FY-2010 Results

Jacques Aschenbroich – CEO

February 24, 2011

2010 highlights

H2-10 highlights

➔Sales of €4,845 m increasing by 20%

➔Operating margin(1) of €325 m (6.7% of sales)

➔Net result of €197 m (4.1% of sales)

➔ROCE(4) of 32%

FY-10 highlights
Ahead of the strategic plan disclosed in March 2010

- ➔ Sales of €9,632 m increasing by 28%
- ➔ Operating margin(1) of €617 m (6.4% of sales)
- ➔ Net result of €365 m (3.8% of sales)
- ➔ Earning per share of €4.86
- ➔ ROCE(4) > 32%
- ➔ Net cash(2) generation of €440 m
- ➔ Net debt(3) lowered by €444 m at €278 m as of December 31, 2010
- ➔ Order intake at record level of €12.5 bn
- ➔ Dividend distribution of €1.20 per share to be proposed

FY-10 Key figures

	H2-09	H2-10	▲	FY-09	FY-10	▲
Total sales (M€)	4,027	4,845	+20%	7,499	9,632	+28%
OE Sales (M€)	3,286	3,995	+22%	6,029	7,952	+32%
Operating margin(1) (M€)	184	325	+77%	133	617	+364%
as % of sales	*4.6%*	*6.7%*	*+2.1 Pt*	*1.8%*	*6.4%*	*+4.6 Pt*
Net result (M€)	60	197	+228%	(153)	365	**NA**
as % of sales	*1.5%*	*4.1%*	*+2.6 Pt*	*-2.0%*	*3.8%*	*+5.8 Pt*
Earning per share (€)	0.79	2.63	+1.84	(2.04)	4.86	+6.90
ROCE(4)	7%	32%	+25 Pts	7%	32%	+25 Pts
EBITDA(5) *(as % of sales)*	11.0%	12.1%	+1.1 Pt	8.9%	11.9%	+3.0 Pt
Net cash flow(2) (M€)	148	199	+34%	99	440	+344%
Net financial debt (M€)	722	278	-61%	722	278	-61%

H2-10 Results

Continuing improvement of OE & Aftermarket sales in H2

In euro million and YoY variation

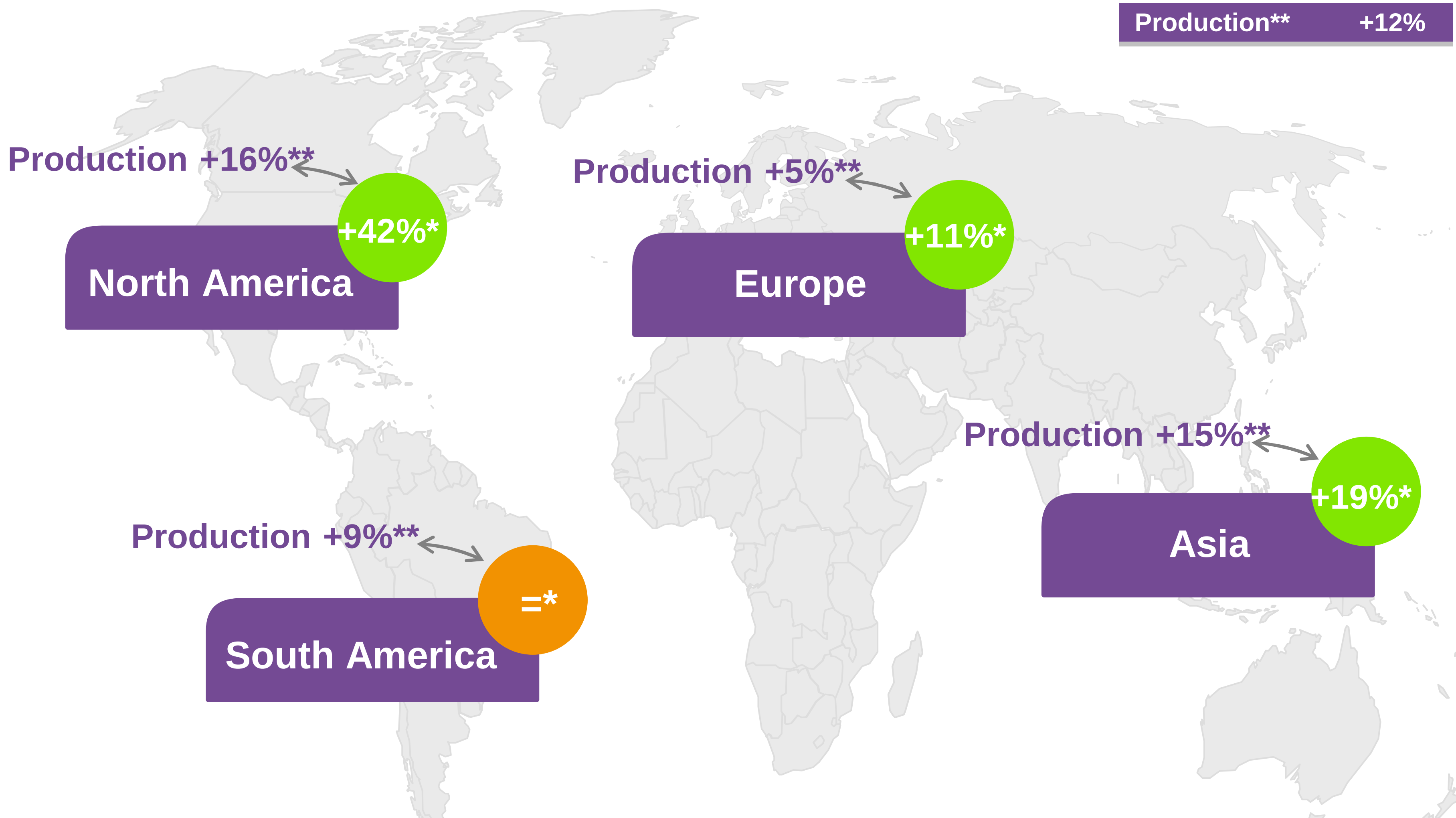
	H2-09	H2-10	▲	
Original Equipment *as % of sales*	3,286 *82%*	3,995 *82%*	+22%	+16%*
Aftermarket *as % of sales*	626 *15%*	723 *15%*	+15%	+12%*
Miscellaneous *as % of sales*	115 *3%*	127 *3%*	+10%	+5%*
Sales	4,027	4,845	+20%	+15%*

*At same perimeter and exchange rates

Outperformance in our main regions

H2 OE sales outperforming the market by 4Pts

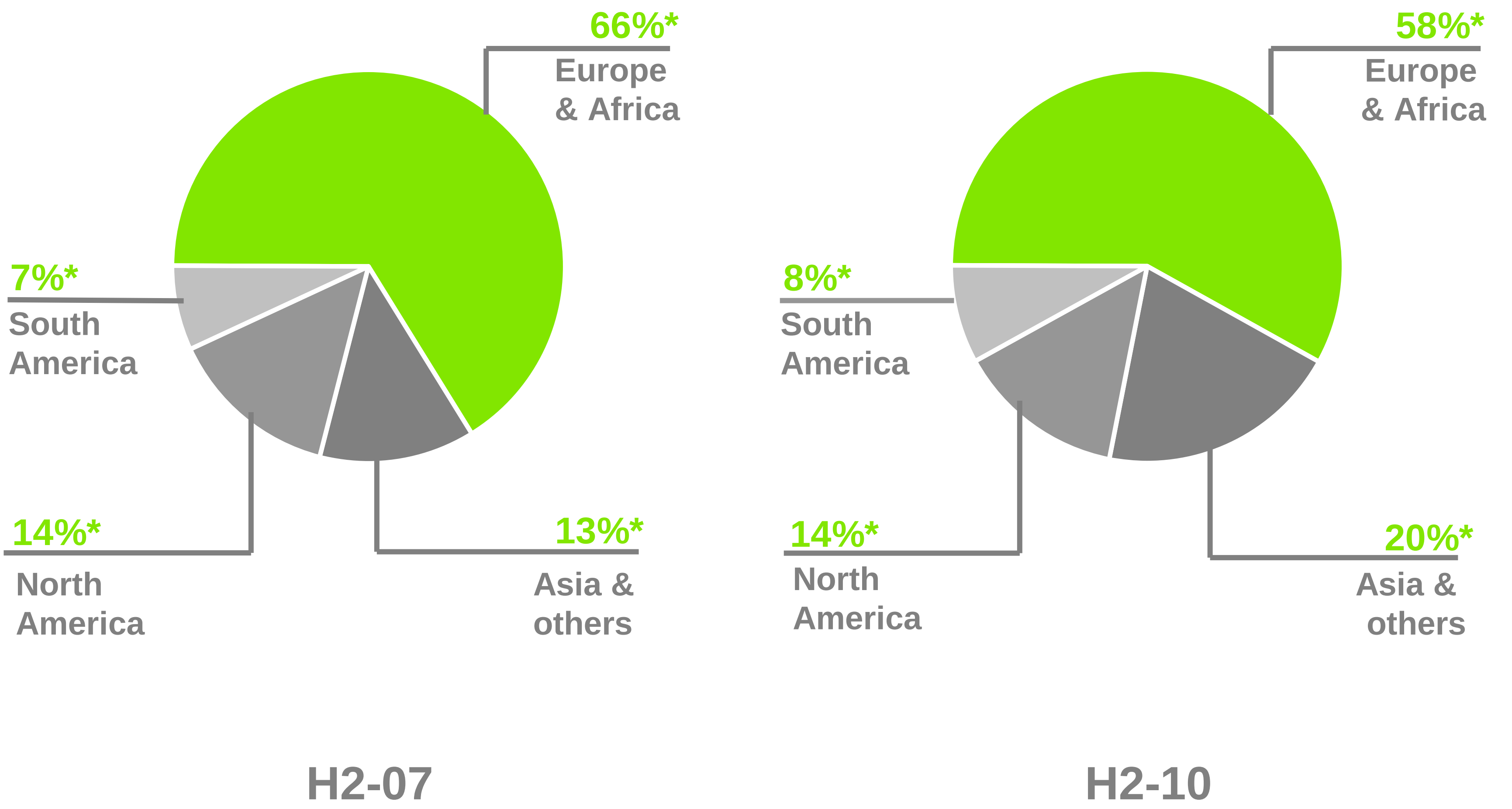
World	H2-10
Valeo OE sales*	+16%
Production**	+12%



* At same perimeter & exchange rates
** JD Power estimates

Rebalanced geographical exposure

Increasing position in Asia at 20% of OE sales



* *In % of OE light vehicle sales*

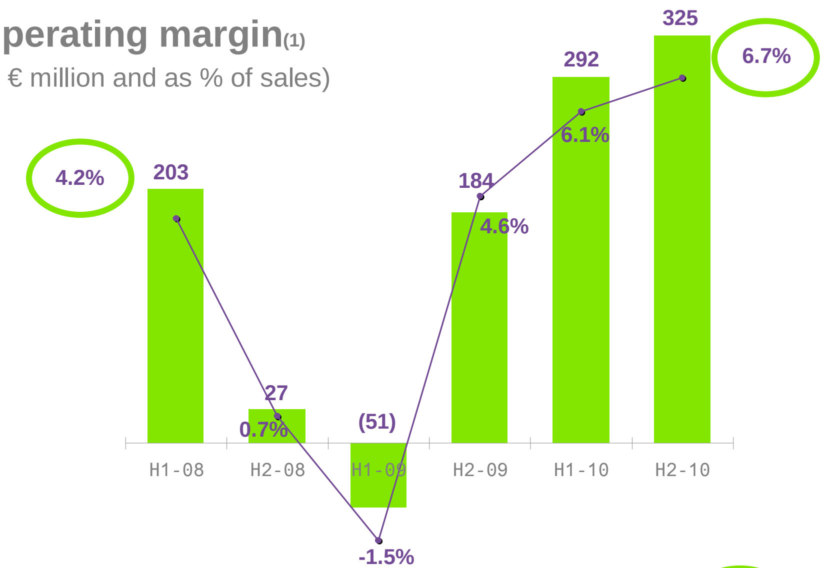
H2-10 Key figures

	H2-09	H2-10	▲
Total sales (M€)	4,027	4,845	+20%
OE Sales (M€)	3,286	3,995	+22%
Operating margin(1) (M€)	184	325	+77%
as % of sales	*4.6%*	*6.7%*	*+2.1pts*
Net result (M€)	60	197	+228%
as % of sales	*1.5%*	*4.1%*	*+2.6pts*
Earning per share	0.79	2.63	+1.84
ROCE(4)	7%	32%	+25 Pts
EBITDA(5) (as % of sales)	11%	12.1%	+1.1pt
Net cash flow(2) (M€)	148	199	+34%
Net financial debt (M€)	722	278	-61%

Profitability: continuing improvement in H2

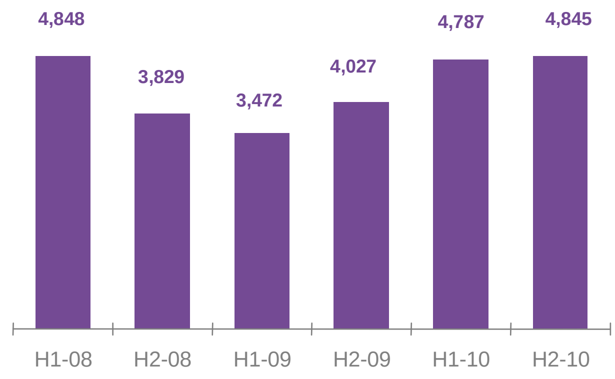
Operating margin(1)

(in € million and as % of sales)



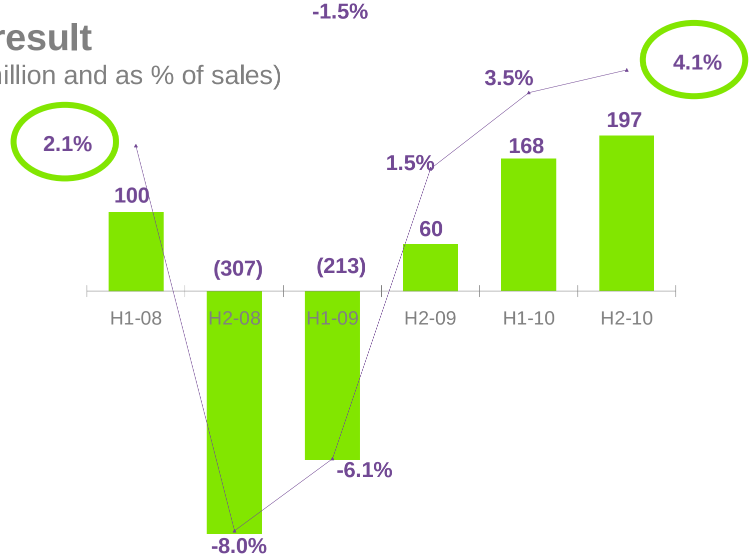
Sales

(in € million)



