20 January 2015

Provisional 2014 sales

Groupe SEB
Continued solid organic growth: +4.9% in the fourth quarter

	SALES	CHANGE Reported	CHANGE Like-for-like*
2014	€4,253m	+2.2%	+4.6%
Q4 2014	€1,398m	+5.3%	+4.9%

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

Sales performance

The global macro-economic environment in 2014 was marked by weak growth, underpinned by a climate of uncertainty or turbulence in several emerging countries and critical situations in certain regions of the world. It was also a year of extreme volatility on the foreign exchange markets with many currencies showing persistent weakness against the euro. The situation worsened in the fourth quarter when the rouble collapsed, while the US dollar and Chinese were getting stronger.

In a highly competitive and promotion-driven environment, the small household equipment market continued to grow overall but performed unevenly from one country to another.

Groupe SEB's sales **rose by 2.2% in 2014 as reported and by 4.6% like-for-like.** As expected, **organic growth was strong,** led by positive contributions from substantially all of the Group's main markets – except for Russia and Japan – and by innovation, which once again confirmed its role as a key growth driver. Business was vibrant in the second half of the year and **momentum increased in the fourth quarter,** with sales rising by **4.9% like-for-like,** as in 2013, driven notably by France, the United States, Brazil and China.

Currencies had a negative impact throughout 2014, **reducing sales by €132 million over the year and €6 million in the fourth quarter alone.** This was mainly due to the yen, rouble, real, Ukrainian hryvnia and Turkish lira, while the yuan and dollar generated positive currency effects in the latter part of the year. Moreover, c**hanges in the scope of consolidation added €33 million to sales for the year** (including €10 million in the fourth quarter), corresponding to the consolidation as from 1 January 2014 of Groupe SEB India (formerly Maharaja Whiteline) and Canada-based Coranco.

Sales by region

Sales in €m	2013	2014	% change Reported	% change Like-for-like
France	666	700	+5.1%	+5.1%
Other Western EU countries	821	849	+3.5%	+2.8%
North America	468	496	+5.9%	+4.0%
South America	426	421	-1.3%	+6.9%
Asia-Pacific	1,087	1,132	+4.2%	+7.9%
Central Europe, Russia and other countries	693	655	-5.6%	+0.4%
TOTAL	4,161	4,253	+2.2%	+4.6%

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

Rounded figures in € millions

Percentages based on non-rounded figures

Sales in €m	Fourth quarter 2013	Fourth quarter 2014	% change Reported	% change Like-for-like*
France	252	275	+9.2%	+9.2%
Other Western EU countries	305	305	-0.0%	-1.2%
North America	149	171	+14.4%	+5.0%
South America	119	128	+7.3%	+11.0%
Asia-Pacific	296	315	+6.6%	+3.5%
Central Europe, Russia and other countries	207	204	- 1.4%	+7.0%
TOTAL	1,328	1,398	+5.3%	+4.9%

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

Rounded figures in € millions

Percentages based on non-rounded figures

France: a very good end to the year

In a French market growing slightly, Group sales accelerated sharply in the fourth quarter, rising by 9.2% on the back of an already strong third quarter, up 4.6%. The Group therefore recorded its sixth consecutive quarter of growth, as well as a very good second half. This vigorous performance was led by the small electrical appliance segment, which benefited from a strong product dynamic, and by a cookware loyalty program set up in November with a major retailer. It enabled the Group to continue to outperform the market and further strengthen its positions in France.

In electrical appliances, the main growth drivers were once again food preparation appliances (mixers, blenders and, above all, the Cuisine Companion cooking food processor which has established a firm foothold in the market), the Cookeo multicooker, the sales of which have more than doubled, vacuum cleaners, Nespresso coffee makers, draught beer systems and traditional oil-based deep fryers. In ironing, business was more difficult but the Group outperformed a declining market and reinforced its positions. In personal care, Group sales were down on the prior year.

Lastly, in a cookware market still decreasing, the Group enjoyed a good end to the year but was nonetheless unable to offset the lacklustre performance of the first nine months.

Other Western EU countries: satisfactory business

In other western European Union countries, the small electrical appliance market enjoyed solid growth in 2014 whereas the cookware market was more tense.

Despite high prior-year comparatives, the Group performed well in nearly all countries of the region, with organic growth for the year at + 2.8% despite a slight decline in the fourth quarter, down 1.2% like-for-like. In Germany, the Group ended 2014 with sales on a par with the previous year, after experiencing a steep drop in the fourth quarter due to the high basis of comparison created by a major cookware loyalty program implemented in late 2013. Excluding the effects of this program, sales were significantly higher thanks to advances in fryers – led by Actifry –, the good start of the “Energy Label” vacuum cleaner range and very strong demand for full-automatic espresso machines. In the United Kingdom, growth remained firm throughout the year, with buoyant fourth quarter sales led by Nespresso and Dolce Gusto single-serve coffee makers, Actifry and Optigrill. In Spain, despite the absence of a large-scale loyalty program such as the one that boosted 2013 sales, the Group had a very good year in nearly all product families, further strengthening its position in a fast-recovering small electrical appliance market. The same applied in Italy, where, in the fourth quarter, we benefited from a vibrant demand for the Cuisine Companion cooking food processor and achieved strong sales of steam irons and Nespresso coffee makers. Lastly, in the Netherlands and Scandinavia, business recovered significantly compared with 2013 and was generally robust throughout the year.

