April 27, 2017

First-quarter 2017 Sales and Financial Data

A brisk first quarter

- **Sales: €1,527m, +37% as reported and +11.5% LFL***
- **Operating Result from Activity: €131m, +40% and +34% LFL***
- **Net financial debt: €1,902m, down €117m on December 31, 2016**

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

GENERAL COMMENTS ON GROUP PERFORMANCE

In a global environment that continues to be marked by strong geopolitical tensions and economic uncertainties, Groupe SEB posted a brisk first quarter.

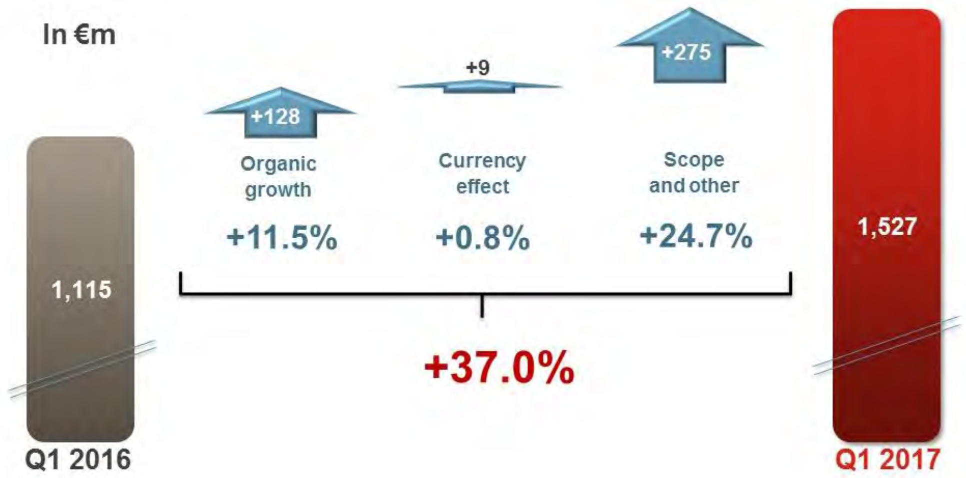
Sales came out at **€1,527 million**, **up 37%**, including **organic growth of €128 million, or 11.5%, a positive currency effect of €9 million and a scope and reclassification effect of €275 million.** This last item includes the sales over a three-month period of EMSA (integrated from July 1, 2016) and WMF, consolidated as of January 1, 2017, for the respective amounts of €24 million and €274 million. It also comprises a reclassification of €23 million of Supor's marketing spend to sales deductions, with no impact on the Operating Result from Activity.

Sales growth of 11.5% on a like-for-like basis was driven **by a vast majority of the large countries** – particularly China, the US, Turkey, Russia or Germany – and **by all product lines**. The vitality of our business activity is even more remarkable when put into perspective with the last three years of sustained or strong growth in the first quarter, with organic growth of 6.2% in 2014, 9.4% in 2015 and 5.1% in 2016.

Operating Result from Activity (ORfA) in the first quarter totaled €131 million, compared with €93 million at end-March 2016. The 40% rise is attributable primarily to sharp organic sales growth while the contribution of EMSA and WMF, amounting to €20 million, was reduced to €10 million due to first consolidation entries for WMF. Currency effects were marginal for the period.

Net financial debt stood at €1,902 million at March 31, 2017, down €117 million on end-2016.

SALES BRIDGE BETWEEN Q1 2016 AND 2017



REVENUE BY REGION

Revenue (€m)	First-quarter 2016	First-quarter 2017	Change 2017/2016 As reported	Change 2017/2016 Like-for-like*
EMEA	**508**	**551**	**+8.5%**	**+4.8%**
Western Europe	359	390	+8.5%	+3.5%
Other countries	149	161	+8.6%	+7.9%
AMERICAS	**165**	**201**	**+22.0%**	**+12.1%**
North America	100	123	+23.6%	+20.5%
South America	65	78	+19.5%	-0.9%
ASIA	**442**	**501**	**+13.5%**	**+18.9%**
China	336	393	+17.2%	+26.1%**
Other countries	106	108	+1.7%	-3.6%
TOTAL, EXCL. WMF	**1,115**	**1,253**	**+12.5%**	**+11.5%**
WMF		**274**		
GROUPE SEB	**1,115**	**1,527**	**+37.0%**	**+11.5%**

