H1 2018 RESULTS

JACQUES ASCHENBROICH – CHAIRMAN & CEO
## HIGH GROWTH POTENTIAL CONFIRMED
## INCREASE IN TOTAL ORDER INTAKE

### H1 18

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>Growth rate CAGR since 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong> (1) (excl. Valeo Siemens eAutomotive) (€bn)</td>
<td>14.9</td>
<td>14.0</td>
<td>+14%</td>
</tr>
<tr>
<td><strong>Innovative products</strong> (in % of order intake)</td>
<td>42%</td>
<td>48%</td>
<td></td>
</tr>
<tr>
<td><strong>Valeo Siemens eAutomotive</strong> (€bn)</td>
<td>3.0</td>
<td>4.7</td>
<td></td>
</tr>
<tr>
<td><strong>Valeo Siemens eAutomotive 2017 + 2018 YTD</strong> (€bn)</td>
<td>na</td>
<td>10.8</td>
<td></td>
</tr>
<tr>
<td><strong>Total order intake</strong> (€bn) (Valeo + Valeo Siemens eAutomotive)</td>
<td>17.9</td>
<td>18.7</td>
<td></td>
</tr>
</tbody>
</table>

(1) See glossary page 70
As a reminder, OEM sales growth in H1 2017 of +15% at constant exchange rates i.e. a 25% growth in 2 years
**OPERATING MARGIN (EXCL. JV & ASSOCIATES) AT 7.7% OF SALES, STABLE ON H1 2017 DESPITE STRONG INCREASE IN RAW MATERIAL PRICES**

<table>
<thead>
<tr>
<th></th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross margin (€m)</strong> (as a % of sales)</td>
<td>1,938</td>
<td>1,998</td>
<td>+3%</td>
</tr>
<tr>
<td></td>
<td>20.5%</td>
<td>20.3%</td>
<td>-20bps</td>
</tr>
<tr>
<td><strong>R&amp;D expenditure (€m)</strong> (as a % of sales)</td>
<td>761</td>
<td>774</td>
<td>+2%</td>
</tr>
<tr>
<td></td>
<td>8.1%</td>
<td>7.8%</td>
<td>-30bps</td>
</tr>
<tr>
<td><strong>SG&amp;A (€m)</strong> (as a % of sales)</td>
<td>454</td>
<td>469</td>
<td>+3%</td>
</tr>
<tr>
<td></td>
<td>4.8%</td>
<td>4.8%</td>
<td>=</td>
</tr>
<tr>
<td><strong>Operating margin excl. JV &amp; Associates (1) (€m)</strong> (as a % of sales)</td>
<td>723</td>
<td>755</td>
<td>+4%</td>
</tr>
<tr>
<td></td>
<td>7.7%</td>
<td>7.7%</td>
<td>=</td>
</tr>
<tr>
<td><strong>JV &amp; Associates (€m)</strong> (as a % of sales)</td>
<td>29</td>
<td>(28)</td>
<td>na</td>
</tr>
<tr>
<td></td>
<td>0.3%</td>
<td>(0.3%)</td>
<td>na</td>
</tr>
<tr>
<td><strong>Operating margin incl. JV &amp; Associates (1) (€m)</strong> (as a % of sales)</td>
<td>752</td>
<td>727</td>
<td>-3%</td>
</tr>
<tr>
<td></td>
<td>8.0%</td>
<td>7.4%</td>
<td>-60bps</td>
</tr>
<tr>
<td><strong>Net income (€m)</strong> (as a % of sales)</td>
<td>504</td>
<td>453</td>
<td>-10%</td>
</tr>
<tr>
<td></td>
<td>5.3%</td>
<td>4.6%</td>
<td>-70bps</td>
</tr>
</tbody>
</table>

(1) see glossary page 70
### 11% INCREASE IN EBITDA
**STRICT CONTROL OF PP&E CAPEX**

**H1 2018**

<table>
<thead>
<tr>
<th>Metric</th>
<th>H1 2017</th>
<th>H1 2018</th>
<th>Year on year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong> ((\text{€})m) (As a % of sales)</td>
<td>1,213</td>
<td>1,341</td>
<td>+11% +70bps</td>
</tr>
<tr>
<td><strong>Change in working capital</strong> ((\text{€})m)</td>
<td>(43)</td>
<td>(141)</td>
<td>na</td>
</tr>
<tr>
<td><strong>PP&amp;E CAPEX</strong> (excl. capitalized R&amp;D) ((\text{€})m)</td>
<td>616</td>
<td>641</td>
<td>+4% =</td>
</tr>
<tr>
<td><strong>Free cash flow</strong> ((\text{€})m)</td>
<td>99</td>
<td>36</td>
<td>na</td>
</tr>
<tr>
<td><strong>Cash conversion rate</strong> (FCF/EBITDA)</td>
<td>8%</td>
<td>3%</td>
<td>na</td>
</tr>
<tr>
<td><strong>Net debt</strong> ((\text{€})m)</td>
<td>1,107</td>
<td>2,291</td>
<td>+€449m vs end-2017</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>33%</td>
<td>26%</td>
<td>na</td>
</tr>
<tr>
<td><strong>ROA</strong></td>
<td>22%</td>
<td>17%</td>
<td>na</td>
</tr>
</tbody>
</table>

(1) See glossary page 70

* Change in working capital excluding the change in non-recurring sales of accounts and notes receivable (in a positive amount of 10 million euros in first-half 2018 and a negative amount of 36 million euros in first-half 2017).
OUTLOOK

Based on the following assumptions:

- an increase in global automotive production of 1.5% in 2018;
- raw material prices and exchange rates in line with current levels.

The Valeo Group has set the following objectives:

In view of uncertainties relating to the rise in raw material prices (in particular, steel and resins) and disruptions to the production of certain vehicles in Europe (mainly during the third quarter) in connection with the new Worldwide Harmonised Light Vehicle Test (WLTP):

- growth of 9% at constant exchange rates in 2018;
- like-for-like growth in original equipment sales of around 5% in H2 2018, ahead of expected double-digit growth in 2019 based on our order book;
- 2018 operating margin excluding share in net earnings of equity-accounted companies (as a % of sales) might be slightly below that of 2017 (7.8% of sales);
- free cash flow generation in line with that of 2017 (278 million euros).
VALEO SIEMENS eAUTOMOTIVE

- Valeo Siemens eAutomotive had a strong order intake of 4.7 billion euros in H1 2018 and a cumulative 10.8 billion euros at end-June 2018;

- to accommodate its fast-paced expansion going forward, Valeo Siemens eAutomotive will bear the costs required to push ahead with ongoing projects and structure its organization. Accordingly, the “Share in net earnings of equity-accounted companies” caption will have an impact of around -0.3 points on Valeo’s statement of income in 2018.

Medium-term objectives:

By 2022, Valeo Siemens eAutomotive should be delivering:

- sales of more than 2 billion euros; and

- a similar EBITDA margin (as a % of sales) to that of Valeo.
HIGH GROWTH POTENTIAL CONFIRMED

HALF-YEAR ORDER INTAKE OF €18.7bn:

- €14bn (EXCL. VALEO SIEMENS eAUTOMOTIVE), 14% CAGR SINCE H1 2013
- €4.7bn AT VALEO SIEMENS eAUTOMOTIVE, A CUMULATIVE €10.8bn AT END-JUNE
TOTAL ORDER INTAKE TO €18.7bn
INCLUDING VALEO SIEMENS eAUTOMOTIVE TO €4.7bn…
…CONFIRMING VALEO’S FUTURE CAPACITY TO OUTPERFORM AUTOMOTIVE PRODUCTION

H1 order intake**
€bn

Valeo Siemens eAutomotive
A cumulative €10.8bn order intake at end-June

Innovation fueling future organic growth
as a % of order intake**

(1) Products and technologies sold by less than 3 years excl. Valeo Siemens eAutomotive, FTE automotive & Valeo-Kapec

Full-year order intake**
€bn

** See glossary page 70 excluding Access Mechanisms between 2005 & 2013 & Valeo Siemens eAutomotive

* Reference H1 2013 → H1 2018 (excluding Valeo Siemens eAutomotive)
BOOK TO BILL AT 2.2X (INCL. VALEO SIEMENS eAUTOMOTIVE)

OEM sales of €8.6bn

<table>
<thead>
<tr>
<th>Region</th>
<th>Sales (€bn)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia excl. China</td>
<td>3.3bn</td>
<td>39%</td>
</tr>
<tr>
<td>Asia</td>
<td>2.8bn</td>
<td>33%</td>
</tr>
<tr>
<td>China</td>
<td>1.5bn</td>
<td>18%</td>
</tr>
<tr>
<td>North America</td>
<td>1.5bn</td>
<td>18%</td>
</tr>
<tr>
<td>South America</td>
<td>1.2bn</td>
<td>14%</td>
</tr>
<tr>
<td>Europe</td>
<td>4.1bn</td>
<td>48%</td>
</tr>
<tr>
<td>NA</td>
<td>1.5bn</td>
<td>17%</td>
</tr>
</tbody>
</table>

