

April 28, 2016

First-quarter 2016 Sales and Financial data

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Very encouraging start to the year

- Sales: €1,115m, +2.3% and +5.1% like-for-like*
- Operating Result from Activity: €93m, +1.4% and +50% like-for-like*
- Net financial debt: €184m, -€132m compared with end-2015

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

GENERAL COMMENTS ON GROUP PERFORMANCE

The first quarter of 2016 saw no major changes to the Group's consumer environment which remains highly contrasted, with a rather favorable situation in Europe and China, more modest growth in the United States, a lackluster context in Japan, and persistent crisis in Russia and Brazil. Exchange rates remained volatile and certain emerging currencies depreciated further against the euro versus the first quarter of 2015.

In this environment, Groupe SEB reported **sales of €1,115m**, up 2.3%. Adjusted for a negative currency impact of €39m and a scope effect of +€9m (OBH Nordica, not consolidated in first-quarter 2015), sales increased by **5.1% on a like-for-like basis**. This sustained organic growth is to be put into perspective with the very robust performance in first-quarter 2015 (+9.4% growth like-for-like). It was fuelled by volumes and a substantial price-mix effect, reflecting price increases that were implemented to offset currency variations as well as our ongoing move up-market. It was also driven by the continued development of online sales in numerous markets, mature and emerging alike.

Operating Result from Activity (OrfA) at end-March amounted to €93m, equivalent to that in first-quarter 2015 (€92m). It included a negative currency effect of €45m, leading to an ORfA of €138m at constant exchange rates, for an organic growth of 50%. The scope effect on ORfA was neutral for the period.

At end-March, **financial debt stood at €184m, down €132m on 2015 year-end**, reflecting a sharp increase in cash generation over the quarter.

REVENUE BY REGION

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Revenue (€m)		First-quarter 2015	First-quarter 2016	Change 2016/2015	
				As reported	Like-for-like*
	EMEA	483	508	+5.2%	+5.3%
	Western Europe	336	359	+6.9%	+4.3%
	Other countries	147	149	+1.2%	+7.4%
	AMERICAS	199	165	-17.3%	-5.5%
	North America	117	100	-14.2%	-12.4%
	South America	82	65	-21.6%	+4.3%
	ASIA	407	442	+8.6%	+10.1%
	China	304	336	+10.5%	+12.5%
	Other Asian countries	103	106	+3.2%	+3.1%
TOTAL		1.089	1.115	+2.3%	+5.1%

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

Rounded figures in € million

Percentages based on non-rounded figures

Figures and information given by geographical area are presented on the basis of the new organization which was implemented in September 2015. 2015 data have been restated consequently.

SALES BY REGION

EMEA

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WESTERN EUROPE

While not as brisk as in 2015, the small household equipment market remained on a positive trend in the first few months of the year, driven by small electrical appliances, notably vacuum cleaners, food preparation appliances and electrical cooking. With organic sales growth of 4.3% in the first quarter, the Group posted a highly satisfactory performance, although more contrasted in terms of markets and product families than last year.

France remained one of the drivers of this strong momentum, with sales up 5%, representing a solid growth given the demanding comparison in 2015, which benefited from major loyalty programs (sales rose 11.9% in first-quarter 2015). Business in the first three months was driven by new advances in cookware, with a buoyant Pancake day in France and several mass-retail sales and marketing campaigns, by the confirmed success of the Cookeo multicooker and the Cuisine Companion cooking food processor as well as by strong demand for Nespresso coffee makers. The quarter was more difficult for ironing and Dolce Gusto coffee makers.

Elsewhere in Western Europe, the situation differed from one country to the next. In Germany, after double-digit growth in 2015, the Group maintained this solid dynamic in the first quarter through continued development in cookware and considerable gains for Actifry, OptiGrill, vacuum cleaners and automatic espresso machines. Growth came out at roughly 5% in Italy, the result of a firm core business and a linen care loyalty program. The same was true in Spain, with in addition the anticipation of marketing campaigns dedicated to Tefal's 60th anniversary. In contrast, after several years of practically uninterrupted growth, sales contracted in the UK, mainly owing to major stock clearances by some distributors, for example in ironing and beverage preparation appliances. In Scandinavia, the integration of OBH Nordica is moving ahead with a view to future synergies.

OTHER COUNTRIES

The Group posted solid performances in this region given the deteriorated environment in some countries and highly penalizing FOREX impacts stemming from a few currencies. Organic growth for the quarter came to 7.4%, reflecting in particular the continuation of 2015's dynamic in some markets. Demand trended positively overall in Central Europe and we continued to make headway in most markets. The downturn in Group sales in Russia resulted from the non-recurrence of two major loyalty programs implemented in first-quarter 2015. However, in a market that contracted at a more moderate pace, the core business proved f, bolstered in particular by the launch of the new cookware range and by multicookers and irons. In Turkey, in what remains a promising environment despite the recent attacks, sales grew solidly in local currency, mainly thanks to cookware, vacuum cleaners and depilation. In the Middle East, after a difficult 2015, sales made a sharp rebound in first-quarter 2016.

