Investor day

March 10th, 2010

Towards best-in-class ROCE

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March 10th, 2010

valeo added

Agenda

1 **Growth**

2 **A breakeven point significantly lowered**

3 **The financial strategic levers**

4 **2013 financial profile**

1.1 Worldwide automotive production
Conservative assumptions

(Million of Vehicles)	2009	2013	2013/2009 CAGR
Europe	16.6	20.0	+ 4.8%
North America	8.5	13.5	+12.3%
South America	3.7	4.2	+3.2%
Asia & other	30.6	34.4	+3.0%
TOTAL	59.4	72.1	+5.0%

In 2013, production in Europe and North America remains below pre-crisis level

1.2 Valeo sales* growth

(M€)	2009	2013	% CAGR
Europe	4.9	6.1	+6%
North America	0.7	1.2	+13%
South America	0.6	0.7	+6%
Asia	1.3	2.0	+12%
TOTAL	7.5	10.0	+7.5%

- 72% of 2013 OE sales already in orderbook
- 1 Bn € of 2013 OE sales related to CO_2 emission reduction

Organic growth > production growth by 2.5% CAGR

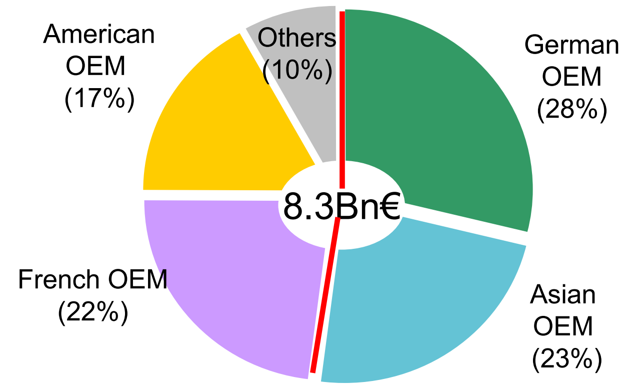
(*) External sales

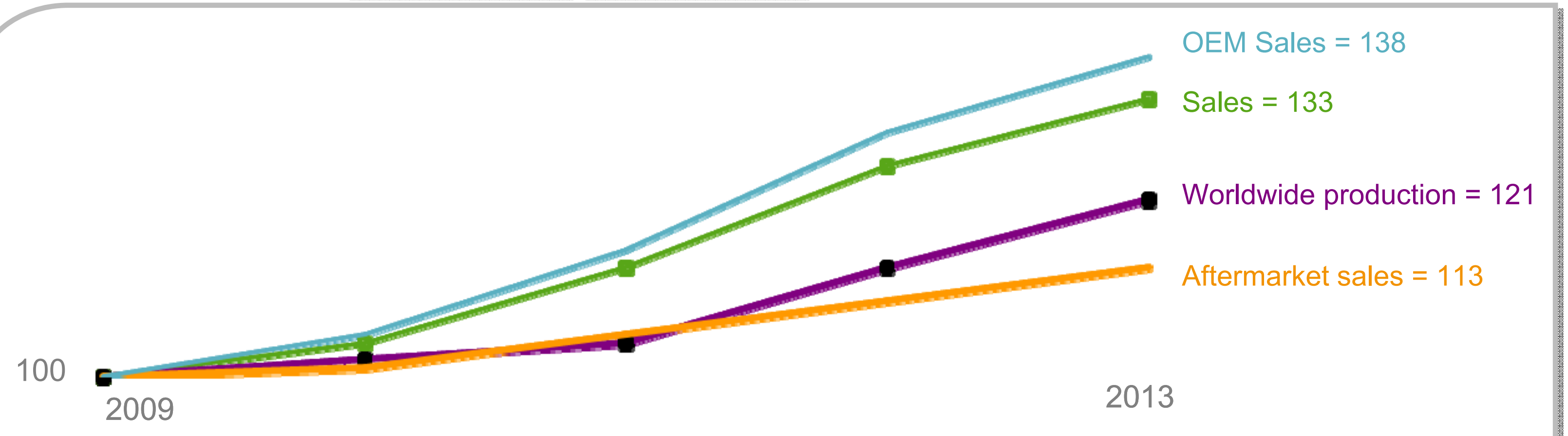
Valeo

1.3 Growth driven by OE sales

B€	2009	2013
Original equipment	6.0	8.3
