GROUPE SEB

2018 HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE

Profile

The **world leader in Small Domestic Equipment, Groupe SEB** pursues a **multi-specialist** strategy with a top-ranking position 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.** Besides, the Group has positioned itself as the **global leader in the professional automatic coffee machines market**.

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 AND DIVERSIFIED OFFERING

- Cookware: Frying pans, saucepans, pressure cookers, bakeware, kitchen utensils, food storage containers, vacuum flasks and mugs
- Small electrical appliances:

  Kitchen:
  - Electrical cooking: deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, meat grills, toasters, multicookers
  - Beverage preparation: coffee makers (filter and pod), espresso machines, electrical kettles, home beer-tapping machines, soy milk makers
  - Food preparation: blenders, cooking food processors, kitchen machines, mixers, beaters

  Non-kitchen:
  - Linen care: irons and steam generators, garment steamers
  - Personal care: hair care appliances, depilators, bathroom scales
  - Home care: canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners
  - Home comfort: fans, heaters, air treatment appliances
- Professional coffee machines

PRESENCE ACROSS THE ENTIRE VALUE CHAIN, FROM PRODUCTION TO DISTRIBUTION

- **40** production plants worldwide, manufacturing nearly **70%** of the products sold
- Multichannel distribution: mass retail, specialist retailers, traditional stores, proprietary stores (Group retail) and e-commerce
- Top-ranking positions in over **25** countries
- **33,600** employees in **150** countries (31 December 2017)
- A strategy focusing on ethical, socially fair and ecologically responsible long-term development

DEVELOPMENT UNDERPINNED BY A STRONG INNOVATION DYNAMIC

- **€225 million** invested in 2017
- > **1,300** people in the innovation community
- **542** patents filed in 2017

An unrivaled 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 2018

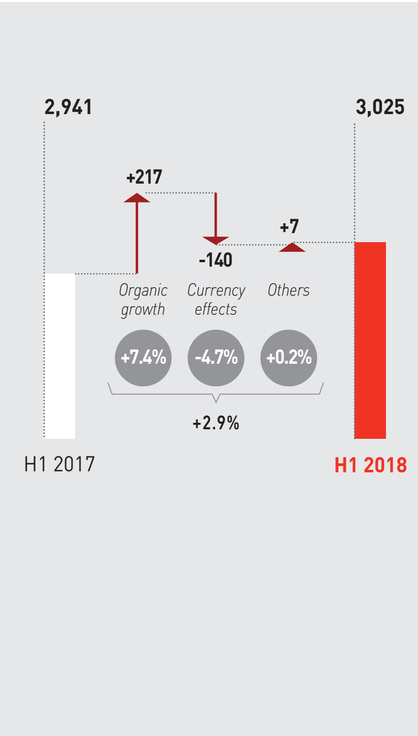
CONSOLIDATED RESULTS

(in € millions)	First half 2018	First half 2017	Change, as reported	Change, like for like[(a)]
Revenue	3,025	2,941	+2.9%	+7.4%
Operating Result from Activity before WMF PPA[(b)] one-off impacts	208	230	-9.9%	-2.9%
Operating Result from Activity after WMF PPA[(b)] one-off impacts	208	213	-2.8%	
Operating profit (loss)	186	178	+4.2%	
Profit attributable to owners of the parent	91	83	+9.5%	
Net debt	2,015	2,065	-€50 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).

CHANGE IN HALF-YEAR REVENUE

(in € millions)



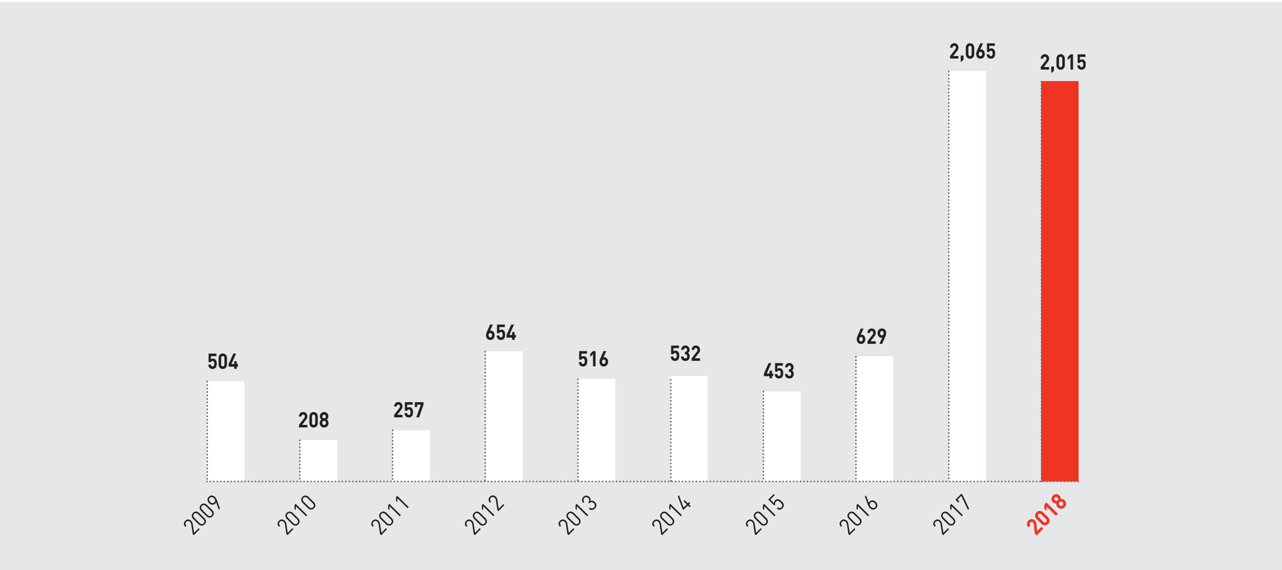
CHANGE IN HALF-YEAR OPERATING RESULT FROM ACTIVITY

(in € millions)

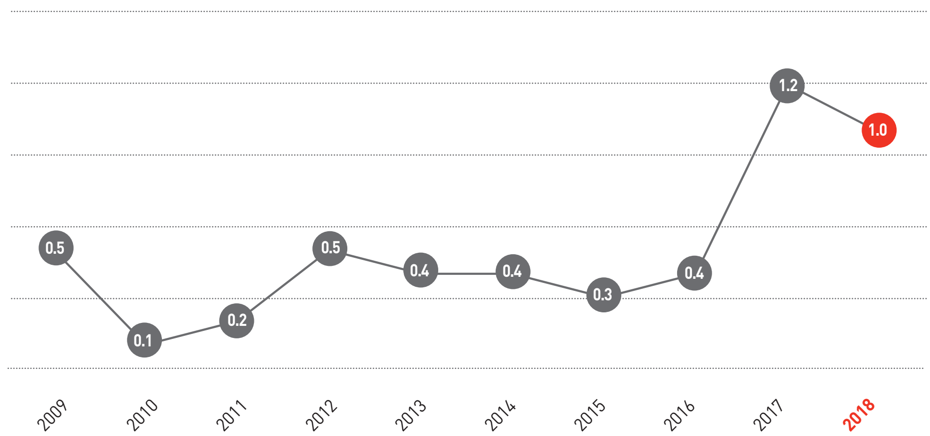
* *Like-for-like: at constant exchange rates and consolidation scope.*

NET DEBT AT 30 JUNE

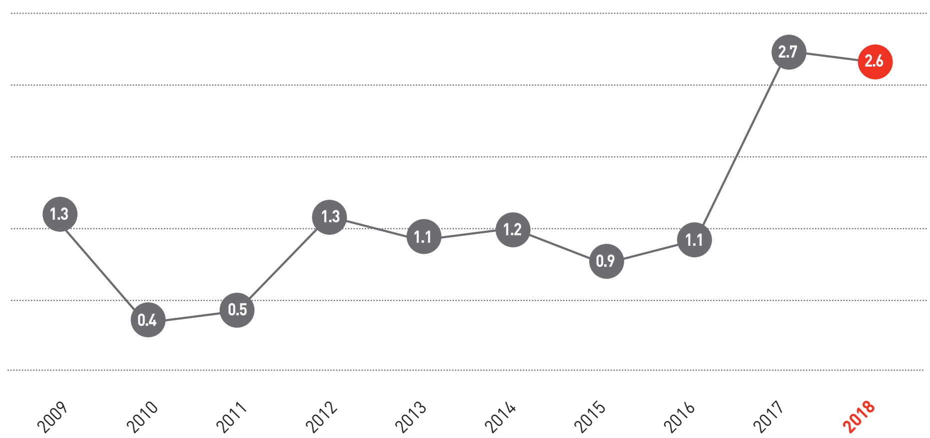
(in € millions)



