

Consolidated sales up 3% to 4.9 billion euros in first-quarter 2018

Jacques Aschenbroich, Valeo's Chairman and Chief Executive Officer, commented:

"In line with the medium-term growth plan presented in London in February 2017, Valeo's organic growth will accelerate in 2018 and 2019, supported by our order intake, especially in the fields of vehicle electrification and intuitive driving.

Given the strong basis of comparison in 2017, when organic growth reached 13% in the first quarter, we recorded limited organic growth in first-quarter 2018, with reported growth coming in at 3%, and like-for-like growth at 1%. However, taking into account the acquisitions carried out in 2017, and at constant exchange rates, Valeo's growth came to 8.5% for the period.

Moving forward, our organic growth will accelerate sharply over the rest of the year, to between 5% and 6% in the second quarter, and around 7% in the second half."

For the sake of consistency, the figures are presented under the same accounting principles as in 2017 (i.e., before the application of IFRS 15). The impact of IFRS 15 (0.7% of sales) is presented on pages 6 and 7 of this document.

First-quarter 2018

- **Consolidated sales of 4,917 million euros**, up 3% (up 1% on a like-for-like basis⁽¹⁾)
- **Original equipment sales of 4,275 million euros**, up 2% (up 1% on a like-for-like basis⁽¹⁾):

Original equipment sales by destination (in millions of euros)	First-quarter				
	2018	2017	LFL* change	Outperformance vs. LMC**	Outperformance vs. IHS***
Europe & Africa	2,081	2,001	+1%	-2 pts	+1 pt
Asia, Middle East & Oceania	1,296	1,189	+1%	0 pts	+2 pts
of which China	551	564	-3%	-2 pts	0 pts
excluding China	745	625	+4%	+1 pt	+3 pts
North America	796	895	-2%	+1 pt	+1 pt
South America	102	89	+29%	+18 pts	+17 pts
TOTAL	4,275	4,174	+1%	0 pts	+2 pts

* Like for like (constant Group structure and exchange rates)⁽¹⁾.

** Based on LMC automotive production estimates released on April 10, 2018.

*** Based on IHS automotive production estimates released on April 16, 2018.

- **Aftermarket sales up 7%** (up 3% on a like-for-like basis⁽¹⁾)

¹ See Financial Glossary, page 9.

Outlook: February 2018 guidance confirmed

Based on the following assumptions:

- ✓ an increase in global automotive production of 1.5% in 2018;
- ✓ raw material prices and exchange rates in line with those of February 2018.

The Valeo Group confirms its objectives:

- ✓ nominal sales growth of around 8% for 2018;
- ✓ like-for-like growth in original equipment sales of:
 - between 5% and 6% in the second quarter,
 - around 5% in 2018, accelerating in the second half ahead of expected double-digit growth in 2019;
- ✓ in 2018, operating margin excluding share in net earnings of equity-accounted companies (as a % of sales) in line with 2017.

Valeo Siemens eAutomotive:

- ✓ Valeo Siemens eAutomotive had a strong order intake of 6.1 billion euros in 2017 and a cumulative 10 billion euros at end-February 2018;
- ✓ to accommodate its fast-paced expansion going forward, Valeo Siemens eAutomotive will bear the costs required to push ahead with ongoing projects and structure its organization. Accordingly, the "Share in net earnings of equity-accounted companies" caption will have an impact of around -0.2 points on Valeo's statement of income in 2018.
- ✓ by 2022, Valeo Siemens eAutomotive should be delivering sales of more than 2 billion euros and a similar EBITDA margin (as a % of sales) to that of Valeo.

Paris, France, April 25, 2018 – Following the meeting of its Board of Directors today, Valeo released its sales figures for the first quarter of 2018:

Global automotive production growth

In the first quarter of 2018, automotive production rose 1% compared with first-quarter 2017, according LMC.

Growth in automotive production was driven by:

- continued expansion in Europe (up 3%) and in Asia excluding China (up 3%);
- the upturn in production in South America (up 11%).

Automotive production contracted by 1% in China and by 3% in North America.

Automotive production (year-on-year change)	First-quarter – LMC*	First-quarter – IHS**
Europe & Africa	+3%	0%
Asia, Middle East & Oceania	+1%	-1%
of which China	-1%	-3%
excluding China	+3%	+1%
North America	-3%	-3%
South America	+11%	+12%
TOTAL	+1%	-1%

* Based on LMC automotive production estimates released on April 10, 2018.

** Based on IHS automotive production estimates released on April 16, 2018.

Sales growth⁽¹⁾

In the first quarter of 2018, **sales** were up 3% (up 1% like for like⁽²⁾).

Changes in exchange rates had a negative 5.4% impact during the period, primarily reflecting the appreciation of the euro against the US dollar, Chinese renminbi and Japanese yen.

