



**Bruno-Roland BERNARD**

**Investor Relations Director**



*...is an independent industrial Group  
fully focused on the design,  
production and sale of components,  
integrated systems and modules for  
cars and trucks, in both the OEM and  
aftermarket segments.*

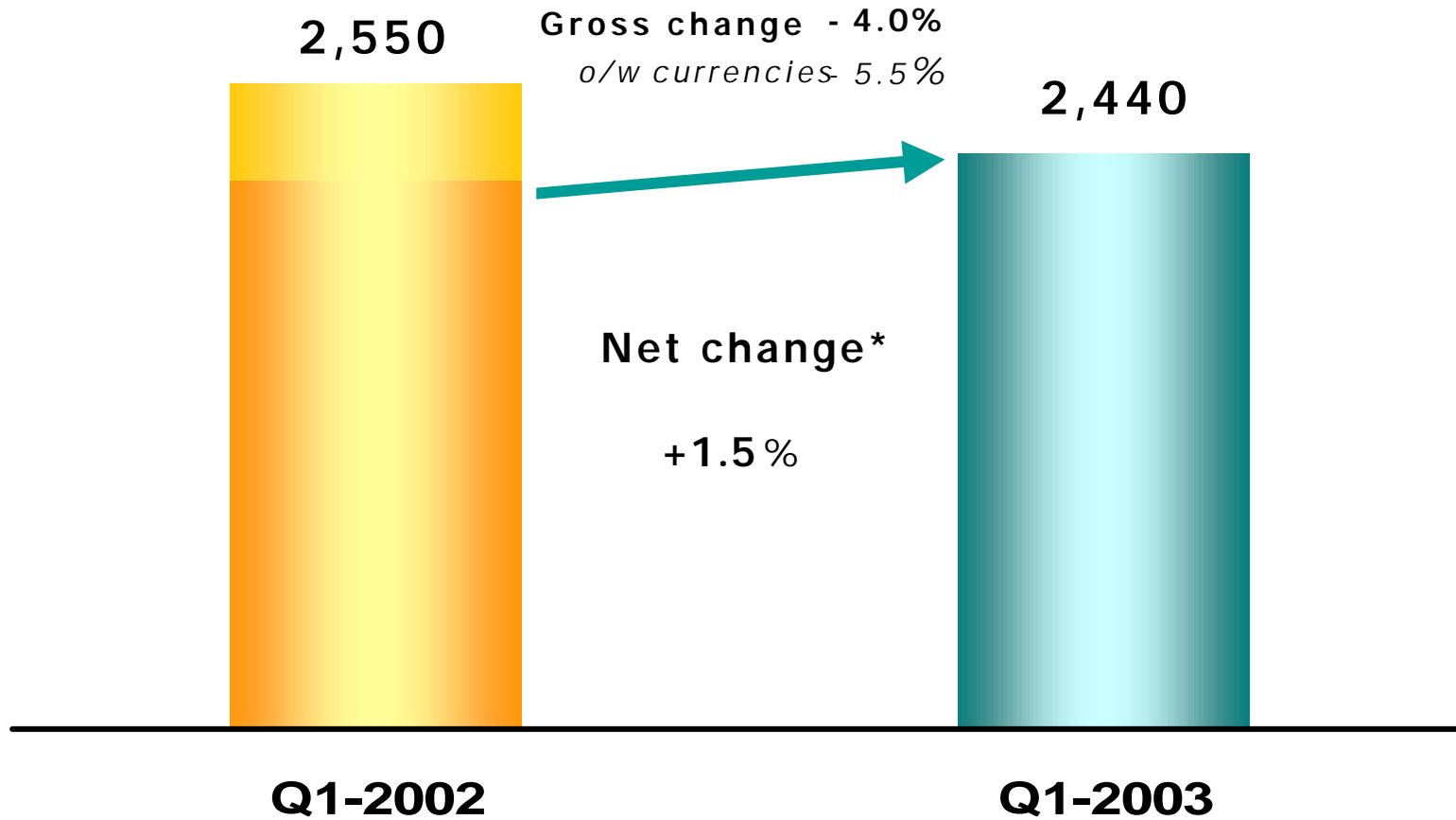
# Sales development



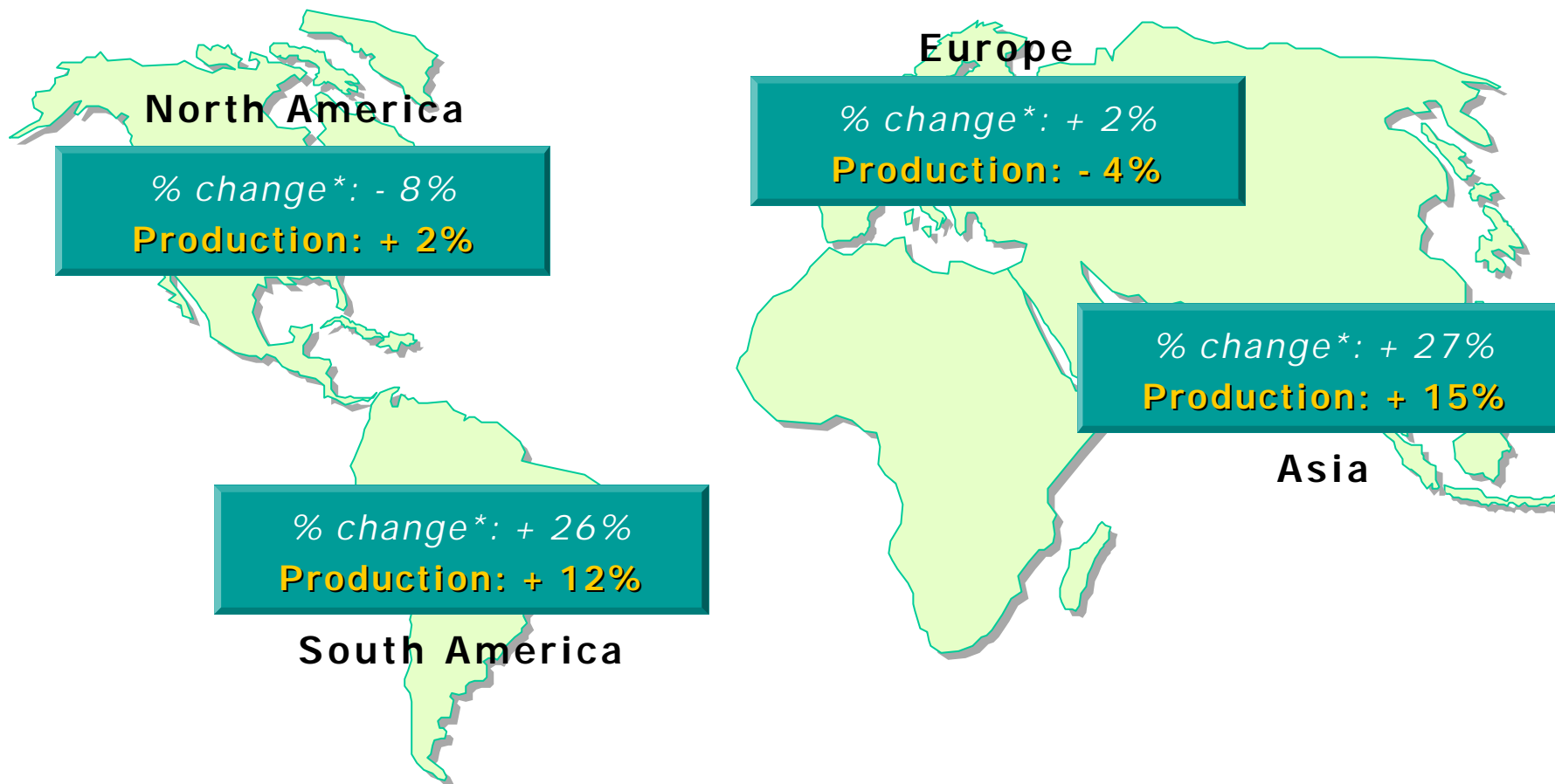
# Change in sales



(in million euro)



