PRESS
RELEASE
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2019 ANNUAL RESULTS

16% INCREASE IN NET PROFIT

Consolidated data to 31 December (€ millions)	2019	2018	Change
Sales	1,200.2	1,126.7	+6.5%
Current operating result	204.8	177.8	+15.2%
Consolidated net profit	163.2	140.4	+16.3%
Cash flow	220.1	178.6	+23.3%

Note: IFRS 16 – Leases, whose application was mandatory from 1 January 2019, was applied for the first time to the financial statements for the 2019 financial year, using the simplified retrospective approach. Its main impacts are detailed in the Appendix.

SALES

Group sales were €1,200.2 million over the year just ended, an increase of 6.1% on a like-for-like basis, including 4.7% in the first half-year and 7.5% in the second, and of 6.5% in real terms.

This expansion follows several years of steady growth and reflects progress within all geographical regions, with the exception of Africa & the Middle East, for contextual reasons. It attests to the growing interest of all types of consumers in motorised and connected solutions for the home, due to the need for comfort and safety and the growing awareness of energy and environmental issues.

The most noteworthy growth was recorded in Central & Eastern Europe, as a result of excellent performances in Poland, Hungary and the Czech Republic, as well as Northern Europe.

Significant increases were also posted in China, France and Germany, as well as in Central & South America and North America, thanks to a sharp upturn over the last quarter, particularly in Brazil and the United States. Growth was however more modest in Asia-Pacific (excluding China) and Southern Europe.

In contrast, the trend remained negative in Africa & the Middle East, although it improved significantly over the second half-year.

Sales of the now equity-accounted Chinese subsidiary Dooya totalled €187.5 million over the financial year, an increase of 9.3% in real terms and 8.2% on a like-for-like basis.

RESULTS

Current operating result stood at €204.8 million over the financial year, up 15.2% in real terms, and represented 17.1% of sales, compared with 15.8% in the previous year. It benefited from a positive impact of €3.1 million from changes in exchange rates and €0.4 million from the application of the new lease recognition rule (IFRS 16).

This improvement was due to both high sales, particularly during the second half-year, and a modest increase in structure costs, as a result of the normalisation of "strategic" expenditure following a period of substantial investment.

Consolidated net profit grew 16.3% to €163.2 million. It includes a net non-current operating expense of €3.2 million, a positive contribution from associates of €3.8 million and an income tax charge of €37.2 million.

Reflecting these solid results, return on capital employed (ROCE) was 22.2% (23.7% restated for the impact of IFRS 16), compared with 20.4% in the previous year.

FINANCIAL POSITION

Group equity rose from €894.4 million to €1,012.8 million over the financial year, while the net financial surplus rose from €222.4 million to €310.5 million, despite the recognition of financial liabilities of €48.3 million following the application of IFRS 16 to leases.

The hike in net financial surplus was due to the increase in cash flow and the decline in working capital requirements.

DIVIDEND

The Management Board will propose the payment of a dividend of €1.55 per share at the next Annual General Meeting, an increase of 10.7% compared with the dividend paid last year.

OUTLOOK

The ongoing changes in the building sector, due to the energy transition, digitalisation and changes to society have led the Group to review its organisation and to announce, in January 2020, the appointment of a new Executive Committee, a consequence of which was the merger of the three existing activities into a single unit and the re-segmentation of the nine geographic regions into two major sales territories.

This restructuring, guided by a long-term projection named Ambition 2030, will help improve the efficiency of operating processes, thanks in particular to a streamlined organisational structure as well as greater customer proximity and a better allocation of resources. It will also serve as a platform for defining and implementing the strategic plan over the coming years.

Investment will continue to enable the Group to strengthen its positioning and competitive advantage within its core business, and will specifically focus on product innovation, optimising information systems with the roll-out of the new integrated management software package (SAP ERP), and the digitalisation of ranges and operations.

The policy of openness and partnerships will be pursued in parallel, and will continue to fit in with the same strategy of collaborating with complementary partners and accessing new ecosystems that are compatible with the international standard Zigbee 3.0[1], thereby positioning the Group as an undisputed leader in the world of the connected home.

CORPORATE PROFILE

Founded in 1969 in the Arve Valley, in the Haute-Savoie region of France, and now operating in 58 countries, Somfy is the preferred partner for window and door automation and a pioneer in the connected home. The Group is constantly innovating to guarantee comfort, wellbeing and safety in the home and is committed to promoting sustainable development.

DISCLAIMER

The Group was not adversely affected by Brexit in 2019 and does not expect to be in 2020. It could however be impacted by Coronavirus in 2020, notably in China, where it achieves 1.2% of its consolidated sales, i.e. €14.9 million, with its Somfy brand, and where its equity-accounted subsidiary Dooya achieves 47.7% of its own sales, i.e. €89.4 million (base 2019).

