2017

HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE

Profile

The **world reference in Small Domestic Equipment, Groupe SEB pursues a multi-specialist** strategy with top-ranking positions in small electrical appliances and a strong global leadership in cookware. Its mission is **making consumers' everyday lives easier and more enjoyable and contributing to better living all around the world.**

Operating in nearly 150 countries, Groupe SEB has built strong positions across continents through a product offering, both global and local, addressing consumer expectations throughout the world.

This offering is enhanced **by an exceptional brand portfolio**.

The Group's success is rooted in its **long-term vision** committed to achieving the **right balance between growth and competitiveness** in order to create value for all its stakeholders.

AN EXTENSIVE PRODUCT OFFERING

- Cookware: frying pans, saucepans, pressure cookers, bakeware, kitchen utensils and accessories…
- Small electrical appliances:
  - Electrical cooking: deep fryers, rice cookers, electrical pressure cookers, tabletop cooking appliances, waffle makers, meat grills, toasters, multicookers…
  - Preparation: kitchen machines, mixers, beaters, blenders, cooking food processors, coffee makers (filter and pod), espresso machines, electrical kettles, home beer-tapping machines, soy milk makers…
  - Linen care: steam irons and generators, garment steamers…
  - Personal care: hair care equipment, depilators, bathroom scales…
- Home care: canister vacuum cleaners with or without dust bag, stick vacuum cleaners, fans, heaters, air treatment appliances…
- Professional equipment: automatic coffee machines, hotel equipment…

PRESENCE ACROSS THE ENTIRE VALUE CHAIN, FROM PRODUCTION TO DISTRIBUTION

- **40** production plants worldwide, which manufacture around **70%** of products sold
- Multichannel distribution: mass retail, specialist retailers, traditional stores, proprietary stores (Group retail) and e-commerce
- Top ranking positions in over **25** countries
- **32,900** employees in **150** countries (31 December 2016)
- A strategy focusing on ethical, socially fair and ecologically responsible long-term development

DEVELOPMENT UNDERPINNED BY INNOVATION

- **+€150 million** invested annually
- **+1,300** people in the innovation community
- **+1,000** active patents

An unrivalled brand portfolio

ALL-CLAD
ARNO
ASIAVINA
CALOR
CLOCK
EMSA
ESTERAS
HEPP
IMUSA
KAISER
KRUPS
LAGOSTINA
MAHARAJA WHITELINE
MIRRO
MOULINEX
OBH NORDICA
PANEX
ROCHEDO
ROWENTA
SAMURAI
SCHAERER
SEB
SILIT
SUPOR
TEFAL
T-FAL
UMCO
WEAREVER
WMF

AT 30 JUNE 2017

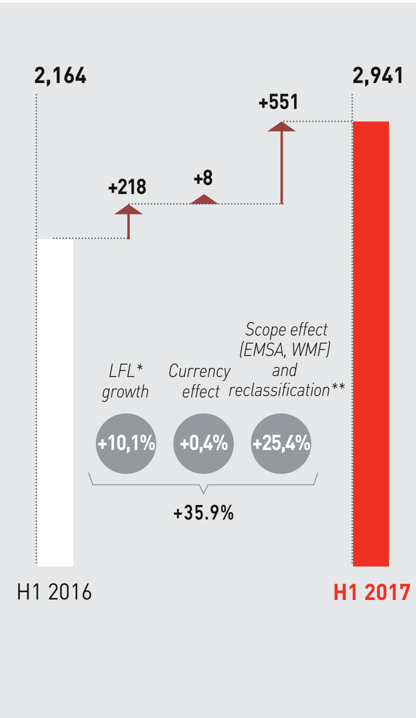
GROUPE SEB CONSOLIDATED RESULTS

(in € millions)	First half 2017	First half 2016	Change, as reported	Change, like-for-like[(a)]
Revenue	2,941	2,164	+35.9%	+10.1%
Operating Result from Activity after impacts of WMF PPA[(b)]	213	172	+24.1%	+27.4%
Operating Result from Activity before impacts of PPA one-offs[(b)]	230			
Operating profit (loss)	178	134	+33.4%	
Profit attributable to owners of the parent	83	62	+33.7%	
Net debt	2,065	629	+€1,436 million	

(a) Like-for-like: at constant exchange rates and consolidation scope.
(b) Impacts of WMF PPA: impacts of WMF purchase price allocation, one-offs (revaluation of inventories, order book) and recurrent items (customer relationship, technologies).

CHANGE IN HALF-YEAR REVENUE 2016 - 2017

(in € millions)



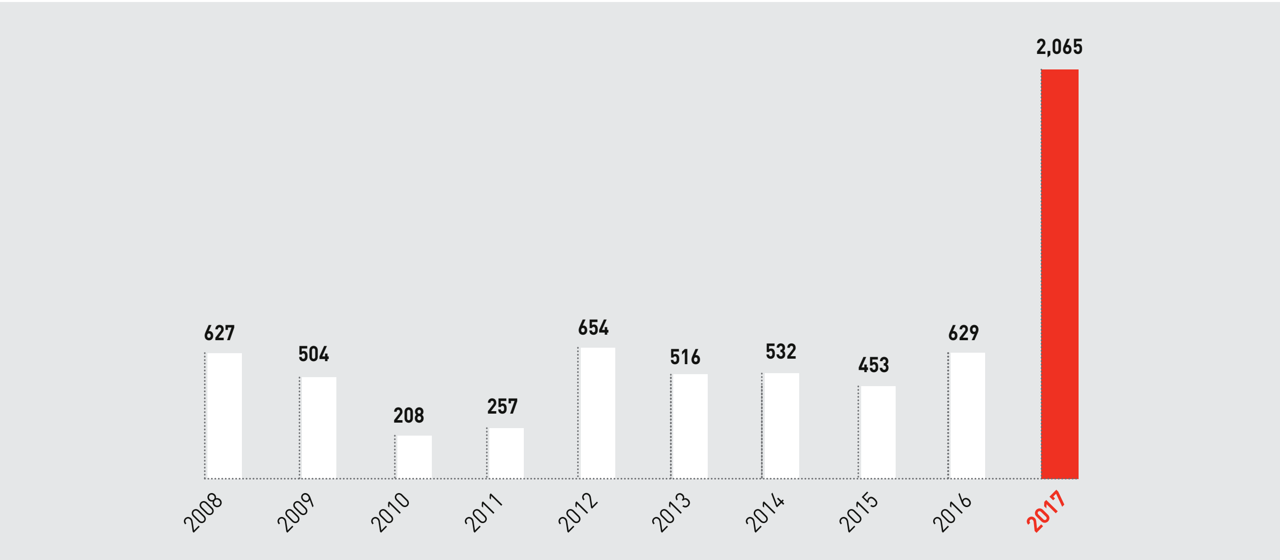
CHANGE IN HALF-YEAR OPERATING RESULT FROM ACTIVITY 2016 - 2017

(In € millions)

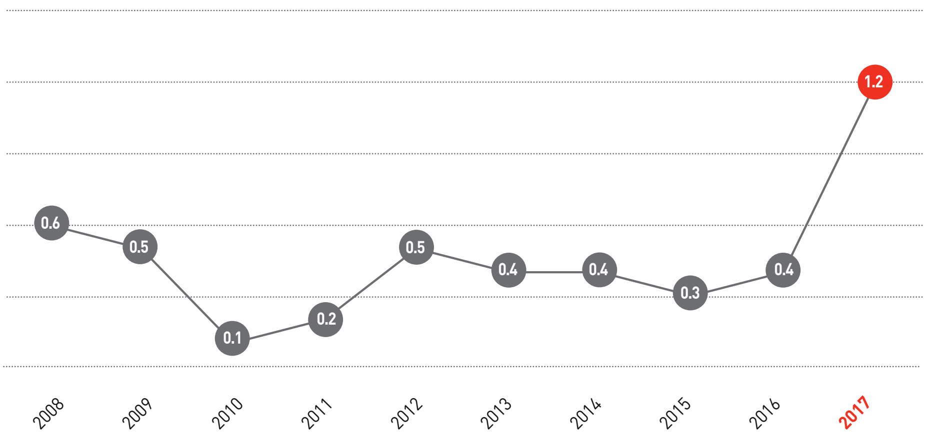
* *LFL : like-for-like : at constant exchange rates and consolidation scope.*
** *Reclassification of €36 million of some of Supor's marketing spend to sales deductions, offset in the LFL growth calculation.*

NET DEBT AT 30 JUNE

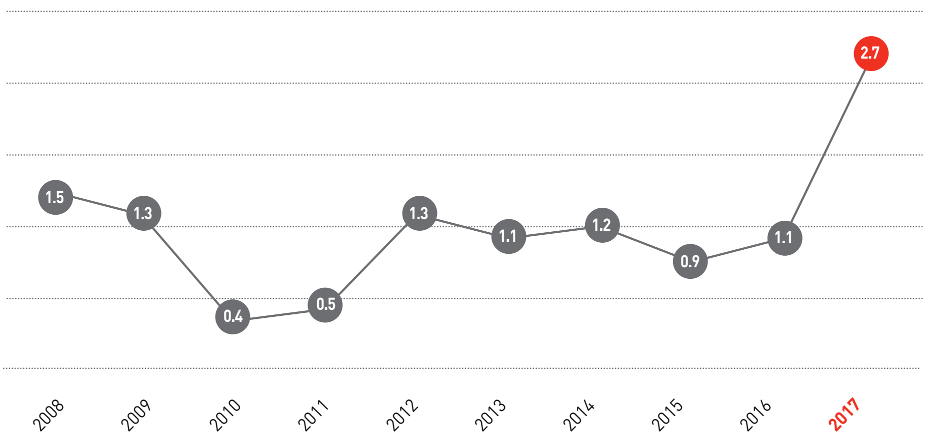
(in € millions)



