



H1 2013 Results

Jacques ASCHENBROICH – CEO

July 30, 2013

Highlights

H1 results demonstrate the strength of Valeo's growth model

- In Q2, sales growth accelerated 10.4% like-for-like
 - Balanced performance between OEM (+11.7% like-for-like) and aftermarket (+8.4% like-for-like) sales
 - Balanced growth and overperformance for OEM sales across the regions

Region	Growth (like-for-like)	Performance vs production
Europe	+11%	+10pts
North America	+18%	+12pts
Asia	+7%	+4pts
<i>Of which China</i>	+24%	+12pts
South America	+19%	0pt

- In H1, sales of 6.2 bn€, up 5.8% like-for-like despite a difficult climate in Europe
 - Balanced performance between OEM (+5.7% like-for-like) and aftermarket (+6.3% like-for-like) sales
 - Balanced performance for OEM sales across the different regions
- Order intake of 7.3 bn€ (excluding Access Mechanisms business)
 - remaining at a high level despite the 5% decrease compared to H1 2012
 - confirming future growth and profitability potential

Highlights

H1 results demonstrate the strength of Valeo's growth model

- Operating margin₍₂₎ of 384 M€, up 4% to 6.2% of sales
 - Negative 0.3pts impact of exchange rates
 - Increase in net R&D expenditure offset by a decrease in SG&A expenses (as a % of sales)

- Net income excl. non-recurring items, up 10% to 230 M€
 - EPS excl. non-recurring items, up 7.5%
 - Net attributable income of 190 M€ in line with H1 2012

- Free cash flow₍₇₎ at 113 M€
 - Net debt₍₉₎ of 457 M€ down 306 M€ versus end-2012

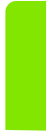
2013 outlook

Based on the following key assumptions for FY 2013:

- Automotive production:
 - Europe: -2% to -3%
 - World: +2%

Valeo has set the following objectives for 2013:

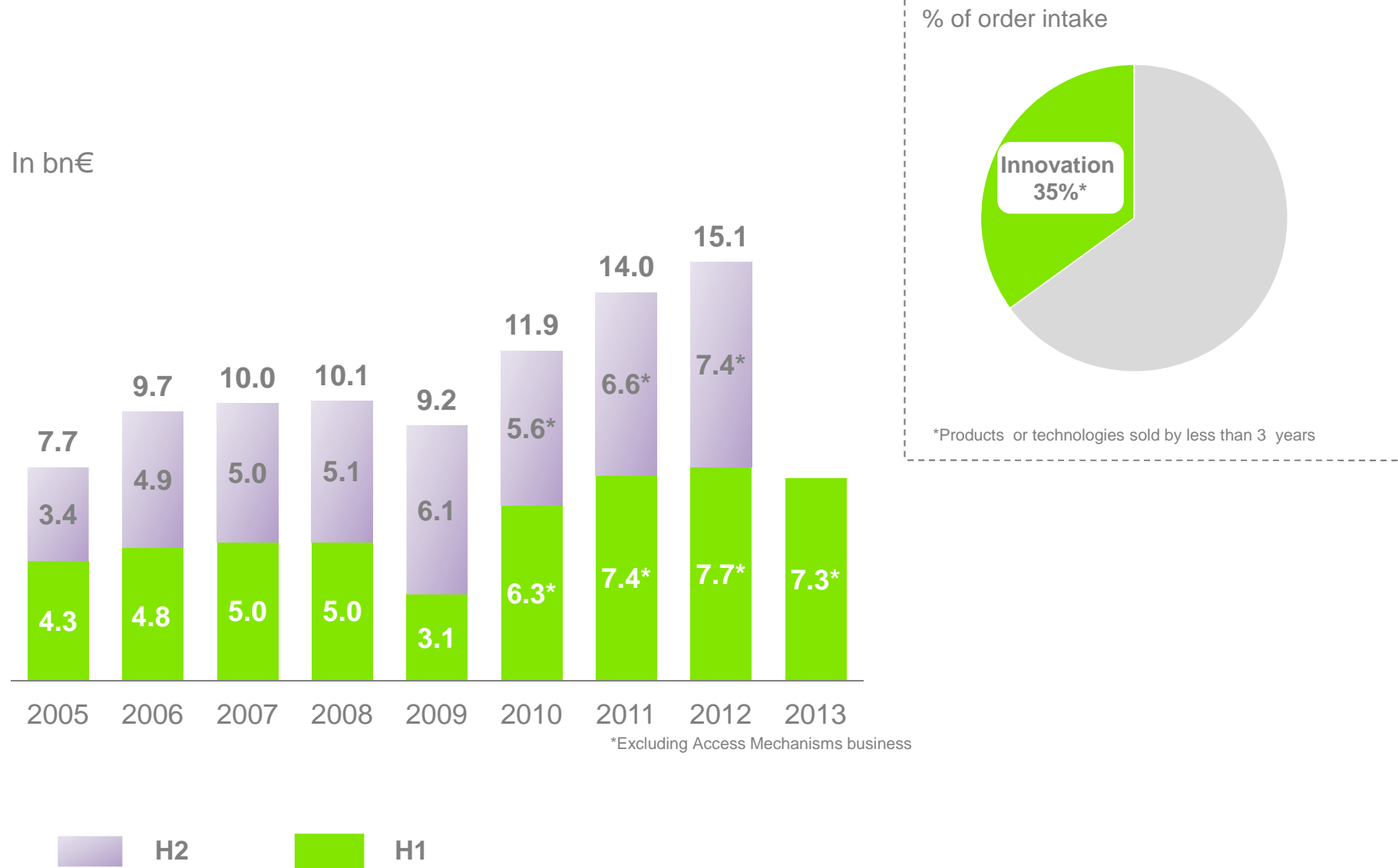
- Performance higher than the market in the main production regions
- Assuming stabilized market conditions in Europe, a slight increase in operating margin (as a % of sales) compared to 2012



Order intake of 7.3 bn€
confirming growth & profitability potential

Innovation fueling future organic growth

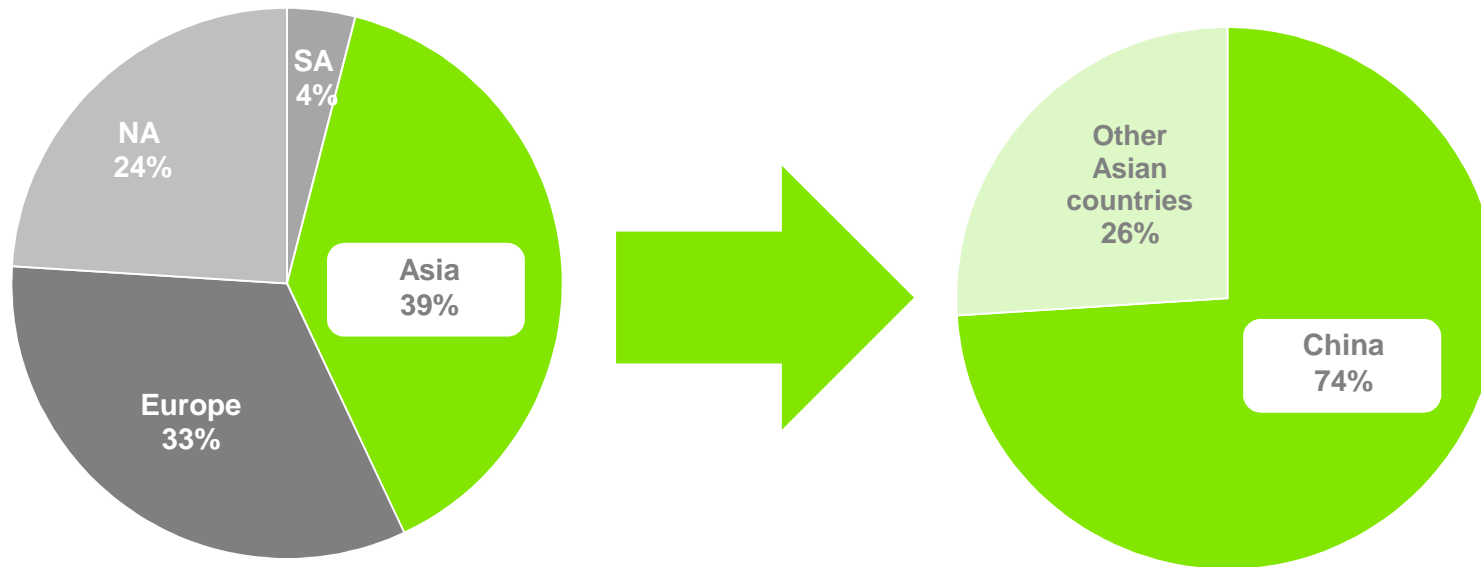
High-quality order intake⁽¹⁾ at 7.3 bn€ (excl. Access Mechanisms business)



Balanced order intake fueling future organic growth

Acceleration in Asia (39% of OI, 24% of OEM sales), with China (29% of OI, 11% of OEM sales)

