THERMAL SYSTEMS’ ACCELERATION

FRANCISCO MORENO  
THERMAL SYSTEMS BUSINESS GROUP PRESIDENT

FRANÇOIS BORDES  
THERMAL SYSTEMS BUSINESS GROUP R&D AND PRODUCT MARKETING DIRECTOR
DID YOU KNOW?

THERMAL MANAGEMENT IS CRUCIAL FOR LIMITING EMISSIONS

- Reduce cold start emissions by exhaust heat recovery
- Ensure clean diesel and efficient gasoline by exhaust gas recirculation cooling & water charged air cooling
DID YOU KNOW?

ELECTRIC VEHICLE PERFORMANCE & RELIABILITY IS LINKED TO BATTERY THERMAL MANAGEMENT

- + 10°C of battery cell temperature over the limit will reduce its life time by two
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DID YOU KNOW?
CABIN THERMAL CONDITIONING AND VEHICLE SPEED CAN REDUCE THE RANGE OF AN ELECTRIC VEHICLE BY 60%

- Heat pump system & active grille shutters will become mandatory for EV range
THERMAL IS EVERYWHERE
THS BUSINESS GROUP A STRONG GLOBAL PLAYER

A FULL THERMAL SYSTEM SCOPE, #2 POSITION WORLDWIDE
VALEO THERMAL SYSTEMS
KEY FIGURES (END OF 2016)

TOTAL SALES
€4.6 BN

EBITDA
10.0 % OF SALES

22,800 EMPLOYEES

67 PRODUCTION SITES

26 COUNTRIES

21 RESEARCH & DEVELOPMENT CENTERS
VALEO THERMAL SYSTEMS
WORLDWIDE PRESENCE (END OF 2016)

**NORTH AMERICA**
32% SALES
23% HEADCOUNT

**EUROPE**
37% SALES
44% HEADCOUNT

**CHINA**
14% SALES
14% HEADCOUNT

**SOUTH AMERICA**
3% SALES
3% HEADCOUNT

**ASIA EXCL. CHINA**
14% SALES
16% HEADCOUNT
### VALEO THERMAL SYSTEMS

#### OUR COMMITMENT IN 2015, WHAT WE ACHIEVED IN 2016

<table>
<thead>
<tr>
<th>COMMITTED IN 2015</th>
<th>ACHIEVED IN 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ANNUAL GROWTH OVER 2014 - 2020 PERIOD</strong></td>
<td><strong>ANNUAL GROWTH FROM 2014 TO 2016</strong></td>
</tr>
<tr>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td><strong>EBITDA MARGIN IMPROVEMENT FROM 11.1% IN 2014 TO</strong></td>
<td><strong>2016 EBITDA</strong></td>
</tr>
<tr>
<td>12.5%</td>
<td>10%</td>
</tr>
<tr>
<td>IN 2020</td>
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WE ARE AHEAD OF THE PLAN ANNOUNCED IN MARCH 2015
OVERPERFORMING THE MARKET WITH OUR INNOVATIONS

GROWTH ENGINES

2015

TRADITIONAL PRODUCTS

2015

Source: Valeo

*Strategic products and services that are positioned in growing markets or generate a significant increase in Group sales
THERMAL SYSTEMS GROWTH IS FUELED BY SUCCESSIVE INNOVATION WAVES

- **3 WAVE**: HEALTH & WELL-BEING
- **2 WAVE**: ELECTRIC VEHICLE RANGE & RELIABILITY
- **1 WAVE**: INTERNAL COMBUSTION ENGINE EMISSIONS DECREASE

2016 - 2026
THERMAL SYSTEMS GROWTH IS FUELED BY SUCCESSIVE INNOVATION WAVES

2016 2026

1 WAVE
INTERNAL COMBUSTION ENGINE EMISSIONS DECREASE

2 WAVE
ELECTRIC VEHICLE RANGE & RELIABILITY

3 WAVE
HEALTH & WELL-BEING
# INTERNAL COMBUSTION ENGINE EMISSIONS REDUCTION LEVERS

<table>
<thead>
<tr>
<th>AIR CONDITIONING EFFICIENCY</th>
<th>+10% Air Conditioning efficiency = -2g CO₂/km</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEIGHT</td>
<td>-100 kg = - 8g CO₂/km</td>
</tr>
<tr>
<td>AERODYNAMICS</td>
<td>-5 dm² of facia aerodynamics = -2.5g CO₂/km</td>
</tr>
<tr>
<td>POWERTRAIN THERMAL MANAGEMENT</td>
<td>+10% powertrain efficiency = -10g CO₂/km  EGR with cooling up to -88% NOx emissions level</td>
</tr>
</tbody>
</table>
#2 POSITION FUELED BY A COMPREHENSIVE INNOVATIONS PORTFOLIO

**AIR CONDITIONING EFFICIENCY**

**WEIGHT**

**AERODYNAMICS**

**POWERTRAIN THERMAL MANAGEMENT**
SUPPORTING MARKET SHARE GROWTH IN THERMAL SYSTEMS

MARKET SHARE 2016

13%

MARKET SHARE 2021

17%

+4 PTS OF MARKET SHARE
DIESEL DROP HAS NO IMPACT ON VALEO THERMAL SYSTEMS
THERMAL SYSTEMS GROWTH IS FUELED BY SUCCESSIVE INNOVATION WAVES