NET DEBT-TO-EQUITY RATIO AT 30 JUNE

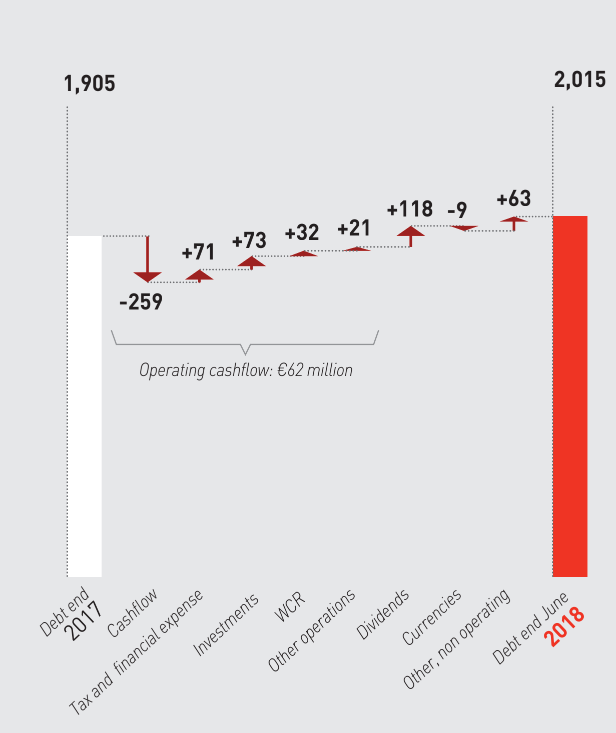


NET DEBT/ADJUSTED EBITDA (ESTIMATED, OVER 12 ROLLING MONTHS) AT 30 JUNE



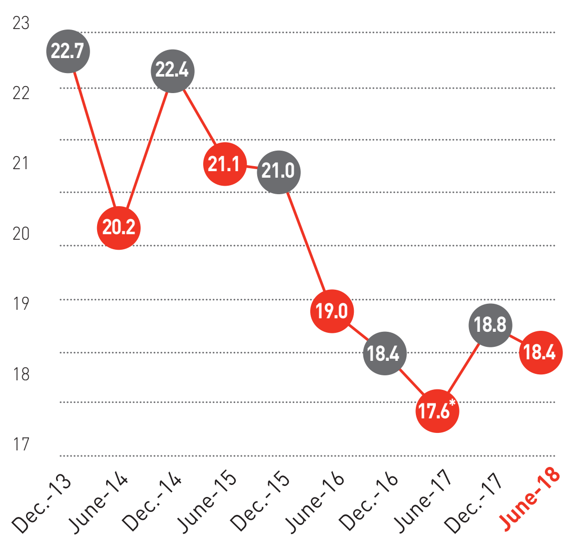
CHANGE IN DEBT OVER 6 MONTHS

(in € millions)



CHANGE IN WORKING CAPITAL REQUIREMENT BY HALF-YEAR

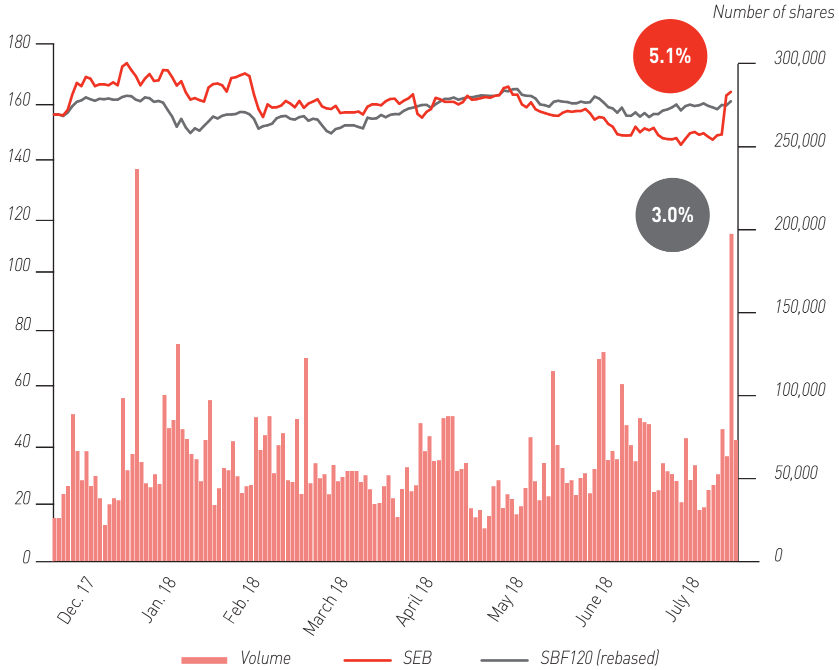
(as a % of revenue)



* WMF Proforma.

SHARE PRICE

(to 26 July 2018)



2. Management report

HIGHLIGHTS

GENERAL ENVIRONMENT

In the first half, the Group operated in a more difficult general environment than in 2017. That being said, global growth stayed solid against a high historical base:

- in Europe, although the fundamentals of domestic demand remained robust (jobs, lending, and consumer confidence), the economic indicators were eroded slightly in the first six months (especially in France and Germany), as questions emerged about certain countries in particular (Brexit in the UK and the political crisis in Italy). In structural terms, the Small Domestic Equipment market is continuing to benefit from strong growth momentum, supported by innovation and upselling, against a backdrop that is nevertheless highly competitive and promotional. In the second quarter, it was occasionally affected by the impact of the World Cup, which shifted spending to brown goods (TV/video);
- in the United States, despite consumer confidence, the Small Domestic Equipment market is very much split between the increasingly fast development of e-commerce and difficulties for traditional, bricks-and-mortar retailing. This has had many consequences, from tighter inventory management, massive destocking and store closures to the financial failure of some retail chains. This situation, which can also be seen in Canada, complicates and is significantly slowing business with these retailer clients;
- in China, in a more uncertain external environment, household spending is still trending positively and the Small Domestic Equipment market is continuing to be boosted by increasing urbanization, the growing purchasing power of an expanding middle class and soaring e-commerce. More generally, in Asia, with the exception of a slowdown in Japan, the economic momentum remained favorable over the first half-year. The Indian economy, for its part, rebounded after a difficult 2017, which included the demonetization of bank notes and the introduction of a single VAT system;
- the other emerging countries showed more visible signs of fragility in the first half, with geopolitical tensions (e.g. Russia/Iran), a sometimes sharp depreciation in the local currency, a surge in inflation that may ultimately be a drag on household spending (Turkey and Brazil) and political uncertainties. In these countries, trends in the Small Domestic Equipment market were very mixed, but the market held up well overall.

Currencies

Note that the US dollar and the Chinese yuan are the currencies in which the Group is “short”, in other words the volume of its purchases denominated in these currencies is greater than the volume of its sales. The US dollar was very volatile in the first half of 2018, as the appreciation in the second quarter offset the significant depreciation at the start of the year. Ultimately, the euro/dollar exchange rate fell by 12% on average from half-year to half-year. The yuan lost 4% against the euro, as the acceleration of this trend at the end of the six-month period offset the consolidation of the previous months.

For the currencies in which the Group is “long”, i.e. in which its revenues exceed its costs, the main feature of the half-year was the general weakening of emerging currencies. The largest movements affected Latin America (Brazilian real down 20% and the Argentine peso down 53%), the Russian rouble (down 15%), the Egyptian pound (down 10%) and the Turkish lira (down 26%).

Given the inherent volatility of exchange rates, the Group has hedged certain currencies, in order to limit shocks to its performance or spread the impact over time. At the same time, it has a flexible pricing policy, involving the use of price rises to compensate for the damaging effects of a weakened currency on local profitability.

In the first half of 2018, exchange rate fluctuations had a negative effect of -€140 million on Group revenue (compared with an €8 million positive effect in the first half of 2017) and a of -€16 million on the Operating Result from Activity (-€16 million at 30 June 2017).

Raw materials and transport

The Group is exposed to fluctuations in the prices of certain materials, such as metals like aluminum and nickel, which is used to make stainless steel, and copper. It is also exposed to changes in the price of the plastic materials used to produce small electrical appliances and the paper for packaging. This exposure is direct (in the case of internal production) or indirect for products whose manufacture is outsourced to subcontractors. To smooth the effects of the sometimes sudden fluctuations in metal prices, the Group makes use of partial hedging arrangements for its requirements (for aluminum and nickel). This provides protection from sharp price increases, but entails a certain inertia when prices fall.

In the first half, raw material prices were very volatile, being destabilized by numerous geopolitical factors. Although they experienced occasional sharp rises during the period, aluminum and copper had ultimately returned at the end of June to levels close to those seen at the end of 2017. That being said, these metals still strongly appreciated compared with the first half of 2017, as aluminum gained 17% (average price $2,200 per ton versus $1,880 over the first six months of 2017), and copper gained 20% ($6,900 per ton versus $5,750). The situation is somewhat different for nickel (a component of some stainless steels), which, for its part, continued on a more linear upward trajectory, recording a 43% annual increase at the end of June (i.e. an average of $13,900 per ton versus $9,750 in the first half of 2017).

The price per barrel of oil also continued the climb that began in 2016, reaching a three-year peak ($79) at the end of June 2018, as its average price over six months stood at $71, an annual increase of 35%. At the same time, plastic material prices made more modest gains.

After rising steeply in 2017, driven up by shortages on the Asian market, paper prices remained unchanged at these high levels in the first half, resulting in a revaluation of more than 10% from one half to the next.

Furthermore, while the cost of maritime freight stabilized overall over the six-month period, the same cannot be said for road transport, which suffered from the rise in the price of fuel, accentuating the effect of the shortage of drivers in certain geographical regions.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

On 16 May 2018, the General Meeting of SEB S.A. approved the reappointment of three directors whose terms of office had expired, for a four-year term:

- Delphine Bertrand;
- FÉDÉRACTIVE, represented by Sarah Chauleur;
- and Jean-Noël Labroue.

STRENGTHENING OF THE PARTNERSHIP WITH ZAHRAN IN EGYPT

At the end of 2017, Groupe SEB signed an agreement with its long-standing partner in Egypt, Zahran, on the combining of its small electrical appliance and cookware businesses, to consolidate its industrial base in Egypt in order to serve the local and export markets.

The Zahran group, which was founded in 1967, is the leading producer of cookware in Egypt. It has two industrial sites and 11 Zahran stores and employs more than 700 people. Since 1973, it has produced and distributed cookware under the Tefal and Zahran brands in Egypt.

In 2013, Group SEB also created a joint venture with Zahran, named Groupe SEB Egypt, of which it controls 75%, for the manufacture and sale of small electrical appliances, such as vacuum cleaners, blenders and small food processors, mainly under the Moulinex and Tefal brands. The plant is in Borg El-Arab, near Alexandria.

So as to strengthen the existing collaboration, Groupe SEB and the Zahran family have decided to set up a new entity, Groupe SEB Egypt Zahran, 55%-owned by Groupe SEB and 45%-owned by Zahran. This company combines the small electrical appliance and the cookware businesses. Its objective is to:

- step up the development of sales in Egypt and maximize this market's strong potential;
- capitalize on the relationship of trust built up over many years with the Zahran family;
- strengthen the Group's industrial platform in the region to facilitate access to certain markets, in Africa and the Middle East.

