# HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE

# 2020

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**€2,914 million**

H1 2020 SALES

**-12.6%**

CHANGE IN ORGANIC SALES

**€3 million**

H1 2020 NET PROFIT

**34,000**

EMPLOYEES WORLDWIDE

## The world leader in Small Domestic Equipment,

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

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

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

On top of the Consumer business, Groupe SEB has recently moved into the professional segment, and in particular the professional coffee market.

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.


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# An extensive and diversified offering

## KITCHEN ELECTRICS

Electrical cooking: deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, grills, toasters, multicookers…

Beverage preparation: coffee makers (filter and pod), espresso machines, electrical kettles, home beer-taps, soy milk makers…

Food preparation: blenders, cooking food processors, kitchen machines, mixers, beaters…

## HOME AND PERSONAL CARE

Linen care: irons and steam generators, garment steamers...

Home care: canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners, vacuum sweepers, versatile vacuums, robots…

Home comfort: fans, heaters, air treatment appliances…

Personal care: hair care appliances, depilators, bathroom scales...

## COOKWARE

Frying pans, saucepans, pressure cookers, bakeware, kitchen utensils, food storage containers, vacuum flasks and mugs...

**CONSUMER BRANDS**

**GLOBAL**

Tefal · Rowenta · Moulinex · KRUPS

**REGIONAL**

SUPOR · T-fal · ARNO · IMUSA · SEB · Calor · emsa
Original KAISER · MAHARAJA WHITELINE · ASIA vina · MIRRO · WearEver · PANEX
OBH NORDICA · samurai · Rochedo · clock · esteras · umco

**PREMIUM BRANDS**

WMF · Lagostina · All-Clad METALCRAFTERS LLC CANONSBURG, PA USA · Silit

**PROFESSIONAL BRANDS**

WMF · schaerer swiss coffee competence · HEPP · Curtis · Krampouz

## PROFESSIONAL BUSINESS

Coffee machines — Other professional equipments

# Business model

## OUR RESSOURCES [1]

### STAFF

**34,000** employees

**19h** hours/year of training per employee in average

**38%** female managers

### INNOVATION AND DIGITAL

**> 1,500** people in the innovation community

**3.6%** of sales reinvested in innovation [2]

**45%** of media investment in digital

### INDUSTRY AND PURCHASING

**2/3** of products manufactured in-house

**27%** of production performed in Europe

**€1,9bn** direct purchasing

**€266m** invested[3] i.e. **3.6%** of sales

### FINANCES AND SHAREHOLDING

Sales of: **€7,354m**, ORfA of: **€740m**

and profit of: **€380m**

Net debt/Adjusted EBITDA = **2.1** at 31 December 2019

Long-term, major shareholders

### SOCIETY AND ENVIRONMENT

**100%** of sites ISO 14001 certified

**~ €3 m** spent on philanthropy

**1** Code of Ethics with **18** sections, translated into **11** languages

## Focus on growth

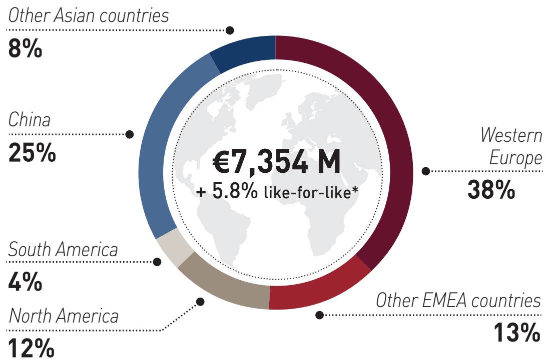
- Strength and complementarity of our brands
- Product innovation
- International expansion

**2019**

**€7,354m** Sales

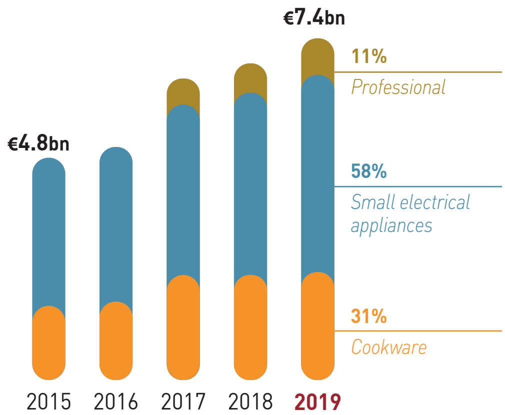
**+5.8%** Organic growth

### A GLOBAL...




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

### ACTIVITIES WITH STRONG POTENTIAL




## Optimize our industrial facilities...

- Optimize purchasing and logistics
- Improve industrial productivity
- Simplify structures and processes

(1) Data 2019. (2) Net investments in R&D, strategic marketing and design. (3) Cash outflow for capital expenditures.

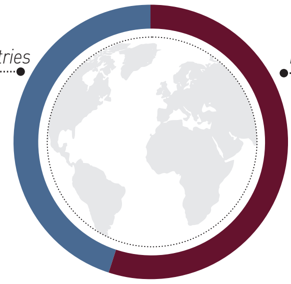
**Groupe SEB is the world leader in Small domestic equipment, a steadily growing global market, estimated at around €80bn in 2019: around €47bn for small electrical appliances, €24bn for Cookware and €9bn for the professional Coffee market.**

- Multi-channel distribution strategy
- Development in the professional market
- Active acquisition policy

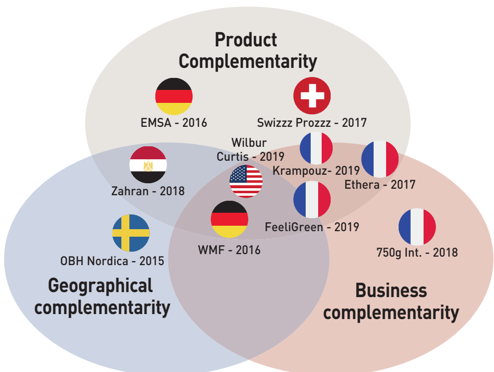
Presence in nearly **150 countries**

Leadership positions in over **25 countries**

**...AND BALANCED PRESENCE**




**TARGETED ACQUISITIONS TO STRENGTHEN ITS LEADERSHIP***




* *Acquisitions of the last 5 years*

# Strengthen **our competitiveness**

## ... and develop our assets

- High value technological products manufactured in mature countries
- Basic products outsourced
- Focus on the circular economy

*(4) Lost-time injuries with temporary replacements.*

## OUR ADVANCES [1]

### STAFF

**1** global social protection floor

Workplace accidents[4] halved **2** in 5 years

### INNOVATION AND DIGITAL

**383** patents filed

Nearly **25%** of sales consolidated through e-commerce

### INDUSTRY AND PURCHASING

Nearly **250 millions** products made

**70%** of direct purchasing covered by the supplier panel

### FINANCES AND SHAREHOLDING

Annual organic sales growth of **8%** in 5 years

**10.1%** operating margin

Profit up by a factor of **2.2** in 5 years

### SOCIETY AND ENVIRONMENT

**> 500** projects supported by the Fonds Groupe SEB in 10 years

**94%** of domestic electrical appliances are mostly repairable

**-21.3%** energy consumption on production and logistics sites (base year: 2010)

# Consolidated results at 30 June 2020

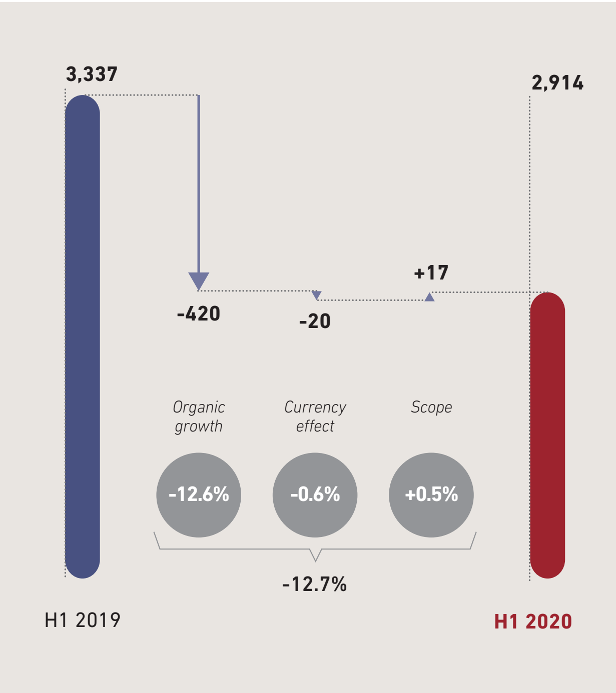
| *(in € millions)* | H1 2020 | H1 2019 | Change 2020/2019 as reported | Change 2020/2019 Like-for-like[(a)] |
|---|---|---|---|---|
| Sales | 2,914 | 3,337 | -12.7% | -12.6% |
| Operating Result from Activity (ORfA) | 103 | 230 | -55.0% | -45.7% |
| Operating profit | 58 | 213 | -72.8% | |
| Profit attribuable to owners of the parent | 3 | 100 | -€97m | |
| Net debt (at 30 June) | 2,085 | 1,997[(b)] | +€88m | |