Net result

(in € million and as % of sales)



Highest operating margin(1) and net result recorded over the last 11 years

2010 Results

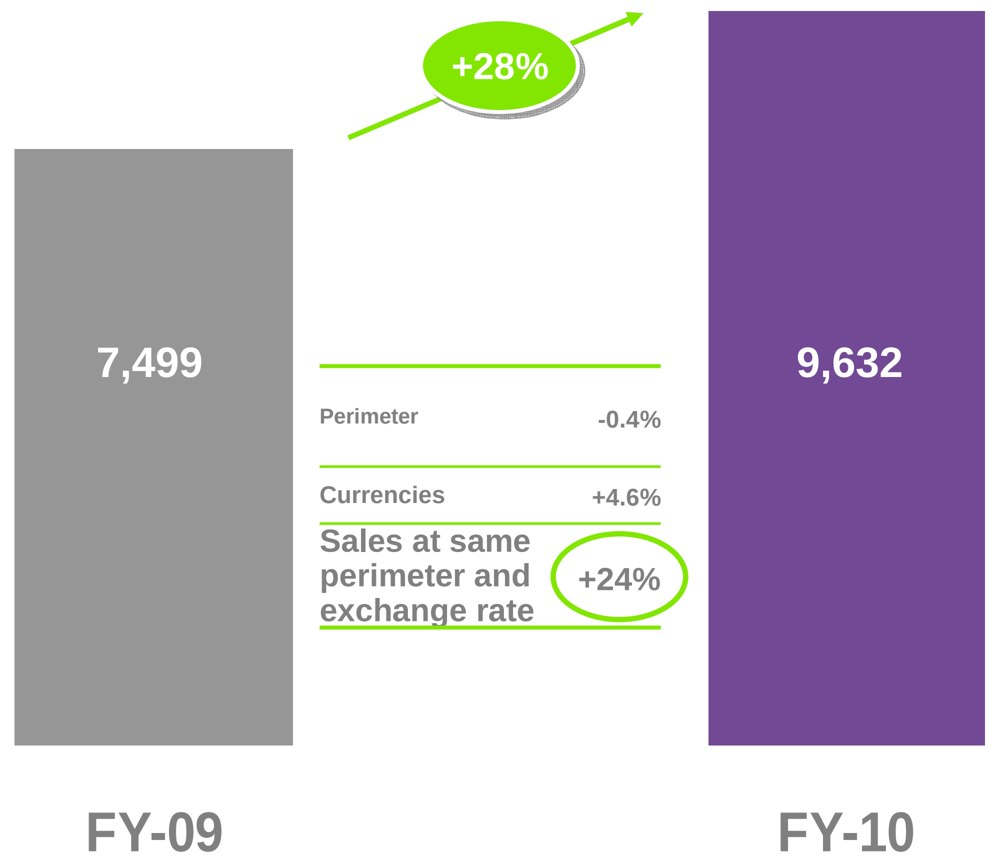
Outperforming our main markets

Automotive production higher than pre-crisis level
Fundamental shift towards Asian markets

Light vehicles production* (million of vehicles)	FY-07	FY-08	FY-09	FY-10	▲ FY-10/09	▲ FY-10/07
Europe	22.6	21.5	17.1	19.7	+15%	-13%
Asia	29.0	29.5	30.1	38.3	+28%	+32%
North America	15.0	12.6	8.5	11.9	+39%	-21%
South America	3.6	3.7	3.7	4.1	+12%	+15%
Worldwide	**70.2**	**67.3**	**59.4**	**74.0**	**+25%**	**+5%**

** JD Power estimates*

Performance of FY sales on a like-for-like basis
In euro million



OE and Aftermarket sales
In euro million and YoY variation

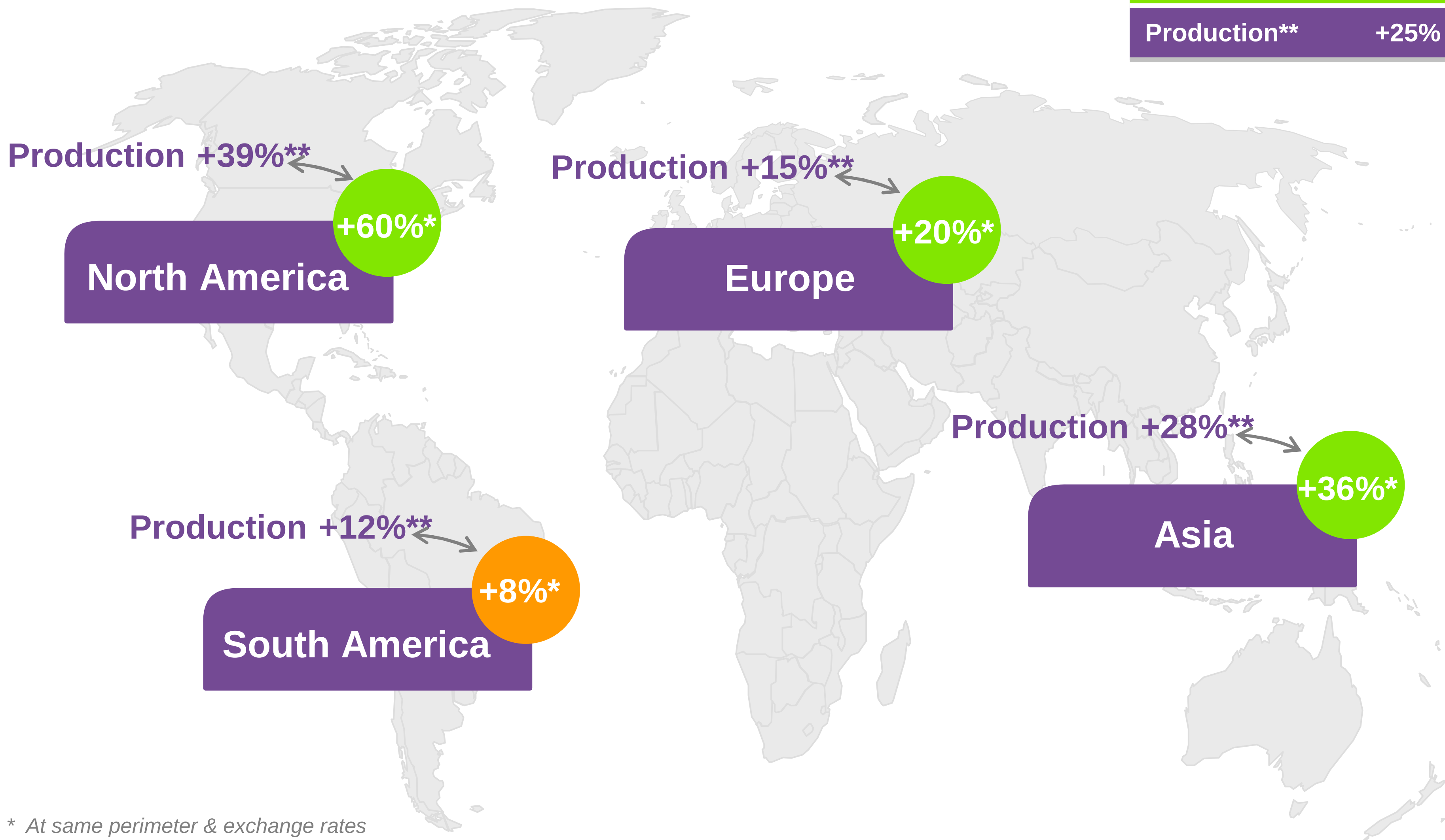
	FY-09	FY-10	▲	
Original Equipment *as % of sales*	6,029 *80%*	7,952 *83%*	*+32%*	*+27%**
Aftermarket *as % of sales*	1,242 *17%*	1,445 *15%*	*+16%*	*+14%**
Miscellaneous *as % of sales*	228 *3%*	235 *2%*	*+3%*	*-4%**
Sales	7,499	9,632	*+28%*	*+24%**

*At same perimeter and exchange rates

Outperforming our main regions

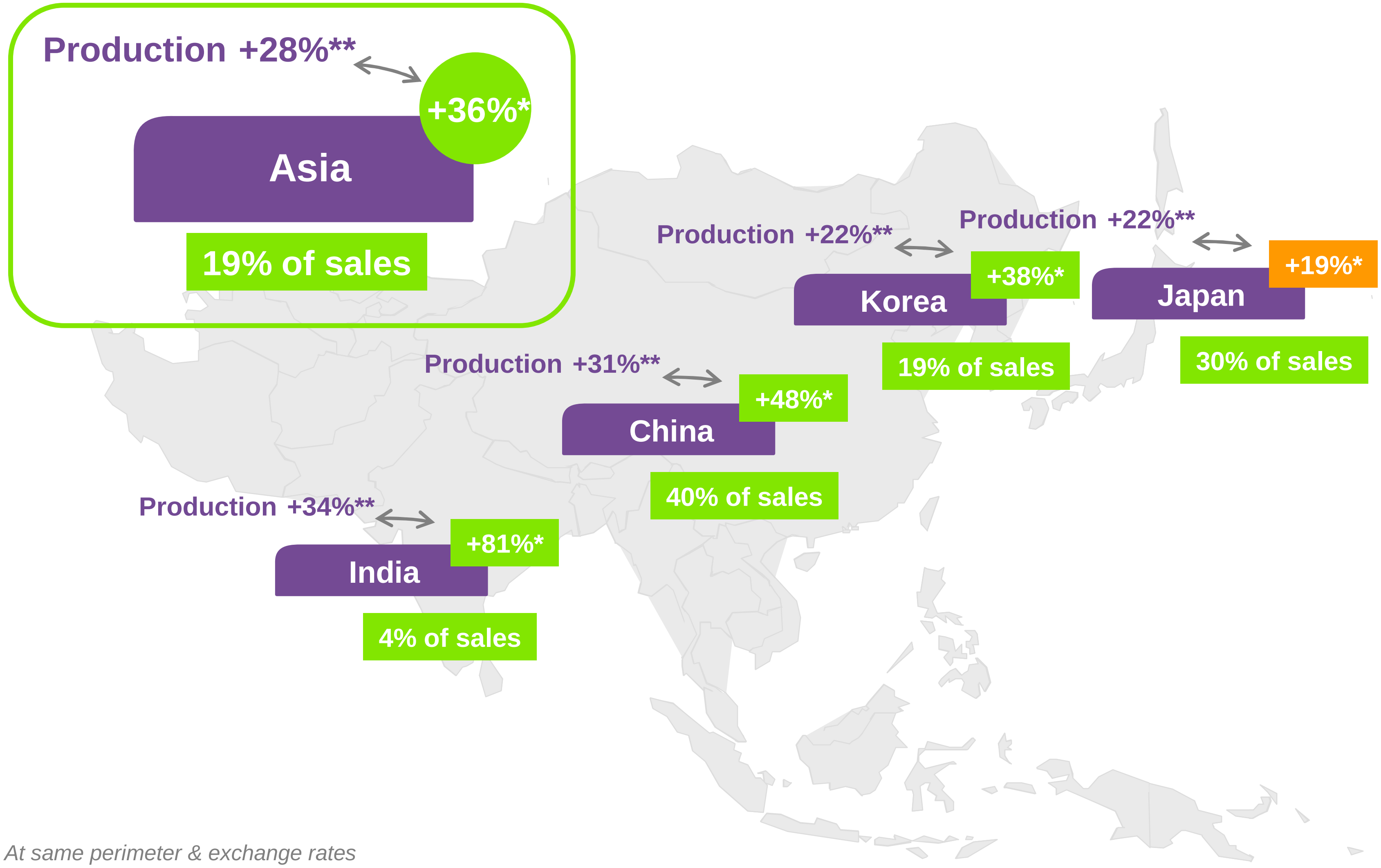
Full Year OE sales outperforming the market by 2pts

