

Shareholders' LETTER

April 2015



Thermal Systems Business Group, Greensburg, USA



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Dear Shareholders,

I would like to start by thanking the Valeo teams for their commitment and professionalism, which enabled us to achieve such excellent results and return to the CAC 40 in 2014. Up by 18% at 17.5 billion euros, the order intake reflects the commercial success of our innovative technologies both in the areas of CO₂ emissions reduction and improved vehicle performance, and intuitive driving.

Up 9%, 15% and 28% respectively, our sales, operating margin and net income confirm the Group's excellent momentum.

In 2010 and 2011, Valeo set itself an operating margin target of more than 7% by 2015. In 2014, the Group recorded operating margin of 7.4% in the second half of the year, and 7.2% for the year as a whole, taking us to our target one year ahead of schedule.

Based on the assumption that global automotive production grows by around 3%, our objectives for 2015 comprise growing faster than the market in the main automotive production regions and a slight increase in operating margin (as a percentage of sales) compared with 2014.

At the Investor Day that we organized in London on March 16, 2015, we presented our 2015-2020 strategic plan driven by the Group's continued growth in technologies for CO₂ emissions reduction and improved vehicle performance as well as intuitive driving, and expansion in Asia and emerging countries. Our order intake in 2014 of 17.5 billion euros, which is double the average recorded between 2005 and 2009, demonstrates the strong potential to grow our sales, which are expected to top 20 billion euros by 2020.

In light of the excellent 2014 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 2.20 euros per share, an increase of 29% compared with the dividend paid in 2013.

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 26 at the Shareholders' Meeting.

Jacques Aschenbroich
Chief Executive Officer

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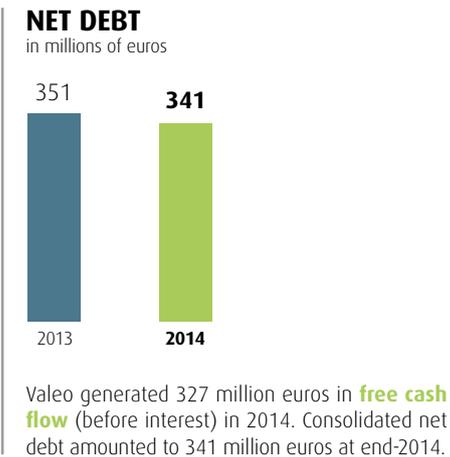
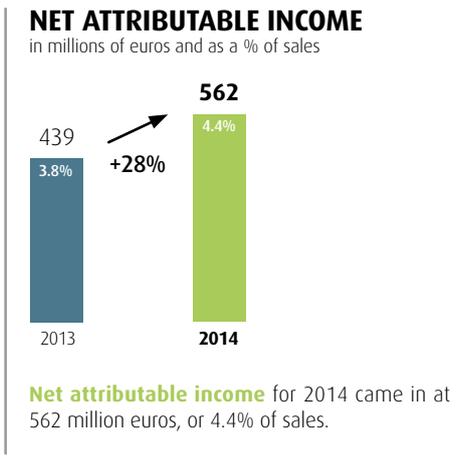
04 - Valeo at a glance



Automotive technology, naturally

IN 2014, VALEO'S ORDER INTAKE WAS UP 18% TO 17.5 BILLION EUROS

- Sales of 12.7 billion euros, up 9% as reported (up 8% like for like)
- Operating margin¹ up 15% to 913 million euros, or 7.2% of sales
- Net attributable income up 28% to 562 million euros, or 4.4% of sales
- Free cash flow of 327 million euros

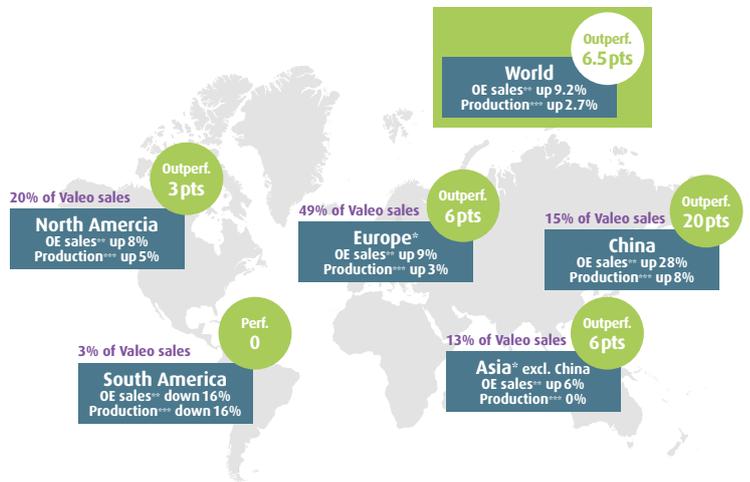


¹ Including share in net earnings of equity-accounted companies.

