



FY-2009 Results

Jacques Aschenbroich – CEO

February 24, 2010

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Outlook



2009 highlights

2009 highlights

Q4-09 : Best quarterly results in 5 years and strong generation of cash

	Q1-09	Q2-09	Q3-09	Q4-09
→ Sales change (yoy)	-33%	-23%	-8%	+21%
→ Gross margin (% of sales)	+11.4%	+14.5%	+16.2%	+17.7%
→ Operating margin (% of sales)	-4.1%	+0.8%	+3.6%	+5.5%
→ Free Cash Flow* (M€)	(88)	84	6	153
→ Net financial debt** (M€)	933	841	817	722

■ Corporate developments

- Continuing improvement of operating performance
- Order intake at record high
- Quality indicator (ppb) at lowest level ever
- Tight management of Capex and restructuring expenses

* Before interest payments

** Net financial debt as of december 31, 2008 of €821 million

Year to date key figures

In euro million

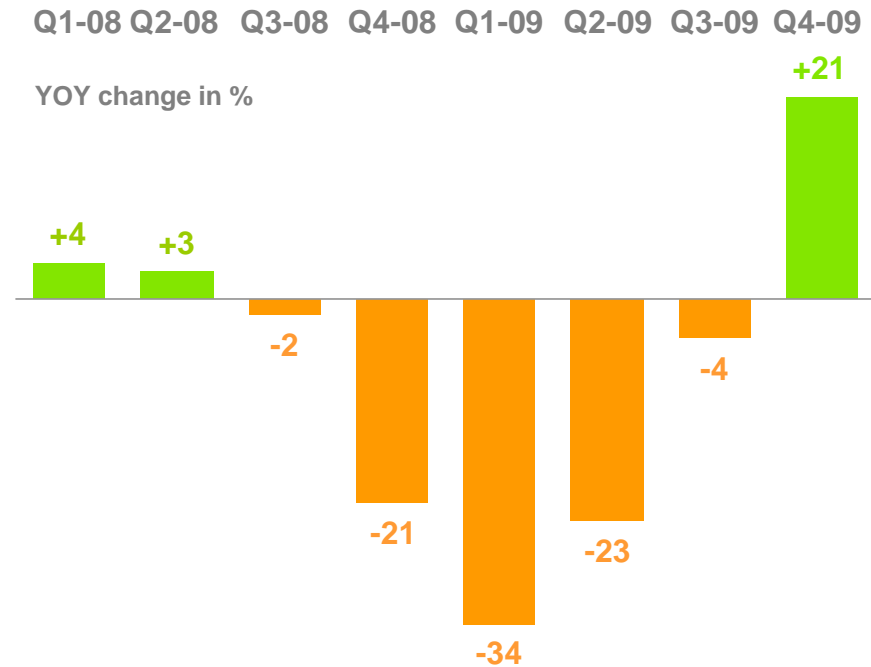
	2008	2009	▲
Total sales	8 677	7 499	-14%
Gross margin	1 327	1 138	-14%
<i>as % of sales</i>	15.3%	15.2%	-0.1pt
Operating margin	230	133	-42%
<i>as % of sales</i>	2.7%	1.8%	-0.9pt
Net income	(207)	(153)	-26%
Free cash flow*	118	155	+31%
Net financial debt	821	722	-12%

* Before interest payments



Q4-2009 Financials

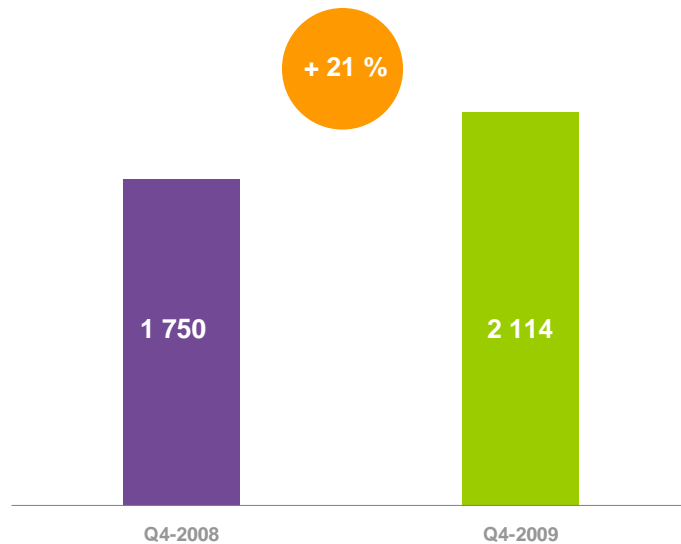
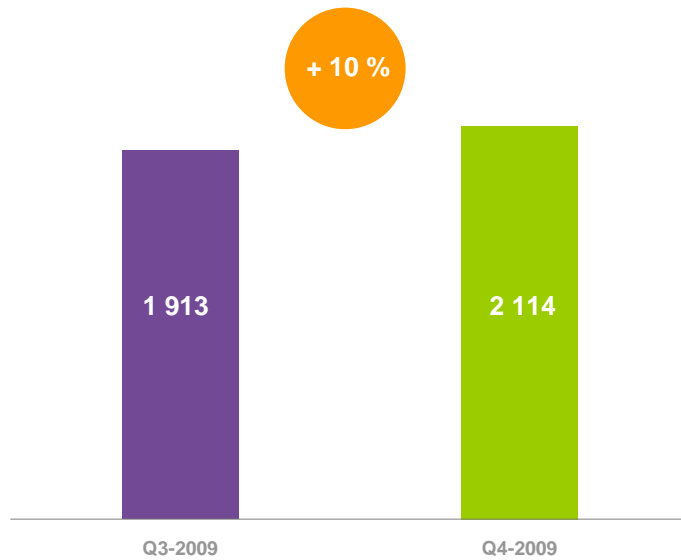
Worldwide automotive production



- Full impact of scrappage incentives in Europe
- Accelerated growth in Asia and Brazil
 - China +103% & India +57%
 - Brazil +52%

Quarterly Sales

In euro million



Customers (% of sales) 2009

End of December

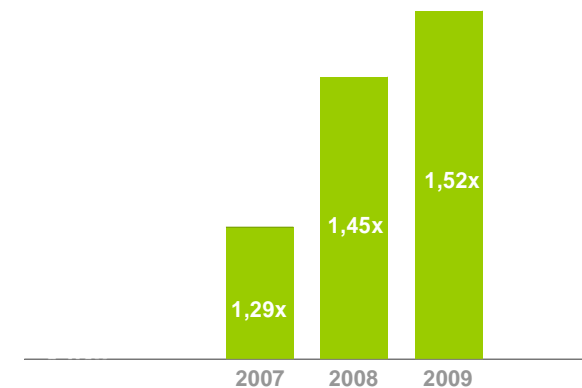
German	28%
French*	25%
Asian**	20%
American	16%

* Excluding Nissan

** Including Nissan

Order Intake

(OI/OEM sales)



Quarterly Results

In euro million

	Q4-08	H1-09	Q3-09	Q4-09	▲
Total sales	1 750	3 472	1 913	2 114	+21%
Gross margin	212	453	310	375	+77%
<i>% of sales</i>	12.1%	13.0%	16.2%	17.7%	+5.6pts
Net R&D	(114)	(234)	(114)	(125)	+10%
<i>% of sales</i>	-6.5%	-6.7%	-6.0%	-5.9%	-0.6pt
SG&A expenses	(136)	(270)	(128)	(134)	-1.5%
<i>% of sales</i>	-7.8%	-7.8%	-6.7%	-6.3%	-1.5pt
Operating margin	(38)	(51)	68	116	na
<i>% of sales</i>	-2.2%	-1.5%	3.6%	5.5%	+7.7pts

