



H1-2009 Results

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July 29, 2009

Agenda

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2 Q2-09 Financials

3 S1-09 Financials

4 New organizational framework

5 Liquidity situation

6 Outlook



Highlights and outlook

Strong improvement of results in the second quarter

- Valeo demonstrates reactivity to the crisis and efficiency in the deployment of its cost reduction program
- Return to a positive operating margin (€15M) in Q2 in particular through cost reduction program (€313M of savings in H1)
- Strengthened liquidity
 - €84M free cash flow in Q2
 - Debt reduction of €92M in Q2
 - EIB loan
 - New covenant
- S2 forecasts revised upwards
 - Automobile production -7% in H2 and -17% full year
 - Objective of positive operating margin for H2
 - 2009 cash burn limited to around €200M after €230M of restructuring costs

Difficult business environment

■ Production upturn in Q2

- +27% Q2 vs Q1
- but -26% S1-09 vs S1-08

■ Key factors

- Positive impact of scrappage incentives in Europe
- De-stocking close to the end (sales and production aligned)
- Still depressed environment in North America
- Resilience of some emerging markets such as China, India and Brazil

Highlights

■ Financials Q2 (yoy)

- Sales improvement
- Positive operating margin
- Free Cash Flow* generation
- Net financial debt decrease in Q2
- Net loss

Q2-09	Q1-09
-23%	- 33%
€15M	- €66M
€84M	- €88M
-€92M	+€112M
-€54M	-€159M

■ Business and corporate development

- Cost reduction plan of €500M on track (€313M ytd)
- Continued focus on cash management
- Customer risk under strict control (no GM and Chrysler negative impact)

■ Liquidity bolstering

* Before interest payments

Management priorities

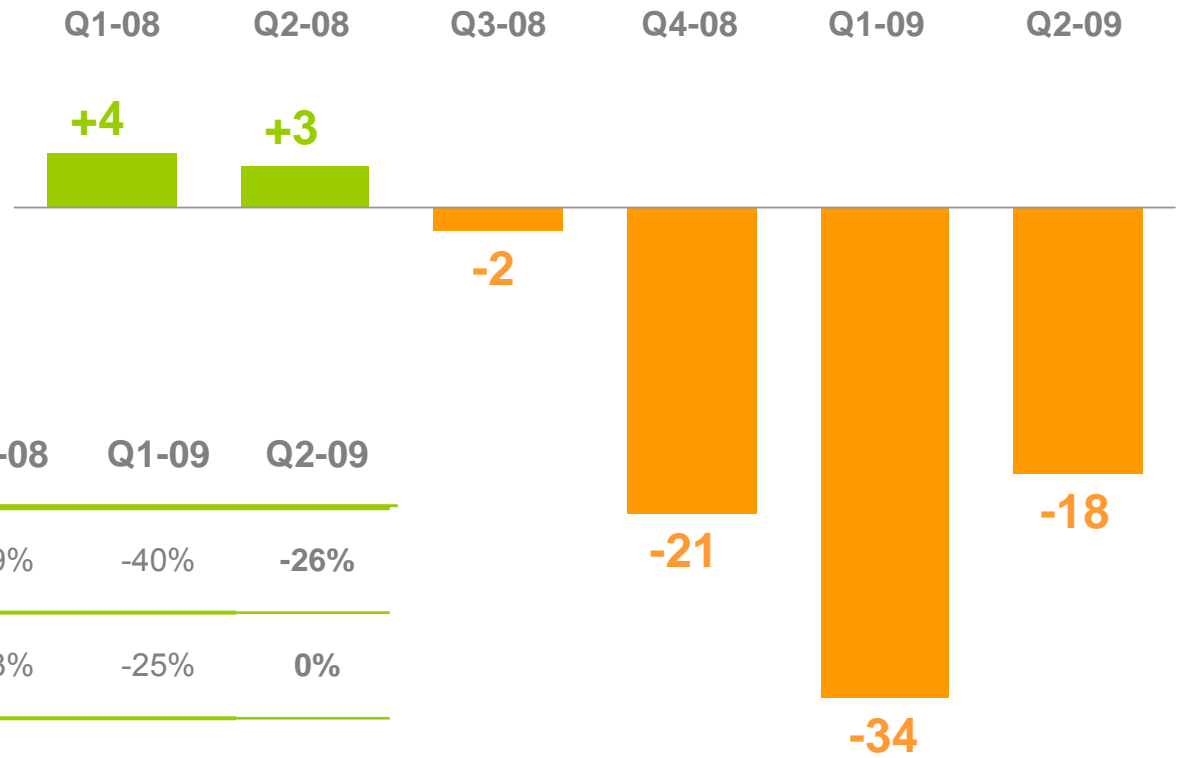
- **Cost reduction program of €500M (€313M ytd)**
 - On time and on budget
 - Full year savings of €600M from 2010
- **New organizational framework implementation**
- **Further bolstering liquidity**
- **Focus investment on emerging markets (almost 60% of capex) and advanced research projects**



Financials Q2-2009

Worldwide automotive production

yoy changes in %



	Q4-08	Q1-09	Q2-09
Europe	-29%	-40%	-26%
Asia	-13%	-25%	0%
North America	-27%	-52%	-49%
South America	-27%	-18%	-12%
World	-21%	-34%	-18%

