



FIRST-HALF 2019 SALES AND RESULTS

Paris | July 24, 2019

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FIRST-HALF 2019 SALES AND RESULTS

NOTE

This presentation 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, Groupe 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.

- 1. General environment and key figures**
- 2. Highlights**
- 3. H1 2019 sales and results**
- 4. Outlook**
- 5. Appendices**

CONTENTS



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GENERAL ENVIRONMENT AND KEY FIGURES

Mixed general environment

- Still difficult macroeconomic context:
 - Geopolitical tensions (USA/China, Gulf...)
 - Uncertainty in emerging countries (Brazil, Turkey)
 - Sluggish dynamics in Europe (Italy, Germany, UK)
- Fast-changing retail market
 - Difficulties of traditional retail vs. continuous development of e-commerce → Promotion-driven environment
- More favorable than expected developments in raw materials' prices during H1
- Lower currency volatility

Key figures at end-June 2019

Sales
€3,337m

+10.3%

+8.4% LFL

Consumer

€2,946m

+7.7% +7.2%

LFL

Professional

€391m

+34.9% +20.1%

LFL



Key figures at end-June 2019

Sales

€3,337m

+10.3% +8.4% LFL

ORfA

€230m

+10.7% +8.1% LFL

Net profit

€100m

+9.8%

Net debt

€2,428m*

+€313m vs 06/30/2018

*o/w IFRS 16 debt: €346m



02

HIGHLIGHTS

- Wilbur Curtis
- Egypt
- Employee shareholding plan
- WMF

Wilbur Curtis: good start in the Group

- Business synergies effective with WMF-Schaerer in professional coffee machines in the US
 - Filter coffee / Automatic espresso
 - Price positioning
 - Client portfolio
 - Geographic foothold
- Ongoing integration process → SEB Professional
- Sales and logistics synergies under development
- Robust growth in sales at June 30
- Extensive pipeline of new products



Egypt: operating levers implemented

- Strategic market for the Group
- Small Domestic Appliances (SDA)
 - Strong growth in local production → Improving competitiveness
 - Leadership in food preparation
- Cookware
 - Industrial site ramp-up
 - Strong leadership: Zahran/Tefal synergies
- Solid momentum in the Retail business
 - 11 stores refurbished and modernized
 - ~15% of sales



Employee shareholding plan respected

- Open operation in 33 countries
 - Subscription price: €123.04
 - 20% discount / benchmark price €153.79
- Participation rate: 22.% of the 19,000 eligible employees
- Average amount invested per employee: €4,400
- Total amount: €18.1m including employer contribution
 - 147,300 shares = 0.29% of the share capital
- Employee shareholding at the end of the operation:
 - From 2.74% to 3.04%

HORIZON
2019

WMF: contrasting performances



- PCM*: performances above our expectations
 - 2015 → 2018 sales: **+43%**
 - More complicated Consumer business than expected
 - 2015 → 2018 sales: **-8%**
- Plan to strengthen Consumer business**
- Objective: op. margin at Group level (~10%)
 - Action plan founded on 4 priority areas
 - Resume growth
 - Industrial reorganization: streamline Consumer and investments in PCM
 - Logistics optimization in Germany
 - Reduction of central costs

*PCM: Professional Coffee Machines





03

H1 2019 SALES AND RESULTS

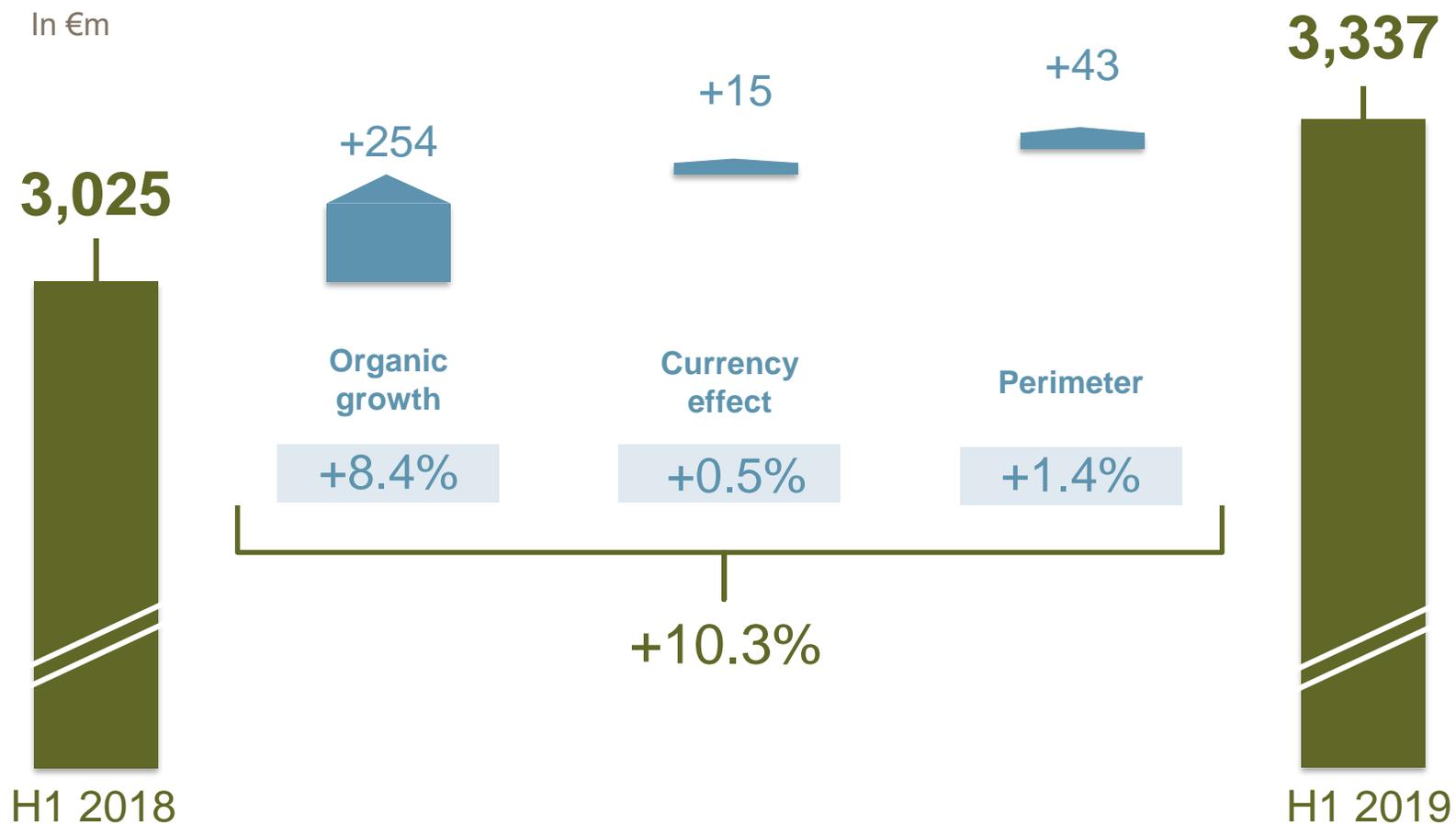
Robust performances with balanced growth

