

Operating profit to 3.3% of sales and generation of € 5.4 M of free cash flow

Delfingen Industry approved its financial statements for the year 2009, which mark the return to balance of the net profit of pursued operations.

In millions of euros	2009	2008*
Sales	77.3	92.0
Current operating profit	2.6	(0.2)
Operating profit	2.6	(1.2)
Net profit of pursued operations	0.2	(4.0)
Net profit of stopped operations	(0.7)	0.0
Consolidated net profit	(0.5)	(4.0)

The result of discontinued operations corresponds to the one of the wiring harness business in Portugal sold in October 2009 and reached € -0.7 M. The consequence is a consolidated net profit of € -0.5 M, to be compared to a loss in 2008 of € -4.0 M.

The recovery of the operating performance together with investments that are under control and with a decrease in the inventories level **generated a free cash flow of € 5.4 M.**

The net financial debt reached € 28.2 M as on December 31st, 2009 against € 30.3 M as on December 31st, 2008, i.e. a reduction of € 2.1 M. **The gearing ratio is stable to 1.25.**

The Delfingen Industry Group activity strongly reduced, brought down together with an automotive market in crisis. In December 2009, the decrease of the worldwide automotive production, compared to 2008, reached -34% in North America and -16% in Europe. In this context, the Group consolidated sales are € 77.3 M, decreasing by -15.9% compared to 2008.

The current operating profit recovered significantly and reached € 2.6 M, i.e. 3.3% of sales. This strong improvement, despite the lower activity comes from:

- the gross margin being sustained to 49% of sales,
- the fall of the breakeven point.

The operating profit, impacted in 2008 by the goodwill depreciation of the wiring harness businesses, improved even more in 2009 to reach € +2.6 M against € -1.2 M in 2008.

The net profit of pursued operations is balanced to € +0.2 M against € -4.0 M in 2008 under the effect of the operating profit that improved and of the financial debt cost being under control.

Delfingen Industry obtained the necessary funds to cover its financial needs up to 2011. The Group then improved its liquidity, while reinforcing its financial structure and improving its debt maturity.

Moreover, the FMEA (Funds for the Modernization of OEMs) coming into the capital of Delfingen Industry in November 2009, up to 14.48% of the capital will allow the Group to carry on its innovation efforts and its expansion on growing markets, more specifically in China.

While anticipating an increase in the worldwide automotive production compared to 2009, **Delfingen Industry confirms its objectives of reducing its financial debt and of operating margin recovery.**

Delfingen Industry still wants to improve its liquidity and already obtained in 2010 a participating loan (CDP) from Oséo for an amount of € 3 M.

** The 2008 fiscal year restated of the wiring harness business in Portugal sold in 2009, would have made appear sales figures of € 91.1 M and an operating profit of € 0 M for a net profit of € (2.8)M.*