Quarterly key figures

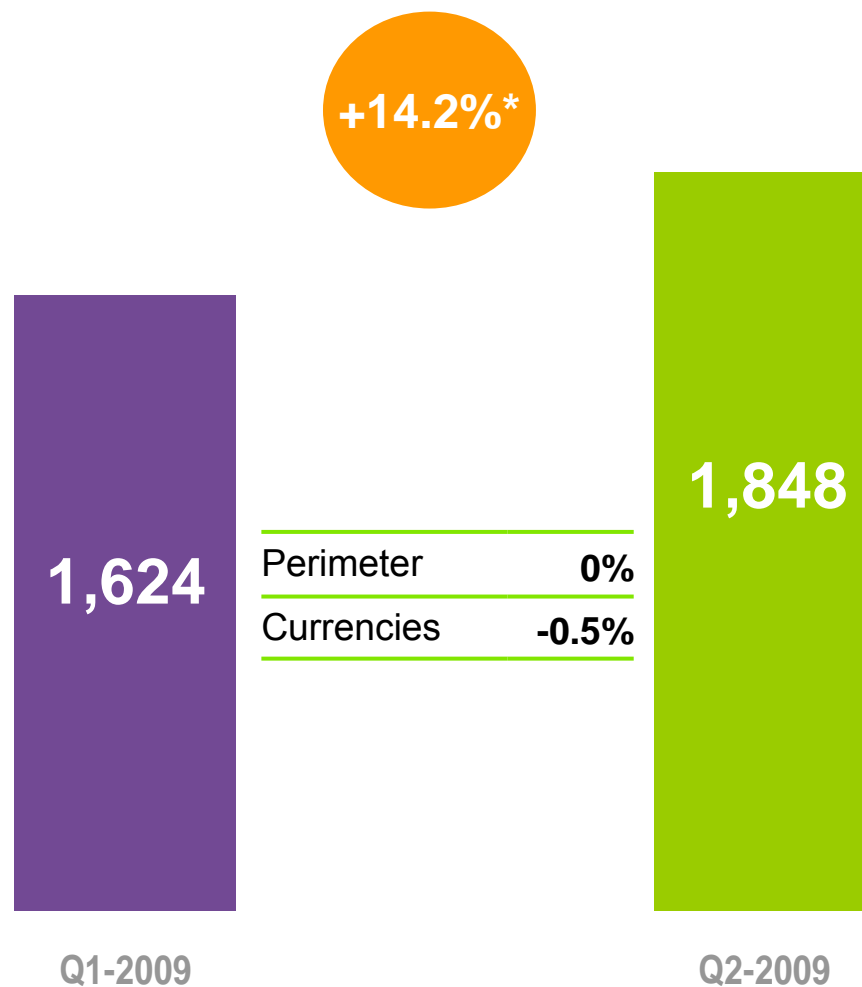
in euro million

	Q2-09	Q1-09	Q4-08	Q2-08	▲
Total sales	1,848	1,624	1,750	2,411	-23.4%
Gross margin	268	185	212	406	-34.0%
<i>% of sales</i>	<i>14.5%</i>	<i>11.4%</i>	<i>12.1%</i>	<i>16.8%</i>	<i>-2.3pts</i>
Operating margin	15	(66)	(38)	113	na
<i>% of sales</i>	<i>0.8%</i>	<i>-4.1%</i>	<i>-2.2%</i>	<i>4.7%</i>	<i>-3.9pts</i>
Net income	(54)	(159)	(313)	57	na
<i>% of sales</i>	<i>-2.9%</i>	<i>-9.8%</i>	<i>-17.8%</i>	<i>2.4%</i>	<i>-5.3pts</i>
Free cash flow*	84	(88)	12	60	+46.9%
Net financial debt	841	933	821	621	+35.4%

