



H1 2015 Results

Jacques Aschenbroich – CEO

July 27, 2015

H1 highlights

Fueled by
innovation

Order intake⁽¹⁾ of €10.7bn

+18% as reported
+13% like-for-like ⁽²⁾

Sales of €7.3bn

+15% as reported
+6% like-for-like ⁽²⁾

OEM sales of €6.3bn

+16% as reported
+7% like-for-like ⁽²⁾

Outperformance
in all production
regions and
Business Groups

World OEM sales

Growth*

+7%

Europe

+10%

China

+10%

North America

+4%

Asia (excluding China)

+2%

South America

-13%

*OEM sales like-for-like

Outperformance**

+6pts

+8pts

+5pts

+1pt

+3pts

+3pts

**vs automotive production

Aftermarket sales of €0.8bn

+8% as reported
+2% like-for-like ⁽²⁾

⁽¹⁾ See glossary page 40

⁽²⁾ Constant Group structure and exchange rates.

H1 highlights

Strong improvement in Profitability

Operating margin* of €538m 7.4% of sales

up 23%

Net income of €344m 4.7% of sales

up 34%

EPS of €4.41

up 34%

Significant cash generation increase

EBITDA⁽¹⁾ of €913m 12.5% of sales

up 24%

Free cash flow⁽¹⁾ of €306m

Double H1 14

Cash conversion rate (FCF/EBITDA)

33%

ROCE⁽¹⁾

32%

ROA⁽¹⁾

21%

Net debt⁽¹⁾ of €219m

down €122m vs end 2014

⁽¹⁾ See glossary page 40

* incl. joint ventures and associates in accordance with new IFRS standards

Chinese trend

Latest market trends

- Growth rate slowing down
- Many customers extending summer holidays
- Full-year growth production forecast: between 4% and 5%

Valeo's performance

- YTD organic growth of 10%
- Numerous starts of production ongoing thanks to very high historical level of order intake
- Strong growth with Chinese OEM
- Thanks to ongoing starts of production, H2 sales and operating margin in line or better than H1
- Adapt hiring and capex to current market conditions
- No change in long term view presented in London in March 2015

Outperformance versus production in 2015

2015 outlook

Based on the following key assumptions for full-year 2015:

- Automotive production growth consistent with LMC estimates:
 - World: between 2% and 3%
 - Europe (excl. Russia): between 4% and 5%
 - China: between 4% and 5%
- Raw material prices and currencies in line with current levels

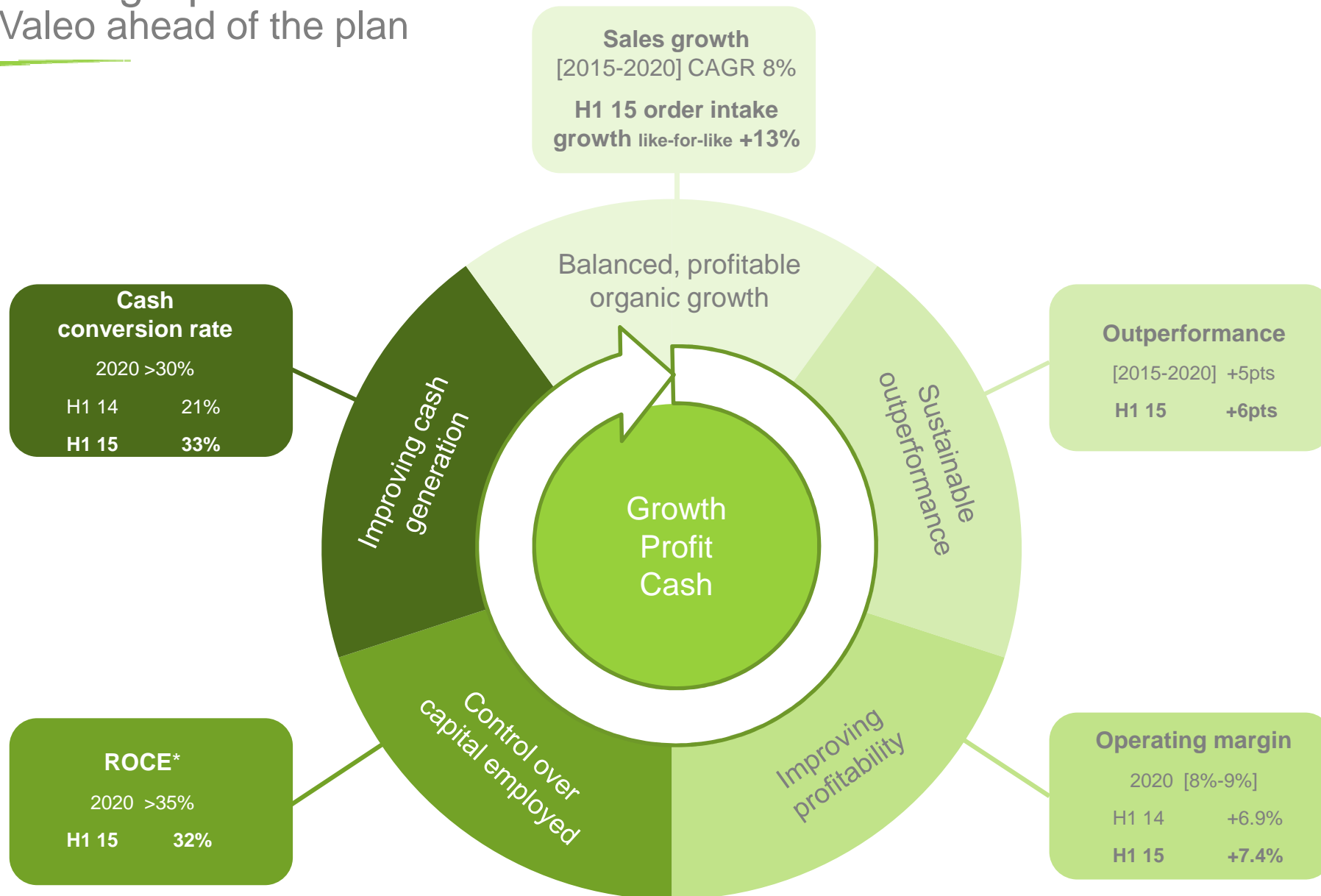
Valeo raises its full-year 2015 guidance :

- Sales growth outperformance in the main production regions including China
- Operating margin* (as a % of sales) higher than 2014 with a slight increase in operating margin* (as a % of sales) in the second half 2015 as compared to the first half


* Including joint ventures and associates in accordance with new IFRS standards

Strategic plan 2015-2020

Valeo ahead of the plan



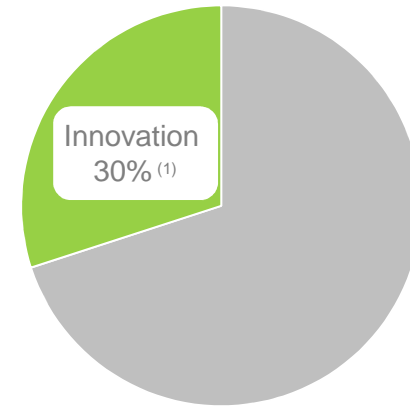
*See glossary page 40
**FCF/EBITDA



Half year order intake
of €10.7bn
up 18% (up 13% like-for-like)
confirming high growth potential

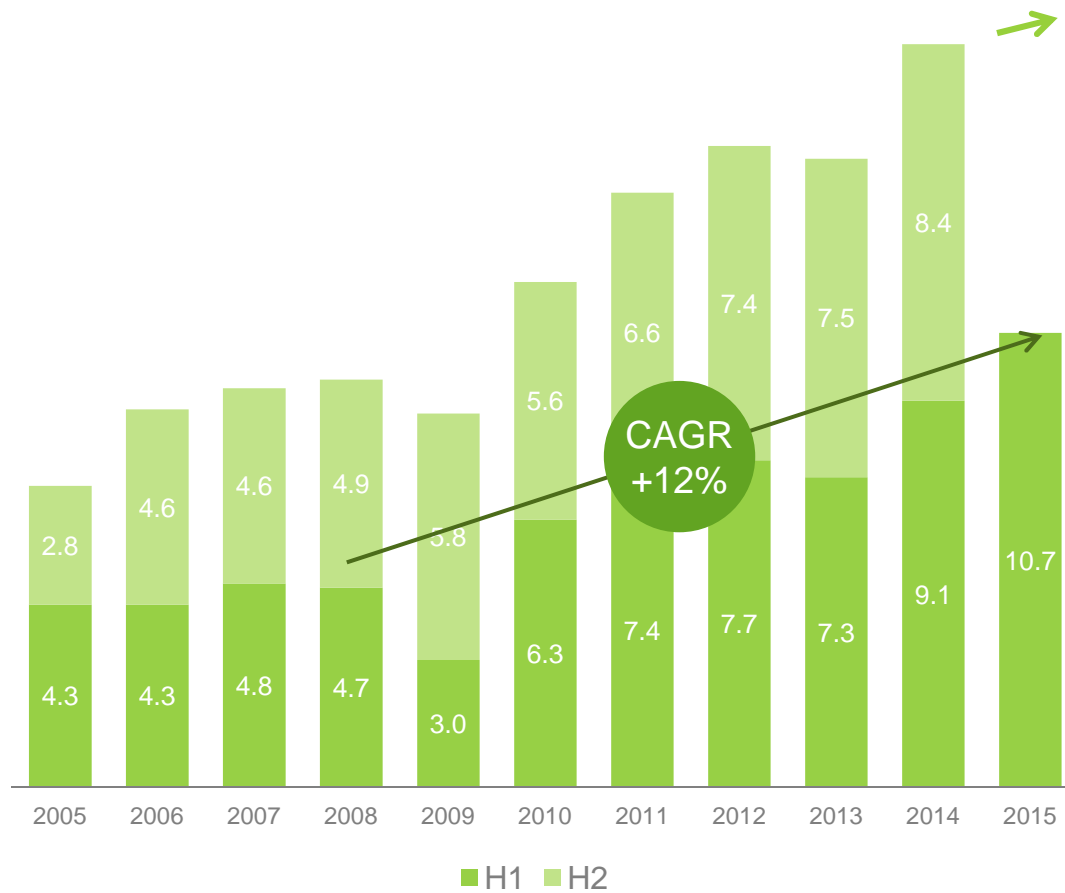
Acceleration in order intake up 18% (up 13% like-for-like)... ... leading to an acceleration in Valeo's future organic growth

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

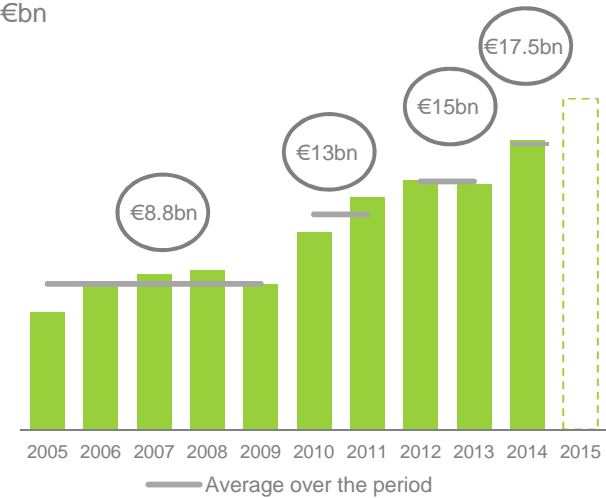


(1) Products and technologies sold by less than 3 years

Order intake*
€bn



FY order intake*
€bn

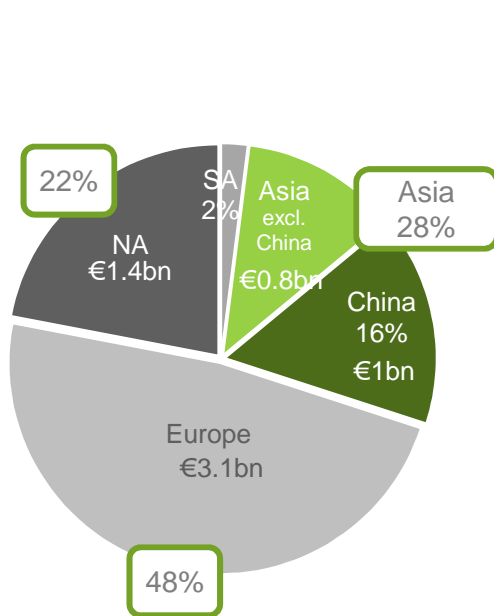


*Excluding Access Mechanisms business from 2005 to 2013 and including joint ventures consolidated proportionally