Cost savings program

Break-even point lowered by €1.1 billion

€480 million of cost savings including
€340 million of fixed costs

Q4-08 2009

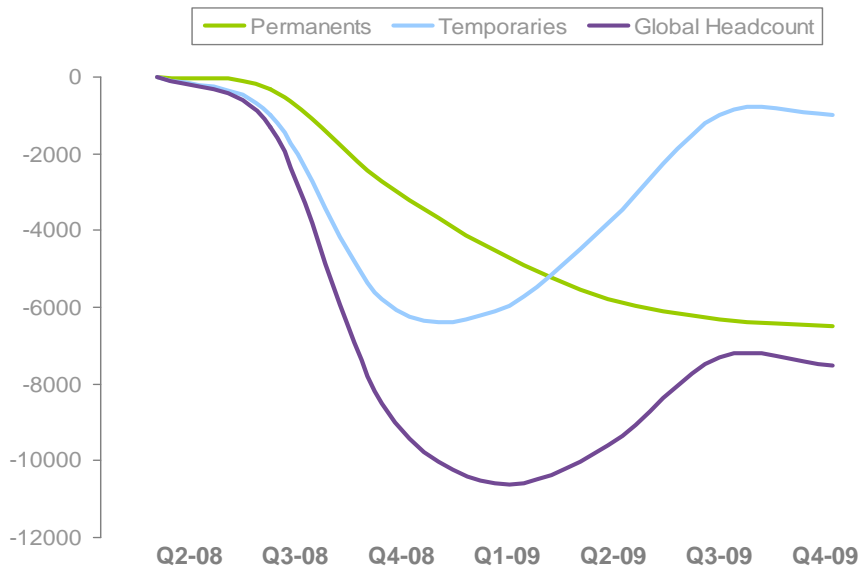
Total cost savings €480* million	144	336
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Permanent (6,200)	(2,400)	(3,800)
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Cash outlays	(10)	(165)
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**Excl. raw material consumption*

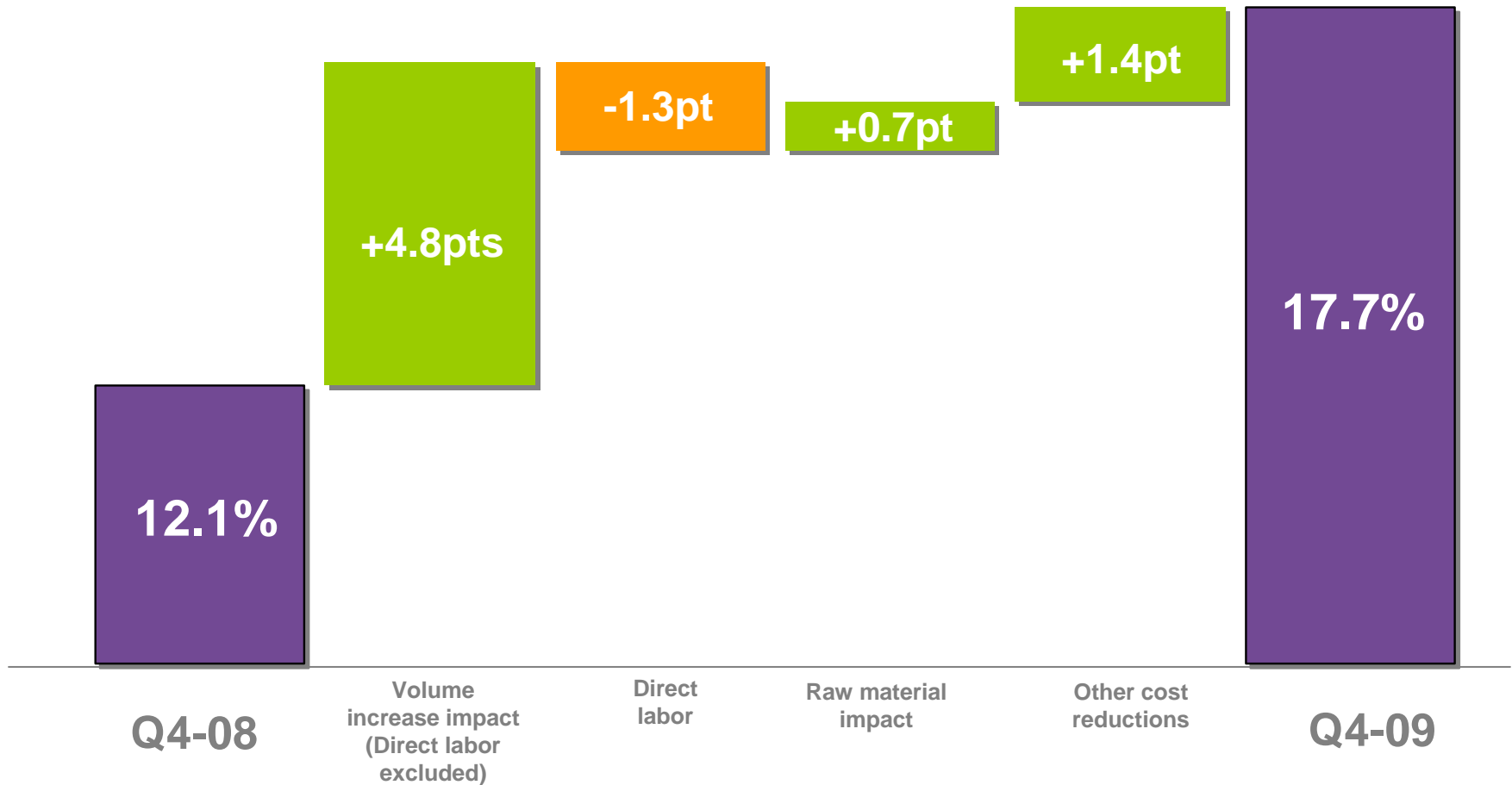
Permanent and temporary headcount variation
vs situation end of Q2-2008



