



Automotive technology, naturally

2015 Financial Targets

Robert Charvier, CFO

Agenda

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Ahead of the 2013 plan

2

Growth model supported by Valeo's outperformance

3

Sustainable profitability

4

Strict financial policy consistent with an investment grade rating

5

2015 new financial targets



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2015 new financial targets

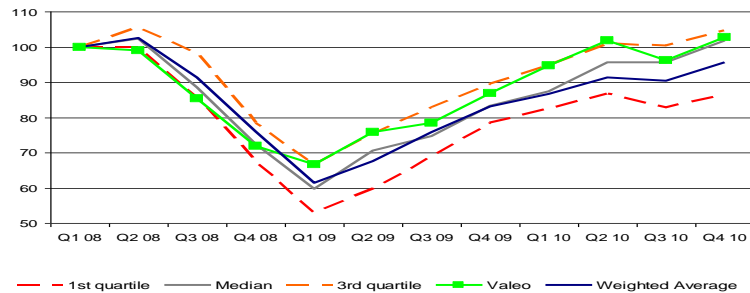
Ahead of the 2013 plan presented in March 2010

	2007	2009	2010	2013 as announced in March 2010	
Sales (in million euros)	9,567	7,499	9,632	10,000	✓
Operating Margin (as % of sales)	3.6%	1.8%	6.4%	6-7 %	✓
Capital turnover	4	4	5	5	✓
ROCE*	14%	7.1%	32%	>30%	✓

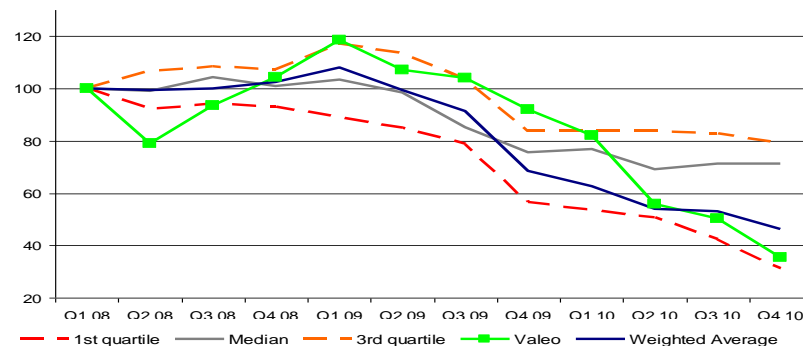
*Operating margin / capital employed excluding goodwill

Benchmark 2010

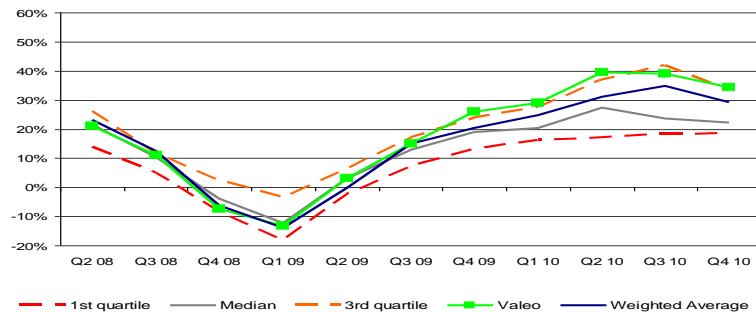
Sales growth



Net debt



ROCE



Panel including 19 competitors :

- 4 European
- 13 American
- 2 Japanese



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Worldwide automotive production

New assumptions

<i>Millions of vehicles</i>	2010	2013 (March 10)
Europe + Africa	19.7	20.8
Asia and others	38.3	33.6
North America	11.9	13.5
South America	4.1	4.2
TOTAL	74.0	72.1

Worldwide automotive production

New assumptions

<i>Millions of vehicles</i>	2010	2013 (March 10)	2013 (March 11)
Europe + Africa	19.7	20.8	21.8
Asia and others	38.3	33.6	45.6
North America	11.9	13.5	14.0
South America	4.1	4.2	4.9
TOTAL	74.0	72.1	86.3

