

Shareholders' Letter

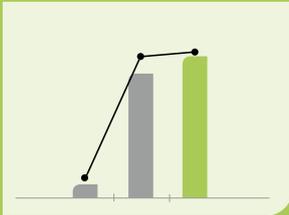
December 2012 ■■■■■■



La Verrière plant, Le-Mesnil-Saint-Denis – Wiper Systems and Thermal Systems

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Dear Shareholders,

In the context of economic headwinds in Europe and South America, these past months Valeo has once again demonstrated the strength of its growth model:

- in the nine months ended September 30, 2012, sales grew 11%;
- in the first half of 2012, the Group reported solid results with operating margin up 7.2% to 6.2% of sales and free cash flow up 10% to 148 million euros.

The Group's medium-term outlook remains promising thanks to our strategy focused on Asia and emerging countries and our innovations portfolio, particularly in the area of CO₂ emissions reduction.

Order intake in the first six months of 2012 hit a record high of 8 billion euros with innovations accounting for 30%, demonstrating the interest of the Group's automaker customers in our new products.

We also continued to expand our operations in Asia, in particular through the successful acquisition of Niles. In first-half 2012, Asia accounted for 36% of the Group's order intake and 24% of total original



equipment sales versus 18% for the same prior-year period.

With our new leaner business structure focused on leveraging operating synergies, we have now laid the foundations to grow profitably over the long run.

“ Valeo demonstrates once again the strength of its growth model. ”

I would like to thank you for supporting Valeo and, on behalf of all our employees, I send you my best wishes for 2013.

Jacques Aschenbroich
Chief Executive Officer

2012 results



First-half 2012

Valeo reports 12.5% growth

in consolidated sales, with operating margin up 7.2% and free cash flow up 10%

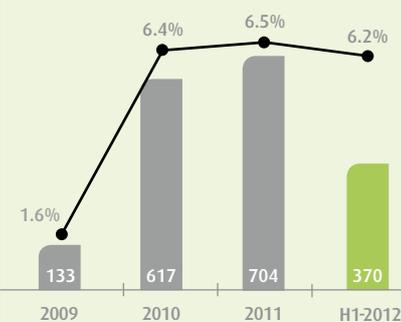
- Operating margin up 7.2% to 370 million euros or 6.2% of sales;
- Record order intake of 8 billion euros;
- Free cash flow of 148 million euros.

Gross margin

Gross margin (1,006 million euros) stood at 16.8% of sales for first-half 2012.

Operating margin

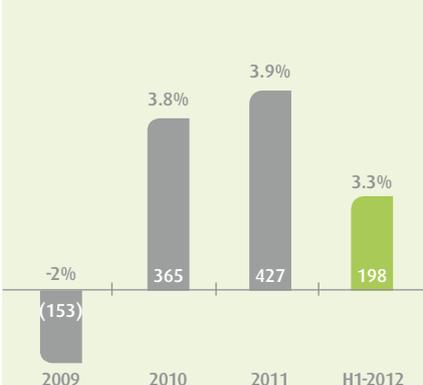
(in millions of euros and as a % of sales)



Operating margin for first-half 2012 (before other income and expenses) was up 7.2% year-on-year to 370 million euros or 6.2% of sales.

Net income

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



In first-half 2012, net income came in at 198 million euros or 3.3% of sales versus 218 million euros or 4.1% of sales for the same prior-year period.

Net debt

(in millions of euros)



At June 30, 2012, Valeo generated 148 million euros in free cash flow (before interest). The Group's net debt came in at 485 million euros, 38 million euros less than at December 31, 2011.

