



Activity Report

> 2012

Home automation, a new global market to drive growth...



Automatic controls for home equipment

In 2010, Somfy created TaHoma®, a control device connected to the Internet, that enables you to link all automatic systems in the home. Easy to install and easy to use, it is the best-selling home automation solution in Europe. Scalable and compatible with systems made by other manufacturers, TaHoma® will drive the growth of all applications controlled by Somfy's automatic solutions. Since 2012, one in 10 motors sold by the brand have been from the io-homecontrol® range.

+131%

Growth in sales of home automation products in 2012 (turnover)



Access management

In many countries, security is people's prime motivator when they purchase home automation equipment, and access automation is therefore a key lever at the heart of this offer. In 2012, Somfy paved the way for the accelerated development of home automation. Today, io-homecontrol® technology is deployed in most gate and garage door models available on the market. At the same time, the brand has developed complementary products such as alarms and videophones.

+14%

Growth in sales of alarm products in 2012



Automated solar protection for buildings

In offices and public buildings, the combined or centralized management of electrical and energy equipment is the equivalent of automatic controls for the home. To capture growth on this market, Somfy can draw on two areas of expertise: automatic controls for both solar protection and glazed façades. In 2012, technological and commercial innovation and the development of integrated solutions with other manufacturers enabled Somfy to win more than 400 building project contracts.

+9.1%

2012 growth in sales of combined natural/artificial lighting management solutions developed with Philips Lighting

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30 RESPONSIBILITY

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... and improve living environments



Comfort

Visual and thermal comfort in the home, using electrical equipment and energy management synergistically to identify optimal operational solutions for occupants. Comfort in daily life, with the previously impossible option of supervising one's entire home remotely via smartphone. Lastly, comfort at work, with solar protection systems that interact with lighting in order to make the most of natural light.



Energy efficiency

In the home, the TaHoma® automation solution generates greater energy savings than traditional automatic controls. In buildings, the combined management of electrical and natural lighting offered by Somfy and Philips Lighting can reduce energy consumption due to lighting, heating and air conditioning by 50%.



Security

The comfort of security with the creation of sophisticated presence simulation settings for roller shutters, gates and lighting. Dissuasive security using alarm systems and intrusion attempt alerts linked to closures in the home. Security for peace of mind, thanks to the feedback feature on the io-homecontrol® range, which monitors the home from an iPhone or iPad.



Personal independence

Because it enables many daily tasks to be automated, home automation helps older and disabled people remain at home. With the cost of equipment falling, home automation is becoming more affordable, and is emerging as a potential social solution to the global issue of an aging population.

Profile

→ | A changing business

Somfy Activities has always built its development on anticipation. Guided by the need to improve living environments, Somfy is developing its offer of motorized systems and automatic controls to fulfill needs relating to comfort, energy efficiency, security and personal independence.

Innovation lies at the heart of this approach. This strategy is also supported by actions targeting external growth and partnerships with other equipment manufacturers. Somfy is consolidating its technology leadership year after year.

→ | Leadership positions in all of our businesses

Home & Building

Shutter & Awning



The world leader in the automatic control of openings and closures in homes and buildings

Motors and automatic controls for shutters (roller, swinging) and exterior solar protections (folding arm awnings, directional solar screens). Combined management solutions for heating, lighting, windows, heat pumps, etc.

Window & Blind



The world leader in motorized solutions for solar protection

Motorized solutions and automatic controls for interior solar protections (Venetian, slatted, roller, pleated blinds, etc.), curtains, projection screens, etc. For the commercial market, glazed façade actuators, building energy saving and visual comfort solutions.

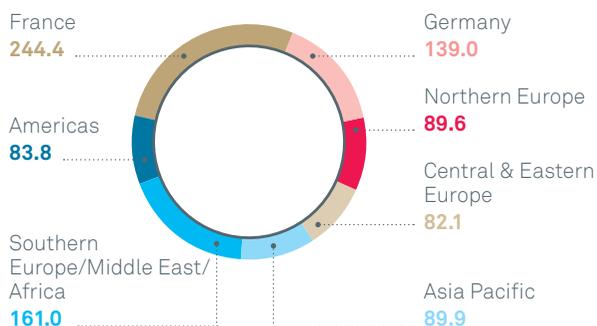
Access



The French leader in security solutions at DIY superstores

Motorized solutions and automatic controls for gates (swing and sliding) and garage doors (swing, roller, sectional, etc.). Alarms and videophones. Automatic controls for commercial, industrial and urban access (car park barriers, bollards, control systems).

→ | Increasingly international distribution



Sales in real terms (in € million) by region



> 1

Strategy

Home automation

The development of this market will benefit in the medium term from two associated levers: the falling cost of equipment, and the emergence of home automation as a contributing solution to major social issues related to buildings.

Emerging territories

The home building and equipment markets are the first beneficiaries of economic growth in these territories. In the more or less long term, their demographic and urban challenges will require value-added solutions.

Commercial buildings

Thermal regulations and environmental standards offer a favorable context for the development of the market for automatic controls for electrical equipment and energy management in buildings, with global potential.

© | Our strategic inflexions

Three areas of growth



Home automation

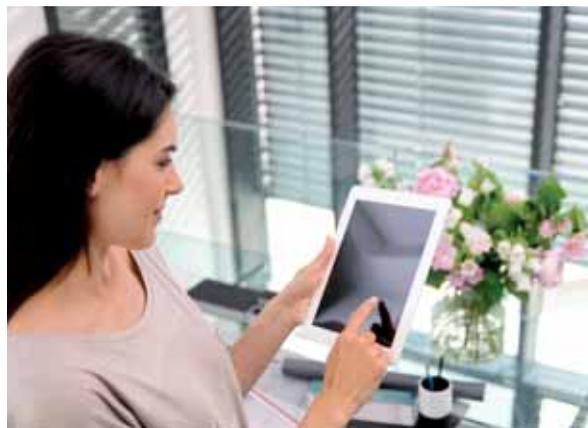
Becoming the world leader

For a long time, home automation has been limited to the high-end residential market. It is now becoming more widespread thanks to wireless communication technologies that cost less to install than electrical systems.

