



Q1-2008 Results

Thierry Morin - Chairman & CEO

April 25, 2008





Quarterly highlights

Q1-08 Highlights

■ Trading conditions

- Automotive production slows down significantly vs. H2-07
- Commodity inflationary pressures
- Euro stronger against US\$
- Rising interest rates

■ Valeo

- Operating margin up yoy for the third quarter in a row
- EPS from continuing activities up 36%
- Good traction for innovative products
- Portfolio alignment continues

Quarterly key figures

<i>In euro million</i>	Q1-2008	Q1-2007	Change
Total operating revenues	2,473	2,499	- 1.0%
Gross margin <i>as % of sales</i>	392 16.1%	377 15.3%	+ 4.0% <i>+ 0.8 pt</i>
Operating margin <i>as % of total op. revenues</i>	90 3.6%	74 3.0%	+ 21.6% <i>+ 0.6 pt</i>
Basic earnings per share from continuing activities (€)*	0.57	0.42	+ 35.7%
Net financial debt	786	966	-18.6%

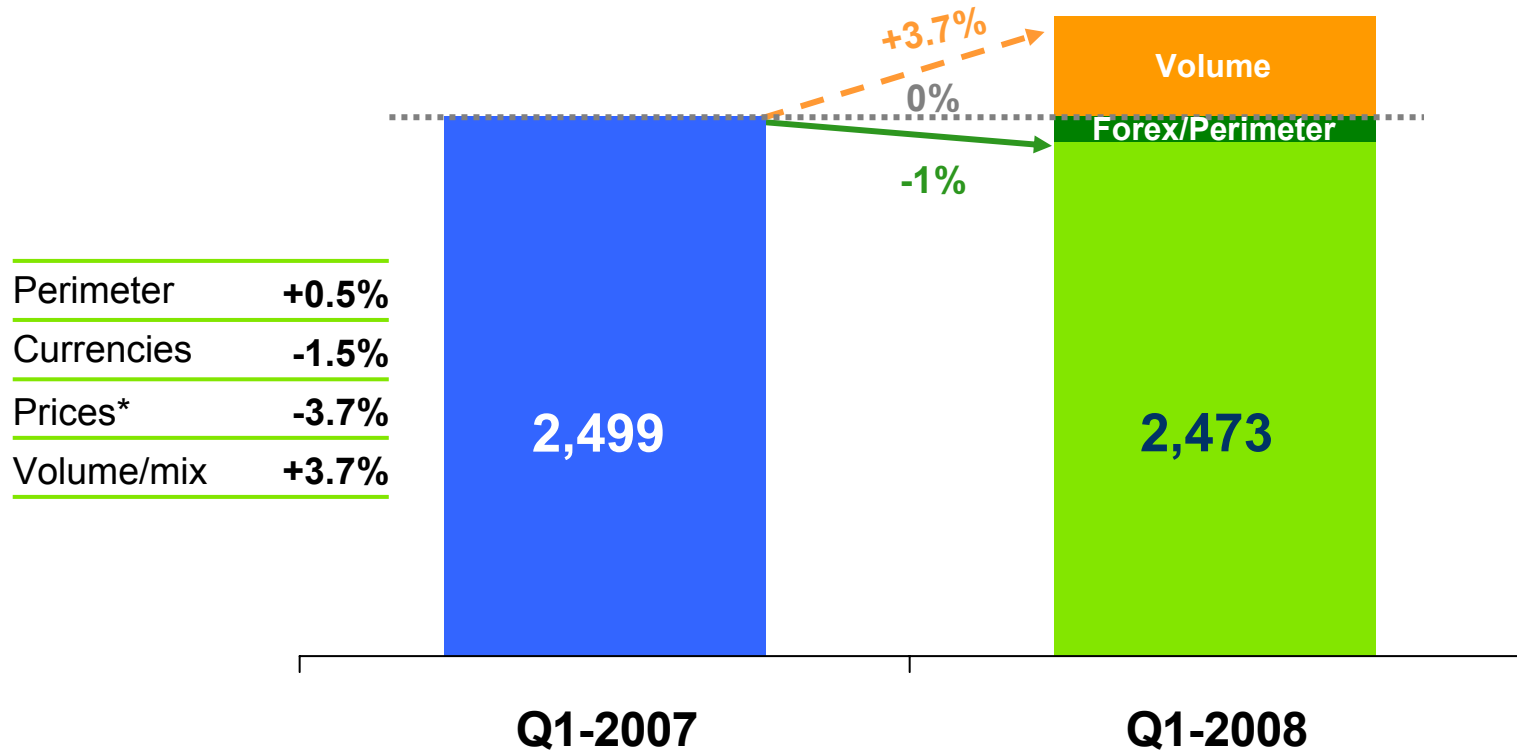
* Basic earnings per share from non strategic activities amount to €(0.01) and €0.01 in 2008 and 2007 respectively



