



Q3-2009 Results

Jacques Aschenbroich – CEO

October 20, 2009

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Outlook



Quarter highlights

Return to a positive net income in Q3

- **Positive net income of €4 million**

- First time, after 3 consecutive quarters of losses

- **Margins reach highest levels for a 3rd quarter since 2005**

- Gross margin at 16.2% of sales (+1.7pt vs Q2)

- Operating margin at 3.6% of sales (+2.8pts vs Q2)

- Positive operating margin for 9 months

- **Reduction in net financial debt of €24 million**

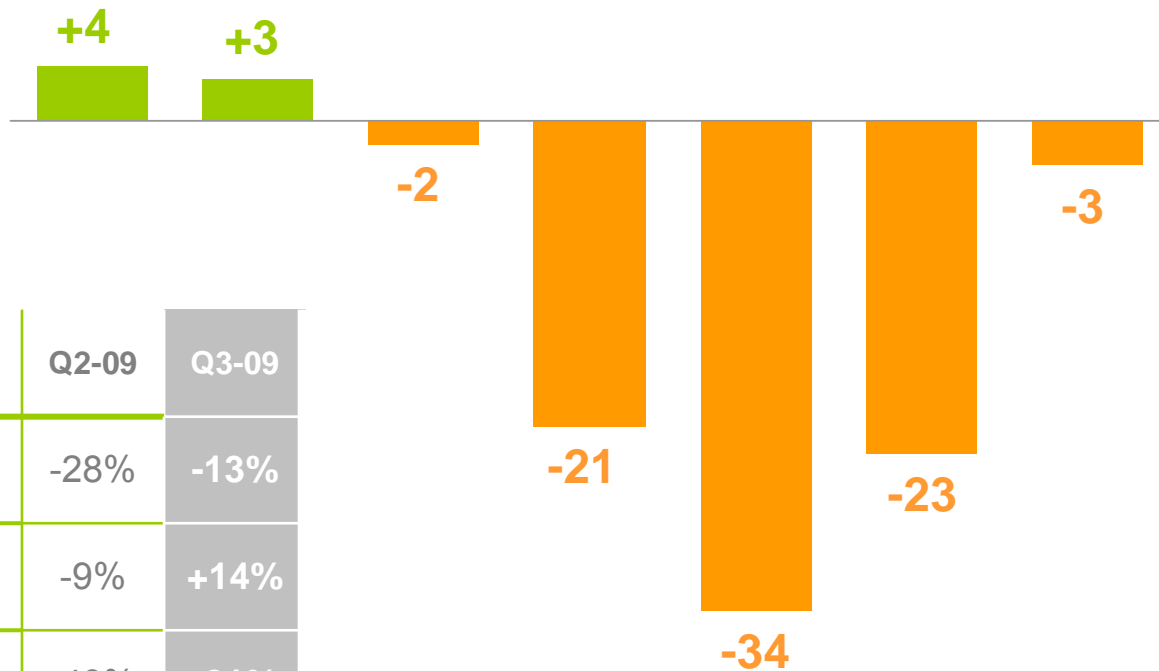
Improved business environment

- **Full impact of scrapage incentives**
 - Including the US program
- **Strong rebound of Asian markets (yoy change)**
 - China + 39%, Korea +14% and India +12%

Worldwide automotive production

yoy changes in %

Q1-08 Q2-08 Q3-08 Q4-08 Q1-09 Q2-09 Q3-09



	Q4-08	Q1-09	Q2-09	Q3-09
Europe	-29%	-40%	-28%	-13%
Asia	-13%	-25%	-9%	+14%
North America	-27%	-52%	-49%	-21%
South America	-27%	-18%	-10%	-7%
World	-21%	-34%	-23%	-3%

Financial highlights

■ Financials Q3

- Improving sales trend (yoy)
- Gross margin improvement (% of sales)
- Operating margin Improvement (M€)
- Operating margin (% of sales)
- Free Cash Flow* generation (M€)
- Net financial debt decrease (M€)
- Positive net income (M€)

	Q1-09	Q2-09	Q3-09
	-33%	-23%	-8%
	11.4%	14.5%	16.2%
	(66)	15	68
	-4.1%	0.8%	3.6%
	(88)	84	6
	112	(92)	(24)
	(159)	(54)	4

■ Corporate developments

- Cost reduction plan of €500M on track (€373M ytd)
- Positive contribution of working capital
- Capex significantly below depreciation

* Before interest payments

Year to date key figures

In euro million

	9 months 2008	9 months 2009	▲
Total sales	6,927	5,385	-22%
Gross margin	1,115	763	-32%
<i>as % of sales</i>	16.1%	14.2%	-1.9pt
Operating margin	268	17	-94%
<i>as % of sales</i>	3.9%	0.3%	-3.6pts
Net income	106	(209)	na
Free cash flow*	104	2	-98%
Net debt	735	817	+11%

* Before interest payments

Outlook

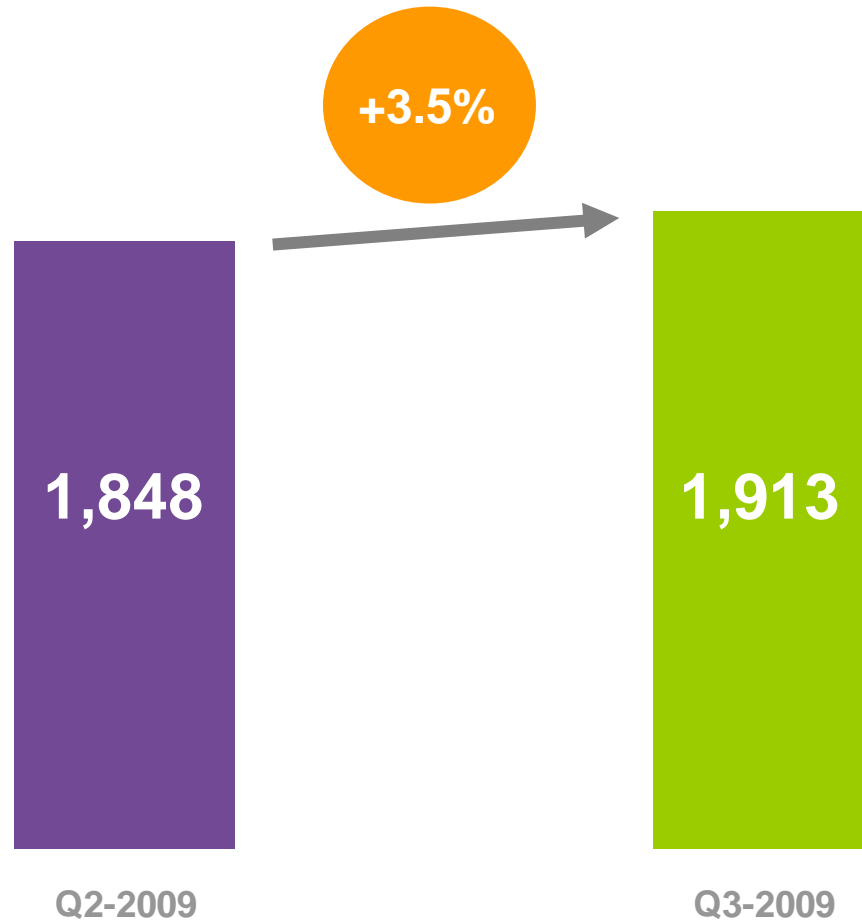
- **Automobile production revised upwards**
 - H2: slight increase (vs -7%)
 - Full year: -13% (vs -17%)
- **On the basis of this scenario,**
 - H2 net income close to breakeven
 - Cash consumption for 2009 significantly lowered
 - Less than €100 million (after restructuring costs)
- **Cost reduction program on track, vs pre-crisis situation**
 - €500 million in 2009
 - €600 million in a full year



