SOMFY
INVESTOR DAY
2017
PALAIS
BRONGNIART
PARIS/30 MARS
SOMFY

I. INTRODUCTION

JEAN GUILLAUME DESPATURE

- Somfy's vision
- Strengths and history
- Somfy today
- A constantly-changing market
- Believe & ACT!

SOMFY INVESTOR DAY 2017 PALAIS BRONGNIART PARIS/RIO MAPS

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I. SOMFY'S VISION
INSPIRING A BETTER WAY OF LIVING ACCESSIBLE TO ALL

TO ADDRESS FUNDAMENTAL BENEFITS FOR THE BUILDING OCCUPANTS

- *comfort and well-being at any age*
- *security of people and property*
- *environmental preservation*

Somfy does so by …

… creating innovative solutions

… being present on five continents

… striving for excellence in its products and services

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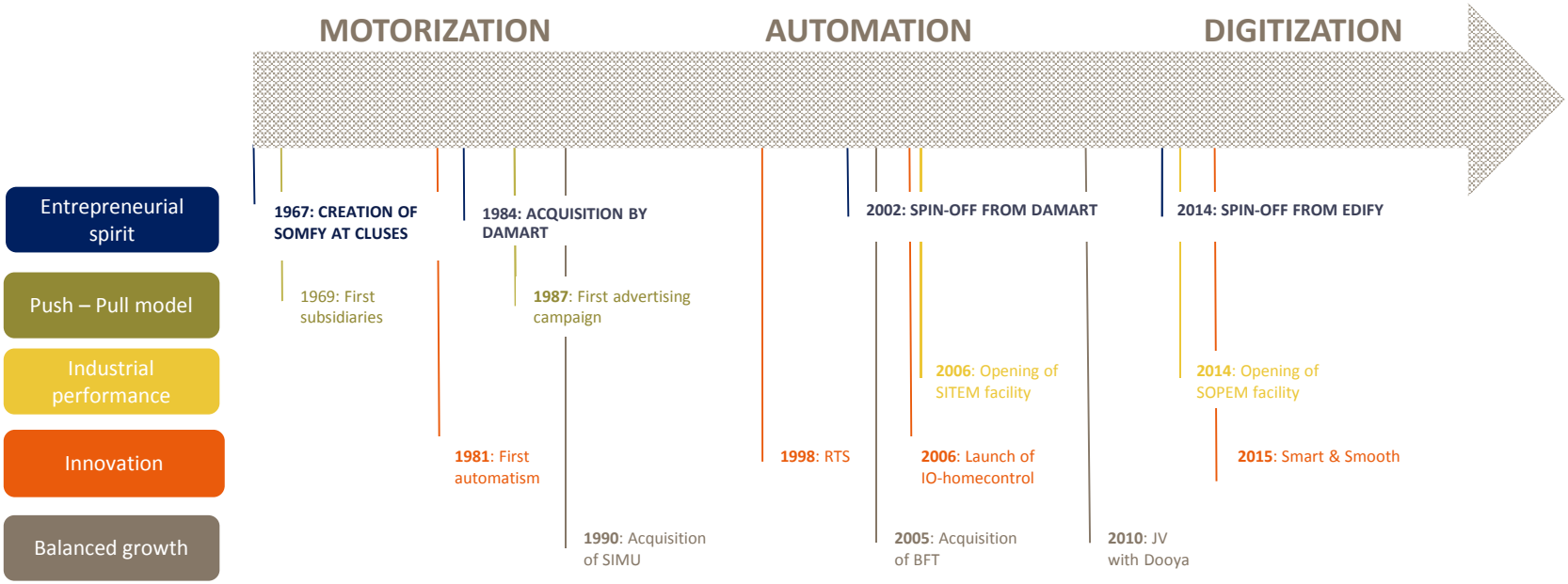
I. A COMPANY ON THE MOVE



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I. SOMFY TODAY

SOMFY

simu

somfy

BFT
Be ahead

DOOYA®

asa
Italians since 1980

MINGARDI®
THE REFERENCE FOR WINDOW AUTOMATION

automatismos

neocontrol

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I. SOMFY TODAY

2016 SALES

€1,131.7m

+10.2%

l-f-l growth

2016 SALES
REALIZED OUTSIDE FRANCE

76%

2016 CURRENT OPERATING RESULT

€177.7m

3
ACTIVITIES

2
Business & Mkg Areas

58
COUNTRIES

125
SUBSIDIARIES

OPERATORS PRODUCED SINCE INCEPTION

166,000,000

CONNECTED DEVICES

750,000

PATENTS
REGISTERED IN 2016

41

PATENTS
IN PORTFOLIO

2,007

SOMFY ON TV

20 countries

EMPLOYEES
WORLDWIDE

8,000

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I. A WORLDWIDE FOOTPRINT

France

somfy - Cluses

Production site and research center

simu - Gray

Production site

Italie

BFT - Schio

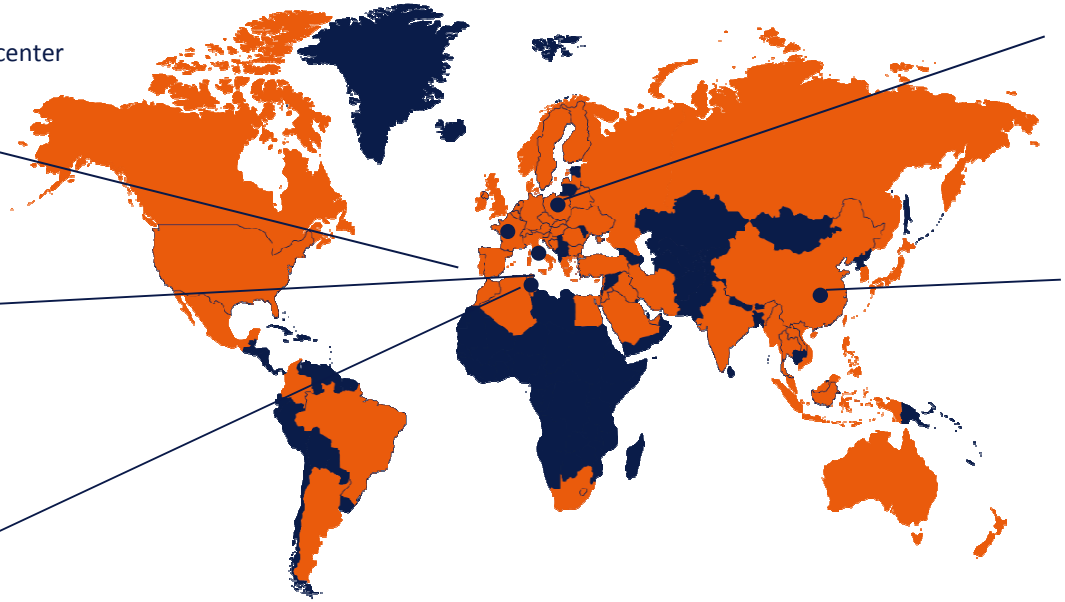
Production site

Window Automation industry - Galliera

Production site

Tunisia - SITEM

Production site



SOPEM - **Poland**

Production site

China

DOOYA - Ningbo

Production site

LIANDA - Zhejiang

Production site

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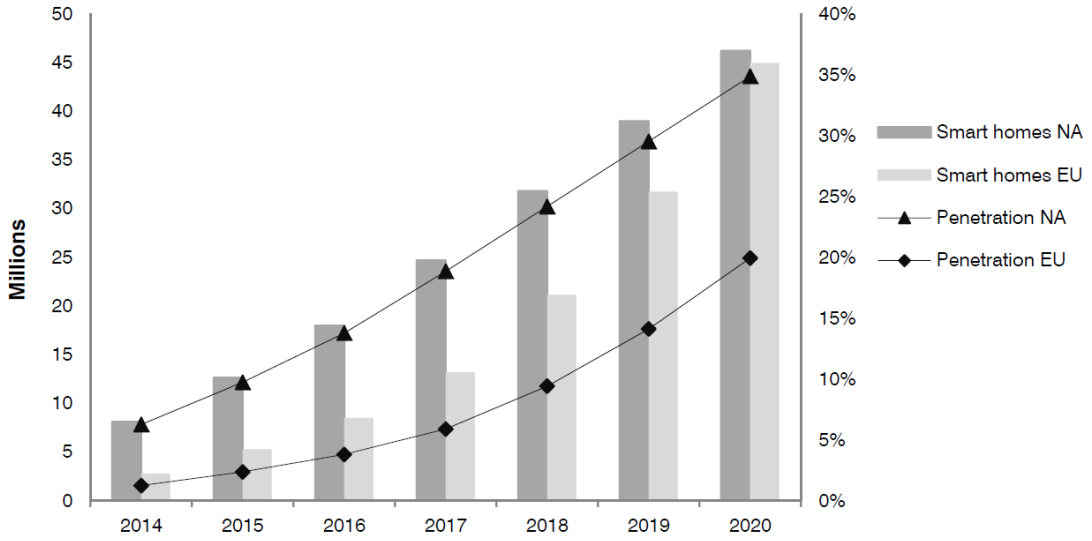
I. THE POTENTIAL OF SMART HOME MARKETS

SMART HOME PENETRATION & INSTALLED BASE (EU AND NA / 2014-2020)



Source: Berg Insight

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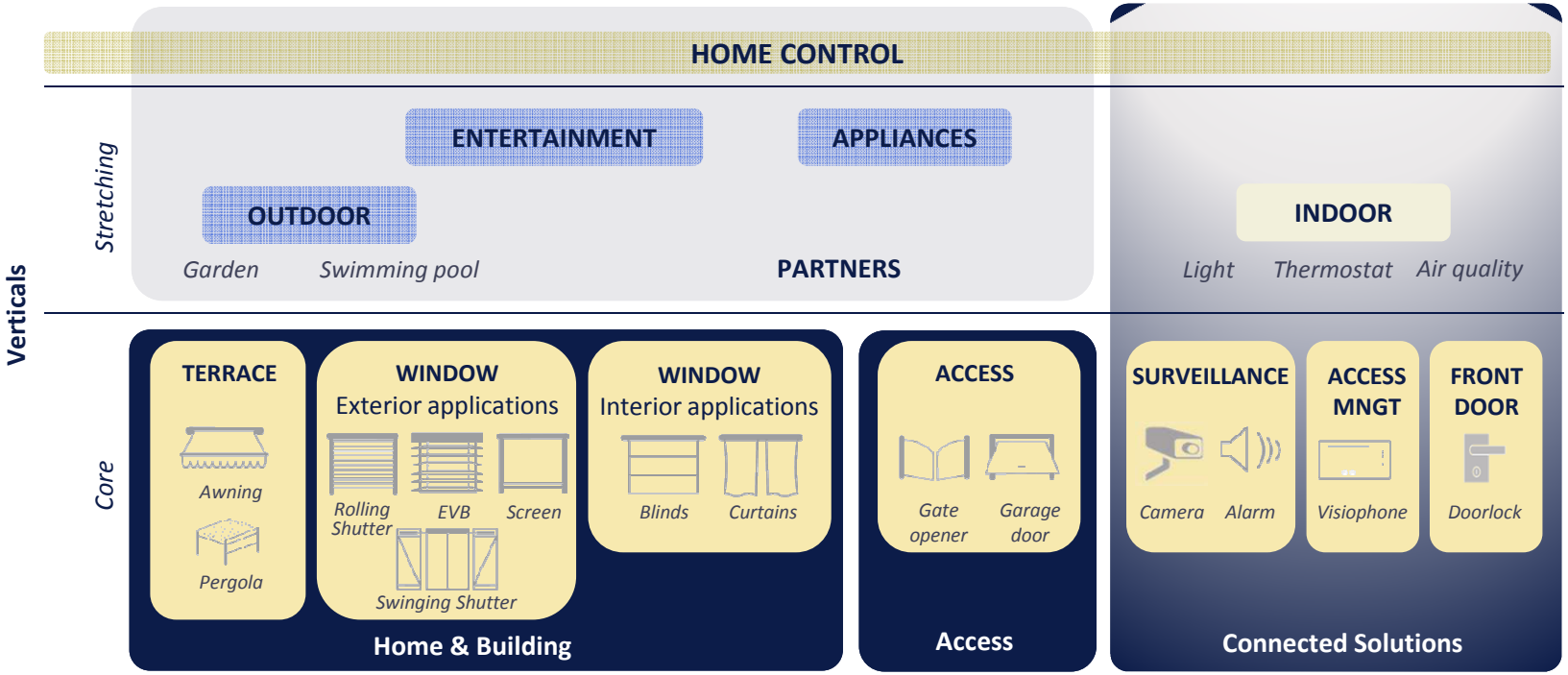
I. THE SMART HOME ENVIRONMENT



