GROUPE SEB

# Information Meeting

**H1 results – July 2012**

- **Overall Environment**
- First-Half Business Performance
- Our vision for Second-Half 2012

# H1 2012: an unfavourable environment

- Economic indicators generally weak
  - Crisis in Southern Europe
  - Slowdown in emerging markets
- Dollar stronger against nearly all other currencies
- Small domestic equipment market generally held up well
- Highly competitive, promotion-driven market

# Satisfactory performance: revenue (1/2)

- Good resilience in a period of crisis

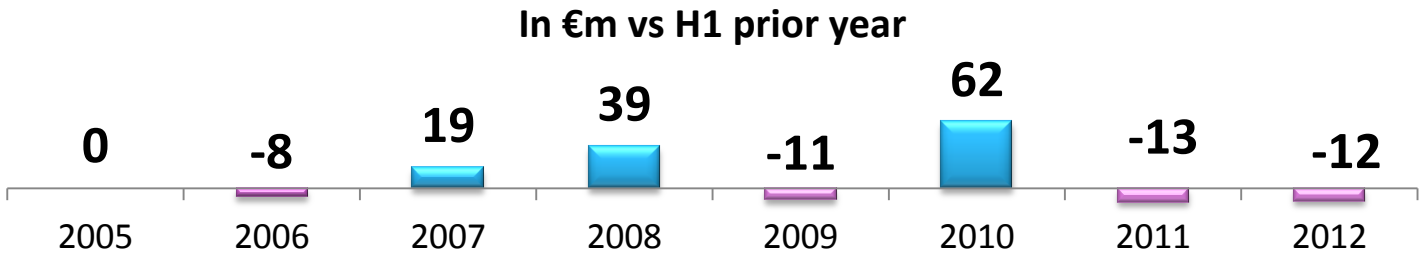
  For comparison:

| *Rounded figures* | Revenue (€m) | LFL change vs. prior-year period | Of which SUPOR |
|---|---|---|---|
| **H1 2009** | 1.374 | -3% | +1% |
| **H1 2012** | 1.801 | 0% | 0% |

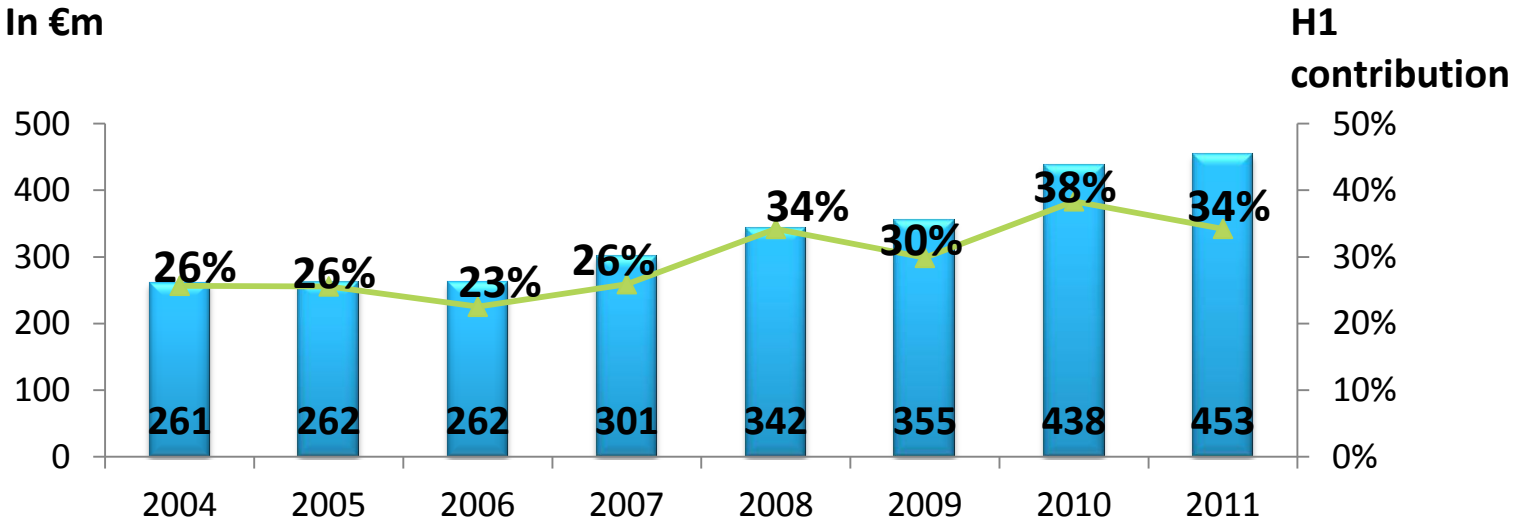
- H1 2010 and 2011 provide high comparatives
  - H1 2012 revenue ➔ record high

# Satisfactory performance: Operating result from activity (2/2)

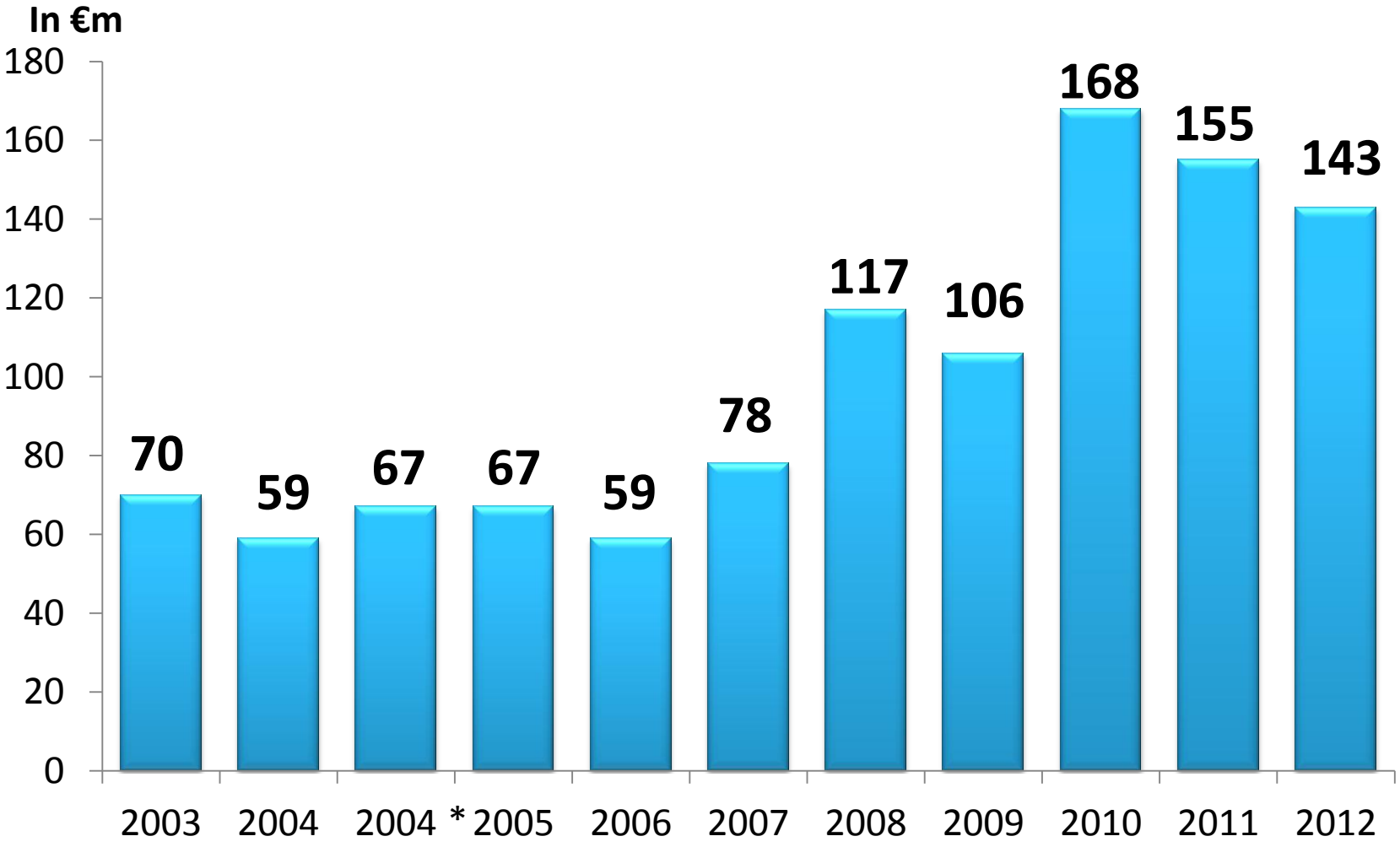
- Limited decline in operating result from activity




- H1 operating result volatile and not meaningful



# First-half operating result, 2003-2012




*IFRS

# First-half 2012 key figures

| | | |
|---|---|---|
| Revenue | €1.801m | +5%<br>stable LFL |
| Operating result from activity | €143m | -8% |
| Operating profit | €127m | -17% |
| Attributable profit | €74m | -21% |
| Net debt | €654m | -€19m<br>vs 31.12.2011 |

- Overall Environment
- **First-Half Business Performance**
- Our vision for Second-Half 2012

