14.08

# Like-for-like sales up 9% to 12,110 million euros; operating margin up 10% to 795 million euros, or 6.6% of sales; net income up 18% to 439 million euros

*Jacques Aschenbroich, Valeo's Chief Executive Officer, stated:*
*"Thanks to our innovation push and the trust of our customers, we again showed our capacity to grow in all world regions in 2013 and to improve our operating margin, which came out at 6.9% of sales in the second half and 6.6% for the year as a whole. Going forward, our strong cash generation and financial position will help us prepare for the expected sharp growth in sales, particularly in 2015 and 2016. I am confident that our strategy focused on innovation and on developing our businesses in fast-growing production regions will enable us to continue delivering margin growth in line with our medium-term financial objectives."*

## *In 2013*

- **In the fourth quarter, growth of the original equipment business accelerated (up 17% on a like-for-like basis), outperforming global automotive production by 10 percentage points**

- **In the second half, like-for-like sales advanced 12% and operating margin(2) rose 16% to 6.9% of sales**

- **Highlights of full-year 2013:**

  **Order intake(1) of 14.8 billion euros**

  **Consolidated sales of 12,110 million euros, up 9% like for like** (up 3% on a reported basis)
  - Balanced performance between the original equipment business (up 10%*) and the aftermarket business (up 8%*)
  - Original equipment sales beat the market by 6 percentage points
    - → Europe: up 7%*, 7 percentage points higher than the market
    - → China: up 31%*, 16 percentage points higher than the market
    - → North America: up 17%*, 12 percentage points higher than the market
    - → South America: up 8%*, 3 percentage points higher than the market

  **Operating margin up 10% to 795 million euros, or 6.6% of sales**

  **Net attributable income up 18% to 439 million euros**

  **Free cash flow(7) of 315 million euros**
    - → Net debt(9) of 366 million euros

## *2013 dividend*

- Proposed dividend payment up 13% to 1.70 euros per share

## *2014 outlook*

- Based on the following market assumptions for 2014:
  - 2% to 3% growth in global automotive production
  - 1% to 2% growth in automotive production in Europe
  - raw material prices and exchange rates in line with current levels

- Valeo has set the following objectives for 2014:
  - sales growth higher than the market in the main production regions
  - a slight increase in operating margin (as a percentage of sales) compared to 2013.

* Like-for-like (constant Group structure and exchange rates)

**Paris, France, February 20, 2014** – Valeo's Board of Directors' meeting of February 20, 2014 approved the consolidated and parent company financial statements for the year ended December 31, 2013*:

| H2 2012 | H2 2013 | Change | | 2012 | 2013 | Change |
|---|---|---|---|---|---|---|
| 5,760 | 5,944 | +3%/+12%** | Sales *(in €m)* | 11,759 | 12,110 | +3%/+9%** |
| 4,792 | 5,025 | +5%/+15%** | o/w OE sales *(in €m)* | 9,910 | 10,275 | +4%/+10%** |
| 942 | 1,036 | +10% | Gross margin *(in €m)* | 1,948 | 2,073 | +6% |
| *16.4%* | *17.4%* | *+100 bps* | *Gross margin (as a % of sales)* | *16.6%* | *17.1%* | *+50 bps* |
| (285) | (311) | +9% | R&D expenditure, net *(in €m)* | (598) | (643) | +7.5% |
| *-4.9%* | *-5.2%* | *-30 bps* | *R&D expenditure, net (as % of sales)* | *-5.1%* | *-5.3%* | *-20 bps* |
| 355 | 411 | +16% | Operating margin(2) *(in €m)* | 725 | 795 | +10% |
| *6.2%* | *6.9%* | *+70 bps* | *Operating margin(2) (as a % of sales)* | *6.2%* | *6.6%* | *+40 bps* |
| 178*** | 249 | +40% | Net attributable income *(in €m)* | 371*** | 439 | +18% |
| *3.1%* | *4.2%* | *+110 bps* | *Net attributable income (as a % of sales)* | *3.2%* | *3.6%* | *+40 bps* |
| 201 | 271 | +35% | Net attributable income (excluding non-recurring items)(3) *(in €m)* | 411 | 501 | +22% |
| *3.5%* | *4.6%* | *+100 bps* | *Net attributable income (excluding non-recurring items)(3) (as a % of sales)* | *3.5%* | *4.1%* | *+60 bps* |
| 28% | 30% | +2 pts | ROCE(4) | 28% | 30% | *+2 pts* |
| 17% | 19% | +2 pts | ROA(5) | 17% | 19% | *+2 pts* |
| 605 | 687 | +14% | EBITDA(6) *(in €m)* | 1,260 | 1,356 | +8% |
| *10.5%* | *11.6%* | *+110 bps* | *EBITDA(6) (as a % of sales)* | *10.7%* | *11.2%* | *+50 bps* |
| (433) | (465) | +7% | Cash flows used in investing activities *(in €m)* | (857) | (909) | +6% |
| (67) | 202 | N/A | Free cash flow(7) *(in €m)* | 81 | 315 | N/A |
| 763 | 366 | -52% | Net debt(9) *(in €m)* | 763 | 366 | *-52%* |
| *37%* | *15%* | *-22 pts* | *Gearing ratio* | *37%* | *15%* | *-22 pts* |

