POWERTRAIN SYSTEMS’ ACCELERATION

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POWERTRAIN SYSTEMS: A STRONG GLOBAL PLAYER

#1 WORLDWIDE

COMPLETE RANGE OF HYBRID AND ELECTRIC SOLUTIONS

POWERTRAIN WELL POSITIONED TO CATCH ALL MARKET OPPORTUNITIES

#2 WORLDWIDE

ELECTRIC MACHINES

TRANSMISSIONS

HYBRID AND ELECTRIC SYSTEMS

AIR LOOP CONTROL

ELECTRIC SUPERCHARGER 1st TO MARKET

1st
VALEO POWERTRAIN SYSTEMS
KEY FIGURES (END OF 2016)

**TOTAL SALES**
€ 4.0 BN

**EBITDA**
13.3 % OF SALES

20,700 EMPLOYEES

42 PRODUCTION SITES

20 COUNTRIES

25 RESEARCH & DEVELOPMENT CENTERS
VALEO POWERTRAIN SYSTEMS
WORLDWIDE PRESENCE (END OF 2016)

NORTH AMERICA
- 10% SALES
- 11% HEADCOUNT

EUROPE
- 51% SALES
- 55% HEADCOUNT

CHINA
- 9% SALES
- 10% HEADCOUNT

SOUTH AMERICA
- 2% SALES
- 3% HEADCOUNT

ASIA EXCL. CHINA
- 28% SALES
- 21% HEADCOUNT
VALEO POWERTRAIN SYSTEMS
OUR COMMITMENT IN 2015, WHAT WE ACHIEVED IN 2016

COMMITTED IN 2015

ANNUAL GROWTH OVER 2014 - 2020 PERIOD
11%

EBITDA MARGIN IMPROVEMENT FROM 12.3% IN 2014 TO
13.5% IN 2020

ACHIEVED IN 2016

ANNUAL GROWTH FROM 2015 TO 2016
11%

2016 EBITDA
13.3%
WE ARE AHEAD OF THE PLAN ANNOUNCED IN MARCH 2015
VALEO POWERTRAIN SYSTEMS' EQUATION

- CO₂
- NOₓ
- PARTICLES

+ REGULATIONS & LOCAL POLICIES
SMARter Engines +
Smarter Transmissions +
Hybridization +
Electrification =
Growth Boosters
INTERNAL COMBUSTION ENGINE STILL GROWING UNTIL 2026
OVERPERFORMING THE MARKET WITH OUR INNOVATIONS

GROWTH ENGINES*

2015

MARKET: +12%/YEAR

TRADITIONAL PRODUCTS

2015

MARKET: +1%/YEAR

2021

VALEO +30% PER YEAR

VALEO +6% PER YEAR

SOURCE: VALEO
*STRATEGIC PRODUCTS AND SERVICES THAT ARE POSITIONED IN GROWING MARKETS OR GENERATE A SIGNIFICANT INCREASE IN GROUP SALES
PTS GROWTH IS FUELED
BY CONTINUOUS INNOVATION WAVES

1 WAVE
SMART ENGINES AND TRANSMISSIONS

2 WAVE
ELECTRIFICATION MEDIUM POWER 12V + 48V

3 WAVE
ELECTRIFICATION HIGH POWER

2016
2026
PTS GROWTH IS FUELED
BY CONTINUOUS INNOVATION WAVES

2016
2026

1 WAVE
SMART ENGINES AND TRANSMISSIONS

2 WAVE
ELECTRIFICATION MEDIUM POWER 12V + 48V

3 WAVE
ELECTRIFICATION HIGH POWER
TRANSMISSIONS – VALEO’S POSITION
PLANNED N°1 WORLDWIDE IN TRANSMISSIONS SYSTEMS

2016
LAUNCH OF DUAL WET CLUTCH AND PENDULUM DAMPER

2017
JV WITH KAPEC ACQUISITION OF FTE LAUNCH OF BLADE DAMPER

2018
REVOLUTION OF MANUAL TRANSMISSION LAUNCH OF e-CLUTCH
REVOLUTION IN CVT
REVOLUTION IN BEV
LAUNCH OF e-CVT
LAUNCH OF e-TRANSMISSION

N°1 WW IN TORQUE CONVERTER
N°1 WW IN HYDRAULIC ACTUATORS

*Pending regulatory approvals
TRANSMISSIONS – VALEO’S POSITION
PLANNED N°1 WORLDWIDE IN TRANSMISSIONS SYSTEMS

