SMART TECHNOLOGY FOR SMARTER CARS

Sales up 22% to 4.8 billion euros

Original equipment sales jumped 13% on a like-for-like basis, beating global automotive production by 8 percentage points

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

"Our sales grew by 22% in the first quarter. This performance once again demonstrates, in line with the strategic plan presented at our Investor Day in London on February 28, 2017, the high growth potential of each of our four Business Groups, which are well placed to leverage the technological disruptions taking place in the automotive industry.
During the period we were also delighted to welcome Ichikoh's teams to Valeo. The consolidation of Ichikoh's operations will enable Valeo and our Visibility Systems Business Group to accelerate our expansion in Asia, particularly with our Japanese customers."

First-quarter 2017

- **Consolidated sales of 4,767 million euros**, up 22% (up 13% on a like-for-like basis)
  - **Original equipment sales of 4,174 million euros**, up 21%, or up 13% on a like-for-like basis representing an outperformance of 8 percentage points compared with global automotive production:
  - Europe: up 12%(1), 6 percentage points higher than automotive production
  - China: up 25%(1), 18 percentage points higher than automotive production, driven in particular by strong growth with Chinese customers, which accounted for more than 40% of sales in the country in the first quarter of the year. This pace of growth will enable the Group to double its sales in China over the next four years
  - Asia excluding China: up 6%(1), 1 percentage point higher than automotive production. After taking into account the consolidation of Ichikoh as from February 1, 2017, original equipment sales in the region were up 38%(2)
  - North America: up 11%(1), 9 percentage points higher than automotive production
  - South America: up 16%(1), 5 percentage points higher than automotive production
- **Aftermarket sales** up 19% (up 8% on a like-for-like basis)

2017 outlook

Based on the following assumptions:
- an increase in global automotive production of between 1.5% and 2%;
- raw material prices and exchange rates in line with current levels.

Valeo confirms its objectives for 2017:
- sales growth outperforming the market by more than 5 percentage points;
- a slight increase in operating margin(3) (as a % of sales and before acquisitions).

[1] Like for like (constant Group structure and exchange rates).
[2] At constant exchange rates.
[3] Including share in net earnings of equity-accounted companies, see Financial Glossary, page 6.

Paris, France, April 26, 2017 – Following the meeting of its Board of Directors today, Valeo released its sales figures for the first quarter of 2017:

Automotive production up 5% in first-quarter 2017

Automotive production rose by 5% year on year in the first quarter of 2017.

Growth in automotive production was driven by continued expansion in Asia (up 6%) driven by China (up 7%), Europe (up 6%) and North America (up 2%), as well as by an upturn in production in South America (up 11%) after several years of sharp decline.

Automotive production (year-on-year change)

	First-quarter 2017*
Europe & Africa	+6%
Asia, Middle East & Oceania	+6%
of which China	*+7%*
excluding China	*+5%*
North America	+2%
South America	+11%
TOTAL	**+5%**

** LMC automotive production estimates.*

In the first quarter of 2017, sales came in at 4.8 billion euros, up 22% (up 13% like for like)

Sales for the first quarter came in at 4,767 million euros, representing like-for-like growth of 13% (higher than the 11% growth recorded in full-year 2016).

Changes in exchange rates had a positive 2% impact during the period, primarily reflecting the appreciation of the US dollar, South Korean won and Brazilian real against the euro.

Changes in Group structure had a positive 7% impact over the first quarter (representing 286 million euros), following the acquisitions of peiker (end-February 2016), Spheros (end-March 2016) and the takeover of Ichikoh, which has been fully consolidated in Valeo's consolidated financial statements since February 1, 2017.

Sales *(in millions of euros)*

	As a % of Q1 2017 sales	First-quarter*			
		2016	2017	Change	LFL change**
Original equipment	88%	3,437	4,174	+21%	+13%
Aftermarket	10%	411	487	+19%	+8%
Miscellaneous	2%	69	106	+54%	+38%
TOTAL	**100%**	**3,917**	**4,767**	**+22%**	**+13%**

** Unaudited.*

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

Original equipment sales for first-quarter 2017 came in at 4,174 million euros, or 88% of total sales, representing like-for-like growth of 13% (higher than the 12% growth recorded in full-year 2016).

