SMART TECHNOLOGY
FOR SMARTER MOBILITY

PARIS
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Valeo achieves its 2023 objectives and sets objectives to increase operating margin and cash generation by more than 60% between 2023 and 2025

Valeo achieves its 2023 objectives

- **Order intake at 34.9 billion euros, confirming Valeo's outlook for growth**
- **Sales of 22,044 million euros, up 11% like for like on an adjusted basis, representing a 3 percentage point outperformance in original equipment sales**
- **EBITDA and operating margins at 12.0% and 3.8% of sales, respectively**
- **Free cash flow of 379 million euros**
- **Leverage ratio at 1.5x EBITDA**
- **Dividend of €0.40 per share to be proposed to shareholders at the next Shareholders' Meeting**

Valeo continues on the path set out in its Move Up strategic plan and accelerates its transformation

- **Objectives to increase operating margin* and cash generation by more than 60% between 2023 and 2025**
- **Organic growth expected to accelerate – based on conservative assumptions – driven by the start of production on profitable new orders booked since 2022**
- **New cost reduction measures**
- **Strict cash-oriented management of our businesses and capital allocation with a focus on deleveraging, targeting an expected leverage ratio of 1.0x EBITDA in 2025**

* Operating margin in millions of euros.

2024 and 2025 outlook

	2023 (as reported)	2024 guidance (a) (b)	2025 objectives (b)	**Previous 2025 objectives** (based on automotive production of 98.5 million vehicles)
Sales (in billions of euros)	22.0	22.5 - 23.5	24.5 - 25.5	~27.5
EBITDA (as a % of sales)	12.0%	12.1% - 13.1%	13.5% - 14.5%	~14.5%
Operating margin (as a % of sales)	3.8%	4.0% - 5.0%	5.5% - 6.5%	~6.5%
Free cash flow before one-time exceptional cost reduction measures (in millions of euros) (c)	–	~500	~800	–
Free cash flow after one-time exceptional cost reduction measures (in millions of euros) (c)	379	~350	~650	~800 - 1,000

(a) Second-half margins and free cash flow generation higher than in the first half, thanks to higher production volumes and efficiency gains.
(b) For greater comfort, figures are based on (i) light vehicle production 3% below the S&P Global Mobility scenario released on February 16, 2024, and (ii) stable sales in high-voltage electrification over the period 2023-2025.
(c) Includes, but is not limited to, potential restructuring measures.

"Thanks to the remarkable dedication of our teams, we have once again, this year, achieved the financial objectives we had set ourselves. Since the start of 2022, we have continuously improved our financial performance. At the mid-point of our Move Up strategic plan, growth and profitability of our order intake demonstrate the validity of our choices in terms of product and price positioning.

Development in our market is driven by the megatrends of electrification, ADAS and the software-defined vehicle. Today, our positioning reflects our strategic choices, and enables us to offer innovative technology and wide range of software that precisely meet these needs. We are contributing to safer mobility, offering affordable solutions that are more sustainable. For 2024 and 2025, we are keeping to our strategic path: to offer the right technologies, at the right time, at the right price. These technologies are highly regarded by our customers, who are continuing to place their trust in us. They create value, for them as well as us.

With the automotive industry undergoing transformation, we have decided to set new objectives for 2025 consistent with conservative automotive production assumptions. In a volatile environment, we are accelerating our transformation and continuing to work on reducing costs and on improving both profitability and free cash flow generation."

Christophe Périllat, Valeo's Chief Executive Officer

Valeo stays the course set out in its Move Up strategic plan and accelerates its transformation

Valeo maintains the course set out in its Move Up strategic plan

For over a decade, Valeo has been investing in technologies that place its product portfolio at the heart of the automotive industry’s shift towards safer, greener and more connected mobility solutions. The Group's strategic and technological choices, announced in 2022 when it unveiled its Move Up strategic plan, have accelerated the Group’s positioning on megatrends in the automotive market. The Group has strengthened its software capabilities in all of its businesses, and now proposes a separate offering in this area, known as Valeo anSWer. The sharp rise in order intake to 34.9 billion euros in 2023 and the significant improvement in the margins embedded in these new orders demonstrate the validity of these strategic choices.

The outlook for Valeo's different markets through to 2030 is as follows:

– The ADAS (advanced driving assistance solutions) and Interior Experience markets (markets that are independent of developments in powertrains) are set to enjoy a period of strong growth: 90% of new vehicles would be fitted with such systems, 50% of which will be able to reach autonomy levels 2 and 2+. Valeo intends to take advantage of the increase in its content per vehicle along with higher margins for sensors, high-performance computing units, the new centralized electronic architecture of the software-defined vehicle (SDV) and more generally, the increasingly important role that software plays in mobility;
– The electrification market is also set for a period of strong growth. In all, 40% of the high-voltage electrification market would be accessible to automotive suppliers, while low-voltage electrification and thermal systems would remain almost exclusively addressed by automotive suppliers. In an environment where growth in the electrification market could slow in the short term, the Group remains selective in its choice of new order intake and continues to leverage its high-margin, cash-generative traditional products;
– In a market shaped by the development of LED technology and the demand for high-definition light beams, lighting remains a powerful tool for improving road safety. The growing accessibility of electric vehicles and the concurrent phase-out of front radiator grilles has given designers the freedom to completely rethink the front end of the electric vehicle, enabling brands to assert their identity with more lighting – not only at the front, but also all around and inside the vehicle.

Expected acceleration in organic growth – based on prudent assumptions – driven by the start of production on profitable new orders booked since 2022

Sales are expected at between 22.5 billion euros and 23.5 billion euros in 2024 and between 24.5 billion euros and 25.5 billion euros in 2025 (2023: 22.0 billion euros).

The Group is confident as to growth in its original equipment sales in all production regions, notably in Europe. In 2025, the start of production on large orders booked since 2022 should lead to an acceleration in original equipment sales.

This would be driven, in particular, by robust activity in the Comfort & Driving Assistance segment, buoyed by a sharp rise in order intake, notably in the ADAS and SDV segments. Amid a temporary slowdown in the high-voltage electrification business, the Group will also leverage its range of more traditional products (low-voltage electrical systems, transmission solutions for internal combustion engine vehicles, etc.) to support profitable growth.

Aftermarket sales are expected to grow slightly, benefiting from the increased age of vehicles on the road and an enhanced range of products offering attractive, high value-added solutions developed by the Group.

The medium-term objectives presented by Valeo when it unveiled its Move Up strategic plan were initially based on the assumptions of (i) growth in automotive production as estimated by S&P Global Mobility, which forecast stronger market growth (estimated at the time at 98.5 million vehicles produced in 2025 compared to 91.5 million in February 2024) and (ii) faster penetration of electric vehicles.

For greater comfort, Valeo's new medium-term growth objectives are based on prudent assumptions:

– Light vehicle production 3% below the S&P Global Mobility scenario released on February 16, 2024;
– Stable sales in high-voltage electrification over the period 2023-2025, taking into account significant current volatility in the electrification market and uncertainty as to the timetable for the ramp-up of electric vehicles.

The acceleration in Valeo's growth should lead to an improvement of around 0.6 percentage points in the Group's profit margin. The margin associated with the start of production on new highly-profitable orders booked since 2022 should increase the margin by a further 0.3 percentage points.

