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London, March 16, 2015 – Valeo (Euronext: FR) unveils new medium-term objectives

- **Sales of more than 20 billion euros⁽¹⁾ by 2020 thanks to the commercial success of our innovations and the record level of order intake over the past few years, representing an average annual 5 percentage point outperformance of global automotive production from 2015 through 2020.**
- **Improved profitability and free cash flow⁽²⁾ by 2020:**
 - ✓ **Operating margin⁽²⁾ (as a percentage of sales) between 8% and 9%**
 - ✓ **Free cash flow⁽²⁾/EBITDA⁽²⁾ ratio greater than 30%**

During the Investor Day, Jacques Aschenbroich, Chief Executive Officer, Christophe Périllat, Chief Operating Officer, Robert Charvier, Chief Financial Officer, and the management teams of the four Business Groups will present the new strategic plan driven by the Group's continued growth in technologies for CO₂ emissions reduction and improved vehicle performance as well as intuitive driving, and expansion in Asia and emerging countries.

We will present our new medium-term financial objectives and those attending will have the opportunity to learn more about Valeo's latest innovations and participate in demonstrations and product tests.

Valeo's growth strategy is driven by:

- **its market leading position and sustained R&D efforts focused on CO₂ emissions reduction and improved vehicle performance as well as intuitive driving; and**
- **strengthening its presence in Asia and emerging countries.**

As the world leader in CO₂ emissions reduction and intuitive driving (particularly autonomous vehicles), Valeo is intent on continuing its R&D efforts in order to meet its customers' needs.

Valeo has solid fundamentals thanks to its diversified customer and geographic positioning with an increasing footprint in high-growth regions, namely Asia and emerging countries. Strengthening this trend over the next five years should help Valeo pursue its geographical repositioning, with the objective of generating more than one-third of its original equipment sales in Asia and around 40% in Europe by 2020, compared to 28% and 49% respectively in 2014.

¹ Based on a EUR/USD exchange rate of 1.15.

² See Financial Glossary, page 3



Focus on accelerating organic growth, improving profitability and increasing free cash flow⁽¹⁾

Driven by a higher order intake⁽¹⁾ resulting from the success of its innovations (more than one-third of the order intake⁽¹⁾ over the past few years is for innovative technologies⁽¹⁾), the Group is aiming to accelerate organic growth, improve profitability and increase free cash flow⁽¹⁾.

Accelerating organic growth and operational excellence

Leveraging the high level of its order intake⁽¹⁾ over the past few years, Valeo confirms its objective to achieve average annual organic growth five percentage points above global automotive production on the back of its innovation-based product mix. Assuming that global automotive production increases by an annual average of 3% over the next five years, sales would therefore rise to around 17 billion euros⁽²⁾ in 2017 and would exceed 20 billion euros⁽²⁾ by 2020 (versus 12.7 billion euros in 2014).

Improving operating margin⁽¹⁾

The Group intends to leverage the growth in sales to improve its operating margin⁽¹⁾ and profitability. Accordingly, Valeo has set a target for operating margin⁽¹⁾ (as a percentage of sales) of between 8% and 9% for 2020 (versus 7.2% in 2014). Operating margin⁽¹⁾ for 2017 is expected to be in the region of 8%.

Increasing free cash flow⁽¹⁾

After four years of strong growth in production capacity, particularly in Asia and emerging countries, Valeo is aiming to increase its free cash flow/EBITDA⁽¹⁾ ratio from 21% in 2014 to around 28% in 2017, and then to more than 30% by 2020.

Valeo's strong financial position will enable it to capitalize on opportunities for growth in technologies for CO₂ emissions reduction and improved vehicle performance as well as intuitive driving, while maintaining strict financial discipline.

The Investor Day presentations can be followed by live webcast and are also available on the Group's website at www.valeo.com.

¹ See Financial Glossary, page 3

² Based on a EUR/USD exchange rate of 1.15.



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 2014, the Group generated sales of 12.7 billion euros and invested over 10% of its original equipment sales in research and development. Valeo has 133 plants, 16 research centers, 34 development centers, 15 distribution platforms and employs 78,500 people in 29 countries worldwide.

Valeo is a member of the CAC 40 index.

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For more information about the Valeo Group and its activities, please visit our website www.valeo.com

Financial Glossary

- **Order intake** corresponds to business awarded by automakers during the period (including joint ventures at least 50% controlled by the Group) less any cancellations, 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 data for first-half 2013.
- **Innovative technologies** correspond to technologies sold by less than 3 years.
- **Operating margin** including share in net earnings of equity-accounted companies corresponds to operating income before other income and expenses.
- **EBITDA** corresponds to (i) operating income (excluding share in net earnings of equity-accounted companies) before depreciation, amortization, impairment losses (included in the operating margin), other income and expenses, and (ii) net dividends received from equity-accounted companies.
- **Free cash flow** corresponds to net cash from operating activities (excluding changes in the sale of non-recurring trade receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.



Safe Harbor Statement

Statements contained in this press release, 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 and risks relating to legal action resulting from such investigations, risks which relate to being a supplier in the automotive industry and to the development of new products and risks due to certain global and regional economic conditions. Also included are environmental and industrial risks as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (*Autorité des marchés financiers* – AMF), including those set out in the "Risk Factors" section of Valeo's Registration Document registered at the AMF on March 28, 2014 (under no. D.14-0234).

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 press release. 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 press release.