



environment

Living

transformation

2011 ACTIVITY REPORT



somfy *participations*

# Contents

## 01

### Somfy Participations

- 01 *Profile*
- 02 *A team of business men and women*
- 03 *Portfolio*
- 04 *Interview with Wilfrid Le Naour*

## 06

### Companies in the portfolio

- 06 *CIAT*
- 07 *Cootherm*
- 08 *Gaviota Simbac*
- 09 *Pellenc*
- 10 *Sirem*
- 11 *Zurflüh-Feller*

## 12

### 2011 Group results and indicators

## Key figures

€112.5 M

in sales

+5.0%

like-for-like

€357.5 M

net asset value

-9.3%

like-for-like

*Holdings in 7 companies which generated a total of €792 million, including 62% from outside France, and which employ 5,400 people*



# Profile

## ***Somfy Participations*** ***Investing, supporting, adding value***

Faithful to its entrepreneurial values, Somfy Group created its private equity branch in January 2008. The purpose of Somfy Participations is to consolidate the Group's profitable growth strategy by selectively investing, on a long-term basis, in companies that operate outside Somfy's core business.

Somfy Participations favors investments in companies undergoing change or transition (development, internationalization, transmission, etc.) whose projects require the involvement of long-term shareholders. Made up of men and women from the business world, Somfy Participations stands apart through its approach as an engaged shareholder, committed to supporting management teams at key points in their companies' growth.

The dynamic management of its investments and the development of its portfolio are the main levers for value creation.



# A team of business men and women

*"As managers and directors, Somfy Participations' team members have all been in situations where their own companies have undergone deep-rooted change. This experience has given us the ability to stand back and listen, which is essential if we are to accompany our companies' management teams. And it is this sharing of experience that gives meaning to our work."*



## At the end of 2011, Somfy Participations managed assets in seven companies

### The Somfy Participations portfolio at 31/12/2011

Company	Activity	Holding	First acquisition
<b><u>CIAT</u></b>	Equipment for air conditioning, air purification, heat exchange and renewable energy heating, for the residential, commercial and industrial sectors.	40%	2008
<b><u>Cotherm</u></b>	Thermal regulation components (thermostats) for water heaters and electric heating systems, and thermal programming and regulation solutions for a variety of applications.	65%	2006
<b><u>FAAC</u></b>	Gate, garage door and car park systems and automatic controls, and access control systems for professional installers.	34%	1990
<b><u>Gaviota Simbac</u></b>	Components and motors for roller shutters and awnings for assemblers and manufacturers.	46.5%	2001
<b><u>Pellenc</u></b>	Equipment for wine and olive growing and for park maintenance.	47.23%	2011
<b><u>Sirem</u></b>	Geared motors, pumps and the associated electronic controls for industry and water-based applications.	87.53%	2008
<b><u>Zurflüh-Feller</u></b>	Components and accessories for roller shutters for manufacturers and distributors.	100%	2008

# *"We remain very confident in the value of the companies in our portfolio."*

Interview with **Wilfrid Le Naour**  
Somfy Participations CEO

## **How would you summarize the activity of Somfy Participations in 2011?**

With the notable exception of CIAT, which has made considerable progress, our companies have had a relatively stable year, marked by the continued rise in the cost of raw materials. The net asset value of Somfy Participations decreased on a like-for-like basis, due to the decline on many stock markets at the end of December 2011. Our contribution to the Group's results was nonetheless satisfactory, with capital gains from the disposal of agta record and Babeau Seguin. At the end of 2011, we acquired a 47.23% equity interest in Pellenc SA, the world leader in wine and olive growing equipment, and a company which offers very good growth prospects. Our aim is to support its development throughout the period of shareholder and management transmission, which includes an option to acquire full control of the company by 2015.

## **With its acquisition in the capital of Pellenc, Somfy Participations has taken its first step outside the construction industry. Does this mark a change in your investment strategy?**

No, it reflects the maturing of our Business Model over our four years of existence. In the beginning, we naturally chose sectors and markets we knew well, which were related to Somfy's business, but outside our core activity. Today, the experience we have gained in private equity has allowed us to widen our interests to other areas outside construction, on condition that we understand the way the company's sector works, and its plans for growth. Our investment criteria and methods also remain the same. We target companies that generate between €30 million and €200 million in sales, favoring two types of investment: either the acquisition of a majority holding through a leveraged buyout in small- and medium-sized companies, or a minority investment of the capital development or capital transmission type in larger companies, with in some cases an option to become majority shareholder at a later date.





