Dear Shareholders,

Our excellent results in 2016 reflect the work accomplished by our teams over the past few years to build a new Valeo: more technologically focused, innovative, dynamic and profitable. I would therefore like to thank them for their commitment and professionalism.

During the year, our order intake hit another record – at 23.6 billion euros – reflecting the ongoing commercial success of our technologies for CO₂ emissions reduction and intuitive driving.

Our sales grew by 14%. Our original equipment sales jumped 12% like for like, outpacing global automotive production by 8 percentage points. We also recorded increases of 17% in our gross margin, 20% in our operating margin, 27% in our net income and 17% in our free cash flow generation.

Based on these results, at the next Shareholders’ Meeting, shareholders will be asked to vote on the payment of a dividend of 1.25 euros per share, an increase of 25% compared with the dividend paid in respect of 2015.

In 2017, we are aiming for another year of sales growth, outperforming automotive production by more than 5 percentage points, as well as a slight increase in our operating margin before acquisitions.

On the back of this strong momentum, Valeo held an Investor Day in London on February 28, 2017, during which we presented our strategic plan along with our new financial objectives through 2021. This letter presents the key topics covered at the event.

On behalf of all our employees at Valeo, I would like to thank you for your continued support, and I look forward to seeing you on May 23 at the next Shareholders’ Meeting.

Jacques Aschenbroich
Chairman and Chief Executive Officer
2016 results

ORIGINAL EQUIPMENT SALES UP 14% AS REPORTED (UP 12% LIKE FOR LIKE)

<table>
<thead>
<tr>
<th>ORIGINAL EQUIPMENT SALES</th>
<th>in millions of euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>H1 2016</td>
</tr>
<tr>
<td>Original Equipment Sales</td>
<td>7,106</td>
</tr>
<tr>
<td>+12%^1</td>
<td>+16%^2</td>
</tr>
</tbody>
</table>

^1 Like for like (constant Group structure and exchange rates).
^2 As reported.

SUSTAINED GROWTH IN ORIGINAL EQUIPMENT SALES, generating an overall outperformance of 8 percentage points (like for like)

- **Europe**: OE sales** +8% Production*** +2%
- **Europe** (incl. Africa): OE sales** +11% Production*** +3%
- **North America**: OE sales** +8% Production*** +2%
- **South America**: OE sales** +7% Production*** -11%
- **Asia** (excl. China): OE sales** +11% Production*** 0%
- **World**: OE sales** +12% Production*** +4%

OE sales are defined as the sales of Valeo’s components and systems to vehicle manufacturers. Production is defined as the production of passenger vehicles and light commercial vehicles.

VALEO’S ORDER INTAKE WAS UP 17% TO 23.6 BILLION EUROS

<table>
<thead>
<tr>
<th>ORDER INTAKE</th>
<th>in billions of euros</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>Order intake</td>
<td>20.1</td>
</tr>
<tr>
<td>+17%</td>
<td></td>
</tr>
</tbody>
</table>

Operating margin (before other income and expenses) was up 20% year on year, to 1,334 million euros, or 8.1% of sales. In the second half, operating margin amounted to 687 million euros, or 8.2% of sales.

Net attributable income came in 27% higher at 925 million euros in 2016, or 5.6% of sales.

VALEO generated 661 million euros in free cash flow (before interest) in 2016. Consolidated net debt stood at 526 million euros at end-2016, after taking into account the acquisition of Spheros and peiker.

^1 Including share in net earnings of equity-accounted companies.
On the back of its results over the past two years, which put the Group ahead of schedule on its 2015-2020 strategic plan, on February 28, 2017 Valeo held an Investor Day in London during which Jacques Aschenbroich, Chairman and Chief Executive Officer, Christophe Périllat, Chief Operating Officer, Robert Charvier, Chief Financial Officer, and the management teams of the four Business Groups presented Valeo’s new strategic plan and financial objectives for 2021.

As the world leader in CO2 emissions reduction and intuitive driving, Valeo is intent on continuing its R&D efforts in order to meet its customers’ needs and leverage new growth opportunities for powertrain electrification, autonomous and connected vehicles, as well as new forms of mobility driven by digital technology.

All four of our Business Groups will harness the potential stemming from these new opportunities within the automotive industry, and will undergo several waves of growth as these new technologies enter production.

Valeo has solid fundamentals thanks to its diversified customer and geographic positioning with an increasing footprint in high-growth potential regions, notably in Asia, which is expected to account for 37% of Valeo’s original equipment sales by 2021, versus 27% in 2016.

