



H1-2008 Results

Thierry Morin – Chairman & CEO

July 29, 2008

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Outlook



Half-year highlights

Half-year highlights

■ Financials

- Net income up 41% to €100m (€1.30/share)
- Fourth consecutive quarter of improved margins in Q2
- Net debt down €178m from year-end 2007

■ Business and corporate development

- Strong order intake and good traction for innovative products
- Established an initial presence in Russia
- Additional portfolio restructuring

Half-year key figures

<i>In euro million</i>	H1-2008	H1-2007	Change
Total operating revenues	4,914	5,006	-1.8%
Operating margin	203	177	+14.7%
<i>as % of total operating revenues</i>	4.1%	3.5%	+ 0.6 pt
Net income	100	71	+40.8%
Return on capital employed	16.7%	13.6%	+22.8%
Net financial debt	621	799*	€(178)m

*year-end 2007

Quarterly key figures

	Q2-2008	Yoy change	Q1-2008	Yoy change
Total Operating Revenues	2,444	-2.5%	2,470	-1.2%
Gross margin	403	+2.3%	388	+2.9%
<i>% of Sales</i>	16.7%	+0.8 pt	15.9%	+0.6 pt
Operating margin	113	+9.7%	90	+21.6%
<i>% of Total Operating Revenues</i>	4.6%	+0.5 pt	3.6%	+0.6 pt
Net income	57	+50.0%	43	+30.3%
<i>% of Total Operating Revenues</i>	2.3%	+0.8 pt	1.7%	+0.4 pt

Business environment

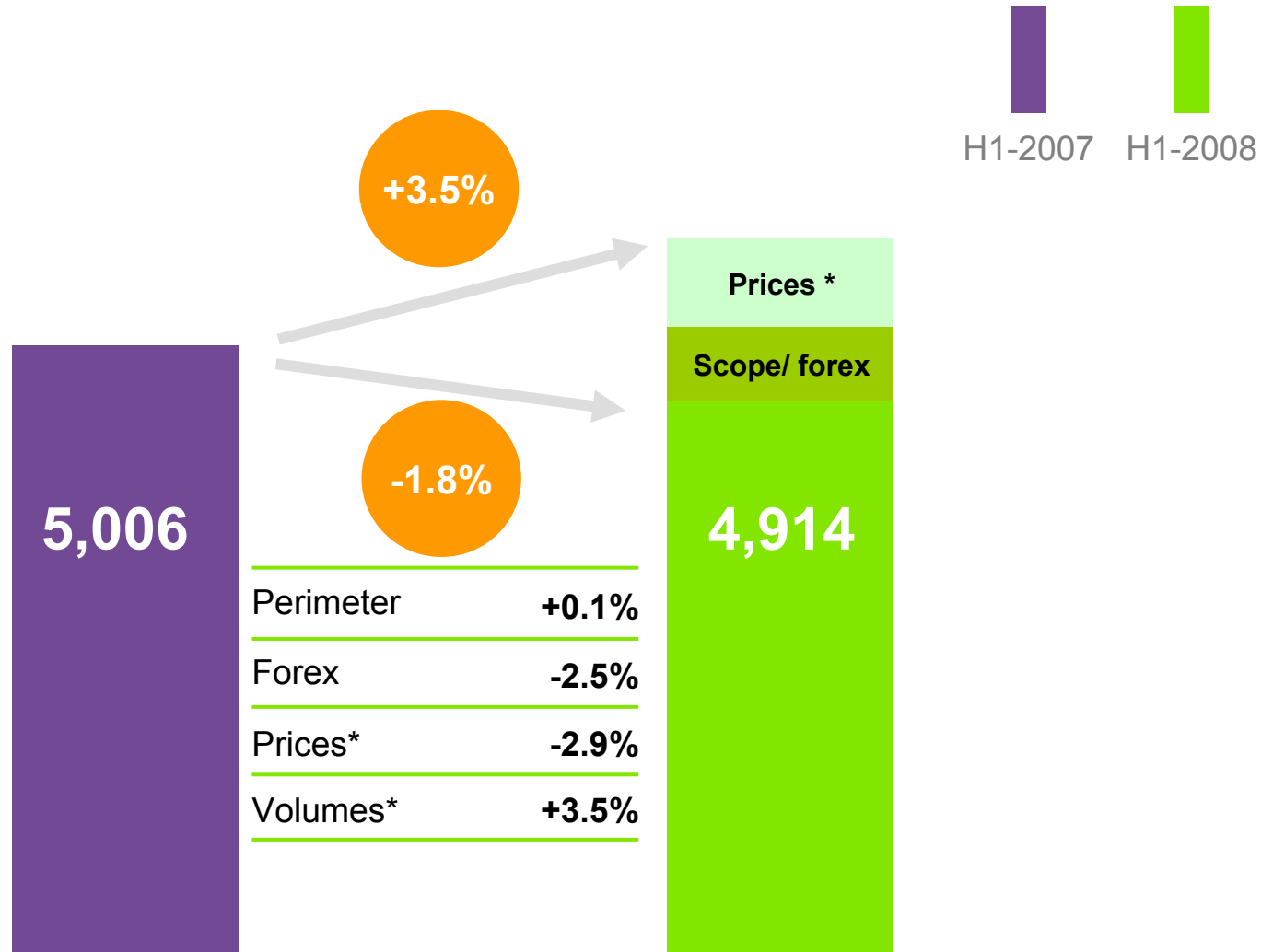
- **Global economic slowdown**
- **Global car production decelerates from +4.2% in Q1 to just +1% in Q2; D3 under considerable pressure in North America**
- **Renewed pressure on raw materials**
- **Dramatic currency shifts**
- **Interest rates heading higher in Europe**