Aftermarket sales (10% of total sales) rose by 8% over the period on a like-for-like basis (higher than the 5% growth recorded in full-year 2016).

Miscellaneous sales (2% of total sales), mainly consisting of tooling revenues related to the launch of new projects, increased by 38% like for like.

In the first quarter, original equipment sales advanced by 13% like for like, outpacing global automotive production by 8 percentage points

Valeo delivered market-beating growth, driven by:

- an improved product mix resulting from technological innovations for CO_2 emissions reduction and intuitive driving;
- its balanced customer and geographic positioning.

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

	First-quarter			
	2016	**2017**	LFL change*	Outperformance**
Europe & Africa	1,734	2,001	+12%	+6 pts
Asia, Middle East & Oceania	885	1,189	+15%	+9 pts
of which China	*451*	*564*	*+25%*	*+18 pts*
excluding China	*434*	*625*	*+6%*	*+1 pt*
North America	762	895	+11%	+9 pts
South America	56	89	+16%	+5 pts
TOTAL	**3,437**	**4,174**	**+13%**	**+8 pts**

** Like for like (constant Group structure and exchange rates).*
*** Based on LMC automotive production estimates.*

In the first three months of 2017, the Group outperformed global automotive production by 8 percentage points, powered by original equipment sales growth across all production regions:

- in **Europe** (including Africa), like-for-like original equipment sales rose 12%, lifted by an attractive portfolio of high technological value products and a favorable customer mix, outpacing automotive production by 6 percentage points;
- in **China**, like-for-like original equipment sales climbed 25%, outpacing automotive production by 18 percentage points, driven in particular by market share gains with Chinese customers, which accounted for more than 40% of sales in the country in the first quarter of the year. This pace of growth will enable the Group to double its sales in China over the next four years;
- in **Asia excluding China**, like-for-like original equipment sales were up 6%, outpacing automotive production by 1 percentage point. After taking into account the consolidation of Ichikoh as from February 1, 2017, original equipment sales in the region were up 38%[1];
- in **North America**, like-for-like original equipment sales rose 11%, outpacing automotive production by 9 percentage points;
- in **South America**, like-for-like original equipment sales came in 16% higher, outpacing automotive production by 5 percentage points.

[1] At constant exchange rates.

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

Taking into account the consolidation of Ichikoh in Valeo's consolidated financial statements as of February 1, 2017, the share of original equipment sales in the four main production regions in the first quarter of 2017 was as follows:

- 48% of original equipment sales was produced in Europe (down 3 percentage points on 2016), including 32% in Western Europe (down 3 percentage points on 2016) and 16% in Central and Eastern Europe and in Africa (stable versus 2016);
- 28% was produced in Asia (up 2 percentage points on 2016);
- 22% was produced in North America (stable versus 2016);
- 2% was produced in South America (up 1 percentage point on 2016).

...and from a more diverse customer portfolio

Taking into account the consolidation of Ichikoh in Valeo's consolidated financial statements as of February 1, 2017, the share of original equipment sales among the Group's customers in the first quarter of 2017 was as follows:

- German customers accounted for 28% of original equipment sales, down 2 percentage points;
- Asian customers accounted for 32% of original equipment sales, up 6 percentage points;
- US customers accounted for 20% of original equipment sales, down 3 percentage points;
- French customers accounted for 14% of original equipment sales, down 2 percentage points.

Vigorous, above-market growth in original equipment sales across all four Business Groups

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**			
	2016	2017	Change in sales	Change in OE sales***
Comfort & Driving Assistance Systems	794	938	+18%	+10%
Powertrain Systems	983	1,105	+12%	+11%
Thermal Systems	1,063	1,312	+23%	+15%
Visibility Systems	1,119	1,458	+30%	+14%
GROUP	**3,917**	**4,767**	**+22%**	**+13%**

** Including intersegment sales.*
*** Unaudited.*
**** Like for like (constant Group structure and exchange rates).*

In the first quarter of 2017, like-for-like growth in original equipment sales outpaced automotive production in all Business Groups:

- buoyed by their attractive portfolio of technologies focused on CO_2 emissions reduction, like-for-like original equipment sales for the **Powertrain Systems** and **Thermal Systems Business Groups** grew by 11% and 15%, respectively;
- like-for-like sales for the **Comfort & Driving Assistance Systems** and **Visibility Systems Business Groups** rose 10% and 14%, respectively, reflecting the market's keen interest in intuitive driving and LED lighting technologies. First-quarter sales for the Visibility Systems Business Group, which surged 30%, include the contribution of Ichikoh, which has been fully consolidated in Valeo's consolidated financial statements since February 1, 2017.

