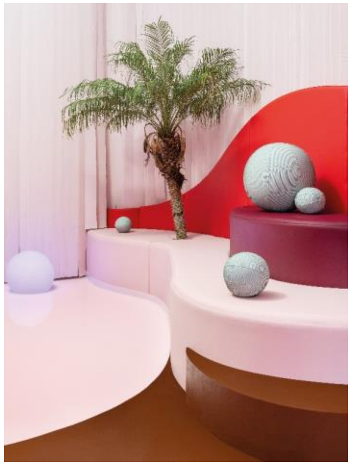
Serge Ferrari


The Camp | France | Tensile architecture

First half 2019 results

A recognized global player on its markets

- The Serge Ferrari Group designs, manufactures and distributes high-tech eco-responsible flexible composite materials for multiple applications

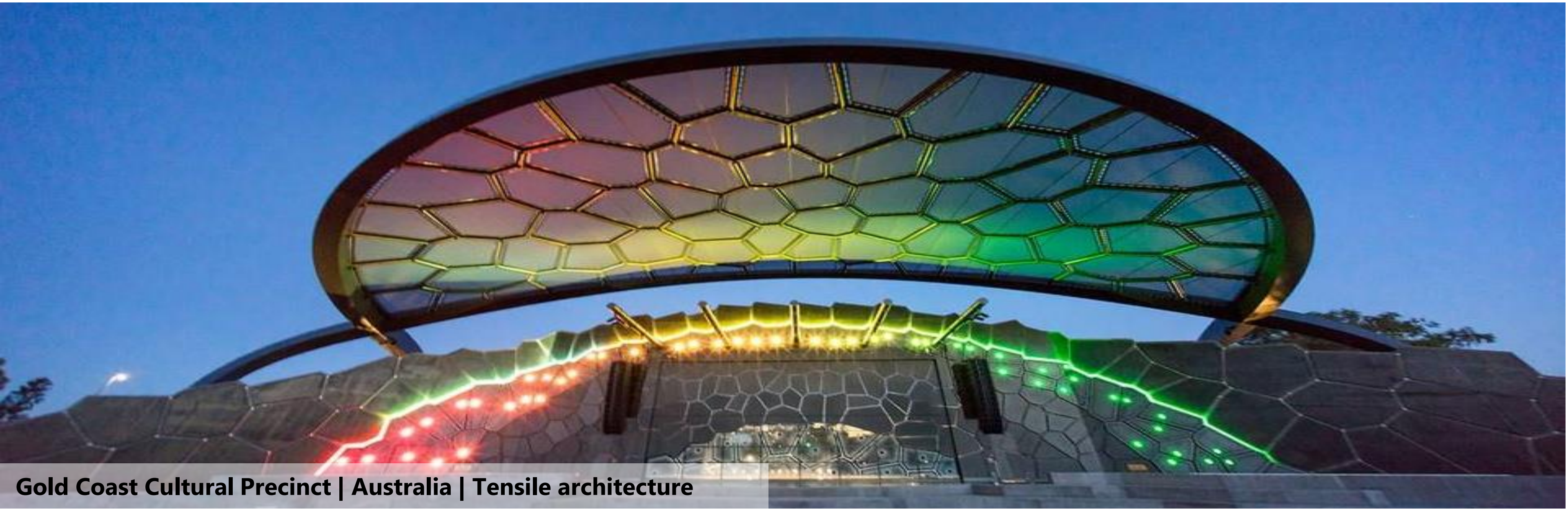


- 3 geographical segments:
  - Europe
  - Americas
  - Asia-Africa-Pacific

75% of sales generated outside France in 2018

- Serving numerous markets, including 4 core segments:
  - Tensile architecture
  - Solar protection
  - Modular structures
  - Furniture and marine

