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Acceleration in sales growth in the third quarter to 7% like for like, with sales of 3,449 million euros

Original equipment sales jumped 13%, up 7% on a like-for-like basis, beating global automotive production by almost 6 percentage points

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

"Our third-quarter 2015 sales performance demonstrates once again the solidity of our growth model based on technological innovation in the areas of CO₂ emissions reduction and intuitive driving, a more diverse customer portfolio and the geographic balancing of the Group's businesses. Despite the slowdown in the Chinese automotive market and the sharp tail-off in South American markets, Valeo's growth continues to outpace automotive production, with sales accelerating by 7% on a like-for-like basis in the third quarter."

Third-quarter 2015

- **Consolidated sales of 3,449 million euros**, up 12% (7% on a like-for-like basis)
- **Original equipment sales of 2,990 million euros**, up 13% (7% on a like-for-like basis), outpacing global automotive production by 6 percentage points:
 - Europe: up 13%⁽¹⁾, 8 percentage points higher than automotive production
 - China: up 1%⁽¹⁾, 6 percentage points higher than automotive production
 - Asia (excluding China): up 2%⁽¹⁾, 1 percentage point higher than automotive production
 - North America: up 3%⁽¹⁾, 3 percentage points lower than automotive production
 - South America: down 18%⁽¹⁾, 2 percentage points higher than automotive production
- **Aftermarket sales of 387 million euros**, up 6% (4% on a like-for-like basis)

2015 outlook

Based on the following assumptions:

- an increase in global automotive production⁽²⁾ of between 1% and 2%, including:
 - around 7% in Europe excluding Russia
 - between 0% and 2% in China
- raw material prices and exchange rates in line with current levels;

Valeo confirms its full-year guidance as upwardly revised on July 27, 2015:

- sales growth outperformance in the main production regions, including China;
- operating margin⁽³⁾ (as a % of sales) higher than in 2014, with a slight increase in operating margin (as a % of sales) in the second half of 2015 as compared to the first half.

¹ Constant Group structure and exchange rates.

² In line with LMC estimates.

³ Including share in net earnings of equity-accounted companies.

Paris, France, October 21, 2015 – Following the meeting of its Board of Directors today, Valeo released its sales figures for the third quarter of 2015:

Automotive production stable in third-quarter 2015

Automotive production remained stable compared with the same year-ago period, benefiting from the upturn in the European market excluding Russia (up 8%) and continued expansion in North America (up 6%), despite a decline in production in China (down 5%). Production in South America continued its sharp decline (down 20%).

Automotive production (year-on-year change)

	Third quarter 2015*	Nine months ended September 30, 2015*
TOTAL	+0.5%	+1.0%
Europe & Africa	+5%	+5%
excluding Russia	+8%	+8%
Asia, Middle East & Oceania	-2%	0%
of which China	-5%	+2%
excluding China	+1%	-1%
North America	+6%	+3%
South America	-20%	-18%

* LMC automotive production estimates.

Sales up 12%

Sales for the third quarter advanced 12% (up 7% like for like) to 3,449 million euros. Sales grew by 14% over the first nine months of the year.

Changes in exchange rates during the third quarter had a 5.9% positive impact, primarily due to the depreciation of the euro against the dollar and the yuan, representing a 7.7% positive impact over the first nine months of the year. Changes in Group structure had no impact on sales for the period.

Sales (in millions of euros)

	As a % of total sales over first nine months	Third quarter				Nine months ended September 30			
		2014	2015	Reported change	Like-for-like change*	2014	2015	Reported change	Like-for-like change*
Total	100%	3,069	3,449	+12%	+7%	9,416	10,747	+14%	+6%
of which:									
Original equipment	87%	2,644	2,990	+13%	+7%	8,076	9,306	+15%	+7%
Aftermarket	11%	366	387	+6%	+4%	1,119	1,200	+7%	+3%
Miscellaneous	2%	59	72	+22%	+15%	221	241	+9%	+5%

* Constant Group structure and exchange rates.

Original equipment sales came out at 2,990 million euros (87% of total sales), up 13% (7% like for like), representing a 15% increase over the first nine months of the year. This performance reflects the gradual entry into production of the high order intake recorded by the Group over the last few years.

Aftermarket sales (11% of total sales) rose by 6% over the period (4% like for like), representing a 7% increase over the first nine months of the year. In the third quarter, like-for-like growth in the aftermarket business improved to 4% as compared to the previous two quarters (up 1% and 3% respectively in the first and second quarters of the year). It should be noted that aftermarket sales in South Korea were adversely affected by changes in exchange rates; excluding aftermarket sales from South Korea, this item was up 5% on a like-for-like basis in the third quarter.

Miscellaneous sales (2% of total sales), mainly consisting of tooling revenues related to the launch of new projects, increased by 22% (15% like for like), representing a 9% increase over the first nine months of the year.



Original equipment sales jumped 7% like for like, beating global automotive production by 6 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 customer positioning; and
- its geographic positioning.