\* at constant currencies



\*at constant currencies

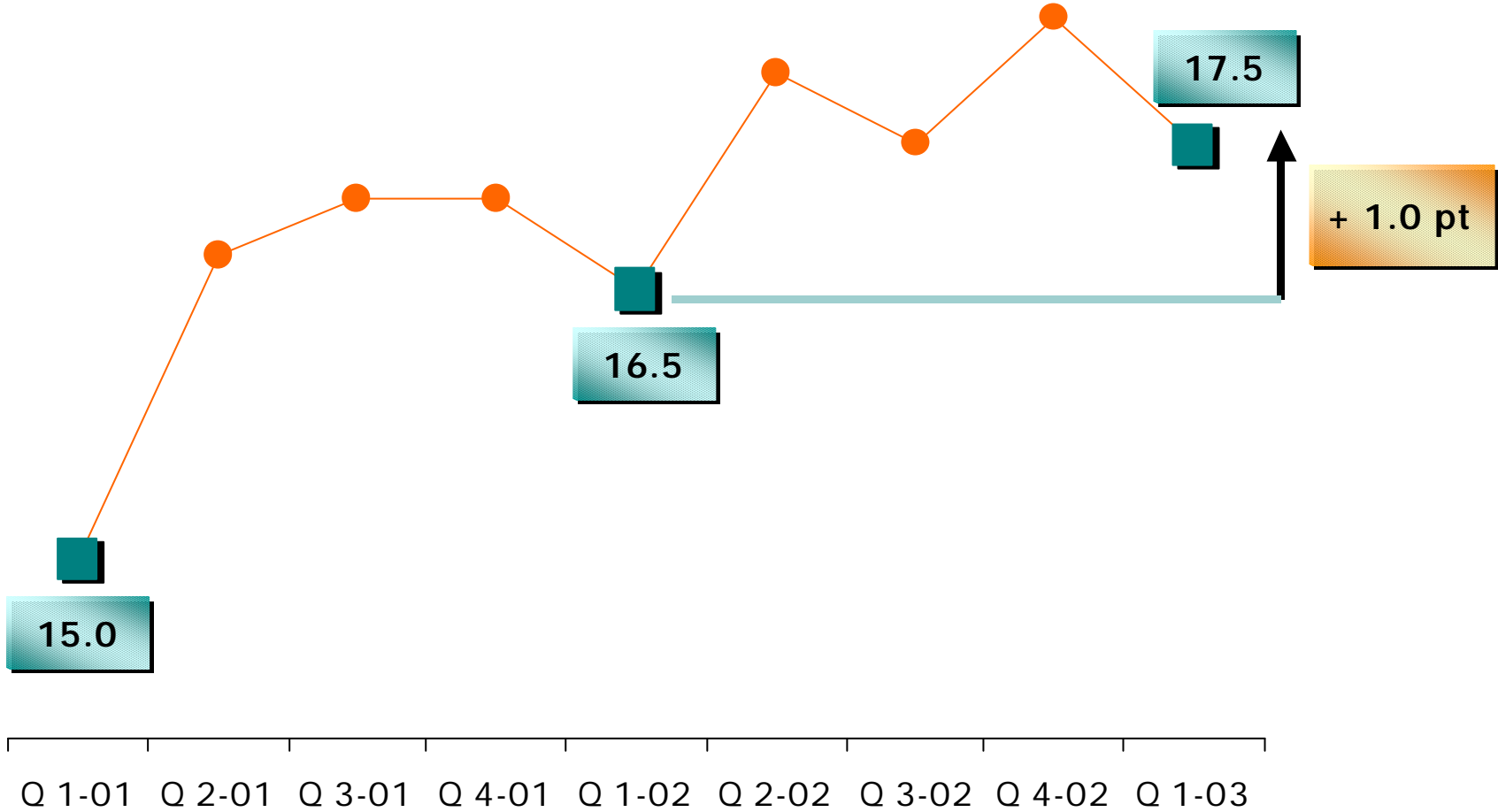
**Growing profitability**



# Gross margin\*



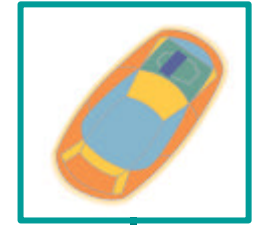
(in % of sales)