Aftermarket	1.5	1.7
Sales	7.5	10.0

2013 OE Sales Forecast





2-1 Significant breakeven point reduction achieved in 2009

Fixed costs reduction

- Fixed manufacturing costs -210 M€
- R&D -40 M€
- SG&A -90 M€

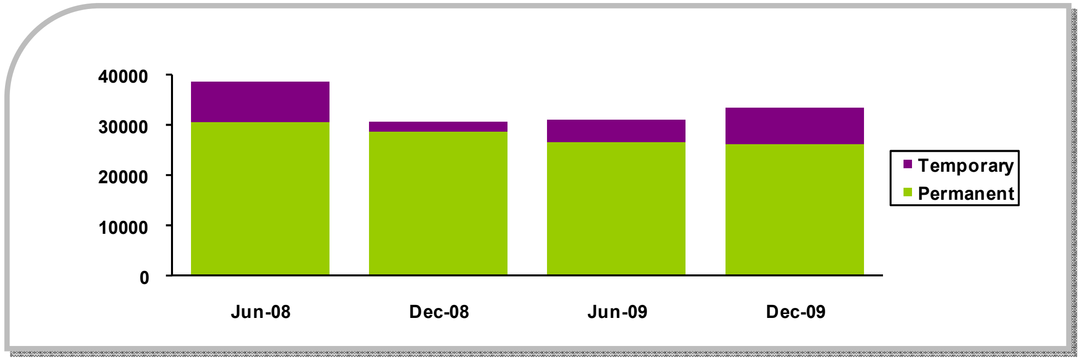
Margin on variable costs

- + 33 bp

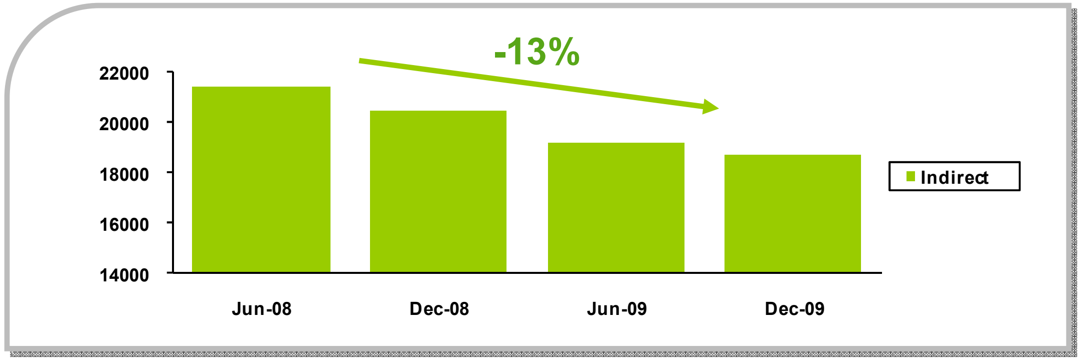
Breakeven point - 1.1 B€

2.2 Increased industrial flexibility

DIRECT WORKFORCE



INDIRECT WORKFORCE



2.3 A reduced dispersion of Business Group profitability

	Q4-2009 Ebitda margin
Comfort & Driving Assistance	
%sales	*9.9%*
Powertrain	
%sales	*11.7%*
Thermal	
%sales	*10.4%*
Visibility	
%sales	*11.2%*

Q4-2009 Business Group Average:

10.9%

10.9% EBITDA in Q4-2009 allowed by breakeven point decrease

3.1 Implementation of a new organization

- **Alignment with customer organization**
  - ➔ Additional growth
- **Purchasing organized around 6 worldwide commodities**
  - ➔ Leverage the Group purchasing power
- **Worldwide production lines managed by the Business Groups**
  - ➔ Optimize capex & R&D costs
- **Administration costs optimization through shared services**