Net debt-to-equity ratio at 30 June

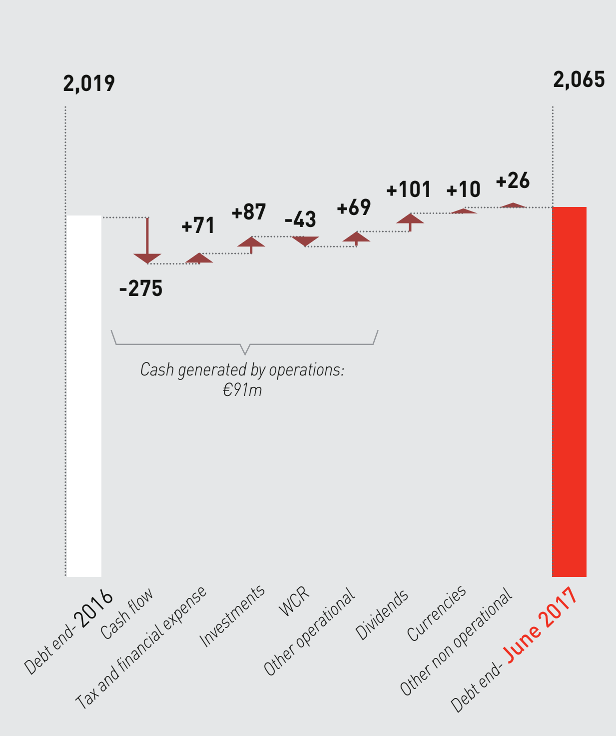


Net debt / adjusted EBITDA (estimated, over 12 rolling months) at 30 June



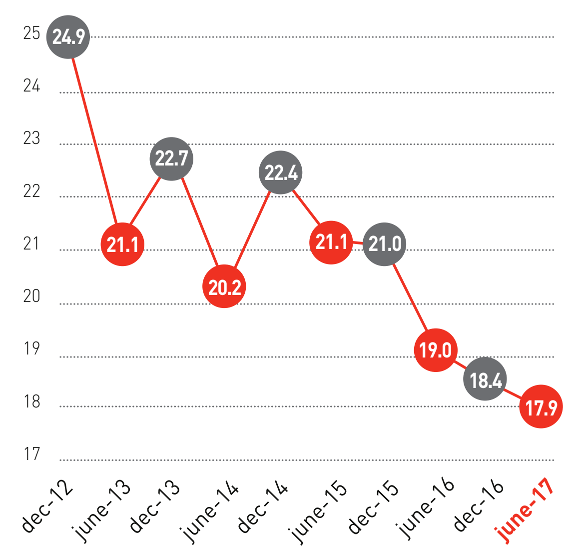
CHANGE IN DEBT OVER 6 MONTHS

(in € millions)



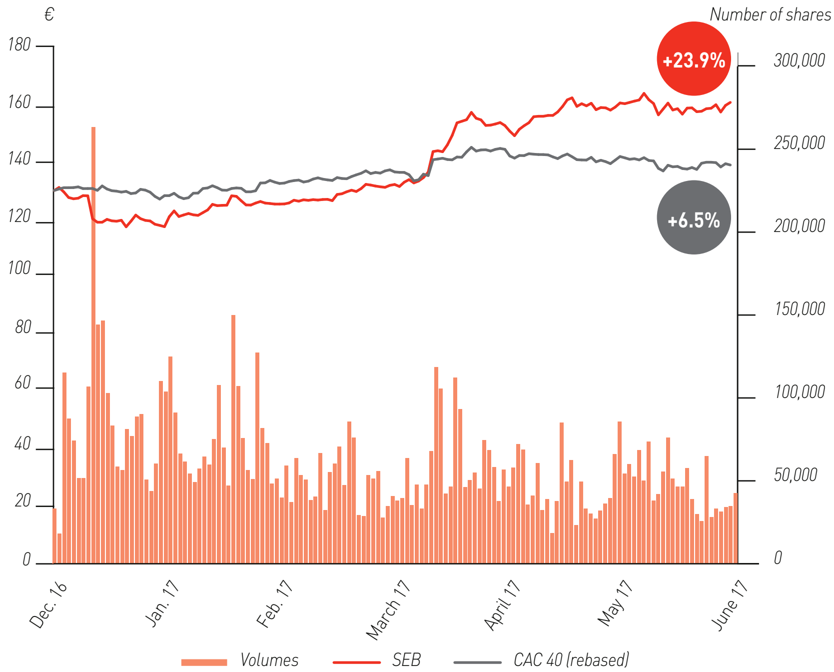
CHANGE IN WORKING CAPITAL REQUIREMENT BY HALF-YEAR

(as a % of revenue)



SHARE PRICE

(to 20 July 2017)



2. Management report

HIGHLIGHTS

GENERAL ENVIRONMENT

The general environment in the first half was broadly favourable, opening the door to strong growth in some countries (China, Germany, Central Europe, Russia, Turkey, etc.) whereas some regions or countries faced a more complicated or tensed context. Accordingly:

- while eurozone economies remained broadly positive with consumption pretty solid, and even buoyant in certain countries (Germany, Spain, Portugal, France, for example), the situation is more unpredictable in the UK. The weakening of the pound sterling surrounding the Brexit vote has triggered higher inflation primarily by making imports more expensive, with small household appliances being widely affected. With consumer price hikes negatively impacting household purchasing power, demand is slowing and there is limited visibility as to how this will unfold;
- in the US, against a background of a sluggish yet fast changing consumer market due to the exponential rise of e-commerce, traditional brick-and-mortar retailing is going through an unprecedented crisis with a series of consequences, ranging from tighter inventory management or inventory run-downs to the collapse of certain chains, and including major restructurings and store closures. This situation complicates and significantly slows business with these retailer clients;
- the progressive improvement in the macro-economic environment in Brazil is hampered by the deep ongoing political crisis in the country, which is slowing the introduction of fundamental reforms. The recent upheaval weakened again the Real in the second quarter resulting in higher inflation, dragging down the Brazilian economy as well as business and household confidence, with negative demand-side effects;
- in India, the withdrawal of larger denomination notes at end-2016 led to a marked fall in consumption, which remained depressed since then. The debate surrounding the Goods and Service Tax, which creates a single VAT tax across the 29 states, and its subsequent passage on 1 July did not help demand much over the past number of months. For small electrical appliances, the GST rate will be set at 28% and the application of this tax, with all its technical implications, will most likely disrupt business.

In this environment, the Small Domestic Equipment market remained in an uptrend, although with mixed performances across regions and product categories. Its growth is increasingly driven by e-commerce, which is changing the ground rules in retailing and putting additional pressure on the competitive and promotional climate.

Currencies

In first half 2017, the currency environment was broadly more positive than in previous years, with much less impact on the Group's performance. The fluctuations – based on average exchange rates – nevertheless varied significantly across currencies.

The half-on-half depreciations against the euro included, on the back of Brexit, the pound sterling (-12%), yuan (-3%), Turkish lira (-18%), Ukrainian hryvnia (-8%), Mexican peso (-7%), Argentinian peso (-11%). Conversely, a certain number of currencies strengthened against the euro, including the dollar, all so slightly (+3%), the real which, although under pressure in the second quarter, is on average well up on first half 2016 (+20%), the rouble (+19%), the South Korean won (+5%) and the Colombian peso (+7%). The yen and the Polish zloty have, for their part, been pretty much unchanged on second half 2016.

It should be noted that the Group's two "short" currencies (in which it has more costs than revenue due to its purchasing structure), the dollar and the yuan, underwent contrasting moves over the period.

Given the inherent volatility of exchange rates, the Group hedged certain currencies, in order to limit shocks on its performance or spread the impact over time. In parallel, it has a nimble pricing policy, passing on price increases to offset the adverse effects on local profitability of a weakening currency, and trimming the market price when the currency strengthens again to protect its business and its competitive positioning.

In first half 2017, exchange rate fluctuations had an €8 million positive effect on Group revenue (compared with a -€92 million effect in first half 2016) and a -€16 million effect on Operating Result from Activity (-€61 million at 30 June 2016).

Cost of raw materials and transport

2016 and first half 2017 saw an overall increase in metal prices, resulting in price levels at end-June that were significantly higher than the average in first half 2016. Aluminium, which had an average price of $1,550/t in first half 2016 closed end-June 2017 at $1,880/t. Copper prices also rose over the months to $5,750/t at end-June from an average price of $4,700/t in first half 2016. The situation is somewhat different for nickel (a component of certain stainless steels): from an average of $8,700/t in first half 2016, it rose to $11,500/t at end-2016 before falling back to $9,750/t at end-June. 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 entails a certain inertia when prices fall. The hedges arranged in 2016 thus protected the Group from the direct impact of raw material price increases in the first half.

In parallel, having dropped below $30 a barrel in early 2016, oil prices recovered in the course of the year, trading between $50 and $54 a barrel for the first two months of 2017 before trending down again. The average cost of a barrel over the half was around $46/t, compared with $41/t in first half 2016. At the same time, the price of plastic materials rose on the international market, particularly polypropylene.

In addition, while road haulage costs remained unchanged, the same is not true for maritime freight (Asia Pacific/Europe/Americas), which hit historic lows in 2016, resulting in rates being revised upwards.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On 11 May 2017, the General Meeting of SEB S.A. approved the reorganisation of the Board of Directors, resulting in:

- a reduction in size and a reworking of Board membership in order to integrate one Employee Shareholder Director and one Employee Director while achieving the gender balance (46%) and independence (33%) targets. Further to the General Meeting of 11 May 2017, the Board of Directors has now 13 members and will comprise 14 members following the appointment of an Employee Director by the Group Works Council within six months of the General Meeting;
- the reappointment to the Board of Directors for a four year term of Yseulys Costes and of FFP Invest – represented by Bertrand Finet;
- the ratification of the co-option of Delphine Bertrand for a one-year term to succeed Tristan Boiteux, who resigned;
- the appointment of Brigitte Forestier as director to represent employee shareholders, for a four-year term;
- the resignation of Bruno Bich, Tristan Boiteux, Pascal Girardot and Christian Peugeot.

INTEGRATION OF WMF

This acquisition of WMF was finalized on 30 November 2016. Starting the integration of WMF was thus a priority in the first half, which took the form of a comprehensive approach coordinated by a combined integration committee, made up of Groupe SEB and WMF employees. The process is built around 22 projects including 10 to bind WMF to Groupe SEB and 12 involving value creation. It will run over the next 18 months but the first action plans have already been decided and undertaken in a excellent spirit of cooperation between the teams.

