

Sales advance 8% in the third quarter of 2017 to 4.3 billion euros

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

"Since the start of the year, sales growth, at 14%, has outpaced automotive production by 5 percentage points on a like-for-like basis in line with our road map, which provides for an acceleration in medium-term growth. This growth is driven by the high order intake recorded over recent years, which is attributable, in particular, to our innovations in vehicle electrification and intuitive driving.

The Valeo Siemens order intake – which amounted to 5.4 billion euros over the first nine months of the year – positions us as the leading player in hybrid and electric vehicles."

Third-quarter 2017:

- **Consolidated sales of 4,301 million euros**, up 8% (up 5% on a like-for-like basis).
- **Original equipment sales of 3,751 million euros**, up 8%, or 6% on a like-for-like basis, outpacing global automotive production by 4 percentage points after taking into account the negative 1.2 percentage point impact of the tense geopolitical context between China and South Korea.
 - Europe: up 5%⁽¹⁾, 1 percentage point higher than automotive production (excluding Russia: 2 percentage points higher)
 - China: up 16%⁽¹⁾, 16 percentage points higher than automotive production
 - Asia excluding China: up 9%⁽¹⁾, 1 percentage point higher than automotive production after taking into account the negative impact of the tense geopolitical context between China and South Korea
 - North America: up 1%⁽¹⁾, 9 percentage points higher than automotive production
 - South America: up 19%⁽¹⁾, 1 percentage point lower than automotive production.
- **Aftermarket sales** up 7% (up 2% on a like-for-like basis).

In the first nine months of the year:

- **Consolidated sales of 13,765 million euros**, up 14% (up 8% on a like-for-like basis).
- **Original equipment sales of 11,986 million euros**, up 13%, or 8% on a like-for-like basis, outpacing global automotive production by 5 percentage points after taking into account the negative 1.2 percentage point impact of the tense geopolitical context between China and South Korea.
- **Aftermarket sales** up 12% (up 4% on a like-for-like basis).

Finalization of the acquisition of FTE Automotive and Valeo-Kapeç joint venture:

- Having been authorized by the European Commission, the FTE Automotive acquisition should be finalized in late October 2017, subject to approval from the Turkish antitrust authorities.
- The formation of the Valeo-Kapeç joint venture should be completed by the end of 2017, as Valeo has received clearance from the relevant antitrust authorities.

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

2017 outlook

The growth forecast for global automotive production has been revised slightly upwards to around 2%.

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) despite the increase in raw material prices and the situation in South Korea.

¹ Including share in net earnings of equity-accounted companies, see Financial Glossary, page 9.

Paris, France, October 24, 2017 – Following the meeting of its Board of Directors today, Valeo released its sales figures for the third quarter of 2017:

Global automotive production growth

Automotive production expanded by 2% year on year in the third quarter of 2017, benefiting from:

- faster growth in Europe;
- continued expansion in Asia (excluding China);
- the growth uptick in automotive production in South America.

Automotive production was stable year on year in China.

In North America, automotive production contracted.

Automotive production (year-on-year change)

	First-half*	Third-quarter*	Nine months ended September 30, 2017*
Europe and Africa	+2%	+4%	+2%
<i>excluding Russia</i>	+1%	+3%	+1%
Asia, Middle East & Oceania	+4%	+4%	+4%
<i>of which China</i>	+3%	0%	+2%
<i>excluding China</i>	+5%	+8%	+6%
North America	0%	-8%	-2%
South America	+17%	+20%	+18%
TOTAL	+3%	+2%	+3%

* LMC automotive production estimates released on October 11, 2017.

The growth forecast for global automotive production in 2017 has been raised to around 2%.

Sales growth

Sales for the first nine months of the year climbed 14%, delivering like-for-like growth of 8% (growth of 8% and 5% respectively in the third quarter, to 4,301 million euros).

The impact of changes in exchange rates during the first nine months of the year was neutral (negative 3.3% impact in the third quarter, primarily due to the appreciation of the euro against the US dollar, Chinese renminbi and Japanese yen).

