

Operating profit rises to 5.2% of sales and free cash flow of €4.9M

Delfingen Industry issued its financial statements for the year 2010, which show a significant increase in operating profit and net results:

In millions of euros	2010	2009
Sales	107.2	77.3
Operating profit	5.6	2.6
Net profit of continued activities	2.0	0.2
Net profit of discontinued activities	-	(0.7)
Consolidated net profit	2.0	(0.5)

2010 automotive production saw a significant increase: to +25% compared to 2009, with +39% in North America and +13% in Europe.

The Delfingen Industry Group sales figures exceeded the market improvement with 2010 sales of €107.2M, increasing by 36% compared to 2009.

The sustained growth of the activity continued with an improvement of the operating performance:

The operating profit rose sharply to €5.6M i.e. 5.2% of sales. This recovery came from:

- productivity efforts and the actions taken to lower the breakeven point;
- the significant impact coming from the sales growth.

And despite:

- an increase of the raw material costs, mainly due to the increase of purchasing prices;
- an increase of tax provisions, mainly regarding tax risk.

The non operating revenues and expenses improved mainly because of the average financial debt that decreased by €4.0M compared 2009 and a favourable exchange adjustment.

The level of taxes on profit is very high, basically because of the non activation of non operating loss provisions in some companies.

The profit on continued activities sets at €2.0M i.e. +1.8% of sales, to be compared to +0.2% in 2009.

Stimulated by the very strong recovery of profitability, the EBITDA is at €10.0M to be compared to €5.6M in 2009.

The improvement of the operating performance combined with a control of the need for working capital and investments **provided a free cash flow of €4.9M.**

The financial debt decreased by €6.6M, to reach €21.6M on 12/31/2010 against €28.2M on 12/31/2009.

Delfingen Industry made a capital increase of €3.3M in 2010.

The indebtedness ratio on net worth improved significantly to 0.72.

Delfingen Industry followed up its policy of improving its liquidity, while reinforcing the financing structure and improving debt maturity.

The situation in Japan, as well as in Tunisia, brings uncertainty to the automotive market evolution in 2011. In this context Delfingen Industry stays extremely vigilant to anticipate any deterioration that could appear in the automotive production.

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