Acceleration in order intake fueling future organic growth

China: local OEMs representing ~20% of OEM sales and 44% of order intake

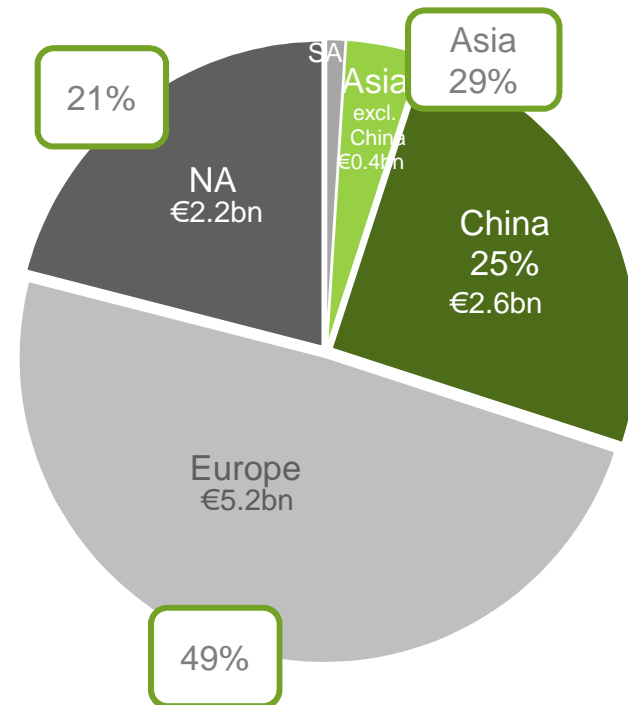
% of H1 2015 OEM sales*



OEM sales: €6.5bn


	Order Intake/OE sales ratio
Asia	1.7x
Of which China	2.6x
Europe	1.7x
North America	1.6x
Group	1.6x

% of H1 2015 order intake*



Order intake: €10.7bn

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



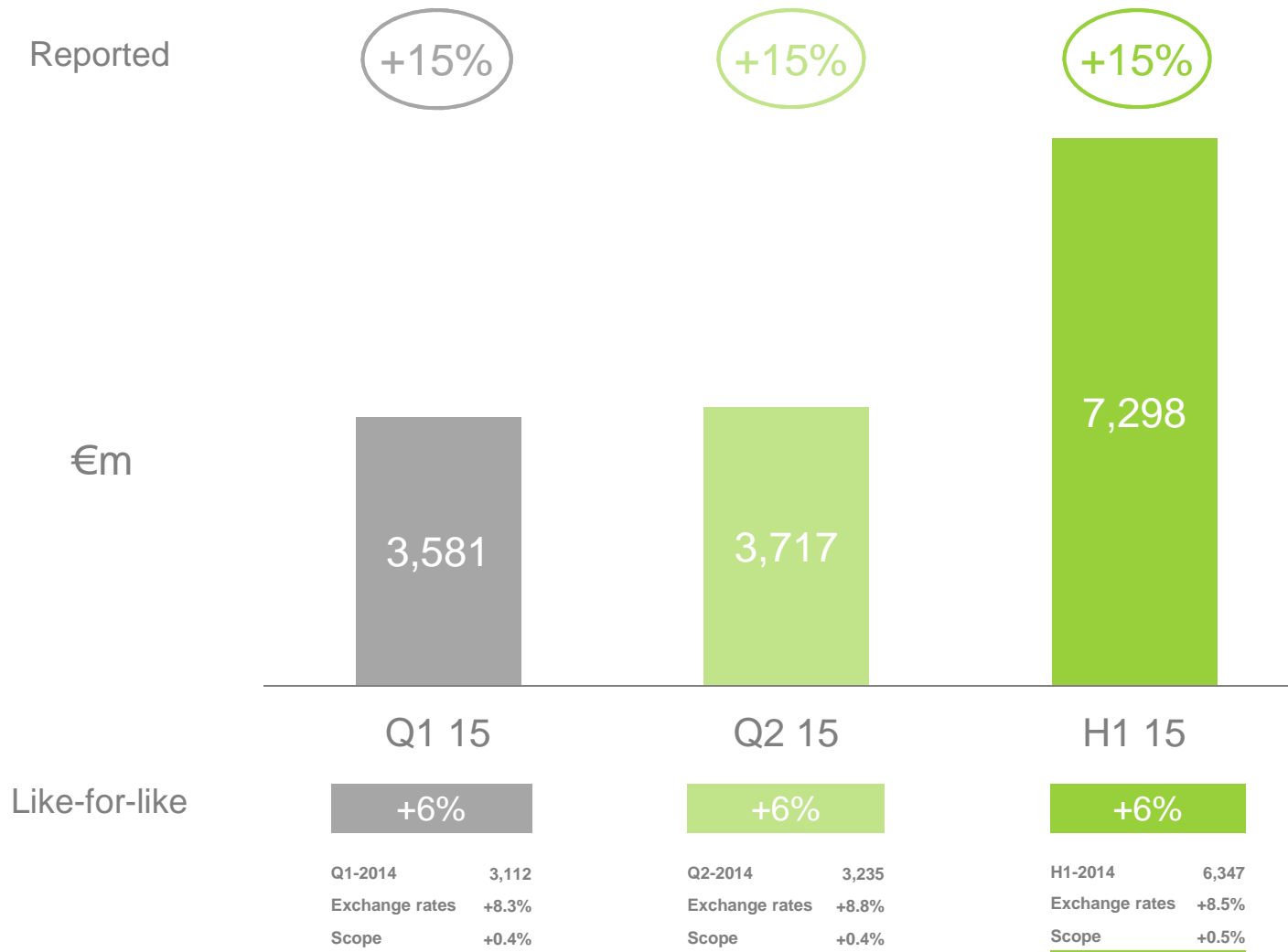
Sales of €7.3bn, up 15% as reported
up 6% like-for-like

OEM sales, up 16% as reported
up 7% like-for like, a 6-point outperformance

Aftermarket sales, up 8% as reported
up 2% like-for-like

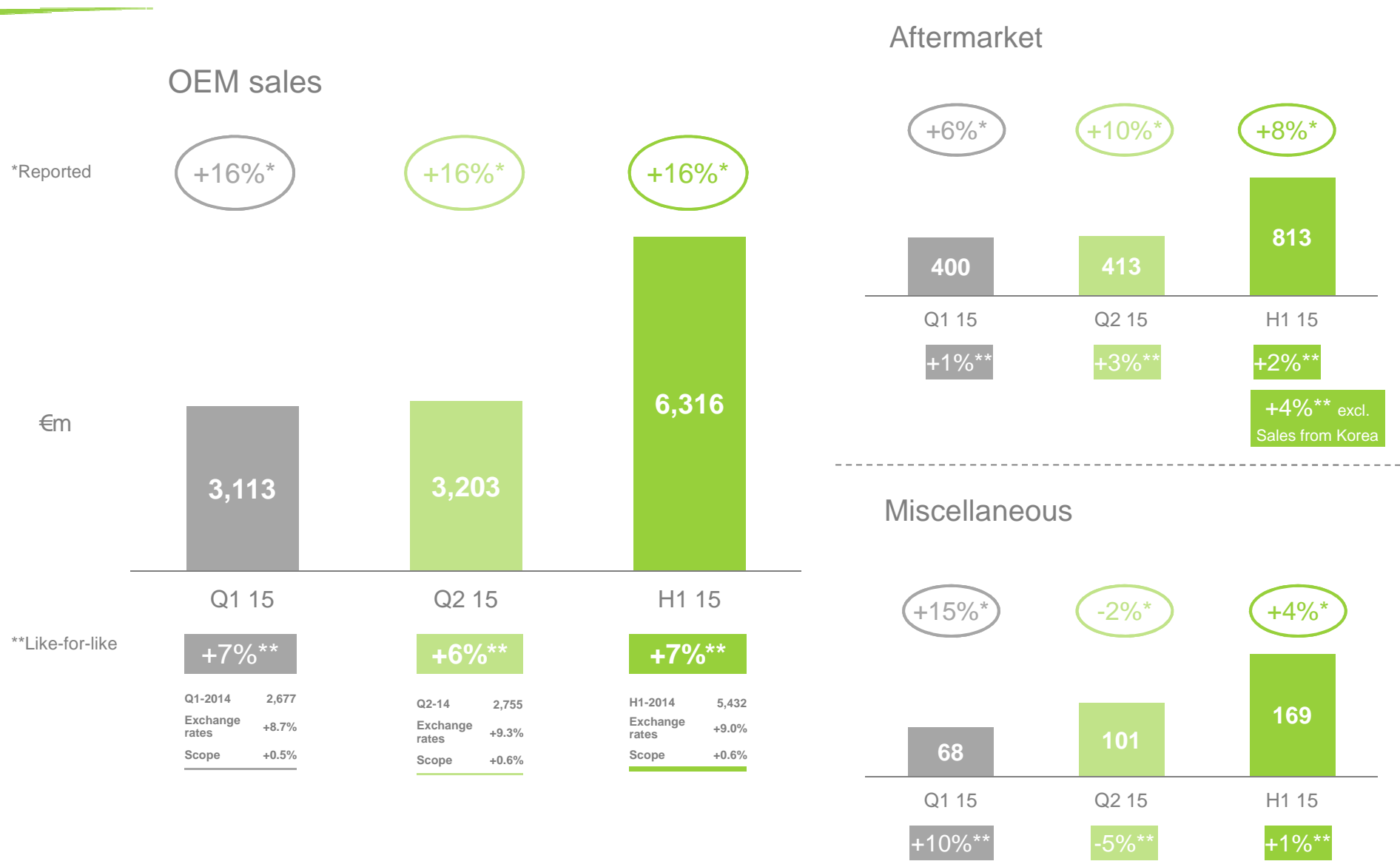
H1 sales totaled €7.3bn, up 15% as reported (up 6% like-for-like)

