



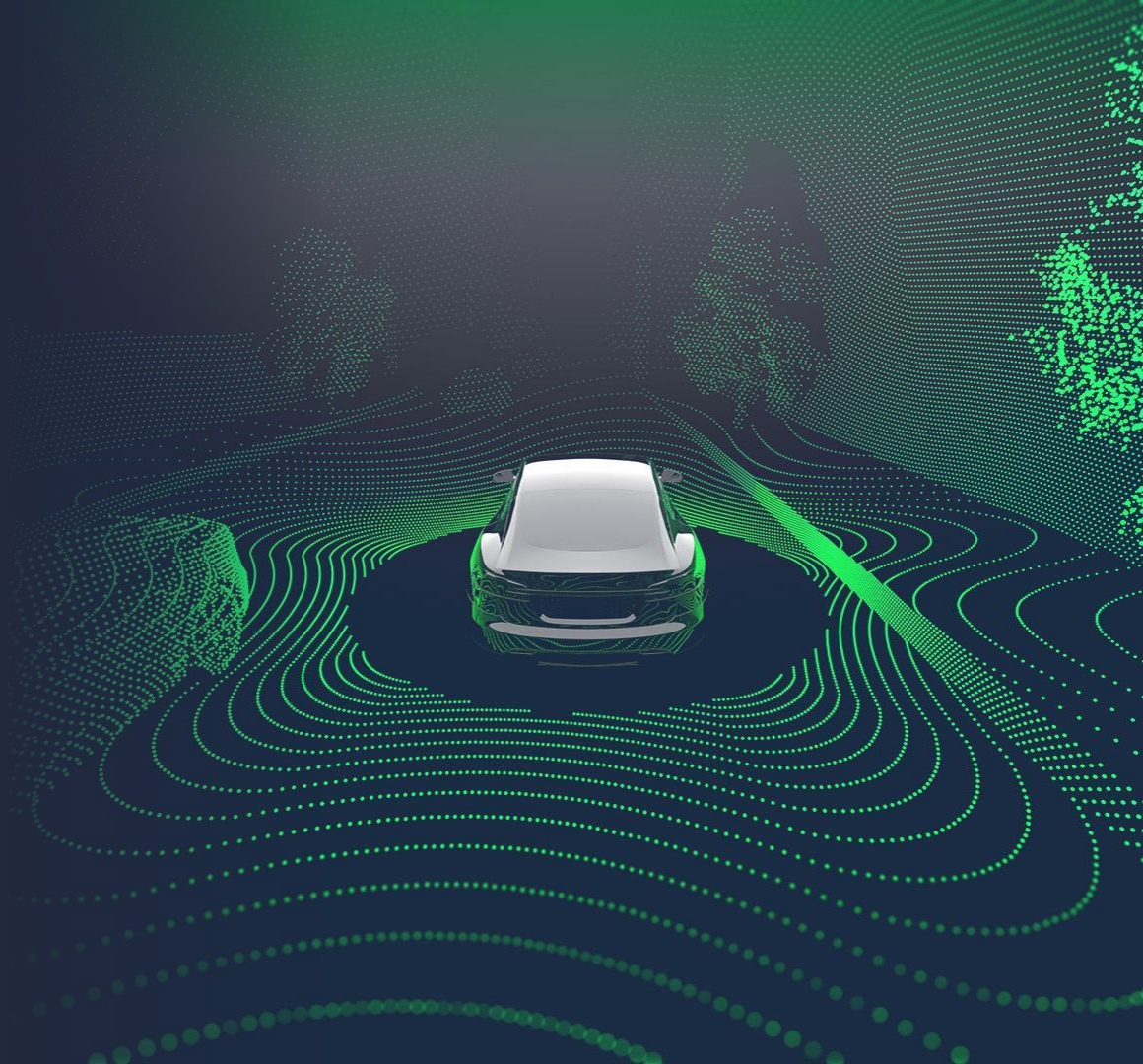
H1 2022

# Results

CHRISTOPHE  
PÉRILLAT

**CEO**

SMART TECHNOLOGY FOR SMARTER MOBILITY



# Table of contents

01 **H1 highlights**

02 **Sustainable growth**

03 **H1 outperformance**

04 **H1 EBITDA & operating margins**

05 **H1 Free cash flow**

06 **Move Up plan**

07 **Backup slides**

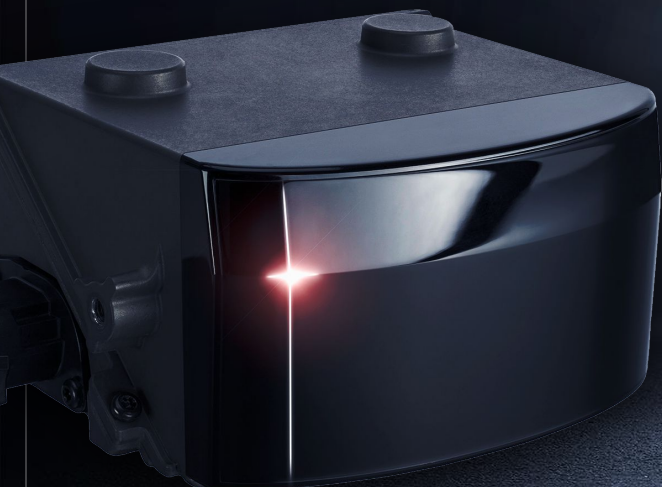
01

# H1 highlights

RESILIENT RESULTS IN A CHALLENGING  
ENVIRONMENT

2022 GUIDANCE CONFIRMED





FEBRUARY 25

Launch of the Move Up plan with new 2025 financial targets

Valeo's value creation strategy built on the sustainable mobility megatrends



JUNE 28

Major contract signed with BMW in ADAS

Valeo will provide the domain controller, sensors and software for parking and maneuvering for BMW's upcoming "Neue Klasse" platform



JUNE 7

**€2.9bn** in H1 2022

order intake achieving €4bn 2021/22 target for VSeA

Cover end-to-end powertrain assembly and their components including SiC 800V technology



JULY 4

Integration of 100% of VSeA's share capital into new PTS

For Valeo, the transaction results in a net cash outflow of €277M and a net debt increase of around €700M



JUNE 14

Stellantis chose Valeo's 3<sup>rd</sup> generation LiDAR for its level 3 automation capability

3<sup>rd</sup> generation LiDAR will equip multiple models of Stellantis' brands from 2024



JULY 26

**€13.1bn** in H1 2022

order intake recorded

Confirming strong momentum on Move Up's megatrends



01

## A turbulent environment...

### Electronic components shortage

**Valeo**



**> 50BN**  
components purchased every year



**20,000+**  
references



### Lockdown in key Chinese cities in Q2

Activity back to normal since early June



### Russian exposure

<1% Sales

€32M one-off assets impairment



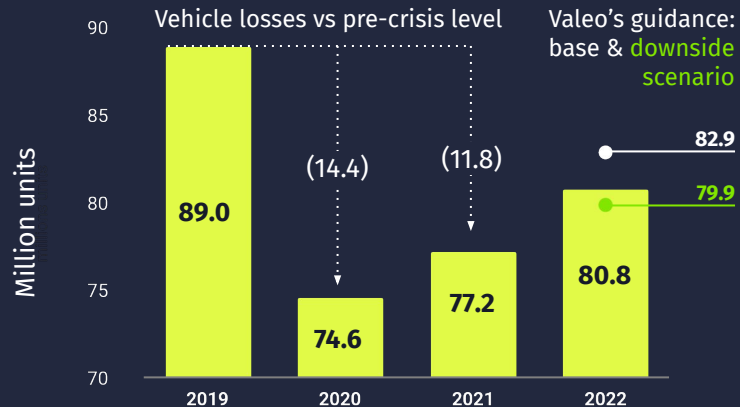
### Ukraine war

No

OEM sales/OE customers/suppliers in Ukraine

## ...weighing on production & input costs

### Global Light Vehicle Production



Source : S&P Global Mobility (ex IHS Markit) estimates as of July 15, 2022

### Input cost headwinds

~€200M materials and energy net inflation headwinds confirmed thanks to constructive discussions with customers

01

# H1 financial highlights



Group Sales

**€9,419M**

**Up 2% lfl** vs. 2021

Exchange rates: +3.4%  
Scope: -0.4%

“

Robust activity  
in a challenging environment



OEM Sales

**€7,813M**

**Up 1% lfl** vs. 2021

Exchange rates: +3.8%  
Scope: -0.3%

“

Outperformance in all regions



Aftermarket Sales

**€1,140M**

**Up 11% lfl** vs. 2021

Exchange rates: +0.2%  
Scope: -0.9%

“

Sharp increase  
in Aftermarket sales

01

# H1 financial highlights



Operating margin

(excl. JV & Associates)

**€258M**

2.7% of sales

“

Resilient profitability in an  
inflationary environment



JV & Associates

**€(76)M**

(0.8)% of sales

“

Valeo Siemens eAutomotive on track  
to reduce its losses by 50%



Net income

**€(48)M**

(0.5)% of sales

“

Including €32m in gross  
impairment of Russian assets

01

# H1 financial highlights



EBITDA

**€1,111M**

11.8% of sales

“

Resilient profitability in an  
inflationary environment



Free cash flow

**€179M**

Up 23% vs. 2021



Recorded CAPEX\*

**€364M**

3.9% of sales

“

Strict control over Capex  
€337M investment cash outflows  
in H1 2022



## 2022 guidance confirmed

Based on the latest automotive production estimates released by S&P Global on July 15, 2022, current levels of raw material and energy prices, constructive pricing discussions with our customers and the operational efficiencies identified in our plants, we confirm our 2022 financial objectives as published on February 25.