*Rounded figures in €m.*
*(a) LFL: Like-for-Like.*
*(b) At 31/12/2019.*

*% calculated in non-rounded figures.*

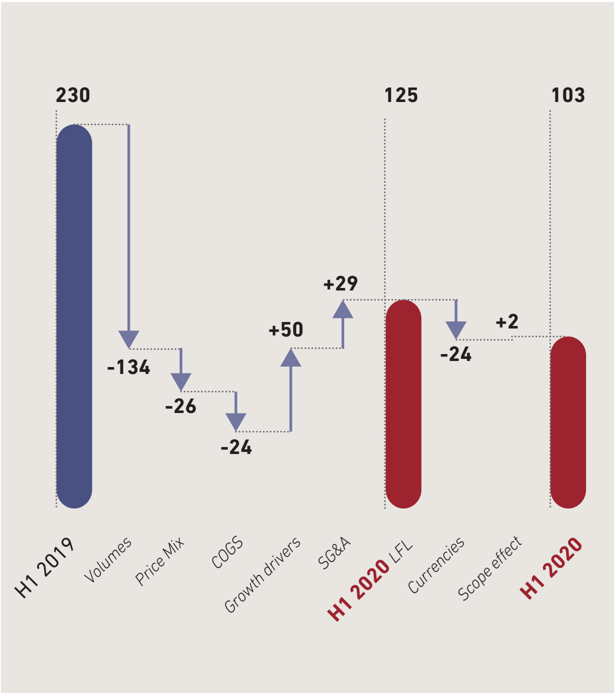
### BREAKDOWN OF HALF-YEAR SALES CHANGES

*(in € millions)*




### BREAKDOWN OF HALF-YEAR ORFA CHANGES

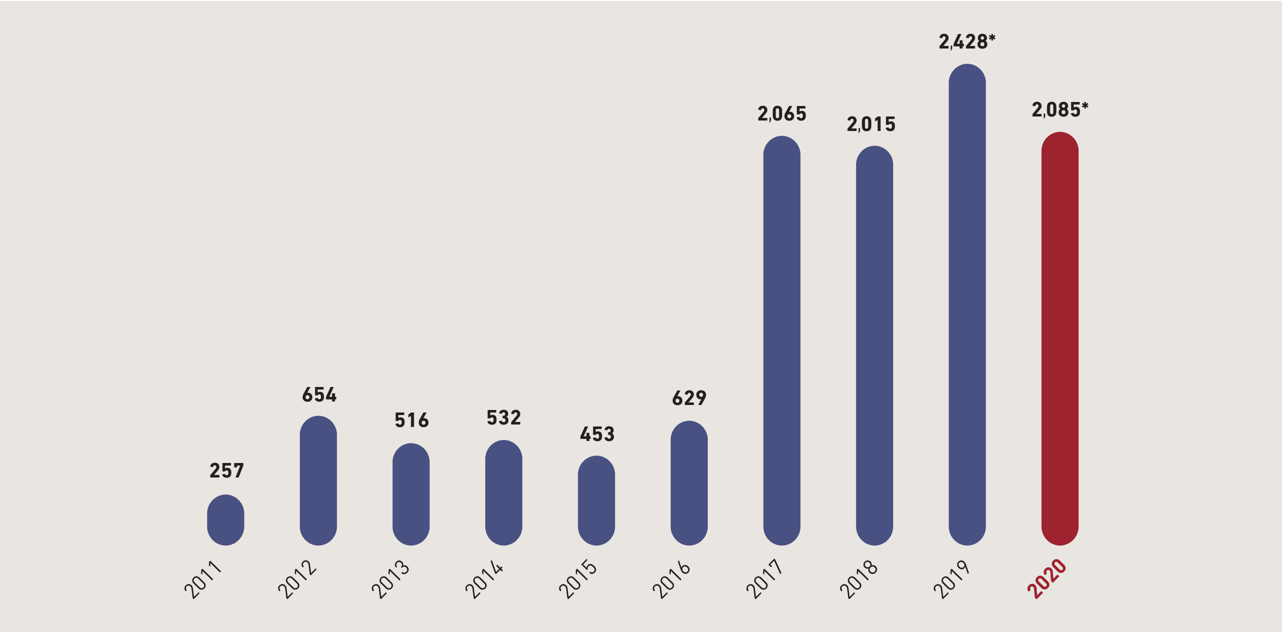
*(in € millions)*




* *LFL: Like-for-Like.*

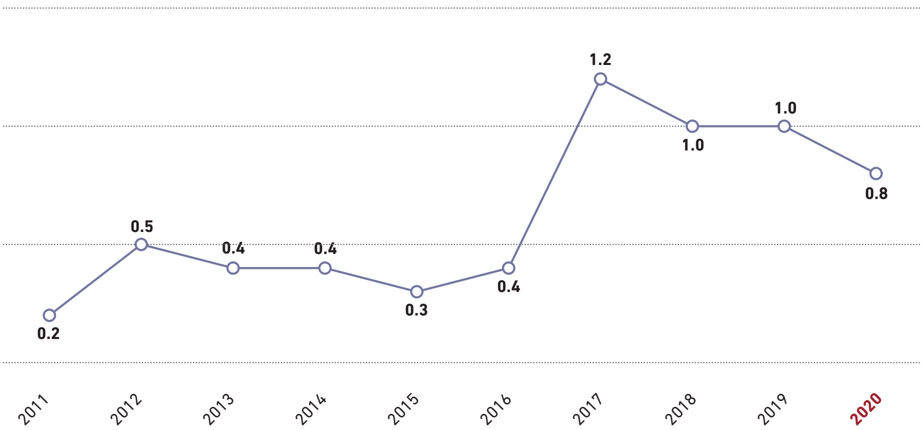
NET DEBT AT 30 JUNE

*(in € millions)*

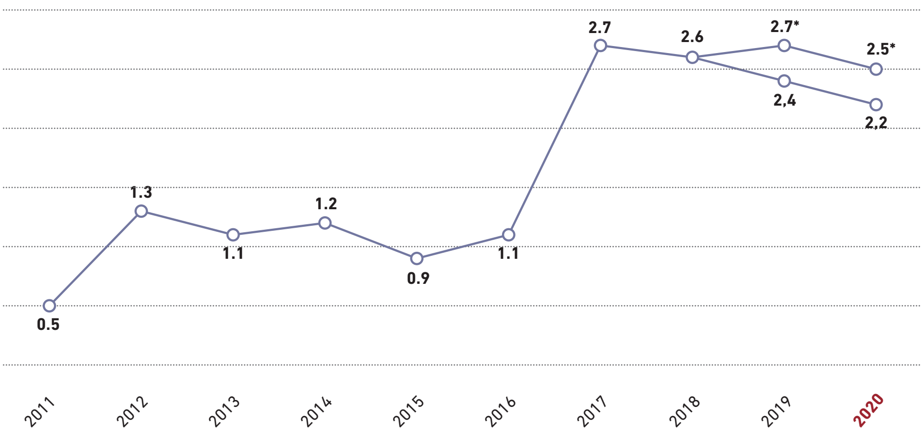



* o/w IFRS 16: €346 million as of June 30, 2019 and €306 million as of June 30, 2020.

NET DEBT/EQUITY AT 30 JUNE



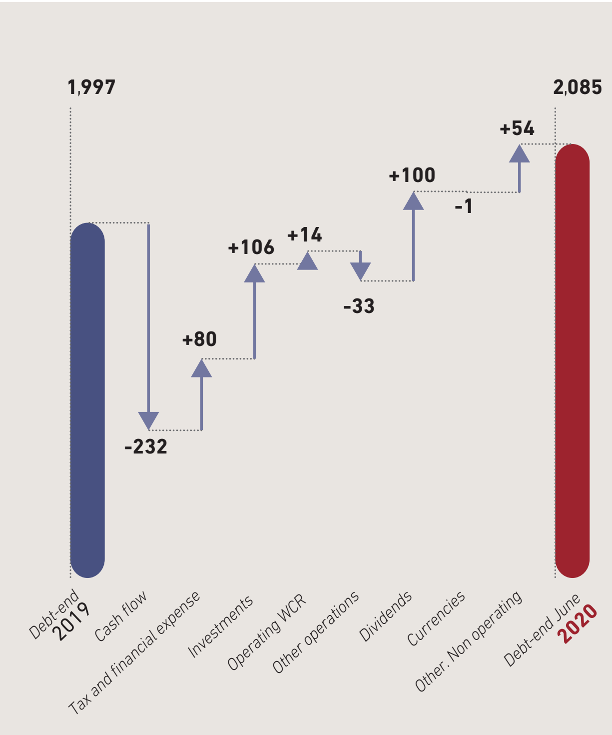

NET DEBT/ADJUSTED EBITDA (ESTIMATED, OVER 12 ROLLING MONTHS) AT 30 JUNE




* With IFRS 16.

