



Q3-2008 RESULTS

Thierry Morin – Chairman & CEO

October 21, 2008

Agenda

1 Quarterly financial performance

2 Business highlights

3 Outlook



Quarterly financial performance

Quarter summary

Trading conditions

- Significant production cuts in core markets
- Price competitiveness
- Rising raw material costs
- Liquidity constraints/ Higher interest rate



Valeo

- Volume resilience
- Productivity gains, cost cutting initiatives
- Compensated $\frac{3}{4}$ of gross impact
- Cash focused/ Ample access to liquidity

Operating margin up 40bps year to date

Quarterly key figures

<i>In euro million</i>	Q3-2008	Q3-2007	Change
Total operating revenues	2,112	2,245	-5.9%
Gross margin <i>as a % of net sales</i>	315 15.2%	340 15.4%	-7.4% - 0.2 pt
Operating margin <i>as a % of total operating revenues</i>	65 3.1%	73 3.3%	-11.0% - 0.2 pt
Net income <i>as a % of total operating revenues</i>	6 0.3%	(40) -1.8%	<i>nm</i> + 2.1 pts
Net debt	735	932*	-21.1%

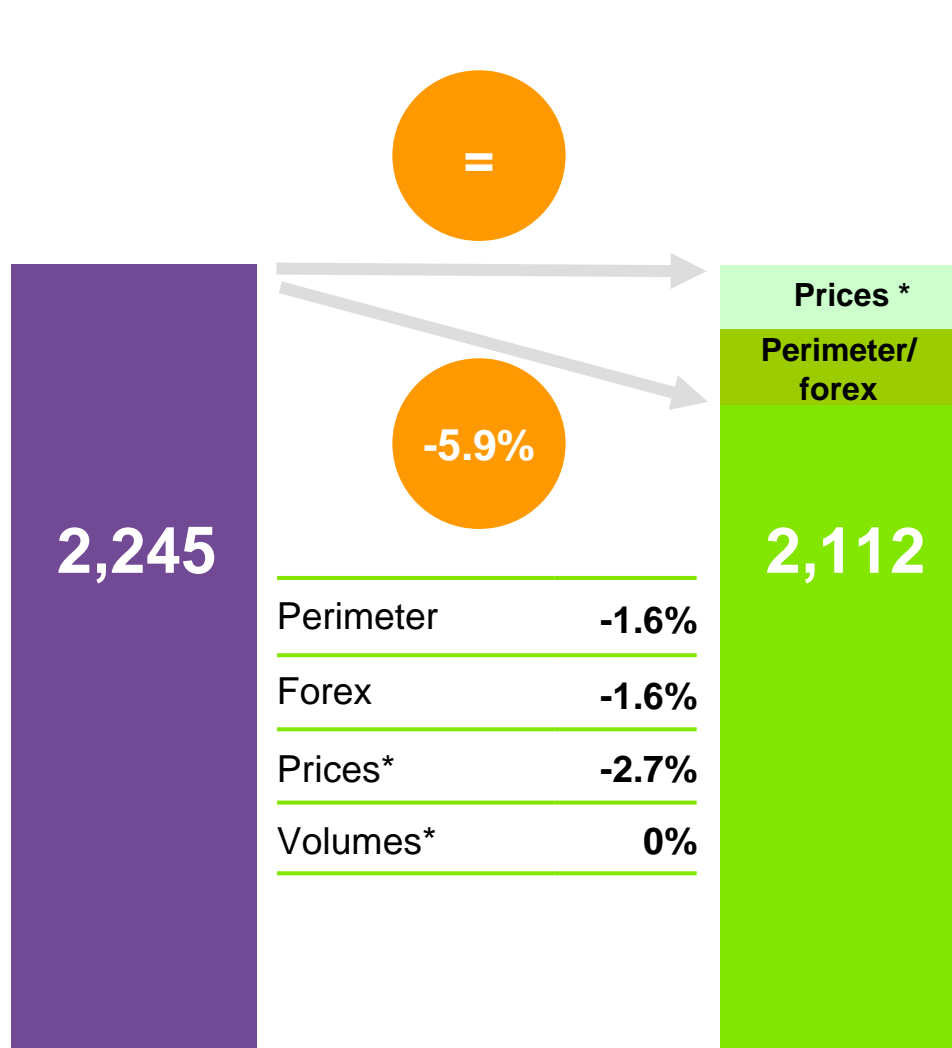
* Excluding Valeo Connective Systems (€ 60m)

Year-to-Date key figures

<i>In euro million</i>	9 months 2008	9 months 2007	Change
Total operating revenues	7,026	7,251	-3.1%
Gross margin <i>as a % of net sales</i>	1,106 16.0%	1,111 15.5%	-0.5% + 0.5 pt
Operating margin <i>as a % of total operating revenues</i>	268 3.8%	250 3.4%	+7.2% + 0.4 pt
Net income <i>as a % of total operating revenues</i>	106 1.5%	31 0.4%	+241.9% + 1.1 pt
Basic earnings per share from continuing operations (€)	1.41	1.13	+24.8%