# H1 2012 sales by region

2012/2011 in %*

| €m | H1 2011 | H1 2012 | As reported | Like-for-like |
|---|---|---|---|---|
| France | 291 | **287** | *-1.2* | *-1.2* |
| Other Western EU | 341 | **322** | *-5.8* | *-6.5* |
| North America | 172 | **188** | *+9.2* | *+1.4* |
| South America | 190 | **200** | *+5.3* | *+0.5* |
| Asia-Pacific | 433 | **478** | *+10.1* | *-0.5* |
| Central Europe, Russia and other countries | 292 | **326** | *+11.5* | *+9.0* |
| TOTAL | 1,719 | **1,801** | *+4.7* | *+0.1* |

*Percentages based on non-rounded figures

# Q2 2012 sales by region

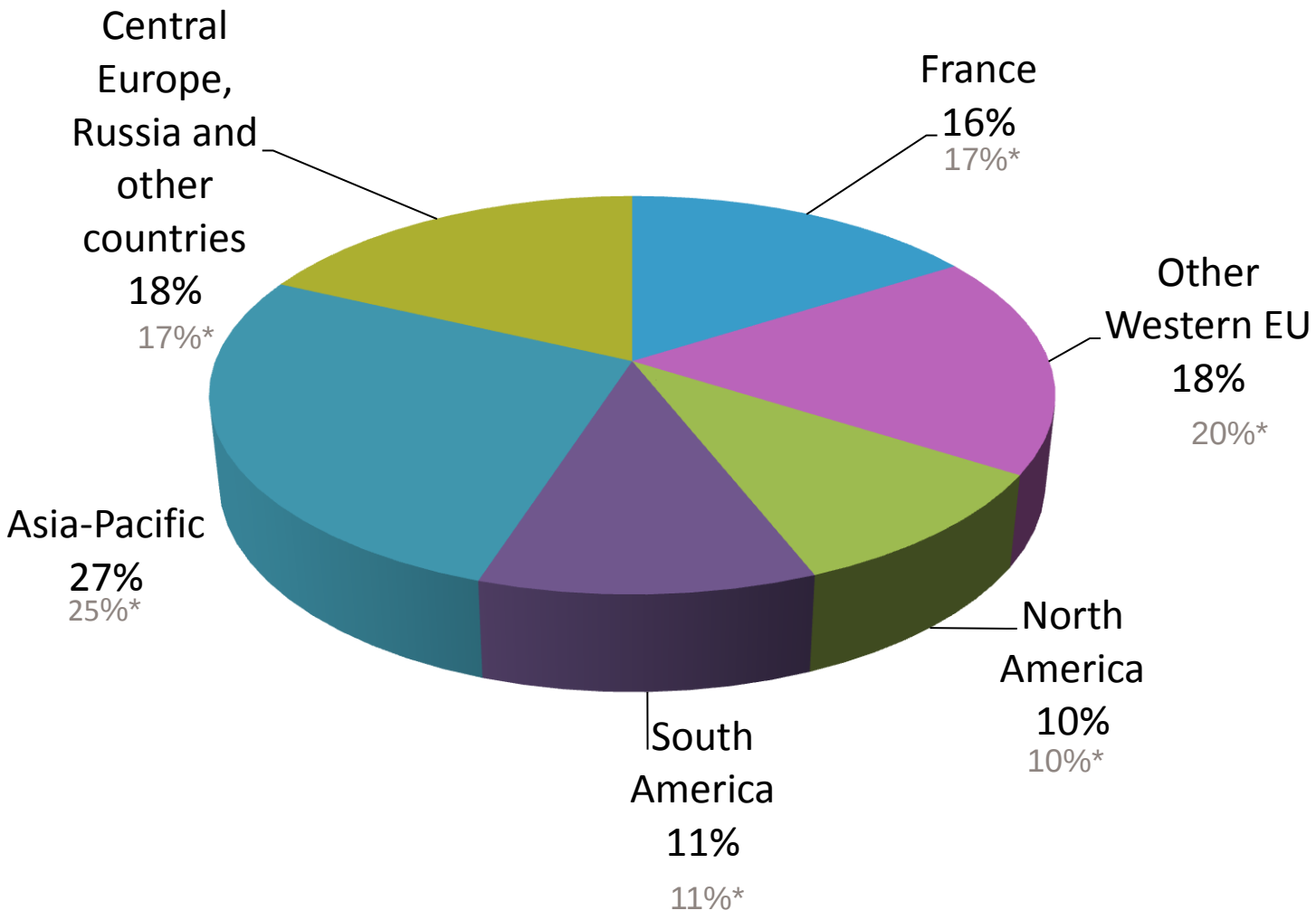
| €m | Q2 2011 | Q2 2012 | 2012/2011 in %* As reported | Like-for-like | *Q1 Like-for-like* |
|---|---|---|---|---|---|
| France | 144 | **155** | *+7.9* | *+7.9* | *-10.1* |
| Other Western EU | 161 | **156** | *-3.0* | *-4.2* | *-8.6* |
| North America | 91 | **97** | *+6.5* | *-2.1* | *+5.3* |
| South America | 96 | **102** | *+6.2* | *+8.3* | *-7.5* |
| Asia-Pacific | 199 | **222** | *+11.7* | *-1.4* | *+0.2* |
| Central Europe, Russia and other countries | 140 | **152** | *+8.6* | *+5.4* | *+12.4* |
| TOTAL | 831 | **884** | *+6.5* | *+2.0* | *-1.5* |

