Press Release

24 July 2014

First-half performance in line with the 2014 road map
Results adversely affected by currency effect, as expected

- **First-half organic revenue growth of 4.7%**
- **Operating result from activity of €138 million at constant exchange rates and €91 million on a reported basis**
- **Solid cash generation from operations of €91 million**

Consolidated Financial Results (in €m)	H1 2013	**H1 2014**	% change
Revenue	1,835	**1,827**	***-0.5%***
Like-for-Like		*1 921*	*+4.7%*
Operating result from activity	137	**91**	***-33.4%***
Like-for-Like		*138*	*+0.7%*
Operating profit	117	**73**	**-37.0%**
Profit attributable to equity holders of the parent	52	**25**	**-52.0%**
Net debt (at 30 June)	516	**532**	*+ 116 M€*
	Rounded figures in € millions		*Percentages based on non-rounded figures*

Commenting on the first-half 2014 results, Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer of Groupe SEB, said:

"Groupe SEB's first-half performance was in line with forecast, with sustained organic growth in revenue, led by innovation and international expansion, and operating result from activity stable on a like-for-like basis but sharply down after taking into account the currency effect. Indeed, as expected, the sharp declines in many currencies against the euro significantly impacted results.

The Group's first-half activity was split between markets that were rather better than expected, particularly in Europe and China, and an environment that was much tougher than expected in Russia and Japan.

The steep fall in net profit is not relevant given the limited contribution of the first-half to annual results and should not be extrapolated over the full-year.

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“These results are in line with our road map and the outlook given at the end of the first quarter. In a complicated environment, we have stepped up initiatives to improve our operations while ensuring strict control over costs. We are also maintaining our investments in the product families and the countries that represent our growth drivers for the future.

”For the coming months, we anticipate that the environment will be slightly more favourable in Russia and Japan and that the pace of growth will pick up in France and the United States. Once again, we can rely on the powerful, on-going innovation dynamic that shaped the first half. In addition, we can expect to benefit from slightly less unfavourable exchange rates. The resulting flexibility will enable us to provide greater support to our businesses in the most difficult markets. All in all, I am confident in the Group’s ability in 2014 to deliver sustained organic growth in revenue and a significant improvement – higher than in 2013 – in operating result from activity at constant exchange rates.”

Thierry de La Tour d’Artaise
Chairman and Chief Executive Officer

Revenue Performance

€1,827 million in first-half revenue, declining 0.5% as reported but increasing 4.7% like-for-like
The first half was shaped by a still strained and uncertain environment that saw widely divergent market situations, a highly competitive, promotion-driven context and on-going inventory drawdowns on the part of retailers.
Against this backdrop, the Group’s business held up well in the first half, with revenue increasing 4.7% like-for-like. Following a solid start to the year, it continued to trend positively in the second quarter although organic growth was more moderate, at 3.2%. The currency impact on revenue for the first six months of 2014 amounted to a negative €107 million (versus a negative €10 million in first-half 2013) reflecting the decline of many currencies against the euro over the period. Among the currencies with the strongest negative impact were the Japanese yen, the Brazilian real, the Russian rouble, the Chinese yuan and the Turkish lira. Reported sales also included the €13-million positive impact related to the consolidation of both Maharaja Whiteline and Canada’s Coranco (acquired in December 2013), as from 1 January 2014.

While organic growth in revenue was generally strong, performance nonetheless varied from one region and one product category to another, the main growth drivers being fans, vacuum cleaners, electrical cooking, linen care and cookware.

Revenue by region

Revenue (in €m)	H1 2013	**H1 2014**	**% change**	
			Reported	**Like-for-like**
France	262	266	*+1.4%*	*+1.4%*
Other Western EU countries	338	363	*+7.4%*	*+7.0%*
North America	197	193	*-2.5%*	*+1.3%*
South America	194	173	*-10.7%*	*+4.6%*
Asia-Pacific	522	540	*+3.5%*	*+11.1%*
Central Europe, Russia and other countries	322	292	*-9.3%*	*-3.4%*
TOTAL	**1,835**	**1,827**	***-0.5%***	***+4.7%***
	Rounded figures in € millions		*Percentages based on non-rounded figures*	

Revenue (in €m)	Q2 2013	Q2 2014	% change	
			Reported	**Like-for-like**
France	136	137	*+0.4%*	*+0.4%*
Other Western EU countries	177	180	*+1.6%*	*+1.3%*
North America	102	99	*-2.7%*	*+2.5%*
South America	97	92	*-5.6%*	*+6.2%*
Asia-Pacific	239	236	*-0.8%*	*+9.3%*
Central Europe, Russia and other countries	153	141	*-7.9%*	*-3.0%*
TOTAL	**904**	**885**	***-2.1%***	***+3.2%***
	Rounded figures in € millions		*Percentages based on non-rounded figures*	

