EXCELLENCE IN OPERATIONS

Christophe PERILLAT
Chief Operating Officer
What we have achieved

Controlling our Growth (2010 - 2014)

+30% in production surface
+22 production sites
+13 extensions
+26,400 employees

Valeo Total Sales (€Bn)

- 2010: 9.6
- 2011: 10.9
- 2012: 11.8
- 2013: 12.1
- 2014: 12.7

CAGR: +7.2%
Excellence in Operations based on Valeo 5 Axes

Our « operating system » based on 65 Roadmaps

5-Axes
For Customer Satisfaction
Excellence in Operations executed by the best teams

A Hiring Machine at work:
+26,400 employees during 2010-2014

5-Axes
For Customer Satisfaction

Total Quality
Constant Innovation
Supplier Integration
Production System
Involvement of Personnel

GLOBAL 2015
CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS
and... 

a Training Machine at Work

Corporate training:
Everyone trained to 5 axes

Professional training:
Sales Academy
Finance Academy
Quality Academy
Supply Chain/Production Academy
Purchasing Academy
Project Academy
Human Resources Academy

Technical training:
Valeo Technical Institute by BG
A Team increasingly Engaged

Valeo Employee Feedback Survey

Exciting Vision
Supporting Diversity
Decisions consistent with values
Leading by example
Communicating down the line
Excellence in Operations based on « Valeo Production System »
A true global partner of our customers for global platforms

- **North America**
  - 20% Turnover
  - 15% Headcount

- **Europe**
  - 49% Turnover
  - 50% Headcount

- **China**
  - 15% Turnover
  - 16% Headcount

- **South America**
  - 3% Turnover
  - 4% Headcount

- **Asia excl. China**
  - 13% Turnover
  - 15% Headcount

- **Sites**
  - 111 sites in 2010
  - 133 sites in 2014
...with competitive and best-in-class factories

- A highly competitive footprint: 65% of Labor in most competitive countries, increasing to 73%

- Each factory running on same best-in-class principles and tools:
  - High level of Automation and process Standardisation
  - Flat Storage, Built-To-Truck, Operators In Motion, One Piece Flow
  - Same best-in-class ERP (Enterprise Resource Planning)

- Permanent Benchmark
...and becoming 4.0

On-going Experiments of COBOTS

Deployment of Automated Guided Vehicles

Towards paper-less factory
Better use of our footprint to grow further:
- 2010-2014: +30% in production sq. meters
- 2015-2020: +15% in production sq. meters

High level of Product and Process Standardisation
- Alternator
- High efficiency generator
- Micro-Hybrid iSIARS
- Mild-Hybrid iBSG

Significant Increase of Reuse of existing Capex on new generation products
- Gen 1
- Gen 2
- Gen 3
- Gen 4
- Gen 5

...towards 4.5% - 5.0% of industrial capex/sales
Excellence in Launching New Products

- Strict control of our project portfolio
  - $\geq 2,000$ projects

- Strict control of our launches
  - $\geq 700$ launches per year

- Supported by $\sim 1,100$ suppliers
  - (95% of spent)
- « Design to cost » methodology used to define product standard

- Projects based on a high level of product **Standard**

- Sourcing decisions in line with project **profitability** targets

- Sourcing decisions based on **competitive** supplier footprint

- Long term supplier **pricing commitments** balancing Long term selling price commitments
Excellence in Operations to achieve Total Quality

Total Quality
- Constant Innovation
- Supplier Integration
- Production System
- Involvement of Personnel

Valeo Rating in Customer Survey

- 2008
- 2011
- 2014
99.99997% Good parts
...leading to multiple awards

Volkswagen Group Award to **Valeo** for outstanding entrepreneurial performance

**Toyota** Europe Achievement Award, in the **Quality** category, to **VIS** site plus three Certificates of Recognition

16 Valeo sites get **GM** Quality Awards

**HYUNDAI** Technology **5 Stars** award to **PTS**

Ford “Go Further” Award to Valeo, for continuous pursuit of excellence in the face of unforeseen business challenges

**CDA** Project in BMW Supplier Innovation Awards

**PTS** site receives **RENAULT-NISSAN QUALITY** Award

5 Valeo sites receive 2014 **VOLVO QUALITY EXCELLENCE** Awards
Valeo is also an Aftermarket Company

- Brand strength
- Present everywhere
- All distribution channels addressed
- All Valeo products distributed
- …and non Valeo products
- Innovations and product launches
Valeo is also an Aftermarket Company

- Climate Control
- Engine Cooling
- Braking
- Lighting
- Starters
- Alternators
- Wipers
- Security Systems
- Clutches
- Bulbs
- Ignition
- Switches & Electrical accessories
- Parking assistance
- Driving assistance

8 Product Lines For Trucks
Valeo is also an Aftermarket Company

Best in class service rate

- **Americas**: 5 Warehouses
- **Europe**: 8 Warehouses
- **Asia**: 17 Warehouses

State-of-the-art CRM (Customer Relationship Management)

- Valeo Techassist
- Technical Hotlines
- Garage tools & equipment
- Packaging expertise
- QR Codes innovation
- e-Marketing support
2014: €12.7bn

2020: >€20bn

+5 points over car production

Ready to deliver 2015-2020
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