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PRESS RELEASE

Valeo Unveils *Elevate 2028*, Steadily Improving Profit, Generating Higher Cash and Returning to Sales Growth

- **With *Elevate 2028*, Valeo sets out its trajectory to 2028: steadily increasing profit from 2022 onwards, generating higher cash from 2025 onwards, and returning to sales growth from 2027 onwards.**
- **In 2028, Valeo expects sales between €22-24 billion, an operating margin[1] of 6-7%, and free cash flow after interest[2] of at least €500 million. This higher level of cash generation is expected to result in a leverage ratio lower than 1.0x adjusted EBITDA[1], aligning the company's financial KPIs with its ambition to achieve investment-grade rating in 2028.**
- **2025 guidance for sales, adjusted EBITDA, and operating margin is confirmed in a demanding environment. The guidance for free cash flow before interest[3] is revised upwards and is now expected to come in slightly above guidance (>€550 million).**
- **Valeo is consolidating its position as a global leader in key car technologies. The Group is fully aligned for a future of electrified, safer and software-defined cars, and is growing in all geographies including China, India, and North America.**

20 November 2025 — Paris, France — Valeo is hosting its Capital Markets Day, outlining its financial trajectory for the next three years to 2028. Building on its well established and well recognised technology leadership in the automotive world, the Group is committed to continue steadily increasing profit, generate higher levels of cash and return to sales growth.

Christophe Perillat, Valeo's CEO, commented: "Since 2022, our *Move Up* plan has ensured that we are well positioned in terms of technology to succeed in the market, and has laid the foundations for significant financial improvements, resulting in a steady improvement in Group profit and cash.

As we embark on the next stage with our *Elevate 2028* plan, we intend to capitalize on these achievements and to further improve our financial fundamentals.

To do this, our plan will be powered by three engines. The first engine is a steady increase in profit. It started in 2022, and will carry on delivering. The second engine, generating higher levels of cash, has just been fired. 2025 represents a turning point in the evolution of our business

[1] See glossary page 10
[2] new definition, after interest
[3] old definition, before interest

model and confirms our ability to generate more cash. The third engine will be the return to growth. It will kick in in 2027, as our strong order book translates into sales .

Valeo's engines are powered by the expertise and commitment of our teams worldwide and I would like to thank them for their fantastic contribution to our success. I am confident that their courage and agility will enable us to keep delivering innovation and excellence to our customers every day.

Building on our existing strengths as an industrial champion and a technological powerhouse, we have spent the last few years making Valeo into a global leader fit for success. With *Elevate 2028*, we will ensure that the Group progresses further with strong financial fundamentals and solid growth prospects."

Elevate 2028 Ambition

	2024 actual	2025 based on guidance (a)(b)	2028
Sales (in billions of euros)	21.5	~20.5	22 to 24
Operating margin (as a % of sales)	4.3%	4.5% to 5.5%	6.0% to 7.0%
Free cash flow after one-off restructuring costs Former definition (in millions of euros)	481	>550	
Free cash flow New definition[4] (after net financial interest) (in millions of euros)	247	>300	>500

(a) Based on S&P Global Mobility estimates as at October 15, 2025 and on tariffs and trade restrictions in effect at October 1, 2025. Does not take into account any other disruption that may occur, particularly with regard to export controls concerning the automotive market, which could have an impact on production or retail sales in the main automotive regions.
(b) With margins and free cash flow generation expected to be higher in the second-half of 2025 than in the first half.

Based on following assumptions for 2028

Global production	Chinese OEMs	New Energy Vehicles	Currency
90.6m (-3% versus S&P*)	28%* of total	37%* BEV, PHEV, EREV**	1 EUR = 1.17 USD 1 EUR = 8.42 CNY

*Source: S&P Global Mobility October 2025
** BEV = Battery Electric Vehicle, PHEV = Plug-In Hybrid Vehicle, EREV = Extended Range Electric Vehicle

[4] See glossary page 10

Valeo *Elevate 2028* - Stronger Financially and Fit For Success

With *Elevate 2028*, Valeo continues the transformation that was achieved under *Move Up*, targeting stronger financial fundamentals. It will be powered by three engines:

- Steadily improving profits from 2022 onwards;
- Generating higher cash, from 2025 onwards;
- Returning to sales growth, which is anticipated from 2027.

