

**PARIS**

February 23, 2023

## Valeo achieves its 2022 objectives and accelerates in electrification and ADAS

- Sales of 20,037 million euros, up by 16%
- Acceleration in ADAS (up 29% LFL) and electrification (up 32 % LFL)
- Outperformance of original equipment sales in all production regions: 3 percentage points worldwide
- Strong growth in sales for the aftermarket, up 9%LFL
- EBITDA and EBIT margins at 12.0% and 3.2 % of sales, respectively
- Free cash flow of 388 million euros
- Strong business momentum (order intake up 48% to 32.6 billion euros), confirming Valeo's growth prospects in electrification and ADAS
- Reduction in greenhouse gas emissions in line with the "CAP 50" carbon neutrality roadmap
- 2022 dividend of €0.38 per share to be proposed to shareholders at the next Shareholders' Meeting
- Strong growth expected in 2023, with an improved operating margin in line with the Move Up strategic plan

*"Owing to the remarkable commitment of our teams, whom I would like to thank, we have achieved all of the financial objectives we set at the beginning of 2022 in a challenging environment marked by high inflation, the electronic components shortage, lockdown measures in China and the conflict in Ukraine.*

*Growth in our original equipment sales outperformed automotive production in all regions, our EBIT and EBITDA margins, at 3.2 % and 12.0% of sales, respectively, are in line with the guidance published in February 2022, and our free cash flow generation of 388 million euros is above expectations. We are particularly pleased with our order intake, up 48% compared to 2021, including several particularly strategic orders in electrification and ADAS.*

*This performance attests to the successful first-year implementation of our Move Up strategic plan, and confirms our strong growth prospects in electrification and ADAS.*

*Leveraging the acceleration in these two sustainable mobility megatrends, we are targeting strong year-on-year sales growth in 2023. We will also aim to curb the impact of inflation through the combined effect of our productivity and cost reduction measures and the price increases passed on to our customers. Against this backdrop, we are targeting sales of between 22 and 23 billion euros, an improved operating margin of between 3.2 and 4.0% and a free cash flow generation of over 320 million euros, with a significant improvement in our financial performance in the second half of the year."*

**Christophe Périllat, Valeo's Chief Executive Officer**

## 2022 key figures

Order intake		2022 guidance	2022	2021	Change
Order intake*	(in €bn)		32.6	22.1	+48 %

  

Income statement		2022 guidance	2022	2021	Change
<b>Sales</b>	(in €m)	<b>19,200 - 20,000</b>	<b>20,037</b>	<b>17,262</b>	<b>+16 %</b>
Original equipment sales	(in €m)		16,748	14,151	+18 %
Outperformance**	(in pts)		+3pts	0pts	N/A
Aftermarket sales	(in €m)		2,256	2,068	+9 %
Gross margin	(in €m) (as a % of sales)		3,447 17.2 %	3,040 17.6 %	+13 % -0.4 pt
R&D expenditure***	(in €m) (as a % of sales)		(1,880) (9.4) %	(1,510) (8.7) %	+25 % -0.7 pts
<b>EBITDA *</b>	(in €m) (as a % of sales)	<b>11.8 % - 12.3 %</b>	<b>2,401</b> <b>12.0 %</b>	<b>2,308</b> <b>13.4 %</b>	<b>+4 %</b> <b>-1.4 pt</b>
<b>Operating margin excl. share in net earnings of equity-accounted companies</b>	(in €m) (as a % of sales)		<b>635</b> <b>3.2 % - 3.7%</b>	<b>699</b> <b>4.0 %</b>	<b>-9 %</b> <b>-0.8 pts</b>
Share in net earnings of equity-accounted companies	(in €m) (as a % of sales)		115 0.6 %	-243 -1.4 %	N/A N/A
Net attributable income	(in €m) (as a % of sales)		230 1.1 %	175 1.0 %	+31 % +0.1 pts
<b>Basic earnings per share</b>	(in €)		<b>0.95</b>	<b>0.73</b>	<b>N/A</b>

  

Statement of cash flows		2022 guidance	2022	2021	Change
Change in operating working capital	(in €m) (as a % of sales)		99 0.5 %	-460 -2.7 %	N/A N/A
Investments excl. capitalized development expenditure	(in €m) (as a % of sales)		(753) (3.8) %	(678) (3.9) %	+11 % +0.1 pts
Capitalized development expenditure***	(in €m) (as a % of sales)		(536) (2.7) %	(431) -2.5 %	+24 % -0.2 pts
<b>Free cash flow *</b>	(in €m)	<b>~320</b>	<b>388</b>	<b>292</b>	<b>+33 %</b>

  

Financial structure and dividend		2022 guidance	2022	2021	Change
Net debt *	(in €m)		4,002	3,104	+898 m€
Leverage ratio (net debt to EBITDA)	N/A		1.67	1.34	N/A
<b>Dividend per share ****</b>	(in €)		<b>0.38</b>	<b>0.35</b>	<b>+9%</b>

\* See financial glossary, page 18.

\*\*Based on S&P Global Mobility automotive production estimates released on February 16, 2023 (2022 global production growth: 7%)

\*\*\*For a comprehensive view of Research and Development expenditure, see page 13 of the press release.

\*\*\*\*The dividend for 2022 will be recommended to shareholders at the Shareholders' Meeting of May 24, 2023..

## **Order intake of 32.6 billion euros, reflecting the acceleration in electrification and ADAS**

- **Two-thirds of Powertrain Systems and Thermal Systems Business Group order are for high-voltage solutions designed for electrified vehicles**
- **ADAS orders representing 3x original equipment sales**
- **Order intake profitability significantly above 2025 operating margin objective set in Move Up plan, leading to further improvement in margins beyond 2025**

Valeo enjoyed strong business momentum in 2022, reporting a 48% increase in order intake<sup>(1)</sup> to 32.6 billion euros.

Achieved through strict financial discipline, this order intake was recorded at a level of profitability significantly above the 2025 operating margin objective set in the Move Up plan, leading to continued improvement in our margins beyond 2025.

The Powertrain Systems and Thermal Systems Business Groups are seeing an acceleration in orders for electrification solutions:

- **Orders for high-voltage solutions designed for electrified vehicles accounted for two-thirds of orders for the Powertrain Systems and Thermal Systems Business Groups** in 2022.
- Orders placed with the Powertrain Systems Business Group by both existing and new customers concern end-to-end powertrain assemblies or their components (electric motors, inverters, reducers, onboard chargers and DC/DC converters), including the new 800-volt silicon carbide (SiC) technologies. With these new orders, Valeo demonstrates its aim of supporting its customers in Europe, China and, most recently, North America.
- The acceleration in electrification also benefited the Thermal Systems Business Group, which reported new orders in the area of thermal management of high-voltage electrified vehicles (battery cooling systems, dedicated air conditioning systems for electric vehicles, new Smart Heat Pumps, etc.). These included a record order with Stellantis for its next electric platform and an order with another leading European automaker for which Valeo will supply the air conditioning unit and front-end cooling module for one of the automaker's major electric platforms.

