



PARIS

July 25, 2024

In first-half 2024, Valeo continued to improve its profitability, with an operating margin of 4.0% and free cash flow of 121 million euros, in line with its full-year 2024 objectives

In the first half of 2024, Valeo reaffirmed its margin and free cash flow objectives thanks to rigorous management of its activities, in particular through cost reduction measures. The Group's results for first-half 2024 are as follows:

- Sales of 11,117 million euros, up 1 % on a like-for-like basis
- Operating margin up 23% to 445 million euros, representing 4.0% of sales (up 0.8 percentage points year on year)
- EBITDA margin at 12.4% of sales (up 0.8 percentage points year on year)
- Free cash flow of 121 million euros, up 277 million euros on first-half 2023, notably thanks to a sustained 290 million euro reduction in inventories, particularly of semiconductors
- Net debt at 4,010 million euros and leverage ratio at 1.5x EBITDA
- Order intake at 9.1 billion euros, due to projects being postponed to the second half of the year
- Full-year 2024 and 2025 objectives: sales objectives revised to take into account current market conditions; margin and free cash flow objectives reaffirmed, supported by cost reduction measures

“Thanks to the remarkable commitment of Valeo’s teams in rigorously managing our activities and implementing cost reduction measures, we are continuing to improve our financial performance in line with the margin and cash generation objectives we set ourselves for the year. In the first half of 2024, our operating margin was 4.0% and we generated free cash flow of 121 million euros. In an environment marked in particular by automakers postponing production launches, the slowdown in high-voltage electrification and a lackluster market in Europe and China, we have revised our sales objectives for full-year 2024 and 2025. However, in view of the measures we have taken to reduce costs and improve our operating efficiency, we are reaffirming our 2024 and 2025 objectives for margins and free cash flow.

During the first half, we finalized the reorganization and merger of our Thermal Systems and Powertrain Systems activities, effective from April 22, 2024. The synergies unlocked as a result of this move mean that we can now offer our customers a broader, more comprehensive and more competitive range of products in traditional businesses and in electrification. Thanks to this reorganization, we will also be able to lower our break-even point and generate savings of around 50 million euros as from the second half of the year, rising to 100 million euros on a full-year basis. This effort is part of a set of one-off, exceptional cost reduction measures aimed at achieving cumulative full-year savings of 200 million euros.

As announced, we are continuing to implement our 500 million euro asset divestment plan and, as part of this process, have completed the sale of our Thermal Commercial Vehicles activity.

Lastly, a Corporate Social Responsibility agreement took effect on July 1 at all our plants worldwide. We are therefore continuing to proactively deploy our sustainable development strategy in terms of the environment, innovation, human capital and society as a whole.”

Christophe Périllat, Valeo’s Chief Executive Officer

Key figures

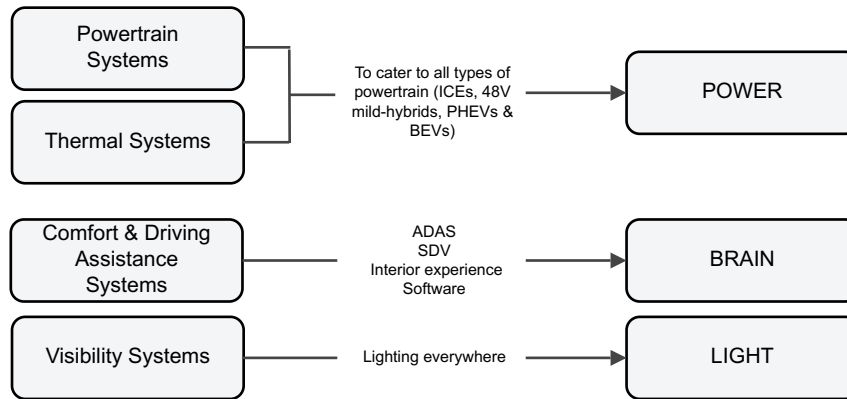
The financial statements for the six months ended June 30, 2024 were authorized for issue by the Board of Directors on July 25, 2024.