- Extensive portfolio of cutting-edge projects



Gold Coast Cultural Precinct | Australia | Tensile architecture

1 | First half 2019 results

First half key financial data

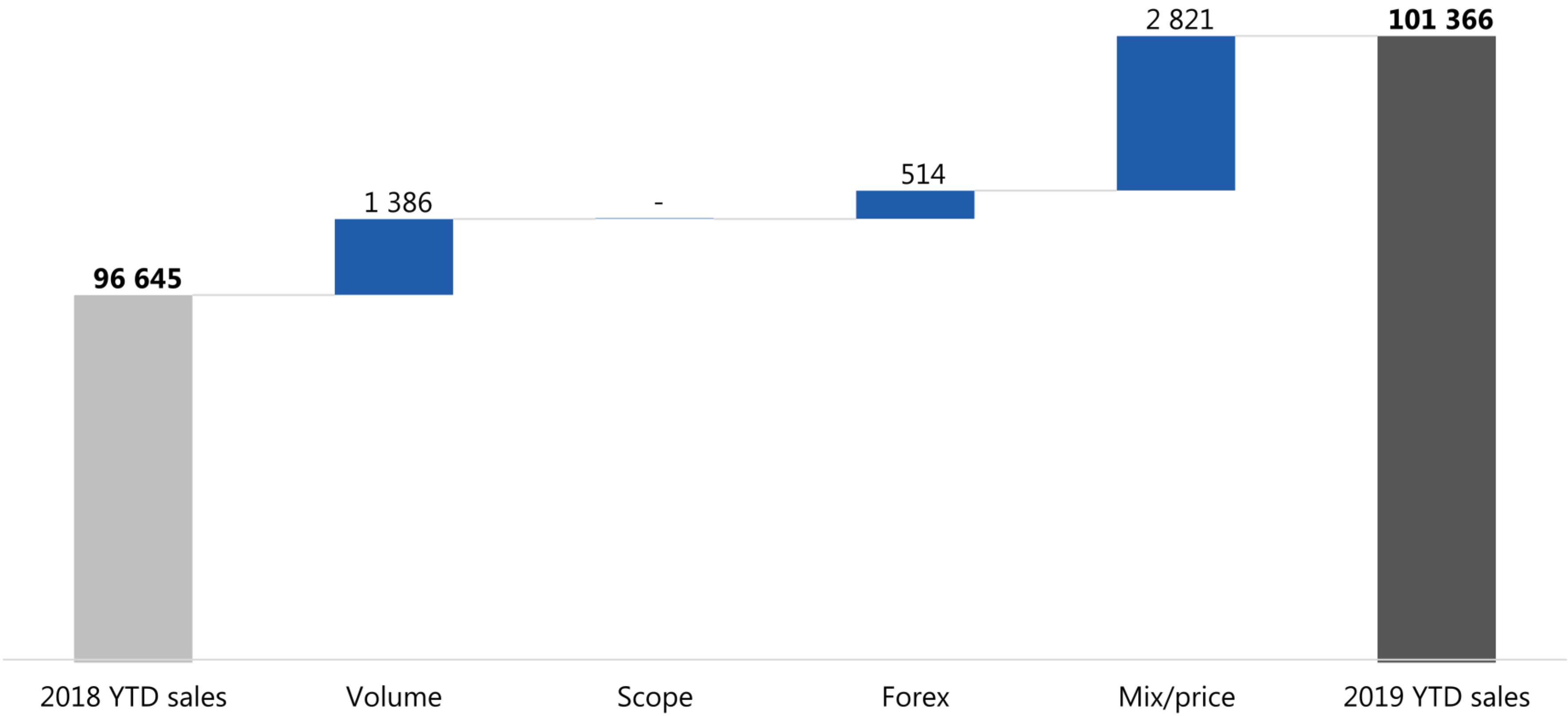
- Group revenues up 4.4% like-for-like to **€101.4m**
- Impact of changes in exchange rates on revenue growth: +0.5% (-2.1% in 2018)
- Contribution of price and product mix effects to growth: 2.9%
- **Consolidation scope unchanged** in H1 2019
- **Net income, Group share of €4.1m** (vs. €0.9m in 2018)
- Improvement in **cash flow generation** vs. 2018
- €592k **dividend** payout
- **First-time application of IFRS 16** (simplified retrospective approach) without restatement of the comparative period

