



## PRESS RELEASE

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### **Valeo integrates 100% of Valeo Siemens eAutomotive's share capital into its Powertrain Systems business, creating an electric mobility champion**

Today, Valeo acquired Siemens' 50% stake in Valeo Siemens eAutomotive, as provided for in the agreement signed with Siemens on February 9. As a result, Valeo now holds 100% of Valeo Siemens eAutomotive, the leader in high-voltage electrification, which has been integrated into its Powertrain Systems business.

This strategic transaction strengthens Valeo's position as a major player in electrification with a full range of low- and high-voltage electric powertrain solutions covering all uses and needs.

Christophe Périllat, Valeo's Chief Executive Officer, commented: *"Valeo is accelerating in electrification, as announced at the presentation of our Move Up plan. Thanks to this transaction, Valeo has positioned itself better than ever before as a leader in electric mobility, with a unique advantage in this fast-accelerating market and with a range of technologies that covers absolutely all needs and uses. This integration makes us even more innovative and competitive. We will benefit from the unique expertise in high-voltage electrification developed by Valeo Siemens eAutomotive's teams. In return, the business will benefit from Valeo's unique ability to innovate and standardize cutting-edge technologies as well as from our operational excellence in mass production. I would like to thank Siemens for their valuable partnership over the past few years."*

With Valeo Siemens eAutomotive, Valeo is bringing on board a recognized technological and industrial leader with approximately 4,000 employees, including more than 1,600 engineers, 7 production sites in 4 countries (China, Germany, Hungary and Poland) as well as cutting-edge R&D (laboratories, test benches, simulation tools) and production capacities.

Its electric powertrain systems, motors, inverters and onboard chargers feature on the main platforms of more than 20 automakers<sup>(1)</sup> and will equip more than 90 electric and plug-in hybrid car models by the end of 2022.

Proving its momentum, Valeo Siemens eAutomotive announced in early June that it had already exceeded its target of more than 4 billion euros in orders for the 2021–2022 period, more than seven months ahead of its roadmap.

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.

The integration of Valeo Siemens eAutomotive will enable Valeo to:

- accelerate its growth;
- accelerate its technological roadmap to offer its customers increasingly high-performance solutions (new 800V silicon carbide-based technologies, co-development and co-production of a rare-earth-free electric motor with Renault and new bidirectional onboard chargers);
- unlock major synergies, with an objective representing a total annual amount of 120 million euros by 2025. These synergies will be achieved progressively, with the full benefit delivered in 2025 (50% in 2023, 75% in 2024 and 100% in 2025).

With this integration, Valeo aims to achieve annual sales growth of more than 12% (pro forma) for its Powertrain Systems



business over the 2021–2025 period and to reach sales of more than 8.5 billion euros in 2025 (compared to pro forma sales of 5.4 billion euros in 2021), including roughly 7.5 billion euros in original equipment sales. 80% of the original equipment sales objective for 2025 has already been booked.

The pro forma EBITDA margin for the Powertrain Systems business will increase rapidly from 5.8% in 2021 to more than 8% in 2022 and around 13% in 2026. Pro forma pre-tax free cash flow for this business will break even from 2022, reaching around 350 million euros in 2025 and enabling the new entity to self-finance its growth.

The transaction results in a net cash outflow of 277 million euros for Valeo, representing the acquisition of Siemens' stake on a debt-free basis, financed by the Group's available cash. Net debt increased by around 700 million euros without substantially modifying the overall equilibrium of Valeo's financial position. Valeo expects to reduce its debt from 2023.

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, as already announced:

	2022	2025
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 authorized by the relevant antitrust authorities and the relevant employee representative bodies have been informed and consulted.

(1) In series production or under development.

As a technology company and partner to all automakers and new mobility players, Valeo is innovating to make mobility cleaner, safer and smarter. Valeo enjoys technological and industrial leadership in electrification, driving assistance systems, reinvention of the interior experience and lighting. These four areas are vital to the transformation of mobility and will drive the Group's growth in the coming years. Valeo is listed on the Paris Stock Exchange. Valeo in figures: In 2021, the Group generated sales of 17.3 billion euros and invested 12% of its original equipment sales in R&D. At December 31, 2021, Valeo had 184 plants, 21 research centers, 43 development centers and 16 distribution platforms, and employed 103,300 people in 31 countries worldwide.

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