1 Sales

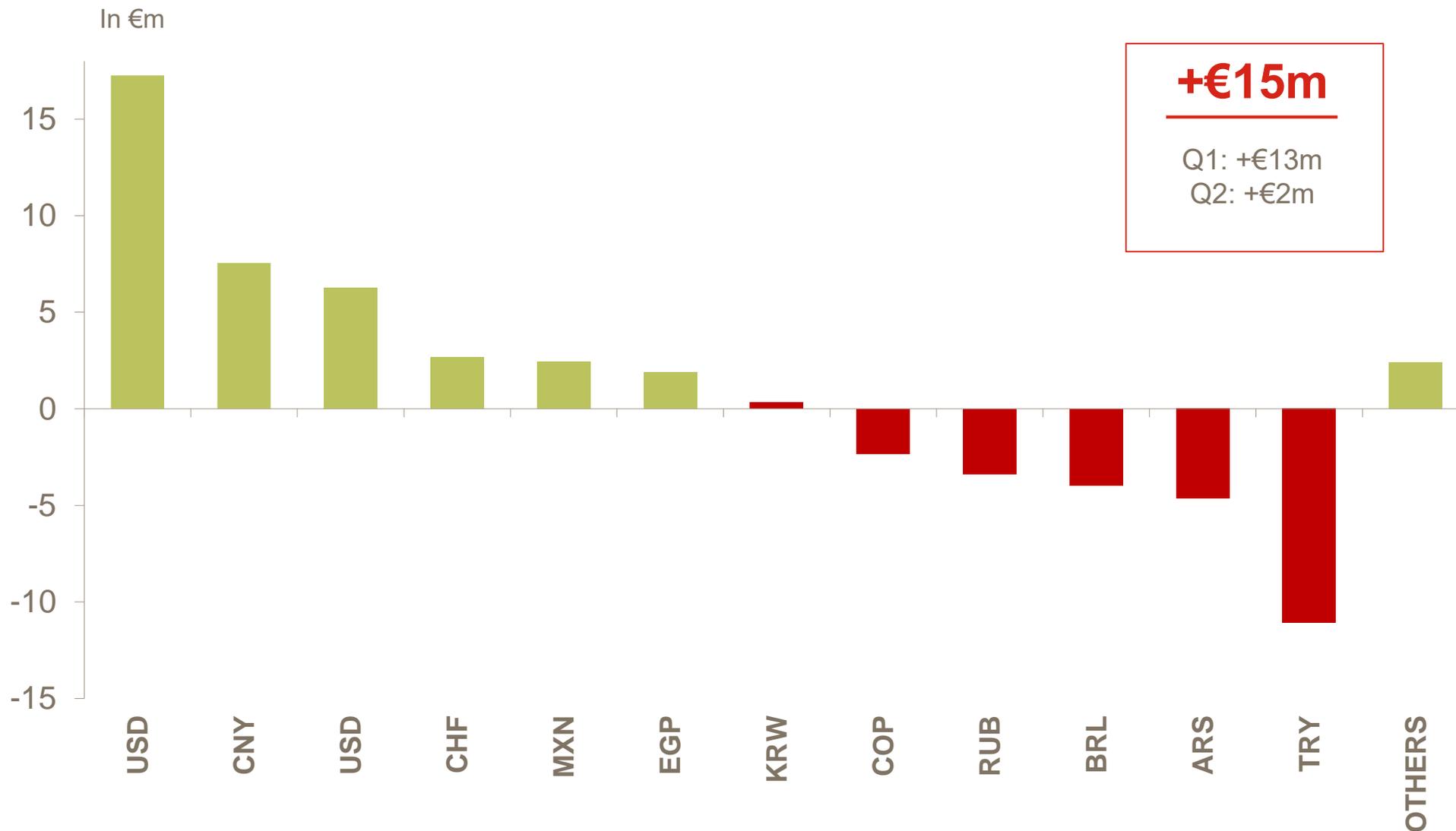
2 Results



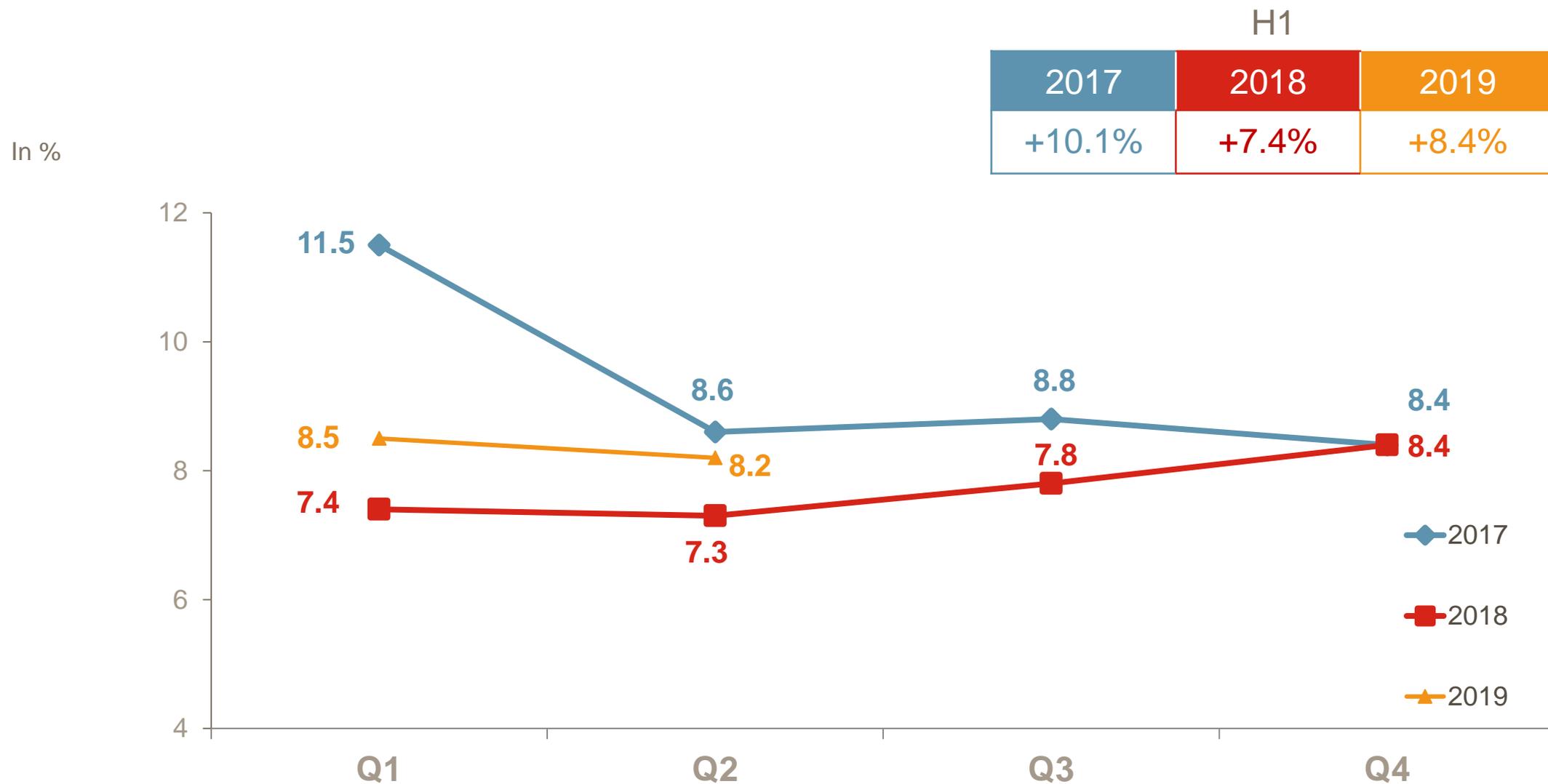
Change in sales H1 2018 → H1 2019



Currency impact on H1 2019 sales



Organic sales growth per quarter



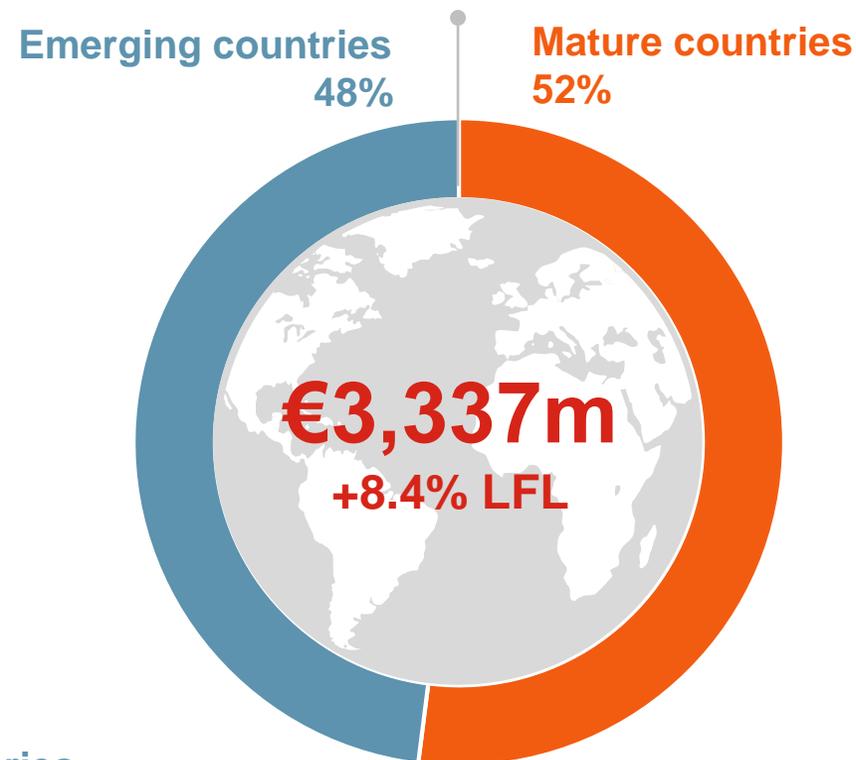
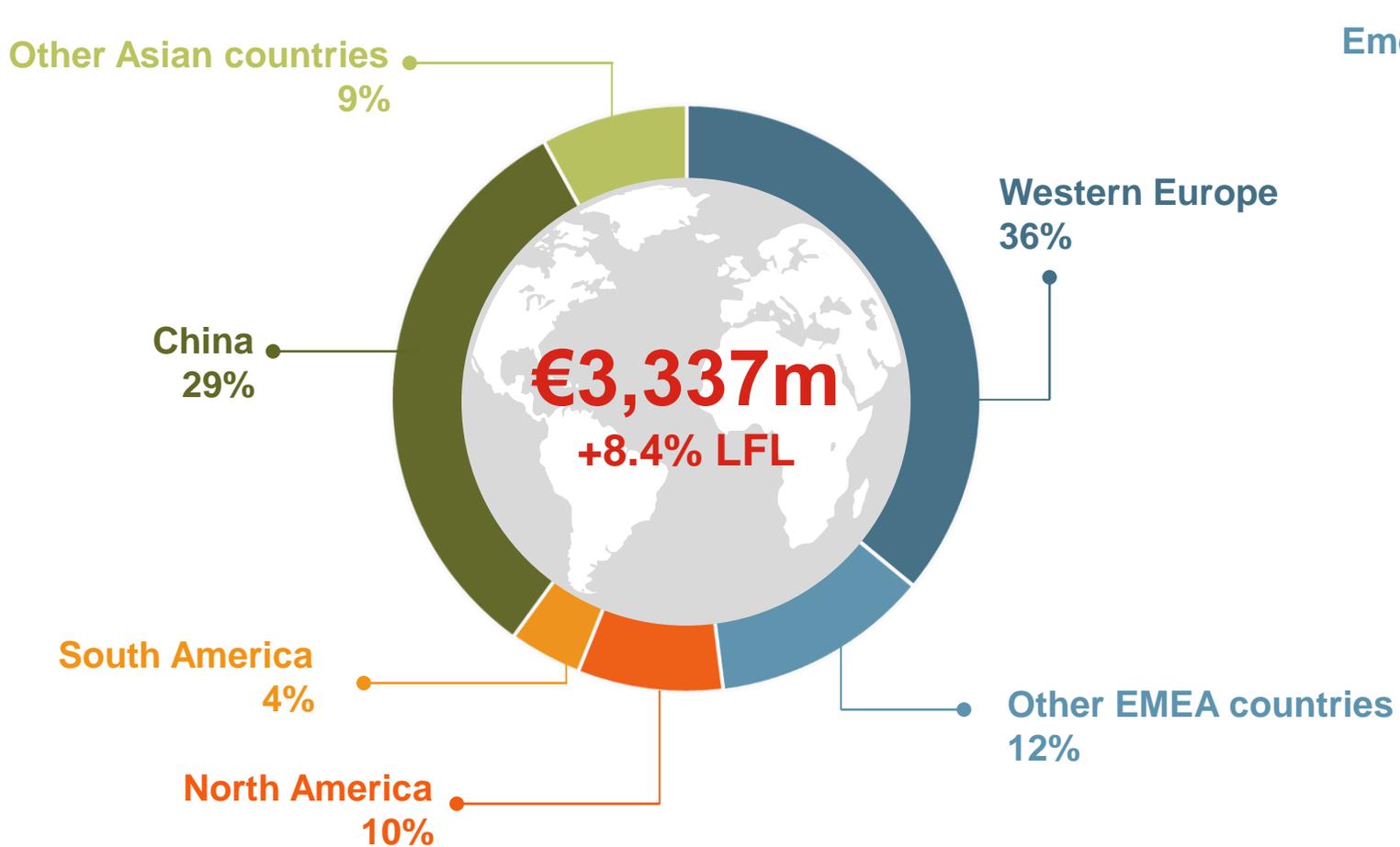
H1 sales

In €m

		H1 2018	H1 2019	As reported	H1 2019 LFL	Q2 2019 LFL
EMEA	EMEA	1,337	1,401	+4.7%	+5.0%	+5.9%
	Western Europe	997	1,033	+3.6%	+3.6%	+4.1%
	Other countries	340	368	+8.0%	+9.1%	+11.4%
AMERICAS	AMERICAS	338	362	+7.3%	+6.6%	+8.8%
	North America	204	224	+9.5%	+3.0%	+2.3%
	South America	134	138	+3.9%	+12.1%	+19.8%
ASIA	ASIA	1,060	1,182	+11.6%	+10.1%	+8.6%
	China	825	938	+13.7%	+12.8%	+11.9%
	Other countries	235	244	+4.3%	+0.7%	-0.9%
	TOTAL Consumer	2,735	2,946	+7.7%	+7.2%	+7.3%
	Professional	290	391	+34.9%	+20.1%	+16.3%
	Groupe SEB	3,025	3,337	+10.3%	+8.4%	+8.2%

