



# Q1-2009 RESULTS

Jacques Aschenbroich - CEO

April 24, 2009

# Agenda

**1** Quarter highlights

**2** Q1-09 Valeo financial review

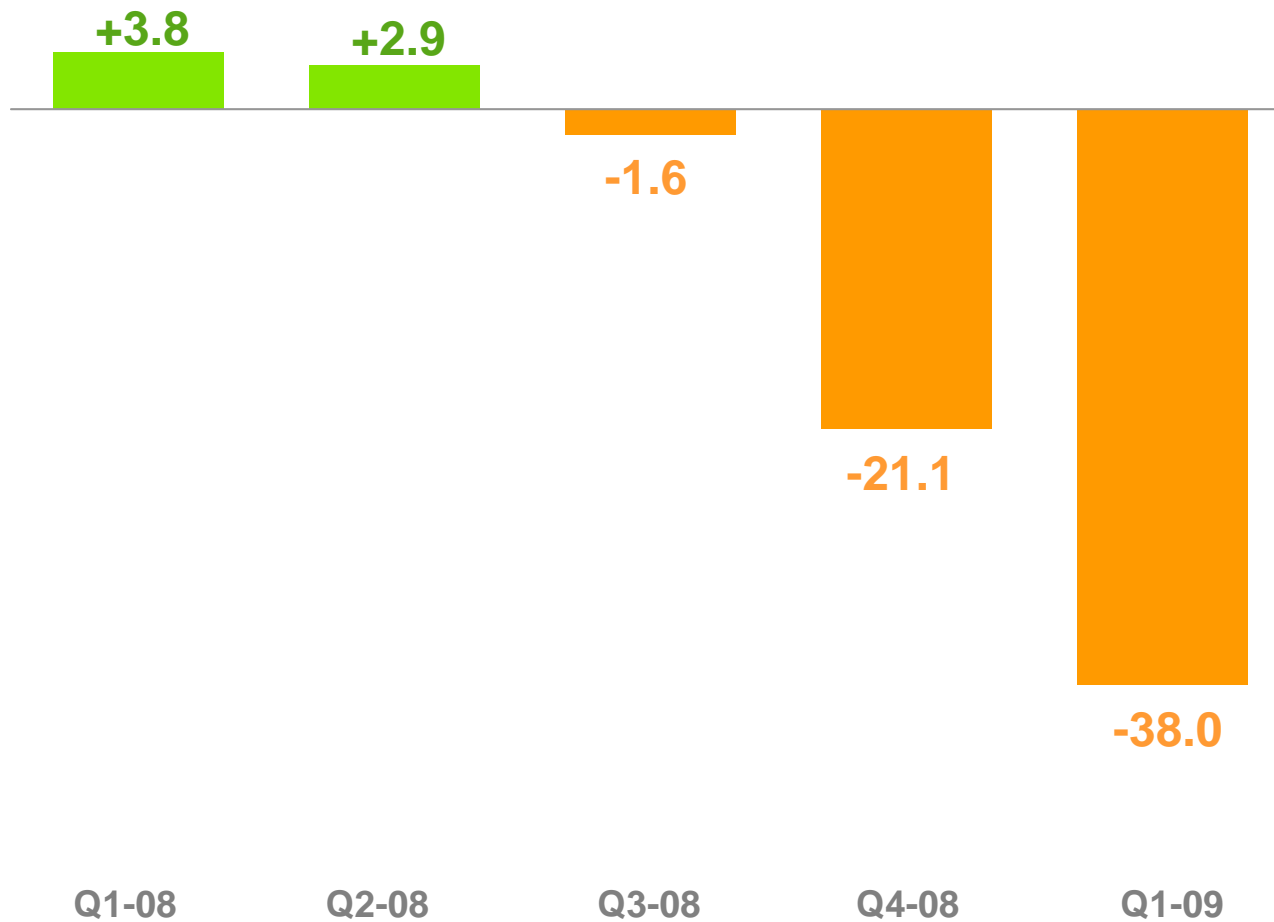
**3** Outlook



# Quarter highlights

# Automotive production

YoY changes in %



# Quarter highlights

- **Valeo sales slightly outperformed production in all markets**
- **Negative operating margin of 66 M€**
  - Cost reduction plan generated savings of 183 M€ in Q1
  - Raw material prices tailwinds
- **Headcount adjustment plan implementation on track**
  - 3,230 out of 5,000

# Quarter highlights

- **Strict cash flow management: continued inventory reduction**
- **Customer risk contained**
  - SAAB receivables fully recovered
  - Action plans on GM, Chrysler
- **Strong liquidity maintained**
  - Cash on hand in excess of 500 M€ at the end of March
  - Untapped revolver lines: 1.2 Bn€