World	YOY
Valeo OE Sales*	+27%
Production**	+25%



At same perimeter & exchange rates
*** JD Power estimates*

Outperforming Asian market by 8 Pts

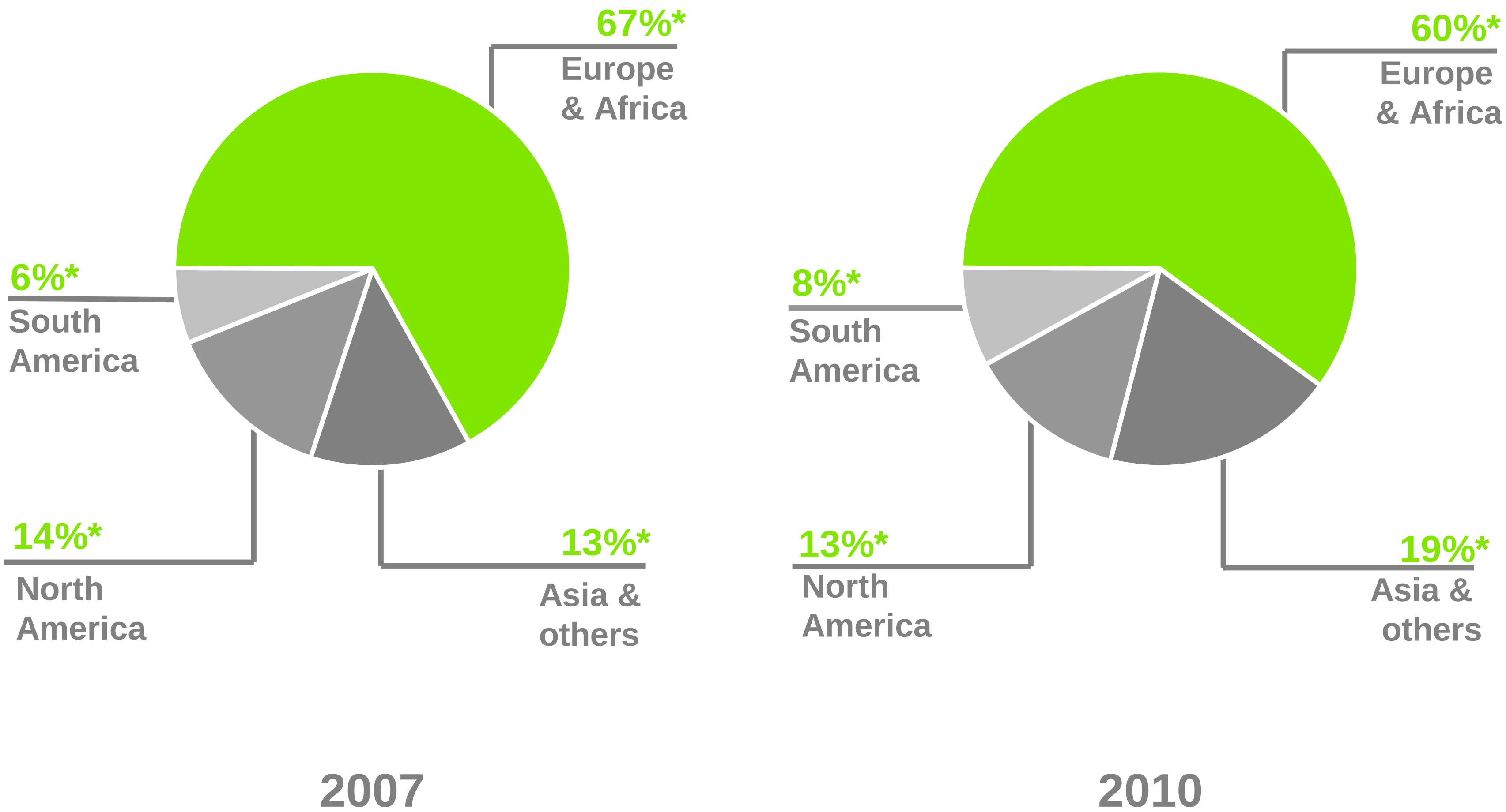


* At same perimeter & exchange rates

** JD Power estimates

Rebalanced geographical exposure

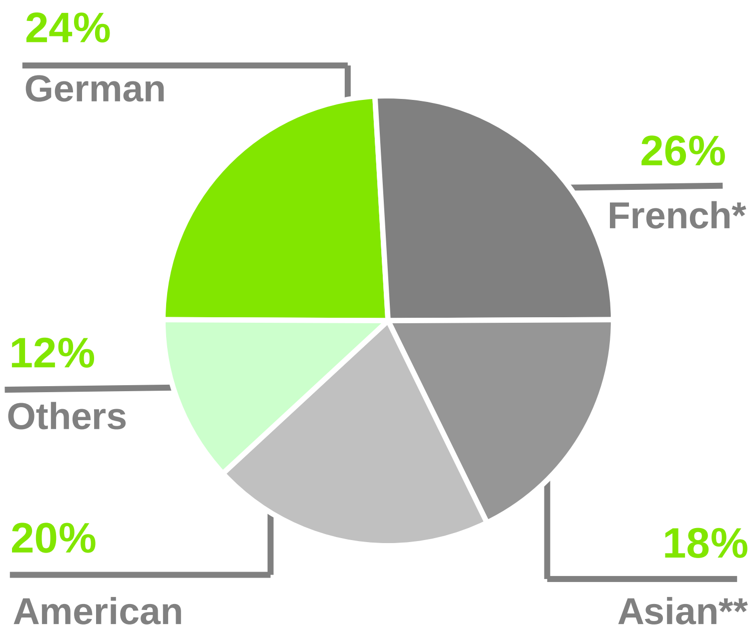
Increasing position in Asia at 19% of OE sales



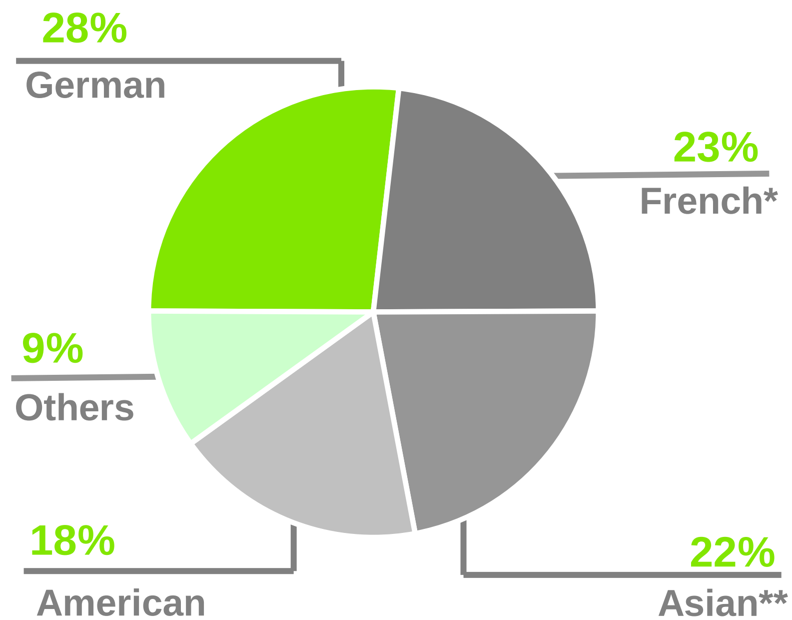
* *In % of OE light vehicle sales*

Continued evolution of customers exposure
Increasing position towards German and Asian customers

In % of OE sales



2007



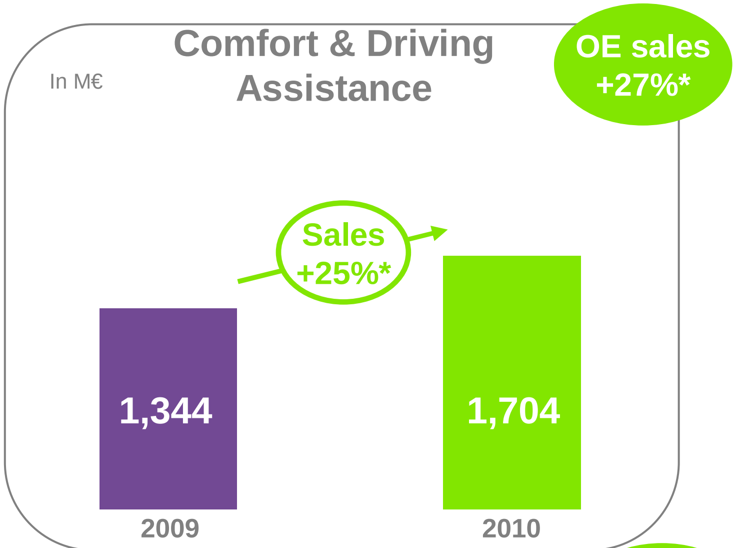
2010

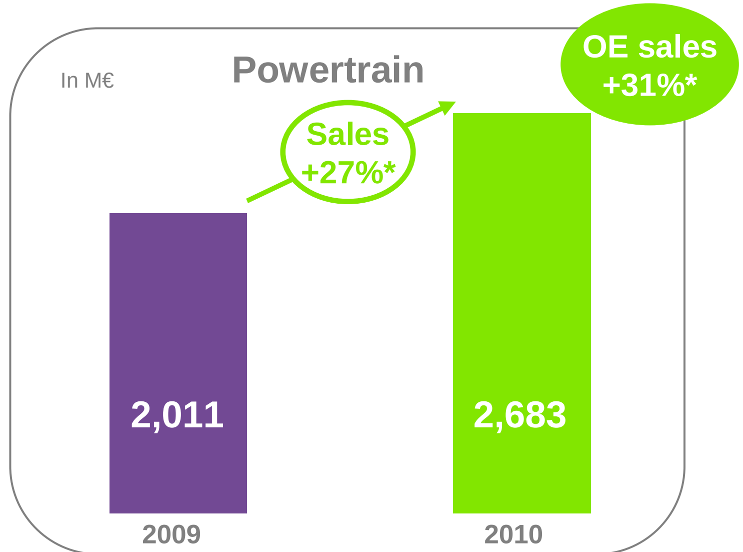
** Excluding Nissan*
*** Including Nissan*

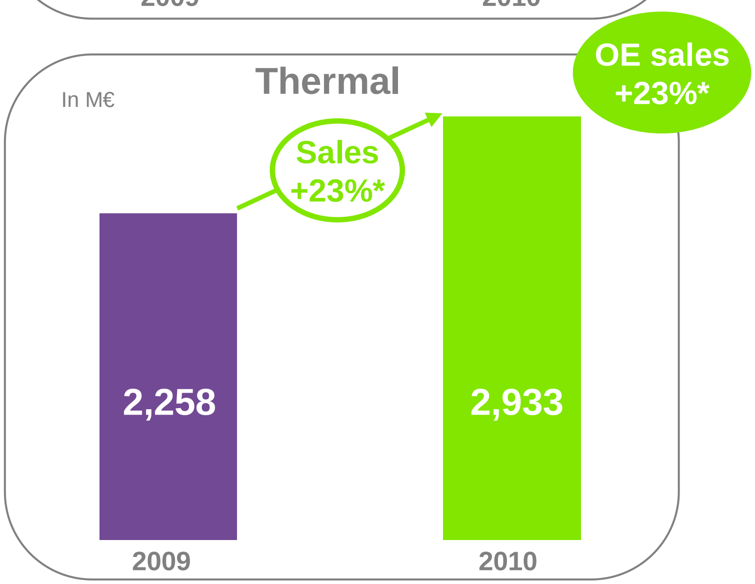
BG outperformance

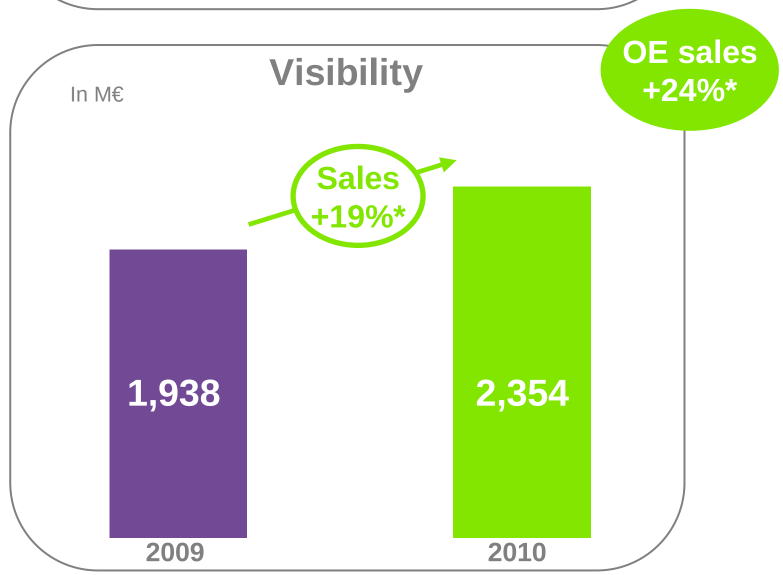
OE sales in line or higher than automotive production

