Press Release

Monday, 19 January 2009

PROVISIONAL 2008 SALES

PROVISIONAL SALES OF €3,232 MILLION
FIRM GROWTH DESPITE THE CRISIS

- **Sales up 12.6%, surpassing €3 billion for the first time.**
- **4.2% like-for-like growth, a satisfactory performance given the current economic environment.**
- **Fourth–quarter sales up 1.3% like-for-like, despite a discernible slowdown in business.**

(in € millions)	2007	**2008**	% change	
			Current exchange rates	**Like-for-like***
France	640	**668**	+ 4.3	+4.3
Other Western European countries	718	**734**	+ 2.3	+ 1.3
North America	401	**394**	- 1.8	+ 0.6
South America	275	**270**	- 1.8	0.0
Central Europe, CIS and other countries	626	**665**	+ 6.2	+ 8.5
Asia-Pacific	210	**501**	+138.6	+ 13.0
TOTAL	2,870	**3,232**	**+ 12.6**	**+ 4.2**

*At constant scope of consolidation and exchange rates

2008 sales totalled €3,232 million, an increase of 12.6% that reflected:

- **4.2% growth like-for-like (at constant scope of consolidation and exchange rates), primarily resulting from a favourable mix.**
- **The consolidation since 1 January 2008 of China's Supor, which contributed €311 million to revenue for the year.**
- **A much more negative currency effect than in 2007, at €69 million versus €39 million, due to the sudden, sharp late-year decline in a number of currencies against the euro, except for the dollar.**

This growth was achieved in an economic environment that was generally buoyant in the first half but softened in the third quarter and deteriorated sharply thereafter.

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Despite high prior-year comparatives, the fourth quarter was positive overall, although performance varied from one region to other, with certain markets hit hard by the crisis and others holding their own, in both mature and emerging economies.

Note, however, that the year-end more difficult business —which came during the high sales season— will translate in a moderate growth in 2008 operating margin excluding Supor.

Sales by region

In **France**, despite retailers' strong policy to draw down inventory and the impact of the crisis on year-end shopping, overall demand for small domestic equipment and cookware held firm during the year. However, the fourth quarter saw much more aggressive price pressure, as retailers introduced more promotional offers, especially for flagship products from leading brands. As a result, sales rose only slightly during the final quarter. Market share continued to widen during the year, thanks to such best-selling products as the Actifry fryer, the Silence Force vacuum cleaner, bread machines and the Dolce Gusto and Nespresso coffeemakers. All of these products were broadly supported by substantial advertising and marketing expenditure that significantly enhanced the visibility of our brands and products. Cookware sales also rose again, lifted by the Clipso and Ingenio lineups.

In **other Western European countries** as well, the year was shaped by sharp retailer inventory drawdowns which, however, did not prevent a nearly across-the-board improvement in the Group's positions. Indeed, overall performance for the year was better than expected, as sales picked up considerably in the fourth quarter following a like-for-like decline in the third. The upswing was led by Germany and the Netherlands, both of which enjoyed an excellent fourth quarter thanks to such flagship products as Dolce Gusto, the Nutrition Gourmande range, steam generators and cookware. Operations in Austria, Spain, Portugal and Greece also enjoyed satisfactory sales growth for the year—and for the quarter in the first three countries—although the markets declined sharply in the final months. In Italy, like-for-like sales eased back slightly, reflecting a lacklustre market that slackened further in the fourth quarter. Lastly, in the UK's very difficult economic and currency environment, sales fell steeply in the second half, wiping out the gains recorded in the first six months of the year.

In **North America**, a strong start to the year enabled 2008 sales to grow slightly on a like-for-like basis. The business environment became increasingly difficult as the months went by, weighing on consumer spending and causing problems and failures among retailers. In addition, the currency effect was unfavourable over the full year for the US dollar (despite a late-year recovery) and in the last months for the Canadian dollar and the Mexican peso. In the United States, like-for-like growth stood at 1.6%, reflecting the ongoing slowdown already apparent in the third quarter. Business was tough for Krups and All-Clad, which were adversely affected by difficulties and inventory drawdowns at certain retailers, and worsened considerably late in the year at Rowenta, which nonetheless held its own in an irons market that declined by 20%. On the other hand, T-fal turned in an excellent full-year performance, reflecting the brand's successful move upmarket made possible by Mirro WearEver's positioning in the entry-level. In the challenging Canadian market, sales were flat despite noteworthy gains in the premium segment. In Mexico, following a mediocre fourth-quarter, full-year sales were slightly up compared with a strong 2007, when business was driven higher by a special one-off promotion with a retailer.

In **South America**, in an economic environment that gradually deteriorated as the months went by, like-for-like sales were stable for the year. This reflected a significant trend reversal compared with previous years as lower sales in Colombia and especially in Brazil completely offset sustained growth in Venezuela and important gains in Argentina. Business in Colombia and Brazil suffered from a depressed economy and unfavourable weather conditions for fan sales. Moreover, the Brazilian real declined rapidly against the dollar, further exacerbating already difficult market conditions. Given this environment, sales came under pressure late in the year, both in cookware (Panex) and in small domestic appliances (Arno). Business remained robust in Venezuela and strong in Argentina, with market share gains in both countries.

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In **Central Europe, CIS and other countries** (Turkey and other countries in the Middle East and Africa), revenue grew 8.5% like-for-like, led by:

- Central Europe, where strong demand for Dolce Gusto, bread machines and the Actifry fryer drove a firm upturn in sales at year-end following a slight slowdown in the third quarter.
- Turkey, where the market remained buoyant and the Group maintained its growth momentum, with solid demand in the final weeks of the year despite a more fragile economic environment.
- Russia, which benefited from the first half's gain but which saw sales of a number of major product families fall off suddenly from mid-November.
- Ukraine, which reported a solid improvement despite a sharp slowdown in the fourth quarter caused by a decline in consumer spending and a sudden, steep fall in the local currency against the euro.

In addition, business in the Middle East was weak during the year due to problems with our importer and distributor in Saudi Arabia and to the impact of Iran embargo.

In the **Asia-Pacific** region (including China, Japan, South Korea, Southeast Asia and Australia), where the Group's operations have expanded considerably and now account for more than 15% of sales, growth stood at 13% like-for-like (at constant exchange rates and excluding Supor). This figure was virtually the same as at 30 September, which shows that the fourth quarter did not see a significant dampening of sales in the region. Indeed, business continued to trend sharply upward in Japan, in spite of price increases introduced to offset a weak yen at the beginning of the year. Operations in Malaysia and Thailand again reported sustained growth, while in South Korea full-year sales showed a solid improvement, although price increases made necessary by the decline in the won and weaker consumer spending combined to slow growth in the fourth quarter. The same was true in Australia, where sales slowed to a crawl in the final months as the economy worsened. In China, growth was sharply lower in November and December, which also had an impact on Supor's business. Over the full year, Supor's domestic sales rose by nearly 30%, led by fast growing demand for electrical appliances.

Outlook

With like-for-like growth of 4.2%, 2008 counts among Groupe SEB's good years, even if business conditions tightened in the final months. 2009 looks to be more difficult, especially the first half given the very high prior-year comparatives. In addition, the new year offers limited visibility and a number of challenges that will weigh on both sales and margins. The major issues include the state of consumer spending, the impact of the credit crunch on customers and the changes in currencies against the euro.

In response, the Group has already undertaken cost-cutting plans and will continue to deploy its long-term strategy based on innovation, international development and customer service.

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