

- 16 point outperformance in the first quarter in a market down 24%, acceleration in all geographic areas and Business Groups
 - Protecting the health of our employees is top priority as we support our customers in resuming operations
 - Gradual recovery in Valeo's sales in China, which should return to 2019 levels during the second quarter
 - Drastic reduction of costs and investments amid a sharp decline in the market due to the Covid-19 crisis
 - 2.3 billion euros available in undrawn credit lines
 - Dividend payout of 0.2 euros per share
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Jacques Aschenbroich, Valeo's Chairman and Chief Executive Officer, commented:

"During the Covid-19 pandemic, my absolute priority is to protect the health of our employees from the moment operations resume at our plants.

We have also implemented drastic cost-cutting and cash preservation measures, and, with €2.3 billion in undrawn credit lines, have made sure we have sufficient liquidity to withstand any further prolongation of the current crisis.

Despite the 16 point outperformance in the first quarter of the year confirming the acceleration in Valeo's growth thanks to the technological platforms we have developed over recent years, the lack of visibility over the impact that the Covid-19 crisis will have on the automotive market and on production makes it impossible at this stage to provide a projection of our second-quarter and full-year 2020 results.

In the current period of uncertainty, Valeo's Board of Directors has decided to ask shareholders to approve a dividend payout of 0.2 euros per share."

16 point outperformance in the first quarter, acceleration in all geographic areas and Business Groups

Consolidated **sales** came in at 4,488 million euros (4,435 million euros excluding the Top Column Module business), down 8% on a like-for-like basis⁽¹⁾.

Original equipment sales totaled 3,797 million euros (3,748 million euros excluding the Top Column Module business), down 8% on a like-for-like basis⁽²⁾.

Boosted by a favorable product and customer mix, original equipment outperformance accelerated to return to previous highs in all production regions, with outperformances of 14 percentage points in Europe, 8 percentage points in North America, 16 percentage points in China and 6 percentage points in Asia excluding China. On a global scale, the Group outpaced automotive production by 16 percentage points overall.

All Business Groups outperformed the market, spurred by production start-ups and ramp-ups on numerous high-tech innovations, including cameras and other ADAS-related products, 48V electrification and LED lighting systems.

Despite the impact of the health crisis on automotive production, Valeo was able to maintain the balanced alignment of its businesses across the main automotive production regions and the main automaker customers.

A reinforced safety protocol that will allow activity to resume in order to meet customer demand while ensuring maximum protection for employees

The Group has implemented a health protocol based on its own experience. The protocol combines proven best safety practices in China, South Korea and Japan where activity has resumed under optimal conditions.

The measures aimed at protecting personnel go beyond public local regulations and the recommendations of the health authorities.

The protocol is mandatory and will be applicable consistently across all Valeo sites worldwide, whether at plants, R&D centers or head offices.

The 30 or so mandatory measures include:

- daily body temperature checks;
- face masks to be worn at the workplace and during trips between home and the workplace;
- workspaces to be disinfected at the beginning and end of every shift;
- hydroalcoholic gel to be provided.

The safety protocol has been approved by the majority of employee representative organizations as part of a Group-wide agreement.

As part of its commitment in the fight against Covid-19, Valeo has provided resources to a consortium of French industrial companies led by Air Liquide, Schneider and Groupe PSA for the manufacture of 10,000 ventilators, and has donated 30,000 FFP2/FFP3 masks to a number of hospitals.

⁽¹⁾ See financial glossary, page 9.

Gradual recovery in Valeo's sales in China, which should return to 2019 levels during the second quarter

Since February 10, production has gradually resumed at all 34 Group plants in China. Following very sluggish activity levels in February, sales in March climbed back to 60% of prior-period 2019 levels. Activity levels should return to those seen in 2019 during the second quarter.

In Europe and North America, Valeo has adjusted production levels in line with stoppages decided by automaker customers. Automaker production should resume progressively by the end of April in Europe and by end-April/early May in North America.

Financial objectives no longer valid due to the drop in business activity and lack of visibility regarding when the crisis will end

On April 14, 2020, Valeo announced that due to the drop in business activity impacting its plants and the lack of visibility regarding when the crisis will end, the 2020 financial objectives concerning profitability and free cash flow⁽¹⁾ are no longer valid.

Once the health situation stabilizes, the Group remains confident in its ability to maintain its growth momentum by leveraging its technological platforms, industrial expertise and the innovations generated through its research.

