



Combined Shareholders' Meeting

June 3, 2010



Corporate governance

Pascal Colombani
Chairman of the Board of Directors

June 3, 2010



Respecting best practices in terms of corporate governance

Appointment of Board Members

- Daniel Camus



- Jérôme Contamine



Appointment of Board Members

- **Michel de Fabiani**



- **Noëlle Lenoir**



Nomination, Remuneration and Corporate Governance Committee

- 8 meetings with an attendance rate of 87.5%

Audit Committee

- 5 meetings in 2009 with an attendance rate of 93.75%



Strategy Committee

- **4 meetings in 2009 with an attendance rate of 94.11%**



Combined
Shareholders' Meeting
Jacques Aschenbroich
Chief Executive Officer

June 3, 2010



Creating value through growth



Our main growth drivers

CO₂ emissions reduction in all market segments

Asia and emerging countries

My diagnostic upon arriving

Strengths

- Brand
- Quality
- Operational excellence & reactivity
- Committed people
- Global presence & diversified customer base
- Global leadership on most product lines
- Innovation
- Healthy financial situation

My diagnostic upon arriving

Strengths

- Brand
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- Healthy financial situation

Weaknesses

- Unfocused strategy
- Lack of growth
- Poor profitability
- Obsolete organization

Today

Weaknesses

- A share value that does not correspond to reality

Our commitments

- Focus on CO₂ emissions reduction in all market segments
- Deliver above market organic growth in each region
- Actively participate in industry consolidation
- Best-in-class profitability
- Increase value of Valeo

Creating value through growth

Our commitments

- **Focus on CO₂ emissions reduction in all market segments**
- Deliver above market organic growth in each region
- Actively participate in industry consolidation
- Best-in-class profitability

CO₂ emissions reduction - a necessity

- For the citizen



- For the consumer



- For the automotive industry: source of growth and profitability

Technology to be developed to reduce CO₂ emissions

Valeo forecast for the decade

20% annual market growth
for CO₂ related products

80% of Valeo portfolio linked to CO₂ emissions reduction

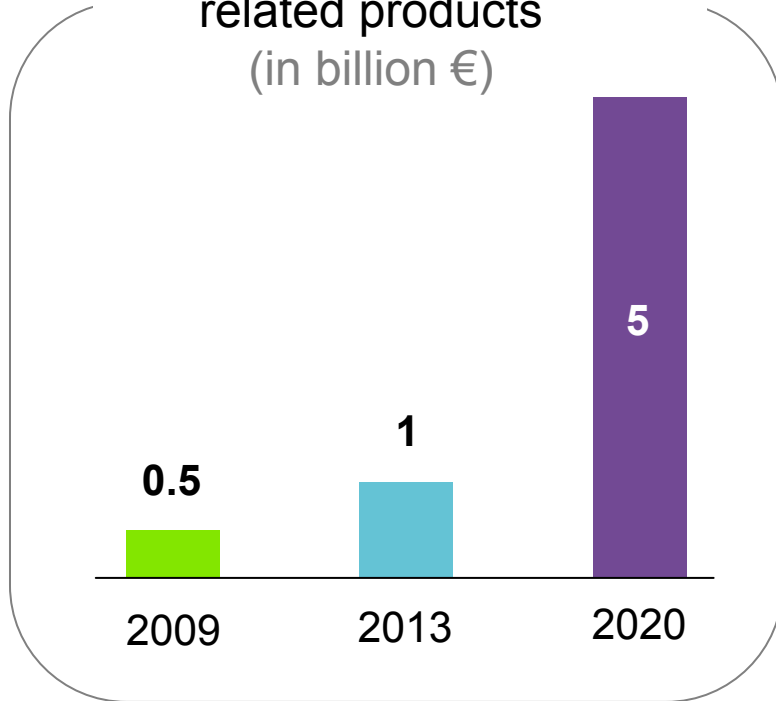
- Engine optimization and downsizing
- Hybrid vehicles
- Electric vehicles
- Reduced consumption and weight
- Smart driving

Best seller
50 models equipped,
more than 10 automakers



Sales for new CO₂ related products to double by 2013

Valeo sales for CO₂
related products
(in billion €)



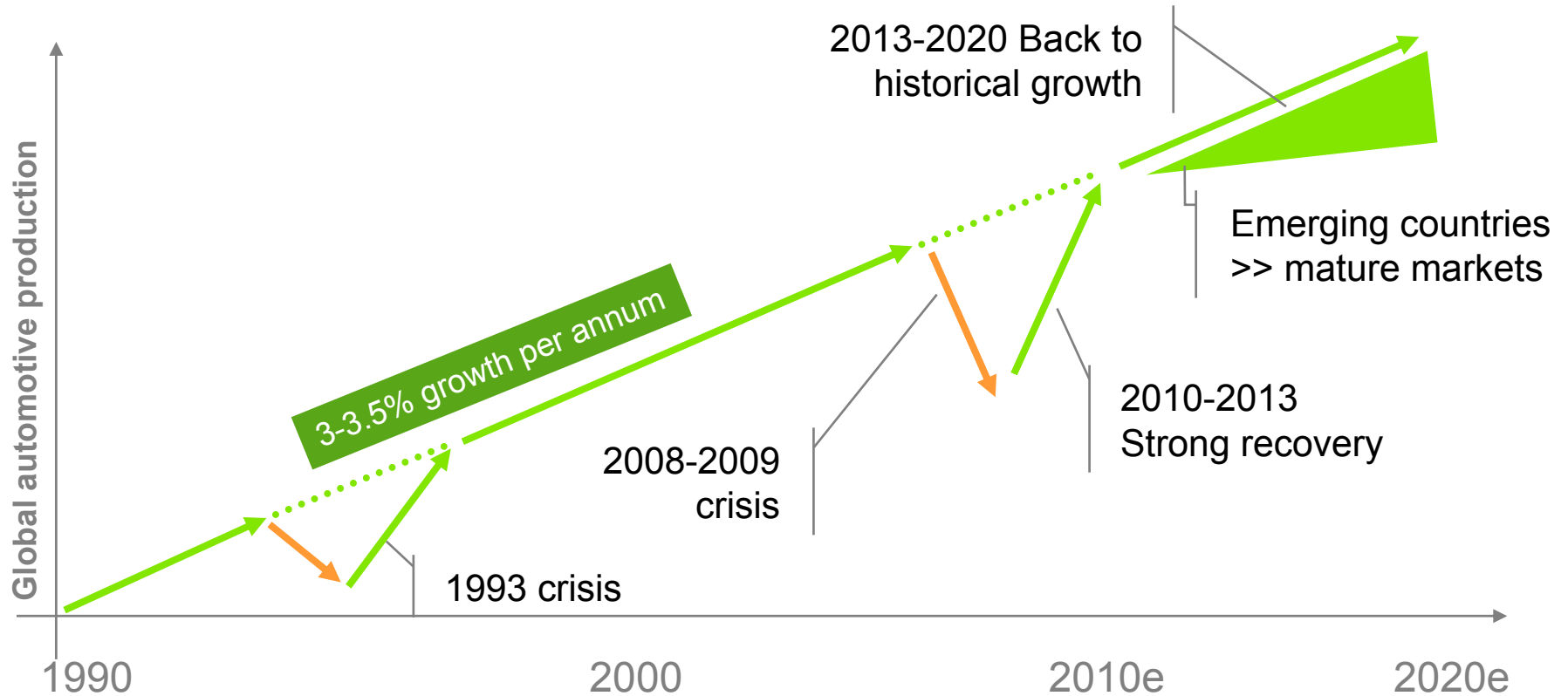
**Maintain R&D at 6%
of sales to support
innovation**

