

Valeo today confirms the creation of Valeo-Kapec, the world leader in torque converters

Paris, November 30, 2017 – On February 6, 2017, Valeo announced that it had signed an agreement with its long-standing South Korean partner, PHC Group, to create a joint venture set to become the world leader in torque converters for automatic and continuous variable transmissions.

Having obtained the necessary regulatory approvals, Valeo and its partner PHC Group today confirmed that the transaction has been completed.

The company will employ approximately 3,150 people and will be controlled and fully consolidated by Valeo. It is forecast to generate sales of around 1 billion euros on an annual basis and will be accretive to Valeo's operating margin from its first fiscal year.

Valeo-Kapec will capitalize on the two partners' strong geographic, product and business complementarity to create purchasing, manufacturing and, above all, R&D synergies.

"By strengthening our ties with our long-standing South Korean partner and creating this joint venture, we will double our sales of torque converters for automatic and continuous variable transmissions and become the world leader in this high-technology product line," said Jacques Aschenbroich, Valeo's Chairman and Chief Executive Officer. "And by stepping up our presence in South Korea and increasing sales to Hyundai-Kia, we expect our sales in Asia to increase by around 500 million euros."

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 169 plants, 20 research centers, 38 development centers and 15 distribution platforms, and employs 108,000 people in 32 countries worldwide. Valeo is listed on the Paris stock exchange and is a member of the CAC 40 index.

Contacts

43 rue Bayen, 75017 Paris, France

+33 (0)6 21 47 88 69 | +33 (0)6 81 73 83 41 |
+33 (0)7 64 56 85 48

press-contact.mailbox@valeo.com

www.valeo.com

@Valeo_Group