Consistent performance over H1



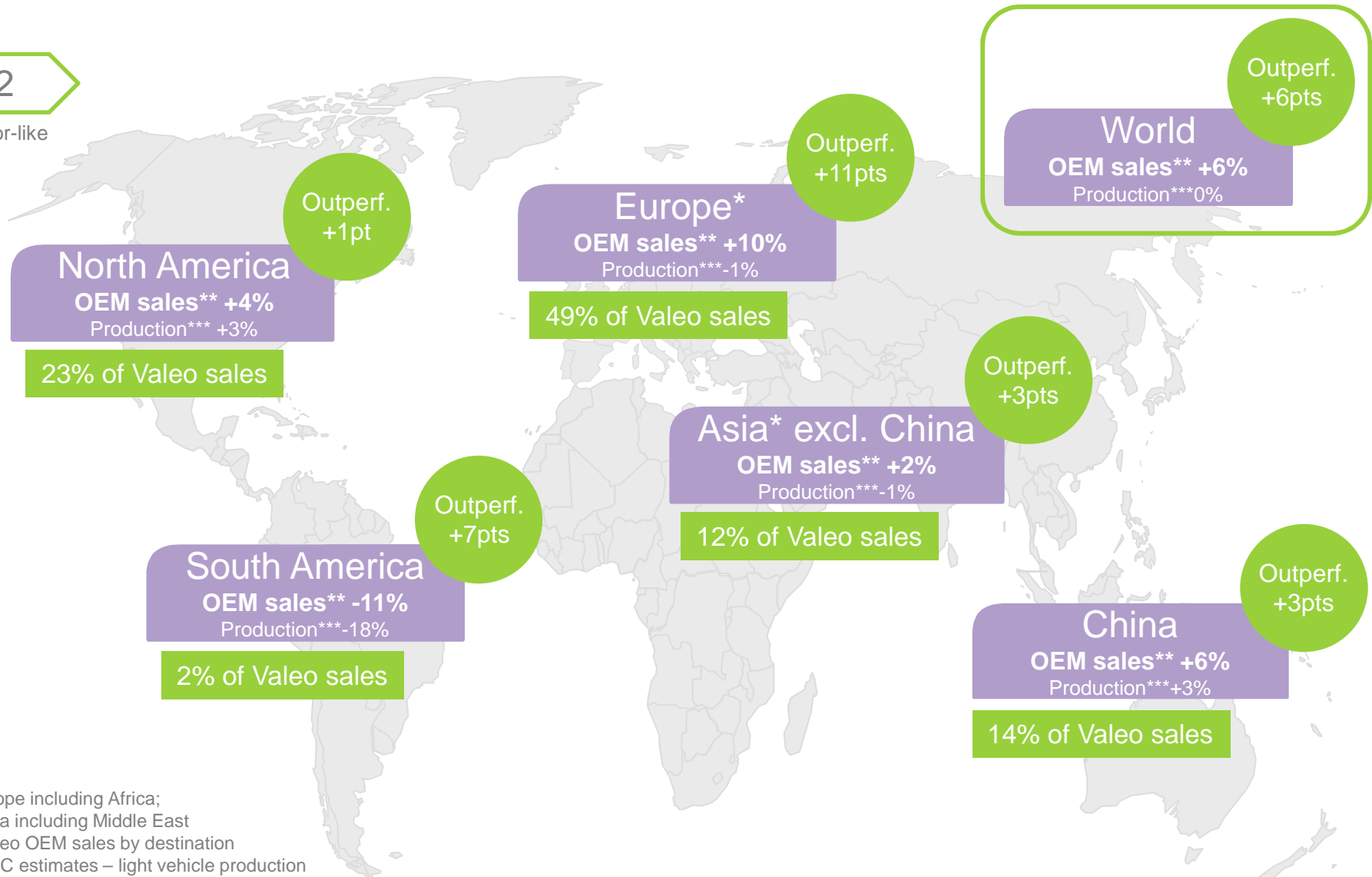
Consistent performance in OEM sales, up 16% as reported

Improvement in aftermarket sales (up 6% as reported in Q1, up 10% as reported in Q2)



OEM sales outpaced the market in all production regions

Q2
Like-for-like

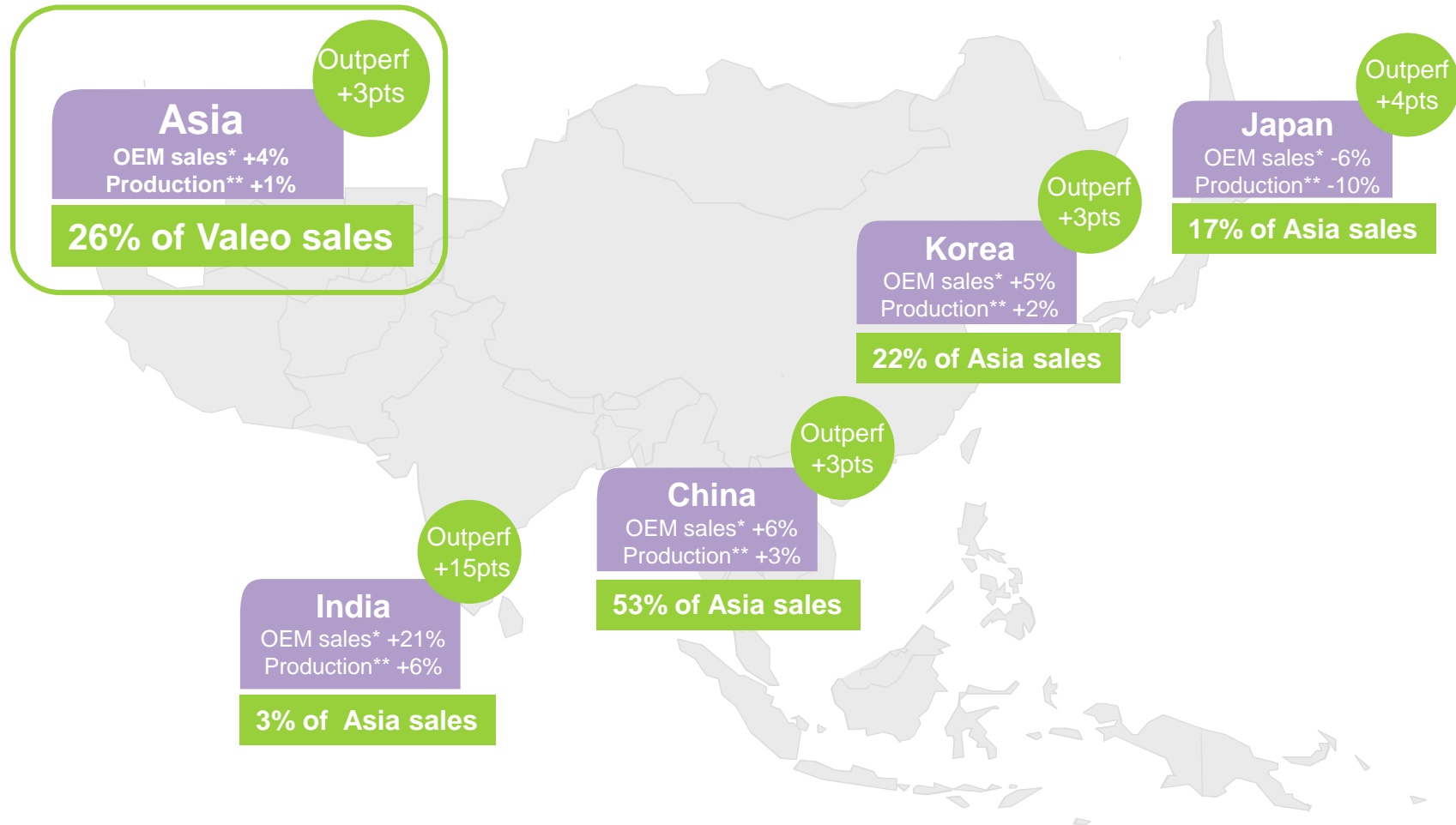


* Europe including Africa;
Asia including Middle East
** Valeo OEM sales by destination
***LMC estimates – light vehicle production