Sales and automotive market

Total operating revenues

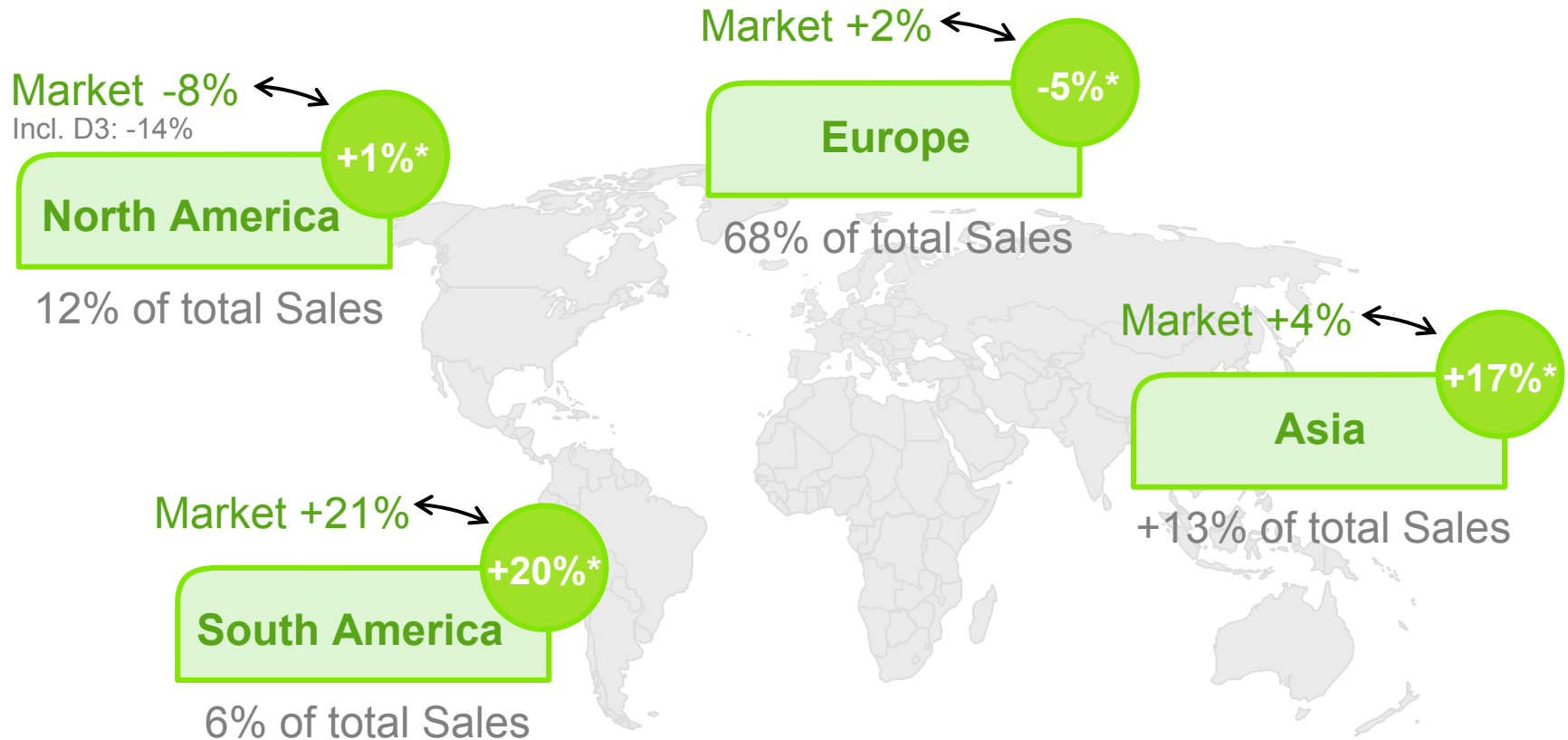
In euro million