The deal, which is subject to the approval of the Egyptian regulatory authorities, should be completed in the second half of 2018.

In 2017, Groupe SEB generated revenue of around €20 million in Egypt.

INVESTMENTS IN THE LINEN CARE BUSINESS IN FRANCE

As part of its strategy of making linen care more competitive, at the start of 2018 Groupe SEB announced an investment of nearly €15 million in France.

By 2020, this project will involve the transferring of the business and all of the site's employees from Saint-Jean-de-Bournay to the neighboring Pont-Evêque site, with no job losses.

These two sites, which are 18 km apart, are inter-dependent, and are the Group's only sites engaged in the industrial production of irons and steam generators in France. Saint-Jean-de-Bournay (162 permanent employees) is dedicated to plastics processing and produces injected-molded parts for the neighboring site in Pont-Evêque (619 permanent employees), dedicated to the manufacture and assembly of these products. The new product ranges use increasingly innovative plastic injection-molding processes that require new high-tonnage injection-molding machines that the Saint-Jean-de-Bournay site does not have the capacity to accommodate.

Groupe SEB is therefore planning to extend the current Pont-Evêque site by building a 7,300 m^2 injection-molding machine workshop and two storage buildings. These new premises, designed with worker comfort and safety in mind, will improve employees' working conditions and optimize logistics flows.

AWARDS FOR GROUPE SEB

Groupe SEB received a wide variety of awards:

Groupe SEB wins the Global Anti-Counterfeiting Award 2018

The award was given to Isabelle Bissey-Pierre, Head of Legal, Intellectual Property and Digital, and Géraldine Guéry-Jacques, Head of Patents, at a ceremony held on 6 June in Paris, during the World Anti-Counterfeiting Day. Given the increase in patent counterfeiting, staff were recognized for defending the Group's flagship products in China, Europe and the United States. These lengthy disputes require optimum coordination between teams in multiple countries to uphold the validity of patents and combat counterfeiting. The Research Industrial Property team developed a strategy for registering patents that goes beyond the scope of traditional technology, to also include patents for inventions implemented by computer.

Groupe SEB climbs to the top of the VIGEO-EIRIS 2018 European rankings for its environmental, social and governance performance

Groupe SEB currently holds the top spot in the ranking of 32 European companies produced by the rating agency VIGEO-EIRIS. The Group is also 29th out of 4,159 companies worldwide. The report covers six non-financial categories, namely human rights, human resources, the environment, community involvement, business behavior and corporate governance. The Group's performance was rated "advanced" or "robust" in each of the categories. The Group saw its human rights score rise by 9 points and the report emphasized its structured approach and its commitment to preventing discrimination and promoting diversity within the company. Groupe SEB also increased its environmental score by 19 points and its community involvement score by 10 points, with a special mention for its support for combating social exclusion.

Supor wins a prestigious "IF design award" for its AURORA vacuum mug

Supor presented its AURORA vacuum mug, in competition with competitors from 59 countries, to a jury of sixty design, industry and architecture experts, in a bid to win a prize at the "IF design awards" 2018. Supor was given its award, which is one of the most prestigious in the world in the design field, at an official ceremony held on 10 March in Munich. The range of AURORA vacuum mugs has been a roaring success with consumers since it was launched in June 2017, with more than 750,000 units sold. These mugs are mainly sold in mainland China, particularly through modern and connected channels. The range was designed and developed to appeal to young city dwellers in East Asia. The vacuum mugs are available in four colors, each with their own characteristics. The bright colors and the metallic effect perfectly match the tastes of young people in East Asia today.

Groupe SEB's Financial Communication recognized in the Extel rankings

The Group's Financial Communication and Investor Relations department, represented by Isabelle Posth, was recognized in 2018 by Extel, a leader in finance profession rankings. The Extel Survey has produced an annual ranking of the best banks, brokers and portfolio managers in Europe since 1974. The survey was recently expanded to include Investor Relations professionals and, this year, Groupe SEB secured first place in the Household Products & Personal Care sector.

BUSINESS ACTIVITY

Revenue *(rounded figures in €m)*	First half 2018	First half 2017	Change 2018/2017 (% calculated in non-rounded figures) As reported	Like-for-like*
EMEA	**1,337**	**1,316**	**+1.7%**	**+4.2%**
Western Europe	997	988	+0.9%	+1.3%
Other countries	340	328	+4.1%	+12.9%
AMERICAS	**338**	**407**	**-17.0%**	**-7.5%**
North America	204	249	-17.9%	-11.5%
South America	134	158	-15.5%	-0.7%
ASIA	**1,060**	**925**	**+14.4%**	**+20.0%**
China	825	680	+21.4%	+26.6%
Other countries	235	245	-4.8%	+1.5%
TOTAL CONSUMER	**2,735**	**2,648**	**+3.3%**	**+7.9%**
PROFESSIONAL BUSINESS	**290**	**293**	**-1.1%**	**+2.4%**
GROUPE SEB	**3,025**	**2,941**	**+2.9%**	**+7.4%**

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

Revenue *(rounded figures in €m)*	Second quarter 2018	Second quarter 2017	Change 2018/2017 (% calculated in non-rounded figures) As reported	Like-for-like*
EMEA	**652**	**657**	**-0.6%**	**+2.1%**
Western Europe	494	494	+0.1%	+0.4%
Other countries	158	163	-2.7%	+7.4%
AMERICAS	**177**	**203**	**-12.9%**	**-3.9%**
North America	112	123	-9.0%	-2.7%
South America	65	80	-18.8%	-5.6%
ASIA	**481**	**406**	**+18.4%**	**+20.9%**
China	357	277	+28.9%	+30.4%
Other countries	124	129	-4.0%	+0.6%
TOTAL CONSUMER	**1,310**	**1,266**	**+3.5%**	**+7.2%**
PROFESSIONAL BUSINESS	**156**	**148**	**+4.9%**	**+8.5%**
GROUPE SEB	**1,466**	**1,414**	**+3.7%**	**+7.3%**

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

At €3,025 million, first-half sales were up 2.9%, including in particular organic growth of 7.4% (7.3% in the second quarter) and a currency effect of -4.7% (-3.8% in the second quarter compared with -5.6% in the first).

Organic growth was composed as follows:

- consumer business, including WMF: +7.9%;
- professional business (WMF coffee machines and hotel equipment): +2.4%, including few effects in the second quarter of new contracts signed at the start of the year. The ramp-up of these contracts will take more concrete form as from the third quarter.

PRODUCT PERFORMANCE

Cookware

Cookware revenue grew moderately in the first half (on a like-for-like basis, mitigated by the discontinuation of certain 2017 loyalty programs, particularly in Europe (Western and Central), Russia and Mexico. This was driven especially by frying pans and saucepans, with fixed and detachable handles, and by kitchen utensils and accessories, notably vacuum mugs and flasks, with strong growth in EMSA product sales, under the EMSA and Tefal brands. Pressure cooker activity was more variable depending on the country.

Sales were mixed geographically. On the positive side, there was strong momentum in China, supported by the vast majority of product categories (woks, pressure cookers, coordinated cookware sets, steamers, vacuum mugs, and others); France returned to growth after a difficult 2017 year, constituting a modest base; growth ranged from solid to very sharp growth, depending on the case, in Japan, Korea, Russia and Turkey, among others. Conversely, the situation is still complicated in the United States, due to distribution issues and new entrants in the cookware market, despite a certain stabilization in the 2nd quarter, as in Brazil, where the ramp-up of the new site in Itatiaia is not yet effective, and Mexico, where there was a major loyalty program in the first half of 2017. In Germany, activity was mixed over the six-month period, with Tefal on the one hand, which is experiencing growth, and WMF on the other, some of whose retail customers are suffering from a sharp decrease in footfall in stores.

Kitchen electrics

The Group's performance in **kitchen electrics** was very good in the first half of 2018, thanks to the three main categories that make up this business segment. In **electrical cooking,** the double-digit organic growth was due to several powerful drivers: rice cookers (mainly in China), electrical pressure cookers (China principally) and multicookers (particularly including Cookeo, the connected version of which now accounts for more than half of sales); and **contact cooking,** i.e. grills and barbecues, still driven by Optigrill, whose international rollout is continuing in countries such as Germany, Italy, Croatia, Romania and Russia. Toaster and informal meal appliances (waffle makers, sandwich makers, table-top ovens, etc.) activity fell, however, because of the high base in 2017, which was down to the introduction of the Krups brand in the United States and a specific contract with a Korean client for ovens. Deep fryer sales also fell, especially in Europe and North America.

In **food preparation,** as in 2017, the main contributors to strong organic growth remained blenders, whose rapid development is expanding geographically (Mexico, Colombia, Europe and Thailand among others) with a successful premiumization in certain major markets such as China (e.g. high-speed blenders as an alternative to soy milk makers). Heating blenders and cooking food processors, led by Cuisine Companion, are also continuing to rapidly develop, especially in Europe, to the detriment of kitchen machine volumes. While the introduction of new models resulted in meat mincer activity picking up in the key countries for this type of appliance (Central Europe, Russia, Ukraine and Middle East), sales were still sluggish in the other categories (e.g. Fresh Express grater/slicer, juicers and soy milk makers in China).

In **beverage preparation,** sales, which grew strongly on a like-for-like basis, varied greatly depending on the category, with a fall in filter coffee makers from a high base in 2017 due to the release of the new Krups range in the United States at the start of the year; activity was mixed for single-serve pod coffee makers (Nespresso and Dolce Gusto), as price pressure is resulting in higher volumes but lower revenue; the growth in fully-automatic espresso machines is continuing, particularly in Germany, Central Europe (with a special mention for Poland) and Russia, generating further market share gains; and kettle sales are growing, having taken off again in China. Lastly, sales of home beer-tapping systems (Beertender and The SUB), which were up by around 40%, benefited over the period from the World Cup effect.

