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Sales up 15% to 7.3 billion euros
Operating margin⁽¹⁾ up 23% to 7.4% of sales
Net income up 34% to 4.7% of sales
Free cash flow of 306 million euros
Order intake⁽²⁾ up 18% to 10.7 billion euros
Full-year 2015 guidance raised

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

"Valeo's results for the first half of 2015 reflect the hard work carried out by our teams over the past few years to develop a more diverse customer portfolio, strengthen our products' technological advantage and further align the Group's businesses geographically. Furthermore, the figures demonstrate the strength of Valeo's growth model in any market conditions.

Our record order intake – which stands at 10.7 billion euros – and the 15% growth in sales reflect the commercial success of technologies developed by the Group for CO₂ emissions reduction and intuitive driving. This growth was accompanied by a 23% increase in our operating margin, a 34% increase in net income and a doubling of free cash flow. These first-half results put Valeo ahead of schedule in terms of the medium-term plan presented at our Investor Day in London on March 16, 2015."

First-half 2015

- **Order intake** of 10.7 billion euros, up 18% (13% like-for-like)
- **Consolidated sales** of 7,298 million euros, up 15% (6% like-for-like)
- **Original equipment sales** of 6,316 million euros, up 16% (7% like-for-like) outpacing global automotive production by 6 percentage points:
 - Europe: up 10%⁽³⁾, 8 percentage points higher than automotive production
 - Asia: up 6%⁽³⁾, 4 percentage points higher than automotive production
 - of which China: up 10%⁽³⁾, 5 percentage points higher than automotive production
 - North America: up 4%⁽³⁾, 1 percentage point higher than automotive production
 - South America: down 13%⁽³⁾, 3 percentage points higher than automotive production
- **Aftermarket sales** up 8% (up 2% like-for-like)
- **Operating margin⁽¹⁾** up 23% to 538 million euros, or 7.4% of sales
- **Net attributable income** up 34% to 344 million euros, or 4.7% of sales
- **Free cash flow⁽²⁾** of 306 million euros, double the figure for first-half 2014

2015 outlook

Based on the following assumptions:

- an increase in global automotive production⁽⁴⁾ of between 2% and 3%, including:
 - between 4% and 5% in Europe excluding Russia
 - between 4% and 5% in China
- raw material prices and exchange rates in line with current levels;

Valeo raises its full-year 2015 guidance, as follows:

- sales growth outperformance in the main production regions, including China;
- operating margin⁽¹⁾ (as a % of sales) higher than in 2014, with a slight increase in operating margin (as a % of sales) in the second half of 2015 as compared to the first half.

¹ Including share in net earnings of equity-accounted companies, see Financial Glossary, page 8.

² See Financial Glossary, page 8.

³ Constant Group structure and exchange rates.

⁴ In line with LMC estimates



Paris, France, July 27, 2015 – Following the meeting of its Board of Directors on July 24, 2015, Valeo released sales figures for first-half 2015⁽¹⁾:

		H1 2014*	H1 2015	% change
Order intake ⁽²⁾	(in billions of euros)	9.1	10.7	+18%/+13%**
Sales	(in millions of euros)	6,347	7,298	+15%/+6%**
Original equipment sales	(in millions of euros)	5,432	6,316	+16%/+7%**
R&D expenditure, net	(in millions of euros)	(350)	(402)	+15%
	(as a % of sales)	-5.5%	-5.5%	-
General administrative expenses	(in millions of euros)	(223)	(248)	+11%
	(as a % of sales)	-3.5%	-3.4%	-0.1 pts
Share in net earnings of equity-accounted companies	(in millions of euros)	32	23	-28%
Operating margin including share in net earnings of equity-accounted companies ⁽²⁾	(in millions of euros)	436	538	+23%
	(as a % of sales)	6.9%	7.4%	+0.5 pts
Net attributable income	(in millions of euros)	256	344	34%
	(as a % of sales)	4.0%	4.7%	+0.7 pts
Basic earnings per share	(in euros)	3.29	4.41	+34%
Net attributable income excluding non-recurring items ⁽²⁾	(in millions of euros)	272	357	+31%
	(as a % of sales)	4.3%	4.9%	+0.6 pts
Basic earnings per share excluding non-recurring items	(in euros)	3.50	4.58	+31%
ROCE ⁽²⁾		32%***	32%	-
ROA ⁽²⁾		20%***	21%	+1 pt
EBITDA ⁽²⁾	(in millions of euros)	734	913	+24%
	(as a % of sales)	11.6%	12.5%	+0.9 pts
Investments in property, plant and equipment and intangible assets	(in millions of euros)	(451)	(539)	+20%
Free cash flow ⁽²⁾	(in millions of euros)	153	306	+100%
Net debt ⁽²⁾	(in millions of euros)	525	219	-58%
Gearing ratio		22%	7%	N/A

