



**2016 RESULTS**

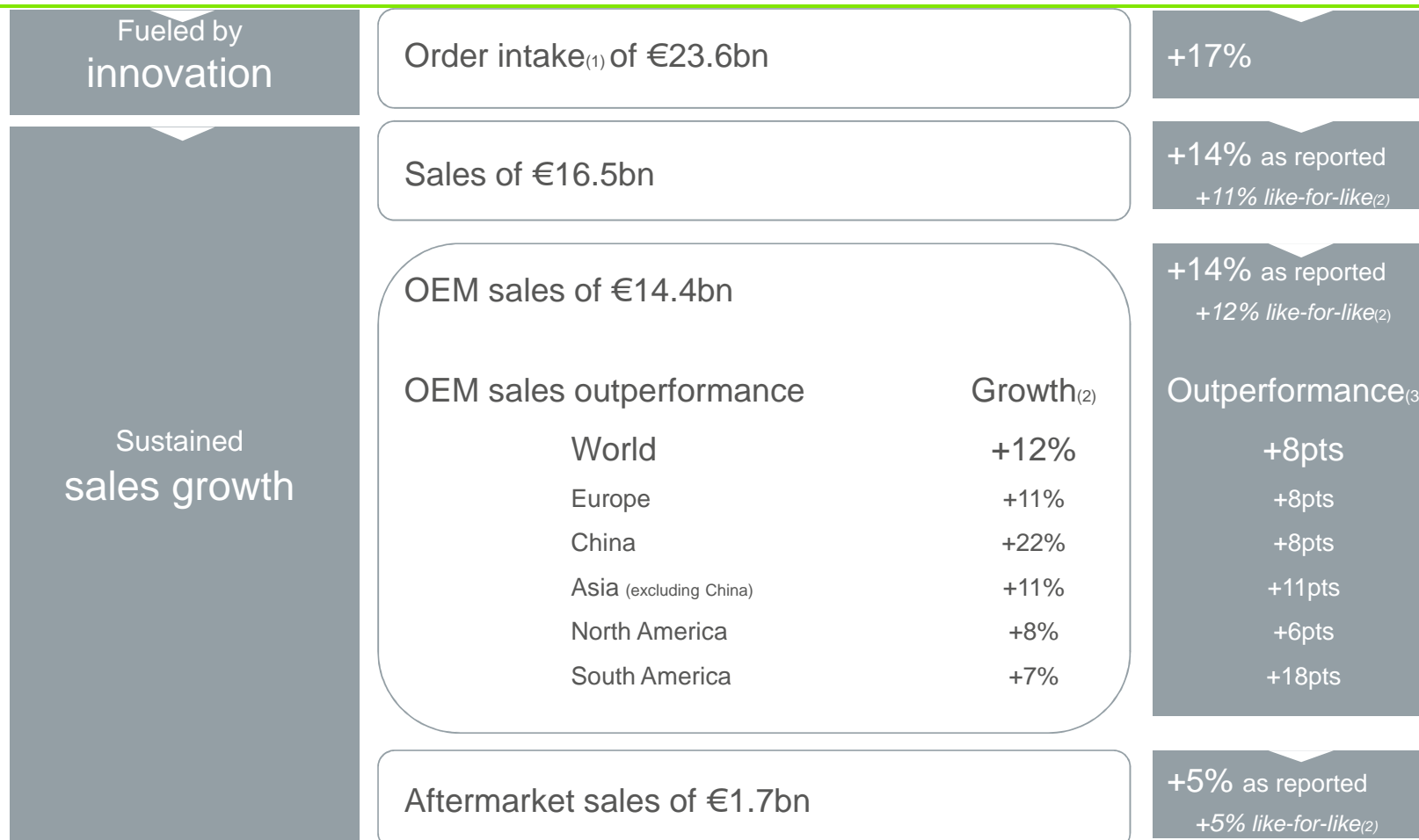
**JACQUES ASCHENBROICH – CHAIRMAN & CEO**

## THE NEW VALEO: A VIRTUOUS CIRCLE

	2015	2016	Year-on-year	
Net R&D (as a % of sales)	5.5%	5.8%	na	+0.3pts
Order intake (€bn)	20.1	23.6	+17%	na
<i>Innovative products (in % of order intake)</i>	37%	50%	na	+13pts
Sales (€bn)	14.5	16.5	+14%	na
Gross margin (as a % of sales)	17.7%	18.3%	+17%	+0.6pts
Operating margin* (as a % of sales)	7.7%	8.1%	+20%	+0.4pts
Net income (as a % of sales)	5.0%	5.6%	+27%	+0.6pts

\* Including joint ventures and associates

# FY HIGHLIGHTS



(1) See glossary page 49 (2) Constant Group structure and exchange rates. (3) Vs automotive production

# FY HIGHLIGHTS

Strong improvement in  
profitability

Gross margin of €3,020m up 17%

Operating margin<sup>(1)</sup> of €1,334m up 20%

Net income<sup>(1)</sup> of €925m up 27%  
*Net income excl. non recurring items of €940m up 14%*

EPS up 26%  
*EPS excl. non recurring items up 13%*

18.3% of sales

8.1% of sales

5.6% of sales  
5.7% of sales

€3.91  
€3.98

Significant increase in  
cash generation

EBITDA<sup>(1)</sup> of €2,144m up 16%

Free cash flow<sup>(1)</sup> up 17%

Cash Conversion rate (FCF/EBITDA)

ROCE<sup>(1)</sup>

ROA<sup>(1)</sup>

Net debt<sup>(1)</sup> of €526m

13% of sales

€661m

31%

34%

21%

up €402m

Dividend proposed  
at the next AGM

2016 dividend of €1.25 per share

Payout ratio

up 25%

32%

<sup>(1)</sup> See glossary page 49

## H2 HIGHLIGHTS

Fueled by innovation	Order intake <sup>(1)</sup> of €10.8bn	+15%
Sustained sales growth	Sales of €8.4bn  OEM sales of €7.3bn <i>5-percentage point outperformance</i>  Aftermarket sales of €0.8bn	+16% as reported <i>+12% like-for-like<sup>(2)</sup></i>  +16% as reported <i>+12% like-for-like<sup>(2)</sup></i>  +6% as reported <i>+4% like-for-like<sup>(2)</sup></i>
Strong improvement in profitability	Gross margin of €1,532m                      up 18% Operating margin <sup>(1)</sup> of €687m                      up 19% Net income <sup>(1)</sup> of €503m                      up 31%	18.3% of sales  8.2% of sales  6.0% of sales
Significant increase in cash generation	EBITDA <sup>(1)</sup> of €1,097m                      up 18% Free cash flow <sup>(1)</sup> up 24% Cash conversion rate <sup>(FCF/EBITDA)</sup> ROCE <sup>(1)</sup>	13.1% of sales  €322m  29%  34%

<sup>(1)</sup> See glossary page 49 <sup>(2)</sup> Constant Group structure and exchange rates.

## 2017 OUTLOOK

---

### Based on the following assumptions :

- ▶ An increase in global automotive production of between 1.5% and 2%
- ▶ Raw material prices and exchange rates in line with current levels

### Valeo has set the following objectives for 2017:

- ▶ Sales growth outperforming the market by more than 5 percentage points
- ▶ A slight increase in operating margin\* (as a % of sales and before acquisitions)

\* Including joint ventures and associates

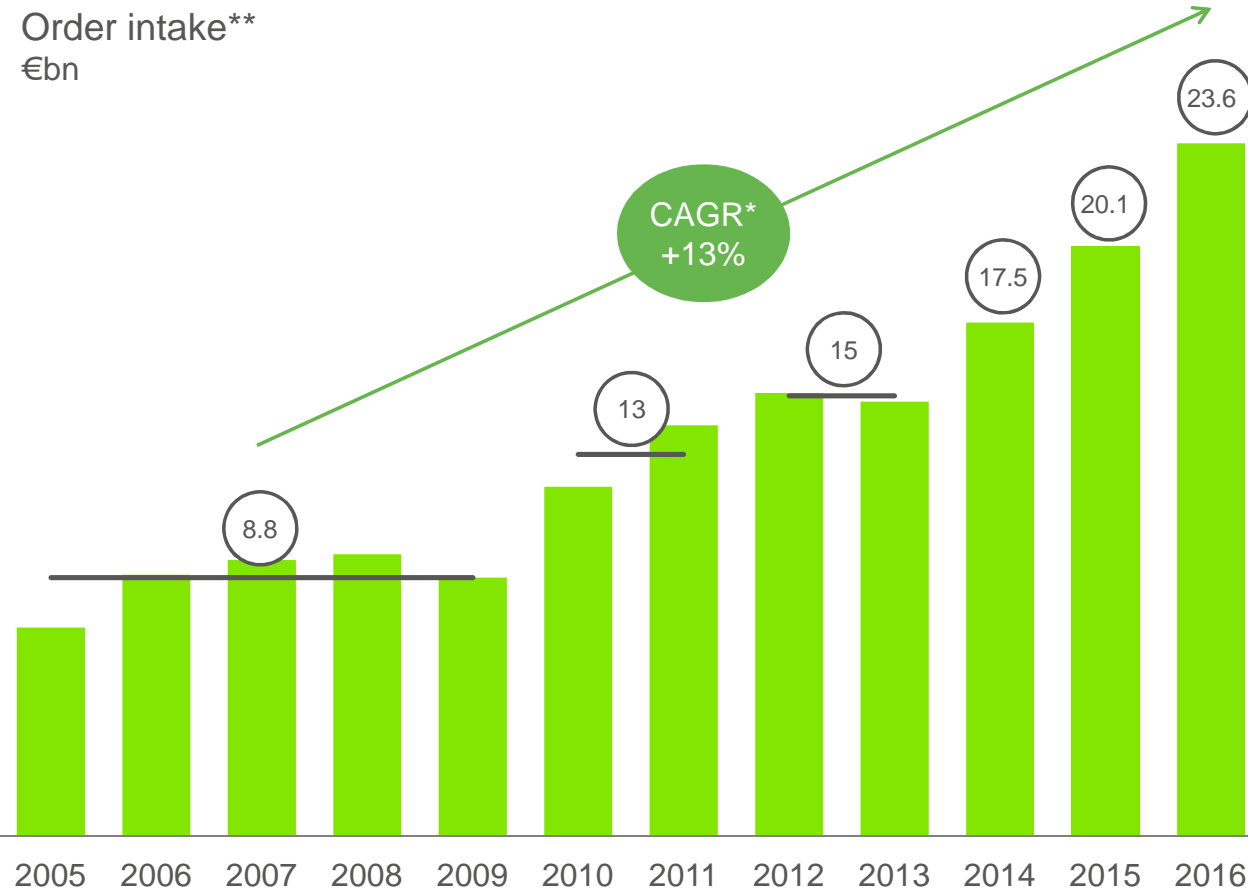
---

**ORDER INTAKE OF €23.6BN, UP 17%**

**CONFIRMING OUR HIGH GROWTH POTENTIAL**

# ACCELERATION IN ORDER INTAKE GROWTH UP 17% TO €23.6BN... ...CONFIRMING VALEO'S FUTURE CAPACITY TO OUTPERFORM AUTOMOTIVE PRODUCTION

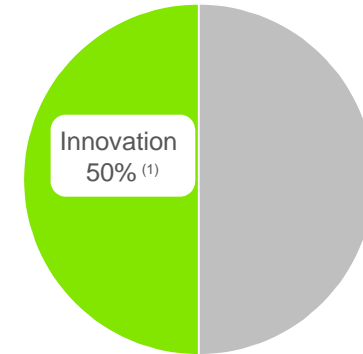
Order intake\*\*  
€bn



\*Reference 2008 (average 2005-2009) → 2016  
\*\*Excluding Access Mechanisms business from 2005 to 2013 and including joint ventures consolidated proportionally

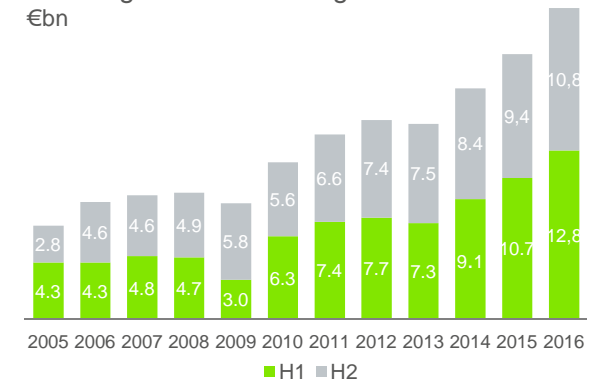
— Average over the period

Innovation fueling future organic growth as a % of order intake\*\*



<sup>(1)</sup> Products and technologies sold by less than 3 years

... with both 2016 half-year order intake\*\* reaching a new record highs  
€bn

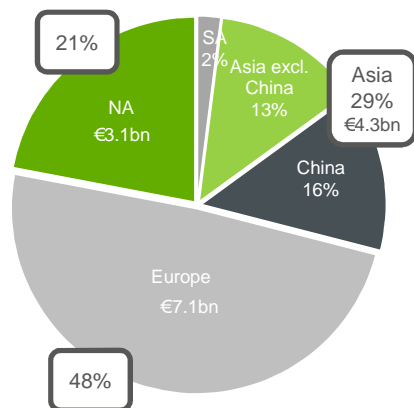




# ACCELERATION IN ORDER INTAKE FUELING FUTURE ORGANIC GROWTH

## CHINA: LOCAL OEMS REPRESENT 26% OF OEM SALES AND 42% OF ORDER INTAKE

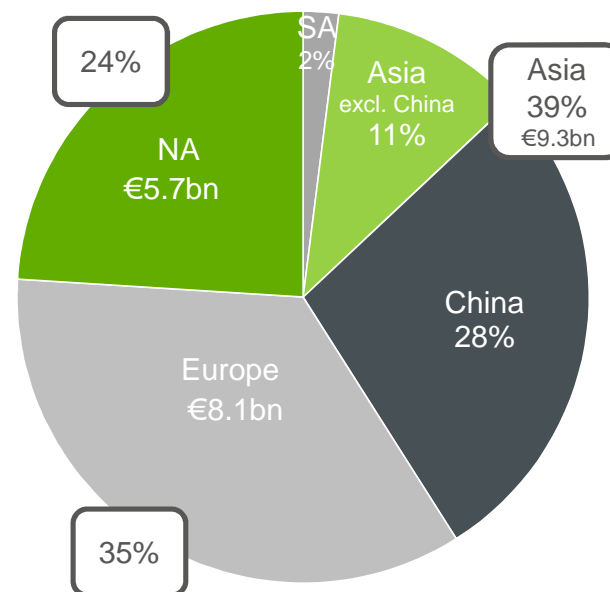
% of 2016 OEM sales\*



OEM sales of €14.4bn

	Order Intake/OE sales ratio*
Asia	2.2x
Of which China	2.8x
North America	1.8x
Europe	1.2x
<b>Group</b>	<b>1.6x</b>

% of 2016 order intake\*



Order intake of €23.6bn

\*OEM sales and order intake by destination including joint ventures consolidated proportionally

