



Press Release

SergeFerrari Group posts Q3 2023 revenues of €73 million

- ▶ As of September 30, 2023:
 - Revenues of €248.6m, up 0.5% at constant exchange rates
 - A difficult economic environment in Europe
- ▶ Launch of the TRANSFORM 2025 Plan to adapt organisations and improve profitability

Saint-Jean-de-Soudain, October 18, 2023 5:45 pm CEST - SergeFerrari Group (FR0011950682 - SEFER), a leading global supplier of innovative flexible composite materials, listed on Euronext Paris – Compartment C, today announced its revenues for Q3 2023 and as of September 30, 2023.

Revenue breakdown by region (unaudited)

(€ thousands)	Q3 2023	Q3 2022	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates	At 30 Sep. 2023	At 30 Sep. 2022	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates
Europe	49,279	53,991	-8.7%	-17.5%	179,384	181,402	-1.1%	-9.9%
Americas	8,681	10,854	-20.0%	-18.0%	28,810	27,934	3.1%	3.0%
Asia - Africa - Pacific	15,077	14,831	1.7%	8.2%	40,391	40,380	0.0%	4.5%
Total revenues	73,036	79,676	-8.3%	-12.8%	248,584	249,716	-0.5%	-6.1%

Sébastien Baril, Chairman of the SergeFerrari Group Executive Board, comments: " During the 3rd quarter of 2023, we note that our markets in Europe remained under severe pressure, with a negative impact on our historical businesses. On the other hand, we are maintaining solid growth in our Solutions businesses, mainly linked to Biogas, driven by dynamic markets and a positioning strengthened by our latest acquisition, Markleen in 2023. The success of this targeted acquisition policy confirms our growth prospects in this segment. We have therefore decided to establish a partnership in India through the creation of Biomembrane Systems India Pvt Ltd, in order to gain a foothold in this fast-growing market."

Activity as of September 30, 2023: revenues of €248.6 million

In the first nine months of 2023, the Group posted revenues of €248.6m, down 0.5% on a current scope and exchange rate basis and down 6.1% on a constant scope and exchange rate basis.

This a constant scope and exchange rate revenues, which was particularly sharp in Europe, was only partly offset by performance in the rest of the world:

- The **Europe** region posted a slight decline of -1.1% in sales compared with 2022 on a current scope and exchange rate basis, and of -9.9% on a constant scope and exchange rate basis. Conversely, the acquisitions of MSE/DCS and Baltijos Tentas in 2022 and Markleen in 2023 contributed €16m to revenues over the period. Europe was particularly affected by the decline in revenues from the Furniture and Solar Protection segments.
- The **Americas** region achieved revenue growth of 3.1% on a current scope and exchange rate basis, thanks to good performances in the Modular Structures and Tensile Architecture segments.
- The **Asia-Pacific-Middle East-Africa** region reported stable revenues at current scope and exchange rates, and growth of 4.5% at constant scope and exchange rates. The negative currency effect recorded in this region concerns all invoicing currencies (yen, yuan, rupee and Taiwanese dollar).

Over the first nine months of the year, the scope effect contributed +6.6% to revenue growth, and the price mix effect +4.9%. The currency effect was -0.9% and the volume effect -11.1%.

3rd quarter 2023 activity: revenues of €73 million

Revenues for the 3rd quarter of 2023 amounted to €73.0m, down 8.3% on a current scope and exchange rate basis and down 12.8% on a constant scope and exchange rate basis, compared with the 3rd quarter of the 2022 financial year, which saw a strong commercial performance.

The global trend in the 3rd quarter is the result of:

- A scope effect of +6.5% (+€5.1m), resulting from the targeted external growth policy and the contribution of the Solutions business (biogas, fish-farming and composite materials processing) and Markleen;
- A slightly positive price-mix effect of +0.9%;
- A volume effect of -13.6%, mainly due to the economic situation in the building, renovation and consumer equipment sectors;
- A currency effect of -2.0% and -1.6 million euros.

Outlook

The Company has updated its business and earnings outlook for 2023 and its business outlook for 2024. The Group is seeing a faster-than-expected decline in new orders in the construction, renovation, and home improvement sectors, which are being hit by rising financing costs and a wait-and-see attitude on the part of consumers in an unfavourable economic and geopolitical environment. The sharp fall in building starts already seen in 2023 and the outlook communicated by players in the sector, mainly in Europe, point to a contraction in the Group's activities in these sectors.

The Group, which in 2021 and 2022 experienced two years strongly influenced by the rebound in post-Covid consumer spending, with constant scope and exchange rate growth of +27% and +14% respectively, has announced a further adjustment of its targets for 2023:

- Revenues in 2023 should be close to those of 2022
- The current operating margin should be close to 3% of revenue

The Group has launched its TRANSFORM 2025 Plan, which aims to improve its profitability and the allocation of its resources to its development projects:

- Adjusting staff numbers to current and forecast business levels: by 2025, the reduction in fixed costs should have an impact on operating profit equivalent to 2% of revenues;
- Selective allocation of financial resources and preservation of strategic investments ;
- Intensification of R&D initiatives, particularly in the area of formulations, with the aim of reducing the Group's dependence on high-cost raw materials;
- Reducing working capital to 35% of revenues by 2025, in particular by improving and simplifying the Group's supply chain footprint;
- Improving industrial efficiency through successful transfers between the Group's industrial sites.

The Group will detail the measures taken under the TRANSFORM 2025 Plan when it publishes its 2023 annual results in March 2024. The Group is confident in its ability to return to a recurring operating margin in 2025 that is comparable to that seen in 2022, and to pursue its development by relying on the launch of innovative products for its traditional markets, as well as on the dynamism of the markets addressed by the SOLUTIONS business, particularly in the biogas sector.

Next financial communication

- Publication of **2023 full-year revenues, on January 18, 2024**, after market close

About SergeFerrari Group

The Serge Ferrari Group is a leading global supplier of composite materials for Tensile Architecture, Modular Structures, Solar Protection and Furniture/Marine, in a global market estimated by the Company at around €6 billion. The unique characteristics of these products enable applications that meet the major technical and societal challenges: energy-efficient buildings, energy management, performance and durability of materials, concern for comfort and safety together, opening up of interior living spaces etc. Its main competitive advantage is based on the implementation of differentiating proprietary technologies and know-how. 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 2022, Serge Ferrari posted consolidated revenues of €338.7 million, over 80% of which was generated outside France. The SergeFerrari Group share is listed on Euronext Paris – Compartment C (ISIN: FR0011950682). SergeFerrari Group shares are eligible for the French PEA-PME and FCPI investment schemes. www.sergeferrari.com

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