



Bruno-Roland BERNARD

Investor Relations Director



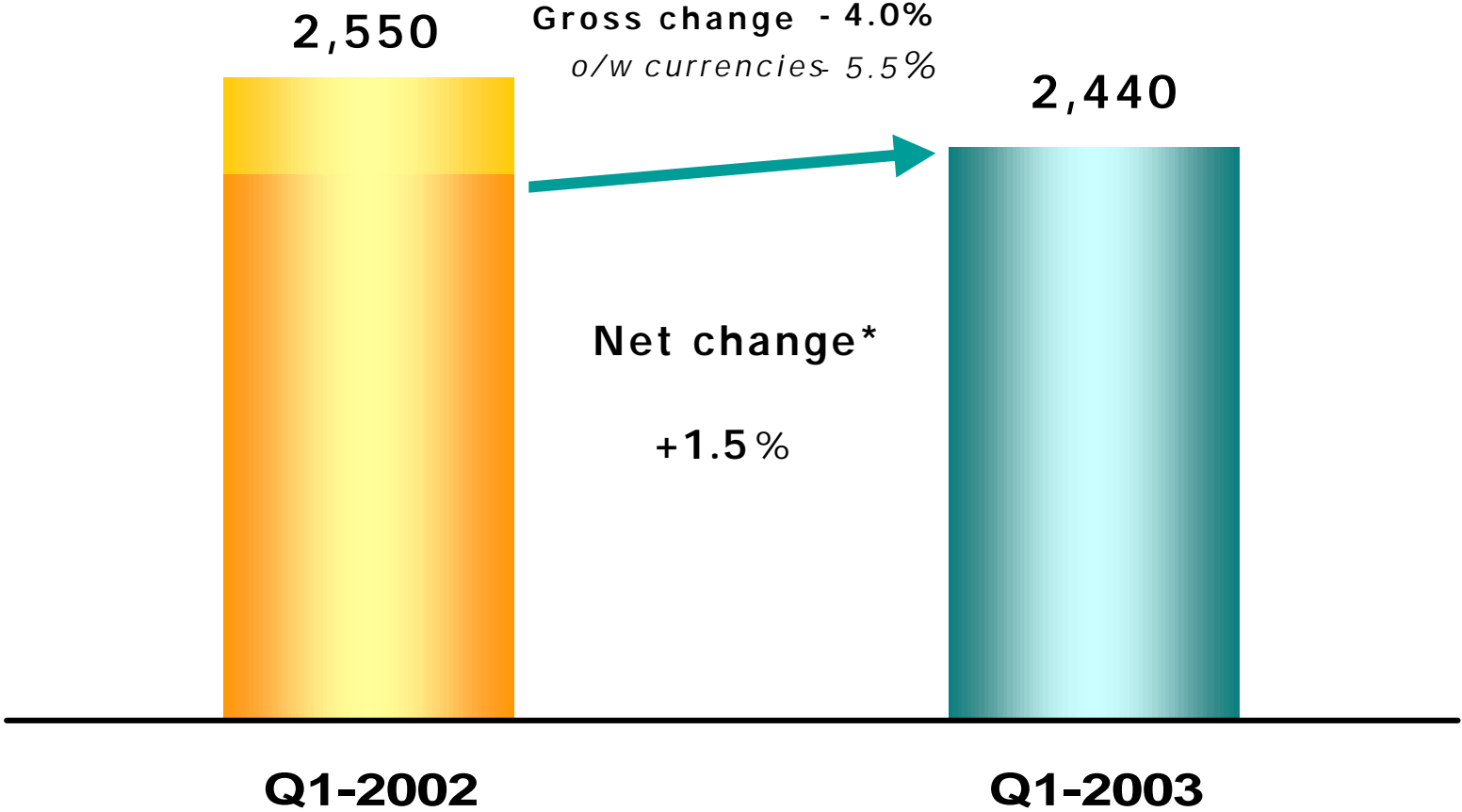
*...is an independent industrial Group
fully focused on the design,
production and sale of components,
integrated systems and modules for
cars and trucks, in both the OEM and
aftermarket segments.*