Europe incl. Valeo Siemens: €4.1bn

Order intake of €14bn

<table>
<thead>
<tr>
<th>Region</th>
<th>Intake (€bn)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia excl. China</td>
<td>6.1bn</td>
<td>44%</td>
</tr>
<tr>
<td>Asia</td>
<td>2.2bn</td>
<td>16%</td>
</tr>
<tr>
<td>China</td>
<td>3.3bn</td>
<td>30%</td>
</tr>
<tr>
<td>North America</td>
<td>1.5bn</td>
<td>11%</td>
</tr>
<tr>
<td>South America</td>
<td>1.5bn</td>
<td>11%</td>
</tr>
<tr>
<td>Europe</td>
<td>5.4bn</td>
<td>38%</td>
</tr>
<tr>
<td>NA</td>
<td>2.2bn</td>
<td>16%</td>
</tr>
</tbody>
</table>

Group: 1.6x

Incl. Valeo Siemens: 2.2x

% of H1 2018 OEM sales**

% of H1 2018 order intake**

*Order Intake/annualized OEM sales ratio
**OEM sales and order intake by destination including joint ventures out of Valeo Siemens eAutomotive
Valeo and Siemens join forces to create a global champion in innovative and affordable high-voltage components and systems for Hybrid and Electric Vehicles with a world-class portfolio, excellent customer reputation, engaged employees and solid shareholder return on investment by 2020.
STRONG POSITIONING OF VALEO SIEMENS eAUTOMOTIVE IN THE ELECTRIC MARKET

% of cumulative €10.8bn order intake at end-June 2018
Q2 2018 SALES

SALES OF €5.0bn, UP 10% AT CONSTANT EXCHANGE RATES
UP 5% LIKE FOR LIKE

OEM SALES UP 10% AT CONSTANT EXCHANGE RATES
UP 5% LIKE FOR LIKE

AFTERMARKET SALES UP 13% AT CONSTANT EXCHANGE RATES
UP 8% LIKE FOR LIKE
Q2 18 SALES UP 10% AT CONSTANT EXCHANGE RATES 
UP 5% LIKE FOR LIKE

At constant exchange rates

<table>
<thead>
<tr>
<th>Category</th>
<th>Q2 18</th>
<th>Q2 17</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEM</td>
<td>€4,353</td>
<td>€4,697</td>
<td>-7%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OEM</td>
<td>+10%</td>
<td>+5%</td>
<td>+5%</td>
</tr>
<tr>
<td>Exchange rates</td>
<td>-3.1%</td>
<td>-4.5%</td>
<td></td>
</tr>
<tr>
<td>Scope</td>
<td>+5.4%</td>
<td>+5.5%</td>
<td></td>
</tr>
<tr>
<td>Aftermarket</td>
<td>+13%</td>
<td>+9%</td>
<td>+4%</td>
</tr>
<tr>
<td>Exchange rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope</td>
<td>+5.5%</td>
<td>+5.5%</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-3%</td>
<td>-6%</td>
<td>-3%</td>
</tr>
<tr>
<td>Exchange rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope</td>
<td>+0.6%</td>
<td>+0.6%</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>+10%</td>
<td>+7%</td>
<td>+3%</td>
</tr>
<tr>
<td>Exchange rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope</td>
<td>+5.3%</td>
<td>+5.3%</td>
<td></td>
</tr>
</tbody>
</table>

Reported

Like for like

15 July 2018
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE IN LINE WITH LMC PRODUCTION

Q2 18

Like for like

19% of Valeo sales (2)
OEM sales (2) -1%

North America

Outperformance
+1pt vs LMC (3)
+2pts vs IHS (4)

48% of Valeo sales (2)
OEM sales (2) +5%

Europe (1)

Outperformance
-1pt vs LMC (3)
+1pt vs IHS (4)

18% of Valeo sales (2)
OEM sales (2) +11%

Asia (1) excl. China

Outperformance
+8pts vs LMC (3)
+8pts vs IHS (4)

13% of Valeo sales (2)
OEM sales (2) +3%

China

Outperformance
-6pts vs LMC (3)
-6pts vs IHS (4)

World

Outperformance
0pts vs LMC (3)
+1pt vs IHS (4)

16

Non-IFRS 15

(1) Europe including Africa; Asia including Middle East
(2) Valeo OEM sales by destination
(3) LMC estimates released on July 10, 2018 – light vehicle production
(4) IHS estimates released on July 16, 2018 – light vehicle production

July 25, 2018
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE IN ASIA
1-POINT OUTPERFORMANCE VS LMC PRODUCTION ESTIMATES

Q2 18

Like for like

31% of total sales\(^{(1)}\)

OEM sales\(^{(1)}\) +7%

Outperformance
- 1pt vs LMC\(^{(2)}\)
- 1pt vs IHS\(^{(3)}\)

Asia

South Korea

24% of Asian sales\(^{(1)}\)

OEM sales\(^{(1)}\) +10%

Outperformance
+10pts vs LMC\(^{(2)}\)
+9pts vs IHS\(^{(3)}\)

South Korea back to normal

China

43% of Asian sales\(^{(1)}\)

Outperformance
+3%

OEM sales\(^{(1)}\)

Outperformance
-6pts vs LMC\(^{(2)}\)
-6pts vs IHS\(^{(3)}\)

India

4% of Asian sales\(^{(1)}\)

Outperformance
+27%

OEM sales\(^{(1)}\)

Outperformance
+11pts vs LMC\(^{(2)}\)
+13pts vs IHS\(^{(3)}\)

Japan

- OEM sales\(^{(1)}\)
- 10%

Outperformance

(1) Valeo OEM sales by destination

(2) LMC estimates released on July 10, 2018 – light vehicle production

(3) IHS estimates released on July 16, 2018 – light vehicle production

July 25, 2018
Q2 2018 SALES BY BUSINESS GROUP

Total sales growth
At constant exchange rates

+5%  
+28%*  
+6%  
+5%

Total sales
In €m

Comfort & Driving Assistance: 928
Powertrain: 1,323
Thermal: 1,308
Visibility: 1,497

OEM sales growth
Like for like

+5%  
+7%  
+4%  
+4%

Total sales growth
Reported

+3%  
+25%*  
+2%  
+0%

* Including FTE automotive & Valeo-Kapec

Group
€5.0bn

% of Q2 2018 sales

CDA
18%

VIS
30%

THS
26%

PTS
26%

Non-IFRS 15

Total sales growth
 Reported

+3%  
+25%*  
+2%  
+0%

* Including FTE automotive & Valeo-Kapec
HIGH H1 SALES GROWTH

SALES OF €9.9bn, UP 9% AT CONSTANT EXCHANGE RATES
UP 3% LIKE FOR LIKE

OEM SALES UP 9% AT CONSTANT EXCHANGE RATES
UP 3% LIKE FOR LIKE, 1-POINT OUTPERFORMANCE

AFTERMARKET SALES UP 13% AT CONSTANT EXCHANGE RATES
UP 5% LIKE FOR LIKE
HIGH SALES GROWTH
UP 9% AT CONSTANT EXCHANGE RATES
UP 3% LIKE FOR LIKE

H1 18
At constant exchange rates
+9%
+10%
+9%

€m
4,917
5,022
9,939

Q1 18
Q2 18
H1 18
Like for like
+1%
+5%
+3%
Reported
+3%
+7%
+5%

Q1 17
Q2 17
H1 17
Exchange rates
4,767
4,697
9,464
-5.4%
-3.3%
-4.3%
Scope
+7.5%
+5.3%
+6.4%

Exchange rates
-4.3%
Scope
+5.3%
**HIGH OEM SALES GROWTH**
**UP 9% AT CONSTANT EXCHANGE RATES**
**UP 3% LIKE FOR LIKE**

**H1 18**

- At constant exchange rates: +8%, +10%, +9%

<table>
<thead>
<tr>
<th>€m</th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Like for like</td>
<td>+1%</td>
<td>+5%</td>
<td>+3%</td>
</tr>
<tr>
<td>Reported</td>
<td>+2%</td>
<td>+7%</td>
<td>+5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Q1 17</th>
<th>Q2 17</th>
<th>H1 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rates</td>
<td>-5.4%</td>
<td>-3.1%</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Scope</td>
<td>+7.0%</td>
<td>+5.4%</td>
<td>+6.3%</td>
</tr>
</tbody>
</table>

Non-IFRS 15
HIGH AFTERMARKET SALES GROWTH
UP 13% AT CONSTANT EXCHANGE RATES
UP 5% LIKE FOR LIKE

H1 18
At constant exchange rates
+13%

€m
Q1 18 523
Q2 18 518
H1 18 1,041

Like for like
+3%
+8%
+5%

Reported
+7%
+9%
+8%

Q1 17 487
Exchange rates -5.1%
Scope +9.6%
Q2 17 476
Exchange rates -4.5%
Scope +5.5%
H1 17 963
Exchange rates -4.8%
Scope +7.6%
North America

Outperformance
+2pts vs LMC(3)
+2pts vs IHS(4)

19% of Valeo sales(2)

-1%

OEM sales(2)

Europe(1)

Outperformance
-1pt vs LMC(3)
+1pt vs IHS(4)

48% of Valeo sales(2)

OEM sales(2)

+3%

World

Outperformance
+1pt vs LMC(3)
+1pt vs IHS(4)