Changes in Group structure had a positive 7.5% impact over the period, following:

- the takeover of Ichikoh, which was fully consolidated in the Group's financial statements as from February 1, 2017. Ichikoh contributed 100 million euros to consolidated sales in January 2018;
- the acquisition of FTE automotive at the end of October 2017, which contributed 140 million euros to consolidated sales in first-quarter 2018;
- the creation of Valeo-Kapec, which is controlled by Valeo and was fully consolidated in the Group's financial statements as from December 1, 2017. Valeo-Kapec contributed 119 million euros to consolidated sales in first-quarter 2018.

Sales (in millions of euros)	As a % of Q1 2018 sales	First-quarter			
		2018	2017	Reported change	LFL* change
Original equipment	87%	4,275	4,174	+2%	+1%
Aftermarket	11%	523	487	+7%	+3%
Miscellaneous	2%	119	106	+12%	-2%
Total	100%	4,917	4,767	+3%	+1%

* Like for like (constant Group structure and exchange rates)⁽²⁾.

¹ Before application of IFRS 15.

² See Financial Glossary, page 9.

It should be noted that the integration of Ichikoh, FTE automotive and Valeo-Kapec is going according to plan.

Original equipment sales were up 2% (up 1% like for like⁽¹⁾) after taking into account the negative 0.3 percentage point impact resulting from the decline in Hyundai's sales in China.

Aftermarket sales rose by 3% over the period on a like-for-like basis⁽¹⁾.

Miscellaneous sales, mainly consisting of tooling revenues related to the launch of new projects, fell 2% like for like⁽¹⁾.

Original equipment sales growth by geographic area

Original equipment sales advanced 1% like for like in first-quarter 2018:

Original equipment sales by destination (in millions of euros)	First-quarter				
	2018	2017	LFL* change	Outperformance vs. LMC**	Outperformance vs. IHS***
Europe & Africa	2,081	2,001	+1%	-2 pts	+1 pt
Asia, Middle East & Oceania	1,296	1,189	+1%	0 pts	+2 pts
of which China	551	564	-3%	-2 pts	0 pts
excluding China	745	625	+4%	+1 pt	+3 pts
North America	796	895	-2%	+1 pt	+1 pt
South America	102	89	+29%	+18 pts	+17 pts
TOTAL	4,275	4,174	+1%	0 pts	+2 pts

* Like for like (constant Group structure and exchange rates)⁽¹⁾.

** Based on LMC automotive production estimates released on April 10, 2018.

*** Based on IHS automotive production estimates released on April 16, 2018.

In first-quarter 2018, the Group's like-for-like growth was in line with global automotive production, as estimated by LMC. This performance was achieved despite the negative impact (-0.3 percentage points of growth) resulting from the decline in Hyundai's sales in China:

- in **Europe** (including Africa), like-for-like original equipment sales rose 1%, underperforming automotive production (LMC estimates) by 2 percentage points. Excluding Russia, the underperformance came in at around 1 percentage point;
- in **China**, like-for-like original equipment sales fell 3%, underperforming automotive production (LMC estimates) by 2 percentage points;
- in **Asia excluding China**, like-for-like original equipment sales were up 4%, outpacing automotive production (LMC estimates) by 1 percentage point. The Group's performance in South Korea was particularly impacted (negative impact of 5.6 percentage points of growth) by the Group's exposure to South Korean customers, given the difficult geopolitical climate between China and South Korea;
- in **North America**, like-for-like original equipment sales fell by 2%, outpacing automotive production (LMC estimates) by 1 percentage point;
- in **South America**, like-for-like original equipment sales surged 29%, outpacing automotive production (LMC estimates) by 18 percentage points.

¹ See Financial Glossary, page 9.

Balanced geographic alignment of Valeo's businesses

Taking account of the external growth transactions carried out in 2017, year-on-year changes in the share of original equipment sales in the four main production regions were as follows during first-quarter 2018:

- a rise of 2 percentage points for Asia, accounting for 30% of original equipment sales;
- a rise of 2 percentage points for Europe, accounting for 50% of original equipment sales;
- a fall of 4 percentage points for North America, accounting for 18% of original equipment sales;
- stable for South America, accounting for 2% of original equipment sales.

Balanced customer portfolio

Taking account of the external growth transactions carried out in 2017, year-on-year changes in the share of original equipment sales among the Group's customers were as follows during first-quarter 2018:

- a rise of 1 percentage point for Asian customers, accounting for 33% of original equipment sales, further to the takeover of Ichikoh as of February 1, 2017 and the creation of Valeo-Kapec, fully consolidated since December 1, 2017;
- German customers accounted for 28% of original equipment sales, stable year on year;
- US customers accounted for 18% of original equipment sales, down 1 percentage point;
- French customers⁽¹⁾ accounted for 15% of original equipment sales, stable year on year.

