October 17, 2019

Dear Shareholder,

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

TURNOVER AT SEPTEMBER 30, 2019: +17%
AT CONSTANT SCOPE: +6.9%

In thousands of euros	2019	2019 constant scope*	2018	2018 constant scope*	Variation 2019/2018	Variation 2019 constant scope*/2018
Total at 30 September - according to IFRS 15	**282,463**	**255,685**	**241,419**	**239,173**	**+17.0%**	**+6.9%**
1st quarter	93,048	84,140	81,349	80,706	+14.4%	+4.3%
2d quarter	97,651	88,531	84,706	83,805	+15.3%	+5.6%
3rd quarter	91,764	83,014	75,364	74,662	+21.8%	+11.2%
Breakdown by business:						
Mecafer and Domac, equipment tools	21,927	21,927	21,528	21,528	+1.9%	+1.9%
Dipra / Rousseau, pumps, plumbing and taps*	42,936	16,178	16,543	16,543	+159.5%	-2.2%
Isocel, components for boilers	4,693	4,693	4,434	4,434	+5.8%	+5.8%
Aello, equipment for swimming pools	7,907	7,907	6,125	6,125	+29.1%	+29.1%
Jetly, pumps	39,311	39,311	37,524	37,524	+4.8%	+4.8%
Thermador, central heating and domestic hot water accessories	33,620	33,620	30,025	30,025	+12.0%	+12.0%
PBtub, pipework for the distribution	19,120	19,120	18,824	18,824	+1.6%	+1.6%
Axelair, ventilation equipment and accessories	4,725	4,725	3,282	3,282	+44.0%	+44.0%
Sferaco, valves, connectors and meters	44,444	44,444	41,412	41,412	+7.3%	+7.3%
Sectoriel, motorised valves and air compressors	16,233	16,233	14,982	14,982	+8.4%	+8.4%
FGinox, stainless steel connectors, flanges, valves and accessories	12,188	12,188	11,906	11,906	+2.4%	+2.4%
Syveco**	20,556	20,556	18,587	18,587	+10.6%	+10.6%
Sodeco Valves, industrial valves ***	14,570	14,550	16,011	13,765	-9.0%	+5.7%
Other structures	233	233	236	236	-1.3%	-1.3%
Total at 30 September - according to IFRS 15	**282,463**	**255,685**	**241,419**	**239,173**	**+17.0%**	**+6.9%**

* 2019 turnover: with Thermador Groupe's acquisition of Sanidom / Rousseau on December 31, 2018, which has been consolidated since January 1, 2019.

** Syveco new name of Thermador International.

*** 2018 turnover: reprocessed according to the sale of the capital of Sodeco Sedin, the French subsidiary of Sodeco Valves.

… / …

BUSINESS

Our subsidiaries performed well, very well, some exceptionally well, even, in the 3rd quarter. For the nine months, to constant scope this means growth in consolidated turnover of 6.9%, which surpasses our forecast. Including the business reported by Rousseau, a company that joined us on December 31, 2018, our consolidated turnover increased by 17%.

Contrary to what we had anticipated, demand for heat pump accessories has remained extremely high: good news for Thermador and Isocel. On the weather front, we have seen one heatwave after another, a phenomenon that stabilises the watering pump business at a high level for Jetly and Dipra.

Domac and Mecafer continue to recover turnover thanks to gains in market share, although sales of large tooling to DIY superstores remained relatively depressed.

In export, we have seen lesser growth. Syveco nevertheless reported growth of 7.2% over the 3rd quarter. For its part, Sodeco confirmed its return to growth to constant scope, at 16.1% over the last three months.

EXTERNAL GROWTH

After having reviewed the audit reports, our Board members will meet on October 21 to make a decision on the acquisition of Eurobinox.

The two other projects we mentioned at the beginning of August have resulted in the signing of a letter of intent and will be studied by the Board members at the December 10, 2019 Board meeting.

FINANCIAL SITUATION

Our good sales performance in the 3rd quarter and the slight drop in stock levels mean we can consider good cash generation and better balance sheet components than previously expected at the end of June.

PROSPECTS

The French tax credit for energy transition has been extended for another year, but with means testing for beneficiaries. This will clearly have the effect of slowing down growth in heat pump sales as soon as we turn the corner into 2020, having seen exceptional levels in 2019. For the rest of our markets, we do not currently see any major specific risk for the months ahead.

SHAREHOLDING

Having been by our side for 11 years, Financière Borde has sold all its shares, i.e. 5.6% of our capital. Two of Jacques Borde's three children, previously members of this civil partnership, have reinvested as private investors. Their attachment to the group, that their father helped create, is particularly touching for us.

CM-CIC Investment, a loyal shareholder in our group for more than twenty years, took a part of the Financière Borde block to increase its holding to 5.7% of the capital and thereby become our 2nd biggest shareholder.

INDIVIDUAL SHAREHOLDER RELATIONS

After a first participation in « Investir Day » organised by Les Echos group (a video you can see on our YouTube channel), we are planning to attend the Actionaria show on November 21 and 22 to listen to your views and answer your questions. We would suggest you come with young adults from your family who may be able to benefit from the PEA JEUNE scheme for young investors, so we can help them take their first steps into our group's capital. Our employment record and proximity should win them over.

Yours faithfully,

The Chairman
Guillaume Robin