* At identical functions

Q1-2008 net sales

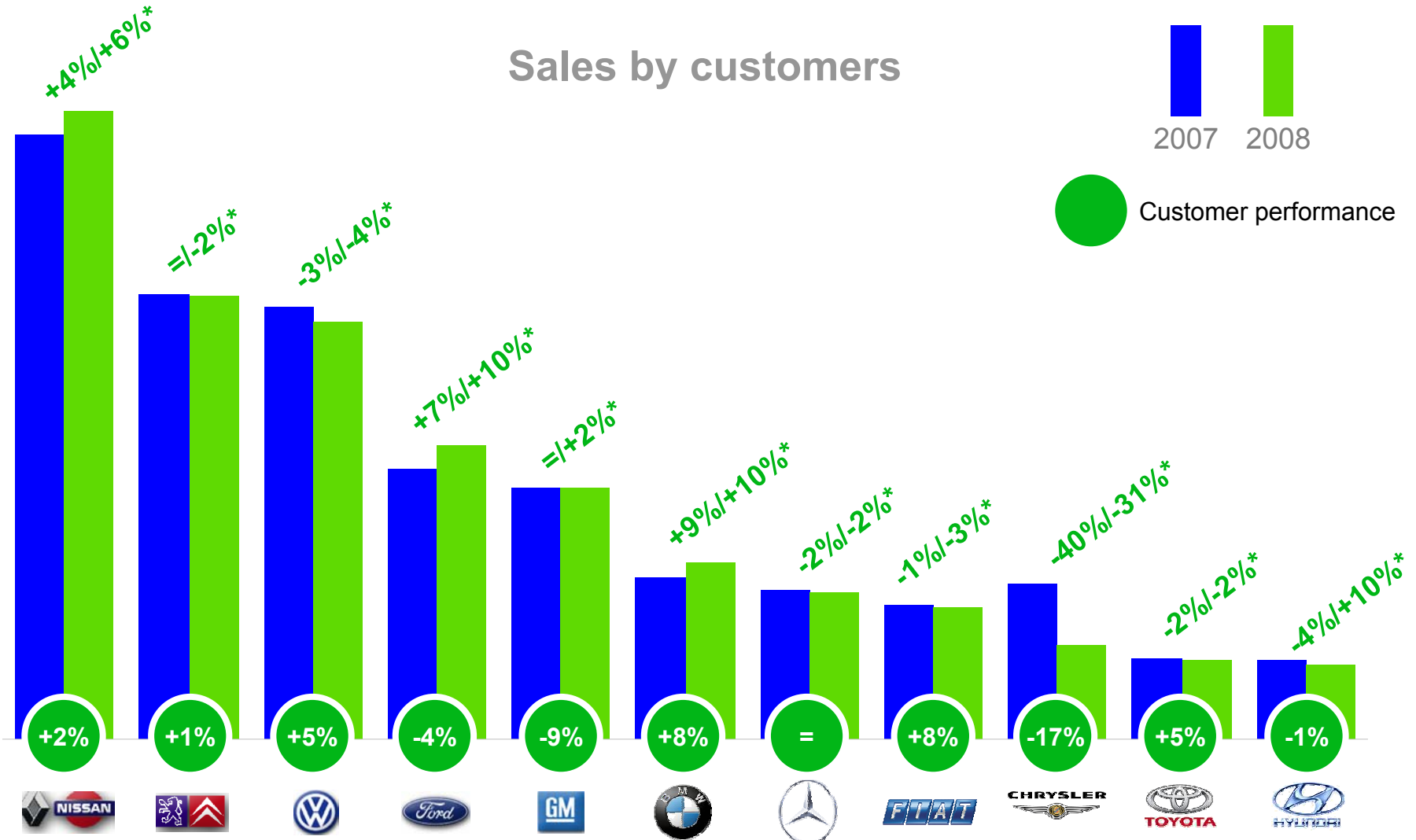
Geographical trends (yoy changes)



