

SOMFY

Presentation of 2016 Annual Results and 2017 Outlook



9 March 2017

Jean Guillaume Despature



Introduction

Highlights



Strong sales growth



Intensification of strategic investments



Profitability maintained at a high level



Tactical acquisitions completed and ramp-up of our partnership strategy



Restructuring of General Management



Increase of the free float



Key figures

| | |
|--------------------------|----------|
| Sales | €1,132 m |
| Current operating margin | 15.7% |
| Net profit | €143 m |
| Cash flow | €182 m |
| Net financial surplus | €15 m |

Pierre Ribeiro



Analysis of results for
the year just ended

Sales

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



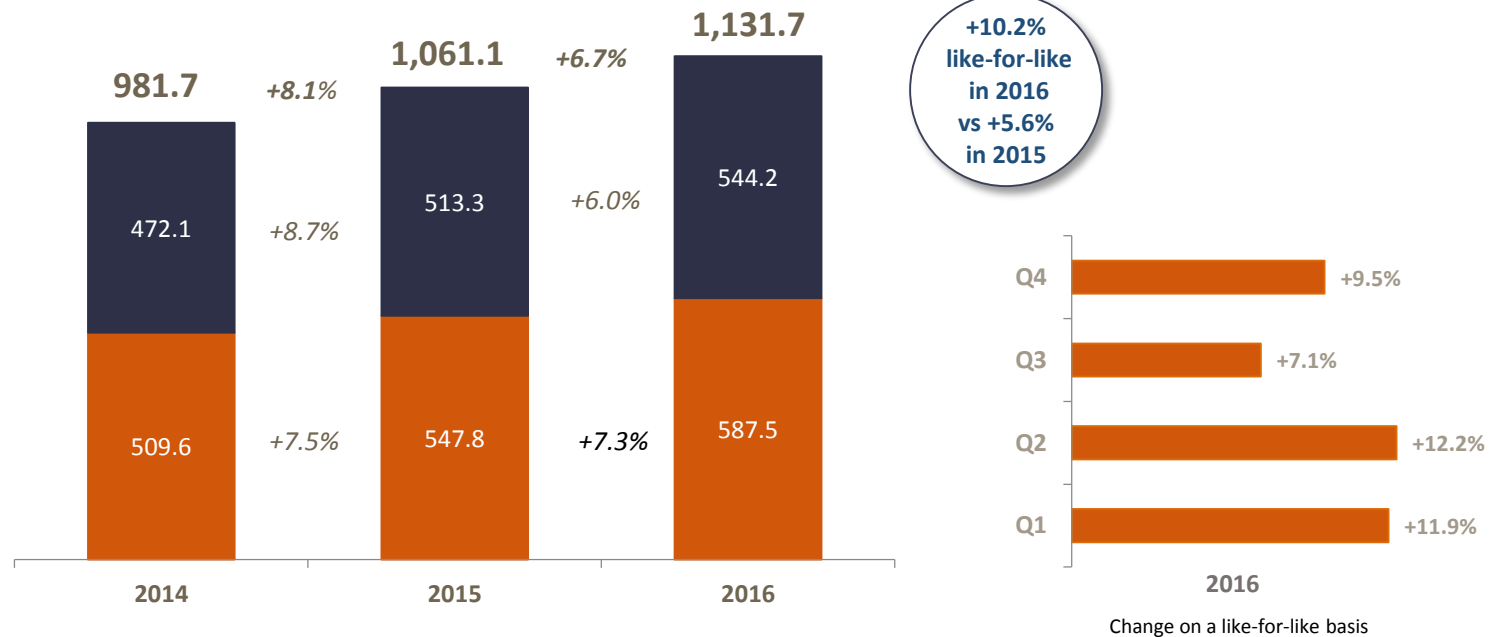
A further year of growth



A particularly buoyant start to the year



Strong level of activity maintained in the second half-year despite an increasingly unfavourable base effect as the months went on



