Press release

SMART TECHNOLOGY FOR SMARTER CARS

2018 results in line with our October 25, 2018 guidance

- Sales[1] of 19.3 billion euros, up 6% in 2018 and up 20% over the past two years at constant exchange rates
- Successful integration of acquisitions (Ichikoh in Japan, Valeo-Kapec in South Korea and FTE automotive in Germany)
- 3 percentage point outperformance (on a like-for-like basis) in the second half, an improvement compared to the start of the year
- Operating margin (excluding share in net earnings of equity-accounted companies) at 6.3% of sales
- Free cash flow generation of 161 million euros

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

"2018 was a challenging year, characterized by a particularly volatile economic and geopolitical environment. Our sales were impacted by WLTP in Europe and by the sharp slowdown in the Chinese market. We responded to this situation as early as July, implementing a vigorous action plan aimed at reducing our capital expenditure and our costs. This plan will be reinforced in 2019.

In terms of growth, operating margin and free cash flow generation, we achieved our objectives for full-year 2018 as revised in October.

Valeo is strongly positioned in the electric, autonomous and connected vehicle segment on a deeply changing automotive market. This is thanks to our capacity for constant innovation grounded in the synergies between our different Business Groups and in our unique portfolio of technologies.

Our order intake, including that of Valeo Siemens eAutomotive, represents 1.7x our original equipment sales and has grown 10% each year on average over the past five years, guaranteeing sustained growth in the next few years.

Despite a difficult environment continuing into the first half of 2019, this innovation strategy will allow us to improve our like-for-like growth and our outperformance relative to the automotive market during the year, driven mainly by the start of production on numerous projects in the ADAS segment with new-generation cameras, and in the electric vehicle segment, for example with new 48V systems.

In light of this context, the Board of Directors has decided to maintain the dividend at the previous year's level of 1.25 euros per share."

(1) For the sake of consistency in our financial communications, the sales figures presented below have been determined using the same accounting principles as in 2017 (i.e., before the application of IFRS 15).

Sales[1]

Full-year 2018

- **Consolidated sales of 19,261 million euros, up 4%:**
  - ✓ up 6% at constant exchange rates;
  - ✓ up 1% like for like[2].

- **Original equipment sales of 16,667 million euros, up 3%:**
  - ✓ up 6% at constant exchange rates;
  - ✓ stable on a like-for-like basis[2], outpacing global automotive production by 1.5 percentage points.

- **Aftermarket sales of 2,010 million euros, up 7%:**
  - ✓ up 10% at constant exchange rates;
  - ✓ up 4% like for like[2].

Under IFRS 15, consolidated sales totaled 19,124 million euros[3].

Second-half 2018

- **Consolidated sales of 9,322 million euros, up 3%:**
  - ✓ up 3% at constant exchange rates;
  - ✓ down 1% like for like[2].

- **Original equipment sales of 8,039 million euros, up 2%:**
  - ✓ up 2% at constant exchange rates;
  - ✓ down 2% like for like[2], outpacing global automotive production by 3 percentage points.

- **Aftermarket sales of 969 million euros, up 5%:**
  - ✓ up 7% at constant exchange rates;
  - ✓ up 2% like for like[2].

Under IFRS 15, consolidated sales totaled 9,261 million euros[3].

(1) For the sake of consistency in our financial communications, the sales figures presented below have been determined using the same accounting principles as in 2017 (i.e., before the application of IFRS 15).
(2) See Financial Glossary, page 22.
(3) The impacts of the application of IFRS 15 on sales for fourth-quarter, second-half and full-year 2018 are presented on pages 19, 20 and 21 of this document.

2018 earnings, cash and net debt

The financial data provided below relating to earnings, cash and net debt are presented in accordance with IFRS (including new standards IFRS 15 and IFRS 9, with restatement of the comparative 2017 periods):

- EBITDA(1) of 2,410 million euros, or 12.6% of sales, down 1% and up 2% at constant exchange rates.
- Operating margin (excluding share in net earnings of equity-accounted companies) of 1,203 million euros, or 6.3% of sales, down 17%.
- Share in net earnings of equity-accounted companies representing a loss of 111 million euros, or a negative 0.6% of sales.
- Net attributable income of 546 million euros, or 2.9% of sales, down 38%.
- Free cash flow(1) generation of 161 million euros, buoyed by the positive contribution of working capital and a tight rein on capital expenditure.
- Robust balance sheet, with leverage at 0.93x EBITDA.

Order intake(1) supported by technological innovations

In view of the very strong growth in order intake over the past five years (10% CAGR(2)), which will lead to a profound transformation in its product portfolio, Valeo decided to be more selective in 2018 in order to optimize the development and industrialization of its numerous ongoing projects.

Total order intake for 2018 came out at 28.6 billion euros, or 1.7x original equipment sales, and includes:

- 24.2 billion euros for Valeo, or 1.5x original equipment sales;
- 4.4 billion euros for Valeo Siemens eAutomotive, corresponding to cumulative outstanding order intake of 10.5 billion euros at end-2018.

Innovative products(3) accounted for 53% of order intake recorded by Valeo (60% including Valeo Siemens eAutomotive).

2018 dividend

Proposed dividend payment of 1.25 euros per share, unchanged from the dividend paid in respect of 2017.

(1) See Financial Glossary, page 22.
(2) Average annual growth in order intake for the 2013-2018 period.
(3) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive.

2019 outlook

In a context of:

- volatile global automotive production (estimated growth of between 0% and -1% over the year compared with 2018) with a decline in the first half due to the economic environment in China, and an improvement in the second half;
- uncertainty regarding the price of raw materials and electronic components.

The Valeo Group has set the following objectives:

- a stronger market outperformance than in second-half 2018, increasing gradually during the year thanks to the start of production on new contracts, particularly in the camera, electrical and transmission systems, and lighting segments;
- roll-out of a new program to reduce costs by more than 100 million euros and capital expenditure by more than 100 million euros;
- EBITDA growth (in value terms);
- higher free cash flow generation than in 2018;
- operating margin excluding share in net earnings of equity-accounted companies (as a % of sales) of between 5.8% and 6.5%, depending on the trends in automotive production and in the price of raw materials and electronic components;
- a “share in net earnings of equity-accounted companies” line which, as announced, is expected to have a similar impact on Valeo’s 2019 statement of income as it did in 2018.