The improvement of the Group's financial strength will rely on its strong market leadership position in the cutting-edge technologies that will shape the car of tomorrow: electrified, safer, and software-defined. As the preferred technology partner for the leading global OEMs, the Group will continue to expand in key car producing regions such as China, India, and North America.

Engine 1 - From 2022: Steadily Increasing Profit

Valeo is committed to deliver a steady increase in profit, driven by a series of strategic initiatives which will further reduce its breakeven point while maintaining strong price discipline.

Gross margin will remain sustainably above 19% of sales, helped by improved industrial performance and the effective leveraging of Artificial Intelligence (AI) and robotics in all its plants. The one-off self-help measures already announced and largely implemented, at a total cost of €400m, will generate annualized €300m savings from 2026 onwards (compared to 2023). The Group expects to see a recurring cost of self help measures of €100m per year going forward. These initiatives will add 1.1pt improvement in operating margin between 2024 and 2028.

The Group's overall profitability will remain on a firm upward trend, starting from a base operating margin of 4.3% in 2024, confirming the 2025 guidance of 4.5-5.5%, and aiming for a 2028 target of 6-7%.

Engine 2 - From 2025: Generating Higher Cash

Valeo has transformed its business model to structurally generate more cash, with 2025 expected to be a turning point in terms of cash generation from operations.

The Group is expecting to report a record-high level of free cash flow, before one-off restructuring costs and interest, of at least €700m. This represents slightly over €550m after one-off restructuring costs and before interest. Under the new definition of free cash flow, after one off restructuring and interest (cf. infra), this equates to slightly over €300m. The Group expects further improvement in cash generation, reaching >€500m in 2028 after one-off restructuring and interest.

This improvement is being driven by structurally reduced CAPEX in the 4.5-5.0% range, and by a decrease in the value of gross R&D compared to 2024. As soon as for the year 2025, Gross R&D is expected to be €200m lower than the year before.

Valeo is leveraging AI effectively to boost R&D productivity, aiming to reduce R&D intensity without slowing the pace of innovation. 100% of the Group's software engineers are already supported by Generative AI, and 25% of its certified automotive code is now AI-generated, up from 0% just 16 months ago.

Valeo aims to recover an investment-grade rating in 2028. This will be achieved by bringing the leverage ratio down to below 1.0x adjusted EBITDA, through organic cash generation and taking into account a progressive increase in dividend per share. The trajectory does not assume any acquisitions or disposals. Any potential opportunity would be strictly reviewed under value creation and balance sheet criteria.

Engine 3 - From 2027: Returning to Growth

While 2026 is expected to be broadly flat in terms of growth in overall sales, Valeo anticipates a return to sales growth from 2027 onwards, as large contracts secured during the period 2022-2025 go into production and translate into sales.

The Group has recorded a cumulative order intake[5] for the period from 2022 to H1 2025 representing 1.4x its cumulative OEMs sales. Recent contracts, which are larger and multi-model, are expected to take longer to ramp-up but to generate a more extended positive impact on sales. These orders are split 40% for BRAIN, 35% for POWER and 25% for LIGHT.

Future growth will be supported by Valeo's strategic positioning, both in terms of technologies and geographies.

Driving Change Together: Valeo's Best-in-Class Technologies

The car of tomorrow will have to be electrified, safer, and software defined, in order to effectively address the challenges that current modes of road transportation are creating for our societies, in terms of CO_2 emissions and road safety. Valeo and its three divisions - POWER, BRAIN, and LIGHT - offer the best-in-class technologies in all the key areas that are required to meet those demands.