Sales development

Change in sales

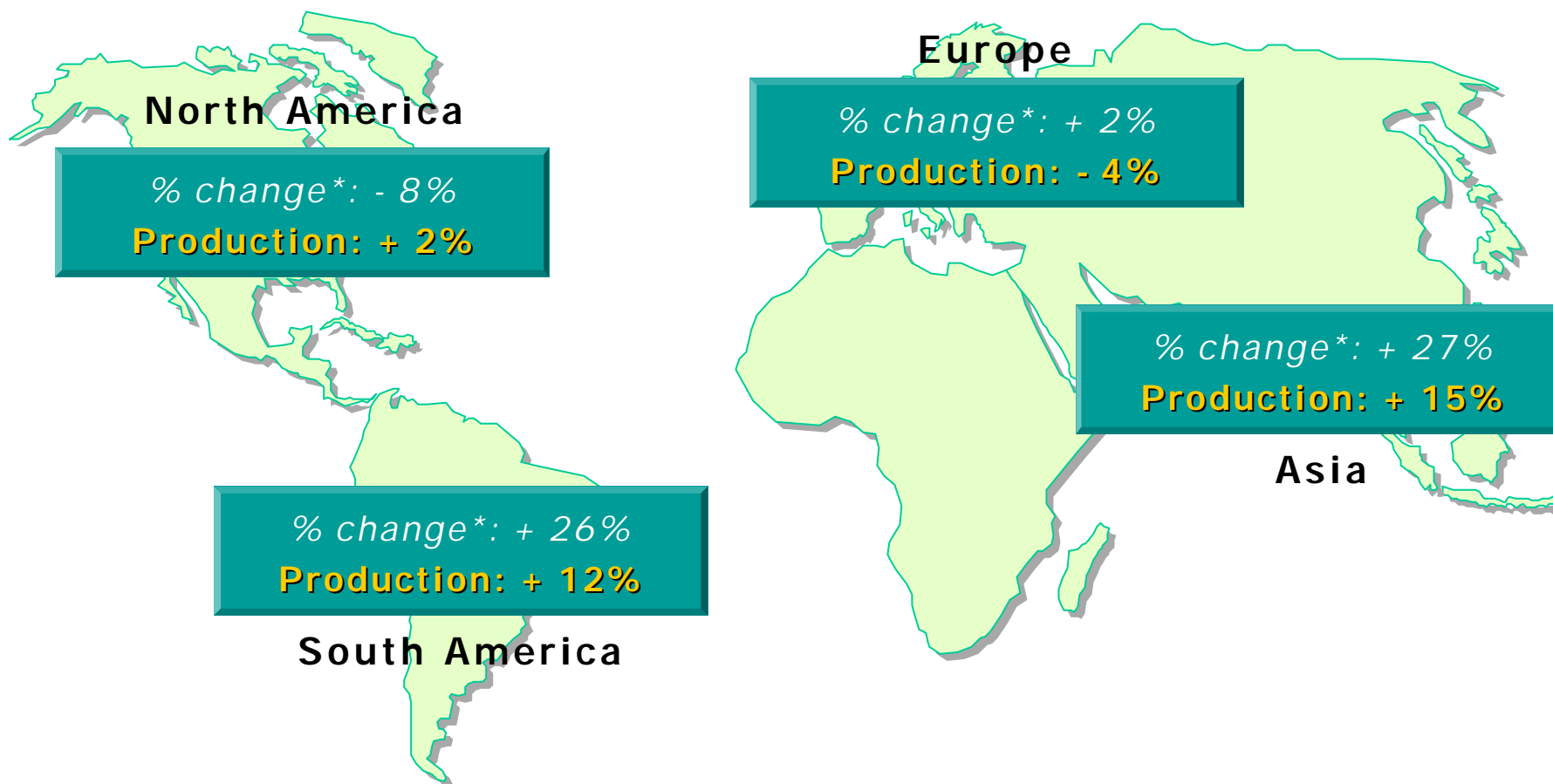


(in million euro)