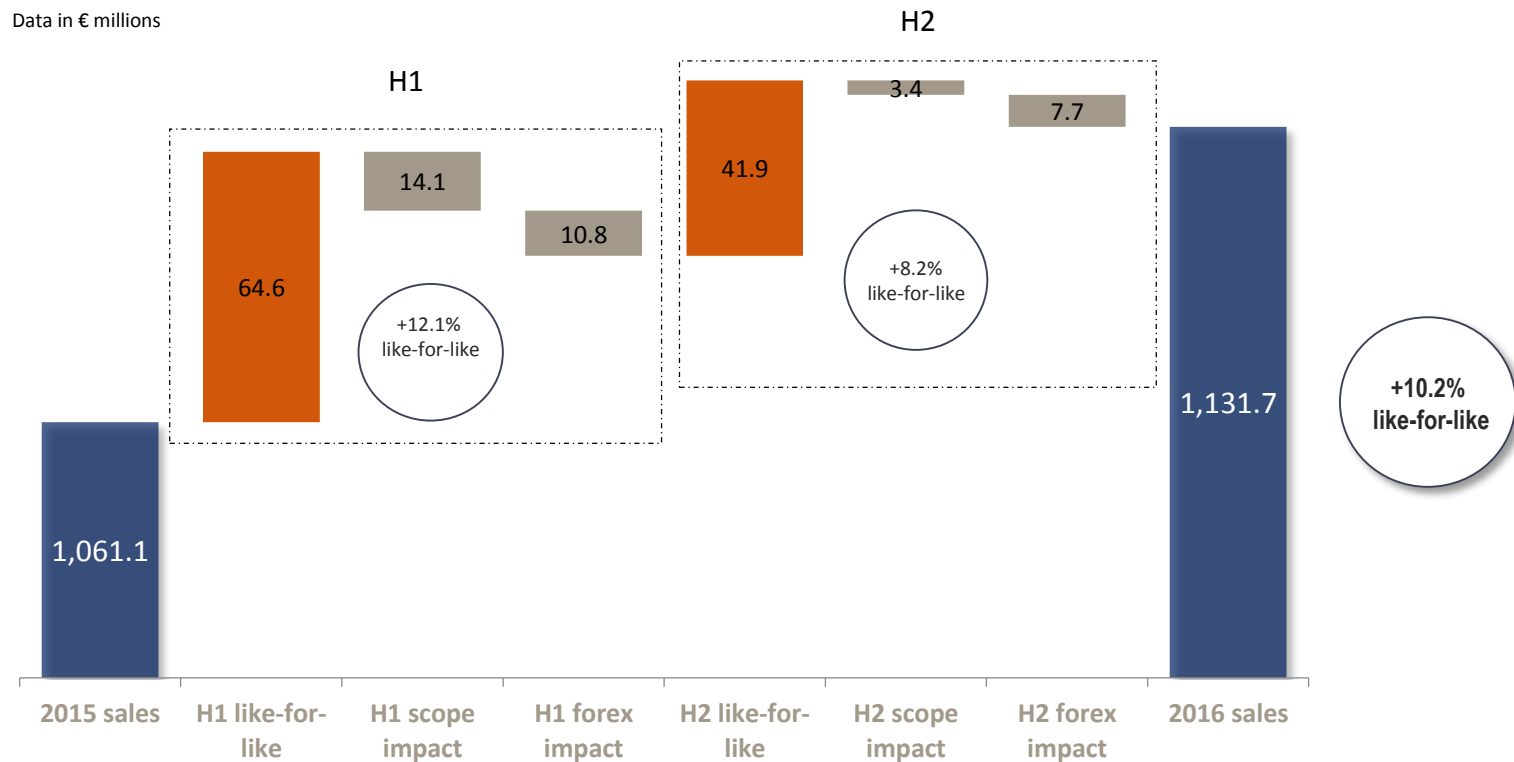
Sales (continued)

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

Data in € millions



Negative foreign exchange and consolidation scope effects over both half-years (exit of Garen Automação and Giga, loss in value of certain currencies against the Euro)



Sales (continued)