This is the approach we have taken with CIAT and Pellenc. Lastly, because of our profile as a non-financial shareholder, it is essential that the management teams of our companies see us as a provider of support with their change or transition projects (IPOs, external growth, internationalization, etc.). —

## 2011 Highlights

### FEBRUARY

#### Sale of agta record

Eleven years after the acquisition of a share in the capital of agta record, Somfy Participations sold its 32.95% stake for €109.8 million. The capital gain generated by this sale was €63 million.

### NOVEMBER

#### Acquisition of an equity interest in Pellenc

Somfy Participations acquired a 47.23% equity interest in Pellenc through an investment of around €60 million. The shareholder transmission agreement included purchase and sale clauses that would enable Somfy Participations to acquire all of the capital by 2015. Pellenc is consolidated in Somfy Participations' accounts using the equity method.

### DECEMBER

#### Babeau Seguin sold to Nixen

For four years, Somfy Participations held a stake in the Babeau Seguin group, alongside CM-CIC, Carvest, Naxicap and lead investor Siparex. Over this period, the group, a leading French builder of single-family houses on isolated lots, consolidated its number-one position in eastern France.

# CIAT

Based in Culoz, France, CIAT is one of the leading European manufacturers of products for air conditioning, heat exchange, air purification and renewable energy heating systems.

With sales up by 9.5%, CIAT's business started growing again in 2011, an exception in the residential sector. The growth was largely generated on the commercial building market, and saw the company returning to its pre-economic crisis levels of activity.

As part of its 2015 strategy, CIAT continued to develop new products that offer comfort, energy efficiency and air quality. The launch of its Hysys packaged solution should enable CIAT to become a key player in the centralized management of water systems.

Another of CIAT's goals is to return to growth in the residential sector through the development of future geothermal offers. CIAT is also focusing on its entry into the home automation market, with its 2011 launch of heat pumps compatible with the io-homecontrol® universal wireless communication protocol shared by Somfy and other manufacturers of home systems.

CIAT also plans to develop its business in two other areas:

- Rooftop air conditioning units,
- Its new Services activity: in 2012, CIAT will start marketing a range of offers from a warranty extension to a customer service contract for the remote supervision of the efficiency of energy systems. —

**40%**  
holding

**297.5**

2011 sales in million euro

**5.5**

2011 COI\* in million euros

**2,265**

2011 headcount



\* COI: current operating income.



# Cotherm

**Cotherm is Europe's leading supplier of thermostats for electric water heaters. It is also active on the electric heater market and in a number of niche sectors (coffee machines, saunas, boilers, etc.).**

In 2011, the increase in sales (+4.3%) masked highly contrasting results in different countries. In Cotherm's main market (electric water heaters), the excellent performance of Russia (+57% in sales) and the breakthrough in Egypt (+26% in sales) – a country which now represents 11% of the company's sales, offset the sharp decline in activity in Vietnam (-60% in sales). In France and Spain, the main contributing territories to the electric heating segment (+11.7% in sales), Cotherm outperformed the market due to the gains in market shares achieved by its customers.

In response to the higher cost of raw materials, mainly silver, Cotherm introduced indexation clauses for the sale prices of raw materials into its main customer contracts.

The negative impact on the 2011 margins will therefore be offset by the end of the first quarter 2012.

In 2011, Cotherm continued to expand its range of thermostats for new-generation water heaters, iQuaflex, which responds to the changes in European standards on energy labelling. The start-up of this promising market is dependent on the application of the European directive, which was supposed to take place in 2011, but was delayed. —



## 65%

holding

## 28.2

2011 sales in million euros

## 2.2

2011 COI\* in million euros

## 495

2011 headcount

\* COI: current operating income.

# Gaviota Simbac

Located in Sax, Spain, Gaviota-Simbac specializes in the manufacture of components and motors for roller shutters and, more recently, for awnings.

In 2011, the activity and profitability of Gaviota Simbac were affected by the economic crisis, which has had a major impact on the Iberian peninsula in particular.

Despite this difficult context, the business accelerated its international expansion. To anticipate the structural decline on its traditional markets, Gaviota Simbac has developed an ambitious growth plan for emerging countries, notably through the creation of local production sites which are necessary to maintain its competitiveness.

In Brazil, which represents a major potential for growth, its new awning assembly subsidiary began operating in September. Gaviota Simbac also opened subsidiaries in Russia and Algeria, as well as a production unit in Morocco, which is expected to reach full capacity by the end of year 2012.

In 2012, Gaviota Simbac will pursue its repositioning strategy and continue to develop its businesses, expanding the scope of its activity (manufacture of canvas for awnings) and its offer (installation of products for end-users, creation of agreements with architects and specifiers). —

## 46.5%

holding

## 56.8

2011 sales in million euros

## 3.4

2011 COI\* in million euros

## 307

2011 headcount



\* COI: current operating income.