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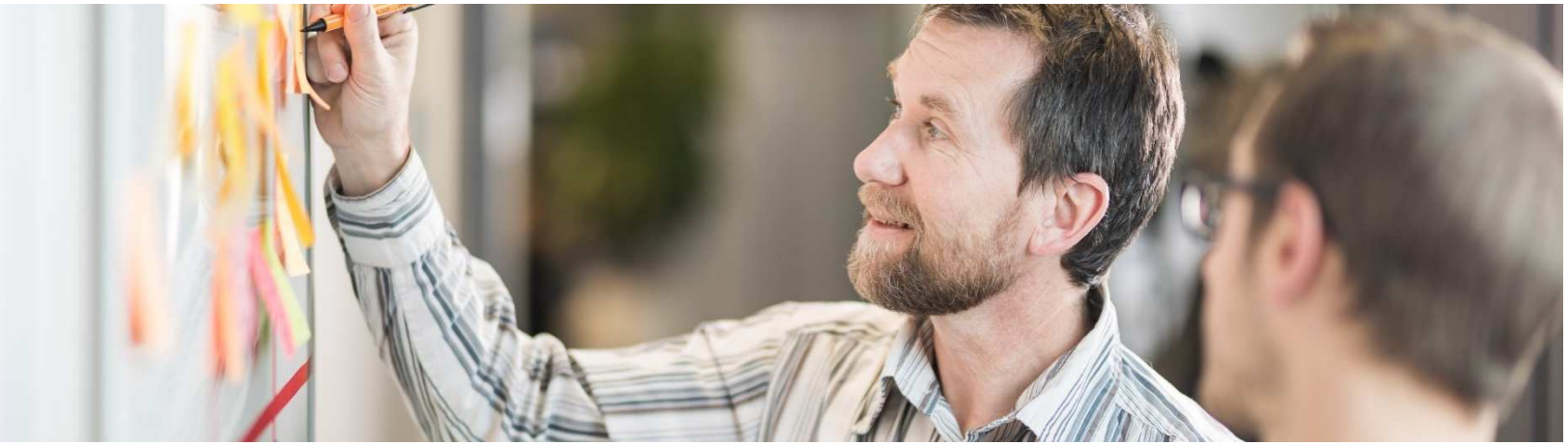
I. KEY CHALLENGES



To succeed in its digital transformation, Somfy identified four major challenges to act upon by 2020…

... And has set itself four subsequent accelerations rolled-up into one strategic roadmap:

BELIEVE & ACT!

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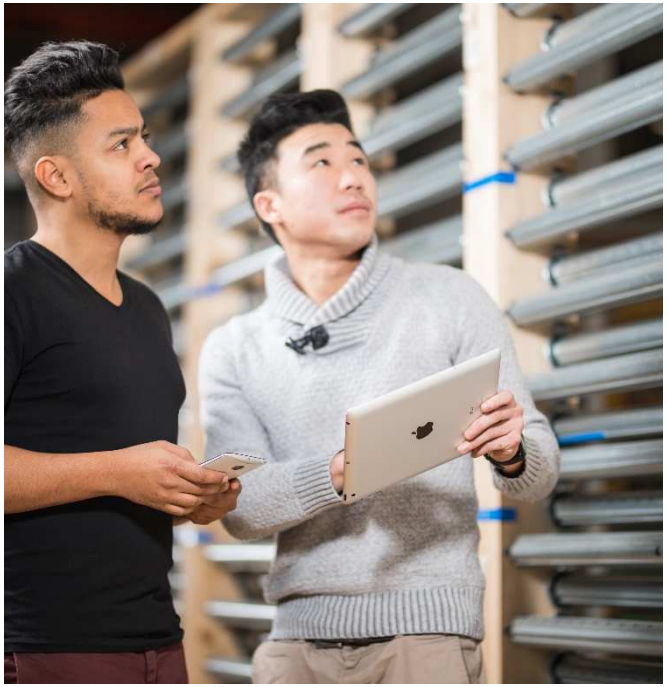
I. WE BELIEVE & ACT CLOSER TO OUR END-USERS!



- Solutions based on specific use case scenarios
- Understanding how data will be used
- Business model evolution around services
- Leveraging partnerships in a moving competitive environment
- Disintermediation of the value chain
- Company digitization and capability build-up

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I. WE BELIEVE & ACT CLOSER TO OUR END-USERS!

Believe & ACT closer to our end-users...

... Becoming the market's preferred end-users brand

... Accompanying them every step of their journey

... With one seamless and consistent user experience

... Offering a complete bi-directional product range & associated services

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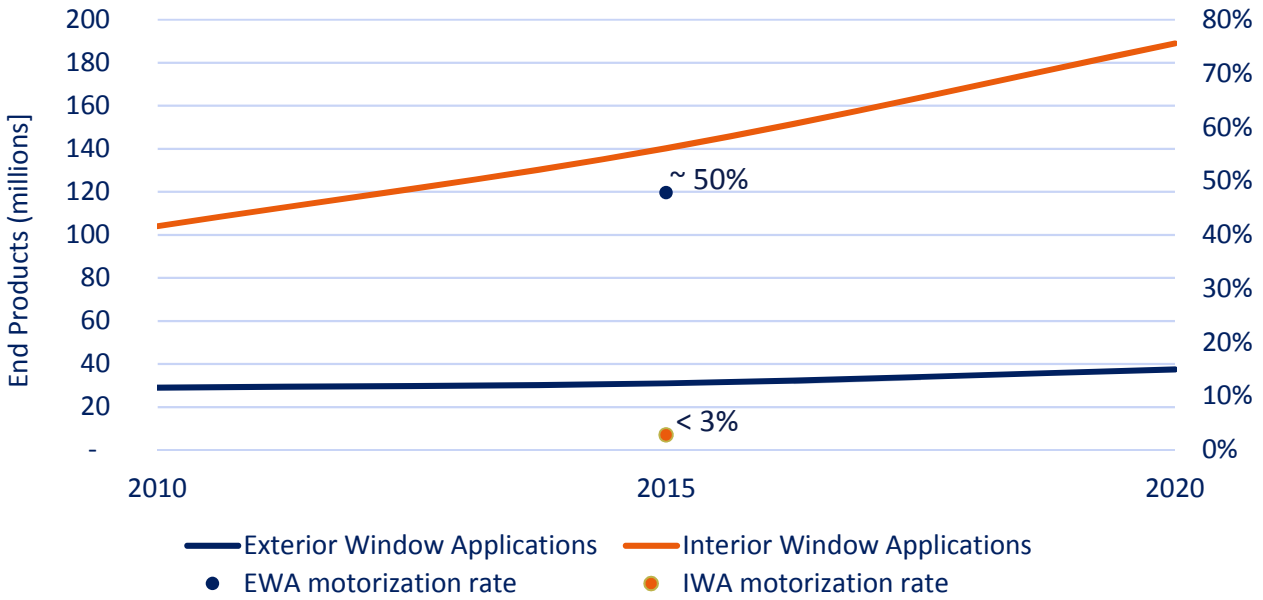
I. WE BELIEVE & ACT BOLDER ON THE INTERIOR MARKET!



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I. WE BELIEVE & ACT BOLDER ON THE INTERIOR MARKET!

Believe & ACT bolder on the interior markets...

... Leading with our key partners the emergence of mass markets

... Offering innovative interiors solutions

... Expanding our leadership on high-end residential and commercial markets

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I. WE BELIEVE & ACT STRONGER ON OPERATIONAL EXCELLENCE!

Believe & ACT stronger on operational excellence

… Striving for fully satisfied customers

… Collectively optimizing processes and internal efficiency

… Speeding up innovation and rising development standards

… Establishing sustainable business models for profitable growth

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I. WE BELIEVE & ACT BETTER TOGETHER!

Believe & ACT better together

… Through empowerment and personal fulfillment

… By developing our people

… By growing sustainably and by giving back

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I. WE BELIEVE & ACT …

CLOSER TO OUR END USERS

#USEREXPERIENCE

#SOMFYBRAND

#ENDUSERJOURNEY

#CONNECTIVITY

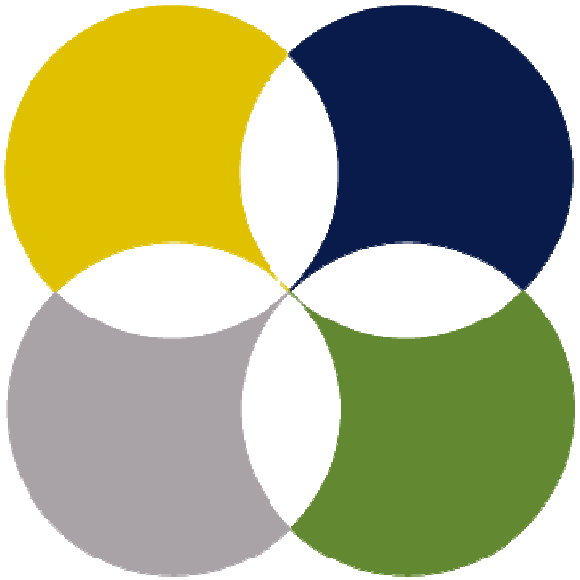
STRONGER ON OPERATIONAL EXCELLENCE

#CUSTOMERSATISFACTION

#OVERHEADSAGILITY

#TIMETOMARKET

#BUSINESSMODEL



BOLDER ON THE INTERIOR MARKET

#MASSMARKET

#BREAKTHROUGHINNOVATION

#PROJECTBUSINESS

BETTER TOGETHER

#SOMFYSPIRIT

#EMPLOYEEJOURNEY

#CSR

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II. INNOVATION, A KEY PILLAR OF OUR DEVELOPMENT MODEL

JEAN PASCAL REY

- Consumer-focused innovation
- An embedded process
- Value creation
- Results
- Intellectual property

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II. MY somfy LAB TO PUT CONSUMERS AT THE HEART OF OUR INNOVATION

IDEATION

Ideas Generation

Community of 1200 participants

Launching of MY somfy LAB 2016 2017

ENHANCEMENT

Concepts Enhancement

VALIDATION

Consumer Validation

- A direct digital consumer touch point
- An accelerator to gather consumer insights: >500 answers in 48 hours

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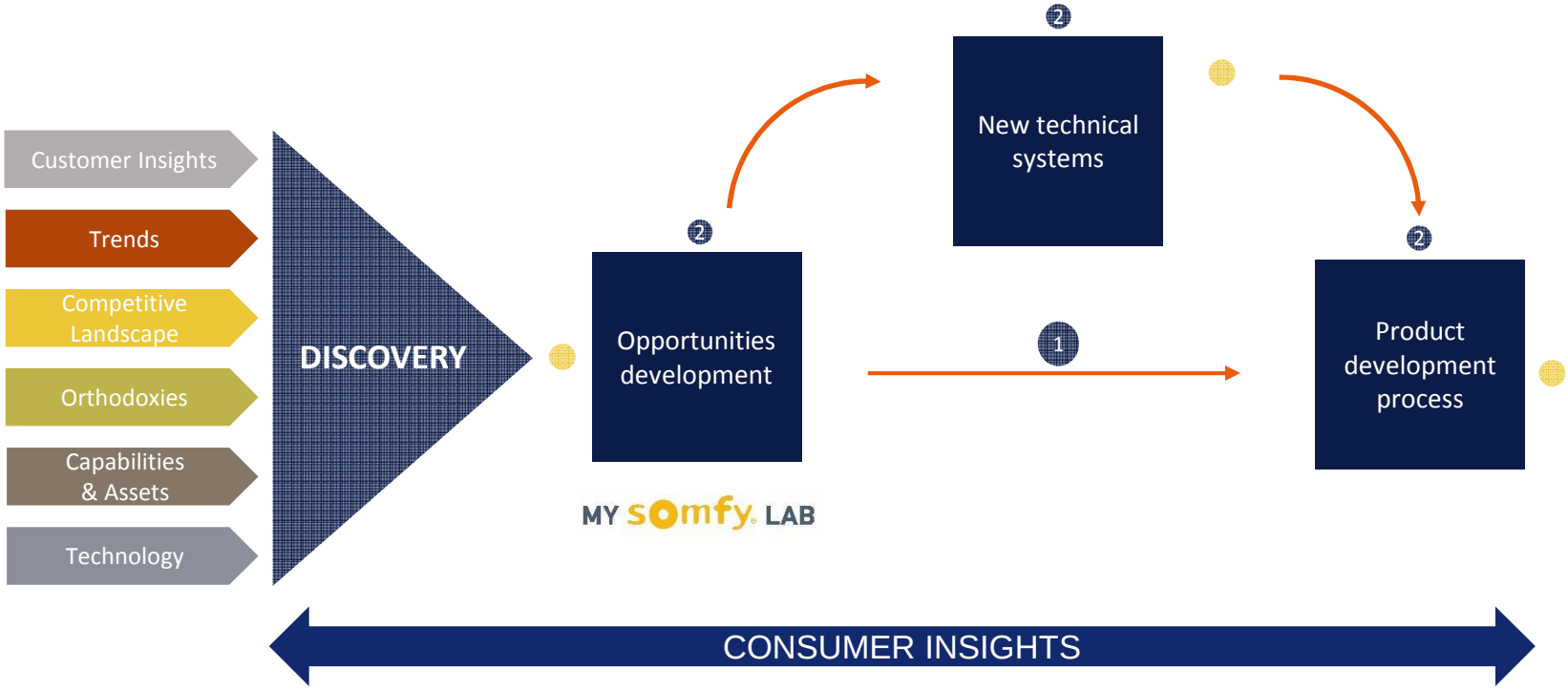
II. INNOVATION, AN EMBEDDED PROCESS WITHIN SOMFY