Total operating revenues

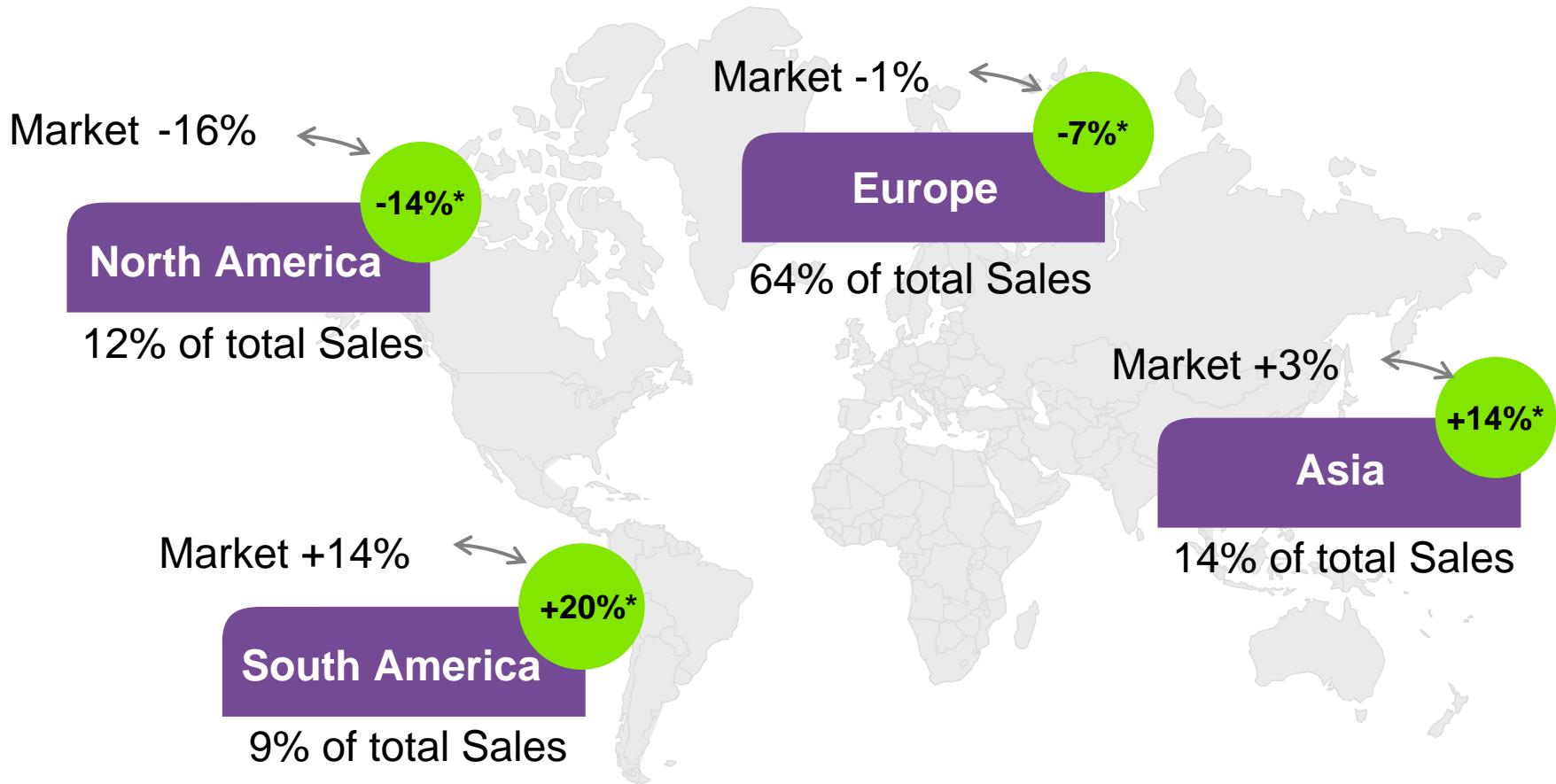
In euro million



█ Q3-2007
 █ Q3-2008

**at identical functions*

Q3-2008 OE light vehicles net sales (yoy change)