Sales

Total operating revenues

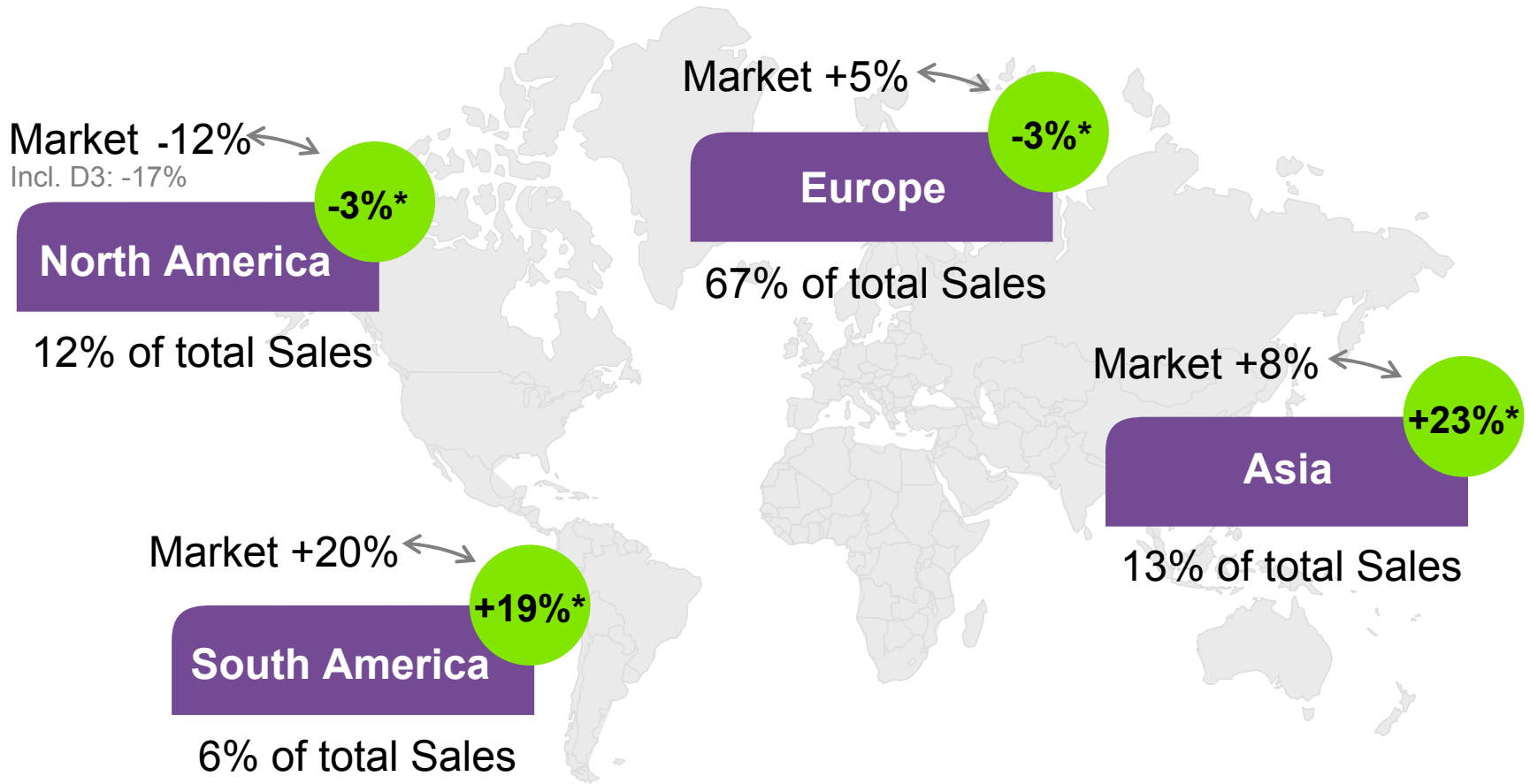
In euro million



*at identical functions

H1-2008 net sales

Geographical trends



*At same perimeter & exchange rate