Above-market growth in all Asian countries

Q2

Like-for-like



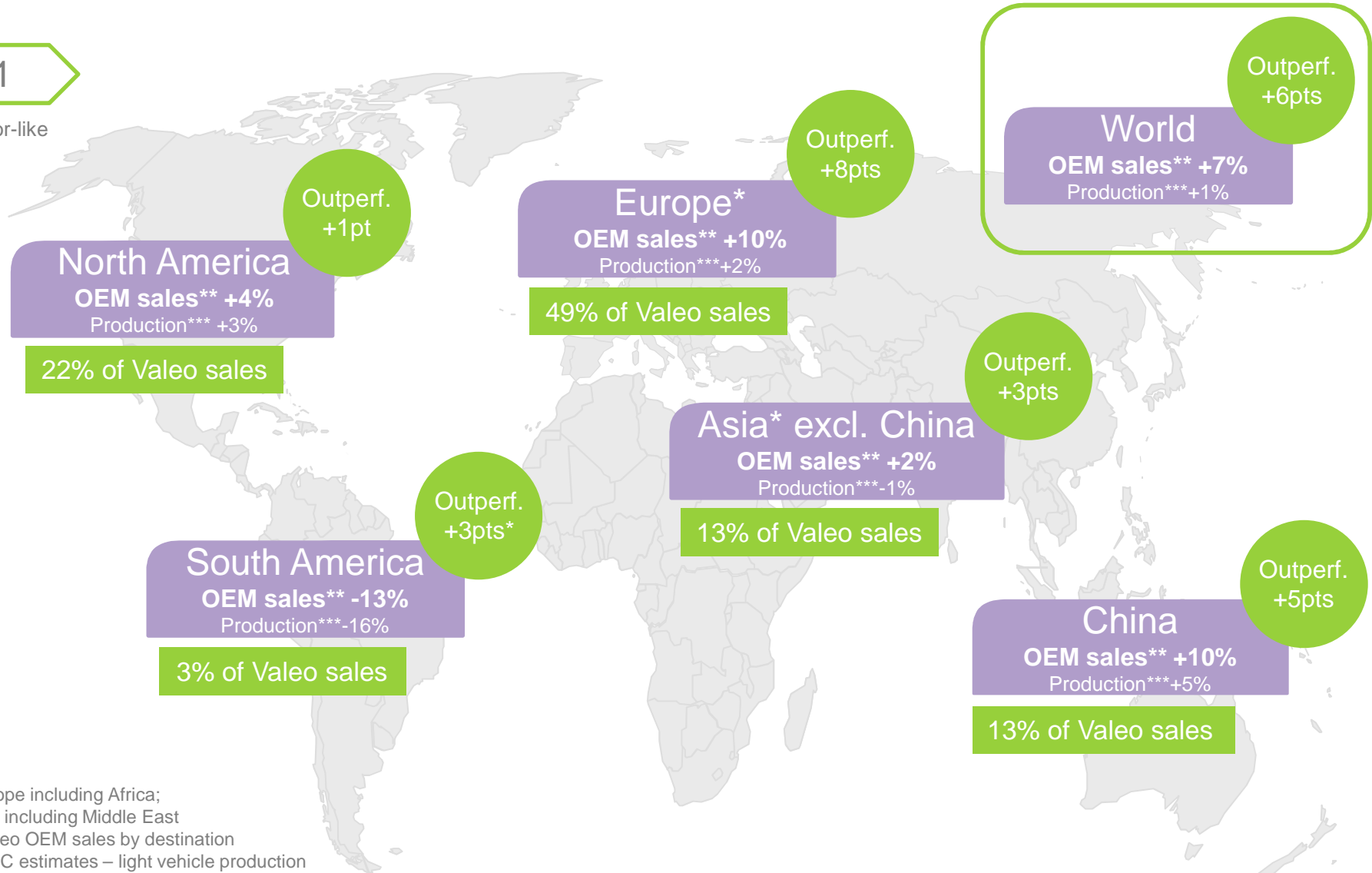
*Valeo OEM sales by destination

**LMC estimates – light vehicle production

OEM sales outpaced the market in all production regions

H1

Like-for-like

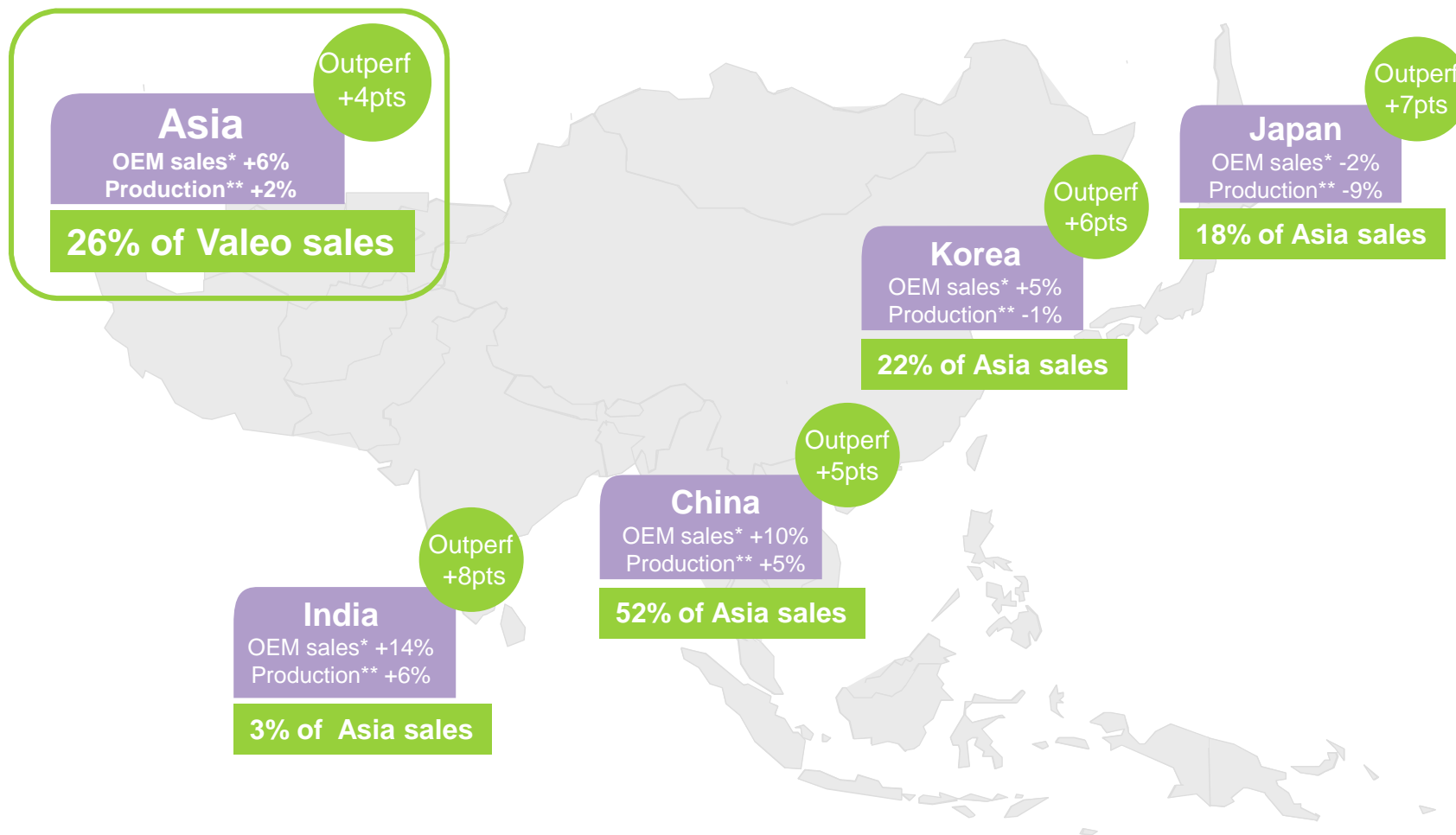


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Above-market growth in all Asian countries

H1

Like-for-like

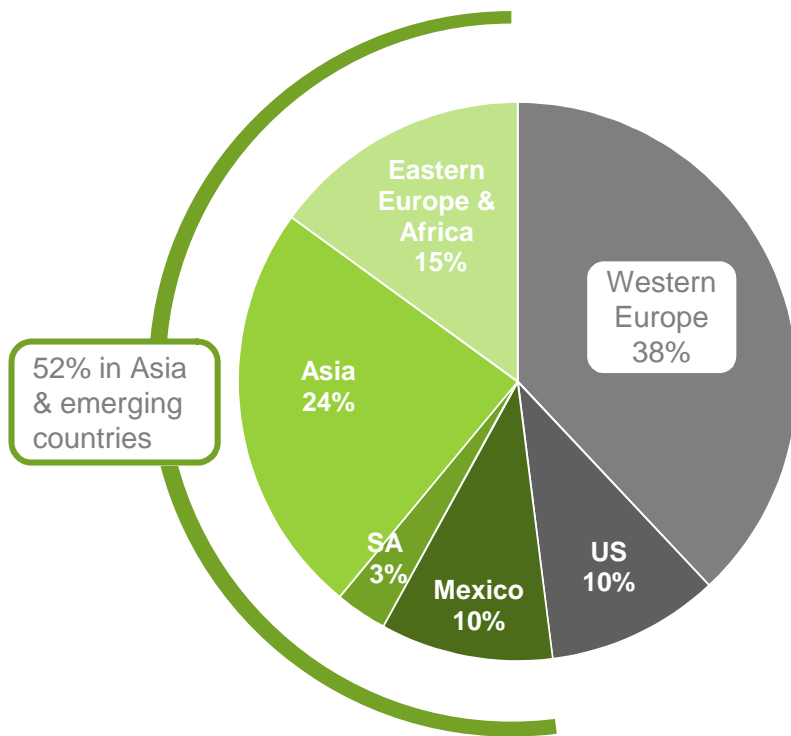


*Valeo OEM sales by destination

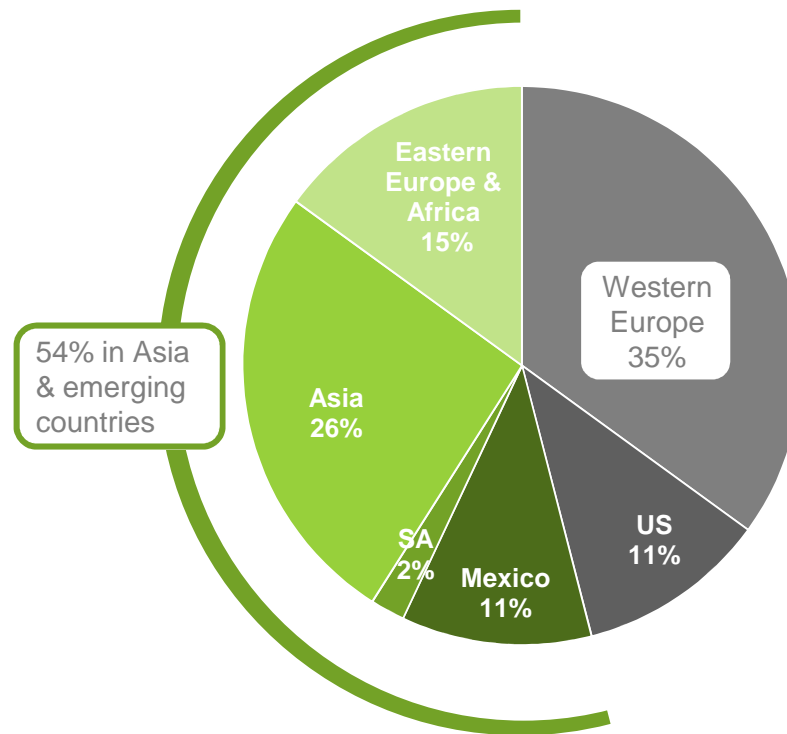
**LMC estimates – light vehicle production

Ongoing geographic rebalancing...

OEM sales by production region



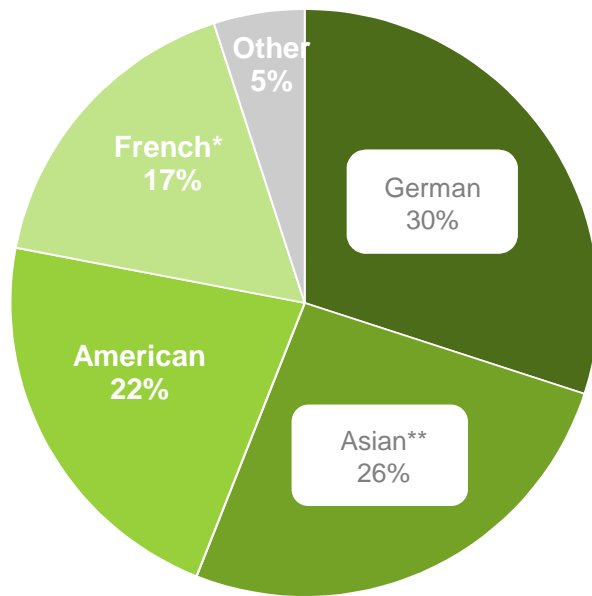
H1 2014



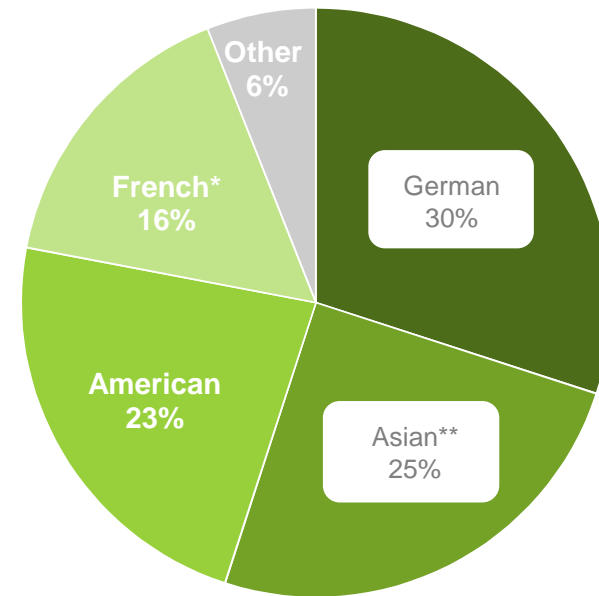
H1 2015

... And a balanced, diverse customer portfolio

% of OEM sales



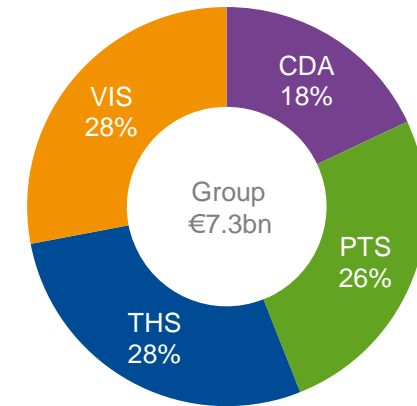
H1 2014



H1 2015


* Excluding Nissan
** Including Nissan

Above-market growth in all Business Groups



% H1 2015 sales

	Total sales growth (year-on-year)	OEM sales growth (like-for-like)		
	H1	Q1	Q2	H1
CDA	+19%	+13%	+13%	+13%
Powertrain	+14%	+4%	+7%	+5%
Thermal	+13%	+4%	+1%	+2%
Visibility	+16%	+9%	+7%	+8%