* at constant currencies

Performance by region



*at constant currencies

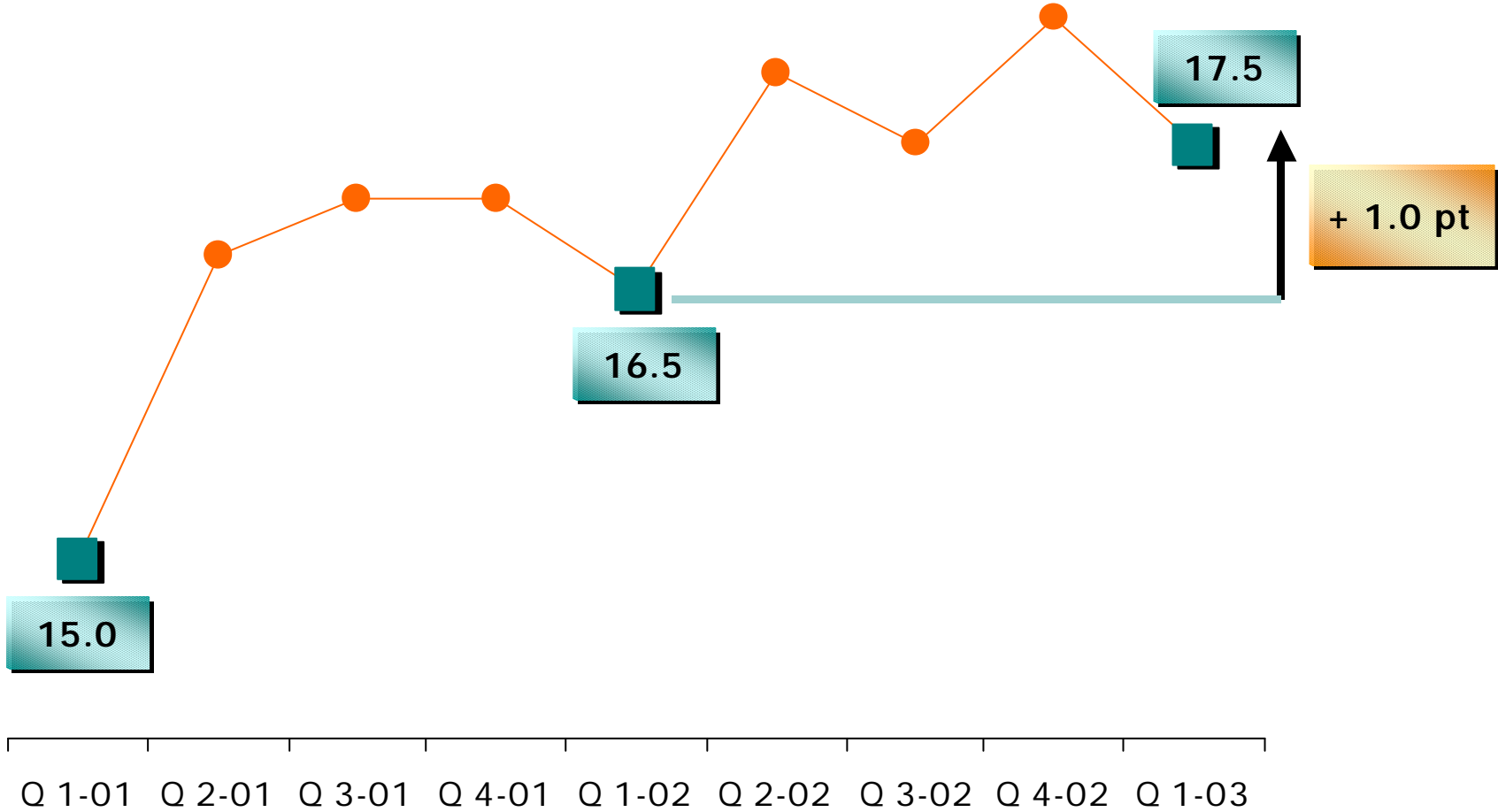
Growing profitability



Gross margin*



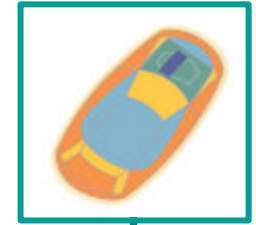
(in % of sales)



*unaudited quarterly figures



Gross margin Ongoing actions (1)