In terms of organisation, the WMF management team was strengthened and the Group mobilised in-house experts to contribute to and optimise the progress of the project. The Consumer business was structured as a Business Unit, with a strengthening of strategic marketing and the creation of a Business Development function. It went through a sales reorganisation with, on one hand, the sales teams in Germany - Austria - Switzerland reporting to the Chief Executive Officer of WMF and, on the other hand, the taking over of business operations by Groupe SEB subsidiaries in seven other countries. The professional business – Coffee and catering equipment – continues to be managed through a separate organisation.

Beyond organisational, structural aspects, the immediate alignment of the key functions was critical. From a Human Resources perspective, the immediate focus was on the building ties and cooperation between Groupe SEB's and WMF's teams, on aligning HR management (training, mobility, talent management, etc.) and variable compensation systems for senior management. With respect to Finance, the primary focus was on harmonising accounting policies, putting in place Group processes and reporting systems and centralising certain corporate functions such as treasury, and tax or internal audit. In parallel, work began from the outset on harmonising IT systems, which represents a key challenge in the binding process of WMF to Groupe SEB and will take a few years.

In the context of the value creation projects, synergies were initiated in procurement, supply chain and industry along with concrete actions designed to kick off the acceleration in professional coffee and the development of the Consumer business.

ACQUISITION OF SWIZZZ PROZZZ

Groupe SEB finalised the acquisition of the Swiss company Swizzz Prozzz, which specialises in mini hand choppers with high-performance multi-blade systems. Previously, Swizzz Prozzz products have been licensed via various kitchen utensil and gadget brands, enjoying great success with proforma annual revenue of around €10 million. Through this acquisition, Groupe SEB pursues its development in kitchen utensils and accessories with simple, easy-to-use and affordable products, which are very complementary to its existing ranges.

SUCCESSFUL NEW SEVEN-YEAR €500 MILLION BOND ISSUE

In May 2017, Groupe SEB successfully issued a seven-year €500 million bond (maturing on 31 May 2024), with a 1.50% coupon. This issue was 4 times over-subscribed by a diversified investor base. It enables Groupe SEB to further strengthen its debt architecture by securing its mid-term financing, extending the average maturity of its debt and ensuring attractive financing conditions.

CREATION IN ECULLY, FRANCE, OF AN INNOVATION HUB FOR THE SMALL ELECTRICAL APPLIANCE BUSINESS

Following on from the creation of the Products and Innovation department in September 2015, the Group has decided to gather at its global headquarters site in Écully, France, the electrical cooking marketing and research teams, currently based at Selongey, with these of home and personal care. The aim is to optimise the innovation process by gaining agility and cross-fertilisation approach. The teams will be gradually transferred over, beginning in summer 2017.

PURSUIT OF THE INDUSTRIAL AND LOGISTIC REORGANISATION IN BRAZIL

In order to restore its competitiveness in Brazil, the Group initiated in November 2016 the transfer of its small electrical appliance production from the historic Mooca plant in the heart of São Paulo to a newly built industrial and logistical site in Itatiaia (State of Rio de Janeiro). This project was completed 2 months ahead of schedule. The ramp-up of the facility is in line with expectations.

In February 2017, Groupe SEB Brazil announced its decision to also transfer the manufacturing of cookware, carried out at the São Bernardo site (São Paulo metropolitan area), to the new site at Itatiaia. The transfer started in July.

AWARDS FOR GROUPE SEB

Groupe SEB also received a wide variety of awards:

Groupe SEB wins the CSR Grand Prix for Responsible Consumption Industries awarded by ESSEC Business School

On 1 February 2017, Groupe SEB was awarded the Corporate Social Responsibility Grand Prix for Responsible Consumption Industries by ESSEC Business School. The prize was launched by ESSEC's Chair in Consumer Products in partnership with the French Ministry for the Economy, Industry and Digital. In that category, the jury recognised the Group's commitment to ensuring its products can be repaired for ten years. And the CSR Grand Prix was awarded to the Group for the overall quality of the projects featured in its entries.

Thierry de La Tour d'Artaise chosen as "Financier of the Year" 2016

As part of the awards organised by ANDESE – Association Nationale des Docteurs ès Sciences Économiques et en Sciences de Gestion – and weekly financial newspaper Investir, Thierry de La Tour d'Artaise was chosen as "Financier of the Year 2016". This award was given to him on 18 April by François Villeroy de Galhau, Governor of the Bank of France. Established in 1984, the Financier of the Year award honours the person judged to have made the greatest contribution to the finance business in France during the previous year. A jury comprising over 300 members of the financial community in France selects the winner from a panel of five nominees.

Innovation prize at the 2017 digital transformation awards

The second edition of the Digital Transformation Awards saw Groupe SEB win one of the four innovation prizes, together with SNCF, FDJ and Nantes Métropole Habitat. Organised by the trade journal Solutions Numériques, the awards recognise companies that have used digital technology to reinvent themselves and transform their organisation, their products or their business model, boosting growth and gaining a customer or internal benefit. Groupe SEB has made a name for itself by creating connected products and combating planned obsolescence, which is to consumers' disadvantage, by extending product warranties and supplying spare parts produced by 3D printers.

First prize in Cristal des Achats 2017

Groupe SEB Purchasing department has won first prize in the French National Procurement Council's "Cristal des Achats" 2017 awards which recognise best purchasing practices. Hervé Montaigu, Vice-president Purchasing, and Perrine Baylin, Purchasing Performance Manager, received the award during the Purchasing University event on 15 May. The award was for the "Purchasing Maturity Grid" created using OPS tools during a workshop attended by 12 purchasers from France, Germany and China. The grid enables the Group's purchasing teams to rate themselves according to various criteria, define an annual progress plan in their key areas, discover best practices and successes and see how they measure up.

Award for Best Financial department

At the 7th Trophées Leaders de la Finance awards organised by Décideurs Magazine and Leaders League on 20 April in Paris, Vincent Léonard, Senior Executive Vice President, Finance, was presented with the award for the Best Financial department of an International Group. The awards were presented at a gala dinner attended by 700 finance professionals from companies, banks and specialised brokerage and consultancy firms. This award acknowledges a year of record performances and intensive external growth activity.

Club des Trente award for the best financial deal in 2016

On 31 May, the Club des Trente, which brings together the CFOs of the leading French groups, gave the award for best financial deal, in the merger and acquisition category, to Thierry de La Tour d'Artaise. It recognises Groupe SEB for the acquisition of WMF in Germany. The award enables Club des Trente to highlight how finance and the financial markets can serve ambitious industrial strategies that are compatible with sustainable development goals. The jury, chaired by Vincent Descours (CFO of Louis Delahaize Group), saw this acquisition as a future business school case study. In fact, this deal, which was welcomed by the stock market, combines geographic and business complementarity: Groupe SEB thus becomes the leader in cookware in Germany and a global leader in professional coffee machines.

Groupe SEB recognised for the excellence of its investor relations

Chosen from amongst over 1,500 companies, Groupe SEB was celebrated at the Europe's Most Honoured Companies Awards, rewarding excellence in its investor relations, from the General Management, the Financial department as well as the Investor Relations department. This award, granted by a jury of financial analysts and portfolio managers, was given to Vincent Léonard, who represented Groupe SEB at a ceremony in the London stock market on 26 June.

BUSINESS ACTIVITY

Revenue *(in € millions)*	First half 2017	First half 2016	% change * As reported	% change * Like-for-like
EMEA	**1,118**	**1,016**	**+10.1%**	**+7.0%**
Western Europe	797	731	+9.0%	+4.8%
Other EMEA countries	321	285	+13.0%	+12.6%
Americas	**400**	**352**	**+13.7%**	**+7.1%**
North America	243	214	+13.3%	+10.9%
South America	157	138	+14.3%	+1.3%
Asia	**879**	**796**	**+10.4%**	**+15.3%**
China	658	585	+12.3%	+20.7%
Other countries	221	211	+4.8%	+0.4%
TOTAL EXCLUDING WMF	**2,397**	**2,164**	**+10.8%**	**+10.1%**
WMF	**544**	**NA**	**+10.3%**	
GROUPE SEB	**2,941**		**+35.9%**	

* *Calculation based on unrounded figures.*

Revenue *(in € millions)*	Second quarter 2017	Second quarter 2016	% change * As reported	% change * Like-for-like
EMEA	**567**	**508**	**+11.7%**	**+9.2%**
Western Europe	407	372	+9.5%	+6.1%
Other EMEA countries	160	136	+17.8%	+17.7%
Americas	**199**	**187**	**+6.4%**	**+2.8%**
North America	119	114	+4.3%	+2.5%
South America	80	73	+9.6%	+3.1%
Asia	**377**	**354**	**+6.5%**	**+10.9%**
China	265	250	+5.9%	+13.4%
Other countries	113	104	+8.0%	+4.6%
TOTAL EXCLUDING WMF	**1,143**	**1,049**	**+9.0%**	**+8.6%**
WMF	**271**	**N/A**	**+13.0%**	
GROUPE SEB	**1,414**		**+34.8%**	

* *Calculation based on unrounded figures.*

Revenue totalled €2,941 million, up 36%, including organic growth of 10.1%, a change in scope of consolidation of €587 million (EMSA and WMF, for 6 months each) and a reclassification of certain marketing expenses at Supor as a reduction from revenue, for €36 million, with no impact on Operating Result from Activity. The currency effect amounted to +€8 million.

At the same time, WMF's business grew 10.3% over the period, driven by the professional coffee business whereas revenue of Small Domestic Equipment picked up in the second quarter.

PRODUCT PERFORMANCE

Cookware

In the first half, the Group achieved a sustained sales growth, nurtured by the core business, the effect of loyalty programmes being neutral overall despite important differences in some countries. The flagship products were frying pans and saucepans with fixed handles as well as kitchen utensils and accessories, which, beyond vigorous organic growth in many countries, benefited from the contribution of the newly consolidated EMSA and WMF. Revenue was more or less stable in Ingenio cookware (removable handles) due to the non-renewal of certain promotions carried out in 2016, as well as in pressure cookers.