Variabilization of costs at production sites, head offices and R&D centers, including use of short-time working measures to address production stoppages at customer sites on our main markets

To mitigate the impacts of the crisis as far as possible, Valeo has implemented the following measures:

- variabilization of costs across all plants, particularly through short-time working arrangements;
- variabilization of costs for support activities such as R&D and at administrative centers;
- drastic reduction of all costs not essential for business continuity;
- strict control over working capital thanks to close monitoring of trade receivables and inventory levels;
- reduction of investments by more than 45% in the second quarter;
- strict monitoring of the Group's cash position.

Valeo Siemens eAutomotive has implemented the same measures as Valeo to mitigate the impact of the crisis as far as possible: cash consumption and net earnings show a performance slightly better than initial estimates.

Valeo will continue to maintain strict control over costs when operations resume.

2.3 billion euros available in undrawn credit lines

Valeo has negotiated credit lines for an additional 1 billion euros with its main banks, and therefore currently has 2.3 billion euros in undrawn credit lines, enabling it to withstand any prolongation of the current crisis.

The Group has a solid financial position:

- no debt repayments falling due before June 2021;
- average debt maturity of 3.7 years;
- significant headroom under its bank covenant (net debt⁽¹⁾ to EBITDA⁽¹⁾ ratio calculated over a 12-month rolling period of <3.5).

(1) See financial glossary, page 9.

Dividend payout of 0.2 euros per share

In the current period of uncertainty, Valeo's Board of Directors has decided to ask shareholders to approve a dividend payout of 0.2 euros per share.

First-quarter 2020

Global automotive production

Automotive production (year-on-year change)	First-quarter 2020
	IHS + CPCA*
Europe & Africa	-21%
Asia, Middle East & Oceania	-31%
<i>o/w China</i>	-49%
<i>o/w Japan</i>	-8%
<i>o/w South Korea</i>	-15%
<i>o/w India</i>	-21%
North America	-11%
South America	-17%
TOTAL	-24%

* Based on IHS automotive production estimates released on April 17, 2020/CPCA estimates for data relating to China.

Global automotive production fell 24% in the first quarter, mainly as a result of the Covid-19 pandemic:

- in China, automotive production slumped by 49% as a result of the health crisis and associated lockdowns in certain geographic areas;
- in Europe, automotive production fell by 21% due to sluggish business levels and production stoppages during the last fortnight of March.

Change in sales

Sales (in millions of euros)	As a % of Q1 2020 sales	First-quarter			
		2020	2019	Change	LFL* change
Original equipment	85%	3,797	4,121	-8%	-8%
Aftermarket	11%	491	501	-2%	-2%
Miscellaneous	4%	200	219	-9%	-9%
Total	100%	4,488	4,841	-7%	-8%

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

The impacts of **changes in exchange rates** and in **Group structure** were negligible in the first three months of the year.

Original equipment sales totaled 3,797 million euros (3,748 million euros excluding the Top Column Module business), down 8% on a like-for-like basis⁽¹⁾ versus the same prior-year period, with the outperformance as compared to global automotive production accelerating to 16 percentage points, and returning to previous highs.

Despite a challenging economic environment, **aftermarket sales** dipped by just 2% on a like-for-like basis⁽¹⁾, thanks to the resilience of the repair and maintenance services of certain workshops that have been able to continue operating.

⁽¹⁾ See financial glossary, page 9.

“Miscellaneous” sales including tooling revenues (and revenues relating to customer contributions to R&D) fell by 9%, due to a lower number of new launches during the period compared to the first quarter of 2019.

Change in original equipment sales by region

Original equipment sales (in millions of euros)	First-quarter			
	2020	2019	LFL* change	Outperf. vs. IHS**
Europe & Africa	1,893	2,029	-7%	+14 pts
Asia, Middle East & Oceania	1,017	1,200	-16%	+15 pts
• o/w China	289	428	-33%	+16 pts
• o/w Japan	324	331	-6%	+2 pts
• o/w South Korea	290	321	-7%	+8 pts
• o/w India	40	47	-15%	+6 pts
North America	800	800	-3%	+8 pts
South America	87	92	+5%	+22 pts
TOTAL	3,797	4,121	-8%	+16 pts

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

** Based on IHS automotive production estimates released on April 17, 2020/CPCA estimates for data relating to China.

Boosted by a favorable product and customer mix, the outperformance in original equipment sales accelerated back up to previous highs in all production regions. Original equipment sales were down 8% like for like⁽¹⁾ in first-quarter 2020, outperforming global automotive production by 16 percentage points (IHS/CPCA estimates):

