



**Q3 2023**

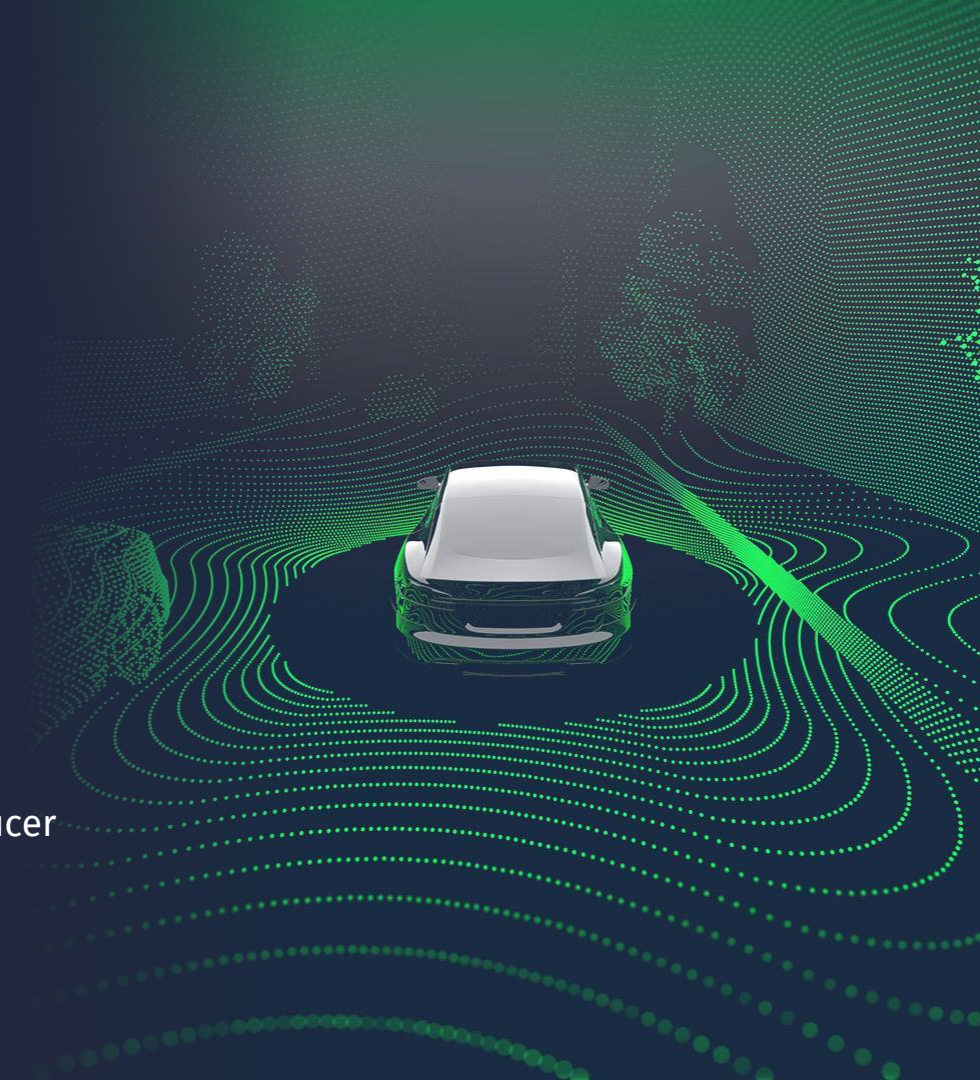
**SALES**

October 26, 2023

**Christophe Périllat**  
Chief Executive Officer

**Robert Charvier**  
Chief Financial Officer

SMART TECHNOLOGY FOR SMARTER MOBILITY



# 2023 Q3 Sales Summary

01

**Highlights**

02

**Sales**

03

**Outlook**

04

**Backup slides**

## Q3 & 9M sales: Key figures

### Q3 Total Sales

**€5,224m**

OEM

€4,433m

lfl +4%  
Perf.\* in line

Aftermarket

€569m

lfl +3%

### 9M Total Sales

**€16,436m**

OEM

€13,977m

lfl\*\* +14%  
Perf.\*\* +5 pts

Aftermarket

€1,736m

lfl\*\* +4%

\* S&P Global Mobility estimates as of October 16, 2023.

