



## PRESS RELEASE

Anteuil, 2024, September 9th

### SOLID CURRENT OPERATING MARGIN IN H1 2024

- **H1 2024 results**
  - Current operating margin of 5.2% of revenue
  - Generation of positive free cash flow
- **Implementation of the “IMPULSE 2026” roadmap**
  - Optimization of the protection systems (PS) business - Automotive
  - Streamlining of the fluid transfer tubing (FTT) business - Automotive
  - Acceleration in the Industrial market
- **2026 objectives**
  - Revenue expected of around €430M
  - Current operating margin above 7.5%.
  - Leverage below 2.25x

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**Gérald Streit, Chairman and Chief Executive Officer of Delfingen, says:** “In markets undergoing profound transformation, particularly with the electrification of uses, our cable business is at the heart of structural changes. After tripling in size in 10 years and achieving 90% growth over the last 3 years, it is now time to pause to **better target value by focusing on the most contributing businesses and re-initiate a qualitative growth cycle**. With this in mind, we have decided to streamline the fluid transfer assembly business, which is less strategic and historically loss-making. In addition, alongside the optimization of our global leadership positions in cable protection systems, we will accelerate our development in the industrial market, which offers solid conquest opportunities to better balance the distribution of our businesses and **become more resilient in more volatile environments**. This reorientation is a further illustration of the Group's ability to constantly adapt to businesses where its know-how and reputation make the difference and thus **post one of the best profitability profiles in the sector from 2026.**”

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**DELFINGEN INDUSTRY (DELFINGEN)**, a world leader in cable protection solutions for the automotive and industrial markets, publishes its half-year results for 2024. The interim financial statements, which were subject to a limited review by the statutory auditors, were approved by the Board of Directors at its meeting of 2024 September 6th. The half-yearly financial report is available on the Company's website.

	H1 2023	H1 2024	Δ	Reminder H2 2023
<b>Revenue</b>	<b>233.9</b>	<b>224.7</b>	<b>-3.9%</b>	222.8
<b>EBITDA</b>	<b>25.4</b>	<b>22.8</b>	<b>-8.3%</b>	23.6
% of revenue	10.9%	10.1%	-0.7 pt	10.6%
<b>Current operating income</b>	<b>16.0</b>	<b>11.7</b>	<b>-26.9%</b>	12.1
% of revenue	6.8%	5.2%	-1.6 pt	5.4%
Non-recurring expenses	(1.6)	(10.3)	NA	(2.7)
Operating income	14.4	1.4	-90.2%	9.4
Net financial income (expense)	(4.4)	(4.5)	NA	(5.2)
Taxes	(3.0)	(2.4)	NA	(4.2)
<b>Net income, Group share</b>	<b>7.0</b>	<b>(5.6)</b>	<b>NA</b>	(0.1)
% of revenue	3.0%	(2.5%)	NA	NA

### Half-year activity impacted by the slowdown and delay in the start-up of certain electrical platforms in the US and Germany

DELFINGEN posted revenue of €224.7M in H1 2024, down 3.9% compared to H1 2023. On a like-for-like basis, excluding the acquisitions in early April 2023 of REIKU GmbH in Germany and AHN Chem Co. Ltd in South Korea, and offsetting the impact of €/\$ exchange rates at end-June 2024, revenue was down by 5.6%.

This trend should be assessed in the light of several factors:

- An unfavorable basis of comparison, as the Group generated record revenue in H1 2023, posting growth of +13.8% at constant scope and exchange rates;
- A slowdown and delay in the start-up of some electrical platforms in the US and Germany.

H1 sales from the Industrial market totaled €37.6M, up +3.7%, fueled by the acquisition of REIKU. At constant scope and exchange rates, revenue fell 5.4%. Exchange rates had a negative impact of €0.5M at the end of June, mainly due to the €/\$ exchange rate.

### Implementation of the “IMPULSE 2026” roadmap

In a constantly changing economic, regulatory and geopolitical environment, DELFINGEN has defined a new roadmap to guide and structure the development of the company and its financial performance. It is structured around three main areas (optimization, streamlining and acceleration) to effectively mobilize the Group's resources, adapt to the challenges of its markets and seize all opportunities.

These efforts will bear fruit from 2025, ushering in a new cycle of qualitative growth for the Group, both operationally and financially.



- Focus 1: **optimization** of leadership positions in the protection systems (PS) business  
- Automotive

With 41 locations worldwide in 21 countries on 4 continents, DELFINGEN is a world leader in cable protection solutions for the automotive market. With local roots throughout the world, DELFINGEN offers its customers proximity, agility and responsiveness. As the only player to offer protection solutions through plastic tubing and textile sheaths, DELFINGEN has the broadest range on the market, with best-in-class products and services, giving it the status of Preferred Reliable Supplier for its customers, the world's leading cable manufacturers.

In a rapidly changing automotive market, DELFINGEN continues to adapt to meet the challenges of the sector (electrification, Chinese competition, pricing pressure, decarbonization). To achieve this, DELFINGEN implements the following actions:

- Concentration of its Eastern European activities in Romania and closure of the Slovak site;
- Launch of the textile business in China;
- Ramp-up of the textile business in Mexico and Honduras;
- Plan to improve efficiency and operational performance on a few target plants.

- Focus 2: **streamlining** of the fluid transfer tubing (FTT) businesses - Automotive

DELFININGEN has decided to restructure its FTT business unit (BU), the underperformance of which significantly impacts the Group's revenue.

