



# 2019 FULL-YEAR RESULTS

Paris | February 27, 2020

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# 2019 FULL-YEAR RESULTS

## NOTE

This presentation may contain certain forward-looking statements regarding Groupe SEB's activity, results and financial situation. These forecasts are based on assumptions which seem reasonable at this stage, but which depend on external factors including trends in commodity prices, exchange rates, the economic environment, demand in the Group's large markets and the impact of new product launches by competitors.

As a result of these uncertainties, Groupe SEB cannot be held liable for potential variance on its current forecasts, which result from unexpected events or unforeseeable developments.

The factors which could considerably influence Groupe SEB's economic and financial result are presented in the Annual Financial Report and Registration Document filed with the *Autorité des Marchés Financiers*, the French Financial Markets Authority. The balance sheet and income statement included in this press release are excerpted from financial statements consolidated as of December 31, 2019 examined by SEB SA's Statutory Auditors and approved by the Group's Board of Directors, dated February 25, 2020.

- 1. Another great year**
- 2. Good performance**
- 3. A long-term strategy**
- 4. Outlook**
- 5. Appendixes**



CAMPUS SEB



WELCOME



# CONTENTS

01

ANOTHER GOOD  
YEAR

## General environment

- Overall still complicated and volatile environment  
→ Geopolitical, trade and social tensions
- Buoyant and resilient industry
- More favorable raw material and currency environment
- Ongoing changing retail industry  
→ Competitive and promotion-driven climate

# Another year of dynamic growth



**Professional**

**€799m**

**+25.9%**   **+12.1%** LFL

**Sales**  
**€7,354m**  
**+8.0%**   **+5.8%** LFL



**Consumer**

**€6,555m**

**+6.1%**   **+5.2%** LFL

## ...and good performance

### 2019 financial key figures

**Sales**  
**€7,354m**

+8.0%      +5.8% LFL

**ORfA**

**€740m**

+6.5%    +4.7% LFL

**Net debt**

**€1,997m**

o/w IFRS 16 debt: €334m

**Net profit**

**€380m**

-9.4%

**Dividend proposed at the 2020 AGM**

*in respect of FY 2019*

**€2.26, +5.6%** *vs. 2018 dividend*

# Continued development in Professional business



**Annual sales: ~€80m**



**Annual sales: ~€20m**





# SEB Alliance, a catalyst to our innovation strategy

**SEB** **ALLIANCE**

**Since 2011**

**15** *direct minority investments*

- **2** *majority investments*

**6** *partner funds*



A global active assessment tool in disruptive technologies...

