GROUPE SEB

First-Half 2014 Results

Paris, 24 July 2014

Watch the meeting video
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First-Half 2014
BUSINESS AND RESULTS

SNAPSHOT...

OUTLOOK
FOR 2014

First-half 2014 key figures

H1	Revenue	€1,827m €1,921m LFL	- 0.5% + 4 .7% LFL
	Operating Result from Activity	€91m €138m LFL	- 33.4% + 0.7% LFL
Q2	Revenue	€885m €932m LFL	-2.1% + 3.2% LFL
	Operating Result from Activity	€41m €64m LFL	- 36.0% Stable LFL
	Net debt	€532m	+ €116m vs 31.12.2013

H1 2014 revenue by region

*2014/2013 in %**

€m	H1 2013	H1 2014	As reported	Like-for-like**	2013/2012 Like-for-like**
France	262	266	+ 1.4%	+ 1.4 %	*- 8.8%*
Other Western EU	338	363	+ 7.4%	+ 7.0%	*+ 5.4%*
North America	197	193	-2.5%	+ 1.3%	*+ 4.7%*
South America	194	173	- 10.7%	+ 4.6%	*+ 4.9%*
Asia-Pacific	522	540	+ 3.5%	+ 11.1%	*+ 7.4%*
Central Europe, Russia and other countries	322	292	- 9.3%	- 3.4%	*+ 2.9%*
TOTAL	**1,835**	**1,827**	**- 0.5%**	**+ 4.7%**	***+ 3.1%***

