


**PRESS RELEASE**

 Anteuil, March 31<sup>st</sup>, 2023

**2022 full-year results**

- Revenue of €417.1m, up +15 %
- Sharp improvement in results in H2 2022 (vs. H2 2021)
- Proposed dividend of €0.64 / share

**Outlook for 2023**

- €450m revenue target confirmed
- Current operating margin objective of 6%

**Delfingen (Euronext Paris, ISIN code: FR0000054132), a global auto parts manufacturer, leader in onboard network protection solutions and fluid transfer tubes**, published its 2022 full-year results, reflecting a marked improvement in the second half of the year.

	1st half			2nd half			Full year		
	2021	2022	Chg.	2021	2022	Chg.	2021	2022	Chg.
<b>Revenue</b>	193.7	203.9	+5%	169.3	213.2	+26%	363.0	417.1	+15%
<b>EBITDA</b>	28.9	21.4	-26%	16.0	18.7	+16%	44.9	40.0	-11%
% of revenue	14.9%	10.5%		9.5%	8.8%		12.4%	9.6%	
<b>Current operating income (expense)</b>	19.1	11.0	-42%	5.0	10.0	+102%	24.1	21.1	-13%
% of revenue	9.8%	5.4%		2.9%	4.7%		6.6%	5.0%	
Operating income (expense)	18.8	8.2	-56%	5.4	9.5	+76%	24.2	17.1	-27%
<b>Net income, Group share</b>	12.7	3.3	-74%	3.4	4.8	+46%	16.1	8.1	-50%
% of revenue	6.6%	1.6%		2.0%	2.3%		4.4%	2.0%	

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

"Delfingen marked a strong growth year in 2022 despite a difficult environment, thanks to solid fundamentals, a resilient model and a leadership position in an automotive industry that is at the heart of the new challenges of electrification, connectivity, security and environmental standards. I would like to thank the Delfingen teams who are working every day to provide our customers around the world with increasingly innovative and value-added solutions. Drawing on our operational excellence, we will continue our mission by seizing all the growth opportunities offered by our markets undergoing transformation, with the aim of contributing to a cleaner and more responsible mobility."

## **Excellent business performance in 2022 marked by an acceleration in the second half of the year**

In the first half of the year, despite a difficult environment linked to tensions on electronic components, the Russia-Ukraine crisis and health restrictions in China, Delfingen posted growth of +5.3% (+3.2% at constant scope and exchange rates).

From the third quarter, the stabilisation of the market environment enabled Delfingen to accelerate its trajectory, posting growth of +26% in the second half. In November, this favourable change enabled it to revise its revenue forecast for 2022 upwards by more than €380m to €410-415m.

Overall, in 2022, Delfingen posted revenue of €417.1m, up 15% (+11% at constant scope and exchange rates), exceeding the upper end of its revised target. Over the year, Delfingen benefited from the growth of its two Mobility and Industrial segments in all its regions. Mobility growth was more than double that of global automotive production, driven by strong performances in the Americas and Asia, confirming the company's global leadership position.

## **Sharp improvement in results in H2 2022 compared to H2 2021**

The operating performance for the year was negatively impacted by higher production costs (energy, transport, raw materials, labour).

Despite this increase, the Group maintained a solid gross margin during the year, moving from 47.1% in the first half to 46.1% of revenue in the second half. Overall, the gross margin in 2022 reached €194.5 million, i.e. 46.6% of revenue, down 4 points compared with 2021.

Current operating income has increased by +102% between the second half of 2021 and 2022, whereas it had decreased by -42% between the first half of 2021 and 2022. This performance enabled Delfingen to post a limited 13% decline in current operating income for the year 2022, to €21.1 million. The current operating margin stood at 5% in 2022, in line with expectations set by Delfingen.

After recognition of non-recurring costs of €3.3m, including €2.7m following the sale of the site in Russia, and €0.6m related to the closure of the Valahia site, operating income stood at €17.7m, down 27%.

After a 74% decrease in the first half of the year, net income Group share returned to growth in the second half of the year, with an increase of 46% over the period. Overall, for the year, after integrating the increase in financial expenses by 24% to €3.6m and a tax expense of €5.9m, net income Group share amounted to €8.1m versus €16.1m in 2021.

## **Financial structure**

The balance sheet shows a total of €352.8m at December 31<sup>st</sup> 2022, up 7% compared with 2021, and shareholders' equity - Group share of €145m, up 5%.

Net financial debt stood at €128.3m at December 31<sup>st</sup> 2022 (€10 3.9m at end-2021), of which €31.0m related to IFRS 16 debt. Investments amounted to €18.5m, the working capital requirement increased by €27.5m due to the combined effect of the strong activity in the second half of the year and the increase in the value of raw materials in stock. Leverage increased with gearing (net debt/equity) of 88% (75% at end-2021), and a leverage ratio (net debt/EBITDA) of 3.2 (2.3 at end-2021). The increase in gearing and leverage ratio can be attributed to the combined effects of:

- the decline in profitability (-11% vs. 2021);
- the increase in WCR (+28% vs. 2021);
- the continuity of investment efforts (+28% vs. 2021).

The covenant linked to the leverage ratio was negotiated with the financial partner Tikehau when the bond was refinanced during the year, and is now set at 3.5.

### **Proposed dividend of €0.64 per share**

Delfingen's Board of Directors will propose the payment of a dividend of €0.64 per share for 2022 to the General Meeting of June 2nd 2023, demonstrating management's confidence in the Group's outlook.

### **2023 outlook: revenue target of €450m and a current operating margin of 6%**

According to the S&P Global Mobility survey of January 2023, global car production is expected to reach 85.1 million vehicles in 2023, up 3%. This growth is expected to remain largely driven by the US market, while the Asian market is expected to be stable and Europe should recover.

In this market offering solid prospects, Delfingen is confident in its ability to continue to outperform its markets, and targets revenue of €450m in 2023, representing annual organic growth of nearly 8%. Over this horizon, Delfingen intends to improve its operating margin to 6% in 2023 (vs. 5% in 2022).

To achieve these objectives, Delfingen set 3 strategic priorities in 2023:

- **Focus on its "Protection of on-board electrical networks" business**
  - Move from No. 3 to No. 2 global position in textile applications for mobility;
  - Diversify into the "Industrials" end-market (robotisation, automation, etc.);
  - Strengthen its geographical positions in Korea, Japan and Germany.
- **Strengthen its financials structure and ratios**
  - Improve the current operating margin from 5% to 6%;
  - Increase cash flow generation and reduce debt.
- **Turn environmental and cyber "constraints" into opportunities**
  - By using the decarbonisation plan as an operational and business lever;
  - By capitalising on its TISAX certification, the automotive industry reference standard, to strengthen collaboration with OEMs and Tier 1 suppliers.

### **About Delfingen ([www.delfingen.com](http://www.delfingen.com))**

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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 3,800 employees and a global presence that ensures proximity to its customers, with 38 offices in 21 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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**"Safe Harbor" statement**

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