Sales momentum was particularly strong in ADAS, where the order intake represented 3x ADAS original equipment sales and included several particularly strategic orders:

- The Group saw a significant increase in the average size of its ADAS orders thanks to software-defined vehicles (SDV), the new vehicle architecture.
- Valeo signed a major partnership with BMW for which the Group will supply the ADAS domain controller, sensors (ultrasonic sensors, surround view cameras and a multifunctional interior camera) and software for parking and low-speed maneuvering on the next generation BMW "Neue Klasse" platform due to launch in 2025. At the start of 2023, BMW and Valeo announced a new partnership to co-develop fully automated parking systems up to Level 4, also for BMW's upcoming "Neue Klasse" platform generation.
- Stellantis adopted the third-generation LiDAR Valeo (LiDAR Valeo Scala 3), whose technical features in terms of resolution and field of view enable vehicles to reach a high level of autonomy (level 3).
- A large volume of orders was also placed by Chinese automakers in the second half of the year in the camera and parking assistance segments.

## **"CAP 50" plan - greenhouse gas reductions exceeding annual targets in 2022**

To deliver its value creation strategy, announced in February 2022 when unveiling its Move Up plan, Valeo is building on its leadership in sustainable mobility technologies, particularly electrification and ADAS, and on its recognized ESG performance.

In its CAP 50 carbon plan, Valeo has defined its roadmap for reducing greenhouse gas emissions to achieve carbon neutrality across its value chain (Scopes 1, 2 and 3) by 2050.

---

<sup>(1)</sup> See financial glossary, page 18.

Valeo's commitment in these areas and those made by the Group in terms of ESG are reflected in its leading position with non-financial rating agencies and its inclusion in the main global ESG indices.

As part of this ambitious plan, Valeo set itself a dual reduction target for 2025 and 2030:

- the first falls under the framework of the Science Based Targets initiative (SBTi);
- the second incorporates the impact of the benefits of electrification provided by Valeo's solutions in terms of reducing CO<sub>2</sub>-equivalent emissions and is also known as the "net target".

The Group beat this dual annual reduction target in 2022, with emissions of:

- 45.2 MtCO<sub>2</sub>eq., below the target level of 47.4 MtCO<sub>2</sub>eq. defined in the SBTi commitment;
- emissions of 41.5 MtCO<sub>2</sub>eq., below the target level of 43.7 Mt.CO<sub>2</sub>eq., including gains from Valeo technologies (net target).

Valeo's Board of Directors is fully committed to the governance of the CAP 50 carbon plan, whose implementation is overseen by the Governance, Appointments & Corporate Social Responsibility Committee. The Audit & Risks Committee also closely monitors the topic, going beyond the CAP 50 carbon plan and working on risk analysis as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

## Sales of 20,037 million euros in 2022, up 16% lifted by electrification and ADAS

In 2022, automotive production climbed 7%<sup>(2)</sup> compared to 2021.

During the year the automotive industry had to contend with (i) tensions in the supply chain for electronic components, which, as expected, are gradually easing; (ii) the Russia-Ukraine crisis, which had a negative impact on the activity of certain manufacturers in March and April; and (iii) the lockdown measures in China, which significantly impacted sales in April – business recovered quickly and returned to normal levels by early June – and December.

Sales (in millions of euros)	As a % of 2022 sales	2022	vs. 2021				
			2021	Change	LFL change*	Scope	FX
Original equipment	84 %	16,748	14,151	+18 %	+10 %	+4 %	+4 %
Aftermarket	11 %	2,256	2,068	+9 %	+9 %	— %	— %
Miscellaneous	5 %	1,033	1,043	-1 %	-5 %	— %	+4 %
<b>Total</b>	<b>100 %</b>	<b>20,037</b>	<b>17,262</b>	<b>+16 %</b>	<b>+9 %</b>	<b>+3 %</b>	<b>+4 %</b>

\* Like for like <sup>(3)</sup>.

**Total sales** came in at 20,037 million euros, up 16% compared with 2021, and rose 9% over the period on a like-for-like basis.

Changes in exchange rates had a positive 4% impact, primarily due to the depreciation of the euro against the US dollar and the yuan.

Changes in Group structure had a positive 3% impact for the period. This mainly resulted from the integration of the high-voltage electric powertrain business (formerly Valeo Siemens eAutomotive) as of July 1, 2022. This business represented sales of 644 million euros in the second half of 2022. Sales for the **high-voltage electric powertrain business** totaled 1 billion euros for the year as a whole, up 34% year on year.

**Original equipment sales** were up 10% on a like-for-like basis, lifted by the recovery in global automotive production, an increase in content per vehicle, notably in **ADAS** (original equipment sales up 29% like for like), as well as compensation from customers for the impact of inflation on our costs.

On an adjusted basis<sup>(3)</sup>, consolidated sales accelerated, rising 11% compared with 2021.

**Aftermarket sales** moved up 9% on a like-for-like basis, fueled by the increased number and age of vehicles on the road, a more attractive offering with a shift towards more value-added products (transmissions systems kits), and the impact of price increases.

"Miscellaneous" sales (tooling and customer contributions to R&D) contracted by 5% like for like.

## Sales accelerated by 25% in the fourth quarter, driven by the surge in electrification and ADAS

Q4 sales (in millions of euros)	As a % of Q4 2022 sales	Q4 2022	vs. 2021				
			Q4 2021	Change	LFL change*	Scope	FX
Original equipment	83 %	4,461	3,456	+29 %	+18 %	+9 %	+2 %
Aftermarket	10 %	543	518	+5 %	+4 %	+1 %	— %
Miscellaneous	7 %	355	330	+8 %	+5 %	+1 %	+2 %
<b>Total</b>	<b>100 %</b>	<b>5,359</b>	<b>4,304</b>	<b>+25 %</b>	<b>+15 %</b>	<b>+7 %</b>	<b>+2 %</b>

<sup>(2)</sup> Based on S&P Global Mobility automotive production estimates released on February 16, 2023

<sup>(3)</sup> See financial glossary, page 18.