---

## SUSTAINED SALES GROWTH

**SALES OF €16.5BN, UP 14% AS REPORTED**

UP 11% LIKE-FOR-LIKE

**OEM SALES, UP 14% AS REPORTED**

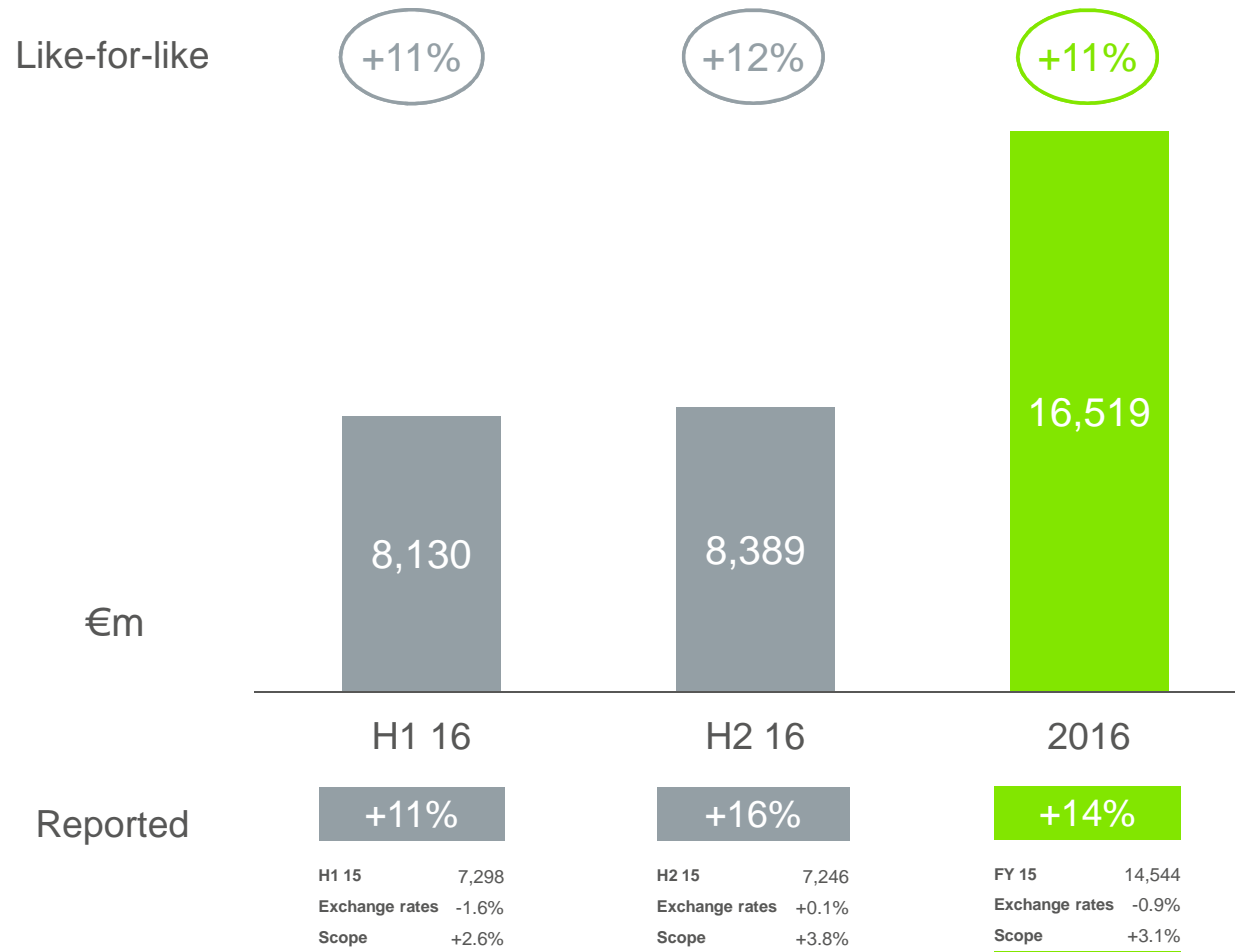
UP 12% LIKE-FOR-LIKE, 8-POINT OUTPERFORMANCE

**AFTERMARKET SALES, UP 5% AS REPORTED**

UP 5% LIKE-FOR-LIKE

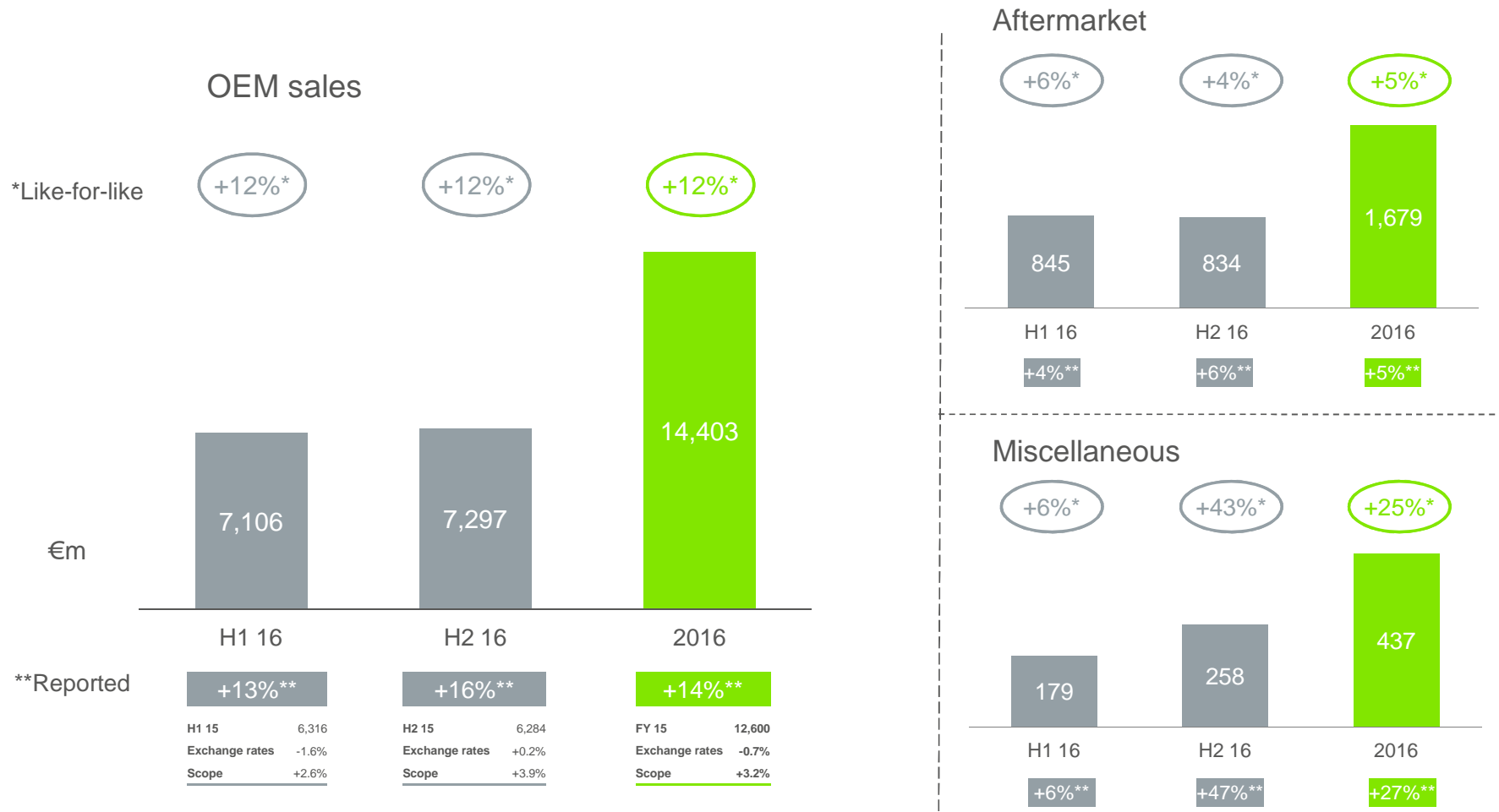
# SUSTAINED SALES GROWTH

## 2016 SALES UP 14% AS REPORTED, UP 11% LIKE-FOR-LIKE



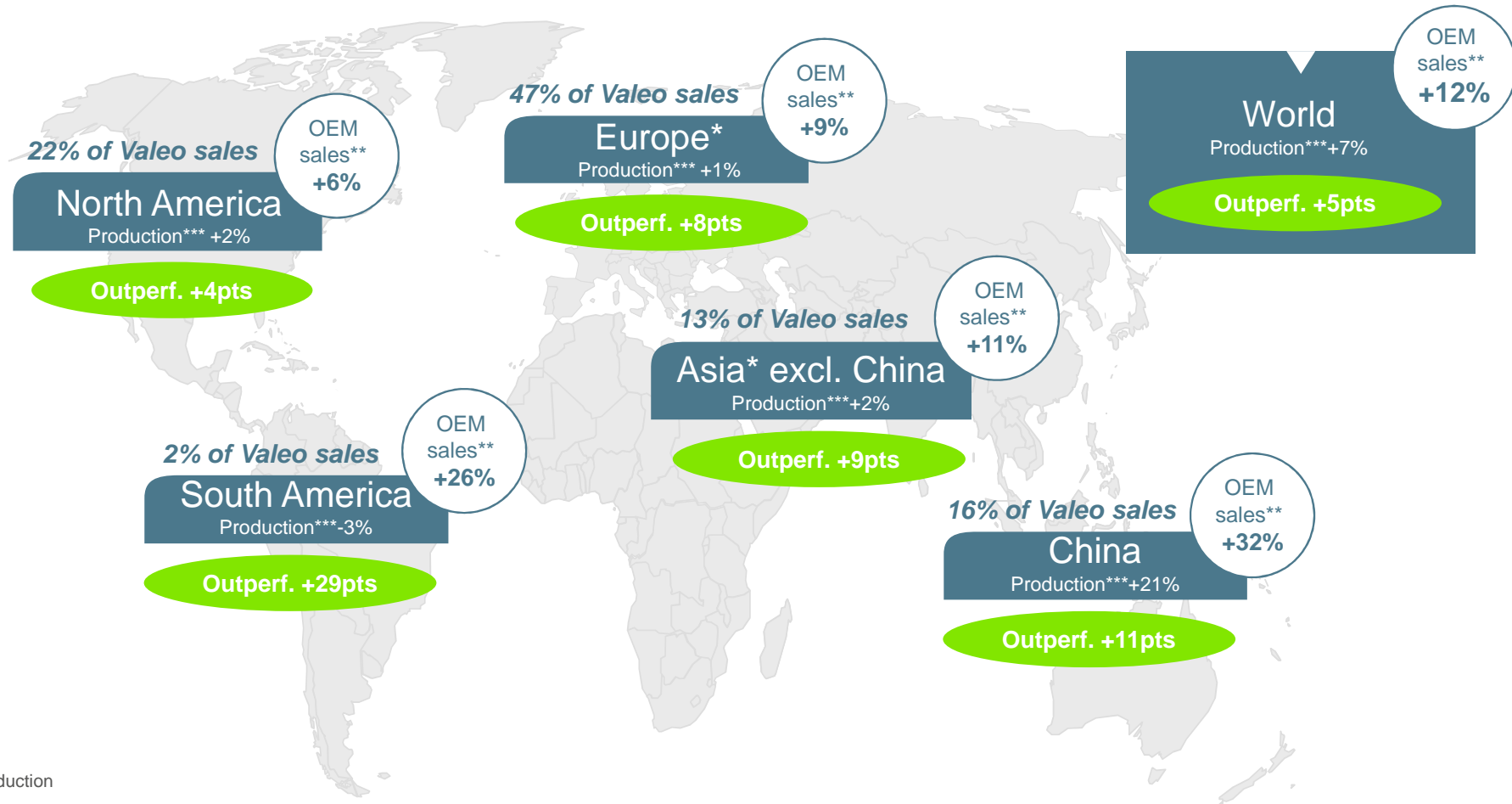
# SUSTAINED OEM SALES GROWTH

## 2016 OEM SALES UP 14% AS REPORTED, UP 12% LIKE-FOR-LIKE



# SUSTAINED OEM SALES GROWTH LEADING TO A STRONG OUTPERFORMANCE IN ALL PRODUCTION REGIONS

H2  
Like-for-like



\* Europe including Africa;  
 Asia including Middle East  
 \*\* Valeo OEM sales by destination  
 \*\*\* LMC estimates – light vehicle production

# OUTPERFORMANCE IN ALL ASIAN COUNTRIES

## 10-POINT OUTPERFORMANCE IN ASIA

H2

Like-for-like

29% of total sales

**Asia**

Production\*\* +12%

**Outperf. +10pts**

OEM sales\*  
**+22%**

17% of Asian sales

**Japan**

Production\*\* -1%

**Outperf. +5pts**

OEM sales\*  
**+4%**

21% of Asian sales

**South Korea**

Production\*\* -9%

**Outperf. +23pts**

OEM sales\*  
**+14%**

54% of Asian sales

**China**

Production\*\* +21%

**Outperf. +11pts**

OEM sales\*  
**+32%**

4% of Asian sales

**India**

Production\*\* +12%

**Outperf. +11pts**

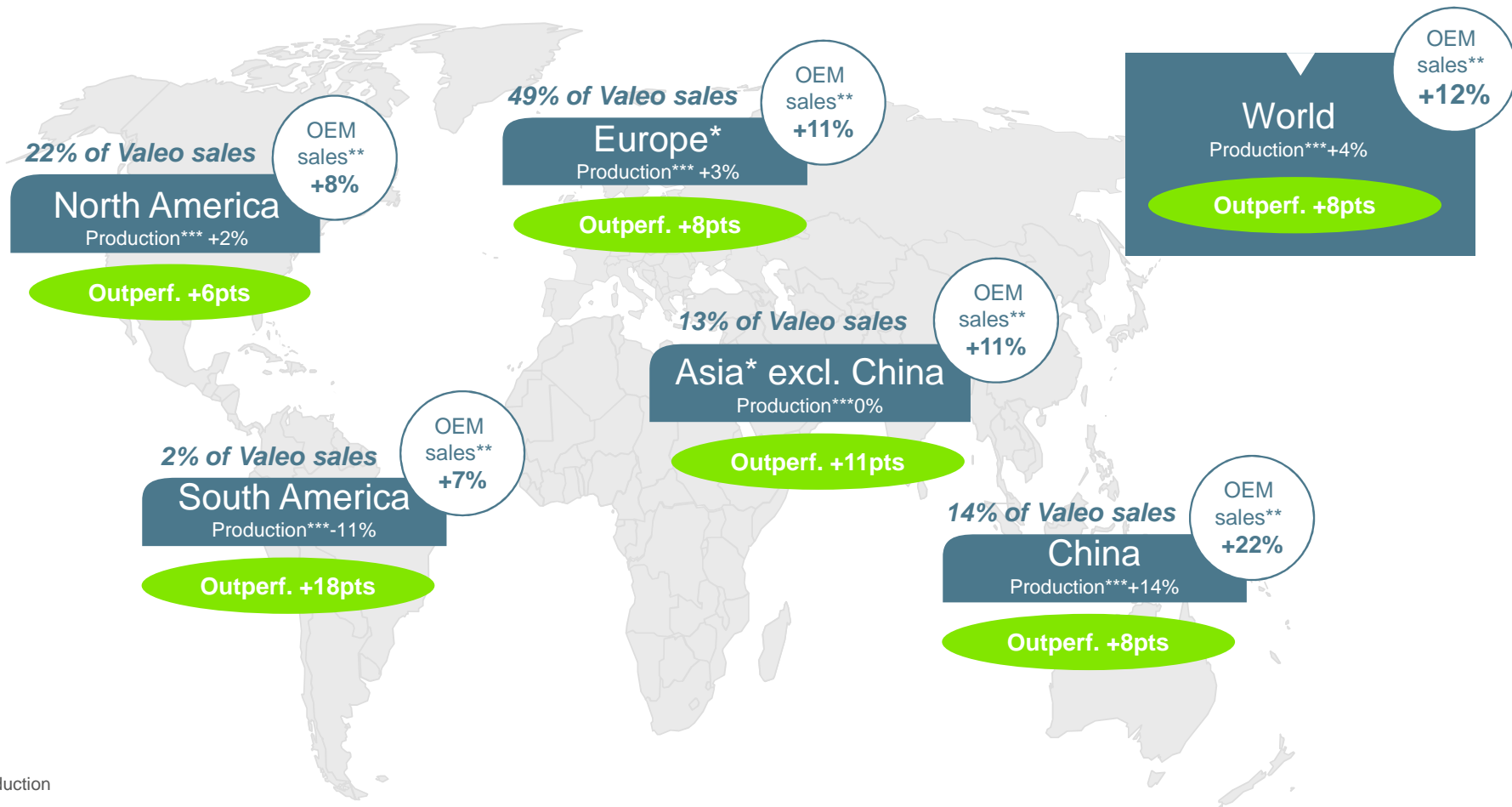
OEM sales\*  
**+23%**

\*Valeo OEM sales by destination

\*\*LMC estimates – light vehicle production

# SUSTAINED OEM SALES GROWTH LEADING TO AN 8-POINT GLOBAL OUTPERFORMANCE

2016  
Like-for-like



\* Europe including Africa;  
 Asia including Middle East  
 \*\* Valeo OEM sales by destination  
 \*\*\* LMC estimates – light vehicle production

