



## Good resilience of results in the first half of 2020 Two transforming acquisitions

- Positive profitability in an unseen context, proving the resilience of the business model
  - EBITDA: €9.8 million
  - EBIT: €4.0 million
  - Net income, Group share: €2.6 million
- Limited impact of health crisis on revenues
- Swift return to production thanks to the agility of the Group and its people
- Transforming acquisitions: F.I.T and Verseidag-Indutex, world leader in PTFE glass materials
- Global leadership strengthened in three of the four priority markets and key position acquired in non-combustible solutions

*"SergeFerrari Group is ideally positioned to tackle this special year and develop its business even more strongly on all four priority markets."*

Sébastien Ferrari, SergeFerrari Group Chairman and CEO, commented: *"The positive profitability achieved in first half of 2020 proves the resilience of our business model. Our Group and its people have demonstrated their agility despite the slowdown caused by the unprecedented world health crisis, which has left no part of the industry unscathed. Under exceptional circumstances, the Serge Ferrari Group has been able to pursue its development while consolidating its world leadership on the Group's markets. In only a few*

*months, we managed to close the acquisition of a world leader in our sector, Verseidag-Indutex, based in Germany, the largest European market. This acquisition will have a far-reaching impact on the Group's future. Thus consolidated, SergeFerrari Group is ideally positioned to tackle this special year and develop its business even more strongly on all four priority markets, while offering brand-new solutions in the field of non-combustible materials."*

SergeFerrari Group (FR0011950682 - SEFER), a leading global manufacturer of innovative flexible composite materials marketed under the SergeFerrari and Verseidag brands, listed on Euronext Paris – Compartment C, today announces its consolidated results for the first half of 2020, ended June 30, as approved by the Board of Directors on September 9, 2020. The Statutory Auditors have conducted a limited review of the consolidated financial statements.

## Main financial indicators

(€m)	H1 2020 (reported)	IFRS 16	H1 2020 (excl. IFRS 16)	H1 2019 (excl. IFRS 16)
Revenues	79.7	---	79.7	101.4
Adjusted EBITDA	12.6	(2.8)	9.8	12.4
EBIT	4.2	(0.2)	4.0	6.5
Net income, Group share	2.5	0.1	2.6	4.2
Net debt	43.5	(28.2)	15.3	4.3
Shareholders' equity	97.9	0.1	98.0	95.1

*Notes:*

*Financial statements published as of June 30, 2020 and June 30, 2019 in application of IFRS 16 (simplified retrospective approach)*

*Adjusted EBITDA: EBIT +/- change in depreciation, amortization and provisions + CVAE*

## Limited impact of health crisis on revenues

The Group posted total H1 2020 revenues of €79.7 million, down 21.4% at current exchange rates and down 21.6% at constant exchange rates from €101.4 million in H1 2019, mainly due to the impact of the COVID-19 pandemic.

Excluding the impact of the loss of revenues due to the La Tour du Pin incident in December 2019, estimated at €5 million for the period, revenues fell by only 16%.

As soon as operations resumed in late January, the SergeFerrari Group made every effort to replenish inventories in order to fulfill customer demand. The Group received partial compensation for the loss of business caused by this incident and recognized this amount in the financial statements for the period.

## Swift return to production thanks to the agility of the Group and its people

In the context of the lockdown measures introduced from March 17, 2020 onwards, top priority was given to employee health and safety. At the French, Italian and Swiss plants that were shut down, production resumed progressively from April 1, 2020 in compliance with mandatory health procedures (social distancing, wearing of masks, etc.). By the end of June 2020, industrial operations had returned to full capacity.

Business resumed gradually during the second quarter of 2020, in line with developments in the health and economic situation, and June yielded promising results.

The Group adjusted and optimized its costs depending on the circumstances, with for example, as of April, the introduction of a furlough scheme resulting in €2.4 million of cost reductions. Projects were prioritized, adjusted or deferred depending on the context and level of customer demand.

## Positive profitability proving the resilience of the business model

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SergeFerrari Group's profit indicators for the first half are all positive. For the period, the adjusted EBITDA excluding IFRS 16 amounted to €9.8 million (€12.6 million as reported). EBIT came to €4.2 million as reported thus €4.0 million excluding IFRS 16. Net income, Group share excluding IFRS 16 came to €2.6 million. These results show that the profitability has been preserved thanks to the resilience of the Group's business model.

There was no change in consolidation scope during the first half, as the announced acquisitions were fully consolidated from July 1, 2020.

The Group posted a solid financial structure as of June 30, 2020, with shareholders' equity of €98.0 million and net debt of €15.3 million excluding the impact of IFRS 16.