* Further to their statutory audit, the Statutory Auditors issued an unqualified opinion on the consolidated financial statements for the year ended December 31, 2013.

** Like-for-like

**** The amounts of other financial income and expenses shown for half-year and full-year 2012 differ from the amounts published in July 2012 and February 2013 since they have been adjusted to reflect changes in the expected return on plan assets resulting from the retrospective application of the amended IAS 19, effective as of January 1, 2013.*

## 2013 results

### Fourth quarter

**Original equipment sales moved up 17% on a like-for-like basis (beating the market by 10 percentage points), reflecting the acceleration in sales growth in 2013**

| **Sales growth** (like-for-like) | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| **TOTAL** | **+1%** | **+10%** | **+12%** | **+13%** |
| Original equipment | 0% | +12% | +13% | +17% |
| Aftermarket | +4% | +8% | +10% | +11% |
| **Original equipment sales by location** | | | | |
| Europe & Africa | -4% | +11% | +10% | +14% |
| China | +20% | +24% | +24% | +55% |
| Asia (excl. China), Middle East & Oceania | -9% | -4% | +5% | +7% |
| North America | +10% | +18% | +25% | +13% |
| South America | +3% | +19% | +10% | -1% |
| **Original equipment sales by Business Group** | | | | |
| Comfort & Driving Assistance Systems | -3% | +10% | +18% | +20% |
| Powertrain Systems | -2% | +7% | +6% | +13% |
| Thermal Systems | -3% | +8% | +10% | +13% |
| Visibility Systems | +10% | +26% | +23% | +22% |

Reflecting the acceleration in sales growth in 2013:

- original equipment sales surged 17% and aftermarket sales climbed 11%, beating their performance in the first three quarters of the year;
- growth in original equipment sales outpaced growth in global automotive production in all world regions (10 percentage points higher worldwide);
- all Business Groups enjoyed vigorous, double-digit growth, with Visibility Systems (Lighting) and Comfort and Driving Assistance Systems (detection, radars and parking assistance) posting rises of over 20%.

### Full-year 2013

**2013 order intake[(1)] of 14.8 billion euros, confirming the Group's growth potential**

Order intake was driven by:

- innovative products and systems, which accounted for 30% of order intake;
- accelerated expansion in Asia and emerging countries: Asia contributed 37% to order intake, 11 percentage points more than its contribution to original equipment sales;
- China (24% of order intake,13% of original equipment sales) will be the Group's biggest market as from 2014.

