



Delta Plus Group's half-year results for 2022 show improvement

Turnover up 22.8% to €204.9m

Current operating profitability up +7.9% to €24.8m

Maintaining a sound financial structure

The Board of Directors of the Delta Plus Group, a major player in the Personal Protective Equipment (P.P.E.) market, approved the Group's consolidated accounts for the first half of 2022 on 2 September 2022.

The results for the first half of 2022 confirm the trends mentioned at the time of publication of the half-yearly turnover last July.

The sales of DELTA PLUS GROUP were up by +22.8% in the first six months of 2022 (+4.7% at constant scope and exchange rates) to reach €204.9m.

This growth was accompanied by a good level of margins in view of the difficulties that arose in the first half of the year: war in Ukraine, strict lockdowns in China due to Covid-19, persistent significant inflationary pressures affecting in particular the price of transport, raw materials and energy, and the weakening of the Euro. Operating income was therefore up by 7.9% (€24.8m in 2022 compared to €22.9m in 2021). It amounted to 12.1% of the turnover compared to 13.8% in 2021.

Net income, at €15.2m at 30 June 2022, also increased (+4.0% compared to 2021), mainly due to the increase in operating income.

The balance sheet structure remained solid in the first half of 2022, driven by the cash flow generated during the period. The Group's WCR and debt ratios were temporarily impacted negatively at 30 June with the consolidation of Maspica and Safety Link over the course of just six months.

Reminder of the half-yearly turnover of 2022

- Turnover of €204.9m up +22.8%
- Dynamic growth at constant scope and exchange rates: +4.7%.
- A positive scope effect (+€25.2m or +15.1%) due to the impact of acquisitions finalised in early 2022 (Maspica in Italy and Safety Link in Australia)
- A favourable exchange rate effect (+€5.1m or +3.0%) linked to the change in the parity between the Euro and certain currencies, in particular the US Dollar and RMB (China)

Consolidated income statement

- Current operating income up +7.9% in the first half of 2022 (€24.8m)
- Current operating profitability of 12.1% of the turnover compared to 13.8% in 2021
- Consolidated net income up +4.0% compared to 2021 (€15.2m)

in millions of Euros	30.06.2022	30.06.2021	Change 2022 vs 2021 (M€)	Change 2022 vs 2021 (%)
Turnover	204.9	166.8	+38.1	+22.8%
Cost of sales	-99.3	-79.6	-19.7	+24.8%
Variable costs	-17.6	-14.1	-3.5	+25.3%
Staff costs	-39.2	-31.8	-7.4	+23.0%
Fixed costs	-24.3	-18.6	-5.7	+30.9%
Other operating income & expenses	0.3	0.2	+0.1	+76.6%
Current operating income	24.8	22.9	+1.9	+7.9%
<i>in % of the turnover</i>	<i>12.1%</i>	<i>13.8%</i>		
Non-current operating income	0.1	-	+0.1	
Non-current operating costs	-2.7	-1.7	-1.0	
Operating income	22.2	21.2	+1.0	+4.7%
Cost of financial debt	-1.4	-1.0	-0.4	
Other financial elements	-0.2	-0.2	-	
Income before tax	20.6	20.0	+0.6	+2.9%
Income tax	-5.4	-5.3	-0.1	+0.1%
Net income from continuing operations	15.2	14.7	+0.5	+4.0%
Profit from discontinued operations	-	-	-	
Net income of all consolidated accounts	15.2	14.7	+0.5	+4.0%
of which Group share	14.7	14.5	+0.2	+1.3%

Owing to the increase in its turnover, and despite events resulting in uncertainties about the level of short-term profitability in the first half of 2022, Delta Plus Group posted a 7.9% increase in its operating profitability for the first half of the year, which reached a level of €24.8m.

As expected, this income expressed as a % of the turnover was down in the first half of the year (12.1% at 30 June 2022 compared to 13.8% last year), the measures taken by the Group to limit the impact of these significant events on the level of operating profitability and to maintain an income level in line with previous financial years should mainly impact the second half of the year.

Non-current items (-€2.7m) mainly included the acquisition costs incurred by the Group as part of its M&A activity.

The cost of financing was up by €0.4m compared to 2021, to €1.4m, as a result of the increase in bank debt contracted to finance recent acquisitions.

The effective tax rate, at 26% in 2022, is in line with last year's rate of 27%.

Including these various items, the consolidated net income rose by 4.0% to €15.2 million at 30 June 2022, compared to €14.7 million for the first six months of the previous year. The Group's share in the consolidated net income was €14.7m at 30 June 2022.