Q3-2009 Financials

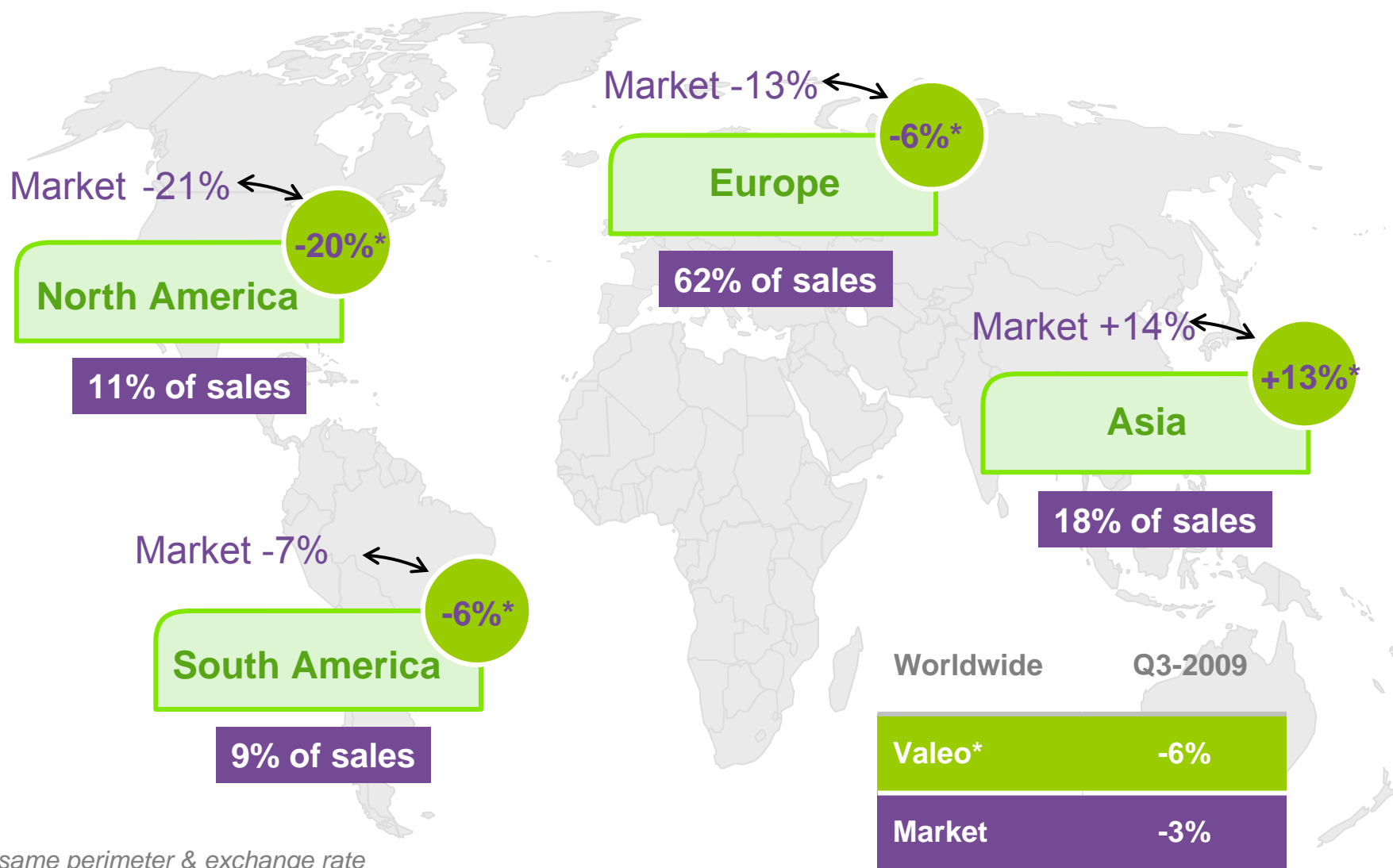
Quarterly Sales

In euro million



Geographic mix Q3-09

OEM passenger cars (yoy change)



*At same perimeter & exchange rate

Stable customer mix

In euro million)

End of September (% of sales)

German	29%
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French*	26%
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Asian**	19%
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US customers	17%
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* *Excluding Nissan*