To establish itself rapidly as a leading player, Somfy is focusing on two groundbreaking solutions that offer something different from wired products: its wireless communication protocol, io-homecontrol®, which is suited to both new residential buildings and refurbishment projects, and TaHoma®, a control device that links and remotely manages all automated systems in the home, including those made by other manufacturers. In 2012, this new offer found its audience: the home automation business outperformed growth forecasts for the three territories pioneering its launch: France, Germany and Benelux. Because this market is expected to grow around the world, Somfy plans to deploy its offer in other countries. In Brazil, the acquisition of a 51% holding in Neocontrol, a home automation specialist, will enable Somfy to exploit the strong potential of products relating to security issues. The creation of a Home Automation center based in Archamps (Haute-Savoie, France) with a team of 35 people, will also accelerate the implementation of solutions relating to wellbeing, security, energy efficiency and personal independence.

The most comprehensive range in Europe

With around 100 products that can be managed using the TaHoma® interface, Somfy has a solid platform from which to lead the market serving the intelligent home of the future. Its applications currently range from windows and access to alarms and security systems, solar protection and energy management (lighting, remote control switches, heating, air conditioning). In 2012, the implementation of new technical and commercial partnerships with other home equipment manufacturers increased the compatibility range of TaHoma®.



→ Distribution and awareness: key levers

At the moment, home automation does not benefit from a dedicated distribution channel. For the past two years, Somfy has therefore been focusing on structuring its sales networks in its European markets through several channels:

- its traditional distributors, the authorized Somfy Expert installers;
- home automation specialists;
- DIY superstore chains in some countries.

At the end of 2012, Somfy already had the biggest network in Europe, with more than 6,000 trade and retail sales outlets. Consumers must be able to test home automation – a technology for everyday living environments – in real life first, in order to adopt it. With this in mind, Somfy has accelerated the opening of showrooms within its distribution centers.

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Three areas of growth



Emerging territories Increasing their contribution to growth

The rapid economic development of some countries is opening up significant growth opportunities for Somfy, particularly in terms of access, interior, security and commercial solutions.

For the past two years, Somfy has been accelerating its development on priority markets. This strategy is being implemented through organic growth as well as through the acquisition of local manufacturers or commercial partners, in order to capitalize on their expertise on the ground. In each country, Somfy deploys the appropriate business model to rapidly enable it to achieve critical mass. In 2012, its business in emerging territories benefitted fully from investments approved the previous year, for the expansion of sales teams. In these countries, growth of sales ranged from 17.8% (Brazil) to 46.4% (India) on a like-for-like basis. A new Asia & Americas Business & Marketing Area (BMA) was set up, with a director based in Hong Kong, to ensure greater strategic autonomy for territories in this region. In line with its pioneering spirit, Somfy also continued to explore new markets, and opened sales offices in Chile, Egypt and the Philippines.



Brazil: capturing growth on the Security market

With annual growth in sales estimated at 25% between now and 2017, Security is the priority market for Somfy's development in Brazil, and the company has therefore been accelerating its expansion there, mainly through external growth. Following the commercial and technological partnership agreed in 2011 with Garen Automação (the South American leader in automatic controls for doors and gates), Somfy acquired Neocontrol, the home automation specialist, in 2012. The aim is to quickly be in a position to offer integrated security solutions to Brazilian and South American customers.



1
Somfy team
(Brazil).

2
The Sheraton
Huzhou fitted with
Somfy motors
(China).

→ China: in line with our leadership ambitions

In China, where overall sales increased by 22.3% in 2012, Somfy's ambition is to become the market leader in motorized blinds and roller shutters. This strategy is currently being implemented mainly through the Dooya brand, after Somfy formed a joint venture with the company in 2010. Already a leader on the entry-level segment, the Dooya brand continues to strengthen its presence on the domestic market, with sales growth of 46.8% in 2012. Today, Dooya generates 36.9% of its sales on its domestic market, compared to 15% three years ago. The brand is also continuing to gain in value,

with the 2012 launch of curtain motors, for which China is one of the biggest markets worldwide. On the high-end segment, the Somfy brand (+8.7% in sales in 2012) restructured its organization in order to be in a position to capture the promising market in equipment for home automation and commercial buildings.

The brand now has marketing and specification offices in eight cities with between five and ten million inhabitants, with teams dedicated to key accounts and building projects.

© | Our strategic inflexions

Three areas of growth



Commercial buildings

Aiming to be a key player in automatic systems for buildings

Façades are a major point of heat and light exchange.

So the automatic control of solar protection around commercial buildings is one of the most effective measures that can be taken to favor energy savings and visual comfort.

To develop this market, Somfy is focusing on two areas: specification and innovation. Most of its distribution subsidiaries now have dedicated specification teams. They intervene to promote these benefits to architects, engineers and investors, as well as governments and building environmental certification bodies. In 2012, this approach achieved significant growth in business in the United States, Northern and Central Europe and the Middle East. To be in a position to serve territories with very varied architectural and climatic profiles, Somfy continues to introduce increasingly innovative automation systems, in terms of silence and heat resistance, for example. The thermal and visual efficiency of automatic systems is particularly improved by developing digital motorized controls, which enable each window to be managed individually. The creation of solutions that combine the automation of solar protection with the automation of other building systems offers an additional means of improving efficiency.

Services: an additional area of growth

Somfy's growth on the energy efficiency and visual comfort solutions market is also being driven by the introduction of complementary technical services. For example, Somfy's Northern Europe subsidiary offers to install and start-up equipment for customers. Following the success of test phases launched in Norway in 2010 and the United Kingdom in 2011, this service has now been extended to the Netherlands. In recent years, Somfy has also offered a computerized simulation service at the very start of projects, to demonstrate the benefits of its automatic solutions, room by room, based on very specific criteria: the location of the building, the position of the sun throughout the seasons and during the course of the day, shade created by neighboring buildings, etc.



United Nations headquarters (New York).



→ Growth in the refurbishment market

In mature countries, the refurbishment of existing buildings is a major environmental issue.

In Europe, refurbishment projects accounted for 51% of the commercial market in 2012. In the United States, this market is expanding rapidly because of a new regulation that requires all federal buildings to reduce their energy consumption by 30% by 2015. This has resulted in Somfy's subsidiary in North America reporting sales growth of 25% for this segment in 2012. The most high-profile project was the refurbishment of the United Nations headquarters in New York, for which Somfy supplied 5,000 silent interior motors. In 2012, Somfy further consolidated its technological lead by developing a motorization system that does not require any major adaptation of the building's electrical wiring. The first motor on the market based on a radio communication protocol, Animeo IP io is particularly suited to office buildings that need to remain occupied during works.

 | Interview with

Jean-Philippe Demaël, CEO of Somfy Activities



In 2012, the situation on the construction and refurbishment markets worsened in Europe. How do you view the resilience of Somfy's business?