Geographically, the revenue momentum is built on a wide range of markets, aside from a number of countries in decline. It is particularly the case in France, where the marked decline stems from an unfavourable basis of comparison in 2016, due to major loyalty programmes, as well as from a more complex market situation. In the US, against a background of sluggish demand, the core T-fal brand was penalized by serious difficulties at several retail chains and a more intense competitive environment. Looking past the complicated climate in Brazil, our revenue continues to suffer from a lack of competitiveness compared with highly aggressive competitors. The industrial and logistics reorganisation underway should enable the Group to return to growth and win back market share.

Conversely, in almost all other countries, the Group performed well, particularly in China, where Supor is growing fast, primarily driven by frying pans, sets, kitchen utensils and accessories (thermo mugs in particular), woks, pressure cookers, etc. Also of note are the solid performances in Germany, Central Europe, Russia, Turkey, South Korea, Mexico and Colombia, driven by the product dynamic (Titanium coating, expansion of Ingenio), special commercial deals with certain clients – including loyalty programmes – and intensified marketing activation in the outlets and online.

Kitchen Electrics

In first half 2017, kitchen electrics constituted another cornerstone of the Group's growth. In **electrical cooking,** the double-digit increase in revenue on a like-for-like basis was due to a combination of factors: rice cookers (mainly in China) and electric pressure cookers / multicookers; grills and barbecues, with a new strong surge in Optigrill, which continues to expand internationally; breakfast and informal meal appliances (toasters, waffle makers, sandwich makers, ovens, etc.), spurred on by the expansion of the Krups brand to the United States and a specific contract with a South Korean client for ovens. On the other hand, the market for deep fryers is more complicated.

In **food preparation,** revenue is also up due to the spike in blenders, in a number of major markets including China (rapid increase in demand for high-speed blenders, as an alternative to soy milk makers) and Mexico. Moreover, heating blenders continue to see sharply higher volumes. In kitchen machines, the situation is more mixed, with the market experiencing a downturn in Europe (due to the rise in cooking food processors, with Cuisine Companion / Prep & Cook being a flagship product) contrasting with a strong performance by Planetaria in Brazil. On the other hand, there continues to be a fall-off in revenue from shredders (Fresh Express) and soy milk makers in China.

In **beverage preparation,** the solid growth is due to all coffee segments: filter coffee makers, sales of which particularly benefited from the Krups relaunch in the US; full-automatic espresso machines, which are consolidating their progress, particularly in Germany, Central Europe and France, leading to a strengthening of our positions; pod-coffee machines, underpinned by a strong recovery for Dolce Gusto in Europe following a mixed 2016, and a surge in sales of Nespresso coffee makers, thanks to the establishment of a new partnership in Switzerland and Austria. Revenue from kettles was, however, down, despite strong momentum in Japan, as a result of a normalisation of sales in China following an exceptional 2016. Lastly, sales of beer-tapping systems (Beertender, The SUB), which had benefited from a packed sports calendar last year, remained in an uptrend at end-June.

Linen and home care

Following a lacklustre 2016, Group revenue in **linen care** saw resounding growth in the first half. In ironing, although steam irons declined, primarily due to non-renewal of a 2016 TV-shopping promotion in the US, steam generators enjoyed a significant recovery following the launch of new models, backed by a major marketing campaign. The best performers were, however, garment steamers with sales that almost doubled thanks, above all, to the rapid ramp-up in China, accelerated growth in Japan and tangible progress in the US. It should, moreover, be mentioned that the Group enjoyed very strong momentum in Brazil in semi-automatic washing machines.

Home care was, by far, the Group's leading category this half-year, with organic sales growth of over 40%. In fact, all vacuum cleaner families contributed to this powerful dynamic, which resulted in a strengthening of our positions in many markets. The Group's lead in connection with the introduction of the Eco-design directive continues to put it ahead of the competition. The performance is particularly noteworthy for bagless models, which have grown globally. The roll-out of Clean & Steam in Europe, along with the retail launch of the Air Force 360 multi-function upright vacuum cleaner - currently mainly in France and Italy - are very promising.

In **home comfort,** fan sales rose slightly, on the back of very favourable weather conditions in Brazil and Europe, partly offset by lower sales in Colombia, where weather conditions were penalising. In air treatment, the trend remains very positive, driven by strong growth in air purifiers in China.

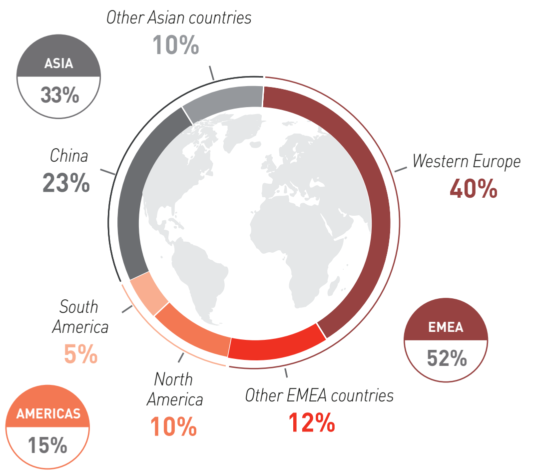
Personal care

In **personal care,** first half revenue growth was due to hair removal, with strong performances in Turkey and a loyalty programme in France, well-being and male beauty care appliances, with new models of electric hair clippers, offering enhanced functionality, being added. Sales of hair-care appliances were, on the other hand, down despite further improvements in hair dryers, hair straighteners and curlers, primarily in Russia and Turkey.

PERFORMANCE BY GEOGRAPHY

With a presence in close to 150 countries, Groupe SEB achieved first-half 2017 revenue which can be broken down as follows:

BREAKDOWN OF SALES BY GEOGRAPHICAL AREA



Western Europe

In a European market that continued to trend positively overall, the Group achieved organic sales growth of 4.8% for the first half year, subsequent to a sharp acceleration (+6.1%) in the second quarter compared with the first (+3.5%) This vitality was fueled by most of the large countries, with remarkable performances in certain cases and a reinforcement of our positions in the markets, both in physical and online retail.

In France, after practically stable sales in the first quarter, business activity improved between April and June (+2%) while remaining contrasted between cookware, the downturn in which mainly resulted from the non-repeat of the 2016 loyalty programs, and small electrical appliances, where sales were very brisk. As in the first quarter, numerous products drove this growth: vacuum cleaners (launch of the multi-function Air Force 360 handstick vacuum cleaner, success of Clean & Steam, Air Force, bagless vacuum cleaners); steam generators and irons, which made a strong recovery; fans, thanks to favorable weather conditions; new "breakfast" sets; Dolce Gusto; and automatic espresso machines. Consequently, the Group considerably outperformed the small electrical appliance market.

In Germany, the Group confirmed its strong sales momentum in the second quarter, continuing to nurture product roll-out (automatic espresso machines and pod coffee makers, OptiGrill, Actifry, vacuum cleaners) with strong initiatives in the field and large-scale advertising campaigns. In Switzerland and Austria, the start of a new Nespresso partnership led to additional revenue. In the Netherlands, the brisk business activity posted in the first quarter continued in the second. In Spain, the sustained rise in sales stemmed from excellent performances in vacuum cleaners and coffee, supplemented over the period by fans as well as ironing and personal care, underpinned by promotional campaigns. Following a downturn at the start of the year, Italy achieved a sharp recovery in the second quarter, in which floor care played a key role (notably with the roll-out of Air Force 360), as did linen care and the launch of Optigrill. In the UK, after a good start to the year, sales growth in pound sterling held up firmly despite the price increases implemented. However, visibility remains weak for this market.

Of particular note, beyond organic growth, the scope effect resulting from the consolidation of EMSA in the first half-year (globally integrated as of 1 July 2016), added to Western European sales about €40 million, most of which achieved in Germany.

Other EMEA countries

In the other EMEA countries, the sharp momentum of 2016 and early 2017 gathered significant pace in the second quarter, with revenue growth of nearly 18% on a like-for-like basis. From the standpoint of a longer period, this excellent performance resulted from the systematic roll-out of the Group's major innovations and leading products in the region, underpinned by considerable investments in advertising and operational marketing as well as the reinforcement of sales teams. Implemented for several years now despite market turbulence, this policy has proved effective and we are now reaping the rewards, both in sales and market share.

In Central Europe and the Balkan countries, the markets continued to trend positively and the Group is particularly well structured to meet demand through its broad and diverse range, its presence in all distribution channels, and strong activation in stores and on line. This momentum enabled the Group to take numerous leadership positions in the countries. In Poland, long the Group's largest market in the region, business activity made a sharp recovery in the second quarter, after being negatively impacted at the start of the year by high inventory levels in retail.

In Russia, the Group enjoyed an excellent second quarter and ended the first half-year with an over 20% increase in sales in roubles and further gains in market share. The majority of the product families contributed to this vigorous performance, including cookware, grills and barbecues, driven by the success of Optigrill, kettles, linen care, and vacuum cleaners, the relaunch of which proved extremely encouraging. The robust upturn was also confirmed and heightened in Turkey, fueled by a mix of international flagship products (cookware, vacuum cleaners) and products manufactured locally or at our industrial site in Egypt (food preparation appliances, irons, vacuum cleaners, etc.). The trend is based on all distribution channels, including proprietary stores and e-commerce. In Egypt, in a sharply declining market, due to the massive devaluation of the currency, the Group maintained its positions, while the situation improved somewhat in Saudi Arabia and remained complicated in India.

North America

The Group grew its sales in the region by 11% like-for-like in first-half 2017. This was a strong performance in absolute terms but substantially lower than the 20% recorded in the first quarter. After a strong start to the year in the United States, thanks to the introduction of a range of Krups kitchen electrics (coffee makers, toasters, sandwich makers) in over 2,000 mass-retail stores and e-commerce, the second quarter saw the initiation of the ramp-up in resale, which proved slower than expected. In cookware, activity was contrasted: difficult in the core business for T-fal, it trended positively for Imusa and was solid in the premium segment for All-Clad, which by the way continues its development in small electrical appliances. As regards ironing, Rowenta suffered somewhat in irons but made further progress in garment steamers. Generally speaking, the US market is significantly affected by the financial difficulties of several physical retail and telesales banners, whose business has been adversely impacted by the rise of e-commerce. This development has led in particular to destocking, limited orders or store closings.

