

PRESS RELEASE

6 MARCH 2019

2018 ANNUAL RESULTS

SALES GROWTH AND INCREASE IN CURRENT OPERATING RESULT

Consolidated data (€ millions)	2018	2017	△	△ like-for-like*
Sales	1,126.7	1,089.4	+3.4%	+5.2%
Current operating result	177.8	174.7	+1.8%	+8.2%
Net profit	140.4	157.7	-11.0%	
Corrected net profit**	148.1	135.6	+9.2%	

* Changes at constant scope and exchange rates

** Amounts adjusted to reflect both non-recurring operating charges and income and tax allowances recorded over the previous financial year (see comments on the Results).

Note 1: Figures for the 2017 financial year have been restated in accordance with international accounting standard IFRS 5 and for comparison purposes, following the change in the control and governance methods of the Chinese subsidiary Dooya (exit from the full scope of consolidation and consolidation under the equity method).

Note 2: Since the 2018 financial year, sales have been calculated using international accounting standard IFRS 15 (Revenue from Contracts with Customers). It had no material impact on the 2018 financial statements.

SALES

Group sales were €1,126.7 million over the year just ended, an increase of 3.4% after the restatement resulting from the change in the consolidation method of Dooya and 5.2% on a like-for-like basis.

This performance was achieved after strong growth in the previous financial year. It reflects both the strong performance of historical markets, such as Benelux, France, the United Kingdom and Scandinavia, and the momentum of new markets, such as India, Hungary, Poland, the Czech Republic and Russia.

The sales of the now equity-accounted Dooya totalled €178.0 million, an increase of 9.4% in real terms and 12.0% on a like-for-like basis.

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RESULTS

The current operating result for the financial year stood at €177.8 million, up 1.8% based on a like-for-like consolidation method, equating to 15.8% of sales in spite of adverse foreign exchange effects costing €10.6 million. It would have totalled €189.1 million, up 8.2% and equating to 16.5% of sales on a like-for-like basis.

This 50-basis point increase in the current operating margin¹ on a like-for-like basis was the result of business growth and an improvement in the gross profit margin driven by healthy sales prices, and higher raw materials costs offset by productivity gains.

At the same time, overheads increased due to continued investment in research and development and participation in major industry events (the CES trade show in Las Vegas and R+T in Stuttgart).

Net profit fell 11.0% to €140.4 million. It takes into account a significant negative balance of non-recurring operating expenses and income, primarily due to costs associated with the termination of a project in China, and an automatic increase in the income tax charge given the tax reliefs of €22.3 million recorded over the previous financial year.

Restated for the above-mentioned items, net profit stood at €148.1 million, an increase of 9.2%.

Ultimately, the return on capital employed held firm at the very healthy level of 20.4%².

FINANCIAL POSITION

The balance sheet remained very strong, with equity that increased to €894.4 million.

The net financial surplus³ totalled €222.4 million, an increase of €117.8 million, including €42.1 million in respect of the change in Dooya's consolidation method.

DIVIDENDS

The Management Board will propose the payment of a dividend of €1.4 per share at the next Annual General Meeting, an increase of 7.7% compared with the dividend paid last year.

¹ Current operating margin corresponds to current operating result as a proportion of sales (COR/Sales).

² The return on capital invested or employed (ROCE) is equal to the ratio between current operating result, after normative tax, and the sum of shareholders' equity and net financial debt.

³ The net cash surplus corresponds to the difference between cash and cash equivalents and financial liabilities.

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OUTLOOK

The home motors and automation market remains structurally buoyant as a result of growing consumer demand for comfort and security, and growing public awareness of energy and environmental challenges. A short-term slowdown cannot however be ruled out, on account of the increase in economic uncertainties and geopolitical risks throughout the world.

The investment effort will be maintained, and even intensified should the context allow it, to enable the Group to consolidate its base and its leadership. It will specifically focus on product innovation, streamlining information systems, with the rollout of an ERP over the course of the year, and digitalising organisations and processes.

The policy of developing partnerships with complementary players and the opening up of new ecosystems and protocols (ZigBee network) will also be pursued. This will form part of the commitment to offering “integrated” solutions based on proprietary protocols, while simultaneously continuing to digitalise the historical activities, and will help position the Group as an industry standard for the connected home.

CORPORATE PROFILE

Somfy is the global leader in automated opening and closing systems for both residential and commercial buildings, and a key player in the connected home.

FINANCIAL STATEMENTS

The annual financial statements have been audited by the Statutory Auditors and were reviewed by the Supervisory Board on 6 March 2019.

The Statutory Auditors’ report and detailed financial statements will be released on 18 April 2019 and will be available on the Company’s website (www.somfyfinance.com).

NOTE

The regions most exposed to current economic, geopolitical and monetary uncertainties are China, Latin America and the Middle East. They represent less than 10% of Group sales.

SHAREHOLDERS’ AGENDA

Publication of the annual financial report and quarterly sales: 18 April 2019 (after close of trading)

Annual General Meeting: 22 May 2019 (at the Company’s registered office)

CONTACTS

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CONDENSED INCOME STATEMENT

Consolidated data (€ millions)	2018 Published	2017 Restated
Sales	1,126.7	1,089.4
EBITDA	218.0	213.7
Current operating result	177.8	174.7
Non-recurring operating items	(7.7)	(0.2)
Net financial expense	(4.3)	(4.6)
Income tax	(29.5)	(4.0)
Share of net profit/(loss) from associates	1.4	(1.5)
Net profit from continuing operations	137.7	164.4
Net profit from operations treated in accordance with IFRS 5 (Dooya)	2.6	(6.6)
Consolidated net profit	140.4	157.7
Attributable to: - Minority interests	0.1	2.2
- Group share	140.5	159.9

CONDENSED BALANCE SHEET

Consolidated data (€ millions)	2018 Published	2017 Published
Equity	894.4	770.7
Goodwill	96.2	196.8
Net non-current assets	284.8	323.2
Investments in associates and joint ventures	132.8	0.9
Working capital	420.2	308.6
Working capital requirements	186.1	171.7
Net financial surplus*	222.4	104.6

*Cash less financial debt

Note 1: Since the 2018 financial year, sales have been calculated using international accounting standard IFRS 15 (Revenue from Contracts with Customers).

Note 2: The income statement and cash flow statement for the 2017 financial year have been restated in accordance with IFRS 5 for comparison purposes following the Dooya subsidiary's change of consolidation method (from fully consolidated to equity accounted). Conversely, the balance sheet has not been restated.

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RESTATEMENTS RESULTING FROM THE EQUITY ACCOUNTING OF DOOYA

Consolidated data (€ millions)	2017 Published	Restate ments	2017 Restated
Sales	1,246.6	(157.2)	1,089.4
Current operating result	168.4	6.3	174.7
Non-recurring operating items	(0.2)	(0.0)	(0.2)
Net financial expense	(5.9)	1.2	(4.6)
Income tax	(3.1)	(0.9)	(4.0)
Share of net profit/(loss) from associates	(1.5)	(0.0)	(1.5)
Net profit from continuing operations	157.7	6.6	164.4
Net profit from operations treated in accordance with IFRS 5 (Dooya)	0.0	(6.6)	(6.6)
Consolidated net profit	157.7	0.0	157.7