions)</i>	2020	2019
Short-term portion of loans	1.9	12.7
Prepaid expenses	619.8	557.2
Current taxes	186.1	198.7
Other sundry receivables	48.6	70.6
TOTAL	856.4	839.2

In 2020, the receivables *Crédit d'Impôt Recherche* (CIR) have been sold for an amount of €56.3 million vs €72.4 million in 2019.

Note 21 Cash and cash equivalents

Cash and cash equivalents include current account balances in the amount of €2,248.8 million (compared to €2,177.9 million in 2019) and short-term investments (including marketable securities) in the amount of €842.6 million (compared to €141.5 million in 2019), or a total of €3,091.4 million as of December 31, 2020.

These components include cash at bank, current account balances, marketable securities such as money market and short-term money market funds, deposit and very short term risk free securities that are readily sold or converted into cash. Cash equivalents are investments held for the purpose of meeting short term cash commitments and are subject to an insignificant risk of change in value.

They are measured at fair value and variances are booked through P&L.

Note 22 Shareholders' equity

22.1 Capital

As of December 31, 2020, Faurecia's capital stock totaled €966,250,607 divided into 138,035,801 fully paid-up shares with a par value of €7 each.

The Group's capital is not subject to any external restrictions. Double voting rights are granted to all shares for which a nominative registration can be confirmed, for at least two years in the name of the same shareholder.

As of December 31, 2020, Peugeot S.A. held 39.34% of the capital stock and 56.02% of the voting rights. As of January 12, 2021, further to the merger operations between PSA and FCA (cf. note 2.3), Peugeot S.A. holds 38.91% of the voting rights.

The capital and additional paid-in capital variance on the period can be analyzed as follows:

	Number of shares	Capital <i>(en € millions)</i>	Additional paid-in capital <i>(en € millions)</i>
Amount as of January 1, 2020	138,035,801	966.3	604.0
Exercise of stock options	-	-	-
Amount as of December 31, 2020	138,035,801	966.3	604.0

22.2 Share-based payment

FREE SHARE GRANT

In 2010 Faurecia implemented a share grant plan for executives of Group companies. These shares are subject to service and performance conditions.

Free shares are measured at fair value by reference to the market price of Faurecia's shares at the grant date, less (i) an amount corresponding to the expected dividends due on the shares but not paid during the vesting period and (ii) an amount reflecting the cost of the shares being subject to a lock-up period. The fair value is recognized in payroll costs on a straight-line basis over the vesting period, with a corresponding adjustment to equity.

The amount recognized for the period is an expense of €15.8 million, compared to €18.9 million in 2019.

Details of the share grant plans as of December 31, 2020 are set out in the table below:

Date of Annual Shareholders' Meeting	Date of Board meeting	Maximum number of free shares that can be granted* for:		Performance condition	share market value at grant date (in €)	Adjustments			Acquisition date	sales date (from)
		reaching the objective	exceeding the objective			dividend rate	Non-transferability discount			
05/29/2018	07/19/2018	358,274	465,760	2020 after tax income target as stated in strategic plan when granted and Faurecia earning per share growth compared to a reference group of companies	62.26	2.30%	NA	07/19/2022	07/19/2022	
05/28/2019	10/09/2019	828,960	1,078,310	2021 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population	39.20	2.50%	NA	10/09/2023	10/09/2023	
06/26/2020	10/22/2020	1,045,030	1,359,070	2022 after tax income target as stated in strategic plan when granted, Faurecia earning per share growth compared to a reference group of companies and percentage of diversity men-women within the management population	38.68	2.90%	NA	10/22/2024	10/22/2024	

* Net of free shares granted cancelled.

The performance conditions for the plan attributed by the Board of July 25, 2016 have been met, the corresponding shares, i.e. 631,721 have been definitely distributed in July 2020. The performance conditions for the plan attributed by the Board of July 20, 2017 have been met, the corresponding shares, ie 440,567 will be definitely distributed in July 2021.

22.3 Treasury stock

As of December 31, 2020, Faurecia held 499,273 treasury stock shares.

The cost of the shares held in treasury stock as of December 31, 2020 totaled €19.1 million, representing an average cost of €38.2 per share.

Note 23 Minority interests

This item corresponds to minority shareholders' interests in the equity of consolidated subsidiaries.

Changes in minority interests were as follows:

<i>(in € millions)</i>	2020	2019
Amount as at beginning of the period	326.8	361.6
Increase in minority shareholder interests	2.2	0.0
Other changes in scope of consolidation	(0.3)	(72.5)
Minority interests in net income for the year	57.3	75.0
Dividends allocated to minority interests	(35.3)	(40.6)
Currency translation adjustments	(19.3)	3.3
Amount as the end of the year	331.4	326.8

The minority interests, taken individually, are not considered as significant in comparison to the total net equity.

Note 24 Current provisions and contingent liabilities

24.1 Current provisions

A provision is recorded when Group Executive Management has decided to streamline the organization structure and announced the program to the employees affected by it or their representatives, when relevant.

<i>(in € millions)</i>	2020	2019
Restructuring	180.9	76.9
Risks on contracts and customer warranties	78.3	113.8
Litigation	26.2	15.0
Other provisions	30.0	54.7
TOTAL	315.4	260.4

Changes in these provisions in 2020 were as follows:

<i>(in € millions)</i>	Amount as of January 1, 2020	Additions	Expenses charged	Reversal *	Sub Total changes	Change in scope of consolidation and other changes	Amount as of December 31, 2020
Restructuring	76.9	206.9	(99.0)	0.0	107.9	(3.9)	180.9
Risks on contracts and customer warranties	113.8	36.0	(54.2)	(0.9)	(19.1)	(16.4)	78.3
Litigation	15.0	8.6	(9.6)	(1.9)	(2.9)	14.1	26.2
Other provisions	54.7	5.0	(2.9)	(0.4)	1.7	(26.4)	30.0
TOTAL	260.4	256.5	(165.7)	(3.2)	87.6	(32.6)	315.4

* Surplus provisions.

24.2 Contingent liabilities

LITIGATION

As a reminder, on March 25, 2014, the European Commission and the United States Department of Justice, on November 27, 2014, the Competition Commission of South Africa, and on May 19, 2017, the Brazilian competition authority (CADE), initiated inquiries covering certain suppliers of emission control systems on the basis for suspicions of anticompetitive practices in this market. Faurecia was one of the companies covered by these inquiries.

On the status of these inquiries:

- the European Commission has announced to close the case, as communicated by Faurecia on May 2, 2017;
- an agreement has been reached with the CADE for a non material amount and made public on September 5, 2018 putting an end to the inquiry on Faurecia;
- in December 2018, Faurecia has been informed by the United States Department of Justice that it was no more subject to an inquiry;
- an agreement has been reached with the Competition Commission of South Africa for a non material amount and made public on May 18, 2020, putting an end to this enquiry on Faurecia.

On the status of the class actions related to the inquiry of the United States Department of Justice:

- in the United-States, the Group has reached agreements, for non-material amounts, with the plaintiffs to settle all three class actions which were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, including group affiliates, alleging anticompetitive practices in regard to Exhaust Systems. These agreements have been validated by the court;
- in Canada, two class actions for similar allegations have been filed. They have been subject to agreements for non-material amounts. These agreements are under validation by the court.

All the inquiries that have been initiated are now closed.

In 2014, the Alliance of Artists and Recording Companies, Inc. or AARC (an organisation protecting copyrights in the USA) filed two consolidated cases in the United States District Court for the District of Columbia (the "District Court") seeking damages and an injunction against a group of automotive manufacturers and suppliers, including Clarion Corporation of America (a 100% subsidiary of Clarion Co. Ltd) for one of the cases (the "Case"). In the Case, AARC alleged that the defendants were distributing in-vehicle navigation systems in violation of the Audio Home Recording Act of 1992, in part, because no royalties were paid pursuant to the Act. The Case centers on whether the systems are "digital audio recording devices" that are capable of making "digital audio copied recordings" as defined by the statute. On March 23, 2018, the District Court issued summary judgment in favor of Clarion and ruled that Clarion's navigation systems are not "digital audio recording devices" because they are not capable of producing a "digital audio copied recording" under the statute's definitions.

In September 2018, AARC appealed the District Court's summary judgment opinion to the United States Court of Appeals for the District of Columbia Circuit (the "D.C. Circuit") on similar grounds argued at the District Court. Clarion along with the other defendants filed an opposing appeal brief supporting affirmance of the District Court's opinion.

On January 28, 2020, the D.C. Circuit's three-judge panel unanimously affirmed the District Court's summary judgment in Clarion's favor, ruling that automakers and manufacturers of certain onboard vehicle systems (which include Clarion's systems), comprised of hard drives, computer programs and databases, were not liable for damages or royalty payments under the Audio Home Recording Act of 1992, 17 U.S.C. § 1001, et. Seq.

In the absence of petition to the D.C. Circuit for a rehearing or appeal to the U.S. Supreme Court from the plaintiffs within the adequate timeframe, the Case is considered as being definitively concluded.

There are no other claims or litigation in progress or pending that are likely to have a material impact on the Group's consolidated financial position.

Note 25 Non-current provisions and provisions for pensions and other post-employment benefits

25.1 Non-current provisions

<i>(in € millions)</i>	2020	2019
Provisions for pensions and other employee obligations	515.3	461.6
■ Pension plan benefit obligations	267.4	234.3
■ Post-retirement benefit obligations	208.1	184.3
■ Long-service awards	29.5	28.8
■ Healthcare costs	10.3	14.2
TOTAL	515.3	461.6

CHANGES IN NON-CURRENT PROVISIONS

<i>(in € millions)</i>	2020	2019
Amount as at the beginning of the period	461.6	393.3
Changes in scope of consolidation	1.4	50.6
Other movements	(11.2)	13.4
Allowance (or reversal) of provision	35.3	(0.4)
Expenses charged to the period	(19.4)	(16.4)
Payment to external funds	(6.6)	(5.8)
Restatement differences	54.3	26.9
Amount as at the end of the period	515.3	461.6

25.2 Provisions for pensions and other post-employment benefits

Group employees may receive, in addition to their pensions in conformity with the applicable regulations in the countries where the Group companies employing them are located, additional benefits or post-retirement benefit obligations. The Group offers these benefits through either defined benefits or defined contribution plans. The valuation and accounting methodologies followed by the Group are the following:

- for defined contribution plans, costs are recognized as expenses based on contributions;
- the liability for defined benefit plans is determined on an actuarial basis using the projected unit credit method, according to the agreements effective in each concerned Group company.