Creating value through growth

Our commitments

- Focus on CO₂ emissions reduction in all market segments
- **Deliver above market organic growth in each region**
- Actively participate in industry consolidation
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Return to strong structural market growth after 2009 crisis



A well-balanced customer base

2009 Sales

Aftermarket

€1.5B

€6.0B

OEM



Others

11%

American
OEM

16%

French
OEM

25%

German
OEM

28%

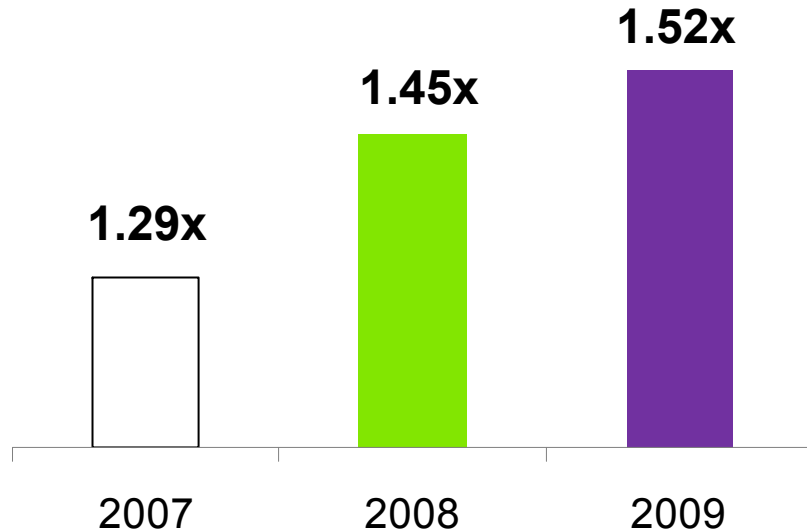
Asian
OEM

20%

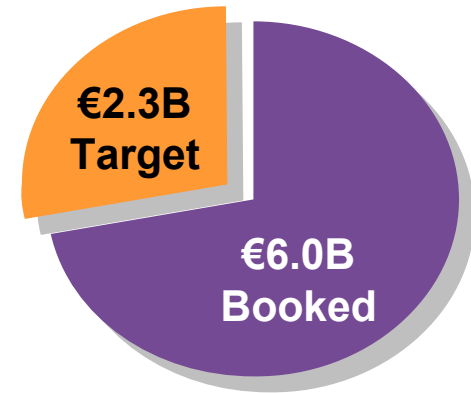
€6Bn

**7.5% annual growth, higher than market growth,
thanks to a sustained level of order intake**

Order Intake
(OI/OEM sales)



2013 Sales forecast: €10B
Incl. €8.3B OE Sales

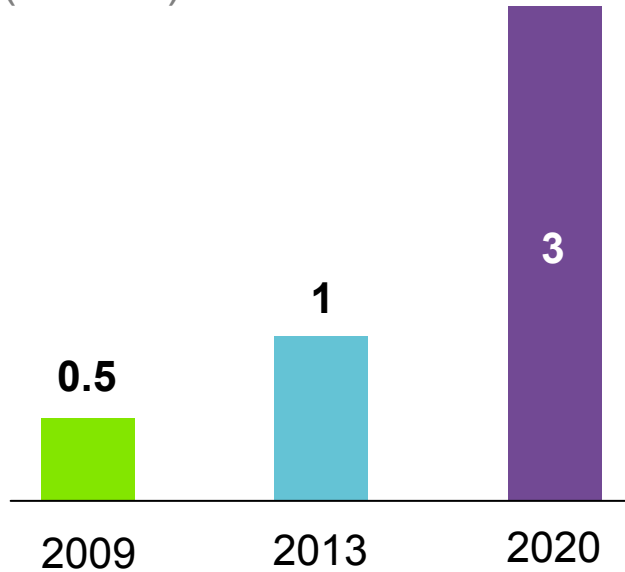


**72% of 2013 OE Sales are
already booked**

Accelerate growth in emerging countries

Double our presence in China and India in 4 years

Valeo sales in China and India
(in € Bn)



**Over 60% of investments
in Asia and in
emerging countries**

Creating value through growth

Our commitments

- Focus on CO₂ emissions reduction in all market segments
- Deliver above market organic growth in each region
- **Actively participate in industry consolidation**
- Best-in-class profitability

Strong financial structure increasing strategic options

- **Boost fast growing businesses through acquisitions**
- **Assess possibility for transformational transactions**
- **Continuous portfolio assessment**

Actively participate in future industry consolidation

- **Ongoing consolidation of car manufacturers**
- **Potential acceleration of automotive supplier consolidation**
- **Valeo meets all criteria to play a leading role in this consolidation**
 - Global
 - High innovation capacity and system integration
 - Operational excellence (quality, cost, 5 Axes)
 - Independent and healthy financial situation

Creating value through growth

Our commitments

- Focus on CO₂ emissions reduction in all market segments
- Deliver above market organic growth in each region
- Actively participate in industry consolidation
- **Best-in-class profitability**

- 2009: Despite the crisis, Valeo invested to prepare the future
- 2010: Strong improvement expected
- 2013: Best-in-class profitability

