Dear Shareholders,

During the third quarter of 2013, sales growth continued to gather pace: across the globe, our growth outstrips automotive production.

Sales rose by 12% on a like-for-like basis, with original equipment, up 13%, showing a comparable performance to the aftermarket, up 10%. Business was also balanced in the various production regions – OE sales grew by 10% in Europe, 13% in Asia, 25% in North America and 10% in South America.

This sales acceleration owes much to our major research and development campaign (gross R&D investment of over 1 billion euros in 2012, representing over 10% of OE sales) and reflects the gradual production launch of the high volume of orders taken over the last three years.

These promising results support our belief in the strength of our growth model premised on market-beating growth in all regions, which should produce 2013 margins slightly up on 2012.

I would like to thank you for your support of Valeo. On behalf of all Group employees, I offer you my best wishes for 2014.

Jacques Aschenbroich
Chief Executive Officer
First-half 2013, Valeo reports a 4% increase in operating margin, to 6.2% of sales

- Sales of 6.2 billion euros (up 5.8% like-for-like);
- Order intake of 7.3 billion euros (excluding Access Mechanisms), confirming the Group’s growth potential;
- Free cash flow of 113 million euros.

Operating margin

 Operating margin for first-half 2013 (before other income and expenses) was up 4% year-on-year, to 384 million euros, or 6.2% of sales.

Net attributable income

 In first-half 2013, net attributable income came in at 190 million euros, or 3.2% of sales, compared to 193 million euros, or 3.2% of sales for the same prior-year period. Excluding non-recurring items, net attributable income amounted to 230 million euros, up 10% from 210 million euros in first-half 2012.

Net debt

At June 30, 2013, Valeo generated 113 million euros in free cash flow (before interest). The Group’s net debt came in at 457 million euros, 306 million euros less than at December 31, 2012, after other financial items, including the proceeds from the disposal of the Access Mechanisms activity.

Top Employer 2013 certification

Valeo was certified Top Employer 2013 in ten European countries, China and Brazil.

At a ceremony in Paris, Valeo received Top Employer Europe certification for the second year running in France, Germany, Hungary, Poland, Italy, Ireland, Romania, Slovakia, Turkey and, for the first time, Spain.

The Group was also named Top Employer in Brazil and China for 2013 at ceremonies held in those countries.

The CRF Institute only awards Top Employer certification to organizations that achieve the highest standards of excellence in employee conditions.

Valeo was recognized for its effective human resources management practices, its ability to attract and retain talented staff, its compensation and benefits, training and skills development, working conditions and corporate culture.

Valeo was one of four companies in France, and twenty in Europe, to receive Top Employer Europe 2013 certification, one of 17 certified companies in Brazil, and one of 36 (out of over 300 qualified companies) in China.
Third-quarter 2013,
Sales growth accelerates to 12% on a like-for-like basis

**Performance on a like-for-like basis evenly spread between the original equipment business (up 13%) and the aftermarket business (up 10%)**

In Q3, sales growth accelerated to 12%*. At September 30, sales were up 8% to 9.1 billion euros*.

Growth in original equipment business: up 13% in the third quarter, up 8% at September 30. Growth in aftermarket business: up 10% in the third quarter, up 8% at September 30.

**Original equipment sales growth outpaces the global market, with contributions evenly spread across the different production regions:**

<table>
<thead>
<tr>
<th>Region</th>
<th>OE sales growth</th>
<th>Production growth</th>
<th>Overperformance</th>
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<tbody>
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</tr>
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<td>+11pts</td>
</tr>
<tr>
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<td>+13%</td>
<td>+1%</td>
<td>+9pts</td>
</tr>
<tr>
<td>South America</td>
<td>+13%</td>
<td>+3%</td>
<td>+7pts</td>
</tr>
<tr>
<td>Worldwide</td>
<td>+13%</td>
<td>+2%</td>
<td>+11pts</td>
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*Constant Group structure and exchange rates - **Europe including Africa, Asia including the Middle East - ***OE sales by destination - ****LMC estimate - production of light vehicles

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Several innovative technologies for improving energy efficiency and promoting intuitive driving were presented at the IAA in Frankfurt, including:

### Reducing CO$_2$ emissions by increasing energy efficiency

#### Stop-Start systems:
- **i-StARS starter-alternator**
- **ReStart reinforced starter**

Cars are at a standstill around 35% of the time in urban driving, leaving the engine running uselessly. The Stop-Start system shuts the engine off automatically when the vehicle stops, helping to substantially reduce CO$_2$ emissions.

Valeo’s i-StARS starter-alternator and ReStart reinforced starter offer economical, effective and quieter automation. They start the engine immediately when the brake pedal is released or the driver engages a gear. These systems work with both gasoline and diesel engines, and manual and automatic transmissions.

Stop-Start offers fuel savings of around 6% in the standard European driving cycle and up to 15% in heavy urban traffic. Over 50 models will be equipped with Valeo’s Stop-Start in 2015.

#### Electric supercharger: making engines more efficient without compromising performance

Valeo is the first automotive supplier to offer its customers a range of electric superchargers that improve the dynamic response of downsized engines at low speeds.

Electric superchargers work with combustion engines. Unlike turbochargers powered by exhaust gases, the supercharger responds almost instantly at low speeds.