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II. AN EXAMPLE OF BREAKTHROUGH INNOVATION: SMART & SMOOTH ECOSYSTEM

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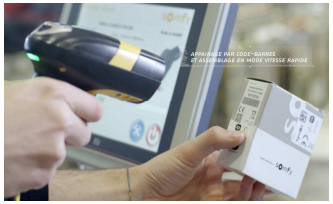
II. INNOVATION THAT CREATES VALUE AT EACH STAGE OF THE CHAIN

ROLLING SHUTTER MANUFACTURER



- **Easier and faster assembly**
- **Possibility to customize their offer**
- **Traceability with embedded data**

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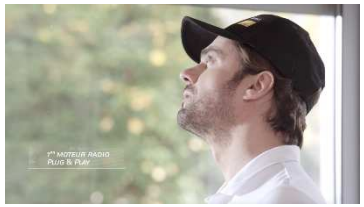
II. INNOVATION THAT CREATES VALUE AT EACH STAGE OF THE CHAIN

INSTALLER



- **No more setting**
- **Additional services to consumer**
- **Differentiation**

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II. AN INNOVATION THAT CREATES VALUE AT EACH STAGE OF THE CHAIN

CONSUMER

- **Silence**
- **Movement control**
- **Connected**

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II. VIDEO

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II. INNOVATION THAT DELIVERS RESULTS…

- **Smart & Smooth doubled the growth of the value segment**
- **Higher consumer willingness to buy with price premium**
  15% price premium versus previous model

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II. … AND POSITIONS US AHEAD OF COMPETITORS THROUGH INTELLECTUAL PROPERTY

- **Top tier rating of French patent filing**
- **Approx. 40 patents filed every year**
- **Ahead of larger French companies**

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III. BOLDER ON THE INTERIOR MARKET

JEAN PASCAL REY

- A huge growth potential
- A truly global market
- Levers to accelerate growth
- Motorized and interiors solutions
- How to make it happen

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III. INTERIOR MARKET
A HUGE GROWTH POTENTIAL

STANDARD & CUSTOMIZED

Curtains

Roll-up blinds

Venetian blinds

850m blinds & curtains

CUSTOMIZED

140m blinds & curtains

MOTORIZED SOLUTIONS

3.6m motorized blinds & curtains
< 3% motorization rate

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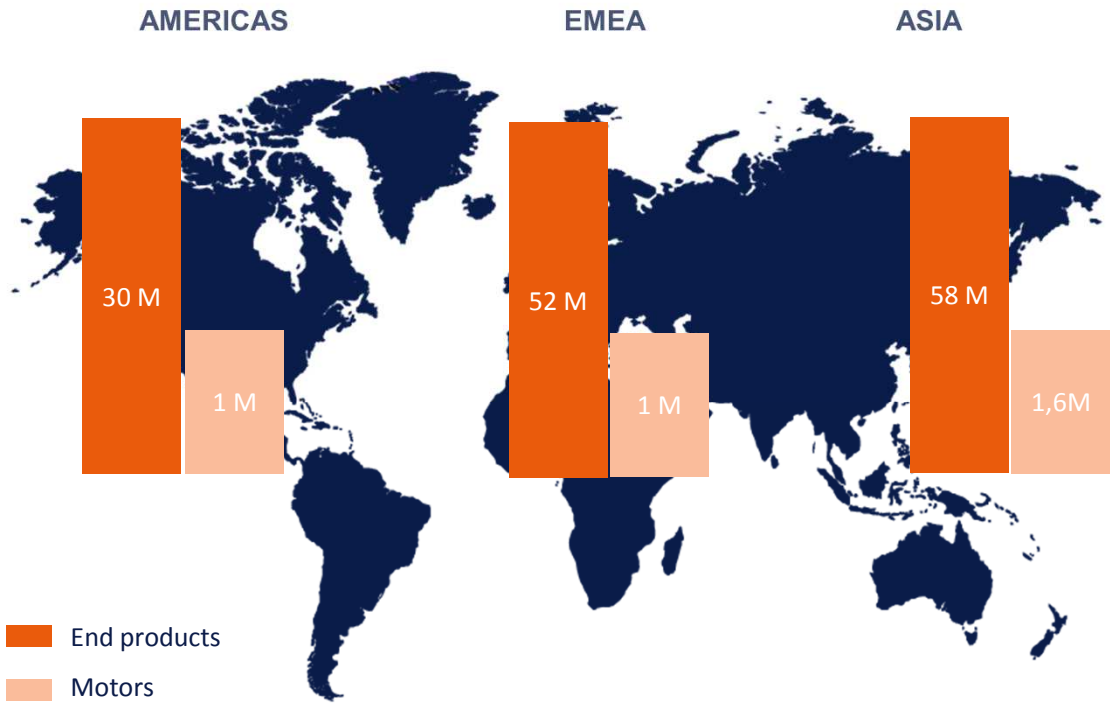
III. A TRULY GLOBAL MARKET



A GROWING MARKET WITH A 14% 2011-15 CAGR

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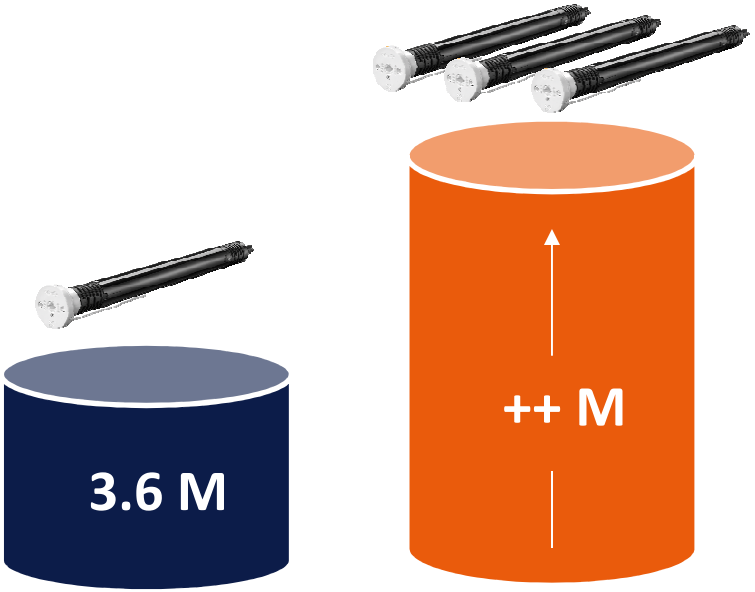
III. OUR RESPONSIBILITY, AS LEADER, *IS TO DRIVE THE GROWTH OF THE MOTORIZED MARKET*



Today

Tomorrow
Expected growth

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III. 3 MAIN LEVERS
TO ACCELERATE GROWTH OF THE INTERIOR MARKET

- **Improve awareness of motorized solutions**
- **Improve consumers' accessibility to motorized solutions**
- **Offer innovative interior solutions**

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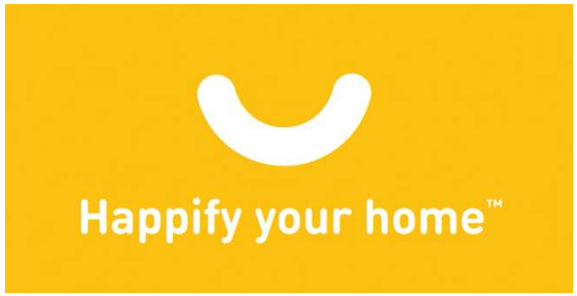
III. IMPROVE AWARENESS OF MOTORIZED SOLUTIONS



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III. IMPROVE CONSUMERS' ACCESSIBILITY *TO MOTORIZED SOLUTIONS*

- **Leading the emergence of mass markets with our key partners:**

  Example of Home Improvement stores (USA):

- **Expand our leadership on high-end residential and commercial markets**

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III. OFFER INNOVATIVE INTERIOR SOLUTIONS

Enhance end-users' interiors experience through:

- Silence
- Easy installation and ease of use with wirefree solutions
- Connected homes for seamless management of privacy and sun tracking

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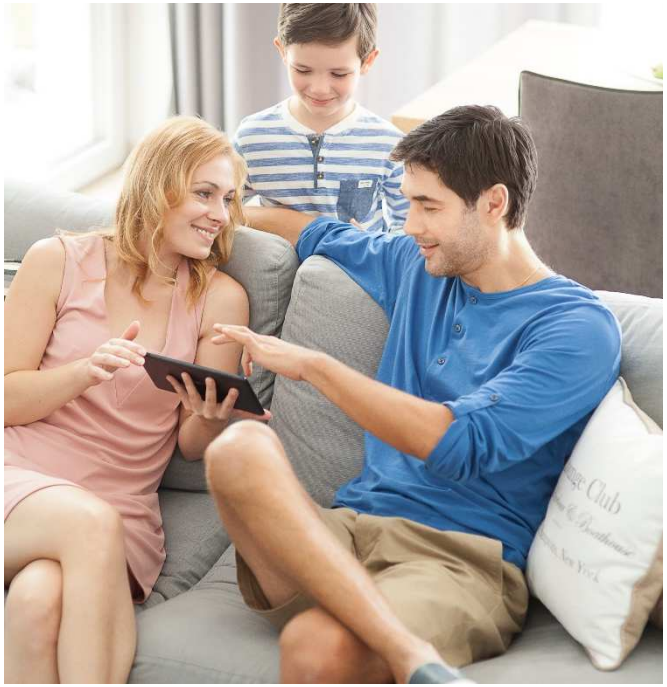
III. HOW WILL WE MAKE IT HAPPEN?



- **Accelerate R&D investments**
- **Use full potential of our global manufacturing network**
- **Leverage Somfy brand preference , as well as our commercial strength**
- **Develop omni-channels with adapted solutions**
- **Maintain consistent focus**

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IV. CONNECTED HOME VISION BY SOMFY

MARC WESTERMANN

- Vision for the Smart Home
- Market environment
- Somfy in SmartHome
- Mytox

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IV. SOMFY VISION FOR THE SMART HOME

THE DIGITAL REVOLUTION IS TRANSFORMING THE HOME & BUILDING INDUSTRY TOWARDS A SERVICE-BASED, CONSUMER-FOCUSED MARKET

SOMFY INVESTS IN THE SMART HOME TO ENTER A DIRECT RELATIONSHIP WITH ITS END-USERS AND TO DELIVER THEM:

Security, protecting access to the home
Comfort, managing light, temperature and access
Energy savings, handling solar & heating inputs
with solutions combining core products and connected innovations

SOMFY IS GRABBING OPPORTUNITIES IN THE SMART HOME FIELD TO:

Increase value on its core business, positioning Somfy as a partner of choice for openings
Explore new businesses (channels, products) leveraging its IoT know-how

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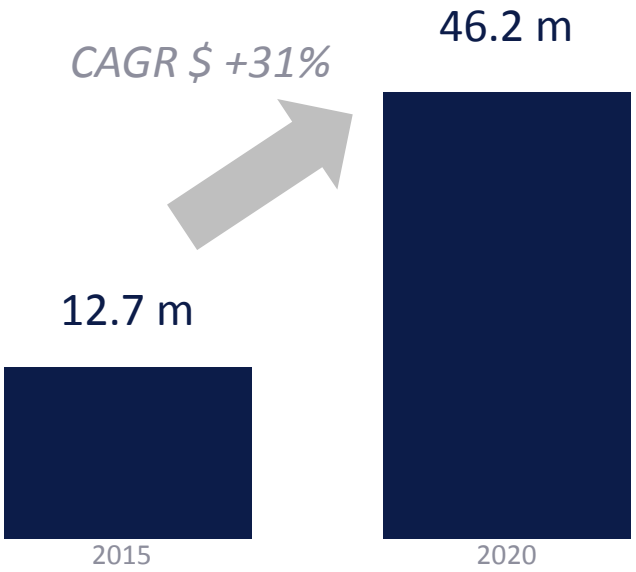
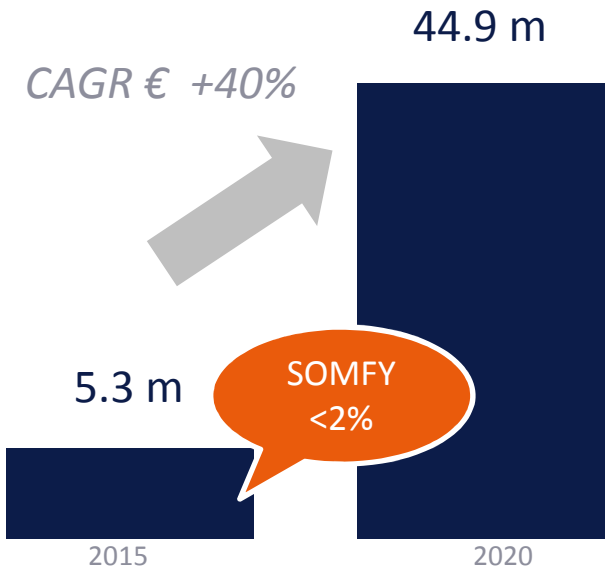
IV. A TRANSFORMATION UNDER WAY: MARKETS