Medium-term outlook

The trends in the automotive market and in raw material prices in 2018 and the projections for 2019 lead us to revise the assumptions used to determine our medium-term outlook, as presented at our Investor Day in February 2017. The Group will publish its new medium-term objectives during the Investor Day to be held before the end of the year.

Paris, France, February 21, 2019 – At today's meeting, Valeo's Board of Directors approved the consolidated and parent company financial statements for the year ended December 31, 2018[(1)]:

For the sake of consistency in our financial communications, the sales figures presented below have been determined using the same accounting principles as in 2017 (i.e., before the application of IFRS 15). The impacts of the application of IFRS 15 on sales for second-half and full-year 2018 are presented on pages 19, 20 and 21 of this document.

H2 2017	H2 2018	Change			2017	2018	Change
9,086	9,322	+3%/-1%*	Sales	*(in €m)*	18,550	19,261	+4%/+1%*
7,885	8,039	+2%/-2%*	Original equipment sales	*(in €m)*	16,120	16,667	+3%/0%*

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

The results for 2018 presented below have been prepared in accordance with IFRS (including new standards IFRS 15 and IFRS 9, with restatement of the comparative 2017 periods).

H2 2017*	H2 2018	Change			2017*	2018	Change
12.7	10.2	-20%	Valeo order intake[(2)] (excluding Valeo Siemens eAutomotive)	*(in €bn)*	27.6	24.2	-12%
3.1	(0.3)		Valeo Siemens eAutomotive order intake	*(in €bn)*	6.1	4.4	-28%
9,051	9,261	+2%/-2%*	Sales	*(in €m)*	18,484	19,124	+4%/0%*
7,769	7,771	+1%/-3%*	Original equipment sales	*(in €m)*	15,695	16,146	+3%/0%*
(733)	(786)	+7%	R&D expenditure	*(in €m)*	(1,494)	(1,560)	+4%
-8.1%	*-8.5%*	*-0.4 pts*		*(as a % of sales)*	*-8.1%*	*-8.2%*	*-0.1 pts*
(436)	(442)	-1%	General, administrative and selling expenses	(in €m)	(890)	(911)	+2%
-4.8%	*-4.8%*	*0 pts*		*(as a % of sales)*	*-4.8%*	*-4.8%*	*0 pts*
725	448	-38%	Operating margin excluding share in net earnings of equity-accounted companies	*(in €m)*	1,448	1,203	-17%
8.0%	*4.8%*	*-3.2 pts*		*(as a % of sales)*	*7.8%*	*6.3%*	*-1.5 pts*
(9)	(83)	N/A	Share in net earnings of equity-accounted companies	*(in €m)*	20	(111)	N/A
-0.1%	*-0.9%*	*-0.8 pts*		*(as a % of sales)*	*0.1%*	*-0.6%*	*-0.7 pts*
716	365	-49%	Operating margin[(2)] including share in net earnings of equity-accounted companies	*(in €m)*	1,468	1,092	-26%
7.9%	*3.9%*	*-4 pts*		*(as a % of sales)*	*7.9%*	*5.7%*	*-2.2 pts*
373	93	-75%	Net attributable income	*(in €m)*	877	546	-38%
4.1%	*1%*	*-3.1 pts*		*(as a % of sales)*	*4.7%*	*2.9%*	*-1.8 pts*
N/A	N/A	N/A	Basic earnings per share	*(in €)*	3.7	2.3	-38%
N/A	N/A	N/A	Net income excluding non-recurring items	*(in €m)*	1,031	599	-42%
N/A	N/A	N/A	Basic earnings per share excluding non-recurring items	*(in €)*	4.3	2.5	-42%
N/A	N/A	N/A	ROCE[(2)]		29%	19%	-10 pts
N/A	N/A	N/A	ROA[(2)]		19%	12%	-7 pts
1,218	1,069	-12%	EBITDA[(2)]	*(in €m)*	2,431	2,410	-1%
13.5%	*11.5%*	*-2 pts*		*(as a % of sales)*	*13.2%*	*12.6%*	*-0.6 pts*
66	228	N/A	Change in operating working capital***		23	87	N/A
(911)	(1,030)	+13%	Investments in property, plant and equipment and intangible assets		(1,745)	(2,025)	+16%
179	125	-30%	Free cash flow[(2)]	*(in €m)*	278	161	-42%
15%	12%	N/A	Cash conversion rate[(3)]		11%	7%	N/A
N/A	N/A	N/A	Net debt[(2)]	*(in €m)*	1,842	2,248	+22%

** 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018 since they have been adjusted to reflect the impact of retrospectively applying IFRS 15 and IFRS 9.*

*** At constant exchange rates [(2)].*

**** Change in working capital excluding the change in non-recurring sales of accounts and notes receivable in a negative amount of 16 million euros in 2018 and a positive amount of 16 million euros in 2017.*

(1) Further to their statutory audit, the Statutory Auditors issued an unqualified opinion on the consolidated financial statements for the year ended December 31, 2018.
(2) See Financial Glossary, page 22.

Order intake[1]

In view of the very strong growth in order intake over the past five years (10% CAGR[2]), which will lead to a profound transformation in its product portfolio, Valeo decided to be more selective in 2018 in order to optimize the development and industrialization of its numerous ongoing projects.

Total order intake for 2018 came out at 28.6 billion euros, or 1.7x original equipment sales, and includes:

- 24.2 billion euros for Valeo, or 1.5x original equipment sales;
- 4.4 billion euros for Valeo Siemens eAutomotive, corresponding to cumulative outstanding order intake of 10.5 billion euros at end-2018.

Order intake (excluding Valeo Siemens eAutomotive) remained well-balanced across the Group's different regions:

- 41% in Asia;
- 25% in China, of which 44% of orders were booked with local Chinese automakers;
- 43% in Europe (and Africa);
- 14% in North America.