\*unaudited quarterly figures



## Gross margin Ongoing actions (1)

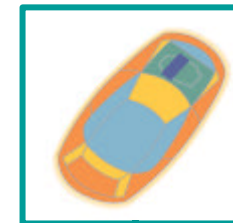


- Rationalization of industrial footprint
- Increased supplier integration



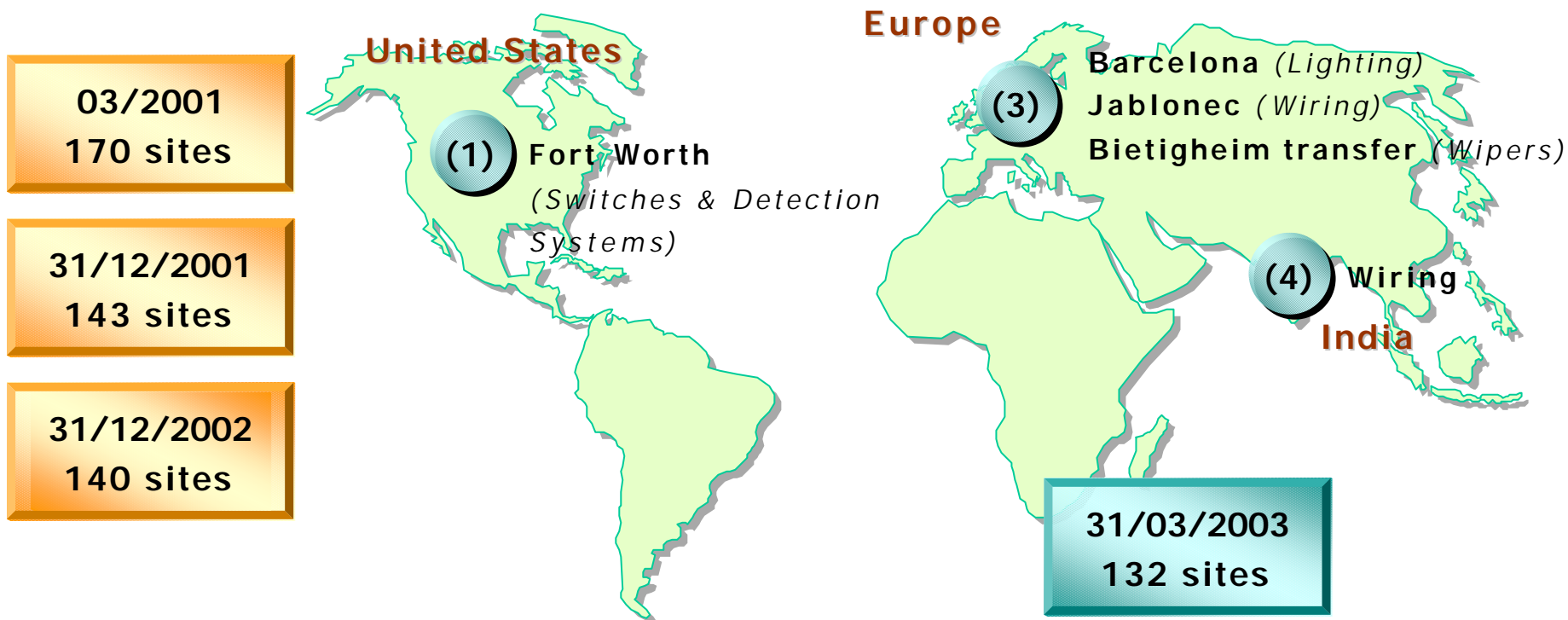
# Gross margin

## Ongoing actions (2)



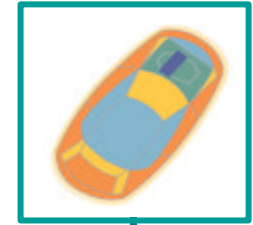
- Rationalization of industrial footprint

- Geographical reorganization





## Gross margin Ongoing actions (3)



### ● Rationalization of industrial tool

### ● Increased supplier integration

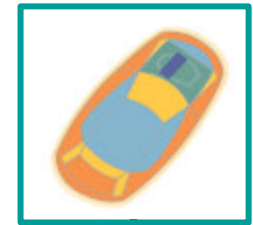
#### – Volume concentration

- Q1-2001: 4,500 suppliers
- Q1-2002: 3,500 suppliers
- Q1-2003: 2,900 suppliers

#### – Valeo Integrated Partners

- December 2002: 80 VIPs
- March 2003: 86 VIPs

**Cash generation**



• Net operational cash (before restructuring)	+1 032
– o/w change in operating working capital	+203
• Net CAPEX	- 583
• <b>Balance before restructuring</b>	<b>+449</b>
• Restructuring	-230
• <b>Net cash from operating and investing activities</b>	<b>+ 219</b>

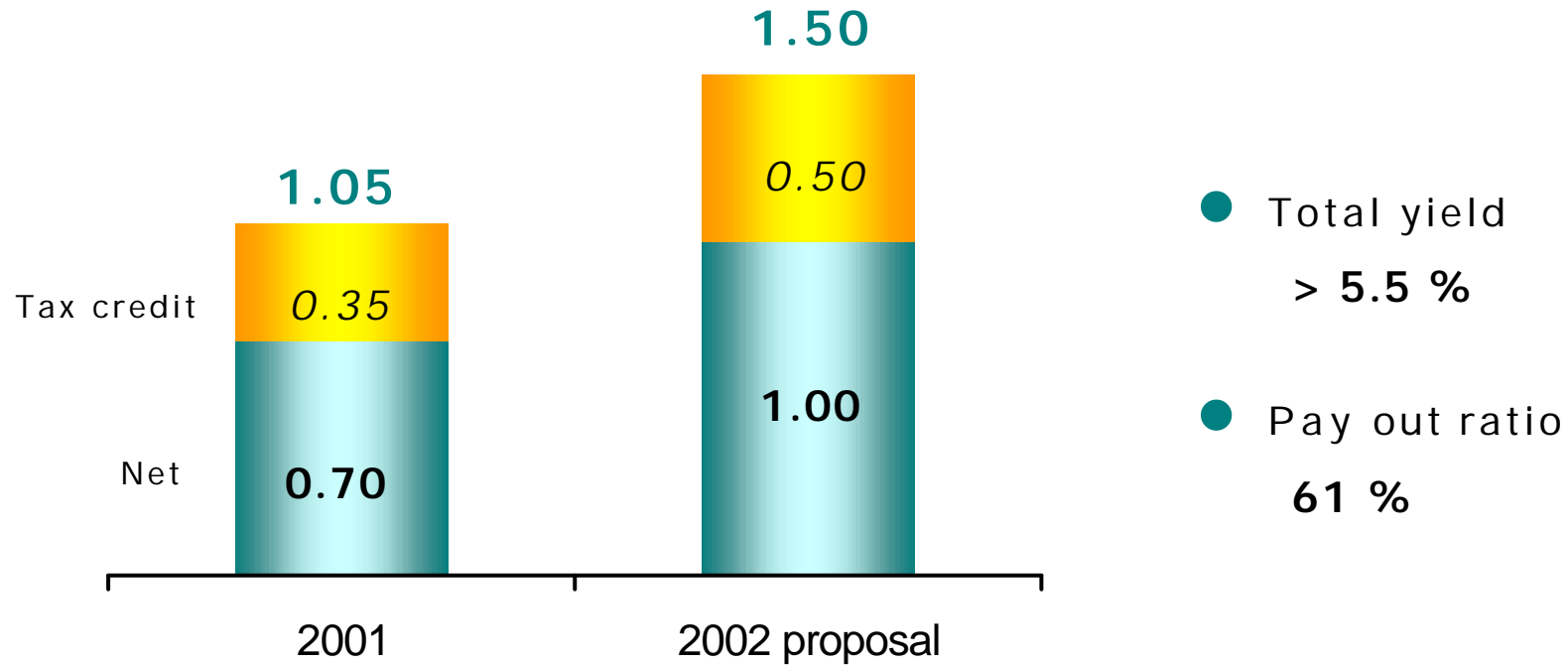
**Net debt down by 84 M euros to 564 M euros**



