



PRESS RELEASE – DELFINGEN

ANNUAL RESULTS 2021

Anteuil, April 1st, 2022

DELFINGEN adapts to difficult economic conditions and seizes market growth opportunities

- **Reported turnover of €363m, up 50.1%**
- **Automotive market outperformed by 12.2 pts**
- **25% growth in the "Protection Systems" activity**
- **Strong performance of the "Industrial" market at +29%.**
- **Growth expected to continue in 2022, despite the context**

At December 31, 2021

Turnover	Current operating income	Equity Group share	Net income Group share	Cash flow of operating activities
€363,0m +50.1% (11.5% in organic growth)	6.6 % of sales (24.1 M€ in total)	+17.7 % (138.1 M€ in total)	€16.1m (or 4.4% of sales)	€26.5m

2021 was marked by two major impacts:

- the automotive market was slowed down by the semiconductor crisis, and the number of vehicles actually produced was lower than forecast (74.1 million vehicles produced compared with 81.5 million forecast)
- all raw material prices rose sharply over the year as a whole, with impacts of up to +110% depending on the material and the region.

In this context, DELFINGEN has once again demonstrated its ability to adapt to these extreme economic conditions. With its robustness and the agility of its teams, DELFINGEN has implemented the means to outperform the automotive market by seizing opportunities. DELFINGEN is thus pursuing its business plan by accelerating its growth in an automotive market driven by the transition to hybrid and electric engines.

Against this difficult climate, DELFINGEN achieved a remarkable financial performance with a current operating income of 6.6% of sales and an improvement in its debt to EBITDA ratio.

In millions of euros	2021	2020
Net sales	363.0	241.9
Ebitda	44.9	37.6
<i>% of sales</i>	12.4%	15.6%
Current operating income	24.1	22.3
<i>% of sales</i>	6.6%	9.2%
Non-current operating income	0.1	31.5
Operating income	24.2	53.8
Net income Group share	16.1	45.3
<i>% of sales</i>	4.4%	18.7%
Cash Flow from operating activities	26.5	14.5
Net financial debt	103.9	103.7
Equity Group share	138.1	117.3

Sales

(Please see February 4, 2022 press release)

In 2021, DELFINGEN outperformed the automotive market by 12.2 points, mainly in the Americas and Asia.

Sales rose by 50% on a reported basis (11.5% on a like-for-like basis). The effect of exchange rates on sales was -5.8 million euro (or -2.4% of total sales).

• Automotive market

At the end of December 2021, despite several production stops at most of our customers due to semiconductor supply disruptions, sales at constant exchange rates and scope of consolidation were up 14.7% (+12.3% on a reported basis) in a market that was up 2.5%. The cumulative effect of exchange rates at the end of December was a negative €4.6 million, mainly coming from EUR/USD fluctuation.

The "On-board network protection" business, which accounts for 78% of sales in the automotive market, recorded an increase of 23% on a reported basis (25% at constant scope and exchange rates).

The "Fluid Transfer" business underperformed the market due to overexposure to a customer whose sales were particularly affected by the semiconductor crisis.

All regions reported higher sales, especially Asia (+35.5% on a like-for-like basis / +33.8% on a reported basis) and the Americas (+17.6% on a like-for-like basis / +13.2% on a reported basis).

● **Industrial market**

Industrial Market sales up 29.6% at constant exchange rates and scope of consolidation (+14% on a reported basis).

At constant exchange rates :

- Drossbach North America sales increased by 32.8 percent (+28.1% on a reported basis);
- the "Electrical and thermal insulation" activity grew by 37.8% (+33.8% on a reported basis);
- the "Technical straps and belts" business was down -41.5% following the sale of this activity on June 30, 2021.

● **Schlemmer**

The sales of the Schlemmer perimeter, fully integrated as of January 1st, 2021, amounted to €131.6m at the end of December 2021, representing 36% of the Group's total sales. The level of activity is higher than expected at the time of the acquisition.

Results

DELFINGEN Industry reports a current operating income of €24.1 million, or 6.6% of sales (9.2% in 2020).