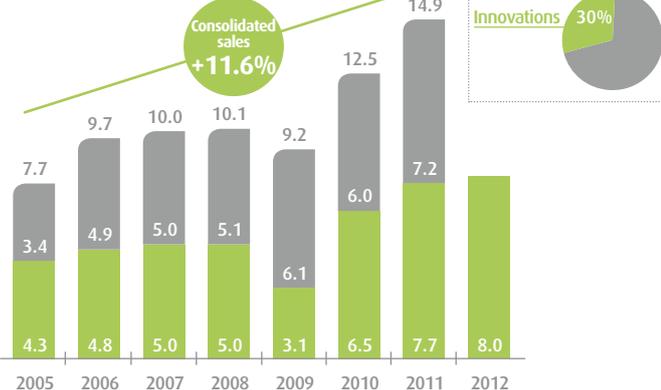
Sales growing steadily

Valeo reports 11% growth in consolidated sales for the nine months ended September 30, 2012

Record order intake of 8 billion euros of which 2.9 billion euros in Asia

(in billions of euros)

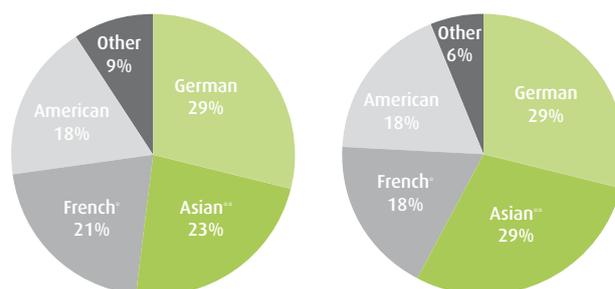
■ H1 ■ H2



Customer positioning

German and Asian customers each accounted for 29% of sales

(as a % of OE sales)



* Excluding Nissan - ** Including Nissan



François Hollande visits Valeo's R&D center in La Verrière

On July 27, François Hollande, President of France, visited Valeo's R&D center in La Verrière (near Paris) where he met Jacques Aschenbroich and the plant's employees. He visited the Thermal Systems and Visibility Systems research facilities where he had the opportunity to test-drive several demonstration vehicles before concluding his visit with a speech in support of the automotive industry to French journalists and Valeo employees. "Valeo is a company that innovates, a company that creates jobs and a company that exports," he declared. "I have noticed a great feeling of pride amongst employees and managers alike, and we should look to emulate this confidence and this pride across our country as a whole."



July 27, 2012, François Hollande at Valeo's R&D center in La Verrière

Paris Motor Show October 1-14, 2012



Model of Valeo's stand

As one of the world's top automotive suppliers, Valeo dedicates nearly 9% of its original equipment sales to R&D, in particular to designing technologies to reduce carbon emissions on the vehicles of tomorrow. Six major innovations were presented at the Paris Motor Show, including:

Hybrid4All: Valeo's hybrid technology makes it possible, for the first time, to offer hybrid powertrains on any vehicle and, more specifically, on entry-level models. By combining the Stop-Start function, regenerative braking and torque assist, Hybrid4All can deliver fuel savings of up to 15%.

This technology is compatible with both gasoline and diesel engines and will enable automakers to meet the future requirement of 95g of CO₂/km in 2020.

Electric supercharger: Valeo is the first automotive supplier to offer its customers a range of electric superchargers, which improve throttle response from small engines at low RPMs. When coupled with a Valeo energy recovery system, electric superchargers can deliver fuel savings of up to 20%.

Air Intake Module: This new air intake architecture for diesel and gasoline engines improves the air/fuel mixture drawn into the engine, enhancing the efficiency and performance of the cooling system and paving the way for cleaner, more compact turbo engines. It has been selected for Volkswagen's new diesel engine platform.

Grand Prix for Financial Transparency

Valeo was presented with the 2012 Grand Prix for Financial Transparency (all categories) and the award for the Consumer goods/Health sector at the ceremony held on October 5, 2012. Each year, these awards recognize the companies with the best practices in regulatory financial reporting from among the 170 largest listed French companies based on a analysis by the Scientific Committee which is made up of key players in the French market, including the French financial markets authority (AMF) and NYSE Euronext.