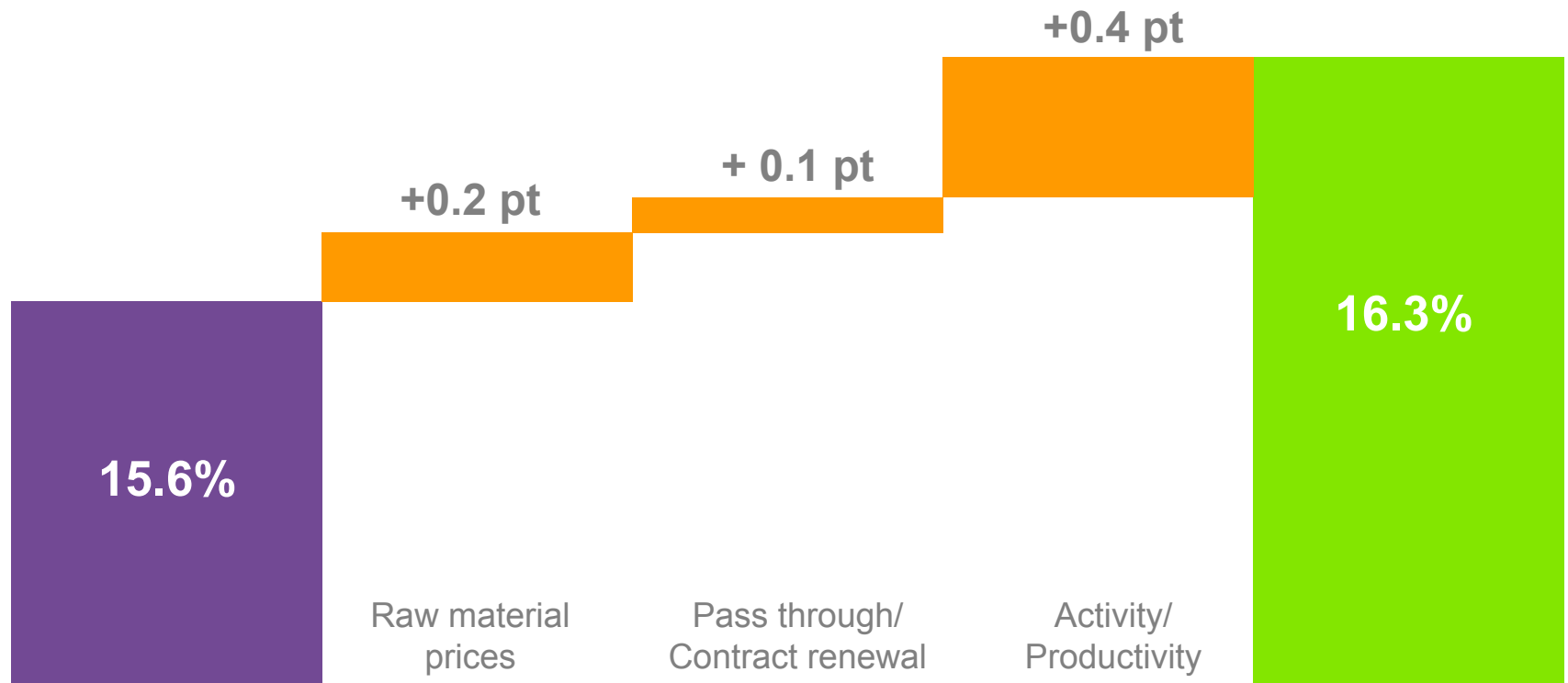


Results

Gross margin

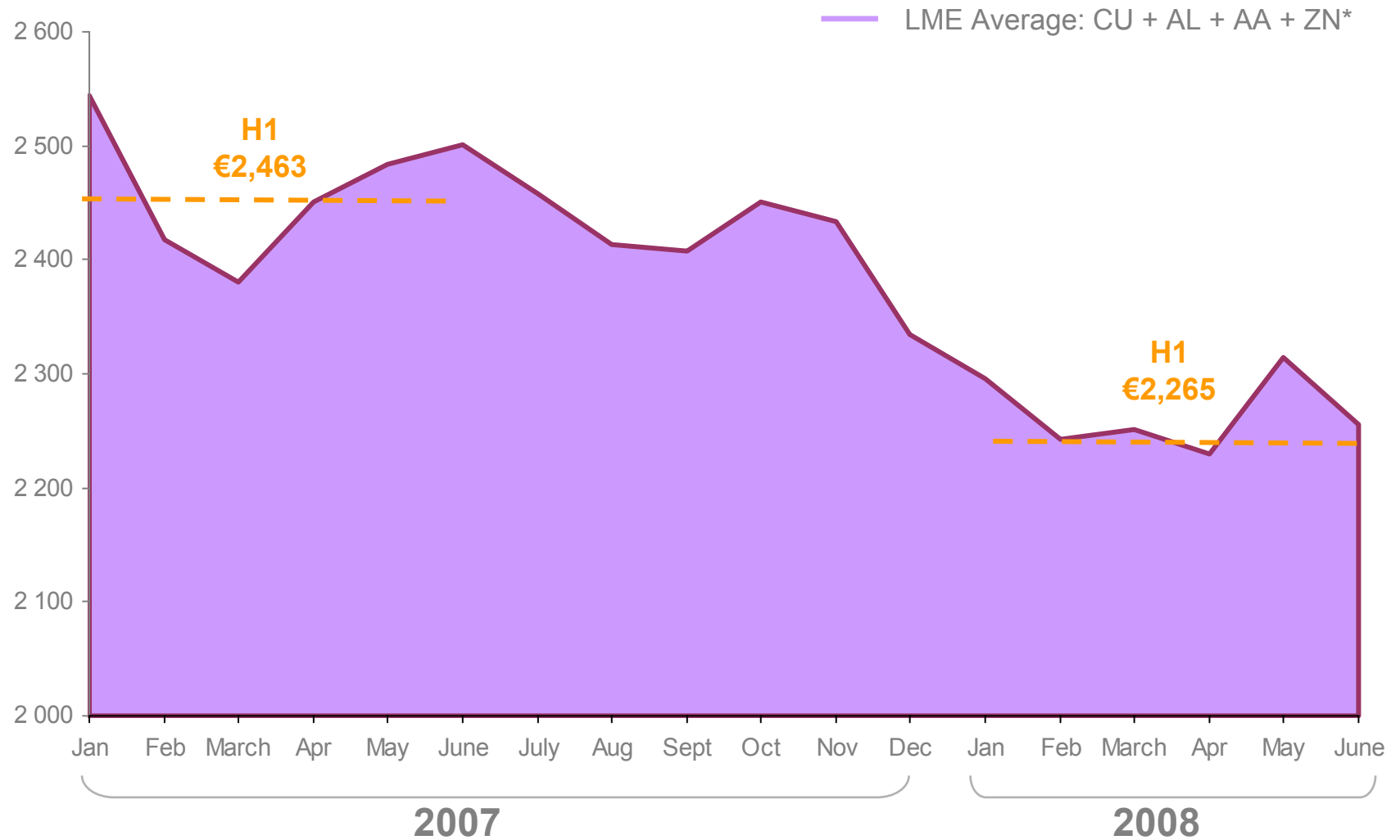
As % of sales

H1-2007 H1-2008



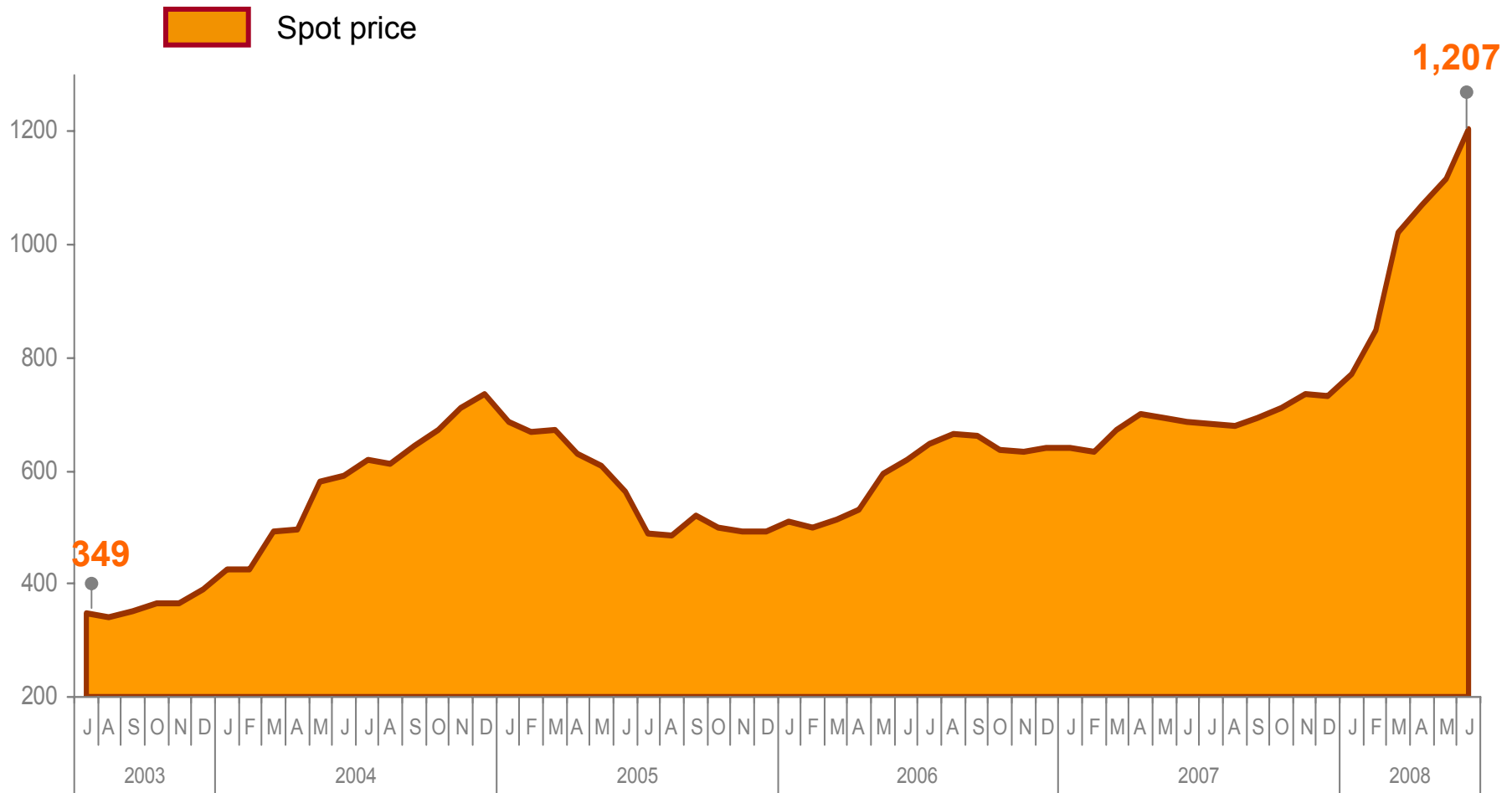