2009 results

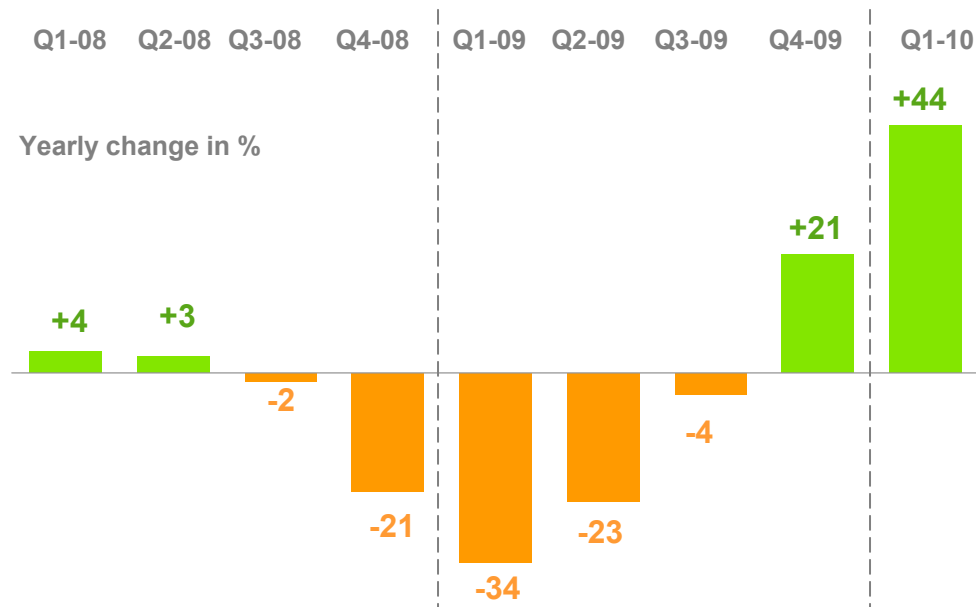
Summary

- An unprecedented economic crisis
- A year of contrasts
- High reactivity in the face of the crisis
- A sound financial situation
- 2010 outlook

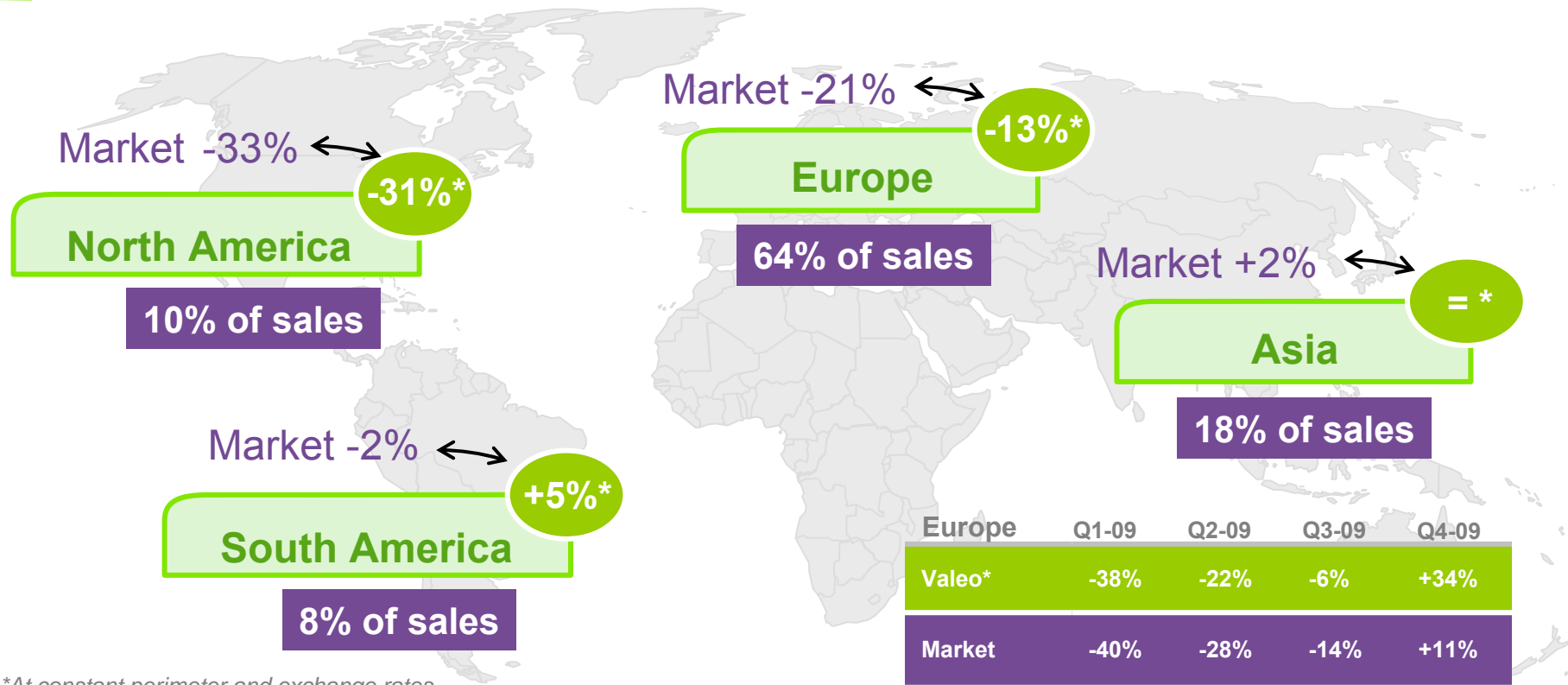
- An unprecedented economic crisis
- A year of contrasts

Global automobile production

- Full impact of scrapping schemes
- Accelerated growth in Asia and Brazil in Q4-09
 - China +103% & India +51%
 - Brazil +52%



Valeo performance in each region of the world in 2009

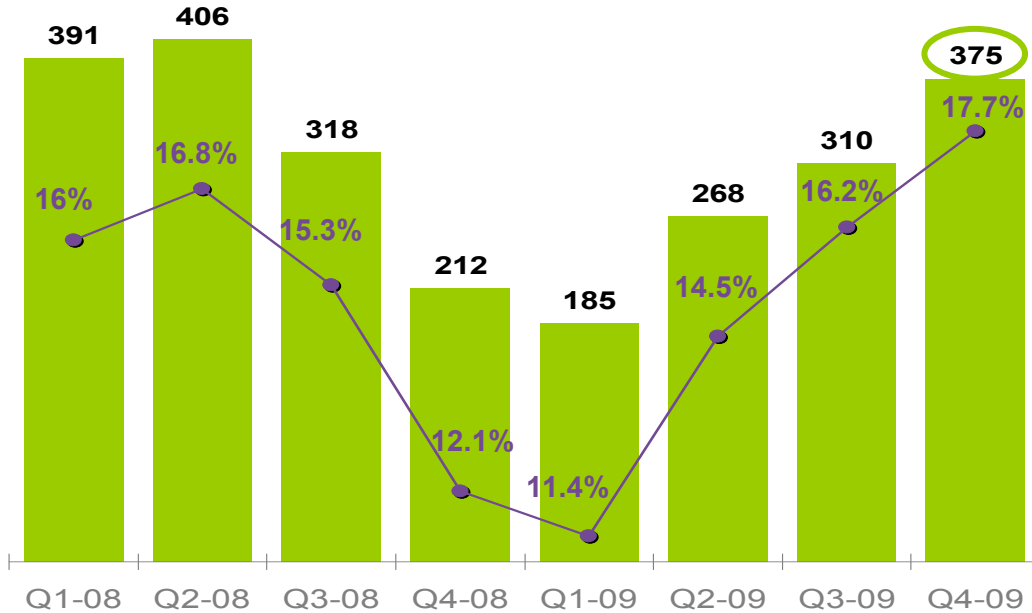


*At constant perimeter and exchange rates

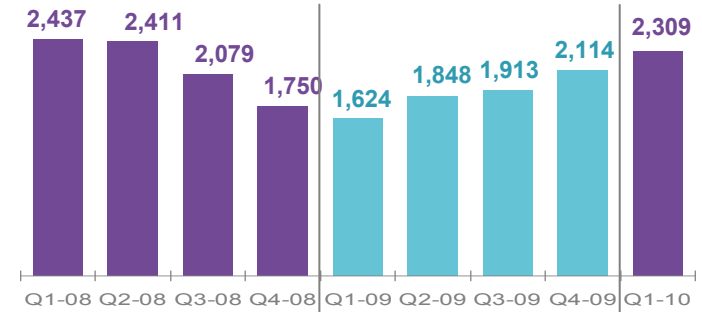
Gross margin

in M€ and % of sales

Gross margin (M€ and % of sales)



