



Press release

Serge Ferrari Group announces sharp growth in Full Year 2019 results

- Total Group revenues at constant exchange rates up in all regions;
- EBIT x 2,6 at comparable accounting standards;
- Successful refocusing of resources on the four strategic priority market segments;
- Improvement in commercial and operational performance;
- Limited impact of Coronavirus (Covid-19) on 2020 revenues to date and measures to secure supplies implemented;
- Group non-combustible materials offering bolstered by Taiwan acquisition

Saint-Jean-de-Soudain, March 11, 2020, 5:45 pm CET – SergeFerrari Group (FR0011950682 - SEFER) designs, develops and manufactures innovative composite fabrics for lightweight architectural and outdoor applications and is listed on Euronext Paris - Compartment C.

On March 11, 2020 the Board of Directors approved the 2019 consolidated financial statements. The Statutory Auditors have conducted a review of these consolidated financial statements.

Audited financial statements (reports currently under preparation)

€m	2019 (reported) ⁽²⁾	IFRS 16	2019 (comparable to 2018)	2018	Change (comparable)
Revenues	189.0	---	189.0	184.9	+2.2%
Adjusted EBITDA ⁽¹⁾	21.6	(6.3)	15.3	10.8	+41.4%
EBIT	7.6	(0.2)	7.4	2.8	x 2.6
Net income/(loss), Group share	4.8	0.2	5.1	(0.1)	n/a
Net cash/(debt)	(22.5)	26.2	3.7	0.7	
Shareholders' equity, Group share	96.7	0.3	97.0	91.2	

(1) Adjusted EBITDA = EBIT + change in depreciation, amortization and provisions + CVAE

(2) First-time application of IFRS 16 (simplified retrospective approach) without restatement of the comparative period

Sébastien Ferrari, Serge Ferrari Group Chairman and CEO, commented: *"The 2019 results validate the strategic choices made by the Group. The focus put on sales growth, targeting priority markets, combined with a cost control and operational efficiency policy have started to bear fruit. Today we are pleased to announce the acquisition of a majority stake in F.I.T, a company based in Taiwan. In accordance with our objective of consolidating our product offering, this transaction bolsters our positioning in non-combustible materials and provides us with new production capacities close to our customers in Asia, a region that plays host to a significant portion of global infrastructure investment."*

Sharp improvement in EBIT to €7.4 million, a 2.6-fold increase from €2.8 million in 2018, with net income at €5.1 million compared to a €0.1 million loss in 2018 (at comparable accounting standards)

Organic revenue growth in 2019 amounted to 2.2% at current exchange rates and 1.6% at constant exchange rates. Excluding the exceptional impact of the December 2019 production interruption, sales growth would have amounted to 3.4% and 2.7% respectively.

Currency movements boosted revenues by 0.6% or €1.3 million. At constant exchange rates, revenues rose in all three Group regions.

The Group, which had recorded non-recurring operating costs of €2.1 million in 2018, also benefited this year from the measures taken to control costs, in particular sales costs, and improve industrial performance. In addition, the price changes applied from January 1, 2019 offset the higher raw materials costs recorded in 2018.

At comparable accounting standards, adjusted EBITDA rose 41.4% to €15.3 million, while EBIT amounted to €7.4 million, compared to €2.8 million in 2018. Net financial expense improved slightly to €0.4 million (from €0.5 million), due to lower interest expense and an improvement in foreign exchange gains.

After a €2.0 million tax expense, 2019 net income, Group share amounted to €5.1 million, a significant improvement on the €0.1 million loss recorded in 2018.

Lastly, cash flow generation improved over the year and amounted to €3.0 million. Available cash and cash equivalents as of December 31, 2019 was €26.7 million.

Acquisition of a 55% stake in the capital of F.I.T Industrial Co. Ltd (F.I.T)

The Group today announces the acquisition of a 55% stake in the capital of F.I.T, a Taiwanese company that designs, manufactures and distributes high-tech non-combustible materials, through the purchase of securities from the current family shareholders. The acquisition will become effective following its approval by the Taiwanese authorities, currently scheduled for Q2 2020.

In 2019, F.I.T generated revenues of around €12 million from a base of around 100 customers in 15 countries. Founded in 2003, the company was initially involved in the production of glass yarn. It has now developed unique expertise in the manufacture and application of glass/PTFE membranes (non-combustible materials). It employs around 100 people, mainly located at its Chiayi industrial facility in Taiwan.

This acquisition will allow the Group to bolster its offering of non-combustible materials, high value-added innovative products, intended primarily for the tensile architecture market. It will also provide the Group with new production facility in Asia, a region that plays host to a significant portion of global infrastructure investment.

SergeFerrari Group will also make its global specifier and distribution network available to F.I.T for the delivery of these non-combustible materials.

Outlook

As communicated to the market on January 29, 2020, the Group's production line in La Tour du Pin, France, shut down on December 1, 2019, has gradually been brought back into service from January 21, 2020. The Group estimates that H1 2020 revenues could be reduced by around €5 million. The coating line is now fully operational and is delivering performance close to that recorded before the incident.

With regard to Coronavirus (Covid-19), although it is difficult to predict its duration and consequences at this stage, the impact on 2020 Group revenues remains limited to date. Thanks to its vertical integration, the Group has protected itself against supply risk by securing the volumes and prices of its raw materials and by diversifying its supplier network across multiple regions until September 2020. All the safety measures designed to limit travel and the exposure of employees and partners have been put in place.

With the current assumptions regarding the Coronavirus outbreak, the Group confirms that it expects revenues for 2020 of around €195 million at constant consolidation.

In terms of profitability, SergeFerrari Group continues to target an improvement in its operating margin by maintaining a careful policy of cost control and commercial efficiency and by applying a selective approach in its choice of development projects.

Finally, as of December 31, 2019, the Group has a strong financial position enabling it to continue reviewing acquisition opportunities to strengthen its commercial, product and technological bases.

Annual General Meeting

At the General Meeting scheduled for May 14, 2020, the Group will request shareholder approval of a dividend of €0.16 per share to be paid out on June 3, 2020.

Calendar

- Publication of Q1 2020 revenues on Tuesday, April 28, 2020 after market close
- Annual General Meeting: Thursday, May 14, 2020 at 5:00 pm CET

ABOUT SERGE FERRARI

The Serge Ferrari Group designs, develops and manufactures innovative composite fabrics 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. The Group has four production sites in Europe. 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 2019, Serge Ferrari posted consolidated revenues of €189 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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