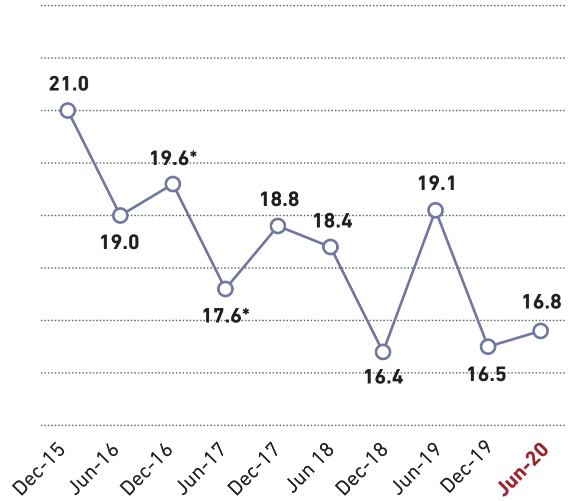
CHANGE IN DEBT OVER 6 MONTHS

*(in € millions)*




CHANGE IN WORKING CAPITAL REQUIREMENT BY HALF-YEAR

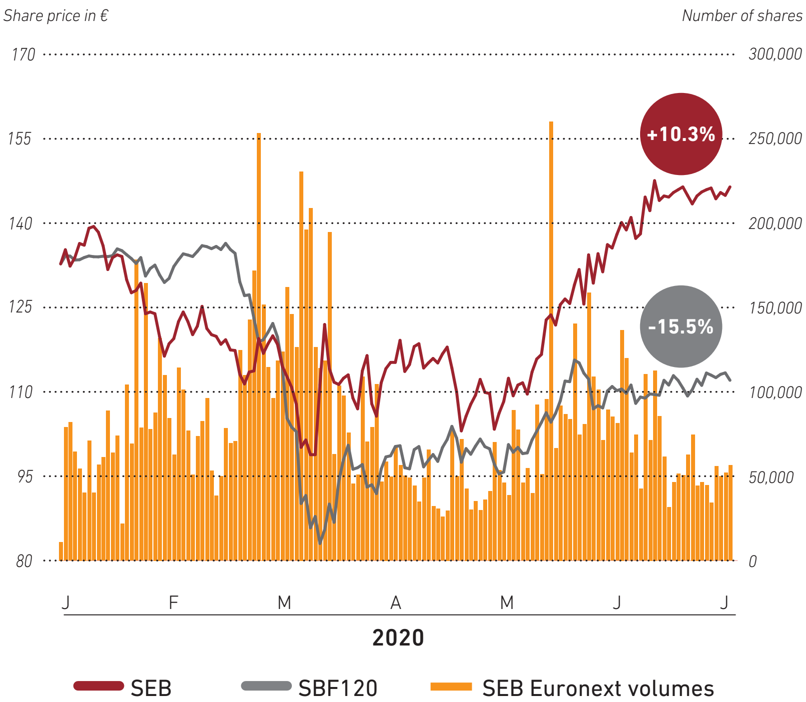
*(as a % of sales)*




* *Proforma WMF*

SHARE PRICE

*(to 22 July 2020)*

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# Highlights

## GENERAL ENVIRONMENT

The first half of 2020 was dominated by the COVID-19 epidemic which began 2019 in Wuhan, China and then extended further into Asia before spreading to the rest of the world, with major outbreaks in Europe, followed by the Americas. Faced with this health crisis affecting all sectors of the economy, most countries put in place relatively stringent lockdown measures which involved, in particular, the closure of public spaces, restaurants and hotels, as well as the majority of non-food, brick-and-mortar retail channels. In this context, overall consumption declined in all areas, with a massive shift toward e-commerce which was the big "winner" of this crisis.

Even if recovery scenarios remain uncertain, particularly due to the geographical heterogeneity and epidemiological unknowns, at this stage, the economic consensus does not expect a return to normal before mid-2021 at the earliest.

China, the first country affected by COVID-19, experienced an epidemic peak in the first quarter of the year which resulted in the imposing of very strict lockdown measures in some provinces, particularly Hubei. Consequently, China's GDP contracted by almost 7% year on year in the first quarter of 2020. Its government also abandoned any growth targets for the year. Mechanically, retail sales suffered particularly badly as a result of this situation and fell in comparison with the first half of 2019. As the months went by, however, developments were more favorable: -15.8% in March compared with -1.8% in June with a positive contribution (+7.3%) from online sales. This rebound also resulted in a rise in GDP of +3.2% in the second quarter.

In Europe, the impact of COVID-19 was mainly felt during March and April linked to the lockdown measures implemented by local governments and the associated closure of non-food physical stores. However, following a two-digit drop in retail sales in April, a strong recovery in consumption was recorded from the following month onward.

Over the course of the half-year, the pandemic grew exponentially in the United States. In the absence of a concerted response at federal level, states introduced localized lockdown measures against a pre-election backdrop. As happened elsewhere in the world, these measures may have led to the temporary closure of many stores, sometimes exacerbating the fragility of players already weakened by the profound change in the US distribution sector.

Finally, other emerging countries were also not spared by the crisis. In addition to the effects of government responses to the crisis (similar to those in other areas), oil prices fell and some currencies depreciated sharply, particularly for South American countries.

## RISK FACTORS – UPDATE

The main risk factors faced by the Group are described in the 2019 Universal Registration Document (URD) filed with the AMF and available on the Group's website. This section, besides containing a description of them and the relevant management measures, also sets out the risk identification and control process at Group level, as well as a map detailing their respective potential impacts and probability of occurrence. A specific COVID-19 risk was incorporated into the 2019 URD to take the current circumstances into account.

During the first half of 2020, the general environment was particularly deteriorated by the COVID-19 crisis (see the "General Environment" section on page 10).

Having been affected by the epidemic very early owing to its presence in China, Groupe SEB issued a number of updates regarding the effects of COVID-19 on its activity and performance during the first half of the year. After publishing its URD, the Group communicated on the consequences of the crisis at the time its results of the first quarter of 2020 (press release and presentation of 28 April 2020), at the SEB S.A. Annual General Meeting (presentation of 19 May 2020), in the update on the impact on performance for the first half of the year (press release of 25 June 2020), and in the half-yearly results (press release and presentation of 23 July 2020).

These communications focused on detailing the impact of this health and economic crisis on consumption and the retail environment, on the Group's performance as well as on production facilities.

The impacts of the COVID-19 pandemic on the interim financial statements (depreciation of assets, inventory valuations, etc.) are also disclosed in Note 1.2 on condensed consolidated financial statements on page 27 of the half-year financial report. No impairment loss has been identified as of June 30, 2020.

Besides the above items, the Group did not identify any other significant risks or uncertainties that had emerged in the first six months of 2020 or that are liable to impact the remaining six months of the financial year.

## CURRENCIES

It should be remembered that the US dollar and the Chinese yuan are currencies for which the Group is "short," i.e., the weight of its purchases denominated in these currencies is greater than that of its sales.

Compared with the previous half-year, the dollar rose around 2% against the euro, while the yuan fell by around 1%.

For the currencies in which the Group is "long," i.e., currencies in which its revenue exceeds its costs, the main feature of the half-year was the fluctuations in emerging currencies related to the COVID-19 health crisis. The Brazilian real and the Colombian peso have fallen by 20% and 10% respectively against the euro since the beginning of the year, and by nearly 30% and 13% compared with the previous half-year. The ruble has fallen by 10% and the Turkish lira by 7% since January. The Japanese yen, a mature currency, gained almost 2% against the euro compared to the beginning of the year, and 4% in comparison with the first half of 2019.

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

In the first half of 2020, exchange rate fluctuations had a €20 million negative effect on Group revenue overall (compared with a €15 million positive effect in the first half of 2019) and a €24 million negative effect on Operating Result from Activity (compared with a €5 million negative effect as of 30 June 2019).



## RAW MATERIALS

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 plastic materials used to produce small electrical appliances and of paper for packaging. This exposure is direct (for in-house production) or indirect for products whose manufacturing is outsourced to subcontractors.

Compared with the previous half-year, prices of raw materials were significantly down, following the sharp and massive fall in the global consumption associated with the health crisis.

Aluminum prices thus fell around 13% over the first six months of the year compared to the same period in 2019 (average price of $1,600 per ton versus $1,830 the year before). Similarly, copper prices (at an average price of $5,500 per ton compared with $6,170 a year earlier) decreased by around 11% during the first half of 2020.

Compared with the first half of 2019, the price of nickel remained relatively stable (an average price of $12,500 per ton compared with $12,300 a year earlier), but dropped by nearly 12% from the beginning of the year, following higher prices in the second half of 2019 as a result of the announcement regarding enforcement of the Indonesian ban on exports of unprocessed ore.

