GROUPE SEB

2016

HALF-YEAR FINANCIAL REPORT as at 30 JUNE

PROFILE

With a presence in almost 150 countries, Groupe SEB has earned strong positions on all continents through a wide, diversified product range and an exceptional brand portfolio. **Today, it is the world reference in Small Domestic Equipment.**

Its success is rooted in **its ability to innovate and invent for daily life in tomorrow's world**, with the ambition of bringing better-living to all households around the world.

An extensive product portfolio

- Cookware: frying pans, saucepans, pressure cookers, baking trays, kitchen utensils and gadgets
- Small Domestic Appliances
  - Electrical cooking: deep fryers, rice cookers, electric pressure cookers, informal meal appliances, waffle makers, meat grills, toasters, multicookers
  - Preparation: food processors, mixers, beaters, blenders, cooking kitchen machines, coffee makers (filter and pod), espresso machines, electric kettles, home beer-tapping machines, soya milk makers.
  - Linen care: steam irons and generators, garment steamers
  - Personal care: hair care equipment, epilators, bathroom scales
  - Homecare: cylinder vacuum cleaners with or without dust bag, upright vacuum cleaners, fans, heaters, air-conditioning units

A global reach

- Sales approaching **€4.8** billion
- Balance between mature (**54**%) and emerging (**46**%) countries
- **26,000** employees across all continents
- A presence in over **150** countries
- Top ranking positions in over **25** countries
- Nearly **30** production sites worldwide

A strong innovation policy

- **€150** million invested in innovation every year
- Over **100** patents filed every year
- An innovation community numbering more than **1,300** people

Unrivalled brand equity

GLOBAL BRANDS

All-Clad, KRUPS, Lagostina, Moulinex, Rowenta, Tefal

LOCAL LEADERSHIP BRANDS

AirBake, ARNO, ASIA vina, Calor, clock, IMUSA, MIRRO, OBH NORDICA, PANEX, Rochedo, samurai, SEB, SUPOR, T-fal, UMCO

Responsible commitment

Groupe SEB is committed to sustainable development and shares with its employees a culture based on strong values: Entrepreneurial drive; Passion for innovation; Group spirit; Professionalism; Respect for people

At 30 June 2016

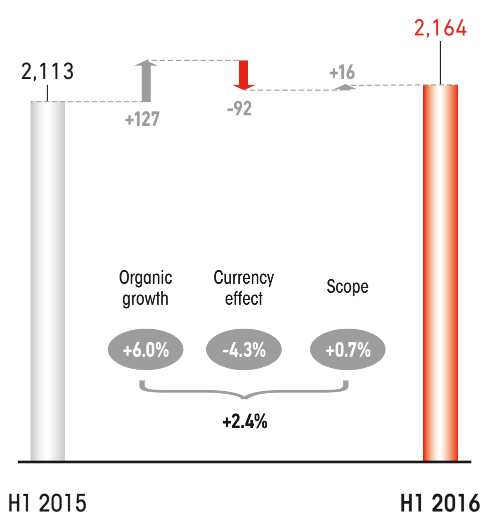
GROUPE SEB CONSOLIDATED RESULTS

(in € millions)	**1st half 2016**	1st half 2015	Change current exchange rates	Like-for-like changes *
Sales	2,164	2,113	+2.4%	+6.0%
Operating result from activity	172	146	+17.7%	+60.0%
Operating profit (loss)	134	122	+9.1%	
Profit attributable to owners of the parent	62	54	+14.9%	
Net debt	629	453	+€176 m	

* *At constant scope and exchange rates.*

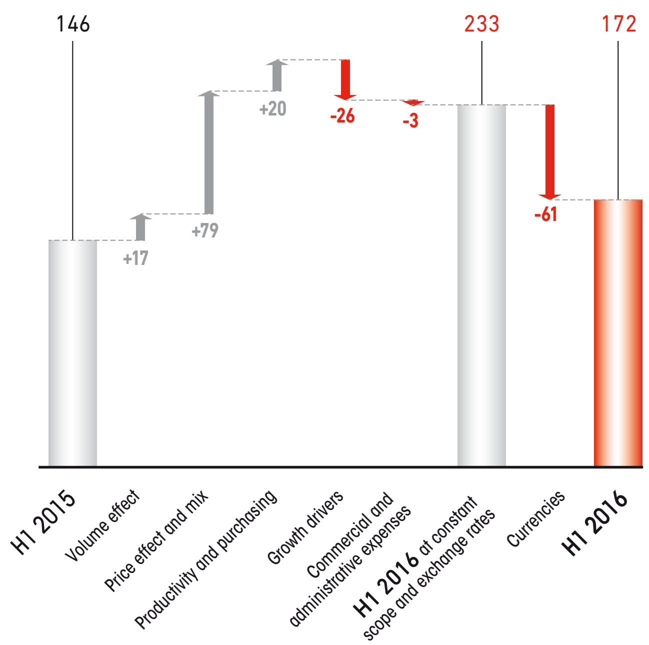
BREAKDOWN OF CHANGE IN HALF-YEAR SALES

(in € millions)



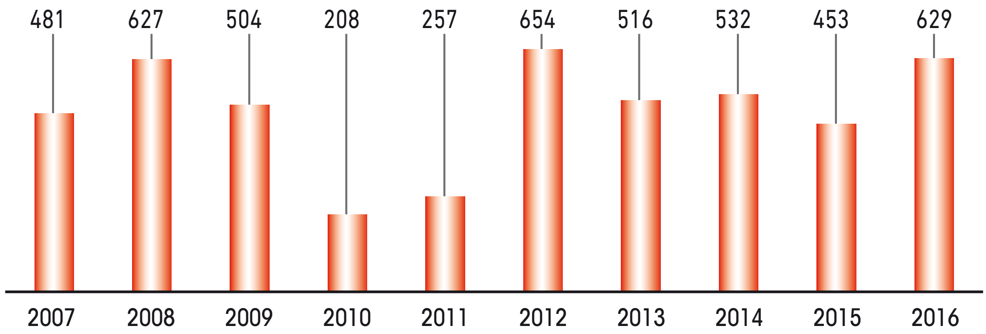
BREAKDOWN OF CHANGE IN OPERATING RESULT FROM ACTIVITY

(in € millions)

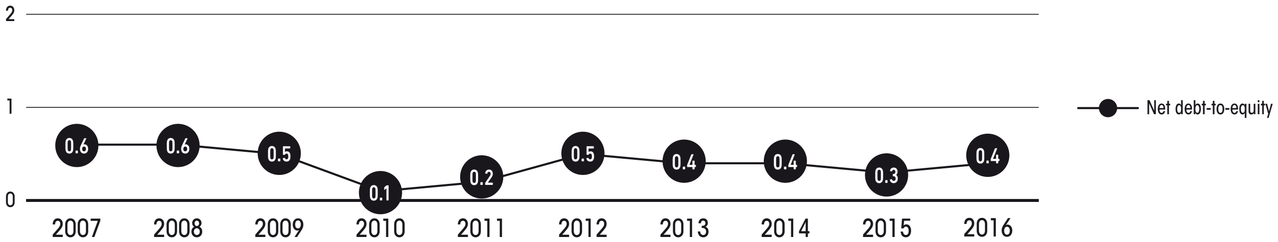


NET DEBT AT 30 JUNE

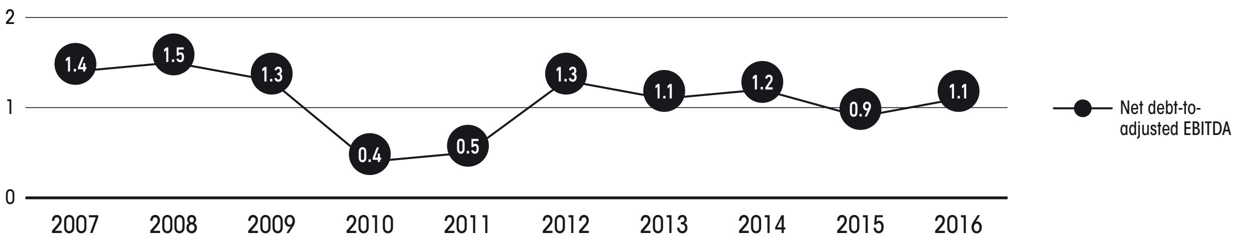
(in € millions)



(Ratio at 30/06)

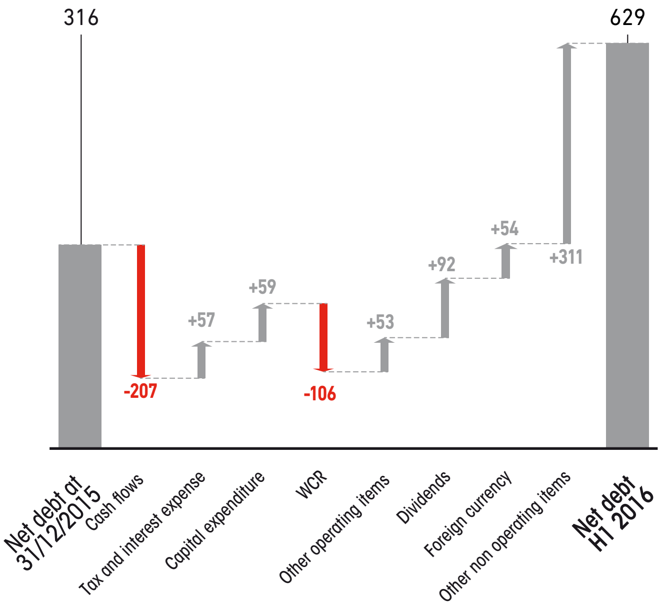


(Ratio at 30/06)