*At same perimeter & exchange rate

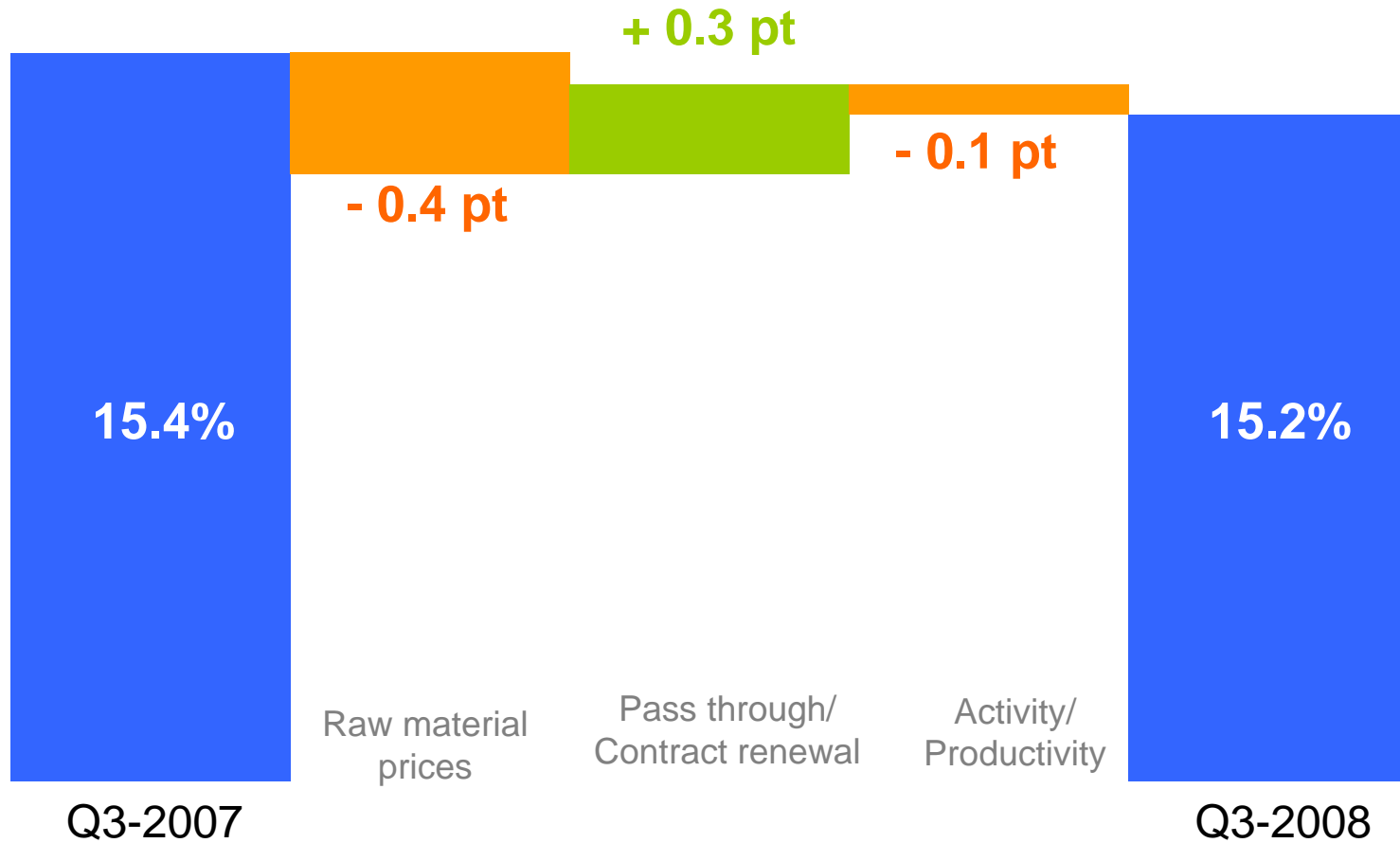
 Valeo sales

Results

<i>In euro million</i>	Q3-2008	Q3-2007	Change
Net sales	2,076	2,214	-6.2%
Gross margin <i>as a % of net sales</i>	315 15.2%	340 15.4%	-7.4%