\*\* To calculate year-on-year changes in sales on an adjusted basis, H1 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.

# Q3 business update, 2023 guidance reaffirmed



## 2023 guidance reaffirmed

- Sales guidance reaffirmed
- EBIT and EBITDA margin guidance reaffirmed
- Free cash flow at >€320m reaffirmed



## Temporary low volumes in high-voltage & solid activity in traditional PTS

- Lower demand for specific EV programs in Europe
- Large inventory drawdowns of Valeo's products following build-up in Q2
- Planned closure of Bad Neustadt production plant (250 people) in 2024
- Valeo LT growth view unchanged



## Inflation compensation and cash on track

- ~€260m in inflation negotiations cashed in Q3
- A few negotiations will be completed in Q4



## Limited impact of US strike

- No material financial impact in Q3
- Detroit-3 North America: ~11% of global 9M OEM sales
- Daily sales loss (as of October 26): \$2.4m per day

## 2023 guidance reaffirmed

	FY 2022 adjusted*	H1 2023	2023 guidance reaffirmed**	Move Up 2025
<b>Sales</b>	<b>€20.4bn</b>	<b>€11.2bn</b>	<b>€22bn - €23bn</b>	<b>~ €27.5bn</b>
<b>EBITDA</b> (as % of sales)	<b>11.4%</b>	<b>11.6%</b>	<b>11.5% - 12.3%</b>	<b>~ 14.5%</b>
<b>Operating margin</b> (as % of sales)	<b>2.4%</b>	<b>3.2%</b>	<b>3.2% - 4.0%</b>	<b>~ 6.5%</b>
<b>Free cash flow</b>	<b>€205m</b>	<b>€(156)m</b> ~€260m recorded in H1 with cash impact in Q3	<b>&gt; €320m</b>	<b>~ €0.8bn - €1bn</b>

\* To calculate year-on-year changes in sales on an adjusted basis, FY 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.

\*\* Based on S&P Global Mobility estimates released on October 16, 2023.

## Q3 2023: Total sales amounting to €5.2 bn

Q3 sales by type

**Total sales**  
**€5,224m**

*incl. high-voltage powertrain*  
**€220m (vs €321m in Q3 2022)**

**+4%**

lfl growth

Reported growth: -1%

Exchange rate: -5%

Scope: +0%

**OEM**  
**€4,433m**

**+4%**

lfl growth

Reported growth: -1%

Exchange rate: -5%

Scope: +0%

**Aftermarket**  
**€569m**

**+3%**

lfl growth

Reported growth: -1%

Exchange rate: -3%

Scope: +0%

**Miscellaneous**  
**€222m**

**+10%**

lfl growth

Reported growth: +5%

Exchange rate: -5%

Scope: +0%

## Q3 OEM sales

Performance\* by region



# World

**+4%** OEM sales lfl  
+4% Production\*

**Perf. in line**

## Performance in line with automotive production

Lower EV car production for specific programs in Europe with large inventory drawdowns following build-up in Q2

Continued repositioning of our customer base in China



**Europe**  
(including Africa)

**+4%** OEM sales lfl  
**+6%** Production\*

**-2pts\***



**North America**

**+7%** OEM sales lfl  
**+9%** Production\*

**-2pts\***



**Asia**  
(excluding China)

**+13%** OEM sales lfl  
**+4%** Production\*

**+9pts\***



**China**

**-5%** OEM sales lfl  
Stable Production\*

**-5pts\***



**South America**

**+2%** OEM sales lfl  
Stable Production\*

**+2pts\***

# Comfort & Driving Assistance Systems

Continued strong business momentum in ADAS

// CDA  
Q3 Sales  
**€1,158m**

**+8%**  
OEM sales lfl growth  
+4pts Perf.\*

**ADAS**  
Sales €793m

**+11%**  
OEM sales lfl growth  
+7pts Perf.\*

+

**Interior experience**  
Sales €357m

**+3%**  
OEM sales lfl growth  
-1pt Perf.\*

## ADAS business highlights

- Sustainable growth driven by front and vision camera
- Launch of Valeo anSWer: a new offer software as a product and software as a service
- New partnership with Mobileye in imaging radars