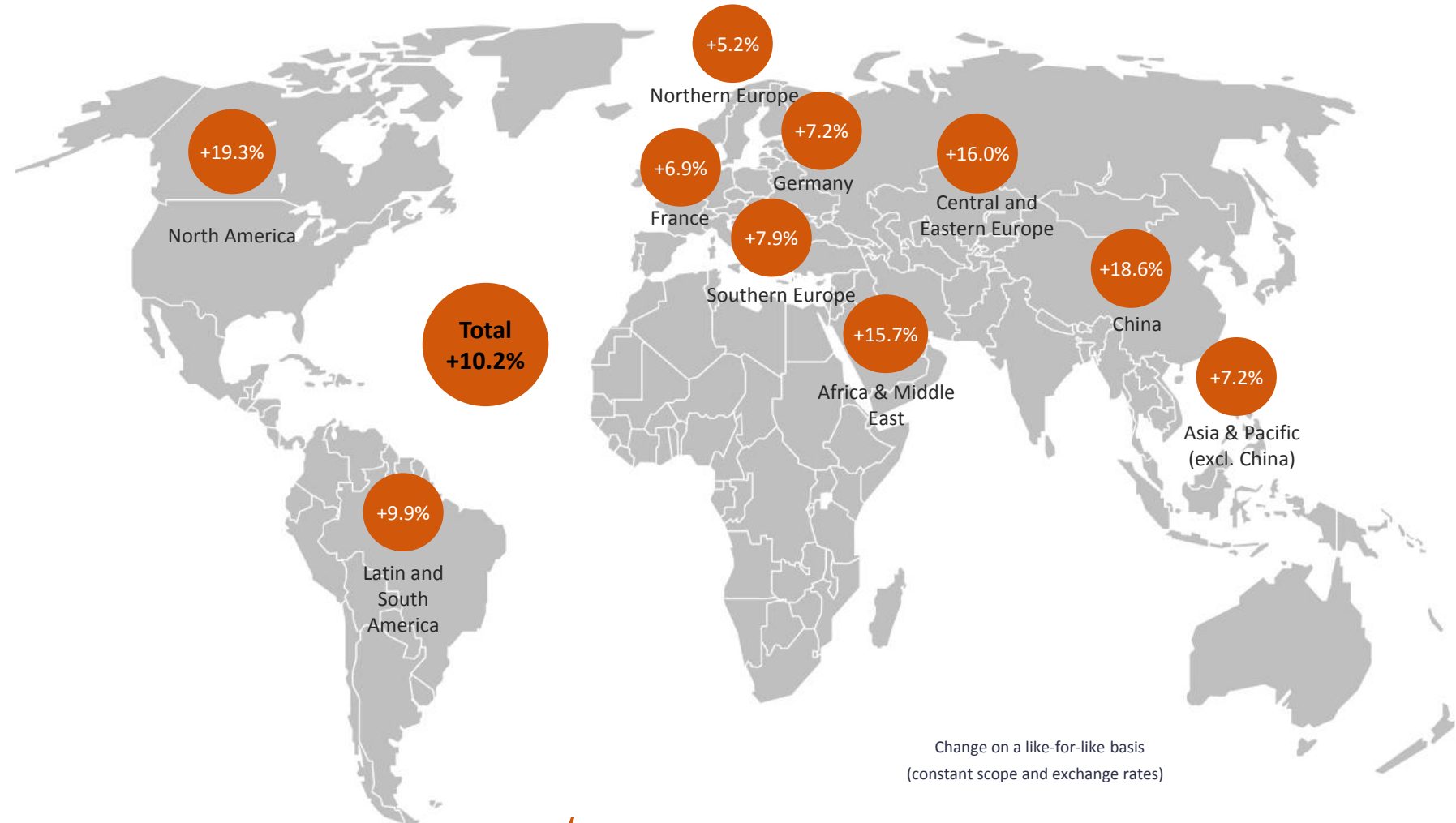
Solid historical markets, such as Germany, France, Spain, Italy, Benelux and the United States.



New territories taking off, such as China, Eastern Europe and the Levant



Decline in certain individual countries, such as South Korea and the UK



Change on a like-for-like basis
(constant scope and exchange rates)