Our results show that we were right to initiate a change of strategy in 2011. This has become even clearer this year. In our three main areas of focus for future growth, we have actually fulfilled our goals twice over: they are starting to generate significant sales, and this extra source of revenue has played an important role in boosting our growth in a time of crisis. In 2012, the development of our activity in the home automation and commercial building markets, and in emerging countries, more than made up for the decline in business in some European countries, and in our traditional roller shutter and blind markets.

Somfy Activities has slightly increased its profitability in absolute terms. What action have you taken?

This performance was achieved through the redoubling of efforts to control costs and manage profitability. First, we stabilized our structural costs, by not altering the size of our workforce in 2012. Following major investments in the past few years to expand our sales and development teams, 2012 was a year for the consolidation of these new workforces. We also enhanced our industrial competitiveness by locating some of our increased production in our low-cost factories. However, we also benefited less than before from the absorption capacity of our Tunisian factory, which has reached its saturation level. Lastly, 2012 was a year in which we refocused our businesses on our strategic priorities.



We disposed of three small companies (Klereo, i-Blind and Energy Eye), which either did not fall within our core business, or did not offer the required prospects of profitability.

“Our results show that we were right to initiate a change of strategy in 2011.”

In 2012, most growth came from emerging territories. Is growth still possible in Western Europe?

In this region, Somfy’s business has registered contrasting trends in the past three years. In Northern Europe, business has suffered in the past two years; in France and Germany it has continued to grow; in Southern Europe we are facing a deep crisis. However, we are convinced that Europe still offers a major potential for further growth. So it remains an important strategic focus, including in terms of investment. In the current context, our priority is to consolidate our leadership on our traditional markets through innovation and the expansion of our distribution. Our second objective is to create new areas of growth, either through new markets such as home automation and alarms, for which sales have increased significantly in France over the past three years, or by opening up new sales channels.

You actively encourage social responsibility among businesses. What progress has been made in this area?

Beyond our economic, employment and environmental responsibilities, I believe it is essential for our business to play a role in society. In fact our employees are very keen on this, and it is an important factor in helping people feel proud of being part of our company.

One of our duties as a business is to share the wealth we create with the territories and communities in which we are based. For the past two years, Somfy has chosen to play a social role through its Foundation, in an area in which we are well placed to intervene: housing conditions. After our first partnership with Emmaüs, which we hope will be a long-term agreement, we are now supporting some 15 other charities, with both financial and human resources.

This social role is also played out in our business: the mission to improve living environments which now guides our development strategy is already a reality thanks to our energy-efficiency solutions. It will play an even greater role as we secure a foothold on markets that respond to society’s major challenges in terms of its buildings.

Results and indicators

2012 Key figures for Somfy Group

(at December 31st)

Sales

(in € million)



Group sales were €989.6 million for the full financial year just ended, which was an increase of 3.9% compared to the previous year (up 2.7% on a like-for-like basis).

Somfy Activities contributed €889.8 million (up 3.4% on a like-for-like basis). Several geographic regions reported substantial year-end increases driven by buoyant emerging markets. This was the case in America, Central and Eastern Europe and Asia Pacific. Germany and France also performed satisfactorily considering the business environment. Southern and Northern Europe both enjoyed renewed growth during the last months of the year but remained negative over the full year due to the decline recorded at the beginning of the year, which resulted from the economic crisis and adverse weather conditions. Somfy Participations contributed €103.1 million (down 2.3% on a like-for-like basis).

The performance of individual companies varied greatly. Cotherm, which was sold early in October, performed well, while Zurflüh-Feller and Sirem were adversely affected by the economic climate.

Current operating result

(in € million)



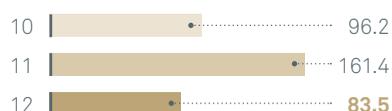
The Group's current operating result was €126.9 million for the financial year, up 1.8%, representing 12.8% of sales. This was €75.4 million in the first half of the year (down 14.8%) and €51.4 million in the second half (up 42.3%).

Somfy Activities' contribution grew 4.0% to €122.9 million. The growth reflected a marked recovery in the second half of the financial year in line with the rebound in sales, which was partly due to favourable comparatives, and steps implemented to increase competitiveness.

Somfy Participations' contribution declined by 38.0% to €4.1 million, resulting from the net profit of fully-consolidated subsidiaries of €7.6 million (down 25.2%) less structure costs of €3.5 million (down 1.6%). This decline was due to the difficulties experienced by Sirem and the deconsolidation of Cotherm in the last quarter.

Net profit

(in € million)

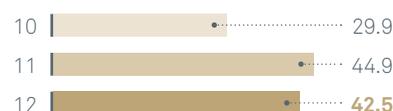


Consolidated net profit was €83.5 million, down 48.2%. This included largely negative non-recurring items, including:

1 goodwill impairment of companies with significant exposure to the markets of Southern Europe, 2 the recognition of restructuring costs for the Italian subsidiary Way srl, 3 the impacts of the deconsolidation of Cotherm, i-Blind and Klereo, 4 the drop in net financial income due to a high baseline (€63.1 million capital gain on the disposal of agta record in 2011), 5 the negative contribution of equity-accounted companies due to the writedown of several equity investments.

Intangible assets and PPE investments

(in € million)



At €42.5 million (compared to €44.9 million in 2011), the level of intangible assets and PPE investments was in line with the implementation of the strategy defined three years ago.

Cash flow

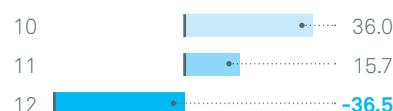
(in € million)



At €150.9 million, cash flow was up slightly, by 1.3%, compared to 2011.

Net financial debt

(in € million)



Net financial debt came to -36.5 million in 2012 (i.e. a net financial surplus) compared to €15.7 million in 2011. This includes unlisted bonds receivable issued by a number of related investments or entities and earn-out on acquisitions and liabilities attached to options granted to minority shareholders in fully-consolidated companies.