Building on the growth in the order intake due to the success of its innovations, over the 2016-2021 period, the Group is aiming to accelerate organic growth through higher content per vehicle and a better product mix, to improve profitability and to increase free cash flow generation with, by 2021:

- Sales of over 27 billion euros1, representing average annual sales growth in excess of 10% and outperforming automotive production by more than 7 percentage points
- Operating margin2 (as a percentage of sales) of around 9%
- Free cash flow generation of 3.7 billion euros over the 2017-2021 period, twice the level recorded over the 2012-2016 period of 2 billion euros

1 Including Ichikoh, Valeo-Kapec and FTE.
2 Including share in net earnings of equity-accounted companies.

Valeo Siemens eAutomotive

On December 1, 2016, Valeo and Siemens announced that they had finalized the creation of a joint venture under the name Valeo Siemens eAutomotive devoted to high voltage powertrains for on-road vehicles. Valeo and Siemens will each hold a 50% stake and therefore have joint control. The two companies have thus created a global leader for the supply of innovative and affordable high-voltage components and systems, with a portfolio that includes e-motors, range extenders, onboard chargers, inverters and DC/DC converters for the entire range of electric onroad vehicles including hybrids, plug-in hybrids and full electric vehicles.

Valeo Ichikoh

In January 2017, Valeo announced the successful completion of a takeover bid for Ichikoh, in which it now holds 55% of the capital. Since 2000, the two lighting specialists have developed a successful alliance. The lighting systems industry is undergoing multiple technological transformations, as reflected in the generalization of LEDs, and the emergence of new, innovative LED-enabled features. In this context, the linkup between the two companies will enable the Valeo-Ichikoh alliance to provide a better product offering to Japanese automakers.

Valeo-Kapec

On February 6, 2017, Valeo announced that it had signed an agreement with its long-standing South Korean partner, Pyeong Hwa Group, to create a 50/50 joint venture in transmission manufacturing, thereby forming a new company, Valeo-Kapec. From its headquarters in Daegu, South Korea, Valeo-Kapec will strengthen its ties with automaker customers, such as Hyundai, and leverage a global manufacturing footprint to become the world leader in torque converters for automatic and continuously variable transmissions.
**SHARE PRICE**

**December 31, 2013 – March 31, 2017**

![Graph showing share price movement from December 31, 2016 to March 31, 2017]

**PER SHARE DATA**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings per share</td>
<td>3.11</td>
<td>3.91</td>
</tr>
<tr>
<td>Earnings per share excluding non-recurring items</td>
<td>3.52</td>
<td>3.98</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividend per share</td>
<td>1.00²</td>
<td>1.25¹</td>
</tr>
</tbody>
</table>

¹ Dividend of 1.25 euros per share proposed at the Shareholders’ Meeting called to approve the financial statements for the year ended December 31, 2016.

² Eligible for the 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 French Finance Law for 2013). These figures are provided for information purposes only. Please contact your financial advisor to discuss the specific tax and social security treatment of your shares.

**OWNERSHIP STRUCTURE**

**MARCH 31, 2017**

<table>
<thead>
<tr>
<th>% of share capital</th>
<th>% of voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>89.74% (89.96%)</td>
<td>89.96%</td>
</tr>
<tr>
<td>Other*</td>
<td>1%</td>
</tr>
</tbody>
</table>

Number of shares: 239,143,131
Number of voting rights: 244,639,996

- **5.22%** (4.11%) BlackRock Inc.
- **5.04%** (3.93%) Lazard Asset Management LLC

% of share capital (% of voting rights)

1 Including 872,756 treasury shares (0.36% of the share capital)

**STOCK MARKET DATA**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market capitalization at year-end (in billions of euros)</td>
<td>11.33</td>
<td>13.06</td>
</tr>
<tr>
<td>Number of shares</td>
<td>238,387,620</td>
<td>239,143,131</td>
</tr>
<tr>
<td>Highest share price (in euros)</td>
<td>52.23</td>
<td>56.47</td>
</tr>
<tr>
<td>Lowest share price (in euros)</td>
<td>33.20</td>
<td>33.88</td>
</tr>
<tr>
<td>Average share price (in euros)</td>
<td>44.26</td>
<td>46.20</td>
</tr>
<tr>
<td>Share price at year-end (in euros)</td>
<td>47.52</td>
<td>54.61</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
</tr>
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**CALENDAR**

- **April 26, 2017** First-quarter 2017 sales
- **May 23, 2017** Ordinary and Extraordinary Shareholders’ Meeting
- **July 20, 2017** First-half 2017 results
- **October 24, 2017** Third-quarter 2017 sales

**CONTACTS**

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