ACCELERATION OF OUR JOURNEY TO A MORE PROFITABLE VALEO

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CHIEF FINANCIAL OFFICER

VALEO INVESTOR DAY
London 2017
ALL DATA RELATED TO 2017-2021 ARE BASED ON THE PERIMETER OF VALEO AT THE END OF 2016 AND INTEGRATE:

ICHIKOH,
VALEO-KAPEC*
FTE*
VALEO SIEMENS eAUTOMOTIVE (CONSOLIDATED AT EQUITY)

RAW MATERIALS (STEEL, COPPER, ALUMINIUM, PLASTIC...) BASED ON CURRENT PRICES.

* Pending regulatory approvals
PERFORMANCE HIGHLIGHT 2015/2016

VALEO CONTINUED TO OUTPERFORM IN TERMS OF GROWTH

GROWTH IN SALES BASE 100 IN 2008 (REPORTED FIGURES)

STRUCTURAL OVERPERFORMANCE COMPARED TO MARKET

(LIKE FOR LIKE FIGURES)

1 JAPANESE 7 EUROPEAN 14 US

22 DIRECT COMPETITORS


Valeo Average

Second and third quartiles

2013 2014 2015 2016

+10% +9% +8% +12%

+4% +6% +3% +6% +4%

PROD VALEO
<table>
<thead>
<tr>
<th>Metric</th>
<th>2014</th>
<th>2017</th>
<th>WHAT HAS BEEN ACHIEVED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES (€bn)</strong></td>
<td>12.7</td>
<td>~17</td>
<td></td>
</tr>
<tr>
<td><strong>OE SALES OUTPERFORMANCE</strong></td>
<td>+5 PTS</td>
<td>+5 PTS</td>
<td>+6PTS in 2015</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>+8PTS in 2016</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>7.2%</td>
<td>~8%</td>
<td>8.1% in 2016</td>
</tr>
<tr>
<td><strong>CASH CONVERSION RATE</strong></td>
<td>21%</td>
<td>~28%</td>
<td>31% in 2016</td>
</tr>
<tr>
<td><strong>ROCE</strong></td>
<td>31%</td>
<td>&gt;32%</td>
<td>34% in 2016</td>
</tr>
</tbody>
</table>
WE ARE AHEAD OF THE PLAN ANNOUNCED IN MARCH 2015
VALEO’S VIRTUOUS CIRCLE

- **M&A**
- **SYNERGIES**
- **R&D INCREASE**
- **INNOVATION**
- **ORDER INTAKE GROWTH**
- **SALES GROWTH**
- **PROFITABILITY IMPROVEMENT AND G&A DECREASE**
- **PROFITABILITY & CASH**
INNOVATION
VALEO GROWTH IS FUELED BY SUCCESSIVE INNOVATION WAVES

MOBILITY & DIGITAL

AUTONOMOUS & CONNECTED CAR

ELECTRIFICATION & SMART ENGINES

R&D EFFORT: +~50% BETWEEN 2013 AND 2016
NET R&D EXPENSES: ONLY 0.5PTS INCREASED OVER 2013-2016
... GENERATING STRONG GROWTH ENGINES

GROWTH ENGINES*

TRADITIONAL PRODUCTS

Source: Valeo
*Strategic products and services that are positioned on growth markets or generate a significant increase in Group sales.
ORDER INTAKE GROWTH
ACCELERATION OF OUR ORDER INTAKE

2009: €8.8bn
2014: €17.5bn
2015: €20.1bn
2016: €23.6bn

CAGR +15.1%

>40% INNOVATION

TARGET OVER THE PERIOD 2017-2021

(*) Products and technologies in series production for less than 3 years
Based on 2014 to 2016
ACCELERATION OF VALEO’S SALES GROWTH

AUTOMOTIVE PRODUCTION* ASSUMPTIONS

<table>
<thead>
<tr>
<th>MILLIONS OF VEHICLES</th>
<th>2016</th>
<th>2021</th>
<th>2016 - 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE</td>
<td>22.5</td>
<td>24.7</td>
<td>+1.9%</td>
</tr>
<tr>
<td>ASIA &amp; OTHERS (EXC.CHINA)</td>
<td>22.7</td>
<td>26.3</td>
<td>+3.0%</td>
</tr>
<tr>
<td>CHINA</td>
<td>26.9</td>
<td>30.9</td>
<td>+2.8%</td>
</tr>
<tr>
<td>NORTH AMERICA</td>
<td>17.9</td>
<td>18.9</td>
<td>+1.1%</td>
</tr>
<tr>
<td>SOUTH AMERICA</td>
<td>2.7</td>
<td>3.3</td>
<td>+4.1%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>92.7</td>
<td>104.1</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