# Dividend per share



(in euro)

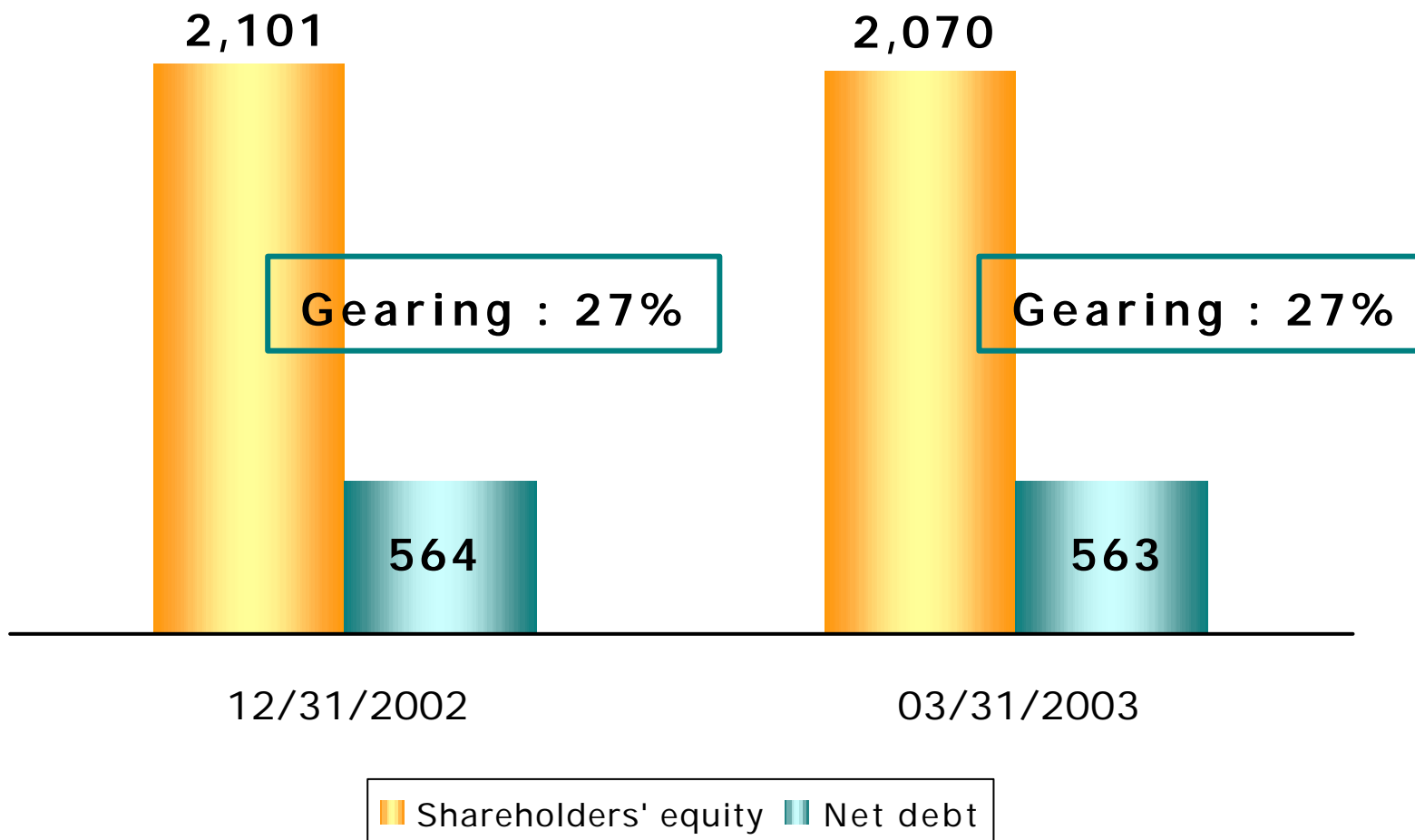


**Dividends (82 M euros)**  
**Share cancellation (51 M euros)**

# Shareholders' equity / net debt



(in million euro)