Worldwide Production (YoY) +25%**



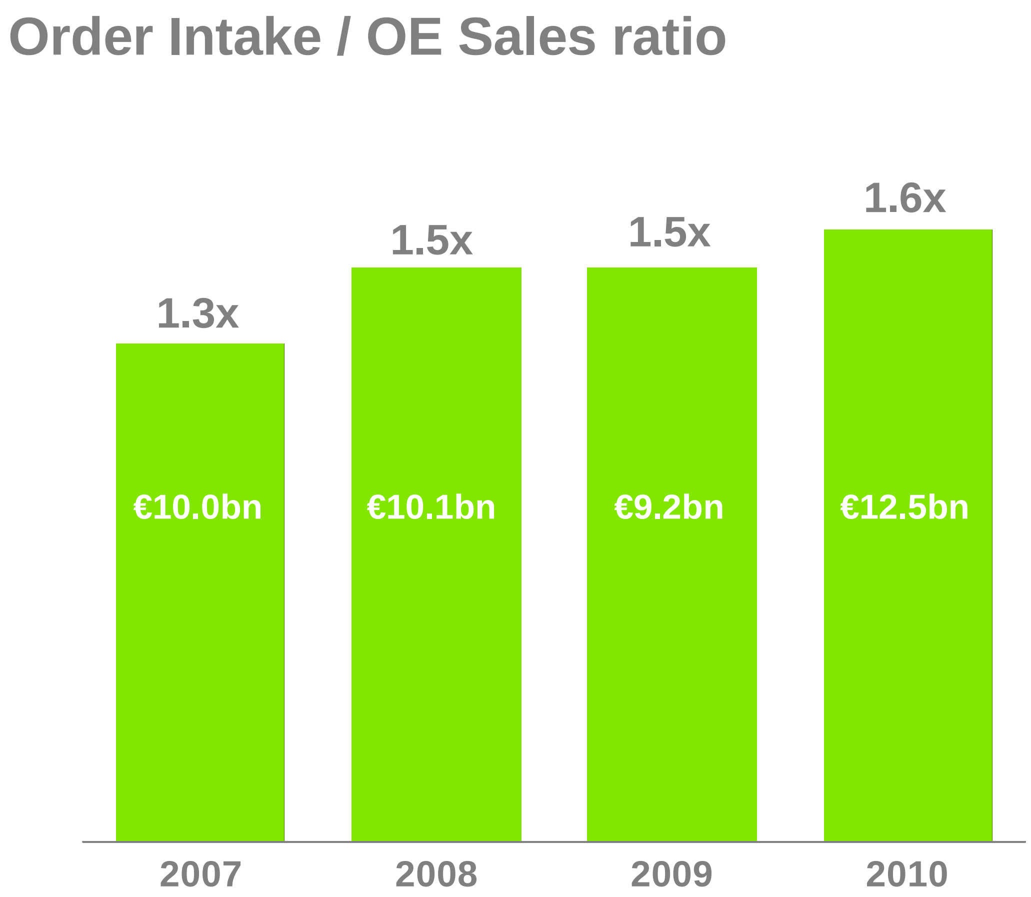






** At same perimeter and exchange rate   ** JD Power light vehicle production estimates*

Order intake at record high
€12.5 bn in 2010



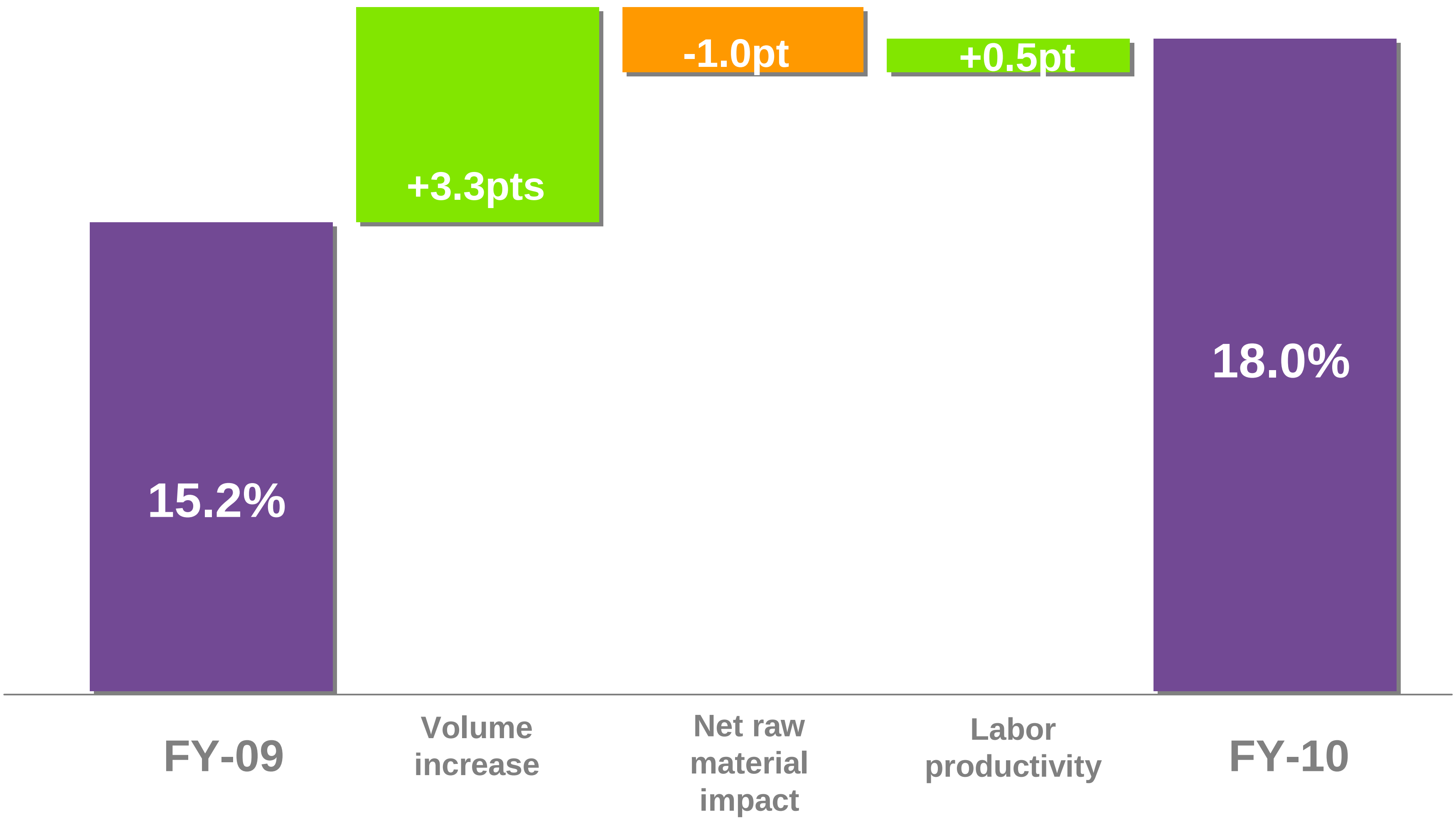
Operating margin (1) at 6.4% of sales and net result at 3.8% of sales

FY-10 results

Operating margin(1) at 6.4% of sales

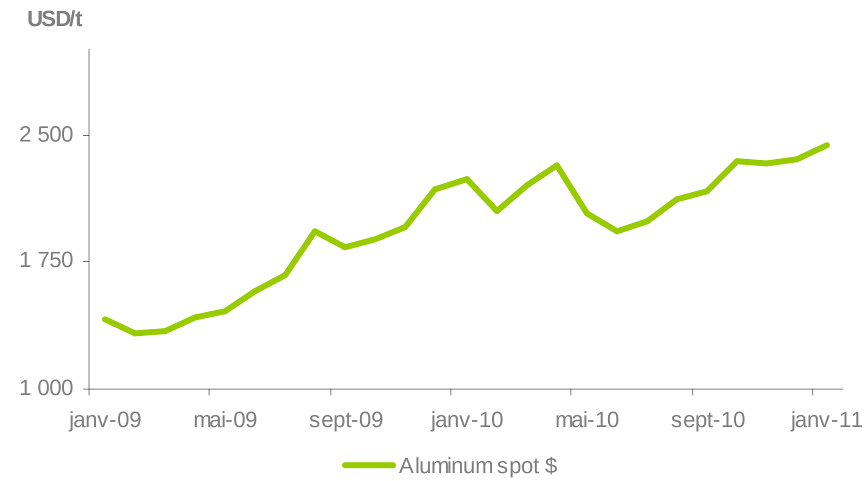
In euro million	FY-09	FY-10	▲
Total sales	7,499	9,632	+28%
Gross margin	1,138	1,735	+53%
% of sales	*15.2%*	*18.0%*	*+2.8pts*
Net R&D	(473)	(537)	+14%
% of sales	*-6.3%*	*-5.6%*	*-0.7pt*
SG&A expenses	(532)	(581)	+9%
% of sales	*-7.1%*	*-6.0%*	*-1.1pt*
Operating margin(1)	133	617	+364%
% of sales	*1.8%*	*6.4%*	*+4.6pts*
Operating income	84	590	+602%
% of sales	*1.1%*	*6.1%*	*+5.0pts*
Net result	(153)	365	na
% of sales	*-2.0%*	*3.8%*	*+5.8pts*

Gross margin walkdown
As % of sales

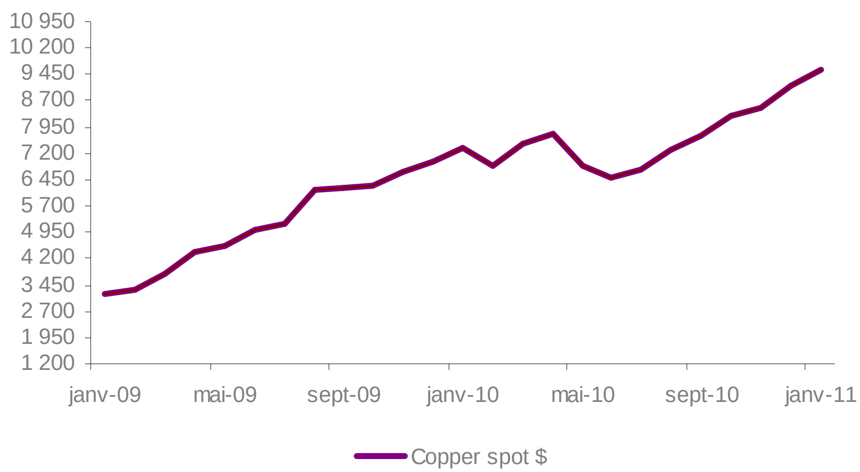


2010 raw material headwind
€1.3 bn of raw material purchased

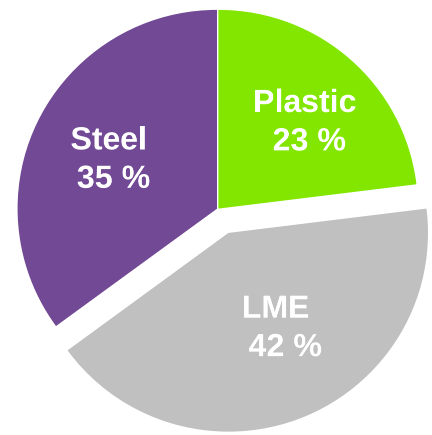
Aluminum
In $ per ton



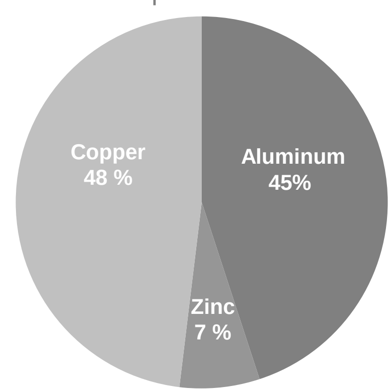
Copper
In $ per ton



Share of raw material
In % of total raw material consumption

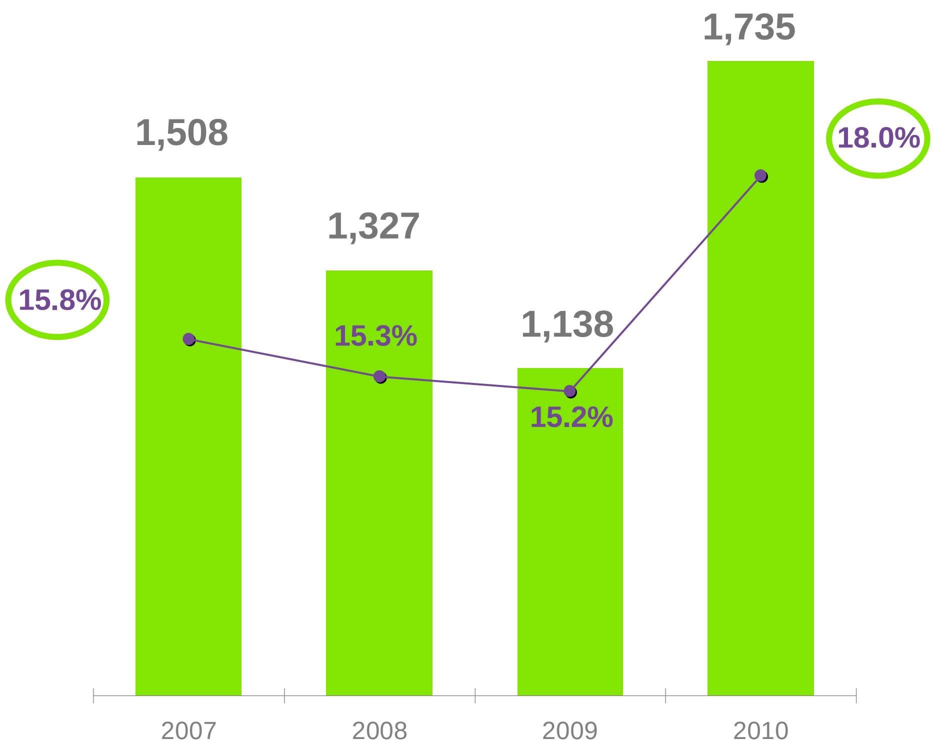


Breakdown of Valeo LME consumption

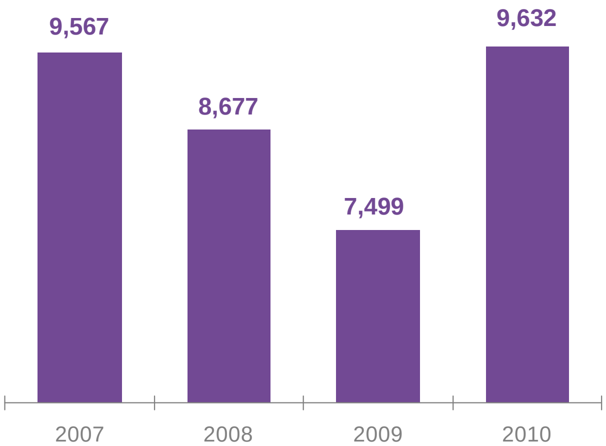


Gross margin improvement
Streamlining the organization for a lightened cost structure

Gross margin
(in € million & as % of sales)

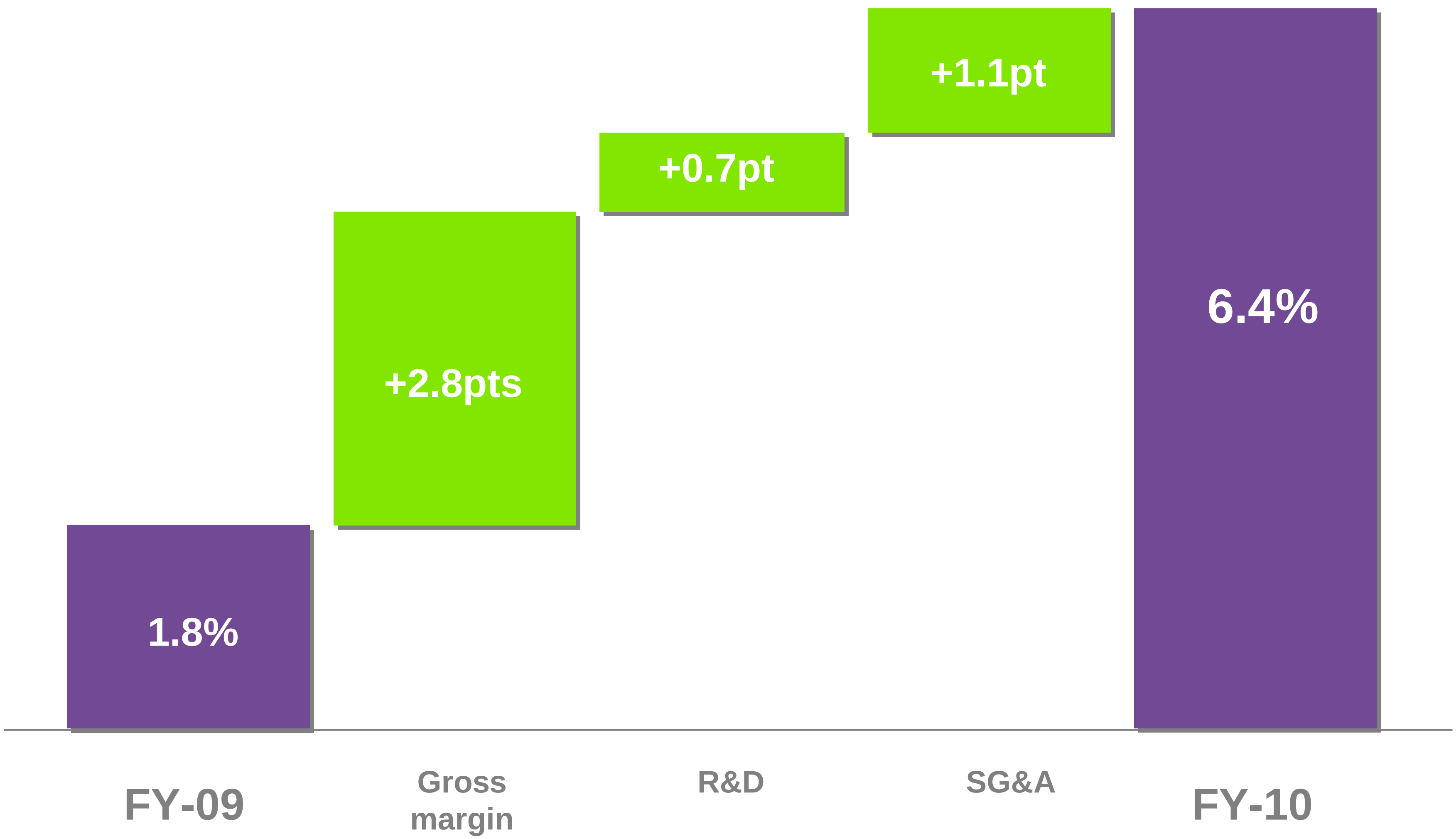


Sales
(in € million)



