

# H1 2023 BUSINESS REVIEW

**SOMFY**  
GROUP HEADQUARTERS

5 SEPTEMBER 2023

**SOMFY**

# H1 2023 HIGHLIGHTS

- Highly **inflationary** environment causing a decrease in demand
- **Decline** in sales following several exceptional years
- **Acquisition of Dutch company De Haan Westerhoff**
- Introduction of **short-term measures** to **prioritise efforts** on the most **structuring projects**:
  - ✓ Ramping up of **digitalisation**, made central to the corporate plan
  - ✓ Launch of **solutions** promoting **energy efficiency**, in line with our **sustainable development commitments**
  - ✓ **Control of costs** and **cash position** to safeguard future investments

€761 M

-10.1%

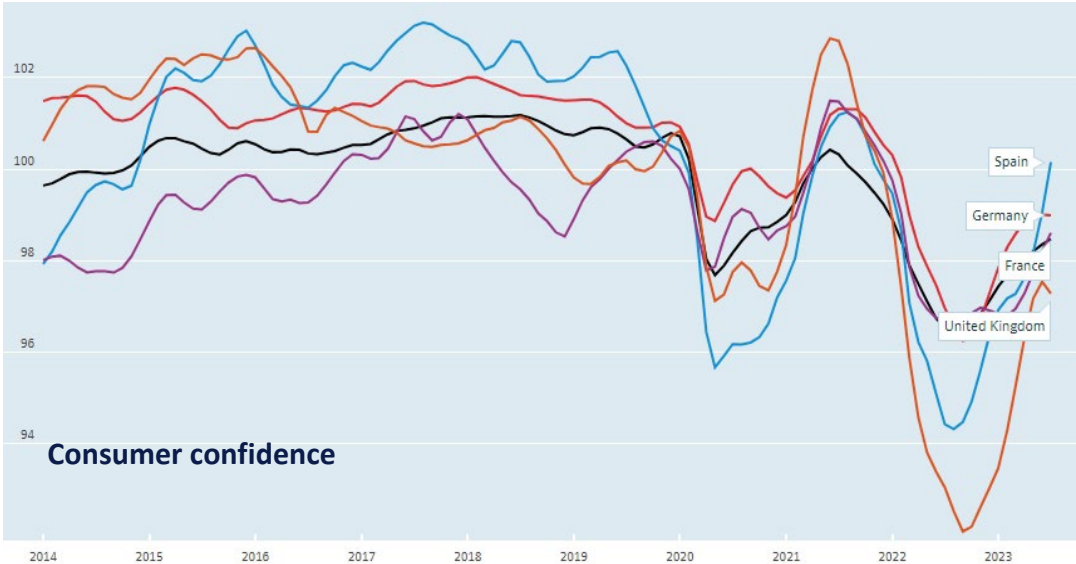
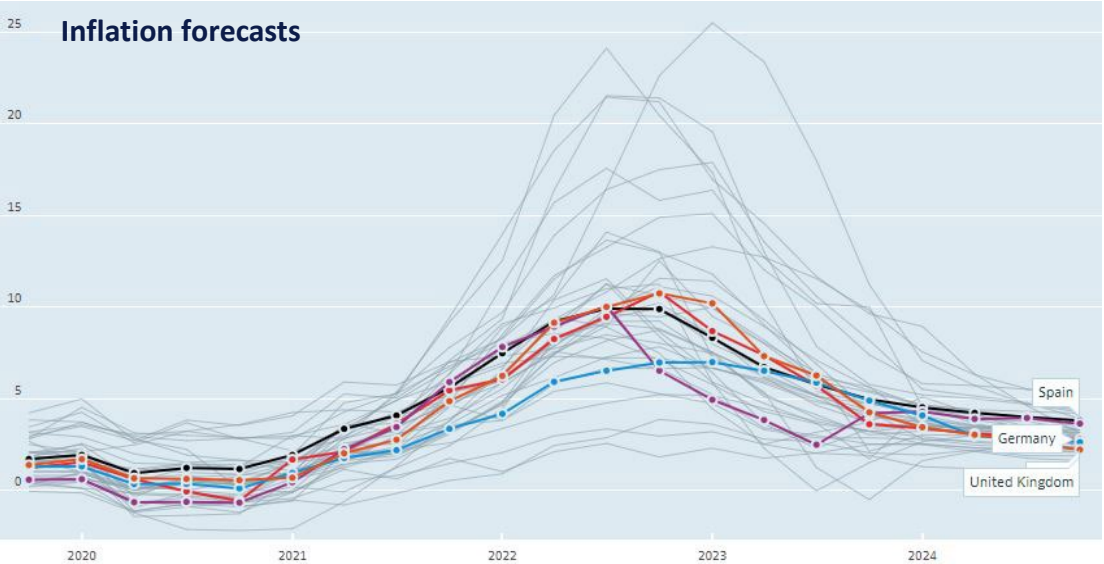
SALES