# Q1-09 financial review

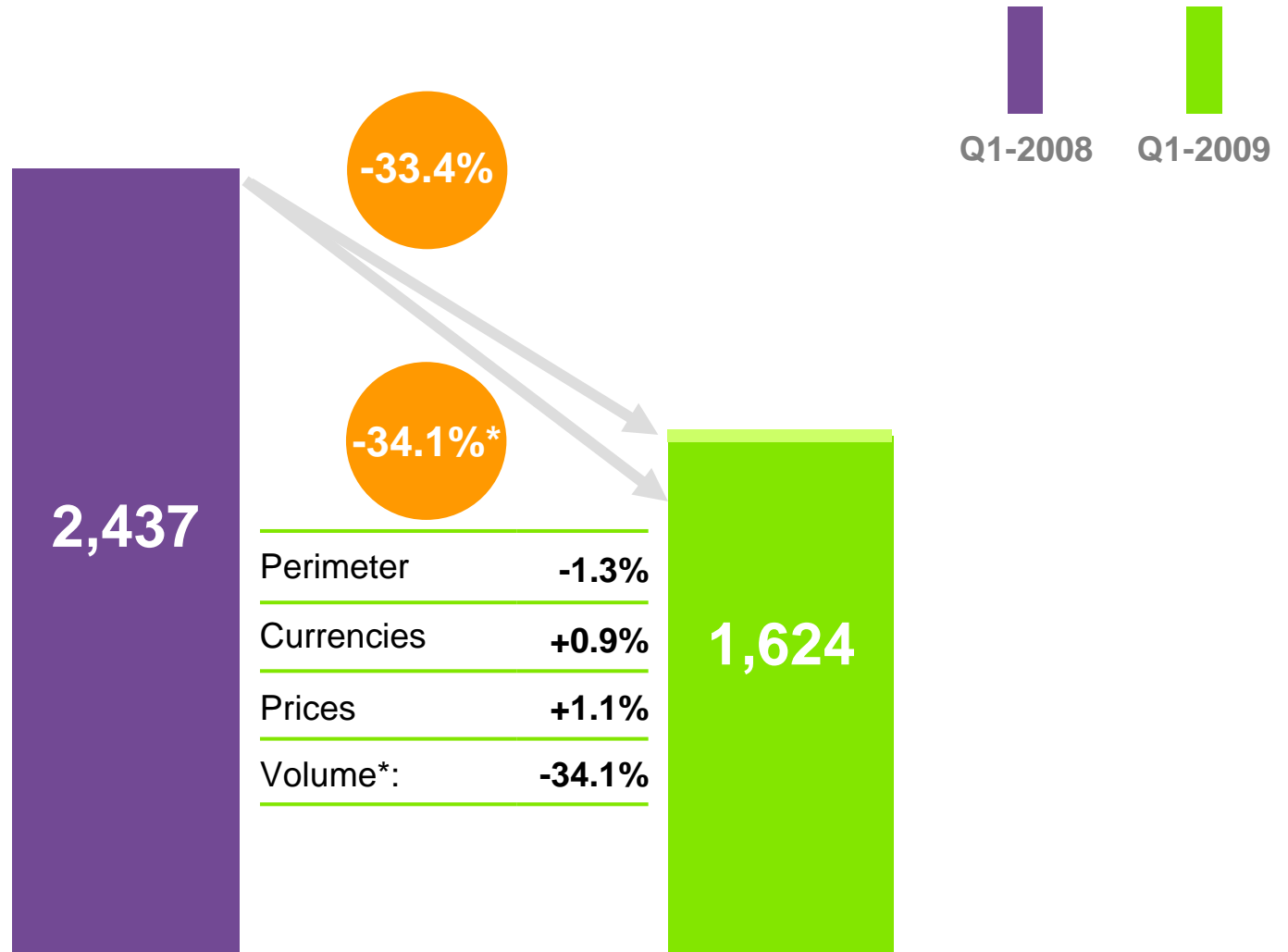
# Quarterly key figures

In euro million

	Q1-2009	Q1-2008	Change	Q4-2008
<b>Sales</b>	<b>1,624</b>	<b>2,437</b>	<b>-33.4%</b>	1750
<b>Gross margin</b> <i>as % of sales</i>	<b>185</b> <b>11.4%</b>	<b>391</b> <b>16.0%</b>	<b>-52.7%</b> <b>-4.6 pts</b>	212 12.1%
<b>Operating margin</b> <i>as % of sales</i>	<b>(66)</b> <b>-4.1%</b>	<b>90</b> <b>3.7%</b>	<i>na</i> <i>na</i>	-38 -2.2%
<b>Operating income</b>	<b>(83)</b> <b>-5.1%</b>	<b>86</b> <b>3.5%</b>	<i>na</i> <i>na</i>	-284 -16.2%
<b>Net financial debt</b>	<b>933</b>	<b>786</b>	<b>+18.7%</b>	821

# Sales

In euro million



*\*at same perimeter, exchange rate and price*

# Q1-2009 OE light vehicle sales

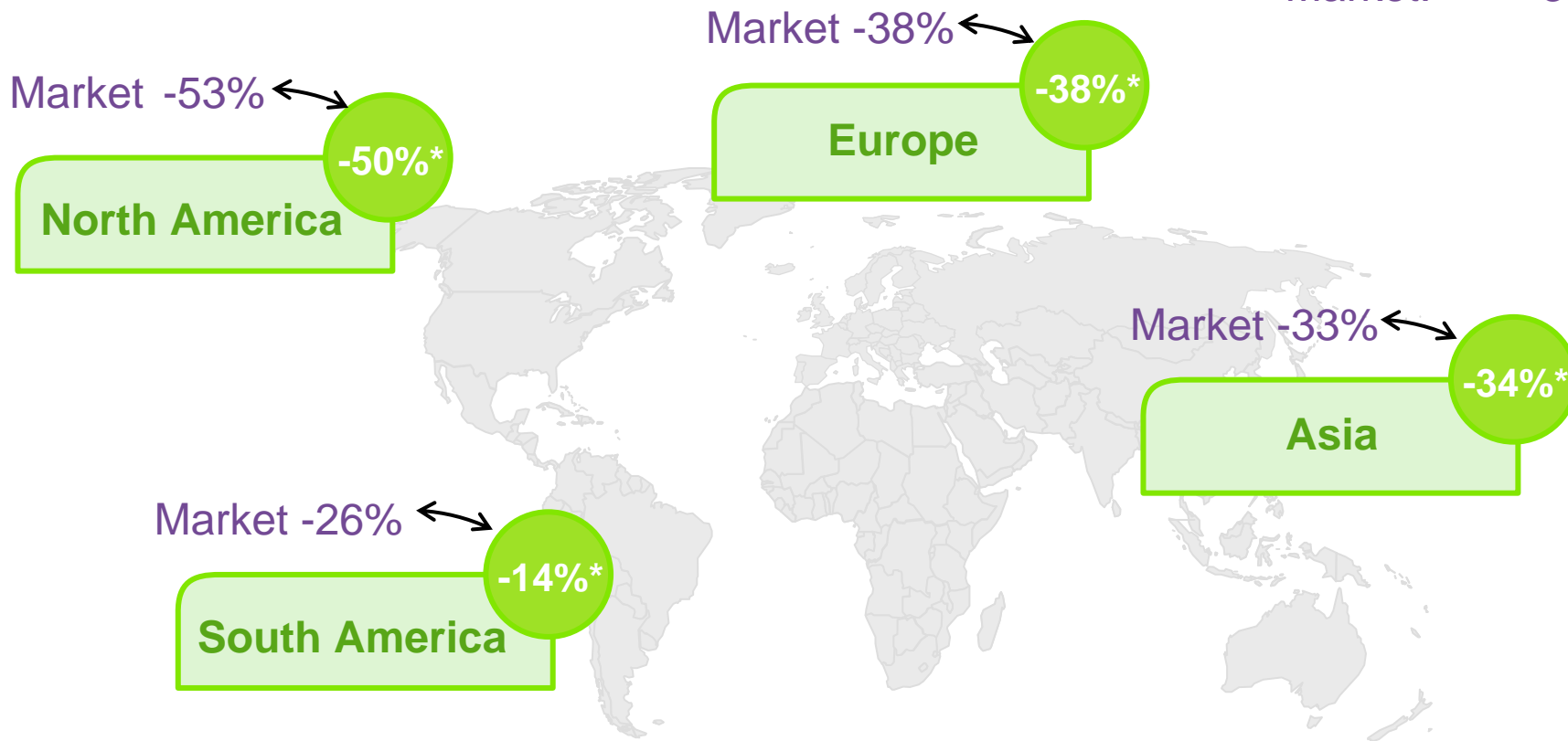
## Geographical trends (yoy changes)