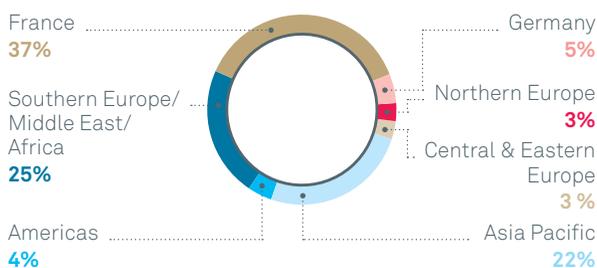
Sales by geographic region

(in € million)	31/12/2012	31/12/2011	Y/Y-1 change	Y/Y-1 change like-for-like basis
France	244.4	240.6	1.6%	1.5%
Germany	139.0	131.6	5.6%	4.8%
Northern Europe	89.6	90.8	-1.3%	-3.6%
Central and Eastern Europe	82.1	73.9	11.2%	9.8%
Southern Europe, Middle East & Africa	161.0	158.4	1.7%	-0.1%
Asia Pacific	89.9	76.7	17.1%	7.5%
Americas	83.8	70.6	18.6%	12.4%
Somfy Activities	889.8	842.8	5.6%	3.4%
Somfy Participations	103.1	112.5	-8.4%	-2.3%
Intragroup sales	-3.3	-2.8	14.8%	14.8%
Somfy consolidated	989.6	952.4	3.9%	2.7%

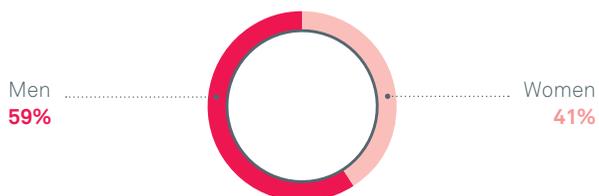
Headcount



Headcount by region



Headcount by men/women



Headcount by age group





2

Distribution



For the past three years, Somfy has seen sustained growth outside its traditional Western European markets, driven by its deliberate policy of developing new markets. In 2012, an increase in business in North and South America, the Asia Pacific region and Eastern

and Central Europe has offset waning activity in countries in crisis in Southern and Northern Europe. Meanwhile, the home automation, access and commercial segments are playing their part in driving growth in the mature regions.

Proximity

A key pillar in Somfy's development model is the combination of global strategic vision and local implementation tailored to the specific features of each market. In 2012, more autonomous regional operations and the localization of new production capacity in strong growth areas had a consolidating effect on commercial performance.

Adaptability

In the developing regions, end-user expectations and distribution circuits are very different from Somfy's traditional markets in Western Europe. Somfy therefore deploys specific business models and commercial offers in each country, making use of partnerships with global or regional stakeholders.

Support

By introducing product innovations and broadening application, Somfy continually creates value for its professional customers. In recent years, Somfy has further developed its role as a business maker, providing support for customers both before and after sales (with websites, showrooms, assistance services, etc.).

📍 | France

Innovation supporting growth

In France, within a rather unfavorable economic context, Somfy was able to generate growth with its multi-channel distribution network and its strategy of diversifying products and services. Meanwhile, innovation supported growth in sales of the group's high value-added offerings.

Somfy's overall activity was negatively impacted in its traditional market of roller shutters and blinds for the home. Sales remained robust in the professional installers channel (a 6.2% increase in sales). Sales to end product manufacturers fell by 4.6%, but increased sales in DIY superstores (+10.9%) offset this slowdown. The performance of this activity in the commercial sector (+25%) has also validated the separate specification implemented in recent years for the health and education sectors.

io technology firmly established in the home

Three years after it was launched on the French market, io-homecontrol® technology is set to become a standard with both manufacturer customers and installers. Sales of io have more than tripled since 2011, with one home automation product in every five sold by Somfy now coming from the io range (motors, control points, sensors). This success follows the launch of io-homecontrol® applications for gates and garage doors, which means that professionals now have a complete io range for automation of home appliances and systems.





SALES GROWTH IN 2012
in France



The alarms range is a hit with professionals

After its success in DIY superstores in the past three years, the alarms range is now popular with professional installers (sales up 95%). Because they work by interacting with roller shutters, these security systems (smoke detector, movement detector, controls, alerts emitter, etc.) add to installer expertise.

Solid foundations for expanding the home automation activity

With 2,500 home automation supervision centers sold in 2012 (TaHoma® and Somfy Box), Somfy met its targets for the first full year after launch. The brand has continued to structure its distribution network to step up expansion in this new activity. To give the general public a chance to test its operation, about 20 showrooms have been created in the Experts Somfy installer stores. A network of Somfy certified home automation specialists is also being created. The network, made up of electricians and home automation specialists, will take charge of complex technical installations that combine Somfy solutions with those of other manufacturers. Somfy is now a benchmark home automation brand in DIY superstores. Large-scale promotions took place in about 10 Castorama stores in 2012. Prospecting work done with builders of new housing in the past three years has also produced results. About 100 companies are now offering TaHoma® to their customers as a home automation solution, because of its benefits in terms of comfort, energy saving and security.

» THE INTERNET DRIVES CUSTOMER RELATIONS

Somfy has strengthened its online presence to support brand awareness and the sales of its professional customers. These initiatives have been steered by the new Consumer Relations department created in 2012.

Key 2012 figures:

- 1.5 million unique visitors to mass market websites.
- 100,000 brochures downloaded.
- 386,000 promotional and practical videos viewed on YouTube.

♦ | Germany and Central Europe

Creating value for our customers

In the highly competitive German and Central European market, product innovation and logistics optimization have been key factors behind Somfy's growth in its professional distribution channel. In 2012, Somfy continued to consolidate its role as a business maker for customers.



Innovation boosts business maker role

Research shows that 75% of consumers buy products recommended by professionals. This is why Somfy continues to draw even closer to its Expert installer customers in its three operational regions (Germany, Austria and Switzerland). The launch of the TaHoma[®] home automation solution at the end of 2011 was backed up by training delivered to 2,000 professionals. The brand also invested in the creation of showrooms inside customer stores. As in France, the range of io-homecontrol[®] motorization and home automation systems is set to become a standard on the venetian blinds market.

The range has now been taken on by numerous manufacturers, which have incorporated it directly into their end products. Somfy now has a network of 200 specialist io installers in Germany.

+4.7%

SALES GROWTH IN 2012
in Germany
and Central Europe



New logistics center in Rottenburg (Germany).

