



PRESS RELEASE

Anteuil, September 8, 2023

Delfingen posted a current operating margin of 6.8% in the first half of 2023 and raised its annual target

- Strong revenue growth of +15%
- Increase in current operating income of +46%
- Increase in current operating margin by 140 basis points to 6.8%
- Net income (Group share) doubled

Outlook for 2023

- Confirmation of the revenue target of €465M (updated in May 2023)
- Current operating margin target revised up to 6.5%

Delfingen (Euronext Paris, ISIN: FR0000054132), a global auto parts manufacturer, leader in onboard network protection solutions and fluid transfer tubes, posted its results for the first half of 2023.

	H1 2023	H1 2022	Chg.
Revenue	233.9	203.9	+14.7%
EBITDA	25.4	21.4	+18.7%
% of revenue	10.9%	10.5%	+0.4 pt
Current operating income (expense)	16.0	11.0	+45.5%
% of revenue	6.8%	5.4%	+1.4 pt
Operating income (expense)	14.4	8.2	+75.6%
Net income, Group share	7.0	3.3	x 2.1
% of revenue	3.0%	1.6%	+1.4 pt

Gérald Streit, Chairman and Chief Executive Officer of Delfingen, said:

"We are very pleased with the Group's excellent performance this half-year. I would like to sincerely thank all the teams for their unwavering commitment and involvement during the first half of the year. With double-digit business growth, we continue to outperform our benchmark global automotive market, supported by our core positions in the world's leading cable



companies. The first half of the year was also marked by the acquisitions of REIKU and AHN Chem, allowing us to strengthen our position in Germany and South Korea and accelerate our diversification into the high-potential industrial market. Finally, in this context of strong growth, the control of our production costs in an inflationary environment has led to a significant improvement in our profitability. This leads us, after already revising our annual revenue target upward to €465m in May, to increase the current operating margin target, which is now expected to be 6.5% for 2023".

Strong revenue growth of +15% in H1 2023

Delfingen posted revenue growth of +14.7% in the first half of 2023 (+13.8% at constant scope and exchange rates) to €233.9M, including the contribution in the second quarter of the year from REIKU GmbH and AHN Chem Co. Ltd, for €3.9M, whose acquisitions were completed in early April. The Group benefited from the growth of its two Mobility and Industrial business lines in all the regions where it operates.

Sales derived from the Mobility business line (84% of revenue for the half year) totalled €197.6M, an increase of +13.0% (+13.8% at constant scope and exchange rates). The textile sheath business line, one of the Group's main growth drivers, confirmed its potential, recording revenue of €39.8M, up +37%. This performance allows Delfingen to move from no. 3 to no. 2 in textile applications for mobility worldwide.

Sales derived from the Industry business line (16% of revenue for the half year), one of the Group's development priorities, totalled €36.3M, an increase of +25.1% (+14.1% at constant scope and exchange rates).

Growth of the current operating margin to 6.8%

Under the combined effect of growth in activity, control of transport costs and energy, the improvement in its operating performance and this despite strong wage increases to offset the effects of inflation, current operating income increased by +45.5% to €16.0M in the first half of 2023, resulting in a current operating margin of 6.8%, compared with 5.4% in the first half of 2022.

After accounting for non-recurring costs, for €1.5M, mainly related to acquisition costs and allocation of the purchase prices of REIKU and AHN Chem, operating income came to €14.4M, up +75.6%.

Financial income recorded a financial expense of €4.4M, of which €3.3M related to net financial debt costs and €1.1M in foreign exchange results. The €3M tax expense includes an effective tax rate of 29.7% versus 54% at June 30, 2022.

Thus, the net income (Group share) doubled, amounting to €7.0M, representing a net margin of 3% of revenue.

A solid financial structure

The balance sheet shows a total of €398.8M at June 30, 2023, up +13% over December 31, 2022. Equity, Group share, amounted to €149.7M, an increase of +3%.

Net financial debt stood at €151.5M at June 30, 2023, versus €128.3M at December 31, 2022 (of which €28.7M related to IFRS 16 debt). Excluding debts related to the acquisitions of REIKU and Ahn Chem, and before IFRS restatement, net financial debt would have been €86.9M, down €10.3M compared with December 31, 2022.

The strong growth in activity enabled Delfingen to generate free cash flow of €17.7M over the period, multiplied by €4.1M compared with the first half of 2022, and to reduce its working capital requirement by €10.1M between December 31, 2022 and June 30, 2023.

Leverage, including acquisitions, increased with gearing (net debt/equity) of 100.7% compared with 88% at December 31, 2022, while the leverage ratio (net debt/EBITDA) was 3.14 compared with 3.20 at December 31, 2022.

In addition, the banking pool renews its confidence in the Delfingen Group with its agreement on the new credit facility, which extends the financing mechanism in place until 2027 while adapting it to the Group's new dimension and strategic challenges. This new agreement confirms Delfingen's resources to finance its investments, working capital requirements and potential acquisition opportunities. Subject to finalisation of legal documentation, the new facility agreement will take effect on October 1, 2023.

Outlook for 2023: Current operating margin target revised up to 6.5%

After raising its annual revenue target last May from €450M to €465M, Delfingen, on the back of these strong first-half results, also raised its current operating margin target for 2023 to 6.5% from 6.0% initially announced.

Beyond profitability, since it has achieved most of the strategic priorities set for 2023¹, Delfingen will focus its efforts on de-leveraging the structure, now that the strategic acquisitions it targeted in South Korea and Germany are complete and are being integrated.

Obtaining the 2023 half-year financial report

The 2023 half-year financial report was filed today with the Autorité des Marchés Financiers and is available on the company's website at the following address: <https://delfingen.com/publications-financieres>.

Upcoming events

Friday November 03, 2023: publication of Q3 2023 revenue

About Delfingen (www.delfingen.com)

Delfingen is a global leader in onboard network protection solutions and fluid transfer tubes in the mobility and industry markets.

A family-owned company dating back more than 70 years, the Group has 4,000 employees and a global presence that ensures proximity to its customers, with 42 offices in 22 countries on four continents: Americas, Europe, Africa and Asia.

Delfingen is at the heart of the new challenges of mobility today and tomorrow: electrification, connectivity, autonomous driving, 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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¹ Press Release of March 31, 2023



"Safe Harbor" statement

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