**Momentum expected to continue in Q4**



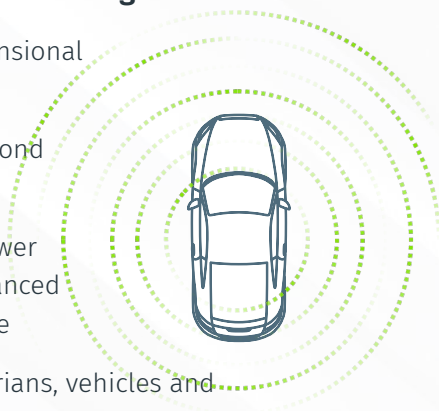
## Partnership with Mobileye

Win-win strategic partnership

### September 2023

#### New partnership in imaging radars signed:

- Delivering a detailed, 4-dimensional image of surroundings
- Range of 300 meters and beyond
- Resolution 10x higher than traditional radars (still 10x lower than Lidar), allowing for enhanced L2+ and crucial for L3 & above
- Accurate detection of pedestrians, vehicles and other objects even in crowded urban streets and adverse weather conditions



### Since 2015

#### Valeo has become the **no. 1** partner of Mobileye, in front cameras:

- 15 million front cameras delivered to date
- By 2030, around 90% of new vehicles equipped with front cameras (higher content per vehicle)



**Successful partnership, extending to Mobileye's Supervision System, integrating Valeo's sensors, parking ECU and supervision ECU**

## Powertrain Systems

Negatively impacted by lower sales in high-voltage

(↔) PTS

Q3 Sales

€1,548m

+2%

OEM sales lfl growth

-2pts Perf.\*

High-voltage  
electric

€220m

vs €321m in Q3 2022

+

Other  
powertrain

€1,328m

vs €1,259m in Q3 2022

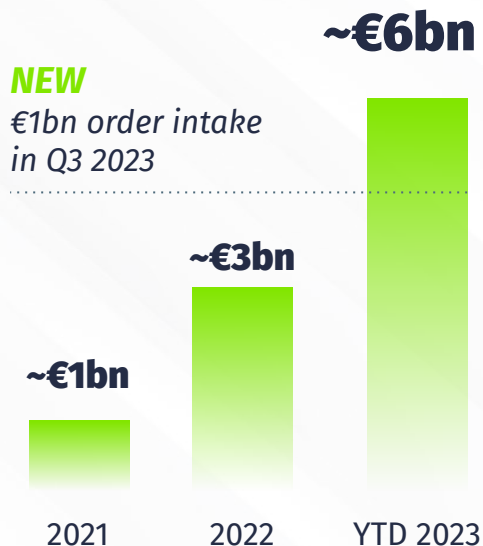
### Business highlights

- Solid growth in traditional powertrain businesses: up 13% lfl or 9pts outperf.
- Lower EV volumes for specific programs in Europe combined with large inventory drawdowns in Q3 following build-up in Q2
- Q1: €362m -> Q2: €485m -> Q3: €220m -> Q4: sequential improvement expected in a volatile market
- Planned closure of Bad Neustadt production plant (250 people) in 2024

**Long-term view and ambitions unchanged**

## Focus on the high-voltage business

Since 2021, recovery in high-voltage powertrain order intake ...



... leading to better diversification in geo. and customer exposure ...



... covering all technologies: eMotor, inverter and on-board battery charger incl. 800V SiC ...

... with long-term sales target for high-voltage powertrain unchanged



# Thermal Systems

Turnaround confirmed



Q3 Sales

€1,146m

+4%  
OEM sales lfl growth  
Perf.\* in line

## Business highlights

- Remaining inflation compensation negotiations completed in Q4
- Improvement in industrial efficiency in the front-end module business is on track, leading to margin improvement in H2

**On track to achieve EBITDA margin up around 2 percentage points in H2**

☰ VIS

Q3 Sales

€1,280m

+4%

OEM sales lfl growth

Perf.\* in line

## Business highlights

- Numerous production launches in Europe (European OEMs), North America (pick up for an American OEM) and China (Chinese OEMs and BEV for an American OEM)

