Communiqué de presse
Press release

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Second-quarter sales growth accelerated to 10.4% on a like-for-like basis*
First-half 2013 like-for-like sales advanced 5.8% to 6.2 billion euros and original equipment growth outpaced the global market by 5 percentage points during the period
Operating margin jumped 4% to 384 million euros, or 6.2% of sales

Jacques Aschenbroich, Valeo's Chief Executive Officer, stated:
"In the first half of 2013, Valeo once again confirmed its status as a growth business. Second-quarter sales grew by 10.4% on a like-for-like basis, driving up first-half 2013 growth to 5.8%. Original equipment sales posted balanced growth across the different geographic areas, outpacing the global market by 5 percentage points. Valeo's operating margin came to 6.2% of sales, demonstrating its resilience in the context of decreased production in Europe. Given the results of Valeo's efforts in innovation and expansion in Asia and emerging countries, we are confident that the Group will achieve its medium-term financial objectives."

First-half 2013 results

- **Order intake(1) of 7.3 billion euros** (excluding the Access Mechanisms business) remaining at a high level despite the 5% decrease compared to first-half 2012, thereby confirming the Group's growth and profitability potential

- **In the second quarter, sales growth accelerated 10.4% on a like-for-like basis**

- **In first-half 2013, consolidated sales of 6,166 million euros,** up 5.8% on a like-for-like basis, despite a difficult climate in Europe
  - Balanced performance between the original equipment business (up 5.7%) and the aftermarket business (up 6.3%)
  - Balanced performance for original equipment sales across the different regions
    - → Up 3% in Europe, 7 percentage points higher than the market
    - → Up 14% in North America, 10 percentage points higher than the market
    - → Up 4% in Asia, 2 percentage points higher than the market
      Including 22% growth in China, 9 percentage points higher than the market
    - → Up 10% in South America, 3 percentage points lower than the market

- **Operating margin(2) of 384 million euros, up 4%, to 6.2% of sales**
  - Negative 0.3 percentage point impact of exchange rates
  - Increase in net research and development expenditure offset by a decrease in administrative and selling expenses (as a % of sales)

- **Net attributable income excluding non-recurring items(3) up 10% to 230 million euros**
  - Net attributable income of 190 million euros in line with first-half 2012

- **Free cash flow(7) of 113 million euros**
  - Net debt of 457 million euros, down 306 million euros versus end-2012

2013 outlook

- Based on the following market assumptions for 2013:
  - 2% to 3% decline in automotive production in Europe
  - 2% growth in global automotive production

- Valeo has set the following objectives for 2013:
  - performance higher than the market in the main production regions
  - assuming stabilized market conditions in Europe, a slight increase in operating margin (as a percentage of sales) compared to 2012

* Constant Group structure and exchange rates.

Valeo

Paris, France, July 30, 2013 – Following the meeting of its Board of Directors on July 29, 2013, Valeo released its results for the first half of 2013:

	H1 2012	H1 2013*	Change
Order intake(1) *(in €b)*	7.7	7.3	-5%
Sales *(in €m)*	5,999	6,166	+2.8% (+5.8% on a like-for-like basis)
o/w OE sales *(in €m)*	5,118	5,250	+2.6% (+5.7% on a like-for-like basis)
Research and Development expenditure, net *(in €m)*	313	332	+6%
Research and Development expenditure, net (as a % of sales)	*5.2%*	*5.4%*	*+0.2 pts*
Operating margin(2) *(in €m)*	370	384	+4%
Operating margin(2) (as a % of sales)	*6.2%*	*6.2%*	-
Net attributable income *(in €m)*	193**	190	-2%
Net attributable income (as a % of sales)	*3.2%*	*3.1%*	*-0.1 pts*
Net attributable income (excluding non-recurring items)(3) *(in €m)*	210	230	+10%
Net attributable income (excluding non-recurring items)(3) (as a % of sales)	*3.5%*	*3.7%*	*+0.2 pts*
Basic earnings per share (excluding non-recurring items) *(in €)*	2.79	3.00	+8%
ROCE(4)	31%	28%	*-3 pts*
ROA(5)	19%	19%	-
EBITDA(6) *(in €m)*	655	669	+2%
EBITDA(6) (as a % of sales)	*10.9%*	*10.8%*	*-0.1 pts*
Cash flows related to investments in non-current assets *(in €m)*	424	444	+5%
Free cash flow(7) *(in €m)*	148	113	-24%
Net debt(9) *(in €m)*	485	457	-6%
Gearing ratio	25%	21%	N/A