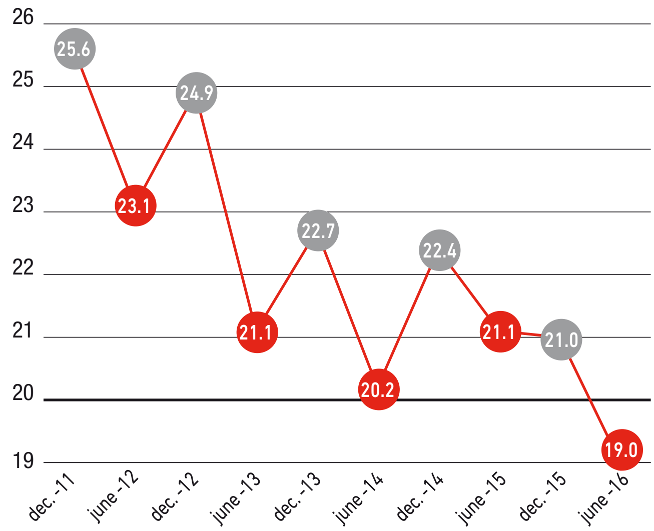
CHANGE IN DEBT OVER 6 MONTHS

(in € millions)

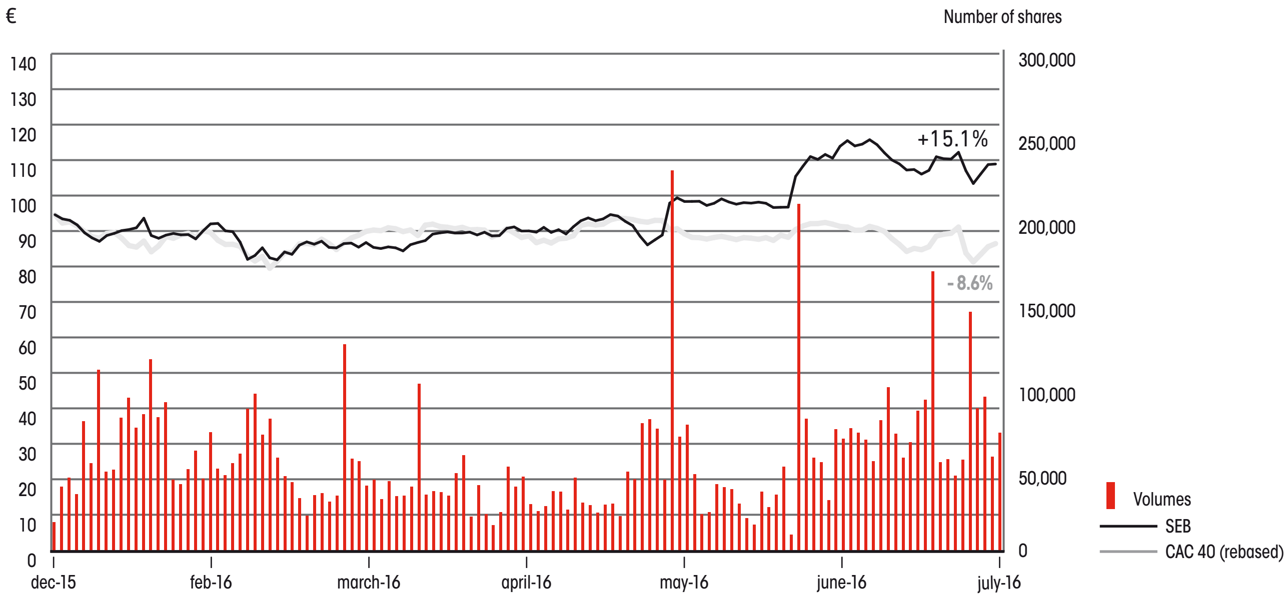


CHANGE IN WORKING CAPITAL REQUIREMENT BY HALF-YEAR

(as % of sales)



SHARE PRICE



2. MANAGEMENT REPORT

Highlights

BACKGROUND

The business environment in the first half of the year remained mixed:

- the outlook for eurozone economies remained good due to strong consumer spending and an uptick in business investment. The economic growth trend remained in line with 2015 levels, still driven by Germany and Spain and to a lesser extent France;
- in the United States, despite a generally buoyant consumption, distribution experienced contrasting trends;
- emerging market trends continued to be mixed. In Russia, following a deep recession in 2015, the economy stabilised in the first half, although it stopped short of a recovery. Brazil remained mired in recession against a backdrop of political instability, which dampened consumer and business confidence. In China, economic growth remained steady, although the gradual slowdown witnessed in recent years continued.

Against this backdrop, the market for small household appliances remained generally buoyant during the first six months of the year, despite regional differences. Competition has remained stiff, with a large number of promotional offers. Retailers have maintained tight stock management policies, which has a knock-on effect on sales and the working capital requirement of their suppliers.

Currencies

In the first half of 2016, the Group was once again faced with significant currency fluctuations, with varying impacts on its performance. Based on average exchange rates, the Group's major functional currencies have mostly depreciated against the euro, both in mature markets – pound sterling (-8.3%), Korean won (-7.7%), Australian dollar (-6.1%), Canadian dollar (-6.5%) – and in emerging countries – Turkish lira (-9.8%), Colombian peso (-20.3%), Mexican peso (-12.9%), Argentine peso (-38.5%), etc. The Russian ruble and the Brazilian real also continued to weaken significantly (-21.5% and -19.7% respectively), continuing the trend of previous years. The fall in these currencies has therefore negatively impacted Group sales and earnings. Conversely, the Japanese yen is one of the few currencies to have appreciated against the euro (+10.2%). After fluctuating significantly in 2015, the US dollar remained flat in the first half, while the Chinese yuan weakened (-4.8%). The Group's purchasing structure means that its costs outstrip revenues in these currencies. Therefore, any downward movement in either currency – unlike other currencies – has a positive impact on the Group's profitability. However, this was not the case in the first half of 2016 due to hedges set up in previous years, which offset the negative impact of the rise in these currencies in 2015. Overall, foreign exchange fluctuations had a negative impact on the Group's turnover in the first six months (-€92 million) and on operating result from activity for the first half (-€61 million).

Cost of raw materials and transport

Metal prices declined across the Board in the first half of 2016, compared with the first half of 2015, bottoming out in the first quarter before rallying at the end of the period. Aluminium was down by 14% from 2015 with an average price of $1,550/t. Nickel (a component of certain stainless steels) had an average price of $8,700/t (down 37% compared with 2015). Copper prices also fell, with an average price of $4,700/t (down 21% compared with 2015). To smooth the effects of the sometimes sudden fluctuations in metal prices, the Group makes use of partial hedging arrangements for its requirements (for aluminium and nickel). This provides protection from sharp price increases, but limits its flexibility if prices fall.

The price of a barrel of oil fell significantly in the first half to an average price of $41 (down 31% compared with the first half of 2015), reaching a low in the first quarter before recovering in the second quarter. At the same time, there was a downturn in the price of plastic materials, with a fall in international polypropylene prices in particular.

Road haulage costs remained stable, helped by low fuel costs over the period.

With regard to maritime freight costs (Asia-Pacific/Europe/America), the price negotiations that concluded at the end of 2015 resulted in a sharp drop in prices throughout 2016.

APPOINTMENTS TO THE BOARD OF DIRECTORS

On 19 May 2016, the General Shareholders' Meeting of SEB S.A approved the appointment of Mr Jérôme Lescure as a member of the Board of Directors for a period of four years, to replace Mr Jérôme Wittlin, whose term of office had expired. Mr Thierry de La Tour d'Artaise, VENELLE INVESTISSEMENT (represented by Ms Damarys Braida) and the Fonds Stratégique de Participation (represented by Ms Catherine Pourre) were reappointed to the Board for four years, their term of office having expired at the General Meeting.

WMF ACQUISITION

On 23 May 2016, Groupe SEB announced that it had signed an agreement with KKR for the acquisition of the German group WMF, the global leader in professional coffee machines and the German leader in cookware. In 2015, WMF generated revenue of €1.1 billion and adjusted EBITDA of €118 million.

This structuring acquisition will allow the Group to:

- acquire a solid worldwide leadership in the very attractive professional coffee machines market, which is characterised by strong growth, high profitability and large recurring sales, due to a significant proportion of service activities;
- strengthen considerably its position in cookware, becoming the number 1 in Germany, notably via its high-end stainless steel product offering;
- accelerate its development in the key market of kitchen ustensils and accessories, continuing on from the acquisition of EMSA, to reach sales of more than €350 million;
- consolidate its brand portfolio with strong new brands - the iconic WMF as well as Schaerer, Silit, Kaiser and HEPP;
- access a network of 200 own-retail shops in Germany, a great tool to promote its image and generate revenues.

The acquisition remains subject to regulatory approval from European competition authorities.

EMSA ACQUISITION

At the end of June, Groupe SEB finalised the acquisition of EMSA announced on 18 May 2016. Following several years of solid growth, EMSA generated turnover of €92 million in 2015.

German-based EMSA, founded in 1949, designs, manufactures and sells kitchen tools and accessories. The company's core business is focused on three categories: thermo jugs and carafes; kitchen ustensils; and food storage containers. EMSA's product offering relies on innovation and quality, combining functionality and design. Production is carried out at three industrial sites in Germany, China and Vietnam.

INCREASED STAKE IN SUPOR

Under the agreement signed on 22 December 2015, Groupe SEB purchased 50 million shares – or 7.9% of the share capital of Supor – from Supor Group, the holding company of the Su family. The price per share was CNY 29. This transaction follows the purchase of 10 million shares in the first half of 2015. Groupe SEB now holds 81.17% of its Chinese subsidiary and the founding family 0.80%, the remainder (i.e. 18.03%) representing the free float. The cost of the transaction amounted to CNY 1,450 million, or €196 million. This new increase in its ownership of Supor does not change the effective control of Groupe SEB over its subsidiary but confirms the Group's confidence in Supor's ability to further expand on the Chinese domestic market and strengthen its strategic role in the Group's industrial footprint. Groupe SEB does not plan on taking full control of Supor, which will remain listed on the Shenzhen Stock Exchange.