New cost reduction measures

Valeo is accelerating the reduction in its costs through:

– Specific, targeted cost reduction measures, representing an expense of 300 million euros over the next two years, including those associated with the expected improvement in operating efficiency in the Powertrain Systems and Thermal Systems segments;
– Accelerated R&D efficiency through standardization of "project" developments (technological platforms) and the addition of essential skills, particularly in software development, in cost-competitive countries.

Valeo has established a very strong position in the electrification market, and two of its operating activities – Powertrain Systems and Thermal Systems – contribute directly to this success.

To better prepare Valeo for the accelerating pace of vehicle electrification, the Group announced a plan to reorganize and merge these two previously separate activities to create a coherent, comprehensive and competitive technology offering. The proposed reorganization is in line with the many similar reorganizations already carried out by major automaker customers and by our main automotive supplier competitors.

By pooling its strengths and its teams, Valeo would further improve its competitiveness and profitability, and therefore its innovation capabilities, so as to better meet market expectations and maintain its leadership in the field.

By the end of the first half of 2024, Valeo plans to have merged its management, administrative and support activities, resulting in the loss of 1,150 jobs worldwide, including 735 in Europe.

At Group level, all of the one-off exceptional cost reduction measures to be taken by Valeo over the next two years – including the reorganization and merger of Powertrain Systems and Thermal Systems – will represent total expenses of 300 million euros. These will be accounted for under "Other expenses". They will not impact Valeo's operating margin, but will affect cash generation for an equivalent amount.

These measures should provide structural savings of 200 million euros for Valeo over a full year, the benefits of which will begin to filter through as from the second half of 2024.

Strict cash-oriented management of our businesses and capital allocation focused on deleveraging, with an expected leverage ratio of 1.0x EBITDA in 2025

Cash generation is a top priority for Valeo.

In 2024 and 2025, before one-time exceptional cost reduction measures, Valeo is targeting a significant improvement in its cash generation, to around 500 million euros and 800 million euros, respectively (around 350 million euros and 650 million euros, respectively, after one-time exceptional cost reduction measures).

The expected improvement in cash generation over the next two years is mainly due to:

– An expected improvement in profitability and the concurrent 3.5 billion-euro contribution to EBITDA in 2025;
– The competitiveness of the product portfolio offering a wealth of business opportunities, particularly in the ADAS and SDV segments. Valeo has chosen to adopt a prudent valuation approach, raising the minimum profitability requirement applied when selecting new orders. The Group has decided to manage the amount of its order intake in 2024: the highly selective criteria applied to the order intake in a market offering a wealth of growth opportunities should lead to a reduction in capital expenditure requirements (expected to represent around 5.5% of sales in 2025) and in R&D, bolstered by savings resulting from the increasing standardization of project developments (gross R&D expected at around 2.5 billion euros, or 10% of sales by 2025);
– The expected fall in the IFRS impact linked to the capitalization of R&D costs: in 2024, this should peak in the first half at around 2.8 percentage points, then fall to around 2.4 percentage points over the full year. In 2025, this item is expected to drop by around an additional 1 percentage point;

– A tight rein on working capital: free cash flow generation should be driven in 2024 by a decrease in inventories. The contribution of working capital to free cash flow generation is expected to be more limited in 2025.

Valeo intends to maintain a balanced approach to its capital allocation by continuing to prioritize deleveraging. In this respect, Valeo aims to reduce its leverage ratio (net debt to EBITDA) from 1.5x in 2023 to 1.0x EBITDA in 2025.

Objectives of an increase of more than 60% in operating income and cash generation between 2023 and 2025

	2021 results (e)	2022 results (e)	2023 (as reported)	2024 guidance (a) (b)	2025 objectives (b)	Previous 2025 objectives (d)
Sales (in billions of euros)	18.0	20.4	22.0	22.5 - 23.5	24.5 - 25,5	~27.5
EBITDA (as a % of sales)	11.3%	11.4%	12.0%	12.1% - 13.1%	13.5% - 14.5%	~14.5%
Operating margin (as a % of sales)	1.7%	2.4%	3.8%	4.0% - 5.0%	5.5% - 6.5%	~6.5%
Free cash flow before one-time exceptional cost reduction measures (in millions of euros) (c)	–	–	–	~500	~800	–
Free cash flow after one-time exceptional cost reduction measures (in millions of euros) (c)	-102	205	379	~350	~650	~800 - 1,000

(a) Second-half margins and free cash flow generation higher than in the first half, thanks to higher production volumes and efficiency gains.
(b) For greater comfort, figures are based on (i) light vehicle production 3% below the S&P Global Mobility scenario released on February 16, 2024, and (ii) stable sales in high-voltage electrification over the period 2023-2025.
(c) Includes, but is not limited to, potential restructuring measures.
(d) Move Up objectives published in February 2022 based on the S&P Global Mobility estimates of 98.5 million light vehicles produced.
(e) 2021 and 2022 figures restated: see glossary, page 20.

2023 key figures

The financial statements for the year ended December 31, 2023 were authorized for issue by the Board of Directors on February 29, 2024.

Order intake		2023	2022	Change	2022 (adjusted)*
Order intake*	***(in €bn)***	**34.9**	**32.6**	**+7 %**	**32.6**

Income statement		2023	2022	Change	2022 (adjusted)*
Sales	***(in €m)***	**22,044**	**20,037**	**+10 %**	**20,407**
Original equipment sales	*(in €m)*	18,701	16,748	+12 %	17,105
Aftermarket sales	*(in €m)*	2,267	2,256	— %	2,269
R&D expenditure**	*(in €m)*	(2,029)	(1,880)	+8 %	(1,971)
	(as a % of sales)	*(9.2) %*	*(9.4) %*	*+0.2 pts*	*(9.7) %*
EBITDA*	***(in €m)***	**2,647**	**2,401**	**+10 %**	**2,323**
	(as a % of sales)	***12.0 %***	***12.0 %***	***0.0 pt***	***11.4 %***
Operating margin	***(in €m)***	**838**	**635**	**+32 %**	**494**
	(as a % of sales)	***3.8 %***	***3.2 %***	***+0.6 pts***	***2.4 %***
Share in net earnings of equity-accounted companies	*(in €m)*	17	115	N/A	193
	(as a % of sales)	*0.1 %*	*0.6 %*	*N/A*	*0.9 %*
Cost of debt	*(in €m)*	(243)	(131)	**+85 %**	(147)
Non-controlling interests and other	*(in €m)*	(79)	(65)	**+22 %**	(63)
Net attributable income	***(in €m)***	**221**	**230**	**-4 %**	**148**
	(as a % of sales)	***1.0 %***	***1.1 %***	***-0.1 pt***	***0.7 %***
Basic earnings per share	*(in €)*	0.91	0.95	N/A	

Statement of cash flows		2023	2022	Change	2022 (adjusted)*
Gross operating cash flows	*(in €m)*	2,409	1,968	na	na
Change in working capital	*(in €m)*	278	231	na	247
Investments in property, plant and equipment	*(in €m)*	(964)	(807)	+19 %	(845)
Investments in intangible assets	*(in €m)*	(1,037)	(682)	+52 %	(687)
including capitalized development expenditure	*(in €m)*	*(995)*	*(657)*	+51 %	*(660)*
Free cash flow*	***(in €m)***	**379**	**388**	**-2 %**	**205**

Financial structure and dividend		2023	2022	Change	2022 (adjusted)*
Net debt*	*(in €m)*	4,028	4,002	+26	4,002
Leverage ratio (net debt to EBITDA)	***N/A***	**1.5**	**1.7**	**N/A**	**1.7**

** See financial glossary, page 20.*
*** For a comprehensive view of R&D expenditure, see page 12 of the press release.*

Order intake of 34.9 billion euros, with a profitability level significantly above medium-term objectives

Valeo enjoyed strong business momentum in 2023, reporting order intake([1]) of 34.9 billion euros following the sharp rise recorded in 2022 (32.6 billion euros versus 20.3 billion euros on average over the 2019-2021 period).

