GROUPE SEB

Press Release

27 October 2015

Nine-month 2015 Sales and Financial data

A very good third quarter
2015 guidance raised slightly

- **Nine-month revenue: €3,240 million, up 13.5% as reported and 8.4% LFL***
- **Third-quarter revenue: €1,127 million, up 9.7% as reported and 7.8% LFL***
- **Nine-month ORfA**: €262 million, up 38% as reported and 63% LFL***
- **Net debt: €481 million, down €112 million versus 30 September 2014**

Performance review

Groupe SEB continued to deliver strong improvement in its operating performance in the third quarter of 2015.

Revenue for the period amounted to €1,127 million, a 9.7% reported gain that reflected organic growth of 7.8%, a 1.2% positive currency effect that added €12 million and a 0.7% or €7-million increase from the consolidation of OBH Nordica as from 1 September.

Sales for the first nine months of the year totalled €3,240 million, up 13.5%. The 8.4% organic growth was driven by every product category and every geography, with gains in both mature markets (up 7%) and emerging economies (up 10%). Currency effects added €139 million to nine-month revenue, with a lesser impact in the third quarter due to the weakening of several emerging currencies during the summer, which dampened the positive impact from the stronger dollar and yuan.

Operating Result from Activity (ORfA) ended the period at €262 million, up 38% as reported and 63% like-for-like, boosted in particular by pro-active management of prices and product mix.

The Group also continued to resolutely reduce its net debt, which stood at €481 million at 30 September 2015, versus €593 million a year earlier.

*LFL: like-for-like, ie at constant exchange rates and scope of consolidation
**ORfA: Operating Result from Activity

Revenue by region

Sales (€m)	Nine months 2014	Nine months 2015	% Change YoY	
			As reported	Like-for-like*
France	425	458	+7.9%	+7.8%
Other Western European countries	545	595	+9.3%	+6.3%
North America	325	406	+25.2%	+8.4%
South America	293	275	-6.1%	+5.2%
Asia Pacific	817	1,073	+31.3%	+13.2%
Central Europe, Russia and other countries	450	433	-4.0%	+4.8%
TOTAL	2,855	3,240	+13.5%	+8.4%

** At constant exchange rates and scope of consolidation* *Rounded figures in € millions* *Percentages based on non-rounded figures*

Sales (€m)	Third quarter 2014	Third quarter 2015	% Change YoY	
			As reported	Like-for-like*
France	159	164	+3.3%	+3.2%
Other Western European countries	182	213	+17.6%	+12.4%
North America	132	161	+21.4%	+8.3%
South America	119	101	-15.7%	+7.7%
Asia Pacific	278	346	+24.9%	+11.5%
Central Europe, Russia and other countries	158	142	-10.5%	+0.5%
TOTAL	1,028	1,127	+9.7%	+7.8%

** At constant exchange rates and scope of consolidation* *Rounded figures in € millions* *Percentages based on non-rounded figures*

Sales by region

FRANCE: CONTINUED GROWTH

The French small domestic equipment market remained buoyant overall, in both the small electrical appliance segment, led by vacuum cleaners and electrical cooking appliances, and in the cookware segment, although at a slower pace during the summer after a very robust first half-year.

In this environment, Groupe SEB recorded for the third quarter a 3.3% increase in revenue, marking the ninth straight quarter of growth off of increasingly high prior-year comparatives. As in the first half, this satisfactory performance was driven by vacuum cleaners, beverage preparation appliances (single-serve coffeemakers, BeerTender), food preparation appliances (Cuisine Companion, Soup & Co, blenders) and electrical cooking with notably the Cookeo multicooker, which confirmed its flagship status and enjoyed increased sales in its connected version.

In cookware, after a very brisk first half boosted by three major loyalty programmes, sales refocused on core products in the third quarter and rose slightly over the period.

Also of note was the very strong, continuous growth in online sales across the product categories.

OTHER WESTERN EUROPEAN COUNTRIES: ROBUST DEMAND

In a market still expanding overall, the Group's very strong growth in the third quarter includes the change in consolidation scope related to the integration since 1 September (ie for one month) of the newly-acquired Scandinavian company OBH Nordica.

