



PRESS RELEASE – DELFINGEN

1st half 2022 results

Anteuil, September 2nd, 2022

Strong organic growth and outperformance in the automotive market

Current Operating Income (COI) of 5.4% of sales

Net income negatively impacted by the sale of Russian activities

Net sales	Current operating income	Shareholders' equity	Cash Flow from operating activities
203.9 m€ (+5.3%)	11.0 m€ (i.e. 5.4% of sales)	145.7 m€	10.0 m€

In million euros	S1 2022	% net sales	S1 2021	% net sales
Net sales	203.9		193.7	
Ebitda	21.4	10.5%	28.9	14.9%
Current operating income	11.0	5.4%	19.1	9.8%
Operating income	8.2	4.0%	18.8	9.7%
Net income	3.4	1.7%	12.8	6.6%
Net income group share	3.3	1.6%	12.7	6.5%
Cash Flow from operating activities	10.0	4.9%	7.9	4.9%
Net financial debt	106.3		101.6	
Equity	145.7		131.0	

Sales

Net sales for the first semester 2022 reached €203.9 million, up 3.2% compared to the first half of 2021 at constant exchange rates and scope of consolidation (+5.3% on a reported basis).

Sales in the Mobility Division are up 2.7% at constant exchange rates and scope of consolidation (+6.5% on a reported basis).

Global automotive production fell by 1.8% in the first half of the year in a still difficult context with tensions over electronic components, the Russian-Ukrainian crisis and health restrictions in China (two months of lockdown in April and May).

DELFINGEN Industry outperformed the market by 4.5 points and by 7.6 points excluding the geographical mix effect of its sales. The decline in automobile production was particularly marked in Europe/Africa (-10%), where the Group generates 51% of its sales.

At constant exchange rates and scope of consolidation, the main activities performed as follows:

- The "Protection Systems" business was down 1.9%, affected by the decline in global automotive production, particularly in Europe/Africa;
- The "Fluid Transfer" business grew by 21.1%, driven by a 3.9% increase in the automotive market in the Americas.

Industrial Market sales were up 7.3% at constant exchange rates and scope of consolidation (-1.2% on a reported basis), with a negative impact (-14.8%) due to the change in scope of consolidation following the cession of the "Technical Straps and Belts" business in June 2021 :

- Sales of Drossbach North America increased by 5.5 % (+16.2 % on a reported basis);
- The "Electrical and Thermal Insulation" business grew by 16.8% (+26.4% on a reported basis).

The effect of exchange rates on sales was €9.7 million, or 5%.

Gross margin

Gross margin was €96.1 million, or 47.1% of revenues (€101.6 million at June 30, 2021), down 5.3 points due to the continuing rise in raw material prices, which were passed on to customers with a lag.

Results

Operating income from recurring operations amounted to €11.0 million in the first semester 2022 (or 5.4% of net sales), mainly impacted by:

- A 5.3 points drop in gross margin;
- A 0.9 point increase in the cost of other purchases and external expenses (energy and transport) and a 1.9 points decrease in payroll.

Other operating expenses include a loss of €2.7 million on the sale of the DELFINGEN RU-Volga subsidiary.

Net financial expenses amounted to €1.0 million, compared with €1.6 million in the first half of 2021.

The net income (group share) is €3.3 million compared to €12.7 million in the first half of 2021.

Financial structure

Net financial debt was €106.3 million at June 30, 2022, compared with €101.6 million at June 30, 2021, including a €6.1 million increase in IFRS 16 debt. Investments amounted to €6.5 million, and working capital requirements increased by €8.9 million under the combined effect of the higher activity in the second quarter and the increase in the value of raw materials in stock. The Gearing is 73% compared to 78% at June 30, 2021, the leverage ratio is 2.88 compared to 1.79 at June 30, 2021.

Perspectives

Uncertainty is weighing on markets with multiple factors such as rising production costs or supply chain disruptions.

According to estimates by S&P Global Mobility (formerly IHS Markit) published in July 2022, global automotive production is expected to reach 81.1 million units in 2022, up 5% in 2021.

DELFINGEN Industry remains very cautious about market expectations. However, given its strategic positioning in vehicle wiring protection solutions, its leadership and its global presence, DELFINGEN Industry expects the market to outperform by 2 to 3 points.

DELFINGEN Industry is adapting to these extreme economic conditions while at the same time seizing the growth opportunities linked to the market transformation towards cleaner and more responsible mobility.

Under these conditions, DELFINGEN Industry expects a lower performance in the second half of 2022 than in the first half. Subject to a more unfavorable market environment, sales in 2022 are expected to exceed €380 million with an operating margin of around 5%.

The development of hybrid and electric engines, as well as the connectivity of cars, makes electrical wiring the real nervous system of the vehicle. DELFINGEN's mission is to protect it by providing increasingly innovative solutions with higher added value.

“Safe Harbor” statement

Although DELFINGEN's management believes that these forward-looking statements are reasonable as of the date of this document, investors are cautioned that forward-looking statements are subject to numerous factors, risks and uncertainties, many of which are difficult to predict and generally beyond DELFINGEN's control, that could cause actual results and events to differ materially from those expressed or implied in the forward-looking statements.

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

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