% of order intake



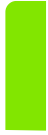
World: 7.3 bn€*

Asia: 2.9 bn€*

*Excluding Access Mechanisms business



**In Q2,
sales growth accelerated 10.4%** (like-for-like)



**In H1,
sales of 6.2 bn€, up 5.8%^{like-for-like}
despite European climate**

Balanced performance between OEM
& aftermarket sales

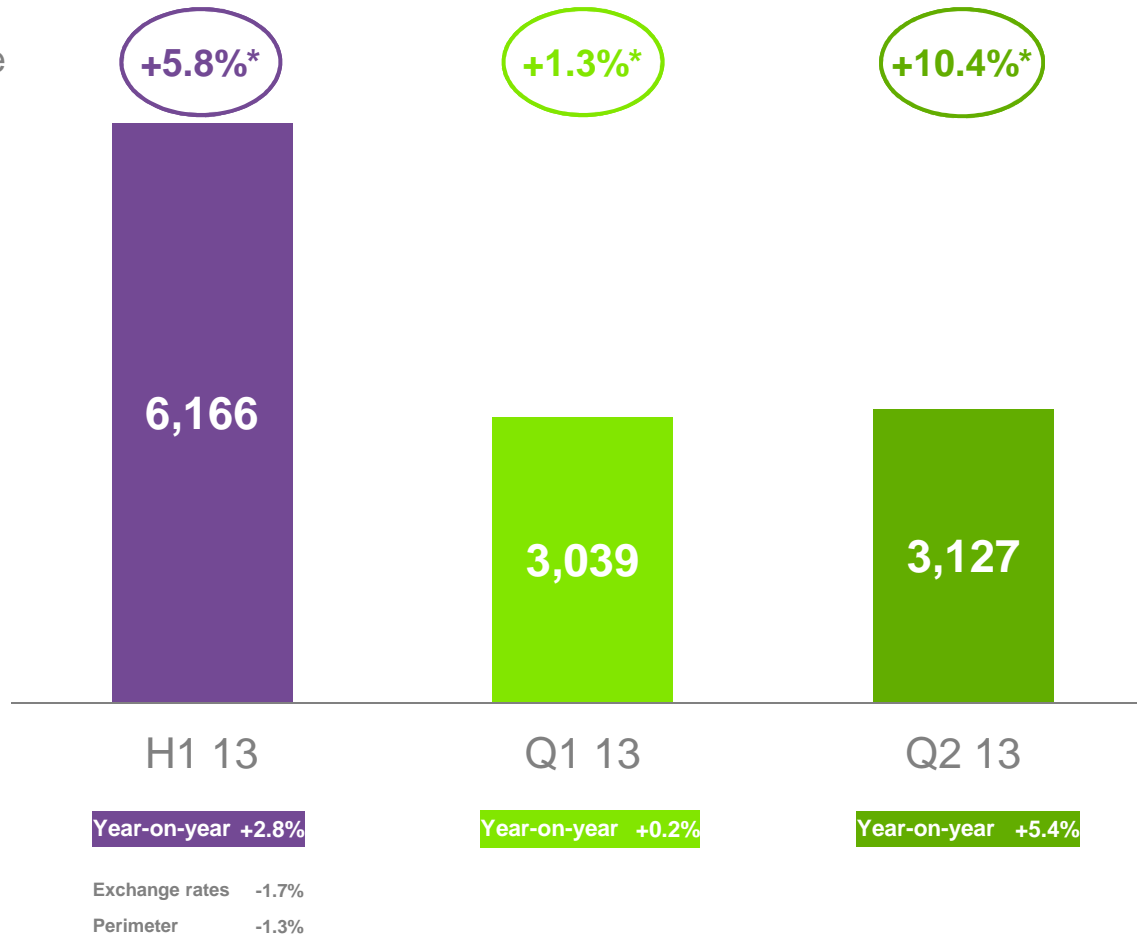
Balanced performance for OEM sales
across the different regions

H1 sales of 6.2 bn€, up 5.8% like-for-like

Sales growth accelerated in Q2

Total sales
In M€

*Like-for-like

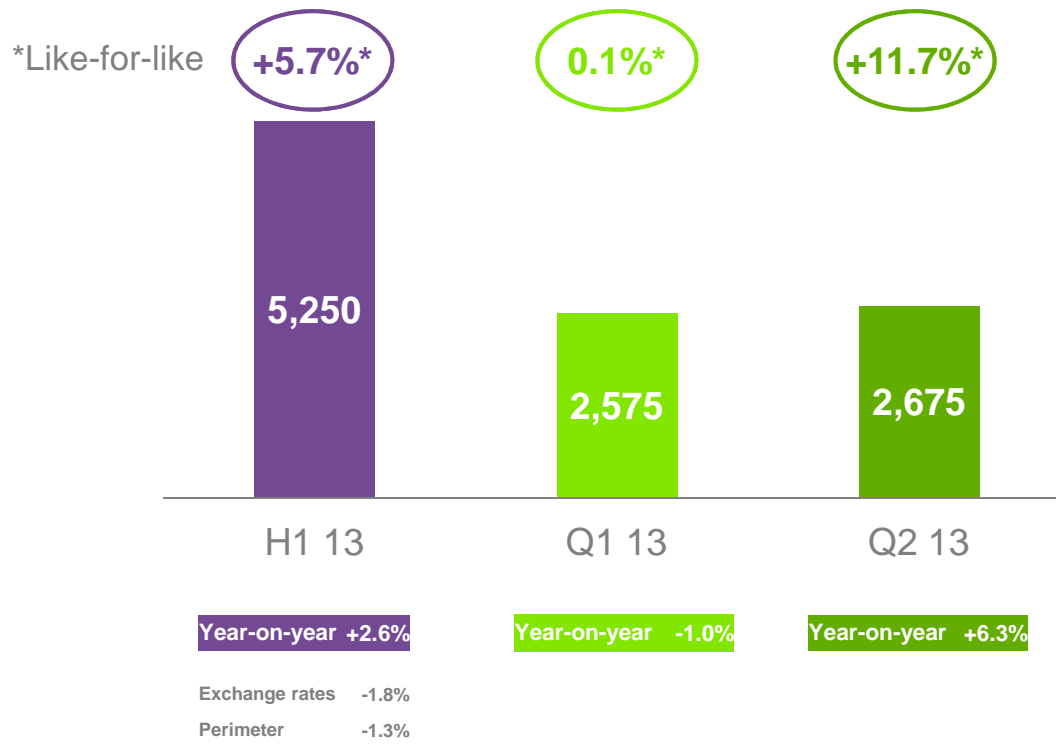


Sales growth accelerated in Q2

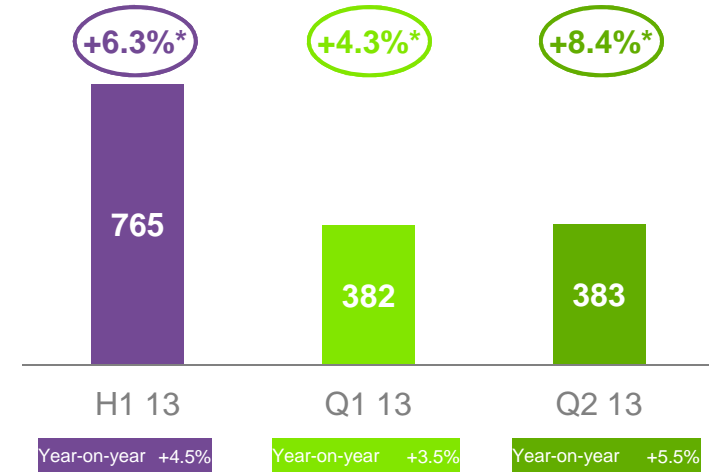
Balanced performance between OEM and aftermarket sales

Above-market OEM sales growth of 5pts

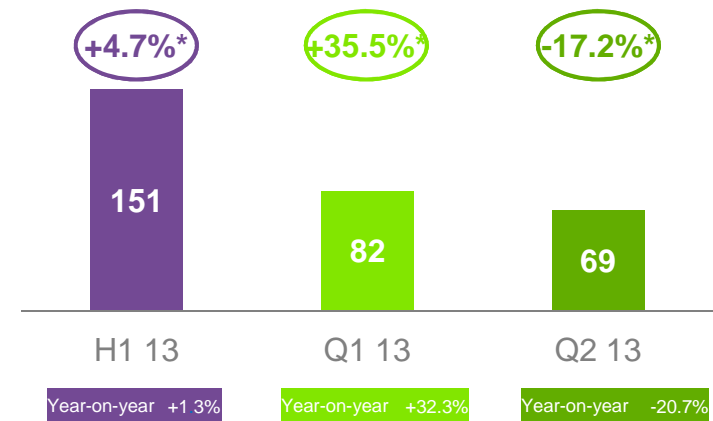
OEM sales
In M€



Aftermarket
In M€



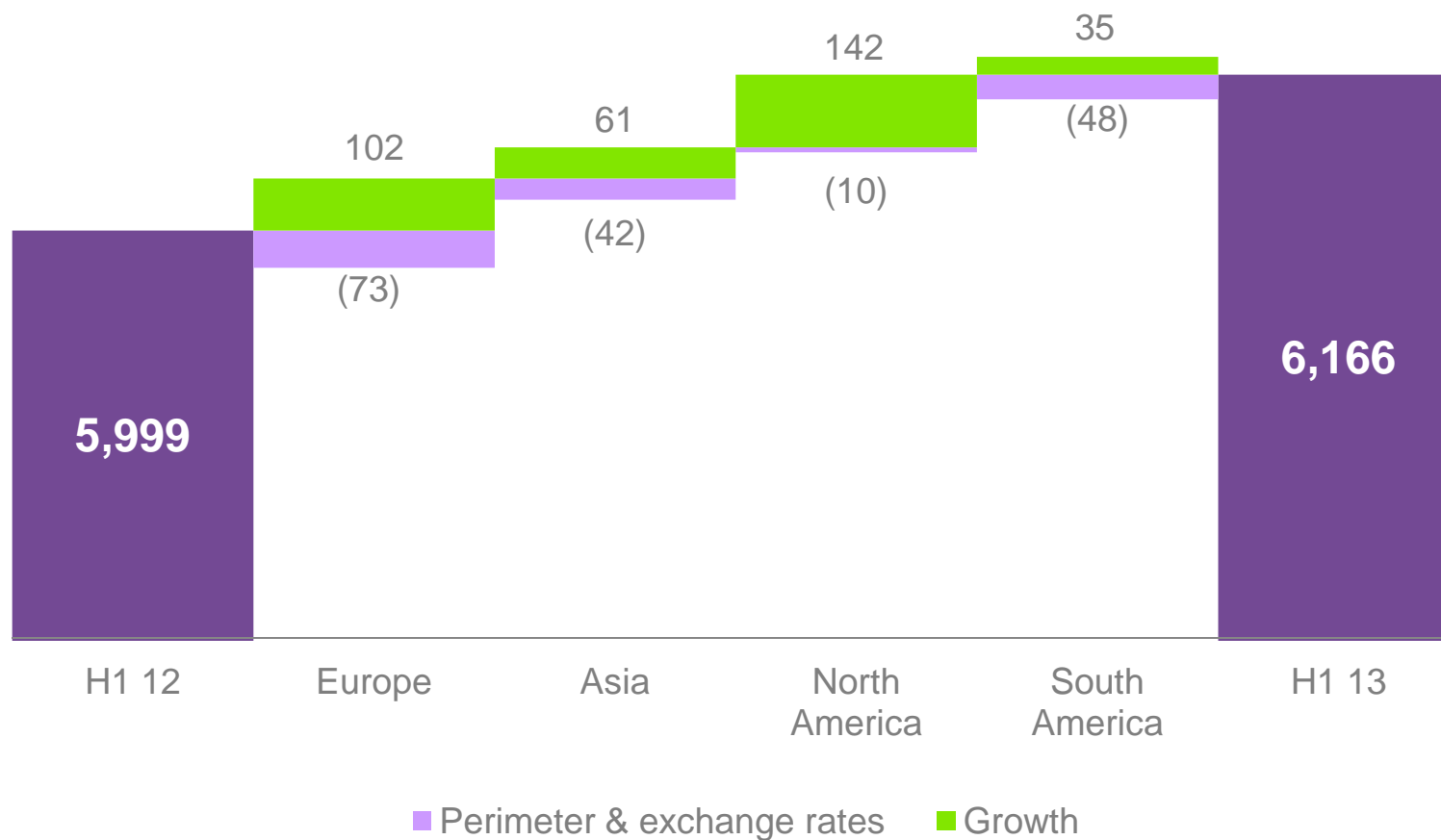
Miscellaneous
In M€



Strong & balanced growth across the main regions

Supported by above-market OEM sales growth and improving market conditions in Europe and NA in Q2