Finally, having fallen during 2019, the prices of plastics and paper continued to decline throughout the first half of 2020.

There was also a significant impact on the price of a barrel of oil which fell significantly. On the basis of a half-yearly average, oil stood at $42 per barrel in 2020, down 35% compared to the first half of the previous year and compared to the beginning of the year.

To smooth out the effects of the sometimes-sudden fluctuations in metal prices during the reporting period, the Group partially hedges its requirements (for aluminum, nickel, copper, and some other components used in the production of plastic materials). Doing so protects it from sharp price increases, but involves a certain inertia when prices fall.

## CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The SEB S.A. Annual General Meeting of 19 May 2020 voted to:

- reappoint Mr. Thierry de La Tour d'Artaise as director;
- reappoint Fonds Stratégique de Participations (FSP) as director;
- reappoint VENELLE INVESTISSEMENT as director;
- reappoint Mr. Jérôme Lescure as director.

As a result, as of 30 June 2020, the Board of Directors had 17 members:

- The Chairman;
- 8 directors representing the Founder Group:
  - 4 directors from VENELLE INVESTISSEMENT,
  - 2 directors from GÉNÉRACTION, and
  - 2 directors from FÉDÉRACTIVE.
- 5 independent directors;
- 2 directors representing employees; and
- 1 director representing employee shareholders.

## FACING COVID-19 TOGETHER

In the face of the COVID-19 crisis, the Group's main priorities have been and remain the protection of its employees and compliance with local regulations.

This resulted in the implementation of continuity plans and remote working arrangements wherever possible, the temporary closure of the vast majority of industrial sites, the reorganization and adaptation of the supply chain to ensure the best possible service to customers while safeguarding the health of employees.

In this unprecedented and critical situation, a strong show of solidarity quickly took shape within Groupe SEB. All over the world, the Group has taken action, by mobilizing its industrial know-how or through citizen initiatives.

In France, this has been materialized through donating masks and products or taking part in various projects to manufacture ventilators. The Group is notably a member of the MakAir initiative, made up of volunteers, the French Atomic Energy Commission (CEA) and the Auvergne-Rhône Alpes region. It will support the industrialization of this affordable artificial respirator dedicated to the treatment of COVID-19, for which approval has been granted to start clinical trials.

In the DACH region (Germany, Austria, Switzerland) or in Poland, a large number of products have also been donated to support healthcare workers.

In China, Supor has provided water and air purifiers to a charity in Wuhan, and 80,000 masks for children have been donated to several associations in the cities where the Group has a presence.

Internally, the Group has implemented an unprecedented set of solidarity human resources measures, in order to offset the impact of partial activity for its most affected employees.

In addition to managing the emergency aspects of the crisis, the Group has also energetically prepared for activity resumption, in the best possible health and safety climate, as well in industrial sites as in warehouses, offices and stores. In particular, assembly lines have been reorganized to ensure the necessary distance is maintained between workstations and our employees are equipped with masks and gloves.

## PARTNERSHIP FOR THE MANUFACTURE OF ANGELL ELECTRICALLY ASSISTED BICYCLES

As part of an industrial and shareholding agreement, Groupe SEB has become the exclusive industrial partner for the production of Angell electrically assisted bicycles. The Group will be responsible for the industrial development and production of Angell smart bikes at its long-standing Is-sur-Tille plant in Burgundy, France. Groupe SEB is also supporting the project by acquiring a stake in Zebra, the company that produces and markets Angell, through its investment fund SEB Alliance.

Angell is a new-generation, electrically assisted bicycle (e-bike) designed by French designer Ora-ïto and launched by Marc Simoncini. In today's fast-growing market, the Angell bike stands out due to its sleek design, making it one of the lightest on the market (at 13.9 kg) and its innovations in both connectivity and safety. It comes with a broad range of integrated services that make journeys easier and cycling safer. In particular, it features a "smart cockpit" that displays useful information such as weather conditions, pollution levels, battery charge, riding modes, assistance programs, speed and even a GPS. Angell also stands apart through its innovative safety system, including vibrating navigation assistance on the handlebars, a fall alert and an anti-theft alarm.

With more than 2,000 bikes on preorder, Angell is proving to be a great success. Initial deliveries from the SEB plant in Is-sur-Tille are underway. A gradual ramp-up will make it possible to produce several tens of thousands of units a year and support the planned expansion of the range.

## REPAIRABILITY: LAUNCH OF THE FIRST ALL-INCLUSIVE REPAIR PACKAGES

As the first small domestic appliance company to have committed to repairing its products for a 10-year period, Groupe SEB is once again blazing the trail with the launch of the first fixed-price repair packages for its Rowenta, Moulinex, Seb, Calor, Krups and Tefal brands.

This is the first time that a manufacturer has guaranteed to repair its products over the long term at a price that is significantly lower than that of a replacement product. This is also the first truly “all-inclusive” package. A new offer launched in France and soon to be available in Europe.

Groupe SEB has made repairability one of the cornerstones of its sustainable development policy, with the aim of extending the lifespan of its products, keeping them alive rather than disposing of them.

The new repair packages are available at a price much lower than the replacement cost, generally between 20% and 40% of the price of an equivalent new product. This price is fixed, regardless of the nature of the breakdown or the parts needed to repair it.



## SALE OF NON-CORE ACTIVITIES

In the first half of 2020, the Group had two of its non-core activities:

- EMSA GmbH, a Groupe SEB subsidiary specializing in the design, manufacture and marketing of kitchen tools and accessories based in Emsdetten, Germany, entered into an agreement with Poétic SAS, the French market leader in jardinières and plant pots, for the sale of its garden business;
- Boehringer, specialized in the sale of hospitality products and acquired at the time of the takeover of WMF in 2016, has been sold to the Certina group.

These operations are part of a strategy that involves reviewing its business portfolio, if necessary, and focusing on its core business in order to improve performance.

The Group will continue to develop kitchen tools and accessories business of EMSA, a recognized expert in food storage containers and insulated carafes and bottles.

## INVESTMENT IN CASTALIE

SEB Alliance, Groupe SEB’s investment fund, has announced that it has taken a minority stake in Castalie, alongside the Amundi Finance et Solidarité, RAISE Impact and Ring Capital funds within a total fundraising package of €13.5 million.

Castalie designs and markets micro-filtered water fountains for companies and restaurants. The company offers its customers a comprehensive solution (water fountains, containers, accessories and maintenance services), thereby enabling them to produce micro-filtered water in-house from tap water. This filtered water is bottled on the consumer’s premises in reusable containers (flasks, bottles, glasses, etc.) and provides a sustainable and responsible alternative to mineral water in plastic bottles and avoiding plastic waste.

In the current climate of ecological transition, Groupe SEB is confirming its commitment to the circular economy through its investment in Castalie and is fully in line with changing patterns of consumption, with individuals and professionals as its target clientele.

## BOND ISSUE

As part of its active liquidity management, on 9 June 2020, Groupe SEB successfully issued a five-year €500 million bond (maturing 16 June 2025) with a 1.375% coupon.

The transaction was heavily over-subscribed with a very strong order book reaching more than €1,600 million, attesting once again to investors' confidence in Groupe SEB's strategy and outlook.

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

- permanently securing the refinancing of part of its debt;
- extending the average maturity of its debt;
- attractive financing conditions.

The bonds were admitted to trading on Euronext Paris on 16 June 2020. Lead Managers for the transaction are BNP Paribas, Crédit Agricole CIB, Citi, HSBC and Natixis, with BNP Paribas, Crédit Agricole CIB and Citi acting as coordinators.

It should be noted that Groupe SEB's short-term debt is rated A2 by Standard & Poor's and that its long-term debt is unrated.

## WMF, BEST PRODUCT BRAND IN GERMANY

In a study carried out in Germany by the GfK (Gesellschaft für Konsumforschung) consumer research institute, WMF was ranked first in the "Best Product Brand" category, ahead of major consumer brands.

The German "Best Brand Awards" are based on a comprehensive, representative study that measures the strength of a brand against two criteria: its commercial success on the market ("market share"), and its attractiveness to consumers ("emotional share"). Winners are not chosen by a panel of judges but exclusively by consumers. To establish this year's ranking, more than 14,000 of them voted.

This is the fifth consecutive year that WMF has been ranked within the top 10 brands in Germany, but it is the first time that it is the winner. This prestigious award confirms recognition of a sustainable and coherent quality brand strategy that is firmly rooted in the everyday lives of German consumers.