Variable costs adjusted to
improving business environment

Gross margin walkdown

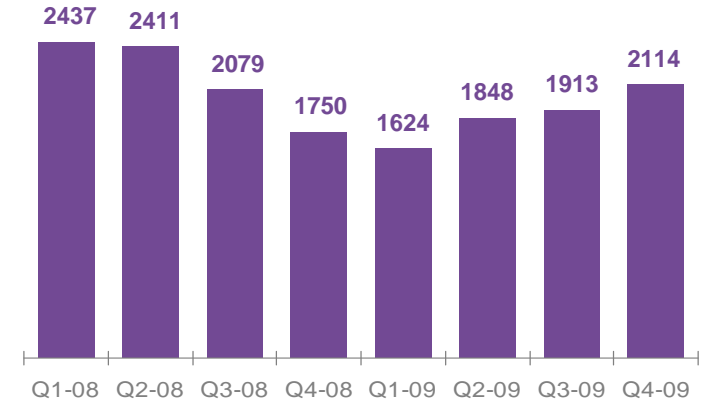
As % of sales



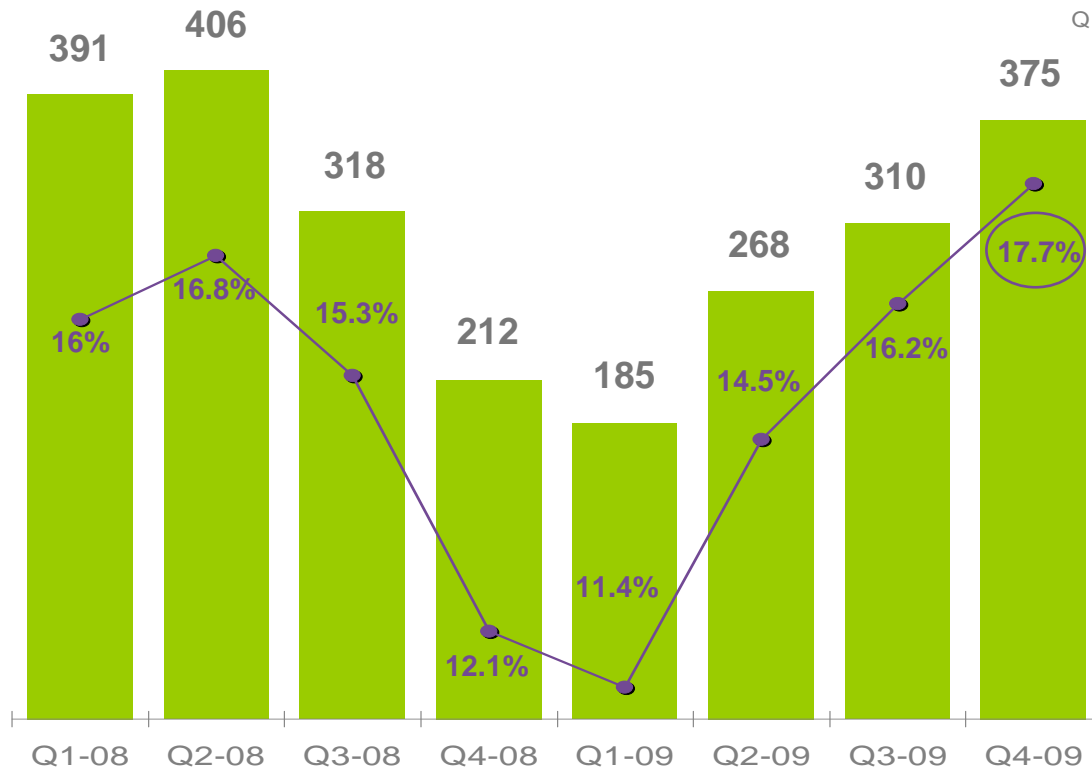
Gross margin

In euro million and % of sales

Sales (in € million)



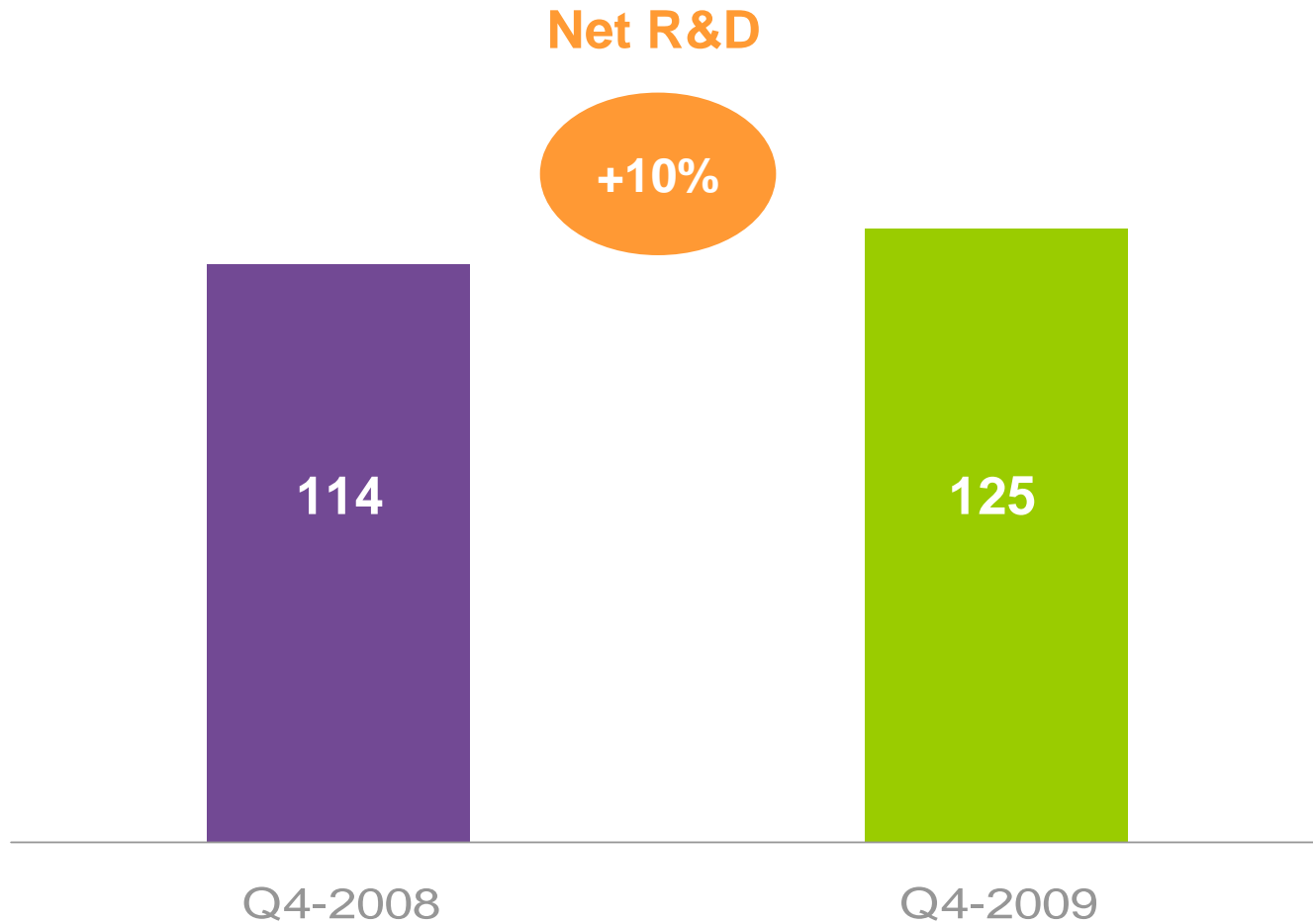
Gross margin (in € million and % of sales)