* Results for first-half 2014 differ from those presented in the consolidated financial statements for the six months ended June 30, 2014 published in July 2014 since they have been adjusted to reflect the impacts of the first-time application of IFRIC 21 – "Levies" as from January 1, 2015 on a retrospective basis.

** Constant Group structure and exchange rates.

*** The ROCE and ROA figures for first-half 2014 differ from those presented in the consolidated financial statements for the six months ended June 30, 2014 published in July 2014 since they have been adjusted to reflect the new definition of these indicators applied at December 31, 2014 and published in February 2015.

Order intake up 18% to 10.7 billion euros as reported (up 13% like-for-like), confirming the Group's strong growth potential

In the first half of 2015, the order intake increased by 18% to 10.7 billion euros, confirming the Group's potential to outperform global automotive production by an average of 5 percentage points per year over the period 2015-2020.

The order intake is broken down by production region as follows:

- 29% in Asia; China accounted for 25% of the order intake, of which 44% of orders booked with local Chinese automakers;
- 49% in Europe, reflecting the strong positioning of Valeo's new products and technologies;
- 21% in North America.

Innovative products accounted for a significant 30% of the order intake, vindicating the Group's technology strategy.

¹ At the date of this press release, the consolidated financial statements for the six months ended June 30, 2015 have been reviewed by the Statutory Auditors.

² See Financial Glossary, page 8.



Automotive production up 1.2%

Automotive production rose 1.2% year-on-year, benefiting from the upturn in the European market excluding Russia (up 4%), as well as continued expansion in North America (up 3%) and Asia (up 2%), despite growth easing up in China (up 5%). Production in South America fell a sharp 16%.

Automotive production (year-on-year change)

	Q1 2015*	Q2 2015*	H1 2015*
TOTAL	+2.2%	+0.3%	+1.2%
Europe & Africa	+4%	-1%	+2%
excluding Russia	+7%	+2%	+4%
Asia, Middle East & Oceania	+3%	+1%	+2%
of which China	+8%	+3%	+5%
excluding China	-2%	-1%	-1%
North America	+2%	+3%	+3%
South America	-15%	-18%	-16%

* LMC & Valeo automotive production estimates.

Sales up 15%

Sales for the first half advanced 15% (6% like-for-like), to 7,298 million euros.

Changes in exchange rates in the first half of 2015 had a positive 8.5% impact, primarily due to the depreciation of the euro against the dollar and the yuan.

Changes in Group structure did not have a material impact on sales for the period (up 0.5%).

Sales (in millions of euros)

	As a % of H1 2015 sales	Q1				Q2				H1			
		2014	2015	Reported change	Like-for-like change*	2014	2015	Reported change	Like-for-like change*	2014	2015	Reported change	Like-for-like change*
Total	100%	3,112	3,581	+15%	+6%	3,235	3,717	+15%	+6%	6,347	7,298	+15%	+6%
of which:													
Original equipment	87%	2,677	3,113	+16%	+7%	2,755	3,203	+16%	+6%	5,432	6,316	+16%	+7%
Aftermarket	11%	376	400	6%	+1%	377	413	+10%	+3%	753	813	+8%	+2%
Miscellaneous	2%	59	68	+15%	+10%	103	101	-2%	-5%	162	169	+4%	+1%

* Constant Group structure and exchange rates.