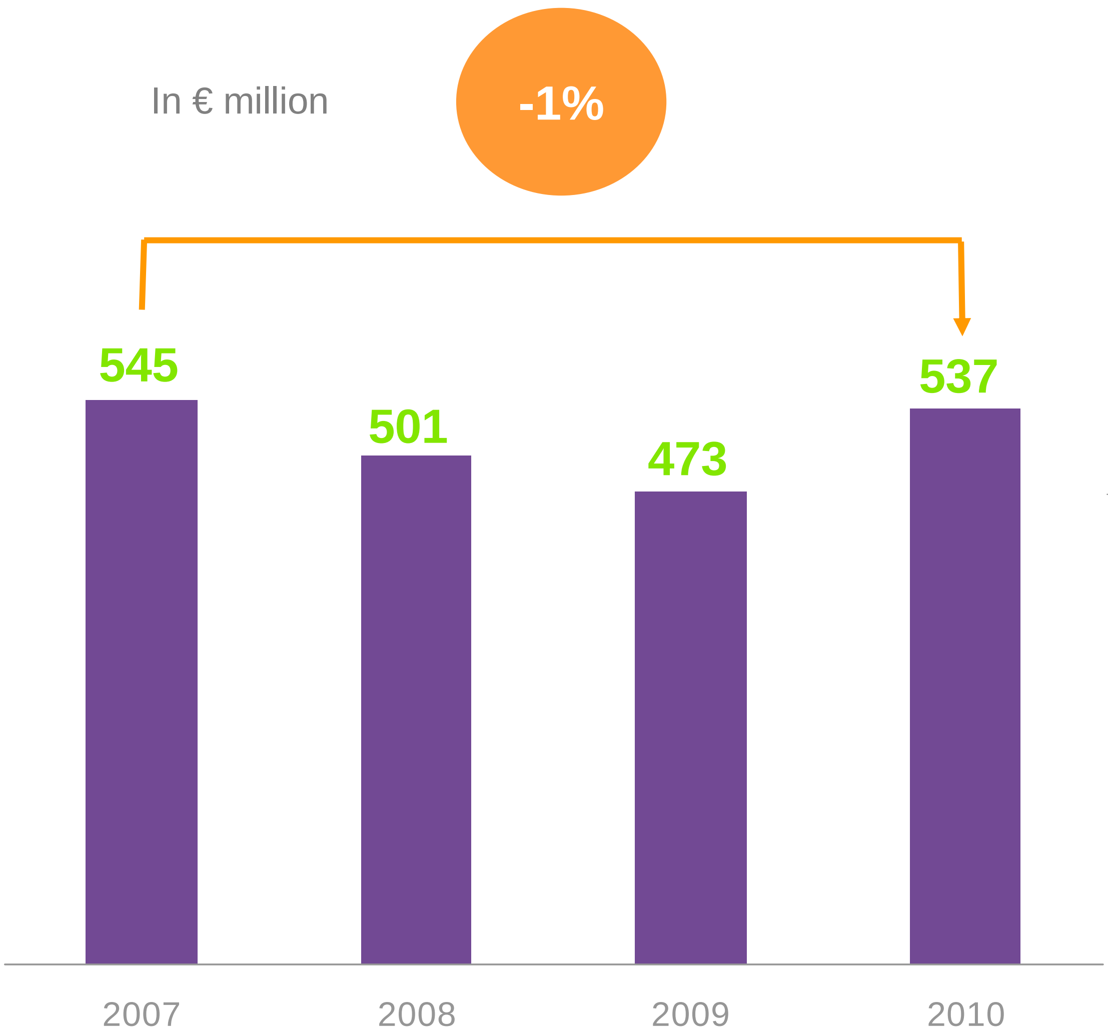
Operating margin(1) walkdown

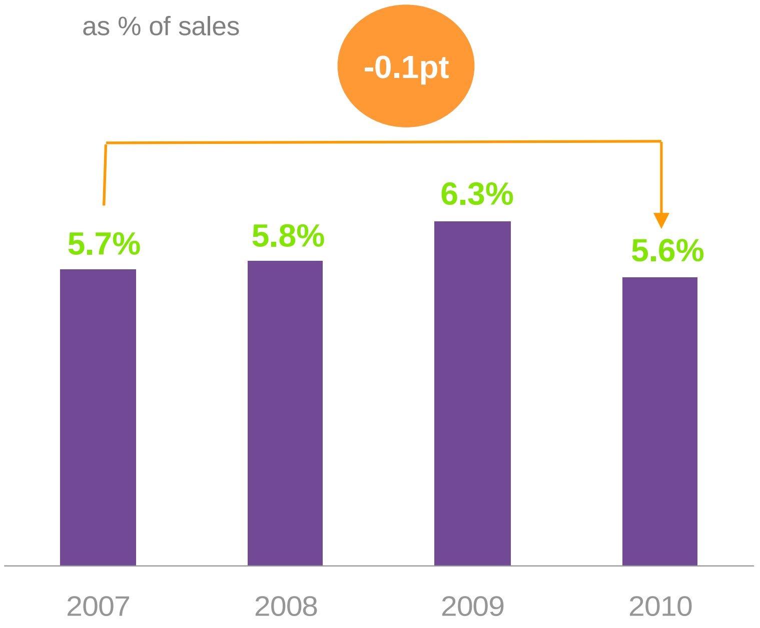
As % of sales



Net R&D expenses

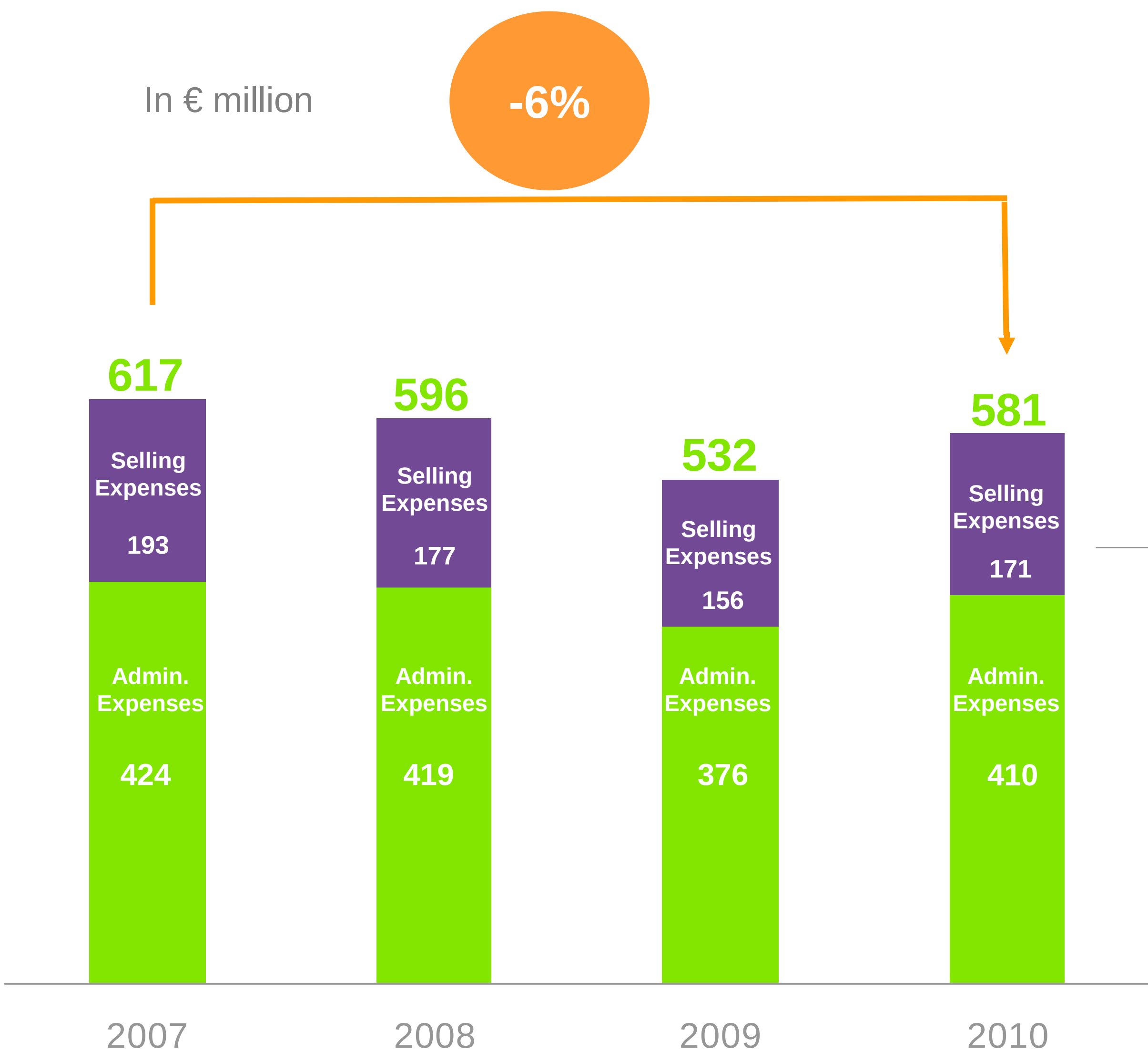
R&D efforts sustained to comply with order intake at record high

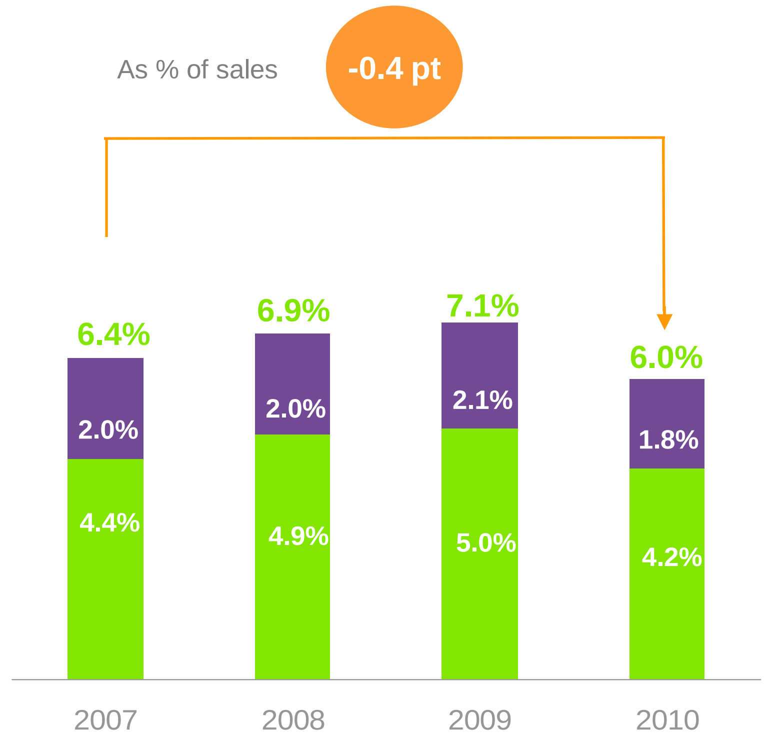




SG&A expenses

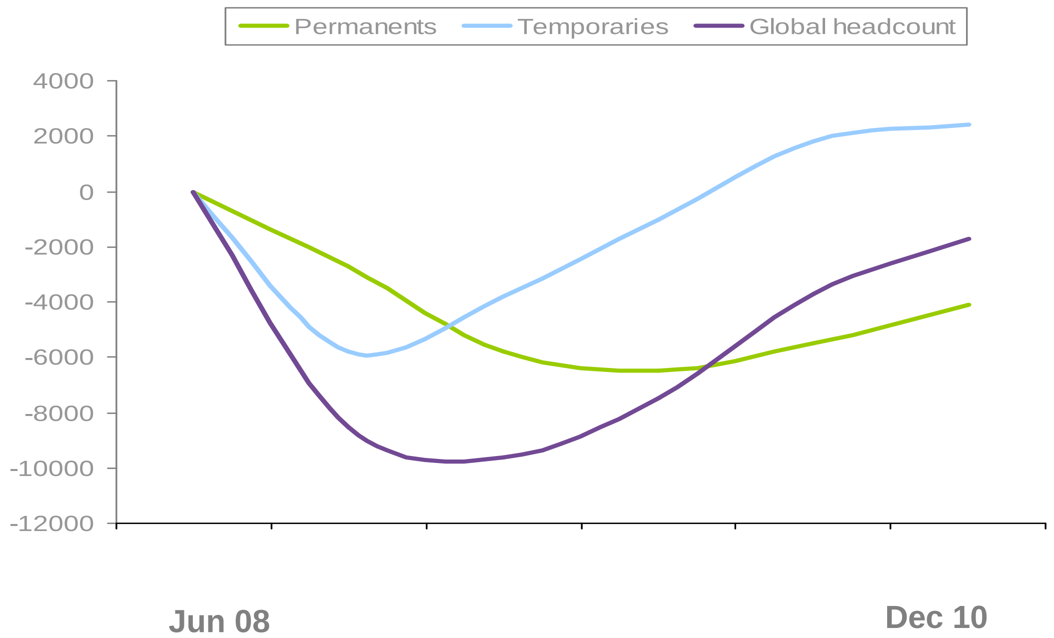
New organization implementation on track