In Canada, the first-half recovery in sales was mainly driven by cookware and linen care, together with great performances by Actifry and OptiGrill, especially in the first few months of the year. In Mexico, organic sales growth of over 30% at end-June reflects a significant acceleration in the last three months, underpinned by core-business mainstays – cookware, ironing and, more recently, blenders – as well as by a new loyalty program with Soriana.

South America

First-half sales grew by over 14%, boosted by the sharp appreciation of the real and by the strengthening of the Colombian peso compared with first-half 2016. On a like-for-like basis, first-half growth came out at a little over 1%, following 3% growth in the second quarter.

In Brazil, in what continues to be a complex overall environment, with lackluster consumption and a highly competitive and promotion-driven market, the Group reported a slight revenue increase despite the negative effect on volumes of price hikes implemented since the start of the year. Business activity remained difficult in cookware but trended more favorably in small electrical appliances. However, performances were contrasted from one product family to the next, with a double-digit increase in fan sales, which benefited from favorable weather and new products; buoyant sales of semi-automatic washing machines (reflected in increased market share) and food processors, thanks to strong in-store activation; and a major pick-up for Dolce Gusto. In contrast, ironing sales were down. Moreover, the transfer of small electrical appliance production to the newly constructed Itatiaia site was completed 2 months ahead of schedule and the transfer of cookware production has started.

In Colombia, the like-for-like revenue decrease can be attributed to fans, sales of which were negatively impacted by weather conditions – a result that strong growth in cookware and blenders failed to offset.

Lastly, business momentum remained strong in Argentina.

China

The Group posted an excellent first half in China, achieving organic growth of over 20%, still largely driven by online sales. In a competitive and promotion-driven market that nevertheless remains highly promising, Supor's momentum continued to be fueled by its pillars, namely cookware (frying pans, saucepans, woks, sets, kitchen utensils and thermos mugs) and small electrical appliances such as rice cookers, electric pressure cookers, kettles and high-speed blenders. In addition, the Group confirms its inroads in non kitchen electrical appliances, especially in air purifiers and garment steamers. Business activity is also boosted by innovation, which nurtures Supor's entire product offering, enhances differentiation from the competition, and has been helping to strengthen our positions in the market since the start of the year. In-store execution and intensified development of online content and advertising campaigns, in close coordination with retailers, also remain key success factors, which we roll out continuously to stimulate sales.

It should be recalled that, to better reflect the nature of certain expenditure and ensure complete accounting consistency amid Group entities, a change in the accounting presentation has been implemented, whereby €36 million in marketing spend was reclassified and directly deducted from first-half sales, with no impact on Operating Result from Activity.

Other Asian countries

Group sales were up slightly at end-June on a like-for-like basis, reflecting a sharp recovery in business activity in the second quarter, despite the persistence of contrasted market situations. The main drivers of this growth were Japan and South Korea, while elsewhere activity varied greatly from one country to the next.

In Japan, sales growth accelerated in the second quarter, driven by the same products as in the first few months of the year, with strong momentum in cookware (fixed and removable handles), brisk growth in kitchen utensils (notably thermo mugs and vacuum flasks), continued headway in garment steamers, and confirmed success for kettles, materialized by strengthened positions in the market. The Group's proprietary stores, totaling 28 at end-June following several new openings, made a substantial contribution to business growth. In South Korea, the Group stepped up growth in the second quarter thanks to cookware, food preparation (particularly blenders) and haircare appliances, as well as a special promotional campaign on ovens with a retailer. The Group also posted a good half-year in Australia, mainly due to cookware and the launch of the Cook4Me (Cookeo) multicooker.

In the other countries in South-East Asia, after a difficult start to the year, the situation improved slightly, but suffered in Hong Kong and Singapore from high comparatives in 2016 (non-recurring loyalty programs and special campaigns). While business momentum remains positive in Malaysia and is trending slightly better in Thailand, it nevertheless remains disappointing in Vietnam.

WMF

WMF sales in first-half 2017 came out at €544 million, up 10.3% on first-half 2016. The total was divided almost evenly between Professional Business (professional coffee and hotel equipment) and Small Domestic Equipment.

In the professional segment, sales growth of 20% was fueled by strong momentum in automatic coffee machines (+27%), attributable to:

- robust development in the core business in Germany, Central Europe and Asia-Pacific with existing customers but also with new "accounts";
- the highly positive effect of the contracts signed in 2016 with Canadian and Japanese customers. With the majority of the machines having been delivered in the first half-year, this contribution will in all likelihood have a lower positive effect from the third quarter on.

Sales were down in hotel equipment, notably due to internal reorganisations and the harmonisation of IT systems.

The Consumer business (Small Domestic Equipment) made a significant pick-up in the second quarter, leading to a stable situation at 30 June. The downturn in Germany, focused on cookware and stemming from the impact of the supply chain reorganisation carried out in 2016, was almost entirely offset by the progress made elsewhere: solid growth in Asia-Pacific, boosted by a cookware loyalty program in Taiwan and strong headway in China and South Korea; development of online sales; and a strong increase in small electrical appliance sales, the leading product being the Kult X Mix&Go blender. In addition, the traffic in WMF stores in Germany was satisfactory over the period.

OPERATING RESULT FROM ACTIVITY

Operating Result from Activity (ORfA) in first-half 2017 came to €213 million. The total notably includes:

- Group ORfA, excluding WMF, of €200 million, up 16.4% on end-June 2016 and 27% on a like-for-like basis;
- WMF ORfA of €30 million, for an estimated increase of 50% on first-half 2016;
- a -€17 million non-recurring impact from the WMF purchase price allocation (revaluation of inventories and order book). The net contribution of WMF to Group ORfA thus came out at €13 million.

Excluding these first consolidation entries, ORfA totaled €230 million in first-half 2017. The currency effect was -€16 million, compared with -€61 million in the first six months of 2016.

Organic growth in ORfA can be broken down as follows:

- a positive volume effect of €70 million resulting from organic sales growth;
- a positive mix-price effect of €23 million, much lower than in previous years, reflecting a less inflationary price environment overall;
- practically stable purchasing costs, despite the rise in commodities prices, and favorable industrial absorption and productivity gains, for €9 million;
- a €40 million increase in investments in growth drivers: in innovation as well as in advertising and marketing, with strong activation in several major markets (including China, United States, Germany, France, South Korea and Turkey);
- a €15 million increase in commercial and administrative costs.

As a reminder, given the seasonal nature of the Group's business, first-half ORfA is not representative of the financial year as a whole and cannot be extrapolated.

OPERATING PROFIT AND NET PROFIT

At €178 million, compared with €134 million at 30 June 2016, Operating profit, in addition to the contribution of WMF and EMSA, includes various items, the variation in which merits some attention.

The anticipated cost of discretionary and non-discretionary profit sharing came to €11 million, compared with €14 million in first-half 2016. Other operating income and expense, at -€24 million, is in line with the figure in first-half 2016. The total includes restructuring costs in Brazil (the closing of the Mooca site and the transfer of production to the new Itatiaia site), spendings incurred by the creation in Lyon of the Innovation Hub for the Small electrical appliance business, and provisions for expenses involved in the integration of WMF and the regrouping of Groupe SEB entities and WMF in several countries.

Net financial expense came out at -€44 million, compared with -€26 million at 30 June 2016. The change reflects the refinancing, at highly attractive conditions, of the acquisition of WMF as well as the €12 increase in the fair value of the optional part of the convertible bond issued last November.

Lastly, after taxes at a rate of 23.5% (24% in first-half 2016) and the elimination of non-controlling interests in the results, for a total €19 million, net profit totaled €83.3 million in the first half-year, for an increase of nearly 34%.

FINANCIAL STRUCTURE AT 30 JUNE 2017

At 30 June 2017, equity stood at €1,739 million, down €97 million on 31 December 2016, primarily due to negative currency adjustments on the yuan, the US dollar and the Brazilian real.

Tangible fixed assets increased by €110 million on end-2016 owing to the valuation of the brands and the reassessment of other intangible assets, ultimately leading to a revaluation of goodwill of €180 million.

At 30 June 2017, net financial debt amounted to €2,065 million, compared with €2,019 million at end-December 2016. This change takes account of a cash flow generation of €91 million, related to the increase in cash flow and a further improvement in the working capital requirement, which stood at 17.9% of sales compared with 19% at the end of first-half 2016. It also includes non-operating items such as dividends paid (€101 million), the acquisition of Swizzz Prozzz, and cash outflows linked to the restructurings under way.

At 30 June 2017, the gearing ratio stood at 119% and the estimated year-on-year adjusted debt-to-EBITDA ratio at 2.7.

2017 OUTLOOK

The strong performance in the first half of the year provides a robust platform for the coming months, but the Group must nevertheless remain cautious regarding macro-economic uncertainties and potential market turbulence.

In this context, and given the very high quality second half-year in 2016, the Group aims for 2017 at an organic sales growth exceeding 7% and, on the basis of current exchange rates, an increase in published revenue by more than 30%. Under these circumstances, the Operating Result from Activity, excluding one-off impacts of WMF purchase price allocation, should grow by at least 30%. The Group also confirms that the consolidation of WMF is expected to have an accretive impact of more than 20% before the impact of the purchase price allocation on net earnings per share from 2017 onwards.