North America: a stronger growth dynamic

After a slow start to the year due to unfavourable weather conditions, business in North America benefited from the economic recovery in the United States with a positive impact on our sales, which grew by 4% over the year and by 5% in the fourth quarter. The pace of growth accelerated from one quarter to the next, led primarily by the United States where Group revenue rose by more than 8% in local currency in the fourth quarter. This strong performance was attributable to several factors. Cookware sales benefited from the combined effects of sharply higher demand for T-Fal mid-range products, a strong dynamic of All-Clad in the premium segment and solid development of Imusa in ethnic items. In kitchen electrics, distribution of Optigrill was expanded and confirmed its success. In ironing, the introduction of new Rowenta and T-Fal models and advances in garment steamers helped to drive growth. The Group's stronger in-store and on-line presence also contributed to last year’s performance, as did the success of several specific promotional campaigns.
In Canada, in a market that was less buoyant and penalized by the decline in the Canadian dollar, Group sales stalled at the end of the year after months of uninterrupted growth. Full year sales remained nevertheless up slightly on 2013 on a like-for-like basis. Lastly, 2014 revenue in Mexico were also slightly higher than in the prior year in local currency, with growth led mainly by cookware and steam irons.

South America: faster growth in the fourth quarter

By delivering a further acceleration of sales growth, the Group confirmed in the fourth quarter the solid performance achieved in the first nine months in South America.
In Brazil, we had to face the uncertain economic environment, currency issues, higher inflation and lower consumer spending further hampered by the disruptive effect of the presidential elections. The weakness of the real led us to increase prices at the beginning of the year, putting additional pressure on sales. In this challenging environment, the Group nevertheless delivered strong growth, particularly in the fourth quarter when sales rose 11.3% like-for-like. Small electrical appliances – particularly fans and Dolce Gusto coffee machines, steam irons and semi-automatic washing machines – were the main growth drivers. The cookware segment remained more difficult but stabilized at the end of the year.
In Colombia, the Group posted solid organic growth in 2014 after recording a moderate increase in sales in the fourth quarter. This performance was attributable to electrical appliances such as fans and steam irons, as well as to the extensive advertising and marketing support enjoyed by Imusa in connection with the events organised to celebrate the brand’s 80th anniversary.

Asia-Pacific: a good overall performance, excluding Japan

With sales up 4.2% as reported and 7.9% in local currencies, the Group had a satisfactory year in the Asia-Pacific region where the vibrant Chinese business contrasted with very difficult context in Japan. Fourth quarter sales were generally in line with the first nine months, although organic growth slowed slightly, to + 3.5%.

The Group had a very tough year in Japan, due to a number of negative factors such as the yen's weakness against the euro and the resulting price hikes that severely affected volumes, as well as the increase in the VAT rate on 1 April which dampened consumer spending. Despite action to overcome these difficulties, sales fell sharply in 2014, in stark contrast to the robust growth enjoyed in prior years. This was also true in the fourth quarter, due to the very high prior year comparatives created by anticipated purchases of retailers ahead of January 2014 price increases.

The picture was entirely different in China, where the Group enjoyed extremely vigorous growth in all four quarters. In a well oriented small household equipment market, deployment of an offer enhanced by a steady stream of new products, continued expansion across the country, particularly in Tier 3 and Tier 4 cities, and accelerated growth in on-line sales helped Supor to further strengthen its positions in both cookware and small electrical appliances. In the vast majority of other countries in the region, business was very satisfactory. This was particularly the case in South Korea, which delivered a strong year.

Central Europe, Russia and other countries: firm business, held back by Russia

The Group's business in this region was badly affected by the crisis in Russia and Ukraine and by major currency issues (particularly for the rouble, the Turkish lira and the Ukrainian hryvnia).

In Russia, 2014 sales were down sharply at constant exchange rates, reflecting the steady deterioration in the Russian economy and the impact on demand of higher inflation. In a fiercely competitive, promotion-driven environment, the rouble's collapse in December made the situation even more difficult in the latter part of the year. Nevertheless, sales were almost stable in the fourth quarter, thanks to a rebound in demand for certain product categories and to two loyalty programs set up with retailers. At this stage, however, given the country's economic context and the lack of visibility, this performance should not be extrapolated in 2015 and the same applies to our strong recovery in Ukraine at the end of the year, leading to significant market share gains. In Central Europe, the Group achieved very satisfactory performance over the year and enjoyed vigorous growth in the fourth quarter, particularly in Poland. In Turkey, after two difficult years, the Group saw a return to a very robust organic growth and considerably strengthened its market positions, thanks in particular to significant advances in linen care and vacuum cleaners. Lastly, the Group had a good year in the Middle East and Egypt, despite a more challenging environment over the last months.

Outlook

The Group confirms its 2014 objective of achieving a significant improvement – greater than in 2013 – in Operating Result from Activity on a like-for-like basis.

Recent fluctuations of certain currencies against the euro led to a more moderate negative effect on fourth quarter sales. However, they will have a significant impact on the reported Operating Result from Activity that the strong sales performance at the end of the year and the actions taken by the Group should offset.

As expected, net debt at 31 December 2014 will be higher than at the 2013 year-end mainly due to the strategic investment in the Group's new headquarters building. The balance sheet will remain healthy and robust.

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Next events

26 February
2014 consolidated results

23 April
First quarter 2015 financial information

12 May
Annual Shareholders' Meeting

23 July
First half 2015 sales and results

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