Gross margin

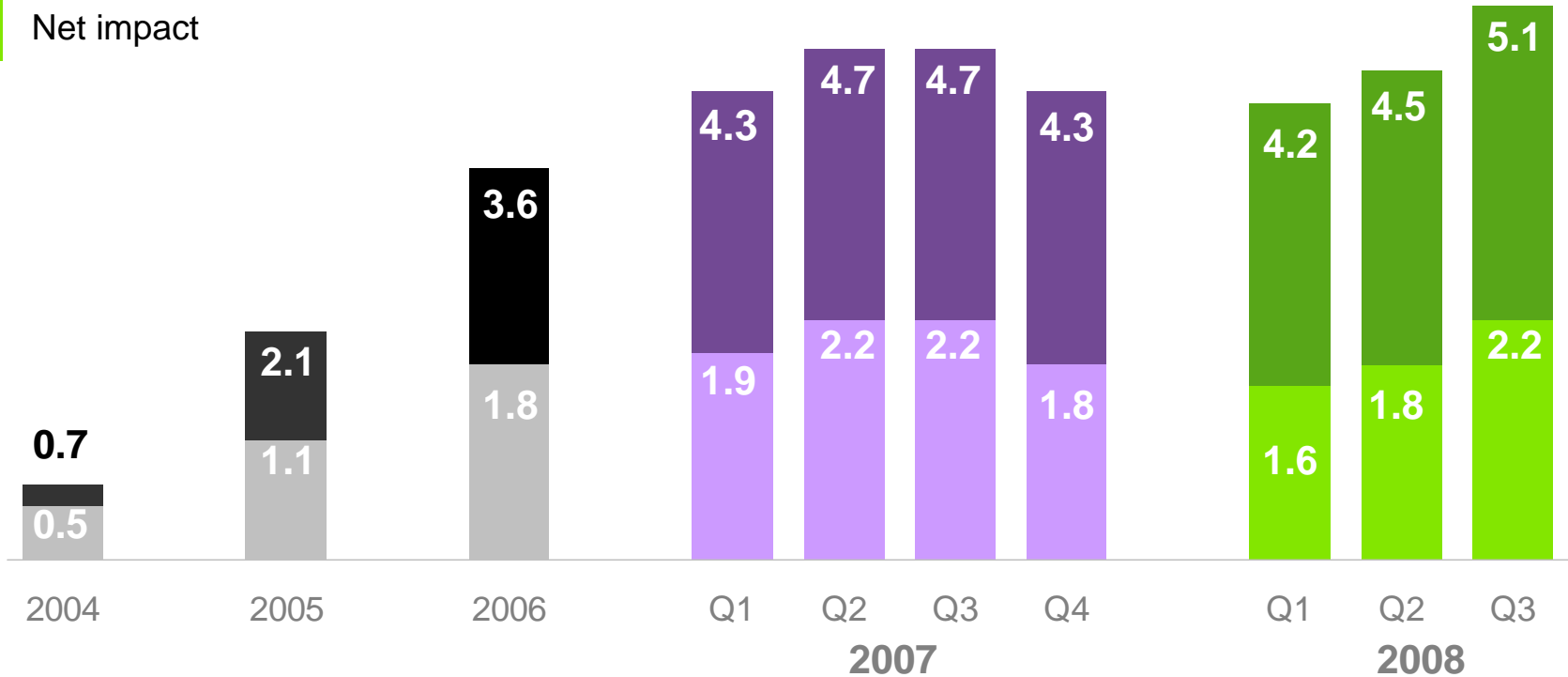
As % of sales



Raw material impact

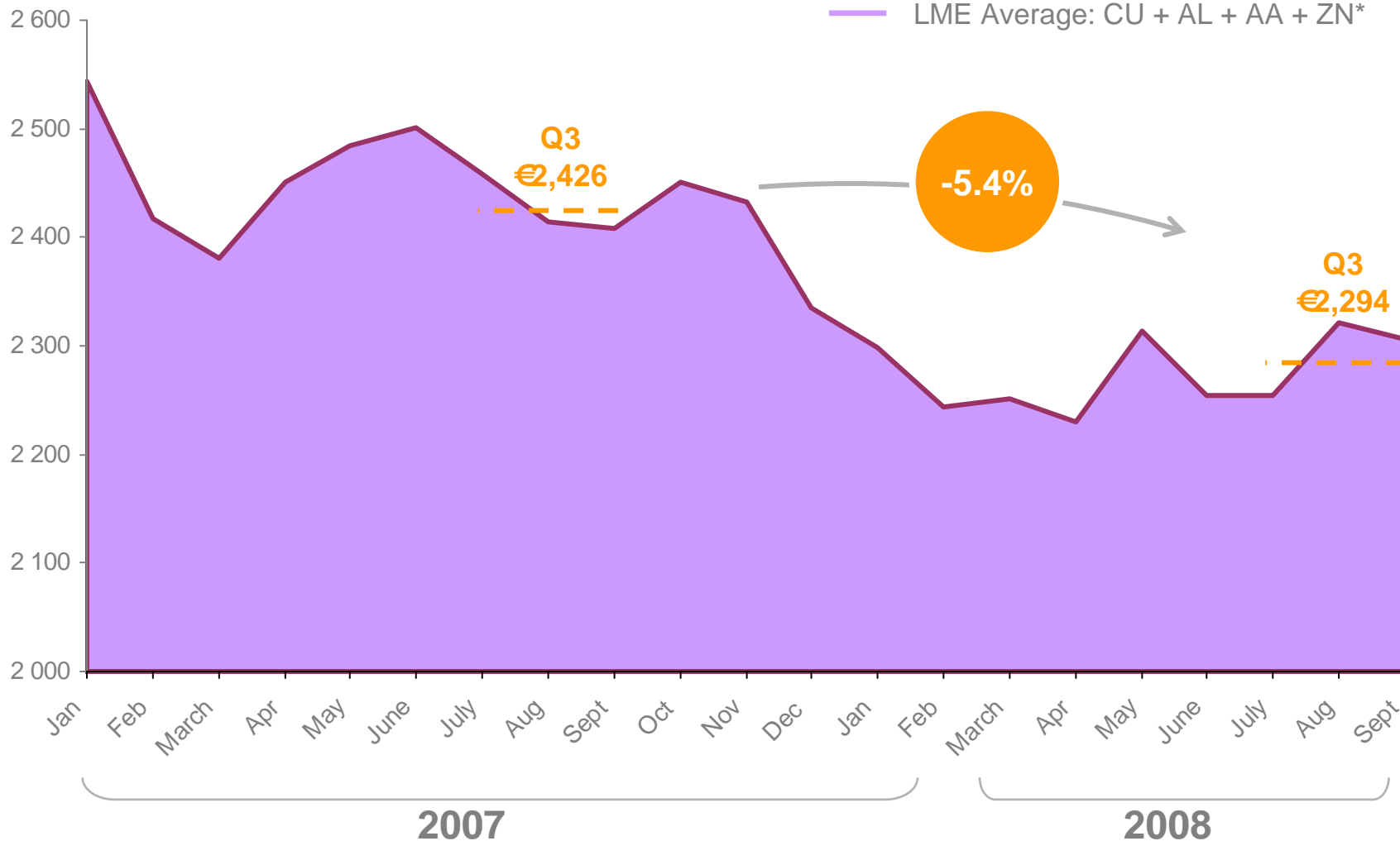
ppt of sales - cumulative

█ Gross impact
█ Net impact



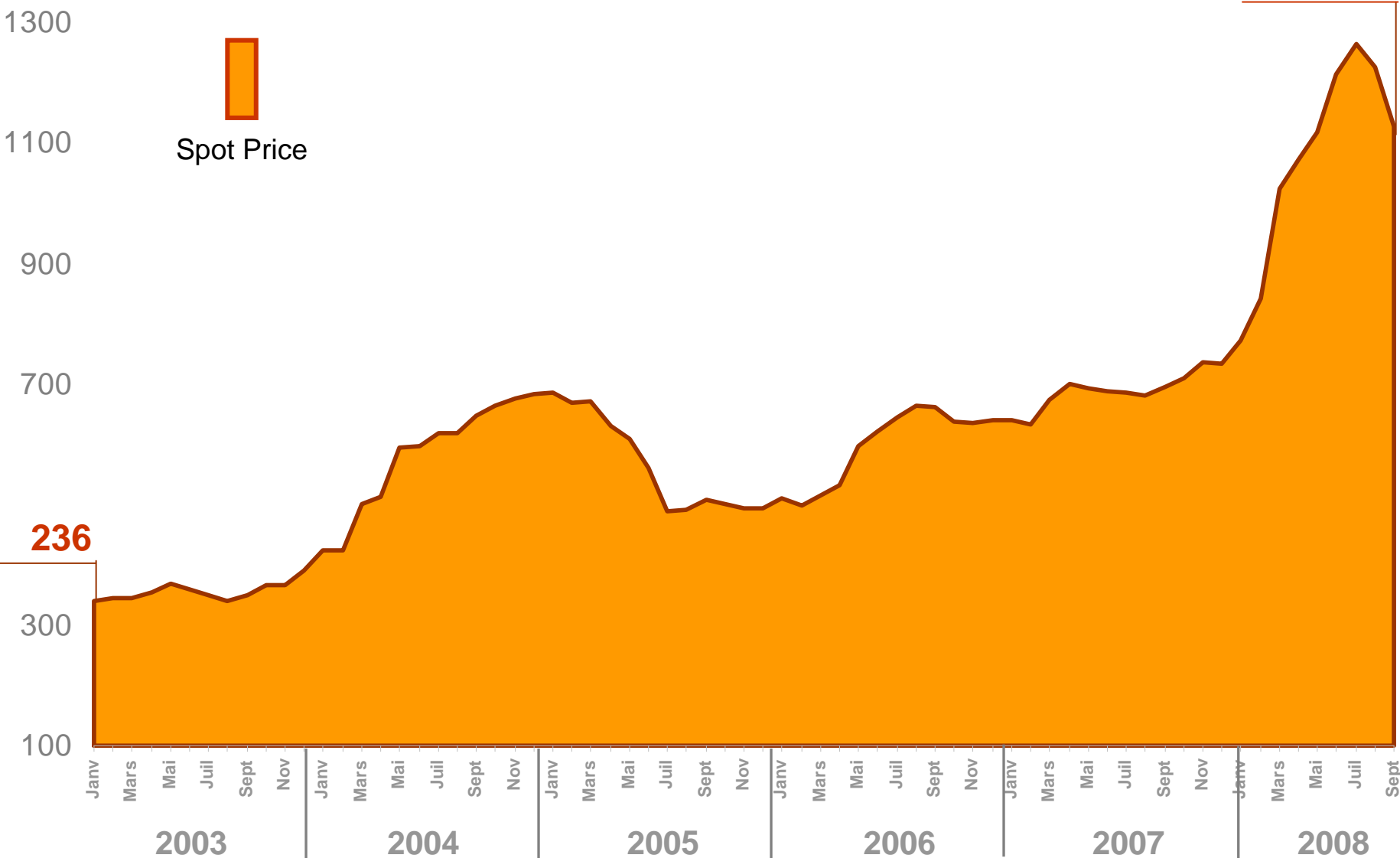
Slight relief from non ferrous metals

Euro / Ton

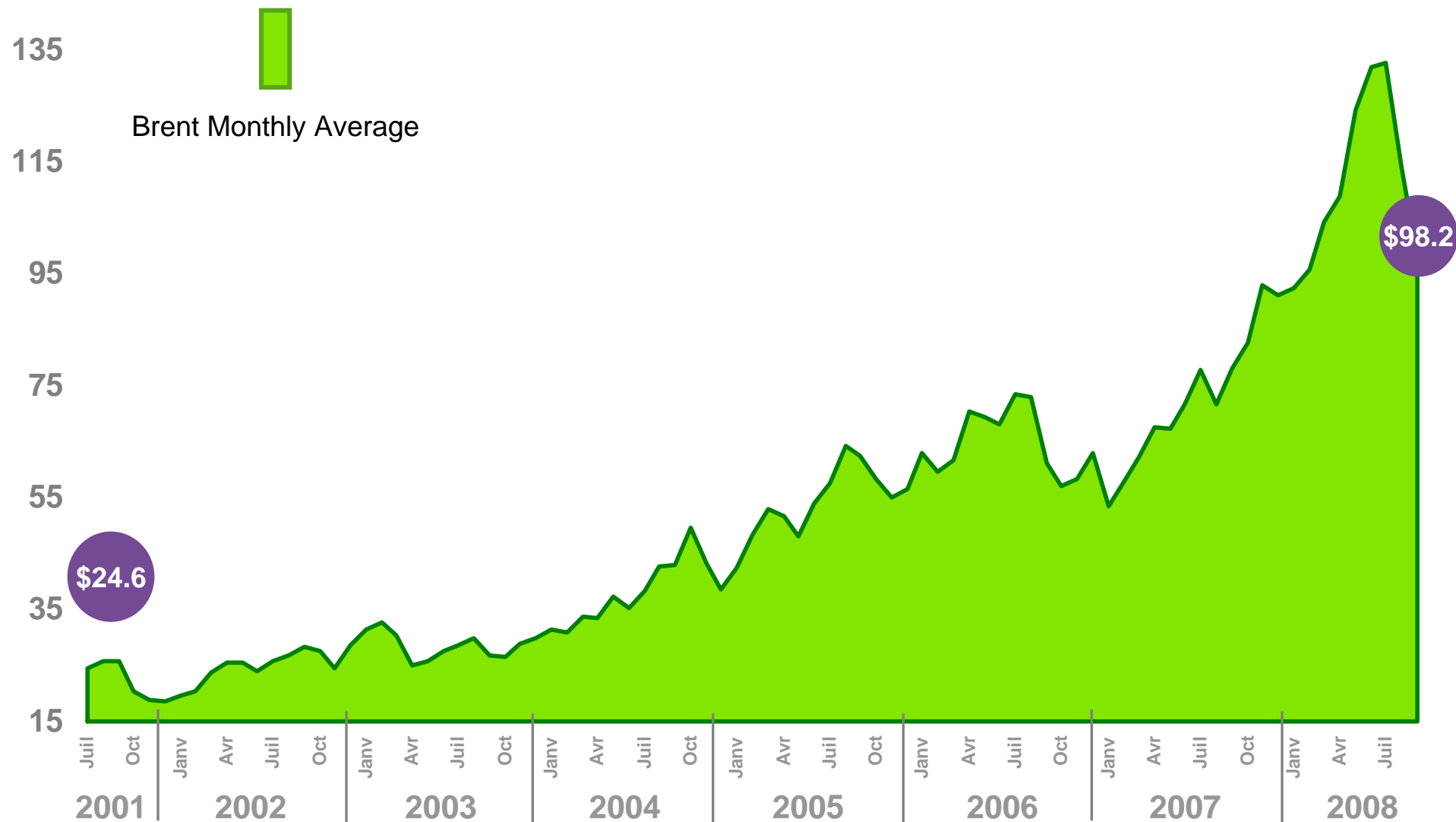


* CU: Copper Cuivre, AL: Primary Aluminium, AA: Aluminium Alloy, ZN: Zinc

Major burden from steel HR price evolution- In Dollar / Ton



Brent Barrel in \$

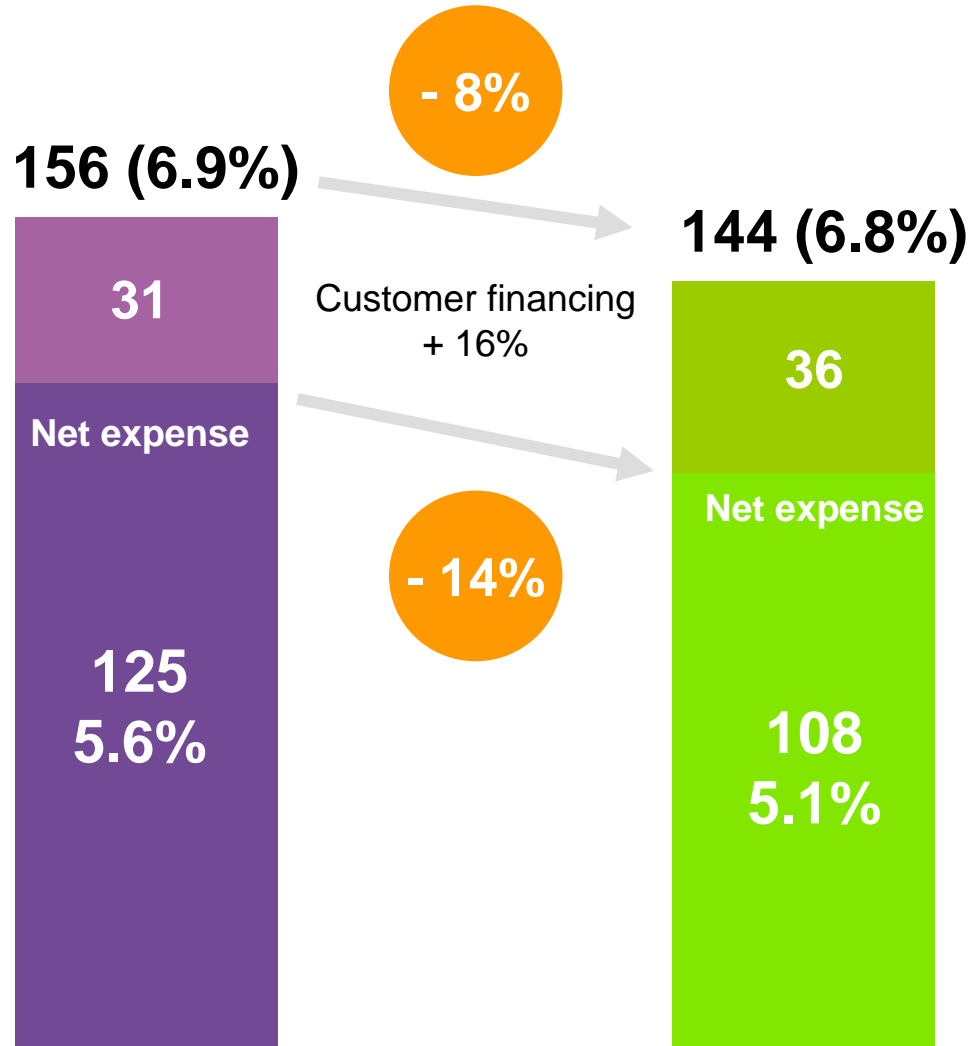