Original equipment sales growth by Business Group

The sales performance for the Business Groups reflects the specific product, geographic and customer mix and the relative weighting of the aftermarket in their activity as a whole.

Sales by Business Group* (in millions of euros)	First-quarter			
	2018	2017	Change in sales	Change in OE sales**
Comfort & Driving Assistance Systems	913	938	-3%	+1%
Powertrain Systems	1,310	1,105	+19%	-1%
Thermal Systems	1,240	1,312	-6%	+2%
Visibility Systems	1,491	1,458	+2%	+1%
Group	4,917	4,767	+3%	+1%

* Including intersegment sales.

** Like for like (constant Group structure and exchange rates)⁽²⁾.

Overall sales for the **Powertrain Systems Business Group**, which rose 19%, include the contributions of FTE automotive and Valeo-Kapec, which have been fully consolidated in Valeo's consolidated financial statements since November 1, 2017 and December 1, 2017, respectively. In first-quarter 2018, original equipment sales for the Powertrain Systems Business Group fell 1% on a like-for-like basis, after taking into account the negative 1.4 percentage point impact resulting from the difficult geopolitical climate between China and South Korea.

¹ Including Opel.

² See Financial Glossary, page 9.

Application of the new IFRS 15 standard

Valeo has applied IFRS 15 since January 1, 2018, with comparative periods restated.

Impact on first-quarter 2018 and first-quarter 2017 sales:

- ✓ under IFRS 15, customer contributions to Research and Development (including prototypes), which were previously accounted for as a deduction from “Research and Development expenditure, net”, are now presented in sales under “Miscellaneous”. This reclassification to sales represented a positive amount of 85 million euros for first-quarter 2018 and 83 million euros for first-quarter 2017, and is expected to impact net Research and Development expenditure as a percentage of sales by 2 percentage points;
- ✓ under IFRS 15, the external cost of components imposed by customers (for which Valeo acts as an agent within the meaning of IFRS 15), which was previously accounted for in original equipment sales, is now presented as a deduction from “Raw materials consumed”. This reclassification represented a negative amount of 121 million euros for first-quarter 2018 and 107 million euros for first-quarter 2017. It mainly concerns the Thermal Systems Business Group’s front-end module operations.

Impact of IFRS 15

Sales (in millions of euros)	Q1 2018		Q1 2017		Q1 2018/Q1 2017 (LFL*)	
	Before IFRS 15	After IFRS 15	Before IFRS 15	After IFRS 15	Non-IFRS 15	IFRS 15
Original equipment	4,275	4,154	4,174	4,067	+1%	0%
Aftermarket	523	523	487	487	+3%	+3%
Miscellaneous	119	204	106	189	-2%	+1%
TOTAL	4,917	4,881	4,767	4,743	+1%	0%

* Like for like (constant Group structure and exchange rates)⁽¹⁾.

Original equipment sales by geographic area under IFRS 15

Original equipment sales by destination (in millions of euros)	First-quarter				
	2018	2017*	LFL** change	Outperformance vs. LMC***	Outperformance vs. IHS****
Europe & Africa	2,072	1,990	+1%	-2 pts	+1 pt
Asia, Middle East & Oceania	1,263	1,167	0%	-1 pt	+1 pt
of which China	526	545	-4%	-3 pts	-1 pt
excluding China	737	622	+3%	0 pts	+2 pts
North America	717	821	-4%	-1 pt	-1 pt
South America	102	89	+28%	+17 pts	+16 pts
TOTAL	4,154	4,067	0%	-1 pt	+1 pt

* The amounts differ from those presented in the first-quarter 2017 sales press release published in April 2017, since they have been adjusted to reflect the impact of applying IFRS 15.

** Like for like (constant Group structure and exchange rates)⁽¹⁾.

*** Based on LMC automotive production estimates released on April 10, 2018.

**** Based on IHS automotive production estimates released on April 16, 2018.

Sales by Business Group under IFRS 15

Sales by Business Group* (in millions of euros)	First-quarter			
	2018	2017**	Change in sales	Change in OE sales***
Comfort & Driving Assistance Systems	938	962	-3%	+1%
Powertrain Systems	1,326	1,117	+19%	-1%
Thermal Systems	1,140	1,224	-7%	-1%
Visibility Systems	1,514	1,485	+2%	+1%
Group	4,881	4,743	+3%	0%

* Including intersegment sales.

** The amounts differ from those presented in the first-quarter 2017 sales press release published in April 2017, since they have been adjusted to reflect the impact of applying IFRS 15.

*** Like for like (constant Group structure and exchange rates)⁽¹⁾.

¹ See Financial Glossary, page 9.