*Percentages based on non-rounded figures

# Organic growth in sales, by quarter

| | |
|---|---|
| H1 2009 | -2.8% |
| H1 2010 | +9.5% |
| H1 2011 | +8.4% |
| H1 2012 | +0.1% |

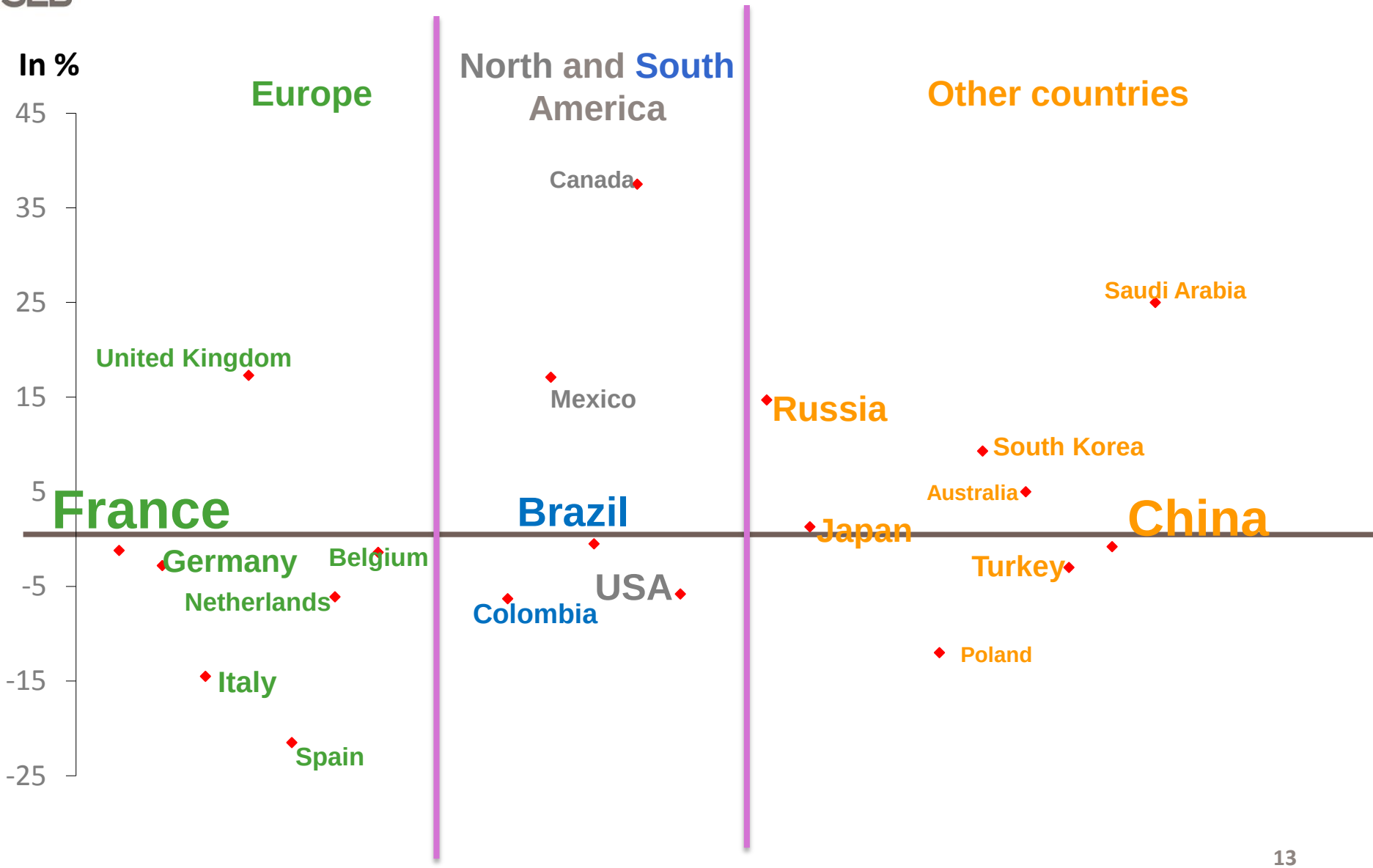
# H1 2012 sales by region




*H1 2011

# H1 2012 revenue performance by country

*20 leading countries – Like-for-like*



# France: current market situation

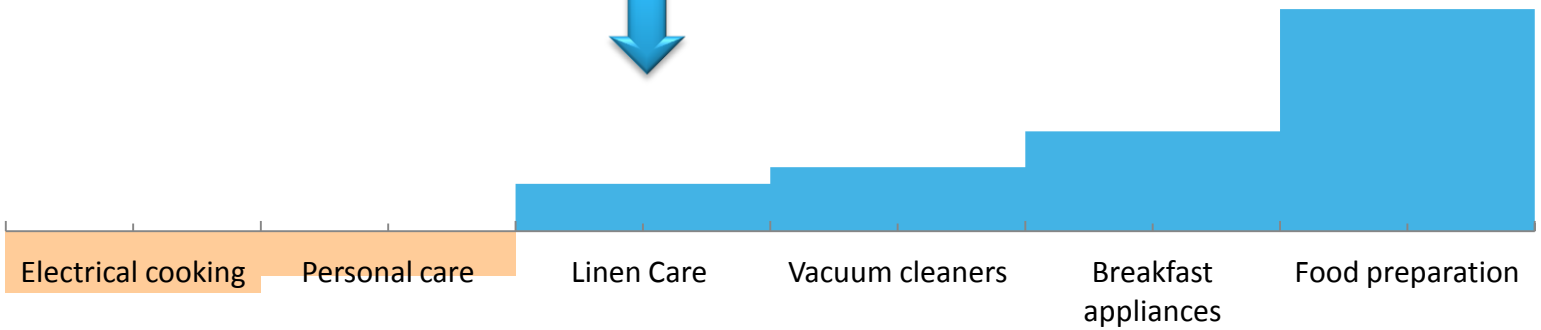
Cookware

- GFK YTD end April ➔ -24% sell-out

Small electrical appliances

- Gifam - H1 2012 ➔ -1.2% sell-in
- GFK YTD end April ➔ +3.5% sell-out

Retailer inventory drawdowns



# Business in France in first-half 2012

**Revenue: €287m, -1.2%**

**Q1 -10.1%**

**Q2 +7.9%**

| Cookware | Small electrical appliances |
| --- | --- |
| ▪ "Return to normal" vs H1 2011<br>▪ Q2 loyalty programme (Ingenio)<br>▪ Launch of a ceramic offer<br>▪ Market share gains | ▪ Heightened competition<br>▪ Selling prices increased by SEB<br>▪ Market share losses |

# Spain, Group's 13th market (9th in first-half 2011)

| | | |
|---|---|---|
| **Country** | ❖ GDP: -0.3%<br>❖ Retail sales: -4%<br>❖ Unemployment: 24.5%<br>❖ Retail sector in trouble<br>*Austerity measures*<br>*Decline in purchasing power* | |
| **Small domestic equipment market** | ❖ Small electrical appliances: -16%, Cookware: -5% (January to April)<br>❖ Very aggressive promotional operations<br>❖ Development of private labels<br>*Decline in average selling prices* | |
| **Groupe SEB** | **Impact**<br>❖ H1 2012 sales: -24% vs H1 2011<br>❖ Market share at 30 April<br>▪ Small electrical appliances: 15%, -3 pts<br>▪ Cookware: 9%, -1 pt | **Measures taken**<br>❖ Right-sizing the subsidiary<br>❖ Advertising budget halved<br>❖ Product dynamic partially maintained |

# China: Supor's business in the first half

**Revenue generally stable vs H1 2011**

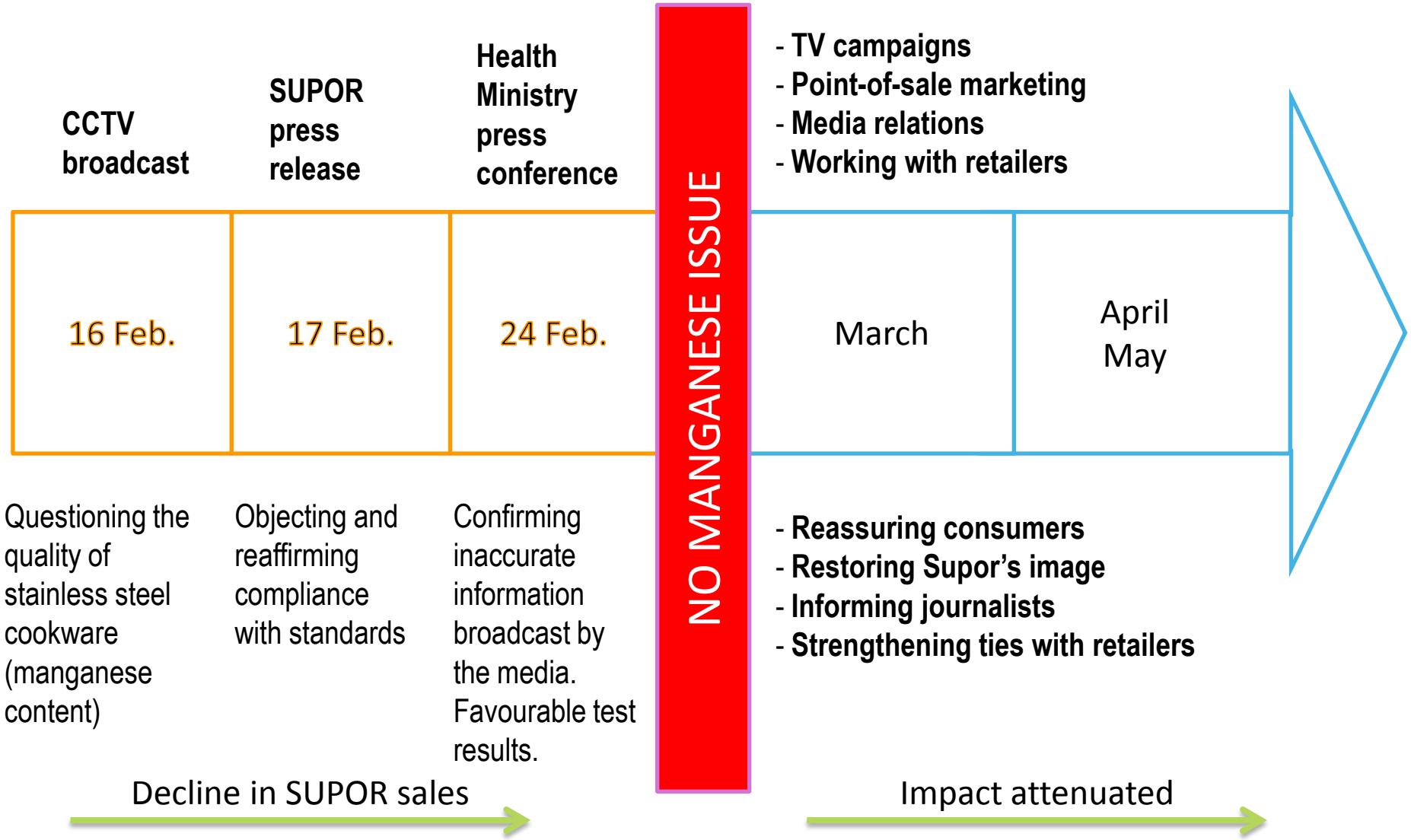
Cookware → **+9%*** (Market -4%)

Small electrical appliances → **-5%*** (Market -13%)

