

Sales of €112.5M, an increase of 7.3% and an operating profit at 4.0% of sales

Delfingen Industry issued its financial statements for the year 2011, which show an increase of sales. Audit procedures were performed and the audit report concerning the certification of financial statements is in progress.

In millions of euros	2011	2010
Sales	112.5	107.2
Operating profit	4.5	5.6
Net consolidated profit	0.9	2.0

2011 automotive production saw a growth of 2.9% compared to 2010, despite the fall of the production in Asia due to the earthquake in Japan and the floods in Thailand.

Delfingen Industry reached its 2011 sales goal of €112.5M with a growth of 7.2% (at constant parity) compared to 2010, i.e. a growth of 4.3 points higher than the one of the market.

The activity growth went with:

- A strong increase of raw materials that penalized the operating performance
- A sizeable investment in workforce and in equipment to diversify its products range and technologies (fluid transfer assembly...)

The leverage coming from the sales growth, together with the efforts in productivity did not allow to totally cover these impacts: **Delfingen Industry showed a 2011 operating profit at €4.5M, i.e. 4.0% of sales.**

The level of income taxes is still very high, mainly because of the non activation of the retained losses on a part of the companies.

The net profit set at €0.9M, i.e. 0.8% of sales, to be compared to 1.9% in 2010.

The EBITDA went to €7.6M, to be compared to €10.0M in 2010, and reached 6.2% of sales.

The increase of the working capital need, linked to the increase of the activity, together with an attacking industrial

investments policy (€3.3M) brought a free cash flow deterioration: it set at €0.9M compared to €4.9M in 2010.

The net financial indebtedness on Dec 31st, 2011 reached €22.3M, an increase of €0.7M compared to 2010, but with a stable indebtedness ratio on net worth (0.72).

Delfingen Industry continued its improvement policy for its liquidity position, while strengthening its financial structure and while improving the debt maturity, with the credit agreement signed with the whole of the French banks: Short-term credit of €5M and Medium-term credit of €15M that can be used in 3 annual parts from 2011 to 2013. The first part of €5M has been used in July 2011.

This agreement is submitted to the covenants compliance. On December 31st, 2011, one covenant was not observed. In accordance with the IAS 1 standard, the corresponding financial debt has been registered into current debt for an amount of €11,765 K, even if the financial partners did not ask for its repayment.

For 2012, the Group expects an increase in the worldwide automotive production compared to 2011, but with mixed results according to the areas: +6% in North America, +13% in Japan / Korea, +8% in China, but -5% in Europe.

Thanks to its international positions, its collaboration with the majority of the car manufacturers, Delfingen Industry should take advantage significantly of the increase of the automotive production.

Based on 1 EUR for 1.40 USD, the sales of Delfingen Industry should be above €120M with an operational profitability bigger than 5% of sales.

Global automotive supplier of protection systems, fluid transfer solutions
and assembly technologies

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