% based on non-rounded figures

Breakdown of sales by region



Top 20 countries – Consumer sales



LFL

Western Europe

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder: 2018 LFL
Western Europe	997	1,033	+3.6%	+3.6%	+1.3%

- **Solid growth in sales, slightly accelerating in Q2**

- Positive SDA market
- Strong core business and major loyalty programs (LPs)

- **Activity favorable overall**

- France: stable half-year sales vs. 2018, return to growth in Q2
- Other countries: growth virtually widespread, excluding UK

Other countries EMEA

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder 2018 LFL
Other countries	340	368	+8.0%	+9.1%	+12.9%

- **Robust organic sales growth of 9.1% in H1, accelerating in Q2**
 - ➔ Momentum driven by both core business and LPs
 - ➔ Sales in Retail Group up > 10%
 - ➔ Virtually widespread milestones in a market that is promising overall, but highly competitive
- **Market share gains across the region (offline and online)**
- **Continued currency volatility**

North America

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder: 2018 LFL
North America	204	224	+9.5%	+3.0%	-11.5%

- **Highly disrupted retail sector, impacting business**
 - Destockings, promotions, store closures...

- **Contrasted performance by country:**
 - **United States/Canada:** solid business in cookware. Linen care market declining
 - **Mexico:** brisk growth in cookware and electrical cooking

- **Favorable currency effect (USD/€)**

South America

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder 2018 LFL
South America	134	138	+3.9%	+12.1%	-0.7%

- **Strong sales growth in H1, accelerating in Q2**
- **Brazil the main growth driver**
 - ➔ Acceleration in Q2 (+25%) vs. weak Q2 2018
 - ➔ Growth driven by several product categories in a highly competitive market
- **Highly penalizing currency effects on recorded sales (BRL, COP, ARS...)**

China

ASIA

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder: 2018 LFL
China	825	938	+13.7%	+12.8%	+26.6%

- **Competitive and promotion-driven market, still propelled by e-commerce**
- **Solid momentum (10-15% LFL) maintained vs. exceptional 2018 performance**
 - ➔ Reminder: Q2 2018 sales: +30%
- **All product families made a positive contribution to growth:**
 - ➔ Traditional categories: cookware, rice cookers, electric pressure cookers...
 - ➔ New categories: thermal mugs, kettles, health pots, high-speed blenders, garment steamers, versatile vacuum cleaners, extractor hoods...

Other countries

ASIA

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder 2018 LFL
Other countries	235	244	+4.3%	+0.7%	+1.5%

- **Sales stable LFL after a slight organic decline in Q2**
- **Excellent performances across most countries in the region**
 - ➔ Japan: traditional categories (cookware, kettles...) and new (garment steamers, Cook4me...)
 - ➔ Solid growth in Australia, Thailand and Malaysia
- **One-off difficulties in South Korea**
 - ➔ Fragile environment, heightened tensions with Japan