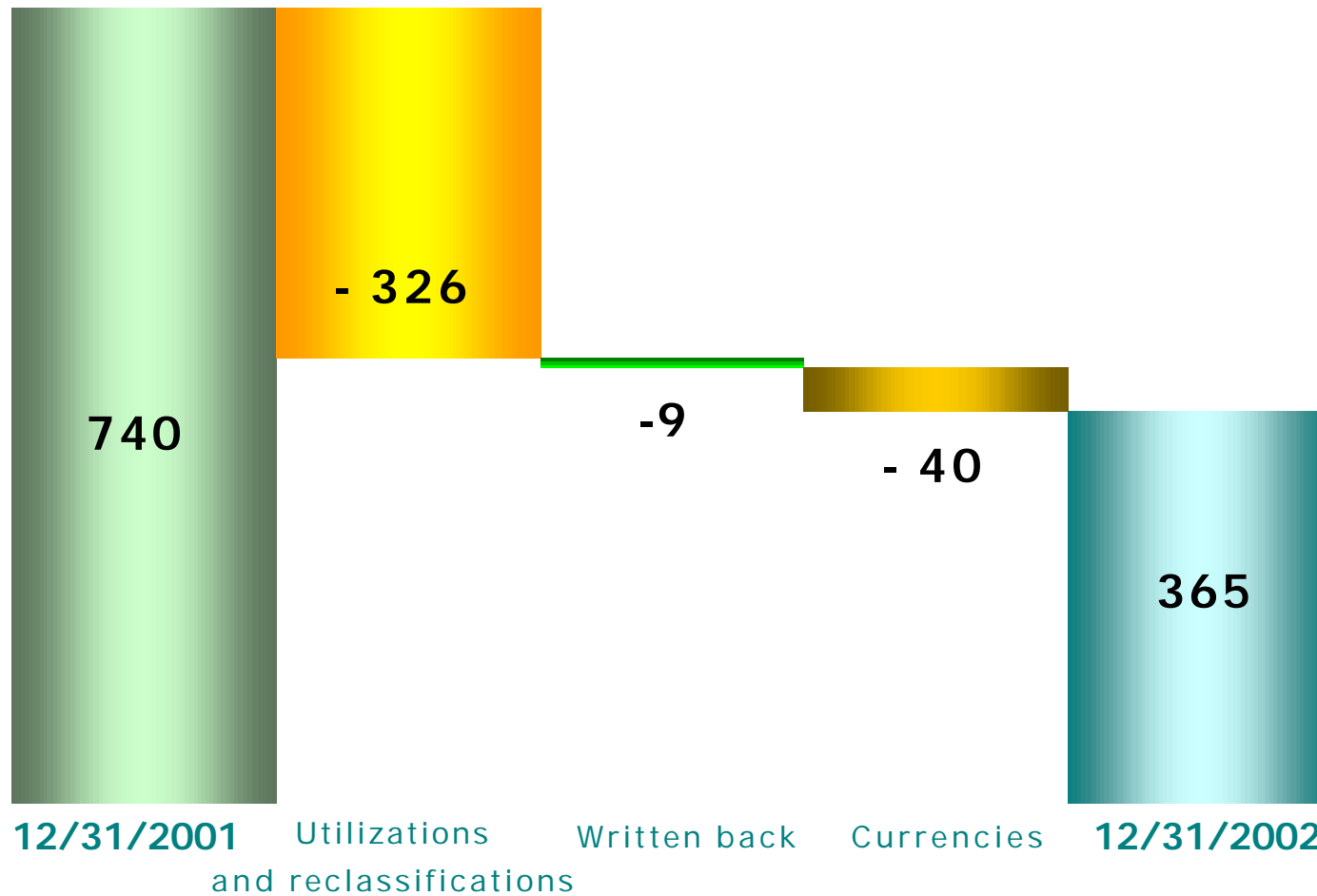




# Provisions for reorganization expenses



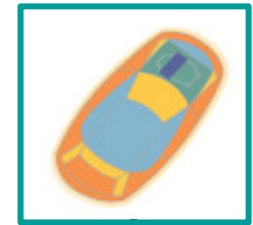
