

Q3 2018 SALES

JACQUES ASCHENBROICH – CHAIRMAN & CEO

OVERALL MARKET CONDITIONS

July guidance:

- ▶ In view of uncertainties relating to disruptions to the production of certain vehicles in Europe (mainly during the third quarter) in connection with the WLTP
- ▶ Global automotive production at +1.5%

Q3 18 market conditions:

- ▶ World: ~ -3%
- ▶ Europe excl. Russia: ~ -5%
- ▶ China⁽¹⁾: ~ -7%
- ▶ Performance was heavily impacted in September both in Europe and China

FY 18 automotive production growth weaker than expected at ~0%

(1) China Passenger Car Association (CPCA) estimates

Q3 OUTPERFORMANCE IMPACTED BY MARKET CONDITIONS

Growth of 5% in Q3 at same exchange rate

2 percentage point OEM Sales outperformance (Like for Like) in Q3
(vs. 3.5 percentage point outperformance guidance)

Start of production delays (primarily in Europe)

-1 point*

Unfavorable geographical and client mix either in Europe (WLTP) or in China

-0.5 point*

Impact on Q3 Valeo's outperformance

-1.5 point*

* Percentage point outperformance

VALEO'S H2 ACTION PLAN

Quick reaction to the market conditions

Cost reduction initiatives

- ▶ €100m in costs

Reduction in PP&E capex

- ▶ €100m vs 2017 (at constant Group structure)

Action plan to be continued, as necessary, in 2019

IMPACT ON VALEO'S 2018 MARGINS

A PARTICULARLY DIFFICULT ENVIRONMENT IN H2

Valeo's action plan for cost reduction	~ €100m
WLTP in Europe and decline in business activity in China	~ €(150m)
Continued increase in raw material prices (steel, plastic resins, etc.) and shortage of electronic components	~ €(60m)
One-time accruals for quality costs	~ €(40m)
Disruption in factory plants due to market disturbances	~ €(60m)
Total	~ €(210m)

2018 OUTLOOK UPDATED

The Valeo Group has set the following objectives for 2018:

- ▶ Growth of around 6% at constant exchange rates
- ▶ OEM sales outperformance of around 2 points in H2 2018
- ▶ Operating margin excluding share in net earnings of equity-accounted companies (as a % of sales) at between 6.2% and 6.5% of sales
- ▶ Free cash flow generation of between €120m and €150m

VALEO SIEMENS eAUTOMOTIVE

- ▶ 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 between -0.4 and -0.5 points on Valeo’s statement of income in 2018.

Medium-term objectives:

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.

Q3 SALES GROWTH

SALES OF €4.5bn, UP 5% AT CONSTANT EXCHANGE RATES

DOWN 1% LIKE FOR LIKE

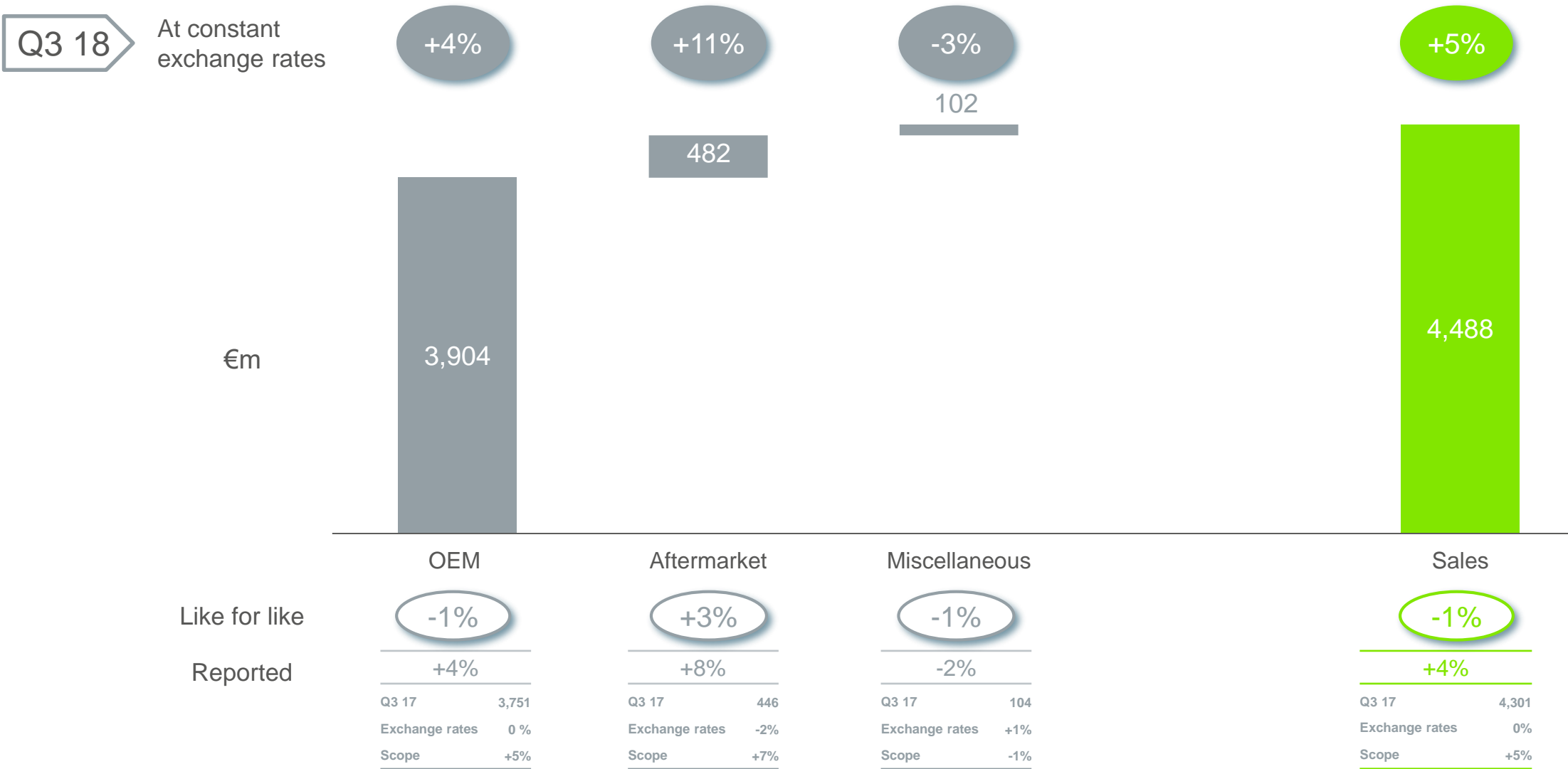
OEM SALES UP 4% AT CONSTANT EXCHANGE RATES

DOWN 1% LIKE FOR LIKE, 2-POINT OUTPERFORMANCE

AFTERMARKET SALES UP 11% AT CONSTANT EXCHANGE RATES

UP 3% LIKE FOR LIKE

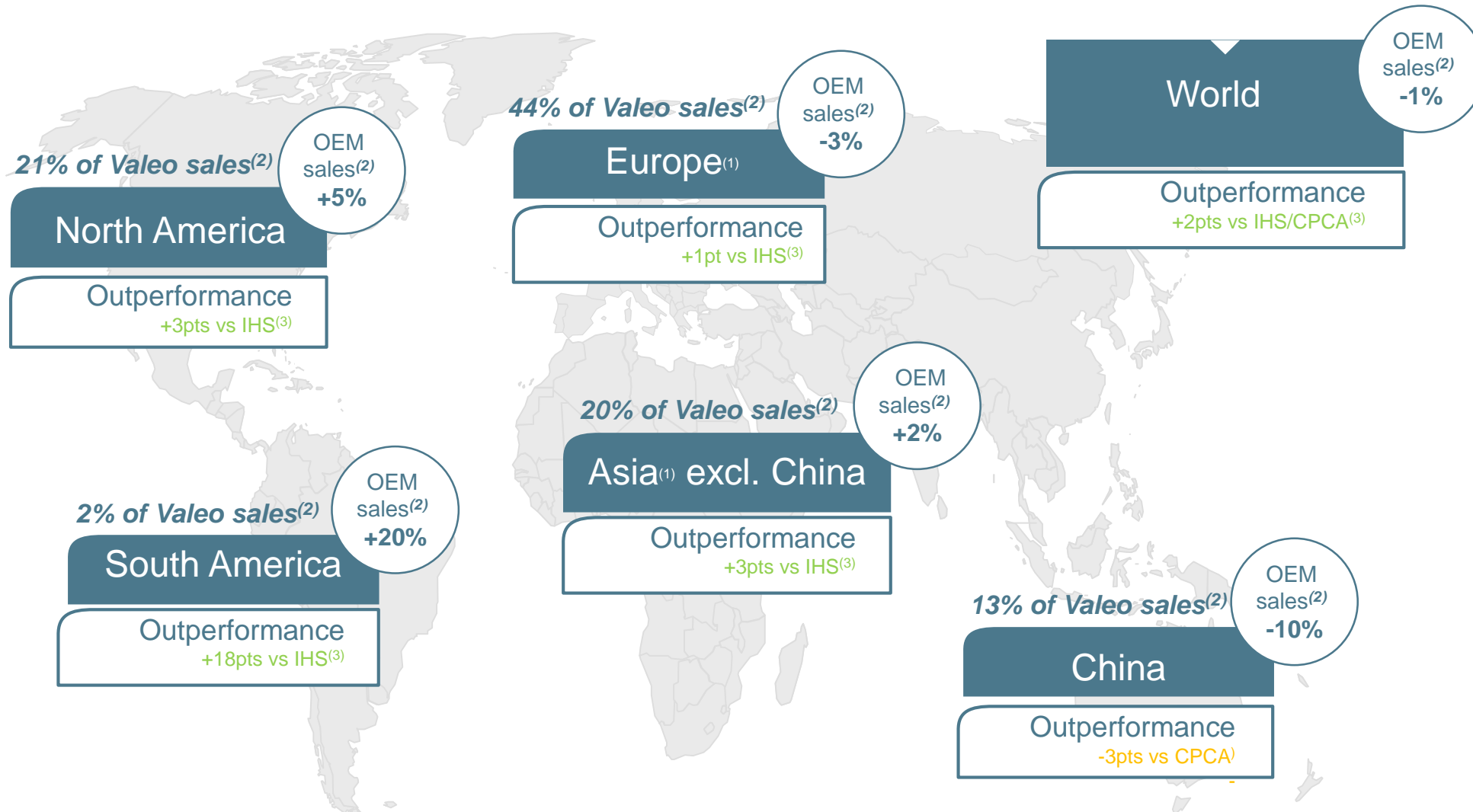
2-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE) SALES UP +5% AT CONSTANT EXCHANGE RATES