OEM sales(2)

+3%

South America

Outperformance
+15pts vs LMC(3)
+13pts vs IHS(4)

2% of Valeo sales(2)

OEM sales(2)

+24%

Asia(1) excl. China

Outperformance
+4pts vs LMC(3)
+5pts vs IHS(4)

18% of Valeo sales(2)

OEM sales(2)

+7%

China

Outperformance
-3pts vs LMC(3)
-3pts vs IHS(4)

13% of Valeo sales(2)

OEM sales(2)

0%

Valeo OEM sales by destination

(1) Europe including Africa;
Asia including Middle East
(2) Valeo OEM sales by destination
(3) LMC estimates released on July 10, 2018 – light vehicle production
(4) IHS estimates released on July 16, 2018 – light vehicle production
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE IN ASIA
1-POINT OUTPERFORMANCE VS LMC PRODUCTION ESTIMATES

H1 18
Like for like

31% of total sales

Outperformance +4%

25% of Asian sales

Outperformance +8pts vs LMC(2) +7pts vs IHS(3)

22% of Asian sales

Outperformance +1pts vs LMC(2) +1pts vs IHS(3)

43% of Asian sales

Outperformance +8pts vs LMC(2) +8pts vs IHS(3)

4% of Asian sales

Outperformance -3pts vs LMC(2) -3pts vs IHS(3)

OEM Sales(1)

Outperformance +15pts vs LMC(2) +16pts vs IHS(3)

OEM sales(1)

Outperformance +0% vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +8pts vs IHS(3)

OEM sales(1)

Outperformance +8pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

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Outperformance +1pts vs IHS(3)

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Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

OEM sales(1)

Outperformance +1pts vs LMC(2)

OEM sales(1)

Outperformance +1pts vs IHS(3)

Outperformance vs LMC: 25% of Asian sales

Outperformance vs IHS: 22% of Asian sales

Outperformance vs LMC: 43% of Asian sales

Outperformance vs IHS: 4% of Asian sales

Outperformance vs LMC: 31% of total sales

Outperformance vs IHS: 22% of total sales

Source: LMC estimates released on July 10, 2018 – light vehicle production

(1) Valeo OEM sales by destination
(2) LMC estimates released on July 10, 2018 – light vehicle production
(3) IHS estimates released on July 16, 2018 – light vehicle production
BALANCED GEOGRAPHIC POSITIONING

OEM sales by production region
% of OEM sales

H1 2017

- Western Europe: 32%
- Asia excl. China: 15%
- US: 12%
- China: 13%
- Mexico: 10%
- Eastern Europe & Africa: 16%

56% in Asia & emerging countries

H1 2018

- Western Europe: 32%
- Asia excl. China: 18%
- US: 9%
- Mexico: 10%
- China: 13%
- Eastern Europe & Africa: 2%

58% in Asia & emerging countries
DIVERSE CUSTOMER PORTFOLIO

% of OEM sales

H1 2017
- German: 28%
- Asian: 31%
- American: 20%
- French: 15%
- Other: 6%

H1 2018
- German: 29%
- Asian: 33%
- American: 18%
- French: 14%
- Other: 6%

* Including Opel
** Excluding Opel
## GROWTH IN THE 4 BUSINESS GROUPS

### H1 18

<table>
<thead>
<tr>
<th>Business Group</th>
<th>H1 total sales growth</th>
<th>OEM sales growth (like for like)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>At constant exchange rates</td>
</tr>
<tr>
<td>CDA*</td>
<td>+0%</td>
<td>+3%</td>
</tr>
<tr>
<td>Powertrain</td>
<td>+22%**</td>
<td>+26%**</td>
</tr>
<tr>
<td>Thermal</td>
<td>-2%</td>
<td>+4%</td>
</tr>
<tr>
<td>Visibility</td>
<td>+1%***</td>
<td>+6%***</td>
</tr>
<tr>
<td>Group</td>
<td>+5%</td>
<td>+9%</td>
</tr>
</tbody>
</table>

* Comfort & Driving Assistance  ** Including FTE automotive & Valeo-Kapce  *** Including Ichikoh

![Non-IFRS 15](image.png)
OPERATING MARGIN EXCL. JV & ASSOCIATES STABLE DESPITE STRONG INCREASE IN RAW MATERIAL PRICES

€755M OR 7.7% OF SALES, UP 4%

JV & ASSOCIATES
€(28)M OR -0.3% OF SALES

NET INCOME
€453M OR 4.6% OF SALES, DOWN 10%
GROSS MARGIN TO €1,998M OR 20.3% OF SALES, UP 3%
RAW MATERIAL IMPACT MORE THAN OFFSET BY OPERATIONAL EFFICIENCY

As a % of sales

€1,938m  \(\rightarrow\)  +3%  \(\rightarrow\)  €1,998m

- H1 17
- Volume/inflation
- Raw material net increase
- Operational efficiency
- Fixed costs to prepare growth
- R&D sales
- Perimeter & exchange rates
- H1 18

NB: rounded figures
**STRICT CONTROL OF R&D EXPENDITURE, AT 7.8% OF SALES**

R&D expenditure
In €m and as a % of sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>R&amp;D Expenditure (€m)</th>
<th>R&amp;D Expenditure as % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 17</td>
<td>761</td>
<td>8.1%</td>
</tr>
<tr>
<td>H1 18</td>
<td>774</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

Capitalized development expenditure
In €m and as a % of sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Capitalized Expenditure (€m)</th>
<th>Capitalized Expenditure as % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 17</td>
<td>278</td>
<td>3.0%</td>
</tr>
<tr>
<td>H2 17</td>
<td>299</td>
<td>3.3%</td>
</tr>
<tr>
<td>H1 18</td>
<td>347</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Amortization and impairment
of capitalized development expenditure
(before subsidies) In €m and as a % of sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Amortization (€m)</th>
<th>Amortization as % of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 17</td>
<td>140</td>
<td>1.5%</td>
</tr>
<tr>
<td>H2 17</td>
<td>127</td>
<td>1.4%</td>
</tr>
<tr>
<td>H1 18</td>
<td>142</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

**CAPITALIZED DEVELOPMENT EXPENDITURE TO 3.5% OF SALES**
to sustain record high order intake with improving profitability
SG&A EXPENSES “STABLE” AT 4.8% OF SALES, DESPITE INCREASED PPA IN CONNECTION WITH CHANGES IN SCOPE

ON A LIKE-FOR-LIKE BASIS, SG&A AT 4.7% OF SALES

* Including PPA (Purchase Price Allocation) in selling expenses of €9m in H1 17 and of €15m in H1 18 represented by customer relationships
As a % of sales

**OPERATING MARGIN** EXCL. JV & ASSOCIATES TO €755M OR 7.7% OF SALES, UP 4%

* Rounded figures
## OPERATING MARGIN INCL. JV & ASSOCIATES TO €727M OR 7.4% OF SALES, DOWN 3%

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total sales (€m)</strong></td>
<td>9,433</td>
<td>9,863</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>1,938</td>
<td>1,998</td>
<td>+3%</td>
</tr>
<tr>
<td><em>As a % of sales</em></td>
<td>20.5%</td>
<td>20.3%</td>
<td>-20bps</td>
</tr>
<tr>
<td><strong>R&amp;D expenditure</strong></td>
<td>761</td>
<td>774</td>
<td>+2%</td>
</tr>
<tr>
<td><em>As a % of sales</em></td>
<td>8.1%</td>
<td>7.8%</td>
<td>-30bps</td>
</tr>
<tr>
<td><strong>SG&amp;A</strong></td>
<td>454</td>
<td>469</td>
<td>+3%</td>
</tr>
<tr>
<td><em>As a % of sales</em></td>
<td>4.8%</td>
<td>4.8%</td>
<td>=</td>
</tr>
<tr>
<td><strong>Operating margin excl. JV &amp; Associates</strong></td>
<td>723</td>
<td>755</td>
<td>+4%</td>
</tr>
<tr>
<td><em>As a % of sales</em></td>
<td>7.7%</td>
<td>7.7%</td>
<td>=</td>
</tr>
<tr>
<td>JV &amp; Associates</td>
<td>29</td>
<td>(28)</td>
<td>na</td>
</tr>
<tr>
<td><em>As a % of sales</em></td>
<td>(0.3%)</td>
<td>na</td>
<td></td>
</tr>
<tr>
<td><strong>Operating margin incl. JV &amp; Associates</strong></td>
<td>752</td>
<td>727</td>
<td>-3%</td>
</tr>
<tr>
<td><em>As a % of sales</em></td>
<td>8.0%</td>
<td>7.4%</td>
<td>-60bps</td>
</tr>
</tbody>
</table>

