

October 17, 2018

Dear Shareholder,

Here are the main indicators on the current situation of our group.

TURNOVER AT SEPTEMBER 30, 2018: +20.6%

In thousands of euros	2018	2018 constant scope*	2017	Variation 2018/2017	Variation 2018 constant scope* /2017
(before IFRS 15)					
1 st quarter	82,346	70,724	68,513	+20.2%	+3.2%
2 ^d quarter	85,803	74,240	71,241	+20.4%	+4.2%
3 rd quarter	76,348	65,885	63,012	+21.2%	+4.6%
Total at 30 September (before IFRS 15)	244,497	210,849	202,766	+20.6%	+4.0%
Impact IFRS 15**	-3,078				
Total at 30 September (after IFRS 15)	241,419				
Breakdown by business:					
Sferaco and Groupe Valfit, valves and fittings*	41,525	36,882	36,671	+13.2%	+0.6%
Jetly, pumps	37,614	37,614	37,325	+0.8%	+0.8%
Thermador, accessories for central heating	30,356	30,356	28,539	+6.4%	+6.4%
Mecafer and Domac, heavy tools in DIY stores*	22,911	21,529	23,177	-1.1%	-7.1%
PBtub, tubes in synthetic materials	19,008	19,008	18,692	+1.7%	+1.7%
Thermador International	18,589	18,589	16,079	+15.6%	+15.6%
Dipra, pumps and plumbing in DIY stores	17,443	17,443	16,641	+4.8%	+4.8%
Sodeco Valves, industrial valves and fittings*	16,011	1,521	1,467		+3.7%
Sectoriel, motorised valves and air compressors	15,015	15,015	13,550	+10.8%	+10.8%
FGinox, fittings and flanges in stainless steel*	11,906	-			
Aello, equipment for swimming pools	6,125	6,125	4,472	+37.0%	+37.0%
Isocel, components for boilers	4,434	4,434	4,038	+9.8%	+9.8%
Axelair, ventilation equipment*	3,324	2,097	1,878	+77.0%	+11.7%
Other structures	236	236	237	-0.4%	-0.4%

(*) 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

We enjoyed a very hot summer, which allowed our subsidiaries Jetly and Dipra to record some very good sales in their watering pump ranges. This largely explains the good level of growth against comparable scope recorded in the third quarter (4.6%). Our cumulative growth thereby increased to 4%, which is closer to our start-of-year expectations.

The only downside was that our Mecafer subsidiary suffered from the lower levels of its turnover with two of its major customers, Castorama and Mr Bricolage.

INTEGRATION OF SODECO AND FGINOX

The search for synergies between our five subsidiaries involved in the industrial valves market continues. Our teams are looking into all the major topics: human resources, training, sales and pricing policy, supplier relations, purchasing and logistics.

We are planning to roll out the Group's information system at Sodeco and FGinox. This is a crucial step towards improving our efficiency. However, we will proceed with these operations with the greatest possible care so as not to impact business. As a result, these changes will be put in place over a period of 3 years.

ECONOMIC SITUATION

French public statistics are clear: building starts of new accommodation over 12 sliding months declined 1.8% between February and August 2018. Also, authorised housing dipped 5.5% between October 2017 and August 2018, having momentarily passed the legendary 500,000 building permit mark. We can conclude that we are beginning a downward cycle which will directly impact only 10% of the Group's business thanks to the company's strong diversification over recent years. On the other hand, government measures to bolster consumer buying power should prop up maintenance and renovation spending on housing in France.

Otherwise, the figures we received from our sanitation-heating wholesaler customers show that their business has grown 3.4% in value since the beginning of the year.

Finally, we confirm that inflation seems to be coming back durably in our economic sector, supported over the long term by the increase in global demand for copper, nickel, aluminium and tin.

FINANCIAL SITUATION

Our financial situation remains very healthy and protects us from the probable climb in interest rates. Growing the business, maintaining our margins and controlling costs make a positive contribution to the detailed balance sheet figures that were sent to you in July. This means we can continue our dividend policy which has been satisfactory to the vast majority of you for more than thirty years.

PROSPECTS

During the 4th quarter of 2017, we performed exceptionally (+13.7% against comparable scope), which gives us cause to show extreme caution and do everything we can to finish 2018 on a high note.

ACTIONARIA

The Group's executives will be in Paris at the Actionaria show on November 22 and 23, and available to answer all your questions face-to-face on stand C36. A shareholders' meeting will be held on November 22 from 2 to 3 pm. Moreover, on November 22 from 7 to 7.45 pm, Thermador Group will be involved in an event entitled '45 minutes to win youngsters over' along with other companies. We are counting on you to persuade any under-30s in your circle to get involved, particularly if they have not yet been convinced of the interest in investing in shares.

Yours faithfully,

The Chairman
Guillaume Robin