Revenue breakdown by region

€'000	**Q2 2019**	Q2 2018	*Ch. at current exchange rates*	*Ch. at constant exchange rates*	**H1 2019**	H1 2018	*Ch. at current exchange rates*	*Ch. at constant exchange rates*
Total revenues	**55,162**	52,904	*4.3%*	*3.6%*	**101,366**	96,645	*4.9%*	*4.4%*
Europe	**42,327**	41,202	*2.7%*	*2.9%*	**78,489**	77,445	*1.3%*	*1.5%*
Americas	**5,814**	5,051	*15.1%*	*8.8%*	**9,370**	8,498	*10.3%*	*4.1%*
Asia-Africa-Pacific	**7,021**	6,651	*5.6%*	*4.1%*	**13,507**	10,702	*26.2%*	*24.9%*

- Organic growth of 4.4% at constant exchange rates, in line with full-year organic growth target of 4.5%
- Solid growth in all 3 regions, particularly in **Asia-Africa-Pacific** fueled by architecture and infrastructure projects
- **Europe**: slight growth despite a negative base effect particularly in Germany, which benefited from major projects in 2018
- **Americas**: recovery from effects of Q1 2019

Change in revenue (€'000)



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Simplified consolidated income statement

(€'000)	H1 2019 (Reported)	IFRS 16	H1 2019 (comparable to H1 2018)	H1 2018*
Revenues	101,366	-	101,366	96,648
Adjusted EBITDA	15,258	2,901	12,357	9,734
Adjusted EBITDA as a % of revenues	*15.1%*		*12.2%*	*10.1%*
EBIT	6,547	83	6,464	4,817
EBIT as a % of revenues	*6.5%*		*6.4%*	*5.0%*
Net financial expense	(419)	(271)	(148)	(520)
Tax	(1,941)	87	(2,027)	(1,338)
Other items	(65)	-	(65)	(2,056)
Net income, Group share	4,122	(101)	4,224	903

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

* First half 2019 financial statements including first-time application of IFRS 16 without restatement of the comparative period