NORTH AMERICA
Smart Homes



EUROPE
Smart Homes



Stats berg insights 2016

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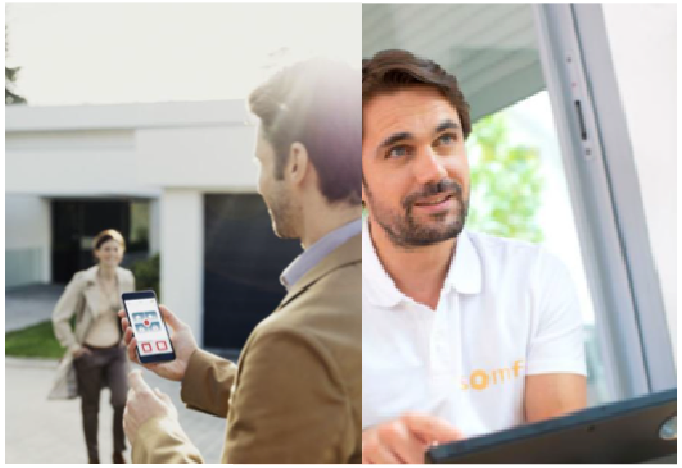
IV. A TRANSFORMATION UNDER WAY: HABITS

1

An installer is a user
(and vice versa)



2

Experience is the driver

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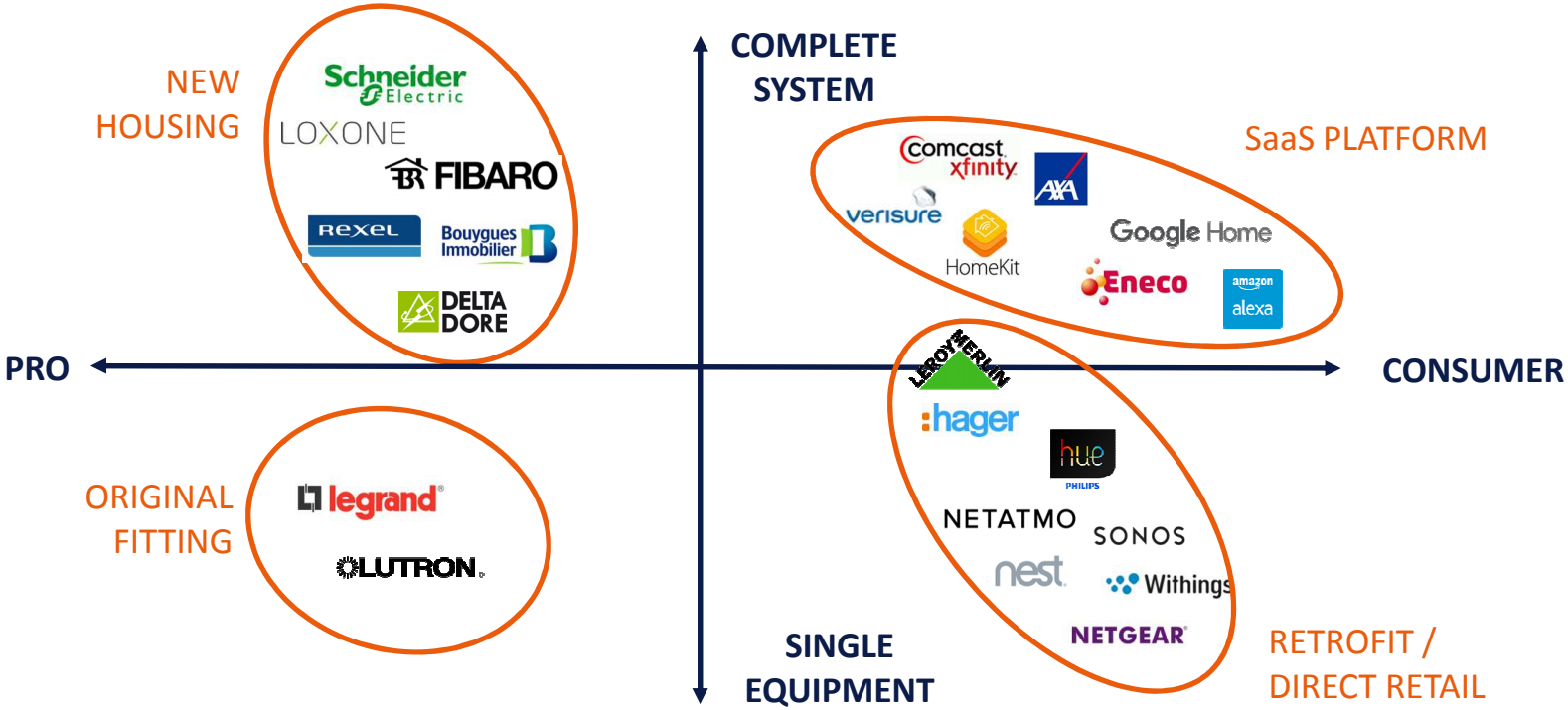
IV. A TRANSFORMATION UNDER WAY: PLAYGROUNDS



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IV. SOMFY IN THE SMART HOME FIELD…

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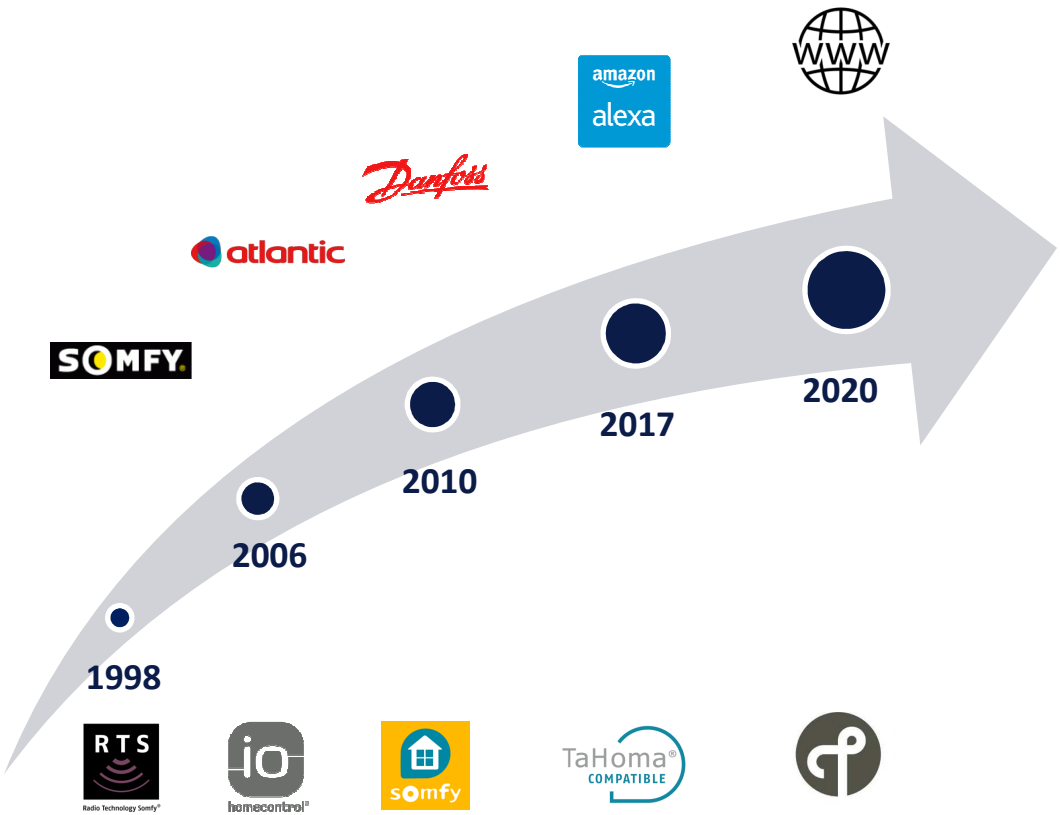
IV. #CONNECTIVITY



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IV. #CONNECTED SOLUTIONS

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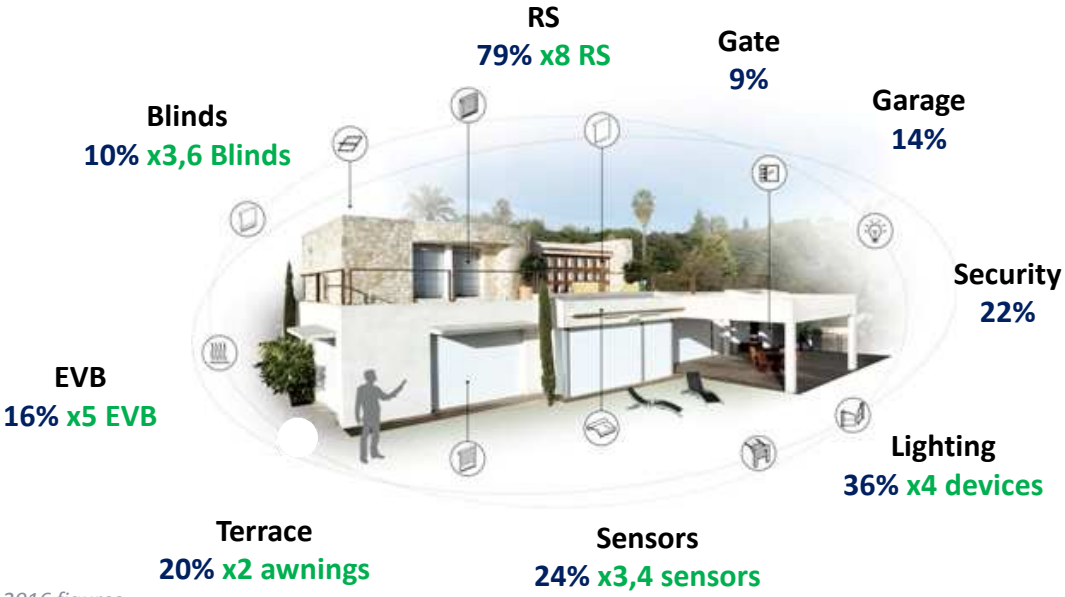
IV. #BUSINESSMODEL

THE AVERAGE TAHOMA HOME
> 12 connected objects



2016 figures

- **Added value**
- **Project business**
- **Cross-sell**
- **Data-based services**

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IV. #TIMETOMARKET

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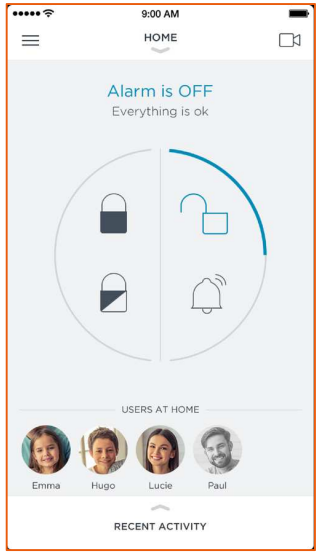
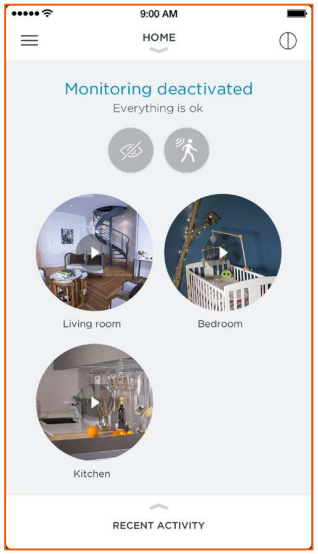
IV. #USEREXPERIENCE

