

ANNUAL FINANCIAL REPORT 2015

# LIVING

INNOVATION FOR & BY THE PEOPLE

SOMFY 

Layout/Production: Explorations  
Cover photo: Frédéric Cirou – Photos p. 3: Laurent Cousin.

Explorations 

# MESSAGE FROM THE MANAGEMENT BOARD



**Jean Guillaume DESPATURE**  
Chairman of the Management Board



**Pierre RIBEIRO**  
Group CFO,  
member of the Management Board

In 2015, Somfy delivered a very strong performance, with sales increasing 8.1% and business growing across all geographic regions. The geographic rebalancing of the portfolio which was one of the objectives set five years ago, through the diversification of the Business Models and notably to develop the Access and Connected Home markets, continued with success. The economic slowdown in certain regions was therefore largely offset by the strong momentum of other territories: firstly, regions which confirmed their roles as growth drivers for the Group's sales – Mediterranean and Eastern European countries, and the United States – and secondly, Northern and Southern Europe which once again made strong progress after returning to growth the previous year. Taking all countries together, the Group performed as soundly in Europe as it did in the rest of the world.

Driven by the development of the business and an increase in gross margin, current operating result rose 10.6% and stood at 15.6% of sales, even though Somfy intensified its investments in innovation. Financial debt stood at a surplus of €1.2 million, compared with a debt of €199.9 million at the end of 2014. This improvement is closely linked to the high level of cash flow, a controlled increase in working capital requirements and the payments received following the exit from the share capital of both CIAT and Faac. After the demerger of Somfy Activities and Somfy Participations at the end of 2014, which led to the creation of Edify, 2015 thereby marked the finalisation of the Group's refocusing on its core business. As a result of the unstable economic situation in Brazil, we also took the decision to exit the share capital of Garen Automação and Giga. The actual deconsolidation of the latter will take place during 2016.

Even though the building industry is undergoing a major transformation driven by the digital revolution and connected objects, innovation is a priority for the Group. In early 2015, Somfy began launching a significant range of new generation solutions that have already been a commercial success. These solutions, which will become widely available in the future, will have a major impact on the development of our activity, on value creation in our historical markets and on the transformation of the business. Whilst the competitive environment within the Connected Home market became clearer in 2015, we are confident of Somfy's ability to capitalise on connectivity to consolidate its leadership in its core business and to be open to targeted and measured growth opportunities in home equipment sectors that complement our own. Over this year, sales of our Connected Home offers began to generate an interesting share of Group sales. The creation of an entity dedicated to "Connected Solutions", whose purpose is to support the growth of our core business activities thanks to its expertise, will allow us to take up our positions more quickly in this nascent market.

**The Management Board**

# CONTENTS

## 01 INVESTOR RELATIONS

P.8	Breakdown of capital (in %)
P.8	Capital
P.8	Gross dividend
P.8	Net profit
P.8	Listing
P.8	Contract
P.8	2016 financial calendar

## 02 ORGANISATION

P.10	Supervisory Board
P.10	Audit Committee
P.10	Remuneration Committee
P.10	Management Board
P.10	Auditors
P.10	For further information

## 03 OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

P.12	
------	--

## 04 MANAGEMENT BOARD REPORT

P.14	Highlights of the year
P.15	Presentation of financial statements
P.17	Post-balance sheet events
P.17	Outlook
P.17	Information on the distribution of share capital and holdings
P.20	Elements liable to have an impact in the event of a public offering
P.21	Information on the terms and conditions for the retention of shares allocated free of charge to executive corporate officers
P.21	Information on appointments held and remuneration received during the financial year
P.24	Information on transactions performed by directors during the financial year
P.25	Corporate governance
P.25	Information on research and development activities
P.26	Information on employee shareholding
P.26	Social and environmental reporting
P.41	Information on delegations relating to share capital increases and other authorisations
P.41	Combined General Meeting of 24 May 2016
P.42	Information on payment terms
P.43	Information on risks
P.44	Information on non-deductible charges
P.44	Allocation of net profit
P.44	Regulated agreements
P.44	Stock market performance

## 05 SUPERVISORY BOARD CHAIRMAN'S REPORT

- P.46 Corporate governance
- P.51 Internal control

## 06 SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

P.56

## 07 CONSOLIDATED FINANCIAL STATEMENTS

- P.58 Key figures
- P.62 2015 highlights
- P.63 Post-balance sheet events
- P.64 Consolidated income statement
- P.65 Consolidated statement of comprehensive income
- P.66 Consolidated balance sheet - Assets
- P.67 Consolidated balance sheet - Equity and liabilities
- P.68 Consolidated statement of changes in equity
- P.70 Consolidated cash flow statement
- P.71 Notes to the consolidated financial statements

## 08 PARENT COMPANY FINANCIAL STATEMENTS

- P.114 Income statement for the year ended 31 December 2015
- P.115 Balance sheet at 31 December 2015
- P.115 Proposed allocation of 2015 profit
- P.116 Notes to the Somfy SA financial statements

## 09 LEGAL DOCUMENTS

- P.130 Statutory Auditors' report on the annual financial statements
- P.131 Statutory Auditors' special report on regulated agreements and commitments
- P.132 Statutory Auditors' report, prepared in application of Article L. 225-235 of the French Commercial Code (Code de Commerce), on the report of the Chairman of the Supervisory Board of Somfy SA
- P.133 Statutory Auditors' report on the consolidated financial statements
- P.134 Independent verifier's report on consolidated social, environmental and societal information presented in the management report
- P.136 Statutory Auditors' report on the reduction of share capital
- P.136 Statutory Auditors' report on the authorisation to allocate free shares whether existing or to be issued
- P.137 Supervisory Board report
- P.138 Draft resolutions Combined General Meeting of 24 May 2016



# 01

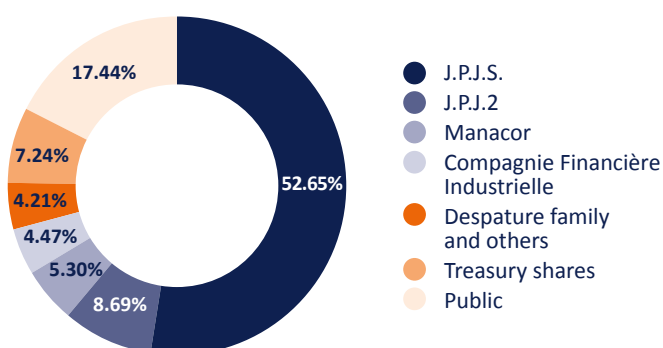
## INVESTOR RELATIONS

- P.8** Breakdown of capital (in %)
- P.8** Capital
- P.8** Gross dividend
- P.8** Net profit
- P.8** Listing
- P.8** Contract
- P.8** 2016 financial calendar

## 01

## INVESTOR RELATIONS

## BREAKDOWN OF CAPITAL (IN %)



## CAPITAL

At 31 December 2015, Somfy SA capital amounted to €7,400,000, divided into 7,400,000 shares with a nominal value of €1, fully paid up and all in the same class.

The company has not issued any securities giving right to capital. Stock options that may be exercised after 31 December 2015 are purchase options. As authorized, the company owned 535,880 Somfy SA shares at 31 December 2015.

## GROSS DIVIDEND

Per share, in €

31/12/14	5.20
31/12/15	5.70

## NET PROFIT

Per share, in €

31/12/14	5.11
31/12/15	23.84

## LISTING

Somfy SA has a Management Board and a Supervisory Board and is listed on the Eurolist at Euronext Paris in compartment A (ISIN code FR 0000120495).

## CONTRACT

On 15 June 2012, Somfy SA signed a liquidity provider agreement with Natixis.

## 2016 FINANCIAL CALENDAR

<b>28 January</b>	Release of Quarterly Turnover (Q4 2015)
<b>9 March</b>	Release of 2015 Full-Year Results
<b>10 March</b>	Meeting on Financial Information Presentation of 2015 Full-Year Results
<b>21 April</b>	Release of consolidated statements of Full-Year 2015
<b>21 April</b>	Release of Quarterly Turnover (Q1 2016)
<b>24 May</b>	Annual General Meeting
<b>21 July</b>	Release of Quarterly Turnover (Q2 2016)
<b>7 September</b>	Release of consolidated statements of Half-Year 2016
<b>7 September</b>	Release of 2016 Half-Year results and conference call
<b>20 October</b>	Release of Quarterly Turnover (Q3 2016)



---

# 02

---

## ORGANISATION

- P.10** Supervisory Board
- P.10** Audit Committee
- P.10** Remuneration Committee
- P.10** Management Board
- P.10** Auditors
- P.10** For further information

## 02

## ORGANISATION

## SUPERVISORY BOARD

**Chairman:**

Michel ROLLIER

**Vice-Chairman:**

Victor DESPATURE

**Members:**

Paule CELLARD  
Jean DESPATURE  
Bernard HOURS  
Valérie PILCER  
Anthony STAHL

## AUDIT COMMITTEE

**Chairman:**

Victor DESPATURE

**Members:**

Paule CELLARD  
Valérie PILCER

## REMUNERATION COMMITTEE

**Chairman:**

Michel ROLLIER

**Member:**

Victor DESPATURE

## MANAGEMENT BOARD

**Chairman:**

Jean Guillaume DESPATURE

**Group CFO:**

Pierre RIBEIRO

## AUDITORS

ERNST & YOUNG et Autres  
LEDOUBLE SA

## FOR FURTHER INFORMATION

Pierre RIBEIRO

**Group CFO**

Telephone: (33) 4 50 40 48 49

Fax: (33) 4 50 40 19 61

E-mail: [pribeiro@dsgsomfy.com](mailto:pribeiro@dsgsomfy.com)

[www.somfyfinance.com](http://www.somfyfinance.com)

# 03

## OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 03

## OVERVIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS

€ millions	31/12/15	31/12/14*
Net sales	1,061.1	981.7
Current operating result**	165.6	149.7
Operating result	165.7	125.9
Net profit from continuing operations	158.8	91.9
Net profit/(loss) of operations distributed or held for sale	5.9	- 53.8
Consolidated net profit	164.8	38.1
Net profit – Group share	163.7	38.0
Cash flow	171.6	148.4
Net investments in property, plant and equipment and intangible assets	47.2	45.5
Amortisation and depreciation charges**	- 38.9	- 39.7
Shareholders' equity	577.9	570.8
Net financial debt***	- 1.2	199.9
Non-current assets	518.3	648.3
Net assets held for sale	0.9	90.4
Average workforce	7,824	7,994

\* The financial statements have been restated following the application of IFRIC 21.

\*\* Including amortisation charges relating to intangible assets allocated following acquisitions for an amount of -€2.8 million in 2015 and -€3.1 million in 2014.

\*\*\* (-) Net financial surplus.

Takes into account liabilities related to put options granted to holders of non-controlling interests and earn-out of €45.8 million in 2015 and €45.9 million in 2014, and deferred payments of a financial nature of €5.8 million in 2015 and €5.5 million in 2014.

# O4

## MANAGEMENT BOARD REPORT

- P.14** Highlights of the year
- P.15** Presentation of financial statements
- P.17** Post-balance sheet events
- P.17** Outlook
- P.17** Information on the distribution of share capital and holdings
- P.20** Elements liable to have an impact in the event of a public offering
- P.21** Information on the terms and conditions for the retention of shares allocated free of charge to executive corporate officers
- P.21** Information on appointments held and remuneration received during the financial year
- P.24** Information on transactions performed by directors during the financial year
- P.25** Corporate governance
- P.25** Information on research and development activities
- P.26** Information on employee shareholding
- P.26** Social and environmental reporting
- P.41** Information on delegations relating to share capital increases and other authorisations
- P.41** Combined General Meeting of 24 May 2016
- P.42** Information on payment terms
- P.43** Information on risks
- P.44** Information on non-deductible charges
- P.44** Allocation of net profit
- P.44** Regulated agreements
- P.44** Stock market performance

## 04

# MANAGEMENT BOARD REPORT TO THE COMBINED GENERAL MEETING OF 24 MAY 2016

Ladies and Gentlemen,

In accordance with legal and regulatory provisions in force, the Management Board has convened you here in order to inform you on the management of your company and its subsidiaries and to submit for your approval the financial statements for the year ended 31 December 2015.

Somfy Group is the global leader in opening and closing automation for both residential and commercial buildings.

## HIGHLIGHTS OF THE YEAR

### DISPOSAL OF CIAT

On 5 January 2015, Somfy SA transferred its 46.1% equity investment in the share capital of CIAT Group to United Technologies Corporation. The transaction was worth €117 million, including €38 million related to the disposal price of the securities, excluding costs, and €79.4 million for the redemption of the CIAT bond issue originally subscribed to by Somfy.

The payment of the transfer price includes a deferred portion totalling €10.5 million spread between 2016 and 2019.

The disposal generated a consolidated net capital gain of €5.9 million in 2015.

Pursuant to IFRS 5, the impact of the disposal on the income statement, the balance sheet and the cash flow statement has been highlighted in specific lines in 2014 and 2015.

### CANCELLATION OF FAAC SHARES

In May 2015, Faac and Somfy Groups concluded that there were no joint development projects and therefore decided to undo the existing capital links (Somfy's 34% holding in the share capital of Faac and Faac's 7.3% stake in Somfy).

The transaction to unwind their mutual equity interests involved the exercise of a statutory right to withdraw and thus gave rise to the cancellation of the Faac shares held by Somfy. As consideration for this, the 571,400 Somfy shares held by Faac were returned to Somfy and a compensation balance of €50.7 million was set, the payment of which included a deferred amount of €13.2 million spread over 2016 and 2017.

This transaction generated a financial income of €35.7 million, net of expenses, and is reflected in the cash flow statement by the collection of €150.8 million related to the exit of the Faac securities and a movement of -€115.7 million involving Somfy SA treasury shares.

In addition, some of the returned Somfy shares (436,800 shares) have been cancelled to restrict the percentage of the share capital held by Somfy to 7.2%. As a result, the share capital of Somfy comprises 7,400,000 shares with a par value of €1 each, including 535,880 treasury shares at 31 December 2015.

### RETURN OF GAREN'S USUFRUCT

During June, the Group decided to return the usufruct in the share capital of **Garen Automação** without consideration. This transaction was unwound on 14 July 2015 from a legal perspective and as a result Somfy SA returned to its initial position of bondholder. The decision can be explained by the deterioration of the economic situation in Brazil and by the current problems of **Garen Automação**'s owners.

The deconsolidation took place during the third quarter, leaving Somfy with the residual financial risk of non-collection of its financial receivables despite agreement on the rescheduling of repayment over a six-year period (2021). In this regard, and as a precaution, the annual financial statements include a writedown to cover the maximum risk. The exit of **Garen Automação** had a negative impact of €12.4 million on net financial income and also affected sales (2014 second-half sales were €11.4 million).

### ENTITY HELD FOR SALE: GIGA

As a result of the worsening economy in Brazil, the decline in sales seen in 2014 and an uncertain outlook, the Group took the decision to sell the Giga entity. A Restructuring Agreement, initiated in December 2015, is currently being finalised. It provides for the disposal of securities held by Somfy SA and the partial waiver of financial receivables. Within this context, the annual financial statements include a writedown of €2.0 million recognised in the Group's net financial income, which covers the maximum risk.

Pursuant to IFRS 5, balance sheet items are classified as assets and liabilities held for sale without restatement of the comparative period. Income statement and cash flow statement items are not restated.

## CREATION OF OPENDOORS

By a decision of the Commercial Court of Versailles, Somfy Group's successfully tendered for the takeover of the business of Openways SAS. This company specialises in access control (digital locks and other security systems).

As part of this takeover, the new entity **Opendoors** was created with share capital of €0.5 million and is a fully owned subsidiary of Somfy SA. In the consolidated financial statements of 31 December 2015, the transaction resulted in the acquisition of assets and a cash outflow of €1.4 million.

## OTHER CHANGES IN GROUP STRUCTURE

Apart from the transactions discussed above, the Group made no major acquisition during the 2015 financial year.

## TAX AUDITS

**Somfy SAS** was subject in 2012 to a tax audit in relation to the 2009 and 2010 financial years. The main adjustment related to the transfer price policy implemented between Somfy SAS and other Group entities.

The inspection was completed in 2014 when agreement was reached with the Tax Authorities, and the financial impact has been recorded.

As anticipated, a tax audit covering the 2013 financial year alone took place in the first half of 2015. The adjustment issued and paid, namely €1.9 million, is in line with the provision recognised at the end of 2014.

## CONTINGENT LIABILITIES

**Somfy Mexico**, the Group's Mexican subsidiary, was subject to a tax audit in 2013 by the tax authorities in relation to foreign trade matters. The value of the proposed adjustment was €1.4 million, covering customs duties, VAT and penalties related to lack of product certification. The

company brought an action against the Tax Authorities in relation to the Customs Code that should be used for importing Somfy products to Mexico. At the end of 2014, the Group considered that the arguments put forward by the Tax Authorities were disputable and remained confident in the likelihood that this ruling would be overturned. Therefore, the Group had qualified this risk as a contingent liability and no provision was recognised at 31 December 2014.

By a decision made public in early July 2015, the Fiscal Court declared the adjustment to be invalid. The Tax Authorities appealed this decision. On 10 February 2016, the Fiscal Court issued a final judgment in the Group's favour. As a result, this risk is no longer qualified as a contingent liability.

The dispute between **Somfy SA** and **Spirel** employees is ongoing before the Albertville District Court. The employees seek annulment of the transfer of the Spirel securities, which took place in 2010, and to have Somfy SA ordered to pay them damages for the alleged deliberate bankruptcy of Spirel and non-material damage caused as a result of the anxiety, disappointment and vexation they claimed to have been victim of, for a total of approximately €9.7 million. Submissions filed by Chappel Industries France and Spirel were tabled and hearings should take place during the first half of 2016. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling.

In addition, in the course of July the employees also brought Spirel, Chappel Industries France et Somfy SA before the Albertville Labour Court, disputing the grounds for their dismissal and claiming damages of a substantially similar amount. Submissions are currently being filed and, at this stage, Somfy SA is unaware of the grounds on which the employees are basing their appeals.

Therefore, the Group continues to qualify these risks as contingent liabilities and no provision was recognised in relation to these disputes at 31 December 2015.

## PRESENTATION OF FINANCIAL STATEMENTS

### PARENT COMPANY DATA

For the year ended 31 December 2015, Somfy SA generated sales of €3.4 million. Net financial income amounted to €287.8 million, taking into account €147.1 million in dividends paid by the subsidiaries on their profits for the year ended 31 December 2014 and including €149.1 million in revenue distributed on Faac's exit.

Net extraordinary expense totalled €0.4 million.

Net profit was €279.5 million, after inclusion of an income tax gain of €3.4 million.

### CONSOLIDATED DATA

#### SALES

Sales totalled €1,061.1 million for the financial year just ended, an increase of 8.1% in real terms and 5.6% on a like-for-like basis compared with the previous year.

All geographic regions achieved growth, with several of them recording a marked acceleration in the second half, partly due to the base effect. Central and Eastern Europe, Southern Europe and Northern Europe again stood out, benefiting from expansion in Poland, the Czech Republic, the Middle East and Africa, as well as from the continued recovery of the Iberian Peninsula, the UK and the Netherlands.

The Americas and Asia-Pacific suffered from the downturn in Brazil and Korea and from the slowdown in China, but conversely fully benefited from the dynamism of North America, Mexico, Australia and Japan.

Germany and France recovered as the year progressed and as a result successfully offset the downturn seen at the beginning of the year.

## SALES BY CUSTOMER LOCATION

€ thousands	31/12/15	31/12/14	Change N/N-1	Change N/N-1 like-for-like
France	254,060	245,694	3.4%	3.3%
Germany	165,153	153,162	7.8%	6.7%
Northern Europe	103,865	95,706	8.5%	5.6%
Central and Eastern Europe	104,756	95,009	10.3%	7.0%
Southern Europe, Middle East and Africa	190,160	174,342	9.1%	5.6%
Asia-Pacific	115,176	96,933	18.8%	5.9%
Americas	127,979	120,883	5.9%	8.0%
<b>SOMFY CONSOLIDATED</b>	<b>1,061,149</b>	<b>981,731</b>	<b>8.1%</b>	<b>5.6%</b>

## RESULTS

Current operating result was €165.6 million for the financial year, up 10.6% and representing 15.6% of sales, compared with 15.3% the previous year.

The increase is attributable to sales growth, foreign exchange gains and a healthy gross margin. It was achieved against the backdrop of a significant rise in structure costs, due to the continuation of the investment plan initiated in previous years and the resulting increase in research and development expenses.

Net profit was €164.8 million, boosted by the proceeds from the exit from CIAT and Faac's share capital (€5.9 million and €33.9 million respectively) but curtailed by provisions for the writedown of financial interests in Garen Automação and Giga (€6.7 million in total).

Net profit restated for exceptional items<sup>1</sup> was €127.2 million, an increase of 9.2%.

## FINANCIAL POSITION

The net cash position went from a net financial debt of €199.9 million to a net cash surplus of €1.2 million between the start and the end of the financial year.

The improvement is closely linked to the high level of cash flow, a controlled increase in working capital requirement and the payments received following the exit from the share capital of both CIAT and Faac. The net financial debt corresponds to the difference between financial assets and financial liabilities. Notably it takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully-consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, convertible bonds, deposits & guarantees and government grants.

The net financial debt is detailed in note 8.2.3 to the consolidated financial statements.

## SEGMENT REPORTING AT 31 DECEMBER 2015

€ thousands	Europe, Middle East & Africa	Asia & Americas	Eliminations between regions	Consolidated
Segment sales	811,467	319,051	- 69,369	1,061,149
Inter-segment sales	- 44,986	- 24,382	69,369	-
Segment revenue - Contribution to sales	766,481	294,668	-	1,061,149
Segment current operating result	142,468	23,134	-	165,602
Net profit of operations sold or held for sale (IFRS 5)	5,946	-	-	5,946
Share of net profit of associates	-	101	-	101
Cash flow	154,096	17,535	-	171,632
Net investments in intangible assets and PPE	39,051	8,163	-	47,214
Goodwill	86,532	95,738	-	182,269
Net intangible assets and PPE	214,847	59,876	-	274,722
Non-controlling equity investments	182	-	-	182
Investments in associates	723	1,535	-	2,258
Net assets held for sale (IFRS 5)	-	928	-	928

1. Net profit is restated primarily for capital gains and goodwill impairment recognised in 2014 and 2015.



## POST-BALANCE SHEET EVENTS

### CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

The Supervisory Board of 9 March 2016:

- Took note of Jean-Philippe Demaël's resignation from his office as a member and Chairman of the Management Board with effect from 9 March 2016;
- Unanimously appointed Jean Guillaume Despature, a member of the Management Board, as Chairman of the Management Board with effect from 9 March 2016, for the term of the Management Board offices which expire on 26 November 2017.

As from 9 March 2016, the Management Board is composed of:

- Jean Guillaume Despature, Chairman of the Management Board, and
- Pierre Ribeiro, Group CFO.

### FINALISATION OF GIGA'S DISPOSAL

The "Restructuring Agreement" referred to in the "Highlights" should be signed during the first half of 2016. The valuation of this entity at the end of 2015 under IFRS 5 included the assumptions of this agreement.

### CIAT

On 31 March 2016, United Technologies Corporation filed a claim against sellers of CIAT shares within the framework of the liability guarantee. Discussions will take place over 2016, however it will not be possible, as of the date of the Combined General Meeting, to calculate Somfy Group's potential exposure.

## OUTLOOK

The current financial year should be marked by an unstable environment in the Americas and Asia, particularly in China, due to the local economic and monetary uncertainties, and by a rebalancing in Europe following the catching-up process seen over the recent period in regions such as Benelux and the Iberian Peninsula.

The investment effort will nevertheless be maintained, even increased in certain areas, mainly focusing on product innovation and brand promotion, in order to permit the Group to fully benefit from new market opportunities (expansion of connected objects, development of environmentally responsible solutions, etc.).

## INFORMATION ON THE DISTRIBUTION OF SHARE CAPITAL AND HOLDINGS

### DISTRIBUTION OF SHARE CAPITAL (Article L. 233-13 of the Commercial Code)

To the best of the company's knowledge, the distribution of share capital and voting rights is as follows:

Shareholding structure at 31/12/2015	Number of shares	% share capital	Theoretical voting rights	% theoretical voting rights	Voting rights at AGMs	% voting rights at AGMs
J.P.J S. SCA	3,896,068	52.65%	7,754,870	59.57%	7,754,870	63.48%
J.P.J.2 SA	643,005	8.69%	1,272,463	9.78%	1,272,463	10.42%
Manacor	391,900	5.30%	783,800*	6.02%	518,524	4.24%
Compagnie Financière Industrielle	330,775	4.47%	661,550	5.08%	661,550	5.42%
Despature family and others	311,901	4.21%	613,281	4.71%	613,281	5.02%
<b>Total action in concert</b>	<b>5,573,649</b>	<b>75.32%</b>	<b>11,085,964</b>	<b>85.17%</b>	<b>10,820,688</b>	<b>88.58%</b>
Treasury shares	535,880	7.24%	535,880	4.12%	—	—
Other shareholders	1,290,471	17.44%	1,395,190	10.72%	1,395,190	11.42%
<b>TOTAL</b>	<b>7,400,000</b>	<b>100.00%</b>	<b>13,017,034</b>	<b>100.00%</b>	<b>12,215,878</b>	<b>100.00%</b>

\* Including 265,276 voting rights not exercisable until 09/01/2017 due to late declaration of threshold crossing.

The identity of controlling individuals is detailed in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

In November 2010, Silchester International Investors, acting on behalf of funds under its management, declared that on 1 November 2010 it had a holding of 595,775 shares representing 7.60% of the share capital of Somfy SA. Due to the lack of disclosure regarding the attainment of upward or downward threshold crossings, this company is still presumed to hold between 5% and 10% of Somfy SA's share capital.

No shareholder other than those mentioned above holds, directly or indirectly, alone or in concert with others, more than 5% of the share capital or voting rights of the company.

Changes to this list during the 2015 financial year are described below in the section "Disclosure of shareholding threshold crossings pursuant to Article L. 233-7 of the Commercial Code".

## RECIPROCAL HOLDINGS

(Articles L. 233-29 and R. 233-19 of the Commercial Code)

There are no reciprocal holdings as defined by current regulations.

## ACTION IN CONCERT AND RETENTION AGREEMENTS

### ACTION IN CONCERT

On 3 June 2013, the limited partnership with share capital J.P.J.S., the limited companies J.P.J.2 and Manacor and certain members of the Despature family concluded a shareholders' agreement constituting an action in concert between them, in relation to the company Somfy SA. The main clauses of the agreement provide:

**Action in concert:** the parties confirm their wish to act in concert within the meaning of Article L. 233-10 of the Commercial Code to implement a common policy with regard to Somfy SA. To that end, the parties undertake to make every effort and to consult one another, before every vote in the General Meeting of Somfy SA shareholders on resolutions relating to the appointment of members of the Supervisory Board or modification of the mode of administration or management of the company and any transaction in the capital of Somfy SA with a view to establishing a common position.

**Maintaining the equity holding:** the parties undertake to maintain their overall equity holding in Somfy SA at more than 50% of the share capital and voting rights of this company.

**Duration:** these undertakings are made for a period of ten years from the signature of the agreement, namely 3 June 2013. Any decision to reduce the term of the agreement will be made by a ¾ majority of the Somfy SA shares held by the parties, it being understood that in the case of separation of the shares, the voting right will belong to the usufructuary.

### COLLECTIVE RETENTION AGREEMENTS

To the company knowledge, a collective retention agreement relating to 64.93% of the share capital of Somfy SA and more than 20% of the voting rights of shares issued was signed on 31 December 2015 by several shareholders, including Management Board members Jean Guillaume Despature and Pierre Ribeiro, as well as Supervisory Board members Jean Despature, Victor Despature, Anthony Stahl and Michel Rollier, in accordance with Article 885 I bis of the General Tax Code, for a period of two years from 31 December 2015, automatically extended indefinitely after this two-year period.

In addition, the company is aware of five collective retention agreements relating to 49.33% to 54.23% – for the commitment relating to the largest portion – of the Somfy SA company share capital, signed on 9 April 2010 by several shareholders, including Management Board member Jean-Philippe Demaël, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination.

The company is aware of a collective retention agreement relating to a total of 50.15% of the Somfy SA company share capital, signed on 6 March 2013 by several shareholders, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration and automatically extended indefinitely after this period, unless one of the signatories gives notice of termination.

Lastly, the company is aware of a collective retention agreement relating to a total of 49.24% of the Somfy SA company share capital, signed on 30 October 2014 by several shareholders, including Management Board members Jean Guillaume Despature, Jean-Philippe Demaël and Pierre Ribeiro, in accordance with Article 787 B of the General Tax Code, for a two-year period from the date of registration.

## BYLAW PROVISIONS RELATING TO DOUBLE VOTING RIGHTS (Excerpt of Article 29 of the bylaws)

"The voting right attached to shares is proportional to the capital that they represent. All capital and dividend shares have the same par value and entitle their owner to one vote.

A voting right that is double that conferred on other shares is allocated to all fully paid shares that have been duly registered for at least four years in the name of the same shareholder at the end of the calendar year preceding that of each General Meeting.

In the case of a capital increase by the capitalisation of reserves, profits or issue premiums, registered shares granted free of charge to a shareholder in exchange for existing shares, which already benefit from this right, will be entitled to the same double voting right.

All shares converted into bearer shares or whose ownership has been transferred shall lose their entitlement to a double voting right, except in instances provided for by law."

## DISCLOSURE OF SHAREHOLDING THRESHOLD CROSSINGS DURING THE 2015 FINANCIAL YEAR, PURSUANT TO ARTICLE L. 233-7 OF THE COMMERCIAL CODE

By letter received on 29 May 2015, the French financial markets authority, the Autorité des Marchés Financiers (AMF opinion 215C0743) was the recipient of the following disclosures of threshold crossings, which took place on 27 May 2015:

The company J.P.J.S.<sup>2</sup> declared that it had individually crossed above the threshold of 50% of the share capital of Somfy to individually hold 3,858,802 Somfy shares representing 7,717,604 voting rights equating to 52.15% of the share capital and 59.94% of the voting rights in that company<sup>3</sup>; Compagnie Financière Industrielle<sup>4</sup> declared that it had individually crossed above the threshold of 5% of the voting rights in Somfy to individually hold 330,775 Somfy shares representing 661,550 voting rights, equating to 4.47% of the share capital and 5.14% of the voting rights in that company<sup>3</sup>. These threshold crossings were the result of the cancellation by Somfy of 436,800 of its treasury shares<sup>5</sup>.

On this occasion, the shareholders' agreement between Paul Georges Despature, his children and the companies J.P.J.S.<sup>2</sup> and J.P.J.2<sup>6</sup> under his control, the company Compagnie Financière Industrielle<sup>4</sup>, the company Manacor<sup>7</sup>, the company Somplus<sup>8</sup> and certain members of the Despature family had not crossed any threshold and stated that at 27 May 2015 it held 5,573,687 Somfy shares representing 10,943,608 voting rights, equating to 75.32% of the share capital and 84.99% of the voting rights in this company<sup>3</sup>, broken down as follows:

2. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.

3. Based on a share capital comprising 7,400,000 shares representing 12,876,205 voting rights, in application of paragraph 2 of Article 223-11 of the General Regulations.

4. Limited company incorporated in Luxembourg (registered office: 15, boulevard Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.

5. See company press release published by Somfy on 27 May 2015.

6. Company (registered office: 11, avenue Émile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.

7. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.

8. Wholly-owned by J.P.J.S.

	Number of shares	% share	Voting rights	% voting rights
J.P.J.S. <sup>2</sup>	3,858,802	52.15	7,717,604	59.94
J.P.J. <sup>6</sup>	643,005	8.69	1,267,463	9.84
Manacor <sup>7</sup>	391,900	5.30	749,086	5.82
Compagnie Financière Industrielle <sup>4</sup>	330,775	4.47	661,550	5.14
Despature family	308,756	4.17	474,907	3.69
Somplus <sup>8</sup>	37,266	0.50	66,692	0.52
Paul Georges Despature	3,183	0.04	6,306	0.05
<b>TOTAL CONCERT</b>	<b>5,573,687</b>	<b>75.32</b>	<b>10,943,608</b>	<b>84.99</b>

2. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.

4. Limited company incorporated in Luxembourg (registered office: 15, bld. Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.

6. Company (registered office: 11, avenue Émile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.

7. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.

8. Wholly-owned by J.P.J.S.

By letter received on 22 December 2015 (AMF opinion 216C0006), supplemented by letter received on 4 January 2016, the Autorité des Marchés Financiers advised of the wind up of the company Somplus<sup>9</sup> on 17 December 2015, the date of completion of the transfer of all Somplus' assets to the company J.P.J.S.<sup>10</sup>. Within this framework, 37,266 Somfy shares representing 0.50% of the share capital of Somfy<sup>11</sup> previously held by Somplus were transferred to J.P.J.S.

On this occasion, the shareholders' agreement between Paul Georges Despature, his children and the companies J.P.J.S.<sup>10</sup> and J.P.J.<sup>12</sup> under his control, the company Compagnie Financière Industrielle<sup>13</sup>, the company Manacor<sup>14</sup> and certain members of the Despature family had not crossed any threshold and stated that at 17 December 2015 it held 5,573,649 Somfy shares representing 10,914,144 voting rights, equating to 75.32% of the share capital and 84.97% of the voting rights in this company<sup>15</sup>, broken down as follows:

	Number of shares	% share	Voting rights	% voting rights
J.P.J.S. <sup>10</sup>	3,896,068	52.65	7,754,870	60.37
J.P.J. <sup>12</sup>	643,005	8.69	1,267,463	9.87
Manacor <sup>14</sup>	391,900	5.30	743,600	5.79
Compagnie Financière Industrielle <sup>13</sup>	330,775	4.47	661,550	5.15
Despature family	308,718	4.17	480,355	3.74
Paul Georges Despature	3,183	0.04	6,306	0.05
<b>TOTAL CONCERT</b>	<b>5,573,649</b>	<b>75.32</b>	<b>10,914,144</b>	<b>84.97</b>

9. Wholly controlled by J.P.J.S., itself controlled by Paul Georges Despature.

10. Company (registered office: 25 avenue Fosse-aux-Chênes, 59100 Roubaix) controlled by Paul Georges Despature.

11. It is specified that of the 37,266 Somfy shares which were held by Somplus, 29,426 Somfy shares carried a double voting right, which was annulled as part of the transaction.

12. Company (registered office: 11, avenue Émile Reuter, L-2420 Luxembourg, Grand Duchy of Luxembourg) controlled by Paul Georges Despature and his children.

13. Limited company incorporated in Luxembourg (registered office: 15, bld. Roosevelt, L-2450 Luxembourg, Grand Duchy of Luxembourg) controlled by Patrick Despature.

14. Company (registered office: 11 A, boulevard Prince Henri, L-1724 Luxembourg, Grand Duchy of Luxembourg) controlled by Thierry Despature.

15. Based on a share capital comprising 7,400,000 shares representing 12,845,150 voting rights, in application of paragraph 2 of Article 223-11 of the General Regulations.

The company is not aware of any other threshold crossings.

## INFORMATION ON THE BUYBACK OF OWN SHARES (Article L. 225-211 of the Commercial Code)

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2015; it was authorised by the Combined General Meeting of 13 May 2015, and had the following objectives:

- To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI

recognised by the Autorité des Marchés Financiers;

- To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;

– To proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session. The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.

The maximum purchase price was set at €330 per share, with the maximum amount of the share buyback programme set at €126,133,590, taking account of the 401,457 treasury shares held at 31 December 2014.

During the financial year just ended, on the basis of the authorisations given by the General Meetings of 2014 and 2015, the company bought back 585,618 shares at an average price of €203.96, sold 14,395 shares at an average price of €259.04 and cancelled 436,800 shares priced at €202.50.

The untying of capital relationships between Faac and Somfy is now effective. It has given rise to the cancellation of all the Faac shares held by Somfy, with Somfy concurrently receiving, as consideration, all the Somfy shares held by Faac and the payment by Faac of a balance of €50.7 million.

It should be noted that, of the shares acquired, the company purchased 571,400 Somfy shares on 27 May 2015 from Faac through a number of off-market transactions, and concurrently cancelled 436,800 of these securities to reduce the number of treasury shares held. Following this transaction, the share capital comprises 7,400,000 shares.

Of the 585,618 shares acquired, 14,218 were allocated for the purpose of liquidity, 134,600 for the purpose of retention for their subsequent remittance in exchange or payment in relation to potential mergers and acquisitions, and 436,800 shares were allocated for the purpose of cancelling purchased shares, in accordance with the authorisation granted by the Annual General Meeting of shareholders of 14 May 2014 in its sixth extraordinary resolution and were cancelled as stated above.

No shares were re-allocated for objectives other than those initially specified.

The company held 535,880 of its own shares at 31 December 2015, representing 7.24% of the share capital; the value of the purchase price of the share amounted to €185.26 for a par value of €1 each, representing a total nominal value of €535,880 (€389 for the liquidity contract, €246,854 to be retained for future acquisition transactions and €288,637 to cover option plans to purchase shares and/or free share allocation plans).

The Management Board will submit a new share buyback plan for a period of 18 months for shareholders' approval. This plan would replace the current programme, which would be terminated early. It would allow management to purchase up to 10% of the shares of the

company, if necessary restated for any potential capital increase or decrease transactions that may be carried out over the timeframe of the programme. The objectives of this programme would be:

- To stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by regulations;
- To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To cancel purchased shares, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

The company would reserve the right to use options or derivative instruments, in accordance with applicable regulations.

We propose to set the maximum purchase price at €480 per share. The maximum value of the transaction, taking account of the 535,880 treasury shares held at 31 December 2015, is therefore set at €97,977,600.

## INFORMATION ON INVESTMENTS AND CONTROLLED COMPANIES

**Investments in French companies during the financial year ended 31 December 2015** (Article L. 233-6 of the Commercial Code):

No equity stake was acquired in any French company over the course of the financial year ended 31 December 2015.

**Names of companies directly or indirectly controlled and the portion of Somfy SA's share capital held by them** (Article L. 233-13 of the Commercial Code):

None of the companies controlled by Somfy SA hold shares in Somfy SA.

## ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING (ARTICLE L. 225-100-3 OF THE COMMERCIAL CODE)

Under existing regulations, the following may have an impact in the event of a public offering:

- The capital structure and all known direct or indirect holdings in Somfy SA and all relevant information is described under "Information on the distribution of share capital and holdings";
- There are no bylaw restrictions to the exercise of voting rights;
- There are no securities carrying special voting rights, aside from the existence of double voting rights enjoyed by fully paid shares registered under the same named shareholder for at least four years (see excerpt from Article 29 of the bylaws);

- Voting rights attached to Somfy SA shares held by personnel through FCPE Somfy (Somfy Investment Fund Scheme) are exercised by a representative appointed by the Supervisory Board of the FCPE to represent it at the Annual General Meeting;
- Commitments signed between shareholders that could lead to restrictions on the transfer of shares and exercise of voting rights have been referred to in the "Action in concert and retention agreements" section;
- Rules governing the appointment and replacement of Management Board members and any bylaw amendments are respectively provided for in Articles 15 and 31 of the bylaws reproduced below:

## BYLAW PROVISIONS RELATING TO THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE MANAGEMENT BOARD (Article 15)

“The Management Board is composed of a minimum of two and a maximum of five members who are private persons and may or may not be shareholders.

In accordance with and for the period provided for by the law, the Supervisory Board will appoint Management Board members, determine their number, appoint one of them as Chairman of the Management Board and determine their remuneration.

No person aged over 70 may be appointed to the Management Board. Upon reaching this age, members of the Management Board are deemed to have resigned at the Supervisory Board's next meeting.

The Supervisory Board is authorised to assign the powers of the Chairman of the Management Board, as conferred by law, to one or more members of the Management Board who carry the title of Chief Executive Officer.

Management Board members can be re-elected.

In case of a vacancy, a replacement shall be appointed for the time remaining until re-election of the Management Board.

If a Management Board member seat is vacant, the Supervisory Board must change the number of seats it had previously set or fill the vacancy within a two-month time frame so that the number of members does not fall below the minimum required by the bylaws. Otherwise, any interested party may ask the President of the Commercial Court, acting in chambers, to make this temporary appointment. The person thus appointed may, at any time, be replaced by the Supervisory Board.

Management Board members or the Chief Executive Officer may only be dismissed by the Annual General Meeting or by the Supervisory Board. If dismissal is decided without just cause, it may give rise to damages. In the case where an individual holds an employment contract with the company, the revocation of his/her functions purely as a Management Board member or Chief Executive Officer will not terminate this contract.”

## BYLAW PROVISIONS RELATING TO BYLAW AMENDMENTS (Excerpt of Article 31)

“Only an Extraordinary General Meeting can modify the company's bylaws in all its provisions. Nevertheless, it cannot increase shareholders' liabilities with the exception of transactions resulting from an exchange or regrouping of shares properly decided and executed.

It requires a two-thirds majority of votes of present or represented shareholders, including shareholders who voted by mail”;

- Concerning powers, the Management Board has no delegations except those described under the sections “Information on delegations relating to share capital increases and other authorisations” and “Information on the buyback of own shares”;
- Agreements concluded by the company that may be altered or terminated upon a change of control of the company are as follows: contracts signed between Somfy SA and credit institutions concerning credit facilities granted require the latter to inform the said banks of all projects related to a significant change in its shareholding, notably those resulting in a transfer of control to a new company;
- There are no particular agreements providing for benefits upon termination of the term of office of a Management Board member.

## INFORMATION ON THE TERMS AND CONDITIONS FOR THE RETENTION OF SHARES ALLOCATED FREE OF CHARGE TO EXECUTIVE CORPORATE OFFICERS (ARTICLE L. 225-197-1 II SECTION 4 OF THE COMMERCIAL CODE)

At its meeting of 13 May 2009, the Supervisory Board set the number of shares that every member of the Management Board is required to retain in nominative form until the termination of their term of office: resulting in every member being required to retain 25% of the total shares allocated free of charge, this percentage being reduced to 20% at the end of four years from the allocation, then successively to 15% at the end of six years from the allocation, to 10% at the end of eight years from the allocation and to 5% until termination of their terms of office.

## INFORMATION ON APPOINTMENTS HELD AND REMUNERATION RECEIVED DURING THE FINANCIAL YEAR (ARTICLE L. 225-102-1 OF THE COMMERCIAL CODE)

At 31 December 2015, the Management Board was composed as follows:

Name	Position	Date appointed	Date term ends
Jean-Philippe Demaël	Chairman	6 november 2014	26 november 2017
Pierre Ribeiro	Member	6 november 2014	26 november 2017
Jean Guillaume Despature	Member	6 november 2014	26 november 2017

A change in the composition of the Management Board took place on 9 March 2016, as detailed in the paragraph “Post-Balance Sheet Events” in this report.

## APPOINTMENTS HELD BY MANAGEMENT BOARD MEMBERS AND REMUNERATION RECEIVED FROM SOMFY SA AND SUBSIDIARIES UNDER ITS CONTROL

### JEAN-PHILIPPE DEMAËL Chairman of the Management Board

- Chairman of Somfy SAS,
- Chairman of the Board Committee of the Somfy Corporate Foundation “pour mieux habiter la planète”,

- Member of the Board of Directors of the endowment fund “Les Petites Pierres”,
- Director of Ningbo Dooya Mechanic & Electronic Technology Co. Ltd, Hong Kong CTLT Trade Co. Limited, New Unity Limited and Somfy Middle East Co. Limited,
- Member of the Advisory Committee of Somfy Brasil Ltda,
- Manager of Somfy GmbH.



The above terms of office are exercised within unlisted Somfy Group companies.

Remuneration includes a fixed part and a variable part.

Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. For the part based on quantitative criteria (referred to as “financial” criteria), the criteria used are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable. For the part based on qualitative criteria (referred to as “non-financial” criteria), the criteria used concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by a coefficient representing the Remuneration Committee’s assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.

The variable remuneration also includes the incentive bonus, profit-sharing and contributions to the Group savings scheme, as described in the report of the Chairman of the Supervisory Board.

Benefits in kind consist of the use of a company car.

Details of remuneration paid during the financial year just ended are included in the summary table (page 24).

The company CMC SARL established a supplementary pension plan in 2006. This plan applies to Directors and III-C position Senior Executives, as well as Managers benefiting from an employment contract, in accordance with the categories defined by the French Convention Collective Nationale des Ingénieurs et Cadres de la Métallurgie (collective bargaining agreement for engineers and managers in the metalworking industry).

The plan grants a contingent right to a supplementary pension, pursuant to the so-called “Article 39”, which is dependent on the length of service of the beneficiary (a minimum of 15 years). The right to a supplementary pension is acquired at a rate of 0.75% per year of service and cannot exceed 15% of the potential beneficiary’s reference salary. The reference salary is defined as the average of the best three years after applying CNAV re-evaluation coefficients. Based on estimates setting at 35% the future rate of replacement provided by the compulsory pension plans when the affected population reaches retirement age, this plan should enable the rate to increase to  $35 + 15 = 50\%$  of the reference salary for beneficiaries whose career within the Group lasted 20 years or more.

Commitments of the plan and corresponding assets have been outsourced to an insurance company. Future commitments are fully covered by plan assets under management, which were measured at fair value.

Member of the Management Board concerned: Jean-Philippe Demaël, potential beneficiary of this pension plan.

In relation to his employment contract prior to his appointment to the Management Board, Jean-Philippe Demaël also benefits from a CMC SARL so-called “Article 83” defined contribution pension plan, applicable to Senior Executives as well as Managers benefiting from an employment contract, for whom the portion of contributions payable by the company represents 6.25% of remuneration, limited to the tranche B cap applicable to the Senior Executives’ scheme.

## PIERRE RIBEIRO

### Group CFO

- Director of Asian Capital International Limited, Sino Global International Holdings Limited, Sino Link Trading Limited and Promofi BV,
- Member of the Board of Directors of BFT SpA.

The above terms of office are exercised within unlisted Somfy Group companies.

Remuneration includes a fixed part and a variable part.

Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. For the part based on quantitative criteria (referred to as “financial” criteria), the criteria used are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable. For the part based on qualitative criteria (referred to as “non-financial” criteria), the criteria used concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by a coefficient representing the Remuneration Committee’s assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.

The variable remuneration also includes the incentive bonus, profit-sharing and contributions to the Group savings scheme, as described in the report of the Chairman of the Supervisory Board.

Benefits in kind consist of the use of a company car.

Details of remuneration paid during the financial year just ended are included in the summary table (page 24).

## JEAN GUILLAUME DESPATURE

### Member of the Management Board

- Chairman of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Remuneration Committee and member of the Audit Committee of Damartex SA (company listed on Alternext),
- Chairman of the Board of Directors of Financière Développement Suisse SA,
- Director of TTMD SA (Somfy Group company) and Acacia SA,
- Director of DSG (branch of Somfy Group) and Edify, both branches of Grand-Saconnex,
- Manager of FIDEP and CMC SARL (Somfy Group company).

Remuneration includes a fixed part and a variable part.

Variable remuneration is determined by the Supervisory Board on the recommendation of the Remuneration Committee. The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. For the part based on quantitative criteria (referred to as “financial” criteria), the criteria used are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable.

For the part based on qualitative criteria (referred to as “non-financial” criteria), the criteria used concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by a coefficient representing the Remuneration Committee’s assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed. The variable remuneration also includes the incentive bonus, profit-sharing and contributions to the Group savings scheme, as described in the report of the Chairman of the Supervisory Board. Benefits in kind consist of the use of a company car. Details of remuneration paid during the financial year just ended are included in the summary table (page 24).

For members of the Management Board who had benefited from stock options until then, the new constraints introduced by the Law of 3 December 2008 have led the Supervisory Board to exclude them from future allocations of performance-based shares and stock options. However, the Board deemed it necessary to continue giving perspective to their contribution and bring their interest as much as possible in line with those of the shareholders and other managers, as in the past. Therefore, it was decided to grant them variable remuneration based on identical performance conditions to those used for allocating performance-based shares to management. No payments were made in this respect during the financial year.

## **APPOINTMENTS HELD BY SUPERVISORY BOARD MEMBERS AND REMUNERATION RECEIVED FROM SOMFY SA AND SUBSIDIARIES UNDER ITS CONTROL**

### **PAULE CELLARD**

#### **Member of the Supervisory Board**

- Member of the Audit Committee of Somfy SA,
- Member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Audit Committee of Damartex SA (company listed on Alternext),
- Member of the Remuneration Committee of Damartex SA (company listed on Alternext),
- Director and Chairman of the Audit Committee of Crédit Agricole Private Banking Luxembourg.

### **JEAN DESPATURE**

#### **Member of the Supervisory Board**

- Member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Board of Directors of Yainville SA.

### **VICTOR DESPATURE**

#### **Vice-Chairman of the Supervisory Board**

- Chairman of the Audit Committee of Somfy SA,
- Member of the Remuneration Committee of Somfy SA and Mobilis SAS,
- Chairman and Chief Executive Officer of MCSA SA,
- Chairman of the Supervisory Board of SCA J.P.J.D., J.P.J.S., Valorest, Acanthe, Cimofat and SC Soderec,
- Member of the Supervisory Board of Mobilis SAS,
- Permanent representative of MCSA SA: Chairman of SAS MCSA-CELERC, MCSA-SIPEM and MCSA-SET,

- Manager of SARL MCSA-Tunis and SC Vicma, Devin-VD and Le Maréchal,
- Director of Edify SA (company listed on the Euro-MTF market of the Luxembourg stock exchange).

### **BERNARD HOURS**

#### **Member of the Supervisory Board**

- Member of the Board of Directors of Essilor (company listed on Euronext),
- Member of the Corporate Officers and Remuneration Committee of Essilor (company listed on Euronext),
- Member of the Strategic Committee of Essilor (company listed on Euronext),
- Member of the Corporate Social Responsibility Committee of Essilor,
- Non-executive member of the Board of Directors of Verlinvest,
- Member of the Board of Directors of Vitacoco.

### **XAVIER LEURENT**

#### **Member of the Supervisory Board**

- Vice-Chairman and member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Manager of FIDEP.

### **VALÉRIE PILCER**

#### **Member of the Supervisory Board**

- Member of the Audit Committee of Somfy SA.

### **MICHEL ROLLIER**

#### **Chairman of the Supervisory Board**

- Chairman of the Remuneration Committee of Somfy SA,
- Chairman of the Supervisory Board of Michelin (company listed on Euronext),
- Chairman and Chief Executive Officer of Siparex Associés,
- Director of LafargeHolcim (company listed on Euronext),
- Chairman of the Audit Committee of LafargeHolcim (company listed on Euronext),

### **ANTHONY STAHL**

#### **Member of the Supervisory Board**

- Member of the Supervisory Board of Damartex SA (company listed on Alternext),
- Chairman of the Management Committee of FIDEP.