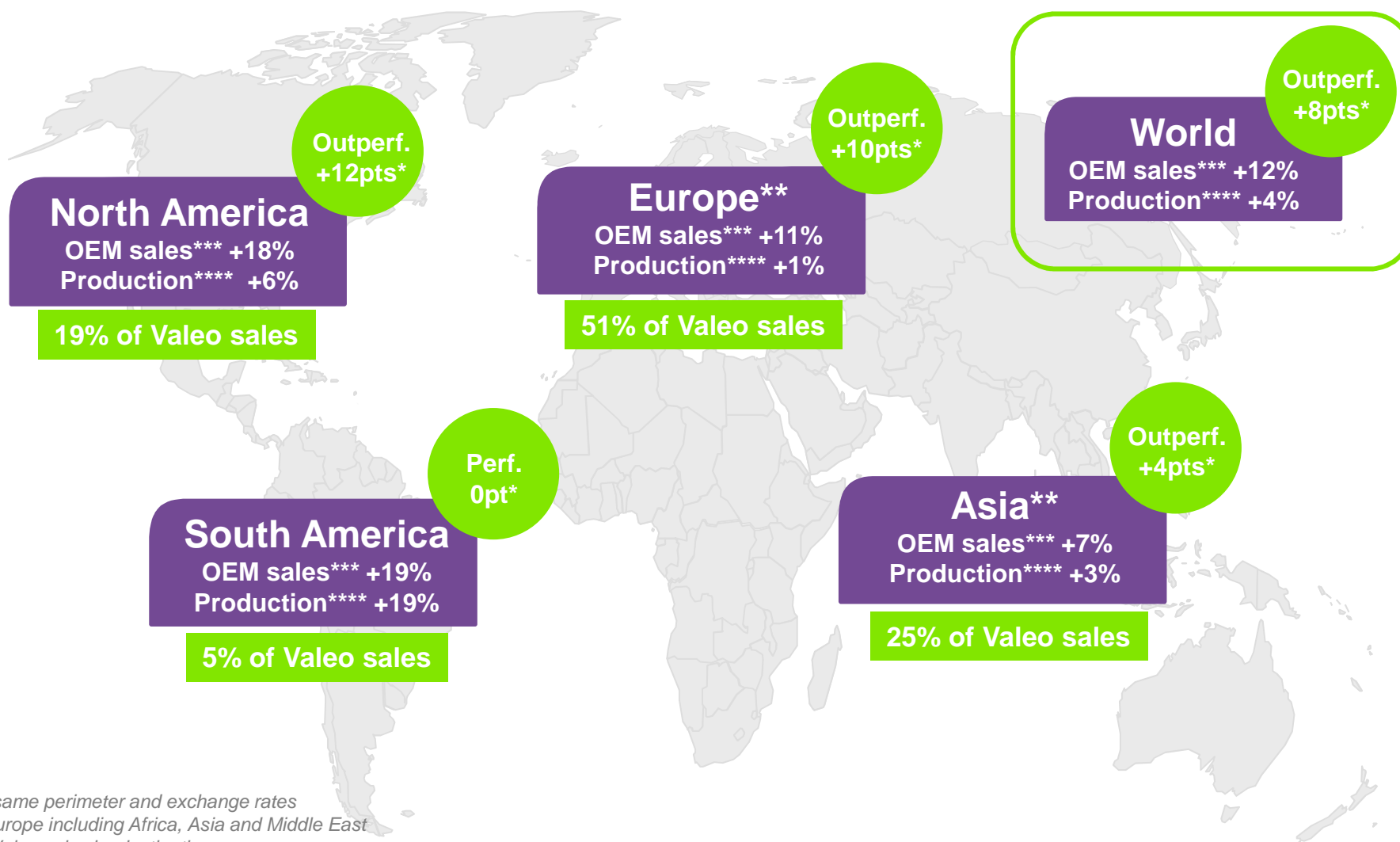
Geographic contribution to sales growth
In M€



OEM sales growth accelerated in Q2

Up 11.7% like-for-like, 8pts higher than market

Above-market growth in the main regions, improvement in SA



*At same perimeter and exchange rates

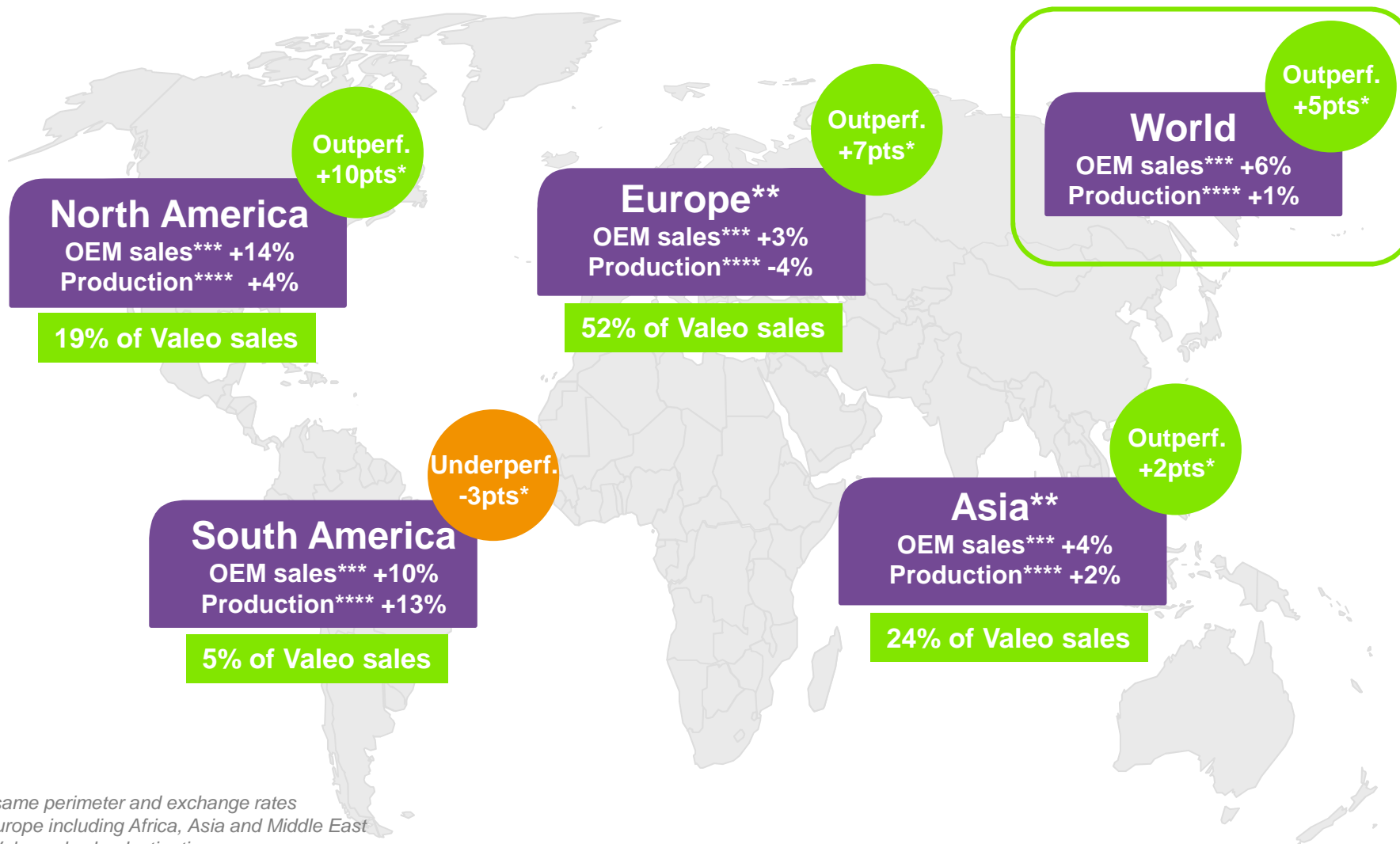
** Europe including Africa, Asia and Middle East

*** Valeo sales by destination

**** LMC estimates – light vehicle production

H1 OEM sales, up 5.7% like-for-like, 5pts higher than market

Strong and balanced growth across the different regions



*At same perimeter and exchange rates

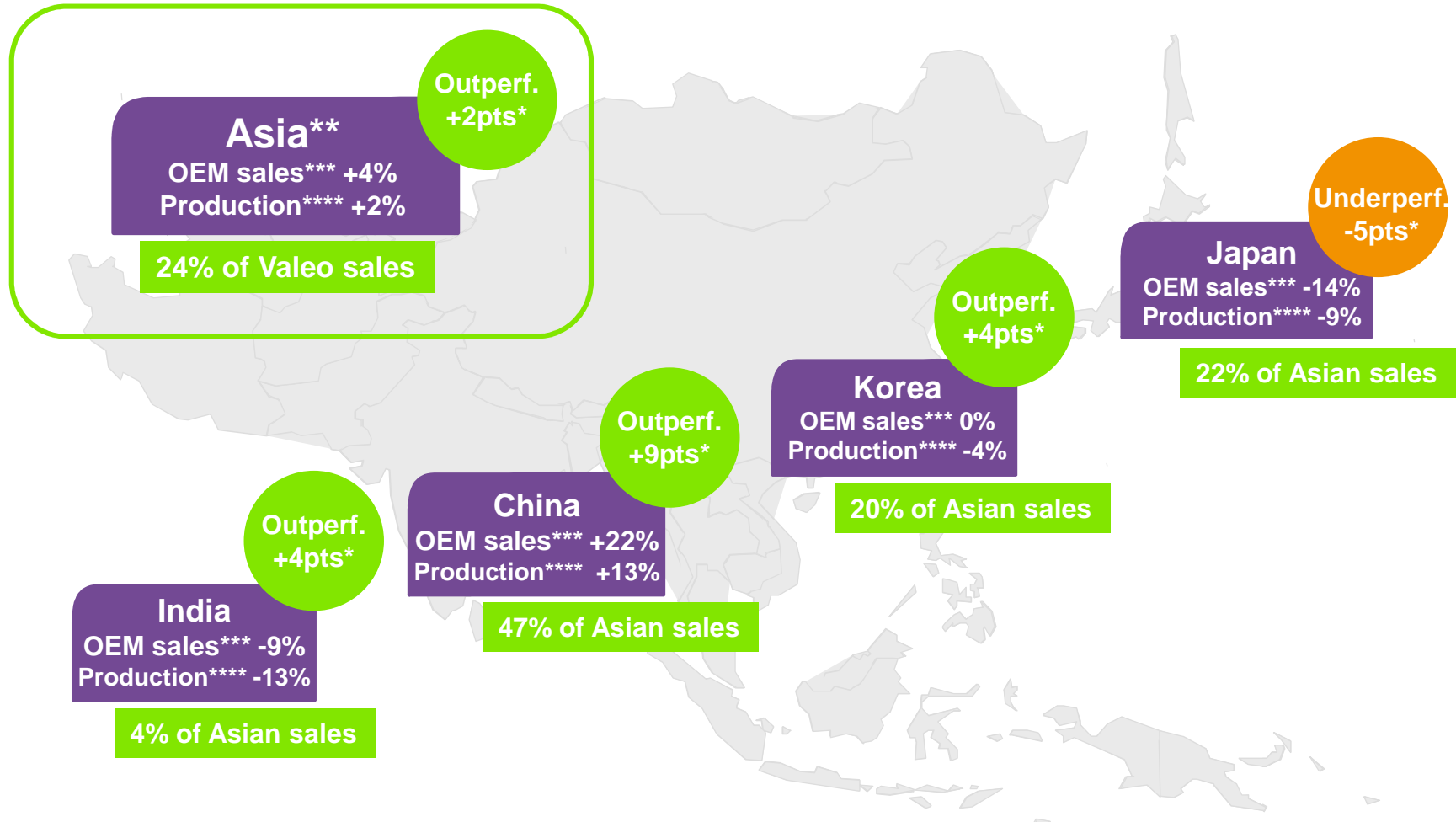
** Europe including Africa, Asia and Middle East