*At same perimeter & exchange rate

Original Equipment Touring Cars

Sales by customers



*at same perimeter & exchange rate



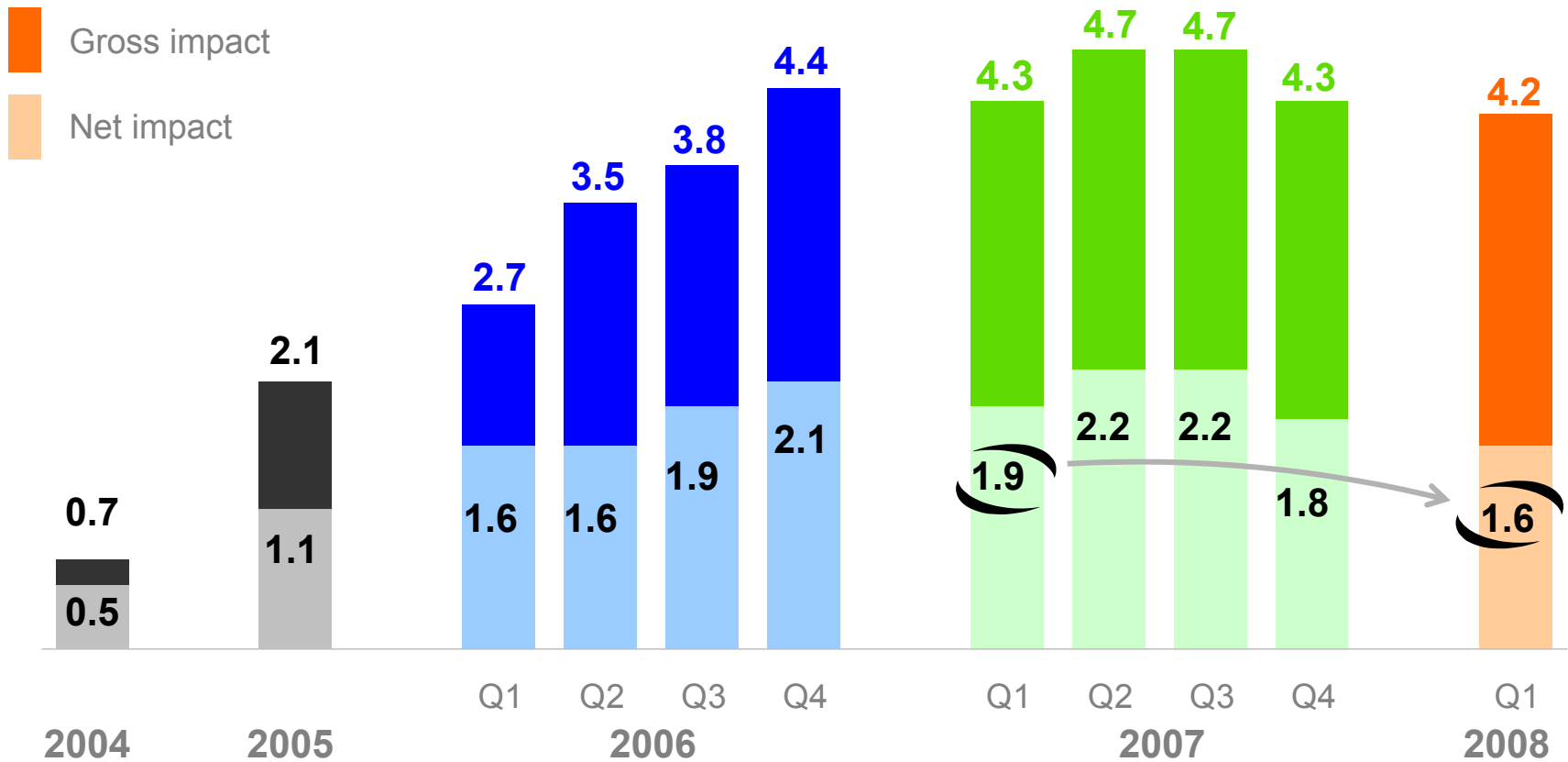
Results

Results (1)

<i>In euro million</i>	Q1-2008	Q1-2007	Change
Total operating revenues	2,473	2,499	- 1.0%
Gross margin <i>as % of sales</i>	392 16.1%	377 15.3%	+ 4.0% + 0.8 pt