The first half reported a €19 million reduction in cash and cash equivalents, including an €8 million initial payment for the acquisition of a 55% equity stake in Taiwan-based F.I.T. Industrial Co. During the period, the Group made use of government measures to defer social security contributions for an amount of €2.7 million. Finally, besides investments in intangible assets and property, plant and equipment totaling €4.4 million, the Group's working capital increased by €11.5 million, mainly due to the inventory replenishment required after the business interruptions in December and January.

## Transforming acquisitions: F.I.T and Verseidag-Indutex, world leader in PTFE glass materials

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On July 29, 2020, SergeFerrari Group announced the signing of a final agreement with the Jagenberg AG Group for the acquisition of Verseidag-Indutex.

Located in Krefeld, Germany, Verseidag-Indutex, the world leader in PTFE glass materials, operates on the Tensile Architecture and Modular Structures markets. The company also operates in the sectors of Industrial, Solar Protection for the Building and Automotive industry, Biogas and Large Format Digital Printing.

Verseidag-Indutex posted 2019 revenues of €72 million. The company currently employs around 250 people located on its four industrial facilities in and around Krefeld and has sales subsidiaries covering geographical areas: Europe, including Germany, the largest European market, USA, the Middle East and Hong Kong.

This transforming acquisition follows on from the purchase of a 55% equity stake in Taiwan-based F.I.T, a designer, manufacturer and distributor of high-tech non-combustible materials. The investment in F.I.T allows SergeFerrari Group to expand its non-combustible materials offering, a high value-added field of product innovation intended primarily for the tensile architecture market. F.I.T generated revenues of around €12 million in 2019 from a base of around 100 customers in 15 countries.

In order to fund these acquisitions, as well as the investment program, the 2020-2022 capital expenditure and to refinancing existing debt, SergeFerrari Group, in July 2020, contracted loans totaling €75 million with its relationship banks in addition to €30 million of bond financing with Euro PP lenders. As part of these new financing set up, the company renegotiated covenants adapted to the environment and to the new consolidated entity. These facilities will be drawn gradually depending on requirements. It should be noted that the Group did not apply for a State-guaranteed loan during the period.

## Global leadership strengthened in three of the four priority markets and key position acquired in non-combustible solutions

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The transforming acquisition of Verseidag-Indutex allows SergeFerrari Group to strengthen its international leadership and strategic positioning in three of its four priority business segments. The combined force of both acquisitions will make Serge Ferrari a key player in the field of non-combustible solutions. SergeFerrari Group and Verseidag-Indutex's business activities are highly complementary in terms of product ranges, production structures and sales networks, which will generate significant synergies, increase sales development potential and boost the current profitability of the Group.

In view of traditional seasonality and current economic conditions, first half revenues and results do not prejudice those of the second half of the year. In view of these circumstances and the encouraging but contrasted business recoveries (depending on the sectors and regions), it is currently not possible to estimate full year 2020 revenues nor the profitability of the newly formed Group.

The priority for the second half will be the integration plan and developing synergies with the newly Group formed with Verseidag-Indutex. The synergy program, already underway, will focus on product ranges, geographical presence, manufacturing and business and market expertise.

The SergeFerrari Group is confident in its long-term roadmap and vision geared towards increasing profitability and driving growth, thanks to its world leading position on its markets, strengthened by the acquisitions completed and the quality of its range of solutions combining durability, security, design, comfort and eco-responsibility.

## Calendar

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- The Company will hold its half year results presentation for analysts and investors on **Thursday, September 10, 2020 at 10 am, in French only**. To join the conference call, please dial +33 (0)1 70 71 01 59 and then enter the connection code: 96 38 81 07#. To see the online slideshow, go to : [anywhereconference.com](http://anywhereconference.com)
- **Next financial press release:** Q3 2020 revenues, **Wednesday, October 28, 2020** after market close.

### **ABOUT THE SERGE FERRARI GROUP**

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The Serge Ferrari Group designs, develops, and manufactures innovative composite materials for lightweight architectural and outdoor applications in a global market estimated by the Company at around €6 billion. The unique characteristics of these products make them ideal for technical applications in three fields: architecture, specialties for industry professionals, and composite membranes for the consumer market. Its main competitive advantage is based on the implementation of differentiating proprietary technologies and know-how. Marketing its products under two brands, Serge Ferrari and Verseidag, the Serge Ferrari Group is a leading global supplier of composite materials for Tensile Architecture, Modular Structures and Solar Protection. The Group has manufacturing facilities in France, Switzerland, Germany, Italy and Asia. Serge Ferrari operates in 80 countries via subsidiaries, sales offices and a worldwide network of over 100 independent distributors.

In 2019, Serge Ferrari posted consolidated revenues of €189 million, 75% of which was generated outside France. The SergeFerrari Group share is listed on Euronext Paris – Compartment C (ISIN: FR0011950682). The SergeFerrari Group share is eligible for the French PEA-PME and FCPI investment schemes. [www.sergeferrari.com](http://www.sergeferrari.com)

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