

## Press release

Nanterre (France), April 20, 2020

### FIRST QUARTER 2020 SALES

#### Q1 SALES IMPACTED BY COVID-19 DISRUPTION BUT OUTPERFORMING MARKET BY 390bps FOCUS ON EMPLOYEE HEALTH, LIQUIDITY & RESILIENCE AND SAFE RESTART

in €m	Q1 2019	Q1 2020	Reported	At constant scope & curr.
<b>Sales</b>	4,325	<b>3,739</b>	<b>-13.5%</b>	<b>-19.7%</b>
<b>By region</b>				
• Europe	2,217	<b>1,931</b>	<b>-12.9%</b>	<b>-16.4%</b>
• North America	1,117	<b>1,014</b>	<b>-9.2%</b>	<b>-18.3%</b>
• Asia	798	<b>635</b>	<b>-20.4%</b>	<b>-33.9%</b>
• South America	150	<b>127</b>	<b>-15.2%</b>	<b>-2.1%</b>
• Rest of the World	43	<b>32</b>	<b>-26.2%</b>	<b>-21.5%</b>

#### Q1 SALES IMPACTED BY COVID-19 DISRUPTION BUT OUTPERFORMING MARKET BY 390bps

- Reported sales down 13.5% including a positive scope effect of €268m (+6.2%) due to the consolidation of 3 months of Clarion and 2 months of SAS
- Sales at constant scope and currencies down 19.7% vs. worldwide automotive production down 23.6% (source: IHS Markit dated April 2020) => outperformance of 390bps

#### STRONG MEASURES TAKEN TO FACE THE CRISIS WITH THREE PRIORITIES

- Priority No.1: Protect health and safety of all employees
- Priority No.2: Secure liquidity, recently enhanced through an €800m club deal loan
- Priority No.3: Be ready for a safe restart of production through the "SAFER TOGETHER" program

#### SHAREHOLDER'S MEETING POSTPONED TO JUNE 26 DUE TO COVID-19

##### Patrick KOLLER, CEO of Faurecia, declared:

"Our sales in the first quarter were strongly impacted by the global Covid-19 pandemic. This crisis impacted China throughout the quarter, with a peak in February, and then the rest of the world from March. While China has effectively and safely restarted, we expect the second quarter to be tougher in Europe and North America. The second half of the year should show sequential improvement.

To face this unprecedented crisis, we have immediately put in place all the necessary action plans to get through this period. Our top priority is the protection of our employees and preparing for a safe restart of our activity. At the same time, we have secured additional liquidity and implemented measures to aggressively cut costs and protect cash.

I am confident in our ability to get through this period, which I believe will lead to a new economic paradigm based on resilience and stronger collaboration and support across the whole supply chain.

All Faurecia teams are acting in the most effective and responsible way to protect the company in the best interests of all stakeholders and I thank all of them for their efforts."

*The Board of Directors, under the chairmanship of Michel de ROSEN, met on April 17, 2020 and reviewed the present press release.*

## **Q1 SALES OF €3,739m, STRONGLY IMPACTED BY COVID-19 BUT OUTPERFORMING MARKET**

**In Q1 2020, sales amounted to €3,739.3 million (vs. €4,324.6 million in Q1 2019), down 13.5% on a reported basis**

- Currencies had a limited negative impact of €2.5 million, representing -0.1% of last year's sales
- Positive scope effect of €268.0 million, representing +6.2% of last year's sales (€100.6 million from 2 months of consolidation of SAS and €167.4 million from 3 months of consolidation of Clarion)
- At constant scope and currencies, sales were down 19.7%, representing an outperformance of 390bps compared to worldwide automotive production that dropped year-on-year by 23.6% (source: IHS Markit dated April 2020)

## **SALES BY REGION**

**Europe (52% of Group sales): Sales of €1,930.7 million (vs. €2,216.5 million in Q1 2019)**

- **Down 12.9% on a reported basis**, including:
  - A positive scope effect of €80.1 million (+3.6% of last year's sales)
  - A limited negative currency effect of €2.7 million (-0.1% of last year's sales)
- **Down 16.4% at constant scope and currencies, 410bps above regional automotive production (-20.5%, source: IHS Markit dated April 2020)**

In Europe, the Covid-19 crisis started to impact Faurecia's activities in March, with sales down by close to 40% vs. March 2019, following customers' plant shutdowns.

