Press Release

25 July 2013

Satisfactory operating performance, in line with expectations

- **First-half organic revenue growth of 3.1%**
- **Operating result declining slightly, as expected**
- **Attributable net profit down, not to be extrapolated over the full year**
- **Solid cash generation and a healthy balance sheet**
- **Group objectives for 2013 confirmed**

Consolidated Financial Results (in €m)	H1 2012	H1 2013	Change
Revenue	1,790	**1,835**	*+2.5%*
Like-for-like growth			*+3,1%*
Operating Result from Activity	143	**137**	*-3.8%*
as a % of revenue	*7.9%*	***7.5%***	
Operating profit	127	**117**	*-7.2%*
Profit attributable to equity holders of the parent	74	**52**	*-29.4%*
Net debt (at 30 June)	654	**516**	
Excluding Maharaja Whiteline	*(Rounded figures in € millions)*		*Percentages based on non-rounded figures*

Commenting on the first-half 2013 results, Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer of Groupe SEB, said:

"Following a lacklustre year in 2012, the first half of 2013 saw a return to revenue growth for Groupe SEB. In a contrasted, uncertain environment, our product dynamic and extensive international footprint once again represented our strongest assets for capturing the full potential of our markets. While France temporarily represents a challenge, which is adversely affecting our revenue and earnings, the Group managed to drive growth in all its other major regions.

Our operating result from activity is close to the prior-year period level, in line with our forecasts, and remains satisfactory. The sharp decline in net profit, related to temporary factors with no impact on the Group's underlying profitability, must not be extrapolated over the entire year.

Our still solid cash generation further strengthens our already healthy financial position and gives us considerable financial flexibility.

Despite the new challenges that emerged in June, with social unrest in Turkey and Brazil, and heightened volatility for certain currencies, the Group confirms its full-year 2013 objectives and will deploy the resources

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

needed to ensure slight organic revenue growth, maintain operating result from activity at its prior-year level and continue reduce debt."

Revenue performance

First-half 2013 was shaped by an economic environment that trended slightly more favourably than in 2012, although situations continued to vary from one country to another. The small domestic equipment market reflected the uneven nature of consumer spending with performance differing between product families. As in 2012, the market in general remained highly competitive and promotion-driven.

Groupe SEB generated €1,835 million in revenue in first-half 2013, a 2.5% increase over the prior-year period, and returned to organic growth. At constant exchange rates and scope of consolidation (i.e. excluding Maharaja Whiteline and the joint venture in Egypt, consolidated since 1 March 2013 but with no material impact on the Group's accounts), revenue rose by 3.1% for the first six months, led by a second quarter (up 3.5%) that was a little more dynamic than the first (up 2.7%). The currency effect amounted to a negative €10 million, mainly due to the on-going decline in the Brazilian real against the euro, compared with a positive €49 million in first-half 2012.Currency volatility increased sharply late in the first-half.

Sales by Region

Revenue (in €m)	H1 2012	**H1 2013**	**% change**	
			Reported	**Like-for-Like**
France	287	**262**	*-8.8%*	*-8.8%*
Other Western EU countries	322	**338**	*+5.1%*	*+5.4%*
North America	188	**197**	*+5.1%*	*+4.7%*
South America	200	**194**	*-3.0%*	*+4.9%*
Asia-Pacific	479	**522**	*+8.9%*	*+7.4%*
Central Europe, Russia and other countries	314	**322**	*+2.5%*	*+2.9%*
TOTAL	1,790	**1,835**	***+2.5%***	***+3.1%***
	(Rounded figures in € millions)		*Percentages based on non-rounded figures*	