** *Including Nissan*

Quarterly Results

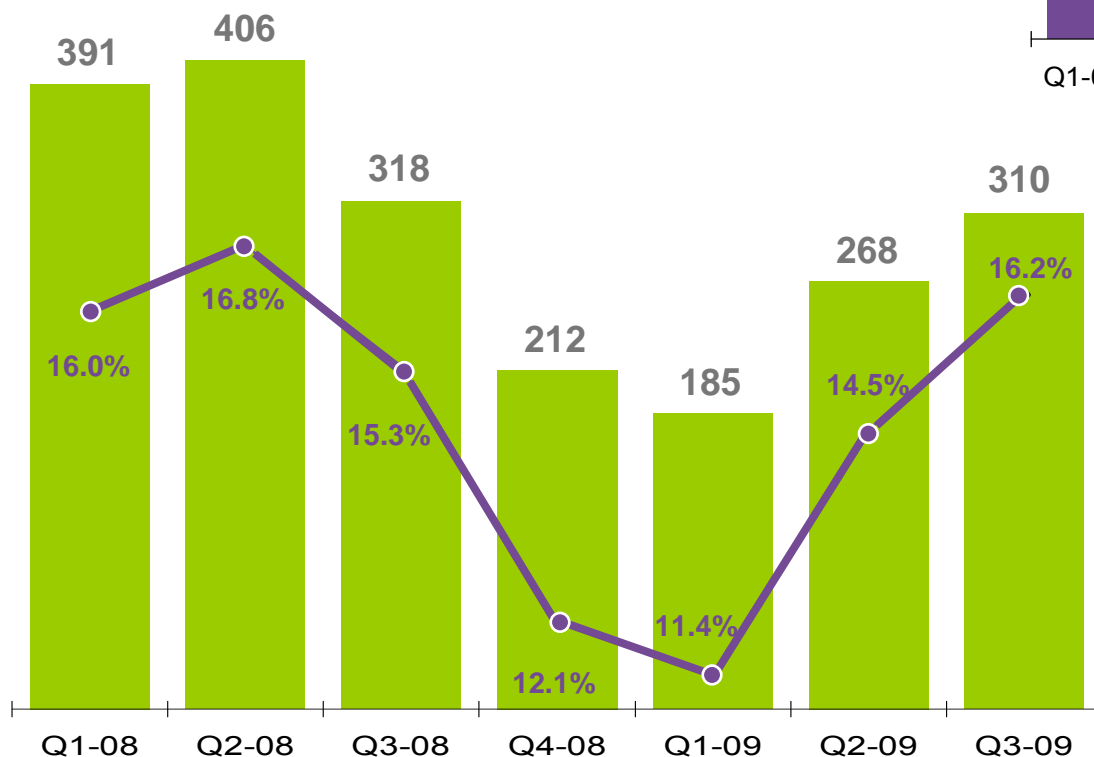
In euro million

	Q3-08	Q1-09	Q2-09	Q3-09	▲
Total sales	2,079	1,624	1,848	1,913	-8%
Gross margin	318	185	268	310	-3%
<i>% of sales</i>	<i>15.3%</i>	<i>11.4%</i>	<i>14.5%</i>	<i>16.2%</i>	<i>+0.9pt</i>
Net R&D	(111)	(114)	(120)	(114)	+3%
<i>% of sales</i>	<i>-5.4%</i>	<i>-7.0%</i>	<i>-6.5%</i>	<i>-6.0%</i>	<i>-0.5pt</i>
SG&A expenses	(142)	(137)	(133)	(128)	-10%
<i>% of sales</i>	<i>-6.8%</i>	<i>-8.4%</i>	<i>-7.2%</i>	<i>-6.7%</i>	<i>+0.1pt</i>
Operating margin	65	(66)	15	68	+5%
<i>% of sales</i>	<i>3.1%</i>	<i>-4.1%</i>	<i>0.8%</i>	<i>3.6%</i>	<i>+0.5pt</i>

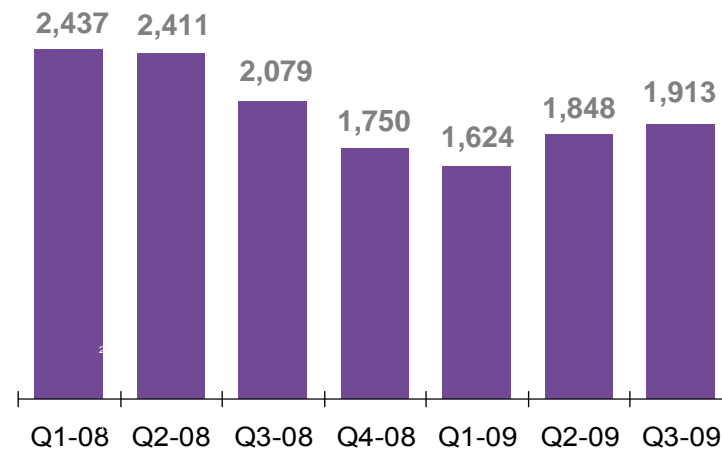
Gross margin

In euro million and % of sales

Gross margin (in € million and % of sales)



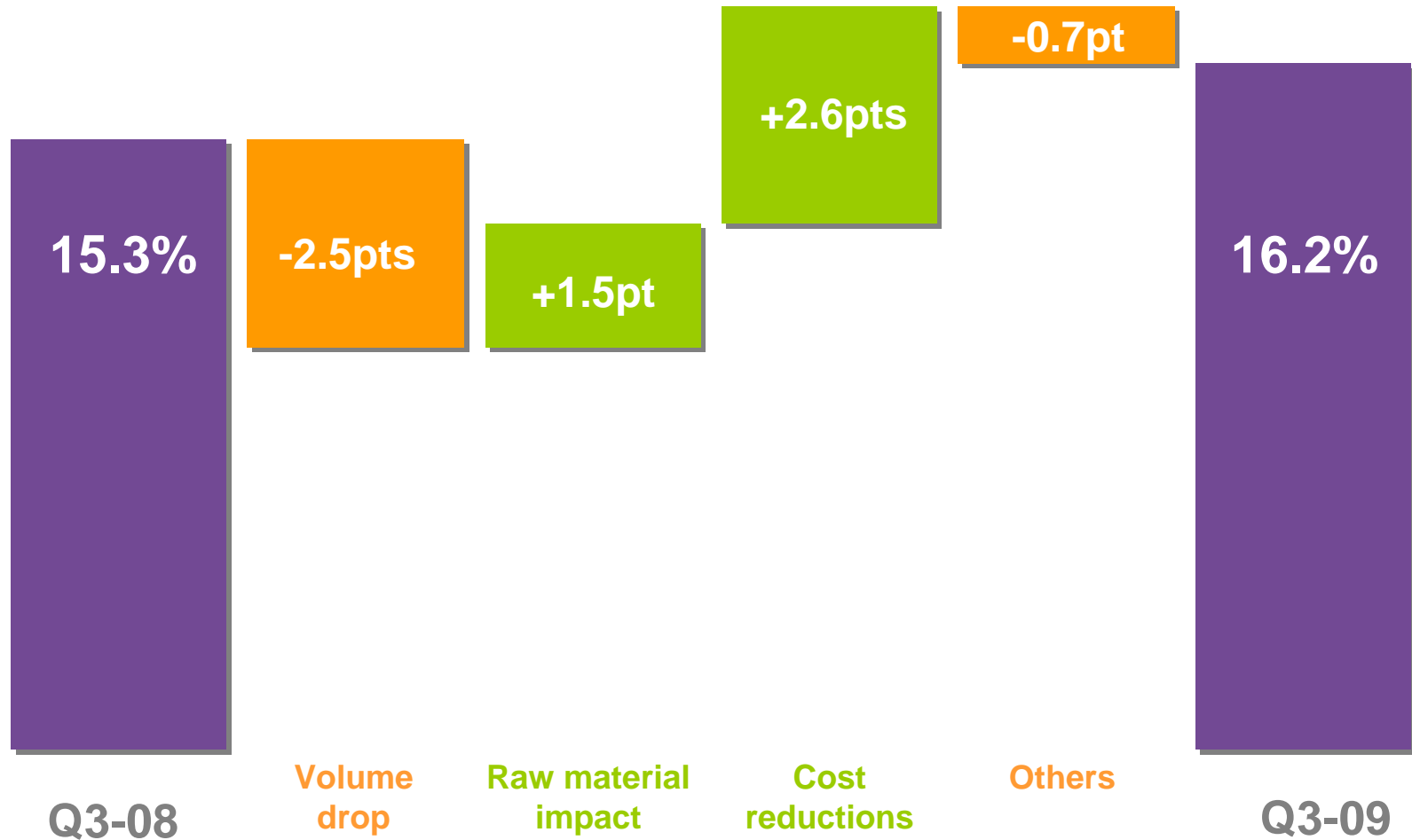
Sales (in € million)