3. Financial statements

Condensed consolidated financial statements for the first six months ended 30 June 2017

CONSOLIDATED INCOME STATEMENT

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
Revenue (Note 3)	2,941,2	2,163.8	4,999.7
Operating expenses (Note 4)	(2,727.8)	(1,991.9)	(4,494.5)
OPERATING RESULT FROM ACTIVITY	**213.4**	**171.9**	**505.2**
Statutory and discretionary employee profit-sharing (Note 5)	(10.7)	(13.9)	(36.7)
RECURRING OPERATING PROFIT	**202.7**	**158.0**	**468.5**
Other operating income and expense (Note 6)	(24.4)	(24.3)	(42.2)
OPERATING PROFIT	**178.3**	**133.7**	**426.3**
Finance costs (Note 7)	(17.2)	(17.1)	(29.8)
Other financial income and expense (Note 7)	(27.4)	(8.1)	(28.2)
Share of profits of associates			
PROFIT BEFORE TAX	**133.7**	**108.5**	**368.3**
Income taxes (Note 8)	(31.4)	(26.0)	(77.7)
PROFIT FOR THE PERIOD	**102.3**	**82.5**	**290.8**
Non-controlling interests	(19.0)	(20.2)	(32.2)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**83.3**	**62.3**	**258.6**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(IN UNITS)*			
Basic earnings per share	1.68	1.27	5.20
Diluted earnings per share	1.66	1.25	5.15

The accompanying Notes 1 to 16 are an integral part of these Consolidated Financial Statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
Profit for the period	102.3	82.5	290.8
Echange differences on translating foreign operations	(99.9)	(45.9)	(32.3)
Gains (losses) on cash flow hedges	(19.8)	(16.1)	(16.8)
Remeasurement of employee benefit obligations, net of tax[(a) (b)]	11.8	(12.4)	(17.4)
Other comprehensive income (expense)	(107.9)	(74.4)	(66.5)
COMPREHENSIVE INCOME	**(5.6)**	**8.1**	**224.3**
Non-controlling interests	(11.3)	(13.6)	(22.0)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**(16.9)**	**(5.5)**	**202.3**

(a) Items that will not be reclassified to profit or loss.
(b) ncluding impact of deferred taxes in the amount of €5.8 million at 30/06/2017.

CONSOLIDATED BALANCE SHEET

Assets *(in € millions)*	30/06/2017	30/06/2016	31/12/2016
Goodwill	1,436.8	528.3	1,847.0
Other intangible assets	1,242.3	486.9	720.0
Property, plant and equipment	805.2	642.6	807.7
Investments in associates			11.1
Other investments	27.0	43.6	18.0
Other non-current financial assets	15.5	46.3	13.3
Deferred tax assets	50.4	67.9	71.1
Other non-current assets	14.6	14.3	13.3
Long-term derivative instruments	5.5	3.9	0.5
NON-CURRENT ASSETS	**3,597.3**	**1,833.8**	**3,502.0**
Inventories	1,129.4	838.1	1,076.3
Trade receivables	759.5	688.1	1,060.1
Other receivables	104.1	85.2	100.6
Current tax assets	53.1	42.0	59.6
Short-term derivative instruments	32.0	31.1	50.6
Other financial investments (Note 12)	259.7	137.6	204.6
Cash and cash equivalents (Note 12)	657.1	322.3	414.5
CURRENT ASSETS	**2,994.9**	**2,144.4**	**2,966.3**
TOTAL ASSETS	**6,592.2**	**3,978.2**	**6,468.3**

3

Equity and liabilities *(in € millions)*	30/06/2017	30/06/2016	31/12/2016
Share capital	50.2	50.2	50.2
Reserves and retained earnings	1,581.8	1,508.0	1,677.6
Treasury stock (Note 9)	(56.2)	(75.7)	(56.8)
Equity attributable to owners of the parent	**1,575.8**	**1,482.5**	**1,671.0**
Non-controlling interests	162.9	143.6	165.2
EQUITY	**1,738.7**	**1,626.1**	**1,836.2**
Deferred tax assets	205.6	44.2	111.4
Long-term provisions (Note 11)	386.6	212.0	378.7
Long-term borrowings (Note 12)	2,071.1	744.5	1,553.6
Other non-current liabilities	47.9	43.6	45.7
Long-term derivative instruments	24.2	4.9	10.5
NON-CURRENT LIABILITIES	**2,735.4**	**1,049.2**	**2,099.9**
Short-term provisions (Note 11)	97.6	60.6	102.5
Trade payables	748.2	602.9	911.7
Other current liabilities	304.1	225.0	380.0
Current tax liabilities	45.2	51.0	42.3
Current derivative instruments	30.7	29.2	23.0
Short-term borrowings (Note 12)	892.3	334.2	1,072.7
CURRENT LIABILITIES	**2,118.1**	**1,302.9**	**2,532.2**
TOTAL EQUITY AND LIABILITIES	**6,592.2**	**3,978.2**	**6,468.3**

The accompanying Notes 1 to 16 are an integral part of these Consolidated Financial Statement.

CONSOLIDATED CASH FLOW STATEMENT

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**83.3**	**62.3**	**258.6**
Depreciation, amortisation and impairment losses	84.7	59.9	122.9
Change in provisions	12.7	5.0	2.9
Unrealised gains and losses on financial instruments	8.4	(6.9)	6.9
Income and expenses related to stock option payment plans	9.1	6.7	13.1
Gains and losses on disposals of assets	1.5		1.1
Other	0.1		
Non-controlling interests	19.0	20.2	32.2
Current and deferred taxes	34.7	31.8	78.5
Finance costs	17.1	16.9	36.1
CASH FLOW *	**270.6**	**195.9**	**552.3**
Change in inventories and work in progress	(97.8)	(11.4)	(0.5)
Change in trade receivables	282.5	205.9	39.1
Change in trade payables	(141.9)	(88.1)	87.0
Change in other receivables and payables	(83.9)	(42.8)	23.0
Income taxes paid	(56.6)	(36.1)	(88.7)
Net interest paid	(14.4)	(16.9)	(36.1)
NET CASH FROM OPERATING ACTIVITIES	**158.5**	**206.5**	**575.9**
Proceeds from disposals of assets	11.8	2.7	6.6
Purchases of property, plant and equipment	(73.1)	(93.4)	(162.4)
Purchases of software and other intangible assets	(16.6)	(13.7)	(19.0)
Purchases of financial assets	(80.4)	92.3	20.5
Acquisitions of subsidiaries, net of cash acquired	1.4	(57.9)	(1,695.2)
Effect of other changes in scope of consolidation			
NET CASH USED BY INVESTING ACTIVITIES	**(156.9)**	**(70.0)**	**(1,849.5)**
Change in long-term borrowings	519.6	32.2	846.6
Change in short-term borrowings	(178.0)	(293.0)	395.4
Issue of share capital			
Transactions between owners	(1.1)	(196.1)	(196.1)
Change in treasury stock	(1.2)	(7.3)	(2.7)
Dividends paid, including to non-controlling interests	(101.0)	(92.1)	(92.0)
NET CASH USED BY FINANCING ACTIVITIES	**238.3**	**(556.3)**	**951.2**
Effect of changes in foreign exchange rates	2.7	(28.7)	(33.9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**242.6**	**(448.5)**	**(356.4)**
Cash and cash equivalents at beginning of period	414.5	770.8	770.8
Cash and cash equivalents at end of period	657.1	322.3	414.5

* *Before net finance costs 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 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			(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 options			6.7			6.7		6.7
Other movements			(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**
Profit for the period			196.3			196.3	12.0	208.3
Other comprehensive income			(5.7)	(0.6)		(6.3)	(3.6)	(9.9)
Total comprehensive income			*190.6*	*(0.6)*		*190.0*	*8.4*	*198.4*
Dividends paid								
Issue of share capital								
Changes in treasury stock					19.0	19.0		19.0
Gains (losses) on sales of treasury stock, after tax			(9.4)			(9.4)		(9.4)
Exercise of stock options			6.4			6.4		6.4
Other movements *			(17.3)			(17.4)	13.2	(4.2)
AT 31 DECEMBER 2016	**50.2**	**88.1**	**1,435.2**	**154.5**	**(56.6)**	**1,671.1**	**165.2**	**1,836.3**
Profit for the period			83.3			83.3	19.0	102.3
Other comprehensive income			(8.0)	(92.2)		(100.2)	(7.7)	(107.9)
Total comprehensive income			75.3	(92.2)		(16.9)	11.3	(5.6)
Dividends paid			(88.6)			(88.6)	(12.4)	(101.0)
Issue of share capital								
Changes in treasury stock					0.6	0.6		0.6
Gains (losses) on sales of treasury stock, after tax			(1.1)			(1.1)		(1.1)
Exercise of stock options			9.1			9.1		9.1
Other movements			1.6			1.6	(1.2)	0.4
AT 30 JUNE 2017	**50.2**	**88.1**	**1,431.5**	**62.3**	**(56.0)**	**1,575.8**	**162.9**	**1,738.7**

* *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 2017, IN € MILLIONS

Groupe SEB, composed of SEB S.A. and its subsidiaries, is the world reference 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 machines, 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 2017 were approved by the Board of Directors on 24 July 2017.

Note 1 Summary of significant accounting policies

The condensed interim consolidated financial statements for the six months ended 30 June 2017 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 consolidated financial statements for the year ended 31 December 2016, which are included in the Registration Document that was filed with the French Financial Markets Authority (AMF) on 20 April 2017. 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 2017, 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 2016 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 decided against early adoption of the standards and interpretations for which application was optional at 30 June 2017. IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" were published in May and July 2014 respectively and have an application date of 1 January 2018. 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

WMF

On 20 May 2016, Groupe SEB signed an agreement with KKR to acquire the German group WMF, the global leader in professional coffee machines and the leader in cookware in Germany. This deal was subject to clearance by the relevant competition authorities, in particular at European level. This clearance was obtained on 22 November 2016 and the acquisition of WMF finalized on 30 November 2016. Given that the date of acquisition was very close to the year-end, the Group decided to use the balance sheet as at 31 December 2016 as the opening balance sheet due to the operational difficulties in preparing reliable financial statements within a short period of time and the fact that one month of income statement is not material at Group level.

Founded in 1853, the WMF group has three major business lines: professional coffee machines, Small Domestic Equipment (cookware and small electrical appliances) and catering equipment. Over the years, it has built up strong positions:

- in the professional coffee segment, in which it is the global leader with 28% market share, way ahead of the no. 2;
- in cookware, WMF is the uncontested leader in Germany with 20% market share.

Through this structuring acquisition, Groupe SEB:

- acquires a strong global leadership position in the highly attractive professional coffee machines market, which is fast growing, highly profitable and a significant source of recurring income from the service activities;
- considerably strengthens its position in the cookware segment by becoming the no. 1 in Germany with in particular a high-end stainless steel product offering;
- speeds up its development in the strategic cookware articles and accessories segment, following on from the acquisition of EMSA, generating revenue of in excess of €350 million;
- expands its trademark portfolio with the addition of new established trademark including the iconic WMF, but also Schaerer, Silit, Kaiser and Hepp;

- gains access to a network of 200 direct outlets in Germany, a strong source of brand awareness and sales.