# Commentary on consolidated sales

| Revenue *(in € millions)* | H1 2020 | H1 2019 | Change in % * As reported | Change in % * Like-for-like |
|---|---|---|---|---|
| **EMEA** | **1,272** | **1,401** | **-9.2%** | **-9.0%** |
| Western Europe | 915 | 1,033 | -11.4% | -11.5% |
| Other countries | 357 | 368 | -3.0% | -1.9% |
| **AMERICAS** | **298** | **362** | **-17.8%** | **-13.3%** |
| North America | 209 | 224 | -6.6% | -6.9% |
| South America | 89 | 138 | -35.9% | -23.7% |
| **ASIA** | **1,039** | **1,182** | **-12.1%** | **-11.6%** |
| China | 794 | 938 | -15.3% | -14.4% |
| Other countries | 245 | 244 | +0.1% | -0.9% |
| **TOTAL CONSUMER** | **2,608** | **2,946** | **-11.4%** | **-10.6%** |
| **PROFESSIONAL BUSINESS** | **306** | **391** | **-21.7%** | **-27.6%** |
| **GROUPE SEB** | **2,914** | **3,337** | **-12.7%** | **-12.6%** |

* *% calculated in non-rounded figures.*

| Revenue *(in € millions)* | Q2 2020 | Q2 2019 | Change in % * As reported | Change in % * Like-for-like |
|---|---|---|---|---|
| **EMEA** | **631** | **690** | **-8.5%** | **-7.5%** |
| Western Europe | 472 | 515 | -8.3% | -8.3% |
| Other countries | 159 | 175 | -9.2% | -5.2% |
| **AMERICAS** | **149** | **194** | **-23.1%** | **-17.4%** |
| North America | 112 | 121 | -7.8% | -6.7% |
| South America | 37 | 73 | -48.6% | -35.3% |
| **ASIA** | **556** | **523** | **+6.4%** | **+7.6%** |
| China | 429 | 396 | +8.3% | +10.2% |
| Other countries | 127 | 127 | +0.4% | -0.3% |
| **TOTAL CONSUMER** | **1,336** | **1,407** | **-5.0%** | **-3.2%** |
| **PROFESSIONAL BUSINESS** | **124** | **208** | **-40.3%** | **-43.4%** |
| **GROUPE SEB** | **1,460** | **1,615** | **-9.5%** | **-8.4%** |

* *% calculated in non-rounded figures.*

# PRODUCT PERFORMANCE

Heavily affected by COVID-19, consumer sales amounted to €2,608 million, down 10.6% on a like-for-like basis.

The impact of the crisis on the different product categories was mixed.

## COOKWARE

Accounting for around 30% of consumer revenue, **cookware** covers a wide range of products from pressure cookers to thermal mugs, not to mention frying pans and saucepans – made from a range of materials, coated and non-coated, with fixed and detachable handles –, woks, food storage containers, kitchen utensils or bakeware.

For the first half of 2020, sales in this category fell by more than 10%, penalized by the closure of the majority of brick-and-mortar retail outlets for several weeks due to COVID-19. As online sales of cookware are still relatively modest, the increase in e-commerce over this period only partially offset the collapse of traditional trade. In China, the first country hit by the crisis, the impact was concentrated in the first quarter at the peak of the epidemic. Business suffered both from a comparison effect in January associated with the staggered sequencing of the sell-in for Chinese New Year, then from store closures and finally from disruptions in supplies caused by the prolonged shutdown of production at the Wuhan industrial site.

Although sales of cookware returned to growth from May onwards, kitchen items – particularly insulated mugs used for consumption outside the home – have not enjoyed the same recovery.

In Europe and the United States, the impact on business was focused on March-April, the period of lockdown and paralysis of brick-and-mortar retail. However, unlike China, our still-limited presence in online channels did not cushion the fall, our sales nevertheless benefited from:

- a significant loyalty program and a rebound in consumption in Europe from May onwards;
- an equipment rate that remains low and from government aids to support consumption (Trump checks) in the US.

## KITCHEN ELECTRICS

The performance of **kitchen electrics** proved quite resilient. After a difficult start to the year, the second quarter saw a gradual recovery in consumption and an improvement in our business activity. It should be noted that as e-commerce being better-established in these product categories and brick-and-mortar retail being shutdown, the shift to online sales was more natural and more significant.

- **Electrical cooking** was the popular choice for cooking at home during the period of lockdown and closure of restaurants; our half-yearly sales were therefore stable, with the growth of the second quarter almost entirely offsetting the decline of the first three months. Among our flagship products, we should particularly mention grills in many geographical areas, rice cookers and multi-cookers in China and/or Asia (especially Cook4me, the international version of Cookeo, in Japan), followed in Europe by fun-cooking appliances, sandwich makers and devices riding the “homemade” wave (Cake Factory cake makers, yogurt makers, etc.).
- In **food preparation,** after a weak first quarter, business rebounded in the second quarter thanks to blenders in China – classic and high-speed models and juicers – the big hit of the mid-year festival. Sales in other product families declined in all areas, despite cooking food processors rebounding in Europe in June.
- Revenue in **beverage preparation** fell during the period, impacted by the decline of full automatic espresso machines, of single-serve pod coffeemakers (Nespresso, Dolce Gusto) and beer-tapping systems (a partnership with Heineken). The increase in sales of kettles and health tea pots in China and an upturn in business in June was unable to make up for the accumulated backlog.

## LINEN AND HOME CARE

- In a contracting global ironing market, the **linen care** business was down. After a stable first quarter compared with 2019 (expansion of distribution of Rowenta irons and steamers in the United States), sales stalled in the second quarter, with remote working further accentuating changing consumer lifestyles (more casual clothing, crease-resistant textiles). Nevertheless, this category, in common with others, benefited from catch-up purchases at the end of the half-year.
- **Home cleaning,** facing a challenging comparison with 2019, was severely impacted by the health crisis, and posted sales sharply down over the two quarters, despite a marked rebound in June. Against this particular backdrop, versatile and robot vacuum cleaners proved more resilient than canister vacuum cleaners and enjoy considerable momentum around China’s Shopping Festival in June.
- **Home comfort** grew nearly 20% over the first half of the year, driven by a very buoyant second quarter, particularly in fans – thanks to good weather conditions – and satisfactory performance for air purifiers.

## PERSONAL CARE

Sales in **personal care** fell over the half-year, penalized by the closure of stores and hairdressers in Europe, but rebounded considerably in June, with a special mention for the Steampod professional straightener, designed in partnership with L’Oréal.

## PROFESSIONAL BUSINESS

The Group's Professional business was strongly impacted in first-half 2020 by the spread of COVID-19. The shockwaves caused by the epidemic were reflected from mid-March onwards by containment measures which affected half the world's population and the near-total closure of restaurants and fast food chains, cafés and coffee shops, and hotels.

Against this backdrop, like-for-like sales at 30 June 2020 were down approximately 28% subsequent to a particularly impacted second quarter, down 43%. Sales of professional coffee machines (PCM), constituting the largest part of business activity, accounted for the lion's share of the downturn, on the base of high 2019 comparatives. The extended shutdown of the main PCM customer retailers has led to delivery suspensions, the postponement of investment projects, and delayed or reduced orders in all the large markets (including Germany, the United States, China, etc.).

Hotel equipment, which is largely based on contracts, was hit even harder in the second quarter, but accounts for a lesser share of Professional business.



# PERFORMANCE BY GEOGRAPHY

With a presence in close to 150 countries, Groupe SEB achieved first-half 2020 revenue which can be broken down as follows:

## BREAKDOWN OF SALES BY GEOGRAPHICAL AREA

### Western Europe

Impacted by government containment measures, Group sales in Western Europe suffered an organic decline of 11.5% at end-June, with extreme volatility over the first half. After a drop of almost 15% LFL at end-March, the 8.3% decrease in the second quarter in fact masks a huge volatility between April's low point (-50%) and the rebound in June (+45%), likely thanks to "catch-up" spending.

Business activity was also marked by heterogeneous situations depending on the strictness of the containment measures in each country in the region, as well as decisions on store closures.

In France, our sales were down only modestly in the second quarter thanks to a loyalty program in cookware with one of our key accounts. Despite a good performance in June, small electrical appliance sales were nevertheless down sharply. In Germany, the Group generated flat sales in the second quarter, with solid momentum in June, driven by fan sales, and very buoyant online business (in particular WMF).

Other Western European countries experienced contrasting impacts from the crisis. Spain, Italy, the UK and Norway were the hardest hit. Conversely, Denmark, Sweden and Belgium held up fairly well.

Fairly generally, strong online sales momentum which prevailed during the lockdown continued afterwards. In addition, in June, our main physical retailers started to rebuild inventories. "Winning" products over this exceptional period are linked to the kitchen (cookware and electrical cooking, notably), and also include fans, which benefited from strong pre-season sales and low inventories following the 2019 season.

### Other EMEA countries

Also impacted by the epidemic as from mid-March, the region proved relatively resilient in the first half, with a limited 2% contraction in business activity in organic terms. This included a slightly positive first quarter performance and a 5.2% like-for-like decline in the second quarter. The strong catch-up seen in June (at some +30% versus June 2019), almost fully offset the severe drop in business in April (-40%). Sharply accelerated momentum of online sales, combined with the reopening of stores, drove business activity.