M€	Δ YoY
Sales	-166
Gross Margin	-8

Gross margin walkdown

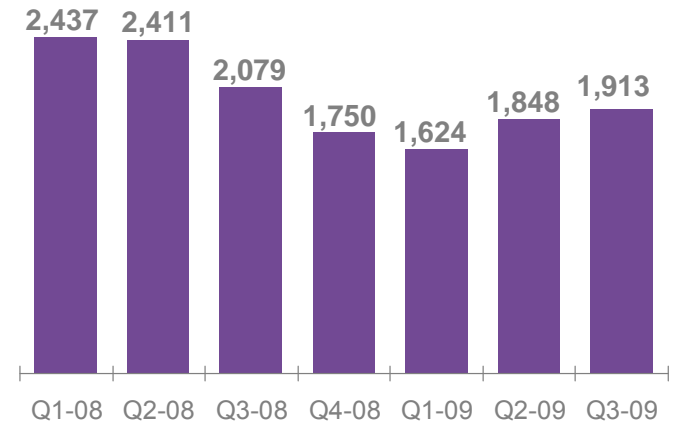
As % of sales



Operating margin

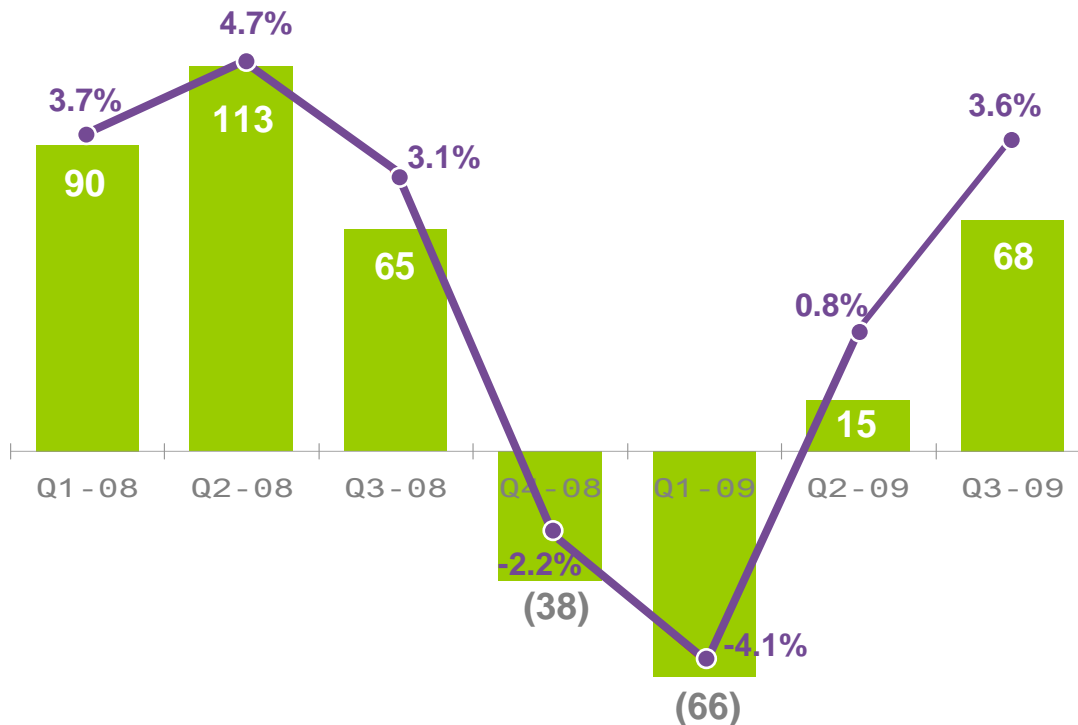
In Euro million and % of sales

Sales (in euro million)



Operating margin

(in € million and % of sales)



