Communiqué de presse
Press release

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Valeo revises upwards its operating margin level guidance for 2010: the Group forecasts a second-half margin level higher than that of the first half

- **Third quarter**
  - **Increase in consolidated sales of 22% (+16% like-for-like)**
- **Third quarter and first nine months of the year**
  - **Outperformance of original equipment sales versus global automotive production**
  - **Outperformance of original equipment sales of the Business Groups**
- **Outlook for full-year 2010**
  - **Sales higher than 9.4 billion euros**
  - **Operating margin level[1] for the second half slightly higher than that of the first half**
  - **Generation of free cash flow[2] of around 400 million euros (net cash flow[3] of around 340 million euros)**

PARIS, France, 21 October 2010 – Following the meeting of its Board of Directors today, Valeo presented its sales for the third quarter 2010:

in million euros	3rd quarter*			9 months*		
	2009	**2010**	**Δ****	**2009**	**2010**	**Δ****
Total of which:	1,913	2,342	+16%	5,385	7,129	+28%
Original equipment	1,555	1,929	+17%	4,298	5,886	+32%
Aftermarket	307	359	+14%	922	1,082	+15%
Miscellaneous	51	54	-3%	165	161	-10%

**Unaudited* ***Like-for-like*

Jacques Aschenbroich, Valeo's Chief Executive Officer, declared:
"Valeo has shown, since the beginning of the year, original equipment sales growth higher than that of global automotive output in its main regions of production. This performance has been made possible by the implementation of our return to organic growth strategy, based on products designed to reduce CO_2 emissions and on accelerated investment in Asia and in emerging countries. As demonstrated by our new 2010 operating margin level objective, we are confident in Valeo's ability to meet and sustain the objectives we have set within the framework of our 2013 strategic plan."

(1) Operating income less other income and expenses
(2) Free cash flow corresponds to net operating cash flow less net disbursements on tangible/intangible assets. This indicator is therefore calculated before payment of interest payments
(3) Net cash flow corresponds to free cash flow less interest payments and after taking into account other financial flows.

In the third quarter 2010, **global automotive production** was up by 12% year-on-year, reaching 17.4 million vehicles, surpassing the pre-crisis level (based on 16.4 million vehicles in the third quarter 2007). This performance is mainly due to the dynamic Asian market, particularly the Chinese market (3.7 million vehicles in the third quarter 2010), automotive production in Europe and in North America remaining lower than the pre-crisis level for this period.

The Group's **consolidated sales** in the third quarter 2010 totaled 2,342 million euros, up by 22% (+16% like-for-like):

- **the original equipment activity,** with sales of 1,929 million euros (82% of consolidated sales), increased by 17% (like-for-like) and outperformed global automotive production by 5% for the period;
- during the same period, **aftermarket sales** (15% of consolidated sales) amounted to 359 million euros, up by 14% (like-for-like) versus the third quarter 2009.

Original equipment sales growth higher than market growth in the Group's main regions of production

Original equipment - Light vehicles (in million euros)	3rd quarter*				9 months*			
	2009	**2010**	**Δ****	**Δ Prod.**	**2009**	**2010**	**Δ****	**Δ Prod.**
Europe	931	1,017	+9%	0%	2,685	3,315	+23%	+17%
Asia	266	374	+23%	+15%	685	1,070	+45%	+33%
of which China	*101*	*150*	*+33%*	*+12%*	*261*	*426*	*+57%*	*+34%*
North America	163	273	+52%	+26%	408	732	+72%	+54%
South America	132	160	+3%	+11%	335	452	+13%	+15%

**Unaudited*
***Like-for-like*

In the third quarter 2010 and in the first nine months of the year, Valeo's original equipment sales outperformed automotive production in the Group's main regions of production. This dynamism in each region enabled the Group to register, on a global scale, an outperformance of its original equipment sales, with Asia accounting for 20% of the total in the third quarter.

Thanks to the strength of sales growth in Asia (+45% in the first nine months versus +33% for local automotive production), the Group's geographical mix has evolved: in the third quarter, Asia accounted for 20% of Valeo's original equipment sales versus 18% for the same period in 2009. At the same time, sales in Europe accounted for 56% versus 62% for the same period in 2009.

All Business Groups contributed to the Group’s growth

Sales in million euros	3rd quarter*				9 months*			
	2009	**2010**	**Δ sales****	**Δ OE sales****	**2009**	**2010**	**Δ sales****	**Δ OE sales****
Comfort & Driving Assistance Systems	345	418	+19%	+19%	972	1,266	+29%	+31%
Powertrain Systems	489	625	+23%	+25%	1,440	1,969	+36%	+39%
Thermal Systems	604	735	+15%	+14%	1,616	2,182	+28%	+30%
Visibility Systems	491	547	+9%	+12%	1,395	1,733	+23%	+30%

**Unaudited*
***Like-for-like*

Thanks to their dynamism, each Business Group recorded a performance equal to or higher than that of global automotive production (+12% in the third quarter and +30% in the first nine months of the year).

Highlights

Evolution of share capital

Since July 27, the date of publication of Valeo’s first half results, Pardus Investments Sàrl has declared two lower threshold crossings to the French AMF. Following these threshold crossings, Pardus Investments Sàrl’s shareholding dropped to 5.14% of the capital and 4.99% of the voting rights. The May 21, 2008 agreement was terminated with effect from December 18, 2010 and Mr. Behdad Alizadeh resigned from the Valeo Board of Directors with effect from August 17, 2010.

Rating

On July 29, 2010, Moody’s upgraded Valeo’s long-term debt rating from Ba2 stable outlook to Ba1 stable outlook.

2010 outlook

As a reminder, on September 27, 2010 Valeo revised upwards its automotive production forecast for 2010:

- Europe, +10%;
- Asia, +22%;
- North America, +34%;
- South America, +12%;

which equals a rise of 19% of global automotive production for the full year.

Valeo

Based on this scenario, and thanks to the Group's outperformance on its main markets, to controlled costs and to the deployment of its new organization based on four Business Groups, Valeo again revises upwards its 2010 operating margin level guidance, and presents the following outlook for 2010:

- second half sales in line (in million euros) with those of the first half, or sales higher than 9.4 billion euros for the full year;
- a second half operating margin level slightly higher than that of the first half;
- a generation of cash flow of around 100 million euros in the second half, giving a free cash flow of around 400 million euros for the full year (net cash flow generation of around 340 million euros).

Next event

2010 results, to be published on February 24, 2011 after closing of the stock market.

Valeo is an independent industrial Group fully focused on the design, production and sale of components, integrated systems and modules for the automotive industry, mainly for CO_2 emissions reduction. Valeo ranks among the world's top automotive suppliers. The Group has 110 plants, 21 Research centers, 40 Development centers, 10 distribution platforms and employs 57,300 people in 27 countries worldwide.

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For more information about the Valeo Group and its activities, please visit our web site www.valeo.com.