Revenue (in €m)	Q2 2012	**Q2 2013**	**% change**	
			Reported	**Like-for-Like**
France	155	**136**	*-12.1%*	*-12.1%*
Other Western EU countries	156	**177**	*+13.2%*	*+13.8%*
North America	97	**102**	*+5.3%*	*+4.3%*
South America	102	**97**	*-4.7%*	*+3.0%*
Asia-Pacific	223	**239**	*+6.8%*	*+5.5%*
Central Europe, Russia and other countries	146	**153**	*+4.7%*	*+5.7%*
TOTAL	879	**904**	**+2.8%**	**+3.5%**
	(Rounded figures in € millions)		*Percentages based on non-rounded figures*	

In France, the strained economic environment and downward pressure on household purchasing power impacted consumer spending, and the small domestic equipment market was not immune to this decline in demand. Moreover it has been disrupted by loyalty programmes, which make it difficult to compare one period with another. In this lacklustre environment, retailers' very tight management of inventory and the increase in promotional operations continued, even intensified. Against this backdrop, Groupe SEB's revenue was down by nearly 9% at the end of June, following a second quarter that saw a 12% decline, half of it attributable to the non-renewal of a cookware loyalty program with one of our retailers. In small electrical appliances, the situation was more balanced. While revenue declined from Nespresso coffeemakers (because of the development of alternative single-serve systems) and from ironing (in anticipation of growing momentum for new steam generators launched in May), business was brisk in vacuum cleaners, kitchen machines, full-automatic espresso coffee makers and hair dryers, thanks in particular to the success of the Silence model. The apparent deterioration in performance compared with the first quarter should not be extrapolated over the full year but rather seen in the perspective of high second-quarter 2012 comparatives because of the above-mentioned loyalty programme.

In the other Western European countries, the second quarter saw no major change in the macro-economic environment, which remained generally gloomy and uncertain. Nonetheless, the small domestic equipment market trended favourably over the first-half, with sustained growth in countries like Germany and the United Kingdom that largely offset the on-going drop in demand in Spain and Greece. In this mixed environment, the Group enjoyed solid growth in revenue for the half, led by robust sales in the second quarter, in sharp contrast with the collapse experienced in second-quarter 2012. In Spain, the growth recorded early in the year accelerated sharply following the deployment of a major loyalty programme for Dolce Gusto, launched with a bank. In Portugal, the overall rebound in revenue that began in January continued at a high pace. In Italy, the recovery in revenue during the second quarter was mainly due to a limited duration loyalty programme. On the other hand, the sharp sales growth in Germany was based on several solid foundations, including ironing (led by the favourable effects of the latest Stiftung Warentest comparison of steam generators), coffeemakers (Dolce Gusto and automatic espresso machines) and cookware, as well as by strengthened growth drivers. Business dynamics also remained positive in the United Kingdom, despite high prior-year comparatives, while they continued to decline in the Benelux countries.

In North America, first-half sales showed a firm rise at constant exchange rates, driven mainly by demand that was sustained in the United States and brisk in Canada. Because of the modest improvement in the US economy, consumer spending held up better during the period. In a slightly more buoyant small domestic equipment market, the Group's revenue increased moderately in the first half, but accelerated in the second quarter. T-fal benefited from strong vitality in cookware. The brand's performance was supported by the successful launch of new products, as well as by an expanded retail network – with especially strong momentum with Amazon – and the solid contribution from a one-time sales operation on the large cooking capacity Jumbo Cooker frying pan. Demand for small electrical appliances also trended more favourably, with new retail listings obtained for both Rowenta and T-fal brand irons, the first signs of an improvement in deep fryers, linked to energized Actifry sales early in the year, and Krup's on-going efforts to re-establish itself in the coffeemaker segment. In Canada, following a robust first quarter in line with 2012, growth slowed somewhat although the underlying trend remained highly positive, especially in irons, toasters and the Fresh Express shredder. In Mexico, the end of a loyalty programme with a retailer resulted in a drop in second-quarter sales, which weighed on first-half revenue.