*Estimated automotive production*

Worldwide

Valeo: -37%

Market: -38%

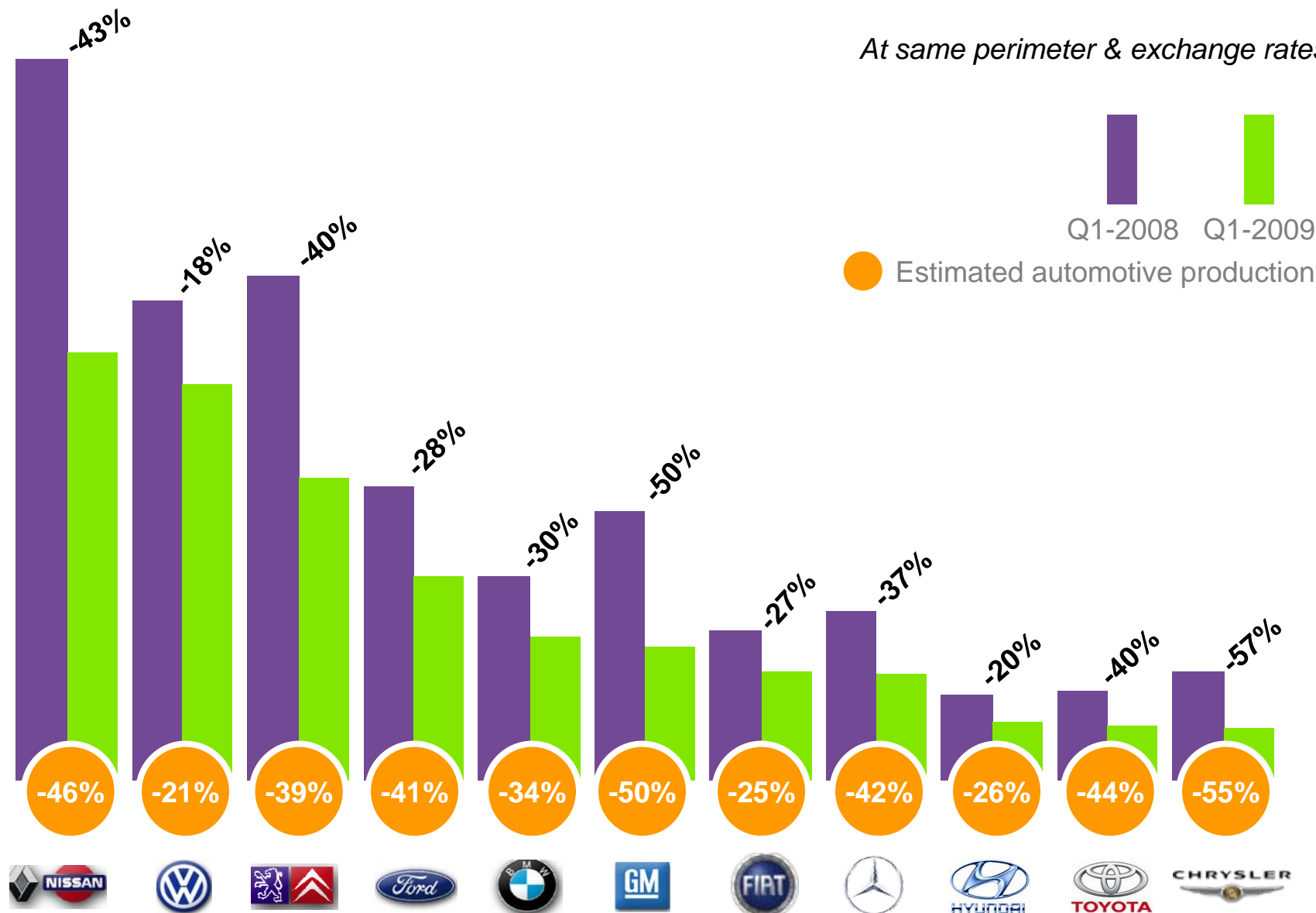


**Valeo sales slightly higher than the market**

\*At same perimeter & exchange rate

# Sales by customers – OE light vehicles

At same perimeter & exchange rates



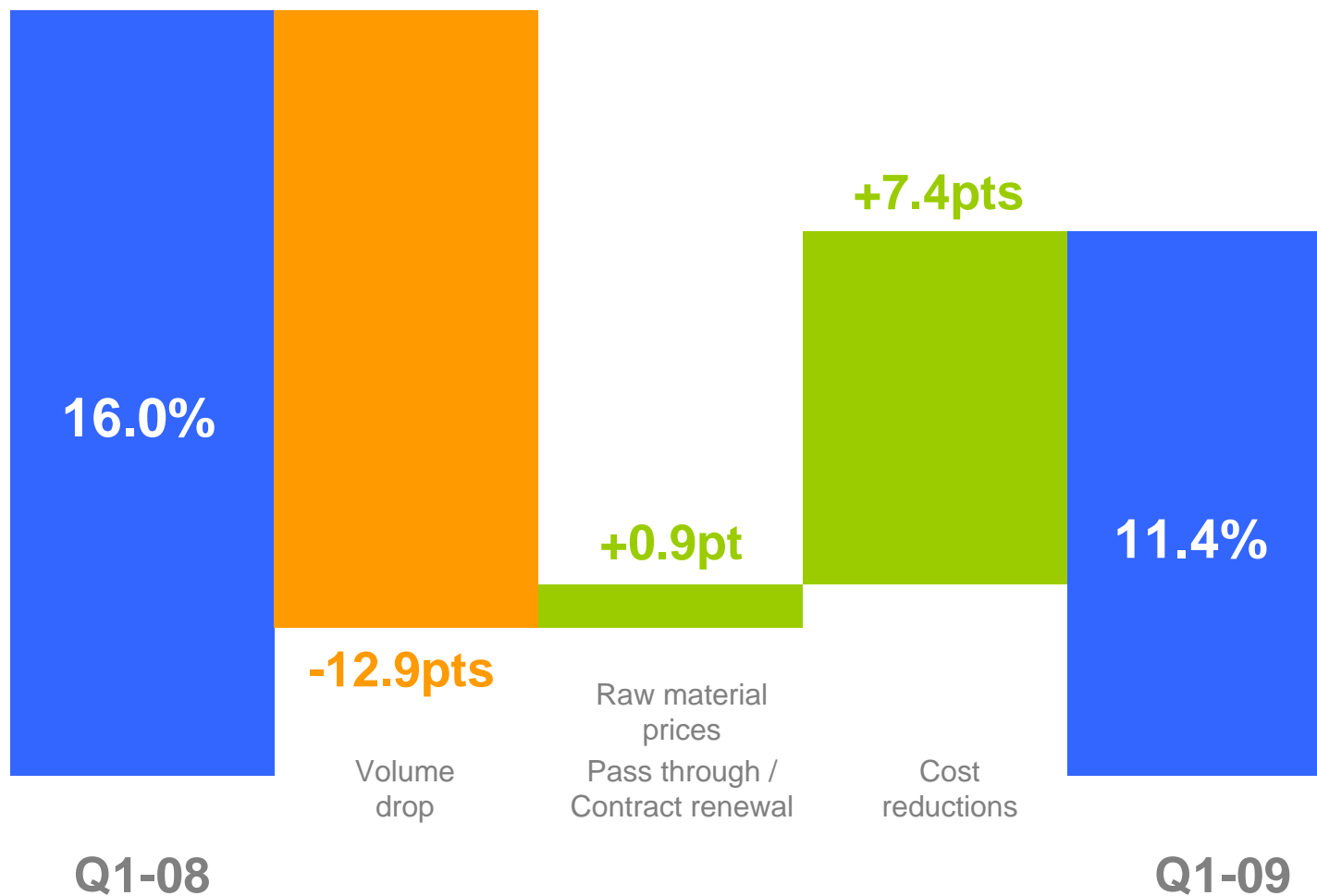
# Results (cont.)

