

SOLID HALF-YEAR PERFORMANCE UNDER EXCEPTIONAL CIRCUMSTANCES

BACK ON TRACK TOWARDS GROWTH WITH A COMMERCIAL ACTIVITY HEADING IN THE RIGHT DIRECTION

HEXAOM's Board of Directors approved the accounts for the first half of 2020 during its meeting on September 22nd, 2020. The Statutory Auditors have carried out a limited review of these consolidated financial statements.

Consolidated in € Millions	30/06/2020	30/06/2019	% Change
Revenue	398.7	418.0	-4.6%
Operating income	6.1	10.4	-41.3%
Operating margin	1.5%	2.5%	-
Financial income	-0.2	-	-
Net income	3.9	7.0	-44.3%
Net margin	1.0%	1.7%	-
Net cash	48.6	37.4	+29.9%

Revenue stood firm in an unprecedented health crisis context

After a very dynamic start to the year, with Group revenue up 13% at the end of February, lockdown measures due to the Covid-19 health crisis had a negative impact on the rest of the half-year.

HEXAOM thus records revenue of €398.7 million, down only 4.6% compared to 2019. On a like-for-like basis, (consolidation of the companies Groupe Plaire and Toits de France), business is down 7%.

The Group is looking resilient, particularly its home building business, which quickly reopened its construction sites. From April, this area of business recorded an average production rate of 50%, reaching 85 to 90% in June and returning to almost normal levels as from early July. As announced in the half-year revenue press-release, the renovation business (where the work is carried out in inhabited environments for the B2C renovation activity and in joint activity, and mainly in urban areas for the B2B renovation business) was more strongly impacted, with an almost total shutdown of production from mid-March to mid-May, with business rising gradually through late June.

Preserved profitability, demonstrating the resilience of the business model and a strong financial position in line with the growth trajectory

Under these exceptional circumstances, HEXAOM took all the necessary measures to continue its production and uphold its commercial activity, while complying with the strictest health regulations and using the digital tools already widely deployed in the group.

Tailoring its response to each situation, the group adapted its organization and optimized its cost structure. Short-time working was implemented on a case-by-case basis, depending on the areas of business and the subsidiaries. The half-year results reflect the agility and responsiveness shown by all of the group's teams.

Operating income was €6.1 million compared to €10.4 million last year:

- The home building business generated revenue of €336.1 million compared to €359.1 million during the first half of 2019. As production targets were not met, operating income for this business was impacted, and came to €10.7 million, compared with the €14.6 million at June 30th, 2019. It therefore represents 3.2% of revenue, i.e. -0.9 points compared to 2019. Under these challenging circumstances, the group benefited from its economic model, which favors cost variability.
- The renovation business, where a very dynamic growth was expected, was severely disrupted by the total shutdown of its production for almost two months and a very gradual resumption of its activity. This business recorded sales of €51.0 million compared to €56.9 million in the first half of 2019. The operating income is -€4.0 million (-€3.5 million at June 30th, 2019), with B2B profitability impacted by the temporary additional costs associated to the necessary preventive healthcare measures implemented on work sites.
- The real estate development activity, which is just getting started, achieved revenue of €8.0 million, with operating income at -€0.7 million (compared to -€0.8 million at June 30th, 2019).
- The land development business continued its growth, contributing €3.6 million to revenue with operating income of €0.2 million (€0.1 million at June 30th, 2019).

Net income for the half-year came to €3.9 million, i.e. net profitability of 1.0%, compared with 1.7% last year.

At June 30th, 2020, the financial structure was solid, with the equity group share amounting to €199.7 million, a cash position of €141.0 million, and debt of €92.4 million. Net cash stood at €48.6 million at the end of June 2020, stable compared to the end of December 2019 and significantly higher by +€11.2 million compared to the end of the first half of 2019, after financing the upscaling of the real estate development business.

Resilient order intake and sound fundamentals

- The home building activity reported good order intake under these exceptional circumstances. Following an increase in sales of around 8% in January and February, sales between March and June dropped by an average of 27%, picking up again in July (+1.7%) and in August (+33.8%). This sharp upturn confirms the post-lockdown eagerness of the French population for single-family homes, with sales leads growing steadily over the last 5 months. At the end of August, HEXAOM recorded 4,356 sales worth €545.8 million in revenue, down 14% in number and 10.5% in value, compared to 2019. The average price excluding tax continues to rise, and stands at €125,400, i.e. an increase of 13.5% over 5 years.
- At the end of August, sales for the renovation business amounted to €123.6 million, up 10.9% compared to the first half of 2019, which suggests production will be higher during the second half of the year, particularly in the B2B area, which reports a 26.1% increase in order intake.

Outlook

The home building business order intake as well as the pickup in the renovation business, combined with the buildup of the real estate and land development activities allow the HEXAOM Group to anticipate a more dynamic growth in its production during the second half of the year and an upturn in profitability.

HEXAOM will however continue to closely monitor the tightening of borrowing conditions and lengthened administrative delays that have cropped up since the beginning of the pandemic (it is taking more time to secure building permits and acquire land due to lower land developer productivity and slower turnaround times at notaries' offices), which will necessarily impact the pace with which new work sites are opened during the second half of the year.

The group welcomed the French government recovery plan incentives in favour of building energy efficiency but regrets the lack of incentives for new housing.

The group remains confident in its ability to achieve, with a twelve-month delay, revenue of around €1 billion in 2021.

HEXAOM has once again shown its ability to weather crises, relying on its solid fundamentals and very healthy financial structure. In a highly fragmented market, the Group strengthens its leading position and with its strong financial position, remains attentive to expected consolidation opportunities in the sector.

Next Press Release: 2020 Q3 Revenue, November 5th, 2020 after market close.

ABOUT THE GROUP

Since 1919, five generations of the same family have successively taken over the helm of Hexaom, a group that drives and federates an ecosystem of 46 brands and subsidiaries with complementary expertise. A unique story of family and entrepreneurship characterized by its stability in a complex market sector.

The group, leader in the home building, renovation, and first-time owners' markets in France currently serves more than 10,000 customers a year, has built more than 100,000, has carried out over 75,000 renovations, employs more than 2,100 people, and recorded revenue of €841.8 million in 2019.

HEXAOM equities are eligible for PEA-PME equity savings plan.

HEXAOM is listed on Euronext Paris - Compartment B.

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GLOSSARY:

Gross order intake: a contract is recorded in the gross order intake as soon as it is signed by the customer and accepted by our sales administration department (administrative control of the documents and validity of the financing plan, site inspection, verification and acceptance of the selling price). The amount recorded corresponds to the revenue excluding taxes to be generated by the contract.

Order backlog: all recorded orders which have not been cancelled or transferred to "production in progress".

Production in progress: all orders for which the conditions precedent to begin work have been met (building permit and client financing obtained, client ownership of the land) and which have not been accepted by the client (delivered)

Change in like-for-like revenue: changes in revenue for the periods under comparison, recalculated as follows:

- in the event of an acquisition, revenue from the acquired company is deducted from the current period if it was not part of the group during the previous period,
- in the event of a sale, the revenue of the divested company that is no longer part of the group during current period is deducted from the comparison period.

B2B (business to business): refers to transactions conducted between two companies.

B2C (business to consumer): refers to transactions conducted between the company and consumers.

Net contribution margin : corresponds to the difference between the revenue generated by contracts and the costs directly related to these contracts (construction costs, sales or broker commissions, taxes, insurance, etc.).

Cash position : includes cash on hand and demand deposits.

Debt: includes all current and non-current financial liabilities except leases according to the restatement of IFRS 16.

Net cash: cash position less debt.