** % based on non-rounded figures*

*** At constant exchange rates and scope of consolidation*

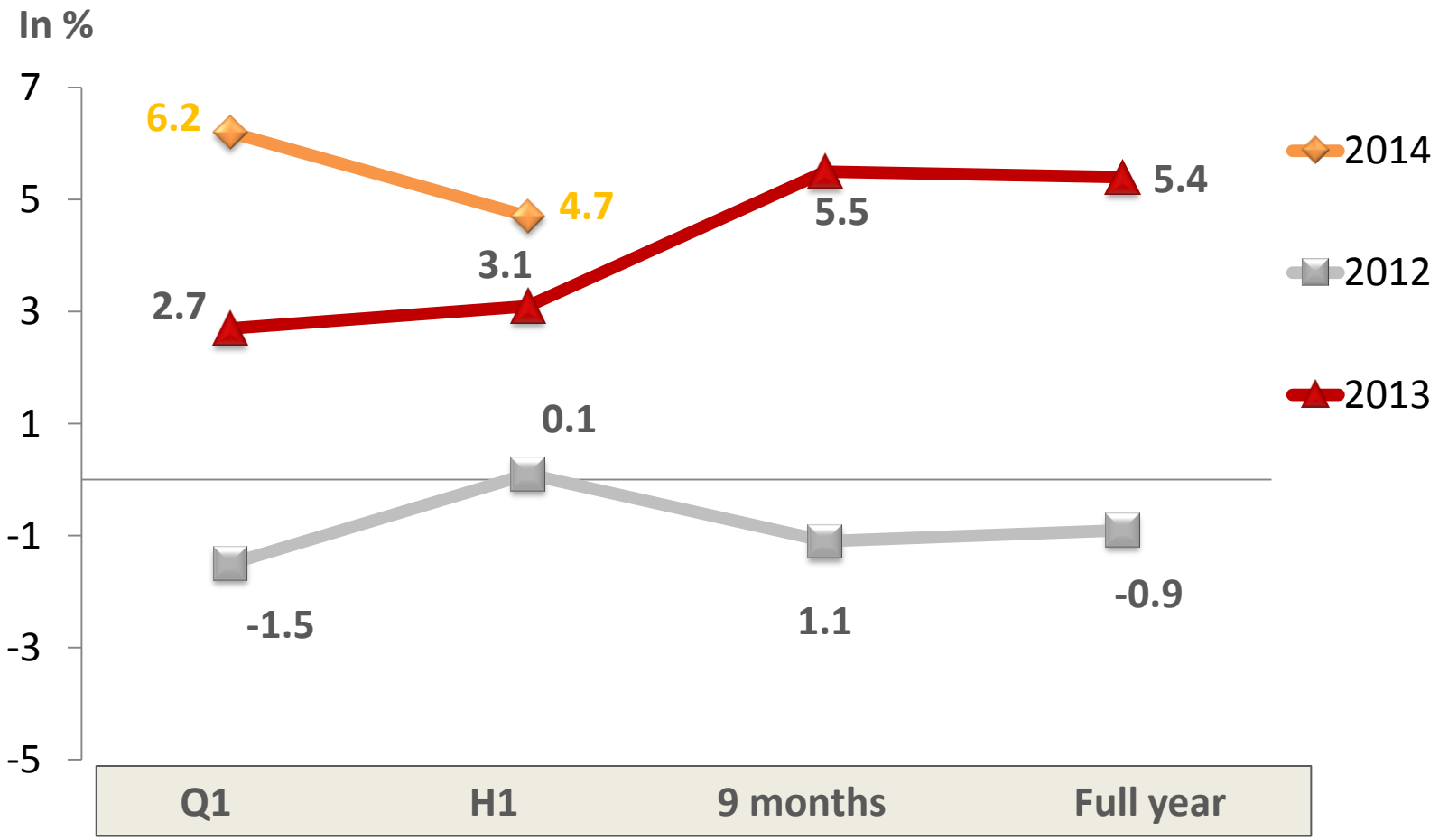
Q2 2014 revenue by region

*2014/2013 en %**

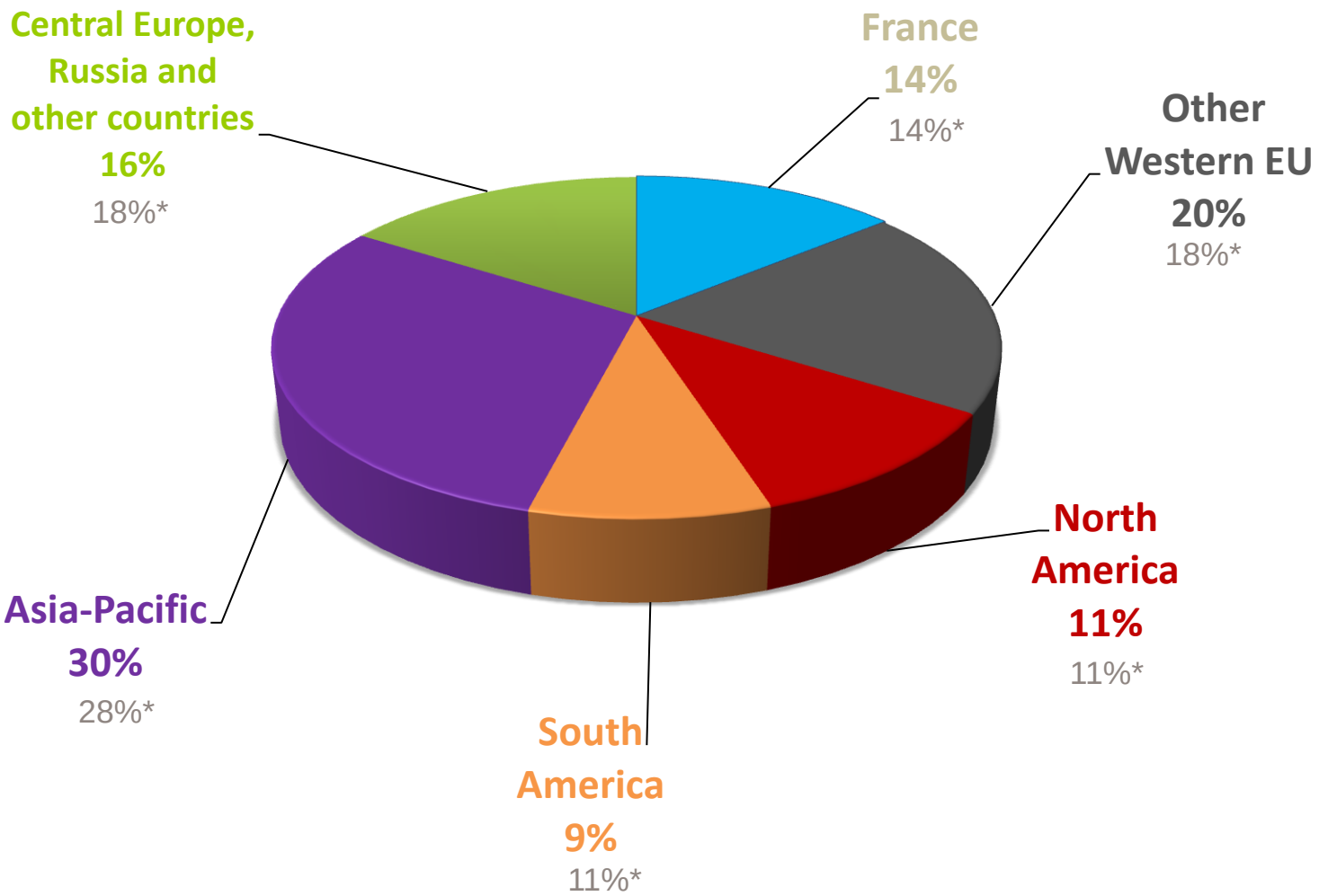
€m	Q2 2013	Q2 2014	As reported	Like-for-like**	2013/2012 Like-for-like**
France	136	137	+ 0.4%	+ 0.4%	*-12.1%*
Other Western EU	177	180	+ 1.6%	+ 1.3%	*+ 13.8%*
North America	102	99	- 2.7%	+ 2.5%	*+ 4.3%*
South America	97	92	- 5.6%	+ 6.2%	*+ 3.0%*
Asia-Pacific	239	236	- 0.8%	+ 9.3%	*+ 5.5%*
Central Europe, Russia and other countries	153	141	- 7.9%	- 3.0%	*+ 5.7%*
TOTAL	**904**	**885**	**- 2.1%**	**+ 3.2%**	***+ 3.5%***

** % based on non-rounded figures*
*** At constant exchange rates and scope of consolidation*

Organic revenue growth, year-to-date



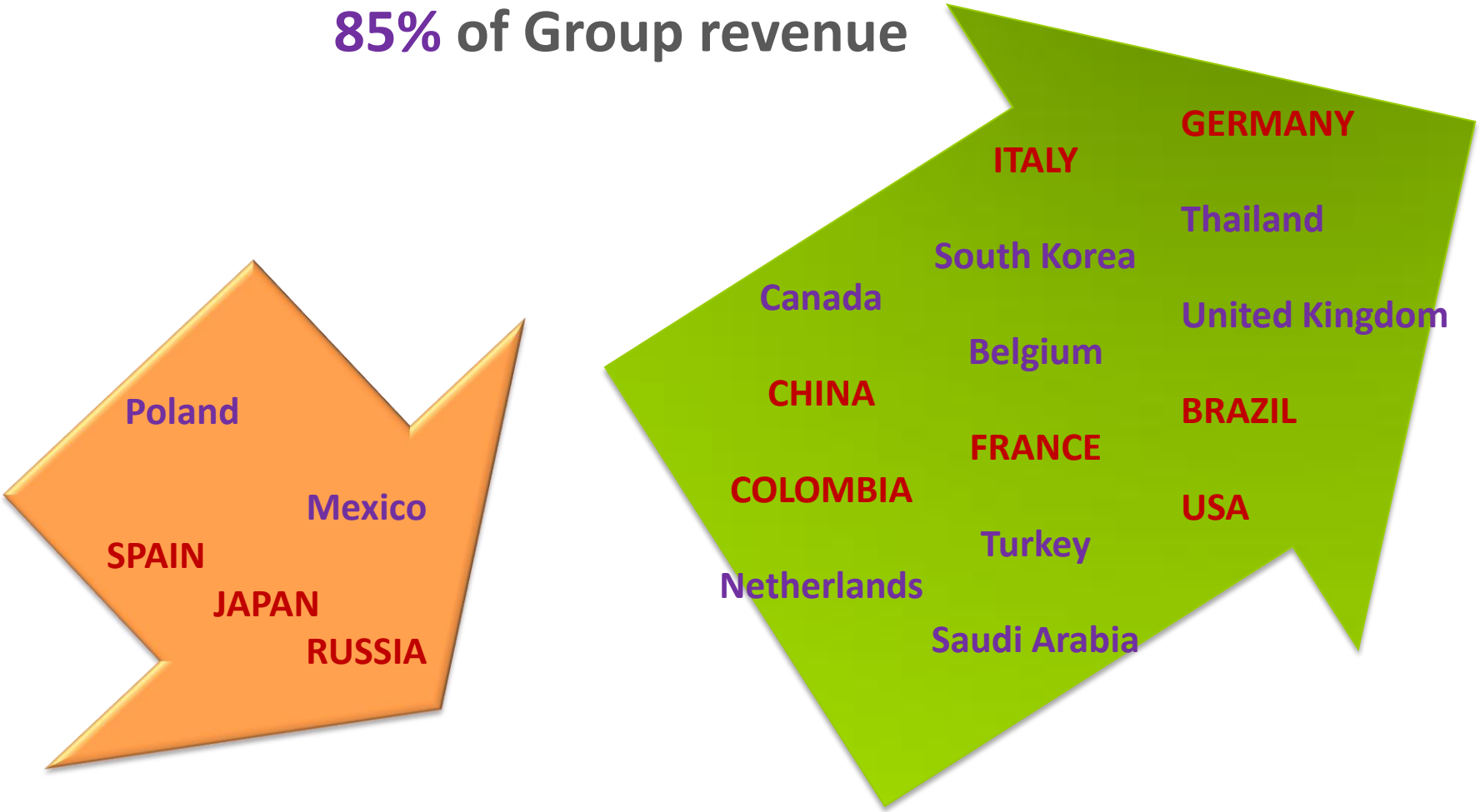
H1 2014 revenue by region



*H1 2013

The Group's top **20** markets in terms of revenue

85% of Group revenue



TOP 10 COUNTRIES

France

		△ 2014/2013	△2014/13 like-for-like
H1 2014 revenue	€266m	+ 1.4%	+ 1.4%
Q2 2014 revenue	€137m	+ 0.4%	+ 0.4%

- **Firm demand in the small domestic equipment market**

➔ Food preparation, home care, personal care products

- **Difficult conditions in the cookware market**

➔ Disruptive effects of customer loyalty programs

➔ A contracting pressure cooker market

- **Q2: shift of purchases by retailers and consumers**

➔ Televisions

France: 4th consecutive quarter of revenue growth

Cookeo
+ 140%

Cuisine Companion
+ ∞

Nespresso Machines
+ 25%

...