Apart from the terms of office and duties performed by the members of the Supervisory Board within Somfy SA, all the other terms of office and duties are performed outside the Somfy Group.

The composition of the Supervisory Board was amended during the 2015 financial year as follows:

- Anthony Stahl’s term of office as a member of the Supervisory Board was renewed for a period of four years, namely until the end of the General Meeting to be held in 2019 to approve the financial statements for the financial year just ended;
- Bernard Hours was appointed as a member of the Supervisory Board, replacing Xavier Leurent, for a period of four years, namely until the end of the General Meeting to be held in 2019 to approve the financial statements for the financial year just ended.

## REMUNERATION PAID IN 2015 TO MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

### SUMMARY TABLE OF REMUNERATION (including remuneration paid by the company and controlled companies)

Euros	Attendance fees 2015	Fixed remuneration 2015	Variable remuneration 2015*	Benefits in kind 2015
<b>Members of the Management Board</b>				
Jean-Philippe Demaël, Chairman of the Management Board	—	500,000	307,978	4,824
Jean Guillaume Despature	—	290,000	209,000	4,016
Pierre Ribeiro	—	290,000	154,428	5,749
<b>Members of the Supervisory Board</b>				
Michel Rollier	2,600	75,000**	—	—
Paule Cellard	9,200	—	—	—
Jean Despature	4,400	—	—	—
Victor Despature	13,100	—	—	—
Xavier Leurent	2,200	—	—	—
Valérie Pilcer	9,200	—	—	—
Bernard Hours	38,167	—	—	—
Anthony Stahl	— ***	—	—	—

\* Variable remuneration paid in 2015.

\*\* Remuneration as Chairman of the Supervisory Board.

\*\*\* No longer wishes to receive attendance fees for this term of office.

### OPTIONS ALLOCATED AND EXERCISED DURING THE FINANCIAL YEAR

During the financial year, no member of the Management Board received options or performance-based shares, nor benefited from performance-based shares that became available to them.

### PROCEDURE FOR SETTING THE REMUNERATION OF CORPORATE OFFICERS

The remuneration of Directors as detailed above is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the market.

The Remuneration Committee, having considered the Middledent recommendations on the remuneration of executive corporate officers of listed companies, submits for approval to the Supervisory Board the various components of remuneration and the criteria for allocating the

variable share of corporate officers' remuneration, so that their remuneration may be fixed. The variable remuneration criteria for each member of the Management Board are noted above in the section "Appointments held by Management Board members and remuneration received from Somfy SA and subsidiaries under its control".

At the General Meeting of 24 May 2016, it will be proposed to the shareholders to increase attendance fees to be apportioned between the members of the Supervisory Board from €150,000 to €200,000 for the 2016 financial year and until otherwise specified.

The Supervisory Board apportions attendance fees among its members in proportion to their attendance at Board meetings and Audit Committee and Remuneration Committee meetings.

The Chairman of the Supervisory Board receives specific compensation in relation to his duties as Chairman.

A member of the Board receives specific attendance fees for his participation in Board and other meetings as well as for miscellaneous travel within the Group.

## INFORMATION ON TRANSACTIONS PERFORMED BY DIRECTORS DURING THE FINANCIAL YEAR (ARTICLE 223-26 OF AMF GENERAL REGULATIONS)

The company is aware that various transactions falling within the scope of Article L. 621-18-2 of the Monetary and Financial Code have been carried out during the past financial year.

### PURCHASES (€)

Registrant and nature of transaction	Amount
NIL	
Acquisition	—
<b>TOTAL PURCHASES</b>	<b>—</b>

### SALES (€)

Registrant and nature of transaction	Amount
Somplus, related to Jean-Philippe Demaël, Chairman of the Management Board	172,545
Disposal	172,545
<b>TOTAL SALES</b>	<b>172,545</b>



## CORPORATE GOVERNANCE

### AUDIT COMMITTEE

The Audit Committee comprises three members: Victor Despature, Committee Chairman, Valérie Pilcer (independent member) and Paule Cellard (independent member).

The Committee's mission is to monitor the preparation of the financial information and the efficiency of internal control and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's independence and is involved in their selection.

The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. It proposes, directs and ensures the follow-up of Internal Audit assignments.

Since its creation, it has met at each half-year and year-end balance sheet date.

During the 2015 financial year, the Audit Committee met on four occasions with all members in attendance.

Under the supervision of the Audit Committee, the Internal Audit Department reports to the Group CFO, a member of the Management Board.

The department is made up of an Internal Audit Officer and the equivalent of 3.5 full time auditors, and carries out audits in all the Group's subsidiaries, based on an annual audit plan.

This plan, prepared together with the Management of Somfy Group, is approved by the Management Board and then validated by the Audit Committee. The assignments included in the audit plan provide an independent assessment of the efficiency of the system of internal control in each entity.

Where appropriate, the principal weaknesses identified in internal control are reported to Management and recommendations are issued. Monitoring of the implementation of the recommendations takes place twice a year, as well as during monitoring assignments on the ground. Every year, a report is presented to the Management Board and to the Audit Committee.

In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year at the request of the Management Board or the Audit Committee.

Twice a year, the Internal Audit Officer presents a report on the activities of the Department to the Management Board and to the Audit Committee.

### REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two members: Michel Rollier, Committee Chairman (independent member) and Victor Despature. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and calculation methods for corporate officers' remuneration, including findings on the variable remuneration for 2014 and proposals to be issued for the 2015 financial year, and to issue an opinion concerning the amount of attendance fees. Upon its request, external persons who are not members may attend Committee meetings.

At least once a year, the Committee calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size. During the year just ended, it met three times. The rate of attendance by the members was 83%.

The members of the Remuneration Committee report verbally to the Supervisory Board on their work and on the opinions they have issued, thus helping the Board to prepare and make decisions in terms of corporate officers' remuneration.

### INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

As provided by the Middleden framework, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the Middleden framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by the Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:

- Is not and has not been an employee or executive corporate officer of Somfy SA or any other Group company during the last three years;
- Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
- Is not a significant shareholder of Somfy SA;
- Is not closely related to a corporate officer or major shareholder;
- Has not been a statutory auditor of Somfy SA over the past three years.

In light of these criteria, the Supervisory Board considered that Paule Cellard, Valérie Pilcer, Michel Rollier and Bernard Hours qualified as independent members.

## INFORMATION ON RESEARCH AND DEVELOPMENT ACTIVITIES (ARTICLES L. 232-1 AND L. 233-26 OF THE COMMERCIAL CODE)

2015 was a pivotal year for Research and Development at Somfy, which pursued its investment effort in connected offers and implemented structural changes, while launching a significant number of innovative offers on its traditional markets.

At the R+T 2015 professional trade show in Stuttgart, the Group exhibited its five international brands and all the innovations that were announced in 2014. It was an opportunity to show all the players in our historical market how strong our brands and how dynamic our innovations are.

In this way, in 2015 the Exterior Business Group continued its investments in the BLDC motors platform. This technology was integral to the success of the "Somfy Smart & Smooth Operator" RS100 motor with customers at the R+T trade show. It offers new kinematics and new benefits for users. Well received on the market in France, Germany and Northern Europe, with certain manufacturers already switching to it for

all their purchases, this motor, fitted with a two-way radio is supported by an ecosystem that generates productivity upon integration with manufacturers, and creates value in terms of installer configuration and maintenance.

Transposing this technology to other application technologies, and initially in the field of terraces, is underway.

Teams are also working on application technology interfaces aimed at improving our range of autonomous products.

Lastly, following the successful transfer of the outdoor venetian blind manufacturing lines to Poland, an R&D unit was opened there in line with the Group's desire to promote geographical proximity between R&D, industrialisation and market.

The Interior Business Group's R&D invested heavily in the North American market as part of our partnership with Springs Window Fashion and has developed a connected range that will be compatible with the standards of this market in the United States. The silent offers, initially designed for the US market, that also marked R+T, are currently being extended to include ranges more specifically designed for the European and Middle East market. The ultra-quiet "Sonesse" motor was awarded a prize by the tertiary integrators sector in the United States in 2015.

In relation to curtain applications, the year saw the adaptation of the development and manufacturing system that began in 2014 completed, for optimisation purposes and to move R&D closer to the Asian markets. In 2015, the curtains teams worked on expanding the range (DC + wireless), with new offers being launched in early 2016.

In 2015, the Building Control Business Group put into production a range allowing the management of motorised awnings over IP. This launch meant equipping more than 60 buildings around the world throughout the year, and installing 20,000 io and SDN motors.

2015 was also marked by the completion of some iconic projects. They included "200 Georges Street in Sydney", which is an example of a successful international collaboration and saw one of the first installations of the "web remote", allowing occupants to control sun protection at their workstation via their computer.

2015 was a busy year for the Controls Business Group, since all the ranges were renewed, and R+T confirmed our leadership in terms of design and the relevance of our ergonomics. There was the launch of the NINA offer, a range with a touchscreen interface and innovative design and ergonomics, which was a huge success at the R+T trade show; as well as the development of a range of remote controls for Asia with tailored aesthetics and the renewal of the wired range.

Preparatory work was also completed in relation to the connected offer. In parallel, the Group redeployed its connected home operations. The home automation division became the "Connected Solution" Activity, represented at the Executive Committee in the same way as the Access and Home & Building Activities.

Connected offers are a major challenge for the R&D teams. In Access, a quarter of Somfy brand Residential Access resources are allocated to it and two thirds of recruitments are software engineers. Similarly, the Security Business Group replaced three departing employees with the recruitment of new expertise in Cloud, Apps and video flow.

At R+T, the Activity presented the three Connexoon offers which allow accessible and more consumer based home automation by applying smart home concepts to a more limited environment such as terraces and windows and to a more specific usage: creating an ambiance, warning and preventing. A connected security range is being prepared for early 2016.

The Cloud platform developed by the Group's subsidiary Overkiz led to an agreement being signed in 2015 with Monitorlinq which allowed Somfy to test service offers.

In 2015, BFT launched its own connected range with U-Link, an open offer allowing BFT solutions to connect to a number of protocols, in particular through the provision of an SDK for integrators. Moreover, BFT carried out a major restructuring of its R&D, by implementing a matrix organisation by Business Unit (Residential and Industrial, Tertiary and Commercial, Pedestrian and Urban). In addition to connectivity, the other area of focus was the redesign of all offers in keeping with the new BFT brand platform.

In 2015, the brand SIMU invested in its R&D centre, located in Arc-lès-Gray, on a new connected offer with control, design and operation points by Smartphone. This enabled the Group to retain a high performance multi-brand offer, including in connected offer.

The subsidiary WAY which hosts the R&D for ASA and Mingardi launched seven new products (motors and control points) and continued its efforts to tailor its offers to its customers' needs.

Somfy filed 40 new patent applications. The portfolio is made up of 1,849 patents.

A Director of Innovation was appointed in 2015.

## INFORMATION ON EMPLOYEE SHAREHOLDING (ARTICLE L. 225-102 OF THE COMMERCIAL CODE)

At 31 December 2015, the FCPE Somfy (Somfy Investment Fund Scheme) held 47,741 Somfy SA shares amounting to 0.65% of the company's share capital.

## SOCIAL AND ENVIRONMENTAL REPORTING (ARTICLE L. 225-102-1 OF THE COMMERCIAL CODE)

### A SUSTAINABLE DEVELOPMENT POLICY IN LINE WITH SOMFY GROUP'S CORPORATE IDENTITY AND THE STRATEGIC VISION IT PORTRAYS

During 2015, Somfy Group extensively deployed and shared the Group's new corporate identity. Our vision, values and development model define what we are as a company and as employees. It is this combination that makes a Group unique.

The Group has an ambitious vision: to inspire a better way, accessible to all, to live in our living environments. The mission thereby committed to is to help to make a real improvement to our living environments, not only in terms of comfort, but also in terms of energy efficiency, security and independence for the people living in them.

The Group's four values are: Boldness, Respect, Openness and Proximity.

Boldness is to encourage the entrepreneurial spirit that has driven Somfy Group since its creation. Being bold means daring to innovate to support ambitious objectives. This ambition is found in the Sustainable

Development policies that have been implemented.

Respect is to thrive on the diversity of cultures, personalities and generations. Our willingness to act as ethical and responsible citizens is a natural part of this respect for diversity.

Openness is to put an emphasis on being open to others, on partnerships and on the curiosity of our teams as a source of creativity and value creation.

Proximity is to be close to our employees and our customers. We are committed to building long-term relationships based on trust. This value is embodied in the dialogue that has been established with all the stakeholders of the business.

These values and this mission of Somfy Group are embodied in our development model. The challenges in the field of CSR are therefore naturally connected with our value creation, as they contribute to the commitment of Group employees and serve the long-term interests of the Group and its stakeholders. This helps the gradual yet decisive implementation of Sustainable Development drivers in the Group's strategy and operations.

The driving forces behind the Group's entities are:

- Minimising the environmental impact of all activities, sites and products;
- Ensuring the professional and personal development of all its employees; improve their work environment;
- Discharging their civic responsibility by involving themselves in social issues consistent with their areas of work.

The gradual strengthening of these forces is achieved through:

- A continuous improvement approach measured by indicators,
- The implementation of a dialogue with all the stakeholders,
- Regular and transparent communication.

Somfy Group's Sustainable Development policy is the declaration of its corporate identity. It seeks to meet, even surpass, the expectations of its customers and stakeholders, to unite them in a greater ambition; the achievement of the Group's mission: Providing better living environments for all.

## GOVERNANCE

The organisation as a whole and the teams within the Group contribute to the continuous improvement of the Sustainable Development policy.

Since 2008, Somfy has had a Sustainable Development Department. It reports to the Group's Industrial Department. Its missions are to guide the implementation of the Group's environmental commitments.

The Group Human Resources Department has the task of guiding the implementation of Somfy's commitments relating to social matters.

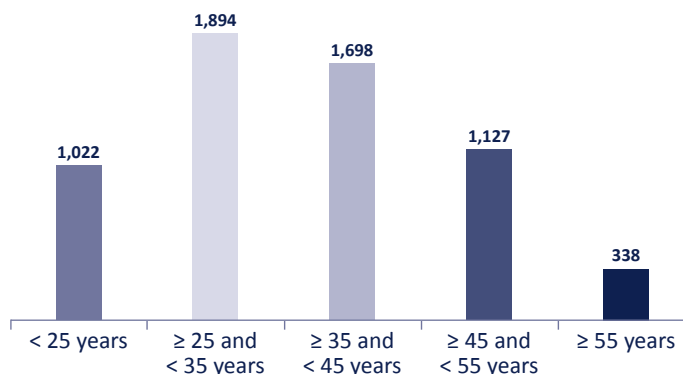
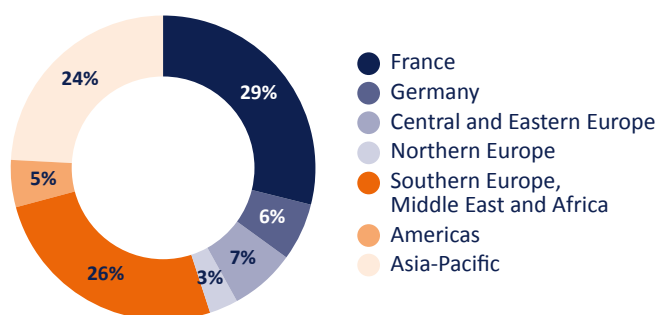
The Communications Department has the task of guiding the implementation of Somfy's commitments relating to societal matters. In this regard, the Group Communications Director is a member of the Somfy Foundation Governing Board, the main driving force of the Group's citizenship policy, and whose main purpose is to support projects that fight poor housing.

The Strategic Committee for Sustainable Development brings together the Sustainable Development Director, the Group Human Resources Director and the Group Communications Director. Its mission is to ensure the coherent implementation of the three lines of Somfy's Sustainable Development strategy: Planet, Employees and Society.

## SOCIAL INFORMATION

### CONTEXTUAL DATA

At 31 December 2015, the total group workforce was 6,079 people (excluding temporary workers) and was analysed as follows:



### CLARIFICATION REGARDING SCOPE

The scope of analysis of the social data for the preparation of the 2015 CSR Report increased by 20.7% in relation to the 2014 CSR Report. The report now covers 27 Somfy Group companies, 17 additions in relation to the 2014 CSR scope; and 4,187 employees, representing 68.9% of the Group's total workforce.

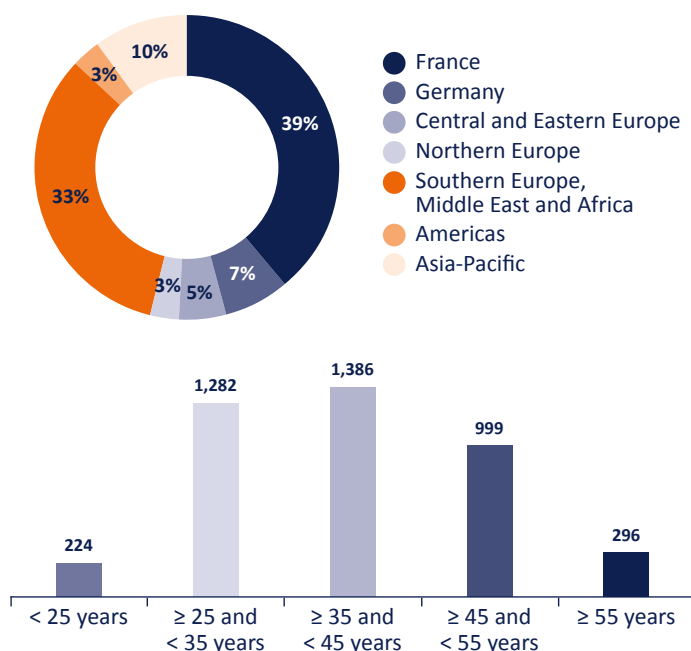
**The social reporting scope, taken into account for the 2015 financial year, comprises the entities of the 2014 scope (there was no exit from the scope in 2015):**

- Somfy SAS (France),
- Simu SAS (France),
- SITEM SARL (Tunisia),
- LianDa (China),
- Somfy China Co Ltd (China),
- Somfy GmbH (Germany),
- Somfy Systems Inc. (USA),
- BFT SpA (Italy),
- Somfy Italia SRL (Italy),
- WAY SRL (Italy).

**To which the following entities were added:**

- Somfy BV (Netherlands),
- Somfy Ltd (UK),
- NV Somfy SA (Belgium),
- Somfy Nordic AB (Sweden),
- Somfy Norway AS (Norway),
- Somfy Middle East Co Ltd (Republic of Cyprus),
- Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti (Turkey),
- Somfy Maroc SARL (Morocco),
- Somfy Tunisie (Tunisia),
- Somfy Egypt (Egypt),
- Somfy South Africa (PTY) Limited (South Africa),
- SOPEM (Poland),
- Somfy K.K. (Japan),
- Somfy PTY Ltd (Australia),
- Somfy Joo (Korea),
- Automatismos Pujol SL (Spain),
- Somfy España SA (Spain).

These 27 companies in the 2015 CSR scope are spread across five continents, and 21 countries (South Africa, Germany, UK, Australia, Belgium, China, Cyprus, South Korea, Egypt, Spain, United States, France, Italy, Japan, Morocco, Norway, Netherlands, Poland, Sweden, Tunisia and Turkey):



The 2015 CSR scope covers, among others, seven of the eight factories located around the world, representing 77.6% of the Group's industrial workforce.

Information was collected for 2014 and 2015, which enabled data and their variations to be compared on a constant group structure basis throughout the analysis. As such, 2014 comparison data has been restated (in comparison with the 2014 published data) to incorporate the broader data consolidation scope.

The methodologies used for the reporting of certain CSR indicators may present limitations due to:

- Particularities of local legislation in the various countries in which the Group is located,
- Lack of availability of information on certain scopes,
- Use of estimates in the absence of assessment tools.

## WORKFORCE

The increase in workforce is representative of the Group's international development. Over the 2015 financial year, the workforce grew 3.9%, going from 4,029 to 4,187 employees, mainly due to the sharp increase in the number of employees at our Polish factory SOPEM (more than 69%) whose operations started on 4 January 2014 and which is a new entry into the CSR scope.

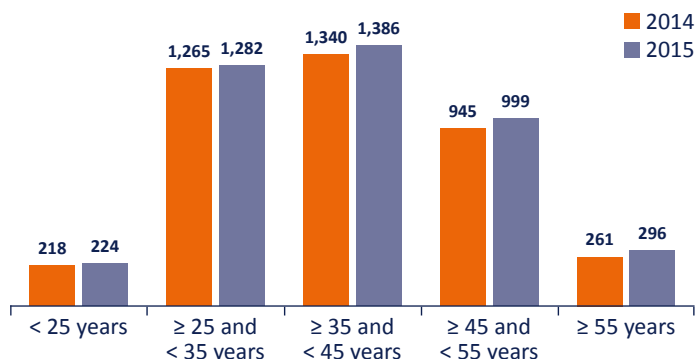
The male to female staff ratio within the scope remained virtually stable with a balanced split: 51% men and 49% women.

### Workforce analysis by gender

	31/12/14 Published	31/12/14 Restated*	31/12/15	Change
Men	1,735	2,106	2,147	41
Women	1,733	1,923	2,040	117
<b>TOTAL</b>	<b>3,468</b>	<b>4,029</b>	<b>4,187</b>	<b>158</b>

\* The changes are due to adjustments, changes in protocol and the addition of new companies to the CSR scope.

The growth in the workforce was due to an increase in the number of employees over the age of 35 joining the Group.



## PAYROLL

Across the Group, employee expenses amounted to €313.3 million at 31 December 2015, compared with €286.9 million at 31 December 2014. Within the 2015 CSR scope, these totalled €231.9 million at 31 December 2015, representing 74% of the Group compared with €211.5 million at 31 December 2014 representing 73.7% of the Group.

## A RESPONSIBLE SOCIAL POLICY

The Group's Social Responsibility policy is to support Somfy Group's transformation in its continued international expansion, in creating new markets and increasing its innovation activity.

In 2015, the Group continued to roll out its road map in the field of Human Resources according to three key areas: the implementation of practices aimed at turning the personal **commitment** of each individual into collective momentum, the development of **skills** thanks to internal support measures, and the strengthening of **performance** through new cross-company projects.

Within a complex global economic environment, Somfy Group continued to demonstrate a winning mentality to ensure its growth. This ambition was driven by the project Let's! 2015 which guided all the Group's corporate measures until the end of the year.

## AREA: COMMITMENT

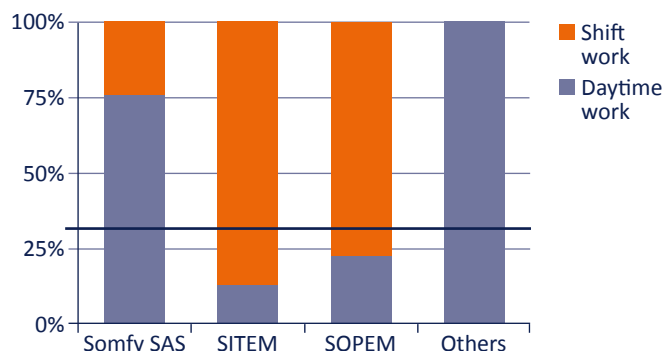
The measures deployed help to provide both direction to the collective project and consistency to maintain and strengthen commitment within the teams. Each employee is a key player in this development. A whole series of social measures are currently in place so that everyone is involved in the ongoing changes: access to information, to training, development possibilities etc. They also include a formalisation of the practices ensuring that everyone receives balanced support and is listened to more.

The strategic issue of competitiveness calls for every employee to feel recognised, individually involved and to share a desire for collective success.

### Work organisation

In all the companies within the scope, the average working week complies with the applicable local legislation and varies between 35 and 45 hours of work per week. The most common working week is 40 hours, covering more than 56% of the staff within the scope of the study. Organisation by shift schedule concerned the following production sites in 2015: Somfy SAS, SITEM and SOPEM.

Overall, this organisation applied to approximately 32% of employees. It should be noted that 4.7% of all employees work part time, primarily in Europe.



Collective working hours can vary depending on production plans and business opportunities. This flexibility is essential in adapting to market needs. One of the adjustment parameters at industrial level is night time working, which takes place on an ad hoc basis in the event of a production peak.

### Social relations

Social dialogue refers to all the relationships and interactions that exist within the company between management, executive staff, staff representatives and employees. It is an important component in regulating the collective organisation of work, and it enables Somfy Group's social frame of reference to progress and employees to be informed about the Group's position and its areas of development and transformation. The company wishes to enhance its quality and role. All the companies in the CSR review scope comply with the local laws and agreements connected with their activities.

Faced with the complexity in which the Group is developing and in order to better connect the strategic challenges and the economic constraints with employees' aspirations and expectations, the social dialogue drive has been particularly strengthened with employees in France. Although not all companies in the CSR review scope have union representatives, social dialogue is guaranteed or implemented through regular meetings and/or communication with staff representative bodies or with employees directly.

Generally, the companies in France, Italy, Germany, Tunisia and Poland have union representation, as well as LianDa, in China. The others, which are smaller in terms of workforce and subject to fewer requirements in this field, encourage social dialogue via direct meetings with employees.

Certain companies signed new agreements in 2015 or amendments to agreements in place, primarily in the fields of social dialogue (France), salaries and employee benefits (Australia, France, Italy, China, Tunisia), employee savings (France), working time (France), training (Italy), and pension schemes (France).

Several countries including France have taken action to improve the "Quality of Working Life". These improvements have taken the form, amongst others, of setting up staff rooms, dedicated rooms for sporting activities, a company restaurant, a concierge service and a crèche.

### Health and safety

The development of health and safety is one of the key pillars of Somfy's human project characterised by the desire to better live together within the Group. Somfy's social responsibility begins with a guarantee to ensure everyone's physical safety and discover a quality of life within their working environment that encourages commitment. Most of the companies have an occupational health department and internal safety functions, notably strengthened in France by the support of company doctors and specialists in ergonomics. Efforts have been made in many countries to reduce the exposure to risks and to improve working conditions.

Within Somfy SAS, it was decided that a safety engineer should be recruited in order to improve safety management with the intention of making it an area of excellence.

During 2015, a tool to manage occupational risks was selected and will be gradually rolled out in France in 2016.

### Work accidents frequency and severity rate indicators for the CSR scope:

In 2015, many companies strengthened their communication and awareness raising initiatives in the field of occupational risks. Specific examples involve initiatives on our industrial sites (pedestrian walkways, evacuation signage, safety induction booklets, skylight renovation, etc.) and more broadly concerning mobile employees in relation to the issue of travel risks. As such, the overall frequency and severity rates were significantly improved.

In 2015, the industrial organisation set itself reduction targets for its frequency rates. This indicator was also used in the Somfy SAS incentive agreement.

In 2014, the study of frequency and severity rates covered four companies: Somfy GmbH, SITEM, Somfy SAS and Simu SAS. A comparison on a constant scope basis is shown below so that changes may be understood.

	2014 Published	2014 Restated*	2015 Like-for-like basis
Frequency rate	10.97	11.95	7.61
Severity rate	0.18	0.20	0.16

\* The difference with the data published in 2014 is due to a correction of the number of hours worked and paid and a correction of the number of days' absence for Somfy GmbH and Somfy SAS

To explain these statistics, we have decided to split the review of these frequency and severity rates according to the industrial or commercial activity of the companies.

	Industrial sites		Distribution subsidiaries		Consolidation	
	2014	2015	2014	2015	2014	2015
Frequency rate	11.32	7.49	6.72	1.19	10.16	5.99
Severity rate	0.20	0.16	0.03	0.01	0.16	0.12



It can be seen that accidents occur less frequently and are less serious in the distribution subsidiaries than on the production sites and that in both cases the rates have fallen. Overall, the number of accidents has dropped by 38% and the number of days' absence caused by work related accidents fell by almost 15%.

Work related accidents and occupational diseases are monitored, and preventive action implemented, by dedicated working groups or specially appointed employee representative bodies, according to country (HSWCC in France for example). SITEM has, for example, seen very good growth in results which may be explained by the implementation of, amongst other things, SIM (Short Interval Management) which leads to daily updates with production staff during which the problems identified are reported; where possible resolution takes place immediately and problems can be escalated to up to five higher levels.

Initiatives related to psychosocial risk (PSR) problems, and more generally to quality of working life, launched in France in 2014, have been maintained and strengthened: expanding and professionalising the monitoring network, training employees and managers in stress management, organisation of rest and relaxation measures, and Sustainable Development initiatives.

Efforts have continued in relation to Musculo-Skeletal Disorders (MSD) including training in movements and posture, workstation ergonomics, job rotation in production, and road risk prevention.

Most recognition of occupational diseases is related to these MSDs. The number of people affected by a recognised occupational disease has been decreasing since 2013.

#### Absenteeism:

The rate of absenteeism was 2.76% for the entire reporting scope, a decline compared with 2014 (2.98%).

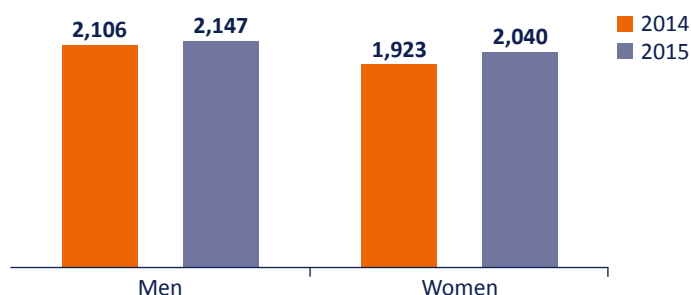
#### Equal treatment

Somfy Group pays particular attention to avoiding any form of discrimination and encouraging as much as possible the equal treatment of employees and applicants. It is important to highlight the diversity in both our activities and in the people who are developing and supporting them.

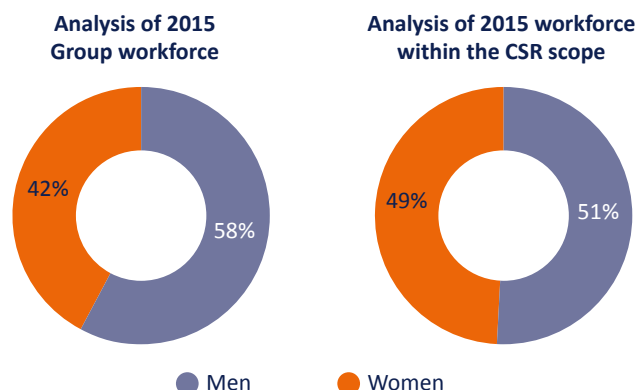
**In terms of professional equality**, taking into account developments in legislation, the French companies have signed agreements or action plans committing them to setting improvement targets in the field of professional equality. An initial assessment successfully highlighted positive developments with progress nevertheless to be made with all our stakeholders.

As such, our partners who benefit from the payment of the apprenticeship tax were asked to sign gender equality charters to encourage them to move forward with us on the issue.

In 2015, the female workforce within the CSR scope grew more than 6% (1.9% for male staff) leading to a slight improvement in the ratio of male to female employees to almost achieve balance, with 51% men and 49% women (in 2014, the ratio was 52%/48%).



It should be noted that across the Group, this workforce ratio is fairly consistent (58% men and 42% women).



This variation between the Group and the CSR scope can be explained by the presence in the 2015 scope of three major production sites with overwhelmingly female staff (SOPEM, SITEM and LianDa) with an overall proportion of 78.2% women.

**In the area of disability**, the majority of the Group's companies are subject to local regulations with which they comply. Some take additional action, often with the support of specialised institutions, to improve the working conditions of any employees affected by specific health problems, their continued employment remaining an ongoing priority. Several measures, such as adapting workstations or working hours, adapting premises, or support in terms of recognition, restructuring or reclassification can be seen.

**In the area of ethics**, as announced in 2014, the rollout of the Ethics Charter began in September 2015. The aim is that, once the rollout is complete, all Somfy Group employees know about the existence of this Charter and its contents, and that they have been made aware of and trained in ethical concepts by their managers. This Charter is a tool for the promotion of dialogue between employees so that ethics is an open matter understood by all. More details are provided in the societal section of this report.

Somfy Group has a network of Human Resources Managers extending across the entire scope covered by this report. One of their main roles is to ensure the respect of Human Rights, particularly examining within their scope rights and concerns relating to racial discrimination, torture, enforced disappearances, disabled people and the rights of women, children, migrants, minorities and indigenous peoples.

#### AREA: EMPLOYABILITY AND SKILLS

The company continued its effort to ensure that the skills of Group employees are matched with the organisation's needs and to ensure the employability of staff.

#### Employment

In 2015, there were 480 recruitments, higher than the number of departures (322), which included 26 dismissals. Moreover, the rate of voluntary turnover<sup>16</sup>, exclusively involving resignations, was 3.6%.

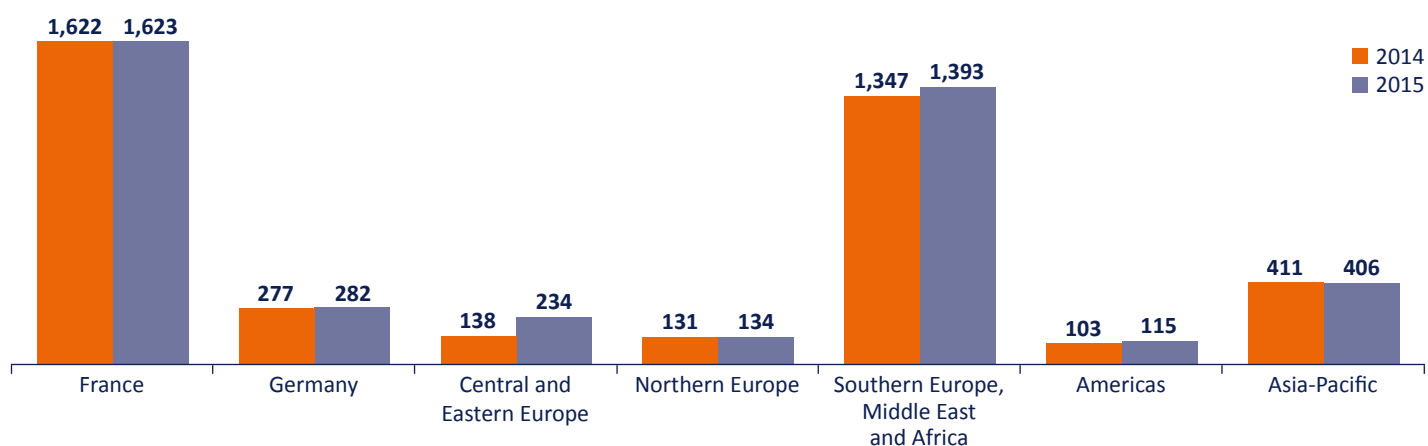
It should be noted that the company continued to focus on internal mobility. As such, in France, more than 46% of positions were filled via internal mobility.

16. Voluntary turnover calculation method: the ratio between the number of departures due to resignation over a given period and the number of employees at the end of the previous period (year).

Below is an overview of the changes in workforce by geographical zone:

Workforce analysis by geographic region	31/12/14 Published	31/12/14 Restated*	31/12/15	Change
France	1,618	1,622	1,623	1
Germany	277	277	282	5
Central and Eastern Europe	–	138	234	96
Northern Europe	–	131	134	3
Southern Europe, Middle East and Africa	1,143	1,347	1,393	46
Americas	103	103	115	12
Asia-Pacific	327	411	406	–5
<b>TOTAL</b>	<b>3,468</b>	<b>4,029</b>	<b>4,187</b>	<b>158</b>

\* The changes are due to adjustments, changes in protocol and the addition of new companies to the CSR scope.



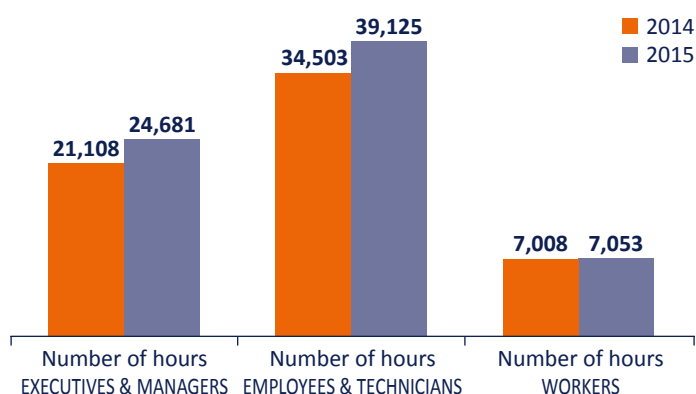
It may be noted that the workforce primarily grew in the Eastern and Central Europe, and Southern Europe and MEA regions.

### Training

Investment in training focused on initiatives likely to help the Group achieve its transformation objectives, in order to act in a more agile, prompt and simple way both collectively and individually, and to support cooperation and performance<sup>17</sup>.

Training hours - CSR scope	31/12/14 Published	31/12/14 Restated*	31/12/15	Change
Number of hours EXECUTIVES & MANAGERS	19,407	21,108	24,681	3,573
Number of hours EMPLOYEES & TECHNICIANS	28,744	34,503	39,125	4,621
Number of hours WORKERS	4,758	7,008	7,053	46
<b>TOTAL</b>	<b>52,908</b>	<b>62,619</b>	<b>70,859</b>	<b>8,240</b>

\* The changes are due to corrections, and the addition of new companies to the CSR scope.



Although undervalued, the number of training<sup>18</sup> hours in 2015 for the entire CSR scope increased by 13.2% overall in comparison with the previous year. Employees & technicians and executives & managers were the main beneficiaries of this increase.

The main training areas used in 2015 generally involved management & communication, intercultural skills (languages), project management, quality, development of professional expertise, as well as special efforts

17. Published training hours refer to sessions lasting more than two hours.

18. Given that several of the companies newly included in the CSR scope did not have details of training hours by category of employee, their total number of hours was added by default to the employees & technicians category – with a low overall impact as their staff members represent less than 3% of the total workforce within the scope.

made to improve health and safety training, following the example of Somfy SAS which has devoted more than 18% of its number of training hours to “Health & Safety” training.

The results of the commitment survey Somfyscope, presented in 2014, enabled some Group companies to take on training plans which more specifically meet the requirements of its teams.

### **The Somfy Academies**

The “Management and Leadership” Academy, created in 2013, is aimed at managers’ managers. This system, which alternates 12 days of training, mentoring and exchange of best practices, aims to promote transformation and manage changes. This enables managers to better manage complexity, to act more consciously and effectively and lastly to fulfil Somfy’s expectations in relation to the expected managerial approach.

In 2015, approximately 40 new managers and executives received this training.

The members of this academy (97 to date) were involved in defining the Group’s strategic guidelines for the new 2016/2020 cycle. As such, the Believe! Project is going to closely interweave our economic and human project over the next five years.

The purpose of the “Quality Academy” is to support the management line in the transformation of the Quality culture. It enables awareness to be raised in relation to the overall Quality strategic issue and the central role of the customer. It is aimed at managers and department heads (80 people) from different areas: Manufacturing, Design, Purchasing, Customer Relations and Quality.

During 2015, a third Academy, “Business in Motion”, was created which primarily involves managers in marketing & communication, product development and controlling. The purpose of this Academy is to develop a common language, and offers tools to rationalise and align decision-making. A pilot involving approximately 15 people was carried out during the second quarter. The Academy should be up and running in France and China in 2016 covering about 80 people.

### **Safeguarding career paths: Horizon tool**

The Horizon tool introduced in France to support employees in relation to analysing and securing their career path concerned 170 employees over two years, including 46 in 2015.

The purpose of this tool is to enable participants to think about their own professional project: this system, overseen by HR teams, involves a series of interviews to establish a summary of previous positions and skills held and to consider potential development paths by taking into account the feasibility of the project (in terms of the skills gap to be bridged, the employee’s motivation to change and above all, the current labour market, both within Somfy or externally). The analysis of the professional project could lead to a development in the current position, an internal mobility that has been prepared and validated, even in some cases a secure transfer to a position outside Somfy. The Horizon tool is a key component of the mobility policy in place within the company.

This ability to guarantee a professional future to every employee is called “employability”. Within this “win-win” approach, Somfy builds loyalty amongst its workforce whilst making sure they are offered relevant opportunities. While the business increases its knowledge and expertise, employees can develop professionally through positions which suit them perfectly.

### **AREA: PERFORMANCE**

It is through the gradual rollout of key HR business processes - People Review, Talent Review, Grading, Annual Performance Appraisal and Salary Reviews – supported by dedicated tools, that Somfy Group

continuously measures both individual and collective performance to serve its corporate project. The value of the entire system is to guide and enhance the development of resources to make them a lever of commitment and attractiveness both internally and externally.

### **International Human Resources Information System: IHRIS**

The Group has set up an International Human Resources Information System (IHRIS) able to monitor key HR processes in support of Somfy Group’s business goals. These processes notably concern staff monitoring, performance management, team reviews, succession planning, remuneration packages.

This information system will help to build and develop an HR culture that is shared far beyond the HR community, and to provide management with new decision-making aids. It allows everyone to access their own professional data and that of their teams, and to view their position within the structure of the Group.

During 2015, the rollout of IHRIS continued and at the end of the year covered 3,145 people across 38 countries. The companies added to the tool this year were: SITEM, Somfy España SA (Spain & Portugal), Automatismos Pujol SL, Pujol Redutores de Velocidade LDA, Somfy Bulgaria AD, WAY SRL and Somfy Thailand.

The Group’s goal is for IHRIS to be fully deployed by 2017, for basic data. Additional modules will be gradually added and will form the basis of an international deployment plan over the next few years so that the information system increasingly adds value for Group management and employees.

### **Overhaul of the Performance Review**

One of the tools implemented in IHRIS was, for example, piloted during the first quarter of 2015, between March and April, with a group of 250 managers: Annual Performance Management (APM). The aim of this development is to bring individual annual appraisals into line with collective and cross-company targets. This new appraisal, called APM, enhances not only the performance of the individual, but also team and company performance. That is why all employees will gradually have overlapping targets that are clearly defined during individual appraisals, between departments and between business areas and projects; all intended to promote collaboration and a stronger link between performance and bonus.

The impact of this system will ensure quality and uniformity in the rollout of the appraisal system and process which:

- Expressly informs employees of the requirements and priorities related to their position (permanent tasks);
- Defines performance targets for the Group, by company, individual and of management;
- Explains the level of expectation in terms of skills and behaviours via a clear and shared frame of reference;
- Establishes a clear link between performance and remuneration: individual increase measured against performance of permanent role and bonus measured against annual targets;
- Interacts with other HR processes (remuneration, training, career management);
- Trains managers in a SMART (Specific, Measurable, Ambitious, Realistic, and Timed) definition of targets and in how to conduct the various interviews;
- Offers support to managers in the assessment of employees in the event of a particular concern (poor performance, behavioural problem, etc.).

The Group’s aim is to strengthen the culture of individual and collective performance whilst adhering to its values.



## Remuneration: Project to categorise management positions (Grading)

Extensive streamlining work has been carried out in the company since 2014 to identify the various positions in all the subsidiaries. The aim of this Grading (or classification) project is to assess the burden of responsibility of each position within Somfy, by accurately describing each role and the skills it requires. This work, carried out gradually, is necessary to improve fairness, particularly in relation to supporting and assessing different employees. This was supplemented by a more transparent vision in relation to the remuneration and employee benefits to which everyone may be entitled.

The Grading project in 2015 involved:

- Assessing 138 benchmark positions for L-1 and L-2 of the Executive Committee for Somfy SAS and L-1 for the Asia-Pacific Business & Marketing Area;
- Analysing the internal equity of remunerations within Somfy's gradings;
- Comparing Somfy's remuneration levels with market practices;
- Communicating with managers.

The implementation of Grading enables the provision of clear information on the rules for employees' eligibility for the different components of the remuneration packages and on the employee benefits in place, whilst providing managers with a common tool to monitor their management teams (remuneration and career management).

The ongoing project will involve:

- Pursuing the assessments for the L-3 staff of members of the Executive Committee;
- Constructing a grading based salary structure;
- Defining the rules of governance.

## Talent Review

One of Somfy Group's priorities is to clearly inform all employees about the management and professional support tools. It also involves implementing the framework for a genuine "joint construction" of individual careers between the employee, their manager and their Human Resources manager.

Within this framework, meetings between managers and HR Managers, called People Reviews, are particularly important to ensure the development and professional growth of everyone within the Group. It is at this point that opportunities can be suggested collectively, between the manager who knows their employee's skills and the Human Resources Manager who is aware of the opportunities offered by the company. The People Reviews mean that both the key positions and the employees with the drive and necessary skills to develop in a new role can be identified.

Within this context, the Talent Review process is currently being revised in order to improve career management. It will include the introduction of succession planning, the identification of potential and key roles and lastly, the construction of personalised development plans.

In conclusion, the Human Resources road map remains ambitious, since the Let's! 2015 strategic project will be replaced in 2016 by the new economic and human resources project Believe! 2020. As with Let's! in its time, this project will provide direction and set targets. Believe! involves two components to fulfil two major ambitions: the first, called Better living for all, is dedicated to the business, and will enable changes in the world to be anticipated so that we remain pioneers in our markets. The second, called Better Living Together, is a managerial and human component combining the values of boldness, respect, openness and proximity. Together, they combine to support the Group's four key transformations: quality, connectivity, innovation and agility.

## ENVIRONMENTAL INFORMATION

### NATURE OF ACTIVITIES, ASSOCIATED RISKS AND MEASURES TAKEN

The activities of the sites are of tertiary, industrial and logistical natures. Industrial sites mainly perform product assembly operations from plastic and metallic components and circuit boards sourced from outside the sites. Assembly operations do not produce gas emissions, liquid releases or substance discharges, with the exception of packing waste and possible manufacturing scrap which are subject to selective sorting and recovery.

There are no machine operations generating waste material.

There is no specific noise pollution generated by the industrial sites affecting local residents. Indeed, operations are situated inside the buildings and mainly consist of the assembly of small parts.

The different sites are subject to classification levels compliant with local regulations in relation to pollution or nuisance risks that these facilities are likely to create.

The French sites are subject to an authorisation scheme for storage in covered warehouses and a registration scheme for compression facilities and installation of accumulators for recharging fork-lift trucks. There are no facilities that correspond to the maximum level, "Authorisation with encumbrances - (AS)3" commonly known as "SEVESO".

### Conclusions on the nature of activities, associated risks and measures:

For these reasons, the risk of air, soil, water and noise pollution is low or non-existent. This report does not therefore provide any information on these subjects.

In relation to these risks of pollution or nuisance that Somfy Group's sites are likely to create and the preventive measures introduced, the amount of provisions and guarantees for environmental risks is nil.

Given this low level of environmental risk on these sites, there are no specific resources deployed. The measures introduced are managed by the facilities departments of the sites.

## GENERAL ENVIRONMENTAL POLICY

In 2015, the priority given in previous years to eco-design took shape through the launch of the Act for Green® label, which designates products that meet eco-design requirements.

This priority can be traced back to the results of a Bilan Carbone® (carbon assessment) carried out in 2012. This carbon assessment had established work on electricity consumption and the use of raw materials as priorities.

In 2015, three new products were launched on the market with this Act for Green® label. They included a new motorisation, the S&SO RS100, and two control points, the Smoove RS100 and SITUO IO.

Act for Green® is based on a framework taken into account by Research & Development teams. It incorporates requirements that are broken down according to several subject areas:

- Controlling greenhouse gas emissions through moderate electricity use and the choice of appropriate raw materials,
- Seeking to use recycled and recyclable raw materials in the composition of products,
- Materials selected for their low impact on health and the environment,
- Product durability,
- An available statement of the environmental impacts in line with the PEP ecopassport® programme. Somfy has signed up to the PEP ecopassport® programme. This programme, developed by the electricity industry, defines a standardised method for making environmental declarations in accordance with international regulations (ISO 14025 & ISO 14040s). The information contained in this PEP ecopassport® has been independently verified by Bureau Veritas CODDE.

Specific initiatives regarding internal communication were carried out, aimed at Research and Development teams in particular, for the purpose of including these eco-design requirements in all stages of product creation. A roadmap for the integration of projects in the Act for Green® programme had been drafted for the next three years. Requests, both customer and regulatory, in relation to understanding the substances used in our products has intensified. Work has been undertaken with the development of procedures and the completion of analyses to confirm the conformity of Somfy products with the REACH and ROHS European Directives.

Somfy has a Sustainable Development Department. This department integrates the resources and skills necessary for the completion of projects that come under the heading "Planet". The Sustainable Development Department rolls out its policy by working with the teams concerned in Somfy Group's various sites and businesses.

In 2015, Somfy Group continued to implement measures to reduce the environmental impact of its sites:

- Somfy participates in the Mobil Arve programme in Haute-Savoie (France), aimed at reducing the impact of transport pollution in a zone covered by an air pollution plan;
- Car-pooling site in Haute-Savoie (France): 150 Somfy employees use this private community to easily find a co-driver amongst their colleagues (up 30 employees compared with 2014);
- The measures introduced under the partnership with Corabio made it possible to achieve the target of serving 10% local and organic products in Somfy's company restaurant in Cluses (up 5% compared with 2014);
- The reuse of laptop computers across Somfy SAS: 377 products handled in 2015 including 143 computers. The update and removal of computer data is performed by a company promoting the employ-

ment of disabled people. These computers and various accessories are then reused, thereby breathing new life into them. In 2015, 95% of the equipment was reusable, with the remaining 5% sent for recycling;

- LianDa, in China, has developed gardening areas in its green spaces that are used by its employees;
- The SITEM factory in Tunisia has made investments in LED lighting in its workshops;
- The SOPEM factory in Poland is committed to reducing its energy consumption and waste production. Since the factory went into production in 2014, a structure for sorting and recycling waste has been introduced. In 2015, meetings with staff have been led to offer training in procedures to deal with waste;
- In Italy, BFT has an ISO 14001 certified structure. Instructions on the sorting and reduction of waste in manufacturing zones have been implemented by internal "environment experts" and employees responsible for waste management. This happens through meetings and general communication with staff or information campaigns. Measures have also been implemented in relation to eco-design with priority accorded to reducing the energy consumption of products, to packaging and recyclable oils.

Internal communication initiatives continued in 2015 in support of initiatives undertaken. They took the form of articles in the various in-house magazines, both in video and paper format (for example, in the in-house magazine "Imagine" printed in five languages and available to all Somfy employees), information meetings on site or internal seminars.

The communication themes tackled were primarily based on the Act for Green® programme and the link between Somfy's values and its commitment to the environment.