Activity

Sales *(in € millions)*	**1st half 2016**	1st half 2015	% change * Current exchange rates	% change * Constant scope and exchange rates
EMEA	**1,016**	**966**	**+5.1%**	**+5.6%**
Western Europe	731	684	+6.8%	+4.7%
Other countries	285	282	+0.9%	+7.9%
Americas	**352**	**420**	**-16.2%**	**-5.4%**
North America	214	246	-12.8%	-9.5%
South America	138	174	-21.0%	+0.4%
Asia	**796**	**727**	**+9.6%**	**+13.1%**
China	585	522	+12.3%	+17.2%
Other countries	211	205	+2.8%	+2.7%
TOTAL	**2,164**	**2,113**	**+2.4%**	**+6.0%**

* *Calculation based on unrounded figures.*

Sales *(in € millions)*	**2nd quarter 2016**	2nd quarter 2015	% change * Reported	% change * Constant scope and exchange rates
EMEA	**508**	**483**	**+5.0%**	**+6.0%**
Western Europe	372	348	+6.7%	+5.0%
Other countries	136	135	+0.6%	+8.5%
Americas	**187**	**221**	**-15.1%**	**-5.3%**
North America	114	129	-11.4%	-6.9%
South America	73	92	-20.4%	-3.0%
Asia	**354**	**320**	**+10.8%**	**+16.8%**
China	250	218	+14.7%	+23.5%
Other countries	104	102	+2.3%	+2.4%
TOTAL	**1,049**	**1,024**	**+2.5%**	**+6.9%**

* *Calculation based on unrounded figures.*

Groupe SEB posted sales of €2,164 million in the first half of 2016, an increase of 2.4%, including a negative currency effect of €92 million. At constant scope and exchange rates, sales were up 6.0%.

PRODUCT PERFORMANCE

Cookware

The Group saw a slight growth in its **cookware business** in the first half. In China, the Group continued to develop strongly in all of its product lines (pressure cookers, frying pans and saucepans, woks, ustensils, etc.). Following strong growth in the first half of 2015 as a result of loyalty programme, activity in France remained robust. Various markets contributed significantly to the growth in business (Japan, South Korea, Germany, UK, Spain, Turkey, Poland, etc.). Conversely, the Americas reported a fall in cookware sales. In the US, despite the dynamism of All-Clad in the high-end segment, T-fal was affected by destocking by several retailers, and increased competition from entry-level products. In Brazil, the complicated environment weighed on activity, while the decline in Mexico was due to a non-recurring loyalty programme that boosted sales in the previous year.

Sales of **pressure cookers** were down slightly, mainly because of a slowdown in activity in North America and Brazil, despite the solid performance in China, Japan and Colombia. Lastly, the Group continued to develop its **kitchenware** business, largely driven by strong growth in its business in China.

Kitchen Electrics

The Group recorded solid growth in sales of **Kitchen Electrics** in the first half of the year. **Electrical cooking** continued to grow due to excellent performance in electric pressure cookers in China and France, where the Cookeo multicooker is proving extremely popular, particularly with its connected version, Cookeo Connect. The Group strengthened its position in rice cookers in China, bolstered by its highly innovative approach. By contrast, sales of deep fryers have struggled.

Sales rose slightly in the **food preparation segment**. The cooking-capable food processors segment, in which the Group is firmly established, continued to grow. The Cuisine Companion cooking-capable food processor continued to do well in France, Spain, Italy and Germany, boosted by the launch of an accessories range at the end of 2015. Soup&Co, the cooking blender, also contributed to the Group's growth. Sales of blenders rallied, especially in South America, chiefly due to the launch of the Infiny Force range in Colombia. By contrast, business remained lacklustre for meat mincers, as well as for shredders.

Sales in **beverage preparation** have risen sharply. The business has been buoyed by strong growth in kettles in Asia (China, Japan and South Korea). Results were more mixed for coffee partnerships, with Dolce Gusto slackening after several years of strong growth, while Nespresso has continued to grow steadily. Fully automatic coffee machines continued to grow in Germany, Russia and France, while sales of draught beer machines (Beertender, The SUB) received a fillip from major sporting events such as the Euro football championship, which was held in France.

Linen and home care

In a relatively muted global ironing market, Group **linen care** sales improved slightly in the first half. Sales of steam irons remained stable. Conversely, steam generators recorded a decline in sales, particularly in the French, British and German markets. Garment steamers continued to grow following their launch in new markets outside North America. The Group made significant headway in China and Japan, but also saw sales increase in various other countries.

Home care continued its double-digit sales growth, still driven by the introduction in September 2014 of energy certification for vacuum cleaners under the European Ecodesign Directive. With a range that is fully compliant with the new regulations and among the best positioned with respect to the various performance criteria highlighted by the labelling, the Group has continued to strengthen its positions in this important market. Business rose significantly for bagless vacuum cleaners, driven by the continued success of the ultra-silent Silence Force Multicyclonic model, and bagged vacuum cleaners with the Silence Force Extreme 4A range. Air Force cordless vacuum cleaners continued to grow in France and South Korea in particular. **Home comfort** sales recorded double-digit growth, buoyed by the solid performance of fans in Europe and Colombia. It is also boosted by continued growth in air purification, following the launch of this business in numerous markets as well as its development in Asia.

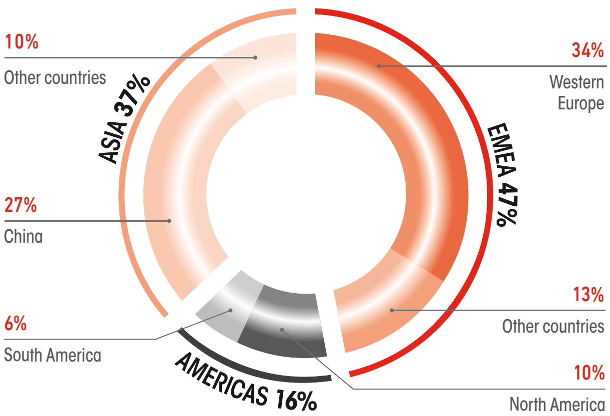
Personal care

Sales of **personal care** products were up slightly. Sales of the Steampod hair straightener, a product combining Rowenta technology and L'Oreal cosmetics, rose sharply again, acting as the main growth driver during the period. Conversely, hair removal and hair care appliances have seen sales tumble, despite the positive reception of the new hair dryer, straightener and curler models sold in Russia in particular.

GEOGRAPHICAL PERFORMANCE

Groupe SEB is active in almost 150 countries. Geographically, its sales in the first half of 2016 break down as follows:

BREAKDOWN OF SALES BY GEOGRAPHICAL AREA



Western Europe

After months of sustained growth, the European Small Domestic Equipment market slowed down somewhat in the first half of the year. It was also marked by major contrasts across countries and product categories. In this context, Groupe SEB reported organic sales growth of 4.7% in the first half-year, outperforming the market and confirming in the second quarter the robust dynamic of the first few months of the year. As a reminder, the performance in the first half of 2015 was strong and nurtured by numerous loyalty programs.

As in the first quarter, France made a major contribution to growth, with a 6.3% sales increase between April and June, ending the half-year with sales up 5.7%. The Group's highly satisfactory performance can be attributed to the strong small electrical appliance market combined with an attractive product line-up and the commitment of our sales teams in the field. The momentum was fueled by electrical appliances (Cookeo, vacuum cleaners, Nespresso machines, draught beer systems, the Cuisine Companion cooking food processor…) as well as by cookware.

Activity was contrasted in other Western European countries. In a brisk German market, the Group confirmed the powerful dynamic of recent quarters, driven both by cookware and small electrical appliances, and in particular by vacuum cleaners, full-automatic espresso machines and Optigrill. In Spain, the strong business momentum was generated by most of the product families, including a cookware loyalty program. The downturn in sales in Italy mainly stemmed from the non-repeat of an important promotional campaign in 2015. In the UK, turnover was down slightly in the first six months. In a market that has contracted sharply in the last few months, Group revenue recovered in the second quarter after a difficult start to the year, mainly on the strength of solid progress in cookware.

Other countries

In the other EMEA countries, our half-year performances were highly satisfactory overall. Following a solid first quarter, growth accelerated between April and June, driven by the major markets. We posted double-digit sales growth on a like-for-like basis in Central Europe and the Balkans, pursuing our development in Poland and achieving rapid expansion in Romania, Slovakia and Croatia in particular. In Russia, where the market is in a phase of stabilization, the Group reported organic growth of over 30% in the second quarter, offsetting a start of the year that was impacted by the non-repeat of two loyalty programs rolled out in 2015. This substantial improvement was fueled by most of the product families, price increases, enhanced in-store presence and a boost in growth drivers. The Group also posted a major business recovery in Ukraine in the second quarter, leading to a like-for-like rise in sales at 30 June. The market in Turkey has, up till now, continued to trend positively despite recent events, and the Group pursued its growth, underpinned by higher volumes (in cookware and vacuum cleaners in particular), significant price effects and the contribution of 16 new Group-owned stores integrated over the course of 2015. However, while business remained very dynamic in India in the second quarter, it slowed considerably in the Middle East and Egypt, which nevertheless recorded positive organic growth in the first half-year.

North America

After a difficult start to the year, activity picked up somewhat in the second quarter, but sales at end-June remained down 9.5% like-for-like, given high comparatives in first-half 2015. Situations varied substantially across countries. In the United States, second-quarter sales were practically stable in dollars, making for a sharp turnaround compared to the situation at 31 March. While stock clearances were more or less completed, performances were contrasted according to product categories and brands. In cookware, T-fal's activity was tense while Imusa benefited from new product listings and successfully pursued its gradual roll-out in small electrical appliances. Rowenta regained momentum with the introduction of new iron models and further progress in garment steamers. All-Clad continued its buoyant trend, thanks in particular to sustained growth in e-commerce.

In Canada, the second quarter failed to produce a turnaround in activity, which remained in a marked negative trend, still impacted by lackluster consumption and by the price increases made in 2015 and early 2016 to offset the depreciation of the Canadian dollar. In Mexico, after a very dynamic first quarter, the contraction of sales in pesos between April and June, which impacted the half-year results, was due to the non-repeat of a major loyalty program implemented in 2015. The core business continued to trend positively.