	2022*
Sales (in billions of euros)	19.2-20.0
EBITDA (as a % of sales)	11.8%-12.3%
Operating margin (as a % of sales)	3.2%-3.7%
Free cash flow (in millions of euros)	~320

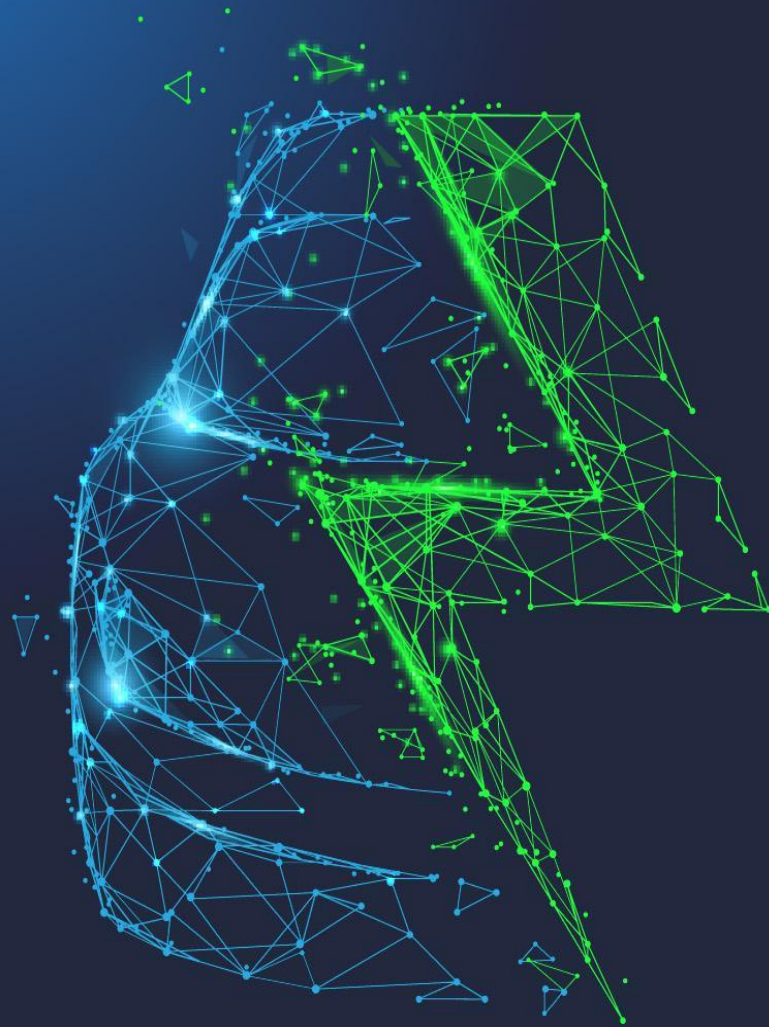
\*Based on:

- the integration of Valeo Siemens eAutomotive at July 4, 2022 following the acquisition by Valeo of the 50% stake held by Siemens in the joint venture.
- S&P Global Mobility (formerly IHS Markit) annual automotive production estimates released in February 2022 reduced by 1.5%, corresponding to around 82.9 million vehicles – falling within the range of 79.9 million to 84.1 million vehicles (with slight growth in the first half of 2022 and more than 10% growth in the second half).
- an expected 50% reduction in Valeo Siemens eAutomotive's losses in 2022 compared to 2021.

02

# Sustainable growth at the heart of our strategy

PIONEER IN CLEANER AND SAFER MOBILITY



# Committed to the United Nations Sustainable Development Goals (SDGs)

4 MEGATRENDS TO SUPPORT VALEO'S GROWTH, FULLY ALIGNED WITH THE UN'S SDGs

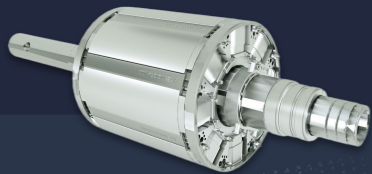


**Valeo**

Group level & suppliers



## Valeo's sustainability impact through innovation & technology



### eMotor EESM\*

Partnership with Renault  
SOP 2025 / Opti 2027



**+2% to 3% efficiency gain**

Rare-earth free



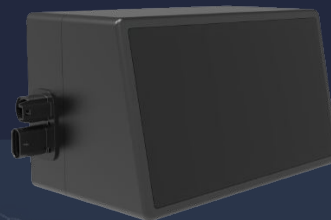
### 800V SiC technology

Partnership with  
STMicroelectronics  
SOP 2025



**+3% to 5% efficiency gain**

Enabling fast charging



### LiDAR Scala 3

SOP 2024



**Less accidents**

L3 automation capability

02

# An ESG leader recognized by rating agencies

#1

**S&P Global**

**72/100**

#1



**SUSTAINALYTICS**  
a Morningstar company

**10.7**  
low-risk

#1

**ISS ESG** ▶  
ethix • climate • oekom

**B- Prime**

#1



**CDP**

**A-**  
Climate Change

#1

**MSCI**  
ESG RATINGS

**AAA**

#1

The Corporate Knights Group  
**Corporate Knights**

**62.2%**



**Most represented auto parts company in ESG indices including**



**EURONEXT**  
CAC40 ESG

**STOXX**  
Global ESG Leaders



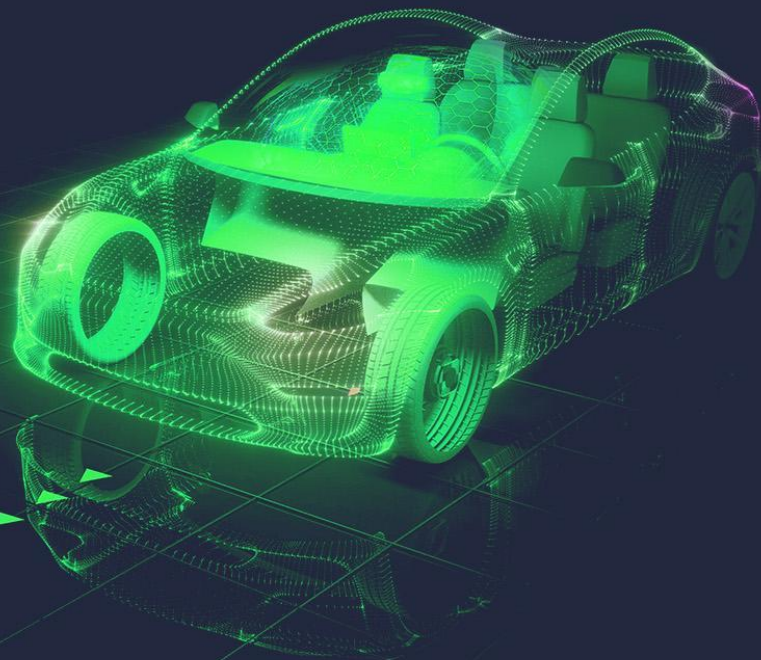
**FTSE4Good**

**MSCI**   
ESG Leaders

03

# H1 outperformance in all regions

3PTS ON A WORLDWIDE BASIS



03

# H1 OEM sales outperformance in all regions

## World

**3pts**  
outperformance

3pts  
excl. geographical mix

Production -2%\*

\* S&P Global Mobility (ex IHS Markit) estimates as of July 15, 2022

VALEO RESERVED | JULY 22



### North America

21% of OEM sales

+6% OEM sales lfl

+5% Production\*



**1pt**  
outperformance

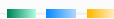


### South America

2% of OEM sales

+13% OEM sales lfl

-1% Production\*



**14pts**  
outperformance



### Europe (incl. Africa)

45% of OEM sales

-2% OEM sales lfl

-11% Production\*



**9pts**  
outperformance



### Asia (incl. China)

32% of OEM sales

+1% OEM sales lfl

0% Production\*



**1pt**  
outperformance

**China**  
**+4pts**  
outperf.  
15%  
of OEM sales

03

# H1 OEM sales outperformance



# Asia

**1pt**  
outperformance

Production 0%\*

\* S&P Global Mobility (ex IHS Markit) estimates as of July 15, 2022

VALEO RESERVED | JULY 22

Valeo



## China

48% of Asian sales

+5% OEM sales lfl

+1% Production\*

**4pts**

outperformance



## India

4% of Asian sales

+9% OEM sales lfl

+16% Production\*

**-7pts**

performance



## Japan

20% of Asian sales

-6% OEM sales lfl

-14% Production\*

**8pts**

outperformance



## South Korea

21% of Asian sales

-6% OEM sales lfl

-2% Production\*

**-4pts**

performance



# Comfort & Driving Assistance Systems

03

## ADAS momentum continued in the 1<sup>st</sup> half

CONTRIBUTING TO SAFER MOBILITY

7pts

CDA OEM sales  
outperformance

vs H1 2021

ADAS OEM Sales

€1,162M

13pts outperf.

Reinvention of interior  
experience OEM Sales

€629M

-3pts perf.



