

Valeo: Covid-19 update

Paris, April 14, 2020 – In light of the Covid-19 pandemic, Valeo would like to stress that its absolute priority is to ensure the health and safety of its employees and their families, and is implementing all necessary measures to avoid any risks of contamination.

Given the drop in business activity, which began to impact Valeo's plants in Europe and North America in the last two weeks of March, and the lack of visibility regarding when the crisis will end, the 2020 financial objectives announced by Valeo in connection with its 2019 full-year results are no longer valid.

Based on the production shutdowns put in place by each of its carmaker customers, and in compliance with regulatory measures taken in each country where the Group has operations, Valeo has adapted its production capacity:

- Firstly, in China, where all 34 Valeo plants have gradually begun to resume production since February 10. In March, sales reached 60% of their 2019 level and should be back to normal in the coming months.
- Since mid-March, European plants have adapted their production to customer demand and have also gradually shut down production, except at sites that manufacture goods for export.
- In North America, plants have progressively shut down based on customer decisions to shut down production.

To address this situation, Valeo has adopted the following measures:

- Variabilizing its costs across all plants, particularly through part-time working arrangements.
- Variabilizing its costs for support activities such as R&D and at administrative centers.
- Drastically reducing all investments and costs not essential for business continuity.
- Strict daily monitoring of its cash position.

A reinforced safety protocol designed to guarantee the utmost protection for Group employees will be adopted worldwide across all plants, R&D centers and other Group facilities.

In terms of cash flow, Valeo has negotiated 1 billion euros in additional credit lines with its main banking partners, and thus currently has 2.3 billion euros in undrawn credit lines, which will enable it to withstand a continuation of the current crisis.

Valeo has not requested a guarantee from the French State in respect of its borrowings, nor has it deferred payment of its taxes or social charges.

In addition, in his capacity as executive corporate officer, Jacques Aschenbroich has pledged to relinquish 25% of his compensation for the duration of the shutdown to support Covid-19-related solidarity initiatives. The members of the Board of Directors and the Operations Committee have unanimously decided to follow this initiative.

Lastly, in keeping with the spirit of national solidarity in facing Covid-19, Valeo has provided resources to the consortium comprising Air Liquide, Schneider and Groupe PSA for the manufacture of 10,000 respirators, and has donated 30,000 FFP2/FFP3 masks to hospitals.

Valeo is an automotive supplier and 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 2019, the Group generated sales of 19.2 billion euros and invested 13% of its original equipment sales in Research and Development. At December 31, 2019, Valeo had 191 plants, 20 research centers, 39 development centers and 15 distribution platforms, and employed 114,700 people in 33 countries worldwide. Valeo is listed on the Paris Stock Exchange.

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