- **Decline in cookware sales**
- **Robust SDA sales: +7% in H1**
  - ➔ Groupe SEB outperformed the market
  - ➔ Increased market share: + 0.8 bps vs. 2013
- **More shelf space at Carrefour: + 3.5 bps**
- **Flagship products**

Dolce Gusto	BeerTender	Steam generators	Hair removal systems
+ 17%	+ 61%	+ 12%	+ 14%

Other Western EU countries

		△ 2014/2013	△2014/13 like-for-like
H1 2014 revenue	€363m	+ 7.4%	+ 7.0%
Q2 2014 revenue	€180m	+ 1.6%	+ 1.3%

- **Positive overall trend in the SDA market, with a slowdown late in the period**

➔ Performances varied by country and by category

- **Groupe SEB: a good first half**

- **Mixed performances from country to country**

➔ Very robust in Germany FOCUS !

➔ Firm growth in the United Kingdom and Belgium

➔ Slight to moderate growth in Italy, Netherlands and Spain (2013 LP)

Germany: robust revenue growth

FOCUS !

H1 2014 revenue - LFL

+ 22%

- **Extension of the Kaufland customer loyalty programme for cookware**
- **Flagship products**

Full Auto	Nespresso	Steam generators	Actifry
+ 71%	+ 27%	+ 34%	+ 66%

- **Strengthened positions**

➔Espresso machines, vacuum cleaners, fryers, linen care

- **Strong growth at Amazon Germany**

North America

		△ 2014/2013	△2014/13 like-for-like
H1 2014 revenue	€193m	- 2.5%	+ 1.3%
Q2 2014 revenue	€99m	- 2.7%	+ 2.5%

- **USA: a turbulent first half** FOCUS

- **Mexico: improvement in Q2**

➔ Significant revenue growth in irons, coffeemakers, cookware, etc.

➔ Lacking Soriana LP

- **Canada: continued strong momentum**

➔ Decline in the Canadian dollar ➔ price increases

➔ Sustained demand for core products and promising new products

United States: a turbulent first half

FOCUS !

H1 2014 revenue - LFL

+ 1%

TK Inspired by Chef Thomas Keller

- **Lacklustre SDA market, down in cookware**
- **Impact of bad weather on store traffic and consumer spending in Q1**
- **Demand remained sluggish in Q2**
- **Uneven performances for the Group**

➔ A mixed picture for cookware

➔ Increased competition in irons

➔ Success of OptiGrill

South America

		△ 2014/2013	△2014/13 like-for-like
H1 2014 revenue	€173m	- 10.7%	+ 4.6%
Q2 2014 revenue	€92m	- 5.6%	+ 6.2%

- **A major challenge: exchange rates➔ BRL – ARS – COP vs. EUR**
- **Brazil: Faster growth in Q2** FOCUS
- **Colombia: Robust revenue growth**

➔Driven by electric fans in Q1

Brazil: faster growth in the second quarter

FOCUS

H1 2014 revenue - LFL

+ 8%

- **Volatile and uncertain consumer spending**
- **Continued weakness of the BRL vs EUR**

➔ H1 2014/H1 2013: - 15%

2014/2013	Q1	Q2	H1
LFL revenue growth	+ 1%	+ 16%	+ 8%

- **Strong Q2 momentum: revenue + 16 % LFL**

➔ Low prior-year comparatives for Q2

➔ Robust cookware sales

➔ Strong growth in SDA sales

Asia-Pacific

		△ 2014/2013	△2014/13 like-for-like
H1 2014 revenue	€540m	+ 3.5%	+ 11.1%
Q2 2014 revenue	€236m	- 0.8%	+ 9.3%

- **China: excellent performance** FOCUS
- **Japan: a tougher-than-expected year** FOCUS
- **South Korea: strong momentum in H1 2014**
- **Thailand: made its entry into the Group's top 20 markets**

➔ Despite political conditions

- **Other markets: Malaysia, Hong Kong, etc.**

➔ Solid organic growth

China: an excellent performance
The Group's biggest market in terms of revenue

FOCUS !

H1 2014 revenue - LFL

+ 22%

2014/2013	SDA	Cookware
LFL revenue	+ 23%	+ 17%

Supor outperformed the Chinese market

- **Increased market share**
  → SDA → 22.7%* in H1
- **Sustained geographic deployment in China**
- **Adjustment in Supor Lifestore network**
- **Rapid growth in online sales**

(Source: CMM)*

Japan: a tougher-than-expected year

FOCUS

H1 2014 revenue - LFL

- 16%

- **Lacklustre demand environment**
- **VAT increase on 1 April**
- **Very challenging FOREX context for the Group**
  - ➔ Price increase in January: + 8% on average
  - ➔ Retailer inventory build-up in Q4 2013
- **Group market share under pressure in kettles and irons**
- **Continued recovery measures**
  - ➔ More offensive promotional push
  - ➔ Acceleration of new product launches: Actifry

Central Europe, Russia and other countries

		△ 2014/2013	△2014/13 like-for-like
Revenue H1 2014	€292m	- 9.3%	- 3.4%
Revenue Q2 2014	€141m	- 7.9%	- 3.0%

- **Highly challenging FOREX environment in the region: RUB – TRY – UAH...**
- **Russia: sharp drop in revenue** FOCUS
- **Turkey: improved situation, after two difficult years**
- **Middle East and Africa: sustained growth**

Russia: sharp drop in revenue

FOCUS !

H1 2014 revenue - LFL

- 29%

- **Decline in the RUB vs EUR + lower demand + high inventory level in the retail**

  ➡ Small domestic equipment market down
  Stiffer competition/emergence of local players

- **Groupe SEB: Significant RUB/EUR exchange rate challenges**

  ➔Price increases in H1 2014

- **Decline in sales ➔ decreased market share**

- **Profitability under pressure ➔ stepped-up recovery measures**

Best-sellers in H1 2014

SUPOR
IH Spherical Pot
Rice cooker

ActiFry

Deep fryer

Air Force

Smart technology
steam generators

Soft Extrem

Inissia

Cuisine Companion

OptiGrill

TALENT range

Integrated

Thermospot

technology

Induction cookware

Sales:

+ 20% LFL

Exclusive, high-resistence Titanium Pro coating

Production: Rumilly, France

IH Spherical Pot Rice cooker

SUPOR

High-tech rice cooker

Inspired by traditional Chinese wood-fired oven cooking

800,000
units sold

in **6** months

Scheduled for international roll-out

Production: Hangzhou, China

ActiFry

HUGELY popular since its 2006 launch

Range developed over time
➔ Global markets

2006 → 2014

> 7 million

ActiFry models sold since the initial launch

Production: Is-sur-Tille, France

Deep fryers

Sales:

+ 10% LFL

Growth in fryers

in Europe, North America and the Middle East.