The valuation takes into account the probability of employees staying with the Group up to retirement age and expected future salary levels as well as other economic assumptions (such as the inflation rate, the discount rate) for each concerned zone or country. These assumptions are described in Note 25.2.

Benefit obligations are partially funded by contributions to external funds. In cases where the funds are permanently allocated to the benefit plan concerned, their value is deducted from the related liability. An excess of plan assets is only recognized in the balance sheet when it represents future benefits effectively available for the Group.

Periodic pension and other employee benefit costs are recognized as operating expenses over the benefit vesting period.

Actuarial gains and losses on defined benefits plan are recognized in other comprehensive income.

In case of a change in regime, past service costs are fully recognized as operating expenses, the benefits being fully acquired or not.

The expected rate of return of defined benefits plan assets is equal to the discount rate used to value the obligation at the opening of the period. This return is recorded in "Other financial income and expense".

The other long term benefits (during employment period) mainly cover seniority bonuses as well as long-service awards. The obligation is valued using similar methodology, assumptions and frequency as the ones used for post-employment benefits.

BENEFIT OBLIGATIONS

<i>(in € millions)</i>	2020	2019
Present value of projected obligations		
■ Pension plan benefit obligations	489.9	468.2
■ Post-retirement indemnities obligations	222.3	201.0
■ Long-service awards	29.5	28.8
■ Healthcare costs	10.3	14.2
TOTAL	752.0	712.2
Value of plan assets:		
■ Provisions booked in the accounts	515.3	461.6
■ External funds (market value) ⁽¹⁾	260.7	279.7
■ Plan surplus ⁽²⁾	(24.0)	(29.1)
TOTAL	752.0	712.2

(1) External funds mainly cover pension plan benefit obligations for €246.5 million in 2020.

(2) Pensions plan surpluses are included in Other non-current assets.

PENSION BENEFIT OBLIGATIONS

A – Description of the plans

In France, all managerial employees with a salary in tranche C are granted a defined benefit pension scheme, for which the rights acquired as of December 31, 2019 have been frozen, in order to comply with the PACTE law from May 22, 2019. Executive Committee members who have an employment contract with Faurecia SE or any of its subsidiaries also benefit from a defined benefit pension scheme for French members and defined contribution pension scheme for foreign members, the rights acquired as of December 31, 2019 in the defined benefit pension scheme for French members have also been frozen, in order to comply with the PACTE law from May 22, 2019.

In the United States, the two remaining plans, already closed to new participants, were combined as of January 1, 2020. The combined pension plan covers 902 participants.

In Germany, the main defined benefit pension plan still open covers 5,210 participants. The benefit granted is based on the number of years of service, starting after 14 years.

In Japan, the main defined benefit plan covers 2,128 participants. Benefits are based on years of service and paid at the end of the contract or upon reaching the age of 60.

B – Assumptions used

The Group's obligations under these plans are determined on an actuarial basis, using the following assumptions:

- retirement age between 62 and 65 for employees in France;
- staff turnover assumptions based on the economic conditions specific to each country and/or Group company;
- mortality assumptions specific to each country;
- estimated future salary levels until retirement age, based on inflation assumptions and forecasts of individual salary increases for each country;
- the expected long-term return on external funds;
- discount and inflation rates (or differential) based on local conditions.

2 Consolidated financial statements

Notes to the consolidated financial statements

The main actuarial assumptions used in the past two years to measure the pension liability are as follows:

(in %)	Euro zone	United Kingdom	USA	Japan
DISCOUNT RATE				
2020	0.65%	1.30%	1.92%	0.32%
2019	1.20%	2.20%	2.79%	0.20%
INFLATION RATE				
2020	1.80%	2.95%	N/A	N/A
2019	1.80%	3.10%	N/A	N/A

Nota: Iboxx AA rate is the reference to determine the discount rate for the euro zone.

In the United States, the pension benefit obligations are not sensitive to the inflation rate.

The average duration of the various plans is as follows:

(in number of years)	Euro zone	United Kingdom	USA	Japan
Average duration	16.1	22.3	7.6	9.3

C – Information on external funds

External funds are invested as follows:

(in %)	2020			2019		
	Equities	Bonds	Others	Equities	Bonds	Others
France	24%	68%	8%	26%	66%	8%
United Kingdom	32%	62%	6%	38%	60%	2%
United States	54%	38%	8%	62%	30%	8%
Japan	58%	28%	14%	45%	38%	17%

The fair value of shares and bonds falls in the level 1 category (price quoted in active markets) in 2020.

D – Provisions for pension liabilities recognized on the balance sheet

(in € millions)	2020			2019		
	France	Abroad *	Total	France	Abroad	Total
Amount as at the beginning of the period	164.4	225.1	389.5	166.8	167.8	334.6
Effect of changes in scope of consolidation (provision net of plan surpluses)	0.9	0.5	1.4	1.0	49.5	50.5
Additions	12.8	19.2	32.0	16.5	2.1	18.6
Expenses charged to the provision	(3.6)	(12.6)	(16.2)	(4.0)	(9.7)	(13.7)
Payments to external funds	(1.7)	(4.9)	(6.6)	(0.6)	(5.2)	(5.8)
Actuarial gains/(losses)	6.7	49.8	56.5	8.5	18.9	27.4
Other movements	0.1	(5.2)	(5.1)	(23.8)	1.7	(22.1)
Amount as at the end of the period	179.6	271.9	451.5	164.4	225.1	389.5

* The provision for €271.9 million as of December 31, 2020 relates mainly to Germany (€161.8 million).

E – Changes in pension liabilities

In France, retirement commitments increased by €14.9 million at the closing compared to that of the previous year as detailed below:

(in € millions)	2020			2019		
	France	Abroad	Total	France	Abroad	Total
PROJECTED BENEFIT OBLIGATION						
Amount as at the beginning of the period	181.5	487.6	669.1	187.5	344.5	532.0
Service costs	10.8	15.9	26.7	13.4	14.0	27.4
Annual restatement	2.2	7.5	9.7	3.8	9.3	13.1
Benefits paid	(7.0)	(25.3)	(32.3)	(7.7)	(17.3)	(25.0)
Actuarial gains/(losses)	7.9	46.7	54.6	7.6	37.5	45.1
Other movements (including translation adjustment)	1.0	(16.6)	(15.6)	1.0	120.6	121.6
Curtailments and settlements	0.0	0.0	0.0	(0.3)	(21.0)	(21.3)
Effect of closures and plan amendments	0.0	0.0	0.0	(23.8)	0.0	(23.8)
Amount as at the end of the period	196.4	515.8	712.3	181.5	487.6	669.1
VALUE OF PLAN ASSETS						
Amount as at the beginning of the period	17.1	262.5	279.6	20.7	176.7	197.4
Projected return on plan assets	0.2	4.2	4.4	0.4	5.1	5.5
Actuarial gains/(losses)	1.2	(3.1)	(1.9)	(0.9)	18.6	17.7
Other movements (including translation adjustment)	0.0	(11.9)	(11.9)	0.0	69.4	69.4
Employer contributions	1.7	4.9	6.6	0.6	5.2	5.8
Benefits paid	(3.4)	(12.7)	(16.1)	(3.7)	(7.6)	(11.3)
Curtailments and settlements	0.0	0.0	0.0	0.0	(4.9)	(4.9)
Effect of closures and plan amendments	0.0	0.0	0.0	0.0	0.0	0.0
Amount as at the end of the period	16.8	243.9	260.7	17.1	262.5	279.6
BALANCE OF PROVISIONS AS AT THE END OF THE PERIOD	179.6	271.9	451.6	164.4	225.1	389.5
TOTAL CHANGE EXPENSED AT THE END OF THE YEAR	12.8	19.2	32.0	16.5	2.1	18.6

These costs are recognized:

- in operating income for the portion relating to service cost;
- in "Other financial income and expenses" for restatement of vested rights and the projected return on external funds.

The actuarial gains and losses generated have been recorded in "Other comprehensive income" according to IAS 19R. It can be analyzed as follows:

(in € millions)	2020		
	France	Abroad	Total
Detail of actuarial gains and losses of the period:			
■ differences linked to financial assumptions	(7.9)	(51.0)	(58.9)
■ differences linked to demographic assumptions	0.0	4.3	4.3
■ other differences	1.2	(3.1)	(1.9)
TOTAL	(6.7)	(49.8)	(56.5)

F – Retirement pension liabilities: sensitivity to changes in the discount rate and in the inflation rate in the main scope

The impact of a 25 basis point increase in the discount rate and in the inflation rate for the projected benefit obligation is as follows:

(in %)	Discount rate +0.25 pt	Inflation rate +0.25 pt
France	(2.4)%	+2.3%
Germany	(4.7)%	+1.2%

25.3 Long-service awards

The Group evaluates its liability for the payment of long-service awards, given to employees based on certain seniority requirements. The Group calculates its liability for the payment of long-service awards using the same method and assumptions as for its pension liability. Provisions for long-service awards have been set aside as follows:

(in € millions)	2020	2019
French companies	6.1	5.9
Foreign companies	23.4	22.9
TOTAL	29.5	28.8

25.4 Healthcare costs

In addition to pension plans, some Group companies, mainly in the United States, cover the healthcare costs of their employees.

The related liability can be analyzed as follows:

(in € millions)	2020	2019
Foreign companies	10.3	14.2
TOTAL	10.3	14.2

The increase of 25 basis points in the discount rate and 1 percentage point in the healthcare cost trend rates would lead to the following variations on the Group's projected benefits obligations:

(in %)	Discount rate +0.25 pt	Healthcare cost trend rate +1 pt
Projected benefit obligation	(2.3)%	+7.5%

Expenses recognized in connection with this liability break down as follows:

(in € millions)	2020	2019
Service cost	0.0	(0.1)
Interest cost *	(0.4)	(0.6)
TOTAL	(0.4)	(0.7)

* Interest cost is recorded under "Other financial income and expenses".

The Group's financial liabilities fall within the IFRS 9 categories of (i) financial liabilities at fair value through profit or loss, and (ii) other financial liabilities measured at amortized cost.

They are recorded on the following balance sheet items: "Current financial liabilities" and "Non-current financial liabilities" (Note 26), "Accrued taxes and payroll costs" (Note 27) and "Sundry payables" (Note 28).

Financial assets and liabilities are broken down into current and non-current components for maturities at the balance sheet date: under or over a year.

Note 26 Net debt

The Group's financial liabilities are generally measured at amortized cost using the effective interest method.