* Before interest payments

Quarterly Sales

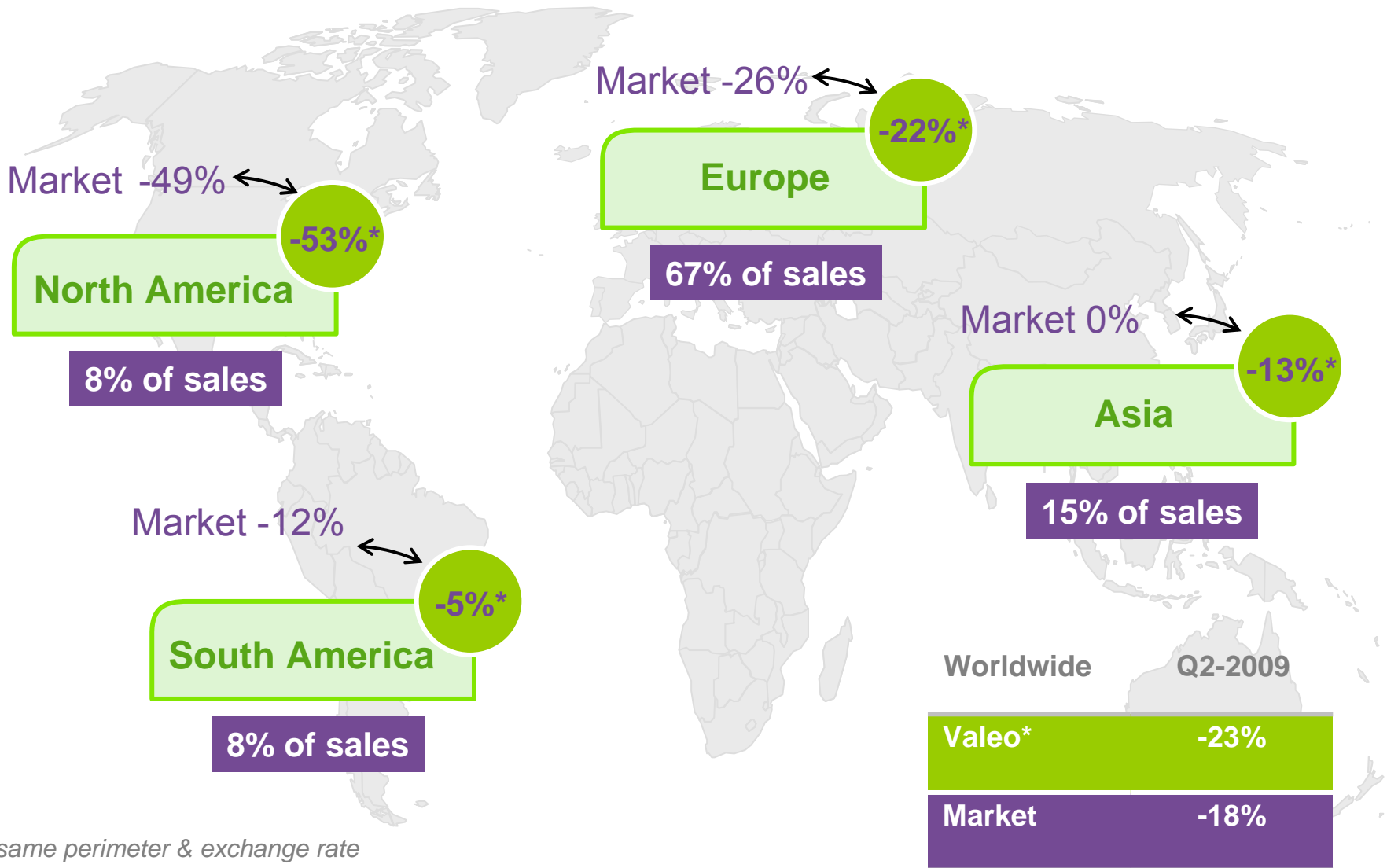
In euro million



**at same perimeter, exchange rate*

Geographic mix Q2-2009

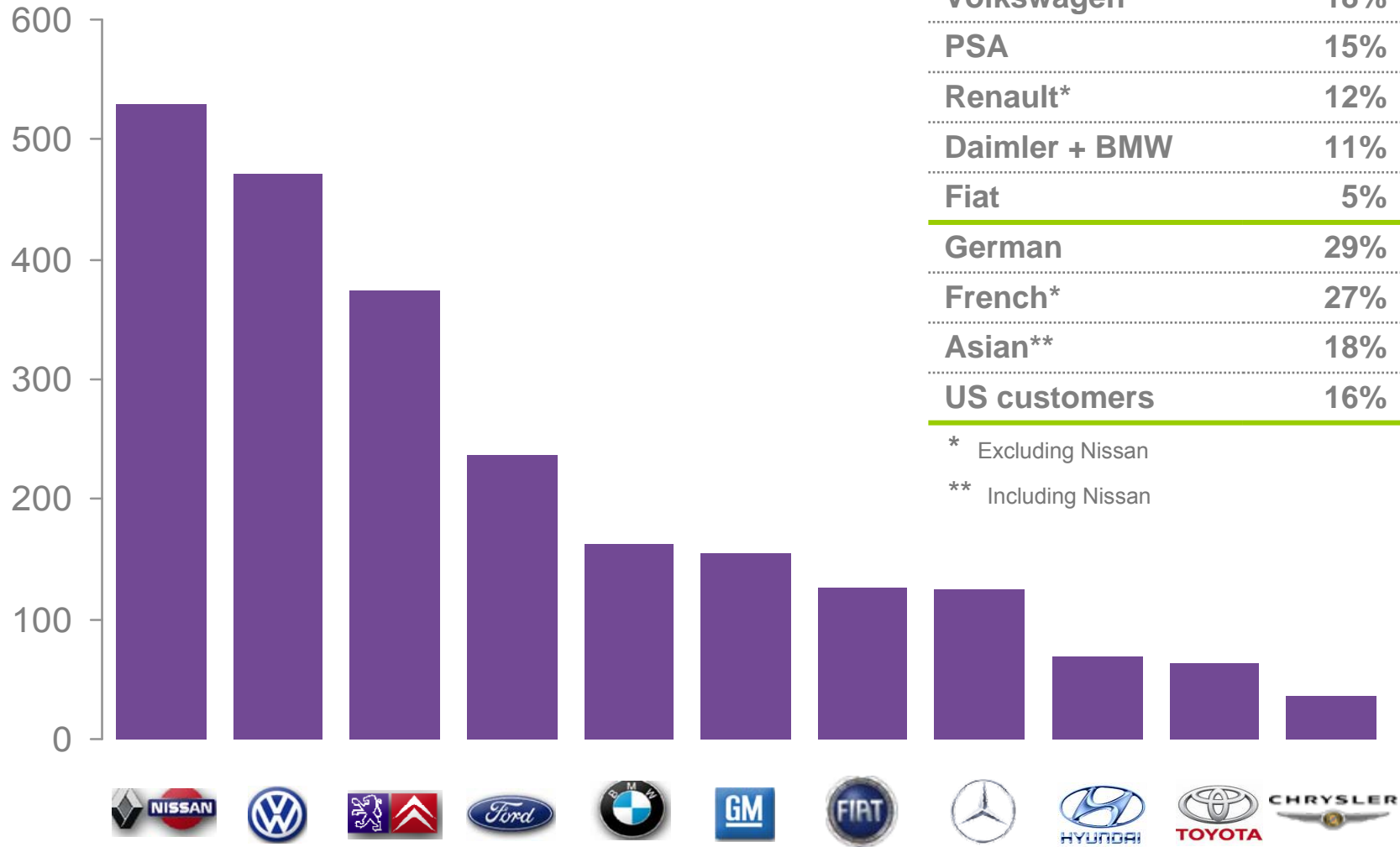
OE light vehicles yoy changes



*At same perimeter & exchange rate

Customer mix

Sales by customer



Quarterly Results (cont.)

In euro million

	Q2-09	Q1-09	Q4-08	Q2-08	▲
Total sales	1,848	1,624	1,750	2,411	-23.4%
Gross margin	268	185	212	406	-34.0%
<i>% of sales</i>	<i>14.5%</i>	<i>11.4%</i>	<i>12.1%</i>	<i>16.8%</i>	<i>-2.3pts</i>
Net R&D	(120)	(114)	(114)	(134)	-10.4%
<i>% of sales</i>	<i>-6.5%</i>	<i>-7.0%</i>	<i>-6.5%</i>	<i>-5.6%</i>	<i>+0.9pt</i>
SG&A expenses	(133)	(137)	(136)	(159)	-16.4%
<i>% of sales</i>	<i>-7.2%</i>	<i>-8.4%</i>	<i>-7.8%</i>	<i>-6.6%</i>	<i>+0.6pt</i>
Operating margin	15	(66)	(38)	113	-86.7%
<i>% of sales</i>	<i>0.8%</i>	<i>-4.1%</i>	<i>-2.2%</i>	<i>4.7%</i>	<i>-3.9pts</i>

Cost reduction plan

In euro million

Q2-09 Q1-09 Q4-08

Cost savings programme

€500 million in 2009	130	183	144
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Headcount reduction

