



SMART TECHNOLOGY
FOR SMARTER MOBILITY

PRESS RELEASE

Paris, April 28, 2021

Total sales of 4,667 million euros for first-quarter 2021, up 8% on a like-for-like basis

Strong outperformance (14 percentage points vs. first-quarter 2019 adjusted for the geographic mix) in all regions and in all businesses

Confirmation of 2021 objectives

- Outperformance of 14 percentage points adjusted for the geographic mix, compared to first-quarter 2019⁽¹⁾

Destination region	Outperf. vs. IHS/CPCA*	Business Group	Outperf. vs. IHS/CPCA* adjusted for geographic mix
Europe	+12 pts	Comfort & Driving Assistance Systems**	+21 pts
Asia, Middle East & Oceania	+12 pts	Powertrain Systems	+15 pts
<i>o/w China</i>	+26 pts	Thermal Systems	+7 pts
North America	+12 pts	Visibility Systems	+11 pts
South America	+26 pts		

* Based on IHS automotive production estimates released on April 16, 2021/CPCA estimates for data relating to China.

** Excluding the TCM business.

- Strong outperformance expected in the second quarter of 2021⁽²⁾ compared to 2019 and 2020.
- Valeo Siemens eAutomotive (VSeA) performance in line with objectives
Sales up 93% on first-quarter 2020

Jacques Aschenbroich, Valeo's Chairman and Chief Executive Officer, commented:

"First of all, I would like to thank our teams for their commitment, which enabled us to fulfil all customer orders in a period marked by a shortage of electronic components.

In the first quarter, Valeo delivered a very strong outperformance in all regions worldwide and in all businesses compared to 2019 (the year before the Covid-19 crisis).

This outperformance will continue in the second quarter. It clearly shows that, despite the semiconductor supply crisis, Valeo has confirmed its potential to deliver solid, market-beating growth. This performance is testament to the Group's unique positioning in electrification and ADAS, with high value-added technologies that bring it commercial success and strengthen its growth potential.

In this context, we confirm our objectives for 2021."

¹ To provide readers with a better understanding of how Valeo's business has performed, the Group has decided to present an analysis of its performance compared to 2019, the year before the crisis.

² Based on IHS automotive production estimates released on April 16, 2021/CPCA estimates for data relating to China.

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Change in sales

Sales (in millions of euros)	As a % of 2021 sales	2021	vs. 2020			vs. 2019		
		Q1	Q1	LFL* change	Change	2019	LFL* change	Change
Original equipment	84%	3,937	3,797	+7%	+3.7%	4,121	-2%	-4.5%
Aftermarket	11%	508	491	+8%	+3.5%	501	+6%	+1.4%
Miscellaneous	5%	222	200	+15%	+11.0%	219	+4%	+1.4%
Total	100%	4,667	4,488	+8%	+4.0%	4,841	-1%	-3.6%

* Like-for-like⁽³⁾.

Consolidated sales advanced 8% on a like-for-like basis, compared to first-quarter 2020. Changes in exchange rates had a negative 3.5% impact during the period, primarily due to the appreciation of the euro against the US dollar, the Brazilian real and the Chinese yuan. Changes in Group structure had no impact on sales for the period.

- original equipment sales grew by 7% on a like-for-like basis, powered by sales growth in Asia, particularly in China;
- aftermarket sales increased by 8% on a like-for-like basis;
- "miscellaneous" sales rose by 15% on a like-for-like basis, confirming the upturn in business and the forthcoming production launches.

After the decline in activity due to the health crisis, the Group bounced back sharply, enabling it to achieve first-quarter 2021 sales close to levels seen in the first quarter of 2019, on a like-for-like basis, in a market still down by 12%.