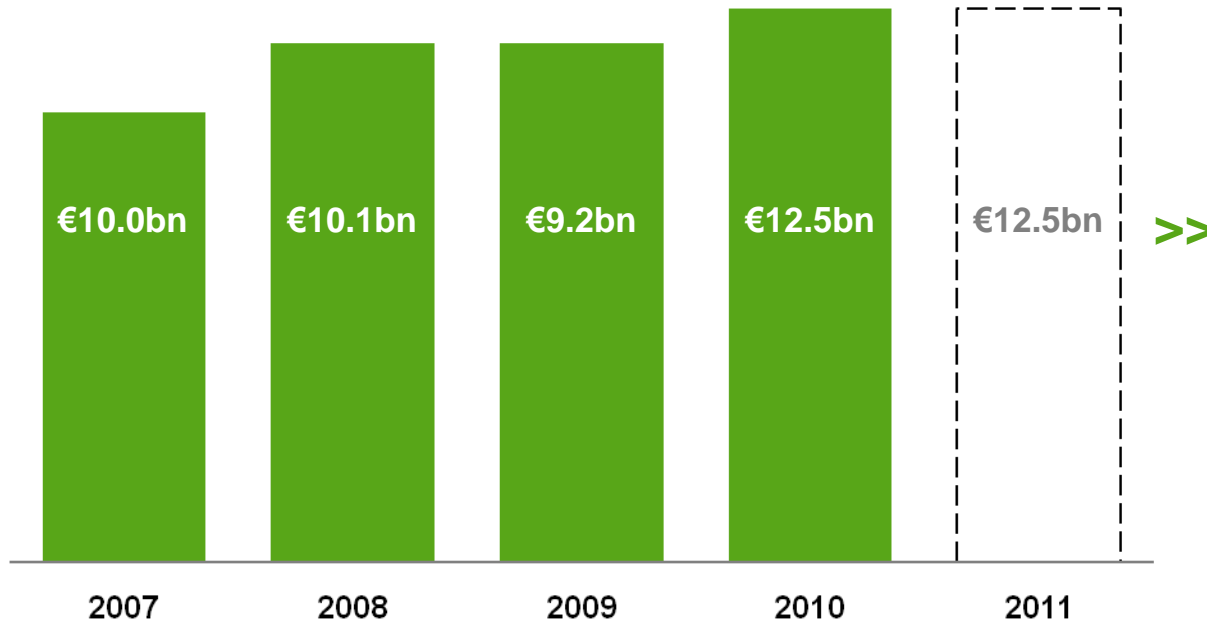
Worldwide automotive production

New assumptions

<i>Millions of vehicles</i>	2010	2015	2015/2010 CAGR
Europe + Africa	19.7	24.4	+4.4%
Asia and others	38.3	50.7	+5.8%
North America	11.9	15.0	+4.7%
South America	4.1	5.3	+5.3%
TOTAL	74.0	95.4	+5.2%

Order intake at record high

€12.5 bn in 2010 and 2011



Valeo sales growth

New sales objectives

OEM sales - € bn	2010	2013 (March 10)	2013 (March 11)	2015	% CAGR*
Total	8.0	8.3	9.7	11.8	+8.1%
% already booked			84%	54%	

