

## Shareholders' Letter

April 2014 ■■■■■■

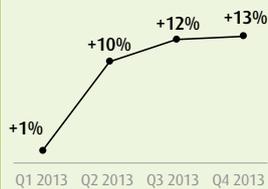


Technical Center in Auburn Hills (US)

### Contents ■■■■■■

#### 2013 results 2

Sales growth\*



\* like for like (constant Group structure and exchange rates)

#### Products & innovations 3



#### Valeo at a glance 4



### Dear Shareholders,

Our 2013 results confirm the Group's strong growth momentum, despite the persistently fragile European automotive market. Growth gathered pace throughout the year and the Group achieved a 9% increase in sales on a like-for-like basis (constant Group structure and exchange rates) as well as an operating margin of 6.6% for 2013 as a whole and 6.9% in the second half of the year. These solid results are a measure of the effectiveness of our strategy based on an innovation drive and geographic expansion in the fastest-growing automotive production regions.

The order intake for the year came out at 14.8 billion euros, and comprised around 30% of innovative products. Our R&D efforts during the year – aimed at reducing CO<sub>2</sub> emissions and developing intuitive driving solutions – exceeded 1.1 billion euros.

In 2013, the Group continued to grow at a sustained pace in Asia and other high-growth economies. Asia contributed 37% to the order intake for the year, 11 percentage points more than its contribution to original equipment sales, and China is set to become the Group's largest country by headcount as from 2014.

Lastly, our very strong financial position provides the means to finance further development.



**“Operating margin jumped 10% compared to 2012,”**

In light of these excellent results and our confidence in the Group's outlook, at the next Shareholders' Meeting, shareholders will be asked to vote on the payment of a dividend of 1.70 euros per share, an increase of 13% compared with the dividend paid in 2012.

Once again, I would like to thank you on behalf of all our employees at Valeo for your continued support, and I look forward to seeing you on May 21 at the Shareholders' Meeting.

**Jacques Aschenbroich**  
Chief Executive Officer

# 2013 results



In 2013, Valeo reported:

## Operating margin up 16% at 6.9% of sales in the second half of the year (6.6% for 2013 as a whole)

- Order intake of 14.8 billion euros
- Sales of 12.11 billion euros, up 9% on a like-for-like basis
- Free cash flow of 315 million euros

### Operating margin

(in millions of euros and as a % of sales)



**Operating margin** (before other income and expenses) was up 10% year on year, to 795 million euros, or 6.6% of sales.

### Net attributable income

(in millions of euros and as a % of sales)



**Net attributable income** for 2013 came out at 439 million euros, or 3.6% of sales, versus 371 million euros, or 3.2% of sales in the same prior-year period.

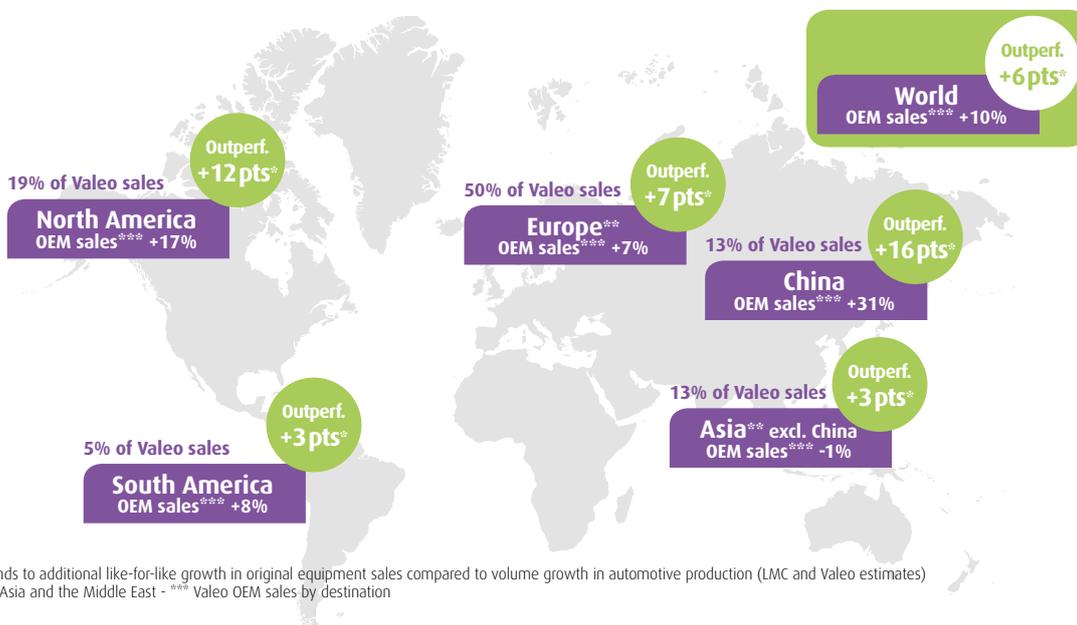
### Net debt (at Dec. 31)