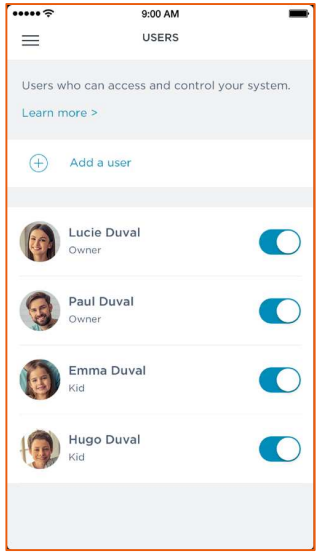
Family Security



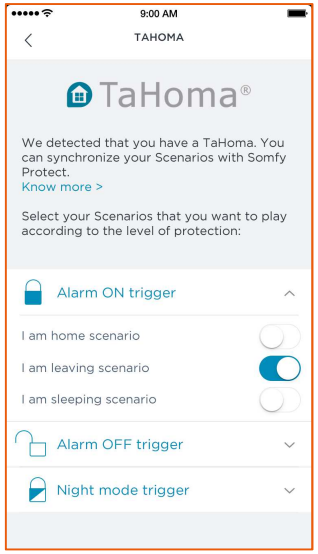
Camera & Privacy



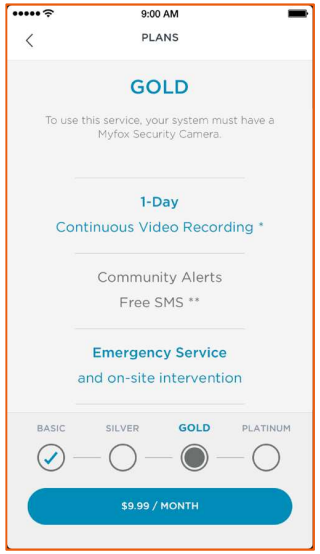
Users & Community



Integration with TaHoma



On-demand Services



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V. CLOSER TO OUR MARKETS AND OUR CONSUMERS

FRANK SCHÄDLICH

- A resilient business model
- 3 levers to accelerate growth
- Somfy brand
- The end-user journey
- Digitization

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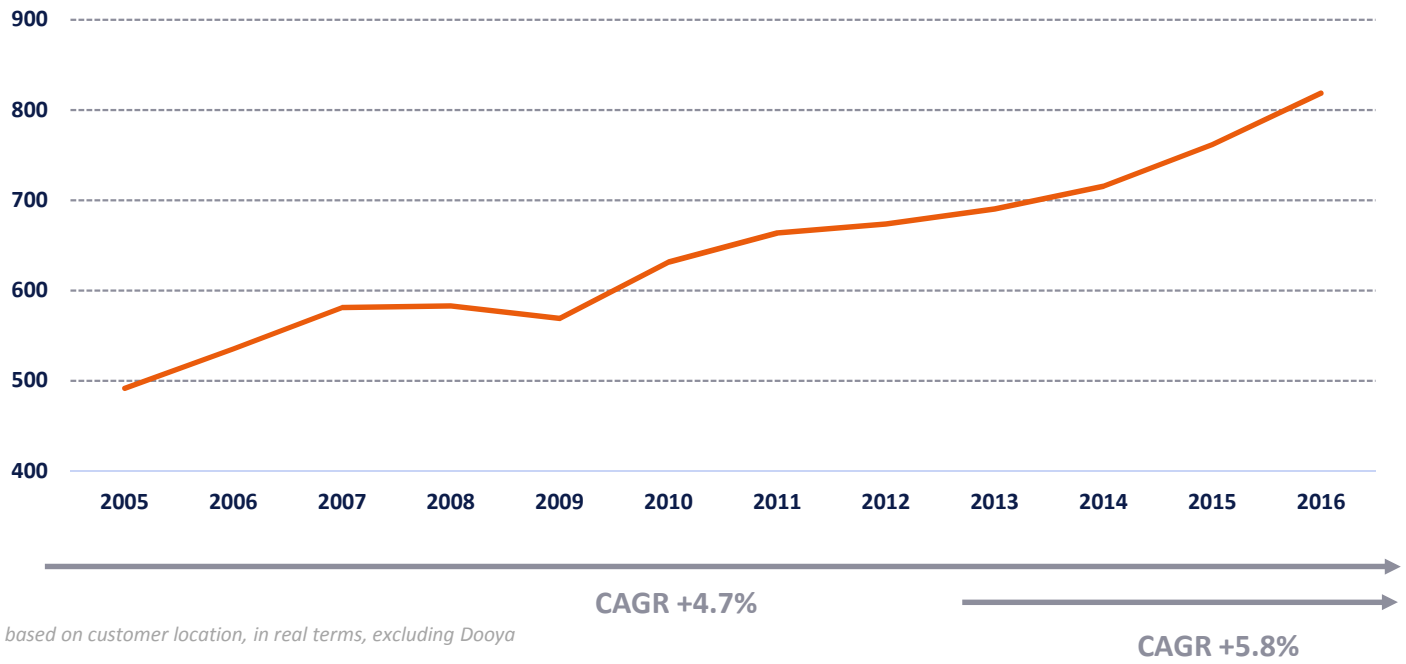
V. A RESILIENT BUSINESS MODEL *GENERATING SUSTAINABLE GROWTH*

EMEA sales* (€ millions)



** Data based on customer location, in real terms, excluding Dooya*

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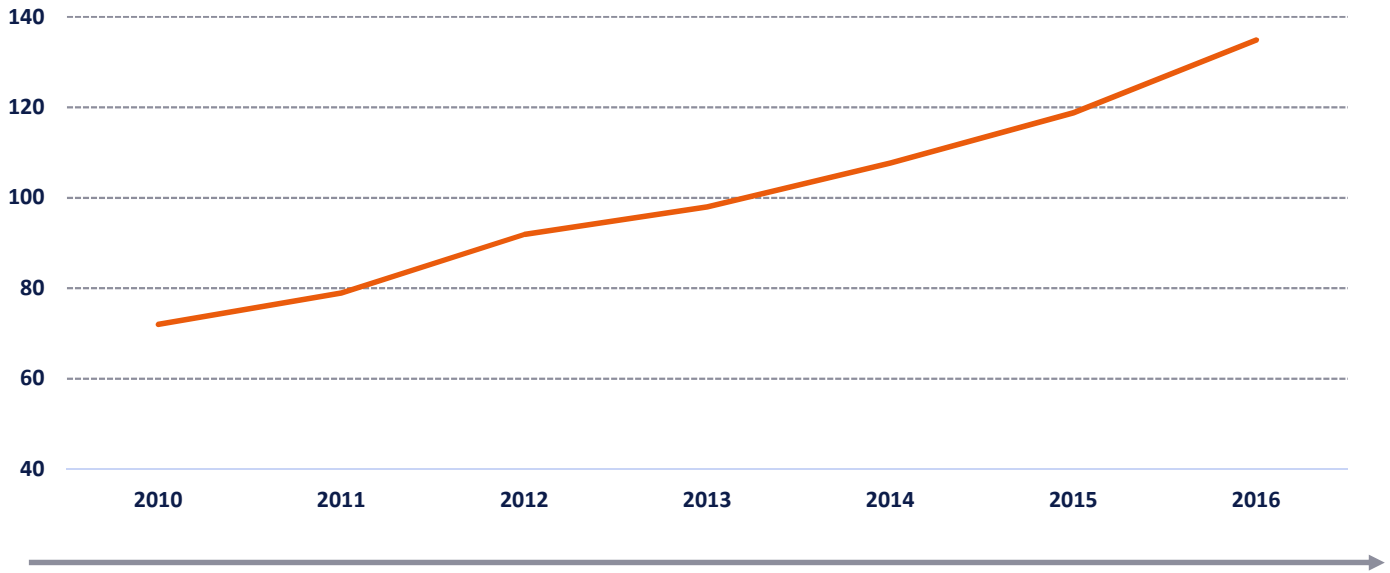
V. ACCELERATE SALES *IN FAST-GROWING COUNTRIES*

EMEA sales - Fast-growing countries* (€ millions)



CAGR 16/10: +11.0%
Weight in EMEA growth 16/10: 34%
From 11% to 17% of EMEA sales

** Eastern Europe + Middle East & Africa*
Data based on customer location, in real terms, excluding Dooya

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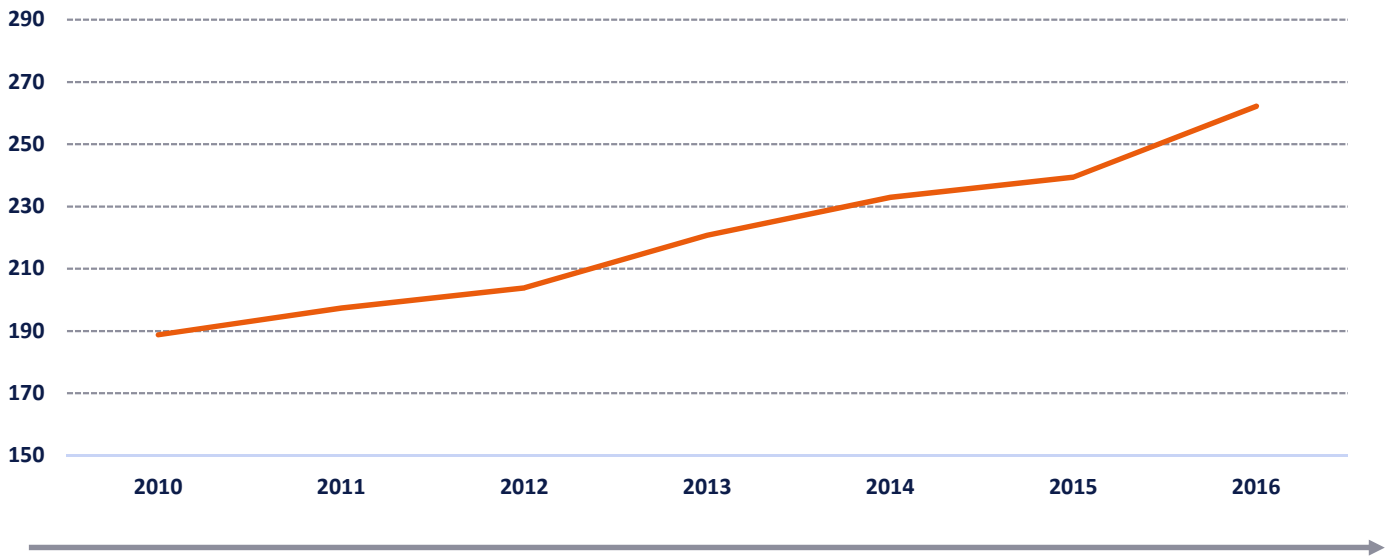
V. ENHANCE OUR MIX

EMEA sales - Non-historical segments* (€ millions)



** Interior + Access + Connected*
Data based on customer location, in real terms, excluding Dooya

CAGR 16/10: +5.6%
Weight in EMEA growth 16/10: 39%
From 30% to 32% of EMEA sales

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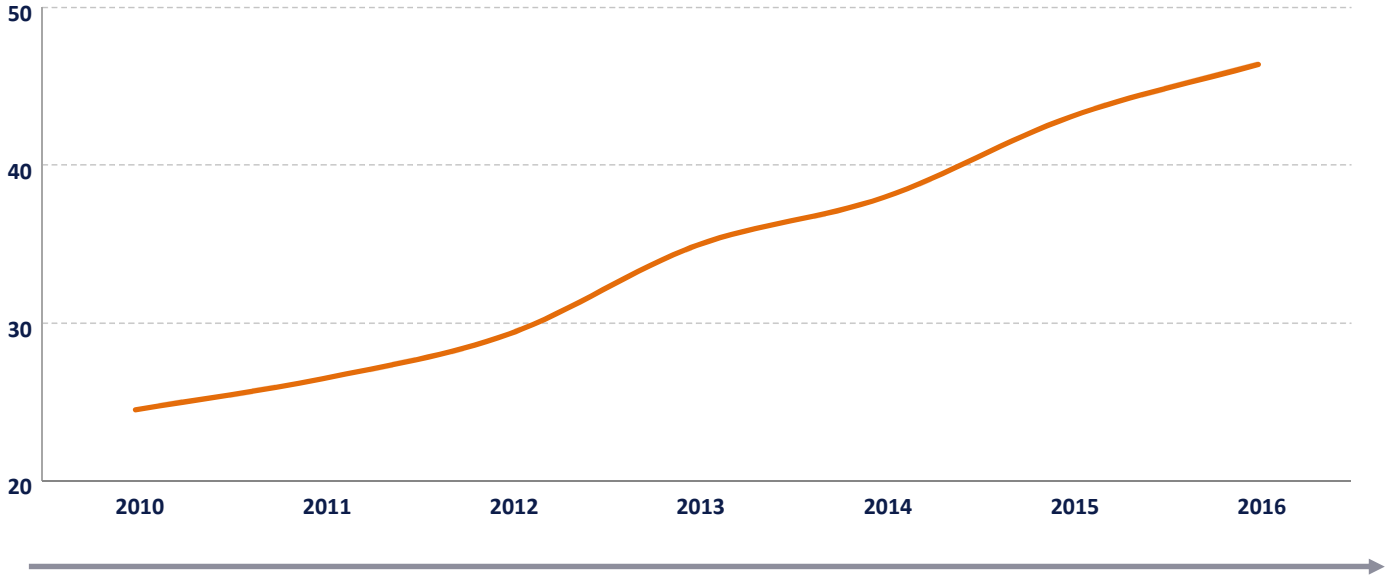
V. INCREASE B2C SALES THROUGH SHORT CHANNELS

EMEA Short channels* (€ millions)



CAGR 16/10: +11.2%
Weight in EMEA growth 16/10: 11%
From 4.0% to 5.6% of EMEA sales

** Short channels: DIY, e-retail, e-shops*

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V. WE ARE ENTERING INTO AGE 3 OF OUR BRAND

	MOTORIZATION	AUTOMATION	DIGITIZATION
WHAT SOMFY DOES			
WHAT SOMFY BRINGS	Removing effort	Comfort and security	Connected Comfort, Security & Energy-saving
SOMFY'S TERRITORY	Shutter / Awning *Tubular Motors* *Mono-Channel*	The House *Home motion Solutions* *Multi-Channel*	The Occupant *Connected Solutions & Services* *Omni-Channel*

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V. THE SOMFY BRAND PROMISE

somfy

“Your Partner for Peace of Mind”

At Somfy, our mission is to give everyone the power
to enjoy peace of mind in their daily life
by creating connected solutions for
Access, Openings and Security.