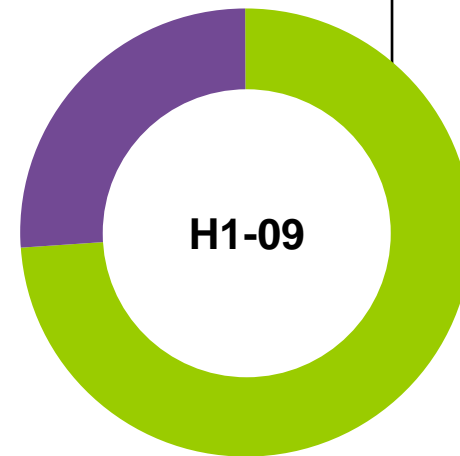
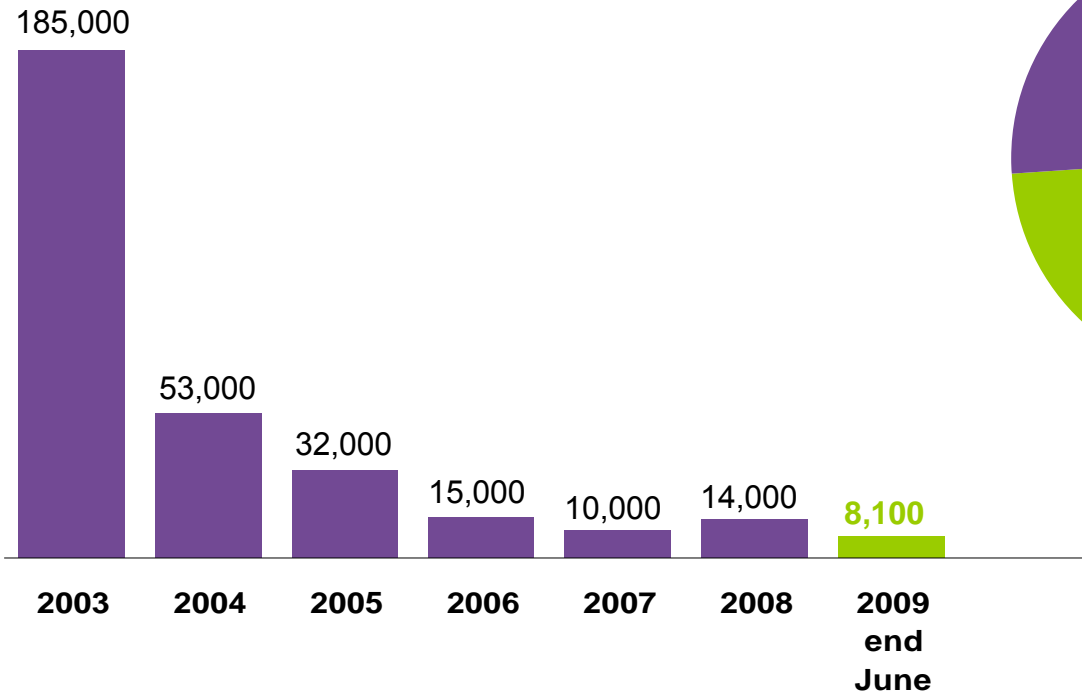
Permanents employees	(1,300)	(1,800)	(1,400)
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Cash out	(46)	(23)	(10)
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Since November
2008

Quality performance

Customer returns
in defective parts per billion



74% of sites < 10,000 ppb

(incl. 22% of sites at 0 ppb)