## In 2013, global automotive production advanced 4%, reflecting contrasting results across the various regions

Automotive production was flat in Europe in full-year 2013, despite the sharp 8% decline in production in the first quarter. However, despite the upturn observed as from second-quarter 2013, automotive production in Europe for the year is still below its pre-crisis level (down 11% on 2007). In the rest of the world, automotive production continued to expand, powered chiefly by bullish growth in the Chinese market and upbeat trading in North America.

## Valeo's like-for-like sales in 2013 climbed 9% to 12,110 million euros, with a balanced performance between its different markets (original equipment up 10% and aftermarket up 8%)

Sales were up 3% on a reported basis (after taking into account the sale of the Access Mechanisms business as of April 30, 2013).

**Changes in exchange rates and Group structure** had negative impacts of 3.1% and 2.8%, respectively:

- changes in exchange rates reflect the significant depreciation of currencies from emerging countries, particularly the Brazilian real and the yen;
- changes in Group structure were mainly attributable to the sale of the Access Mechanisms business (effective April 30, 2013) and the impact of the acquisition of a controlling interest in Foshan Ichikoh Valeo (fully consolidated as of January 1, 2013).

| **Sales** *(in millions of euros)* | As a % of total 2013 sales | Second-half | | | | Full-year | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2012 | 2013 | Change | Change on a like-for-like basis | 2012 | 2013 | Change | Change on a like-for-like basis |
| **Total** | **100%** | **5,760** | **5,944** | **+3%** | **+12%** | **11,759** | **12,110** | **+3%** | **+9%** |
| of which: | | | | | | | | | |
| Original equipment | 85% | 4,792 | 5,025 | +5% | +15% | 9,910 | 10,275 | +4% | +10% |
| Aftermarket | 12% | 722 | 752 | +4% | +11% | 1,454 | 1,517 | +4% | +8% |
| Miscellaneous | 3% | 246 | 167 | -32% | -30% | 395 | 318 | -19.5% | -17% |

**Original equipment sales** (85% of total sales) advanced 10% on a like-for-like basis to 10,275 million euros, beating the global market by 6 percentage points. This performance reflects the gradual increase in production resulting from the high order intake recorded by the Group over the last three years.

**Aftermarket sales** (12% of total sales) advanced 8% on a like-for-like basis on the back of improved market conditions in Europe, strong sales momentum and continued expansion in Asia and emerging countries.

**Miscellaneous sales** (3% of total sales), mainly consisting of tooling revenues, fell 17% like for like.

## Original equipment sales jumped 10% on a like-for-like basis, beating the global market by 6 percentage points (by 9 percentage points in the second half and by 5 percentage points in the first half)

Valeo delivered market-beating growth in each of the main production regions, buoyed by its innovative products, its positioning with regard to German and Asian customers, the growth of its business in Asia and emerging countries, and market share gains in North America. This reflects the gradual increase in production resulting from the high order intake over the last three years.

| Original equipment | Second-half | | | | | Full-year | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(by location of sales, in millions of euros)* | 2012 | 2013 | OE sales growth* | Auto. prod. growth** | Diff. vs. market | 2012 | 2013 | OE sales growth* | Auto. prod. growth** | Diff. vs. market |
| **TOTAL** | **4,792** | **5,025** | **+15%** | **+6%** | **+9 pts** | **9,910** | **10,275** | **+10%** | **+4%** | **+6 pts** |
| Europe & Africa | 2,351 | 2,439 | +12% | +4% | +8 pts | 5,056 | 5,161 | +7% | 0% | +7 pts |
| China | 525 | 701 | +40% | +17% | +23 pts | 1,006 | 1,294 | +31% | +15% | +16 pts |
| Asia (excl. China), Middle East & Oceania | 762 | 696 | +6% | +1% | +5 pts | 1,536 | 1,375 | -1% | -4% | +3 pts |
| North America | 872 | 974 | +19% | +5% | +14 pts | 1,735 | 1,949 | +17% | +5% | +12 pts |
| South America | 282 | 215 | +6% | -3% | +9 pts | 577 | 496 | +8% | +5% | +3 pts |

** Like-for-like*
** LMC & Valeo estimates*

In **Europe**, like-for-like original equipment sales rose 7%, beating the market by 7 percentage points (by 8 percentage points in the second half and by 6 percentage points in the first half), driven by the appeal of the business' portfolio of high-tech products and a favorable customer mix.