Strong ADAS momentum in all  
products



Good level of activity in North  
America

Valeo

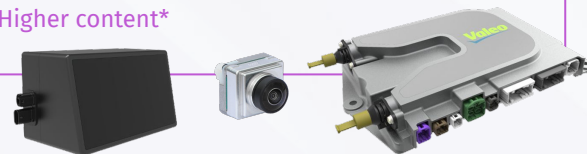
MOVE  
UP Valeo

Benefiting from ADAS acceleration  
& Reinvention of interior experience

- 3<sup>rd</sup> Gen LiDAR (Scala 3) order with Stellantis to equip multiple models
- Major contract win in ADAS with BMW including sensors, domain controller & integrated SW
- 5 orders of interior camera for driver monitoring

1.4X in ADAS

Higher content\*



\* By 2025 vs 2021

# Powertrain Systems



03

## Before high-voltage acceleration

CONTRIBUTING TO GREENER MOBILITY

Opt

PTS OEM sales  
outperformance

vs H1 2021



Unfavorable product mix effect in Europe & China

(consolidation of VSeA as of July 4, 2022)



Truck business slowdown in  
China



Market share gain with OEMs  
in North America

Valeo

**MOVE  
UP** Valeo

Benefiting from  
electrification acceleration

- Creating a champion in electrification by taking the control of VSeA on July 4, 2022
- €4BN high-voltage powertrain order intake, achieving our 2021/2022 target
- Synergies on track

Opportunity  
in  
**New  
Mobility**

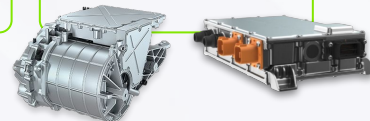
48V  
Systems



**6x**

Higher content\*

HV  
Systems



\* By 2025 vs ICE

## Towards electrification acceleration

CONTRIBUTING TO GREENER MOBILITY

+5pts

THS OEM sales  
outperformance

vs H1 2021



**Accelerating sales in Europe** with German premium & French OEMs thanks to acceleration of electrification



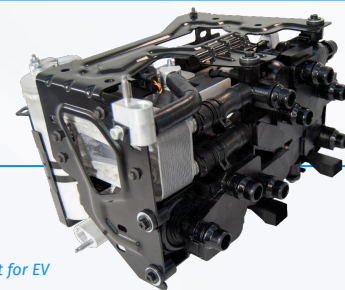
**Remarquable performance in China**



### Benefiting from electrification acceleration

- >60% of H1 2022 order intake in electrification
- **Battery thermal management** preserving battery range and longevity and enabling fast charging
- **First order booked for the new advanced Heat Pump** : compact, lighter with less piping

**2.5x**  
Higher content\*\*



\* Thermal Module Management for EV

\*\* By 2025 vs ICE

03

## Temporarily impacted by product and customer mix effects

CONTRIBUTING TO GREENER & SAFER MOBILITY

-1pt

VIS OEM sales  
outperformance

vs H1 2021



**Business Group's activity** negatively impacted by bottlenecks in OEM supply chain and related decontingent (lower electronics content)



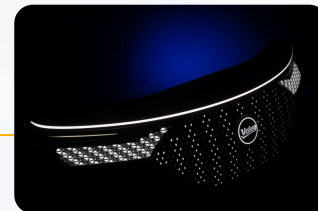
Unfavorable customer mix in Japan & geographic mix in Asia

**MOVE UP**  
Valeo

Benefiting from  
**lighting everywhere**

- Global #1 in Visibility market
- First orders wins in central area illuminated grille/logo
- 2 millions cars equipped with bi-functional module **Valeo thinlens**

**1.2x**  
Higher content\*



\* By 2025 vs 2021

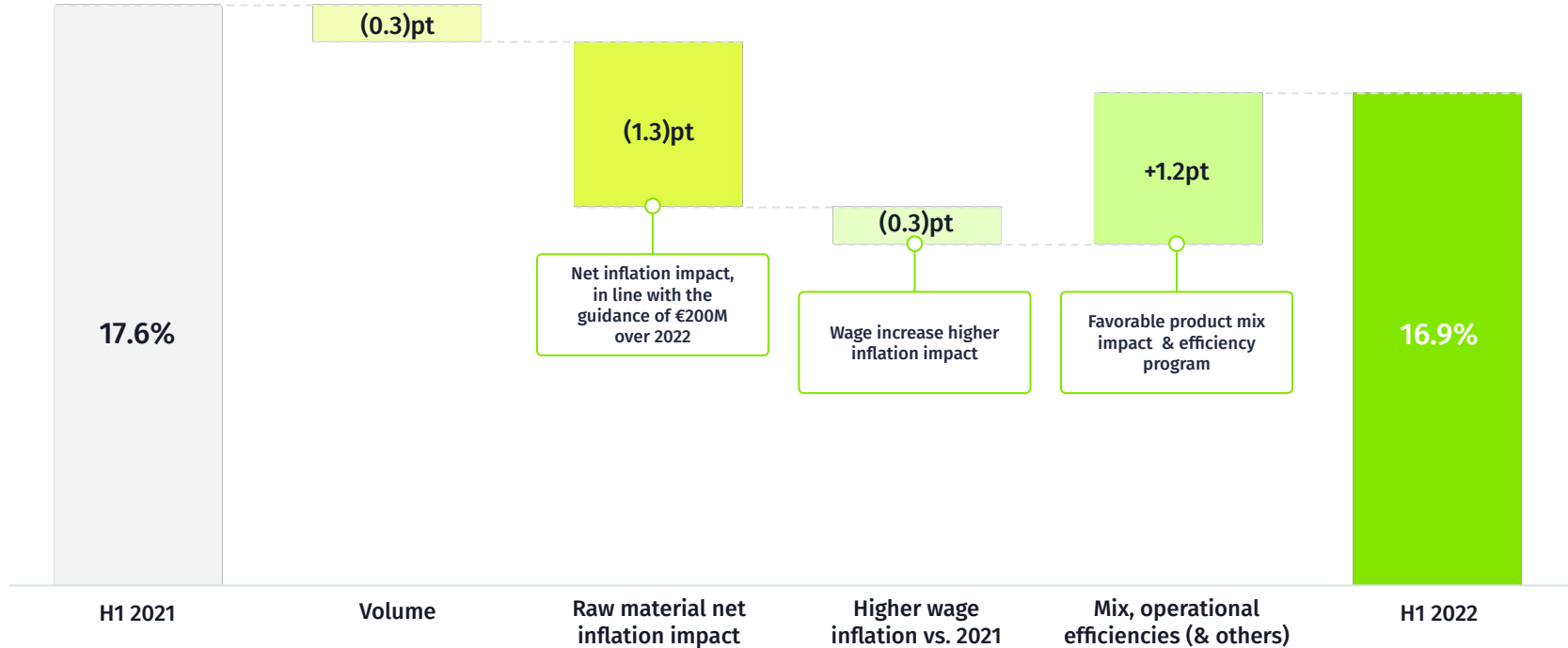
04

## H1 EBITDA & operating margins at 11.8% & 2.7% of sales

IMPACTED BY PERSISTENT DIFFICULT  
ECONOMIC CONDITIONS

# Resilient gross margin in an unfavorable environment

As a % of sales



04

## Net R&D costs at 7.1 % of sales

(€M)	H1 2021	H1 2022	▲
Gross Research and Development expenditure As a % of sales	(851) (9.5)%	(959) (10.2)%	+13% +70bps
IFRS impact	46	3	-93%
Subsidies and grants, and other income	49	63	+29%
<b>Research &amp; Development expenditure</b> As a % of sales	<b>(756)</b> <b>(8.4)%</b>	<b>(893)</b> <b>(9.5)%</b>	<b>+18%</b> <b>+110bps</b>
R&D sales (contributions received from customers)	178	224	+26%
<b>Net Research &amp; Development cost</b> As a % of sales	<b>(578)</b> <b>(6.4)%</b>	<b>(669)</b> <b>(7.1)%</b>	<b>+16%</b> <b>70bps</b>
IFRS impact*	46	3	-93%
As a % of sales	0.5%	0.0%	-50bps
Capitalized development expenditure As a % of sales	291 3.2%	295 3.1%	+1% -10bps
Amortization and impairment of capitalized development expenditure** As a % of sales	(245) (2.7)%	(292) (3.1)%	+19% +40bps



