23 July 2015

2015 Half-Year Sales & Results

Groupe SEB : Strong growth dynamic confirmed

- **Revenue: €2,113 million, up 15.7% as reported and 8.7% LFL***
- **Operating Result from Activity: €146 million, up 66% as reported and x2 LFL**
- **Net debt: €453 million, unchanged from year-end 2014, down €79m vs 30.06.2014**

**LFL : like-for-like (at constant exchange rates and consolidation scope)*

Commenting on the results for the period, Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer of Groupe SEB, said:

"In a general environment that is more favourable this year, Groupe SEB achieved an excellent first half. This performance was attributable to the strong growth in our sales, driven by all geographies and product categories, as well as to the competitiveness initiatives that we've undertaken.

This performance has put us considerably ahead of schedule in meeting our full-year targets, leading us to be fairly optimistic about the second half, despite the uncertainties surrounding Russia and Brazil. Firm-holding business will bring us to step up our investments in growth drivers to assertively support year-end product launches.

Under these conditions, Groupe SEB raises its 2015 objectives and now aims to achieve like-for-like sales growth above 6% and an improvement in its like-for-like Operating Result from Activity of more than 30%. Taking into account a currency impact, today estimated at around - €80 million, 2015 reported Operating Result from Activity should exceed €400 million.

The Group is well positioned to seize external growth opportunities as illustrated by the early July acquisition of OBH Nordica in Scandinavia."

Consolidated results (in m€)	Half-year 2014*	Half-year 2015	Change 2015/2014 Current forex	Change 2015/2014 *LFL***
Sales	1,827	**2,113**	**+ 15.7 %**	**+ 8.7 %**
Operating Result From Activity	88	**146**	**+ 66 %**	**x 2**
Operating Profit	70	**122**	**+ 74 %**	
Profit attributable to equity holders of the parent	23	**54**	**+ 136 %**	
Net debt at 31 December (in €m)	532	**453**	**-79**	

** Restated after application of IFRIC 21*
*** Like-for-like: at constant exchange rates and consolidation scope*

Rounded figures in € millions

Percentages based on non-rounded figures

Revenue by region

Sales in €m	Half-year 2014	Half-year 2015	Change 2015/2014	
			As reported	Like-for-like*
France	267	294	+ 10.6 %	+ 10.6 %
Other Western European countries	363	381	+ 5.1 %	+ 3.3 %
North America	192	246	+ 27.8 %	+ 8.4 %
South America	173	174	+ 0.4 %	+ 3.5 %
Asia Pacific	540	727	+ 34.6 %	+ 14.0 %
Central Europe, Russia and other countries	292	291	-0.4 %	+ 7.1 %
TOTAL	1,827	2,113	+ 15.7 %	+ 8.7 %

**Like-for-like: at constant exchange rates and consolidation scope*

Rounded figures in € millions

Percentages based on non-rounded figures

Sales in €m	Q2 2014	Q2 2015	Change 2015/2014	
			As reported	Like-for-like*
France	137	150	+ 9.3 %	+ 9.3 %
Other Western European countries	180	194	+ 7.7 %	+ 6.0 %
North America	99	129	+ 30.4 %	+ 10.3 %
South America	92	91	-0.3 %	+ 6.7 %
Asia Pacific	236	320	+ 35.3 %	+ 12.7 %
Central Europe, Russia and other countries	141	140	-1.3 %	+ 0.4 %
TOTAL	885	1 024	+ 15.6 %	+7.9 %

Revenue performance

In the first-half of 2015, the small domestic market remained generally buoyant, although contrasted by region and still highly competitive and promotion-driven across all geographies. Currency fluctuations, particularly the strengthening in the dollar and the yuan, improved the price environment over the period, making it possible to raise prices to offset the higher cost of inputs denominated in these two currencies.

In this context, revenue ended the first half at €2,113 million, a 15.7% increase that included robust 8.7% organic growth and a 7% lift from the positive currency effect. Business was brisk throughout the period, with a 9.4% increase in the first quarter followed by a 7.9% gain in the second, at constant scope of consolidation and exchange rates.

Changes in currency rates added €127 million to first-half revenue (versus a €107-million reduction in the prior-year period). They were primarily related to stronger yuan and dollar, which amply offsetted the sustained declines in the Russian rouble, Ukrainian hryvnia and Brazilian real.

It is worth mentioning that first-half organic growth was driven by all of the product categories and geographies.