* The consolidated financial statements for the six months ended June 30, 2013 were subject to a review by the Statutory Auditors.

*** The amount of other financial income and expenses shown for first-half 2012 differs from the amount published in July 2012 since it has been adjusted to reflect changes in the expected return on plan assets resulting from the retrospective application of the amended IAS 19, effective as of January 1, 2013.*

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Order intake(1) of 7.3 billion euros (excluding the Access Mechanisms business) remaining at a high level despite the 5% decrease compared to first-half 2012, thereby confirming the Group's growth and profitability potential

In first-half 2013, Valeo's order intake(1) amounted to 7.3 billion euros equally balanced across the main automotive production regions.

Order intake was driven by:

- innovative products and systems, which accounted for 35% of order intake;
- accelerated expansion in Asia and emerging countries. Asia contributed 39% to order intake, 15 percentage points more than its contribution to original equipment sales. China contributed 29% to order intake and 11% to original equipment sales. Over the next four years, Valeo is expected to once again double its sales in China, which will become the Group's largest country as from 2014.

Global automotive production up 1% despite a decline in production in Europe

In first-half 2013, global automotive production rose 1%, reflecting contrasting results across the various regions:

Change in automotive production	First-half 2013*	First-quarter 2013*	Second-quarter 2013*
Europe & Africa	-4%	-8%	+1%
Asia & Middle East	+2%	+1%	+3%
North America	+4%	+1%	+6%
South America	+13%	+7%	+19%
Total	**+1%**	**-1%**	**+4%**

** LMC & Valeo estimates*

- European automotive production shrank 4%, but improved in the second quarter;
- Global automotive production increased slightly thanks, in particular, to a strong performance in Chinese and North American markets.

In the second quarter, sales growth accelerated by 10.4% on a like-for-like basis
In first-half 2013, sales up 5.8% on a like-for-like basis thanks to the Group's balanced performance across its different markets

Valeo's consolidated sales came to 6,166 million euros, up 2.8% on a reported basis on first-half 2012.

Consolidated sales were up 5.8% on a like-for-like basis, reflecting:
- accelerated sales growth of 10.4% in the second quarter; and
- a balanced performance between the original equipment business (up 5.7%) and the aftermarket business (up 6.3%).

Changes in exchange rates and changes in Group structure had negative impacts of 1.7% and 1.3%, respectively. Changes in Group structure were mainly attributable to the sale of the Access Mechanisms business (with effect from April 30, 2013) and the acquisition of a controlling interest in Foshan Ichikoh Valeo (fully consolidated as of January 1, 2013).

(in millions of euros)	First-half				First-quarter	Second-quarter
	2012	2013	Change	Change on a like-for-like basis	Change on a like-for-like basis	Change on a like-for-like basis
Total	**5,999**	**6,166**	**+2.8%**	**+5.8%**	**+1.3%**	**+10.4%**
of which**:**						
Original equipment	5,118	5,250	+2.6%	+5.7%	+0.1%	+11.7%
Aftermarket	732	765	+4.5%	+6.3%	+4.3%	+8.4%
Miscellaneous	149	151	+1.3%	+4.7%	+35.5%	-17.2%

Original equipment sales (85% of total sales) advanced 5.7% on a like-for-like basis, beating the global market by 5 percentage points. In the second quarter, original equipment sales rose 11.7% on a like-for-like basis, outpacing the global market by 8 percentage points.