**Strengthening market positions**

*At comparable exchange rates

# Review of the manganese controversy



# Canada
# Group's 17th market

**Revenue >€20m, +38% vs H1 2011**

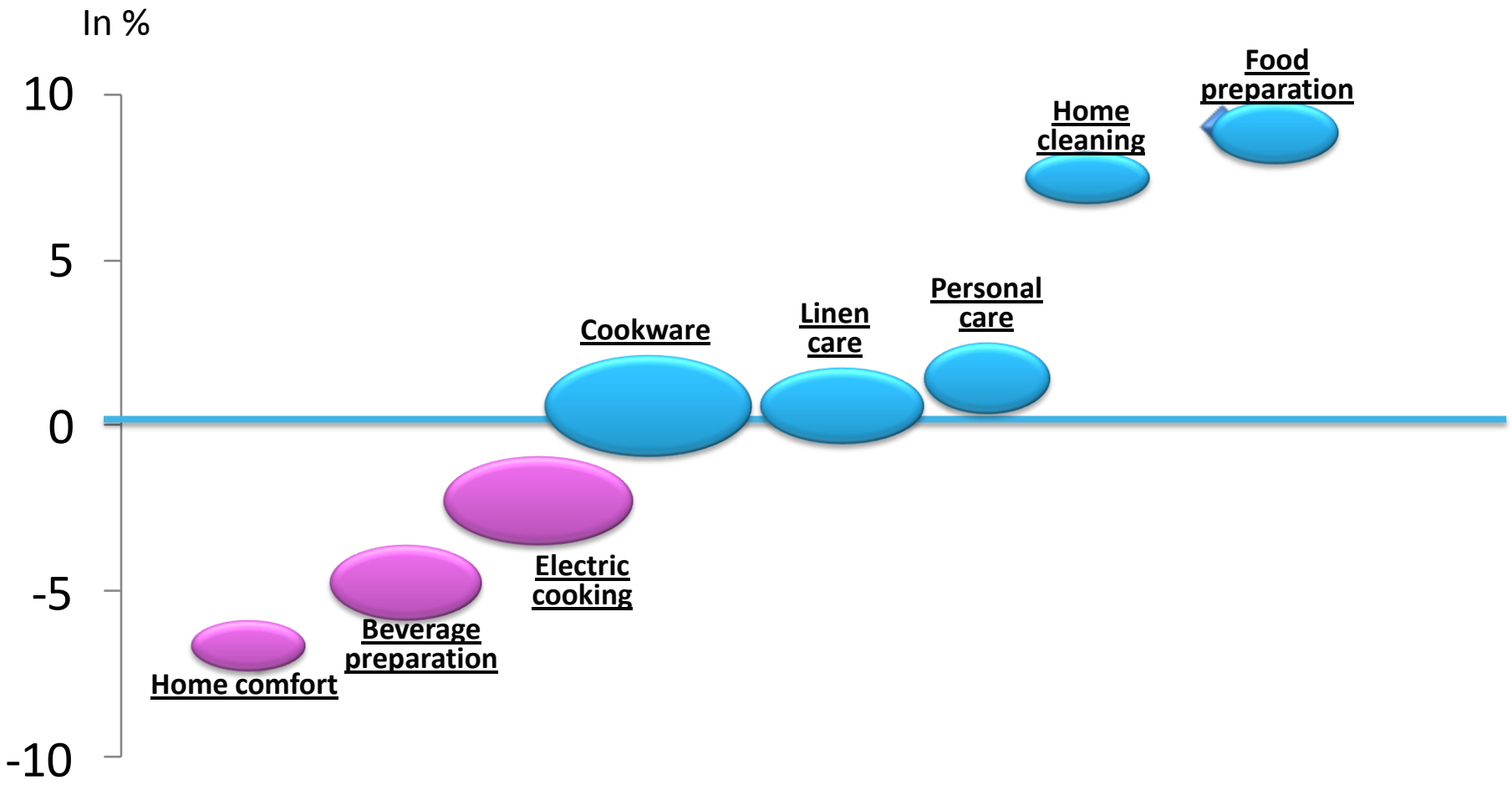
- Multi-brand approach: T-Fal, Krups, Rowenta, All-Clad
- Cookware ➔ T-Fal market share: 15.5% (+3.7 pts vs 2011)
- Small electrical appliances: product offering gradually widened

| | |
|---|---|
| **Fryers** | **T-Fal No. 1, 61% market share** |
| **Toasters** | **T-Fal No. 2, 11.5% market share** |
| **Steam irons** | **T-Fal & Rowenta No. 1, 32% market share** |
| **Garment steamers** | **Rowenta & T-Fal No. 1, 45% market share** |

- Slot gains in all retail channels

# H1 2012 revenue performance by product family

*Like-for-like*



# Home cleaning: revenue up 8% LFL

## 3 growth drivers

Extending the offer

**Bagless vacuum cleaners**

**Silence Force Extreme Cyclonic**

The quietest **bagless** vacuum cleaner

4th quartile

Europe
Turkey
Australia

**Vacuum cleaners with bags**

**Silence Force Extreme**

The quietest vacuum cleaner

3rd quartile

Europe
Turkey
Australia

**Cordless upright vacuum cleaners**

**Air Force**

The most efficient cordless vacuum cleaner

3rd and 4th quartile

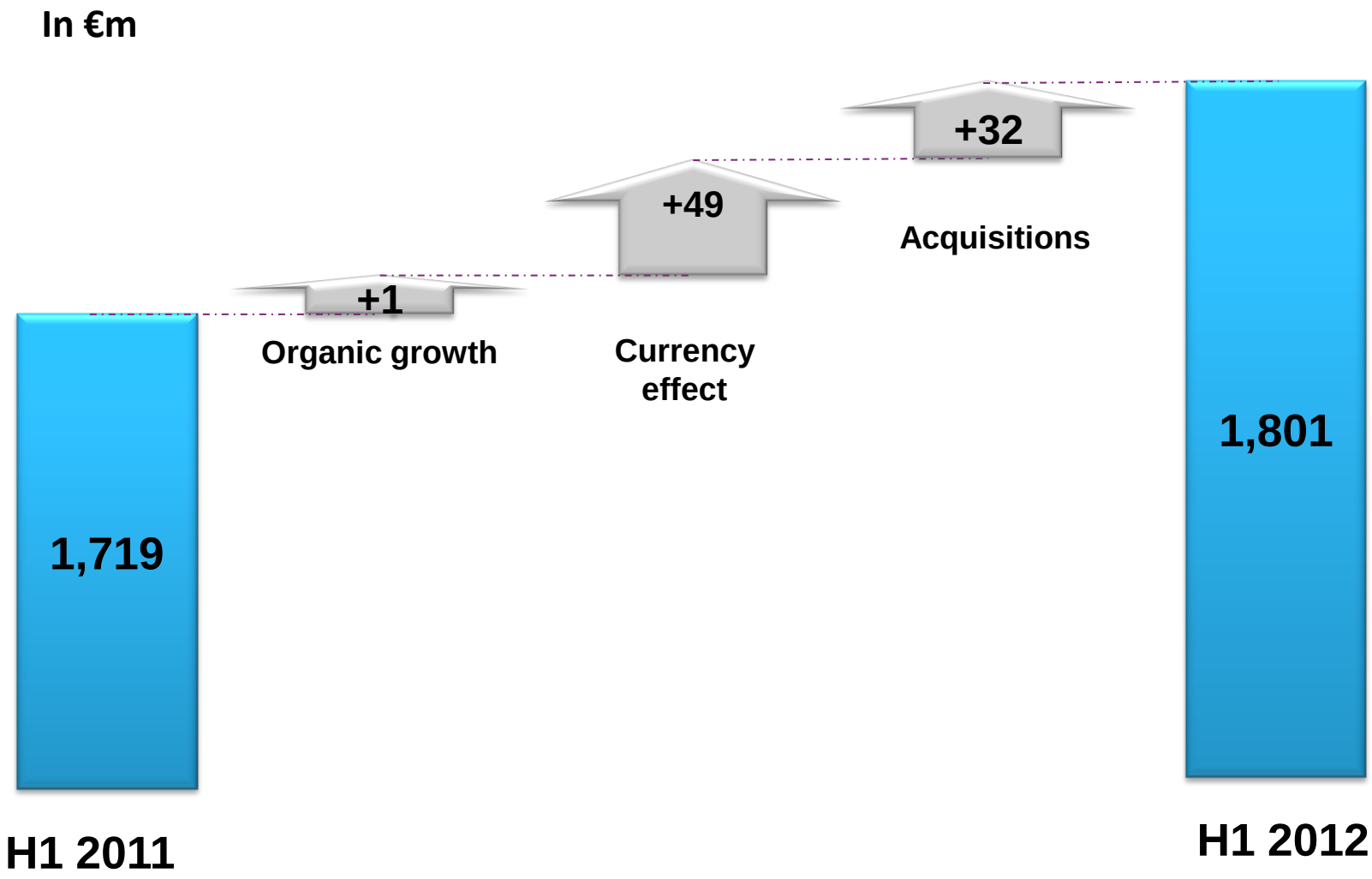
Europe
Japan
Australia
South Korea
Turkey