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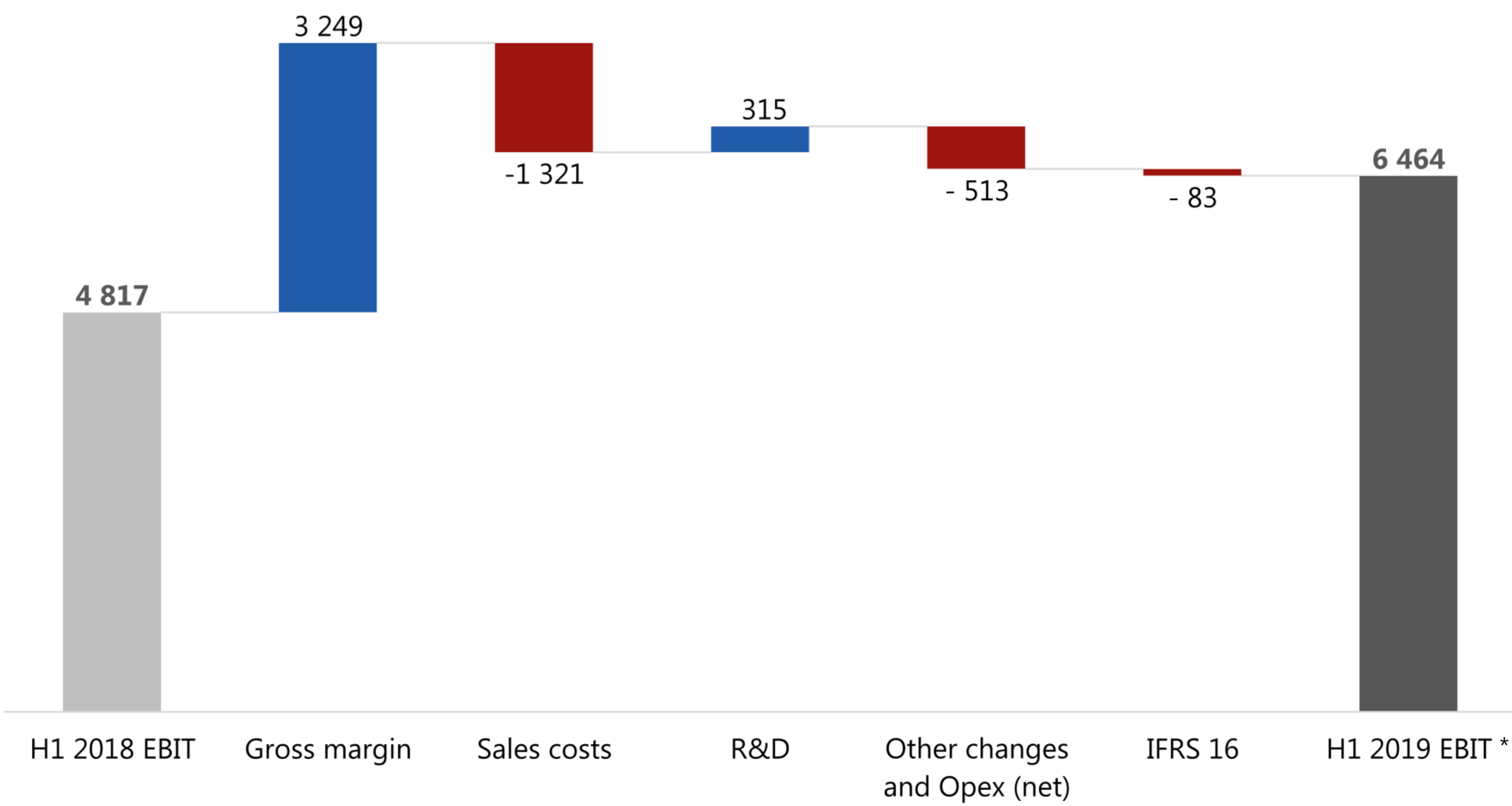
Change in EBIT (€'000)



*H1 2019 EBIT comparable to 2018
First half 2019 financial statements have been established including first-time application of IFRS 16 without restatement of the comparative period

IFRS 16 | Application of the simplified retrospective approach

Balance sheet impact

Opening

- Recognition of a **total liability of €7,912k** as of January 1, 2019 corresponding to the present value of future lease payments until the expiry of the lease
- Recognition of a right-of-use asset of **€7,912k corresponding to the leased assets** (€4,912k of non-current liabilities and €3,000k of current liabilities)

Over the period

- Streamlining of real estate leases as 3-6-9 rental agreements
- Recognition of an **asset** and corresponding **liability** amounting to **€22,524k**

P&L impact

€188k reduction in H1 2019 EBIT

- Cancellation of rent payments (stated under external expenses) totaling **€2,984k**
- Recognition of **€2,901k D&A charges**
- Recognition of **€271k financial expenses**

CFS impact

- Operating cash flow: **€2,901k D&A charges**
- Operating cash flow: **€271k financial expenses**
- Cash flow from financing: **€2,713k borrowings repayment**

Group financial structure

The Company received confirmation from its banks allowing it to continue ***calculating covenant ratios using data without IFRS 16***

- EBITDA excluding IFRS 16 D&A charges: €12,357k (12.2% of H1 2019 revenues)

- **Net financial debt excluding lease financial liabilities**
  - Net financial debt at June 30, 2019: €32,019k
  - Lease financial liabilities: €(27,692)k
  - Net financial debt excluding IFRS 16: €4,327k

- **Shareholders' equity excluding impact of IFRS 16**
  - Impact on income statement before tax: €(188)k
  - Theoretical average H1 2019 tax rate: 32.02%
  - Post-tax impact on shareholders' equity: €(101)k