In euro million

	Q1-2009	Q1-2008	Change	Q4 2008
<b>Sales</b>	<b>1,624</b>	<b>2,437</b>	<b>-33.4%</b>	<b>1,750</b>
<b>Gross margin</b>	<b>185</b>	<b>391</b>	<b>-52.7%</b>	<b>212</b>
<i>as % of sales</i>	<i>11.4%</i>	<i>16.0%</i>	<i>-4.6 pts</i>	<i>12.1%</i>

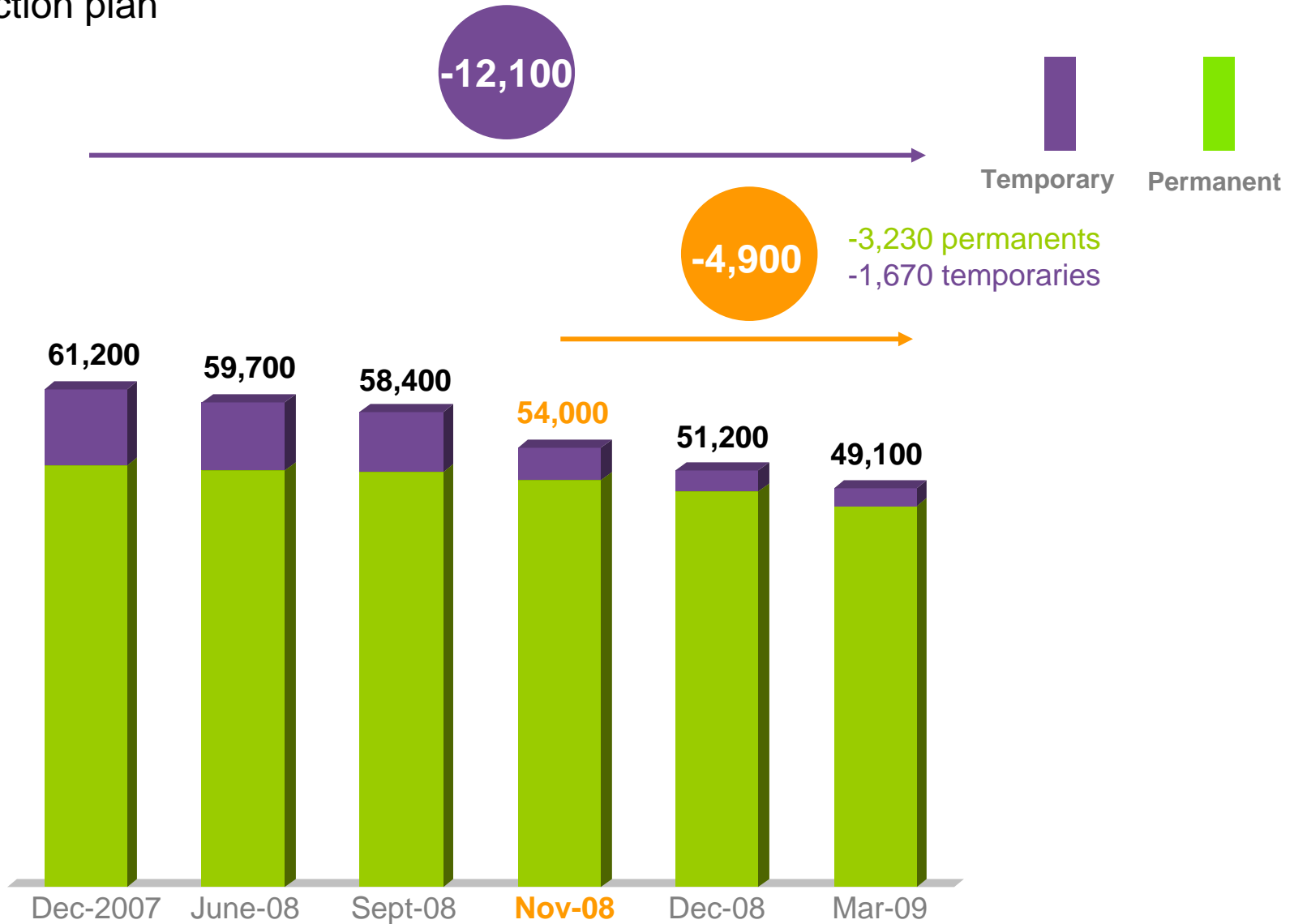
# Gross margin walkdown

As % of sales



# Headcount adjustment plan

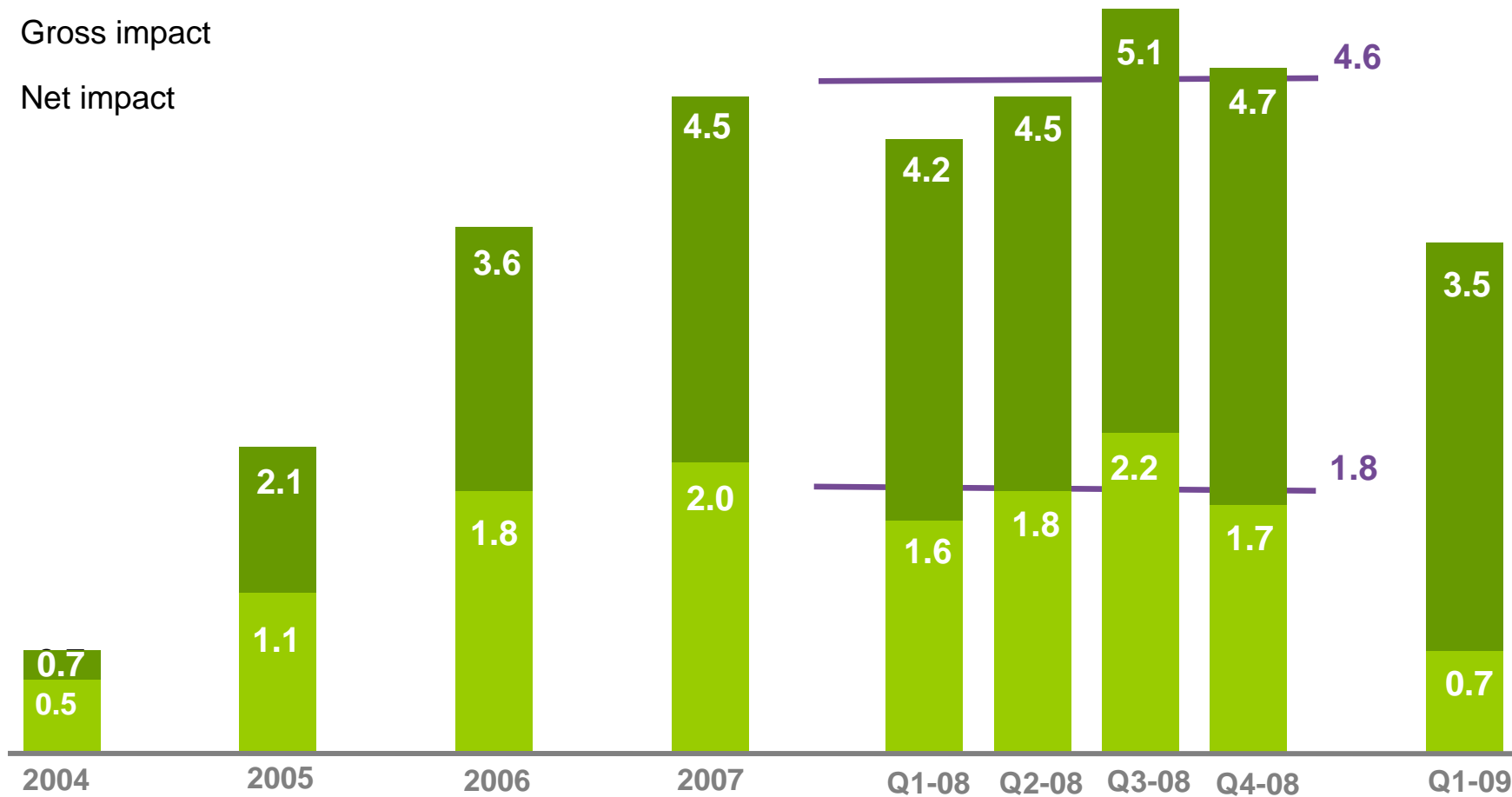
Crisis action plan



# Raw material impact

As % of sales

- Gross impact
- Net impact



# Results (cont.)

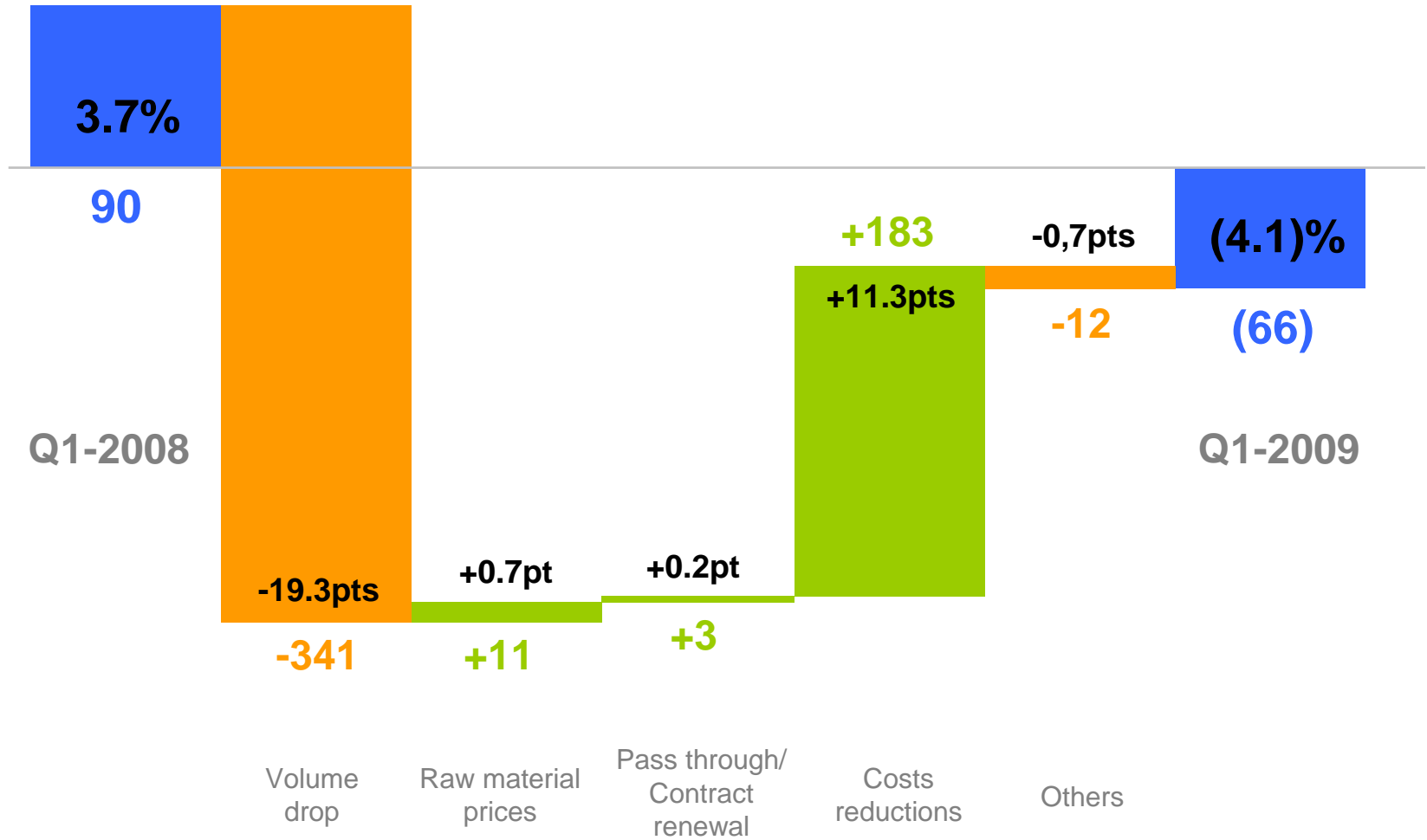
In euro million

	Q1-2009	Q1-2008	Change	Q4-2008
<b>Sales</b>	<b>1,624</b>	<b>2,437</b>	<b>-33.4%</b>	1,750
<b>Gross margin</b>	<b>185</b>	<b>391</b>	<b>-52.7%</b>	212
<i>as a % of sales</i>	<i>11.4%</i>	<i>16.0%</i>	<i>-4.6pts</i>	<i>12.1%</i>
Net R&D*	(114)	(142)	-20%	(113)
<i>as % of sales</i>	<i>7.0%</i>	<i>5.8%</i>		<i>6.5%</i>
SG&A expenses	(137)	(159)	-14.0%	(136)
<i>as % of sales</i>	<i>8.4%</i>	<i>6.5%</i>		<i>7.8%</i>
<b>Operating margin</b>	<b>(66)</b>	<b>90</b>	<b>na</b>	(38)
<i>as % of sales</i>	<i>-4.1%</i>	<i>3.7%</i>	<i>-7.8pts</i>	<i>-2.2%</i>
Other income & expenses	(17)	(4)	na	(246)
<i>as % of sales</i>	<i>1.0%</i>	<i>0.2%</i>		<i>14.1%</i>
<b>Operating income</b>	<b>(83)</b>	<b>86</b>	<b>na</b>	(284)
<i>as % of sales</i>	<i>-5.1%</i>	<i>3.5%</i>	<i>-8.6pts</i>	<i>-16.2%</i>

