PRESS RELEASE - DELFINGEN

2020 Annual results

Anteuil, March 26, 2021

2020, a historical year for DELFINGEN

In 2020, in difficult market conditions, DELFINGEN:

- **Outperformed the automotive market by 9 points,**
- **achieved a current operating margin of 9.2 %,**
- **generated positive free cash flow,**
- **finalized the acquisition of Schlemmer's Europe-Africa perimeter.**

Sales	Current operating income	Equity Group share	Net income, Group share	Cash Flow from operating activities
241,9 M€ **+5.0 %** (-9.0% in organic growth)	**9.2% of sales** (47% increase)	**+55 %** (i.e. 117.3 M€)	**45.3 M€** (i.e. 18.7% of sales)	**14.5 M€**

During the year 2020, DELFINGEN has demonstrated its ability to adapt to extreme economic and health conditions. With its agility and robustness, DELFINGEN first faced the crisis by protecting its teams, reducing the sails and preserving its cash situation. Then DELFINGEN was able to seize market opportunities to pursue its business plan, first with the acquisition of Schlemmer's Europe-Africa perimeter, then by accelerating its growth in an automotive market driven by the transition to hybrid and electric engines.

In this context, DELFINGEN achieved a remarkable financial performance with a current operating income of 9.2 % of its sales and an improvement in its debt to EBITDA ratio.

Based on a growth in automotive production of around 8 to 10 % in 2021, and following the full-year integration of Schlemmer's Europe-Africa perimeter, DELFINGEN anticipates a turnover of €370m in 2021, reflecting a clear outperformance of the market, and an operating margin of around 8 to 9 %, despite the disruptions in supply and the rise of some raw materials' prices.

In millions of euros	**2020**			**2019**
	Consolidate	Constant perimeter	Contribution new perimeter	
Net sales	**241.9**	**205.5**	**36.4**	**230.5**
Ebitda*	37.6	28.4	9.2	28.4
% of sales	*15.6 %*	*13.8 %*	*25.4 %*	*12.6 %*
Current operating income	22.3	15.3	7.0	15.2
% of sales	*9.2 %*	*7.5 %*	*19.1 %*	*6.6 %*
Non-current operating income	31.5	-0.9	32.5	0.2
Operating income	53.8	14.4	39.4	15.4
Net income Group share	45.3	7.6	37.8	8.5
% of sales	*18.7 %*	*3.7 %*	*103.9 %*	*3.7 %*
Cash Flow from operating activities	14.5			23.9
Net financial debt*.	103.7			69.4
Equity Group share	117.3			75.8

* The impact of IFRS 16 on EBITDA is +€5.5m (+€5.2m in 2019) and on Net Financial Debt of €26.7m (€17.9m in 2019).

Notes on the integration of Schlemmer entities

On September 1st, 2020, DELFINGEN acquired at the bar of the Munich court certain assets of the Schlemmer Group, namely its activities in Germany, Romania, Russia, Spain and its 49 % share in a joint venture ("JV Italy") with the company Intercable covering Italy, Morocco and Tunisia. This acquisition was made through an asset deal and a share deal. The acquired companies were fully consolidated as of September 1st, except for the interests in "JV Italy", which were accounted by using the equity method until December 31st, and then fully consolidated on December 31st, 2020. Considering the difference between the price paid and the value of the assets and liabilities transferred, this transaction generated a non-recurring profit of €35.6m.

On December 23rd, 2020, DELFINGEN acquired from Intercable its 51 % share in the said "Italy JV", thus enabling DELFINGEN to own 100 % of Schlemmer's activities in the Europe-Africa region. Considering the difference between the price paid for this second package and the value of the assets and liabilities transferred, this transaction generated a goodwill of €22.6m.

DELFINGEN expects a full-year contribution to sales of €120m for the entire scope.

This acquisition will enable DELFINGEN to strengthen its market share in the Europe-Africa region, to create closeness with German OEMs and manufacturers, and to expand its product offering to better meet the challenges of "clean mobility".

Sales

(please see February 5th, 2021 press release)

After the months of January and February 2020 in line with its growth scenario, DELFINGEN, like the entire automotive industry, was particularly affected by the Covid crisis, with the gradual closure of almost all its plants during the April-May period. This was followed by a recovery period during the summer before a very strong increase of the activity starting in September. Thus, on a constant scope of consolidation and exchange rate basis, DELFINGEN broke sales records in September, October and November, confirming its strategic positioning on hybrid and electric vehicles.

In 2020, DELFINGEN outperformed the automotive market by 9 points, mainly in the Americas and Europe-Africa regions, which accounts for 85 % of its automotive sales.