Sales (M€)

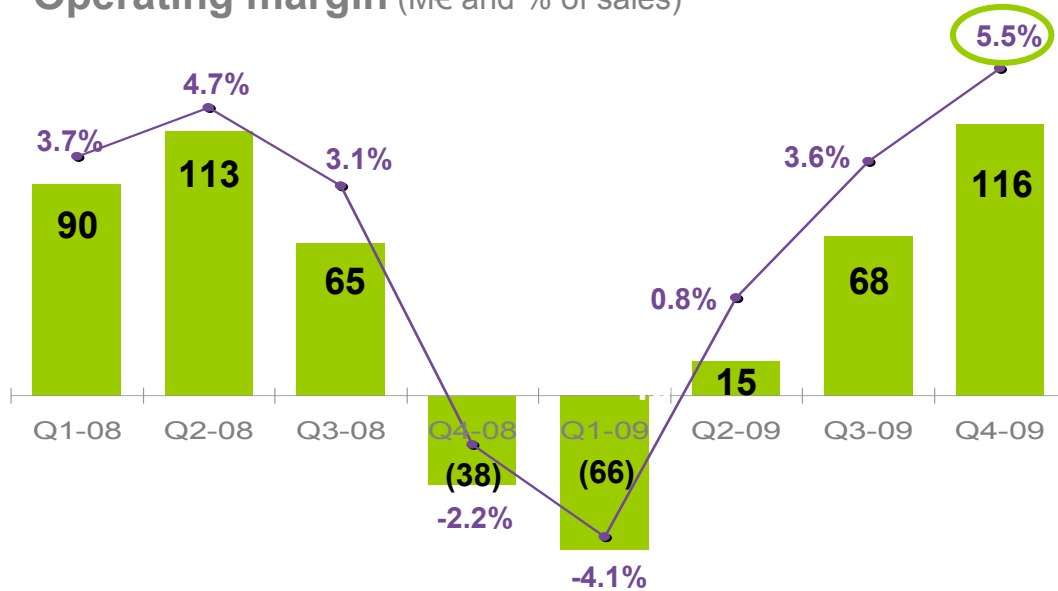


- Recovery in Q2-09
- Highest level in 5 years in Q4-09

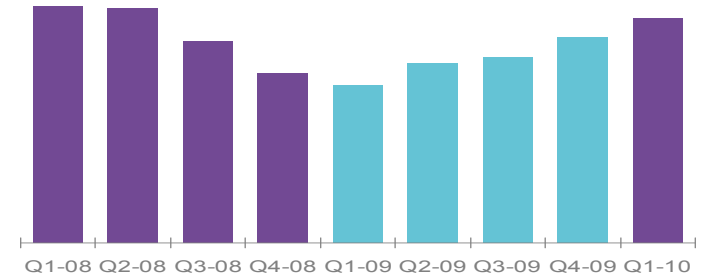
Operating margin

In M€ and % of sales

Operating margin (M€ and % of sales)



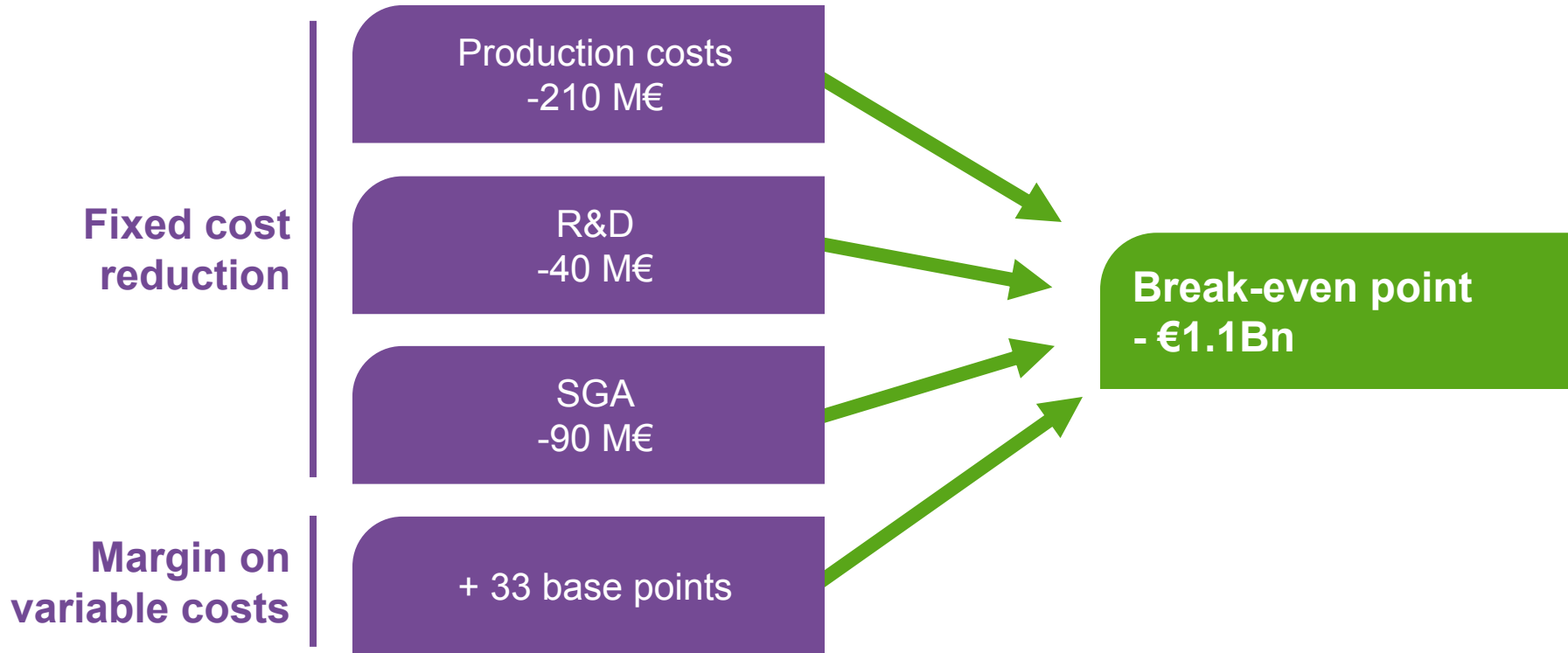
Sales (M€)