In addition, this acquisition will generate significant synergies. In terms of revenue, this will enable the international roll-out of the WMF trademark and products through the Groupe SEB network as well as add Group products to the WMF trademark. Furthermore, the integration of WMF provides an opportunity to ramp up productivity. Full-year synergies are estimated at around €40 million by 2020.

WMF has eight production plants worldwide: four in Germany, one in Switzerland, one in the Czech Republic, one in China and one in India. It uses multi-channel distribution, including an extensive network of its own stores. It has 6,000 employees in 16 countries, including around 4,600 in Germany.

The provisional net fair value of the identifiable assets and liabilities on 31 December 2016 are as follows:

(in € millions)	31/12/2016
Non-current assets	923.9
Inventories	229.0
Trade receivables	199.3
Net debt	(563.0)
Trade and other payables	(109.1)
Other net liabilities	(505.6)
TOTAL NET ASSETS	**174.5**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**174.5**
Non-controlling interests	
CASH OUTFLOW FOR THE WMF GROUP ACQUISITION	**1,080.2**
GW after provisional remeasurement of brands and other long-term assets	*905.7*

An assessment by an independent expert made it possible to identify the following intangible assets:

- brands with a provisional fair value of €537 million for WMF, €94 million for Schaerer, €27 million for Silit, €13 million for Kaiser, €9 million for Hepp;
- customer relationships, the fair value of which was provisionally estimated at €54 million;
- technology worth €25 million and order books totalling €3 million.

Property, plant and equipment was also revised up €20 million.

BHS Tabletop AG

In the first half, WMF sold its 24.9% interest in BHS Tabletop AG. This company had been accounted for by the equity method in the financial statements at 31 December 2016. Given the non-material nature of the remaining interest in Bauscher Hepp Inc., also accounted for by the equity method at 31 December 2016, it was derecognised in the first half of 2017.

EMSA

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

Founded in 1949, the German-based EMSA specializes in the design, manufacture and sale of kitchenware articles and accessories. Its core business is built around three product categories: thermo jugs and carafes; kitchenware articles and accessories; and food storage containers. The EMSA product offering is built around innovation and quality, combining functional features and design. EMSA manufactures accross three industrial sites in Germany, China and Vietnam.

A well-known trademark 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 also operates in the rest of Europe and the Middle-East. EMSA generated revenue of €85 million in 2016.

The net fair value of the identifiable assets and liabilities upon takeover on 30 June 2016 was as follows:

(in € millions)	30/06/2016
Non-current assets *	34.3
Inventories	20.7
Trade receivables	10.3
Net debt	(36.2)
Trade and other payables	(11.0)
Other net liabilities	(20.1)
TOTAL NET ASSETS	**(2.0)**
PERCENT INTEREST	**100%**
NET ASSETS ACQUIRED	**(2.0)**
Non-controlling interests	
CASH OUTFLOW FOR THE EMSA ACQUISITION	**21.9**
Goodwill	23.9

* *Of which EMSA brand valued at €10.7 million by an independent appraiser.*

Ethera

On 31 May 2017, Groupe SEB took over Ethera by means of the exercise of the convertible bonds it held in the company. Prior to this transaction, Ethera was a stake of SEB Alliance, a Groupe SEB investment vehicle. Ethera develops and markets highly effective solutions for **diagnosing, monitoring and treating indoor air pollution.** The Group now owns 68.5% of the company. Provisional goodwill of around €1 million was generated in this takeover.

Swizzz Prozzz

On 1 June 2017, Groupe SEB finalised the acquisition of the Swiss company Swizzz Prozzz, which specializes in mini hand mincers with high-performance multi-blade systems. Until now, Swizzz Prozzz products have been sold under license via various kitchen utensil and gadget brands, enjoying great success; business represents proforma annual revenue of around €8 to 10 million. Through this acquisition, Groupe SEB pursues its development in kitchen utensils and gadgets with simple, easy-to-use and affordable products, which are very complementary to its existing ranges.

In view of the share purchase date, the stake in this company was recognised at 30 June 2017 under "other investments" in the consolidated balance sheet.

Legal restructuring in Scandinavia

The legal restructuring that began in Scandinavia in 2016 was completed in the first half of 2017. This restructuring had no impact on the consolidated financial statements.

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 (loss); 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

(in € millions)	EMEA	Americas	Asia	Intra-Group transactions	Total
30/06/2017					
Revenue					
Inter-segment revenue	1,659.0	392.5	871.6		2,923.1
External revenue	111.7	1.2	506.7	(601.5)	18.1
TOTAL REVENUE	**1,770.7**	**393.7**	**1,378.3**	**(601.5)**	**2,941.2**
Operating Result from Activity	57.4	5.8	158.8	(8.6)	213.4
Operating profit	37.4	(9.3)	158.8	(8.6)	178.3
Finance costs and other financial income and expense, net					(27.4)
Profit (loss) attributable to associates					
Income tax					(31.4)
PROFIT FOR THE PERIOD					**102.3**
Balance Sheet					
Segment assets	3,922.5	810.9	1,268.2	(509.7)	5,491.9
Financial assets					996.8
Tax assets					103.5
TOTAL ASSETS					**6,592.2**
Segment liabilities	(1,272.0)	(250.4)	(490.5)	428.5	(1,584.4)
Borrowings					(3,018.3)
Tax liabilities					(250.8)
Equity					(1,738.7)
TOTAL EQUITY AND LIABILITIES					**(6,592.2)**
Other information					
Capital expenditure and purchases of intangible assets	61.3	7.2	21.2		89.7
Depreciation and amortization expense	(58.2)	(9.3)	(15.5)		(83.0)
Impairment losses		(1.7)			(1.7)

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.

(in € millions)	EMEA	Americas	Asia	Intra-Group 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**
Operating Result from Activity	75.3	(1.8)	140.3	(41.9)	171.9
Operating profit	54.3	(19.0)	140.3	(41.9)	133.7
Finance costs and other financial income and expense, net					(25.2)
Profit (loss) attributable to associates					
Income tax					(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 amortization expense	(34.4)	(8.0)	(17.5)		(59.9)
Impairment losses					

(in € millions)	EMEA	Americas	Asia	Intra-Group transactions	Total
31/12/2016					
Revenue					
Inter-segment revenue	2,487.3	899.9	1,574.9		4,962.1
External revenue	212.7	0.6	1,032.3	(1,208.0)	37.6
TOTAL REVENUE	**2,700.0**	**900.5**	**2,607.2**	**(1,208.0)**	**4,999.7**
Operating Result from Activity	168.6	58.3	304.7	(26.4)	505.2
Operating profit	105.9	42.5	304.4	(26.4)	426.4
Finance costs and other financial income and expense, net					(57.9)
Profit (loss) attributable to associates					
Income tax					(77.7)
PROFIT FOR THE PERIOD					**290.8**
Balance Sheet					
Segment assets	3,798.3	925.6	1,386.1	(485.0)	5,625.0
Financial assets					712.4
Tax assets					130.9
TOTAL ASSETS					**6,468.3**
Segment liabilities	(1,384.0)	(261.5)	(598.4)	425.1	(1,818.8)
Borrowings					(2,659.9)
Tax liabilities					(153.5)
Equity					(1,836.1)
TOTAL EQUITY AND LIABILITIES					**(6,468.3)**
Other information					
Capital expenditure and purchases of intangible assets	87.6	60.5	33.4		181.5
Depreciation and amortization expense	(70.7)	(16.4)	(35.0)		(122.1)
Impairment losses	(0.7)				(0.7)

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

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
Western Europe	1,163.2	731.0	1,834.0
Other countries	344.7	284.5	661.0
EMEA	**1,507.9**	**1,015.5**	**2,495.0**
North America	291.6	214.4	563.0
South America	159.4	137.7	355.0
AMERICAS	**451.0**	**352.0**	**919.0**
China	687.2	585.4	1,122.0
Other countries	295.1	210.9	464.0
ASIA	**982.3**	**796.3**	**1,586.0**
TOTAL	**2,941.2**	**2,163.8**	**5,000.0**

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
Cookware	985.5	690.0	1,626,4
Small domestic appliances	1,663,4	1,473.8	3,373,6
Professional coffee machines and catering equipment	292.3		
TOTAL	**2,941.2**	**2,163.8**	**5,000.0**

Note 4 Operating expenses

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
Cost of sales	(1,786.4)	(1,328.9)	(3,021,2)
Research and development costs	(62.1)	(43.3)	(92.2)
Advertising	(47.2)	(35.9)	(130.9)
Distribution and administrative expenses	(832.1)	(583.8)	(1,250,2)
OPERATING EXPENSES	**(2,727.8)**	**(1,991.9)**	**(4,494.5)**

Note 5 Statutory and discretionary employee profit-sharing

Statutory and discretionary employee profit-sharing for the 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)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
Restructuring costs	(23.1)	(17.0)	(19.0)
Impairment losses			(0.8)
Gains and losses on asset disposals and other	(1.3)	(7.3)	(22.4)
OTHER OPERATING INCOME AND EXPENSES	**(24.4)**	**(24.3)**	**(42.2)**

NOTE 6.1. RESTRUCTURING COSTS

Restructuring costs in the first half of 2017 mainly involved:

- transferring Research and strategic marketing activities from Selongey to Ecully for circa €5 million;
- expenses connected with the integration of WMF for circa €4 million;
- expenses connected with the industrial reorganisation in Brazil for €12.5 million. The Group has announced the closure of its factory in São Bernardo and the progressive transfer of cookware production to the new plant in Itatiaia, in the state of Rio de Janeiro. For reference, the progressive transfer of small domestic appliance production was also started in 2016. Thus, at 30 June 2016, a total of €15 million in costs had been incurred for this transfer.

At 31 December 2016, the various restructuring measures started in the first six months of the year had been continued. In addition to the aforementioned expenses, restructuring costs totalled €15.7 million.

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 2017 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 2017, this item was mainly comprised of acquisition costs during the period.

At 30 June 2016, the Group had mainly recognised acquisition costs of around €3 million relating to external growth transactions for the period. These costs, incurred in connection with the acquisition of WMF and EMSA, had amounted to circa €15 million at 31 December 2016. Furthermore, at 31 December 2016, a €6 million expense had been recognized for the customs dispute in Turkey detailed in Note 14 Claims and litigation.

