



2019, another year of improved results

- ▶ Turnover: up 2.8%
- ▶ EBITDA: up 27.2%
- ▶ EBIT: up 50.5%

HERIGE has released its audited results¹ for the 2019 financial year. The consolidated financial statements were reviewed by the Supervisory Board at its meeting on March 27, 2020.

€ million	2018	2018	2019	Change
	reported under IFRS	reported under French GAAP		
Turnover	570.7	605.1	622.1	+2.8%
EBITDA*	24.0	24.6	31.3	+27.2%
Recurring operating profit/EBIT	11.7	12.2	18.3	+50.5%
Net income	(8.6)	1.3	7.5	+€6.1 m
Net income, Group share	(8.6)	1.3	7.5	+€6.1 m
Net financial debt	67.9	61.7	67.6	+€5.9 m
Gearing	68%	66%	68%	+2 pts

* EBITDA: Recurring operating profit or EBIT + net depreciation and amortization

Change in accounting standards

HERIGE published its financial statements under French GAAP accounting standards in 2019. The 2019 financial statements thus include the 2018 figures as published under IFRS and restated under French GAAP, in addition to the 2019 figures under French GAAP, in order to facilitate comparison between the two periods.

Clear improvement in operating performance

In 2019, HERIGE continued its efforts to improve profitability at each of its divisions.

2019 saw the first step in the turnaround of the Building Materials Trading business, whose turnover was up 1.2% (like-for-like) – propelled by the public works sector, and to a lesser extent, general building materials trading – and which almost doubled its operating margin. Eric Rouet, the division's new General Manager, has implemented a medium-term plan aimed at achieving a level of performance aligned with the sector's benchmark players.

Turnover for Industrial Joinery fell 2.7% (like-for-like) over the year, reflecting a refocus on high value-added products in 2019. This resulted in a decrease in volumes of PVC within a context of strong sales momentum in the AM-X range, wood and closures. The gradual ramp-up of the new production site dedicated to new generation AM-X joinery is expected to materialize in 2020.

Lastly, the Group began to gain market share in the concrete industry sector, with the acquisition of a majority stake in Béton du Poher. With growth of 18.7% (11.1% like-for-like), Concrete Industry benefited from a buoyant market, strong sales in the ready-mix concrete division and prefabricated concrete products, and the integration of Béton du Poher over nine months.

¹ The Statutory Auditors have audited the consolidated financial statements and their report will be issued to coincide with the publication of the annual report.

HERIGE therefore reported full-year growth of 2.8% in 2019 (2.6% like-for-like) with turnover of €622.1 million.

Against a backdrop of improved performance, the Group's gross margin rose €8.1 million like-for-like to €230.6 million, representing 37.6% of turnover, up 0.4 points.

EBITDA amounted to €31.3 million, up 27.2% year on year.

Driven by growth in the Concrete Industry business and the increase in its market share, as well as the measures implemented to stimulate a recovery in Building Materials Trading, the Group generated an EBIT of €18.3 million, a substantial improvement of 50.5%, representing a recurring operating margin of 2.9% versus 2.0% one year earlier.

After taking into account a net financial expense of €1.9 million (versus a net expense of €2.5 million in 2018), the Group's recurring income before taxes rose by 70% to €16.4 million.

Non-recurring losses amounted to €1.6 million (versus €4.7 million in 2018), mainly including expenses relating to a reorganization carried out during the year.

Net income, Group share amounted to €7.5 million for 2019 compared with €1.3 million for 2018.

Strong financial position at end-2019 and continued industrial investments

In 2019, the Group ramped up its investment drive, which totaled €32.1 million. More than half of this amount was dedicated to the new production plant in Saint-Sauveur-des-Landes in northwestern France, dedicated to HERIGE's new generation AM-X joinery.

At December 31, 2019, the Group had consolidated its financial structure with shareholders' equity of €100.0 million versus €93.5 million in 2018, net cash of €28.6 million versus €18.5 million a year earlier. Net financial debt was controlled at €67.6 million compared to €61.7 million at end December 2018, representing a net debt ratio of 68% versus 66% a year earlier.

Potential impacts of the Coronavirus pandemic on HERIGE Group's business

In light of the exceptional circumstances surrounding the Coronavirus (Covid-19) public health emergency and the recommendations of the French Government, HERIGE has decided to:

- ▶ Temporarily close Building Materials Trading points of sale and Concrete Industry plants due to the quasi-halt of business for professional clients. Business is being gradually and partially resumed with safety procedures implemented for employees and clients.
- ▶ Honor orders placed within Industrial Joinery and continue to study a business resumption plan subject to the supply of raw materials.
- ▶ the widespread roll-out of remote office solutions for administrative roles as a first step.

These measures aim to protect the health of all employees and prevent the spread of the virus. The Group has implemented e-working and partial unemployment measures as set out by the French Government.

These initiatives go hand in hand with tight control of the Group's cash resources, and also partially rely on the exceptional measures announced by the public authorities in France.

It is currently too early to provide precise information on the impact of the Covid-19 pandemic on the Group's business.

Cancellation of the 2019 dividend

Performance in 2019 enabled the Group to consider an increase in the dividend compared with that of 2018. However, given the uncertainties stemming from the Coronavirus pandemic, the Executive Board will propose not to pay a dividend in respect of 2019 at the Annual General Meeting.

Outlook and developments

The rapidly evolving Covid-19 health crisis is making it difficult to make short-term projections, meaning that developments in 2020 could be adjusted depending on the gravity of the impacts observed.

In these unprecedented circumstances, HERIGE Group can rely on a number of strengths, including its sound financial structure and its tried and tested ability to adapt rapidly in a cyclical market.

The complementary nature of HERIGE's activities, the implementation of targeted sales initiatives and the development of innovative products through its industrial activities aim to reinforce the Group's positioning as a specialist in construction solutions.

Building Materials Trading will continue to focus on developing its business in 2020, with fresh momentum brought by the division's General Management, in order to sustain its operating margin.

Business in 2020 is also expected to benefit from the acquisition of six concrete plants based in Sarthe and Mayenne (France), which were integrated on March 1, 2020.

Lastly, HERIGE Group intends to focus on its innovation policy, continue its external growth momentum and pursue its ambitious internal investment program by supporting value creation within its divisions.

NEXT PUBLICATION: Q1 2020 turnover on May 5, 2020 (after the close of trading)

All our financial communications are available on our website: www.groupe-herige.fr

ABOUT HERIGE

HERIGE Group focuses on three sectors of the building industry: Building Materials Trading, the Concrete Industry and Industrial Joinery. Originally based in the Vendée region, HERIGE currently employs more than 2,300 people and has a strong presence in Western France.

HERIGE is listed on Euronext Growth

PEA/PME eligible

Indices: EURONEXT FAMILY BUSINESS, EURONEXT GROWTH

ALL SHARE, ENTERNEXT@PEA-PME 150

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