...bolstered by cooperation with funds, leaders in their fields

- ➔ International and sector-wide coverage
- ➔ Tracking key trends

Investment capabilities in targeted and promising segments

**In 2019**

**> 2 000** *accessible projects*

**Beauty**

FEELIGREEN  
DERMO-INNOVATION



**Home farming**

CLICK & GROW™



**Robotics**

robart®



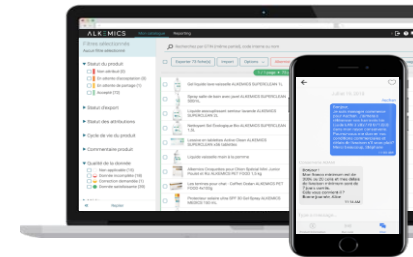
**New categories**

another  
brain



**Digital transformation/AI**

ALKEMICS



02

**GOOD  
PERFORMANCE**

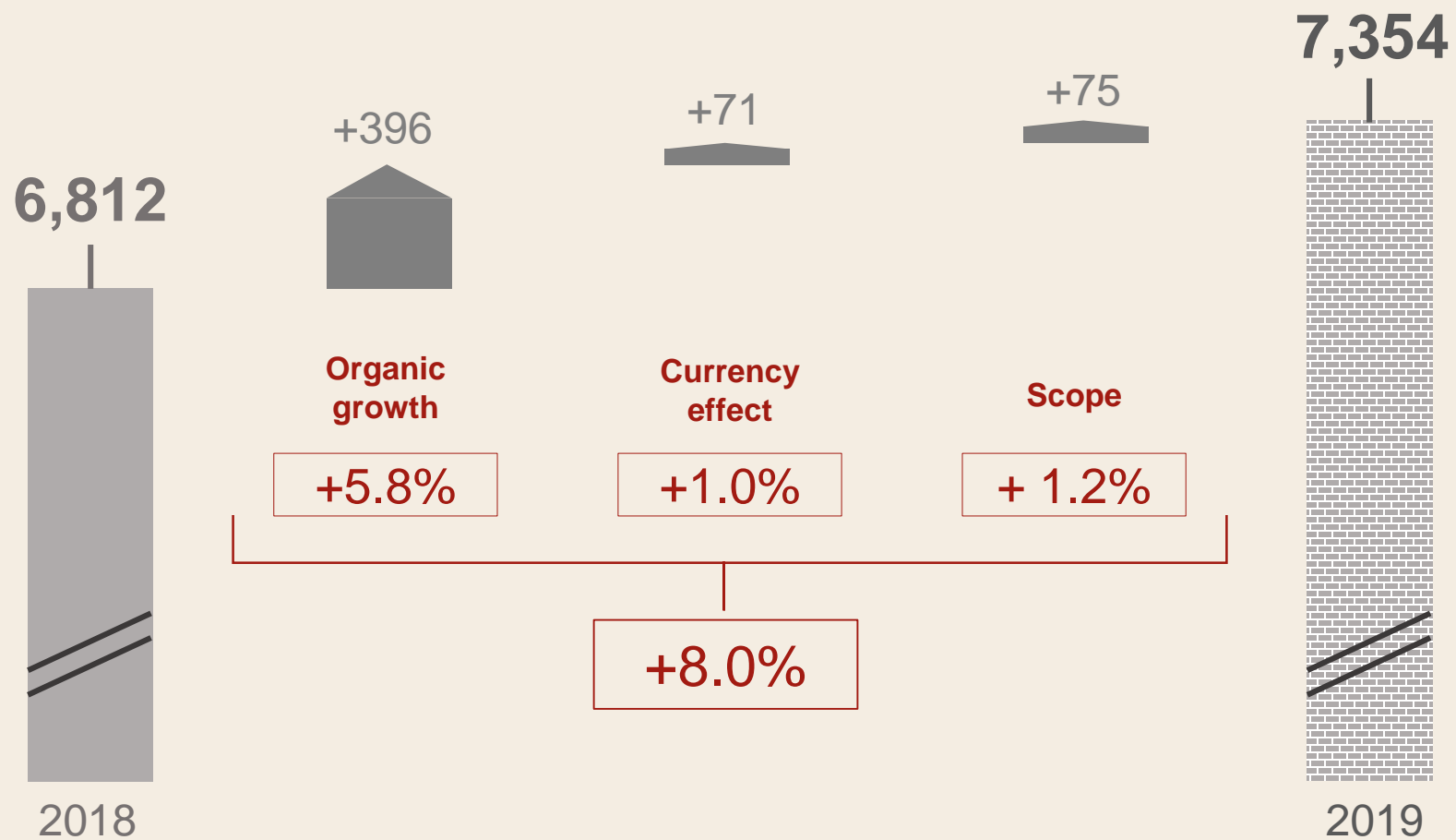
**1** Sales

**2** Results

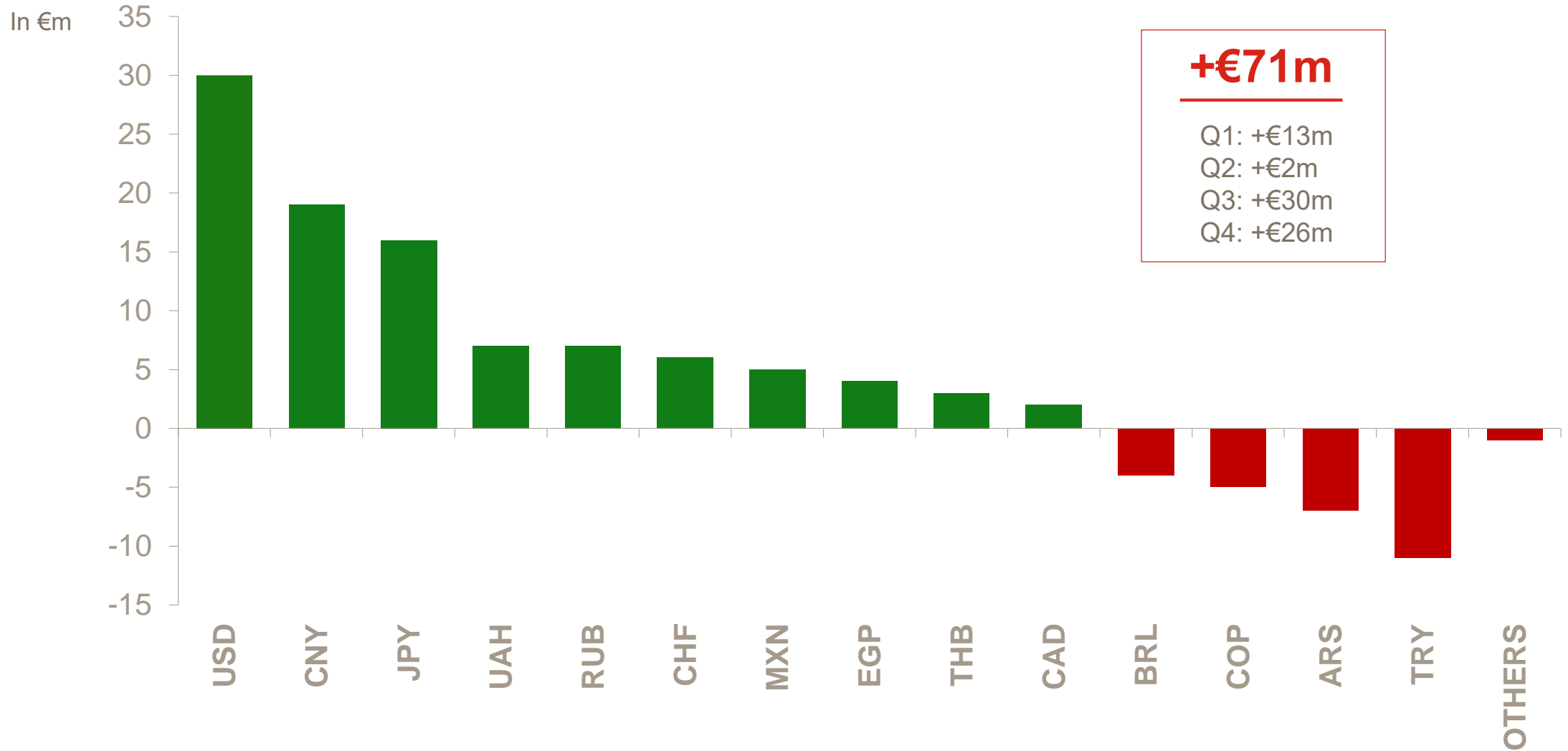


# Development in sales 2018 → 2019

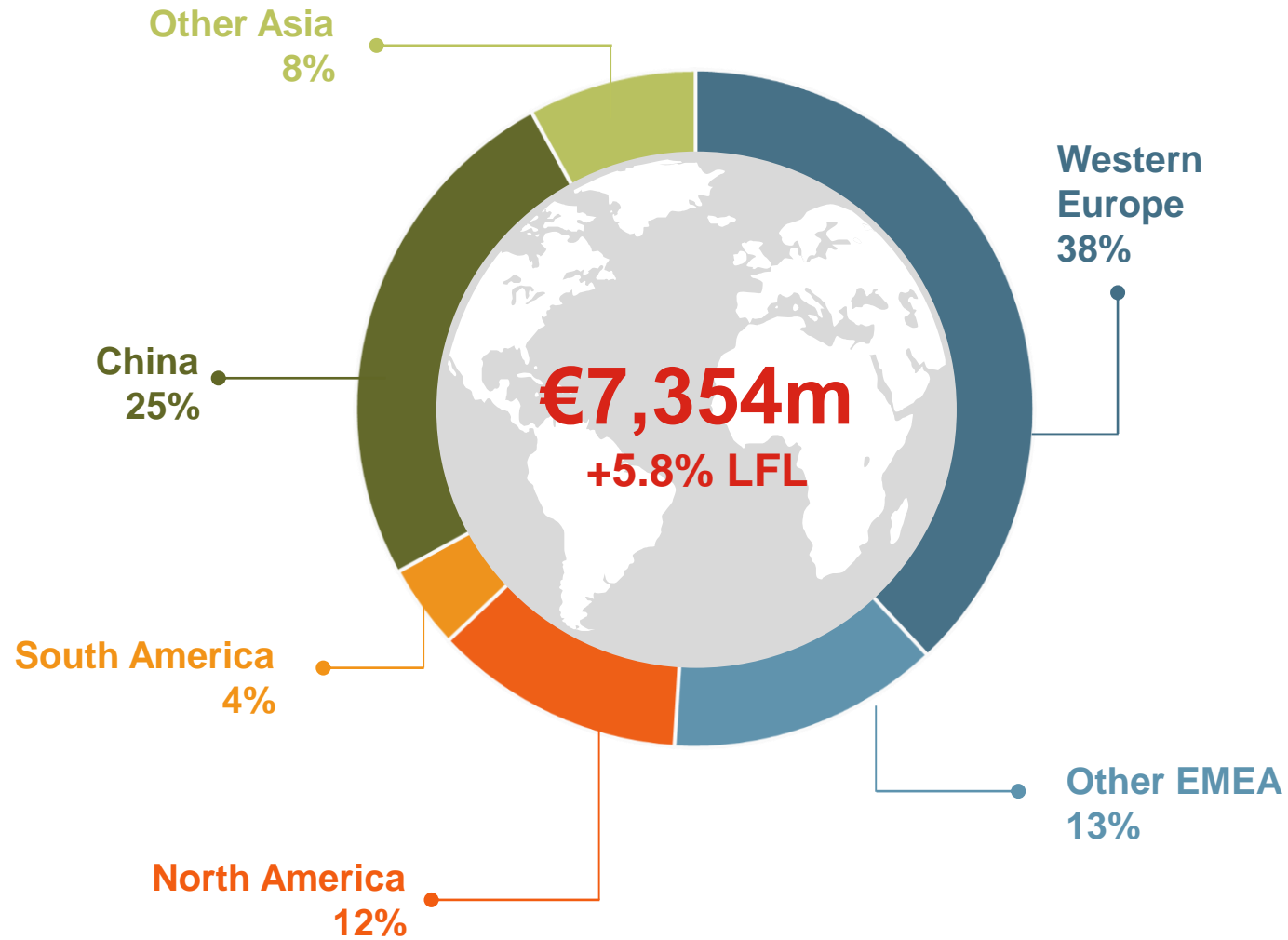
In €m



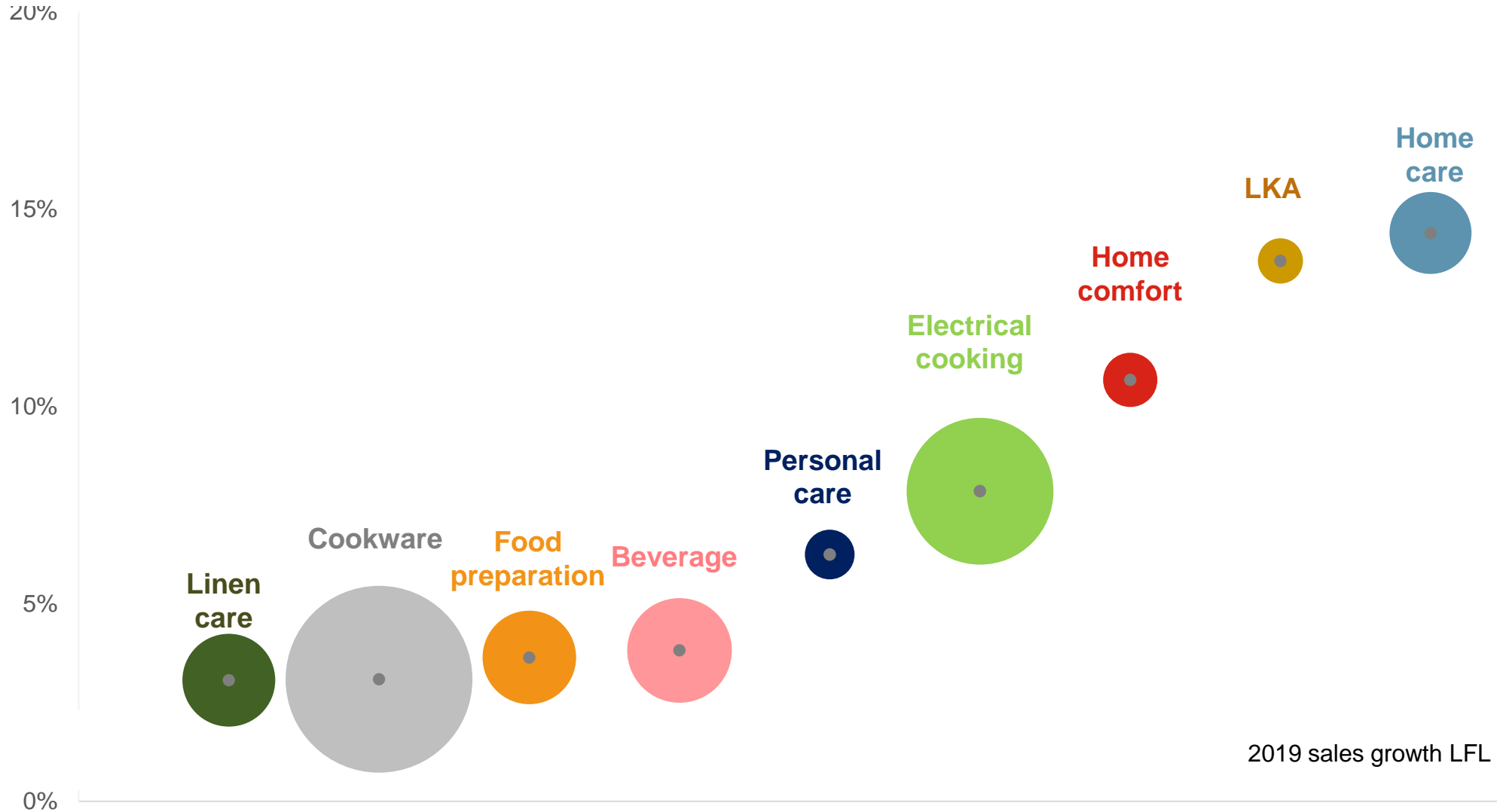
# Currency impact on 2019 sales



# Breakdown of 2019 sales by region



# Growth in all product lines



2019 sales growth LFL

