



Press release

Saint Jean de Soudain, January 30, 2019

2018 revenues up 7.4%

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

Revenue breakdown by region (unaudited)

	Q4 2018	Q4 2017	Ch. at current rates	Ch. at constant rates	2018	2017	Ch. at current rates	Ch. at constant rates
(€'000)								
Europe	33,391	32,869	1.6%	2.1%	141,723	130,429	8.7%	9.5%
Americas	5,301	4,322	22.7%	23.0%	18,025	17,860	0.9%	5.7%
Asia - Africa - Pacific	7,999	6,892	16.1%	18.3%	25,156	23,849	5.5%	8.2%
Total revenues	46,691	44,084	5.9%	6.7%	184,904	172,138	7.4%	8.9%

Q4 2018 revenues: €46.7 million, up 6.7% at constant exchange rates

At constant consolidation scope and exchange rates (like-for-like), total Q4 sales were up 6.7% year-on-year, despite the bar being set high in Q4 2017 (with 9.6% growth over Q4 2016). Organic growth was particularly strong in the fourth quarter, boosted by a 6% volume effect. Currency fluctuations curbed revenue growth to a lesser extent in Q4 2018, by 0.8% compared to 1.8% for the first nine months of 2018. On the other hand, the shortage of some raw materials towards the end of the year led to the deferral of sales amounting to around €1 million until January 2019.

In **Europe**, sales were up 2.1% at constant exchange rates.

Revenues in the **Americas** region posted sharp growth, up 23% at constant exchange rates. This performance reflects a catch-up effect after the limited growth recorded for the first nine months of 2018.

Q4 sales in the **Asia-Africa-Pacific** region were up 18.3% at constant exchange rates, after year-on-year growth of 4.1% for the first nine months of 2018.



2018 revenues: €184.9 million, up 8.9% at constant exchange rates

The Group posted organic sales growth of 4.6% in 2018, in line with its annual target of over 4.5% at constant exchange rates.

Full-year revenue growth was boosted 4.3% by changes in consolidation scope (Plastitex acquisition) and curbed 1.5% by foreign exchange losses.

All regions posted growth over 2017 at constant exchange rates.

Change in net cash over H2 2018 came to more than €7 million, almost twice the amount recorded in H2 2017 at constant consolidation scope. During the second half the Group stepped up cash generation initiatives, mainly by considerably reducing inventories. At December 31, 2018, gross cash and cash equivalents amounted to around €25 million with gross debt of around €24 million.

2018 earnings will be strongly impacted by decisions made under the Group's action plan whereby it is focusing sales and innovation resources on four key markets. This targeted strategy led to the abandonment of several development projects and the impairment of inventory related to discontinued production. In total, non-recurring items will reduce operating income by €2.1 million, of which 1.3 million in the second semester. In addition to this, given the impact of discontinuing Vinyloop operations and the resulting non-recurring loss of €2.0 million, the Group expects to post a slight net loss (Group share) for 2018.

Recent events and outlook

On January 2, 2019, Serge Ferrari AB (Sweden) acquired the assets of Sunteam, a Swedish distributor of solar protection materials. In 2018 Sunteam posted revenues estimated at €0.7 million, mainly generated with Serge Ferrari membranes. The acquisition is designed to give the Group more room for maneuver to drive its business development in Sweden and Norway.



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The Group plans to pursue its business expansion in 2019, still in line with the target set under the SF2020 plan. Priority will be given to improving operating profit margins through control of operating costs, more rigorous selection of development projects and judicious budgeting of capital expenditure.

Buoyed by its healthy financial position, the Group continues to look into acquisition opportunities overseas in order to strengthen its commercial presence or extend its product offering.

Calendar

2018 results, Thursday, March 7, 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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