Linen and home care

In **linen care,** the Group saw a slight rise in like-for-like sales in the first six months of the year, against a buoyant first half of 2017. This modest performance breaks down, however, into very different trends according to the product category, the fall in activity in irons and steam generators (with positive and negative positions in both cases depending on the market) being offset by the rapid development of garment steamers, whose momentum is especially strong in China and for which the trend is very positive in Korea and Japan. However, semi-automatic washing machine sales in Brazil very much stalled, unlike in the first half of 2017.

As in 2017, **home care** was by far the Group's leading category this half-year, with organic sales growth of over 25%. This performance is underpinned by an extended product offering, which the Group has been committed to building over the years and is continuing to enhance, with the introduction of new growth drivers such as Air Force 360 and 460 (versatile vacuum cleaners) and robot vacuum cleaners, which have been very well received. All the vacuum cleaner families have contributed to the continuing of this very strong and increasingly international positive trend, resulting in the shoring up of our positions in many markets, including Germany, Spain, Italy, Central Europe, Turkey, Russia, China and Korea. Only Clean & Steam recorded a fall in revenue, due to the non-renewal in 2018 of a promotional operation that was very successful in 2017 in Italy.

In **home comfort,** the strong growth of fan activity is down to favorable weather in Colombia and Europe and successful launches of new models in Brazil, which, in a falling market, have strengthened our positions and consolidated the Group's leadership of the ventilation segment in this country. Conversely, in air treatment appliances, the pronounced slowing of the market in China is causing a sharp drop in air purifier sales in the country.

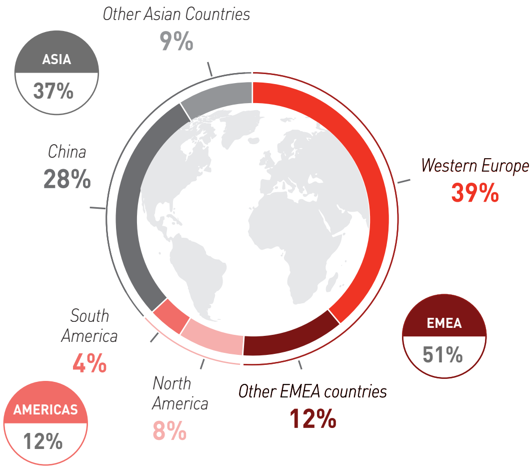
Personal care

Personal care is the only category whose sales are decreasing on a like-for-like basis, driven down by depilators and hair trimmers, and adversely affected by the discontinuing of two loyalty programs in place in 2017 in France and Spain. However, activity rose in hair care appliances (hairdryers, blow-drying hairstylers, hair straighteners, curlers, and others), especially in Europe, Russia and Ukraine.

PERFORMANCE BY GEOGRAPHY

With a presence in close to 150 countries, Groupe SEB achieved first-half 2018 revenue which can be broken down as follows:

BREAKDOWN OF SALES BY GEOGRAPHICAL AREA



Western Europe

In a positive market, but contrasted from one country to the next, the Group grew its sales 1.3% in the first half on a like-for-like basis. Performance for the region was mitigated by WMF's Consumer business, consolidated since 1 January in Groupe SEB subsidiaries, and declining over the period. In Germany, WMF's homeland and benchmark country in Europe, revenue was down 3.5%, penalized by a temporary dip in the German cookware market and a fall in sales to certain distribution channels. However, business activity continued to develop rapidly on line (+20%) and in parallel, the Group is streamlining and optimizing the WMF store network.

Excluding WMF, Group business increased 2.8% in the first half against demanding comparatives (including loyalty programs not repeated in 2018). As in the first quarter, activity was bolstered by electrical cooking and vacuum cleaners. Fan sales were also up, the result of favourable weather conditions in the spring. For the first half as a whole, the Group confirmed the strengthening of its positions in most European markets. Sales trends in the major countries are presented below.

In France, after a positive start to the year, second-quarter sales were down slightly, resulting in stable revenues for the first half. This performance should be seen in the light of the less buoyant market and an unfavorable 2017 base effect linked notably to loyalty programs. Such high comparatives concern small electrical appliances, penalizing sales for the period, despite good performances from Cookeo, food preparation (Cuisine Companion and blenders), BeerTender (owing to the World Cup), vacuum cleaners (versatile, Clean&Steam and robot vacuum cleaners – recently launched) and Dolce Gusto. Activity was more difficult in ironing and personal care. Conversely, in cookware, sales were up sharply.

In other Western European countries, core business, excluding 2017 loyalty programs, continued to grow at sustained rate, boosted in many cases by the rise in online sales. Business remained brisk in Germany, fueled by our cornerstone products: full-automatic expresso machines, electrical cooking (Optigrill and Actifry in particular) and vacuum cleaners. Spain also stands as a strong growth driver for the Group. In a buoyant market, core business increased solidly in a large majority of product categories, with a special mention for the successful launch of robot vacuum cleaners. In the same time, the integration of WMF in Groupe SEB Iberica has proved a real success, reflected already in a substantial acceleration in WMF sales. Sales in Italy rose strongly, the main contributors being ironing, electrical cooking (Cookeo and Optigrill) and fans. In the UK, in a gloomy market environment, second-quarter sales were down slightly on a like-for-like basis after a positive start to the year, resulting in a slight contraction in revenue for the first half as a whole. Lastly, Scandinavia has enjoyed excellent sales momentum since the start of the year.

Other EMEA countries

In the other EMEA countries, following a particularly vigorous start to the year, reported sales increased 4% in the first six months, with organic growth of 13%. The highly negative currency effect stemming from the significant depreciation of certain currencies (including the Turkish lira and the Russian rouble) has led the Group to initiate offsetting price increases in the countries concerned. Business remained buoyant in the large countries in the region, with further reinforcements of the Group's positions. This was notably the case in Central and Eastern Europe, as well as in Ukraine, where we posted excellent performances by actively pursuing the roll-out of our flagship products and innovations. We stepped up our investments to this end with a view to optimizing execution at our points of sale, with remarkable progress in Poland.

In Russia, where the retail environment is being significantly reshuffled, double-digit growth continued despite the non-repeat of 2017 loyalty programs. The performance is being driven by a broad range of products (cookware, multicookers, grills, full-automatic espresso machines, vacuum cleaners), leading to major market share gains.

In Turkey, despite currency issues and the uncertain environment, particularly ahead of the elections, the Group continued to substantially outperform the market thanks to several drivers: the vigor of flagship product categories (cookware, food preparation, vacuum cleaners, irons) fueled by a strong appetite for innovation; the continued rapid development of products manufactured locally or at our Egyptian plant; and the ongoing expansion of the retail network, including the 150 proprietary stores. Considerable efforts have also been devoted in Turkey to reorganizing WMF business activity and ensuring its growth. In the Middle East and India, business remained difficult, but it was firm in Egypt.

North America

The fall in revenue in the first half, down 11.5% on a like-for-like basis (down 18% as reported), needs to be placed in perspective:

- the first quarter was marked by a 20% drop in sales owing to high comparatives in 2017 (the launch of a new Krups electrical cooking range in the United States);
- business activity was more balanced in the second quarter, stemming notably from an improvement in business and more favorable comparatives in the United States;
- the market environment was highly disrupted in the United States and Canada by the deep-seated change in traditional retail. This latest is being strongly impacted by the sharp rise of e-commerce, resulting in stock reduction programs, financial difficulties, store closures and even bankruptcies.

However, after a downward trending start to the year, the Group practically stabilized its sales in the United States in the second quarter, thanks in particular to the positive reception of new T-Fal cookware ranges and a strong recovery in ironing owing to the launch of new iron and garment steamer models.

The acceleration in online sales continued, almost offsetting the decline in revenue reported in certain brick-and-mortar outlets.

Market conditions in Canada remained tense. Despite a slighter slowdown in the second quarter, half-year sales declined, with the positive trend in cookware unable to offset the contraction in small electrical appliances. In Mexico, excluding the loyalty program, core business was very well-oriented, driven in particular by an excellent performance, all retail circuits combined, in cookware and linen care, by the confirmed success of our blenders, and by the promising results from the launch of our fans.

South America

At end-June, the trend in our sales in South America reflected both the continued depreciation of our main operating currencies on the continent (Brazilian real, Colombian peso and Argentinian peso) and a difficult second quarter in Brazil and Argentina.

In Brazil, the overall environment remained complicated, leading to volatile consumption and weighing on the financial situation of some retailers. The truck-driver strike in May had a strong negative impact on industry and undermined the economy as well in the second quarter. It directly affected our business, with a one-week halt in production at our two sites in Recife and Itatiaia and an interruption in deliveries. The catch-up plan and increases in output implemented in June resulted in very good performances for the month but failed to offset the shortfall of May. As such, the second quarter ended with a sales decrease of around 10% in Brazilian real.

However, sales of small electrical appliances were practically stable in the first half, thanks especially to strong momentum in fans, underpinned by the successful introduction of new, silent and compact models. On this market segment, the Group strengthened its position and confirmed its leadership. In cookware, however, sales remained substantially down, impacted both by the industrial transition to the Itatiaia site and by the highly disruptive effect of the strike. The second half will enable a gradual normalization of the situation and the generation of the first tangible gains in productivity.

In Colombia, where the Group relies on a solid leadership, the strong momentum of the first quarter continued, fueled by two product categories: fans, sales of which were boosted by weather conditions, in contrast to 2017, and blenders, sales of which grew over 20% with the Powermix range serving as spearhead. Practically all our key accounts, as well as our Home&Cook stores, contributed to this solid development. In cookware, the decline in revenue should be placed in perspective with a strong improvement in the quality of sales and profitability. In Argentina, where demand was down, business activity slowed substantially in the second quarter.