26.1 Analysis of net debt

<i>(in € millions)</i>	2020	2019
Bonds	3,106.1	2,114.6
Bank borrowings	1,076.3	943.7
Other borrowings	30.5	28.8
Non-current lease liabilities	794.0	732.3
Non-current derivatives	9.9	6.0
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	5,016.8	3,825.4
Current portion of long term debt	52.0	122.1
Current portion of lease liabilities	182.2	173.7
Short-term borrowings ⁽¹⁾	963.9	722.7
Current derivatives	7.2	1.3
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	1,205.3	1,019.8
TOTAL FINANCIAL LIABILITIES	6,222.1	4,845.2
Derivatives classified under non-current and current assets	(2.6)	(1.8)
Cash and cash equivalents	(3,091.4)	(2,319.4)
NET DEBT	3,128.1	2,524.0
Net cash and cash equivalent	3,091.4	2,319.4
<i>(1) Including bank overdrafts</i>	22.7	80.5

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The change in net financial debt during the year is as follows:

<i>(in € millions)</i>	Balance as of December 31, 2019	Impact on cash	Translation adjustments	Impact of fair value changes	Change in consolidation scope and other changes	Balance as of December 31, 2020
Bonds	2,114.6	984.7	0.0	6.8	0.0	3,106.1
Bank borrowings	943.7	1,653.5	(1.9)	(26.6)	(1,492.3)	1,076.3
Other borrowings	28.8	0.0	0.0	1.9	(0.2)	30.5
Non-current lease liabilities	732.3	0.0	(36.8)	0.4	98.1	794.0
Non-current derivatives	6.0	3.8	0.0	0.0	0.0	9.9
SUB-TOTAL NON-CURRENT FINANCIAL LIABILITIES	3,825.4	2,642.1	(38.8)	(17.5)	(1,394.4)	5,016.8
Current portion of long term debt	122.1	(1,520.3)	(5.7)	0.0	1,456.0	52.0
Current portion of lease liabilities	173.7	(183.5)	(7.5)	0.1	199.5	182.2
Short-term borrowings	722.7	202.0	(24.2)	0.3	63.0	963.8
Current derivatives	1.3	(0.1)	0.0	6.1	0.0	7.2
SUB-TOTAL CURRENT FINANCIAL LIABILITIES	1,019.8	(1,502.0)	(37.5)	6.5	1,718.5	1,205.3
TOTAL FINANCIAL LIABILITIES	4,845.2	1,140.0	(76.2)	(11.0)	324.1	6,222.1
Derivatives classified under non-current and current assets	(1.8)	0.0	0.0	(0.8)	0.0	(2.6)
Cash and cash equivalents	(2,319.4)	(828.8)	96.3	0.0	(39.5)	(3,091.4)
TOTAL	2,524.0	311.3	20.1	(11.8)	284.7	3,128.1

26.2 Maturities of long-term debt

<i>(in € millions)</i>	2022	2023	2024	2025	2026 and beyond	Total
Bonds	0.0	0.0	0.0	975.0	2,131.1	3,106.1
Bank borrowings	382.2	207.9	307.4	167.4	11.4	1,076.3
Other borrowings	30.5	0.0	0.0	0.0	0.0	30.5
Non-current lease liabilities	156.0	131.7	109.6	92.4	304.3	794.0
Non-current derivatives	2.8	2.6	4.5	0.0	0.0	9.9
TOTAL AS OF DECEMBER 31, 2020	571.5	342.2	421.5	1,234.8	2,446.8	5,016.8

26.3 Financing

The main components of Faurecia financing are described below:

SYNDICATED CREDIT FACILITY

On December 15, 2014, Faurecia signed a syndicated credit facility, with a five-year maturity, for an amount of €1,200 million. This credit facility was renegotiated on June 24, 2016, in order to extend the maturity to five years from that date, or June 24, 2021 and improve its terms and conditions.

On June 15, 2018, Faurecia signed with participating banks a second agreement to extend again the maturity to five years from that date, or June 15, 2023, with two optional one-year extensions that can be exercised in June 2019 and June 2020, subject to agreement of participating banks, and that would extend the maturity respectively to June 2024 and June 2025. This agreement has improved again its terms and conditions and strengthens the Group's financial structure.

A first one-year extension option has been exercised in June 2019, extending the maturity of this credit facility to June 2024.

In order to secure the liquidity of the Group during the Covid-19 crisis, €600 million have been drawn down in March 2020. This amount has been reimbursed in full in September 2020; the drawn part of this facility was then nil as of December 31, 2020.

This credit facility includes only one covenant, related to consolidated financial ratios: Net debt⁽¹⁾/EBITDA⁽²⁾ must be lower than 2.79⁽³⁾. Compliance with this ratio is a condition affecting the availability of this credit facility. As of December 31, 2020, the Group complied with this ratio.

This credit facility includes some restrictive clauses on asset disposals (disposal representing over 35% of the Group's Total consolidated assets requires the prior approval of banks representing two-thirds of the syndicate) and on the debt level of some subsidiaries.

SCHULDSCHEINDARLEHEN

Faurecia has signed on December 17, 2018 a private placement under German law (*Schuldscheindarlehen*) for a total amount of €700 million. This transaction is structured into several tranches in EUR and USD, at fixed and variable rates, with maturities of four, five and six years. €378 million have been received on December 20, 2018 and the remaining amount has been received in early January 2019. The USD tranches have been partially converted in euro resources through long term cross-currency swaps.

This private placement has been used to finance the acquisition of Clarion Co. Ltd.

¥30 BILLION CREDIT FACILITY

On February 7, 2020, Faurecia has signed a credit facility in Yen for an amount of ¥30 billion, with a five-year maturity, aiming at refinancing on a long term basis, the debt of Clarion Co. Ltd. The credit facility comprises two tranches of ¥15 billion each, one being a loan and the other one a revolving credit line.

The proceeds of this credit line have enabled Clarion Co. Ltd to reimburse most of its bank debts.

As of December 31, 2020, the drawn amount was at ¥20 billion, representing €158.1 million.

This credit facility benefits from the same restrictions as the €1.2 billion credit facility.

€800 MILLION CREDIT FACILITY FOR 18 MONTHS

On April 10, 2020, in order to secure the liquidity of the Group, Faurecia has signed a credit facility for an amount of €800 million with four banks. This credit facility is a term loan with an 18 months maturity. The loan has been fully drawn.

This credit facility benefited from the same restrictions as the €1.2 billion credit facility. It didn't benefit from a state guarantee.

This credit facility has been fully repaid on July 31, 2020, with the proceeds of the issues, on one side, of additional 2025 bonds and on the other side, of 2028 bonds, for a total amount of €1,000 million, on the same date.

(1) Consolidated net debt.

(2) Operating income plus depreciation, amortization and funding of provisions for impairment of property, plant and equipment and intangible assets, corresponding to the past 12 months.

(3) This limit was previously at 2.50 and has been changed to 2.79 to take into account the implementation of IFRS 16.

2025 BONDS

On March 8, 2018, Faurecia issued bonds for an amount of €700 million due June 15, 2025, carrying annual interest of 2.625%, payable on June 15, and December 15 each year, as from June 15, 2018.

These bonds include a covenant restricting the additional indebtedness if the EBITDA after certain adjustments is lower than twice the gross interest costs, and restrictions on the debt similar to those of the syndicated credit loan.

The proceeds of these bonds have been used to redeem the €700 million bonds due June 15, 2022, carrying annual interest of 3.125%, issued in March and April 2015.

The bonds are listed on the *Global Exchange Market* of Euronext Dublin (previously *Irish Stock Exchange*). The costs related to the bond issue are expensed in P&L over the life time of the bonds.

An additional issue for €300 million of these 2025 bonds has been done on July 31, 2020. These additional bonds have been issued at 97.50% of the par, which corresponds to a yield to maturity of 3.18%.

As of December 31, 2020, the total amount of these 2025 bonds amounted to €1,000 million.

2026 BONDS

On March 27, 2019, Faurecia issued bonds for an amount of €500 million due June 15, 2026, carrying annual interest of 3.125%, payable on June 15 and December 15 each year, as from June 15, 2019.

These bonds benefit from the same restrictions as the 2025 bonds.

The proceeds of these bonds have been used to finance the acquisition of Clarion Co. Ltd.

The bonds are listed on the *Global Exchange Market* of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

In order to prefinance the acquisition of 50% of SAS shares, an additional issue for €250 million of these 2026 bonds has been done on October 31, 2019. These additional bonds have been issued at 104.50% of the par, which corresponds to a yield to maturity of 2.40%.

As of December 31, 2020, the amount of these 2026 bonds amounted to €750 million.

2027 BONDS

On November 27, 2019, Faurecia issued bonds for an amount of €700 million due June 15, 2027, carrying annual interest of 2.375%, payable on June 15 and December 15 each year, as from June 15, 2020.

These bonds benefit from the same restrictions as the 2026 bonds.

The proceeds of these bonds have been used to refinance the €700 million bonds due June 15, 2023 carrying annual interest of 3.625%, issued on April 1, 2016.

This refinancing has been done through a tender offer through which 2023 bond holders could exchange their bonds against new 2027 bonds. The success rate of exchange has reached 76%. The bonds that were not tendered in this offer have been redeemed in accordance with the offering memorandum. The settlement of these two operations has taken place respectively on November 25 and November 28, 2019.

The exchange premium for bonds tendered in the offer is amortized over the duration of the new 2027 bonds; the repayment premium for bonds redeemed by anticipation has been expensed in the year 2019.

The bonds are listed on the *Global Exchange Market* of Euronext Dublin. Costs related to the bond issue are expensed in P&L over the life time of the bonds.

2028 BONDS

On July 31, 2020, Faurecia issued bonds for an amount of €700 million due June 15, 2028, carrying annual interest of 3.75%, payable on June 15 and December 15 each year, as from December 15, 2020.

These bonds benefit from the same restrictions as the 2027 bonds.

The bonds are listed on the *Global Exchange Market* of Euronext Dublin. The costs related to the bond issue are expensed in P&L over the life time of the bonds.

Finally, during 2020, Faurecia regularly issued commercial papers with a maturity up to one year for investors located mainly in France. As of December 31, 2020, the outstanding amount was €780.5 million.

On June 12, 2020, Fitch has confirmed the BB+ rating of Faurecia, with a negative outlook. On June 19, 2020 Standard & Poor's has downgraded Faurecia rating from BB+ to BB with a stable outlook, and Moody's has downgraded Faurecia rating from Ba1 to Ba2, with a stable outlook.