Results (cont.)

<i>In euro million</i>	Q3-2008	Q3-2007	Change
R&D expenses (net) <i>as a % of total operating revenues</i>	(108) 5.1%	(125) 5.6%	-13.6%
SG&A <i>as a % of total operating revenues</i>	(142) 6.7%	(142) 6.3%	=
Total overhead <i>as a % of total operating revenues</i>	(250) 11.8%	(267) 11.9%	-6.4%
Other income & expenses <i>as a % of total operating revenues</i>	(15) -0.7%	(9) -0.4%	+66.7%
Operating income <i>as a % of total operating revenues</i>	50 2.4%	64 2.9%	-21.9%

Focus on R&D costs

In euro million and in % of total operating revenues



Q3-2007 Q3-2008

Results (cont.)

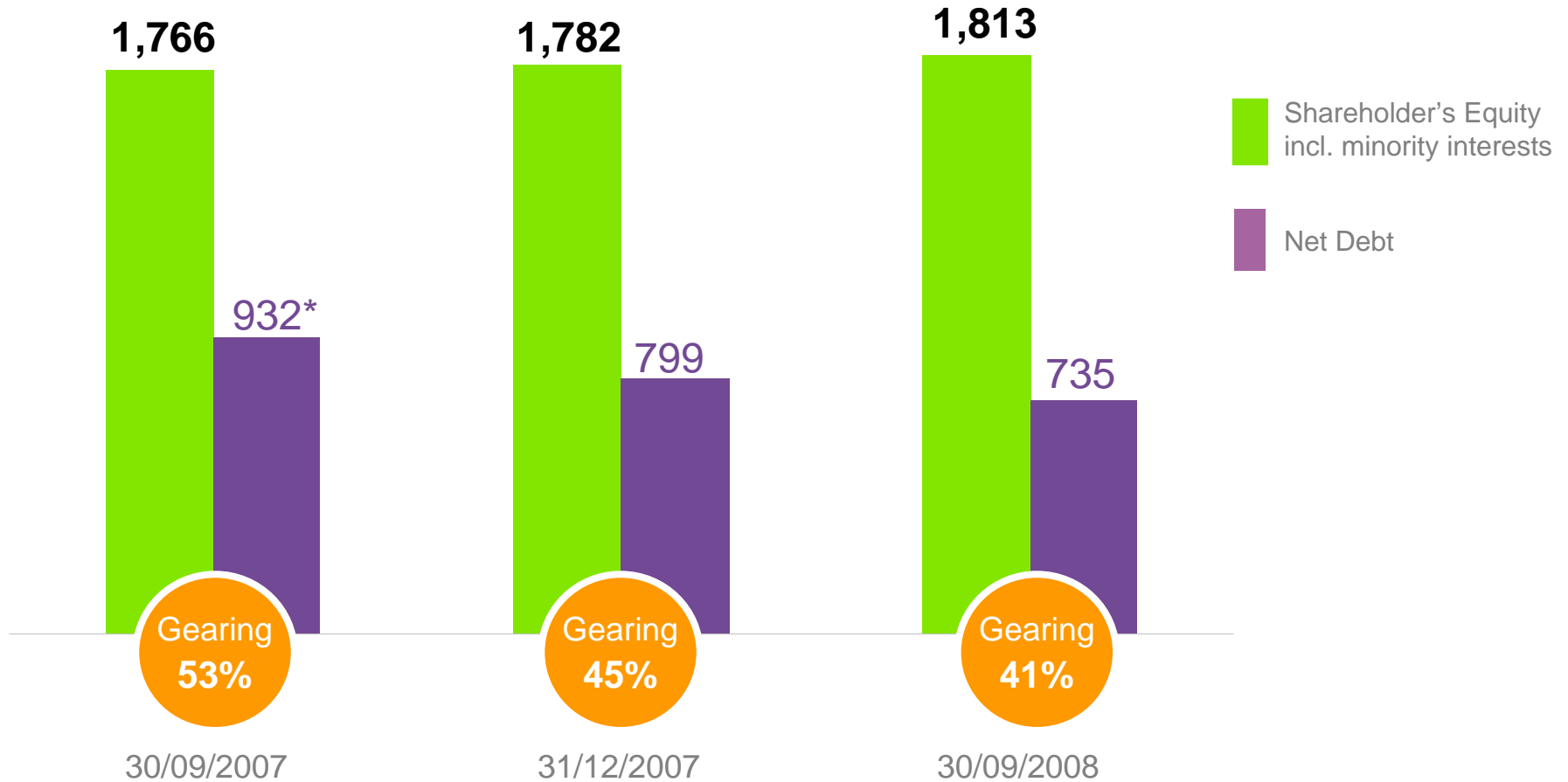
<i>In euro million</i>	Q3-2008	Q3-2007	Change
Operating income	50	64	-21.9%
Cost of net debt	(10)	(14)	-28.6%
Other financial expenses	(12)	(15)	-20.0%
Associates	1	1	=
Income before taxes	29	36	-19.4%
Taxes	(20)	(23)	-13.0%
<i>Effective tax rate</i>	<i>71.4%</i>	<i>65.7%</i>	
Non strategic activities	(1)	(52)	-98.1%
Minorities	(2)	(1)	+100.0%
Net income	6	(40)	nm