China

The second quarter confirmed the vigorous nature of business in China which materialized in a sharp acceleration in organic sales growth, reaching 30% for the period, still largely driven by e-commerce. This outstanding performance in a competitive and promotional market was fueled by Supor's core business, cookware and small kitchen electrics. New categories also posted strong growth, including kitchen tools, home and linen care, and a targeted range of large kitchen appliances such as extractor hoods and gas stoves. Across the board, innovation is bolstering product momentum and stands as a key driver of Supor growth in all categories.

In cookware, Supor achieved growth of over 15% and continued to outperform competition by leveraging its flagship products – pressure cookers, sauce pans, steamers and woks – and pursuing its swift development in kitchen tools and accessories. The leading performers of these were vacuum flasks and thermal mugs, with a special mention going to the new ranges (kids, young and glass).

In small electrical appliances, all of Supor's iconic categories contributed to revenue growth, which came out at 30% for the first half. Major successes included mobile induction hubs, high-speed blenders, rice cookers, electric pressure cookers and kettles. The brisk momentum was fueled by the material ramp-up of the products launched in late 2017, featuring differentiating technologies, functionalities and design. Supor is also picking up the pace in linen and home care, where it has doubled its sales by extending its product range with new models of garment steamers, featuring improved specifications, and the versatile Air Force 360 and 460 vacuum cleaners, which have proved extremely successful.

In parallel, WMF's business activity in China declined in first-half due to the current commercial reorganization.

Other Asian countries

As in the first quarter, Group revenue in Asia excluding China were down as reported, due to the depreciations of the yen and won in particular against the euro, but rose slightly on a like-for-like basis.

In Japan, moderate growth picked up strongly between April and June, owing primarily to solid momentum in cookware (Ingenio range with removable handles) and linen care, bolstered by the Freemove compact cordless iron and new garment steamer models. In the second quarter, business was also positive in kettles. In South Korea, our sales excluding WMF recovered sharply after a mixed start to the year. Performance was driven by cookware, vacuum cleaners, garment steamers and a successful B2B campaign in rice cookers. Regarding WMF, while sell-out was highly satisfactory, our sell-in performance faltered in the second quarter owing to existing inventories and organization changes. In Australia, business slowed down, amid a tense retail environment.

In other South-East Asian countries, half-year sales increased slightly on a like-for-like basis. Performance was contrasted between markets, with vigorous growth in Thailand fueled by several mainstays (steam generators, blenders, Dolce Gusto) and the continued retail expansion, as well as in Vietnam, where the Group pursued its swift development under the Tefal brand, particularly in ironing, rice cookers, blenders, kettles and cookware. Activity trended favorably in Singapore and at a more modest pace in Malaysia (after a brisk start to the year), while sales were down in Taiwan, due in particular to the non-repeat of a €6 million WMF loyalty program.

PROFESSIONAL BUSINESS

Professional business activity (coffee machines and hotel equipment) posted sales of €290 million, up 2.4% in the first half on a like-for-like basis, after an excellent improvement in the second quarter. Performance in the first quarter was negatively impacted by demanding comparatives in coffee in 2017 relating to two significant contracts in Canada and Japan, deliveries of which were phased over the first nine months of 2017. Meanwhile, core-business excluding these specific operations continued to trend positively, both in Germany and internationally (including in Central Europe, Scandinavia and China).

The recent signature of new, large-scale contracts reflectsthe on-going development strategy implemented by WMF in professional coffee and bodes well for the coming months. The start-up of deliveries brought already a strong push to the second quarter performance, which should amplify as from the summer. These contracts are much more significant than those in 2016 and 2017. They were signed with two customers in the United States – including RaceTrac, a company operating service stations and convenience stores – and one in China, Luckin Coffee, the second largest local coffee-shop chain.

In hotel equipment, where business activity is closely linked to specific contracts, sales increased slightly in the first half.

OPERATING RESULT FROM ACTIVITY

Operating Result from Activity (ORfA) in first-half 2018 came to €208 million. At constant consolidation scope and exchange rates, ORfA totaled €224 million in first-half 2018, compared with €230 million in first-half 2017, excluding the one-off impacts of the WMF purchase price allocation, declining by 2.9%. In addition, the currency effect over the period was -€16 million, equivalent to that in the first six months of 2017.

The organic decrease in ORfA should be seen in the light of exceptionally demanding 2017 comparatives, both in terms of the Group's former scope (organic growth of 34% in first-half 2017) and as regards WMF, whose performances had been boosted by the above-mentioned two large deals in Professional Coffee. The change may be broken down as follows:

- a €39 million positive impact of volumes related to sales organic growth;
- a positive mix-price effect of €14 million, driven primarily by the mix, the embedded price effect of 2017 being limited and the most recent price increases initiated in first-half 2018 having made only a modest contribution as yet;
- a substantial increase in purchasing costs (€27 million), as expected, given the rise in commodity prices, but offset by gains in productivity of €18 million;
- a €26 million increase in investments in growth drivers (innovation, advertising and operational marketing) with, as in 2017, major activations in certain large markets (including China, Russia, Turkey, Colombia, the United States and France);
- a €20 million increase in commercial and administrative costs.

It should be stressed that the additional commercial and growth-driver investments concern the Group as a whole and naturally include WMF, both in the Consumer and Professional Coffee businesses, the respective international development and growth acceleration of which require commitments in terms of human and financial resources.

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 thus cannot be extrapolated.

OPERATING PROFIT AND NET PROFIT

Operating profit at end-June stood at €186 million, compared with €178 million at 30 June 2017. It includes an anticipated cost of discretionary and non-discretionary profit sharing of €10 million, stable on first-half 2017 (€11 million). Other operating income and expense, at -€12 million compared with -€24 million at end-June 2017, mainly includes the last costs related to the reorganization of our operations in Brazil (notably the completion of the industrial transition), the depreciation of the residual value of the Saint Jean de Bournay site (transfer of plastic production to the Pont-Evêque site), various commercial reorganization costs, and expenses linked to the integration of WMF.

Net financial expense came out at -€36 million, compared with -€44 million at 30 June 2017. Besides an improvement in interest expense, the change mainly reflects the decrease in the fair value of the optional part of the November 2016 convertible bond issue (ORNAE).

After taxes at a rate of 24% (23.5% in first-half 2017) and the elimination of non-controlling interests in the results (Supor), for a total of €23 million, net profit amounted to €91 million, up 9.5% on first-half 2017 (€83 million).

FINANCIAL STRUCTURE AT 30 JUNE 2018

At 30 June 2018, equity attributable to owners of the parent totaled €1,983 million, up €19 million on 31 December 2017.

Tangible fixed assets totaled €3,540 million, stable relative to end-2017.

Net financial debt at 30 June 2018 stood at €2,015 million, compared with €1,905 million at end-December 2017. Operating cash flow generation totaled €62 million in the first six months of the year, compared with €91 million in first-half 2017. The decline can be attributed to the decrease in cash flow – consistent with that in operating result – and an increase in the working capital requirement (18.4% of sales compared with 17.6% at 30 June 2017), owing primarily to higher stock levels in anticipation of robust growth in second-half 2018. Apart from a considerable increase in dividends paid (€118 million vs. €101 million in 2017), operational items such as CAPEX, financial expense and taxes are consistent with those of last year and the seasonality of the business activity.

At 30 June 2018, the gearing ratio stood at 1.0 and the estimated net debt/adjusted EBITDA ratio (over 12 rolling months) at 2.6.

2018 OUTLOOK

It should be reminded that, given the seasonal nature of Groupe SEB's business, the first half is not representative of the entire year. However, against a tenser global macroeconomic environment, marked in particular by a more challenging commodity and currency context, the Group achieved good quality performances in the first six months, on demanding comparatives.

The coming months should see continued growth momentum in the Group. The outlook is favorable in many of our large markets and we have implemented vigorous action plans to take best advantage of that outlook, through increased marketing investments and the build-up of stocks. Against this backdrop, the Group:

- is revising upwards its objective of organic growth in sales for 2018, which should exceed 7%;
- is confirming, on the basis of present exchange rates -more challenging than anticipated-, its objective of an over 5% increase in Operating Result from Activity versus that of first-half 2017, excluding the one-off impacts of the WMF purchase price allocation;
- is confirming further debt reduction to bring the net debt/adjusted EBITDA ratio down to below 2 at end-2018.

3. Financial statements

Condensed consolidated financial statements for the first six months ended 30 June 2018

CONSOLIDATED INCOME STATEMENT

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
Revenue (Note 3)	3,025.0	2,941.2	6,484.6
Operating expenses (Note 4)	(2,817.5)	(2,727.8)	(5,824.0)
OPERATING RESULT FROM ACTIVITY	**207.5**	**213.4**	**660.6**
Statutory and discretionary employee profit-sharing (Note 5)	(10.0)	(10.7)	(37.6)
RECURRING OPERATING PROFIT	**197.5**	**202.7**	**623.1**
Other operating income and expense (Note 6)	(11.8)	(24.4)	(43.6)
OPERATING PROFIT (LOSS)	**185.7**	**178.3**	**579.5**
Finance costs (Note 7)	(15.6)	(17.2)	(34.9)
Other financial income and expense (Note 7)	(20.4)	(27.4)	(36.7)
Share of profits of associates			
PROFIT BEFORE TAX	**149.7**	**133.7**	**507.9**
Income taxes (Note 8)	(36.0)	(31.4)	(99.3)
PROFIT FOR THE PERIOD	**113.7**	**102.3**	**408.6**
Non-controlling interests	(22.6)	(19.0)	(33.6)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**91.1**	**83.3**	**375.0**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(IN UNITS)*			
Basic earnings per share	1.83	1.68	7.56
Diluted earnings per share	1.82	1.66	7.50