Comments on sales by region

FRANCE : CONTINUED ROBUST GROWTH

In a fairly lacklustre general environment, the French small domestic equipment market enjoyed vigorous growth in the first half of 2015, led in particular by vacuum cleaners, electrical cooking appliances and cookware. With a 10.6% increase in sales over the period, Groupe SEB was a driving force behind the growth in the French market. This was particularly the case in the cookware segment where, in addition to the generally upward trend in recurring business, three loyalty programmes covering either the Tefal Ingenio line or Lagostina products were also deployed with large food retailers. The resulting dynamic lifted sales of pans, pots and pressure cookers, while helping to broaden and deepen our market positions.
In the small electrical appliance segment, the Group's best sellers included i) vacuum cleaners, thanks in particular to the competitive lead they enjoy under new European eco-design and eco-label legislation; ii) the Cookeo multicooker and its digital model, Cookeo Connect; iii) the Cuisine Companion all-in-one cooking food processor; and iv) the Dolce Gusto coffeemakers. On the other hand, business was more difficult in the declining ironing market.

OTHER WESTERN EUROPEAN COUNTRIES: BROAD-BASED GROWTH

In a fairly lively small domestic equipment market, Groupe SEB saw its growth speed up in the second quarter, to 6%. This solid momentum was fueled by almost every product category (irons, vacuum cleaners, coffeemakers, electrical cooking and food preparation appliances, etc.) and by the large majority of countries. In Germany, first-half revenue was dampened by the non-recurrence of a major loyalty programme undertaken in first-quarter 2014, but recurring business rose by 9%, led in particular by full-automatic espresso coffeemakers, vacuum cleaners and OptiGrill.

The outstanding momentum built up in the United Kingdom in recent years continued apace, supported by further gains in linen care, the continued popularity of the Actifry line and business development in cookware. This was also the case in Spain, where the Group once again outperformed a very buoyant market in all product families, and in Italy, where the already solid sales in vacuum cleaners and irons were further energised by a non-recurring deal for Cuisine Companion.
Excluding the impact of the above-mentioned loyalty programme, like-for-like growth for the whole region would stand at 7.4% in the second quarter and at 8.2% in the first half.

NORTH AMERICA: SHARPER GROWTH IN THE SECOND QUARTER

The vigorous reported increase in revenue was attributable both to very solid organic growth and to the dollar's rise against the euro. After an already robust business in the first three months, organic growth picked up steam in the second quarter.
In the United States, sales rose steadily during the first half, to end the period up 6.3% like-for-like. The Group turned in a very satisfactory performance in cookware, where it continued to gain market share by i) expanding the distribution of T-Fal, including online; ii) broadening Imusa's portfolio of ethnic cookware; and iii) holding All-Clad sales firm in the premium segment. In electrical appliances, linen care products enjoyed sustained sales and the recently launched fans and humidifiers –under the Rowenta brand– got off to a satisfactory start.
In Canada, despite stable revenue in the second quarter, Group first-half sales rose significantly, boosted by Lagostina's brisk advances in cookware, while business in small electrical appliances was dampened by the price increases introduced early in the year.
Operations in Mexico reported double-digit growth in revenue, reflecting a slight increase in recurring business, bolstered in the second quarter by the introduction of a new loyalty programme with one of our retailers.

SOUTH AMERICA: UPTURN IN BUSINESS IN AN UNCERTAIN ENVIRONMENT

Business in South America is marked by sharp volatility from one quarter to the next. After a slow start to the year, sales turned firmly upwards in the second quarter, in a environment remaining highly uncertain.
In Brazil, the Group is being confronted with a cooling economy, a steadily declining real and sluggish consumer spending, which require the deployment of an agile pricing policy alternating price increases to offset the currency effect and promotions to remain in the market. Nevertheless, in the second quarter, sales rebounded strongly with a different profile than in the first three months of the year. Business was disrupted in cookware, but returned to sustained growth in small electrical appliances thanks to the confirmed popularity of Dolce Gusto and several successful promotional campaigns in fans and washing machines.
In Colombia, revenue gains were led by robust growth across almost all of the electrical lines (fans, irons, food preparation appliances, blenders, etc.). Cookware sales, on the other hand, were lacklustre.