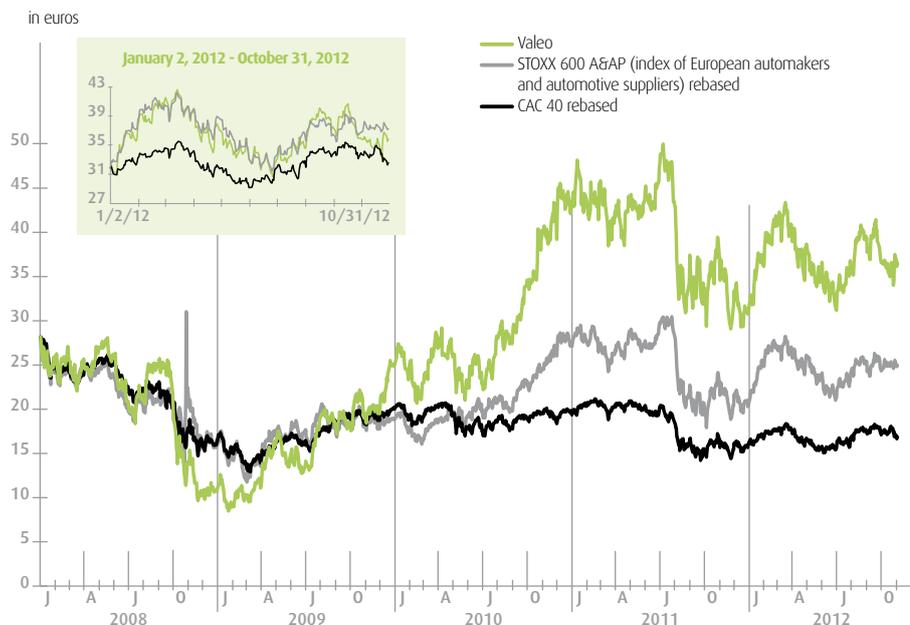
"We are very proud of this award in honor of our efforts to consistently produce clear, accurate and transparent financial communications. It also highlights our determination as a Group to follow the best market practices with the aim of establishing a trust-based relationship with our investors in the long term," said Jacques Aschenbroich, Valeo's Chief Executive Officer.

Valeo at a glance



Share price

January 1, 2008 – October 31, 2012



Stock market data

	2009	2010	2011	Sept. 30, 2012
Market capitalization at year-end (in billions of euros)	1.92	3.34	2.43	2.85
Number of shares	78,209,617	78,628,798	79,269,596	79,311,067
Highest share price (in euros)	25.46	45.70	49.88	43.31
Lowest share price (in euros)	8.00	20.07	27.46	29.80
Average share price (in euros)	15.54	29.03	39.00	36.62
Share price at year-end (in euros)	24.53	42.47	30.71	36.00

Per share data

in euros	2009	2010	2011	June 30, 2012
Basic earnings per share	(2.04)	4.86	5.67	2.63
Net dividend	0	1.20	1.40 ⁽¹⁾	-

⁽¹⁾ Shareholders may choose to be either eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code (*Code général des impôts - CGI*) or subject to the 21% flat-rate withholding tax provided for in Article 117 quater 1.1 of the CGI.

New

Have our publications sent right to your mailbox

We can deliver all our publications by e-mail, keeping you right up to date with events at Valeo. This easy solution facilitates communication with our shareholders.

If you opt for e-mail delivery, you will receive an electronic version of our Shareholders' Letter, quarterly e-Newsletter, financial and other press releases, etc. Going electronic is also good for the environment.

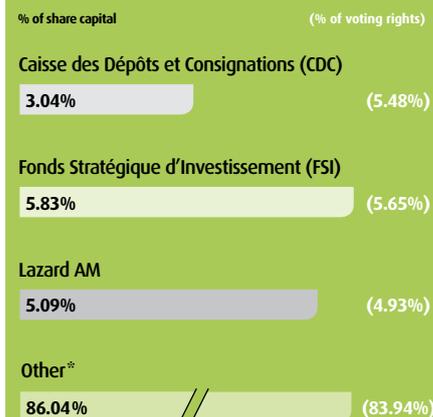
To subscribe, go to <http://valeo.relations-actionnaires.com>

Ownership structure

At November 30, 2012

Number of shares: 79,311,067

Number of voting rights: 81,845,615



* Including 3,425,968 treasury shares (4.32% of the share capital).

2013 Calendar

February 22, 2013
2012 results

April 24, 2013
2013 first-quarter sales

July 30, 2013
2013 half-year results

October 17, 2013
2013 third-quarter sales

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