Press Release

Thursday, 23 October 2008

2008 NINE-MONTH BUSINESS REVIEW

CONTINUED SATISFACTORY PERFORMANCE

Revenue for the first nine months of 2008 totalled €2,184 million. This represented an increase of 14.2% over the year-earlier period, reflecting:

- **Organic growth (based on a comparable scope of consolidation and at constant exchange rates) of 5.6%, led by higher volumes and a sustained improvement in the product mix.**
- **A change in the business base with the consolidation, as from 1 January, of China's Supor, which contributed €222 million to revenue for the nine months.**
- **A €59 million negative currency effect, due to the continuing fall of certain currencies against the euro.**

Business remained generally good in the third quarter, with revenue up 3.5% like-for-like.

(in € millions)	2007 (9 months)	**2008 (9 months)**	**% change**	
			Current exchange rates	**Constant exchange rates**
France	405	**430**	**+ 6.1**	**+ 6.0**
Other Western European countries	470	**478**	**+ 1.7**	**+ 0.2**
North America	275	**269**	**- 2.4**	**+ 4.5**
South America	190	**198**	**+ 4.4**	**+ 3.2**
Central Europe, CIS and other countries	427	**464**	**+ 8.7**	**+ 10.4**
Asia-Pacific	146	**345**	**+137.1**	**+ 13.4**
TOTAL	1,913	**2,184**	**+ 14.2**	**+ 5.6**

Operating margin for the first nine months rose 26% to €208 million, including a €20 million contribution from Supor. At constant scope of consolidation, without Supor, operating margin amounts to €188 million, improving by 14.3%.

At September 30, 2008, consolidated net debt amounted to €696 million, with the increase compared to €573 million at September 30, 2007 mainly due to the Supor acquisition. The Group continues to have a healthy balance sheet, with diversified and secured financing sources.

GROUPE SEB
DIRECTION DE LA COMMUNICATION FINANCIERE
Chemin du Petit Bois I BP 172 - 69134 ECULLY Cedex France I T.+33 (0)4 72 18 16 40 • Fax +33 (0)4 72 18 15 99
Société par Actions Simplifiée au capital de 806 400 € I 016 950 842 R.C.S Lyon I T.V.A FR 94016950842

Sales by region

In **France,** the small household appliances market held up well in the third quarter, although retailers kept a tight rein on purchases and inventories. Despite the high basis of comparison created by last year's 12.3% growth, Groupe SEB matched its third-quarter 2007 revenue performance and consolidated its market share through a strong product dynamic. Silence Force lifted Rowenta to the no. 1 position in the vacuum cleaner market, Actifry became the best-selling fryer and the linen-care lines outperformed a contracting market, while the bread makers, Dolce Gusto and the Nespresso coffee machines all went from strength to strength. Cookware sales also continued to grow.

In the **other Western European countries**, the picture was mixed and the basis of comparison was high. The majority of countries were affected by retailer moves to draw down inventories. Despite contrasting market trends in the different countries of the region, Groupe SEB improved its competitive positions during the third quarter. After a sharp slowdown in the second quarter, the downward trend eased in Italy and sales stabilised in Germany. Business recovered strongly in the Netherlands – led by the launch of Actifry and the success of Dolce Gusto – as well as in Belgium where the entire product line-up was in heavy demand. In the United Kingdom, however, after a vigorous start to the year sales fell sharply in the third quarter in a severely weakened market. Third quarter sales were also down sharply in Spain, reflecting the very depressed economic situation. In Portugal, growth remained satisfactory whereas the Group made further gains in Greece and Austria.

In **North America**, revenues rose 4.5% like-for-like over the first nine months, with growth held back by flat sales in the third quarter compared with the year-earlier period. In the United States, the weak dollar continued to represent a challenge, despite signs of a recovery since mid-August. Despite the lacklustre economic environment which affected some retailers, Groupe SEB revenue grew at a satisfactory rate in the third quarter, led by T-fal's successful repositioning in the cookware segment. Rowenta had a more challenging quarter. Outside the United States, sales were very uneven in Canada while in Mexico the Group continued to advance in a buoyant market.