2017 outlook

Based on the following assumptions:
- an increase in global automotive production of between 1.5% and 2%;
- raw material prices and exchange rates in line with current levels.

Valeo confirms its objectives for 2017:
- sales growth outperforming the market by more than 5 percentage points;
- a slight increase in operating margin(1) (as a % of sales and before acquisitions).

Highlights

On February 28, 2017 at Valeo's Investor Day in London, Jacques Aschenbroich, Chairman and Chief Executive Officer, Christophe Périllat, Chief Operating Officer, Robert Charvier, Chief Financial Officer, and the management teams of the four Business Groups presented Valeo's new strategic plan and financial objectives for 2021.
As the world leader in CO_2 emissions reduction and intuitive driving, Valeo is intent on continuing its R&D efforts in order to meet its customers' needs and leverage new growth opportunities for powertrain electrification, autonomous and connected vehicles, as well as new forms of mobility driven by digital technology. All four Business Groups will harness the potential stemming from these new opportunities within the automotive industry, and will undergo several waves of growth as these new technologies enter production. Valeo has solid fundamentals thanks to its diversified customer and geographic positioning with a footprint that is set to increase in high-growth potential regions, notably in Asia, which is expected to account for 37% of original equipment sales by 2021 (versus 27% in 2016).
Building on the growth in the order intake due to the success of its innovations, over the 2016-2021 period, the Group is aiming to accelerate organic growth through higher content per vehicle and a better product mix, to improve profitability and to increase free cash flow generation with, by 2021:

- sales of over 27 billion euros(2), representing average annual sales growth in excess of 10% and outperforming automotive production by more than 7 percentage points;
- operating margin(1) (as a percentage of sales) of around 9%;
- free cash flow(3) generation of 3.7 billion euros over the 2017-2021 period, twice the level recorded over the 2012-2016 period of 2 billion euros.

On March 6, 2017, Valeo entered into an agreement with an Investment Services Provider to buy back Valeo shares. The shares will be allocated to cover the implementation of any stock option purchase plans and the allotment of shares to employees as part of their involvement in the performance of the Company or pursuant to a company savings plan.

On March 8, 2017, the European Commission published its decision to fine Behr, Calsonic, Denso, Panasonic, Sanden and Valeo a total of 155 million euros for breach of European antitrust rules between 2004 and 2009 concerning supplies of air conditioning and engine cooling components to automakers. The fine handed down to Valeo amounts to 26.8 million euros. At the end of July 2011, antitrust investigations were initiated against several automotive suppliers (including Valeo), in particular by the US and European antitrust authorities.

On March 13, 2017, Valeo acquired all of the outstanding shares of gestigon, a German start-up specialized in developing 3D image processing software for the vehicle cabin.

On March 27, 2017, Valeo took first place in France's 2016 INPI industrial property institute ranking, with 994 patents published in France in 2016 versus 668 in 2015 (third place), illustrating the importance accorded to innovation in the Group's strategy, particularly its drive to reduce CO_2 emissions and develop intuitive driving.

[1] Including share in net earnings of equity-accounted companies, see Financial Glossary, page 6.
[2] Including Ichikoh, Valeo-Kapec and FTE.
[3] See Financial Glossary, page 6.

Upcoming events

Annual Shareholders' Meeting: May 23, 2017

First-half 2017 results: July 20, 2017

Third-quarter 2017 sales: October 24, 2017

Financial Glossary

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

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 2016, the Group generated sales of 16.5 billion euros and invested over 11% of its original equipment sales in Research and Development. Valeo has 166 plants, 20 research centers, 38 development centers and 15 distribution platforms, and employs 100,900 people in 32 countries worldwide. Valeo is listed on the Paris stock exchange and is a member of the CAC 40 index.

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