## Outperformance in all regions in 2022 (3 percentage points worldwide)

Original equipment sales** (in millions of euros)	As a % of 2022 sales	2022	vs. 2021		
			2021	LFL change *	Outperf. ***
Europe & Africa	44 %	7,403	6,375	+10%	+10 pts
Asia, Middle East & Oceania	34 %	5,618	4,838	+9%	+1 pt
o/w China	17 %	2,837	2,261	+7%	+1 pt
o/w Japan	7 %	1,112	1,024	+14%	+14 pts
o/w South Korea	6 %	1,072	1,084	+2%	-6 pts
o/w India	1 %	204	198	-6%	-29 pts
North America	20 %	3,363	2,677	+13%	+3 pts
South America	2 %	364	261	+25%	+17 pts
<b>Total</b>	<b>100 %</b>	<b>16,748</b>	<b>14,151</b>	<b>+10%</b>	<b>+3 pts</b>

\* Like for like <sup>(4)</sup>.

\*\*Original equipment sales by destination region.

\*\*\* Based on S&P Global Mobility automotive production estimates released on February 16, 2023.

In 2022, original equipment sales delivered strong like-for-like growth in all regions. Worldwide, original equipment sales outperformed global automotive production by 3 percentage points (by 5 percentage points on an adjusted basis including the high-voltage electrification business):

- **in Europe and Africa**, like-for-like original equipment sales were up 10%, outperforming automotive production by 10 percentage points, mainly driven by sales in the Comfort & Driving Assistance Systems Business Group (**ADAS/cameras**) and in **Thermal Systems in the field of high-voltage electrified vehicles** (battery cooling systems, dedicated air conditioning systems for electric vehicles, heat pumps, etc.) with German and French customers. The Visibility Systems Business Group saw an acceleration in original equipment sales in the fourth quarter (with growth expected to continue in 2023, powered by the start of production on a very large number of projects and an improved product mix as electronic component supplies return to normal). On an adjusted basis<sup>(4)</sup>, the Group's performance was boosted by the **acceleration in the high-voltage electric powertrain business**;
- **in Asia**, original equipment sales advanced 9% on a like-for-like basis, outperforming global automotive production by 1 percentage point:
  - **in China**, like-for-like original equipment sales were up 7%, %, outperforming global automotive production by 1 percentage point. The Comfort & Driving Assistance Systems Business Group saw a **significant acceleration in its cameras business** with Chinese and international customers. The Thermal Systems Business Group's performance was lifted by a surge in sales to German and Chinese customers. Conversely, the Powertrain Systems Business Group was impacted by the slowdown in the truck market, while the Visibility Systems Business Group was penalized by an unfavorable customer and product mix (lower electronics content),
  - **in Japan**, original equipment sales were up 14% on a like-for-like basis, outpacing global automotive production by 14 percentage points thanks to an acceleration in sales to Japanese customers by the Comfort & Driving Assistance (front cameras) and Thermal Systems (notably electric compressors) Business Groups;
- **in North America**, like-for-like original equipment sales climbed 13%, outperforming global automotive production by 3 percentage points. This performance was mainly attributable to the ramp-up of numerous projects in **ADAS** and to **market share gains in the powertrain segment**. Conversely, the Thermal Systems Business Group was affected by the expiry of a contract for front-end modules with a Japanese automaker, while the Visibility Systems Business Group was penalized by an unfavorable product mix (lower electronics content);

<sup>(4)</sup> See financial glossary, page 18.

- in **South America**, original equipment sales expanded by 25%, on a like-for-like basis, outperforming automotive production by 17 percentage points.

## Sharp acceleration in original equipment sales in all regions in the fourth quarter, with an outperformance of 15 percentage points worldwide

Original equipment sales** (in millions of euros)	As a % of Q4 2022 sales	Q4 2022	vs. T4 2021		
			Q4 2021	LFL change *	Outperf. ***
<b>Europe &amp; Africa</b>	44 %	1,978	1,432	+24%	+17 pts
<b>Asia, Middle East &amp; Oceania</b>	35 %	1,555	1,307	+12%	+11 pts
<i>o/w China</i>	18 %	786	691	-2%	+3 pts
<i>o/w Japan</i>	7 %	323	236	+49%	+41 pts
<i>o/w South Korea</i>	6 %	285	256	+14%	-5 pts
<i>o/w India</i>	1 %	48	52	-21%	-40 pts
<b>North America</b>	19 %	831	655	+14%	+6 pts
<b>South America</b>	2 %	97	62	+34%	+30 pts
<b>Total</b>	<b>100 %</b>	<b>4,461</b>	<b>3,456</b>	<b>+18%</b>	<b>+15 pts</b>

\* Like for like <sup>(5)</sup>.

\*\*Original equipment sales by destination region.

\*\*\* Based on S&P Global Mobility automotive production estimates released on February 16, 2023.

In the fourth quarter, the Group's like-for-like original equipment sales accelerated in all regions, supported by strong momentum in the ADAS and high-voltage electrification businesses.

<sup>(5)</sup> See financial glossary, page 18.

## Segment reporting

### Acceleration in ADAS (CDA) and electrification (PTS and THS) in 2022

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)	2022	vs. 2021			Outperf. **
		2021	Change	Change in OE sales *	
Comfort & Driving Assistance Systems (CDA) ***	4,234	3,417	+24%	+18%	+11 pts
Powertrain Systems (PTS)	5,689	4,651	+22%	+8%	+1 pt
Thermal Systems (THS)	4,543	3,926	+16%	+12%	+5 pts
Visibility Systems (VIS)	5,363	5,094	+5%	+5%	-2 pts

\* Like for like <sup>(6)</sup>.

\*\*\* Based on S&P Global Mobility automotive production estimates released on February 16, 2023. (2022 global production growth: 7%)

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

**The Comfort & Driving Assistance Systems Business Group** outperformed global automotive production by 11 percentage points, thanks to the start-up of numerous **ADAS** projects (particularly for cameras) in the main production regions (Europe, North America and China), thereby strengthening its position as a world leader. Like-for-like original equipment sales were up by 29% for **ADAS** and by 2% for **the Reinvention of the interior experience**, to 2.5 billion euros and 1.3 billion euros, respectively.

**The Powertrain Systems Business Group** delivered an outperformance of 1 percentage point, supported by market share gains in North America and the acceleration of its original equipment business in South Korea in the second half of the year. In China, original equipment sales were affected by the slowdown in the truck market.

On an adjusted basis <sup>(6)</sup>, i.e., including the **high-voltage electric powertrain business**, original equipment sales for the Powertrain Systems Business Group were lifted by the acceleration in electrification, resulting in an outperformance of 5 percentage points.