(in millions of euros)



Valeo generated 315 million euros in **free cash flow** in 2013. Consolidated net debt fell to 366 million euros at December 31, 2013 from 763 million euros one year earlier.

## Original equipment sales growth outpaced the market in all production regions



\* This figure corresponds to additional like-for-like growth in original equipment sales compared to volume growth in automotive production (LMC and Valeo estimates)  
 \*\* Europe and Africa; Asia and the Middle East - \*\*\* Valeo OEM sales by destination



## Innovative technologies presented at the 2014 CES trade show in Las Vegas

For the first time, Valeo took part in the consumer electronics show (CES), an international trade show dedicated to consumer technological innovation, held in Las Vegas on January 7-10, 2014. Valeo unveiled three major new technologies that will drive the Group's development, including Automated Valet Parking and gaze detection.

The Group is developing a vast range of advanced systems based on ultrasonic sensors, radar, cameras, laser scanners and software that help the vehicle to situate itself within the surrounding environment. These intuitive driving solutions also help reduce CO<sub>2</sub> emissions.

### Automated Valet Parking

Urban congestion has already encouraged automakers to offer consumers a range of driving assistance systems. And now, thanks to the emergence of automated parking solutions, the bid to smooth out traffic flows has been given a fresh boost. By inventing the smartphone-controlled Automated Valet, Valeo is keeping a step ahead of automotive consumer trends.

Automated Valet Parking gives the vehicle complete autonomy, with no driver input required. A central datalink enables the vehicle to locate the nearest available space to park.

Automated Valet Parking comes complete with ultrasonic sensors, cameras and Valeo's unique laser scanner technology to detect any stationary or moving obstacles. The laser scanner allows the vehicle to situate itself within the surrounding environment, while images from the cameras are sent directly to the driver's smartphone so that the car can be monitored remotely at all times.

As well as being safer, this revolutionary solution is extremely accurate and helps avoid bumps and scrapes. Thanks to the laser scanner, twelve ultrasonic sensors around the car and four cameras, drivers can monitor the surrounding environment and focus on the route to an available parking space.



### Gaze detection: eye control and driver monitoring technology

At the 2014 CES, Valeo used an animated feature to demonstrate its new gaze detection technology based on the interaction between the car and the driver's eyes.

Thanks to a gaze detection camera, the driver can change the radio station or get traffic information, for example, simply by glancing at the control button. Combined with Valeo's Head-Up Display (HUD) technology that projects dashboard controls onto the windshield, motorists can operate controls without taking their eyes off the road.