Analysis of IFRS 16 impact

Change in debt

(€'000)	Reported at June 30, 2019	Transition to IFRS 16 at Jan 1, 2019	New leases H1 2019	H1 2019 forex impact of new leases	H1 2019 payments	June 30, 2019 Excl. IFRS 16
Non-current	16,425	(4,912)				
Current	38,145	(3,000)				
Total debt	**54,570**	**(7,912)**	**(22,524)**	**31**	**2,713**	**26,878**
Cash & equiv.	(22,551)					(22,551)
Net debt	**32,019**					**4,327**

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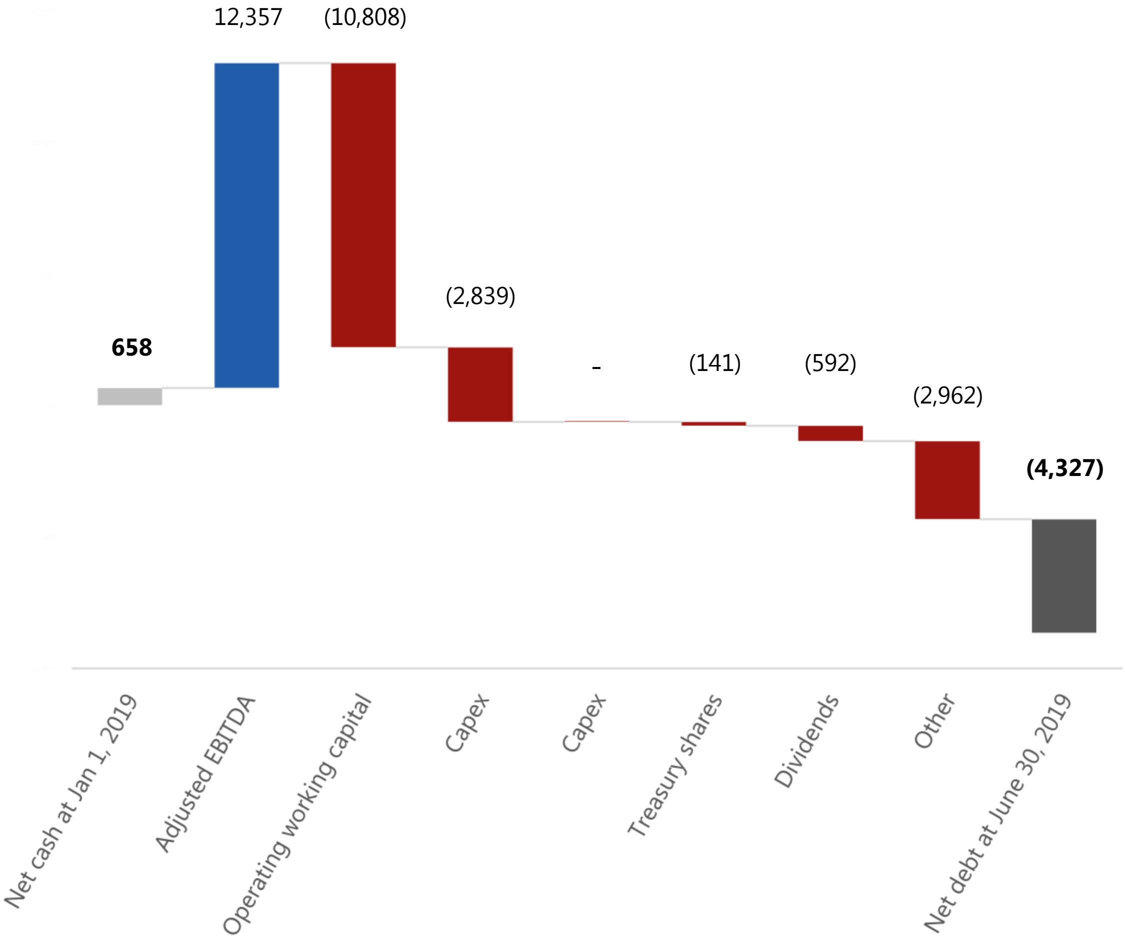
Net income, Group share	4,122	(101)	4,224

