OBSESSION FOR GROWTH AND PROFIT...

JACQUES ASCHENBROICH
OBSESSION FOR GROWTH AND PROFIT... 
& CASH GENERATION

JACQUES ASCHENBROICH
The beginning of a story

What we have achieved
What we will do
How we will do it
What we have achieved
STRATEGIC FOCUS ON GROWTH & PROFIT
INNOVATION

CO₂
Emission reduction & improved vehicle performance

DEVELOPMENT IN ASIA & EMERGING COUNTRIES

Intuitive driving
Our commitment in 2011

OUTPERFORM AUTOMOTIVE PRODUCTION

+3 POINTS
Our commitment in 2011

OUTPERFORM AUTOMOTIVE PRODUCTION
+3 POINTS

What we have achieved

<table>
<thead>
<tr>
<th>Year</th>
<th>Valeo Total Sales (€BN)</th>
<th>CAGR: +7.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>9.6</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>10.9</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>11.8</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>12.1</td>
<td></td>
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<tr>
<td>2014</td>
<td>12.7</td>
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</table>

*LMC estimates – light vehicle production*
Our commitment in 2011

OUTPERFORM AUTOMOTIVE PRODUCTION
+3 POINTS

What we have achieved

Car production
CAGR: +8.2%

Valeo OE Sales (€BN)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8.0</td>
<td>9.2</td>
<td>9.9</td>
<td>10.3</td>
<td>10.9</td>
</tr>
</tbody>
</table>

*LMC estimates – light vehicle production
Our commitment in 2011

OUTPERFORM AUTOMOTIVE PRODUCTION
+3 POINTS

What we have achieved

Car production
CAGR: +4.2%*

Valeo OE Sales (€BN)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>8.0</td>
<td>9.2</td>
<td>9.9</td>
<td>10.3</td>
<td>10.9</td>
</tr>
</tbody>
</table>

CAGR: +8.2%

+ 4 POINTS

*LMC estimates – light vehicle production
In 2007

- Asia & others: 12%
- Americas: 19%
- Europe: 3%
- China: 2%
- Asia excl. China: 1%
- North America: 69%
- South America: 0%
1. Reassessed Product Portfolio
   #1 or #2 globally in all product lines

2. Disposal of Access Mechanisms
3. Acquisition of Niles
4. Acquisition of Remaining 50% of Valeo Lighting North America
DISPOSAL OF ACCESS MECHANISMS
ACQUISITION OF NILES
ACQUISITION OF REMAINING 50% OF VALEO LIGHTING NORTH AMERICA
Our commitment in 2011

OPERATING MARGIN

>7% IN 2015
Our commitment in 2011: OPERATING MARGIN >7% IN 2015

What we have achieved:

- 2010: 6.4%
- 2011: 6.5%
- 2012: 6.2%
- 2013: 6.6%
- 2014: 7.2%

2013, 2016: Operating margin including JV & Associates in accordance with new IFRS standards.
2010-2012: Under previous accounting standards.
Our commitment in 2011

OPERATING MARGIN

>7% IN 2015

What we have achieved

Valeo Operating margin

2010: 6.4%  
2011: 6.5%  
2012: 6.2%  
2013: 7.2%  
2014: 7.2%

2013, 2014: Operating margin including JV & Associates in accordance with new IFRS standards
2010-2012: Under previous accounting standards
Our commitment in 2011

GENERAL & ADMIN
3.5% IN 2015

LOWER GENERAL & ADMINISTRATIVE EXPENSES
Our commitment in 2011: GENERAL & ADMIN 3.5% in 2015

What we have achieved: 3.5% in 2014
INCREASED RETURN ON CAPITAL

ROCE
>30% IN 2015

Our commitment in 2011
Our commitment in 2011

ROCE >30% IN 2015

What we have achieved

31% IN 2014

31% AVERAGE 2010-2014

12% AVERAGE 2005-2009
INCREASED
RETURN ON ASSETS

ROA
What we have achieved

ROA 20% in 2014

20% average 2010-2014

8% average 2005-2009
Our commitment in 2011

5 YEAR FREE CASH FLOW

€1.8 Bn OVER 2011-2015
Our commitment in 2011

5 YEAR FREE CASH FLOW
€1.8 Bn OVER 2011-2015

What we have achieved

Record high Order Intake
Higher Capex to finance higher growth

~€1.5Bn
2010-2014

Lower volumes in Europe compared to plan

Source: Visteon
What we have achieved

Compared to 31/12/2007

- VALEO +393%
- DJ STOXX AUTO +85%
- DJ US AUTOPARTS +58%
- DJ Industrials +33%
- CAC 40 -11%