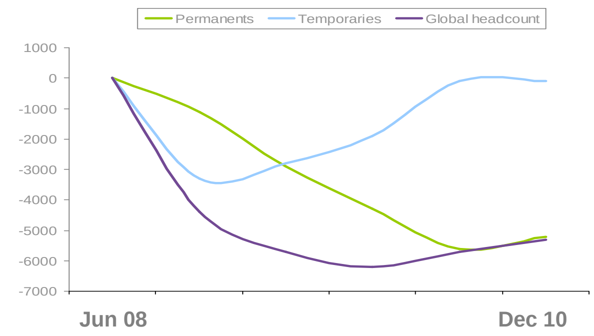


Worldwide headcount evolution
Cost structure adapted to industrial footprint

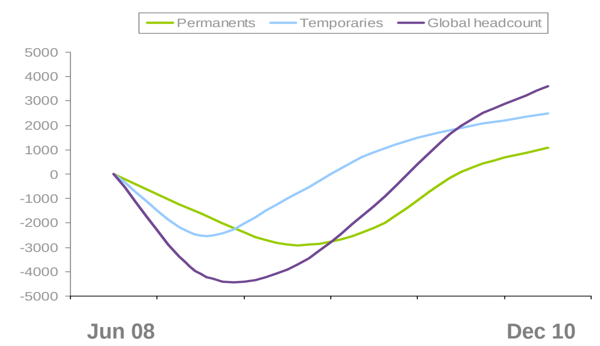
vs situation end of H1-2008



Mature countries



Competitive cost countries



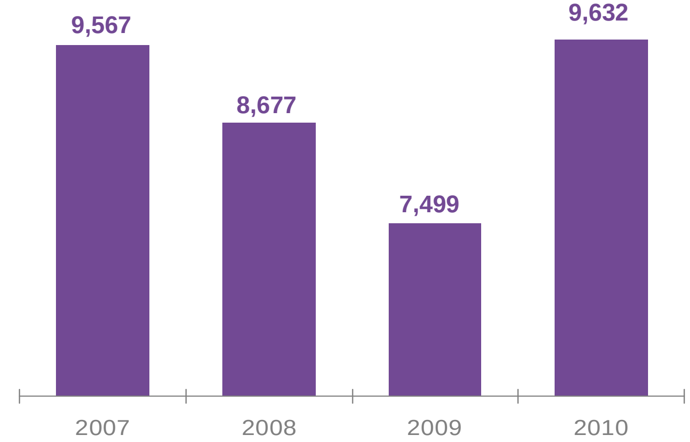
Break even point under strict control at €7.6 bn

Below the €8 bn target, in a context of a strong activity recovery

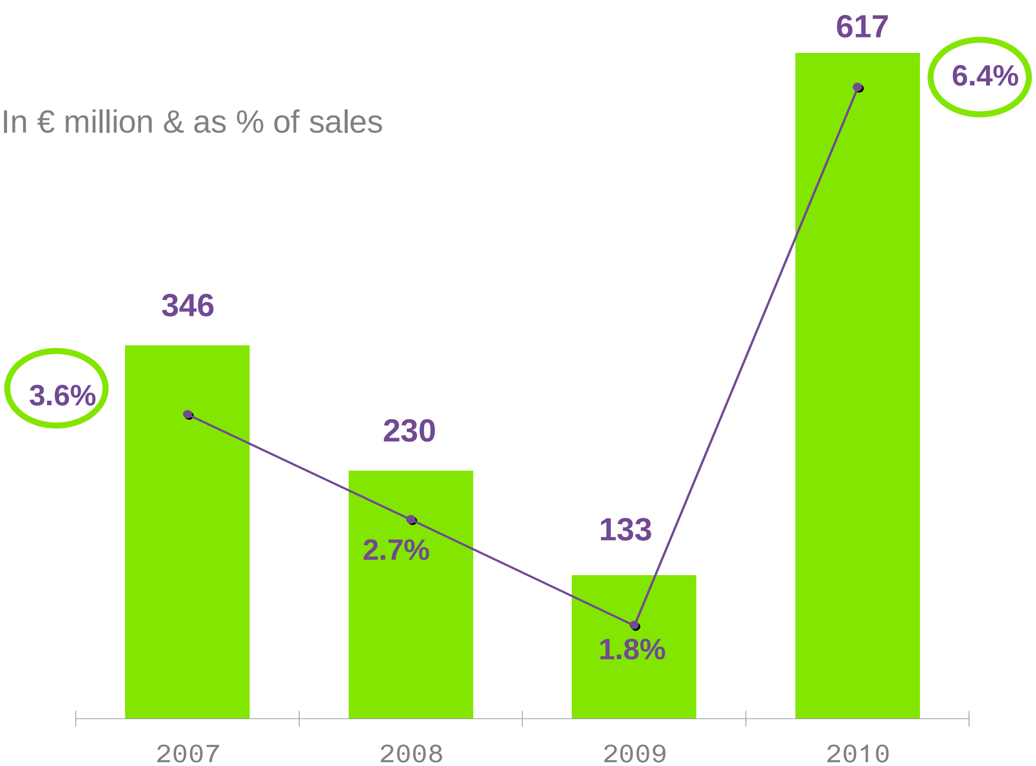
	2010 vs 2009	2010 vs 2007
Sales	**+28%** € +2.1 bn	**+1%** € +0.1 bn
Break even point	**+7%** € +0.5 bn	**-10%** € -0.8 bn
Fixed costs	**+7%**	**-8%**
Margin/variable costs	**-0.2pt**	**+0.5pt**
Operating margin (1)	**+4.6pts**	**+2.8pts**

Operating margin(1)

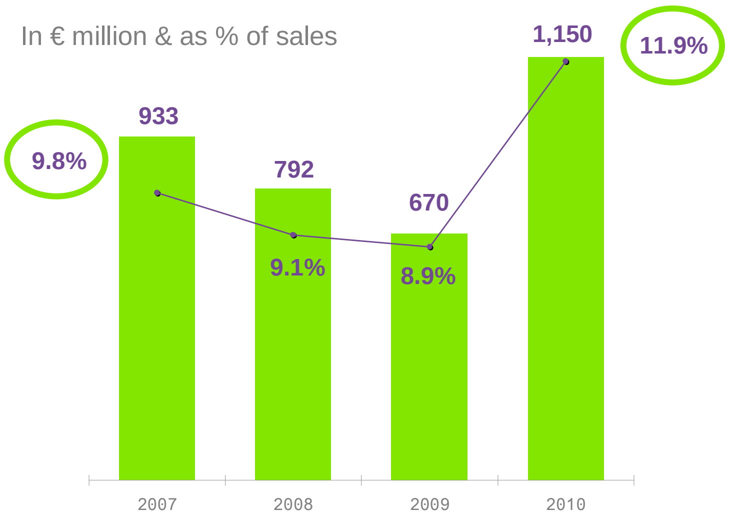
Operating margin(1) at 6.4% of sales



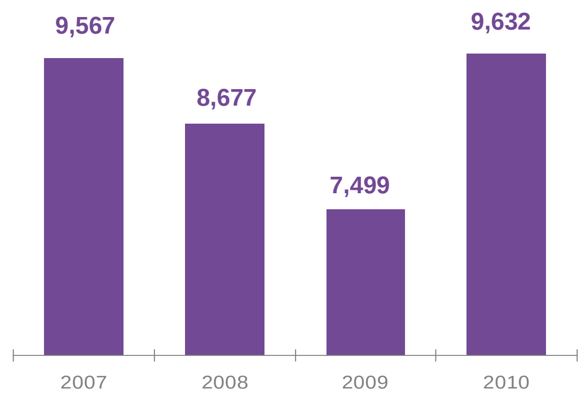
In € million & as % of sales

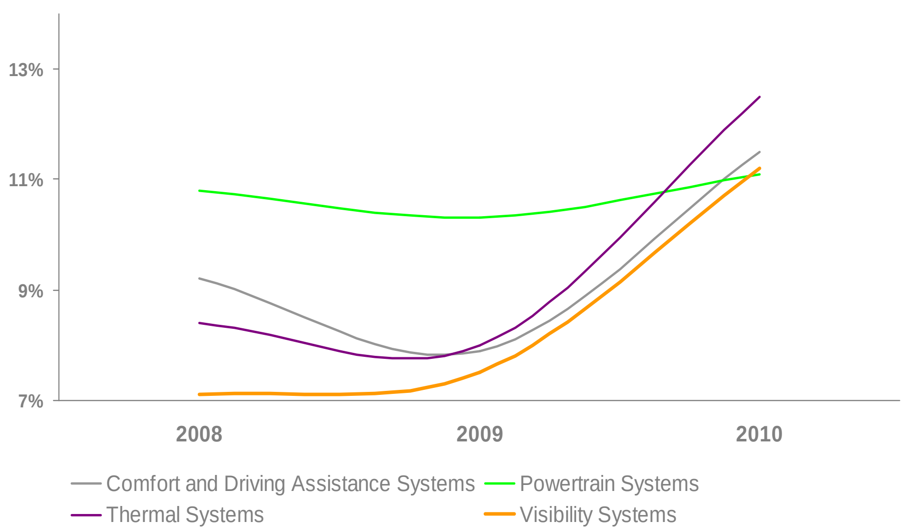


EBITDA(5)
Convergence of BG operating performance



Sales
(in € million)





	2010
Comfort & Driving Assistance	
as % of sales	*11.5 %*
Powertrain	
as % of sales	*11.1 %*
Thermal	
as % of sales	*12.5 %*
Visibility	
as % of sales	*11.2%*
TOTAL	11.9 %

FY-10 Results

Improvement of the net income to 3.8% of sales

In € million	FY-09	FY-10	▲
Total sales	7,499	9,632	+28%
Operating margin (1)	133	617	+364%
as % of sales	*1.8%*	*6.4%*	*+4.6pts*
Other income & expenses	(49)	(27)	-45%
as % of sales	*-0.7%*	*-0.3%*	*+0.4pt*
Operating income	84	590	+602%
as % of sales	*1.1%*	*6.1%*	*+5.0pts*
Cost of net debt	(60)	(67)	*+12%*
Other financial expenses	(57)	(32)	*-44%*
Associates	(34)	(1)	*na*
Income before taxes	(67)	490	na
Taxes	(79)	(104)	*+32%*
Effective tax rate	na	21%	*na*
Non strategic activities	0	(2)	*na*
Minority interest and others	(7)	(19)	*na*
Net income	(153)	365	na

ROCE[4] higher than 30%

Capital turnover of 5.0
Strict management of capital employed

Capital employed of €1.9 bn

- ➔ Working capital further improved by €35 M at (€335 M)
- ➔ Strict control of capex = 80% of depreciation

Capital turnover 2010 = 5.0

ROCE

2010 profitability reaching 2013 financial targets

	FY-07	FY-09	FY-10	2013 targets (March 2010, Investor's day)
Total sales	€9.6 bn	€7.5 bn	€9.6 bn	€10.0 bn
Operating margin(1)	3.6%	1.8%	6.4%	6 - 7 %
Capital turnover	4.0	4.0	5.0	5.0
ROCE(5)	14%	7%	32%	≥ 30%

Net cash flow[(2)] generation of €440 m

Strong net cash flow(2) generation of €440 M
Key factors

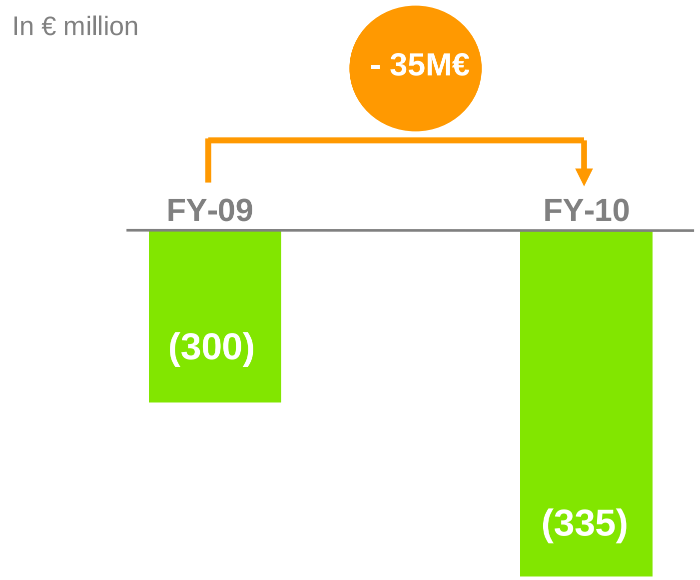
- **Operating performance**
  - ➔ EBITDA(5) at €1,150 M (11.9% of sales)
- **Operating working capital**
  - ➔ Further improvement by €35 M
- **Capex**
  - ➔ Limited to 80% of depreciation in 2010

