Press release

Sales up 16% to 9.5 billion euros

Operating margin[1] up 17% to 754 million euros, or 8.0% of sales

Net income up 20% to 506 million euros, or 5.3% of sales

Order intake[2]:

- 14.9 billion euros excluding Valeo Siemens eAutomotive, up 16%
- 3.0 billion euros for Valeo Siemens eAutomotive

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

"In line with the strategic plan presented in London on February 28, 2017, our results for the first half of 2017 confirm the growth and profitability potential of our innovations portfolio for CO_2 emissions reduction and intuitive driving.
During the first half of the year we were delighted to welcome Ichikoh's teams to Valeo. The integration of Ichikoh's operations into our Visibility Systems Business Group, which is going well, will enable us to expand our footprint in Asia, particularly with our Japanese customers.
Similarly, the initial commercial success of Valeo Siemens eAutomotive demonstrates our ability to become a leader on the high-growth electric vehicle market."

Second-quarter 2017:

- **Consolidated sales of 4,697 million euros**, up 12% (up 5% on a like-for-like basis).

First-half 2017:

- **Order intake[2] supported by technological innovations:**
  - ✓ **14.9 billion euros excluding Valeo Siemens eAutomotive,** up 16%;
  - ✓ **3.0 billion euros for Valeo Siemens eAutomotive.**
- **Consolidated sales of 9,464 million euros**, up 16% (up 9% on a like-for-like basis).
- **Original equipment sales of 8,235 million euros**, up 16% (up 9% on a like-for-like basis), outpacing global automotive production by 6 percentage points.
- **Operating margin[1]** up 17% to 754 million euros, or 8.0% of sales.
- **Net attributable income** up 20% to 506 million euros, or 5.3% of sales.
- **Free cash flow[2] generation** of 99 million euros**,** in line with the figures presented at our Investor Day on February 28, 2017.

[1] Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.
[2] See Financial Glossary, page 13.

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).

[1] Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.

Paris, France, July 20, 2017 – Following the meeting of its Board of Directors today, Valeo released its results for the first half of 2017[1]:

		H1 2016	H1 2017	Change
Order intake[2]	*(in billions of euros)*	12.8	14.9	+16%
Sales	*(in millions of euros)*	8,130	9,464	+16%/+9%*
Original equipment sales	*(in millions of euros)*	7,106	8,235	+16%/+9%*
R&D expenditure, net	*(in millions of euros)*	(485)	(582)	+20%
	(as a % of sales)	*-6.0%*	*-6.1%*	*-0.1 pts*
General and administrative expenses	*(in millions of euros)*	(260)	(305)	+17%
	(as a % of sales)	*-3.2%*	*-3.2%*	*0.0 pts*
Share in net earnings of equity-accounted companies	*(in millions of euros)*	28	29	+4%
Operating margin[3]	*(in millions of euros)*	647	754	+17%
	(as a % of sales)	*8.0%*	*8.0%*	*0.0 pts*
Net attributable income	*(in millions of euros)*	422	506	+20%
	(as a % of sales)	*5.2%*	*5.3%*	*+0.1 pts*
Basic earnings per share	*(in euros)*	1.79	2.13	+19%
Net attributable income[2] excluding non-recurring items	*(in millions of euros)*	451	514	+14%
	(as a % of sales)	*5.5%*	*5.4%*	*-0.1 pts*
Basic earnings per share excluding non-recurring items	*(in euros)*	1.91	2.16	+13%
ROCE[2]		36%	33%	*-3 pts*
ROA[2]		21%	22%	*+1 pt*
EBITDA[2]	*(in millions of euros)*	1,047**	1,215	+16%
	(as a % of sales)	*12.9%*	*12.8%*	*-0.1 pts*
Investments in property, plant and equipment and intangible assets	*(in millions of euros)*	(598)***	(834)	+39%
Free cash flow[2]	*(in millions of euros)*	339	99	-71%
Free cash flow to EBITDA ratio		32%	8%	N/A
Net debt[2]	*(in millions of euros)*	739	1,118	+51%
Gearing ratio		21%	27%	N/A

** Like-for-like (constant Group structure and exchange rates).*
*** The amount shown under this item for first-half 2016 differs from the amount presented in the consolidated financial statements for first-half 2016 published in July 2016 since it has been adjusted to reflect the new definition of EBITDA[2].*
**** The amount of investments in property, plant and equipment and intangible assets shown for first-half 2016 differs from the amount presented in the consolidated financial statements for first-half 2016 published in July 2016 since it has been adjusted to reflect the impacts of presenting government subsidies and grants on non-current assets within cash flows from investing activities.*

1 At the date of this press release, the consolidated financial statements for the six months ended June 30, 2017 have been reviewed by the Statutory Auditors.
2 See Financial Glossary, page 13.
3 Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.