# OUTPERFORMANCE IN ALL ASIAN COUNTRIES

## 10-POINT OUTPERFORMANCE IN ASIA

2016

Like-for-like

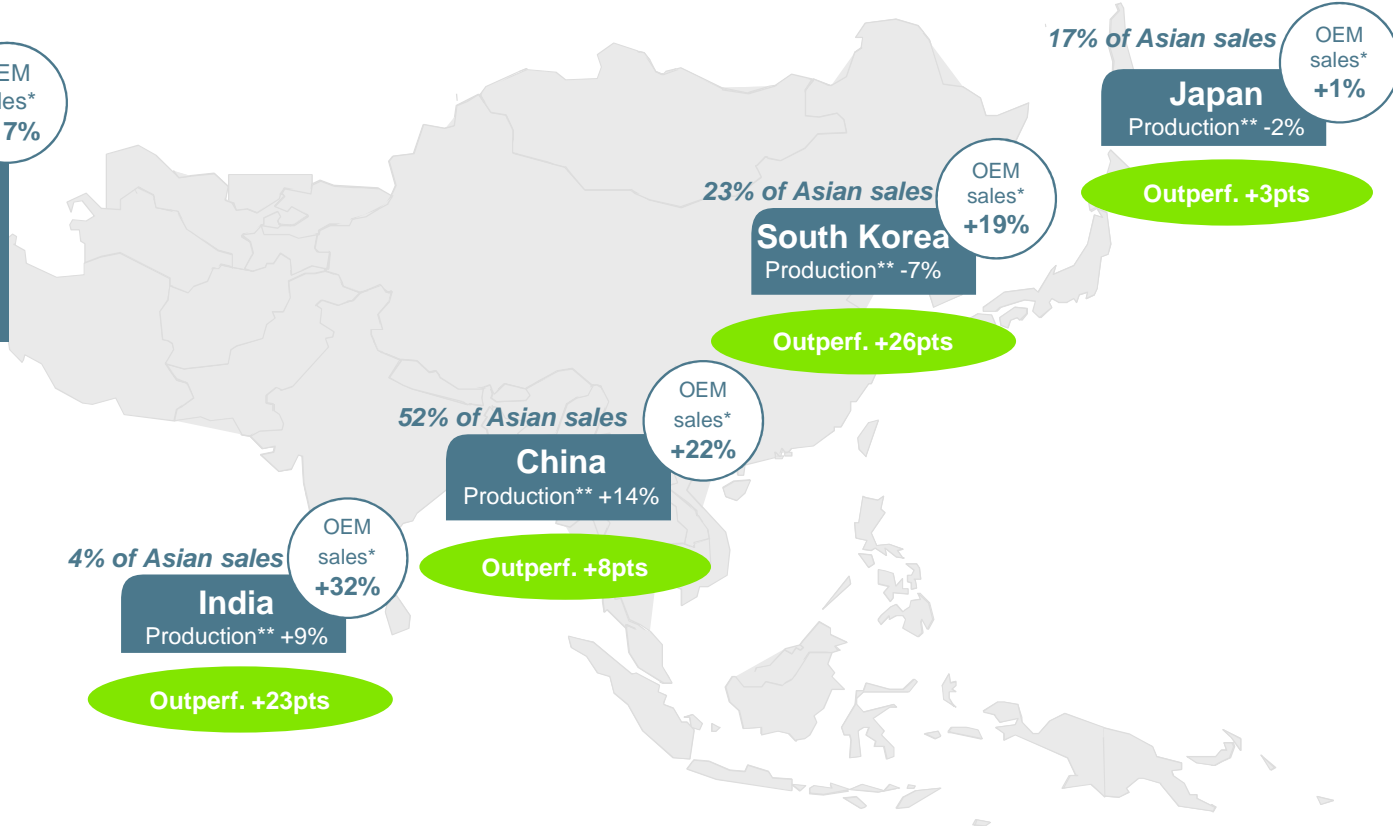
27% of total sales

**Asia**

Production\*\* +7%

**Outperf. +10pts**

OEM sales\*  
**+17%**



\*Valeo OEM sales by destination

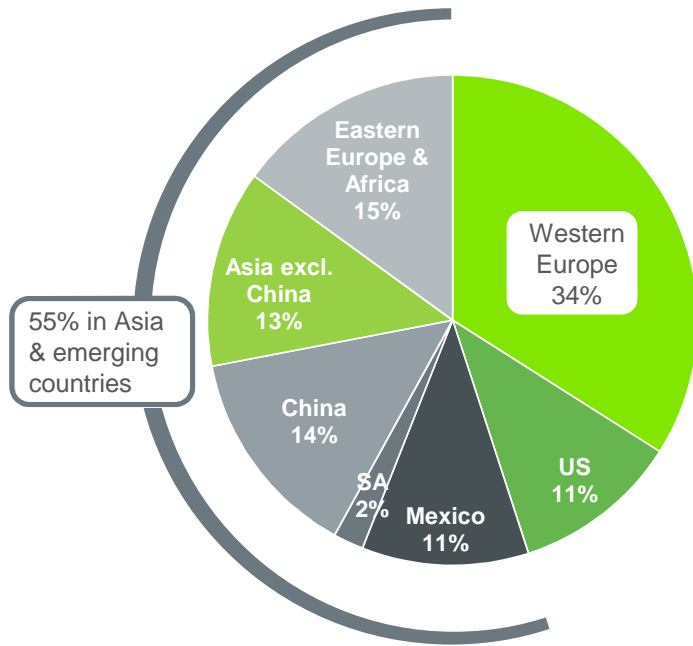
\*\*LMC estimates – light vehicle production



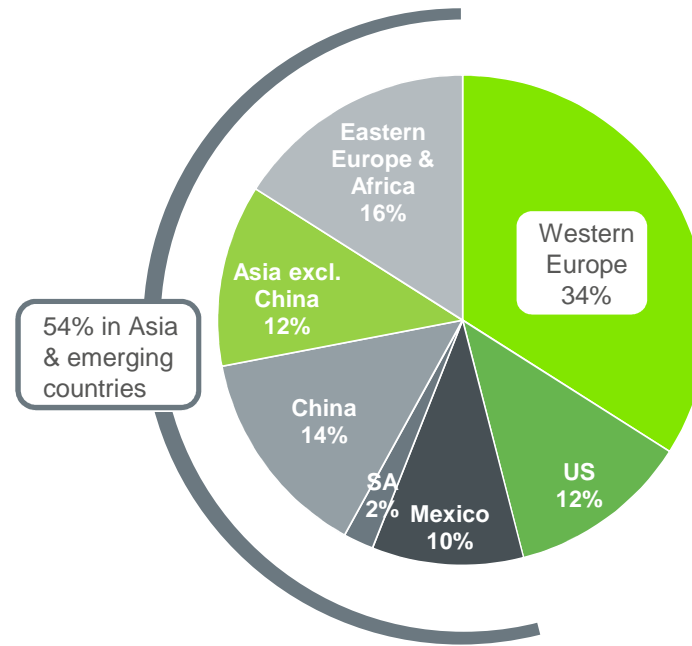
# BALANCED GEOGRAPHIC POSITIONING

## OEM sales by production region

% of OEM sales



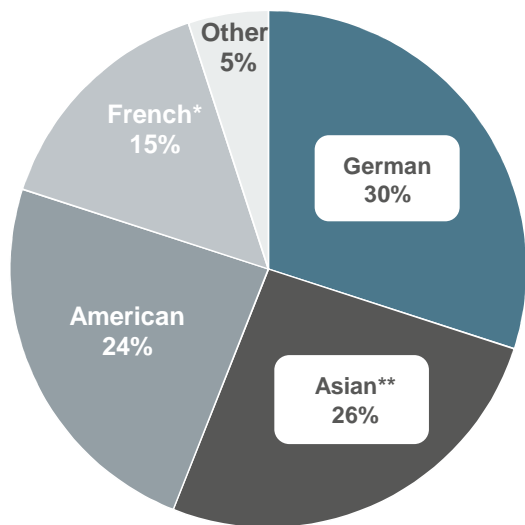
2015



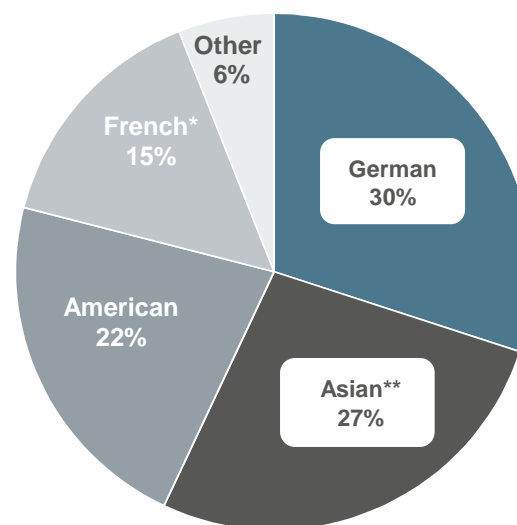
2016

# BALANCED CUSTOMER PORTFOLIO

% of OEM sales



2015

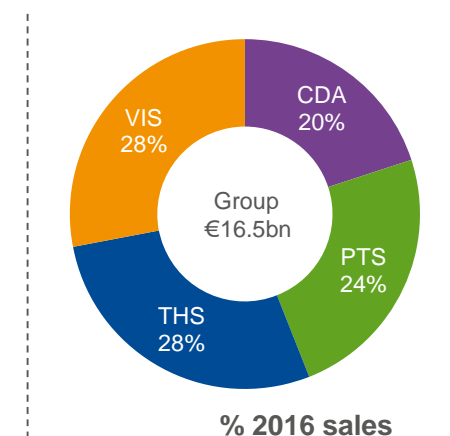


2016

\* Excluding Nissan  
\*\* Including Nissan

## SUSTAINED GROWTH IN THE 4 BUSINESS GROUPS

	2016 total sales growth (year-on-year)	OEM sales growth (like-for-like)		
		H1	H2	2016
<b>CDA*</b>	+24%**	+16%	+12%	+14%
<b>Powertrain</b>	+7%	+8%	+11%	+10%
<b>Thermal</b>	+14%***	+9%	+11%	+10%
<b>Visibility</b>	+11%	+14%	+15%	+15%
<b>Group</b>	+14%	+12%	+12%	+12%



\* Comfort & Driving Assistance \*\*Including peiker \*\*\*Including Spheros

---

## OPERATING MARGIN\*

**FY: UP 20% TO €1,334M (8.1% OF SALES)**

**H2: UP 19% TO €687M (8.2% OF SALES)**

## NET INCOME

**FY: UP 27% TO €925M (5.6% OF SALES)**

**H2: UP 31% TO €503M (6.0% OF SALES)**

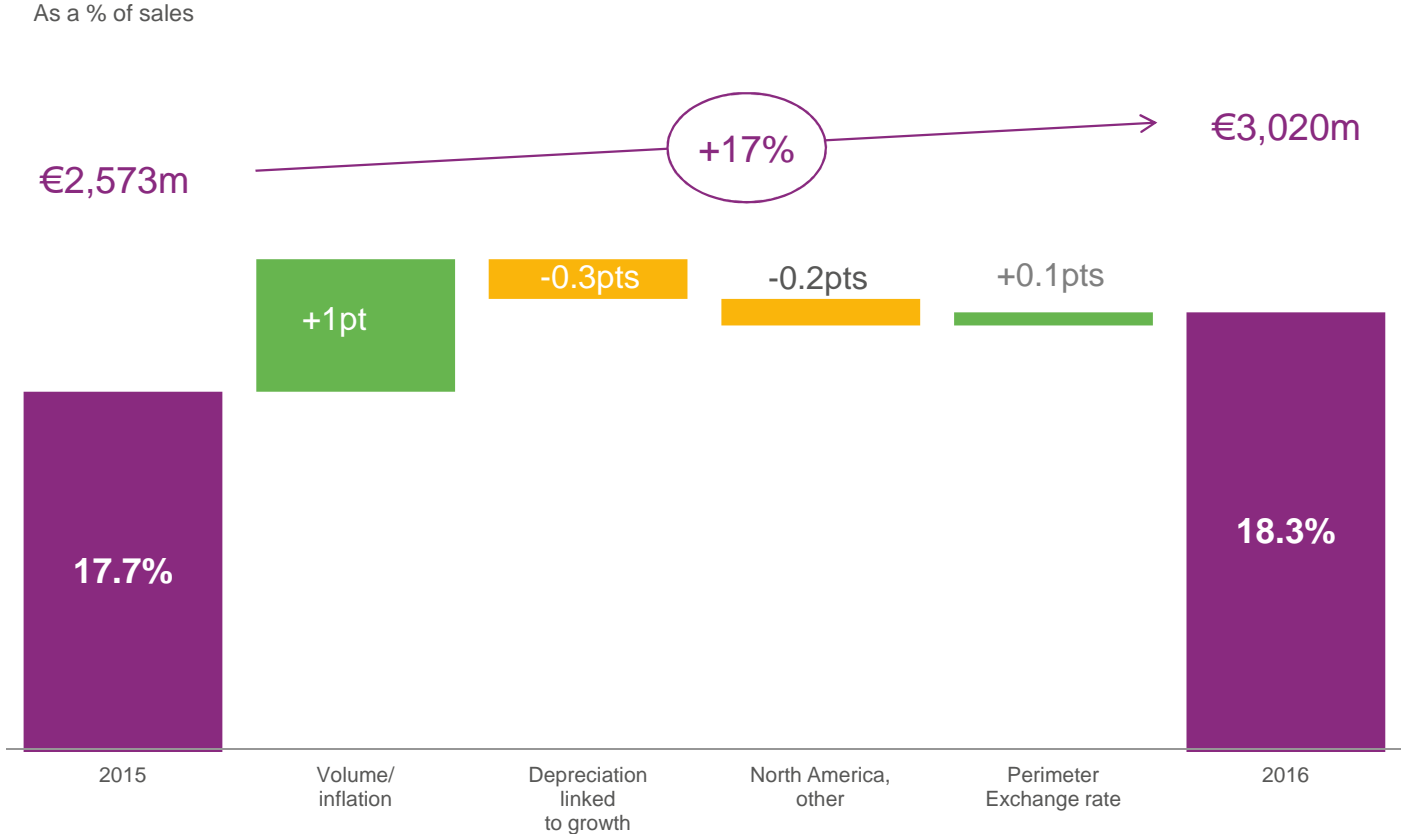
\* Including joint ventures and associates