- **in Europe (including Africa)** (50% of original equipment sales), like-for-like⁽¹⁾ original equipment sales fell 7%, reflecting an outperformance of 14 percentage points over automotive production driven mainly by sales of ADAS and 48V solutions;
- **in Asia** (27% of original equipment sales), like-for-like⁽¹⁾ original equipment sales fell 16%, reflecting an outperformance of 15 percentage points over automotive production. The Group outpaced automotive production in all countries in the region:
 - ✓ in China, like-for-like⁽¹⁾ original equipment sales decreased by 33%, but outperformed the market by 16 percentage points led by sales in the Comfort & Driving Assistance Systems Business Group;
 - ✓ in Japan, like-for-like⁽¹⁾ original equipment sales retreated by 6% (outperformance of 2 percentage points);
 - ✓ in South Korea, like-for-like⁽¹⁾ original equipment sales decreased by 7% (outperformance of 8 percentage points);
- **in North America** (21% of original equipment sales), like-for-like⁽¹⁾ original equipment sales declined by 3%, reflecting an outperformance of 8 percentage points over automotive production fueled by sales in the Comfort & Driving Assistance Systems and Visibility Systems Business Groups;
- **in South America** (2% of original equipment sales), like-for-like⁽¹⁾ original equipment sales grew by 5%, outpacing automotive production by 22 percentage points, buoyed by sales in the Thermal Systems Business Group.

⁽¹⁾ See financial glossary, page 9.

Balanced geographic alignment of Valeo's businesses

Year-on-year changes in the share of original equipment sales in the four main production regions in first-quarter 2020 were as follows:

- a rise of 1 percentage point for Europe, accounting for 50% of original equipment sales;
- a rise of 2 percentage points for North America, accounting for 22% of original equipment sales;
- stable for South America, accounting for 2% of original equipment sales;
- a fall of 3 percentage points for Asia, accounting for 26% of original equipment sales, reflecting the impact of Covid-19 in China during the first quarter.

Balanced customer portfolio

Year-on-year changes in the share of original equipment sales among the Group's customers in first-quarter 2020 were as follows:

- stable for German customers, accounting for 30% of original equipment sales;
- stable for American customers, accounting for 19% of original equipment sales;
- stable for French customers, accounting for 14% of original equipment sales;
- a fall of 1 percentage point for Asian customers, accounting for 31% of original equipment sales.

Change in sales by Business Group

Sales by Business Group (in millions of euros)	First-quarter				
	2020	2019	Change in sales	Change in OE sales*	Outperf. vs. IHS**
Comfort & Driving Assistance Systems	886	901	-2%	-2%	+22 pts
Powertrain Systems	1,185	1,266	-6%	-7%	+17 pts
Thermal Systems	1,000	1,143	-13%	-14%	+10 pts
Visibility Systems	1,390	1,502	-8%	-9%	+15 pts
Other***	27	29	-9%	N/A	N/A
TOTAL	4,488	4,841	-7%	-8%	+16 pts

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

** Based on IHS automotive production estimates released on April 17, 2020/CPCA estimates for data relating to China.

*** Notably including the TCM business.

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.

The **Comfort & Driving Assistance Systems Business Group** outperformed global automotive production by 22 percentage points, the highest outperformance among Valeo's Business Groups. This performance was driven by high content per vehicle (take rates) in the driving assistance segment as well as a favorable geographic mix.

The **Powertrain Systems and Visibility Systems Business Groups** recorded an outperformance in original equipment sales in line with the Group as a whole, driven by momentum in 48V electric motors and LED lighting systems.

⁽¹⁾ See financial glossary, page 9.

Top Column Module (TCM) business

In 2019, the Group decided to withdraw from the TCM segment.

The following table reconciles reported consolidated data with data excluding the TCM business:

		Group	TCM	excluding TCM
Sales	(in €m)	4,488	(53)	4,435
Original equipment sales	(in €m)	3,797	(49)	3,748

Highlights

Since April 2020, Valeo has been putting its expertise and know-how at the service of a good cause by forming part of an international consortium led by Air Liquide in response to requests from the French government to supply 10,000 ventilators in 50 days between the beginning of April and mid-May. Within this task force, Valeo is supporting the Air Liquide teams by mobilizing buyers, R&D teams and engineers specialized in wide-scale industrial production.

The Group has also donated equipment to various hospitals and medical centers, including tens of thousands of face masks, goggles, gloves, medical caps and protective gowns. For example, Valeo donated 30,000 FFP2/FFP3 masks to French hospitals.

Valeo's senior management team has also relinquished a portion of their compensation: Chairman and Chief Executive 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.