JV & Associates = €(28)m of which Valeo Siemens eAutomotive €(54)m
<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
<th>▲</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total sales (€m)</strong></td>
<td>9,433</td>
<td>9,863</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Operating margin incl. JV &amp; Associates</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>As a % of sales</td>
<td>752</td>
<td>727</td>
<td>-3%</td>
</tr>
<tr>
<td>Other income &amp; expenses</td>
<td>(23)</td>
<td>(18)</td>
<td>-22%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>(0.2%)</td>
<td>(0.2%)</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>729</td>
<td>709</td>
<td>-3%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>7.7%</td>
<td>7.2%</td>
<td>-50bps</td>
</tr>
<tr>
<td>Cost of net debt</td>
<td>(38)</td>
<td>(32)</td>
<td>-16%</td>
</tr>
<tr>
<td>Other financial income &amp; expenses</td>
<td>(25)</td>
<td>(18)</td>
<td>-28%</td>
</tr>
<tr>
<td><strong>Income before taxes</strong></td>
<td>666</td>
<td>659</td>
<td>-1%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>(129)</td>
<td>(154)</td>
<td>+19%</td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>20.3%</td>
<td>22.4%</td>
<td>+2.1pts</td>
</tr>
<tr>
<td>Non-controlling interests and other</td>
<td>(33)</td>
<td>(52)</td>
<td>+58%</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>504</td>
<td>453</td>
<td>-10%</td>
</tr>
<tr>
<td>As a % of sales</td>
<td>5.3%</td>
<td>4.6%</td>
<td>-70bps</td>
</tr>
</tbody>
</table>
EXCLUDING NON-RECURRING ITEMS, EPS DOWN 10%

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income (€m)</td>
<td>504</td>
<td>453</td>
<td>-10%</td>
</tr>
<tr>
<td>EPS</td>
<td>€2.12</td>
<td>€1.91</td>
<td>-10%</td>
</tr>
<tr>
<td>Net income (€m) (excluding non-recurring items)</td>
<td>512</td>
<td>463</td>
<td>-10%</td>
</tr>
<tr>
<td>EPS (excluding non-recurring items)</td>
<td>€2.16</td>
<td>€1.95</td>
<td>-10%</td>
</tr>
</tbody>
</table>
## ROCE AT 26% AND ROA AT 17%

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total sales</td>
<td>€9.4bn</td>
<td>€9.9bn</td>
</tr>
<tr>
<td>Operating margin*</td>
<td>8.0%</td>
<td>7.4%</td>
</tr>
<tr>
<td>ROCE</td>
<td>33%</td>
<td>26%</td>
</tr>
<tr>
<td>ROA</td>
<td>22%</td>
<td>17%</td>
</tr>
</tbody>
</table>

* Including joint ventures and associates
11% INCREASE IN EBITDA TO 13.6% OF SALES
STRICT CONTROL OF PP&E CAPEX
CHANGE IN WORKING CAPITAL TO BE REVERSED IN THE SECOND HALF OF 2018
FREE CASH FLOW GENERATION OF €36M
11% INCREASE IN EBITDA TO €1,341M OR 13.6% OF SALES, UP 0.7 PTS

In €m and as a % of sales

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>As a % of sales</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comfort &amp; Driving Assistance</td>
<td>14.1</td>
<td>14.9</td>
</tr>
<tr>
<td>Powertrain</td>
<td>12.6</td>
<td>13.9</td>
</tr>
<tr>
<td>Thermal</td>
<td>11.0</td>
<td>12.3</td>
</tr>
<tr>
<td>Visibility</td>
<td>13.0</td>
<td>12.7</td>
</tr>
<tr>
<td>Group</td>
<td>12.9</td>
<td>13.6</td>
</tr>
</tbody>
</table>
STRICT CONTROL OF PP&E CAPEX

As a % of sales

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>9.5%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Capex*</td>
<td>6.5%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Capitalized R&amp;D</td>
<td>3.0%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

In €m

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex*</td>
<td>894</td>
<td>988</td>
</tr>
<tr>
<td>Capitalized R&amp;D</td>
<td>278</td>
<td>347</td>
</tr>
</tbody>
</table>

* Excluding capitalized R&D
## FREE CASH FLOW GENERATION OF €36M

<table>
<thead>
<tr>
<th></th>
<th>H1 17</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA (€m)</strong></td>
<td>1,213</td>
<td>1,341</td>
</tr>
<tr>
<td>Change in operating working capital**</td>
<td>(43)</td>
<td>(141)</td>
</tr>
<tr>
<td>Restructuring &amp; social costs</td>
<td>(77)</td>
<td>(18)</td>
</tr>
<tr>
<td>Other operating items (incl. taxes)</td>
<td>(160)</td>
<td>(151)</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>(150)</td>
<td>(138)</td>
</tr>
<tr>
<td>Pensions</td>
<td>2</td>
<td>(1)</td>
</tr>
<tr>
<td>Cash from operating activities* (€m)</td>
<td>933</td>
<td>1,031</td>
</tr>
<tr>
<td>Capex (incl. capitalized R&amp;D)</td>
<td>(834)</td>
<td>(995)</td>
</tr>
<tr>
<td><em><em>Free cash flow</em> (€m)</em>*</td>
<td>99</td>
<td>36</td>
</tr>
<tr>
<td>Cash conversion rate</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Interest</td>
<td>(61)</td>
<td>(53)</td>
</tr>
<tr>
<td>Other financial items</td>
<td>(445)</td>
<td>(532)</td>
</tr>
<tr>
<td>Net cash flow (€m)</td>
<td>(407)</td>
<td>(549)</td>
</tr>
<tr>
<td>Net debt (€m)</td>
<td>1,107</td>
<td>2,291</td>
</tr>
</tbody>
</table>

* Excluding sale of trade receivables  ** Change in working capital excluding the change in non-recurring sales of accounts and notes receivable (in a positive amount of 10 million euros in first-half 2018 and a negative amount of 36 million euros in first-half 2017)

+11% at 13.6% of sales

To be reversed in H2 2018

Including:

- €314m in dividends paid
- €100m in share buyback
STRONG BALANCE SHEET
### Net debt to EBITDA

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>Dec 31, 2017</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt/EBITDA covenant of 3.25</td>
<td><strong>Leverage 0.48x</strong></td>
<td><strong>Leverage 0.76x</strong></td>
<td><strong>Leverage 0.90x</strong></td>
</tr>
<tr>
<td>Net debt (€m)</td>
<td>1,107</td>
<td>1,842</td>
<td>2,291</td>
</tr>
<tr>
<td>12-month rolling EBITDA (€m)</td>
<td>2,310</td>
<td>2,431</td>
<td>2,559</td>
</tr>
</tbody>
</table>

### Shareholders’ equity and net debt

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2017</th>
<th>Dec 31, 2017</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholders’ equity (€m) excluding minority interests</td>
<td><strong>Gearing 27%</strong></td>
<td><strong>Gearing 42%</strong></td>
<td><strong>Gearing 51%</strong></td>
</tr>
<tr>
<td>Net debt (€m)</td>
<td>1,107</td>
<td>1,842</td>
<td>2,291</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>LT</th>
<th>Outlook</th>
<th>ST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moody’s</td>
<td>Baa2</td>
<td>Stable</td>
<td>Prime-2</td>
</tr>
<tr>
<td>S&amp;P</td>
<td>BBB</td>
<td>Stable</td>
<td>A-2</td>
</tr>
</tbody>
</table>
DEBT MATURITY PROFILE

<table>
<thead>
<tr>
<th></th>
<th>Maturity</th>
<th>Outstanding amount</th>
<th>Coupon</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEI loan</td>
<td>Nov 2018</td>
<td>USD 25.75m</td>
<td>6M USD Libor +1.9%</td>
</tr>
<tr>
<td>Euro PP</td>
<td>Nov 2019</td>
<td>€350m</td>
<td>0%</td>
</tr>
<tr>
<td>Convertible bond</td>
<td>June 2021</td>
<td>USD 575m</td>
<td>0%</td>
</tr>
<tr>
<td>EMTN</td>
<td>Sept. 2022</td>
<td>€600m</td>
<td>0.375%</td>
</tr>
<tr>
<td>EMTN</td>
<td>January 2023</td>
<td>€500m</td>
<td>0.625%</td>
</tr>
<tr>
<td>EMTN</td>
<td>January 2024</td>
<td>€700m</td>
<td>3.25%</td>
</tr>
<tr>
<td>EMTN</td>
<td>June 2025</td>
<td>€600m</td>
<td>1.50%</td>
</tr>
<tr>
<td>EMTN</td>
<td>March 2026</td>
<td>€600m</td>
<td>1.625%</td>
</tr>
</tbody>
</table>

Average maturity: 5.0 years
BACK-UP

- IFRS 15 & IFRS 9 impact in H1 2018
- Q2 & H1 2018 Sales under IFRS 15
- Business Group information
A press release covering the impacts of the application of IFRS 15 and IFRS 9 on 2017 comparative information was published on July 17, 2018.

The press release is also available on Valeo's website:

https://www.valeo.com/fr/publications-presentations/
On July 17, 2018, Valeo reported the impacts of the application of IFRS 15 and IFRS 9 on 2017 comparative information.