Acceleration in the order intake

In first-half 2017, the order intake came in higher than in first-half 2016, confirming the Group's ability to deliver structural growth ahead of global automotive production:

- the order intake (excluding Valeo Siemens eAutomotive) jumped 16% to 14.9 billion euros, versus 12.8 billion euros in first-half 2016;
- Valeo Siemens eAutomotive recorded an order intake of 3 billion euros.

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

- 41% in Asia; China accounted for 26% of the order intake, of which 39% of orders were booked with local Chinese automakers;
- 36% in Europe (and Africa);
- 20% in North America.

The rise in the order intake during the first half was driven by innovative products (42% of new orders) and confirms the successful positioning of Valeo's new technologies and products in the CO_2 emissions reduction and intuitive driving segments.

Global automotive production growth

Automotive production rose 3% compared to the first half of 2016. After enjoying strong growth in the first quarter (up 6%), automotive production was stable in the second quarter, impacted by an unfavorable calendar effect in some regions.

Over the period as a whole, growth in automotive production was powered by continued expansion in Asia (up 4%) fueled mainly by China (up 3%) and Japan (up 7%), as well as by an upturn in production in South America (up 18%).

In Europe and North America, automotive production expanded slightly, rising 1% in the first half of the year.

Automotive production (year-on-year change)

	First-quarter 2017*	Second-quarter 2017*	First-half 2017*
Europe & Africa	+6%	-3%	+1%
Asia, Middle East & Oceania	+6%	+1%	+4%
of which China	*+7%*	*-2%*	*+3%*
excluding China	*+6%*	*+4%*	*+5%*
North America	+2%	-1%	+1%
South America	+22%	+13%	+18%
TOTAL	**+6%**	**0%**	**+3%**

** LMC automotive production estimates.*

Sales growth

Sales for first-half 2017 climbed 16% to 9,464 million euros, delivering like-for-like growth of 9% (5% in the second quarter).

Changes in exchange rates had a positive 1.3% 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 6.4% impact over the first half, following the acquisitions of peiker (end-February 2016) and Spheros (end-March 2016), as well as the takeover of Ichikoh. Ichikoh has been fully consolidated in the Group's financial statements since February 1, 2017 and contributed 419 million euros to consolidated sales in the first half of the year.

Sales *(in millions of euros)*

	As a % of H1 2017 sales	First-quarter				Second-quarter				First-half			
		2016	2017	Change	LFL change*	2016	2017	Change	LFL change*	2016	2017	Change	LFL change*
Original equipment	87%	3,437	4,174	+21%	+13%	3,669	4,061	+11%	+5%	7,106	8,235	+16%	+9%
Aftermarket	10%	411	487	+19%	+8%	434	476	+10%	+1%	845	963	+14%	+5%
Miscellaneous	3%	69	106	+54%	+38%	110	160	+46%	+21%	179	266	+49%	+27%
Total	**100%**	**3,917**	**4,767**	**+22%**	**+13%**	**4,213**	**4,697**	**+12%**	**+5%**	**8,130**	**9,464**	**+16%**	**+9%**

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

Original equipment sales for first-half 2017 came in at 8,235 million euros, or 87% of total sales, representing like-for-like growth of 9% (5% in the second quarter).

Aftermarket sales (10% of total sales) rose 5% over the period on a like-for-like basis (1% in the second quarter).

Miscellaneous sales (3% of total sales), mainly consisting of tooling revenues related to the launch of new projects, increased by 27% like for like (21% in the second quarter).

Growth in original equipment sales, outpacing global automotive production

In first-half 2017, original equipment sales grew 9% like for like, outperforming the market by 6 percentage points thanks to:

- an improved product mix resulting from technological innovations for CO_2 emissions reduction and intuitive driving;
- Valeo's favorable customer and geographic positioning.