**Acceleration in Q4 driven by numerous production launches**

## Conclusion



**On track to  
achieve our key  
H2 business  
focus**

**Deliver** first step of **THS recovery**  
On track

**Achieve** new phase of synergies and efficiency programs  
In line with **Move Up plan**

**Finalize** last inflation negotiations  
Remaining 2023 negotiations will be completed in Q4

**Positive WC contribution to FCF**  
Full Year FCF objective reaffirmed

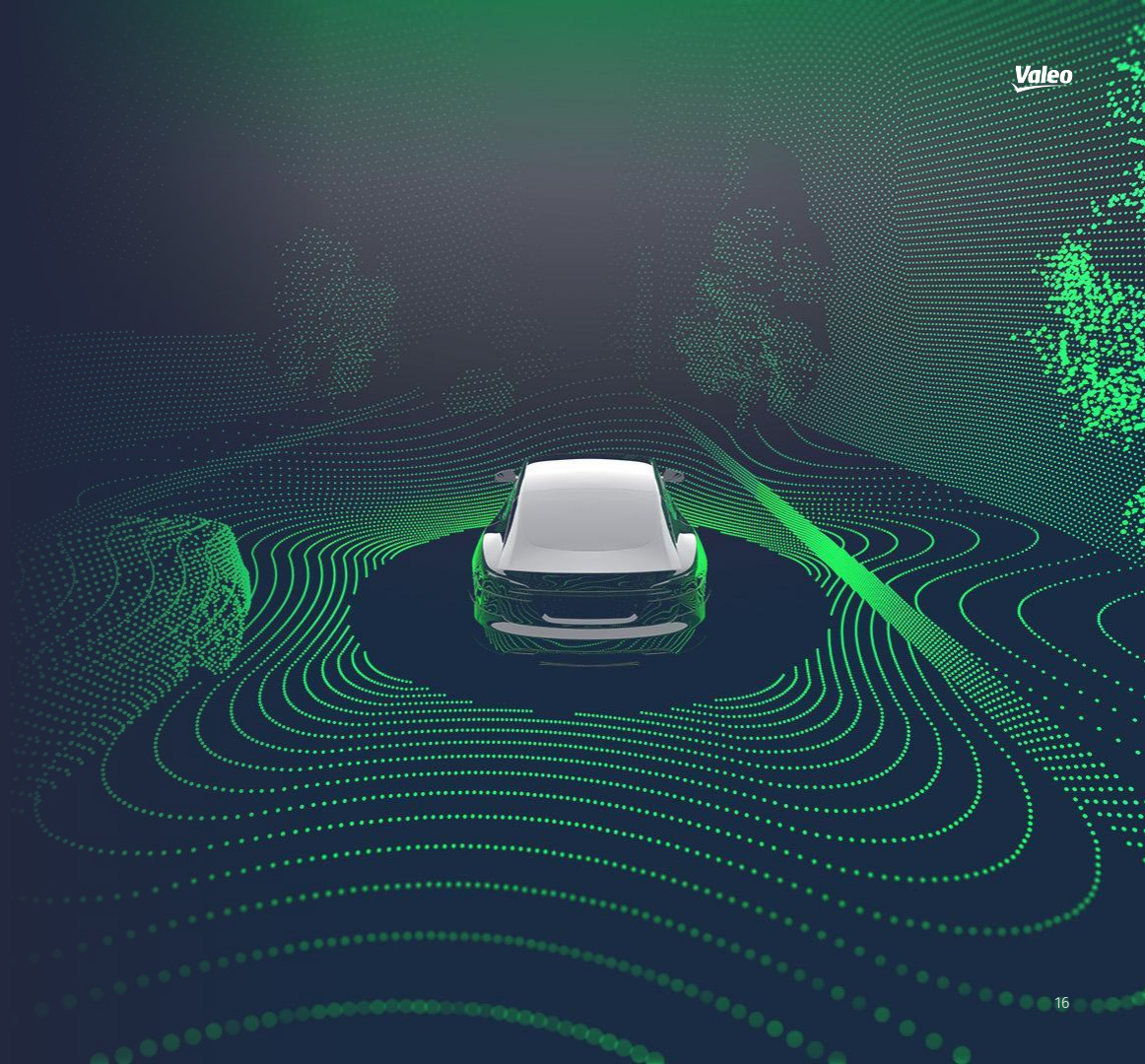
**€500m** divestment program  
On track to sign all transactions before year-end



THANK YOU  
**Q&A SESSION**

04

# Backup slides





04

# Total sales amounting to €16.4bn, up 12% lfl

9M sales by type

Total sales  
**€16,436m**

*incl. high-voltage powertrain\**

€1,042m (vs €715m)

