Press Release

FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED
30 SEPTEMBER 2014

23 October 2014

A SOLID PERFORMANCE IN LINE WITH EXPECTATIONS

- **Sustained organic growth**
- **A highly adverse currency effect over nine months**
- **A good third quarter**
- **2014 objectives confirmed for Revenue and Operating Result from Activity**

	3RD QUARTER in €m	3RD QUARTER △	9 MONTHS in €m	9 MONTHS △
Sales	1,028	+ 3.0% + 4.1% LFL	2,855	+ 0.8% + 4.5% LFL
ORFA*	100	+ 4.4% + 14.8% LFL	191	- 17.9% + 6.9% LFL

*Operating Result From Activity

Sales by region

Revenue (in €m)	Q3 2014	% change		9 months 2014	% change	
		Reported	Like-for-like		Reported	Like-for-like
France	159	+ 4.6%	+ 4.6%	425	+ 2.6%	+ 2.6%
Other Western EU countries	182	+ 2.2%	+ 1.1%	545	+ 5.6%	+ 5.1%
North America	132	+ 9.4%	+ 6.7%	325	+ 1.9%	+ 3.5%
South America	119	+ 5.6%	+ 6.7%	293	- 4.7%	+ 5.4%
Asia-Pacific	278	+ 2.9%	+ 6.3%	817	+ 3.3%	+ 9.5%
Central Europe, Russia and other countries	158	- 3.7%	- 0.6%	450	- 7.4%	- 2.4%
TOTAL	1,028	+ 3.0%	+ 4.1%	2,855	+ 0.8%	+ 4.5%

% based on non-rounded figures

GROUPE SEB
FINANCIAL COMMUNICATIONS AND INVESTOR RELATION DEPARTMENT
CHEMIN DU PETIT BOIS I BP 172 - 69134 ECULLY CEDEX FRANCE I T. +33 (0)4 72 18 16 40 • FAX +33 (0)4 72 18 15 99

Revenue performance

In the third quarter, the overall operating environment was still very mixed, with an improved situation in certain regions and very challenging market conditions in others. Exchange rates have remained volatile, with certain currencies continuing to show weakness against the euro while others have strengthened, the US dollar and Chinese yuan in particular.

Although uneven from one country to another, as well as highly competitive and promotion-driven, the small domestic equipment industry maintained its vitality as a whole. Retailers nonetheless continued to apply very cautious inventory policies which sometimes slowed our business down.

Against this backdrop, Groupe SEB generated revenue of €2,855 million over the first nine months of the year, an increase of 0.8%. On a like-for-like basis, revenue was up 4.5%. The €126m negative FOREX impact on sales stemmed from the massive drop in certain currencies against the euro over the 9 months, with the yen, the real, the rouble and the Turkish lira being the most relevant ones.

These performances reflected a firm business in the third quarter over an already high basis of comparison in 2013, when revenue rose by 10% like-for-like. As a matter of fact, the Group generated organic growth of 4.1% in third-quarter 2014, led by continued strong momentum in China and significantly faster growth in France and the United States that contrasted with an on-going steep decline in Russia and Japan. Given a negative currency effect of €19 million, sales for the quarter were up 3% in euros.

At the end of September, sales also include a consolidation scope of +€22m linked to the consolidation of Maharaja Whiteline in India and to the integration of Canada-based Coranco as from January 1st, 2014.

Sales by region

FRANCE: faster growth in the third quarter
In a market that trended slightly upwards, Groupe SEB posted its fifth consecutive quarter of growth. Following a slight improvement in the first half, business accelerated in the third quarter with sales up 4.6%. Growth was driven by the small electrical appliance segment, where the Group largely outperformed the competition and gained market share. Among the champion products that contributed strongly to sales vitality were the Cuisine Companion cooking food processor, which went from strength to strength, the Cookeo multicooker, Nespresso coffee makers, draught beer systems, traditional oil-based deep fryers and breakfast items. Business however proved more difficult in personal care (despite good results in depilators) as well as in the ironing segment, where the Group nonetheless consolidated its positions. Lastly, in cookware, the Group's sales declined in a contracting market, but the prospects for the end of the year are more favourable.