## UPDATE ON MARKET ENVIRONMENT

# MACRO-ECONOMIC AND GEOPOLITICAL CLIMATE

- **Environment** remains challenging: war in Ukraine, pressures in the raw materials market and value chains.
- Severe and sustained **inflation**, to remain high over the next few quarters, a consequence of repeated tightening by central banks and bullish pricing momentum for food and manufactured products.
- Slowdown in **activity**: inflation continues to impact consumer and business spending power. The worsening economic climate and geopolitical uncertainty are eroding the confidence of market players.
- For **2023**, no trends indicate a significant improvement in the main market indicators.



Sources: INSEE, Banque de France, OCDE



# MARKET TRENDS

- **Energy performance** at the heart of the key challenges facing the property sector: renovation, adaptation, reduction of the environmental impact of homes. The carbon footprint is becoming an essential measurement to combine growth and sustainable development.
- Confirmation of trends towards the **digitalisation** of lifestyles, notably in relation to health and home security. Growing demand for connected and intuitive objects, and for data. Digital and, more broadly, technology are now the leading sustainable solutions.
- More generally, the **sustainable transformation** of lifestyles, ways of working and consumer trends are driving the market to incorporate long-term developments.

## Connected objects are becoming an ever-increasing part of everyday life

**40%** of French people have at least one connected object in their home  
+ 7 points\*

Connected objects related to:



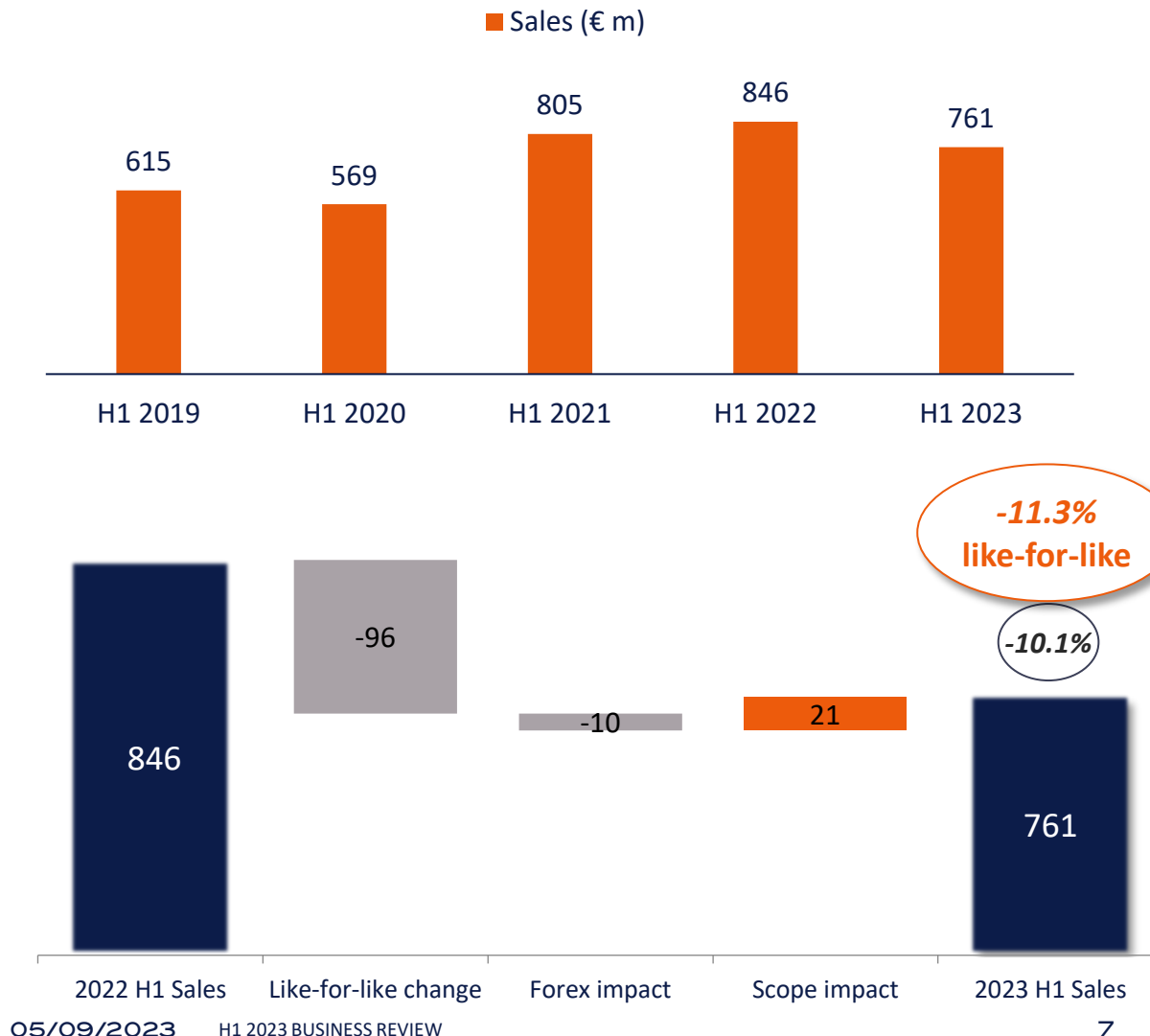
\* Vs. 2020

Source: France 2022 Digital Indicator



## ANALYSIS OF SALES AND FINANCIAL POSITION

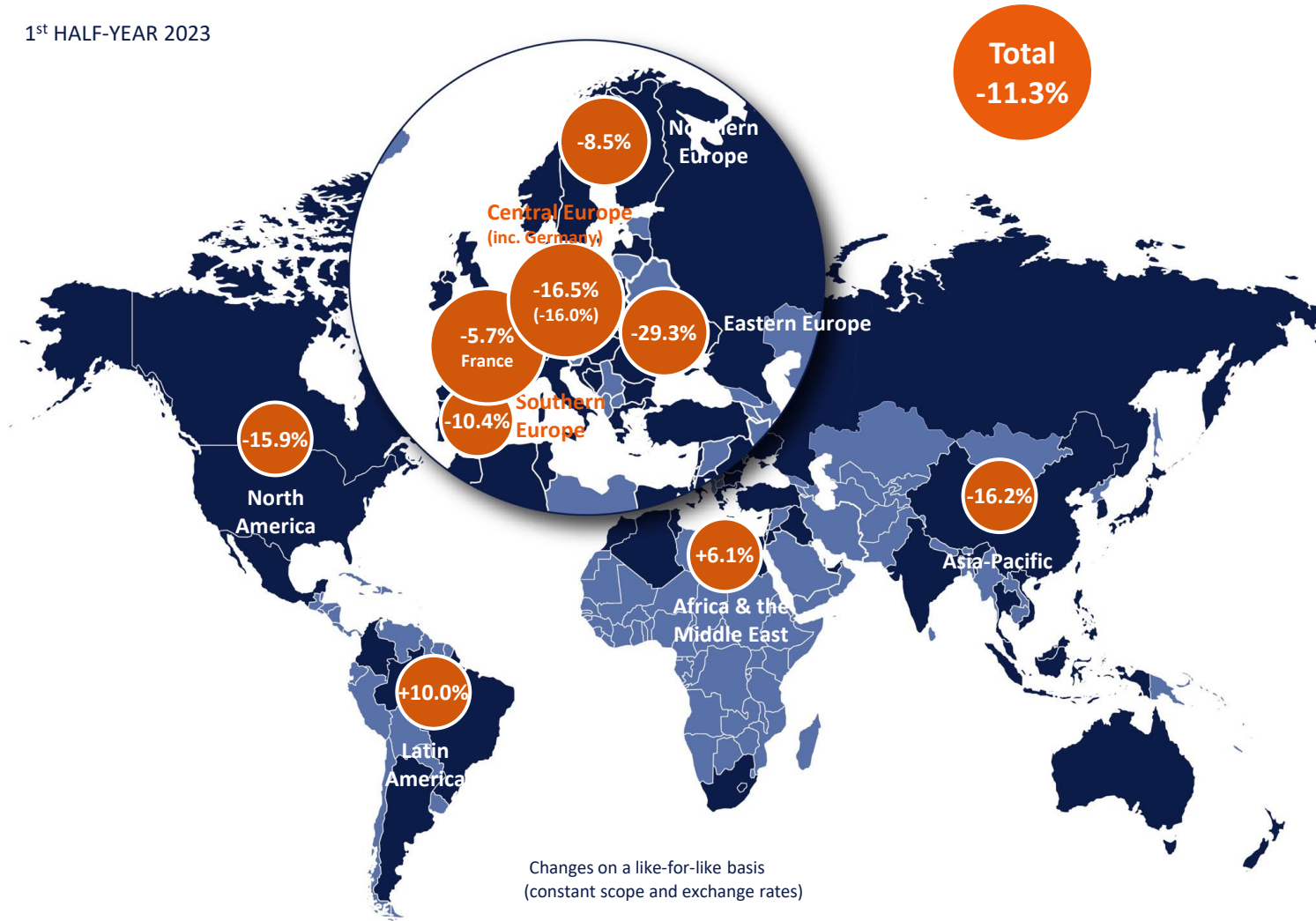
# SALES IMPACTED BY THE ECONOMIC CLIMATE



- **Economic difficulties** facing SOMFY as well as other industry players
- **Decline in sales** following the exceptional Covid years
- **High comparison base** with a 2022 H1 at +5.1%
- **Significant temporary reduction in inventories held by our customers** in response to a decrease in demand
- **Return to a normal customer service rate** over the half-year
- **Negative forex impact** primarily generated by the Turkish lira and the British pound
- **Scope impact related to Teleco Automation**, acquired in July 2022

# IN THE MAJORITY OF GEOGRAPHIC REGIONS

1<sup>st</sup> HALF-YEAR 2023



- **Slowdown in the residential market** in many countries due to high inflation and the rise in interest rates
- **Increased competitive pressure**, particularly on prices
- Regions impacted with **lower sales: all of Europe, as well as Asia-Pacific and North America**
- **Latin America and Africa & the Middle East posted growth** over the half-year



## A FINANCIAL POSITION THAT REMAINS SOUND

- **Measures** taken over the **short-term** to **prioritise spending** on **structuring projects** such as the digitalisation of our product ranges and processes and the energy efficiency of our solutions
- **A financial position** that remains **strong** with a low Net Financial Debt (NFD)/EBITDA ratio, i.e. below 1x
- **Improved cash management** with monitoring of working capital requirements stepped up
- **€350 m credit facility** repayable in 2027, secured from our main banking partners, to finance the projects in our roadmap

NFD/EBITDA  
< 1  
STRONG FINANCIAL  
STRUCTURE



UPDATE ON THE  
PROGRESS OF THE  
CORPORATE PLAN

## ACQUISITION OF DE HAAN WESTERHOFF

- Successful completion at the end of August of the **acquisition of 100% of De Haan Westerhoff**
- Specialist in **the repair, maintenance and installation of external solar shading** solutions, primarily for **non-residential buildings** (education, healthcare, corporate offices) **in The Netherlands**
- **Sales of €38 m** in 2022 with around **200 employees**
  