Change in cash flow (€'000)



(€'000)	H1 2019	H1 2018
Adjusted EBITDA	12,357	9,734
Operating working capital	(10,808)	(15,514)
Capex	(2,839)	(2,704)
Financial investments	-	(2,448)
Treasury shares	(141)	(3,996)
Dividends	(592)	(949)
Other items	(2,962)	(4,071)
Net cash / (debt) at June 30, 2019	(4,327)	(7,052)
Net cash / (debt) at Jan 1, 2019	658	12,896
H1 2019 cash outflow	(4,985)	(19,948)

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Changes in working capital

Group consolidated

(€'000)	June 30, 2018	June 30, 2017	Change in working capital	June 30, 2019	Dec 31, 2018	Change in working capital
Operating working capital	**79,889**	**64,375**	**15,514**	**79,602**	**68,794**	**10,808**
Operating working capital (% of sales)	*44.4%*	*37.4%*		*42.0%*	*37.2%*	
Trade receivables	49,418	37,832		49,301	38,912	
Inventories	59,653	54,720		58,615	55,947	
Trade payables (adj.)	(29,182)	(28,177)		(28,314)	(26,065)	

Total Group DSO

	June 30, 2019	June 30, 2018
DSO (days)*	**79.1**	82.8

* DSO for the entire Serge Ferrari Group: standalone + acquisitions since 2016: Giofex, Plastitex and Ferramat


Utrecht bus station | Netherlands | Tensile architecture

2 | Business review

H1 2019 business overview

- **Product offering refocused on profitability** in the 4 core market segments (Tensile Architecture, Solar Protection, Modular Structures, Furniture and Marine)
- Revenue growth in **all geographical areas**
- Use of **industrial capacity**:
  - Satisfactory in France
  - Continued streamlining in Switzerland
- Sales, marketing and communications **reorganized**
- **Ongoing targeted innovation policy**

Market information by region

1. Europe

- 3 Serge Ferrari subsidiaries: Germany, Turkey and Sweden
- 1 sales office in Spain
- Markets: tensile architecture, solar protection, modular structures, furniture and marine
- Giofex distribution network (6 subsidiaries)

+1.5%
LFL

H1 2019 revenue growth vs. H1 2018

Château La Coste | France | Tensile architecture

Coventry Sports Facility | UK | Modular structure

Market information by region

2. Americas

- 2 Serge Ferrari subsidiaries: USA and Brazil
- Markets: tensile architecture, solar protection, modular structures, furniture and marine

+4.1%
LFL

H1 2019 revenue growth vs. H1 2018

Courtyard Shade offices | USA | Solar protection

Parque Guadiana | Mexico | Tensile architecture

Market information by region

3. Asia–Africa–Pacific

- 4 Serge Ferrari subsidiaries: Japan, Hong Kong, India, China
- 1 sales office in Dubai
- Markets: tensile architecture, modular structures

+24.9%
LFL

H1 2019 revenue growth vs. H1 2018

Kertajati Airport | Indonesia | Tensile architecture

Chrifia Golf Clubhouse | Morocco | Tensile architecture

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Sales, marketing and communications reorganized

THREE OBJECTIVES

1.
Increase the efficiency and profitability of commercial investments

2.
Enhance the agility of structures in a more complex environment

3.
Continue the transformation in line with strategic objectives

▶ **Optimized sales structure**

Strengthened geographical structure

EUROPE | **AMERICAS** | **ASIA-AFRICA-PACIFIC**

- **9 subsidiaries & 2 sales offices** covering **80 countries**
- **Over 100** independent **distributors** worldwide
- **Giofex distributor for Europe**

▶ More decentralized structure corresponding to the Group's **entrepreneurial spirit**

- A more agile structure
- **Collaborative** organizational methods
- **Expanded** 10-member **Executive Committee**
- Strengthened **Marketing and Communications** departments reporting directly to senior management