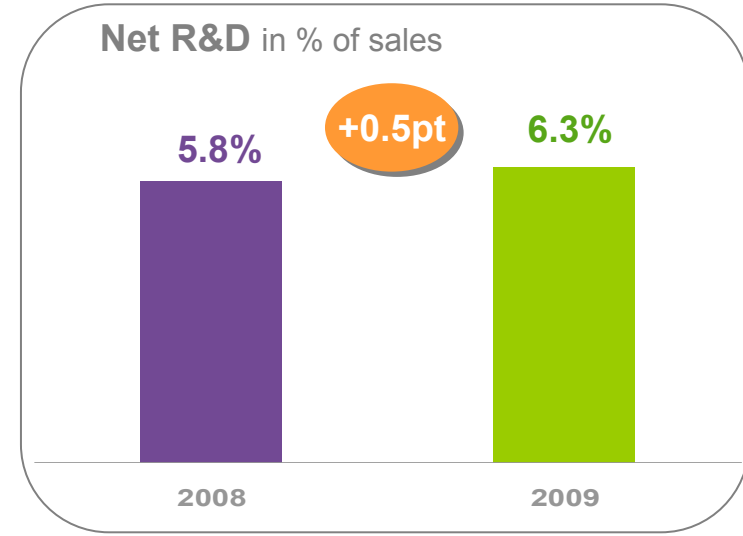
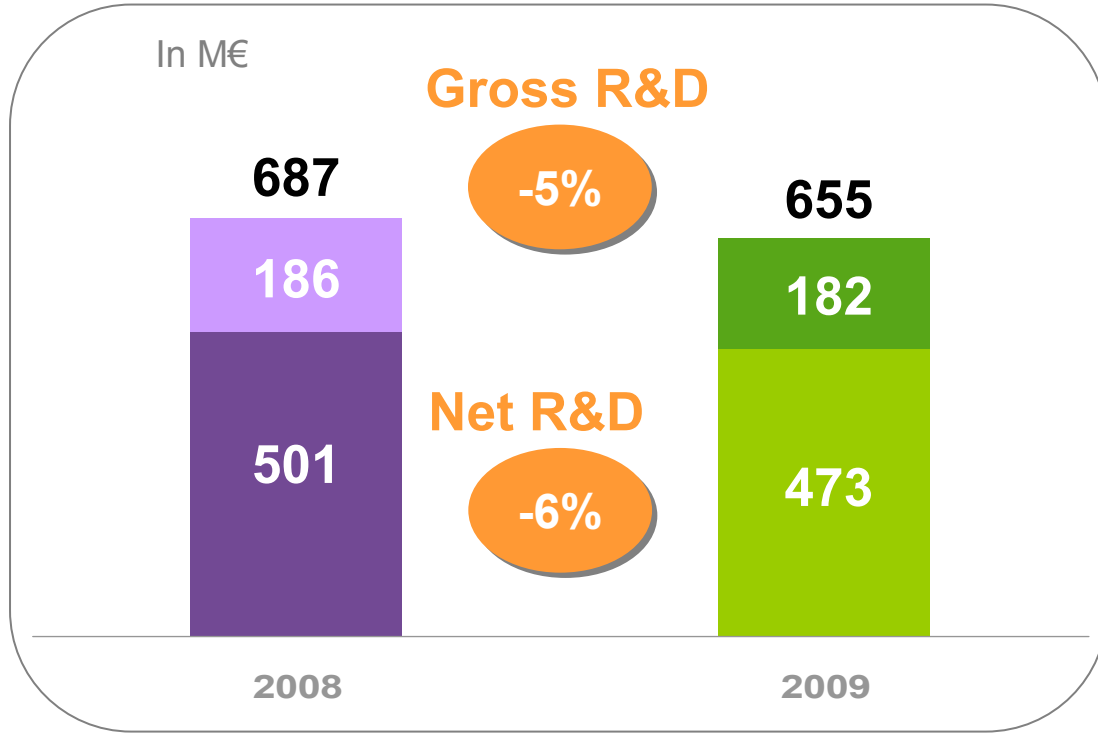
■ Highest level in 5 years in Q4-09

High reactivity in the face of the crisis

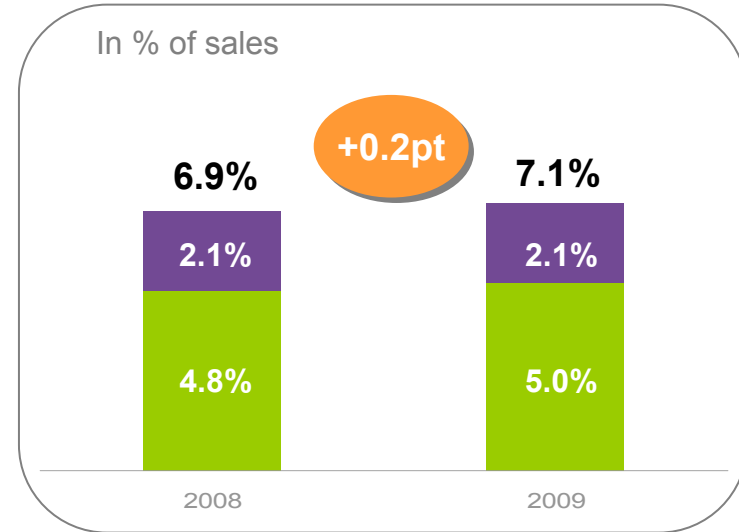
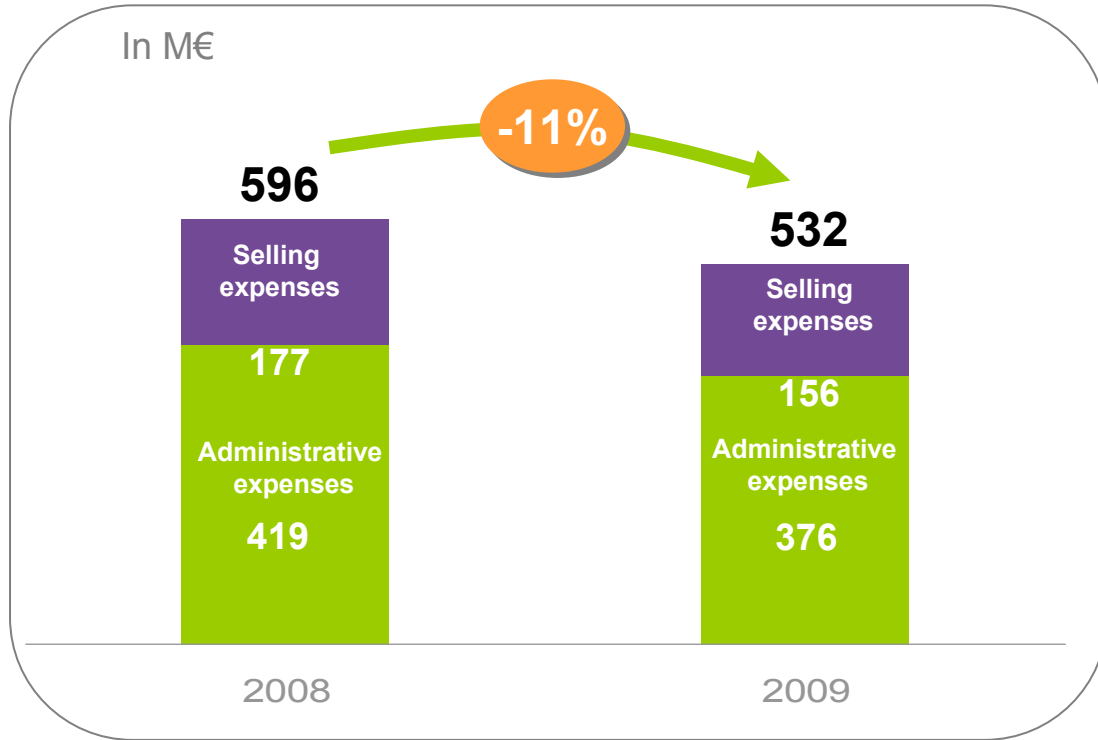
Strong reduction in break-even point in 2009