The Group's global contractual maturity schedule as of December 31, 2020 breaks down as follows:

(in € millions)	Carrying Amount		Remaining contractual maturities					
	Assets	Liabilities	Total	0-3 months	3-6 months	6-12 months	1-5 years	>5 years
Other non-current financial assets	104.7		104.7				104.7	
Loans and receivables	70.5		70.5				70.5	
Trade accounts receivables	3,237.1		3,237.1	3,150.4	55.5	31.2		
Cash and cash equivalents	3,091.4		3,091.4	3,091.4				
Interests on:								
2025 Bonds		(1.1)	(118.1)		(13.1)	(13.1)	(91.9)	
2026 Bonds		(0.7)	(125.0)		(11.7)	(11.7)	(85.9)	(15.6)
2027 Bonds		(1.0)	(116.4)		(8.3)	(8.3)	(66.5)	(33.3)
2028 Bonds		(1.1)	(196.9)		(13.1)	(13.1)	(105.0)	(65.6)
Schuldschein		(0.4)	(42.1)	(3.5)	(3.5)	(7.1)	(27.9)	
Other long term borrowings		(0.4)	(26.4)	(2.6)	(2.6)	(4.6)	(15.9)	(0.7)
Current portion of lease liabilities		(182.2)	(182.2)	(45.6)	(45.6)	(91.0)		
Other current financial liabilities		(985.8)	(985.8)	(346.5)	(545.0)	(94.3)		
Trade accounts payables		(6,016.4)	(6,016.4)	(5,932.5)	(71.5)	(12.4)		
Bonds (excluding interest)								
2025 Bonds		(975.0)	(975.0)				(975.0)	
2026 Bonds		(753.9)	(753.9)					(753.9)
2027 Bonds		(682.4)	(682.4)					(682.4)
2028 Bonds		(694.8)	(694.8)					(694.8)
Bank borrowings								
Schuldschein		(685.3)	(685.3)				(685.3)	
Others		(288.7)	(288.7)			(1.4)	(287.3)	
Other borrowings		(180.0)	(180.0)			(69.9)	(105.1)	(5.1)
Non-current lease liabilities		(794.0)	(794.0)				(489.7)	(304.3)
Interest rate derivatives		(9.9)	(9.9)	0.0	0.0	0.0	(9.9)	0.0
■ o/w cash flow hedges		(9.9)	(9.9)				(9.9)	
■ o/w derivatives not qualifying for hedge accounting under IFRS		0.0	0.0					
Currency hedges	12.8	(9.8)	3.1	7.7	1.6	0.6	(6.8)	0.0
■ o/w fair value hedges	2.6	(0.4)	2.2	2.2				
■ o/w cash flow hedges	10.2	(9.3)	0.9	5.5	1.6	0.6	(6.8)	
■ o/w derivatives not qualifying for hedge accounting under IFRS	0.0	(0.1)	(0.1)	(0.1)				
TOTAL	6,516.5	(12,262.9)	(6,366.6)	(81.3)	(657.4)	(295.2)	(2,777.1)	(2,555.6)

26.4 Analysis of borrowings

As of December 31, 2020, the variable rate borrowings were 28.8% of borrowings before taking into account the impact of hedging.

(in € millions)

	2020	
Variable rate borrowings	1,791.2	28.8%
Fixed rate borrowings	4,430.9	71.2%
TOTAL	6,222.1	100.0%

Borrowings, taking into account foreign exchange swaps, break down by repayment currency as follows:

<i>(in € millions)</i>	2020		2019	
Euros	4,978.8	80.0%	3,969.0	81.9%
US Dollars	595.5	9.6%	292.0	6.0%
Japanese Yen	346.8	5.6%	212.9	4.4%
Other currencies	301.0	4.8%	371.3	7.7%
TOTAL	6,222.1	100.0%	4,845.2	100.0%

In 2020, the weighted average interest rate on gross outstanding borrowings was 2.86%.

Note 27 Trade payables, accrued taxes and payroll costs

27.1 Trade payables

Faurecia has implemented a reverse factoring program since 2017. This program enables suppliers participating to sell their receivables towards Faurecia to a financial institution (factor), before their contractual payment term. Relations between the parties are structured through two contracts:

- Faurecia suppliers are entering a factoring contract with the factor, for the receivables they have towards Faurecia;
- Faurecia signs a contract with the factor in which Faurecia commits to pay these invoices at the contractual payment term to the factor (once the invoices have been validated).

This program enables the participating suppliers to have their receivables paid on a short term by the factor. Faurecia pays these invoices at their contractual due date to the factor.

The scheme's analysis has led Faurecia to consider that the nature of these invoices was not changed by the implementation of this program. They are therefore still classified as trade payables.

<i>(in € millions)</i>	2020	2019
Trade payables	6 016,4	5 316,2
TOTAL	6 016,4	5 316,2
of which SAS	520,4	N/A

27.2 Accrued taxes and payroll costs

<i>(in € millions)</i>	2020	2019
Accrued payroll costs	414.8	397.4
Payroll taxes	147.5	157.2
Employee profit-sharing	23.1	36.4
Other accrued taxes and payroll costs	186.5	161.7
TOTAL	771.9	752.7

Note 28 Sundry payables

<i>(in € millions)</i>	2020	2019
Due to suppliers of non-current assets	112.5	156.0
Prepaid income	44.3	26.9
Current taxes	74.2	73.0
Other	211.2	103.8
Currency derivatives for operations	2.5	1.2
TOTAL	444.7	360.9

Note 29 Financial instruments

29.1 Financial instruments recorded in the balance sheet

<i>(in € millions)</i>	2020		Breakdown by category of instrument⁽¹⁾			
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/ liabilities at fair value through profit or loss⁽²⁾	Financial assets/ liabilities at fair value through equity⁽²⁾	Assets and liabilities at amortized cost	Financial assets/ liabilities measured at fair value
Other equity interests	53.8		53.8			53.8
Other non-current financial assets	104.7				104.7	104.7
Trade accounts receivables	3,237.1	3,237.1				0.0
Other operating receivables	363.4	353.2		10.2		10.2
Other receivables and prepaid expenses	856.4	856.4				0.0
Currency derivatives	2.6		2.6			2.6
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	3,091.4		3,091.4			3,091.4
FINANCIAL ASSETS	7,709.4	4,446.7	3,147.8	10.2	104.7	3,262.7
Long-term debt *	4,222.8	1.8		9.9	4,211.1	4,357.3
Non-current lease liabilities	794.0				794.0	794.0
Short-term debt	1,023.1		7.2		1,015.9	1,023.1
Current portion of lease liabilities	182.2				182.2	182.2
Prepayments from customers	605.7	605.7				0.0
Trade payables	6,016.4	6,016.4				0.0
Accrued taxes and payroll costs	771.9	771.9				0.0
Sundry payables	444.7	442.2	0.1	2.4		2.5
Of which Currency derivatives	2.5		0.1	2.4		2.5
FINANCIAL LIABILITIES	14,060.8	7,838.0	7.3	12.3	6,203.2	6,359.1

(1) No financial instruments were transferred between categories in 2020.

(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.

* The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2020): for the 2025 bonds quoted 101.68% of par, at €1,016.8 million; for the 2026 bonds quoted 103.97% of par, at €779.8 million; for the 2027 bonds quoted 101.17% of par, at €708.2 million and for the 2028 bonds quoted 105.38% of par, at €737.6 million.

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	2019		Breakdown by category of instrument ⁽¹⁾			
	Balance Sheet Carrying amount	Carrying amount not defined as financial instruments	Financial assets/liabilities at fair value through profit or loss ⁽²⁾	Financial assets/liabilities at fair value through equity ⁽²⁾	Assets and liabilities at amortized cost	Financial assets/liabilities measured at fair value
<i>(in € millions)</i>						
Other equity interests	60.4		60.4			60.4
Other non-current financial assets	71.4				71.4	71.4
Trade accounts receivables	2,608.9	2,608.9				0.0
Other operating receivables	360.4	351.4	0.1	8.9		9.0
Other receivables and prepaid expenses	839.2	839.2				0.0
Currency derivatives	1.8		1.8			1.8
Interest rate derivatives	0.0					0.0
Cash and cash equivalents	2,319.4		2,319.4			2,319.4
FINANCIAL ASSETS	6,261.5	3,799.5	2,381.7	8.9	71.4	2,462.0
Long-term debt *	3,093.1	1.9		6.0	3,085.2	3,229.8
Current portion of lease liabilities	732.3				732.3	732.3
Short-term debt	846.1		1.3		844.8	846.1
Non-current lease liabilities	173.7				173.7	173.7
Prepayments on customers contracts	665.4	665.4				0.0
Trade payables	5,316.2	5,316.2				0.0
Accrued taxes and payroll costs	752.8	752.8				0.0
Sundry payables	360.9	359.7		1.2		1.2
<i>Of which Currency derivatives</i>	1.2			1.2		1.2
FINANCIAL LIABILITIES	11,940.5	7,096.0	1.3	7.2	4,836.0	4,983.1

(1) No financial instruments were transferred between categories in 2019.

(2) All of the instruments in this category are financial assets or liabilities designated as measured on initial recognition.

* The fair value of the bonds, excluding accrued interest, was established on the basis of the year-end market value (December 31, 2019): for the 2025 bonds quoted 104.25% of par, at €729.6 million; for the 2026 bonds quoted 106.39% of par, at €798.0 million; and for the 2027 bonds quoted 103.68% of par, at €725.8 million.

The main measurement methods applied are as follows:

- items accounted for at fair value through profit or loss, as well as hedging instruments, are measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank;
- financial liabilities are primarily recognized at amortized cost calculated using the effective interest rate method;
- the fair value of trade receivables and payables related to manufacturing and sales operations corresponds to their carrying value given of their very short maturities.

The impact of financial instruments on income:

<i>(in € millions)</i>	2020			
	Impact Income	Financial assets/liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.3)	(6.2)		(0.1)
Income on loans, cash investments and marketable securities	18.1	18.1		
Finance costs	(204.3)		(204.3)	
Other financial income and expenses	(36.6)		(38.8)	2.2
Net income (expenses)	(229.1)	11.9	(243.1)	2.1

<i>(in € millions)</i>	2019			
	Impact Income	Financial assets/ liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Instruments derivatives
Translation differences on commercial transactions	(6.1)	(6.2)		0.1
Income on loans, cash investments and marketable securities	18.7	18.7		
Finance costs	(197.7)		(197.7)	
Other financial income and expenses	(40.4)		(40.4)	
Net income (expenses)	(225.5)	12.5	(238.1)	0.1

As of December 31, 2020, movements in provisions for impairment break down as follows by category of financial asset:

<i>(in € millions)</i>	Balance as of January 1, 2020	Additions	Utilizations	Reversals (surplus provisions)	Change in scope of consolidation and other changes	Balance as of December 31, 2020
Doubtful accounts	(17.5)	(30.0)	18.6	0.0	(1.8)	(30.7)
Shares in non-consolidated companies	(6.8)	(3.7)	0.0	0.0	0.5	(10.0)
Non-current financial assets	(21.2)	(0.5)	0.7	0.0	(0.4)	(21.4)
Other receivables	(11.3)	(3.5)	0.0	0.0	2.1	(12.7)
TOTAL	(56.8)	(37.7)	19.3	0.0	0.4	(74.8)

29.2 Financial instruments – fair value hierarchy

The Group's financial instruments that are measured at fair value break down as follows by level of fair value measurement: Level 1 (prices quoted in active markets) for short-term cash investments and Level 2 (measured using a valuation technique based on rates quoted on the interbank market, such as Euribor and exchange rates set daily by the European Central Bank) for currency and interest rate instruments.