# 7.1%

## Net R&D cost

Broadly in line with *Move Up* objective of ~6.5% of sales in 2025



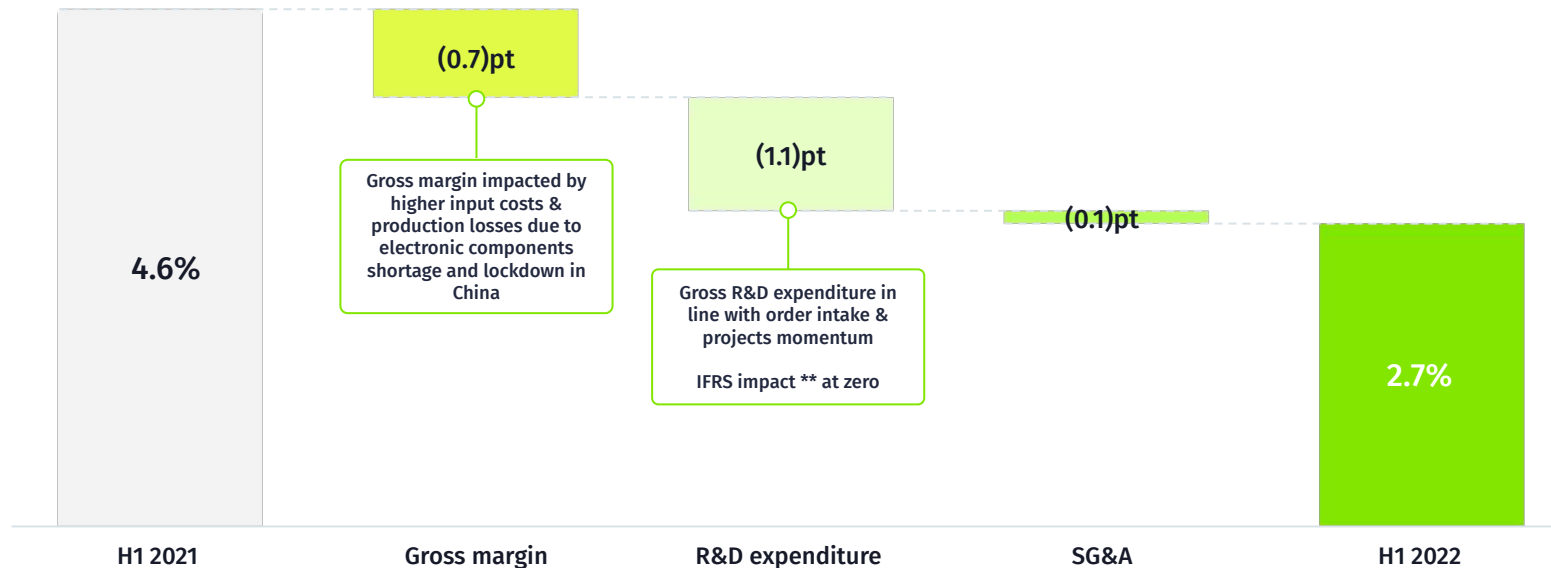
# 0%

## IFRS impact\*

With higher amortization at 3.1% of sales due to the launch of numerous innovative projects

# H1 operating margin\* at 2.7% of sales

As a % of sales





04

## EBIT margin at 2.7 % of sales

## EBITDA margin at 11.8% of sales

(€M)	H1 2021	H1 2022	▲
<b>Total Sales</b>	<b>8,994</b>	<b>9,419</b>	<b>5%</b>
<b>Gross margin</b>	<b>1,586</b>	<b>1,589</b>	<b>0%</b>
<i>As a % of sales</i>	17.6%	16.9%	-70bps
R&D expenditure	(756)	(893)	+18%
<i>As a % of sales</i>	(8.4)%	(9.5)%	+110bps
SG&A	(415)	(438)	+6%
<i>As a % of sales</i>	(4.6)%	(4.7)%	+10bps
<b>Operating margin excl. JV &amp; associates</b>	<b>415</b>	<b>258</b>	<b>-38%</b>
<i>As a % of sales</i>	4.6%	2.7%	-190bps
JV & associates	(119)	(76)	-36%
<i>As a % of sales</i>	(1.3)%	(0.8)%	-50bps
<i>Of which Valeo Siemens eAutomotive</i>	(125)	(82)	-34%
<i>As a % of sales</i>	(1.4)%	(0.9)%	-50bps
<b>Operating margin incl. JV &amp; associates</b>	<b>296</b>	<b>182</b>	<b>-39%</b>
<i>As a % of sales</i>	3.3%	1.9%	-140bps
<b>EBITDA</b>	<b>1,205</b>	<b>1,111</b>	<b>-8%</b>
<i>As a % of sales</i>	13.4%	11.8%	-160bps



# 16.9%

### Gross margin

impacted by higher input costs & production losses



# 2.7%

### Operating margin

Higher R&D expenditure due to the strong increase in order intake and projects under development & drop of IFRS impact\* to 0%



# €(76)m

### JV & associates

Valeo's HV business on track to reach its objective of halving its losses in 2022

# H1 net income of €(48)M

(€M)	H1 2021	H1 2022	▲
<b>Total Sales</b>	<b>8,994</b>	<b>9,419</b>	<b>5%</b>
<b>Operating margin incl. JV &amp; associates</b>	<b>296</b>	<b>182</b>	<b>-39%</b>
<i>As a % of sales</i>	<i>3.3%</i>	<i>1.9%</i>	<i>-140bps</i>
Other income & expenses	(29)	(71)	-145%
<i>As a % of sales</i>	<i>(0.3)%</i>	<i>(0.8)%</i>	<i>-50bps</i>
<b>Operating income</b>	<b>267</b>	<b>111</b>	<b>-58%</b>
<i>As a % of sales</i>	<i>3.0%</i>	<i>1.2%</i>	<i>-180bps</i>
Cost of net debt	(28)	(50)	+79%
Other financial income & expenses	6	20	+233%
Income before taxes	245	81	-67%
Income taxes	(114)	(97)	-15%
<i>Effective tax rate</i>	<i>(31)%</i>	<i>(62)%</i>	<i>na</i>
Non-controlling interests and other	(41)	(32)	-22%
<b>Net income</b>	<b>90</b>	<b>(48)</b>	<b>na</b>
<i>As a % of sales</i>	<i>1.0%</i>	<i>(0.5)%</i>	<i>-150bps</i>
<b>EPS</b>	<b>0.38</b>	<b>(0.20)</b>	<b>na</b>



## Other income & expenses

€(71)M including €32M one-off impairment charge linked to full writedown of our Russian assets



## Cost of net debt

+€22M in a context of rising interest rates



## Effective tax rate

62% tax rate reflecting an unfavorable country mix

05

**H1 free cash flow  
of €179M**

HIGHER THAN EXPECTATION

## EBITDA margin by Business Group

Impacted by persistent difficult market conditions

€1,111M

11.8% of sales

### Profitability impacted by:



- Inflationary pressure on raw materials, energy and wages
- Production losses due to electronic components shortage and lockdown in China



- Valeo's Business Groups were unequally impacted by raw material inflation headwind
- Thermal Systems hit by the lag of compensations due to the specific situation of aluminum and its components & weak production volumes on specific platforms in Europe

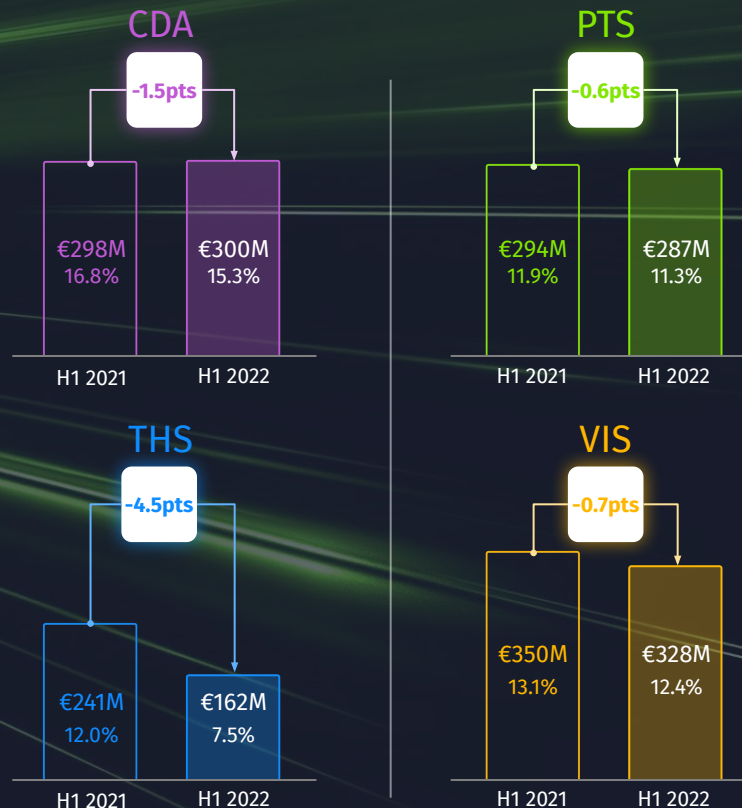
### Ongoing negotiations:



- to obtain compensations to limit the impact of inflation on our 2022 results
- to increase the level of indexation & frequency of passthrough for new and existing contracts

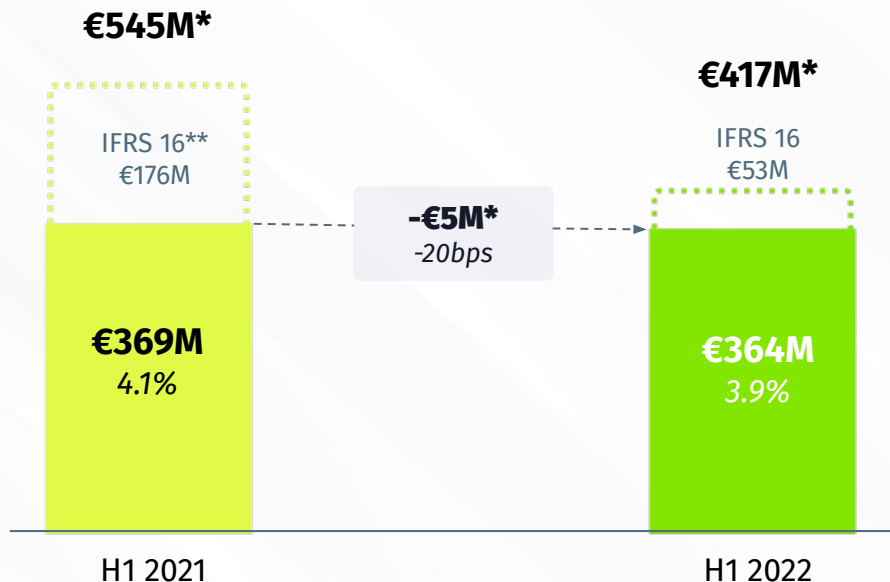
## EBITDA BY BUSINESS GROUP

(IN €M AND IN % OF SALES)