2-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE)

Q3 18

Like for like



(1) Europe including Africa; Asia including Middle East

(2) Valeo OEM sales by destination

(3) IHS estimates released on October 16, 2018 – In China, China Passenger Car Association (CPCA) estimates

1-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE) IN ASIA

Q3 18

Like for like

33% of total sales⁽¹⁾

Asia

OEM sales⁽¹⁾
-3%

Outperformance
+1pt vs IHS/CPCA⁽²⁾

24% of Asian sales⁽¹⁾

South Korea

OEM sales⁽¹⁾
-10%

Outperformance
-1pt vs IHS⁽²⁾

40% of Asian sales⁽¹⁾

China

OEM sales⁽¹⁾
-10%

Outperformance
-3pts vs CPCA⁽²⁾

4% of Asian sales⁽¹⁾

India

OEM Sales⁽¹⁾
+41%

Outperformance
+34pts vs IHS⁽²⁾

26% of Asian sales⁽¹⁾

Japan

OEM sales⁽¹⁾
+7%

Outperformance
+10pts vs IHS⁽²⁾

(1) Valeo OEM sales by destination

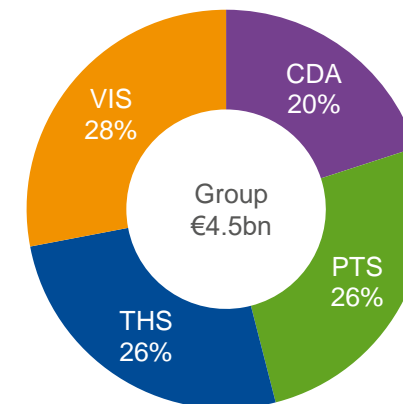
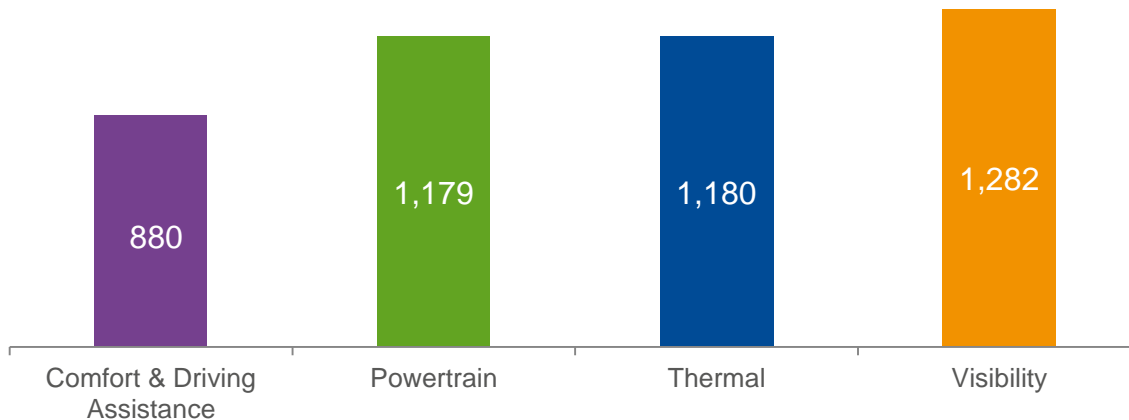
(2) IHS estimates released on October 16, 2018 – In China, China Passenger Car Association (CPCA) estimates

Q3 2018 SALES BY BUSINESS GROUP

Total sales growth
At constant exchange rates



Total sales
In €m



% of Q3 2018 sales

OEM sales growth
Like for like



IHS/CPCA
Worldwide production estimates

Outperformance



Total sales growth
Reported



Visibility negatively impacted by :

- ▶ Delays in SOP
- ▶ WLTP in Europe
- ▶ Unfavorable customer mix in China

* Including FTE automotive & Valeo-Kapeac

YTD SALES GROWTH

SALES OF €14.4bn, UP 8% AT CONSTANT EXCHANGE RATES

UP 2% LIKE FOR LIKE

OEM SALES UP 8% AT CONSTANT EXCHANGE RATES

UP 2% LIKE FOR LIKE, 2-POINT OUTPERFORMANCE

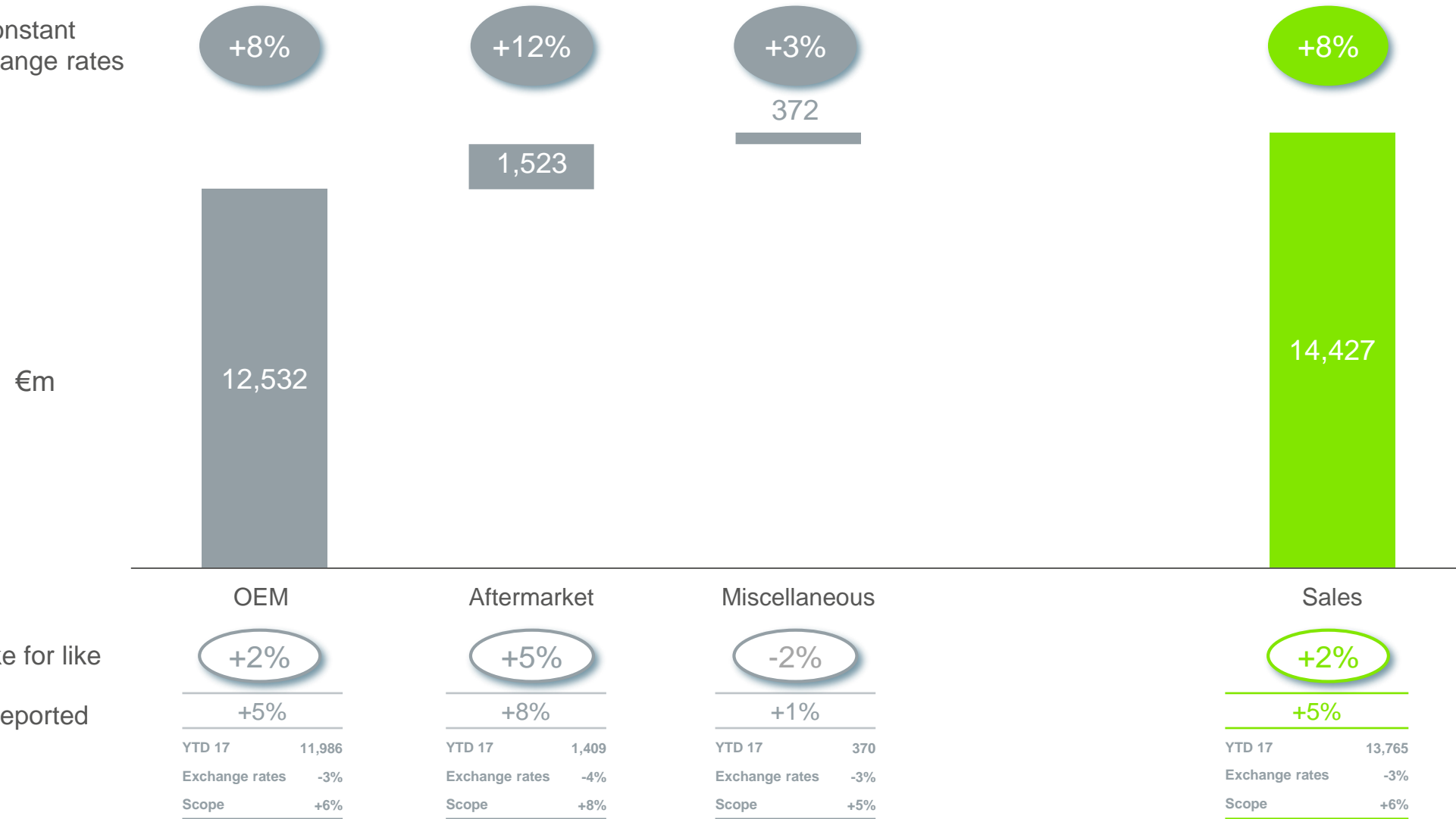
AFTERMARKET SALES UP 12% AT CONSTANT EXCHANGE RATES

UP 5% LIKE FOR LIKE

2-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE) SALES UP +8% AT CONSTANT EXCHANGE RATES