+ 1.5 pts operating margin as of 2012

3.2 Capital turnover acceleration

- **Lean investment practices**
- **Worldwide optimization**
- **Increased sourcing from competitive countries**
- **Make or buy trade off**

→CAPEX ** ≈ 4 to 4.5 % as of 2013

→CAPEX ** < 80% yearly depreciation in 2009/2010/2011

→Strict priority to growing areas (60% in Asia & emerging countries)

(M€)	2009	2013
Fixed assets *	**2,320**	**2,200**
(% sales)	*31%*	*22%*

(*)   excluding goodwill
(**) excluding capitalized R&D

3.3 Working capital optimization

- **Negative operating working capital by the end of 2009 (-300 M€)**
- **Still room for improvement (inventories optimization)**

But

- **Increase of customer payment terms as a consequence of growth in Asia**

Target: 2013 working capital ≈ 2009 level

3.4 Optimization of R&D costs / allocation

- **Cost savings related to increased weight of competitive countries**
- **Priority given to strategic research projects**

	2009	2013	
R&D expenses (M€)	**470**	**600**	**+ 130 M€**
(% sales)	*6.4%*	*6.0%*	

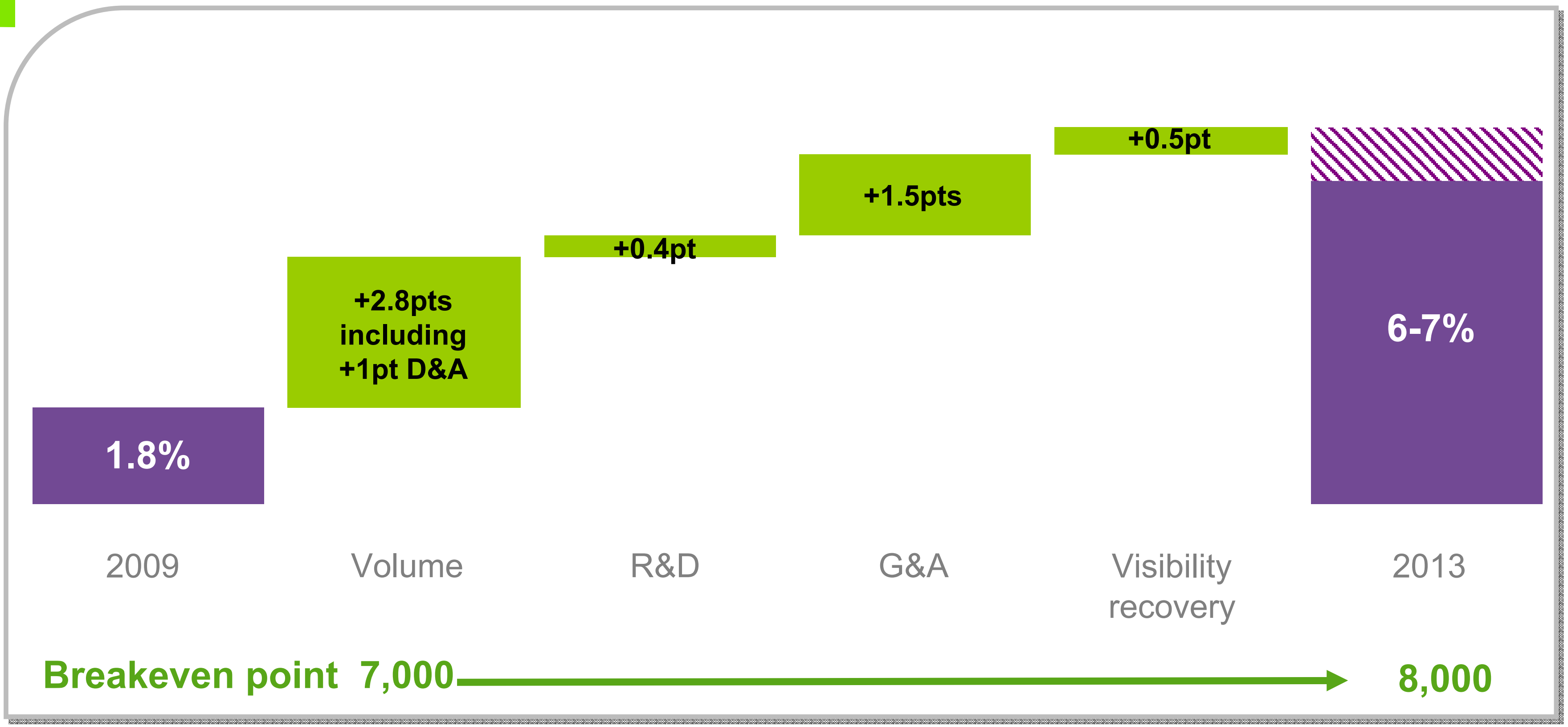
3.5 Turnaround of Visibility Business Group : A clear strategy