The impacts of the application of IFRS 15 – “Revenue from Contracts with Customers” on first-half 2018 sales are as follows:

- the external cost of components imposed by customers, which was previously accounted for in original equipment sales, is now presented as a deduction from “Raw materials consumed”. This reclassification results in a 253 million euro reduction in sales for first-half 2018 (and 208 million euros for first-half 2017) and mainly concerns the Thermal Systems Business Group's front-end module operations;

- customer contributions to Research and Development (including prototypes), which were previously presented as a deduction from “Research and Development expenditure”, are now presented in sales under “Miscellaneous”. This reclassification to sales represents an amount of 177 million euros for first-half 2018 (and 177 million euros for first-half 2017).
## H1 2018 COMPARATIVE INFORMATION
### SALES BY TYPE

### IFRS 15

<table>
<thead>
<tr>
<th>Sales before IFRS 15 (in millions of euros)</th>
<th>As a % of H1 2018 Total</th>
<th>First-quarter</th>
<th>Second-quarter</th>
<th>First-half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>87%</td>
<td>4,275</td>
<td>4,174</td>
<td>+2%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>10%</td>
<td>523</td>
<td>481</td>
<td>+12%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>3%</td>
<td>119</td>
<td>106</td>
<td>-4%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>4,917</td>
<td>4,766</td>
<td>+3%</td>
</tr>
</tbody>
</table>

* 2018 data are presented in accordance with the same accounting principles as those used in the first-half 2017 consolidated financial statements published in July 2017 (i.e. before the application of IFRS 15 (unaudited data).

### IFRS 9

<table>
<thead>
<tr>
<th>Sales before IFRS 15 (in millions of euros)</th>
<th>As a % of H1 2018 Total</th>
<th>First-quarter</th>
<th>Second-quarter</th>
<th>First-half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>85%</td>
<td>4,154</td>
<td>4,067</td>
<td>+2%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>10%</td>
<td>523</td>
<td>481</td>
<td>+12%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5%</td>
<td>204</td>
<td>193</td>
<td>+11%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>4,861</td>
<td>4,474</td>
<td>+3%</td>
</tr>
</tbody>
</table>

* 2017 data differ from the amounts presented in the first-half 2017 consolidated financial statements published in July 2017 since they have been adjusted to reflect the impact of retrospectively applying IFRS 16.

### IMPACT

<table>
<thead>
<tr>
<th>Impact of IFRS 16</th>
<th>As a % of H1 2018 Total</th>
<th>First-quarter</th>
<th>Second-quarter</th>
<th>First-half</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original equipment</td>
<td>-2 pts</td>
<td>-121</td>
<td>-107</td>
<td>-1 pt</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>0 pts</td>
<td>0</td>
<td>0</td>
<td>0 pts</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>+2 pts</td>
<td>+63</td>
<td>+63</td>
<td>+2 pt</td>
</tr>
<tr>
<td>Total</td>
<td>0 pts</td>
<td>-38</td>
<td>-24</td>
<td>-1 pt</td>
</tr>
</tbody>
</table>
### H1 2018 COMPARATIVE INFORMATION

**ORIGINAL EQUIPMENT SALES BY REGION**

#### Before IFRS 16

<table>
<thead>
<tr>
<th>Region</th>
<th>First-quarter</th>
<th></th>
<th></th>
<th>Second-quarter</th>
<th></th>
<th></th>
<th></th>
<th>First-half</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td></td>
</tr>
<tr>
<td>Europe &amp; Africa</td>
<td>2,081</td>
<td>2,001</td>
<td>+1%</td>
<td>2,071</td>
<td>1,919</td>
<td>+5%</td>
<td>4,152</td>
<td>3,920</td>
<td>+3%</td>
<td></td>
</tr>
<tr>
<td>Asia, Middle East &amp;</td>
<td>1,230</td>
<td>1,189</td>
<td>+1%</td>
<td>1,006</td>
<td>1,132</td>
<td>+4%</td>
<td>2,060</td>
<td>2,381</td>
<td>-1%</td>
<td></td>
</tr>
<tr>
<td>Oceania</td>
<td></td>
<td></td>
<td></td>
<td>661</td>
<td>697</td>
<td>+3%</td>
<td>1,328</td>
<td>1,112</td>
<td>0%</td>
<td></td>
</tr>
<tr>
<td>Excluding China</td>
<td>740</td>
<td>820</td>
<td>-9%</td>
<td>770</td>
<td>644</td>
<td>-11%</td>
<td>1,634</td>
<td>1,292</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>790</td>
<td>809</td>
<td>+2%</td>
<td>871</td>
<td>1,156</td>
<td>-10%</td>
<td>1,662</td>
<td>1,612</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>402</td>
<td>202</td>
<td>+100%</td>
<td>315</td>
<td>353</td>
<td>-105%</td>
<td>1,176</td>
<td>1,152</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,275</strong></td>
<td><strong>4,174</strong></td>
<td>+1%</td>
<td><strong>4,355</strong></td>
<td><strong>4,061</strong></td>
<td>+4%</td>
<td><strong>8,628</strong></td>
<td><strong>8,236</strong></td>
<td>+3%</td>
<td></td>
</tr>
</tbody>
</table>

¹ 2016 data are presented in accordance with the same accounting policies as those used in the fiscal year 2017 consolidated financial statements published in July 2017. (i.e. before the application of IFRS 15).

**Under IFRS 16**

<table>
<thead>
<tr>
<th>Region</th>
<th>First-quarter</th>
<th></th>
<th></th>
<th>Second-quarter</th>
<th></th>
<th></th>
<th></th>
<th>First-half</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td></td>
</tr>
<tr>
<td>Europe &amp; Africa</td>
<td>2,072</td>
<td>1,990</td>
<td>+1%</td>
<td>2,060</td>
<td>1,910</td>
<td>+5%</td>
<td>4,132</td>
<td>3,900</td>
<td>+3%</td>
<td></td>
</tr>
<tr>
<td>Asia, Middle East &amp;</td>
<td>1,263</td>
<td>1,110</td>
<td>+12%</td>
<td>1,040</td>
<td>1,111</td>
<td>+6%</td>
<td>2,085</td>
<td>2,338</td>
<td>-12%</td>
<td></td>
</tr>
<tr>
<td>Oceania</td>
<td></td>
<td></td>
<td></td>
<td>615</td>
<td>697</td>
<td>-11%</td>
<td>1,274</td>
<td>1,074</td>
<td>-19%</td>
<td></td>
</tr>
<tr>
<td>Excluding China</td>
<td>737</td>
<td>822</td>
<td>-11%</td>
<td>770</td>
<td>644</td>
<td>-10%</td>
<td>1,452</td>
<td>1,204</td>
<td>-14%</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>711</td>
<td>621</td>
<td>+17%</td>
<td>745</td>
<td>790</td>
<td>-5%</td>
<td>1,456</td>
<td>1,392</td>
<td>-4%</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>402</td>
<td>202</td>
<td>+100%</td>
<td>315</td>
<td>353</td>
<td>-105%</td>
<td>1,182</td>
<td>1,152</td>
<td>-3%</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>4,154</strong></td>
<td><strong>4,067</strong></td>
<td>0%</td>
<td><strong>4,221</strong></td>
<td><strong>3,366</strong></td>
<td>+4%</td>
<td><strong>8,375</strong></td>
<td><strong>8,027</strong></td>
<td>+2%</td>
<td></td>
</tr>
</tbody>
</table>

² 2017 data differ from the amounts presented in the first half 2017 consolidated financial statements published in July 2017 since they have been adjusted to reflect the impact of retrospectively applying IFRS 15.

**Impact of IFRS 15**

<table>
<thead>
<tr>
<th>Region</th>
<th>First-quarter</th>
<th></th>
<th></th>
<th>Second-quarter</th>
<th></th>
<th></th>
<th></th>
<th>First-half</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td>2018¹</td>
<td>2017</td>
<td>LFL change</td>
<td></td>
</tr>
<tr>
<td>Europe &amp; Africa</td>
<td>-9</td>
<td>-11</td>
<td>0 pts</td>
<td>-11</td>
<td>-9</td>
<td>0 pts</td>
<td>-20</td>
<td>-20</td>
<td>0 pts</td>
<td></td>
</tr>
<tr>
<td>Asia, Middle East &amp;</td>
<td>-33</td>
<td>-22</td>
<td>-1 pt</td>
<td>-21</td>
<td>-21</td>
<td>-2 pt</td>
<td>-43</td>
<td>-43</td>
<td>-2 pt</td>
<td></td>
</tr>
<tr>
<td>Oceania</td>
<td>0</td>
<td>-9</td>
<td>-1 pt</td>
<td>-7</td>
<td>-12</td>
<td>-5 pt</td>
<td>-3</td>
<td>-20</td>
<td>-10 pt</td>
<td></td>
</tr>
<tr>
<td>Excluding China</td>
<td>-9</td>
<td>-14</td>
<td>-1 pt</td>
<td>-14</td>
<td>-14</td>
<td>-1 pt</td>
<td>-15</td>
<td>-15</td>
<td>-1 pt</td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>-17</td>
<td>-14</td>
<td>-1 pt</td>
<td>-14</td>
<td>-14</td>
<td>-1 pt</td>
<td>-2</td>
<td>-2</td>
<td>-1 pt</td>
<td></td>
</tr>
<tr>
<td>South America</td>
<td>0</td>
<td>0</td>
<td>0 pts</td>
<td>U</td>
<td>U</td>
<td>0 pts</td>
<td>U</td>
<td>U</td>
<td>0 pts</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>-121</strong></td>
<td><strong>-107</strong></td>
<td>-1 pt</td>
<td><strong>-132</strong></td>
<td><strong>-101</strong></td>
<td>-1 pt</td>
<td><strong>-253</strong></td>
<td><strong>-208</strong></td>
<td>-1 pt</td>
<td></td>
</tr>
</tbody>
</table>