YTD 18

At constant exchange rates



Like for like
Reported

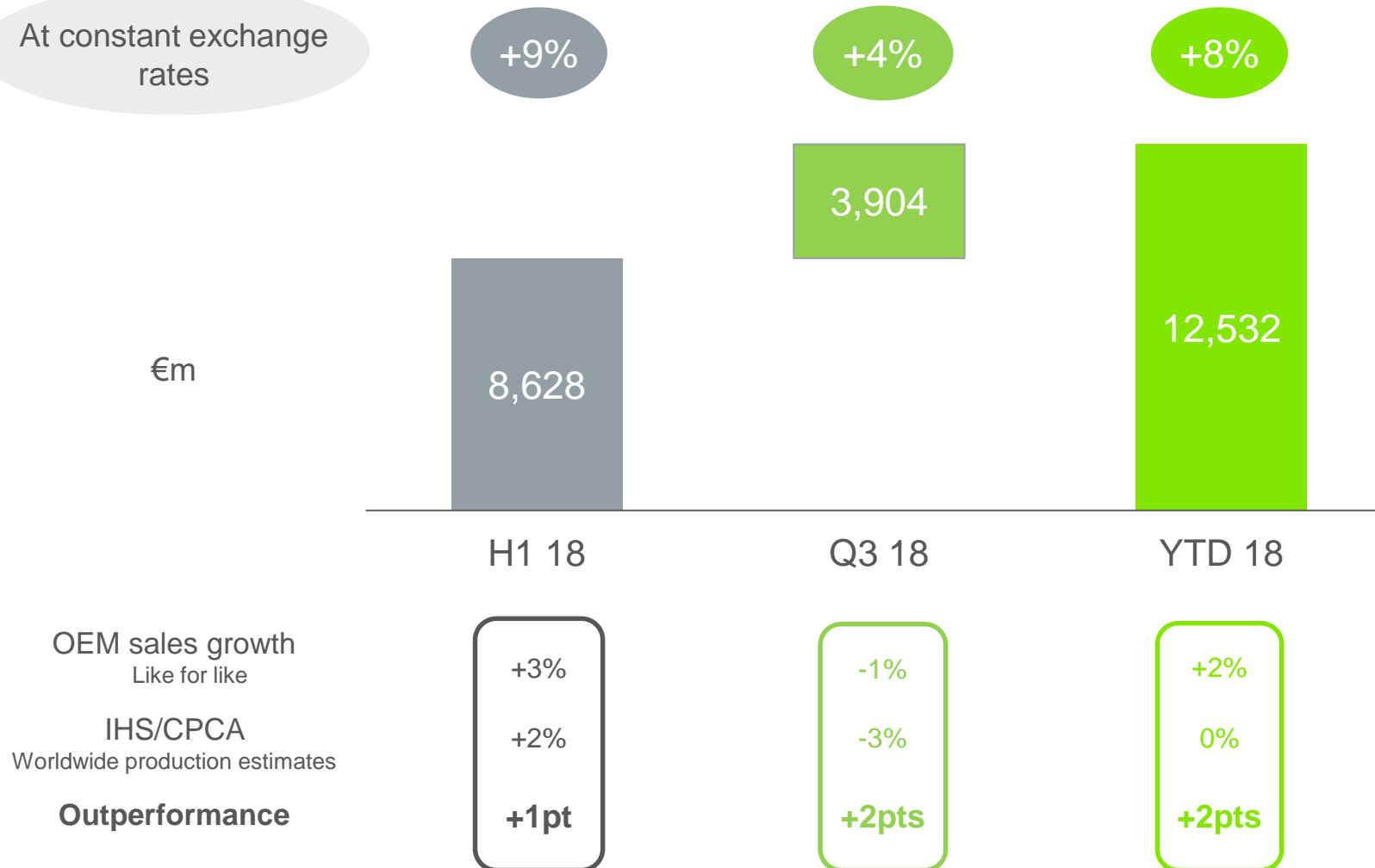
Category	Like for like (%)	Reported (%)	YTD 17	YTD 17 (€m)	Exchange rates (%)	Scope (%)
OEM	+2%	+5%	YTD 17	11,986	-3%	+6%
Aftermarket	+5%	+8%	YTD 17	1,409	-4%	+8%
Miscellaneous	-2%	+1%	YTD 17	370	-3%	+5%
Sales	+2%	+5%	YTD 17	13,765	-3%	+6%

2-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE)

YTD 18

At constant exchange rates

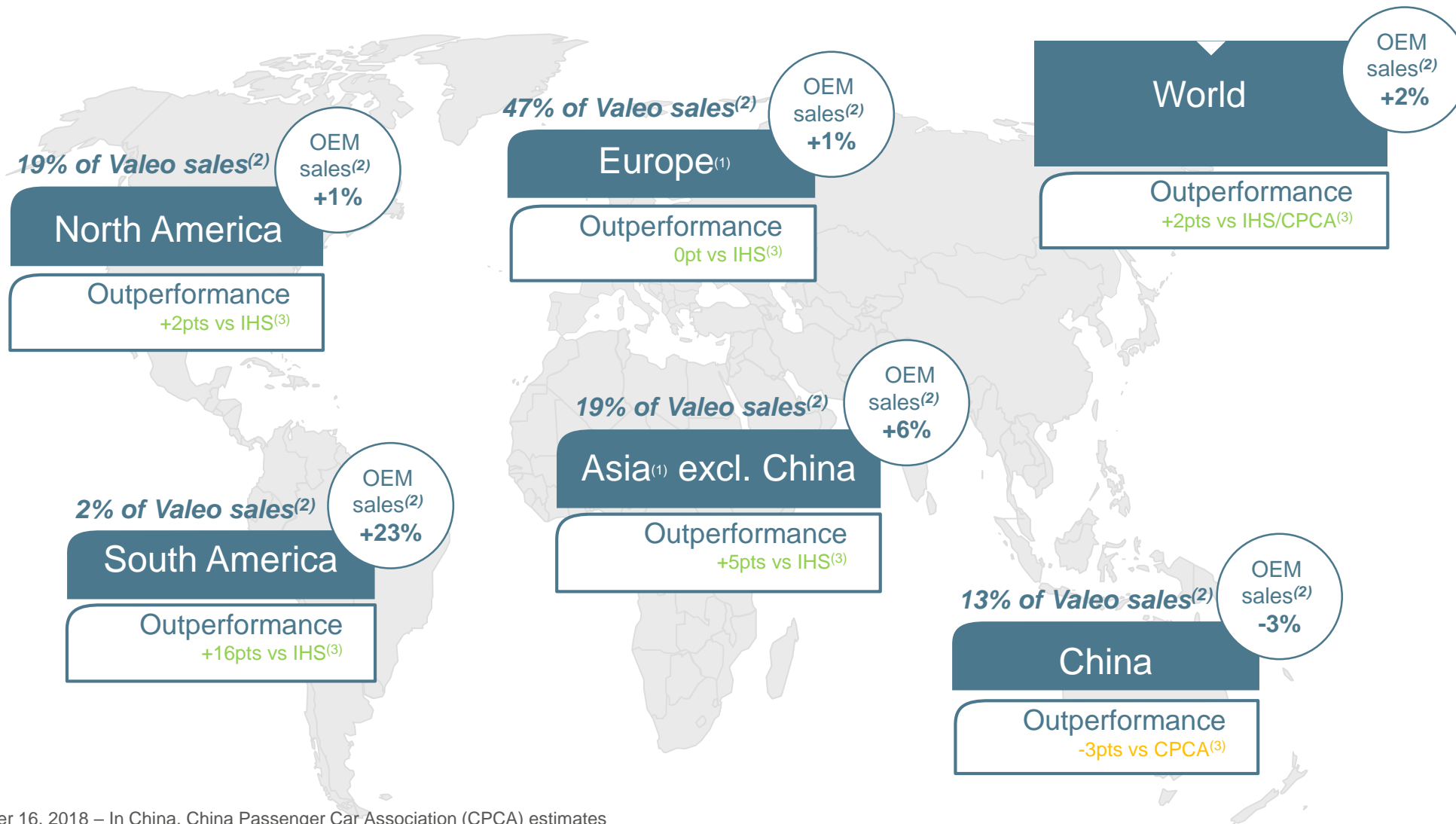
€m



2-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE)

YTD 18

Like for like



(1) Europe including Africa; Asia including Middle East

(2) Valeo OEM sales by destination

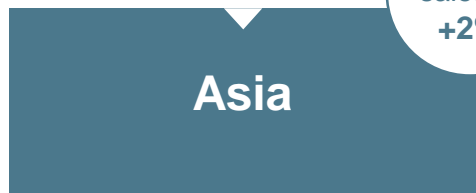
(3) IHS estimates released on October 16, 2018 – In China, China Passenger Car Association (CPCA) estimates

1-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE) IN ASIA

YTD 18

Like for like

32% of total sales⁽¹⁾



OEM sales⁽¹⁾
+2%

Outperformance
+1pt vs IHS/CPCA⁽²⁾

23% of Asian sales⁽¹⁾



OEM sales⁽¹⁾
-3%

Outperformance
+5pts vs IHS⁽²⁾

42% of Asian sales⁽¹⁾



OEM sales⁽¹⁾
-3%

Outperformance
-3pts vs CPCA⁽²⁾

4% of Asian sales⁽¹⁾



OEM Sales⁽¹⁾
+32%

Outperformance
+22pts vs IHS⁽²⁾

25% of Asian sales⁽¹⁾



OEM sales⁽¹⁾
+8%

Outperformance
+9pts vs IHS⁽²⁾

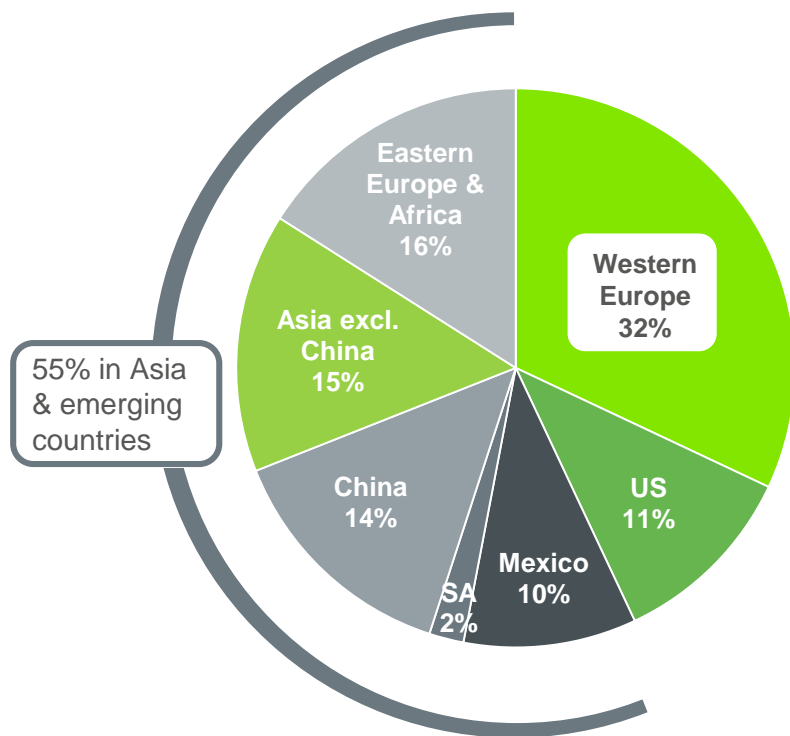
(1) Valeo OEM sales by destination

(2) IHS estimates released on October 16, 2018 – In China, China Passenger Car Association (CPCA) estimates