- **Wiper motors rationalization**
- **Aftermarket competitiveness**
- **Accelerate synergies within lighting alliance (Ichikoh + Valeo Sylvania)**
- **Secure margins through strict project management and optimization of industrial footprint**

+ 0.5 Pt operating margin at Group level *

(*) in addition to the Group's average profitability improvement

4.1 Operating margin multiplied by ~ 3.5 in 2013



4.2 EBITDA by Business Group

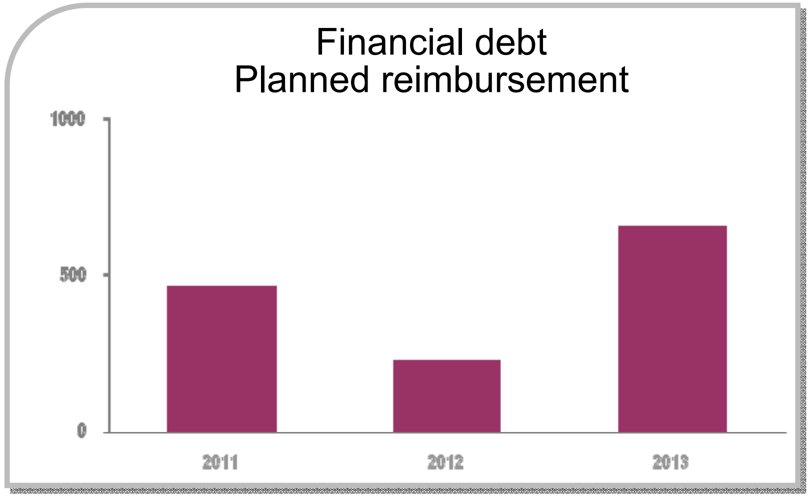
	2009
Comfort & Driving Assistance	
%sales	*7,9%*
Powertrain	
%sales	*10,3%*
Thermal	
%sales	*8,0%*
Visibility	
%sales	*7,5%*
TOTAL	8,9%

2013
Group Average:
[12% - 13%]

Convergence of Business Group profitability to Group average

4.4 A healthy financial situation

- Refinancing of debt repayments scheduled in 2011, 2012 and 2013 to be organized in an orderly manner



- 2009 gearing ratio: 59%
- 2009 leverage ratio: 1.1x
- Undrawn credit lines: 1100 M€
- Cash available: 860 M€
- Expected FCF over 2010-2013: 1100 M€ thanks to a strict control in the management of committed capital

Significant flexibility to finance bolt on acquisitions + Objective to regain investment grade rating

4.5 Conclusion : best in class ROCE (*)

- Capex discipline
- Working capital optimization

CAPITAL EMPLOYED
~ 2 Bn€

- Growth
- Visibility recovery
- Productivity
- New organization

PROFITATIBILITY
6-7%

ROCE
>30%

(*) Ebit / Capital employed excluding goodwill

Automotive technology, naturally