➔

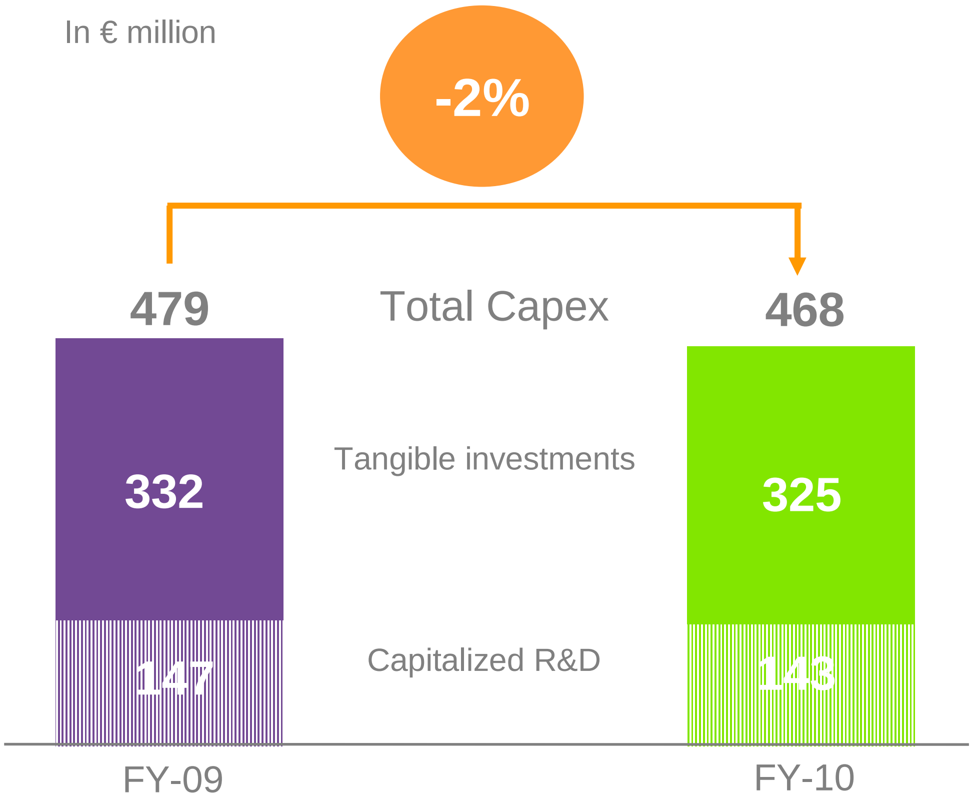
Net cash flow(2) of €440 M

Working capital and Capex
Under strict control

Further improvement of operating working capital



Tangible investments at 80% of depreciation



Cash generation of €440 m

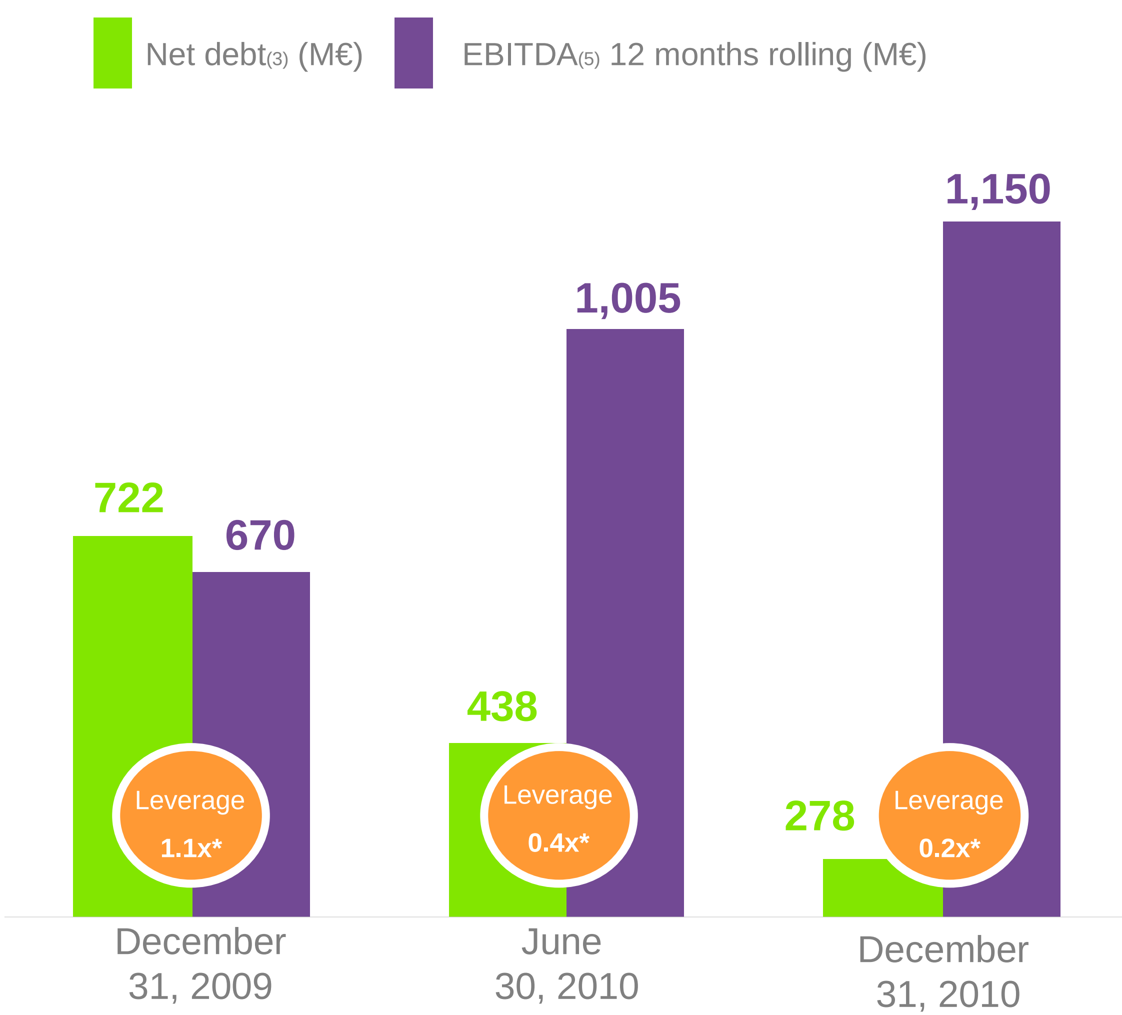
in € million	FY-09	FY-10	▲
EBITDA(5)	670	1,150	+72%
Operating working capital	214	31	-85%
Restructuring & social costs	(165)	(72)	-56%
Other operational items	(120)	(118)	-2%
Capex	(444)	(464)	+4%
Free cash flow	155	527	+241%
Interest	(48)	(52)	+8%
Other financial items	(8)	(35)	+339%
Net cash flow(2)	99	440	+344%
Net financial debt(3)	722	278	-61%

Debt reduction of €444 m coherent with our target: back to investment grade

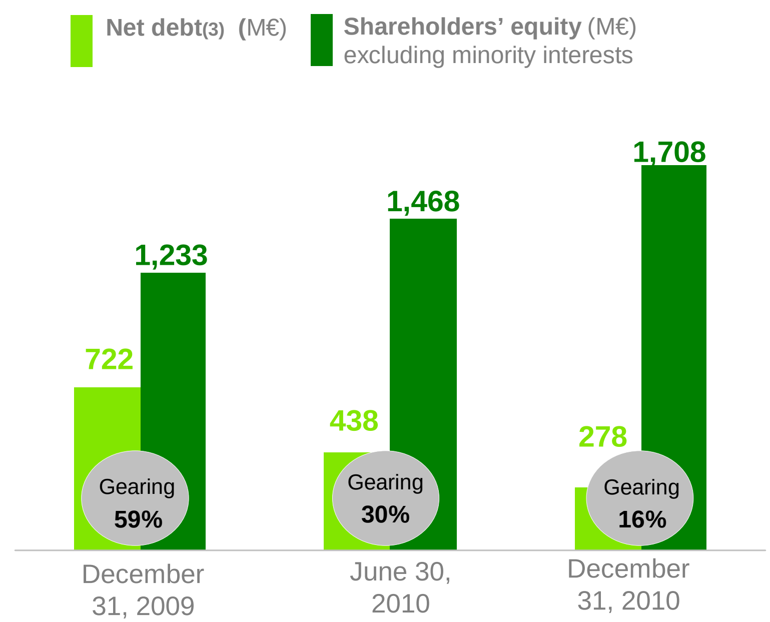
Debt ratios

Target: back to "Investment grade"

Net financial debt(3) over EBITDA(5)

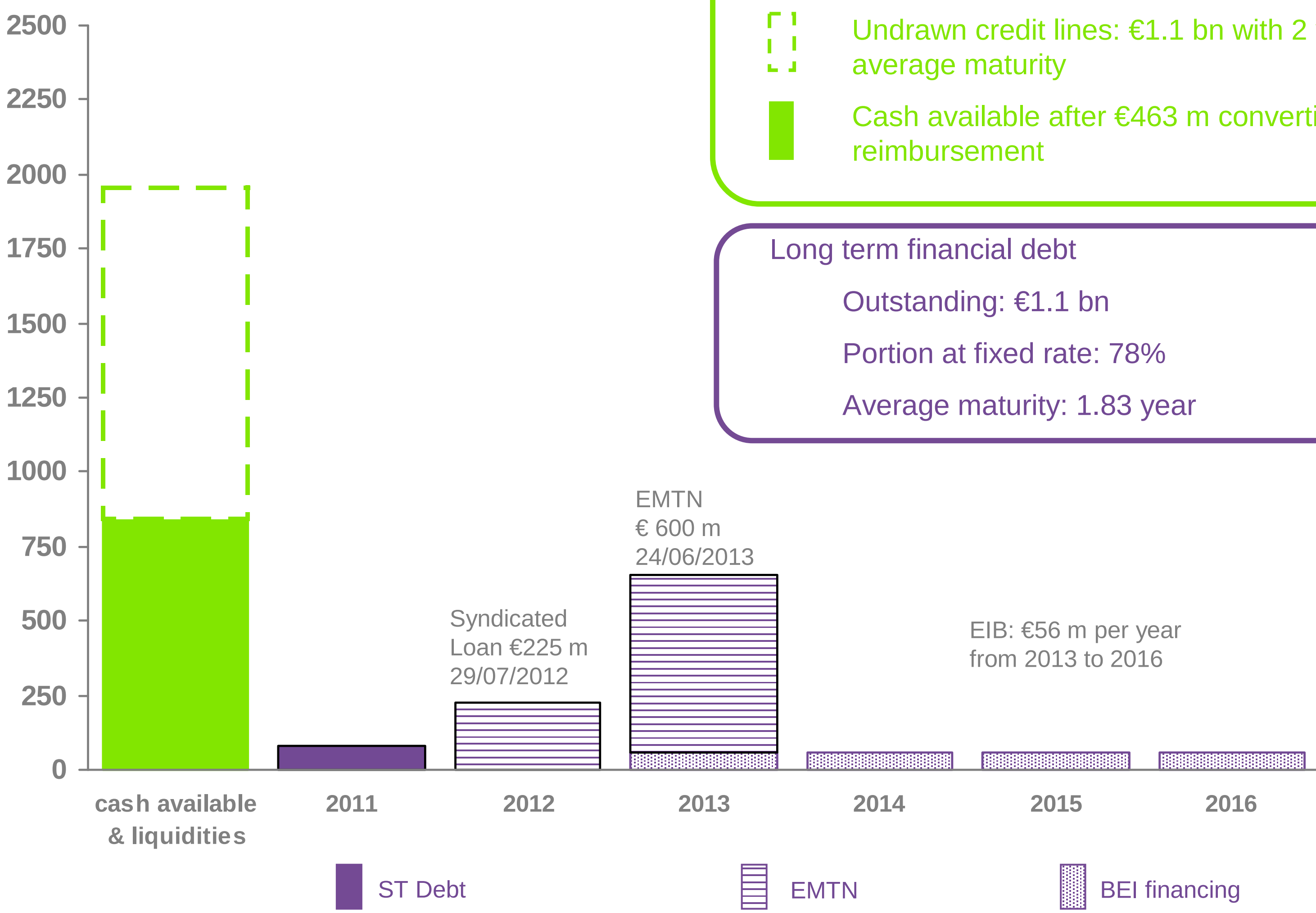


Shareholders' equity and net debt



***Covenant net financial debt / EBITDA of 3.25**

Financial resources after convertible reimbursement
After January 1, 2011



Liquidity secured by

- Undrawn credit lines: €1.1 bn with 2 years average maturity
- Cash available after €463 m convertible bonds reimbursement

Long term financial debt

- Outstanding: €1.1 bn
- Portion at fixed rate: 78%
- Average maturity: 1.83 year

FY-10 highlights
Ahead of the strategic plan disclosed in March 2010

- ➔ Sales of €9,632 m increasing by 28%
- ➔ Operating margin(1) of €617 m (6.4% of sales)
- ➔ Net result of €365 m (3.8% of sales)
- ➔ Earning per share of €4.86
- ➔ ROCE(4) > 32%
- ➔ Net cash(2) generation of €440 m
- ➔ Net debt(3) lowered by €444 m at €278 m as of December 31, 2010
- ➔ Order intake at record level of €12.5 bn
- ➔ Dividend distribution of €1.20 per share to be proposed

Acquisition of Niles

Niles, a leading player in Asia

Niles key figures (January to December 2010)

- ➔ Sales : ~ €435 m
- ➔ EBITDA > 13%
- ➔ Operating margin >7%
- ➔ Employees : ~3,500 (60% in competitive countries)

A comprehensive product portfolio in Interior Controls

- ➔ Steering Column Switches
- ➔ Switches for Interior trim
- ➔ Door Switches
- ➔ Power Train and Pedal

Niles, a leading player in Asia

Rationale

- Increase exposure of Valeo in Asia
- Rebalance Comfort and Driving Assistance customer portfolio
- Cost synergies higher than 2% of sales

Valeo, new worldwide leader in Interior Controls

Transaction

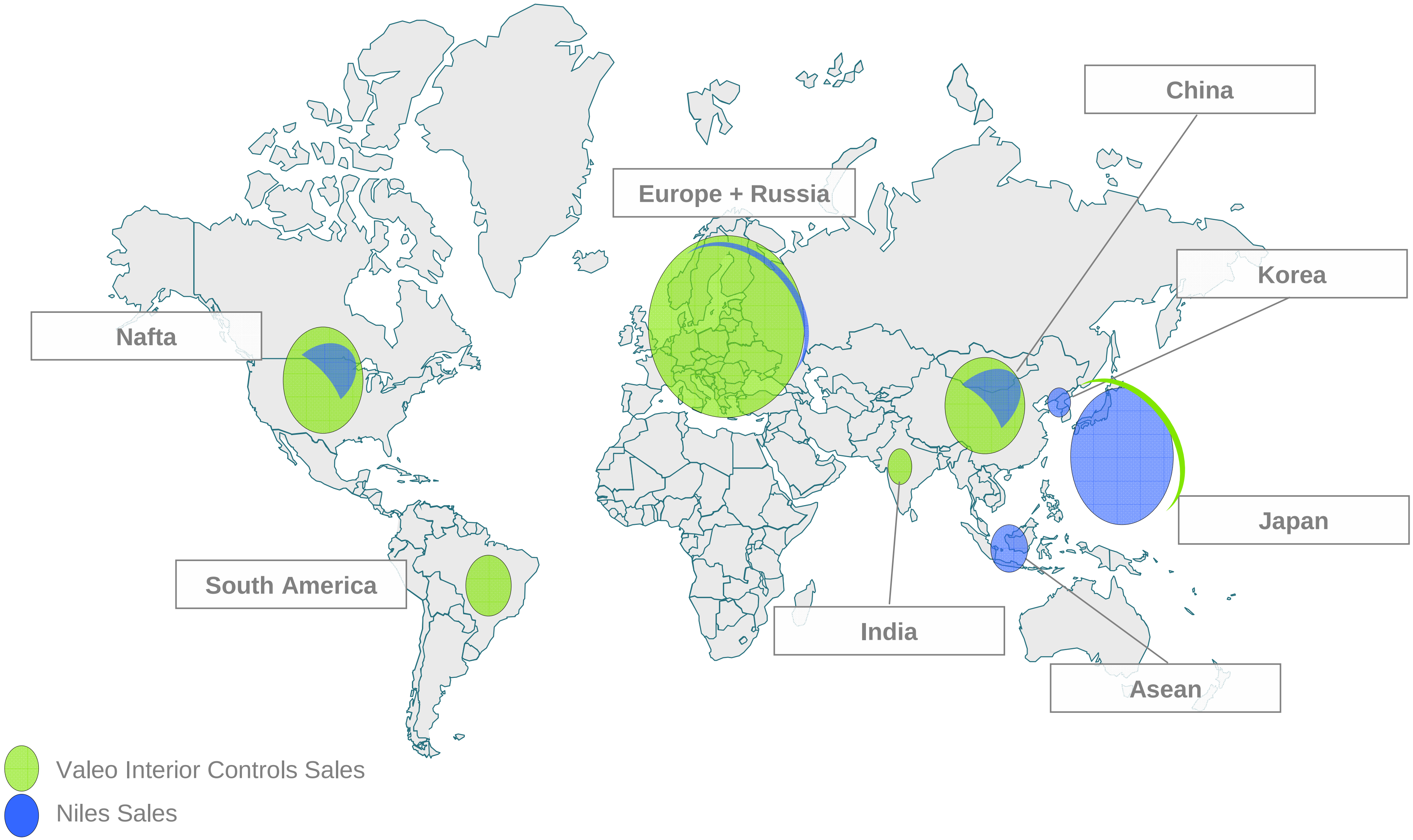
- Acquisition of: 77.9% stake from RHJ
  20 % stake from Nissan
- Enterprise Value: €320 m
- "Debt like items"* : €146 m

