



SMART TECHNOLOGY
FOR SMARTER MOBILITY

PARIS

APRIL 25, 2023

Solid start to 2023

15% growth in sales in first quarter, to 5.5 billion euros

- Sales up 15% as reported to 5,482 million euros
- Original equipment sales up 13% like for like on an adjusted basis⁽¹⁾
- Acceleration in the high-voltage electric powertrain business,
 - original equipment sales up 69% like for like
 - new orders for around 4 billion euros, including for Valeo 800V SiC inverter technology
- Acceleration in the ADAS business, with original equipment sales up 21% like for like
- Aftermarket sales up 6% like for like on an adjusted basis⁽¹⁾
- 2023 guidance confirmed

"Our first-quarter sales, up 15% to 5.5 billion euros, reflect a solid start to 2023 for Valeo.

This performance was supported by the acceleration in our high-voltage electric powertrain and ADAS businesses, which posted like-for-like growth of 69% and 21%, respectively, over the period.

Business activity in these two areas is very strong, lifted by market momentum and by the positioning of our technology portfolio. In particular, since the beginning of the year, the high-voltage electric powertrain business has recorded significant order intake of around 4 billion euros, covering all regions and technologies, notably the 800V SiC inverter.

In a year marked by a rise in energy prices and wages, optimizing our costs and negotiating compensation with our customers are our main priorities on the road to our 2023 objectives."

Christophe Périllat, Valeo's Chief Executive Officer

⁽¹⁾ See financial glossary, page 7

First-quarter 2023 sales: up 15 % to 5,482 million euros, lifted by the acceleration in ADAS and high-voltage electric powertrain systems

In the first quarter, automotive production was up 6%⁽²⁾ compared with the same period in 2022.

This increase was attributable to a low level of new vehicle inventories and growth in production volumes in Europe and North America of 17% and 10%, respectively. In China, automotive production was down by 8%, over the period as a result of a low level of activity in January (health crisis) and February (Chinese New Year), which was partly offset by a recovery in production volumes in March.

Q1 sales (in millions of euros)	As a % of sales	Q1 2023 sales	vs. 2022					
			Q1 2022	Reported change	Scope	FX	LFL* change	Adjusted basis change**
Original equipment	85 %	4,637	3,932	+18 %	+9 %	— %	+10 %	+13 %
Aftermarket	11 %	615	579	+6 %	+1 %	-2 %	+6 %	+6 %
Miscellaneous	4 %	230	242	-5 %	+7 %	— %	-12 %	-6 %
Total	100 %	5,482	4,753	+15 %	+7 %	— %	+8 %	+11 %

* Like for like⁽³⁾

**Adjusted basis change⁽³⁾

In this environment, **total sales** came in at 5,482 million euros, up 11% on an adjusted basis compared with first-quarter 2022 (up 8% like for like).

Changes in exchange rates had a negligible impact.

Changes in Group structure had a positive 7% impact for the period. They result mainly from the integration of the **high-voltage electric powertrain business**. Sales for this business came in at 362 million euros in the first quarter.

Original equipment sales climbed 13% like for like on an adjusted basis⁽³⁾ (up 10% over the period like for like), lifted by the recovery in global automotive production, mainly in Europe and North America, and an increase in content per vehicle, particularly in **ADAS** (original equipment sales up 21% like for like) and in high-voltage electric powertrain (original equipment sales up 69% like for like).

Aftermarket sales posted solid growth of 6 % like for like on an adjusted basis⁽³⁾, despite an unfavorable basis of comparison linked to strong growth for this activity during the same period in 2022. This performance was fueled by the increased number and age of vehicles on the road, a more attractive offering from Valeo thanks to a shift towards more value-added products, and the impact of price increases.

"Miscellaneous" sales (tooling and customer contributions to R&D) contracted by 12 % like for like.

⁽²⁾ Based on S&P Global Mobility automotive production estimates released on April 18, 2023

⁽³⁾ See financial glossary, page 7

In first-quarter 2023, outperformance of 7 percentage points worldwide on an adjusted basis⁽⁴⁾

Original equipment sales*** (in millions of euros)	As a % of sales	Q1 2023	vs. 2022			
			Q1 2022	LFL* change	Perf. **	Adjusted basis ⁽⁴⁾ perf.
Europe & Africa	50 %	2,293	1,767	+15%	-2 pts	+5 pts
Asia, Middle East & Oceania	30 %	1,409	1,301	+6%	+6 pts	+6 pts
<i>o/w China</i>	14 %	632	638	-9%	-2 pts	-2 pts
North America	18 %	847	790	+3%	-7 pts	-7 pts
South America	2 %	88	74	+13%	-2 pts	-2 pts
Total	100 %	4,637	3,932	+10%	+4 pts	+7 pts

* Like for like⁽⁴⁾

** Based on S&P Global Mobility production estimates released on April 18, 2023.

*** By destination region.

In the first quarter of 2023, Valeo posted an outperformance of 7 percentage points including the scope effect related to the integration of the high-voltage electric powertrain business (adjusted basis⁽⁴⁾):