South America

After several months of resilient or even positive activity in an tighter macro-economic environment, marked by the widespread devaluation of the continent's currencies against the dollar and euro, the Group posted a 3% fall in revenue in the second quarter on a like-for-like basis. The situation was even more tense in Brazil, where despite a certain strengthening of the real in the second quarter, the deteriorated environment and sluggish consumption led retailers to limit supply and inventories. These factors heavily impacted our sales at the end of the period, falling by roughly 15% in reals in the second quarter.

The reversal resulted from a poor overall performance in small electrical appliances linked to a significant downturn in the market, albeit with a few products still performing well, as for example, the Planetaria kitchen machine, Silence Force fans and the Dolce Gusto single-serve coffee machine, which staged a recovery in June after a soft patch at the start of the year. This downtrend added to the already substantial decline in cookware. The difficult market conditions and the continuing weakness of the real fully justify the reorganization initiated by the Group in Brazil, including the closing of the long-standing industrial site in Sao Paulo and the gradual transfer of small electrical appliance production, starting in November 2016, to a new plant in Itatiaia in southern Rio de Janeiro State. This move will serve to generate considerable gains in competitiveness that are crucial to our business.

Outside Brazil, sales increased on a constant exchange rate basis, with a particularly strong contribution from Colombia, where our local manufacturing competitiveness is benefiting from the depreciation of the peso, especially in small electrical appliances (notably fans and blenders).

China

In a positive Small Domestic Equipment market driven by rapid and continuous growth in e-commerce, Supor achieved excellent performances in the first half of the year, outperforming the competition and once again reinforcing its positions in small electrical appliances. Supor revenue totaled €585 million in the first six months, up 17% in yuan, following buoyant growth of 23.5% in the second quarter. This robust dynamic was fueled largely by electrical appliances, notably rice cookers and electric pressure cookers (segments in which Supor is successfully leading the way upmarket) as well as kettles. Furthermore, the market reacted favorably to the launch of new soy milk makers introducing an innovative grinding concept. In parallel, growth in sales of vacuum cleaners, irons and garment steamers moved ahead at a brisk pace. In cookware, all the main categories (pressure cookers, frying pans and saucepans, woks and utensils) made a positive contribution to the double-digit growth in activity, with a particularly outstanding performance for thermo cups.

The strong momentum was also underpinned by Supor's constant business expansion, both in physical retail (with gains of new points of sale) and online retail.

Other countries

The region's like-for-like growth of 2.7% at end-June comprised robust performances in almost all major mature markets and often-substantial downturns in activity in a few emerging countries. In Japan, South Korea, Australia and Singapore, which together account for three-quarters of the sales of other Asian countries, organic revenue growth at end-June was slightly above 10%, with an acceleration in the second quarter. In Japan, the surge in activity can be attributed to our strong product dynamic in nonstick cookware, kettles and linen care (irons and garment steamers) combined with the rapid development of our online sales and the continued roll-out of our Group-owned stores. Growth in South Korea was fueled by practically all main product families and by the successful transfer to the Tefal brand underpinned by sales, marketing and advertising support. In contrast, turnover in Thailand and Vietnam in particular declined sharply owing to, respectively, a general environment ill-conducive to consumption (distributor stock clearances, order postponements, etc.) and weather conditions that were unfavorable to sales of fans. Supor's exports to Asian markets declined as a result of business refocusing.

Operating result from activity

Operating result from activity (ORfA) in first-half 2016 hit a record high of €172 million, up 17.7% on 30 June 2015. It includes **a negative currency effect of €61 million**, stemming from weaker rouble, real, South-American pesos and Turkish lira as well as from less favourable hedging gains than last year on our purchasing currencies, the dollar and the yuan. **Like-for-like, ORfA for the first six months of the year came out at €233 million, up 60%.** This outstanding improvement can be attributed to several factors with sometimes contrasting impacts:

- a positive volume effect of €17 million resulting from robust organic sales growth;
- a positive price-mix effect of €79 million reflecting price increases implemented in Russia, Ukraine, Latin America and, to a lesser extent, in Europe, and innovation;
- gains in productivity and purchasing worth €20 million;
- a €26 million increase in investments in growth drivers, mainly in operational marketing and advertising;
- practically stable SG&A expenses.

As usual, it should be noted that, owing to the seasonal nature of the business, ORfA for the first half of the year is not representative of the full year performance and, hence, should not be extrapolated.

Operating profit and net profit

Operating profit in first-half 2016 totaled €134 million, growing at a slower pace (+9%) than ORfA due to the trend in discretionary and non-discretionary profit-sharing on one hand and in other operating income and expense on the other hand.

At -€14 million, the anticipated cost of discretionary and non-discretionary profit-sharing increased considerably on the -€9 million in first-half 2015, a result of the improved results of the French entities over the period.

Other operating income and expense amounted to -€24 million at end-June 2016, compared with -€15 million at end-June 2015. The increase was mainly generated by the provisions made for the industrial reorganization initiated in Brazil, whereby the production of small electrical appliances is to be transferred from the long-standing Sao Paulo plant to a new plant in Itatiaia in Rio Janeiro State.

Net financial expense came out at -€25 million, compared with -€23 million at end-June 2015. The difference mainly results from the carry of two Group bond issues, the first, issued in 2011, having reached maturity in June 2016. Currency translation adjustments were slightly less unfavorable than in 2015.

After tax at a rate of 24% (25% in first-half 2015) and the elimination of non-controlling interests in the results amounting to €20 million – identical to that at end-June 2015 (improved results of Supor offset by the depreciation of the yuan against the euro between the two periods) – net profit for first-half 2016 came to €62 million, up 15% on the €54 million reported at end-June 2015.

Financial structure at 30 June 2016

At 30 June 2016, equity attributable to owners of the parent totaled €1,626 million, down €282 million on end-December 2015. The decrease can be attributed mainly to the acquisition of a 7.9% stake in Supor and to negative translation adjustments, stemming primarily from the depreciation of the yuan against the euro.

Net debt at 30 June 2016 stood at €629 million, up €313 million on end-December 2015, mainly due to Groupe SEB's strengthened stake in Supor and to the acquisition of the German company EMSA. Looking beyond these non-operating transactions, the Group generated operating cash flow of €144 million, one of the best levels in its history, resulting notably from the strong performance in terms of working capital requirement, which benefited in particular from a significant reduction in stock.

At 30 June 2016, the gearing ratio stood at 39% and the debt-to-EBITDA ratio at 1.14.

Outlook for 2016

As in 2015, the Group posted an excellent first half-year in terms both of activity and profitability. This performance is clearly encouraging for the coming months, even though caution is still called for regarding the trend in some markets (Brazil, Colombia, Turkey and the UK, notably).

For the second half of the year, the Group expects business to hold up firm and targets organic sales growth for full-year 2016 above 5% and an increase in operating result from activity above 10%.

On the basis of present exchange rates, currency effect on 2016 operating result from activity would be close to -€120 million.

3. FINANCIAL STATEMENTS

Condensed consolidated financial statements for the first six months ended 30 June 2016

Consolidated income statement

(in € millions)	**30/06/2016 6 months**	30/06/2015 6 months	31/12/2015 12 months
Revenue (Note 3)	2,163.8	2,113.1	4,769.7
Operating expenses (Note 4)	(1,991.9)	(1,967.1)	(4,341.7)
OPERATING RESULT FROM ACTIVITY	**171.9**	**146.0**	**428.0**
Statutory and discretionary employee profit-sharing (Note 5)	(13.9)	(8.4)	(31.4)
RECURRING OPERATING PROFIT	**158.0**	**137.6**	**396.6**
Other operating income and expense (Note 6)	(24.3)	(15.1)	(25.3)
OPERATING PROFIT	**133.7**	**122.5**	**371.3**
Finance costs (Note 7)	(17.1)	(13.6)	(27.5)
Other financial income and expense (Note 7)	(8.1)	(9.4)	(20.3)
Share of profit of associates			
PROFIT BEFORE TAX	**108.5**	**99.5**	**323.5**
Income tax expense (Note 8)	(26.0)	(24.9)	(82.4)
PROFIT FOR THE PERIOD	**82.5**	**74.6**	**241.1**
Non-controlling interests	(20.2)	(20.4)	(35.2)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**62.3**	**54.2**	**205.9**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(in units)*			
Basic earnings per share	1.27	1.10	4.20
Diluted earnings per share	1.25	1.09	4.14

Notes 1 to 16 to the consolidated financial statements are an integral part of the financial statements.

Consolidated statement of comprehensive income

(in € millions)	**30/06/2016 6 months**	30/06/2015 6 months	31/12/2015 12 months
Profit for the period	82.5	74.6	241.1
Foreign currency translation adjustments	(45.9)	108.6	50.9
Gains (losses) on cash flow hedges	(16.1)	0.4	(16.8)
Actuarial gains and losses on employee defined benefit plans, net of tax[(a)(b)]	(12.4)		(0.7)
Other comprehensive income (expense)	(74.4)	109.0	33.4
COMPREHENSIVE INCOME	**8.1**	**183.6**	**274.5**
Non-controlling interests	(13.6)	(35.8)	(46.5)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**(5.5)**	**147.8**	**228.0**

(a) Items that will not be reclassified to profit or loss.
(b) Including impact of deferred taxes in the amount of €6.1 million at 30/06/2016.