*** Valeo sales by destination

**** LMC estimates – light vehicle production

H1 Asian OEM sales, 2pts higher than market

Above-market growth in China, Korea & India



*At same perimeter and exchange rates

** Asia including Middle East

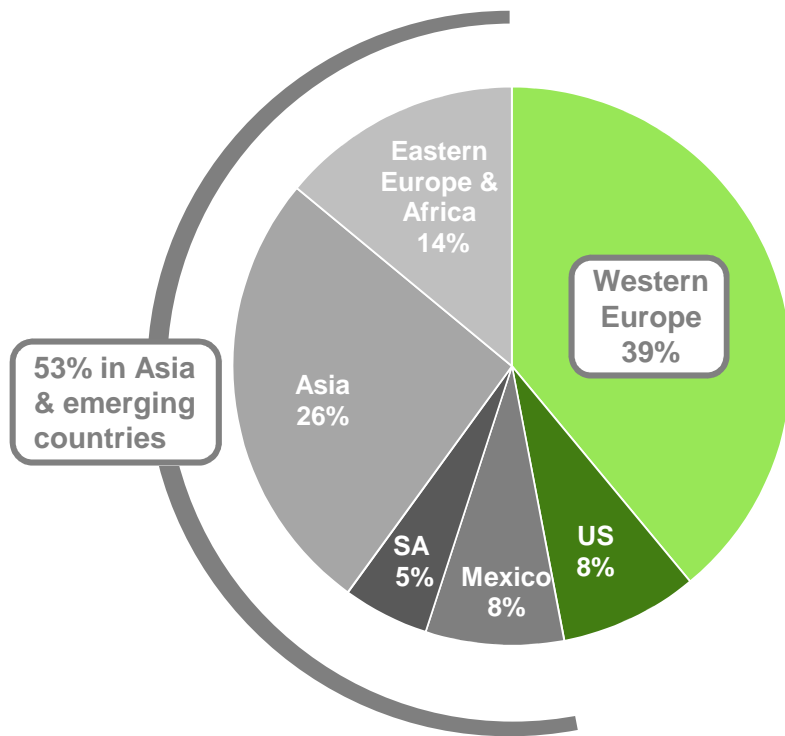
** Valeo sales by destination

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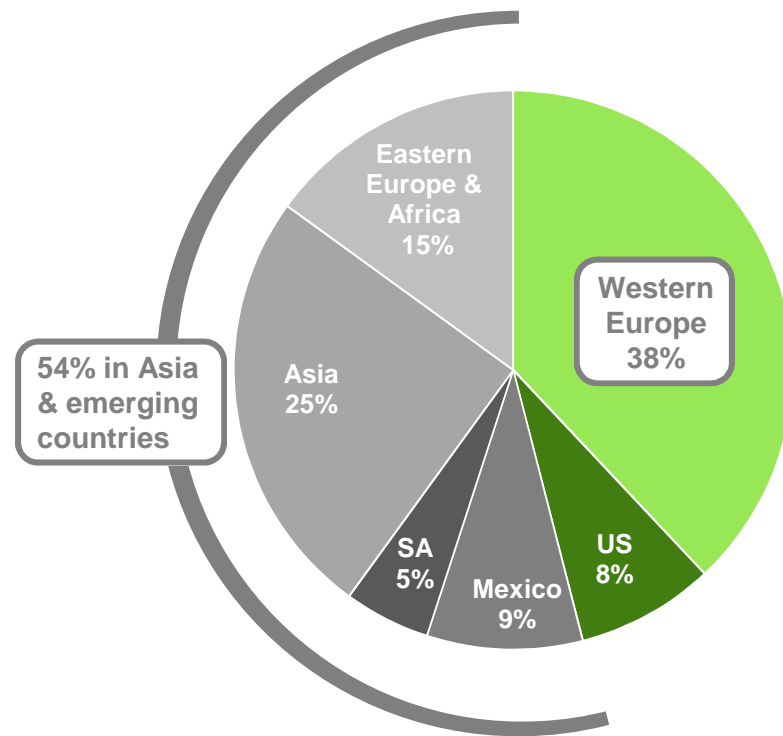
Geographic repositioning

Asia & emerging countries up 1pt to 54%, Western Europe down 1pt to 38%

OEM sales by production region



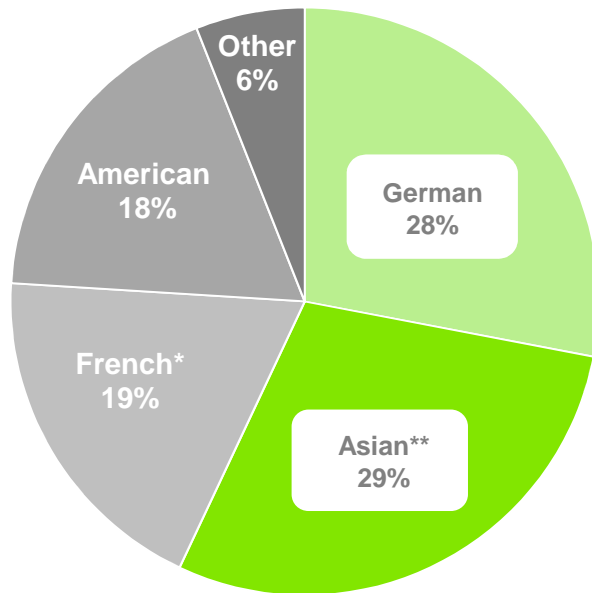
H1 12



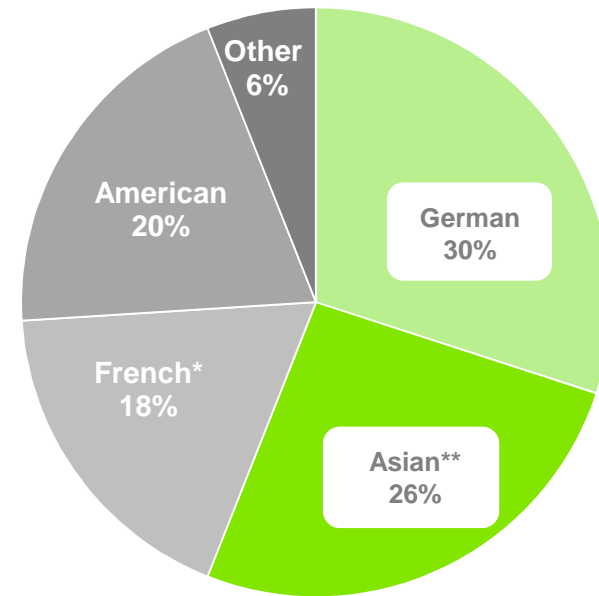
H1 13

Balanced customer portfolio

% of OEM sales



H1 12




H1 13

* Excluding Nissan
** Including Nissan

Above-market growth in all Business Groups

Strong growth for the Visibility Systems BG

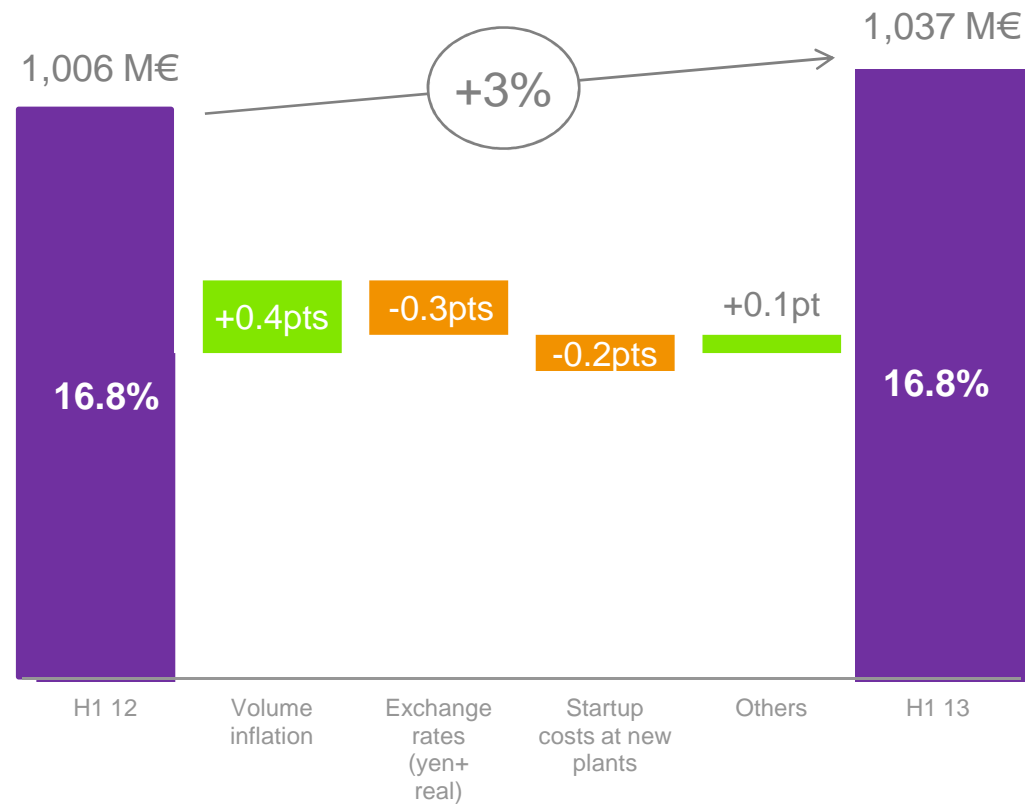
	% of YTD total sales	OEM growth like-for-like
CDA	19%	+3%
Powertrain	27%	+2%
Thermal	28%	+3%
Visibility	26%	+18%