* LMC and VALEO Estimates
Base forecast LMC (January 2017): 100.4 in 2019
Base forecast LMC (January 2017): 105.7 in 2021
ACCELERATION OF VALEO’S SALES GROWTH

OUTPERFORMING AUTOMOTIVE PRODUCTION BY 7 POINTS

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2019</th>
<th>2021</th>
<th>%CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEM SALES (€BN)</td>
<td>14.4</td>
<td>19.2</td>
<td>23.8</td>
<td>&gt;10%</td>
</tr>
<tr>
<td>GLOBAL AUTOMOTIVE PRODUCTION (MILLIONS OF UNITS)</td>
<td>92.7</td>
<td>99.1</td>
<td>104.1</td>
<td>+2.3%</td>
</tr>
</tbody>
</table>
ACCELERATION OF VALEO’S SALES GROWTH

SECURED GROWTH

2017

~85% BOOKED BUSINESS

2019

~50% BOOKED BUSINESS

2021

• TARGET OE SALES

• OE SALES OR BOOKED OE SALES
ACCELERATION OF VALEO’S SALES GROWTH
AN IMPROVED GEOGRAPHICAL PORTFOLIO*

2016
Europe: 49%
North America: 13%
South America: 14%
China: 22%
Asia: 2%

2021
Europe: 42%
North America: 20%
South America: 2%
China: 19%
Asia w/o China: 17%
ASIA
27%
ASIA
37%

*OEM sales by destination
WE ARE AN AFTERMARKET COMPANY
ACCELERATING EVERYWHERE

AFTERMARKET SALES
IN €M

2016  ASIA  EUROPE  AMERICA  2021

1700  250  250  100  2300

~6.5% CAGR
WE ARE AN AFTERMARKET COMPANY ACCELERATING EVERYWHERE

AFTERMARKET SALES IN €M

2016 ASIA EUROPE AMERICA 2021

1700 250* 250 250 2800

100

~10.5% CAGR

SIGNIFICATIVE IMPACT FROM ACQUISITION (IN ASIA WITH ICHIKOH & VALEO-KAPEC* AND IN EUROPE WITH FTE*)

GROWTH FUELED BY VALEO OE GROWTH IN THE PAST 6 YEARS

ACCELERATION IN ASIA WHERE THE AVERAGE AGEING CAR FLEET IS INCREASING

* Pending regulatory approvals
ACCELERATION OF VALEO’S SALES GROWTH

SALES IN €BN

CAGR 2016-2021: >10%

+ 64% IN 5 YEARS

16.5

>22.5

>27

2016

2019

2021
CAPEX
IN % OF SALES

ACCELERATION OF GROWTH

~6%

VALEO FACTORY OF THE NEAR FUTURE

PLANT MASSIFICATION

RE-USE OF ASSETS THROUGH STANDARDIZATION
VALEO REMAINS A NEGATIVE WORKING CAPITAL COMPANY
BUT WORKING CAPITAL IS NO LONGER CASH CONTRIBUTOR: -50M€ PER YEAR OVER 2017-2021
PROFITABILITY IMPROVEMENT AND G&A DECREASE
GROSS MARGIN IMPROVEMENT

2016

2021

VOLUME & PRICE

DEPRECIATION

SYNERGIES
DECREASE OF GENERAL & ADMINISTRATIVE EXPENSES

- FULL DIGITALIZATION OF ADMINISTRATIVE PROCESSES
- ACCELERATED GROWTH
- OPTIMIZATION OF ORGANIZATION

G&A IN PERCENTAGE OF SALES

- 4.3% (2010)
- 3.2% (2016)
- 2.8% (2021)

+0.4 PT OVER THE PERIOD 2017-2021
BREAK-EVEN POINT IMPROVEMENT

2010: €7.6bn, 79%
2016: €12.1bn, 73%
2021: €19.0bn, 70%

MARGIN ON VARIABLE COSTS (GROWTH ENGINES)
FIXED COST / SALES
R&D Increase
R&D

- Continuous increase of R&D efficiency

- Geographical rebalancing with 60% of R&D headcount in low cost countries in 2021

- Allocation of resources to growth engines and focus on new revolutions

- ~30% of gross margin increase allocated to the financing of R&D

Foundation of Valeo profitable growth model

~6% over the period
A 30% increase of gross margin allocated to the financing of R&D.
PROFITABILITY & CASH
PROFITABILITY