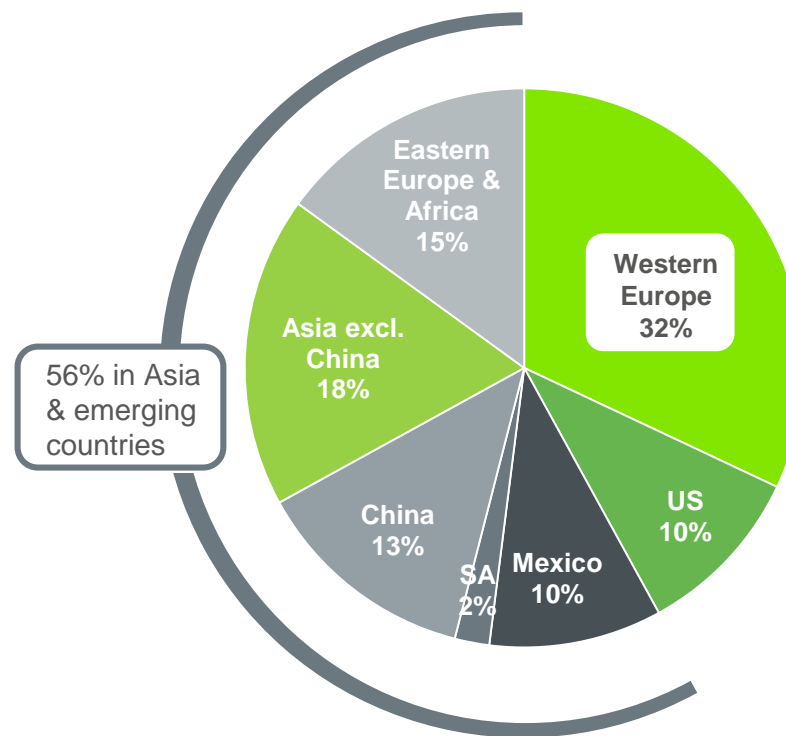
BALANCED GEOGRAPHIC POSITIONING

OEM sales by production region

% of OEM sales



2017

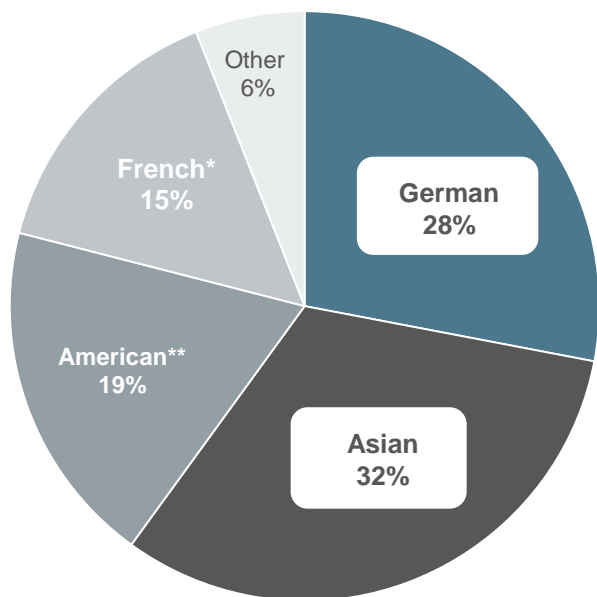


YTD September

2018

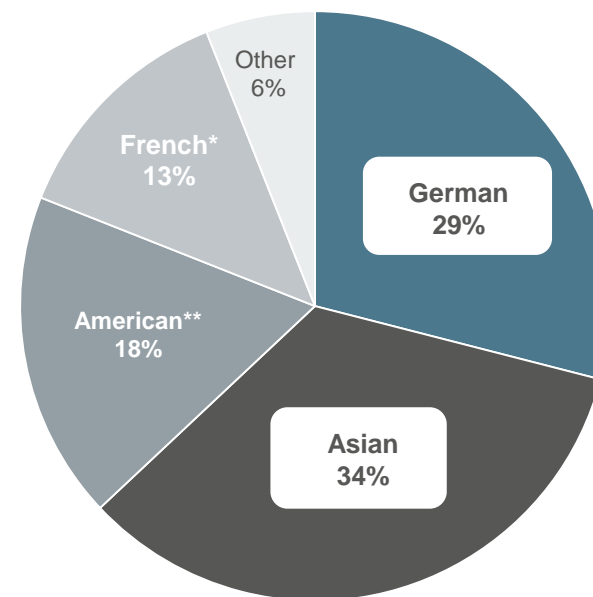
DIVERSE CUSTOMER PORTFOLIO

% of OEM sales



2017

YTD September

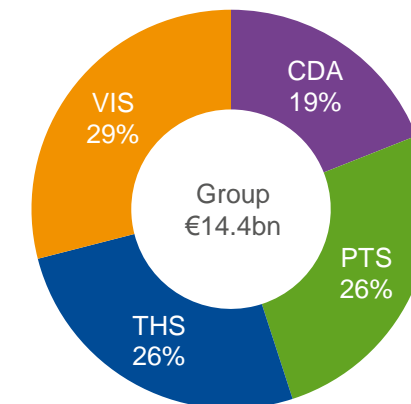
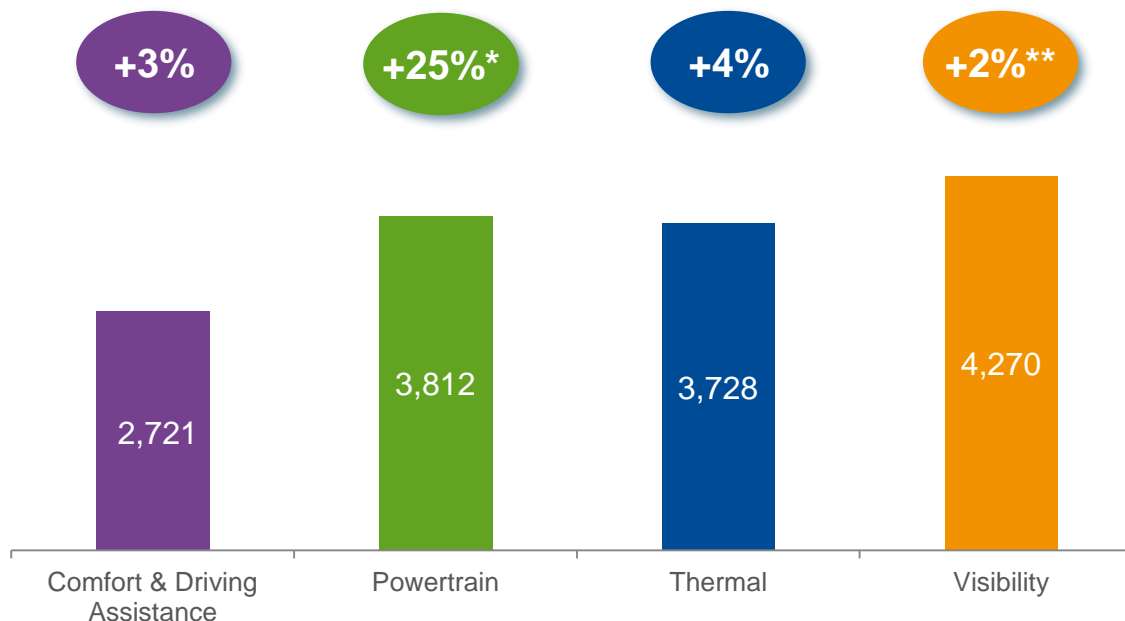


2018

* Including Opel
 ** Excluding Opel

YTD 2018 SALES BY BUSINESS GROUP

Total sales growth
At constant exchange rates



% of YTD 2018 sales

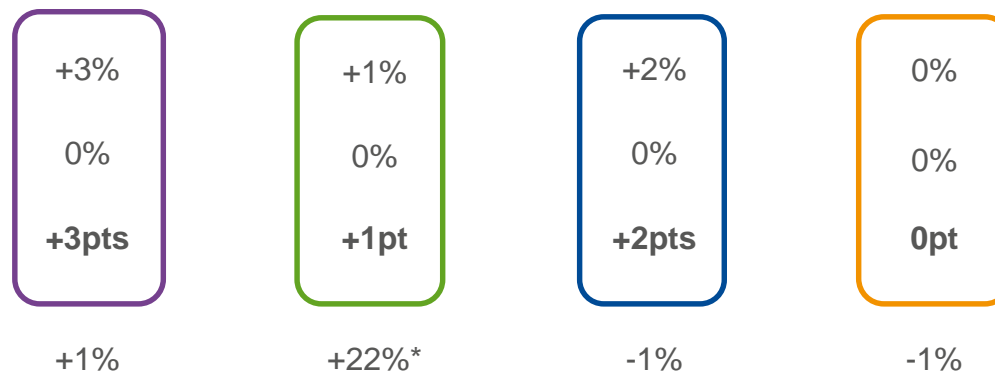
Total sales
In €m

OEM sales growth
Like for like

IHS/CPCA
Worldwide production estimates

Outperformance

Total sales growth
Reported



* Including FTE automotive & Valeo-Kapec

** Including Ichikoh

BACK-UP

- ▶ IFRS 15 & IFRS 9 impact in Q3 & YTD 2018
- ▶ Q3 & YTD 2018 sales under IFRS 15
- ▶ Business Group information