However, performances at end-June were highly mixed by geography. This was notably true in Central Europe, where contrasts were particularly significant and revenue decrease often due to the non-repeat in 2020 of 2019 loyalty programs.

Russia and Ukraine posted good overall performances, though volatile in the second quarter. More specifically, Russia ended the six-month period on a positive growth trend despite containment measures, thanks the speed-up of its online sales, fueled by major digital activations implemented in partnership with our retailers.

In contrast, in Turkey, heavily impacted by the epidemic, revenue was significantly down at the end of the second quarter. Against a still difficult economic backdrop (including currency issues), the partial lift of lockdown in June failed to offset the contraction in business in April and May.

Across the entire region, the more resilient products were Optigrill, versatile and robot vacuum cleaners, garment steamers and Ingenio cookware.

### North America

The approximate 7% dip in revenue LFL in the first half of the year reflects the impact of the COVID-19 epidemic from March onwards, with a worsening of the health crisis in the second quarter, particularly in the United States and Mexico. The sales decrease also comprises contrasting trends across countries, the second quarter featuring heightened divergences.

In the United States, the economic situation has grown more tense over the months, materializing notably in a strong rise in unemployment.

Physical distribution, a part of which was already fragilized, was paralyzed by the closure of numerous stores due to the crisis and was significantly impacted, while the momentum in e-commerce has gained considerable pace.

Despite the weak economic environment, the Group's business activity held up well over the period, even posting organic growth in the second quarter. The latter was driven by solid performances in cookware (T-fal, All-Clad, Imusa) in all open retail channels, benefiting from the government's consumption incentive program and increased interest in cooking during the lockdown period. In contrast, linen care sales fell sharply. However, the expanded distribution of Rowenta irons and garment steamers allowed the Group to outperform a highly depressed market.

Business activity in Canada declined in a practically linear fashion in the first six months, the result of a complicated market, the still limited presence of e-commerce, and ongoing pending decisions on product listing by one of our long-standing customers.

In Mexico, the substantial drop in our half-yearly sales stemmed from the spread of COVID-19 since mid-March, with a considerable impact on physical retail (the proportion of e-commerce remaining limited) and on demand.

### South America

At end-June, sales in South America were down 36%, of which -24% like-for-like. The sharp depreciation in currencies (Brazilian real and Colombian, Argentine and Chilean pesos) costs us nearly 12 growth points, mainly in the second quarter.

The latter was down 49%, of which 35% like-for-like, reflecting a significant deterioration in business activity, combined with the impacts of countries' different measures to fight the spread of COVID-19.

Most of the decrease came from Brazil, the main country in the region. Business activity declined substantially in April and May, a period in which the network of physical retailers was almost completely shut down and our factories were closed. In what remains a fragile environment, restocking on the part of retailers and the reopening of our plants helped the Group to mitigate downward trend in June, thanks notably to e-commerce that continued to enjoy strong momentum.

Excluding coffee (Dolce Gusto partnership) and electrical cooking (oil-less fryers), the downturn in the second quarter applied to all the product lines.

Colombia, our second-largest market in South America, proved more resilient, posting much stronger catch-up in June. The Group continued to capitalize on the power and recognition of the Imusa brand in the country, and also continued to speed-up its e-commerce sales.

### China

China, the Group's number-one market, was the first country to be affected by the COVID-19 epidemic. After a first quarter substantially impacted by widespread containment measures and a near-total economic shutdown, the situation has gradually improved in the last three months. Physical points of sale have reopened and footfall, while initially modest, has gradually increased. But business continues to be fueled for the most part by e-commerce, which has largely maintained the advances achieved during the confinement period.

Our half-year turnover, down 14% in organic terms, comprises two opposite dynamics, with a 32% fall in the first quarter and a 10% rise in the second. The acceleration took concrete form from May onwards. Beyond the more widespread reopening of stores, Supor posted solid sales ahead of the 618 Shopping festival in June, which proved a considerable sales success. Supor's great performance throughout the 18-day event can be attributed to solid digital marketing activation and robust product dynamic.

The rebound was driven by small domestic appliances, and in particular by kitchen electrics (including high-speed blenders, baking pans and multi-cookers) and vacuum cleaners. Cookware sales improved substantially relative to end-March, but remained penalized in the first half, a result, mainly, of the extended closure of the Wuhan production site.

Also of note, all of our plants in China have resumed production and are operating at full capacity.

### Other countries

In Asia excluding China, like-for-like sales at end-June were slightly down, following a second quarter that was more favorably oriented that the first one. However, situations remain quite contrasted across countries.

In the main country of the region, Japan, revenue contracted in the second quarter, against a backdrop of national health emergency. While kettles performed firmly and multicookers continued their overall solid development throughout the quarter driven by the launch of new products, the cookware and linen care businesses proved more complicated.

In South Korea, which was early hit by COVID-19, the negative effects at end-March were almost entirely offset by strong recovery in the second quarter thanks to strong performance of Electrical Cooking and Beverage. Solid momentum was primarily driven by the successful launch of the Beertender draught beer system and oil-less fryers.

E-commerce, hypermarkets and our own retail were the main drivers of robust sales growth.

In the other countries, our second-quarter performances were highly mixed: growth in Australia and Thailand; solid momentum in Hong Kong and Taiwan; in contrast, significant decline in Singapore, where the confinement was extended.

# Commentary on the consolidated results

## OPERATING RESULT FROM ACTIVITY (ORFA)

Significantly impacted by the effects of the COVID-19 crisis on business activity, Operating Result from Activity (ORfA) totaled €103 million in first-half 2020, compared with €230 million at end-June 2019. The total includes a currency effect of -€24 million and a scope effect of +€2 million (Wilbur Curtis and Krampouz). On a like-for-like basis, ORfA came out at €125 million.

The constituent items of the change in ORfA at end-June 2020 are as follows:

- a negative volume effect of €134 million, stemming directly from the decrease in sales;
- a price-mix effect of -€26 million, reflecting difficult markets and a strong promotional intensity;
- a €24 million increase in the cost of sales, including a positive impact of renegotiated purchases and a negative impact of a reduced manufacturing activity. The latter led to an under-absorption of fixed costs which has only been partially offset by short-time work measures;
- a €50 million reduction in growth drivers in a market environment calling for lower investment and a reallocation to digital;
- a €29 million decrease in sales, marketing and administrative expenses, most of which coming in the second quarter, due to both the responsiveness of the teams on cost reduction and the aid received as part of short-time work measures, notably in France.

The decline in Operating Result from Activity at end-June can be attributed mainly to the first quarter (ORfA of €18 million vs. €138 million in 2019), in which measures to counter the impacts of the crisis either had not yet been implemented or had not yet had an effect. Second quarter ORfA came out at €86 million, a limited decrease of 6.3% on 2019, reflecting the savings already achieved.

## OPERATING PROFIT AND NET PROFIT

At end-June 2020, the Group's Operating profit amounted to **€58 million,** compared with €213 million at 30 June 2019. This result includes an estimated employee profit-sharing expense of €5 million (€9 million in 2019) and other operating income and expenses of -€40 million, versus -€8 million in the first half of last year. These expenses are stemming equally from the restructuring of the WMF Consumer business (impairment of industrial assets, social costs) and from several items of modest amounts.

Net financial expense at 30 June 2020 came out at -€29 million, compared with -€46 million in first-half 2019. The improvement reflects both a decrease in the cost of debt and other financial expenses relative to 30 June 2019.

In these circumstances, profit attributable to owners of the parent totaled **€3 million** in the first half, compared with €100 million at end-June 2019. This comes after a tax charge of €7 million, based on an estimated effective tax rate of 25% and after minority interests of €19 million, compared to €27 million in the first half of 2019, in line with the decrease in Supor's results in China.

## FINANCIAL STRUCTURE AT 30 JUNE 2020

Consolidated equity at 30 June 2020, was €2,499 million, down €129 million from end-2019 and up €176 million from 30 June 2019.

At the same date, the Group's net debt stood at €2,085 million (including €306 million of IFRS 16 debt), down €343 million vs. 30 June 2019 on a comparable seasonal basis, and up slightly from 31 December 2019 (+€88 million). The increase mainly stems from non-operational items, including the payment of dividends, Supor's own share repurchase, SEB Alliance investments, paid restructurings, etc. Capital expenditures were stable in the first half compared with the same period in 2019, as was the working capital requirement relative to end-2019.

At 30 June 2020, the Group's debt ratio stood at 0.8 (0.7 excluding IFRS 16) and the net debt/adjusted EBITDA ratio at 2.5 (2.2 excluding IFRS 16), in line with the seasonal nature of activity. The Group relies on a stable financial base, underpinned by a healthy and well-balanced financing structure in terms of instruments and maturity, and free of financial covenants.

# Outlook 2020

Given the seasonal nature of the Consumer business, the first half of the year is traditionally not representative of the entire year.