M€	Δ YOY
Sales	-166
Operating Margin	+ 3

Sustained R&D efforts

In euro million and % of sales

In € million

Net R&D

+3%

111

114

Q3-2008

Q3-2009

In % of sales

+0.7pt

5.3%

6.0%

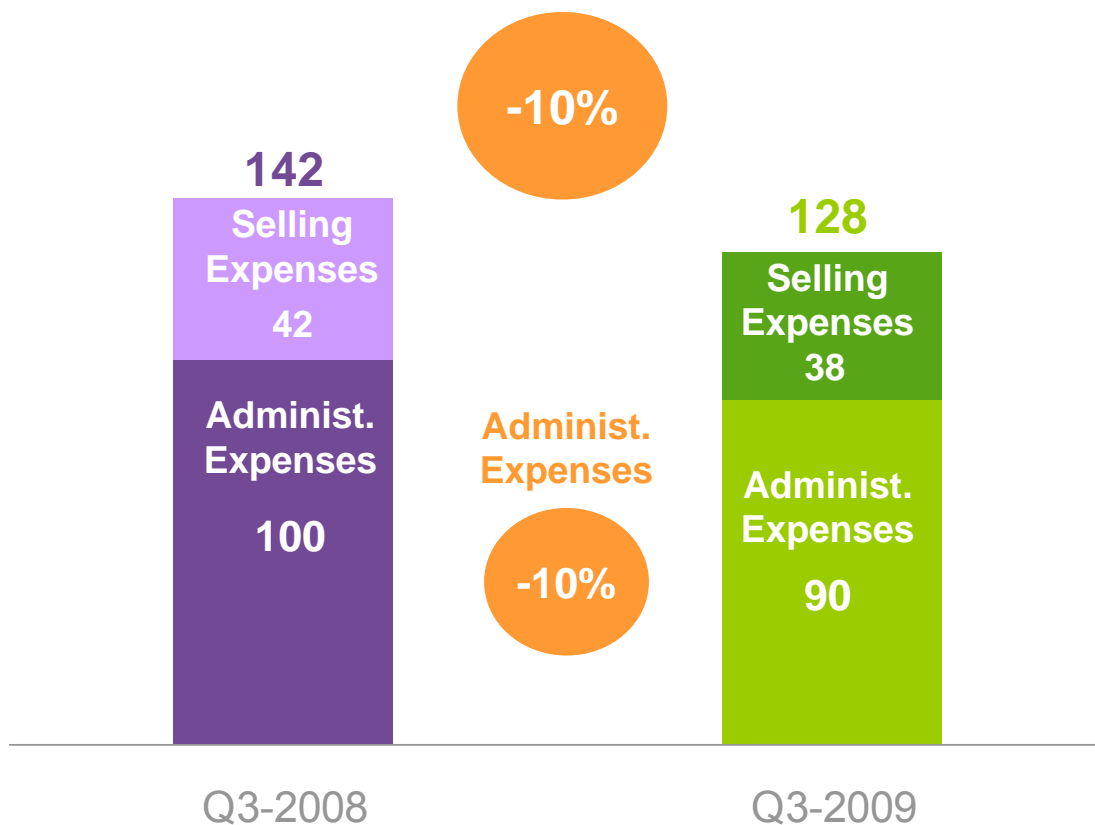
Q3-2008

Q3-2009

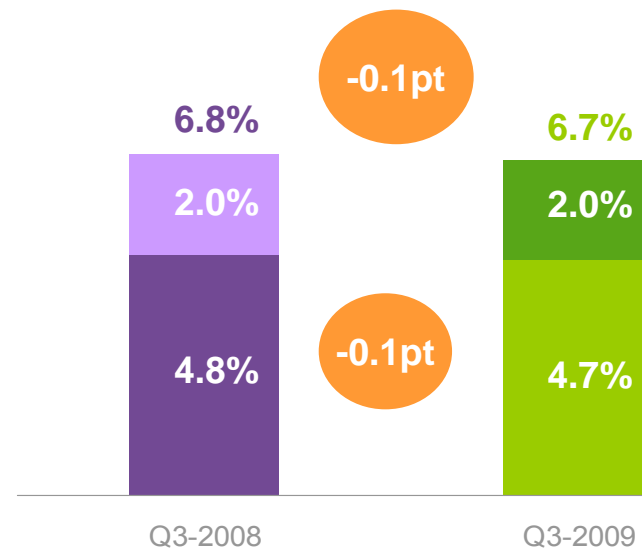
SG&A expenses adjusted to sales

In euro million and % of sales

In € million



In % of sales



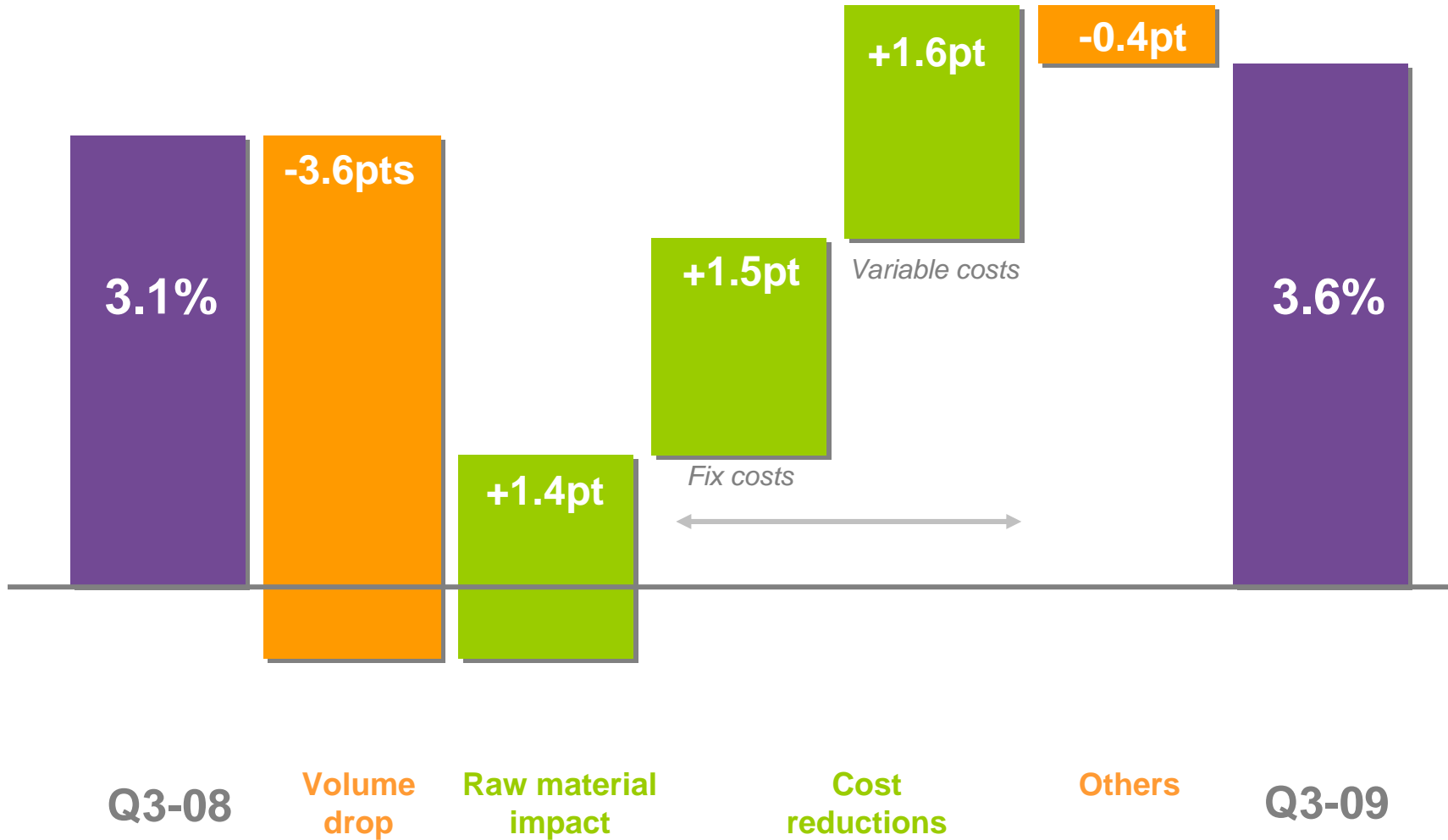
Cost reduction plan on track

In euro million

	Q4-08	Q1-09	Q2-09	Q3-09
Cost savings program				
€500 million in 2009	144	183	130	60
Headcount reduction	<i>Since November 2008</i>			
Permanent employees	(1,400)	(1,800)	(1,300)	(600)
Cash outlays	(10)	(23)	(46)	(54)

Operating margin walkdown

As % of sales



Q3 Results (cont.)

in euro million

	Q3-08	Q1-09	Q2-09	Q3-09	▲
Sales	2,079	1,624	1,848	1,913	-8%
Operating margin	65	(66)	15	68	+5%
<i>as % of sales</i>	3.1%	-4.1%	0.8%	3.6%	+0.5pt
Other income & expenses	(15)	(17)	(20)	(9)	-40%
<i>as % of sales</i>	-0.7%	-1.0%	-1.1%	-0.5%	+0.2pt
Operating income	50	(83)	(5)	59	+18%
<i>as % of sales</i>	2.4%	-5.1%	-0.3%	3.1%	+0.7pt
Cost of net debt	(10)	(12)	(9)	(17)	+70%
Other financial income	(12)	(25)	(12)	(9)	-25%
(expenses)	1	(35)	(5)	1	=
Associates					
Income before taxes	29	(155)	(31)	34	+17%
Taxes	(20)	(4)	(22)	(26)	+30%
Effective tax rate	71%	3%	85%	79%	
Minority interest and others	(3)	0	(1)	(4)	
Net income	6	(159)	(54)	4	-33%