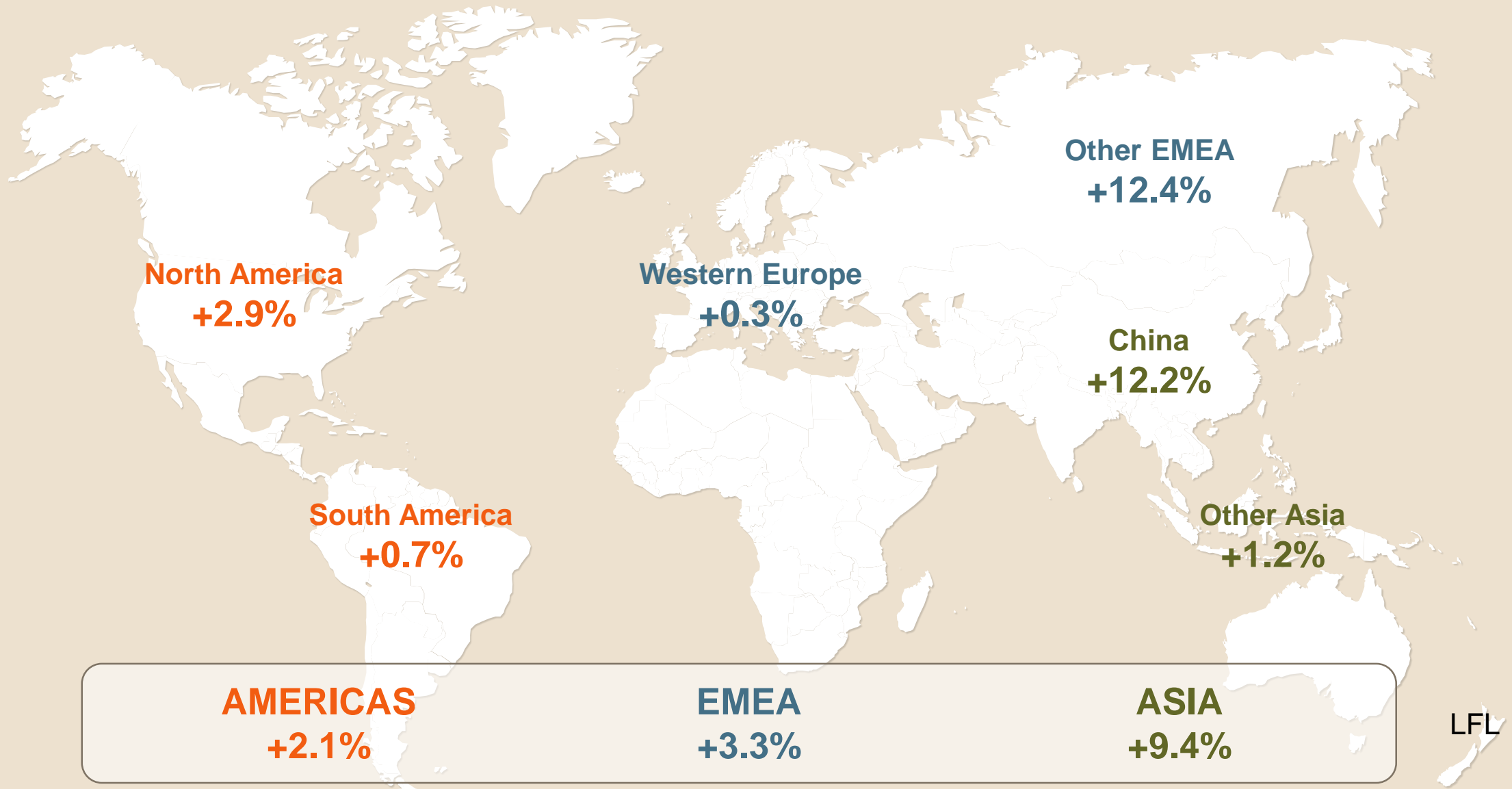
\*LKA = Large Kitchen Appliances

# Consumer





# Growth in all regions



# Top 20 countries



Consumer sales LFL

\*Excl. tax receivable (PIS COFINS) impact

## Western Europe

Sales  
**€2,442m**

Organic growth  
**+0.3%**

### FRANCE

- Stable annual sales
- Performing well in cookware, more difficult in SDA
- Year-end impacted by strikes and order cancellations/postponements

### GERMANY

- Bringing Groupe SEB Deutschland's sales practices into compliance

### OTHER COUNTRIES



**Italy, Belgium and Spain**

**Netherlands, United Kingdom**



## Other EMEA countries

Sales  
**€897m**

Organic growth  
**+12.4%**

### Robust growth on buoyant markets

#### 3 strong drivers in the region

- Product dynamics
- Offline and online marketing activation
- Group Retail roll-out