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

	First-quarter				Second-quarter				First-half			
	2016	**2017**	LFL change*	Outperformance**	**2016**	**2017**	LFL change*	Outperformance**	**2016**	**2017**	LFL change*	Outperformance**
Europe & Africa	1,734	2,001	+12%	+6 pts	1,894	1,919	+2%	+5 pts	3,628	3,920	+7%	+6 pts
Asia, Middle East & Oceania	885	1,189	+15%	+9 pts	896	1,192	+13%	+12 pts	1,781	2,381	+14%	+10 pts
of which China	*451*	*564*	*+25%*	*+18 pts*	447	548	+23%	+25 pts	898	1,112	+24%	+21 pts
excluding China	*434*	*625*	*+6%*	*0 pts*	449	644	+3%	-1 pt	883	1,269	+4%	-1 pt
North America	762	895	+11%	+9 pts	802	857	+4%	+5 pts	1,564	1,752	+8%	+7 pts
South America	56	89	+16%	-6 pts	77	93	+9%	-4 pts	133	182	+12%	-6 pts
TOTAL	**3,437**	**4,174**	**+13%**	**+7 pts**	**3,669**	**4,061**	**+5%**	**+5 pts**	**7,106**	**8,235**	**+9%**	**+6 pts**

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

In the first six months of 2017, the Group outperformed global automotive production by 6 percentage points, powered by original equipment sales growth across all production regions:

- in **Europe** (including Africa), like-for-like original equipment sales rose 7%, lifted by an attractive portfolio of high technological value products and a favorable customer mix, outpacing automotive production by 6 percentage points (5 percentage point outperformance in the second quarter);
- in **China**, like-for-like original equipment sales rose 24%, outpacing automotive production by 21 percentage points (25 percentage point outperformance in the second quarter), driven in particular by market share gains with Chinese customers, which accounted for 39% of order intake in the country in the first half of the year;
- in **Asia excluding China**, like-for-like original equipment sales were up 4%, underperforming automotive production by 1 percentage point (1 percentage point underperformance in the second quarter). The Group's performance in the region was impacted in particular by the Group's exposure to Korean customers, given the difficult geopolitical context between China and South Korea. After taking into account the consolidation of Ichikoh as from February 1, 2017, the Group's original equipment sales in the Asia excluding China region were up 39%[1];
- in **North America**, like-for-like original equipment sales rose 8%, outpacing automotive production by 7 percentage points (5 percentage point outperformance in the second quarter);
- in **South America**, like-for-like original equipment sales advanced 12%, underperforming automotive production by 6 percentage points (4 percentage point underperformance in the second quarter).

[1] At constant exchange rates.

Balanced geographic alignment of Valeo's businesses

Taking into account the consolidation of Ichikoh in the Group's financial statements as of February 1, 2017, the share of original equipment sales in the four main production regions in the first half 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 Africa (stable versus 2016);
- 29% was produced in Asia (up 4 percentage points on 2016);
- 21% was produced in North America (down 1 percentage point on 2016);
- 2% was produced in South America (stable versus 2016).

Balanced customer portfolio

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

- German customers accounted for 28% of original equipment sales;
- Asian customers accounted for 32% of original equipment sales;
- American customers accounted for 20% of original equipment sales;
- French customers accounted for 14% of original equipment sales.

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				Second-quarter				First-half			
	2016	2017	Change in sales	Change in OE sales**	2016	2017	Change in sales	Change in OE sales**	2016	2017	Change in sales	Change in OE sales**
CDA	794	938	+18%	+10%	866	899	+4%	+4%	1,660	1,837	+11%	+7%
Powertrain	983	1,105	+12%	+11%	1,028	1,058	+3%	+1%	2,011	2,163	+8%	+6%
Thermal	1,063	1,312	+23%	+15%	1,186	1,282	+8%	+7%	2,249	2,594	+15%	+11%
Visibility	1,119	1,458	+30%	+14%	1,176	1,495	+27%	+8%	2,295	2,953	+29%	+11%
Group	**3,917**	**4,767**	**+22%**	**+13%**	**4,213**	**4,697**	**+12%**	**+5%**	**8,130**	**9,464**	**+16%**	**+9%**

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

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

- the **Powertrain Systems Business Group** reported like-for-like growth in original equipment sales of 6%. In the second quarter, its performance was impacted by its exposure to South Korean customers, given the difficult geopolitical context between China and South Korea;
- buoyed by its attractive portfolio of technologies focused on intuitive driving, like-for-like original equipment sales for the **Comfort & Driving Assistance Systems Business Group** increased 7%;
- original equipment sales for the **Thermal Systems** and **Visibility Systems Business Groups** rose 11% on a like-for-like basis, reflecting the market's keen interest in CO_2 emissions reduction and LED lighting technologies. First-half sales for the Visibility Systems Business Group, which surged 29%, include the contribution of Ichikoh, which has been fully consolidated in the Group's financial statements since February 1, 2017.