Building happiness

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V. INTENSIFY BRAND AWARENESS *IN 20 KEY COUNTRIES*

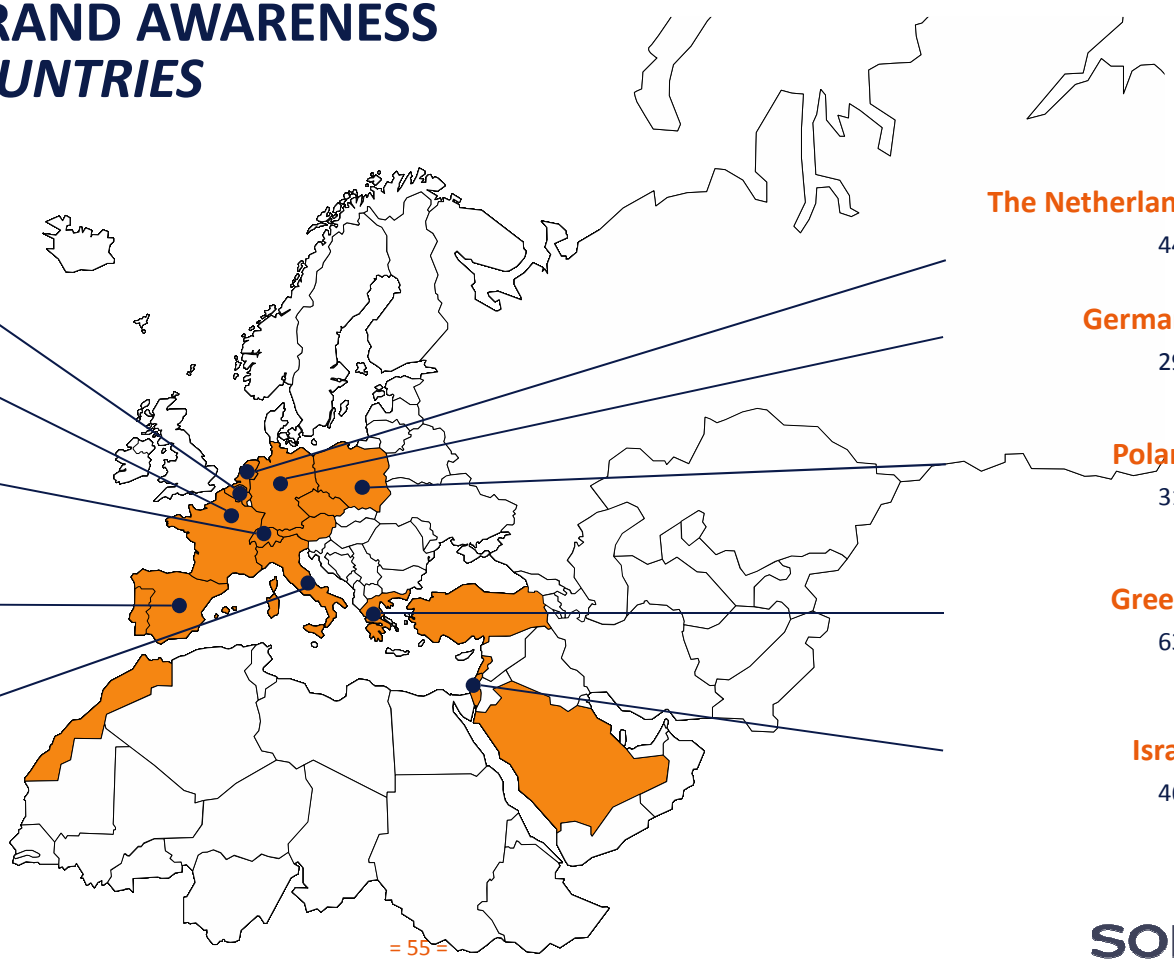
Belgium
23%

France
82%

Switzerland
37%

Spain
40%

Italy
36%



The Netherlands
44%

Germany
29%

Poland
31%

Greece
63%

Israël
46%

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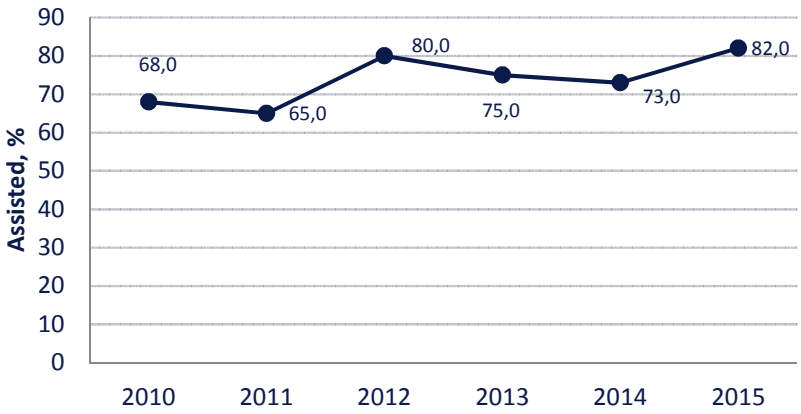
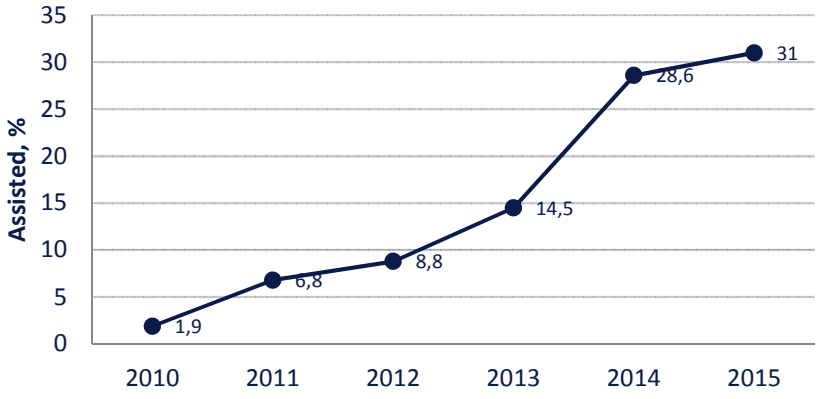
V. BRAND AWARENESS EXAMPLES *IN FRANCE VS POLAND*

FRANCE BRAND AWARENESS



POLAND BRAND AWARENESS



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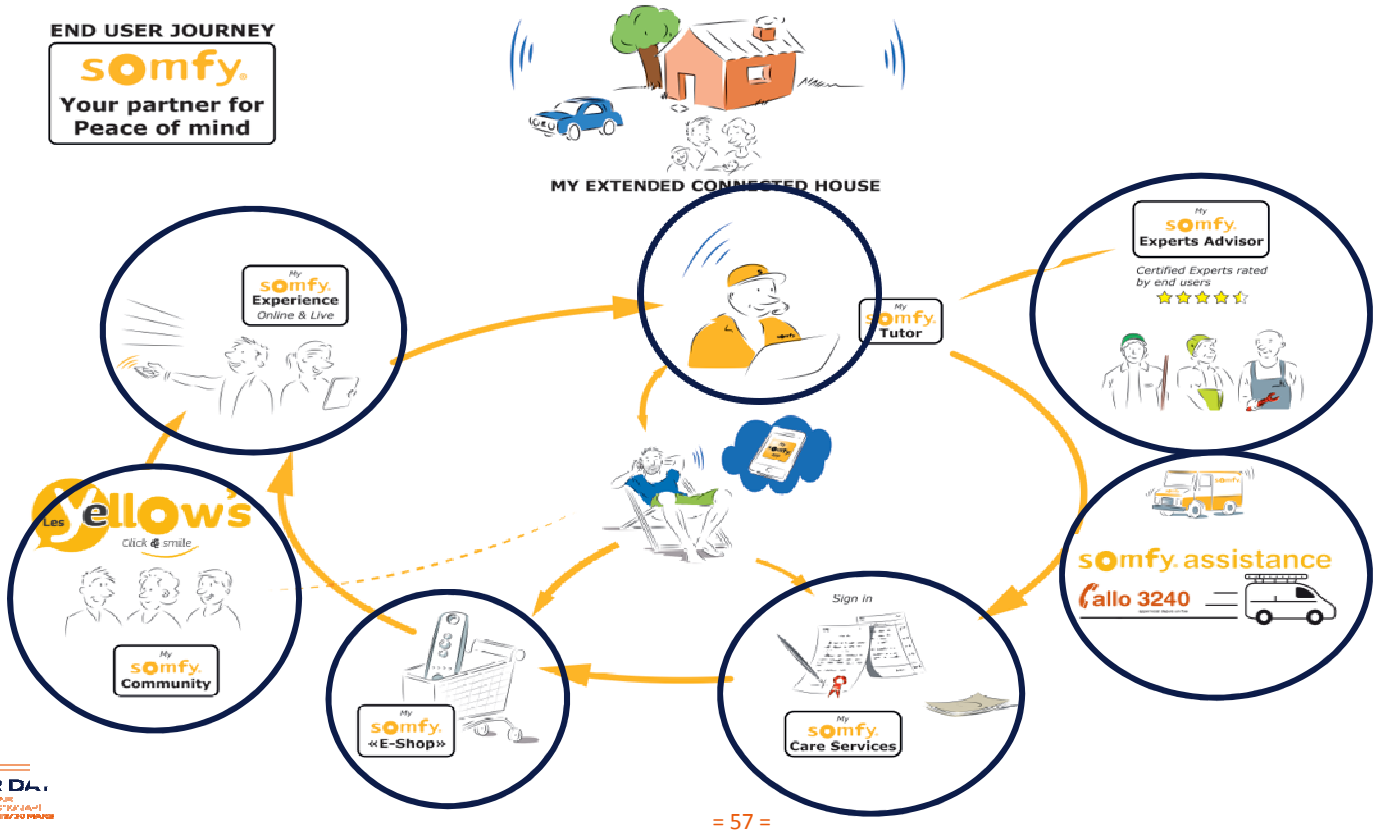
V. THE END-USER AT THE CENTER
A SEAMLESS, UNIQUE END-USER JOURNEY



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V. A TRANSFORMATION PROGRAM
TO DIGITIZE OUR FRONT OFFICE IN 3 YEARS

daRe!