Consolidated balance sheet

ASSETS *(in € millions)*	**30/06/2016**	30/06/2015	31/12/2015
Goodwill	528.3	553.7	544.9
Other intangible assets	486.9	483.5	485.0
Property, plant and equipment	642.6	603.4	596.5
Investments in associates			
Other investments	43.6	18.1	16.7
Other non-current financial assets	46.3	15.2	10.4
Deferred tax liabilities	67.9	47.0	50.3
Other non-current assets	14.3	4.2	23.6
Long-term derivative instruments	3.9	10.4	5.0
NON-CURRENT ASSETS	**1,833.8**	**1,735.5**	**1,732.4**
Inventories	838.1	895.6	820.9
Trade receivables	688.1	641.4	886.0
Other receivables	85.2	127.4	90.2
Current tax assets	42.0	42.0	44.5
Short-term derivative instruments	31.1	57.2	45.9
Other financial investments (Note 12)	137.6	150.9	244.5
Cash and cash equivalents (Note 12)	322.3	306.6	770.8
CURRENT ASSETS	**2,144.4**	**2,221.1**	**2,902.8**
TOTAL ASSETS	**3,978.2**	**3,956.6**	**4,635.2**

EQUITY AND LIABILITIES *(in € millions)*	**30/06/2016**	30/06/2015	31/12/2015
Share capital	50.2	50.2	50.2
Reserves and retained earnings	1,508.0	1,659.3	1,728.6
Treasury stock (Note 9)	(75.7)	(65.5)	(71.2)
Equity attributable to owners of the parent	**1,482.5**	**1,644.0**	**1,707.6**
Non-controlling interests	143.6	197.3	200.1
EQUITY	**1,626.1**	**1,841.3**	**1,907.7**
Deferred tax liabilities	44.2	58.3	70.1
Long-term provisions (Note 11)	212.0	201.8	185.8
Long-term borrowings (Note 12)	744.5	232.9	707.0
Other non-current liabilities	43.6	41.9	41.7
Long-term derivative instruments	4.9	0.2	3.5
NON-CURRENT LIABILITIES	**1,049.2**	**535.1**	**1,008.1**
Short-term provisions (Note 11)	60.6	55.7	61.0
Trade payables	602.9	578.3	695.2
Other current liabilities	225.0	222.5	291.6
Current tax liabilities	51.0	38.8	31.5
Current derivative instruments – liabilities	29.2	10.2	16.6
Short-term borrowings (Note 12)	334.2	674.7	623.5
CURRENT LIABILITIES	**1,302.9**	**1,580.2**	**1,719.4**
TOTAL EQUITY AND LIABILITIES	**3,978.2**	**3,956.6**	**4,635.2**

Notes 1 to 16 to the consolidated financial statements are an integral part of the financial statements.

Consolidated cash flow statement

(in € millions)	30/06/2016 6 months	30/06/2015 6 months	31/12/2015 12 months
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**62.3**	**54.2**	**205.9**
Depreciation, amortisation and impairment losses	59.9	63.7	146.5
Change in provisions	5.0	7.2	
Unrealised gains and losses on financial instruments	(6.9)	(7.6)	9.5
Income and expenses related to share-based payment plans	6.7	6.9	13.9
Gains and losses on disposals of assets		0.7	1.9
Other		3.5	(6.0)
Non-controlling interests	20.2	20.4	35.2
Current and deferred taxes	31.8	24.9	81.7
Finance costs, net	16.9	13.9	28.0
Cash flows[(a)]	**195.9**	**187.8**	**516.6**
Change in inventories	(11.4)	(41.5)	26.5
Change in trade receivables	205.9	138.4	(137.6)
Change in trade payables	(88.1)	(83.8)	41.8
Change in other receivables and payables	(42.8)	(29.1)	45.7
Income taxes paid	(36.1)	(35.0)	(88.6)
Interest paid	(16.9)	(13.9)	(28.0)
NET CASH FROM OPERATING ACTIVITIES	**206.5**	**122.9**	**376.4**
Proceeds from disposals of assets	2.7	2.7	5.0
Purchases of property, plant and equipment	(93.4)	(57.9)	(133.6)
Purchases of software and other intangible assets	(13.7)	(10.5)	(23.5)
Purchases of financial assets	92.3	32.3	(62.8)
Acquisitions of subsidiaries, net of the cash acquired	(57.9)		(18.5)
Effect of other changes in scope of consolidation			
NET CASH USED BY INVESTING ACTIVITIES	**(70.0)**	**(33.4)**	**(233.4)**
Change in long-term borrowings	32.2	(344.0)	130.1
Change in short-term borrowings	(293.0)	292.2	273.4
Issue of share capital			
Transactions between owners	(196.1)		(24.1)
Change in treasury stock	(7.3)	4.5	(3.6)
Dividends paid, including to non-controlling shareholders	(92.1)	(85.4)	(85.4)
NET CASH USED BY FINANCING ACTIVITIES	**(556.3)**	**(132.8)**	**290.3**
Effect of changes in foreign exchange rates	(28.7)	8.5	(3.9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(448.5)**	**(34.8)**	**429.4**
Cash and cash equivalents at beginning of period	770.8	341.4	341.4
Cash and cash equivalents at end of period	322.3	306.6	770.8

(a) Before interest and income taxes paid.

Consolidated statement of changes in equity

(in € millions)	Share capital	Share premiums	Reserves and retained earnings	Translation reserve	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
AT 31 DECEMBER 2014	**50.2**	**88.1**	**1,354.8**	**137.0**	**(79.0)**	**1,551.0**	**173.5**	**1,724.5**
Profit for the period			54.2			54.2	20.4	74.6
Other comprehensive income (loss)			0.4	93.2		93.6	15.4	109.0
Total comprehensive income			*54.6*	*93.2*		*147.8*	*35.8*	*183.6*
Dividends paid			(73.6)			(73.6)	(11.8)	(85.4)
Issue of share capital								
Changes in treasury stock					13.5	13.5		13.5
Gains (losses) on sales of treasury stock, after tax			(5.9)			(5.9)		(5.9)
Exercise of stock option			6.9			6.9		6.9
Other movements			4.3			4.3	(0.2)	4.1
AT 30 JUNE 2015	**50.2**	**88.1**	**1,341.1**	**230.2**	**(65.5)**	**1,644.0**	**197.3**	**1,841.3**
Profit for the period			151.7			151.7	14.8	166.5
Other comprehensive income (loss)			(17.9)	(53.6)		(71.5)	(4.1)	(75.6)
Total comprehensive income			*133.8*	*(53.6)*		*80.2*	*10.7*	*90.9*
Dividends paid								
Issue of share capital								
Changes in treasury stock					(5.6)	(5.6)		(5.6)
Gains (losses) on sales of treasury shares, after tax			(1.6)			(1.6)		(1.6)
Exercise of stock option			7.0			7.0		7.0
Other movements			(16.3)			(16.4)	(7.9)	(24.3)
AT 31 DECEMBER 2015	**50.2**	**88.1**	**1,464.0**	**176.6**	**(71.1)**	**1,707.6**	**200.1**	**1,907.7**
Profit for the period			62.3			62.3	20.2	82.5
Other comprehensive income (loss)			(28.5)	(39.3)		(67.8)	(6.6)	(74.4)
Total comprehensive income			33.8	(39.3)		(5.5)	13.6	8.1
Dividends paid			(78.8)			(78.8)	(13.2)	(92.0)
Issue of share capital								
Changes in treasury stock					(4.5)	(4.5)		(4.5)
Gains (losses) on sales of treasury stock, after tax			(1.8)			(1.8)		(1.8)
Exercise of stock option			6.7			6.7		6.7
Other movements[a]			(159.0)	17.8		(141.2)	(56.9)	(198.1)
AT 30 JUNE 2016	**50.2**	**88.1**	**1,264.9**	**155.1**	**(75.6)**	**1,482.5**	**143.6**	**1,626.1**

(a) Of which purchase of 7.91% of ZJ Supor non-controlling interests by Groupe SEB.

Notes to the condensed consolidated financial statements

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016, IN € MILLIONS

Groupe SEB, composed of SEB S.A and its subsidiaries, is the world leader in the design, manufacture and marketing of cookware and small domestic appliances: non-stick frying pans and saucepans, pressure cookers, irons and steam generators, coffee makers, kettles and food processors in particular.

SEB S.A has its registered office at Chemin du Moulin Carron, Campus Seb, Écully (69130), France. The company is listed on Eurolist Euronext Paris (ISIN code: FR0000121709 SK).

The condensed consolidated financial statements for the first half of 2016 were approved by the Board of Directors on 22 July 2016.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed interim consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The condensed financial statements do not include all the disclosures required in a full set of annual financial statements under IFRS, and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015, which are included in the Registration Document that was filed with the French Financial Markets Authority (AMF) on 31 March 2016. The Registration Document can be downloaded from the Group's website (www.groupeseb.com) and the AMF website (www.amf-france.org), and is available on request from the Group's registered office at the address shown above.

The condensed interim consolidated financial statements have been prepared in accordance with the IFRSs, IASs and related interpretations adopted by the European Union and applicable at 30 June 2016, which can be found on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The accounting policies applied to prepare these financial statements are unchanged compared with those used to prepare the 2015 annual consolidated financial statements, except for income tax expense and non-discretionary and discretionary employee profit-sharing, which are calculated on the basis of full-year projections (see Note 8 – Income taxes, and Note 5 – Statutory and discretionary employee profit-sharing). In addition, the comparability of the interim and annual financial statements may be affected by the seasonal nature of the Group's activities, which results in higher sales in the second half of the year.

The Group has adopted the following standards, interpretations and amendments to existing standards whose application was mandatory as from 1 January 2016 in accordance with the effective dates set by the IASB:

- annual improvements to IFRS (cycle 2010-2012) applicable on or after 1 February 2015: these amendments primarily concern related party disclosures (IAS 24) and more particularly clarifications on the notion of benefits for "key" management staff, share-based payments (IFRS 2) and in particular a clarification of the notion of "vesting conditions", segment reporting (IFRS 8) and disclosures on aggregation criteria, as well as the reconciliation of assets per sector with all the entity's assets, the clarification of the notion of fair value for short-term receivables and liabilities, and the possibility of offsetting financial assets and liabilities (IFRS 13 Fair value measurements), and the recognition of a contingent consideration (IFRS 3) for business combinations;
- amendments to IAS 16 (property, plant and equipment) and IAS 38 (intangible assets) concerning acceptable methods of depreciation and amortisation. The IASB thus clarified that the use of a revenue-based method of depreciation and amortisation is not considered appropriate, as it does not reflect the consumption of the economic benefits embodied in an intangible asset. This presumption can be rebutted under certain circumstances;
- amendment to IAS 1 – Disclosure initiative on information to be presented in financial statements;
- amendment to IFRS 11 – Joint arrangements on acquisitions of interests in joint operations;
- amendment to IAS 19 – Employee benefits, which applies to contributions by members of staff or third parties to defined-benefit plans. Employee contributions can be offsetted against the service cost during the periods of service;
- annual improvements to IFRSs (cycle 2012-2014) applicable on or after 1 January 2016: these amendments mainly concern employee benefits (IAS 19) and more specifically the concept of applying a discount rate to a regional market, the application of amendments to IFRS 7 regarding disclosure requirements for offsetting financial assets and liabilities in the condensed interim financial statements, and clarifications concerning disclosure requirements in the case of continuing involvement in the transferred financial assets, disclosure of information elsewhere in the interim financial report (IAS 34), and clarification regarding the treatment by IFRS 5 of changes in methods of disposal.