To boost sales of these new products, Somfy continued to invest in raising brand awareness among consumers. The brand enjoyed strong visibility throughout the year, due to communication initiatives on TV, online and in magazines. Somfy's prompted awareness rating was 40% in 2012, up 4%.

Supporting performance and productivity

In 2012, value creation for customers was also reinforced by increased efficiency in product availability and rationalization inventory. In Rottenburg, Somfy inaugurated a logistics center equipped with new-generation technologies. The opening was accompanied by the launch of a new "scheduled delivery" service. At the end of 2012, the results of these improvements were already very encouraging, with 90% of deliveries taking place on schedule.

Promoting the benefits of energy saving

Automated building closures and solar protection are not currently included among the installations recommended under the thermal and environmental standards in force in Germany and Central Europe. Somfy and other stakeholders in the sector have therefore created an association to promote their energy benefits to architects, investors and consumers. In 2012, the association commissioned scientists to create simulations of these benefits. Somfy can now base its arguments on tangible results, which will speed up the development of energy saving solutions in the next few years.



A NEW MARKET: ALARMS

In 2012, Somfy began marketing its alarms range in its three regions in Central Europe. Their interconnection with the company's other automated equipment represents a substantial competitive advantage over traditional alarm systems.



📍 | Eastern Europe

Development on every front

All regions and activities in Eastern Europe beat growth targets across the board. In 2012, Somfy pursued its geographical expansion, rolling out its applications on already mature markets. The region offers Access a substantial growth platform.

Somfy saw robust growth in its activity throughout Eastern Europe, including in mature markets (Poland, Czech Republic and Hungary). Sales increased by 13% to 24%, depending on the country. The Polish domestic and export market continued to expand, benefiting all three of Somfy's activities. In the Czech Republic, where the construction market is still depressed, growth was largely driven by a strong performance in awnings.

Growth activity in Russia

In Russia, where activity is concentrated in the residential segment, Somfy registered very positive results in silent motors for interior applications. The brand continued its geographical roll-out beyond Moscow in 2012, and new sales offices were opened in major cities. This approach will enable regional distribution networks to be structured via installer and assembler customers. Somfy has also launched direct sales of products in supermarkets, with a presence in five stores at the end of 2012.



SALES GROWTH IN 2012
in Eastern Europe

Capturing untapped growth in Access

One of the biggest challenges encountered in Russia in 2012 was the launch of the Somfy brand on the market for motorized systems for garage doors and gates. Access applications for the commercial and industrial sector are also major growth levers in developing countries. Somfy has therefore established its Simu brand in this segment in the emerging regions of south-eastern Europe. Access is also a key area for development in the Czech Republic, where this offer was initially launched to assemblers to establish awareness. It will subsequently be rolled out to the installer network.



📍 | Northern Europe

A downturn in traditional markets

In Northern Europe, where the economic climate has been difficult for the past three years, activity was negatively affected by the weather, which impacted the awnings season. However, Somfy has seen a return to growth in recent months and its new key areas for development have begun to show positive results.



Amsterdam showroom.

The economic crisis, waning household confidence and a poor awnings season resulted in a downturn in activity on the traditional markets. Applications for interior blinds (sales up 15.3%) and the commercial sector (+12.9%) have nevertheless been boosted by expansion efforts since 2008, while cost-cutting measures have supported profits. In 2012, Somfy launched an e-commerce site for professionals.

50% of Somfy's Norwegian customers had already started using this tool for their new orders by year-end.



SALES GROWTH IN 2012
in Northern Europe

Purchasing has now been centralized for all Somfy subsidiaries. Lastly, the three Benelux regions now share a single logistics center.

Commercial buildings: an increasingly integrated service

In Northern Europe, Somfy has a specification team dedicated to commercial customers. This system continued to consolidate the brand's positioning on the market for automated solar protection in medium-sized buildings. Its market share in Norway and Holland is now greater than 70%. The development of installation and equipment commissioning services was also successful. In 2012, Somfy completed 305 projects that included these types of additional services, registering sales growth of 175% in this area.

Residential: inroads in home automation

In home automation market is growing by 25% a year in Northern Europe. Somfy, which has been present in this segment since the end of 2011 with the TaHoma® solution, continues to establish brand awareness among professionals and the general public. About 10 showrooms were opened in the sales outlets of installer customers in Denmark, the Netherlands and Belgium.

The brand also launched a merchant home automation website in the Netherlands.

In terms of its offers, regional partnerships with other manufacturers led to the expansion of TaHoma® applications to lighting and heating.

📍 | Southern Europe

Winning new customers to counteract the crisis



Tenerife Airport (Canary Islands, Spain).

In most Southern European countries, Somfy's activity felt the dual impact of the economic climate and unfavorable weather for the awnings market. To stabilize its sales, Somfy launched a wide-ranging strategy to expand its activity and win new customers on its traditional markets.

-8.1%

SALES GROWTH IN 2012
in Southern Europe

All Somfy's regions in Southern Europe are now facing a serious consumer crisis, except for Israel, where growth has continued (sales up 7.9%). In the Iberian peninsula (-16.7%), Greece (-18.8%) and Italy (-4.6%), the downturn in traditional markets was further aggravated by the weather, which had a negative effect on the awnings season. In newer markets, however, interior residential and commercial solutions held up better (-5.7%).

Maintaining the leadership and resilience of value offers

In this region, where Somfy is the market leader in roller shutters, the priority was to retain its dominant positions. To counteract the market contraction, managers continued to redeploy their sales forces to win new customers.

Market share was even consolidated in Spain, when the company won one of the biggest customers in the sector. In a very competitive market, sales of Somfy brand products were also stronger than those of the tactical brands. This demonstrates the importance of brand awareness.

Creating new sources of future growth

Throughout Southern Europe, Somfy is pursuing its strategy of openness to new markets. In Spain, more robust prescription initiatives in respect of customers in the commercial sector led to five new projects, including the South Airport on the island of Tenerife. Somfy and its partner, Philips Lighting, began to roll out their joint solution. In 2012, the company also established a presence on the Access market in Israel. The Spanish subsidiary began to market this offer in more than 50 sales outlets in supermarkets.

📍 | Middle East & Africa

The region confirms its potential

Political instability in the Middle East curbed Somfy's expansion ambitions on these markets, but did not affect the dynamism of activity in the Middle East. The region offers very substantial untapped growth in both the residential and the commercial segments.