**The Thermal Systems Business Group** outperformed global automotive production by 5 percentage points, thanks to strong sales of its systems for **high-voltage electrified vehicles** (battery cooling systems, dedicated air conditioning systems for electric vehicles, heat pumps, etc.) in Europe with German and French customers. The Business Group also benefited in China from an acceleration in sales to German and Chinese customers. In North America, the Business Group was negatively impacted by the expiry of a front-end modules contract with a Japanese automaker.

**The Visibility Systems Business Group** underperformed global automotive production by 2 percentage points in 2022. Note that original equipment sales accelerated in the fourth quarter, driving a 6 percentage point outperformance. This trend is expected to continue in 2023, propelled by the start of production on a very large number of projects and an improved product mix (electronics content) as electronic component supplies return to normal.

<sup>(6)</sup> See financial glossary, page 18.



<b>EBITDA</b> (in millions of euros and as a % of sales by Business Group)	<b>2022</b>	<b>2021</b>	<b>Change</b>
Comfort & Driving Assistance Systems	671 15.8 %	587 17.2 %	+14 % -1.4 pt
Powertrain Systems	619 10.9 %	566 12.2 %	+9 % -1.3 pt
Thermal Systems	333 7.3 %	428 10.9 %	-22 % -3.6 pts
Visibility Systems	705 13.1 %	675 13.3 %	+4 % -0.2 pt
Other *	73	52	+40 %
<b>Group</b>	<b>2,401</b> <b>12.0 %</b>	<b>2,308</b> <b>13.4 %</b>	<b>+4%</b> <b>-1.4 pt</b>

\* Including the Top Column Module Business.

High inflation dented profitability in **all Business Groups**. In an effort to curb the impact of inflation (electronic components, raw materials, energy, transportation and wages) on their earnings, the Business Groups negotiate compensation with their customers. These negotiations also aim to increase the use of price indexation clauses and the frequency of price indexation in commercial contracts.

At Group level, the net impact of the increase in the cost of raw materials, energy and transportation in 2022 was around 200 million euros. The net impact of the increase in wages was around 60 million euros.

In accordance with the Move Up strategic plan, the **Comfort & Driving Assistance Systems Business Group** is leveraging its leading-edge ADAS technologies, which are currently seeing robust growth linked to higher penetration rates for new driving assistance solutions. In this environment, Comfort & Driving Assistance Systems posted an EBITDA margin of 15.8%, lifted by sales of **ADAS** and products related to the **Reinvention of the interior experience**, which reported margins of 18.0% and 11.2%, respectively.

Profitability for the **Powertrain Systems Business Group** was in line with the trajectory set out in the Move Up strategic plan, with a 50% year-on-year reduction in losses in the high-voltage business (formerly Valeo Siemens eAutomotive) and synergies unlocked (pooling of R&D and industrial organization costs for the low- and high-voltage electrification businesses) after the integration of the business on July 1, 2022. In the second half of the year, the Business Group's profitability was affected by the integration of the high-voltage electrification business, whose earnings dragged down those for the Powertrain Systems Business Group as a whole

The **Thermal Systems Business Group** was the hardest hit due to sluggish production volumes for certain vehicles in Europe and to the higher price paid for aluminum supplies (including the cost of premiums, additives, processing and transportation as well as anti-dumping taxes), which was out of step with the benchmark index (LME).

The **Visibility Systems Business Group** saw its margins hold firm (EBITDA margin down 0.2 percentage points at 13.1%) thanks to the strong momentum of its aftermarket business and good cost discipline.

**In the second half of 2022:**

**- Acceleration in ADAS (CDA) and electrification (PTS and THS)**

**- Decline in Profitability for the Powertrain Systems Business Group compared with the first half following the integration of the high-voltage electrification activity (formerly Valeo Siemens eAutomotive)**

Sales by Business Group (in millions of euros)	H2 2022	vs. 2021		
		H2	Change	Change in OE sales * Outperf. **
Comfort & Driving Assistance Systems (CDA)***	2,276	1,638	+39%	+33% +18 pts
Powertrain Systems (PTS)	3,140	2,183	+44%	+19% +4 pts
Thermal Systems (THS)	2,372	1,917	+24%	+21% +6 pts
Visibility Systems (VIS)	2,724	2,432	+12%	+13% -2 pts

\* Like for like <sup>(7)</sup>.

\*\*\* Based on S&P Global Mobility automotive production estimates released on February 16, 2023. (second-half 2022 global production growth: 15%)

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

EBITDA (in millions of euros and as a % of sales by Business Group)	H2 2022	H2 2021	Change
Powertrain Systems (PTS)	332 10.6 %	272 12.5 %	+22 % -1.9 pt
Thermal Systems (THS)	171 7.2 %	187 9.8 %	-9 % -2.6 pts
Visibility Systems (VIS)	377 13.8 %	325 13.4 %	+16 % +0.4 pt
Other *	39	30	+30 %
<b>Group</b>	<b>1,290</b> <b>12.1 %</b>	<b>1,103</b> <b>13.3 %</b>	<b>+17%</b> <b>-1.2 pt</b>

\* Including the Top Column Module Business.

<sup>(7)</sup> See financial glossary, page 18.

## 2022 operating margin and EBITDA objectives achieved

In an environment impacted by lower volumes due to the shortage of electronic components and lockdown measures in China, as well as by the increase in raw material prices, wages, EBITDA and EBIT margins stood at 12.0% and 3.2% of sales respectively.

		2022	2021	Change
<b>Sales</b>	<i>(in €m)</i>	<b>20,037</b>	<b>17,262</b>	<b>+16 %</b>
Gross margin	<i>(in €m)</i> <i>(as a % of sales)</i>	3,447 17.2 %	3,040 17.6 %	+13 % -0.4 pt
<b>EBITDA *</b>	<i>(en €m)</i> <i>(as a % of sales)</i>	<b>2,401</b> <b>12.0 %</b>	<b>2,308</b> <b>13.4 %</b>	<b>+4 %</b> <b>-1.4 pt</b>
<b>Operating margin**</b>	<i>(en €m)</i> <i>(as a % of sales)</i>	<b>635</b> <b>3.2 %</b>	<b>699</b> <b>4.0 %</b>	<b>-9 %</b> <b>-0.8 pt</b>
Share in net earnings of equity-accounted companies	<i>(in €m)</i> <i>(as a % of sales)</i>	115 0.6 %	-243 -1.4 %	-147 % +2.0 pts
<b>Net attributable income</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>230</b> <b>1.1 %</b>	<b>175</b> <b>1.0 %</b>	<b>+31 %</b> <b>+0.1 pt</b>

\* See financial glossary, page 18.