# Pellenc

**The Pellenc group (Pertuis, France) is the world leader in wine and olive growing equipment (grape-picking machines, sorting tables, etc.). It also specializes in the design and production of innovative portable electrical tools and equipment for the same industries, as well as for park maintenance (secateurs, hedge-trimmers, chainsaws, etc.).**

Pellenc distributes its products in some 30 countries and its commercial activity is structured around two divisions. Its Agricultural arm services three market segments: wine growing, olive growing and, since 2008, wine and spirits storage equipment. Its Green Technology arm (portable electrical tools) covers small tools for wine growing, orchard equipment and, since 2008, tools used for the maintenance of parks and gardens. This latter business has enabled Pellenc to extend its international deployment and expand its customer base to include local authorities and park maintenance contractors.

In Europe, where Pellenc achieved 82.5% of its sales in 2011, business was difficult in Spain and Italy due to the economic crisis, which led to the deferment of orders. However, several regions were buoyant:

the United States, in the harvesting machinery segment, where Pellenc has enjoyed constant growth over the past two years, as well as Chile, and South Africa, where the wine growing industry continues to perform well.

Innovation is one of the drivers of the group's growth strategy. In the parks and gardens market, new products were a great success, particularly a blower which won an industry award for its low noise levels. New networks of importers dedicated to this business were created in Northern Europe (Denmark, Norway, Finland) and in Canada. Lastly, olive growing activities expanded significantly in Mediterranean countries with the development of new plantations requiring mechanization. Pellenc is therefore pursuing its strategy to expand in North African countries and in Turkey. —



## 47.23%

holding

## 114.2

2011 sales in million euros

## 7.7

2011 COI\* in million euros

## 797

2011 headcount

\* COI: current operating income.



# Sirem

**Sirem, which makes gear motors, pumps and the associated electric drive systems, services many markets in two major sectors: water and manufacturing. Sirem is based at Saint-Maurice de Beynost, in France.**

In 2011, the company's sales rose by nearly 9% and its core businesses – swimming pools, whirlpool baths, spas, milk tanks – all posted growth in their sales. Two of these achieved particularly good results: swimming pools (+6%) and spas (+50%). The latter is a recent activity brought in by Sodim, a company acquired by Sirem in 2009. Driven by the sustained activity on the automatic covers segment, 2011 confirmed the growth potential of the swimming pool business and Sirem's position as the leader on this market. After several difficult years, the whirlpool bath business, in which Sirem is the joint market leader, showed signs of recovery (+8%), although it remains

below its 2008 levels. As for the milk tank business, which represents around a third of the company's sales, Sirem achieved one of the best performances (+11%) of the past decade.

Nonetheless, the overall profitability of the company declined in 2011, notably due to the difficulties experienced during the takeover and restructuring of Sodim. Major efforts have been (and will continue to be in 2012) devoted to training personnel and ensuring the reliability of production facilities, to enable Sirem to benefit fully from the growth of this business. —

## 87.53%

holding

## 23.7

2011 sales in million euros

## 0.7

2011 COI\* in million euros

## 171

2011 headcount



\* COI: current operating income.

# Zurflüh-Feller

**Zurflüh-Feller, based in Autechaux Roide, France,  
makes components and accessories for roller shutters  
(fasteners, belt drivers, cranks, winches, etc.).  
The company is the leader on the French market.**

In 2011, Zurflüh-Feller saw its sales increase by 4%: 3% in France and 12% internationally. The increase in raw materials prices (steel and plastic) coupled with the rise in R&D investments slightly eroded its profitability, which nonetheless remained at a high level (23% of EBITDA/sales).

In 2011, the company continued to consolidate the performance of its production and logistics facilities, investing €4.8 million in new machinery and the creation of a 4,500m<sup>2</sup> logistics warehouse in order to bring together the storage of finished products and dispatch operations on one site.

2011 validated Zurflüh-Feller's strategic decisions to pursue its international expansion and to diversify into new markets with innovative products. After garage doors in 2010, the company established a foothold on the awnings segment, with the launch of a manual closure system.

In order to continue to create value, Zurflüh-Feller also plans to move gradually from the sale of components to the sale of complete systems. This will take the form of a new range offering thermal and luminous features, to be launched in 2012. To reflect the introduction in France of the 2012 Thermal Regulations (RT2012) in new buildings, Zurflüh-Feller will also market a range of products designed to improve the air-tightness of roller shutter boxes. —



# 100%

holding

# 60.6

2011 sales in million euros

# 7.4

2011 COI\* in million euros

# 383

2011 headcount

\* COI: current operating income.



Somfy is split into two separate branches. The first, Somfy Activities, is focused on the automatic controls for openings and closures in homes and buildings. The second, Somfy Participations, is dedicated to investing and acquiring holdings in companies operating outside Somfy's core business. The figures below and opposite relate to the entire Somfy Group: Somfy Activities and Somfy Participations together.