Financials S1-2009

Half-year key figures

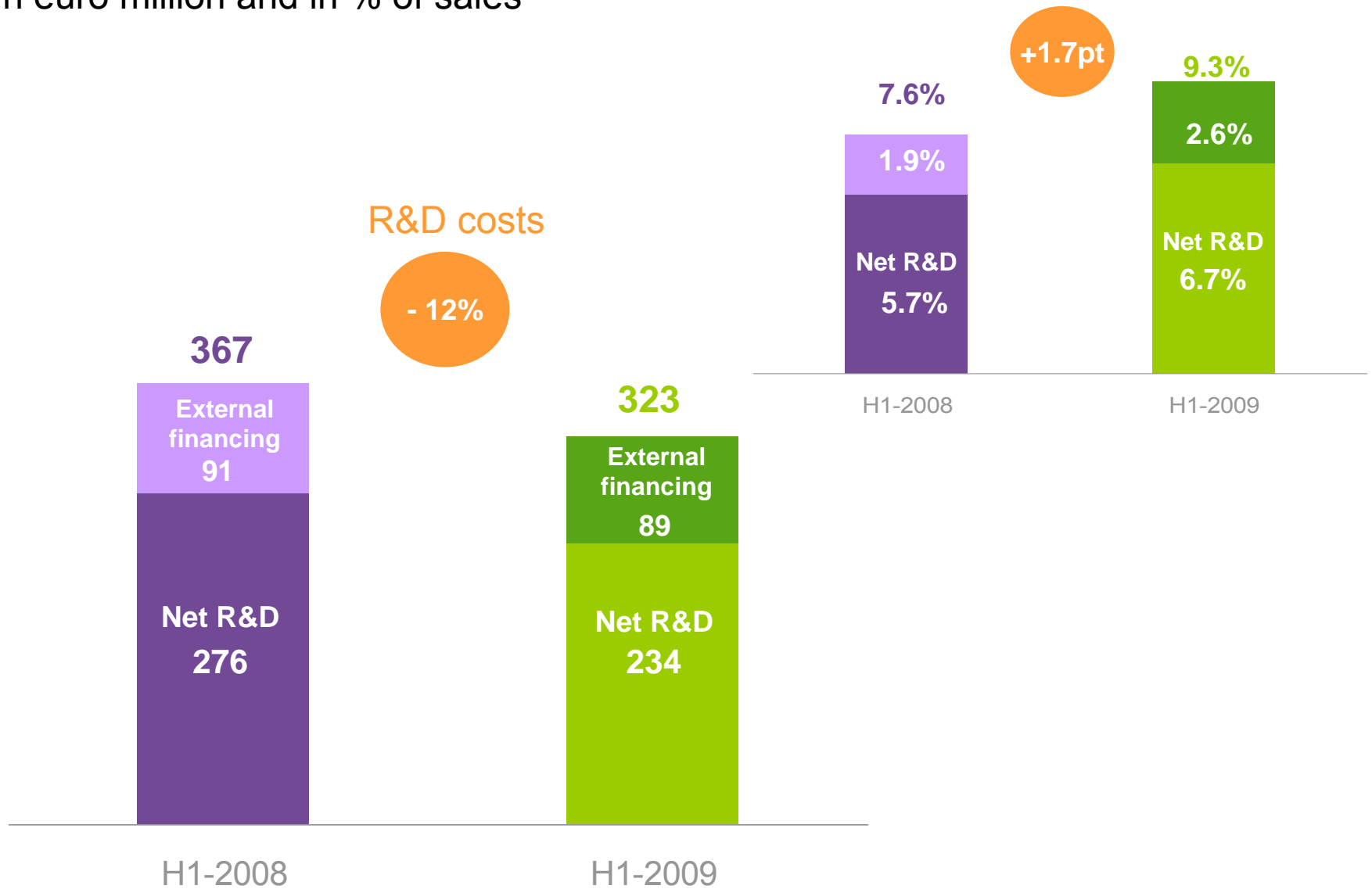
in euro million

	H1-09	H1-08	▲
Total sales	3,472	4,848	-28.4%
Gross margin	453	797	-43.2%
<i>% of sales</i>	<i>13.0%</i>	<i>16.4%</i>	<i>-3.4pts</i>
Operating margin	(51)	203	na
<i>% of sales</i>	<i>-1.5%</i>	<i>4.2%</i>	<i>-5.7pts</i>
EBITDA	229	503	-54.5%
<i>% of sales</i>	<i>6.6%</i>	<i>10.4%</i>	<i>-3.8pts</i>
Net income	(213)	100	na
<i>% of sales</i>	<i>-6.1%</i>	<i>2.1%</i>	<i>-8.2pts</i>
Free cash flow*	(4)	123	na
Net financial debt	841	621	+35.4%

* Before interest payments

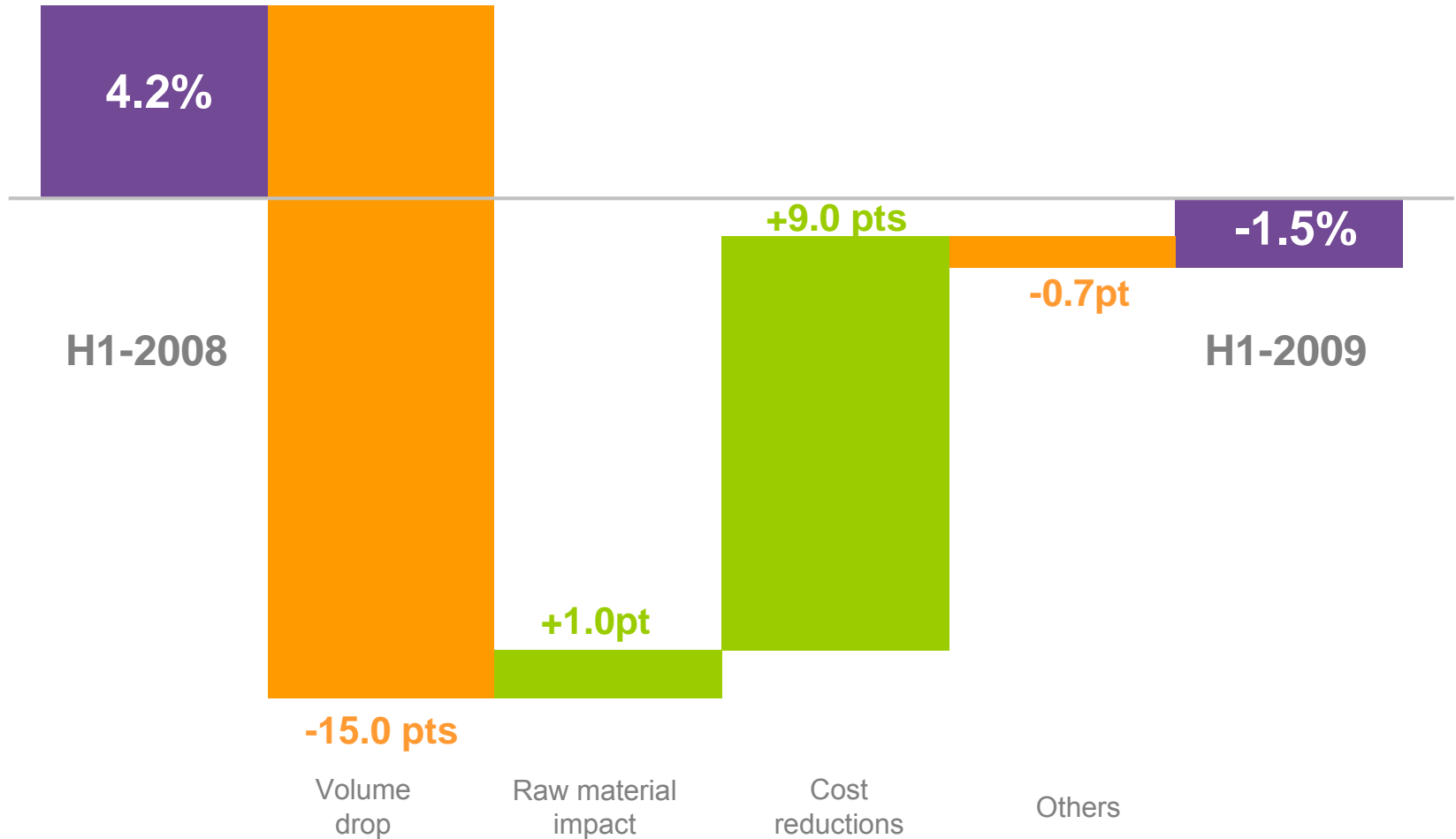
Focus on R&D costs

In euro million and in % of sales



Operating margin walkdown

As % of sales and in euro million



Half-Year Results (cont.)

