

February 16, 2018

Dear Shareholder,

Our Board of Directors met on February 12 to close the final accounts for 2017, as follows:

### 2017 CONSOLIDATED TURNOVER : +17.4%

In thousands of euros	2017	2017 constant scope*	2016	Variation 2017/2016	Variation 2017 constant scope* /2016
1 <sup>st</sup> quarter	68,513	67,942	59,776	+ 14.6%	+ 13.7%
2 <sup>d</sup> quarter	71,241	69,637	64,637	+ 10.2%	+ 7.7%
3 <sup>rd</sup> quarter	63,012	59,564	55,819	+ 12.9%	+ 6.7%
4 <sup>th</sup> quarter	68,805	58,165	51,164	+ 34.5%	+ 13.7%
<b>Total at 31 December</b>	<b>271,571</b>	<b>255,308</b>	<b>231,396</b>	<b>+ 17.4%</b>	<b>+ 10.3%</b>
<b>Breakdown by business :</b>					
Sferaco, valves	47,302	47,302	42,844	+ 10.4%	+ 10.4%
Jetly, pumps	46,435	46,435	44,584	+ 4.2%	+ 4.2%
Thermador, accessories for central heating	39,009	39,009	35,462	+ 10.0%	+ 10.0%
Mecafer et Domac, heavy tools in DIY stores *	31,255	25,285	22,918	+ 36.4%	+ 10,3%
PBtub, tubes in synthetic materials	24,261	24,261	22,236	+ 9.1%	+ 9.1%
Thermador International	21,371	21,371	19,145	+ 11.6%	+ 11.6%
Dipra, pumps and plumbing in DIY stores	19,958	19,958	18,842	+ 5.9%	+ 5.9%
Sectoriel, motorised valves and air compressors	18,378	18,378	16,745	+ 9.8%	+ 9.8%
Sodeco Valves, industrial valves and fittings*	6,347				
Isocel, components for boilers	5,545	5,545	5,014	+ 10.6%	+ 10.6%
Aello, equipment for swimming pools	5,069	5,069	1,682	+ 201.4%	+ 201.4%
FGinox, fittings and flanges in stainless steel*	3,946				
Axelair, ventilation equipment	2,379	2,379	1,525	+ 56.0%	+ 56.0%
Other structures	316	316	399	- 20.8%	- 20.8%

\* 2017 turnover taking into account acquisition of Domac by Mecafer since March 1, 2017, consolidated since March 1, 2017, acquisition of Sodeco Valves by Thermador Groupe since August 31, 2017, consolidated since September 1, 2017 and acquisition of FGinox by Thermador Groupe since September 30, 2017, consolidated since October 1, 2017.

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Private limited company with capital of €36,439,008 - 339 159 402 companies register of Vienne - SIRET n°: 339 159 402 00017

## BUSINESS AND RESULTS

2017 was marked by a return to growth: our markets, our product range extension, our historic and more recent subsidiaries, our prices, the euro, and the weather, all made a positive contribution to the Group's business. Unsurprisingly, our teams were ready and willing to respond to this favourable trend by seizing all possible opportunities efficiently and with real commitment.

Especially – and quite unusually – five acquisitions came to fruition between March and December 2017, laying the foundations for a new source of growth for 2018. They are perfectly aligned with our strategy since they make a contribution to strengthening our market presence for the distribution of industrial valves, and outside our borders. This means that we will be less exposed to French market cycles in the new-build sector.

Finally, the end of the year saw a cancellation of the tax paid on dividends between 2015 and 2017. This has all conspired to produce some very flattering figures, and we would be well-advised to bear in mind the fact that we are working on some very demanding markets. Humility remains the watch-word at every level of the group, paying permanent attention to serving our customers properly and satisfying our industrial partners.

Consolidated turnover increased by 17.4% and 10.3% for the same scope. Operating income reached €37.7m for the first time (+18.7%) and net profit leaped to €26.2m **including the €1.5m decrease in tax burden** further to the cancellation of the tax on dividends.

## OPERATING PROFIT: +18.7% PORTION OF NET PROFIT ALLOCATED TO THE GROUP: +27.3%

In thousands of euros	2017	2017 constant scope	2016	Variation 2017/2016	Variation 2017 constant scope/2016
Operating profit	37,652	36,538	31,709	+18.7%	+15.2%
Portion of net profit allocated to the group	26,240	25,603	20,616	+27.3%	+24.2%

## DIVIDEND UP +6.25%

Our distribution policy remains in place: the Board proposed a 20-cent increase in the dividend to €3.40 per share. Thus, the distribution rate would be 59%.

## FINANCIAL STRUCTURE

Unusually, and making the most of interest rates under 0.5%, we have turned to a bank loan as a means of financing, for a total of €30m. When we add the debts of Domac and Sodeco Valves, our bank exposure is €30.8m, which should be compared to our cash (+€28.6m) and equity (€189.7m). Our debt level is therefore very low, meaning we can carry very high stock levels, which allows us to be very reactive to our customers' requirements.

## ANNUAL GENERAL MEETING

Our AGM will be held on **April 9 in Lyon at 5pm, in a new place**, Espace de l'Ouest Lyonnais.  
(<http://www.salle-conferences-eol.fr>).

As in the previous year, we will give those who wish to vote remotely the possibility of doing so via the Votaccess platform. We would also like to increase still further the attendance rate and invite you to fulfil your responsibility as a shareholder by attending the Annual General Meeting, or else giving your vote to somebody else or voting remotely. The attendance rate reflects your commitment at our side and the efficacy of our governance bodies.

We will also organise an information meeting in **Paris on April 11 at 4pm** at Salons Hoche.

## PROSPECTS

The 10-year strategy laid out in 2016 remains unchanged. However, we are developing quicker than the strategy required, and in 2018 we should be working primarily on embedding the companies that have recently joined us. Simultaneously, our historic subsidiaries will be doing the groundwork on their own markets via conventional or digital distribution channels. All indicators suggest that growth should continue, meaning our confidence remains high.

Yours faithfully,

The Chairman  
Guillaume Robin