## Recorded CAPEX down by 23% YoY

In €M and as a % of sales



\* Excl. capitalized R&D & IFRS 16

\*\* Leases for the future Group headquarters and for the CDA lab building

\*\*\* Excl. capitalized R&D

INVESTMENT CASH OUTFLOWS\*\*\*

**€337M**

Strong discipline on investment cash outflows at 3.6% of sales to preserve cash generation

05

# H1 free cash flow at €179m

(€M)	H1 2021	H1 2022
<b>EBITDA</b>	<b>1,205</b>	<b>1,111</b>
Change in operating working capital	(218)	(35)
Restructuring & social costs	(54)	(17)
Other operating items (incl. taxes)	(218)	(291)
<i>of which: Taxes</i>	(133)	(139)
<i>Pensions</i>	(7)	(16)
<i>IFRS 16 leases</i>	(42)	(50)
<b>Cash from operating activities*</b>	<b>715</b>	<b>768</b>
CAPEX (excl. capitalized R&D)	(329)	(337)
Capitalized R&D	(241)	(252)
<b>Free cash flow*</b>	<b>145</b>	<b>179</b>
Interest	(13)	(64)
Other financial items	(188)	(335)
<b>Net cash flow</b>	<b>(56)</b>	<b>(220)</b>
<b>Net debt</b>	<b>3,147</b>	<b>3,281</b>

04  
40

## Working Capital

Negative working capital impact notably due to voluntary inventory increase to secure deliveries to customers

03  
30

# €589M

## Investment outflows (incl. capitalized R&D)

thanks to strict control of our investments

02  
20

## Net cash flow

€112m in loans to Valeo Siemens eAutomotive  
€84m in dividends to Valeo shareholders

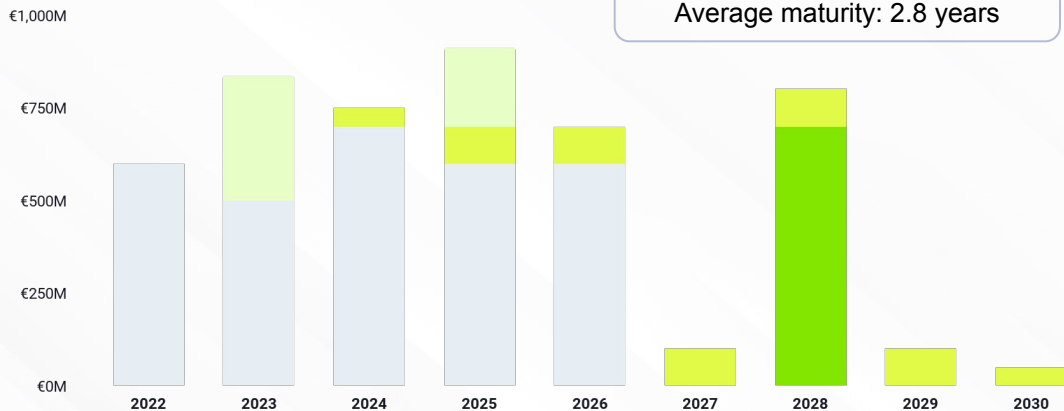
01  
10

## Net debt

Balanced debt profile backed by solid liquidity position of €3.1BN (C&CE) and €1.8BN of undrawn credit facilities

05

# Balanced debt profile



Average maturity: 2.8 years

### Senior bond (EMTN)

Maturity	Amount	Coupon
September 2022	€600M	0.375%
January 2023	€500M	0.625%
January 2024	€700M	3.250%
June 2025	€600M	1.500%
March 2026	€600M	1.625%

### Schulschein

Maturity	Amount	Coupon
April 2023	€115M	0.950%
April 2023	€221M	E6M+0.950%
April 2025	€90M	1.291%
April 2025	€122M	E6M+1.150%

### EIB loan

Maturity	Amount	Coupon
Repayment from 2024 until June 2029	€300M	0.885%
Repayment from 2025 until February 2030	€300M	1.083%

### Sustainability-linked senior bond (EMTN)

Maturity	Amount	Coupon
August 2028	€700M	1.000%

## Undrawn credit facilities

**€1.8BN**  
As of June 30, 2022

## Undrawn Bridge to bond

**€650M**

Nominal

**12 months**

Maturity

**July 15<sup>th</sup>, 2022**

Signing date

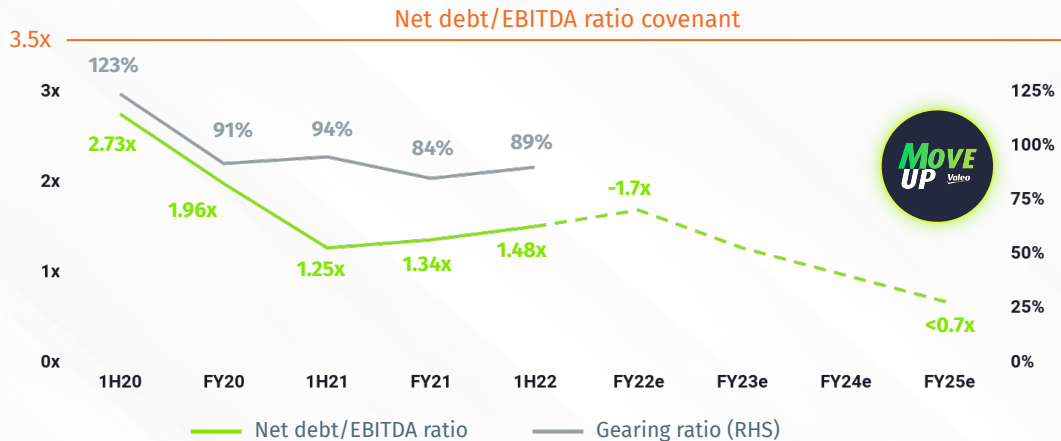
**Extension options**

Two 6-months extension options at Valeo's hand

05

# Leverage ratio of 1.48x EBITDA

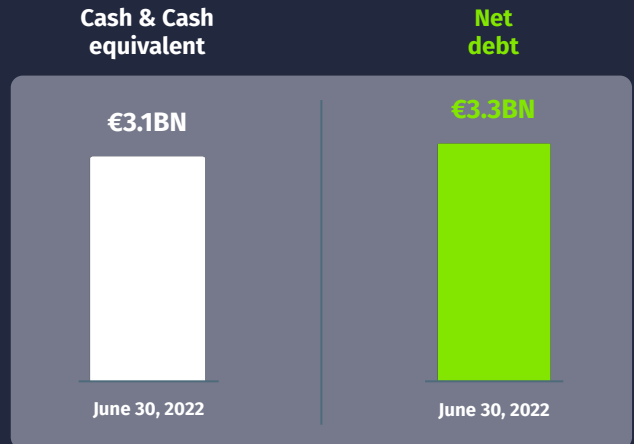
## Leverage & gearing



## As of 30 June 2022

Net Debt	€3,281M	ND/EBITDA ratio	
EBITDA 12m	€2,214M	<b>1.48x</b>	

Net Debt	€3,281M	Gearing ratio	
Equity	€3,670M	<b>89%</b>	



## Credit ratings

	LT	Outlook	ST
MOODY'S	Baa3	Stable	Prime-3
S&P Global	BB+	Stable	B





06

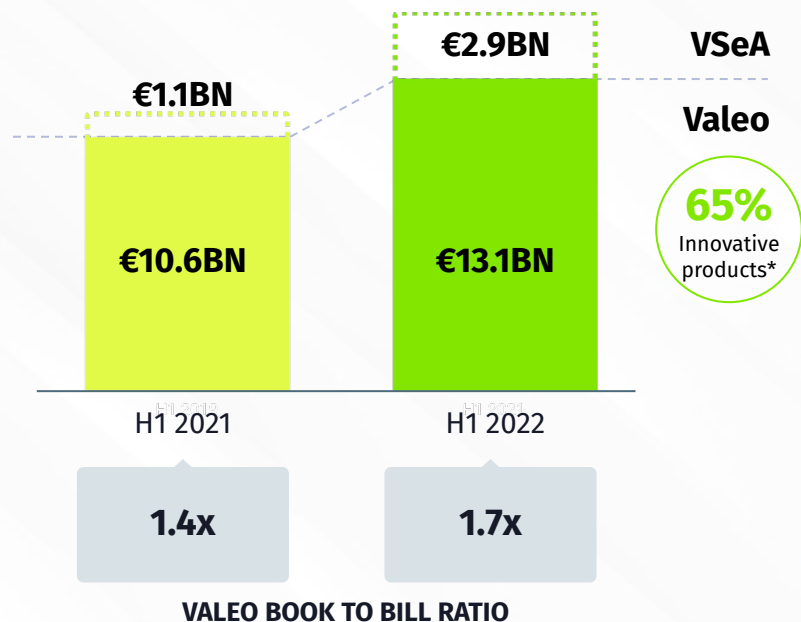
# Move Up plan

ON TRACK



# Strong business momentum

Order intake & book to bill



VALEO BOOK TO BILL RATIO



## Electrification Acceleration

- ✓ €4BN HV order intake achieving our 2021/2022 target
- ✓ >60% THS order intake in electrification