Net income, up 34%
to €344m or 4.7% of sales

Operating margin*, up 23%
to €538m or 7.4% of sales

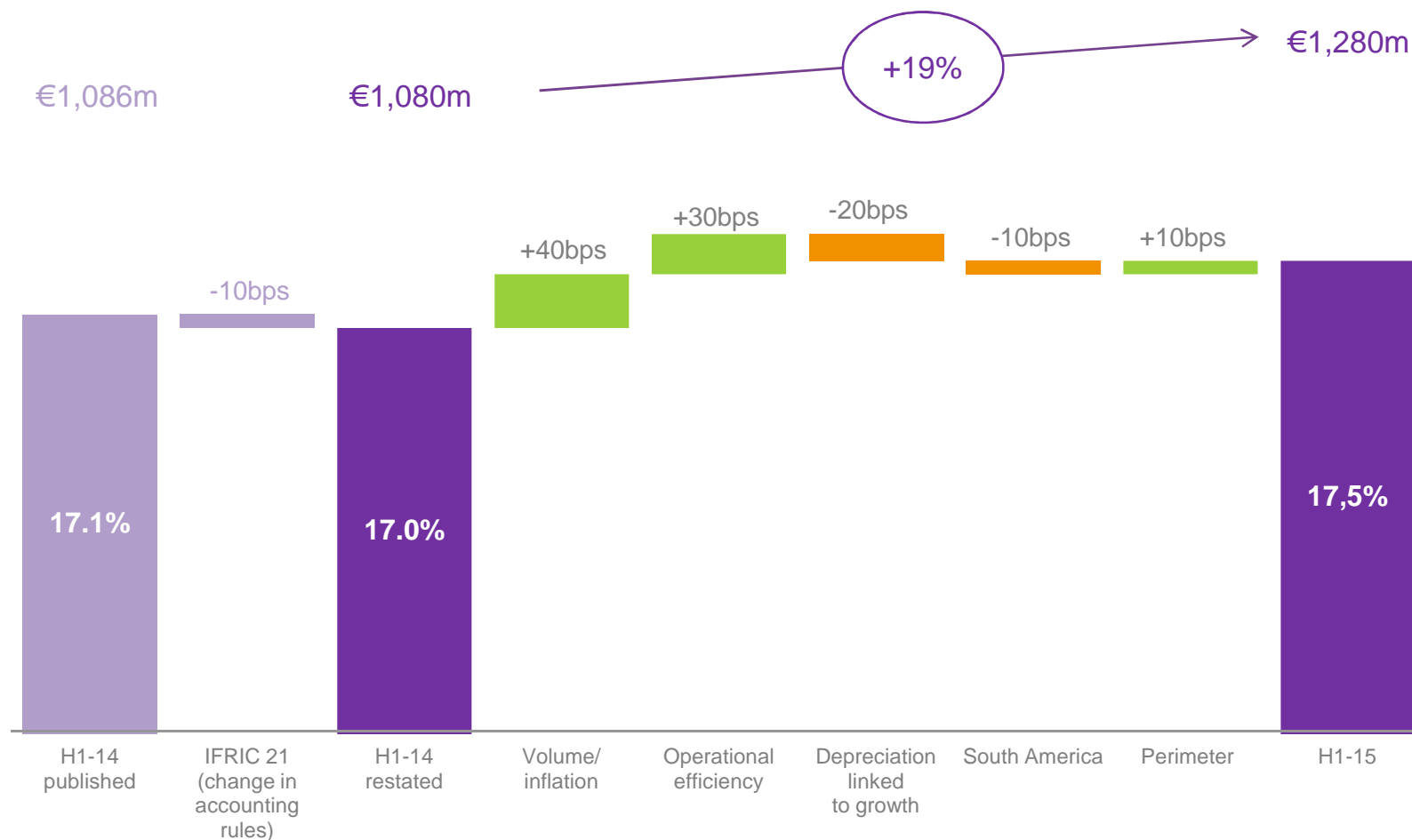
* incl. joint ventures and associates in accordance with new IFRS standards

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Gross margin up 19% to €1,280m or 17.5% of sales

Improvement driven by volumes and operational efficiency

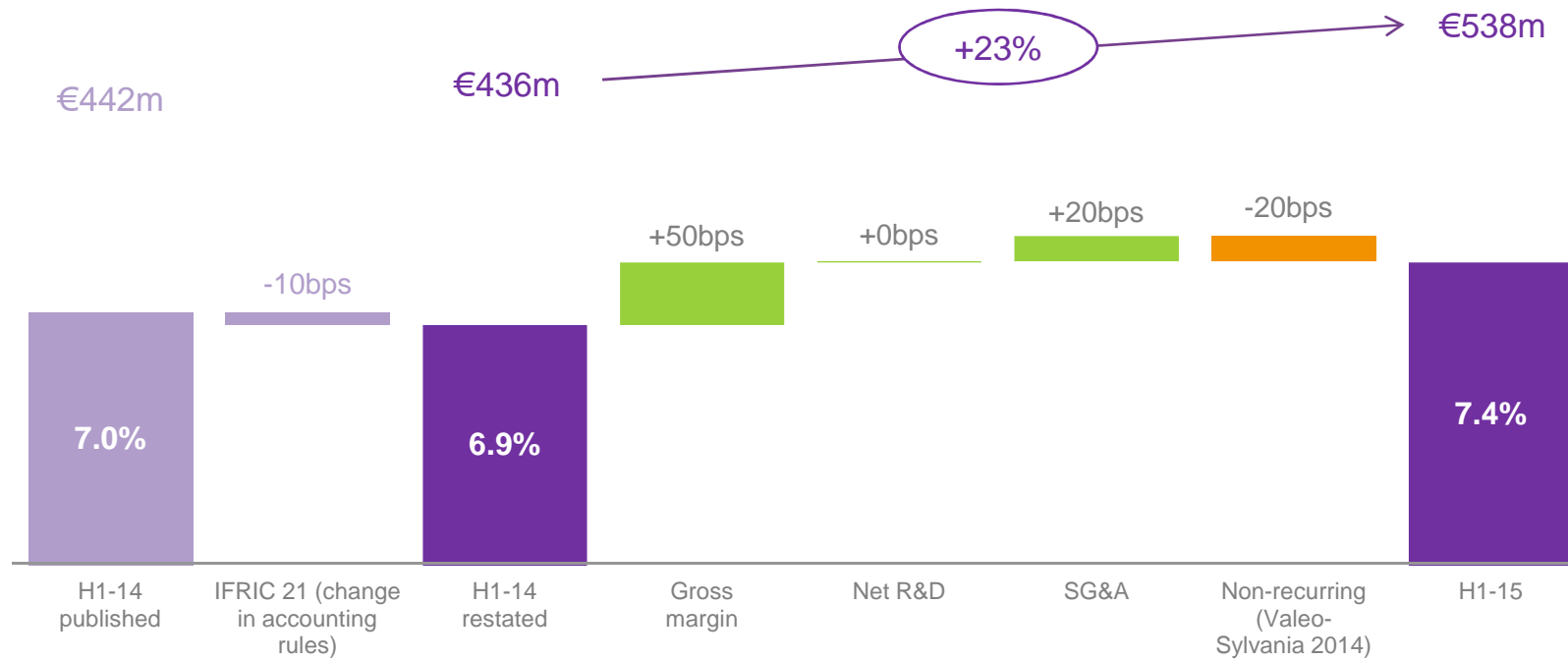


NB: rounded figures

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Operating margin* up 23% to €538m or 7.4% of sales

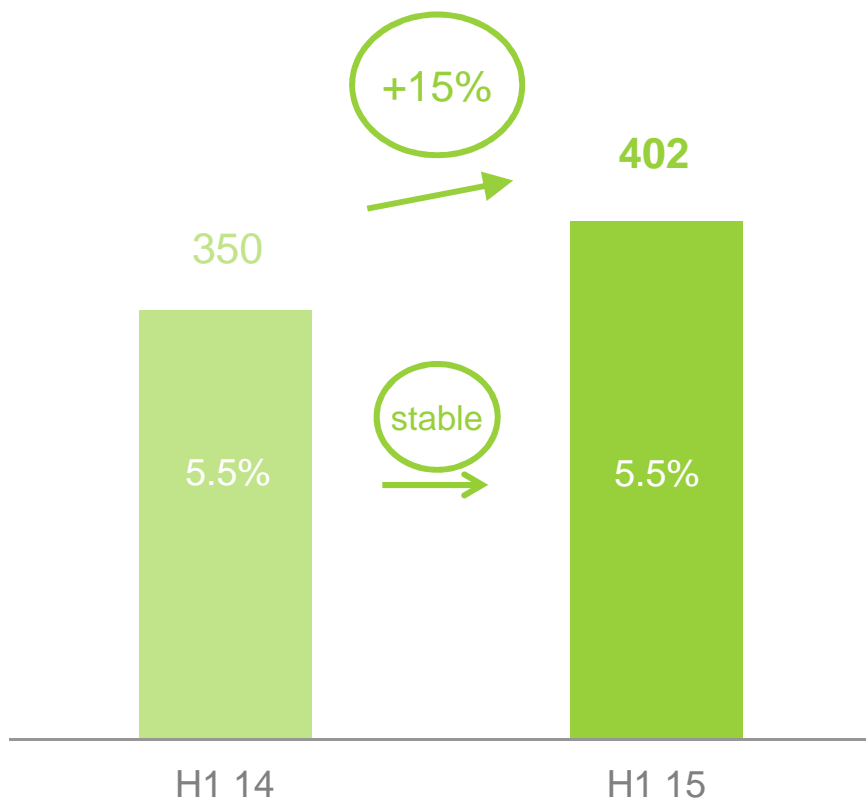


* incl. JV & Associates in accordance with new IFRS standards
 NB: rounded figures

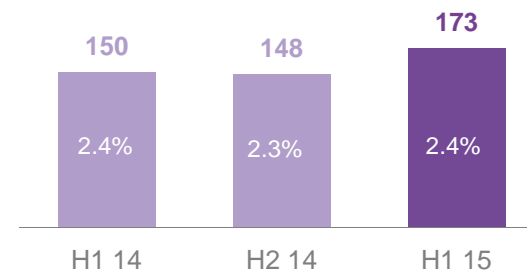
Net R&D expenditure stable at 5.5% of sales