Cash flow & Balance sheet

Continued focus on cash management

- **Positive contribution of working capital**
- **Tight control of Capex**
 - 78% of depreciation
 - Emerging countries representing 60% of Capex
- **Net financial debt reduction of €24 millions**
 - Despite restructuring costs

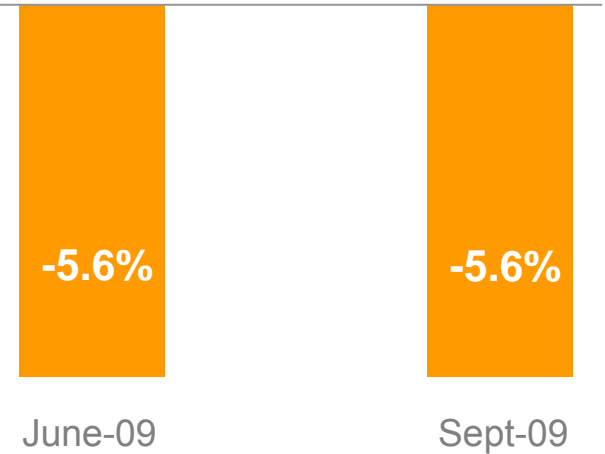
Working capital

In euro million

Working capital



Working capital (in % of sales)



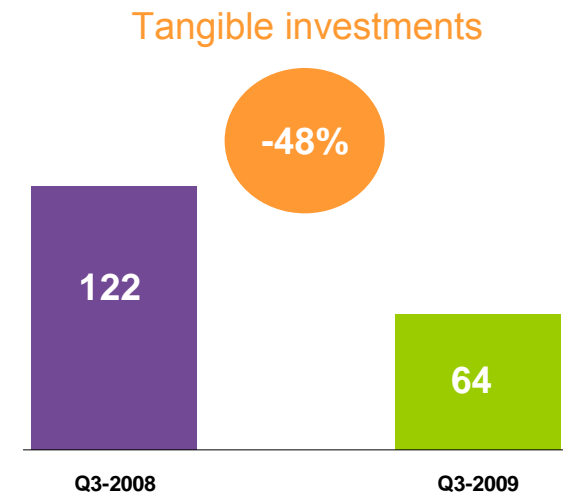
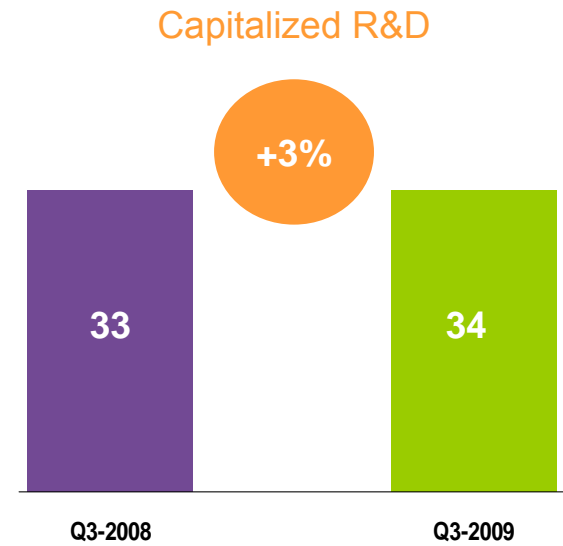
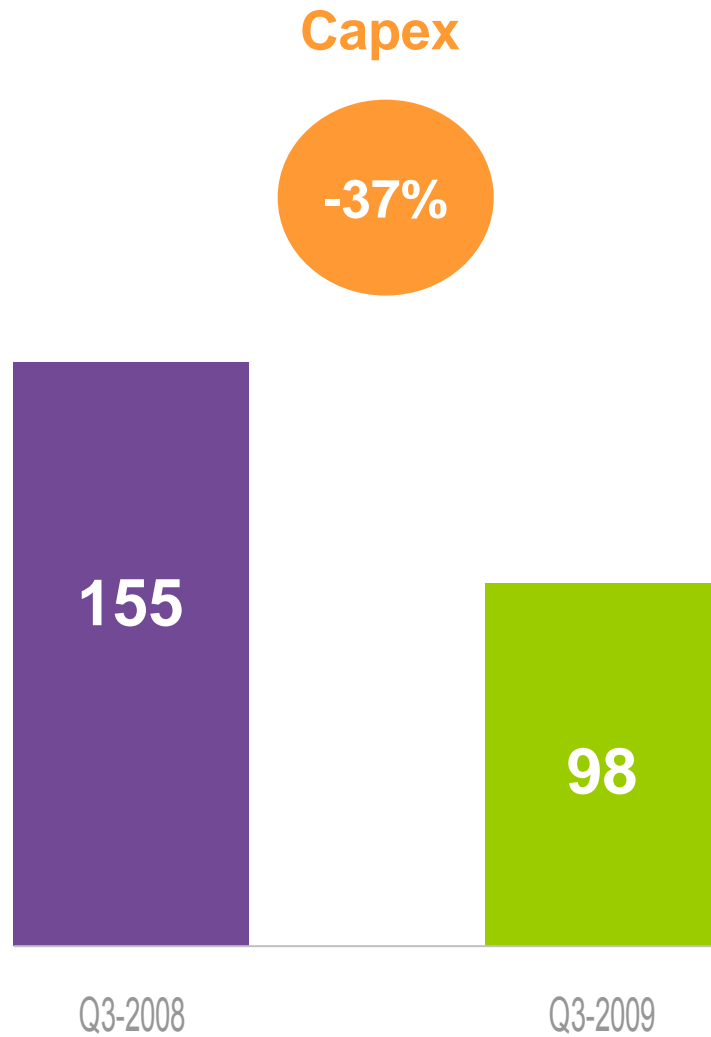
June-09