LME basket average price

Euro / Ton

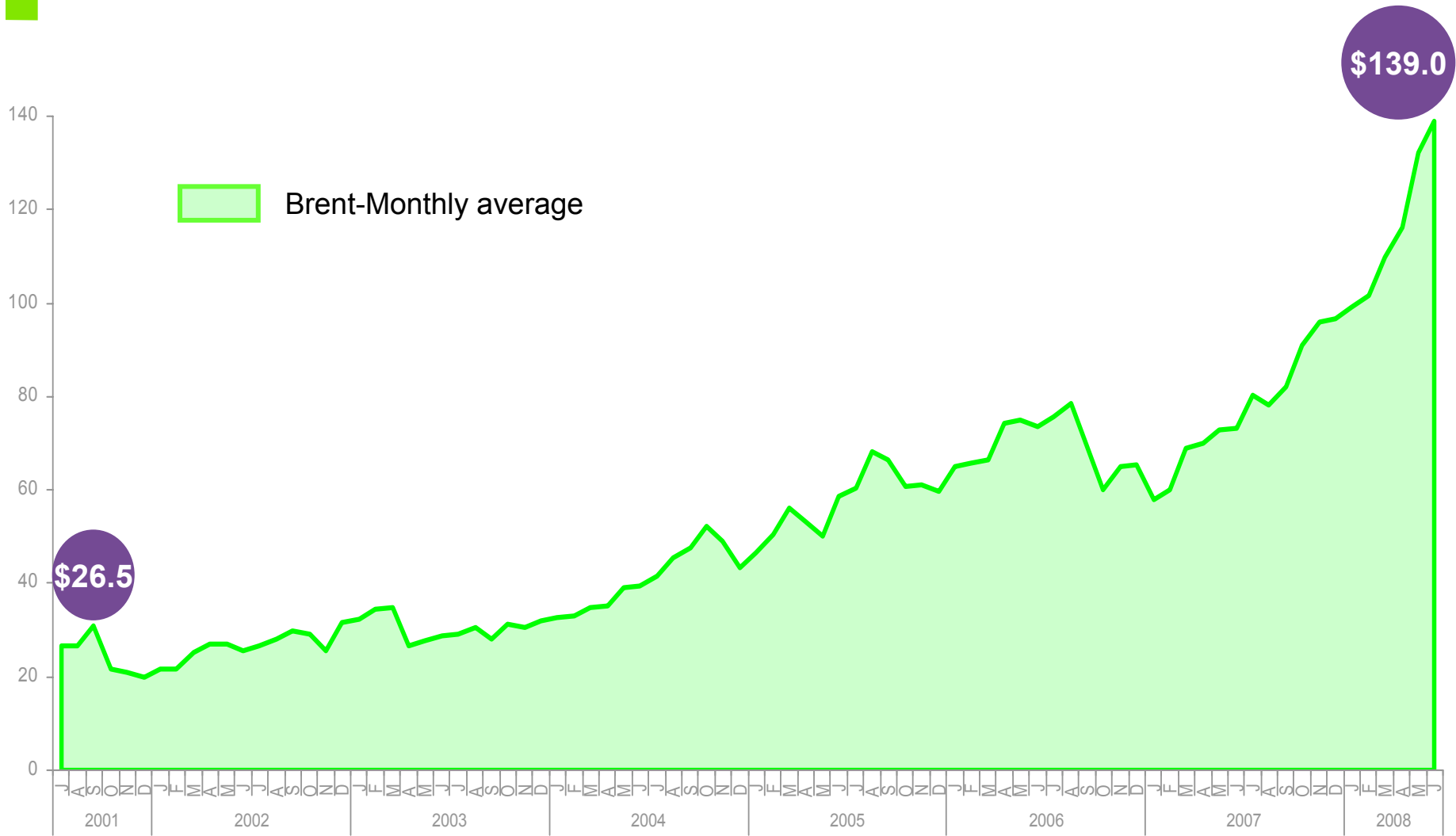


* CU: Copper Cuivre, AL: Primary Aluminium, AA: Aluminium Alloy, ZN: Zinc

Steel price (Hot-rolled- Dollar / Ton)