In all, 53% of the order intake related to innovative products[3] (60% including Valeo Siemens eAutomotive), confirming the successful positioning of Valeo's new technologies and products in the electric, autonomous and connected vehicle segments.

Global automotive production growth

	Fourth-quarter	Second-half	Full-year
Automotive production	**IHS/CPCA***	**IHS/CPCA***	**IHS/CPCA***
Europe and Africa	-4%	-5%	-1%
Asia, Middle East & Oceania	-8%	-7%	-2%
of which China	*-17%*	*-13%*	*-5%*
excluding China	*+2%*	*0%*	*+1%*
North America	+2%	+2%	-1%
South America	-9%	-3%	+3%
TOTAL	-6%	-5%	-1%

** Based on IHS automotive production estimates released on January 16, 2019/CPCA [4] estimates for data relating to China.*

In second-half 2018, European automotive production was impacted by the introduction of the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) in Europe, and by the sharp decline in new vehicle registrations in China.

(1) See Financial Glossary, page 22.
(2) Average annual growth in order intake for the 2013-2018 period.
(3) Products and technologies in series production for less than three years, excluding Valeo Siemens eAutomotive.
(4) CPCA: China Passenger Car Association.

Sales growth (before application of IFRS 15)(1)

Sales (in millions of euros)	As a % of total 2018 sales	Fourth-quarter					Second-half				
		2018*	2017	CER change**	LFL change***	Reported change	2018*	2017	CER change**	LFL change***	Reported change
Original equipment	86%	4,135	4,134	-1%	-3%	0%	8,039	7,885	+2%	-2%	+2%
Aftermarket	10%	487	478	+3%	+1%	+2%	969	924	+7%	+2%	+5%
Miscellaneous	4%	212	173	+37%	+28%	+23%	314	277	+22%	+16%	+13%
TOTAL	**100%**	**4,834**	**4,785**	**+1%**	**-2%**	**+1%**	**9,322**	**9,086**	**+3%**	**-1%**	**+3%**

Sales (in millions of euros)	As a % of total 2018 sales	Full-year				
		2018*	2017	CER change**	LFL change***	Reported change
Original equipment	87%	16,667	16,120	+6%	0%	+3%
Aftermarket	10%	2,010	1,887	+10%	+4%	+7%
Miscellaneous	3%	584	543	+14%	+7%	+8%
TOTAL	**100%**	**19,261**	**18,550**	**+6%**	**+1%**	**+4%**

** 2018 data are presented in accordance with the same accounting principles as those used in the 2017 consolidated financial statements published in February 2018, i.e., before the application of IFRS 15 (unaudited data).*
*** At constant exchange rates.*
**** Like for like (constant Group structure and exchange rates) (2).*

Second-half 2018

- **Sales**:
  - ✓ advanced 3% at constant exchange rates;
  - ✓ fell 1% like for like(2).
- **Original equipment sales**:
  - ✓ advanced 2% at constant exchange rates;
  - ✓ fell 2% like for like(2);
  - ✓ outperformed global production by 3 percentage points.
- **Aftermarket sales** rose by:
  - ✓ 7% at constant exchange rates;
  - ✓ 2% like for like(2).

Valeo's sales over this period were adversely affected by:

- the introduction of WLTP in Europe;
- the sharp slowdown in the Chinese automotive market;
- exposure to European customers most affected by WLTP;
- an unfavorable customer mix in China;
- production start delays, mainly in Europe.

Sales for full-year 2018 climbed 6% at constant exchange rates and 1% like for like(2).

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(2) See Financial Glossary, page 22.

Changes in exchange rates had a negative 2.2% impact over the year, primarily due to the rise in the value of the euro against the US dollar, Chinese renminbi and Brazilian real.

Changes in Group structure had a positive 5.1% impact over the year, following:

- the takeover of Ichikoh, which was fully consolidated in the Group's financial statements as of February 1, 2017. Ichikoh contributed 100 million euros to consolidated sales in January 2018;
- the acquisition of FTE automotive at end-October 2017, which contributed 429 million euros to consolidated sales from January to end-October 2018;
- the creation of Valeo-Kapec, which is controlled by Valeo and was fully consolidated in the Group's financial statements as of December 1, 2017. Valeo-Kapec contributed 483 million euros to consolidated sales from January to end-November 2018.

Original equipment sales growth by region (before application of IFRS 15)[1]

Original equipment sales	Fourth-quarter				Second-half			
	2018*	2017	LFL change**	Outperformance vs. IHS***	2018*	2017	LFL change**	Outperformance vs. IHS***
Europe and Africa	1,830	1,904	-5%	-1 pt	3,550	3,630	-4%	+1 pt
Asia, Middle East & Oceania	1,367	1,384	-8%	0 pts	2,651	2,584	-6%	+1 pt
of which China	*571*	*702*	*-21%*	*-4 pts*	*1,086*	*1,259*	*-16%*	*-3 pts*
excluding China	*796*	*682*	*+6%*	*+4 pts*	*1,565*	*1,325*	*+4%*	*+4 pts*
North America	855	751	+8%	+6 pts	1,660	1,483	+6%	+4 pts
South America	83	95	-5%	+4 pts	178	188	+8%	+11 pts
TOTAL	**4,135**	**4,134**	**-3%**	**+3 pts**	**8,039**	**7,885**	**-2%**	**+3 pts**

Original equipment sales	Full-year			
	2018*	2017	LFL change**	Outperformance vs. IHS***
Europe and Africa	7,702	7,550	0%	+1 pt
Asia, Middle East & Oceania	5,313	4,965	-1%	+1 pt
of which China	*2,224*	*2,371*	*-8%*	*-3 pts*
excluding China	*3,089*	*2,594*	*+6%*	*+5 pts*
North America	3,275	3,235	+2%	+3 pts
South America	377	370	+15%	+12 pts
TOTAL	**16,667**	**16,120**	**0%**	**+1.5 pts**