Current operating result

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

Data in € millions



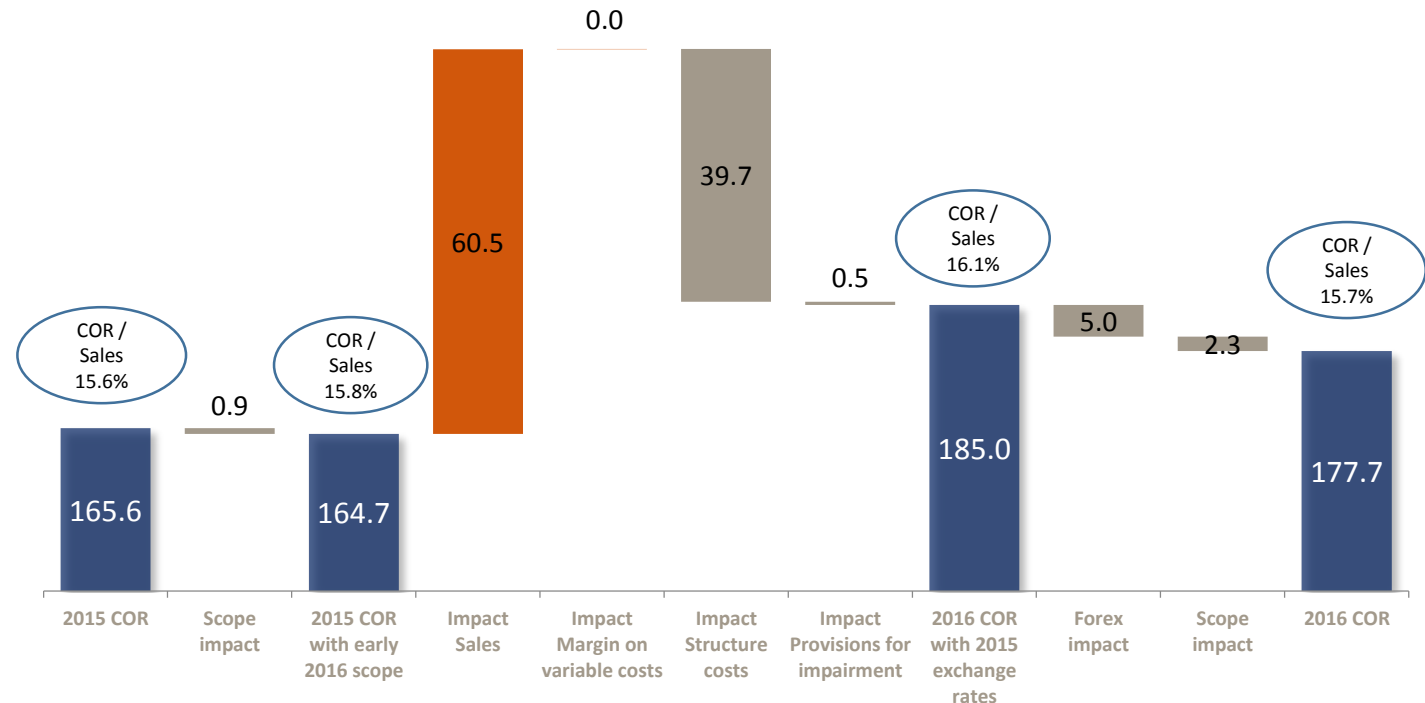
Unfavourable changes to the product mix and raw material prices offset by productivity gains



Negative impact of changes to exchange rates and consolidation scope



Increase in structure costs linked to intensification of strategic investments



Condensed income statement



Marginal impact of non-recurring financial and operational items



Increase in income tax charge



Significant increase in net profit restated for exceptional items (capital gains on disposals, writedown of financial interests)

| Consolidated data (€ millions) | 2015 | 2016 | Change 2015/16 |
|---|----------------|----------------|----------------|
| Sales | 1,061.1 | 1,131.7 | +6.7% |
| Current operating result | 165.6 | 177.7 | +7.3% |
| Non-recurring operating items | 0.1 | (0.2) | NS |
| Financial items | 11.5 | (2.1) | NS |
| Income tax | (18.4) | (31.3) | +69.6% |
| Contribution of equity-accounted companies | 0.1 | (0.7) | NS |
| Net profit of continuing operations | 158.8 | 143.4 | -9.7% |
| Net profit of operations held for sale and distribution | 5.9 | 0.0 | NS |
| Consolidated net profit | 164.8 | 143.4 | -13.0% |
| Net profit restated for exceptional items | 127.2 | 143.4 | +12.7% |

Cash flow statement



Increase in cash flow



Increase in working capital requirements (sales growth, safety inventories)



Increase in investments (completion of several acquisitions, construction of a logistics platform at the Polish site)

| Consolidated data (€ millions) | 2015 | 2016 |
|---|--------------|---------------|
| <i>Cash flow</i> | 171.6 | 181.7 |
| <i>Change in working capital requirements</i> | (8.3) | (26.7) |
| <i>Other cash flows</i> | 3.0 | 0.8 |
| Net cash flow from operating activities | 166.3 | 155.8 |
| Net cash flow from investment activities | 101.8 | (62.4) |
| Net cash flow from financing and equity activities | (354.1) | (65.8) |
| Net cash flow from operations held for sale or distribution | 82.8 | 0.0 |
| Impact of exchange rate movements | 2.1 | (0.7) |
| Net change in cash and cash equivalents | (0.9) | 27.0 |