Order intake		H1 2024	H1 2023	Change
Order intake *	(in €bn)	9.1	18.8	-52 %
Income statement		H1 2024	H1 2023	Change
Sales	(in €m)	11,117	11,212	-1 %
R&D expenditure**	(in €m) (as a % of sales)	(1,079) (9.7) %	(1,000) (8.9) %	+8 % -0.8 pts
Administrative and selling expenses	(in €m) (as a % of sales)	(531) (4.8) %	(549) (4.9) %	-3 % +0.1 pts
Operating margin	(in €m) (as a % of sales)	445 4.0 %	363 3.2 %	+23 % +0.8 pts
Share in net earnings of equity-accounted companies	(in €m) (as a % of sales)	4 — %	4 — %	N/A N/A
Other income and expenses	(in €m)	(50)	(18)	N/A
Cost of debt	(in €m)	(123)	(108)	+14 %
Net attributable income	(in €m) (as a % of sales)	141 1.3%	119 1.1%	+18 % +0.2 pt
Statement of cash flows		H1 2024	H1 2023	Change
EBITDA*	(in €m) (as a % of sales)	1,383 12.4%	1,302 11.6%	+6 % +0.8 pts
Investments in property, plant and equipment	(in €m)	(600)	(456)	+32 %
Investments in intangible assets	(in €m)	(592)	(480)	+23 %
<i>including capitalized development expenditure</i>	(in €m)	(565)	(461)	+23 %
Change in working capital	(in €m)	233	(237)	N/A
Restructuring costs	(in €m)	(44)	(118)	-63 %
<i>including one-off restructuring costs</i>	(in €m)	(25)	0	N/A
Free cash flow* before one-off restructuring costs	(in €m)	146	(156)	N/A
Free cash flow* after one-off restructuring costs	(in €m)	121	(156)	N/A
Financial structure and dividend		H1 2024	Dec. 31, 2023	Change
Net debt*	(in €m)	4,010	4,028	-18
Leverage ratio (net debt to EBITDA)	N/A	1.5	1.5	N/A

* See financial glossary, page 16.

** For a comprehensive view of R&D expenditure, see page 10 of the press release.

New segment reporting based on three Divisions POWER, BRAIN and LIGHT



The **POWER** Division accounts for 51% of the Group's total sales. It caters to all types of powertrains (internal combustion engines, 48V mild hybrids, PHEVs and BEVs). Valeo leverages both its strong position in the electrification market and its portfolio of high-margin, cash-generative traditional products (transmission systems, 48V and thermal systems for internal combustion engine vehicles). Valeo POWER is the result of the reorganization and merger of Valeo's Powertrain Systems and Thermal Systems activities, designed to give the Group a consistent, comprehensive and competitive technology offering catering to both electric powertrains and internal combustion engines, with a high level of flexibility.

The **BRAIN** Division is leading the way in the acceleration and intends to leverage all the opportunities offered in the area of driving assistance (ADAS) and the new centralized electrical/electronic architectures inherent in software-defined vehicles (SDVs). By 2030, 90% of new vehicles will carry these systems, half of which could reach autonomy levels 2 and 2+. Valeo intends to take advantage of the increase in its content per vehicle for sensors, high-performance computing units, the new centralized electronic architecture of the software-defined vehicle and more generally, the increasingly important role that software plays in mobility.

The **LIGHT** Division designs and produces innovative, high-performance, smart exterior and interior lighting and signaling systems. In a market shaped by the development of LED technology and the need for high-definition light beams, lighting remains a powerful tool for improving road safety and the design of new vehicles commercialized by automakers. The growing take-up 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 on the front end, but also all around and inside the vehicle.

Sales of 11,117 million euros in first-half 2024, up 1% like for like

Sales (in millions of euros)	As a % of sales	H1 2024	H1 2023	Change	FX	Scope	LFL* change
Original equipment	84%	9,295	9,544	-3%	-1%	-1%	-1%
Aftermarket	11%	1,190	1,167	+2%	-2%	-1%	+5%
Miscellaneous	5%	632	501	+26%	-1%	-2%	+30%
Total	100%	11,117	11,212	-1%	-1%	-1%	+1%

* Like for like ⁽¹⁾.

Automotive production, which remained on a par with the same period in 2023, varied from one region to the next:

- production rose by 5% in China, led mainly by growth in new-energy vehicles and exports;
- production fell 3% in Europe, due to an unfavorable basis for comparison linked to automakers building up inventories in first-half 2023.

Total sales for first-half 2024 came in at 11,117 million euros, down 1% compared with the same period in 2023.

Changes in exchange rates had a negative 1.2% impact, primarily due to the appreciation of the euro against the Chinese yuan, the Japanese yen and the South Korean won.

Changes in Group structure had a negative 0.6% impact, mainly linked to the sale of the Ichikoh Mirror business in Japan on August 1, 2023.

On a like-for-like basis, sales rose by 1%.

Original equipment sales were down by 1% like for like, buoyed by the Group's other activities but penalized by the high-voltage electric powertrain activity:

- +6% from the BRAIN Division (of which ADAS: +7%);
- +2% from the LIGHT Division;
- -5% from the POWER Division, of which -43% from the high-voltage electric powertrain business.

Aftermarket sales rose by 5% on a like-for-like basis compared with the prior-year period, fueled by the increased number and age of vehicles on the road, and a more attractive offering of value-added products.