In South America, first-half revenue reflected the on-going decline in the Brazilian real against the euro and slower sales in the second quarter, compared with the first, due mainly to the events in Brazil during June. In this country, following a lively early-year period – in spite of mixed confidence from consumers confronted with a decline in purchasing power and a highly competitive, promotion-driven market environment – the Group managed to maintain a solid sales dynamic in April and May. Demand was driven by a solid product offering that included fans, the Planetaria food processor, Actifry and Beertender, and by the growth in e-commerce, with dedicated product ranges. The combination of sluggish Mothers' Days sales, which led to sizeable retailer inventory, and the social unrest in June, which had a significant impact on consumption, resulted in a sharp drop in Groupe SEB's sales in the month. However, orders that were cancelled or not placed in June seem to have been pushed back to July and should contribute to a return to growth in the third quarter. In Colombia, the situation was the opposite, with stepped up growth in sales in the second quarter after a sluggish start to the year. Among the flagship products that helped to improve the situation were irons, food processors, hair care appliances and cookware. Business in the region's other countries was more erratic with satisfactory results in Argentina, where the economic environment is complicated, and in Chile, but a sharp fall in Venezuela.

In Asia-Pacific, the situation varies considerably from one country to another. The increase in first-half revenue was due mainly to the Group's return to growth in China, following a difficult, atypical year in 2012. Supor largely outperformed the competition and continued to consolidate its market positions. Following a first quarter that was strongly energized by the Chinese New Year, sales returned to a more normalized trend in the second quarter while remaining very strong in nearly all product categories, especially pressure cookers – both traditional and electric models – rice cookers, pots and pans, and utensils. At the same time, Supor pursued its growth in Tier 3 and Tier 4 cities, in order to further improve its geographical coverage, and developed its online sales. In Japan, in a small domestic equipment market supplied mainly by imported products, the decline in the yen posed an overall challenge. At constant exchange rates, the Group's first-half sales were virtually unchanged, nonetheless with a positive contribution from recently launched products such as vacuum cleaners and the Freemove iron. In South Korea, where the environment was more strained, turnover was down slightly, reflecting notably new regulations about store openings and a client discontinuing business. In Thailand, Groupe SEB pursued its rapid growth thanks to sustained investments and an expanded product portfolio. Lastly, in Vietnam, first-half sales were driven by strong demand for fans.

In Central Europe, Russia and other countries (Turkey, Middle East, Africa, etc.), revenue at 30 June showed a marked acceleration in the second quarter, although market situations and Groupe SEB's performance varied substantially from one country to another. In Russia, consumer vitality held firm and the Group's sales continued to rise, led in particular by meat mincers, multicookers and ironing appliances. In Poland, Groupe SEB's largest market in Central Europe, the gradual turnaround in the economy enabled the Group to get back to solid growth as well in cookware as in small electrical appliances, including food preparation devices, automatic espresso coffeemakers, and linen care appliances. Special operations launched with retailers helped to energize sales in both Russia and Poland. In Ukraine, after a vigorous early year, sales slowed in the second quarter in a market that remained vibrant but has been perturbed by mergers in the retail sector. In Turkey, a market complicated by the fact that it is strongly protected, highly competitive and promotion-driven, the Group has encountered difficulties in recent months but has introduced specific action plans in order to revert to profitable growth. The recent political unrest had an impact on sales, which fell sharply in June. Lastly, demand picked up in the second quarter in the Middle Eastern markets of Saudi Arabia and the United Arab Emirates, as expected.

Operating result from activity

At €137 million, first-half operating result from activity contracted, as forecast, by a modest 3.8% compared with the first six months of 2012 (€143 million). It should be emphasized, as usual, that first-half operating result from activity is not representative of the full year and should not be extrapolated.

The change in operating result from activity was due to different factors that had sometimes opposite effects.

- A positive €20-million volume effect reflecting both organic sales growth and good coverage of production costs for the period.
- A €17-million negative mix-price impact, mainly due to the breakdown of sales by region: the combination of the decline in France and sustained growth in China, Central Europe and Latin America unfavourably impacts the product mix.
- A slight improvement in purchasing prices, in an environment that saw a decrease in raw material prices.
- A non material currency effect at 30 June 2013 (a negative €1 million), as the average euro/dollar exchange rate was unchanged compared with first-half 2012 and the positive and negative fluctuations in the Group's other operating currencies cancelled each other out for the period. The recent rise in exchange rate variations should result in a more pronounced impact in the second half.
- An €11-million rise in expenses, reflecting mainly an increase in growth driver spending.