BUILD THE BEST END-USER
& CUSTOMER EXPERIENCE

salesforce

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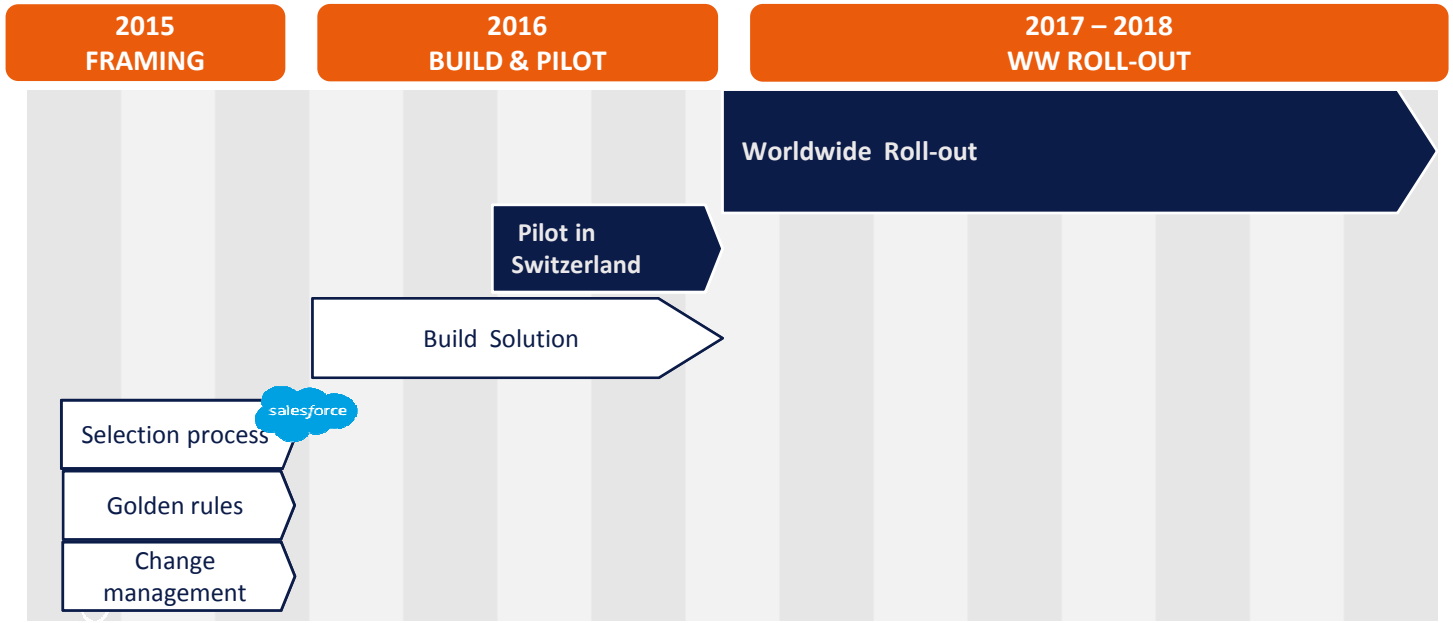
V. FULL SCOPE WORLDWIDE ROLL-OUT OF SALES FORCE *BY END 2018*



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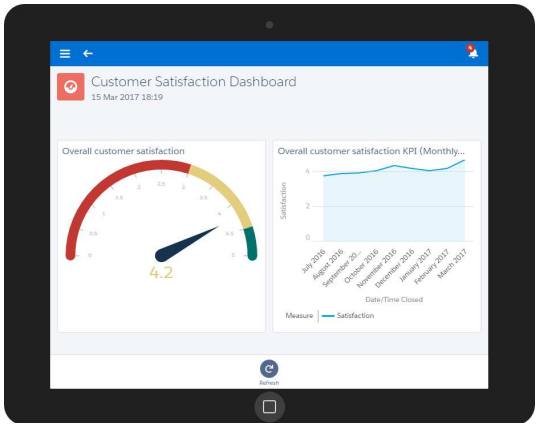
V. MAIN EXPECTED BENEFITS

EMPOWER LOCAL TEAMS TOWARD REAL 360 ° COOPERATION

HARMONIZE & INCREASE EFFICIENCY IN ALL FRONT OFFICE PROCESSES

ENHANCE OUR CUSTOMER-CENTRIC MANAGERIAL PRACTICES PUTTING CUSTOMER SATISFACTION IN OUR DAY-TO-DAY ROUTINES



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VI. PERFORMANCE

PIERRE RIBEIRO

- 2016 key figures
- Sales
- Sales breakdown
- Current operating result
- Net financial debt
- Sales trend
- Profitability trend
- Financial position

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VI. 2016 KEY FIGURES

SALES	€1,132m
CURRENT OPERATING MARGIN	15.7%
NET PROFIT	€143m
CASH FLOW	€182m
NET FINANCIAL SURPLUS	€15m

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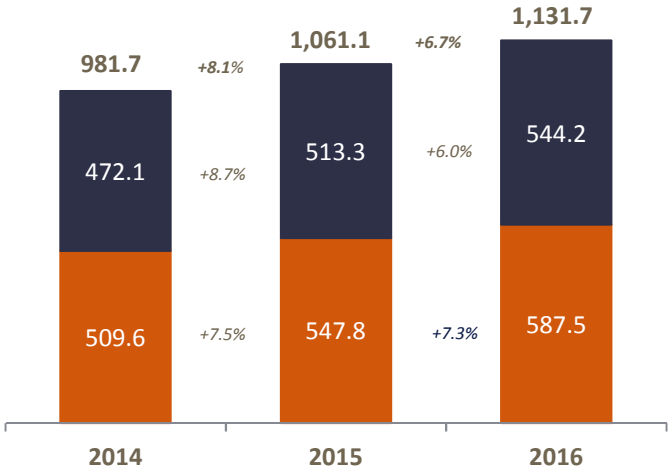
VI. SALES

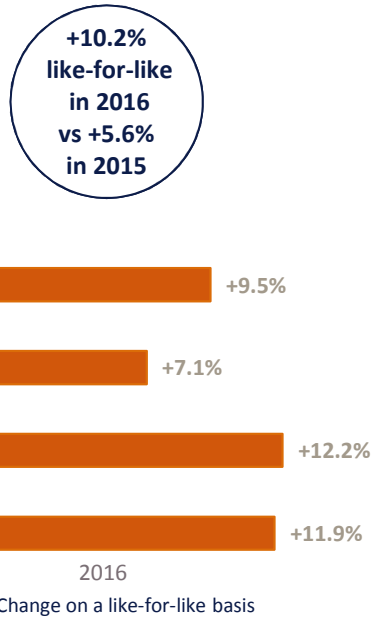
Consolidated data (€ millions)	2015	2016	2015/16 change
Sales	1,061.1	1,131.7	+6.7%

A FURTHER YEAR OF GROWTH

A PARTICULARLY BUOYANT START TO THE YEAR

STRONG LEVEL OF ACTIVITY MAINTAINED IN THE SECOND HALF-YEAR DESPITE AN INCREASINGLY UNFAVORABLE BASE EFFECT AS THE MONTHS WENT ON





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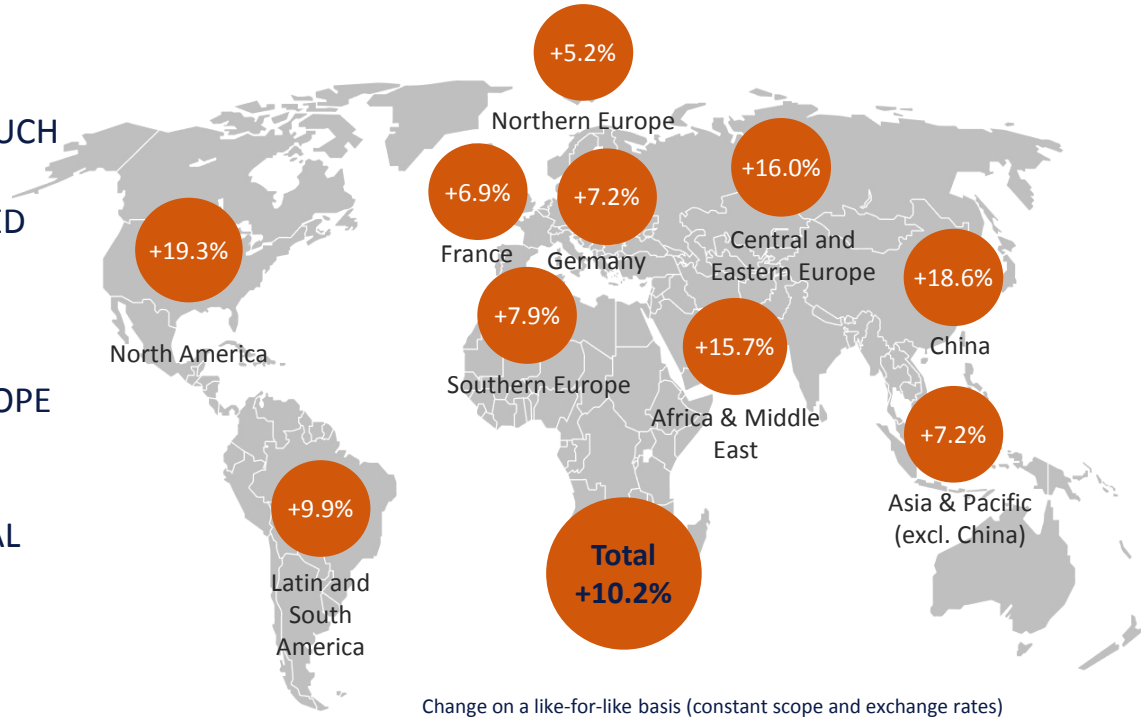
VI. SALES BREAKDOWN

SOLID HISTORICAL MARKETS, SUCH AS GERMANY, FRANCE, SPAIN, ITALY, BENELUX AND THE UNITED STATES.

NEW TERRITORIES TAKING OFF, SUCH AS CHINA, EASTERN EUROPE AND THE LEVANT

DECLINE IN CERTAIN INDIVIDUAL COUNTRIES, SUCH AS SOUTH KOREA AND THE UK



Change on a like-for-like basis (constant scope and exchange rates)
Data based on customer location

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VI. CURRENT OPERATING RESULT

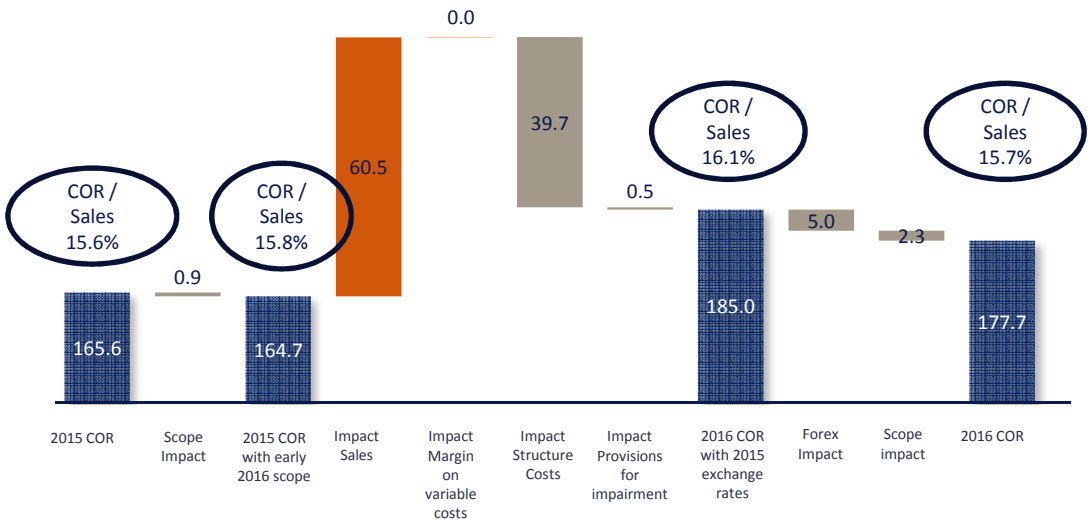
Consolidated data (€ millions)	2015	2016	Change 2015/16
Current operating result	165.6	177.7	+7.3%
Current operating margin (COR/sales)	15.6%	15.7%	+0.1 bp

UNFAVORABLE CHANGES TO THE PRODUCT MIX AND RAW MATERIAL PRICES OFFSET BY PRODUCTIVITY GAINS

NEGATIVE IMPACT OF CHANGES TO EXCHANGE RATES AND CONSOLIDATION SCOPE

INCREASE IN STRUCTURE COSTS LINKED TO INTENSIFICATION OF STRATEGIC INVESTMENTS

Data in € millions



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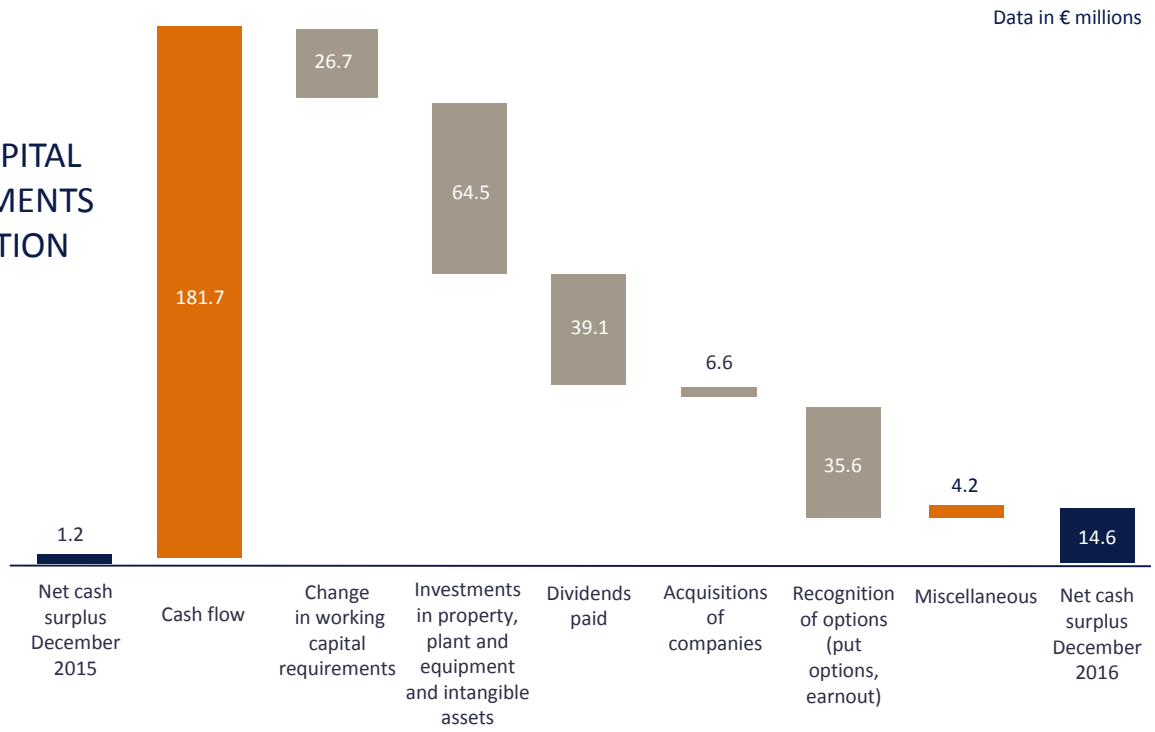
VI. NET FINANCIAL DEBT

