

February 21, 2020

Dear Shareholder,

Our Board of Directors met on February 18 for final closing of the 2019 accounts, which present as follows:

**2019 TURNOVER: +18.5% & AT CONSTANT SCOPE: +8.3%**

In thousands of euros	2019	2019 constant scope	2018	2018 constant scope	Variation 2019/2018	Variation 2019 constant scope
1 <sup>st</sup> quarter	93,048	84,140	81,349	80,706	+14.4%	+4.3%
2 <sup>d</sup> quarter	97,651	88,531	84,706	83 805	+15.3%	+5.6%
3 <sup>rd</sup> quarter	91,764	83,014	75,364	74,662	+21.8%	+11.2%
4 <sup>th</sup> quarter	86,373	78,136	69,771	69,104	+23.8%	+13.1%
<b>Breakdown by business:</b>						
Mecafer and Domac, equipment tools	31,114	31,114	28,862	28,862	+7.8%	+7.8%
Dipra / Rousseau, pumps, plumbing ad taps*	54,997	20,003	19,661	19,661	+179.7%	+1.7%
Isocel, components for boilers	6,453	6,453	5,771	5,771	+11.8%	+11.8%
Aello, equipment for swimming pools	8,873	8,873	6,992	6,992	+26.9%	+26.9%
Jetly, pumps	49,189	49,189	46,921	46,921	+4.8%	+4.8%
Thermador, central heating and domestic water accessories	47,201	47,201	40,354	40,354	+17.0%	+17.0%
PBtub, pipework for the distribution	24,538	24,538	23,927	23,927	+2.6%	+2.6%
Axelair, ventilation equipment and accessories	5,742	5,742	4,201	4,201	+36.7%	+36.7%
Sferaco, valves, connectors and meters	56,320	56,320	53,080	53,080	+6.1%	+6.1%
Sectoriel, motorised valves and air compressors	21,629	21,629	20,069	20,069	+7.8%	+7.8%
FGinox, stainless steel connectors, flanges, valves and accessories	16,036	16,036	15,743	15,743	+1.9%	+1.9%
Syveco**	26,831	26,831	24,344	24,344	+10.2%	+10.2%
Sodeco Valves, industrial valves***	19,600	19,579	20,957	18,044	-6.5%	+8.5%
Other structures	313	313	308	308	+1.6%	+1.6%
<b>Total at 31 December - according to IFRS 15</b>	<b>368,836</b>	<b>333,821</b>	<b>311,190</b>	<b>308,277</b>	<b>+18.5%</b>	<b>+8.3%</b>

(\*) 2019 turnover: with Thermador Groupe's acquisition of Sanidom / Rousseau at December 31, 2018; since January 1, 2019.

(\*\*) Syveco, Thermador International's new name.

(\*\*\*) 2018 turnover: reprocessed for the sale of Sodeco Sedin, the French subsidiary of Sodeco Valves.

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Guy Vincent, founder of Thermador, resigned from his position as Director on January 28, 2020, bringing to an end an extraordinary professional commitment spanning more than 50 years. We would like to express our immense appreciation to him for having initiated this human adventure, created the foundations for our corporate culture, shared the profits of a vast collective effort and ensured the longevity of our Group, which currently employs 600.

## BUSINESS ACTIVITY, EXTERNAL GROWTH AND RESULTS

We ended FY 2019 with net growth in Q4, improving still further our cumulative performance. In spite of the dip in the French market for new house builds and protest movements which undoubtedly disrupted business at the beginning and end of the year, the Group's growth to constant scope reached a wholly satisfactory 8.3%. The addition of Rousseau's turnover for a full year reflects an 18.5% increase in consolidated turnover, now up to €368.8m.

We would like to thank our subsidiaries' staff and management teams for their commitment, professionalism, reactivity and discernment in an environment where each unforeseen event has to be converted into an opportunity.

Our export activities with Syveco, Sodeco, FGinox and Ets Édouard Rousseau accounted for 19.2% of our 2019 turnover. We pursue our efforts to reduce the risks of our high exposure to domestic markets.

The onboarding of Ets Édouard Rousseau, acquired on 31/12/2018, continues with the appointment of Laure Empereur as Managing Director on January 1, 2020. We have recently welcomed the Distrilabo team from Alsace, and look forward with enthusiasm to working together, ready to roll out our commercial synergies. Finally, we expect to complete the acquisition of Thermacome before the end of the first semester. The company reported turnover of €20.2m in 2018. This transaction would round off a series of acquisitions begun in 2015, and would herald the onset of a two-year period dedicated to synergies and operational efficiencies. However, we do remain open to further acquisition operations that neither exceed €5m nor take up too much time.

Our trading profit progressed 8.6% (8.2% to constant scope), curbed by an unfavourable euro-dollar exchange rate during the first half of the year. We also note the sale of the French side of the Sodeco business, which had exceptionally generated €525,000 in 2018. The lower tax rate improves still further our net profit, to €32.4m.

## OPERATING PROFIT: UP 8.6% AND PORTION OF NET PROFIT ALLOCATED OF THE GROUP UP 11.1%

In thousands of euros	2019	2019 constant scope	2018	2018 constant scope	Variation 2019/2018	Variation 2019 constant scope
Operating profit	47,821	46,946	44,052	43,393	+8.6%	+8.2%
Portion of net profit allocated of the group	32,373	31,786	29,142	28,547	+11.1%	+11.3%

## FINANCIAL SITUATION AND PROSPECTS

Our teams increased their efforts to improve stock rotation, resulting in a drop of 22 inventory days (purchases consumed). On December 31, 2019, our net cash position was €32.3m, our bank debt €41.7m, and our equity situation is €203.2m after appropriation of net income. This low level of debt allows us to look ahead with equanimity.

Our excellent commercial results in 2019 will clearly not be repeated in 2020 because of the very beneficial effects of the Tax Credit for Energy Transition on some of our business areas. This tax incentive will be notably reduced in 2020, which will obviously have a substantial impact on our subsidiaries Thermador and Isocel. Ready to face up to unforeseen events linked to our business fields, we forecast reasonable growth over the next decade overall. We provide more detail on our objectives and strategy on page 10 of our annual report, available for consultation on our website.

## DIVIDEND AND ANNUAL GENERAL MEETING

2019 was marked by a drop in trading volumes for Midcaps in general and for Thermador Groupe in particular. In spite of that, we were able to re-classify a block of 5.4% of our capital in the space of two hours (cf. our press release of October 9<sup>th</sup> 2019). At the time of our most recent TPI (identifiable bearer share) in December 2019, institutional investors held 47% of the group's capital and private shareholders 34%. Faithful to our distribution policy and in keeping with the long-term evolution of our results, we are offering a **dividend of €1.80**, up 2.9%.

Our Annual General Meeting will be held **in Lyon on April 6 at 5pm at Hôtel Dieu**. We count on your attendance or votes to exceed the 70% participation threshold, a symbolic indicator illustrating the vitality of this democratic body. We are also organising an information meeting **in Paris on April 21 at 4pm at Salons Hoche**.

Yours faithfully,

The Chairman  
Guillaume Robin