**Like-for-like: at constant exchange rates and scope of consolidation* — *Rounded figures in € million* — *Percentages based on non-rounded figures*

*** Reclassification of €23m of Supor's marketing spend to sales deductions neutralized in the LFL growth calculation*

SALES BY REGION

EMEA

WESTERN EUROPE

In a European market that remained buoyant overall, Group organic sales growth stood at 3.5% in the first quarter, following on from the positive trend in 2015 and 2016 despite the unfavorable effect of the non-repeat in early 2017 of major loyalty programs in 2016 (in France, Germany, Spain and Italy predominantly). However, performance differed from one country to the next.

In France, after 14 consecutive quarters of growth, Group sales in the first quarter were practically stable and grew excluding loyalty programs. Declining in cookware, turnover was on the contrary sharply up in small electrical appliances, fuelled by numerous growth drivers. These included vacuum cleaners, once again, notably with the promising launch of the Air Force 360 model, as well as the Cookeo multicooker, together with a nice recovery in linen care – in irons, steam generators and garment steamers alike – and a loyalty program in personal care.

In Germany, a market with strong momentum, the double-digit growth in sales was based largely on the continued development of vacuum cleaners and full-automatic espresso machines. We enjoyed a strong start to the year in the Netherlands thanks to cookware. Sales grew robustly in Spain driven in particular by excellent performances in vacuum cleaners and coffee makers. Business momentum was also brisk in Portugal. In the UK, despite the implementation of price increases, the Group returned to growth in the first quarter, fuelled by the boom in online sales, by a promotional campaign in cookware and a marked recovery in single-serve coffee making and ironing. Revenue in Italy decreased due to the non-repeat of special campaigns rolled out in early 2016 but core business was up thanks notably to the continued headway in vacuum cleaners. Looking beyond these organic growth factors, the first-quarter consolidation of EMSA is having a positive impact on sales in Europe, particularly in Germany.

OTHER EMEA COUNTRIES

In the other EMEA countries, the positive momentum of 2016 continued, boosted in numerous markets by increased investments in growth drivers, especially at points of sale, and by the ramp-up of e-commerce. The overall buoyant environment materialized in strongly growing markets in Central Europe and Russia. As such, organic growth reached nearly 8% reflecting solid and high-quality business activity in the Group's major markets, serving to reinforce our positions.

In Central Europe, demand remained high and we continued to develop at a swift pace, particularly in the Czech Republic, Romania and Bulgaria, achieving substantial gains in market share. Activity dropped in Poland due to heavy inventories in the trade. In Russia, organic revenue growth in the first quarter remained on the 2016 dynamic and was nurtured by strong advances in grills and barbecues, linen care and personal care, and by the promising relaunch of the floor care business (vacuum cleaners). In Turkey, the Group posted highly positive performances, particularly in vacuum cleaners and cookware, increasingly harnessing local and Egyptian production - stemming from its facility in Egypt - to strengthen its positions in the market. Business activity was vigorous in Egypt but more complicated in the Middle East and India, where for various reasons consumption is under pressure.

AMERICAS

NORTH AMERICA

After a somewhat lackluster 2016, Group sales increased 20% in first-quarter 2017, galvanized in particular by a strong pick-up in activity in the United States. This rebound resulted primarily from the setting-up of a range of Krups-branded kitchen electrics (coffee makers, toasters, sandwich makers) in mass retail and e-commerce. It was also generated by double-digit growth for All-Clad and Imusa, while Rowenta sales in linen care increased slightly. However, T-fal sales of core-range cookware decreased amid a heightened competitive and promotional environment. The sharp first-quarter increase in Group sales in the United States should be put into perspective with the modest performance in 2016 and seen in the light of the still tense retail environment, notably with the inventory caps and major financial difficulties of certain retailers.