Despite the crisis: R&D maintained at high level



Strong reduction in administrative expenses



A sound financial situation

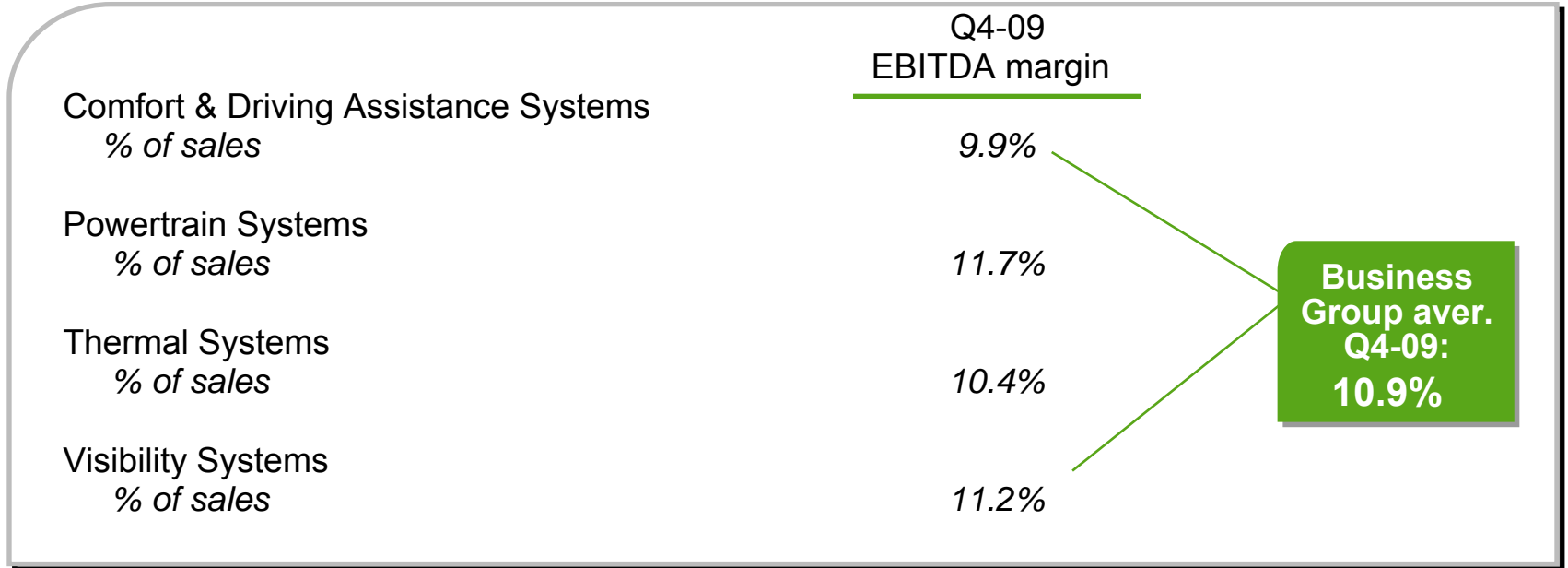
Key figures

In million euros

	2008	2009	▲	Q4 08	Q4-09	▲
Sales	8,677	7,499	-14%	1,750	2,114	+21%
Gross margin	1,327	1,138	-14%	212	375	+77%
<i>% of sales</i>	15.3%	15.2%	-0.1pt	12.1%	17.7%	+5.6pts
Operating margin	230	133	-42%	(38)	116	NA
<i>% of sales</i>	2.7%	1.8%	-0.9pt	-2.2%	5.5%	+7.7pts
Net income	(207)	(153)	-26%	(313)	56	NA
Free cash flow*	118	155	+31%	14	153	NA
Net debt	821	722	-12%	821	722	-12%