## POLLUTION AND WASTE MANAGEMENT

WASTE (Tonnes)	31/12/14 Published	31/12/14 Like-for-like	2015/2014 Change on like-for-like	2015 Additions to the scope	31/12/15 Total scope
Non-hazardous waste	2,085	1,908	179	167	2,254
Hazardous waste	37	19	- 1	1	19
<b>TOTAL WASTE</b>	<b>2,121</b>	<b>1,927</b>	<b>178</b>	<b>168</b>	<b>2,273</b>
Recovered waste	1,876	1,695	169	156	2,021
% of waste recovered	88%	88%			89%

Exit of: Somfy Systems Inc., Somfy Italia SRL, Somfy China Co Ltd, Somfy GmbH.

2015 addition of: SOPEM.

2014-2015 like-for-like: Somfy SAS, Simu SAS, BFT SpA, SITEM SARL, WAY SRL, LianDa.

Electronic products that fall under the European ROHS Directive were subject to the removal of hazardous substances, so as to eliminate their impact on products that become waste on reaching the end of their life. Somfy also applies this requirement to products sold outside Europe.

## SUSTAINABLE USE OF RESOURCES

### Water

Water consumption at the sites is limited to the toilet facilities. At Somfy's various industrial sites, there are no manufacturing processes likely to exhaust local water resources or that depend on a limited water supply.

WATER CONSUMPTION (M <sup>3</sup> )	31/12/14 Published	31/12/14 Like-for-like	2015/2014 Change on like-for-like	2015 Additions to scope	31/12/15 Total Scope
Water consumption	55,351	52,781	- 7,538	1,409	46,652

Exit of: Somfy Systems Inc., Somfy Italia SRL, Somfy China Co Ltd, Somfy GmbH.

2015 addition of: SOPEM.

2014-2015 like-for-like: Somfy SAS, Simu SAS, BFT SpA, SITEM SARL, WAY SRL, LianDa.

99% of waste water is discharged into public treatment networks.

### Energy

The companies use gas, network electricity and heating oil.

Energy consumption is primarily linked to the heating and air conditioning of the premises.

ENERGY CONSUMPTION (KWh)	31/12/14 Published	31/12/14 Like-for-like	2015/2014 Change on like-for-like	2015 Additions to scope	31/12/15 Total Scope
Gas	11,659,131	9,792,992	929,397	609,226	11,331,615
Electricity	13,121,650	11,913,575	641,571	1,170,630	13,725,776
Mineral fuel	137,484	75,917	2,239	-	78,156
<b>TOTAL ENERGY CONSUMPTION</b>	<b>24,918,266</b>	<b>21,782,484</b>	<b>1,573,208</b>	<b>1,779,856</b>	<b>25,135,547</b>

Exit of: Somfy Systems Inc., Somfy Italia SRL, Somfy China Co Ltd, Somfy GmbH.

2015 addition of: SOPEM.

2014-2015 like-for-like: Somfy SAS, Simu SAS, BFT SpA, SITEM SARL, WAY SRL, LianDa.

Simu SAS continued its thermal insulation improvement measures by changing the skylights in its manufacturing workshops and replacing the old office windows with double glazed windows and airtight double glazing.

Similarly, Somfy SAS continued its initiative to reduce energy consumption on its sites:

- Insulation was improved and LED lighting was installed during refurbishment of premises;
- The traditional boiler at the Cr  tet site in France was replaced with a condensing boiler, receiving an energy certificate;
- An air compressor was replaced with a variable speed compressor, receiving an energy certificate;
- Air transfer system to regulate summer and winter temperatures between two workshops.

### Raw materials

Somfy has incorporated requirements aimed at minimising the depletion of raw materials in its Act for Green® framework:

- Use of packaging materials with a minimum of 50% recycled fibres;
- Full use of recycled paper in product instructions;
- Ensuring products can be repaired as much as possible;
- Ensuring durability of remote controls with products resistant to cumulative shocks.

Regarding the collection and processing of end of life products, in 2013, Somfy implemented measures for professional sector products, which represented most of the volume put on the market:

- In France, through a contract signed with RECYLUM, an organisation authorised to process professional WEEE. This is the result of an industry approach in which Somfy Group was a stakeholder.

In 2015, Somfy continued in its efforts in this area through working within the various professional bodies to improve the industry and work on the recyclability of products. The recycling rate for S&SO RS100 motors is currently 59% (based on PEP ecopassport® data).

### LAND USE

There are no mining operations on any Somfy Group's sites.

Our plants have regular HOSHIN or 5S workshops in order to optimise the footprint of the sites. A team of specialists, integrated into the Group's Industrial Department, is dedicated to leading these projects at the Group's plants.

### CLIMATE CHANGE

Our industrial activities do not present any risks linked to climate change, whether they relate to the growing scarcity of water, rising sea levels or the rise in temperature.

CO<sub>2</sub> emissions from our activities concern emissions related to the generation of electricity, gas and mineral fuel. They represent 5,946 tonnes of CO<sub>2</sub><sup>19</sup>.

19. The conversion of KWh to CO<sub>2</sub> was calculated based on the conversion factors provided by IAE.

## PROTECTION OF BIODIVERSITY

The SOPEM factory in Poland is located on the edge of protected sites belonging to the Natura 2000 network:

- Puszcza Niepolomicka PLB 120002,
- Torfowisko Wielkie PLH120080.

Somfy SAS owns several sites in the heart of the French Alps, near Mont Blanc. Somfy wants to act to protect the mountain's eco-systems and is involved in local initiatives such as the "Club d'Entreprises pour la Montagne et son Développement Durable" (CEM2D) (Club of businesses supporting the mountain and its sustainable development). A charter was notably developed in 2013.

## SOCIETAL INFORMATION

### TERRITORIAL, ECONOMIC AND SOCIAL IMPACT

#### Consideration of the local impact of the company's activity in relation to employment and regional development

Leader in its business sectors, Somfy Group grew, which in 2015 had a positive impact on both direct and indirect employment across all the regions in which it operates. Several elements support this assertion:

- Pick up in recruitment in zones which, following the 2012 economic crisis, had to overhaul their cost structure: North America, Northern Europe and Southern Europe;
- In Poland specifically, implementation of a new phase of work to increase production capacity and creation of a regional logistics centre. This development of local employment was accompanied by a transfer of Group knowledge and skills (French operators sent to train their Polish counterparts);
- In 2015, Somfy Group continued to have a positive impact on employment in France and particularly in the Rhône-Alpes region, where its activities have traditionally been located.

The Group prioritises the local recruitment of senior executives and employees, as this offers advantages in terms of the understanding of local issues and cultures which is essential in particular in the residential sector.

Moreover, the Group wants production sites to be autonomous in their methods and their supply. The sites have autonomy in their choice of suppliers from a panel jointly constructed and managed by Group Purchasing. The aim is to maintain consistency in the purchasing strategy whilst going as far as possible to ensure local implementation in relation to sub-contracting and supply. This openness is beneficial to the Group which in return benefits from successful local initiatives which can then be rolled out elsewhere.

Group policy aimed at ensuring R&D centres are located close to production centres and the main consumer-dense areas led in 2015 to the creation of two R&D divisions - in China for curtain motorisation and in Poland for motorisation of exterior venetian blinds.

#### Consideration of the impact on neighbouring and local populations

In order to promote regional development, Somfy Group participates in and supports higher education establishments in the Rhône-Alpes region. In 2015, Somfy Group became a founder member of the Université Savoie Mont Blanc (USMB) Foundation alongside the Assemblée des Pays de Savoie and the Club des Entreprises de l'Université Savoie Mont Blanc. This selection forms part of the longstanding relationship between the University and Somfy, which has continued since the creation in 1991 of the Club des Entreprises, of which Somfy's Paul Dreyfus was the inaugural chairman. Somfy is working alongside the University to bring the academic world closer to the business world. This is the aim of the University-created Foundation. Moreover, since 2012, the Group has chaired the Board of the Ecole Polytech Annecy

Chambéry, the University's engineering school. In total, 38 graduates of the University have stated they have worked for Somfy during or after their studies, 12 of whom hold a Master's. In 2015, Somfy welcomed students from the University on work placement and work-study contracts.

In addition, ARIES group "Graphic and Motion Design" students, in collaboration with Somfy and Grenoble School of Management, created a serious game called "Home Smart Home" on the housing of tomorrow in the form of a board game.

Somfy Group is heavily involved in competitiveness centres and technology clusters active in the Arve valley (Haute-Savoie), where the Group's historical sites are located. Somfy is particularly active in the Competitiveness Division of Mont-Blanc Industries, where it mixes with a number of leading and successful mechatronics businesses such as Altran-NSI, NTN-SNR, Seb-Téfal, Stäubli, etc. Somfy is involved in Thésame, a technology network for mechatronics businesses and MIND, a Public Interest Group and innovative Franco-Swiss platform specialised in the mechatronics field. Mechatronics is the synergetic and systematic combination of mechanics, electronics and real time computing, and is at the heart of Somfy's expertise. These collaborations enable the company to be committed to territorial industrial development whilst continuing to benefit from the input of skills and innovations into our design and industrialisation processes.

In 2014 in particular, Somfy Group launched the research and development project COMETE (Cloud pour la maison intelligente et l'efficacité énergétique / Cloud for the smart home and energy efficiency), whose purpose is to develop home automation systems aimed at improving the energy efficiency of buildings. The project brings together nine partners, businesses and research laboratories from the Rhône-Alpes region. COMETE is financially supported by the FUI (Fonds Unique Interministériel), the Rhône-Alpes Region, the Haute-Savoie and Isère departmental councils, and the Communauté de Communes (federation of local councils) of Grésivaudan. After three years of this project's development, Somfy Group believes that COMETE will lead to the creation of 40 local jobs.

On a different note, the Group has a role of director within the Board of Governors of the Arve Mont Blanc Intercompany Occupational Health Service, whose purpose is to promote and encourage the prevention of occupation risks in the Vallée de l'Arve, action which involves the health and safety risks for Group employees being better taken into account.

## RELATIONS WITH STAKEHOLDERS

### Conditions for dialogue with stakeholders

The Group annually reviews its communication plan in relation to its stakeholders, to ensure they are kept regularly informed and to facilitate as much as possible constructive discussions in relation to the Group's strategy and management with the stakeholders identified as priorities: employees, shareholders, investors, customers, users, suppliers and regional governments. We distinguish between customers, a term that refers to the professionals or distributors who buy and sell, integrate, or install our products; users, a term that refers to the end users of our products, whether they are the customers of our customers, users of our solutions in offices or communal facilities, or consumers buying our products on our websites.

The social section of this report summarises all the developments and improvements made as part of the dialogue with employees, management and unions.

Being responsive to professional customers is a strategic priority for Somfy Group and it is structured within a programme called "Customer First". For each customer profile, Somfy Group has developed dialogue-based activities – studies, surveys, training, services – tailored to the expectations of these stakeholders.



Users are regularly consulted as part of the development of our new offers. A forum moderated by Somfy gives them a voice in France. Other users, as well as company employees, reply to them. More than 100,000 questions are consulted each month by those using this forum, which received almost 800,000 visits in 2015, representing 40,000 unique visitors per month. This allows our hotline to be more efficient and to answer calls more quickly and has led to productivity gains in this telephone support service.

Involved in the development of the areas in which the Group is located, Somfy has led dialogue in France with the various levels of public decision-making to contribute to action in the areas of education, employment, research and development, or to support cultural and sporting projects for local people, by trying where possible to replicate these events within the company for the benefit of employees. These programmes include the Mont-Blanc Photo Festival (Pays du Mont-Blanc), le Salon du Livre Esperluette (Cluses), Musiques en Stock (Cluses), Plein Feux Festival (Bonneville), MB Race (Pays du Mont-Blanc) and various sports clubs (Cluses). This collaboration can take the form of patronage or sponsorship, since the visibility of Somfy's initiatives by Group employees or local residents is one of the aims of this commitment.

### **Acts of support, partnership or sponsorship**

#### **Action to support top young athletes**

In 2014, Somfy created Somfy Ski Talents, a sponsorship programme for top young skiers, which as well as financially supporting young athletes, offers to help them, where applicable, to prepare for their transition into, or in finding out about, the business world. Thus in 2015, Jonas Devouassoux completed a placement at the R&D centre. Lastly, we help young athletes to build their reputations by passing on their news via our social networks.

#### **A citizen's policy involving employees**

Through the Somfy Foundation, the Group is pursuing its civic action in its field of business where it is strongest: the fight against poor housing, in keeping with the strategic mission to improve living environments driven by Somfy.

In 2015, the Group committed almost €400,000 to the Foundation, which enabled three major programmes to be financed:

- The endowment fund Les Petites Pierres is an online crowdfunding platform, [www.lespetitespierres.org](http://www.lespetitespierres.org), created in 2013. It enables anyone to donate to community projects in the area of access to decent housing. In 2015, the platform enabled 25 projects to be funded, for an amount of €146,413, topped up by the Group. The recruitment at the Foundation of a project coordinator for digital communication meant that support could be put into place to help associations with their online presence;
- The international programme "A House is a Home" became the sole vehicle to roll out the Foundation's measures externally, across all the countries in which the Group operates and should allow associations looking for funding to be directed to the site. In 2015, two initiatives were conducted – in France, as part of the partnership with Emmaüs France, a single yet large scale project, the EMRA (Emmaüs Mutualisation Rhône-Alpes) community renovation project in St André le Gaz, Isère; and in Brazil, as part of the "Habitat for Humanity" partnership, the Foundation renovated one house per month in a suburb of São Paulo, meaning 12 projects, to provide housing for single mothers. Several projects aimed at linking the Group's subsidiaries with the Foundation are under consideration in Europe for 2016;
- Continuation of a participation programme for Somfy Group employees, "Time for Others" ("Un Temps pour les Autres"). This programme provides associations with the skills and drive of Somfy

Group employees by offering the latter the opportunity to take part, during working hours, in solidarity action days on behalf of associations. In 2015, 117 employees benefited from a solidarity day to take part in this programme. This was an increase of 40%, demonstrating the interest shown by employees in this programme.

The Foundation led a campaign to raise awareness about poor housing by debuting a touring photographic exhibition, which shares with visitors the life trajectories and feelings of those benefiting from or involved in the projects carried out thanks to Les Petites Pierres endowment fund. It was exhibited in Annecy in late 2015, as well as to Group employees.

Following the example of what was achieved in Brazil as part of the growth strategy in Latin America, and what is currently being implemented in several countries in the Europe, Middle East and Africa region, the Group is globally exporting the Foundation's policy in order to promote this societal commitment to all Group entities and employees, beginning with subsidiaries where the economic issues demonstrate that each employee's commitment is fuelled by a shared sense of the common good provided by this civic action.

### **SUB-CONTRACTING AND SUPPLIERS**

Suppliers and sub-contracting are important for Somfy Group due to the nature of its industrial activity which is essentially assembly. Indeed, all the components that form part of the composition of the products are purchased components.

In order to make progress in relation to responsible purchasing, Somfy Group, in collaboration with other manufacturers, has developed a maturity frame of reference in relation to collective and responsible purchasing: this framework incorporates the central issues of the standard, ISO 26000.

This work was carried out within the framework of PEAK, a business Research and Training network aimed at developing collaborative customer supplier relationships.

Somfy Group has begun to introduce measures to make sure that its suppliers and sub-contractors are socially and environmentally responsible. Thus, Somfy has auditors who assess suppliers prior to their admittance to the panel. These audits are conducted on the basis of a questionnaire that includes questions on the following topics:

- Existence of an environmental policy,
- Planning to ensure that products conform to environmental requirements,
- Existence of a health and safety policy and consideration of ergonomic and safety aspects in the design of workstations.

These questions are rated, with the ratings forming part of the final assessment score of the supplier. If significant variations are discovered, relating for example to safety in the workplace, Somfy Group may ask the supplier to take corrective action.

For every component developed by a supplier, Somfy Group requests a written undertaking relating to the European Directives REACH and ROHS.

In accordance with the regulations adopted by the US Securities and Exchange Commission in 2012, Somfy Group implemented its duty of diligence in respect of its supply chain, in order to ensure that the supplies used in its products do not contain any "Conflict Minerals".

### **FAIR PRACTICES**

As announced in 2014, the rollout of the Ethics Charter began during the Somfy Conference in September 2015. The aim is that, once the rollout is complete, all Somfy Group employees know about the existence of this Charter and its contents, and that they have been made aware of and trained in ethical concepts by their managers.

“As it continues to grow, the Somfy Group benefits from greater visibility in many countries and on increasingly diversified markets. This development is generating new challenges and imposing new demands. Protecting the reputation of the Group therefore requires us to reinforce our need for exemplary behaviour in our day-to-day activities. Our leadership position on several of our business sectors and our ambition for the future imply greater responsibilities, which we readily accept. And the success of our Group will not last unless we clearly assert our requirements as an ethical and responsible business. In this context, the Somfy Group has drawn up an Ethics Charter which will become a point of reference in terms of individual and group behaviour, and will guide our day-to-day activities. We want to make this a Charter that brings people together, and share our aspirations with the men and women who join our Group.”

*Source: Introduction of the Ethics Charter by the Management Board*

This Charter divides our principles into five areas:

- Compliance with laws and regulations,
- Upright behaviour,
- Respect for people,
- Integrity towards our customers and our business and financial partners,
- Responsibility towards society and the environment.



It is a common and unifying document based on a single set of principles applicable to all Somfy Group employees in each of its constituting entities. This Charter is also a tool for the promotion of dialogue between employees so that ethics is an open matter understood by all. To facilitate its circulation, it has been translated into 14 languages, and 30 ethics contacts have been appointed within the Group's different companies. Supported by managers, they can be consulted in the event of an ethical conflict or dilemma. An Ethics Committee has been set up to lead the process in relation to all the Group's ethical issues and to handle any alerts that may be reported via a dedicated and secure email address. A dedicated e-learning platform and a deployment kit complement this system; the package is accessible to the Group's managers, who are responsible for ensuring its rollout within their scope.

Somfy Group and its employees particularly seek to respect the regulations of the countries in which it operates in relation to organisation of work, whilst subscribing to the principles and objectives of the fundamental conventions of the International Labour Organisation (ILO) and by aiming to adopt the practices of a responsible management respectful of everyone.

This is reflected in a commitment to:

- Respect differences, improve diversity and reject discrimination;
- Reject any kind of harassment, notably moral and sexual;
- Ensure the health, safety and decent working conditions for the company's employees and partners;
- Seek to develop the skills and employability of staff;
- Seek the professional development of employees;
- Guarantee constructive social dialogue.

The Group's Ethics Charter reaffirms the fact that the company rejects all illegal child labour and the use of forced labour, seeks to establish constructive social dialogue and rejects all forms of discrimination and corruption, whether active or passive.

## MEASURES PROMOTING CONSUMER HEALTH AND SAFETY

Ensuring the safety of the users of its products is a top priority for Somfy Group. Alongside other leading companies in the electrical industry and the building shutters sector, Somfy Group is heavily involved in standardisation in order to ensure that the good safety practices implemented in relation to product development are maintained. This action operates on an international (IEC standards), European (CENELEC and CEN standards) or local (UL standard for the United States for example) scale. To show that its products comply with safety standards, Somfy products are accredited by independent bodies in its different territories (VDE, NF, SASO, UL, etc.).

Somfy Group acquired a quality management system enabling it to ensure that its products comply with the standards and requirements in place within its markets. To control the performance and safety of the installation of its products, Somfy Group has developed a network of expert installers throughout the areas in which the Group is located. These specialists benefit from professional training to help ensure that the products are installed under optimum safety conditions both for the installer and users. Every product is accompanied by usage and safety instructions.

Somfy publishes online manuals on its websites. They are available on 38 of our sites intended for users of our solutions (also on our sites for professionals) and are translated into between 12 and 18 languages depending on the product listing. In addition, 32 YouTube channels around the world broadcast presentations on products and their operating instructions, usage tips, and even demonstrations on installation and programming.

## METHODOLOGY NOTE

### REPORTING PROTOCOL

Somfy Groups' CSR reporting protocol is the reference guide for all those involved in CSR reporting within the Group. It is drawn up in French and English. Its purpose is to define all the Group's CSR indicators along with their method of calculation, and to describe the procedures for their collection and for reporting in order to promote the consistency and comparability of data. This document is distributed to and applied at all levels of data preparation and reporting. The reporting protocol is updated annually to take into account Group developments.

The CSR reporting protocol also serves as a reference framework for the external verification of data, in accordance with Article L. 225-102-1 of the Commercial Code ("Grenelle 2" Law). It is available on request from Head Office.

### SELECTION OF INDICATORS

Somfy Group's indicators were defined by the CSR officers for each area in line with the Group's CSR strategy and the resulting social, environmental and societal objectives. They facilitate the monitoring of the CSR policy's progress in each of the improvement areas identified by the Group and the transparent communication of the Group's CSR performance in this report.

The indicators used comply with the Grenelle II decree and are based on the general principles of the GRI (Global Reporting Initiative) guidelines.

## COLLECTION, INTERNAL CONTROL AND CONSOLIDATION

The collection of CSR indicators is ensured by the CSR officers within their respective fields of expertise. They rely on their network of local experts who provide the data.

The CSR officers are also responsible for monitoring the consistency and plausibility of the data prior to its consolidation in order to generate the Group indicators included in the CSR section of the management report.

## REPORTING PERIOD

The data collected covers the period from 1 January to 31 December 2015. Depending on the indicators, it can relate to:

- An annual consolidation of the data from 01/01/2015 to 31/12/2015,
- The data measured at 31/12/2015.

Where historical information is available, data is reported on the last two financial years.

## REPORTING SCOPE

Companies which are controlled by the Group and fully consolidated within the financial reporting scope are included within the reporting scope. The concept of control means the power to govern the financial and operational policies of an affiliated company so as to benefit from its operations. Control is generally deemed to exist where the Group holds more than half of the controlled company's voting rights.

Newly acquired companies are integrated into the reporting scope following a probationary period necessary for the introduction of reporting.

Companies which were sold during the financial year are not included within the reporting scope.

### Specifics of the scope for 2015 reporting:

The social reporting scope taken into account for the 2015 financial year was restricted to the following entities:

- Somfy SAS (France),
- Simu SAS (France),
- SITEM SARL (Tunisia),
- LianDa (China),
- Somfy China Co Ltd (China),
- Somfy GmbH (Germany),
- Somfy Systems Inc. (USA),
- BFT SpA (Italy),
- Somfy Italia SRL (Italy),
- WAY SRL (Italy),
- Somfy BV (Netherlands),
- Somfy Ltd (UK),
- NV Somfy SA (Belgium),
- Somfy Nordic AB (Sweden),
- Somfy Norway AS (Norway),
- Somfy Middle East Co Ltd (Republic of Cyprus),
- Somfy Egypt (Egypt),
- Somfy Maroc SARL (Morocco),
- Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti (Turkey),
- Somfy South Africa (PTY) Limited (South Africa),
- Somfy Tunisie (Tunisia),
- SOPEM (Poland),
- Somfy K.K. (Japan),
- Somfy PTY Ltd (Australia),
- Somfy Joo (Korea),
- Automatismos Pujol SL (Spain),
- Somfy España SA (Spain).

Certain companies are excluded from the social scope due to the existence of very low workforces in certain organisations (distribution subsidiaries spread out over vast geographic areas such as Russia or South America), or the lack of Human Resources information systems designed for collecting data easily. To overcome this last difficulty, an international information system is currently being deployed within the Group's main companies, its aim in the long run being to cover all Somfy regions and companies.

The environmental reporting scope taken into account for the 2015 financial year was restricted to the following entities:

- Somfy SAS (France),
- Simu SAS (France),
- SITEM SARL (Tunisia),
- LianDa (China),
- BFT SpA (Italy),
- WAY SRL (Italy),
- SOPEM (Poland).

The distribution subsidiaries are excluded from the environmental scope due to their low environmental impact in comparison with the industrial sites.

For reasons of organisation and access to information, certain Group companies have not yet been included. For future years, the Group wishes to use perimeters that are more relevant depending on the topics covered and is setting itself the short-term objective of incorporating all the companies that it fully owns.

It may be recalled that the 2014 reporting scope included the following companies:

- Somfy SAS (France),
- Simu SAS (France),
- SITEM SARL (Tunisia),
- LianDa (China),
- Somfy China Co Ltd (China),
- Somfy GmbH (Germany),
- Somfy Systems Inc. (USA),
- BFT SpA (Italy),
- Somfy Italia SRL (Italy),
- WAY SRL (Italy).

## METHODOLOGY LIMITATIONS

The methodologies used for the reporting of certain CSR indicators may present limitations due to:

- Particularities of local legislation in the various countries in which the Group is located,
- Lack of availability of information on certain scopes,
- Use of estimates in the absence of assessment tools,
- Practicalities of collecting and processing data.

## CROSS-REFERENCE TABLE

## CSR cross-reference table based on Decree 2012-557 of 24 April 2012

Social information	Pages
<b>Employment</b>	
Total workforce (employee distribution by gender, age and geographic region)	27, 28 and 30
Recruitment and redundancies	30
Remuneration and its evolution	28
<b>Work organisation</b>	
Organisation of working hours	28 and 29
Absenteeism	31
<b>Employee relations</b>	
Organisation of social dialogue	29
Collective bargaining agreements	29
<b>Health and safety</b>	
Health and safety at work	29
Review of agreements signed with trade unions or employee representatives in terms of health and safety at work	30
Frequency and severity rates of work accidents, and occupational diseases	29 and 30
<b>Training</b>	
Training policies	31 and 32
Total number of training hours	31
<b>Equal treatment</b>	
Measures taken to promote gender equality	30
Measures taken to promote the employment and integration of disabled employees	30
Anti-discrimination policy	30
Promotion of and compliance with ILO fundamental conventions	38
<b>Environmental information</b>	
<b>General environmental policy</b>	
Company organisation to take into account environmental issues and environmental assessment and certification processes	33 and 34
Training and employee information actions conducted in relation to environmental protection	34
Resources allocated to avoiding environmental risks and pollution	33
Amount of provisions and guarantees for environmental risks	33
<b>Pollution and waste management</b>	
Measures to prevent, reduce or remediate air, water and land emissions that seriously damage the environment	33
Measures to prevent, recycle and dispose of waste	33 and 34
Taking into account noise pollution and, where relevant, all types of pollution specific to a particular activity	33
<b>Sustainable use of resources</b>	
Use and supply of water in line with local constraints	35
Use of raw materials and measures taken to make more efficient use of them	35
Energy consumption and measures taken to improve energy efficiency and the use of renewable energy sources	35
Land use	35
<b>Climate change</b>	
Emissions of greenhouse gasses	35
Adaptation to the consequences of climate change	35
<b>Protection of biodiversity</b>	
Measures taken to safeguard or increase biodiversity	36



Societal information	Pages
<b>Territorial, economic and social impact of the company's activities</b>	
Employment and regional development	36
On neighbouring and local populations	36
<b>Relations with stakeholders</b>	
Conditions of dialogue with stakeholders	36 and 37
Acts of partnership or sponsorship	37
<b>Sub-contracting and suppliers</b>	
Taking into account social and environmental issues in purchasing policies	37
Significance of sub-contracting and inclusion of social and environmental responsibilities in relationships with suppliers and sub-contractors	37
<b>Fair practices</b>	
Measures taken to avoid corruption	38
Measures taken to safeguard the health and safety of consumers	38
<b>Other measures taken to safeguard human rights</b>	<b>30</b>

## INFORMATION ON DELEGATIONS RELATING TO SHARE CAPITAL INCREASES AND OTHER AUTHORISATIONS (ARTICLE L. 225-100 OF THE COMMERCIAL CODE)

The Management Board benefits from the following authorisations:

	Date of AGM	Date authorisation expires	Authorised amount	Used during the financial year ended 31 December 2015	Residual amount at 31 December 2015
Authorisation to issue stock options	Extraordinary General Meeting 13 May 2015	12 July 2018	1.5% of share capital on date of AGM Charged to the allocation of free shares	Nil	1.5% of share capital on date of AGM
Authorisation to grant existing free shares	Extraordinary General Meeting 13 May 2015	12 July 2018	1.5% of share capital on date of AGM Charged to the allocation of subscription options	Nil	1.5% of share capital on date of AGM
Authorisation to cancel the shares bought back by the company	Extraordinary General Meeting 14 May 2014	13 May 2016	10% of share capital	Up to 436,800 shares on 27 May 2015, i.e. 5.57% of share capital	303,200 shares, i.e. 4.43% of share capital on the date of decision to cancel

It is also specified that the Management Board is authorised to buy back shares, details of which are provided in the paragraph on the buyback of own shares.

The Management Board does not benefit from any delegation of authority or powers granted by the General Meeting in respect of increases in capital in relation to Articles L. 225-129-1 and L. 225-129-2 of the Commercial Code.

The Annual General Meeting of 24 May 2016 will be asked to reappoint/appoint the principal and alternate Statutory Auditors, as specified below.

## COMBINED GENERAL MEETING OF 24 MAY 2016

### RENEWAL OF THE TERMS OF OFFICE OF/APPOINTMENT OF THE PRINCIPAL AND ALTERNATE STATUTORY AUDITORS (resolutions 5 to 8)

You will be asked to reappoint the firm ERNST & YOUNG et Autres to the role of Principal Statutory Auditor, as well as to reappoint the firm AUDITEX, to the role of Alternate Statutory Auditor, each for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

Moreover, you will also be asked to appoint KPMG SA as a replacement for the firm LEDOUBLE SA, to the role of Principal Statutory Auditor, as well as to appoint SALUSTRO REYDEL as a replacement for the firm CFCA, to the role of Alternate Statutory Auditor, each for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

We inform you that the candidates have not, over the past two financial years, verified any contribution or merger transaction involving the company or companies it controls within the meaning of Article L. 233-16 of the Commercial Code.

You will also be asked to renew the authorisations (i) for the purpose of cancelling the shares bought back by the company under the provisions of Article L. 225-209 of the Commercial Code, which ends on 13 May 2016, and (ii) in relation to the allocation of existing free shares to employees and/or certain corporate officers, to enable the company to benefit from the new system under the Macron law, in accordance with the terms and conditions specified below.

### **CANCELLATION OF SHARES BOUGHT BACK BY THE COMPANY PURSUANT TO ARTICLE L. 225-209 OF THE COMMERCIAL CODE (resolution 11)**

You will be asked to vote on the authorisation for a period of 24 months allowing the company to cancel the acquired shares allocated to the cancellation purpose as part of the share buyback programme within the limit of 10% of the share capital per 24-month period.

It is specified that over the course of the last 24 months, the company cancelled 436,800 shares representing 5.57% of the share capital on 27 May 2015.

### **FREE ALLOCATION OF EXISTING SHARES TO MEMBERS OF STAFF AND/OR CORPORATE OFFICERS (resolution 12)**

You will be asked to renew the authorisation in relation to the allocation of existing free shares, delivered by the Annual General Meeting of 13 May 2015, to enable the company to benefit from the new system under the Macron law. This authorisation would cancel the authorisation granted by the Combined General Meeting of 13 May 2015 under its tenth extraordinary resolution.

You will be asked to grant the Management Board an authorisation to allocate, in one or more instalments, in accordance with Articles L. 225-197-1 and L. 225-197-2 of the Commercial Code, existing ordinary shares in the company, for the benefit of:

- Employees of the company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code,
- And/or corporate officers meeting the conditions set forth by Article L. 225-197-1 of the Commercial Code.

The total number of free shares thus allocated may not exceed 1.5% of the share capital at the date of the Meeting, it being specified that from this limit would be deducted the total number of shares to which the options that may be awarded by the Management Board under the authorisation granted by the Annual General Meeting of Shareholders of 13 May 2015 in its ninth extraordinary resolution may give rise.

The allocation of shares to beneficiaries would be definitive at the end of a vesting period whose duration, which may not be less than one year, would be set by the Management Board.

Beneficiaries should, where applicable, retain these shares for a minimum period, set by the Management Board, at least equal to that required to ensure that the cumulative duration of the vesting, and where necessary the retention, periods may not be less than two years. The Management Board shall have the necessary powers to set the other

conditions and procedures pursuant to which the shares are allocated and, where applicable, do anything, within the context of applicable legislation that the implementation of this authorisation requires.

We propose setting the duration of this authorisation at 38 months from the date of this Meeting.

This new authorisation would terminate in advance the existing authorisation with the same purpose.

Lastly, you will be asked to vote on dividing the par value of the shares in the company and delegate the execution thereof to the Management Board, and on amending Article 2 of the company bylaws.

### **PAR VALUE SPLIT (resolution 13)**

You will be asked to set the par value of the shares in the company at €0.20 and, consequently, to split each share with a par value of €1, by exchanging these shares at a transfer rate of five €0.20 shares against one €1 share, it being specified that this division would take effect on a date set by the Management Board.

We inform you that the double voting right as provided for by the provisions of Article 29 of the company's bylaws, would then be allocated upon the issue of registered shares of €0.20 resulting from the division of registered shares of €1 bearing this right, the stipulated period of four years not being interrupted by the exchange.

The €0.20 shares would merely replace the €1 shares which would be cancelled, and this exchange will not result in a change in the relationship between the company and its shareholders.

You will be asked to approve this delegation and authorise the Management Board to carry out this exchange on a date following the dividend payment date, determine the number of existing shares, amend the bylaws accordingly and more generally, do all that is necessary to implement these decisions no later than the end of the General Meeting held in 2017 to approve the financial statements for the previous financial year.

### **AMENDMENT OF ARTICLE 2 OF THE COMPANY BYLAWS (resolution 14)**

It will be proposed to amend Article 2 "Corporate purpose" of the bylaws as follows:

"The purpose of the company is, either directly or indirectly, in any country, on its own behalf or on behalf of third parties, **to design, manufacture and market any solutions and any products which help to improve living environments, notably in the fields of the automation of buildings, and to that end it may:**

- Acquire, manage or dispose of any equity or investment securities,
  - Acquire shareholdings or interests in any commercial, industrial, financial, personal or real property companies or businesses,
  - Manage the available funds that may be at its disposal,
  - Acquire, file or use any brands, patents or patent licences, sell or transfer them, and grant any relevant operating licence,
  - Participate in the management of the policy of its subsidiaries with, where applicable, the provision of specific services to such subsidiaries, according to their requirements,
- and more generally, carry out any commercial, financial, industrial, or real or personal property transactions that may relate, directly or indirectly, to the corporate purpose."

## **INFORMATION ON PAYMENT TERMS (ARTICLE L. 441-6-1 OF THE COMMERCIAL CODE)**

At 31 December 2015 as at 31 December 2014, there were no liabilities due but unpaid to Somfy SA suppliers.

Trade receivables specific to Somfy SA's activity represent payment terms generally less than 45 days from the end of the month.

## INFORMATION ON RISKS (ARTICLE L. 225-100 OF THE COMMERCIAL CODE)

### FINANCIAL RISKS

—  
The main financial risks to which the Somfy Group is exposed are foreign exchange rate, interest rate, liquidity and investment risks. According to IFRS, all derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with traditional criteria (over-the-counter market). The amounts covered exclusively relate to current or future transactions within the framework of Somfy Group's normal business activities. As part of the transposition of the MIF Directive that came into force on 1 November 2007, Somfy SA and its French subsidiaries opted for the "individual clients" category.

#### FOREIGN EXCHANGE RISK

Somfy Group's exposure to foreign exchange risk is primarily related to its operational activities (intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone and purchases denominated in local currencies). At comparable terms and conditions, the Group gives priority to natural hedges (foreign currency purchases related to sales in the same currency). The derivative financial instruments put into place are forward foreign exchange contracts for the main currencies and NDF (Non-Deliverable Forward) contracts. The management of foreign exchange risk is covered in Note 8.3 to the consolidated financial statements.

#### INTEREST RATE RISK

Somfy Group is exposed to risks associated with the effect of fluctuations in interest rates. Management of the interest rate relative to Group debt is based on consolidated position and market conditions. The primary objective of the rate risk management policy is to control Group financing costs. The management of the interest rate risk is covered in Note 8.3 to the consolidated financial statements.

#### LIQUIDITY RISK

Somfy Group must have permanent access to the necessary financial resources to allow it to finance its day-to-day activities and its investments. The Group's liquidity risk primarily arises from the obligation to repay its existing debt, the funding of its future requirements and observance of its financial ratios. The granting of credit facilities is subject to Somfy SA's commitments to its banking partners to comply with two types of financial covenants based on:

- The Group's financial structure (net financial debt/shareholder's equity) and,
- Its ability to repay (net financial debt/cash flow and net financial debt/EBITDA).

The management of liquidity risk is covered in Note 8.3 to the consolidated financial statements. Credit facilities and compliance with covenants are detailed in Note 8.2.2.6 to the consolidated financial statements.

#### INVESTMENT RISK

The Group's exposure to investment risk is related to its cash surplus deposited with banks. The management of investment risk is covered in Note 8.3 to the consolidated financial statements.

### RAW MATERIAL RISKS

—  
Somfy Group hedges against the volatility in the price of raw materials that are significantly used in the manufacturing of its products by placing firm orders with its suppliers, depending on market conditions.

### SHARE RISKS

—  
The Group is exposed to equity risk on treasury shares. Given the share price, it was not necessary to record a provision for writedown at 31 December 2015.

### LEGAL RISKS

—  
Somfy Group's operations are not subject to specific regulations. Its business does not require a specific legal or regulatory authorisation with the exception of the compulsory listing in the Register of Companies and stock exchange regulations. Somfy Group is involved in a number of disputes in respect of its business. These should not have any significant negative impact on the Group's financial position. To the Group's knowledge, there were no exceptional events or litigation likely to have a significant negative impact on the Group's or its subsidiaries' operations, assets or results, other than those mentioned in the highlights of the financial year.

### INSURANCE – RISK COVERAGE

—  
Somfy Group covers the main risks with the following insurance policies:

- "Property damage", covering buildings and their contents (equipment, goods, IT equipment) up to the maximum amount of damage likely to be incurred;
- "Resulting loss of profit";

Risks insured by these two policies include, fire, explosions, lightning, smoke, emissions, steam, impacts from airborne objects, electrical risks, storms, snow, hail, water damage, frost, machine breakage, IT equipment theft, natural disasters and other non-designated events;

- "General civil liability relating to monetary consequences of an insured entity's liability following physical injury, property damage or moral prejudice caused to a third party during or in relation to its operations";
- "Corporate officers' civil liability";
- "Transported goods";

In addition, credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 60% of sales are covered by such contracts.

### COUNTRY RISK

—  
The majority of operations occur in safe areas such as Europe and the United States. The geographic regions most exposed to current economic and monetary uncertainties are Asia (China and Korea), Latin America (Brazil) and the Middle East (Levant). In total, they represent between 10 and 15% of Group sales.

## CLIMATE RISK

Due to the nature of the products marketed (notably motors for blinds), Somfy Group's activity is partly connected to weather conditions, in particular during the first half of the year, during which sales of motors for blinds are concentrated.

## CUSTOMER CREDIT RISK

Customer credit risk is linked to the receivables portfolio and the sometimes challenging economic environment in certain parts of the world. Nevertheless, customer profile, the Group's international geographic presence and the credit insurance cover help to mitigate this risk. The management of credit risk is covered in Note 5.4 to the consolidated financial statements.

## INFORMATION ON NON-DEDUCTIBLE CHARGES (ARTICLES 39-4 AND 223 IV OF THE GENERAL TAX CODE)

The financial statements for the financial year ended 31 December 2015 do not include any non-allowable charges with regard to the income tax base, as defined by Articles 39-4 and 223 IV of the General Tax Code.

## ALLOCATION OF NET PROFIT

The Management Board proposes to allocate the net profit of €279,483,937.12 for the financial year ended 31 December 2015, increased by retained earnings of €5,057,826.80 and the legal reserve surplus of €50,681.01 to a total of €284,592,444.93, as follows:

– Allocation to shareholders of a gross dividend of €5.70 per share, being €5.70 x 7,400,000 shares	€42,180,000.00
– Transfer to optional reserve	€242,412,444.93
	<b>€284,592,444.93</b>

A gross dividend of €5.70 will be distributed for each share with a par value of €1, and this carries the right to a tax rebate granted to

individuals subject to income tax in France, in accordance with Article 158-3-2° of the General Tax Code.

Shares held by the company on the ex-dividend date are not entitled to dividends, with the corresponding amount of unpaid dividends being transferred to retained earnings.

The dividend will be payable on 3 June 2016; the shares must be held on 1 June 2016 (ex-dividend date) to benefit from the dividend.

In accordance with legal provisions, it should be noted that the following dividends were paid during the last three financial years:

Financial year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Cash dividends	Other distributed earnings	
2012	€35,571,628.80* being €4.80 per share	–	–
2013	€38,666,435.60* being €5.20 per share	–	–
2014	€35,693,533.20* being €5.20 per share	€391,840.00, each share conferring the right to either one Edify SA share or a cash sum of €50.00**	–

\* Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.

\*\* The General Meeting of shareholders of 27 November 2014 decided on the exceptional distribution of €391,840,000.00, which was taken from the "General Reserve", it being specified that each Somfy share conferred entitlement to either one Edify SA share or a cash payment of €50.00, according to the shareholder's preference.

## REGULATED AGREEMENTS

We inform you that the Supervisory Board of 9 March 2016 reviewed the regulated agreements, which were in effect during the financial year and justified their usefulness to the company. On this occasion, the tax consolidation agreement between the company and its wholly-owned subsidiaries, either directly or indirectly, was reclassified.

Please note that no new agreements of the same nature as those referred to in Articles L. 225-86 and subsequent of the Commercial Code were concluded during the 2015 financial year.

## STOCK MARKET PERFORMANCE

During the 2015 financial year, the Somfy SA share price increased by 67.79%. At 31 December 2014, the last trading day before the close of the previous financial year, the share price was €208, compared with €349 at 31 December 2015.

Based on this last share price and taking account of a gross dividend per share of €5.70, the Somfy SA share yielded 1.6%.

The market for the share recorded a monthly trading volume high of 13,379 and low of 4,540 per month, with a monthly average of 8,401 shares, compared with 21,184 shares the previous year.

Your Management Board asks you to approve the above resolutions submitted to your vote.

**The Management Board**

# 05

## SUPERVISORY BOARD CHAIRMAN'S REPORT

**P.46** Corporate governance

**P.51** Internal control

## 05

## SUPERVISORY BOARD CHAIRMAN'S REPORT

Pursuant to Article L. 225-68 of the Commercial Code, we remind you of Somfy SA's corporate governance principles and inform you of developments and procedures established in relation to internal control and risk management.  
The company's Financial and Legal Departments and its Internal Audit

Department are the major contributors to the preparation of this report under the authority of the Chairman of the Supervisory Board. This report was forwarded to the Statutory Auditors, submitted to the Audit Committee of 7 March 2016 for review, and to the Supervisory Board on 9 March 2016 for approval.

## CORPORATE GOVERNANCE

## CORPORATE GOVERNANCE CODE

Somfy SA refers to the Middlednext corporate governance code for listed companies issued in December 2009 (the Middlednext Code hereafter), available at: [www.middlednext.com](http://www.middlednext.com).

On 27 February 2012, the Supervisory Board adopted the Middlednext Code in place of the AFEP/MEDEF corporate governance code for listed companies, as it considered that its recommendations and guidelines were better suited to the company, particularly in view of its share ownership structure, with family shareholders owning more than 50% of the share capital and voting rights.

## COMPOSITION OF CORPORATE GOVERNANCE BODIES

Somfy is a French limited company (société anonyme), whose organisation is based on the "Management Board and Supervisory Board" formula, which entrusts company management to the former under supervision of the latter.

## COMPOSITION OF THE MANAGEMENT BOARD

Management Board members are appointed by the Supervisory Board in accordance with legal provisions.

At 31 December 2015, the Management Board was chaired by Jean-Philippe Demaël; other members included Jean Guillaume Despature and Pierre Ribeiro, the latter also being Group CFO.

The Supervisory Board of 9 March 2016:

- Took note of Jean-Philippe Demaël's resignation from his office as a member and Chairman of the Management Board with effect from 9 March 2016;
- Unanimously appointed Jean Guillaume Despature, a member of the Management Board, as Chairman of the Management Board with effect from 9 March 2016 for the term of the Management Board offices which expire on 26 November 2017, the date when the Management Board will be renewed.

As from 9 March 2016, the Management Board consists of:

- Jean Guillaume Despature – Chairman of the Management Board, and
- Pierre Ribeiro – Group CFO.

## COMPOSITION OF THE SUPERVISORY BOARD

The Somfy SA Supervisory Board consists of seven members:

Name	Position	Age	Nationality	Date appointed/renewed	Date term ends
Michel Rollier*	Chairman	71	French	(Member of the Supervisory Board: 15 May 2012/ Chairman of the Supervisory Board: 16 May 2013)	2018 AGM
Victor Despature	Vice-Chairman	66	French	16 May 2013	2017 AGM
Paule Cellard*	Member	60	French	16 May 2013	2017 AGM
Jean Despature	Member	65	French	16 May 2013	2017 AGM
Bernard Hours*	Member	59	French	13 May 2015	2019 AGM
Anthony Stahl	Member	42	French	13 May 2015	2019 AGM
Valérie Pilcer*	Member	52	French	18 May 2011	2017 AGM

\* Independent member according to the definition of independence adopted by the company.



The following changes to the composition of the Supervisory Board occurred during the financial year just ended and up to the date of this report (31 January 2016):

Name	Nature of change	Date	Impact on Board diversification
Xavier Leurent	End and non-renewal of term of office	AGM 13 May 2015	—
Anthony Stahl	End and renewal of term of office	AGM 13 May 2015	—
Bernard Hours	Appointed to replace Xavier Leurent	AGM 13 May 2015	Independent member

The list of other appointments held outside Somfy SA is included in the Management Board report in accordance with disclosures required by Article L. 225-102-1 of the Commercial Code.

#### **Male and female representation on the Board**

The Board consists of seven members, including two women, and complies with minimum female representation on the Board as required by current legislation. The company intends to continue to comply with subsequent application requirements introduced by the Law of 17 January 2011 relating to the equal representation of men and women in governance bodies.

#### **Self-assessment of the Supervisory Board**

At its meeting of 10 November 2015, the Board carried out an assessment of its operation and its work. No particular issue was raised by the members of the Board at this time. An assessment to be completed via questionnaire sent out to each member of the Board is scheduled to take place in 2016.

#### **CONDITIONS OF PREPARATION AND ORGANISATION OF THE SUPERVISORY BOARD'S WORK**

—  
The Supervisory Board performs its control mission in accordance with the conditions prescribed by law.

A Chairman and a Vice-Chairman are elected from among its members, and they may call meetings of the Supervisory Board by any means, including verbally.

#### **INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD**

A group of family shareholders holds the majority stake in Somfy SA. As provided by the Middelnext framework, the Board has assessed the independence of its members.

Based on the independence criteria suggested by the Middelnext framework, the Supervisory Board notes that, to date, an independent member of the Board is a member who has no relationship of any nature whatsoever with Somfy SA or its management, or with a company consolidated by the Somfy Group, that may affect his/her freedom of judgement, and who meets the following criteria:

- Is not and has not been an employee or executive corporate officer of Somfy SA or any other Group company during the last three years;
- Is not a significant customer, supplier or banker of Somfy SA or its Group, or for which Somfy SA or its Group represents a significant share of his/her business activity;
- Is not a significant shareholder of Somfy SA;
- Is not closely related to a corporate officer or major shareholder;
- Has not been a statutory auditor of Somfy SA over the past three years.

In light of these criteria, the Supervisory Board considered that Paule Cellard, Valérie Pilcer, Bernard Hours and Michel Rollier qualified as independent members. The Board noted that there was no business relationship between the independent members and Somfy Group.

Paule Cellard provides Somfy Group with international experience in the fields of finance and risk monitoring and compliance. Valérie Pilcer provides Somfy Group with experience in the fields of finance and risk monitoring. Michel Rollier provides Somfy Group with industrial and international experience gained with the Michelin Group particularly in the fields of finance, strategy and marketing. Bernard Hours provides Somfy Group with international experience gained with the Danone Group particularly in the fields of strategy and marketing.

The other members of the Supervisory Board are members of the family and therefore have a family code of ethics, which reinforces the shared respect for the shareholders' agreement. Moreover, their own individual substantial investment naturally motivates their long-term commitment to the Group, their aim being the creation of value on a sustainable basis for all the stakeholders of Somfy SA.



Summary table:

Independent members of the Supervisory Board	Michel Rollier	Paule Cellard	Valérie Pilcer	Bernard Hours	Explanation in the event of non-compliance
Is not and has not been an employee or an executive corporate officer of the company or any other Group company during the last three years	X	X	X	X	
Is not a significant customer, supplier or banker of the company or its Group, or for which the company or its Group represents a significant share of his/her business activity*	X	X	X	X	
Is not a significant shareholder of the company	X	X	X	X	
Is not closely related to a corporate officer or major shareholder	X	X	X	X	
Has not been a statutory auditor of the company over the previous three years	X	X	X	X	
Conclusion on independence	Independant	Independant	Independant	Independant	

\* Where necessary, the material nature of relationships may be debated and the assessment criteria clarified at a Board meeting.  
To date, no business relationship exists.

## OPERATION OF THE SUPERVISORY BOARD

The company bylaws define and specify the terms and conditions governing the composition of the Supervisory Board. The main provisions are the following:

Supervisory Board members, the number of which can never fall below the legal threshold nor exceed the legal limit, are appointed in accordance with the conditions specified by law for a term of office of four years. By exception and solely to enable the implementation or maintenance of staggered terms of office, the Ordinary General Meeting may appoint one or more members of the Supervisory Board for a term of one, two or three years.

All outgoing Supervisory Board members may be reappointed.

The term of office of a Supervisory Board member ceases at the end of the Shareholders' Ordinary General Meeting called to approve the financial statements for the financial year just ended and held in the year that the term of office of the said member of the Supervisory Board expires.

No one may be appointed as a member of the Supervisory Board, if, being over 75 years old, his/her appointment leads to over a third of the members of the Supervisory Board being over that age.

The Supervisory Board meets at least once quarterly on an agenda drafted by its Chairman. During the 2015 financial year, it met on five occasions with all members in attendance.

At each ordinary meeting, the Management Board presents a report on the operations and results of the Group and its major subsidiaries for the quarter just ended. A detailed income statement with commentary is presented by the Management Board for every half-year and annual closing. In addition, the Supervisory Board receives a monthly sales report.

Within 90 days following the end of each financial year, the parent company and consolidated financial statements approved by the Management Board are sent to the Supervisory Board for review.

The Board then presents its observations on the report of the Management Board as well as on the financial statements to the General Meeting.

For the approval of the half-year financial statements, only the consolidated financial statements are prepared and submitted to the Supervisory Board within three months of interim closing.

The Supervisory Board asks the Management Board and Management to provide any information or analysis they deem necessary or a presentation on any specific subject.

In accordance with the law, the Supervisory Board provides guidelines to the Management Board so that commitments to deposits, sureties or guarantees are validly provided by the company. The authorisation of the Supervisory Board is required in every case where a commitment does not meet these conditions.

