

February 22, 2019

Dear Shareholder,

Our Board of Directors met on February 19 to close the final accounts for 2018, as follows:

### 16.2 % INCREASE IN 2018 TURNOVER

In thousands of euros	2018	2018 constant scope*	2017	Variation 2018/2017	Variation 2018 constant scope* /2017
1 <sup>st</sup> quarter	82,346	70,724	68,513	+20.2%	+3.2%
2 <sup>d</sup> quarter	85,803	74,240	71,241	+20.4%	+4.2%
3 <sup>rd</sup> quarter	76,348	65,885	63,012	+21.2%	+4.6%
4 <sup>th</sup> quarter	70,736	69,838	68,805	+2.8%	+1.5%
<b>Total at 31 December (before IFRS 15)</b>	<b>315,233</b>	<b>280,687</b>	<b>271,571</b>	<b>+16.1%</b>	<b>+3.4%</b>
<b>Impact IFRS 15**</b>	-4,043	-3,960	-3,847		
<b>Total at 31 December (after IFRS 15)</b>	<b>311,190</b>	<b>276,727</b>	<b>267,724</b>	<b>+16.2%</b>	<b>+3.4%</b>
<b>Breakdown by business :</b>					
Sferaco, valves	53,212	47,553	47,302	+12.5%	+0.5%
Jetly, pumps	47,068	47,068	46,435	+1.4%	+1.4%
Thermador, accessories for central heating	40,807	40,807	39,009	+4.6%	+4.6%
Mecafer and Domac, heavy tools in DIY stores *	30,662	29,280	31,255	-1.9%	-6.3%
Thermador International	24,344	24,344	21,371	+13.9%	+13.9%
PBtub, tubes in synthetic materials	24,227	24,227	24,261	-0.1%	-0.1%
Sodeco Valves, industrial valves and fittings*	20,957	6,884	6,347		+8.5%
Dipra, pumps and plumbing in DIY stores	20,735	20,735	19,958	+3.9%	+3.9%
Sectoriel, motorised valves and air compressors	20,145	20,145	18,378	+9.6%	+9.6%
FGinox, fittings and flanges in stainless steel*	15,743	3,837	3,946		-2.8%
Aello, equipment for swimming pools	6,992	6,992	5,069	+37.9%	+37.9%
Isocel, components for boilers	5,771	5,771	5,545	+4.1%	+4.1%
Axelair, ventilation equipment	4,262	2,736	2,379	+79.2%	+15.0%
Other structures	308	308	316	-2.5%	-2.5%

(\* ) 2018 turnover taking into account acquisition of Domac consolidated since March 1, 2017, acquisition of Sodeco Valves consolidated since September 1, 2017, acquisition of FGinox consolidated since October 1, 2017, acquisition of Groupe Valfit consolidated since January 1, 2018. Axelair's 2018 turnover includes the turnover generated further to the acquisition of the Vortice France business from January 1, 2018.

(\*\*) Re-categorisation of advertising expenses (i.e. page 57 of our 2017 annual report).

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## BUSINESS AND RESULTS

Overall, the group had a good year, supported by growth of 3.4% to constant scope and the progressive onboarding of the companies and business acquired in 2017. Our operating profit increased by 8.8% to constant scope (+17% in absolute value) and reached new heights. And yet, the many very promising indicators at the end of 2017 progressively turned from green to amber during 2018. It would seem that political and social tensions throughout the world, including in Europe and France, have degraded the economic environment.

We provide detail about the business activity of each of our subsidiaries, including those acquired in 2017 on pages 75 to 90 of our annual report (on line at [www.thermador-groupe.fr](http://www.thermador-groupe.fr)). To summarise, export now accounts for 17.5% of our business, and our dependence on the French construction market has fallen from 42% to 38% of turnover. On this topic, we are happy to say that we are now less exposed to the cyclical market of new-builds. Our sales are very much oriented towards maintenance and renovation, and we estimate that only 10% of our consolidated turnover fluctuates along the lines of the new-build programmes in France.

The acquisition of Sanidom (the holding company that owns Rousseau) finalised on December 31, 2018 will reduce this exposure still further, since its range of sanitation taps targets private individuals exclusively via the DIY superstore distribution channel. By onboarding this new company, Thermador Groupe's 'retail activity' should represent 24% of all turnover by the end of 2019. That will allow us to be simultaneously and substantially present across three distribution channels, thereby mitigating risk. It is a fact that nobody can predict the future share of business between the professional, retail and digital channels. This latter point is the subject of all our attention and numerous initiatives within our subsidiaries. They are ready to organise, enrich and distribute their data via the web and therefore positively accompany the complexification of the distribution process.

## OPERATING PROFIT: +17.0% PORTION OF NET PROFIT ALLOCATED TO THE GROUP: +11.1%

In thousands of euros	2018	2018 constant scope	2017	Variation 2018/2017	Variation 2018 constant scope/2017
Operating profit	44,052	40,967	37,652	+17.0%	+8.8%
Portion of net profit allocated to the group	29,142	27,107	26,240	+11.1%	+3.3%

## DIVIDEND AND AGM

Launched on Lyon's second stock market in 1987, Thermador Groupe has never decreased its annual coupon. We have no hesitation in continuing along the same policy lines, with a dividend of **1.75 euros**, up 2.9%. This represents a 3.1% return according to the average price over 2018, and 3.9% against the closing price of December 31, 2018. For the first time since the 2008 financial crisis, the value of our share has dropped off considerably, losing more than 21% since December 31, 2017, much like the CAC Mid&Small index. Over a period of two years, the return is positive (+6.6%) and excellent over 15 years (+388%). This decline is not a concern for us given our strong belief that stock market performance reflects that of the company when measured over a period of more than 10 years. In the short term, decorrelation is a frequent phenomenon. Private shareholders have clearly taken note : their share in Thermador Groupe has increased from 31.1% to 34.3% over the past 12 months.

**Our AGM will be held in Lyon on April 8 at 5pm, at Institut Lumière.** We are relying on your attendance either in person or remotely to ensure we cross the symbolic attendance rate threshold of 70%. We are also organising an information meeting in **Paris on April 11 at 4pm at Salons Hoche.**

## FINANCIAL STRUCTURE AND PROSPECTS

On December 31, 2018 our cash position was €23m, bank debt €46.7m, and equity after distribution €187.5m. This policy targeting financial solidity allows us to approach 2019 and all its inherent uncertainties, as well as opportunities, with a degree of calm. To date, no advanced discussions are under way for any further acquisitions. This corresponds to our desire to act primarily on the traditional levers of our group: growing market share, launching new products, seeking out efficiencies, and tight cost management. Our strategy dedicated to our customers will not waver, in the knowledge that we can count on our high level of resilience and our exceptional employees and their commitment, loyalty and professionalism.

Yours faithfully,

The Chairman  
Guillaume Robin