2017 quarterly sales by type

Sales (in millions of euros)	Published (before application of IFRS 15)				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full-year 2017
Original Equipment	4,174	4,061	3,751	4,134	16,120
Aftermarket	487	476	446	478	1,887
Miscellaneous	106	160	104	173	543
TOTAL	4,767	4,697	4,301	4,785	18,550

Sales (in millions of euros)	Pro forma (restated under IFRS 15)				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full-year 2017*
Original Equipment	4,067	3,960	3,648	4,021	15,696
Aftermarket	487	476	446	478	1,887
Miscellaneous	189	254	175	283	901
TOTAL	4,743	4,690	4,269	4,782	18,484

* Restated 2017 data unaudited.

Sales (in millions of euros)	Adjustment (restatement under IFRS 15)				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full-year 2017
TOTAL	(24)	(7)	(32)	(3)	(66)

2017 quarterly sales by Business Group

Sales (in millions of euros)	Published (before application of IFRS 15)				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full-year 2017
Comfort & Driving Assistance Systems	938	899	859	894	3,590
Powertrain Systems	1,105	1,058	963	1,174	4,300
Thermal Systems	1,312	1,282	1,157	1,252	5,003
Visibility Systems	1,458	1,495	1,355	1,500	5,808
Group	4,767	4,697	4,301	4,785	18,550

Sales (in millions of euros)	Pro forma (restated under IFRS 15)				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full-year 2017*
Comfort & Driving Assistance Systems	962	927	878	932	3,699
Powertrain Systems	1,117	1,072	972	1,190	4,351
Thermal Systems	1,224	1,201	1,070	1,167	4,662
Visibility Systems	1,485	1,529	1,381	1,526	5,921
Group	4,743	4,690	4,269	4,782	18,484

* Restated 2017 data unaudited.

Sales (in millions of euros)	Adjustment (restatement under IFRS 15)				
	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Full-year 2017
Group	(24)	(7)	(32)	(3)	(66)

Highlights

On March 7, 2018, Valeo entered into an agreement with an Investment Services Provider to buy back Valeo shares, within the limit of 100 million euros, which will be fully allocated to cover the implementation of stock option purchase plans, performance share plans and company savings plans, as well as the allotment of shares to employees.

On April 12, 2018, Valeo entered into a partnership agreement with NTT Docomo, Japan's leading mobile operator, to jointly develop and offer connectivity solutions for vehicles. Under the agreement, Valeo and Docomo will combine their respective expertise and solutions to offer telecommunication services and onboard equipment for connected cars, including next-generation mobility services (5G/V2X⁽¹⁾), digital services for cars using smartphones, and enhanced controls for onboard equipment.

Upcoming events

First-half 2018 results: July 25, 2018

¹ V2X (vehicle-to-everything): a telecommunication solution that allows vehicles equipped with the necessary technology to communicate with any device in the vehicle or on the road, e.g., a pedestrian's smartphone, etc.

Financial Glossary

- **Like for like (or LFL):** the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, and (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

Safe Harbor Statement

Statements contained in this document, which are not historical fact, constitute "forward-looking statements". These statements include projections and estimates and their underlying assumptions, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Even though Valeo's Management feels that the forward-looking statements are reasonable as at the date of this document, investors are put on notice that the forward-looking statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo's control, which could cause actual results and events to differ materially from those expressed or projected in the forward-looking statements. Such factors include, among others, the Company's ability to generate cost savings or manufacturing efficiencies to offset or exceed contractually or competitively required price reductions. The risks and uncertainties to which Valeo is exposed mainly comprise the risks resulting from the investigations currently being carried out by the antitrust authorities as identified in the Registration Document, risks which relate to being a supplier in the automotive industry and to the development of new products and risks due to certain global and regional economic conditions. Also included are environmental and industrial risks as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (*Autorité des marchés financiers* – AMF), including those set out in the "Risk factors" section of the 2017 Registration Document registered with the AMF on March 29, 2018 (under number D.18-0208).

The Company assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this document. Valeo does not intend or assume any obligation to review or to confirm the estimates of analysts or to update any forward-looking statements to reflect events or circumstances which occur subsequent to the date of this document.

Valeo is an automotive supplier, partner to all automakers worldwide. As a technology company, Valeo proposes innovative products and systems that contribute to the reduction of CO₂ emissions and to the development of intuitive driving. In 2017, the Group generated sales of 18.6 billion euros and invested 12% of its original equipment sales in Research and Development. At March 31, 2018, Valeo has 185 plants, 20 research centers, 35 development centers and 15 distribution platforms, and employs 113,600 people in 33 countries worldwide. Valeo is listed on the Paris stock exchange and is a member of the CAC 40 index.

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