Press release

Strong growth in first half results

- Improvement in EBIT, up 35.9% to €6.5 million
- Robust financial structure and increase in cash flow generation

Saint-Jean-de-Soudain, September 11, 2019, 5:45 pm CEST – SergeFerrari Group (FR0011950682 - SEFER), designs, manufactures and distributes innovative flexible composite materials and is listed on Euronext Paris – Compartment C. The Group today announces its consolidated first half results for the six months ended June 30, 2019, as approved by the Board of Directors on September 11, 2019. The Statutory Auditors have conducted a limited review of these consolidated financial statements.

Sébastien Ferrari, SergeFerrari Group Chairman and CEO, stated: "*First half results are in line with our priority goals of achieving full-year revenue growth in the range of 4.5% and improving profitability. At this stage of the year, first half revenue growth across all regions, tight cost control and our robust financial position, combined with the Group's ongoing transformation policy, all contribute to the positive trend in our performance for 2019.*"

Main financial indicators

(€m)	H1 2019 (reported)	IFRS 16	H1 2019 (comparable to H1 2018)	H1 2018
Revenues	101.4	-	101.4	96.6
Adjusted EBITDA	15.3	(2.9)	12.4	9.7
EBIT	6.5	0,0	6.5	4.8
Net income, Group share	4.1	(0.1)	4.2	0.9
Net financial debt	32.0	(27.7)	4.3	7.1
Shareholders' equity	95.0	(0.1)	95.1	88.9

Note: First half 2019 financial statements including first-time application of IFRS 16 (simplified retrospective approach) without restatement of the comparative period

Revenues up 4.4% to €101.4 million at constant exchange rates

For the first half of 2019, the Group reported organic revenue growth of 4.4%, broadly in line with its annual target of 4.5% at constant exchange rates.

First half currency movements impacted revenues by +0.5% (down 2.1% in 2018).

The business consolidation scope did not change during the first half. Price and new-products mix effects contributed 2.9% to first half sales growth.

At constant exchanges rates, the three regions (Europe, Americas, Asia-Africa-Pacific) made good progress in the first half of the year, with a particularly strong performance in the Asia-Africa-Pacific region driven by the roll-out of architecture and infrastructure projects.

Improvement in EBIT, up 35.9% to €6.5 million

Adjusted EBITDA amounted to €12.4 million after neutralizing the IFRS 16 impact, i.e. an EBITDA margin of 12.2% of revenues versus 10.1% in H1 2018.

EBIT came to €6.5 million, up 35.9%, driven by first half revenue growth, cost control (especially sales costs), the decrease in non-recurring expenses and the stabilization of raw material costs in the first half of 2019.

Industrial activity and load rates at the French plants in La Tour du Pin were satisfactory during the first half of the year. In Switzerland, the Group continues its drive to improve the use of its industrial capacities.

Financial structure and cash flow generation

The Group posted a strong balance sheet as of June 30, 2019, with shareholders' equity amounting to €95.0 million and net debt of €4.3 million after after neutralizing the IFRS 16 impact.

In addition to the improvement due to revenue growth, the change in operating cash flow was driven by optimized management of working capital requirements, which amounted to 42% of sales as of June 30, 2019 versus 44.4% in 2018.

Organizational changes in line with strategy

SergeFerrari Group continues to transform its organization with three objectives in mind:

- Increase the efficiency and profitability of its commercial investments;
- Enhance the agility of its structures in a more complex environment;
- Continue the transformation in line with its strategic objectives.

The sales, marketing and communications functions, previously grouped under the same department, have been reorganized into a less pyramid-like structure, promoting faster action. Each of these functions is now represented on the Executive Committee. The regional structure of the sales functions has been strengthened, making them more agile.

In this context, Hervé Trellu, Vice President Sales and Marketing, will leave the Group on September 30, 2019. His duties have been reassigned within the new organizational structure.

With these changes, Serge Ferrari prioritizes internal promotion and the introduction of more collaborative organizational methods.

Outlook

SergeFerrari Group's priorities for 2019 are to achieve organic revenue growth in the range of 4.5% and step up commercial and operational efficiency. Both these targets are confirmed.

First half business growth coupled with tightened cost control and more rigorous selection of development projects allow the Group to confidently confirm its target to significantly improve its operating margin in 2019.

Besides the improvement in operating income, 2019 net income Group share benefits from the absence of non-recurring expenses related to the closure of the Vinyloop unit, which amounted to €2.04 million in 2018.

To sum up, the Group has a strong financial position and will continue to review acquisition opportunities specifically intended to strengthen its commercial, product and technological bases.

Calendar

The Company will hold its half year results presentation for analysts and investors on Thursday, September 12 at 8:30 am in Paris. For more details, contact: sferrari@newcap.eu.

Next financial release: Q3 2019 revenues, **Thursday, October 24, 2019** after market close

ABOUT SERGE FERRARI

The Serge Ferrari Group designs, makes and distributes high-tech eco-responsible flexible composite materials in a global market with an estimated medium-term value of €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. The Group has three production sites: one in France and two in Switzerland. Serge Ferrari operates in 80 countries via eight subsidiaries (USA, Japan, Hong Kong, Brazil, India, China, Turkey and Germany), two sales offices (Spain and Dubai), the distribution business of the Giofex Group in Europe, and a network of over 100 independent distributors world-wide.

At the end of 2018, Serge Ferrari posted consolidated revenues of €185 million of which 75% was achieved outside France. The company SergeFerrari Group is listed on Euronext Paris – Compartment C (ISIN code: FR0011950682). The SergeFerrari Group share is eligible for PEA-SME and FCPI Investment.
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