** 2018 data are presented in accordance with the same accounting principles as those used in the 2017 consolidated financial statements published in February 2018, i.e., before the application of IFRS 15 (unaudited data).*
*** Like for like (constant Group structure and exchange rates) [2].*
**** Based on IHS automotive production estimates released on January 16, 2019/CPCA estimates for data relating to China.*

In second-half 2018, growth in original equipment sales beat automotive production by 3 percentage points (IHS/CPCA estimates):

- **in Europe (including Africa)** (44% of original equipment sales), like-for-like[2] original equipment sales were down 4%, outpacing automotive production by a slight 1 percentage point, due to the Group's exposure to a certain number of automaker customers that were particularly impacted by WLTP;
- **in North America** (21% of original equipment sales), like-for-like[2] original equipment sales rose 6%, outpacing automotive production by 4 percentage points;
- **in Asia excluding China** (19% of original equipment sales), like-for-like[2] original equipment sales increased 4%, outpacing automotive production by 4 percentage points. In South Korea, like-for-like[2] original equipment sales contracted by 3%, underperforming automotive production by 7 percentage points, mainly as a result of a decline in take rates for manual transmission vehicles;
- **in China** (14% of original equipment sales), like-for-like[2] original equipment sales fell 16%, underperforming automotive production (CPCA estimates) by 3 percentage points, primarily as a result of Valeo's exposure to Ford;
- **in South America** (2% of original equipment sales), like-for-like[2] original equipment sales rose 8%, outpacing automotive production by 11 percentage points.

(1) For the sake of consistency in our financial communications, the sales figures presented below have been determined using the same accounting principles as in 2017 (i.e., before the application of IFRS 15). The impacts of the application of IFRS 15 on sales for fourth-quarter, second-half and full-year 2018 are presented on pages 19, 20 and 21 of this document.
(2) See Financial Glossary, page 22.

Balanced geographic alignment of Valeo's businesses

Taking account of the external growth transactions carried out in 2017, the share of original equipment sales in the four main production regions was as follows in 2018:

- a rise of 2 percentage points for Asia, accounting for 32% of original equipment sales;
- a fall of 1 percentage point for Europe, accounting for 46% of original equipment sales;
- a fall of 1 percentage point for North America, accounting for 20% 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, the share of original equipment sales among the Group’s customers was as follows in 2018:

- a rise of 1 percentage point for Asian customers, accounting for 34% of original equipment sales, further to the takeover of Ichikoh as of February 1, 2017 and the creation of Valeo-Kapec, fully consolidated as of December 1, 2017;
- a rise of 1 percentage point for German customers, accounting for 29% of original equipment sales;
- a fall of 1 percentage point for US customers, accounting for 18% of original equipment sales;
- a fall of 1 percentage point for French customers[(1)], accounting for 13% of original equipment sales.

(1) Including Opel.

Sustained growth in sales by Business Group (before application of IFRS 15)[1]

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[a]	Fourth-quarter					Second-half				
	2018[b]	2017	CER change[c]	Change in OE sales[d]	Change in sales	2018[b]	2017	CER change[c]	Change in OE sales[d]	Change in sales
Comfort & Driving Assistance Systems	917	894	+2%	+2%	+3%	1,797	1,753	+2%	+2%	+3%
Powertrain Systems	1,247	1,174	+7%	-5%	+6%	2,426	2,137	+14%	-3%	+14%
Thermal Systems	1,268	1,252	+1%	-2%	+1%	2,448	2,409	+1%	0%	+2%
Visibility Systems	1,433	1,500	-5%	-7%	-5%	2,715	2,855	-5%	-6%	-5%
Group	**4,834**	**4,785**	**+1%**	**-3%**	**+1%**	**9,322**	**9,086**	**+3%**	**-2%**	**+3%**

Sales by Business Group[a]	Full-year				
	2018[b]	2017	CER change[c]	Change in OE sales[d]	Change in sales
Comfort & Driving Assistance Systems	3,638	3,590	+3%	+3%	+1%
Powertrain Systems	5,059	4,300	+20%[e]	0%	+18%[e]
Thermal Systems	4,996	5,003	+3%	+1%	0%
Visibility Systems	5,703	5,808	0%[f]	-2%	-2%[f]
Group	**19,261**	**18,550**	**+6%**	**0%**	**+4%**

[a] *Including intersegment sales.*
[b] *2018 data are presented in accordance with the same accounting principles as those used in the 2017 consolidated financial statements published in February 2018, i.e., before the application of IFRS 15 (unaudited data).*
[c] *At constant exchange rates.*
[d] *Like for like (constant Group structure and exchange rates)* [2] *.*
[e] *Including FTE automotive and Valeo-Kapec.*
[f] *Including Ichikoh.*

In the second half of 2018, the four Business Groups were impacted, to varying extents depending on their geographic and customer mix, by WLTP in Europe and by the sharp slowdown in the Chinese market.

Thanks to its original equipment operations, the **Comfort & Driving Assistance Systems Business Group** reported the highest rate of like-for-like growth, outperforming global automotive production by 7 percentage points. The 2% increase was driven by higher content per vehicle (take rates) in the driving assistance business as well as a favorable customer mix in China.

The **Powertrain Systems Business Group** posted like-for-like growth in line with that of the Group as a whole, outperforming global automotive production by 2 percentage points. With growth of 14% at constant exchange rates, the Business Group's performance was buoyed by the successful integration of FTE automotive and Valeo-Kapec.

Thanks to a favorable customer and geographic mix and the start of new HVAC (heating, ventilation and air conditioning) contracts in North America, the **Thermal Systems Business Group** reported like-for-like growth and a 5 percentage point outperformance versus global automotive production, coming in ahead of the Group as a whole in both respects.

The **Visibility Systems Business Group's** sales grew at a slower pace than the rest of the Group on a like-for-like basis, declining 6% as a result of its broad exposure in Europe to the customers most heavily impacted by WLTP, production start delays in Europe, and an unfavorable customer mix in China. The Business Group's performance was lifted by the strong growth of Ichikoh in Japan and the ASEAN[3], further highlighting the company's successful integration.