[1] *The radio protocol Zigbee 3.0, the leading standard for the connected home, has more than 400 partners, including Amazon, Apple, Google, Philips, Samsung and Somfy. It facilitates convergence and interoperability between each of these manufacturers' products.*

The annual financial statements have been audited by the Statutory Auditors and were reviewed by the Supervisory Board on 4 March 2020.

The Statutory Auditors' reports, which are in the process of being issued, and detailed financial statements will be released on 16 April 2020 and will be available on the Company's website (www.somfyfinance.com).

CONTACTS

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SHAREHOLDERS' AGENDA

Publication of first quarter sales: 21 April 2020 (after close of trading)
Annual General Meeting: 13 May 2020, at the Company's registered office

GLOSSARY

Sales: The sales figures refer to the sales amounts generated with customers outside the Group. They are calculated based on customer location and therefore the destination of the sales.

Change in real terms: The change in real terms corresponds to the change at actual consolidation method and scope, and actual exchange rates.

Change on a like-for-like basis: The change on a like-for-like basis corresponds to the change at constant consolidation method and scope, and constant exchange rates.

Geographic regions: Africa & the Middle East, Germany, Central & South America, North America, Asia-Pacific, China, Central & Eastern Europe, Northern Europe, Southern Europe, and France are the geographic regions used to analyse and monitor sales.

Return on capital employed: The return on capital employed is equal to the ratio between current operating result less normative tax, and total shareholders' equity, after offsetting the impact of goodwill impairment, and net financial debt.

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

APPENDICES

SALES

Consolidated data (€ millions)	2019	2018	Change Real terms	Change Like-for-like
France	341.5	324.5	+5.3%	+5.2%
Germany	186.5	178.3	+4.6%	+4.6%
Central & Eastern Europe	152.3	131.5	+15.8%	+15.3%
Northern Europe	134.9	120.5	+12.0%	+12.1%
Southern Europe	121.9	119.2	+2.3%	+1.7%
North America	103.0	93.6	+10.0%	+4.5%
Africa & Middle East	64.2	67.2	-4.4%	-2.5%
Asia-Pacific (excl. China)	57.6	54.8	+5.0%	+3.0%
Central & South America	23.3	23.3	+0.3%	+6.7%
China	14.9	13.7	+8.6%	+6.8%
Total	**1,200.2**	**1,126.7**	**+6.5%**	**+6.1%**

CONDENSED INCOME STATEMENT

Consolidated data (€ millions)	2019	2018
Sales	1,200.2	1,126.7
EBITDA	262.4	218.0
Current operating result	204.8	177.8
Non-recurring operating items	(3.2)	(7.7)
Net financial expense	(5.1)	(4.3)
Income tax	(37.2)	(29.5)
Share of net profit from associates	3.8	1.4
Net profit from continuing operations	163.2	137.7
Net profit from operations treated in accordance with IFRS 5 (Dooya)	0.0	2.6
Consolidated net profit	163.2	140.4
Attributable to Non-controlling interests	0.0	0.1
Attributable to Group share	163.2	140.5

RECONCILIATION OF CHANGES ON A LIKE-FOR-LIKE BASIS AND IN REAL TERMS

	Sales	Current operating result
Change on a like-for-like basis	**+6.1%**	**+13.2%**
Forex impact	+0.4%	+1.7%
Scope impact	-	-
Impact of IFRS 16	-	+0.2%
Change in real terms	**6.5%**	**+15.2%**

CONDENSED BALANCE SHEET

Consolidated data (€ millions)	**2019**	**2018**
Equity	1,012.8	894.4
Goodwill	95.6	96.2
Net non-current assets	340.7	284.8
Investments in associates and joint ventures	136.5	132.8
Working capital	515.6	420.2
Working capital requirements	159.8	186.1
Net financial surplus	310.5	222.4

MAIN IMPACTS OF THE APPLICATION OF IFRS 16

Consolidated data (€ millions)	2019	Including IFRS 16 impacts
Income statement		
EBITDA	262.4	14.1
Current operating result	204.8	0.4
Net financial expense	(5.1)	(1.1)
Consolidated net profit	163.2	(0.7)
Cash flow statement		
Cash flow	220.1	13.0
Cost of net financial debt (excluding non-cash items)	2.0	1.1
Net cash flow from financing and capital activities	(65.5)	(14.1)
Net change in cash and cash equivalents	132.8	0.0
Balance sheet		
Equity	1,012.8	(0.7)
Long-term borrowings	45.0	36.3
Net non-current assets	340.7	47.6
Working capital	515.6	(12.0)
Cash and cash equivalents (including current portion of financial liabilities)	355.8	(12.0)
Net financial surplus	310.5	(48.3)