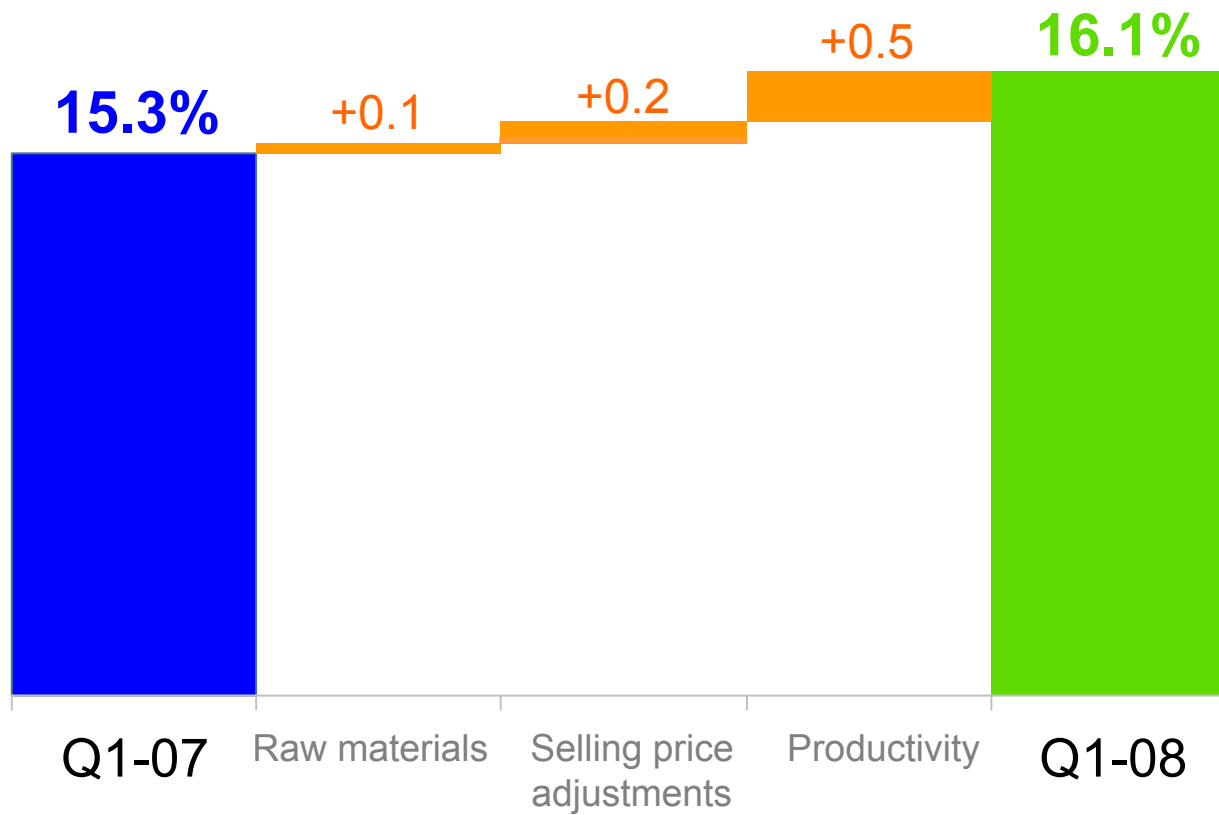
Raw material impact

Ppt of sales - cumulative



Q1 gross margin walkdown

% of Sales



Results (cont.)

<i>In euro million</i>	Q1-2008	Q1-2007	Change
R&D expenses (net)* <i>as % of total op. revenues</i>	(139) 5.6%	(141) 5.6%	-1.4% =
Selling expenses <i>as % of total op. revenues</i>	(50) 2.0%	(49) 2.0%	+ 2.0% =
Administrative expenses <i>as % of total op. revenues</i>	(113) 4.6%	(113) 4.5%	= + 0.1 pt
Other income & expenses <i>as % of total op. revenues</i>	(4) 0.2%	3 0.1%	<i>nm</i> + 0.3 pt
Operating income <i>as % of total op. revenues</i>	86 3.5%	77 3.1%	+ 11.7% + 0.4 pt