FRANCE: fourth consecutive quarter of revenue growth

In the first half, in a market that trended favourably but was highly competitive, Groupe SEB confirmed the return to growth that began in second-half 2013. The slight increase in revenue stemmed from a challenging cookware market – because of a competing loyalty programme and weaker demand for pressure cookers – offset by brisk demand for small electrical appliances. In this segment, the Group strengthened its positions by significantly outperforming the market. Among the best-selling products in the first half were the cooking kitchen machine Cuisine Companion, which led growth in the food processor category; steam generators, sales of which were driven by new models; the Cookeo multicooker; the BeerTender home draught beer system, which benefited from the impact of the FIFA World Cup; and the Dolce Gusto and Nespresso single-serve coffeemakers, for which sales were sharply higher.

OTHER WESTERN EU COUNTRIES: a very good first half

In Western Europe, the market was generally buoyant in the first half, despite a certain loss of momentum late in the period. As in 2013, performance varied from one product family and country to another. In this environment, Groupe SEB achieved a clear increase in revenue over the first six months of 2014, with continued growth – albeit slight – in the second quarter, on the back of high prior period comparatives.

Sales were especially robust in Germany, which benefited from a solid demand for core products (ironing appliances, vacuum cleaners and Nespresso and full-automatic espresso machines) and from the extension of a cookware loyalty programme introduced in fourth-quarter 2013. The Group turned in a very brisk sales performance in Belgium and maintained a firm dynamic in the UK thanks to flagship products that have driven growth for nearly three years and to the success of Optigrill. In Italy, in a lacklustre market, the Group continued to make inroads and increased its market share in small electrical appliances. Lastly, sales remained sustained in Spain despite very high prior-period comparatives in the second quarter (due to a Dolce Gusto loyalty programme), enabling the Group to strengthen its positions in several key product families.

NORTH AMERICA: a slight improvement in sales in the second quarter

In the NAFTA countries, the Group's first-half revenue was down as reported, adversely impacted by currency declines against the euro, but slightly higher at constant exchange rates. In the US, following a first quarter shaped by bad weather that impacted consumer spending and led to high inventory levels among retailers, the market and the Group's performance varied depending on the product category. In cookware, sales were lower in the entry-level and mid-range segments, based on high prior-period comparatives. However, they were sharply higher in the "Hispanic" segment, which is targeted by Imusa, as well as in the premium segment, with the success of new All-Clad ranges co-branded with chef Thomas Keller. In small electrical appliances, business was more difficult in the ironing segment due to a more competitive environment, while sales of Optigrill rose very rapidly.

Sales in Canada maintained their strong momentum, despite price increases introduced to offset the weakening of the Canadian dollar. In Mexico, revenue was down slightly in the first half but solidly higher at constant exchange rates in the second quarter.

SOUTH AMERICA: firm organic growth

The major drop in first-half revenue in South America was due to the decline in the Group's main operating currencies in the region – in particular the Brazilian real and the Colombian peso – against the euro. However, revenue at constant exchange rates rose significantly, reflecting a positive trend in business. In Brazil, the currency environment led the Group to raise its prices, in particular to offset the rising cost of production purchases. After difficult negotiations with customers that adversely affected business in the first quarter, sales picked up in the second quarter. Growth was driven by food preparation and linen care, by Dolce Gusto and by a solid upswing in cookware. In Colombia, the Group owes its organic growth to fans, while sales in the food processor and cookware categories were held back by the non-renewal of promotional programmes carried out in 2013.

ASIA-PACIFIC: solid momentum, with the exception of Japan

Although exchange rates had a negative impact on the region's contribution to reported revenue, organic sales growth was strong, reflecting a generally positive business trend in the region, excluding Japan. In this country, where the Group was confronted with a considerable currency challenge, sales declined sharply. This was due to the combined effect of a tenuous consumer spending environment, major inventory drawdowns among retailers, price increases introduced to partially offset the impact of a weak yen on the local subsidiary's margins, and the increase in the VAT rate as from 1 April. Together, these unfavourable factors led to a worse-than-expected decline in first-half sales, despite the launch of strong local recovery measures.

The vitality of sales in Asia-Pacific was led mainly by a very powerful dynamic in China, which in first-half 2014 was the Group's leading market in value. Supor turned in an excellent performance in its domestic market in cookware as well as in small electrical appliances like rice cookers, electrical pressure cookers, mobile induction hobs..., leading to significant new market share gains. These gains were driven by innovation, Supor's on-going expansion into Tier 3 and Tier 4 cities, and rapid growth in online sales. In South Korea, Malaysia and Thailand, the Group's sales rose sharply at constant exchange rates with Thailand becoming one of its top 20 countries in terms of revenue despite recent political events.