Note 7 Finance costs and other financial income and expense

(in € millions)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
FINANCE COSTS	**(17.2)**	**(17.1)**	**(29.8)**
Interest cost on long-term employee benefit obligations	(1.6)	(1.5)	(3.9)
Exchange gains and losses and financial instruments	(8.5)	(2.6)	(8.9)
Other	(17.3)	(4.0)	(15.4)
OTHER FINANCIAL INCOME AND EXPENSES	**(27.4)**	**(8.1)**	**(28.2)**

The interest costs on long-term employee benefi ts represents the difference between the annual discounting of commitments and the expected return on the corresponding financial assets held in a hedging contract for these commitments, as well as the discounting charges for other long-term liabilities and provisions.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are reported under "Other financial income and expenses".

Income and expenses from financial instruments correspond to amortization of the time value of hedging instruments, and derivative instruments for which the hedging relationship has not been documented.

In 2017, the line Other mainly relates to the €11.7 million change in the fair value of the option component of the ORNAE convertible bonds.

Note 8 Income tax expense

Income tax expense for the half 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 23.5% and the statutory French tax rate of 34.43%:

(in %)	30/06/2017 6 months	30/06/2016 6 months	31/12/2016 12 months
STATUTORY FRENCH TAX RATE	**34.4**	**34.4**	**34.4**
Effect of difference in tax rates[(a)]	(12.9)	(12.5)	(14.2)
Unrecognised and relieved tax loss carryforwards[(b)]	3.3	1.7	3.8
Prior period tax loss carryforwards recognized and utilized during the period	(4.0)	(4.3)	(7.3)
Other[(c)]	2.7	4.7	4.4
EFFECTIVE TAX RATE	**23.5**	**24.0**	**21.1**

(a) The effect of different tax rates varies depending on France's contribution to consolidated profit.
(b) Unrecognised tax loss carryforwards concerned South American and Asian 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 shares

At 30 June 2017, 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 2017, the Group bought back 146,316 shares at a weighted average price of €133.96 per share and sold 211,293 shares on the market at an average price of €87.23.

At 30 June 2017, the Group held 557,133 treasury shares, acquired at an average price of €100.85 per share (990,288 shares at 30 June 2016 and 622,110 shares at 31 December 2016, acquired at an average price of €76.41 and €91.23, respectively).

Share Capital held in treasury changed as follows:

		Transactions	
(in number of shares)	First half 2017 6 months	First half 2016 6 months	Full year 2016 12 months
SHARES HELD IN TREASURY AT 1 JANUARY	**622,110**	**1,074,453**	**1,074,453**
Purchases of shares			
Buyback plan	45,286	170,000	218,633
Liquidity contract	101,030	192,304	326,956
Sales			
Shares sold on the market	(101,853)	(189,593)	(328,034)
Shares allocated on exercise of stock options and under the performance share and employee share ownership plans	(109,440)	(256,876)	(669,898)
Shares cancelled during the period			
SHARES HELD IN TREASURY AT PERIOD-END	**557,133**	**990,288**	**622,110**

Note 10 Employee benefits

At 30 June 2017, 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 1.5% was used at 30 June 2017 for these two countries, instead of 1% at 31 December 2016. The higher rate is reflected in a reduction in provisions for pension benefits of €17.6 million at 30 June 2017.

Note 11 Other provisions

	30/06/2017		30/06/2016		31/12/2016	
(in € millions)	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations	285.8	18.3	159.7	7.7	305.8	20.2
Product warranties	8.8	35.5	5.3	21.5	7.5	35.9
Claims and litigation and other contingencies	83.8	20.4	35.2	14.2	61.6	27.5
Restructuring provision	8.2	23.4	11.8	17.2	3.8	18.9
TOTAL	**386.6**	**97.6**	**212.0**	**60.6**	**378.7**	**102.5**

Provisions are classified as current or non-current 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)	01/01/2017	Additions	Reversals amounts not used	Utilizations	Other movements *	30/06/2017
Product warranties	43.4	10.6	(0.2)	(8.8)	(0.7)	44.3
Claims and litigation and other contingencies	89.1	6.4	(1.1)	(13.1)	22.9	104.2
Restructuring provision	22.7	18.3	(1.3)	(6.0)	(2.1)	31.6
TOTAL	**155.2**	**35.3**	**(2.6)**	**(27.9)**	**20.1**	**180.1**

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

(in € millions)	01/01/2016	Additions	Reversals amounts not used	Utilizations	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 provision	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)	01/01/2016	Additions	Reversals amounts not used	Utilizations	Other movements *	31/12/2016
Product warranties	27.7	16.8	(0.4)	(13.7)	13.0	43.4
Claims and litigation and other contingencies	48.6	12.8	(6.1)	(11.3)	45.1	89.1
Restructuring provision	17.4	14.4	(1.0)	(9.6)	1.5	22.7
TOTAL	**93.7**	**44.0**	**(7.5)**	**(34.6)**	**59.7**	**155.2**

* *"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)	30/06/2017	30/06/2016	31/12/2016
Severance costs	30.6	23.1	20.7
Site closure costs	1.0	5.9	2.0
TOTAL	**31.6**	**29.0**	**22.7**

Note 12 Net debt

(in € millions)	30/06/2017	30/06/2016	31/12/2016
Bonds	1,146.8	497.5	642.1
Bank borrowings	0.1	0.4	
Finance lease liabilities	4.4	44.2	3.9
Other debt (including private placements)	902.2	181.8	887.5
Non-discretionary profit-sharing	17.6	20.6	20.1
LONG-TERM BORROWINGS	**2,071.1**	**744.5**	**1,553.6**
Bonds			
Bank borrowings	2.1	7.3	8.0
Commercial paper	704.0	260.0	849.0
Current portion of long-term borrowings	186.2	66.9	215.7
SHORT-TERM BORROWINGS	**892.3**	**334.2**	**1,072.7**
TOTAL BORROWINGS	**2,963.4**	**1,078.7**	**2,626.3**
Cash and cash equivalents, net *	(657.1)	(322.3)	(414.5)
Other current financial investments *	(258.4)	(136.9)	(203.5)
Derivative instruments (net)	16.8	9.4	11.2
NET DEBT	**2,064.7**	**628.9**	**2,019.5**

* *Of which €340 million in China, versus €273 million at 30 June 2016 and €342 million at 31 December 2016.*

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents, other current financial assets and derivative instruments used for Group financing purposes that are readily convertible into cash. It also includes short-term financial investments with no significant risk of a change in value but whose maturity on the subscription date is longer than three months.

Note 13 Fair value of financial instruments

NOTE 13.1. FINANCIAL INSTRUMENTS

(in € millions)	30/06/2017 Carrying amount	Fair value	Financial instruments by category: At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	17.4	17.4		17.4			
Other non-current financial assets	15.5	15.5			15.5		
Other non-current assets *	4.6	4.6			4.6		
Trade receivables	759.5	759.5			759.5		
Other current receivables, excl. prepaid expenses *	8.6	8.6			8.6		
Derivative instruments	37.5	37.5					37.5
Other financial assets	258.4	258.4	258.4				
Cash and cash equivalents	657.1	657.1	657.1				
TOTAL FINANCIAL ASSETS	**1,758.6**	**1,758.6**	**915.5**	**17.4**	**788.2**		**37.5**
Liabilities							
Long-term borrowings	2,071.1	2,129.8				2,129.8	
Other non-current liabilities *	2.9	2.9				2.9	
Trade payables	748.2	748.2				748.2	
Other current liabilities *	50.1	50.1				50.1	
Derivative instruments	54.8	54.8					54.8
Short-term borrowings	892.3	892.8				892.8	
TOTAL FINANCIAL LIABILITIES	**3,819.4**	**3,878.6**				**3,823.8**	**54.8**

* *Excluding accrued taxes and employee benefit expenses.*

(in € millions)	30/06/2016 Carrying amount	Fair value	Financial instruments by category At fair value through profit or loss (excluding derivatives)	Assets available for sale	Loans and receivables	Held to maturity	Derivative instruments
Assets							
Investments in non-consolidated companies	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 assets	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.

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding tax and social security claims), 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 non-consolidated companies, certain receivables related to those investments and receivables due beyond one year.

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

Financial liabilities include 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 flows 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: instrument quoted in active markets;
- level 2: valuation techniques for which all significant inputs are based on observable market data;
- level 3: valuation techniques for which any significant input is not based on observable market data.

(in € millions)	30/06/2017 Total	Level 1	Level 2	Level 3
Assets				
Derivative instruments	37.5		37.5	
Other financial assets	258.4	258.4		
Cash and cash equivalents	657.1	657.1		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**953.0**	**915.5**	**37.5**	
Liabilities				
Derivative instruments	54.8		54.8	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**54.8**		**54.8**	

The portfolio of derivative instruments used by the Group to manage risk mainly includes forward purchases and sales of foreign currencies, zero-premium options, interest rate swaps, 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.

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Note 14 Significant events and litigation

New bond issue

€500 million in new seven-year bonds was issued on 31 May 2017. They bear interest at 1.50%.

This new issue will enable Groupe SEB to further strengthen its debt architecture through:

- the permanent securing of the refinancing of a part of its debt;
- the extension of the average maturity of the debt;
- attractive financing conditions.

The bonds were admitted to trading on Euronext Paris on 31 May 2017.

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 2017 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, according to their interpretation, its imports are liable for an additional tax which has, to date, not been settled. The notification received covered the period from 1 January 2013 to 28 September 2015 and involved a tax adjustment of €4.5 million and penalties of €13.5 million. The Group has challenged the full amount of this tax adjustment, while at the same time signing up to an amnesty offered by the Turkish government that limits the exposure to around €6 million. This amount was fully recorded in the 2016 financial statements.

There was no significant event or significant litigation occurring in the first half of 2017 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 2016 Registration Document.

Note 16 Subsequent events

At the date these financial statements were approved by the Board of Directors, 24 July 2017, 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 2017 to 30 June 2017

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 2017 to 30 June 2017;
- 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 26 July 2017

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, 31 July 2017

Chairman and CEO

Thierry de La Tour d'Artaise

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2017

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