Note 30 Hedging of currency and interest rate risks

30.1 Transactions in foreign currencies and derivatives

Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date. Receivables and payables are converted at the year-end exchange rate. Resulting gains or losses are recorded in the income statement as operating income or expenses for operating receivables and payables, and under "Other financial income and expenses" for other receivables and payables.

Faurecia uses derivative instruments traded on organized markets or purchased over-the-counter from first-rate counterparties to hedge currency and interest rate risks. They are recorded at fair value in the balance sheet.

30.2 Hedging of currency risks

Currency risks relating to the commercial transactions of the Group's subsidiaries are managed centrally by Faurecia using forward purchase and sale contracts and options as well as foreign currency financing. Faurecia manages the hedging of currency risks on a central basis, through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Currency risks on forecasted transactions are hedged on the basis of estimated cash flows determined when budgets are prepared, validated by Executive 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 IFRS 9 criteria.

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 the Group's currency risk exposure and are therefore hedged through foreign exchange swaps or financing in the concerned currency.

The effective portion of changes in the fair value of instruments used to hedge future revenues is recorded in equity and taken to operating income when the hedged revenues are received.

Changes in the fair value of instruments used to hedge trade receivables and payables are recorded as operating income or expense.

The portion of the change in fair value of these hedges that is ineffective (time value of the hedges) is recorded under "Other financial income and expenses" together with changes in the fair value of instruments used to hedge other receivables and payables except for the changes in the fair value of cash flow hedges which are recorded in amounts to be potentially reclassified to profit or loss.

2020

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
Trade receivables (net of payables)	33.9	(35.9)	37.9	19.0	10.1	(15.3)	(62.0)	5.9
Financial assets (net of liabilities) *	243.1	0.0	9.9	(29.0)	(88.6)	0.0	(9.0)	86.1
Forecast transactions **	107.3	(56.8)	15.3	8.7	1.1	(68.1)	(47.8)	13.4
Net position before hedging	384.3	(92.7)	63.1	(1.3)	(77.4)	(83.4)	(118.8)	105.4
Currency hedges	(311.1)	45.3	(19.5)	22.5	100.2	68.0	19.0	(107.6)
Net position after hedging	73.2	(47.4)	43.6	21.2	22.8	(15.4)	(99.8)	(2.2)

* Including inter-company financing.

** Commercial exposure anticipated over the next 6 months.

2019

Currency exposure (in € millions)	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
Trade receivables (net of payables)	64.3	(9.5)	3.4	2.2	9.8	(8.5)	(108.1)	5.3
Financial assets (net of liabilities) *	(154.2)	0.0	0.0	(36.3)	(93.9)	0.0	0.0	12.1
Forecast transactions **	101.7	(49.7)	2.4	20.5	0.4	(69.5)	(49.2)	39.3
Net position before hedging	11.8	(59.2)	5.8	(13.6)	(83.7)	(78.0)	(157.3)	56.7
Currency hedges	47.9	57.1	9.0	31.1	94.0	102.6	104.6	(6.9)
Net position after hedging	59.8	(2.1)	14.8	17.6	10.3	24.6	(52.6)	49.7

* Including inter-company financing.

** Commercial exposure anticipated over the next six months.

Hedging instruments are recognized in the balance sheet at fair value. Fair value is determined based on measurements confirmed by banking counterparties.

Information on hedged notional amounts

(in € millions) 2020	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount *	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.0	(0.1)	10.2	10.2	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	2.6	(0.3)	468.3	468.3	0.0	0.0
■ cross-currency swaps	0.0	(6.8)	97.8	0.0	97.8	0.0
Cash flow hedges						
■ forward currency contracts	9.9	(2.2)	349.1	349.1	0.0	0.0
■ currency option	0.3	(0.3)	40.5	40.5	0.0	0.0
Not eligible for hedge accounting	0.0	(0.1)	9.1	9.1	0.0	0.0
	12.8	(9.8)				

* Notional amounts based on absolute values.

(in € millions) 2019	Carrying amount			Maturities		
	Assets	Liabilities	Notional amount *	< 1 year	1 to 5 years	> 5 years
Fair value hedges						
■ forward currency contracts	0.1	0.0	5.0	5.0	0.0	0.0
■ inter-company loans in foreign currencies swapped for euros	0.8	(1.3)	541.2	541.2	0.0	0.0
■ cross-currency swaps	1.7	(0.6)	106.8	0.0	106.8	0.0
Cash flow hedges						
■ forward currency contracts	5.2	(0.9)	405.0	405.0	0.0	0.0
■ currency option	3.6	(0.4)	221.5	221.5	0.0	0.0
Not eligible for hedge accounting	0.2	0.0	28.5	28.5	0.0	0.0
	11.6	(3.2)				

* Notional amounts based on absolute values.

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Notes to the consolidated financial statements

The sensitivity of Group income and equity as of December 31, 2020 to a fluctuation in exchange rates against the euro is as follows for the main currencies to which the Group is exposed:

Currency exposure	USD	CZK	CNY	RUB	GBP	PLN	MXN	JPY
2020	1.23	26.24	8.02	91.47	0.90	4.56	24.42	126.49
Currency fluctuation scenario (depreciation of currency/EUR)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Exchange rate after currency depreciation	1.29	27.55	8.42	96.04	0.94	4.79	25.64	132.81
Impact on pre-tax income <i>(in € millions)</i>	(4.31)	1.80	(1.46)	(0.57)	(0.02)	0.76	3.55	(0.57)
Impact on other comprehensive income <i>(in € millions)</i>	12.07	(2.10)	0.00	0.00	(0.78)	(3.20)	(0.90)	1.09

These impacts reflect (i) the effect on the income statement of currency fluctuations on the year-end valuation of assets and liabilities recognized 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.

30.3 Interest-rate hedges

Faurecia manages the hedging of interest rate risks on a central basis. Such management is implemented through the Group Finance and Treasury department, which reports to the Executive Management. Hedging decisions are made by a Market Risk Management Committee that meets on a monthly basis.

Changes in the fair value of interest rate hedges are recorded directly in "Other financial income and expenses" when the hedging relationship cannot be demonstrated under IFRS 9, or where the Group has elected not to apply hedge accounting principles.

The table below shows the Group's interest rate position, with assets, liabilities and derivatives broken down into fixed or variable rates. Financial assets include cash and cash equivalents and interest rate hedges include interest rate swaps as well as in-the-money options.

<i>(in € millions)</i>	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
2020										
Financial assets		3,094.0								3,094.0
Financial liabilities	(183.7)	(1,055.5)	(320.9)	(226.5)	(1,485.8)	(509.2)	(2,440.5)	0.0	(4,430.9)	(1,791.2)
Net position before hedging	(183.7)	2,038.5	(320.9)	(226.5)	(1,485.8)	(509.2)	(2,440.5)	0.0	(4,430.9)	1,302.8
Interest rate hedges			(226.5)	226.5	(531.8)	531.8			(758.3)	758.3
Net position after hedging	(183.7)	2,038.5	(547.4)	0.0	(2,017.6)	22.6	(2,440.5)	0.0	(5,189.2)	2,061.1

<i>(in € millions)</i>	Under 1 year		1 to 2 years		2 to 5 years		More than 5 years		Total	
	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate	Fixed rate	Variable Rate
2019										
Financial assets		2,321.2								2,321.2
Financial liabilities	(175.1)	(834.2)	(203.9)	(45.9)	(551.0)	(590.8)	(2,444.3)	0.0	(3,374.3)	(1,470.9)
Net position before hedging	(175.1)	1,487.0	(203.9)	(45.9)	(551.0)	(590.8)	(2,444.3)	0.0	(3,374.3)	850.3
Interest rate hedges					(762.5)	762.5			(762.5)	762.5
Net position after hedging	(175.1)	1,487.0	(203.9)	(45.9)	(1,313.5)	171.7	(2,444.3)	0.0	(4,136.8)	1,612.8

Cross-currency swaps variable/fixed rate are included in the above detailed position, but their value in the balance sheet as well as the notional amounts are included in the corresponding table for currency hedging instruments in Note 30.2 and not in the interest rate hedging instruments hereafter.

The main components of the fixed rate debt are:

- bonds maturing in June 2025, issued in March 2018 and July 2020 for a total amount of €1,000 million;
- bonds maturing in June 2026, issued in March and October 2019 for a total amount of €750 million;
- bonds maturing in June 2027, issued in November 2019 for a total amount of €700 million;
- bonds maturing in June 2028, issued in July 2020 for a total amount of €700 million;
- a part of the *Schuldscheindarlehen* (see Note 26.3, § "Financing of Clarion Co.Ltd Acquisition") issued in December 2018.

The interest rate derivatives as of December 31, 2020 aim at hedging the variable part of the *Schuldscheindarlehen* against an interest rate increase.

The notional amounts of the Group's interest rate hedges break down as follows:

(in € millions) 2020	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	< 1 year	1 to 5 years	> 5 years
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(9.9)	0.0	713.5	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(9.9)	0.0	713.5	0.0

(in € millions) 2019	Carrying amount		Notional amounts by maturity		
	Assets	Liabilities	< 1 year	1 to 5 years	> 5 years
Interest rate options	0.0	0.0	0.0	0.0	0.0
Variable rate/fixed rate swaps	0.0	(6.0)	0.0	714.0	0.0
Accrued premiums payable	0.0	0.0	0.0	0.0	0.0
	0.0	(6.0)	0.0	714.0	0.0

A part of the Group borrowings being at variable rates as stated in Note 26.4, a rise in short-term rates would therefore have an impact on financial expense.

The sensitivity tests performed, assuming a 100 bp increase in average interest rates compared to the rate curve as of December 31, 2020 show that the effect on net financial expense (before taxes) would not be significant, taking into account the profile of the Group's borrowings and derivatives in place as of December 31, 2020.