Operating profit and attributable profit

Operating profit amounted to €117 million, compared with €127 million in first-half 2012. This 7.2% decline was due to the decrease in operating result from activity but also to other operating expenses (totalling €4 million whereas they were virtually nil in first-half 2012). These comprised mainly costs for minor restructuring programmes in a few countries as well as exceptional costs, such as the ones related to the litigation on Maharaja Whiteline. Discretionary and non-discretionary profit-sharing was stable at €16 million.

Finance costs and other financial income and expense came to a net expense of €25 million, compared with a net expense of €14 million in first-half 2012. It was made of €15.5 million in interest expense on borrowings, €4 million in exchange losses (gain of €4 million in first-half 2012) related to the decline in certain currencies, notably the Venezuelan bolivar, and to other financial expense comprising in particular employee benefits.

Attributable net profit stood at €52 million, down 29% compared with first-half 2012. It included income tax expense of €27 million, representing a tax rate of 29.4%, above 2012 first-half's 28%. It also comprised minority shareholder interests for Supor which amounted to €13 million, versus €7 million in first-half 2012, reflecting the improvement in Supor's performance for the period. The decline in attributable net profit was due mainly to external, non-recurring factors that have no impact on the Group's development or its underlying profitability.

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
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Financial position

The Group has a solid financial position and a strong balance sheet at 30 June 2013.

Equity stood at €1,455 million, virtually unchanged versus 31 December 2012..

Net debt totalled €516 million, a decline of €40 million from 31 December 2012. This favourable change resulted from €110 million in cash generated from operations in the first half, due in particular to tight management of working capital requirement, which amounted to 21% of revenue at 30 June 2013, compared with 23% one year earlier.

With a gearing of 35% and a debt-to-EBITDA ratio of 1.1, the Group further strengthened its financial position, which is backed by a diversified, flexible debt profile.

Subsequent events

Since December 2012, Harish Kumar, the founder of Maharaja Whiteline, and Groupe SEB have been involved in a dispute concerning the operational management of the Indian company. The judge of the High Court in Delhi delivered his ruling on 19 July 2013 and rejected all claims from Harish Kumar, effectively restoring Groupe SEB in the Company's operational management.

The decision may be appealed in the weeks ahead, once the written ruling has been issued, but Groupe SEB intends to exercise its managerial prerogatives as soon as possible.

Outlook

Based on its first-half performance and current economic indicators, the Group is reasonably confident for the coming months. In response to recent currency fluctuations, it is especially vigilant and ready to introduce offsetting measures such as an adjustment in the pricing policy, cost reductions or targeted investments. Well positioned and responsive, the Group confirms its confidence in its ability to generate slight organic sales growth in 2013, to preserve the 2012 level of operating result from activity and to further reduce debt.

Live audiocast : www.groupeseb.com or click here

The English version of the First-Half Financial report will be available on www.groupeseb.com on 30 July 2013.

Investors / Analysts
Groupe SEB
Investor Relations
Isabelle Posth
BP 172
69134 Ecully cedex, France

Tel: 33 (0) 4 72 18 16 40
comfin@groupeseb.com

Media
Image Sept
Estelle Guillot-Tantay
Claire DOLIGEZ
7, rue Copernic
75116 PARIS

Tel: 33 (0) 1 53 70 74 93
Fax: 33 (0) 1 53 70 74 80

www.groupeseb.com

The world leader in small domestic equipment, Groupe SEB operates in nearly 150 countries with a unique portfolio of top brands including Tefal, Rowenta, Moulinex, Krups, Lagostina, All-Clad, and Supor, 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 nearly 25,000 employees worldwide.