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
Profit for the period	113.7	102.3	408.6
Exchange differences on translating foreign operations	6.8	(99.9)	(147.9)
Gains (losses) on cash flow hedges	18.0	(19.8)	(21.1)
Change in fair value of financial assets[a]	5.4		
Remeasurement of employee benefit obligations, net of tax[a] [b]		11.8	14.0
Other comprehensive income (expense)	30.2	(107.9)	(155)
COMPREHENSIVE INCOME	**143.9**	**(5.6)**	**253.6**
Non-controlling interests	(24.6)	(11.3)	(24.2)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**119.3**	**(16.9)**	**229.4**

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

CONSOLIDATED BALANCE SHEET

ASSETS *(in € millions)*	30/06/2018 6 months	30/06/2017* 6 months	31/12/2017
Goodwill	1,481.9	1,481.9	1,467.5
Other intangible assets	1,174.9	1,185.6	1,170.6
Property, plant and equipment	804.8	814.4	820.5
Investments in associates			
Other investments	53.3	25.5	33.8
Other non-current financial assets	23.3	15.5	15.4
Deferred tax assets	86.4	55.0	62.9
Other non-current assets	2.0	14.6	10.6
Long-term derivative instruments	11.9	5.5	3.4
NON-CURRENT ASSETS	**3,638.5**	**3,598.0**	**3,584.7**
Inventories	1,215.3	1,120.1	1,112.1
Trade receivables	780.8	752.3	1,015.8
Other receivables	111.8	104.1	100.0
Current tax assets	56.0	53.1	73.5
Short-term derivative instruments	41.9	32.0	45.6
Financial investments (Note 12) and other financial assets	228.8	259.7	216.8
Cash and cash equivalents (Note 12)	341.4	657.1	538.7
CURRENT ASSETS	**2,776.0**	**2,978.4**	**3,102.5**
TOTAL ASSETS	**6,414.5**	**6,576.4**	**6,687.2**

* *After finalization of the WMF purchase price allocation entries.*

LIABILITIES *(in € millions)*	30/06/2018	30/06/2017*	31/12/2017
Share capital	50.2	50.2	50.2
Reserves and retained earnings	1,819.2	1,581.8	1,806.6
Treasury stock (Note 9)	(73.8)	(56.2)	(67.3)
Equity attributable to owners of the parent	**1,795.6**	**1,575.8**	**1,789.5**
Non-controlling interests	188.1	162.9	174.8
EQUITY	**1,983.7**	**1,738.7**	**1,964.3**
Deferred tax assets	220.1	199.3	216.7
Long-term provisions (Note 11)	331.7	375.0	354.0
Long-term borrowings (Note 12)	2,062.4	2,071.1	2,067.3
Other non-current liabilities	47.9	47.9	47.3
Long-term derivative instruments	19.4	24.2	20.7
NON-CURRENT LIABILITIES	**2,681.5**	**2,717.5**	**2,706.0**
Short-term provisions (Note 11)	89.3	97.6	90.0
Trade payables	777.1	750.3	905.8
Other current liabilities	317.9	304.1	351.7
Current tax liabilities	37.5	45.2	51.7
Current derivative instruments	19.4	30.7	39.5
Short-term borrowings (Note 12)	508.1	892.3	578.2
CURRENT LIABILITIES	**1,749.3**	**2,120.2**	**2,016.9**
TOTAL EQUITY AND LIABILITIES	**6,414.5**	**6,576.4**	**6,687.2**

* *After finalization of the WMF purchase price allocation entries.*

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

CONSOLIDATED CASH FLOW STATEMENT

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**91.1**	**83.3**	**375.0**
Depreciation, amortisation and impairment losses	83.4	84.7	177.9
Change in provisions	(11.5)	12.7	(11.4)
Unrealized gains and losses on financial instruments	(7.3)	8.4	(0.4)
Income and expenses related to stock options and bonus shares	14.5	9.1	17.7
Gains and losses on disposals of assets	0.5	1.5	1.8
Other		0.1	0.1
Non-controlling interests	22.6	19.0	33.6
Current and deferred taxes	36.1	34.7	98.2
Finance costs	15.4	17.1	34.3
CASH FLOW[a]	**244.8**	**270.6**	**726.9**
Change in inventories and work in progress	(105.8)	(97.8)	(109.9)
Change in trade receivables	221.8	282.5	(12.0)
Change in trade payables	(148.0)	(141.9)	38.6
Change in other receivables and payables	(21.3)	(83.9)	(40.8)
Income taxes paid	(57.5)	(56.6)	(116.9)
Net interest paid	(13.2)	(14.4)	(29.1)
NET CASH FROM OPERATING ACTIVITIES	**120.8**	**158.5**	**456.8**
Proceeds from disposals of assets	6.0	11.8	13.7
Purchases of property, plant and equipment	(66.1)	(73.1)	(165.0)
Purchases of software and other intangible assets	(12.1)	(16.6)	(27.4)
Purchases of financial assets	(12.2)	(71.0)	(30.7)
Acquisitions of subsidiaries, net of cash acquired	(20.7)	(8.0)	(8.1)
Effect of other changes in scope of consolidation			
NET CASH USED BY INVESTING ACTIVITIES	**(105.1)**	**(156.9)**	**(217.4)**
Increase in borrowings[b]	494.4	519.6	515.5
Decrease in borrowings[b]	(565.5)	(178.0)	(487.9)
Issue of share capital			
Transactions between owners		(1.1)	(27.5)
Change in treasury stock	(25.5)	(1.2)	(27.2)
Dividends paid, including to non-controlling interests	(117.8)	(101.0)	(101.1)
NET CASH USED BY FINANCING ACTIVITIES	**(214.4)**	**238.3**	**(128.3)**
Effect of changes in foreign exchange rates	1.5	2.7	13.0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(197.3)**	**242.6**	**124.2**
Cash and cash equivalents at beginning of period	538.7	414.5	414.5
Cash and cash equivalents at end of period	341.4	657.1	538.7

(a) Before net finance costs and income taxes paid.
(b) As from 2018, because of the change in the statutory consolidation tool, financing transactions will be presented differently. The lines “Change in long-term borrowings” and “Change in short-term borrowings” have been replaced with the lines “Increase in borrowings” and “Decrease in borrowings”. The data presented for the comparative periods of 06/2017 and 12/2017 have not been restated.

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 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**
Profit for the period			291.7			291.7	14.6	306.3
Other comprehensive income			0.9	(46.3)		(45.4)	(1.7)	(47.1)
Total comprehensive income			*292.6*	*(46.3)*		*246.3*	*12.9*	*259.2*
Dividends paid								
Issue of share capital								
Changes in treasury stock					(11.2)	(11.2)		(11.2)
Gains (losses) on sales of treasury stock, after tax			(11.8)			(11.8)		(11.8)
Exercise of stock options			8.6			8.6		8.6
Other movements			(18.1)			(18.2)	(0.9)	(19.1)
AT 31 DECEMBER 2017	**50.2**	**88.1**	**1,702.7**	**16.0**	**(67.2)**	**1,789.4**	**174.9**	**1,964.3**
Profit for the period			91.1			91.1	22.6	113.7
Other comprehensive income			23.4	4.8		28.2	2.0	30.2
Total comprehensive income			*114.5*	*4.8*		*119.3*	*24.6*	*143.9*
Dividends paid			(103.3)			(103.3)	(14.5)	(117.8)
Issue of share capital								
Changes in treasury stock					(6.5)	(6.5)		(6.5)
Gains (losses) on sales of treasury stock, after tax			(12.5)			(12.5)		(12.5)
Exercise of stock options			13.4			13.4	1.0	14.4
Other movements*			(36.2)	32.0		(4.2)	2.1	(2.1)
AT 30 JUNE 2018	**50.2**	**88.1**	**1,678.6**	**52.8**	**(73.7)**	**1,795.6**	**188.1**	**1,983.7**

* *Reclassification carried out following the change in the statutory consolidation tool.*

3

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018, 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. The Group is also world leader of the professional automatic coffee machine market.

SEB S.A. has its registered office at Chemin du Moulin Carron, Campus Seb, Écully (69130), France and it is listed on Eurolist Euronext Paris (ISIN code: FR0000121709 SK).

The condensed consolidated financial statements for the first half of 2018 were approved by the Board of Directors on 24 July 2018.

Note 1 Summary of significant accounting policies

The condensed Interim consolidated financial statements for the six months ended 30 June 2018 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 2017, which are included in the Registration Document that was filed with the French Financial Markets Authority (AMF) on 29 March 2018. 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 2018, which can be found on the European Commission's website (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en).

The accounting policies applied to prepare these financial statements are unchanged compared with those used to prepare the 2017 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). IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", published in May and July 2014 respectively, were applied for the first time on 1 January 2018. The first application of these standards had no material impact on the Group's accounts. The new financial asset classification, in line with IFRS 9, is presented in Note 13.

The impact on Groupe SEB's financial statements of IFRS 16 "Leases", whose date of first application is 1 January 2019, is still being analyzed.

Furthermore, 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.

Note 2 Changes in the scope of consolidation

There were no changes in the scope of consolidation in the first half of 2018.

The WMF purchase price allocation analyses were completed in the second half of 2017. The final net fair value of the identifiable assets and liabilities at 31 December 2016 (the takeover date) therefore differs from the figure reported in the 2017 interim financial statements.

After finalization of the purchase price allocation entries, the net fair value of the identifiable assets and liabilities at 31 December 2016 breaks down as follows:

(in € millions)	31/12/2016 (b)	31/12/2016 (a)
Non-current assets	876.5	923.9
Inventories	219.7	229.0
Trade receivables	192.1	199.3
Net debt	(564.7)	(563.0)
Trade and other payables	(111.9)	(109.1)
Other net liabilities	(482.2)	(505.6)
TOTAL NET ASSETS	**129.4**	**174.5**
PERCENTAGE INTEREST	**100%**	**100%**
TOTAL NET ASSETS ACQUIRED	**129.4**	**174.5**
Non-controlling interests		
Cash outflow for the WMF group acquisition	**1,080.2**	**1,080.2**
Final GW	*950.8*	*905.7*

(a) Provisional estimate at 30 June 2017.
(b) After final allocation of the purchase price.