In Canada, after two difficult years in a sluggish environment, the Group returned to growth, buoyed by a strong recovery for Actifry, Optigrill and cookware and by extended linen care distribution. In Mexico, sales increased by nearly 10% in pesos, fuelled in particular by strong performances in cookware and blenders, the success of which led to stock-outs.

SOUTH AMERICA

Boosted by the appreciation of the Brazilian real and Colombian peso against the euro (versus first-quarter 2016), reported sales for the Group in South America grew by nearly 20%. But the reality in the field is reflected in the practical stability of sales on a like-for-like basis.

In Brazil, Group sales in real dipped slightly, with highly contrasted performances between product categories: double-digit growth was recorded for fans, which benefited from good weather conditions; semi-automatic washing machines continued to enjoy strong momentum, while Dolce Gusto sales recovered sharply. However, business was slow in the first quarter in food preparation and in ironing. The industrial reorganization continued to move ahead, and small electrical appliance production is developing gradually at the new site in Itatiaia in Rio de Janeiro State. The transfer of cookware manufacturing from São Bernardo to Itatiaia will begin this summer.

In Colombia, Group sales fell in the first quarter at constant exchange rates, impacted, as in late 2016, by highly unfavorable weather for fans. In contrast, cookware and blender sales, notably, rose strongly, despite the negative impact of the VAT hike introduced in February. In Argentina, as in 2016, business activity was very dynamic – in a political environment that remained unstable.

ASIA

CHINA

As in 2016, Group business in China was excellent in first-quarter 2017. Supor once again largely outperformed the market with a sales increase of over 26%. In cookware, the major growth drivers were frying pans and saucepans, together with cookware sets and kitchen tools, with vacuum flasks and thermo mugs continuing to enjoy strong momentum. Strong impetus in small electrical appliances was mainly fuelled by the continued success of rice cookers, underpinned by the permanent development of new models, as well as the ongoing headway in kettles and new and significant advances in high-speed blenders and slow cookers. Business was also brisk in non-kitchen electric appliances, particularly air purifiers and garment steamers. Paralleling the market, the Group's buoyant business in China continues to be driven largely by the continued boom in e- and m-commerce. Supor substantially increased its online market share by innovating, upgrading its product offering and rolling out numerous, highly visible digital campaigns.

It should be noted that, to better reflect the nature of certain expenditure and ensure complete accounting consistency amid Group entities, a change in the accounting presentation has been implemented. It consists in a reclassification of €23m of Supor's marketing spend to sales deductions, with no impact on the Operating Result from Activity.

OTHER ASIAN COUNTRIES

The region's 3.6% like-for-like decrease in sales in the first quarter reflects contrasted situations from one country to the next: business activity continued to grow in large mature markets, though failing to offset the often considerable downturns in smaller countries.

In Japan, first-quarter revenue rose 5% in yen, buoyed in particular by the Group's confirmed success in kettles, by the accelerated development of garment steamers and by the promising market launch of the Cook4me multicooker (the Japanese equivalent of Cookeo). The main contributors to this sales growth were the Group's 25 proprietary stores and e-commerce. In South Korea, organic sales growth was higher than that in Japan, driven by cookware, food preparation (particularly mini-blenders) and personal care. In addition, the Group continued to enjoy strong momentum in Australia.

However, after a positive end to 2016 in Thailand and Vietnam, first-quarter sales fell sharply in local currency, but with a more favorable outlook for the second quarter. The Group also posted a decline in turnover in Hong-Kong and Singapore resulting from the non-repeat of large loyalty programs.

WMF sales increased 7% in first-quarter 2017.

In the professional segment, sales growth was particularly vigorous (up 26%), fuelled by automatic coffee machines, the momentum of which is based on new contracts signed in 2016, notably with customers in Canada and Japan, as well as on core business activity, which continued to develop at a brisk pace, in Germany, Central Europe and Asia-Pacific alike. In hotel equipment, first-quarter sales were down.