Sept-09

450	Inventories	468
1,205	Customers	1,249
(1,474)	Suppliers	(1,562)
(536)	Other WC	(556)
(355)		(401)

Strict control of capex

In euro million

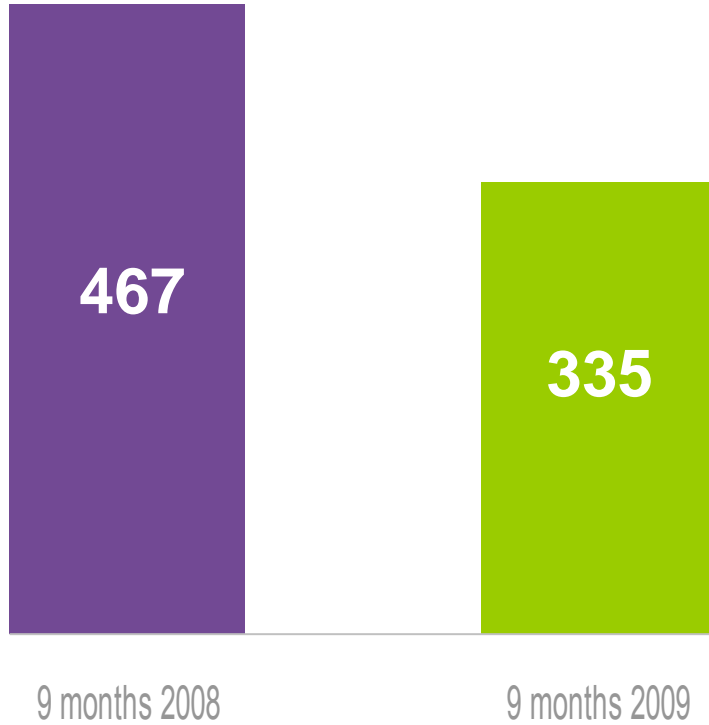


Capex YTD

In euro million

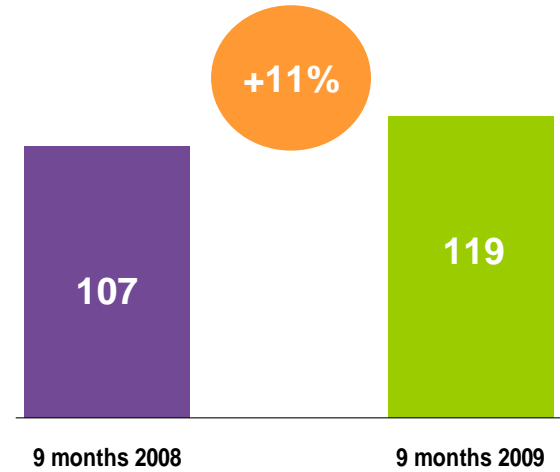
Capex

-28%



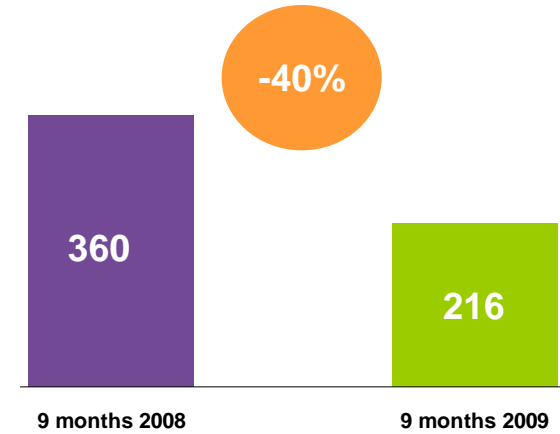
Capitalized R&D

+11%



Tangible investments

-40%



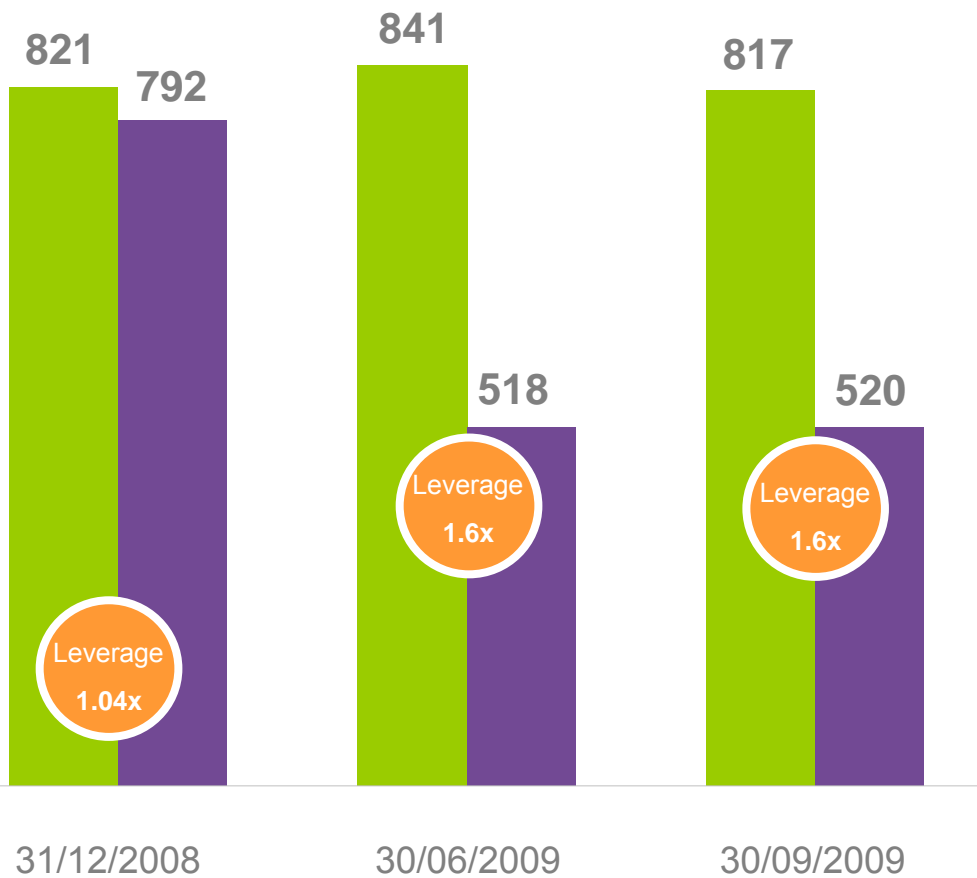
Free Cash Flow

In euro million

	Q3-08	Q1-09	Q2-09	Q3-09
EBITDA	190	73	156	192
Restructuring and social costs	(23)	(23)	(46)	(54)
Working capital	9	6	171	12
Capex	(156)	(133)	(123)	(115)
Others	(39)	(11)	(74)	(29)
Free cash flow (before interest payments)	(19)	(88)	84	6

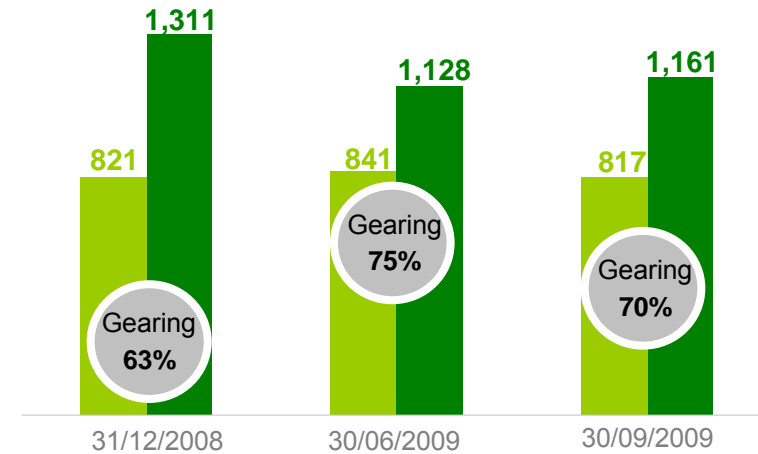
Net debt over EBITDA* ratio

Net Debt EBITDA (12 rolling months)