Operating margin⁽²⁾ up 4%,
to 384 M€ or 6.2% of sales

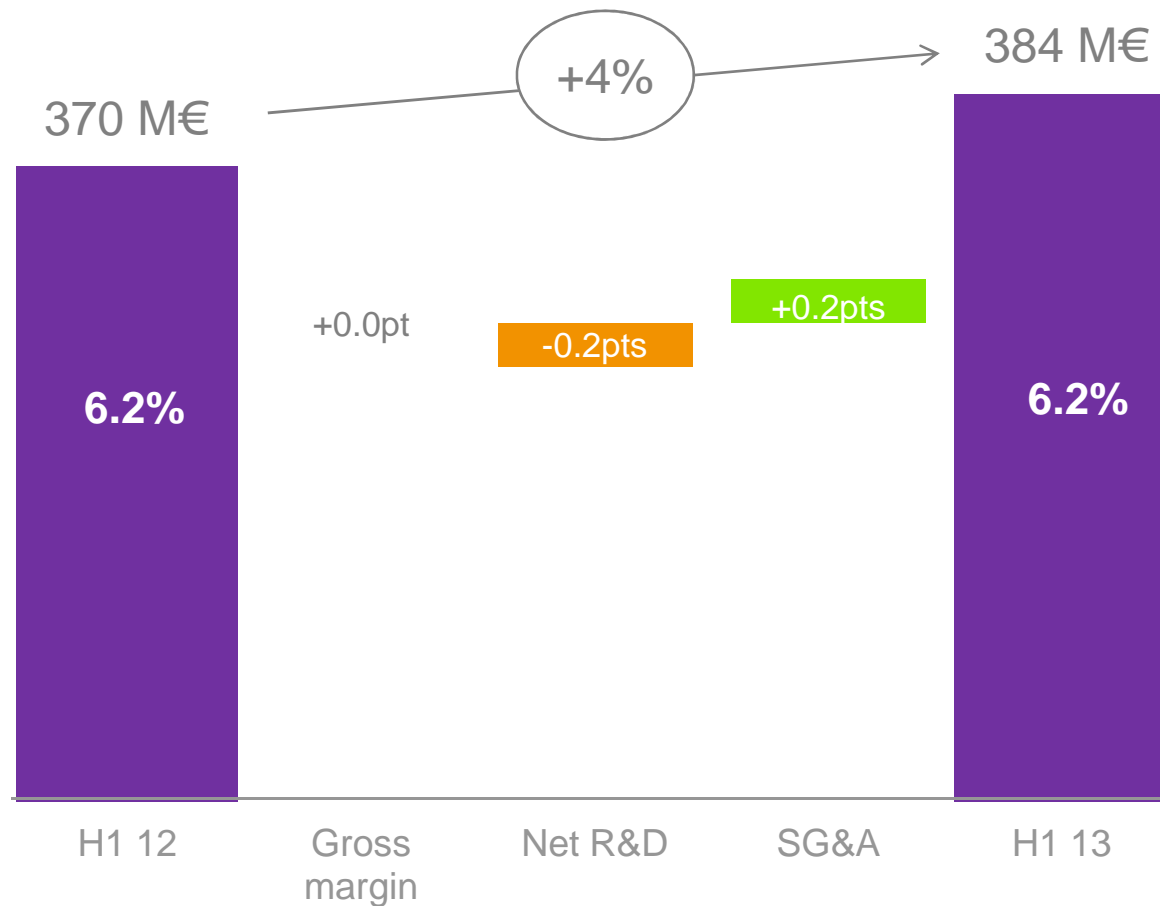
Gross margin of 1,037 M€ or 16.8% of sales

Mainly impacted by exchange rates & startup costs at new plants



Operating margin⁽²⁾ up 4% to 384 M€ (6.2% of sales)

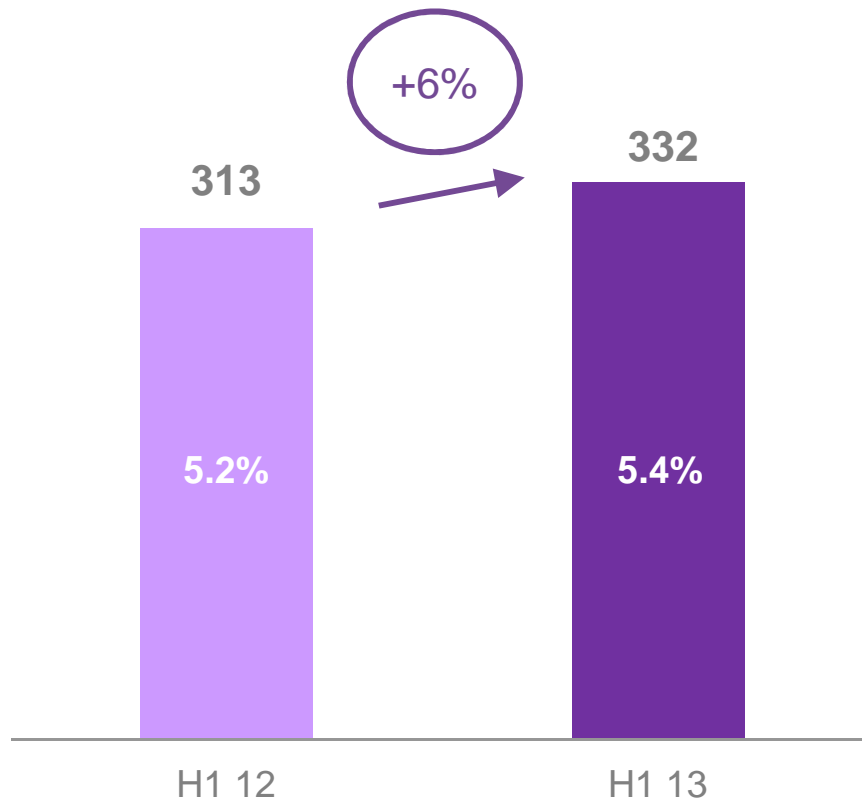
Sound management of administrative expenses offset the increase in net R&D expenditure



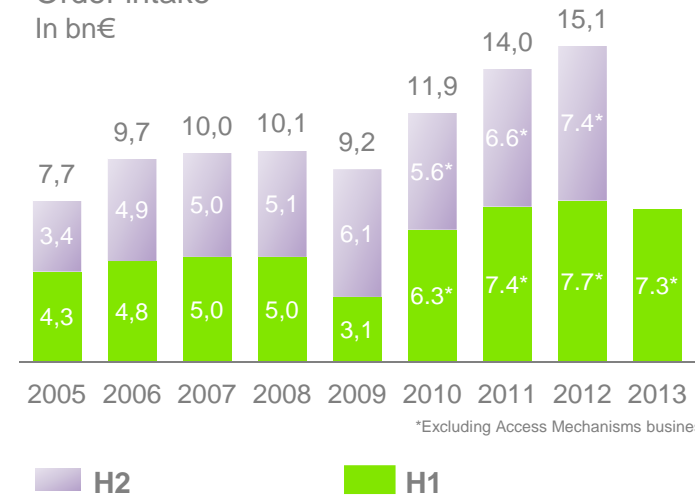
Net R&D expenditure at 5.4% of sales, up 0.2pts

Focused R&D to support profitable growth

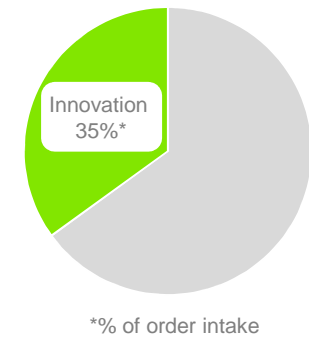
In M€
& % of sales



Order intake
In bn€

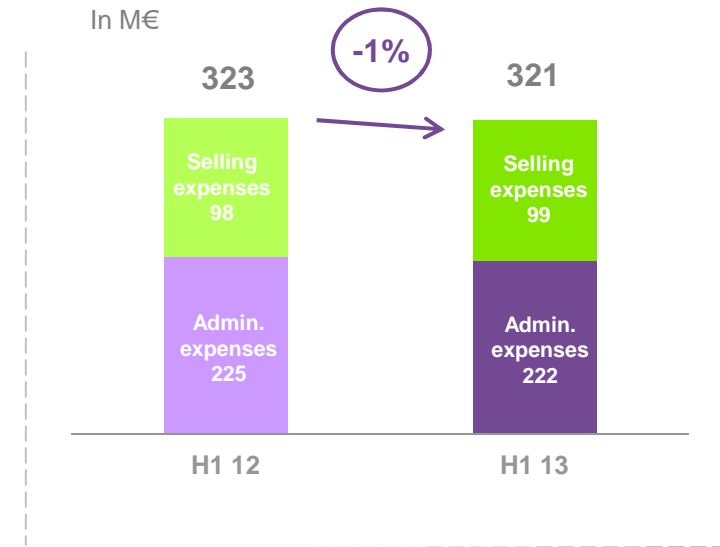
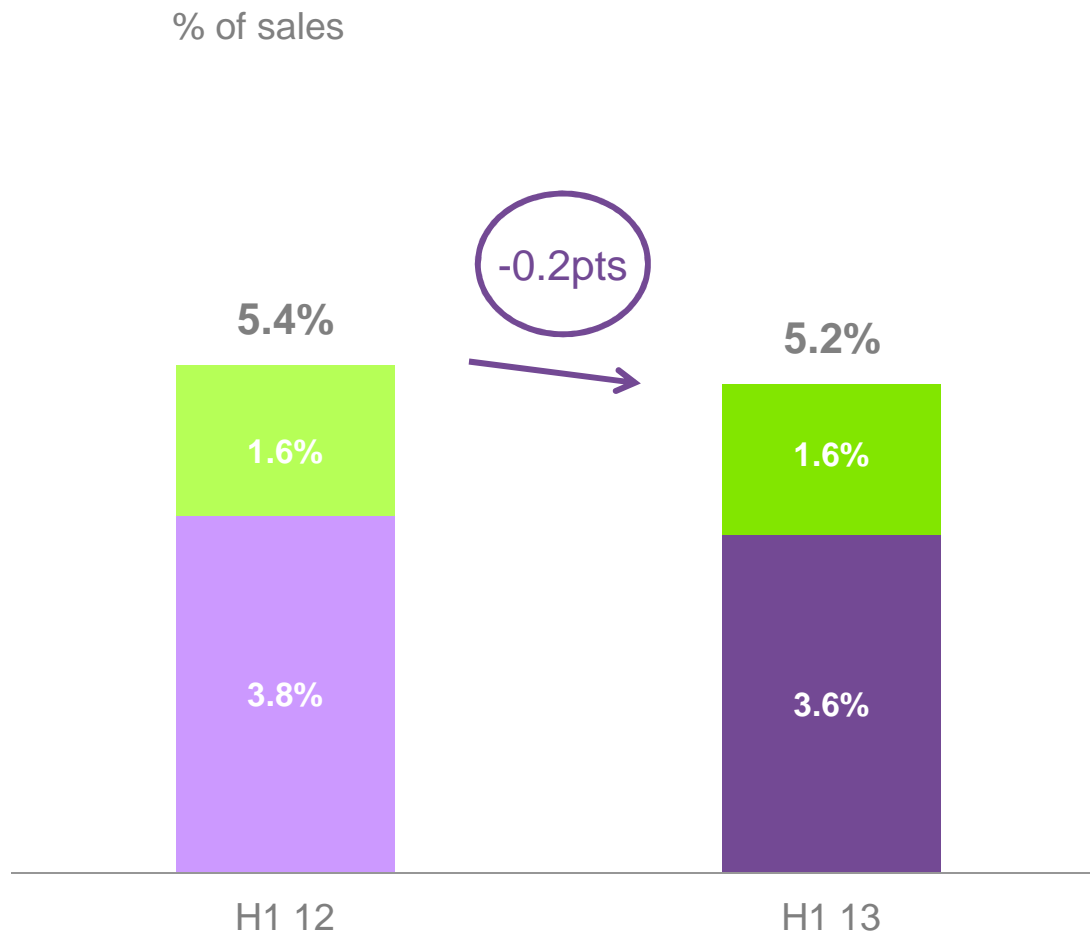