(in million euro)



# Outlook

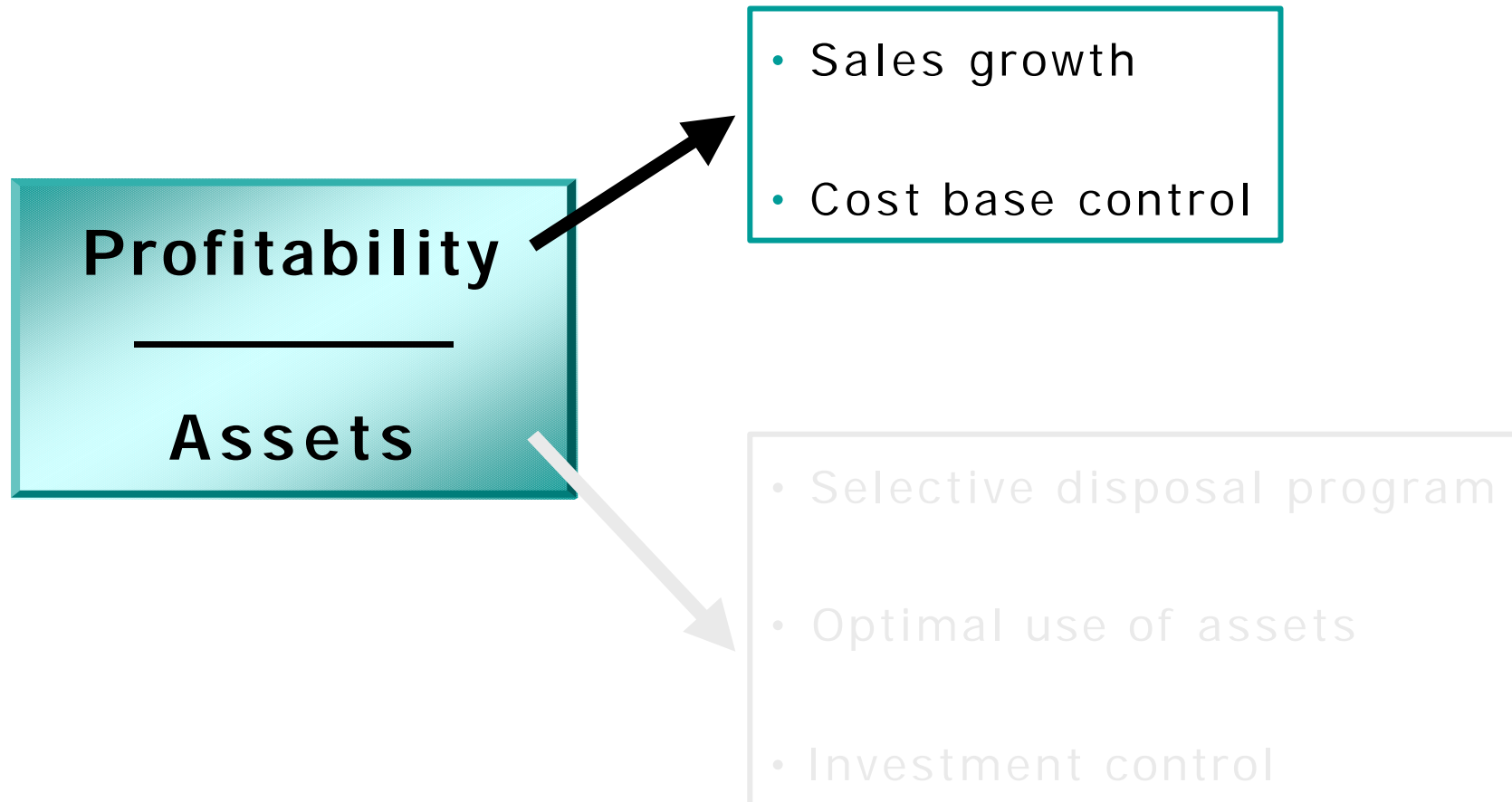
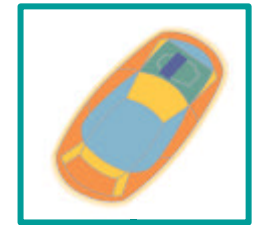