- **POWER** is poised for significant growth driven by the accelerating, albeit delayed, shift to electrification. The division's value contribution per car for New Energy Vehicles[6] is substantially higher than for conventional ICE powered vehicles. NEVs are also projected to increase their market share from 20% in 2024 to 37% in 2028 and 43% in 2030[7]. With the creation of the POWER division in 2024, Valeo now offers a comprehensive product portfolio covering the full range of electric powertrain types and boasts a competitive global footprint in manufacturing and development.

  Recent success in securing orders from Chinese OEMs resulted in an order intake ratio in China of 3x the sales in the region. It is expected to support a 40% growth in POWER sales in China between 2024 and 2028. The widespread application of these innovations will be crucial for success in other global markets. Furthermore, POWER's resilience will strengthen through a strategic rebalancing of its product offerings, with EV-related technologies projected to increase from 25% of sales in 2024 to 40% in 2028.

  The future growth in electrification will translate into higher structural profitability for POWER, with sales expected to grow from €10.5Bn in 2024 (adjusted for scope impacts as at the end of 2025) to a range of €10.5-€11.5Bn in 2028. Operating margin is also expected to improve from 2.9% in 2024 to 5-6% in 2028.

- **BRAIN** offers a comprehensive range of sensors, interior experience solutions, computing units and software which is enabling the division to dramatically increase its value

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[5] *See glossary page 10*
[6] *Including Battery Electric Vehicles, Plug-In Hybrid Vehicles, Range Extended Electric Vehicles*
[7] *Automotive production passenger cars and light commercial vehicles under 6T - S&P forecast 09.2025*

contribution per car. Projected growth will be driven by the exponential rise in demand for Advanced Driver Assistance Systems (ADAS) and Software Defined Vehicles (e. g. 62% of Level 2 / Level 2+ / Level 2++ cars expected in 2028 vs. 46% in 2024).

Our role as Tier 1 supplier is being reinvented, with customers increasingly expecting Valeo to become master integrator and system architect. BRAIN has fully embraced this evolution, not only building its own core competencies but also developing strong relations with important players within the tech ecosystem, such as Mobileye, Qualcomm, and Momenta.

Thanks to its leading market position, BRAIN is expecting sales to grow from €5.0Bn in 2024 to €6.0-€7.0Bn in 2028, and its operating margin to grow from 5.8% in 2024 to 7-8% in 2028.

- **LIGHT** is a solid business, capitalizing on a strong position in a market which is expecting to show value contribution per car increasing by 30% from 2024 to 2030. LIGHT offers technologies that are perfectly aligned with key market drivers, which are style, performance, safety, and sustainability.

  LIGHT is the world leader in its market and recently solidified its leadership with notable wins in China, achieving an order intake in 2024 that was double the level of its sales in the country. Thanks to a dramatically accelerated development time of 6-9 months—three times faster than in Europe—this order intake is expected to rapidly convert into sales.

  LIGHT sales are expected to reach between €5.5-€6.5Bn in 2028, an increase from €5.5Bn in 2024 (adjusted for all scope impacts as at the end of 2025). The division's operating margin is also expected to improve, rising from 5.5% of sales in 2024 to between 6-7% by 2028.

All three divisions are backed up by Valeo Service, an organization progressively transforming from a largely aftermarket operation to a provider of a wider range of support services.

Beyond automotive, Valeo is leveraging its expertise to prepare for the future of mobility by offering motors for e-bikes, charging solutions, displays for 2-wheelers, and motors for light urban e-cars. Applications also extend to areas such as data center cooling, defense and agriculture.