Valeo SIEMENS AUTOMOTIVE



## Interior Experience Reinvention

- ✓ 5 orders of interior cameras for driver monitoring
- ✓ 2 orders for interactive surfaces: digital cluster & dome module



## ADAS Acceleration

- ✓ 3rd Gen LiDAR order with Stellantis to equip multiple models
- ✓ Major contract with BMW in ADAS including sensors, HW & integrated SW

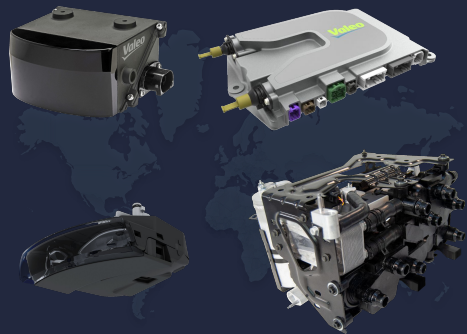


## Lighting Everywhere

- ✓ First orders in central area illuminated grille/logo
- ✓ 2M cars equipped with bi-functional module Valeo thinlens

06

# Valeo H1 book to bill at 1.7x OEM sales



**€13.1BN**  
order intake

**€7.8BN\***  
OEM sales

**1.7x**  
book to bill



## North America

**€4.5BN** order intake  
34% of order intake

21% of Group OEM sales\*

**2.8x**



## South America

**€0.1BN** order intake  
1% of order intake

2% of Group OEM sales\*

**0.9x**



## Europe (incl. Africa)

**€4.4BN** order intake  
33% of order intake

44% of Group OEM sales\*

**1.3x**



## Asia (incl. China)

**€4.1BN** order intake  
32% of order intake

33% of Group OEM sales\*

**1.6x**

**China**  
**2.2x**  
Book to bill ratio  
21% of Order intake

\* OEM sales and order intake by destination incl. joint ventures but excl. Valeo Siemens eAutomotive

06

## Major orders win in ADAS

3<sup>rd</sup>

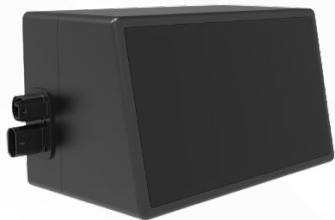
Generation LiDAR Scala order



STELLANTIS

To equip multiple models of Stellantis' brands

Thanks notably to higher resolution, Scala 3 enables level 3 automation capabilities



### RESOLUTION

50x

vs 2<sup>nd</sup> generation



## Multi HW/SW ADAS

order with



To equip BMW's "Neue Klasse" EV platform

Including both domain controller, sets of sensors & integrated software for parking & maneuvering



Real-time mapping and understanding of the car's surroundings as well as the vehicle interior

# Valeo Siemens eAutomotive

An electric champion



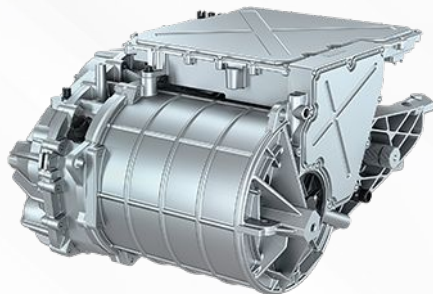
**July 4<sup>th</sup>**

Integration as  
scheduled



**~€700M**

Net debt  
impact



**€120M**

HV Business integration synergy  
per year at run rate (2025)



## Activity ramp up & reduced losses

H1 2022



**€375M sales**

Strong acceleration expected in H2



**50% losses reduction confirmation**

in VSeA's net income in 2022 vs 2021

**€2.9BN**  
Order intake

Achieving our

**€4bn** 2021/2022 target

Including **SiC 800V technology**

06



**Committed  
To our 2025  
Targets\***

Sales  
**€27.5BN**

**>5pts**

OUTPERF. OVER  
2021/25 VS. IHS

EBITDA  
**~14.5%**

EBIT  
**~6.5%**

FCF  
**€0.8BN - €1.0BN**

Leverage  
**<0.7x**



CAGR\*\* 2021-2025

PTS  
**15%**  
> 8pts  
OUTPERF

THS  
**11%**  
> 4pts  
OUTPERF

CDA  
**16%**  
> 9pts  
OUTPERF

VIS  
**10%**  
> 4pts  
OUTPERF

HV BUSINESS  
INTEGRATION  
SYNERGY

**€120M**  
per year  
at run rate  
(2025)

EFFICIENCY PLAN

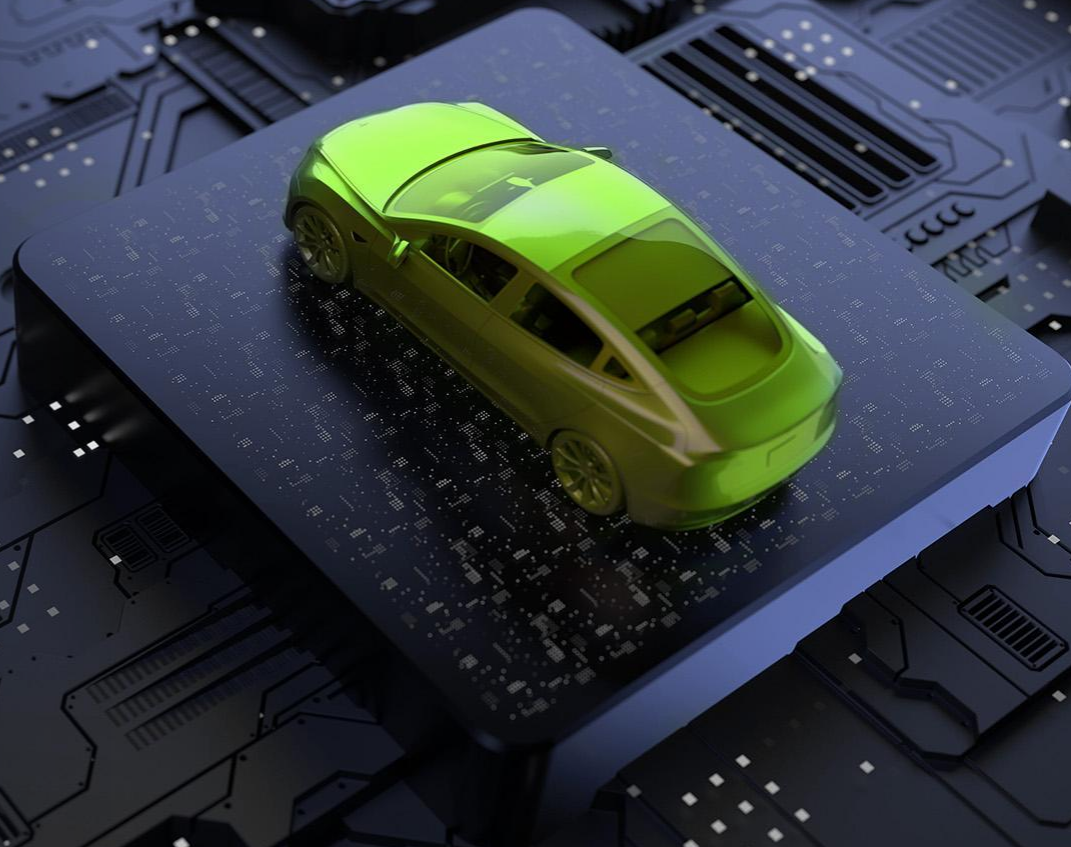
**€100M**  
per year  
at run rate  
(2023)