*Like-for-like basis vs perimeter 12/31/2010

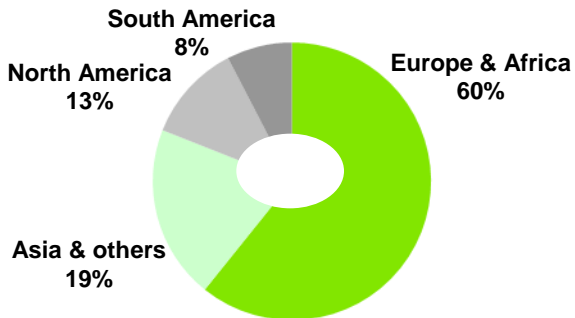
Outperforming the production by 3pts

- new products
- emerging countries

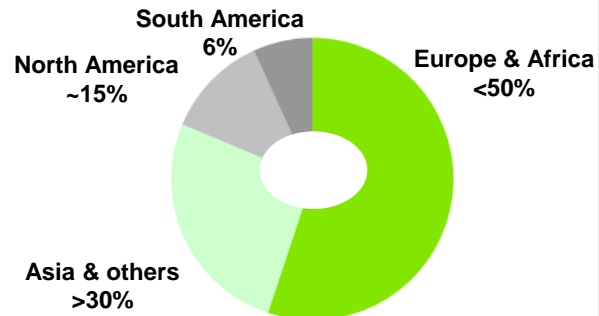
Rebalanced geographical exposure

Increasing position in Asia > 30% of OE sales

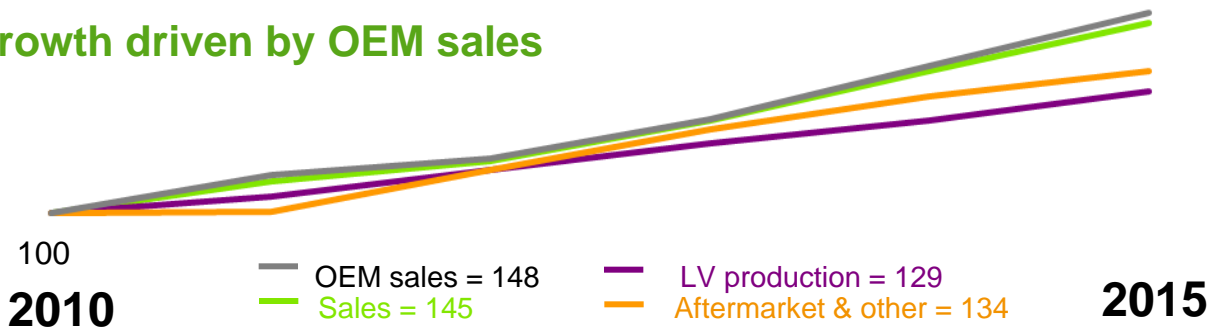
2010 OE sales by region



2015 OE sales target by region



Growth driven by OEM sales





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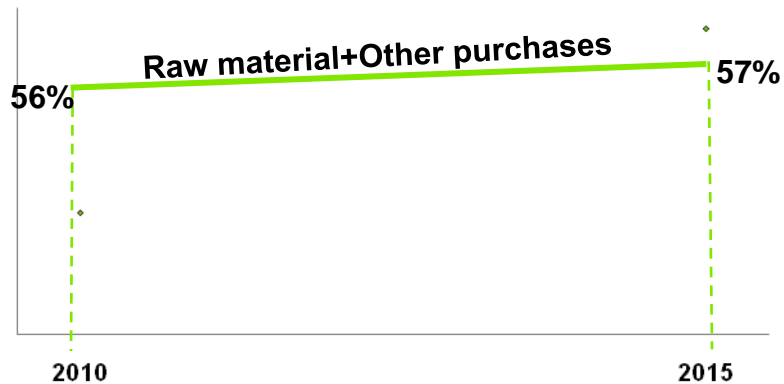
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2015 new financial targets

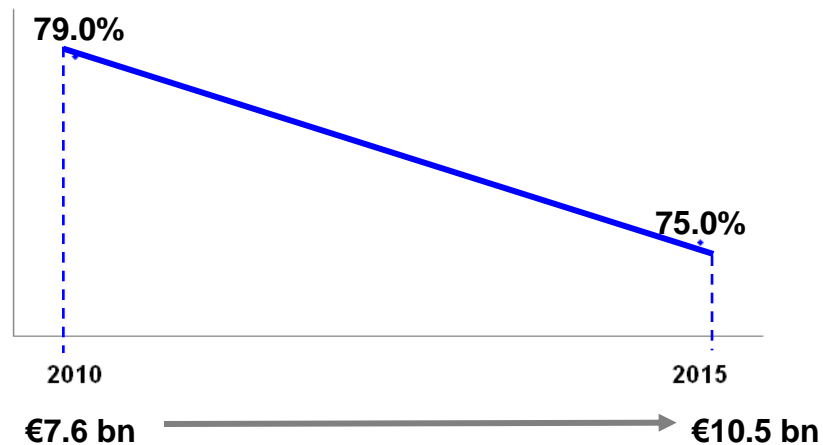
Fixed costs structurally reduced vs sales