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APPENDIX – IFRS 15 & IFRS 9 IMPACT IN Q3 & YTD 2018

Q3 SALES GROWTH

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DOWN 1% LIKE FOR LIKE

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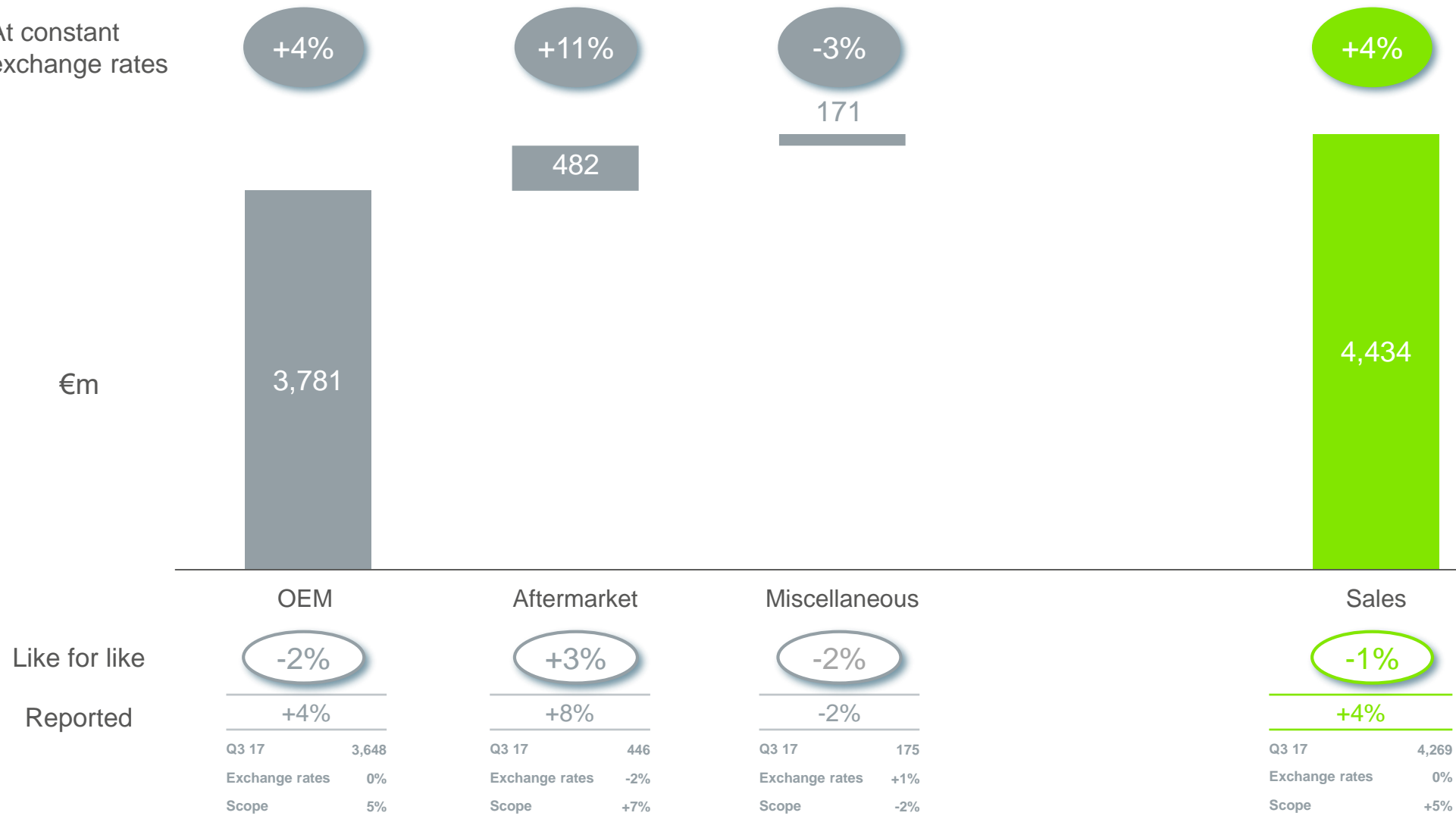
1-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE)

SALES UP +4% AT CONSTANT EXCHANGE RATES

Q3 18

At constant
exchange rates

€m

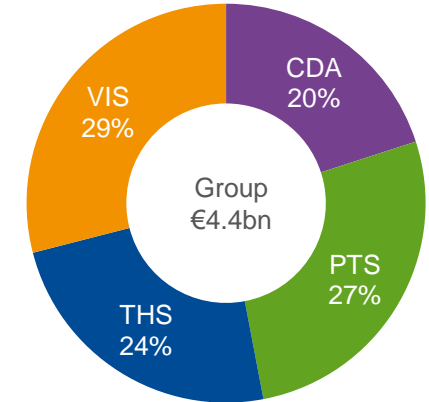
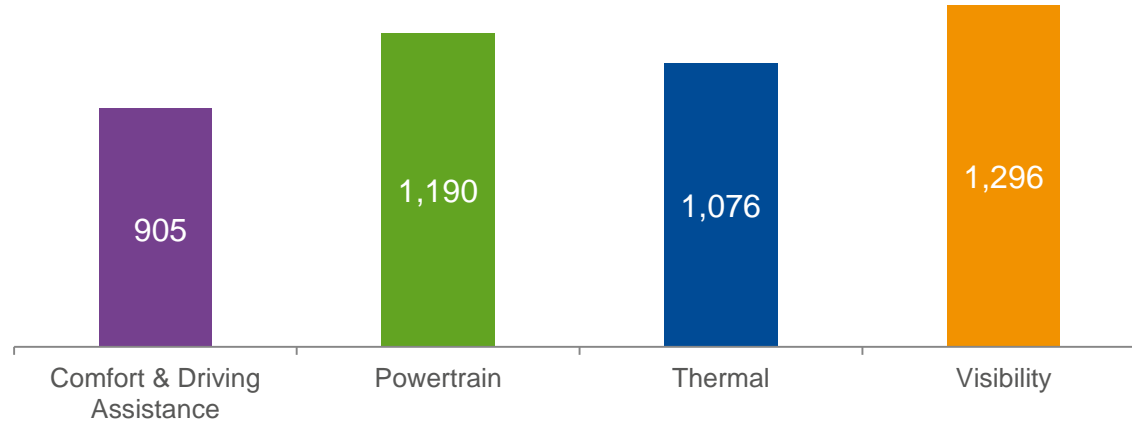


Q3 2018 SALES BY BUSINESS GROUP

Total sales growth
At constant exchange rates



Total sales
In €m



% of Q3 2018 sales

OEM sales growth
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Outperformance



Total sales growth
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- ▶ WLTP in Europe
- ▶ Unfavorable customer mix in China

* Including FTE automotive & Valeo-Kapec

YTD SALES GROWTH

SALES OF €14.3bn, UP 7% AT CONSTANT EXCHANGE RATES

UP 1% LIKE FOR LIKE

OEM SALES UP 7% AT CONSTANT EXCHANGE RATES

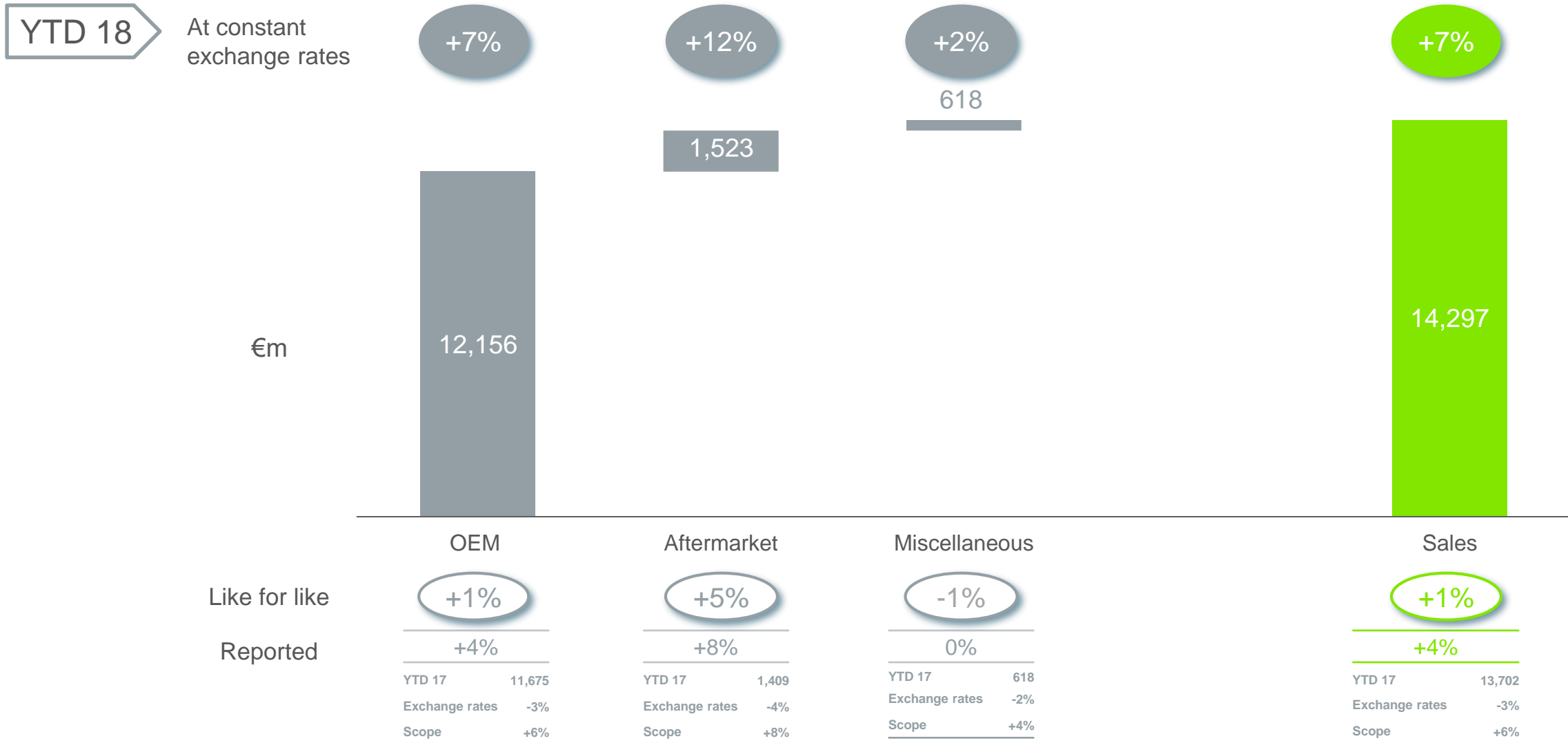
UP 1% LIKE FOR LIKE, 1-POINT OUTPERFORMANCE