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(2) See Financial Glossary, page 22.
(3) ASEAN: Association of Southeast Asian Nations.

Operating margin (excluding share in net earnings of equity-accounted companies) at 6.3% of sales

H2 2017	H2 2018	Change			2017	2018	Change
9,051	9,261	+2%	Sales	*(in millions of euros)*	18,484	19,124	+4%
1,894	1,676	-12%	Gross margin	*(in millions of euros)*	3,832	3,674	-4%
20.9%	*18.1%*	*-2.8 pts*		*(as a % of sales)*	*20.7%*	*19.2%*	*-1.5 pts*
725	448	-38%	Operating margin excluding share in net earnings of equity-accounted companies	*(in millions of euros)*	1,448	1,203	-17%
8.0%	*4.8%*	*-3.2 pts*		*(as a % of sales)*	*7.8%*	*6.3%*	*-1.5 pts*
(9)	(83)	N/A	Share in net earnings of equity-accounted companies	*(in millions of euros)*	20	(111)	N/A
-0.1%	*-0.9%*	*-0.8 pts*		*(as a % of sales)*	*0.1%*	*-0.6%*	*-0.7 pts*
716	365	-49%	Operating margin including share in net earnings of equity-accounted companies[1]	*(in millions of euros)*	1,468	1,092	-26%
7.9%	*3.9%*	*-4 pts*		*(as a % of sales)*	*7.9%*	*5.7%*	*-2.2 pts*
373	93	-75%	Net attributable income	*(in millions of euros)*	877	546	-38%
4.1%	*1%*	*-3.1 pts*		*(as a % of sales)*	*4.7%*	*2.9%*	*-1.8 pts*

Gross margin came out at 3,674 million euros (down 4%), or 19.2% of sales (down 1.5 percentage points), primarily reflecting:

- growth (negative 0.2 percentage point impact; negative 0.5 percentage point impact in the second half) including price and volume effects, affected mainly by WLTP and by the sharp slowdown in the Chinese market;
- the rise in the price of raw materials and electronic components (negative 0.6 percentage point impact), after taking into account increases in sales prices for customers (negative 0.8 percentage point impact in the second half);
- operational efficiency (positive 0.2 percentage point impact; negative 0.3 percentage point impact in the second half, in particular relating to disruptions observed in plants due to market disturbances);
- one-time charges relating to quality risk (negative 0.3 percentage point impact; negative 0.6 percentage point impact in the second half);
- a rise in depreciation relating to the capital investments carried out by the Group over the past few years (negative 0.5 percentage point impact; negative 0.6 percentage point impact in the second half).

Valeo continued its Research and Development efforts to enhance its product portfolio and respond to the twin challenges of powertrain electrification, and autonomous and connected vehicles:

- gross Research and Development expenditure was up 9% to 2,073 million euros, representing almost 13% of original equipment sales;
- R&D expenditure came in at 1,560 million euros (up 4%), or 8.2% of sales (up 0.10 percentage points on 2017).

General, administrative and selling expenses came out at 4.8% of sales, stable versus 2017, thanks to the cost-cutting program implemented in the second half of the year.

Operating margin excluding share in net earnings of equity-accounted companies came in at 1,203 million euros, or 6.3% of sales, in line with the guidance announced in October and despite the sharper-than-expected downturn in the European (post-WLTP) and Chinese markets as well as the ongoing rise in raw material prices.

The share in net earnings of equity-accounted companies represented a loss of 111 million euros, or a negative 0.6% of sales. This includes, in particular:

- the share of the loss recorded by Valeo Siemens eAutomotive (147 million euros), which is bearing the costs required to set up its organization to accommodate its fast-paced expansion going forward and push ahead with ongoing projects resulting from its cumulative 10.5 billion euro order intake at the end of 2018;
- the contribution of Chinese joint ventures (33 million euros versus 43 million euros in 2017), whose performance was hard hit by the sharp downturn in the Chinese market in the second half of the year.

Operating margin including share in net earnings of equity-accounted companies[1] amounted to 1,092 million euros, or 5.7% of sales, down 26% year on year.

Operating income totaled 1,036 million euros, or 5.4% of sales, down 26% year on year. This takes into account other income and expenses in an aggregate negative amount of 56 million euros, including a loss of 30 million euros relating to the disposal of lighting operations in Argentina.

The cost of net debt totaled 66 million euros, down 12% on 2017.

Other financial items were boosted by the good performance of Group investments in various innovation funds.

The effective tax rate came out at 28.7%.

Non-controlling interests stood at 96 million euros, up 22% on 2017 following the creation of Valeo-Kapec (controlled by Valeo and fully consolidated in the Group's financial statements with effect from December 1, 2017).

Net attributable income amounted to 546 million euros, or 2.9% of sales, down 38% on 2017.

Return on capital employed (ROCE[1]) and **return on assets** (ROA[1]) stood at 19% and 12%, respectively.

(1) See Financial Glossary, page 22.

EBITDA[1] by Business Group

EBITDA *(in millions of euros and as a % of sales)*	Second-half			Full-year		
	2018	2017	Change	2018	2017	Change
Comfort & Driving Assistance Systems	245	258	-5%	528	525	+1%
	13.1%	*14.3%*	*-1.2 pts*	*14.0%*	*14.2%*	*-0.2 pts*
Powertrain Systems	305	289	+6%	674	564	+20%
	12.3%	*13.3%*	*-1 pt*	*13.1%*	*13.0%*	*+0.1 pts*
Thermal Systems	207	270	-23%	495	536	-8%
	9.3%	*12.1%*	*-2.8 pts*	*10.8%*	*11.5%*	*-0.7 pts*
Visibility Systems	257	373	-31%	642	764	-16%
	9.3%	*12.8%*	*-3.5 pts*	*11.1%*	*12.9%*	*-1.8 pts*
Group	**1,069**	**1,218**	**-12%**	**2,410**	**2,431**	**-1%**
	11.5%	***13.5%***	***-2 pts***	***12.6%***	***13.2%***	***-0.6 pts***

In 2018, EBITDA[1] came in at 2,410 million euros, or 12.6% of sales, down 1% versus 2017.