Raw material headwind mitigated by fixed costs control

Raw material
% sales



Break even point
% sales



Raw material market assumption

In line with current market conditions

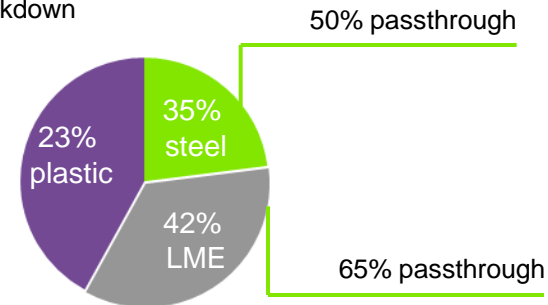
Valeo market assumptions

Average price 2010-2015

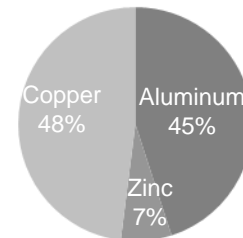
Aluminum	\$2,600 / T
Copper	\$9,500 / T
Zinc	\$2,900 / T
USD	1.40 \$/€

Raw material risk management policy

2010 raw material breakdown



Breakdown of LME consumption



Less capital intensive model

Positive impact on margins

■ Working Capital under control

→ Working capital stabilized at ~ - €300 m to - €350 m

- Inventories level improvement but ...
- Increase of customer payment terms linked to development in Asia

■ Development in emerging countries

→ Trade off capital vs labor

→ 50-60% of Group tangible investments

■ Generalized Make or Buy policy

Target : tangible CAPEX = 4.5 – 5% sales

R&D optimization

- Support order book at record high
- Need to increase strategic research to accelerate innovation
- Optimization of R&D location in line with industrial footprint and customer footprint