These new standards and amendments had no material impact on the Group's financial statements.

The Group decided against early adoption of the standards and interpretations for which application was optional at 30 June 2016. However, it does not expect the application of these new texts to have a material impact on the financial statements.

NOTE 2 CHANGES IN THE SCOPE OF CONSOLIDATION

Legal reorganisation in Germany and the United States

The legal reorganisation that began in 2015 in Germany and the United States were finalised in the first half of 2016. These operations had no impact on the consolidated financial statements.

Supor

At the end of 2015, Groupe SEB signed an agreement with Supor Group, the holding company of the Su family, to buy 50 million shares (7.91% of Supor's share capital) at a price of CNY 29 per share. The transaction was completed on 23 June 2016. Groupe SEB now owns 81.17% of the company.

In addition, legal restructuring under way at 30 June 2016 involves transferring to the Supor Group parent company 25% of the shares of ZJ Supor EA and Wuhan Cookware, previously owned by an intermediate holding company based in Hong Kong, to allow ZJ Supor to directly own 100% of its subsidiaries.

At Group level, this operation will have the following impact:

- a slight reduction in the stake held in these companies, from 85.88% to 81.17% for ZJ Supor EA and from 85.49% to 81.17% for Wuhan Cookware;
- the transfer of €150 million from China to France.

This transaction was only finalised in early July 2016. However, €79 million has already been transferred to France as part of the initial phase of this restructuring process.

EMSA

On 28 June 2016, Groupe SEB finalised the acquisition of the company EMSA.

German-based EMSA, founded in 1949, designs, manufactures and sells kitchen tools and accessories. The company's core business is focused on three categories: thermo jugs and carafes; kitchen utensils; and food storage containers. EMSA's product offering relies on innovation and quality, combining functionality and design. Production is carried out at three industrial sites in Germany, China and Vietnam.

A well-known brand in German-speaking countries, EMSA primarily covers the core-range segment and boasts strong positions in Germany in thermoware and food storage containers, where it is the market leader. EMSA is also present in the rest of Europe and the Middle East.

Having grown solidly over the past few years, the company reported sales of €92 million in 2015.

In view of the share purchase date, the stake in this company was recognised at 30 June 2016 under "other investments" in the consolidated balance sheet.

WMF

In May 2016, Groupe SEB signed an agreement with KKR for the acquisition of the German group WMF, the global leader in professional coffee machines, and the German leader in cookware.

This structuring acquisition will allow the Group to:

- acquire a solid worldwide leadership in the very attractive professional coffee machines market, which is characterised by strong growth, high profitability and large recurring sales, due to a significant proportion of service activities;
- considerably strengthen its position in cookware, becoming the market leader in Germany, notably via its high-end stainless steel offering;
- accelerate its development in the key market of kitchen utensils and accessories, continuing on from the acquisition of EMSA, to reach sales of more than €350 million;
- consolidate its brand portfolio with strong new brands – the iconic WMF as well as Schaerer, Silit, Kaiser and HEPP;
- access a network of 200 own stores in Germany, a strong tool to promote its image and generate revenues.

This acquisition will generate significant synergies. Revenue synergies will come from WMF brand and products expansion in new geographies thanks to the wide international presence of Groupe SEB and also from the strengthening of WMF brand with the Group's products. On the other hand, WMF's integration will allow for productivity measures in many domains: purchasing, industry, logistics, commercial, back office... that will lead to an amount of yearly synergies estimated at around 40 millions euros from 2020 on.

The transaction value is €1,585 million, based on a purchase price of €1,020 million and on €565 million of assumed net debt, as of 31st of December 2015. In addition, the Group takes over €125 million of early retirement and pension liabilities.

The operation will be debt-financed, leading to a pro forma Net Debt / EBITDA ratio at the end of 2016 of less than 3, thus preserving a sound financial situation for the Group. The strong level of cash generation will allow the Group to rapidly reduce its net debt, with the objective of returning to a ratio of less than 2 at year-end 2018.

In 2015, Groupe SEB revenues, including WMF, would have been €5,824 million with an adjusted EBITDA of €651 million, representing a ratio of 11.2%.

The deal will be strongly accretive (more than 20%) in terms of earnings per share from the first full year of consolidation.

Founded in 1853, the WMF Group has focused on three business segments: professional coffee machines, small household appliances (cookware and electrical appliances) and hotel equipment. Over the years, it has become firmly established:

- in the professional coffee segment, where it is the undisputed world leader, with 28% market share, significantly more than the second largest player;
- in cookware, WMF is the unequivocal leader in Germany with 20% market share.

In 2015, the WMF Group achieved a turnover of €1.1 billion, up 4.3%. Small household appliances account for 56% of this turnover, professional coffee machines 37% and hotel equipment 7%. Geographically, three quarters of sales are generated in Europe (51% in Germany), the other key markets being the United States, China, Japan and South Korea, in almost equal parts.

WMF Group reported adjusted EBITDA of €118 million in 2015, estimated at €140 million in 2016.

WMF has eight production sites worldwide: four in Germany, one in Switzerland, one in the Czech Republic, one in China and one in India. It relies on multi-channel distribution and has a substantial network of own stores. It employs 5,700 people in 16 countries, including 3,800 in Germany.

The transaction is subject to regulatory approval from the relevant competition authorities, expected in the second half of 2016.

NOTE 3 SEGMENT REPORTING

In accordance with IFRS 8 – Operating Segments, the information presented below for each operating segment is the same as the information presented to the chief operating decision makers (Executive Committee members) for the purposes of assessing the segments' performance and allocating resources.

The internal reports reviewed and used by the chief operating decision makers present such data by geographical segment. The Executive Committee assesses each segment's performance based on:

- revenue and operating profit; and
- net capital employed, defined as the segment's assets (goodwill, property, plant and equipment, and intangible assets, inventories and trade receivables) less its liabilities (trade payables, other payables and provisions).

Performance in terms of financing, cash flow and income tax is tracked at Group level, not by operating segment.

Note 3.1. BY LOCATION OF ASSETS

The geographical segment information for 2016 is based on the Group's new structure as announced in September 2015.

(in € millions)	EMEA	AMERICAS	ASIA	Intercompany transactions	Total
30/06/2016					
Revenue					
Inter-segment revenue	1,010.8	346.2	788.4		2,145.4
External revenue	106.0	1.0	428.1	(516.7)	18.4
TOTAL REVENUE	**1,116.8**	**347.2**	**1,216.5**	**(516.7)**	**2,163.8**
Income statement					
Operating result from activity	75.3	(1.8)	140.3	(41.9)	171.9
Operating profit (loss)	54.3	(19.0)	140.3	(41.9)	133.7
Finance costs and other financial income and expense, net					(25.2)
Share of profit of associates					
Income tax expense					(26.0)
PROFIT FOR THE PERIOD					**82.5**
Balance sheet					
Segment assets	1,492.3	843.3	1,480.3	(532.3)	3,283.6
Financial assets					584.8
Tax assets					109.7
TOTAL ASSETS					**3,978.1**
Segment liabilities	(818.5)	(210.7)	(576.6)	461.8	(1,144.0)
Borrowings					(1,112.8)
Tax liabilities					(95.2)
Equity					(1,626.1)
TOTAL EQUITY AND LIABILITIES					**(3,978.1)**
Other information					
Capital expenditure and purchases of intangible assets	45.2	45.2	16.7		107.1
Depreciation and amortisation expense	(34.4)	(8.0)	(17.5)		(59.9)
Impairment losses					

Inter-segment revenue corresponds to sales to external customers located within the geographical segment.

External revenue corresponds to total sales (within the Group and to external customers) generated outside the geographical segment by companies within the geographical segment.

Intra-Group transactions are carried out on an arm's length basis, under terms and conditions that are similar to those that would be offered to third parties.

The geographical segment information for 2015 is based on the Group's structure prior to its reorganisation at the end of 2015.