Additionally, the first six months of the year have been heavily disrupted by the effects of an unprecedented health crisis on the global economy.

In a highly volatile environment, the Group posted a better than expected second quarter, both in terms of sales and Operating Result from Activity.

However, at this stage, major uncertainties remain as to how the recovery will play out, especially considering the continued severity of the health crisis in the Americas and the resurgence of the epidemic in some countries, leading to the reintroduction of containment measures. This limited visibility and these issues lead the Group to remain cautious and not to extrapolate to the coming months the improvement seen in the end of the second quarter in the consumer activity. Depending on the evolution of consumption in the second half, the Group could over-invest in growth drivers to fuel growth and prepare for 2021.

Regarding the Professional Coffee business, we expect sales to remain disrupted in the second half consequently to the near-total and extended closure of the hospitality and catering sector. It is indeed likely that some of our customers have to adjust the envelop or timing of their investments, hence delaying orders.

Furthermore, recent currencies variations lead us to foresee negative currency effects on Operating Result from Activity that could range between -€70m to -€90m. Raw materials should however have a slightly positive impact.

Given these circumstances, Groupe SEB is confirming that it is not possible at this stage to precisely quantify the impacts of COVID-19 on the year as a whole, but that revenue and Operating Result from Activity will fall significantly in 2020.

Looking beyond this atypical year 2020, the Group reaffirms its confidence in its solid and well-balanced business model that enables it to maintain its long-term strategy and navigate the current crisis smoothly.

# Post-balance sheet events

At the date these financial statements were approved by the Board of Directors, on 22 July 2020, no material event had occurred.


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# Financial Statements

**Condensed consolidated financial statements for the first six months ended 30 June 2020.**

## CONSOLIDATED INCOME STATEMENT

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| Revenue (Note 3) | 2,914.4 | 3,336.6 | 7,353.9 |
| Operating expenses (Note 4) | (2,811.0) | (3,106.8) | (6,614.1) |
| **OPERATING RESULT FROM ACTIVITY** | **103.4** | **229.8** | **739.8** |
| Statutory and discretionary employee profit-sharing (Note 5) | (5.0) | (9.0) | (37.2) |
| **RECURRING OPERATING PROFIT** | **98.4** | **220.8** | **702.6** |
| Other operating income and expense (Note 6) | (40.2) | (8.2) | (82.1) |
| **OPERATING PROFIT (LOSS)** | **58.2** | **212.6** | **620.5** |
| Finance costs (Note 7) | (16.5) | (20.9) | (41.1) |
| Other financial income and expense (Note 7) | (12.2) | (24.9) | (19.6) |
| Share of profits of associates | | | |
| **PROFIT BEFORE TAX** | **29.5** | **166.8** | **559.8** |
| Income taxes (Note 8) | (7.4) | (40.2) | (131.5) |
| **PROFIT FOR THE PERIOD** | **22.1** | **126.6** | **428.3** |
| Non-controlling interests | (19.4) | (26.6) | (48.6) |
| **PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT** | **2.7** | **100.0** | **379.7** |
| **PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE** *(IN UNITS)* | | | |
| Basic earnings per share | 0.05 | 2.01 | 7.63 |
| Diluted earnings per share | 0.05 | 2.00 | 7.58 |

The accompanying Notes 1 to 20 are an integral part of these financial statements.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| **PROFIT BEFORE MINORITY INTERESTS** | **22.1** | **126.6** | **428.3** |
| Exchange differences on translating foreign operations | (57.6) | 23.5 | 27.9 |
| Gains (losses) on cash flow hedges | 10.2 | (18.9) | (16.9) |
| Change in fair value of financial assets[(a)] (Note 11) | 12.2 | 5.1 | 6.5 |
| Remeasurement of employee benefit obligations[(a)] (Note 14) | | (29.7) | (37.5) |
| Tax effect | (11.7) | 12.8 | 13.9 |
| **OTHER COMPREHENSIVE INCOME (EXPENSE)** | **(46.9)** | **(7.2)** | **(6.0)** |
| **TOTAL COMPREHENSIVE INCOME** | **(24.8)** | **119.4** | **422.3** |
| Non-controlling interests | (16.9) | (28.5) | (51.3) |
| **COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT** | **(41.7)** | **90.9** | **371.0** |

*(a) Items that will not be reclassified to profit or loss.*

# CONSOLIDATED BALANCE SHEET

| Assets *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 |
|---|---|---|---|
| *Goodwill* (Note 9) | 1,642.6 | 1,614.9 | 1,611.3 |
| Other intangible assets (Note 9) | 1,259.7 | 1,249.1 | 1,261.9 |
| Property, plant and equipment (Note 9) | 1,189.4 | 1,225.8 | 1,248.0 |
| Investments in associates | | | |
| Other investments (Note 11) | 87.0 | 54.3 | 100.4 |
| Other non-current financial assets | 19.0 | 14.7 | 38.6 |
| Deferred tax assets | 95.7 | 108.9 | 96.3 |
| Other non-current assets (Note 12) | 48.2 | 50.7 | 58.0 |
| Long-term derivative instruments (Note 17) | 6.3 | 6.2 | 3.4 |
| **NON-CURRENT ASSETS** | **4,347.9** | **4,324.6** | **4,417.9** |
| Inventories | 1,194.0 | 1,308.0 | 1,189.1 |
| Trade receivables | 860.5 | 984.3 | 1,159.7 |
| Other receivables (Note 12) | 135.9 | 146.6 | 175.1 |
| Current tax assets | 51.9 | 42.9 | 57.4 |
| Short-term derivative instruments (Note 17) | 39.1 | 31.9 | 20.5 |
| Financial investments (Note 17) and other financial assets | 47.4 | 74.7 | 10.2 |
| Cash and cash equivalents (Notes 16 and 17) | 1,746.3 | 588.2 | 785.5 |
| **CURRENT ASSETS** | **4,075.1** | **3,176.6** | **3,397.5** |
| **TOTAL ASSETS** | **8,423.0** | **7,501.2** | **7,815.4** |

| Shareholders' equity and Liabilities *(in € millions)* | 30/06/2020 | 30/06/2019 | 31/12/2019 |
|---|---|---|---|
| Share capital (Note 13) | 50.3 | 50.2 | 50.3 |
| Reserves and retained earnings | 2,237.0 | 2,110.7 | 2,395.1 |
| Treasury stock (Note 13) | (18.8) | (53.9) | (52.8) |
| **Equity attributable to owners of the parent** | **2,268.5** | **2,107.0** | **2,392.6** |
| **Non-controlling interests** | **230.3** | **216.4** | **234.9** |
| **CONSOLIDATED SHAREHOLDERS' EQUITY** | **2,498.8** | **2,323.4** | **2,627.5** |
| Deferred tax assets | 242.2 | 227.2 | 222.3 |
| Employee benefit and other non-current provisions (Notes 14 and 15) | 340.4 | 356.9 | 339.5 |
| Long-term borrowings (Note 16) | 2,638.2 | 2,337.6 | 2,301.8 |
| Other non-current liabilities | 52.5 | 59.6 | 55.2 |
| Long-term derivative instruments (Note 17) | 19.4 | 26.2 | 17.1 |
| **NON-CURRENT LIABILITIES** | **3,292.7** | **3,007.5** | **2,935.9** |
| Employee benefit and other current provisions (Notes 14 and 15) | 106.1 | 78.1 | 107.8 |
| Trade payables | 853.2 | 932.1 | 1,044.8 |
| Other current liabilities | 415.2 | 371.8 | 527.6 |
| Current tax liabilities | 1.8 | 33.4 | 74.1 |
| Current derivative instruments (Note 17) | 16.8 | 30.7 | 27.1 |
| Short-term borrowings (Note 16) | 1,238.4 | 724.2 | 470.6 |
| **CURRENT LIABILITIES** | **2,631.5** | **2,170.3** | **2,252.0** |
| **TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES** | **8,423.0** | **7,501.2** | **7,815.4** |