\* net of other operating revenues

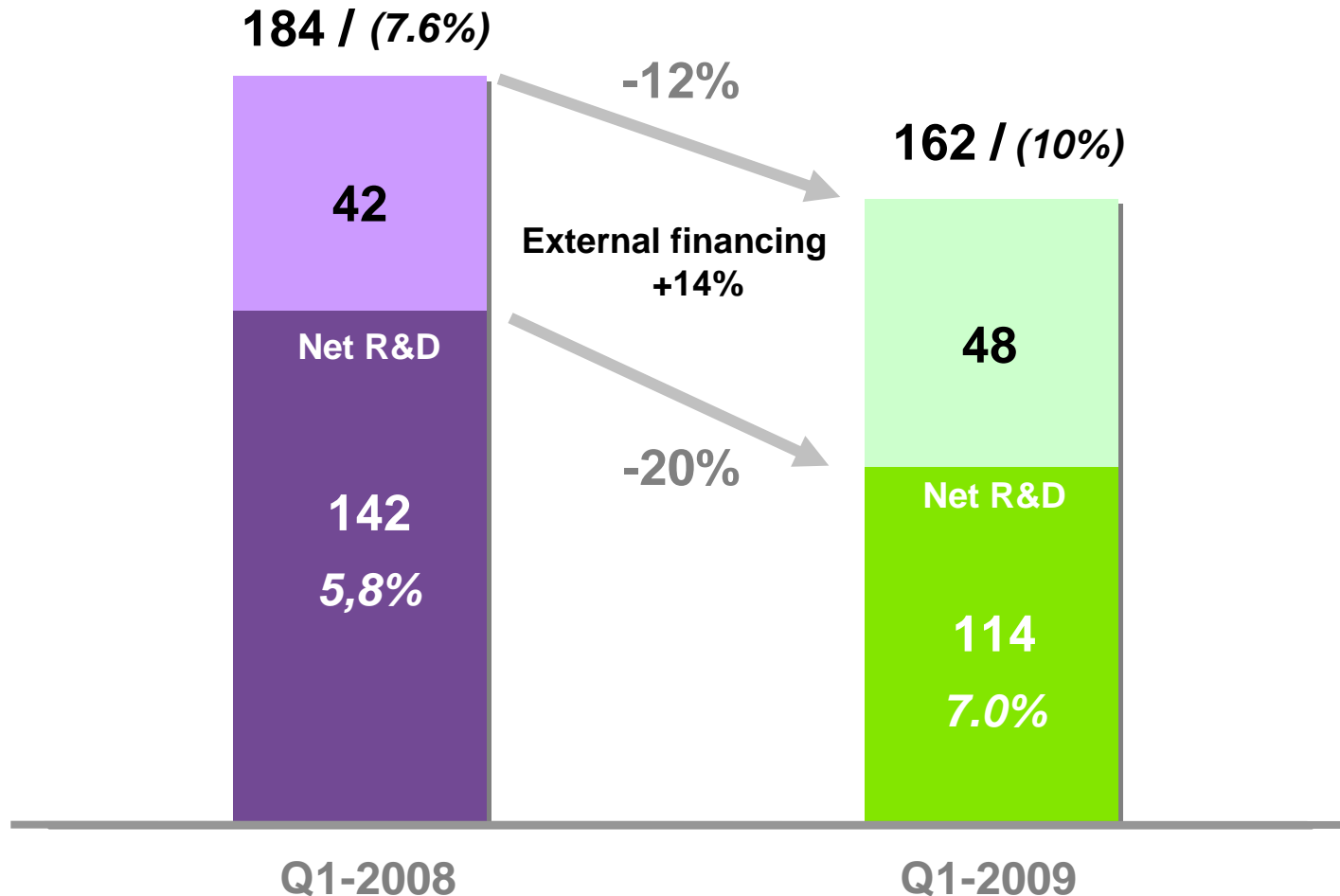
# Operating margin walkdown

As % of sales and in euro million



# Focus on R&D costs

In euro million and in % of sales



# Results (cont.)

In euro million

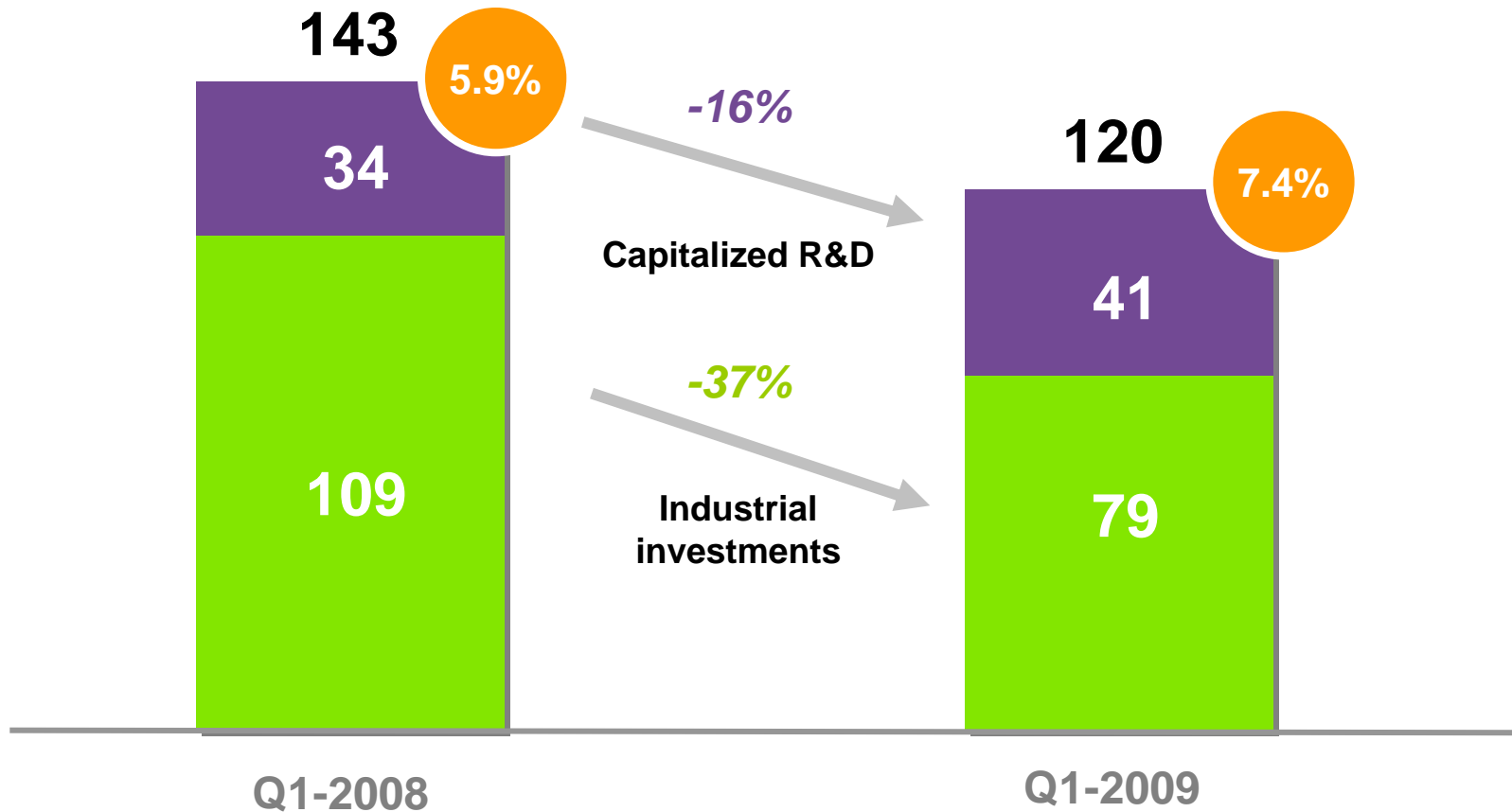
	Q1-2009	Q1-2008	Change
<b>Operating income</b>	<b>(83)</b>	<b>86</b>	na
Cost of net debt	(12)	(12)	-
Other financial inc./ (expenses)	(25)	(4)	na
Associates	(35)	1	na
<b>Income before taxes</b>	<b>(155)</b>	<b>71</b>	na
Taxes	(4)	(26)	-85%
<i>Effective tax rate</i>	3.3%	37.1%	
Non strategic activities	0	(1)	na
Minorities	0	(1)	na
<b>Net income</b>	<b>(159)</b>	<b>43</b>	na