On a reported basis, sales rose by 5 % (down 9 % on a like-for-like basis). The effect of exchange rates on sales was a negative €4.2m (or -1.8 % of total sales).

- Automotive Market

Automotive Division sales (excluding Schlemmer) were down 7.2 % on a like-for-like basis (-9.2 % on a reported basis). Global automotive production over the same period was down 16.3 %.

The two main segments of the automotive division, namely on-board network protection systems and technical tubes for fluid transfers, were down 6.9 % and 6.3 % respectively (on a like-for-like basis), thus resisting the market downturn better than expected. The protection business was particularly buoyed by the dynamic growth of textile products in the fourth quarter, with numerous applications in hybrid and electric vehicles.

Geographically, the main regions of operation, which are the Americas and Europe-Africa, experienced similar declines in activity of around 7 % in markets that were down by around 22 %. In the Asian market, DELFINGEN posted a 9.4 % decline on an 11.4 % declining market.

- Industrial Market

Sales in the industrial market division fell by 16.8 % at constant exchange rates (-18 % on a reported basis). This market was less affected by the crisis in the first half, but remained more difficult over the year.

- Schlemmer

The contribution of Schlemmer's Europe-Africa business from September 1st to December 31th was €36.4m, in line with the group's expectations at the time of the acquisition, the operation having taken place at the time of the market downturn.

The revenues of "JV Italy" are not included in the published revenues, as these sites are integrated using the equity method.

Results

DELFINGEN Industry posted a current operating income of €22.3m, or 9.2 % of sales (6.6 % in 2019).

This performance reflects:

- the continuity of DELFINGEN's historical results ;

- the rapid adaptation of the cost structure following the second quarter's economic downturn;
- the unwavering employees' commitment both during the period of cessation of activity and afterwards to cope with the recovery;
- the €6.9m contribution of the Schlemmer perimeter, including €1.5m in capital gains on inventories purchased from the insolvency administrator.

The non-current operating profit of €31.5m includes €2.1m of acquisition costs, €1.0m of compensation following the transfer of the assets from the Schlemmer plant in Münchingen to the DELFINGEN plants in Portugal and Romania, the impairment of the goodwill of the Mechanical Assembly BU of PT-Porto (CGU 2) for €0.9m and a non-current gain of €35.6m on the difference between the price paid and the value of the assets and liabilities transferred in the context of the acquisition of the Europe-Africa perimeter of Schlemmer.

Financial income was -€4.3m to be compared with -€3.8m in 2019, including interest on financial debt of €3.1m and foreign exchange losses of €1.2m.

The effective tax rate was 8.4 % compared to 26.5 % in 2019. This decrease is explained by the non-taxable nature of the non-current acquisition profit.

Net income Group share, was €45.3m.

Cash Flow and financial structure

Equity Group share at December 31st, 2020 was €117.3m compared to €75.8m at December 31st, 2019 due to net income of €45.3m, a capital increase of €3.3m, the absence of a dividend distribution during the year and a negative impact of conversion differences for €6.8m.

Net financial debt amounted to €103.7m (€77.1m excluding IFRS 16) at December 31st, 2020, compared with €69.4m (€51.6m excluding IFRS 16) at December 31st, 2019, a variation of €34.3m mainly due to:
- EBITDA (excluding IFRS 16): €32.1m (-)
- Change in working capital needs: €16.0m (+)
- Net investments: €9.4m (+)
- Net cash outflow/acquisitions: €24.9m (+)
- Dividends received from "JV Italy": €2.5m (-)
- Net financial expenses: €3.1m (+)
- Income taxes: €3.4m (+)
- New debt under IFRS 16: €14.9m (+)

Whether for crisis management or acquisition financing, DELFINGEN was able to count on the support and confidence of its historical financial partners.

The net debt to EBITDA ratio is 2.8 (2.4 excluding IFRS 16), the net debt to equity ratio is 88.1 % (65.5 % excluding IFRS 16).

During the next General Meeting of Shareholders, to be held on June 4, 2021, the Board of Directors will propose a dividend distribution of €1.0m, reflecting DELFINGEN's confidence in its perspectives, while preserving its cash position.

The increase in sales in 2020 and the improvement in operating performance confirm DELFINGEN's growth potential, in line with its strategic plan: leader in the protection of on-board networks and diversification in technical and fluid transfers tubing.

The increase in media content and safety requirements, as well as the development of hybrid and electric engines, make electrical wiring the real nervous system of the vehicle. DELFINGEN's mission is to protect it by providing ever more innovative solutions with higher added value.

DELFINGEN, a global leader in protection and routing solutions for electric and fluid on-board networks

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