This BU currently generates a significant share of its revenue (90%) with sub-assemblies dedicated to combustion engines comprising numerous manual assembly operations. The BU will be refocused on the extrusion of technical tubes (corrugated, multi-layer, composite materials, etc.). This restructuring began in the second half of 2024 and will continue in the first half of 2025, resulting in the following full year in:

- The termination of non-contributory customer contracts, representing a decrease in consolidated revenue of €25m;
- A 450-person reduction in the workforce;
- An improvement in the operating margin of more than €3m;
- A €4m reduction in WCR;
- A €2m reduction in the annual investment budget.

The costs associated with this restructuring are in the order of €9.0m (including €4.5m in cash impact), including labor costs, commercial costs, factory closure costs and asset impairment. These costs are booked as an accrual in non-recurring expenses in the financial statements at 2024 June 30th.

- Focus 3: **acceleration** in the industrial market

To seize opportunities and accelerate in the buoyant markets of robotics, renewable energies, railways and agricultural machinery, DELFINGEN will rely on:

- The deployment of its brand platform: DROSSBACH, SCHLEMMER, REIKU;
- The densification of its distribution network;
- A new latest-generation logistics hub in Germany.



## **2024 half-year results that include a provision related to the restructuring of FTT business**

Gross margin improved by 1.5 points to €114.4M, or 50.9% of revenue (€115.6M at 2023 June 30th). This improvement is mainly due to a favorable impact of the purchase price of raw materials.

Despite the improvement in the gross margin, current operating income totaled €11.7M in H1 2024, down -27% compared with H1 2023, mainly penalized by the relative weakness of the activity, combined with the increase in personnel costs (+1.7 points between June 2023 and June 2024).

The current operating margin remains solid at 5.2% of revenue, down 1.6 points compared with H1 2023, but stable sequentially compared with H2 2023.

Operating income totaled €1.4M, mainly including a provision of €9M related to the restructuring plan for the fluid transfer tubing business.

After recognition of a negative financial result of -€4.6M (of which €4.5M related to net financial debt costs and a negative impact of €0.3M from exchange rate) and a tax expense of €2.4M, net income Group share was -€5.6M, compared with €7.0M in H1 2023.

## **A robust financial structure to implement the Group's roadmap**

The balance sheet total was €395.1M at 2024 June 30th, up 2% compared with 2023 December 31st, and shareholders' equity (group share) was €140.7M, up 1%.

Cash flow before net cost of financial debt and tax was €23.0M, i.e. 10.2% of revenue.

DELFINGEN generated free cash flow of €4.5M (2% of revenue), and net cash flow of €0.3M. The working capital requirement decreased by €1.5M between 2023 December 31st and 2024 June 30th, mainly due to the impact of the reduction in inventories.

Net financial debt thus stood at €145.8M at 2024 June 30th (versus €147.4M at 2023 December 31st and €151.5M at 2023 June 30th), including a -€2.4M change related to IFRS 16 debt. At constant scope and excluding IFRS 16, net financial debt stood at €119.8M, up €0.8M compared with 2023 December 31st and down €3.9M compared with 2023 June 30th.

Gearing (net debt/equity) excluding IFRS 16 was 84.8% at 2024 June 30th compared with 80.5% at 2023 December 31st, with shareholders' equity negatively impacted by the restructuring provision. The leverage ratio (net debt/EBITDA) excluding IFRS 16 was 3.11 compared with 2.85 at 2023 December 31st, despite positive cash flows generated over the period.

At 2024 June 30th, the Group had gross cash of €27.6M (€21M at 2023 December 31st and €19M at 2023 June 30th).



## Outlook

The IMPULSE 2026 roadmap opens a new chapter for DELFINGEN which, through its implementation, intends to initiate a **qualitative growth cycle by prioritizing value over volumes**, achieve **one of the best profitability profiles in the sector** and **become more resilient to better cope with economic cycles**. In this context, DELFINGEN has set itself the following targets for 2026:

- Revenue of around €430M, after the termination of more than €25M in FTT commercial contracts;
- A current operating margin of more than 7.5%, with an expected effect of the FTT restructuring plan of +1.2 pt, an operational efficiency gain of +1 pt, an annual savings and simplification plan on support services of €5M, despite a still inflationary environment on wages;
- Leverage lower than 2.25x, following the improvement in profitability, a targeted reduction in the investment plan of €5M in 2025 and 2026, and the gain in WCR on the discontinued businesses of FTT.

## Next event:

2024 November 4th: Publication of revenue for Q3 2024 (after close of trading).

## About DELFINGEN ([www.delfingen.com](http://www.delfingen.com))

DELFINGEN is the global leader in cable protection solutions for the automotive and industrial markets (robotic, renewable energy, rail, farming, etc.).

A family-owned company dating back more than 70 years, the Group has 4,200 employees and a global presence that ensures proximity to its clients, with 41 offices in 21 countries on four continents: Americas, Europe, Africa and Asia.

DELFINGEN is at the heart of the strategic challenges for automotive and industrial markets: electrification, connectivity, safety and environmental standards.

DELFINGEN is listed on the Euronext Growth Paris market (FR0000054132 - ALDEL) and is a member of the MiddleNext association.

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## "Safe Harbor" statement

Although DELFINGEN's Management believes that the expectations reflected in such forward-looking statements are reasonable at the time of publication of this document, investors are cautioned that forward-looking information and statements are subject to various elements, risks and uncertainties, many of which are difficult to predict and generally beyond the control of DELFINGEN, that could cause actual results and developments to differ materially from those expressed in or projected by the forward-looking statements.