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

**Gross margin** narrowed by 0.4 percentage points year on year to 17.2% of sales, breaking down as follows:

- volume effect (positive 0.5 percentage point impact);
- the net negative 0.9 percentage point impact of inflation (excluding wages) on our costs, in line with the guidance of 200 million euros;
- the net negative 0.3 percentage point impact of pay increases (in addition to the increase in 2021), in line with the guidance of 60 million euros;
- a favorable product mix effect of 1.1 percentage points;
- net effect of -0.4 percentage points, resulting from the dilution impact, partially offset by operational efficiency programs;
- the negative 0.4 percentage point Group structure impact following the integration (as from July 1, 2022) of Valeo Siemens eAutomotive within the Powertrain Systems Business Group.

		2022	2021	Change
<b>Sales</b>	<i>(in €m)</i>	<b>20,037</b>	<b>17,262</b>	<b>+16 %</b>
Gross Research and Development expenditure	<i>(in €m)</i> <i>(as a % of sales)</i>	-2,077 -10.4%	-1,704 -9.9%	+22 % <b>-0.5 pt</b>
IFRS impact *	<i>(in €m)</i> <i>(as a % of sales)</i>	87 0.4%	52 0.3%	+67 % +0.1 pt
Subsidies and grants, and other income	<i>(in €m)</i>	122	142	-14 %
<b>Research and Development expenditure</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>-1,880</b> <b>-9.4%</b>	<b>-1,510</b> <b>-8.7%</b>	<b>+25 %</b> <b>-0.7 pts</b>
Customer contributions to R&D	<i>(in €m)</i>	524	385	+36 %
<b>Net R&amp;D expenditure</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>-1,356</b> <b>-6.8%</b>	<b>-1,125</b> <b>-6.5%</b>	<b>+21 %</b> <b>-0.3 pt</b>
Capitalized development expenditure	<i>(in €m)</i> <i>(as a % of sales)</i>	657 3.3%	586 3.4%	+12 % -0.1 pt
Amortization, net of the impact of investment subsidies, and impairment losses **	<i>(in €m)</i> <i>(as a % of sales)</i>	-570 -2.8%	-534 -3.1%	+7 % +0.3 pt
<b>IFRS impact *</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>87</b> <b>0.4%</b>	<b>52</b> <b>0.3%</b>	<b>+67 %</b> <b>+0.1 pt</b>

\* Difference between capitalized development expenditure and amortization, net of the impact of investment subsidies, and impairment losses.

\*\* Impairment losses recorded in operating margin only.

As in 2021, the Group continued its Research and Development efforts in 2022 in order to fulfill the order intake recorded over the past few years and in line with its strategy geared to products incorporating innovative

technologies. Gross Research and Development expenditure represented 10.5% of sales (up 0.5 percentage points on 2021), in line with the Group's business and project momentum.

The IFRS impact (the difference between capitalized development expenditure and amortization, net of the impact of investment subsidies, and impairment losses) increased by 0.1 percentage points year on year to a positive +0.4%, underlining the quality of the Group's earnings composition. In the statement of income, Research and Development expenditure represented 9.4% of sales, a rise of 0.7 percentage points compared to 2021.

**Net Research and Development expenditure** (after taking into account contributions from customers) represented 6.8% of sales, in line with the Move Up strategic plan, which sets a target of around 6.5% of sales in 2025.

Administrative and selling expenses came out 0.1 percentage points down on 2021, at 4.7% of sales.

**EBITDA margin<sup>(8)</sup>** came in at 2,401 million euros, or 12.0% of sales, in line with 2022 guidance (EBITDA margin of between 11.8% and 12.3% of sales).

**Operating margin excluding the share in net earnings of equity-accounted companies** came in at 635 million euros, or 3.2% of sales in line with 2022 guidance (between 3.2% and 3.7% of sales). In the second half of the year, operating margin amounted to 3.6% of sales, up 0.9 percentage points on first-half 2022. This increase was driven by compensation from customers applied retroactively as from January 1, 2022 and an improvement in production volumes compared with the first half.

**The share in net earnings of equity-accounted companies** represented income of 115 million euros, taking into account:

- the share in first-half net losses (82 million euros) of the Valeo Siemens eAutomotive joint venture (fully consolidated in Valeo's financial statements from July 1, 2022);
- the 181 million euro gain on disposal relating to the remeasurement at fair value of the Group's previously-held 50% interest in Valeo Siemens eAutomotive (IFRS 3) prior to the takeover;
- the share in net earnings of other joint ventures (16 million euros), affected by lockdown measures in China.

Operating margin including the share in net earnings of equity-accounted companies<sup>(8)</sup> amounted to 750 million euros, or 3.7% of sales.

**Operating income** came to 644 million euros. This includes other income and expenses for an overall amount of -106 million euros or -0.5% of sales, including 43 million euros in impairment charged against Valeo's assets relating to Russia.

Amid rising interest rates and the refinancing of Valeo Siemens eAutomotive debt, cost of debt increased to 131 million euros (compared with 60 million euros in 2021), following the issue of 700 million euros' worth of bonds in July 2021 and the drawdown of (in two tranches of 300 million euros each, in June 2021 and February 2022) of the 600 million euros in financing granted by the European Investment Bank (EIB).

Other financial items represented a net expense of 4 million euros in 2022 versus net income of 96 million euros in 2021 which had been boosted by a good performance from the Group's investments in various innovation funds.

The effective tax rate came out at 37%.

The **Group recorded net attributable income** of 230 million euros for the period, or 1.1% of sales, after deducting non-controlling interests in an amount of 65 million euros.

**Return on capital employed (ROCE<sup>(8)</sup>)** and **return on assets (ROA<sup>(8)</sup>)** stood at 12% and 6%, respectively.

---

<sup>(8)</sup> See financial glossary, page 18.

## Solid free cash flow<sup>(9)</sup> generation of 388 million euros in 2022, above expectations

<i>(In millions of euros)</i>	2022	2021
<b>EBITDA<sup>(9)</sup></b>	<b>2,401</b>	<b>2,308</b>
Change in operating working capital	99	-460
Income tax	-291	-237
Change in operating provisions	-281	79
Net payments for the principal portion of lease liabilities	-100	-86
Restructuring costs	-78	-78
Pension obligations	-30	-18
Other	-43	51
Investments in property, plant and equipment and intangible assets	-1,289	-1,109
- Investments excl. capitalized development expenditure	-753	-678
- Capitalized development expenditure	-536	-431
<b>Free cash flow<sup>(9)</sup></b>	<b>388</b>	<b>292</b>
Net financial expenses	-100	-28
Dividends	-143	-101
Other financial items	-552	-315
<i>Of which cash outflows relating to Valeo Siemens eAutomotive, including loans granted to the joint venture in first-half 2022</i>	<i>-403</i>	<i>-250</i>
<b>Net Cash flow<sup>(9)</sup></b>	<b>-407</b>	<b>-152</b>

The Group generated **free cash flow of 388 million euros in 2022**,

This chiefly reflected:

- the EBITDA<sup>(9)</sup> contribution of 2,401 million euros, up by 93 million euros from the same period in 2021. EBITDA trends reflect lower volumes linked to the shortage of electronic components and lockdown measures in China, as well as the considerable increase in the price of raw materials and in wages borne by Valeo;
- a 99 million euro positive change in operating working capital. This represents a modest improvement owing to (i) the high inventory levels voluntarily maintained by Valeo in order to supply customers without disruption in response to the semiconductor shortage, and (ii) the ongoing volatility of customer production. These factors should reverse as supply chains gradually return to normal and the electronic components shortage eases;
- strictly controlled investments in property, plant and equipment and intangible assets, which amounted to 1,289 million euros amid strong sales growth.