in euro million

	H1-09	H1-08	▲
Sales	3,472	4,848	-28.4%
Operating margin <i>as % of sales</i>	(51) -1.5%	203 4.2%	na -5.7pts
Other income & expenses <i>As % of Sales</i>	(37) -1.1%	(21) -0.4%	+76.2% -0.7pt
Operating income	(88)	182	na
Cost of net debt	(21)	(22)	-4.5%
Other financial income/(expenses)	(37)	(6)	na
Associates	(40)	7	na
Income before taxes	(186)	161	na
Taxes	(26)	(56)	-53.6%
Effective tax rate	17.8%	-36.4%	na
Minority interests and others	(2)	(4)	-50.0%
Net income	(213)	100	na



Cash Flow

Working capital

In euro million

Operating working capital

-€186M

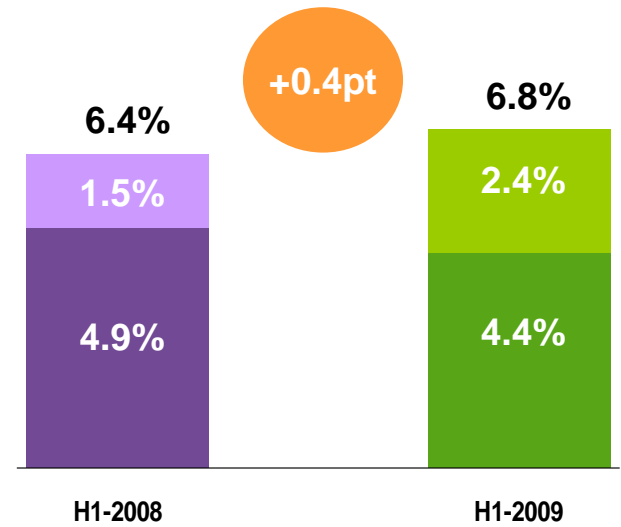
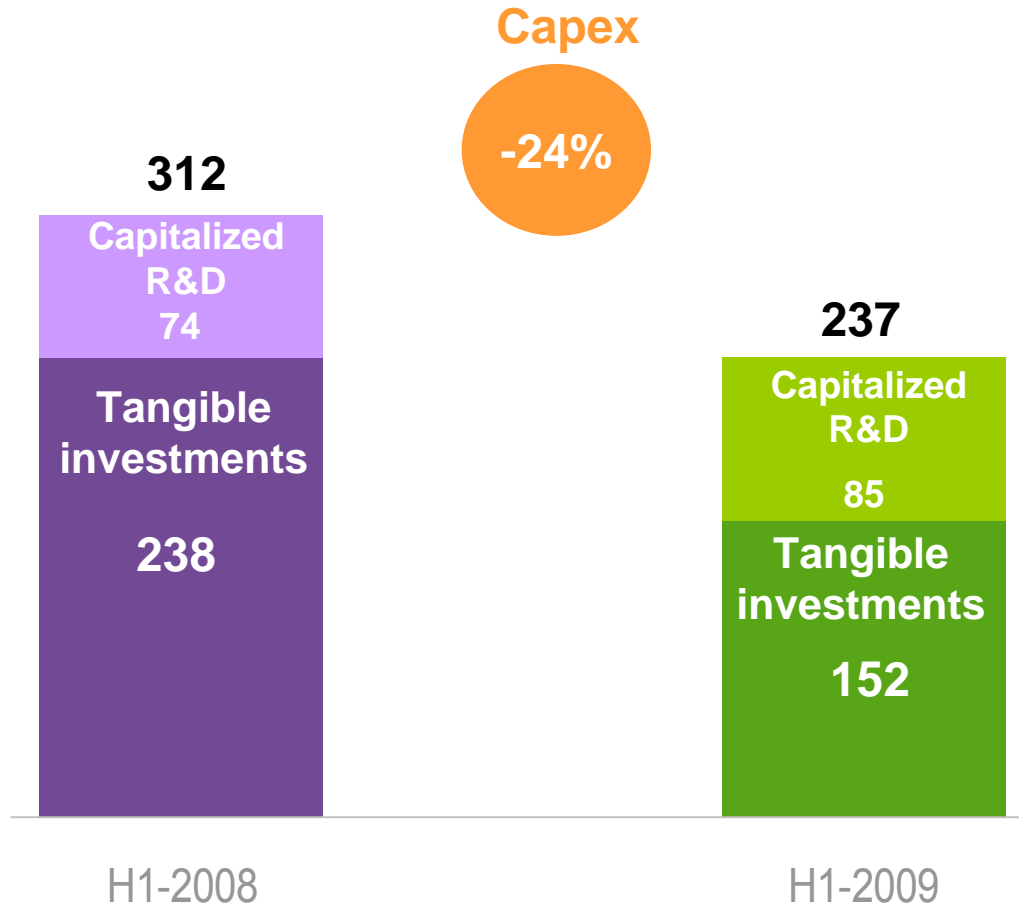
Dec-08		June-09
543	Inventories	450
1,168	Customers	1,205
(1,454)	Suppliers	(1,474)
(351)	Other operating WC	(461)
(94)	Operating WC*	(280)
(103)	Non operating WC	(78)
(44)	Other asset/liabilities	3
(241)		(355)



* Including conversion impact

Capex

In euro million and in % of sales



Free Cash Flow

In euro million	Q2-09	H1-09	Q2-08	H1-08
EBITDA	156	229	269	503
Restructuring and social costs	(46)	(69)	(24)	(39)
Working capital	171	177	40	39
Capex	(123)	(256)	(158)	(296)
Others	(74)	(85)	(67)	(84)
Free cash flow (before interest payments)	84	(4)	60	123



New organizational framework

Organizational Transformation

■ Challenges in terms of

- Growth
- Profitability
- Efficiency

■ Organizational changes respond to industry trends

- Focus on profit and growth opportunities
- Maximizing synergies
- Efficient allocation of resources (Capex, R&D, etc)
- Devolving decision-making to the adequate organizational level
- Allowing for more transparent and relevant information reporting

New Organizational Framework

■ 4 Business Groups established

- Most congruent business groupings / optimize synergies
- Strengthen country organization

■ Timetable

- Business Groups leadership appointed
- Reporting tools in place
- Field implementation ongoing