# Outlook



- Restored margins of maneuver
- Goal: Increasing return on assets

$$\frac{\text{Profitability}}{\text{Assets}}$$

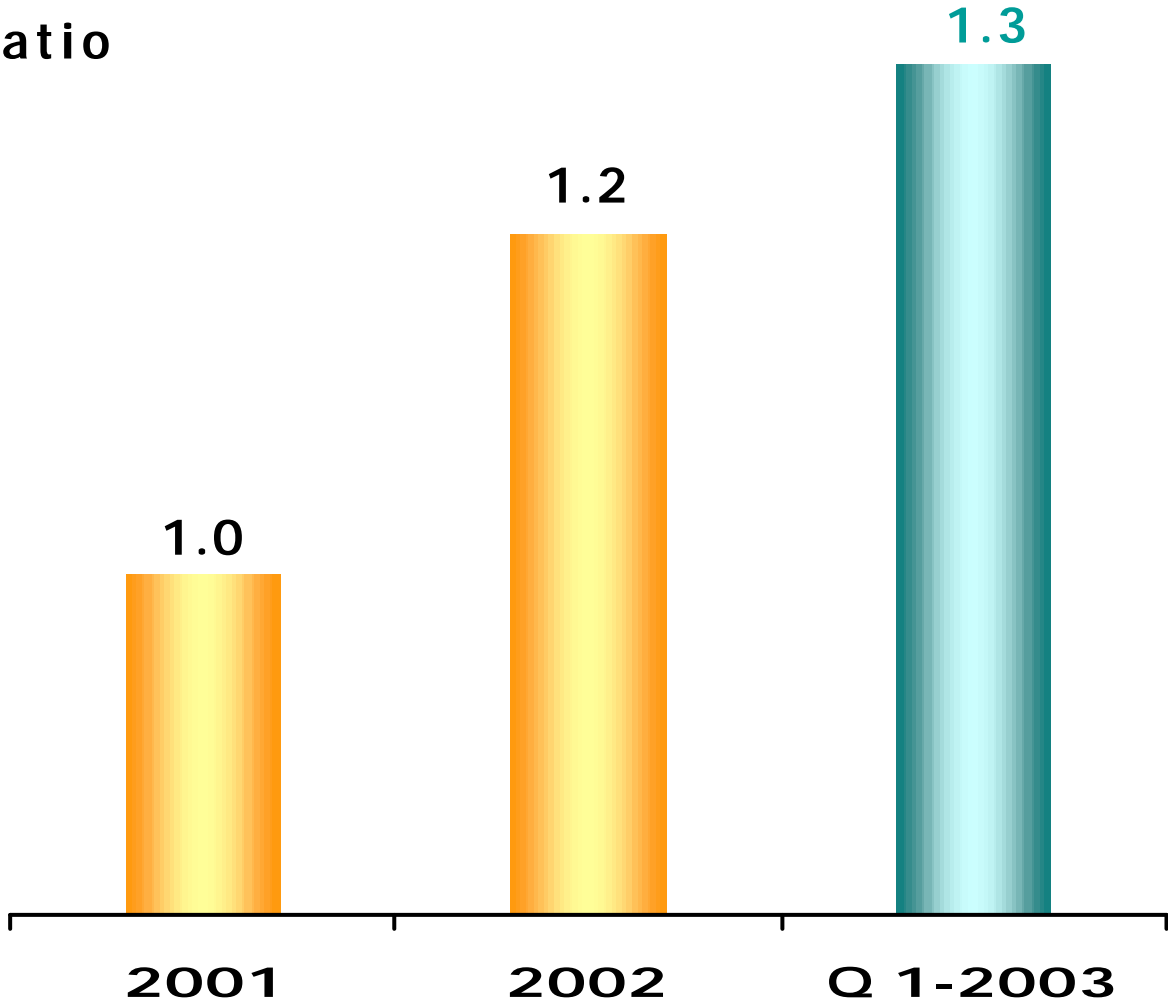


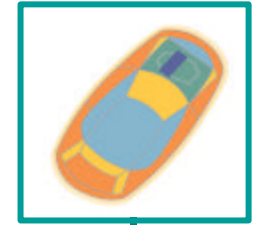


# Order intake



Sales ratio





- **Success achieved during range renewal**

- Discriminating factors

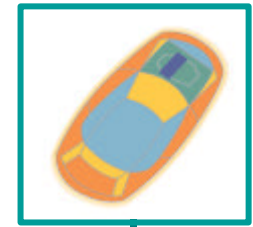
- competitiveness
- quality
- global capacity

- **New products generated from R&D**

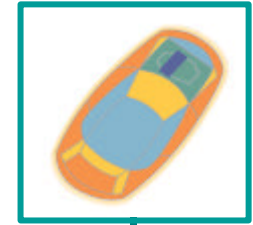
- Differentiating factor: technological offer

- Starter-alternators
- Ultrasonic park assist system with slot measurement
- Bending light system and bi-xenon lamps
- Combined thermal systems...

- Technology importer (Raytheon)



- **A.T. Kearney Award « Production Plant of the Year »:**
  - « Best Series Production » for the new wiper systems facility at Bietigheim (Germany).
- **« Achievement Award » from Toyota:**
  - Project management for the supply of headlamps to the new Yaris.
- **Two certificates from Toyota:**
  - For quality recognition relating to the fog lamps and power outlets.



- **Success achieved during range renewal**

- Discriminating factors

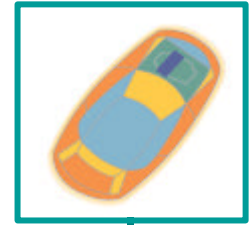
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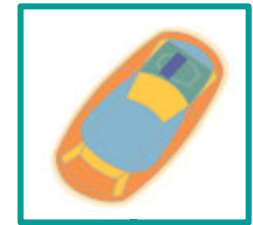
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- **Wiper Systems - GM (pick-ups and SUVs - GMT 900)**
  - Turnaround at VESI
  - Technological edge: Flat Blades
- **Renault Megane 2**
  - Highest Valeo content by car in the segment





## Climate Control

HVAC

## Rear Lighting Systems

Rear lamps  