Arabian peninsula drives growth

The whole of this region gained momentum from sales growth in Saudi Arabia (+12%), the UAE (+153%) and Kuwait (+36.9%).

Somfy almost doubled its sales on the market for interior solutions for homes with its partner, Cedar. This major regional stakeholder, which is a manufacturer and a retailer, also helped to boost awareness of the Somfy brand with major communication campaigns.

With a motorization rate of 30%, the roller shutter market also offers considerable growth potential. Somfy therefore continues to roll out and coordinate its network of professional distributors. The countries of the Arabian peninsula are also key regions for the commercial activity. Somfy won several large real estate projects in 2012, including a LEED-certified complex of 600 housing units for students in Qatar, and the second phase of the Jumeirah Tower in Dubai.



SALES GROWTH IN 2012
in the Middle East and Africa



Boudl Al Fayhaa (Royal Suite)
in Riyadh (Saudi Arabia).

The regional rollout

In 2012, the political crises arising from the Arab Spring delayed Somfy's growth plans in Egypt and Syria, two potentially sizeable markets. However, the company continued to roll out its activity to new regions, including Iraq and West Africa (Angola, Senegal and Ivory Coast). The South African subsidiary also won a major customer in the Access market.

North America

A return to strong growth



Curtains equipped with Sonesse silent motors.

At the standstill for the past five years, North America saw a return to positive growth in 2012.

This performance was prompted by the creation of partnerships with other stakeholders in residential and commercial buildings, and driven forward by the substantial growth potential of interior solar protection motorization.



SALES GROWTH IN 2012
in North America

200 commercial projects gained

The creation of a dedicated specification team for the commercial buildings market resulted in a 15.2% increase in sales. In 2012, 2,300 architects were trained in energy-saving and visual benefits of automated solar protection. Nine Somfy technicians are now certified by LEED, the North American environmental building rating system. The global partnership launched with Philips Lighting in 2009 is a commercial success in the region. Their joint promotion initiatives in 2012 in the healthcare, hotel and public building sectors won them 40 projects for combined management of artificial and natural light.



Two major partnerships in the residential sector

In the residential sector, Somfy has continued to consolidate its presence on the interior decoration market with its silent (Sonesse) and autonomous (WireFree) motorization ranges. North American sales of mass market products sold in stores and DIY superstores grew by 30% in 2012.

The partnership forged at the end of the year with the second-largest North American group in this sector will step up this trend in 2013. Somfy designed an ultra-silent motor for Crestron, who is the North American leader in home automation solutions in the luxury market.

With this innovation, which paves the way for the launch of a broader range, Somfy has consolidated its technological edge over its competitors.

Home automation offer is launched successfully

In 2012, Somfy successfully launched sales of the North American version of its TaHoma® home automation solution. 100 retailers have already been trained, and the range of compatible applications continues to grow. In North America, home automation is a strong growth market, driven by energy saving and security needs. Estimates suggest that it will reach \$2.5 billion within the next five years.

📍 | South America

Success of a pioneering approach

In South America, an area largely made up of emerging markets, Somfy continues to structure its sales system and offer to capture substantial untapped growth in the residential and commercial sectors.

Although its activity grew strongly, Somfy nevertheless saw mixed results in the various regions. The Mexican market (+22.1%) emerged from the crisis to join Brazil (+17.8%) to drive growth.

Despite a very favorable economic context, the Chilean, Colombian and Peruvian markets were adversely affected by the loss of a Key Account.

However, Somfy had been anticipating this situation since 2011: the creation of a broader network of retailers should help to offset the decrease in activity from 2013 onwards. In Argentina, activity continued to grow (+31.1%) despite legislation that is now unfavorable for foreign investors.



SALES GROWTH IN 2012
in South America

Lastly, sales doubled in Panama since last year, as international company headquarters were rapidly established.

A strong breakthrough in the commercial sector

The economic recovery in Mexico has led to vigorous expansion in the office building market. The dynamism of this market drove Somfy's activities throughout the entire region in 2012. The company's strategy of grasping this potential led to its first commercial successes. Part of the approach was the creation of a dedicated team. A local partnership with Schneider also created a combined artificial and natural light management service. Somfy launched similar initiatives in Brazil.

Security, a lever for growth in home solutions

In most South American countries, the emerging middle class is stimulating spending on the home. Security, which is a region-wide issue, provides a promising outlook for access management and home automation solutions.

Somfy has therefore continued to boost its positions in these two markets in Brazil, with the aim of eventually serving the rest of the South American area from this platform.



A professional showroom in Brazil.

📍 | Asia Pacific

A contrasted performance

The mature countries in the Asia Pacific region registered a downturn in activity as the construction markets declined. Somfy continued to support growth in the emerging economies, which represent 62% of sales in the region.

In the developed Asian countries, the performance reflects changes in the construction markets. These grew slightly in Japan and declined in South Korea, due to delayed deliveries of major commercial projects. In Australia, where the climate is unfavorable in the new homes market, activity was also down. The structure and organization were therefore adjusted to maintain profitability. A major restructuring of workforce and strategy also took place in Australia, which will produce results in 2013. Activity is still very dynamic in the emerging Asian economies, despite a slight slowdown in the Chinese construction market. Most of the growth in these countries is driven by domestic products, and particularly by the office building and hotel markets.



The Millennium Hotel project, which will be fitted with 6,400 curtain motors. Phoenix Island (Hai Nan Province, China).





SALES GROWTH IN 2012
in the Asia Pacific region

India: investments in the commercial sector

Somfy saw continuing growth in its activity in India (sales up 46.4%). It responded by creating dedicated specification teams for each market segment (hotels, offices, apartment blocks and access). This sales approach helped to win several key projects in 2012. The brand also has more influence with environmental certification bodies, such as the Indian Green Building Council.

China: a new organization to step up growth

In China (sales up 22.3%), all the Group's brands took advantage of the dynamic economy. Since activity had expanded rapidly over a period of two years, the company restructured the roles of its three main entities. LianDa (sales up 12.4%) began producing motors under the Somfy brand, mainly for curtain applications, for which this region is the main market. Targets: to responsively support growth in activity throughout the Asia Pacific region and to develop offers tailored to the specific features of these markets. The Dooya brand (sales up 37.2%), while continuing to serve exports, has now been tasked with developing new offers to consolidate its position on its domestic market. This strategy also entails the production in China of a range of automated systems for the home as well as window openers for natural ventilation.