2012 THOMSON REUTERS
TOP 100
GLOBAL INNOVATORS



Sound management of administrative expenses

Down to 3.6% of sales



Excluding non-recurring items⁽³⁾, net income up 10% to 230 M€

Operating margin, up 4% to 384 M€ or 6.2% of sales

	H1 12*	H1 13	Change
Total sales (M€)	5,999	6,166	+3%
Operating margin ⁽²⁾ (M€)	370	384	+4%
% of sales	6.2%	6.2%	0pt
Other income & expenses (M€)	(22)	(41)	na
% of sales	0.4%	0.7%	-0.3pts
Operating income (M€)	348	343	-1%
% of sales	5.8%	5.6%	-0.2pts
Cost of net debt (M€)	(50)	(50)	0%
Other financial expenses (M€)	(21)	(22)	+5%
Associates (M€)	11	4	na
Income before taxes (M€)	288	275	-5%
Taxes (M€)	(78)	(71)	-9%
Effective tax rate	28%	26%	-2pts
Non strategic activities (M€)	(2)	0	na
Non-controlling interests and others (M€)	(15)	(14)	na
Net income (M€)	193	190	-2%
% of sales	3.2%	3.1%	-0.1pt
Earnings per share (€)	2.56	2.48	-3.1%
Net income excl. non-recurring items ⁽³⁾ (M€)	210	230	+10%
% of sales	3.5%	3.7%	+0.2pts
EPS excl. non-recurring items (€)	2.79	3.00	+7.5%

Of which 20 M€ impact from the disposal of the Access Mechanisms business without the Indian portion and 12M€ in restructuring costs

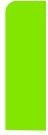
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ROCE₍₄₎ at 28%

Higher level of capital employed to support order intake₍₁₎

	H1 12	H1 13
Total sales	5.9 bn€	6.2 bn€
Operating margin ₍₂₎	6.2%	6.2%
Capital turnover	5.0	4.5*
ROCE ₍₄₎	31%	28%*
ROA ₍₅₎	19%	19%*

*Proforma excluding Access Mechanisms business



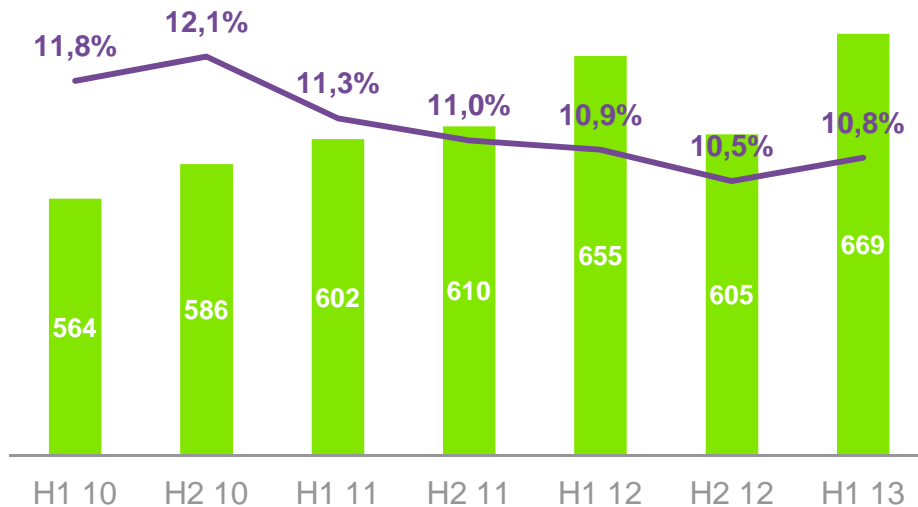
Free cash flow⁽⁷⁾ of 113 M€

Net debt of 457 M€ down 306 M€
versus end -2012

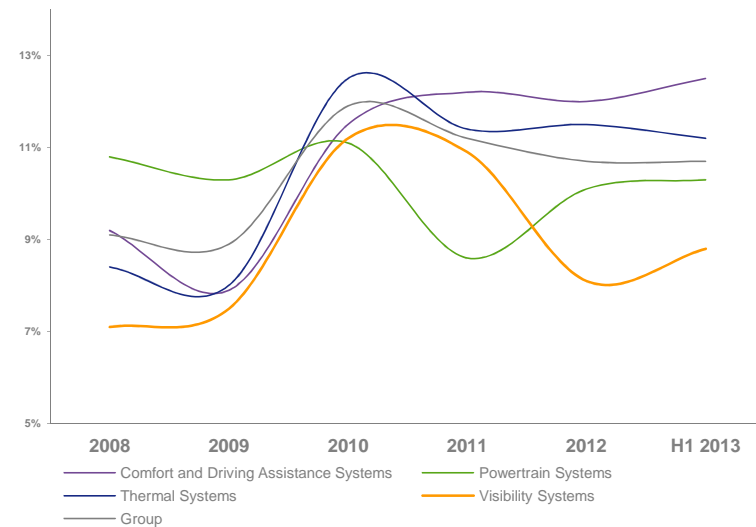
EBITDA₍₆₎ of 669 M€ or 10.8% of sales

In line with 2012

In M€ & % of sales



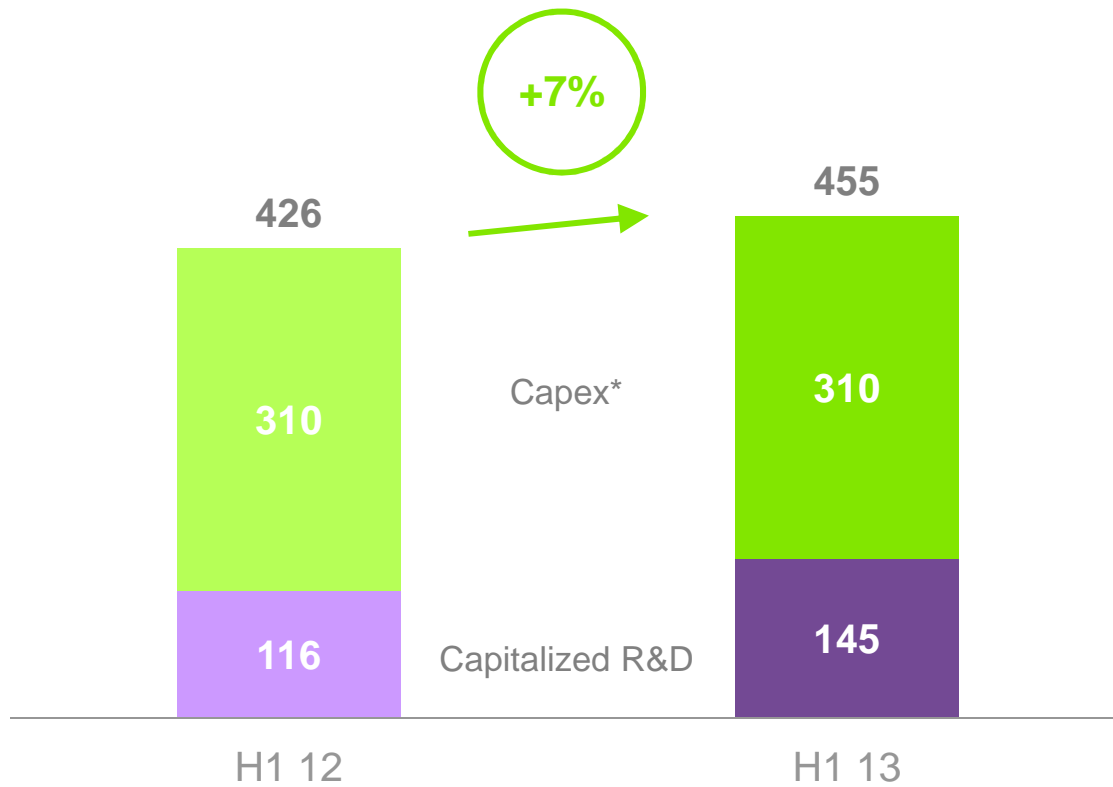
	H1 2013
Powertrain % of sales	10.3 %
Thermal % of sales	11.2%
Visibility as % of sales	8.8%
Comfort & Driving Assistance % of sales	12.5 %
TOTAL	10.8 %