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CENTRAL EUROPE, RUSSIA AND OTHER COUNTRIES: performance held back by Russia

As in the first quarter, this region was the only one to experience a decrease in revenue at constant exchange rates. The decline in particular of the Russian rouble, the Turkish lira and the Ukrainian hryvnia against the euro represented a major competitiveness challenge and negatively impacted business. In addition, the Ukrainian crisis had obvious consequences on the overall situation and on consumer spending in the countries concerned. As a result, the Group operated in a strained environment. In Russia, considerably lower demand and sharply increased promotional activity led to heightened competitive pressure, in particular because of the emergence of local players with very aggressive sales and marketing policies. In these circumstances, the Group experienced a greater-than-expected decline in first-half sales. In Poland, business improved in the second quarter but first-half revenue nonetheless dipped slightly at constant exchange rates because of the non-renewal of a loyalty programme. In Turkey, after two difficult years and a succession of price increases, the Group enjoyed a return to organic growth, thanks in particular to a strong dynamic in linen care, vacuum cleaners and food processors, supported by growth drivers. Development continued in the Middle East and revenue rose sharply in Egypt. Lastly, in India, the powerful re-launch of Maharaja Whiteline led to a solid increase in the company's revenue.

OPERATING RESULT FROM ACTIVITY

First-half 2014 operating result from activity amounted to €91 million, in line with forecast. It included a €45-million negative currency effect due mainly to the decline of the yen, rouble, real and yuan against the euro as well as to the €2-million negative impact of changes in the scope of consolidation. Like-for-like, first-half 2014 operating result from activity totalled €138 million, virtually unchanged from the €137 million recorded in the first six months of 2013.
It should be emphasized that first-half operating result from activity is not representative of the full year and should not be extrapolated.

The change in first-half operating result from activity can be explained as follows:

- The volume effect was a positive €28 million, reflecting the favourable impact of organic sales growth.
- Price mix effect was a slightly positive €1 million and was based on a variety of sometimes offsetting factors, such as price increases in certain countries, promotional initiatives in others and the shift in product and country mix.
- Manufacturing costs (purchases, unit costs) improved by €3 million, reflecting productivity initiatives and lower purchasing costs, the benefits of which were partially offset by under-absorption of fixed costs.
- Investment in growth drivers was strengthened by €19 million.
- SG&A rose by €12 million half of which were linked to the build-up of our commercial operations.

OPERATING PROFIT AND ATTRIBUTABLE PROFIT

First-half operating profit amounted to €73 million. The sharp drop compared with the €117 million reported in first-half 2013 was directly linked to the decline in operating result from activity.

Financial result represented an expense of €21 million. The improvement from an expense of €25 million in first-half 2013 resulted from both finance costs and exchange losses that were less penalising than in the prior-year period.

Attributable profit was €27 million lower at €25 million, a fall that was entirely due to the decline in operating result from activity. Income tax expense declined sharply because of the contraction in pre-tax profit. Minority interests were stable, reflecting the impact of the weaker yuan on minority interests in Supor's results.

FINANCIAL POSITION

At 30 June 2014, the Group's equity stood at €1,464 million.

Net debt at 30 June 2014 stood at €532 million, an increase of €116 million compared with 31 December 2013. Cash from operations represented a solid €91 million in first-half 2014. Net debt at 30 June takes into account outflows for the payment of the dividend (€78 million), the Group's investment in its new headquarters in Ecully, France (€70 million), the buyout of the minority shareholders in Maharaja Whiteline and share buybacks.

At 30 June 2014, debt-to-equity stood at 36% and the debt-to-EBITDA ratio was 1.22. The Group's financial position thus remains healthy and solid with a diversified debt profile.

OUTLOOK

In an economic environment that will remain uncertain and volatile, the Group's expectations for the end of the year are nonetheless slightly more positive.

From a geographic perspective, the Group is reasonably optimistic about the second-half environment in Europe and North America, and is confident in an on-going solid dynamic in Asia, excluding Japan, still driven by China. However, it is cautious about economic trends and consumer spending in Brazil. In Russia and Japan, following an extremely difficult first half, the environment should be slightly more favourable.

Innovation, which already drove organic revenue growth in the first half, will continue to be a catalyst, especially from the autumn. At the same time, the Group continues to implement and deploy its plan to improve operations, which produced a number of tangible results in the first half.