30.4 Counterparty risk on derivatives

Faurecia's counterparty risk connection with its derivatives is not significant as the majority of its derivatives are arranged with banks with strong ratings that form part of its banking pool. The consideration of derivatives compensation agreements existing with counterparts, is summarized as follows:

Financial assets as of December 31, 2020 <i>(in € millions)</i>	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)		(e) = (c) - (d)
	Gross amount value (before compensation)	Gross Amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	12.8	0.0	12.8	5.1	0.0	7.7
Other financial instruments						
TOTAL	12.8	0.0	12.8	5.1	0.0	7.7

Financial liabilities as of December 31, 2020 <i>(in € millions)</i>	(a)	(b)	(c) = (a) - (b)	(d) Related amounts not set off in the balance sheet (not fulfilling IAS 32 compensation criteria)		(e) = (c) - (d)
	Gross amount value (before compensation)	Gross Amounts compensated (according to IAS 32)	Net amounts presented in the balance sheet	Financial instruments	Collaterals received	Net amount
Derivatives	19.6	0.0	19.6	5.1	0.0	14.5
Other financial instruments						
TOTAL	19.6	0.0	19.6	5.1	0.0	14.5

Note 31 Commitments given and contingent liabilities

Commitments given

<i>(in € millions)</i>	2020	2019
Future minimum lease payments ⁽¹⁾	140.0	96.7
Debt collateral:		
■ mortgages	2.0	2.0
Other debt guarantees	30.3	33.7
Firm orders for property, plant and equipment and intangible assets	158.6	173.3
Other	1.1	1.1
TOTAL	332.0	306.8

(1) Commitments on future lease payments are considering for 2020 only obligations not reflected in the lease liability, such as payments on contracts corresponding to exemption criteria allowed by IFRS 16 and considered by the Group as well as future payments on signed contracts which execution has not yet started.

Future minimum lease payments break down as follows:

<i>(in € millions)</i>	2020	2019
N+1	13.1	8.1
N+2	8.2	3.9
N+3	7.9	5.5
N+4	8.0	5.2
N+5 and above	102.9	74.1
TOTAL	140.0	96.7

Expiry dates of mortgages and guarantees:

<i>(in € millions)</i>	2020
■ less than a year	22.3
■ 1 to 5 years	5.4
■ more than 5 years	4.6
TOTAL	32.3

Note 32 Related party transactions

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non consolidated or Equity consolidated entities are considered as non significant.

32.1 Transactions with PSA group

The Faurecia group is managed independently and transactions with the PSA group are conducted at arm's length terms.

Transactions with consolidated entities are eliminated by the consolidation process. Faurecia's business relations with non consolidated or Equity consolidated entities are considered as non significant.

These transactions (including with companies accounted for by the equity method by the PSA group) are recognized as follows in the Group's consolidated financial statements:

<i>(in € millions)</i>	2020	2019
Sales	1,600.2	2,075.8
Purchases of products, services and materials	7.7	12.8
Receivables *	477.7	473.3
Trade payables	120.4	138.1
* Before no-recourse sales of receivables amounting to:	283.0	252.0

32.2 Management compensation

Total compensation for 2020 awarded to the members of the Board of Directors and the Group Executive Committee serving in this capacity as at December 31, 2020 amounted to €14,293,985 including directors' fees of €703,000 compared with the 2019 figures of €12,641,372 and €614,870 respectively.

Note 33 Fees paid to the Statutory Auditors

(in € millions)	EY				Mazars			
	Amount (excl.VAT)		%		Amount (excl.VAT)		%	
	2020	2019	2020	2019	2020	2019	2020	2019
AUDIT								
Statutory and contractual audits								
Issuer	0.9	1.3	18.4%	24.8%	0.7	0.6	15.7%	14.7%
Fully consolidated companies	3.3	3.5	70.9%	67.5%	3.8	3.3	81.7%	82.6%
SUB-TOTAL	4.2	4.8	89.3%	92.3%	4.6	3.9	97.4%	97.4%
Other services								
Issuer	0.2	0.2	4.3%	3.8%	0.1	0.1	2.6%	2.6%
Fully consolidated companies	0.3	0.2	6.4%	3.8%	0.0	0.0	0.0%	0.0%
SUB-TOTAL	0.5	0.4	10.7%	7.7%	0.1	0.1	2.6%	2.6%
TOTAL	4.7	5.2	100.0%	100.0%	4.7	4.0	100.0%	100.0%

The fees invoiced by the statutory auditors for the diligences performed for the specific publications of Peugeot SA within the frame of its merger with FCA have been validated and covered by Peugeot SA and are therefore not part of the figures given in the above table.

Other services provided by EY to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Other services provided by Mazars to the Company and its subsidiaries mainly relate to issuance of statements as independent auditors, verification of the non-financial statement included in management report, contractual audit reports, procedures in connection with divestment projects, consultations and comfort letters in connection with a financing operation.

Note 34 Information on the consolidating company

The consolidated financial statements of the Faurecia group are included in the consolidated accounts of its parent, the Peugeot S.A., parent company of the PSA group, Route de Gisy, 78140 Vélizy Villacoublay, France.

As of December 31, 2020, Peugeot S.A. held 39.34% of the capital stock of Faurecia and 56.02% of the voting rights. The evolution is described in Note 2.3.

Note 35 Dividends

The Board of Directors has decided to propose to the next Annual Shareholders' Meeting a dividend of €1.00 per share.

List of consolidated companies as of December 31, 2020

	Country	Interest of (%)	Stake (%) ⁽¹⁾
I - FULLY CONSOLIDATED COMPANIES			
Faurecia	France	Holding	Holding
South Africa			
Faurecia Interior Systems South Africa (Pty), Ltd	South Africa	100	100
Faurecia Interior Systems Pretoria (Pty), Ltd	South Africa	100	100
Faurecia Emission Control Technologies South Africa (CapeTown) (Pty), Ltd	South Africa	100	100
Germany			
Faurecia Autositze GmbH	Germany	100	100
Faurecia Automobiltechnik GmbH	Germany	100	100
Faurecia Automotive GmbH	Germany	100	100
Faurecia Innenraum Systeme GmbH	Germany	100	100
Faurecia Emissions Control Technologies, Germany GmbH	Germany	100	100
Hug Engineering GmbH	Germany	100	100
Clarion Europa GmbH	Germany	100	100
SAS Autosystemtechnik GmbH	Germany	100	100
SAS Autosystemtechnik Verwaltungs GmbH	Germany	100	100
Argentina			
Faurecia Sistemas De Escape Argentina S.A.	Argentina	100	100
Faurecia Argentina S.A.	Argentina	100	100
SAS Automotriz Argentina S.A.	Argentina	100	100
Austria			
Faurecia Angell-Demmel GmbH	Austria	100	100
Belgium			
Faurecia Automotive Belgium	Belgium	100	100
Brazil			
Faurecia Automotive do Brasil, Ltda	Brazil	100	100
FMM Pernambuco Componentes Automotivos, Ltda	Brazil	51	100
Clarion do Brasil Ltda.	Brazil	100	100
SAS Automotive Do Brazil Ltda.	Brazil	100	100
Canada			
Faurecia Emissions Control Technologies Canada, Ltd	Canada	100	100
Irystec Software Inc.	Canada	100	100
China			
Faurecia Exhaust Systems Changchun Co., Ltd	China	51	100
Changchun Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Faurecia - GSK (Wuhan) Automotive Seating Co., Ltd	China	51	100
Faurecia (Wuxi) Seating Components Co., Ltd	China	100	100
Faurecia Tongda Exhaust Systems Wuhan Co., Ltd	China	50	100
Faurecia Honghu Exhaust Systems Shanghai, Co., Ltd	China	66	100
Faurecia (Changchun) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies Development (Shanghai) Co., Ltd	China	100	100
Faurecia (Shanghai) Automotive Systems Co., Ltd	China	100	100
Faurecia (Qingdao) Exhaust Systems Co., Ltd	China	100	100
Faurecia (China) Holding Co., Ltd	China	100	100
Faurecia (Guangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Chongqing) Co., Ltd	China	72,5	100
Faurecia Emissions Control Technologies (Yantai) Co., Ltd.	China	100	100
Faurecia (Chengdu) Emissions Control Technologies Co., Ltd	China	51	100
Faurecia (Nanjing) Automotive Systems Co., Ltd	China	100	100
Faurecia (Shenyang) Automotive Systems Co., Ltd	China	100	100
Faurecia (Wuhan) Automotive Components Systems Co., Ltd	China	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