# Food preparation: revenue up 9% LFL

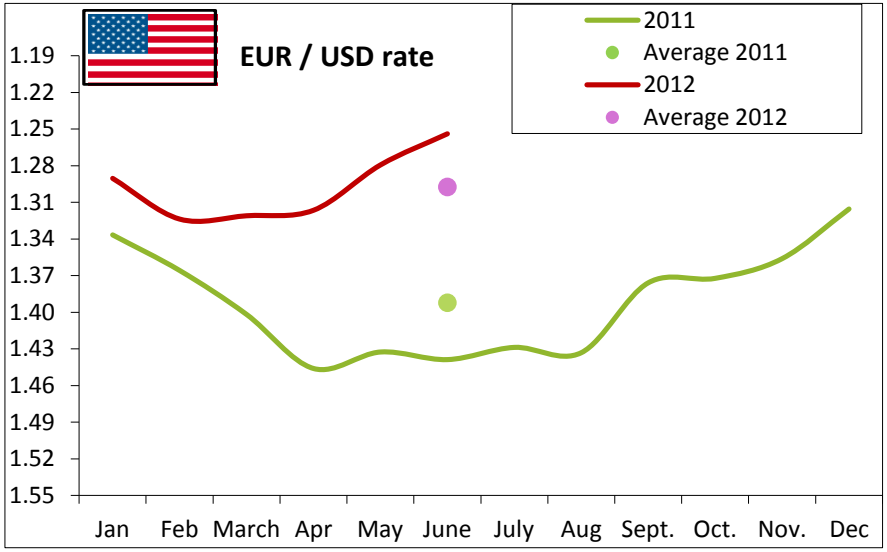
Extending the offer

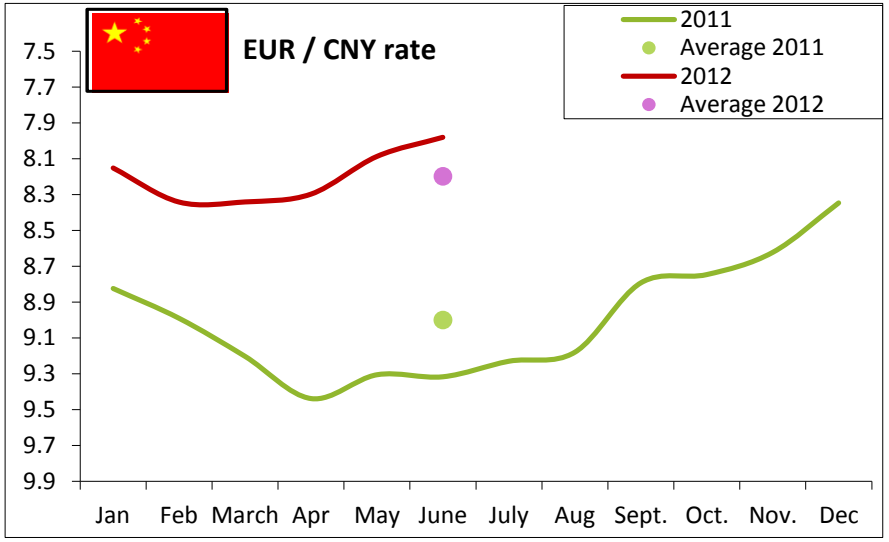
| Kitchen Machines | Blenders | Meat mincers | Shredders |
|---|---|---|---|
| Launched in 2011<br><br>17% market share in Europe<br><br>Countries<br>France, Italy, Germany, Middle East,<br>…. | Launched in 2011<br><br>Worldwide | Launched in 2010-2011<br><br>Russia<br>Middle East | Launched in 2009<br><br>Rollout and international deployment<br><br>UK, Australia, Russia, Eastern Europe<br>…. |

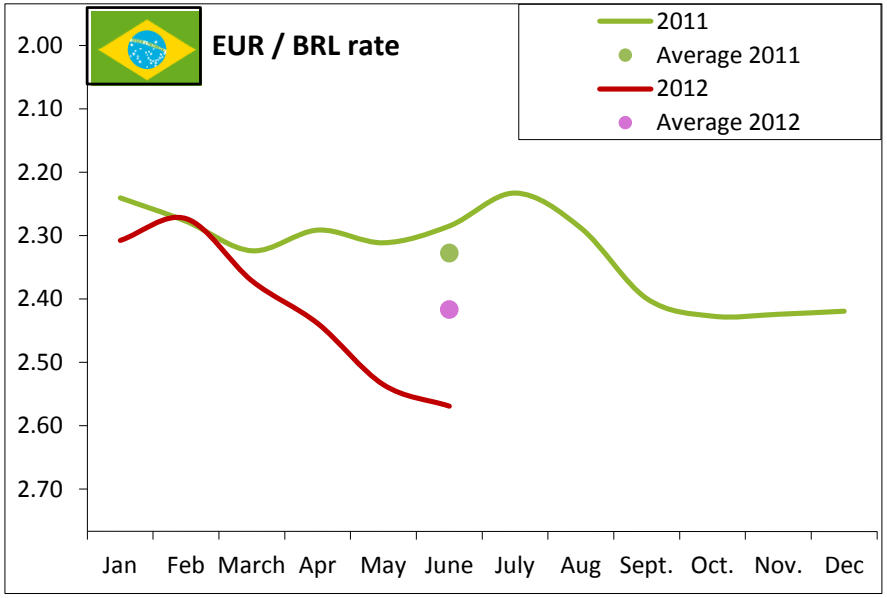
# Analysis of revenue growth, H1 2011 ➔ H1 2012