Condensed balance sheet



**Consolidation of
shareholders' equity**



**Increase in working capital
requirements**



Increase in net cash surplus

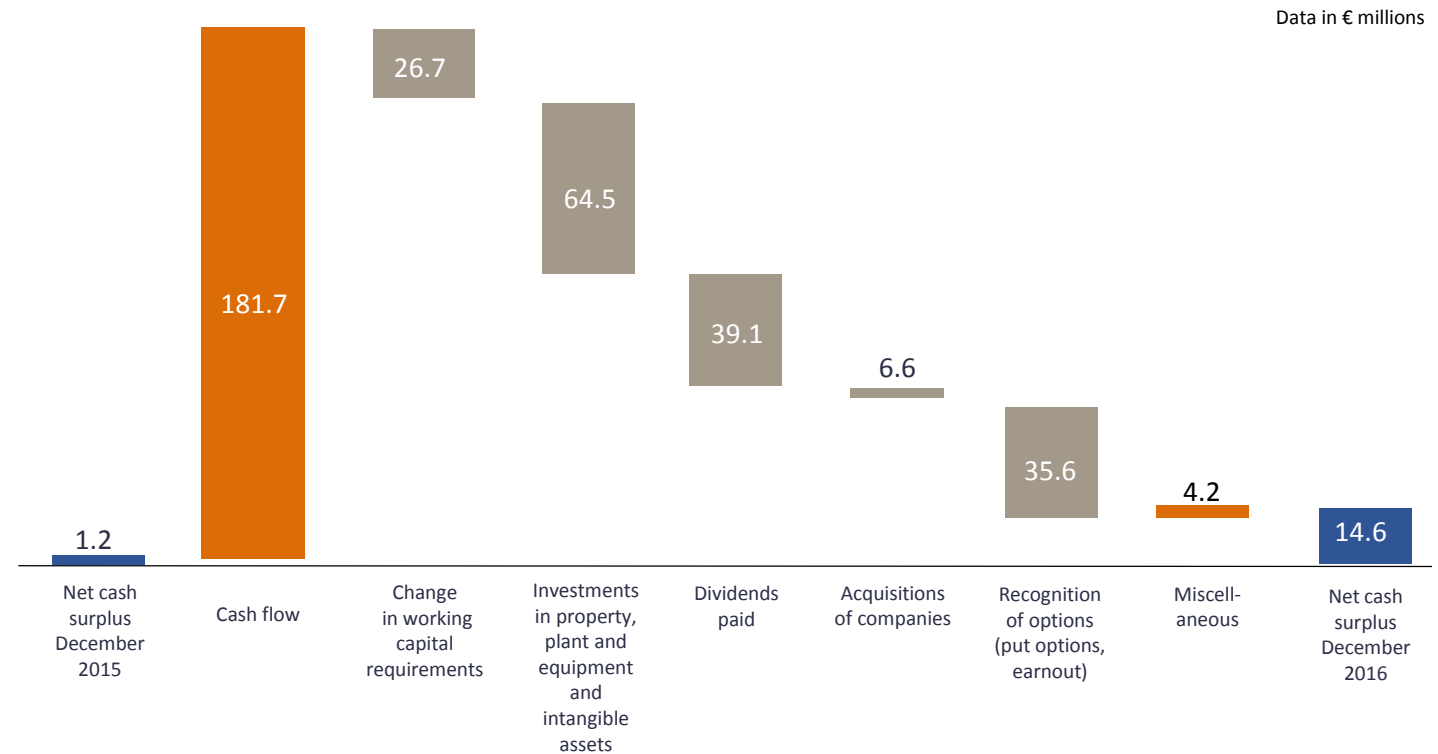
| Consolidated data (€ millions) | 2015 | 2016 |
|---------------------------------------|--------------|--------------|
| Equity | 577.9 | 657.9 |
| Long-term borrowings | 14.7 | 36.3 |
| Provisions and retirement commitments | 35.2 | 40.0 |
| Other non-current liabilities | 38.6 | 38.5 |
| Permanent capital | 666.4 | 772.8 |
| Goodwill | 182.3 | 205.6 |
| Net non-current assets | 279.3 | 303.5 |
| Other non-current assets | 56.7 | 48.0 |
| Net assets held for sale | 0.9 | 0.0 |
| Working capital | 147.2 | 215.7 |
| Working capital requirements | 131.2 | 164.3 |
| Cash and cash equivalents | 16.1 | 51.4 |
| Net financial surplus | 1.2 | 14.6 |

Net financial surplus: Cash and cash equivalents - Financial debt

Net financial debt



Change in working capital requirements, investments and dividend distribution covered by cash flow



Jean Guillaume Despature



Review of the main
achievements of the year just
ended

Business update



Growth of all product categories



Extension of IO ranges and development of Thread solutions



Ongoing digitisation of the Company (tools, processes, etc.)