2 Consolidated financial statements

List of consolidated companies as of December 31, 2020

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Changchun Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Chengdu Faurecia Limin Automotive Systems Co., Ltd	China	100	100
Faurecia (Yancheng) Automotive Systems Co., Ltd	China	100	100
CSM Faurecia Automotive Parts Co., Ltd	China	50	100
Faurecia NHK (Xiangyang) Automotive Seating Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Beijing) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Nanchang) Co., Ltd	China	51	100
Faurecia Emissions Control Technologies (Ningbo) Co., Ltd.	China	100	100
Faurecia Emissions Control Technologies (Foshan) Co., Ltd	China	51	100
Foshan Faurecia Xuyang Interior Systems Co., Ltd	China	60	100
Faurecia PowerGreen Emissions Control Technologies (Shanghai) Co., Ltd	China	100	100
Faurecia Emissions Control Technologies (Ningbo Hangzhou Bay New District) Co., Ltd	China	66	100
Shanghai Faurecia Automotive Seating Co., Ltd	China	55	100
Changsha Faurecia Emissions Control Technologies Co., Ltd	China	100	100
Dongfeng Faurecia Automotive Interior Co., Ltd	China	50	100
Borgward Faurecia (Tianjin) Auto Systems Co., Ltd	China	51	100
Faurecia Exhaust Systems (Shanghai) Co., Ltd	China	100	100
Faurecia (Jimo) Emissions Control Technologies Co., Ltd	China	100	100
Faurecia (Tianjin) Emission Control Technologies Co., Ltd	China	51	100
Faurecia Yinlun (Weifang) Emission Control Technologies Co., Ltd	China	52	100
Tianjin Faurecia Xuyang Automotive System Co., Ltd	China	60	100
Dongfeng Faurecia Emissions Control Technologies Co., Ltd	China	50	100
Faurecia (Changshu) Automotive System Co., Ltd	China	55	100
Faurecia (Liuzhou) Automotive Seating Co., Ltd	China	50	100
Faurecia Clarion Electronic Fengcheng Co., Ltd	China	100	100
Shenzhen Faurecia Automotive Parts Co., Ltd	China	70	100
Faurecia (Hangzhou) Automotive Systems Co., Ltd	China	100	100
Faurecia (Liuzhou) Automotive Interior Systems Co.,Ltd	China	50	100
Faurecia Clarion Electronic Foshan Co., Ltd	China	100	100
Faurecia Chongqing Zhuotong Automotive Interior Systems Co.,Ltd	China	50	100
Shanghai Faurecia Automotive Seating component Co., Ltd	China	55	100
Parrot Automotive Shenzhen	China	100	100
HUG Engineering Shanghai Co., Ltd	China	100	100
Faurecia Clarion Electronics (Dongguan) Co. Ltd.	China	100	100
Faurecia Clarion Electronics (Xiamen) Co. Ltd.	China	100	100
Chengdu Faurecia Xuyang Automotive Seat Co., Ltd	China	60	100
Zhejiang Faurecia Interior & Exterior Systems Co., Ltd	China	100	100
SAS Automotive Systems (Shanghai) Co., Ltd.	China	100	100
Faurecia Clarion Electronic Chongqing Ltd	China	100	100
Changchun Faurecia Xuyang Display Technology Co., Ltd.	China	55	100
Nanjing Faurecia Emission Control Technology Co., Ltd.	China	66	100
Coagent Global Limited	China	100	100
Faurecia Clarion Electronics Asia Pacific Limited	China	100	100
Chang Ming Co., Ltd.	China	82	100
Clarion (H.K.) Industries Co., Ltd	China	100	100
China Taiwan			
Covatech Inc.	China Taiwan	82	100
Clarion (Taiwan) Manufacturing Co., Ltd	China Taiwan	100	100
South Korea			
Faurecia Korea, Ltd	South Korea	100	100
FCM Yeongcheon	South Korea	100	100
FAS Yeongcheon	South Korea	100	100
Denmark			
AMMINEX Emissions Technology AS	Denmark	91.5	100
Spain			
Asientos de Castilla Leon, S.A.	Spain	100	100
Asientos del Norte, S.A.	Spain	100	100
Faurecia Asientos Para Automovil España, S.A.	Spain	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Faurecia Sistemas De Escape España, SA	Spain	100	100
Tecnoconfort	Spain	50	100
Asientos de Galicia, S.L.	Spain	100	100
Faurecia Automotive España, S.L.	Spain	100	100
Faurecia Interior System España, S.A.	Spain	100	100
Faurecia Interior System SALC España, S.L.	Spain	100	100
Valencia Modulos de Puertas, S.L.	Spain	100	100
Faurecia Emissions Control Technologies, Pamplona, S.L.	Spain	100	100
Incalplas, S.L.	Spain	100	100
Faurecia Holding España S.L.	Spain	100	100
Faurecia Automotive Industrie Spain, S.L.	Spain	100	100
SAS Autosystemtechnik S.A.	Spain	100	100
United States			
Faurecia Emissions Control Systems NA, LLC	United States	100	100
Faurecia Automotive Seating, LLC	United States	100	100
Faurecia USA Holdings, Inc.	United States	100	100
Faurecia Emissions Control Technologies, USA, LLC	United States	100	100
Faurecia Interior Systems, Inc.	United States	100	100
Faurecia Madison Automotive Seating, Inc.	United States	100	100
Faurecia Interiors Louisville, LLC	United States	100	100
Faurecia Interior Systems Saline, LLC	United States	100	100
Faurecia Mexico Holdings, LLC	United States	100	100
FNK North America, Inc.	United States	100	100
Faurecia North America, Inc.	United States	100	100
Hug Engineering Inc.	United States	100	100
Faurecia DMS	United States	100	100
Clarion Corporation of America	United States	100	100
SAS Automotive USA Inc.	United States	100	100
France			
Faurecia Sièges d'automobile	France	100	100
Faurecia Industries	France	100	100
ECSA - Etudes Et Construction de Sièges pour l'Automobile	France	100	100
Siedoubs	France	100	100
Sielest	France	100	100
Siemar	France	100	100
Faurecia Seating Flers	France	100	100
Faurecia Investments	France	100	100
Trecia	France	100	100
Faurecia Automotive Holdings	France	100	100
Faurecia Automotive Industrie	France	100	100
Faurecia Intérieur Industrie	France	100	100
Faurecia Systèmes d'Echappement	France	100	100
Faurecia Services Groupe	France	100	100
Faurecia Exhaust International	France	100	100
Faurecia - Metalloprodukcja Holding	France	70	100
Faurecia Smart Technologies	France	100	100
Faurecia Interieurs Saint-Quentin	France	100	100
Faurecia Interieurs Mornac	France	100	100
Faurecia Ventures	France	100	100
Faurecia Automotive Composites	France	100	100
Hambach Automotive Exteriors	France	100	100
Hennape Six	France	100	100
Faurecia Clarion Electronics Europe S.A.S.	France	100	100
Clarion Europe S.A.S	France	100	100
SAS Automotive France S.A.S.U.	France	100	100
SAS Logistics France S.A.S.U	France	100	100
Cockpit Automotive Systems Rennes S.A.S.U	France	100	100
Faurecia Ullit	France	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

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List of consolidated companies as of December 31, 2020

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Great Britain			
Faurecia Automotive Seating UK, Ltd	Great Britain	100	100
Faurecia Midlands, Ltd	Great Britain	100	100
SAI Automotive Fradley, Ltd	Great Britain	100	100
SAI Automotive Washington, Ltd	Great Britain	100	100
Faurecia Emissions Control Technologies UK, Ltd	Great Britain	100	100
Hungary			
Faurecia Emissions Control Technologies, Hungary Kft	Hungary	100	100
Clarion Hungary Electronics Kft.	Hungary	100	100
India			
Faurecia Automotive Seating India Private, Ltd	India	100	100
Faurecia Emissions Control Technologies India Private, Ltd	India	74	100
Faurecia Interior Systems India Private, Ltd	India	100	100
Clarion India Pvt, Ltd	India	100	100
Israel			
Faurecia Security Technologies	Israel	100	100
Italy			
Faurecia Emissions Control Technologies, Italy SRL	Italy	100	100
Hug Engineering Italia S.r.l.	Italy	100	100
Japan			
Faurecia Japan K.K.	Japan	100	100
Faurecia Howa Interiors Co., Ltd	Japan	50	100
Clarion Co., Ltd	Japan	100	100
Clarion Sales and Marketing Co., Ltd	Japan	100	100
Luxembourg			
Faurecia AST Luxembourg S.A.	Luxembourg	100	100
Faurecia Luxembourg Sarl	Luxembourg	100	100
Faurecia Holdings AST, Sarl	Luxembourg	100	100
Malaysia			
Crystal Precision (M) Sdn. Bhd.	Malaysia	86.25	100
Morocco			
Faurecia Équipements Automobiles Maroc	Morocco	100	100
Faurecia Automotive Systems Technologies	Morocco	100	100
Faurecia Automotive Industries Morocco SARL	Morocco	100	100
Mexico			
Faurecia Sistemas Automotrices de Mexico, S.A. de C.V.	Mexico	100	100
Servicios Corporativos de Personal Especializado, S.A. de C.V.	Mexico	100	100
Exhaust Services Mexicana, S.A. de C.V.	Mexico	100	100
ET Mexico Holdings II, S. de R.L. de C.V.	Mexico	100	100
Faurecia Howa Interior Mexico, S.A. de C.V.	Mexico	51	100
Electronica Clarion, S.A. de C.V.	Mexico	100	100
Ultra Industrial, S.A. de C.V.	Mexico	100	100
SAS Automotive Systems S.A. De C.V.	Mexico	100	100
SAS Automotive Systems & Services S.A. De C.V.	Mexico	100	100
Netherlands			
ET Dutch Holdings B.V.	Netherlands	100	100
Faurecia Emissions Control Technologies Netherlands B.V.	Netherlands	100	100
Hug Engineering B.V.	Netherlands	100	100
Poland			
Faurecia Automotive Polska S.A.	Poland	100	100
Faurecia Walbrzych S.A.	Poland	100	100
Faurecia Grojec R&D Center S.A.	Poland	100	100
Faurecia Legnica S.A.	Poland	100	100
Faurecia Gorzow S.A.	Poland	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

	Country	Interest of (%)	Stake (%) ⁽¹⁾
Portugal			
Faurecia - Assentos de Automovel, Lda	Portugal	100	100
SASAL	Portugal	100	100
Faurecia - Sistemas De Escape Portugal, Lda	Portugal	100	100
EDA - Estofagem de Assentos, Lda	Portugal	100	100
Faurecia Sistemas de Interior de Portugal, Componentes Para Automoveis S.A.	Portugal	100	100
SAS Automotive De Portugal Unipessoal Ltda.	Portugal	100	100
Czech Republic			
Faurecia Exhaust Systems, S.R.O.	Czech Republic	100	100
Faurecia Automotive Czech Republic, S.R.O.	Czech Republic	100	100
Faurecia Interior Systems Bohemia, S.R.O.	Czech Republic	100	100
Faurecia Components Pisek, S.R.O.	Czech Republic	100	100
Faurecia Interiors Pardubice, S.R.O.	Czech Republic	100	100
Faurecia Emissions Control Technologies Mlada Boleslav, S.R.O.	Czech Republic	100	100
Faurecia Plzen	Czech Republic	100	100
SAS Autosystemtechnik S.R.O.	Czech Republic	100	100
Romania			
Faurecia Romania S.R.L.	Romania	100	100
Euro Auto Plastic Systems S.R.L.	Romania	50	100
Russia			
OOO Faurecia Interior Luga	Russia	100	100
OOO Faurecia Metalloprodukcja Exhaust Systems	Russia	70	100
OOO Faurecia Automotive Development	Russia	100	100
OOO Faurecia Automotive Exteriors Bumpers	Russia	100	100
Clarion RUS LLC	Russia	100	100
Slovakia			
Faurecia Automotive Slovakia SRO	Slovakia	100	100
SAS Automotive S.R.O.	Slovakia	100	100
Sweden			
Faurecia Interior Systems Sweden AB	Sweden	100	100
Faurecia CREO	Sweden	78.6	100
Switzerland			
Hug Engineering AG	Switzerland	100	100
Faurecia Switzerland Sàrl	Switzerland	100	100
Thailand			
Faurecia Interior Systems (Thailand) Co., Ltd	Thailand	100	100
Faurecia Emissions Control Technologies, Thailand Co., Ltd	Thailand	100	100
Faurecia & Summit Interior Systems (Thailand) Co., Ltd	Thailand	50	100
Clarion Asia (Thailand) Co., Ltd	Thailand	100	100
Tunisia			
Société Tunisienne d'Équipements d'Automobile	Tunisia	100	100
Faurecia Informatique Tunisie	Tunisia	100	100
Turkey			
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret Anonim Sirketi	Turkey	100	100
SAS Otosistem Teknik Ticaret Ve Limited Sirketi	Turkey	100	100
Uruguay			
Faurecia Automotive Del Uruguay, S.A.	Uruguay	100	100
Vietnam			
Faurecia Vietnam Haiphong	Vietnam	100	100

(1) Cumulated percentages of interest for fully consolidated companies.