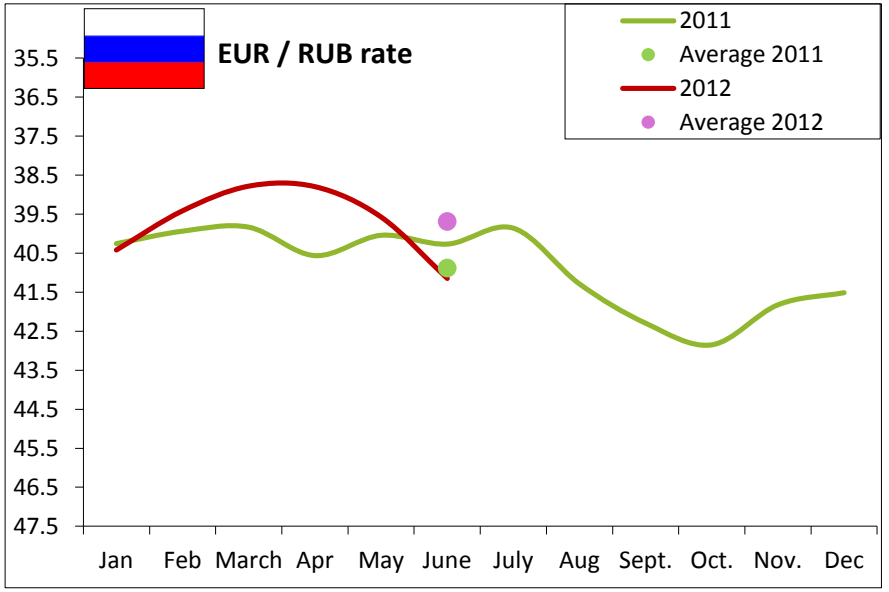


# Changes in currencies

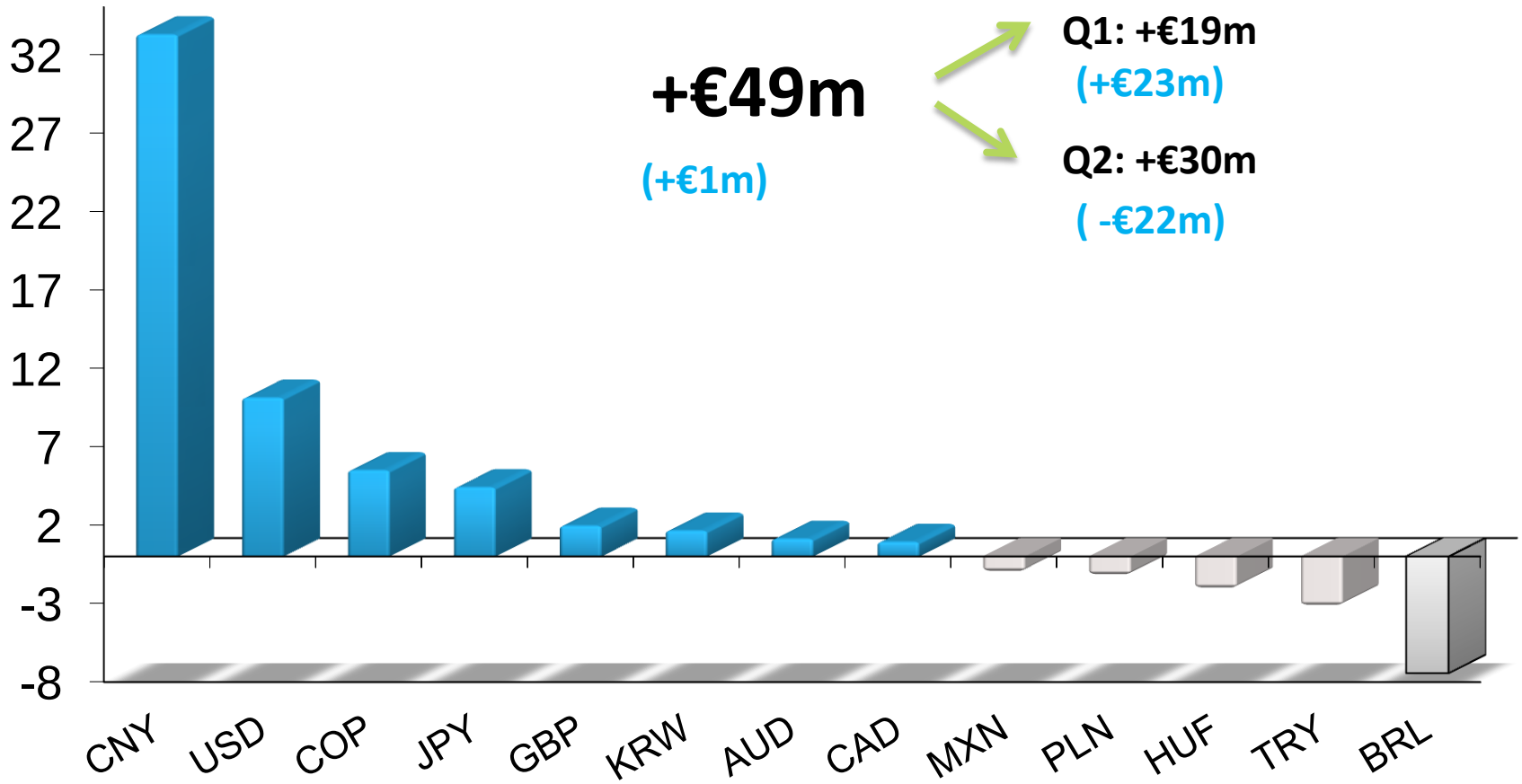


# Currency effect on first-half 2012 revenue



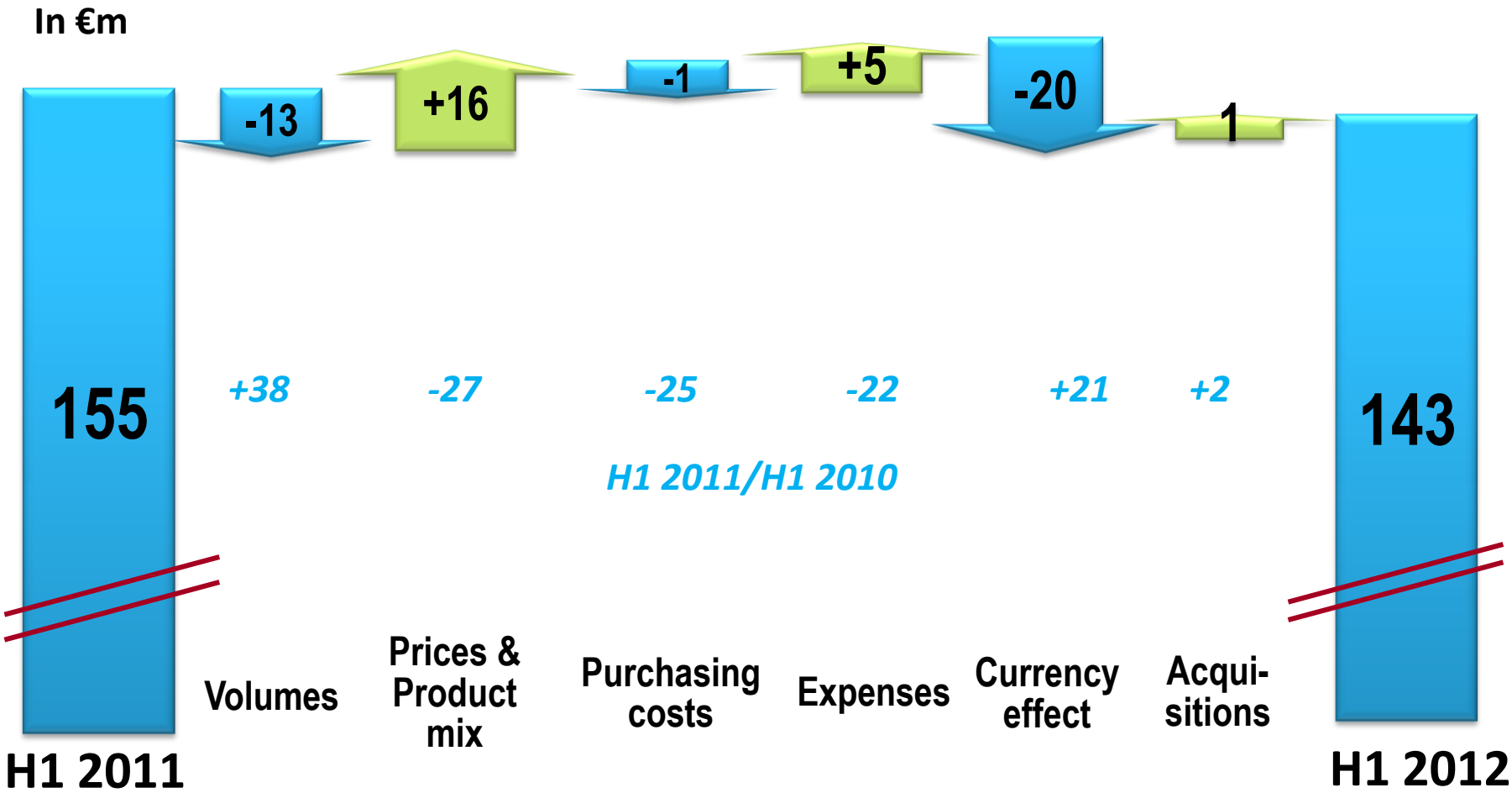

2011 figures

# Operating result from activity

| €m | H1 2011 | **H1 2012** | **Change** |
|---|---|---|---|
| Revenue | 1,719 | **1,801** | +5% |
| Operating expenses | 1,564 | **1,658** | +6% |
| Operating result from activity | 155 | **143** | -8% |
| as a % of revenue | 9.0% | **7.9%** | |

*Percentages based on non-rounded figures*

# Analysis of the change in operating result from activity, H1 2011 ➔ H1 2012

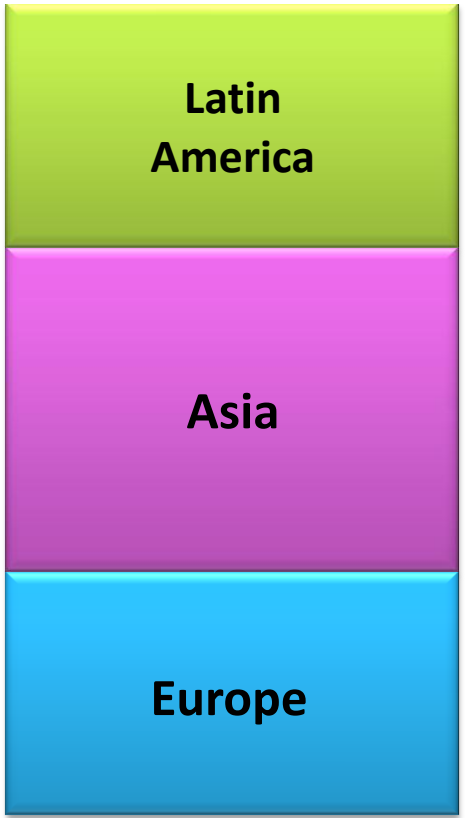


# Purchasing costs better than expected

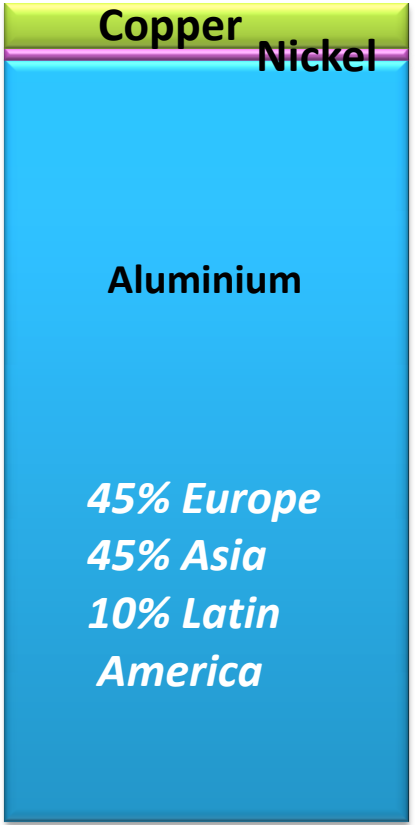
- Easing of metal prices
- Favourable trend in thermoplastic prices
- Limited 2-3% increase for sourced products

# Raw material purchases

**Thermoplastics**




**Metals**




**Average prices paid in H1 2012 close to the average for 2011**

# Growth drivers: investment in innovation

| | 1st Half | | |
|---|---|---|---|
| **€m** | 2011 | **2012** | **Change** |
| Strategic marketing | 28 | **29** | +4% |
| R&D spending | 29 | **33** | +10% |
| **TOTAL** | 57 | **62** | +7% |

# Growth drivers:
# investments in marketing and advertising

| | 1st Half | | |
|---|---|---|---|
| **€m** | 2011 | **2012** | **Change** |
| Operational marketing | 77 | **81** | +6% |
| Advertising | 56 | **42** | -24% |
| **TOTAL** | 133 | **123** | - 6% |
| Retail operations and consumer promotions | 36 | **37** | +2% |

# Operating profit

| €m | H1 2011 | H1 2012 | Change |
|---|---|---|---|
| Operating result from activity | 155 | **143** | -8% |
| Discretionary and non-discretionary profit-sharing | (19) | (16) | |
| Other operating income and expense, net | 16 | - | |
| Operating profit | 152 | **127** | -17% |