In **China**, original equipment sales were up 31% on a like-for-like basis, beating the market by 16 percentage points (by 23 percentage points in second half and by 9 percentage points in the first half), reflecting the gradual increase in production resulting from the high order intake over the past few years.

In **Asia (excluding China)**, like-for-like original equipment sales inched down 1%, outperforming the market by 3 percentage points over the year (5 percentage point outperformance in the second half, and in line with market performance in the first half).

In **North America**, like-for-like original equipment sales climbed 17%, outpacing automotive production by 12 percentage points (by 14 percentage points in the second half and by 10 percentage points in the first half), thanks to a favorable customer mix and market share gains.

In **South America**, like-for-like original equipment sales advanced 8%, beating the market by 3 percentage points, reflecting an improved situation after several periods of below-market performance (9 percentage points higher in the second half and 5 percentage points lower in the first half).

## Valeo continues to realign its businesses geographically...

The share of original equipment sales produced in Western Europe decreased by 1 percentage point to 37%.

The share of original equipment sales produced in Asia and emerging countries (including Eastern Europe) remained stable at 54% (37% in 2007).

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

German and Asian customers represented 57% of original equipment sales, stable versus 2012.

US customers accounted for 21% of original equipment sales, up 3 percentage points.

French customers decreased to 16% of original equipment sales (versus 18% in 2012).

## Above-market growth in all Business Groups, particularly Visibility Systems and Comfort & Driving Assistance Systems

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

| **Business Group sales*** *(in millions of euros)* | **Second-half** | | | | **Full-year** | | | |
|---|---|---|---|---|---|---|---|---|
| | **2012** | **2013** | **% change in sales** | **% change in OE sales**** | **2012** | **2013** | **% change in sales** | **% change in OE sales**** |
| Comfort & Driving Assistance Systems | 1,219 | 1,051 | -14% | +19% | 2,510 | 2,250 | -10% | +10% |
| Powertrain Systems | 1,585 | 1,691 | +7% | +10% | 3,266 | 3,400 | +4% | +6% |
| Thermal Systems | 1,621 | 1,682 | +4% | +12% | 3,340 | 3,398 | +2% | +7% |
| Visibility Systems | 1,377 | 1,583 | +15% | +23% | 2,734 | 3,183 | +16% | +20% |

** Including intersegment sales*
*** Like-for-like*

The **Visibility Systems Business Group** reported a 16% rise in total sales to 3.2 billion euros, spurred by the ramp-up of innovative solutions using LED technologies (original equipment sales up 20% on a like-for-like basis) and by a continued solid performance from the aftermarket.

Sales for the **Comfort & Driving Assistance Systems Business Group** were impacted by the sale of the Access Mechanisms business (effective April 30, 2013). In 2013, the Business Group's original equipment sales increased by 10% on a like-for-like basis, lifted by the market's growing interest in the Group's detection, radar and parking assistance systems.

**In the second half of 2013, operating margin came in at 411 million euros, or 6.9% of sales Full-year operating margin climbed 10% compared to 2012, to 795 million euros or 6.6% of sales, and net income for the year surged 18% year on year to 439 million euros**

**Gross margin:**

- **During the second half of 2013**, and despite the depreciation of currencies from emerging countries (especially the Brazilian real), gross margin advanced 10% to 1,036 million euros, or 17.4% of sales (100 basis points higher than in the second half of 2012), reflecting the effectiveness of the performance improvement plans that have been implemented.
- **Full-year 2013** gross margin surged 6% (up 50 basis points) on 2012, to 2,073 million euros, or 17.1% of sales.