Despite a challenging environment in the second half of the year (WLTP in Europe and a market downturn in China), all Business Groups performed in line with their 2017 showing except:

- **Thermal Systems**, following the recognition of a non-recurring expense in respect of a quality risk; and
- **Visibility Systems**, which was held back by its broad exposure in Europe to the customers most heavily impacted by WLTP, production start delays (mainly in Europe) and an unfavorable customer mix in China.

(1) See Financial Glossary, page 22.

Free cash flow[1] generation

H2 2017	H2 2018	*(in millions of euros)*		2017	2018
1,218	1,069	EBITDA[1]		2,431	2,410
66	228	Change in operating working capital		23	87
(28)	(13)	Restructuring and antitrust costs		(105)	(31)
(166)	(129)	Other operating items (incl. income tax)		(326)	(280)
		Of which:			
(115)	*(129)*		*Income tax*	*(265)*	*(267)*
(29)	*(34)*		*Pensions*	*(27)*	*(35)*
(911)	(1,030)	Investment outflows (incl. capitalized R&D)		(1,745)	(2,025)
179	125	Free cash flow[1]		278	161
(2)	(5)	Net financial expenses		(63)	(58)
(562)	(169)	Other financial items		(1,007)	(701)
(385)	(49)	Net cash flow[1]		(792)	(598)

The Group generated **free cash flow**[1] of 161 million euros in 2018, chiefly reflecting:

- EBITDA[1] of 2,410 million euros, or 12.6% of sales;
- a positive 87 million euro impact on free cash flow generation of the change in working capital, owing to the as-expected reversal in this item's contribution to free cash flow in the second half for 228 million euros;
- investment outflows of 2,025 million euros.

Accordingly the cash conversion rate[2] was 7%.

In 2018, **net cash flow**[1] amounted to a negative 598 million euros and included:

- 58 million euros in net financial expenses paid; and
- other financial items totaling 701 million euros, including a 324 million euro outflow relating to dividend payments and a 118 million euro outflow in connection with the share buyback program.

Net debt

Net debt[1] stood at 2,248 million euros at December 31, 2018, up 406 million euros compared with end December 2017, after taking into account dividend payments and the share buyback program.

The **leverage ratio** (net debt[1][3]/EBITDA) came out at 0.93x EBITDA (covenant: 3.25x EBITDA), while the **gearing ratio** (net debt[1][3]/stockholders' equity excluding non-controlling interests) stood at 49% of equity.

The average maturity of gross long-term debt stood at 4.6 years at December 31, 2018, compared with 4.8 years at December 31, 2017.

Following the application of IFRS 16 as of January 1, 2019, the Group's debt is expected to increase by between 440 million euros and 480 million euros (see page 17).

(1) See Financial Glossary, page 22.
(2) Conversion of EBITDA into free cash flow.
(3) Figures presented in accordance with IFRS 9.

Upcoming events

First-quarter 2019 sales: April 25, 2019

2018 highlights

- Strategic partnerships signed with Baidu (autonomous vehicles), Docomo (connected vehicles) and WABCO (passenger vehicles).
- Biggest filer of patents with the Institut National de la Propriété Intellectuelle in France for the second year running (1,110 patents published).
- Presentation of the world's first all-electric urban prototype powered by a low-voltage 48V motor.
- World's first test of an autonomous vehicle, in the streets of Paris, fitted exclusively with series-produced sensors.
- Valeo awarded the CAC Large 60 Grand Prix for Transparency.
- Valeo ranked third in Corporate Knights' list of the world's 100 most sustainable companies in 2018, and first in the automotive industry.

Impacts of IFRS 16

Standards, amendments and interpretations	**IFRS 16 – Leases** Effective as of January 1, 2019
Presentation and general principles	On January 13, 2016, the IASB published IFRS 16 – "Leases". IFRS 16 will replace IAS 17 and the related IFRIC and SIC interpretations. IFRS 16 introduces major changes in the principles for measuring, recognizing and presenting leases in the financial statements of lessees. As of January 1, 2019, IFRS 16 requires lessees to recognize most leases using a single accounting model, i.e., the same model as that used to recognize finance leases under IAS 17. The lessee will recognize: ▪ a non-current asset representing its right to use the leased asset, in the consolidated statement of financial position; ▪ a financial liability representing its obligation to pay for the right to use the asset, in the consolidated statement of financial position; ▪ amortization of the right-of-use asset and interest expenses on the lease liability, in the consolidated statement of income.
Impacts for the Group	The Group is currently finalizing its assessment of the impact of applying IFRS 16 on its consolidated financial statements, based on the leases identified and an analysis of their main terms and conditions. Valeo has lease contracts for land and buildings (production facilities, warehouses and offices) which are currently accounted for as operating leases and for which it will be required to recognize a right-of-use asset under IFRS 16. The main measures included in IFRS 16 to simplify application and adopted by the Group are: ▪ exclusion of short-term leases; ▪ exclusion of leases of low-value assets. The potential impact at the transition date on the 2019 consolidated financial statements, based on the budget and on the lease contracts in force at the transition date, are as follows:

Item	Nature of impact	Estimated amount
Property, plant and equipment	Increase	440 million euros – 480 million euros
Lease liabilities/Net debt	Increase	440 million euros – 480 million euros
2019 EBITDA(1)	Improvement	0.4 to 0.5 percentage points
2019 financial income and expenses(1)	Deterioration	Additional financial expense of around 20 million euros
2019 net income before taxes(1)	-	Minimal

(1) Estimated cumulative impact at end-December 2019 of contracts restated as part of the January 1, 2019 transition to IFRS 16, based on the 2019 budget.

The above data are indicative and the actual amounts may differ after the transition options have been finalized and IFRS 16 has been adopted or due to the new leases that may be signed during 2019.

A reconciliation of future minimum lease payments on operating leases under IAS 17 with estimated lease liabilities that will be recognized by the Group under IFRS 16 is presented in Note 6.5.

