Press Release

24 April 2014

FIRST-QUARTER 2014 REVENUE

GOOD OPERATING PERFORMANCE
HIGHLY UNFAVOURABLE CURRENCY IMPACT

- **Revenue up 6.2% like-for-like**
- **Operating Result from Activity amounting to €74 million at constant exchange rates and to €50 million as reported**
- **A strong €101 million in cash generated from operations in the quarter**

Revenue (in €m)	Q1 2013	Q1 2014	% change	
			Reported	Like-for-like
France	126	129	+2.5%	+2.5%
Other Western EU countries	161	183	+13.7%	+13.4%
North America	96	94	-2.3%	+0.1%
South America	97	82	-15.7%	+2.9%
Asia-Pacific	282	303	+7.2%	+12.7%
Central Europe, Russia and other countries	169	151	-10.5%	-3.7%
TOTAL	**931**	**942**	+1.1%	**+6.2%**

Rounded figures in € millions *Percentages based on non-rounded figures*

2014 began in a continued tense overall environment caused by an uncertain economy, heightened geo-political unrest in some regions and an on-going decline in many currencies against the euro, including the yen, rouble, Ukrainian hryvnia, Turkish lira, Brazilian real and Colombian peso. Against this backdrop, as in 2013, consumer spending remained volatile and unstable. No exception to the rule, the small domestic equipment market saw significant disparities from one region to another.

Nonetheless, the Group's like-for-like revenue growth was 6.2%, mostly led by volumes. On a reported basis, first-quarter 2014 revenue was up a slight 1.1% including a €53 million negative currency effect (with a major impact of the real, yen and rouble) and a €6 million positive effect related to changes in the scope of consolidation as Maharaja Whiteline and CORANCO have both been consolidated as from 1 January 2014.

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Operating Result from Activity for the quarter amounted to €50 million, adversely affected by a €24 million negative currency effect. At constant exchange rates, it stood at €74 million, stable compared with €73 million in first-quarter 2013.

Net debt at 31 March 2014 amounted to €412 million, virtually unchanged from 31 December 2013. The very healthy cash flow from operations was used mainly for the acquisition of the new headquarters building.

SALES BY REGION

FRANCE: RETURN TO GROWTH CONFIRMED

In a slightly positive small domestic equipment market, the Group's first-quarter revenue was up 2.5%, a more sustained pace of growth than in second-half 2013. This modest acceleration was due to a solid dynamic in electrical appliances that offset a decline in cookware, in line with the market. Early-year successes included our new product offering in steam generators, buoyant sales of vacuum cleaners, a solid performance by the Cookeo multicooker, a recovery in Nespresso coffeemakers and solid advances in food preparation appliances. In this segment, growth was driven by kitchen machines and the Cuisine Companion cooking food processor, which confirmed its rapid development.

OTHER WESTERN EU COUNTRIES: BRISK SALES

In other Western European Countries, the trends in the small domestic equipment market noted in 2013 continued in the first quarter of 2014, with growth in Northern Europe and a stabilized situation in Southern Europe. After an exceptional year in 2013 – albeit sluggish in the first three months – the Group's sales in early 2014 remained brisk and translated into a double-digit organic growth. As a matter of fact, revenue was higher in nearly all countries. In Germany, at a time when a number of customers tightened their inventory management, sales were energized by the tail-end of a cookware loyalty programme launched in fourth-quarter 2013. The same was true in Belgium, where sales were boosted by two loyalty programmes. In the United Kingdom, the Group maintained a robust pace of growth, led by cookware, Optigrill and Nespresso and Dolce Gusto single-serve coffeemakers. Sales improved in the Netherlands and continued to trend upwards in Southern Europe. The gains were moderate in Italy but business was vigorous in Greece and Spain, where the upswing was led by cookware, steam generators and vacuum cleaners.

NORTH AMERICA: EARLY-YEAR PERFORMANCE IMPACTED BY UNFAVOURABLE WEATHER

At 31 March 2014, the Group's revenue at constant exchange rates and scope of consolidation was unchanged in North America, due in large part to winter storms that significantly impacted store traffic and consumer spending. In addition, the prior-year comparisons for the first quarter were rather demanding. Beyond these considerations, the Group's small electrical appliance performance in the US was contrasted. Demand rose in the ironing segment (Rowenta and T-fal) and accelerated with Optigrill but remained complicated in coffeemakers for Krups. In cookware, T-fal sales slowed while Imusa sustained its growth and All-Clad continued to expand with certain customers and to gain new retail store slots. In Canada and Mexico, sales expressed in euros were impacted by the decline in the Canadian dollar and the peso against the euro. Nonetheless, sales in Canada continued to trend favourably, led by Actifry, Optigrill and vacuum cleaners, which were all supported by significant investments. In Mexico, local sales declined mainly due to a smaller loyalty programme with a retailer this year.

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SOUTH AMERICA: A CONTRASTED SITUATION

In a region impacted by economic uncertainty and enormous currency challenges, the Group achieved an organic revenue growth of 2.9% for the quarter, although reported revenue declined by 15.7%. This difference of nearly 19 points is due to the on-going decline in nearly all of the region's currencies against the euro for many months. Moving beyond these exchange rate issues, performance varied considerably from country to country. In Brazil, in an environment marked by a slowdown in consumer spending, the Group had to raise prices significantly to respond to the sharp drop of the real. This obviously complicated negotiations with retailers and had consequences on the business, both in cookware and in small electrical appliances, especially in the ironing, personal care and coffeemaker segments. On the other hand, sales held up well in food preparation appliances, thanks to several recently launched new products. They were higher for vacuum cleaners and robust for fans, driven by a very hot summer and by strong advertising support for the Turbo Silencio Repellente fan. In Colombia, the Group's sales grew at a faster pace in nearly all product categories, including cookware and utensils, irons, blenders and coffeemakers. In addition, Actifry got off to an encouraging start. This vigorous performance was boosted by advertising campaigns and in-store operations.