#### **RUSSIA and CENTRAL EUROPE**

- Strengthened leadership

#### **TURKEY and MIDDLE EAST**

- Recovery



## North America



Sales  
**€589m**

Organic growth  
**+2.9%**

### USA

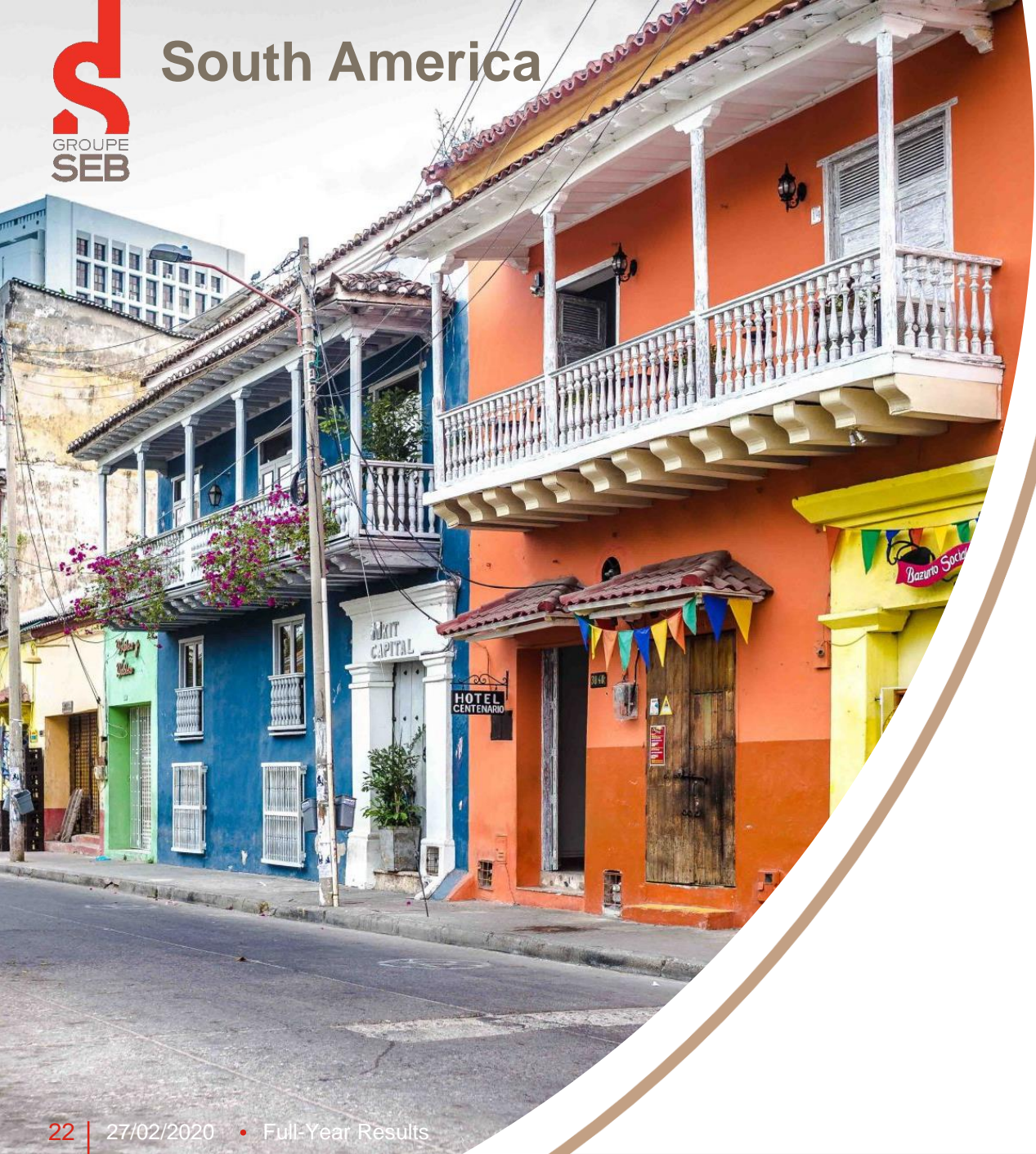
- Continued difficulties in traditional retail
- Market share gains in Cookware and Linen care
- ➔ T-Fal and Rowenta are market leaders

### CANADA

- Challenging market environment
- Specific deals driving growth

### MEXICO

- Brisk growth in annual sales
- Record Q4 performance



Sales  
**€326m**

Organic growth  
**+0.7%**

## BRAZIL

- Sales 2019 +10% LFL excl. PIS-COFINS\*
- Good performance in fans and Dolce Gusto
- Expansion of new categories: oil-less fryers, grills...

## COLOMBIA

- Growth propelled by fans and cookware, oil-less fryers roll-out
- Remarkable improvement in industrial competitiveness
- Group Retail performed well

\*Recognition of tax receivables (€32m in 2018, €8m in 2019)

## China

Sales  
**€1,762m**

Organic growth  
**+12.2%**

**Sustained growth in Supor's core business against high comps, fueled by e-commerce**

### **COOKWARE**

- Flagship products: woks, pots and isothermal mugs

### **SMALL DOMESTIC APPLIANCES**

- Growth nurtured by electrical cooking and new categories (garment steamers, vacuum cleaners, etc)

### **LARGE KITCHEN APPLIANCES**

- Growth engines: extractor hoods, water purifiers

**NEW MARKET SHARE GAINS BY SUPOR**



## Other Asian countries

Sales  
**€539m**

Organic growth  
**+1.2%**

### JAPAN

- Flagship product dynamics (cookware and electric kettles) driving continued firm growth
- Encouraging development in new categories
- Confirmed success of Group Retail

### SOUTH KOREA

- Declining market, annual sales down LFL

### OTHER COUNTRIES

- Restored growth in **Australia**
- Buoyant momentum in **Thailand and Malaysia**
- Sales decrease in **Vietnam**





# Professional



# Professional

Sales  
**€799m**

Organic growth  
**+12.1%**

## PROFESSIONAL COFFEE

- Confirmed fast development
- Sustained core business and major contracts
- Acquisition and integration of Wilbur Curtis into SEB Professional



1 Sales

2 Results

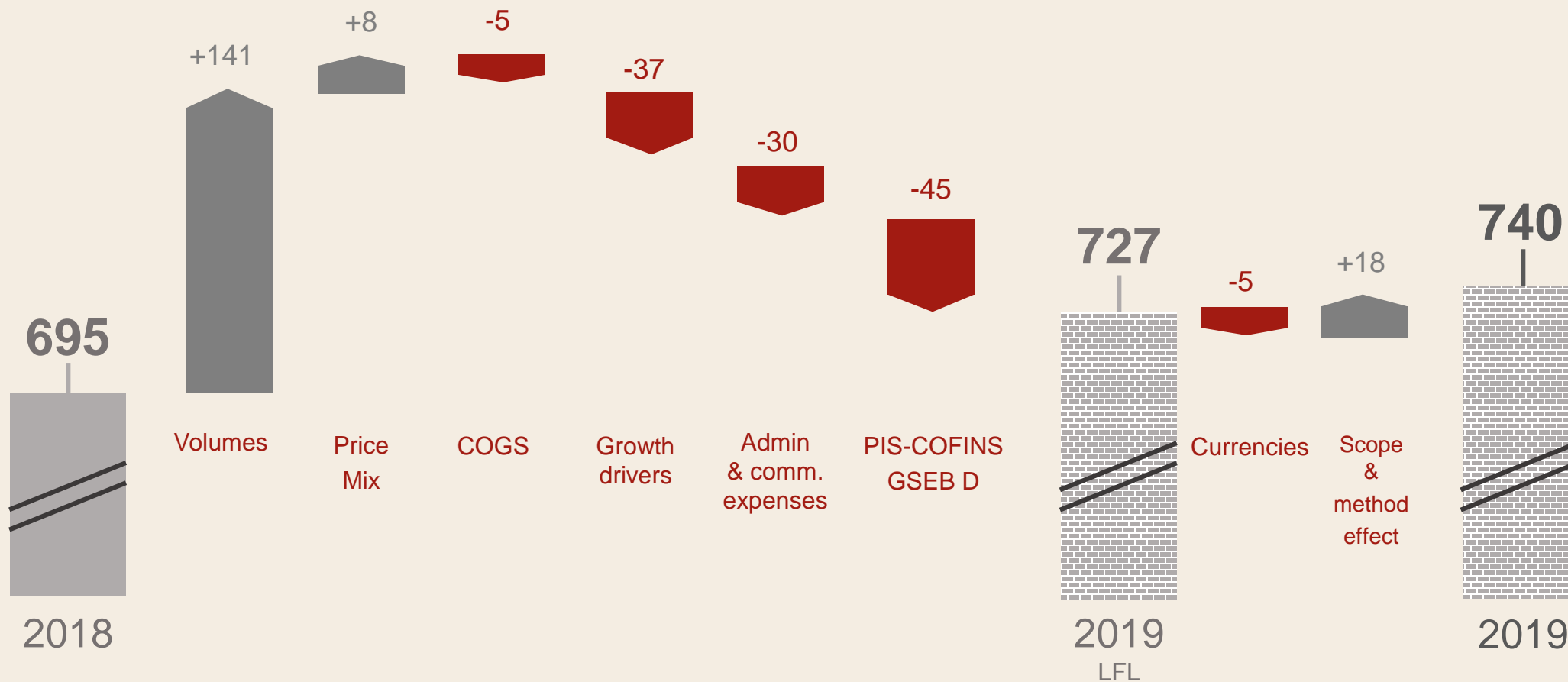


## Operating Result from Activity (ORfA)

In €m	2018	2019	Δ	Δ LFL
Sales	6,812	7,354	+8.0%	+5.8%
<b>ORfA</b>	<b>695</b>	<b>740</b>	<b>+6.5%</b>	<b>+4.7%</b>
<i>Op. margin</i>	10.2%	10.1%	-0.1%	-0.1%

# ORfA bridge

In €m



## Growth drivers

In €m	2018	2019	Δ LFL %
Innovation	247	267	+7.7%
Advertising and marketing	431	461	+5.9%
<b>Total growth drivers</b>	<b>678</b>	<b>728</b>	<b>+6.5%</b>

Innovation: gross amount, before French research tax credit and capitalized costs

# Operating profit

In €m	2018	2019	Δ %
Operating Result from Activity (ORfA)	695	740	+6.5%
Discretionary and non-discretionary profit-sharing*	(34)	(37)	
Other operating income and expense	(36)	(82)	
<b>Operating profit</b>	<b>625</b>	<b>621</b>	<b>-0.8%</b>

\* \*Including 2019 employee share ownership plan expenses for €2m

# Net profit

In €m	2018	2019	Δ %
Operating profit	625	621	-0.8%
Net financial expense	(32)	(61)	
Tax	(131)	(131)	
Non-controlling interests	(43)	(49)	
<b>Net profit</b>	<b>419</b>	<b>380</b>	<b>-9.4%</b>