OTHER WESTERN EUROPEAN COUNTRIES: business held up well
In the other Western European countries, the small domestic equipment market was quite lively during the summer, with situations nevertheless varying rather widely from one product category and country to another. For the Group, the third quarter represented a special challenge given a very high basis of comparison in 2013, when organic growth in sales reached 14.4%. Despite the high comparatives, the Group delivered in the third-quarter a slight revenue improvement that represented a very satisfactory performance. In Germany, after several quarters of positive momentum additionally fuelled by loyalty programmes, sales declined somewhat despite significant advances in automatic espresso machines and deep fryers. Business also slowed in Belgium, following a very lively start to the year. On the other hand, the recovery continued in the Netherlands, in Italy, where the Group continued to gain

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market share, and in Spain, with significant improvements in beverage and food preparation appliances, in linen care and vacuum cleaners. The Group's sales momentum also remained steady in the United Kingdom, where growth was notably robust in cookware.

NORTH AMERICA: a lively third quarter

In North America, following a slow start to the year, linked mainly to weather conditions, the Group's business performance gradually improved, quarter after quarter. For the first nine months of the year, organic growth came to 3.5% due to a solid increase in third-quarter sales (up 6.7% like-for-like). In the United States, in a sluggish cookware market, the Group strengthened its presence in stores and expanded its distribution network, leveraging the strength of its T-Fal, Imusa and All-Clad brands. It also benefited from the continued success of Optigrill, whose sales network is gradually being extended to new channels. In linen care, turnover held firm thanks to the launch of new models of steam irons.

In Canada, beyond disruptive exchange rate fluctuations, business was somewhat more challenging after several quarters of strong growth, but the Group's product dynamic remained sustained. In Mexico, revenue trended favourably, especially in cookware and irons.

SOUTH AMERICA: sales vitality

Group sales have globally trended upwards since the beginning of the year and the third quarter, with 6.7% like-for-like growth, added impetus to organic growth already achieved in the first half. In Brazil, in an uncertain environment shaped by lower GDP growth forecasts and a slowdown in consumer spending due to the economic situation and elections, the Group achieved moderate revenue growth in the third quarter, led mainly by fans, irons and the Dolce Gusto coffee maker, which was supported by major advertising and marketing campaigns. On the other hand, sales of food preparation appliances and washing machines proved more complicated. Cookware sales were down in the third quarter, following a very good second quarter.

In Colombia, the buoyant business environment was further enhanced by a vigorous sales dynamic and by special events and promotions that were organised for Imusa's 80th anniversary. Thus revenue growth accelerated sharply in the third quarter, led by champion products such as fans, cookware, irons, blenders and coffeemakers.

ASIA-PACIFIC: dynamism in China versus a tense environment in Japan

With quarterly revenue up by around 3% in euros and organic growth of 6.3%, the Asia-Pacific region remained generally rather upbeat for the Group in the third quarter but business varied dramatically by country, as in the first half. The toughest market is Japan, where this year we have to face the weakness of the yen against the euro - which has led us to introduce price increases that have significantly impacted revenue -, the sharply slower demand due to the increase in the VAT rate and the large-scale inventory drawdowns by retailers. Taken together, these factors interrupted a cycle of several years of sustained growth for the Group in Japan and our sales have dropped sharply.

On the other hand, China continued to enjoy very robust growth, supported by a large number of new product launches in cookware and kitchen tools as well as in small electrical appliances, a broader geographical footprint and the rapid growth of online sales. Supor thereby continued to strengthen its positions in the Chinese domestic market. In other markets, demand was solid in South Korea and satisfactory in Thailand, despite the current political situation.

