

Press release

Full-year 2020 results:

Profitability resilience

Integration of the two structuring acquisitions

Strong synergies expected

- Good resistance of EBIT despite the particular context in 2020
- Integration of acquisitions perfectly in line with the business plan
- Robust financial position to support the Group's development ambitions
- Clearly defined synergy plan and ambitious targets

Saint-Jean-de-Soudain, March 11, 2021, 5:45pm CET – SergeFerrari Group (FR0011950682 - SEFER) is a leading global supplier of innovative flexible composite materials under the Serge Ferrari and Verseidag brands and is listed on Euronext Paris – Compartment C.

On March 11, 2021 the Board of Directors approved the 2020 consolidated financial statements. The Statutory Auditors have conducted a review of these consolidated financial statements.

Audited financial statements (reports currently under preparation)

€m	2020	2019	Change	Change in conso. scope
Revenues	195.3	189.0	+3.3%	+28.7
Adjusted EBITDA ¹	23.0	21.6	+6.5%	+1.7
EBIT	6.8	7.6	-11,3%	+0.3
Operating income	4.7	7.6	-41.8%	+0.3
Net income, Group share	0.5	4.8		
Net cash/(debt) ²	(66.5)	(22.5)		
Shareholders' equity, Group share	94.9	96.7		

¹ Adjusted EBITDA = Operating income + change in depreciation, amortization and provisions + CVAE

² Excluding IFRS 16, net debt was -€34.3 million at December 31, 2020 and net cash was +€3.7 million at December 31, 2019

Sébastien Ferrari, SergeFerrari Group Chairman and CEO, commented: *“The Group demonstrated its flexibility and responsiveness in 2020 despite the brutal impact of adverse events: besides the lockdown measures and forced shutdowns that affected some of our customers, the Group also resolved the late 2019 industrial incident, which had left it without its main production line for two months. The adaptive and cost-cutting measures implemented from March 2020 onwards enabled the Group to maintain profitability and focus on the initial integration processes for F.I.T Industrial Co Ltd in Taiwan and Verseidag-Indutex GmbH in Germany. Now that the sales forces have been merged and are already operational, 2021 will see the completion of the industrial integration of the various facilities. The synergies expected by the Group, which will begin to have a material impact in 2022, will further consolidate the Group’s leading position in its four strategic markets.”*

SergeFerrari Group profitability maintained

Refocused on its 4 strategic markets - Tensile Architecture, Modular Structures, Solar Protection, and Furniture/Marine - SergeFerrari Group posted 2020 revenues of €195.3 million, up 3.3% at current consolidation scope and exchange rates. Revenues excluding the impact of the F.I.T and Verseidag-Indutex acquisitions were down 11% year on year. These annual variations saw contrasting half-year trends, with sales down by over 21% in the first half due to the two major events (La Tour du Pin incident and first lockdown) which were effectively managed, allowing a return to a more normal situation in the second half of the year. This swift recovery in business demonstrates the Group’s capacity for resilience and the responsiveness of its industrial organization. The latter is also illustrated by the launch of a new product, Agivir, an anti-virus membrane effective against COVID-19 and designed primarily for use in crowded public places.

Amid these heckled circumstances, the Group maintained its strategic course by completing two transformative acquisitions with 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, and the acquisition of Verseidag-Indutex, world leader in PTFE glass materials, from Jagenberg Group. These two operations will strengthen SergeFerrari Group’s positioning on three of its priority markets, Tensile Architecture (F.I.T and Verseidag), Modular Structures, and Solar Protection (Verseidag).

Thanks to its flexible cost structure, SergeFerrari Group managed to reduce the impact of external factors on profitability by increasing operating leverage. Adjusted EBITDA was up 6.5% at current consolidation scope and exchange rates and virtually flat at constant consolidation scope and exchange rates. Operating income was impacted by the integration expenses and costs of the two acquisitions (€3.1 million) and amounted to €4.7 million versus €7.6 million in 2019. The Group posted a positive net income (€0.5 million) despite the increase in cost of debt as a result of the financing arrangements set up for the acquisitions and the inclusion of these companies’ debt in the consolidated financial statements, as well as an adverse currency effect from several currencies (Turkish lira, Indian rupee, Brazilian real).

Group financial position secured through financing strategy

To finance these acquisitions and refinance existing loans maturing in July 2021 in addition to Verseidag-Indutex debt, SergeFerrari Group has contracted new medium to long-term financing arrangements for a total of €105 million, €64.5 million of which has already been drawn. The Group issued a new €30 million Euro PP bond to replace the Euro PP 2015 issue, repaid in advance, plus bank loans totaling €75 million. Loans confirmed but not drawn as of December 31, 2020 will allow the Group to refund its acquisitions

while maintaining the financial resources necessary for its investments and general requirements in strict compliance with its covenants³.

New Group commercial and industrial synergy plan and outlook

SergeFerrari Group, in order to take full advantage of the Verseidag and F.I.T acquisitions, is rolling out a synergy plan focused on two main areas:

- Activating sales leverage and spreading newly acquired expertise among the Group's offerings;
- Industrial optimization.

Activating sales leverage means increasing the efficiency of marketing expenditure so that margins rise faster than costs. Deployment of the F.I.T and Verseidag product offerings will be boosted by the SergeFerrari network. As such, under the supervision of the regional manager, each sales agent will be responsible for a double brand portfolio.

Meanwhile, the Group plans to step up its industrial transformation in order to streamline production resources and implement a satisfactory production plan across all locations. For example, the Eglisau plant in Switzerland will refocus on its main area of expertise by readjusting its capacities to transfer a part of its operations to Krefeld in Germany able to integrate them without additional investment.

As a result of these measures, SergeFerrari Group intends to generate significant commercial and industrial synergies net of implementation costs by 2024, representing around 3% of current sales including Verseidag and F.I.T in a full year.

Over the medium term, capitalizing on the successful refocus on the four core markets, SergeFerrari Group is targeting **consolidated revenues of €300 million**. In view of the synergy plan, increased operating leverage and continued tight cost control, the Group also aims to achieve **earnings growth higher than revenue growth**.

Annual General Meeting

At the General Meeting scheduled for May 19, 2021, the Group will request shareholder for the whole of 2020 earnings to be posted to reserves and that no dividend will be paid in respect of the year.

Calendar

- Publication of Q1 2021 revenues on Tuesday, April 27, 2021 after market close
- Annual General Meeting: Wednesday, May 19, 2021 at 5:00pm CET

³ The net debt covenant is calculated excluding the impact of IFRS 16 and amounts to €34.3m for the year

ABOUT THE SERGE FERRARI GROUP

The Serge Ferrari Group designs, develops, and manufactures innovative composite materials 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. Marketing its products under two brands, Serge Ferrari and Verseidag, the Serge Ferrari Group is a leading global supplier of composite materials for Tensile Architecture, Modular Structures and Solar Protection. The Group has manufacturing facilities in France, Switzerland, Germany, Italy and Asia. Serge Ferrari operates in 80 countries via subsidiaries, sales offices and a worldwide network of over 100 independent distributors.

In 2020, Serge Ferrari posted consolidated revenues of €195.3 million, over 80% of which was generated outside France. The SergeFerrari Group share is listed on Euronext Paris – Compartment C (ISIN: FR0011950682). The SergeFerrari Group share is eligible for the French PEA-PME and FCPI investment schemes. www.sergeferrari.com

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