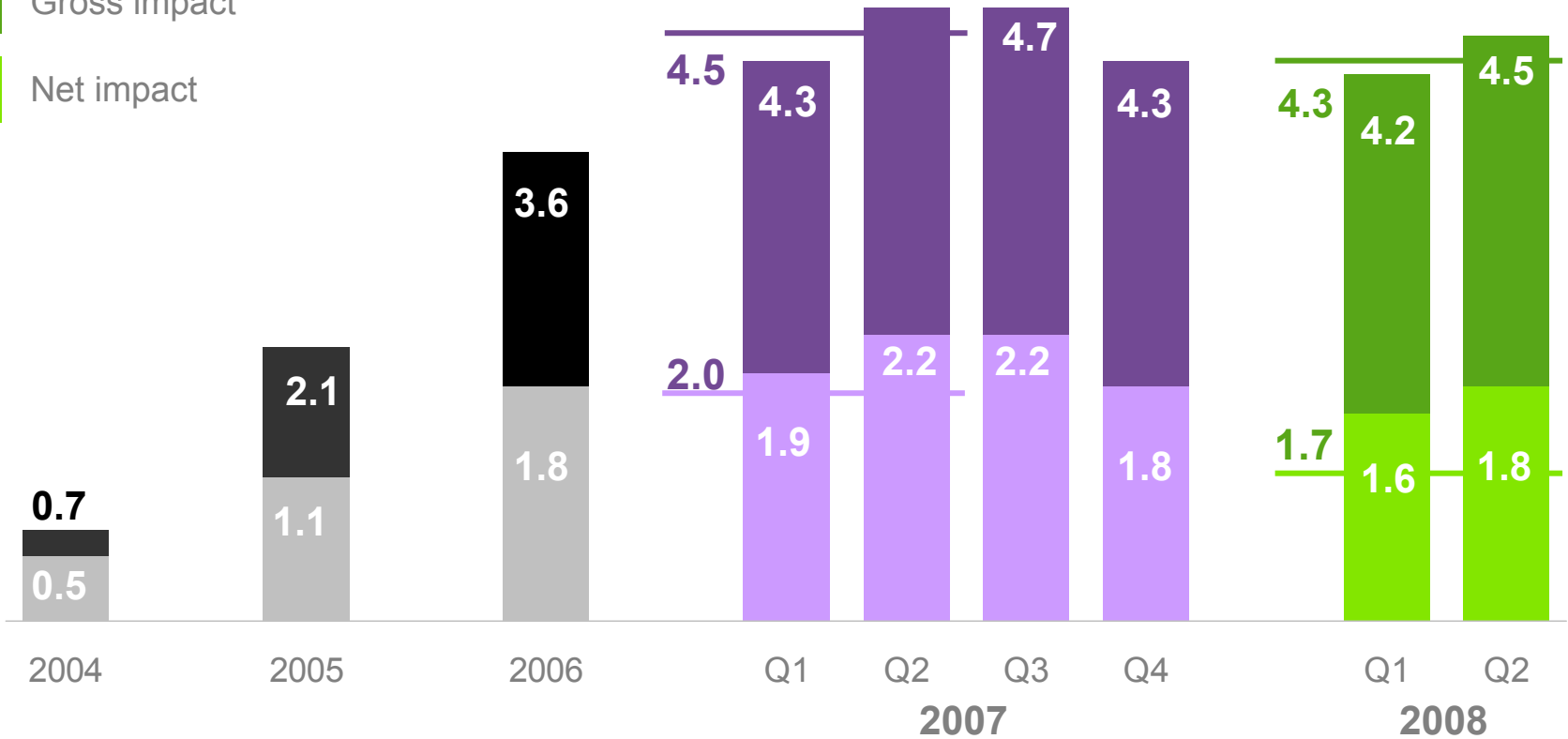
Oil prices



Raw material impact

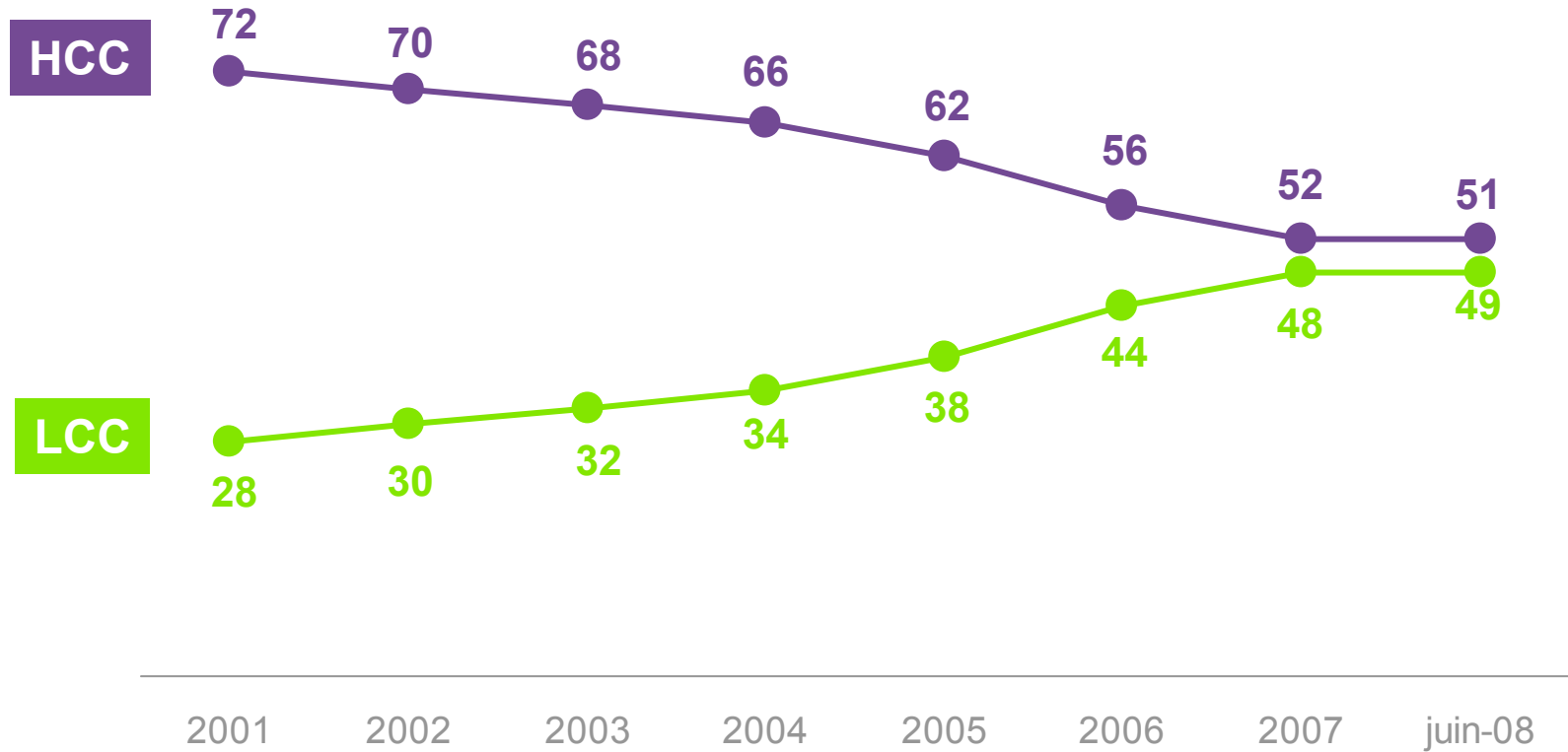
ppt of sales - cumulative

■ Gross impact
■ Net impact



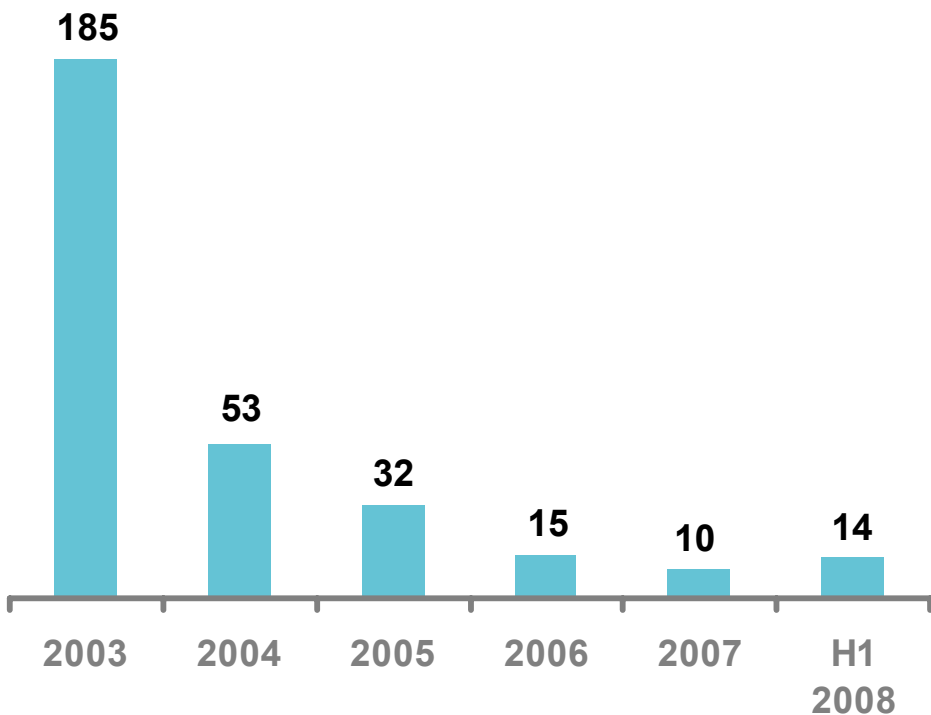
LCC implementation

% of productive employees

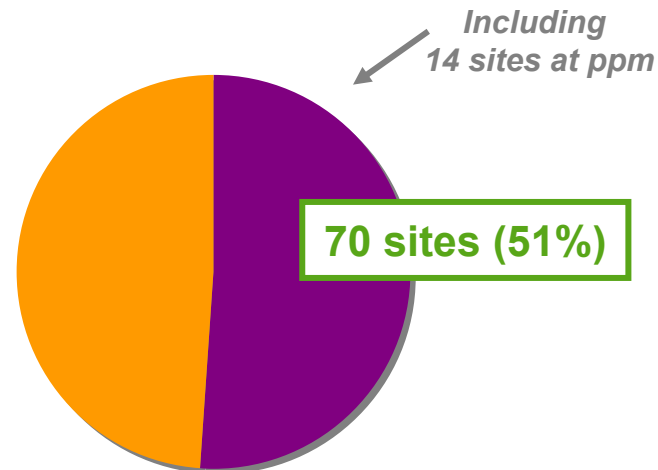


Quality levels –More consistency across the organization

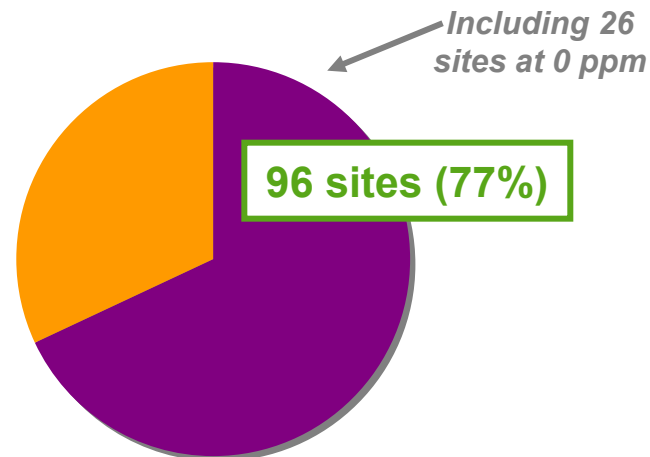
Customer returns
In parts per million



H1 2007



H1 2008



Single-digit PPM

Four consecutive quarters of margin improvement

Quarterly YOY change in operating margin (Q1-07 to Q2-08)

(pt)



Results

In euro million	H1-2008	H1-2007	Change
■ R&D (net)	(270)	(279)	
<i>as % of total op. revenues</i>	5.5%	5.6%	-0.1 pt
■ SG&A	(318)	(315)	
<i>as % of total op. revenues</i>	6.5%	6.3%	+0.2 pt