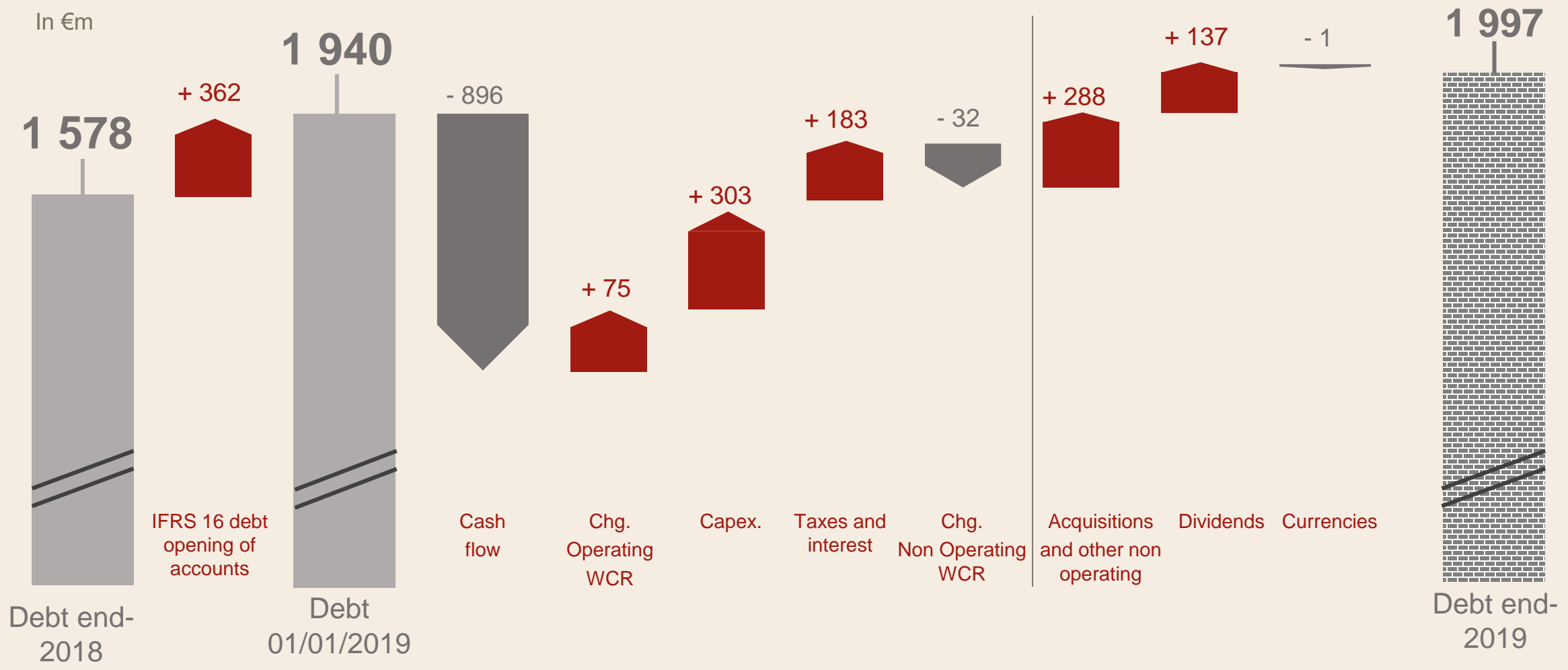
# Simplified balance sheet

In €m	31/12/2018	31/12/2019
Tangible fixed assets	3,578	4,263
Operating WCR	1,120	1,215
<b>Total assets to be financed</b>	<b>4,698</b>	<b>5,478</b>
Equity	2,307	2,628
Provisions	383	423
Other current assets and liabilities	430	430
Net debt	1,578	1,997*
<b>Total financing</b>	<b>4,698</b>	<b>5,478</b>