* net of other operating revenues

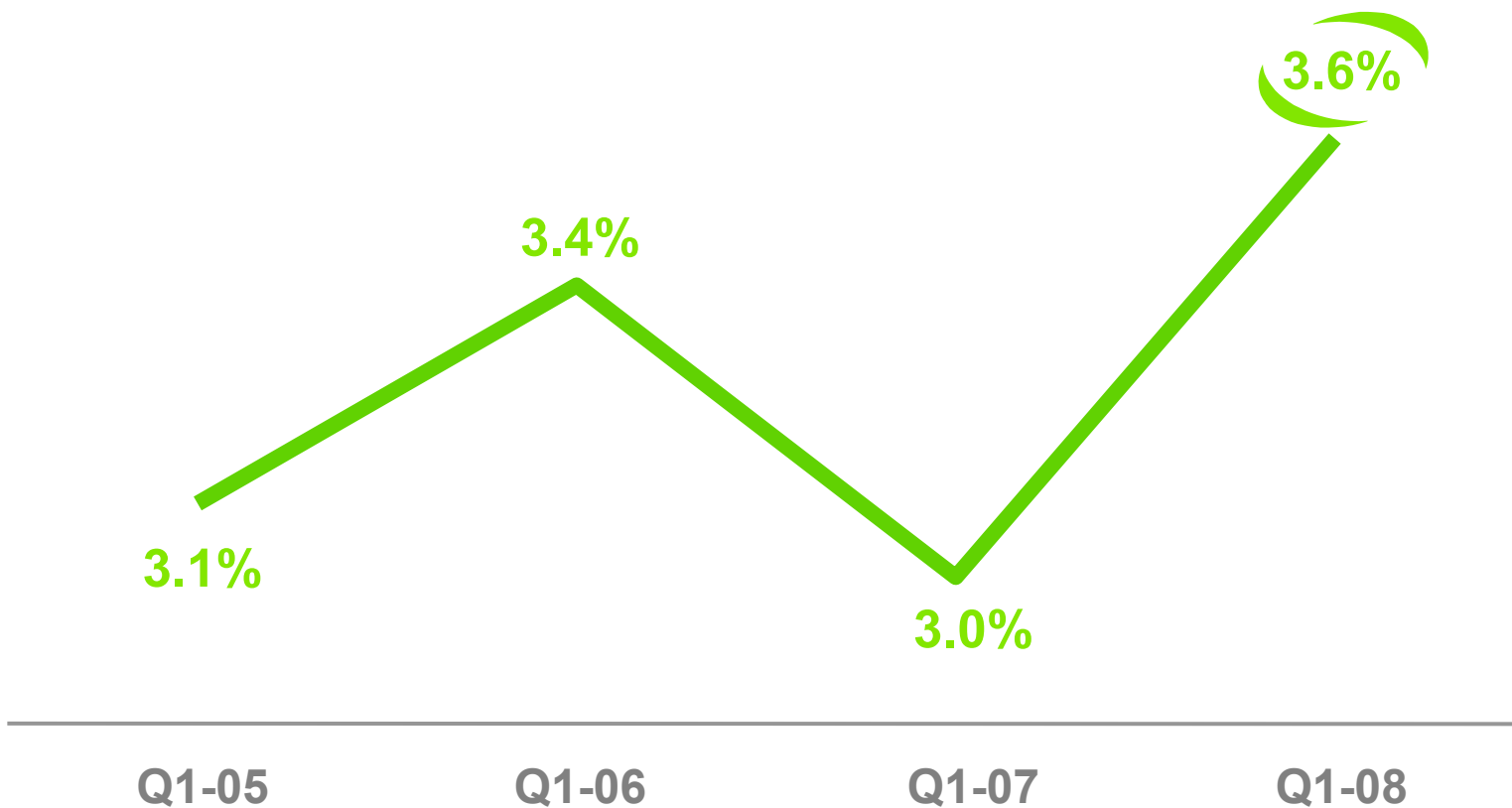
Margin yoy progression continues in spite of less supportive environment

Quarterly YOY change in operating margin (Q1-07 to Q1-08)



Best quarter over the last 4 years

% of Total operating revenues



Results (cont.)

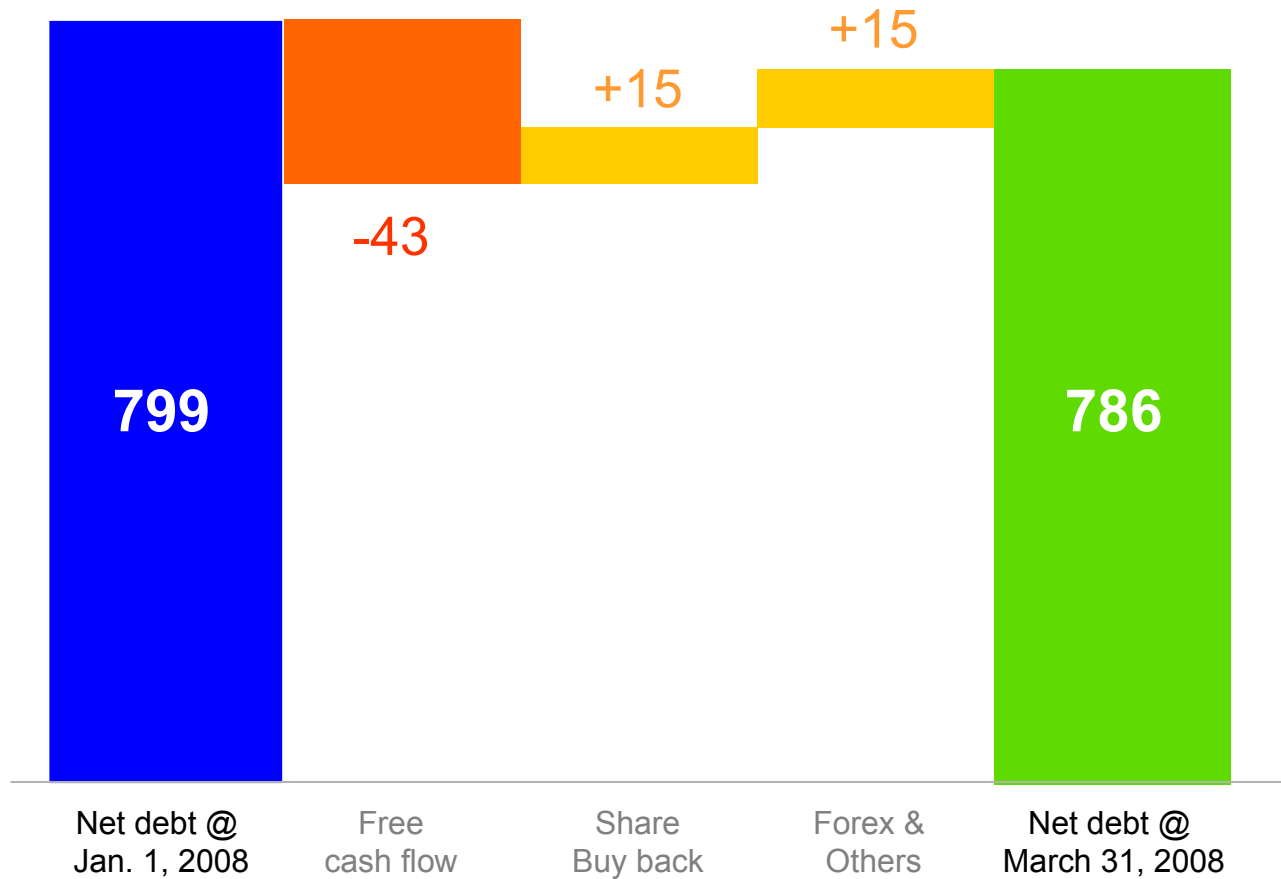
<i>In euro million</i>	Q1-2008	Q1-2007	Change
Operating income	86	77	+ 11.7%
Cost of net debt	(12)	(12)	=
Other financial inc./ (expenses)	(4)	(10)	<i>nm</i>
Associates	1	0	<i>nm</i>
Income before taxes	71	55	+ 29.1%
Taxes	(26)	(21)	+ 23.8%
<i>Effective tax rate</i>	<i>37.1%</i>	<i>38.2%</i>	
Non strategic activities	(1)	0	<i>nm</i>
Minorities	(1)	(1)	=
Net income	43	33	+ 30.3%