Since before the crisis

x5

Market sources
What we have achieved

- VALEO: +114%
- DJ US AUTOPARTS: +45%
- DJ STOXX AUTO: +37%
- DJ Industrials: +26%
- CAC 40: +18%

in 2013

x2.1

Market sources
What we have achieved in 2014:

- VALEO +29%
- DJ Industrials +8%
- DJ Stoxx Auto +4%
- DJ US AUTOPARTS +5%
- DJ US AUTOPARTS +5%
- CAC 40 -1%

Market sources
What we have achieved

- VALEO
- DJ Stoxx Auto
- CAC 40
- DJ US AUTOPARTS
- DJ Industrials

Since Jan 1st 2015

+34%

VALEO +34%
DJ Stoxx Auto +33%
CAC 40 +17%
DJ US AUTOPARTS +0%
DJ Industrials -1%

DEC 31 2014
JAN 31 2015
FEB 28 2015
MARCH 11 2015

Market sources
What we have achieved

Outperformed all indices

Historical High

Back to CAC 40

VALEO
DJ Stoxx Auto
DJ US AUTOPARTS
DJ Industrials
CAC 40
The beginning of a story

What we have achieved

What we will do

How we will do it
What we will do
INNOVATION

CO$_2$

Emission reduction & improved vehicle performance

Intuitive driving

DEVELOPMENT IN ASIA & EMERGING COUNTRIES
FOCUS ON GROWTH ENGINES
TO OUTPERFORM THE MARKET

GROWTH ENGINES

Valeo ~25%/Yr
Market: +15%/Yr

TRADITIONAL PRODUCTS

Valeo +2%/Yr
Market: +0.3%/Yr

Source: Valeo estimates

2013

2019
OBSESSION FOR GROWTH
SALES GROWTH
+8% /YR

12.7 €Bn
2014

>20 €Bn
2020
OBSESSION FOR PROFIT
OPERATING MARGING

7.2% → [8%-9%]

2014 → 2020

Operating margin including JV & Associates in accordance with new IFRS standards
OBSESSION FOR RETURN ON CAPITAL EMPLOYED (ROCE)

31% in 2014

>35% in 2020
OBSESSION FOR GROWTH, PROFIT... & CASH GENERATION

FREE CASH FLOW / EBITDA

21% (2014) → >30% (2020)
- China: 2.6x
- South America: 1.8x
- North America: 1.4x
- Europe: 1.4x
- Asia ex. China: 1.3x

Group: 1.6x
GROWTH IN EACH REGION & REBALANCING OF SALES

Order Intake 2014

- Asia & others: 34%
- Americas: 22%
- Others: 24%
- 44%

OE Sales 2020

- Asia & others: ~35%
- Americas: ~25%
- Others: ~20%
- 40%

Order Intake/OE Sales ratio:

- China: 2.6x
- South America: 1.8x
- North America: 1.4x
- Europe: 1.4x
- Asia ex. China: 1.3x
- Group: 1.6x

Order intake and OEM sales by destination, including joint ventures consolidated proportionally. Europe including Africa, Asia including Middle East.
CUSTOMER PORTFOLIO TO REMAIN WELL BALANCED

2014

- German: 30%
- French*: 26%
- American: 16%
- Others: 6%
- Asian**: 22%

Horizon 2020

- American: ~20%
- French*: ~15%
- Others: ~5%
- German: ~30%
- Asian**: ~30%

* Excluding Nissan
** Including Nissan
ACTIVE ROLE IN POTENTIAL CONSOLIDATION OF SECTOR
ACQUISITION POLICY