"Miscellaneous" sales (tooling and customer contributions to R&D) increased by 30% like for like, notably confirming the very large number of future new production launches in the lighting segment.

⁽¹⁾ See financial glossary, page 16.

Original equipment sales down 1% like for like in first-half 2024

Original equipment sales*** (in millions of euros)	As a % of sales	H1 2024	H1 2023	Change	LFL* change	Perf. **
Europe & Africa	49%	4,601	4,691	-2%	-3%	0 pt
Asia, Middle East & Oceania	29%	2,687	2,885	-7%	—%	-1 pt
o/w Asia (excluding China)	15%	1,421	1,530	-7%	+2%	+6 pts
o/w China	14%	1,266	1,355	-7%	-2%	-7 pts
North America	20%	1,834	1,784	+3%	+3%	+1 pt
South America	2%	173	184	-6%	-6%	+2 pts
Total	100%	9,295	9,544	-3%	-1%	-1 pt

* Like for like .

** Based on S&P Global Mobility automotive production estimates released on July 17, 2024.

*** Original equipment sales by destination region.

In first-half 2024, original equipment sales fell by 1% like for like, underperforming automotive production by 1 percentage point. This takes into account a negative 4 percentage point impact from the decline in the high-voltage electric powertrain activity and a negative 1 percentage point impact from the unfavorable geographical mix.

Europe and Africa's performance came out in line with automotive production: The POWER Division was impacted by a decrease in activity on certain electric vehicle platforms. The decline in high-voltage electric powertrain activity was partially offset by growth in the POWER Division's other activities (thermal systems, transmission systems and 48V) owing to the ramp-up of production for European automakers. The BRAIN Division reported robust growth in ADAS (particularly for front cameras and computer-vision cameras).

In Asia, the Group underperformed automotive production by 1 percentage point:

- in China, the Group continued the repositioning of its customer portfolio (70% of order intake recorded in first-half 2024 was with automakers in China, excluding JVs). It underperformed automotive production by 7 percentage points. The POWER Division excluding high-voltage electrification was fueled by the ramp-up in production of electric vehicles for Chinese automakers, while the LIGHT Division is fully benefiting from recent production launches for a North American automaker and several Chinese automakers for electrification projects;
- in Asia excluding China, Valeo outperformed automotive production by 6 percentage points thanks to good momentum for the POWER Division in traditional powertrain technologies for a South Korean automaker, and for the BRAIN Division in ADAS. The LIGHT Division was hampered by sluggish business levels caused by production stoppages at several Japanese automakers.

In North America, Valeo outperformed automotive production by 1 percentage point. The POWER Division was lifted by the ramp-up in production. The LIGHT Division enjoyed the full effects of the ramp-up in production of a new contract in electrification for a North American automaker.

In South America, the Group outperformed automotive production by 2 percentage points.

Segment reporting

Robust growth in BRAIN Division activities in first-half 2024

Sales by Division (in millions of euros)	H1 2024	H1 2023	Change in sales	Change in OE sales*	Perf. **
POWER	5,692	5,951	-4%	-5%	-5 pts
BRAIN***	2,569	2,448	+5%	+6%	+6 pts
LIGHT	2,853	2,816	+1%	+2%	+2 pts
Other	3	(3)	N/A	na	na
Group	11,117	11,212	-1%	+1%	+1 pt

* Like for like.

** Based on S&P Global Mobility automotive production estimates released on July 17, 2024. (H1 2024 global production growth: 0%)

*** Including the Top Column Module business.

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

In the first half, the **POWER** Division underperformed automotive production by 5 percentage points, of which a negative 7 percentage points related to the decrease in high-voltage electric powertrain activity.

The **POWER** Division excluding the high-voltage electric powertrain business (thermal systems, transmission systems and 48V) delivered 2% like-for-like growth, outperforming automotive production by 2 percentage points thanks to the ramp-up in production (a) in Europe for European automakers, (b) in Asia (excluding China) for a South Korean automaker, and (c) in China for several Chinese automakers (electric vehicles).

This helped to mitigate the impact of the decline in high-voltage electric powertrain sales (513 million euros in the first half of 2024, compared with 847 million euros in the same period of 2023), penalized by the decline in activity on certain electric vehicle platforms, notably in Europe, and by the unfavorable basis for comparison linked to excess production and to automakers building up inventories on these platforms in first-half 2023 (when there was a 108% increase in original equipment sales compared with first-half 2022). As announced, the high-voltage electric powertrain business saw a sequential improvement in sales in the second quarter (314 million euros versus 199 million euros in first-quarter 2024).