Valeo is continuing its **R&D** efforts in response to the high order intake (786 patents filed in 2013, up 9% compared to 2012). Net R&D expenditure rose 8% to 643 million euros, or 5.3% of sales, up 20 basis points compared with 2012.

For full-year 2013, **administrative and selling expenses** improved to 5.2% of sales from 5.3% in 2012, on the back of a decrease in selling expenses to 1.6% of sales. Administrative expenses remained flat year on year at 3.6% of sales.

**Operating margin:**

- **In the second half of the year**, operating margin surged 16% (up 70 basis points) to 411 million euros, or 6.9% of sales
- **Full-year operating margin** climbed 10% on 2012 (up 40 basis points), to 795 million euros or 6.6% of sales.

The Group's **operating income** for 2013 came in at 728 million euros, or 6.0% of sales, after taking into account other expenses, chiefly the impact of the sale of the Access Mechanisms business (28 million euros), restructuring costs (16 million euros) and costs arising in relation to anti-trust proceedings (16 million euros), which include the fine paid by Valeo Japan Co. Ltd and legal fees in connection with these proceedings.

**The cost of net debt** totaled 100 million euros, down 3% compared with 2012.

**Net attributable income** surged 18% compared to 2012, coming in at 439 million euros, or 3.6% of sales. The effective tax rate came out at 20.5% following the recognition of a portion of deferred tax assets due to the improved profitability of the Group's US-based operations.

**Excluding non-recurring items, net attributable income** amounted to 501 million euros, up 22% on the 2012 figure.

The **return on capital employed** (ROCE) and **return on assets** (ROA) stood at 30% and 19%, respectively.

**In the second half of the year, EBITDA margin came out at 687 million euros, or 11.6% of sales**
**At 1,356 million euros or 11.2% of sales, full-year 2013 EBITDA margin climbed 8% compared to the 2012 figure (1,260 million euros) fueled chiefly by the improvement in the Visibility Systems and Comfort & Driving Assistance Systems Business Groups**

| **EBITDA*** | **Second-half** | | | **Full-year** | | |
|---|---|---|---|---|---|---|
| *(in millions of euros and as a % of sales)* | **2012** | **2013** | **Change** | **2012** | **2013** | **Change** |
| Comfort & Driving Assistance Systems | 144<br>*11.8%* | 144<br>*13.7%* | 0%<br>*+190 bps* | 300<br>*+12.0%* | 294<br>*+13.1%* | -2%<br>*+110 bps* |
| Powertrain Systems | 175<br>*11.0%* | 175<br>*10.3%* | 0%<br>*-70 bps* | 331<br>*+10.1%* | 351<br>*+10.3%* | +6%<br>*+20 bps* |
| Thermal Systems | 178<br>*11.0%* | 202<br>*12.0%* | +13%<br>*+100 bps* | 385<br>*+11.5%* | 394<br>*+11.6%* | +2%<br>*+10 bps* |
| Visibility Systems | 95<br>*6.9%* | 157<br>*9.9%* | +65%<br>*+300 bps* | 222<br>*+8.1%* | 298<br>*+9.4%* | +34%<br>*+130 bps* |

** Including intersegment sales*

Profitability for the **Visibility Systems Business Group** continued to recover thanks to the performance improvement plans implemented as well as an uptick in the aftermarket. In the second half of the year, Visibility Systems EBITDA margin came in at 9.9% of sales, versus 8.8% in first-half 2013, while full-year EBITDA margin jumped 34% compared to 2012, to 298 million euros or 9.4% of sales.

**In second-half 2013, free cash flow of 202 million euros, giving rise to full-year free cash flow of 315 million euros**

**In second-half 2013**, the Group generated 202 million euros in **free cash flow** (excluding changes in the sale of trade receivables) compared with a net outflow of 67 million euros in the same year-ago period, chiefly reflecting:
- a 14% increase in EBITDA to 687 million euros (up 110 basis points);
- a decrease in working capital requirement, which accounted for 135 million euros of total free cash flow and was mainly driven by an improved business climate in Europe;
- investment outflows of 465 million euros.