- Maintain a balance between distribution channels
  - Original Equipment
  - Aftermarket
- Privilege main strategic growth levers
  - CO₂ emission reduction and improvement of vehicle performance
  - Intuitive driving
  - Asia and emerging markets
- Bring new growth levers and/or reinforce our main successful product lines
- Along with:
  - Strict financial discipline
  - Return to shareholders
  - “Investment grade” status
## Scorecard: 2020 Financial Targets

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>€12.7bn</td>
<td>&gt;€20bn</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>7.2%</td>
<td>[8%-9%]</td>
</tr>
<tr>
<td><strong>Cash conversion rate</strong></td>
<td>21%</td>
<td>&gt;30%</td>
</tr>
<tr>
<td><strong>ROCE</strong>&lt;sup&gt;*&lt;/sup&gt;</td>
<td>31%</td>
<td>&gt;35%</td>
</tr>
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<sup>*</sup> Operating margin/capital employed excluding goodwill
The beginning of a story

How we will do it

What we will do

What we have achieved
How we will do it
 OUR TEAM

 OUR MARKET

 OUR INNOVATION

 OUR GROWTH

 OUR FINANCIAL DISCIPLINE

 OUR OPERATIONAL EXCELLENCE
A GROWING AUTOMOTIVE MARKET

+3% per Yr*

*Annual growth 2014-2020
Source: LMC and Valeo estimates
60% OF THE MARKET GROWTH TO COME FROM ASIA

Source: LMC and Valeo estimates – light vehicle production
A SHIFT IN OUR VISION

OUR VISION 2030

Source: Valeo BIPE
SUPPLIERS GETTING A LARGER SHARE OF ADDED VALUE

2000: ~70% of car added value

2015: ~80% of car added value

Source Mazars, Oliver Wyman
A MARKET ANCHORED IN SOLID SOCIETAL TRENDS
DIGITAL WORLD & CONSUMER TRENDS
A SOLID INNOVATION PLANNING PROCESS

- End consumer studies
- Exchange with OEMs
- Regulation
- Social trends
- Macroeconomics

- **Strategic Planning**: 5 yrs
- **Technology Development Planning**: 10 yrs
- **Scenario Planning**: 15 yrs
- **Megatrends**: 20 yrs
FOCUS ON GROWTH ENGINES TO OUTPERFORM THE MARKET

GROWTH ENGINES

Valeo ~25%/Yr
Market: +15%/Yr

TRADITIONAL PRODUCTS

Valeo +2%/Yr
Market: +0.3%/Yr

2013 2019

Source: Valeo estimates
FOCUS ON GROWTH ENGINES TO OUTPERFORM THE MARKET

ALLOCATION OF RESOURCES ON GROWTH ENGINES AND FAST GROWING GEOGRAPHIES

GROWTH ENGINES
- Valeo ~25%/Yr
- Market: +15%/Yr

TRADITIONAL PRODUCTS
- Valeo +2%/Yr
- Market: +0.3%/Yr

Source: Valeo estimates

FOCUS R&D & CAPEX ON GROWTH ENGINES

FOCUS CAPEX ON FAST GROWING GEOGRAPHIES

2013

2019
INNOVATION TO FUEL GROWTH ENGINES
A TECH COMPANY

2014

>€1.1 Bn of development effort

10.4% of OEM sales dedicated to R&D

1,108 New patents (+40% vs 2013)

10,400 R&D People (+13% vs. 2013)

€17.5 Bn order intake* of which 35% of innovation**

* Including JV consolidated proportionally
** Products and technologies sold by less than 3 years
INNOVATIVE PRODUCTS
FOR REDUCED EMISSION & BETTER PERFORMANCE

Engine downsizing
Electrification
Electrical consumption reduction
& fun to drive!

ELECTRIC SUPERCHARGER
AFFORDABLE HYBRID
DAMPERS
AIR-INTAKE MODULE
STOP-START
LED HEADLAMPS

* Valeo estimates
INNOVATIVE PRODUCTS
FOR REDUCED EMISSION & BETTER PERFORMANCE

Engine downsizing
Electrification
Electrical consumption reduction
& Fun to drive!