* Before interest

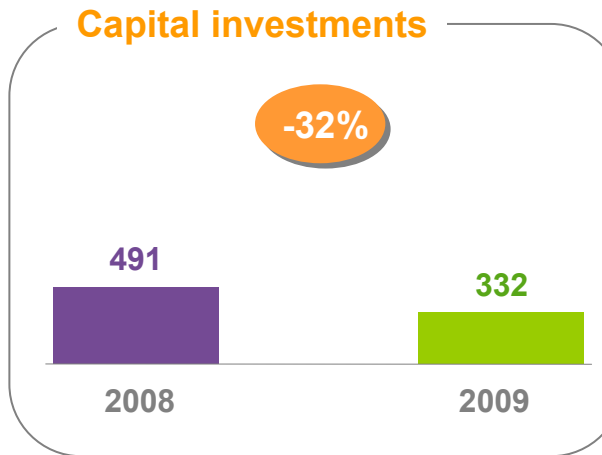
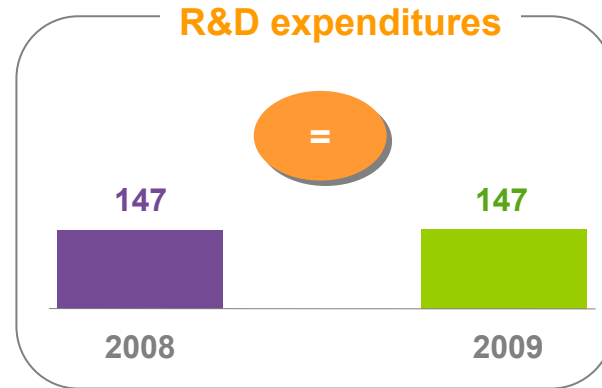
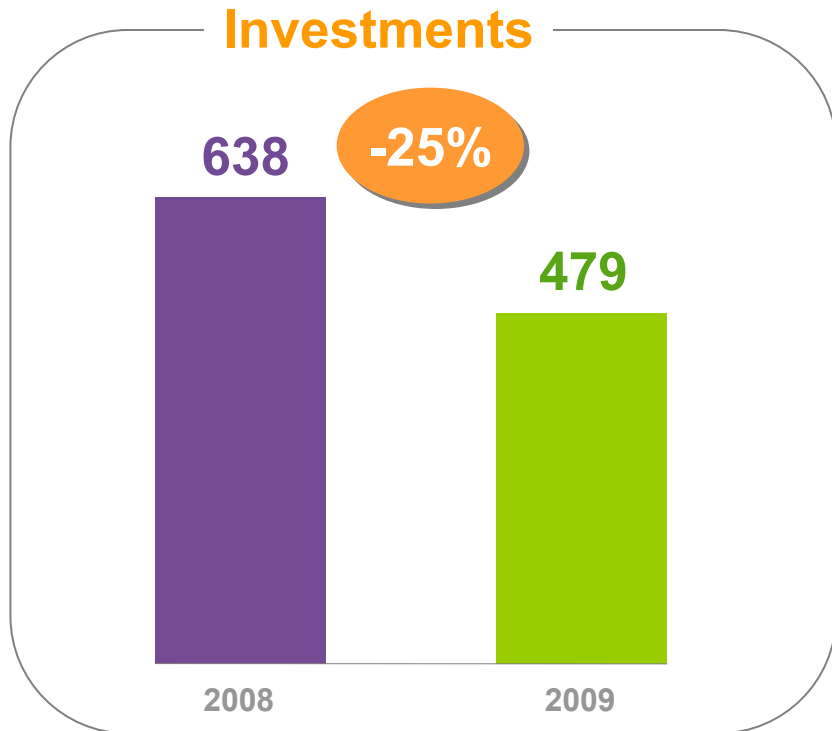
A balanced performance by Business Group