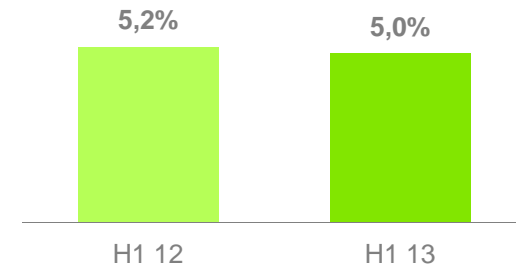
Focused investments totaling 455 M€

Supporting future profitable organic growth

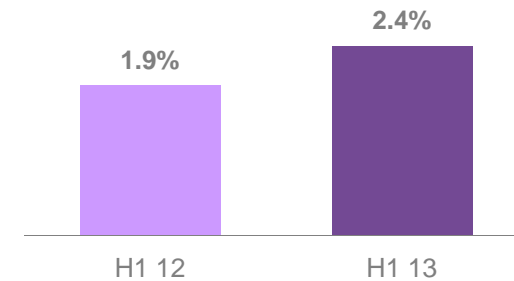
In M€



Capex*
(% of sales)



Capitalized R&D
(% of sales)



* excluding capitalized R&D

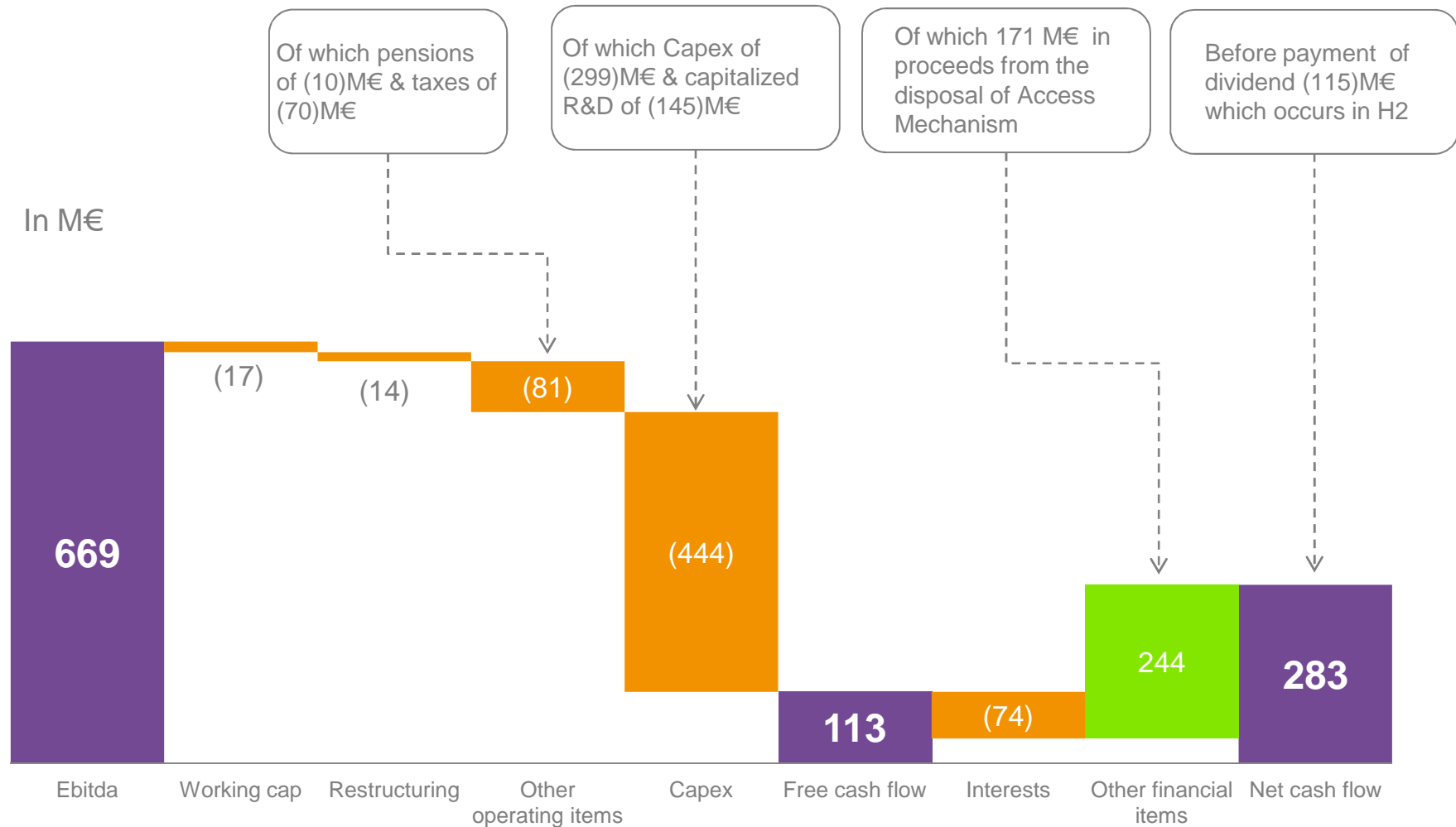
Free cash flow⁽⁷⁾ totaling 113 M€

Investment flows of 444 M€

	H1 12	H1 13	
EBITDA₍₆₎ (M€)	655	669	
Operating working capital (M€)	59	(17)	
Restructuring & employee-related costs (M€)	(22)	(14)	
Other operating items (inc. taxes) (M€)	(120)	(81)	
Of which :			
Taxes	(93)	(70)	
Pensions	(13)	(10)	
Cash from operating activities (M€)	572	557	
Capex (inc. capitalized R&D) (M€)	(424)	(444)	Of which Capex of (299) M€ & capitalized R&D of (145) M€
Free cash flow₍₇₎ (M€) (before interest payments)	148	113	
Interest (M€)	(56)	(74)	
Other financial items (M€)	(61)	244	Of which 171 M€ in proceeds from the disposal of the Access Mechanisms business
Net cash flow₍₈₎ (M€)	31	283	
Net debt₍₉₎ (M€)	485	457	To be compared with 763 M€ at end-2012, before payment of dividend 115 M€ which occurs in H2 2013

Free cash flow⁽⁷⁾ totaling 113 M€

Investment flows of 444 M€



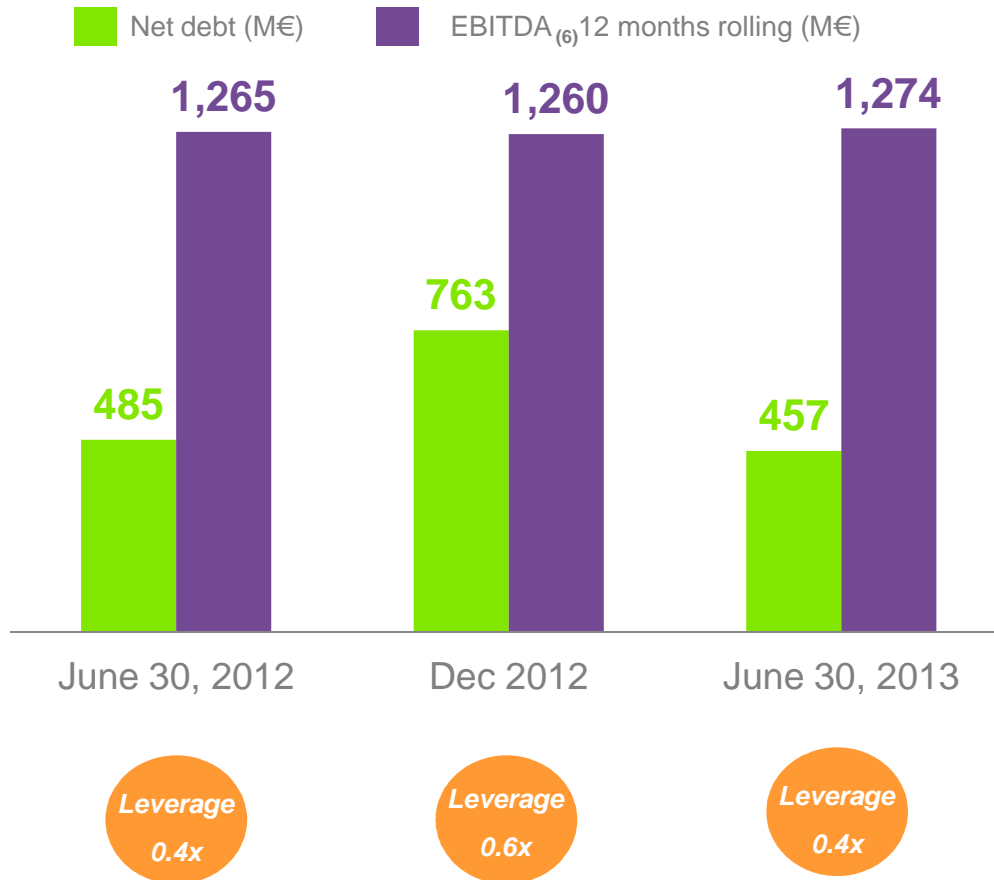


Strong balance sheet

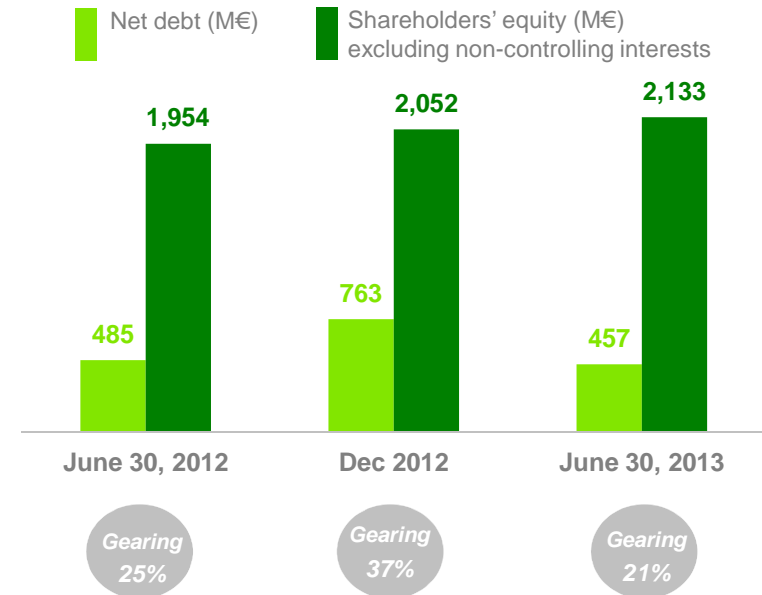
Strong balance sheet

Leverage & gearing ratios at 0.4x and 21% respectively

Net debt⁽⁹⁾ over EBITDA⁽⁶⁾



Net debt over shareholders' equity



	LT	Outlook	ST
Moody's	Baa3	Stable	Prime-3
S&P	BBB	Stable	A-2

Strong liquidity position

To cope with challenging environment

Liquidity :