Balance sheet

Shareholder's equity and net debt

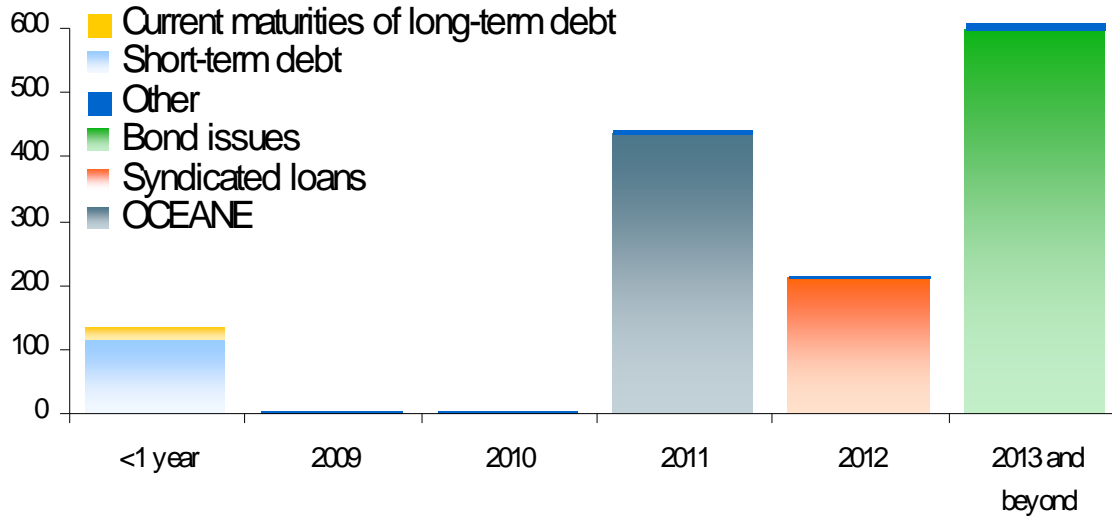
In euro million



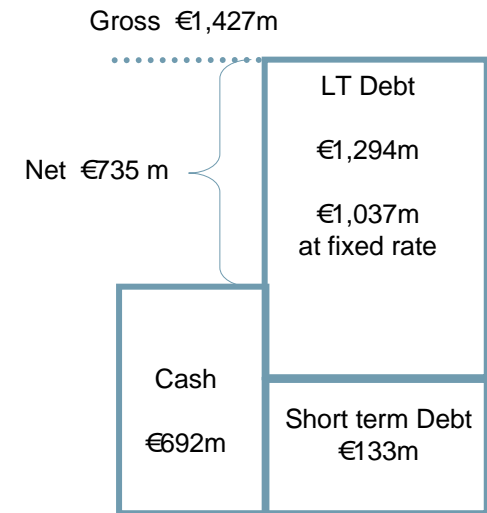
* Excluding VCS (€ 92m)

Solid debt structure

Debt Maturity Profile



Debt Structure



As of 30/09/2008



Business highlights

Quarter highlights

■ Footprint optimization

- Announced consolidation of rear lighting capacity in Europe
- New joint-venture in India for the production of lighting systems (oct 2)

■ Innovation

- 2008 Automechanika Innovation Award for StARS micro-hybrid
- Micro-hybrid StARS extended to other Smart models
- Nissan Global Innovation Award for lane departure warning system



