



## HF Company - 2011 accounts: First significant effects of management measures Improved profits in 2<sup>nd</sup> half

### Business stable in a much weaker market

HF Company reported slightly lower sales for 2011 financial year of EUR 144.0 million, a much better performance than the consumer electronics markets in Europe which shrank by 4.0% according to GFK.

The Group managed to compensate for a poor economic climate - due to disastrous consumption figures in southern Europe, particularly for consumer products, the end of the digital switchover and unfavourable arbitrage amongst telecoms suppliers in the United States - by strong product innovation, steady growth in France and a 2.5 fold rise in PLC sales.

Key 2011 figures in EUR million <sup>(1)</sup>	10	% sales	11	% sales	+/-
Sales	146.2	-	<b>144.0</b>	-	-1.5%
Operating profit	9.8	6.7%	<b>4.4</b>	3.1%	-55.1%
Borrowing costs	0.2	0.1%	<b>0.5</b>	0.3%	+150%
Net profit after minority interests	6.3	4.3%	<b>2.7</b>	1.9%	-57.1%
Earnings per share	1.67		<b>0.73</b>		

### Improved profits in second half

Following the impact of several negative economic factors in the first half, HF Company implemented a series of management measures to recover its profitability levels. The Group therefore managed to improve its margins in the 2<sup>nd</sup> half thanks to a voluntary policy of reducing operating costs, a differentiated price rise in the "B to B to C" networks and improving its cost price in PLC with the inauguration of a 2<sup>nd</sup> supply plant.

EUR million <sup>(1)</sup>	H1	% sales	H2	% sales
Operating profit	1.2	1.6%	<b>3.2</b>	4.5%

The Group's operating margin therefore rose 3 points between the 1<sup>st</sup> and 2<sup>nd</sup> half to reach 4.5%. For 2011 full-year, operating profit amounted to EUR 4.4 million compared with EUR 9.8 million a year earlier. Net profit after minority interests amounted to EUR 2.7 million, with HF Company thus completing its 14<sup>th</sup> profitable year since its stock exchange listing in 1997.

### Strong growth in operating cash flow

Spurred on by fast incoming payments and the containment of its WCR, HF Company increased its operating cash flow in 2011 by almost 20% in comparison with 2010 financial year to EUR 6.5 million. Overall, the Group doubled capital expenditure to EUR 6 million on preparations for the future whilst keeping its net financial debt at 31 December to 10% of equity capital.

<sup>(1)</sup> Estimated annual accounts for 2011. Audit in progress. The audited accounts will be published on 16 March 2012, after trading hours, this being the date of the next Board of Directors' meeting where the 2011 accounts will be officially finalised.

## Promising outlook for 2012

In 2012 the activity segments will benefit from powerful driving forces. The Domestic Digital division will be increasing its product ranges (image/sound/IT/network/games) and innovation will continue to boost growth in the Home Automation segment (access management, domestic security) with notably the scheduled release of a connected home box.

The environment urges caution in broadband activities but the segment can rely on the dynamic of the Laboratoire des Applications Numériques.

Finally the sales already onboard and the start of a new contract to support a new French telecoms company in its international activities will enable PLC to pursue its strong growth. In parallel, HF Company will continue to work on restoring its margins in line with the measures introduced in the second half of 2011.

## A policy of return for shareholders

The capital investment, the financial standing and the good prospects for forthcoming years enable the Board of Directors to propose the payment of a dividend of EUR 0.52 per share to the AGM in respect of 2011. The rate of distribution showed a yield of 6.6% based on the share price at 10 February 2012.

This decision is in line with the Group's steady pay-out policy. The confidence in the strong potential of HF Company's development projects and the Group's proven capacity to show results and cash flows in unfavourable market environments mean that HF Company can continue this unequalled policy in the consumer electronics sector.

### Next meetings:

Publication of audited accounts on 16 March 2012, after trading hours

Publication of Q1 2012 sales on 16 April 2012, after trading hours

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**About HF Company:** HF Company is a major player in the market for TV Activities notably DTT, PLC technology and home automation ergonomics. Through its broadband activities, the Group is the world's leading supplier of splitters. HF Company, which is quoted on the Eurolist (section C), has been awarded the Entreprise Innovante (Innovative Business) label by OSEO ANVAR (number A0912002F) and is also eligible for inclusion in FCPI (fonds commun de placement dans l'innovation).