Production: 70 % Supor, China

OptiGrill, the smart grill

100,000
units sold

in **8** months

Good start in English-speaking markets

Production: Hangzhou, China

Cuisine Companion

No.1-selling
food processor
in **France** and **Belgium**

- **Rapid sales growth in France**

➔ Close to 30,000 Cuisine Companion products sold since Nov. 2013

- **Gradual expansion of distribution**

- **A powerful digital relay**

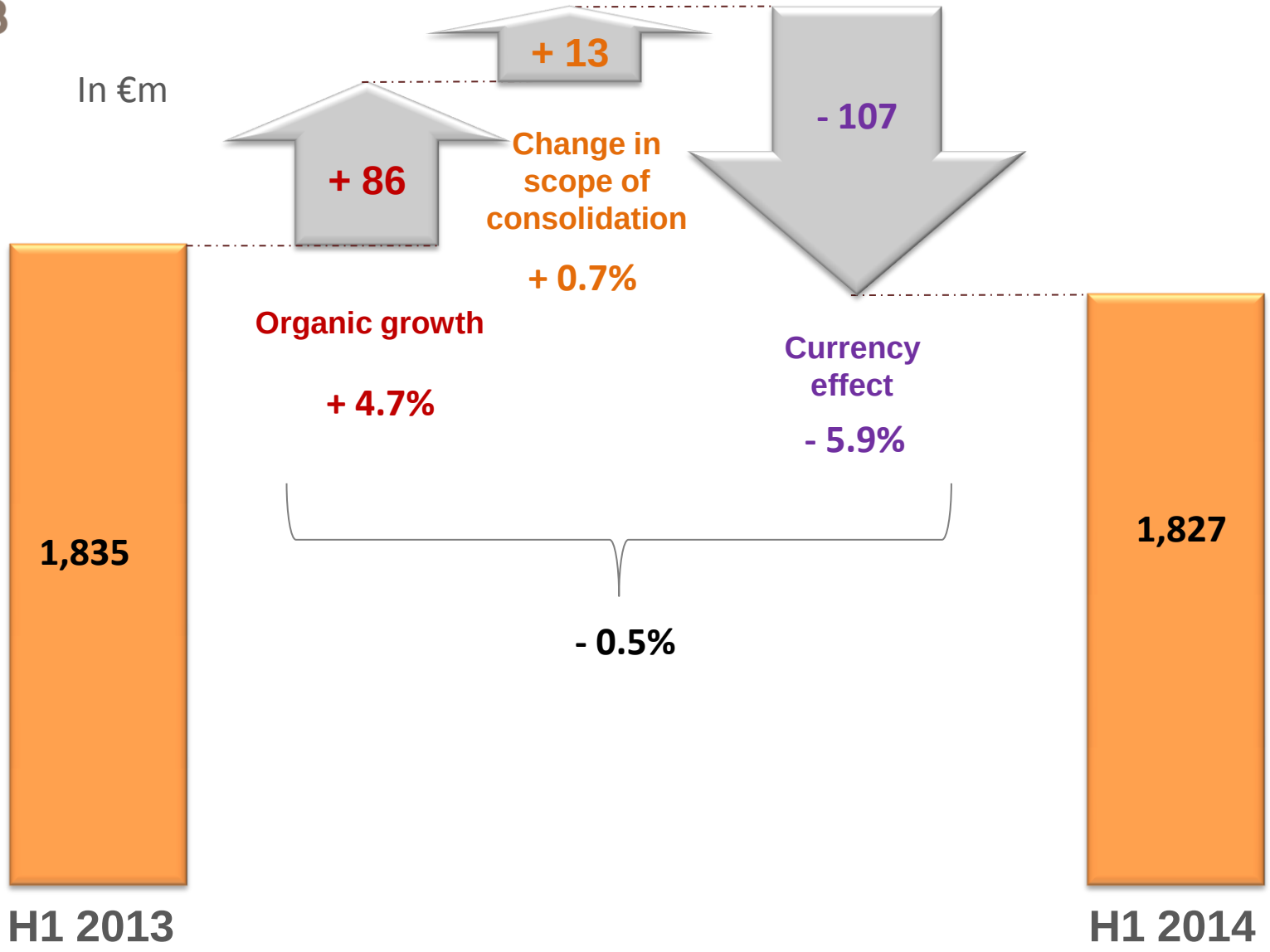
Groupe SEB	Earned media
500,000 visitors on the cuisine companion website since launch **200,000 since** April	**2 private Facebook groups,** very active **19,000** membres
3,700 participants to the cooking classes	**Monthly mentions X 4** since Jan. 2014