Management principles updated (Somfy Spirit)



Presence at the Consumer Electronics Show



Finalisation of the strategic roadmap

Business update (continued)

Home & Building



Sales of €876.5 million, up 5.9% in real terms and 10.3% at constant exchange rates



Roll-out of the Smart & Smooth solution and its ecosystem (EMS2)

“turning blinds into connected objects”



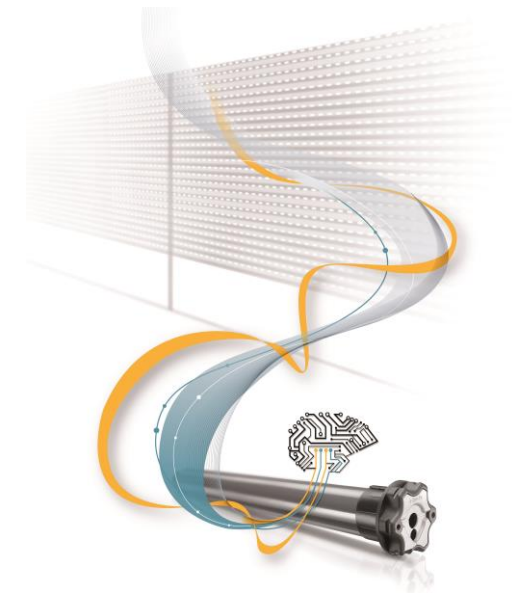
Geographical expansion of marketing investments (both TV and digital)



Ramp-up of investment in “major project” solutions

Creation of the **somfy.com/projects** website exclusively for contractors

Launch of a new **animeo** interface, IO and wired.



Business update (continued)

Access



Sales of €228.2 million, up 8.4% in real terms and 8.9% at constant exchange rates



Strong acceleration of the Somfy brand (gate and garage door motorisation)

Roll-out of the multi-channel strategy (specialist installers, electrical wholesalers, online retail, etc.)

New key partners secured, leaders in their markets

Launching in new territories



Enhanced BFT parking offer



Co-development of solutions for the BFT and Somfy brands



Business update (continued)

Connected Solutions



Sales of €27.1 million (excluding motors), up 17.1% in real terms and 17.3% at constant exchange rates



Gradual roll-out of **Connexoon** connected solutions to all our applications



Transfer of the Security division to the Connected Solutions Activity

Successful launch of our ranges of cameras and intercoms



Security sector strengthened

Integration of newly-acquired entities and switchover of brands



Focus on the strategic roadmap

*Believe
& ACT
2020*

 *A 10-year vision*

Inspiring a better way of living

 *A 3-year roadmap*

Believe and ACT ...

... closer to our consumers!

... bolder on the interior markets!

... stronger on operational excellence !

... better together!

Focus on acquisitions



Targeted acquisitions of “digital native” companies to accelerate our digital transformation



Reasons for these acquisitions

- Increased usage and consumer benefits

- Local presence of prescribers and closer relationships of decision makers with the markets

- Acquisition of skills and expertise



Various partnership strategies strengthened in parallel

Focus on acquisitions (continued)

Myfox, a pioneer in connected solutions for home security



Sales of approximately €8 million



Creation of the company in 2005 and launch in 2009 of the first connected alarm in Europe



Present in short channels (specialist stores, DIY stores) and integrated solution



Firm belief in more user friendly and smarter security

IntelliTAG patented and launched in 2014: detection of attempted break-ins before door or window opened

Cameras concealed by shutters

Focus on acquisitions (continued)

Myfox



Launch of the Somfy Protect range with the Somfy One camera



Openness and partnership strategy

Integration into the major ecosystems: Nest, Amazon, TaHoma, IFTTT

A la carte remote surveillance services



Somfy One camera controlled via smartphones (sensor badges, voice)



Two CES Innovation Awards won in the *Smart Home* and *Embedded Technologies* categories



Focus on acquisitions (continued)

Open Doors, the connected lock specialist



Acquisition at the end of December 2015



Designer of the first connected lock in France



Range redesigned for integration into the Somfy system



Acceleration of expansion, particularly at international level



Open Doors

When Pierre gets home...