ASIA PACIFIC: SUSTAINED STRONG GROWTH

As in the first quarter, Asia-Pacific sales in euros saw very robust growth in the first half, reflecting on one hand the solid organic growth delivered by our operations in China, Japan and South Korea and on the other hand the impact of the stronger yuan.
In China, Supor continued to expand and amply outperformed the market by leveraging its major competitive strengths: the ability to steadily enhance its product offering by innovating and opening new categories, its territorial expansion and the fast, continuous growth in its online presence.
In Japan, after a very difficult year in 2014, our readjusted pricing policy is paying off in a general environment that is a little less unfavorable than last year. Sales have returned to an upward curve and the market share lost in 2014 is gradually being regained, in cookware as well as in kettles and irons.
Turnover improved in South Korea, lifted in particular by firm demand for cookware, vacuum cleaners and food preparation appliances.
Business was more mixed in the rest of the region, with sustained growth in Vietnam and Australia and more challenging conditions in Thailand and Malaysia.

CENTRAL EUROPE, RUSSIA & OTHER COUNTRIES: A GOOD FIRST HALF, ALTHOUGH MIXED

After brisk growth early in the year, business stalled in the second quarter due to a downturn in business in Russia and Ukraine.
In Russia, despite a weak general environment (due to the social and political situation, currency issues, consumer spending, etc.) and the introduction of major price hikes to offset FOREX impacts, sales rose significantly in the first half, primarily on the back of the loyalty programs conducted in the first quarter with two retailers, with the focus shifting to more targeted promotions in the second quarter. The situation therefore remains fragile and continues to call for a cautious approach.
In Ukraine, after a surprisingly strong start to the year, the Group's business was caught up by the difficult local context and sales fell sharply in the second quarter.
In almost all of the other countries in the region, the general trend has been positive for Groupe SEB. Growth in Central Europe is continuing at a robust pace across almost every market, led by Poland and the Czech Republic. Business was very good in Turkey over the period, with in particular major gains for the Group in irons, vacuum cleaners and personal care products. Furthermore, we had the opportunity to take over 16 franchised stores which we shall manage directly. Operations in India have continued to enjoy fast growth thanks to a strong product dynamic and gains in the retail for Maharaja Whiteline.

Operating Result from Activity

Operating Result from Activity (ORfA) surged 66% in the first half of 2015, to €146 million from €88 million a year earlier. This reported figure includes a €32-million negative currency effect stemming primarily from the increase in the dollar and the yuan against the euro, which has an adverse impact on our input costs. Like-for-like, first-half ORfA stood at €178 million, or more than double the year-earlier figure.

The change in first-half operating result from activity, at constant exchange rates and consolidation scope, may be analysed as follows:

- A €41-million increase related to the strong organic growth in volumes.
- A €50-million improvement in the price-mix effect, reflecting the Group's price increases passed in the first semester.
- €17-million production savings arising on purchasing efficiencies, better coverage of manufacturing costs, sustained deployment of productivity initiatives, etc.
- €8-million higher investments in growth drivers (Research & Development, advertising and operational marketing).
- A leverage on operating expenses that increased by only half of sales organic growth.

As usual, it should be noted that the first-half Operating Result from Activity is not representative of full-year performance and should not be extrapolated.

Operating profit

Lifted by the growth in Operating Result from Activity, operating profit climbed 74% to €122 million in the first half.

Discretionary and non-discretionary profit-sharing schemes declined slightly year-on-year, to €9 million. Other operating income and expense came to an expense of €15 million and primarily comprised restructuring costs related to Lourdes production facility as well as Brazilian operations.

Finance costs and other financial income and expense came to a net expense of €23 million, with the €2-million increase essentially stemming from exchange losses (on the devaluation of the Venezuelan bolivar, in particular).

Attributable profit ended the period at €54 million, which is 2.3 times the net profit of the first-half 2014.

It is worth noting that the tax rate has fallen considerably, mainly due to a more favourable country mix. In addition, the share of profit attributable to non-controlling interests rose sharply during the period, reflecting both the improvement in Supor's profitability and the positive currency effect on its results.

Financial structure

Consolidated equity amounted to €1,841 million at 30 June 2015, a €117-million increase from 31 December 2014.

Net debt ended the period at €453 million, €79 million lower than at 30 June 2014 and unchanged from year-end 2014. The Group generated during the first half €81 million in operating cash flow, slightly less than in first-half 2014 due to the change in working capital requirement at a time of strong growth in sales.

At period-end, gearing was at 25% and the debt-to-EBITDA ratio was 0.93. The Group is therefore continuing to consolidate its financial position, backed by a diversified financing architecture.

Outlook for 2015

After this excellent first half, we anticipate a second half of good quality, given more demanding 2014 comparatives. We believe that demand will hold firm in the coming months, but remain cautious about the economic and consumer spending trends in Russia and Brazil.

