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THIRD QUARTER 2010

QUARTERLY FINANCIAL INFORMATION BUSINESS AND FINANCIAL REVIEW FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2010

SIGNIFICANT EVENTS OF THE THIRD QUARTER

Economic Environment

The economic environment has improved since the end of last year and this has had a positive impact on the Group's business.

In mature markets, consumer spending is generally trending upward although there are still a few areas of weakness. Examples include the United States where the recovery remains sluggish and consumer confidence is still low, and Japan, where the economic situation is worsening. In European markets, on the other hand, demand is generally strong. As regards Groupe SEB's markets, demand for small household equipment remains firm, thanks to several factors. The underlying trend in favour of home-cooked meals is being supported in many countries by the growing number of cookery shows on TV, while highly specialized manufacturers and some very active multi-specialist groups are creating a buzz around certain product families. Added to that, the wellness argument remains very compelling and the products' affordability makes them an item of choice for impulse buys and gift purchases.

After a very difficult 2009, most **emerging markets** are now staging a recovery, supported by their growing middle classes and by local consumers' improved buying power. In these countries, penetration rates may be low or uneven but are clearly rising and the deployment of modern retailing models is fostering new consumer trends. This year has seen recoveries in Russia, Ukraine, Turkey, South America, China and other countries, albeit at varying rates. However, the countries of Central Europe were slower to be hit by the crisis and are still depressed, creating difficult conditions for retailers.

The global economic crisis led to a profound change in retailer behaviour throughout the world. After a year spent massively drawing down inventory, they are very cautiously restocking and in some cases making even greater demands of their suppliers. As a result, retailer inventories are still fairly low, leading to periodic stock-outs.

Currencies

In line with a very atypical 2009, shaped by an extreme volatility on the currency markets, particularly for the dollar, 2010 has once again seen sharp and contrasting swings in exchange rates. Since January, while many currencies have been strengthening against the euro (mainly the Brazilian real, but also the Russian rouble, South Korean won, Polish zloty and Mexican peso), others such as the US dollar and Chinese renminbi have still been very unstable.

In comparison with third quarter 2009 when parities against the euro were exceptionally low, and on the basis of average exchange rates, the gap is very significant. For example, between the two periods, the US dollar, the Chinese renminbi, the Russian ruble, the Turkish lira or the Mexican peso gained from 10 to 15%. The strengthening was slightly higher for the South Korean won whereas the Brazilian real and the Japanese yen increased by around 20%. The Polish zloty

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and the British pound meanwhile gained about 5%. These appreciations had a positive impact on sales for the first nine months of 2010 with a growing impact quarter after quarter.

However, the sharp rise in the euro against several currencies in late September, and especially against the dollar, the yen or the ruble points to the situation being very different in the last three months of the year. In addition, China's decision to modify –still in a limited way–the renminbi's peg to the dollar, announced in June, represents a major development that may have a significant impact on purchase prices in China.

BUSINESS REVIEW

Revenue in €m	2009 (9 months)	2010 (9 months)	% change	
			Reported	Constant exchange rates
France	434	452	4.3%	4.3%
Other Western European countries	457	496	8.4%	7.9%
North America	234	276	17.5%	10.5%
South America	187	239	28.4%	8.5%
Asia-Pacific	418	543	29.9%	24.8%
Central Europe, Russia and other countries	374	417	11.5%	4.8%
TOTAL	2,104	2,423	15.2%	10.3%

based on exact figures

In a generally more favourable environment since the end of 2009, Groupe SEB generated revenue of €2,423 million for the first nine months of 2010, up 15.2% as reported and 10.3% at constant exchange rates. Third quarter revenue was up by a particularly strong 11.8% at constant exchange rates, albeit compared with a year-earlier period down 2.9%.

This robust performance was primarily attributable to considerably higher unit sales, continuing the trend observed in the first half and helped by slightly lower prices.

The nine-month currency effect was a significantly positive €102 million, with half of this amount generated in the third quarter alone.

All geographies contributed to revenue growth, led by the Asia-Pacific region. The region's contribution was up 24.8% over the first nine months and 21.9% in the third quarter, at constant exchange rates, reflecting an excellent performance by China-based Supor in its domestic market. Revenue from emerging markets rose 19% over the first nine months at constant exchange rates – compared with an increase of 5% in mature markets – and accounted for 46% of the consolidated total for the period.