In recent weeks, there has been a slight improvement in the currency situation, which should attenuate the severe adverse effect of exchange rates on Group performance in the second-half. The resulting flexibility will enable the Group to provide greater support to its businesses in the most difficult markets.

Given this situation, the Group's objective for 2014 is to deliver sustained organic growth in revenue and a significant improvement – higher than that achieved in 2013 – in operating result from activity at constant exchange rates.

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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.

Upcoming events

Shareholders Meeting - Dijon : 22.09.14 - Palais des congrès, 18:00 (FT)
Shareholders Meeting - Annecy : 25.09.14 - L'impérial Palace, 18 :00 (FT)
2014 nine-month sales and financial data : 23.10.14, 05:40 PM (FT)

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 29 July 2014.

CONSOLIDATED INCOME STATEMENT

(in € millions)	**First-half 2014**	**First-half 2013**	**Full-year 2013**
Revenue	1,826.7	1,835.2	4,161.3
Operating expenses	(1,735.4)	(1,698.1)	(3,750.9)
OPERATING RESULT FROM ACTIVITY	**91.3**	**137.1**	**410.4**
Discretionary and non-discretionary profit-sharing	(10.3)	(15.5)	(37.2)
RECURRING OPERATING PROFIT	**81.0**	**121.6**	**373.2**
Other operating income and expense	(7.4)	(4.1)	(9.5)
OPERATING PROFIT	**73.6**	**117.5**	**363.8**
Finance costs	(14.3)	(15.5)	(31.0)
Other financial income and expense	(7.4)	(9.9)	(23.9)
Share of profits of associates	-	-	-
PROFIT BEFORE TAX	**51.9**	**92.1**	**308.9**
Income tax expense	(14.6)	(27.1)	(87.2)
AFTER TAX	**37.3**	**65.0**	**221.7**
Non-controlling interests	(12.3)	(12.9)	(22.0)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**25.0**	**52.1**	**199.8**
EARNINGS PER SHARE (*in units*)			
Basic earnings per share	0.49	1.08	4.13
Diluted earnings per share	0.48	1.07	4.08

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CONSOLIDATED BALANCE SHEET

Years ended 31 December

ASSETS (in € millions)	30/06/2013	30/06/2013	31/12/2013
Goodwill	466.4	467.3	448.2
Other intangible assets	443.5	432.3	411.8
Property. plant and equipment	560.7	496.7	485.9
Investments in associates	-	-	-
Other investments	14.6	38.6	57.4
Other non-current financial assets	13.4	10.9	9.5
Deferred taxes	55.2	72.2	52.0
Other non-current assets	5.2	5.4	6.0
Long-term derivative instruments	-	-	-
NON-CURRENT ASSETS	**1,559.0**	**1,523.4**	**1,470.8**
Inventories	794.9	780.4	731.1
Trade receivables	540.9	533.4	740.2
Other current receivables	134.6	114.6	116.7
Current tax assets	25.3	21.7	33.3
Short-term derivative instruments	5.1	17.9	2.8
Cash and cash equivalents	342.9	416.0	426.3
CURRENT ASSETS	**1,843.7**	**1,884.0**	**2,050.4**
TOTAL CONVERSION LOSSES – ASSETS	**3,402.7**	**3,407.4**	**3,521.2**

EQUITY AND LIABILITIES *(in € millions)*	30/06/2013	30/06/2013	31/12/2013
Share capital	50.2	50.2	50.2
Other reserves and retained earnings	1 353.8	1,348.1	1,414.2
Own shares	(85.9)	(83.6)	(74.7)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	1,318.1	1,314.7	1,389.7
NON-CONTROLLING INTERESTS	145.5	139.8	142.6
EQUITY	**1,463.6**	**1,454.5**	**1,532.3**
Deferred taxes	61.5	77.9	71.3
Long-term provisions	191.5	184.5	180.9
Long-term borrowings	628.4	649.5	627.0
Other non-current liabilities	36.9	33.4	33.3
Long-term derivative instruments	-	-	-
NON-CURRENT LIABILITIES	**918.3**	**945.3**	**912.5**
Short-term provisions	45.9	42.4	45.6
Trade payables	490.1	445.1	524.8
Other current liabilities	206.9	201.1	251.3
Current tax liabilities	24.2	25.4	26.6
Short-term derivative instruments	7.3	8.8	13.5
Short-term borrowings	246.4	284.8	214.6
CURRENT LIABILITIES	**1,020.8**	**1,007.6**	**1,076.4**
TOTAL CONVERSION GAINS – LIABILITIES	**3,402.7**	**3,407.4**	**3,521.2**

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