*Percentages based on non-rounded figures*

# Attributable profit

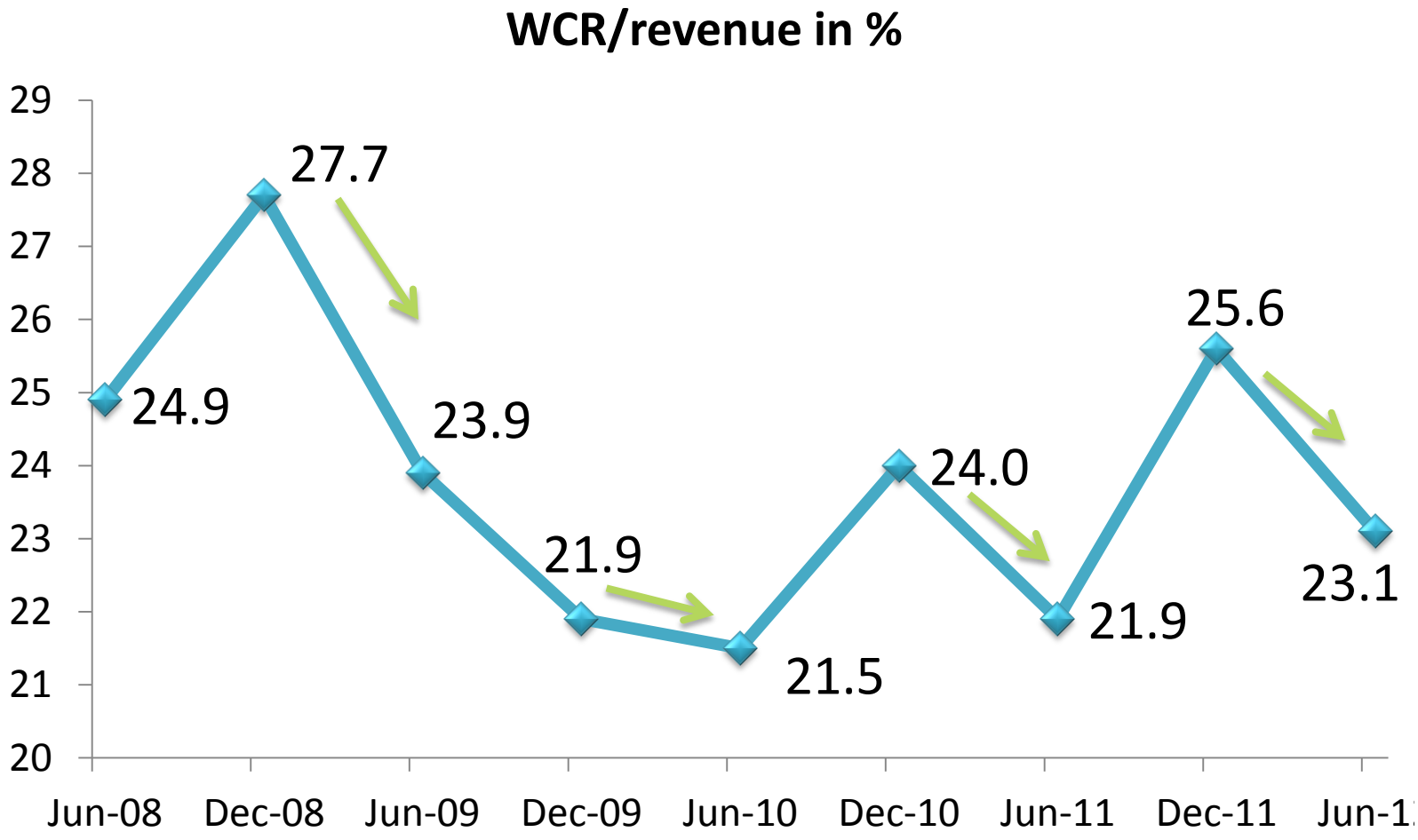
| €m | H1 2011 | H1 2012 | Change |
|---|---|---|---|
| Operating profit | 152 | **127** | -17% |
| Finance costs and other financial income and expense, net | (8) | (14) | |
| Income tax expense | (38) | (32) | |
| Minority interests | (13) | (7) | |
| **Attributable profit** | 93 | 74 | -21% |

*Percentages based on non-rounded figures*

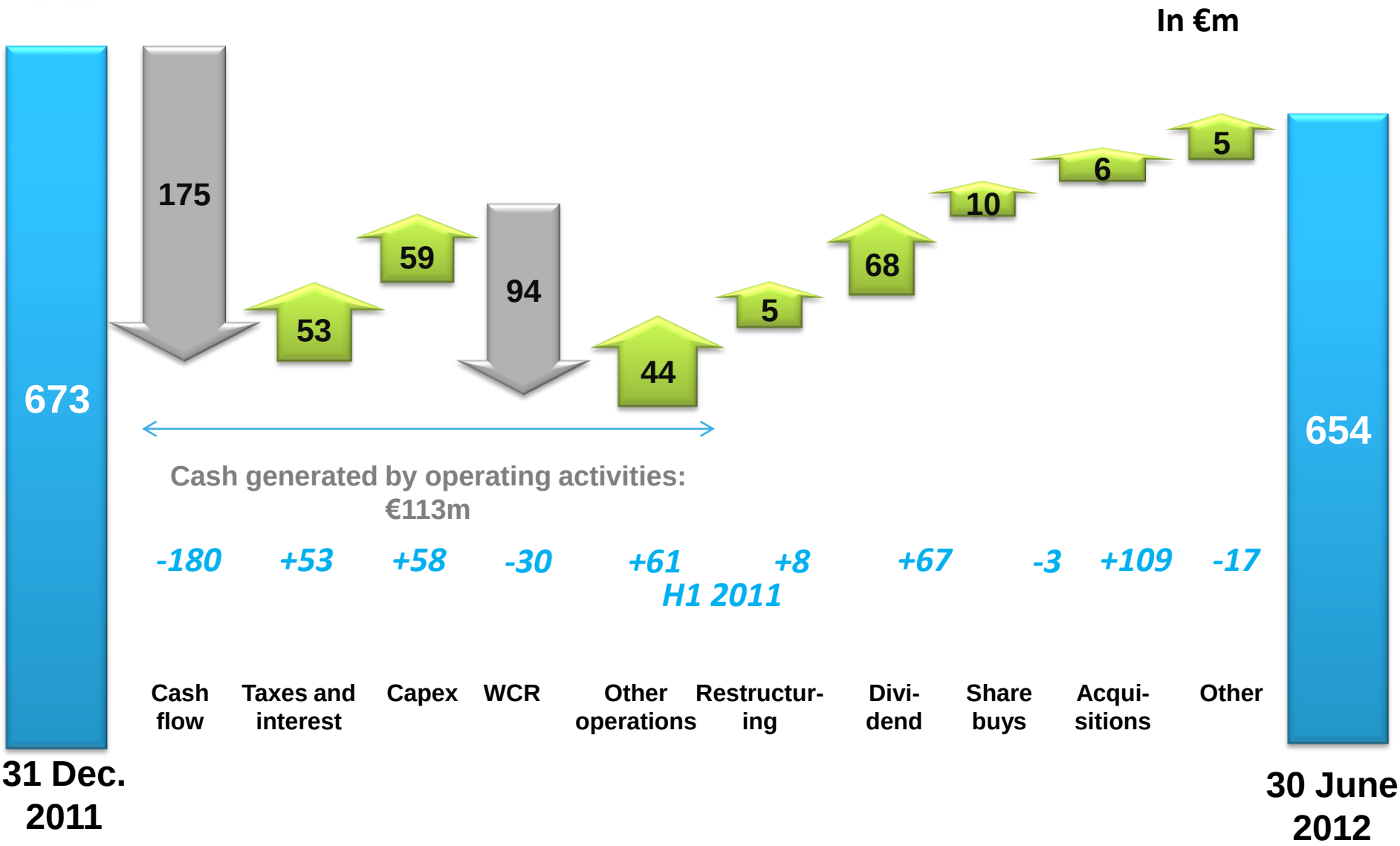
# Balance sheet

| €m | 30 June 2011 | 31 Dec. 2011 | 30 June 2012 |
|---|---|---|---|
| **Capital employed** | | | |
| Non-current assets | **1,308** | 1,453 | **1,495** |
| Operating working capital requirement | 850 | 1 014 | 935 |
| **Total capital employed** | **2,158** | 2,467 | **2,430** |
| **Financing** | | | |
| Equity | **1,561** | 1,362 | **1,388** |
| Provisions | 155 | 162 | 170 |
| Other current assets and liabilities | 185 | 270 | 218 |
| Net debt | 257 | 673 | 654 |
| **Total financing** | **2,158** | 2,467 | **2,430** |