Change in original equipment sales by destination region

Original equipment sales (in millions of euros)	As a % of 2021 sales	2021	vs. 2020			vs. 2019		
		Q1	Q1	LFL* change	Outperf. vs. IHS/CPCA**	Q1	LFL* change	Outperf. vs. IHS/CPCA**
Europe & Africa	48%	1,896	1,893	+1%	+2 pts	2,029	-7%	+12 pts
Asia, Middle East & Oceania	31%	1,236	1,017	+24%	-6 pts	1,200	+5%	+12 pts
o/w China	13%	518	289	+76%	-10 pts	428	+21%	+26 pts
o/w Japan	7%	294	324	-4%	0 pts	331	-9%	+2 pts
o/w South Korea	8%	303	290	+7%	-5 pts	321	-1%	+4 pts
o/w India	1%	50	40	+34%	+11 pts	47	+13%	+16 pts
North America	19%	733	800	-1%	+3 pts	800	-3%	+12 pts
South America	2%	72	87	+6%	+2 pts	92	+12%	+26 pts
TOTAL	100%	3,937	3,797	+7%	-6 pts	4,121	-2%	+10 pts
Total adjusted for geographic mix	100%	3,937	3,797	+7%	0 pts	4,121	-2%	+14 pts

* Like-for-like⁽⁴⁾.

** Based on IHS automotive production estimates released on April 16, 2021/CPCA estimates for data relating to China.

³ See financial glossary, page 7.

⁴ See financial glossary, page 7.

Compared to first-quarter 2020

Like-for-like original equipment sales rose by 7%.

The Group's geographic mix had an adverse 6 percentage point impact on its performance. China, the main driver of growth during the first quarter of 2021, represented 13% of the Group's original equipment sales but accounted for 25% of global automotive production.

After a strong outperformance for its original equipment sales during the first quarter of 2020 (16 percentage points) – particularly in Europe and China – creating an unfavorable basis for comparison, the Group's performance was in line with that of global automotive production (adjusted for the geographic mix).

Compared to first-quarter 2019

Original equipment sales were down 2% on a like-for-like basis, outperforming global automotive production by 10 percentage points (by 14 percentage points when adjusted for the geographic mix), reflecting the acceleration of Group sales in all production regions:

- in Europe and Africa, original equipment sales fell by 7% on a like-for-like basis, outperforming automotive production by 12 percentage points, thanks in particular to the robust performance of the Comfort & Driving Assistance Systems (ADAS) and Powertrain Systems (48V, transmission systems and actuation systems) Business Groups;
- in Asia, original equipment sales grew by 5% on a like-for-like basis, outpacing automotive production by 12 percentage points:
 - in China, original equipment sales were up 21% on a like-for-like basis, outperforming automotive production by 26 percentage points. China is the only region that recorded first-quarter 2021 sales above pre-Covid-19 levels. All of Valeo's Business Groups contributed to this momentum, serving both international and Chinese automakers,
 - in Japan, original equipment sales declined by 9% on a like-for-like basis, outpacing automotive production by 2 percentage points, driven in particular by the solid performance of the Visibility Systems Business Group for Toyota,
 - in South Korea, original equipment sales retreated by 1% on a like-for-like basis, outpacing automotive production by 4 percentage points, driven mainly by the launch of new contracts with Hyundai for 48V technologies and actuation systems;
- in North America, original equipment sales dropped by 3% on a like-for-like basis, outperforming automotive production by 12 percentage points, driven mainly by the ramp-up of a number of projects in ADAS for North American customers;
- in South America, like-for-like original equipment sales expanded by 12%, outperforming automotive production by 26 percentage points, driven by the uptick in sales for the Powertrain Systems, Thermal Systems and Visibility Systems Business Groups.

Change in sales by Business Group

The sales performance for the Business Groups reflects the specific product, region and customer mix and the relative weighting of the aftermarket in their activity as a whole.

Sales by Business Group (in millions of euros)	2021	vs. 2020					vs. 2019				
	Q1	Q1	Change in sales	Change in OE sales*	Outperformance**	Outperformance** adjusted for geographic mix	Q1	Change in sales	Change in OE sales*	Outperf. vs. IHS/CPCA**	Outperformance** adjusted for geographic mix
Comfort & Driving Assistance Systems***	918	886	+4%	+7%	-6 pts	-4 pts	901	+2%	+5 %	+17 pts	+21 pts
Powertrain Systems	1,291	1,185	+9%	+12%	-1 pt	+5 pts	1,266	+2%	+4%	+16 pts	+15 pts
Thermal Systems	1,023	1,000	+2%	+6%	-7 pts	-4 pts	1,143	-10%	-8%	+4 pts	+7 pts
Visibility Systems	1,397	1,390	+1%	+4%	-9 pts	-2 pts	1,502	-7%	-5%	+7 pts	+11 pts

* Like-for-like⁽⁹⁾.