Target : R&D expenses = 6% sales in 2015

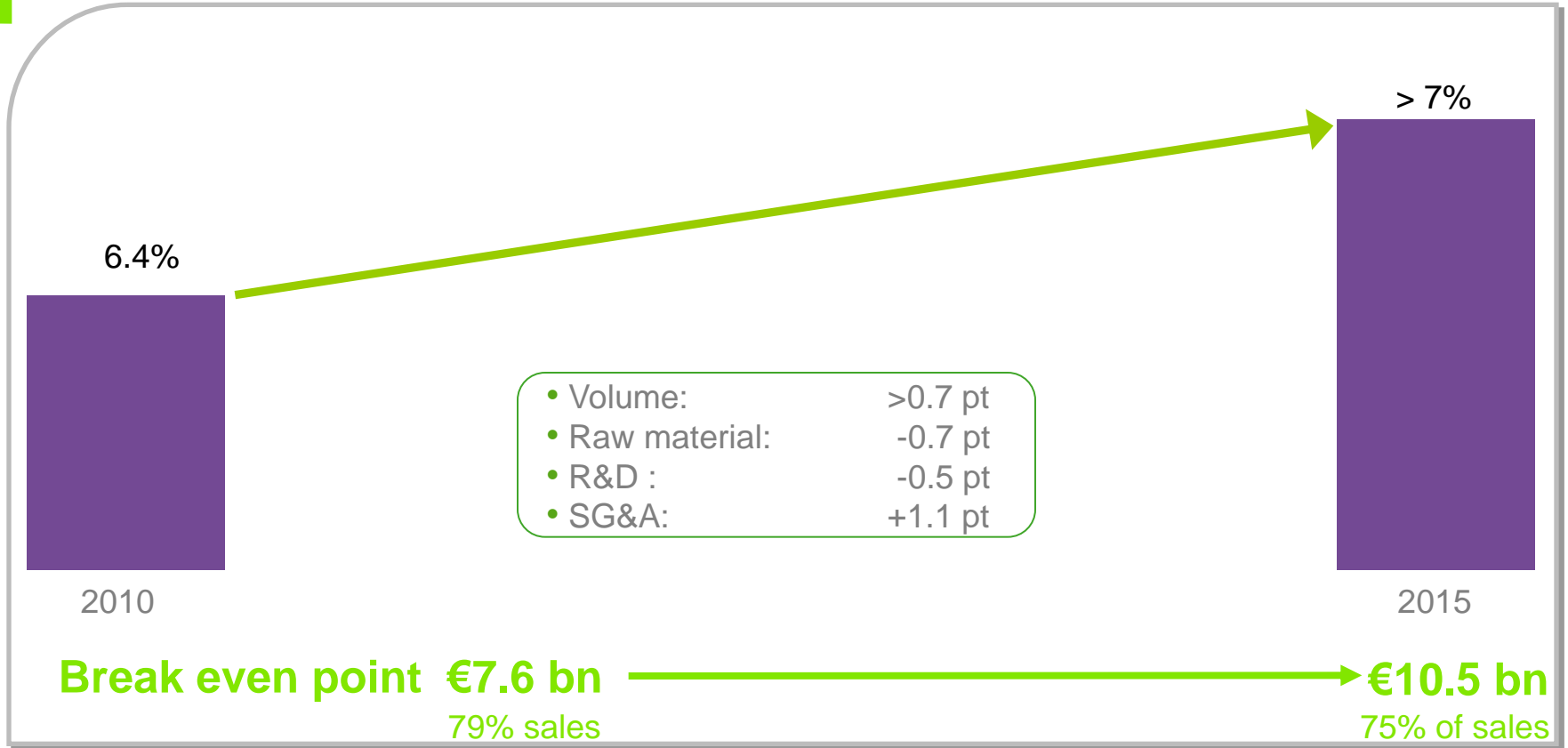
New organization

Implementation on track

- New organization around Business Groups, Product Groups and global Product Lines fully deployed since Q4 2010
 - Alignment with customer organization
 - Leveraging the Group Purchasing Power
 - Optimizing Capex & R&D expenses
- Administration costs optimization through shared services and product lines organization

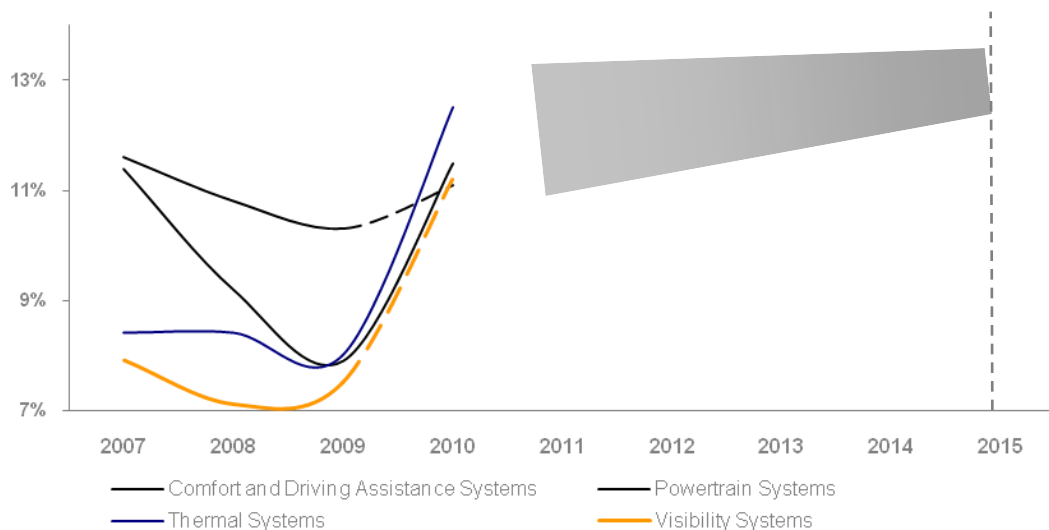
Target : G&A = 3.5 % sales in 2015

2015 operating margin higher than 7%



EBITDA by Business Group

Homogenous performance among the 4 Business Groups



	2010
Comfort & Driving Assistance <i>as % of sales</i>	11.5 %
Powertrain <i>as % of sales</i>	11.1 %
Thermal <i>as % of sales</i>	12.5 %
Visibility <i>as % of sales</i>	11.2 %
TOTAL	11.9 %