■ Total overhead	(588)	(594)	
<i>as % of total op. revenues</i>	12.0%	11.9%	+0.1 pt
■ Operating margin	203	177	
<i>as % of total op. revenues</i>	4.1%	3.5%	+0.6 pt
■ Other income & expenses	(21)	(10)	
<i>as % of total op. revenues</i>	0.4%	0.2%	+0.2 pt
■ Operating income	182	167	
<i>as % of total op. revenues</i>	3.7%	3.3%	+0.4 pt

Results (cont.)

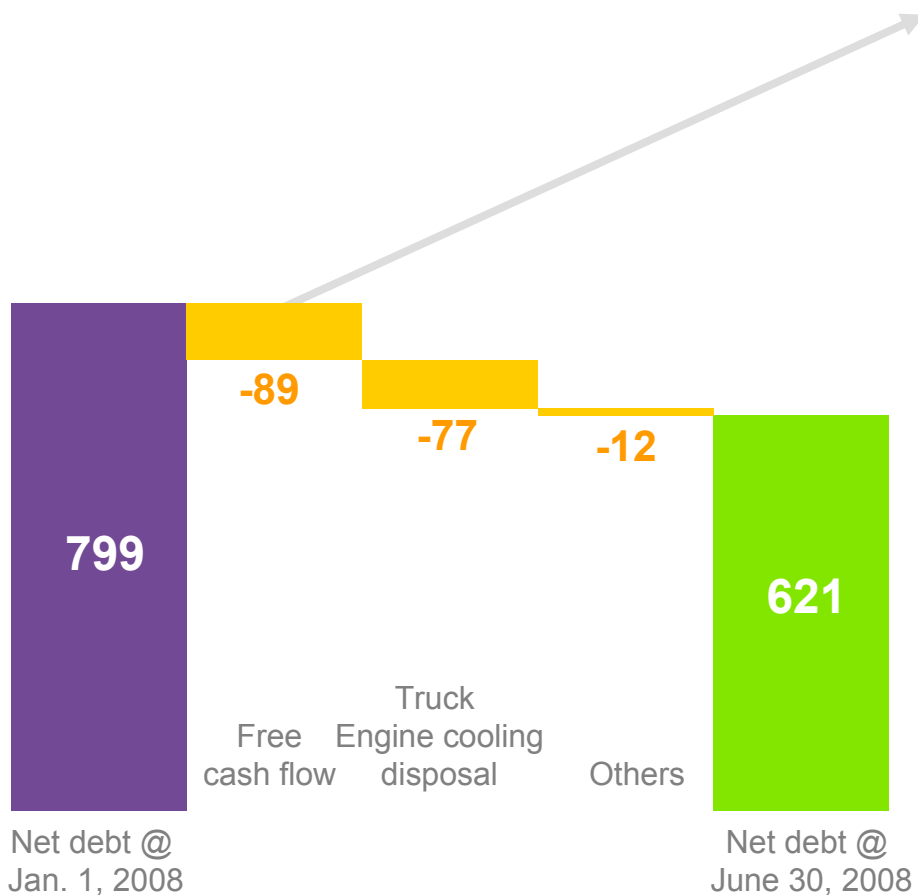
In euro million	H1-2008	H1-2007	Change
■ Operating income	182	167	+ 9.0%
Cost of net debt	(22)	(25)	-12.0%
Other financial income/(expenses)	(6)	(20)	-70.0%
Associates	7	5	+ 40.0%
■ Income before taxes	161	127	+26.8%
Taxes	(56)	(47)	+19.1%
<i>Effective tax rate</i>	36.4%	38.5%	-2.1 pts
Minority interests and others	(5)	(9)	-44.4%
■ Net income	100	71	+40.8%