## 2011 results

### Sales

(€ million)



The increase in the Group's sales for 2011 stands at 11.7% in real terms and 4.9% like-for-like, compared with 2010. Somfy Activities contributed €842.8 million to the Group's sales (+12.8% in real terms and +5.0% like-for-like). All regions achieved a growth in sales by the end of the year except for Southern Europe, which is suffering more from the economic crisis. The contribution from Somfy Participations amounted to €112.5 million (+4.9% in real terms and +5.0% like-for-like). The three fully integrated companies ended year 2011 with substantial growth.

### Current operating income

(€ million)



Current operating income for the year fell from €138.6 million to €124.7 million (-10.1%). This represents 13.1% of sales. Current operating income totaled €118.2 million for Somfy Activities, a decline of 7.7%. This change reflects both the higher production costs due to the rise in raw materials prices and the increased investment in development and marketing. For Somfy Participations, current operating income totaled €6.6 million (including €3.6 million in structural costs), down 38.2% compared to 2010. This decline is mainly due to the higher cost of raw materials.

### Cash flow from operating activities

(€ million)



At €149.0 million, cash flow from operating activities remained stable compared to 2010.

### Net financial debt

(€ million)



Net financial debt amounted to €15.7 million, which is 1.9% of equity. This was increased by earn-outs and debts attached to options granted to the minority shareholders in the fully integrated companies. It was decreased by obligatory, unlisted debts issued by certain holdings or related companies. Several significant financial transactions took place during the period. Somfy Activities merged with Garen Automação (subscription to a convertible bond issue with the option of a takeover at a later date), and Somfy Participations sold its stake in agta record and Babeau Seguin, then acquired an equity interest in Pellenc (acquisition of a minority holding, with the option to acquire the entire share capital in the medium term).

### Net income

(€ million)



Consolidated net income rose by 67.9% to €161.4 million. This includes goodwill depreciations (-€6.4 million), a much higher financial result following capital gains from the disposal of the holding in agta record, and a significant increase in the contribution from equity-consolidated companies, due to the recovery of CIAT.

### INDUSTRIAL AND COMMERCIAL INVESTMENTS

(€ million)



At €44.9 million (compared to €29.9 million in 2010), the level of industrial and commercial investments was in line with the implementation of the strategy defined two years ago.

# 2011 indicators

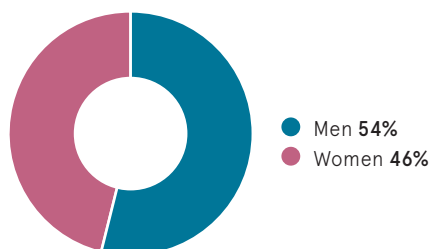
## Sales by region

(in € million)  
on a like-for-like basis

	31/12/2011	31/12/2010	N/N-1 Change	N/N-1 Change like-for-like
France	240.6	225.6	6.7 %	6.3 %
Germany	131.6	113.6	15.9 %	10.8 %
Northern Europe	90.8	88.8	2.3 %	0.0 %
Central and Eastern Europe	73.9	60.4	22.3 %	11.9 %
Southern Europe, Middle East & Africa	158.4	143.2	10.6 %	-1.3 %
Asia-Pacific	76.7	52.1	47.3 %	3.3 %
Americas	70.6	63.8	10.7 %	6.2 %
<b>Somfy Activities</b>	<b>842.8</b>	<b>747.5</b>	<b>12.8 %</b>	<b>5.0 %</b>
<b>Somfy Participations</b>	<b>112.5</b>	<b>107.2</b>	<b>4.9 %</b>	<b>5.0 %</b>
<b>Intercos</b>	<b>-2.8</b>	<b>-2.1</b>		
<b>Somfy Consolidated</b>	<b>952.4</b>	<b>852.6</b>	<b>11.7 %</b>	<b>4.9 %</b>

## Headcount by gender

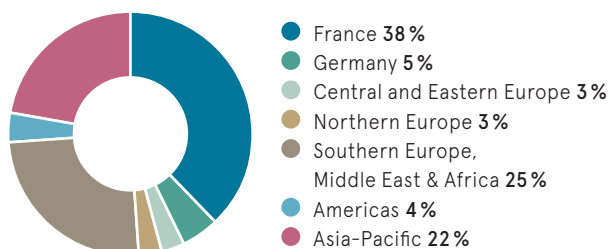
### Headcount



## Headcount by age group



## Headcount by region



SOMFY SA  
50 AVENUE DU NOUVEAU-MONDE  
BP 152 - 74307 CLUSES CEDEX - FRANCE  
TEL.: +33 (0) 4 50 96 70 00  
[www.somfy.com](http://www.somfy.com)