**North America (27% of Group sales): Sales of €1,014.0 million (vs. €1,116.7 million in Q1 2019)**

- **Down 9.2% on a reported basis**, including:
  - A positive scope effect of €74.2 million (+6.6% of last year's sales)
  - A positive currency effect of €27.5 million (+2.5% of last year's sales) mainly due to the US dollar vs. the euro
- **Down 18.3% at constant scope and currencies, 750bps below regional automotive production (-10.8%, source: IHS Markit dated April 2020)**; this underperformance is mainly due to volumes with Nissan and Ford as well as the effect of the Daimler EoP for Seating (c. €35m).

In North America, the Covid-19 crisis also started to impact Faurecia's activities as from March, with sales down by close to 35% vs. March 2019.

**Asia (17% of Group sales): Sales of €635.1 million (vs. €797.8 million in Q1 2019)**

- **Down 20.4% on a reported basis**, including:
  - A positive scope effect of €110.6 million (+13.9% of last year's sales)
  - A limited negative currency effect of €2.6 million (-0.3% of last year's sales)
- **Down 33.9% at constant scope and currencies, 300bps below regional automotive production (-30.9%, source: IHS Markit dated April 2020)**; this underperformance at the regional level is impacted by an unfavorable geographic mix with Faurecia's sales in China in Q1 2020 representing 56% of its sales in the region vs. only one third of automotive production.

**In China, sales amounted to €357.3 million (vs. €603.7 million in Q1 2019), down 40.8% on a reported basis and down 42.1% at constant scope and currencies, 800bps above the Chinese automotive production (-50.1%, source: IHS Markit dated April 2020).**

China was the first country in the world to face the crisis and close plants. Sales in the entire quarter were strongly impacted year-on-year with a peak impact in February and gradual recovery as from March. As of today, all plants have restarted production (including in the province of Hubei), with a loading rate of around 90% to rapidly reach 100%. This successful restart of activity in China, with no employee contaminated since the beginning of the crisis, will serve as an example for safe restart in other regions.

## **South America (3% of Group sales): Sales of €127.5 million (vs. €150.2 million in Q1 2019)**

- **Down 15.2% on a reported basis**, including:
  - A limited positive scope effect of €3.0 million (+2.0% of last year's sales)
  - A significant negative currency effect of €22.7 million (-15.1% of last year's sales)
- **Down 2.1% at constant scope and currencies, well above regional automotive production (-16.9%, source: IHS Markit dated April 2020)**

South America was the latest region to be impacted by the crisis, only in late March. Sales in March were down by close to 20% vs. March 2019.

## **SALES BY BUSINESS GROUP**

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### **Seating (38% of Group sales): Sales of €1,401.9 million (vs. €1,841.5 million in Q1 2019)**

- **Down 23.9% on a reported basis**, including:
  - A slight negative currency effect of €0.3 million
- **Down 23.9% at constant scope and currencies, broadly in line with worldwide automotive production (-23.6%, source: IHS Markit dated April 2020)**

### **Interiors (31% of Group sales): Sales of €1,164.9 million (vs. €1,293.0 million in Q1 2019)**

- **Down 9.9% on a reported basis**, including:
  - A positive scope effect of €100.6 million, representing +7.8% of last year's sales (consolidation of SAS since February 1, 2020)
  - A slight negative currency effect of €2.7 million (-0.2% of last year's sales)
- **Down 17.5% at constant scope and currencies, 610bps above worldwide automotive production (-23.6%, source: IHS Markit dated April 2020)**

### **Clean Mobility (26% of Group sales): Sales of €975.5 million (vs. €1,143.5 million in Q1 2019)**

- **Down 14.7% on a reported basis**, including:
  - A slight positive currency effect of €0.5 million
- **Down 14.7% at constant scope and currencies, 890bps above worldwide automotive production (-23.6%, source: IHS Markit dated April 2020)**

### **Faurecia Clarion Electronics (5% of Group sales): Sales of €196.9 million (vs. €46.6 million in Q1 2019)**

- Most of the change in sales was due to the scope effect from the consolidation of 3 months of Clarion for €167.4 million (Clarion has been consolidated since April 1, 2019)

## UPDATE ON MEASURES TAKEN TO FACE THE CRISIS AND PREPARE FOR RESTART

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### **No.1 PRIORITY: PROTECT HEALTH AND SAFETY OF ALL EMPLOYEES**

Since the very beginning of the crisis, Faurecia teams have deployed a strict crisis management process, whose number one priority is the protection of employees.