The **BRAIN** Division outperformed automotive production by 6 percentage points, buoyed by strong growth in ADAS, particularly in front and computer-vision cameras, notably in Europe, South Korea and Japan. Like-for-like original equipment sales were up by 7% for ADAS and by 4% for the Reinvention of the Interior Experience segment.

The **LIGHT** Division outperformed automotive production by 2 percentage points. In China and North America, the Division's sales were driven by the recent production launch for a North American automaker in the field of electrification. In Japan, they were affected by a low level of activity due to production stoppages at several Japanese automakers.

Improved profitability for the POWER Division (up 0.7 percentage points) and the BRAIN Division (up 2.2 percentage points)

EBITDA (in millions of euros and as a % of Division sales)	H1 2024	H1 2023	Change
POWER	585 10.3%	571 9.6%	+2 % +0.7 pt
BRAIN*	408 15.9%	336 13.7%	+21 % +2.2 pts
LIGHT	362 12.7%	376 13.4%	-4 % -0.7 pt
Other	28	19	+47 %
Group	1,383 12.4%	1,302 11.6%	+6% +0.8 pt

* Including the Top Column Module business.

The **POWER** Division saw its EBITDA margin increase by 0.7 percentage points to 10.3% in first-half 2024, thanks to (a) the progress made in implementing the synergy plan following 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 (b) growth in the Division's profitable and cash-generating activities, i.e., excluding the high-voltage electric powertrain business (thermal systems, transmission systems and 48V). It therefore benefited from the improved profitability of the Thermal Systems activity, whose EBITDA margin came out at 9%, up 2.4 percentage points on the same period in 2023.

The **BRAIN** Division recorded an EBITDA margin of 15.9% in the first half of 2024, up 2.2 percentage points, lifted by growth in ADAS and Interior Experience, which posted margins of 16.6% (up 0.6 percentage points) and 13.9% (up 4.9 percentage points), respectively.

The **LIGHT** Division's EBITDA margin held firm during the period at 12.7%, in a context of (a) high costs involved in preparing for numerous production launches, (b) low business levels due to production stoppages at several Japanese automakers, and (c) the negative impact on the Division's profitability of the yen's depreciation against the euro.

Valeo recorded an operating margin of 4.0% and generated cash flow of 121 million euros in first-half 2024, in line with its full-year objectives

EBITDA and operating margins stood at 12.4% and 4.0% of sales, respectively, an improvement of 0.8 percentage points compared with first-half 2023, despite production volumes below their pre-crisis levels in the Group's two main regions (Europe and North America), lower production volumes for electric vehicles, especially in Europe, and continued wage growth.

		H1 2024	H1 2023	Change
Sales	<i>(in €m)</i>	11,117	11,212	-1 %
EBITDA*	<i>(in €m)</i> <i>(as a % of sales)</i>	1,383 12.4%	1,302 11.6%	+6 % +0.8 pt
Operating margin**	<i>(in €m)</i> <i>(as a % of sales)</i>	445 4.0%	363 3.2%	+23 % +0.8 pt
Net attributable income	<i>(in €m)</i> <i>(as a % of sales)</i>	141 1.3%	119 1.1%	+18 % +0.2 pt

* See financial glossary, page 16.

** Excluding share in net earnings of equity-accounted companies.

EBITDA⁽²⁾ came in at 1,383 million euros, or 12.4% of sales, up 0.8 percentage points year on year, in line with 2024 guidance (EBITDA margin of between 12.1% and 13.1% of sales).

Operating margin excluding share in net earnings of equity-accounted companies came out at 445 million euros, or 4.0% of sales, up 0.8 percentage points compared with first-half 2023, and in line with 2024 guidance (between 4.0% and 5.0% of sales).

The increase mainly reflects:

- +1.4 percentage points corresponding to an improved gross margin resulting from good control over operations, the initial effects of cost reduction measures, improved profitability of existing contracts, the start of production on new contracts with higher profitability and a slightly negative volume effect on the operating margin;
- +0.2 percentage points relating to the decrease in administrative and selling expenses (down 18 million euros), driven by strict cost control and the initial effects of cost reduction measures;
- -0.8 percentage points relating to R&D expenditure incurred to fulfill the sharp increase in order intake recorded over the past two years, the impact of which was minimized by improved R&D efficiency (synergies from the creation of the POWER Division, standardization of "project" developments and upskilling, mainly in cost-competitive countries).

⁽²⁾ See financial glossary, page 16.

The Group continued its R&D efforts in first-half 2024 in order to fulfill the sharp increase in order intake recorded over the past two years.

