

VALEO INVESTOR DAY 2019

- Leadership position in vehicle electrification and advanced driving assistance systems (ADAS) thanks to 12 new key technological platforms
 - Sharp increase in Valeo's average content per vehicle
 - Outperformance of around 5 percentage points in a challenging automotive market
 - Increase in EBITDA to 15% of sales in 2022
 - Doubling of free cash flow generation over the 2020-2022 period versus 2017-2019, to between 1.3 billion euros and 1.5 billion euros
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Paris, December 9, 2019 – At the Investor Day on December 10, 2019, Valeo's management team will explain the Group's successful transformation and present the 12 new key technological platforms that are cementing its leadership in the fields of vehicle electrification and ADAS. They will also describe the growth opportunities derived from the sharp increase in Valeo's average content per vehicle, the Group's organization and operational efficiency, as well as setting financial objectives through 2022. Lastly, the Powertrain Systems and Comfort & Driving Assistance Systems Business Groups will present their new technological platforms, positioning with regards to the competition and in the value chain and key commercial achievements.

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

"In 2017, we clearly announced our innovation strategy and intention to invest heavily in new technological platforms. We maintained these investments despite the downturn in the automotive market, and they have now been realized, enabling us to profoundly transform our product portfolio and to reinforce our leadership in vehicle electrification and ADAS, the two automotive market segments that are set to witness the fastest growth over the coming years.

These technological platforms provide us with a competitive edge by creating high barriers to entry, allowing us to sharply increase our average content per vehicle and deepen our resilience in the face of an uncertain market environment, while at the same time reducing our R&D and capital expenditure as a proportion of sales.

Between now and 2022, we are aiming to outperform the automotive market by 5 percentage points, widen our margins and double our free cash flow generation."

Ambitions and objectives

The automotive industry is facing three major revolutions:

- powertrain electrification;
- advanced driving assistance systems (ADAS) and autonomous vehicles;
- digital mobility.

These revolutions, which require massive investments, will secure strong growth for market players having made the right strategic choices and having the capacity to develop technologies and product ranges that are adapted to the market evolution.

Valeo's strategy initiated several years ago and presented in 2017 consists in positioning the Group as the leader on these market segments, which will undergo strong growth over the coming years.

That is why Valeo:

- has gradually withdrawn from the diesel market, which now accounts for only around 1% of sales;
- is positioned as the leader in powertrain electrification, both for 48 V systems and high-voltage electric solutions through its Valeo Siemens eAutomotive joint venture;
- is reinforcing its leadership position on the driving assistance market by expanding the product range.

To achieve this, Valeo has developed 12 new key technological platforms that are already operational, and allow the Group to support certain customers in launching flagship models while sharply increasing its average content per vehicle.

Thanks to the competitive edge they provide, these platforms are double-digit growth drivers for each of the technologies concerned, as well as being operational levers – thanks to our standardized product offering and the economies of scale achieved – enabling Valeo to boost cash generation by increasing profitability and reducing R&D costs and capital expenditure.

In a more challenging market environment than anticipated, especially in 2019, with automotive production 11.4% lower than the assumptions used to prepare its previous plan, Valeo intends to combine growth and resilience with a focus on improving profitability and free cash flow generation in the period through 2022.

Over the 2020-2022 period, the Group is targeting organic sales growth to outperform global automotive production by around 5 percentage points.

The Group also intends to reap the benefits of organic growth and optimization of its R&D costs and investments, resulting from the use of its new technological platforms. Valeo thus anticipates improving its profitability and increasing its EBITDA to more than 15% of sales in 2022, versus an EBITDA margin of 12.6% in 2018.

Thanks to the expected increase in EBITDA combined with a tight rein over investments, Valeo is targeting an increase in its free cash flow generation over 2020-2022 to a level between 1.3 billion euros and 1.5 billion euros, equal to twice the level recorded in the 2017-2019 period. This increase will enable the Group to maintain its dividend policy, support the growth of Valeo Siemens eAutomotive and reduce net debt.

Valeo will also present new financial objectives for the Valeo Siemens eAutomotive (VSeA) joint venture, which is positioned as a major player in the high-voltage powertrain electrification segment:

- sales of 1.4 billion euros in 2022, and of more than 2 billion euros in 2024;
- EBITDA at 8% of sales in 2022, and of more than 12% in 2024; and
- breakeven free cash flow in 2022.

These objectives were prepared based on IHS automotive production estimates released on November 16, 2019. Valeo will also present the impacts of a more pessimistic automotive production scenario.

Valeo reaffirms its growth and value creation ambition in line with the ongoing transformations in mobility and its commitment to sustainable development. The Group is recognized by the key ESG rating agencies (MSCI, RobecoSAM and CDP) as a world leader in the automotive supplier segment.

Valeo will be broadcasting a live webcast on December 10, 2019 at 11:00 a.m. (Paris time), available on the Group's website at www.valeo.com.

Financial calendar

Full-year 2019 results: February 20, 2020

Financial Glossary

- **EBITDA** 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 from equity-accounted companies.
- **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 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 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 2018, the Group generated sales of 19.1 billion euros and invested 13% of its original equipment sales in Research and Development. At September 30, 2019, Valeo had 189 plants, 20 research centers, 39 development centers and 15 distribution platforms, and employed 115,520 people in 33 countries worldwide. Valeo is listed on the Paris Stock Exchange.

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