The Group has also appealed for solidarity among its French employees:

- In France, Valeo has launched an appeal for donations from employees. The funds raised are being paid over to the Fondation de France to support healthcare professionals and researchers, as well as people who are vulnerable and living in isolation.
- The Group has also set up a Solidarity Fund to help compensate non-managerial staff currently on short-time working arrangements for lost pay. To build up the fund, all managerial staff in France are contributing one day's annual leave, and an appeal has been extended to all Group employees to donate some of their annual leave in the same spirit of solidarity.

Valeo is also getting behind various local solidarity initiatives. For example, the Group's sites in Zaragoza and Martos in Spain are manufacturing protective visors for hospitals, and nurses at French sites that are temporarily closed are making themselves available to local hospitals.

On **April 3, 2020**, Standard & Poor's placed Valeo's "BBB-/A-3" long- and short-term issuer ratings on "creditwatch negative".

On **March 26, 2020**, Moody's placed Valeo's "Baa3/P3" long- and short-term issuer rating under review for downgrade.

On **March 26, 2020**, Valeo received the 2020 Road Safety Innovation Award in the "Preventing the consequences of an accident" category for its Valeo Rescuer™ solution. Valeo Rescuer™ is the first eCall emergency call system to comply with European standards and can be used for vehicles already on the road, offering essential security assistance to as many people as possible in the simplest way.

On **March 25, 2020**, Valeo's Board of Directors made a unanimous decision to co-opt the Fonds Stratégique de Participations as a director, to replace Georges Pauget who stepped down on March 24, 2020. The co-optation of the Fonds Stratégique de Participations reflects the increased stake it holds in Valeo's share capital. The Fonds Stratégique de Participations will be represented on Valeo's Board of Directors by Julie Avrane-Chopard, Senior Partner at McKinsey & Company. The co-optation of the Fonds Stratégique de Participations as director will be submitted for ratification at Valeo's next Shareholders' Meeting.

On **March 24, 2020**, due to the exceptional and evolving context of the coronavirus pandemic, Valeo's Board of Directors decided, at its meeting held on that date, to postpone the Annual Shareholders' Meeting, which was initially scheduled to be held on Tuesday May 26, 2020, until Thursday June 25, 2020, at 2:00 pm.

On **February 27, 2020**, French automaker Citroën officially unveiled the Ami, the latest addition to its range of urban mobility solutions. The Ami is an economic, highly-compact and all-electric vehicle that does not require a driving permit to use. It is the first series-produced, all-electric vehicle in the world powered entirely by an electric a 48V motor developed by Valeo. Valeo's low-voltage 48V electric motors offer the simplest, most cost-effective solution on the market today for electrifying vehicles. The technology is ideal for cars designed for towns and cities where particulate and greenhouse gas emission regulations are increasingly strict and the need for affordable mobility is a constant challenge.

In February 2020, Valeo was included in the Clean200 list published by Corporate Knights, a tribute to the Group's focus on solutions aimed at reducing CO₂ emissions. In 2019, more than 50% of the Group's original equipment sales were derived from products directly or indirectly helping to reduce CO₂ emissions.

In January 2020, at CES in Las Vegas for the seventh consecutive year, Valeo unveiled:

- in a world first, Valeo eDeliver4U, its autonomous, electric delivery droid, developed in partnership with Meituan Dianping, China's leading e-commerce platform for services; powered by an all-electric 48V system and fitted with Valeo perception systems, the droid can deliver up to 17 meals per trip, autonomously negotiating dense and complex urban environments at about 12km/h without generating any pollutant emissions;
- Valeo Move Predict.ai, a world-first technology that can detect vulnerable road users located in the vehicle's immediate vicinity, such as pedestrians, cyclists, skaters and scooter riders, and predict their intentions. The technology is based on combining Valeo's expertise in 360° perception around the vehicle, thanks to its sensors (latest generation of fisheye and Valeo SCALA® LiDAR), with artificial intelligence;
- a high-precision vehicle positioning system developed in partnership with Hyundai and Hexagon, enabling a vehicle to pinpoint its exact location with centimeter-level precision and thereby enhance road safety.

Upcoming events

Annual Shareholders' Meeting: June 25, 2020

First-half 2020 results: July 21, 2020

Financial Glossary

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.

Free cash flow corresponds to net cash from operating activities (excluding changes in non-recurring sales of receivables and net payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

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.

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, risks associated with the Covid-19 epidemic, 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 the 2018 Registration Document registered with the AMF on March 29, 2019 (under number D.19-0224).

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 2019, the Group generated sales of 19.5 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 and is a member of the CAC 40 index.

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