Achieved through strict financial discipline, this order intake was recorded at a level of profitability significantly above Valeo's medium-term objectives, leading to continued improvement in the Group's margins beyond 2025.

Business momentum was excellent in ADAS, with order intake representing over half of the orders received by the Group, including several particularly strategic orders:

- Thanks to the new, more centralized electrical and electronic architecture of vehicles (software-designed vehicle, or SDV), the size of new orders in the ADAS and Interior Experience segments was up sharply. Valeo signed new agreements in 2023 for high-performance computing units (five new orders since 2022), including two major partnerships: one with Renault and one with a North American automaker. The partnership with Renault forms part of the tech ecosystem also involving Google (software) and Qualcomm (hardware) which aims to develop the electrical/electronic architecture of next-generation vehicles. As part of the partnership, Valeo will supply key electrical and electronic components for the SDV, including the high-performance computing unit (or domain controller), as well as zone controllers, power distribution modules and ADAS components including ultrasonic sensors and driving and parking cameras. It will also provide onboard application software, such as parking assistance;
- Along with a premium European automaker, an Asian automaker and an American robotaxi company, Stellantis adopted the third-generation Valeo LiDAR (SCALA 3), whose technical features in terms of resolution and field of vision enable vehicles to reach a high level of automation (level 3). Total orders for the Valeo SCALA™ 3 LiDAR to date represent more than 1 billion euros. Valeo's SCALA™ 3 LiDAR was a CES 2024 Innovation Award honoree in the "Vehicle Tech & Advanced Mobility" category.

In 2021, the Group embarked on a new strategy in the high-voltage electrification sector, aimed at diversifying its business into new production regions with new automakers, particularly in North America and Asia. Valeo has booked orders worth 10 billion euros since that date, including 6 billion euros in 2023:

- These orders, placed by both existing customers and new customers, concern end-to-end powertrain assemblies and their components (electric motors, inverters, reducers, onboard chargers and DC/DC converters) and include the new 800-volt silicon carbide (SiC) technologies;
- With these new orders, Valeo demonstrates its aim of supporting its customers' electrification in Europe, China and, most recently, in India and North America.

Valeo confirms its goal of achieving 4 billion euros in high-voltage electrification sales by 2030.

ESG performance in line with medium- to long-term objectives

2023 also saw progress in terms of the Group's ESG (environment, social, governance) performance, which was in line with the targets set for 2025 and 2030.

Under the environment pillar, in 2021 Valeo set up CAP 50, its net zero-carbon plan to contribute to carbon neutrality. This plan was validated by the SBTi and is aligned with the COP21 Conference of the Parties (Paris Agreement). It sets CO2 emissions reduction targets for all scopes (1, 2 and 3) by 2030, with interim targets for 2025. Since putting the plan in place, Valeo has met its reduction targets every year. In 2023, Valeo continued to reduce its overall carbon footprint in line with its long-term trajectory, with a cumulative reduction (versus a 2019 baseline) of 9% in absolute terms (millions of tons of CO2eq., or MtCO2eq.), and of 20% in relative terms (intensity ratio, MtCO2eq. to sales).

Under the social pillar, Valeo continued its efforts to meet the industry challenge of female representation. Its performance in this regard improved significantly in 2023, with an increase in the percentage of women in both managerial (cadres) and engineering roles (up 1.4 percentage points) and in the Group's Top 300 key managers (up 2.9 percentage points). Employee safety is also a top priority for the Group, and the FR1 safety indicator was below 1.0, at 0.8 at end-2023. Valeo is aware of its role within its ecosystem, and continues to evaluate and adapt its suppliers with regard to all sustainability criteria (with ESG questionnaires sent to suppliers

[1] *See financial glossary* , *page 20.*

representing more than 82% of procurement volumes, and awareness-raising initiatives and corrective measures also implemented).

Under the governance pillar, as a Responsible Group, Valeo has continued to improve its Code of Ethics and Business Partner Code of Conduct, and has maintained the pace of internal training on issues like anti-corruption, anti-trust, economic sanctions and export controls.

Being and remaining a Responsible Group requires daily efforts at every level of the organization. With this in mind, the annual variable compensation payable to the Group's General Management team and over 1,700 key managers is partly based on CSR indicators.

EU Taxonomy reporting illustrates Valeo's sustainable positioning thanks to its high-tech electric, thermal and visibility solutions. Valeo performed well in 2023, with alignment of almost 100% for each indicator (sales, capital expenditure and operating expenses) relating to eligible activities under the climate change mitigation objective.

Sales of 22,044 million euros in 2023, up 11% like for like on an adjusted prior-year basis[(2)]

Sales (in millions of euros)	As a % of sales	2023	2022	Change	FX	Scope	LFL* change	change (adjusted)*
Original equipment	85 %	18,701	16,748	+12 %	-3 %	+4 %	+11 %	+13 %
Aftermarket	10 %	2,267	2,256	— %	-3 %	— %	+4 %	+4 %
Miscellaneous	5 %	1,076	1,033	+4 %	-3 %	+6 %	+1 %	+4 %
Total	**100 %**	**22,044**	**20,037**	**+10 %**	**-3 %**	**+4 %**	**+9 %**	**+11 %**

** Like for like [(2)]*
***See financial glossary, page 20.*

Automotive production climbed 10% in 2023, lifted by a positive basis for comparison with 2022. Automotive production in that year had been adversely affected by (a) tensions in the supply chain for electronic components, (b) the Russian-Ukraine crisis and (c) lockdown measures in China in April and December 2022.

Total sales came in at 22,044 million euros in 2023, up 10 % compared with 2022.

On a like-for-like basis, sales rose by 9 %. Changes in exchange rates had a negative 3% impact, primarily due to the appreciation of the euro against the dollar, Chinese yuan and the Japanese yen. Changes in Group structure had a positive impact of +4 %. On an adjusted prior-year basis, like-for-like sales advanced 11 %.

Original equipment sales were up 13% on a like-for-like basis (2022 as adjusted[(2)]), driven by growth in all four Business Groups as well as compensation obtained from customers for the high-voltage electrification business:growth of 14% for Comfort & Driving Assistance Systems (18% for ADAS on a like-for-like basis), 19% for the Powertrain Systems Business Group (37% for high-voltage electric powertrain systems on an adjusted like-for-like basis), 10% for the Visibility Systems Business Group and 9% for the Thermal Systems Business Group.

Aftermarket sales rose by 4% on a like-for-like basis compared with 2022 (adjusted[(2)]), boosted by the increased number and age of vehicles on the road, a more attractive offering with a shift towards more value-added products (for example, transmissions systems kits) and the impact of price increases.

"Miscellaneous" sales (tooling and customer contributions to R&D) increased by 4% like for like compared with 2022 (adjusted[(2)]).