- Rationalization of industrial footprint
- Increased supplier integration

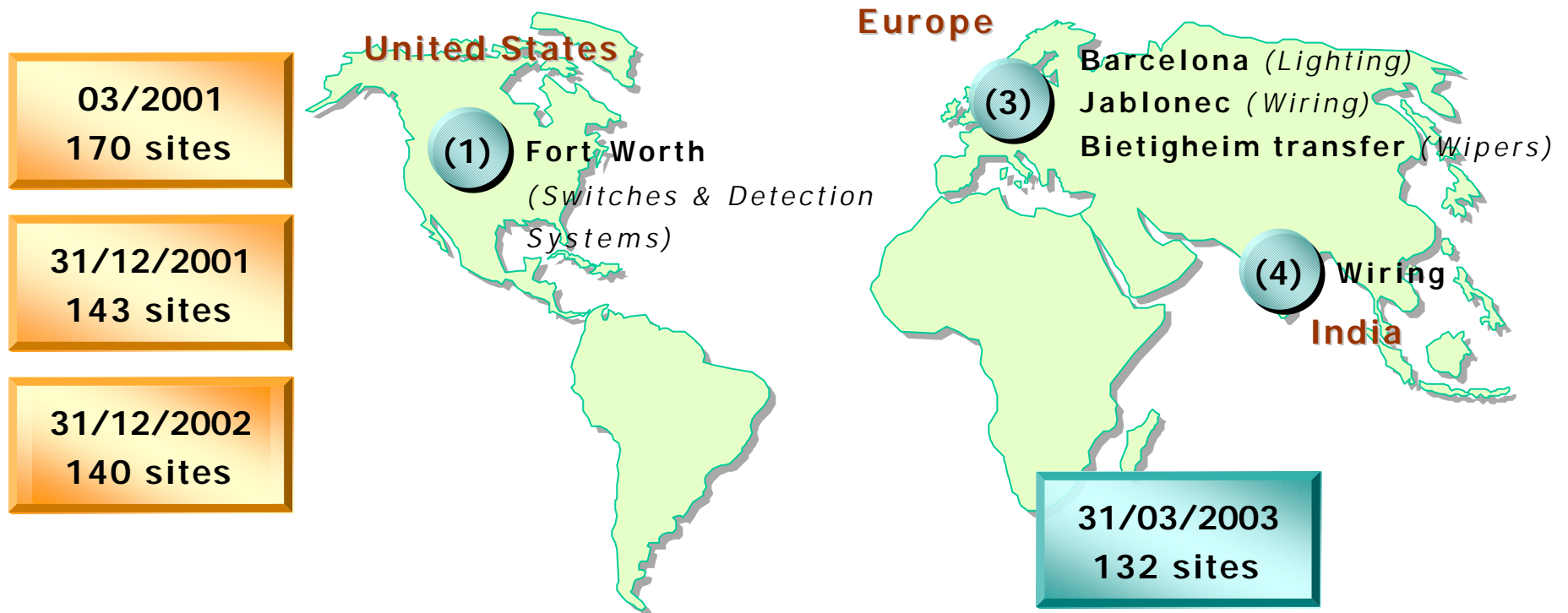
Gross margin

Ongoing actions (2)



- Rationalization of industrial footprint

- Geographical reorganization





Gross margin Ongoing actions (3)



● Rationalization of industrial tool

● Increased supplier integration

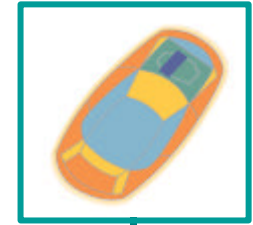
– Volume concentration

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

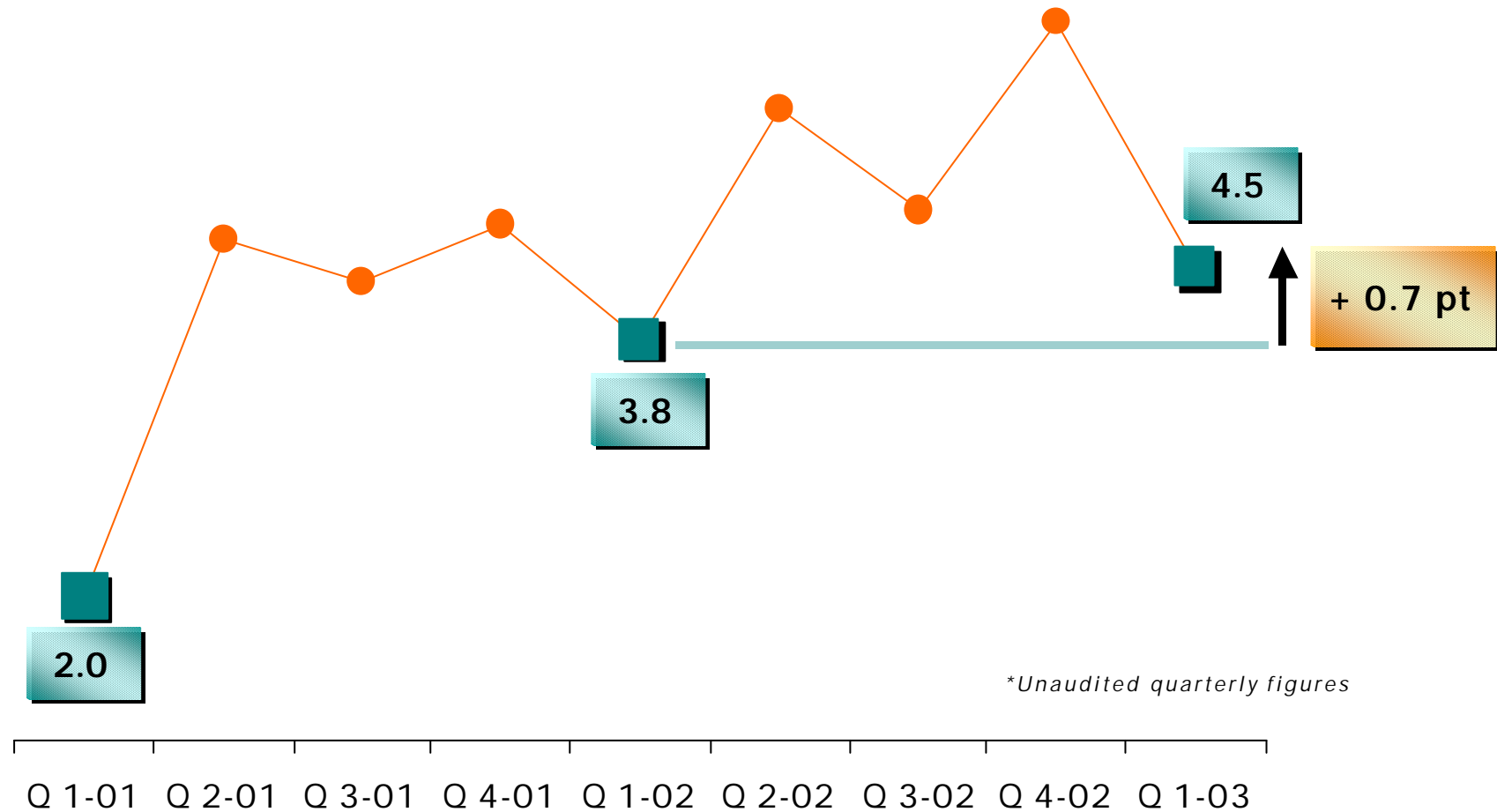
– Valeo Integrated Partners

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

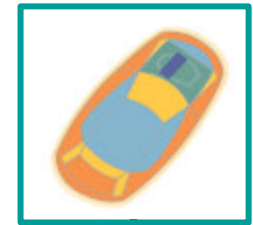
Operating income



(in % of sales)