Best health practices recommendations have been widely spread all over the Group, a travel ban has been introduced, home office has been applied when possible and IT capabilities have been strengthened to ensure increased needs for connectivity.

A daily follow-up of the crisis has been set up to better evaluate the pandemic's evolution, the production situation and the restart dates per customer, as well as the conditions for a safe restart of production.

### **No.2 PRIORITY: SECURE LIQUIDITY, RECENTLY ENHANCED THROUGH AN €800M CLUB DEAL LOAN**

Faurecia has reacted quickly to the unprecedented situation to protect margin and cash, secure liquidity to overcome the crisis and maintain a sound financial structure.

Faurecia has taken all the necessary measures to drastically reduce, in the short term, its operating and administrative costs, development expenses and investments, including temporary unemployment according to the reduction of the activity faced by the sites. As of today, c. 90% of operators are under temporary unemployment in Europe and North America, drastic cuts were made to SG&A, hiring has been frozen since the beginning of the year and all efforts are deployed to ensure the highest cost flexibility and demonstrate resilience throughout the crisis.

To further protect cash generation, Faurecia targets to reduce capex by 30% (vs. €685 million spent in 2019) and will carefully manage R&D programs. Working capital will be tightly managed mostly through inventory adjustment, while securing the supply chain, and strict monitoring of receivables cash collection.

As of March 31, Faurecia's cash position amounted to c. €2.2 billion, including the €600 million recently drawn down from the syndicated credit line out of an initial amount of €1.2 billion (maturity June 2024), in order to anticipate a drop of factoring of receivables.

In addition, Faurecia has €1.4 billion of available liquidity through the recently signed short-term loan and the remaining 50% undrawn part of the syndicated credit line:

- €800 million from a club deal loan signed on April 10, with an 18 months maturity and 100% drawn on April 17,
- €600 million from the undrawn syndicated credit line.

This liquidity will allow Faurecia to overcome the cash consumption during the first half of the year, while the second half should resume cash generation.

As regards its financial structure, Faurecia has a sound balance-sheet with no significant short-term repayment before 2022 and an average debt maturity profile above 5 years (excluding the club deal loan). The average cost of its long-term debt is below 2.5% and its covenant limit of 2.8x consolidated net debt vs. last 12 months EBITDA (including IFRS16 impact) offers significant headroom, even during the current crisis.

### **No.3 PRIORITY: BE READY FOR A SAFE RESTART OF PRODUCTION THROUGH THE "SAFER TOGETHER" PROGRAM**

Based on recommendations from expert organizations, and governments and Faurecia's experience in China, a "SAFER TOGETHER" program has been put in place that includes a comprehensive set of procedures and behaviors to be strictly followed at all plants and facilities.

Three main categories have been defined: mandatory personal protective equipment, required personal protection practices and considerations regarding daily life. Full training and communications are organized and the procurement or in-house production of all necessary personal protective equipment, including masks, gloves, glasses and gel, is secured.

Suppliers' readiness and supply chain continuity are essential for a safe restart. Faurecia strongly encourages close collaboration with suppliers and openly shares all its internal practices, guidelines and procedures for their own use. They include the essentials of the SAFER TOGETHER program, regular updates of forecasted plant restart dates and supply chain restart check lists. Over 1,000 suppliers participated to webconferences held on April 9 to share the Group's priorities and underline this collaborative approach. This crisis highlights the necessity for the whole supply chain to work together, now and in the future, with transparency and mutual support.

## **DECISION TO REDUCE SALARY FOR THE CHAIRMAN, THE CEO AND THE EXECUTIVE COMMITTEE**

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In the light of the crisis, and as a personal contribution to the many gestures of solidarity of the Group's employees, Michel de ROSEN, Chairman of the Board of Directors, and Patrick KOLLER, Chief Executive Officer, have decided to reduce their salary by 20% for at least the second quarter of 2020. In the same spirit of solidarity, the Executive Committee has unanimously joined this initiative.

## **DECISION TO POSTPONE THE ANNUAL SHAREHOLDERS' MEETING TO JUNE 26**

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At its meeting held by conference call on April 17, Faurecia's Board of Directors decided, given the lack of visibility due to the Covid-19 pandemic, to postpone the Annual Shareholders' Meeting, initially planned for Wednesday, May 29, to Friday, June 26.

All details will be communicated in due course to shareholders.