(in € millions)	France	Other Western European countries[(a)]	North America	South America	Asia-Pacific	Central Europe, Russia and other countries	Intercompany transactions	Total
30/06/2015								
Revenue								
Inter-segment revenue	292.7	364.1	238.7	173.5	701.6	261.8		2,032.5
External revenue	332.1	37.9	0.3	4.0	482.2	6.9	(782.6)	80.6
TOTAL REVENUE	**624.8**	**402.0**	**239.0**	**177.5**	**1,183.8**	**268.7**	**(782.6)**	**2,113.1**
Income statement								
Operating result from activity	20.1	20.6	(3.5)	4.6	93.8	31.4	(21.1)	146.0
Operating profit (loss)	3.3	20.7	(3.7)	(0.5)	93.8	29.9	(21.1)	122.5
Finance costs and other financial income and expense, net								(23.1)
Share of profit of associates								
Income tax expense								(24.9)
PROFIT FOR THE PERIOD								**74.6**
Balance sheet								
Segment assets	730.6	396.8	459.9	423.4	1,360.3	309.9	(371.8)	3,309.2
Financial assets								558.4
Tax assets								89.0
TOTAL ASSETS								**3,956.6**
Segment liabilities	435.8	249.2	120.4	99.6	375.6	127.7	(308.1)	1,100.2
Borrowings								918.0
Tax liabilities								97.1
Equity								1,841.3
TOTAL EQUITY AND LIABILITIES								**3,956.6**
Other information								
Capital expenditure and purchases of intangible assets	35.4	2.3	2.0	10.0	13.6	1.4		64.7
Depreciation and amortisation expense	30.9	2.7	4.0	4.2	20.2	1.1		63.2
Impairment losses	0.5							0.5

(a) *"Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe, Russia and other countries" segment.*

(in € millions)	France	Other Western European countries[a]	North America	South America	Asia	Central Europe and other countries	Intra-Group transactions	Total
2015								
Revenue								
Inter-segment revenue	736.5	930.9	576.8	370.1	1,427.7	570.3		4,612.3
External revenue	729.1	81.0	0.4	7.4	1,065.7	25.5	(1,751.7)	157.4
TOTAL REVENUE	**1,465.6**	**1,011.9**	**577.2**	**377.5**	**2,493.4**	**595.8**	**(1,751.7)**	**4,769.7**
Operating result from activity	81.1	37.7	9.9	(1.6)	251.1	46.1	3.7	428.0
Operating profit (loss)	42.1	43.2	9.0	(23.3)	251.0	45.6	3.7	371.3
Finance costs and other financial income and expense, net								(47.8)
Share of profit of associates								
Income tax expense								(82.4)
PROFIT FOR THE PERIOD								**241.1**
Balance sheet								
Segment assets	762.3	536.7	465.4	364.6	1,299.7	316.9	(298.5)	3,447.1
Financial assets[b]								1,093.3
Tax assets								94.8
TOTAL ASSETS								**4,635.2**
Segment liabilities	486.3	310.1	86.3	89.5	431.7	120.3	(248.8)	1,275.4
Borrowings								1,350.6
Tax liabilities								101.6
Equity								1,907.7
TOTAL EQUITY AND LIABILITIES								**4,635.2**
Other information								
Capital expenditure and purchases of intangible assets	84.6	6.0	4.9	22.9	30.2	4.7		153.3
Depreciation and amortisation expense	69.5	5.2	8.0	7.9	40.5	2.2		133.3
Impairment losses	3.7			9.4				13.1

(a) *"Other Western European countries" correspond to the 15 countries other than France comprising the pre-enlargement European Union. The new EU countries are included in the "Central Europe and other countries" segment.*

(b) *Including other financial investments.*

Note 3.2. REVENUE BY GEOGRAPHICAL LOCATION OF THE CUSTOMER AND BUSINESS SECTOR

The geographical segment information for 2016 is based on the Group's new structure as announced in September 2015.

(in € millions)	**30/06/2016 months**	30/06/2015 6 months	31/12/2015 12 months
EMEA	1,015.5	966.3	2,343.9
AMERICAS	352.0	420.0	972.6
ASIA	796.3	726.8	1,453.2
TOTAL	**2,163.8**	**2,113.1**	**4,769.7**

(in € millions)	30/06/2016 6 months	30/06/2015 6 months	31/12/2015 12 months
Cookware	690.0	699.7	1,563.0
Small electrical appliances	1,473.8	1,413.4	3,206.7
TOTAL	**2,163.8**	**2,113.1**	**4,769.7**

NOTE 4 OPERATING EXPENSES

(in € millions)	30/06/2016 6 months	30/06/2015 6 months	31/12/2015 12 months
Cost of sales	(1,328.9)	(1,321.7)	(2,962.2)
Research and development costs	(43.3)	(42.3)	(88.5)
Advertising expenses	(35.9)	(36.0)	(121.6)
Distribution and administrative expenses	(583.8)	(567.1)	(1,169.4)
OPERATING EXPENSES	**(1,991.9)**	**(1,967.1)**	**(4,341.7)**

NOTE 5 STATUTORY AND DISCRETIONARY EMPLOYEE PROFIT-SHARING

Statutory and discretionary employee profit-sharing for the first half has been calculated by multiplying the estimated annual cost by the percentage of annual profit generated during the period by the companies concerned.

NOTE 6 OTHER OPERATING INCOME AND EXPENSES

(in € millions)	30/06/2016 6 months	30/06/2015 6 months	31/12/2015 12 months
Restructuring costs	(17.0)	(9.4)	(18.8)
Impairment losses		(0.5)	(9.9)
Gains and losses on asset disposals and other	(7.3)	(5.2)	3.4
OTHER OPERATING INCOME AND EXPENSES	**(24.3)**	**(15.1)**	**(25.3)**

Note 6.1. RESTRUCTURING COSTS

Restructuring costs for the first half of 2016 mainly comprise €15 million in expenses from the industrial reorganisation in Brazil and various other expenses which on their own are not material. The Group has announced the closure of its historical factory in Sao Paolo. It will start transferring the production of small household appliances to a new plant in Itatiaia, in the state of Rio de Janeiro, from November 2016.

At 30 June 2015, restructuring costs mainly comprised €6.3 million in reorganisation expenses incurred to restore the competitiveness of the Lourdes site, €1.7 million in expenses resulting from the industrial and commercial restructuring of the Brazilian subsidiary, and €1.1 million from implementing the restructuring plan of our Retail business in South America.

At 31 December 2015, the various restructuring measures started in the first six months of the year were continued. In addition to the expenses incurred for Lourdes, restructuring costs in Brazil totalled €8.7 million. In addition, restructuring expenses totalling €3.2 million were incurred in Scandinavia following the acquisition of OBH Nordica.

Note 6.2. IMPAIRMENT LOSSES

Due to the seasonal nature of the business, impairment tests are conducted at the financial year-end. The carrying amounts of brands and goodwill were reviewed at 30 June 2016 to detect any signs of impairment.

No indications of impairment of these assets were identified.

Note 6.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER

At 30 June 2016, the Group mainly recognised acquisition costs of around €3 million relating to external growth transactions for the period.

In the first half of 2015, a provision of €3 million was recognised in exceptional costs for the decontamination of a site in Brazil, in addition to compensation of €1.2 million following the settlement of a dispute with a former retailer in Turkey.

At 31 December 2015, negative goodwill of €9.5 million from initial recognition of OBH Nordica was partly offset by a provision booked for decontamination expenses in Brazil, then estimated at €4 million.

NOTE 7 FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSE

(in € millions)	**30/06/2016 6 months**	30/06/2015 6 months	31/12/2015 12 months
FINANCE COSTS	**(17.1)**	**(13.6)**	**(27.5)**
Interest cost on long-term employee benefit obligations	(1.5)	(1.6)	(3.0)
Exchange gains and losses and financial instruments	(2.6)	(2.9)	(9.3)
Other	(4.0)	(4.9)	(8.0)
OTHER FINANCIAL INCOME AND EXPENSES	**(8.1)**	**(9.4)**	**(20.3)**

The interest cost on long-term employee benefit obligations corresponds to the difference between the discounting adjustment for the period – arising from the fact that benefit payments are one year closer to being paid – and the expected return on the corresponding plan assets. Discounting adjustments to other long-term liabilities and provisions are also included under this caption.

Exchange gains and losses on commercial transactions denominated in foreign currencies are included in "operating result from activity".

"Other financial income and expense" includes gains and losses on hedges of foreign currency borrowings as well as the costs related to setting up these hedges.

NOTE 8 INCOME TAXES

Income tax expense for the period was calculated by multiplying consolidated pre-tax profit by the estimated average effective tax rate for the year. The calculation was performed separately for each consolidated tax entity.

The following table provides a reconciliation between the effective tax rate of 24% and the statutory French tax rate of 34.43%:

(in %)	**30/06/2016 6 months**	30/06/2015 6 months	31/12/2015 12 months
STATUTORY FRENCH TAX RATE	**34.4**	**38.0**	**38.0**
Effect of different tax rates[(a)]	(12.5)	(22.3)	(19.1)
Unrecognised tax loss carryforwards[(b)]	1.7	3.1	6.2
Prior period tax loss carryforwards recognised and utilised during the period	(4.3)	(1.2)	(0.6)
Other[(c)]	4.7	7.4	1.0
EFFECTIVE TAX RATE	**24.0**	**25.0**	**25.5**

(a) The effect of different tax rates varies depending on France's contribution to consolidated profit.
(b) Unrecognised and unrelieved tax loss carryforwards concerned South America and Asia subsidiaries which are individually immaterial.
(c) The "Other" item mainly includes taxes on distributed earnings and dividends and provisions for tax audits.

NOTE 9 TREASURY STOCK

At 30 June 2016, the company's share capital was made up of 50,169,049 shares with a par value of €1 each.

In the first half of 2016, the Group bought back 362,304 SEB shares at a weighted average price of €100.96 per share and sold 446,469 shares on the market at an average price of €65.68.

At 30 June 2016, the Group held 990,288 treasury shares, acquired at an average price of €76.41 per share (1,040,803 shares at 30 June 2015 and 1,074,453 shares at 31 December 2015, acquired at an average price of €62.88 and €66.24, respectively).

Share Capital held in treasury changed as follows:

(in number of shares)	Transactions 1st half 2016 6 months	1st half 2015 6 months	Full year 2015 12 months
SHARES HELD IN TREASURY AT 1 JANUARY	**1,074,453**	**1,291,242**	**1,291,242**
Purchases of shares			
Buyback plan	170,000	198,850	350,000
Liquidity contract	192,304	351,578	664,174
Sales			
Shares sold on the market	(189,593)	(361,965)	(673,909)
Shares allocated on exercise of stock options	(256,876)	(438,902)	(557,054)
Shares cancelled during the period			
SHARES HELD IN TREASURY AT PERIOD-END	**990,288**	**1,040,803**	**1,074,453**

NOTE 10 EMPLOYEE BENEFITS

At 30 June 2016, the Group updated the discount rate used to calculate pension liabilities in France and Germany, the two countries accounting for over 90% of the Group's total liability.

A rate of 1.25% was used at 30 June 2016 for these two countries, instead of 2% at 31 December 2015. The lower rate is reflected in an increase in provisions for pension benefits of €18.5 million at 30 June 2016.