Highest level in the past 5 years

Sustained R&D efforts

In euro million

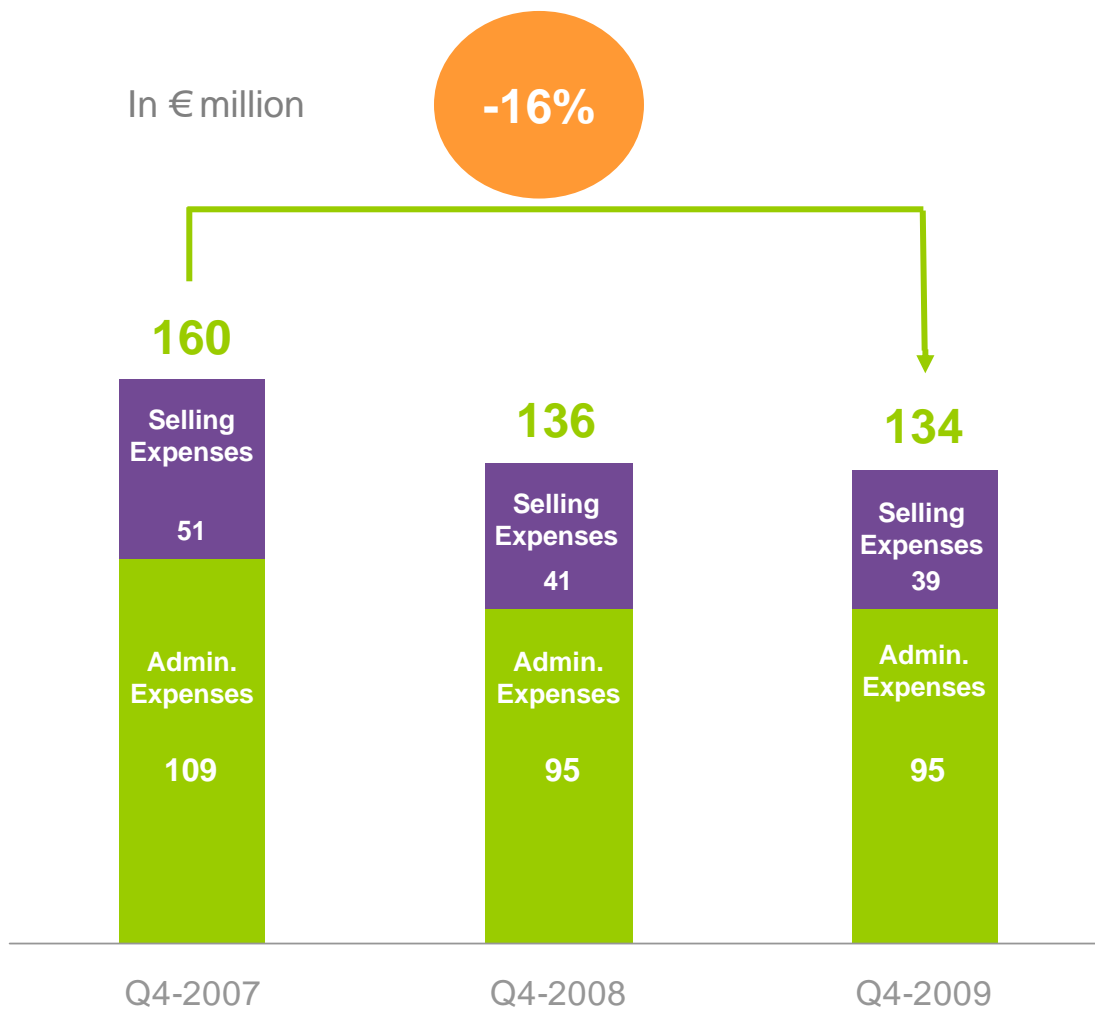


SG&A expenses

In euro million and % of sales

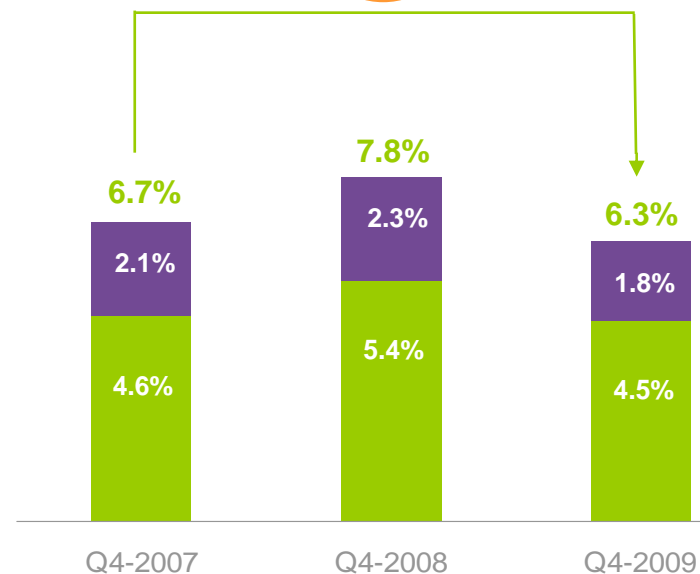
In € million

-16%



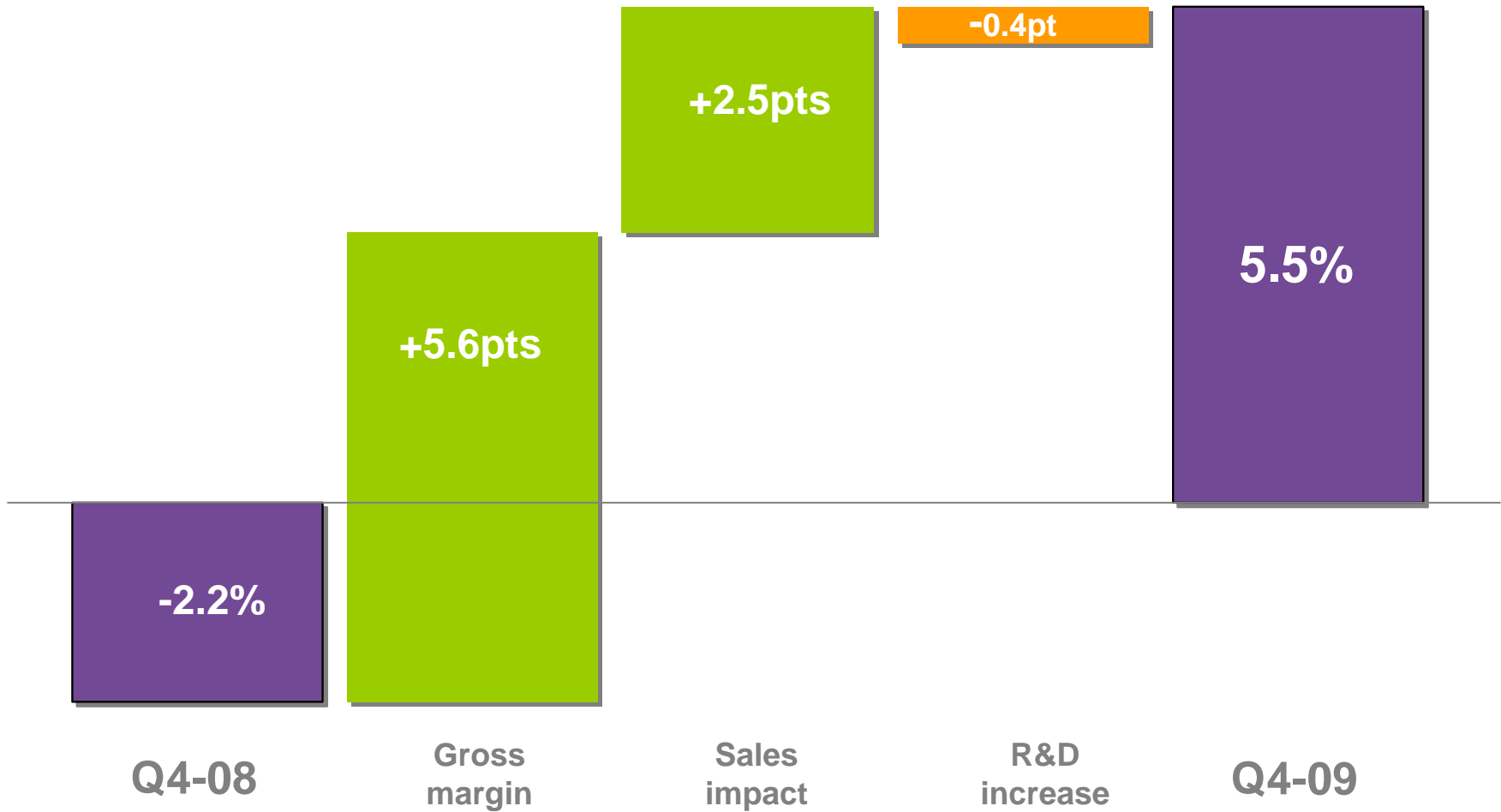
In % of sales

-0.4pt



Operating margin walkdown

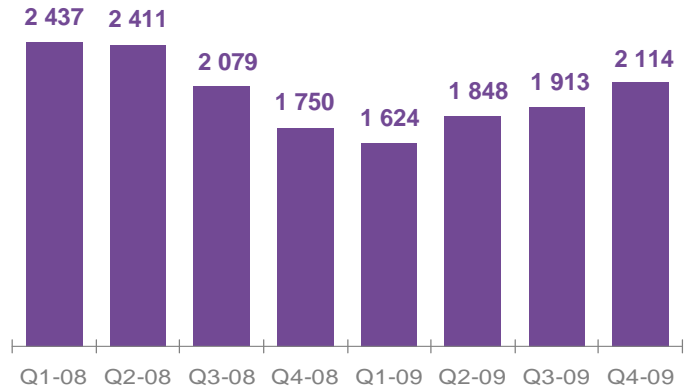
As % of sales



Operating margin

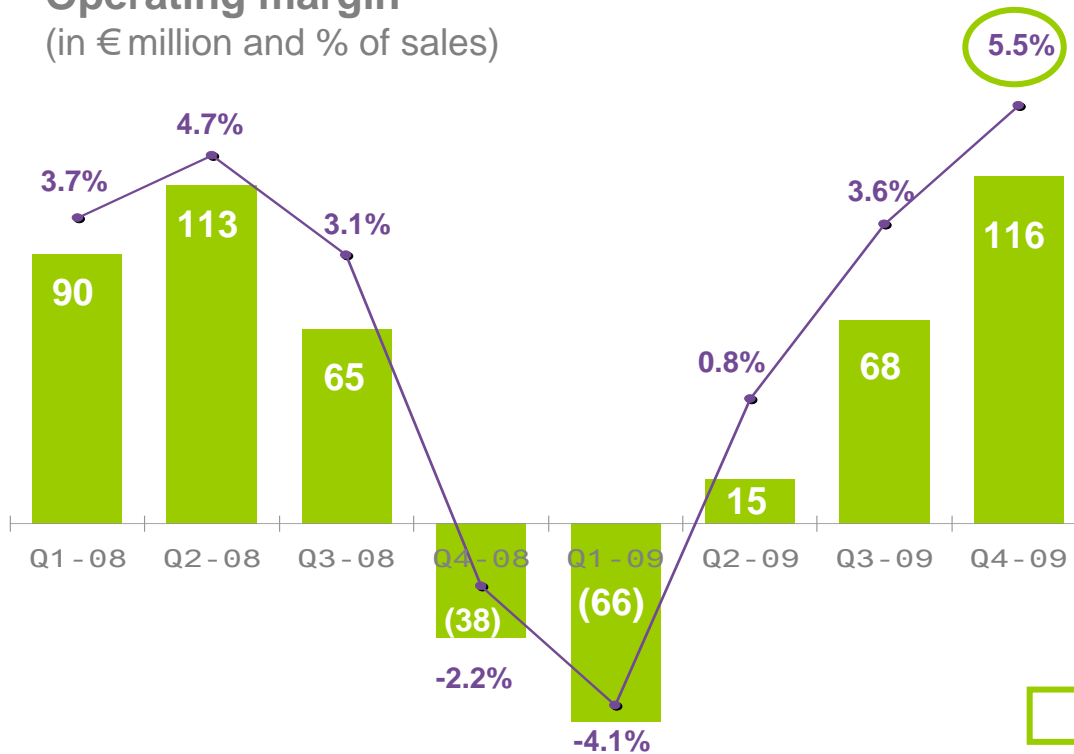
In euro million and % of sales

Sales (in euro million)



Operating margin

(in € million and % of sales)



Highest level in the past 5 years

Q4 Results (cont.)

in euro million

	Q4-08	H1-09	Q3-09	Q4-09	▲
Sales	1 750	3 472	1 913	2 114	+21%
Operating margin <i>as % of sales</i>	(38) -2.2%	(51) -1.5%	68 3.6%	116 5.5%	na +7.7pts
Other income & expenses <i>as % of sales</i>	(246) -14.1%	(37) -1.1%	(9) -0.5%	(3) -0.1%	na +14pts
Operating income <i>as % of sales</i>	(284) -16.2%	(88) -2.5%	59 3.1%	113 5.3%	na +21.5pts
Cost of net debt	(13)	(21)	(17)	(22)	+69%
Other financial expenses	(41)	(37)	(9)	(11)	-73%