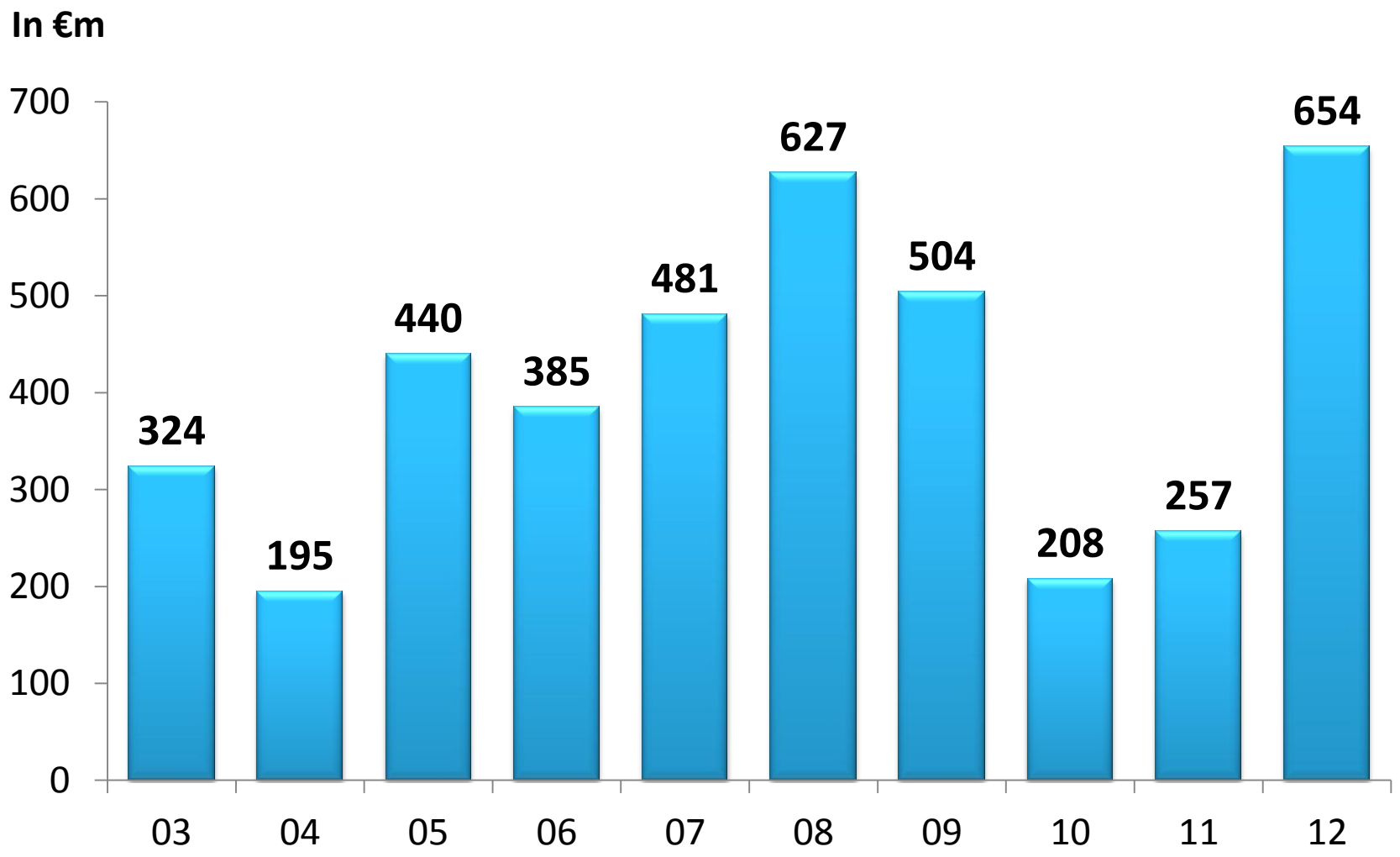
# Change in WCR over half-years since June 2008



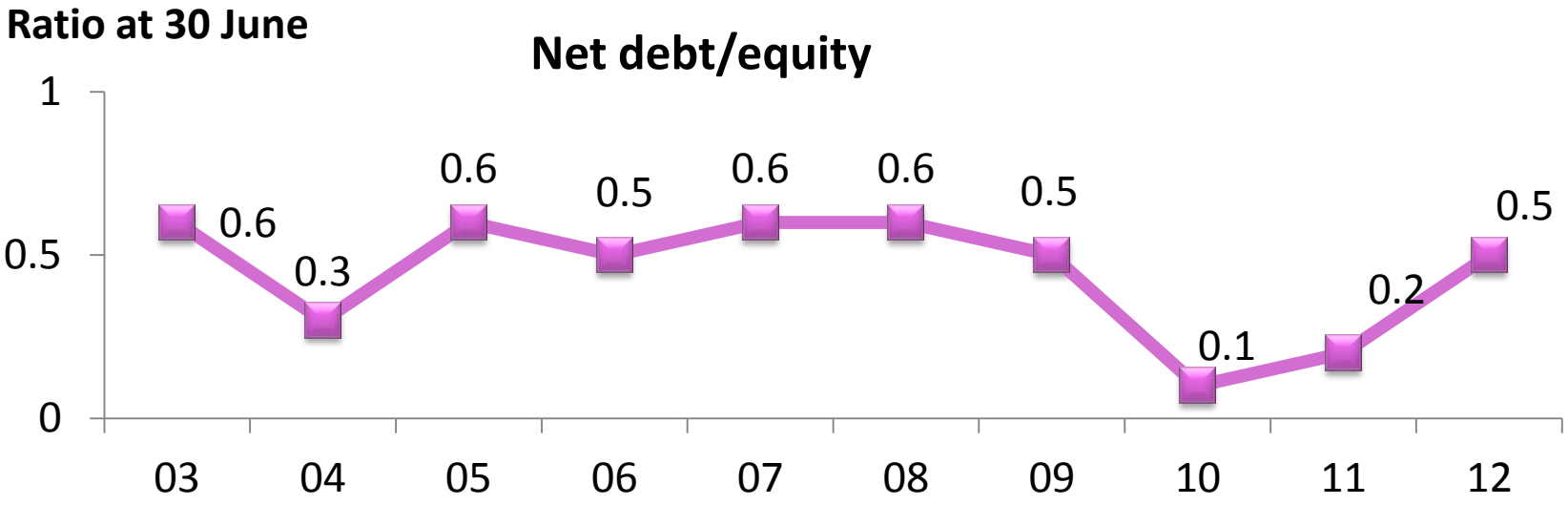
# Analysis of change in debt

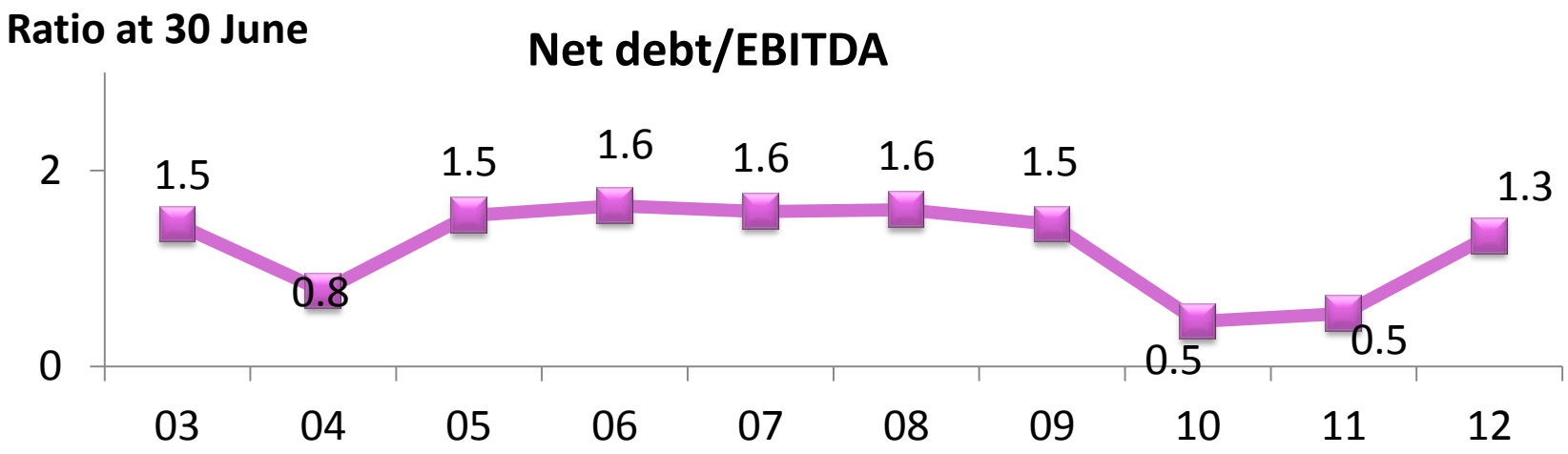


# Change in debt at 30 June, 2003-2012



# Comfortable debt ratios



# Conclusion

- Operations held up well in a difficult environment
- Financial results remained satisfactory
- Solid generation of cash from operating activities

- Overall Environment
- First-Half Business Performance
- **Our vision for Second-Half 2012**

# Hypotheses for the second half

| ENVIRONMENT | IMPACT |
| --- | --- |
| No clear-cut recovery | Lacklustre sales volumes |
| Competitive market | Promotions, market shares in play |
| Market receptive to innovation | Success for innovative products |
| Current exchange rates maintained | Positive impact on revenue and negative on operating result from activity |
| Stability or decline in raw material prices | Limited increase in purchasing costs |
| Uncertainties | Limited visibility |

# Our responses

New product offensive beginning in September

Targeted advertising campaigns

Point-of-sale marketing initiatives, promotions and loyalty programmes

Active price management

Strict control of costs, inventory and capex

# Flagship products for H2 (1/2)

TEFAL Rice Cooker

MOULINEX Masterchef Gourmet

Moulinex Soup & Co

Krups Barista

TEFAL Multidélices

Rowenta
Silence Force
Cyclonic
vacuum cleaner

CALOR silent hair
drier

Cookeo

Rowenta Air Force
Cyclonic

# Flagship products for H2 (2/2)

ROWENTA Compact Force
cyclonic vacuum cleaner

Robot
Vacuum cleaner

TEFAL Ceram

KRUPS
Maestria

TEFAL glass raclette
grill

Free Move
cordless iron

Air purifier

Infiny Press

# Our responses

New product offensive beginning in September

Targeted advertising campaigns

Point-of-sale marketing initiatives, promotions and loyalty programmes

Active price management

Strict control of costs, inventory and capex

# 2012 guidance

If current market conditions persist:

| | |
|---|---|
| **Revenue** | Slight organic growth |
| | |
| **Operating Result from Activity** | • Not expecting to make up the first-half shortfall<br><br>• Aiming for H2 operating result from activity close to that achieved in 2011 |

GROUPE SEB

# Information meeting

**H1 results - July 2012**