Operating income



(in million euro)

	Q1-2003	Q1-2002	Δ
Gross margin	428	422	
<i>% sales</i>	17.5%	16.5%	+ 1.0 pt
R & D	(152)	(154)	- 1%
<i>% sales</i>	6.2%	6.0%	
SG & A	(167)	(170)	- 2%
<i>% sales</i>	6.8%	6.7%	
Operating income	109	98	
<i>% sales</i>	4.5%	3.8%	+ 0.7 pt



(in million euro)

	Q1-2003	Q1-2002
• Operating income	109	98
• Financial expenses -net	(17)	(12)
• Other income and expenses - net	(26)	(14)
• Taxes	(21)	(25)
<i>Effective rate</i>	31.5%	35.0%
• Net income before goodwill	45	46
• Net income	22	20

Cash generation



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

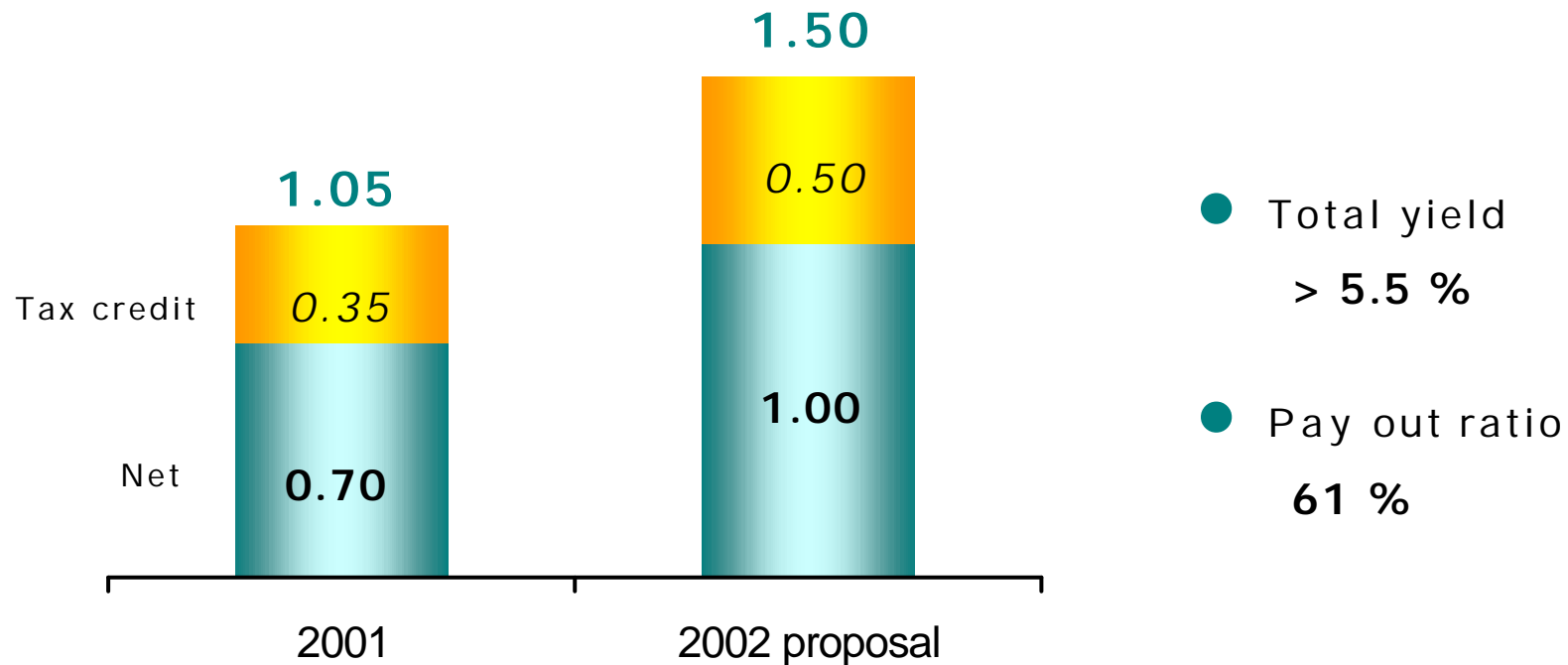
Net debt down by 84 M euros to 564 M euros



Dividend per share



(in euro)