- **Launch in new markets**

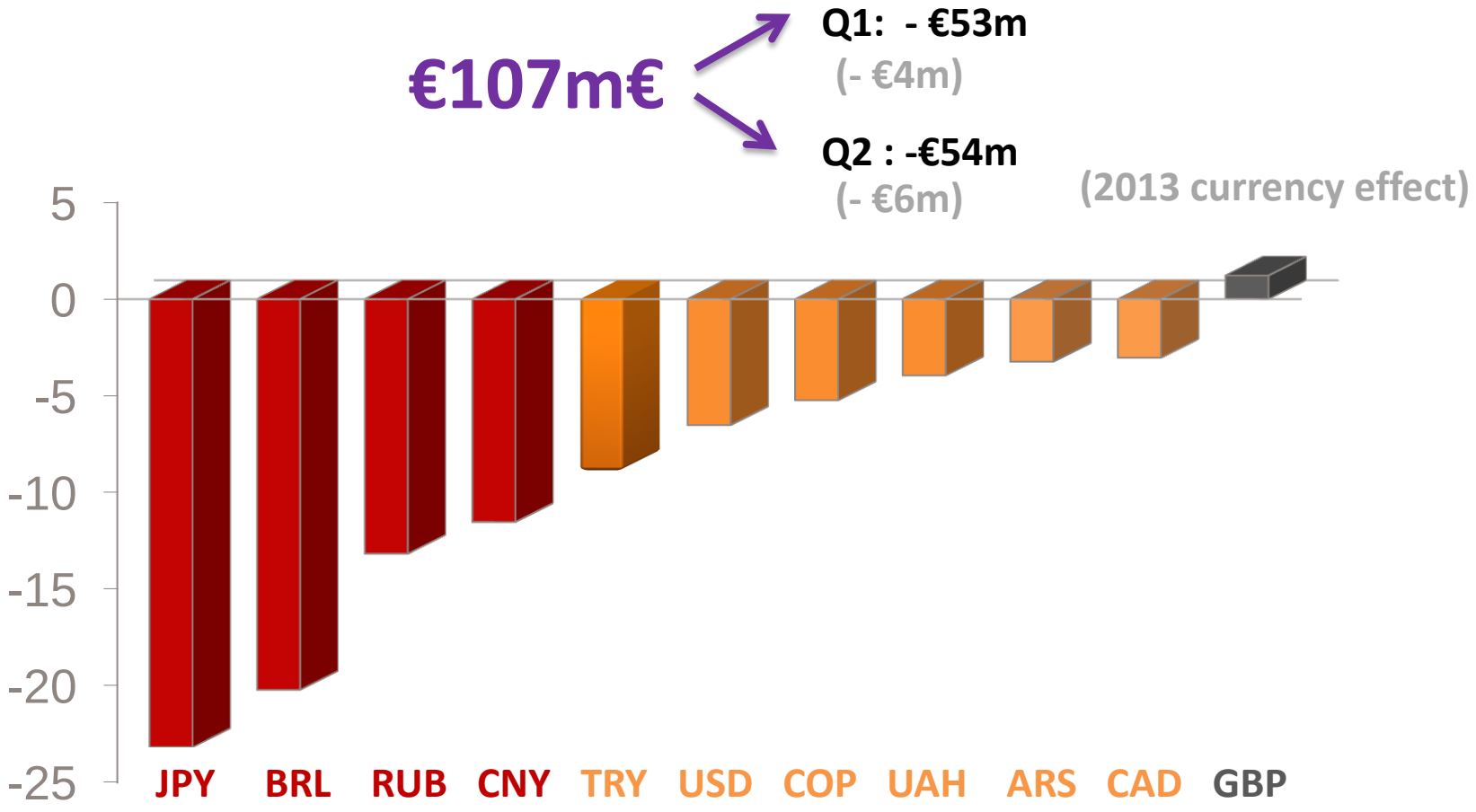
➔ Italy, Spain, Portugal in 2014

Production: Mayenne, France

Change in revenue, H1 2013 ➔ H1 2014



Currency impact on H1 2014 revenue

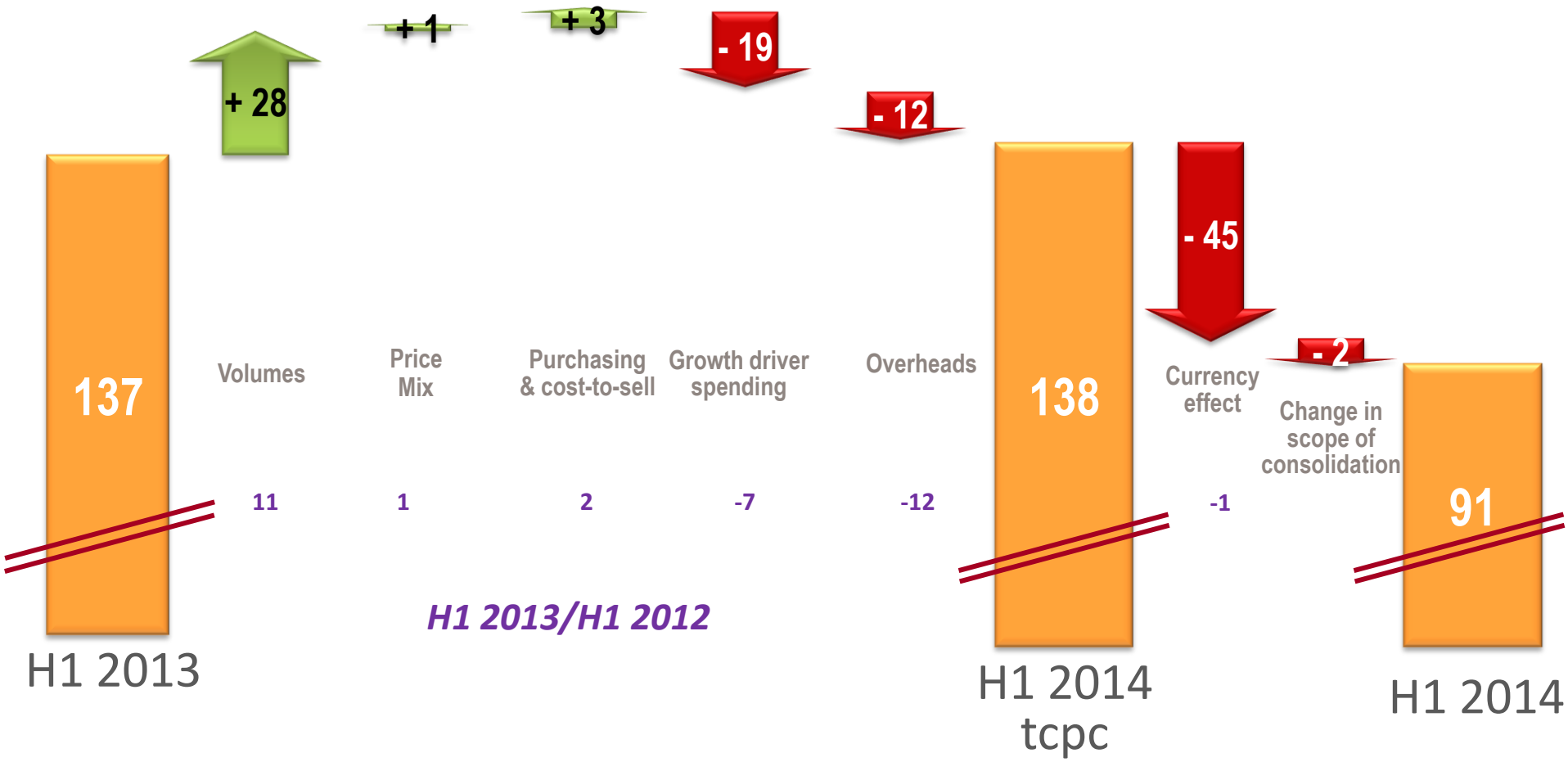


Operating result from activity

€m	H1 2013	H1 2014	Reported change	H1 2014 Like-for-like	△ Like fo-like
Revenue	**1,835**	**1,827**	**- 0.5%**	**1,921**	**+ 4,7 %**
Operating expenses	1,699	1,735	+ 3.1%	1,783	+ 4,9 %
Operating result from activity	**137**	**91**	**- 33.4%**	**138**	**+ 0,7 %**

Operating Result from Activity : H1 2013 / H1 2014 bridge

En M€



Strengthened investment in growth drivers

Innovation - €M	H1 2013	H1 2014	Change
Strategic marketing	30	30	-
R & D spending	35	38	+ 6.9 %
TOTAL	**65**	**68**	**+ 3.0 %**

Marketing & advertising - €m	S1 2013	S1 2014	Change
Operational marketing	93	100	+ 7.3 %
Advertising	43	43	-
TOTAL	**135**	**143**	**+ 5.5 %**

TOTAL	**200**	**211 ***	**+ 4.6 %**

*** 219 M€ at constant exchange rates**

Operating profit

€m	H1 2013	H1 2014	Change
Operating Result from Activity	**137**	**91**	**- 33%**
Discretionary and non-discretionary profit-sharing	(16)	(10)	
Other operating income and expense, net	(4)	(8)	
Operating profit	**117**	**73**	**- 37%**