Aftermarket sales (13% of total sales) increased 6.3% like-for-like (8.4% in the second quarter) thanks to an improvement in market conditions in Europe and continued expansion in Asia and emerging countries.

Miscellaneous sales (2% of total sales) climbed 4.7% like-for-like thanks to an increase in tooling revenues resulting from the launch of new production lines.

Balanced growth in original equipment sales across the different regions, outpacing the global market by 5 percentage points

Valeo recorded balanced growth across the different regions thanks to sales of its high value-added innovations in Europe and North America and the expansion of its business in Asia and emerging countries.

Original equipment *(in millions of euros)*	First-half				
	2012	2013	OE sales growth*	Auto. prod. growth**	Versus market
TOTAL	**5,118**	**5,250**	**+6%**	**+1%**	**+5 pts**
Europe & Africa	2,705	2,722	+3%	-4%	+7 pts
Asia, Middle East & Oceania	1,255	1,272	+4%	+2%	+2 pts
of which China	*481*	*593*	*+22%*	*+13%*	*+9 pts*
of which Japan	*385*	*283*	*-14%*	*-9%*	*-5 pts*
North America	863	975	+14%	+4%	+10 pts
South America	295	281	+10%	+13%	-3 pts

** Like-for-like*
*** LMC & Valeo estimates*

In **Europe**, like-for-like original equipment sales rose 3%, 7 percentage points higher than the market (10 percentage points higher in the second quarter), driven by the appeal of its portfolio of high-tech products and a favorable customer mix.

In **Asia**, original equipment sales were up 4% on a like-for-like basis, beating the market by 2 percentage points (4 percentage points in the second quarter), reflecting the Group's strong performance in India, South Korea and China (with growth outpacing the market by 4, 4 and 9 percentage points, respectively). However, this performance continued to be impacted by an unfavorable customer mix in Japan.

In **North America**, like-for-like original equipment sales climbed 14%, outpacing automotive production by 10 percentage points (12 percentage points in the second quarter), thanks to a favorable customer mix and market share gains.

In **South America**, like-for-like original equipment sales advanced 10%, standing at 3 percentage points lower than the market. In the second quarter, the Group's results were in line with the market, reflecting an improved situation after several periods of below-market performance.

Geographic repositioning

In first-half 2013, Valeo continued to rebalance its businesses:

- the share of original equipment sales produced in Asia and emerging countries (including Eastern Europe) increased by one percentage point to 54%;
- the share of original equipment sales produced in Western Europe decreased by one percentage point to 38%.

Balanced customer portfolio

The share of German customers has increased and now represents 30% of original equipment sales (versus 28% in first-half 2012). The share of Asian customers declined to 26% (versus 29% in first-half 2012), reflecting Japanese customers' high level of activity in first-half 2012. American customers represented 20% of original equipment sales and French customers accounted for 18% of original equipment sales.

Above-market growth in all Business Groups and continued strong growth for the Visibility Systems Business Group

As was the case for the consolidated Group, the sales performance for each Business Group reflected the specific geographic and customer mix and the relative weighting of the aftermarket in their activity as a whole.

Sales *(in millions of euros)*	First-half			
	2012*	2013*	Sales growth	OE sales growth**
Powertrain Systems	1,681	1,710	+2%	+2%
Thermal Systems	1,719	1,716	+0%	+3%
Comfort and Driving Assistance Systems	1,291	1,199	-7%	+3%
Visibility Systems	1,357	1,600	+18%	+18%

** Including intersegment sales*
*** Like-for-like*

On the back of the ramp-up of innovative lighting technologies and the strong performance of the aftermarket, sales for the **Visibility Systems Business Group** grew 18% to 1.6 billion euros.