		H1 2024	H1 2023	Change
Sales	(in €m)	11,117	11,212	-1 %
Capitalized development expenditure	(in €m) (as a % of sales)	565 5.1%	461 4.1%	+23 % +1.0 pt
Amortization and impairment of capitalized development expenditure*	(in €m) (as a % of sales)	(302) (2.7)%	(272) (2.4)%	+11 % -0.3 pt
IFRS impact	(in €m) (as a % of sales)	263 2.4%	189 1.7%	+39 % +0.7 pt
Gross Research and Development expenditure				
		(1,405)	(1,245)	+13 %
		(12.6)%	(11.1)%	-1.5 pt
IFRS impact	(in €m) (as a % of sales)	263 2.4%	189 1.7%	+39 % +0.7 pt
Subsidies and grants, and other income	(in €m)	63	56	+13 %
Research and Development expenditure	(in €m) (as a % of sales)	(1,079) (9.7)%	(1,000) (8.9)%	+8 % -0.8 pt
Customer contributions to R&D	(in €m)	301	268	+12 %
Net R&D expenditure	(in €m) (as a % of sales)	(778) (7.0)%	(732) (6.5)%	+6 % -0.5 pt

* 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 2.4 percentage points (1.7 percentage points in 2023). 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. The IFRS impact was lower than expected (2.8 percentage points), as capitalized development expenditure was lower than forecast thanks to improved R&D efficiency.

In the statement of income, R&D expenditure represented 9.7% of sales, up 0.8 percentage points compared to the same period in 2023.

The share in net earnings of equity-accounted companies represented income of 4 million euros.

Operating margin including share in net earnings of equity-accounted companies⁽³⁾ came out at 449 million euros, or 4.0% of sales, up 0.7 percentage points compared with first-half 2023.

Operating income came to 399 million euros and includes other expenses for a total amount of 50 million euros, or 0.4% of sales. This caption includes:

- one-off restructuring costs, in particular relating to the plans to reorganize and merge the Powertrain Systems and Thermal Systems activities. These plans led to the recognition of 119 million euros in restructuring costs in the first half of 2024. Total restructuring costs represented 134 million euros;
- a 94 million euro capital gain on the sale of the Thermal Commercial Vehicles activity, completed on June 30, 2024.

Amid a sharp rise in interest rates, the refinancing of Valeo's debt (see the debt section on page 12) resulted in a cost of debt in first-half 2024 of 123 million euros.

Other financial items represented a net expense of 14 million euros.

The effective tax rate came out at 34%.

⁽³⁾ See financial glossary, page 16.

The Group recorded net attributable income of 141 million euros for the period, or 1.3% of sales, after deducting non-controlling interests in an amount of 32 million euros.

Return on capital employed (ROCE⁽⁴⁾) and return on assets (ROA⁽⁴⁾) stood at 15% and 7%, respectively.

The Group generated free cash flow⁽⁴⁾ of 121 million euros in the first half of 2024, in line with the full-year objective of 350 million euros

<i>(in millions of euros)</i>	H1 2024	H1 2023
EBITDA⁽⁴⁾	1,383	1,302
Investment in property, plant and equipment	(600)	(456)
Investment in intangible assets	(592)	(480)
<i>including capitalized development expenditure</i>	(565)	(461)
Change in working capital*	233	(237)
Restructuring costs	(44)	(118)
<i>including one-off restructuring costs</i>	(25)	0
Income tax	(123)	(97)
Other*	(136)	(188)
Free cash flow⁽⁴⁾ before one-off restructuring costs	146	(156)
Free cash flow after one-off restructuring costs	121	(156)
Net financial expenses	(149)	(119)
Dividends	(118)	(114)
Other financial items**	103	(18)
Net cash flow⁽⁴⁾	(43)	(407)

* Of which a 62 million euro provision reversal, offset by accrued income recorded in change in working capital.

** Of which disposals of investments with loss of control, net of cash transferred (positive 212 million euro impact), offset by share buybacks and a decrease in non-recurring sales of trade receivables.

In first-half 2024, the Group generated **121 million euros in free cash flow**, mainly reflecting:

- the contribution of EBITDA⁽⁴⁾ in an amount of 1,383 million euros, up 81 million euros compared with the same period in 2023;
- strictly controlled investments in property, plant and equipment, which amounted to 600 million euros in light of a cumulative order intake of nearly 70 billion euros over the period 2022-2023;
- 592 million euros in investments in intangible assets (including 565 million euros in capitalized development expenditure) following a sharp increase in order intake in 2022 and 2023 with significantly higher profitability;
- a positive change in operating working capital of 233 million euros, thanks notably to a sustained 290 million euro reduction in inventories – particularly of semiconductors – as supply chains return to normal;
- tax payments for 123 million euros.

⁽⁴⁾ See financial glossary, page 16.