Cash flow and balance sheet

Net financial debt walkdown

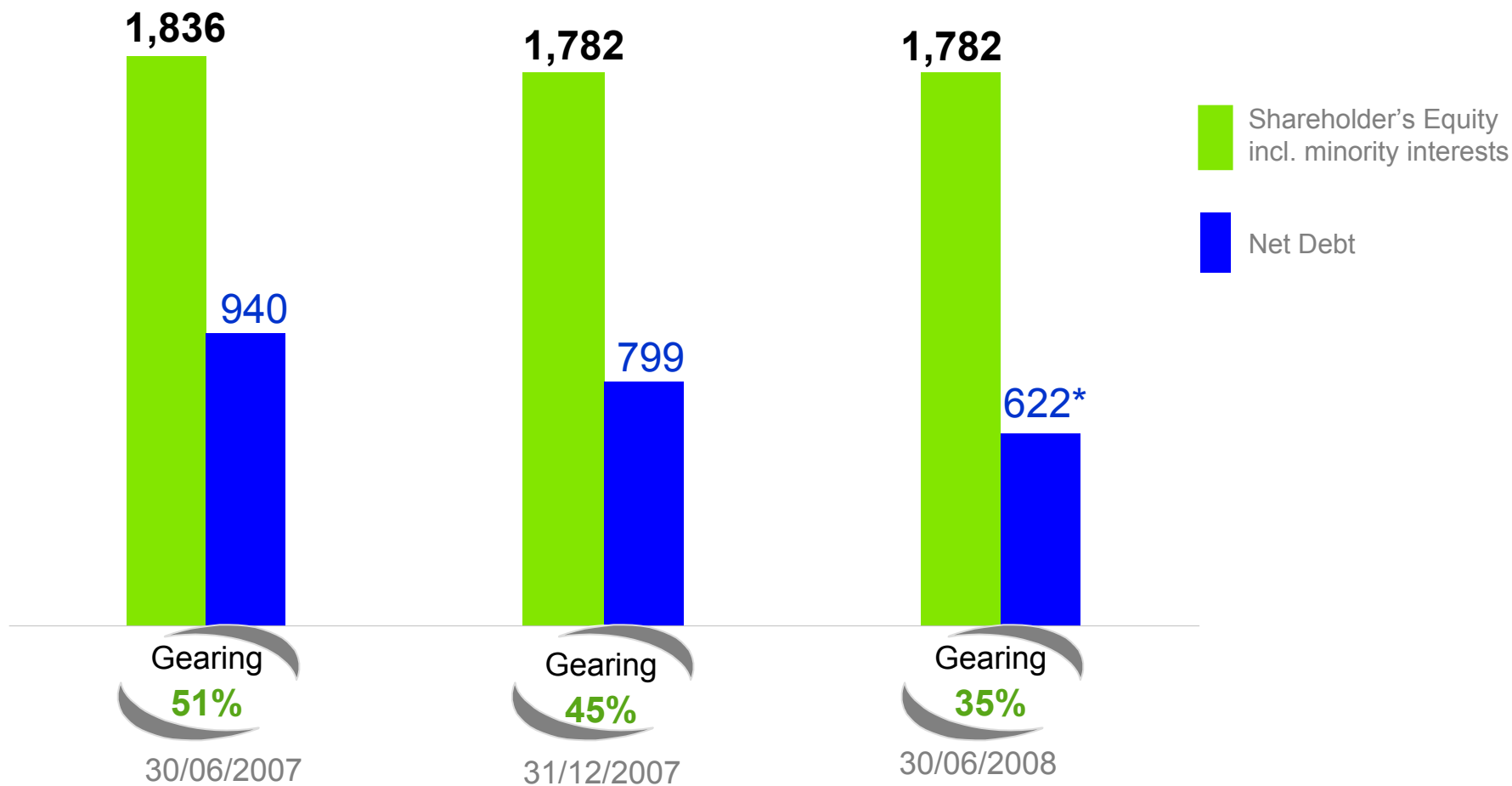
In euro million



	2008	2007
■ Gross operating cash flow	395	380
■ Cash Tax	-41	-38
■ Change in working capital	49	4
■ Operating cash flow	403	346
■ Customer contributions	18	22
■ Interest paid	-34	-41
■ Acquisitions of intangible assets	-75	-77
■ Acquisition of tangible assets	-232	-211
■ Disposal of tangible assets	9	39
■ Free cash flow	89	78

Shareholder's equity and net debt

In euro million



* Before dividend payment (€ 92m)

Solid financials



Return on capital employed* analysis

	H-2008	H1-2007	H1-2006
Asset turn (x)	4.07**	3.88	3.75
Operating margin (%)	4.1	3.5	3.8
ROCE (%)	16.7	13.6	14.2

* Pretax excluding goodwill

** Before dividend payment



Business highlights

Strategy implementation

■ Operational excellence

- Toyota Group « Excellent Quality Performance Award »