Centre high mounted stop lamps

## Security Systems

Electrical steering column  
lock, hand free access  
system

## Switches & Detection Systems

Park assist system,  
steering  
angle sensor, top column  
module, switches



## Wiper Systems

Front Wiper System

## Motors & Actuators

ABS Motors

## Front Lighting Systems

Xenon and halogen  
head lamps, fog lamps

## Engine Cooling

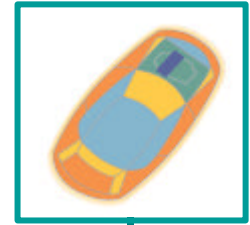
Front-end module,  
radiators, condensers

## Transmissions

Full clutch system

## Electrical Systems

Alternators and starters

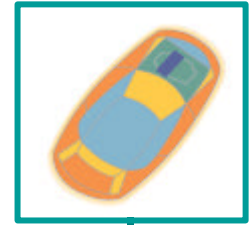


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  - Discriminating factors
    - competitiveness
    - quality
    - global capacity
  
- **New products generated from R&D**
  - Differentiating factor: technological offer
    - Starter-alternators
    - Ultrasonic park assist system with slot measurement
    - Bending light system and bi-xenon lamps
    - Combined thermal systems...
  - Technology importer (Raytheon)



- Sales growth
- Cost base control

- Selective disposal program
- Optimal use of assets
- Investment control



## ● Industrial efficiency

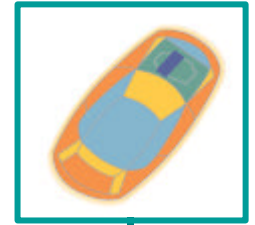
- Standardization
- WC management

## ● Asset turnover

- 2001: 3.3
- 2002: 3.8

## ● CAPEX control

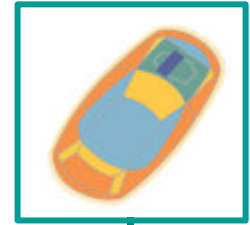
- Stabilized at 6% of sales



- High inventory levels in United States
- Weak demand in Europe and North America



**Fall in volumes**



- **Significant order intake**
- **Sales in line with market**
- **Continuing operating improvement**

**valeo** added™