** Based on IHS automotive production estimates released on April 16, 2021/CPCA estimates for data relating to China.

*** Excluding the TCM Business.

The Comfort & Driving Assistance Systems Business Group outperformed global automotive production by 17 percentage points compared to the first quarter of 2019, notably thanks to the launch of new projects in ADAS, in the following main production regions: North America, Europe and China, consolidating the Group's position as world leader in this segment.

The Powertrain Systems Business Group outperformed global automotive production by 16 percentage points compared to the first quarter of 2019, in particular in Europe, China and South Korea. Growth was mainly driven by:

- faster growth in 48V systems; and
- growth in transmission systems, led by an increase in average content per vehicle on the back of the growing use of automated gearboxes and hybrid systems.

The Thermal Systems Business Group outperformed first-quarter 2019 global automotive production by 4 percentage points, buoyed by accelerating sales in China and technologies related to the thermal management of electrified vehicles (battery cooling systems, dedicated climate control systems for electric vehicles, etc.), which represent new growth opportunities for the Business Group. Thermal technologies dedicated to electrified vehicles accounted for more than 30% of the Business Group's order intake in 2020.

The Visibility Systems Business Group outperformed global automotive production by 7 percentage points compared to the first quarter of 2019, notably thanks to the robust performance of the lighting business, in North America – sustained by the pick-up truck activities of North American customers – in Japan and Southeast Asia through its subsidiary Ichikoh – and in China.

2021 outlook confirmed

Our base scenario for the top end of our 2021 guidance range is 10% growth in global automotive production.

In this context, the Group has set the following objectives for 2021⁽⁵⁾:

- continued outperformance;
- improved financial performance despite additional costs, estimated at around 80 million euros, related to supply disruptions and the increase in certain raw material prices:

		2021	2020
Sales*	<i>in billions of euros</i>	17.6 - 18.2	16.2
Original equipment sales*	<i>in billions of euros</i>	14.9 - 15.5	13.6
EBITDA**	<i>in millions of euros</i>	2,250 - 2,450	1,505
	<i>as a % of sales</i>	<i>12.8% - 13.4%</i>	<i>9.2 %</i>
Free cash flow**	<i>in millions of euros</i>	330 - 550	294

* Excluding the TCM business. ** Including the TCM business.

- acceleration in growth for the Valeo Siemens eAutomotive joint venture and a reduction in its negative contribution to “Share in net earnings of equity-accounted companies”.

Highlights

Corporate social responsibility

On March 23, 2021, Valeo joined the new “**CAC 40 ESG**” index comprising 40 companies that have demonstrated the best environmental, social and governance practices.

On April 15, 2021, Valeo received the **International Busplaner Sustainability Award 2021** for its UV air purifier for buses and coaches. The technology, which is the most powerful in the world, clears the air of more than 95% of its microbes, viruses and bacteria while the vehicle is on the move with passengers on board. Its effectiveness against SARS CoV 2 has been scientifically proven by the Frankfurt University Hospital and the Institute for Laser Technologies in Medicine and Metrology at the University of Ulm (ILM). The device, which acts as a protective shield against the Covid-19 virus in buses, was also named as the year's **top innovation in Germany by the VDA** (*Verband der Automobilindustrie* – the German association of automotive manufacturers and suppliers) on World Creativity and Innovation Day 2021 **on April 21, 2021**.

Products/technologies and patents

On March 16, 2021, Valeo announced that the **Valeo ClimSpray™** had been named Product of the Year 2021. With a simple spray, Valeo ClimSpray™ disinfects a vehicle cabin in 15 minutes and renders any coronavirus-like viruses, bacteria and fungi inactive. The solution contained in the product has been certified by an independent medical laboratory, demonstrating its compliance with European anti-microbial efficacy standards.

On April 19, 2021, at the 19th edition of the Shanghai Auto Show, Valeo unveiled six innovations in response to today's major mobility challenges, in which China is now leading the way:

- the **new Valeo heat pump and the Valeo FlexHeater**, which eliminate the dilemma of having to choose between travel range and in-vehicle thermal comfort;
- its **first end-to-end all-electric powertrain system** from its joint venture Valeo Siemens eAutomotive based in China. The technology offers **100 kW of power** and includes the electric motor, the inverter (the brain of the system) and the reducer (the equivalent of the gearbox) and provides small sedans the world over with the performance they need at a reasonable cost;

⁵ The Group's guidance for 2021 also includes the following objectives: ROCE of 11.1% (excluding the Top Column Module business (and taking into account the share in net earnings of equity-accounted companies)) and ROA of 5.0% (excluding the Top Column Module business and taking into account the share in net earnings of equity-accounted companies).