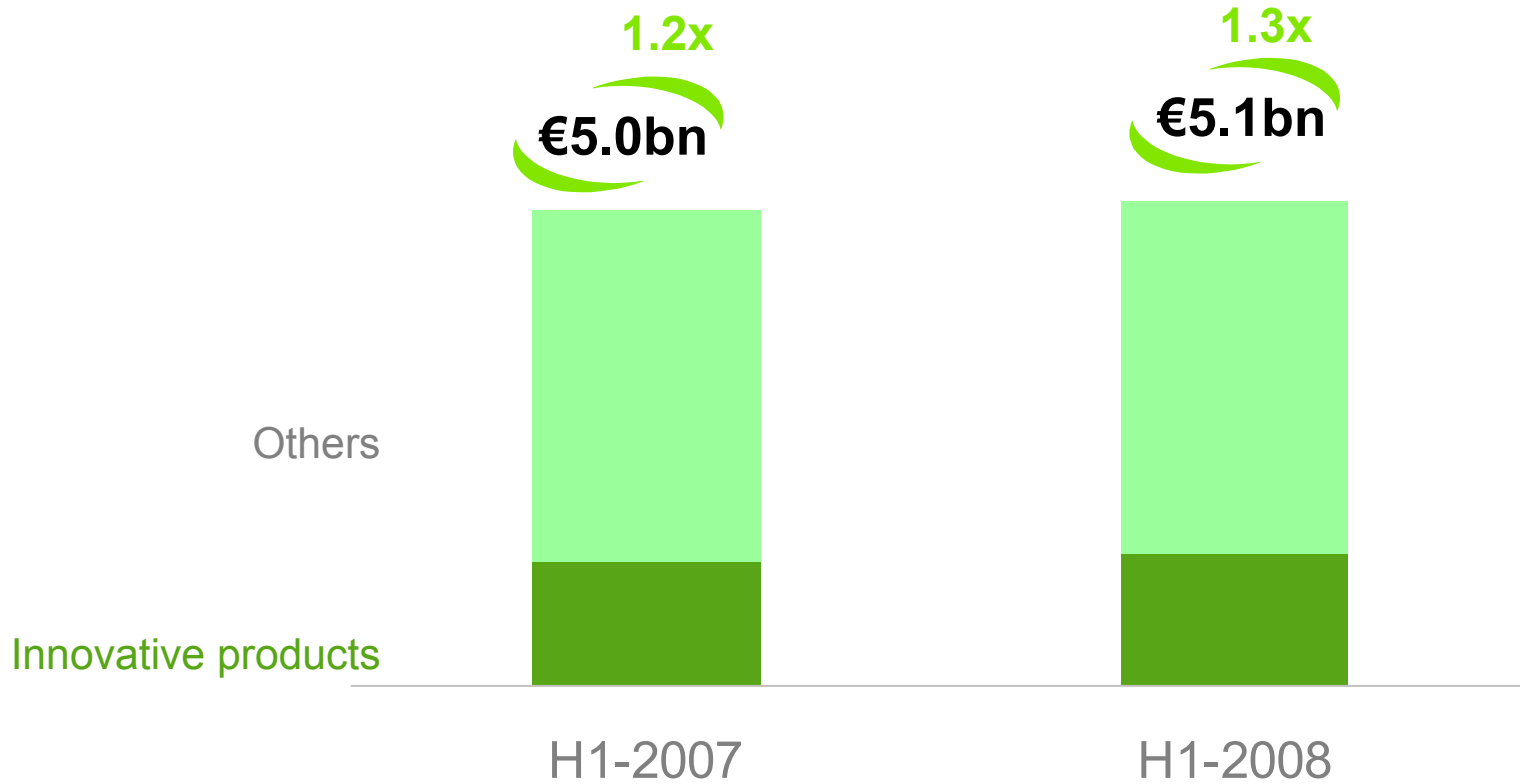
■ Innovation

- Park4U™
 - 2008 PACE Award winner (Fourth PACE award in a row)
 - Allianz « Genius » Award
- StARS micro-hybrid
 - Announced the €700m contract from PSA
 - Offered on Mercedes A & B class
- Technology Start up* sales potential €400m by 2010 (€70m in 2007)

* Torque convertors, micro hybrids, radar and camera applications

New orders

ORDER INTAKE/ X OE SALES



Strategy implementation

■ Expansion in Russia

- First joint-venture (climate control)
- Expect 3 more JVs by year-end
- €500m sales potential by 2013

■ Portfolio alignment

- Disposal on the truck engine cooling business to EQT for €77m
- ~50% of the €2bn disposal program now completed



Outlook

Addressing the H2-2008 challenges

- Global car production decelerating further
- Price competitiveness
- Customer choice for smaller car/fuel efficient cars
- Rising raw material costs
- Higher interest rate



- Expanding fast in emerging markets; strong aftermarket
- Productivity gains, successful turnarounds (VC, VLS, VWS)
- Strong market positions with volume OEMs/ attractive fuel efficiency solutions
- Successful implementation of compensating measures and contract renewal effect
- Ample access to liquidity and solid balance sheet

Confirm improvement in 2008 annual results

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Back-up

Quarterly P&L

(in euro million)	2008		2007				2006			
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
■ Net Sales	2,407	2,435	2,397	2,214	2,472	2,472	2,341	2,125	2,483	2,487
Other operating revenues	37	35	41	31	35	27	35	28	28	23
■ Total operating revenues	2,444	2,470	2,438	2,245	2,507	2,499	2,376	2,153	2,511	2,510
■ Gross margin	403	388	386	340	394	377	351	322	396	394
as % of net sales	16.7%	15.9%	16.1%	15.4%	15.9%	15.3%	15.0%	15.2%	15.9%	15.8%
R&D expenditures	(168)	(174)	(171)	(156)	(173)	(168)	(163)	(146)	(161)	(170)
Selling expenses	(48)	(46)	(51)	(45)	(48)	(49)	(47)	(45)	(49)	(49)
Administrative expenses	(111)	(113)	(109)	(97)	(105)	(113)	(110)	(94)	(110)	(113)
Other income & expenses	(17)	(4)	(8)	(9)	(13)	3	(15)	(15)	1	(20)
■ Operating income	96	86	88	64	90	77	51	50	105	65
as % of operating revenues	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)	(12)	(12)	(14)	(13)	(12)	(11)	(12)	(14)	(14)
Other financial income and expense	(2)	(4)	(11)	(15)	(10)	(10)	(11)	(6)	17	(8)
Equity in net earnings of associates	6	1	2	1	5	0	(6)	0	3	2
■ Income before income taxes	90	71	67	36	72	55	23	32	111	45
Income taxes	(30)	(26)	(13)	(23)	(26)	(21)	(4)	(22)	(31)	(10)
■ Income from continuing operations	60	45	54	13	46	34	19	10	80	35
Non-strategic activities	0	(1)	(3)	(52)	(4)	(0)	42	(2)	(7)	(11)
■ Net income for the period	60	44	51	(39)	42	34	61	8	73	24
Minority interest	(3)	(1)	(1)	(1)	(4)	(1)	(1)	(1)	(1)	(2)
■ Net income attributable to equity holders of the company	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 30.06.2008	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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