CHANGE IN WORKING CAPITAL REQUIREMENTS, INVESTMENTS AND DIVIDEND DISTRIBUTION COVERED BY CASH FLOW



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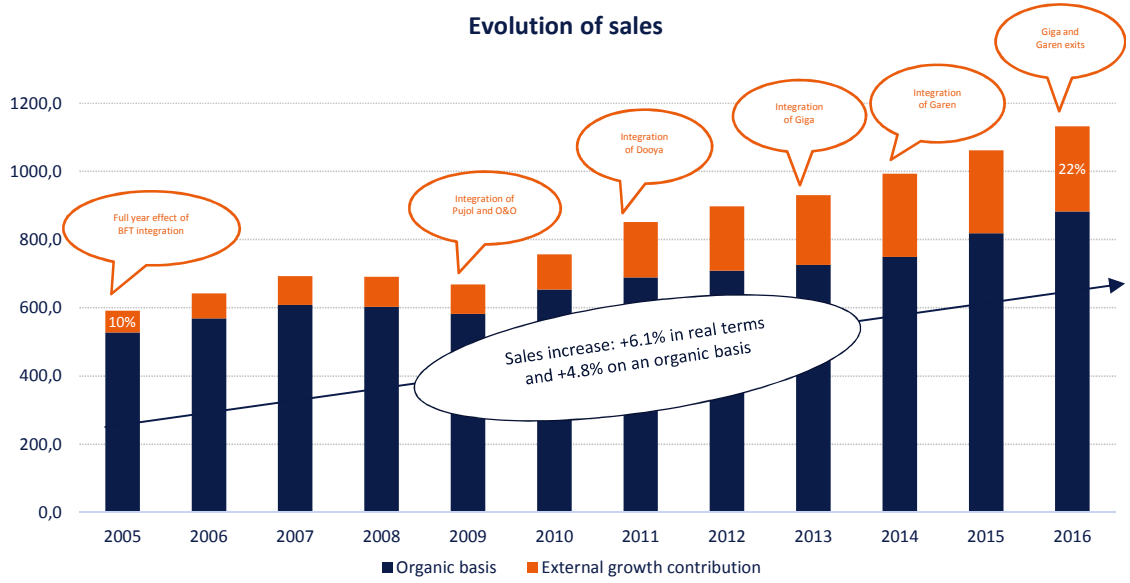
VI. SALES TREND

4.8% SALES INCREASE ON AN ORGANIC BASIS BETWEEN 2005 AND 2016

CONTRIBUTION OF NEW ACQUISITIONS FROM 10% IN 2005 TO 22% IN 2016

SUCCESS OF THE GROUP'S EXTERNAL GROWTH POLICY, EXCEPT IN BRAZIL



Data excluding Somfy Participations and non audited

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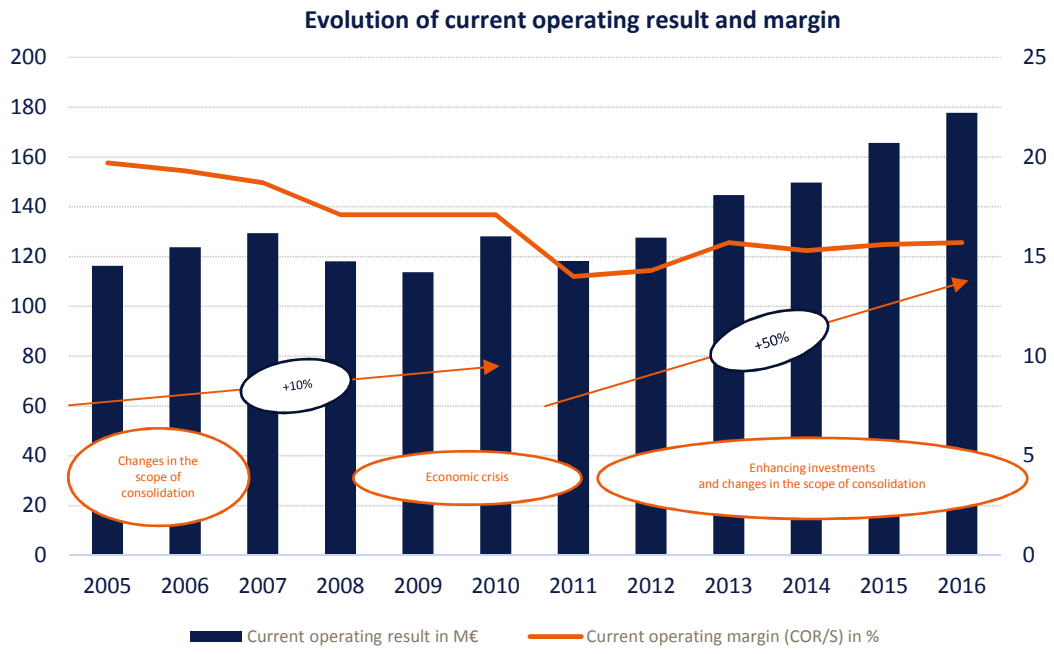
VI. PROFITABILITY TREND

DILUTIVE EFFECT OF ACQUISITIONS ON THE MARGIN RATE, BUT POSITIVE IMPACT ON THE GROWTH RATE

CURRENT OPERATING MARGIN (COR/S) ABOUT 19% ON AVERAGE BEFORE THE ECONOMIC CRISIS, 17% DURING THE CRISIS, AND 15% AFTER THE CRISIS AS A RESULT OF THE INTEGRATION OF NEWLY-ACQUIRED COMPANIES (DOOYA, …) AND THE INCREASED STRATEGIC INVESTMENTS

50% INCREASE OF CURRENT OPERATING RESULT OVER THE LAST FIVE YEARS (€177 MILLION IN 2016 VERSUS €118 MILLION IN 2011)

ABILITY TO MAKE INVESTMENTS AND TO CREATE VALUE SIMULTANEOUSLY



Data excluding Somfy Participations and non audited

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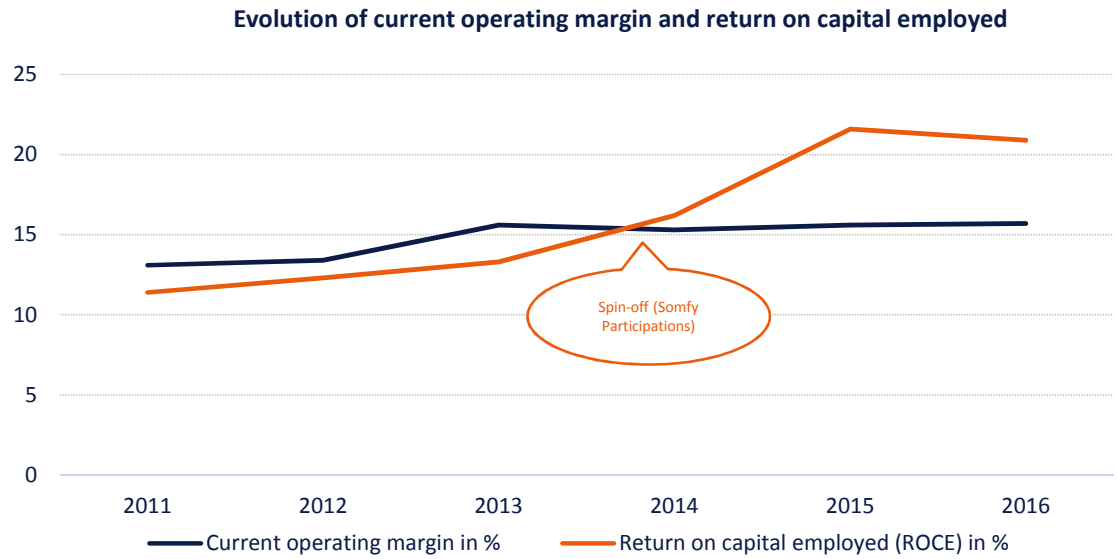
VI. PROFITABILITY TREND

BACK TO A PURE PLAYER STATUS

HIGH LEVEL OF ROCE ON THE CORE BUSINESS (ABOUT 22% IN 2016)

DECREASE OF THE ROCE IN THE LAST YEAR MAINLY DUE TO THE INTEGRATION OF NEWLY-ACQUIRED COMPANIES (MYFOX, IHOME)

ABILITY TO INCREASE INVESTMENTS WITHOUT SIGNIFICANTLY DETERIORATING THE ROCE



Non audited data

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VI. FINANCIAL POSITION

VERY HEALTHY FINANCIAL BASIS, WITH A CASH SURPLUS AND A STRONG RECURRING CASH FLOW

SIGNIFICANT FINANCING CAPACITY, HENCE SUBSTANTIAL RESOURCES FOR NEW ACQUISITIONS

Case scenario (simulation based on hypothetical, but plausible assumptions)

- Acquisition of 5 companies representing a total turnover of around €400 million (mix of various types of business)
- Estimated full purchase price of €600 million (including existing debt and cash)
- Combined earnings before interest, taxes, depreciation and amortization multiple of 12 (high level due to the company profiles)
- Use of debt for an amount of €550 million (actual agreement of several banks)
- Debt ratios after acquisitions close to 2 for the leverage (net financial debt / earnings before interest, taxes, depreciation and amortization) and 1 for the gearing (net financial / equity)
- Repayment of the underwritten debt in 5 or 6 years (use of free cash flow)

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VII. CONCLUSION

JEAN GUILLAUME DESPATURE

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APPENDIX

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APPENDIX 1
DEFINITIONS

CAGR
CAGR means Compound Annual Growth Rate

Current operating margin
Current operating margin corresponds to current operating result as a proportion of sales (COR / Sales).

Return On Capital Employed (ROCE)
Return On Capital Employed (ROCE) corresponds to the return on capital invested (or employed) after tax, equating to the ratio, expressed as a percentage, between the Current Operating Result after tax applied at a normative rate and the capital invested (or employed).
Capital invested corresponds to the sum of shareholders' equity (with the effects of goodwill impairment being neutralized) and the net financial debt.

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APPENDIX 2
SALES BY CUSTOMER LOCATION

Sales growth figures for 2016 have been determined based on sales achieved by customer location.

This presentation is supplemented by our segment reporting pursuant to IFRS 8, which is based on the geographic regions in which our assets are located, namely the Europe, Middle East & Africa (EMEA) and Asia & Americas (A&A) regions.
Before elimination of intra-regional sales, segment sales for the EMEA region was €879.7 million in 2016, compared with €811.5 million in 2015, representing an increase of 8.4%, and segment sales for the A&A region was €334.0 million in 2016, compared with €319.1 million in 2015, an increase of 4.7%.

Sales by customer location

€ millions	31/12/16	31/12/15	Change N/N-1
France	272.6	254.1	7.3%
Germany	176.4	165.2	6.8%
Northern Europe	105.7	103.9	1.8%
Central and Eastern Europe	118.6	104.8	13.2%
Southern Europe, Middle East and Africa	207.2	190.2	9.0%
Asia-Pacific	127.8	115.2	10.9%
Americas	123.4	128.0	-3.6%
TOTAL SALES	**1,131.7**	**1,061.1**	**6.7%**

Sales by location of assets (IFRS 8)

€ millions	31/12/16	31/12/15	Change **N/N-1**
Europe, Middle East & Africa	879.7	811.5	8.4%
Asia & Americas	334.0	319.1	4.7%
Intra-regional eliminations	-82.0	-69.4	18.2%
TOTAL SALES	**1,131.7**	**1,061.1**	**6.7%**

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