[(2)] *See financial glossary, page 20.*

Original equipment sales were up 13% on a like-for-like basis (2022 as adjusted[(3)]), representing an outperformance of 3 percentage points

Original equipment sales*** (in millions of euros)	As a % of sales	2023	2022	LFL* change	Perf. **	Perf. (adjusted)[(4)]
Europe & Africa	**47 %**	**8,840**	**7,403**	**+12%**	**-1 pt**	**+3 pts**
Asia and Middle East & Oceania	**32 %**	**5,911**	**5,618**	**+10%**	**+1 pt**	**+2 pts**
o/w Asia (excluding China)	*16 %*	*3,026*	*2,781*	*+16%*	*+8 pts*	*+9 pts*
o/w China	*16 %*	*2,885*	*2,837*	*+5%*	*-5 pts*	*-6 pts*
North America	**19 %**	**3,572**	**3,363**	**+9%**	**-1 pt**	**-1 pt**
South America	**2 %**	**378**	**364**	**+3%**	**0 pts**	**0 pts**
Total	**100 %**	**18,701**	**16,748**	**+11%**	**+1 pt**	**+3 pts**

** Like for like [(3)].*
*** Based on S&P Global Mobility automotive production estimates released on February 16, 2024.*
****Original equipment sales by destination region.*

In 2023, like-for-like growth in original equipment sales (adjusted prior-year basis[(3)]) outperformed automotive production by 3 percentage points:

– **In Europe and Africa**, Valeo outperformed automotive production by 3 percentage points. In the third quarter, the Powertrain Systems Business Group was impacted by the temporary drop in production volumes for certain electric vehicle platforms in Europe, amplified by significant inventory drawdowns. The impact of the downturn in high-voltage electric powertrains was mitigated by compensation obtained from customers as well as growth in the more traditional businesses of the Powertrain Systems Business Group, such as transmission systems and 48V. The Thermal Systems Business Group benefited from growth in technologies for electrified vehicles (battery cooling systems, dedicated air conditioning systems, heat pumps, etc.). The Visibility Systems Business Group was lifted by production start-ups on behalf of several European automakers;

– **In Asia**, the Group outperformed automotive production by 2 percentage points:
  - in China, penalized by an unfavorable customer mix, the Group underperformed automotive production by 6 percentage points, despite strong momentum in the ADAS business. The Group is repositioning its customer portfolio (more than 50% of order intake in 2023 concerned customers in China excluding joint ventures). These repositioning efforts should pay off as from the second half of 2024. The Comfort & Driving Assistance Systems Business Group reported strong growth in its front-end and computer-vision camera activities. The Thermal Systems Business Group saw sales affected by an unfavorable customer mix as well as the expiry of a contract with a Japanese automaker for front-end modules. The Visibility Systems Business Group started to see the full benefits of the production start-up for a North American automaker in electrification in the fourth quarter,
  - in Asia excluding China, Valeo recorded an outperformance of 9 percentage points compared to automotive production, thanks to strong momentum in the Comfort & Driving Assistance Systems Business Group, and in the Powertrain Systems Business Group in electric technologies for a South Korean automaker. The Thermal Systems Business Group benefited from the ramp-up of new contracts on which production was started for Japanese customers, while the Visibility Systems Business Group was lifted by the good performance of its business with a leading Japanese automaker through its subsidiary Ichikoh;

– **In North America**, original equipment sales underperformed automotive production by 1 percentage point. The Comfort & Driving Assistance Systems Business Group benefited from the production ramp-up for a US automaker in ADAS. The Thermal Systems Business Group was impacted by the expiry of a front-end modules contract with a Japanese automaker. The Visibility Systems Business Group will start to benefit, as from the first quarter, from a production launch under a new electrification contract for a North American automaker. Lastly, the impact of the UAW strike did not have a material impact on sales during the year (45 million dollars).

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(3) *See financial glossary, page 20.*

Segment reporting

Acceleration in ADAS and electrification in 2023

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)	2023	2022	Change in sales	Change in OE sales*	Perf. **	Change in OE sales (adjusted)*	Perf.** (adjusted)
Comfort & Driving Assistance Systems***	4,655	4,234	+10%	+14%	+4 pts	+14%	+4 pts
Powertrain Systems	6,865	5,689	+21%	+11%	+1 pt	+19%	+9 pts
Thermal Systems	4,719	4,543	+4%	+9%	-1 pt	+9%	-1 pt
Visibility Systems	5,541	5,363	+3%	+10%	0 pt	+10%	0 pt
Other	264	208	+27%	N/A	N/A	N/A	N/A
Group	22,044	20,037	+10%	+11%	+1 pt	+13%	+3 pts

**Like for like[4].*
*** Based on S&P Global Mobility automotive production estimates released on February 16, 2024.(2023 global production growth: 10%)*
**** Excluding the TCM (Top Column Module) business.*

The Comfort & Driving Assistance Systems Business Group recorded an outperformance of 4 percentage points, thanks to strong growth – in North America and Asia (notably China) – for ADAS, (front cameras and computer-vision cameras), cementing its position as world leader in this segment. Like-for-like original equipment sales were up by 18% for ADAS and by 6% for the Interior Experience segment.

The Powertrain Systems Business Group outperformed automotive production by 9 percentage points. As expected, high-voltage electrification rallied in the fourth quarter, but is currently seeing significant market volatility. After an excellent first half of 2023, during which the high-voltage electrification business doubled its sales (to 847 million euros), in the third quarter it had to contend with a significant drop in production volumes on certain electric vehicle platforms in Europe, amplified by significant inventory drawdowns (sales of 220 million euros). In the fourth quarter, the business reported a sequential improvement (sales at 380 million euros), amid ongoing market volatility.

Traditional powertrain activities (transmission systems and 48V) delivered 11% like-for-like growth over the year, outperforming automotive production by 1 percentage point.

The Thermal Systems Business Group underperformed automotive production by 1 percentage point. In Europe, the Business Group was lifted by the ramp-up of certain platforms for manufacturing high-voltage electrified vehicles (battery cooling systems, dedicated air conditioning systems for electrified vehicles, heat pumps, etc.). In North America and China, the Business Group was impacted by the expiry of a front-end modules contract with a Japanese automaker. In Japan, the Business Group benefited from the ramp-up of new contracts put into production for Japanese customers.

The Visibility Systems Business Group performed in line with automotive production. In Europe, the Business Group benefited from production launches for lighting projects for several European automakers. In China, the Business Group began to see the full benefits, as from the fourth quarter, of a production launch for an electrification project for a North American automaker.

[4] *See financial glossary, page 20.*

EBITDA (in millions of euros and as a % of sales by Business Group)	**2023**	2022	**2022 (adjusted)****	Change (adjusted)
Comfort & Driving Assistance Systems	690 ***14.8 %***	671 ***15.8 %***	671 ***15.8 %***	+3 % ***-1.0 pt***
Powertrain Systems	812 ***11.8 %***	619 ***10.9 %***	541 ***8.9 %***	+50 % ***+2.9 pts***
Thermal Systems	359 ***7.6 %***	333 ***7.3 %***	333 ***7.3 %***	+8 % ***+0.3 pt***
Visibility Systems	736 ***13.3 %***	705 ***13.1 %***	705 ***13.1 %***	+4 % ***+0.2 pt***
Other*	50	73	73	-32 %
Group	**2,647** ***12.0 %***	**2,401** ***12.0 %***	**2,323** ***11.4 %***	**+14%** ***+0.6 pt***

** Including the Top Column Module business. ** See financial glossary, page 19.*

In line with the Move Up strategic plan, **Comfort & Driving Assistance Systems** were impacted by the investments required to prepare for the future acceleration of the Business Group's growth. This largely explains the decline in its EBITDA margin to 14.8% in 2023. Against this backdrop, the **ADAS** and **Interior Experience** businesses posted profitability of 16.8% and 9.5%, respectively.