February 16, 2017

CONFIDENTIAL



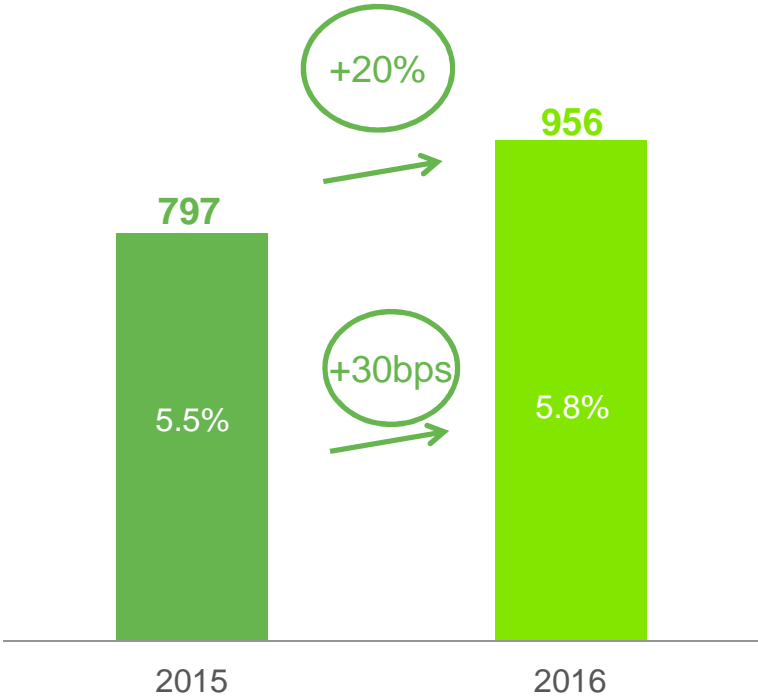
# 2016 GROSS MARGIN UP 17% TO €3,020M OR 18.3% OF SALES IMPROVEMENT DRIVEN BY OPERATIONAL LEVERAGE AND EFFICIENCY GAINS



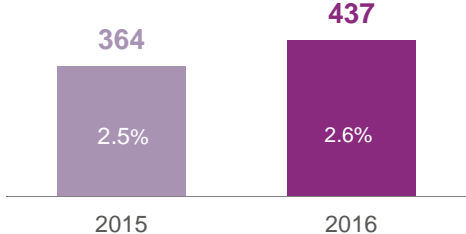
NB: rounded figures

# 20% INCREASE IN 2016 NET R&D EXPENDITURE, TO 5.8% OF SALES, UP 30 BPS TO SUSTAIN RECORD HIGH ORDER INTAKE

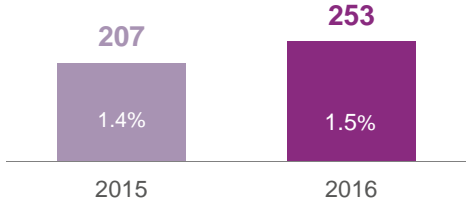
Net R&D  
In €m and as a % of sales



Capitalized development expenditure  
In €m and as a % of sales



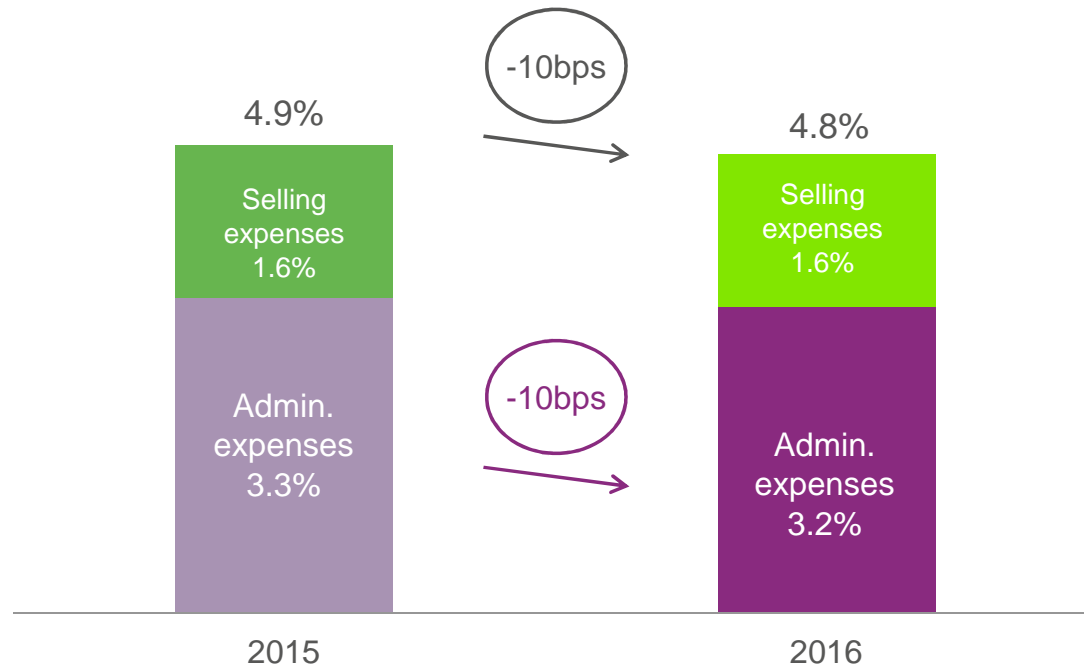
Amortization and impairment of capitalized development expenditure  
In €m and as a % of sales



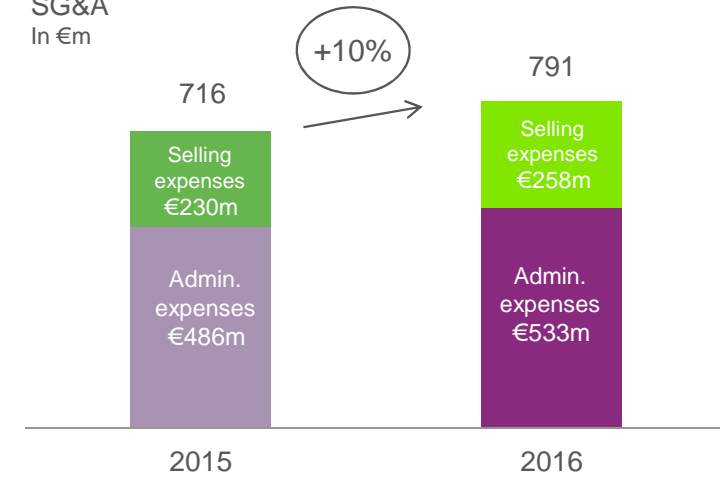
# SG&A EXPENSES DOWN 10 BPS TO 4.8% OF SALES

## G&A EXPENSES DOWN 10 BPS TO 3.2% OF SALES

SG&A  
as a % of sales



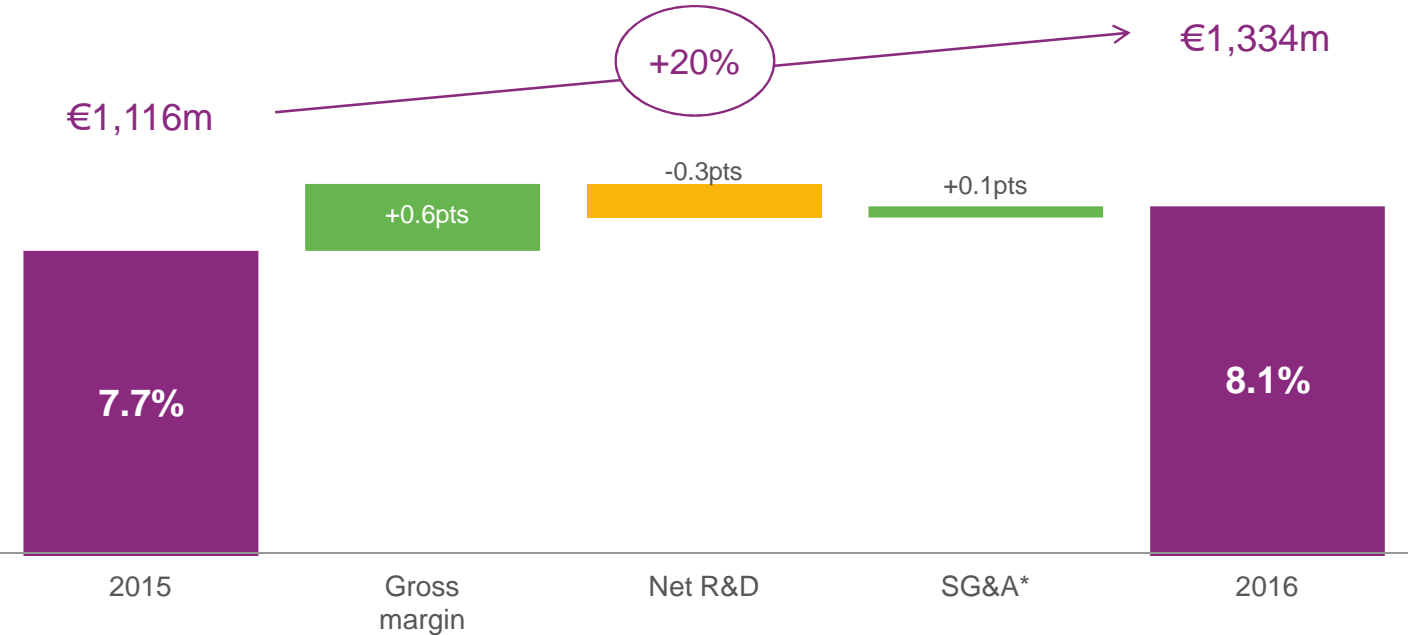
SG&A  
In €m



# 2016 OPERATING MARGIN\* UP 20% TO €1,334M OR 8.1% OF SALES

## H2 OPERATING MARGIN\* UP 19% TO €687M OR 8.2% OF SALES

As a % of sales



\* Including joint ventures and associates



## 2016 OPERATING MARGIN UP 20% TO €1,334M OR 8.1% OF SALES

### H2 OPERATING MARGIN UP 19% TO €687M OR 8.2% OF SALES

H2 15	H2 16	▲		2015	2016	▲
<b>7,246</b>	<b>8,389</b>	<b>+16%</b>	<b>Total sales (€m)</b>	<b>14,544</b>	<b>16,519</b>	<b>+14%</b>
<b>1,293</b> 17.8%	<b>1,532</b> 18.3%	<b>+18%</b> <i>+50bps</i>	<b>Gross margin</b> <i>As a % of sales</i>	<b>2,573</b> 17.7%	<b>3,020</b> 18.3%	<b>+17%</b> <i>+60bps</i>
395 5.5%	471 5.6%	<b>+19%</b> <i>+10bps</i>	Net R&D expenditure <i>As a % of sales</i>	797 5.5%	956 5.8%	<b>+20%</b> <i>+30bps</i>
353 4.9%	407 4.9%	<b>+15%</b> =	SG&A <i>As a % of sales</i> Of Which:	716 4.9%	791 4.8%	<b>+10%</b> <i>-10bps</i>
115 238	134 273	<b>+17%</b> <b>+15%</b>	- Selling expenses - Administrative expenses	230 486	258 533	<b>+12%</b> <b>+10%</b>
<b>545</b> 7.5%	<b>654</b> 7.8%	<b>+20%</b> <i>+30bps</i>	<b>Operating margin excl. JV &amp; Associates</b> <i>As a % of sales</i>	<b>1,060</b> 7.3%	<b>1,273</b> 7.7%	<b>+20%</b> <i>+40bps</i>
33 0.5%	33 0.4%	= <i>+10bps</i>	JV & Associates <i>As a % of sales</i>	56 0.4%	61 0.4%	<b>+9%</b> =
<b>578</b> 8.0%	<b>687</b> 8.2%	<b>+19%</b> <i>+20bps</i>	<b>Operating margin incl. JV &amp; Associates</b> <i>As a % of sales</i>	<b>1,116</b> 7.7%	<b>1,334</b> 8.1%	<b>+20%</b> <i>+40bps</i>

## OTHER INCOME AND EXPENSES OF A TOTAL AMOUNT OF - €33M

In €m	2015	2016	
Other income & expenses <i>of which:</i>	(117)	(33)	
<i>JV Valeo Siemens eAutomotive</i>	0	159	<i>Capital gain related to the creation of the joint venture with Siemens (Valeo Siemens eAutomotive)</i>
<i>Antitrust investigation</i>	(2)	(99)	<i>Expense to cover the main risks relative to litigation and disputes including on-going class actions</i>
<i>Impairment losses on assets</i>	(27)	(61)	<i>Writedowns of fixed assets</i>
<i>Restructuring plans</i>	(69)	(16)	

## 2016 NET INCOME UP 27% TO €925M OR 5.6% OF SALES H2 NET INCOME UP 31% TO €503M OR 6.0% OF SALES

H2 15	H2 16	▲		2015	2016	▲
<b>7,246</b>	<b>8,389</b>	<b>+16%</b>	<b>Total sales (€m)</b>	<b>14,544</b>	<b>16,519</b>	<b>+14%</b>
<b>578</b> 8.0%	<b>687</b> 8.2%	<b>+19%</b> <i>+20bps</i>	<b>Operating margin incl. JV &amp; Associates</b> <i>As a % of sales</i>	<b>1,116</b> 7.7%	<b>1,334</b> 8.1%	<b>+20%</b> <i>+40bps</i>
(96) -1.3%	1 0.0%	-101% <i>+130bps</i>	Other income & expenses <i>As a % of sales</i>	(117) -0.8%	(33) -0.2%	-72% <i>+60bps</i>
482 6.7%	688 8.2%	+43% <i>-150bps</i>	<b>Operating income</b> <i>As a % of sales</i>	999 6.9%	1,301 7.9%	+30% <i>+100bps</i>
(41) (9)	(40) (22)	-2% <i>+144%</i>	Cost of net debt Other financial income & expenses	(84) (35)	(83) (46)	-1% <i>+31%</i>
432	626	+45%	<b>Income before taxes</b>	880	1,172	+33%
(26) 6.5%	(92) 15.5%	+254% <i>+9pts</i>	Income taxes <i>Effective tax rate</i>	(106) 13%	(189) 17%	+78% <i>+4pts</i>
(21)	(31)	+48%	Non-controlling interests and other	(45)	(58)	+29%
<b>385</b> 5.3%	<b>503</b> 6.0%	<b>+31%</b> <i>+70bps</i>	<b>Net income</b> <i>As a % of sales</i>	<b>729</b> 5.0%	<b>925</b> 5.6%	<b>+27%</b> <i>+60bps</i>
<b>468</b> 6.5%	<b>489</b> 5.8%	<b>+4%</b> <i>-70bps</i>	<b>Net income excl. non-recurring items</b> <i>As a % of sales</i>	<b>825</b> 5.7%	<b>940</b> 5.7%	<b>+14%</b> <i>=</i>