Application by the Group	Valeo will apply IFRS 16 using the modified retrospective approach. This simplified approach does not require restatement of financial statements published before the date IFRS 16 is first applied. Within the scope of its transition to IFRS 16, the Group has elected the following main options to simplify application: ▪ exclusion of leases with a residual term of 12 months or less at the transition date, along with leases of low-value assets; ▪ application of IFRS 16 only to contracts previously identified as leases; ▪ use of the initial lease term to determine the discount rate at the transition date; ▪ exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Impacts 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 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 521 million euro reduction in original equipment sales for 2018 (425 million euros for 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 384 million euros for 2018 (359 million euros for 2017).

Sales by type (in millions of euros)

Before IFRS 15 (in millions of euros)	Fourth-quarter				Second-half				Full-year			
	2018*	2017	LFL change**	Reported change	2018*	2017	LFL change**	Reported change	2018*	2017	LFL change**	Reported change
Original equipment	4,135	4,134	-3%	0%	8,039	7,885	-2%	+2%	16,667	16,120	0%	+3%
Aftermarket	487	478	+1%	+2%	969	924	+2%	+5%	2,010	1,887	+4%	+7%
Miscellaneous	212	173	+28%	+23%	314	277	+16%	+13%	584	543	+7%	+8%
TOTAL	**4,834**	**4,785**	**-2%**	**+1%**	**9,322**	**9,086**	**-1%**	**+3%**	**19,261**	**18,550**	**+1%**	**+4%**

** 2018 data are presented in accordance with the same accounting principles as those used in the 2017 consolidated financial statements published in February 2018, i.e., before the application of IFRS 15 (unaudited data).*
*** Like for like (constant Group structure and exchange rates) (1).*

Under IFRS 15 (in millions of euros)	Fourth-quarter				Second-half				Full-year			
	2018	2017*	LFL change**	Reported change	2018	2017*	LFL change**	Reported change	2018	2017*	LFL change**	Reported change
Original equipment	3,990	4,020	-4%	-1%	7,771	7,668	-3%	+1%	16,146	15,695	0%	+3%
Aftermarket	487	478	+1%	+2%	969	924	+2%	+5%	2,010	1,887	+4%	+7%
Miscellaneous	350	284	+26%	+23%	521	459	+15%	+14%	968	902	+7%	+7%
TOTAL	**4,827**	**4,782**	**-2%**	**+1%**	**9,261**	**9,051**	**-2%**	**+2%**	**19,124**	**18,484**	**0%**	**+4%**

** 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018, since they have been adjusted to reflect the impact of applying IFRS 15.*
*** Like for like (constant Group structure and exchange rates) (1).*

Impact of IFRS 15 (in millions of euros)	Fourth-quarter				Second-half				Full-year			
	2018	2017	LFL change*	Reported change	2018	2017	LFL change*	Reported change	2018	2017	LFL change*	Reported change
Original equipment	-145	-114	-1 pt	-1 pt	-268	-217	-1 pt	-1 pt	-521	-425	0 pts	0 pts
Aftermarket	0	0	0 pts	0 pts	0	0	0 pts	0 pts	0	0	0 pts	0 pts
Miscellaneous	138	111	-2 pts	0 pts	207	182	-1 pt	+1 pt	384	359	0 pts	-1 pt
TOTAL	**-7**	**-3**	**0 pts**	**0 pts**	**-61**	**-35**	**-1 pt**	**-1 pt**	**-137**	**-66**	**-1 pt**	**0 pts**

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

(1) See Financial Glossary, page 22.

Original equipment sales by destination region (in millions of euros)

Before IFRS 15 (in millions of euros)	**Fourth-quarter**			**Second-half**			**Full-year**		
	2018*	**2017**	**LFL change****	**2018***	**2017**	**LFL change****	**2018***	**2017**	**LFL change****
Europe & Africa	1,830	1,904	-5%	3,550	3,630	-4%	7,702	7,550	0%
Asia, Middle East & Oceania	1,367	1,384	-8%	2,651	2,584	-6%	5,313	4,965	-1%
▪ *of which China*	*571*	*702*	*-21%*	*1,086*	*1,259*	*-16%*	*2,224*	*2,371*	*-8%*
▪ *excluding China*	*796*	*682*	*+6%*	*1,565*	*1,325*	*+4%*	*3,089*	*2,594*	*+6%*
North America	855	751	+8%	1,660	1,483	+6%	3,275	3,235	+2%
South America	83	95	-5%	178	188	+8%	377	370	+15%
TOTAL	**4,135**	**4,134**	**-3%**	**8,039**	**7,885**	**-2%**	**16,667**	**16,120**	**0%**

** 2018 data are presented in accordance with the same accounting principles as those used in the 2017 consolidated financial statements published in February 2018, i.e., before the application of IFRS 15 (unaudited data).*
*** Like for like (constant Group structure and exchange rates) (1) .*

Under IFRS 15 (in millions of euros)	**Fourth-quarter**			**Second-half**			**Full-year**		
	2018	**2017***	**LFL change****	**2018**	**2017***	**LFL change****	**2018**	**2017***	**LFL change****
Europe & Africa	1,819	1,898	-5%	3,528	3,614	-4%	7,660	7,514	0%
Asia, Middle East & Oceania	1,317	1,344	-9%	2,563	2,511	-7%	5,146	4,849	-2%
▪ *of which China*	*537*	*668*	*-22%*	*1,025*	*1,194*	*-17%*	*2,101*	*2,268*	*-10%*
▪ *excluding China*	*780*	*676*	*+4%*	*1,538*	*1,317*	*+2%*	*3,045*	*2,581*	*+4%*
North America	771	683	+7%	1,502	1,355	+5%	2,964	2,962	+1%
South America	83	95	-6%	178	188	+7%	376	370	+15%
TOTAL	**3,990**	**4,020**	**-4%**	**7,771**	**7,668**	**-3%**	**16,146**	**15,695**	**0%**

** 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018, since they have been adjusted to reflect the impact of applying IFRS 15.*
*** Like for like (constant Group structure and exchange rates) (1) .*