The rules of operation of the Supervisory Board are specified in the Supervisory Board's internal regulations, which are available on the company's website.

The Board's internal regulations also include provisions aimed at preventing and managing conflicts of interest.

In this respect, the internal regulations specify that should a situation arise where there appears to be a conflict of interest between corporate and direct or indirect personal interests, or the interests of the shareholder or group of shareholders he/she represents, the Board member concerned must:

- Inform the Board of this conflict of interest as soon as he/she becomes aware of it;
- Take all appropriate action in relation to exercising his/her term of office.

Depending on the case, he/she therefore shall:

- Abstain from voting on the relevant deliberation;
- Refrain from attending Board meetings during the period he/she is in a position of conflict of interest;
- Resign from his/her duties as a member of the Board.

The Board member may be held liable for failing to comply with these abstention and non-attendance rules.

Furthermore, the Chairman of the Board is not obliged to disclose information or documentation relating to the matter in dispute to members whom he has strong grounds of suspecting are in a position of conflict of interest within the meaning of this paragraph, and will inform the Supervisory Board of this act of non-disclosure.

The principal subjects discussed at meetings of the Supervisory Board during the year were the following:

- Quarterly highlights by brand, activity and geographic region,
- Review of the project Let's! 2015; presentation of the new project Believe! 2020,
- Presentation of the new Group branding, the new vision "Inspiring a Better Way of Living Accessible to All" and the new brand platform,
- Focus on Brazil: return of the usufruct of the Garen Automação S.A. securities,
- Presentation of the Central Europe BA,
- Review of the R+T 2015 trade show,

- Presentation of the main budget priorities for 2016,
- Presentation of the connected products strategy,
- Regular update on the Quality project,
- Presentation of the results of the survey of Group employees: Somfyscope 2014,
- Presentation of the Group Information System “Acting Simply”,
- Withdrawal by Somfy SA from the stake held in the share capital of Faac SpA and by Faac SpA from the share capital of Somfy SA and Damartex SA and, subsequent to the buyback of Somfy shares from Faac SpA, cancellation of a total of 436,800 Somfy shares,
- Disposal of securities held by Somfy SA in the share capital of CIAT Group SA,
- Update on the Foundation and on the “Les Petites Pierres” platform,
- Review of the policy regarding equality in the workplace and equal pay,
- Review of Audit Committee reports,
- Findings of the Remuneration Committee,
- Allocation of attendance fees,
- Update on the assessment of the Supervisory Board's operation and work,
- Update of the Code of Conduct.

## COMMITTEES ESTABLISHED BY THE SUPERVISORY BOARD

### Audit Committee

With regard to the Audit Committee, the company applies the recommendations of the AMF's working group chaired by Mr Poupart Lafarge at the Audit Committee meeting of 22 July 2010. The recommendations in respect of the composition and chairmanship of the Committee, the competence of its members and definitions of their independence, the operation (information, evaluation and reporting on the work undertaken), as well as the recommendations relating to the execution of its legal responsibilities have been followed.

The follow-up on the effectiveness of the internal control and risk management systems has also been carried out.

In 2015, as part of its assignment relating to risks, the Audit Committee monitored risks and updated the risk mapping at an extraordinary meeting of the Audit Committee, during which the Internal Audit Officer presented the relevant information.

The Audit Committee comprises three members: Victor Despature, Committee Chairman, Paule Cellard and Valérie Pilcer. Paule Cellard and Valérie Pilcer are independent members in accordance with the aforementioned criteria.

Victor Despature has accounting expertise. He was a Chartered Accountant and an Auditor from 1983 to 2000. Since then, he served as the General Manager of a major family-owned group from 2002 to 2006 and as the Chairman of the Legal Committee from 2002 to 2008. He is currently Chairman of the Supervisory Board of this family-owned group since 2012 and member of the Remuneration Committee since 2000. He has also been managing a medium-sized company in the aeronautic sub-contracting sector since 2000.

Valérie Pilcer, a graduate of the Paris École des Mines, was entrusted with various operational management duties by Société Générale from 1987, in both the international financial market division and in the Group Risk Management Department. She joined the Oddo Group in 2008 as Chief Risk Officer and then independent consulting company Pilcer & Associés in 2011. In 2012, she joined the Macif Group as Head of Risk Management and the OFI Group's Executive Committee as Director of Innovation, Methods and Processes. Her expertise also extends to the financial field, with substantial experience in risk management.

Paule Cellard, graduate of ESC Paris (Business School) and with a master's degree from the Paris Assas Law School, has held various operational roles in Corporate and Investment Banking, in particular, between 2006 and 2009 she was CEO of Gestion Privée Indosuez, and was subsequently Global Director of Compliance for Crédit Agricole Corporate & Investment Bank, until 2012. Since November 2012, she has been a Director of Crédit Agricole Private Banking Luxembourg and since December 2015 has chaired the Audit Committee. She has also created her own consultancy firm, KLEFI CONSEIL. She has expertise in the financial field and strong experience in risk management.

The Committee's mission is to monitor the preparation of the financial information and the efficiency of internal control and risk management systems. It is also informed of due diligence carried out by the Statutory Auditors in their legal assignment to audit the parent company and consolidated financial statements, ensures the latter's independence and is involved in their selection.

The Audit Committee supervises the work of Internal Audit and approves the annual audit plan. It proposes, directs and ensures the follow-up of Internal Audit assignments.

Since its creation, it has met at each half-year and year-end balance sheet date.

During the 2015 financial year, the Audit Committee met on four occasions with all members in attendance.

During the various Audit Committee meetings, the Chief Financial Officer presented the financial position of the Group, the accounting options adopted, the risk exposure and significant off-balance sheet commitments; Internal Audit presented the results of audits carried out, the annual audit plan and the results of the risk mapping update. In addition to the recurring subjects mentioned above, the main topics discussed during Audit Committee meetings in 2015 were the following:

- Update on changes in scope,
- Information on the risk of “Grexit”,
- Analysis of Internal Audit resources and the organisation of Internal Control,
- Review of the procedures and structure in place to support new acquisitions,
- Information on the proposed new ERP for the Group and for BFT.

Pursuant to Article L. 823-16 of the Commercial Code, the Statutory Auditors presented their general work programme as well as the various surveys they carried out; the changes that they felt should be made to the financial statements or other accounting documents before their approval, along with any relevant comments about the valuation methods used in their preparation; possible irregularities and errors discovered and the findings leading to the above observations and corrections on the results of the period compared with those of the previous period.

In addition, every year the Statutory Auditors communicate to the Audit Committee a declaration of independence and an update of the information described in Article L. 820-3 detailing the services carried out by the members of the network to which the Statutory Auditors are affiliated, as well as the services carried out in respect of due diligence directly related to the assignment.

With regard to the work methods: pursuant to the recommendations of the AMF, a minimum time period for the examination of the financial statements was complied with to enable the Audit Committee to avail of the option of using external experts, as well as interviewing the Chief Financial Officer, the Statutory Auditors and the Internal Audit Officer. The Chairman of the Audit Committee reports to the Supervisory Board on the work carried out by the Audit Committee and its findings during the Supervisory Board meetings called to approve the half-year and annual financial statements.

Minutes of each Audit Committee meeting are provided to the Supervisory Board so that it is aware of matters discussed.

## Remuneration Committee

The Remuneration Committee currently comprises two members: Michel Rollier, Committee Chairman (independent member) and Victor Despature. Its mission is to submit proposals to the Supervisory Board, in particular in respect of the amount and calculation methods for corporate officers' remuneration, including findings on the variable remuneration for 2014 and proposals to be issued for the 2015 financial year, and to issue an opinion concerning the amount of attendance fees. Upon its request, external persons who are not members may attend Committee meetings.

At least once a year, the Committee calls on a firm specialised in the subject of senior executive remuneration, which provides advice on the practices that are generally applied in companies of a comparable size. During the year just ended, it met three times. The rate of attendance by the members was 83%.

The members of the Remuneration Committee report verbally to the Supervisory Board on their work and on the opinions they have issued, thus helping the Board to prepare and make decisions in terms of corporate officers' remuneration.

## REMUNERATION AND BENEFITS OF CORPORATE OFFICERS

### PRINCIPLES AND RULES DRAWN UP BY THE SUPERVISORY BOARD TO DETERMINE THE REMUNERATION AND ALL BENEFITS GRANTED TO CORPORATE OFFICERS

Directors' remuneration, which is detailed in the Management Board report, is proposed by the Remuneration Committee. It is revised each year on the basis of expert advice and is in line with the market.

### Remuneration of members of the Supervisory Board

The General Meeting sets the overall amount of attendance fees. The Supervisory Board members share the said fees on a pro rata basis according to their attendance at meetings of the Board and the Audit and Remuneration Committees: €1,100 per member per meeting of the Supervisory Board, €1,600 per member per meeting of the Audit Committee and €1,300 per member per meeting of the Remuneration Committee. As of his appointment as a member of the Supervisory Board, the Board decided to allocate to Bernard Hours, for his participation in Supervisory Board meetings, business reviews and various meetings and business travel undertaken in France and internationally on the company's behalf, a gross annual fixed sum of €60,000 in attendance fees, to the exclusion of any other remuneration. The Chairman of the Supervisory Board receives specific remuneration in relation to his duties as Chairman. This remuneration is fixed and was last revised at the Board meeting of 13 May 2015.

### Remuneration of members of the Management Board

Members of the Management Board benefit from an employment contract concluded with Somfy SA's subsidiaries.

It has become apparent to the company that, in order to attract and retain talent, members of the Management Board must enjoy the protection guaranteed by an employment contract.

At 31 December 2015, the remuneration of the members of the Management Board comprised a fixed part and a variable part. These amounts are reviewed annually.

The variable part is based on the achievement of objectives that take account of quantitative and qualitative criteria. To strengthen solidarity within the Management Board, the bases and criteria for calculating the variable remuneration have been standardised for the three Management Board members. The criteria used for the

quantitative part (referred to as "financial" criteria) are profit growth, measured by the average growth in COR (Current Operating Result) over two years; the growth in profitability of capital used, measured by the average level of ROCE (Return On Capital Employed) over two years; and lastly, business development, measured by sales growth and by its differential with the sales growth of a range of benchmarks consisting of nine companies deemed to be comparable. The criteria used for the qualitative part (referred to as "non-financial" criteria) concern the quality performance within the company, the monitoring of the Quality Management System (QMS), and the implementation of the Development Master Plan (DMP). These non-financial criteria are weighted by the Remuneration Committee's assessment of the personal and managerial involvement of the Management Board member concerned. For confidentiality reasons, the expected level of achievement of quantitative criteria, as well as the qualitative criteria, which are predetermined by the Supervisory Board, are not publicly disclosed.

Other benefits, approved by the Supervisory Board, that may be granted comprise:

- The potential allocation of stock options or performance-based shares, which are the subject of a special report as prescribed by Articles L. 225-184 and L. 225-197-4 of the Commercial Code. During the year just ended, no stock option plans or performance-based share plans were set up;
- A so-called "Article 39" supplementary retirement scheme for senior executives and directors of the Group, set up by CMC SARL. Jean-Philippe Demaël, Chairman of the Management Board, is a potential beneficiary of this pension scheme, which is described in more detail under "Information on appointments held and remuneration received during the financial year" in the Management Board Report to the Combined General Meeting of 24 May 2016;
- The benefit in kind represented by the use of a company car: those concerned are Jean-Philippe Demaël, Jean Guillaume Despature and Pierre Ribeiro;
- The benefit of the incentive bonus, profit sharing and the additional amount paid to the personal payments made to the employee savings plan applicable within CMC SARL and Somfy SAS for holders of employment contracts. Members of the Management Board concerned: Jean-Philippe Demaël, Jean Guillaume Despature and Pierre Ribeiro.

Their value is separately disclosed in the Management Board report, just as the remuneration mentioned in this report is disclosed in its entirety and includes the salaries paid under employment contracts.

## CONDITIONS OF SHAREHOLDERS' PARTICIPATION IN GENERAL MEETINGS

The bylaws allow for the following arrangements:

- All shareholders have a right to attend General Meetings and participate in their deliberations, in a personal capacity or by proxy;
- They may vote remotely. If the Management Board or Supervisory Board provides for this at the time of notice of the meeting, all shareholders may also participate in General Meetings by video-conference or by any communication means that enable their identification according to the terms and conditions set out by the law and regulations and that are specified in the notice of the meeting: the shareholder will, in this case, be deemed to be present for the calculation of quorum and majority;
- The right to participate in Meetings is contingent upon the shareholder providing proof of his/her identity and the registration of the securities in his/her name (or in the name of the intermediary recorded on their behalf if he/she resides abroad) at midnight Paris time on the second working day preceding the Meeting, either in a nominative account or in the records of bearer shares held by an authorised

intermediary, and this in one of the places mentioned in the notice of the Meeting;

- The attendance in person of the shareholder cancels all proxy or remote voting.

## ELEMENTS LIABLE TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

The disclosures referred to by Article L. 225-100-3 of the Commercial Code relating to elements liable to have an impact in the event of a public offering are published in the paragraph entitled "Elements liable to have an impact in the event of a public offering" of the management report prepared by the Management Board in respect of the financial year ended 31 December 2015.

## INTERNAL CONTROL

### INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES IMPLEMENTED BY THE COMPANY

#### COMPANY OBJECTIVES IN TERMS OF INTERNAL CONTROL PROCEDURES

The internal control function, inspired in practical terms by the AMF framework available at [www.amf-france.org](http://www.amf-france.org) has the following purposes:

- To ensure that management action and the completion of transactions as well as the behaviour of personnel is in line with the framework defined by the Management Board under the control of the Supervisory Board in conditions defined by the bylaws, applicable laws and regulations, and by the internal values, standards and rules of the company;
  - To verify that the accounting, financial and management information reported to the Management Board and Supervisory Board or to Committees formed within them, fairly reflects the operations and position of the company by checking their reliability, traceability and availability;
  - To prevent and control the risks arising from the business and the risk of errors or fraud, particularly in accounting and financial areas;
  - To secure the property, plant and equipment and intangible assets.
- Thus, it strives to ensure: a) compliance with laws and regulations; b) the application of instructions and directions set by General Management or the Management Board; c) the proper operation of the internal processes of the company, notably those concerning the safeguarding of its assets; d) the reliability of financial information. It cannot provide an absolute guarantee against human error.

#### INTERNAL CONTROL STRUCTURES

##### Supervisory Board

Under French law, this is the body that controls the management of the company carried out by the Management Board.

##### Internal Audit

Under the supervision of the Audit Committee, the Internal Audit Department reports to the Group CFO, a member of the Management Board.

The department is made up of an Internal Audit Officer and the equivalent of 3.5 full time auditors, and carries out audits in all the Group's subsidiaries, based on an annual audit plan.

This plan, prepared together with the Management of Somfy Group, is approved by the Management Board and then validated by the Audit Committee. It is in particular based on an assessment of the level of risk of each entity and the significance of areas to be covered by an audit. The assignments included in the audit plan provide an independent assessment of the efficiency of the system of internal control in each entity.

Where appropriate, the principal weaknesses identified in internal control are reported and recommendations are issued. Monitoring of the implementation of the recommendations takes place twice a year, as well as during monitoring assignments on the ground. Every year, a report is presented to the Management Board and to the Audit Committee.

In addition, urgent assignments that were not provided for in the audit plan may be carried out during the year at the request of the Management Board or the Audit Committee.

Twice a year, the Internal Audit Officer presents a report on the activities of the Department to the Management Board and to the Audit Committee.

#### KEY ELEMENTS OF INTERNAL CONTROL PROCEDURES

The processes and organisation described hereafter were implemented by the Management Board, as internal control falls within its jurisdiction.

##### Description of internal control procedures in relation to the preparation of accounting and financial information

##### **Strategic, budgetary and reporting processes**

The preparation of the budget is part of an annual strategic process involving all the Activities, Business Areas and Business Units, as well as all the Divisions, which define their own key objectives, in line with the strategic guidelines set by General Management.

The overall budget is prepared as part of an iterative process involving all Group players. It is the result of the consolidation of local budgets. After approval by the General Management of the Group, every manager becomes responsible for meeting his/her own budget.

The measurement of the achievement of objectives set out in the budgets is carried out through a system of matrix reporting on a monthly and quarterly basis, which enables results to be produced on several axes (Business Area, Business Unit and Activity). It comprises the standard financial data: operating accounts and balance sheet indicators, and non-financial performance indicators.

Reporting is complemented by strategic reports and quarterly updates of forecast sales and profit for the current year. These measurements enable a follow-up of the achievement of objectives and provide corrective actions on a matrix basis and at all levels of responsibility (consolidation, Business Areas, Business Units, Activities, Legal Companies, Departments and Services).

In addition, three three-year plans, in line with Group strategy and revised annually, are overseen by Management. They include:

- A PSMP (Products and Solutions Master Plan) which relates to the development of the range of products and solutions,
- An industrial and logistics master plan for production facilities,
- A master plan for information systems.



## Preparation of financial statements

The Somfy Group has defined a unique and common framework for the recording of accounting and financial information.

It resulted in the definition and implementation within all subsidiaries of a Group chart of accounts, as well as the definition and implementation of the main management procedures (inventories, non-current assets, trade receivables, etc.), which are formalised in the Group Procedure Manual relayed through and updated on the Group's 'Teepee' intranet. Furthermore, the Group is pursuing its policy of rolling out common software and a joint ERP.

The proper application of the chart of accounts, procedures and reporting reliability is monitored by visits to subsidiaries, planned within the context of year-end and half-year closing. It is also verified during the budget preparation and monthly reporting processes.

The Group team responsible for the development and control of financial statements comprises the Group Financial Department and the Financial Department of Somfy, represented by its manager, and comprising:

- The consolidation team,
- The central financial control team.

This team relies on financial controllers, based in each Business Area, reporting to the Group in its ten geographical areas.

In addition, each of the Activities benefits from at least one dedicated financial controller.

The Group endeavours to lead this network via international meetings and on-going training of accountants and financial controllers.

Particular care is taken with risk analysis, through a review of asset provisions and provisions for liabilities and charges, as well as off-balance sheet commitments.

At each year-end, inventories are verified either through a complete physical stock-take or by a rolling physical stocktaking procedure.

Trade receivables are the subject of credit risk analyses with respect to the measurement of provisions. In addition, the company hedges the majority of its risk by entering into customer credit insurance contracts, both in France and abroad.

Intragroup purchases, sales and balance sheet items are confirmed monthly.

Inventory amounts originating from the Group are determined in all entities in order to eliminate internal profit margins on inventories.

A pre-closing meeting is organised each half-year with the Legal Department to identify all liabilities and possible or stated litigation and to calculate, with reference to the progress of cases, corresponding provisions for liabilities and charges.

The review of various contracts, deposits, sureties and guarantees also serves to identify off-balance sheet commitments.

The consolidation packages, including: balance sheet, income statement, cash flow tables and related data, are then sent to the Consolidation Department according to a predefined planning schedule.

## Financial statements control

The Consolidation Department, after verifying the completeness of financial information, the proper application of closing procedures and restatements, performing the intragroup account reconciliations and verifying the net equity justification, performs financial statement consolidation using dedicated software.

The consolidated financial statements are prepared in accordance with IFRS. In addition, accounting options selected are presented to and approved by the Audit Committee.

## Financial communication

Following their approval by the Supervisory Board, the half-year and full-year financial statements are presented to the financial community under the auspices of the SFAF (French financial analyst society) and published in a report posted on the financial issuer's website ([www.somfyfinance.com](http://www.somfyfinance.com)) as well as via a primary information provider ([www.lesechos-comfi.fr](http://www.lesechos-comfi.fr)).

The other regulated information referred to in Article 221-1 of the AMF's General Regulations is also available on both these sites. Relevant information relating to the company's business activities is presented to the Audit Committee.

## IT systems

The BaaN integrated management package is installed in most distribution subsidiaries, excluding Asia, where ERP Accpac has been rolled out in the majority of cases.

For the companies that have an ERP (BaaN or Accpac) installed, standard parameters are included (comprising a chart of accounts, analytical follow-up and procedures).

Completion of the budget, monthly reporting, margin analysis by product family and legal consolidation are all carried out on the same platform (Hyperion), which improves uniformity and facilitates the analysis of information.

The BaaN Manufacturing module is installed on the Group's main production sites: Cluses, Gray, Zriba, Bologna and Kraków.

Furthermore, the various Group development centres use the CrossRoads tool, a unique data management system for the development of products throughout their life cycle. It contributes to the efficiency of development processes and to the improvement of product quality.

Lastly, the Ariane tool, which helps manage and monitor general expenses liabilities, was also rolled out at Somfy SAS, SITEM and Simu. An IT Systems transformation programme was also initiated in 2015 to support the digital transformation of internal operational practices and in relation to customers.

In this way, two projects are underway, namely the migration to Microsoft's OFFICE 365 collaborative suite including corporate messaging, and the implementation of the Salesforce solution to manage relationships with our customers and consumers. Both these projects will be spread over 2016 and 2017.

## Internal control monitoring

An Internal Control animation is in place and has the following objectives:

- The maintenance of reliable internal control within the Group: ensuring statutory financial and reporting data is secure and reliable (risk identification, definition of control procedures), validating the Group's accounting and management methods, while ensuring these can be accommodated by IT systems,
- Internal Audit assignment follow-up: review of Internal Audit reports, identification of action plans to be implemented, action plan follow-ups via biannual internal control reporting,
- The development of a plan to secure half-year closings (in line with the Consolidation Department): including a schedule for visiting subsidiaries, identification of matters requiring attention, review of visit reports and action plan follow-up.

Members of Internal Control meet once a month to discuss the latest audit reports issued and other matters, such as closing visits or training programmes to be provided to financial controllers.

The monitoring of the internal control ensuring better knowledge, smooth communication, and regular follow-up of risks and associated controls, is initiated through the following dedicated tools:

- A self-assessment tool for subsidiaries through which Internal Audit may launch monitoring programmes on specific areas;
- A software tool dedicated to the follow-up of recommendations, which more specifically allows Internal Audit to centralise all recommendations resulting from their audits, the entities audited to capture their corresponding action plans, and the Group's Internal Control unit to follow their implementation.

The use of all these resources is closely monitored by the Audit Committee, which is regularly informed of the progress achieved and the results obtained.

A biannual reporting process has also been established for the benefit of the Group Executive Committee and the managers of all subsidiaries in relation to the progress of action plans and the resolution of weaknesses that have been identified.

Certain improvements are directly addressed by entities at a local level, while others are looked into centrally by the Internal Control Department and/or in collaboration with the Group's IT Department. Lastly, the Internal Control Department is also responsible for the centralised monitoring of risks and the update of risk mapping, in collaboration with the Internal Audit Department specifically in relation to the methodology.

### **Mapping of risks**

Group management firmly believes that risk management and control contributes to:

- Creating and preserving the value, assets and reputation of the company;
- Securing the company's decision-making and processes to facilitate the achievement of targets;
- Encouraging actions that are consistent with the company's values;
- Bringing company staff together around a common approach to major risks.

The mapping of Group risks is updated every year. In 2013, the methodology for identifying operational risks changed. This mapping is now carried out during the first quarter (post budgetary planning) to include the inputs resulting from this process into the year. A risk owner is appointed for each operational risk.

Strategic risks are examined during the biannual process of the Group's strategic review.

Where relevant, a connection is made between the risks included in this mapping and the internal audit plan.

The results of this risk evaluation are presented each year to the Executive Committee, as well as to the Management Board and the Audit Committee.

### **Treasury Committee/Group Cash Management**

The Group Treasury Department reports to the Group Chief Financial Officer.

The Group Treasury Department is responsible for carrying out transactions in cash management, financing and managing risks of a financial or banking nature, and providing technical support to subsidiaries' cross-company functions, in connection with the Group's operations.

It has a duty to warn the Group Chief Financial Officer, the Treasury Committee or the Management Board of developments in the relevant markets and the fair assessment of risks.

A Treasury Committee meeting is held each month, chaired by the Group's Treasurer, to review:

- Deposits,
- Funding,
- The Group's net debt,
- Off-balance sheet banking commitments,
- Foreign exchange positions,
- A macroeconomic review of the market,
- The Group's cash and debt positions (current and forecast),

- Miscellaneous items: ongoing acquisitions, follow-up of late payments, guaranties/securities, Group loans,
- Miscellaneous projects (multi-currency cash pooling),
- The Group's net financial income/(expense) (twice annually).

This Committee comprises the following members:

- The Group CFO,
- The Administrative and Financial Director,
- The Financial Manager of holding companies,
- The Head of Group Consolidation,
- The Group Treasurer,
- Members of the Group Treasury Department.

Members of the Management Board are ex-officio members and have a standing invitation to Committee meetings.

The role of the Treasury Committee is twofold:

- Strategic: to define the overall policy in terms of Group Cash Management, financing, and interest rate, exchange rate and investment risk management. They also include the follow-up of Group subsidiaries' equity balance sheet items;

- Operational: to guarantee the regular monitoring of Group Cash Management's actions. These are detailed in a monthly trend chart.

The rules and procedures relating to Somfy Group's Cash Management have been formalised in the Cash Management Charter, which covers the following:

- Ethics,
- Liquidity/exchange rate/interest rate risk,
- Deposit of excess cash,
- Counterparty risk,
- Governance.

This charter was subject to a quality review in the second half of 2015.

A Group Treasury Charter has been in place since 1 November 2013 to define best practices and list in a single document the guidelines that ensure the secure, economical and efficient management of financing and deposit operations, and more generally of cash management within the Somfy Group.

This Group Treasury Charter is applicable to all subsidiaries controlled directly or indirectly by Somfy SA and specifies their roles and responsibilities regarding the management of their financing, deposits, banking flows and more broadly speaking their cash management transactions.

An international multi-currency cash pooling project was launched in mid-2014. The consultancy firm bfinance supported the Group in this process. Implementation began in 2015 with HSBC for APAC and Middle East hedging, and with BNP Paribas for North America and Europe. The project is scheduled to end in November 2016.

### **Accreditations and quality procedures**

The Somfy Group has been implementing an approach to Quality Management by following ISO 9001 processes since 1995.

Companies that are currently ISO 9001-certified by Lloyd Register Quality Assurance (LRQA), or by other local organisations, are Somfy SAS, Simu SAS, WAY (merger of Asa and Mingardi), SITEM, Somfy GmbH, Somfy BV, BFT SpA, LianDa, Domis and SOPEM.

These companies represent the majority of the operations consolidated by the Group.

The entire personnel of these companies are thus involved in this process, including the R&D Department, as well as the Purchasing, Manufacturing, Production, Sales and Logistics Departments.

Internal quality audits are implemented in accordance with an annual audit plan, defined according to the company's strategic priorities and in a manner so as to control the risks inherent in operational processes. Corrective or preventive actions are managed within each operating or support department.

The list of operational and support processes falling within the scope of application of Quality Management, as well as their indicators,



reference documents and monitoring committees, are defined in the company's quality manual.

Process control is implemented through compliance with the requirements specified in the various parts of the quality framework (guidelines, procedures, departmental methodological guides, etc.) and the continuous improvement principle applied to each of them.

The Quality approach is a key area of the Group's strategy and the Management of the company is committed to its rollout and monitoring.

#### **Risk coverage - Insurance**

The Group risk prevention and protection policy is determined by Corporate Services, in collaboration with insured entities and in partnership with its brokers and insurers. The vast majority of facilities are insured by Group policies which include direct risks (fire, theft, etc.), loss of profit, general civil liability (including corporate officers' civil liability) and transport of goods. Other units and risks are covered by insurance policies that fall within the remit of local managers, and if necessary, with the support of Corporate Services.

## **PROJECTS COMPLETED AND IN PROGRESS**

— Projects carried out in 2015 relating to internal control and risk management included:

- Finalisation of the Ethics Charter enabling the Group to formally set out its principles of ethical conduct to ensure their operational application. This document applies to all Group employees, and where relevant also refers to other existing charters and procedures. To allow optimal appropriation of this document, it has been translated into 14 languages, and an e-learning platform dedicated to ethics has been created, including a theory section and practical cases based on ethical dilemmas. A network of 30 ethics officers has been set up facilitating local relay and discussions in the Business Areas and the Group's different scopes. An Ethics Committee meets at least three times a year to continue to lead the process and handle ethical alerts reported via a dedicated email address, in strict confidentiality. The rollout of this Ethics Charter will be complete at all levels of the company by the end of March 2016;
- The completion by an external consultancy of an analysis of the Group's internal control and risk management system, in order to set out potential improvements to be made, based in particular on best practices identified in comparable companies. The findings of this analysis were presented to the Executive Committee, Management Board and Audit Committee. Action plans will be implemented in 2016 and 2017;
- The introduction of a Group Customer Credit Committee, which meets twice a year for the purpose of monitoring the principle internal risk taking (excess insurance) and the implementation of support and control procedures (customer risk escalation procedure, provision of a Group tool regarding daily fluctuations in trade receivables, etc.).

**The Chairman of the Supervisory Board**

06

## SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS



## SOMFY SA FINANCIAL RESULTS FOR THE LAST FIVE YEARS

€ thousands	2011	2012	2013	2014	2015
<b>1. Financial position at the balance sheet date</b>					
a) Share capital	7,837	7,837	7,837	7,837	7,400
b) Number of shares issued	7,836,800	7,836,800	7,836,800	7,836,800	7,400,000
c) Number of bonds convertible into shares	–	–	–	–	–
<b>2. Overall result of current operations</b>					
a) Net sales	2,126	2,976	2,734	1,815	3,449
b) Profit before tax, amortisation, depreciation and provision charges	156,484	101,664	55,317	100,934	285,381
c) Income tax	3,706	2,984	– 4,555	– 13,835	3,426
d) Profit after tax amortisation, depreciation and provision charges	128,982	87,034	62,455	104,596	279,484
e) Distributed profit	40,751	37,617	40,751	40,751	42,180
<b>3. Earnings per share</b>					
a) Earnings per share after tax, but before amortisation, depreciation and provision charges	20.44	13.35	6.48	11.11	39.03
b) Earnings per share after tax, amortisation, depreciation and provision charges	16.46	11.11	7.97	13.35	37.77
c) Dividend distributed per share	5.20	4.80	5.20	5.20	5.70
<b>4. Workforce</b>					
a) Number of employees at end of year	8	7	6	6	4
b) Total payroll	547	738	577	856	455
c) Amount paid in relation to employee benefits (Social Security, charities, etc.)	186	347	215	316	28



# CONSOLIDATED FINANCIAL STATEMENTS

<b>P.58</b>	Key figures		
<b>P.62</b>	2015 highlights		
<b>P.63</b>	Post-balance sheet events		
<b>P.64</b>	Consolidated income statement		
<b>P.65</b>	Consolidated statement of comprehensive income		
<b>P.66</b>	Consolidated balance sheet - Assets		
<b>P.67</b>	Consolidated balance sheet - Equity and liabilities		
<b>P.68</b>	Consolidated statement of changes in equity		
<b>P.70</b>	Consolidated cash flow statement		
<b>P.71</b>	Notes to the consolidated financial statements		
<b>P.71</b>	<u>Note 1:</u> Accounting principles	<b>P.92</b>	<u>Note 8:</u> Financial items
<b>P.71</b>	1.1 Consolidated financial statements – Basis for preparation	<b>P.92</b>	8.1 Net financial income/(expense)
<b>P.71</b>	1.2 Compliance with accounting standards	<b>P.92</b>	8.2 Financial assets and liabilities
<b>P.71</b>	1.3 Judgements and estimates	<b>P.96</b>	8.3 Financial risk management policy
<b>P.71</b>	1.4 New applicable standards and interpretations	<b>P.97</b>	<u>Note 9:</u> Analysis of cash flow statement
<b>P.72</b>	<u>Note 2:</u> Consolidation scope	<b>P.97</b>	9.1 Cash and cash equivalents
<b>P.72</b>	2.1 Consolidation method	<b>P.97</b>	9.2 Intangible assets and property, plant and equipment
<b>P.72</b>	2.2 Foreign exchange translation	<b>P.98</b>	9.3 Change in working capital requirement
<b>P.73</b>	2.3 Business combinations	<b>P.98</b>	<u>Note 10:</u> Provisions and contingent liabilities
<b>P.73</b>	2.4 Non-current assets (or groups thereof) held for sale or distribution and discontinued operations	<b>P.98</b>	10.1 Provisions
<b>P.76</b>	<u>Note 3:</u> Restatement of previously-published financial statements	<b>P.99</b>	10.2 Contingent liabilities
<b>P.80</b>	<u>Note 4:</u> Segment reporting	<b>P.99</b>	<u>Note 11:</u> Employee information
<b>P.81</b>	<u>Note 5:</u> Operating data	<b>P.99</b>	11.1 Workforce
<b>P.81</b>	5.1 Sales	<b>P.99</b>	11.2 Employee benefits
<b>P.82</b>	5.2 Other operating income and expenses	<b>P.102</b>	11.3 Share-based payments
<b>P.82</b>	5.3 Inventories	<b>P.103</b>	<u>Note 12:</u> Current and deferred tax
<b>P.83</b>	5.4 Trade receivables	<b>P.104</b>	12.1 Tax proof
<b>P.84</b>	5.5 Other current and non-current receivables	<b>P.105</b>	12.2 Deferred tax directly taken to equity
<b>P.84</b>	5.6 Other current and non-current liabilities	<b>P.105</b>	12.3 Analysis by nature
<b>P.84</b>	<u>Note 6:</u> Property, plant and equipment and intangible assets	<b>P.106</b>	<u>Note 13:</u> Off-balance sheet commitments
<b>P.84</b>	6.1 Goodwill and impairment tests	<b>P.106</b>	13.1 Commitments given
<b>P.86</b>	6.2 Other intangible assets	<b>P.106</b>	13.2 Commitments received
<b>P.88</b>	6.3 Property, plant and equipment	<b>P.106</b>	13.3 Commitments to acquire additional shares in companies not fully-consolidated
<b>P.91</b>	<u>Note 7:</u> Equity and earnings per share	<b>P.106</b>	<u>Note 14:</u> Investments in associates and related parties
<b>P.91</b>	7.1 Equity	<b>P.106</b>	14.1 Investments in associates
<b>P.91</b>	7.2 Earnings per share	<b>P.107</b>	14.2 Related-party disclosures
		<b>P.111</b>	<u>Note 15:</u> List of consolidated entities
			<u>Note 16:</u> 2015/2014 cross-reference table



## CONSOLIDATED FINANCIAL STATEMENTS

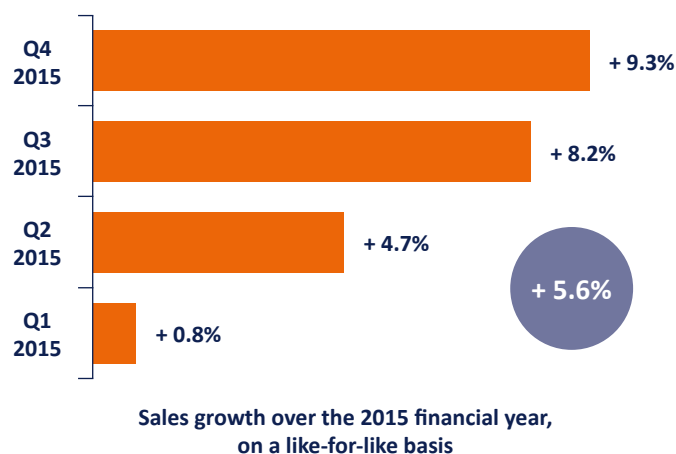
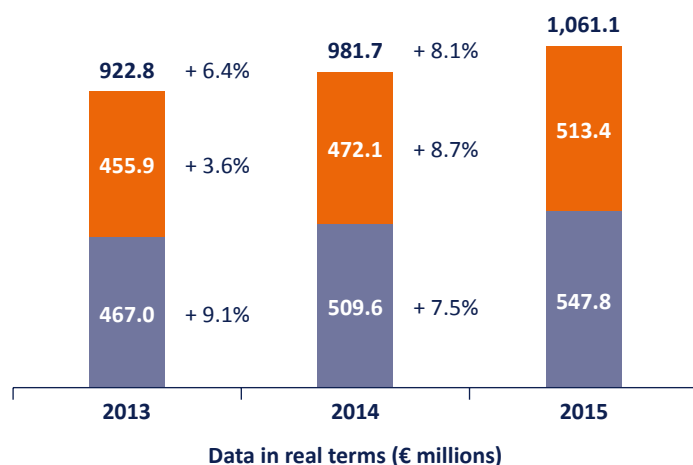
### KEY FIGURES

€ millions	31/12/15	31/12/14
Sales	1,061.1	981.7
Current operating result	165.6	149.7
Net profit	164.8	38.1
Net investments in property, plants and equipment and intangible assets	47.2	45.5
Cash flow	171.6	148.4
Net financial debt	- 1.2	199.9

(-) Net financial surplus.

### SALES GROWTH

Consolidated data (€ millions)	2014	2015	15/14 % change
Sales	981.7	1,061.1	+ 8.1%



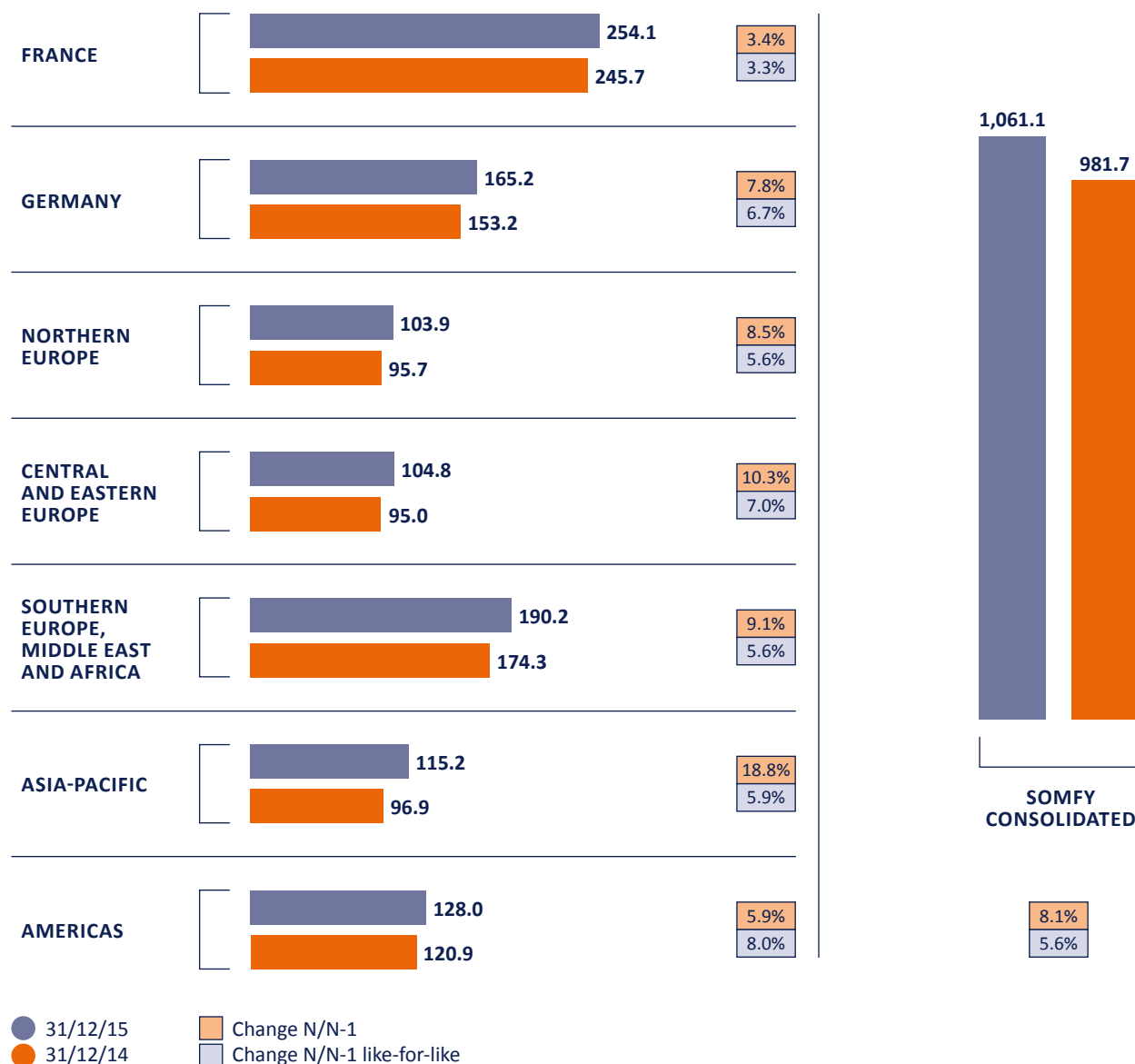
Group sales totalled €1,061.1 million for the year just ended, an increase of 8.1% in real terms compared with the previous year, growing 5.6% on a like-for-like basis, including 2.9% over the first half-year and 8.7% over the second.

All geographic regions achieved growth by the end of the year, with several of them recording a marked acceleration in the second half, partly due to a favourable base effect.

Central and Eastern Europe, Southern Europe<sup>1</sup> and Northern Europe again stood out (up 7.0%, 5.6% and 5.6% respectively over the financial year based on a like-for-like basis), benefiting amongst other things from expansion in Poland, the Czech Republic, the Middle East and Africa, as well as from the continued recovery of the Iberian Peninsula, the UK and the Netherlands.

America and Asia-Pacific also performed well overall (up 8.0% and 5.9% respectively over the financial year based on a like-for-like basis). Admittedly, they suffered from the downturn in Brazil and Korea and from the slowdown in China, but conversely fully capitalised on the dynamism of North America, Mexico, Australia and Japan.

Germany and France<sup>2</sup> recovered as the year progressed, due in particular to the base effect<sup>3</sup>, and as a result successfully offset the downturn seen at the beginning of the year (up 6.7% and 3.3% respectively over the financial year based on a like-for-like basis, including growth of 11.5% and 9.5% in the second half-year).



Sales by geographic region in € millions

1. Africa and the Middle East are included in Southern Europe.

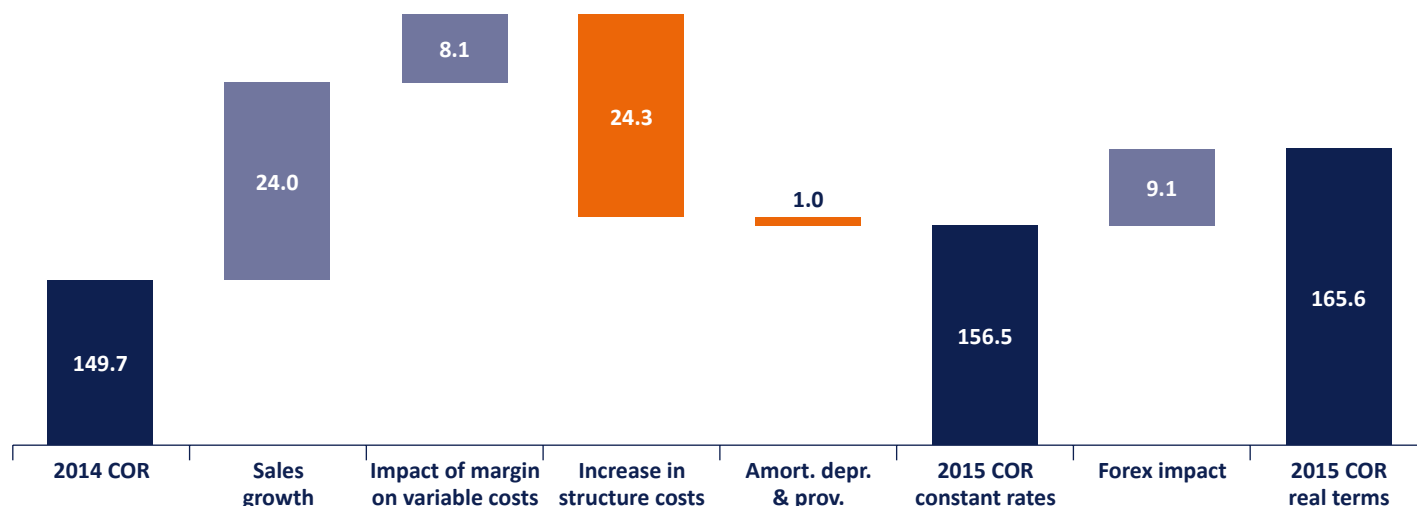
2. For the purpose of sales analysis, both France and Germany constitute geographic regions in their own right due to their respective weight within the Group.

3. The loss of a significant client, owing to default, had a significantly negative impact on sales over the last few months of the previous financial year in France.



## GROWTH IN CURRENT OPERATING RESULT

Consolidated data (€ millions)	2014	2015	15/14 % change
Current operating result	149.7	165.6	+ 10.6%

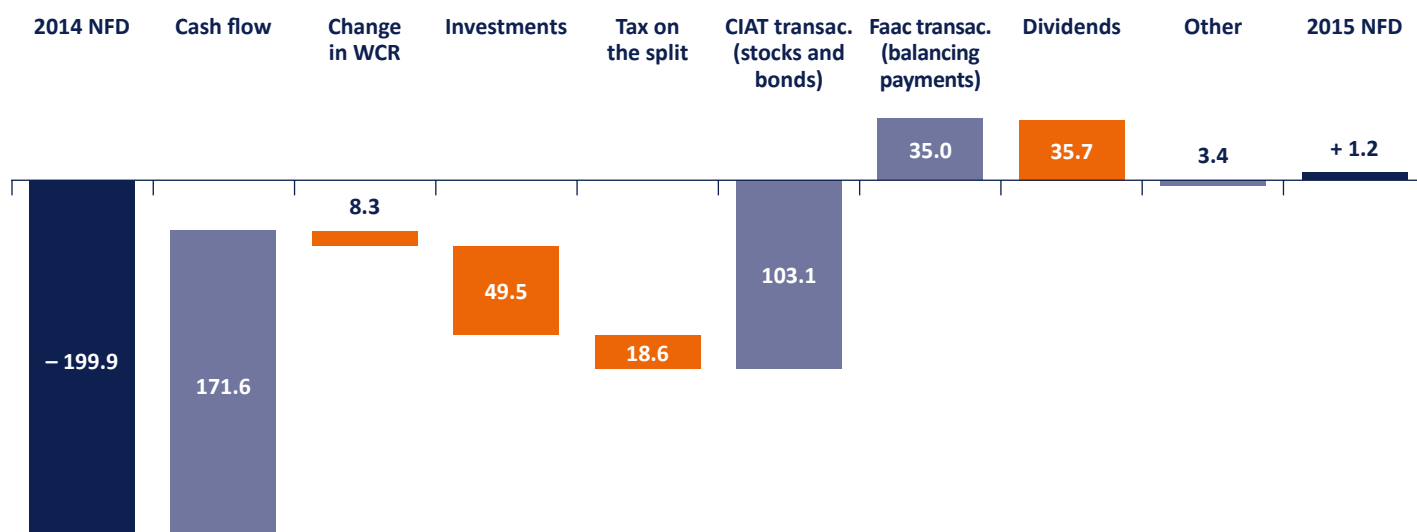


Current operating result was €165.6 million for the financial year, up 10.6% and representing 15.6% of sales, compared with 15.3% the previous year. The increase is attributable to sales growth, foreign exchange gains and a healthy gross margin. It was achieved against the backdrop of a significant rise in structure costs, due to the continuation of the investment plan initiated in previous years and the resulting increase in research and development expenses.

## GROWTH IN NET PROFIT

Net profit was €164.8 million, boosted by the proceeds from the exit from CIAT and Faac's share capital (€5.9 million and €33.9 million respectively) but curtailed by provisions for the writedown of financial interests in Garen Automação and Giga (€6.7 million in total). Net profit restated for exceptional items<sup>4</sup> was €127.2 million, an increase of 9.2%.

## NET FINANCIAL DEBT



The net cash position<sup>5</sup> went from a net financial debt of €199.9 million to a net cash surplus of €1.2 million between the start and the end of the financial year. The improvement is closely linked to the high level of cash flow, a controlled increase in working capital requirement and the payments received following the exit from the share capital of both CIAT and Faac.

4. Net profit has been restated primarily for the capital gains on disposals and goodwill impairment recognised in 2014 and 2015.

5. The net cash position corresponds to the difference between financial assets and financial liabilities.

## OUTLOOK

---

The current financial year should be marked by an unstable environment in the Americas and Asia, particularly in China, due to the local economic and monetary uncertainties, and by a rebalancing in Europe following the catching-up process seen over the recent period in regions such as Benelux and the Iberian Peninsula.

The investment effort will nevertheless be maintained, even increased in certain areas, mainly focusing on product innovation and brand promotion, in order to permit the Group to fully benefit from new market opportunities (expansion of connected objects, development of environmentally responsible solutions, etc.).

## 2015 HIGHLIGHTS

### DISPOSAL OF CIAT

On 5 January 2015, Somfy SA transferred its 46.1% equity investment in the share capital of CIAT Group to United Technologies Corporation. The transaction was worth €117 million, including €38 million related to the disposal price of the securities, excluding costs, and €79.4 million for the redemption of the CIAT bond issue originally subscribed to by Somfy.

The payment of the transfer price includes a deferred portion totalling €10.5 million spread between 2016 and 2019.

The disposal generated a consolidated net capital gain of €5.9 million in 2015.

Pursuant to IFRS 5, the impact of the disposal on the income statement, the balance sheet and the cash flow statement has been highlighted in specific lines in 2014 and 2015.

### CANCELLATION OF FAAC SHARES

In May 2015, Faac and Somfy Groups concluded that there were no joint development projects and therefore decided to undo the existing capital links (Somfy's 34% holding in the share capital of Faac and Faac's 7.3% stake in Somfy).

The transaction to unwind their mutual equity interests involved the exercise of a statutory right to withdraw and thus gave rise to the cancellation of the Faac shares held by Somfy. As consideration for this, the 571,400 Somfy shares held by Faac were returned to Somfy and a compensation balance of €50.7 million was set, the payment of which included a deferred amount of €13.2 million spread over 2016 and 2017.

This transaction generated a financial income of €35.7 million, net of expenses, and is reflected in the cash flow statement by the collection of €150.8 million related to the exit of the Faac securities and a movement of -€115.7 million involving Somfy SA treasury shares.

In addition, some of the returned Somfy shares (436,800 shares) have been cancelled to restrict the percentage of the share capital held by Somfy to 7.2%. As a result, the share capital of Somfy comprises 7,400,000 shares with a par value of €1 each, including 535,880 treasury shares at 31 December 2015.

### RETURN OF GAREN'S USUFRUCT

During June, the Group decided to return the usufruct in the share capital of **Garen Automação** without consideration. This transaction was unwound on 14 July 2015 from a legal perspective and as a result Somfy SA returned to its initial position of bondholder. The decision can be explained by the deterioration of the economic situation in Brazil and by the current problems of **Garen Automação**'s owners.