- This acquisition will enable the Group to:
  - ✓ **Seize growth opportunities** in the non-residential segment and contribute to its development
  - ✓ **Build up capabilities in services** after the acquisition of Répar'stores in 2021
  - ✓ **Reinforce its commitment to sustainability** by promoting the benefits of dynamic solar shading in preserving energy consumption and increasing comfort and well-being in buildings



# DIGITALISATION AT THE HEART OF THE CORPORATE PLAN

- **The digitalisation of our product ranges and processes** forms the core of the Group’s strategic and operational roadmap:
  - ✓ Creation of a new **“Digital and Data Value Creation”** function, bringing together IT, Data and Digital Factory competencies, and **appointment** of a **Chief Digital Officer** to the Executive Committee to develop a new competitive advantage through our solutions and improve the efficiency of our internal processes
  - ✓ **SAP roll-out** during the half-year in Germany, Spain and Greece, with new regions in the pipeline

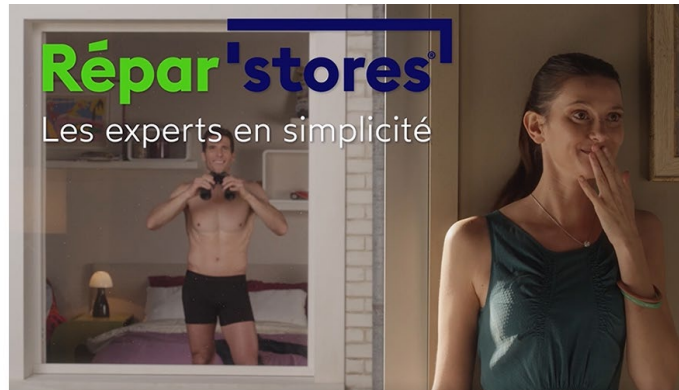


*Guillaume Deudon  
Chief Digital Officer*

Sales entities			Factories and logistics centres		
Already rolled out	Being rolled out	Upcoming	Already rolled out	Being rolled out	Upcoming
Italy	France	Africa & the Middle East	Cluses	Bonneville	Gray
Switzerland	North America	Eastern Europe		Zriba	Niepolomice
Austria		Northern Europe			Galliera
Germany		Asia			Nanxun
Spain		Latin America			
Greece					

## FOCUS ON RÉPAR'STORES

- **Strong sales growth of 14.3%** over the first half of 2023
- Continued **international roll-out** of activities with expansion into Spain
- Benefit & opportunity of a company firmly focused on **sustainable renovation solutions**
- **Increased visibility**, driven by a striking new television campaign



L'ÉCHO la baie  
Mettre un nombre partout sans limite

Répar'stores, élue meilleure franchise de France de plus de 100 franchisés, fait le plein de récompenses

- Voted best franchise with over 100 franchisees in France
- 2<sup>nd</sup> place in the category, “Best Franchise of the Year” in the Best Franchises in France Awards, organised by Indicateur de la Franchise
- Gold Ribbon Award presented to Roger Varobieff, co-founder of Répar'stores, by the French Franchise Federation

# SOMFY'S SOLAR SOLUTIONS CONTRIBUTION TO THE FIGHT AGAINST GLOBAL WARMING

- **Launch of RS100 Solar io** to help address climate change challenges
- Major **innovation** within SOMFY's services ecosystem: connected rolling shutter solar motor
- **Easy to install** and particularly suitable for the renovation market
- Connectivity and automation help to improve **energy efficiency** in the home
- **Eco-designed** product representing a reliable and durable solution that is compatible with every home
- Response to **regulatory changes** and to the demand for more sustainable comfort



**RS100 Solar io**





# OUTLOOK

# OUTLOOK

- **Cost control** over the next few months given the ongoing inflationary environment
- Continued **roll-out** of the **strategic plan** and **investments** in structuring projects while pursuing operational excellence and efficiency in processes
- **Long-term positive trends** through the positioning of our solutions to address climate challenges
- Acknowledgement of the **benefits** of **automating rolling shutters** to satisfy the **new** stricter **legislative framework** introduced by French regulation RE2020 and the criteria for comfort during the summer months