Strong R&D effort to sustain high order intake

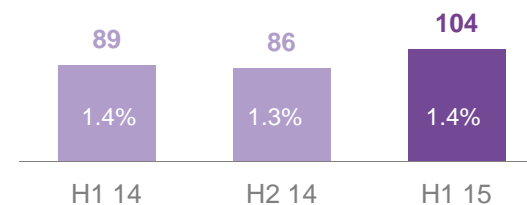
Net R&D
In €m & as a % of sales



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

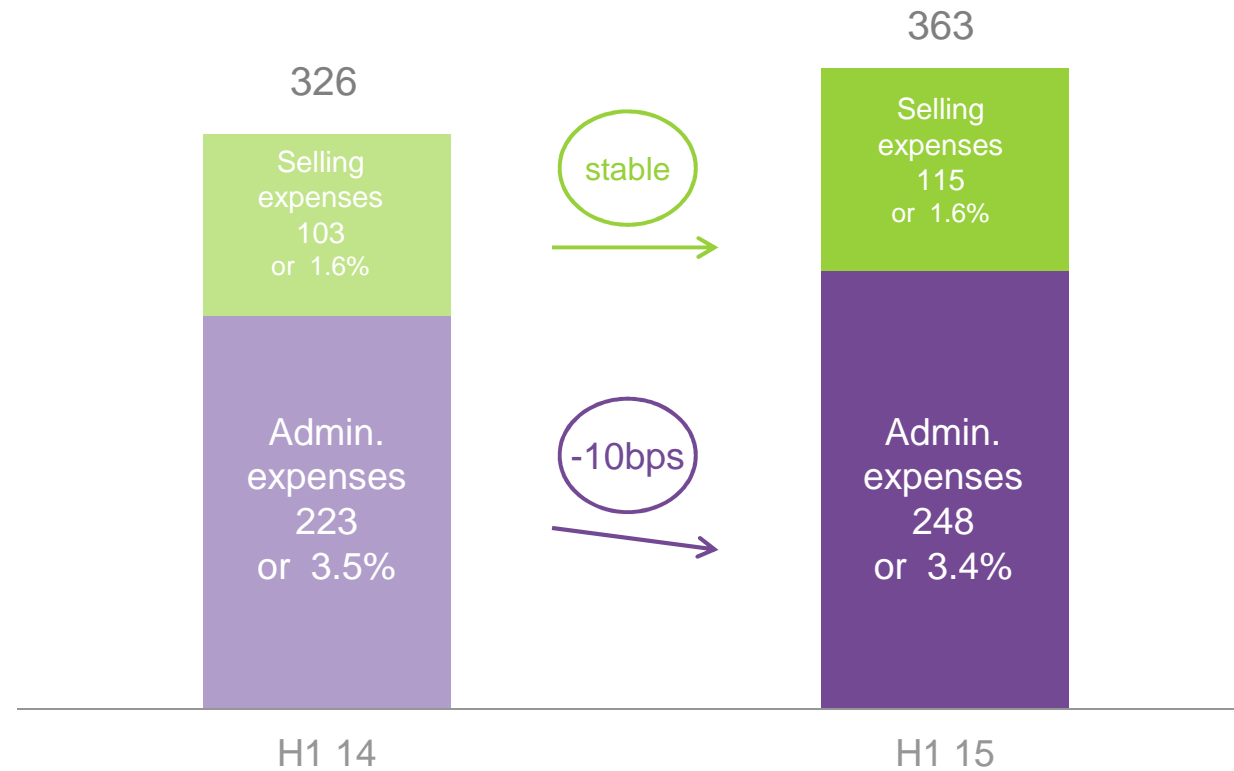


Amortization of capitalized development expenditure
In €m & as a % of sales



G&A expenses down 10 basis points

In €m & as a % of sales



Net income up 34% to €344m or 4.7% of sales

	H1 14*	H1 15	Change
Total sales (€m)	6,347	7,298	+15%
Operating margin excl. JV & Associates (€m) <i>As a % of sales</i>	404 6.4%	515 7.1%	+28% +70bp
JV & Associates (€m) <i>As a % of sales</i>	32 0.5%	23 0.3%	-28% -20bp
Operating margin incl JV & Associates (€m) <i>As a % of sales</i>	436 6.9%	538 7.4%	+23% +50bp
Other income & expenses (€m) <i>As a % of sales</i>	(34) -0.5%	(21) -0.3%	n/a +20bp
Operating income (€m) <i>As a % of sales</i>	402 6.3%	517 7.1%	+29% +80bp
Cost of net debt (€m)	(47)	(43)	-9%
Other financial expenses (€m)	(20)	(26)	+30%
Income before taxes (€m)	335	448	+34%
Taxes (€m) <i>Effective tax rate</i>	(65) 21.5%	(80) 18.8%	+23% -2.7pts
Non strategic activities (€m)	0	0	n/a
Non-controlling interests and other (€m)	(14)	(24)	n/a
Net income (€m) <i>As a % of sales</i>	256 4.0%	344 4.7%	+34% +70bp
Net income excl. non-recurring items (€m) <i>As a % of sales</i>	272 4.3%	357 4.9%	+31% +60bp

*Restated in accordance with IFRIC 21

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Net income up 34%

	H1 14*	H1 15	Change
Net income (€m)	256	344	+34%
EPS	€3.29	€4.41	+34%
Net income (€m) (excluding non-recurring items)	272	357	+31%
EPS (excluding non-recurring items)	€3.50	€4.58	+31%


*Restated in accordance with IFRIC 21

ROCE at 32%

	H1 14*	H1 15
Total sales	€6.3bn	€7.3bn
Operating margin**	6.9%	7.4%
ROCE	32%	32%
ROA	20%	21%

*Restated in accordance with IFRIC 21

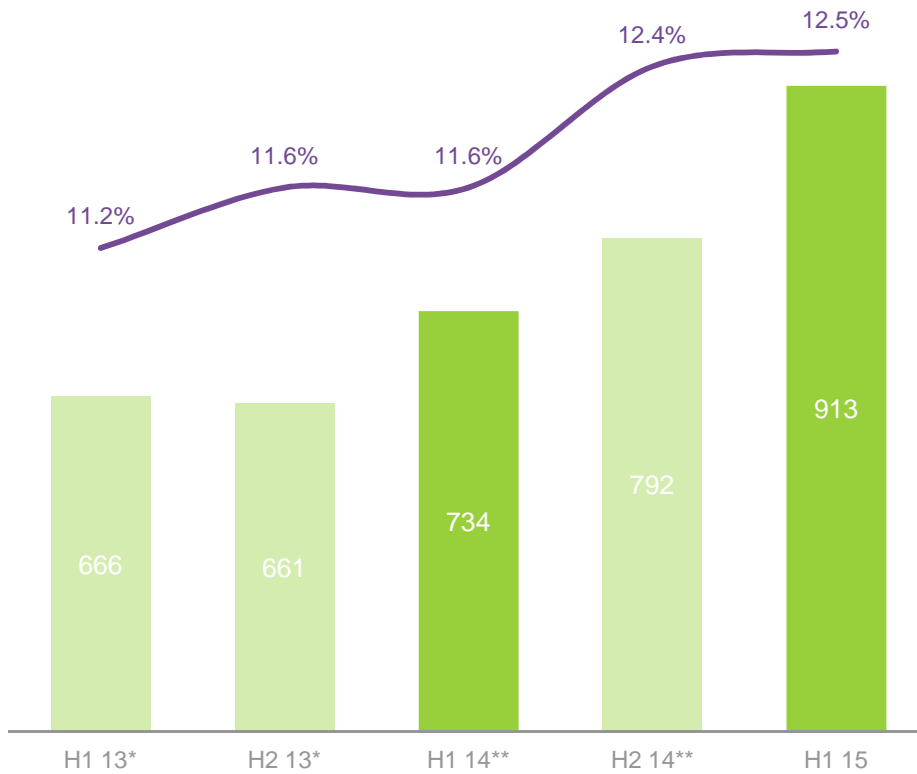
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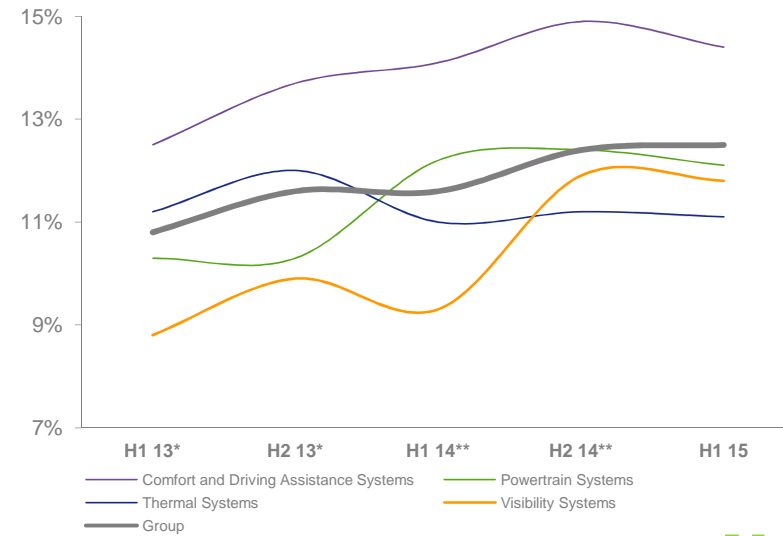
Free cash flow of €306m,
double H1 2014

EBITDA margin up 90bps or 24%, to 12.5% of sales

In €m & as a % of sales



	H1 14**	H1 15
Comfort & Driving Assistance		
As a % of sales	14.1%	14.4%
Powertrain		
As a % of sales	12.2%	12.1%
Thermal		
As a % of sales	11.0%	11.1%
Visibility		
As a % of sales	9.3%	11.8%
TOTAL	11.6%	12.5%



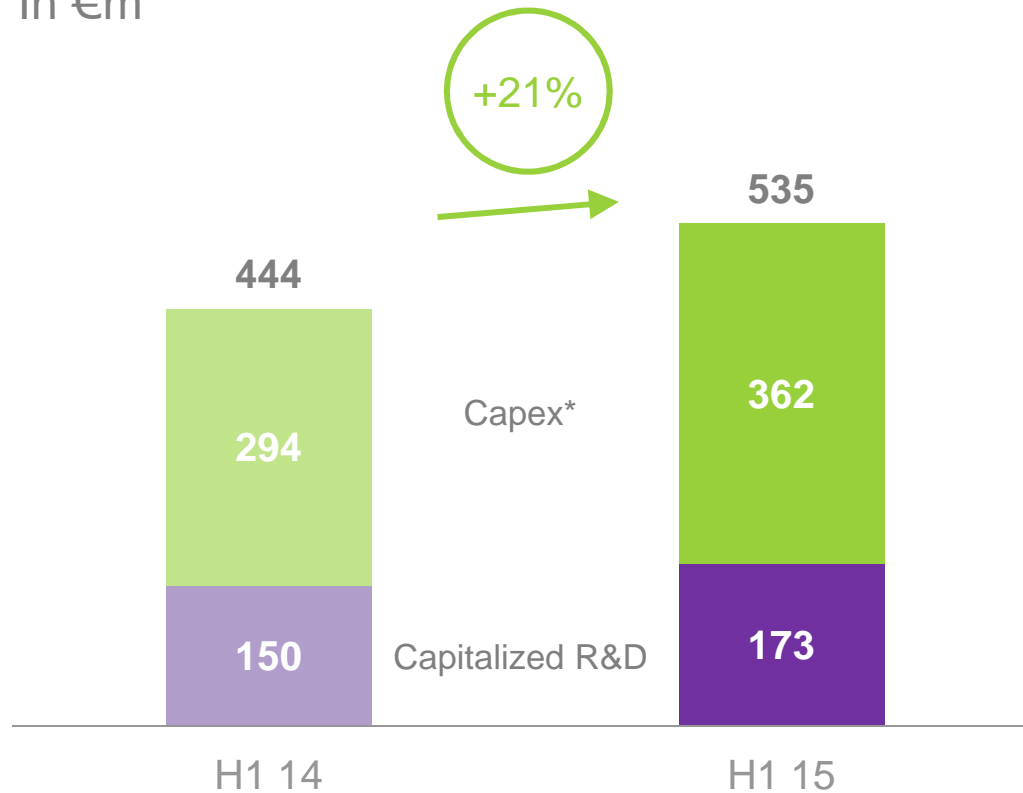
* In accordance with IFRS 11
 **Restated in accordance with IFRIC21



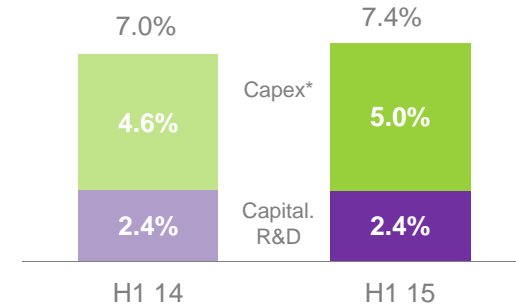
Investments of €535m

Supporting the fast-growing order intake

In €m



(as a % of sales)



Development of footprint

Total sq.m. end 2014: 2.4m

- Completed in H1:

- 3 new sites
- 6 extensions
- +60,500 sq.m.