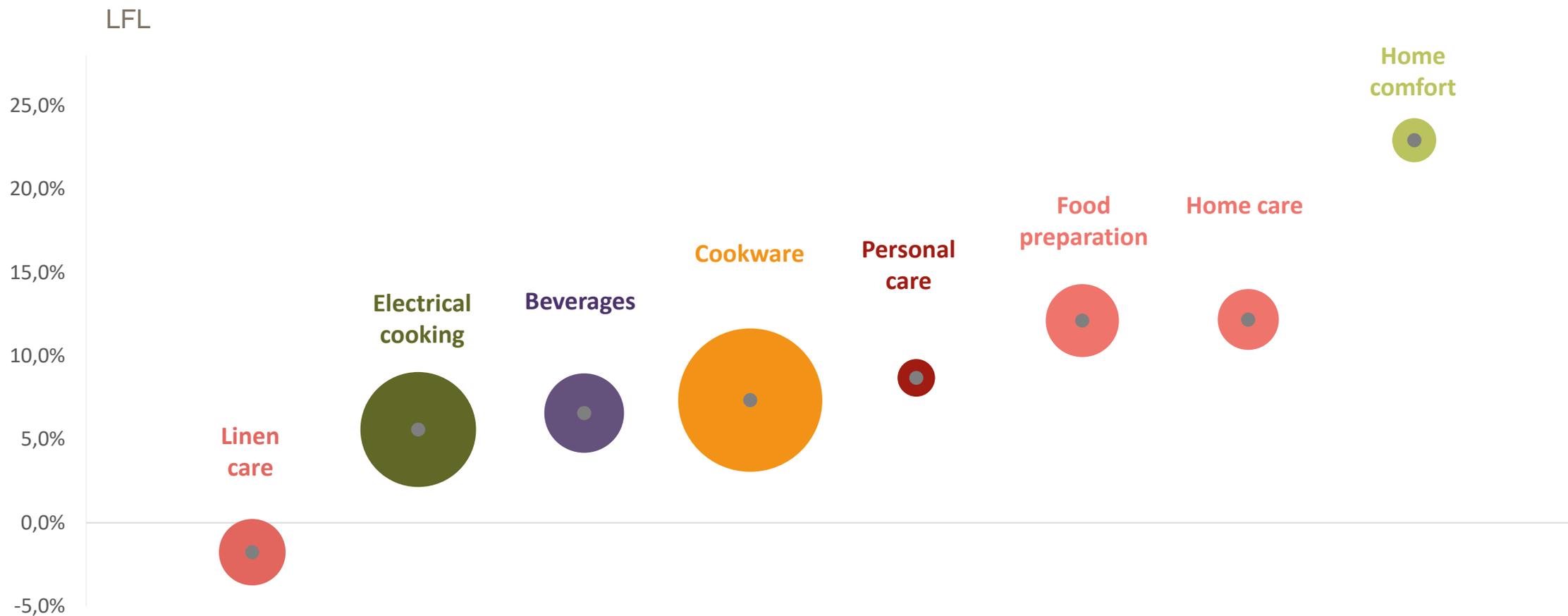
Professional

PROFESSIONAL

H1 sales in €m	2018	2019	AS REPORTED	LFL	Reminder 2018 LFL
Professional	290	391	+34.9%	+20.1%	+2.4%

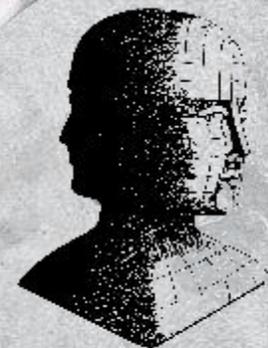
- **Professional business = Professional coffee machines+ Hotel equipment**
- **Highly vigorous Professional Coffee business with moderate 2018 comparatives**
 - ➔ Major contracts in the US and Asia
 - ➔ Growth in ordinary activity, with small retailers
- **Acquisition and consolidation of Wilbur Curtis (USA) ➔ Specialist in professional filter coffee**
 - ➔ Sales: €34m over a period of ~5 months
- **Hotel equipment: strong growth in the half-year**

Top performers by product line - Consumer



Product news

Steam'Up



JANUS 2019
DE L'INDUSTRIE

Product news

Air Force Flex

AIR FORCE™

FILEX



Product news

Köpüklüm



Köpüklüm

**Tefal Köpüklüm ile
Muhabbeti Köpürtün**



Product news

Healthy & Tasty RC



Product news

Cookware All Clad



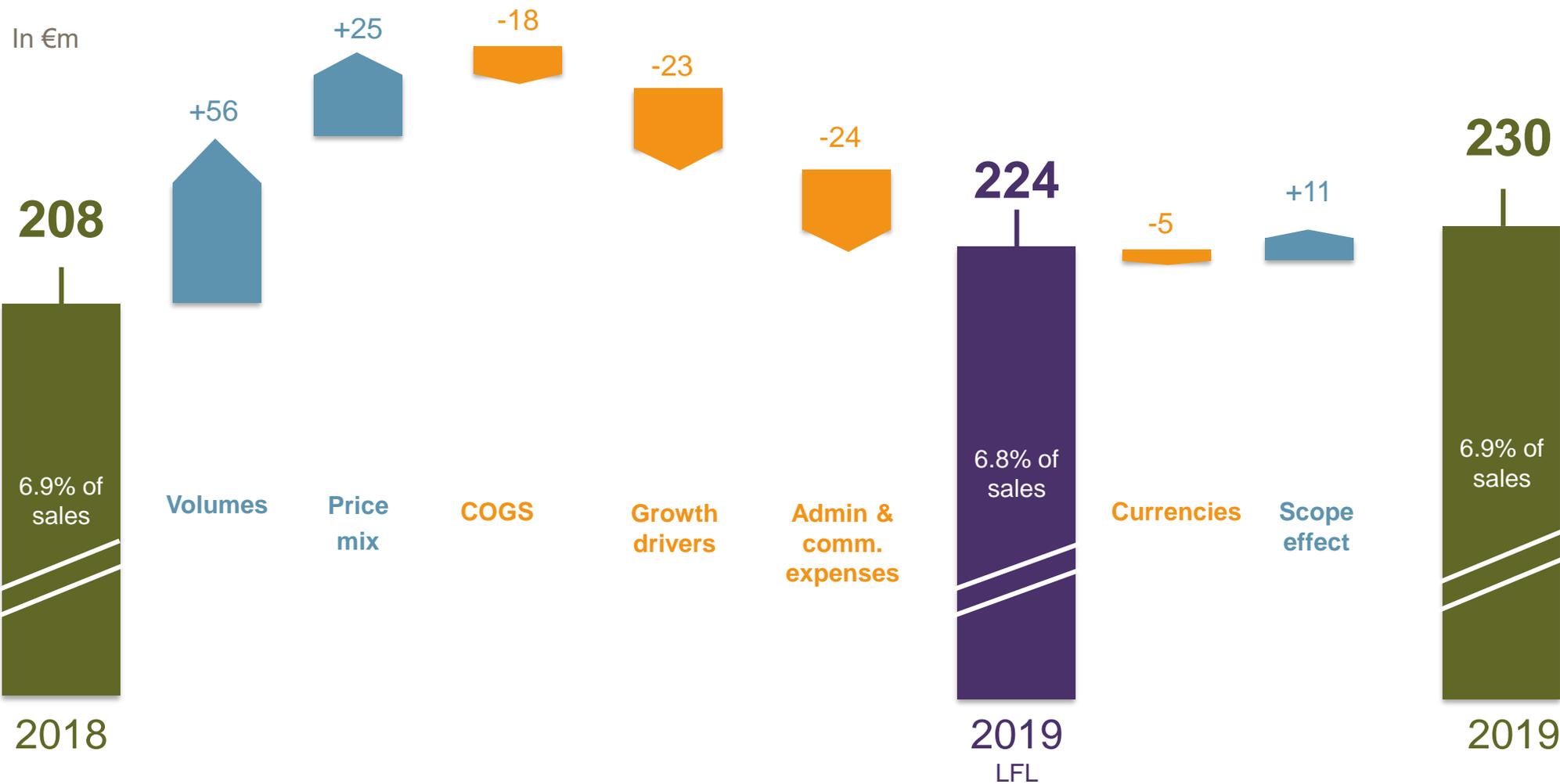
Robust performances with balanced growth