CENTRAL EUROPE, RUSSIA AND OTHER COUNTRIES: healthy performances hurt by Russia and Ukraine

Since the beginning of the year, the region, which has declined at constant exchange rates, has been strongly impacted by the deteriorating situation in Russia and, more recently, in Ukraine. In addition to very significant currency effects involving the rouble and the Ukrainian hryvnia namely, the region has experienced major socio-political challenges and a very considerable slowdown in consumer spending in the countries concerned. In Russia, the sharp decline in the Group's sales, extending back nearly a year, continued in a contracting market that has become highly competitive and promotion-driven. The discontinuation of loyalty programmes also contributed to the third-quarter underperformance. Nonetheless, the Group's sales picked up somewhat in cookware and in large specialty chain outlets. Even if a cautious approach is still required because consumer spending is sluggish, the Group is stepping up marketing initiatives and increasing its in-store presence so as to be closer to consumers. At the same time, in Ukraine, business suffered but did not collapse.

In the region's other markets (Central Europe, Turkey and the Middle East), growth was generally solid in the third quarter, especially in Egypt where the Group turned in a very good performance.

Operating Result from Activity

Operating result from activity for the first nine months of 2014 stood at €191 million, down 17.9% on the prior-year period. The decline was significantly smaller than in the first half, reflecting a clear improvement in the situation in the third quarter, when operating result from activity amounted to €100 million, up 4.4%. On a like-for-like basis, operating result from activity rose by nearly 7% in the first nine months of the year and by nearly 15% in the third quarter alone, with a negative currency impact amounting to €57 million and €12 million respectively.

This turnaround in operating profitability, in line with the Group's expectations, was due partly to sustained organic growth in sales, fuelled by increased investment in growth drivers and stronger marketing structures, and partly to optimized production costs and strict control of expenses.

Despite price increases introduced in certain countries to offset the weakness of their local currency, the price-mix effect was virtually neutral, reflecting a very competitive and promotion-driven market environment as well as the country mix.

Analysis of debt at 30 September 2014

Net debt at 30 September 2014 totalled €593 million, compared with €575 million a year earlier.

As at 30 June 2014, the difference compared with 31 December 2013, when net debt stood at €416 million, was due to the decline in operating result from activity, the €70 million investment in the Group's new head offices in Ecully (near Lyon), the acquisition of minority interests in Maharaja Whiteline in India and Asia Fan in Vietnam, and share buybacks.

At 30 September, the Group's debt-to-equity stood at 37% and its balance sheet was healthy and solid.

Significant events of the period

As part of a proactive debt management strategy, Groupe SEB renegotiated in July the €560million syndicated credit line set up with its partner banks in 2011 with maturity in February 2016. Taking advantage of favourable market conditions and partnering with the same pool of seven banks, the Group signed an agreement on 31 July 2014 to set up a new five-year syndicated credit line for €560 million with two, one-year renewal options. The facility is intended to back the Group's €600 million commercial paper programme, but may also be used for any other purpose.

In renewing the facility before maturity, the Group has strengthened its financial structure and reduced its finance costs.

Outlook

In a mixed environment shaped by persistent exchange rate volatility, the Group delivered a good third-quarter performance over high prior-year comparatives. This attests to the Group's solid sales dynamic and its ability to adjust to currency headwinds and very deteriorated markets, as for example in Russia and Japan. In neither of these countries has the environment improved, contrary to the Group's expectations.

At this stage, Groupe SEB confirms its full-year objective of achieving sustained organic growth in revenue and a significant improvement – greater than in 2013 – in operating result from activity on a like-for-like basis. At the same time, the Group aims at maintaining a high level of investment in growth drivers. It also confirms its forecast of a roughly €80 million negative currency effect on 2014 operating result from activity, unchanged from its estimate at end-July.

Upcoming events

Shareholders Information Meeting in Nantes: 24 November 2014
Provisional sales 2014: 20 january 2015, after market close - 5:40 pm (FT)

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Investors / Analysts
Groupe SEB
Financial Communications
and Investor Relation Department
Isabelle Posth
Emmanuel Fourret
BP 172
69134 Ecully cedex, France

Tel: +33 (0) 4 72 18 16 40
comfin@groupeseb.com

Media
Image Sept

Estelle Guillot-Tantay
Caroline Simon
7, rue Copernic
75116 PARIS

Phone: +33 (0) 1 53 70 74 93
Fax: +33 (0) 1 53 70 74 80

www.groupeseb.com

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 25,000 employees worldwide.