In **South America**, revenue for the first nine months was up 3.2% like-for-like, including a small increase in the third quarter. The growth rate was below that observed in prior years, due to a dull context. In Brazil Group sales were flat, in spite of the negative impact on business of restrictions on consumer lending and poor fan sales in the early part of the year. Panex held onto its market share based on value. Arno consolidated its position in the semi-automatic washing machine segment and gained market share in vacuum cleaners and irons. In addition, sales continued to grow rapidly in Venezuela and the Group increased its market share in Argentina with an expanded product line-up, but sales in Colombia declined.

In **Central Europe, CIS and other countries** (Turkey and other countries in the Middle East and Africa), revenue grew 10.4% like-for-like. Excluding the Middle East, all countries of the region contributed to the increase, reflecting the still buoyant economic environment. The Group further strengthened its positions, by leveraging its powerful competitive advantages, extending the product range and introducing flagship products such as Dolce Gusto and bread makers. This was the case in particular in Central Europe, where it continued to build the network of Home & Cook directly-operated stores. Sales grew rapidly in the CIS, despite the rouble's weakness combined with high inflation and high interest rates. Business was very brisk in Ukraine, while in Turkey, demand remained as strong as ever and the Group advanced in all market segments.

In the **Asia-Pacific** region (China, Japan, South Korea, Southeast Asia, Australia, etc.), sales rose 137% over the first nine months, with organic growth (excluding Supor) amounting to 13.4%. In Japan, after a slow start to the year, the Group progressively recovered and the third quarter performance was excellent, despite repeated price increases made necessary by the weak yen. In South Korea, the business continued to expand rapidly and the Group strengthened its lerdership position in the cookware segment as well as in irons and electrical kettles. In Australia, sales were once again up sharply, thanks to sustained demand for Jamie Oliver cookware and the success of the Group's steam cookers and irons. In the still booming Chinese market, Supor

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increased its sales by 37% on the domestic market in the first nine months, with growth led by small electrical appliances.

Analysis of growth in operating margin

Operating margin for the first nine months of 2008 amounted to €208 million, up 26% compared with €164.5 million for the year-earlier period. It includes a contribution of €20 million of China Supor which has been consolidated as from January 1, 2008. At constant scope of consolidation, Groupe SEB operating margin amounts to €188 million, up 14.3%. Third quarter operating margin rose to €91 million (including a €7 million contribution from Supor), from €86 million in third-quarter 2007 which represented a high basis of comparison.

The analysis of growth in the nine-month operating margin stresses several mixed factors: on one hand, organic sales growth and especially the improved product mix created a strong leverage in the improved profitability. On the other hand, the Group suffered from higher purchasing costs (mainly due to price rises for sourced products) and invested more in marketing notably. These overcosts were partly offset by a favourable currency effect (mainly concerning the dollar).

Analysis of debt

Due to the seasonal nature of the business, debt generally peaks at the end of the third quarter. Net debt stood at €696 million at 30 September 2008, an increase of €123 million compared to the year earlier amount. The increase was due to the acquisition of Supor – for which only part of the acquisition financing was included in debt at 30 September 2007 – as well as to cash outlays under the 2006-2007 restructuring plan and to SEB share buybacks.

The current financial crisis has not weakened the Group's financing capacity, which is based on a well-established flexible long-term financing strategy. In addition to local facilities that have been drawn down and to a €600 million commercial paper program, the Group has €550 million worth of syndicated lines of credit expiring in 2011/2012 and €161 million from private placement notes (Schuldschein) issued in August and due in 2013 and 2015. These facilities constitute robust, diversified financing sources to meet the Group's needs.

Outlook

At this point in time, the Group has no reason to adjust its 2008 objectives of organic growth in revenue and improvement in operating margin.

A nine-month business review will also be published. More detailed than the press release, it can be downloaded as from next week from the Groupe SEB website www.groupeseb.com.

The world leader in small domestic equipment, Groupe SEB operates in more than 120 countries with a unique portfolio of top brands marketed through multi-format retailing. Selling some 170 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. Groupe SEB has 19,500 employees worldwide.

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