AMERICAS

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NORTH AMERICA

North America was the only region to post a sales decrease on a like-for-like basis in the first quarter. This drop resulted from a substantial downturn in activity in the United States and Canada, whereas momentum remained strong in Mexico. The main issue in the United States in the first quarter concerned major stock clearances conducted by certain key retail customers, reflected in poor sales for the Group. The phenomenon had a particular impact on Tefal cookware – which in early 2015 benefited from a highly favorable supply flow stemming from a range renewal – and Rowenta irons. These products were also affected by the non-recurrence of major teleshopping campaign organized in first-quarter 2015. In contrast, business trended positively for All-Clad, despite a higher-pressure environment in selective distribution, and for Imusa, which strengthened its product listings.

In Canada, after a momentary recovery in fourth-quarter 2015, sales declined again, penalized by a gloomy economic backdrop and by price increases implemented in 2015 to offset the depreciation of the Canadian dollar. Instead, sales growth in Mexico remained robust, underpinned in particular by cookware, irons and coffee (filter and espresso).

SOUTH AMERICA

The macro-economic environment in South America remained sharply contrasted with an overall depreciation of currencies against the US dollar and the euro. Reported sales in the region were down by nearly 22% in the first quarter, impacted by substantial FOREX effects, but up 4.3% on a like-for-like basis. The improvement in local currencies comprised contrasted performances.

In Brazil, the economic recession and political problems weighed on consumption but our sales, down slightly in reals, held up well against the worsened backdrop. Business was down sharply as for cookware but grew in small electrical appliances, though results in this last segment were extremely contrasted. Fan sales fell due to unfavorable weather conditions, as did those of Dolce Gusto, owing to large stocks at distributors. But strong growth was achieved in linen care (semi-automatic washing machines and irons) and food preparation. Given Brazil's very tough economic environment and significantly weakened currency, the need to make major gains in competitiveness has led the Group to step up the modernization of its production base. Consequently, in late March Groupe SEB Brazil announced its decision to transfer the production of small electrical appliances from its Mooca site in Sao Paulo to Itatiaia in southern Rio de Janeiro State. The transfer will be carried out in several phases from November 2016 to October 2017.

In the other countries, Group sales rose at constant exchange rates. This was in particular the case in Colombia, where the fall in the peso has strengthened our local industrial competitiveness and is supporting our sales in small electrical appliances (fans and food preparation notably).

ASIA

CHINA

The small household equipment market continued to trend positively overall in China, driven mainly by continuing fast growth in e-commerce. Against this favorable backdrop, Supor sales in its domestic market grew by 12.5%, evenly boosted by cookware and small electrical appliances. In cookware, all the major categories contributed to growth, notably frying pans, saucepans and woks, along with pressure cookers and kitchen tools, including thermos cups. In electrical appliances, growth was nurtured in particular by kettles, electric pressure cookers and rice cookers. These product families were enhanced by new models that were well received by the market, as well as by the development in vacuum cleaners and linen care (garment steamers). In addition to product innovation, Supor fueled this dynamic by stepping up sales and marketing initiatives both in physical and online retail, thereby continuing to strengthen its positions in the Chinese market in the first quarter.

OTHER COUNTRIES

In the other countries in Asia, organic growth of 3.1% was driven by rather brisk business in mature markets, dampened significantly by major contractions in emerging markets. In Japan and South Korea, which account for nearly two-thirds of sales in the region, quarterly sales rose by around 10% on a like-for-like basis. Growth in Japan reflected the positive reception of our new range of nonstick cookware, the continued success of our kettles, and our ongoing development in linen care (irons and garment steamers). In South Korea, growing turnover resulted from bullish momentum in cookware, with a particular focus on Tefal's 60th birthday together with robust activity in kettles and hair-care appliances in particular. Group sales also increased in Australia and Malaysia but declined steeply in Thailand, owing to subdued consumer demand, and in Vietnam, where business was impacted by weather conditions, retailer stock clearances and order postponements.

OPERATING RESULT FROM ACTIVITY

At €93m, Operating Result from Activity in the first quarter was equivalent to the historical record-figure at end-March 2015. The amount included **a negative currency effect of €45m, with the scope effect being neutral for the period.** On a like-for-like basis, **ORfA amounted to €138m in first-quarter 2016, posting an increase of 50%.** The surge was mainly generated by strong organic sales growth and its price-mix components, as well as by purchasing gains resulting from favorable raw materials prices and negotiations with our suppliers. In addition, investments in growth drivers were increased versus their modest level at the start of the year in 2015.

FINANCIAL DEBT AT MARCH 31, 2016

At end-March 2016, net financial debt stood **at €184m, down €132m on end-December 2015.** The improvement stemmed from a substantial reduction in the working capital requirement for the quarter, reflecting in particular better stock ratios, which enabled the Group to generate an operating cash flow considerably higher than that achieved in past years.

OUTLOOK

In Groupe SEB's business, the first quarter is not representative of the full year and thus, should not be extrapolated to the coming months. But the solid start to the year is nevertheless highly encouraging.

In addition, on the basis of present exchange rates, currency effects on 2016 Operating Result from Activity would be slightly less penalizing than anticipated, in the range of -€120m.

In this context, the Group confirms its confidence in its ability to meet the objectives set for 2016, namely to once again achieve organic sales growth and to ensure a new increase in its Operating Result from Activity.

Listen to the audiocast of the conference call (in English only) on our website www.groupeseb.com or [click here](#)

● Upcoming events ●

May 19

Annual General Meeting 2016

October 25

Nine-month 2016 Sales and Financial data

July 25

First-half 2016 sales and results

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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 26,000 employees worldwide.

SEB SA ■

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