Percentages based on non-rounded figures

Attributable profit

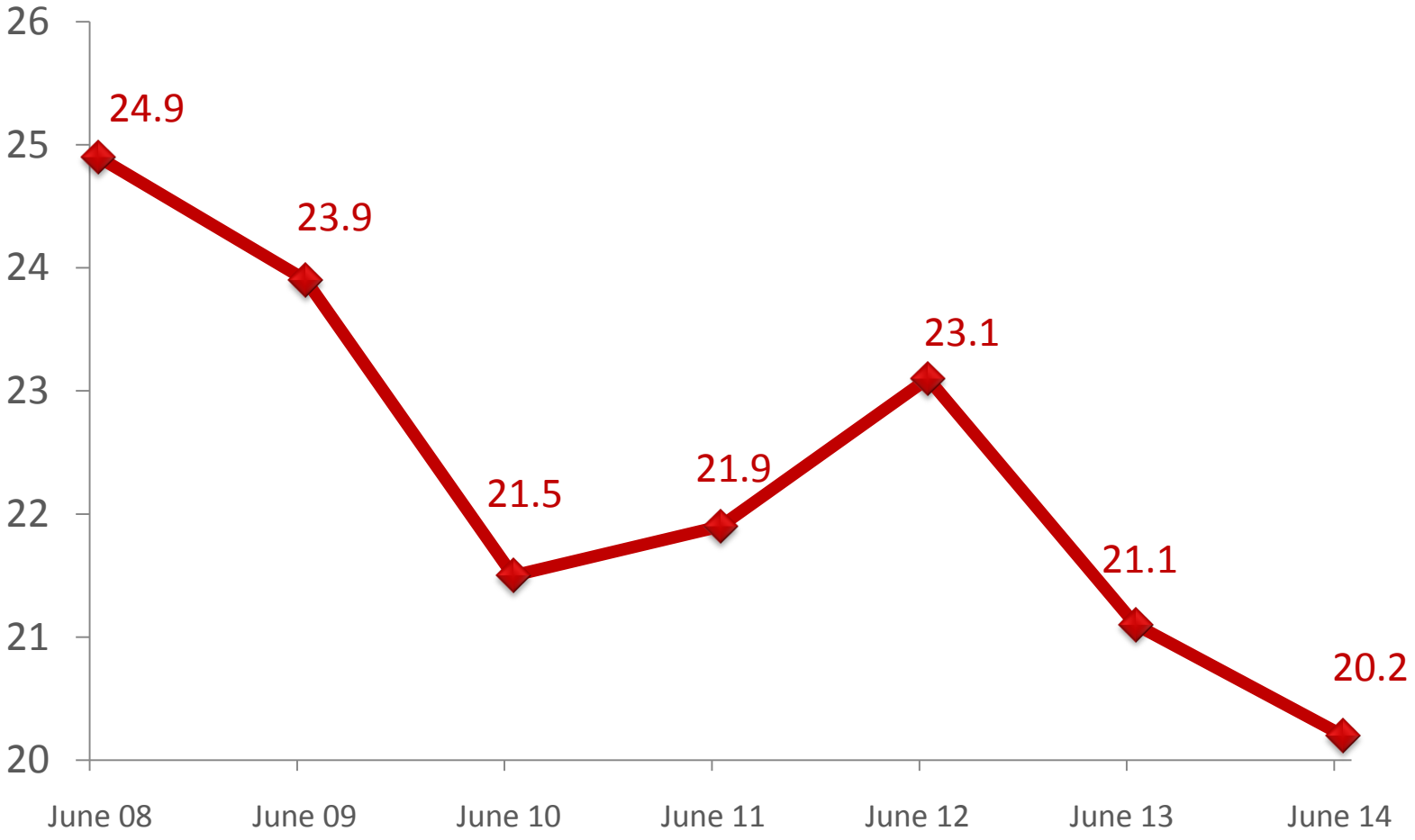
€m	H1 2013	H1 2014	
Operating profit	**117**	**73**	**- 37%**
Financial expense, net	(25)	(21)	
Income tax expense	(27)	(15)	
Minority interests	(13)	(12)	
Attributable profit	**52**	**25**	**- 52%**

Percentages based on non-rounded figures

Balance sheet

€m	30/06/2013	31/12/2013	30/06/2014
Capital employed			
Non-current assets	1,452	1,413	1,499
Operating working capital requirement	868	946	847
Total capital employed	**2,320**	**2,359**	**2,346**
Financing			
Equity	1,455	1,532	1,464
Provisions	220	219	232
Other current assets and liabilities	129	192	118
Net debt	516	416	532
Total financing	**2,320**	**2,359**	**2,346**