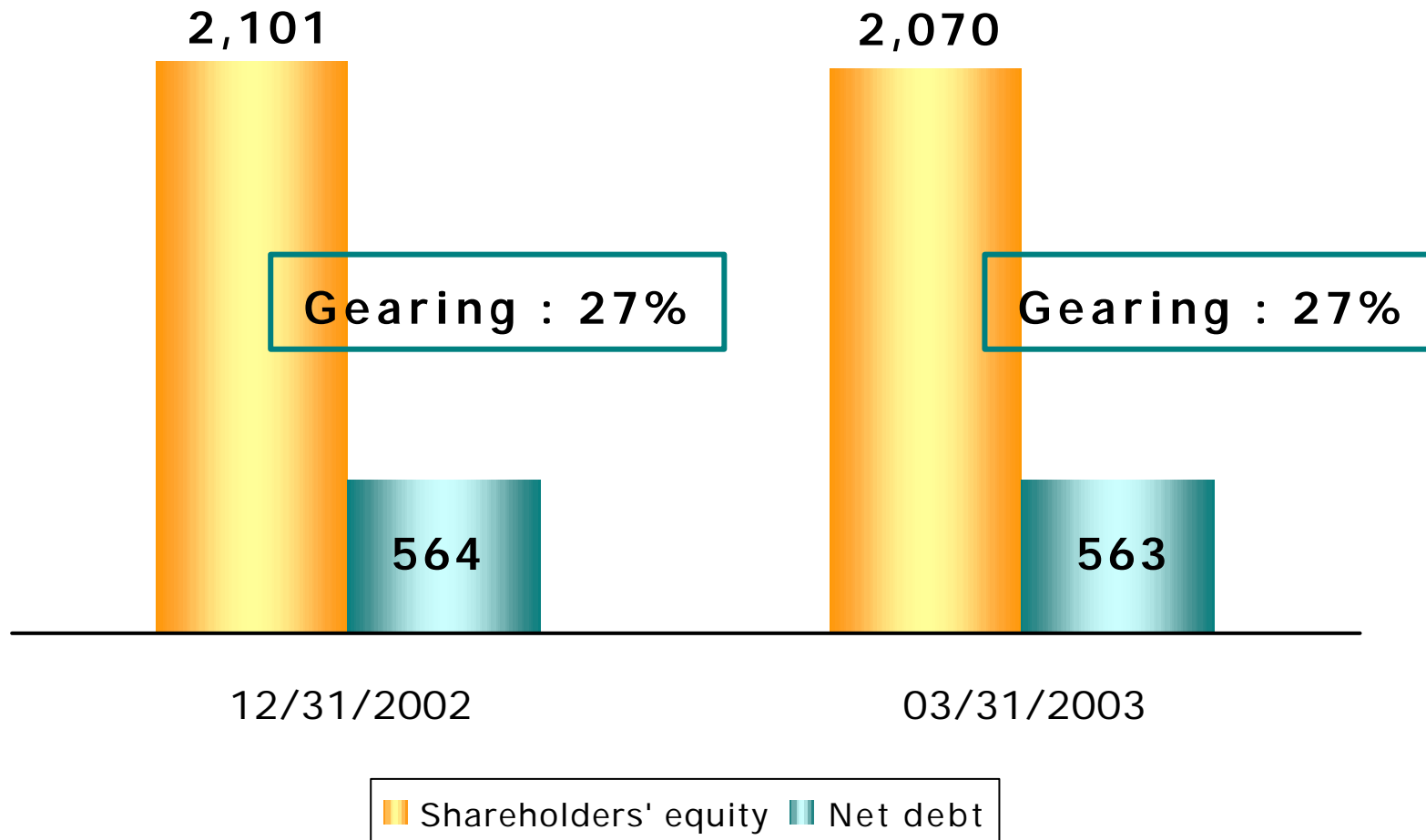
Dividends (82 M euros)
Share cancellation (51 M euros)



Shareholders' equity / net debt

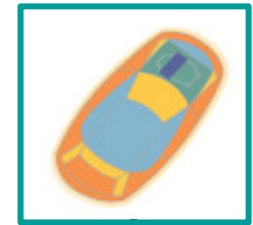


(in million euro)

