GROUPE SEB

Press Release

26 April 2012

FIRST-QUARTER 2012 REVENUE

Sales hold firm overall, they vary from one region to another

- Like-for-like revenue down slightly
- Operating result from activity lower, as expected
- Debt reduced by €88 million during the period

Revenue in €m	Q1 2011	Q1 2012	% change (based on exact figures) Reported	Like-for-Like
France	147	132	-10.1%	-10.1%
Other Western European countries	180	165	-8.3%	-8.6%
North America	81	91	+12.3%	+5.2%
South America	94	98	+4.5%	-7.1%
Asia-Pacific	236	256	+8.8%	+0.2%
Central Europe, Russia and other countries	152	174	+14.2%	+12.4%
TOTAL	**890**	**916**	**+3.0%**	**-1.5%**

The economic environment in first-quarter 2012 was much more challenging than in fourth-quarter 2011 and contrasted sharply with the extreme buoyancy seen in the first three months of 2011. The marked slowdown in consumer spending in a number of countries also impacted demand for small domestic equipment. In addition to the lacklustre environment, Groupe SEB's prior-year comparatives were very high in almost all geographies, as organic sales growth in first-quarter 2011 amounted to 11.6%.

Given these conditions, the slight 1.5% contraction in like-for-like revenue in the first three months of 2012 was a satisfactory performance, although the situation varied depending on the country. Changes in the scope of consolidation added €21 million to revenue, with two additional months of consolidation for Imusa (Colombia and the US) and three months for Asia Fan (Vietnam) and Maharaja Whiteline (India), which were not consolidated in first-quarter 2011.

In an environment shaped by continued exchange rate instability, the positive €19 million currency effect was due mainly to the increase in the Chinese yuan, US dollar and Japanese yen against the euro, based on average exchange rates for first-quarter 2011 and 2012.

Operating result from activity (formerly called operating margin) amounted to €78 million, a 15% decline from its all-time high of €92 million in the first three months of 2011. As mentioned every year, first-quarter operating result from activity is not representative of full-year performance.

With €585 million in debt at 31 March 2012, Group SEB's financial position is solid.

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Sales by region

In France, the decline in the small domestic equipment market first noted in summer 2011 intensified in first-quarter 2012. The change was due in particular to a slackening in demand and a drop in store traffic. Together, these two developments led retailers to manage their inventory very tightly and even to draw it down in the wake of lacklustre Christmas sales. As a result, promotional offers and loyalty programmes were pursued. This unfavourable environment adversely affected the Group's performance for the period. Revenue in France was down by 10% compared with first-quarter 2011, despite continued strong sales of Air Force vacuum cleaners, the resilience of single-serve coffeemakers and greater demand for food preparation appliances with the addition of the Soup & Co heating blender and the Masterchef Gourmet processor to the product portfolio. In the second quarter, the introduction of several new products (like the Free Move cordless iron and the Cookeo slow-cooker) combined with the launch of a cookware loyalty programme with a leading retailer should help to revitalize sales.

In the other Western European countries, the negative market trend was the opposite of the situation in first-quarter 2011, when demand for small domestic equipment was strong in most countries with the exception of Greece, Spain and Portugal. The Group also benefited in early 2011 from the re-launch of the Moulinex brand, which had a very positive one-shot effect on revenue. In first-quarter 2012, Groupe SEB unit sales were most likely impacted by higher prices, which it raised ahead of its competitors. At the same time, the Group continued to feel the effects of the collapse in consumer spending in Southern Europe (Greece, Spain and Portugal) and also saw its sales decline in Italy late in the quarter. In Northern Europe, business varied depending on the market, with declines in Germany and the Benelux countries, increases in the United Kingdom and Austria, and very rapid growth in Scandinavia. While the beginning of the year saw a substantial drop-off in turnover, the outlook for the coming months is more favourable thanks to promising product launches and more sustained advertising and marketing budgets.