## **OUTLOOK**

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As of today, it remains difficult to estimate production levels in coming months as they depend on many external parameters, such as government regulations and the pace of resolution of the pandemic in the various geographies, but also on customers' effective restart of production as well as consumer demand.

In this context, Faurecia considers it is not currently in position to present new financial objectives for 2020 and will do so when the situation is stabilized and offers more visibility to the Group.

A conference call for financial analysts and media will be held today at 8:00 am (Paris time).

Dial-in numbers:

- France: +33 (0)1 70 73 27 27
- UK: +44 (0)203 009 5710
- USA: +1 917-720-0178

No access code needed and a replay will be available as soon as possible.

The financial presentation accompanying the conference call will be available at 7:30 am today (Paris time) on the Faurecia website: [www.faurecia.com](http://www.faurecia.com) and may also be viewed at the following link: <https://edge.media-server.com/mmc/p/de9k6bjc>

## Calendar

June 26, 2020:	Annual Shareholders' Meeting (Nanterre)
July 27, 2020:	H1 2020 results announcement (before market hours)
October 23, 2020:	Q3 2020 sales announcement (before market hours)

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## About Faurecia

Founded in 1997, Faurecia has grown to become a major player in the global automotive industry. With 248 industrial sites, 37 R&D centers and 115,000 employees in 37 countries, Faurecia is a global leader in its four areas of business: Seating, Interiors, Clarion Electronics and Clean Mobility. Faurecia has focused its technology strategy on providing solutions for the "Cockpit of the Future" and "Sustainable Mobility". In 2019, the Group posted sales of €17.8 billion. Faurecia is listed on the Euronext Paris stock exchange and is a component of the CAC Next 20 index. For more information, please visit [www.faurecia.com](http://www.faurecia.com)

## APPENDICES

### Definitions of terms used in this document

#### Sales growth

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**),
- And "**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".

### Q1 2020 Sales by region

Sales (in €m)	Reported Q1 2019	Currency effect		Growth ex- currencies		Scope effect*		Reported	
		value	%	value	%	value	%	Q1 2020	%
<b>Europe</b>	<b>2,217</b>	-3	-0.1%	-363	-16.4%	80	3.6%	<b>1,931</b>	-12.9%
<b>North America</b>	<b>1,117</b>	28	2.5%	-204	-18.3%	74	6.6%	<b>1,014</b>	-9.2%
<b>Asia</b>	<b>798</b>	-3	-0.3%	-271	-33.9%	111	13.9%	<b>635</b>	-20.4%
<i>of which China</i>	<b>604</b>	-1	-0.2%	-254	-42.1%	9	1.5%	<b>357</b>	-40.8%
<b>South America</b>	<b>150</b>	-23	-15.1%	-3	-2.1%	3	2.0%	<b>127</b>	-15.2%
<b>RoW</b>	<b>43</b>	-2	-4.7%	-9	-21.5%			<b>32</b>	-26.2%
<b>Group</b>	<b>4,325</b>	<b>-3</b>	<b>-0.1%</b>	<b>-851</b>	<b>-19.7%</b>	<b>268</b>	<b>6.2%</b>	<b>3,739</b>	<b>-13.5%</b>

\* Scope effect included 3 months of Clarion (consolidated as from April 1st, 2019) and 2 months of SAS (consolidated as from February 1st, 2020)

### Q1 2020 Sales by Business Group

Sales (in €m)	Reported Q1 2019	Currency effect		Growth ex- currencies		Scope effect*		Reported	
		value	%	value	%	value	%	Q1 2020	%
<b>Seating</b>	<b>1,842</b>	0	0.0%	-439	-23.9%			<b>1,402</b>	-23.9%
<b>Interiors</b>	<b>1,293</b>	-3	-0.2%	-226	-17.5%	101	7.8%	<b>1,165</b>	-9.9%
<b>Clean Mobility</b>	<b>1,144</b>	0	0.0%	-168	-14.7%			<b>976</b>	-14.7%
<b>Faurecia Clarion Electronics</b>	<b>47</b>	0	-0.1%	-17	-36.6%	167	359.2%	<b>197</b>	322.5%
<b>Group</b>	<b>4,325</b>	<b>-3</b>	<b>-0.1%</b>	<b>-851</b>	<b>-19.7%</b>	<b>268</b>	<b>6.2%</b>	<b>3,739</b>	<b>-13.5%</b>

\* Scope effect included 3 months of Clarion (consolidated as from April 1st, 2019) and 2 months of SAS (consolidated as from February 1st, 2020)