- **Health & Well-being**
- **Electric Vehicle Range & Reliability**
- **Internal Combustion Engine Emissions Decrease**

2016

2026
ELECTRIC VEHICLE RANGE & RELIABILITY
TWO SPECIFIC LEVERS

EFFICIENT CABIN HEATING & COOLING

BATTERY THERMAL MANAGEMENT
CABIN HEATING WITH HIGH PERFORMANCE
HEAT PUMP SYSTEM

Cabin Heating: Heat Pump & Battery Thermal System

FULL THERMAL SYSTEM PROVIDER

+30% DRIVING RANGE

FIRST SOP 2019 CHINA & EUROPE

R-1234yf
BATTERY THERMAL MANAGEMENT

Cooling system for Li-ion Battery

LIGHT WEIGHT, FAST & HOMOGENEOUS BATTERY CELL COOLING MODULE

THERMAL SYSTEM PROVIDER
THERMAL SYSTEMS’ CUSTOMERS
LEADING THE WAY IN ELECTRIC CARS

VALEO HVAC

VALEO BATTERY COOLING

NEW EV
SOP JULY 2017

VALEO BATTERY COOLING, AGS, HVAC
THERMAL GROWTH WILL BE BOOSTED BY ELECTRIFICATION

<table>
<thead>
<tr>
<th></th>
<th>ACTIVE GRILLE SHUTTERS</th>
<th>ENGINE COOLING MODULE</th>
<th>HVAC</th>
<th>ADDITIONAL HEATING</th>
<th>COMPRESSOR</th>
<th>BATTERY COOLING</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICE</td>
<td><img src="ice.png" alt="Image" /></td>
<td><img src="ice.png" alt="Image" /></td>
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<tr>
<td>HEV</td>
<td><img src="hev.png" alt="Image" /></td>
<td><img src="hev.png" alt="Image" /></td>
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<tr>
<td>PHEV / EV</td>
<td><img src="phev.png" alt="Image" /></td>
<td><img src="phev.png" alt="Image" /></td>
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<td></td>
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<tr>
<td>FCEV</td>
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VALEO THERMAL SYSTEMS CONTENT PER CAR BASED ON 2016 PRODUCTS (PRICE & TECHNOLOGY)

- **ICE**
  - Multiplier: $x1.5$
- **HEV**
  - Multiplier: $x2$
- **PHEV / EV**
  - Multiplier: $x3$
- **FCEV**
  - Multiplier: $x3$
THERMAL SYSTEMS GROWTH IS FUELED BY SUCCESSIVE INNOVATION WAVES

HEALTH & WELL-BEING

ELECTRIC VEHICLE RANGE & RELIABILITY

INTERNAL COMBUSTION ENGINE EMISSIONS DECREASE

2016

2026
HEALTH & WELL-BEING
ACTIVELY CARING FOR PASSENGERS

- Pure Air for all
- Relaxing or energizing interior (air temperature, humidity, aroma, interior lighting)
- Adaptive & personalized comfort
AIR POLLUTION IS A WORLDWIDE HEALTH ISSUE

<table>
<thead>
<tr>
<th>Air Quality Index Levels of Health Concern</th>
<th>Numerical Value</th>
</tr>
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<tbody>
<tr>
<td>Good</td>
<td>0 to 50</td>
</tr>
<tr>
<td>Moderate</td>
<td>51 to 100</td>
</tr>
<tr>
<td>Unhealthy for Sensitive Groups</td>
<td>101 to 150</td>
</tr>
<tr>
<td>Unhealthy</td>
<td>151 to 200</td>
</tr>
<tr>
<td>Very Unhealthy</td>
<td>201 to 300</td>
</tr>
<tr>
<td>Hazardous</td>
<td>301 to 500</td>
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</table>
PURE AIR FOR ALL

DETECTION, FILTRATION, CLEANING

PM 2.5 HIGH EFFICIENCY FILTER

PM 2.5 SENSOR

AIR PURIFIER
PERSONALIZED COMFORT

PHYSIO COMFORT SYSTEM

1. DETECTION

2. PHYSIOLOGICAL ANALYSIS

3. HVAC CONTROL FITS TO INDIVIDUAL NEED & MINIMUM ENERGY
UNIQUE INTERIOR EXPERIENCE
MULTI SENSORIAL, DIGITAL, SCALABLE, ADAPTIVE

VIS
Interior lighting

CDA
Camera & driver state monitoring, Human Machine Interface

THS
Thermal comfort, air quality, scents health care and well-being
EXPERIENCE OF TRAVELING

AQUAIRIUS® COOLING MIST DIFFUSER

COMPACT MULTI-FRAGRANCE DIFFUSER

AIR PURIFIER

SENSORY EXPERIENCE OF TRAVELING

For enhanced passenger well-being
HEALTH & WELL-BEING FEATURES MAY INCREASE CONTENT PER CAR UP TO 30% ON TOP OF HVAC
THE BEST IS AHEAD OF US
THERMAL SYSTEMS BUSINESS GROUP IS ACCELERATING

2021

~€6.5 BILLION SALES
CAGR: >7%

~13% EBITDA

2016

€4.6 BILLION SALES
10.0% EBITDA
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.