The system enables downsizing of internal combustion engines, which is an important factor in lowering fuel consumption, and can generate fuel savings of 8%-10%.

#### AquaBlade®: an innovative wiper system for optimal visibility

Unlike conventional systems using washer nozzles installed on the hood and wiper blades, the AquaBlade system incorporates the wiper’s cleaning function. It consists of a sensor, software and a wiper blade along which the fluid is pumped through a thin channel and delivered through holes along its length, directly ahead of the wiper for instant cleaning. The position of the wiper is detected by sensors so that the fluid is pumped at exactly the right moment and then wiped away instantly.

AquaBlade improves visibility for greater safety. The driver’s visibility is no longer obstructed by streams of cleaning fluid, and high-quality cleaning is guaranteed, regardless of vehicle or wind speed. Because of the system’s precision, the amount of fluid used has been cut by half, leading to a weight gain of 2 kilograms and a 0.2g saving on CO$_2$ emissions. AquaBlade is frost-proof and uses standard cleaning fluids.

This innovation was awarded the 2013 Automotive News PACE (Premier Automotive Suppliers’ Contribution to Excellence) prize.

#### Themis™: a thermal management valve for lower fuel consumption

An innovation in the thermal management of automobile engines, this intelligent three-way proportional valve manages the coolant flow and controls the coolant temperature accurately. Located at the engine outlet, it controls the water circuit, radiator circuit and cabin temperature, etc.

The valve helps to reduce fuel consumption up to 3%, and emissions of pollutant gases such as CO$_2$ and hydrocarbons up to 10%, with optimized engine warm-up and intelligent temperature management.
Intuitive Driving and the mobility of tomorrow

Intuitive Driving technologies are intended to meet three main objectives: making parking easier (Park4U®), simplifying driver safety, and improving interaction between the driver and the vehicle. 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 relative to its surroundings.

**Valet Park4U®:**

Each year, 10 million vehicles worldwide are fitted with Valeo’s classic parking assistance solutions. Now Valeo has invented tomorrow’s “automatic valet” function.

This new system, previewed at the IAA in Frankfurt, allows drivers to leave their car at the entrance of a parking lot and let the car find a suitable space to park. The car then becomes completely autonomous once the fully automatic parking feature is activated remotely using the driver’s smartphone. Similarly, the driver can use his or her smartphone to be picked up at the exit by their “automatic valet”.

The Valet Park4U® uses twelve ultrasonic sensors around the car, four cameras and laser scanner technology to detect any moving or static obstacles and to determine its environment at all times, anticipate what is coming, and calculate a route to an available parking space. This revolutionary solution ensures extreme precision and avoids minor accidents.

**Passive Entry Passive Start**

smartphone-compatible hands-free access and start system

With Valeo’s new Passive Entry Passive Start system, drivers can leave their car key in their pocket or even at home, and instead use their smartphone to unlock, lock and start their vehicle.

Motorists can also lend their car without handing over the key; they simply send a virtual key to any smartphone owner borrowing the car, who can then access and start the car.

Passive Entry Passive Start makes it easier to install remote parking assistance systems like Valet Park4U® thanks to the Bluetooth® Smart technology deployed on new smartphones since 2012.

**BeamAtic® Premium LED:**

glare-free LED lighting systems

BeamAtic® Premium LED enables drivers to keep on their high beams in all circumstances, without ever blinding other motorists. Already series produced in its xenon version for the new Volkswagen Golf 7, BeamAtic® Premium technology delivers all the benefits of LED lighting. These include reduced electric consumption, a working life that is considerably longer than that of the vehicle, lighting that is nearly the color of sunlight and design flexibility.

Used with a camera which integrates powerful image processing software that detects and locates oncoming or preceding vehicles, the three BeamAtic® Premium systems (Multi Beam, Sail Beam, Dynamic Shadow) adjust high beams so that the entire road is lit, except for a shadowy area around nearby vehicles.
Ownership structure

At November 29, 2013

Number of shares: 79,462,540

Number of voting rights: 82,575,182

% of share capital (% of voting rights)

Caisse des Dépôts et Consignations (CDC)

3.03% (5.42%)

Bpi Participations SA (formerly FSI)

5.81% (5.60%)

Lazard AM

5.08% (4.89%)

Other *(84.09%)

*Including 1,854,754 treasury shares (2.33% of the share capital).

Stock market data

2011 2012 Nov. 29, 2013

Market capitalization at year-end (in billions of euros) 2.43 2.99 6.22

Number of shares 79,269,596 79,462,540 79,462,540

Highest share price (in euros) 49.88 43.31 79.72

Lowest share price (in euros) 27.46 29.80 37.25

Average share price (in euros) 39.00 36.30 53.17

Share price at period-end (in euros) 30.71 37.64 78.26

Per share data

(in euros)


Earnings per share 2.89 2.56 2.48

Earnings per share excluding non-recurring items 2.90 2.79 3.00

Net dividend 1.40 1.50 (1)

*Eligible for the 40% tax allowance provided for in Article 158-3-2° of the French Tax Code (Code général des impôts – CGI) 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 Finance Law for 2013).

(1) These figures are provided for information purposes only. Please contact your advisor to discuss the specific tax and social security treatment of your shares.

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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.

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