Growing in Key Geographies

As new dynamics redefine the global automotive market, Valeo will be expanding its market shares in key geographies with a particular focus on China, India, and North America:

- **China** is a "fitness center" where we are equipping ourselves in the world's toughest market place for global success. Valeo will leverage its significant footprint in that market to keep improving its market share vis-a-vis Chinese OEMs and foster local empowerment to support greater innovation, speed, and competitiveness. Thanks to these actions, a return to growth is expected in H2 2026 with the group gaining additional market share to outperform in a growing market by 2027.

- In **India**, the market is undergoing a deep-seated transformation and Valeo is perfectly positioned to benefit from the increasing demand for advanced features and the electrification of vehicles. The Group expects its sales to triple from €220m in 2024 to approximately €700m in 2028.

- In **North America**, Valeo is benefiting from its strong position in a market place which is accelerating in terms of technological innovation. Thanks to its close relationships with customers and its recognized position as a key player in the tech company ecosystem. Valeo expects to see faster sales growth in North America than the average across the Group.

Guidance 2025 confirmed for Sales, Adjusted EBITDA and Operating Margin. Cash guidance revised to slightly above the top end of the range.

	2024	2025 objectives (a)(b)
Sales (in billions of euros)	21.5	~20.5
Adjusted EBITDA (as a % of sales)	13.3%	13.5% to 14.5%
Operating margin (as a % of sales)	4.3%	4.5% to 5.5%
Free cash flow before one-off restructuring costs (in millions of euros)	551	700 to 800
Free cash flow after one-off restructuring costs (in millions of euros)	481	>550 (vs former guidance 450-550)

(a) Based on S&P Global Mobility estimates as at October 15, 2025 and on tariffs and trade restrictions in effect at October 1, 2025. Does not take into account any other disruption that may occur, particularly with regard to export controls concerning the automotive market, which could have an impact on production or retail sales in the main automotive regions.
(b) With margins and free cash flow generation expected to be higher in second-half 2025 than in the first half.

New financial indicators to better align with current market practice

1. **Focusing the guidance on three main indicators aligning with market practice:**
   - Sales
   - Operating Margin (Operating income before other income and expenses and before net earnings of equity-accounted companies)
   - Free Cash Flow (See after)

Previous guidance	New guidance
Sales	Sales
Adjusted EBITDA[8]	
Operating margin	Operating margin[8]
Free Cash Flow before one-off restructuring costs & net financial expenses	Free Cash Flow[8] New definition
Free Cash Flow after one-off restructuring costs & before net financial expenses	

2. **Aligning our Free Cash Flow definition with market practice, i.e. after Net financial expenses**

(€m)	FY 2024
Adjusted EBITDA	**2,863**
Tangible CAPEX (Property, plant and Equipment)	(1,138)
Intangible CAPEX	(1,086)
Change in working capital	492
Taxes	(227)
Net payments of the principal portion of lease liabilities	(135)
Other	(218)
Free Cash Flow before one-off restructuring costs	**551**
One-off restructuring costs	(70)
Free Cash Flow after one-off restructuring costs	**481**
Net financial expenses	(234)
Free Cash Flow new definition	**247**

[8] *See glossary p.10*

3. Adding Operating Margin to the Divisional reporting, in line with market practice

Illustrated with 2024 figures (in €m & in % of sales)

POWER		BRAIN		LIGHT	
Sales	10,845	Sales	5,053	Sales	5,554
Adj. EBITDA	11.6%	Adj. EBITDA	16.4%	Adj. EBITDA	13.2%
Operating margin	2.9%	Operating margin	5.8%	Operating margin	5.5%
R&D (exp., net)	(861)	R&D (exp., net)	(867)	R&D (exp., net)	(386)
CAPEX intangible & tangible	803	CAPEX intangible & tangible	925	CAPEX intangible & tangible	538
Segment assets	6,559	Segment assets	3,829	Segment assets	3,020

Elevate 2028 Financial Trajectory

	Elevate 2028 Ambition
Sales (in €bn)	[22 - 24]
Operating margin (as a % of sales)	[6% - 7%]
Free Cash Flow New Definition (after net financial expenses) (in €m)	>500
Leverage ratio	<1.0x Adjusted EBITDA Financial KPIs aligned with investment grade rating