Changes in Group structure had a positive 6.2% impact during the first nine months of the year (a positive 5.9% impact in the third quarter), following the takeover of Ichikoh, which has been consolidated by the Group since February 1, 2017. Ichikoh has contributed 665 million euros to consolidated sales since the start of the year (246 million euros in the third quarter).

Sales (in millions of euros)

	As a % of sales over first nine months	First-half				Third-quarter				Nine months ended September 30			
		2016	2017	Change	LFL change*	2016	2017	Change	LFL change*	2016	2017	Change	LFL change*
Original equipment	87%	7,106	8,235	+16%	+9%	3,472	3,751	+8%	+6%	10,578	11,986	+13%	+8%
Aftermarket	10%	845	963	+14%	+5%	417	446	+7%	+2%	1,262	1,409	+12%	+4%
Miscellaneous	3%	179	266	+49%	+27%	105	104	-1%	-15%	284	370	+30%	+11%
Total	100%	8,130	9,464	+16%	+9%	3,994	4,301	+8%	+5%	12,124	13,765	+14%	+8%

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

Original equipment sales for the first nine months of the year climbed 8% on a like for like basis (up 6% in the third quarter to 3,751 million euros).

Aftermarket sales rose 4% over the first nine months of the year on a like-for-like basis (up 2% in the third quarter).

Miscellaneous sales, mainly consisting of tooling revenues related to the launch of new projects, increased by 11% like for like in the first nine months of the year (down 15% in the third quarter).

Growth in original equipment sales outpacing global automotive production

In the first nine months of the year, original equipment sales grew 8% like for like, outperforming the market by 5 percentage points thanks to:

- an improved product mix resulting from technological innovations for CO₂ emissions reduction and intuitive driving;
- Valeo's favorable customer and geographic positioning.

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

	First-half				Third-quarter				Nine months ended September 30			
	2016	2017	LFL change*	Outperformance**	2016	2017	LFL change*	Outperformance**	2016	2017	LFL change*	Outperformance**
Europe & Africa	3,628	3,920	+7%	+5 pts	1,662	1,726	+5%	+1 pt	5,290	5,646	+6%	+4 pts
Asia, Middle East & Oceania	1,781	2,381	+14%	+10 pts	957	1,200	+12%	+8 pts	2,738	3,581	+13%	+9 pts
of which China	898	1,112	+24%	+21 pts	498	557	+16%	+16 pts	1,396	1,669	+21%	+19 pts
excluding China	883	1,269	+4%	-1 pt	459	643	+9%	+1 pt	1,342	1,912	+6%	0 pts
North America	1,564	1,752	+8%	+8 pts	773	732	+1%	+9 pts	2,337	2,484	+5%	+7 pts
South America	133	182	+12%	-5 pts	80	93	+19%	-1 pt	213	275	+15%	-3 pts
TOTAL	7,106	8,235	+9%	+6 pts	3,472	3,751	+6%	+4 pts	10,578	11,986	+8%	+5 pts

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

** LMC automotive production estimates released on October 11, 2017.

In the third quarter of 2017, the Group outperformed global automotive production by 4 percentage points, after taking into account the negative 1.2 percentage point impact of the tense geopolitical context between China and South Korea:

Like-for-like* original equipment sales growth	First-half 2017	Third-quarter 2017	Nine months ended September 30, 2017
Valeo Group	+9%	+6%	+8%
o/w South Korea impact	-1.3 pts	-1.2 pts	-1.2 pts

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

- in **Europe** (including Africa), like-for-like original equipment sales rose 5%, outpacing automotive production by 1 percentage point (4 percentage point outperformance over the first nine months of the year). Excluding Russia, the third-quarter outperformance was 2 percentage points;
- in **China**, like-for-like original equipment sales rose 16%, outpacing automotive production by 16 percentage points (19 percentage point outperformance over the first nine months of the year);
- in **Asia excluding China**, like-for-like original equipment sales were up 9%, outpacing automotive production by 1 percentage point (in line with automotive production during the first nine months of the year). The performance in South Korea was particularly impacted (negative impact of 19.2 percentage points in the third quarter) by its exposure to the country's customers amid the tense geopolitical context between China and South Korea;
- in **North America**, like-for-like original equipment sales rose 1%, outpacing automotive production by 9 percentage points (7 percentage point outperformance over the first nine months of the year);
- in **South America**, like-for-like original equipment sales rose 19%, trailing automotive production by 1 percentage point (3 percentage point underperformance over the first nine months of the year).