- **in Europe and Africa**, the Group recorded an outperformance of 5 percentage points on an adjusted basis, driven by growth in the **Comfort & Driving Assistance Systems Business Group** (acceleration in ADAS), the **Powertrain Systems Business Group** on an adjusted basis⁽⁴⁾ (acceleration in the high-voltage electric powertrain business) and the **Thermal Systems Business Group**, particularly **in the field of high-voltage electrified vehicles** (battery cooling systems, dedicated air conditioning systems for electric vehicles, heat pumps, etc.);
- **in Asia**, the Group recorded a 6 percentage points outperformance, supported by the momentum of all its Business Groups; **in China**, the Group recorded a slight 2 percentage points underperformance, penalized by an unfavorable vehicle mix in the **Visibility Systems Business Group**, as well as the expiry of a contract with a Japanese automaker for front-end modules affecting the **Thermal Systems Business Group**; meanwhile, the **Comfort & Driving Assistance Systems Business Group** posted strong growth in its camera business;
- **in North America**, original equipment sales underperformed automotive production by 7 percentage points on a like-for-like basis, reflecting (i) the ramp-up of several projects in the **Comfort & Driving Assistance Systems Business Group** (acceleration in ADAS), and, conversely, (ii) a temporarily unfavorable vehicle mix in the **Visibility Systems Business Group** due to production delays (shortage of components) on certain key platforms for North American customers, and (iii) the expiry of a contract with a Japanese automaker for front-end modules affecting the **Thermal Systems Business Group**;
- **in South America**, which represents 2% of original equipment sales, the Group underperformed automotive production by 2 percentage points.

⁽⁴⁾ See financial glossary, page 7

Acceleration in the ADAS (CDA) and high-voltage electric powertrain (PTS) businesses

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

Sales by Business Group (in millions of euros)	Q1 2023	vs. 2022			Perf. **	Adjusted basis perf.
		Q1 2022	Change in sales	Change in OE sales*		
Comfort & Driving Assistance Systems***	1,159	975	+19%	+17%	+11 pts	+11 pts
Powertrain Systems	1,741	1,311	+33%	+10%	+4 pts	+14 pts
Thermal Systems	1,145	1,079	+6%	+8%	+2 pts	+2 pts
Visibility Systems	1,376	1,356	+1%	+5.3%	0 pt	0 pt

* Like for like⁽⁵⁾

** Based on S&P Global Mobility production estimates released on April 18, 2023 (global automotive production: 6%).

*** Excluding the TCM (Top Column Module) business.

Original equipment sales

The **Comfort & Driving Assistance Systems Business Group** outperformed global automotive production by 11 percentage points, thanks to the start-up of numerous **ADAS** projects (particularly for cameras) in the main production regions (Europe, North America and China), thereby strengthening its position as a world leader. Like-for-like original equipment sales were up by 21% for **ADAS** and 9% for **Reinvention of the interior experience**.

The **Powertrain Systems Business Group** recorded an outperformance of 14 percentage points on an adjusted basis (4 percentage points as reported), after taking into account the high-voltage electric powertrain business, whose original equipment sales rose by 69% during the period.

The **Business Group** has recorded order intake of around **4 billion euros for high-voltage electric systems since the beginning of the year**, covering all of Valeo's technologies for electrified vehicles, particularly onboard battery chargers and 800V SiC inverters, in all world regions.

The **Thermal Systems Business Group** delivered an outperformance of 2 percentage points. In China and North America, the Business Group was impacted by the expiry of a front-end modules contract with a Japanese automaker. In Europe, the Business Group's performance was powered by strong sales of its systems for **high-voltage electrified vehicles** (battery cooling systems, dedicated air conditioning systems for electric vehicles, heat pumps, etc.).

The **Visibility Systems Business Group** performed in line with the market, due to an unfavorable vehicle mix in China and by production delays (shortage of components) on certain key platforms of North American customers in North America. The Business Group's performance is expected to improve in the second half, propelled by the start of production on a very large number of projects and an improved product mix as component supplies return to normal

⁽⁵⁾ See financial glossary, page 7

2023 guidance confirmed

We are confirming our objectives for 2023 (see below), taking into account the uncertainty regarding automotive production in our main business regions, net inflation and cost reduction measures.

These objectives lead to:

- a 0.8 to 1.6 percentage point improvement compared with 2022 adjusted profitability (i.e., operating margin including the high-voltage electric powertrain business within the Powertrain Systems Business Group as of January 1, 2022);
- a significant improvement in free cash flow generation (compared with 2022 adjusted free cash flow);

with a significant improvement of our financial performance in second-half 2023 compared to the first half of the year

	2022	2022 adjusted**	2023 guidance***
Sales (in billions of euros)	20.0	20.4	22.0 - 23.0
Operating margin* (as a % of sales)	3.2%	2.4%	3.2% - 4.0%
EBITDA* (as a % of sales)	12.0%	11.4%	11.5% - 12.3%
Free cash flow* (in millions of euros)	388	205	> 320

*See financial glossary, page 7

** 2022 data has been adjusted to include the integration of the high-voltage business (formerly Valeo Siemens eAutomotive) within the Powertrain Systems Business Group as of January 1, 2022.