Key businesses identified

H1-2009

VALEO GROUP

COMFORT
AND DETECTION
SYSTEMS

POWERTRAIN
SYSTEMS

THERMAL
SYSTEMS

VISIBILITY
SYSTEMS

Headcount	9,700	Headcount	12,800	Headcount	12,600	Headcount	14,600
Sales	627	Sales	952	Sales	1,012	Sales	904
EBITDA (% of sales)	6.1%	EBITDA (% of sales)	9%	EBITDA (% of sales)	6.1%	EBITDA (% of sales)	4.5%



Liquidity situation

Liquidity situation

- **Cash available more than €500M**
- **No drawing on bilateral credit lines (€1.275 billion available as of today)**
- **Migration to a 3.5* net financial debt to EBITDA** covenant**
 - ➔ €941M of renegotiated/renewed credit lines (as of today)
 - ➔ Syndicated loan of €225M migrated to new covenant
- **No debt reimbursement due before January 2011 (€463M)**
- **Loan approved by EIB up to €300M**

* *Ratio < 3.25X from 2010 and beyond*

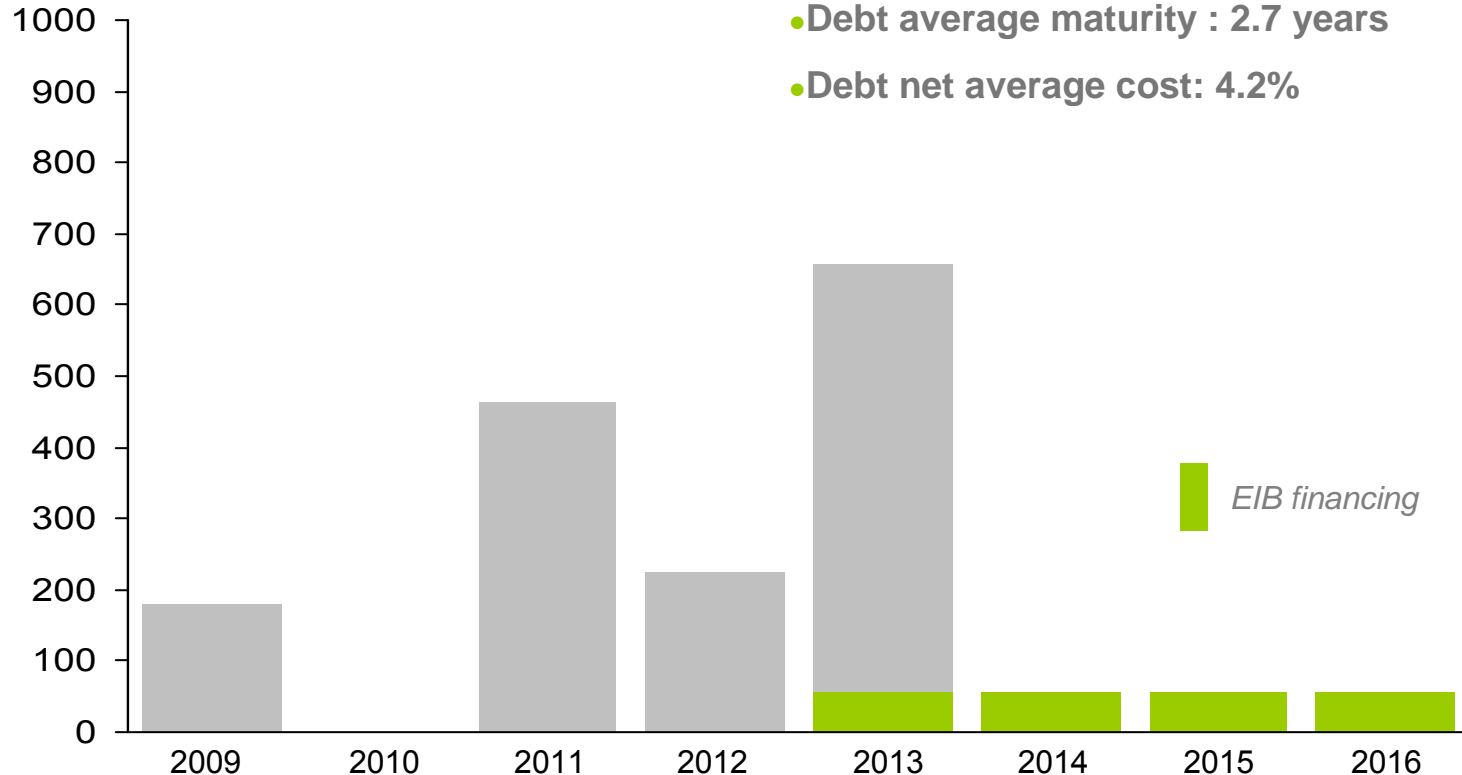
** *Before restructuring costs*

Debt profile

In Euro million as of June 30, 2009

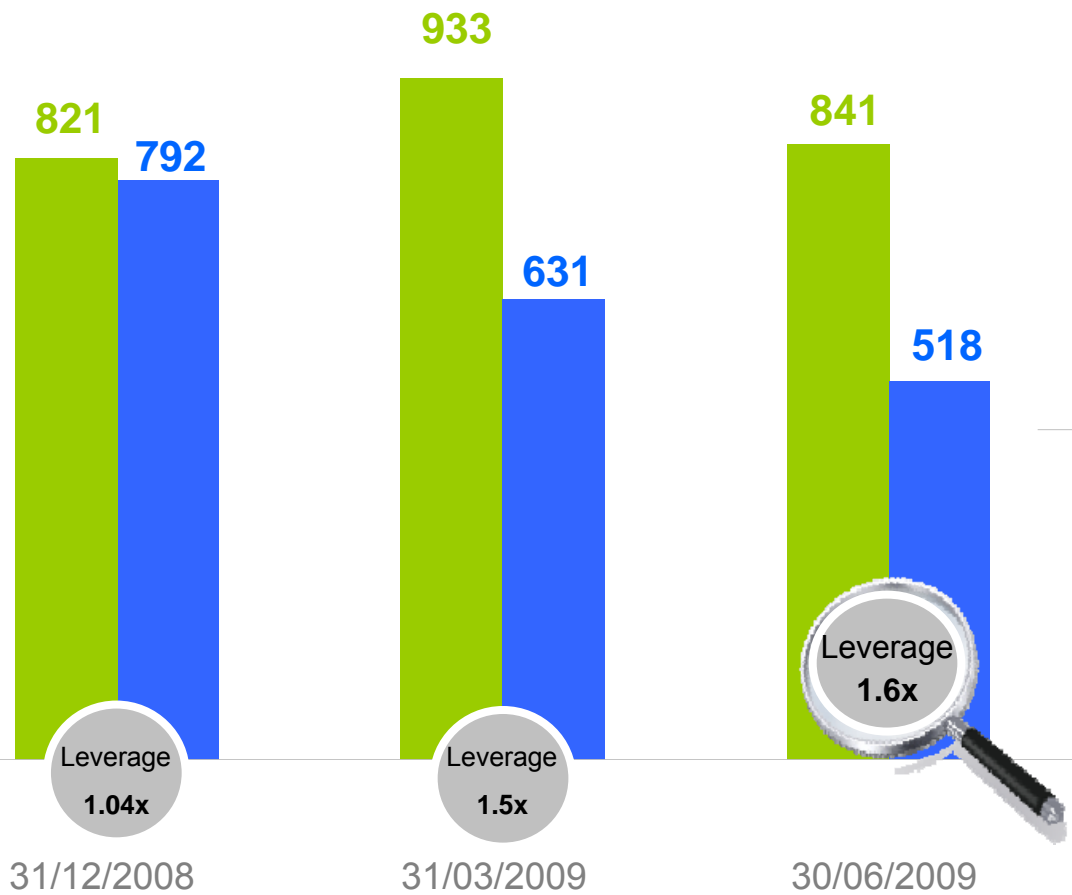
Debt main specifications

- Debt nominal amount at fixed rate : €1,063M
- Debt average maturity : 2.7 years
- Debt net average cost: 4.2%



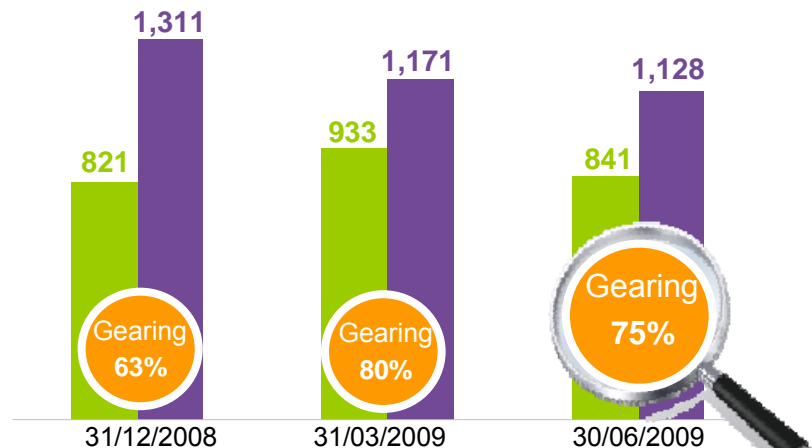
Net debt over EBITDA* covenant

Net Debt EBITDA



Shareholders equity and net debt
In euro million

Net Debt Shareholders Equity
excl. minority interests



* 12 rolling months



Outlook

Outlook

- **Production easing off to continue in S2-09**

- S2 : -7% (vs -10%)

- Full year : -17% (vs -20%)

- **Sales tracking production trends**

- **Positive operating margin objective for H2**

- **Cash control initiatives paying off:**

- 2009 cash burn limited to around €200M after €230M of restructuring costs

Management priorities

- **Cost reduction program of €500M (€313M ytd)**
 - On time and on budget
 - Full year savings of €600M from 2010
- **New organizational framework implementation**