1 Sales

2 Results



ORfA construction



Growth drivers

In €m

Innovation

Advertising and marketing

Total growth drivers

	H1 2018	H1 2019	Δ LFL
Innovation	117	128	+8.2%
Advertising and marketing	197	214	+7.9%
Total growth drivers	314	342	+8.0%

Gross amount, before French research tax credit and capitalization

Operating profit

In €m

Operating Result from Activity (ORfA)

Discretionary and non-discretionary
profit-sharing

Other operating income and expense

Operating profit

	H1 2018	H1 2019	
Operating Result from Activity (ORfA)	208	230	+10.7%
Discretionary and non-discretionary profit-sharing	(10)	(9)	
Other operating income and expense	(12)	(8)	
Operating profit	186	213	+14.5%

Net Profit

In €m

	H1 2018	H1 2019	
Operating profit	186	213	+14.5%
Interest expense	(16)	(21)	
Other financial expense	(20)	(25)	
Tax	(36)	(40)	
Non-controlling interests	(23)	(27)	
Net Profit	91	100	+9.8%

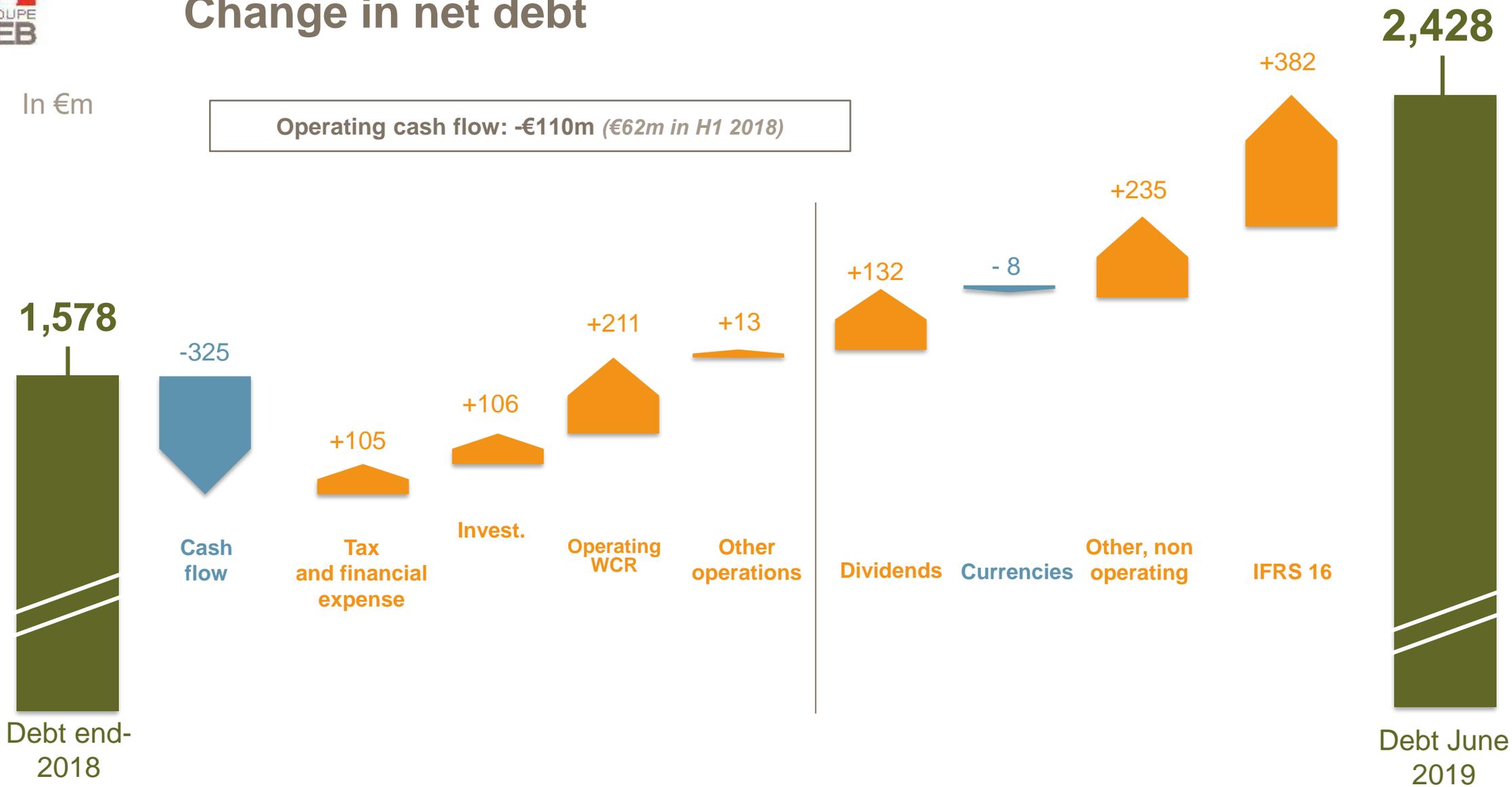
Simplified balance sheet

In €m	06/30/2018	06/30/2019
Tangible fixed assets	3,540	4,162
Operating WCR	1,219	1,367
Total assets to be financed	4,759	5,529
Equity	1,984	2,323
Provisions	385	417
Other current assets and liabilities	375	361
Net debt	2,015	2,428
Total financing	4,759	5,529