- In progress:

- 5 new sites
- 8 extensions
- +64,800 sq.m.

* excluding capitalized R&D

Free cash flow of €306m, double H1 2014

	H1 14*	H1 15	
EBITDA (€m)	734	913	+24%
Operating working capital (€m)	(29)	48	
Restructuring & employee-related costs (€m)	(17)	(11)	
Other operating items (incl. taxes) (€m)	(84)	(105)	
<i>Of which:</i>			
<i>Taxes</i>	(74)	(81)	
<i>Pensions</i>	(12)	(16)	
Cash from operating activities** (€m)	604	845	
Capex (incl. capitalized R&D) (€m)***	(451)	(539)	
Free cash flow** (€m) (before interest payments)	153	306	Double H1 2014
Interest (€m)	(64)	(56)	
Other financial items (€m)	(381)	(141)	Of which: - Dividend paid to shareholders (172)
Net cash flow₍₁₎ (€m)	(292)	109	
Net debt (€m)	525	219	

*Restated in accordance with IFRIC 21

**excluding sale of trade receivables

***cash outflow

(1) See glossary page 40



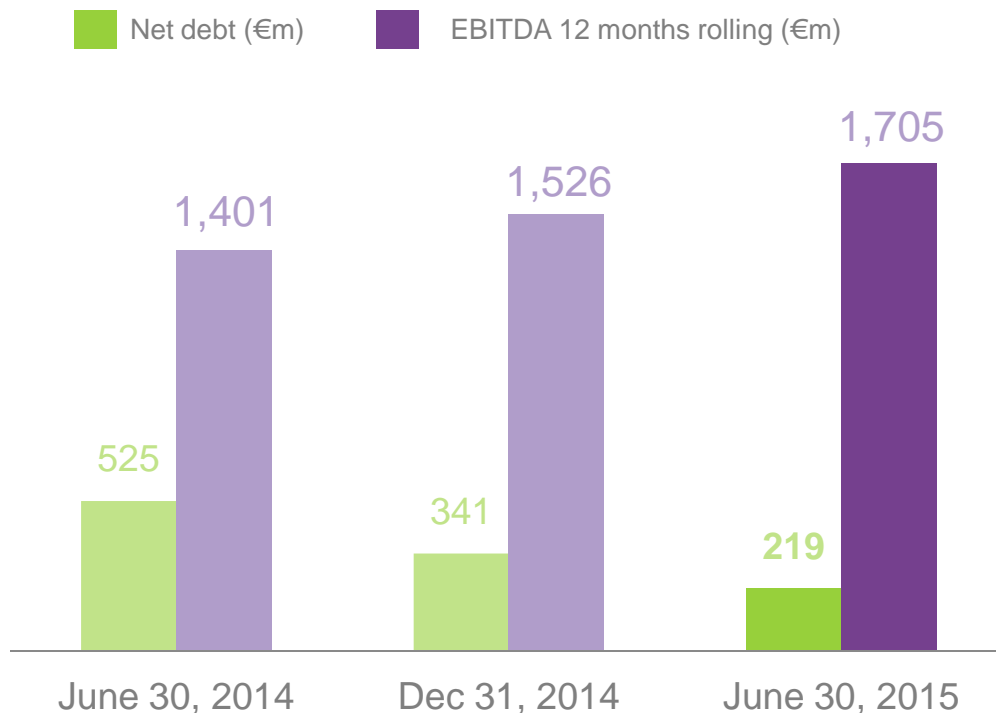
Strong balance sheet

Leverage & gearing ratios at 0.1x and 7% respectively

Moody's LT rating upgraded to Baa2 stable outlook (May 12, 2015)

Leverage: net debt/EBITDA

Net debt (€m) EBITDA 12 months rolling (€m)



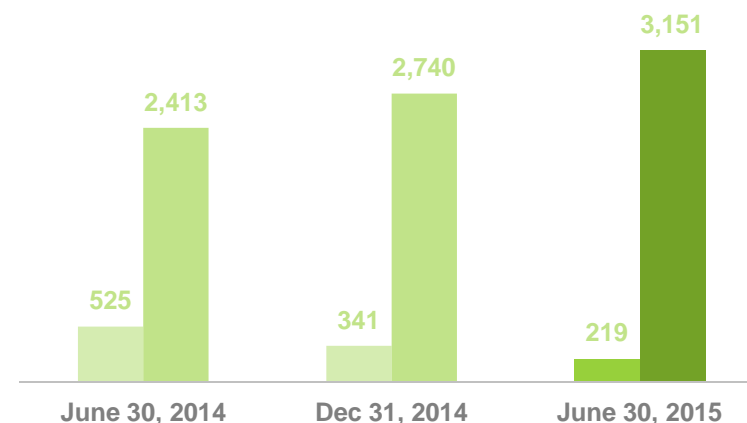
Leverage
0.4x

Leverage
0.2x

Leverage
0.1x

Gearing: net debt/stockholders' equity

Net debt (€m) Stockholders' equity (€m) excluding non-controlling interests



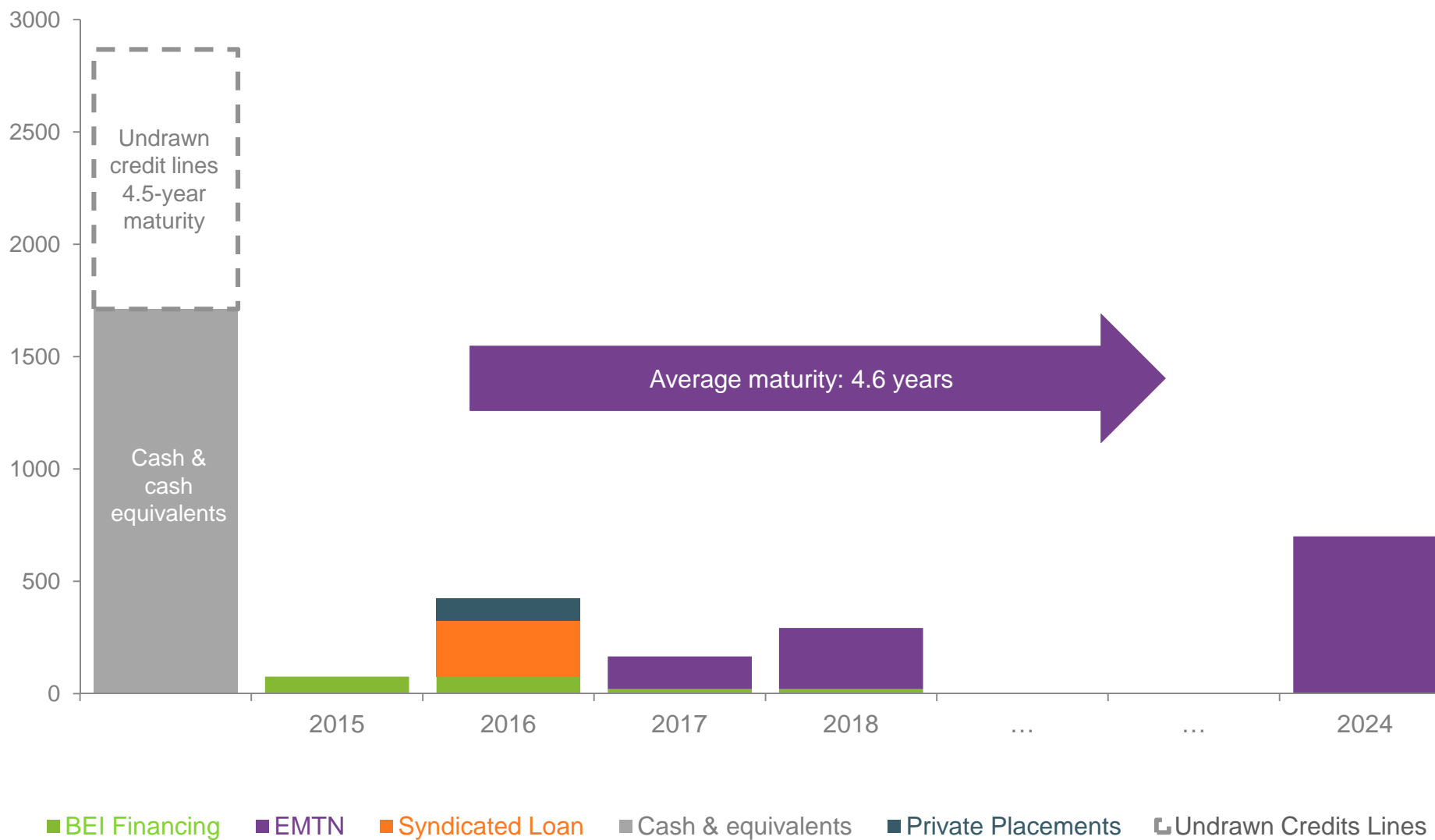
Gearing
22%

Gearing
12%

Gearing
7%

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

Debt maturity profile



■ BEI Financing ■ EMTN ■ Syndicated Loan ■ Cash & equivalents ■ Private Placements ■ Undrawn Credits Lines



2015 outlook

2015 outlook

Based on the following key assumptions for full-year 2015:

- Automotive production growth consistent with LMC estimates:
 - World: between 2% and 3%
 - Europe (excl. Russia): between 4% and 5%
 - China: between 4% and 5%
- Raw material prices and currencies in line with current levels

Valeo raises its full-year 2015 guidance :

- Sales growth outperformance in the main production regions including China
- Operating margin* (as a % of sales) higher than 2014 with a slight increase in operating margin* (as a % of sales) in the second half 2015 as compared to the first half

* Including joint ventures and associates in accordance with new IFRS standards

Contact

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Share Information

Share Data

▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as of June 30, 2015	79,462,540

ADR Data

▪ Ticker/trading symbol	VLEEY
▪ 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

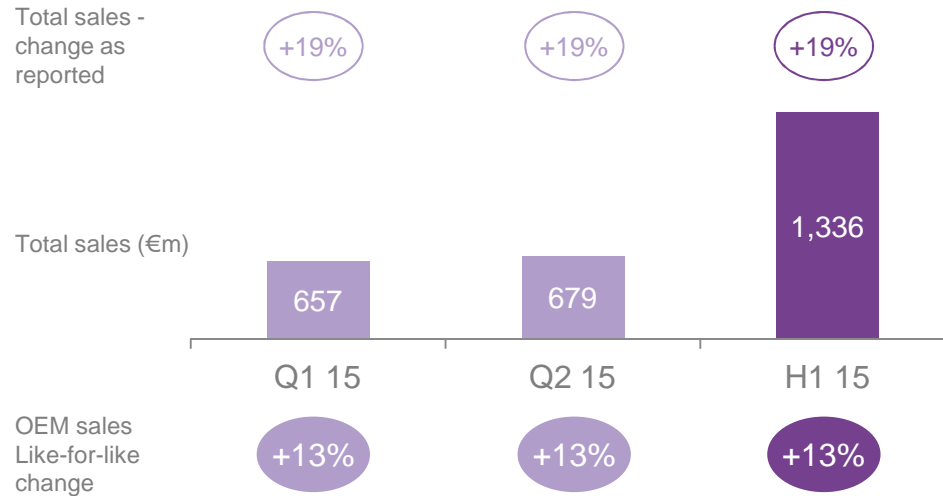
- 1) **Order intake** corresponds to business awarded by automakers during the period (including joint ventures at least 50%-owned by the Group) less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. based on Valeo's best reasonable 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) in relation to capital employed (including investments in equity-accounted companies) excluding goodwill.
- 5) **ROA**, or return on assets, corresponds to operating income in relation to capital employed (including investments in equity-accounted companies) including goodwill.
- 6) **EBITDA** corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin), 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 equity interests without a change in control, and (iii) changes in sales of non-recurring trade receivables.
- 9) **Net debt** comprises all long-term debt, short-term debt and bank overdrafts, less loans and other non-current financial assets, cash and cash equivalents.