Growth was also spread across all product families, except for personal care products which continued to lag the year-earlier period in a highly competitive, specialized market. The third quarter nonetheless saw an improvement, with sales only slightly down year-on-year. Home comfort products performed very well, led by fan sales in Brazil which rose sharply during the third-quarter due to unseasonably warm weather. Demand for home care products was extremely strong, thanks to the Group's broad offering and the success of the Silence and Air Force vacuum cleaner ranges. Electric cookware sales were buoyant throughout the nine-month period, with Actifry remaining a powerful growth driver. The rollout of this deep fryer to international markets is helping to offset the decline in the breadmaker market. Sales of cookware, linen care appliances and food and beverage preparation appliances were also significantly higher, lifted by a strong product dynamic with new steam generators, the Fresh Express grater/slicer, the BeerTender home draft-beer system and Nespresso and Dolce Gusto single-serve pod coffeemakers.

SALES BY REGION

In France, the market remained very lively, especially in the third quarter, in cookware, vacuum cleaners and food preparation appliances, with variations from one product category to another as some started to approach saturation levels.

In this still favourable environment, the Group's revenue rose by 3.4% in the third quarter. The increase was led by ongoing strong sales of cookware – especially frying pans – steam generators and the Fresh Express food preparation appliance. Seasonal products such as barbecues, *plancha* hotplate grills and draught beer systems also made a significant contribution to sales. Nespresso and Dolce Gusto single-serving pod coffeemakers continued to fuel growth, thanks in part to the introduction of new models. With a large number of campaigns launched during the third quarter, the Group continued to deploy its strategic, market-tailored investments in advertising and marketing to drive growth.

In other Western European countries, the Group benefited from favourable trends in consumer spending across nearly the entire region and a solid performance by the small household appliance segment, which remains generally very resilient. Nine-month revenue was up 8.4% as reported and 7.9% at constant exchange rates, with a sharp 12% rise in the third quarter alone.

Certain countries produced results in line with this substantially faster growth over the last three months. In Spain, for example, the Group outperformed the market and improved its positions in all product families. Sales were led by the continuing success of the Air Force upright vacuum cleaner, the Fresh Express food preparation appliance, steam generators, hair removal systems and the Dolce Gusto coffeemaker. In Italy, business picked up in the third quarter in the small electrical appliance segment, backed by powerful advertising campaigns and the growing success of flagship products. Austria also recorded a sharp increase in sales, led mainly by vacuum cleaners, while business rebounded in the Scandinavian countries.

Other countries maintained solid momentum in the third quarter. This was the case in Germany, for example, where sales growth was led by beverage and food preparation appliances and linen care and personal care products, resulting in market share gains. In the Netherlands as well, virtually all product families enjoyed sustained growth.

The third quarter also saw two sharp trend reversals. Following a very difficult first half, the Group enjoyed three months of very strong sales in the United Kingdom, which however did not make up for the underperformance in the early part of the year. Sales were led by the very popular Actifry deep fryer, as well as by steam generators and the Group's multi-product coffeemaker lineup. Demand for cookware also held firm. In Portugal, the solid rebound in third-quarter sales offset the first-half decline.

In Greece, the economic situation is still complex and requires a cautious approach. The Group nonetheless maintained its position in a market that contracted sharply.

In North America, the Group's nine-month revenue increased by a robust 17.5% as reported and 10.5% at constant exchange rates although performance varied from one country and one brand to another. In the third quarter alone, revenue was 15.8% higher.

In the United States, where the recovery remains sluggish and consumer confidence is low, revenue rose substantially in the third quarter, led by cookware. The Group benefited from its extensive coverage of all market segments – from Mirro in entry-level products to All-Clad in the upper premium segment, led by strong sales of the D5 line. In the mid-range segment, T-fal and WearEver, with their complementary positioning, increased their market share while Emeril saw a strong rise in sales thanks in particular to its oxide-coated ranges. In small electrical appliance, Krups continued to feel the ill effects of a hotly contested market for coffeemakers, while Rowenta had to contend with a sagging, highly competitive market for steam irons.

In Canada, the business environment remained difficult and price competition intense. After a first half shaped by considerably lower sales, business picked up in the third quarter led by the Actifry deep fryer and significant retail slot gains.

In Mexico, where economic indicators were much better oriented than in the rest of the region and sales rose strongly, the Group benefited from an important cookware “loyalty” promotion with a retailer and strong sales in its proprietary store network.

In South America, the favourable trend continued throughout the first nine months, except in Venezuela. In this environment, nine-month revenue climbed 28.4% as reported and 8.5% at constant exchange rates, including 5.4% growth at constant exchange rates in the third quarter.

In Brazil, the Group performed well in the third quarter in an expanding market. Revenue growth was led by a recovery in unit sales and by market share gains for Panex in the cookware market, in the face of aggressive local competition. These gains were achieved thanks to Panex’s strengthened product plan and a finely adjusted pricing strategy. They also reflected the benefits of action to reorganize the South American sales force taken at the start of the year. Electrical appliances also helped to drive growth. Arno’s innovative fan offering, which is closely aligned with consumer demand, ensured that the brand performed well during the unseasonably warm weather, and other products such as blenders and Dolce Gusto single-serve pod coffeemakers were also in strong demand. The Group continued deploying its proprietary store network with four new stores opened during the third quarter, generating additional revenue.