DIVESTMENT OF  
NON-STRATEGIC  
ASSETS

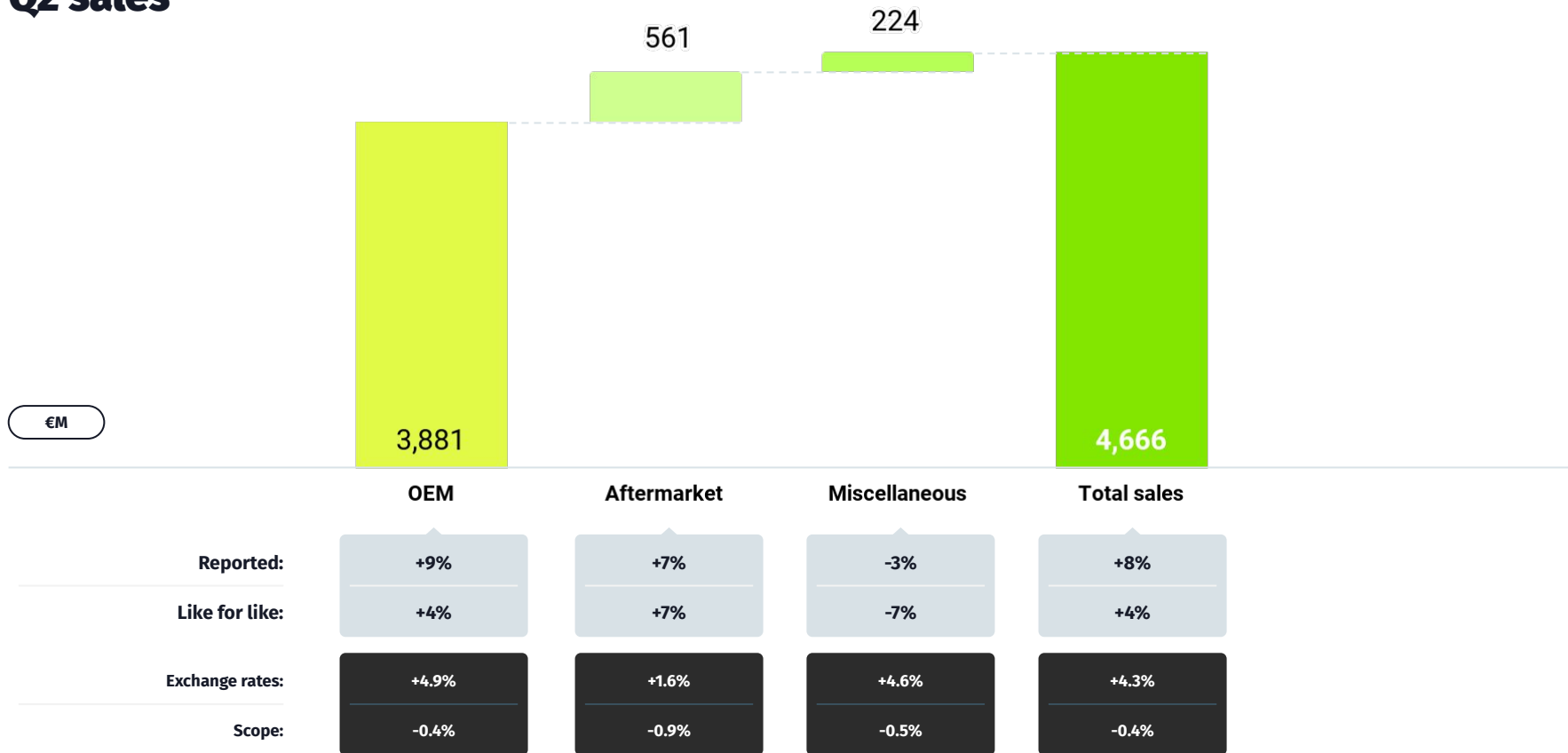
**€500M**  
in value

07

# Backup slides



# Q2 sales



€M

3,881

561

224

4,666

OEM

Aftermarket

Miscellaneous

Total sales

Reported:

+9%

+7%

-3%

+8%

Like for like:

+4%

+7%

-7%

+4%

Exchange rates:

+4.9%

+1.6%

+4.6%

+4.3%

Scope:

-0.4%

-0.9%

-0.5%

-0.4%



07

# Q2 OEM sales outperformance

## World

**4pts**  
outperformance

**3pts**  
excl. geographical mix

**0%** Production\*

\* S&P Global Mobility (ex IHS Markit) estimates as of July 15, 2022

VALEO RESERVED | JULY 22



### North America

21% of Valeo sales

**+12%** OEM sales lfl

**+12%** Production\*



**0pt**  
outperformance



### South America

2% of Valeo sales

**+26%** OEM sales lfl

**+13%** Production\*



**13pts**  
outperformance

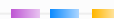


### Europe (incl. Africa)

46% of Valeo sales

**+3%** OEM sales lfl

**-5%** Production\*



**8pts**  
outperformance



### Asia (incl. China)

31% of Valeo sales

**-1%** OEM sales lfl

**-2%** Production\*

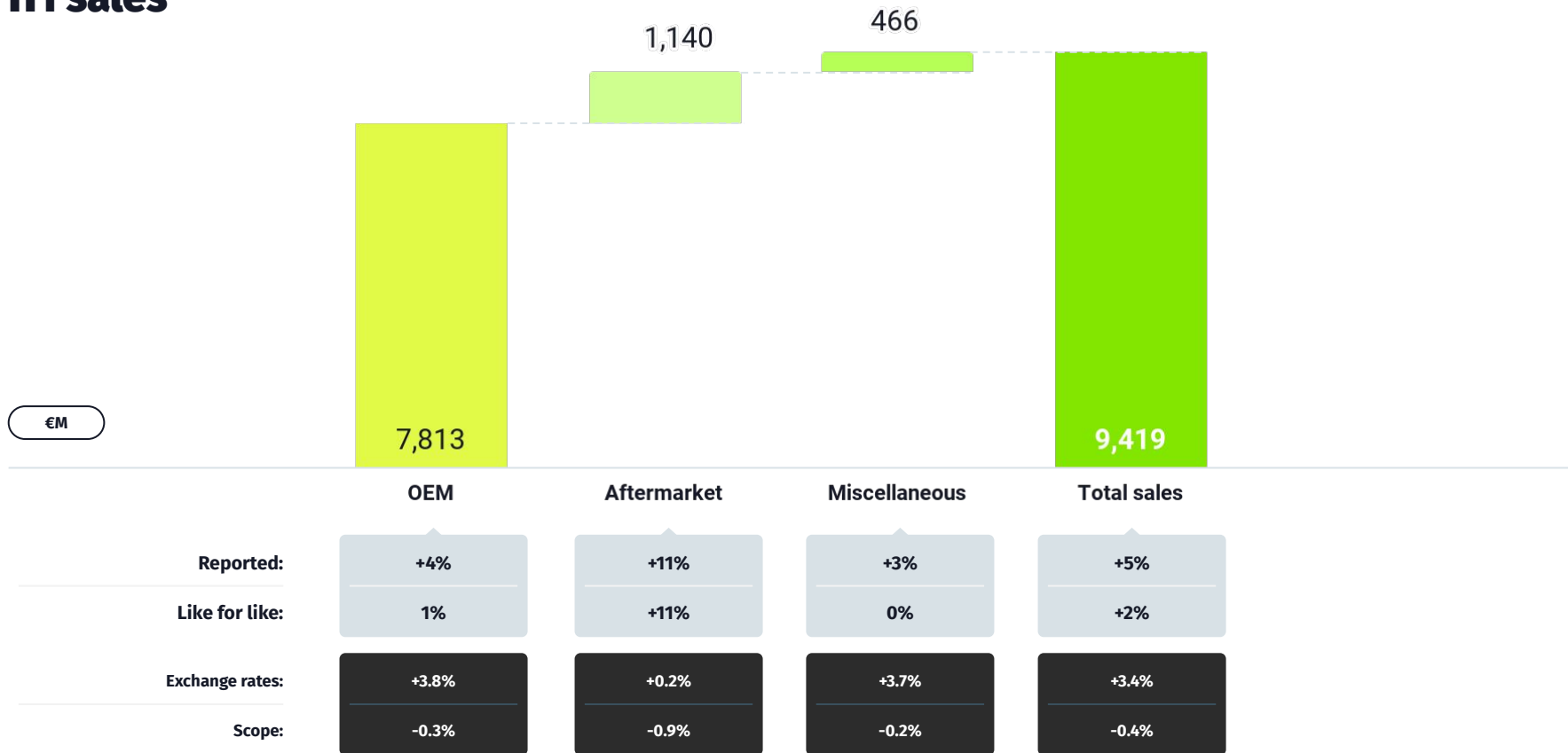


**1pt**  
outperformance

**China**  
**4pts**  
outperf.  
14%  
of OEM sales

Growth drivers

# H1 sales



07

# H1 geographic & customer positioning

## OEM sales by production region (% of OEM sales)

	H1 2021	H1 2022	▲
Western Europe	33%	31%	-2pp
US	8%	8%	Stable
<b>Asia &amp; emerging countries</b>	<b>59%</b>	<b>61%</b>	<b>+1pp</b>
<i>Of which Asia excluding China</i>	17%	16%	-1pp
<i>Of which China</i>	14%	16%	+2pp
<i>Of which Eastern Europe</i>	16%	15%	-1pp
<i>Of which Mexico</i>	11%	12%	+1pp
<i>Of which South America</i>	1%	2%	+1pp

## Customer portfolio (% of OEM sales)

<b>German</b>	<b>32%</b>	<b>30%</b>	<b>-2pp</b>
<b>Asian</b>	<b>32%</b>	<b>31%</b>	<b>-1pp</b>
<b>American</b>	<b>17%</b>	<b>19%</b>	<b>+2pp</b>
<b>French</b>	<b>14%</b>	<b>14%</b>	<b>Stable</b>
<b>Other</b>	<b>5%</b>	<b>6%</b>	<b>+1pp</b>

**61%**  
of OEM Sales

Exposure to Asian  
& emerging markets

Great diversification  
among OEM customers



# H1 Segment information

H1 2022

(€m)	CDA*	PTS	THS	VIS	Other	Total
<b>Sales:</b>						
Segment (Excluding Group)	1,940	2,490	2,135	2,617	159	9,341
Intersegment (Group)	18	59	36	22	(57)	78
<b>EBITDA</b>	<b>300</b>	<b>287</b>	<b>162</b>	<b>328</b>	<b>34</b>	<b>1,111</b>
Research & Development expenditure, net	(367)	(174)	(155)	(190)	(7)	(893)
Investments in property, plant & equipment & intangible assets	240	120	132	207	13	712
Segment assets	2,882	3,256	2,677	2,880	314	12,009

H1 2021

(€m)	CDA*	PTS	THS	VIS	Other	Total
<b>Sales:</b>						
Segment (Excluding Group)	1,767	2,403	1,980	2,632	212	8,994
Intersegment (Group)	12	65	29	30	(136)	0
<b>EBITDA</b>	<b>298</b>	<b>294</b>	<b>241</b>	<b>350</b>	<b>22</b>	<b>1,205</b>
Research & Development expenditure, net	(268)	(150)	(131)	(191)	(16)	(756)
Investments in property, plant & equipment & intangible assets	280	144	131	210	71	836
Segment assets	2,678	3,304	2,650	2,828	279	11,739