Change in net debt

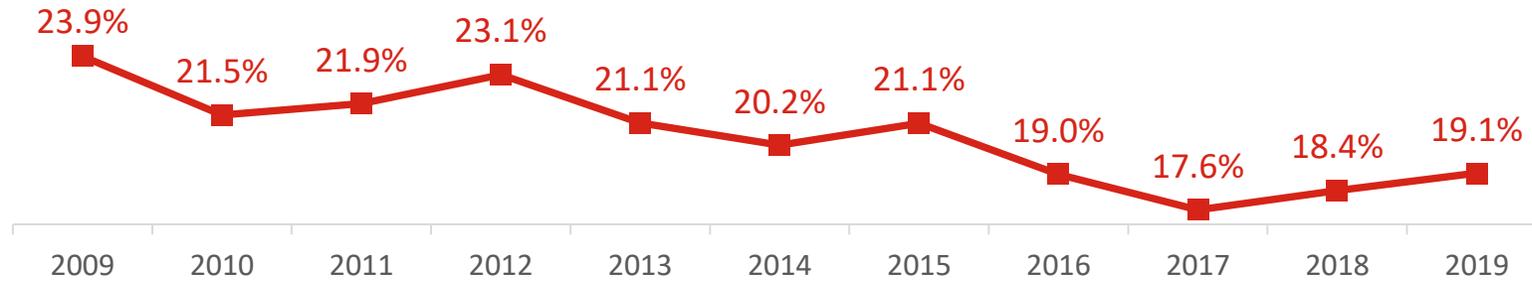
In €m

Operating cash flow: -€110m (€62m in H1 2018)



Ratios at June 30

WCR as % of sales



Net debt-to-equity



Net debt/adjusted EBITDA*





04

OUTLOOK

Guidance for 2019

H2 2019 expectations:

- More favorable than expected raw material environment
- But overall environment still complex

2019 OBJECTIVES

- ➔ Organic sales growth above 7%
- ➔ Based on current exchange rates, and considering the highly demanding second-half 2018: increase of around 6% in reported ORfA.

Investor/Analyst relations

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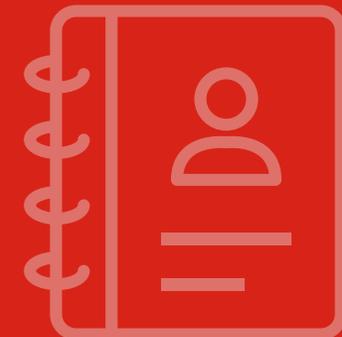
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CONTACTS



05

APPENDIXES

IFRS 16 implementation - Estimated impacts

1 300 contracts

Stores

Offices

Warehouses

Vehicles

GROUPE SEB
Impact on :

Net Debt (FY 19)	↑
+ 346 M€ as of June 30 2019	
Adjusted EBITDA (FY 19)	↑
+ 80 M€	
ORfA (FY 19)	↑
+ 8M€	
Net Income (FY 19)	↓
Around -5M€	

No cash impact

Q2 sales

In €m

		Q2 2018	Q2 2019	As reported	LFL
EMEA	EMEA	652	690	+5.9%	+5.9%
	Western Europe	494	515	+4.2%	+4.1%
	Other countries	158	175	+11.1%	+11.4%
AMERICAS	AMERICAS	177	194	+9.5%	+8.8%
	North America	112	121	+8.3%	+2.3%
	South America	65	73	+11.5%	+19.8%
ASIA	ASIA	481	523	+8.7%	+8.6%
	China	357	396	+11.2%	+11.9%
	Other countries	124	127	+1.6%	-0.9%
TOTAL Consumer		1,310	1,407	+7.4%	+7.3%
Professional		156	208	+33.3%	+16.3%
Groupe SEB		1,466	1,615	+10.1%	+8.2%

% based on non-rounded figures

Glossary

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.

Loyalty program (LP)

These programs, led by the distribution retailers, consist in offering promotional offers on a product category to loyal consumers who have made a series of purchases within a short period of time. These promotional programs allow distributors to boost footfall in their stores and our consumers to access our products at preferential prices.

Net debt – 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).

Product Cost Optimization (PCO)

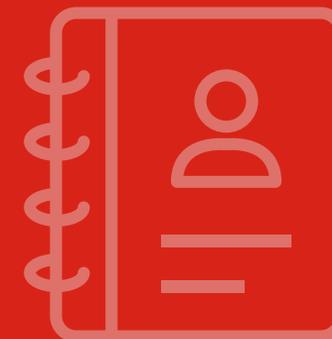
Group program regrouping and formalizing productivity and value-accretive initiatives.

Operation Performance SEB (OPS)

Group program targeting improvement in overall performance, striving for excellence.

Next key dates

October 29 | after market closes 9-month 2019 sales and financial data



AGENDA