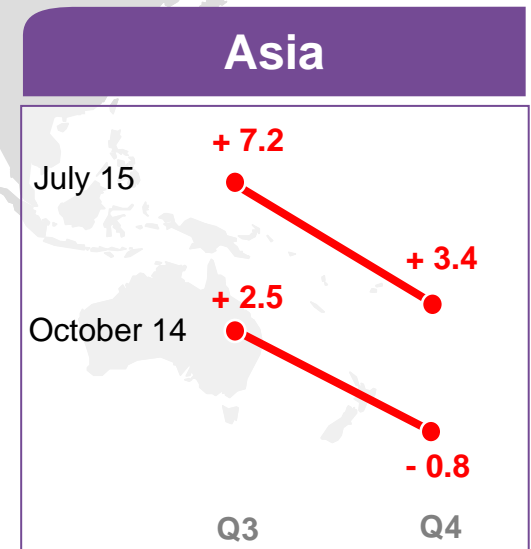
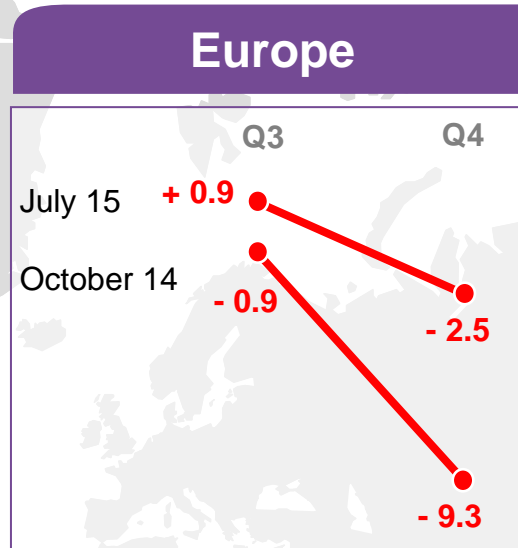
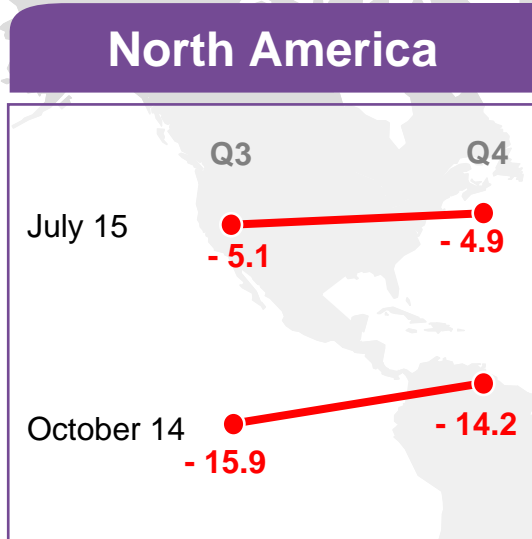
Outlook

Trading conditions in Q4-2008

- **Global car production outlook deteriorates materially**
- **Erratic car production schedules**
- **Steel prices at record highs**
- **Softening aluminum and copper prices**

Worsening production outlook

Light vehicle production forecasts for H2-08
(yoy changes)



Meeting the Q4-2008 challenges

■ Aggressive cost structure alignment

- Freeze on overtime
- Temporary workforce adjustments
- Factory temporary shutdowns
- Strict control over R&D and SG&A
- Freeze on subcontracting
- Additional material costs reduction

■ Selling price adjustments

Confirm 2008 operating margin similar to that of 2007

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Back-up

Quarterly P&L

	2008			2007				2006			
	3Q	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
<i>(in euro million)</i>											
■ Net Sales	2,076	2,407	2,435	2,397	2,214	2,472	2,472	2,341	2,125	2,483	2,487
Other operating revenues	36	37	35	41	31	35	27	35	28	28	23
■ Total operating revenues	2,112	2,444	2,470	2,438	2,245	2,507	2,499	2,376	2,153	2,511	2,510
■ Gross margin	315	403	388	386	340	394	377	351	322	396	394
<i>as % of net sales</i>	15.2%	16.7%	15.9%	16.1%	15.4%	15.9%	15.3%	15.0%	15.2%	15.9%	15.8%
R&D expenditures	(144)	(168)	(174)	(171)	(156)	(173)	(168)	(163)	(146)	(161)	(170)
Selling expenses	(43)	(48)	(46)	(51)	(45)	(48)	(49)	(47)	(45)	(49)	(49)
Administrative expenses	(99)	(111)	(113)	(109)	(97)	(105)	(113)	(110)	(94)	(110)	(113)
Other income & expenses	(15)	(17)	(4)	(8)	(9)	(13)	3	(15)	(15)	1	(20)
■ Operating income	50	96	86	88	64	90	77	51	50	105	65
<i>as % of operating revenues</i>	2.4%	4.0%	3.4%	3.6%	2.9%	3.6%	3.1%	2.1%	2.3%	4.2%	2.6%
Cost of net debt	(10)	(10)	(12)	(12)	(14)	(13)	(12)	(11)	(12)	(14)	(14)
Other financial income and expense	(12)	(2)	(4)	(11)	(15)	(10)	(10)	(11)	(6)	17	(8)
Equity in net earnings of associates	1	6	1	2	1	5	0	(6)	0	3	2
■ Income before income taxes	29	90	71	67	36	72	55	23	32	111	45
Income taxes	(20)	(30)	(26)	(13)	(23)	(26)	(21)	(4)	(22)	(31)	(10)
■ Income from continuing operations	9	60	45	54	13	46	34	19	10	80	35
Non-strategic activities	(1)	0	(1)	(3)	(52)	(4)	(0)	42	(2)	(7)	(11)
■ Net income for the period	8	60	44	51	(39)	42	34	61	8	73	24
Minority interest	(2)	(3)	(1)	(1)	(1)	(4)	(1)	(1)	(1)	(1)	(2)
■ Net income attributable to equity holders of the company	6	57	43	50	(40)	38	33	60	7	72	22

Share Information

Share Data

▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as per 30.09.2008	78,209,617

ADR Data

▪ Ratio (ordinary share: ADR)	1:2
▪ Bloomberg Ticker	VLEEY US
▪ Reuters Ticker	VLEEY PK
▪ ISIN Number	US 9191343048
▪ Type	Level 1
▪ Exchange	OTC
▪ Sponsor	JP Morgan Chase



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