Based on following assumptions for 2028

Global production	Chinese OEMs	New Energy Vehicles	Currency
90.6m (-3% versus S&P*)	28%* of total	37%* BEV, PHEV, EREV**	1 EUR = 1.17 USD 1 EUR = 8.42 CNY

*Source: S&P Global Mobility October 2025
** BEV=Battery Electric Vehicle, PHEV=Plug-In Hybrid Vehicle, EREV=Extended Range Electric Vehicle

Performance in terms of sustainability recognized by the main ESG agencies

Valeo is recognized by the main ESG rating agencies as one of the best performing groups in terms of sustainability.

In 2025, Valeo maintained its position among the highest rated automotive suppliers by MSCI ESG Ratings (AA), CDP Water (A-), CDP Climate (A), Sustainalytics (16.7 – low risk), ISS ESG (B-), S&P Global Corporate Sustainability Assessment (score of 72/100) and Moody's (score of 61/100).

In addition to these ratings, Valeo's shares are included in major ESG stock market indices.

On track to reach Net Zero by 2050 - CAP 50 Plan

By 2050, Valeo aims to achieve Net Zero covering all of its operating activities and its supply chain worldwide and its entire value chain in Europe.

Valeo referred to the SBTi in setting its CAP 50 Plan 2030 targets. Valeo has aligned its trajectory with a 1.5°C by 2050 scenario by setting targets to reduce Scope 1 & 2 emissions by 75% and Scope 3 emissions by 15% by 2030 compared with 2019. To achieve its objectives, Valeo will continue to develop its portfolio of technologies that promote low-carbon mobility accessible to the greatest number.

In 2025, the Group forecasts to reach total greenhouse gas (GHG) emissions of 40 $MtCO_2$ eq., well below the target of 45.3 $MtCO_2$ eq. defined within the SBTi trajectory.

Appendix

Information by division

	H1 2024			H2 2024			FY 2024			H1 2025		
	Sales (€m)	Op. margin	Adj. EBITDA	Sales (€m)	Op. margin	Adj. EBITDA	Sales (€m)	Op. margin	Adj. EBITDA	Sales (€m)	Op. margin	Adj. EBITDA
POWER	5,692	2.4%	10.3%	5,153	3.5%	13.0%	10,845	2.9%	11.6%	5,403	3.5%	11.0%
BRAIN	2,569	5.9%	15.9%	2,484	5.8%	17.0%	5,053	5.8%	16.4%	2,526	6.1%	19.0%
LIGHT	2,853	5.3%	12.7%	2,701	5.7%	13.7%	5,554	5.5%	13.2%	2,728	4.5%	13.2%
Other	3	*na*	*na*	37	*na*	*na*	40	*na*	*na*	3	*na*	*na*
GROUP	11,117	4.0%	12.4%	10,375	4.6%	14.3%	21,492	4.3%	13.3%	10,660	4.5%	13.8%

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.

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

Adjusted 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 (New Definition) corresponds to net cash from operating activities (excluding changes in non-recurring sales of accounts and notes receivables) after taking into account (i) acquisitions and disposals of property, plant and equipment and intangible assets and equipment, (ii) payments for the principal portion of lease liabilities and (iii) net interest paid/received

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 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 and geopolitical 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 2024 Universal Registration Document registered with the AMF on March 27, 2025 (under number D.25-0180).

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

Valeo is a technology company and partner to all automakers and new mobility players worldwide. Valeo innovates to make mobility safer, smarter and more sustainable. 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: 21.5 billion euros in sales in 2024 | 106,100 employees, 28 countries, 155 plants, 64 research and development centers and 19 distribution platforms at February 28, 2025. Valeo is listed on the Paris Stock Exchange

Learn more at www.valeo.com

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