AFTERMARKET SALES UP 12% AT CONSTANT EXCHANGE RATES

UP 5% LIKE FOR LIKE

1-POINT OEM SALES OUTPERFORMANCE (LIKE FOR LIKE)

SALES UP +7% AT CONSTANT EXCHANGE RATES

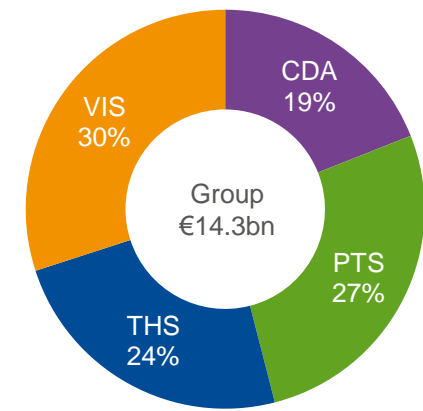
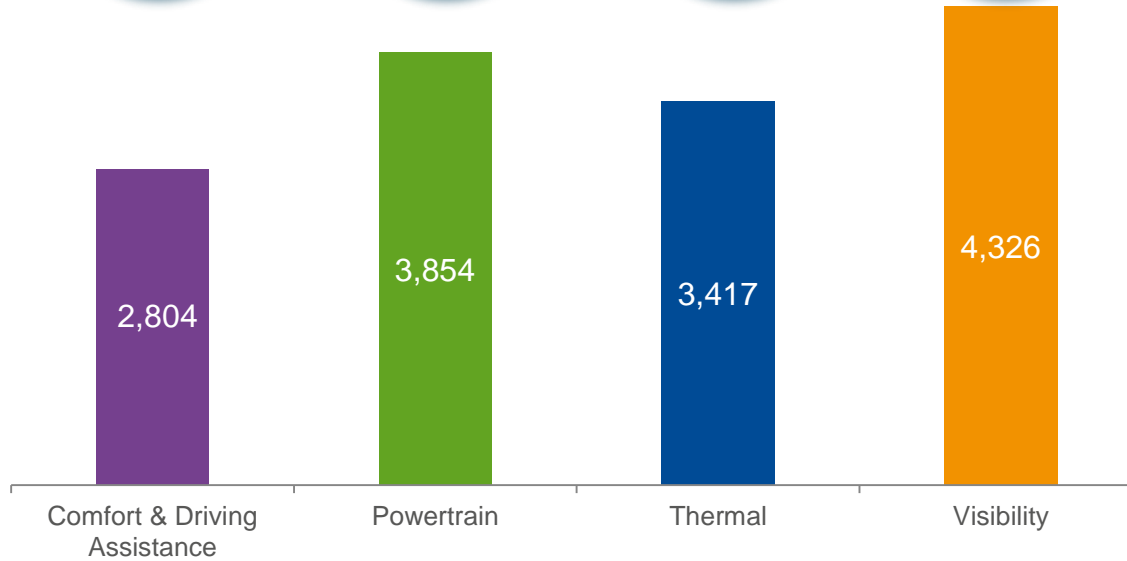


YTD 2018 SALES BY BUSINESS GROUP

Total sales growth
At constant exchange rates



Total sales
In €m



% of YTD 2018 sales

OEM sales growth
Like for like



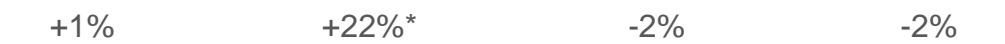
IHS/CPCA
Worldwide production estimates



Outperformance



Total sales growth
Reported



* Including FTE automotive & Valeo-Kapec

** Including Ichikoh

IMPACTS OF THE APPLICATION OF IFRS 15 AND IFRS 9 ON 2017 COMPARATIVE INFORMATION

A press release covering the impacts of the application of IFRS 15 and IFRS 9 on 2017 comparative information was published on July 17, 2018.

The press release is also available on Valeo's website:

<https://www.valeo.com/fr/publications-presentations/>
<https://www.valeo.com/en/financial-publications-releases/>

IMPACTS OF THE APPLICATION OF IFRS 15 AND IFRS 9

On July 17, 2018, Valeo reported the impacts of the application of IFRS 15 and IFRS 9 on 2017 comparative information.

The impacts of the application of IFRS 15 – “Revenue from Contracts with Customers” on sales for the first nine months of 2018 are as follows:

- the external cost of components imposed by customers, which was previously accounted for in original equipment sales, is now presented as a deduction from “Raw materials consumed”. This reclassification results in a 376 million euro reduction in sales for the first nine months of 2018 (and 311 million euros for the same period in 2017) and mainly concerns the Thermal Systems Business Group’s front-end module operations;
- customer contributions to Research and Development (including prototypes), which were previously presented as a deduction from “Research and Development expenditure”, are now presented in sales under “Miscellaneous”. This reclassification to sales represents an amount of 246 million euros for the first nine months of 2018 (and 248 million euros for the same period in 2017).

YTD SEPTEMBER 2018 COMPARATIVE INFORMATION

SALES BY TYPE

Avant IFRS 15 (en m€)	1 ^{er} semestre				3 ^{ème} trimestre				Janvier-Septembre			
	2018*	2 017	Var. à pcc**	Var.	2018*	2 017	Var. à pcc**	Var.	2018*	2 017	Var. à pcc**	Var.
Première monte	8 628	8 235	+ 3 %	+ 5 %	3 904	3 751	- 1 %	+ 4 %	12 532	11 986	+ 2 %	+ 5 %
Remplacement	1 041	963	+ 5 %	+ 8 %	482	446	+ 3 %	+ 8 %	1 523	1 409	+ 5 %	+ 8 %
Divers	270	266	- 3 %	+ 1 %	102	104	- 1 %	- 2 %	372	370	- 2 %	+ 1 %
TOTAL	9 939	9 464	+ 3 %	+ 5 %	4 488	4 301	- 1 %	+ 4 %	14 427	13 765	+ 2 %	+ 5 %
* Les données 2018 ci-dessus sont présentées en appliquant le même référentiel comptable que celui utilisé pour les comptes consolidés au 30 septembre 2017, publiés en octobre 2017, i.e. avant l'application de la norme IFRS 15 (données non auditées)												
** A périmètre et taux de change constants												
En application d'IFRS 15 (en m€)	1 ^{er} semestre				3 ^{ème} trimestre				Janvier-Septembre			
	2 018	2017*	Var. à pcc**	Var.	2 018	2017*	Var. à pcc**	Var.	2 018	2017*	Var. à pcc**	Var.
Première monte	8 375	8 027	+ 2 %	+ 4 %	3 781	3 648	- 2 %	+ 4 %	12 156	11 675	+ 1 %	+ 4 %
Remplacement	1 041	963	+ 5 %	+ 8 %	482	446	+ 3 %	+ 8 %	1 523	1 409	+ 5 %	+ 8 %
Divers	447	443	- 1 %	+ 1 %	171	175	- 2 %	- 2 %	618	618	- 1 %	0 %
TOTAL	9 863	9 433	+ 2 %	+ 5 %	4 434	4 269	- 1 %	+ 4 %	14 297	13 702	+ 1 %	+ 4 %
* Les données 2017 ont été modifiées par rapport à celles présentées dans les comptes consolidés au 30 septembre 2017, publiés en octobre 2017, pour tenir compte des incidences liées à l'application rétrospective de la norme IFRS 15												
** A périmètre et taux de change constants												
Impact d'IFRS 15 (en m€)	1 ^{er} semestre				3 ^{ème} trimestre				Janvier-Septembre			
	2 018	2 017	Var. à pcc*	Var.	2 018	2 017	Var. à pcc*	Var.	2 018	2 017	Var. à pcc*	Var.
Première monte	- 253	- 208	- 1 pt	- 1 pt	- 123	- 103	- 1 pt	0 pt	- 376	- 311	- 1 pt	- 1 pt
Remplacement	0	0	0 pt	0 pt	0	0	0 pt	+ 2 pts	0	0	0 pt	+ 2 pts
Divers	+ 177	+ 177	+ 2 pts	0 pt	+ 69	+ 71	- 1 pt	0 pt	+ 246	+ 248	+ 1 pt	- 1 pt
TOTAL	- 76	- 31	- 1 pt	0 pt	- 54	- 32	0 pt	0 pt	- 130	- 63	- 1 pt	- 1 pt
* A périmètre et taux de change constants												