³ Like for the constant group structure and exchange rates.
H1 2018 COMPARATIVE INFORMATION
SALES BY BUSINESS GROUP (INCLUDING INTERSEGMENT SALES)

<table>
<thead>
<tr>
<th>Business Group</th>
<th>First-quarter</th>
<th>Second-quarter</th>
<th>First-half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018*</td>
<td>2017</td>
<td>2018*</td>
</tr>
<tr>
<td>CDA</td>
<td>913</td>
<td>938</td>
<td>-3%</td>
</tr>
<tr>
<td>Powertrain</td>
<td>1,310</td>
<td>1,109</td>
<td>+19%</td>
</tr>
<tr>
<td>Thermal</td>
<td>1,240</td>
<td>1,312</td>
<td>-5%</td>
</tr>
<tr>
<td>Visibility</td>
<td>1,491</td>
<td>1,406</td>
<td>+7%</td>
</tr>
<tr>
<td>Group</td>
<td>6,737</td>
<td>5,394</td>
<td>+35%</td>
</tr>
</tbody>
</table>

* 2015 data are presented in accordance with the same accounting principles as those used in the first-half 2017 consolidated financial statements published in July 2017 i.e. before the application of IFRS 16 (unaudited data).
* Like for like constant Group structure and exchange rates**.

Under IFRS 15

<table>
<thead>
<tr>
<th></th>
<th>First-quarter</th>
<th>Second-quarter</th>
<th>First-half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018*</td>
<td>2017</td>
<td>2018*</td>
</tr>
<tr>
<td>CDA</td>
<td>938</td>
<td>902</td>
<td>-3%</td>
</tr>
<tr>
<td>Powertrain</td>
<td>1,326</td>
<td>1,111</td>
<td>+17%</td>
</tr>
<tr>
<td>Thermal</td>
<td>1,140</td>
<td>1,224</td>
<td>-7%</td>
</tr>
<tr>
<td>Visibility</td>
<td>1,514</td>
<td>1,406</td>
<td>+8%</td>
</tr>
<tr>
<td>Group</td>
<td>4,881</td>
<td>4,743</td>
<td>+3%</td>
</tr>
</tbody>
</table>

* 2017 data differ from the amounts presented in the first-half 2017 consolidated financial statements published in July 2017 since they have been adjusted to reflect the impact of retrospectively applying IFRS 16
* Like for like constant Group structure and exchange rates**.

Impact of IFRS 15

<table>
<thead>
<tr>
<th></th>
<th>First-quarter</th>
<th>Second-quarter</th>
<th>First-half</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018*</td>
<td>2017</td>
<td>2018*</td>
</tr>
<tr>
<td>CDA</td>
<td>+25</td>
<td>+24</td>
<td>0 pts</td>
</tr>
<tr>
<td>Powertrain</td>
<td>+16</td>
<td>+12</td>
<td>0 pts</td>
</tr>
<tr>
<td>Thermal</td>
<td>-110</td>
<td>-88</td>
<td>-1 pt</td>
</tr>
<tr>
<td>Visibility</td>
<td>+25</td>
<td>+23</td>
<td>0 pts</td>
</tr>
<tr>
<td>Group</td>
<td>-38</td>
<td>-24</td>
<td>0 pts</td>
</tr>
</tbody>
</table>

* Like for like constant Group structure and exchange rates**.
SALES OF €5bn, UP 9% AT CONSTANT EXCHANGE RATES
UP 4% LIKE FOR LIKE

OEM SALES UP 10% AT CONSTANT EXCHANGE RATES
UP 4% LIKE FOR LIKE

AFTERMARKET SALES UP 13% AT CONSTANT EXCHANGE RATES
UP 8% LIKE FOR LIKE
Q2 18 SALES UP 9% AT CONSTANT EXCHANGE RATES
UP 4% LIKE FOR LIKE

At constant exchange rates

€m

4,221

+10%

518

+13%

243

-2%

4,982

+9%

OEM

Aftermarket

Miscellaneous

Sales

Like for like

Reported

+4%

+7%

Q2 17 3,960

Exchange rates -3.0%

Scope +5.5%

+8%

Q2 17 476

Exchange rates -4.5%

Scope +5.5%

-2%

Q2 17 254

Exchange rates -2.8%

Scope +0.9%

+4%

Q2 17 4,690

Exchange rates -3.2%

Scope +5.3%

+9%

Q2 17 4,690

Exchange rates -3.2%

Scope +5.3%
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE
- 1-POINT OUTPERFORMANCE VS LMC PRODUCTION ESTIMATES

Q2 18

Like for like

North America

18% of Valeo sales(2)

Outperformance
0pts vs LMC(3)
+1pt vs IHS(4)

Outperformance
-2%

OEM sales(2)

South America

2% of Valeo sales(2)

Outperformance
+8pts vs LMC(3)
+8pts vs IHS(4)

OEM sales(2)

+18%

Europe(1)

49% of Valeo sales(2)

Outperformance
-1pt vs LMC(3)
+1pt vs IHS(4)

Outperformance
+5%

OEM sales(2)

World

Outperformance
-1pt vs LMC(3)
0pts vs IHS(4)

Outperformance
+4%

OEM sales(2)

Asia(1) excl. China

18% of Valeo sales(2)

Outperformance
+7pts vs LMC(3)
+7pts vs IHS(4)

Outperformance
+10%

OEM sales(2)

China

13% of Valeo sales(2)

Outperformance
-10pts vs LMC(3)
-10pts vs IHS(4)

Outperformance
-1%

OEM sales(2)

(1) Europe including Africa;
Asia including Middle East
(2) Valeo OEM sales by destination
(3) LMC estimates released on July 10, 2018 – light vehicle production
(4) IHS estimates released on July 16, 2018 – light vehicle production

54
July 25, 2018
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE IN ASIA
1-POINT OUTPERFORMANCE VS LMC PRODUCTION ESTIMATES

31% of total sales\(^{(1)}\)

**Asia**

- Outperformance -1pt vs LMC\(^{(2)}\)
- Outperformance -1pt vs IHS\(^{(3)}\)

**Japan**

- 24% of Asian sales\(^{(1)}\)
- Outperformance +8pts vs LMC\(^{(2)}\)
- Outperformance +7pts vs IHS\(^{(3)}\)

**South Korea**

- 24% of Asian sales\(^{(1)}\)
- Outperformance +16pts vs LMC\(^{(2)}\)
- Outperformance +17pts vs IHS\(^{(3)}\)

**China**

- 42% of Asian sales\(^{(1)}\)
- Outperformance -1pts vs LMC\(^{(2)}\)
- Outperformance +17pts vs IHS\(^{(3)}\)

**India**

- 4% of Asian sales\(^{(1)}\)
- Outperformance +11pts vs LMC\(^{(2)}\)
- Outperformance +13pts vs IHS\(^{(3)}\)

**OEM Sales\(^{(1)}\)**

- +5%
- +10%
- +27%

\(^{(1)}\) Valeo OEM sales by destination
\(^{(2)}\) LMC estimates released on July 10, 2018 – light vehicle production
\(^{(3)}\) IHS estimates released on July 16, 2018 – light vehicle production
Q2 2018 SALES BY BUSINESS GROUP

Total sales growth
At constant exchange rates

+6%
+28%*
+4%
+2%

Total sales
In €m

Comfort & Driving Assistance: 961
Powertrain: 1,338
Thermal: 1,201
Visibility: 1,516

OEM sales growth
Like for like
+5%
+7%
+1%
+4%

Total sales growth
Reported
+4%
+25%*
+0%
-1%

* Including FTE automotive & Valeo-Kapec
H1 2018 SALES

SALES OF €9.9bn, UP 9% AT CONSTANT EXCHANGE RATES
UP 2% LIKE FOR LIKE

OEM SALES UP 8% AT CONSTANT EXCHANGE RATES
UP 2% LIKE FOR LIKE

AFTERMARKET SALES UP 13% AT CONSTANT EXCHANGE RATES
UP 5% LIKE FOR LIKE
SALES UP 9% AT CONSTANT EXCHANGE RATES
UP 2% LIKE FOR LIKE

H1 18

At constant exchange rates

+8%

+9%

+9%

€m

4,881

4,982

9,863

Q1 18

Q2 18

H1 18

Like for like

+0%

+4%

+2%

Reported

+3%

+6%

+5%

Q1 17

Exchange rates -5.1%
Scope +7.6%

Q2 17

Exchange rates -3.2%
Scope +5.3%

H1 17

Exchange rates -4.2%
Scope +6.5%
OEM SALES UP 8% AT CONSTANT EXCHANGE RATES, UP 2% LIKE FOR LIKE

### OEM sales

<table>
<thead>
<tr>
<th></th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>4,154</td>
<td>4,221</td>
<td>8,375</td>
</tr>
</tbody>
</table>