**Net cash flow<sup>(9)</sup>** was a negative 407 million euros, chiefly comprising the outflow of 403 million euros relating to the acquisition of Valeo Siemens eAutomotive, 143 million euros in dividends – including 84 million euros in dividends paid to Valeo SE shareholders and 59 million euros in dividends paid to non-controlling shareholders of Group subsidiaries – and 50 million euros in respect of the share buyback program.

<sup>(9)</sup> See financial glossary, page 18.

## Capital allocation to reduce net debt <sup>(10)</sup>

### Leverage ratio of 1.67x at December 31, 2022 following the acquisition of Valeo Siemens eAutomotive

**Net debt** stood at 4,002 million euros at December 31, 2022 versus 3,104 million euros at December 31, 2021.

At December 31, 2022, the **leverage ratio** (net debt/EBITDA) came out at 1.67x EBITDA and the **gearing ratio** (net debt/stockholders' equity) stood at 105% of equity.

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

- in February 2021, the European Investment Bank (EIB) approved 600 million euros in financing for Valeo's European Research and Development projects focused on reducing CO2 emissions and improving active vehicle safety. The Group has drawn a total of 600 million euros on this loan, of which 300 million euros on February 10, 2022;
- on November 22, 2022, Valeo placed 750 million euros' worth of sustainability-linked bonds (SLBs) maturing on May 28, 2027. The issuance enabled the placement of 750 million euros' worth of bonds with a maturity of 4.5-year years and a coupon of 5.375%. Linked to a sustainable development objective for 2025, the SLBs were issued under Valeo's Green and Sustainability-linked Financing framework, established in July 2021. Valeo has committed to achieving carbon neutrality by 2050. By 2030, Valeo's emissions will have decreased by 45% compared to 2019, with an intermediary target at 37.95 MtCO<sub>2</sub>eq. by the end of 2025, across its entire value chain – including emissions from its suppliers, its own operating activities and the end use of its products – compared with 2019.
- the average maturity of gross long-term debt stood at 3.0 years at December 31, 2022, compared with 3.1 years at December 31, 2021;
- at December 31, 2022, Valeo had drawn 3.85 billion euros on its Euro Medium Term Note (EMTN) financing program for a maximum of 5 billion euros;
- Valeo has available cash of 3.3 billion euros, undrawn credit lines totaling 1.8 billion euros, and bridge-to-bond financing of 650 million euros with a maturity of 12 months (as from July 2022) and two 6-month extension options exercisable at Valeo's discretion.

### Divestiture of non-strategic assets

As part of its Move Up strategic plan, Valeo aims to divest some 500 million euros' worth of non-strategic assets through 2025.

At the end of 2022, under this disposal program:

- three disposal agreements have been signed for a total value of 80 million euros, the impacts of which will be partly felt in 2023;
- several disposals are currently under consideration, with talks at an advanced stage for a total value of around 120 million euros;
- additional disposals for a total value of approximately 300 million euros have been identified. These disposals will be implemented when market conditions become favorable.

### Dividend of 0.38 euros per share for 2022 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 0.38 euros per share, a 9% increase on 2021.

---

<sup>(10)</sup> See financial glossary, page 18.

## 2023 outlook

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

These objectives lead to:

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

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

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

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

\*\* Based on the following assumptions:

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

The financial statements for the year ended December 31, 2022 were authorized for issue by the Board of Directors on February 23, 2023. At the date of this press release, the Statutory Auditors have completed their audit procedures and are in the process of issuing their report.

## Upcoming events

First-quarter 2023 sales: April 25, 2023

First-half 2023 results: July 26, 2023

## Highlights

### ESG

**On January 26, 2022**, Valeo announced the appointment of Christophe Périllat as Chief Executive Officer in accordance with the succession plan published on October 27, 2020, with Jacques Aschenbroich continuing to act as Chairman of Valeo's Board of Directors. [Click here](#)

**On March 30, 2022**, the Board of Directors of Valeo acknowledged the decision of the Board of Directors of Orange to appoint Jacques Aschenbroich as Chairman of the Board of Directors of Orange following its General Shareholders' Meeting held on May 19, 2022, subject to his appointment as Director. [Click here](#)

**On July 26, 2022**, on the recommendation of the Governance, Appointments and Corporate Social Responsibility Committee, Valeo's Board of Directors unanimously decided to co-opt Alexandre Dayon as an independent director. Alexandre Dayon will replace C. Maury Devine. [Click here](#)

**On July 17, 2022**, the non-financial rating agency Sustainalytics upgraded Valeo's rating from 10.7 to 10.6 (the lower rating being the better). Valeo is ranked second in the "Auto Components" category, with a "Low Risk" ESG risk rating.

**On December 8, 2022**, Gilles Michel was appointed as Chairman of the Board of Directors, replacing Jacques Aschenbroich, effective January 1, 2023. [Click here](#)

**On December 8, 2022**, the Board of Directors co-opted Stéphanie Frachet as an independent director and welcomed Alexandre Ossola as Bpifrance Participations' permanent representative, effective January 1, 2023. [Click here](#)

**On December 15, 2022**, Valeo was recognized for its leadership in corporate transparency and performance on climate change by the global environmental non-profit CDP, securing it a place on the organization's 2022 A-list. [Click here](#)

### **Strategic operations**

**On February 9, 2022**, Valeo announced that it had signed an agreement with Siemens to hold 100% of Valeo Siemens eAutomotive. [Click here](#)

**On June 7, 2022**, Valeo Siemens eAutomotive announced that it had already exceeded its target of more than 4 billion euros in order intake for high-voltage electrification technologies for the 2021-2022 period. [Click here](#)

**On July 4, 2022**, Valeo integrated 100% of Valeo Siemens eAutomotive's share capital, creating an electric mobility champion. [Click here](#)