Balanced geographic alignment of Valeo's businesses

Further to 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 nine months of 2017 was as follows:

- 48% of original equipment sales was produced in Europe (down 3 percentage points year on year), including 32% in Western Europe (down 3 percentage points year on year) and 16% in Central and Eastern Europe and Africa (stable year on year);
- 29% was produced in Asia (up 3 percentage points year on year);
- 21% was produced in North America (down 1 percentage point year on year);
- 2% was produced in South America (up 1 percentage point year on year).

Balanced customer portfolio

Further to 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 nine months of 2017 was as follows:

- German customers accounted for 28% of original equipment sales (down 3 percentage points year on year);
- Asian customers accounted for 32% of original equipment sales (up 6 percentage points year on year);
- US customers accounted for 19% of original equipment sales (down 3 percentage points year on year);
- French customers (including Opel) accounted for 15% of original equipment sales (stable year on year).

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-half				Third-quarter				Nine months ended September 30			
	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	1,660	1,837	+11%	+7%	825	859	+4%	+7%	2,485	2,696	+9%	+7%
Powertrain	2,011	2,163	+8%	+6%	966	963	0%	+4%	2,977	3,126	+5%	+5%
Thermal	2,249	2,594	+15%	+11%	1,140	1,157	+2%	+7%	3,389	3,751	+11%	+10%
Visibility	2,295	2,953	+29%	+11%	1,102	1,355	+23%	+6%	3,397	4,308	+27%	+9%
Group	8,130	9,464	+16%	+9%	3,994	4,301	+8%	+6%	12,124	13,765	+14%	+8%

* Including intersegment sales.

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

In the third quarter 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 4% (5% over the first nine months of the year) after taking into account the negative 5.2 percentage point impact of the tense geopolitical context between China and South Korea (negative 5.5 percentage point impact over the first nine months of the year);
- like-for-like original equipment sales for the **Comfort & Driving Assistance Systems, Thermal Systems and Visibility Systems Business Groups** rose 7%, 7% and 6%, respectively (7%, 10% and 9% over the first nine months of the year), reflecting the market's keen interest in intuitive driving, CO₂ emissions reduction and LED lighting technologies. Third-quarter sales for the Visibility Systems Business Group, which surged 23%, include the contribution of Ichikoh, which has been consolidated in the Group's financial statements since February 1, 2017.

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Highlights

On September 5, 2017, Valeo announced the successful placement of 600 million euros' worth of new five-year bonds maturing on September 12, 2022. The issue pays a coupon of 0.375% and was placed on favorable terms.

On October 13, 2017, Valeo confirmed that it had received authorization from the European Commission and a positive opinion from the labor organizations with regard to the acquisition of German firm FTE Automotive, a leading producer of actuators. The FTE Automotive acquisition should be finalized in late October 2017, subject to approval from the Turkish antitrust authorities. The sale of the passive hydraulic actuators business to Italian automotive supplier Raicam is slated for completion in early 2018.

¹ Including share in net earnings of equity-accounted companies, see Financial Glossary, page 9.

Upcoming events

Full-year 2017 results: February 22, 2018

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 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 CO₂ 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. At September 30, 2017, Valeo has 169 plants, 20 research centers, 38 development centers and 15 distribution platforms, and employs 106,000 people in 32 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
[@Valeo_Group](https://twitter.com/Valeo_Group)
Media Relations
+33 (0)1 40 55 29 72 | +33 (0)1 40 55 21 20
press-contact.mailbox@valeo.com
Investor Relations
+33 (0)1 40 55 37 93
thierry.lacorre@valeo.com