NOTE 11 OTHER PROVISIONS

	30/06/2016		30/06/2015		31/12/2015	
(in € millions)	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Pension and other post-employment benefit obligations	159.7	7.7	148.5	9.3	143.5	9.6
Product warranties	5.3	21.5	4.4	20.5	4.8	22.9
Claims and litigation and other contingencies	35.2	14.2	38.3	20.4	32.5	16.1
Restructuring provisions	11.8	17.2	7.0	9.0	5.0	12.4
TOTAL	**212.0**	**60.6**	**202.0**	**55.4**	**185.8**	**61.0**

Provisions are classified as short-term or long-term according to whether the obligation is expected to be settled within or beyond one year.

Provision movements (other than for pensions and other post-employment benefit obligations) were as follows:

(in € millions)	01/01/2016	Increases	Reversals amounts not used	Utilisations	Other movements *	30/06/2016
Product warranties	27.7	8.6	(0.3)	(9.0)	(0.2)	26.8
Claims and litigation and other contingencies	48.6	6.8	(1.5)	(5.5)	1.0	49.4
Restructuring provisions	17.4	15.7	(0.4)	(6.2)	2.5	29.0
TOTAL	**93.7**	**31.1**	**(2.2)**	**(20.7)**	**3.3**	**105.2**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

(in € millions)	01/01/2015	Increases	Reversals amounts not used	Utilisations	Other movements *	30/06/2015
Product warranties	24.7	9.7	0.3	9.6	0.4	24.9
Claims and litigation and other contingencies	52.5	8.4	0.9	3.6	2.3	58.7
Restructuring provisions	12.2	6.4	0.2	2.0	(0.4)	16.0
TOTAL	**89.4**	**24.5**	**1.4**	**15.2**	**2.3**	**99.6**

* "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

(in € millions)	01/01/2015	Increases	Reversals not used	Utilisations	Other movements *	31/12/2015
Product warranties	24.7	17.7	0.8	15.9	2.0	27.7
Claims and litigation and other contingencies	52.5	16.4	5.6	15.8	1.1	48.6
Restructuring provisions	12.2	12.0	0.6	5.0	(1.2)	17.4
TOTAL	**89.4**	**46.1**	**7.0**	**36.7**	**1.9**	**93.7**

* "Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.

The breakdown of provisions for restructuring was as follows:

(in € millions)	30/06/2016	30/06/2015	31/12/2015
Personnel costs	23.1	14.8	15.6
Site closure costs	5.9	1.2	1.8
TOTAL	**29.0**	**16.0**	**17.4**

NOTE 12 NET DEBT

(in € millions)	30/06/2016	30/06/2015	31/12/2015
Bonds	497.5		497.4
Bank borrowings	0.4	24.6	1.5
Finance lease liabilities	44.2	2.6	2.2
Other debt (including private placements)	181.8	180.8	181.8
Statutory employee profit-sharing liability	20.6	24.9	24.1
LONG-TERM BORROWINGS	**744.5**	**232.9**	**707.0**
Bonds		299.7	299.8
Bank borrowings	7.3	44.3	34.2
Commercial paper	260.0	115.0	110.0
Current portion of long-term borrowings	66.9	215.7	179.5
SHORT-TERM BORROWINGS	**334.2**	**674.7**	**623.5**
TOTAL BORROWINGS	**1,078.7**	**907.6**	**1,330.5**
Cash and cash equivalents, net*	(322.3)	(306.6)	(770.8)
Other current financial investments*	(136.9)	(149.9)	(243.6)
Derivative instruments, net	9.4	1.6	(0.5)
NET DEBT	**628.9**	**452.7**	**315.6**

* Of which €273 million in China, versus €250 million at 30 June 2015 and €391 million at 31 December 2015.

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents and derivative instruments acquired as hedges of debt that mature in less than one year and are readily convertible into cash. It also includes short-term financial investments with no significant risk of a change in value but which have a maturity on the subscription date of longer than three months.

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS

Note 13.1. FINANCIAL INSTRUMENTS

	30/06/2016		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	Fair value through profit or loss (excluding derivatives)	Available-for-sale assets	Loans and receivables	Debt at amortised cost	Derivative instruments
Assets							
Other investments	16.0	16.0		16.0			
Other non-current financial assets[b]	46.3	46.3			46.3		
Other non-current assets[a]	2.3	2.3			2.3		
Trade receivables	688.1	688.1			688.1		
Other current receivables, excl. prepaid expenses[a]	4.4	4.4			4.4		
Derivative instruments	35.0	35.0					35.0
Other financial investments	137.6	137.6	137.6				
Cash and cash equivalents	322.3	322.3	322.3				
TOTAL FINANCIAL ASSETS	**1,252.0**	**1,252.0**	**459.9**	**16.0**	**741.1**		**35.0**
Liabilities							
Long-term borrowings	744.5	781.6				781.6	
Other non-current liabilities[a]	2.6	2.6				2.6	
Trade payables	602.9	602.9				602.9	
Other current liabilities[a]	32.3	32.3				32.3	
Derivative instruments	34.1	34.1					34.1
Short-term borrowings	334.2	334.2				334.2	
TOTAL FINANCIAL LIABILITIES	**1,750.6**	**1,787.7**				**1,753.6**	**34.1**

(a) Excluding accrued taxes and employee benefit expenses.
(b) Of which €36 million for the EMSA current account.

	30/06/2015		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	Fair value through profit or loss (excluding derivatives)	Available-for-sale assets	Loans and receivables	Debt at amortised cost	Derivative instruments
Assets							
Other investments	12.4	12.4		12.4			
Other non-current financial assets	15.2	15.2			15.2		
Other non-current assets	4.2	4.2			4.2		
Trade receivables	641.4	641.4			641.4		
Other current receivables, excl. prepaid expenses *	29.3	29.3			29.3		
Derivative instruments	67.6	67.6					67.6
Other financial investments	150.9	150.9	150.9				
Cash and cash equivalents	306.6	306.6	306.6				
TOTAL FINANCIAL ASSETS	**1,227.6**	**1,227.6**	**457.5**	**12.4**	**690.1**		**67.6**
Liabilities							
Long-term borrowings	232.9	233.6				233.6	
Other non-current liabilities *	2.0	2.0				2.0	
Trade payables	578.2	578.2				578.2	
Other current liabilities *	22.7	22.7				22.7	
Derivative instruments	10.4	10.4					10.4
Short-term borrowings	674.7	686.2				686.2	
TOTAL FINANCIAL LIABILITIES	**1,520.9**	**1,533.1**				**1,522.7**	**10.4**

* *Excluding accrued taxes and employee benefit expenses.*

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding accrued taxes and employee benefit expense), debt securities and other cash equivalents classified as current assets.

The fair value of trade and other receivables (classified as held-to-maturity investments) is equivalent to their carrying amount, in view of their short maturities.

Non-current financial assets consist mainly of investments in unconsolidated companies, certain receivables related to those investments and operating receivables due beyond one year.

Financial assets that are not quoted in an active market are recognised in the balance sheet at cost, which is representative of their fair value.

Financial liabilities comprise borrowings and other financing, including bank overdrafts, and operating liabilities (excluding accrued taxes and employee benefit expense).

Borrowings that are not quoted in an active market are measured by the discounted cash flow method, applied separately to each individual facility, based on market rates observed at the period-end for similar facilities and the average spread obtained by the Group for its own issues.

Note 13.2. INFORMATION ON FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

In accordance with the amended IFRS 7, fair value measurements are classified using the following fair value hierarchy:

- level 1: quoted prices in active markets for the same instrument;
- level 2: valuation using simple valuation techniques based on observable market data;
- level 3: valuation that is not based on observable market data.

	30/06/2016			
(in € millions)	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets				
Derivative instruments	35.0		35.0	
Other financial investments	136.9	136.9		
Cash and cash equivalents	322.3	322.3		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**494.2**	**459.2**	**35.0**	
Liabilities				
Derivative instruments	34.1		34.1	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**34.1**		**34.1**	

The portfolio of derivatives used by the Group to manage risk mainly includes forward currency contracts, currency swaps and commodity swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

NOTE 14 SIGNIFICANT EVENTS AND LITIGATION

Investigation by the French Competition Authority

The French Competition Authority has launched an investigation into the pricing and listing practices of several household appliance manufacturers, including Groupe SEB France and Groupe SEB Retailing, with regard to certain online retailers.

Significant developments in the case are not expected before the end of 2017, and no provision was recognised at 30 June 2016 in view of the uncertain outcome of the proceedings.

Customs dispute in Turkey

On 1 February 2016, Groupe SEB Istanbul, the Group's Turkish subsidiary, received notification from the Customs Authorities stating that, in their view, its imports are subject to an additional tax, unpaid to date. The notification covers the period from 1 January 2013 to 28 September 2015. The additional tax due is €4.5 million, with penalties of €13.5 million. The Group intends to contest the full amount of this additional tax.

There was no significant event or significant litigation occurring in the first half of 2016 that impacted the financial position of the Group.

NOTE 15 RELATED PARTY TRANSACTIONS

No material transactions with related parties took place during the period and there were no changes in the nature of transactions as described in Note 30 to the 2015 Registration Document.

NOTE 16 SUBSEQUENT EVENTS

At the date these financial statements were approved by the Board of Directors, 22 July 2016, no material event had occurred.

Statutory auditors' report on the half-yearly financial information

This is a free translation into English of the Statutory auditors' report issued in French and is provided solely for the convenience of English speaking users. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

FOR THE PERIOD FROM 1 JANUARY 2016 TO 30 JUNE 2016

To the shareholders,

In compliance with the assignment entrusted to us by General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code *(Code monétaire et financier)*, we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of SEB, for the period from 1 January 2016 to 30 June 2016;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Lyon, on the 25 July 2016

The Statutory auditors
French original signed by

PricewaterhouseCoopers Audit	**Mazars**
Nicolas Brunetaud	Thierry Colin

Statement by the person responsible for the interim financial report

I hereby certify that, to my knowledge,

- the condensed financial statements for the six months ended have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of those companies within the scope of consolidation;
- the interim management report includes a fair review of the significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Écully, 26 July 2016

Chairman and CEO

Thierry de La Tour d'Artaise

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