### **Medium term plan: Move Up**

**On February 25, 2022**, during its Investor Day held in Paris, Valeo launched its Move Up plan, a value creation strategy built on the sustainable mobility megatrends. [Click here](#)

### **Industrial partnership**

**On February 10, 2022**, Valeo announced that it had signed a memorandum of understanding with Renault Group and Valeo Siemens eAutomotive to form a strategic partnership for the design, co-development and manufacture in France of a new-generation automotive electric motor. [Click here](#)

**On June 21, 2022**, Valeo announced that it had signed a memorandum of understanding with Atul Greentech Private Limited and Honda Powerpack Energy Private Limited, through which it will electrify three-wheelers in India. [Click here](#)

**On July 8, 2022**, Valeo and the French National Centre for Scientific Research (CNRS) signed a framework agreement to accelerate research and innovation in future mobility. [Click here](#)

**On September 13, 2022**, Valeo and the French Alternative Energies and Atomic Energy Commission (CEA) announced that they had signed an agreement to collaborate on advanced research in power electronics. [Click here](#)

**On October 19, 2022**, Valeo and SRG Global<sup>®</sup> entered into a strategic alliance agreement to provide the next generations of exterior illuminated front panels to the automotive industry in North America and Europe. [Click here](#)

**On October 20, 2022**, TotalEnergies and Valeo announced that they had signed an agreement to develop an innovative way of cooling electric vehicle batteries using a new, very high-performance dielectric fluid. [Click here](#)

**On November 16, 2022**, Mobileye and Valeo celebrated the production of Valeo's 10 millionth front camera system at the Wemding site in Germany (Bavaria). [Click here](#)

**On November 29, 2022**, Ecole Polytechnique and Valeo announced that they had renewed their partnership for two years with the aim of supporting innovative projects in the field of new low-carbon mobility. [Click here](#)

**On December 20, 2022**, Ningbo Swell Industry Co. Ltd. and Valeo announced that they had signed a strategic alliance agreement for the development, production and marketing of the next generation of illuminated front grilles or panels for the Chinese market. [Click here](#)

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

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



## Products/technologies and patents

**On February 16, 2022**, 14 months after the launch of its initiative to create a range of motors for electric bikes, Valeo announced that it had won the trust of 14 bicycle manufacturers, the first customers for its electric assistance technology. [Click here](#)

**On March 3, 2022**, Valeo received the Honda Supplier Award in the Development category for its contribution to the world's first SAE (Society of Automotive Engineers) Level 3 Automated Driving System authorized for commercial use. [Click here](#)

**On March 22, 2022**, it was announced that Valeo SCALA<sup>®</sup> 2, Valeo's second-generation LiDAR – “the technology that sees what the human eye, cameras and radars cannot see” – would be integrated in the Mercedes-Benz DRIVE PILOT system for conditionally automated driving (SAE-Level 3). [Click here](#)

**On June 14, 2022**, Stellantis announced that it had chosen Valeo's third-generation LiDAR to equip multiple models of its different automotive brands from 2024. [Click here](#)

**On June 14, 2022**, Valeo was once again ranked as the world's leading French patent applicant. [Click here](#)

**On June 28, 2022**, Valeo signed a major contract with the BMW Group in advanced driving assistance systems, for which it will provide the ADAS domain controller for BMW's upcoming platform generation. [Click here](#)

**On July 12, 2022**, Valeo announced that it was taking part in Eurobike 2022 where it would be presenting Valeo Cyclee, its innovative 48V electric assistance system for all types of bicycle. [Click here](#)

**On September 15, 2022**, Valeo announced that it was taking part in IAA Transportation 2022, where it would be showcasing its technologies dedicated to the transportation of goods and people. [Click here](#)

**On September 20, 2022**, Valeo won an Automotive News PACE Award for its innovative Pendulum Gen. 2. [Click here](#)

**On October 12, 2022**, Valeo announced two record order intakes for its thermal systems dedicated to the electrification of vehicles. [Click here](#)

**On October 13, 2022**, Valeo announced that it was taking part in the 89th “Mondial de l'Auto” (Paris Motor Show) at the Porte de Versailles exhibition center from October 17 to 23, 2022. [Click here](#)

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

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

## Financing activities and financial ratings

**On March 24, 2022**, Valeo announced a share buy-back program. [Click here](#)

**On October 12, 2022**, Moody's confirmed Valeo's “Baa3/P3” long- and short-term issuer ratings, changing its outlook to “negative”. [Click here](#)

**On November 23, 2022**, Valeo announced the result of its 750 million euro sustainability-linked bond issue maturing in May 2027. [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, (except Valeo Siemens eAutomotive, for which 100% of orders are taken into account), less any cancellations, based on Valeo's best reasonable estimates in terms of volumes, selling prices and project lifespans. Unaudited indicator.

**Like for like** (or LFL): the currency impact is calculated by multiplying sales for the current period by the exchange rate for the previous period. The Group structure impact is calculated by (i) eliminating, for the current period, sales of companies acquired during the period, (ii) adding to the previous period full-year sales of companies acquired in the previous period, and (iii) eliminating, for the current period and for the comparable period, sales of companies sold during the current or comparable period.

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

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

#### Sales by Business Group

Sales by Business Group (in millions of euros)	Q4 2022	vs. 2021			Outperf.**
		Q4 2021	Change	Change in OE sales*	
Comfort & Driving Assistance Systems***	1,156	844	+37%	+30%	+27 pts
Powertrain Systems	1,560	1,103	+41%	+19%	+16 pts
Thermal Systems	1,180	989	+19%	+17%	+14 pts
Visibility Systems	1,402	1,306	+7%	+9%	+6 pts

\* Like for like<sup>(11)</sup>.

\*\*\* Based on S&P Global Mobility automotive production estimates released on February 16, 2023. (fourth-quarter global production growth: 3%)

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

### Second-half 2022 figures

#### Sales

Sales (in millions of euros)	As a % of H2 2022 sales	H2 2022	vs. 2021				
			H2 2021	Change	LFL change*	Scope	Exchange rate
Original equipment	84 %	8,935	6,639	+35 %	+21 %	+9 %	+4 %
Aftermarket	11 %	1,116	1,038	+8 %	+7 %	+1 %	— %
Miscellaneous	5 %	567	591	-4 %	-8 %	— %	+3 %
<b>H2 total</b>	<b>100 %</b>	<b>10,618</b>	<b>8,268</b>	<b>+28 %</b>	<b>+17 %</b>	<b>+8 %</b>	<b>+4 %</b>

\* Like for like<sup>(11)</sup>.