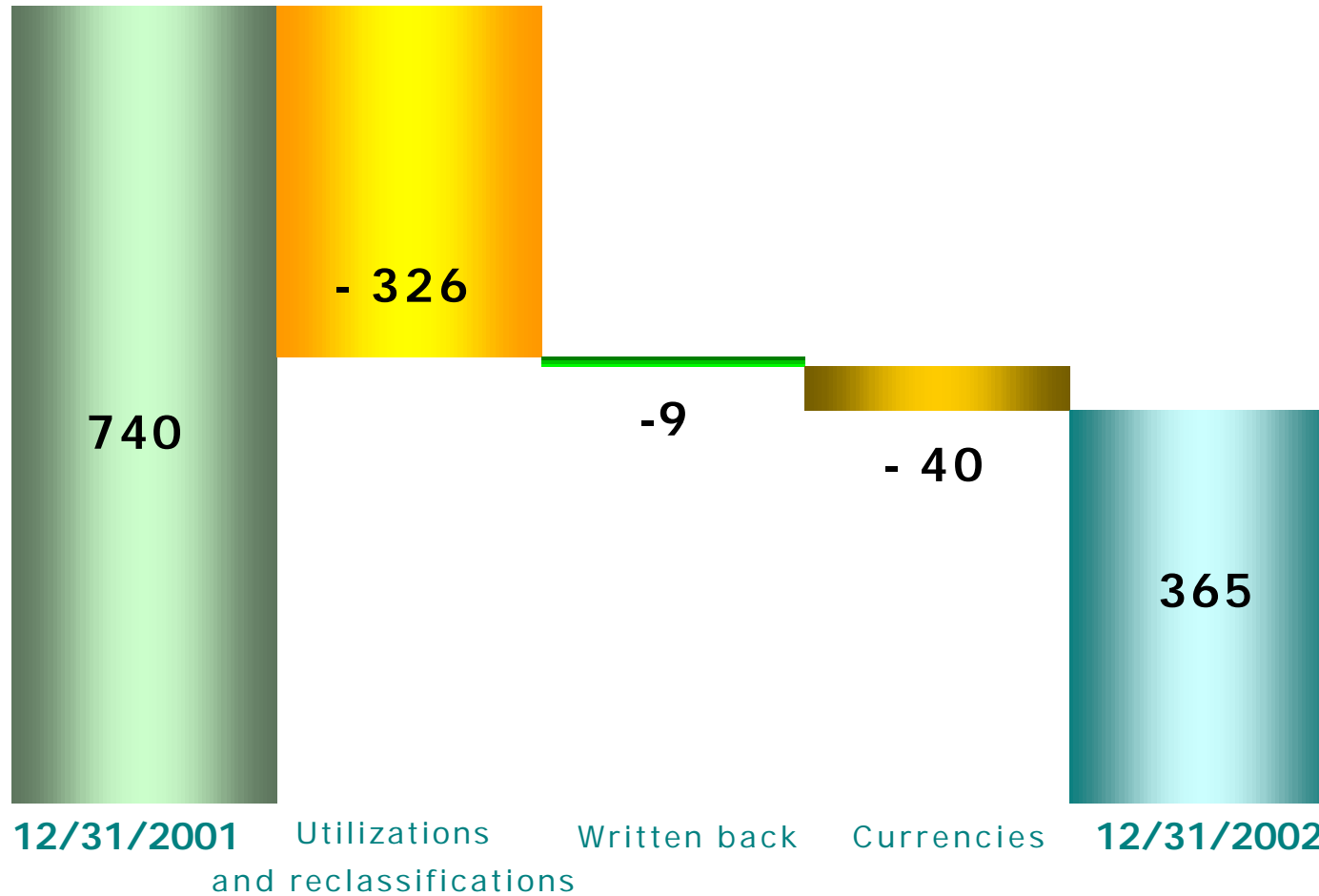




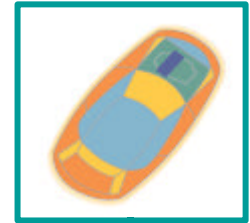
Provisions for reorganization expenses



(in million euro)