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Free cash flow generation of €1.8 bn

Over the period 2011-2015

- Operating margin
 - Control of CAPEX
 - Stabilized working capital
- 1.8 Bn € FCF over 2011-2015

Will support an active role in the potential consolidation of the sector

In line with "Investment Grade" status

Participation to the potential consolidation of the sector

Acquisition policy

- Keep a balance between distribution channels
 - Original Equipment
 - Aftermarket
- Privilege main growth strategic axes
 - CO2 emission reduction
 - Asia and emerging markets
- Bring new growth levers and / or reinforce our main successful product lines
- Along with :
 - A strict financial discipline
 - “Investment grade” status

Dividend payment resumption

In 2011, €1.20 per share to be proposed at next shareholder's meeting

- Confidence of Board of Directors in the Group's prospect
- Competitive compared to our peers

Financial debt profile

Liquidity secured by

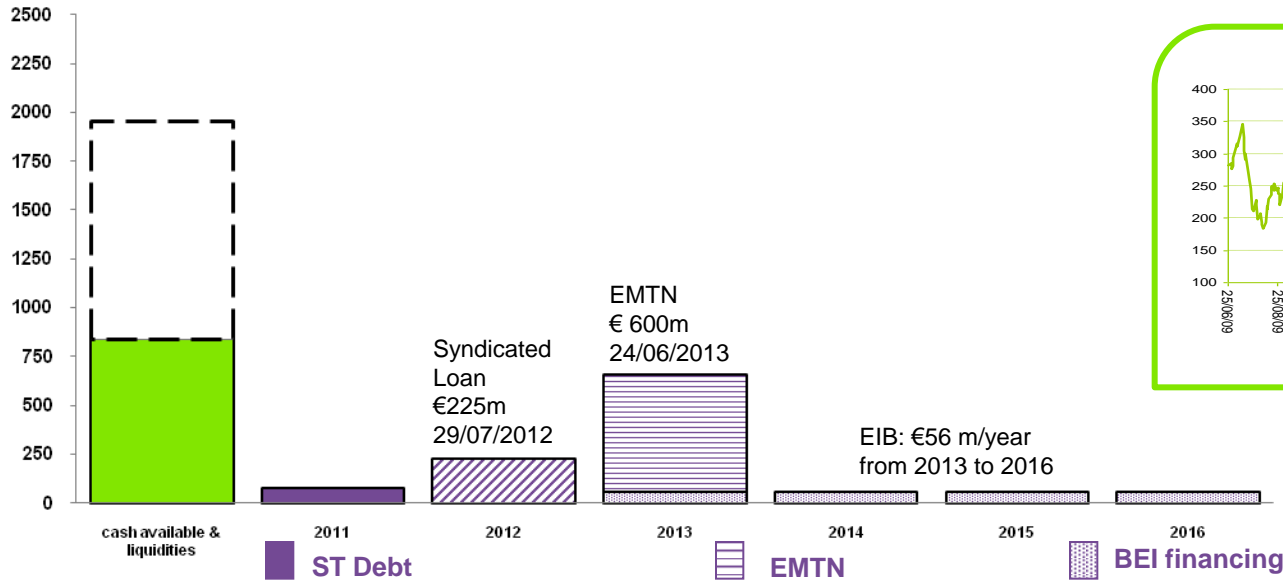
- Undrawn credit lines: €1.1 bn with 2 years average maturity
- Cash available after €463 m convertible bonds reimbursement

Long term financial debt

Outstanding: €1.1 bn

Portion at fixed rate: 78%

Average maturity: 1.83 year





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2015 new financial targets

	2007	2010	2013	2015
Sales	€9.6 bn	€9.6 bn	~ €12 bn	€14 bn
Operating margin	3.6%	6.4%	~ 7%	> 7%
Free cash flow*	(€66 m)	€527 m		+ €1.8 bn Period 2011-2015
Capital turnover	4	5	5	> 5
ROCE**	14%	32%	>30%	> 30%

*before taking into account financial expenses, payment of dividends and financial flows relating to mergers and acquisitions

**Operating margin / capital employed excluding goodwill

