EDIFY
Investment Partner

Press release
28 March 2018

2017 ANNUAL RESULTS

INCREASE IN RESULTS AND PORTFOLIO VALUE AGAINST A BACKDROP OF SUSTAINED GROWTH

Consolidated data (unaudited) € millions	FY 2017	FY 2016	Change
Sales	461.9	413.7	+11.7%
EBITDA	57.7	52.6	+9.7%
Current operating profit	40.4	36.6	+10.4%
Net profit	21.4	16.3	+31.9%
Operating cash flow	46.6	39.9	+16.8%
Net Asset Value	440.1	385.4	+14.2%
Net Asset Value per share	90.6	79.3	
Net financial debt	88.9	22.6	x4.0

Note: Edify's consolidated financial statements have been prepared in accordance with Luxembourg standards. They are the result of the proportional consolidation of Gaviota-Simbac and the full consolidation of Pellenc, de Buyer, Sirem, Usines Métallurgiques de Vallorbe, Zurflüh-Feller and Thermo Technologies, holding of Thermocompact (over three months in 2017).

Preliminary remark: Edify's consolidated financial statements include 3 months of Thermocompact results while the whole acquisition price impact then the consolidated Net financial debt.

SALES AND RESULTS

Consolidated sales totalled €461.9 million for the 2017 financial year, an increase of 11.7% in real terms and 5.9% at constant scope.

Gaviota recorded an upward trend in virtually all territories, as did Pellenc, particularly in Southern Europe and North America. The trend remained positive for Zurflüh-Feller, due to the dynamism of the French construction market and stronger penetration of the German market. Sales also grew – albeit moderately – at de Buyer and Usines Métallurgiques de Vallorbe.

Consolidated EBITDA was €57.7 million for the financial year, an increase of 9.7%, with current operating profit of €40.4 million, up 10.4%. They represented 12.6% and 8.7% of sales respectively. The increase in profitability was the result of improvements in almost all equity investments.

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Net profit grew 31.9% to €21.4 million. It was impacted by a writedown at Usines Métallurgiques de Vallorbe, following an impairment test, offset by capital gains on the disposal of Babeau-Seguin and Sofilab shares.

Portfolio companies reduced their debt by €27.8 million despite a sustained €26 million investment programme.

FINANCIAL POSITION

Net financial debt stood at €88.9 million at the end of 2017 compared with €22.6 million at the end of 2016. This increase includes in particular:

- cash flow from acquisition transactions net of disposals of €90.8 million,
- a €27.8 million reduction in portfolio companies' debt.

This Net financial debt of €88.9 million represents less than one and a half times Edify's pro forma[1] consolidated EBITDA. The strong financial position, coupled with the ability to draw down credit facilities totalling €100 million, provides Edify with the necessary financial flexibility to seize investment opportunities that may arise over the next few months and continue its growth.

VALUATION

The Net Asset Value[2] of Edify was €440.1 million at the end of December 2017, representing €90.6 per share and a year-on-year increase of 14.2%, due in particular to the strong performance of the companies.

STRATEGY

Edify's strategy is to hold shareholdings in medium-sized companies experiencing growth or undergoing change, acting as a partner in their transformation, within an investment horizon determined on the basis of their long-term growth prospects.

Within this framework, in 2017 Edify assumed control of Thermocompact (sales of approximately €90 million), a global specialist in high-tech wires and surface coating with precious metals.

With Thermocompact and Pellenc, Edify owns now 2 fast growing mid-cap companies.

Furthermore, in order to accelerate their development:

- Zurflüh-Feller acquired Eckermann and is now ranked second in the German market for awning and roller shutter components,
- Thermocompact took over the diamond saw and wire manufacturing business of Diamond Materials Tech., thus gaining greater access to the US market for all its operations.

1 *Consolidation of Thermocompact over 12 months.*
2 *The published adjusted net asset value does not take into account the holding company discount. It is the result of combining standard valuation methods (market capitalisation based on the multiples of comparable listed companies and future discounted cash flow).*

Lastly, Edify disposed of its minority shareholdings in Babeau-Seguin, a builder of detached family homes, and Sofilab, the holding company of La Buvette, a manufacturer of livestock watering and restraining equipment). These disposals generated multiples of 2.4 and 2.2 the initial investment respectively.

The completion of these various transactions together with the development outlook for the portfolio have led Edify to increase its credit facility from €63 million to €120 million. All the banks comprising the banking pool have doubled their initial funding, thereby reaffirming their confidence in Edify and its strategy.

CORPORATE PROFILE

Edify *is an industrial holding company listed on the Euro-MTF market of the Luxembourg Stock Exchange.*

Its portfolio is comprised of majority and minority shareholdings in French, Spanish and Swiss industrial medium-sized businesses and SMEs, namely ***Zurflüh-Feller*** *(accessories and systems for roller shutters and industrial closing mechanisms),* ***Sirem*** *(motorised solutions for swimming pool covers, milk tank agitators and aqua fitness equipment),* ***Pellenc*** *(portable power tools and machinery for winegrowing, olive growing and green spaces),* ***Usines Métallurgiques de Vallorbe*** *(filing tools for the jewellery, watchmaking, forestry, car and aeronautical industries),* ***de Buyer*** *(items and utensils for cookery and patisserie),* ***Thermocompact*** *(surface coating with precious metals using chemical or electrolytic processes and high-tech wires),* ***Gaviota-Simbac*** *(components and motors for awnings and roller shutters),* ***Ligier Group*** *(microcars for unlicensed drivers), and* ***Lacroix Emballages*** *(packaging for solid dairy products).*

SHAREHOLDERS' AGENDA

Annual General Meeting: 17 May 2018
Publication of first quarter sales: 24 May 2018

CONTACTS

Edify: Valérie Marqués, Chief Financial Officer (+352 24 83 16 20)
Shan: François-Xavier Dupont (+33 1 44 50 58 74)

www.edify-investmentpartner.com