Outlook



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

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



- Sales growth
- Cost base control

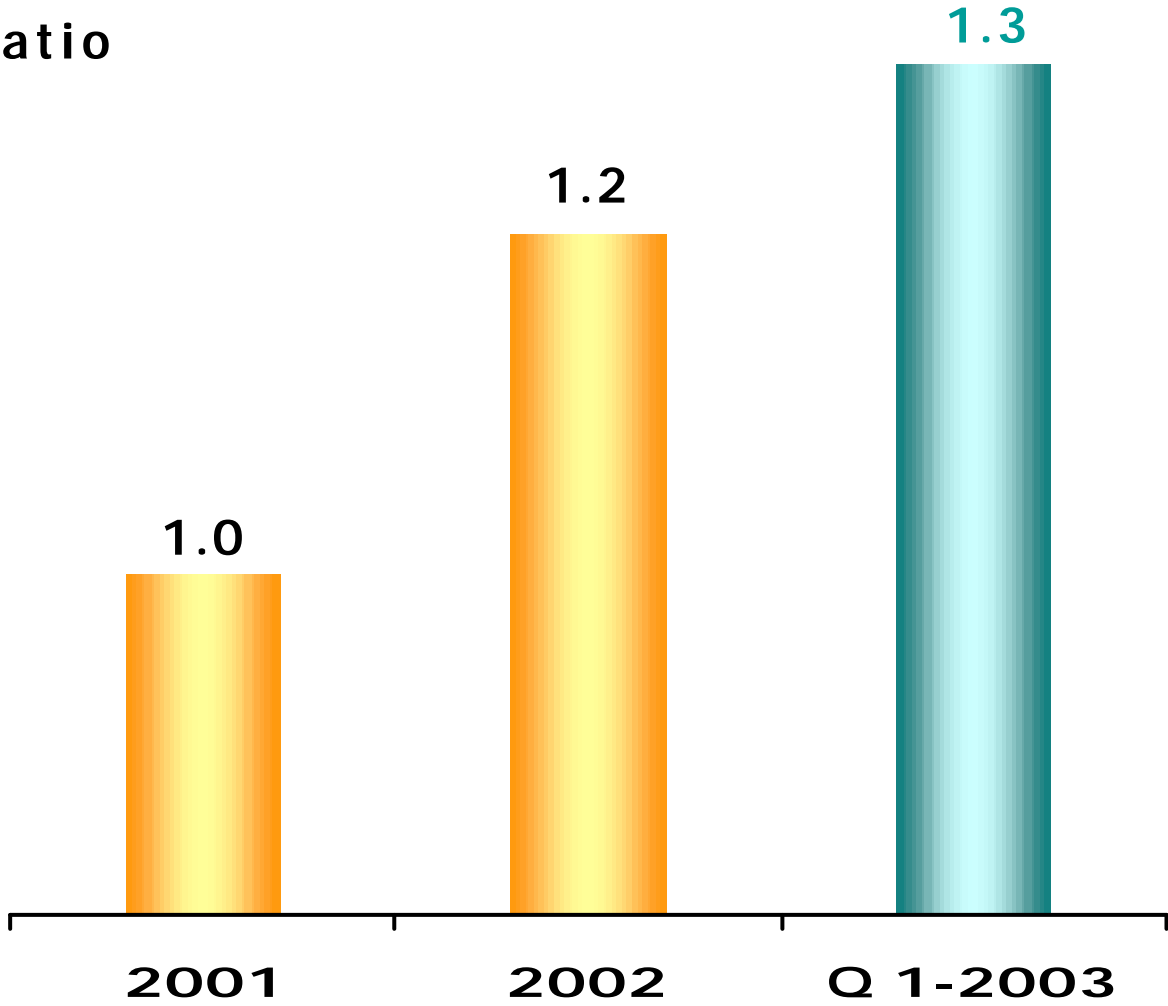
- Selective disposal program
- Optimal use of assets
- Investment control

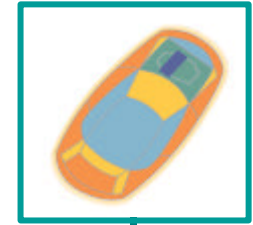


Order intake



Sales ratio





- **Success achieved during range renewal**

- Discriminating factors

- competitiveness
- quality
- global capacity

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

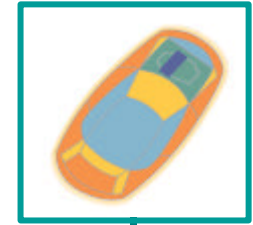
- Differentiating factor: technological offer

- 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

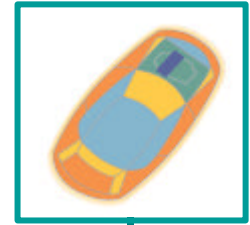
- competitiveness
- quality
- global capacity

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

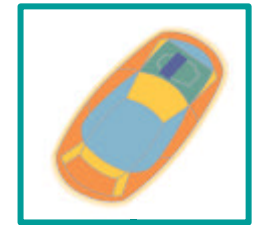
- Differentiating factor: technological offer

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

- Technology importer (Raytheon)



- **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

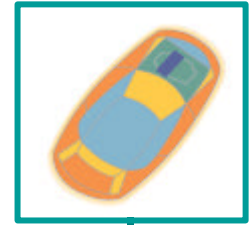
Front-end module,
radiators, condensers

Transmissions

Full clutch system

Electrical Systems

Alternators and starters



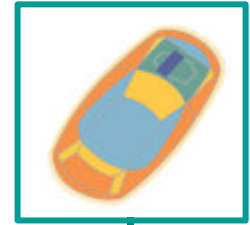
- Success achieved during range renewal
 - Discriminating factors
 - competitiveness
 - quality
 - global capacity

- **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)



- Sales growth
- Cost base control

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



● Industrial efficiency

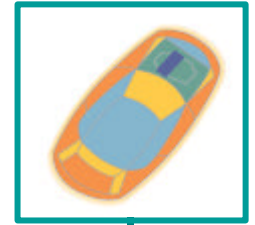
- Standardization
- WC management

● Asset turnover

- 2001: 3.3
- 2002: 3.8

● CAPEX control

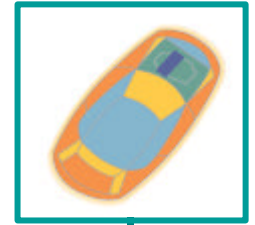
- Stabilized at 6% of sales



- 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™