Excluding that additional €7 million in revenue and the currency effect, organic growth accelerated sharply from the first half, coming in at a very robust 12.4%. It was impelled by all of the region's leading markets, most of which delivered double-digit organic growth.

This was the case for example in Germany, where the Group benefited from the dwindling impact of the 2014 loyalty programme, which weighed on first-half sales, and from a strong momentum in electrical cooking appliances (Optigrill, fryers, etc.). A noteworthy performance was also reported in the United Kingdom, where Actifry in particular confirmed its great success. The vigorous growth in Italy and Spain, which has been quite steady since the beginning of the year, was driven by new vacuum cleaners, ironing and Nespresso coffeemakers. At the same time, business held firm in Portugal and recovered sharply in the Netherlands.

NORTH AMERICA: SUSTAINED FIRM GROWTH

As in the first half, the reported 21.4% growth in the third quarter reflected both a solid organic gain (8.3%) and the impact of the dollar's steep climb against the euro. Nevertheless, conditions continued to vary somewhat by country.

In the United States, business was still well oriented and organic growth picked up speed in the third quarter, to 7.8%. This was mostly thanks to the solid contribution from cookware, with continued progress for T-Fal, new retail listings for Imusa and sustained growth for All-Clad. As well, in the small electrical appliance segment, the new Optigrill model has got off to an encouraging start during its deployment phase.

In a tight Canadian market, like-for-like quarterly revenue was almost stable, as strong demand for T-Fal and Lagostina cookware offset the decline in sales of electrical appliances.

On the other hand, business in Mexico benefited from a solid growth dynamic, stemming from a cookware loyalty programme and slightly improved core business.

SOUTH AMERICA: THIRD QUARTER SLIGHTLY BETTER THAN THE SECOND

After a slow start to the year, organic growth firmed up in the second and third quarters, to 6.7% and 7.7% respectively, both in Brazil and in the rest of the continent, despite generally uncertain environment. However, the persistent currency weakness in the region, which worsened over the summer, led to a steep 15.7% drop in reported revenue.

In Brazil, the cooling economy, the faster decline in the real against the euro and lacklustre consumer spending all created a highly volatile price environment constantly roiled by inflation and massive promotional campaigns. In this context, the Group has been implementing an agile pricing policy which has led since last spring to solid organic growth, reaching 6.5% in the third quarter from 5.7% in the second. This performance was driven by firm demand for fans and by the success of the Dolce Gusto single-serve coffeemakers. On the downside, business remained complicated in cookware.

The solid sales growth in Colombia was attributable to the Group's competitiveness as a local manufacturer benefiting from the weaker peso. Best-sellers included fans, rice cookers, irons and, to a lesser extent, cookware.

ASIA PACIFIC: MAINTAINING A GOOD PACE

After a very lively first half, sales remained buoyant in the third quarter, nurtured both by robust organic growth and the positive currency effect, especially from the yuan. All three of the region's leading markets contributed to the excellent performance.

Despite a certain slowdown in the local economy, Groupe SEB had a very good third quarter in China, with sales growing by 15% like-for-like, led notably by cookware and rice cookers. The main drivers of Supor's progress and market share gains were i) a sustained strong product dynamic, impelled by a highly pro-active innovation process; ii) the continuous improvement in nationwide market coverage; iii) the opening of new categories such as thermos cups; and iv) the fast and steady development of online sales.

Business in Japan remained on the same solid upward trend as in the second quarter. The Group regained market shares thanks to repositioning cookware ranges and kettles on strategic price points. It also reinforced its market positions in ironing. In South Korea, sustained growth was driven by cookware and vacuum cleaners, particularly via online sales.

Elsewhere, business varied by country, with difficult conditions in Thailand and Malaysia, firm demand in Vietnam and a rather favourable situation in Australia.

