Press release

Saint Jean de Soudain, July 26, 2018

Q2 2018 revenues up 9.8%

SergeFerrari Group (FR0011950682) designs, manufactures and distributes innovative flexible composite materials and is listed on Euronext Paris - Compartment C.

Revenue breakdown by region (unaudited)

(€000s)	Q2 2018	Q2 2017	Change at current exchange rates	Change at constant exchange rates	Q1 2018	Q1 2017	Change at current exchange rates	Change at constant exchange rates
Europe	41,202	36,753	12.1%	13.0%	77,445	68,974	12.3%	13.1%
Americas	5,051	5,171	-2.3%	5.6%	8,498	9,272	-8.3%	1.1%
Asia - Africa - Pacific	6,651	6,250	6.4%	10.0%	10,702	10,721	-0.2%	3.3%
Total revenues	52,904	48,174	9.8%	11.8%	96,645	88,967	8.6%	10.7%

The Group finalized the introduction of its new sales organizational structure for each geographical region during H1 2018, and adjusted its reporting and performance monitoring process accordingly. The purchased business activities (Giofex, Milton, Ferramat and Plastitex), together with the Group's other business activities, which are almost exclusively conducted in Europe, have also been broken down according to the new geographical regions.

Q2 2018 business volumes: €52.9 million, up 11.8% at constant exchange rates

The Group's total sales increased by 5.6% on a like-for-like basis compared with the second quarter of 2017. The impact of the fluctuation in exchange rates on the change in revenues remained significant during the second quarter, reducing revenues by 2.0%, an improvement from the negative currency impact of 2.1% recorded during the first quarter of 2018.

In **Europe**, 8.1% of the 13.0% increase in sales at constant exchange rates was due to the change in consolidation scope linked to Plastitex, a company that has been consolidated since October 1, 2017, and which generates all of its sales in Europe. The 4.9% like-for-like increase in sales was based on the performance that was primarily achieved in the Architecture segment in Turkey, and in Russia and Italy.

Revenues for the **Americas** region included the sales generated in North America, which increased by almost 8% at constant exchange rates, in Central America, and in South America.

Sales in the **Asia-Africa-Pacific** region increased by 10% at constant exchange rates, including a strong performance from the Architecture segment in India.

Revenues from Serge Ferrari materials increased by 6% at constant exchange rates, and by 4% at current exchange rates during the second quarter of 2018.

Q1 2018 business volumes: €96.6 million, up 10.7% at constant exchange rates

As forecast, the Group's sales in the first half of 2018 were significantly affected by the unfavorable trend in exchange rates against the euro, primarily for the amounts invoiced by the Group in US dollars and Swiss francs, but also for the invoicing currencies of the subsidiaries that began operating on their local market in India and China during 2017. The overall adverse impact of exchange rates was a loss of€1.8 million and a 2.1% reduction in revenues in Q1 2018.

Changes in the consolidation scope (consolidation of Plastitex) accounted for 6.9% of the 8.6% increase in revenues at current exchange rates.

Serge Ferrari materials were on show during the World Cup in Russia: the Rostov-on-Don Stadium hosted four matches in the Group Phase and a Round of 16. The roof of this stadium was built by one of the Group's Turkish customers using a Flexlight Xtrem TX 30 membrane, which is highly resistant and particularly suited to the region's climate (ability to withstand large amounts of snow and high winds). In addition to its aesthetic qualities, the choice of the membrane took into account its extreme durability (of over 30 years), its resistance to dirt, thanks to the cross-linked PVDF coating, and its GOST (fire standard required for large projects in Russia) certification.

Outlook

Even though the Group is reaping the benefits of its international development, the H1 results will be materially affected by the shutdown of the Vinyloop recycling unit, in which the Group held a 40% interest, as stated in the Group's press release published on June 28, 2018.

The costs resulting from the shutdown of the Vinyloop unit are expected to amount to around €2.5 million in terms of income from equity associates at June 30, 2018. Meanwhile, future financial years will benefit from the favorable impact of eliminating the costs of the gathering and recovery performed by Texyloop (€1.2 million in 2017), and the contribution to operating losses made by Vinyloop (€1.0 million in 2017 under income from equity associates).

Romain Ferrari made the following comments regarding the prospects for recycling at the Group:

"The shutdown of the Vinyloop joint-venture is leading the Group to reinvent its circular economy, and to move to recycling 4.0. The recycling offering made to the Group's customers adds value. Experience teaches us that we need to leave large multi-process chemical plants behind, in order to set up less intensive and more targeted outlets, with a new sales and business model, and a new process applied on a different scale. We have most of the necessary patents, and are focusing on small custom-built units for a specific purpose, which have lower costs, and a higher performance, and where management is decentralized.

By refocusing on recycling only its own products, and no longer products that vary significantly (such as cables and tarpaulins, for example), the Group will be able to use less intensive and more effective solutions. Serge Ferrari could develop a demonstration prototype, intended to be the laboratory and showcase of a new recycling generation. From an operating standpoint, effective solutions that already exist are being offered to our customers for the time being".

Against the backdrop of a favorable market, which is supported by new international infrastructure programs, by measures encouraging the energy-efficiency of buildings, and by the increasingly important role of the outdoors in lifestyles, the Group is pursuing the roll-out of its policy based on innovation, international operations, and operating excellence. The addition of Jean-Yves Stephan (Chief Operating Officer) and of Philippe Espiard (Chief Executive for Research and Development) to the Group's Executive Committee during the first half of 2018 have enabled us to complete the management team, in order to address the challenges facing the Group.

The Group will focus on increasing the efficiency of its industrial units during the second half of 2018, in order to improve its operating profitability. It is aiming for an increase in its income from current operations for 2018, excluding non-recurring items. Serge Ferrari is confirming its goal of combining organic growth with acquisition-driven growth as part of its SF 2020 Plan.

Diary dates

Publication of the H1 2018 results on September 11, 2018, 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 2017, Serge Ferrari posted consolidated revenues of €172 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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