Home automation, an additional area for value creation

In the Asia Pacific region, home automation is a major tool for rolling out high added-value offers. Radio Technologie Somfy® technology was launched in Japan in 2012, for applications such as window-openers and skylights that have recently been motorized. In the emerging regions, where activity is still strongly positioned in the commercial sector, home automation is also a way of establishing a presence in the residential sector. Somfy has set up showrooms in several big cities in China, and is currently developing a home automation offer specifically for the Chinese market.



Shanghai showroom.

 | Industry

Anticipating production growth

Despite the uncertain economic climate, Somfy's production is forecast to grow by 40% by 2015. As its current production facilities have reached their saturation point in France and Tunisia, and because its competitiveness has to be consolidated, Somfy is localizing the increase in activity close to emerging, rapid-growth markets.

Increased production capacity in strong growth regions

In 2012, Somfy Activities made changes to its manufacturing system to ensure harmonious development of production capacity on rapidly growing markets. To serve the Eastern European areas, a new plant is under construction in the suburbs of Cracow, in Poland. The plant, which will be operational in the first half of 2014, will be in charge of assembly and logistics for products mainly destined for Eastern Europe and the Middle East. The transfer of production will not affect the scope of the Somfy brand's European plants, which will focus on developing new products. The LianDa production site in China has also begun manufacturing curtain motors. Localizing the production of offers for the Asian markets in China will increase responsiveness and competitiveness. Lastly, to support growth in activity on its domestic market, Dooya will inaugurate a new plant in 2013 to increase its current production capacity by 50%.



Leadership in quality

Launched in 2011 to boost Somfy's competitive advantage in the quality of its offer, the "Customer First!" project has produced tangible results, confirming Somfy's position as a leading brand. By making customer satisfaction the main focus of its operational approach, the project has strengthened quality by making it a day-to-day priority. As the Group's activities are international, the next stage will be to create a shared quality culture based on a proactive approach.

» 100 MILLION MOTORS

In 2012, Somfy produced its 100 millionth motor since 1980.

- 7 production sites:
Bologna and Schio (Italy), Cluses and Gray (France), Sitem (Tunisia), LianDa and Dooya (China)
- 70,000 motors per day
Group production capacity
- A network of over 50 warehouses



Eight complementary commercial brands

somfy.

The Somfy brand carries the company's image and reputation to professional customers and consumers and drives the innovation of all applications for the home and the commercial sector. In 2012, new Security offers and the revamping of the professional range of automated systems for Access sustained the development of the company's activities in home automation. In buildings, Somfy is enhancing the environmental efficiency of automation by developing digital steering technologies tailored to the features of each building.



tuned to you

BFT, complementary to the Somfy brand on Access applications, offers access solutions for homes, businesses and industry. In 2012, BFT expanded its access control offer for urban spaces (car parks, shopping malls, airports). The brand also continued the consolidation of its distribution network: in France,

its retail companies were merged into one entity, and in Italy, BFT increased its presence in specialized retail.



Simu, which operates in mid-range awnings, roller shutter and access applications, designs offers to meet the needs of assembler and manufacturer customers.

The brand, which celebrated its 60th anniversary in 2012, had a major success in North America, developing a motorized awnings system specifically for the recreational vehicle segment.



Automatismos Pujol, the leading brand in motorized access in Spain, managed to consolidate its positions on its domestic market and saw sales growth in Italy despite a very difficult environment there.



Mingardi specializes in the motorization of window actuators for natural ventilation in the commercial buildings sector.



The Ningbo Dooya brand, leads the Chinese tubular motor market and services the Chinese domestic market with motorized systems for roller shutters and curtains. Dooya also serves manufacturers of products for export.



Positioned on the entry-level market, these tactical brands support the competitiveness of Somfy Activities and aim to serve manufacturers and retailers.

40

PRODUCT
LAUNCHES

36

PATENTS FILED

100

INVENTIONS IN
DEVELOPMENT



3

Responsibility



As world leader in the automatic control of openings in homes and buildings, Somfy Activities has considerable environmental, economic and social responsibilities. The company bases its initiatives on an integrated sustainable

development strategy, with a strong ethos of leading by example. Under the aegis of the Somfy foundation, the Somfy Group's citizenship commitment is also a source of pride and a feeling of cohesion among employees.

Leading by example

Somfy aims to be a good corporate citizen in environmental matters and in its dealings with its employees and civil society. This commitment to lead by example includes a strong desire to play an active role in social integration by supporting government initiatives.

Legitimacy

In 2011, Somfy refocused the initiatives taken by its corporate foundation on housing in line with the professional ambition of improving living environments for all. This decision, a gauge of efficiency and a unifying force within the company, has also strengthened employee commitment to a project that makes sense to them.

A collective dynamic

Somfy hopes to make each of its corporate responsibilities a shared goal that can generate an individual and collective dynamic among the people who work towards it every day. The Group's sustainable development strategy is therefore underpinned by a robust internal communication system.

🌿 | Responsibility to the environment

Environmental strategy reaches maturity

Four years after the launch of the first plan to reduce the Group's environmental footprint, the 2012 Carbon Footprint Challenge^{®1} confirmed the effectiveness of the measures implemented in France. Identification of key priorities will speed up improvements in the environmental performance of Somfy's internal operations and its products.

Reduction of greenhouse gases: in line with European targets

Following an initial assessment of its environment impact in 2007, Somfy implemented a second Carbon Footprint Challenge^{®1} in 2012. The objective was to report on the initiatives in progress and identify new levers for improvement, and the results showed that the progress made in recent years is in line with the European target of reducing greenhouse gas emissions by 20% by 2020². Since the first analysis, energy savings of 9% have been achieved, respectively, in building operation and employee commuting.



¹ The Carbon Footprint Challenge[®] was carried out at Somfy SAS in France; it took account of changes at the company since 2007.

² Based on the 1990 level.



ECO-DESIGN OF ELECTRONIC PRODUCTS has resulted in a 30% average reduction in their energy consumption

Major progress made in the eco-design program

As part of its eco-design program, the Somfy brand has engaged in a study of the environmental impact of its products – the Lifecycle Analysis – since 2010. The results of the study have allowed to identify key areas for improvement.

Apart from the materials used, reducing motor energy consumption is an important factor in environmental performance.