The deconsolidation took place during the third quarter, leaving Somfy with the residual financial risk of non-collection of its financial receivables despite agreement on the rescheduling of repayment over a six-year period (2021). In this regard, and as a precaution, the annual financial statements include a writedown to cover the maximum risk. The exit of **Garen Automação** had a negative impact of €12.4 million on net financial income and also affected sales (2014 second-half sales were €11.4 million).

### ENTITY HELD FOR SALE: GIGA

As a result of the worsening economy in Brazil, the decline in sales seen in 2014 and an uncertain outlook, the Group took the decision to sell the Giga entity. A Restructuring Agreement, initiated in December 2015, is currently being finalised. It provides for the disposal of securities held

by Somfy SA and the partial waiver of financial receivables. Within this context, the annual financial statements include a writedown of €2.0 million recognised in the Group's net financial income, which covers the maximum risk.

Pursuant to IFRS 5, balance sheet items are classified as assets and liabilities held for sale without restatement of the comparative period. Income statement and cash flow statement items are not restated.

### CREATION OF OPENDOORS

By a decision of the Commercial Court of Versailles, Somfy Group's successfully tendered for the takeover of the business of Openways SAS. This company specialises in access control (digital locks and other security systems).

As part of this takeover, the new entity **Opendoors** was created with share capital of €0.5 million and is a fully owned subsidiary of Somfy SA. In the consolidated financial statements of 31 December 2015, the transaction resulted in the acquisition of assets and a cash outflow of €1.4 million.

### OTHER CHANGES IN GROUP STRUCTURE

Apart from the transactions discussed above, the Group made no major acquisition during the 2015 financial year.

### TAX AUDITS

**Somfy SAS** was subject in 2012 to a tax audit in relation to the 2009 and 2010 financial years. The main adjustment related to the transfer price policy implemented between Somfy SAS and other Group entities.

The inspection was completed in 2014 when agreement was reached with the Tax Authorities, and the financial impact has been recorded.

As anticipated, a tax audit covering the 2013 financial year alone took place in the first half of 2015. The adjustment issued and paid, namely €1.9 million, is in line with the provision recognised at the end of 2014.

### CONTINGENT LIABILITIES

**Somfy Mexico**, the Group's Mexican subsidiary, was subject to a tax audit in 2013 by the tax authorities in relation to foreign trade matters. The value of the proposed adjustment was €1.4 million, covering customs duties, VAT and penalties related to lack of product certification. The company brought an action against the Tax Authorities in relation to the Customs Code that should be used for importing Somfy products to Mexico. At the end of 2014, the Group considered that the arguments put forward by the Tax Authorities were disputable and remained confident in the likelihood that this ruling would be overturned. Therefore, the Group had qualified this risk as a contingent liability and no provision was recognised at 31 December 2014.

By a decision made public in early July 2015, the Fiscal Court declared the adjustment to be invalid. The Tax Authorities appealed this decision. On 10 February 2016, the Fiscal Court issued a final judgment in the Group's favour. As a result, this risk is no longer qualified as a contingent liability.

The dispute between **Somfy SA** and **Spirel** employees is ongoing before the Albertville District Court. The employees seek annulment of the transfer of the Spirel securities, which took place in 2010, and to have Somfy SA ordered to pay them damages for the alleged deliberate bankruptcy of Spirel and non-material damage caused as a result of the anxiety, disappointment and vexation they claimed to have been victim of, for a total of approximately €9.7 million. Submissions filed by

Chappel Industries France and Spirel were tabled and hearings should take place during the first half of 2016. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling.

In addition, in the course of July the employees also brought Spirel, Chappel Industries France et Somfy SA before the Albertville Labour

Court, disputing the grounds for their dismissal and claiming damages of a substantially similar amount. Submissions are currently being filed and, at this stage, Somfy SA is unaware of the grounds on which the employees are basing their appeals.

Therefore, the Group continues to qualify these risks as contingent liabilities and no provision was recognised in relation to these disputes at 31 December 2015.

## POST-BALANCE SHEET EVENTS

### FINALISATION OF GIGA'S DISPOSAL

The "Restructuring Agreement" referred to in the "Highlights" should be signed during the first half of 2016. The valuation of this entity at the end of 2015 under IFRS 5 included the assumptions of this agreement.

### CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

The Supervisory Board of 9 March 2016:

- Took note of Jean-Philippe Demaël's resignation from his office as a member and Chairman of the Management Board with effect from 9 March 2016;
- Unanimously appointed Jean Guillaume Despature, a member of the Management Board, as Chairman of the Management Board with effect from 9 March 2016, for the term of the Management Board offices which expire on 26 November 2017.

As from 9 March 2016, the Management Board is composed of:

- Jean Guillaume Despature, Chairman of the Management Board, and
- Pierre Ribeiro, Group CFO.

## CONSOLIDATED INCOME STATEMENT

€ thousands	Notes	31/12/15	31/12/14*
Sales	(5.1.1)	1,061,149	981,731
Other operating income	(5.1.2)	14,141	15,944
Cost of sales		– 381,075	– 360,903
Employee expenses		– 313,290	– 286,902
External expenses		– 175,956	– 163,131
<b>EBITDA</b>		<b>204,971</b>	<b>186,739</b>
Amortisation and depreciation charges	(6.2) & (6.3)	– 36,115	– 32,825
Charges to/reversal of current provisions		– 373	– 776
Gains and losses on disposal of non-current operating assets		– 107	– 279
<b>EBITA</b>		<b>168,376</b>	<b>152,860</b>
Amortisation of allocated intangible assets	(6.2)	– 2,773	– 3,119
<b>CURRENT OPERATING RESULT</b>		<b>165,602</b>	<b>149,741</b>
Other operating income and expenses	(5.2)	118	424
Impairment of goodwill	(6.1)	–	– 24,295
<b>OPERATING RESULT</b>		<b>165,720</b>	<b>125,870</b>
– Financial income from investments		1,347	922
– Financial expenses related to borrowings		– 4,354	– 4,831
Cost of net financial debt		– 3,007	– 3,908
Other financial income and expenses		14,476	– 2,382
<b>NET FINANCIAL INCOME/(EXPENSE)</b>	<b>(8.1)</b>	<b>11,469</b>	<b>– 6,290</b>
<b>PROFIT BEFORE TAX</b>		<b>177,189</b>	<b>119,580</b>
Income tax	(12.1)	– 18,442	– 27,288
Share of net profit/(loss) from associates	(14.1)	101	– 428
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>		<b>158,848</b>	<b>91,864</b>
<b>NET PROFIT FROM OPERATIONS HELD FOR SALE OR DISTRIBUTION</b>	<b>(2.4)</b>	<b>5,946</b>	<b>– 53,795</b>
<b>CONSOLIDATED NET PROFIT</b>		<b>164,794</b>	<b>38,069</b>
Attributable to: Group share		163,669	37,959
Non-controlling interests		1,126	110
<b>Basic earnings per share (€)</b>	<b>(7.2)</b>	<b>23.84</b>	<b>5.11</b>
<b>Diluted earnings per share (€)</b>	<b>(7.2)</b>	<b>23.81</b>	<b>5.10</b>

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ thousands	31/12/15	31/12/14*
Net profit for the period	164,794	38,069
Movement in gains and losses on translation of foreign currency	5,305	7,994
Movement in fair value of assets available for sale	- 17,370	-
Movement in fair value of interest rate hedges	-	-
Movement in fair value of foreign currency hedges	471	- 259
Movement in tax on items that may be reclassified to profit or loss	5,536	97
<b>Items that may be reclassified to profit or loss</b>	<b>- 6,058</b>	<b>7,832</b>
Movement in actuarial gains and losses	- 1,890	- 2,027
Movement in tax on items that will not be reclassified to profit or loss	713	807
<b>Items that will not be reclassified to profit or loss</b>	<b>- 1,177</b>	<b>- 1,220</b>
<b>Items of other comprehensive income directly recognised in equity</b>	<b>- 7,235</b>	<b>6,612</b>
<b>Total comprehensive income for the period</b>	<b>157,559</b>	<b>44,681</b>
Attributable to: Group share	156,434	44,571
Non-controlling interests	1,126	110

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

The difference in the net profit with the consolidated statement of changes in equity is due to the variation in the value of the put options granted to holders of non-controlling interests: a negative €1.1 million at 31 December 2015 and a negative €0.1 million at 31 December 2014.



**CONSOLIDATED BALANCE SHEET - ASSETS**

€ thousands	Notes	31/12/15 Net	31/12/14* Net
<b>Non-current assets</b>			
Goodwill	(6.1)	182,269	188,377
Net intangible assets	(6.2)	43,492	44,919
Net property, plant and equipment	(6.3.1)	231,230	228,635
Investments in associates	(14.1)	2,258	1,680
Financial assets	(8.2.1)	2,354	148,359
Other receivables	(5.5.2)	18,119	344
Deferred tax assets	(12.3)	38,505	35,912
Employee benefits	(11.2.1)	38	49
<b>Total Non-current assets</b>		<b>518,266</b>	<b>648,274</b>
<b>Current assets</b>			
Inventories	(5.3)	154,091	142,389
Trade receivables	(5.4)	142,538	150,201
Other receivables	(5.5.1)	27,892	20,702
Current tax assets	(12.1)	17,404	16,393
Financial assets	(8.2.1)	820	748
Derivative instruments - assets	(8.2.4)	226	1
Cash and cash equivalents	(8.2.5)	103,787	102,587
<b>Total Current assets</b>		<b>446,758</b>	<b>433,021</b>
<b>Assets held for sale or distribution</b>	<b>(2.4)</b>	<b>2,732</b>	<b>109,532</b>
<b>TOTAL ASSETS</b>		<b>967,755</b>	<b>1,190,827</b>

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

**CONSOLIDATED BALANCE SHEET - EQUITY AND LIABILITIES**

€ thousands	Notes	31/12/15	31/12/14*
<b>Shareholders' equity</b>			
Share capital		7,400	7,837
Share premium		1,866	1,866
Other reserves		404,725	522,966
Net profit for the period		163,669	37,959
<b>Group share</b>		<b>577,659</b>	<b>570,629</b>
Non-controlling interests		262	210
<b>Total shareholders' equity</b>		<b>577,921</b>	<b>570,839</b>
<b>Non-current liabilities</b>			
Non-current provisions	(10.1.1)	13,236	21,640
Other financial liabilities	(8.2.2)	14,723	63,127
Other liabilities	(5.6.2)	1,715	1,705
Employee benefits	(11.2.1)	21,983	20,180
Deferred tax liabilities	(12.3)	36,860	51,556
<b>Total Non-current liabilities</b>		<b>88,518</b>	<b>158,208</b>
<b>Current liabilities</b>			
Current provisions	(10.1.2)	8,580	7,869
Other financial liabilities	(8.2.2)	88,529	240,297
Trade payables		106,608	91,754
Other liabilities	(5.6.1)	90,883	90,232
Tax liabilities	(12.1)	4,913	12,233
Derivative instruments - liabilities	(8.2.4)	–	255
<b>Total Current liabilities</b>		<b>299,512</b>	<b>442,640</b>
<b>Liabilities linked to assets held for sale or distribution</b>	<b>(2.4)</b>	<b>1,804</b>	<b>19,140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>967,755</b>	<b>1,190,827</b>

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ thousands	Share capital <sup>6</sup>	Share premium	Treasury shares	Gain/loss on fair value of assets available for sale	Actuarial gains and losses	Interest rate hedges
<b>AT 31 DECEMBER 2014</b>	<b>7,837</b>	<b>1,866</b>	<b>- 72,013</b>	<b>17,370</b>	<b>- 10,393</b>	<b>-</b>
Total comprehensive income for the period	-	-	-	- 17,370	- 1,890	-
Treasury share transactions <sup>8</sup>	- 437	-	- 27,262	-	-	-
Dividends	-	-	-	-	-	-
Other movements <sup>9</sup>	-	-	-	-	-	-
<b>AT 31 DECEMBER 2015</b>	<b>7,400</b>	<b>1,866</b>	<b>- 99,275</b>	<b>-</b>	<b>- 12,283</b>	<b>-</b>

6. Share capital comprises 7,400,000 shares with a par value of €1 (see Highlights).

7. The subsequent fair values of liabilities corresponding to put options granted to holders of non-controlling interests are recognised in equity.

8. Cancellation of the 571,400 shares received as part of the Faac transaction (see Highlights).

9. Changes to the consolidation scope and foreign exchange gains and losses on equity transactions.

Consolidated data (€ millions)	2014*	2015
Equity	570.8	577.9

\* The financial statements have been restated pursuant to IFRIC 21.

€ thousands	Share capital <sup>10</sup>	Share premium	Treasury shares	Gain/loss on fair value of assets available for sale	Actuarial gains and losses	Interest rate hedges
<b>AT 31 DECEMBER 2013</b>	<b>7,837</b>	<b>1,866</b>	<b>- 72,971</b>	<b>17,370</b>	<b>- 9,816</b>	<b>- 6</b>
Total comprehensive income for the period	-	-	-	-	- 2,027	-
Treasury share transactions	-	-	958	-	-	-
Dividends <sup>12</sup>	-	-	-	-	-	-
Changes to the consolidation scope	-	-	-	-	1,129	6
Other movements <sup>13</sup>	-	-	-	-	321	-
<b>AT 31 DECEMBER 2014*</b>	<b>7,837</b>	<b>1,866</b>	<b>- 72,013</b>	<b>17,370</b>	<b>- 10,393</b>	<b>-</b>

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

10. Share capital comprises 7,836,800 shares with a par value of €1. No changes occurred during the 2014 financial year.

11. The subsequent fair values of liabilities corresponding to put options granted to holders of non-controlling interests are recognised in equity.

12. Including a €371.8 million exceptional distribution of reserves relating to the demerger.

13. Changes to the consolidation scope and foreign exchange gains and losses on equity transactions.

Consolidated data (€ millions)	2013	2014
Equity	930.3	570.8

Foreign currency hedges	Expenses related to acquisitions of non-controlling interests	Movements in put options <sup>7</sup>	Deffered tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total share-holders' equity	Non-controlling interests	Total equity (Group share)
- 220	- 2,369	- 336	- 1,910	9,210	621,795	570,839	210	570,629
471	-	-	6,249	5,305	163,660	156,425	- 8	156,434
-	-	-	-	-	- 87,506	- 115,205	-	- 115,205
-	-	-	-	-	- 35,694	- 35,694	-	- 35,694
-	-	- 196	- 39	-	1,791	1,556	60	1,496
251	- 2,369	- 532	4,301	14,515	664,047	577,921	262	577,659

		5.9	35.7				
	158.8			115.7	6.2		
570.8							577.9
2014 equity	Net profit of continuing operations	Net profit of operations sold	Dividends paid	Treasury shares (restated for the Faac transaction)	Other changes		2015 equity

Foreign currency hedges	Expenses related to acquisitions of non-controlling interests	Movements in put options <sup>11</sup>	Deffered tax	Changes in foreign exchange rates	Consolidated reserves and net profit	Total share-holders' equity	Non-controlling interests	Total equity (Group share)
40	- 2,369	- 4,014	- 2,355	1,216	993,485	930,284	- 363	930,648
- 259	-	-	904	7,994	37,972	44,584	13	44,571
-	-	-	-	-	1,107	2,065	-	2,065
-	-	-	-	-	- 410,443	- 410,443	-	- 410,443
-	-	-	- 381	-	- 196	558	558	-
-	-	3,678	- 78	-	- 131	3,790	2	3,788
- 220	- 2,369	- 336	- 1,910	9,210	621,795	570,839	210	570,629

		53.8	38.7				
	91.9			371.8	12.9		
930.3							570.8
2013 equity	Net profit of continuing operations	Net profit of operations sold or held for sale	Payment of dividends (June)	Distribution of reserves (demerger)	Miscellaneous changes		2014 equity

€253 million in Edify shares  
€118.8 million in cash distribution

## CONSOLIDATED CASH FLOW STATEMENT

€ thousands	Notes	31/12/15	31/12/14*
<b>Consolidated net profit</b>		<b>164,794</b>	<b>38,069</b>
Net profit from operations held for sale or distribution		– 5,946	53,795
<b>Net profit from continuing operations</b>		<b>158,848</b>	<b>91,864</b>
Depreciation and amortisation of assets (excluding current assets)		50,487	60,025
Charges to/reversals of provisions for liabilities		– 843	677
Unrealised gains and losses related to fair value movements		– 11	– 32
Unrealised foreign exchange gains and losses		6,033	– 330
Income and expenses related to stock options and employee benefits		3,687	3,584
<b>Depreciation, amortisation, provisions and other non-cash items</b>		<b>59,353</b>	<b>63,924</b>
Profit on disposal of assets and others		– 35,674	272
Share of net profit/(loss) from associates		– 101	428
Deferred tax expense		– 10,795	– 8,111
<b>Cash flow</b>		<b>171,632</b>	<b>148,378</b>
Cost of net financial debt (excluding non-cash items)		3,007	3,908
Tax expense (excluding deferred tax)		29,154	35,399
Change in working capital requirements	(9.3)	231	– 16,315
Tax paid		– 37,687	– 50,177
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>		<b>166,335</b>	<b>121,192</b>
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment	(9.2)	– 49,496	– 45,982
– non-current financial assets		– 118	– 603
Disposal-related proceeds:			
– intangible assets and property, plant and equipment	(9.2)	2,282	519
– non-current financial assets**		150,754	1,686
Change in current financial assets		304	240
Acquisition of companies, net of cash acquired		– 2,291	– 2,234
Dividends paid by non-consolidated companies		1	187
Interest received		397	511
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		<b>101,833</b>	<b>– 45,676</b>
Increase in loans		2,255	218,135
Reimbursement of loans		– 200,400	– 6,853
Net increase in shareholders' equity of subsidiaries		27	1
Dividends and interim dividends paid		– 35,694	– 38,666
Movement in treasury shares**		– 115,618	1,879
Interest paid		– 4,622	– 4,665
<b>NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)</b>		<b>– 354,053</b>	<b>169,831</b>
Net cash flow from operations held for sale or distribution (D)	(2.4)	82,836	– 278,141
Impact of changes in foreign exchange rates on cash and cash equivalents (E)		2,145	2,313
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A + B + C + D + E)</b>		<b>– 903</b>	<b>– 30,482</b>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>(9.1)</b>	<b>100,175</b>	<b>130,657</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>(9.1)</b>	<b>99,272</b>	<b>100,175</b>

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

\*\* Faac transaction: cancellation of the Faac shares and return of the Somfy SA shares (see Highlights).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Somfy SA** is a company governed by a Management Board and a Supervisory Board, listed on the Eurolist of Euronext Paris (compartment A, ISIN code: FR 0000120495). Somfy Group is specialised in opening and closing automation and controls for both residential and commercial buildings (blinds motors, shutters, curtains, screens, doors, gates, etc.). The head office is based in Cluses, Haute-Savoie, France.

On 8 March 2016, the Management Board approved the consolidated financial statements of the **Somfy Group** for the 12-month financial year ended 31 December 2015. Total assets were €967,755 thousand and consolidated net profit €164,794 thousand (Group share: €163,669 thousand).

The presentation of the notes to the financial statements has been amended in order to make them easier to understand and more relevant, in accordance with AMF recommendations. All of the accounting rules and policies have been included in the various Notes, which are now grouped by topic and highlighted in colour.

A table reconciling the presentation used in 2015 and in 2014 is provided in Note 16.

### NOTE 1 - ACCOUNTING PRINCIPLES

#### NOTE 1.1: CONSOLIDATED FINANCIAL STATEMENTS – BASIS FOR PREPARATION

The consolidated financial statements are presented in thousands of Euros. All amounts are rounded to the nearest thousand of Euros, unless otherwise specified.

The financial statements have been prepared in accordance with the historical cost principle, except for a number of assets and liabilities that were measured at fair value, in particular in relation to derivative instruments.

Consolidated financial statements include the financial statements of **Somfy SA** and its subsidiaries at 31 December of each year. The financial statements of subsidiaries are prepared for the same reference period as the parent company and on the basis of homogeneous accounting methods.

The financial year-end of all companies is 31 December.

#### NOTE 1.2: COMPLIANCE WITH ACCOUNTING STANDARDS

In application of European Regulation 1606/2002 of 19 July 2002 on international accounting standards, the Somfy Group's consolidated financial statements for the financial year ended 31 December 2015 have been prepared in accordance with the international financial reporting standards ("IFRS") applicable at that date, as approved by the European Union at the date of preparation of these financial statements.

#### NOTE 1.3: JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires Management to make a number of judgments, estimates and assumptions liable to affect the values of certain assets, liabilities, and income and expense items in the financial statements, and certain information provided in the notes to the financial statements. Due to the inherently uncertain nature of the assumptions, actual results may differ from estimates. The Group reviews its estimates and assessments on a regular basis to take past experience into account and incorporate factors considered relevant under current economic conditions.

The major items of the financial statements that may be subject to estimates are as follows:

- The impairment of goodwill and intangible assets and property, plant and equipment, whose measurement is specifically based on future cash flow, discount rate and net realisable value assumptions (Note 6.1 to the consolidated financial statements),
- Retirement commitments, whose measurement is based on a number of actuarial assumptions (Note 11.2.1 to the consolidated financial statements),
- Provisions for liabilities and charges,

- The measurement of options associated with stock option plans and free share allocations granted to employees (Note 11.3 to the consolidated financial statements).

As part of the preparation of these consolidated annual financial statements, the main judgments made and the main assumptions used by Management have been updated with the latest indicators used for the closing of the accounts at 31 December 2015.

At 31 December, Somfy Group reviews its performance indicators and, if necessary, carries out impairment tests if there is any indication that an asset may have been impaired.

#### NOTE 1.4: NEW APPLICABLE STANDARDS AND INTERPRETATIONS

##### Note 1.4.1: Standards, amendments and interpretations applicable within the European Union with effect from annual periods beginning on or after 1 January 2015

The Group has applied the following standards, amendments and interpretations as of 1 January 2015 at the latest:

Standards	Content	Application date
IFRIC 21	Levies	Applicable from 1 January 2015

Apart from the application of IFRIC 21, no new standards had a material impact on the Group's results and financial position.

Since the application of this interpretation is retrospective, the restatement of financial statements is provided in Note 3.



**Note 1.4.2 : Standards and interpretations not yet applicable in the European Union**

Standards	Content	Application date
IFRS 9	Financial instruments: classification and measurement and subsequent amendments to IFRS 9 and IFRS 7	Applicable from 1 January 2018
IFRS 15	Revenue recognition	Applicable from 1 January 2018
Amendments to IFRS 11	Acquisition of interests in a joint operation	Applicable from 1 January 2016
Amendments to IAS 16 and IAS 38	Clarification on acceptable methods of depreciation and amortisation	Applicable from 1 January 2016
Annual improvements to IFRS	2012-2014 cycles	The amendments will be effective for financial years beginning on or after 1 January 2016. Early application is permitted.
Amendment to IAS 27	Equity method in separate financial statements	Applicable from 1 January 2016
Amendments to IFRS 10, IFRS 12, and IAS 28	Investment entities: exemption from preparing consolidated financial statements	Applicable from 1 January 2016
Amendment to IAS 1	Preparation of financial statements	Applicable from 1 January 2016
Amendment to IFRS 10 and IAS 28	Sales or contributions of assets between the group and its equity associates	Application date not specified
Annual improvements to IFRS	2010-2012 and 2011-2013 cycles	Mandatory application for financial years beginning on or after 1 February 2015
Amendments to IAS 19	Employee contributions	Applicable for financial years beginning on or after 1 February 2015
IFRS 14	Regulatory deferral accounts	Applicable from 1 January 2016

Amendments will apply prospectively for annual periods beginning on or after 1 January 2016.

The Group did not opt for the early application of any of these new standards or amendments and is currently assessing the impact resulting from their initial application.

Detailed information is available on the following website: <http://www.ifrs.org>

**NOTE 2 - CONSOLIDATION SCOPE****NOTE 2.1: CONSOLIDATION METHOD****EXCLUSIVE CONTROL**

Companies are fully consolidated when they are controlled by the Group. The concept of control means the power to govern the financial and operational policies of an affiliated company so as to benefit from its operations.

Control is generally deemed to exist where the Group holds more than half of the controlled company's voting rights. Financial statements of subsidiaries are included in the consolidated financial statements from the date of effective control transfer, until control ceases to exist.

Minority shareholders' interests are included in the balance sheet under a separate headline called "non-controlling interests". Non-controlling interests' share of net profit is presented separately in the income statement as an allocation of profit for the period.

**JOINT CONTROL AND SIGNIFICANT INFLUENCE**

Companies over which the Group exercises control jointly with a limited number of partners based on a contractual agreement are consolidated using the equity method.

Associates are companies over which the Group has significant influence on their financial and operating policies, but does not

control them. Companies over which the Group has significant influence are consolidated using the equity method. Acquisition expenses are recorded in the cost of acquisition of the shares.

The consolidation scope is presented in Note 15 to the consolidated financial statements.

**NOTE 2.2: FOREIGN EXCHANGE TRANSLATION**

The consolidated financial statements at 31 December 2015 have been prepared in Euros, which is the parent company's functional currency. Each Group entity determines its functional currency and items included in the financial statements of each of these entities are measured in this functional currency.

**RECOGNITION OF FOREIGN CURRENCY DENOMINATED TRANSACTIONS IN THE FINANCIAL STATEMENTS OF CONSOLIDATED COMPANIES**

All foreign currency denominated income statement transactions are translated at the exchange rate applicable on the transaction date. Foreign currency denominated amounts included in the balance sheet are translated at the exchange rate applicable at year-end. Resulting translation differences are recorded in the income statement.

**TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS**

The financial statements of Group companies which have a different functional currency to the parent company are translated into Euro, as follows:

- Assets and liabilities, including goodwill and adjustments related to consolidation fair value are translated into Euro at the year-end exchange rate;
- Income and expenses are translated at the average exchange rate for the period, provided significant variations in the exchange rates do not call this method into question;
- Differences on translation arising are directly recorded in the consolidated financial statements equity section.

Unrealised exchange differences relating to monetary values that are an integral part of the net investment in foreign subsidiaries are recorded in translation adjustment in equity until the disposal of the investment, at which date they are taken to the income statement. No significant Group subsidiary operates in countries whose economy is hyperinflationary.

**NOTE 2.3: BUSINESS COMBINATIONS**

When a company is incorporated in the consolidation scope, the identifiable assets, liabilities and contingent liabilities of the acquired entity are measured at fair value measured at the date of acquisition, except for non-current assets classified as assets held for sale, which are recognised at the fair value net of disposal costs. Goodwill is measured as the difference between total identifiable assets, liabilities and contingent liabilities of the acquired entity, individually estimated at fair value, and the transferred consideration (acquisition price) measured at fair value of the assets received.

At the date of the acquisition and for each business combination, the Group can opt for the partial goodwill method (limited to the equity interest acquired by the Group) or for the full goodwill method. If it opts for the full goodwill method, minority interests are measured at fair value and the Group recognises goodwill on all identifiable assets and liabilities.

Business combinations prior to 1 January 2010 have been treated in accordance with the partial goodwill method, which was the only method applicable until that date.

In the case of a business combination achieved in stages, the previously held equity interest is remeasured at fair value at the acquisition date. The difference between the fair value and the net book value of this investment is recognised directly in operating profit. Restatements of asset and liability values relating to acquisitions recognised on a provisional basis (due to expertise work in progress or supplementary analyses) are recognised as retrospective restatements of goodwill if they occur within 12 months following the acquisition date.

Beyond this deadline, the impacts of restatements are directly recognised in profit or loss for the financial year, except for error corrections.

In addition, earn-out payments are included in the acquisition cost at their fair value at the acquisition date and regardless of their probability. During the valuation period, subsequent adjustments are offset against goodwill where they relate to facts and circumstances that existed at the acquisition date. If not, and after the end of this period, adjustments to earn-out payments are recognised directly in the income statement, unless the earn-out payments are offset against an equity instrument.

Newly-acquired companies are consolidated from the date of effective control or investment.

**NOTE 2.4: NON-CURRENT ASSETS (OR GROUPS THEREOF) HELD FOR SALE OR DISTRIBUTION AND DISCONTINUED OPERATIONS**

Pursuant to IFRS 5 – Non-current assets held for sale, a non-current asset or asset group must be classified in the balance sheet as held for sale if its book value will be recovered principally through a sale transaction rather than through continuing use. Within the meaning of the standard, “sale” includes sales, distributions and exchanges against other assets. The non-current asset or asset group held for sale must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets and their sale must be highly probable. For a sale to be regarded as highly probable, the following criteria must be met:

- The appropriate level of management must be committed to a disposal plan;
- An active programme to locate a buyer and complete the plan must have been initiated;
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The disposal must be reliably expected to be completed within 12 months from the reclassification of the assets as held for disposal or exchange;
- The actions required to complete the plan must indicate that it is unlikely that significant changes will be made or that the plan will be withdrawn.

Prior to their reclassification as “Assets held for sale”, the non-current asset or assets and liabilities of the disposal group are measured in accordance with their respective applicable standards. Following their reclassification as “Assets held for sale”, the non-current asset or group of assets is measured at the lower of its net book value and its fair value less costs to sell, an impairment loss being recognised where relevant.

On reclassification of a non-current asset as held for sale, the depreciation/amortisation of this asset ceases. In the case of a disposal resulting in a loss of control, the assets and liabilities of the entire subsidiary are classified as assets and liabilities “held for sale” in the “Assets held for sale” and “Liabilities linked to assets held for sale” balance sheet items, as soon as the disposal meets the classification criteria of IFRS 5.

Pursuant to the application of IFRS 5:

- In the case of balance sheet items reclassified as assets and liabilities held for sale, no adjustments are made to comparative figures for prior periods.
- Income statement and cash flow items related to these operations held for sale are presented separately in the financial statements for all reported periods;
- Income statement and cash flow statement items relating to the individual assets held for sale are not restated.

It should be noted that in 2014, the Group carried out the demerger of its two operating divisions, “**Somfy Activities**” and “**Somfy Participations**”. During the 2015 financial year, the Group finalised the disposal transaction of **CIAT** Group, returned the usufruct of the share capital of **Garen Automação** and took the decision to sell **Giga**.

These events have been treated, both in 2014 and 2015, in accordance with IFRS 5 in the financial statements:

- Balance sheet items are classified as assets and liabilities held for sale or distribution without restatement of the comparative year;
- Income statement and cash flow items related to these operations held for sale or distributed are presented separately in the financial

- statements for all reported periods (demerger transaction);
- Income statement and cash flow statement items relating to the individual assets held for sale are not restated (Giga and Garen Automação).

For further information, please refer to the “Highlights” section.

**The “assets and liabilities of operations held for sale” comprised:**

€ thousands	31/12/15	31/12/14
CIAT Group - Investments in associates	–	29,574
CIAT bonds	–	79,400
Assets of the Giga entity	2,732	–
Other	–	558
<b>ASSETS HELD FOR SALE OR DISTRIBUTION</b>	<b>2,732</b>	<b>109,532</b>

€ thousands	31/12/15	31/12/14
Exceptional contribution of 3% on the December 2014 dividend	–	11,153
Zurflüh-Feller preliminary income tax to be returned	–	2,882
Withholding taxes and deductible contributions on the December 2014 dividend	–	3,507
Liabilities of the Giga entity	1,804	–
Other	–	1,598
<b>LIABILITIES LINKED TO ASSETS HELD FOR SALE OR DISTRIBUTION</b>	<b>1,804</b>	<b>19,140</b>

**The impact on the income statement and cash flow statement of the “operations held for sale” was:**

**On the income statement**

€ thousands	31/12/15	31/12/14
<b>DEMERGER TRANSACTION</b>	<b>–</b>	<b>– 60,942</b>
Capital loss on demerger transaction	–	– 47,849
Taxes on the distribution	–	– 11,906
Net loss from operations held for distribution or sale	–	–
Other	–	– 1,187
<b>CIAT</b>	<b>5,946</b>	<b>7,147</b>
Share of net profit/(loss) from associates	–	2,307
Financial interest on bonds, net of tax	–	5,094
Capital gain on the disposal transaction (05/01/15)	6,666	–
Other	– 720	– 254
<b>NET PROFIT FROM OPERATIONS HELD FOR SALE OR DISTRIBUTION</b>	<b>5,946</b>	<b>– 53,795</b>

## On the cash flow statement

€ thousands	31/12/15	31/12/14
<b>NET CASH FLOW BEFORE DEMERGER</b>	–	– 149,403
Acquisition of securities during the financial year (UMV, Lacroix, etc.)	–	– 20,254
Acquisition of Pellenc (51.36%)	–	– 82,000
Edify cash capital increase	–	– 50,031
Preliminary income tax received from Zurflüh-Feller as part of the tax consolidation (to be returned in 2015)	–	2,882
<b>NET CASH FLOW FROM DEMERGER TRANSACTION</b>	<b>– 18,594</b>	<b>– 128,738</b>
Cash and cash equivalents of companies that have exited the consolidation scope - opening balance	–	– 11,489
Cash dividend	–	– 118,746
Withholding taxes and social contributions (amount paid in 2015)	– 3,507	3,507
Exceptional contribution of 3% on the December 2014 dividend (amount paid in 2015)	– 11,153	–
Zurflüh-Feller preliminary income tax returned (amount paid in 2015)	– 2,882	–
Other	– 1,052	– 2,010
<b>NET CASH FLOW FROM CIAT DISPOSAL</b>	<b>103,098</b>	–
Collection of CIAT disposal price (Somfy SA share)	23,698	–
Redemption of bonds receivable	79,400	–
Other	–	–
<b>GAREN AUTOMAÇÃO AND GIGA CASH AND CASH EQUIVALENTS AT END OF PERIOD (IFRS 5 RECLASSIFICATION)</b>	<b>– 1,668</b>	–
<b>NET CASH FLOW FROM SOLD OPERATIONS</b>	<b>82,836</b>	<b>– 278,141</b>

### NOTE 3 - RESTATEMENT OF PREVIOUSLY-PUBLISHED FINANCIAL STATEMENTS

The previously published financial statements have been restated following the application of IFRIC 21.

The IFRIC 21 interpretation – Levies specifies that the recognition date of levies as an expense is the date of the event triggering the obligation to pay the levies. Regarding the Group, the levies concerned by this interpretation are property taxes and the C3S contribution, which are now fully accounted for as expenses at 1 January of each financial year, since spreading them is no longer permitted.

Since the application of this interpretation is retrospective, the restatement of historical data is provided below:

#### INCOME STATEMENT FOR THE 2014 FINANCIAL YEAR

€ thousands	31/12/14 Published	IFRIC 21 application	31/12/14 Restated
Sales	981,731	–	981,731
Other operating income	15,944	–	15,944
Cost of sales	– 360,903	–	– 360,903
Employee expenses	– 286,902	–	– 286,902
External expenses	– 163,123	– 8	– 163,131
<b>EBITDA</b>	<b>186,747</b>	<b>– 8</b>	<b>186,739</b>
Amortisation and depreciation charges	– 32,825	–	– 32,825
Charges to/reversal of current provisions	– 776	–	– 776
Gains and losses on disposal of non-current operating assets	– 279	–	– 279
<b>EBITA</b>	<b>152,868</b>	<b>– 8</b>	<b>152,860</b>
Amortisation of allocated intangible assets	– 3,119	–	– 3,119
<b>CURRENT OPERATING RESULT</b>	<b>149,748</b>	<b>– 8</b>	<b>149,741</b>
Other operating income and expenses	424	–	424
Impairment of goodwill	– 24,295	–	– 24,295
<b>OPERATING RESULT</b>	<b>125,877</b>	<b>– 8</b>	<b>125,870</b>
– Financial income from investments	922	–	922
– Financial expenses related to borrowings	– 4,831	–	– 4,831
Cost of net financial debt	– 3,908	–	– 3,908
Other financial income and expenses	– 2,382	–	– 2,382
<b>NET FINANCIAL INCOME/(EXPENSE)</b>	<b>– 6,290</b>	<b>–</b>	<b>– 6,290</b>
<b>PROFIT BEFORE TAX</b>	<b>119,587</b>	<b>– 8</b>	<b>119,580</b>
Income tax	– 27,291	3	– 27,288
Share of net profit/(loss) from associates	– 428	–	– 428
<b>NET PROFIT FROM CONTINUING OPERATIONS</b>	<b>91,869</b>	<b>– 5</b>	<b>91,864</b>
<b>NET PROFIT FROM OPERATIONS HELD FOR SALE OR DISTRIBUTION</b>	<b>– 53,795</b>	<b>–</b>	<b>– 53,795</b>
<b>CONSOLIDATED NET PROFIT</b>	<b>38,074</b>	<b>– 5</b>	<b>38,069</b>
Attributable to: Group share	37,964	– 5	37,959
Non-controlling interests	110	–	110

**BALANCE SHEET FOR THE 2014 FINANCIAL YEAR****Assets**

€ thousands	31/12/14 Published Net	IFRIC 21 application	31/12/14 Restated Net
<b>Non-current assets</b>			
Goodwill	188,377	–	188,377
Net intangible assets	44,919	–	44,919
Net property, plant and equipment	228,635	–	228,635
Investments in associates	1,680	–	1,680
Financial assets	148,359	–	148,359
Other receivables	344	–	344
Deferred tax assets	36,203	– 291	35,912
Employee benefits	49	–	49
<b>Total Non-current assets</b>	<b>648,565</b>	<b>– 291</b>	<b>648,274</b>
<b>Current assets</b>			
Inventories	142,389	–	142,389
Trade receivables	150,201	–	150,201
Other receivables	20,702	–	20,702
Current tax assets	16,393	–	16,393
Financial assets	748	–	748
Derivative instruments - assets	1	–	1
Cash and cash equivalents	102,587	–	102,587
<b>Total Current assets</b>	<b>433,021</b>	<b>–</b>	<b>433,021</b>
<b>Assets held for sale or distribution</b>	<b>109,532</b>	<b>–</b>	<b>109,532</b>
<b>TOTAL ASSETS</b>	<b>1,191,118</b>	<b>– 291</b>	<b>1,190,827</b>



**Equity and liabilities**

€ thousands	31/12/14 Published	IFRIC 21 application	31/12/14 Restated
<b>Shareholders' equity</b>			
Share capital	7,837	–	7,837
Share premium	1,866	–	1,866
Other reserves	522,487	479	522,966
Net profit for the period	37,964	– 5	37,959
<b>Group share</b>	<b>570,154</b>	<b>475</b>	<b>570,629</b>
Non-controlling interests	210	–	210
<b>Total shareholders' equity</b>	<b>570,364</b>	<b>475</b>	<b>570,839</b>
<b>Non-current liabilities</b>			
Non-current provisions	21,640	–	21,640
Other financial liabilities	63,127	–	63,127
Other liabilities	1,705	–	1,705
Employee benefits	20,180	–	20,180
Deferred tax liabilities	51,556	–	51,556
<b>Total Non-current liabilities</b>	<b>158,208</b>	<b>–</b>	<b>158,208</b>
<b>Current liabilities</b>			
Current provisions	7,869	–	7,869
Other financial liabilities	240,297	–	240,297
Trade payables	91,754	–	91,754
Other liabilities	90,997	– 766	90,232
Tax liabilities	12,233	–	12,233
Derivative instruments - liabilities	255	–	255
<b>Total Current liabilities</b>	<b>443,406</b>	<b>– 766</b>	<b>442,640</b>
<b>Liabilities linked to assets held for sale or distribution</b>	<b>19,140</b>	<b>–</b>	<b>19,140</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,191,118</b>	<b>– 291</b>	<b>1,190,827</b>

## CASH FLOW STATEMENT FOR THE 2014 FINANCIAL YEAR

€ thousands	31/12/14 Published	IFRIC 21 application	31/12/14 Restated
<b>Consolidated net profit</b>	<b>38,074</b>	<b>- 5</b>	<b>38,069</b>
Net profit from operations held for sale or distribution	53,795	-	53,795
<b>Net profit from continuing operations</b>	<b>91,869</b>	<b>- 5</b>	<b>91,864</b>
Depreciation and amortisation of assets (excluding current assets)	60,025	-	60,025
Charges to/reversals of provisions for liabilities	677	-	677
Unrealised gains and losses related to fair value movements	- 32	-	- 32
Unrealised foreign exchange gains and losses	- 330	-	- 330
Income and expenses related to stock options and employee benefits	3,584	-	3,584
<b>Depreciation, amortisation, provisions and other non-cash items</b>	<b>63,924</b>	<b>-</b>	<b>63,924</b>
Profit on disposal of assets and others	272	-	272
Share of net profit/(loss) from associates	428	-	428
Deferred tax expense	- 8,108	- 3	- 8,111
<b>Cash flow</b>	<b>148,386</b>	<b>- 8</b>	<b>148,378</b>
Cost of net financial debt (excluding non-cash items)	3,908	-	3,908
Tax expense (excluding deferred tax)	35,399	-	35,399
Change in working capital requirements	- 16,323	8	- 16,315
Tax paid	- 50,177	-	- 50,177
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>121,192</b>	<b>-</b>	<b>121,192</b>
Acquisition-related disbursements:			
– intangible assets and property, plant and equipment	- 45,982	-	- 45,982
– non-current financial assets	- 603	-	- 603
Disposal-related proceeds:			
– intangible assets and property, plant and equipment	519	-	519
– non-current financial assets	1,686	-	1,686
Change in current financial assets	240	-	240
Acquisition of companies, net of cash acquired	- 2,234	-	- 2,234
Dividends paid by non-consolidated companies	187	-	187
Interest received	511	-	511
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>- 45,676</b>	<b>-</b>	<b>- 45,676</b>
Increase in loans	218,135	-	218,135
Reimbursement of loans	- 6,853	-	- 6,853
Dividends and interim dividends paid	- 38,666	-	- 38,666
Movement in treasury shares	1,879	-	1,879
Interest paid	- 4,665	-	- 4,665
<b>NET CASH FLOW FROM FINANCING AND CAPITAL ACTIVITIES (C)</b>	<b>169,831</b>	<b>-</b>	<b>169,831</b>
Net cash flow from operations held for sale or distribution (D)	- 278,141	-	- 278,141
Impact of changes in foreign exchange rates on cash and cash equivalents (E)	2,313	-	2,313
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E)</b>	<b>- 30,482</b>	<b>-</b>	<b>- 30,482</b>
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>130,657</b>	<b>-</b>	<b>130,657</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>100,175</b>	<b>-</b>	<b>100,175</b>

## NOTE 4 - SEGMENT REPORTING

In accordance with the provisions of IFRS 8 – Operating Segments, the information for each segment set out below is based on the internal reporting process used by General Management to assess performance and allocate resources to the various segments. General Management is the chief operating decision-maker within the meaning of IFRS 8.

Due to the demerger of Somfy Activities and Somfy Participations at the end of 2014, the disposal of the CIAT equity investment early in 2015 and the unwinding of cross-shareholdings with Faac, the Group has revised the presentation of its segment reporting.

Somfy brings together all companies whose business involves the automation of opening and closing for residential and commercial buildings. The Group is organised in two geographic regions. For 2015, the geographic location of assets was used as sole segment reporting criterion. Management makes its decisions based on this strategic focus using reporting by geographic region as its key analysis tool.

The two geographic regions are:

- Europe, Middle East & Africa (EMEA),
- Asia & Americas (A&A).

### AT 31 DECEMBER 2015

€ thousands	Europe, Middle East & Africa	Asia & Americas	Intra-regional eliminations	Consolidated
Segment sales	811,467	319,051	– 69,369	1,061,149
Intra-segment sales	– 44,986	– 24,382	69,369	–
Segment sales - Contribution to sales	766,481	294,668	–	1,061,149
Segment current operating result	142,468	23,134	–	165,602
Net profit/(loss) from operations sold or held for sale (IFRS 5)	5,946	–	–	5,946
Share of net profit/(loss) from associates	–	101	–	101
Cash flow	154,096	17,535	–	171,632
Net investments in intangible assets and PPE	39,051	8,163	–	47,214
Goodwill	86,532	95,738	–	182,269
Net intangible assets and PPE	214,847	59,876	–	274,722
Non-controlling equity investments	182	–	–	182
Investments in associates	723	1,535	–	2,258
Net assets held for sale (IFRS 5)	–	928	–	928

### AT 31 DECEMBER 2014

€ thousands	Europe, Middle East & Africa	Asia & Americas	Intra-regional eliminations	Consolidated
Segment sales	767,275	277,489	– 63,033	981,731
Intra-segment sales	– 46,978	– 16,055	63,033	–
Segment sales - Contribution to sales	720,297	261,434	–	981,731
Segment current operating result	136,000	13,741	–	149,741
Net profit/(loss) from operations sold or held for sale (IFRS 5)	– 53,795	–	–	– 53,795
Share of net profit/(loss) from associates	–	– 428	–	– 428
Cash flow	135,970	12,408	–	148,378
Net investments in intangible assets and PPE	35,721	9,743	–	45,463
Goodwill	86,658	101,719	–	188,377
Net intangible assets and PPE	207,031	66,523	–	273,554
Non-controlling equity investments	145,678	66	–	145,744
Investments in associates	–	1,680	–	1,680
Net assets held for sale (IFRS 5)	90,392	–	–	90,392

## NOTE 5 - OPERATING DATA

### NOTE 5.1: SALES

Sales include all income from ordinary activities of consolidated companies.

Income from ordinary activities is recognised when it is probable that future economic benefits will flow to the Group and that they can be measured reliably.

Income from ordinary activities is recognised at the fair value of the consideration received or to be received.

Sales of goods are recognised when delivered to final customers.

#### Note 5.1.1: Sales by customer location

	31/12/15	31/12/14	Change N/N-1	Change N/N-1 like-for-like
<b>€ thousands</b>				
France	254,060	245,694	3.4%	3.3%
Germany	165,153	153,162	7.8%	6.7%
Northern Europe	103,865	95,706	8.5%	5.6%
Central and Eastern Europe	104,756	95,009	10.3%	7.0%
Southern Europe, Middle East and Africa	190,160	174,342	9.1%	5.6%
Asia-Pacific	115,176	96,933	18.8%	5.9%
Americas	127,979	120,883	5.9%	8.0%
<b>TOTAL SALES</b>	<b>1,061,149</b>	<b>981,731</b>	<b>8.1%</b>	<b>5.6%</b>

For further information, please refer to the "Key figures" section.

#### Note 5.1.2: Other operating income

	31/12/15	31/12/14
<b>€ thousands</b>		
Capitalised production	4,420	3,649
Provision of services	3,316	2,746
Other income	6,405	9,550
<b>OTHER OPERATING INCOME</b>	<b>14,141</b>	<b>15,944</b>

Capitalised production comprises certain development expenses borne during the year.

Other income include accrued insurance income and tax credits.

**NOTE 5.2: OTHER OPERATING INCOME AND EXPENSES**

Current operating result is defined as the difference between:

- Operating result including all revenues and charges, except those generated from finance activities, equity-accounted companies, discontinued operations, operations held for disposal or income tax, and,
- Other operating income and expenses.

Other operating income and expenses relate to factors that are unusual, abnormal, infrequent and particularly significant, which could mislead the understanding of the Group's consolidated performance. These notably include the capital gains and losses on asset disposals, restructuring costs and provisions of a nature liable to affect the understanding of the current operating result.

Current operating result reflects company performance.

The amortisation of intangible assets allocated as part of business combinations is included in current operating result.

€ thousands	31/12/15	31/12/14
Charge to/reversal of non-current provisions	635	1,710
Other non-current items	– 498	– 1,293
– Non-current income	544	50
– Non-current expenses	– 1,042	– 1,343
Net gain/(loss) on disposal of non-current assets	– 19	7
<b>OTHER OPERATING INCOME AND EXPENSES</b>	<b>118</b>	<b>424</b>

**NOTE 5.3: INVENTORIES**

Inventories are valued at their procurement cost, determined using the weighted average cost method.

In particular, inventory cost measurement takes into account the following items:

- The gross value of raw materials and supplies includes the purchase price and ancillary expenses;
- Expenses incurred to bring inventories to the place they are located, and in the condition they are in, are integrated in inventory procurement cost;
- Manufactured products are measured at production cost, which includes consumables, direct and indirect production expenses and depreciation charges of assets used in the manufacturing process;
- Intragroup profits included in inventories are eliminated;
- Borrowing costs are not included in the cost of inventory.

The value of inventories and work in progress is impaired when their net realisable value is lower than their book value.

Net realisable value is the estimated selling price under normal business conditions, after deducting estimated completion costs and estimated selling expenses.

€ thousands	31/12/15	31/12/14
<b>Gross values</b>		
Raw materials and other supplies	52,900	53,385
Finished goods and merchandise	111,903	100,196
<b>Total</b>	<b>164,803</b>	<b>153,581</b>
<b>Provisions</b>	<b>– 10,712</b>	<b>– 11,191</b>
<b>NET VALUES</b>	<b>154,091</b>	<b>142,389</b>

Inventories were affected by the reclassification relating to the assets held for sale (Giga), which represented an amount of €2.4 million at 31 December 2015.

€ thousands	Value 31/12/14	Net charges	Exchange rate movement	Change in scope	Other movements	Value 31/12/15
Inventory provisions	– 11,191	278	– 112	104	209	– 10,712

**NOTE 5.4: TRADE RECEIVABLES**

Trade and other receivables are recorded at their nominal value and a provision for writedowns is established on a case-by-case basis when receivables are unlikely to be collected.

€ thousands	31/12/15	31/12/14
Gross value	158,093	168,712
Provision	– 15,555	– 18,512
<b>NET VALUE</b>	<b>142,538</b>	<b>150,201</b>

Trade receivables were affected by the reclassification relating to the assets held for sale (Giga), which totalled €1.7 million at 31 December 2015.

€ thousands	Value 31/12/14	Charges	Reversals used	Reversals unused	Exchange rate movement	Change in scope	Other movements	Value 31/12/15
Provisions for bad debts	– 18,512	– 3,150	6,782	– 1,377	104	268	330	– 15,555

At 31 December 2015, the maturity profile of trade receivables was as follows:

€ thousands	Not overdue	Overdue between				Total
		0 to 3 months	3 to 6 months	6 to 9 months	More than 9 months	
Trade receivables	104,448	32,218	6,898	2,817	11,712	158,093

There is limited customer credit risk on Spanish, Portuguese and Greek subsidiaries. They represent 6.3% of total trade receivables of the Group. Credit insurance contracts, both in France and internationally, mitigate the consequences of customer default. Approximately 60% of sales are covered by such contracts.



**NOTE 5.5: OTHER CURRENT AND NON-CURRENT RECEIVABLES****Note 5.5.1: Other current receivables**

€ thousands	31/12/15	31/12/14
<b>Gross value</b>		
Receivables from employees	1,364	1,191
Other taxes (including VAT)	10,807	7,865
Prepaid expenses	7,266	5,259
Other receivables	8,455	6,388
<b>TOTAL</b>	<b>27,892</b>	<b>20,702</b>

Other receivables notably includes current receivables totalling €5.6 million on the disposal of CIAT and the Faac transaction.