This performance reflects :

- the continuity of DELFINGEN's historical results;
- the speed with which the cost structure was adapted to the slowdown in business in the second half of the year;
- the unwavering employees' commitment to implement the Group's strategy in an agile manner in a market troubled by supply conditions.

Non-current operating income of €0.1 million is essentially made up of :

- income of €2.6 million relating to the conversion of the loan into a grant, in the US, as part of the "Paycheck Protection Program" business support plan implemented by the US government in 2020. As the decision to waive the claim by the US government was made in the first half of 2021, the income was recognized in non-current income;
- income of €0.4 million from the acquisition of shares in Schlemmer Middle East in January 2021. Given the difference between the price paid and the value of the assets and liabilities transferred, this transaction generated a non-recurring profit;
- a non-cash loss of €2.6 million on the sale of the "Technical Straps and Belts" business (ex-MBG) on June 30, 2021.

The financial result was -€2.9 million compared to -€4.3 million in 2020, including interest on financial debt for €3.7 million and foreign exchange gains for €0.5 million.

The effective tax rate is 23.2% compared to 8.4% in 2020. This change is explained by the non-taxable nature of the non-current profit from the acquisition of the Europe/Africa scope of Schlemmer in 2020.

The Group's share of net income thus amounted to €16.1 million, or 4.4% of sales.

Cash flow and financial structure

Shareholders Equity Group share, are at December 31st, 2021 of €138.1m compared to €117.3m at December 31st, 2020, due to a net income of €16.1m, the distribution of dividends for the year for €1.0m and a positive impact of the exchange rate for €6.3m.

Net financial debt was €103.9m (€71.5m excluding IFRS 16) at December 31st, 2021, compared with €103.7m (€77.1m excluding IFRS 16) at December 31st, 2020, representing a change of €0.2m, mainly due to :

- EBITDA: €44.9m (-)
- Change in working capital: €13.3m (+)
- Net investments: €14.1m (+)
- Net financial expenses: €3.7m (+)
- Income taxes: €4.2m (+)
- Dividends paid: €1.0m (+)
- Change in IFRS 16 debt: €5.8m (+)

The Net Financial Debt/EBITDA ratio is 2.3 (1.8 excluding IFRS 16), the Net Financial Debt/Equity ratio is 74.8% (51.4% excluding IFRS 16).

At the next Annual General Meeting of Shareholders, to be held on June 3, 2022, the Board of Directors will propose a dividend distribution of €3.0 million, reflecting DELFINGEN's confidence in its prospects, while preserving its cash position.

Perspectives

Most of the automotive wiring manufacturers are present in Ukraine, for a production that represents 7% of the total wiring imported in the European Union.

German carmakers are particularly affected by supply disruptions and have had to temporarily close their factories.

Wiring manufacturers are launching relocation programs, particularly to North Africa, but this process will take several months. Equipment manufacturers other than the wiring manufacturers are relatively unexposed.

Finally, the Russian automotive market accounts for around 2% of sales and global automotive production, at around 1.5 million units.

Because of the expected impact of the Russia-Ukraine conflict, particularly in terms of the risk of supply of certain raw materials, forecasts for growth in world automobile production have been revised downwards to +6%, compared with +9% previously (source: IHS March 2022).

As a reminder, the wiring protection system business represents $\frac{2}{3}$ of DELFINGEN's activity, 50% of which is carried out in Europe - Africa with plants in Germany, Romania but also Morocco, Tunisia, Portugal and France.

DELFINGEN, given its global presence and leadership in on-board electric network protection, expects its sales growth to exceed the market by 2 to 3 percentage points.

Suspending DELFINGEN's activities in Russia

On March 25, DELFINGEN announced the suspension of its activities in Russia operated in its plant in Nizhny Novgorod.

This site became part of the DELFINGEN Group on September 1st, 2020 following the acquisition of Schlemmer. It has 60 employees with annual sales of around €6 million for fiscal year 2021, or about 1.6% of the group's total sales.

A non-cash adjustment charge would be recorded for the 1st semester 2022 Financial Statements, corresponding to the contribution of the Russian entity to the Group's equity. This amounted to €2.4 million at December 31st, 2021.

« 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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Next press release : May 6th 2022
Net sales for 1st quarter 2022
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