



Press release - Paris, January 14, 2021

Second-half 2020 preliminary financial information:

- **EBITDA margin representing more than 13.5% of sales**
 - **Record free cash flow generation of more than 1.3 billion euros in the second half, coming out at more than 275 million euros for full-year 2020**
-

Despite the acceleration of the second wave of the coronavirus, Valeo recorded like-for-like⁽¹⁾ growth in original equipment sales of 5.3% in the fourth quarter to 4.2 billion euros, for total sales of 5.0 billion euros.

In the second half of the year:

- thanks to effective cost control – in particular as regards R&D expenditure and overheads – and solid operating performances, the EBITDA margin⁽¹⁾ will represent more than 13.5% of sales (guidance published in October 2020: EBITDA margin representing more than 12%);
- thanks to strict control over investments and inventories, free cash flow⁽¹⁾ will reach more than 1.3 billion euros (guidance published in October 2020: free cash flow exceeding 600 million euros). For the full year, despite the far-reaching Covid-19 crisis, Valeo will report more than 275 million euros in positive free cash flow generation;
- net debt⁽¹⁾ will have been reduced to less than 3 billion euros at end-2020, one year ahead of our objectives.

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

"At a time when the automotive market has been profoundly impacted by the Covid-19 crisis, I would like to thank the Valeo teams for their commitment and performance. They can be proud of their work, both in terms of protecting the health of all of our colleagues and of the results they have achieved. Having reduced our debt to below 3 billion euros one year ahead of our objective, we now have the robust financial structure we need to tackle with confidence the challenges that lie ahead in 2021."

Our final audited 2020 results and our 2021 outlook will be published, as scheduled, after the Board of Directors' meeting on February 18.

The preliminary figures published in this press release are unaudited.

¹ See financial glossary.

Financial glossary

Like for like (or LFL): the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

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 changes in non-recurring sales of receivables and payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

Net debt comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging foreign currency and interest rate risks associated with these items.

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 Universal 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, risks associated with the Covid-19 epidemic, 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 2019 Universal Registration Document registered with the AMF on April 28, 2020 (under number D.20-0385).

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 issued by 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 2019, the Group generated sales of 19.5 billion euros and invested 13% of its original equipment sales in Research and Development. At December 31, 2019, Valeo had 191 plants, 20 research centers, 39 development centers and 15 distribution platforms, and employed 114,700 people in 33 countries worldwide. Valeo is listed on the Paris Stock Exchange.

VALEO
43 rue Bayen, 75017, Paris
www.valeo.com
Investor Relations
+33 1 40 55 37 93
valeo@relations-investisseurs.com
Media Relations
+33 7 64 56 85 48 | +33 6 81 73 83 41 |
press-contact.mailbox@valeo.com