**Note 5.5.2: Other non-current receivables**

€ thousands	31/12/15	31/12/14
<b>Gross value</b>		
Other operating receivables	84	330
Other non-operating receivables	18,035	14
<b>TOTAL</b>	<b>18,119</b>	<b>344</b>

Other non-operating receivables notably include non-current receivables totalling €18.0 million on the disposal of CIAT and the Faac transaction.

**NOTE 5.6: OTHER CURRENT AND NON-CURRENT LIABILITIES**

Trade and other payables are recognised at their nominal value.

**Note 5.6.1: Other current liabilities**

€ thousands	31/12/15	31/12/14*
Social liabilities	74,520	72,128
Tax liabilities	9,333	9,051
Deferred income	565	680
Fixed assets suppliers	4,138	6,258
Other	2,327	2,115
<b>TOTAL</b>	<b>90,883</b>	<b>90,232</b>

\* The financial statements have been restated pursuant to IFRIC 21 (see Note 3).

**Note 5.6.2: Other non-current liabilities**

€ thousands	31/12/15	31/12/14
Other operating liabilities	455	531
Other non-operating liabilities	1,260	1,174
<b>TOTAL</b>	<b>1,715</b>	<b>1,705</b>

**NOTE 6 - PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS****NOTE 6.1: GOODWILL AND IMPAIRMENT TESTS****Note 6.1.1: Goodwill**

Acquisition goodwill is measured using the method described in Note 2.3.

Acquisition goodwill is subject to impairment tests at least once annually, or more frequently when events or changes in circumstances indicate that the goodwill has been impaired (indication of impairment, see Note 6.1.2). Recognised impairment cannot be reversed.

Acquisition goodwill related to equity-accounted companies is posted to the "Investments in associates" account. Impairment recorded on the equity-accounted value may be reversed in the event of a significant recovery in the value of the equity investment.

€ thousands	Value
At 1 January 2014	225,372
Changes in scope of consolidation	—
Changes in foreign exchange rates	5,071
Other movements	13
Charge for impairment	— 20,542
Reclassification related to assets held for sale	— 21,537
<b>AT 31 DECEMBER 2014</b>	<b>188,377</b>
At 1 January 2015	188,377
Changes in scope of consolidation	— 8,603
Changes in foreign exchange rates	2,495
Other movements	—
Charge for impairment	—
Reclassification related to assets held for sale	—
<b>AT 31 DECEMBER 2015</b>	<b>182,269</b>

In 2014, goodwill impairment in the income statement totalled €24.3 million and included goodwill impairment of €3.8 million related to Giga's customer relationships.

**Note 6.1.2: Impairment tests**

IAS 36 defines the procedures to be applied by a company to ensure that the net book value of its assets does not exceed their recoverable amount, that is the amount to be recovered from the use or the disposal of the assets.

Except for goodwill and intangible assets with an indefinite life, which require systematic annual impairment tests at year-end, the recoverable amount of an asset is estimated every time there is an indication that the asset may be impaired.

A recoverable amount is estimated for each individual asset. If it is not possible to do so, assets are brought together in Cash Generating Units (CGUs), whose recoverable amount is subsequently measured. A Cash Generating Unit is the smallest group of assets to which the asset belongs, which generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. CGUs have been identified within the Somfy Group. They primarily comprise the Group's legal entities that have been acquired through merger and acquisition transactions.

An impairment test involves comparing the recoverable amount of the CGU with its book value. The recoverable amount of an asset is measured at the higher of its fair value, after deduction of disposal costs, and its value in use.

If the recoverable amount exceeds the net book value of the CGU at period end, no impairment is recognised.

However, if this amount is lower than the net book value, an impairment loss equal to the difference is recognised in priority against the acquisition goodwill. This impairment loss may not be reversed. Fair value after deduction of disposal costs is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, after deducting disposal costs.

The value in use is determined on the basis of cash flows estimated by plans and budgets for a maximum of five years. Cash flows beyond five years are extrapolated through the application of a constant or decreasing rate and discounted using long-term market rates after tax, which reflect market estimates of the time value of money and specific risks pertaining to these assets. In certain cases, cash flows can be estimated over longer periods, to be justified CGU by CGU.

Cash flows are evaluated based on budgets and three-year forecasts for companies which operate in a market they know and understand well. Generally, these are companies whose strategies are not expected to change greatly. On the other hand, the period is extended to five years for companies in emerging markets, for which the growth potential and maturity are further away.

These cash flows have been projected over several years using specific growth rates which are consistent with the Group's historical growth rates. The growth rate used to project cash flows to infinity is consistent with the long term inflation rate relevant to the countries concerned.

The discount rate used corresponds to the weighted average cost of capital and reflects the expected return on invested capital (equity and liabilities necessary to finance operations). It is calculated based on the financial data extracted from a sample of comparable companies, comprising listed companies operating in the same business segment as the companies to be valued. Risk is mainly taken into account at a cash flow level.

In 2015, cash flow discount rates, determined from market data, were 10% for the European CGUs and 12.5% for the Chinese CGUs.

In 2014, cash flow discount rates, determined from market data, were 10% to 10.5% for the European CGUs, 16.5% to 17% for the Brazilian CGUs and 13% for the Chinese CGUs.

At 31 December 2015, as at every year-end or every time that indications of impairment exist, the Somfy Group re-examined the value of goodwill associated with Cash Generating Units.

For the purpose of impairment tests, goodwill generated on the acquisition of Dooya has been allocated to each Cash Generating Unit and group of Cash Generating Units liable to derive economic benefits from this business combination.

The goodwill thus generated on assuming control over this company was allocated as follows:

- To the Dooya CGU, for the portion of economic benefits that is directly attributable to it. This goodwill is monitored in the local currency;
- To a combination of CGUs belonging to the Somfy division, for the portion of economic benefits that will flow to this CGU. This goodwill is monitored in Euros.

**Breakdown of the goodwill of the main CGUs and details of the main assumptions used for each CGU at 31 December 2015:**

€ thousands	Gross value	Impairment	Net value	Discount rate	Rate of growth to infinity
BFT	96,162	– 13,813	82,349	10.0%	2.0%
O&O	6,904	– 6,904	–	–	–
Domis	1,091	–	1,091	10.0%	2.0%
Axis/Somfy SAS	1,153	–	1,153	10.0%	2.0%
Stor'm	505	–	505	10.0%	2.0%
Pujol	5,680	– 5,680	–	–	–
Dooya	94,958	–	94,958	12.5%	2.5%
LianDa	9,837	– 9,837	–	–	–
Simu	1,862	–	1,862	10.0%	2.0%
Energy Eye	–	–	–	–	–
Other	351	–	351	10.0%	2.0%
<b>TOTAL FULLY-CONSOLIDATED COMPANIES</b>	<b>218,503</b>	<b>– 36,234</b>	<b>182,269</b>	<b>–</b>	<b>–</b>

Following a review of the value of the goodwill, no impairment charge was recognised during the 2015 financial year.

Goodwill was affected by the reclassification relating to the assets held for sale (Giga) which totalled €3.4 million.

Furthermore, no impairment was necessary in relation to assets with an unspecified life and the use of which is independent from other assets.

**Sensitivity analysis**

The Group conducted sensitivity analyses on the results of impairment tests using different assumptions for EBITDA ratio and discount rate.

Analyses of the sensitivity to assumptions considered individually, including changes deemed reasonably possible in these assumptions, have highlighted scenarios where the recoverable value would fall below the book value of assets subject to the tests, therefore requiring additional impairment of the latter:

- A one percentage point increase in the discount rate could result in a €4.9 million impairment of Dooya's goodwill.

A one percentage point decrease in the EBITDA to sales ratio of the last year used in the calculation of the terminal value would not have required any writedown.

- The goodwill on BFT was impaired during the 2014 financial year. The amount of this impairment was €13.8 million at the end of 2015 (€13.6 million at the end of 2014). A one percentage point increase in the discount rate could result in the need to recognise additional impairment of €5.2 million.

A one percentage point decrease in the EBITDA to sales ratio of the last year used in the calculation of the terminal value would not have required any additional writedown.

**NOTE 6.2: OTHER INTANGIBLE ASSETS**

Intangible assets acquired by the Group are recognised at historical cost, after deduction of accumulated amortisation and potential writedowns.

Intangible assets primarily comprise:

**SOFTWARE**

Internally-developed software is recognised on the balance sheet when the following two conditions are met simultaneously:

- It is probable that the future economic benefits attributable to the software will flow to the company, and;
- Its cost or value can be measured reliably.

Conditions defined by IAS 38 in terms of development cost capitalisation must also be met (including project technical feasibility, intention to complete the software and availability of resources).

Somfy Group owns two major types of software:

- **Software subject to a five-stage development project** and rolled out in several countries is amortised on a straight-line basis over ten years.

The five stages characterising the implementation of this type of IT projects are as follows:

- The “initiation” stage, ending in a decision to carry out or not an IT solution research to meet a specific issue;
- The “assessment” stage, ending in the choice of a solution, often the selection of a licence;
- The “study” and “realisation” stages, resulting in a decision to implement the rollout of the solution;
- The “implementation” stage, ending in the transfer of the application to support services. This is the software rollout.

This software is particularly related to the rollout of IT systems.

Development expenses incurred during the “study” and “realisation” stages may be capitalised if all criteria defined by IAS 38 are complied with.

- **Ready-to-use software**, that is software whose operation by Somfy Group is not subject to a five-stage project. It is amortised on a straight-line basis over four years.

**PATENTS**

Only acquired patents and related filing expenses are capitalised. Patents are amortised on a straight-line basis over their legal protection period. Costs of renewal of patents are included in expenses for the year.

**DEVELOPMENT COSTS**

Development costs are recognised as balance sheet assets when all criteria defined by IAS 38 are met:

- Project technical feasibility,
- Intention to complete the intangible asset so that it is available for use or sale,
- Ability to use or sell the intangible asset,
- Generation of future economic benefits,
- Availability of resources,
- Ability to reliably measure the expenditure attributable to the intangible asset during its development.

Only development costs generated by projects dedicated to the development of new products and conducted in five stages are capitalised, as follows:

- The “assessment” stage, consisting in the production of assessment elements enabling the Group to make the decision to launch the project or not;
- The “pre-study” stage, whose objective is to select technical solutions, validate product feasibility and the marketing strategy to place the product on the market;
- The “study” stage, which enables to set the definition of the product, as well as industrial and marketing resources;
- The “realisation” stage, which consists in qualifying the product, establishing industrial resources in production facilities, as well as marketing resources. This stage also defines project closing criteria;

- The “launch” stage, featuring product manufacturing and the qualification of industrial and marketing resources.

The first two stages, entitled “assessment” and “pre-study” are research phases. Expenses incurred are thus recognised as costs for the financial year.

Development expenses incurred during the “study” and “realisation” stages may be capitalised if all criteria defined by IAS 38 are complied with.

Capitalised development costs are amortised on a straight-line basis, depending on the useful life of the asset from the date of its commissioning (four to ten years, depending on the type of product developed).

The value of projects in progress is recognised as an intangible asset in progress, until the “launch” stage, which marks the beginning of project rollout.

No residual value is recognised at Group level to determine the basis for amortisation of intangible assets.

Subsequent expenditures are generally recognised as expenses for the financial year.

**CUSTOMER RELATIONSHIPS**

Customer relationships are estimated and recorded as an asset on the balance sheet as part of business combinations. These intangible assets are amortised over their estimated value in use.

**BRANDS**

Brands are estimated and recorded as an asset on the balance sheet as part of business combinations. These intangible assets have an indefinite life and are subject to impairment tests at least once a year or more frequently, when events or changes in circumstances indicate that they have been impaired (indication of impairment).

€ thousands	Allocated intangible assets	Devel- opment costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2015	34,801	32,459	7,764	37,945	1,518	4,887	119,375
Acquisitions	–	5	47	2,675	28	4,225	6,980
Disposals	–	– 361	– 17	– 907	– 41	–	– 1,326
Changes in foreign exchange rates	1,223	–	280	63	– 1	–	1,564
Changes in scope of consolidation	–	–	763	– 776	69	–	57
Other movements	–	3,765	2	2,529	4	– 6,299	–
Reclassification related to assets held for sale	– 4,063	–	– 22	– 4	–	–	– 4,089
<b>AT 31 DECEMBER 2015</b>	<b>31,961</b>	<b>35,868</b>	<b>8,816</b>	<b>41,526</b>	<b>1,577</b>	<b>2,813</b>	<b>122,560</b>
Accumulated amortisation at 1 January 2015	– 20,336	– 18,921	– 2,353	– 31,709	– 1,136	–	– 74,456
Amortisation charge for the period	– 2,773	– 3,295	– 328	– 3,110	– 88	–	– 9,595
Disposals	–	–	17	898	41	–	956
Changes in foreign exchange rates	– 332	–	– 37	– 52	–	–	– 420
Changes in scope of consolidation	–	–	–	379	–	–	379
Other movements	–	–	2	– 4	2	–	–
Reclassification related to assets held for sale	4,063	–	–	4	–	–	4,067
<b>AT 31 DECEMBER 2015</b>	<b>– 19,378</b>	<b>– 22,216</b>	<b>– 2,700</b>	<b>– 33,594</b>	<b>– 1,181</b>	<b>–</b>	<b>– 79,068</b>
<b>NET VALUE AT 31 DECEMBER 2015</b>	<b>12,583</b>	<b>13,652</b>	<b>6,117</b>	<b>7,932</b>	<b>396</b>	<b>2,813*</b>	<b>43,492</b>

\* Of which development expenses in progress amounting to €2.7 million.

€ thousands	Allocated intangible assets	Devel- opment costs	Patents and brands	Software	Other	In progress and advance payments	Total
Gross value at 1 January 2014	58,914	24,213	7,333	38,892	1,515	10,561	141,427
Acquisitions	–	–	75	1,030	27	4,595	5,728
Disposals	–	–	–	– 619	– 29	–	– 648
Changes in foreign exchange rates	2,594	–	422	173	5	–	3,193
Changes in scope of consolidation	– 26,640	– 1,019	– 133	– 2,049	–	– 485	– 30,326
Other movements	– 66	9,265	66	519	–	– 9,784	–
<b>AT 31 DECEMBER 2014</b>	<b>34,801</b>	<b>32,459</b>	<b>7,764</b>	<b>37,945</b>	<b>1,518</b>	<b>4,887</b>	<b>119,375</b>
Accumulated amortisation at 1 January 2014	– 21,114	– 16,819	– 2,036	– 30,874	– 1,052	–	– 71,895
Amortisation charge for the period	– 6,872	– 2,700	– 336	– 2,908	– 112	–	– 12,929
Disposals	–	–	–	559	13	–	572
Changes in foreign exchange rates	– 1,075	–	– 50	– 122	– 1	–	– 1,248
Changes in scope of consolidation	8,675	598	130	1,641	–	–	11,044
Other movements	50	–	– 61	– 5	17	–	–
<b>AT 31 DECEMBER 2014</b>	<b>– 20,336</b>	<b>– 18,921</b>	<b>– 2,353</b>	<b>– 31,709</b>	<b>– 1,136</b>	<b>–</b>	<b>– 74,455</b>
<b>NET VALUE AT 31 DECEMBER 2014</b>	<b>14,466</b>	<b>13,538</b>	<b>5,410</b>	<b>6,236</b>	<b>382</b>	<b>4,887*</b>	<b>44,919</b>

\* Of which development expenses in progress amounting to €2.9 million.

Development expenses fulfilling the criteria of IAS 38 are capitalised and deemed as internally-generated intangible assets. At 31 December 2015, the gross value of these assets was €38.6 million, of which €2.7 million was in progress and the net value was €16.4 million. The amount of research and development expenses recognised during the year was €64.6 million (net of capitalised production). There are no contractual commitments to purchase intangible assets. Allocated net intangible assets comprised €12.6 million in customer relationships at 31 December 2015.

### NOTE 6.3: PROPERTY, PLANT AND EQUIPMENT

Except for business combinations, PPE assets are initially recorded at their acquisition or production cost, which includes the purchase price and all costs necessary to make the assets operational. Current maintenance costs are recognised as expenses for the financial year.

Straight-line depreciation is used based on the following useful lives:

- Buildings: 20 to 30 years,
- Machinery and tools: 5 to 10 years,
- Transport vehicles: 3 to 5 years,
- Office furniture and equipment: 5 to 10 years,
- Fittings and fixtures: 8 to 10 years.

Taking account of the nature of PPE held by Somfy Group, no significant component was identified.

Subsequent expenditures may be capitalised if they comply with asset recognition criteria, as defined by IAS 16, in particular if it is probable that the future economic benefits of the asset will flow to the company. These criteria are considered prior to incurring the cost. Asset residual values, useful lives and asset depreciation are reviewed, and amended if necessary, at the end of each year.

PPE recoverable amounts are reviewed when events or changes in circumstances indicate that the book value may not be recovered.

PPE are derecognised at disposal or when no future economic benefit is expected from their use or disposal. Any profit or loss resulting from the derecognition of an asset (measured as the difference between the net proceeds of the sale and the book value of the asset) is included in the income statement for the year in which the asset is derecognised.

**Note 6.3.1: Property, plant and equipment by type**

	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
<b>€ thousands</b>						
Gross value at 1 January 2015	22,625	160,782	217,472	56,363	15,354	472,597
Acquisitions	9	7,217	8,478	8,739	15,902	40,346
Disposals	- 174	- 999	- 6,861	- 5,205	-	- 13,240
Changes in foreign exchange rates	5	1,827	1,228	727	150	3,938
Changes in scope of consolidation	- 1,390	- 3,050	- 5,946	- 326	- 155	- 10,867
Other movements	529	2,783	14,461	1,113	- 18,886	-
Reclassification related to assets held for sale	-	-	- 441	- 180	-	- 621
<b>AT 31 DECEMBER 2015</b>	<b>21,605</b>	<b>168,560</b>	<b>228,391</b>	<b>61,230</b>	<b>12,366</b>	<b>492,152</b>
Accumulated depreciation at 1 January 2015	- 345	- 61,113	- 141,446	- 41,057	-	- 243,962
Depreciation charge for the period	- 98	- 6,840	- 16,500	- 5,856	-	- 29,294
Disposals	-	595	5,969	4,638	-	11,202
Changes in foreign exchange rates	2	- 278	- 794	- 564	-	- 1,634
Changes in scope of consolidation	-	206	2,119	240	-	2,566
Other movements	-	-	- 25	25	-	-
Reclassification related to assets held for sale	-	-	117	82	-	199
<b>AT 31 DECEMBER 2015</b>	<b>- 441</b>	<b>- 67,430</b>	<b>- 150,677</b>	<b>- 42,574</b>	<b>-</b>	<b>- 260,922</b>
<b>NET VALUE AT 31 DECEMBER 2015</b>	<b>21,164</b>	<b>101,131</b>	<b>77,714</b>	<b>18,657</b>	<b>12,366</b>	<b>231,230</b>

	Land	Buildings	Plant, machinery and tools	Other	In progress and advance payments	Total
<b>€ thousands</b>						
Gross value at 1 January 2014	22,657	136,325	265,774	55,178	42,127	522,060
Acquisitions	704	953	12,157	5,504	19,760	39,079
Disposals	- 8	- 23	- 8,276	- 2,005	-	- 10,311
Changes in foreign exchange rates	- 88	1,928	1,921	1,000	280	5,041
Changes in scope of consolidation	- 2,779	- 10,580	- 65,179	- 3,427	- 1,307	- 83,272
Other movements	2,138	32,179	11,075	112	- 45,505	-
<b>AT 31 DECEMBER 2014</b>	<b>22,625</b>	<b>160,782</b>	<b>217,472</b>	<b>56,363</b>	<b>15,354</b>	<b>472,597</b>
Accumulated depreciation at 1 January 2014	- 712	- 58,209	- 180,723	- 39,363	-	- 279,008
Depreciation charge for the period	- 136	- 6,252	- 15,092	- 5,288	-	- 26,767
Disposals	-	13	7,770	1,813	-	9,596
Changes in foreign exchange rates	2	- 111	- 1,074	- 640	-	- 1,823
Changes in scope of consolidation	501	3,327	47,689	2,524	-	54,041
Other movements	-	119	- 16	- 104	-	-
<b>AT 31 DECEMBER 2014</b>	<b>- 345</b>	<b>- 61,113</b>	<b>- 141,446</b>	<b>- 41,057</b>	<b>-</b>	<b>- 243,962</b>
<b>NET VALUE AT 31 DECEMBER 2014</b>	<b>22,280</b>	<b>99,669</b>	<b>76,026</b>	<b>15,306</b>	<b>15,354</b>	<b>228,635</b>

There is no significant property, plant and equipment (buildings, machinery and tools) in continuing use, with a net book value of zero.  
There are no contractual commitments to purchase property, plant and equipment.



**Note 6.3.2: Property, plant and equipment under finance leases**

Leases that transfer virtually all the risks and rewards incident to ownership to the lessee are classified as **finance leases**.

These leases are classified as finance leases when the following major indicators are met (non-exhaustive list):

- Transfer of asset ownership at expiry of the lease with purchase option;
- The option exercise conditions are such as to make the transfer of ownership highly likely at the expiration of the lease;
- The lease term is for the major part of the useful life of the asset according to the lessee's conditions of use;
- The present value of minimum lease payments is close to the fair value of the leased asset at the conclusion of the contract.

Assets financed within the framework of finance leases primarily include real estate. They are recorded, from inception of the contract, in property, plant and equipment at the lower of the fair value of

leased assets and the present value of minimum payments in respect of the lease.

Payments made in respect of the lease are broken down between finance charges and debt repayment, in order to obtain a constant periodic rate of interest on the outstanding liability. Finance charges are directly recognised in the income statement.

PPE acquired through finance leases are depreciated over the same periods as described above where the Group expects to gain ownership of the asset at the expiry of the contract. If not, the asset is depreciated on the basis of the shorter period of the asset useful life and the duration of the lease.

Leases classified as **operating leases** are not restated and lease payments are recognised as expenses for the financial year, spread if required on a straight-line basis.

€ thousands	Land	Buildings	Plant, machinery and tools	Total
Gross value at 1 January 2015	8,780	36,895	1,374	47,049
Acquisitions	–	–	9	9
Disposals	–	–	– 186	– 186
Changes in foreign exchange rates	–	–	4	4
Changes in scope of consolidation	–	–	–	–
Other movements	– 801	– 4,850	– 984	– 6,635
<b>AT 31 DECEMBER 2015</b>	<b>7,979</b>	<b>32,045</b>	<b>218</b>	<b>40,242</b>
Accumulated depreciation at 1 January 2015	–	– 12,966	– 1,188	– 14,154
Depreciation charge for the period	–	– 1,059	– 43	– 1,102
Disposals	–	–	167	167
Changes in foreign exchange rates	–	–	– 4	– 4
Changes in scope of consolidation	–	–	–	–
Other movements	–	2,037	910	2,947
<b>AT 31 DECEMBER 2015</b>	<b>–</b>	<b>– 11,988</b>	<b>– 159</b>	<b>– 12,147</b>
<b>NET VALUE AT 31 DECEMBER 2015</b>	<b>7,979</b>	<b>20,057</b>	<b>59</b>	<b>28,095</b>

The maturity profile of non-discounted and discounted minimum payments on finance leases is as follows:

€ thousands	Undiscounted 2015 debt	Discounted 2015 debt	€ thousands	Undiscounted 2014 debt	Discounted 2014 debt
1 year or less	2,576	2,233	1 year or less	3,026	2,555
Between 1 and 5 years	5,968	4,951	Between 1 and 5 years	7,713	6,568
5 years or more	3,616	3,075	5 years or more	4,464	3,723
<b>TOTAL</b>	<b>12,160</b>	<b>10,259</b>	<b>TOTAL</b>	<b>15,203</b>	<b>12,846</b>

## NOTE 7 - EQUITY AND EARNINGS PER SHARE

### NOTE 7.1: EQUITY

#### Note 7.1.1: Transactions between shareholders

In the event of acquisition of additional interests in a subsidiary, the difference between the price paid and the book value of non-controlling interests acquired and any related acquisition costs is recognised as a reduction of the Group's consolidated shareholders' equity, and vice versa in case of disposal of interests without loss of control.

#### Note 7.1.2: Treasury shares

The Group holds treasury shares for the following purposes:

- To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the Autorité des Marchés Financiers;
- To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of shares acquired.

Treasury shares directly held by the Group or through a liquidity contract are eliminated from equity.

On their disposal, the consideration received for the disposal of treasury shares is directly recognised as an increase of Group equity, no gain or loss is thus recognised in net profit/loss for the financial year.

#### Note 7.1.3: Proposed dividends

	31/12/15	31/12/14
Total number of shares	7,400,000	7,836,800
Treasury shares	535,880	401,457
Par value	€1	€1
Proposed dividends	€5.70	€5.20

The voting right attached to shares is proportional to the capital that they represent. Each share carries the right to a single vote.

Certain shares are entitled to a double voting right, providing they are fully paid up and have been registered in nominative form for at least four years in the name of the same shareholder at the end of the calendar year preceding each General Meeting.

### NOTE 7.2: EARNINGS PER SHARE

Net earnings per share is calculated by dividing the net profit for the financial period by the average number of shares in issue over the period (number of shares issued net of treasury shares held). Only treasury shares held by the Group and allocated at the closing to stock options plans or free shares allocations guarantee a dilutive effect on the calculation of diluted earnings per share. The Group has not issued any securities giving future access to capital.

Basic earnings per share	31/12/15	31/12/14
Net profit - Group share (€ thousands)	163,669	37,959
Total number of shares (1)	7,400,000	7,836,800
Treasury shares* (2)	535,880	401,457
Number of shares used in calculation (1)-(2)	6,864,120	7,435,343
<b>BASIC EARNINGS PER SHARE (€)</b>	<b>23.84</b>	<b>5.11</b>

\* Representing the total treasury shares held by Somfy SA.

Diluted earnings per share	31/12/15	31/12/14
Net profit - Group share (€ thousands)	163,669	37,959
Total number of shares (1)	7,400,000	7,836,800
Treasury shares** (2)	527,010	389,987
Number of shares used in calculation (1)-(2)	6,872,990	7,446,813
<b>DILUTED EARNINGS PER SHARE (€)</b>	<b>23.81</b>	<b>5.10</b>

\*\* Excluding treasury shares allocated to stock option and free share plans.

The number of shares comprising the share capital has been modified. For further information, please refer to the "Highlights" section.

## NOTE 8 - FINANCIAL ITEMS

### NOTE 8.1: NET FINANCIAL INCOME/(EXPENSE)

Net financial income/(expense) comprises the following two items:  
 – Net cost of financial debt  
 Includes all income/expense from net financial debt or cash surplus constituents over the period, including income/loss on interest rate hedges.

– Other financial income and expenses  
 Include income and expenses of a financial nature but neither of an operational nature nor a constituent of the cost of net financial debt.

€ thousands	31/12/15	31/12/14
Cost of net financial debt	– 3,007	– 3,908
– Financial income from investments	1,347	922
– Financial expenses related to borrowings	– 4,354	– 4,831
Foreign exchange effect	– 9,500	– 2,126
Other	23,976	– 256
<b>NET FINANCIAL INCOME/(EXPENSE)</b>	<b>11,469</b>	<b>– 6,290</b>

Net financial income was affected by the income arising from the cancellation of the Faac shares, previously recognised as available for sale (€35.7 million net of expenses), the deconsolidation of the Garen Automação entity (–€12.4 million), and the planned deconsolidation of Giga (–€2.0 million) (see Highlights).

### NOTE 8.2: FINANCIAL ASSETS AND LIABILITIES

#### Note 8.2.1: Financial assets

Financial assets are classified in four categories according to their nature and the purpose of ownership:

- Assets held to maturity,
- Assets measured at fair value by way of the income statement,
- Assets available for sale,
- Loans and receivables (excluding trade receivables).

Financial assets are initially recognised at historical cost, which corresponds to the fair value of the purchase price, increased by acquisition costs.

#### ASSETS HELD TO MATURITY

These solely comprise fixed income securities purchased with the intent of holding them until maturity. They are measured at amortised cost using the effective interest rate method. Amortised cost is measured by taking into account any discount received or premium paid at acquisition, over the period running from the acquisition to the maturity date. Profits and losses are recognised in the income statement when assets are derecognised or their value is impaired. The same applies to writedown charges.

The Group does not own any assets of this type to date.

#### ASSETS MEASURED AT FAIR VALUE BY WAY OF THE INCOME STATEMENT

These represent assets held for transaction purposes, meaning assets acquired by the company with a view to dispose of them in the short term. They are measured at fair value and fair value variances are recognised in the income statement.

In particular, marketable securities complying with the definition of financial assets held for transaction purposes are measured at fair value at year-end and recognised as current financial assets. Fair value variances are recognised in the income statement.

#### ASSETS AVAILABLE FOR SALE

Group investments in companies over which it neither has control, nor significant influence, nor joint control, are recognised as financial assets available for sale in accordance with IAS 39.

These securities are measured at fair value at year-end and fair value variances are directly recognised in equity where their fair value is not less than their historical value over a long period of time. Amounts thus recognised in equity are reclassified to the income statement on the disposal of assets.

Corresponding dividends are recognised in financial income in the year they are paid.

If the fair value of these assets available for sale happens to be lower than the acquisition cost, a provision for writedown is established and recognised in the income statement when there is an objective indication that the value of these assets available for sale may be impaired.

Financial assets available for sale are classified as non-current financial assets, except for those with a maturity date of less than 12 months at year-end, which are classified as current financial assets.

#### LOANS AND RECEIVABLES

They represent financial assets issued or acquired by the Group in return for a direct money consideration, goods or services given to a debtor. They are measured at amortised cost using the effective interest rate method. Long-term loans and receivables, non-interest bearing or bearing a lower interest rate than market interest rate, are discounted if amounts are significant. Potential impairment losses are recognised in the income statement.

In addition, writedown charges are established when there is an objective indication that the value of the asset may have been impaired as a result of an event arising after its initial recognition.

This account primarily comprises guarantees and deposits paid to various lenders.

€ thousands	Financial assets available for sale	Non-controlling equity investments	Marketable securities	Loans	Other	Current and non-current financial assets	Due within 1 year	Non-current financial assets
At 1 January 2015	145,882	145,744	138	836	2,389	149,107	748	148,359
Increase	34	6	28	266	61	361	–	361
Decrease	– 145,499	– 145,499	–	– 113	– 191	– 145,803	– 304	– 145,499
Changes in foreign exchange rates	–	–	–	– 9	79	70	26	44
Changes in scope of consolidation	– 69	– 69	–	– 465	–	– 534	26	– 560
Other movements	–	–	–	– 27	13	– 14	324	– 337
Reclassification related to assets held for sale	–	–	–	– 14	–	– 14	–	– 14
<b>AT 31 DECEMBER 2015</b>	<b>348</b>	<b>182</b>	<b>166</b>	<b>475</b>	<b>2,351</b>	<b>3,174</b>	<b>820</b>	<b>2,354</b>

Financial assets realisable within one year comprise short-term deposits and loans to companies over which Somfy Group has significant influence. The change in non-controlled equity investments is explained by the cancellation of the Faac shares (see Highlights). “Other” essentially includes deposits and guarantees.

#### Note 8.2.2: Financial liabilities

##### BORROWINGS AND BORROWING COSTS

Upon initial recognition, loans and other interest-bearing debts are measured at fair value, increased by transaction costs that are directly attributable to the issuance of the liability. Fair value generally equals the amount of cash received.

Issuing charges and premiums are taken into consideration in measuring amortised cost according to the effective rate method. Therefore, they are recognised in the income statement on an actuarial basis over the duration of the liability. Interest on loans is recognised as an expense of the period.

Borrowings and miscellaneous financial debt include the debt relating to the put options granted to the holders of non-controlling interests and to earn-outs, which amounted to €45.8 million at 31 December 2015 and €45.9 million at 31 December 2014, as well as to deferred settlements of €5.8 million at 31 December 2015 and €5.5 million at 31 December 2014.

The largest amount relates to the put option granted to minority shareholders in Dooya, valued at €44.8 million at 31 December 2015 compared with €42.6 million at 31 December 2014 and exercisable from end 2015 on. The financial debt relating to this put option has been reclassified under current liabilities.

The subsequent fair values of liabilities corresponding to put options granted to holders of non-controlling interests are recognised in equity. Since debt is essentially at a variable rate, the fair value is not significantly different from the book value.

##### Note 8.2.2.1: Analysis by category

€ thousands	Borrowings from credit institutions	Lease commitments	Other borrowings and financial liabilities	Bank overdrafts	Current and non-current financial liabilities	Due within 1 year	Non-current financial liabilities
At 1 January 2015	236,568	12,846	51,597	2,413	303,424	240,297	63,127
New borrowings/repayment of borrowings	– 195,440	– 2,446	– 260	2,232	– 195,914	– 196,128	214
Impact of the revaluation of put options	–	–	– 663	–	– 663	–	– 663
Changes in foreign exchange rates	611	4	3,719	– 131	4,203	119	4,084
Changes in scope of consolidation	– 3,667	– 145	– 2,802	–	– 6,614	– 3,727	– 2,887
Other movements	– 1	–	73	1	73	48,431	– 48,358
Reclassification related to assets held for sale	– 1,257	–	–	–	– 1,257	– 463	– 794
<b>AT 31 DECEMBER 2015</b>	<b>36,814</b>	<b>10,259</b>	<b>51,664</b>	<b>4,515</b>	<b>103,252</b>	<b>88,529</b>	<b>14,723</b>

**Note 8.2.2.2: Analysis by maturity**

€ thousands	31/12/15	31/12/14
1 year or less	88,529	240,297
Between 1 and 5 years	11,599	59,355
5 years or more	3,124	3,772
<b>TOTAL</b>	<b>103,252</b>	<b>303,424</b>

**Note 8.2.2.3: Analysis by rate**

€ thousands	31/12/15	31/12/14
Variable rate	33,746	224,017
Fixed rate	17,961	27,961
Non-interest bearing	51,546	51,446
<b>TOTAL</b>	<b>103,252</b>	<b>303,424</b>

**Note 8.2.2.4: Analysis by currency**

€ thousands	31/12/15	31/12/14
Euros	33,986	225,091
Other	69,267	78,333
<b>TOTAL</b>	<b>103,252</b>	<b>303,424</b>

**Note 8.2.2.5: Secured liabilities**

The Group had no liabilities secured by collateral at 31 December 2015.

**Note 8.2.2.6: Covenants**

At 31 December 2015, Somfy SA had a total of €147.5 million in medium-term loan facilities (confirmed credit lines) with six banks, €18.0 million was drawn down. Funds made available by the credit institutions are subject to Somfy SA commitment to comply with financial covenants based on the Group's financial structure (net financial debt/shareholder's equity) and its ability to repay (net financial debt/cash flow and net financial debt/EBITDA). Somfy SA was in compliance with all of these covenants at 31 December 2015.

Somfy SA also had overdraft facilities totalling €43 million, of which €0.9 million was used at 31 December 2015.

**Note 8.2.3: Analysis of net financial debt**

The net financial debt corresponds to the difference between financial assets and financial liabilities. Notably it takes into account unlisted bonds receivable, issued by certain companies in which shares are held or related entities, earn-out on acquisitions, liabilities relating to options granted to minority shareholders in fully-consolidated companies and deferred settlements of a financial nature. Not included are securities in non-controlling equity investments, convertible bonds, deposits & guarantees and government grants.

The financial liabilities included in net financial debt include the debt relating to the put options granted to the holders of non-controlling interests and to earn-outs, which amounted to €45.8 million at 31 December 2015 and €45.9 million at 31 December 2014, as well as to deferred settlements of €5.8 million at 31 December 2015 and €5.5 million at 31 December 2014.

€ thousands	31/12/15	31/12/14
Financial liabilities included in net financial debt	103,252	303,424
Financial assets included in net financial debt	641	974
– Marketable securities	166	138
– Loans	475	836
Cash and cash equivalents	103,787	102,587
<b>NET FINANCIAL DEBT</b>	<b>– 1,176</b>	<b>199,863</b>
<b>NET FINANCIAL DEBT BEFORE UNLISTED BONDS RECEIVABLE</b>	<b>– 1,176</b>	<b>199,863</b>

(–) Net financial surplus.

**Note 8.2.4: Financial instruments recognised in the balance sheet****DERIVATIVE FINANCIAL INSTRUMENTS**

All derivative financial instruments are measured at their fair value. Fair value is either the market value for listed instruments, or a value provided by financial institutions in accordance with usual criteria (over-the-counter market).

Derivative financial instruments primarily comprise foreign exchange contracts and interest rate swaps.

As for the fair value of interest rate hedges, the effective portion of the fair value of foreign currency hedges recognised as eligible for hedge accounting is recognised in shareholders' equity.

The fair value movements in foreign currency and interest rate hedging instruments ineligible for hedge accounting are recognised in net financial income/expense.

The fair value of derivative instruments is recognised in the balance sheet under specific items: "current and non-current asset derivative instruments" or "current and non-current liability derivative instruments" depending on the nature of the hedged good.

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value measurements are specified by level in accordance with the following fair value hierarchy:

- The instrument is quoted on an active market (Level 1);
- Measurement requires the use of valuation techniques drawing on observable data, either directly (prices) or indirectly (as derived from prices) (Level 2);
- At least one significant component of fair value is based on non-observable data (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service or regulatory agency, and those prices represent regularly occurring market transactions. These instruments are classified as Level 1.

The fair values of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) are determined using valuation techniques. These different valuation techniques maximise the use of observable market data, where available, and rely little on the Group's estimates. The instrument is classified as Level 2 if all elements required to calculate the fair value of an instrument are observable.

If one or more of the principal pricing elements is not based on observable market prices, the instrument is classified as Level 3.

	Amount at 31 December 2015	Loans and receivables	Assets available for sale (Fair value recognised in reserves)	Assets held for trading (Fair value recognised in income statement)	Fair value (Fair value recognised in reserves)	Fair value (Fair value recognised in income statement)
<b>€ thousands</b>						
<b>Assets</b>						
Non-current financial assets	2,354	2,006	348	—	—	—
Current financial assets	820	820	—	—	—	—
Current derivative instruments	226	—	—	—	226	—
Cash and cash equivalents	103,787	102,746	—	1,041	—	—
<b>Liabilities</b>						
Non-current financial liabilities	14,723	13,913	—	—	810	—
Current financial liabilities	88,529	43,507	—	—	45,022	—
Current derivative instruments	—	—	—	—	—	—

	Amount at 31 December 2014	Loans and receivables	Assets available for sale (Fair value recognised in reserves)	Assets held for trading (Fair value recognised in income statement)	Fair value (Fair value recognised in reserves)	Fair value (Fair value recognised in income statement)
<b>€ thousands</b>						
<b>Assets</b>						
Non-current financial assets	148,359	2,477	145,882	—	—	—
Current financial assets	748	748	—	—	—	—
Current derivative instruments	—	—	—	—	—	—
Cash and cash equivalents	102,587	101,486	—	1,101	—	—
<b>Liabilities</b>						
Non-current financial liabilities	63,127	18,216	—	—	44,911	—
Current financial liabilities	240,297	239,265	—	—	1,032	—
Current derivative instruments	255	—	—	—	255	—

The fair value of derivative instruments and cash equivalents is established with reference to observable market data (Level 2 defined by IFRS 7). The current and non-current financial liabilities measured at fair value consisted mainly of put options granted to holders of non-controlling interests and earn-outs (see Note 8.2.2).

There has been no change in the method of determining fair value for any category during the period.

#### Note 8.2.5: Cash and cash equivalents

Cash includes bank balances (bank assets and overdrafts) and cash in hand.

Cash equivalents primarily comprise OPCVM (pooled investments – financial assets held for transaction purposes), which are short term, very liquid, easily convertible into a known amount of cash and subject to a negligible risk of unfavourable change in value.

€ thousands	31/12/15	31/12/14
Cash	94,495	98,509
Cash equivalents	9,292	4,079
<b>CASH AND CASH EQUIVALENTS</b>	<b>103,787</b>	<b>102,587</b>

Cash equivalents include deposits with a maturity of less than three months and Euro money market funds.

**NOTE 8.3: FINANCIAL RISK MANAGEMENT POLICY****Foreign exchange risk**

Somfy Group is primarily exposed to foreign exchange risk through intragroup sales of manufactured products distributed by commercial subsidiaries outside the Euro zone (these sales are denominated in local currencies) and purchases denominated in local currencies.

Almost 60% of consolidated Group sales are generated in the Euro zone. Foreign currency denominated assets represent 20% of total assets at 31 December 2015. Consequently, a variation in foreign exchange rates would not have a significant effect on total assets.

At comparable terms and conditions, the Group gives priority to natural hedges (foreign currency purchases related to sales in the same currency). The derivative financial instruments implemented are forward foreign exchange and NDF (Non-Deliverable Forward) contracts. Since 1 July 2010, Somfy Group has applied hedge accounting to foreign currency hedging instruments. The effective portion of fair value movements is therefore taken to equity and the ineffective portion is recognised in net financial expense.

The impact of the effective portion of hedges at 31 December 2015 was €471 thousand on equity (€301 thousand net of deferred tax) and €11 thousand on profit and loss (transfer from equity).

The ineffective portion of hedges was nil at 31 December 2014 and 2015.

31/12/15	Hedging of balance sheet items	Hedging of off-balance sheet items	Total € thousands	Fair value € thousands	Types
AUD	2,898	2,321	5,218	- 76	Forward sale
CAD	447	797	1,244	46	Forward sale
CHF	6,385	963	7,348	86	Forward sale
CNY	-	- 8,869	- 8,869	54	Forward purchase
GBP	2,851	3,753	6,604	145	Forward sale
HKD	4,219	1,063	5,282	- 49	Forward sale
ILS	2,182	3,573	5,755	- 66	Forward sale
INR	-	104	104	3	Forward sale and Non-Deliverable Forward contract
JPY	2,172	1,408	3,580	- 39	Forward sale
KRW	569	755	1,323	39	Forward sale and Non-Deliverable Forward contract
NOK	22	1,111	1,133	37	Forward sale
PLN	1,036	-	1,036	7	Forward sale
RUB	235	414	649	61	Forward sale
SEK	1,303	2,262	3,565	- 30	Forward sale
SGD	3,342	940	4,281	-	Forward sale
TRY	1,899	3,180	5,079	- 11	Forward sale
USD	24,289	5,504	29,793	19	Forward sale
ZAR	2	56	59	-	Forward sale
	<b>53,851</b>	<b>19,333</b>	<b>73,185</b>	<b>226</b>	



31/12/14	Hedging of balance sheet items	Hedging of off-balance sheet items	Total € thousands	Fair value € thousands	Types
AUD	1,300	169	1,469	23	Forward sale
CAD	252	1,487	1,740	- 11	Forward sale
CHF	652	7,838	8,490	- 83	Forward sale
CNY	- 449	-	- 449	15	Forward purchase and Non-Deliverable Forward contract
GBP	935	3,242	4,177	- 91	Forward sale
HKD	585	1,366	1,951	- 118	Forward sale
ILS	1,047	1,390	2,437	45	Forward sale
INR	190	224	414	- 7	Forward sale
JPY	615	502	1,117	49	Forward sale
KRW	768	215	983	- 34	Forward sale and Non-Deliverable Forward contract
RUB	106	-	106	2	Forward sale
SEK	162	1,305	1,467	30	Forward sale
SGD	230	666	896	- 13	Forward sale
TRY	1,142	1,206	2,348	1	Forward sale
USD	-	1,573	1,573	- 74	Forward sale
ZAR	-	589	589	10	Forward sale
	<b>7,535</b>	<b>21,773</b>	<b>29,308</b>	<b>- 255</b>	

### Interest rate risk

The majority of the Group companies' financial liabilities is at variable rate. The Group applies hedge accounting to interest rate hedge instruments. The effective portion of fair value movements is therefore taken to equity and the ineffective portion is recognised in net financial expense.

The Group did not use any interest-rate hedge instruments during the 2015 financial year.

### Liquidity risk

Group financing essentially relies upon leases and medium-term credit facilities.

Some debts are subject to compliance with covenants. The covenants are detailed in note 8.2.2.6.

The Group does not use any revolving credit facilities and does not securitise its assets.

The Group has access to confirmed medium-term bank facilities, some of which are undrawn to date (see Note 8.2.2.6).

### Investment risk

Given the composition of its marketable securities portfolio (interest bearing current accounts and term deposits) and the amounts involved, the Group's exposure to investment risk is low.

## NOTE 9 - ANALYSIS OF CASH FLOW STATEMENT

### NOTE 9.1: CASH AND CASH EQUIVALENTS

€ thousands	31/12/15	31/12/14
<b>CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>100,175</b>	<b>130,657</b>
Cash and cash equivalents at the start of the period	102,587	136,496
Bank overdrafts	- 2,413	- 5,839
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>99,272</b>	<b>100,175</b>
Cash and cash equivalents at the end of the period	103,787	102,587
Bank overdrafts	- 4,515	- 2,413

### NOTE 9.2: INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Receivables and liabilities related to intangible assets and property, plant and equipment are included in investment activities in the cash flow statement and decreased by €2.2 million in the year ended 31 December 2015 compared with a decrease of €1.0 million in 2014.

During 2015, the Group acquired intangible assets and property, plant and equipment totalling €47.2 million, compared with €45.5 million in 2014.

**NOTE 9.3: CHANGE IN WORKING CAPITAL REQUIREMENT**

€ thousands	31/12/15	31/12/14
Net decrease/(increase) in inventory	– 14,962	– 8,186
Net decrease/(increase) in trade receivables	2,885	16
Net (decrease)/increase in trade payables	13,277	– 5,911
Net movement in other receivables and payables	– 970	– 2,235
<b>CHANGE IN WORKING CAPITAL REQUIREMENTS</b>	<b>231</b>	<b>– 16,315</b>

**NOTE 10 - PROVISIONS AND CONTINGENT LIABILITIES****NOTE 10.1: PROVISIONS**

This includes commitments with an uncertain maturity date or amounts resulting from restructuring operations, litigations or other risks.

A provision is established when the Group has a current obligation (legal or constructive) resulting from a past event and when future cash outflows can be measured reliably.

The Group is party to a number of litigation and arbitration proceedings with third parties or with the tax authorities of certain countries in the normal course of its business. Provisions are recorded for these proceedings when a legal, contractual or constructive obligation exists at the end of the reporting period with respect to a third party; it is probable that an outflow of resources embodying economic benefits will be required in order to settle the obligation with no consideration in return, and a reliable estimate can be made of this obligation.

Similarly, if the Group has uncertainties concerning the tax treatment it has adopted in respect of certain events or transactions, provisions are recognised if it is probable that the Group's tax liabilities would be reassessed in the event of a tax audit.

A provision for restructuring is recognised when there is an obligation toward third parties, originating from a Management decision materialised before year-end by the existence of a detailed and formal

plan, which has been announced to the personnel affected or their representatives.

When the Group expects full or part repayment of an expense that was the subject of a provision, by way of the existence of an insurance contract for instance, the repayment is recognised as a separate asset but only if repayment is virtually certain.

The provision charge is taken to the income statement, net of any repayment.

In order to cover costs inherent in guarantees given to customers, the Group recognises a provision for charges. This provision represents the estimated amount, based on statistics of charges recognised in the past, as a result of repairs during the guarantee period. At each year-end, this provision is reversed for the actual amount of services rendered recorded as expenses for the financial year.

If the impact of the time value of money is significant, provisions are discounted on the basis of a rate after tax which reflects the specific risks of the liability.

Where a provision is discounted, the increase in the provision relating to the discounting is recorded as an operating expense.

**Note 10.1.1: Non-current provisions**

€ thousands	Provisions for guarantees	Provisions for litigation	Provision for employee liability	Provisions for liabilities and charges	Total 2015
At 1 January 2015	5,458	3,584	504	12,094	21,640
Charges	168	233	36	1,848	2,284
Used reversals	–	– 1,348	–	– 375	– 1,723
Unused reversals	–	– 481	–	– 924	– 1,405
Changes in foreign exchange rates	92	–	–	– 456	– 363
Change in consolidation scope	– 2	–	–	– 7,205	– 7,207
Other movements	10	–	–	–	10
<b>AT 31 DECEMBER 2015</b>	<b>5,727</b>	<b>1,988</b>	<b>540</b>	<b>4,982</b>	<b>13,236</b>

**Note 10.1.2: Current provisions**

€ thousands	Provisions for guarantees	Provisions for litigation	Provisions for liabilities and charges	Total 2015
At 1 January 2015	4,484	840	2,545	7,869
Charges	432	1,132	331	1,895
Used reversals	—	— 306	— 353	— 659
Unused reversals	—	— 400	— 212	— 612
Changes in foreign exchange rates	85	—	16	101
Change in consolidation scope	— 2	—	— 2	— 4
Other movements	— 10	—	—	— 10
<b>AT 31 DECEMBER 2015</b>	<b>4,989</b>	<b>1,266</b>	<b>2,325</b>	<b>8,580</b>

**NOTE 10.2: CONTINGENT LIABILITIES**

Contingent liabilities correspond to potential obligations arising from past events, whose existence will only be confirmed by the occurrence of uncertain future events that are beyond the entity's control, or from current obligations for which no cash outflow is likely to occur. Except for those resulting from business combinations, they are not recognised but disclosed in the notes to the financial statements.

All of the Group's contingent liabilities are set out in the Highlights.

**NOTE 11 - EMPLOYEE INFORMATION****NOTE 11.1: WORKFORCE**

Somfy Group's average workforce at 31 December 2015, including temporary and part-time employees recorded on a full-time equivalent basis, was as follows:

	31/12/15	31/12/14
Average workforce	7,824	7,994

**NOTE 11.2: EMPLOYEE BENEFITS****Note 11.2.1: Pensions**

In respect of pension plan commitments, the Group contributes to pension plans or grants benefits to employees on retirement in compliance with the rules and regulations in place in each country. These benefits have been measured.

Contributions paid in respect of plans analysed as defined contribution plans, for which the Group has no other obligation than paying contributions, are recognised as expenses for the financial year.

For defined benefit plans relating to post-employment benefits, the cost of benefits is measured using the projected unit credit method. According to this method, the rights to benefits are allocated to periods of service depending on the plan's formula for acquisition of rights, by taking account of a straight line effect where the rate of acquisition of rights is not uniform to the periods of subsequent service.

The amount of future payments corresponding to benefits granted to employees are measured on the basis of salary increase, retire-

ment age and death rate assumptions, and then discounted to their present value on the basis of long term bond interest rates of prime issuers.

These plans are either financed – their assets being managed separately and independently from the Group – or not, with their commitments being recognised in the balance sheet under "Employee benefits".