In the region’s other countries:

- Sales grew rapidly in Argentina, led by Tefal and Panex cookware, food and beverage preparation appliances (kettles and Dolce Gusto) and hair styling appliances.
- Sales were also higher in Chile where the Group’s strong product dynamic across all categories led to market share gains.
- In Colombia, nine-month sales rose significantly, even if, during the third-quarter, business was dampened by bad weather which had a direct impact on the fan market. However, excluding fans (which account for 50% of Samurai’s sales), sales of cookware and electrical appliances remained strong.
- In Venezuela, sales contracted sharply in a difficult political and economic environment.

In the Asia-Pacific region and China, nine-month revenue was up 29.9% as reported and 24.8% at constant exchange rates, including 21.9% growth at constant exchange rates in the third quarter. The picture was mixed, however, depending on the market. In China, sales continued to expand rapidly, with Supor benefiting from a vibrant domestic market and a strong product dynamic. Robust cookware sales were led by Thermo-Spot Tefal woks, as well as by frying pans, saucepans and steam cookers. Sales of small electrical appliances were also higher across all product families, including rice cookers, pressure cookers, kettles and induction hobs. Supor is building an increasingly strong presence with international retailers while also continuing to open Supor Lifestores throughout China.

In Japan, the depressed economy severely affected consumer spending and store traffic. As a result, kettle and cookware sales were still growing, despite a slight decline in the third quarter. In the more buoyant South Korean market, the Group went from strength to strength, reaping the benefits of the flourishing modern retailing sector, successfully launching new products and expanding its product line-ups. In the rest of Asia, the Group continued to deploy its offer according to a targeted but assertive strategy.

In Australia, although market conditions remained gloomy, the Group succeeded in stabilising its sales in the third quarter, in both cookware and electrical appliances. It also recovered slots with various retailers, creating a brighter outlook for the last three months of the year.

Central Europe, Russia and Other Countries (Turkey, Middle East, Africa, etc.) were affected to different extents by economic developments, due to their very mixed profiles. The region requires close management, particularly for the tracking of credit risks. Nine-month revenue in this region rose 11.5% as reported and 4.8% at constant exchange rates. Third-quarter growth at constant exchange rates came to 11.3%.

The Russian market recovered swiftly in the third quarter after languishing in the doldrums for the previous twelve months. Retailers nevertheless remained cautious and took their time over rebuilding inventories. With its significant market shares and strong brand equity, the Group was quick to benefit from the market upturn, enjoying a sharp improvement in sales during the quarter. Steam irons represented a major growth driver, led by the outstanding success of the

Ultimate Autoclean model, along with personal care products such as hair dryers and straighteners. In Ukraine also, Group sales started to trend upwards, reflecting market share gains.

Central Europe was slower to be hit by the crisis and was still experiencing severely depressed consumer spending in the third quarter. This led to several bankruptcies among local retailers that were less resilient than the major Western groups. As a result of this environment, Group sales were lower in nearly all countries of the region. The Polish market was particularly difficult and the Group had to take steps with certain local retailers in financial difficulty in order to place relations with them on a sounder footing. Sales in Hungary were also down, due to the non-renewal of a loyalty programme.

In Turkey, where local competition is rife and protected from imports, the vigorous recovery in demand helped to drive strong growth in third quarter sales, led by cookware, the Actifry deep fryer, irons and steam generators and by products specially developed for the local market. In the Middle East, the improved economic environment drove an upturn in sales, particularly in Saudi Arabia where the Group is working closely with its new agent to win back market share. Performance in this market was boosted by new retail slots, particularly for cookware.

FINANCIAL REPORT

Operating margin

Operating margin for the first nine months of 2010 came to €276 million, an increase of 42% compared with €194 million for the year-earlier period. Third quarter operating margin was €108 million versus €88 million, a 23% rise.

The improvement resulted mainly from sharply higher unit sales, which led to additional margin and had a positive impact on manufacturing operations and therefore on cost absorption. In addition, purchasing prices again had little negative impact. The Group continued to manage overheads very closely, while increasing advertising and marketing budgets to support future growth.

The currency effect, which was a positive €25 million in the first half, stabilized as forecast in the third quarter.

Debt

Net debt at 30 September 2010 stood at €207 million, roughly the same amount as at 30 June 2010. This stability is generally in line with the seasonal nature of the Group's business.

The Group's financial position is still healthy and robust.