Sales for the **Comfort and Driving Assistance Systems Business Group** were impacted by the sale of the Access Mechanisms business (with effect from April 30, 2013). The Business Group grew by 3% on a like-for-like basis, 2 percentage points higher than the global market.

Operating margin(2) up 4% on first-half 2012 to 384 million euros, or 6.2% of sales
Net income excluding non-recurring items up 10% to 230 million euros

Gross margin amounted to 1,037 million euros or 16.8% of sales, up 3% on first-half 2012 (1,006 million euros). Gross margin was impacted by the depreciation of the yen and the Brazilian real, and startup costs at new plants.

Operating margin(2) amounted to 384 million euros or 6.2% of sales, up 4% on first-half 2012. Sound management of administrative expenses offset the increase in net research and development (R&D) expenditure required to support growth.

Valeo is continuing its **R&D** efforts in response to the high level of order intake. Net R&D expenditure rose 6% to 332 million euros, or 5.4% of sales, edging up by 0.2 percentage points compared with first-half 2012.

Administrative and selling expenses were down 1% to 321 million euros, or 5.2% of sales (versus 5.4% in first-half 2012). Administrative and general expenses alone represented 3.6% of sales for first-half 2013.

The Group's **operating income** came in at 343 million euros, or 5.6% of sales, after taking into account other expenses, including the impact of the sale of the Access Mechanisms business without the Indian portion (20 million euros) and restructuring costs (12 million euros).

The **cost of net debt** totaled 50 million euros, in line with first-half 2012.

The Group's share in net earnings of associates was 4 million euros. Taking into account the 26% effective tax rate and non-controlling interests in net income for 14 million euros, **net attributable income** came in at 190 million euros, in line with first-half 2012. **Excluding non-recurring items(3), net attributable income** amounted to 230 million euros, up 10% on first-half 2012.

The **return on capital employed(4)** (ROCE) and **return on assets(5)** (ROA) were impacted by the increase in investments aimed at supporting the growth in order intake and stood at 28% and 19%, respectively.

Consolidated EBITDA(6) came in at 669 million euros, or 10.8% of sales, in line with 2012.

EBITDA(6) *(as a % of sales)*	First-half 2012	Full-year 2012	First-half 2013
Powertrain Systems	9.3	10.1	10.3
Thermal Systems	12.0	11.5	11.2
Comfort and Driving Assistance Systems	12.1	12.0	12.5
Visibility Systems	9.4	8.1	8.8
TOTAL	**10.9**	**10.7**	**10.8**

** Including intersegment sales*

Free cash flow(7) of 113 million euros after taking into account investment flows of 444 million euros

In first-half 2013, the Group generated 113 million euros in **free cash flow**(7) compared with 148 million euros in first-half 2012. This is chiefly the result of:

- a 2% increase in **EBITDA**(6) to 669 million euros;
- investment flows of 444 million euros due to a growing number of projects under development requiring further production capacities and additional capitalized R&D expenditure.

Net cash flow(8) amounted to 283 million euros and includes:

- financial expenses totaling 74 million euros; and
- income from other financial items amounting to 244 million euros, including, in particular, income from the sale of the Access Mechanisms business (171 million euros).

Strong balance sheet

Net debt(9) came in at 457 million euros at June 30, 2013 versus 763 million euros at December 31, 2012 (485 million euros at June 30, 2012).

The **leverage ratio** (net debt(9)/EBITDA) came out at 0.4 times EBITDA and the **gearing ratio** (net debt(9)/stockholders' equity excluding non-controlling interests) stood at 21% of equity.

In first-half 2013, the Group's debt had an average interest rate of 4.95% and an average maturity of 3.6 years.