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

	Third quarter				Nine months ended September 30			
	2014	2015	Like-for-like change	Difference vs. market*	2014	2015	Like-for-like change	Difference vs. market*
TOTAL	2,644	2,990	+7%	+6 pts	8,076	9,306	+7%	+6 pts
Europe & Africa	1,284	1,458	+13%	+8 pts	4,118	4,576	+11%	+6 pts
Asia, Middle East & Oceania**	692	770	+2%	+4 pts	2,002	2,419	+4%	+4 pts
China**	339	377	+1%	+6 pts	954	1,226	+8%	+6 pts
Excl. China**	353	393	+2%	+1 pt	1,048	1,193	+1%	+2 pts
North America	573	701	+3%	-3 pts	1,674	2,092	+3%	+0 pts
South America	95	61	-18%	+2 pts	282	219	-15%	+3 pts

* Based on LMC automotive production estimates.

** Change in like-for-like original equipment sales of local operations.

Third-quarter sales growth outpaced automotive production by 6 percentage points:

- in **Europe** (including Africa), like-for-like original equipment sales advanced 13% on an attractive portfolio of high technological value products and a favorable customer and geographic mix, beating automotive production by 8 percentage points (6 percentage point outperformance over the first nine months of the year);
- in **China**, like-for-like original equipment sales of local operations rose 1%, outpacing automotive production by 6 percentage points (6 percentage point outperformance over the first nine months of the year);
- in **Asia (excluding China)**, like-for-like original equipment sales of local operations rose 2%, outpacing automotive production by 1 percentage point (2 percentage point outperformance over the first nine months of the year);
- in **North America**, like-for-like original equipment sales climbed 3%, coming in 3 percentage points lower than automotive production but in line with the market performance over the first nine months of the year. Performance in this region was impacted in the third quarter by the expiration of certain product programs, with new series production projects scheduled to start in the fourth quarter;
- in **South America**, like-for-like original equipment sales declined by 18%, beating automotive production by 2 percentage points (3 percentage point outperformance over the first nine months of the year).

Valeo continues to realign its businesses geographically...

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

In the first nine months of the year:

- the share of original equipment sales produced in North America increased by 2 percentage points to 22%;
- the share of original equipment sales produced in China increased by 2 percentage points to 13% of total original equipment sales;
- the share of original equipment sales produced in Western Europe decreased by 2 percentage points to 35%;
- the share of original equipment sales produced in South America decreased by 1 percentage point to 2%.

...and maintain a balanced, more diverse customer portfolio

In the first nine months of the year:

- German customers accounted for 30% of original equipment sales, stable year on year;
- Asian customers accounted for 25% of original equipment sales, down 1 percentage point;
- US customers accounted for 24% of original equipment sales, up 2 percentage points;
- French customers accounted for 15% of original equipment sales, down 1 percentage point on the same year-ago period.

Strong growth in the Comfort & Driving Assistance Systems and Powertrain Systems Business Groups and above-market growth in the two other Business Groups

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)

	Third quarter				Nine months ended September 30			
	2014	2015	Change in sales	Change in OE sales**	2014	2015	Change in sales	Change in OE sales**
Comfort & Driving Assistance Systems	573	663	+16%	+12%	1,697	1,999	+18%	+13%
Powertrain Systems	798	877	+10%	+8%	2,494	2,803	+12%	+6%
Thermal Systems	889	992	+12%	+3%	2,703	3,038	+12%	+3%
Visibility Systems	856	967	+13%	+6%	2,657	3,061	+15%	+8%

* Including intersegment sales.

** Constant Group structure and exchange rates.

Like-for-like original equipment sales for the **Comfort & Driving Assistance Systems and Powertrain Systems Business Groups** rose 12% and 8%, respectively (increases of 13% and 6%, respectively, over the first nine months of the year), reflecting the market's growing interest in intuitive driving products (display screens and parking assistance, vision and radar systems), and the gradual entry into production of innovative technologies aimed at reducing CO₂ emissions, including the Efficient Generator (EG) alternator, dual-clutch and dampers.

Driven by the increasing take-up of LED technology in the lighting business, third-quarter original equipment sales for the **Visibility Systems Business Group** came out 6% higher on a like-for-like basis (8% increase over the first nine months of the year).

The **Thermal Systems Business Group** posted market-beating original equipment sales growth of 3% on a like-for-like basis (3% for the first nine months of the year).



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Highlights

On August 28, 2015, Valeo announced that it had invested 22 million euros in Cathay Capital's Sino-French Innovation Fund. The fund is a new cross-border investment vehicle active across France, China and the United States and is dedicated to venture capital financing for innovative start-ups. The investment was made in the context of a partnership between Valeo and Cathay Capital which will allow Valeo to increase its cooperation with innovative digital start-ups in these three geographies.

Upcoming events

Full-year 2015 results: February 19, 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 2014, the Group generated sales of 12.7 billion euros and invested over 10% of its original equipment sales in research and development. Valeo has 135 plants, 16 research centers, 35 development centers and 15 distribution platforms, and employs 82,700 people in 30 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

¹ In line with LMC estimates.

² Including share in net earnings of equity-accounted companies



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 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 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 27, 2015 (under no. D.15-0220).

The company assumes no responsibility for analyses issued 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.