YTD SEPTEMBER 2018 COMPARATIVE INFORMATION

ORIGINAL EQUIPMENT SALES BY REGION

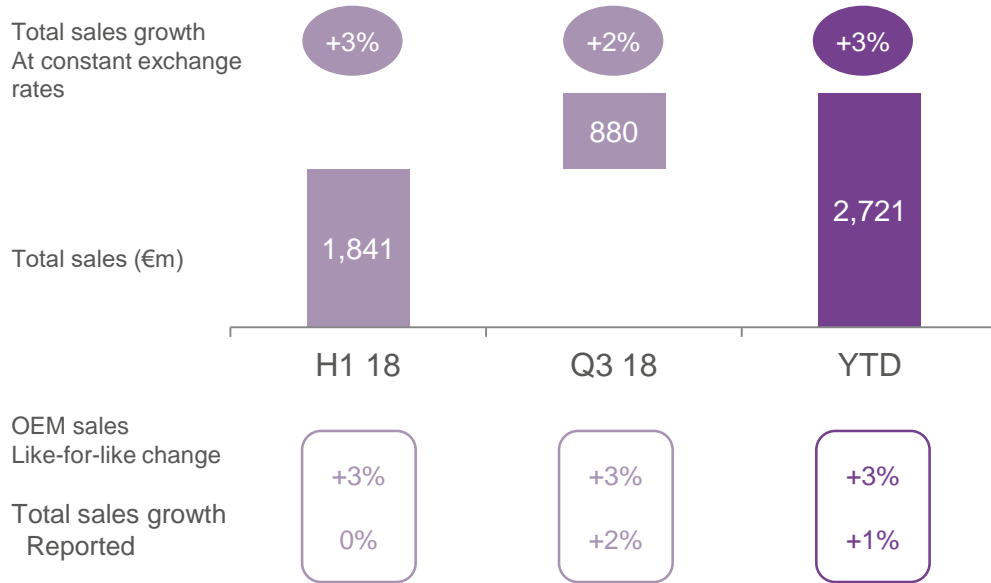
Avant IFRS 15 (en m€)	1 ^{er} semestre			3 ^{ème} trimestre			Janvier-Septembre		
	2018*	2017	Var. à pcc**	2018*	2017	Var. à pcc**	2018*	2017	Var. à pcc**
Europe et Afrique	4 152	3 920	+ 3 %	1 720	1 726	- 3 %	5 872	5 646	+ 1 %
Asie, Moyen-Orient et Océanie	2 662	2 381	+ 4 %	1 284	1 200	- 3 %	3 946	3 581	+ 2 %
▪ dont Chine	1 138	1 112	0 %	515	557	- 10 %	1 653	1 669	- 3 %
▪ hors Chine	1 524	1 269	+ 7 %	769	643	+ 2 %	2 293	1 912	+ 6 %
Amérique du Nord	1 615	1 752	- 1 %	805	732	+ 5 %	2 420	2 484	+ 1 %
Amérique du Sud	199	182	+ 24 %	95	93	+ 20 %	294	275	+ 23 %
TOTAL	8 628	8 235	+ 3 %	3 904	3 751	- 1 %	12 532	11 986	+ 2 %
* Les données 2018 ci-dessus sont présentées en appliquant le même référentiel comptable que celui utilisé pour les comptes consolidés au 30 septembre 2017, publiés en octobre 2017, i.e. avant l'application de la norme IFRS 15 (données non auditées)									
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	2018	2017*	Var. à pcc**	2018	2017*	Var. à pcc**	2018	2017*	Var. à pcc**
Europe et Afrique	4 132	3 900	+ 3 %	1 709	1 716	- 3 %	5 841	5 616	+ 1 %
Asie, Moyen-Orient et Océanie	2 583	2 338	+ 2 %	1 246	1 167	- 4 %	3 829	3 505	0 %
▪ dont Chine	1 076	1 074	- 2 %	488	526	- 10 %	1 564	1 600	- 5 %
▪ hors Chine	1 507	1 264	+ 6 %	758	641	+ 1 %	2 265	1 905	+ 5 %
Amérique du Nord	1 462	1 607	- 3 %	731	672	+ 3 %	2 193	2 279	- 1 %
Amérique du Sud	198	182	+ 23 %	95	93	+ 20 %	293	275	+ 22 %
TOTAL	8 375	8 027	+ 2 %	3 781	3 648	- 2 %	12 156	11 675	+ 1 %
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	2018	2017	Var. à pcc*	2018	2017	Var. à pcc*	2018	2017	Var. à pcc*
Europe et Afrique	- 20	- 20	0 pt	- 11	- 10	0 pt	- 31	- 30	0 pt
Asie, Moyen-Orient et Océanie	- 79	- 43	- 2 pts	- 38	- 33	- 1 pt	- 117	- 76	- 2 pts
▪ dont Chine	- 62	- 38	- 2 pts	- 27	- 31	0 pt	- 89	- 69	- 2 pts
▪ hors Chine	- 17	- 5	- 1 pt	- 11	- 2	- 1 pt	- 28	- 7	- 1 pt
Amérique du Nord	- 153	- 145	- 2 pts	- 74	- 60	- 2 pts	- 227	- 205	- 2 pts
Amérique du Sud	- 1	0	- 1 pt	0	0	0 pt	- 1	0	- 1 pt
TOTAL	- 253	- 208	- 1 pt	- 123	- 103	- 1 pt	- 376	- 311	- 1 pt
* A périmètre et taux de change constants									

YTD SEPTEMBER 2018 COMPARATIVE INFORMATION SALES BY BUSINESS GROUP (INCLUDING INTERSEGMENT SALES)

Avant IFRS 15 (en m€)	1 ^{er} semestre				3 ^{ème} trimestre				Janvier-Septembre			
	2018*	2 017	Var. CA	Var. CA OEM**	2018*	2 017	Var. CA	Var. CA OEM**	2018*	2 017	Var. CA	Var. CA OEM**
Systèmes de Confort et d'Aide à la Conduite	1 841	1 837	0 %	+ 3 %	880	859	+ 2 %	+ 3 %	2 721	2 696	+ 1 %	+ 3 %
Systèmes de Propulsion	2 633	2 163	+ 22 %	+ 3 %	1 179	963	+ 22 %	- 1 %	3 812	3 126	+ 22 %	+ 1 %
Systèmes Thermiques	2 548	2 594	- 2 %	+ 3 %	1 180	1 157	+ 2 %	+ 1 %	3 728	3 751	- 1 %	+ 2 %
Systèmes de Visibilité	2 988	2 953	+ 1 %	+ 3 %	1 282	1 355	- 5 %	- 5 %	4 270	4 308	- 1 %	0 %
GROUPE	9 939	9 464	+ 5 %	+ 3 %	4 488	4 301	+ 4 %	- 1 %	14 427	13 765	+ 5 %	+ 2 %
* Les données 2018 ci-dessus sont présentées en appliquant le même référentiel comptable que celui utilisé pour les comptes consolidés au 30 septembre 2017, publiés en octobre 2017, i.e. avant l'application de la norme IFRS 15 (données non auditées)												
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En application d'IFRS 15 (en m€)	1 ^{er} semestre				3 ^{ème} trimestre				Janvier-Septembre			
2 018	2017*	Var. CA	Var. CA OEM**	2 018	2017*	Var. CA	Var. CA OEM**	2 018	2017*	Var. CA	Var. CA OEM**	
Systèmes de Confort et d'Aide à la Conduite	1 899	1 889	+ 1 %	+ 3 %	905	878	+ 3 %	+ 3 %	2 804	2 767	+ 1 %	+ 3 %
Systèmes de Propulsion	2 664	2 188	+ 22 %	+ 3 %	1 190	973	+ 22 %	- 1 %	3 854	3 161	+ 22 %	+ 1 %
Systèmes Thermiques	2 341	2 425	- 4 %	0 %	1 076	1 070	+ 1 %	- 1 %	3 417	3 495	- 2 %	0 %
Systèmes de Visibilité	3 030	3 014	+ 1 %	+ 3 %	1 296	1 381	- 6 %	- 6 %	4 326	4 395	- 2 %	0 %
GROUPE	9 863	9 433	+ 5 %	+ 2 %	4 434	4 269	+ 4 %	- 2 %	14 297	13 702	+ 4 %	+ 1 %
* Les données 2017 ont été modifiées par rapport à celles présentées dans les comptes consolidés au 30 septembre 2017, publiés en octobre 2017, pour tenir compte des incidences liées à l'application rétrospective de la norme IFRS 15												
** A périmètre et taux de change constants												
Impact d'IFRS 15 (en m€)	1 ^{er} semestre				3 ^{ème} trimestre				Janvier-Septembre			
2 018	2017*	Var. CA	Var. CA OEM**	2 018	2 017	Var. CA	Var. CA OEM*	2 018	2 017	Var. CA	Var. CA OEM*	
Systèmes de Confort et d'Aide à la Conduite	58	52	+ 1 pt	0 pt	25	19	+ 1 pt	0 pt	83	71	0 pt	0 pt
Systèmes de Propulsion	31	25	0 pt	0 pt	11	10	0 pt	0 pt	42	35	0 pt	0 pt
Systèmes Thermiques	- 207	- 169	- 2 pts	- 3 pts	- 104	- 87	- 1 pt	- 2 pts	- 311	- 256	- 1 pt	- 2 pts
Systèmes de Visibilité	42	61	0 pt	0 pt	14	26	- 1 pt	- 1 pt	56	87	- 1 pt	0 pt
GROUPE	-76	- 31	0 pt	- 1 pt	-54	- 32	0 pt	- 1 pt	-130	- 63	- 1 pt	- 1 pt
* A périmètre et taux de change constants												

APPENDIX – BUSINESS GROUP INFORMATION

COMFORT & DRIVING ASSISTANCE



Market share* and competitors:

- Comfort & Driving Assistance: Valeo no. 2
Continental + Valeo + Bosch ~ 74%*
- Driving Assistance: Valeo no. 1
Valeo + Continental + Bosch ~ 47%*

* Valeo estimate

2017 key figures:

- Sales: €3.6bn (19% of Group sales)
- EBITDA: 14.5% (21% of Group EBITDA)
- 22,900 employees
- 27 plants
- 10 development centers
- 8 research centers