The **Powertrain Systems Business Group** reported an increase in profitability to 11.8% in 2023, thanks to (i) the progress made in implementing the synergy plan from the integration of the high-voltage electrification business (pooling of R&D expenditure and industrial organization costs for the low- and high-voltage electrification activities) and (ii) the positive contribution of the more traditional businesses.

The **Thermal Systems Business Group** saw, as expected, a 2-point improvement in profitability in the second half of 2023 compared with the first half, reflecting (i) the finalization of customer negotiations and (ii) the reduction in costs resulting from the multiple production start-ups in front-end modules in the first half. The Business Group's profitability over the full year represented 7.6% of sales.

The **Visibility Systems Business Group** saw its margins hold firm (EBITDA margin up 0.2 percentage points at 13.3%) thanks to the strong momentum of its aftermarket business and the acceleration of its original equipment business in the fourth quarter.

2023 operating margin and EBITDA objectives achieved

In an environment impacted by production volumes below their pre-crisis levels in the Group's two main regions (Europe and North America), and by rising wages, electronic component prices and energy costs, EBITDA and EBIT margins stood at 12.0% and 3.8% of sales respectively.

		2023	2022	Change	2022 (adjusted)*
Sales	*(in €m)*	**22,044**	**20,037**	***+10 %***	**20,407**
EBITDA *	***(in €m)***	**2,647**	**2,401**	***+10 %***	**2,323**
	(as a % of sales)	*12.0 %*	*12.0 %*	*0.0 pt*	*11.4 %*
Operating margin**	***(in €m)***	**838**	**635**	***+32 %***	**494**
	(as a % of sales)	*3.8 %*	*3.2 %*	*+0.6 pt*	*2.4 %*
Net attributable income	***(in €m)***	**221**	**230**	***-4 %***	**148**
	(as a % of sales)	*1.0 %*	*1.1 %*	*-0.1 pt*	*0.7 %*

* *See financial glossary , page 20. .*
** *Excluding share in net earnings of equity-accounted companies.*

EBITDA margin[5] came in at 2,647 million euros, or 12.0% of sales, up 60 basis points on an adjusted prior-year basis and in line with 2023 guidance (EBITDA margin of between 11.5% and 12.3% of sales). Depreciation, amortization and impairment of property, plant and equipment and intangible assets represented 8.1% of sales.

Operating margin excluding share in net earnings of equity-accounted companies came out at 838 million euros, or 3.8% of sales, up 140 basis points compared with the prior-year period on an adjusted basis, in line with 2023 guidance (between 3.2% and 4.0% of sales).

The increase mainly reflects:

- A rise of 0.8 percentage points resulting from (i) improved operating efficiency, (ii) synergies linked in particular to the integration of the former Valeo Siemens eAutomotive within the Powertrain Systems segment, and (iii) the effect of higher sales on operating margin;
- A rise of 0.5 percentage points due to improved R&D efficiency;
- A rise of 0.1 percentage point, taking into account the 2-percentage-point improvement in EBITDA margin for the Thermal Systems Business Group in the second half (8.6% in second-half 2023).

The Group continued its R&D efforts in 2023 in order to fulfill the sharp increase in order intake recorded over the past two years and in line with its strategy geared to technological innovation. Thanks to improved R&D efficiency (standardization of "project" developments and the addition of skills, mainly in cost-competitive countries), gross R&D expenditure has risen by 30% over the last two years to 2.6 billion euros, or 11.8% of sales, while order intake has increased by 58% over the same period.

[5] *See financial glossary, page 20.*

		2023	2022	Change	2022 (adjusted)
Sales	*(in €m)*	**22,044**	**20,037**	***+10 %***	**20,407**
Gross Research and Development expenditure	*(in €m)*	**(2,607)**	**(2,077)**	***+26 %***	**(2,110)**
	(as a % of sales)	***-11.8%***	***-10.4%***	***-1.4 pt***	***-10.3%***
Capitalized development expenditure	*(in €m)*	995	657	*+51 %*	660
	(as a % of sales)	*4.5%*	*3.3%*	*+1.2 pt*	*3.2%*
Amortization and impairment of capitalized development expenditure*	*(in €m)*	(531)	(582)	*-9 %*	(639)
	(as a % of sales)	*-2.4%*	*-2.9%*	*+0.5 pt*	*-2.8%*
Subsidies and grants, and other income	*(in €m)*	114	122	*-7 %*	118
Research and Development expenditure	***(in €m)***	**(2,029)**	**(1,880)**	***+8 %***	**(1,971)**
	(as a % of sales)	***-9.2%***	***-9.4%***	***+0.2 pt***	***-9.7%***
Customer contributions to R&D	*(in €m)*	534	524	*+2 %*	538
Net R&D expenditure	***(in €m)***	**(1,495)**	**(1,356)**	***+10 %***	**(1,433)**
	(as a % of sales)	**-6.8%**	**-6.8%**	***0.0 pt***	**-7.0%**

** Impairment losses recorded in operating margin only.*

The IFRS impact (the difference, in percentage points, between “capitalized development expenditure” and “amortization and impairment of capitalized development expenditure”) stood at 2.1 percentage points (0.4 percentage points in 2022). The greater IFRS impact results from the sharp rise in order intake in 2022 and 2023, and from the significant improvement in the margins embedded in these new orders.

In the statement of income, R&D expenditure represented 9.2% of sales, down 0.5 percentage points compared to 2022 as adjusted.

Net R&D expenditure (after taking into account contributions from customers) remained stable year on year, representing 6.8% of sales.

The share in net earnings of equity-accounted companies represented income of 17 million euros.

Operating margin including the share in net earnings of equity-accounted companies[6] amounted to 855 million euros, or 3.9% of sales.

Operating income came to 744 million euros. It includes other expenses totaling 111 million euros, or 0.5% of sales, mainly comprising restructuring costs relating to the adaptation plan for the Amiens site and to the planned closure of manufacturing operations at the Bad Neustadt site.

Amid a sharp rise in interest rates, the refinancing of Valeo's debt (see the debt section on page 15) led to a 112 million-euro increase in cost of debt to 243 million in 2023. This increase mainly reflects the rise in interests rates, particularly on borrowings set up in the second half of 2022 and in 2023. Other financial items represented an expense of 47 million euros.

The effective tax rate came out at 35%.

Despite the increase in financial expenses resulting from the sharp rise in interest rates, **the Group recorded net attributable income** of 221 million euros in 2023, or 1.0% of sales, after deducting non-controlling interests in an amount of 79 million euros.

Return on capital employed (ROCE[(6)]) and **return on assets** (ROA[(6)]) stood at 14% and 8%, respectively.