Associates	1	(40)	1	5	na
Income before taxes	(337)	(186)	34	85	na
Taxes	25	(26)	(26)	(27)	na
Effective tax rate	na	na	79%	33%	na
Minority interest and others	(2)	(1)	(4)	(2)	na
Net income	(313)	(213)	4	56	na

Free cash flow generation of €153 million

Net financial debt reduction of €95 million

In euro million	Q1-09	Q2-09	Q3-09	Q4-09
EBITDA	73	156	192	249
Restructuring and social costs	(23)	(46)	(54)	(42)
Operating working capital	6	171	12	25
Capex	(133)	(123)	(115)	(73)
Others	(11)	(74)	(29)	(6)
Free cash flow (before interest payments)	(88)	84	6	153
Net financial debt €21 million, end of 2008	933	841	817	722



Full year 2009

2009 profitability highlights

Break-even point lowered to equivalent sales of €7 billion

- Sales (M€)
- Gross margin (% of sales)
- Operating margin (% of sales)
- Operating Income (% of sales)
- Net income (M€)

2008	2009	▲
8 677	7 499	-14%
15.3%	15.2%	-0.1pt
2.7%	1.8%	-0.9pt
-0.6%	1.1%	+1.7pt
-207	-153	-26%

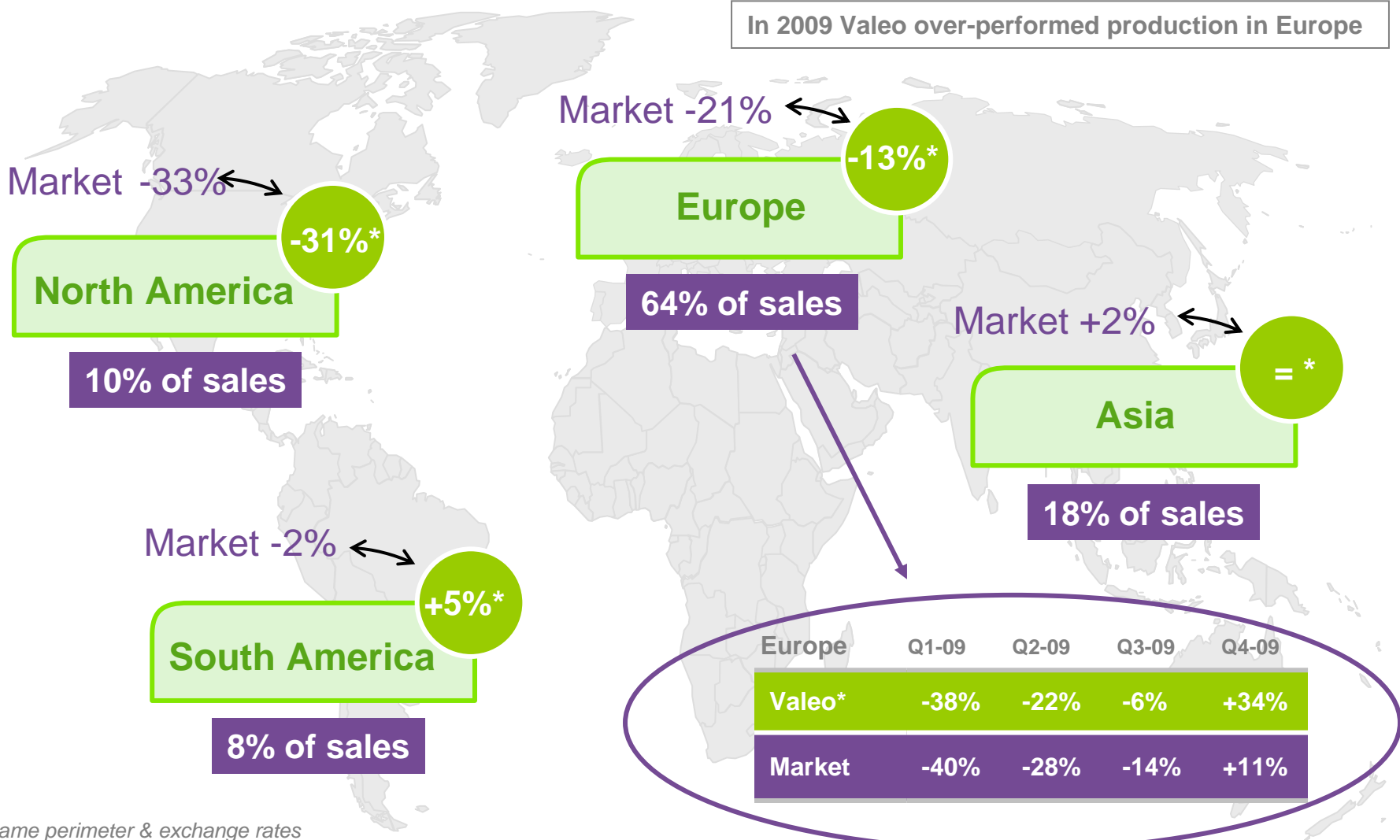
■ Volume drop mitigated by cost reduction program