## NET INCOME UP 27% EXCLUDING NON-RECURRING ITEMS, NET INCOME UP 14%

	2015	2016	Change
Net income (€m)	729	925	+27%
EPS	€3.11	€3.91	+26%
Net income (€m) (excluding non-recurring items)	825	940	+14%
EPS (excluding non-recurring items)	€3.52	€3.98	+13%

## ROCE AT 34% AND ROA AT 21%

---

	2015	2016
Total sales	€14.5bn	€16.5bn
Operating margin*	7.7%	8.1%
ROCE	33%	34%
ROA	20%	21%

\*incl. joint ventures & associates

---

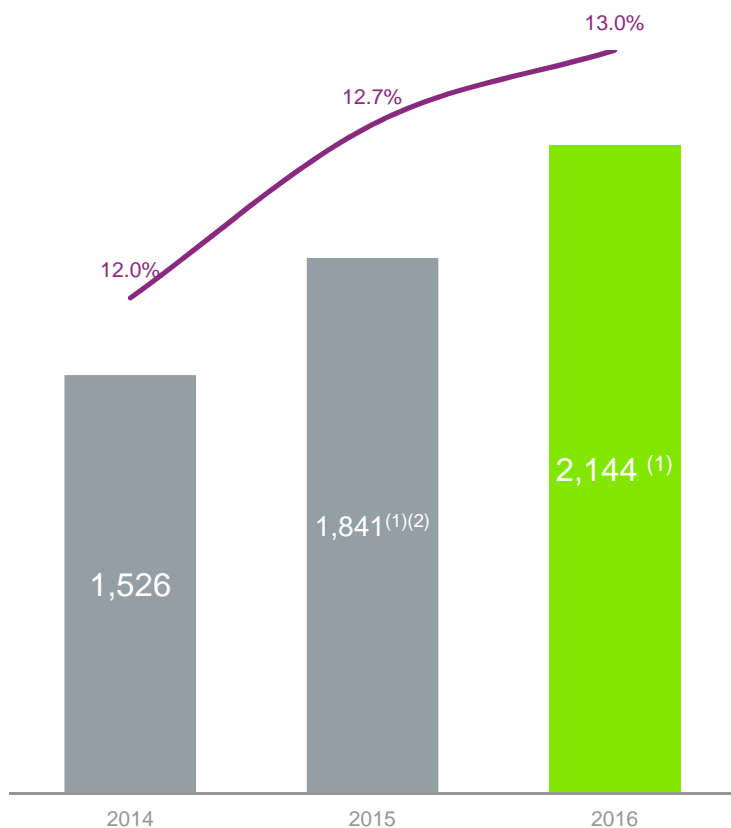
## FREE CASH FLOW GENERATION

**FY: UP 17% TO €661M**

**H2: UP 24% TO €322M**

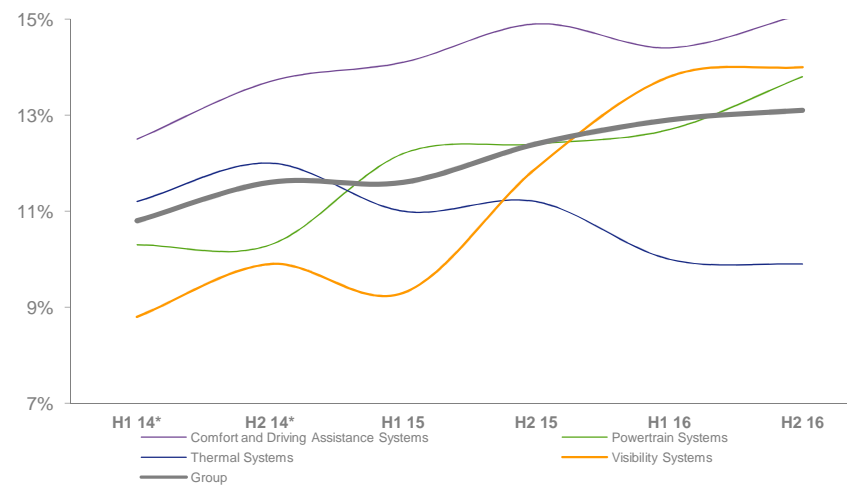
# EBITDA OF €2,144M, UP 16% TO 13.0% OF SALES

In €m and as a % of sales



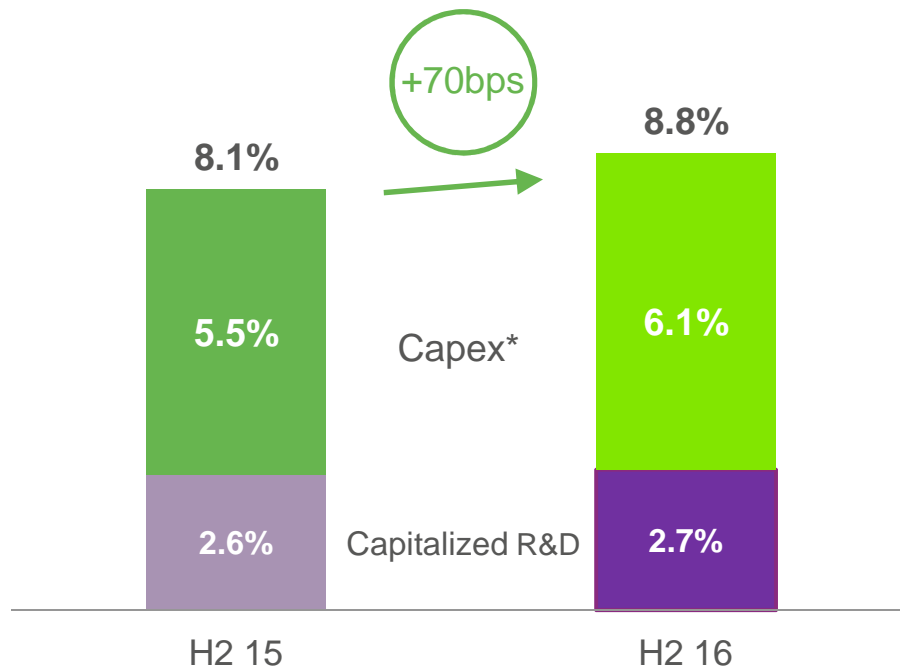
(1) Restated of subsidies received on investment  
 (2) Restated in accordance with IFRIC 21

As a % of sales	2014	2015	2016		
	FY	FY	H1	H2	FY
CDA	14.5	14.5	14.4	15.1	14.7
Powertrain	12.3	12.8	12.7	13.8	13.3
Thermal	11.1	10.7	10.1	9.9	10.0
Visibility	10.6	12.4	13.9	13.9	13.9
Group	12.0	12.7	12.9	13.1	13.0

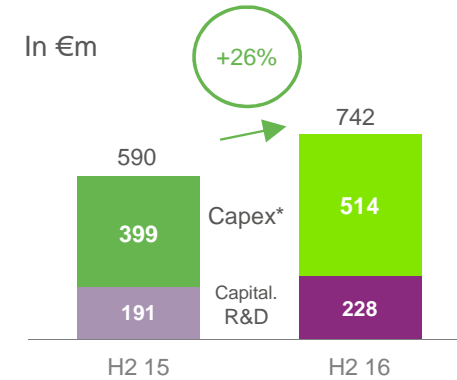


# H2 RECORDED CAPEX (INCLUDING CAPITALIZED R&D) OF €742M OR 8.8% OF SALES, UP 70 BPS SUPPORTING RECORD HIGH ORDER INTAKE

As a % of sales



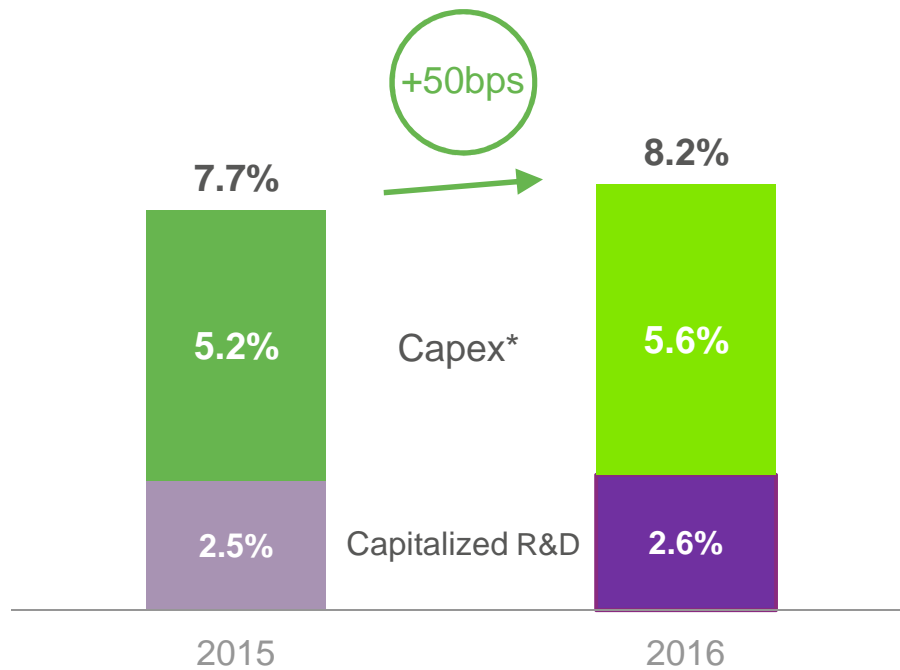
\*excluding capitalized R&D



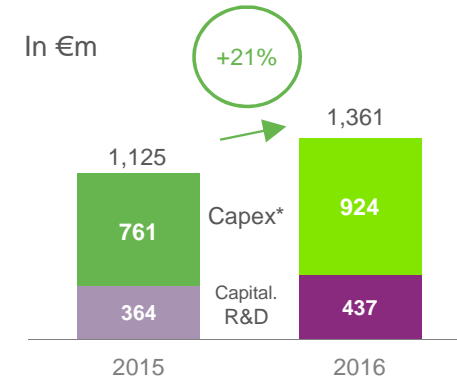


# 2016 RECORDED CAPEX (INCLUDING CAPITALIZED R&D) OF €1,361M OR 8.2% OF SALES, UP 50 BPS SUPPORTING RECORD HIGH ORDER INTAKE

As a % of sales



\*excluding capitalized R&D



**EBITDA OF €2,144M, UP 16%**  
**FREE CASH FLOW OF €661M, UP 17%**

H2 15	H2 16		2015	2016	
<b>930</b>	<b>1,097</b>	<b>EBITDA (€m)</b>	<b>1,841</b>	<b>2,144</b>	+16%
(8)	40	Operating working capital	39	76	
(21)	(34)	Restructuring & employee-related costs	(32)	(52)	
(92)	(130)	Other operating items (incl. taxes)	(197)	(258)	
		<i>Of which:</i>			
(109)	(124)	Taxes	(190)	(257)	
(10)	(37)	Pensions	(26)	(48)	
809	973	Cash from operating activities* (€m)	1,651	1,910	
(550)	(651)	Capex (incl. capitalized R&D) **	(1,086)	(1,249)	
<b>259</b>	<b>322</b>	<b>Free cash flow* (€m)</b> (before interest payments)	<b>565</b>	<b>661</b>	+17%
(14)	(6)	Interest	(70)	(58)	
(8)	(96)	Other financial items	(149)	(992)	
237	220	Net cash flow (€m)	346	389	
<b>124</b>	<b>526</b>	<b>Net debt (€m)</b>	<b>124</b>	<b>526</b>	+324%

Of which:  
- Acquisitions of peiker & Spheros €627m  
- Dividend paid to shareholders\*\*\* €236m

\*excluding sale of trade receivables \*\*cash outflow  
\*\*\*excluding non-controlling interests