ELECTRIC SUPERCHARGER
AFFORDABLE HYBRID
AIR-INAKE MODULE
STOP-START
LED HEADLAMPS

2 DIGIT GROWTH*
INNOVATIVE PRODUCTS
FOR INTUITIVE DRIVING

- More autonomous
- More connected
- Intuitive controls
- & more safety & comfort!

- 360° VIEW
  1 MEGAPIXEL CAMERAS
- PARK4U REMOTE
- FRONT CAMERAS
- ULTRASONIC SENSORS
- RADARS
- LASER SCANNER
- EMBEDDED TELEMATICS
INNOVATIVE PRODUCTS
FOR INTUITIVE DRIVING

More autonomous
More connected
Intuitive controls
& more safety & comfort!

2 DIGIT GROWTH

Valeo estimates
OPEN INNOVATION SPIRIT

TECHNOLOGY & INDUSTRIAL PARTNERSHIPS FROM ALL OVER THE WORLD

[Logos of various companies and flags from different countries]
RECORD HIGH ORDER INTAKE
SUPPORTING THE GROWTH

35% innovation

£8.8Bn

£13Bn

£15Bn

£17.5Bn


* Excluding Access Mechanisms and including JV consolidated proportionally
** Products and technologies sold by less than 3 years
→ Average over the period
OUR MODEL: SECURED FUTURE OEM SALES

- Sales or booked sales
- Target sales

Year N: 85% booked business
Year N+3: 50% booked business
Year N+5
VALEO IS ACCELERATING

CAGR 2014-2020: 3%*

VALEO SALES (€BN) AND PERSPECTIVES

2013: 12.1
2014: 12.7

VALEO PERFORMANCE CAGR: 8%

+5 POINTS

Over car production**

Annual growth 2014-2020
*Valeo estimates – light vehicle production
**Sales vs. light vehicle production
AFTERMARKET SALES
GROWING IN LINE WITH TOTAL SALES

Aftermarket 12%
Other 3%
OE 85%

Sales structure to remain stable over the medium term

Source: Valeo
OUR OPERATIONAL EXCELLENCE
CONTROL OUR GROWTH OPERATIONAL EXCELLENCE

5-AXES For Customer Satisfaction

TOTAL QUALITY

CONSTANT INNOVATION

SUPPLIER INTEGRATION

PRODUCTION SYSTEM

INFORMATION OF PERSONNEL

Our «operating system» based on 65 Roadmaps
A BETTER SOCIAL AND ENVIRONMENTAL PERFORMANCE

SAFETY
- Reduction in lost-time accidents:
  - 2007/2014: -53%

ENVIRONMENT
- Reduction in direct CO₂ emissions:
  - 2007/2014: -42%

TOP EMPLOYER
- 1,400,000 training hours in 2014
- Top Employer Global 2015

DIVERSITY
- Percentage of women among new hires on permanent contracts:
  - 2009/2014: +22%

COMPLIANCE
- 17,000 executives trained again in 2014
- Prevention
- Detection

* At constant emission perimeter
OUR FINANCIAL DISCIPLINE
FINANCIAL DISCIPLINE TO REACH THE OBJECTIVES

BY 2020

Net R&D ~ 5.5%
General & Admin ≤3%
CAPEX: [4.5% - 5.0%]

>€20 Bn of sales by 2020
5pts above market*
8% to 9% operating margin**
ROCE >35%
Free cash flow >30% EBITDA

* vs. light vehicle production
** Including JV & Associates in accordance with new IFRS standards
SOUND ALLOCATION OF RESOURCES

- Focus on organic growth
- M&A policy to bring new growth levers and reinforce our strategic position:
  - CO$_2$ emission reduction and improved vehicle performance
  - Intuitive driving
- Return to shareholders
- Strict financial discipline
SAFE HARBOR STATEMENT

Statements contained in this press release, 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 mainly comprise the risks resulting from the investigations currently being carried out by the anti-trust authorities as they have been identified in the Registration Document and risks relating to legal action resulting from such investigations, 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 financial markets authority (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, 2014 (under no. D.14-0234).

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