Somfy has developed its offer accordingly. The average energy consumption of electronic products has been cut by 30% through the use of technical innovations. In the future, eco-design initiatives will be based on three priority areas: energy, materials and waste. The results of the Lifecycle Analysis will soon be officially reported via publication of PEPs (Product Environmental Profiles). These “eco-passports” for Somfy’s products will be available for viewing online. PEPs are used for all electrical and electronic equipment and are a requirement for customers during calls for tenders.



Head office of Somfy Activities (Cluses, France).

A professional structure to recycle products at the end of their life

To preserve raw materials resources, a European directive has made it compulsory for all electric and electronic equipment manufacturers to recycle their products at the end of their lifecycle. Progressive targets have been set: 45% from 2016 and 65% by 2019. In addition to the household waste collection system in place since 2006, Somfy France has set up a dedicated structure for professional customers. This system, in operation from 2013, is based on the Recyclum network, which currently has 200 collection points across France. The products are then channeled to recycling plants.



» GREEN ACTION: MORE GOOD PRACTICES

- Food waste from the company restaurant is now recycled into compost.
Results: - 40% reduction in processing costs and reduced CO₂ emissions.
- Since June, mail is franked by Lettre Verte, an environmentally friendly postal option.
Results: up to 30% reduction in CO₂ emissions and €8,000 in savings every year.

📄 | Responsibility to society

Employees get involved in improving substandard housing

The Somfy Foundation plays a key role in the Group's citizenship policy, has been focused on projects of general interest relating to housing since 2011. In 2012, it substantially increased its support for associations and created a program of solidarity days to get Somfy employees involved on the ground.



1 and 2. Somfy employees during their solidarity day.

26 new projects supported

In France, where its initiatives are currently focused, the Somfy Foundation helped to fund 26 projects carried out by about 15 associations. In Bonneville (Haute-Savoie) in particular, it is subsidizing furnishings for two apartments converted into social housing by the Habitat et Humanisme association, in the period 2012-13. In Paris, the Foundation supported the Association pour l'Amitié to help homeless people reintegrate through social diversity initiatives. Several apartments, for joint rental for young professionals, were renovated as a result. The Somfy Foundation also teamed up with the Alvéole association to finance training centers to teach young people professional skills in the field of sustainable housing.

€650,000

INVESTED
in Somfy Foundation initiatives
in 2012

» SOMFY FOUNDATION: THREE AREAS OF ACTION

- Facilitate access to decent housing.
- Promote social diversity through innovative housing solutions.
- Professional insertion through the building trades.

See all the projects supported by the Foundation:
www.fondation-somfy.com



The Somfy Foundation also renewed its agreement with Emmaüs France, its main partner, for another year. In 2012, a budget of €130,000 funded several rehabilitation projects in Emmaüs communities (Annemasse, Bourgoin-Jailleux and Laval), as well as the Chantiers d'été program.

€300,000

SOMFY HAS EXTENDED THE ARTICLES OF ASSOCIATION OF THE FOUNDATION for three years, with a minimum annual budget of €300,000.

» **SOCIAL COMMITMENT: SUPPORTING OUTREACH WORK IN HAUTE-SAVOIE**

Somfy has always played an important role in various areas of local life (social, educational, cultural, etc.) in Haute-Savoie, the department where it was founded. Its management team has been chairing the Club Haute-Savoie Responsable (Responsible Haute-Savoie Club) for the past year, believing that companies should play a stronger citizenship role. The aim of this think tank for economic stakeholders is to make Haute-Savoie a pioneering region in corporate social responsibility. 2012 was also an important year for sports sponsorship. The French biathlon team, which the company has been supporting since 2005, put in a brilliant performance in the 2012 World Championships (winning eight medals). Somfy was also present at the 2012 Olympic Games in London as the Official Partner of the French National Olympic and Sporting Committee.

A program to involve employees

Set up in July 2012, the “Make Time for Others” program enables all employees to take part in a solidarity action day in aid of Somfy’s partner associations, during work time and on a volunteer basis. This new platform for action for the Somfy Foundation, which was set up with the support of the HR and Legal Affairs departments, has two aims: raise employee awareness about the Foundation’s citizenship mission, and provide human support for the associations, as close to their areas of practical intervention as possible. More than 50 employees took part in the 13 solidarity action days that took place in the second half of 2012. They helped seven associations with three types of action: renovation work to help vulnerable people; solidarity sales; and provided professional or personal skills (advice on managing logistics flows, document translation, etc.).



↑ “The Olympic spirit is in us!” internal photo competition

| Responsibility to employees

Supporting Somfy's transformation

As part of the internationalization and development of Somfy's activities, the HR department launched the managerial element of the Let's company project (2011-2015). Its initiatives, spread over a three-year period, are based on three priority areas: skills development, commitment and performance management.



RECORD PARTICIPATION IN THE INTERNAL ENGAGEMENT SURVEY, SomfyScope, delivered to over 3,000 employees at the end of 2012.

Skills development

Staff employability was the first key topic launched in 2012 under the Let's project. It presents an important challenge: preparing the company of the future using today's employees and, enabling employees to be fully involved in the company's future growth. In 2012, the HR teams performed an analysis of possible future developments in the professional skills required by the company.

This will serve as the basis for a number of measures to be rolled out in the next three years, particularly from 2013, to promote career mobility.



In France, 125 employees will receive English language training in 2013.

In order to become international increasingly the company employees have to be able to speak good English.

Somfy has therefore increased its training resources and expanded the range of teaching methods offered (telephone, e-learning, immersion, etc.). Five training modules have also been created to improve key competencies for managers.

Living better together

The Disability Pledge, introduced in France in 2009, has made substantial progress. Employment of disabled people is increasing every year, particularly as a result of partnerships formed with specialized training schools. Some subcontracting services are now carried out by companies established to help disabled people into work. At the same time, Somfy has improved its responsiveness to disabling conditions, so that the employees concerned can be kept in employment. The first initiatives to prevent work-related stress were launched, following an audit of more than 1,200 employees carried out in 2011. The HR teams have now been trained to recognize early signs of stress. A vigilance network was also set up in France.

In 2012, Somfy began to create a classification system for all jobs at international level, with the aim of rolling out a clear, transparent and Group-wide remuneration policy.

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Somfy SA
50 avenue du Nouveau-Monde
BP 152 - 74307 Cluses Cedex - France
Tel.: +33 (0) 4 50 96 70 00
www.somfy.com