ORIGINAL EQUIPMENT SALES UP 11% AS REPORTED

(UP 9% LIKE FOR LIKE)

- Growth 6.5 percentage points higher than global automotive production



* Europe and Africa; Asia and the Middle East
^{**} Valeo OE sales by destination
^{***} LMC estimates – light vehicle production

INVESTOR DAY

At the Investor Day in London on March 16, 2015, Jacques Aschenbroich, Chief Executive Officer, Christophe Périllat, Chief Operating Officer, Robert Charvier, Chief Financial Officer, and the management teams of the four Business Groups presented:

- the new strategic plan driven by the Group's continued growth in technologies for CO₂ emissions reduction and improved vehicle performance as well as intuitive driving, and expansion in Asia and in emerging countries;
- our new medium-term financial objectives.

2020 FINANCIAL OBJECTIVES

	2014	2020
Sales	€12.7 bn	>€20 bn
Operating margin ⁽¹⁾	7.2%	[8-9%]
Free cash flow/EBITDA ratio ⁽²⁾	21%	>30%
ROCE ⁽³⁾	31%	>35%

(1) Including share in net earnings of equity-accounted companies.
 (2) Before interest payments.
 (3) Operating margin including share in net earnings of equity-accounted companies/capital employed excluding goodwill.

VALEO MOBI/US: A NEW, FULLY DIGITAL CONNECTED INTERFACE

Valeo debuted new technology for the cars of tomorrow during the Consumer Electronics Show (CES), an international trade show dedicated to consumer technological innovation, held in Las Vegas on January 6 to 9, 2015.

In addition to fuel efficiency, drivers are looking for cars that are autonomous, easy to use and fun to drive. Valeo's driving assistance systems offer drivers a range of smart technologies to improve vehicle safety and comfort for which new features, such as automated driving when the car is in a traffic jam or on a highway, are released every year. These new systems are managed by a new, fully digital connected interface.

With the Mobi/us solution, Valeo has entirely redesigned the dashboard so that motorists can switch driving modes in complete safety and also take advantage of new services when the car is driving itself. Whenever the system detects favorable conditions for automated driving, such as when the car is in a traffic jam or on a highway, it suggests

shifting from hands-on to hands-off mode without compromising safety. The driver can then press the automatic pilot button located on the steering wheel. Conversely, the system emits a visual and audio alert to tell the driver when they should prepare to take back control. When the car is in automated driving mode, it is completely safe for the driver to say, read their emails, and they can access all of their usual applications.

To ensure safe interface management, Valeo has developed two miniature touch screen controls on each side of the steering wheel (to cater to both right-handed and left-handed drivers), much like those used on smartwatches. The new Mobi/us control establishes a wireless connection with the driver's smartphone or tablet.



With the Valeo Mobi/us concept, motorists can use smartphone or tablet apps while keeping their hands on the steering wheel and their eyes on the road. Valeo Mobi/us includes a system that detects the presence of hands on the steering wheel and uses a camera to observe the driver.

Valeo Mobi/us is able to switch between hands-on and hands-off driving much more safely and quickly, resolving an issue that is often cited as a weak point among automated cars.

DRIVE 4U®: AUTOMATED DRIVING

Valeo/Safran linkup: an exceptional partnership to pool skills and expertise and set the highest standards for French industry.

In a world premiere on the esplanade of the Hôtel des Invalides in Paris, on March 27, 2015 Valeo unveiled its experimental prototype vehicle equipped with the Drive 4U® system.

The Drive 4U® system allows motorists to experience the pleasure of being driven in traffic jams or on highways, or on a standard route.

From an overall perspective, the deployment of these systems will help improve safety, ensure better compliance with the highway code, streamline traffic flows and optimize vehicle energy use.

The vehicle is equipped with sensors such as cameras, radar, ultrasound, and a laser scanner. These sensors generate real-time data to detect and map the driving environment. An interface allows the driver to select the destination. In addition, a telematics box receives data from other vehicles or road infrastructure. These inputs are then merged and analyzed, allowing the Drive 4U® system to lay out the precise route to be taken by the vehicle. The resulting commands are executed by the engine and the steering and braking systems.

In practice the system enables the car to stop on its own when it comes to a red light or encounters an obstacle, for example.