Our growth will be led by a solid product dynamic, nurtured by a large number of innovations and supported by increased investment in our growth drivers.

In view of the gains achieved in the first half and of this rather promising outlook, Groupe SEB raises its 2015 objectives, and now aims at meeting the following targets:

- Like-for-like sales growth above 6%.
- An improvement in its like-for-like Operating Result from Activity of more than 30%. Taking into account a currency impact, today estimated at around - €80 million, 2015 reported Operating Result from Activity should exceed €400 million.

Consolidated Income Statement

(in € millions)	30.06.2015 6 months	30.06.2014 6 months*	31.12.2014 12 month
Revenue	2,113.1	1,826.7	4,253.1
Operating expenses	(1,967.1)	(1,738.8)	(3,885.1)
OPERATING RESULT FROM ACTIVITY	**146.0**	**87.9**	**368.0**
Discretionary and non-discretionary profit-sharing	(8.4)	(10.3)	(33.3)
RECURRING OPERATING PROFIT	**137.6**	**77.6**	**334.7**
Other operating income and expense	(15.1)	(7.4)	(21.0)
OPERATING PROFIT	**122.5**	**70.2**	**313.7**
Finance costs	(13.6)	(14.3)	(31.2)
Other financial income and expense	(9.4)	(7.4)	(17.8)
Share of profits of associates			
PROFIT BEFORE TAX	**99.5**	**48.5**	**264.7**
Income tax expense	(24.9)	(13.3)	(71.2)
PROFIT FOR THE PERIOD	**74.6**	**35.2**	**193.5**
Non-controlling interests	(20.4)	(12.3)	(23.6)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**54.2**	**22.9**	**170.0**
Basic earnings per share (in €)	1.10	0.47	3.49
Diluted earnings per share (in €)	1.09	0.47	3.45

** Data restated after application of IFRIC 21*

Balance sheet

ASSETS *(in € millions)*	30.06.2015	30.06.2014*	31.12.2014
Goodwill	553.7	466.4	512.1
Other intangible assets	483.5	443.5	464.1
Property, plant and equipment	603.4	560.7	587.1
Investments in associates			
Other investments	18.1	14.6	16.0
Other non-current financial assets	15.2	13.4	13.9
Deferred tax assets	47.0	55.2	34.9
Other non-current assets	4.2	5.2	5.9
Long-term derivative instruments	10.4		8.5
NON-CURRENT ASSETS	**1,735.5**	**1,559.0**	**1,642.5**
Inventories	895.6	794.9	822.8
Trade receivables	641.4	540.9	768.3
Other receivables	127.4	134.6	137.8
Current tax assets	42.0	25.3	35.0
Short-term derivative instruments	57.2	5.1	50.9
Other short-term investments	150.9		172.5
Cash and cash equivalents	306.6	342.9	341.4
CURRENT ASSETS	**2,221.1**	**1,843.7**	**2,328.7**
TOTAL ASSETS	**3,956.6**	**3,402.7**	**3,971.2**
EQUITY & LIABILITIES (in € millions)	**30.06.2015**	**30.06.2014***	**31.12.2014**
Share capital	50.2	50.2	50.2
Reserves and retained earnings	1,659.3	1,353.8	1,579.9
Treasury stock	(65.5)	(85.9)	(79.0)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	1,644.0	1,316.0	1,551.0
NON-CONTROLLING INTERESTS	197.3	145.5	173.5
EQUITY	**1,841.3**	**1,461.5**	**1,724.5**
Deferred tax liabilities	58.3	61.5	65.3
Long-term provisions	201.8	191.5	192.9
Long-term borrowings	232.9	628.4	576.9
Other non-current liabilities	41.9	36.9	38.4
Long-term derivative instruments	0.2		1.9
NON-CURRENT LIABILITIES	**535.1**	**918.3**	**875.4**
Short-term provisions	55.7	45.9	55.6
Trade payables	578.3	490.1	637.3
Other current liabilities	222.5	209.0	260.3
Current tax liabilities	38.8	24.2	20.8
Short-term derivative instruments	10.2	7.3	8.2
Short-term borrowings	674.7	246.4	389.1
CURRENT LIABILITIES	**1,580.2**	**1,022.9**	**1,371.3**
TOTAL EQUITY AND LIABILITIES	**3,956.6**	**3,402.7**	**3,971.2**

** Data restated after application of IFRIC 21*

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27 October
Nine-month sales and financial data

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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 25,800 employees worldwide.