Net cash flow⁽⁵⁾ represented an outflow of 43 million euros, reflecting:

- 149 million euros in net interest paid in first-half 2024;
- 118 million euros in dividends paid to Valeo shareholders and non-controlling shareholders of Group subsidiaries;
- the 212 million euros in cash proceeds from the sale of the Thermal Commercial Vehicles business.

Stable net debt⁽⁵⁾ and leverage ratio of 1.5x at June 30, 2024

Net debt stood at 4,010 million euros at end-June 2024, stable versus December 31, 2023. The June 30, 2024 figure includes the proceeds from the sale of the Thermal Commercial Vehicles business.

At June 30, 2024, the **leverage ratio** (net debt/EBITDA) came out at 1.5x EBITDA and the **gearing ratio** (net debt/stockholders' equity) stood at 110% of equity.

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

- on January 22, Valeo redeemed its 3.25% bonds for 700 million euros;
- on April 4, Valeo issued 850 million euros' worth of 6-year green bonds with a coupon of 4.50%. This represented the Valeo's second issue in accordance with the Green and Sustainability-Linked Financing Framework, with the funds raised intended to finance projects and investments relating to the technology portfolio that contribute to low-carbon mobility, particularly for vehicle electrification;
- on April 19, Valeo repaid a bank loan for 50 million euros and took out a new bilateral bank loan for 100 million euros, due April 2025;
- on June 18, Valeo repaid 50 million euros of the loan granted by the European Investment Bank, due June 2029;
- at June 30, 2024, the Group had drawn down 4.1 billion euros (150 million euros more than at December 31, 2023) under its Euro Medium Term Note (EMTN) financing program capped at 5 billion euros;
- the average maturity of gross long-term debt stood at 3 years at June 30, 2024;
- Valeo has available cash of 3 billion euros and a total of 1.6 billion euros in undrawn credit lines.

Divestiture of non-strategic assets

Valeo aims to dispose of non-strategic assets.

On June 30, 2024, the Group sold its Thermal Commercial Vehicles business. The impacts of the transaction on Valeo's consolidated financial statements for the six months ended June 30, 2024 are as follows:

- recognition of a 94 million euro capital gain in other income and expenses;
- a 247 million euro reduction in net debt;

This business represented sales of 159 million euros in first-half 2024 (six months of operations) and 303 million euros in 2023 (12 months of operations).

The Group continues to pursue its strategy of divesting assets in an orderly, timely fashion, ensuring that they are valued appropriately. Advanced talks are underway for further disposals representing 100 million euros.

⁽⁵⁾See financial glossary, page 16.

Order intake of 9.1 billion euros in first-half 2024, reflecting the postponement of projects by automakers

First-half order intake⁽⁶⁾ represented 9.1 billion euros.

Order intake was down year on year, owing to:

- the exceptional level recorded in the first half of 2023 (18.8 billion euros) as a result of significant opportunities in the ADAS and software-defined vehicle (SDV) businesses;
- projects being postponed pending key choices by automakers in terms of electronic architecture;
- a more selective order intake in line with the policy of continuous improvement in profitability and cash generation.

In China, orders with Chinese automakers accounted for 70% of the Group's order intake in the first half.

Achieved through strict financial discipline, the order intake built up since 2022 was recorded at a level of profitability significantly above Valeo's Move Up plan objectives, leading to continued improvement in the Group's margins beyond 2025.

Full-year 2024 and 2025 objectives: sales objectives revised to take into account current market conditions; margin and free cash flow objectives reaffirmed, supported by cost reduction measures

	2024 guidance (a) (b)	2025 objectives (b)
Sales (in billions of euros)	~22.0 previously 22.5 to 23.5	23.5 to 24.5 previously 24.5 to 25.5
EBITDA (as a % of sales)	12.1% to 13.1%	13.5% to 14.5%
Operating margin (as a % of sales)	4.0% to 5.0%	5.5% to 6.5%
Free cash flow before one-off exceptional cost reduction measures (c) (in millions of euros)	~500	~800
Free cash flow after one-off exceptional cost reduction measures (c) (in millions of euros)	~350	~650

(a) Second-half margins and free cash flow generation higher than in the first half.

(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) sales in high-voltage electrification of around 1 billion euros in 2024.

(c) Includes, but is not limited to, potential restructuring measures.

⁶ See financial glossary, page 16.