- Sales down 14%
- Gross margin at 15.2% vs 15.3%
- Operating margin at 1.8% vs 2.7%

Geographic mix

OEM light vehicle (yoy change)

In 2009 Valeo over-performed production in Europe



*At same perimeter & exchange rates

Cash generation drivers

- **Free cash flow generation of €155 million**
 - Positive contribution of working capital of €214 million
 - Capex limited to 80% of depreciation
 - Strict control over restructuring expenses

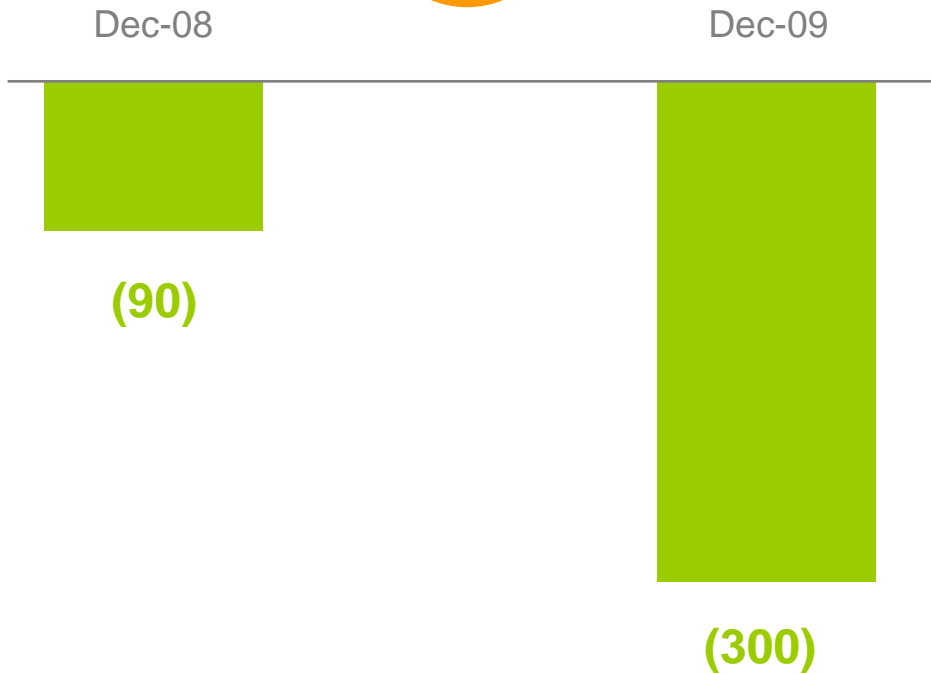
- **Reduction in net financial debt of €99 million**