- **+7%***
- **+10%***
- **+8%***

### Aftermarket

<table>
<thead>
<tr>
<th></th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>523</td>
<td>518</td>
<td>1,041</td>
</tr>
</tbody>
</table>

- **+13%***
- **+13%***
- **+13%***

### Miscellaneous

<table>
<thead>
<tr>
<th></th>
<th>Q1 18</th>
<th>Q2 18</th>
<th>H1 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>€m</td>
<td>204</td>
<td>243</td>
<td>447</td>
</tr>
</tbody>
</table>

- **+0%**
- **+4%**
- **+2%**

* At constant exchange rates  ** Like for like  *** Reported

*IFRS 15*
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE
IN LINE WITH LMC PRODUCTION ESTIMATES

H1 18
Like for like

North America
18% of Valeo sales\(^2\)
OEM sales\(^2\) -3%
Outperformance 0pts vs LMC\(^3\)
0pts vs IHS\(^4\)

South America
2% of Valeo sales\(^2\)
OEM sales\(^2\) +23%
Outperformance +14pts vs LMC\(^3\)
+12pts vs IHS\(^4\)

Europe\(^1\)
49% of Valeo sales\(^2\)
Outperformance -1pt vs LMC\(^3\)
+1pt vs IHS\(^4\)

Asia\(^1\) excl. China
18% of Valeo sales\(^2\)
Outperformance +3pts vs LMC\(^3\)
+4pts vs IHS\(^4\)

World
Outperformance 0pts vs LMC\(^3\)
0pts vs IHS\(^4\)

China
13% of Valeo sales\(^2\)
OEM sales\(^2\) -2%
Outperformance -5pts vs LMC\(^3\)
-5pts vs IHS\(^4\)

(1) Europe including Africa;
Asia including Middle East
(2) Valeo OEM sales by destination
(3) LMC estimates released on July 10, 2018 – light vehicle production
(4) IHS estimates released on July 16, 2018 – light vehicle production

July 25, 2018

IFRS 15
LIKE-FOR-LIKE OEM SALES OUTPERFORMANCE IN ASIA
-1-POINT VS LMC PRODUCTION ESTIMATES

(1) Valeo OEM sales by destination
(2) LMC estimates released on July 10, 2018 – light vehicle production
(3) IHS estimates released on July 16, 2018 – light vehicle production

Japan
25% of Asian sales
OEM sales +6%
Outperformance +6pts vs LMC(2) +5pts vs IHS(3)

South Korea
23% of Asian sales
OEM sales +1%
Outperformance +8pts vs LMC(2) +8pts vs IHS(3)

China
42% of Asian sales
OEM sales -2%
Outperformance -5pts vs LMC(2) -5pts vs IHS(3)

India
4% of Asian sales
OEM Sales +28%
Outperformance +15pts vs LMC(2) +16pts vs IHS(3)

Asia
31% of total sales
OEM sales +2%
Outperformance -1pt vs LMC(2) -1pt vs IHS(3)

Like for like

LIKE-FOR-LIKE -1 POINT VS LMC PRODUCTION ESTIMATES

OEM sales

Outperformance

-1pt vs LMC(2)
-1pt vs IHS(3)

-5pts vs LMC(2)
-5pts vs IHS(3)

+15pts vs LMC(2)
+16pts vs IHS(3)

+6%

+1%

-2%

+28%

+2%

+2%
## GROWTH IN THE 4 BUSINESS GROUPS

### H1 18

<table>
<thead>
<tr>
<th></th>
<th>H1 total sales growth</th>
<th>OEM sales growth (like for like)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reported</td>
<td>At constant exchange rates</td>
</tr>
<tr>
<td><strong>CDA</strong>*</td>
<td>+1%</td>
<td>+4%</td>
</tr>
<tr>
<td><strong>Powertrain</strong></td>
<td>+22%**</td>
<td>+26%**</td>
</tr>
<tr>
<td><strong>Thermal</strong></td>
<td>-4%</td>
<td>+2%</td>
</tr>
<tr>
<td><strong>Visibility</strong></td>
<td>+1%***</td>
<td>+5%***</td>
</tr>
<tr>
<td><strong>Group</strong></td>
<td>+5%</td>
<td>+9%</td>
</tr>
</tbody>
</table>

* Comfort & Driving Assistance  **Including FTE automotive & Valeo-Kapec  *** Including Ichikoh

### Group Sales

- **CDA**: 19%
- **PTS**: 27%
- **THS**: 24%
- **VIS**: 31%

Group €9.9bn

% H1 2018 sales

*July 25, 2018*
APPENDIX – BUSINESS GROUP INFORMATION
VALÉO
AN ORGANIZATIONAL STRUCTURE BUILT ON FOUR MARKET-LEADING, HIGH-GROWTH POTENTIAL BUSINESS GROUPS

Valeo is structured around four well-balanced, coherent Business Groups that offer innovative solutions to meet the major changes taking place in its markets aimed at reducing CO₂ emissions and developing intuitive driving. Valeo enjoys leading positions and growth potential in its main markets:

**COMFORT & DRIVING ASSISTANCE SYSTEMS**

19% of sales*

- **NO. 2 - COMFORT & DRIVING ASSISTANCE SYSTEMS**
- **NO. 1 - DRIVING ASSISTANCE SYSTEMS**

Tomorrow’s cars will be automated and connected. Innovative, intuitive interfaces will be needed to support this functional enhancement. The Comfort & Driving Assistance Systems Business Group focuses on driver experience, developing solutions to make mobility safer, more intuitive and more connected.

Growth in the Business Group is driven by three simultaneous waves of innovation:
- more automated driving
- more connected driving
- more intuitive driving

**POWERTRAIN SYSTEMS**

23% of sales*

- **NO. 1 - ELECTRICAL SYSTEMS**
- **NO. 2 - TRANSMISSION SYSTEMS**

The Powertrain Systems Business Group develops innovative powertrain solutions to reduce CO₂ emissions and fuel consumption without compromising on driving performance or pleasure. Growth in the Business Group is driven by three continuous waves of innovation:
- smart engines and transmissions
- electrification medium power
- electrification high power

**THERMAL SYSTEMS**

27% of sales*

- **NO. 1 - BUS THERMAL MANAGEMENT**
- **NO. 2 - THERMAL SYSTEMS**

To address the new challenges facing the automotive industry, the strategic objectives of the Thermal Systems Business Group are three-fold: reduce harmful emissions from vehicles with internal combustion engines, increase driving range and battery life for hybrid and electric vehicles, and promote passenger health and well-being.

Business Group growth is driven by successive waves of innovation in three main areas:
- internal combustion engine emissions decrease
- electric vehicle driving range and reliability
- health and well-being

**VISIBILITY SYSTEMS**

31% of sales*

- **NO. 1 - WIPER SYSTEMS**
- **NO. 1 - LIGHTING SYSTEMS**

The Visibility Systems Business Group designs efficient and innovative lighting and wiper systems which support the driver and passengers in all weather, day and night, and in their various onboard activities.

Growth in the Business Group is driven by three successive waves of innovation aimed at reduced CO₂ emissions and the development of intuitive driving:
- generalization of LEDs
- reinvention of wiper systems
- experience of traveling
COMFORT & DRIVING ASSISTANCE

Market share* and competitors:
- Comfort & Driving Assistance: Valeo no. 2
  Continental + Valeo + Bosch ~ 74%*
- Driving Assistance: Valeo no. 1
  Valeo + Continental + Bosch ~ 47%*

* Valeo estimate

2017 key figures:
- Sales: €3.6bn (19% of Group sales)
- EBITDA: 14.5% (21% of Group EBITDA)
- 22,900 employees
- 27 plants
- 10 development centers
- 8 research centers

Key growth drivers:
- 3 main macro-economic trends confirmed with cars more autonomous, more connected and more intuitive
- Supported by increasingly stringent regulatory and certification environment (Euro NCAP in Europe and NHTSA in the US)
- Leading to further increase in take-up of existing innovative products (including cameras, displays, sensors, etc.)