CENTRAL EUROPE, RUSSIA, OTHER COUNTRIES: GOOD PERFORMANCE OVERALL EXCEPT IN SAUDI ARABIA

In a region that saw several major emerging currencies, like the rouble and the Turkish lira, weaken severely over the summer, the like-for-like stability in third-quarter revenue masks significant disparities between the countries.

Business continued to improve at a sustained pace in Central Europe, with in particular an excellent performance in Poland. In Russia, the Group achieved a good third quarter thanks to an active management of price hikes and promotions as well as a strengthened presence “on the field”. Combined, these actions led to market share gains. Sales growth was very robust in Ukraine, where demand for small domestic equipment remained surprisingly firm given the current environment.

The same was true in Turkey, where the excellent third-quarter performance, in line with previous quarters, was led by regular new product launches, higher investments in growth drivers and the gradual renovation of the Tefal Shop network. However, the country’s general environment prompts the Group to take a cautious view of the weeks and months ahead. The only disappointing performance in the region was in Saudi Arabia, where sales declined sharply, due to high inventories at our distributor. On the other hand, growth continued apace in Egypt and soared in India.

Operating Result from Activity

Operating Result from Activity (ORfA) for the first nine months of the year totalled €262 million, up 38%. It included a negative €48 million currency effect but no impact from the change in the scope of consolidation. On a like-for-like basis, ORfA therefore stood at €310 million, up an organic 63%.

For the third quarter alone, ORfA amounted to €116 million, versus €102* million the year before. Excluding the negative €16-million currency effect, the like-for-like figure came to €132 million. A such, quarterly ORfA rose by 14% as reported and by 30% on a like-for-like basis.

Following on from an extremely strong first half, which, as mentioned in the press release issued in late July, cannot be extrapolated over the full year, the Group delivered a very solid ORfA in the third quarter. It reflected the strong dynamic and quality of sales, driven by a robust positive contribution from volumes, prices and product mix, and boosted by the ongoing commitment to competitiveness and strict cost discipline.

*Restated for IFRIC 21 norm

Net debt at 30 September 2015

Net debt amounted to €481 million at 30 September 2015, down €112 million from a year earlier.

Significant events of the period

On 9 July, Groupe SEB announced that it had agreed to acquire OBH Nordica, a leader in the Scandinavian small domestic appliance market. The acquisition was finalized on 31 August, corresponding to the end of OBH Nordica's financial year.

Founded in 2002 and based in Stockholm, OBH Nordica markets a wide range of small domestic equipment (small electrical appliances and cookware). It holds forefront positions in the Nordic countries, with access to some 4,200 points of sale and an eponymous brand that enjoys very wide awareness in Sweden, Denmark, Finland and Norway.

OBH Nordica reported SEK 628 million (€66 million) in revenue in 2014-2015 and has around 7% value market share in the Nordic small domestic appliance market. While the leader in cookware in Scandinavia, Groupe SEB is a challenger in the regional small domestic appliance segment and intends to leverage the acquisition of OBH Nordica to significantly strengthen its market presence.

Outlook for 2015

Groupe SEB expects the sales dynamic to remain firm over the fourth quarter, even compared with the already strong prior-year figures. The Group will continue to activate its primary profitable growth levers, while stepping up, by year-end, its investments in growth drivers, in particular in advertising and operational marketing.

Based on the high quality of the nine-month performance and the outlook for the rest of the year, Groupe SEB is slightly raising its 2015 objectives, hence targeting:

- like-for-like sales growth of around 7%
- like-for-like ORfA growth significantly higher than 30%. Assuming a currency effect now estimated in the range of a negative €90-100 million, reported 2015 ORfA should materially exceed €400 million.

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

Upcoming Events

19 January 2015 provisional sales	**28 April** 2016 first-quarter sales and financial data
25 February 2015 full-year results	**19 May** Annual General Meeting

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The world leader in small domestic equipment, Groupe SEB operates in nearly 150 countries with a unique portfolio of top brands including Tefal, Rowenta, Moulinex, Krups, Lagostina, All-Clad, and Supor, marketed through multi-format retailing. Selling some 200 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. Groupe SEB has nearly 25,800 employees worldwide.

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