*to be adjusted at closing

Multiples

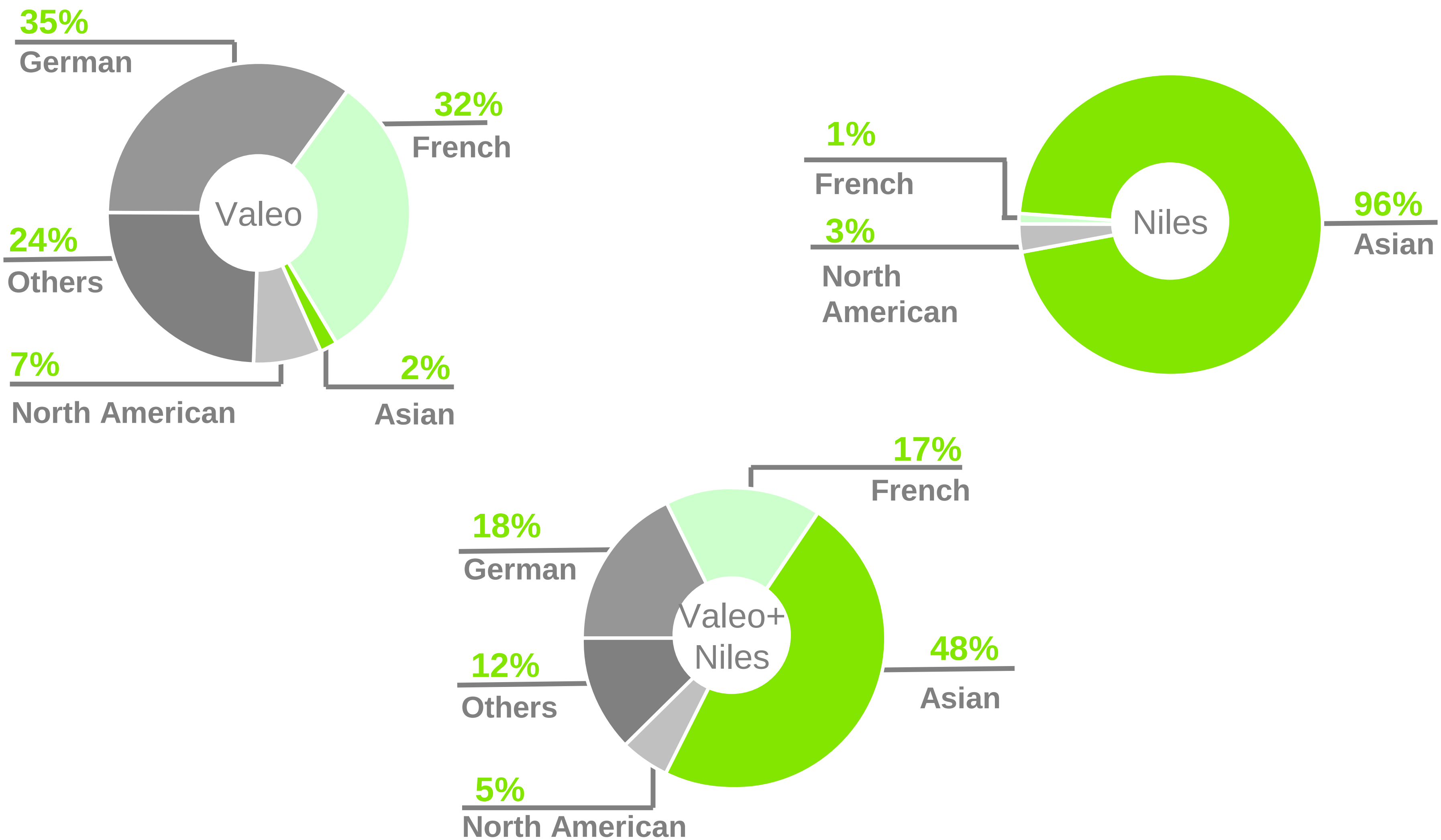
- EV/sales: 0.74x
- EV/EBITDA: < 5.7x

Rebalanced geographic exposure
Niles, a perfect match with Valeo



Rebalanced customer portfolio
Niles, a perfect match with Valeo

Interior Control OEM sales



2011 outlook

2011 market assumptions

Automotive production

(change YoY)	Full year
Europe (& Africa)	0%
Asia (& others)	+5%
North America	+8%
South America	+7%
Worldwide	**+5%**

Raw material

	2011
Under current raw material market conditions	
Aluminum ($/T)	2,500
Copper ($/T)	9,500
Zinc ($/T)	2,400

Valeo raw material risk management policy

- **LME**
  - ➔ Pass through for 65% of purchasing
  - ➔ Balance (35%) hedged with 6 months rolling forward derivative contracts

FY: 85% of risk neutralized

- **Steel**
  - ➔ Pass through for 50% of purchasing
  - ➔ Non quoted commodity

FY: pass through for 50%

2011 outlook

Based on:

Automotive production assumptions

Raw material indexation clause and LME hedging in place

⇩

OE sales outperformance in our main regions

2011 operating margin rate slightly higher than 2010

Agenda

INVESTOR DAY

March 9, 2011
In Paris

Contact

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Share Information

Share Data

Bloomberg Ticker	FR FP
Reuters Ticker	VLOF.PA
ISIN Number	FR 000130338
Shares outstanding as per 31.12.2010	78,209,617

ADR Data

Ticker/trading symbol	VLEEY
CUSIP Number	919134304
Exchange	OTC
Ratio (ADR: ord)	1:2
Depositary Bank	J.P. Morgan

Glossary

(1) *Operating margin corresponds to operating income less other income and expenses*
(2) *Net cash flow corresponds to free cash flow less financial expenses and after taking into account the payment of dividends and financial flows relating to mergers and acquisitions.*
(3) *Net financial debt includes all long-term financial debts, short-term credits and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents*
(4) *ROCE corresponds to operating margin/capital employed less goodwill calculated over the last 12 months*
(5) *EBITDA corresponds to operating income before amortization of tangible and intangible assets and depreciation.*

Safe Harbor Statement

Statements contained in this report, which are not historical fact, constitute «Forward-Looking Statements.» Actual results may differ materially due to numerous important factors. Such factors include, among others, the cost and timing of implementing restructuring actions, the company's ability to generate cost savings or manufacturing efficiencies to offset or exceed contractually or competitively required price reductions, conditions in the automotive industry, and certain global and regional economic conditions. The company assumes no responsibility for any analysts' estimates and any other information prepared by third parties which we may reference in this report. Valeo does not intend or assume any obligation to review or confirm analysts' estimates or to update any forward-looking statement to reflect events or circumstances after the date of this report.

Back-up

Quarterly information
in € million

Sales by segments

	Q1-10	Q2-10	Q3-10	Q4-10
Comfort and Driving Assistance	408	440	418	438
Powertrain Systems	636	708	625	714
Thermal Systems	693	754	735	751
Visibility Systems	591	595	547	621
Total sales	**2,309**	**2,478**	**2,342**	**2,503**

OE & aftermarket sales

	Q1-10	Q2-10	Q3-10	Q4-10
OE Sales	1,898	2,059	1,929	2,066
Aftermarket	351	371	360	363
Miscellaneous	60	48	53	74
Total sales	**2,309**	**2,478**	**2,342**	**2,503**

Half year P&L

(in € million)	2008 H1	2008 H2	2009 H1	2009 H2	2010 H1	2010 H2
Total sales	4,848	3,829	3,472	4,027	**4,787**	**4,845**
Gross margin	797	530	453	685	**856**	**879**
as % of sales	*16.4%*	*13.8%*	*13.0%*	*17.0%*	***17.9%***	***18.1%***
R&D expenditures	(276)	(225)	(234)	(239)	**(267)**	**(270)**
Selling & administrative expenses	(318)	(278)	(270)	(262)	**(297)**	**(284)**
Other income & expenses	(21)	(261)	(37)	(12)	**(31)**	**4**
Operating income	182	(234)	(88)	172	**261**	**329**
as % of sales	*3.8%*	*-6.1%*	*-2.5%*	*4.3%*	***5.5%***	***6.8%***
Cost of net debt	(22)	(23)	(21)	(39)	**(32)**	**(35)**
Other financial income and expenses	(6)	(53)	(37)	(20)	**(14)**	**(18)**
Equity in net earnings of associates	7	2	(40)	6	**11**	**(12)**
Income before income taxes	161	(308)	(186)	119	**226**	**264**
Income taxes	(56)	5	(26)	(53)	**(47)**	**(57)**
Income from continuing operations	105	(303)	(212)	66	**179**	**207**
Non-strategic activities	(1)	0	1	(1)	**(2)**	**0**
Net income for the period	104	(303)	(211)	65	**177**	**207**
Minority interest	(4)	(4)	(2)	(5)	**(9)**	**(10)**
Net income	100	(307)	(213)	60	**168**	**197**

Highlights by segment

H1-09 and H1-10

(In millions of euros)	Comfort and Driving assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Other	TOTAL
First-half 2010						
Net sales	*848*	*1 344*	*1 447*	*1 186*		*4 787*
. for the segment (excluding Group)	**832**	**1 333**	**1 437**	**1 174**	**11**	**4 787**
. intersegment sales (Group)	16	11	10	12	(49)	-
EBITDA (1)	**100**	**131**	**193**	**135**	**5**	**564**
% sales	11.8%	9.7%	13.3%	11.4%		11.8%
Net research and development expenditure	(69)	(74)	(67)	(63)	6	(267)
assets for the period	60	60	36	42	2	200
Segment assets (2)	832	1 166	1 043	972	36	**4 049**
First-half 2009						
Net sales	*627*	*951*	*1 012*	*904*		*3 472*
. for the segment (excluding Group)	**613**	**942**	**1 011**	**896**	**10**	**3 472**
. intersegment sales (Group)	14	9	1	8	(32)	-
EBITDA (1)	**38**	**86**	**62**	**41**	**2**	**229**
% sales	6.1%	9.0%	6.1%	4.5%		6.6%
Net research and development expenditure	(60)	(53)	(65)	(56)	-	(234)
assets for the period	58	83	37	57	2	237
Segment assets (2)	783	1 103	908	976	26	**3 797**

Highlights by segment
H2-09 and H2-10

(In millions of euros)	Comfort and Driving assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Other	TOTAL
Second -half 2010						
Net sales	*856*	*1 339*	*1 486*	*1 168*		*4 845*
. for the segment (excluding Group)	**843**	**1 327**	**1 473**	**1 152**	**50**	**4 845**
. intersegment sales (Group)	13	12	13	16	(54)	-
EBITDA (1)	**96**	**166**	**174**	**129**	**21**	**586**
% sales	11.2%	12.4%	11.7%	11.0%		12.1%
Net research and development expenditure	(71)	(72)	(66)	(58)	(3)	(270)
Investments in tangible and intangible	67	98	52	47	4	268
Segment assets (2)	862	1 170	1 033	929	36	4 030
Second -half 2009						
Net sales	*717*	*1 060*	*1 246*	*1 034*		*4 027*
. for the segment (excluding Group)	**702**	**1 057**	**1 232**	**1 026**	**10**	**4 027**
. intersegment sales (Group)	15	3	14	8	(40)	-
EBITDA (1)	**68**	**121**	**118**	**105**	**29**	**441**
% sales	9.5%	11.4%	9.5%	10.2%		11.0%
Net research and development expenditure	(58)	(73)	(59)	(54)	5	(239)
Investments in tangible and intangible	54	84	49	53	2	242
Segment assets (2)	800	1 127	908	959	34	3 828

Highlights by segment
FY-09 and FY-10

(In millions of euros)	Comfort and Driving assistance Systems	Powertrain Systems	Thermal Systems	Visibility Systems	Other	TOTAL
2010						
Net sales	*1 704*	*2 683*	*2 933*	*2 354*		*9 632*
▪ segment (excluding Group)	1 675	2 660	2 910	2 326	**61**	**9 632**
▪ intersegment (Group)	29	23	23	28	(103)	-
EBITDA (1)	**196**	**297**	**367**	**264**	**26**	**1 150**
% sales	11.5%	11.1%	12.5%	11.2%		11.9%
Research and development expenditure, net	(140)	(146)	(133)	(121)	3	(537)
Investments in property, plant and equipment and intangible assets	127	158	88	89	6	468
Segment assets (2)	862	1 170	1 033	929	36	4 030
2009						
Net sales	*1 344*	*2 011*	*2 258*	*1 938*		*7 499*
▪ segment (excluding Group)	**1 315**	**1 999**	**2 243**	**1 922**	**20**	**7 499**
▪ intersegment (Group)	29	12	15	16	(72)	-
EBITDA (1)	**106**	**207**	**180**	**146**	**31**	**670**
% sales	7.9%	10.3%	8.0%	7.5%		8.9%
Research and development expenditure, net	(118)	(126)	(124)	(110)	5	(473)
Investments in property, plant and equipment and intangible assets	112	167	86	110	4	479
Segment assets (2)	800	1 127	908	959	34	3 828

Automotive technology, naturally