The purchase price allocation analyses carried out by an independent expert enabled the identification of the following intangible assets:

- brands whose fair value is repectively €487 million for WMF, €94 million for Schaerer, €23 million for Silit, €11 million for Kaiser, and €9 million for Hepp;
- customer relationships, with an estimated fair value of €54 million;
- Technologies worth €25 million and order books totaling €3 million.

This work also resulted in the revaluation of some property, plant and equipment for approximately €30 million. Provisions for contingencies and liabilities were also recorded for approximately €48 million relating to current litigation and tax and environmental risks.

BHS TABLETOP AG

In the first half of the year, WMF sold its 24.9% stake in BHS Tabletop AG. This company was accounted for using the equity method in the financial statements at 31 December 2016. Because of the immaterial nature of the remaining interest in Bauscher Hepp Inc, which was also accounted for using the equity method at 31 December 2016, it was deconsolidated during the first half of 2017.

ETHERA

On 31 May 2017, Groupe SEB acquired control of Ethera by exercising the convertible bonds it held in the company. Prior to this transaction, Ethera was owned by SEB Alliance, an investment company of Groupe SEB. ETHERA develops and markets high-performance solutions for indoor air quality diagnosis, monitoring and treatment. The goodwill generated by this takeover amounts to approximately €1.4 million. After buying out some non-controlling interests, the Group now owns 95.4% of this company.

SWIZZZ PROZZZ

On 1 June 2017, Groupe SEB finalized the acquisition of Swizzz Prozzz, a Swiss company specializing in small manual food choppers equipped with high-performance multi-blade systems. Swizzz Prozzz products have so far been marketed under license through various kitchen utensil brands with great commercial success; the activity corresponds to annual pro forma revenue of around €8 to €10 million.

In view of the share purchase date, the stake in this company was recognized at 30 June 2017 under “other investments” in the consolidated balance sheet. The goodwill generated by this acquisition amounts to €8 million, allocated to the new EMEA consumer CGU.

Some legal restructuring operations also began in the second half of 2017, as part of the combining of WMF’s and Groupe SEB’s consumer businesses. This restructuring had no impact on the Group’s 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 "Professional" business segment, covering professional automatic coffee machines and catering equipment, has been isolated as from 1 January 2018 and the integration of WMF within the Group's systems.

The data for 2017 could not be restated and all the segment data for the WMF sub-group are still reported for the EMEA region.

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)	"Consumer" business EMEA	"Consumer" business Americas	"Consumer" business Asia	"Professional" business	Intra-Group transactions	Total
30/06/2018						
Revenue						
Inter-segment revenue	1,326.8	328.0	1,053.0	289.7		2,997.5
External revenue	155.7	0.2	518.4		(646.8)	27.5
TOTAL REVENUE						**3,025.0**
Profit (loss)						
Operating Result from Activity	24.6	6.5	153.5	35.3	(12.4)	207.5
Operating profit (loss)	9.9	0.2	153.5	34.5	(12.4)	185.7
Finance costs and other financial income and expenses						(36.0)
Profit (loss) attributable to associates						
Income tax						(36.0)
PROFIT FOR THE PERIOD						**113.7**
Consolidated Balance Sheet						
Segment assets	3,186.0	738.8	1,261.1	653.2	(267.7)	5,571.4
Financial assets						700.5
Tax assets						142.6
TOTAL ASSETS						**6,414.5**
Segment liabilities	(1,057.3)	(209.3)	(468.5)	(96.4)	267.7	(1,563.8)
Borrowings						(2,609.3)
Tax liabilities						(257.7)
Equity						(1,983.7)
TOTAL EQUITY AND LIABILITIES						**(6,414.5)**
Other information						
Capital expenditure and purchases of intangible assets	50.2	8.5	12.4	7.1		78.2
Depreciation and amortization expense	(56.9)	(7.4)	(17.1)	(2.0)		(83.4)
Impairment losses						

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
30/06/2017					
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**
Profit (loss)					
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 expenses					(44.6)
Profit (loss) attributable to associates					
Income taxes					(31.4)
PROFIT FOR THE PERIOD					**102.3**
Balance Sheet					
Segment assets*	3,821.6	807.2	1,155.9	(292.8)	5,491.9
Financial assets					996.8
Tax assets					103.5
TOTAL ASSETS					**6,592.2**
Segment liabilities*	(1,183.5)	(247.1)	(379.7)	225.9	(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 expenses	(58.2)	(9.3)	(15.5)		(83.0)
Impairment losses		(1.7)			(1.7)

* *After adjustments to eliminate intra-geographical region intra-Group transactions*

(in € millions)	EMEA	Americas	Asia	WMF	Intra-Group transactions	Total
31/12/2017						
Revenue						
Inter-segment revenue	2,685.0	921.8	1,700.9	1,147.7		6,455.4
External revenue	214.6	1.4	1,143.4		(1,330.2)	29.2
TOTAL REVENUE	**2,899.6**	**923.2**	**2,844.3**	**1,147.7**	**(1,330.2)**	**6,484.6**
Profit (loss)						
Operating Result from Activity	190.9	65.8	331.1	77.6	(4.8)	660.6
Operating profit	137.3	48.9	330.8	67.4	(4.9)	579.5
Finance costs and other financial income and expenses						71.8
Profit (loss) attributable to associates						
Income tax						(99.2)
PROFIT FOR THE PERIOD						**408.6**
Balance Sheet						
Segment assets	1,799.2	822.3	1,212.2	2,168.7	(305.3)	5,697.1
Financial assets						853.6
Tax assets						136.5
TOTAL ASSETS						**6,687.2**
Segment liabilities	(333.3)	(231.7)	(471.5)	(971.0)	258.8	(1,748.7)
Borrowings						(2,705.7)
Tax liabilities						(268.4)
Equity						(1,964.4)
TOTAL EQUITY AND LIABILITIES						**(6,687.2)**
Other information						
Capital expenditure and purchases of intangible assets	93.0	17.1	42.5	39.7		192.3
Depreciation and amortization expense	(78.2)	(17.7)	(31.5)	(41.3)		(168.7)
Impairment losses	(5.6)	(2.9)		(0.7)		(9.2)

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

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
Western Europe	997	1,163	1,962
Other countries	340	345	728
EMEA	**1,337**	**1,508**	**2,690**
North America	204	292	573
South America	134	159	366
AMERICAS	**338**	**451**	**939**
China	825	687	1,240
Other countries	235	295	469
ASIA	**1,060**	**982**	**1,709**
SUB-TOTAL	**2,735**	**2,941**	**5,337**
PROFESSIONAL	**290**		**1,148**
TOTAL	**3,025**	**2,941**	**6,485**

In June 2017, information about the revenue of WMF entities by geographical location of the customer was not available because of the recent acquisition of the sub-group.

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
Cookware	951	986	2,228
Small domestic appliances	1,784	1,663	3,694
Professional coffee machines and hotels	290	292	563
TOTAL	**3,025**	**2,941**	**6,485**

Note 4 Operating expenses

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
Cost of sales	(1,853.1)	(1,786.4)	(3,892.6)
Research and development costs	(61.7)	(62.1)	(128.9)
Advertising	(52.4)	(47.2)	(134.4)
Distribution and administrative expenses	(850.3)	(832.1)	(1,668.1)
OPERATING EXPENSES	**(2,817.5)**	**(2,727.8)**	**(5,824.0)**

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)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
Restructuring costs	(8.7)	(23.1)	(30.6)
Impairment losses			(6.1)
Gains and losses on asset disposals and other	(3.1)	(1.3)	(6.9)
OTHER OPERATING INCOME AND EXPENSES	**(11.8)**	**(24.4)**	**(43.6)**

NOTE 6.1. RESTRUCTURING COSTS

Restructuring costs in the first half of 2018 mainly involved:

- expenses connected with the completion of the industrial restructuring in Brazil of €4.8 million. At 30 June 2017, a total of €12.5 million in costs had been incurred for this transfer;
- expenses relating to the transferring of activity from Saint Jean de Bournay to the Pont-Eveque site of €2.4 million.

At 31 December 2017, the expenses relating to the combining of WMF's consumer activities with those within Groupe SEB's historical scope amounted to €8 million. In addition, the various industrial restructuring measures undertaken in Brazil since 2016 totaled €15 million and the expenses relating to the transferring of the strategic marketing and research activities from Selongey to Ecully totaled €4.7 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 2018 to detect any signs of impairment.

No indications of impairment of these assets were identified.

As from the end of 2016, our activities in India have been suffering the consequences of a wide-reaching tax reform of "GST" VAT and a demonetization law that strongly affected consumer spending in 2017. The Group therefore translated the delay accumulated in 2017 into the business plan used as the basis for impairment testing, prompting it to book a partial goodwill impairment of €5.4 million.

NOTE 6.3. GAINS AND LOSSES ON ASSET DISPOSALS AND OTHER

At 30 June 2018, this consisted mainly of the expenses relating to the integration of WMF within the Group's processes and tools, amounting to around €2 million. At 31 December 2017, WMF integration expenses stood at €4 million.

At 30 June 2017, this item was mainly composed of acquisition costs during the period.

Note 7 Finance costs and other financial income and expenses

(in € millions)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
FINANCE COSTS	**(15.6)**	**(17.2)**	**(34.9)**
Interest cost on long-term employee benefit obligations	(1.9)	(1.6)	(3.5)
Exchange gains and losses and financial instruments	(10.6)	(8.5)	(13.7)
Other	(7.9)	(17.3)	(19.5)
OTHER FINANCIAL INCOME AND EXPENSES	**(20.4)**	**(27.4)**	**(36.7)**

The interest costs on long-term employee benefits 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 manufactoring 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".

The "other" line consists particularly of a €6 million discounting effect on a receivable in Brazil reclassified to long-term loans.