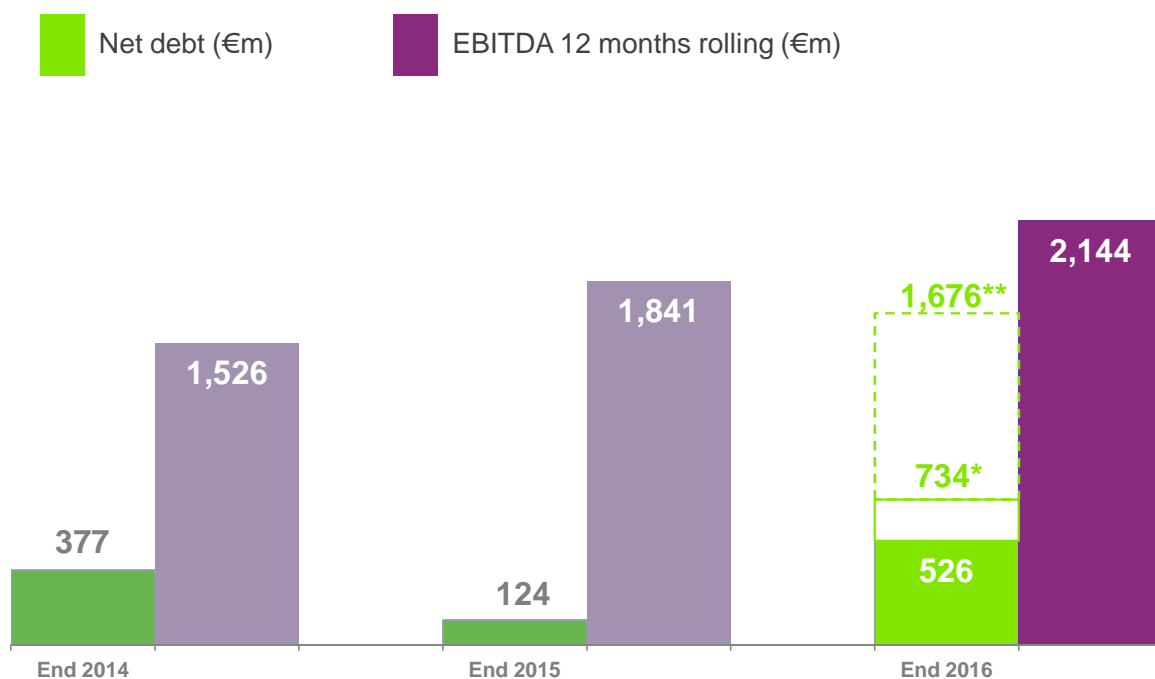
---

## ROBUST FINANCIAL POSITION

# ROBUST FINANCIAL POSITION

## LEVERAGE RATIO AT 0.25X AND GEARING RATIO AT 13%

### Net debt over EBITDA



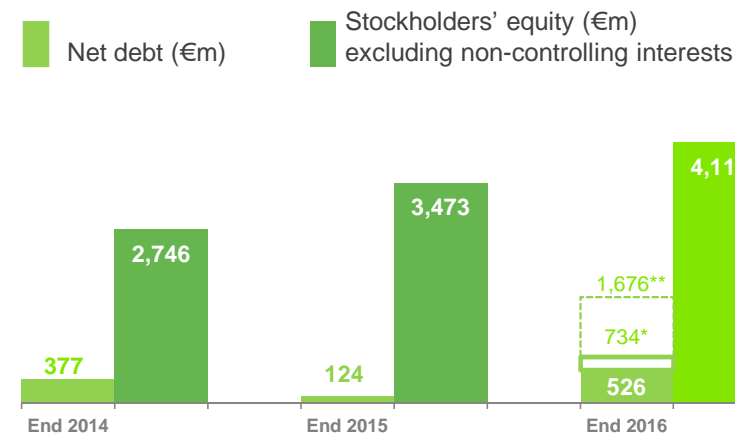
Leverage  
0.25x

Leverage  
0.07x

Leverage  
0.25x

(\*) proforma after Ichikoh  
 (\*\*) proforma after ValeoKapec, FTE

### Stockholders' equity and net debt



Gearing  
14%

Gearing  
4%

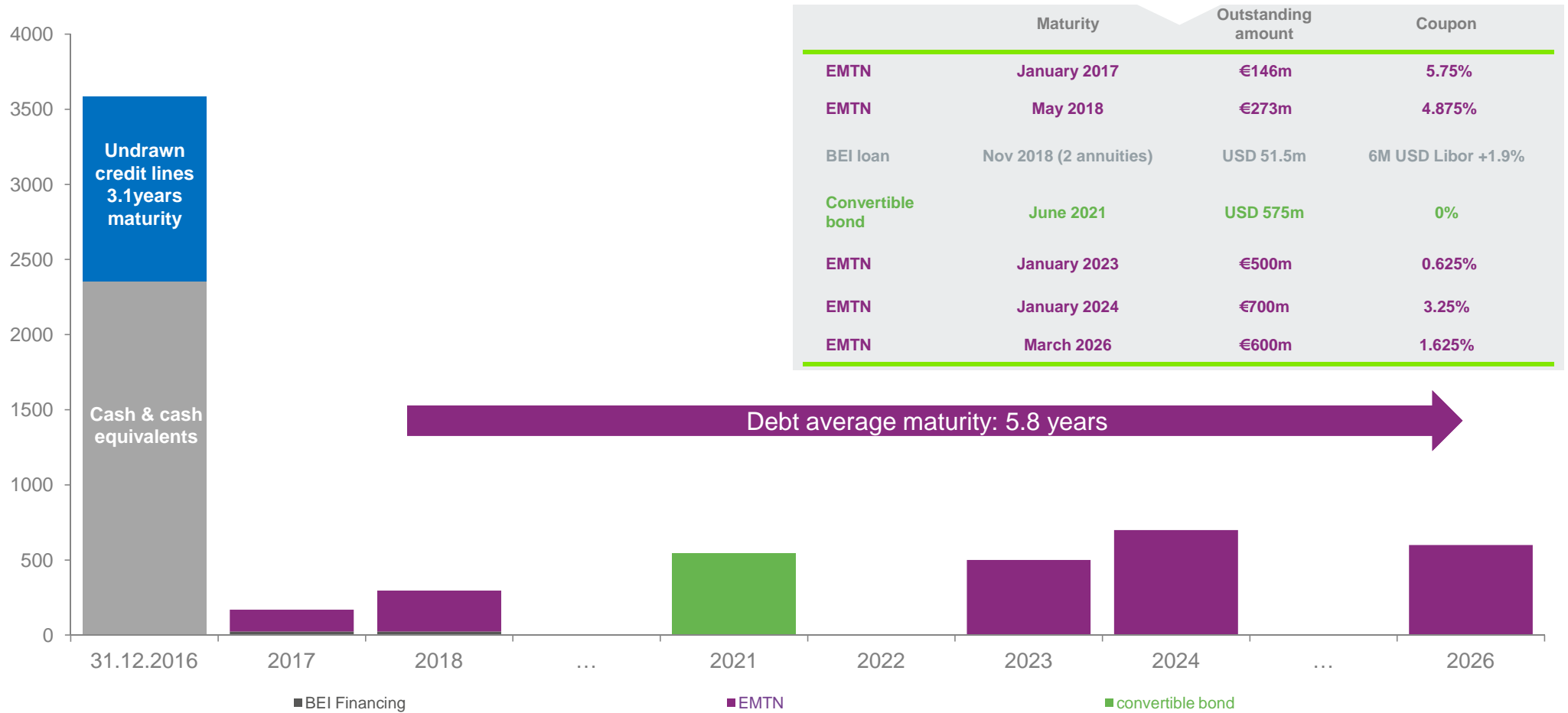
Gearing  
13%

	LT	Outlook	ST
Moody's	Baa2	Stable	Prime-2
S&P	BBB	Positive	A-2

Net debt / EBITDA covenant of 3.25

# DEBT MATURITY PROFILE

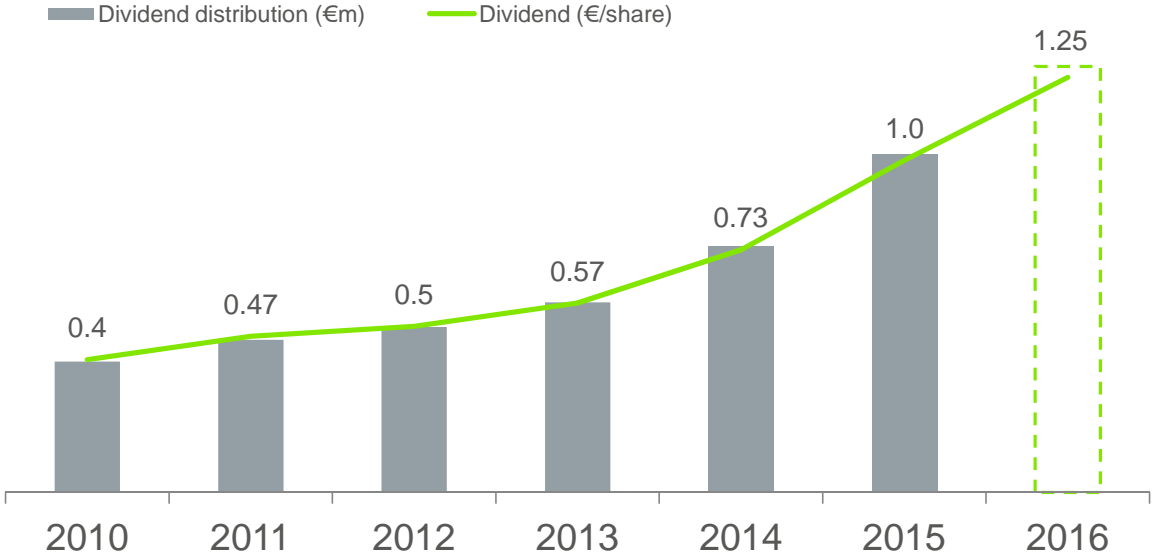
## END OF JANUARY 2017



---

## DIVIDEND & 2017 OUTLOOK

# 2016 DIVIDEND OF €1.25/SHARE, UP 25% GIVING A PAYOUT RATIO OF 32% TO BE PROPOSED AT THE NEXT SHAREHOLDER'S MEETING



EPS (€/share)	1.62	1.89	1.68	1.90	2.41	3.11	3.91
EPS excl. non-recurring items (€/share)	1.62	1.89	1.85	2.17	2.54	3.52	3.98
Payout ratio	25%	25%	30%	30%	30%	32%	32%

## 2017 OUTLOOK

---

### Based on the following assumptions :

- ▶ An increase in global automotive production of between 1.5% and 2%
- ▶ Raw material prices and exchange rates in line with current levels

### Valeo has set the following objectives for 2017:

- ▶ Sales growth outperforming the market by more than 5 percentage points
- ▶ A slight increase in operating margin\* (as a % of sales and before acquisitions)

\* Including joint ventures and associates



---

## TAKEOVER OF ICHIKOH, AUTOMOTIVE LIGHTING SPECIALIST IN ASIA

---

February 16, 2017

CONFIDENTIAL



## TAKEOVER OF ICHIKOH, AUTOMOTIVE LIGHTING SPECIALIST IN ASIA

---

- ▶ Following the successful takeover bid, Valeo increased its interest in Ichikoh to 55.08% of the share capital
  - ▶ Consolidated by Valeo as from February 1, 2017
- ▶ Strategic objectives
  - ▶ Strengthen Valeo's relationships with Japanese customers, by improving Ichikoh's LED technology product offering
  - ▶ Extending Valeo's manufacturing footprint in Asia, Japan and Southeast Asia
- ▶ Ichikoh key figures
  - ▶ Headcount: 5,300
  - ▶ Sales for the year ended March 31, 2016 of around €890 million
- ▶ Impacts for the Valeo Group
  - ▶ Short term
    - ▶ Consolidation of Ichikoh sales
    - ▶ Slightly negative impact on the Group's 2017 operating margin, estimated at 0.3 percentage points
    - ▶ Slightly accretive impact on 2017 earnings per share
  - ▶ Medium term
    - ▶ Positive impact on Valeo's operating margin by bringing Ichikoh's performance into close alignment with the Group's

---

## CREATION OF THE VALEO-KAPEC JOINT VENTURE, WORLD LEADER IN TORQUE CONVERTERS

# CREATION OF THE VALEO-KAPEC JOINT VENTURE

## WORLD LEADER IN TORQUE CONVERTERS

---

- ▶ Creation of a 50-50 joint venture planned for H2 2017
  - ▶ Control of joint venture, therefore consolidated in the financial statements
- ▶ Strategic objectives
  - ▶ Valeo-Kapec joint venture will be the world leader with 21% market share
  - ▶ Strengthening of positions with Hyundai and, more globally, in Asia, the key market for automatic transmissions
  - ▶ Automatic transmissions market is growing worldwide and especially in Asia
  - ▶ Strategic coherence in the field of transmission systems with Valeo-Kapec joint venture and the acquisition of FTE
- ▶ Valeo-Kapec – key figures
  - ▶ Headcount: around 3,000
  - ▶ Annual sales: around 1 billion euros (based on 2017 data)
  - ▶ 7 sites in South Korea, China, the US, Japan and Mexico
- ▶ Impacts for the Valeo Group
  - ▶ Consolidation of joint-venture sales
  - ▶ Increase in annual sales of 500 million euros
  - ▶ Slightly accretive on operating margin (as a % of sales)
  - ▶ Increase in net debt of 120 million euros

---

**ACQUISITION OF FTE  
LEADING HYDRAULIC ACTUATOR TECHNOLOGY COMPANY**

## ACQUISITION OF FTE, LEADING HYDRAULIC ACTUATOR TECHNOLOGY COMPANY

---

- ▶ Acquisition of the entire share capital scheduled for H2 2017
- ▶ Strategic objectives
  - ▶ Opportunity to broaden a product offering in the field of active actuation for transmission systems
    - ▶ OEMs are looking to work with integrated suppliers
    - ▶ Valeo reinforces its technological expertise in dual clutch systems and hybrid vehicles requiring automatic gearboxes equipped with active actuators
  - ▶ Strong aftermarket > 30% of FTE sales
  - ▶ Customer portfolio and geographic positioning highly complementary to Valeo's
  - ▶ Strategic coherence in the field of transmission systems with the acquisition of FTE and Valeo-Kapec joint venture
- ▶ FTE key figures
  - ▶ Headcount: around 3,700, mainly in Germany
  - ▶ 2015 sales: around 500 million euros
- ▶ Impacts for the Valeo Group
  - ▶ Increase in sales of 500 million euros
  - ▶ Profitability significantly higher than Valeo's
  - ▶ Increase in net debt of 820 million euros

# CONTACTS

---



## Investor Relations

Thierry Lacorre

43, rue Bayen

F-75848 Paris Cedex 17

France

Tel.: +33 (0) 1.40.55.37.93

Fax: +33 (0) 1.40.55.20.40

E-mail: [thierry.lacorre@valeo.com](mailto:thierry.lacorre@valeo.com)

Website: [www.valeo.com](http://www.valeo.com)

## SHARE INFORMATION

---

### Share Data

• Bloomberg Ticker	FR FP
• Reuters Ticker	VLOF.PA
• ISIN Number	FR 0013176526
• Shares outstanding as of December 30, 2016	239,143,131

### ADR Data

• Ticker/trading symbol	VLECY
• CUSIP Number	919134304
• Exchange	OTC
• Ratio (ADR: ord)	1:2
• Depository Bank	J.P. Morgan
• Contact at J.P. Morgan – ADR broker relationship desk	Jim Reeves +1 212-622-2710



# GLOSSARY

---

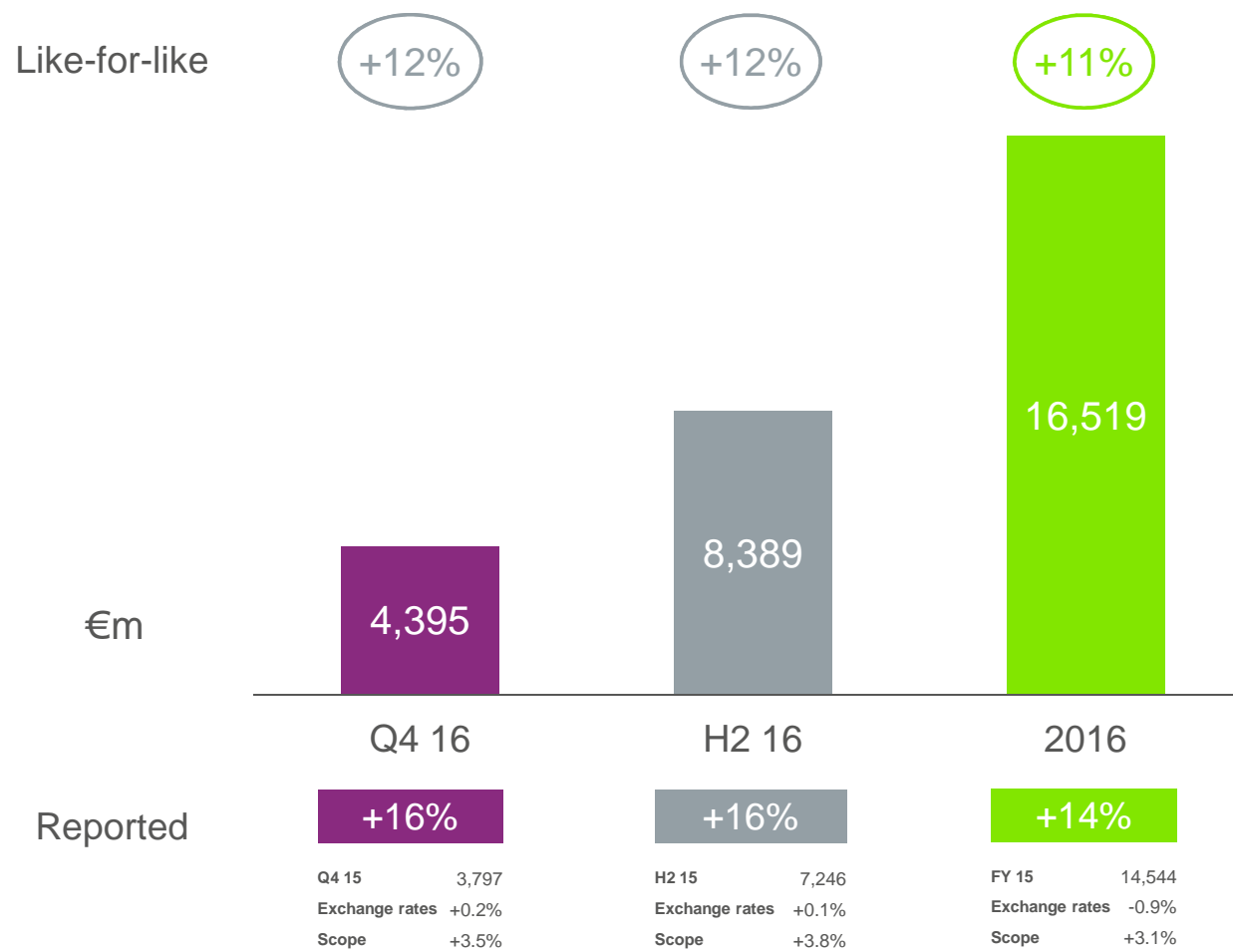
- 1) **Order intake** corresponds to business awarded by automakers during the period (including joint ventures at least 50%-owned by the Group) less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. *Unaudited indicator.*
- 2) **Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.
- 3) **Net attributable income excluding non-recurring items** corresponds to net attributable income adjusted for "other income and expenses" net of tax and non-recurring income and expenses net of tax shown in operating margin including share in net earnings of equity-accounted companies.
- 4) **ROCE**, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies) excluding goodwill.
- 5) **ROA**, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies) including goodwill.
- 6) **EBITDA**, which corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends received from equity-accounted companies;
- 7) **Free cash flow** corresponds to net cash from operating activities (excluding changes in the sale of non-recurring trade receivables) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.
- 8) **Net cash flow** corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of investments without a change in control, and (iii) changes in sales of non-recurring trade receivables.
- 9) **Net debt** comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