**VALEO DUAL CLUTCHES PRODUCTION**
**DRY AND WET CUMULATED (MILLION UNITS)**

- 2016: 4
- 2021: 20
- **24% MARKET SHARE**

**VALEO PENDULUM DAMPER PRODUCTION (MILLION UNITS)**

- 2016: 0.1
- 2021: 2.5
- **25% MARKET SHARE**
VALEO-KAPEC JV AND FTE ACQUISITION
A STRONG MOVE TOWARDS AUTOMATIC CARS

HYBRID CAR, AUTOMATED CAR = AUTOMATIC CAR

= WORLD LEADER IN AUTOMATIC TRANSMISSIONS COUPLING

= WORLD LEADER IN AUTOMATIC TRANSMISSIONS ACTUATORS

More than €2bn sales in 2021

*Pending regulatory approvals
ENGINES – VALEO’S POSITION
A MAIN ACTOR IN AIR LOOP CONTROLS

LAUNCH OF ELECTRIC SUPERCHARGER
LAUNCH OF SMART GASOLINE THROTTLES
LAUNCH OF GASOLINE LOW PRESSURE EGR SYSTEM
LAUNCH OF HIGH TEMPERATURE EXHAUST GAS SENSORS
LAUNCH OF AIR PUMP
LAUNCH OF NEW POLYMER ACTUATOR

ENGINES – VALEO’S POSITION

A MAIN ACTOR IN AIR LOOP CONTROLS

VALEO SMART ENGINE ACTUATORS PRODUCTION (MILLION UNITS)

- 2016: 7 million units
- 2021: 19 million units (13% market share)

VALEO ELECTRIC SUPERCHARGER PRODUCTION (MILLION UNITS)

- 2016: 0.05 million units
- 2021: 1.0 million units (80% market share)
STILL MORE VALUE AHEAD

SMART ENGINES AND TRANSMISSIONS

MARKET CAGR 2016 - 2026

TRANSMISSION ACTUATORS 14%

DUAL MASS FLYWHEELS 8%

EGR SYSTEMS 11%

E SUPERCHARGER 27%

BASED ON 2016 PRODUCTS (PRICE & TECHNOLOGY)

AVERAGE CONTENT PER CAR
PTS GROWTH IS FUELED
BY CONTINUOUS INNOVATION WAVES

2016

2026

1 WAVE
SMART ENGINES AND TRANSMISSIONS

2 WAVE
ELECTRIFICATION MEDIUM POWER 12V + 48V

3 WAVE
ELECTRIFICATION HIGH POWER
**ELECTRIFICATION – VALEO’S LEADERSHIP**

**N°1 WORLDWIDE IN ELECTRICAL SYSTEMS:**
1 CAR OUT OF 3 WITH A VALEO MACHINE ON PLANET EARTH

- World’s first 12V Stop Start. MORE THAN 3 MU PRODUCED SINCE
- Invention of 48V Mild Hybrid « Hybrid4All »
- World’s first 12V Mild Hybrid on Nissan Serena
- World’s first electric Supercharger on Audi SQ7
- 12V SMART HYBRID on Suzuki Maruti Ciaz
- World’s first aircooled 48V BELT STARTER GENERATOR AND DCDC CONVERTER

**N°1 WORLDWIDE IN 48V SYSTEMS:**
WITH MORE THAN 25 CONTRACTS AT THE END OF 2016 (CHINA, EUROPE, INDIA, KOREA)

- 2004
- 2008
- 2012
- 2016
- 2017
- 2020
ELECTRIFICATION TREND
THERE IS NO UNIQUE SOLUTION

DIFFERENT USAGES, DIFFERENT SEGMENTS, DIFFERENT SOLUTIONS

- ZERO EMISSION (ZE) AREAS
- SHORT TRIPS
- EASY PLUG-IN

- LOW COST
- ALREADY LOW CO2
- COMMUTERS

- ALTERNATIVE TO DIESEL
- PRICE CONSTRAINT
- COMMUTERS

- LONG HAUL
- HIGH EMISSIONS
- HIGH PRICE
- NEED TO ENTER ZE AREAS

- PERFORMANCE
- ACCELERATION
- GREEN LUXURY

CITY
SMALL
MEDIUM LARGE
PREMIUM
HIGH POWER

LOW POWER BEV
(battery Electric Vehicle)
12V MILD HYBRID
48V MILD HYBRID
PHEV
(Plug-In Hybrid Vehicle)
HIGH POWER BEV
(Battery Electric Vehicle)
ELECTRIFICATION TREND, THERE IS NO UNIQUE SOLUTION

LOW VOLTAGE SOLUTIONS (12V & 48V)
- CITY
  - ZERO EMISSION (ZE) AREAS
  - SHORT TRIPS
  - EASY PLUG-IN
- SMALL
  - LOW COST
  - ALREADY LOW CO2
  - COMMUTERS
- MEDIUM
  - ALTERNATIVE TO DIESEL
  - PRICE CONSTRAINT
  - COMMUTERS
- LARGE

