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Sales up 10% on a like-for-like basis to 3,917 million euros

Original equipment sales jumped 10% on a like-for-like basis, beating global automotive production by 9 percentage points

Jacques Aschenbroich, Chairman and Chief Executive Officer of Valeo (Euronext: FR), commented: *"The 10% like-for-like increase in consolidated sales in the first quarter confirms Valeo's growth momentum. Like-for-like original equipment sales growth accelerated – also to 10% – outpacing the market in all production regions. Growth is expected to continue at around this magnitude throughout the second quarter. We are also delighted to have welcomed onboard the peiker and Spheros teams during the first quarter of the year, as well as announcing a new joint venture with Siemens in high-voltage powertrains. The know-how of these leading companies will enable Valeo to strengthen its expertise and technological positioning in high-growth markets."*

First-quarter 2016

- **Consolidated sales of 3,917 million euros**, up 10% on a like-for-like basis (up 9.4% on a reported basis).
- **Original equipment sales** up 10% on a like-for-like basis (also up 10% on a reported basis), outpacing global automotive production by 9 percentage points:
 - Europe: up 11%⁽¹⁾, 10 percentage points higher than automotive production
 - China: up 13%⁽¹⁾, 9 percentage points higher than automotive production
 - Asia excluding China: up 9%⁽¹⁾, 10 percentage points higher than automotive production
 - North America: up 11%⁽¹⁾, 6 percentage points higher than automotive production
 - South America: down 12%⁽¹⁾, compared to the 25% slump in automotive production
- **Aftermarket sales** up 6% on a like-for-like basis (up 3% on a reported basis)

2016 outlook

Based on the following assumptions:

- an increase in global automotive production of around 2.5%, including:
 - around 2% in Europe,
 - around 5% in China,
 - around 2% in North America;
- raw material prices and exchange rates in line with current levels;

Valeo confirms its objectives for 2016:

- strong sales growth, outperforming the market in the main production regions, including China;
- a slight increase in operating margin⁽²⁾ (as a percentage of sales), despite the increase in net R&D expenditure to fuel the Group's future growth in CO₂ emissions reduction and intuitive driving.

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

² Including share in net earnings of equity-accounted companies, see Financial Glossary, page 7.

Paris, France, April 26, 2016 – Following the meeting of its Board of Directors today, Valeo released its sales figures for the first quarter of 2016:

Automotive production up 1% in first-quarter 2016

Automotive production expanded by 1% year on year in the first quarter of 2016, benefiting from:

- growth in North America (up 5%) and Europe excluding Russia (up 3%); and
- continued expansion in Asia (up 1%), driven by production momentum in China (up 4%).

However, production in South America continued its sharp decline (down 25%).

Automotive production (year-on-year change)

	First-quarter 2016*
TOTAL	+1%
Europe and Africa	+1%
excluding Russia	+3%
Asia, Middle East & Oceania	+1%
of which China	+4%
excluding China	-1%
North America	+5%
South America	-25%

* LMC automotive production estimates

Sales up 10% like for like (up 9.4% on a reported basis)

Sales for the first quarter advanced 10% like for like (up 9.4% on a reported basis) to 3,917 million euros.

Changes in exchange rates during the period had a negative 1% impact.

Changes in Group structure had a positive 1% impact on sales for the period, with peiker (acquired end-February 2016) contributing 31 million euros to consolidated sales in the first quarter of the year.

Sales (in €m)

	As a % of Q1 2016 sales	First-quarter*			
		2015	2016	Change	LFL change* *
Total	100%	3,581	3,917	+9%	+10%
of which:					
Original equipment	88%	3,113	3,437	+10%	+10%
Aftermarket	10%	400	411	+3%	+6%
Miscellaneous	2%	68	69	+2%	+3%

* Unaudited

** Like for like

Original equipment sales came out at 3,437 million euros (88% of total sales), up 10% on a like-for-like basis. This performance reflects the gradual entry into production of the high order intake recorded by the Group over the last few years.

Aftermarket sales (10% of total sales) rose by 6% over the period on a like-for-like basis.

Miscellaneous sales (2% of total sales), mainly consisting of tooling revenues related to the launch of new projects, increased by 3% like for like (up 2% on a reported basis).



Original equipment sales jumped 10% on a like-for-like basis, beating global automotive production by 9 percentage points

Valeo delivered market-beating growth driven by:

- an improved product mix resulting from technological innovations for CO₂ emissions reduction and intuitive driving;
- its balanced customer and geographic positioning.

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

	First-quarter*			
	2015	2016	LFL change	Difference vs. market**
TOTAL	3,113	3,437	+10%	+9 pts
Europe & Africa	1,542	1,734	+11%	+10 pts
Asia, Middle East & Oceania	814	885	+11%	+10 pts
China	409	451	+13%	+9 pts
excluding China	405	434	+9%	+10 pts
North America	674	762	+11%	+6 pts
South America	83	56	-12%	+13 pts

* Unaudited

** Based on LMC automotive production estimates

The Group grew faster than the market across all automotive production regions:

- in **Europe** (including Africa), like-for-like original equipment sales advanced 10%, lifted by an attractive portfolio of products with high technological value, a favorable customer mix and the Group's limited presence in Russia, outpacing automotive production by 9 percentage points;
- in **China**, like-for-like original equipment sales advanced 13%, beating automotive production by 9 percentage points;
- in **Asia excluding China**, like-for-like original equipment sales climbed 9%, outperforming automotive production by 10 percentage points;
- in **North America**, like-for-like original equipment sales were up 11%, beating automotive production by 6 percentage points;
- in **South America**, like-for-like original equipment sales were down 12%, compared to the 25% slump in automotive production.