In North America, revenue was up 5.2% like-for-like, with a modest decline in the United States that was amply offset by growth in Canada and Mexico. The economic environment in the United States is very volatile, although slightly more favourable than in Europe. Mass retailers and some department stores are struggling but specialised banners grow and online retailers are developing at a very rapid pace. In a contracting, highly competitive cookware market, sales of T-fal mid-range products suffered while All-Clad held on firm. Consolidated for two additional months in first-quarter 2012, Imusa USA confirmed its vitality. The small electrical appliance market grew only slightly and while Krups maintained its sales levels, Rowenta saw revenue in the steam iron segment decline due to retailer inventory drawdowns. In Canada, the 2011 sales dynamic continued, led namely by the success of cookware and Actifry, while in Mexico, growth was driven by a loyalty programme with a major retailer.

In South America, the drop-off in revenue was due to weak consumer spending in Brazil, a market that accounts for two-thirds of sales in the region. Despite a more challenging business environment, with higher raw material prices, wage inflation and currency issues, the Group launched price negotiations with its retailer customers. While this process had a seriously disruptive effect on sales, especially of cookware, blenders and semi-automatic washing machines, the price increases were ratified. On the other hand, demand remained very strong for Actifry, Dolce Gusto, filter coffee makers, hair straighteners and food preparation appliances (excluding blenders), which were not concerned by the price hikes. Fan sales were once again slowed by unfavourable weather conditions. In Colombia, the economic environment remained positive and represents a solid foundation for the continued, coordinated deployment of the Samurai and Imusa brands. The latter is establishing itself in the small electrical appliance segment, alongside the Samurai entry-level range. Throughout the region, sales rose faster in stores operated under Group banners, such as Home & Cook and Tienda del Hogar. After a sluggish start to the year, the outlook for the second quarter is more encouraging.

In Asia-Pacific, like-for-like revenue was stable, mainly because of Supor's business in China, a country that accounts for more than 60% of the regional market. Compared with a very dynamic prior-year period in which organic sales growth amounted to nearly 40%, the Group's first-quarter 2012 sales performance in China was satisfactory given the unfavourable calendar impact of the Chinese new year, the slowdown in consumer spending and specific issues impacting Supor. The polemic surrounding Supor during the first quarter, which has now been resolved, did not slow the sustained product dynamic, including in new categories like kitchen utensils and vacuum flasks. In Japan, the region's second largest market, after several years of uninterrupted growth the Group's sales were stable, slowing somewhat in kettles but very lively in cookware. In South Korea, growth continued, led by strong sales of cookware and success in food processors. Business was again brisk in Australia, where sales were driven by cookware, steam generators, Fresh Express and the Air Force vacuum cleaner.

In Central Europe, Russia and other countries (Turkey, the Middle East, Africa...), the Group enjoyed robust organic sales growth, although the situation varied significantly depending on the country. Changes in the scope of consolidation also had a slight impact due to newly acquired Maharaja Whiteline, which was consolidated as from 1 January 2012. In Russia, a favourable environment and strong demand led to a further increase in revenue – despite price increases – that was driven by cookware, meat grinders and yogurt makers. In Ukraine and Central Europe, the business climate was more difficult and sluggish markets negatively impacted the Group's sales. In Turkey, in a still highly competitive, promotion-driven environment sales were lower than in first quarter 2011 but the decline was recorded after several years in which the Group had outperformed the market and after especially high prior-period comparatives. Lastly, in the Middle East, sales increased at a sustained pace in Saudi Arabia and the United Arab Emirates.

Change in Operating Result from Activity (formerly Operating Margin)

Operating result from activity stood at €78 million in first-quarter 2012, compared with €92 million in the year-earlier period. The 15% decline, which was expected, was due mainly to lower unit sales and a negative currency effect. It's important to bear in mind that the first quarter generally makes only a small contribution to full-year operating result from activity and that the level recorded in the first three months of 2012 cannot be extrapolated over the entire year.

Analysis of debt at 31 March 2012

Cash generated in the first quarter enabled the Group to reduce its net debt to €585 million at 31 March 2012, from €673 million three months earlier. The balance sheet remains healthy and solid.

A more complete business review is available on the Group's website: www.groupeseb.com
Next publication: First-half 2012 results, on 25 July at 9:00 p.m.

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The world leader in small domestic equipment, Groupe SEB operates in nearly 150 countries with a unique portfolio of top brands marketed through multi-format retailing. Selling some 200 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. Groupe SEB has more than 25,000 employees worldwide.