[6] *See financial glossary, page 20.*

Solid free cash flow[7] generation of 379 million euros in 2023, above guidance for the year (320 million euros)

(in millions of euros)	**2023**	**2022**	**2022 (adjusted)[8]**
EBITDA[7]	**2,647**	**2,401**	**2,323**
Change in working capital	278	231	247
Income tax	(225)	(291)	(296)
Investment in property, plant and equipment	(964)	(807)	(845)
Investment in intangible assets	(1,037)	(682)	(687)
including capitalized development expenditure	*(995)*	*(657)*	*(660)*
Other*	(320)	(464)	(537)
Free cash flow[7]	**379**	**388**	**205**
Net financial expenses	(209)	(100)	(103)
Dividends	(127)	(143)	(143)
Other financial items	76	(552)	(552)
Net cash flow [7]	**119**	**(407)**	**(593)**

** Of which movements in provisions (negative 180 million euro impact), plus net repayments of the principal portion of lease liabilities under IFRS 16 (negative 115 million euro impact) and restructuring costs (negative 68 million euro impact).*

The Group generated **free cash flow of 379 million euros in 2023**.

This chiefly results from:

– The contribution of EBITDA[7] in an amount of 2,647 million euros, up 324 million euros compared with the same period in 2022 on an adjusted basis;

– The 278 million-euro positive change in operating working capital, despite (i) continuing high levels of semiconductor inventories to ensure uninterrupted deliveries despite the crisis that hit this sector in 2023, and (ii) the high volatility of customer programs in the year; this situation should be resolved as supply chains gradually return to normal and the electronic components shortage eases;

– Strictly controlled investments in property, plant and equipment, which amounted to 964 million euros;

– 1,037 million euros in investments in intangible assets (including 995 million euros in capitalized development expenditure) amid a sharp increase in order intake with significantly higher profitability;

– Tax payments for 225 million euros.

Net cash flow[7] represented an inflow of 119 million euros,

mainly reflecting:

- Net interest of 209 million euros;
- Dividends of 127 million euros, of which 92 million euros paid to Valeo shareholders and 35 million euros paid to non-controlling shareholders of Group subsidiaries.

[7] *See financial glossary, page 20.*

Stable net debt[8] and leverage ratio at 1.5x at December 31, 2023

Net debt stood at 4,028 million euros at December 31, 2023, stable year on year.

At December 31, 2023, **the leverage ratio** (net debt/EBITDA) came out at 1.5x EBITDA and **the gearing ratio** (net debt/stockholders' equity) stood at 113% of equity.

Valeo’s balanced debt profile and solid liquidity position give it a robust financial structure:

- On October 5, 2023, Valeo issued 600 million euros’ worth of 5.5-year green bonds with a coupon of 5.875%. This represented the first benchmark issue in accordance with Valeo's Green and Sustainability-Linked Financing Framework, with the funds raised intended to finance activities that meet the European Union's Green and Sustainable Taxonomy. Following the issuance of this bond, the Group canceled its 650 million-euro bridge-to-bond facility that had been available to it since July 2022;
- Bilateral bank loans were taken out for a total of 150 million euros;
- At December 31, 2022, Valeo had drawn 3.95 billion euros on its Euro Medium Term Note (EMTN) financing program for a maximum of 5 billion euros;
- The average maturity of gross long-term debt stood at 3 years at December 31, 2023, stable compared with December 31, 2022;
- Valeo has available cash of 3 billion euros and a total of 1.7 billion euros in undrawn credit lines.

Divestiture of non-strategic assets

Valeo aims to dispose of non-strategic assets worth around 500 million euros.

To date, six sales agreements have already been signed for a total of around 400 million euros. The Group continues to pursue its strategy of divesting assets in an orderly, timely fashion, ensuring that they are valued appropriately.

Dividend of 0.40 euros per share for 2023 to be recommended to shareholders at the forthcoming Shareholders’ Meeting

At the next Shareholders’ Meeting, Valeo will ask shareholders to approve an increase in the dividend to 0.40 euros per share, a 5% increase on 2022.

Upcoming events

First-quarter 2024 sales: April 25, 2024

First-half 2024 results: July 25, 2024

[8] *See financial glossary, page 20.*

Highlights

ESG

On March 31, 2023, Valeo announced that it had published its 2022 Universal Registration Document. Click here

On May 24, 2023, Valeo held its 2023 General Shareholders' Meeting. Click here

On September 14, 2023, Valeo received the Jury's Prize at the Zepros Awards de l'Auto for its engagement and actions in terms of sustainable development, CSR and remanufacturing. Click here

On January 2, 2024, Christophe Perillat, CEO of Valeo, nominated Édouard de Pirey as Chief Financial Officer. He takes over from Robert Charvier who, after 24 years with the Group, will retire. Click here

Strategic operations

On August 18, 2023, Valeo announced the sale of its propulsion systems business in Russia to NPK Avtopribor. Click here

On October 31, 2023, Valeo announced the sale of its thermal systems business in Russia to NPK Avtopribor. Click here

Industrial partnerships

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

On May 17, 2023, ZutaCore and Valeo presented their new solution for cooling of data centers at Dell Technologies World 2023. Click here

On May 23, 2023, Renault Group and Valeo announced that they had signed a partnership in Software Defined Vehicle development. Click here

On May 29, 2023, Valeo and DiDi Autonomous Driving announced that they had reached a strategic cooperation and investment agreement to jointly develop safety solutions for robotaxis. Click here

On June 14, 2023, at VivaTech 2023 in Paris, Valeo and Equans signed a partnership agreement to meet the challenges facing cities. Click here

On September 4, 2023, Mobileye and Valeo launched a partnership for world-class imaging radars. Click here

On September 25, 2023, ESTACA and Valeo signed a partnership to work together towards the mobility of tomorrow (in French only). Click here

On November 2, 2023, Valeo and Qualcomm deepened their technology collaboration to support small mobility (two-wheelers and three-wheelers) in India. Click here

On November 10, 2023, Valeo and Tecnobus signed an agreement to prepare the future of mobility in Ferentino. Click here

On November 13, 2023, Valeo announced it will supply the electric powertrain for Mahindra & Mahindra's Electric vehicle program. Click here

Valeo took part in CES 2024 **from January 8 to 12,** during which it announced several partnerships:

- **On January 4, 2024**, Valeo and Teledyne FLIR announced an agreement and first contract for thermal imaging for automotive safety systems. Click here
- **On January 4, 2024**, Valeo and Sennheiser presented ImagIn: an immersive sound and light experience in your car. Click here
- **On January 4, 2024**, Valeo and Applied Intuition announced their partnership to provide digital twin technology for ADAS simulation. Click here

- **On January 8, 2024**, ZutaCore® and Valeo announced their first contract for innovative data center cooling. Click here

On February 8, 2024, Dawex, Schneider Electric, Valeo, CEA and Prosyst joined forces to create Data4Industry-X, the trusted data exchange solution for industry. 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 from January 3 to 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 Taipei Cycle Show 2023 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 Everguard™ Silicone wiper blades. Click here

On March 27, 2023, Valeo announced that it had won General Motors' Supplier of the Year award in the Advanced Driver Assistance Systems (ADAS) category 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, 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, at Laval Virtual, during which the Group presented its innovations 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 presented its latest technologies for smarter, safer and greener mobilities. 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

On May 4, 2023, at the Car Symposium 2023 (May 3-4, 2023) in Bochum, Germany, leading market participants discussed the key trends in the automotive industry. Christophe Périllat, Valeo's Chief Executive Officer, was invited to give a keynote on the "Next Steps to the Green Car". Click here