2013 outlook

- Based on the following market assumptions for 2013:
  - 2% to 3% decline in automotive production in Europe
  - 2% growth in global automotive production
- Valeo has set the following objectives for 2013:
  - performance higher than the market in the main production regions
  - assuming stabilized market conditions in Europe, a slight increase in operating margin (as a percentage of sales) compared to 2012

Valeo

Highlights

Sale of the Access Mechanisms business

On May 24, 2013, Valeo confirmed the sale of the Access Mechanisms business, save for its Indian portion, to Japan-based U-Shin for an enterprise value of 203 million euros with effect from April 30, 2013. The Access Mechanisms business, which was part of the Comfort and Driving Assistance Systems Business Group, is primarily mechanical-based and comprises products such as locksets, steering column locks, handles and latches. Boasting a broad presence in Europe and South America, the business generated sales of 569 million euros in 2012 and employed 4,500 people at 12 plants. This divestment is aligned with Valeo's strategy of focusing on developing products that reduce CO_2 emissions and stepping up its expansion in Asia and emerging markets.

Acquisitions

On June 18, 2013, Valeo announced that it had agreed on a put and call option contract by which, if the reciprocal options are exercised by Osram or Valeo in early 2014, Valeo would be committed to acquire Osram's shares in the companies' joint venture in North America (until then, Valeo and Osram will continue operating under a 50%-50% joint venture).

Debt management and ratings

On April 26, 2013, Standard & Poor's Rating Services confirmed its "BBB" long-term corporate credit rating with a stable outlook and its "A-2" short-term corporate credit rating to Valeo.

2012 dividend

At the Shareholders' Meeting on June 6, 2013, all of the resolutions put to the vote of the shareholders, including the resolution on the dividend payment of 1.50 euros per share, were adopted. The dividend was paid on July 1, 2013.

Upcoming event

Third-quarter 2013 sales: October 17, 2013

Valeo is an independent industrial Group fully focused on the design, production and sale of components, integrated systems and modules for the automotive industry, mainly for CO_2 emissions reduction. Valeo ranks among the world's top automotive suppliers. The Group has 123 plants, 20 research centers, 35 development centers, 12 distribution platforms and employs 73,300 people in 28 countries worldwide.

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Financial glossary

(1) Order intake corresponds to contracts awarded by automakers (less any cancellations) during the period, based on Valeo's best and reasonable estimates in terms of volumes, sale prices and project lifespans. Order intake for the Access Mechanisms business was not included in order intake for first-half 2012 and 2013.

(2) Operating margin corresponds to operating income before other income and expenses.

(3) Net attributable income excluding non-recurring items corresponds to net attributable income adjusted for "other income and expenses" net of tax.

(4) ROCE, or return on capital employed, corresponds to operating margin/capital employed excluding goodwill calculated over 12 months.

(5) ROA, or return on assets, corresponds to operating income/capital employed including goodwill.

(6) EBITDA corresponds to operating income before depreciation, amortization, impairment losses (included in the operating margin) and other income and expenses.

(7) Free cash flow corresponds to net cash from operating activities after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

(8) Net cash flow corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments with a change in control and to changes in certain items shown in non-current financial assets, and (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control.

(9) Net debt comprises all long-term debt, short-term debt and bank overdrafts, less loans and other non-current financial assets, cash and cash equivalents.

Safe Harbor Statement

Statements contained in this report, which are not historical fact, constitute "Forward-Looking Statements". Even though Valeo's management feels that the Forward-Looking Statements are reasonable, investors are put on notice that actual results may differ materially due to numerous important factors, risks and uncertainties to which Valeo is exposed. 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 anti-trust authorities as they have been identified in the Registration Document, risks which relate to being a supplier in the automotive industry and to the development of new products and risks due to certain global and regional economic conditions. Also included are environmental and industrial risks as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French "*Autorité des Marchés Financiers*" (AMF), including those set out in the "Risk Factors" section of Valeo's Registration Document registered at the AMF on March 28, 2013 (ref. no. D.13-0246).

The company assumes no responsibility for any estimates made by analysts and any other information prepared by third parties which may be used in this report. 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 after the date of this report.