

2006 First Half results

July 24, 2006

Highlights of the first half of 2006:

- Drop in business with French automakers, and increase in restructuring,
- Sustained growth outside Europe, and an excellent year for site creations,
- Negative price/cost effect: higher raw material and energy costs, pressure on selling prices,
- Drop in operating margin to 1.4% of sales,
Slight increase in debt.

Prospects for 2006:

The factors that impacted the first half of 2006 will continue to weigh on the Group's results until year end.

KEY 2006 FIRST HALF FIGURES AUDITED

in € millions	First half 2006	First half 2005	% change 2006/2005
Sales	5,979.6	5,612.7	6.5%
Operating Income	85.1	160.0	
as a % of sales	1.4%	2.9%	(1.5)pt
Net Income	(48.2)	34.5	
Cash flow from operations	203.9	292.7	(30.3)%
Capital expenditure	153.8	214.4	
Restructuring costs	107.6	62.4	
	Jun. 30, 06	Jun. 30, 05	
Shareholders' equity	1,404.4	1,475.9	
Net financial debt	1,652.8	1,604.2	

ACTIVITY

in € millions	First half 2006	First half 2005	% change 2006/2005
Automotive Seating <i>at constant exchange rates</i>	2,480.4	2,544.3	(2.5)% (3.9)%
Vehicle Interiors <i>at constant exchange rates</i>	1,791.4	1,743.4	2.8% 1.4%
Interior modules <i>at constant exchange rates</i>	4,271.8	4,287.7	(0.4)% (1.7)%
Exhaust Systems <i>excluding monoliths sales and at constant exchange rates</i>	1,346.6 661.1	935.3 543.8	44.0% 21.6% 17.7%
Front end modules <i>at constant exchange rates</i>	361.2	389.7	(7.3)% (7.3)%
Other modules <i>excluding monoliths sales and at constant exchange rates</i>	1,707.8 1,022.3	1,325.0 933.5	28.9% 9.5% 7.3%
Total <i>excluding monoliths sales and at constant exchange rates</i>	5,979.6 5,294.1	5,612.7 5,221.2	6.5% 1.4% (0.1)%

Faurecia's 2006 first half consolidated sales rose 6.5% to €5,979.6 million compared to the same period a year earlier. Excluding monolith sales, and at constant exchange rates, sales are down 0.1%. Exchange rates effect is a positive 1.5%.

The Group continues to grow outside Europe with an increase in sales, excluding monoliths, of 20% in North America and 41% in Asia. Conversely, in Europe, Faurecia has recorded a 10.7% drop in sales to French automakers. This has had a 4.6% impact on the change in consolidated sales.

Sales by activity

Automotive Seating generated sales of €2,480.4 million in the first half, down 2.5%, or 3.9% at constant exchange rates, compared to first half 2005. The exchange rate effect is a positive 1.4%. Sales to French automakers were down 18.4% compared with first half 2005. This has a negative impact of 9.6%. Outside Europe, business increased in North America, notably due to sales to General Motors (Pontiac G6 and Chevrolet Malibu) and Chrysler; and in China with the Audi A4.

Sales for **Vehicle Interiors** reached €1,791.4 million during the first half. This is an increase of 2.8%, or 1.4% at constant exchange rates. The exchange rate effect was a positive 1.4%. This business benefited, in Europe, from production ramp-ups for the Mercedes-Benz S Class and the Volkswagen Passat, and from start-ups for the Audi Q7, and sales in China (Audi A6). 21% Growth in North America was mainly due to production ramp-ups for the Volkswagen Jetta and Chrysler PT Cruiser.

Exhaust System sales stood at €1,346.6 million in first half continuing their strong growth trend: an increase of 44% in part as a result of increased sales of monoliths; and of 70.4% at constant exchange rates. The increase in precious metal prices and the development of catalytic converters compliant with the Euro IV standard account for 50% of this growth. Excluding monolith sales, and at constant exchange rates, sales rose by 17.7%. The exchange rate effect was a positive 3.9%. Organic growth, excluding monoliths, is 32% in North America particularly due to sales with Ford (Ford Fusion and Ford Explorer). In Asia, sales to Hyundai-Kia in South Korea, and to Ford, Mazda, PSA Peugeot Citroën and Volkswagen in China prompted 53% growth. In Europe, business rose 6% mainly attributable to the Audi A6 and Mercedes-Benz A Class and B Class.

Front ends generated sales in first half 2006 of €361.2 million, down 7.3% at constant exchange rates, essentially because of a decline in sales with PSA Peugeot Citroën and Audi. This was partially offset by the production ramp-up for the new Renault Clio.

RESULTS

First half operating income reached €85.1 million, 1.4% of sales, against €160.0 million in first half 2005, 2.9% of sales.

The 10.7% drop in business with French automakers accounts for almost 40% of Faurecia's consolidated sales and significantly impacts the Group's operating income. This resulted in an acceleration in the footprint redeployment and adapting the workforce, leading to restructuring provisions of €107.6 million. Continuing its growth strategy, particularly outside of Western Europe, the Group is opening 15 new sites this year (7 in the United States, 2 in China and South Korea, and 4 in Central Europe), which gives rise to exceptionally high start-up costs over the entire year. Despite a high rate of development in operations, Faurecia has been subjected to considerable pressure on selling prices whilst the price of raw materials and energy steadily increase (propylene +33%, gas oil +74%, natural gas +113%, and electricity +67%)* creating a negative price/cost effect.

* At varying rates since January 1, 2005

Given the €107.6 million for restructuring, the net loss for first half 2006 stands at €48.2 million, compared to net profits of €34.5 million in first half 2005.

DEBT

Net financial debt at the end of first half 2006 equals €1,652.8 million, an increase of €48.6 million compared to December 31, 2005.

Despite the decline in cash flow, debt has been well managed through tight control in capital expenditure, 2.6% of first half sales. The gearing on June 30, 2006 was 1.18.

Faurecia is a world leading automotive supplier of six major vehicle modules: seats, cockpits, door modules, acoustic modules, front ends and exhausts. In 2005 the Group posted sales of €11 billion. It operates in 28 countries and employs 60,000 people at 160 sites. Faurecia is listed on the Euronext Paris – Eurolist stock exchange.

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