HIGH VOLTAGE SOLUTIONS (60V+)
- PREMIUM
  - LONG HAUL
  - HIGH EMISSIONS
  - HIGH PRICE
  - NEED TO ENTER ZE AREAS
- HIGH POWER
  - PERFORMANCE
  - ACCELERATION
  - GREEN LUXURY

LOW POWER BEV (Battery Electric Vehicle)
12V MILD HYBRID
48V MILD HYBRID
PHEV (Plug-In Hybrid Electric Vehicle)
HIGH POWER BEV (Battery Electric Vehicle)
PTS GROWTH IS FUELED
BY CONTINUOUS INNOVATION WAVES
ELECTRIFICATION TREND
WAVE 2: LOW VOLTAGE

LOW VOLTAGE SOLUTIONS (12V & 48V)

X2
CAGR ~15%
LOW POWER BEV
(Battery Electric Vehicle)

X2
CAGR ~26%
12V MILD HYBRID

X3
CAGR ~51%
48V MILD HYBRID

2016
2026

Based on 2016 products (price & technology)
48V SYSTEMS
WE DEVELOP OUR ROADMAP

48V HYBRID SYSTEM

48V E SUPERCHARGER

60%*

48V HYBRID TRANSMISSION

48V ELECTRIC REAR AXLE

48V PERFORMANCE PACK


*WORLDWIDE MARKET SHARE IN 2020
PTS GROWTH IS FUELED BY CONTINUOUS INNOVATION WAVES

1 WAVE
SMART ENGINES AND TRANSMISSIONS

2 WAVE
ELECTRIFICATION MEDIUM POWER 12V + 48V

3 WAVE
ELECTRIFICATION HIGH POWER

2016

2026
ELECTRIFICATION TREND
WAVE 3: HIGH VOLTAGE

BASED ON 2016 PRODUCTS (PRICE & TECHNOLOGY)

TOTAL CAGR ~24%

2016 2026 2026

PERCENTAGE OF TOTAL CAR PRODUCTION

PHEV HP BEV

BASE SCENARIO ON BEV TAKE RATE
4% 18%
8% 14%

HIGH SCENARIO ON BEV TAKE RATE
HIGH VOLTAGE SOLUTIONS (60V+)

Valeo AVERAGE CONTENT PER CAR

BASE SCENARIO ON BEV TAKE RATE

HIGH SCENARIO ON BEV TAKE RATE
HIGH POWER BEV (BATTERY ELECTRIC VEHICLE)

CAGR ~26%

CAGR ~34%

PHEV (PLUG-IN HYBRID ELECTRIC VEHICLE)

CAGR ~23%

CAGR ~20%
VALEO SIEMENS eAUTOMOTIVE
A WINNING TEAM

INVERTER & DC/DC
DC/DC CONVERTER
GENERATOR

INVERTER
ELECTRIC MOTOR
FULL DRIVETRAIN INTEGRATION
ON-BOARD CHARGER & DC/DC
ON-BOARD CHARGER

SIEMENS
VALEO SIEMENS eAUTOMOTIVE
A GLOBAL TEAM
€1.6bn
ORDER INTAKE
SINCE JV CREATION
OUR ENGINE AND TRANSMISSIONS COMPONENTS MARKET GROWTH IS IMMUNE TO DIESEL DECREASE

CAGR: 5.8%

CAGR: 6.3%
DIESEL DECREASE
AN OPPORTUNITY FOR GROWTH

MORE ELECTRIC CARS

MORE HYBRID CARS
MORE AUTOMATIC

MORE GASOLINE
MORE AUTOMATIC

ELECTRIFICATION
HIGH POWER

ELECTRIFICATION
MEDIUM POWER 12V + 48V

SMART ENGINES
AND TRANSMISSIONS
- DIESEL
  "=
+ ELECTRIFICATION
  "=
+ CONTENT PER CAR FOR VALEO
VALEO POWERTRAIN MORE CONTENT PER CAR

SMART ENGINES AND TRANSMISSIONS

LOW VOLTAGE SOLUTIONS (12V & 48V)

HIGH VOLTAGE SOLUTIONS (60V+)

VALEO AVERAGE CONTENT PER CAR BASED ON 2016 PRODUCTS (PRICE & TECHNOLOGY)
POWERTRAIN SYSTEMS BUSINESS GROUP IS ACCELERATING

2016

€4.0 BILLION SALES
13.3% EBITDA

2021

~€8.0 BILLION SALES*
CAGR: >14%

~15% EBITDA*

*INCLUDING VALEO-KAPEC & FTE JV CONSOLIDATED ON EQUITY
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.