**In full-year 2013**, the Group generated 315 million euros in **free cash flow** (excluding changes in the sale of trade receivables) compared with 81 million euros one year earlier, mainly as a result of:
- an 8% increase in EBITDA to 1,356 million euros, or 11.2% of sales (up 50 basis points);
- a decrease in working capital requirement, which accounted for 118 million euros of total free cash flow;
- investment outflows of 909 million euros (7.5% of sales) due to a greater number of projects under development requiring further production capacities and additional capitalized R&D expenditure.

**Net cash flow**[(8)] amounted to 405 million euros and reflects:
- financial expenses totaling 102 million euros; and
- income from other financial items amounting to 192 million euros, including income from the sale of the Access Mechanisms business (170 million euros), effective April 30, 2013, and the dividend paid to shareholders in the second half of the year in an amount of 115 million euros.

## Strong financial position

**Net debt** stood at 366 million euros at December 31, 2013 versus 457 million euros at June 30, 2013 (763 million euros at December 31, 2012).

The **leverage ratio** (net debt/EBITDA) came out at 0.3 times EBITDA and the **gearing ratio** (net debt/stockholders' equity excluding non-controlling interests) stood at 15% of equity.

At end-December 2013, the Group’s debt had an average interest rate of 4.98% and an average maturity of 3.5 years. The Group's average debt maturity was extended to six years further to a coordinated debt management operation carried out on January 22, 2014 (issuance of a 10-year, 700 million euro bond paying a coupon of 3.25% in conjunction with the buyback and cancellation of the bonds maturing in 2017 and 2018 for 354 million euros and 227 million euros, respectively).

## Increase in 2013 dividend

A proposal will be submitted to the Shareholders’ Meeting to pay a dividend of 1.70 euros per share in respect of 2013, representing an increase of 13% on the 2012 dividend, in line with the 30% payout ratio in 2012.

## 2014 outlook

- Based on the following market assumptions for 2014:
    - 2% to 3% growth in global automotive production
    - 1% to 2% growth in automotive production in Europe
    - raw material prices and exchange rates in line with current levels

- Valeo has set the following objectives for 2014:
    - sales growth higher than the market in the main production regions
    - a slight increase in operating margin (as a percentage of sales) compared to 2013

# Highlights

## Sale of the Access Mechanisms business

On May 24, 2013, Valeo confirmed the sale of the Access Mechanisms business (except for the Indian business) to Japan-based U-Shin for an enterprise value of 203 million euros with effect from April 30, 2013 for accounting purposes.

On February 18, 2014, Valeo completed the sale of its entire interest in India-based 50%-50% joint venture (part of the former Access Mechanisms business) to Minda Capital Limited.

The Access Mechanisms business, which was part of the Comfort and Driving Assistance Systems Business Group, is primarily mechanical-based and comprises products such as locksets, steering column locks, handles and latches. Boasting a broad presence in Europe and South America, the business generated sales of 569 million euros in 2012 and employed 4,500 people at 12 plants. This divestment is aligned with Valeo's strategy of focusing on developing products that reduce $CO_2$ emissions and stepping up its expansion in Asia and emerging markets.

## Acquisitions

On September 30, 2013, Valeo announced the acquisition of Eltek Electric Vehicles, a Norwegian company fully dedicated to designing, developing, manufacturing, assembling and marketing worldwide high efficiency on-board chargers for passenger cars and commercial vehicles. This acquisition will enable Valeo to accelerate and expand the development of its offer for hybrid and electric vehicles and consolidate its offering with high efficiency invertors developed alongside a number of top original equipment manufacturers. Eltek Electric Vehicles has been included in Valeo's consolidated financial statements since October 1, 2013.