Latest business developments:
- Another record order intake with orders for active safety products representing 12x sales ratio, orders for camera viewing & systems representing over 2.5x sales and record order intake level in China
- Safety activity order intake covering laser scanner, front camera and radar

July 25, 2018
Key growth drivers: Objective of reducing CO₂ emissions and fossil fuel consumption through 3 priorities for engines:

- Cleaner engines
- Gearbox automation
- Powertrain electrification and development of low (12V, 48V) and high voltage

Latest business developments:

- New contracts won by the Valeo Siemens eAutomotive joint venture in Europe and China for electric and hybrid vehicles
- New contracts won in the actuation technology in Europe and Asia (acquisition of FTE completed in Nov 2017)
- New contracts for 48V belt machines and beltless systems in Europe and China

2017 key figures:

- Sales: €4.3bn (23% of Group sales)
- EBITDA: 13.2% (23% of Group EBITDA)
- 25,000 employees
- 55 plants
- 13 development centers
- 7 research centers

Market share* and competitors:

- Electrical Systems: Valeo no. 1
  Valeo + Denso + Bosch/ZMJ ~ 70%*
- Transmission Systems: Valeo no. 2
  Luk + Valeo + Exedy + ZF Sachs ~ 75%*

* Valeo estimate
THERMAL SYSTEMS

Key growth drivers:
- Innovative solutions to comply with new regulations on gas pollutants and fuel consumption
- Thermal solutions for Electrified vehicles (PHEV/EV)
- Innovative solutions for in-vehicle air quality management

Latest business developments:
- New contracts with several automakers worldwide took Thermal Systems order intake for H1 2018 to a level almost similar to the H1 2017 record before application IFRS 15. Again very solid booking in Europe and in China with book to bill ratio well above average
- Additional orders for Electric Driven Compressor with production in China
- New orders for battery thermal management with French and German Carmakers. With these orders, Valeo is demonstrating its capability for advanced technology in this field
- New order on HVAC for electric vehicles with Chinese Customer
- Additional order on Valeo brushless motor

2017 key figures:
- Sales: €5.0bn (27% of Group sales)
- EBITDA: 10.8% (22% of Group EBITDA)
- 24,200 employees
- 62 plants
- 10 development centers
- 3 research centers

Market share* and competitors:
Thermal Systems: Valeo no. 2
Denso + Valeo + Hanon + Mahle ~ 54%*

*Valeo estimate

<table>
<thead>
<tr>
<th>Total sales growth</th>
<th>+2%</th>
<th>+6%</th>
<th>+4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>At constant exchange rates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total sales (€m)</td>
<td>1,240</td>
<td>1,308</td>
<td>2,548</td>
</tr>
<tr>
<td>Q1 18</td>
<td>Q2 18</td>
<td>H1 18</td>
<td></td>
</tr>
<tr>
<td>OEM sales</td>
<td>Like-for-like change</td>
<td>+2%</td>
<td>+4%</td>
</tr>
<tr>
<td>Total sales growth</td>
<td>-6%</td>
<td>+2%</td>
<td>-2%</td>
</tr>
<tr>
<td>Reported</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Non-IFRS 15
# Visibility Systems

## Total Sales Growth

<table>
<thead>
<tr>
<th>Period</th>
<th>Total Sales (€m)</th>
<th>OEM Sales</th>
<th>Sales Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 18</td>
<td>1,491</td>
<td>+1%</td>
<td>+8%</td>
</tr>
<tr>
<td>Q2 18</td>
<td>1,497</td>
<td>+4%</td>
<td>+5%</td>
</tr>
<tr>
<td>H1 18</td>
<td>2,988</td>
<td>+3%</td>
<td>+6%</td>
</tr>
</tbody>
</table>

## Market Share* and Competitors:

- **Lighting Systems:** Valeo no. 1  
  Valeo + Koito + Magnetti Marelli ~ 58%*

- **Wiper Systems:** Valeo no. 1  
  Valeo + Denso + Bosch ~ 67%*

*Valeo estimate

## Key Growth Drivers:

- Increasing LED take rate in all segments with Toyota (Alphard, Avalon, Auris), VW (Polo, T-Roc, Arteon), Audi A3 (and new A1), SEAT (Leon, Ibiza, Ateca, Arona), Renault (Megane, Talisman) and Geely (Boyue)
- Increasing LED content with ADB Matrix on Mini F56 LCI, Ford Edge, Toyota Alphard & Auris
- Increasing content in Interior Lighting with Ambient Lighting on Volvo 40 and 60 clusters

## Latest Business Developments:

- Continued increase in order intake with LED platform modules (PeopLED, Thin Lens) in North America (GM T1 Silverado & Sierra and Nissan Titan) and with Matrix/ Pixel in Europe (JLR, Renault) and China (VW Teramont, Geely)
- LED transverse drivers awarded at VW Group
- Growth in Interior Lighting business: Selective Zoning with Daimler on S-Class and RGB Ambient with Volvo
- Awards at DAF in Aquablage (XF) and LED Headlamps (XF/CF) show a Heavy Duty market becoming more innovative
- Interest for brushless motor is growing, especially for electrical vehicles
- 4 Pole electronized motors perceived as competitive in the market
- Growing interest on sensor cleaning activity, Pre-development at Honda and business award for one project of Robotaxi project

## 2017 Key Figures:

- Sales: €5.8bn (31% of Group sales)
- EBITDA: 13.2% (32% of Group EBITDA)

## Non-IFRS 15

- 37,200 employees
- 49 plants
- 15 development centers
- 5 research centers
## SEGMENT INFORMATION

### H1 2018

<table>
<thead>
<tr>
<th>Segment</th>
<th>Comfort &amp; Driving Assistance Systems</th>
<th>Powertrain Systems</th>
<th>Thermal Systems</th>
<th>Visibility Systems</th>
<th>Others</th>
<th>Total (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>segment (excluding Group)</td>
<td>1,899</td>
<td>2,664</td>
<td>2,341</td>
<td>3,030</td>
<td>(71)</td>
<td>9,863</td>
</tr>
<tr>
<td>intersegment (Group)</td>
<td>1,885</td>
<td>2,615</td>
<td>2,317</td>
<td>2,988</td>
<td>58</td>
<td>9,863</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>14</td>
<td>49</td>
<td>24</td>
<td>42</td>
<td>(129)</td>
<td>1,341</td>
</tr>
<tr>
<td>Research &amp; Development expenditure, net</td>
<td>(270)</td>
<td>(166)</td>
<td>(139)</td>
<td>(187)</td>
<td>(12)</td>
<td>(774)</td>
</tr>
<tr>
<td>Investments in property, plant &amp; equipment &amp; intangible asset</td>
<td>277</td>
<td>207</td>
<td>(139)</td>
<td>(187)</td>
<td>(12)</td>
<td>(774)</td>
</tr>
<tr>
<td>Segment assets</td>
<td>2,504</td>
<td>3,396</td>
<td>2,405</td>
<td>2,740</td>
<td>95</td>
<td>11,140</td>
</tr>
</tbody>
</table>

### H1 2017

<table>
<thead>
<tr>
<th>Segment</th>
<th>Comfort &amp; Driving Assistance Systems</th>
<th>Powertrain Systems</th>
<th>Thermal Systems</th>
<th>Visibility Systems</th>
<th>Others</th>
<th>Total (€m)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>segment (excluding Group)</td>
<td>1,897</td>
<td>2,188</td>
<td>2,425</td>
<td>3,014</td>
<td>(83)</td>
<td>9,433</td>
</tr>
<tr>
<td>intersegment (Group)</td>
<td>1,876</td>
<td>2,164</td>
<td>2,413</td>
<td>2,962</td>
<td>18</td>
<td>9,433</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>13</td>
<td>24</td>
<td>12</td>
<td>52</td>
<td>(101)</td>
<td>1,213</td>
</tr>
<tr>
<td>Research &amp; Development expenditure, net</td>
<td>(256)</td>
<td>(136)</td>
<td>(146)</td>
<td>(209)</td>
<td>(14)</td>
<td>(761)</td>
</tr>
<tr>
<td>Investments in property, plant &amp; equipment &amp; intangible asset</td>
<td>250</td>
<td>174</td>
<td>209</td>
<td>246</td>
<td>15</td>
<td>894</td>
</tr>
<tr>
<td>Segment assets</td>
<td>2,143</td>
<td>2,112</td>
<td>2,132</td>
<td>2,398</td>
<td>87</td>
<td>8,872</td>
</tr>
</tbody>
</table>
GLOSSARY

1) Valeo’s **order intake** corresponds to business awarded by automakers to Valeo during the period including joint ventures (except Valeo Siemens eAutomotive) accounted for based on Valeo’s share in net equity, less any cancellations. The order intake recorded by Valeo Siemens eAutomotive is reported in full on a separate basis. This indicator is based on Valeo’s best reasonable estimates in terms of volumes, selling prices and project lifespans.

2) **Like for like (or LFL)**: the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

3) **Purchase price allocation**: as part of the accounting for business combinations and on first-time consolidation, purchase price allocation consists in measuring at fair value the assets acquired and liabilities assumed from the acquired subsidiary, joint venture or investment and recognizing them in the statement of financial position for these amounts. The allocation may result in the recognition of certain assets and liabilities that were not previously recognized. The acquirer may also recognize identifiable intangible assets acquired such as trademarks, patents or customer relationships. Accordingly, the newly consolidated company’s net equity is remeasured. The difference between the price paid by the parent company for the shares in the acquiree and the parent company’s share in the acquiree’s remeasured net equity is called “goodwill.” Goodwill is recognized within intangible assets in the statement of financial position.

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

5) **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.

6) **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.

7) **ROA**, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.

8) **EBITDA** 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 from equity-accounted companies.

9) **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.

10) **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 financial instruments without a change in control, and (iii) changes in non-recurring sales of receivables.

11) **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.
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SHARE INFORMATION

Share Data

- Bloomberg Ticker: FR FP
- Reuters Ticker: VLOF.PA
- ISIN Number: FR 0013176526
- Shares outstanding as of June 30, 2018: 240,253,100

ADR Data

- Ticker/trading symbol: VLEEY
- CUSIP Number: 919134304
- Exchange: OTC
- Ratio (ADR: ord): 1:2
- Depositary Bank: J.P. Morgan
- Contact at J.P. Morgan – ADR broker relationship desk: Jim Reeves
- Contact phone: +1 212-622-2710
SAFE HARBOR STATEMENT

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