*** Based on the following assumptions:

- growth in global automotive production of between 0% and 3.3% in 2023 (3.3% = S&P Global Mobility estimates released on February 16, 2023);
- an acceleration in automotive production in the second half of the year (in line with the S&P Global Mobility scenario released on February 16, 2023);
- price increases (in relation to cost inflation) and internal cost reduction measures.

Upcoming events

2023 Shareholders' Meeting: May 24, 2023

First-half 2023 results: July 27, 2023

Highlights

ESG

On March 28, 2023, Valeo announced to its shareholders the date and location of its Ordinary and Extraordinary Shareholders' Meeting. [Click here](#)

On March 31, 2023, Valeo announced that it had published its 2022 Universal Registration Document. [Click here](#)

Industrial partnership

On January 4, 2023, NTT Data, Valeo and Embotech announced that they had formed a consortium to provide automated parking solutions. [Click here](#)

On February 14, 2023, BMW and Valeo announced that they had engaged in a strategic cooperation to co-develop the next-generation Level 4 automated parking experience. [Click here](#)

Products/technologies and patents

On January 3, 2023, Valeo announced that it would be taking part in the 2023 Consumer Electronics Show (CES) in Las Vegas between January 3 and January 8, 2023. [Click here](#)

On January 12, 2023, Valeo announced that it would be taking part in the 16th Auto Expo 2023 Components at Pragati Maidan in New Delhi, India from January 12 to January 15, 2023. [Click here](#)

On March 7, 2023, Valeo celebrated 100 years of innovating and constantly striving to make mobility simpler, safer and more sustainable [Click here](#)

On March 20, 2023, Valeo announced that it would be taking part in the 2023 Taipei Cycle Show in Taiwan between March 22 and March 25, 2023. [Click here](#)

On March 23, 2023, Valeo received an Innovation award in the "Infrastructure and Vehicle Improvement" category from Sécurité routière – the French national road safety authority – for its new Everguard™ silicone wiper blades. [Click here](#)

On March 27, 2023, Valeo announced that it had been named Supplier of the Year in the Advanced Driver Assistance Systems (ADAS) category by General Motors at a ceremony held on March 23, 2023. [Click here](#)

On March 28, 2023, Valeo announced that it was the number one French patent filer with the European Patent Office (EPO), with 588 patent applications filed in 2022. [Click here](#)

On March 30, 2023, Valeo announced it had signed two new major contracts for its third-generation LiDAR. [Click here](#)

On April 11, 2023, Valeo announced it would be participating for the first time, from April 12 to April 14, 2023, in the Laval Virtual trade show, during which it presented its innovations in the field, both for accelerating the design of solutions and for in-vehicle applications. [Click here](#)

On April 14, 2023, Valeo announced it would be participating in Auto Shanghai 2023, where it will present its latest technologies for smarter, safer and greener mobility. [Click here](#)

On April 21, 2023, Valeo announced it would be presenting its composite solutions at JEC World 2023, from April 25 to 27, for the third consecutive year. [Click here](#)

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 and/or for the comparable period, sales of companies acquired during the period or the comparable period, and (ii) eliminating, for the current period and/or for the comparable period, sales of companies sold during the current or comparable period.

Adjusted data: to calculate year-on-year changes in sales on an adjusted basis, 2022 figures have been adjusted as though the high-voltage electric powertrain business had been consolidated in the Group's financial statements as of January 1, 2022.

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

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 net payments for the principal portion of lease liabilities) after taking into account acquisitions and disposals of property, plant and equipment and intangible assets.

Appendices

Customer portfolio

Customers	Q1 2023	Q1 2022
German	33 %	29 %
Asian	30 %	32 %
American	17 %	20 %
French	14 %	14 %
Other	6 %	5 %
Total	100 %	100 %

Geographic portfolio

Production regions	Q1 2023	Q1 2022
Western Europe	31 %	30 %
Eastern Europe & Africa	18 %	15 %
China	15 %	18 %
Asia excluding China	16 %	15 %
United States & Canada	7 %	8 %
Mexico	11 %	12 %
South America	2 %	2 %
Total	100 %	100 %
Asia & emerging countries	62 %	62 %

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. 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 2022 Universal Registration Document registered with the AMF on March 30, 2023 (under number D.23-200).

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.

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 everywhere. These four areas, vital to the transformation of mobility, are the Group's growth drivers. Valeo is the world's leading French patent applicant according to the rankings published in June 2022 by France's intellectual property institute (INPI).

Valeo in figures: 20 billion euros in sales in 2022; 109,900 employees at December 31, 2022; 29 countries, 183 plants, 21 research centers, 44 development centers, 18 distribution platforms.

Valeo is listed on the Paris Stock Exchange.

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