Consolidated balance sheet

- WCR back to the normal pre-Covid crisis levels
- Equity boosted by the net income of the first-half year
- Financial debt ratios occasionally penalised by the consolidation of Maspica (Italy) and Safety Link (Australia) over just six months in 2022

ASSETS

in millions of Euros	30.06.2022	31.12.2021	Change
Goodwill	200.0	153.0	+47.0
Intangible assets	2.3	1.6	+0.7
Property, plant and equipment	45.1	30.6	+14.5
Rights of use	27.6	28.0	-0.4
Other financial assets	2.8	2.3	+0.5
Deferred tax assets	3.1	4.1	-1.0
Fixed assets	280.9	219.6	+61.3
Stocks	118.8	91.2	+27.6
Trade receivables	74.9	60.6	+14.3
Other receivables	28.1	18.7	+9.4
Available funds	55.0	55.5	-0.5
Current assets	276.8	226.0	+50.8
Total assets	557.7	445.6	+112.1

LIABILITIES

in millions of Euros	30.06.2022	31.12.2021	Change
Capital	3.7	3.7	-
Treasury shares	-6.1	-6.0	-0.1
Reserves & consolidated income	219.0	197.6	+21.4
Non-controlling interests	0.4	-0.2	+0.6
Shareholders' equity	217.0	195.1	+21.9
Non-current financial liabilities	133.0	86.7	+46.3
Non-current rental liabilities	21.7	22.6	-0.9
Commitments given to employees	1.2	1.4	-0.2
Non-current provisions	1.3	1.3	-
Non-current liabilities	157.2	112.0	+45.2
Trade payables	50.1	43.3	+6.8
Tax and social security liabilities	24.7	20.7	+4.0
Other liabilities	10.5	8.4	+2.1
Current financial liabilities	91.7	60.1	+31.6
Current rental liabilities	6.5	6.0	+0.5
Current liabilities	183.5	138.5	+45.0
Total liabilities	557.7	445.6	+112.1

From a balance sheet perspective, the first half of 2022 enabled the Group to maintain a sound financial structure.

Operating Working Capital Requirement has returned to the pre-Covid-19 crisis levels.

It amounted to 131 days of turnover at 30 June 2022 compared with 107 days at 31 December 2021, penalised at 30 June 2022 by the consolidation of Maspica and Safety Link, which have contributed to only six months of the turnover of the last twelve months. Adjusted for this one-off impact, the normal WCR is 123 days.

Debt ratios remained at very satisfactory levels despite the acquisitions made over the last few months, all funded through bank loans. Net bank debt (€159.4m) represents 73% of equity (compared to 47% six months ago) and 2.9 times last twelve months' EBITDA (compared to 1.7 at 31 December 2021).

These indicators were also penalised at 30 June by the consolidation of Maspica and Safety Link over just six months. The Group expects leverage to be close to 2.5 times the trailing twelve month EBITDA at 31 December 2022.

Finally, shareholders' equity increased by €21.9m over the half-year to €217.0m. The impact of the net income for the first six months of 2021 (+€15.2m) is partially offset by the dividend payment made in June 2022 (-€7.9m). Equity also benefited from positive exchange rate impacts in the first half-year (+€9.9m).

Outlook for 2022

- **Confirm positive organic growth in turnover in 2022**
- **Successfully consolidate Maspica and Safety Link, acquired in the first quarter of 2022**
- **Defend the level of operational profitability in an unfavourable context**
- **Confirm the strength of the Group's financial structure during this period of uncertainty**

Since 2020, Delta Plus Group has proven its ability to limit the impact of the Covid-19 crisis on its business and at the same time pursue a proactive acquisition policy, confirming, through 8 acquisitions finalised since the beginning of 2020, its strategy of deploying in areas with strong growth potential and high value-added businesses.

The Group starts 2022 with dynamic organic growth of more than 4%, confirming the trend of the second half of 2021, while benefiting from a slightly favourable base effect.

The first few months of integration of the newly acquired subsidiaries (contribution of close to €25m to the turnover in the first half of the year) are satisfactory and confirm the stated initial objective of a perimeter effect of around 13% for the full year.

Furthermore, for 2022, the Group expects continued organic growth in turnover, despite the highly uncertain macroeconomic and geopolitical environment.

Indeed, the first half of the year was marked by events that make the short-term profitability level uncertain for the rest of 2022: war in Ukraine, strict lockdowns in China, persistent significant inflationary pressures affecting commodity and energy prices in particular, and significant variations in the exchange rates of the world's main currencies.

In this context, the Group is taking all measures to limit the impact of these significant events on the operating profitability level and defend a level of results that is in line with previous years.

In addition, the Group aims to maintain a solid financial structure that will enable it to finance its development, particularly in the context of its strategy to move upmarket and strengthen its geographical position.

Next publication: Turnover for 3rd quarter 2022
Monday, 7 November 2022, after trading

About DELTA PLUS

Delta Plus Group designs, standardizes, manufactures, or has manufactured and distributes a complete range of Personal Protective Equipment (PPE). Delta Plus Group is listed on Euronext Growth Paris (ISIN: FR0013283108 - Mnemo: ALDLT)

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