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Ongoing targeted innovation policy

Key figures

4.5%
of revenues allocated to R&D

5%
of Group workforce

>40
patents registered

3
research centers in France and Switzerland

Organizational system structured to:

- Deliver a fast response to specific customer requirements
- Develop and prepare market-expected innovations with optimized deadlines

Innovation focused on specific areas:

- Non-combustible membranes
- Constantly improving membrane lightness, flexibility and transparency
- Innovative solutions for modular structures
- Developing specific high-end membranes for the outdoor market

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Gotha Cosmetics | Italy | Tensile architecture

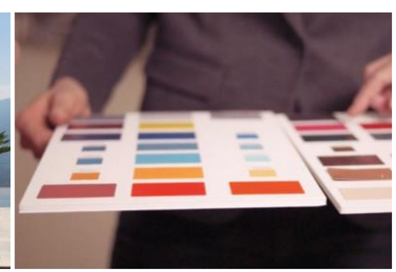
3 | Conclusion

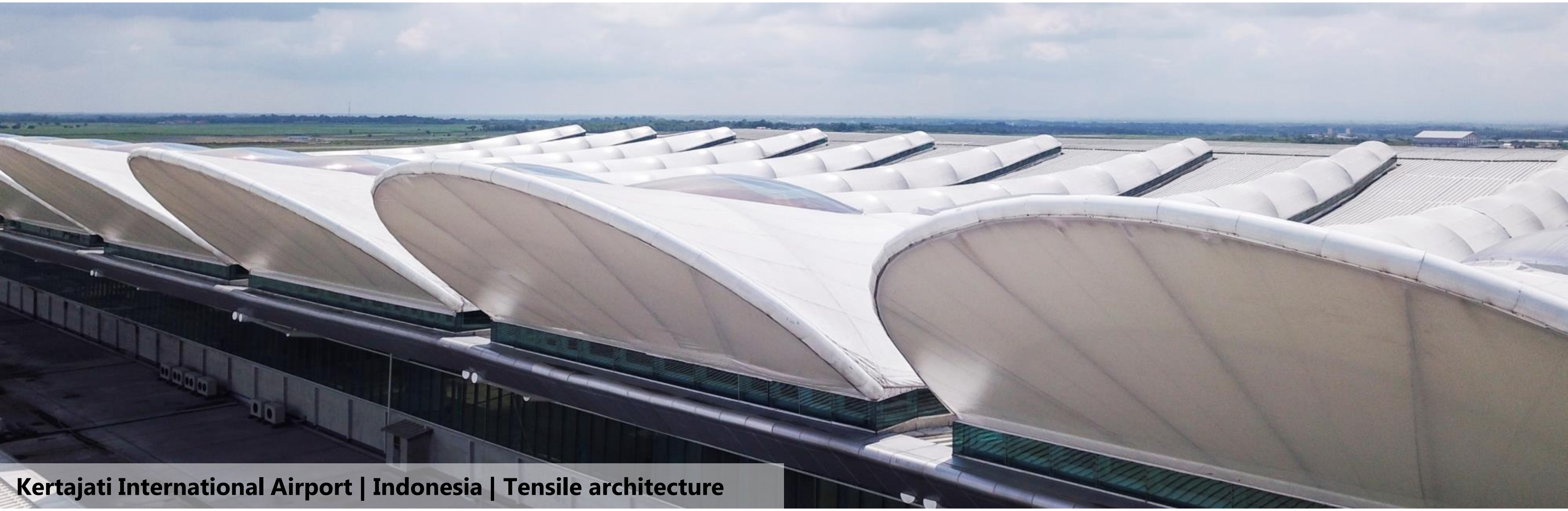
Outlook and strategy

1. **Organic growth**
   - Deliver growth in the range of 4.5%
   - Rigorous selection of development projects
2. **Operating profitability**
   - Cost control
   - Step up commercial and operational efficiency
3. **Acquisitions**
   - Strong financial structure allowing the Group to consider potential acquisitions
   - Target companies with synergy potential in sales, production or technology