**10.9% of EBITDA in Q4-09
thanks to a lower break-even point**

Investments

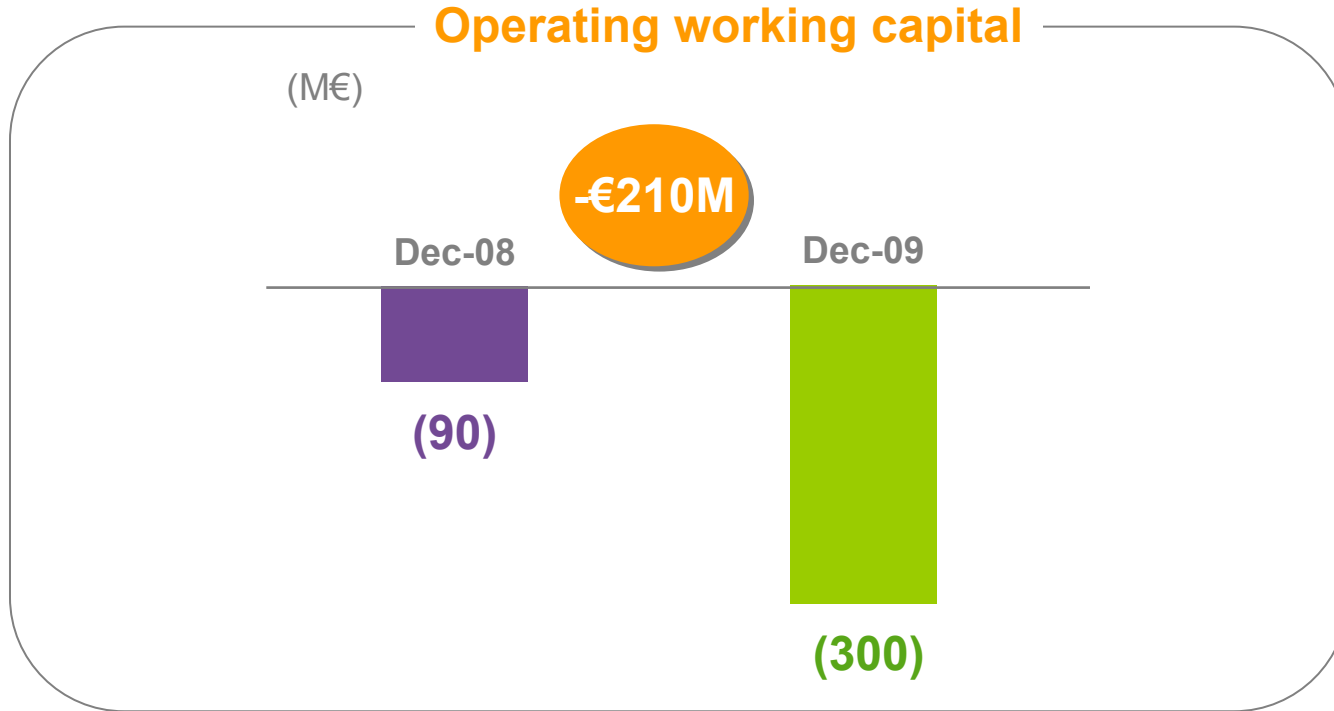
In million euros



€139M in emerging countries, or 42% of the total

€49M for innovative products, or 15% of the total

Rigorous management of working capital

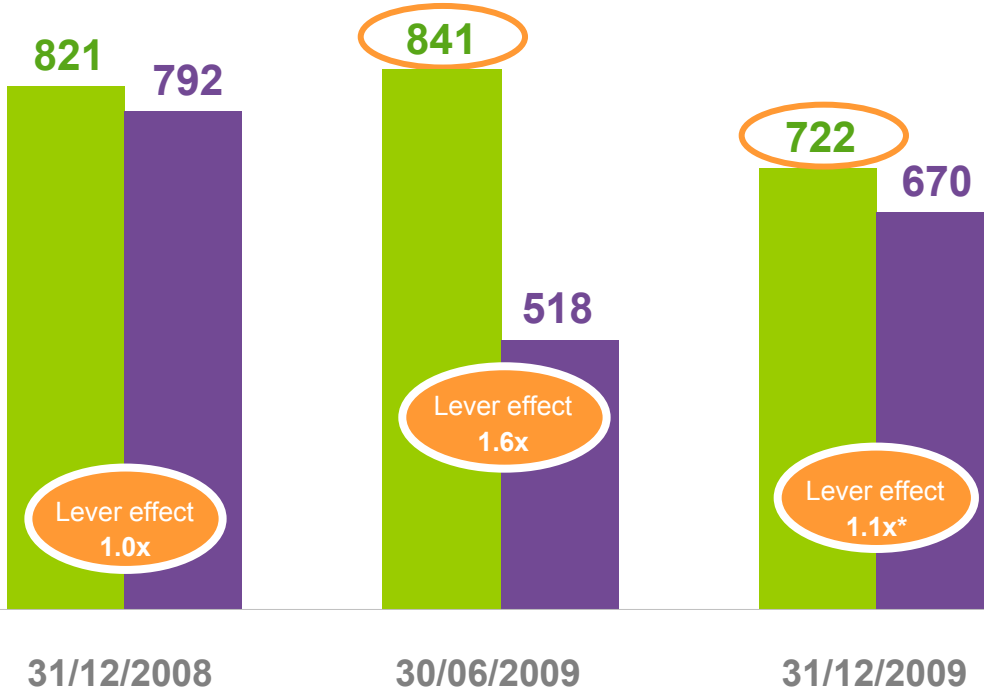


Despite the crisis: debt reduction of €99M

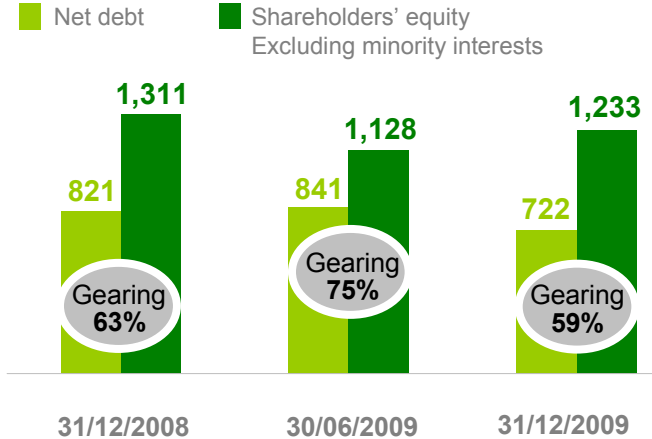
(M€)	FY-08	FY-09	Change
EBITDA	792	670	-122
Social and restructuring costs	(79)	(165)	-86
Operating working capital	179	214	+35
Investments	(613)	(444)	+169
Other	(161)	(120)	+41
Free cash flow (before interest)	118	155	+37
Net debt	821	722	-99

A sound financial situation despite the crisis

Net debt EBITDA (12 months rolling) (M€)



Shareholders' equity and net debt
In million euros



* **Covenant: Net debt / EBITDA < 3.25**

A sound financial situation

- Undrawn credit lines at June 30, 2010 (estimated): €1,116M
- Available cash: €860M
- Expected improvement in Valeo rating with the objective of a return to “Investment grade”
- Ability to finance targeted acquisitions

2010 outlook: Strong improvement expected

■ First half 2010

- Sales on the order of €4.7Bn (+35% vs H1 2009)
- Operating margin close to 6%, highest half-year level in the past 8 years

■ 2010

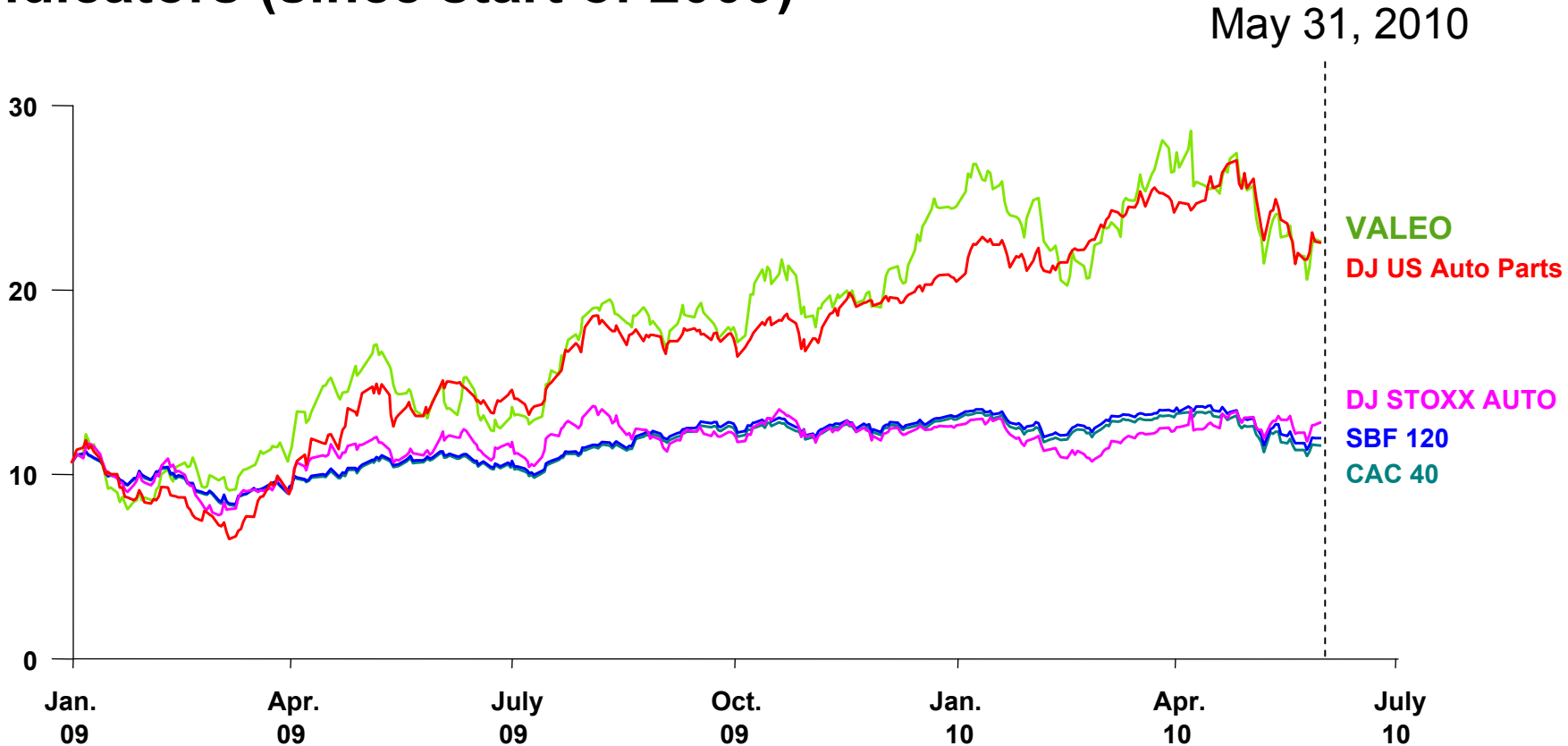
- Confident to achieve 2010 guidance announced on February 24 (operating margin rate close to double that recorded in 2009)
- Updating of the guidance planned for July 27 during presentation of the first half accounts

2013 objective: Best-in-class profitability

	2009	2013	Δ
Sales	€7.5Bn	€10Bn	+33%
Operating margin	1.8%	6-7%	+ 4-5 pts
ROCE*	7.1%	≥ 30%	> +20 pts

* Before restructuring, taxes and goodwill

Evolution of the Valeo share vs stock market indicators (since start of 2009)





Automotive technology, naturally