On May 11, 2023, Valeo received awards from three major clients for its aftermarket activities. Click here

On May 16, 2023, Valeo announced that its best-in-class LiDAR technology had received two new awards. Click here

On June 8, 2023, Valeo announced that it would be presenting its solutions for greener, safer and affordable mobility at the SIA Powertrain show, held in Paris on June 14 and 15. Click here

On June 15, 2023, Valeo announced it would be presenting at the Eurobike 2023 trade show, held from June 21 to 25 in Frankfurt. Click here

On June 21, 2023, Valeo received an award from Auto Plus for Ineez, a simple electric charging solution adapted to every use. Click here

On June 22, 2023, Valeo announced it would be taking part in Rematec, the world's leading remanufacturing trade show for industry professionals, which took place from June 27 to 29 in Amsterdam. Click here

On June 29, 2023, Valeo announced the launch of Canopy, the first wiper blade designed to reduce CO_2 emissions. Click here

On August 30, 2023, Valeo showcased its technologies for the software-defined vehicle and the future of mobility at IAA Mobility 2023. Click here

On September 4, 2023, Valeo launched Valeo anSWer, its offer for software solutions and services on demand. Click here

On September 11, 2023, Valeo announced it would present its sustainable thermal management solutions at Busworld Europe 2023. Click here

On October 27, 2023, Valeo's windshield wipers were once again awarded first place in the Auto Plus comparison test. Click here

On November 16, 2023, Valeo's SCALA™ 3 LiDAR was a CES 2024 Innovation Award honoree in the "Vehicle Tech & Advanced Mobility" category. Click here

On November 30, 2023, Valeo organized its 1st Generative AI hackathon in collaboration with Google Cloud & Artefact. Click here

On December 8, 2023, Valeo put a biomass plant into operation at the Ebern-Fischbach site for a CO_2-neutral future. Click here

On December 13, 2023, Valeo produced its 20 millionth front camera system integrating Mobileye EyeQ® technology. Click here

On December 15, 2023, Stellantis and Valeo launched the first remanufactured automotive windshield-mounted video camera. Click here

On December 19, 2023, Valeo unveiled groundbreaking innovations at CES 2024, paving the way for greener, safer mobility for all, everywhere. Click here

On January 4, 2024, Valeo expanded software capabilities in North America to support increased demand. Click here

On January 8, 2024, Valeo announced its acceleration in artificial intelligence thanks to Google Cloud tools. Click here

From January 8 to 12, Valeo took part in CES 2024, where it presented groundbreaking innovations from its booth and from its live demonstration area paving the way for affordable, greener, safer and more connected mobility:

- **On January 4, 2024,** Valeo presented the latest update of its Valeo Cyclee™ Mid-Drive Unit solution with a new HMI and reduced noise and vibration at CES 2024. Click here
- **On January 4, 2024,** Valeo presented Ineez™ Air Charging, its solution for wireless charging for electric vehicles. Click here

On January 10, 2024, Valeo's Vsevolod Vovkushevsky was named a MotorTrend Software Defined Vehicle Innovator Awards Winner. Click here

On January 18, 2024, Mister-Auto integrated the Valeo Canopy low-carbon-footprint wiper blade range. Click here

On January 23, 2024, Valeo was once again ranked first among French patent applicants worldwide. Click here

On January 25, 2024, smart #3 equipped with Valeo Smart Safety 360 received 5 stars at Euro NCAP. Click here

On February 1, 2024, Valeo was certified ISO/SAE21434, the benchmark for automotive cybersecurity, by UTAC. Click here

On February 21, 2024, Valeo announced its participation in SXSW 2024. Click here

On February 26, 2024, Valeo announced its participation at the Taipei Cycle Show 2024 Click here

Financing activities and financial ratings

On September 18, 2023, Valeo announced a new edition of its share subscription offering reserved for Group employees. Click here

On October 6, 2023, Valeo completed its €600 million debut green bond issue and welcomed the significant involvement of the European Investment Bank. Click here

Financial 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, 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 (EBIT) corresponds to operating income before other income and expenses before share in net earnings of equity-accounted companies.

Adjusted data: 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, 2021 figures have been adjusted as though the high-voltage electrification business had been consolidated in the Group's financial statements as of January 1, 2021.

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 net 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.

Appendices

Fourth-quarter 2023 figures

Sales

Q4 sales (in millions of euros)	As a % of sales	Q4 2023	Q4 2022	Change	LFL* change	Change	Scope
Original equipment	84 %	**4,724**	4,461	+6 %	+10 %	-4 %	-1 %
Aftermarket	10 %	**531**	543	-2 %	+2 %	-3 %	-1 %
Miscellaneous	6 %	**353**	355	-1 %	-1 %	-4 %	+4 %
Total	**100 %**	**5,608**	**5,359**	**+5 %**	**+9 %**	**-4 %**	**— %**

**Like for like.*

Sales by destination region

Original equipment sales (in millions of euros)	As a % of sales	Q4 2023	Q4 2022	LFL* change	Perf. **
Europe & Africa	**46 %**	**2,183**	**1,978**	**+11 %**	**+3 pts**
Asia and Middle East & Oceania	**34 %**	**1,580**	**1,555**	**+10 %**	**-3 pts**
o/w Asia (excluding China)	*17 %*	*772*	*769*	*+9 %*	*+6 pts*
o/w China	*17 %*	*808*	*786*	*+11 %*	*-10 pts*
North America	**18 %**	**870**	**831**	**+10 %**	**+4 pts**
South America	**2 %**	**91**	**97**	**-7 %**	**-3 pts**
Total	**100 %**	**4,724**	**4,461**	**+10 %**	**0 pt**

**Like for like.*
*** Based on S&P Global Mobility automotive production estimates released on February 16, 2024.*

Sales by Business Group

Sales by Business Group (in millions of euros)	Q4 2023	Q4 2022	Change in sales	Change in OE sales*	Perf. **
Comfort & Driving Assistance Systems***	1,166	1,156	+1%	+8%	-2 pts
Powertrain Systems	1,746	1,560	+12%	+16%	+6 pts
Thermal Systems	1,189	1,180	+1%	+5%	-5 pts
Visibility Systems	1,445	1,402	+3%	+12%	+2 pts
Other	62	61	na	na	na
Group	5,608	5,359	**+5%**	**+10%**	**0 pt**

** Like for like.*
*** Based on S&P Global Mobility automotive production estimates released on February 16, 2024. (Q4 global production growth: +10%)*
**** Excluding the TCM (Top Column Module) business.*

Second-half 2023 figures

Sales

Sales (in millions of euros)	As a % of sales	H2 2023	H2 2022	Change	LFL* change	FX	Scope
Original equipment	85 %	9,157	8,935	+2 %	+7 %	-4 %	— %
Aftermarket	10 %	1,100	1,116	-1 %	+2 %	-3 %	-1 %
Miscellaneous	5 %	575	567	+1 %	+6 %	-5 %	+1 %
H2 total	**100 %**	**10,832**	**10,618**	**+2 %**	**+7 %**	**-4 %**	**— %**