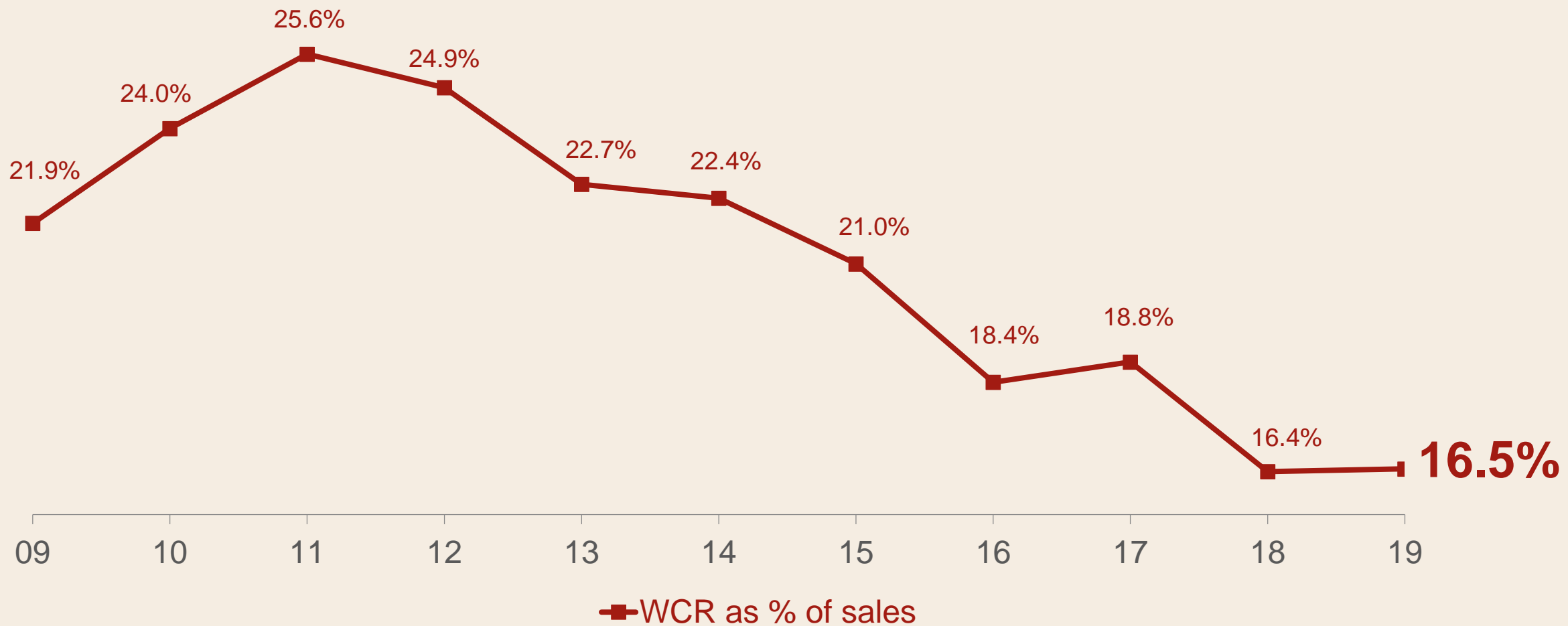
\*o/w €334m IFRS16 impact

# Change in net debt

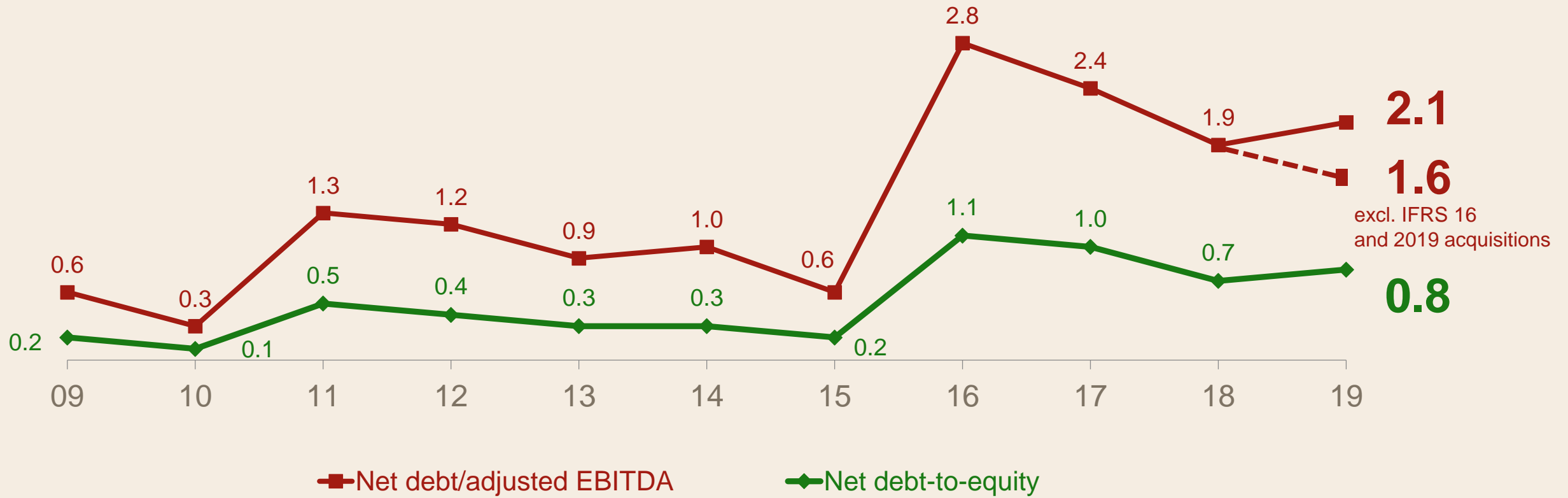
Free cash flow: €367m



# Working Capital requirement evolution over 10 years



# Financial ratios



Ratios at 31/12



03

## A LONG-TERM STRATEGY

# Relevance of our balanced model

**MULTI**

1

**GEOGRAPHIES**

2

**CATEGORIES**

3

**BRANDS**

4

**CHANNELS**

# A global and balanced presence...

1

## Unrivalled global footprint, strong local positions

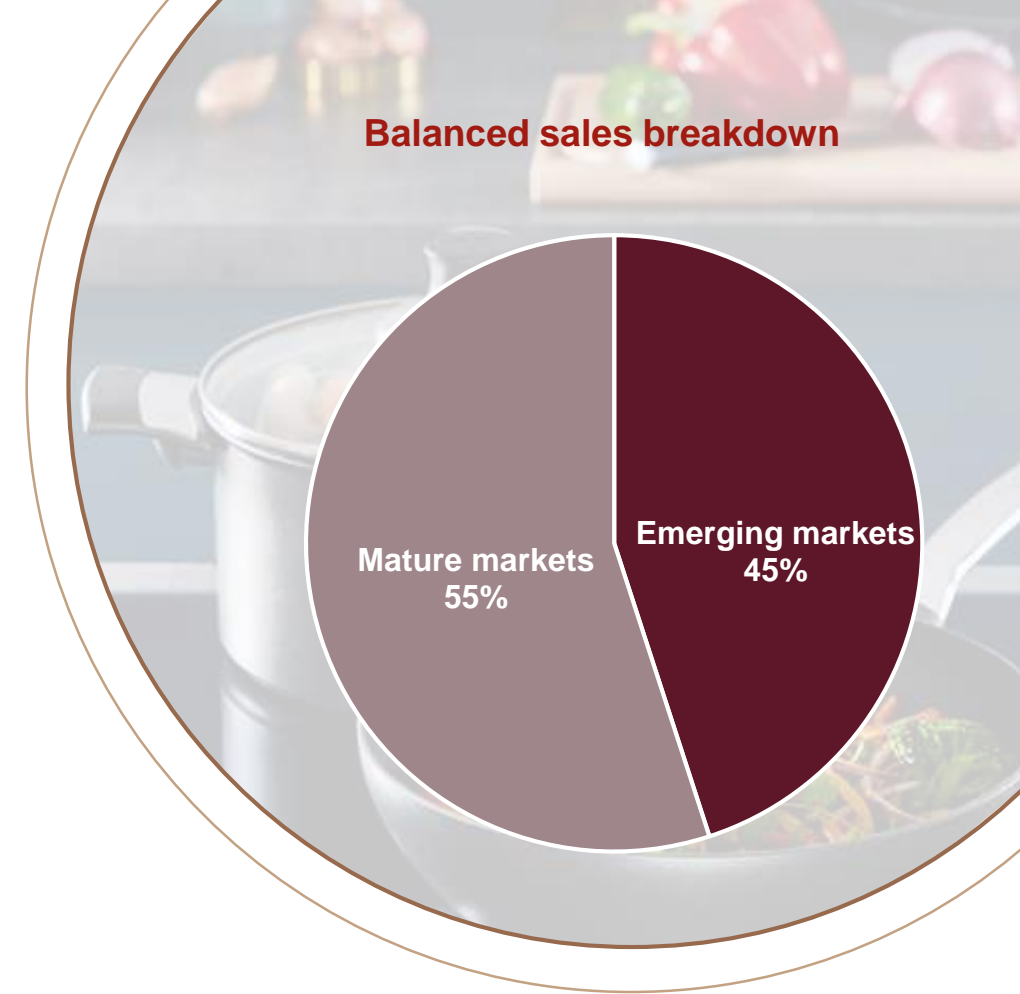
- ¾ of sales in countries where we are #1 or #2
- Continued product offering expansion in markets

## Acquisitions as an additional catalyst

## Long-term growth enablers

- Heterogeneous equipment rates
- Development of mature markets → Renewal, upselling
- Emerging countries' strong potential :
  - Middle class development
  - +14% organic sales CAGR since 2016

## Balanced sales breakdown



# ...and accelerating growth across new economies

1

## Increased critical mass across countries

- 20<sup>th</sup> country in 2019: **Sales ~ €60m** vs. ~ €35m in 2016

## Pool of fast-growing countries

- **EMEA:** Slovakia, Ukraine, Kazakhstan, Egypt...
- **Asia:** Thailand, Malaysia
- **Americas:** Mexico, Colombia, ...





# A presence on numerous product categories...

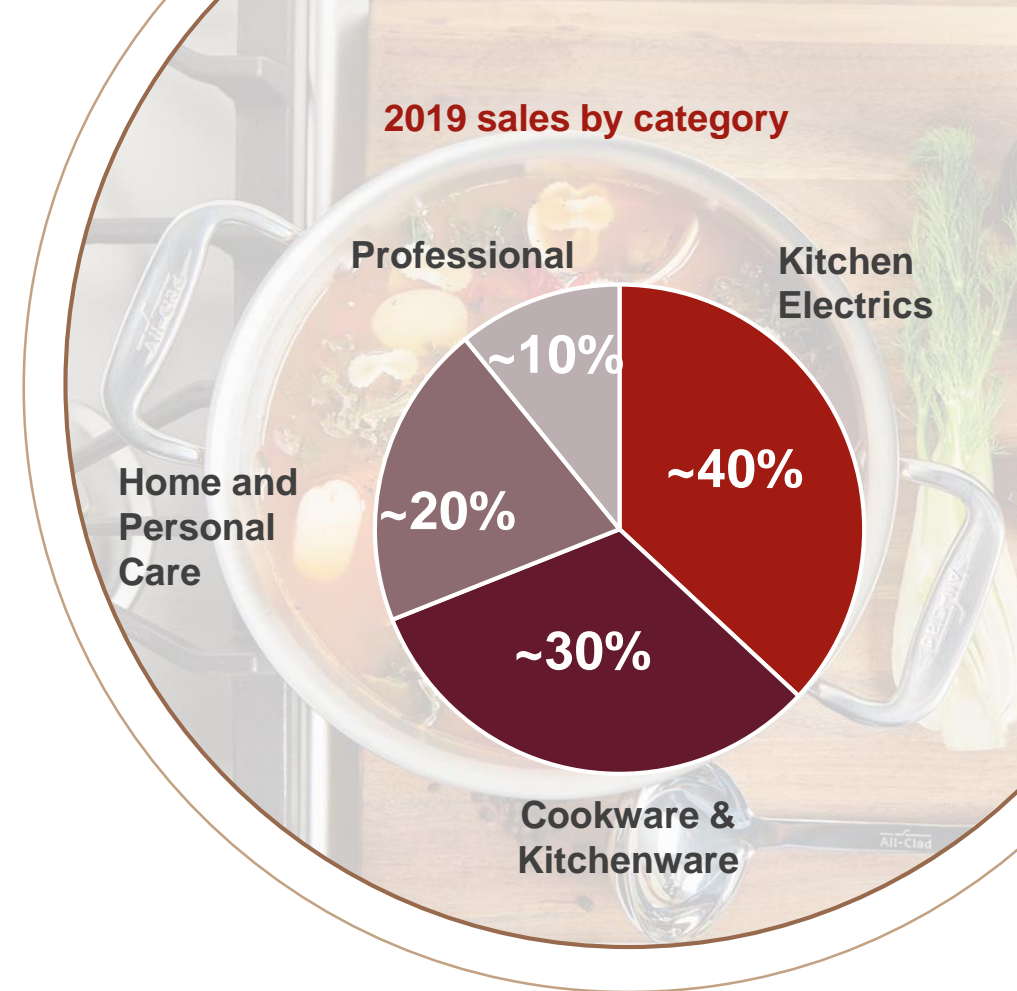
2

Global leader in Cookware, Kitchen Electrics and Linen care

Growing steadily in all Consumer categories

Global leader in Professional Coffee (automatic espresso machines): growth and expanding global reach