Valeo is benefiting from the geographical alignment of its businesses...

Changes in sales produced by Valeo in the different production regions reflect in particular movements in exchange rates.

During the first quarter of 2016:

- the share of original equipment sales produced in Western Europe remained stable at 35%;
- the share of original equipment sales produced in Asia remained stable at 26%;
- the share of original equipment sales produced in North America remained stable at 22%;
- the share of original equipment sales produced in South America decreased by 1 percentage point to 1%.

...and continues to maintain a balanced, diverse customer portfolio

During the first quarter of 2016:

- German customers accounted for 30% of original equipment sales, up 1 percentage point;
- Asian customers accounted for 26% of original equipment sales, up 1 percentage point;
- US customers accounted for 23% of original equipment sales, stable year on year;
- French customers accounted for 16% of original equipment sales, down 1 percentage point on the same year-ago period.

Above-market performances for all four Business Groups, with especially strong growth in Comfort & Driving Assistance Systems and Visibility Systems

As is the case for the consolidated 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**			
	2015	2016	Change in sales	Change in OE sales***
Comfort & Driving Assistance	657	794	+21%****	+17%
Powertrain	948	983	+4%	+6%
Thermal	1,007	1,063	+6%	+7%
Visibility	1,022	1,119	+10%	+13%

* Including intersegment sales

* Unaudited

*** Constant Group structure and exchange rates

**** Including peiker

Growth in original equipment sales outperformed automotive production in all Business Groups.

During the first quarter of 2016:

- Like-for-like original equipment sales for the **Comfort & Driving Assistance Systems** and **Visibility Systems Business Groups** increased by 17% and 13%, respectively, reflecting the market's growing interest in intuitive driving products (display screens and parking assistance, vision and radar systems) as well as for LED technology in the lighting business.
- Driven by the gradual entry into production of innovative technologies aimed at reducing CO₂ emissions (high-output alternator, dual-clutch, dampers, air intake modules, battery thermal management, etc.), like-for-like original equipment sales for the **Powertrain Systems** and **Thermal Systems Business Groups** rose 6% and 7%, respectively, outpacing growth in automotive production.

2016 outlook

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Valeo confirms its objectives for 2016:

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¹ Including share in net earnings of equity-accounted companies, see Financial Glossary, page 7.



Highlights

On March 3, 2016, Standard & Poor's upgraded Valeo's credit rating outlook from "stable" to "positive", and confirmed its long-term BBB and short-term A-2 ratings.

On March 8, 2016, the acquisition of peiker, which was announced on December 21, 2015, was confirmed further to clearance from the relevant anti-trust authorities. The acquisition will enable Valeo to broaden its range of automotive geolocation and mobile connectivity solutions and enhance its driving assistance systems.

On March 11, 2016, Valeo announced the successful placement of 600 million euros' worth of new bonds paying a fixed-rate coupon of 1.625% and maturing on March 18, 2026.

On March 31, 2016, the acquisition of Spheros, which was announced on December 23, 2015, was confirmed further to clearance from the relevant anti-trust authorities. This acquisition will allow Valeo to extend its thermal management activities to the fast-growing bus market, boosted by the development of public transportation throughout the world at a time of ever greater urbanization.

On April 18, 2016, Valeo announced its plan to form a 50-50 joint venture with Siemens dedicated to high-voltage powertrains. The joint venture will capitalize on Valeo's and Siemens' leading positions in their respective sectors, with the ultimate goal of creating a global leader in the fast-growing automotive electrification market. The two industry leaders are joining forces to offer a comprehensive and innovative range of high-voltage (above 60V) components and systems for all types of electric vehicles (hybrids, plug-in hybrids and full electric vehicles), including e-motors, onboard chargers, inverters and DC/DC converters.

Upcoming events

Annual Shareholders' Meeting: May 26, 2016

First-half 2016 results: July 26, 2016

Third-quarter 2016 sales: October 20, 2016

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 2015, the Group generated sales of 14.5 billion euros and invested over 10% of its original equipment sales in research and development. Valeo has 146 plants, 17 research centers, 35 development centers and 15 distribution platforms, and employs 82,800 people in 31 countries worldwide.

Valeo is listed on Euronext Paris and is a member of the CAC 40 index.

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For more information about the Valeo Group and its businesses, please visit our website, www.valeo.com



Financial Glossary

- **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.

Safe Harbor statement

Statements contained in this press release, which are not historical fact, constitute "Forward-Looking Statements". These statements include projections and estimates and their underlying assumptions, statements regarding plans, 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 press release, 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 anti-trust authorities as identified in the Registration Document and risks relating to legal action resulting from such investigations, 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 Valeo's Registration Document registered with the AMF on March 25, 2016 (under no. D.16-0211).

The company assumes no responsibility for any estimates made by analysts and any other information prepared by third parties which may be used in this press release. 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 press release.