CONSOLIDATED INCOME STATEMENT

(in € millions)	First-half 2013	First-half 2012*	Full-year 2012
Revenue	1,835.2	1 ,790.0	4,059.7
Operating expenses	(1,698.1)	(1,647.5)	(3,644.3)
OPERATING RESULT FROM ACTIVITY	**137.1**	**142.5**	**415.4**
Discretionary and non-discretionary profit-sharing	(15.5)	(15,7)	(48.2)
RECURRING OPERATING PROFIT	**121.6**	126,8	**367.2**
Other operating income and expense	(4.1)	(0,2)	0.4
OPERATING PROFIT	**117.5**	**126,6**	**367.6**
Finance costs	(15.5)	(13,8)	(29.3)
Other financial income and expense	(9.9)	(0,3)	(33.4)
Share of profits of associates	-	-	-
PROFIT BEFORE TAX	**92.1**	**112,5**	**304.9**
Income tax expense	(27.1)	(31,5)	(94.2)
AFTER TAX	**65.0**	**81,0**	**210.7**
Non-controlling interests	(12.9)	(7,2)	(16.5)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**52.1**	**73.8**	**194.2**
EARNINGS PER SHARE (*in units*)			
Basic earnings per share	1.08	1.55	4.07
Diluted earnings per share	1.07	1.52	4.01

*Following deconsolidation of Maharaja Whiteline and retrospective application of IAS 19R

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CONSOLIDATED BALANCE SHEET

Years ended 31 December

ASSETS (in € millions)	30/06/2013	30/06/2012	31/12/2012
Goodwill	467.3	476.1	461.7
Other intangible assets	432.3	446.8	434.0
Property. plant and equipment	496.7	493.0	491.0
Investments in associates	-	-	-
Other investments	38.6	62.4	38.0
Other non-current financial assets	10.9	9.9	9.1
Deferred taxes	72.2	69.1	47.9
Other non-current assets	5.4	6.8	9.0
Long-term derivative instruments	-	-	-
NON-CURRENT ASSETS	**1,523.4**	**1,564.1**	**1,490.8**
Inventories	780.4	723.2	681.0
Trade receivables	533.4	600.1	835.8
Other current receivables	114.6	73.2	83.8
Current tax assets	21.7	16.5	41.0
Short-term derivative instruments	17.9	5.5	14.9
Cash and cash equivalents	416.0	169.9	398.7
CURRENT ASSETS	**1,884.0**	**1,588.5**	**2,055.1**
TOTAL CONVERSION LOSSES – ASSETS	**3,407.4**	**3,152.6**	**3,545.9**

EQUITY AND LIABILITIES ***(in € millions)***	30/06/2013	30/06/2012	31/12/2012
Share capital	50.2	50.0	50.2
Other reserves and retained earnings	1,348.1	1,291.7	1,372.7
Own shares	(83.6)	(102.6)	(91.1)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	1,314.7	1,239.1	1,331.8
NON-CONTROLLING INTERESTS	139.8	126.5	130.3
EQUITY	**1,454.5**	**1,365.6**	**1,462.1**
Deferred taxes	77.9	80.0	82.0
Long-term provisions	184.5	163.3	179.7
Long-term borrowings	649.5	533.8	653.6
Other non-current liabilities	33.4	29.8	30.8
Long-term derivative instruments	-	0.4	-
NON-CURRENT LIABILITIES	**945.3**	**807.3**	**946.1**
Short-term provisions	42.4	51.6	50.6
Trade payables	445.1	395.6	508.0
Other current liabilities	201.1	196.2	239.7
Current tax liabilities	25.4	42.9	31.4
Short-term derivative instruments	8.8	7.3	9.5
Short-term borrowings	284.8	286.2	298.6
CURRENT LIABILITIES	**1,007.6**	**979.6**	**1,137.7**
TOTAL CONVERSION GAINS – LIABILITIES	**3,407.4**	**3,152.6**	**3,545.9**