

Valeo unveils its new medium-term objectives

London, February 28, 2017 – Valeo (Euronext: FR) is aiming to continue and accelerate its growth strategy presented in March 2015 and is setting new financial objectives through 2021:

- **Sales of over 27 billion euros⁽¹⁾, reflecting an average outperformance of more than 7 percentage points for the 2016-2021 period compared to global automotive production, and average annual sales growth in excess of 10%**
- **Operating margin⁽²⁾ (as a percentage of sales) of around 9%**
- **Free cash flow⁽²⁾ of 3.7 billion euros over the 2017-2021 period, twice the level recorded over the 2012-2016 period of 2 billion euros**

Jacques Aschenbroich, Valeo's Chairman and Chief Executive Officer, commented:

"Thanks to the commitment of all our teams, over the last few years we have built a new, more innovative, technologically focused, dynamic and profitable Valeo. By leveraging the growth opportunities in the automotive industry for electrification, autonomous and connected vehicles, as well as new mobility services driven by digital technology, Valeo is embarking on a virtuous circle of profitable growth underpinned by sustained Research and Development efforts and a selective acquisition policy, allowing us to strengthen our positions on the main markets as well as our technological leadership.

All four of our Business Groups will leverage this potential, undergoing several waves of growth as these new technologies enter production."

During the Investor Day, Jacques Aschenbroich, Chairman and Chief Executive Officer, Christophe Périllat, Chief Operating Officer, Robert Charvier, Chief Financial Officer, and the Presidents and the R&D and Product Marketing Directors of the four Business Groups (Xavier Dupont and Michel Forissier for Powertrain Systems, Francisco Moreno and François Bordes for Thermal Systems, Marc Vrecko and Joachim Mathes for Comfort & Driving Assistance Systems, and Maurizio Martinelli and Christophe Le Ligné for Visibility Systems) will present the new strategic plan and medium-term financial objectives for the Group and its four Business Groups.

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 and leverage new growth opportunities for electrification, autonomous and connected vehicles, as well as new mobility services driven by digital technology.

Valeo has solid fundamentals thanks to its diversified customer and geographic positioning with an increasing footprint in high-growth potential regions, notably in Asia. Accentuating this trend over the next five years will help Valeo pursue its geographical repositioning, with around 37% of original equipment sales projected to be generated in Asia by 2021, versus 27% in 2016.

¹ Including Ichikoh, Valeo-Kapec and FTE.

² See Financial Glossary, page 3

Focus on accelerating growth, improving profitability and increasing free cash flow in each of the Business Groups

Driven by growth in the order intake⁽²⁾ due to the success of its innovations (half of the order intake⁽²⁾ in 2016), the Group is aiming to accelerate organic growth on the back of higher content per vehicle and a better product mix, to improve profitability and increase free cash flow⁽²⁾.

All four of our Business Groups will leverage this potential stemming from the new opportunities within the automotive industry and will undergo several waves of growth as these new technologies enter production.

Accelerating organic growth and boosting operational excellence

Leveraging the record level of its order intake⁽²⁾ over the past few years, Valeo is aiming to achieve average annual organic growth more than 7 percentage points above global automotive production on the back of its innovation-fueled product mix. Assuming that global automotive production increases by an annual average of 2.3% over the next five years, sales would therefore rise to around 22.5 billion euros⁽¹⁾ in 2019 and would exceed 27 billion euros⁽¹⁾ by 2021 (versus 16.5 billion euros in 2016).

Improving operating margin⁽²⁾

Valeo is aiming to leverage this sales growth to improve profitability, and has set a target for operating margin⁽²⁾ (as a percentage of sales) of around 8.5% and 9% for 2019 and 2021, respectively, versus 8.1% in 2016.

Doubling free cash flow⁽²⁾

Valeo is aiming to double its free cash flow⁽²⁾ generation to 3.7 billion euros over the 2017-2021 period, versus 2 billion euros over the 2012-2016 period.

Profitability indicators

Within the scope of its medium-term plan characterized by strong growth in production capacity, particularly in Asia, Valeo is aiming to achieve a return on capital employed (ROCE⁽²⁾) of around 30% and a return on assets (ROA⁽²⁾) of more than 20%.

Attendees at the Investor Day will be able to learn more about Valeo's latest innovations and see product presentations demonstrating what will drive the growth of our four Business Groups.

¹ Including Ichikoh, Valeo-Kapec and FTE.

² See Financial Glossary, page 3

Financial Glossary

- **Order intake** corresponds to business awarded by automakers during the period (including joint ventures at least 50%-owned by the Group) less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans.
Unaudited indicator.
- **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.
- **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.
- **ROA**, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.
- **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.

Safe Harbor Statement

Statements contained in this press release, 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 press release, 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 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 with the AMF on March 26, 2016 (under no. D.16-0211).

Valeo has recognized an expense of 99 million euros in its consolidated financial statements to cover the main risks resulting from investigations currently being carried out by the antitrust authorities, as identified in the Registration Document, and risks relating to legal action resulting from such investigations.

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 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 subsequent to the date of this press release.

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 2016, the Group generated sales of 16.5 billion euros and invested over 11% of its original equipment sales in Research and Development. Valeo has 155 plants, 20 research centers, 38 development centers and 15 distribution platforms, and employs 91,800 people in 32 countries worldwide. Valeo is listed on the Paris stock exchange and is a member of the CAC 40 index.

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