Upcoming events

Third-quarter 2024 sales: October 24, 2024

Highlights

ESG

On January 2, 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, has retired. [Click here](#)

On March 27, Valeo informed its shareholders that its Combined (ordinary and extraordinary) General Shareholders' Meeting would be held on May 23, 2024. [Click here](#)

On April 3, Valeo announced that it had published its 2023 Universal Registration Document. [Click here](#)

On April 22, Valeo took a new step towards electric mobility and announced the creation of its new Valeo POWER division. [Click here](#)

On May 23, Valeo announced that its 2024 Shareholders' Meeting had taken place. [Click here](#)

Industrial partnerships

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

- **On January 4**, Valeo and Teledyne FLIR announced that they had signed an agreement and first contract for thermal imaging for automotive safety systems. [Click here](#)
- **On January 4**, Valeo and Sennheiser presented ImagIn: an immersive sound and light experience in your car. [Click here](#)
- **On January 4**, Valeo and Applied Intuition announced their partnership to provide digital twin technology for ADAS simulation. [Click here](#)
- **On January 8**, ZutaCore® and Valeo announced their first contract for innovative data center cooling. [Click here](#)

On February 8, Dawex, Schneider Electric, Valeo, CEA and Prosyst joined forces to create Data4Industry-X, the trusted data exchange solution for industry. [Click here](#)

On May 7, Valeo and ICAP GROUP, the owner of Tecnobus, announced they had signed an agreement to prepare the future of mobility in Ferentino. [Click here](#)

On May 23, Valeo and Smovengo committed to circular maintenance of Vélib' electric bike motors and batteries. [Click here](#)

On June 11, Valeo partnered with Dassault Systèmes to accelerate the digitalization of its R&D. [Click here](#)

On July 8, Valeo and Seeing Machines announced a strategic collaboration to offer advanced driver and occupant monitoring solutions. [Click here](#)

Products/technologies and patents

On January 4, Valeo announced expanded software capabilities in North America to support increased demand. [Click here](#)

On January 8, 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**, 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**, Valeo presented Ineez™ Air Charging, its solution for wireless charging for electric vehicles. [Click here](#)
- On January 10**, Valeo's Vsevolod Vovkushevsky announced that he had been named a MotorTrend Software Defined Vehicle Innovator Awards Winner. [Click here](#)
- On January 18**, Mister-Auto integrated the Valeo Canopy low-carbon-footprint wiper blade range. [Click here](#)
- On January 23**, Valeo announced that it had once again ranked first among French patent applicants worldwide. [Click here](#)
- On January 25**, Smart #3 equipped with Valeo Smart Safety 360 received 5 stars at Euro NCAP. [Click here](#)
- On February 1**, Valeo was certified ISO/SAE21434, the benchmark for automotive cybersecurity, by UTAC. [Click here](#)
- On February 21**, Valeo announced its participation in SXSW 2024. [Click here](#)
- On February 26**, Valeo announced its participation at the Taipei Cycle Show 2024. [Click here](#)
- On March 4**, Valeo presented Valeo Racer, a new extended reality in-car gaming experience developed with Unity, at South by Southwest 2024. [Click here](#)
- On March 6**, Valeo announced that it is Launch Partner for SDVerse, a new Automotive Software Marketplace [Click here](#)
- On March 28**, Valeo announced that it is taking the driver's seat on generative AI with Google Cloud. [Click here](#)
- On March 29**, Valeo announced the opening of a new plant in Daegu (South Korea) for the production of Advanced Driver Assistance Systems. [Click here](#)
- On April 17**, Valeo announced it was celebrating 30 years in China and showcased its latest technologies at Auto China – Beijing 2024. [Click here](#)
- On April 25**, Valeo was named the number 1 French patent filer in Europe and the number 3 patent filer in France. [Click here](#)
- On April 30**, Valeo won an automotive News PACE award for its SCALA™ 3 LiDAR. [Click here](#)
- On May 16**, Valeo announced that its Valeo eAccess solution would power the Toyota APM electric shuttles for a major summer 2024 sporting event. [Click here](#)
- On June 24**, Valeo received the Frost & Sullivan 2024 Global Company of the Year award for its market-leading position on software-defined vehicles. [Click here](#)
- On June 26**, Valeo announced it would be taking part in the Eurobike 2024 trade show, held from July 3 to 7, 2024. [Click here](#)

Financing activities and financial ratings

- On March 11**, Valeo announced the implementation of its share buyback program. [Click here](#)
- On March 22**, Moody's affirmed Valeo's "Baa3" long-term issuer rating, negative outlook, and "P3" short-term issuer rating. [Click here](#)
- On April 3**, Standard & Poor's affirmed Valeo's "BB+" long-term issuer rating, revising its outlook from "stable" to "negative". [Click here](#)
- On April 4**, Valeo announced a green bond issue for an amount of 850 million euros with maturity April 2030. [Click here](#)
- On May 15**, Valeo announced the completion of its share buyback program. [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 adjusting sales by elimination (or by addition in the event of a change in consolidation method) to ensure that the prior period is comparable with the current period.

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

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.

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.