**+12%**

lfl adjusted growth\*

Reported growth: +12%

Lfl growth: +9%

Exchange rate: -3%

Scope: +6%

OEM

**€13,977m**

**+14%**

lfl adjusted growth\*

Reported growth: +14%

Lfl growth: +11%

Exchange rate: -3%

Scope: +6%

Aftermarket

**€1,736m**

**+4%**

lfl adjusted growth\*

Reported growth: +1%

Lfl growth: +4%

Exchange rate: -4%

Scope: +1%

Miscellaneous

**€723m**

**+0%**

lfl adjusted growth\*

Reported growth: +7%

Lfl growth: -4%

Exchange rate: -3%

Scope: +13%

# 9M OEM sales

Performance\* by region

## World

9M

**+5pts**  
adjusted\*\* perf.

**+2pts**  
Perf.\*



**Europe**  
(including Africa)

**+4pts\*\***

**-2pts\***



**North America**

**-2pts\*\***

**-2pts\***



**Asia**  
(excluding China)

**+11pts\*\***

**+10pts\***



**China**

**-3pts\*\***

**-3pts\***



**South America**

**+1pt\*\***

**+1pt\***

\* S&P Global Mobility estimates as of October 16, 2023.

\*\* To calculate year-on-year changes in sales on an adjusted basis, H1 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.

## 04

## 9M sales by Business Group

Sales (in millions of euros)	9M 2022	9M 2022 adjusted***	9M 2023	Change in sales	Change in OEM sales*	Perf.**	Change in OEM sales adjusted*	Perf. *** adjusted
Comfort & Driving Assistance Systems****	3,078	3,078	3,489	+13%	+16%	+7pts	+16%	+7pts
Powertrain Systems	4,129	4,499	5,119	+24%	+9%	in line	+20%	+11pts
Thermal Systems	3,363	3,363	3,530	+5%	+11%	+2pts	+11%	+2pts
Visibility Systems	3,961	3,961	4,096	+3%	+9%	in line	+9%	in line
Other	147	147	202	na	na	na	na	na
<b>Total Group</b>	<b>14,678</b>	<b>15,048</b>	<b>16,436</b>	<b>+12%</b>	<b>+11%</b>	<b>+2pts</b>	<b>+14%</b>	<b>+5pts</b>

\* like for like

\*\* S&P Global Mobility estimates as of October 16, 2023.

\*\*\* To calculate year-on-year changes in sales on an adjusted basis, H1 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.

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

04

## 9M geographic & customer positioning

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

	9M 2022	9M 2023	▲
<b>Western Europe</b>	29%	30%	+1pp
<b>US</b>	8%	7%	-1pp
<b>Asia &amp; emerging countries</b>	63%	63%	stable
<i>Of which Asia excluding China</i>	15%	15%	stable
<i>Of which China</i>	18%	16%	-2pp
<i>Of which Eastern Europe</i>	16%	18%	+2pp
<i>Of which Mexico</i>	12%	12%	stable
<i>Of which South America</i>	2%	2%	stable
<b>Total</b>	<b>100%</b>	<b>100%</b>	

### Customer portfolio (% of OEM sales)

	9M 2022	9M 2023	▲
<b>German</b>	31%	33%	+2pp
<b>Asian</b>	31%	31%	stable
<b>American</b>	19%	17%	-2pp
<b>French</b>	13%	13%	stable
<b>Other</b>	6%	6%	stable
<b>Total</b>	<b>100%</b>	<b>100%</b>	



# 63%

of OEM sales

Exposure to Asian  
& emerging markets

Broad diversification  
among OEM customers

## Share Data

Bloomberg Ticker	FR FP
Reuters Ticker	VLOF.PA
ISIN Number	FR0013176526
Shares outstanding as of September 29, 2023	243,501,944

## 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.

**Adjusted data:** data for first-half 2022 has been adjusted as though the high-voltage electrification business (formerly Valeo Siemens eAutomotive) had been consolidated in the Group's financial statements as of January 1, 2022. To calculate year-on-year changes in sales on an adjusted basis, first-half 2022 figures have been adjusted as though the high-voltage electric 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.

## 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 2022 Universal Registration Document registered with the AMF on March 30, 2023 (under number D.23-0200).

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