Original equipment sales came out at 6,316 million euros (87% of total sales), up 16% (7% like-for-like). This performance, which was consistent throughout the first half, reflects the gradual entry into production of the high order intake recorded by the Group over the last few years.

Aftermarket sales (11% of total sales) rose by 8% over the period (2% like-for-like). In the second quarter, aftermarket sales growth accelerated to 10% compared with 6% in the first three months of the year. It should be noted that the aftermarket activities in South Korea were adversely affected by changes in exchange rates; excluding aftermarket sales from South Korea, this item was up 4% on a like-for-like basis.

Miscellaneous sales (2% of total sales), mainly consisting of tooling revenues related to the launch of new projects, increased by 4% (1% like for like).



Original equipment sales jumped 7% like-for-like, beating global automotive production by 6 percentage points

Valeo delivered market-beating growth in each of the main production regions, driven by:

- an improved product mix resulting from technological innovations for CO₂ emissions reduction and intuitive driving;
- its positioning with regard to German and Asian customers; and
- business expansion in Asia and emerging countries.

Original equipment sales (by location of customer, in millions of euros)

	Q1				Q2				H1			
	2014	2015	Like-for-like change	Difference vs. market*	2014	2015	Like-for-like change	Difference vs. market*	2014	2015	Like-for-like change	Difference vs. market*
TOTAL	2,677	3,113	+7%	+5 pts	2,755	3,203	+6%	+6 pts	5,432	6,316	+7%	+6 pts
Europe & Africa	1,403	1,542	+10%	+6 pts	1,431	1,576	+10%	+11 pts	2,834	3,118	+10%	+8 pts
Asia, Middle East & Oceania	640	814	+8%	+5 pts	670	835	+4%	+3 pts	1,310	1,649	+6%	+4 pts
China	290	409	+15%	+7 pts	325	440	+6%	+3 pts	615	849	+10%	+5 pts
China excluding China	350	405	+3%	+5 pts	345	395	+2%	+3 pts	695	800	+2%	+3 pts
North America	538	674	+4%	+2 pts	563	717	+4%	+1pt	1,101	1,391	+4%	+1pt
South America	96	83	-16%	-1 pt	91	75	-11%	+7 pts	187	158	-13%	+3 pts

* Based on LMC & Valeo automotive production estimates.

The Group grew faster than the market across all production regions:

- in **Europe** (including Africa), like-for-like original equipment sales advanced 10% on an attractive portfolio of high technological value products and a favorable customer and geographic mix, beating automotive production by 8 percentage points;
- in **China**, original equipment sales were up 10% on a like-for-like basis, 5 percentage points higher than automotive production thanks to the gradual entry into production of the order intake over the past few years, including orders with local Chinese automakers, which represent around 20% of original equipment sales in China and 44% of the order intake;
- in **Asia excluding China**, Valeo's like-for-like original equipment sales climbed 2%, outperforming the market by 3 percentage points and beating automotive production in each country in the region;
- in **North America**, like-for-like original equipment sales advanced 4%, 1 percentage point more than automotive production;
- in **South America**, like-for-like original equipment sales were down 13%, beating automotive production by 3 percentage points.

Valeo continues to realign its businesses geographically...

Changes in sales produced by Valeo in the different production regions reflect in particular movements in exchange rates:

- the share of original equipment sales produced in North America increased by 2 percentage points to 22%;
- the share of original equipment sales produced in China increased by 2 percentage points to 13% of total original equipment sales;
- the share of original equipment sales produced in Western Europe decreased by 3 percentage points to 35%;
- the share of original equipment sales produced in South America decreased by 1 percentage point to 2%.

...and maintain a balanced, more diverse customer portfolio

- German customers represented 30% of original equipment sales, stable year on year;
- Asian customers accounted for 25% of original equipment sales, down 1 percentage point;
- US customers accounted for 23% of original equipment sales, up 1 percentage point;
- French customers accounted for 16% of original equipment sales, down 1 percentage point on one year earlier.



Strong growth in the Comfort & Driving Assistance Systems Business Group and above-market growth in the three other Business Groups

As is the case for the consolidated Group, the sales performance for the Business Groups reflects the specific product, geographic and customer mix and the relative weighting of the aftermarket in their activity as a whole.