Impact of IFRS 15 (in millions of euros)	**Fourth-quarter**			**Second-half**			**Full-year**		
	2018	**2017**	**LFL change***	**2018**	**2017**	**LFL change***	**2018**	**2017**	**LFL change***
Europe & Africa	-11	-6	0 pts	-22	-16	0 pts	-42	-36	0 pts
Asia, Middle East & Oceania	-50	-40	-1 pt	-88	-73	-1 pt	-167	-116	-1 pt
▪ *of which China*	*-34*	*-34*	*-1 pt*	*-61*	*-65*	*-1 pt*	*-123*	*-103*	*-2 pts*
▪ *excluding China*	*-16*	*-6*	*-2 pts*	*-27*	*-8*	*-2 pts*	*-44*	*-13*	*-2 pts*
North America	-84	-68	-1 pt	-158	-128	-1 pt	-311	-273	-1 pt
South America	0	0	-1 pt	0	0	+1 pt	-1	0	0 pts
TOTAL	**-145**	**-114**	**-1 pt**	**-268**	**-217**	**-1 pt**	**-521**	**-425**	**0 pts**

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

(1) See Financial Glossary, page 22.

Sales by Business Group including intersegment sales (in millions of euros)

Before IFRS 15 (in millions of euros)	**Fourth-quarter**				**Second-half**				**Full-year**			
	2018*	**2017**	**Change in sales**	**Change in OE sales****	**2018***	**2017**	**Change in sales**	**Change in OE sales****	**2018***	**2017**	**Change in sales**	**Change in OE sales****
Comfort & Driving Assistance Systems	917	894	+3%	+2%	1,797	1,753	+3%	+2%	3,638	3,590	+1%	+3%
Powertrain Systems	1,247	1,174	+6%	-5%	2,426	2,137	+14%	-3%	5,059	4,300	+18%	0%
Thermal Systems	1,268	1,252	+1%	-2%	2,448	2,409	+2%	0%	4,996	5,003	0%	+1%
Visibility Systems	1,433	1,500	-5%	-7%	2,715	2,855	-5%	-6%	5,703	5,808	-2%	-2%
GROUP	**4,834**	**4,785**	**+1%**	**-3%**	**9,322**	**9,086**	**+3%**	**-2%**	**19,261**	**18,550**	**+4%**	**0%**

** 2018 data are presented in accordance with the same accounting principles as those used in the 2017 consolidated financial statements published in February 2018, i.e., before the application of IFRS 15 (unaudited data).*

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

Under IFRS 15 (in millions of euros)	**Fourth-quarter**				**Second-half**				**Full-year**			
	2018	**2017***	**Change in sales**	**Change in OE sales****	**2018**	**2017***	**Change in sales**	**Change in OE sales****	**2018**	**2017***	**Change in sales**	**Change in OE sales****
Comfort & Driving Assistance Systems	962	932	+3%	+2%	1,867	1,810	+3%	+2%	3,766	3,699	+2%	+3%
Powertrain Systems	1,287	1,193	+8%	-5%	2,477	2,166	+14%	-3%	5,141	4,354	+18%	0%
Thermal Systems	1,152	1,166	-1%	-5%	2,228	2,236	0%	-3%	4,569	4,661	-2%	-1%
Visibility Systems	1,457	1,526	-5%	-7%	2,753	2,907	-5%	-6%	5,783	5,921	-2%	-2%
GROUP	**4,827**	**4,782**	**+1%**	**-4%**	**9,261**	**9,051**	**+2%**	**-3%**	**19,124**	**18,484**	**+4%**	**0%**

** 2017 data differ from the data presented in the 2017 consolidated financial statements published in February 2018, since they have been adjusted to reflect the impact of applying IFRS 15.*

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

Impact of IFRS 15 (in millions of euros)	**Fourth-quarter**				**Second-half**				**Full-year**			
	2018	**2017**	**Change in sales**	**Change in OE sales***	**2018**	**2017**	**Change in sales**	**Change in OE sales***	**2018**	**2017**	**Change in sales**	**Change in OE sales***
Comfort & Driving Assistance Systems	45	38	0 pts	0 pts	70	57	0 pts	0 pts	128	109	+1 pt	0 pts
Powertrain Systems	40	19	+2 pts	0 pts	51	29	0 pts	0 pts	82	54	0 pts	0 pts
Thermal Systems	-116	-86	-2 pts	-3 pts	-220	-173	-3 pts	-3 pts	-427	-342	-2 pts	-2 pts
Visibility Systems	24	26	0 pts	0 pts	38	52	0 pts	0 pts	80	113	0 pts	0 pts
GROUP	**-7**	**-3**	**0 pts**	**-1 pt**	**-61**	**-35**	**-1 pt**	**-1 pt**	**-137**	**-66**	**0 pts**	**0 pts**

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

(1) See Financial Glossary, page 22.

Financial Glossary

- **Order intake** corresponds to business awarded by automakers during the period to Valeo, and to joint ventures based on Valeo's share in net equity (except Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. *Unaudited indicator.*
- **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.
- **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.
- **Net attributable income excluding non-recurring items** corresponds to net attributable income adjusted for "other income and expenses" net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.
- **ROCE,** or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies), excluding goodwill.
- **ROA**, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.
- **EBITDA** corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.
- **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.
- **Net cash flow** corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in non-recurring sales of receivables.
- **Net debt** comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

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 CO_2 emissions and to the development of intuitive driving. In 2018, the Group generated sales of 19.3 billion euros and invested 13% of its original equipment sales in Research and Development. At December 31, 2018, Valeo had 186 plants, 21 research centers, 38 development centers and 15 distribution platforms, and employed 113,600 people in 33 countries worldwide. Valeo is listed on the Paris stock exchange and is a member of the CAC 40 index.

VALEO
43 rue Bayen, 75017 Paris
www.valeo.com

Media Relations
+33 (0)1 40 55 29 72 | +33 (0)1 40 55 21 20
press-contact.mailbox@valeo.com

Investor Relations
valeo@relations-investisseurs.com