- Sales CAGR +16% LFL in 3 years
- Key milestones in the US and China
- Acquisitions: Wilbur Curtis and Krampouz



...and a capacity to reinvent ourselves constantly

2

**Creating new product opportunities by leveraging:**

- Technological developments and consumer trends
- Our innovation capabilities
- Targeted external growth acquisitions

**Constantly speeding-up road-to-market and the Consumer journey**

**Driving the circular economy**



Sales 2016 - 2019

## A unique brand portfolio...

3

### Strong, diversified and complementary brands

- Consumer, global and regional
- Premium
- Professional

Organized on platforms → Coordination, dissemination, consistency

Responsible and inspiring brands



## ...and strong local roots

3

### Emblematic local brands appealing to consumers in their day-to-day lives for 3 generations

- Heritage and credibility

### Supported by local brand ambassadors

- Chefs, influencers, communities of consumers, etc.

### Stakeholders in society:

- Imusa: “Tinteros Day” in Colombia
- Supor: Financing the construction of schools in China
- France: Moulinex “Malin” initiative



## A multi-channel approach...

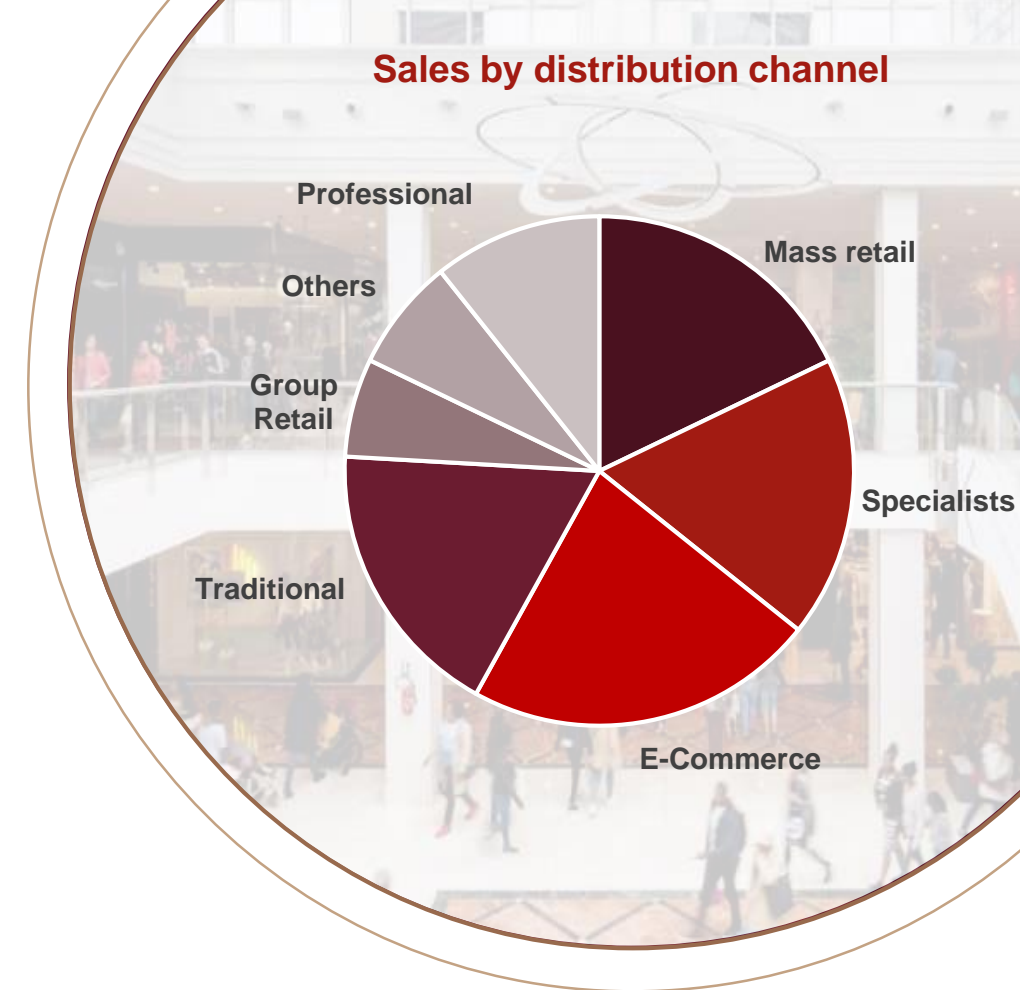
4

### Network synergies

- Accessing all consumers
- Adapting to local characteristics

### Long-term partnerships with retailers

- Execution, category management, merchandising
- Specific sales offers, LPs



...and an increased proximity  
with end-consumers

4

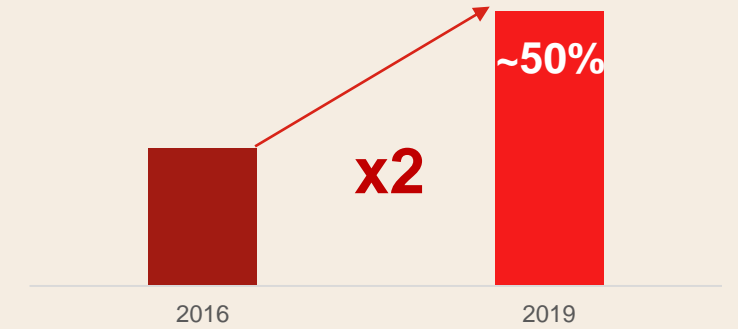
### Targeted digital approaches

- E-Commerce
- Digital investments
- Direct relationship with Consumers (CRM)
- Communities & apps

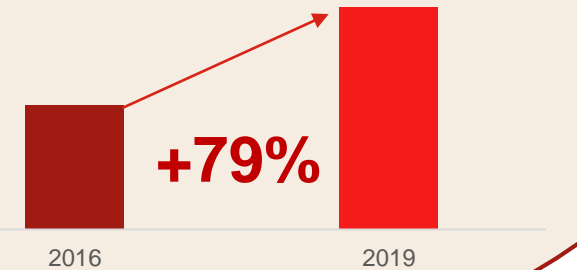
### Direct approaches

- Group Retail = 1,345 stores o/w 730 Supor Lifestores in China  
→ +135 vs. 2016
- “Online DTC” development

Digital share in media investment



Traffic on Group websites



# A consumer in constant transformation...

## Simplification



Ease of use,  
versatility and  
time saved

## Health & Wellness



Healthy eating  
and emphasizing  
home-made trend

## New uses



Personalized and  
multicultural  
experience

## Commitment



A quest for meaning,  
naturalness, and  
circular economy

## Digitization



E-commerce,  
connections and  
communities

... source of new opportunities for the Group



04

OUTLOOK



# Covid-19 : current status

## Top priority given to employees' health protection

### INDUSTRY

- 6 out of our 7 plants restarted production
  - ➔ Increasing to reach full production capacity by the end of March
  - ➔ Wuhan: lock-down lifted mid-March at best and transfer of most urgent productions to other Supor sites or to subcontractors
- To date, no impact on our 35 other manufacturing sites in the world (components and activity)
- To date, no shortage of sourced products (inventories accumulated before Chinese New Year)

### COMMERCIAL ACTIVITY

- China as the most impacted country
- Loss in revenue estimated at around €250m in Q1

## Groupe SEB: 2020 context

Uncertain over environment and Covid-19 related issues

Higher FX volatility expected compared to 2019

More favorable raw material context at this stage

### → Lower performances expected in Q1

- Covid-19 impacts as from February
- No major impact on our supply chain at this stage
- 2019 base effects: Chinese New Year sell-in and Professional Coffee