# Strong ESG practices in automotive industry with ambitious targets

E



S



G



## Carbon neutrality across 3 scopes by 2050<sup>(1)</sup>

### Intermediate CO<sub>2</sub>eq reduction target of -45% by 2030<sup>(2)</sup> without offsetting

- Including 50% net reduction target<sup>(3)</sup> for downstream Scope 3 - end-use of our products

## Improve our eco-efficiency and resource allocation by 2025<sup>(2)</sup>

- Energy as % of sales by -6%
- Waste as % of sales by -9%
- Water as % of sales by -6%

## Employee safety as #1 priority with accident frequency rate < 1.0 by 2025

### Promote diversity

- Increase % plants run by local managers to 80% by 2025
- Increase % women on management committees to 32% by 2030

## Encourage talent development & well-being at work

### Integration of suppliers in sustainability approach

- Target of 82% of total purchases subject to sustainability assessment by 2025

## Separation of roles of Chairman and CEO in January 2022

### Board independence

with 83%<sup>(4)</sup> of directors independent

### Board diversity

with 50%<sup>(5)</sup> of Board members women

## Top management compensation includes CSR criteria

- ...also sustainability criteria included in variable compensation of 1,500 managers since 2021

## Ethics & business practices

- Chief Ethics & Compliance Officer reports directly to CEO (best practice)
- Speak-up culture

# 2019-2025 ESG outlook



## E

		2019 base year	2021 (var vs. 2019)	2025e (var vs. 2019)
Emissions reduction (Scope 1, 2 & 3)	in MtCO <sub>2</sub>	49.6	45.0 (-9%)	37.9 (-24%)
Scope 1 & 2 emissions	in tCO <sub>2</sub> /€m	57.6	45.2 (-22%)	40.0 (-31%)
Energy consumption	in MWh/€m	142	161 (13%)	134 (-6%)
ISO 50001 energy management certification	% of sites	18	31 (+13pp)	40 (+22pp)
Water consumption	in cu.m/€m	197	204 (4%)	185 (-6%)
Production of hazardous and non-hazardous waste	in t/€m	16.4	14.8 (-10%)	15.0 (-9%)



## S

Accident rate frequency (FR1)	No. of accidents with lost time per million hours worked	1.9	1.2	<1 <sup>(3)</sup>
Gender equality index	%	82.0	86.3 (+4.3pp)	90 (+8pp)
Proportion of plants run by a local director	% of plants	78	82 (+4pp)	80 (+2pp)
Share of purchases for which the suppliers' sustainable development practices were assessed during the year	% of purchases (value)	80	82 (+2pp)	82 (+2pp)



## G

Best practices in governance	separation of Chairman & CEO roles	~ <sup>(4)</sup>	✓	✓
CSR criteria included in top management's and 1,500 key managers' compensation	included in variable and/or long-term compensation	~ <sup>(6)</sup>	✓	✓
Board independence <sup>(1)</sup>	% of independent members	92	83 (-9pp)	-
Board diversity <sup>(2)</sup>	% of women	42	50 (+8pp)	-

(1) In accordance with Article L.225-27-1, II of French Commercial Code.

(2) In accordance with the recommendation in Article 9.3 of the AFEP-MEDEF Code.

(3) The continuous improvement of FR1 since 2020 has encouraged the Group to adjust its 2025 target from &lt;1.7 to &lt;1.

(4) Lead Director position at Board level effective until January 2022.

(5) Separation of Chairman of the Board and CEO roles, announced in October 2020 and effective in January 2022.

(6) Not included in 1,500 key managers' compensation.

# Contacts

## INVESTOR RELATIONS

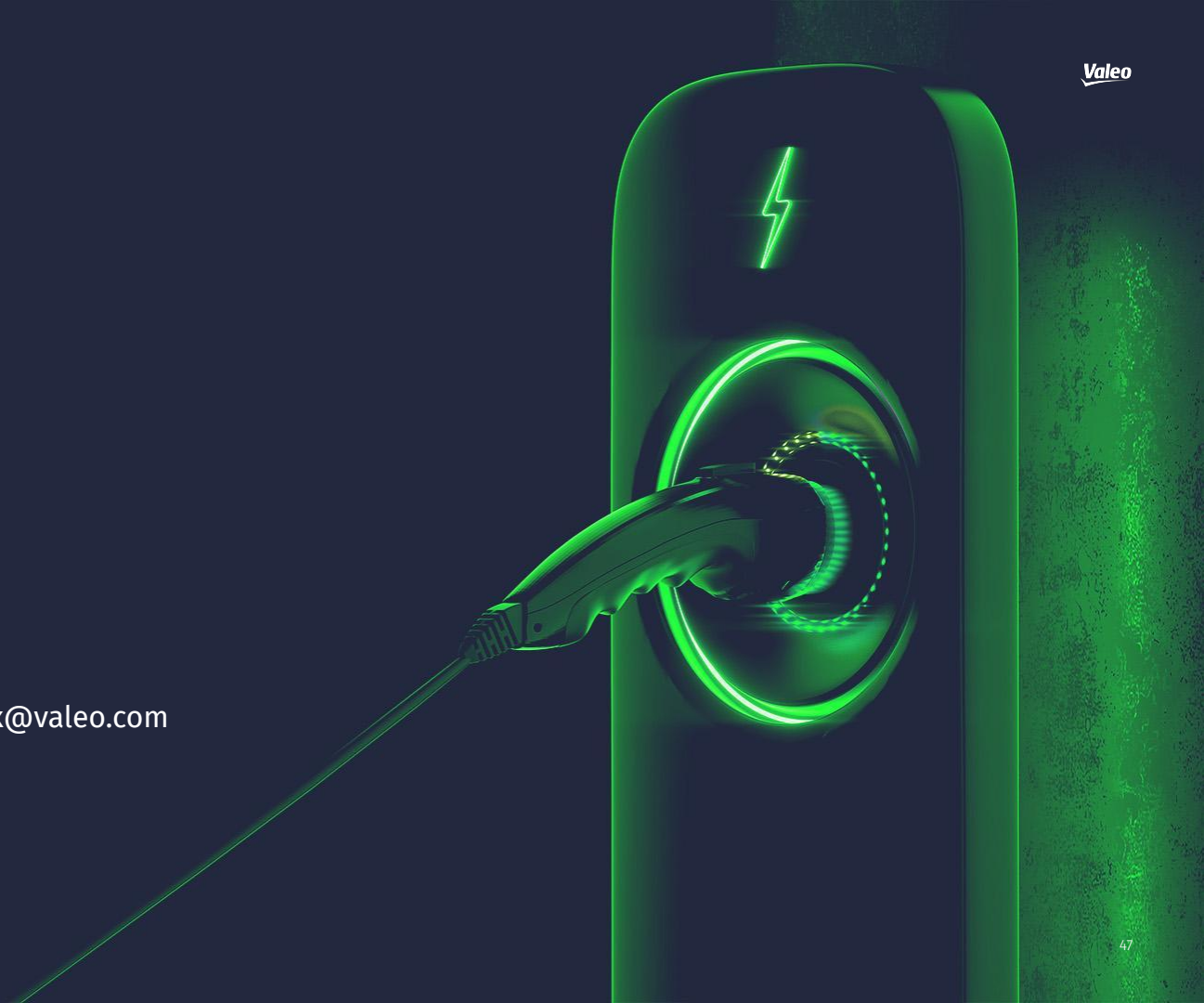
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Website: [www.valeo.com](http://www.valeo.com)



# Share information

## Share Data

Bloomberg Ticker	FR FP
Reuters Ticker	VLOF.PA
ISIN Number	FR0013176526
Shares outstanding as of June 30, 2022	242,574,781

## ADR Data

Ticker/trading symbol	VLEEY
CUSIP Number	919134304
Exchange	OTC
Ratio (ADR: ord)	1:2
Depository Bank	J.P. Morgan
Contact at J.P. Morgan – ADR	Jim Reeves
Broker relationship desk	+1 212-622-2710



# Glossary

**Order intake** corresponds to business awarded by automakers during the period to Valeo, and to joint ventures and associates based on Valeo's share in net equity, (except Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator.

**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.

**Operating margin including share in net earnings of equity-accounted companies** corresponds to operating income before other income and expenses.

**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.

**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.

**Net cash flow** corresponds to free cash flow less (i) cash flows in respect of investing activities, relating to acquisitions and disposals of investments and to changes in certain items shown in non-current financial assets, (ii) cash flows in respect of financing activities, relating to dividends paid, treasury share purchases and sales, interest paid and received, and acquisitions of equity interests without a change in control, and (iii) changes in non-recurring sales of receivables.

**Net debt** comprises all long-term debt, liabilities associated with put options granted to holders of non-controlling interests, short-term debt and bank overdrafts, less loans and other long-term financial assets, cash and cash equivalents and the fair value of derivative instruments hedging the foreign currency and interest rate risks associated with these items.

# Safe harbour 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. It is also exposed to environmental and industrial risks, risks associated with the Covid-19 epidemic, risks related to the Group’s supply of electronic components and the rise in raw material prices, risks related to the Russia-Ukraine conflict, 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 2021 Universal Registration Document registered with the AMF on April 7, 2022 (under number D.22-0254).

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