Shareholders equity and net debt
In euro million

Net Debt Shareholders Equity excl. minority interests



Liquidity secured by

- Cash available of €797M
- Bilateral lines of €1,275M



Business highlights

Business highlights

■ Operational excellence

- 10 ppm
- 26% of sites at 0 ppb

■ Major innovations presented by all Business Groups at the IAA Frankfurt Auto Show

- Range of solutions for the various stages of hybridization up to electric vehicle
- Beamatic® Premium
- Aquablade®
- Park4U® latest developments

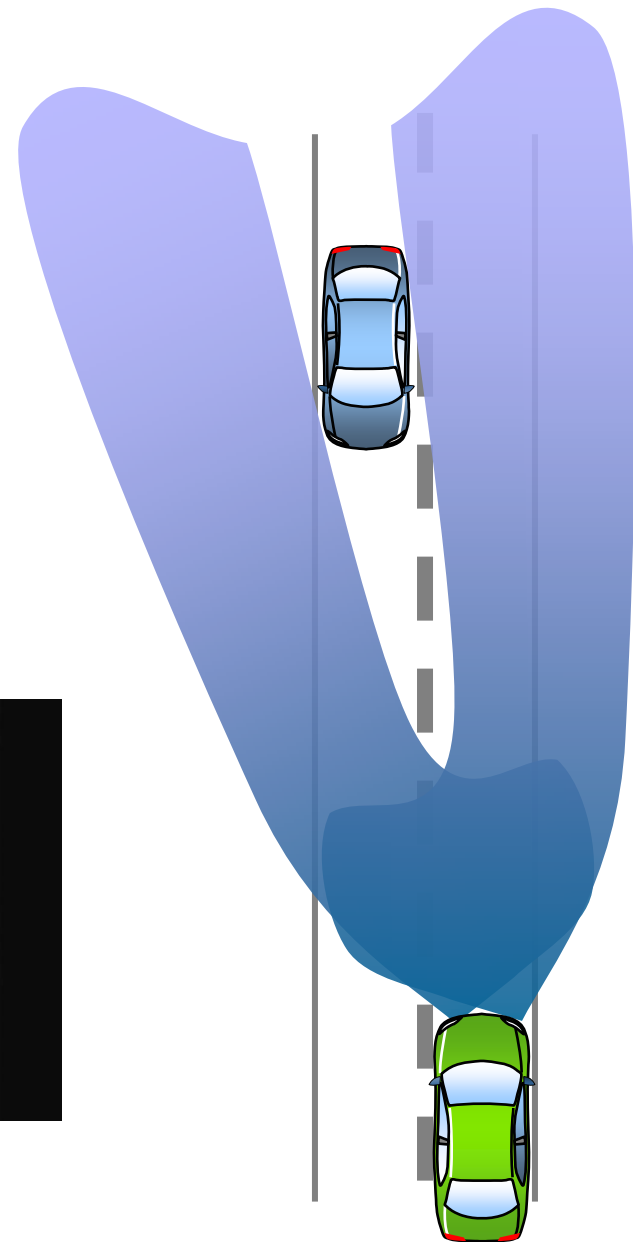
■ BeamAtic® Premium:

- Gold International “Grand Prix” Award for Automotive Innovation at Equip’Auto

BeamAtic Premium

- **Projector Module in L-Shaped Beam Position**

The Comfort of driving permanently in High Beam without glaring the other road users



Hybridization Roadmap

From Stop-Start to Electric Drivetrain

MVEG cycle -6%
MICRO-HYBRID

-12%
MICRO - MILD HYBRID
with Ultracapacitors

-15%
MILDHYBRID

-25%
FULL HYBRID and
PLUG-INS

-100%
ELECTRIC
DRIVELINE



Full Electric Drive

Part Electric Drive

Torque Assistance

Regenerative Braking

Stop & Start



Outlook

Management priorities

- **Implementation of the new organization**
- **Cost reduction program on track, vs pre-crisis situation**
 - €500 million to be achieved
 - €600 million full year target confirmed
- **Selective investments**
 - Capex significantly below depreciation
 - Focus investment
 - emerging countries representing 60% of Capex
 - Advanced research projects

Outlook

- **Automobile production revised upwards**
 - H2: slight increase (vs -7%)
 - Full year: -13% (vs -17%)
- **On the basis of this scenario,**
 - H2 net income close to breakeven
 - Cash consumption for 2009 significantly lowered
 - Less than €100 million (after restructuring costs)

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Back-up

Quarterly P&L

new format

(in euro million)	2007				2008 new format				2009 new format		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
■ 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
■ Gross margin	377	394	340	386	391	406	318	212	185	268	310
<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%
R&D expenditures	(168)	(173)	(156)	(171)	(142)	(134)	(111)	(114)	(114)	(120)	(114)
Selling & administrative expenses	(162)	(153)	(142)	(160)	(159)	(159)	(142)	(136)	(137)	(133)	(128)
Other income & expenses	3	(13)	(9)	(8)	(4)	(17)	(15)	(246)	(17)	(20)	(9)
■ Operating income	77	90	64	88	86	96	50	(284)	(83)	(5)	59
<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%
Cost of net debt	(12)	(13)	(14)	(12)	(12)	(10)	(10)	(13)	(12)	(9)	(17)
Other financial income and expense	(10)	(10)	(15)	(11)	(4)	(2)	(12)	(41)	(25)	(12)	(9)
Equity in net earnings of associates	0	5	1	2	1	6	1	1	(35)	(5)	1
■ Income before income taxes	55	72	36	67	71	90	29	(337)	(155)	(31)	34
Income taxes	(21)	(26)	(23)	(13)	(26)	(30)	(20)	25	(4)	(22)	(26)
■ Income from continuing operations	34	46	13	54	45	60	9	(312)	(159)	(53)	8
Non-strategic activities	(0)	(4)	(52)	(3)	(1)	0	(1)	1	0	1	(1)
■ Net income for the period	34	42	(39)	51	44	60	8	(311)	(159)	(51)	7
Minority interest	(1)	(4)	(1)	(1)	(1)	(3)	(2)	(2)	0	(2)	(3)
■ Net income	33	38	(40)	50	43	57	6	(313)	(159)	(54)	4

Share Information

Share Data

▪ Bloomberg Ticker	FR FP
▪ Reuters Ticker	VLOF.PA
▪ ISIN Number	FR 000130338
▪ Shares outstanding as per 30.09.2009	78,209,617

ADR Data

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



Enabling a better automotive world