Balance sheet

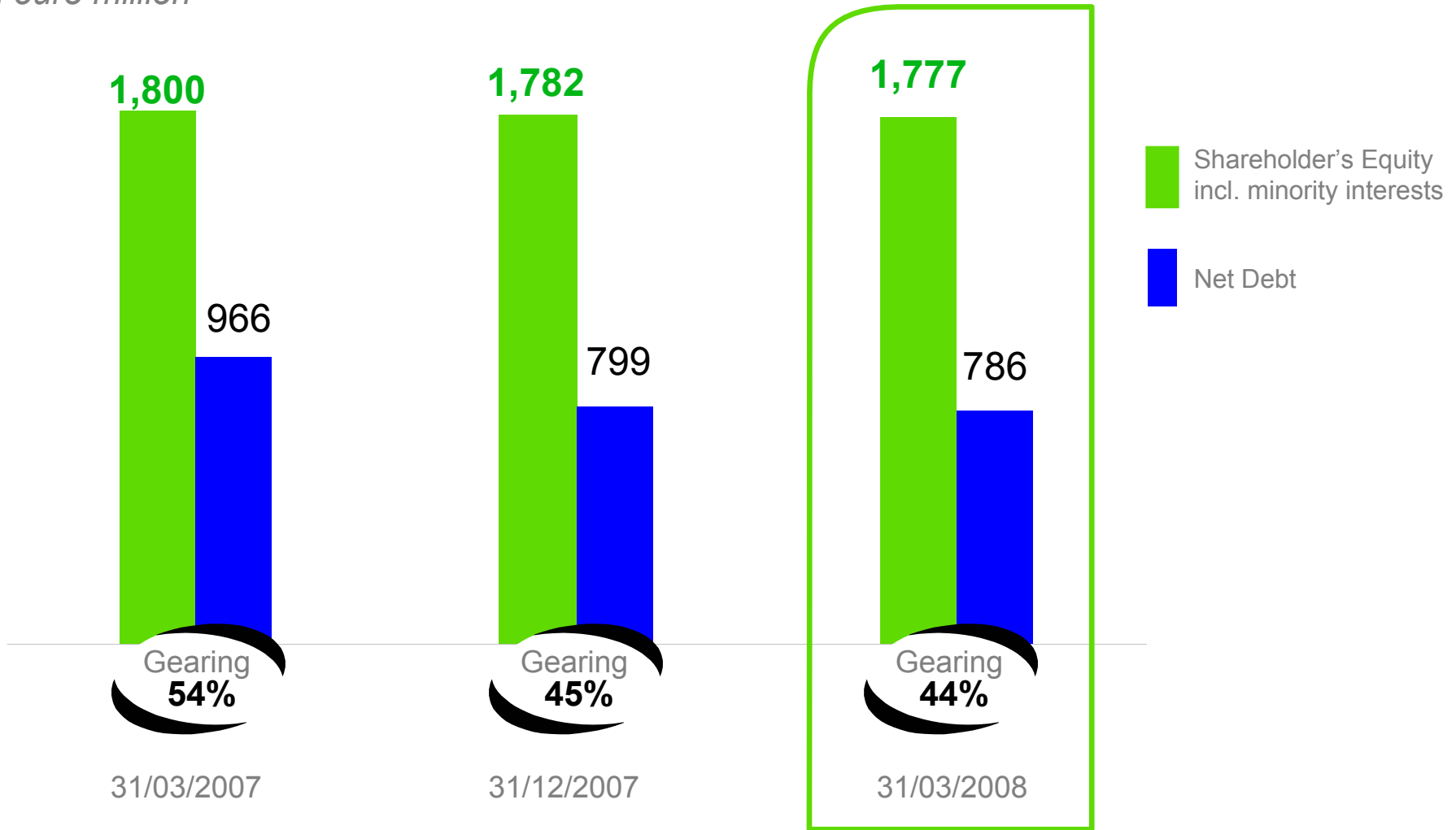
Net financial debt walkdown

In euro million



Gearing

In euro million





Business highlights

Strategy implementation

■ Operational excellence

- Toyota Group « Excellent Quality Performance Award »

■ Innovation

- Park4U™ 2008 PACE Award winner
 - Fourth PACE award in a row
- Park4U obtains the Allianz « Genius » Award

■ Portfolio alignment

- Planned disposal on the truck engine cooling business to EQT
- ~50% of the €2bn disposal program now completed



Outlook

2008 objectives

■ Trading conditions

- Confirm scenario of global automotive production slowdown
 - NAFTA: significant downturn
 - Europe: stable; switch from Western to Eastern Europe continues
 - Emerging markets remain supportive
- Commodity inflationary pressure

■ Valeo

- Short term operational levers: Rochester closure, Compressors
- Operational excellence (Quality, productivity)

■ Confirm operating margin target improvement



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Back up

Quarterly P&L

	2008		2007			2006			
<i>(in euro million)</i>	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
■ NET SALES	2,438	2,397	2,214	2,472	2,472	2,341	2,125	2,483	2,487
Other operating revenues	35	41	31	35	27	35	28	28	23
■ TOTAL OPERATING REVENUES	2,473	2,438	2,245	2,507	2,499	2,376	2,153	2,511	2,510
■ GROSS MARGIN	392	386	340	394	377	351	322	396	394
<i>as % of net sales</i>	<i>16.1%</i>	<i>16.1%</i>	<i>15.4%</i>	<i>15.9%</i>	<i>15.3%</i>	<i>15.0%</i>	<i>15.2%</i>	<i>15.9%</i>	<i>15.8%</i>
Research & Development expenditure	(174)	(171)	(156)	(173)	(168)	(163)	(146)	(161)	(170)
Selling expenses	(50)	(51)	(45)	(48)	(49)	(47)	(45)	(49)	(49)
Administrative expenses	(113)	(109)	(97)	(105)	(113)	(110)	(94)	(110)	(113)
Other income & expenses	(4)	(8)	(9)	(13)	3	(15)	(15)	1	(20)
■ OPERATING INCOME	86	88	64	90	77	51	50	105	65
<i>as % of operating revenues</i>	<i>3.5%</i>	<i>3.6%</i>	<i>2.9%</i>	<i>3.6%</i>	<i>3.1%</i>	<i>2.1%</i>	<i>2.3%</i>	<i>4.2%</i>	<i>2.6%</i>
Cost of net debt	(12)	(12)	(14)	(13)	(12)	(11)	(12)	(14)	(14)
Other financial income and expense	(4)	(11)	(15)	(10)	(10)	(11)	(6)	17	(8)
Equity in net earnings of associates	1	2	1	5	0	(6)	0	3	2
■ INCOME BEFORE INCOME TAXES	71	67	36	72	55	23	32	111	45
Income taxes	(26)	(13)	(23)	(26)	(21)	(4)	(22)	(31)	(10)
■ INCOME FROM CONTINUING OPERATIONS	45	54	13	46	34	19	10	80	35
■ Non-strategic activities	(1)	(3)	(52)	(4)	(0)	42	(2)	(7)	(11)
■ NET INCOME FOR THE PERIOD	44	51	(39)	42	34	61	8	73	24
Minority interests	(1)	(1)	(1)	(4)	(1)	(1)	(1)	(1)	(2)
■ NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	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 31.03.2008	78,209,617

ADR Data

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



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