



## Press release

Paris, February 9, 2022

### **Valeo strengthens its leadership in the very fast-growing electrification market** **Agreement signed for Valeo to hold 100% of Valeo Siemens eAutomotive**

**Integration of Valeo Siemens eAutomotive within Valeo's "Powertrain Systems" Business Group, after July 1, 2022**

**The new combined entity, the "Valeo Powertrain Systems" Business Group will aim for:**

- **Annual growth of more than 12% over the 2021-2025 period**
- **Objective of 120 million euros in annual synergies, representing 1.9% of sales – Synergies to be fully realized from 2025**
- **Pro forma EBITDA margin to increase rapidly from 5.8% in 2021 to more than 8% in 2022 and more than 11% in 2025**
- **Pro forma pre-tax free cash flow to break even from 2022, reaching around 350 million euros in 2025, enabling the new entity to self-finance its growth**

**Acquisition of Siemens' 50% stake in Valeo Siemens eAutomotive for a cash amount of 277 million euros on a debt-free basis – 741 million euro<sup>(1)</sup> increase in Valeo's net debt**

*Christophe Périllat, Valeo's Chief Executive Officer, said:*

*"The electrification of automotive mobility is accelerating. And so is Valeo. This transaction and the integration of Valeo Siemens eAutomotive within our Powertrain Systems Business Group strengthen our position as a major player in electrification by creating a champion equipped with all the associated technologies. It also makes us more innovative, competitive and profitable as we play our part in decarbonizing mobility. I would like to thank Siemens for all the work that we have achieved together over the past few years, positioning Valeo Siemens eAutomotive as a champion of high-voltage electrification."*

Valeo announces it has signed an agreement with Siemens to acquire Siemens' 50% stake in Valeo Siemens eAutomotive. After July 1, 2022, 100% of Valeo Siemens eAutomotive will be integrated within Valeo's Powertrain Systems Business Group.

Completion of the transaction will result in a net cash outflow of 277 million euros for Valeo, representing the acquisition of Siemens' stake on a debt-free basis. This outflow will be financed by the Group's available cash. From an accounting point of view, net debt will increase by 741 million euros<sup>(1)</sup> without substantially modifying the overall equilibrium of Valeo's financial position. From 2023, the Group plans to reduce its debt according to the roadmap that will be presented on February 25, 2022, when Valeo announces its strategic and financial outlook for 2022-2025.

The value of the high-voltage electrification market is set to increase significantly in the coming years and will represent 92 billion euros in 2030 (annualized growth of 17.5% over the 2021-2030 period). 40% of this market will be outsourced to automotive suppliers. By 2030, the market for vehicles equipped with high-voltage electric powertrain systems (BEVs and PHEVs) will account for 35% of automotive production worldwide.

Valeo Siemens eAutomotive is a recognized technological and industrial leader, present<sup>(2)</sup> on the main mass-market and premium platforms of 21 automakers. By the end of 2022, more than 90 electric and plug-in hybrid models will be fitted with Valeo's electric powertrain systems, motors, inverters or onboard chargers.

The integration of Valeo Siemens eAutomotive within Valeo's Powertrain Systems Business Group strengthens its position in the fast-growing electrification market. The Powertrain Systems Business Group's pro forma sales amounted to 5.4 billion euros in 2021, and the Group is now targeting annual sales growth of more than 12% for this business. This means that sales for the combined entity are expected to reach more than 8.5 billion euros by 2025.

The integration of Valeo Siemens eAutomotive should enable the new combined entity to:

1. accelerate its technological roadmap in order to offer its customers increasingly high-performance solutions;
2. aim for a synergy objective representing a total annual amount of 120 million euros by 2025. These synergies should be achieved progressively, with the full benefit delivered in 2025 (50% in 2023, 75% in 2024 and 100% in 2025);
3. accelerate its growth.

The combined entity is expected to generate an EBITDA margin of more than 11% and pre-tax free cash flow of around 350 million euros in 2025 (with pro forma pre-tax free cash flow breaking even from 2022).

Following the transaction and based on IHS production assumptions, Valeo has set the following pro forma objectives for the new Valeo Powertrain Systems Business Group:

	<b>2022</b>	<b>2025</b>
Sales	Around €6.3bn	>€8.5bn
EBITDA margin	>8% of sales	>11% of sales
Pre-tax free cash flow	Breakeven	Around €350m

Given the timing of the transaction and an expected 50% reduction in losses for Valeo Siemens eAutomotive in 2022 compared with 2021, the impact of the consolidation of Valeo Siemens eAutomotive on the Group's net income will be less than that recorded in 2021.

The project has been unanimously approved by the Board of Directors and its completion is subject to authorization by the relevant antitrust authorities. The relevant employee representative bodies will be informed and consulted.

Upcoming events:

Thursday, February 10, 2022 at 10.00am CET

Webcast hosted by Christophe Périllat, Valeo Chief Executive Officer

The press release and the presentation are available on the following website  
[www.valeo.com](http://www.valeo.com)

Friday February 25, 2022 at 10.00am CET - Automobile Club de France 6 Place de la Concorde F - 75008 Paris

Presentation of 2022-2025 strategic and financial outlook, and publication of 2021 financial results

(1) After taking into account (i) the net cash-out for the acquisition of shares from Siemens (277 million euros), (ii) the elimination on consolidation of the outstanding balance of loans granted by Valeo to Valeo Siemens eAutomotive (345 million euros already restated by the rating agencies), and (iii) the consolidation within Valeo's financial statements of leases carried by the entity (119 million euros).

(2) In series production or under development.

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 CO<sub>2</sub> emissions and to the development of intuitive driving. In 2020, the Group generated sales of 16.4 billion euros and invested 12% of its original equipment 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.

VALEO  
100, rue de Courcelles,  
75017 Paris  
[www.valeo.com](http://www.valeo.com)

Investor Relations  
+33 6 15 46 08 29  
Media Relations  
+33 7 64 56 85 48 | +33 7 65 16 20 77  
+33 6 81 73 83 41 |  
[press-contact.mailbox@valeo.com](mailto:press-contact.mailbox@valeo.com)