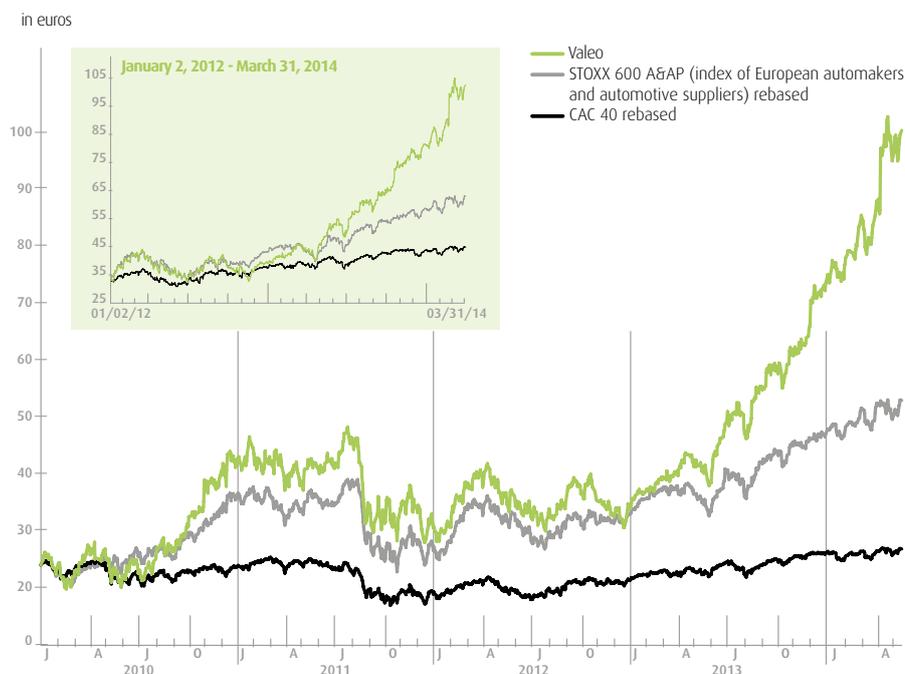
Gaze detection technology aims to make driving a safer and more straightforward experience, and is based on the movements and gestures currently developed in consumer interactive digital environments. Gaze detection cameras open the door for applications that go beyond even operating dashboard controls, such as driver monitoring systems that are able to monitor driver attention levels and eye or eyelid movements, detect sleepiness, help drivers concentrate, or automatically take control of the car in the event of an emergency.

# Valeo at a glance



## Share price

December 31, 2009 - March 31, 2014



## Stock market data

	2011	2012	2013	March 31, 2013
Market capitalization at year-end (in billions of euros)	2.43	2.99	6.39	8.13
Number of shares	79,269,596	79,462,540	79,462,540	79,462,540
Highest share price (in euros)	49.88	43.31	81.15	106.05
Lowest share price (in euros)	27.46	29.80	37.25	78.67
Average share price (in euros)	39.00	36.30	55.22	91.22
Share price at year-end (in euros)	30.71	37.64	80.43	102.25

## Per share data

(in euros)	2011	2012	2013
Earnings per share	5.68	5.03	5.71
Earnings per share excluding non-recurring items	5.68	5.56	6.52
(in euros)	2011	2012	2013
Dividend per share	1.40	1.50 <sup>(1)</sup>	1.70 <sup>(1)(2)</sup>

(1) Eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code (Code général des impôts) and subject to a 21% flat-rate tax prepayment on distributed revenues, deducted at source by the paying agent (Article 117 quater i.1 of said Code and Article 9 of the French Finance Law for 2013). These figures are provided for information purposes only. Please contact your financial advisor to discuss the specific tax and social security treatment of your shares.

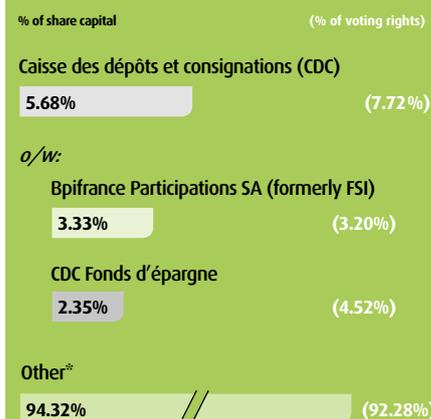
(2) Dividend of 1.70 euros per share proposed at the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2013.

## Ownership structure

at March 31, 2014

Number of shares: 79,462,540

Number of voting rights: 82,581,284



\* Including 1,578,181 treasury shares (1.99% of the share capital).

## 2014 calendar

April 23, 2014

First-quarter 2014 sales

May 21, 2014

Ordinary and Extraordinary Shareholders' Meeting

## Contacts

Valeo Investor Relations

43, rue Bayen  
75848 Paris Cedex 17 France

Toll-free number (in France)

0 800 814 045

Website

www.valeo.com