The different defined benefit plans are the following:

- Retirement benefit plans (IFC) for all French companies, in compliance with applicable collective agreements,
- Defined benefit pension plans in international subsidiaries (United States in particular).

All actuarial differences are immediately recognised, net of deferred tax, in reserves.

Past service costs, designating the increase in an obligation arising from the introduction of a new plan or changes to an existing plan, is expensed immediately.

Expenses relating to this type of plan are recognised under employee expenses and net financial expense.

Curtailments, settlements and past service costs are recognised in current operating result or "Other financial income and expenses" according to their nature. The provision recognised in the balance sheet corresponds to the present value of the obligations calculated as described above, less the fair value of plan assets.

Seniority awards are treated as long-term benefits granted to employees and provided for on the basis of an actuarial evaluation at every year-end. Actuarial gains and losses are recognised as expenses.

Also, the severance pay provision (TFR) applicable to Italian companies is treated as a long-term benefit.

The Group recognises actuarial gains and losses in reserves, net of deferred tax, in accordance with the method referred to in IAS 19 – Employee benefits – Actuarial gains and losses, group plans and disclosures.

At 31 December 2015, actuarial differences recognised in reserves amounted to -€8.0 million (i.e. -€12.3 million in "Employee benefits" and a positive €4.3 million in deferred tax).

Movements between 2014 and 2015 can be analysed as follows:

#### Retirement benefits – France

€ thousands	Projected benefit obligation	Plan assets	Net obligation	Balance sheet position
<b>AT 31 DECEMBER 2014</b>	<b>13,125</b>	<b>– 1,863</b>	<b>11,262</b>	<b>11,262</b>
Net expense for the period:	1,333	– 123	1,210	1,210
– Current service cost and financial cost	1,333	–	1,333	1,333
– Return on plan assets	–	– 36	– 36	– 36
– Amortisation of gains and losses and past service cost	–	–	–	–
– Employee contributions	–	– 87	– 87	– 87
Contributions paid	–	– 525	– 525	– 525
Benefits paid	– 89	89	–	–
Actuarial gains & losses/Past service cost	1,351	– 172	1,179	1,179
Change in consolidation scope	–	–	–	–
<b>AT 31 DECEMBER 2015</b>	<b>15,720</b>	<b>– 2,594</b>	<b>13,126</b>	<b>13,126</b>

€ thousands	Projected benefit obligation	Plan assets	Net obligation	Balance sheet position
<b>AT 31 DECEMBER 2013</b>	<b>14,860</b>	<b>– 4,151</b>	<b>10,709</b>	<b>10,709</b>
Net expense for the period:	1,312	– 93	1,219	1,219
– Current service cost and financial cost	1,312	–	1,312	1,312
– Return on plan assets	–	– 93	– 93	– 93
– Amortisation of gains and losses and past service cost	–	–	–	–
– Employee contributions	–	–	–	–
Contributions paid	–	–	–	–
Benefits paid	– 1,229	1,229	–	–
Actuarial gains & losses/Past service cost	1,205	18	1,223	1,223
Change in consolidation scope	– 3,023	1,134	– 1,889	– 1,889
<b>AT 31 DECEMBER 2014</b>	<b>13,125</b>	<b>– 1,863</b>	<b>11,262</b>	<b>11,262</b>

#### Retirement benefits – Other countries

€ thousands	Projected benefit obligation	Plan assets	Net obligation	Balance sheet position
<b>AT 31 DECEMBER 2014</b>	<b>18,019</b>	<b>– 13,628</b>	<b>4,391</b>	<b>4,391</b>
Net expense for the period:	1,303	– 488	815	815
– Current service cost and financial cost	1,303	–	1,303	1,303
– Return on plan assets	–	– 488	– 488	– 488
– Amortisation of gains and losses	–	–	–	–
– Employee contributions	–	–	–	–
Contributions paid	–	– 1,071	– 1,071	– 1,071
Benefits paid	– 169	– 212	– 381	– 381
Actuarial gains and losses	353	365	718	718
Movements in foreign exchange rates	1,604	– 1,424	180	180
Change in consolidation scope	–	–	–	–
<b>AT 31 DECEMBER 2015</b>	<b>21,110</b>	<b>– 16,458</b>	<b>4,652</b>	<b>4,652</b>

€ thousands	Projected benefit obligation	Plan assets	Net obligation	Balance sheet position
<b>AT 31 DECEMBER 2013</b>	<b>14,433</b>	<b>– 10,809</b>	<b>3,624</b>	<b>3,624</b>
Net expense for the period:	1,255	– 348	907	907
– Current service cost and financial cost	1,255	99	1,354	1,354
– Return on plan assets	–	– 447	– 447	– 447
– Amortisation of gains and losses	–	–	–	–
– Employee contributions	–	–	–	–
Contributions paid	–	– 760	– 760	– 760
Benefits paid	– 223	–	– 223	– 223
Actuarial gains and losses	1,131	– 336	795	795
Movements in foreign exchange rates	1,423	– 1,375	48	48
Change in consolidation scope	–	–	–	–
<b>AT 31 DECEMBER 2014</b>	<b>18,019</b>	<b>– 13,628</b>	<b>4,391</b>	<b>4,391</b>

## Long service and jubilee awards

	31/12/14	Cost	Benefits paid	Changes in scope of consolidation and foreign exchange rates	31/12/15
€ thousands					
Actuarial liabilities	1,871	259	– 48	–	2,082

	31/12/13	Cost	Benefits paid	Changes in scope of consolidation and foreign exchange rates	31/12/14
€ thousands					
Actuarial liabilities	1,639	254	– 26	4	1,871

## TFR – Trattamento di Fine Rapporto (Italian severance pay provision)

	31/12/14	Cost	Benefits paid	Changes in scope of consolidation	31/12/15
€ thousands					
Liabilities	2,607	1,037	– 1,558	– 1	2,085

	31/12/13	Cost	Benefits paid	Changes in scope of consolidation	31/12/14
€ thousands					
Liabilities	2,618	1,019	– 1,119	89	2,607

The impact of defined benefits on the income statement impacted employee expenses by €2.0 million.

The main actuarial assumptions used are as follows:

At 31 December	2015	2014
<b>Discount rate</b>		
France	2.0%	2.0%
Germany	2.0%	2.5%
United States	4.0%	3.8%
Other	1.0 – 3.9%	1.0 – 3.9%
<b>Long-term yield expected from plan assets</b>		
France	2.0 – 2.5%	2.0 – 2.8%
Germany	0.0%	0.0%
United States	3.8%	4.6%
Other	2.0 – 4.8%	2.4 – 4.8%
<b>Future salary increases</b>		
France	2.0 – 2.6%	1.8 – 3.0%
Germany	0.0%	0.0%
United States	2.0%	2.0%
Other	1.0 – 10.0%	2.5 – 10.0%

The sensitivity of the gross retirement benefit commitment based on a variation of +0.5%/-0.5% in discount rate is -6.15%/+6.70%, respectively.

#### Note 11.2.2: Gross remuneration of Management Board and Supervisory Board members

€ thousands	31/12/15	31/12/14
Short term benefits	1,766	1,773
Post-employment benefits	225	71

Post-employment benefits relate to costs incurred in respect of the supplementary pension plan implemented in 2006 by CMC SARL.

#### NOTE 11.3: SHARE-BASED PAYMENTS

Some Group employees, including senior executives, have received the right to the allocation of free shares, subject to the achievement of certain performance conditions, and options entitling them to acquire Somfy SA shares at a price fixed in advance. The Group does not grant warrants to subscribe for shares.

Effective allocation of options is subject to conditions being fulfilled. Each beneficiary must be employed by the Group at the date options are exercised. For some employees, the ability to exercise options is also governed by the achievement of predetermined objectives.

These transactions were valued using the Black & Scholes model, which calculates the fair value of the benefit granted to date and takes account of various parameters such as the share price, exercise price, expected volatility, expected dividends, risk free interest rate and the life of the option.

During the rights vesting period, the fair value of options and free shares thus determined is split in proportion to the acquisition of rights. This expense is posted to personnel expenses and offset by an increase in equity. Upon exercise of the options, the exercise price received is recorded under cash and offset in equity.

The dilutive impact of outstanding options and free shares is reflected in the calculation of diluted earnings per share.

In accordance with IFRS 2, share options are valued at market value at the date of allocation and subsequently amortised through the income statement over the vesting period (four years) for all plans granted since 7 November 2002.

Movements in share option plans in 2014 and 2015 were as follows:

	2015		2014	
	Number of options	Weighted average exercise price (€)	Number of options	Weighted average exercise price (€)
Unexercised options at 1 January	–	–	15,532	166.89
Options granted	–	–	–	–
Options cancelled	–	–	– 4,675	155.00
Options exercised	–	–	– 10,857	172.01
<b>UNEXERCISED OPTIONS AT YEAR-END</b>	–	–	–	–
<b>OPTIONS EXERCISABLE AT YEAR-END</b>	–	–	–	–

At 31 December 2015, all plans had been exercised:

Plan date	Exercise price (€)	Number of options not exercised	Period remaining until maturity of options (days)
NIL			

At its meeting of 21 February 2014, the Management Board of Somfy SA decided to allocate Somfy SA shares, free of charge, to 154 beneficiaries. The acquisition of these free shares is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

At 31 December 2015, the free share position was as follows:

Plan date		Number of beneficiaries	Number of shares granted	Price per share (€)	Allocation date	Vesting date	Revision linked to performance conditions	Shares exercised	Number of shares potentially exercisable at 31/12/15
21/02/14	Residents	86	7,270	179.92	30/06/16	01/07/18	- 1,648	-	5,622
21/02/14	Non-residents	68	4,320	169.86	30/06/18	NA	- 952	- 120	3,248
		<b>154</b>	<b>11,590</b>				<b>- 2,600</b>	<b>- 120</b>	<b>8,870</b>

## NOTE 12 - CURRENT AND DEFERRED TAX

### CURRENT TAX

The tax consolidation agreement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2013 for an indefinite period of time.

The following companies are party to this agreement at 31 December 2015: Somfy SA, Somfy SAS, Simu SAS, CMC SARL, SEM-T SASU, Domis SA, BFT Sud Est SAS and Automatismes BFT France SAS.

Under this agreement, the difference between the sum of income taxes calculated for each company and the total of the tax integrated group is accounted for as income in the income statement of the Group's holding company.

Should a subsidiary cease to be a member of the tax consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.

### DEFERRED TAX

Deferred tax assets and liabilities are measured at the income tax rate expected to apply to the financial year when the asset will be realised or the liability settled, on the basis of income tax rates (and tax regulations) adopted or virtually adopted at year end.

Deferred tax is recognised for the temporary differences between the book value of assets and liabilities and its tax value and restatements made on consolidation to conform to Group accounting standards (extended concept of deferred tax calculation).

Deferred tax relating to tax losses of companies not included in the tax consolidation or that have arisen prior to their inclusion in the tax consolidation are recognised when the conditions defined by IAS 12 are met:

- The entity has sufficient taxable temporary differences with a single tax authority and for the same entity, which will generate taxable amounts against which unused tax losses and tax credits can be offset before they expire;

- It is likely that the entity will generate taxable profits before unused tax losses and tax credits expire;
- Unused tax losses result from identifiable causes, which will probably not reoccur;
- Opportunities related to the entity tax management will generate taxable profits for the financial year during which unused tax losses and tax credits can be allocated.

If it is unlikely that the entity will make sufficient profits to allocate unused tax losses or tax credits, deferred tax assets are not recognised.

### CVAE

The CVAE tax charge is classified as income tax charge in order to provide a more relevant information with respect to comparison, given prevailing market practice.

### INVESTMENT TAX CREDIT

The treatment of investment tax credits is not specifically addressed under IFRS.

A number of criteria need to be assessed on a case-by-case basis to ascertain whether to recognise the investment tax credit as income tax (IAS 12) or as a grant (IAS 20).

These criteria include the non-refundable nature or not of the tax credit should taxable profits be sufficient, the specific nature or not of the investment, the taxable nature or not of the income tax and the number of requirements for eligibility for the tax credit.



## NOTE 12.1: TAX PROOF

€ thousands	31/12/15	31/12/14*
<b>Profit before tax from continuing operations</b>	<b>177,189</b>	<b>119,580</b>
<i>Share of expenses on dividends</i>	8,366	841
<i>Dividends from non-consolidated companies (Faac transaction)</i>	- 38,343	-
<i>Goodwill impairment</i>	-	20,542
<i>Reclassification of CVAE to Income tax</i>	- 3,101	- 3,194
<i>Reclassification of CICE to Employee expenses</i>	- 1,995	- 1,964
<i>Reclassification of CIR to Other operating income</i>	- 4,409	- 3,509
<i>Other</i>	- 4,254	- 60
Permanent differences	- 43,736	12,656
Net profit taxed at reduced rate	- 24,039	- 21,981
Net profit taxable at standard rate	109,414	110,255
<i>Tax rate in France</i>	38.00%	38.00%
Tax charge recalculated at the French standard rate	41,577	41,897
Tax at reduced rate	4,111	3,759
<i>Difference in standard rate in foreign countries</i>	- 27,039	- 22,642
<i>Tax losses for the year, unrecognised in previous periods, deficits used</i>	211	1,315
Effect of the rate difference	- 26,828	- 21,327
Tax credits	- 2,361	- 4,518
Other taxes and miscellaneous	1,943	7,477
<b>Group tax</b>	<b>18,442</b>	<b>27,288</b>
<b>Effective rate</b>	<b>10.41%</b>	<b>22.82%</b>

\* The financial statements have been restated following the application of IFRIC 21 (see Note 3).

The results taxed at a **reduced rate** involve royalties, which were taxed at 17.1%.

The main countries that contributed to the **difference in the tax rate** were Tunisia (€17.2 million), where the tax rate was nil, Germany (€1.1 million), other European countries (€4.5 million), Middle Eastern countries (€1.3 million), and China (€1.8 million).

**Tax credits** were primarily affected by the SOPEM tax credit (Poland): €2.3 million in 2015 compared with €4.5 million in 2014.

**Other taxes and miscellaneous items** included, in particular, the CVAE (French Corporate Value-Added Contribution), which amounted to €3.1 million in 2015 and 2014, and the 3% contribution on dividends, which amounted to €1.1 million in 2015 compared with €1.2 million in 2014. Furthermore, they reflected the impact of the change in the deferred tax rate, primarily in France (38% to 34.43%), which accounted for -€1.4 million, and in Spain (30% to 25%), which accounted for -€1.2 million in 2015.

The pre-tax result from continuing activities in 2015 was increased by the income from the divestment of Faac, and was decreased by the provision for impairment of the financial interests in Garen Automação and Giga. The results had also been decreased by goodwill impairment in 2014. When restated for these exceptional items, the effective tax rates for 2015 and 2014 were close to 19%.

As at 31 December 2014, the analysis of the accounting treatment of SOPEM's investment tax credit, carried out in accordance with the

criteria set out above, led the Group to conclude that it falls within the scope of IAS 12. This tax credit was therefore accounted for as tax income. In order to benefit from this tax credit, SOPEM is required to meet a number of commitments, such as an investment threshold, a minimum number of people employed at the site and a deadline for finalising the investment (30 June 2020).

## CURRENT TAX ASSETS AND LIABILITIES

The change in tax liabilities and receivables was due to the effect of tax instalments.

## RETAINED LOSSES CAPITALISED OR USED

Deferred tax relating to losses of companies excluded from the tax consolidation or which arose before their inclusion in the tax consolidation was not capitalised where it was deemed unlikely that future taxable profits will be sufficient to absorb unused previous tax losses. The total amount of these losses was €35.3 million at the end of 2015, based on the standard tax rate, compared with €36.1 million at the end of 2014.

No significant deferred tax assets were recognised in 2015 in relation to tax losses arising during the financial year or in previous years.

**NOTE 12.2: DEFERRED TAX DIRECTLY TAKEN TO EQUITY**

€ thousands	31/12/15	31/12/14
Deferred tax assets		
– Actuarial gains and losses on retirement benefits	4,387	3,674
– Foreign currency hedges	–	81
– Miscellaneous	–	178
Deferred tax liabilities		
– Financial assets available for sale	–	5,843
– Interest rate hedges	–	–
– Foreign currency hedges	87	–
<b>NET DEFERRED TAX</b>	<b>4,301</b>	<b>– 1,910</b>

The positive difference between the fair value and historical cost of assets available for sale is recognised directly in reserves, along with the related tax.

**NOTE 12.3: ANALYSIS BY NATURE**

€ thousands	31/12/15 Assets	31/12/14 Assets	Including income statement impact	Including IFRS 5 impact of changes in consolidation scope
Deferred tax on restatements related to IFRS standards and temporary differences, including:	30,349	27,213	3,788	– 707
– Restatements to employee benefits	3,974	4,295	– 480	–
– Restatements resulting from provision methods	7,373	4,334	2,907	– 115
– Restatements due to tax and social liabilities	3,224	3,983	– 306	– 111
– Restatements due to SOPEM tax credit	10,172	8,786	1,393	–
– Fair value restatements	–	–	–	–
– Restatements on the fair value of hedge instruments	–	97	– 21	–
– Restatements resulting from acquisition expenses	299	387	– 88	–
Deferred tax on intragroup margins	8,156	8,699	– 628	–
Deferred tax on the elimination of intragroup provisions	–	–	–	–
<b>TOTAL</b>	<b>38,505</b>	<b>35,912</b>	<b>3,160</b>	<b>– 707</b>

€ thousands	31/12/15 Liabilities	31/12/14 Liabilities	Including income statement impact	Including IFRS 5 impact of changes in consolidation scope
Deferred tax on restatements related to IFRS standards and temporary differences, including:	35,524	47,733	– 5,777	– 332
– Restatements related to the fair value of non-current assets	718	6,664	– 103	–
– Restatements related to leases	9,201	9,791	– 590	–
– Restatements due to changes in amortisation and depreciation rates	1,013	2,436	– 1,130	– 286
– Restatements from the capitalisation of development costs	13,157	13,292	– 135	–
Deferred tax on intragroup margins	1,276	1,294	– 28	–
Deferred tax on the elimination of intragroup provisions	1	1,831	– 1,830	–
Deferred tax on acquisition expenses	59	698	–	– 639
<b>TOTAL</b>	<b>36,860</b>	<b>51,556</b>	<b>– 7,635</b>	<b>– 971</b>

**NOTE 13 - OFF-BALANCE SHEET COMMITMENTS**

The Group's commitments comprise the following:

**NOTE 13.1: COMMITMENTS GIVEN**

€ thousands	31/12/15	31/12/14
Guarantees & deposits granted and liability guarantee on CIAT disposal	18,780	4,328
Interest over the remaining terms of borrowings	2,606	3,734
Rental payments outstanding on operating leases	24,668	22,908
Copper forward purchase	5,066	7,895
Foreign currency forward sale	19,333	21,773
<b>TOTAL</b>	<b>70,453</b>	<b>60,637</b>

Interest over the remaining terms of borrowings is calculated only on those borrowings with known maturities and not on short-term credit facilities with ad-hoc drawings.

**NOTE 13.2: COMMITMENTS RECEIVED**

€ thousands	31/12/15	31/12/14
Guarantees & deposits received and liability guarantees	8,940	2,204
Unused credit lines	137,678	56,730
<b>TOTAL</b>	<b>146,618</b>	<b>58,934</b>

**NOTE 13.3: COMMITMENTS TO ACQUIRE ADDITIONAL SHARES IN COMPANIES NOT FULLY-CONSOLIDATED**

Due to the lack of specific IFRS provision and in accordance with the recommendation issued by the AMF on 4 November 2009, the Group opted for the following accounting treatment in relation to commitments to acquire non-controlling interests. Upon initial recognition, these commitments are recognised as financial debt at the discounted acquisition value and offset by a reduction in the value of non-controlling interests. The difference between the book value of the non-controlling interests due to be acquired and the value of the estimated liability is accounted for:

- Under equity, for transactions arising after 1 January 2010,
- Under goodwill, for transactions arising before 1 January 2010.

In August 2012, Somfy made a 51% equity investment in Neocontrol. The transaction provides for a first mutual put/call option exercised on 19 January 2015 for 10% of the share capital, and a second option for the remaining 39% exercisable in 2017.

**NOTE 14 - INVESTMENTS IN ASSOCIATES AND RELATED PARTIES****NOTE 14.1: INVESTMENTS IN ASSOCIATES**

€ thousands	31/12/15	31/12/14
Investments in associates at the beginning of the year	1,680	109,881
Change in scope of consolidation and other	983	– 80,750
Share of profit/(loss) from associates	101	– 428
Net profit from operations held for sale	–	2,308
Dividends paid	–	–
Changes in foreign exchange rates	– 506	242
Reclassification related to assets held for sale	–	– 29,574
<b>INVESTMENTS IN ASSOCIATES AT THE END OF THE PERIOD</b>	<b>2,258</b>	<b>1,680</b>

"Investments in associates" consists of investments in Neocontrol and Arve Finance.

The 2014 financial year was affected by the deconsolidation of the distributed entities (demerger between Somfy Activities and Somfy Participations) as well as by the €0.5 million impairment charge on the investment in Neocontrol (this impairment charge is presented within the share of profits from associates).

Somfy acquired an additional 10% interest in Neocontrol during 2015. For the purposes of the impairment test on the investment in Neocontrol, a discount rate of 21.5 % and a growth rate to infinity of 3.5 % were used.

No impairment charge was recorded during the 2015 financial year.

A two percentage point increase in the discount rate could result in the need to recognise additional impairment of €0.1 million. A one percentage point decrease in the EBITDA to sales ratio of the last year used in the calculation of the terminal value would not have required any additional writedown.

**NOTE 14.2: RELATED-PARTY DISCLOSURES**

Related parties are:

- The parent company,
- Companies which exert joint control or a significant influence over the company,
- Subsidiaries,
- Associates,
- Joint ventures,
- Members of the Management Board, the Supervisory Board and the Management Committee.

**Transactions with associates**

Associates are companies over which the Group has a significant influence and which are consolidated using the equity method. Transactions with related parties are made on arm's length terms.

€ thousands	31/12/15	31/12/14
Sales	–	227
Other income	–	269
Purchase of goods	95	5,232
Other expenses	–	17
Interest received	–	5,972
Trade receivables	–	1,313
Trade payables	–	928
Borrowings	100	100
Accrued interest	–	–
Bonds	–	79,400

Transactions with associates at 31 December 2014 primarily involved the entities owned by Somfy Participations (Gaviota Simbac and Zurflüh-Feller), which were transferred to Edify SA, a Limited Company governed by Luxembourg law.

This only applied to Arve Finance and Neocontrol at 31 December 2015.

**NOTE 15 - LIST OF CONSOLIDATED ENTITIES**

Company name	Head office	% control 31/12/15	% interest 31/12/15	% interest 31/12/14
Somfy SA	74300 Cluses (France)	(parent company)	(parent company)	(parent company)
<b>Fully-consolidated companies</b>				
Somfy SAS	Cluses (France)	100.00	100.00	100.00
CMC SARL	Cluses (France)	100.00	100.00	100.00
Somfybat SNC	Cluses (France)	100.00	100.00	100.00
Domis SA	Rumilly (France)	100.00	100.00	100.00
Stor'm	Saint Clair de la Tour (France)	100.00	100.00	100.00
SITEM SARL	Zaghouan (Tunisia)	100.00	100.00	100.00
SITEM Services	Zaghouan (Tunisia)	100.00	100.00	100.00
SOPEM	Krakow (Poland)	100.00	100.00	100.00
Somfy Eastern Europe Area SP. Zoo	Warsaw (Poland)	100.00	100.00	–
Somfy Ltd	Yeadon (UK)	100.00	100.00	100.00
Yorkshire Technology	Bradford (UK)	–	–	100.00
Somfy PTY Ltd	Rydalmere (Australia)	100.00	100.00	100.00
Somfy Automation Services PTY	Rydalmere (Australia)	100.00	100.00	100.00
NV Somfy SA	Zaventem (Belgium)	100.00	100.00	100.00
Somfy Brazil LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Somfy Columbia SAS	Bogota (Colombia)	100.00	100.00	100.00
Somfy Argentina	Buenos Aires (Argentina)	100.00	100.00	–
Somfy Chili	Chile	–	–	100.00
Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	Santa Rita do Sapucaí (Brazil)	51.00	51.00	51.00

Company name	Head office	% control 31/12/15	% interest 31/12/15	% interest 31/12/14
GABR Participações LTDA	Sao Paulo (Brazil)	100.00	100.00	100.00
Garen Automação S/A	Garça (Brazil)	—	—	100.00
Somfy GmbH	Rottenburg (Germany)	100.00	100.00	100.00
HIMOTION BV	Leiden (Netherlands)	100.00	100.00	100.00
Somfy GmbH	Elsbethen-Glasenbach (Austria)	100.00	100.00	100.00
Somfy KFT	Budapest (Hungary)	100.00	100.00	100.00
Somfy Sp zoo	Warsaw (Poland)	100.00	100.00	100.00
Somfy Spol sro	Prague (Czech Republic)	100.00	100.00	100.00
SC Somfy SRL	Brasov (Romania)	100.00	100.00	100.00
Somfy LLC	Moscow (Russia)	100.00	100.00	100.00
Somfy SIA	Riga (Latvia)	100.00	100.00	100.00
Somfy LLC	Kiev (Ukraine)	100.00	100.00	100.00
Somfy Bulgaria AD	Sofia (Bulgaria)	100.00	100.00	100.00
Somfy Joo	Seoul (Korea)	100.00	100.00	100.00
Somfy Italia SRL	Milan (Italy)	100.00	100.00	100.00
Somfy BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
Somfy España SA	Barcelona (Spain)	100.00	100.00	100.00
Automatismos Pujol SL	Barcelona (Spain)	100.00	100.00	100.00
Pujol Redutores de Velocidade LDA	Esmoriz (Portugal)	100.00	100.00	100.00
Sistemi Automatici Pujol SRL	Pavona (Italy)	100.00	100.00	100.00
Somfy Systems Inc.	Cranbury NJ (US)	100.00	100.00	100.00
Somfy AG	Bassersdorf (Switzerland)	100.00	100.00	100.00
Somfy Nordic AB	Limhamn (Sweden)	100.00	100.00	100.00
Somfy Norway AS	Skedsmokorset (Norway)	100.00	100.00	—
Somfy PTE Ltd	Singapore	100.00	100.00	100.00
Somfy Thailand	Bangkok (Thailand)	100.00	100.00	100.00
Somfy Taiwan Co Ltd	Taipei (Taiwan)	100.00	100.00	100.00
Asian Capital International LTD	Hong Kong	100.00	100.00	100.00
Sino Global International Holdings LTD	Hong Kong	100.00	100.00	100.00
Sino Link Trading LTD	Hong Kong	100.00	100.00	100.00
Hong Kong CTLT Trade Co. LTD	Hong Kong	70.00	70.00	70.00
Somfy Asia-Pacific Co Ltd	Hong Kong	100.00	100.00	—
Dooya China	Ningbo (China)	70.00	70.00	70.00
New Unity LTD	Hong Kong	70.00	70.00	70.00
Ningbo Sleepwell Co Ltd	Ningbo (China)	70.00	70.00	70.00
Somfy Co Ltd	Hong Kong	100.00	100.00	100.00
Somfy China Co Ltd	Shanghai (China)	100.00	100.00	100.00
LianDa	Zhejiang (China)	95.00	95.00	95.00

Company name	Head office	% control 31/12/15	% interest 31/12/15	% interest 31/12/14
Baixing Co Ltd	Ningbo (China)	70.00	70.00	70.00
Herzborg Technology	Ningbo (China)	70.00	70.00	70.00
Shanghai Goodnight	Ningbo (China)	70.00	70.00	–
Somfy Middle East Co Ltd	Limassol (Republic of Cyprus)	100.00	100.00	100.00
Somfy Egypt	Cairo (Egypt)	100.00	100.00	100.00
Sisa Home Automation Ltd	Rishone Le Zion (Israel)	100.00	100.00	100.00
Somfy Maroc SARL	Casablanca (Morocco)	100.00	100.00	100.00
Somfy Hellas SA	Acharnae (Greece)	100.00	100.00	100.00
Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti	Istanbul (Turkey)	100.00	100.00	100.00
Somfy South Africa (PTY) Limited	Durban (South Africa)	100.00	100.00	100.00
Somfy Tunisie	Tunis (Tunisia)	100.00	100.00	100.00
Somfy Tunisie Services	Tunis (Tunisia)	50.00	50.00	50.00
Somfy Mexico SA DE CV	Tlalnepantla (Mexico)	100.00	100.00	100.00
Syservmex	Tlalnepantla (Mexico)	100.00	100.00	–
Somfy K.K.	Yokohama (Japan)	100.00	100.00	100.00
Somfy India Pvt Ltd	New Dehli (India)	100.00	100.00	100.00
PROMOFI BV	Hoofddorp (Netherlands)	100.00	100.00	100.00
FIGEST BV	Leiden (Netherlands)	100.00	100.00	100.00
Somfy LLC USA	Dover (US)	100.00	100.00	100.00
Somfy ULC	Halifax (Canada)	100.00	100.00	100.00
Harmonic Design	Poway (US)	–	–	100.00
Energy Eye	Poway (US)	–	–	100.00
Simu SAS	Gray (France)	100.00	100.00	100.00
Simu GmbH	Iserlohn (Germany)	100.00	100.00	100.00
WAY SRL	Galliera (Italy)	100.00	100.00	100.00
Overkiz SAS	Archamps (France)	80.00	80.00	80.00
Opendoors SAS	Cluses (France)	100.00	100.00	–
SEM-T	Cluses (France)	100.00	100.00	100.00
DSG	Mouscron (Belgium)	100.00	100.00	100.00
TTMD SA	Geneva (Switzerland)	100.00	100.00	100.00
BFT SpA	Schio (Italy)	100.00	100.00	100.00
Automatismes BFT France SAS	Saint-Priest (France)	100.00	100.00	100.00
BFT Group Italiberica de Automatismos SL	Barcelona (Spain)	98,70	98,70	98,70
BFT Torantriebssysteme GmbH	Furth (Germany)	100.00	100.00	100.00
BFT Automation UK Limited	Stockport (UK)	100.00	100.00	100.00
BFT Benelux SA	Nivelles (Belgium)	100.00	100.00	100.00
BFT Adria d.o.o.	Drazice (Croatia)	75.00	75.00	75.00
BFT Polska Sp.zoo	Warsaw (Poland)	100.00	100.00	100.00

Company name	Head office	% control 31/12/15	% interest 31/12/15	% interest 31/12/14
SACS SRL	Trento (Italy)	100.00	100.00	100.00
BFT US Inc.	Boca Raton (US)	100.00	100.00	100.00
BFT Portugal SA	Coimbra (Portugal)	100.00	100.00	100.00
BFT Gates systems Limited	Berkshire (UK)	100.00	100.00	100.00
BFT Australia	Sydney (Australia)	100.00	100.00	100.00
BFT CZ Sro	Prague (Czech Republic)	100.00	100.00	100.00
BFT Piemonte	Dronero (Italy)	90.00	90.00	90.00
O&O	Corregio (Italy)	100.00	100.00	100.00
BFT Veneto	Schio (Italy)	100.00	100.00	100.00
BFT Anatolia	Istanbul (Turkey)	100.00	100.00	100.00
BFT Istanbul	Istanbul (Turkey)	100.00	100.00	100.00
BFT Grèce	Athens (Greece)	100.00	100.00	100.00
BFT Eire	Dublin (Ireland)	100.00	100.00	100.00
BFT Automation Systems PTL	Hyderabad (India)	51.00	51.00	—
Nord Logistica E Servizi SRL	Legnago (Italy)	100.00	100.00	—
BFT Gulf	Dubai (United Arab Emirates)	100.00	100.00	100.00
BFT China	Shanghai (China)	100.00	100.00	100.00
BFT Romania	Bucharest (Romania)	100.00	100.00	100.00
BFT New Zealand	New Zealand	100.00	100.00	100.00
BFT Sud Est	Saint Laurent du Var (France)	100.00	100.00	100.00
BFT Lazio S.r.l.	Rome (Italy)	100.00	100.00	60.00
TRS Standard S.r.l.	Verona (Italy)	100.00	100.00	60.00
<b>Equity-accounted companies</b>				
Arve Finance	Cluses (France)	50.17	50.17	50.17
Neocontrol	Belo Horizonte (Brazil)	61.00	61.00	51.00



## NOTE 16 - 2015/2014 CROSS-REFERENCE TABLE

The presentation of the notes to the financial statements has been amended in order to make them easier to understand and more relevant, in accordance with AMF recommendations.

The cross-reference table below reconciles the presentation used in 2015 with the presentation used in 2014.

2015 presentation	2014 accounting rules and methods	2014 notes
<b>Key figures</b> <b>2015 highlights</b> <b>Post-balance sheet events</b> <b>Consolidated income statement</b> <b>Statement of comprehensive income</b> <b>Consolidated balance sheet - Assets</b> <b>Consolidated balance sheet - Equity and liabilities</b> <b>Consolidated statement of changes in equity</b> <b>Consolidated cash flow statement</b> <b>Notes to the consolidated financial statements</b>		<b>New</b> <b>Note 1</b> <b>Note 33</b>
<b>Note 1 Accounting principles</b> 1.1 Consolidated financial statements - Basis for preparation 1.2 Compliance with accounting standards 1.3 Judgements and estimates 1.4 New applicable standards and interpretations	Section A Section A Section A Section A	
<b>Note 2 Consolidation scope</b> 2.1 Consolidation method 2.2 Foreign exchange translation 2.3 Business combinations 2.4 Non-current assets (or groups thereof) held for sale or distribution and discontinued operations	<b>Section B</b> Section B Section C Section B Section W	Note 9
<b>Note 3 Restatement of previously-published financial statements</b>		<b>Note 2</b>
<b>Note 4 Segment reporting</b>	<b>Section BB</b>	<b>Note 3</b>
<b>Note 5 Operating data</b> 5.1 Sales 5.1.1 Sales by customer location 5.1.2 Other operating income 5.2 Other operating income and expenses 5.3 Inventories 5.4 Trade receivables 5.5 Other current and non-current receivables 5.6 Other current and non-current liabilities	Section Y Section Z Section J Section K Section P	New Note 3 Note 4 Note 5 Note 15 Note 16 Note 17 Note 25
<b>Note 6 Property, plant and equipment and intangible assets</b> 6.1 Goodwill and impairment tests 6.1.1 Goodwill 6.1.2 Impairment tests 6.2 Other intangible assets 6.3 Property, plant and equipment 6.3.1 Property, plant and equipment by type 6.2.3 Property, plant and equipment under finance leases	Section D Section H Section E Section F Section G	Note 10 Note 10.1 Note 10.2 Note 11 Note 12 Note 12.1 Note 12.2
<b>Note 7 Equity and earnings per share</b> 7.1 Equity 7.1.1 Transactions between shareholders 7.1.2 Treasury shares 7.1.3 Proposed dividends 7.2 Earnings per share	Section L Section L Section X	Note 27 Note 8

2015 presentation	2014 accounting rules and methods	2014 notes
<b>Note 8 Financial items</b>		
8.1 Net financial income/(expense)	Section AA	Note 6
8.2 Financial assets and liabilities		
8.2.1 Financial assets	Section I	Note 14
8.2.2 Financial liabilities	Section R	Note 20
8.2.2.1 Analysis by category		Note 20.1
8.2.2.2 Analysis by maturity		Note 20.2
8.2.2.3 Analysis by rate		Note 20.3
8.2.2.4 Analysis by currency		Note 20.4
8.2.2.5 Secured liabilities		Note 20.5
8.2.2.6 Covenants		Note 20.6
8.2.3 Analysis of net financial debt		Note 21
8.2.4 Financial instruments recognised in the balance sheet	Sections U and V	Note 22
8.2.5 Cash and cash equivalents	Section M	Note 18
8.3 Financial risk management policy		Note 23
<b>Note 9 Analysis of cash flow statement</b>		<b>Note 28</b>
9.1 Cash and cash equivalents		Note 28.1
9.2 Intangible assets and property, plant and equipment		Note 28.2
9.3 Change in working capital requirement		Note 28.3
<b>Note 10 Provisions and contingent liabilities</b>		
10.1 Provisions	Section N	Note 19
10.1.1 Non-current provisions		Note 19.1
10.1.2 Current provisions		Note 19.2
10.2 Contingent liabilities	Section N	
<b>Note 11 Employee information</b>		
11.1 Workforce		Note 31
11.2 Employee benefits		
11.2.1 Pensions	Section O	Note 24
11.2.2 Gross remuneration of Management Board and Supervisory Board members		Note 32.2
11.3 Share-based payments	Section Q	Note 26
<b>Note 12 Current and deferred tax</b>	<b>Section T</b>	<b>Note 7</b>
12.1 Tax proof		Note 7.1
12.2 Deferred tax directly taken to equity		Note 7.2
12.3 Analysis by nature		Note 7.3
<b>Note 13 Off-balance sheet commitments</b>		<b>Note 29</b>
13.1 Commitments given		
13.2 Commitments received		
13.3 Commitments to acquire additional shares in companies not fully-consolidated	Section S	
<b>Note 14 Investments in associates and related parties</b>		
14.1 Investments in associates		Note 13
14.2 Related-party disclosures		Note 32.1
<b>Note 15 List of consolidated entities</b>		<b>Note 34</b>

---

# 08

---

## PARENT COMPANY FINANCIAL STATEMENTS

- P.114** Income statement for the year ended 31 December 2015
- P.115** Balance sheet at 31 December 2015
- P.115** Proposed allocation of 2015 profit
- P.116** Notes to the Somfy SA financial statements



## PARENT COMPANY FINANCIAL STATEMENTS

### INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

€ thousands	31/12/15	31/12/14
Net sales	3,449	1,815
Other income	393	5,890
Other expenses:	- 15,133	- 16,037
<i>Personnel expenses</i>	- 484	- 1,173
<i>Taxes and duties</i>	- 573	- 384
<i>Net operating expenses</i>	- 14,075	- 14,481
Amortisation, depreciation and provision charges/reversals	-	-
<b>OPERATING RESULT</b>	<b>- 11,291</b>	<b>- 8,333</b>
<b>Net financial income</b>	<b>287,793</b>	<b>165,459</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	<b>276,503</b>	<b>157,126</b>
<b>Extraordinary result</b>	<b>- 445</b>	<b>- 38,695</b>
<b>PROFIT BEFORE TAX</b>	<b>276,057</b>	<b>118,431</b>
Income tax	3,426	- 13,835
<b>NET PROFIT</b>	<b>279,484</b>	<b>104,596</b>

## BALANCE SHEET AT 31 DECEMBER 2015

### BALANCE SHEET - ASSETS

€ thousands	31/12/15 Net	31/12/14 Net
<b>Non-current assets</b>		
Intangible assets	1	1
Property, plant and equipment	–	–
Financial assets	349,623	470,515
<b>Total Non-current assets</b>	<b>349,624</b>	<b>470,515</b>
<b>Current assets</b>		
Inventories and work-in progress	–	–
Trade receivables	221	5,967
Other receivables and accruals	80,377	24,710
Marketable securities	98,265	70,707
Cash and cash equivalents	2,281	5,440
<b>Total Current assets</b>	<b>181,145</b>	<b>106,823</b>
<b>TOTAL ASSETS</b>	<b>530,768</b>	<b>577,339</b>

### BALANCE SHEET - EQUITY AND LIABILITIES

€ thousands	31/12/15	31/12/14
<b>Shareholders' equity</b>		
Share capital	7,400	7,837
Merger and issue premium	1,866	1,866
Reserves	103,138	122,251
Net profit	279,484	104,596
<b>Total Shareholders' equity</b>	<b>391,888</b>	<b>236,550</b>
<b>Provisions for liabilities and charges</b>	<b>8,574</b>	<b>5,345</b>
<b>Liabilities</b>		
Borrowings and financial liabilities	60,725	257,815
Trade payables	1,030	1,488
Other payables and accruals	68,551	76,142
<b>Total Liabilities</b>	<b>130,306</b>	<b>335,445</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>530,768</b>	<b>577,339</b>

## PROPOSED ALLOCATION OF 2015 PROFIT

€	€
<b>Source</b>	<b>Allocation</b>
Retained earnings from prior years	Dividends
5,057,826.80	42,180,000.00
Net profit for the year	Legal reserve
279,483,937.12	–
Legal reserve	Optional reserves
50,681.01	242,412,444.93
<b>284,592,444.93</b>	<b>284,592,444.93</b>

## NOTES TO THE SOMFY SA FINANCIAL STATEMENTS

The financial statements have been prepared for the 12-month period from 1 January 2015 to 31 December 2015.

### A - SIGNIFICANT EVENTS OF THE FINANCIAL YEAR

#### DISPOSAL OF CIAT

On 5 January 2015, Somfy SA transferred its 44.49% equity investment in the share capital of CIAT Group to United Technologies Corporation. The transaction was worth €114.2 million, including €34.8 million related to the disposal price of the securities, excluding costs, and €79.4 million for the redemption of the CIAT bond issue originally subscribed to by Somfy.

The payment of the transfer price includes a deferred portion totalling €10.5 million spread between 2016 and 2019.

The disposal generated a capital loss of €2 million in 2015, offset by the reversal of an equivalent provision.

#### CANCELLATION OF FAAC SHARES

In May 2015, Faac and Somfy Groups concluded that there were no joint development projects and therefore decided to undo the existing capital links (Somfy's 34% holding in the share capital of Faac and Faac's 7.3% stake in Somfy).

The transaction to unwind their mutual equity interests involved the exercise of a statutory right to withdraw and thus gave rise to the cancellation of the Faac shares held by Somfy. As consideration for this, the 571,400 Somfy shares held by Faac were returned to Somfy and a compensation balance of €50.7 million was set, the payment of which included a deferred amount of €13.2 million spread over 2016 and 2017. This transaction generated a net financial gain of €149.1 million.

In addition, some of the returned Somfy shares (436,800 shares) have been cancelled to restrict the percentage of the share capital held by Somfy to 7.2%. As a result, the share capital of Somfy comprises 7,400,000 shares with a par value of €1 each, including 535,880 treasury shares at 31 December 2015.

#### GIGA

As a result of the worsening economy in Brazil, the decline in sales seen in 2014 and an uncertain outlook, Somfy SA took the decision to sell the Giga entity. A Restructuring Agreement, initiated in December 2015, is currently being finalised. It provides for the disposal of the securities held by Somfy SA and the partial waiver of financial receivables. Within this context, the annual financial statements include a writedown of €2.0 million recognised in net financial income, which covers the maximum risk.

### B - CONTINGENT LIABILITY

The dispute between **Somfy SA** and **Spirel** employees is ongoing before the Albertville District Court. The employees seek annulment of the transfer of the Spirel securities, which took place in 2010, and to have Somfy SA ordered to pay them damages for the alleged deliberate bankruptcy of Spirel and non-material damage caused as a result of the anxiety, disappointment and vexation they claimed to have been victim of, for a total of approximately €9.7 million. Submissions filed by Chappel Industries France and Spirel were tabled and hearings should take place during the first half of 2016. Somfy SA disputes the arguments put forward by counsel for the Spirel employees, believes it has complied with its obligations and remains confident of its chances of receiving a favourable ruling.

In addition, in the course of July the employees also brought Spirel, Chappel Industries France et Somfy SA before the Albertville Labour Court, disputing the grounds for their dismissal and claiming damages of a substantially similar amount. Submissions are currently being filed and, at this stage, Somfy SA is unaware of the grounds on which the employees are basing their appeals.

Therefore, Somfy SA continues to qualify these risks as contingent liabilities and no provision was recognised in relation to these disputes at 31 December 2015.

### C - POST-BALANCE SHEET EVENTS

#### FINALISATION OF GIGA'S DISPOSAL

The Restructuring Agreement concerning Somfy SA's equity investment in Giga, mentioned in "Significant events of the financial year" should be signed during the first half of 2016.

#### CHANGES IN THE COMPOSITION OF THE MANAGEMENT BOARD

The Supervisory Board of 9 March 2016:

- Took note of Jean-Philippe Demaël's resignation from his office as a member and Chairman of the Management Board with effect from 9 March 2016;
- Unanimously appointed Jean Guillaume Despature, a member of the Management Board, as Chairman of the Management Board with effect from 9 March 2016, for the term of the Management Board offices which expire on 26 November 2017.

As from 9 March 2016, the Management Board is composed of:

- Jean Guillaume Despature, Chairman of the Management Board, and
- Pierre Ribeiro, Group CFO.

### D - ACCOUNTING RULES AND METHODS

ANC regulation n° 2014-03 of 5 June 2014 relating to the new French Chart of Accounts and reorganising all accounting standards within existing laws came into force on 16 October 2014. This regulation replaces Regulation CRC 99-03 relating to the French Chart of Accounts (known as PCG 99) and all other regulations published since 1999, and as such is the new accounting standard for the preparation of annual financial statements for all companies required to prepare such financial statements.

The general bases of accounting have been applied in respect of the principle of prudence, in accordance with the following basic assumptions:

- Going concern,
  - Consistency of accounting methods from one year to the next,
  - Separate accounting periods,
- and in compliance with the general rules for the preparation and presentation of annual financial statements.
- The method used to value the items in the accounts is the historical cost method.

#### EQUITY INVESTMENTS

The gross value of equity investments comprises their acquisition cost less related expenses. Writedown is recognised when the book value falls below historical cost. Book value is determined based on several assessment items, such as year-end net assets, profitability level, future prospects and share price for listed companies.

## OTHER SECURITIES

The initial value of other securities comprises their acquisition cost less associated expenses. When the estimated realisable value is lower than cost, an impairment provision is recorded for the difference.

## MARKETABLE SECURITIES

The gross value of marketable securities comprises their purchase price less related expenses or their transfer value. Marketable securities are valued at their average quoted stock exchange price over the month of December 2015 and are impaired when this is lower than cost. At 31 December 2015, marketable securities totalled €98.3 million, comprising:

- Treasury shares of €99.3 million,
- A provision of €1 million, for the writedown of treasury shares.

## TREASURY SHARES

The company has implemented several successive share buyback programmes. The most recent buyback programme was launched in 2015; it was authorised by the Combined General Meeting of 13 May 2015, and had the following objectives:

- To stimulate the secondary market or ensure the liquidity of the Somfy SA share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by the Autorité des Marchés Financiers;
- To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To proceed with the possible cancellation of shares acquired, subject to the authorisation granted by the General Meeting of shareholders of 14 May 2014 in its sixth resolution, sitting in extraordinary session.

The company reserved the right to use options or derivative instruments, in accordance with applicable regulations.

These shares are classified in account 502 "Treasury shares". Income or losses on treasury share transactions are thus recognised as financial income/expenses.

Treasury shares to be granted to employees and allocated to stock option or free share plans are valued on a plan by plan basis at the lower of acquisition cost or exercise price of the call option.

Shares not yet allocated to plans or which have lapsed are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2015.

Shares bought and sold to ensure the liquidity and to stimulate the secondary market and shares purchased to be retained and subsequently exchanged are valued at the lower of the average purchase price of all these shares or the average quoted stock exchange price over the month of December 2015.

## SOMFY SA STOCK OPTION AND FREE SHARE ALLOCATION PLANS

At 31 December 2015, there were no more existing stock option plans. In addition, at its meeting on 21 February 2014, the Management Board of Somfy SA decided to allocate Somfy SA shares, free of charge, to 154 beneficiaries. The acquisition of these free shares is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

## ACCOUNTS RECEIVABLE FROM EQUITY INVESTMENTS, BONDS RECEIVABLE AND OTHER RECEIVABLES

Receivables are carried at their nominal value. A provision for impairment is recorded when their estimated realisable value falls below carrying value and based upon the probability of their recovery. When the equity of investments become negative, a provision for impairment is recorded with reference to the above estimated realisable value.

Accrued interest on bonds receivables are capitalised at each year-end.

## FOREIGN CURRENCY DENOMINATED TRANSACTIONS

Foreign currency denominated income and expenses are recorded at their equivalent value at the transaction date. Foreign currency denominated debts, receivables and cash are recognised in the balance sheet at their exchange rate on the balance sheet date. The difference resulting from the translation of foreign currency debts and receivables at the balance sheet date exchange rate is recognised in the balance sheet as a "Translation adjustment".

At 31 December 2015, "asset" and "liability" translation adjustments of €8.6 million and €0.1 million respectively, were classified under the captions "Other receivables and accruals" and "Other payables and accruals", respectively.

Unrealised foreign exchange losses resulting from the net exchange position by currency recorded on assets and liabilities at the balance sheet date are recorded as a provision for foreign exchange losses.

## BORROWINGS AND DEBTS FROM CREDIT INSTITUTIONS

Borrowings and debts from credit institutions are recorded on the balance sheet at their net value. Accrued interest is recorded on the balance sheet with the related borrowings.

At 31 December 2015, the company complied with all financial covenants imposed by banks on its borrowing facilities.

## INTEREST RATE HEDGES

Income and expenses resulting from interest rate hedges are recognised in the income statement at each contracted maturity date.

The following are recognised at year end:

- Accrued interest on interest rate hedges,
- A provision for interest rate risk was established for the unrealised loss resulting from the recognition at fair value of financial instruments whose nature as a hedge cannot be demonstrated.

## E - CONSOLIDATING ENTITY

—

The consolidating entity is the J.P.J.S. company.



## F – NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS AT 31 DECEMBER 2015

### NOTE 1: OPERATING ITEMS

Somfy SA sales for the year to 31 December 2015 were €3.4 million, an increase compared with the previous year. The operating loss was €11.3 million, compared with €8.3 million in 2014.

#### Note 1.1: Sales breakdown

€ thousands	
France	1,981
European Union	924
Non-EU	543
<b>TOTAL</b>	<b>3,449</b>

#### Note 1.2: Directors' remuneration

€ thousands	
Remuneration allotted	
– to members of the Management Board	150
– to members of the Supervisory Board	154
Pension commitments subscribed	N/A

#### Note 1.3: Workforce size at 31 December 2015

	Male	Female	Total
Managers & executives	3	1	4

### NOTE 2: FINANCIAL ITEMS

The net financial income of the Somfy SA holding company was €287.8 million, compared with €165.5 million in 2014.

The increase in net financial income was due to the recognition of a €149.1 million gain related to the exit from Faac.

Interest on bank debt decreased due to the reduction of overall bank debt but were largely offset by interest on debenture loans granted by Somfy SA to Garen.

### NOTE 3: EXTRAORDINARY ITEMS

The net extraordinary expense totalled €0.4 million, and comprised a €2 million capital loss on transfers of equity investments and the reversal of a provision for liabilities of €1.6 million.

Net extraordinary expense for 2014 was €38.7 million, of which €37.7 million was directly attributable to the demerger of Somfy SA.