Note 8 Income taxes

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 24.0% and the statutory French tax rate of 34.43%:

(in %)	30/06/2018 6 months	30/06/2017 6 months	31/12/2017 12 months
STATUTORY FRENCH TAX RATE	**34.4**	**34.4**	**34.4**
Effect of difference in tax rates[a]	(11.4)	(12.9)	(18.4)
Unrecognised and relieved tax loss carryforwards[b]	1.6	3.3	5.3
Prior period tax loss carryforwards recognized and utilized during the period	(1.5)	(4.0)	(3.2)
Other[c]	0.9	2.7	1.4
EFFECTIVE TAX RATE	**24.0**	**23.5**	**19.5**

(a) The effect of different tax rates varies depending on France's contribution to consolidated profit.
(b) Unrecognized tax loss carryforwards mainly concerned South American and Asian subsidiaries.
(c) The "Other" item mainly includes taxes on distributed earnings and dividends and provisions for tax audits.

Note 9 Treasury shares

At 30 June 2018, 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 2018, the Group bought back 423,815 shares at a weighted average price of €156.13 per share and sold 455,234 shares on the market at an average price of €89.35.

At 30 June 2018, the Group held 503,287 treasury shares, acquired at an average price of €146.59 per share (557,133 shares at 30 June 2017 and 534,706 shares at 31 December 2017, acquired at an average price of €100.85 and €125.84, respectively).

The number of treasury shares held changed as follows:

(in number of shares)	Transactions First half 2018 6 months	Transactions First half 2017 6 months	Transactions Full year 2017 12 months
SHARES HELD IN TREASURY AT 1 JANUARY	**534,706**	**622,110**	**622,110**
Purchases of shares			
Buyback plan	185,000	45,286	228,914
Liquidity contract	238,815	101,030	313,440
Sales			
Shares sold on the market	(236,512)	(101,853)	(314,817)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(218,722)	(109,440)	(314,941)
Shares canceled during the period			
SHARES HELD IN TREASURY AT PERIOD-END	**503,287**	**557,133**	**534,706**

Note 10 Employee benefits

At 30 June 2018, the Group had not updated the discount rates used to calculate pension liabilities due to the lack of a material change in the rates used to value pension liabilities at 31 December 2017.

Note 11 Other provisions

	30/06/2018		30/06/2017*		31/12/2017	
(in € millions)	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations	269.6	23.3	285.8	18.3	279.6	14.3
Product warranties	7.7	30.9	8.8	35.5	8.3	33.2
Claims and litigation and other contingencies	49.9	29.7	72.1	20.4	60.7	31.0
Restructuring provision	4.4	5.3	8.2	23.4	5.4	11.5
TOTAL	**331.7**	**89.3**	**375.0**	**97.6**	**354.0**	**90.0**

* *After finalization of the WMF purchase price allocation entries (Note 2).*

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)	01/01/2018	Additions	Reversals amounts not used	Utilizations	Other movements*	30/06/2018
Product warranties	41.5	7.1		(7.7)	(2.2)	38.7
Claims and litigation and other contingencies	91.7	4.5	(10.9)	(3.5)	(2.2)	79.6
Restructuring provision	16.9	3.2	(1.8)	(8.6)		9.7
TOTAL	**150.1**	**14.8**	**(12.7)**	**(19.8)**	**(4.4)**	**128.1**

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

(in € millions)	01/01/2017	Additions	Reversals amounts not used	Utilizations	Other movements*	30/06/2017[(a)]
Product warranties	43.4	10.6	(0.2)	(8.8)	(0.7)	44.3
Claims and litigation and other contingencies	104.5	6.4	(1.1)	(13.1)	(4.2)	92.5
Restructuring provision	22.7	18.3	(1.3)	(6.0)	(2.1)	31.6
TOTAL	**170.6**	**35.3**	**(2.6)**	**(27.9)**	**(7.0)**	**168.4**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*
(a) After finalization of the WMF purchase price allocation entries (Note 2)

(in € millions)	01/01/2017	Additions	Reversals amounts not used	Utilizations	Other movements*	31/12/2017
Product warranties	43.4	16.6	(0.9)	(16.4)	(1.2)	41.5
Claims and litigation and other contingencies	104.5	15.0	(2.8)	(19.9)	(5.1)	91.7
Restructuring provision	22.7	18.1	(1.1)	(21.0)	(1.8)	16.9
TOTAL	**170.6**	**49.7**	**(4.8)**	**(57.3)**	**(8.1)**	**149.9**

* *"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)	30/06/2018	30/06/2017	31/12/2017
Severance costs	8.5	30.6	15.9
Site closure costs	1.2	1.0	1.0
TOTAL	**9.7**	**31.6**	**16.9**

Note 12 Net debt

(in € millions)	30/06/2018	30/06/2017	31/12/2017
Bonds	1,148.7	1,146.8	1,146.2
Bank borrowings		0.1	
Finance lease liabilities	3.6	4.4	3.7
Other debt (including private placements)	894.2	902.2	900.2
Non-discretionary profit-sharing	15.9	17.6	17.1
LONG-TERM BORROWINGS	**2,062.4**	**2,071.1**	**2,067.3**
Bonds			
Bank borrowings	86.2	2.1	84.6
Commercial paper	357.0	704.0	447.0
Current portion of long-term borrowings	64.9	186.2	46.6
SHORT-TERM BORROWINGS	**508.1**	**892.3**	**578.2**
TOTAL BORROWINGS	**2,570.5**	**2,963.4**	**2,645.5**
Cash and cash equivalents, net*	(341.4)	(657.1)	(538.7)
Other current financial investments*	(226.5)	(258.4)	(213.1)
Derivative instruments (net)	12.0	16.8	10.8
NET DEBT	**2,014.6**	**2,064.7**	**1,904.6**

* *Of which €353 million in China, versus €340 million at 30 June 2017 and €393 million at 31 December 2017.*

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. It also includes short-term financial investments with no risk of a significant 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

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 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. They were classified before the first application of IFRS 9 in assets available for sale and amounted to €24.3 million at 31 December 2017. In accordance with IFRS 9, these non-current financial assets for which the management model is to collect contractual cash flows and the flows resulting from disposals are recognized at fair value in other items of comprehensive income without subsequent reclassification to profit or loss, even in the event of disposal.

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.

	30/06/2018		Financial instruments by category				
(in € millions)	Carrying amount	Fair value	At fair value through profit or loss (excluding derivatives)	Fair value through other items of comprehensive income	Assets at amortized cost	Borrowings at amortized cost	Derivative instruments
Assets							
Investments in non-consolidated companies	32.8	32.8		32.8			
Other non-current financial assets	23.3	23.3			23.3		
Other non-current assets[(a)]	1.5	1.5			1.5		
Trade receivables	780.8	780.8			780.8		
Other current receivables, excl. prepaid expenses[(a)]	26.3	26.3			26.3		
Derivative instruments	53.7	53.7					53.7
Other financial assets	226.5	226.5	226.5				
Cash and cash equivalents	341.4	341.4	341.4				
TOTAL FINANCIAL ASSETS	**1,486.3**	**1,486.3**	**567.9**	**32.8**	**831.9**		**53.7**
Liabilities							
Long-term borrowings	2,062.4	2,122.5				2,122.5	
Other non-current liabilities[(a)]	1.9	1.9				1.9	
Trade payables	777.1	777.1				777.1	
Other current liabilities[(a)]	62.8	62.8				62.8	
Derivative instruments	38.8	38.8					38.8
Short-term borrowings	508.1	508.1				508.1	
TOTAL FINANCIAL LIABILITIES	**3,451.1**	**3,511.2**				**3,472.4**	**38.8**

(a) Excluding accrued taxes and employee benefit expenses.

(in € millions)	30/06/2017		Financial instruments by category				
	Carrying amount	Fair value	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[b]	15.5	15.5			15.5		
Other non-current assets[a]	4.6	4.6			4.6		
Trade receivables	759.5	759.5			759.5		
Other current receivables, excl. prepaid expenses[a]	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[a]	2.9	2.9				2.9	
Trade payables	748.2	748.2				748.2	
Other current liabilities[a]	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**

(a) *Excluding accrued taxes and employee benefit expenses.*

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)	30/06/2018			
	Total	Level 1	Level 2	Level 3
Assets				
Investments in non-consolidated companies	32.8		32.8	
Derivative instruments	53.7		53.7	
Other financial assets	226.5	226.5		
Cash and cash equivalents	341.4	341.4		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**654.4**	**567.9**	**86.5**	
Liabilities				
Derivative instruments	38.8		38.8	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**38.8**		**38.8**	

The portfolio of derivative instruments used by the Group to manage risk mainly includes forward purchases and sales of foreign currencies, option strategies, 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.

Note 14 Significant events and litigation

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 2018, and no provision was recognized at 30 June 2018 in view of the uncertain outcome of the proceedings.

Fire on the premises of a logistics service provider in China

On 28 June 2018, a fire broke out on the premises of a logistics service provider in Hangzhou, destroying an inventory of finished products of an approximate value of €12 million. With this type of event, it always takes time for the insurance company and their appraiser to be able to access the site and make their assessments. In light of the facts as they stand, the risk of compensation not being paid has been considered to be non-material and compensation equal to the losses suffered has been recognized.

There were no significant events or significant litigation in the first half of 2018 that impacted the Group's financial position.

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 2017 Registration Document.

Note 16 Subsequent events

At the date these financial statements were approved by the Board of Directors, 24 July 2018, no material event had occurred.

STATUTORY AUDITORS' REPORT ON THE HALF-YEARLY FINANCIAL INFORMATION

For the period from 1 January 2018 to 30 June 2018

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 2018 to 30 June 2018;
- 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.

We draw attention to the following matter described in Note 1 "Summary of significant accounting policies" to the consolidated financial statements relating to the change in accounting standards for the new texts which enter mandatory effect as of 1 January 2018. Our opinion is not modified in respect of this matter.

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 25 July 2018

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, 30 July 2018

Chairman and CEO

Thierry de La Tour d'Artaise

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