### → Group's ability to manage crisis periods

- Flexibility of our manufacturing base
- Long-term vision



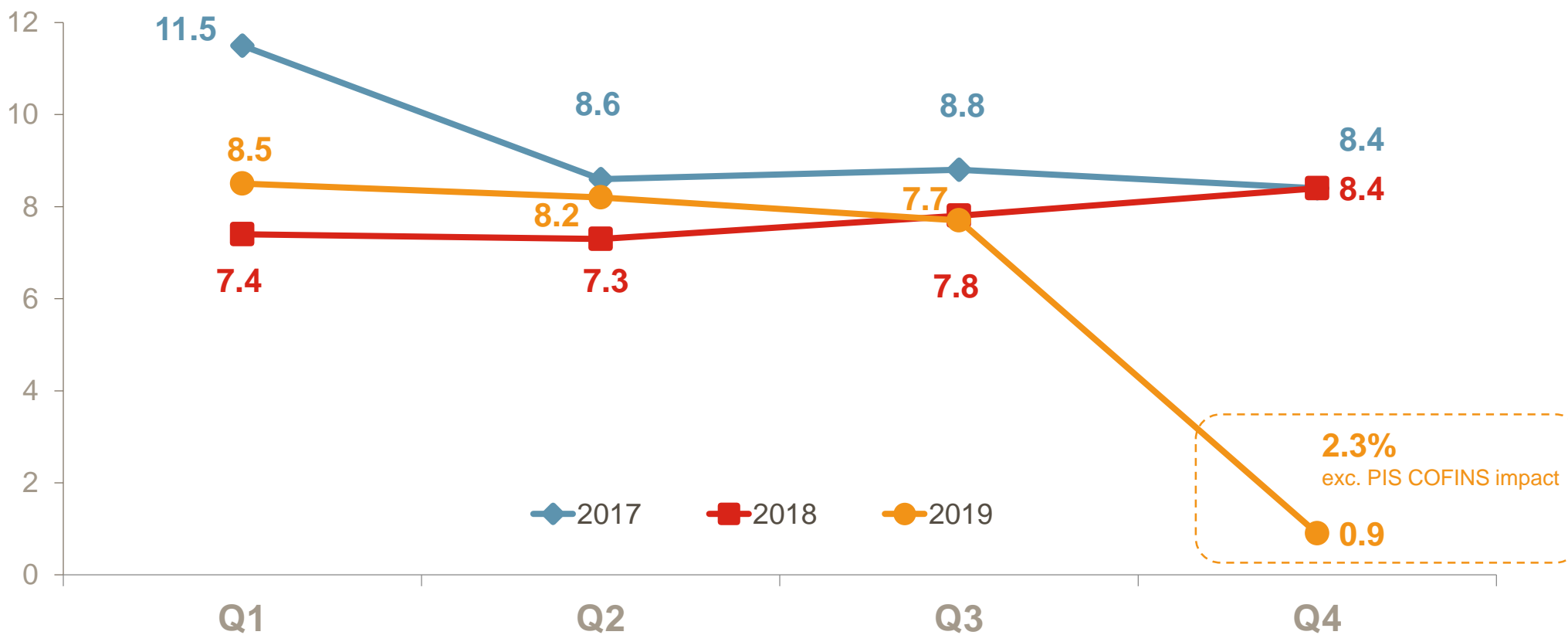
05

APPENDIX

# Organic sales growth per quarter

In %

2017	2018	2019
+9.2%	+7.8%	+5.8%



# IFRS 16 implementation - Impacts in 2019

1,300 contracts

Stores  
Home & COOK

Offices

Warehouses

Vehicles

**GROUPE SEB**  
*Impacts on:*

Net debt	↑
<b>+€334m</b> as of December 31, 2019	
Adjusted EBITDA	↑
<b>+€96m</b>	
ORfA	↑
<b>+€9m</b>	
Net Income	↓
<b>-€6m</b>	

→ **No cash impact**

## 2019 sales by region

In €m, unaudited figures

		2018	2019	As reported	2019 LFL	Q4 2019 LFL
EMEA	<b>EMEA</b>	<b>3,223</b>	<b>3,339</b>	<b>+3.6%</b>	<b>+3.3%</b>	<b>-1.1%</b>
	Western Europe	2,430	2,442	+0.5%	+0.3%	-4.8%
	Other countries	793	897	+13.1%	+12.4%	+10.7%
AMERICAS	<b>AMERICAS</b>	<b>887</b>	<b>915</b>	<b>+3.2%</b>	<b>+2.1%</b>	<b>-9.8%</b>
	North America	547	589	+7.8%	+2.9%	-3.8%
	South America	340 <sup>(1)</sup>	326 <sup>(2)</sup>	-4.3%	+0.7%	-19.0%
ASIA	<b>ASIA</b>	<b>2,067</b>	<b>2,301</b>	<b>+11.3%</b>	<b>+9.4%</b>	<b>+9.9%</b>
	China	1,554	1,762	+13.3%	+12.2%	+15.4%
	Other countries	513	539	+5.1%	+1.2%	-2.6%
<b>TOTAL Consumer</b>		<b>6,177</b>	<b>6,555</b>	<b>+6.1%</b>	<b>+5.2%</b>	<b>+0.4%</b>
Professional		635	799	+25.9%	+12.1%	+6.3%
<b>Groupe SEB</b>		<b>6,812</b>	<b>7,354</b>	<b>+8.0%</b>	<b>+5.8%</b>	<b>+0.9%</b>

(1) including €32m in recognition of tax receivables in Brazil

(2) Including €8m in recognition of tax receivables in Brazil

% based on non-rounded figures

# 2019 Quarterly Sales

In €m

	Q1	Q2	H1	Q3	9-month	Q4	2019
<b>EMEA</b>	<b>711</b>	<b>690</b>	<b>1,401</b>	<b>779</b>	<b>2,180</b>	<b>1,159</b>	<b>3,339</b>
Western Europe	519	515	1,033	553	1,586	856	2,442
Other countries	192	175	368	226	594	303	897
<b>AMERICAS</b>	<b>169</b>	<b>194</b>	<b>362</b>	<b>268</b>	<b>630</b>	<b>285</b>	<b>915</b>
North America	103	121	224	176	400	190	589
South America	66	73	138	92	230	95	326 <sup>(1)</sup>
<b>ASIA</b>	<b>659</b>	<b>523</b>	<b>1,182</b>	<b>533</b>	<b>1,715</b>	<b>586</b>	<b>2,301</b>
China	541	396	938	401	1,339	423	1,762
Other countries	118	127	244	132	376	163	539
<b>TOTAL Consumer</b>	<b>1,539</b>	<b>1,407</b>	<b>2,946</b>	<b>1,579</b>	<b>4,525</b>	<b>2,030</b>	<b>6,555</b>
<b>Professional</b>	<b>183</b>	<b>208</b>	<b>391</b>	<b>198</b>	<b>589</b>	<b>210</b>	<b>799</b>
<b>Groupe SEB</b>	<b>1,722</b>	<b>1,615</b>	<b>3,337</b>	<b>1,777</b>	<b>5,114</b>	<b>2,240</b>	<b>7,354</b>

(1) Including €8m in recognition of tax receivables in Brazil

# Glossary

## On a like-for-like basis (LFL) – Organic

The amounts and growth rates at constant exchange rates and consolidation scope in a given year compared with the previous year are calculated:

- using the average exchange rates of the previous year for the period in consideration (year, half-year, quarter);
- on the basis of the scope of consolidation of the previous year.

This calculation is made primarily for sales and Operating Result from Activity.

## Operating Result from Activity (ORfA)

Operating Result from Activity (ORfA) is Groupe SEB's main performance indicator. It corresponds to sales minus operating costs, i.e. the cost of sales, innovation expenditure (R&D, strategic marketing and design), advertising, operational marketing as well as commercial and administrative costs. ORfA does not include discretionary and nondiscretionary profit-sharing or other non-recurring operating income and expense.

## Adjusted EBITDA

Adjusted EBITDA is equal to Operating Result from Activity minus discretionary and non-discretionary profit-sharing, to which are added operating depreciation and amortization.

## Free cash flow

Free cash flow corresponds to the “net cash from operating activities” item in the consolidated cash flow statement, adjusted from non-recurring transactions with an impact on the Group's net debt (for example, cash outflows related to restructuring) and after taking account of recurring investments (CAPEX).

## Net debt

This term refers to all recurring and non-recurring financial debt minus cash and cash equivalents, as well as derivative instruments linked to Group financing. It also includes financial debt from application of the IFRS 16 standard “Leases” in addition to short-term investments with no risk of a substantial change in value but with maturities of over three months.

## Loyalty program (LP)

These programs, led by distribution retailers, consist in offering promotional offers on a product category to loyal consumers who have made a series of purchases within a short period of time. These promotional programs allow distributors to boost footfall in their stores and our consumers to access our products at preferential prices.



## Investor/Analyst relations

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# CONTACTS

## 2020 key dates

<b>April 28</b>   after market closes	Q1 2020 sales and financial data
<b>May 19</b>   3:00 p.m.	Annual general meeting
<b>July 23</b>   before market opens	H1 2020 sales and results
<b>October 26</b>   after market closes	Nine-month 2020 sales and financial data



AGENDA