The "Consumer" activity (small domestic equipment) continued to be impacted by the effects of the supply chain reorganization implemented in 2016, reflected in an 8% decrease in sales. Affecting cookware in Germany, this issue is presently under control, and its effects should progressively clear up. In contrast, business activity grew strongly in Asia-Pacific, driven by a cookware loyalty program in Taiwan. In small electrical appliances, sales rose sharply.

OPERATING RESULT FROM ACTIVITY

At end-March 2017, Operating Result from Activity (ORfA) totaled €131 million, compared with €93 million in first-quarter 2016. The 40% rise is attributable primarily to sharp organic sales growth while the contribution of EMSA and WMF, amounting to €20m, was reduced to €10m due to first consolidation entries for WMF. Currency effects were marginal for the period.

DEBT AT MARCH 31, 2017

At March 31, 2017, net financial debt stood at €1,902 million, down €117 million on end-December 2016. The improvement mainly stems from the good working capital trend.

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 quality of the performances recorded at end-March bodes well for the future.

Consequently, at the end of the first quarter, Groupe SEB confirms its dual objective of further growth in sales and in Operating Result from Activity in 2017, in its 2016 scope as well as in its present configuration. The Group also confirms that the consolidation of WMF should be accretive by over 20% – before the impact of the purchase price allocation* – on earnings per share as of 2017.

* In particular the revaluation of inventories – which will exceptionally reduce by €14m the results reported in 2017 – and the possible amortization of intangible assets.

GLOSSARY

A On a like-for-like basis (LFL) – Organic

The amounts and growth rates at constant exchange rates and consolidation scope in a given year compared with the previous year are calculated:

- using the average exchange rates of the previous year for the period in consideration (year, half-year, quarter);
- on the basis of the scope of consolidation of the previous year.

This calculation is made primarily for sales and Operating Result from Activity.

Operating Result from Activity (ORfA)

Operating Result from Activity (ORfA) is Groupe SEB's main performance indicator. It corresponds to sales minus operating costs, i.e. the cost of sales, innovation expenditure (R&D, strategic marketing and design), advertising, operational marketing as well as commercial and administrative costs. ORfA does not include discretionary and non-discretionary profit-sharing or other non-recurring operating income and expense.

Adjusted EBITDA

Adjusted EBITDA is equal to Operating Result from Activity minus discretionary and non-discretionary profit-sharing, to which are added operating depreciation and amortization.

Net debt (or Net indebtedness)

This term refers to all recurring and non-recurring financial debt minus cash and cash equivalents as well as derivative instruments linked to Group financing having a maturity of under one year and easily disposed of. Net debt may also include short-term investments with no risk of a substantial change in value but with maturities of over three months.

Operating cash flow

Operating cash flow corresponds to the "net cash from operating activities / net cash used by operating activities" item in the consolidated cash flow table, restated from non-recurring transactions with an impact on the Group's net debt (for example, cash outflows related to restructuring) and after taking account of recurring investments (CAPEX).

This press release may contain certain forward-looking statements regarding Groupe SEB's activity, results and financial situation. These forecasts are based on assumptions which seem reasonable at this stage but which depend on external factors including trends in commodity prices, exchange rates, the economic environment, demand in the Group's large markets and the impact of new product launches by competitors.
As a result of these uncertainties, SEB cannot be held liable for potential variance on its current forecasts, which result from unexpected events or unforeseeable developments.
The factors which could considerably influence Groupe SEB's economic and financial result are presented in the Annual Financial Report and Registration Document filed with the Autorité des Marchés Financiers, the French financial markets authority. The balance sheet and income statement included in this press release are excerpted from financial statements consolidated as of December 31, 2016, examined by SEB SA's Statutory Auditors and approved by the Group's Board of Directors, on February 17, 2017.

Listen to the recorded audiocast of the presentation on our website at 9:00 PM CET:
www.groupeseb.com or click here

Next key dates

May 11
Annual General Meeting
May 30
Shareholders meeting in Nancy

July 26
2017 First-Half Results
October 23
Nine-month 2017 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, WMF and Supor, marketed through multi-format retailing. Selling some 250 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. Groupe SEB has nearly 32,900 employees worldwide.

SEB SA
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