Sales by Business Group* (in millions of euros)

	Q1				Q2				H1			
	2014	2015	Change Sales	Change OE sales**	2014	2015	Change in sales	Change in OE sales**	2014	2015	Change Sales	Change OE sales**
CDA	552	657	+19%	13%	572	679	+19%	+13%	1,124	1,336	+19%	+13%
Powertrain	848	948	+12%	+4%	848	978	+15%	+7%	1,696	1,926	+14%	+5%
Thermal	880	1,007	+14%	+4%	934	1,039	+11%	+1%	1,814	2,046	+13%	+2%
Visibility	876	1,022	+17%	+9%	925	1,072	+16%	+7%	1,801	2,094	+16%	+8%

* Including intersegment sales.

** Constant Group structure and exchange rates.

Like-for-like original equipment sales for the **Comfort & Driving Assistance Systems** and **Visibility Systems Business Groups** increased 13% and 8%, respectively, driven by the market's growing interest in intuitive driving products (display screens and parking assistance, vision and radar systems), and LED lighting solutions.

Original equipment sales for the **Powertrain Systems Business Group** grew by 5% on a like-for-like basis in the first half of the year (accelerating to 7% in the second quarter), reflecting the gradual entry into production of innovative technologies aimed at reducing CO₂ emissions, including the Efficient Generator (EG) alternator, dual-clutch and dampers.

Net income jumped 34% to 344 million euros, or 4.7% of sales Operating margin⁽¹⁾ rose 23% to 538 million euros, or 7.4% of sales

The **gross margin** increased 19% to 1,280 million euros, or 17.5% of sales (up 0.5 percentage points on first-half 2014). This mainly reflects a positive volume/inflation effect of 0.4 percentage points and a 0.3 percentage point improvement in operating efficiency.

Valeo continued its **Research and Development** efforts in response to the high order intake. In the first half of 2015, gross R&D expenditure was up 14% to 644 million euros. Net R&D expenditure remained stable at 5.5% of sales.

General and administrative expenses came out 0.1 percentage point lower than in first-half 2014, at 3.4% of sales.

The share in net earnings from equity-accounted companies was 23 million euros, or 0.3% of sales, down 0.2 percentage points on first-half 2014. This mainly reflects the non-recurrence of the fair value remeasurement gain on the Group's previously held interest in Valeo Sylvania, recognized in the first half of 2014 (down 0.3 percentage points).

The operating margin⁽¹⁾ moved up 23% to 538 million euros, or 7.4% of sales (up 0.5 percentage points on first-half 2014).

Operating income⁽²⁾ rose 29% to 517 million euros, or 7.1% of sales (up 0.8 percentage points on first-half 2014). This takes into account other income and expenses for a net negative amount of 21 million euros, including restructuring programs in South America, Japan and Russia.

¹ Including share in net earnings of equity-accounted companies, see Financial Glossary, page 8.

² See Financial Glossary, page 8.

The **cost of net debt** totaled 43 million euros, down by 9% on first-half 2014.

The **effective tax rate** came out at 19% following partial recognition of deferred tax assets resulting from the improved profitability of the Group's operations in North America.

Net attributable income jumped 34% to 344 million euros, or 4.7% of sales (up 0.7 percentage points on first-half 2014).

Excluding non-recurring items, net attributable income⁽¹⁾ rose 31% to 357 million euros, or 4.9% of sales.

Return on capital employed (ROCE⁽¹⁾) and **return on assets (ROA⁽¹⁾)** stood at 32% and 21%, respectively.