** Like for like.*

Sales by destination region

Original equipment sales (in millions of euros)	As a % of sales	H2 2023	H2 2022	LFL* change	Perf. **
Europe & Africa	**45 %**	**4,149**	**3,855**	**+7 %**	**-1 pt**
Asia, Middle East & Oceania	**33 %**	**3,026**	**3,133**	**+7 %**	**-1 pt**
o/w Asia (excluding China)	*16 %*	*1,496*	*1,480*	*+11 %*	*+7 pts*
o/w China	*17 %*	*1,530*	*1,653*	*+3 %*	*-9 pts*
North America	**20 %**	**1,788**	**1,749**	**+9 %**	**+2 pts**
South America	**2 %**	**194**	**198**	**-2 %**	**0 pt**
H2 total	**100 %**	**9,157**	**8,935**	**+7 %**	**-1 pt**

** Like for like.*
*** Based on S&P Global Mobility automotive production estimates released on February 16, 2024.*

Sales by Business Group

Sales by Business Group (in millions of euros)	H2 2023	H2 2022	Change	Change in OE sales*	Outperf. **
Comfort & Driving Assistance Systems (CDA)***	2,324	2,276	+2%	+8%	0 pt
Powertrain Systems (PTS)	3,294	3,140	+5%	+9%	+1 pt
Thermal Systems (THS)	2,335	2,372	-2%	+4%	-4 pts
Visibility Systems (VIS)	2,725	2,724	—%	+8%	0 pt
Other	154	106	na	na	na
Group	**10,832**	**10,618**	**+2%**	**+7%**	**-1 pt**

**Like for like.*

*** Based on S&P Global Mobility automotive production estimates released on February 16, 2024. (second-half 2023 global production growth: +8%)*
**** Excluding the TCM (Top Column Module) business.*

EBITDA (in millions of euros and as a % of sales by Business Group)	**H2 2023**	**H2 2022**	**Change**
Comfort & Driving Assistance Systems (CDA)	347	371	-6%
	14.9 %	*16.3 %*	*-1.4 pt*
Powertrain Systems (PTS)	401	332	+21%
	12.2 %	*10.6 %*	*+1.6 pt*
Thermal Systems (THS)	201	171	+18%
	8.6 %	*7.2 %*	*+1.4 pts*
Visibility Systems (VIS)	364	377	-3%
	13.4 %	*13.8 %*	*-0.4 pt*
Other*	32	39	-18%
Group	**1,345**	**1,290**	**+4%**
	12.4 %	***12.1 %***	***+0.3 pt***

** Including the Top Column Module business.*

H2 2023 income statement

		H2 2023	**H2 2022**	**Change**
Sales	***(in €m)***	**10,832**	**10,618**	**+10 %**
Gross margin	*(in €m)*	2,039	1,858	+10 %
	(as a % of sales)	*18.8 %*	*17.5 %*	*+1.3 pt*
R&D expenditure	*(in €m)*	(1,029)	(987)	+4 %
	(as a % of sales)	*-9.5 %*	*-9.3 %*	*-0.2 pt*
Administrative and selling expenses	*(in €m)*	(535)	(494)	+8 %
	(as a % of sales)	*-4.9 %*	*-4.7 %*	*-0.2 pt*
Operating margin excluding share in net earnings of equity-accounted companies	***(in €m)***	**475**	**377**	**+26 %**
	(as a % of sales)	***4.4 %***	***3.6 %***	***+0.8 pt***
Share in net earnings of equity-accounted companies	*(in €m)*	13	191	na
	(as a % of sales)	*0.1 %*	*1.8 %*	*-1.7 pt*
Operating margin including share in net earnings of equity-accounted companies	***(in €m)***	**488**	**568**	**-14 %**
	(as a % of sales)	***4.5 %***	***5.3 %***	***-0.8 pt***
Other income and expenses	*(in €m)*	(93)	(35)	+166 %
	(as a % of sales)	*-0.9 %*	*-0.3 %*	*-0.6 pt*
Operating income	*(in €m)*	395	533	-26 %
	(as a % of sales)	*3.6 %*	*5.0 %*	*-1.4 pt*
Cost of debt	*(in €m)*	(135)	(81)	+67 %
Other financial income and expenses	*(in €m)*	(23)	(24)	na
Effective tax rate	*(in €m)*	*28 %*	*28 %*	*na*
Non-controlling interests and other	*(in €m)*	(45)	(33)	+36 %
Net attributable income	***(in €m)***	**102**	**278**	**-63 %**
	(as a % of sales)	***0.9 %***	***2.6 %***	***-1.7 pt***

FY 2023 figures

Original equipment sales by region

Production regions	2023	2022
Western Europe	30 %	29 %
Eastern Europe & Africa	18 %	16 %
China	17 %	18 %
Asia excluding China	15 %	15 %
United States & Canada	6 %	8 %
Mexico	12 %	12 %
South America	2 %	2 %
Total	**100 %**	**100 %**
Asia and emerging countries	**64 %**	**63 %**

2023 income statement

		2023	2022	Change	2022 (adjusted)*
Sales	***(in €m)***	**22,044**	**20,037**	**+10 %**	**20,407**
Gross margin	*(in €m)*	3,951	3,447	+15 %	3,427
	(as a % of sales)	*17.9 %*	*17.2 %*	*+0.7 pt*	*16.8 %*
R&D expenditure	*(in €m)*	(2,029)	(1,880)	+8 %	(1,971)
	(as a % of sales)	*-9.2 %*	*-9.4 %*	*+0.2 pt*	*-9.7 %*
Administrative and selling expenses	*(in €m)*	(1,084)	(932)	+16 %	(962)
	(as a % of sales)	*-4.9 %*	*-4.7 %*	*-0.2 pt*	*-4.7 %*
Operating margin excluding share in net earnings of equity-accounted companies	***(in €m)***	**838**	**635**	**+32 %**	**494**
	(as a % of sales)	***3.8 %***	***3.2 %***	***+0.6 pt***	***2.4 %***
Share in net earnings of equity-accounted companies	*(in €m)*	17	115	na	193
	(as a % of sales)	*0.1 %*	*0.6 %*	*-0.5 pt*	*0.9 %*
Operating margin including share in net earnings of equity-accounted companies	***(in €m)***	**855**	**750**	**+14 %**	**687**
	(as a % of sales)	***3.9 %***	***3.7 %***	***+0.2 pt***	***3.4 %***
Other income and expenses	*(in €m)*	(111)	(106)	+5 %	(106)
	(as a % of sales)	*-0.5 %*	*-0.5 %*	*0.0 pt*	*-0.5 %*
Operating income	*(in €m)*	744	644	+16 %	581
	(as a % of sales)	*3.4 %*	*3.2 %*	*+0.2 pt*	*2.9 %*
Cost of debt	*(in €m)*	(243)	(131)	+85 %	(147)
Other financial income and expenses	*(in €m)*	(47)	(4)	na	(5)
Effective tax rate	*(in €m)*	*35 %*	*37 %*	*na*	*na*
Non-controlling interests and other	*(in €m)*	(79)	(65)	+22 %	(63)
Net attributable income	***(in €m)***	**221**	**230**	**-4 %**	**148**
	(as a % of sales)	***1.0 %***	***1.1 %***	***-0.1 pt***	***0.7 %***

** See financial glossary, page 20.*

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 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).

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 in figures: 22 billion euros in sales in 2023 | 112,700 employees at December 31, 2023 | 29 countries, 175 plants, 19 research centers, 47 development centers, 20 distribution platforms.
Valeo is listed on the Paris Stock Exchange.

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