**NOTE 4 : INCOME TAX**

An income tax gain of €3.4 million was recognised, including a €4.5 million tax consolidation profit.

**Note 4.1: Breakdown of income tax at 31 December 2015**

€ thousands	Result	Tax		
		Base	Rate	Amount
<b>1. Current result</b>				
Net profit for the year	276,503	276,503	–	105,071
Tax adjustments				
– Long-term capital gains and losses	–	–	–	–
– Income from equity investments	–	– 281,476	–	– 106,961
– Other	–	2,001	–	760
<i>Theoretical tax</i>	–	– 2,971	38.0%	– 1,129
<b>2. Extraordinary result</b>				
Net profit for the year	– 445	– 445	–	– 169
Tax adjustments				
– Long-term capital gains and losses	–	–	–	–
– Deductions	–	– 1,635	–	– 621
– Reinstatements	–	–	–	–
<i>Theoretical tax</i>	–	– 2,080	38.0%	– 790
<b>Total theoretical tax</b>	–	<b>– 5,052</b>	–	<b>– 1,920</b>
Tax paid by tax consolidation companies	–	–	–	6,471
Tax charge/income for the tax consolidation	–	–	–	– 1,974
Contribution on distributed earnings	–	–	–	– 1,071
Tax charge/relief from previous periods	–	–	–	–
<b>NET PROFIT</b>	–	–	–	<b>279,484</b>

€ thousands	Before tax	Tax	After tax
Current result	276,503	1,129	277,632
Extraordinary result	– 445	790	345
	<b>276,057</b>	<b>1,920</b>	<b>277,977</b>
Tax charge/income for the tax consolidation	–	–	– 1,974
Tax paid by tax consolidation companies	–	–	6,471
Contribution on distributed earnings	–	–	– 1,071
Tax charge/relief from previous periods	–	–	–
Theoretical tax	–	–	– 1,920
<b>NET PROFIT</b>	–	–	<b>279,484</b>

**Note 4.2: Tax consolidation**

The tax consolidation agreement signed between Somfy SA and its direct and indirect subsidiaries was renewed on 1 January 2013 for an indefinite period of time.

In accordance with the agreement, the difference calculated between the income tax chargeable on the combined profits of the tax consolidation and the sum of the Group companies' individual tax charges is credited to Somfy SA, the Group's parent company. At 31 December 2015, tax savings resulting from the transfer of losses from subsidiaries are considered to be tax income.

Should a subsidiary cease to be a member of the tax consolidation, it will be compensated by Somfy SA in accordance with a jointly-agreed exit methodology, taking account of the situation at that date.

Currently, there are no available Group tax losses to be used.

**List of companies included in tax consolidation**

Somfy SA	Parent company	Cluses
Somfy SAS		Cluses
Simu SAS		Gray
CMC SARL		Cluses
Domis SA		Rumilly
Automatismes BFT France SAS		Lyon
SEM-T SASU		Cluses
BFT Sud Est SAS		Saint Laurent du Var

**NOTE 5: NET PROFIT**

Net profit totalled €279.5 million.

**NOTE 6: NON-CURRENT ASSETS****Note 6.1: Gross non-current assets**

€ thousands	Gross value 31/12/14	Increase	Decrease	Merger movements	Other movements	Gross value 31/12/15
<b>Intangible assets</b>	<b>215</b>	—	—	—	—	<b>215</b>
<b>Property, plant and equipment</b>	<b>2</b>	—	—	—	—	<b>2</b>
<b>Financial assets</b>	<b>500,940</b>	<b>25,978</b>	<b>— 140,480</b>	—	—	<b>386,437</b>
Equity investments	398,153	21,500	— 54,274	—	—	365,379
Receivables from equity investments	12,507	4,478	— 5,135	—	—	11,851
Other financial assets	24	—	— 1	—	—	24
Bonds	90,255	—	— 81,071	—	—	9,184
	<b>501,156</b>	<b>25,978</b>	<b>— 140,480</b>	—	—	<b>386,654</b>

The increase in financial assets is due to capital increases of €20 million and the incorporation of subsidiaries for €1 million.

The decrease in equity investments was due to the disposal of CIAT, including €37 million for the securities and €79 million for the redemption of the bond issue.

The withdrawal from Faac resulted in a decrease of €17 million.

**Note 6.2: Amortisation and depreciation**

€ thousands	Amount 31/12/14	Charges	Reversals	Merger movements	Other movements	Amount 31/12/15
<b>Intangible assets</b>	<b>214</b>	—	—	—	—	<b>214</b>
Concessions, patents and licences	214	—	—	—	—	214
<b>Property, plant and equipment</b>	<b>2</b>	—	—	—	—	<b>2</b>
	<b>216</b>	—	—	—	—	<b>216</b>

**Note 6.3: Writedown of non-current assets**

€ thousands	Amount 31/12/14	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount 31/12/15
Writedown provisions on financial assets	30,425	16,759	– 10,370	–	–	–	36,814
	<b>30,425</b>	<b>16,759</b>	<b>– 10,370</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>36,814</b>

**NOTE 7: ANALYSIS OF MATURITY OF RECEIVABLES**

€ thousands	Total	Less than 1 year	More than 1 year
<b>Non-current receivables</b>			
Receivables from equity investments	11,851	6,238	5,612
Other financial assets	24	–	24
Bonds issued	9,184	9,184	–
<b>Current receivables</b>			
Trade receivables	221	221	–
Miscellaneous receivables*	71,782	53,747	18,035
<b>Prepaid expenses and translation adjustment</b>	8,595	8,595	–
	<b>101,656</b>	<b>77,986</b>	<b>23,671</b>

\* Including €33,256 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.

**NOTE 8: DEFERRED INCOME**

€ thousands	
Dividends	645
Accrued interest on cash accounts	–
Trade receivables, invoices to be issued	34
Government, tax and duties	14,867
Other	23,660

**NOTE 9: ASSET TRANSLATION ADJUSTMENTS ON FOREIGN CURRENCY DENOMINATED DEBTS AND RECEIVABLES**

€ thousands	Asset side impact	
	Total	Provision for liability
Bonds	6,147	6,147
Receivables from equity investments	2,428	2,428
Miscellaneous receivables	–	–
Financial debts	–	–
	<b>8,574</b>	<b>8,574</b>

**NOTE 10: SHAREHOLDERS' EQUITY****Note 10.1: Statement of changes in shareholders' equity**

€ thousands	Balance at 31/12/14 before allocation of net profit	Allocation of net profit for the year to 31/12/14	2015 movements	Balance at 31/12/15 before allocation of net profit	Proposed allocation of 2015 net profit	Balance at 31/12/15 after allocation of net profit
Share capital	7,837	–	– 437	7,400	–	7,400
Share premium	1,866	–	–	1,866	–	1,866
Revaluation reserve	5,929	–	–	5,929	–	5,929
Legal reserve	791	–	–	791	– 51	740
Regulated reserves	–	–	–	–	–	–
Other reserves	93,384	85,992	– 88,015	91,361	242,412	333,773
Retained earnings	22,148	– 22,148	5,058	5,058	– 5,058	–
Net profit	104,596	– 104,596	279,484	279,484	– 279,484	–
Regulated provisions	–	–	–	–	–	–
	<b>236,550</b>	<b>– 40,751</b>	<b>196,090</b>	<b>391,888</b>	<b>– 42,180</b>	<b>349,708</b>
	<b>Change</b>					
<b>Shareholders' equity after allocation</b>	<b>195,799</b>	<b>–</b>	<b>153,910</b>	<b>–</b>	<b>–</b>	<b>349,708</b>

**Note 10.2: Share capital**

€	Number of shares	Par value
<b>– Shares</b>		
At the start of the year	7,836,800	1
At the end of the year	7,400,000	1
<b>– Convertible bonds and similar securities</b>	–	–

**Note 10.3: Treasury shares**

€ thousands		31/12/14	Increase	Decrease	Transfer	31/12/15
Stock options and free shares	€ thousands	50,620	–	–	–	50,620
	number	288,637	–	–	–	288,637
Liquidity contract	€ thousands	115	3,734	– 3,729	–	120
	number	566	14,218	– 14,395	–	389
Shares retained for potential acquisitions	€ thousands	21,279	27,257	–	–	48,535
	number	112,254	134,600	–	–	246,854
Treasury shares	€ thousands	–	88,452	– 88,452	–	–
	number	–	436,800	– 436,800	–	–
<b>TOTAL TREASURY SHARES</b>	€ thousands	<b>72,013</b>	<b>119,443</b>	<b>– 92,181</b>	<b>–</b>	<b>99,275</b>
	number	<b>401,457</b>	<b>585,618</b>	<b>– 451,195</b>	<b>–</b>	<b>535,880</b>

**Note 10.4: Free share plans**

Plan date		Number of beneficiaries	Number of shares granted	Price per share (€)	Allocation date	Vesting date	Revision related to performance conditions	Shares exercised	Number of shares potentially exercisable at 31/12/15
21/02/14	Residents	86	7,270	179.92	30/06/16	01/07/18	- 1,648	-	5,622
21/02/14	Non-residents	68	4,320	169.86	30/06/18	N/A	- 952	- 120	3,248
		<b>154</b>	<b>11,590</b>				<b>- 2,600</b>	<b>- 120</b>	<b>8,870</b>

The plan of 21 February 2014 is subject to beneficiaries remaining employed by the Group and to business performance conditions based on internal financial criteria.

**NOTE 11: BALANCE SHEET PROVISIONS**

€ thousands	Amount at 31/12/14	Charges	Reversals used	Reversals unused	Merger movements	Other movements	Amount at 31/12/15
Regulated provisions	-	-	-	-	-	-	-
Provisions for liabilities and charges	5,345	4,864	- 1,635	-	-	-	8,574
	<b>5,345</b>	<b>4,864</b>	<b>- 1,635</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,574</b>

**NOTE 12: ANALYSIS OF MATURITY OF PAYABLES**

€ thousands	Total	Less than 1 year	1 to 5 years	More than 5 years
<b>Liabilities</b>				
Loans and borrowings from credit institutions	21,017	21,017	-	-
Miscellaneous loans and borrowings	39,709	39,709	-	-
<b>Operating liabilities</b>				
Trade payables and related items	1,030	1,030	-	-
Tax and social security payable	218	218	-	-
<b>Other liabilities*</b>	68,250	68,250	-	-
<b>Deferred income and translation adjustment</b>	83	83	-	-
	<b>130,306</b>	<b>130,306</b>	<b>-</b>	<b>-</b>

\* Including €68,106 thousand of intragroup current accounts, primarily originating from the implementation of cash pooling at Group level.

**NOTE 13: ACCRUED EXPENSES**

€ thousands	
Accrued loan interest	11
Trade payables, invoices not received	237
Employees, statutory bodies, government, duties and taxes	230
Miscellaneous	132
Attendance fees	-

**NOTE 14: OFF-BALANCE SHEET COMMITMENTS****Note 14.1: Financial commitments**

€ thousands	31/12/15	31/12/14
– Guarantees and deposits received	8,940	2,204
– Unused credit facilities	129,500	49,121
<b>TOTAL COMMITMENTS RECEIVED</b>	<b>138,440</b>	<b>51,325</b>
– Guarantees and deposits given	698	3,979
– Interest on outstanding loans	11	–
– Liability guarantee on CIAT disposal	17,796	–
<b>TOTAL COMMITMENTS GIVEN</b>	<b>18,505</b>	<b>3,979</b>

**Note 14.2: Securitised debt**

€ thousands	
Borrowings and debts from credit institutions	–

**NOTE 15: SUBSIDIARIES AND INVESTMENTS**

€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held (%)	Profit/(loss) for the last financial year	Sales	Dividends received
<i>Subsidiaries (at least 34% of share capital held by the company)</i>						
DSG	4,250	138	99.90%	552	–	–
Somfy SAS	20,000	35,382	100.00%	32,511	373,563	50
CMC SARL	8	– 440	100.00%	222	–	–
Somfybat SNC	6,830	10,324	100.00%	2,286	–	–
Somfy Ltd	146	511	100.00%	1,289	12,689	–
Somfy PTY Ltd	306	838	100.00%	459	11,393	–
NV Somfy SA	348	37	100.00%	1,408	25,252	–
Somfy Brazil LTDA	11,188	– 5,290	99.99%	– 1,905	8,010	146
Somfy GmbH	1,500	3,371	100.00%	8,678	140,409	1,000
Somfy KFT	787	– 171	100.00%	80	3,399	–
Somfy Spol sro	177	61	100.00%	865	13,231	–
Somfy Sp zoo	132	3,496	100.00%	1,796	22,500	–
SC Somfy SRL	307	– 178	100.00%	113	1,086	–
Somfy Joo	314	3,706	100.00%	372	6,159	–
Somfy Italia SRL	2,000	7,257	95.00%	1,383	18,201	–
Somfy España SA	93,100	3	100.00%	8,836	20,051	5,000
Somfy Systems Inc.	8,786	5,045	100.00%	2,559	68,592	–
Somfy AG	30	1,635	100.00%	1,649	24,640	–
Somfy Nordic AB	71	1,021	100.00%	725	11,264	–
Somfy PTE Ltd	533	706	100.00%	211	4,036	–



€ thousands	Share capital and premium	Reserves and retained earnings before allocation of net profit	Share of capital held (%)	Profit/(loss) for the last financial year	Sales	Dividends received
Somfy Co Ltd	10,423	2,283	100.00%	436	5,591	117
LianDa	6,960	- 16,916	95.00%	3,356	29,064	-
Somfy Middle East Co Ltd	62	4,108	100.00%	2,696	30,006	-
Somfy Mexico SA DE CV	27	781	99.75%	- 200	5,816	-
Somfy K.K.	205	1,817	100.00%	74	10,576	-
PROMOFI BV	91	1,030	100.00%	49,034	-	49,000
Simu SAS	5,000	6,374	100.00%	7,574	75,901	350
Somfy ULC	904	417	100.00%	1,098	7,819	-
Arve Finance	3,010	- 1,455	50.17%	- 113	-	-
Somfy SIA	521	- 381	100.00%	63	1,553	-
Somfy South Africa (PTY) Limited	410	77	100.00%	378	1,904	-
Somfy Colombia SAS	28	- 36	100.00%	89	1,346	-
Domis SA	1,115	291	99.99%	407	7,159	-
Somfy LLC	1,104	- 1,136	100.00%	395	5,201	-
Sisa Home Automation Ltd	249	3,700	100.00%	1,227	11,717	-
Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti	832	2,249	99.85%	766	10,154	-
Asian Capital International LTD	113,776	24,250	100.00%	- 65	-	-
Somfy Maroc SARL	196	173	100.00%	69	4,733	-
Somfy Hellas SA	750	2,005	100.00%	- 641	5,629	-
Somfy India Pvt Ltd	1,706	- 181	100.00%	197	3,516	-
Somfy Bulgaria AD	102	8	99.90%	91	1,026	-
Stor'm	8	487	100.00%	123	945	-
Somfy Thailand	306	368	99.98%	321	1,950	-
Somfy LLC	370	- 303	100.00%	17	286	-
Somfy Tunisie Services	99	- 16	50.00%	- 2	-	-
Somfy Egypt	140	- 11	99.91%	- 155	-	-
SOPEM	38,807	6,627	100.00%	4,882	37,846	-
Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A.	4,066	- 3,884	51.00%	- 1,212	8,628	-
GABR Participações LTDA	3,139	- 305	99.99%	- 5,446	-	-
Somfy Argentina	740	- 183	99.68%	- 35	2,488	-
Somfy Norway AS	56	10	100.00%	- 204	814	-
Somfy Eastern Europe Area SP. Zoo	36	- 1	100.00%	11	-	-
Somfy Asia-Pacific Co Ltd	76	3	100.00%	65	-	-
Opendoors SAS	500	-	100.00%	- 56	-	-

## € thousands

Loans and advances granted to the companies above, not yet repaid	11,851
Total guarantees granted to the companies above	472
Dividends paid by the companies above during the year	147,142

## NOTE 16: EQUITY INVESTMENTS AT 31 DECEMBER 2015

€ thousands	Gross value	Net value	Quoted value
<b>Equity investments</b>			
29,995 DSG shares	4,218	4,218	—
119,994 Vimart shares	63	23	—
1,000,000 Somfy SAS shares	8,286	8,286	—
30,000 Somfy GmbH shares	4,555	4,555	—
3,000 Somfy Nordic AB shares	534	534	—
394 PROMOFI BV shares	1,084	1,084	—
230 Somfy Systems Inc. shares	10,167	10,167	—
1,900,000 Somfy Italia SRL shares	2,271	2,271	—
50 Somfy AG shares	152	152	—
660 Somfy K.K. shares	194	194	—
35,000 Somfy España SA shares	93,161	93,161	—
13,995 NV Somfy SA shares	334	334	—
35,999 Somfy Middle East Co Ltd shares	72	72	—
100,000 Somfy Ltd shares	144	144	—
500,000 Somfy PTY Ltd shares	350	350	—
80,000 Somfy Joo shares	460	460	—
1,100,000 Somfy PTE Ltd shares	514	514	—
500 CMC SARL shares	8	8	—
2,099,990 Somfy Co Ltd shares	10,734	10,734	—
1 Somfy Spol sro share	1,012	1,012	—
676 Somfy Sp zoo shares	1,423	1,423	—
1 Somfy KFT share	1,865	696	—
399 Somfy Mexico SA DE CV shares	44	44	—
36,378,338 Somfy Brazil LTDA shares	11,933	3,854	—
250,000 Simu SAS shares	23,937	23,937	—
3,744,299 Somfy India Pvt Ltd shares	1,696	1,696	—
52,250 LianDa shares	7,307	—	—
124,274 SC Somfy SRL shares	311	242	—
100,000 Somfy ULC shares	333	333	—
1,510,000 Arve Finance shares	1,510	723	—
521,197 Somfy SIA shares	822	199	—
4,728,000 Somfy South Africa (PTY) Limited shares	387	387	—
71,408 Somfy Colombia SAS shares	30	30	—
2,499,999 Somfy Hellas SA shares	750	750	—
22,000 Somfy Maroc SARL shares	202	202	—
85,827 Domis SA shares	3,068	3,068	—
1 Somfy LLC share	1,152	363	—

€ thousands	Gross value	Net value	Quoted value
14,000,000 Sisa Home Automation Ltd shares	270	270	—
16,776 Somfy Ev Otomasyon Sistemleri Ticaret Ltd Sti shares	875	875	—
1,220,956,515 Asian Capital International LTD shares	107,369	107,369	—
999 Somfy Bulgaria AD shares	102	102	—
500 Stor'm shares	839	839	—
9,998 Somfy Thailand shares	304	304	—
1 Somfy LLC share	381	90	—
1,000 Somfy Tunisie Services shares	52	52	—
1,099 Somfy Egypt shares	153	—	—
106,000 SOPEM shares	38,691	38,691	—
8,999,100 GABR Participações LTDA shares	3,016	—	—
948,600 Giga Indústria e Comércio de Produtos de Segurança Eletrônica S.A. shares	6,728	—	—
5,372,727 Somfy Argentina shares	562	562	—
500 Somfy Norway AS shares	57	57	—
1,500 Somfy Eastern Europe Area SP. Zoo shares	36	36	—
650,000 Somfy Asia-Pacific Co Ltd shares	77	77	—
50,000 Opendoors SAS shares	500	500	—
379,449 Somfybat SNC shares	10,280	10,280	—
	<b>365,379</b>	<b>336,328</b>	—

€ thousands	Gross value	Net value	Quoted value
<b>Portfolio investments</b>	—	—	—
<b>Marketable securities</b>			
Treasury shares	99,275	98,265	187,022
Marketable securities	—	—	—
	<b>99,275</b>	<b>98,265</b>	<b>187,022</b>



## 09

## LEGAL DOCUMENTS

- P.130** Statutory Auditors' report on the annual financial statements
- P.131** Statutory Auditors' special report on regulated agreements and commitments
- P.132** Statutory Auditors' report, prepared in application of Article L. 225-235 of the French Commercial Code (Code de Commerce), on the report of the Chairman of the Supervisory Board of Somfy SA
- P.133** Statutory Auditors' report on the consolidated financial statements
- P.134** Independent verifier's report on consolidated social, environmental and societal information presented in the management report
- P.136** Statutory Auditors' report on the reduction of share capital
- P.136** Statutory Auditors' report on the authorisation to allocate free shares whether existing or to be issued
- P.137** Supervisory Board report
- P.138** Draft resolutions Combined General Meeting of 24 May 2016



## LEGAL DOCUMENTS

### STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report for the financial year ended 31 December 2015 on:

- The audit of the accompanying annual financial statements of Somfy SA,
- The justification of our assessments,
- The specific verifications and information required by law.

These annual financial statements have been prepared by the Management Board. Our role is to express an opinion on these annual financial statements based on our audit.

#### I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance on whether the annual financial statements are free from material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of the company as at 31 December 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

#### II. JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

The note to the parent company financial statements entitled "Equity investments" sets out the accounting rules and methods relating to the valuation of equity investments at year-end. We have reviewed the valuation methods used by your company and resulting calculations. As part of our assessment of these estimates, we have verified the reasonableness of selected assumptions and resulting estimates.

These assessments were made as part of our audit of the annual financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

#### III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law. We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the Management Board report and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of the French Commercial Code (Code de Commerce) relating to remunerations and benefits received by corporate officers and any other commitments made in their favour, we have verified their consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights and mutual shareholders has been properly disclosed in the management report.

Paris and Lyon, 20 April 2016  
The Statutory Auditors

LEDOUBLE  
Agnès Piniot

ERNST & YOUNG et Autres  
Lionel Denjean

## STATUTORY AUDITORS' SPECIAL REPORT ON REGULATED AGREEMENTS AND COMMITMENTS

To the Shareholders,

As Statutory Auditors to your company, we hereby present our report on regulated agreements and commitments.

It is our responsibility to inform you, based on the information that has been given to us, of the key features and terms and conditions, as well as the grounds for the company's interest, of the agreements and commitments of which we have been made aware or that we may have discovered as part of our assignment, without having to comment on their usefulness and validity or to search for other such agreements and commitments. It is your responsibility, pursuant to the provisions of Article R. 225-58 of the French Commercial Code (Code de Commerce), to assess the interest of concluding these agreements and commitments with a view to their approval.

Furthermore, it is our responsibility, if applicable, to inform you of disclosures required by Article R. 225-58 of the French Commercial Code (Code de Commerce) relative to the execution, during the year just ended, of agreements and commitments already approved by the General Meeting.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. These standards require us to verify that the information given to us was consistent with the underlying documents.

### AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL TO THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreements or commitments authorised during the financial year that required approval from the General Meeting pursuant to Article L. 225-86 of the French Commercial Code (Code de Commerce).

### AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Pursuant to Article R. 225-57 of the French Commercial Code (Code de Commerce), we have been advised that the execution of the following agreements and commitments, already approved by the General Meeting in prior years, continued during the year just ended.

#### WITH CMC SARL

##### Person concerned

Jean-Philippe Demaël

##### Nature and purpose

Supplementary pension plan pursuant to Article 39 open to employees of the company CMC SARL and members of the Management Committee with at least 15 years' service, established in 2006 and modified by the Supervisory Board on 13 May 2009.

##### Terms and conditions

This contract gives the contingent right to an additional pension of 0.75% of the reference salary, multiplied by the number of years of service, with a ceiling of 20 years and a maximum of 15% of the reference salary, which corresponds to the average remuneration for the best three years of remuneration limited to ten Annual Ceilings of Social Security, excluding exceptional bonuses, incentive bonus and profit sharing and after applying the salary and social contribution indexing coefficients defined by the Caisse Nationale d'Assurance Vieillesse (CNAV).

Your company did not recognise any expense during the financial year in relation to this agreement.

Paris and Lyon, 20 April 2016  
The Statutory Auditors

LEDOUBLE  
Agnès Piniot

ERNST & YOUNG et Autres  
Lionel Denjean



## STATUTORY AUDITORS' REPORT, PREPARED IN APPLICATION OF ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE (CODE DE COMMERCE), ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD OF SOMFY SA

To the Shareholders,

As Statutory Auditors to Somfy SA, and in compliance with the provisions of Article L. 225-235 of the French Commercial Code (Code de Commerce), we hereby present our report on your company Chairman's report in accordance with Article L. 225-68 of the French Commercial Code (Code de Commerce) for the year ended 31 December 2015.

It is the responsibility of the Chairman to prepare and submit to the Supervisory Board for approval, a report on the internal control and risk management procedures implemented by the company and other disclosures required by Article L. 225-68 of the French Commercial Code (Code de Commerce), in particular in relation to corporate governance procedures.

It is our responsibility:

- To communicate to you any observations we may have concerning the information contained in the Chairman's report regarding internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information, and
- To certify that this report includes all other disclosures required by Article L. 225-68 of the French Commercial Code (Code de Commerce), it being specified that it is not our responsibility to verify the fairness of these disclosures.

We have carried out our work in accordance with the professional standards applicable in France.

### INFORMATION CONCERNING THE INTERNAL CONTROL PROCEDURES AND MANAGEMENT OF RISKS RELATIVE TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

—  
The professional standards require due diligence procedures to be implemented to ensure the fairness of the information contained in the Chairman's report, concerning the internal control procedures and management of risks relative to the preparation and processing of financial and accounting information. This due diligence notably consists of:

- Obtaining an understanding of the internal control procedures and management of risks relative to the preparation and processing of financial and accounting information supporting the information presented in the Chairman's report as well as existing documentation;
- Obtaining an understanding of the work leading to the preparation of this information and the existing documentation;
- Determining whether major deficiencies in internal control relating to the preparation and processing of accounting and financial information that we have revealed as part of our assignment are appropriately dealt with in the Chairman's report.

On the basis of our work, we have no observation to make on the description of the internal control procedures and the management of risks relating to the preparation and processing of financial and accounting information, as contained in the report of the Chairman of the Supervisory Board, prepared in accordance with the provisions of Article L. 225-68 of the French Commercial Code (Code de Commerce).

### OTHER INFORMATION

—  
We certify that the report of the Chairman of the Supervisory Board includes all other disclosures required by Article L. 225-68 of the French Commercial Code (Code de Commerce).

Paris and Lyon, 20 April 2016  
The Statutory Auditors

LEDOUBLE  
Agnès Piniot

ERNST & YOUNG et Autres  
Lionel Denjean

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report for the financial year ended 31 December 2015 on:

- The audit of the accompanying consolidated financial statements of Somfy SA,
- The justification of our assessments,
- The specific verification required by law.

The consolidated financial statements have been prepared by the Management Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

### I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

— We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance on whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of the accounting principles used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### II. JUSTIFICATION OF ASSESSMENTS

— In accordance with the requirements of Article L. 823-9 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

Note 6.1 to the consolidated financial statements details the accounting rules and methods relating to the recognition and evaluation of goodwill. We have reviewed the valuation methods used by your Group and resulting calculations. As part of our assessment of these estimates, we have verified the reasonableness of selected assumptions and resulting estimates.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

### III. SPECIFIC VERIFICATION

— As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris and Lyon, 20 April 2016  
The Statutory Auditors

LEDOUBLE  
Agnès Piniot

ERNST & YOUNG et Autres  
Lionel Denjean

## INDEPENDENT VERIFIER'S REPORT ON CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT

*This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In our quality as an independent verifier accredited by the COFRAC<sup>1</sup>, under the number n° 3-1050, and as a member of the network of one of the Statutory Auditors of the company Somfy SA, we present our report on the consolidated social, environmental and societal information established for the year ended on the 31 December 2015, presented in chapter "Social and Environmental Reporting" included in the management report, hereafter referred to as the "CSR Information", pursuant to the provisions of the article L.225-102-1 of the French Commercial Code (Code de Commerce).

### RESPONSIBILITY OF THE COMPANY

It is the responsibility of the Management Board to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (Code de Commerce), in accordance with the protocols used by the company (hereafter referred to as the "Criteria"), and of which a summary is included at the end of the chapter "Social and Environmental Reporting" under the headline "methodology note" and next to the indicators published on a case-by-case basis.

### INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (Code de Commerce). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

### RESPONSIBILITY OF THE INDEPENDENT VERIFIER

It is our role, based on our work:

- To attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of the Article R. 225-105 of the French Commercial Code (Code de Commerce) (Attestation of presence of CSR Information);
- To express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria (Limited assurance on CSR Information).

Our verification work was undertaken by a team of two people between October 2015 and April 2016 for an estimated duration of ten weeks. We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the limited assurance, in accordance with the international standard ISAE 3000<sup>2</sup>.

### 1. ATTESTATION OF PRESENCE OF CSR INFORMATION

Interviews with the management of relevant departments allowed us to obtain an understanding of the company's strategy on Sustainable Development based on the social and environmental consequences linked to the company's activities and related to its societal commitments, as well as, where appropriate, resulting actions or programmes. We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (Code de Commerce).

In the absence of certain consolidated information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (Code de Commerce).

We verified that the information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (Code de Commerce) with the limitations specified in the chapter "Social and Environmental Reporting" of the management report, notably a reporting perimeter which represents 68.9% of the total Group headcount.

Based on this work, and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

### 2. LIMITED ASSURANCE ON CSR INFORMATION

#### Nature and scope of the work

We undertook ten interviews with the people responsible for the preparation of the CSR Information in various departments, namely Environment, Human Resources, Communication, Purchasing and Finance, the people in charge of the data collection process and, if applicable, with the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, comprehensiveness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

1. Scope available at [www.cofrac.fr](http://www.cofrac.fr)

2. ISAE 3000 – Assurance engagements other than audits or reviews of historical information

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the company, its social and environmental issues, its strategy in relation to Sustainable Development and industry best practices.

For the CSR Information which we considered the most important<sup>3</sup>:

- At the level of the parent company, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, verified their coherence and consistency with the other information presented in the management report.
- At the level of the representative entities that we selected<sup>4</sup>, based on their activity, their contribution to the consolidated indicators, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented 27% of the workforce as at 31 December 2015, 24% of energy consumption and 31% of waste production.

For the other consolidated CSR information, we assessed their consistency in relation to our knowledge of the company.

Eventually, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and the sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

**Conclusion**

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

**Observations**

Without qualifying the conclusion expressed above, we draw your attention to the fact that for the calculation of the “training hours” indicator, the definition of the number of “training hours” provided in the Criteria is not sufficiently accurate. As a result, the reported data is of minimal value.

Paris-La Défense, 20 April 2016  
Independent Verifier  
ERNST & YOUNG et Associés

Christophe Schmeitzky  
Partner, Sustainable Development

Bruno Perrin  
Partner

3. Environmental and societal information: general environmental policy, water consumption, discharges and treatment, energy consumption, non-hazardous and hazardous waste production and treatment, measures undertaken to enhance resource efficiency, territorial, economic and social impact (employment, regional development, impact on regional and local populations), importance of subcontracting and the consideration of environmental and social issues in purchasing policies and relations with suppliers and subcontractors, partnership or sponsorship.

Social information: employment (total headcount and breakdown, hiring and terminations, remunerations and their evolution), absenteeism, health and safety at the work place, work accidents, notably their frequency and their severity, as well as occupational diseases, training policies, number of hours of training, measures undertaken for gender equality.

4. SITEM SARL (Tunisia), WAY SRL (Italy) et BFT SpA (Italy).

## STATUTORY AUDITORS' REPORT ON THE REDUCTION OF SHARE CAPITAL

To the Shareholders,

As Statutory Auditors of your company and in completion of our assignment pursuant to Article L. 225-209 of the French Commercial Code (Code de Commerce) in the event of a reduction of share capital by cancellation of shares bought back, we have prepared this report to inform you of our assessment of the causes and terms and conditions of the foreseen reduction in capital.

Your Management Board proposes that you delegate to it, for a period of 24 months and for a maximum of 10% of its share capital, full authority

to cancel the shares purchased as part of the implementation by your company of an authorisation to buy back its own shares pursuant to the provisions of the aforementioned article.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. This consisted of examining whether the causes and terms and conditions of the foreseen reduction in share capital, which does not derogate from the principle of equality between shareholders, are correct.

We have no observations to make on the causes and terms and conditions of the foreseen share capital reduction.

Paris and Lyon, 20 April 2016  
The Statutory Auditors

LEDOUBLE  
Agnès Piniot

ERNST & YOUNG et Autres  
Lionel Denjean

## STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO ALLOCATE FREE SHARES WHETHER EXISTING OR TO BE ISSUED

To the Shareholders,

As Statutory Auditors to your company and in completion of our assignment pursuant to Article L. 225-197-1 of the French Commercial Code (Code de Commerce), we hereby present our report on the proposed authorisation to allocate free shares, whether existing or to be issued, for the benefit of both salaried employees and/or corporate officers of your company or companies related to it, a transaction which has been submitted for your approval.

On the basis of its report, your Management Board proposes that it be authorised, for a period of 38 months, to allocate free shares whether existing or to be issued.

It is the responsibility of the Management Board to prepare a report on this transaction, which it would like to undertake. Our role is to issue observations, where applicable, on the information thereby disclosed to you regarding the planned transaction.

We have performed the due diligence we deemed necessary with regard to the professional standards of the Compagnie Nationale des Commissaires aux Comptes relative to this assignment. This due diligence specifically involved verifying that the terms and conditions being considered and included in the Management Board's report comply with the provisions set out by the law.

We have no observations to make on the information provided in the Management Board report relating to the planned transaction to authorise the allocation of free shares.

Paris and Lyon, 20 April 2016  
The Statutory Auditors

LEDOUBLE  
Agnès Piniot

ERNST & YOUNG et Autres  
Lionel Denjean

## SUPERVISORY BOARD REPORT

Ladies and Gentlemen,

The Management Board has convened this Combined General Meeting to submit the financial statements for the year just ended for your approval. Pursuant to Article L. 225-68 of the Commercial Code, the Management Board has kept us periodically informed on company transactions through the presentation of quarterly reports.

For verification and control purposes, the Management Board has also submitted to us the parent company and consolidated financial statements at 31 December 2015, which you are requested to approve today.

The Management Board has also provided us with its report, which has just been presented to you.

We hereby submit to you our observations on these financial statements and on this report pursuant to the provisions of the above-mentioned Article L. 225-68.

This report fairly reflects information that was regularly provided to us during the financial year just ended.

Sales totalled €1,061.1 million for the financial year just ended, an increase of 8.1% in real terms and 5.6% on a like-for-like basis compared with the previous year.

All geographic regions achieved growth, with several of them recording a marked acceleration in the second half, partly due to the base effect. Central and Eastern Europe, Southern Europe and Northern Europe again stood out, benefiting from expansion in Poland, the Czech Republic, the Middle East and Africa, as well as from the continued recovery of the Iberian Peninsula, the UK and the Netherlands.

The Americas and Asia-Pacific suffered from the downturn in Brazil and Korea and from the slowdown in China, but conversely fully benefited from the dynamism of North America, Mexico, Australia and Japan.

Germany and France recovered as the year progressed and as a result successfully offset the downturn seen at the beginning of the year.

Current operating result was €165.6 million for the financial year, up 10.6% and representing 15.6% of sales, compared with 15.3% the previous year.

The increase is attributable to sales growth, foreign exchange gains and a healthy gross margin. It was achieved against the backdrop of a significant rise in structure costs, due to the continuation of the investment plan initiated in previous years and the resulting increase in research and development expenses.

Net profit was €164.8 million, boosted by the proceeds from the exit from CIAT and Faac's share capital (€5.9 million and €33.9 million respectively) but curtailed by provisions for the writedown of financial interests in Garen Automação and Giga (€6.7 million in total).

Net profit restated for exceptional items<sup>1</sup> was €127.2 million, an increase of 9.2%.

The net cash position went from a net financial debt of €199.9 million to a net cash surplus of €1.2 million between the start and the end of the financial year.

The improvement is closely linked to the high level of cash flow, a controlled increase in working capital requirement and the payments received following the exit from the share capital of both CIAT and Faac. On this basis, the Management Board proposes the payment of a dividend of €5.7 per share, an increase of 3.5%<sup>2</sup> compared with the adjusted dividend paid last year.

The report of the Management Board also provides all information required by existing regulations.

Furthermore, you will be asked to authorise the Management Board to:

- Implement a new treasury share buyback programme;
- Cancel the shares bought back by the company within the framework set out by Article L. 225-209 of the Commercial Code;
- Allocate existing free shares.

You will also be asked to issue an opinion on the appointments of the principal and alternate Statutory Auditors, and on the increase of the annual allocation of attendance fees for the members of the Supervisory Board, as well as on splitting the par value of Somfy SA shares, and on the amendment to Article 2 of the bylaws.

Draft resolutions, in line with the agenda, will be submitted for your approval.

We are presenting our observations, in accordance with the recommendations of the Audit Committee, where the resolution on the appointment of the Statutory Auditors is concerned.

We would remind you that the appointments of the principal Statutory Auditors, namely ERNST & YOUNG et Autres and LEDOUBLE SA, and of the alternate Statutory Auditors, namely AUDITEX and CFCA, will expire at the end of the next General Meeting called to approve the financial statements of the financial year just ended.

In this regard, we are recommending that you renew ERNST & YOUNG et Autres' appointment as the principal Statutory Auditor, and AUDITEX's appointment as the alternate Statutory Auditor, and appoint KPMG SA to the position of principal Statutory Auditor as a replacement for LEDOUBLE SA, and SALUSTRO REYDEL to the position of alternate Statutory Auditor, as a replacement for CFCA.

The principal and alternate Statutory Auditors would be appointed for a period of six financial years, i.e. until the end of the Annual General Meeting to be held in 2022, which will be called in order to approve the financial statements for the financial year ended 31 December 2021.

We do not have any other specific observations to make as regards the various documents that have been brought to your attention. Therefore, we ask you to adopt the proposed resolutions.

**The Supervisory Board**

*1. Net profit is restated primarily for capital gains and goodwill impairment recognised in 2014 and 2015.*

*2. The adjusted dividend corresponds to the actual dividend restated for the accretion resulting from the share capital reduction carried out as part of the disposal of the equity interest in Faac.*



## DRAFT RESOLUTIONS COMBINED GENERAL MEETING OF 24 MAY 2016

### ORDINARY SESSION

#### FIRST RESOLUTION – Approval of the parent company financial statements for the financial year ended 31 December 2015

The General Meeting, having considered the reports of the Management Board, the Chairman of the Supervisory Board and the Statutory Auditors for the financial year ended 31 December 2015, and the observations of the Supervisory Board, approves the financial statements, as submitted, which show a net profit of €279,483,937.12.

#### SECOND RESOLUTION - Approval of the consolidated financial statements for the financial year ended 31 December 2015

The General Meeting, having considered the reports of the Management Board, the Chairman of the Supervisory Board and the Statutory Auditors on the consolidated financial statements at 31 December 2015, approves the financial statements, as submitted, which show a net profit (Group share) of €163,669,000.

#### THIRD RESOLUTION – Allocation of net profit for the financial year and setting of dividend

The General Meeting approves the following allocation of net profit for the financial year ended 31 December 2015, proposed by the Management Board:

##### Source

– Net profit for the financial year	€279,483,937.12
– Retained earnings	€5,057,826.80
– Legal reserve surplus	€50,681.01

##### Allocation

– Optional reserves	€242,412,444.93
– Dividends	€42,180,000.00

The General Meeting notes that the overall gross dividend per share is set at €5.70, with the amount thus distributed being wholly eligible for the 40% tax rebate referred to in Article 158-3-2° of the General Tax Code.

The ex-dividend date is set at 1 June 2016.

The dividend will be paid on 3 June 2016.

It is specified that if the company holds a number of treasury shares at the ex-dividend date, the amounts corresponding to unpaid dividends in respect of these shares will be transferred to retained earnings.

Pursuant to the provisions of Article 243 (ii) of the General Tax Code, the General Meeting notes that it was reminded that the following dividends were paid during the last three financial years:

Financial year	Revenues eligible for tax rebate		Revenue not eligible for tax rebate
	Cash dividends	Other distributed earnings	
2012	€35,571,628.80* being €4.80 per share	–	–
2013	€38,666,435.60* being €5.20 per share	–	–
2014	€35,693,533.20* being €5.20 per share	€391,840,000.00, each share conferring the right to either one Edify SA share or a cash sum of €50.00**	–

\* Does not include unpaid dividends attributable to treasury shares and transferred to retained earnings.

\*\* The General Meeting of shareholders of 27 November 2014 decided on the exceptional distribution of €391,840,000.00, which was taken from the "General Reserve" item, it being specified that each Somfy share conferred entitlement to either one Edify SA share or a cash payment of €50.00, according to the shareholder's preference.

#### FOURTH RESOLUTION – Special report of the Statutory Auditors on agreements and commitments - Noting the absence of new agreements

The General Meeting, having considered the special report of the Statutory Auditors mentioning the absence of new agreements of the type referred to in Articles L. 225-86 and subsequent of the Commercial Code, simply acknowledges this fact.

#### FIFTH RESOLUTION - Renewal of the term of office of ERNST & YOUNG et Autres as Principal Statutory Auditor

Upon the proposal of the Supervisory Board, the Annual General Meeting reappoints the firm ERNST & YOUNG et Autres, whose term of office expires at the end of this General Meeting, to the role of Principal Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

They have formally accepted this role.

#### SIXTH RESOLUTION - Renewal of the term of office of AUDITEX as Alternate Statutory Auditor

Upon the proposal of the Supervisory Board, the Annual General Meeting reappoints the firm AUDITEX, whose term of office expires at the end of this General Meeting, to the role of Alternate Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

They have formally accepted this role.



#### **SEVENTH RESOLUTION – Appointment of KPMG SA, in replacement of the firm LEDOUBLE SA, to the role of Principal Statutory Auditor**

Upon the proposal of the Supervisory Board, the Annual General Meeting appoints KPMG SA in replacement of the firm LEDOUBLE SA, whose term of office expires at the end of this General Meeting, to the role of Principal Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

They have formally accepted this role.

#### **EIGHTH RESOLUTION – Appointment of SALUSTRO REYDEL, in replacement of the firm CFCA, to the role of Alternate Statutory Auditor**

Upon the proposal of the Supervisory Board, the Annual General Meeting appoints SALUSTRO REYDEL in replacement of the firm CFCA, whose term of office expires at the end of this General Meeting, to the role of Alternate Statutory Auditor for a period of six financial years, that is until the end of the Annual Ordinary General Meeting to be held in 2022 and called to approve the financial statements for the financial year ended 31 December 2021.

They have formally accepted this role.

#### **NINTH RESOLUTION – Attendance fees allocated to members of the Supervisory Board**

The General Meeting decides to increase the overall amount of attendance fees to be shared among Supervisory Board members from €150,000 to €200,000.

This decision applies to the current financial year and will remain in force until further notice.

#### **TENTH RESOLUTION - Authorisation to be granted to the Management Board for the buyback by the company of its own shares pursuant to Article L. 225-209 of the Commercial Code**

The General Meeting, having considered the report of the Management Board, authorises the latter, for a period of 18 months and in accordance with Articles L. 225-209 and subsequent of the Commercial Code, to buy back company shares, on one or several occasions as it deems appropriate, up to a maximum of 10% of the number of shares comprising the share capital, restated if necessary to take account of any increase or reduction in share capital that may take place during the timeframe of the programme.

This authorisation supersedes the authorisation granted to the Management Board by the eighth resolution to the General Meeting of 13 May 2015, sitting in ordinary session.

Acquisitions may be carried out for the following objectives:

- To stimulate the secondary market or ensure the liquidity of the Somfy share, by way of an investment services provider within a liquidity contract that complies with the Ethics Charter of AMAFI recognised by regulations;
- To retain the shares purchased and subsequently exchange them or use them as payment within the framework of potential acquisitions;
- To ensure the coverage of stock option plans and/or free share allocation plans (or similar) granted to employees and/or corporate officers of the Group, as well as all other shares allocated under a company or group savings scheme (or similar), in relation to employee profit-sharing and/or any other form of allocation to employees and/or corporate officers of the Group;
- To cover marketable securities giving right to the allocation of shares in the company, in accordance with current regulations;
- To cancel purchased shares, in accordance with the authorisation granted or to be granted by the Extraordinary General Meeting.

Such share purchases may be effected by all means, including by means of acquiring blocks of shares and at any times considered appropriate by the Management Board.

The company reserves the right to use options or derivative instruments, in accordance with applicable regulations.

The maximum purchase price is set at €480 per share. In case of a share capital transaction, in particular a share split, reverse share split or allocation of free shares to shareholders, the abovementioned price will be restated in the same proportions (a multiplier coefficient equal to the number of shares comprising the share capital before the transaction divided by the number of shares following the transaction). The maximum value of the transaction, taking account of the 535,880 treasury shares held at 31 December 2015, is therefore set at €97,977,600.

The General Meeting confers all powers to the Management Board to proceed with these transactions, set their terms and conditions, conclude all agreements and fulfil all of the required formalities.

#### **EXTRAORDINARY SESSION**

—

#### **ELEVENTH RESOLUTION - Authorisation to be granted to the Management Board to cancel shares bought back by the company within the framework set out by Article L. 225-209 of the Commercial Code**

The General Meeting, having considered the report of the Management Board and the report of the Statutory Auditors:

- 1) Grants authority to the Management Board to cancel shares, at its own discretion, on one or more occasions, within a limit of 10% of capital, calculated on the day on which the cancellation decision is made, reduced by the number of shares cancelled during the previous 24 months, the shares which the company holds or could hold following share buybacks exercised within the framework of Article L. 225-209 of the Commercial Code as well as to reduce share capital by the corresponding amount pursuant to the legal and regulatory provisions in force;
- 2) Sets the term of this authorisation at 24 months starting from this General Meeting;
- 3) Grants the Management Board all powers required to carry out all necessary transactions for such cancellations and ancillary reductions of share capital, to modify the company's bylaws as a result and fulfil all of the required formalities.

#### **TWELFTH RESOLUTION - Authorisation to be granted to the Management Board to allocate existing shares free of charge to employees and/or certain corporate officers of the company or related companies**

The General Meeting, having considered the report of the Management Board and the special report of the Statutory Auditors, authorises the Management Board to proceed, pursuant to Articles L. 225-197-1 and L. 225-197-2 of the Commercial Code, with the allocation, on one or more occasions, of existing ordinary shares of the company for the benefit of:

- Employees of the company or companies directly or indirectly related to it within the meaning of Article L. 225-197-2 of the Commercial Code,
- And/or corporate officers meeting the conditions set forth by Article L. 225-197-1 of the Commercial Code.

The total number of free shares thus allocated may not exceed 1.5% of the share capital at the date of this General Meeting, it being specified that from this limit will be deducted the total number of shares to which the options that may be awarded by the Management Board under the authorisation granted by the Annual General Meeting of Shareholders of 13 May 2015 in its ninth extraordinary resolution may give rise.

The allocation of shares to beneficiaries will be definitive at the end of a vesting period whose duration, which may not be less than one year, will be set by the Management Board.

Beneficiaries must, where applicable, retain these shares for a minimum period, set by the Management Board, at least equal to that required to ensure that the cumulative duration of the vesting periods, and where necessary, the retention periods, may not be less than two years.

The Management Board is granted full authority to:

- Set the conditions and, if need be, the criteria for the allocation and performance conditions of the shares;
- Determine the identity of the beneficiaries as well as the number of shares to be allocated to each of them;
- If applicable:
  - Purchase the required shares within the framework of the share buyback programme and transfer them to the allocation plan;
  - Determine the effect of transactions modifying the share capital or liable to impact the value of the shares granted and carried out during the vesting period on the beneficiaries' entitlements, and consequently modify or adjust, if need be, the number of shares allocated to preserve the beneficiaries' entitlements;
  - Take all appropriate measures to ensure that beneficiaries comply with the required retention obligation;
  - And generally do whatever the implementation of this authorisation will require in accordance with applicable legislation.

This authorisation automatically entails the waiver by shareholders of their preferential subscription right in relation to new shares issued by the capitalisation of reserves, premiums or profits.

This authorisation is granted for a period of 38 months starting from the date of this General Meeting.

It supersedes all prior authorisations for the same purpose.

#### **THIRTEENTH RESOLUTION – Delegation of authority to be granted to the Management Board for the purpose of splitting the par value of shares**

The Annual General Meeting, having taken note of the Management Board's report, decides to set at €0.20 the par value of each share in the company and consequently, to split each share with a par value of €1, by exchanging these shares at a transfer rate of five €0.20 shares against one €1.

This division will take effect on a date to be set by the Management Board. The double voting right as provided for by the provisions of Article 29 of the bylaws, is allocated upon the issue of registered shares of €0.20 resulting from the division of registered shares of €1 bearing this right, the stipulated period of four years not being interrupted by the exchange.

The General Meeting takes notes that as a result of the exchange of shares, the €0.20 shares would merely replace the €1 shares which will be cancelled, and this exchange will not result in a change in the relationship between the company and its shareholders.

The Annual General Meeting grants the Management Board the power to:

- Carry out this exchange on a date following the dividend payment date;
- Determine the number of €0.20 shares existing at that time and amend the bylaws accordingly;
- Carry out any adjustment operations made necessary by the transaction;
- And more generally, do whatever is necessary to implement these decisions no later than the end of the Meeting held in 2017 to approve the financial statements for the previous financial year.

#### **FOURTEENTH RESOLUTION – Amendment of Article 2 of the company bylaws**

The Annual General Meeting, having taken note of the Management Board's report, decides to amend Article 2 - "Corporate purpose" of the bylaws as follows:

"The purpose of the company is, either directly or indirectly, in any country, on its own behalf or on behalf of third parties, **to design, manufacture and market any solutions and any products which help to improve living environments, notably in the fields of the automation of buildings, and to that end it may:**

- Acquire, manage or dispose of any equity or investment securities;
  - Acquire shareholdings or interests in any commercial, industrial, financial, personal or real property companies or businesses;
  - Manage the available funds that may be at its disposal;
  - Acquire, **file** or use any brands, patents or patent licences, sell or transfer them, and grant any relevant operating licence;
  - Participate in the management of the policy of its subsidiaries with, where applicable, the provision of specific services to such subsidiaries, according to their requirements;
- and more generally, carry out any commercial, financial, industrial, or real or personal property transactions that may relate, directly or indirectly, to the corporate purpose."

#### **FIFTEENTH RESOLUTION – Powers for formalities**

The General Meeting grants all powers to the bearer of copies or extracts of the present minutes to complete all the filing and publication formalities required by law.

## STATEMENT OF THE PERSON RESPONSIBLE FOR THE ANNUAL FINANCIAL REPORT

---

I certify that, to my knowledge, the financial statements for the year just ended were established in accordance with professional accounting standards applicable in France and give a fair view of the assets, financial situation and performance of the company and of all companies included in the consolidation scope, and that the enclosed Management Report gives a true view of the business situation, performance and financial situation of the company and of all companies included in the consolidation, as well as a description of main risks and uncertainties encountered.

Cluses, 21 April 2016

**Pierre Ribeiro**  
Group CFO



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