2 Consolidated financial statements

List of consolidated companies as of December 31, 2020

	Country	Interest of (%)	Stake (%) ⁽¹⁾
II - COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD			
China			
Changchun Xuyang Faurecia Acoustics & Soft Trim Co., Ltd	China	40	40
Jinan Jidao Auto Parts Co., Ltd	China	50	50
Changchun Faurecia Xuyang Automotive Components Technologies R&D Co., Ltd	China	45	45
Dongfeng Faurecia (Wuhan) Automotive Parts Sales Co., Ltd	China	50	50
Qinhuangdao WKW-FAD Automotive Interior Parts Co., Ltd	China	50	50
Dongfeng Faurecia (Xiangyang) Emissions Systems Co., Ltd	China	50	50
Faurecia Liuzhou Automotive Seating Sales Co., Ltd	China	50	50
Chongqing Guangneng Faurecia Interior Systems Co., Ltd	China	50	50
Hongtai Faurecia Composite (Wuhan) Co., Ltd	China	50	50
Faurecia (Liuzhou) Emissions Control Technologies Co., Ltd.	China	50	50
Wuhan Clarion Kotei Software Technology Co., Ltd	China	25	25
Beijing BAIC Faurecia Automotive Systems Co., Ltd	China	50	50
Spain			
Componentes de Vehiculos de Galicia, S.A.	Spain	50	50
Copo Iberica, S.A.	Spain	50	50
United States			
Detroit Manufacturing Systems, LLC	United States	49	49
DMS leverage lender, LLC	United States	49	49
DMS Toledo, LLC	United States	49	49
Total Network Manufacturing LLC	United States	49	49
France			
Automotive Performance Materials (APM)	France	50	50
Symbio	France	50	50
India			
NHK F. Krishna India Automotive Seating Private, Ltd	India	19	19
Basis Mold India Private Limited	India	38	38
Italy			
Ligneos Srl	Italy	50	50
Japan			
Faurecia - NHK Co., Ltd	Japan	50	50
Malaysia			
Clarion (Malaysia) Sdn. Bhd.	Malaysia	45	45
Mexico			
GMD Stamping Mexico S.A. de C.V.	Mexico	49	49
Hitachi Automotive Systems San Juan Del Rio, S.A. de C.V.	Mexico	20	20
Portugal			
Vanpro Assentos, Lda	Portugal	50	50
Faurecia Aptoide Automotive, Lda	Portugal	50	50
Turkey			
Teknik Malzeme Ticaret Ve Sanayi AS	Turkey	50	50

(1) Cumulated percentages of interest for fully consolidated companies.



3.

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2020

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2020

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholders,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Faurecia for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the audit committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors for the period from January 1, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment testing of goodwill

(Note 10C "Goodwill" to the consolidated financial statements)

Risk identified

The carrying amount of goodwill amounts to €2,195.9m at December 31, 2020. Goodwill is allocated to the four groups of cash generating units (CGUs) corresponding to the Group's operating segments: Seating, Clean Mobility, Interior Systems and Clarion Electronics.

In accordance with IAS 36, goodwill is not amortized but is tested for impairment at least once a year and more often if there is an indication that it may be impaired, as mentioned in the note 10C to the consolidated financial statements.

For the purpose of impairment testing, goodwill is allocated between groups of CGUs. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, as described in Note 10C to the consolidated financial statements.

Impairment tests are performed to compare the carrying amount of assets and liabilities by group of CGUs with the higher of their value in use (equal to the present value of the net future cash flows expected) and their fair value including costs of disposal. For a given group of CGUs, an impairment loss is recognized whenever its value then determined falls below its carrying amount.

The cash flow forecasts used to calculate value in use were based on the Group's 2021-2025 forecasts for Clarion Electronics and on the Group's 2021-2023 forecasts for the other three group of CGU. Those forecasts were established during 2020 last quarter. The volume assumptions used in the forecasts are based on external information sources.

As mentioned in Note 10C to the consolidated financial statements, impairment test performed as of December 31, 2020 confirmed goodwill value accounted for in the balance sheet for Seating, Clean Mobility and Interior Systems. A €150.0m impairment loss was booked as of June 30, 2020 regarding Clarion Electronics, and no other impairment loss was identified by the test as of December 31, 2020.

We considered the measurement of the recoverable amount of goodwill to be a key audit matter for the following reasons:

- the amount of goodwill recorded in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates (WACC) and long-term growth rates, which are inherently impacted by the crisis evolutive context related to Covid-19.

Our response

We assessed the method used by management to determine the recoverable amount of each group of CGUs in order to assess its compliance with IAS 36.

With the support of asset valuation experts, part of the audit team, we assessed the consistency of the key assumptions used by management to determine projected future cash flows and, in particular:

- reconciled the components taken in the impairment tests of each group of CGU with the consolidated financial statements;
- compared the key assumptions used to determine the recoverable amount for the group of CGUs, such as assumptions related to the volume for the global automotive market considered by the group in the Covid-19 crisis context, applied discount rate and perpetual growth rate with independent market data;
- analyzed the consistency of projected future cash flows with historical data;
- reperformed the calculations and reconciled the main forecasts data including 2021-2023 forecasts (2021-2025 for Clarion Electronics) data with the data used in impairment testing;
- performed sensitivity analysis on the recoverable amounts calculated by management, in particular with regard to discount rates and operating income to estimate their effects and assumptions related to the volume for the global automotive market considered by the Group.

We also assessed the appropriateness of the disclosures on goodwill provided in the notes to the consolidated financial statements.

Accounting and recoverability of development costs

(Notes 10 and 11 to the consolidated financial statements)

Risk identified

Net capitalized development costs amount to €2,059.7m at December 31, 2020.

In accordance with IAS 38, development costs incurred in connection with producing and delivering modules for specific customer orders are recorded as an intangible asset pursuant to the conditions set out in Note 11 to the consolidated financial statements.

These capitalized costs are amortized to match the quantities of parts delivered to the customer, over a period not exceeding five years except under exceptional circumstances.

Research costs, and development costs that do not meet the above criteria, are expensed as incurred pursuant to the conditions set out in Note 11 to the consolidated financial statements.

These assets are tested for impairment whenever there is an indication that they may be impaired. Impairment tests involve comparing the carrying amount of the tangible and intangible assets allocated to a customer contract with the present value of the net future cash flows expected to be derived from the contract, considering the best estimates of the future sales.

We considered the accounting and recoverability of development costs to be a key audit matter for the following reasons:

- the amount of capitalized development costs in the consolidated financial statements is material;
- defining the inputs to be used to perform impairment tests requires a high degree of judgment and estimation from management, in particular as regards future cash flows, discount rates and the expected gross margin per program, which are inherently impacted by the crisis evolutive context related to Covid-19.

Our response

With regard to the capitalization of development costs:

- we obtained an understanding of the procedures implemented by management to determine the eligibility of development costs for capitalization and analyzed their compliance with IAS 38;
- we performed certain specific testing on a sample of customer programs to evaluate whether the related development costs were eligible for capitalization in compliance with IAS 38.

With regard to the measurement of the recoverable amount of capitalized development costs:

- we made inquiries of management about any indications of impairment.
- we obtained an understanding of the method used by management to determine the recoverable amount of these assets and assessed the consistency of performed calculations;
- we assess the consistency of the key assumptions used by management to determine projected future cash flows including assumptions considered by management in the Covid-19 crisis context, for a sample of customer programs subject to an impairment test and, in particular:
 - reconciled the components of the carrying amount of these assets allocated to a customer contract with the consolidated financial statements,
 - compared, with asset valuation experts, the key assumptions used, such as discount rates, with independent market data,
 - reconciled, on a sample basis, the data specific to each program, such as projected delivery quantities and negotiated unit price per product, with the customer contract or observable external data, where applicable taking into account ongoing negotiations.

We also assessed the appropriateness of the disclosures provided on development costs in the notes to the consolidated financial statements.

Accounting and recoverability of deferred tax assets

(Note 8 "Corporate Income Tax" to the consolidated financial statements)

Risk identified	Our response
<p>Deferred tax assets amount to €475.4m in the balance sheet at December 31, 2020, while deferred tax liabilities amount to €82.0m.</p> <p>Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available in the short or medium term against which the temporary differences or the loss carryforward can be utilized.</p> <p>The assessment of the ability to recover net deferred tax assets as of December 31, 2020 (€393.4m) is based on the Group's forecasts for the long-term recovery of tax losses.</p> <p>The Group's ability to recover deferred tax assets is assessed by management at the end of the year.</p> <p>We considered the accounting and the recoverability of deferred tax assets to be a key audit matter due to the importance of the assumptions and judgments used by management to recognize these assets, especially in the crisis evolutive context related to Covid-19 and considering the materiality of their amounts in the consolidated financial statements.</p>	<p>We assessed the consistency of the assumptions used by management to recognize and measure deferred tax assets and their compliance with IAS 12.</p> <p>With the support of our tax experts, we assessed the probability that the Group will be able to utilize the tax loss carryforwards currently recognized in its balance sheet, in particular with regard to:</p> <ul style="list-style-type: none"> ■ deferred tax liabilities existing in the same tax jurisdiction that may be used to offset existing tax loss carryforwards, prior to their expiry date; ■ the ability of the Group companies concerned to generate future taxable profit against which the existing tax loss carryforwards can be utilized. <p>We also assessed the consistency with the forecasts of the main data and assumptions on which taxable income projections considered in the Covid-19 crisis context and underlying the accounting and recoverability of deferred tax assets relating to tax loss carryforwards are based.</p> <p>Lastly, we also assessed the appropriateness of the disclosures on deferred tax assets provided in the notes to the consolidated financial statements.</p>

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the Board of Directors' management report.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L. 225-102-1 of the French Commercial Code (Code de commerce) is included in the Group management report, it being specified that, in accordance with Article L. 823-10 of this Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of December 17, 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Faurecia by the Annual General Meetings held on May 28, 2019 for MAZARS and on June 17, 1983 for ERNST & YOUNG Audit.

At December 31, 2020, MAZARS were in the second year of their engagement and ERNST & YOUNG were in the thirty-eighth year of total uninterrupted engagement, which are the second year and twenty-second year since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, February 22, 2021

The Statutory Auditors

MAZARS

David Chaudat Grégory Derouet

ERNST & YOUNG Audit

Jean-Roch Varon Guillaume Brunet-Moret





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