OPERATING MARGIN IN PERCENTAGE OF SALES

2016: 8.1%
2019: ~8.5%
2021: ~9.0%
## Profitability

**EBITDA by Business Group**

<table>
<thead>
<tr>
<th>Business Group</th>
<th>2016</th>
<th>2021</th>
</tr>
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<tbody>
<tr>
<td>Comfort &amp; Driving Assistance Systems</td>
<td>14.7%</td>
<td>~17%</td>
</tr>
<tr>
<td>Powertrain Systems</td>
<td>13.3%</td>
<td>~15%*</td>
</tr>
<tr>
<td>Thermal Systems</td>
<td>10.0%</td>
<td>~13%</td>
</tr>
<tr>
<td>Visibility Systems</td>
<td>13.9%</td>
<td>~14%**</td>
</tr>
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</table>

*Including FTE, Valeo-KAPEC. **Including ICHIKOH.
VSeA consolidated under the equity method.
SIGNIFICANT CASH GENERATION

ORGANIC GROWTH
~€8.6bn
SALES

GENERATING
~€3.0bn
CASH FLOW

ACQUISITIONS
~€1.9bn
SALES

GENERATING
~€0.7bn
CASH FLOW

~€3.7bn
CASH GENERATED
OVER THE PERIOD
2017-2021

FREE CASH FLOW / EBITDA

10%

>20%

2017

2021
# Pursuit of Our M&A Strategy

## Maintain a Balance Between:
- Original Equipment
- Aftermarket
- ICHIKOH & FTE

## Privilege Main Strategic Growth Levers:
- CO2 Emission Reduction
- Intuitive Driving
- Asia and Emerging Markets
- SPHEROS, VALEO-KAPEC®, FTE®, VALEO SIEMENS eAUTOMOTIVE
- PEIKER, CLOUDMADE, NAVYA
- VALEO-KAPEC®, ICHIKOH

## Bring New Growth Levers
- VALEO SIEMENS eAUTOMOTIVE

## Boost Time to Market with Startups
- VENTURE CAPITAL FUNDS, MULTIPLE DIRECT INVESTMENTS

## Along With:
- Strict Financial Discipline
- Return to Shareholders
- "Investment Grade" Status

(*) Pending regulatory approvals
SYNERGIES
SYNERGIES

A SUCCESSFUL TRACK RECORD OF INTEGRATION

PEIKER & SPHEROS: OPERATING MARGIN RELATIVE AS OF 2016 AND SYNERGIES QUICKER THAN EXPECTED

VALEO PROVIDES AN INCREASING ECOSYSTEM FOR STARTUPS AND INNOVATORS
VALEO’S VIRTUOUS CIRCLE

- M&A
- PROFITABILITY & CASH
- SYNERGIES
- R&D INCREASE
- PROFITABILITY IMPROVEMENT AND G&A DECREASE
- INNOVATION
- ORDER INTAKE GROWTH
- SALES GROWTH
## 2021 FINANCIAL TARGETS

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<th>2021</th>
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<tbody>
<tr>
<td><strong>SALES (€bn)</strong></td>
<td>16.5</td>
<td>&gt;22.5</td>
<td>&gt;27</td>
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<tr>
<td><strong>EBITDA</strong>*</td>
<td>13.0%</td>
<td>~14.5%</td>
<td>~15%</td>
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<tr>
<td><strong>OPERATING MARGIN</strong>*</td>
<td>8.1%</td>
<td>~8.5%</td>
<td>~9.0%</td>
</tr>
<tr>
<td><strong>FREE CASH FLOW</strong></td>
<td></td>
<td></td>
<td>3.7 bn€ 2017 - 2021</td>
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<td><strong>ROCE</strong></td>
<td>34.0%</td>
<td>~28%</td>
<td>~30%</td>
</tr>
<tr>
<td><strong>ROA</strong></td>
<td>21%</td>
<td>~19%</td>
<td>&gt;20%</td>
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</tbody>
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* Including Joint Ventures and associates

** ROCE, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies) excluding goodwill.

*** ROA, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.
ACCELERATION OF OUR JOURNEY TO A MORE PROFITABLE VALEO
SAFE HARBOR STATEMENT

Statements contained in this press release, 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 press release, 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 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 with the AMF on March 26, 2016 (under no. D.16-0211).

Valeo has recognized an expense of 99 million euros in its consolidated financial statements to cover the main risks resulting from investigations currently being carried out by the antitrust authorities, as identified in the Registration Document, and risks relating to legal action resulting from such investigations.

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 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 subsequent to the date of this press release.