MY HOUSE DISCREETLY

WATCHES OVER MY FAMILY



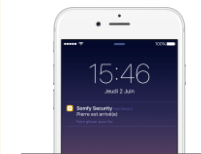
He's identified by his sensor badge



The door lock opens automatically



The alarm system deactivates



His parents receive a notification



His mum Sophie can check that everything is ok

Alexa

**“Alexa,
I’m going to bed”**



A FIRST STEP TOWARDS

**A HOME THAT IS BOTH ALERT
AND ATTENTIVE**



Her blinds close



The camera shutter opens



The alarm system is activated in night-time mode

Focus on acquisitions (continued)

iHome integrator of connected solutions for collective housing automation



Sales of approximately €2 million



Grounds for the acquisition

Acceleration in South-East Asia (Thailand, Malaysia and Singapore)

Closer relationships with property developers



Offering “Somfy ready” apartments as part of an upselling strategy



Incorporation into distribution network; local integration of Somfy subsidiaries and iHome teams

Focus on the industrial capacity

France

Somfy - Cluses: production site and research centre

Somfy - Gray: production site and testing centre

Poland

Sopem - Krakow: production site

Italy

Bft - Schio: production site

Way - Galliera: production site

Tunisia

Sitem - Zaghouan: production site

China

Dooya - Ningbo: production site

LianDa - Zhejiang: production site



Focus on the industrial capacity (continued)



A dedicated footprint and a healthy geographic balance



An assembler strategy, with a strong reliance on an industrial “lego”



A logistics offering that stands out and is tailored to customer needs



Capacities tailored to the requirements of the next few years



In a few figures

Production volume: 15,800,000 motors in 2016

Daily capacity: approx. 100,000 motors

Annual capital expenditure: €21 million in 2015; €38 million in 2016

Jean Guillaume Despature



Outlook

Context of the current financial year



Healthy state of the market

Growing demand for housing comfort and security

Growing awareness of climate and energy-related issues

Boom in connected objects and domestic robots



Economic and political uncertainties in several countries



Volatility of exchange rates and raw material prices



Ramp-up of investments of a strategic nature



Integration of newly-acquired companies



Appendices

Overview

| Data in € millions (exc. workforce) | 2015 | 2016 |
|--|---------|---------|
| Sales | 1,061.1 | 1,131.7 |
| Current operating result* | 165.6 | 177.7 |
| Operating result | 165.7 | 177.5 |
| Net profit of continuing operations | 158.8 | 143.4 |
| Net profit of operations distributed and held for sale | 5.9 | 0.0 |
| Consolidated net profit | 164.8 | 143.4 |
| Cash flow | 171.6 | 181.7 |
| Net investments in intangible assets and property, plant and equipment | 47.2 | 64.5 |
| Depreciation and amortisation charges** | -38.9 | -39.5 |
| Equity | 577.9 | 657.9 |
| Net financial debt*** | -1.2 | -14.6 |
| Non-current assets | 518.3 | 557.1 |
| Net assets held for sale | 0.9 | 0.0 |
| Total workforce | 7,800 | 8,000 |

* Including amortisation charges relating to intangible assets allocated following acquisitions

** Excluding goodwill impairment and including amortisation charges relating to intangible assets allocated following acquisitions

*** (-) Net financial surplus

Takes into account liabilities related to put options granted to holders of non-controlling interests, earnouts, unlisted bonds receivable and deferred payments of a financial nature

Consolidated income statement

| Data in € millions | 2015 | % sales | 2016 | % sales | % 16/15 |
|--|---------|---------|---------|---------|---------|
| Sales | 1,061.1 | | 1,131.7 | | 6.7% |
| Current operating result* | 165.6 | 15.6% | 177.7 | 15.7% | 7.3% |
| Other non-current items | 0.1 | | -0.2 | | |
| Impairment of goodwill | 0.0 | | 0.0 | | |
| Operating result | 165.7 | 15.6% | 177.5 | 15.7% | 7.1% |
| Net financial income/(expense) | 11.5 | | -2.1 | | |
| Profit before tax | 177.2 | 16.7% | 175.4 | 15.5% | -1.0% |
| Income tax | -18.4 | | -31.3 | | |
| Share of profit/(loss) of equity-accounted companies | 0.1 | | -0.7 | | |
| Net profit of continuing operations | 158.8 | 15.0% | 143.4 | 12.7% | -9.7% |
| Net profit of operations distributed and held for sale | 5.9 | 0.6% | 0.0 | 0.0% | -100.0% |
| Consolidated net profit | 164.8 | 15.5% | 143.4 | 12.7% | -13.0% |

* Including amortisation charges relating to intangible assets allocated following acquisitions

Sales by geographic region

| Data in € millions | 2015 | 2016 | % 16/15 real terms | % 16/15 like-for-like |
|---|----------------|----------------|-----------------------|--------------------------|
| France | 254.1 | 272.6 | 7.3% | 6.9% |
| Germany | 165.2 | 176.4 | 6.8% | 7.2% |
| Northern Europe | 103.9 | 105.7 | 1.8% | 5.2% |
| Central and Eastern Europe | 104.8 | 118.6 | 13.2% | 16.0% |
| Southern Europe, Middle East and Africa | 190.2 | 207.2 | 9.0% | 10.9% |
| Asia Pacific | 115.2 | 127.8 | 10.9% | 13.8% |
| Americas | 128.0 | 123.4 | -3.6% | 16.8% |
| Total | 1,061.1 | 1,131.7 | 6.7% | 10.2% |