Cash & cash equivalent: 1.2 bn€

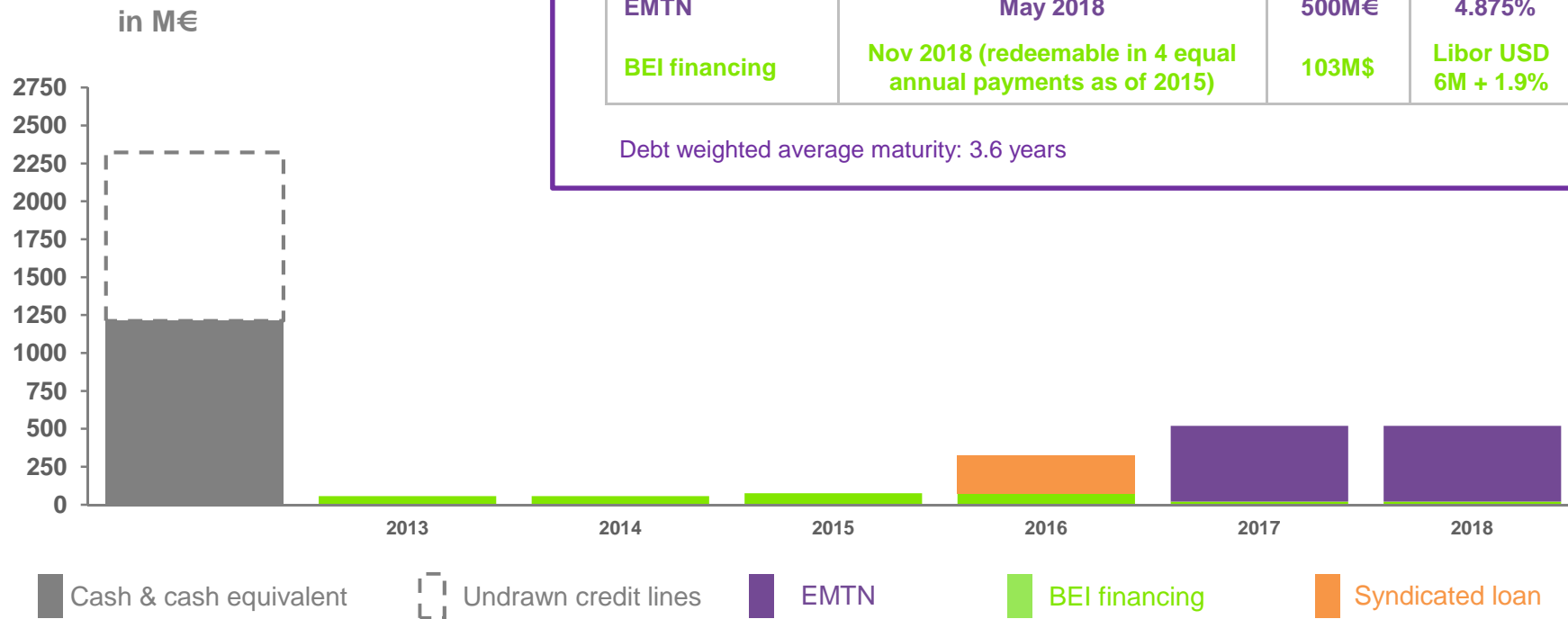
Undrawn bank credit lines: 1.1 bn€

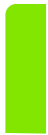
Average Maturity : 3 years

Debt:

	Maturity	Amount	Coupon
Syndicated Loan	June 2016	250M€	Euribor 3M + 1.3%
BEI financing	Aug 2016 (redeemable in 4 equal annual payments as of 2013)	225M€	Euribor 6M + 2.46%
EMTN	January 2017	500M€	5.75%
EMTN	May 2018	500M€	4.875%
BEI financing	Nov 2018 (redeemable in 4 equal annual payments as of 2015)	103M\$	Libor USD 6M + 1.9%

Debt weighted average maturity: 3.6 years





2013 outlook

2013 outlook

Based on the following key assumptions for FY 2013:

- Automotive production:
 - Europe: -2% to -3%
 - World: +2%

Valeo has set the following objectives for 2013:

- Performance higher than the market in the main production regions
- Assuming stabilized market conditions in Europe, a slight increase in operating margin (as a % of sales) compared to 2012



Investor Relations

Thierry Lacorre

43, rue Bayen

F-75848 Paris Cedex 17

France

Tel.: +33 (0) 1.40.55.37.93

Fax: +33 (0) 1.40.55.20.40

E-mail: thierry.lacorre@valeo.com

Web site: www.valeo.com



Share Information

Share Data

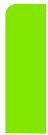
▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as of June 28, 2013	79,462,540

ADR Data

▪ Ticker/trading symbol	VLECY
▪ CUSIP Number	919134304
▪ Exchange	OTC
▪ Ratio (ADR: ord)	1:2
▪ Depository Bank	J.P. Morgan
▪ Contact at J.P. Morgan – ADR broker relationship desk	Jim Reeves +1 212-622-2710

Glossary

- (1) **Order intake** corresponds to contracts 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 for first-half 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 calculated over 12 months.
- (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 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.



Back-up

Key figures

	H1 12**	H1 13	Change	
Total sales (M€)	5,999	6,166	+2.8%	+5.8%*
OEM Sales (M€)	5,118	5,250	+2.6%	+5.7%*
R&D expenditure, net (M€)	313	332	+6%	
<i>% of sales</i>	5.2%	5.4%	+0.2pts	
Operating margin (M€)	370	384	+4%	
<i>% of sales</i>	6.2%	6.2%	0pt	
Net attributable income (M€)	193	190	-2%	
<i>% of sales</i>	3.2%	3.1%	-0.1pt	
Net attributable income excl. non-recurring items (M€)	210	230	+10%	
<i>% of sales</i>	3.5%	3.7%	+0.2pts	
Earnings per share excl. non-recurring items (€)	2.79	3.00	+7.5%	
ROCE	31%	28%	-3pts	
ROA	19%	19%	0pt	
EBITDA (M€)	655	669	+2%	
<i>% of sales</i>	10.9%	10.8%	-0.1pt	
Capex (M€)	(424)	(444)	+5%	
Free cash flow (M€)	148	113	-24%	
Net debt (M€)	485	457	-6%	
Gearing ratio	25%	21%	na	

**The amount of other financial income and expenses shown for first-half 2012 differs from the amount published in July 2012 since it has 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

*At same perimeter and exchange rates

Half year P&L

In M€	2009		2010		2011		2012*		2013
	H1	H2	H1	H2	H1	H2	H1*	H2	H1
■ Total sales	3,472	4,027	4,787	4,845	5,334	5,534	5,999	5,760	6,166
■ Gross margin	453	685	856	879	916	927	1,006	942	1,037
<i>as % of sales</i>	13.0%	17.0%	17.9%	18.1%	17.2%	16.8%	16.8%	16.4%	16.8%
R&D expenditure, net	(234)	(239)	(267)	(270)	(285)	(276)	(313)	(285)	(332)
Selling & administrative expenses	(270)	(262)	(297)	(284)	(286)	(292)	(323)	(302)	(321)
Other income & expenses	(37)	(12)	(31)	4	(1)	1	(22)	(31)	(41)
■ Operating income	(88)	172	261	329	344	360	348	324	343
<i>as % of sales</i>	-2.5%	4.3%	5.5%	6.8%	6.4%	6.5%	5.8%	5.6%	5.6%
Cost of net debt	(21)	(39)	(32)	(35)	(29)	(42)	(50)	(53)	(50)
Other financial income and expenses	(37)	(20)	(14)	(18)	(17)	(18)	(21)	(14)	(22)
Share in net earnings of associates	(40)	6	11	(12)	4	(2)	11	3	4
■ Income before income taxes	(186)	119	226	264	302	298	288	260	275
Income taxes	(26)	(53)	(47)	(57)	(77)	(71)	(78)	(68)	(71)
■ Income from continuing operations	(212)	66	179	207	225	227	210	192	204
Non-strategic activities	1	(1)	(2)	0	0	(1)	(2)	--	0
■ Net income for the period	(211)	65	177	207	225	226	208	192	204
Non-controlling interests	(2)	(5)	(9)	(10)	(7)	(17)	(15)	(10)	(14)
■ Net income	(213)	60	168	197	218	209	193	182	190

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Segment information

First-half 2012

In M€	Comfort and Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	TOTAL
Net sales						
• segment (excluding Group)	1,278	1,667	1,704	1,337	13	5,999
• intersegment (Group)	13	14	15	20	(62)	-
EBITDA	156	156	207	127	9	655
Research & Development expenditure, net	(88)	(82)	(78)	(65)	-	(313)
Investments in property, plant and equipment and intangible assets	107	125	67	113	14	426
Segment assets	1,121	1,427	1,094	1,079	36	4,757

First-half 2013

In M€	Comfort and Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	TOTAL
Net sales						
• segment (excluding Group)	1,187	1,690	1,700	1,575	14	6,166
• intersegment (Group)	12	19	16	25	(72)	-
EBITDA	150	176	192	141	10	669
Research & Development expenditure, net	(92)	(86)	(76)	(79)	1	(332)
Investments in property, plant and equipment and intangible assets	117	118	79	130	11	455
Segment assets	1,116	1,489	1,073	1,298	43	5,019

Quarterly information

In M€

Sales by segment

	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1 13	Q2 13
Comfort & Driving Assistance	408	440	418	438	481	489	567	620	657	634	615	604	629	570
Powertrain Systems	636	708	625	714	767	782	743	834	855	826	784	802	833	877
Thermal Systems	693	754	735	751	783	776	777	804	864	855	808	813	824	892
Visibility Systems	591	595	547	621	664	640	597	648	685	672	656	722	782	818
Total sales	2,309	2,478	2,342	2,503	2,669	2,665	2,662	2,872	3,033	2,966	2,842	2,918	3,039	3,127

OE & aftermarket sales

	Q1-10	Q2-10	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1 13	Q2 13
OE sales	1,898	2,059	1,929	2,066	2,263	2,247	2,262	2,435	2,602	2,516	2,393	2,399	2,575	2,675
Aftermarket	351	371	360	363	361	358	336	357	369	363	357	365	382	383
Miscellaneous	60	48	53	74	45	60	64	80	62	87	92	154	82	69
Total sales	2,309	2,478	2,342	2,503	2,669	2,665	2,662	2,872	3,033	2,966	2,842	2,918	3,039	3,127

Safe Harbor Statement

Statements contained in this report, 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 are mainly the risks resulting from the investigations currently being carried out by the antitrust authorities as they have been identified in the Registration Document, operational 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 at 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 report. Valeo does not intend to, 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 report.



Automotive technology, naturally