Appendices

Second-quarter figures

Sales

Q2 sales (in millions of euros)	As a % of sales	Q2 2024	Q2 2023	Change	LFL* change	FX	Scope
Original equipment	83%	4,741	4,907	-3%	-2%	-1%	—%
Aftermarket	11%	593	552	+7%	+8%	-1%	+1%
Miscellaneous	6%	356	271	+31%	+28%	+5%	-2%
Total	100%	5,690	5,730	-1%	—%	—%	—%

* Like for like.

Sales by destination region

Original equipment sales (in millions of euros)	As a % of sales	Q2 2024	Q2 2023	LFL* change	Perf.**
Europe & Africa	50%	2,386	2,398	-1%	+5 pts
Asia, Middle East & Oceania	28%	1,344	1,476	-4%	-5 pts
o/w Asia (excluding China)	15%	704	753	+1%	+3 pts
o/w China	13%	640	723	-9%	-13 pts
North America	20%	922	937	-3%	-5 pts
South America	2%	89	96	-6%	+3 pts
Total	100%	4,741	4,907	-2%	-2 pts

* Like for like.

** Based on S&P Global Mobility automotive production estimates released on July 17, 2024..

Sales by Division

Sales by Division (in millions of euros)	Q2 2024	Q2 2023	Change in sales	Change in OE sales*	Perf.**
POWER	2,909	3,069	-5%	-7%	-7 pts***
BRAIN	1,340	1,227	+9%	+7%	+7 pts
LIGHT	1,438	1,440	—%	-1%	-1 pt
Other	3	(254)	na	N/A	N/A
Group	5,690	5,482	+4%	-2%	-2 pts

* Like for like.

** Based on S&P Global Mobility automotive production estimates released on July 17, 2024. (Q2 2024 global production growth: 0%)

*** Negative 7% impact from the high-voltage electrification business.

H1 2024 income statement

		H1 2024	H1 2023	Change
Sales	<i>(in €m)</i>	11,117	11,212	+10 %
Gross margin	<i>(in €m)</i> <i>(as a % of sales)</i>	2,055 18.5 %	1,912 17.1 %	+7 % +1.4 pt
R&D expenditure	<i>(in €m)</i> <i>(as a % of sales)</i>	(1,079) (9.7) %	(1,000) (8.9) %	+8 % -0.8 pt
Administrative and selling expenses	<i>(in €m)</i> <i>(as a % of sales)</i>	(531) (4.8) %	(549) (4.9) %	-3 % +0.1 pt
Operating margin excluding share in net earnings of equity-accounted companies	<i>(in €m)</i> <i>(as a % of sales)</i>	445 4.0 %	363 3.2 %	+23 % +0.8 pt
Share in net earnings of equity-accounted companies	<i>(in €m)</i> <i>(as a % of sales)</i>	4 — %	4 — %	na 0.0 pt
Operating margin including share in net earnings of equity-accounted companies	<i>(in €m)</i> <i>(as a % of sales)</i>	449 4.0 %	367 3.3 %	+22 % +0.7 pt
Other income and expenses	<i>(in €m)</i> <i>(as a % of sales)</i>	(50) (0.4) %	(18) (0.2) %	N/A -0.2 pt
Operating income	<i>(in €m)</i> <i>(as a % of sales)</i>	399 3.6 %	349 3.1 %	+14 % +0.5 pt
Cost of debt	<i>(in €m)</i>	(123)	(108)	+14 %
Other financial income and expenses	<i>(in €m)</i>	(14)	(24)	N/A
Effective tax rate	<i>(in €m)</i>	34.0 %	30.0 %	N/A
Non-controlling interests and other	<i>(in €m)</i>	(32)	(34)	-6 %
Net attributable income	<i>(in €m)</i> <i>(as a % of sales)</i>	141 1.3 %	119 1.1 %	+18 % +0.2 pt

Safe Harbor Statement

Statements contained in this document which, when they 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, and product development and potential and 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 negotiated or imposed 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 related to the automotive equipment industry and to the development and launch of new products and risks due to certain global and regional economic conditions, environmental and industrial risks 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 2023 Universal Registration Document registered with the AMF on March 29, 2024 (under number D.24-0218).

In addition, other risks which are currently unidentified or considered to be non-material by the Group, could have the same adverse impact and investors could lose all or part of their investment. Forward-looking statements are given only as at the date of this document and Valeo does not undertake to update the forward-looking statements to reflect events or circumstances which occur subsequent to the publication of this document. Valeo 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 neither intends to review, nor will it confirm, any estimates issued by analysts.

About Valeo

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 | 109,600 employees, 28 countries, 159 plants, 64 research and development centers, 19 distribution platforms at June 30, 2024.

Valeo is listed on the Paris Stock Exchange.

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