#### Original equipment sales by destination region

Original equipment sales** (in millions of euros)	As a % of H2 2022 sales	H2 2022	vs. 2021		
			H2 2021	LFL change*	Outperf. **
Europe & Africa	43 %	3,855	2,769	+25 %	+12 pts
Asia, Middle East & Oceania	35 %	3,133	2,459	+16 %	+1 pts
o/w China	19 %	1,653	1,239	+9 %	-2 pts
o/w Japan	7 %	607	476	+36 %	+20 pts
o/w South Korea	6 %	544	501	+10 %	-10 pts
o/w India	1 %	98	105	-19 %	-47 pts
North America	20 %	1,749	1,287	+20 %	+5 pts
South America	2 %	198	124	+38 %	+21 pts
<b>H2 total</b>	<b>100 %</b>	<b>8,935</b>	<b>6,639</b>	<b>+21 %</b>	<b>+6 pts</b>

\* Like for like<sup>(11)</sup>.

\*\*Original equipment sales by destination region.

\*\*\* Based on S&P Global Mobility automotive production estimates released on February 16, 2023.

<sup>(11)</sup> See financial glossary, page 18.

## FY 2022 figures

### Original equipment sales by customer

Customers	2022	2021
German	31 %	30 %
Asian	32 %	33 %
American	19 %	18 %
French	13 %	14 %
Other	5 %	5 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>

### Original equipment sales by region

Production regions	2022	2021
Western Europe	29 %	31 %
Eastern Europe + Africa	16 %	15 %
China	18 %	16 %
Asia excluding China	15 %	18 %
United States & Canada	8 %	8 %
Mexico	12 %	11 %
South America	2 %	1 %
<b>Total</b>	<b>100 %</b>	<b>100 %</b>
<b>Asia and emerging countries</b>	<b>63 %</b>	<b>61 %</b>

## 2022 income statement

		2022	2021	Change
<b>Sales</b>	<i>(in €m)</i>	<b>20,037</b>	<b>17,262</b>	<b>+16 %</b>
Gross margin	<i>(in €m)</i> <i>(as a % of sales)</i>	3,447 17.2 %	3,040 17.6 %	+13 % -0.4 pt
R&D expenditure	<i>(in €m)</i> <i>(as a % of sales)</i>	-1,880 -9.4 %	-1,510 -8.7 %	+25 % -0.7 pt
Administrative and selling expenses	<i>(in €m)</i> <i>(as a % of sales)</i>	-932 -4.7 %	-831 -4.8 %	+12 % +0.1 pt
<b>Operating margin excl. share in net earnings of equity-accounted companies</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>635</b> <b>3.2 %</b>	<b>699</b> <b>4.0 %</b>	<b>-9 %</b> <b>-0.8 pt</b>
Share in net earnings of equity-accounted companies	<i>(in €m)</i> <i>(as a % of sales)</i>	115 0.6 %	-243 -1.4 %	na +2.0 pt
<b>Operating margin incl. share in net earnings of equity-accounted companies</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>750</b> <b>3.7 %</b>	<b>456</b> <b>2.6 %</b>	<b>+64 %</b> <b>+1.1 pt</b>
Other income and expenses	<i>(in €m)</i> <i>(as a % of sales)</i>	-106 -0.5 %	-50 -0.3 %	+112 % -0.2 pt
Operating income	<i>(in €m)</i> <i>(as a % of sales)</i>	644 3.2 %	406 2.4 %	+59 % +0.8 pt
Cost of debt	<i>(in €m)</i>	-131	-60	+118 %
Other financial income and expenses	<i>(in €m)</i>	-4	96	-104 %
Effective tax rate	<i>(in €m)</i>	37.2 %	28.8 %	na
Non-controlling interests and other	<i>(in €m)</i>	-65	-70	-7 %
<b>Net attributable income</b>	<i>(in €m)</i> <i>(as a % of sales)</i>	<b>230</b> <b>1.1 %</b>	<b>175</b> <b>1.0 %</b>	<b>+31 %</b> <b>+0.1 pt</b>

## Safe Harbor statement

Statements contained in this document, which are not historical fact, constitute “forward-looking statements”. These statements include projections and estimates and their underlying assumptions, statements regarding projects, objectives, intentions and expectations with respect to future financial results, events, operations, services, product development and potential, and statements regarding future performance. Even though Valeo’s Management feels that the forward-looking statements are reasonable as at the date of this document, investors are put on notice that the forward-looking statements are subject to numerous factors, risks and uncertainties that are difficult to predict and generally beyond Valeo’s control, which could cause actual results and events to differ materially from those expressed or projected in the forward-looking statements. Such factors include, among others, the Company’s ability to generate cost savings or manufacturing efficiencies to offset or exceed contractually or competitively required price reductions. The risks and uncertainties to which Valeo is exposed mainly comprise the risks resulting from the investigations currently being carried out by the antitrust authorities as identified in the Universal Registration Document, risks which relate to being a supplier in the automotive industry and to the development of new products and risks due to certain global and regional economic conditions. It is also exposed to environmental and industrial risks, risks associated with the Covid-19 epidemic, risks related to the Group’s supply of electronic components and the rise in raw material prices, risks related to the Russia-Ukraine conflict, as well as risks and uncertainties described or identified in the public documents submitted by Valeo to the French financial markets authority (Autorité des marchés financiers – AMF), including those set out in the “Risk Factors” section of the 2021 Universal Registration Document registered with the AMF on April 7, 2022 (under number D.22-0254).

The Company assumes no responsibility for any analyses issued by analysts and any other information prepared by third parties which may be used in this document. Valeo does not intend or assume any obligation to review or to confirm the estimates issued by analysts or to update any forward-looking statements to reflect events or circumstances which occur subsequent to the date of this document.

As a technology company and partner to all automakers and new mobility players, Valeo is innovating to make mobility cleaner, safer and smarter. Valeo enjoys technological and industrial leadership in electrification, driving assistance systems, reinvention of the interior experience and lighting everywhere. These four areas, vital to the transformation of mobility, are the Group’s growth drivers.

Valeo is the world’s leading French patent applicant according to the rankings published in June 2022 by France’s intellectual property institute (INPI).

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

Valeo is listed on the Paris Stock Exchange.

**VALEO**  
100, rue de Courcelles,  
75017 Paris  
[www.valeo.com](http://www.valeo.com)  
**Media relations**  
+33 6 67 88 89 33  
+33 6 81 73 83 41  
+33 7 61 52 82 75  
[press-contact.mailbox@valeo.com](mailto:press-contact.mailbox@valeo.com)  
**Investor relations**  
+33 1 40 55 37 93  
[valeo.corporateaccess.mailbox@valeo.com](mailto:valeo.corporateaccess.mailbox@valeo.com)