Change in WCR since June 2008

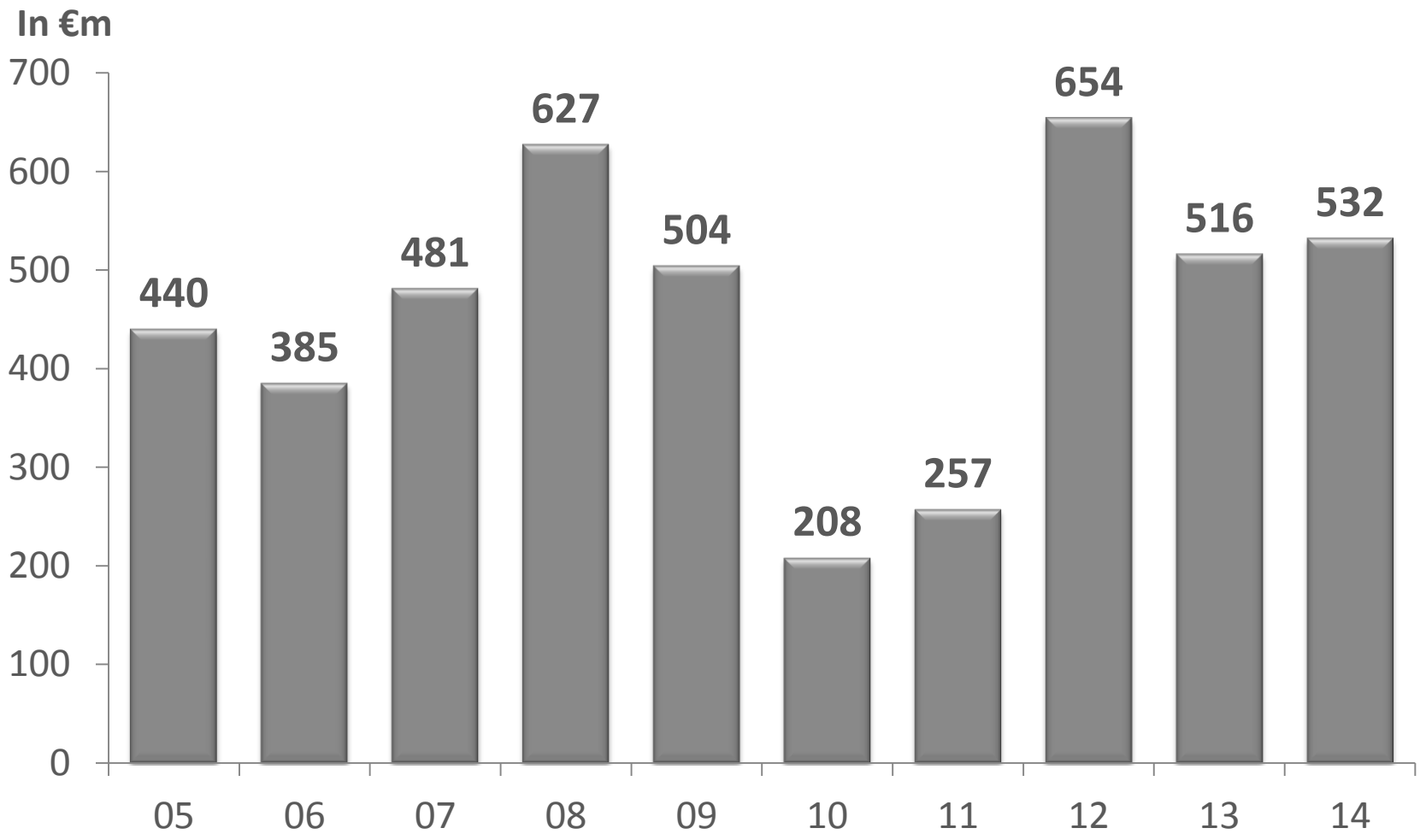


Change in debt in H1

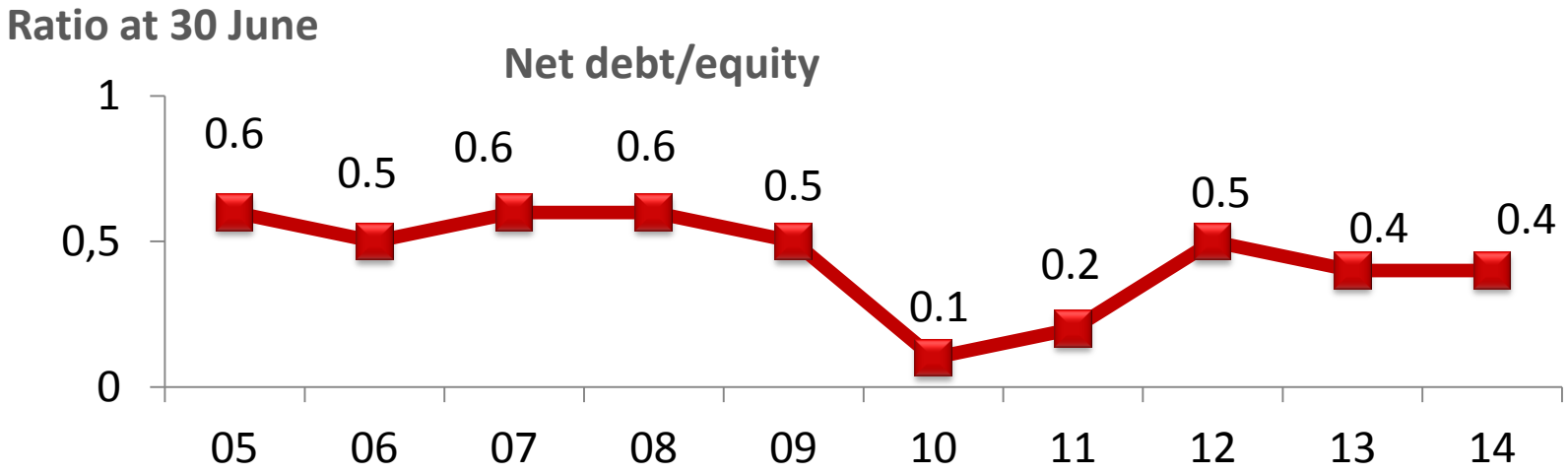
€m	2013	2014
Cash generated from operations	**114**	**91**
Restructuring	-3	-11
Dividends	-74	-78
Acquisitions (incl. Parc Mail)	-2	-96
Other	+5	-22*
Change in debt *(+ corresponds to a decrease in debt)* *Versus 31/12/13*	**+ 40**	**-116**

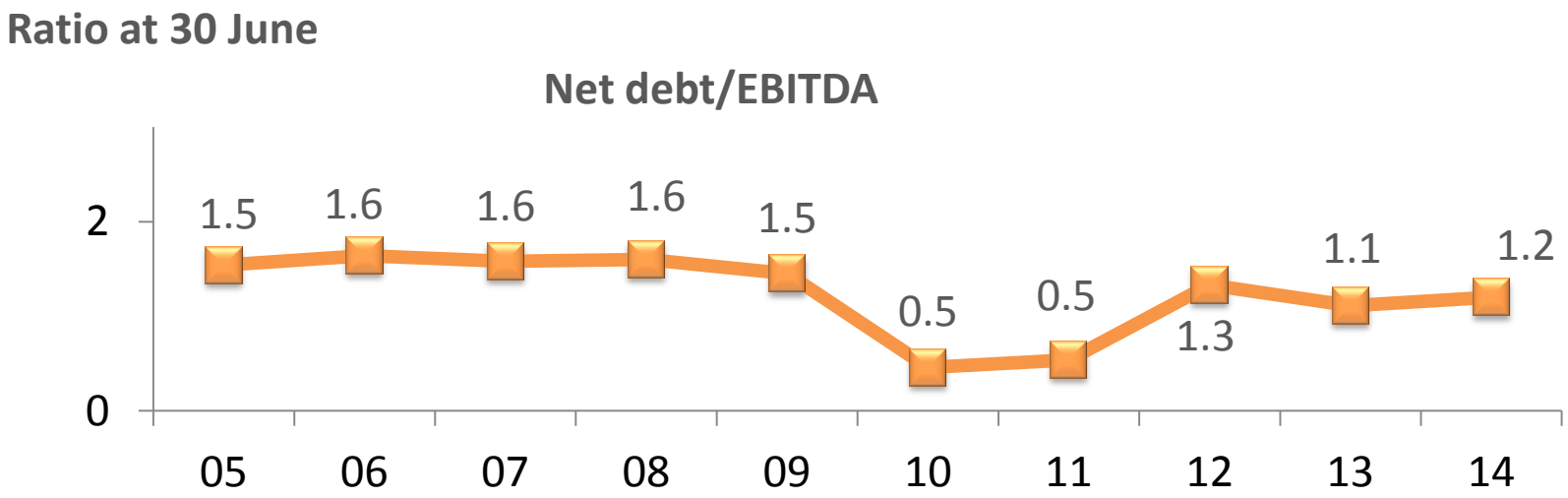
** Of which exchange difference on net debt*

Change in net debt at 30 June, 2005-2014



Healthy debt ratios





GROUPE SEB

First-Half 2014
BUSINESS AND RESULTS

SNAPSHOT…

OUTLOOK FOR
2014

Snapshot…

- **Continuous improvement in our industrial operations**
- **Acquisition of minority interests of Asia Fan & Maharaja Whiteline**
- **SEB ALLIANCE**
- **Investments for the future**
- **A full pipeline for H2**
- **Parc Mail, a strategic tool**