Stable operating margin following the integration of Ichikoh
(as a % of sales)

In the first half:

- **gross margin was up 18% to 18.6% of sales;**
- **operating margin(1) was up 17% to 8.0% of sales;**
- **net attributable income rose 20% to 5.3% of sales.**

The **gross margin** for first-half 2017 increased by 18% to 1,761 million euros, or 18.6% of sales (up 0.3 percentage points on first-half 2016):
- business growth (positive 0.7 point impact);
- a rise in depreciation relating to the capital investments carried out by the Group over the past few years (negative 0.4 percentage point impact);
- the consolidation of Ichikoh (negative 0.2 percentage point impact).

Valeo continued its Research and Development efforts to enhance its product portfolio amid sharp growth in the order intake and to respond to the twin challenges of powertrain electrification and intuitive and autonomous driving.
- gross Research and Development expenditure was up 24% to 945 million euros, representing over 11% of original equipment sales;
- in line with the figures presented at the Investor Day, net Research & Development expenditure rose 20% to 6.1% of sales (up 0.1 percentage points versus first-half 2016).

General and administrative expenses came out at 3.2% of sales, stable versus first-half 2016.

The share in net earnings of equity-accounted companies was 29 million euros, or 0.3% of sales, stable compared with first-half 2016.

Operating margin(1) moved up 17% to 754 million euros, or 8.0% of sales (stable versus first-half 2016, despite the takeover of Ichikoh).

Operating income(2) rose 19% to 731 million euros, or 7.7% of sales (up 0.2 percentage points on first-half 2016). Operating income includes other income and expenses representing a net expense of 23 million euros.

The cost of net debt totaled 37 million euros, down 14% on first-half 2016.

The effective tax rate came out at 20%.

Net attributable income climbed 20% to 506 million euros, or 5.3% of sales (up 0.1 percentage points on first-half 2016).

Excluding non-recurring items, net attributable income(2) jumped 14% to 514 million euros, or 5.4% of sales (down 0.1 percentage points on first-half 2016).

Return on capital employed (ROCE(2)) and **return on assets** (ROA(2)) stood at 33% and 22%, respectively.

[1] Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.
[2] See Financial Glossary, page 13.

Growth in EBITDA across all four Business Groups

In first-half 2017, consolidated EBITDA[(1)] rose 16% to 1,215 million euros, or 12.8% of sales.

EBITDA *(in millions of euros and as a % of sales)*

	First-half		
	2016*	2017	Change
Comfort & Driving Assistance Systems	239	266	+11%
	14.4%	*14.5%*	*+0.1 pts*
Powertrain Systems	256	276	+8%
	12.7%	*12.8%*	*+0.1 pts*
Thermal Systems	226	267	+18%
	10.0%	*10.3%*	*+0.3 pts*
Visibility Systems	318	392	+23%
	13.9%	*13.3%*	*-0.6 pts*
Group	**1,047**	**1,215**	**+16%**
	12.9%	***12.8%***	***-0.1 pts***

** The amount shown under this item for first-half 2016 differs from the amount presented in the consolidated financial statements for first-half 2016 published in July 2016 since it has been adjusted to reflect the new definition of EBITDA[(1)].*

Despite an increase in net Research and Development expenditure to more than 11% of sales, the **Comfort & Driving Assistance Systems Business Group's** EBITDA margin improved slightly by 0.1 percentage points compared to the same year-ago period to 14.5% of sales.

Taking into account the consolidation of Ichikoh since February 1, 2017, the **Visibility Systems Business Group** saw its EBITDA margin decrease by 0.6 percentage points to 13.3% of sales.

Against a backdrop of strong sales growth, the **Powertrain Systems** and **Thermal Systems Business Groups** saw their EBITDA margin increase by 0.1 percentage points and 0.3 percentage points year on year to 12.8% and 10.3% of sales, respectively.

[1] See Financial Glossary, page 13.

Free cash flow[1] generation

In line with the figures presented at the Investor Day, the Group generated 99 million euros in free cash flow[1] in first-half 2017, chiefly reflecting:

- a 16% increase in EBITDA[1] to 1,215 million euros;
- a rise in working capital as a result of strong growth in Asia (particularly in China), which contributed a negative 45 million euros to free cash flow;
- a significant 39% increase in investment outflows to 834 million euros on the back of a sharp increase in the order intake and in order to secure the Group's future growth;
- outflows in an amount of 87 million euros, including in particular restructuring costs and non-recurring payments relating to antitrust investigations.