Target of sharp improvement in operating profitability confirmed





Kertajati International Airport | Indonesia | Tensile architecture

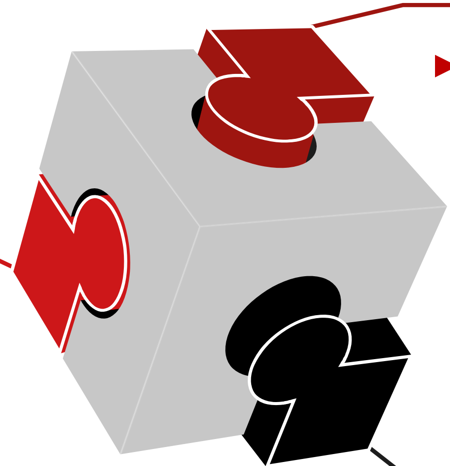
4 | Appendices

Serge Ferrari

CSR policy

Apply our values and principles at the Company

- by improving occupational safety
- through ongoing training
- by implementing continuous improvement plans
- by prioritizing quality at work



Develop and promote eco-friendly products and solutions

- via technologies constantly geared towards low-impact solutions:
  - energy efficiency
  - green buildings

Processes underpinned by lean management and R&D

- A fundamental commitment to our:
  - employees,
  - suppliers,
  - customer partners

Shareholder diary

LISTING

Euronext Paris - Compartment C
ISIN code: FR0011950682
Symbol: SEFER
Eligible for SME personal equity plan & innovation mutual fund investment

STOCK MARKET

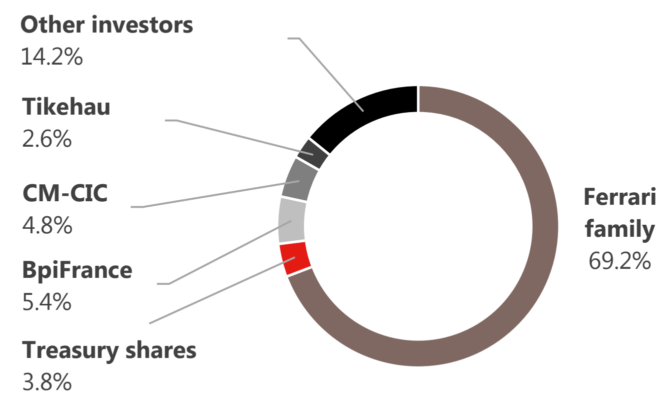
Number of shares (at Dec 31, 2018):	12,299,259
Market capitalization at Aug 31, 2019:	€70.1m
High since Jan 1, 2019:	€6.45
Low since Jan 1, 2019:	€4.90

NEXT PUBLICATIONS (released after close of trading)

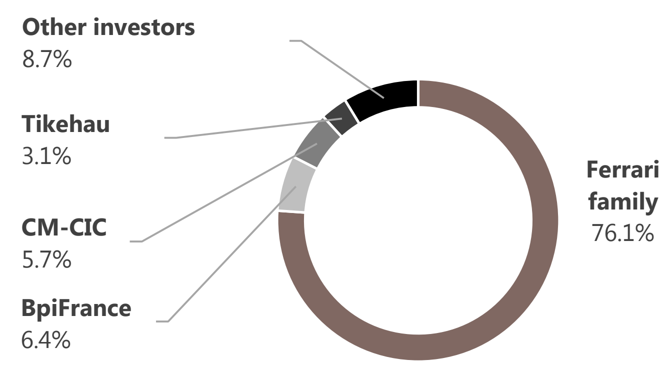
Q3 2019 revenues	Thursday, October 24, 2019
Q4 2019 revenue	January 29, 2020
FY 2019 results	March 11, 2020
General Meeting	May 14, 2020

SHARE OWNERSHIP AT DEC. 31, 2018

Number of shares



% of voting rights



Miramas Stadium | France | Tensile architecture

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