Back-up

Comfort & Driving Assistance Systems

Sales performance



2014 key figures:

- Sales: €2.3bn (18% of Group sales)
- EBITDA: 14.5% (22% of Group EBITDA)
- 14,195 employees
- 25 production units
- 8 development centers
- 9 research centers

Market share* and competitors:

- Driving Assistance: Valeo no.1
Valeo + Bosch + Continental ~ 50%*
- Interior Controls: Valeo no.1
Valeo + Kostal + Tokai Rika > 25%*

Key growth drivers:

- Development of solutions for connected and autonomous vehicles (Valeo first automotive supplier to present a product comparable to the Valet Park4U® driving assistance system)
- Change in regulations: mandatory rear camera in the U.S. as from May 2016 (100% applicable in 2018)

Latest business developments:

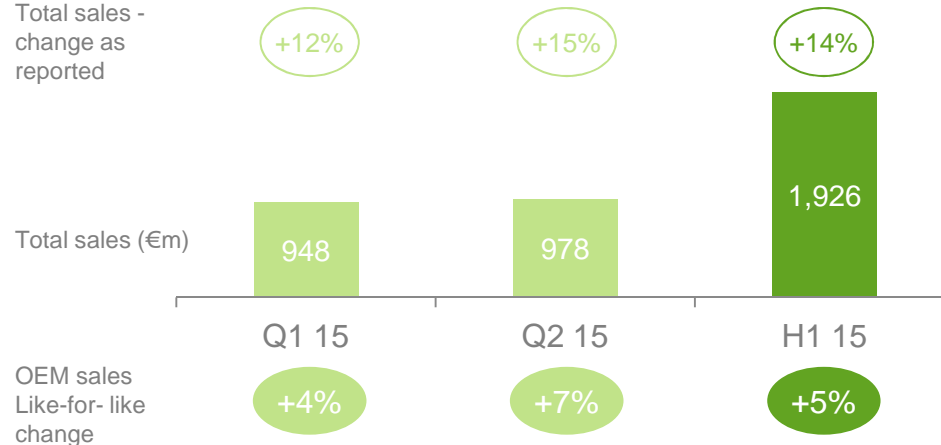
- 360Vue 3D "bowl view" launched end of 2014
- Exclusive technology cooperation agreement (fusion of sensors, front camera with Laser Scanner) with Mobileye in March 2015
- New Renault Espace center stack display
- First Telematic Control Unit to be launched in 2015 and 3 other projects awarded

* Valeo estimate

Powertrain Systems

Sales performance

Total sales -
change as
reported



2014 key figures:

- Sales: €3.3bn (26% of Group sales)
- EBITDA: 12.3% (27% of Group EBITDA)
- 18,412 employees
- 37 production units
- 16 development centers
- 5 research centers

Market share* and competitors:

- Transmission Systems: Valeo no.2
Luk + Valeo + ZF Sachs = 45%*
- Electrical Systems: Valeo no.1
Valeo + Denso + Bosch > 70%*

Key growth drivers:

Objective of reducing CO₂ emissions and fossil fuel consumption based on 3 priorities for engines:

- Downsizing /Downspeeding
- Automatic gearbox
- Electrification

Latest business developments:

- Pace award for the Efficient alternator
- Dual clutch: two launches in Asia
- Several order intakes in 48 volt in Europe and Asia
- Electric supercharger start of production in Q1 2016
- Power electronics: start of production of a charger on Volvo XC90 and of an inverter on Renault Zoe.

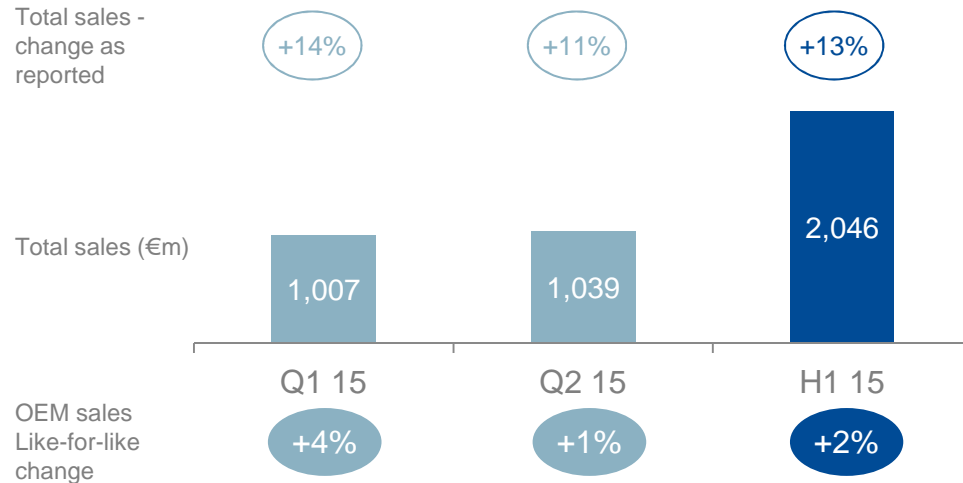
*Valeo estimate

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Thermal Systems

Sales performance



2014 key figures:

- Sales: €3.6bn (28% of Group sales)
- EBITDA: 11.1% (26% of Group EBITDA)
- 19,359 employees
- 44 production units
- 8 development centers
- 3 research centers

Market share* and competitors:

- Thermal Systems: Valeo no.2
- Denso + Valeo + Halla (Visteon) = 50%*

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:

- Exhaust Heat Recovery System: first order for an Asian carmaker
- Engine cooling module: big orders with new generation of high performing radiator
- Battery thermal management: start of production of chiller new generation and several orders for German & Chinese carmakers
- Water condenser: new order for German carmakers on major platforms

*Valeo estimate

Visibility Systems

Sales performance

Total sales -
change as
reported

+17%

+16%

+16%

Total sales (€m)

1,022

1,072

2,094

Q1 15

Q2 15

H1 15

OEM sales
Like-for- like
change

+9%

+7%

+8%

2014 key figures:

- Sales: €3.6bn (28% of Group sales)
- EBITDA: 10.6% (25% of Group EBITDA)

- 24,912 employees
- 36 production units
- 15 development centers
- 5 research centers

Market share* and competitors:

- Lighting Systems: Valeo no.2
Koito + Valeo + Magnetti Marelli > 55%*
- Wiper Systems: Valeo no.1
Valeo + Bosch + Denso > 75%*

Key growth drivers:

- Automakers' widespread implementation of lighting systems with LED low beam, high beam or daytime running lights
- Growing interest in electronic wiper systems and Aquablade® wiper technology

Latest business developments:

- 3 BeamAtic PremiumLED (Glare-free high beam) at 3 different customers
- First FullLED headlamp equipping a pure Chinese car
- First BeamAtic PremiumLED (Glare-free high beam) made-in-China
- Valeo AquaBlade® technology, as well as electronized motors have been chosen for the Mercedes GLE and Tesla X.

Quarterly information

In €m (2014 restated in accordance with IFRIC 21)

■ Sales by segment

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Comfort & Driving Assistance Systems	623	569	515	531	552	572	573	614	657	679
Powertrain Systems	774	817	752	818	848	848	798	843	948	978
Thermal Systems	818	885	832	837	880	934	889	934	1,007	1,039
Visibility Systems	733	762	711	764	876	925	856	957	1,022	1,072
Total sales	2,927	3,017	2,792	2,926	3,112	3,235	3,069	3,309	3,581	3,717

■ Sales by type

	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14	Q2-14	Q3-14	Q4-14	Q1-15	Q2-15
Original Equipment	2,470	2,567	2,348	2,449	2,677	2,755	2,644	2,814	3,113	3,203
Aftermarket	375	374	361	377	376	377	366	376	400	413
Miscellaneous	82	76	83	100	59	103	59	119	68	101
Total sales	2,927	3,017	2,792	2,926	3,112	3,235	3,069	3,309	3,581	3,717

Statement of income with half year breakdown

In €m	2013		2014*		2015
	H1	H2	H1	H2	H1
▪ Sales	5,944	5,718	6,347	6,378	7,298
▪ Gross margin	1,011	998	1,086	1,123	1,280
<i>as a % of sales</i>	17,0%	17,5%	17,1%	17,6%	17,5%
R&D expenditure, net	(318)	(296)	(350)	(335)	(402)
Selling & administrative expenses	(318)	(311)	(326)	(330)	(363)
Share in net earnings of equity-accounted companies	8	18	32	19	23
▪ Operating margin incl. share in net earnings of equity-accounted companies	383	409	436	477	538
<i>as a % of sales</i>	6,4%	7,2%	6,9%	7,5%	7,4%
Other income & expenses	(41)	(26)	(34)	(20)	(21)
▪ Operating income	342	383	402	457	517
<i>as a % of sales</i>	5,8%	6,7%	6,3%	7,1%	7,1%
Cost of net debt	(49)	(49)	(47)	(44)	(43)
Other financial income and expenses	(21)	(25)	(20)	(26)	(26)
▪ Income before income taxes	272	309	335	387	448
Income taxes	(68)	(45)	(65)	(64)	(80)
▪ Income from continuing operations	204	264	270	323	368
Non-strategic activities	0	0	0	0	0
▪ Net income for the period	204	264	270	323	368
Non-controlling interests	(14)	(15)	(14)	(17)	(24)
▪ Net income	190	249	256	306	344

* 2014 restated in accordance with IFRIC 21

Segment information

H1 2015

(€ m)	Comfort & Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	Total
Sales:						
• segment (excluding Group)	1,327	1,898	2,022	2,035	16	7,298
• intersegment (Group)	9	28	24	59	(120)	-
EBITDA	192	231	227	247	16	913
Research & Development expenditure, net	(125)	(90)	(72)	(111)	(4)	(402)
Investments in property, plant & equipment & intangible asset	149	131	109	133	12	534
Segment assets	1,347	1,772	1,415	1,774	70	6,378

H1 2014

(€ m)	Comfort & Driving Assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	Total
Sales:						
• segment (excluding Group)	1,115	1,673	1,793	1,751	15	6,347
• intersegment (Group)	9	23	21	50	(103)	-
EBITDA	159	207	199	167	2	734
Research & Development expenditure, net	(99)	(82)	(82)	(84)	(3)	(350)
Investments in property, plant & equipment & intangible asset	111	111	83	129	10	444
Segment assets	1,162	1,604	1,223	1,558	49	5,596

Safe Harbor Statement

Statements contained in this press release, which are not historical fact, constitute "Forward-Looking Statements". Even though Valeo's management feels that the Forward-Looking Statements are reasonable, investors are put on notice that actual results may differ materially due to numerous important factors, risks and uncertainties to which Valeo is exposed. 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 anti-trust 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 at the AMF on March 27, 2015 (under no. D.15-0220).

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Automotive technology, naturally