Operating working capital

In euro million

Operating working capital

-€210M



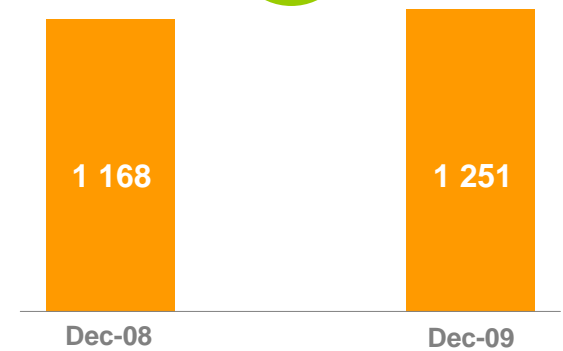
Inventories

-11%



Trade receivables

+7%

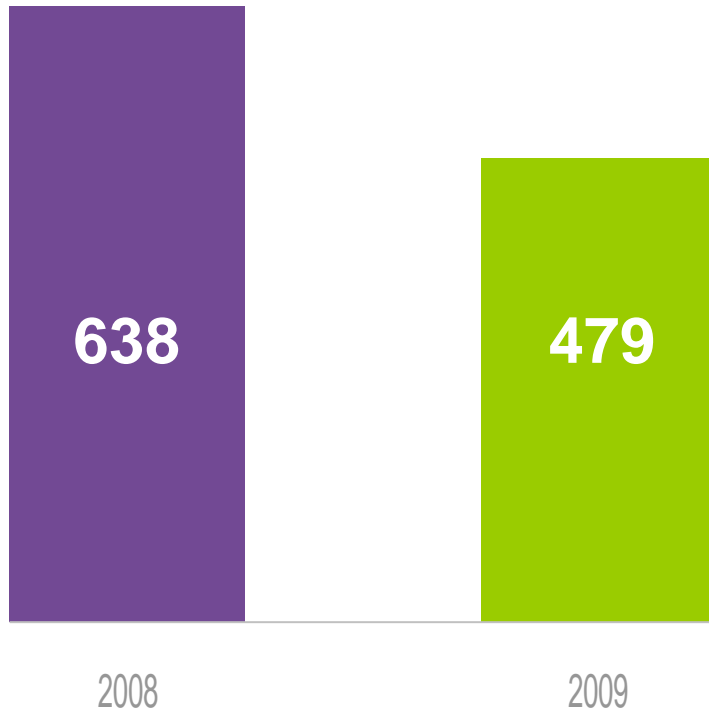


Capex

In euro million

Capex

-25%



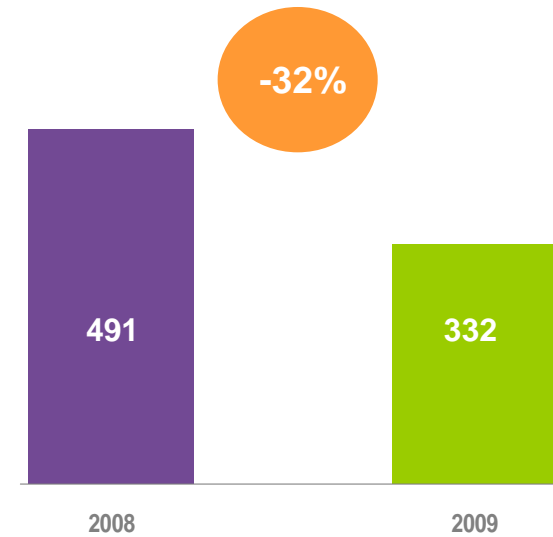
Capitalized R&D

=



Industrial investments

-32%



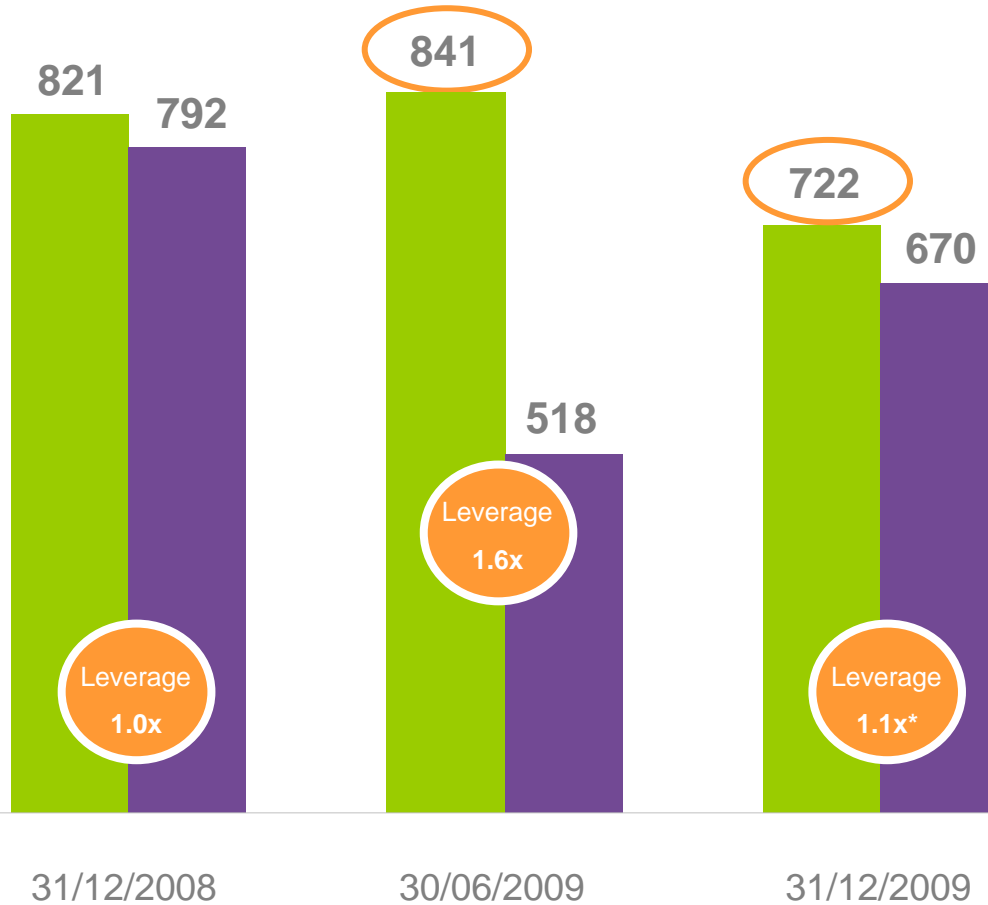
Free Cash Flow

In euro million

	FY-08	Q1-09	Q2-09	Q3-09	Q4-09	FY-09
EBITDA	792	73	156	192	249	670
Restructuring and social costs	(79)	(23)	(46)	(54)	(42)	(165)
Operating Working capital	179	6	171	12	25	214
Capex	(613)	(133)	(123)	(115)	(73)	(444)
Others	(161)	(11)	(74)	(29)	(6)	(120)
Free cash flow (before interest payments)	118	(88)	84	6	153	155
Net financial debt	821	933	841	817	722	722

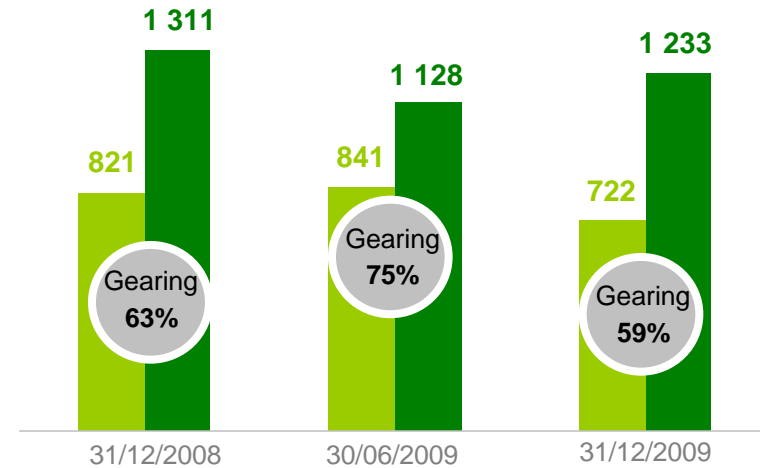
Debt ratios

Net Debt EBITDA (12 rolling months)



Shareholders equity and net debt
In euro million

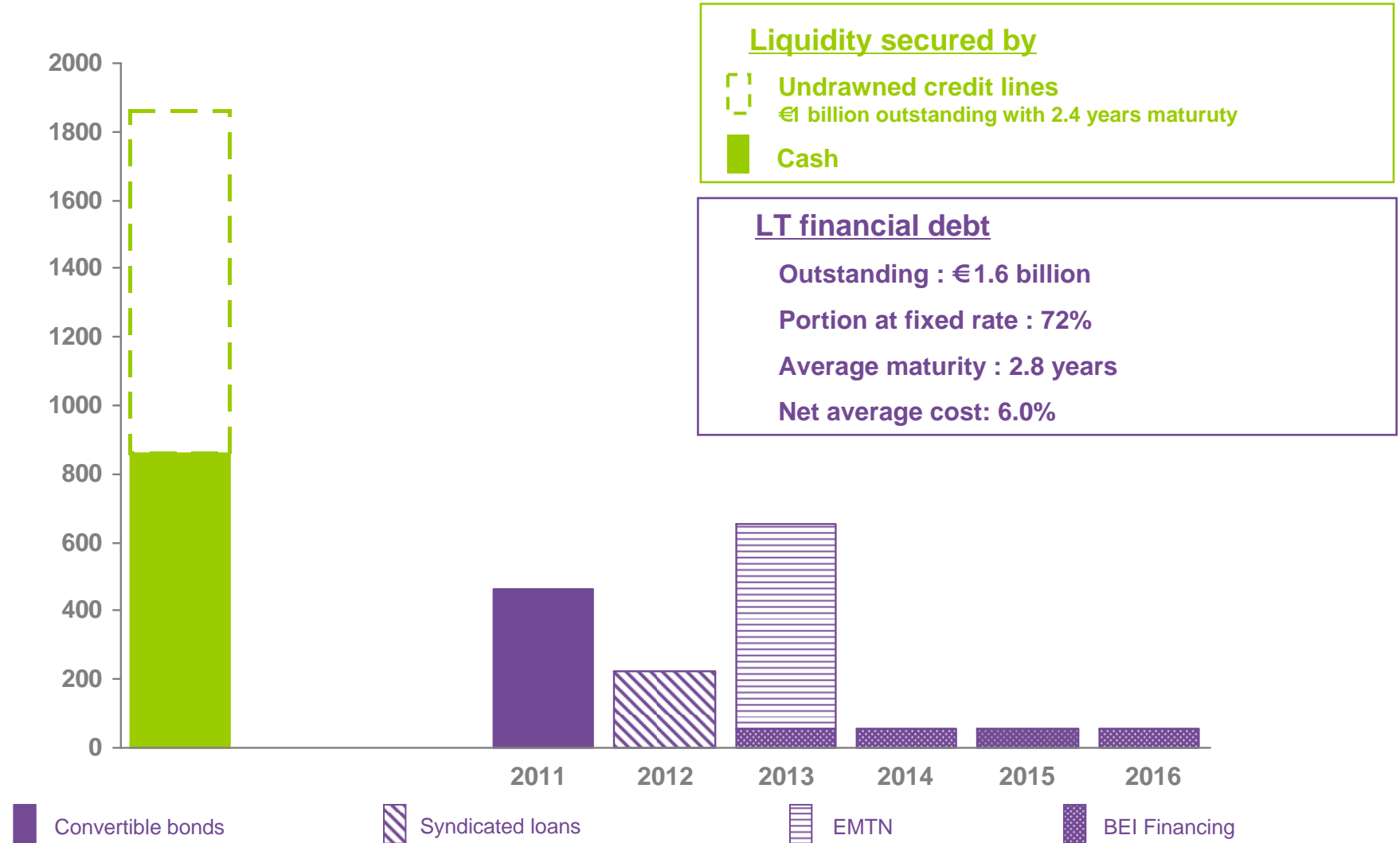
Net Debt Shareholders Equity excl. minority interests