On January 22, 2014, Valeo confirmed the closing of the acquisition of Osram’s 50% stake in Valeo Sylvania, with effect from January 21, 2014, in accordance with the agreement announced on June 18, 2013. In early January 2014, Osram GmbH exercised its put option to sell Valeo its entire stake in their North American joint venture for a price of 104 million US dollars (equivalent to three times 2014 EBITDA as estimated by Valeo). Valeo Sylvania is now fully owned by Valeo. The acquisition of the shares in Valeo Sylvania not already owned by the Group represents a major strategic step in bolstering Valeo's global leadership in automotive lighting systems.

## Debt management and ratings

On April 26, 2013, Standard & Poor's Rating Services confirmed Valeo's "BBB” long-term corporate credit rating with a stable outlook and its “A-2" short-term corporate credit rating.

On January 2, 2014, Moody’s confirmed Valeo's "Baa3” long-term corporate credit rating with a stable outlook and its “Prime-3" short-term corporate credit rating.

In order to extend the average maturity of its debt and take advantage of record low market interest rates, on January 22, 2014 Valeo issued a 700 million euro bond. This bond is redeemable in January 2024 and pays a coupon of 3.25%. The new bond issue allowed the Group to buy back and cancel 354 million euros worth of outstanding 2017 bonds and 227 million euros worth of outstanding 2018 bonds, by means of an exchange transaction, extending the Group's average debt maturity from 3.5 years to 6 years.

## Fine relating to the anti-trust investigation in the US

On September 20, 2013, following an investigation initiated by the Anti-trust Division of the Department of Justice of the United States of America (“DoJ”), Valeo Japan Co. Ltd, ("Valeo Japan"), a subsidiary of Valeo, entered into a plea agreement with the DoJ. Pursuant to this agreement, Valeo Japan acknowledged its participation in certain anticompetitive practices in the market for air conditioning systems and components, which were in violation of US antitrust law, agrees to pay a fine of 13.6 million US dollars to the US federal authorities, and also committed to continue its cooperation with the DoJ with respect to the DoJ’s on-going investigation concerning the same market. This plea agreement terminated proceedings (brought or that could potentially be brought) by the US federal authorities against Valeo Japan and, more generally, against the companies of the Valeo Group, in connection with the anticompetitive practices disclosed by this investigation.

## Anti-trust proceedings

Since the end of July 2011, several anti-trust proceedings have been initiated against numerous auto suppliers (including Valeo), in particular by the European and Japanese anti-trust authorities in the areas of equipment and systems for the automotive industry.

The Group is unable to foresee the outcome of these investigations at the present time. Without prejudice to the outcome of these proceedings, but in view of the fines that may be levied by the authorities and the resulting consequences, these proceedings may have a material adverse impact on the Group’s future earnings. Valeo is cooperating with the authorities in these investigations.

## Upcoming event

First-quarter 2014 sales: April 23, 2014

*Valeo is an independent industrial Group fully focused on the design, production and sale of components, integrated systems and modules for the automotive industry, mainly for $CO_2$ emissions reduction. Valeo ranks among the world's top automotive suppliers. The Group has 124 plants, 16 research centers, 35 development centers, 12 distribution platforms and employs 74,800 people in 29 countries worldwide.*

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

## Financial Glossary

(1) Order intake corresponds to business awarded by automakers (less any cancellations) during the period, 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 2012 and 2013.
(2) Operating margin corresponds to operating income before other income and expenses.
(3) Net attributable income excluding non-recurring items corresponds to net attributable income adjusted for "other income and expenses" net of tax.
(4) ROCE, or return on capital employed, corresponds to operating margin/capital employed excluding goodwill.
(5) ROA, or return on assets, corresponds to operating income/capital employed including goodwill.
(6) EBITDA corresponds to operating income before depreciation, amortization, impairment losses (included in the operating margin) and other income and expenses.
(7) Free cash flow corresponds to net cash from operating activities (excluding changes in the sale of trade receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.
(8) Net cash flow corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments with a change in control and to changes in certain items shown in non-current financial assets, and (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.
(9) 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 they have been 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 "*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 28, 2013 (ref. no. D.13-0246).
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.