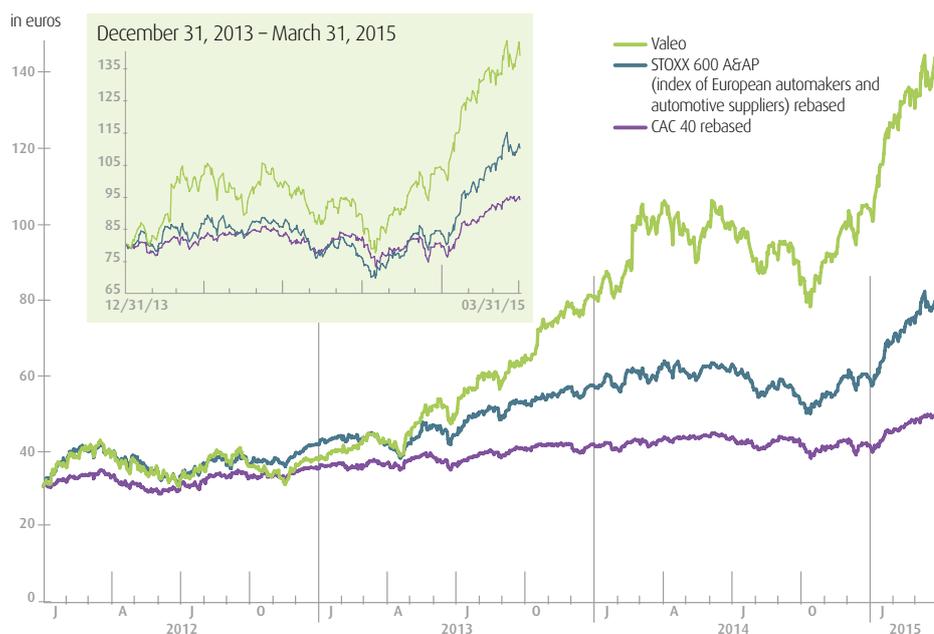
Automated driving functions allow the driver to delegate the driving of the vehicle to the Drive4U® system. Valeo's innovations aim to make driving a safer, more enjoyable and more straightforward experience. Highly automated driving will greatly contribute to improving safety.



VALEO AT A GLANCE

SHARE PRICE

December 31, 2011 – March 31, 2015



STOCK MARKET DATA

	2012	2013	2014	31/03/2015
Market capitalization at year-end (in billions of euros)	2.99	6.39	8.23	11.05
Number of shares	79,462,540	79,462,540	79,462,540	79,462,540
Highest share price (in euros)	43.31	81.15	106.05	145.70
Lowest share price (in euros)	29.80	37.25	73.94	99.60
Average share price (in euros)	36.30	55.22	93.75	129.23
Share price at year-end (in euros)	37.64	80.43	103.60	139.05

PER SHARE DATA

(in euros)	2012	2013	2014
Earnings per share	5.03	5.71	7.23
Earnings per share excluding non-recurring items	5.58	6.52	7.63

(in euros)	2012	2013	2014
Dividend per share	1.50	1.70 ⁽²⁾	2.20 ⁽¹⁾⁽²⁾

(1) Dividend of 2.20 euros per share proposed at the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2014.

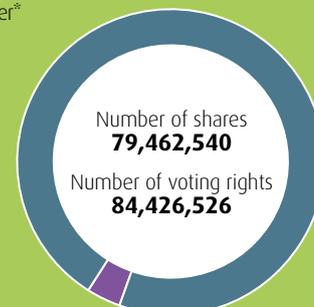
(2) Eligible for the 40% tax allowance provided for in article 158-3-2° of the French Tax Code (*Code général des impôts*) and subject to a 21% flat rate tax prepayment on distributed revenues, deducted at source by the paying agent (article 117 *quater* i.1 of said code and article 9 of the French Finance 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.

OWNERSHIP STRUCTURE

AT MARCH 31, 2015

96.61% (93.61%)
Other*



3.39% (6.39%)

Caisse des Dépôts
et Consignations (CDC)

of which 1.66% (3.13%)
Bpifrance Participations SA
(formerly FSI)

1.73% (3.26%)
CDC Savings Funds

* Including 1,443,966 treasury shares (1.82% of the share capital).

FIRST-HALF 2015 CALENDAR

- **April 23, 2015**
First-quarter 2015 sales
- **May 26, 2015**
Ordinary and Extraordinary Shareholders' Meeting
- **July 27, 2015**
First-half 2015 results

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