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Valeo presents new strategic plan and medium-term financial objectives

Paris, France, March 10, 2010 – During an investor day organized today in Paris, Valeo presented its new strategic plan focused on CO₂ emissions reduction and its medium-term financial objectives:

- organic growth higher than that of automotive production in each region thanks to innovation and accelerated development in emerging markets;
- determination to be a major player in the consolidation of the sector;
- implementation of a new Group organization centered around 4 Business Groups to speed up growth and improve efficiency;
- return on capital employed (ROCE¹) objective of around 30% in 2013, among the best in the industry.

Jacques Aschenbroich, the Group's Chief Executive Officer, declared: "Two major trends should drive growth in the automotive market in the next few years: CO₂ emissions reduction and high growth in emerging markets. By focusing our investments in these two areas, I am convinced that Valeo will be able to return to organic growth and play an active role in the consolidation of the sector."

A new strategic orientation to drive growth

In the field of CO₂ emissions reduction, Valeo already offers many technological solutions for downsized internal combustion engines and for hybrid and electric vehicles. The Group plans to devote two-thirds of its advanced research investment to these innovations. Another key focus point is reduced component weight and energy consumption. Valeo expects to double its sales for technologies linked to CO₂ emissions reduction by 2013, to 1 billion euros, and over 5 billion euros in 2020.

Valeo plans to devote 60% of its investments to emerging countries in order to reinforce its historical positions, notably in China, India, Brazil, Thailand and Turkey, and progressively develop its presence in Russia. The Group's sales in China and India should amount to 1 billion euros in 2013 and 3 billion euros in 2020.

Valeo forecasts organic growth higher than that of global automotive output in each region of production, thereby achieving sales of 10 billion euros in 2013 and 15 billion euros in 2020.

At the same time, Valeo will investigate external growth opportunities, particularly in areas related to CO₂ emissions reduction. Should there be a further consolidation of the sector, the Group intends to position itself as an active player in this consolidation.

¹ before restructuring, taxes and goodwill



Valeo will constantly review its business portfolio, based in particular on two criteria:

- position as one of the top three players worldwide ;
- return on capital employed exceeding 20%, to achieve the Group objective of 30%.

A new organization

To respond to the new demands of the automotive industry and the growing globalization of its markets and its customers, Valeo will put in place its new organization centered around 4 Business Groups and a strengthened role for the national directorates. The goal of this new organization is to accelerate growth and improve efficiency. A dossier has been presented to the European Works Council.

Return on capital employed of around 30% by 2013

Valeo's objective is to achieve by 2013 one of the best performances in its sector in terms of return on capital employed (ROCE). With sales of around 10 billion euros in 2013 and an operating margin level of 6 to 7%, the Group's ROCE² should be close to 30%.

In addition to the lowering of its break-even point to around 7 billion euros in sales and its negative working capital, Valeo has three other levers which will contribute to improving its operating margin by 3 points as of 2013:

- reduced administrative expenses from around the end of the first half 2011;
- investment limited to 80% of depreciation in 2010 and 2011;
- return to Group-average profitability for the Visibility Systems Business Group.

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 CO₂ emissions reduction. Valeo ranks among the world's top automotive suppliers. The Group has 120 plants, 21 Research centers, 40 Development centers, 10 distribution platforms and employs 52,200 people in 27 countries worldwide.

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

² before restructuring, taxes and goodwill