---

## BACK-UP

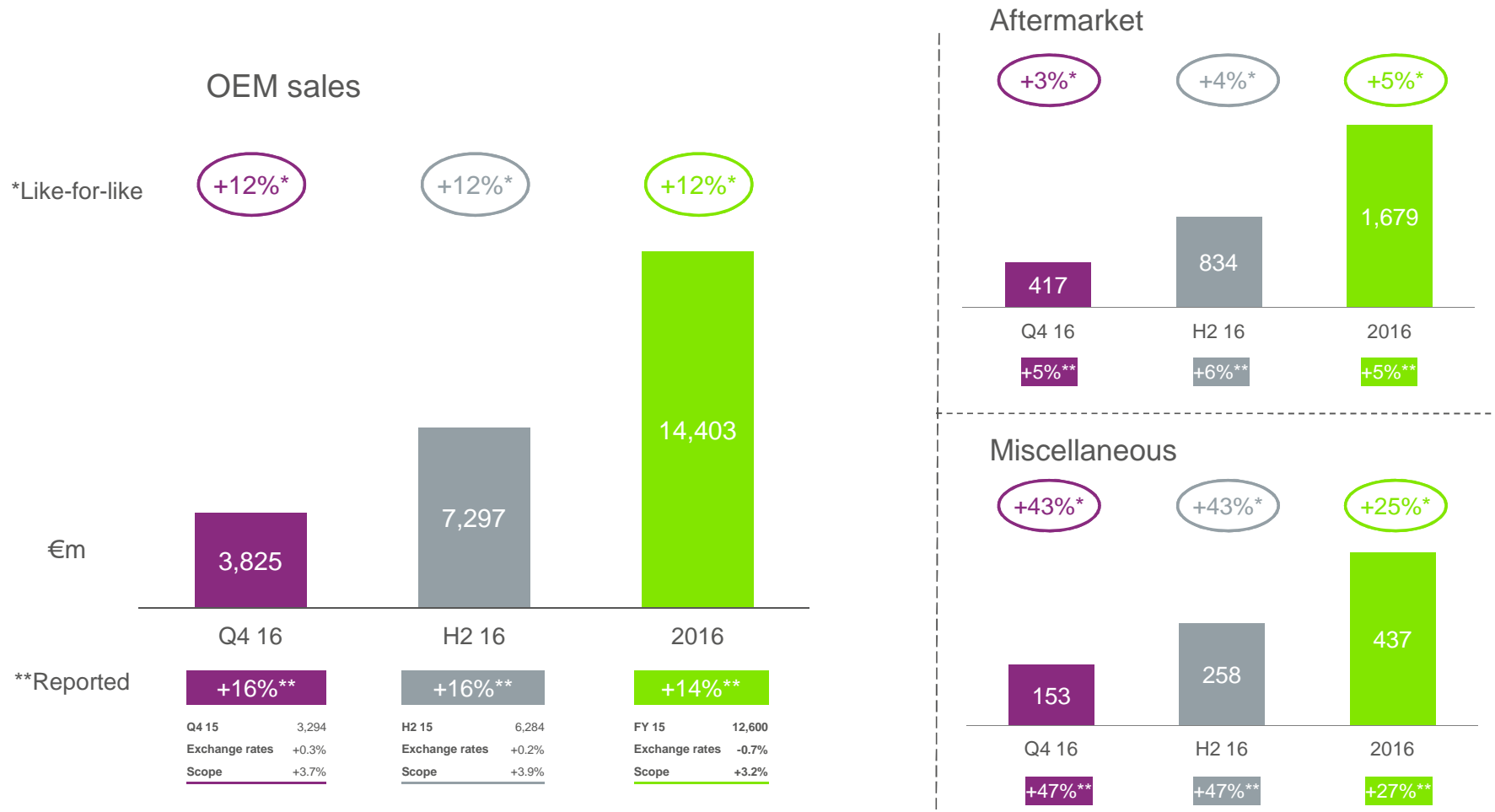
# SUSTAINED SALES GROWTH

## 2016 SALES UP 14% AS REPORTED, UP 11% LIKE-FOR-LIKE



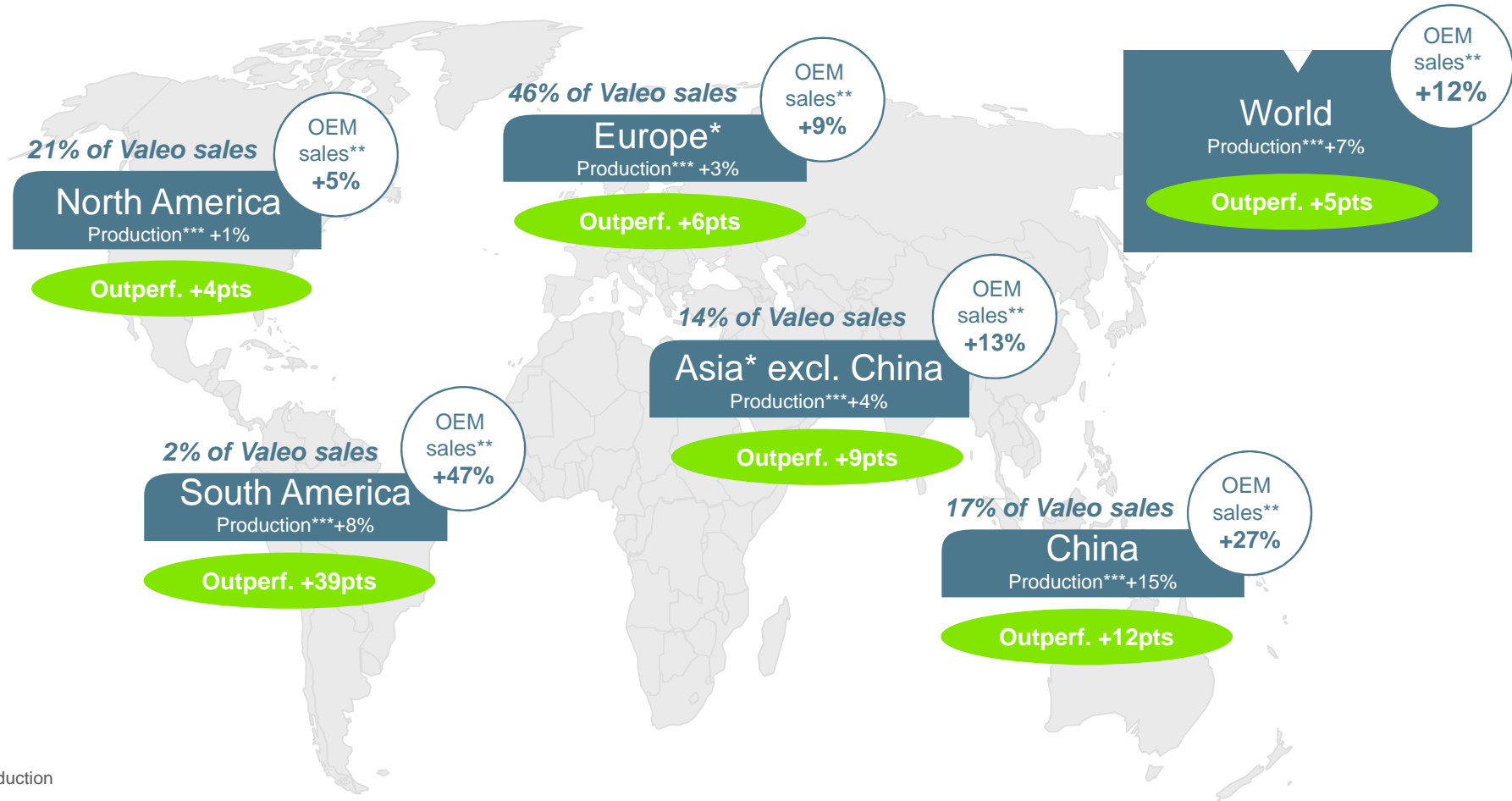
# SUSTAINED OEM SALES GROWTH

## 2016 OEM SALES UP 14% AS REPORTED, UP 12% LIKE-FOR-LIKE



# SUSTAINED OEM SALES GROWTH LEADING TO A STRONG OUTPERFORMANCE IN ALL PRODUCTION REGIONS

**Q4**  
Like-for-like



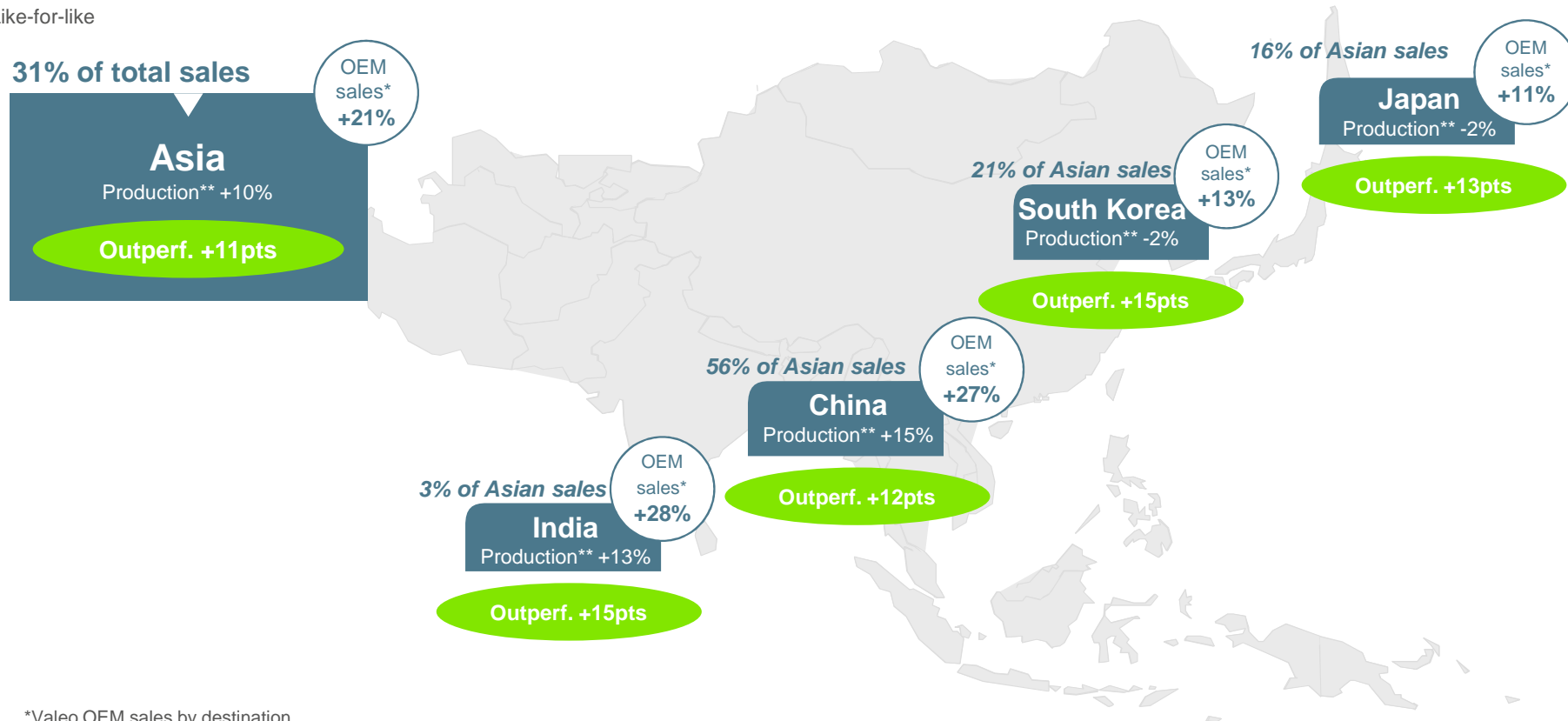
\* Europe including Africa;  
 Asia including Middle East  
 \*\* Valeo OEM sales by destination  
 \*\*\* LMC estimates – light vehicle production

# OUTPERFORMANCE IN ALL ASIAN COUNTRIES

## 11-POINT OUTPERFORMANCE IN ASIA

Q4

Like-for-like

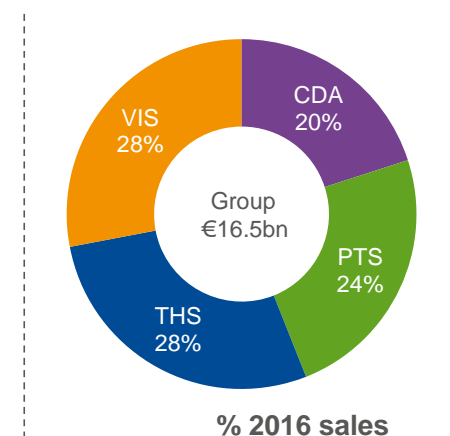


\*Valeo OEM sales by destination

\*\*LMC estimates – light vehicle production

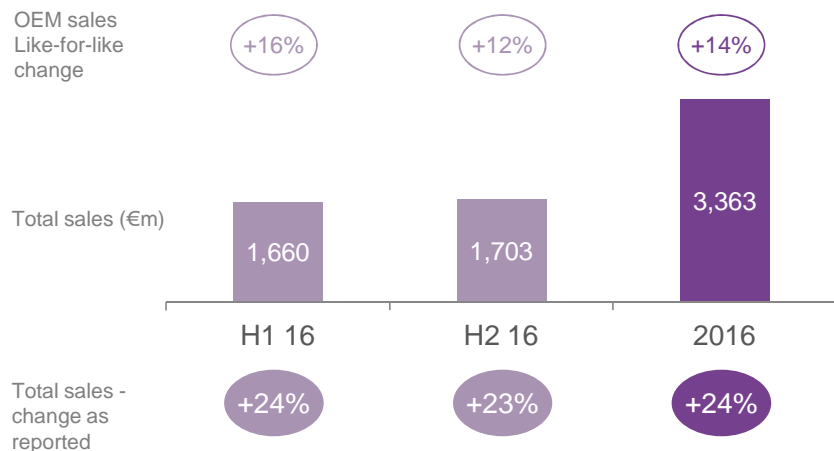
## SUSTAINED GROWTH IN THE 4 BUSINESS GROUPS