ASIA-PACIFIC: A STRONG DYNAMIC, EXCEPT IN JAPAN

In the Asia-Pacific region, organic sales rose by 12.7%, reflecting strong sales in China, solid advances in most markets, a decline in Australia and a sharp drop in Japan where the Group is hard hit by the massive decline in the yen against the euro, following the expiration of currency hedges at the end of 2013. The announcement in fourth-quarter 2013 of major, although only partially offsetting, price increases – effective 1 January 2014 – led retailers to build up their inventory before that date, resulting in a sharp fall in the Group's first-quarter sales. Despite a successful promotion for pressure cookers, new gains in vacuum cleaners and the encouraging start-up of the Fresh Express shredder, local revenue was substantially down. On the other hand, Supor turned in an excellent first-quarter performance in China. Growth was led by newly-launched products such as the spherical-pot rice cookers, soymilk makers, frying pans, woks or Clipso pressure cookers as well as by business expansion in new consumer regions and the on-going development of e-commerce. Besides China, sales were brisk in South Korea, Thailand and Malaysia.

CENTRAL EUROPE, RUSSIA AND OTHER COUNTRIES: A STRAINED ENVIRONMENT

This was the only region in decline in the first quarter, adversely impacted by the slowdown of consumer spending in Russia since last summer as well as the consequences of recent events in Ukraine. In addition, the collapse of the rouble, the Turkish lira and the Ukrainian hryvnia, in particular, seriously disrupted the local markets and modified the competitiveness challenges. In Russia, demand has been sluggish and in an increasingly competitive environment, the entire industry has been suffering. Nonetheless, the Group introduced targeted price increases in 2013 and early 2014 with the goal of at least partially offsetting the decline in the rouble. But in this difficult environment, business was severely strained and the Group's revenue was down sharply. In Ukraine, after a positive start to the year – in line with late 2013 – sales came suddenly to a halt in March due to the destabilization of the country and regional tensions. In Central Europe, business improved despite the price increases, but the discontinuation of a loyalty programme with a retailer in Poland weighed on the Group's performance. Lastly, the Group's situation in Turkey is gradually stabilizing thanks to certain flagship products like Actifry, irons and vacuum cleaners, which are supported by advertising and marketing investments. Nonetheless, the environment remains complicated and tense. However, both the United Arab Emirates and Egypt saw a sustained increase in sales.

SALES BY PRODUCT FAMILY

The Group's performance varied not only from region to region but also from one product category to another.

- The **home comfort** segment remained the most dynamic product family, buoyed by weather that was very favourable to fan sales in Latin America.
- The **vacuum cleaner** product family continued to make a solid contribution to growth, led by the success of upright vacuum cleaners and new inroads by bagless models in Europe.
- In **electrical cooking**, vigorous sales of rice cookers in China (notably the best-seller spherical-pot model), solid momentum for Cookeo, a strong start for Optigrill, and continued growth for Actifry offset lower demand for multicookers in Russia.
- **In ironing**, growth was led by new steam generator models and fast-heating steam stations. Sales of steam irons continued to trend favourably despite a significant drop-off in Russia.
- **Cookware** benefited from Supor's solid dynamics in China, growing sales of ceramic-coated ranges and a number of specific sales and marketing operations.
- In **food preparation appliances**, business was highly contrasted, with on the one hand the clear success of kitchen machines, blenders and the Cuisine Companion cooking food processor and on the other the sharp drop in meat mincers, which were penalised by Russia.
- The same holds true in the **beverage preparation category**, which saw solid growth in full-automatic espresso machines and in Nespresso and Dolce Gusto coffee makers, as well as a severe drop in kettles in Russia and Japan.
- Despite the confirmed success of the Steampod professional hair straightener, designed in partnership with L'Oréal, sales in the **personal care** segment declined.

CHANGE IN OPERATING RESULT FROM ACTIVITY

Operating Result from Activity in first-quarter 2014 amounted to €50 million, adversely affected by a €24 million negative currency effect. At constant exchange rates, first-quarter Operating Result from Activity came to €74 million, in line with the first-quarter performance in 2013. This stability at constant exchange rates, at a time when sales grew by an organic 6.2%, was largely due to an unfavourable country mix while the impact of price increases and other offsetting actions have not yet been felt.

It should be emphasized that first-quarter Operating Result from Activity is traditionally low, not representative of the full year and thus should not be extrapolated.

ANALYSIS OF DEBT AT 31 MARCH 2014

Net debt stood at €412 million at 31 March 2014, nearly unchanged from 31 December 2013 (€ 416 million).

In the first quarter, the Group generated a strong €101 million in cash from operations, most of which stemmed from a significant improvement in working capital requirement. However, the Group had a number of one-off outlays, including a payment for the new headquarters amounting to €63 million and share buybacks for approximately €15 million.

OUTLOOK

As anticipated, 2014, and in particular the first half of the year, will be significantly impacted by the decline in many currencies that occurred mainly during second-half 2013. In addition to this headwind, market conditions are more difficult than expected in a number of countries, especially Russia and Ukraine, and development in consumer spending is uncertain. In this complicated environment, the Group is implementing the necessary actions to ensure, on a full-year basis, sustained growth in sales and Operating Result from Activity at constant exchange rates. Nevertheless and given current market conditions, the first half-year – like the first quarter – will only partially reflect the impact of these measures.

Upcoming events

Annual General Meeting: 15 May 2014 – Paris, Palais Brongniart, 2:30 pm
First-half 2014 revenue and earnings: 24 July – 6:30 am

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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 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.