Consolidated EBITDA⁽¹⁾ up 24% to 913 million euros, or 12.5% of sales (up 0.9 percentage points on first-half 2014)

EBITDA (in millions of euros and as a % of sales)

		H1		
		2014*	2015	Change
Comfort & Driving Assistance Systems	(in millions of euros)	159	193	+21%
	(as a % of sales)	14.1%	14.4%	+0.3 pts
Powertrain Systems	(in millions of euros)	207	233	+13%
	(as a % of sales)	12.2%	12.1%	-0.1 pts
Thermal Systems	(in millions of euros)	199	228	+15%
	(as a % of sales)	11.0%	11.1%	+0.1 pts
Visibility Systems	(in millions of euros)	167	248	+49%
	(as a % of sales)	9.3%	11.8%	+2.5 pts

* EBITDA shown for first-half 2014 differs from the amount presented in the consolidated financial statements for the six months ended June 30, 2014 published in July 2014 since it has been adjusted to reflect the impacts on the cost of sales of the first-time application of IFRIC 21 – "Levies" as from January 1, 2015 on a retrospective basis.

The **Comfort & Driving Assistance Systems Business Group** contributed to consolidated EBITDA growth thanks to a good operating performance amid strong sales growth. EBITDA came in at 14.4% of sales (up 0.3 percentage points on first-half 2014).

Profitability for the **Visibility Systems Business Group** improved in line with the turnaround plan begun in 2012 and EBITDA came in at 11.8% of sales (up 2.5 percentage points on first-half 2014).

Free cash flow⁽¹⁾ of 306 million euros, double the first-half 2014 figure

The Group's **free cash flow⁽¹⁾** increased to 306 million euros, double the first-half 2014 figure. This chiefly reflects:

- a 24% increase in EBITDA⁽¹⁾ to 913 million euros;
- strict management of the working capital requirement, which contributed 48 million euros to free cash flow;
- controlled investment outflows of 539 million euros, or 7.4% of sales.

Net cash flow⁽¹⁾ amounted to 109 million euros and reflects:

- 56 million euros in financial expenses; and
- 141 million euros in expenses related to other financial items, including 172 million euros in respect of the dividend paid to shareholders.

Net debt at 219 million euros at June 30, 2015

Net debt⁽¹⁾ stood at 219 million euros at June 30, 2015, down 122 million euros compared with end-December 2014.

The **leverage ratio** (net debt/EBITDA) came out at 0.1x and the **gearing ratio** (net debt/stockholders' equity excluding non-controlling interests) stood at 7% of equity.

At June 30, 2015, the Group's debt had an average maturity of 4.6 years.

¹ See Financial Glossary, page 8.



2015 outlook

Based on the following assumptions:

- an increase in global automotive production⁽¹⁾ of between 2% and 3%, including:
 - between 4% and 5% in Europe excluding Russia
 - between 4% and 5% in China
- raw material prices and exchange rates in line with current levels,

Valeo raises its full-year 2015 guidance, as follows:

- sales growth outperformance in the main production regions, including China;
- operating margin⁽²⁾ (as a % of sales) higher than in 2014, with a slight increase in operating margin (as a % of sales) in the second half of 2015 as compared to the first half.

Highlights

On May 11, 2015, Moody's upgraded Valeo's long-term corporate credit rating to "Baa2" with a "stable" outlook and its short-term corporate credit rating to "Prime-2".

On June 18, 2015, Valeo announced that it had purchased a 10.5% stake in Aledia by subscribing to a portion of Aledia's capital increase. Aledia is a technology start-up dedicated to the development of cutting-edge LED technology for general and automotive lighting. Valeo's objective is to accelerate and expand in the medium term its offering of innovative interior and exterior automotive lighting solutions.

Upcoming events

Third-quarter 2015 sales: October 21, 2015

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 136 plants, 16 research centers, 34 development centers, 15 distribution platforms and employs 81,800 people in 29 countries worldwide.

Valeo is listed on Euronext Paris and 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

¹ In line with LMC estimates.

² Including share in net earnings of equity-accounted companies, see Financial Glossary, page 8.



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. 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.
- **Net attributable income excluding non-recurring items** corresponds to net attributable income adjusted for "other income and expenses" net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.
- **ROCE**, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) in relation to capital employed (including investments in equity-accounted companies) excluding goodwill.
- **ROA**, or return on assets, corresponds to operating income in relation to capital employed (including investments in equity-accounted companies) including goodwill.
- **EBITDA** corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin), 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.
- **Net cash flow** corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (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, and (iii) changes in sales of non-recurring trade receivables.
- **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 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 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 27, 2015 (under no. D.15-0220).

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.