(in millions of euros)	First-half 2016	First-half 2017
EBITDA[1]	1,047*	1,215
Change in operating working capital**	36	(45)
Income tax expense	(133)	(150)
Investments in property, plant and equipment and intangible assets	(598)***	(834)
Other (provisions for pensions, restructuring costs, outflows related to antitrust investigations, etc.)	(13)	(87)
Free cash flow[1]	339	99

** The amount shown under this item for first-half 2016 differs from the amount presented in the consolidated financial statements for first-half 2016 published in July 2016 since it has been adjusted to reflect the new definition of EBITDA[1].*

*** Change in working capital excluding the change in non-recurring sales of accounts and notes receivable in a negative amount of 36 million euros in first-half 2017 and a negative amount of 3 million euros in first-half 2016.*

**** The amount of investments in property, plant and equipment and intangible assets shown for first-half 2016 differs from the amount presented in the consolidated financial statements for first-half 2016 published in July 2016 since it has been adjusted to reflect the impacts of presenting government subsidies and grants on non-current assets within cash flows from investing activities.*

Net cash flow[1] amounted to a negative 407 million euros at June 30, 2017, reflecting:

- 61 million euros in net financial expenses paid; and
- other financial items totaling 445 million euros, mainly including an 86 million euro net outflow relating to changes in scope and a 306 million euro disbursement reflecting dividend payments.

Net debt

Net debt[1] stood at 1,118 million euros at June 30, 2017, up 581 million euros compared with end-December 2016, after taking into account the consolidation of Ichikoh and dividend payments.

The **leverage ratio** (net debt/EBITDA) came out at 0.48x EBITDA and the **gearing ratio** (net debt/stockholders' equity excluding non-controlling interests) stood at 27% of equity.

Following the 500 million euro bond issue maturing on January 11, 2023 which was carried out in January 2017, the average maturity of borrowings and debt fell to 5.7 years at June 30, 2017.

[1] See Financial Glossary, page 13.

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 May 12, 2017, under the Share Buyback Program as authorized by the Ordinary and Extraordinary Shareholders' Meeting of May 26, 2016, Valeo acquired 1,228,009 shares at an average price of 61.0745 euros. These 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 May 29, 2017, Valeo announced the launch of a share subscription offering reserved for employees. The offering is part of the development of Valeo's employee shareholding policy in France and abroad, which aims to involve employees in the Group's performance. Around 85,000 Group employees are eligible for the offering, which has been rolled out in 21 countries. The capital increase is scheduled for July 27, 2017.

On June 14, 2017, Valeo launched Valeo.ai, the first global research center in artificial intelligence and deep learning dedicated to automotive applications. Valeo.ai aims at being connected to the academic and scientific community and the start-up ecosystem, working closely with Valeo's application centers worldwide to co-develop innovative solutions for the automotive industry.

On June 15, 2017, Valeo and Cisco announced that they had signed a cooperation agreement to develop strategic innovations in smart mobility services. Cyber Valet Services, a unique smart parking service resulting from this collaboration, enables vehicles to park safely and autonomously, i.e., without a driver onboard, in connected car parks. The vehicle drives itself inside the car park by combining the power of automatic parking technologies (Valeo Park4U® Auto), Valeo on board telematics and secure key systems (Valeo InBlue®) with Cisco Parking Controller technologies, which equip car parks with Wi-Fi, video sensors and artificial intelligence-based solutions.

On July 12, 2017, Valeo announced the proposed divestment of its passive hydraulic actuator business (sales of 76 million euros in 2016) to Italian automotive supplier Raicam, specialized in clutch and braking systems for both the original equipment market and the replacement market, with a view to obtaining European Commission approval for the acquisition of FTE. The European Commission had expressed concerns relating to the passive hydraulic actuator market in light of its Merger Regulation. If Valeo obtains the European Commission's clearance for the acquisition of FTE Automotive, a leading producer of clutch and gear actuators, the proposed divestment could be finalized in the last quarter of 2017.

[1] Including share in net earnings of equity-accounted companies, see Financial Glossary, page 13.

Upcoming events

Third-quarter 2017 sales: October 24, 2017

Financial Glossary

- **Order intake** corresponds to business awarded by automakers during the period (including joint ventures at least 50%-owned by the Group) less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. *Unaudited indicator.*
- **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**, which 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 received 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 investments 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 Valeo's 2016 Registration Document registered with the AMF on March 24, 2017 (under no. D.17-0226).
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 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 168 plants, 20 research centers, 38 development centers and 15 distribution platforms, and at June 30, 2017, employs 102,900 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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