	2016 total sales growth (year-on-year)	OEM sales growth (like-for-like)		
		Q4	H2	2016
CDA*	+24%**	+11%	+12%	+14%
Powertrain	+7%	+11%	+11%	+10%
Thermal	+14%***	+12%	+11%	+10%
Visibility	+11%	+14%	+15%	+15%
Group	+14%	+12%	+12%	+12%



\* Comfort & Driving Assistance \*\*Including peiker \*\*\*Including Spheros

# COMFORT & DRIVING ASSISTANCE



## Market share\* and competitors:

- Driving Assistance: Valeo no.1  
Valeo + Bosch + Continental ~ 57%\*
- Interior Controls: Valeo no.2  
Continental + Valeo+ Visteon ~ 34%\*

\* Valeo estimate

## 2016 key figures:

- Sales: €3.4bn (20% of Group sales)
- EBITDA: 14.7% (23% of Group EBITDA)
- 17,400 employees
- 28 production units
- 8 development centers
- 10 research centers

## Key growth drivers:

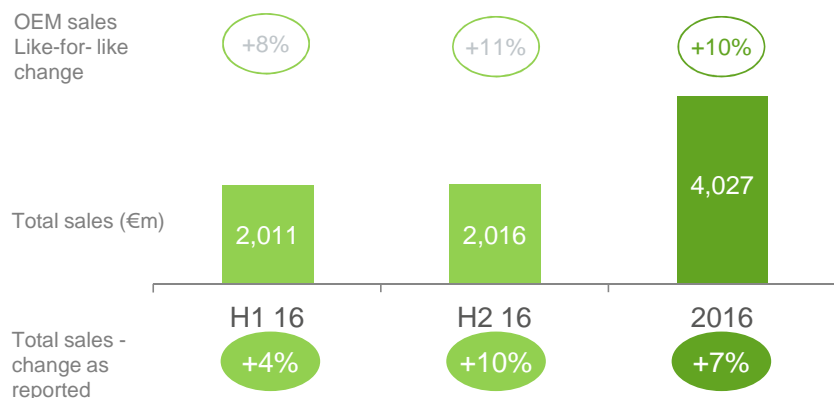
- Increasingly stringent regulatory and certification environment (Euro NCAP in Europe and NHTSA in the US)
- Further take rate increase for existing innovation products (including camera, display, sensors)
- Integration of peiker activity in Q1 2016

## Latest business developments:

- Strong order intake in 2016 with first orders on front camera and interior monitoring systems
- Record yearly order intake in China and in the US
- Acquisition of peiker, a tech leader in connected vehicles solutions
- Joint-venture with CloudMade, a pioneering start-up in machine learning and artificial intelligence
- French authorities funding support for our autonomous driving innovation project (Campus)



# POWERTRAIN SYSTEMS



## Market share\* and competitors:

- Transmission Systems: Valeo no.2  
Luk + Valeo + ZF Sachs ~ 47%\*
- Electrical Systems & Power Electronics: Valeo no.1  
Valeo + Denso + Bosch ~ 60%\*

\*Valeo estimate

## 2016 key figures:

- Sales: €4bn (24% of Group sales)
- EBITDA: 13.3% (25% of Group EBITDA)
- 20,700 employees
- 42 production units
- 18 development centers
- 7 research centers

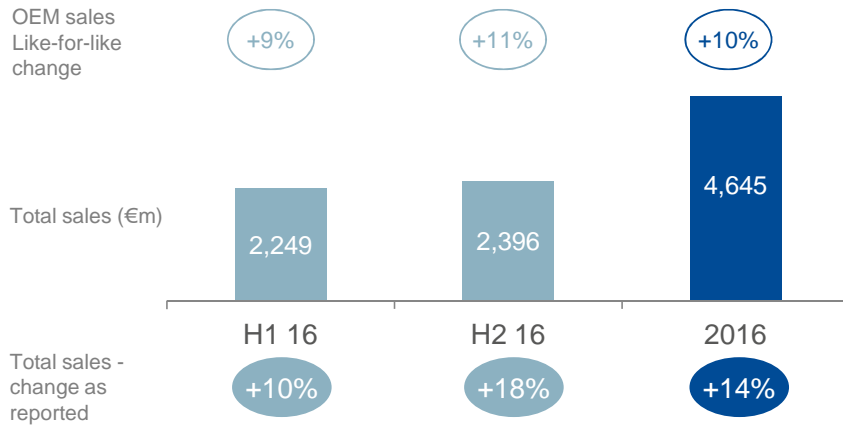
## Key growth drivers: Objective of reducing CO<sub>2</sub> emissions and fossil fuel consumption based on 3 priorities for engines:

- Downsizing/Downspeeding
- Gearbox automation
- Powertrain electrification and development of 12V, 48V and 300V+ hybrid solutions

## Latest business developments:

- Several orders in Itsars, 48 volt in Europe and Asia
- Increase in contract volumes for electric supercharger
- Several new orders for on-board chargers, inverters and DCDC converters in China
- New orders for the dual clutch (wet and dry) and dual mass flywheels
- Several orders for alternators in Europe, Asia and North America
- Effective start of operations of the Siemens-Valeo joint venture on December 1, 2016

# THERMAL SYSTEMS



Market share\* and competitors:

Thermal Systems: Valeo no.2  
Denso + Valeo + Hanon + Mahle ~ 55%\*

\*Valeo estimate

2016 key figures:

- Sales: €4.6bn (28% of Group sales)
- EBITDA: 10.0% (22% of Group EBITDA)
- 22,800 employees
- 59 production units
- 10 development centers
- 4 research centers

## Key growth drivers:

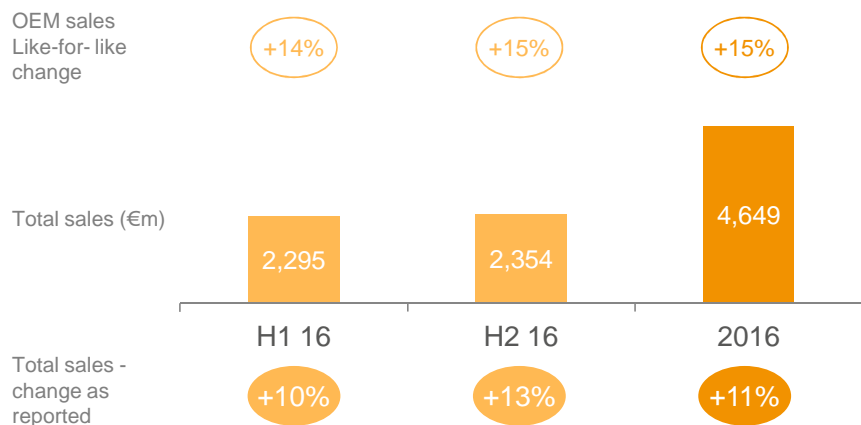
- Innovative solutions to comply with new regulations on gas pollutants and fuel consumption
- Thermal solutions for Electrified vehicles (PHEV/EV)

## Latest business developments:

New contracts with major automakers worldwide took Thermal Systems order intake for 2016 to an all-time high, very significantly above the previous record, Especially in China and North America, with major awards from American and German automakers in those regions

- First order for heat pump system with production in China
- First order for electrical driven compressor with production in China. With these orders, Valeo is demonstrating its capability for advanced technology in this field.
- A major order from a leading American electric vehicle manufacturer with massive order intake involving HVAC, electrical PTC, battery cooling system and active grill shutter
- Intensive development plans with many customers on future generations of electric vehicles, to optimize the size, performance and cost of future solutions

# VISIBILITY SYSTEMS



## Market share\* and competitors:

- Lighting Systems: Valeo-Ichikoh no.2  
Koito + Valeo-Ichikoh + Magnetti Marelli ~ 60%\*
- Wiper Systems: Valeo no.1  
Valeo + Denso + Bosch ~ 67%\*

\*Valeo estimate

## 2016 key figures:

- Sales: €4.6bn (28% of Group sales)
- EBITDA: 13.9% (30% of Group EBITDA)
- 29,000 employees
- 37 production units
- 15 development centers
- 5 research centers

## Key growth drivers in 2016:

- Increasing LED take rate, in particular in the B&C Segment with VW (Passat), Renault (Megane), Infiniti (Q30), Audi (A3/Q2)
- Increasing LED content on premium vehicles with Volvo (XC90), and Jaguar (XJ)
- Increasing Wiper Market share in China, with Ford, and VW

## Latest business developments:

- Continuous order intake increase on LED with Matrix/Pixel Front Lighting in Europe (VW Passat, Opel Adam, LR Evoque, Ford Kuga), North America (GM Sierra, Silverado HD, Ford Edge, Toyota Rav 4) and China (Passat CC, FCA Jeep, Nissan Sylphy)
- Re-entered Mercedes Panel in Europe in Front and Rear Lighting
- Further development in Interior lighting business with BMW and Renault
- Development of Electronic transversal drivers (ZKW, Ichikoh)
- Valeo AquaBlade Wiper technology selected for premium vehicles, Wet Arm technology awarded at 2 new customers
- 4 Poles electronized Motors technology introduced for 3 new customers in Europe, North America and China
- Growing interest on sensor cleaning activity

## QUARTERLY INFORMATION (IN €M)

### ■ Sales by segment

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16
Comfort & Driving Assistance Systems	623	569	515	531	552	572	573	614	657	679	663	721	794	866	825	877
Powertrain Systems	774	817	752	818	848	848	798	843	948	978	877	959	983	1,028	966	1,051
Thermal Systems	818	885	832	837	880	934	889	934	1,007	1,039	992	1,036	1,063	1,186	1,140	1,255
Visibility Systems	733	762	711	764	876	925	856	957	1,022	1,072	967	1,124	1,119	1,176	1,102	1,252
<b>Total sales</b>	<b>2,927</b>	<b>3,017</b>	<b>2,792</b>	<b>2,926</b>	<b>3,112</b>	<b>3,235</b>	<b>3,069</b>	<b>3,309</b>	<b>3,581</b>	<b>3,717</b>	<b>3,449</b>	<b>3,797</b>	<b>3,917</b>	<b>4,213</b>	<b>3,994</b>	<b>4,395</b>

### ■ Sales by type

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15	Q3-15	Q4-15	Q1-16	Q2-16	Q3-16	Q4-16
Original Equipment	2,470	2,567	2,348	2,449	2,677	2,755	2,644	2,814	3,113	3,203	2,990	3,294	3,437	3,669	3,472	3,822
Aftermarket	375	374	361	377	376	377	366	376	400	413	387	399	411	434	417	417
Miscellaneous	82	76	83	100	59	103	59	119	68	101	72	104	69	110	105	156
<b>Total sales</b>	<b>2,927</b>	<b>3,017</b>	<b>2,792</b>	<b>2,926</b>	<b>3,112</b>	<b>3,235</b>	<b>3,069</b>	<b>3,309</b>	<b>3,581</b>	<b>3,717</b>	<b>3,449</b>	<b>3,797</b>	<b>3,917</b>	<b>4,213</b>	<b>3,994</b>	<b>4,395</b>

# STATEMENT OF INCOME WITH HALF YEAR BREAKDOWN

In €m	2013		2014*		2015		2016	
	H1	H2	H1	H2	H1	H2	H1	H2
▪ Sales	5,944	5,718	6,347	6,378	7,298	7,246	8,130	8,389
▪ Gross margin	1,011	998	1,080	1,123	1,280	1,293	1,488	1,532
<i>as a % of sales</i>	17,0%	17,5%	17,0%	17,6%	17,5%	17,8%	18,3%	18,3%
R&D expenditure, net	(318)	(296)	(350)	(335)	(402)	(395)	(485)	(471)
Selling & administrative expenses	(318)	(311)	(326)	(330)	(363)	(353)	(384)	(407)
Share in net earnings of equity-accounted companies	8	18	32	19	23	33	28	33
▪ Operating margin incl. share in net earnings of equity-accounted companies	383	409	436	477	538	578	647	687
<i>as a % of sales</i>	6,4%	7,2%	6,9%	7,5%	7,4%	8,0%	8,0%	8,2%
Other income & expenses	(41)	(26)	(34)	(20)	(21)	(96)	(34)	1
▪ Operating income	342	383	402	457	517	482	613	688
<i>as a % of sales</i>	5,8%	6,7%	6,3%	7,2%	7,1%	6,7%	7,5%	8,2%
Cost of net debt	(49)	(49)	(47)	(44)	(43)	(41)	(43)	(40)
Other financial income and expenses	(21)	(25)	(20)	(26)	(26)	(9)	(24)	(22)
▪ Income before income taxes	272	309	335	387	448	432	546	626
Income taxes	(68)	(45)	(65)	(64)	(80)	(26)	(97)	(92)
▪ Income from continuing operations	204	264	270	323	368	406	449	534
Non-strategic activities	0	0	0	0	0	0	0	0
▪ Net income for the period	204	264	270	323	368	406	449	534
Non-controlling interests	(14)	(15)	(14)	(17)	(24)	(21)	(27)	(31)
▪ Net income	190	249	256	306	344	385	422	503

## SEGMENT INFORMATION

2016	Comfort & Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	Total
(€ m)						
<b>Sales:</b>						<b>16,519</b>
• segment (excluding Group)	3,343	3,975	4,622	4,545		-
• intersegment (Group)	20	52	23	104		-
<b>EBITDA</b>	<b>496</b>	<b>534</b>	<b>463</b>	<b>645</b>	<b>6</b>	<b>2,144</b>
Research & Development expenditure, net	(334)	(183)	(184)	(235)	(20)	(956)
Investments in property, plant & equipment & intangible asset	342	357	302	330	30	1,361
Segment assets	1,981	2,107	2,024	2,028	83	8,223

2015	Comfort & Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	Total
(€ m)						
<b>Sales:</b>						
• segment (excluding Group)	2,702	3,706	4,032	4,073	31	14,544
• intersegment (Group)	18	56	42	112	(228)	-
<b>EBITDA</b>	<b>394</b>	<b>482</b>	<b>437</b>	<b>521</b>	<b>13</b>	<b>1,847</b>
Research & Development expenditure, net	(254)	(167)	(148)	(216)	(12)	(797)
Investments in property, plant & equipment & intangible asset	306	278	244	266	31	1,125
Segment assets	1,454	1,815	1,498	1,850	78	6,695

## SAFE HARBOR STATEMENT

---

Statements contained in this press release, which are not historical fact, constitute "Forward-Looking Statements". These statements include projections and estimates and their underlying assumptions, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Even though Valeo's management feels that the Forward-Looking Statements are reasonable as at the date of this press release, investors are put on notice that the Forward-Looking Statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo's control, which could cause actual results and events to differ materially from those expressed or projected in the Forward-Looking Statements. 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 antitrust authorities as 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 with the AMF on March 26, 2016 (under no. D.16-0211).

Valeo has recognized an expense of 99 million euros in its consolidated financial statements to cover the main risks resulting from investigations currently being carried out by the antitrust authorities, as identified in the Registration Document, and risks relating to legal action resulting from such investigations.

The company assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this press release. Valeo does not intend or assume any obligation to review or to confirm the estimates of analysts or to update any Forward-Looking Statements to reflect events or circumstances which occur subsequent to the date of this press release.



SMART TECHNOLOGY  
FOR SMARTER CARS