- **Further bolstering liquidity**
- **Focus investment on emerging markets (almost 60% of capex) and advanced research projects**

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Back-up

Quarterly P&L

new format

<i>(in euro million)</i>	2009 new format		2008 new format				2007			
	2Q	1Q	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
■ Net Sales							2,397	2,214	2,472	2,472
Other operating revenues							41	31	35	27
■ Total operating revenues / Sales	1,848	1,624	1,750	2,079	2,411	2,437	2,438	2,245	2,507	2,499
■ Gross margin	268	185	212	318	406	391	386	340	394	377
<i>% of sales</i>	14.5%	11.4%	11.9%	15.2%	16.7%	15.9%	16.1%	15.4%	15.9%	15.3%
R&D expenditures	(120)	(114)	(114)	(111)	(134)	(142)	(171)	(156)	(173)	(168)
Selling & administrative expenses	(133)	(137)	(136)	(142)	(159)	(159)	(160)	(142)	(153)	(162)
Other income & expenses	(20)	(17)	(246)	(15)	(17)	(4)	(8)	(9)	(13)	3
■ Operating income	(5)	(83)	(284)	50	96	86	88	64	90	77
<i>as % of operating revenues / % of sales</i>	-0.3%	-5.1%	-16.2%	2.4%	4.0%	3.5%	3.6%	2.9%	3.6%	3.1%
Cost of net debt	(9)	(12)	(13)	(10)	(10)	(12)	(12)	(14)	(13)	(12)
Other financial income and expense	(12)	(25)	(41)	(12)	(2)	(4)	(11)	(15)	(10)	(10)
Equity in net earnings of associates	(5)	(35)	1	1	6	1	2	1	5	0
■ Income before income taxes	(31)	(155)	(337)	29	90	71	67	36	72	55
Income taxes	(22)	(4)	25	(20)	(30)	(26)	(13)	(23)	(26)	(21)
■ Income from continuing operations	(53)	(159)	(312)	9	60	45	54	13	46	34
Non-strategic activities	1	0	1	(1)	0	(1)	(3)	(52)	(4)	(0)
■ Net income for the period	(51)	(159)	(311)	8	60	44	51	(39)	42	34
Minority interest	(2)	0	(2)	(2)	(3)	(1)	(1)	(1)	(4)	(1)
■ Net income	(54)	(159)	(313)	6	57	43	50	(40)	38	33

Share Information

Share Data

▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as per 30.06.2009	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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