* Covenant net financial debt / EBITDA of 3.25

Financial resources

In Euro million as of December 31, 2009





Outlook

2010 Outlook

- **Continued turnaround of worldwide light vehicle production**
 - Slight decrease in Europe
 - Environment still uncertain
 - Further improvement in Asia
 - Recovery in North America



Operating margin level around double that of 2009

INVESTOR DAY

**March 10, 2010
In Paris**

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Back-up

Quarterly P&L

new format

	2007				2008 new format				2009 new format			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<i>(in euro million)</i>												
■ Net Sales	2 472	2 472	2 214	2 397								
Other operating revenues	27	35	31	41								
■ Total operating revenues / Sales	2 499	2 507	2 245	2 438	2 437	2 411	2 079	1 750	1 624	1 848	1 913	2 114
■ Gross margin	377	394	340	386	391	406	318	212	185	268	310	375
<i>% of sales</i>	15.3%	15.9%	15.4%	16.1%	16.0%	16.8%	15.3%	12.1%	11.4%	14.5%	16.2%	17.7%
R&D expenditures	(168)	(173)	(156)	(171)	(142)	(134)	(111)	(114)	(114)	(120)	(114)	(125)
Selling & administrative expenses	(162)	(153)	(142)	(160)	(159)	(159)	(142)	(136)	(137)	(133)	(128)	(134)
Other income & expenses	3	(13)	(9)	(8)	(4)	(17)	(15)	(246)	(17)	(20)	(9)	(3)
■ Operating income	77	90	64	88	86	96	50	(284)	(83)	(5)	59	113
<i>as % of operating revenues / % of sales</i>	3.1%	3.6%	2.9%	3.6%	3.5%	4.0%	2.4%	-16.2%	-5.1%	-0.3%	3.1%	5.3%
Cost of net debt	(12)	(13)	(14)	(12)	(12)	(10)	(10)	(13)	(12)	(9)	(17)	(22)
Other financial income and expense	(10)	(10)	(15)	(11)	(4)	(2)	(12)	(41)	(25)	(12)	(9)	(11)
Equity in net earnings of associates	0	5	1	2	1	6	1	1	(35)	(5)	1	5
■ Income before income taxes	55	72	36	67	71	90	29	(337)	(155)	(31)	34	85
Income taxes	(21)	(26)	(23)	(13)	(26)	(30)	(20)	25	(4)	(22)	(26)	(27)
■ Income from continuing operations	34	46	13	54	45	60	9	(312)	(159)	(53)	8	58
Non-strategic activities	(0)	(4)	(52)	(3)	(1)	0	(1)	1	0	1	(1)	0
■ Net income for the period	34	42	(39)	51	44	60	8	(311)	(159)	(51)	7	56
Minority interest	(1)	(4)	(1)	(1)	(1)	(3)	(2)	(2)	0	(2)	(3)	(2)
■ Net income	33	38	(40)	50	43	57	6	(313)	(159)	(54)	4	56

Highlights by segment

(In millions of euros)	Comfort and Driving assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Other	TOTAL
2009						
Net sales						
▪ segment (excluding Group)	1 315	1 999	2 243	1 922	20	7 499
▪ intersegment (Group)	29	12	15	16	(72)	-
EBITDA ⁽¹⁾	106	207	180	146	31	670
Research and development expenditure, net	(118)	(126)	(124)	(110)	5	(473)
Investments in property, plant and equipment and intangible assets	112	167	86	110	4	479
Segment assets ⁽²⁾	1 007	1 612	1 308	1 260	139	5 326
2008						
Net sales						
▪ segment (excluding Group)	1 520	2 218	2 728	2 113	98	8 677
▪ intersegment (Group)	29	10	4	20	(63)	-
EBITDA ⁽¹⁾	142	241	229	151	29	792
Research and development expenditure, net	(130)	(113)	(143)	(112)	(3)	(501)
Investments in property, plant and equipment and intangible assets for the period	147	211	122	151	7	638
Segment assets ⁽²⁾	1 006	1 546	1 370	1 392	94	5 408

Highlights by segment

(In millions of euros)	Comfort and Detection Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	TOTAL
First-half 2009						
Net sales						
■ for the segment (excluding Group)	613	942	1 011	896	10	3 472
■ intersegment sales (Group)	14	9	1	8	(32)	-
EBITDA ⁽¹⁾	38	86	62	41	2	229
Net research and development expenditure	(60)	(53)	(65)	(56)	-	(234)
Investments in tangible and intangible assets for the period	58	83	37	57	2	237
Segment assets ⁽²⁾	1 023	1 586	1 271	1 379	(22)	5 237
First-half 2008						
Net sales						
■ for the segment (excluding Group)	872	1 232	1 495	1 146	103	4 848
■ intersegment sales (Group)	17	3	1	15	(36)	-
EBITDA ⁽¹⁾	95	152	136	99	21	503
Net research and development expenditure	(72)	(55)	(83)	(63)	(3)	(276)
Investments in tangible and intangible assets for the period	73	98	57	77	7	312
Segment assets ⁽²⁾	1 134	1 718	1 525	1 542	188	6 107

Highlights by segment

(In millions of euros)	Comfort and Detection Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Others	TOTAL
Second -half 2009						
Net sales						
■ for the segment (excluding Group)	702	1 057	1 232	1 026	10	4 027
■ intersegment sales (Group)	15	3	14	8	(40)	-
EBITDA ⁽¹⁾	68	121	118	105	29	441
Net research and development expenditure	(58)	(73)	(59)	(54)	5	(239)
Investments in tangible and intangible assets for the period	54	84	49	53	2	242
Segment assets ⁽²⁾	1 007	1 612	1 308	1 260	139	5 326
Second -half 2008						
Net sales						
■ for the segment (excluding Group)	648	986	1 233	967	(5)	3 829
■ intersegment sales (Group)	12	7	3	5	(27)	-
EBITDA ⁽¹⁾	47	89	93	52	8	289
Net research and development expenditure	(58)	(58)	(60)	(49)	-	(225)
Investments in tangible and intangible assets for the period	74	113	65	74	-	326
Segment assets ⁽²⁾	1 006	1 546	1 370	1 392	94	5 408

Share Information

Share Data

▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as per 31.12.2009	78,209,617

ADR Data

▪ Ticker/trading symbol	VLECY
▪ CUSIP Number	919134304
▪ Exchange	OTC
▪ Ratio (ADR: ord)	1:2
▪ Depository Bank	J.P. Morgan



Enabling a better automotive world