Continuous improvement in our industrial operations

- **Technical platforms and scale-up**
- **Industrial adjustments: Brazil, scales manufacturing in Rumilly, France**
- **Streamlining: YTD, 12% reduction in number of SKUs**
- **OPS project to improve manufacturing productivity**
- **Value analysis programme**
- **Competitive purchasing**

→ **H1: > €10m IN SAVINGS**

Acquisition of minority interests of Asia Fan & Maharaja Whiteline

Asia Fan

VIETNAMESE LEADING ELECTRIC FAN COMPANY

- **May 2011: acquisition of 65% of the capital**
- **July 2014: acquisition of the 30% stake held by the founding family**
- **Since 2011:**
  - Industrial productivity
  - Enhanced product portfolio
  - Development of exports
  - Leaner retail network

  } **Sales + 22%/year**

A FOOTHOLD IN THE ASEAN ELECTRIC FAN MARKET

Maharaja Whiteline

LONG-STANDING PLAYER IN INDIA'S SDA MARKET

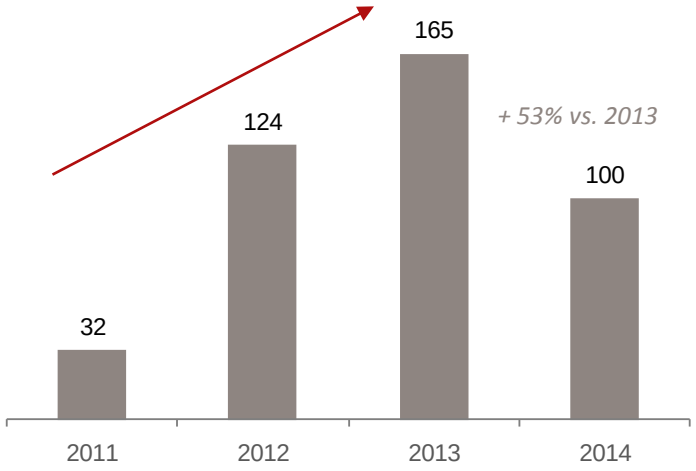
- **November 2011: acquisition of 55% of the capital**
- **May 2014: acquisition of the 45% stake held by the founding family**
  ➔ End of legal conflict with minority shareholders
- **Since July 2013 ➔ SEB management**
  - Industrial, logistics and after-sales services upgrades
  - Acceleration of new product launches
  - Sales and financial stability

A FOOTHOLD IN THE STRATEGIC INDIAN MARKET

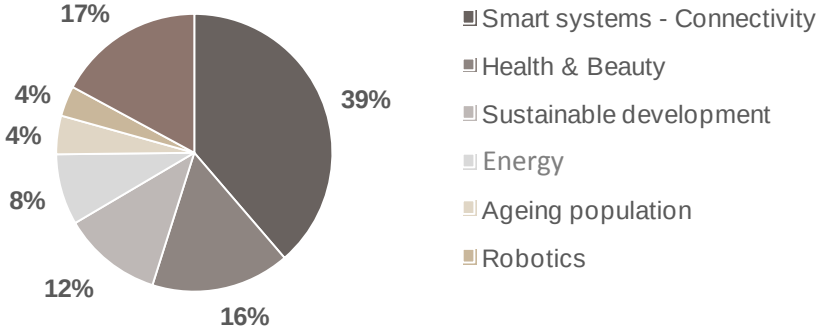
SEB ALLIANCE

GROUPE SEB

- **420 projects since 2011***



- **Breakdown of projects by strategic focus***



2011		keyingredient
2012		ALKEMICS (formerly Chef Jérôme)
2013		ethera Breathe Safely
2014		ROB·ART
2014		MemTech Advanced Membrane Technologies

+ Funds:

innovacom

Technocom2

* *As of 31 May 2014*

Investments for the future

Full-Auto

H1 2014 sales **+ 20 %**

Increasing market share

Vacuum cleaners

H1 2014 sales **+ 10%**

Air Force range **+ 20%**

Emerging Asia

Thailand H1 2014 sales **+ 7%**

Malaysia H1 2014 sales **+ 34%**

Africa

Egypt, the Group's **23rd** largest market

All figures are presented on a like-for-like basis

A full pipeline for H2

Actifry Express and Actifry Asia

The Sub

Nutricook connect

Faciclic Juice

Brush Activ' Nano smart

Silence Force Cyclonic

ZEN ceramic knives

Parc Mail, a strategic tool

- A **23,000 sq.m** site to open in 2016 for **around 1,000** people in Ecully

- **A single campus to unite teams from 4 sites in the Lyon region**
  - ➔ Groupe SEB France (1 site in Lyon), Personal care/home care BU (1 site in Lyon), global headquarters (2 sites in Ecully)
  - ➔ Facilitating interaction, pooling resources

- **A key tool for supporting the Group's development**
  - ➔ A high-quality environment, a motivating factor for employees
  - ➔ A means of showcasing the Group to its partners and customers
  - ➔ Buildings that comply with the latest energy and environmental standards

GROUPE SEB

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SNAPSHOT...

OUTLOOK FOR
2014

2014 objectives

- Sustained organic growth in sales
- Significant improvement in Operating Result from Activity at constant FOREX, exceeding the 2013 LFL growth

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First-Half 2014
BUSINESS AND RESULTS

SNAPSHOT…

OUTLOOK FOR 2014

Guidance for 2014

- Strong organic sales growth
- Organic growth in Operating Result from Activity, higher than in 2013

Actifry Express and Actifry Asia
Faciclic Juice
Nutricook connect
The Sub
Brush Activ' Nano smart
Silence Force Cyclonic
ZEN ceramic knives
Tefal

APPENDICES

Product launches in 2014

Clipso Essential

Entry-level pressure cooker:
< €100

Open the market

Nutricook connect

Presentation of the **Nutricook® Connect** prototype at the Consumer Electronics Show in Las Vegas

To launch in November 2014

Product launches in 2014

ZEN ceramic knives

Six products available, starting at €19.90€

Product launches in 2014

Brush Activ Nano smart

Brush'Activ ➔ a huge success

NEW GENERATION:

Compact rotating brush

➔ Easy to handle, store and transport

Product launches in 2014

SEB ALLIANCE & ethera

Intense Pur Air purifier launched in China, Hong Kong and Singapore

- ➔ **10 years of research**
- ➔ **5 patents**

Eliminates **99%** of formaldehyde ➔ patented *Nanocaptur* technology removes **99.95%** of airborne particles

Product launches in 2014

Silence Force cyclonic

Combining silence with multi-cyclonic technology

➔ Complies with energy performance standards effective September 2014

MULTI-CYCLONIC TECHNOLOGY

Product launches in 2014

Faciclic Juice

- New exclusive patented technology
- Special blender accessory:

Filter combined with a press

30% more juice
More taste
50% less juice lost after filtering

Up to

30%

more juice

GROUPE SEB

First-Half 2014 Results

Paris, 24 July 2014

Watch the meeting video
at www.groupeseb.com
or by scanning this QR Code