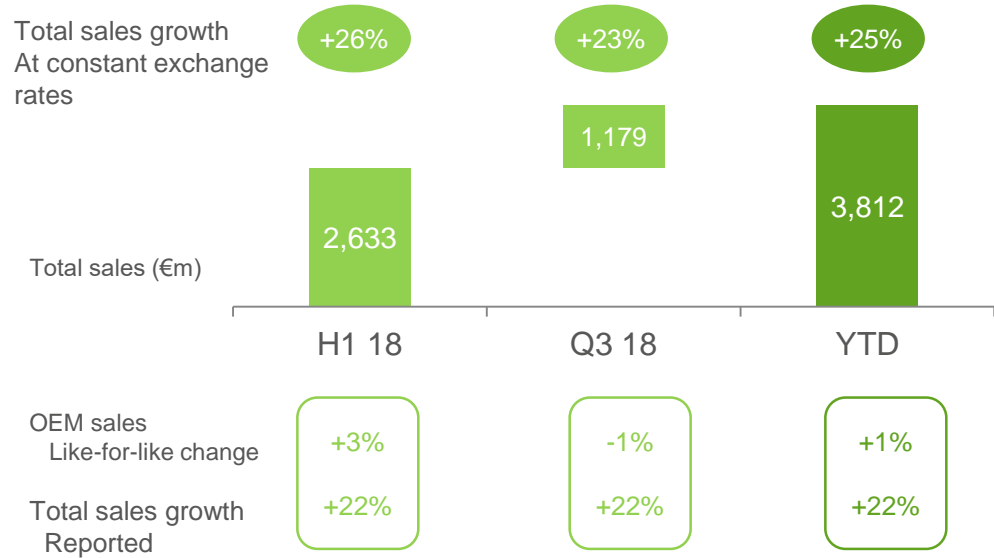
Key growth drivers:

- 3 main macro-economic trends confirmed with cars more autonomous, more connected and more intuitive
- Supported by increasingly stringent regulatory and certification environment (Euro NCAP in Europe and NHTSA in the US)
- Leading to further increase in take-up of existing innovative products (including cameras, displays, sensors, etc.)

Latest business developments:

- Another record order intake with orders for active safety products representing 12x sales, orders for camera viewing & systems representing over 2.5x sales and record order intake level in China
- Safety activity order intake covering laser scanner, front camera and radar

POWERTRAIN SYSTEMS



Market share* and competitors:

- Electrical Systems: Valeo no. 1
Valeo + Denso + Bosch/ZMJ ~ 70%*
- Transmission Systems: Valeo no. 2
Luk + Valeo + Exedy + ZF Sachs ~ 75%*

* Valeo estimate

2017 key figures:

- Sales: €4.3bn (23% of Group sales)
- EBITDA: 13.2% (23% of Group EBITDA)
- 25,000 employees
- 55 plants
- 13 development centers
- 7 research centers

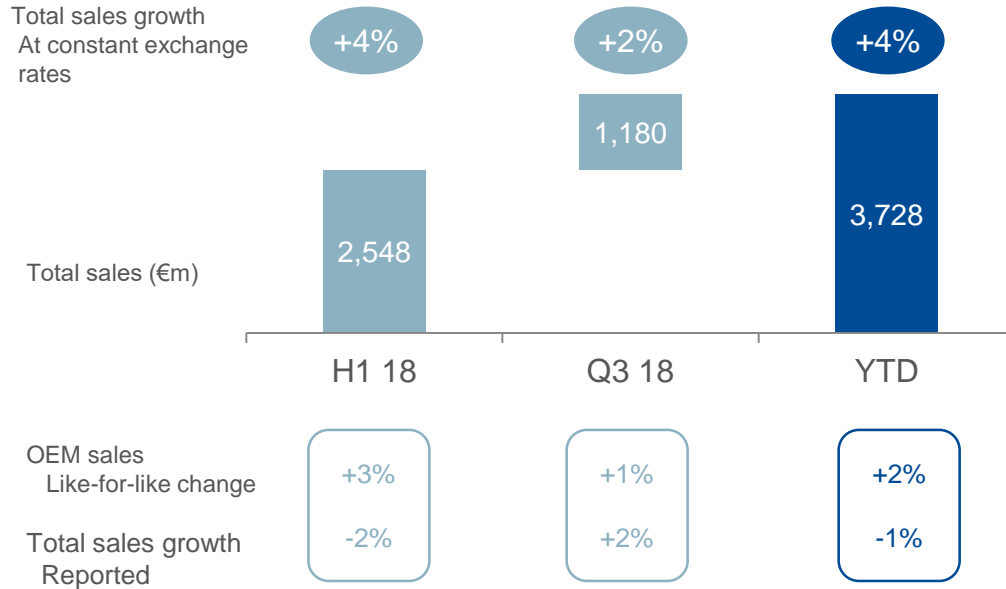
Key growth drivers: Objective of reducing CO₂ emissions and fossil fuel consumption through 3 priorities for engines:

- Cleaner engines
- Gearbox automation
- Powertrain electrification and development of low (12V, 48V) and high voltage

Latest business developments:

- New contracts for Istars in Europe, Asia and NAFTA countries
- New contracts in 48V IBSG in Asia and Europe
- New contract in Asia and Europe in active actuation for automatic transmission (PAS Product Group)

THERMAL SYSTEMS



Market share* and competitors:

Thermal Systems: Valeo no. 2
Denso + Valeo + Hanon + Mahle ~ 54%*

*Valeo estimate

2017 key figures:

- Sales: €5.0bn (27% of Group sales)
- EBITDA: 10.8% (22% of Group EBITDA)
- 24,200 employees
- 62 plants
- 10 development centers
- 3 research centers

Key growth drivers:

- Innovative solutions to comply with new regulations on gas pollutants and fuel consumption
- Thermal solutions for Electrified vehicles (PHEV/EV)
- Innovative solutions for in-vehicle air quality management

Latest business developments:

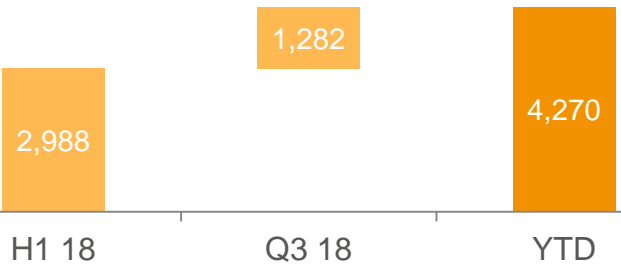
- New contracts with several automakers worldwide took Thermal Systems order intake for H1 2018 to a level almost similar to the H1 2017 record before application of IFRS 15.
- Again very solid booking in Europe and in China with book to bill ratio well above average
- Progress on EV in China with new HVAC order for electric vehicles with Chinese Customer, additional orders for Electric Driven Compressor with production in China
- New orders for battery thermal management with French and German Carmakers. With these orders, Valeo is demonstrating its capability for advanced technology in this field
- Renewed business for Front End Module in North America
- Additional order for Valeo brushless motor

VISIBILITY SYSTEMS

Total sales growth
At constant exchange rates

+6% -5% +2%

Total sales (€m)



H1 18 Q3 18 YTD

OEM sales
Like-for-like change



Total sales growth
Reported



Market share* and competitors:

- Lighting Systems: Valeo no. 1
Valeo + Koito + Magnetti Marelli ~ 58%*
- Wiper Systems: Valeo no. 1
Valeo + Denso + Bosch ~ 67%*

*Valeo estimate

2017 key figures:

- Sales: €5.8bn (31% of Group sales)
- EBITDA: 13.2% (32% of Group EBITDA)
- 37,200 employees
- 49 plants
- 15 development centers
- 5 research centers

Key growth drivers:

- Increasing LED take rate in all segments with Toyota (Alphard, Avalon, Corolla), VW (Polo, T-Roc, Arteon), Audi A3,Q2 & A1, SEAT (Leon, Ibiza, Ateca, Arona & now Tarraco), Renault (Megane, Talisman) and Geely (Boyue)
- Increasing LED content with ADB Matrix on DS 3 (D34), Mini F56 LCI, Ford Edge, Toyota Alphard & Avalon, etc.
- Increasing content in Interior Lighting with Ambient Lighting on Volvo 40 & 60 clusters, Audi Q3, BMW G2X & PSA R8

Latest business developments:

- Continuous increase in order intake increase with LED platform modules (PeopLED, Thin Lens) in North America (GM T1 Silverado & Sierra and Nissan Titan) and with Matrix/Pixel in Europe (JLR, Renault) and China (VW Teramont, Geely)
- LED transverse drivers awarded at VW Group
- Growth in Interior Lighting business: Selective Zoning with Daimler on S-Class and RGB Ambient with Volvo
- Awards at DAF in Aquablade (XF) and LED Headlamps (XF/CF) show a Heavy Duty market becoming more innovative
- Interest for brushless motor is growing, especially for heavy trucks and electric vehicles
- 4 Pole electronized motors perceived as competitive in the market
- Growing interest in sensor cleaning activity : Business awarded for a Robotaxi project and an OEM

GLOSSARY

- 1) **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, (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.
- 2) **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.
- 3) **Free cash flow** corresponds to net cash from operating activities (excluding the change in non-recurring sales of receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.



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SHARE INFORMATION

Share Data

• Bloomberg Ticker	FR FP
• Reuters Ticker	VLOF.PA
• ISIN Number	FR 0013176526
• Shares outstanding as of June 30, 2018	240,253,100

ADR Data

• Ticker/trading symbol	VLECY
• CUSIP Number	919134304
• Exchange	OTC
• Ratio (ADR: ord)	1:2
• Depository Bank	J.P. Morgan
• Contact at J.P. Morgan – ADR broker relationship desk	Jim Reeves +1 212-622-2710

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.



SMART TECHNOLOGY
FOR SMARTER CARS