



Testimonial

SOMFY

Somfy secures its currency and interest rates risk management

About Somfy

- World leader in doors and window automation for homes and commercial buildings.
- More than 100 million engines sold.
- Pioneer of the connected home, with the launch of TaHoma suite in 2010.
- International presence with 6 production sites, including 2 in France and 60 subsidiaries for distribution.
- 2014 turnover: 981 Million Euros .

Interview with Valérie Binet – Group treasurer Somfy

A currency risk concentrated at the holding level

Managed by two employees, the treasury department at Somfy covers activities for France and the holding company with European cash pooling.

The group is organised with production sites that charge distribution subsidiaries in their respective local currencies in order to free them from currency risk. Subsidiaries pay the holding company, who transfer the equivalent to production sites on the basis of an annual guaranteed FX spot for each currency.

The same pattern was adopted for payment of suppliers. Ultimately, it is the holding company that hedges the FX risk.

To achieve this, the holding company receives a monthly budget forecast from production sites in foreign currencies, and aggregates this information with the group's estimated purchase and other forecasts to measure net FX forecast exposure and implement the required hedges.

On a daily basis, depending on market conditions and reassembled inbound/outbound accounting data, the amount and/or duration are adjusted. The holding company also answers to the business units need for liquidity and can manage their cash excesses.

FOREX: a major issue for risk hedging

Somfy production sites are located in France (2 sites), Italy, Tunisia, Poland and China. As for the distribution subsidiaries, they are spread over sixty countries. The group's exposure therefore spreads over twenty different currencies, with a higher currency risk in Europe.

In this context, the treasury department applies cash netting positions by currency, so, limiting net exposure even with volume.

"The Budget Forecast position is hedged up to 80% for periods of 3, 6 or 9 months. An internal treasury policy requires them to hedge at least the next 1 month of billing with a maximum of 12 months"

Valérie Binet – Group treasurer Somfy

Somfy has other important exposures to currencies with less transactions (AUD) but these are not eligible for netting.

The treasury department uses vanilla financial instruments: FX spot, FX Forward (sometimes with accumulator) or NDF (Non Deliverable Forward).

The group does not have interest rate risk since there is no debt, except for very special and specific operations.



To cover its major challenge of monitoring risks on currencies, interest rates and commodities (copper), the treasury department consulted in 2012 a selected number of TMS vendors, including 3V Finance.

TITAN™ Treasury ASP: Leveraging performance

By its clear understanding of the project, its reactivity and experience of financial risk management, 3V Finance immediately convinced Somfy to adopt TITAN™ Treasury platform as it covered both their technical and functional needs, whilst having strong guarantees on project management and support.

The heads of the finance department were also involved in the project. They had high expectations for the reporting, and perceived TITAN™ Treasury as a leverage tool to increase reactivity, reliability and performance particularly with increasing financial flows.

This was achieved through integration with an electronic FX dealing platform which enables validation of hedging transactions with banks and data exchange with internal accountancy tools.

The IT Department, which was also involved in the TMS selection process and involved in the creation of interface decided to choose 3V Finance ASP hosting solution in order not to miss out on secondary tasks (backup, updates, etc).

Custom support and consulting

Finally, TITAN™ Treasury is unanimously considered a substantial solution, offering all the required functions related to modern financial risk management.

The reporting tool is very flexible, and very much appreciated by the team who emphasise its ability to deliver "very good results without much effort."

But, beyond the continuously adapted solutions to client requests (i.e. changing decimals for SEK or linking of information during data import) the treasury team emphasises 3V Finance's real capacity to listen and react alongside the continuous high quality of customer support, which it described as "unique and much appreciated."

"Our choice was primarily one linked to the people we met at 3V Finance. And their full STP (straight through processing) approach saves valuable time by giving us full visibility on our short-term cash."

Today, three years after the adoption of the TITAN™ Treasury platform, the treasury team has developed a very special relationship with 3V Finance, who are regularly contacted regarding any new requirement.

Somfy project in brief

- Availability and professionalism of 3V Finance's team
- TITAN™ Treasury is a leverage for reactivity, reliability and performance
- Optimal approach full STP
- Reporting creates value
- Confidence and trust reinforced



3V Finance

UK | Beaufort House - 15 St Botolph Street - London EC3A 7QX | Tel: +44 (0)20 8144 8763
CH | Rue de la galerie 11 - 1003 Lausanne | Tel: +41 (0)22 548 00 60
FR | 9 Place Vendôme - 75001 Paris

info@3vfinance.com

www.3vfinance.com