# Cash flow Balance sheet

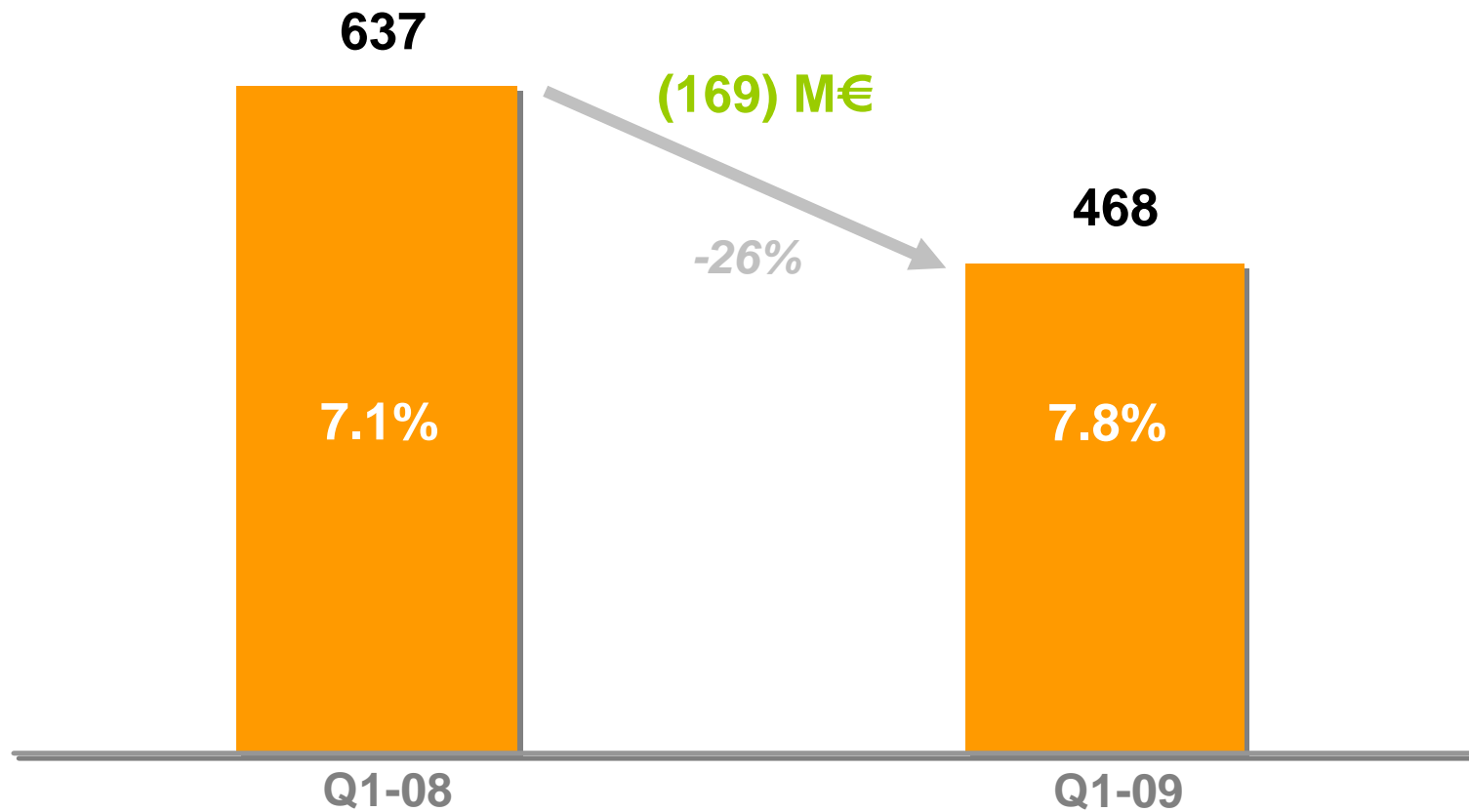
# Capex

In Euro million and in % of sales



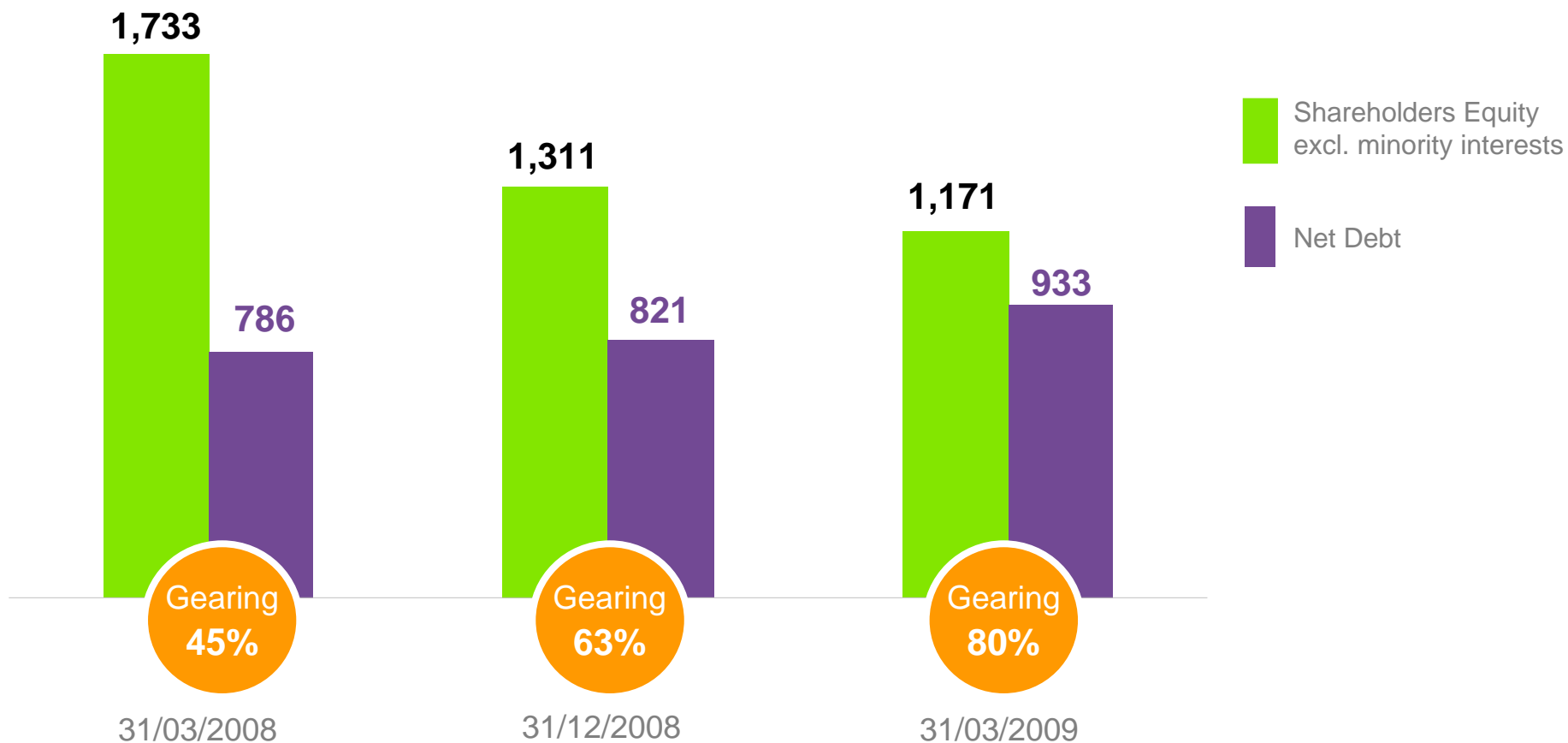
# Inventories

In Euro million and in % of annualized revenues



# Shareholders equity and net debt

In euro million



# Liquidity enhancement

- **No drawdown on program of €1.2bn of committed lines as of March 31, 2009**
- **March 31, 2009 gearing at 80%, well below 120% covenant**
- **541 M€ of committed lines migrated to a 3.5 net financial debt / EBITDA multiple**
  - more flexibility
  - no repricing



# Outlook

# Management priorities

## ■ Implementation of restructuring / Headcount reduction plans

- European Workers council opinion obtained
- Implementation
  - on budget
  - ahead of plan except for France

## ■ Working the basics

- Freeze of management compensation
- Continued use of short working week of schemes
- Raising the bar on quality

## ■ Continued focus on cash management

- All management incentives being geared towards free cash flow
- Strict control of working capital and capital expenditure
- Accelerated payments on tooling and studies being sought

## ■ Proactive management of customer and supplier risk

# Outlook

- **Providing accurate forecast remains difficult in the current environment**
- **Global automotive production outlook :**
  - S1 : -30%
  - Full year : -20%
- **S2 sales should outperform worldwide production**
- **Cost reduction program to generate annual savings of 600 M€/500 M€ to be booked in 2009**
- **Strict cash management**
  - Capital expenditure to be reduced by a third in 2009
  - Cash burn for the year not significantly exceed restructuring cash out



## Investor Relations

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Back up

# Share Information

## Share Data

▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as per 31.03.2009	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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