Consolidated balance sheet

| Data in € millions | 2015 | 2016 |
|---------------------------------------|--------------|--------------|
| Equity | 577.9 | 657.9 |
| Long-term borrowings | 14.7 | 36.3 |
| Provisions and retirement commitments | 35.2 | 40.0 |
| Other non-current liabilities | 38.6 | 38.5 |
| Permanent capital | 666.4 | 772.8 |
| Goodwill | 182.3 | 205.6 |
| Net intangible assets | 43.5 | 44.5 |
| Net property, plant and equipment | 231.2 | 254.6 |
| Net financial assets | 4.6 | 4.5 |
| Other non-current receivables | 56.7 | 48.0 |
| Net assets held for sale | 0.9 | 0.0 |
| Working capital | 147.2 | 215.7 |
| Net inventories | 154.1 | 169.7 |
| Trade receivables | 142.5 | 162.4 |
| Other current receivables | 45.5 | 61.4 |
| Trade payables | 106.6 | 115.0 |
| Other current liabilities | 104.4 | 114.3 |
| Working capital requirements | 131.2 | 164.3 |
| Cash and cash equivalents | 16.1 | 51.4 |
| Net financial debt* | -1.2 | -14.6 |

* (-) Net financial surplus

Net financial debt includes liabilities related to put options granted to holders of non-controlling interests and earn-out of €81.4 million at 31 December 2016 and €45.8 million at 31 December 2015. It also includes deferred payments of €5.6 million at 31 December 2016 and €5.8 million at 31 December 2015.

Analysis of net financial debt

| Data in € millions | 2015 | 2016 |
|---|--------------|--------------|
| Bank borrowings (non-current portion) | 8.1 | 8.1 |
| Liabilities related to put options and earn-out | 0.8 | 22.7 |
| Other financial liabilities | 5.8 | 5.6 |
| Non-current financial assets | -0.5 | -0.2 |
| Long-term net financial debt | 14.2 | 36.1 |
| Bank borrowings (current portion) | 39.0 | 16.9 |
| Liabilities related to put options and earn-out | 45.0 | 58.7 |
| Cash and cash equivalents | -99.3 | -126.2 |
| Other cash items | -0.1 | -0.1 |
| Short-term net financial debt | -15.4 | -50.7 |
| Net financial debt* | -1.2 | -14.6 |

16/15 change from
cash flow
statement
€27.0 m

* (-) Net financial surplus

Net financial debt includes liabilities related to put options granted to holders of non-controlling interests and earn-out of €81.4 million at 31 December 2016 and €45.8 million at 31 December 2015. It also includes deferred payments of €5.6 million at 31 December 2016 and €5.8 million at 31 December 2015.

Cash flow statement

| Data in € millions | 2015 | 2016 |
|--|---------------|--------------|
| Cash flow | 171.6 | 181.7 |
| Cost of net financial debt and other (excluding calculated items) | 3.0 | 0.8 |
| Change in working capital requirements (CFS) | -8.3 | -26.7 |
| Net cash flow from operating activities | 166.3 | 155.8 |
| Net investments in property, plant and equipment and intangible assets | -47.2 | -64.5 |
| Net non-current financial assets | 150.9 | 5.4 |
| Dividends received | 0.0 | 0.0 |
| Acquisition of entities, net of cash acquired | -2.3 | -4.6 |
| Disposal of entities, net of cash disposed | 0.0 | 1.2 |
| Interest received | 0.4 | 0.2 |
| Net cash flow from investment activities | 101.8 | -62.4 |
| Dividends paid | -35.7 | -39.1 |
| Net increase in equity | 0.0 | 0.0 |
| Change in borrowings | -198.1 | -23.8 |
| Other transactions with non-controlling interests | 0.0 | 0.0 |
| Interest paid | -4.6 | -2.8 |
| Movements in treasury shares | -115.6 | 0.0 |
| Net cash flow from financing and equity activities | -354.1 | -65.8 |
| Net cash flow of operations distributed and held for sale | 82.8 | 0.0 |
| Forex impact | 2.1 | -0.7 |
| Net change in cash and cash equivalents | -0.9 | 27.0 |

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