- a series of technologies that transform vehicles into a sort of "**health shield**", providing the driver with a healthy environment;
- the development of a **360° lighting solution**, which surrounds the vehicle with a band of light, projecting clear, simple and instantaneous indications that can be seen by nearby road users, thereby enhancing safety; and
- the **Valeo Mobility Kit**, which consists of sensors – “the vehicle’s eyes and ears” – electronic control units and algorithms that can be integrated into new driverless vehicles such as droids and other small delivery robots.

Upcoming events

Shareholders' Meeting: May 26, 2021

First-half 2021 results: July 22, 2021

Third-quarter 2021 sales: October 28, 2021

Full-year results: Second half of February 2022

Appendix

Global automotive production

Automotive production (year-on-year change)	Q1 2021 vs Q1 2020	Q1 2021 vs Q1 2019
	IHS + CPCA*	IHS + CPCA*
Europe & Africa	-1%	-19%
Asia, Middle East & Oceania	+30%	-7%
o/w China	+86%	-5%
o/w Japan	-4%	-11%
o/w South Korea	+12%	-5%
o/w India	+23%	-3%
North America	-4%	-15%
South America	+4%	-14%
TOTAL	+13%	-12%

* Based on IHS automotive production estimates released on April 16, 2021/CPCA estimates for data relating to China.

Reconciliation of Valeo and Top Column Module business data

The Group decided to withdraw from the Top Column Module segment.

The following table reconciles published consolidated data with data excluding the Top Column Module business:

		Q1 2021	TCM*	Q1 2021 excluding TCM
Sales	(in €m)	4,667	54	4,613
Original equipment sales	(in €m)	3,937	51	3,886

* Including intercompany transactions.

Financial glossary

Like-for-like (or LFL): the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

EBITDA corresponds to (i) operating margin before depreciation, amortization and impairment losses (included in the operating margin) and the impact of government subsidies and grants on non-current assets, and (ii) net dividends from equity-accounted companies.

Free cash flow corresponds to net cash from operating activities (excluding changes in non-recurring sales of receivables and payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

ROCE, or return on capital employed, corresponds to operating margin (including share in net earnings of equity-accounted companies) divided by capital employed (including investments in equity-accounted companies), excluding goodwill.

ROA, or return on assets, corresponds to operating income divided by capital employed (including investments in equity-accounted companies), including goodwill.

Safe Harbor Statement

Statements contained in this document, which are not historical fact, constitute "forward-looking statements". These statements include projections and estimates and their underlying assumptions, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Even though Valeo's Management feels that the forward-looking statements are reasonable as at the date of this document, investors are put on notice that the forward-looking statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo's control, which could cause actual results and events to differ materially from those expressed or projected in the forward-looking statements. Such factors include, among others, the Company's ability to generate cost savings or manufacturing efficiencies to offset or exceed contractually or competitively required price reductions. The risks and uncertainties to which Valeo is exposed mainly comprise the risks resulting from the investigations currently being carried out by the antitrust authorities as identified in the Universal Registration Document, risks which relate to being a supplier in the automotive industry and to the development of new products and risks due to certain global and regional economic conditions. Also included are environmental and industrial risks, risks associated with the Covid-19 epidemic, as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (*Autorité des marchés financiers* – AMF), including those set out in the "Risk Factors" section of the 2020 Universal Registration Document registered with the AMF on April 6, 2021 (under number D.21-0260).

The Company assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this document. Valeo does not intend or assume any obligation to review or to confirm the estimates issued by analysts or to update any forward-looking statements to reflect events or circumstances which occur subsequent to the date of this document.

Valeo is an automotive supplier, partner to all automakers worldwide. As a technology company, Valeo proposes innovative products and systems that contribute to the reduction of CO₂ emissions and to the development of intuitive driving. In 2020, the Group generated sales of 16.4 billion euros and invested 10.1% of its sales in Research and Development. At December 31, 2020, Valeo had 187 plants, 20 research centers, 43 development centers and 15 distribution platforms, and employed 110,300 people in 33 countries worldwide. Valeo is listed on the Paris Stock Exchange.

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