The accompanying Notes 1 to 20 are an integral part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| **PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT** | **2.7** | **100.0** | **379.7** |
| Depreciation, amortization and impairment losses | 141.7 | 130.0 | 278.1 |
| Change in provisions | (0.8) | (7.3) | (3.5) |
| Unrealized gains and losses on financial instruments | (10.5) | 19.8 | 13.2 |
| Income and expenses related to stock options and bonus shares | 14.6 | 16.5 | 35.3 |
| Gains and losses on disposals of assets | 0.4 | 0.4 | 1.3 |
| Other[(a)] | 4.9 | | (17.5) |
| Non-controlling interests | 19.4 | 26.6 | 48.6 |
| Current and deferred taxes | 7.4 | 40.0 | 131.5 |
| Finance costs | 17.1 | 21.1 | 41.3 |
| **CASH FLOW[(b)(c)]** | **196.9** | **347.1** | **908.0** |
| Change in inventories and work in progress | (34.1) | (101.9) | 19.8 |
| Change in trade receivables | 194.7 | 2.8 | (51.5) |
| Change in trade payables | (174.6) | (111.6) | (18.8) |
| Change in other receivables and payables | 33.0 | (13.1) | 7.8 |
| Income taxes paid | (65.1) | (85.7) | (145.9) |
| Net interest paid | (15.4) | (19.0) | (37.3) |
| **NET CASH FROM OPERATING ACTIVITIES** | **135.4** | **18.6** | **682.1** |
| Proceeds from disposals of assets | 1.5 | 1.8 | 32.4 |
| Purchases of property, plant and equipment[(d)] (Note 9) | (70.7) | (86.6) | (218.2) |
| Purchases of software and other intangible assets (Note 9) | (13.9) | (22.1) | (48.1) |
| Purchases of financial assets[(e)] | (52.2) | 194.7 | 248.8 |
| Acquisitions of subsidiaries, net of cash acquired | 0.2 | (233.9) | (292.5) |
| Effect of other changes in scope of consolidation | | | |
| **NET CASH USED BY INVESTING ACTIVITIES** | **(135.1)** | **(146.1)** | **(277.6)** |
| Increase in borrowings[(d)] | 1,499.6 | 618.0 | 599.3 |
| Decrease in borrowings[(d)] | (401.8) | (391.8) | (715.4) |
| Issue of share capital | | | 15.7 |
| Transactions between owners | (27.8) | (0.1) | 0.2 |
| Change in treasury stock | 2.5 | 3.3 | 1.9 |
| Dividends paid, including to non-controlling interests | (100.2) | (132.2) | (137.3) |
| **NET CASH USED BY FINANCING ACTIVITIES** | **972.3** | **97.2** | **(235.6)** |
| Effect of changes in foreign exchange rates | (11.8) | 5.8 | 3.8 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | **960.8** | **(24.5)** | **172.7** |
| Cash and cash equivalents at beginning of period | 785.5 | 612.7 | 612.7 |
| Cash and cash equivalents at end of period | 1,746.3 | 588.2 | 785.5 |

*(a) This line included, at 31 December 2019, the reclassification as profit of foreign currency translation adjustments following the deconsolidation of Grain Harvest, for €17.5 million.*
*(b) Before net finance costs and income taxes paid.*
*(c) Positive impact of IFRS 16 on cash flow of €48.2 million in June 2020 compared with €95.7 million in December 2019 and €46 million in June 2019. This amount corresponds to rent payments over the period which are now analyzed as repayments of IFRS 16 debt.*
*(d) Excluding IFRS 16, the impact of which is presented in Note 10.*
*(e) Including a change in financial investments in China of -€38.7 million at 30 June 2020 versus +€254.8 million at 31 December 2019 and +€191.8 million at 30 June 2019.*

3

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| *(in € millions)* | Share capital | Share premiums[(a)] | Reserves and retained earnings[(a)] | Translation reserve[(a)] | Treasury stock | Equity attributable to owners of the parent | Non-controlling interests | Equity |
|---|---|---|---|---|---|---|---|---|
| **AT 31 DECEMBER 2018** | **50.2** | **88.1** | **2,011.8** | **30.3** | **(82.4)** | **2,098.0** | **208.6** | **2,306.6** |
| Profit for the period | | | 100.0 | | | 100.0 | 26.6 | 126.6 |
| Other comprehensive income | | | (30.7) | 21.6 | | (9.1) | 1.9 | (7.2) |
| **TOTAL COMPREHENSIVE INCOME** | | | **69.3** | **21.6** | | **90.9** | **28.5** | **119.4** |
| Dividends paid | | | (110.6) | | | (110.6) | (21.6) | (132.2) |
| Issue of share capital | | | | | | | | |
| Changes in treasury stock | | | | | 28.5 | 28.5 | | 28.5 |
| Gains (losses) on sales of treasury stock, after tax | | | (17.2) | | | (17.2) | | (17.2) |
| Exercise of stock options | | | 15.9 | | | 15.9 | 0.6 | 16.5 |
| Other movements | | | 1.5 | | | 1.5 | 0.3 | 1.8 |
| **AT 30 JUNE 2019** | **50.2** | **88.1** | **1,970.7** | **51.9** | **(53.9)** | **2,107.0** | **216.4** | **2,323.4** |
| Profit for the period | | | 279.7 | | | 279.7 | 22.0 | 301.7 |
| Other comprehensive income | | | (3.2) | 3.6 | | 0.4 | 0.8 | 1.2 |
| **TOTAL COMPREHENSIVE INCOME** | | | **276.5** | **3.6** | | **280.1** | **22.8** | **302.9** |
| Dividends paid | | | | | | | (5.1) | (5.1) |
| Issue of share capital | 0.1 | 15.6 | | | | 15.7 | | 15.7 |
| Changes in treasury stock | | | | | 1.2 | 1.2 | | 1.2 |
| Gains (losses) on sales of treasury stock, after tax | | | (9.6) | | | (9.6) | | (9.6) |
| Exercise of stock options | | | 18.4 | | | 18.4 | 0.5 | 18.9 |
| Other movements[(b)] | | | (20.2) | | | (20.2) | 0.3 | (19.9) |
| **AT 31 DECEMBER 2019** | **50.3** | **103.7** | **2,235.8** | **55.5** | **(52.7)** | **2,392.6** | **234.9** | **2,627.5** |
| Profit for the period | | | 2.7 | | | 2.7 | 19.4 | 22.1 |
| Other comprehensive income | | | 10.7 | (55.1) | | (44.4) | (2.5) | (46.9) |
| **TOTAL COMPREHENSIVE INCOME** | | | **13.4** | **(55.1)** | | **(41.7)** | **16.9** | **(24.8)** |
| Dividends paid | | | (74.6) | | | (74.6) | (25.6) | (100.2) |
| Issue of share capital | | | | | | | | |
| Changes in treasury stock | | | | | 33.9 | 33.9 | | 33.9 |
| Gains (losses) on sales of treasury stock, after tax | | | (23.4) | | | (23.4) | | (23.4) |
| Exercise of stock options | | | 14.3 | | | 14.3 | 0.4 | 14.7 |
| Other movements[(c)] | | | (32.6) | | | (32.6) | 3.7 | (28.9) |
| **AT 30 JUNE 2020** | **50.3** | **103.7** | **2,132.9** | **0.4** | **(18.8)** | **2,268.5** | **230.3** | **2,498.8** |

*(a) Reserves and retained earnings on the balance sheet.*
*(b) Reclassification as profit of foreign currency translation adjustments following the deconsolidation of Grain Harvest, for €17.5 million.*
*(c) Including the acquisition of Supor shares for €31.6 million.*

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020, 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 electrical 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 2020 were approved by the Board of Directors on 22 July 2020.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND IMPACT OF THE COVID-19 PANDEMIC ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ASSUMPTIONS



### Note 1.1. Summary of significant accounting policies

The condensed Interim consolidated financial statements for the six months ended 30 June 2020 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 2019, which are included in the Universal Registration Document that was filed with the French Financial Markets Authority (AMF) on 9 April 2020. 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 IFRS, IAS and related interpretations adopted by the European Union and applicable at 30 June 2020, 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 2019 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). 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.

The Group adopted the following standards, amendments and interpretations applicable as of 1 January 2020. Their date of application matches that of the IASB:

- amendments to "References to the Conceptual Framework in IFRS standards";
- amendment to IAS 1 and IAS 8 "Definition of Material";
- amendment to IFRS 3 "Business Combinations".

These new standards and amendments had no material impact on the Group's financial statements.

As a reminder, the amendment to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform", was applied early to the financial statements at 31 December 2019. This amendment means the Group is not obliged to take uncertainties regarding future interest rate benchmarks into account when assessing the efficiency of hedging relationships and/or the highly probable nature of the risk hedged, which allows it to secure existing or future hedging relationships until these uncertainties have been resolved.

Standards and interpretations that are optional as of 30 June 2020 have not been applied early. The Group does not, however, anticipate any material impacts related to the application of these new texts.

### Note 1.2. Impact of the COVID-19 pandemic on the condensed consolidated financial statements assumptions

In the wake of the pandemic, the Group's main priority was, and remains, the health and safety of its employees worldwide. Other major priorities then included maintaining customer service, the implementation of business continuity plans under the best possible safety conditions for our teams and all our partners, and the preservation of our cash position.

The Group was initially impacted in China, and then in the rest of the world as of March, and was forced to temporarily close more than half of its plants, a large share of its own retail store network and the majority of its sales subsidiaries and offices. In response to the crisis, several action-orientated measures were taken to contain our cost base:

- the adaptation of the payroll through – depending on the social regulations in force in each country – recourse to partial unemployment, compulsory leave, furloughing, the termination of temporary employment contracts, etc. In addition to this the Group imposed a hiring freeze;

- adaptation of growth drivers to the situation of the markets;
- general reduction of non essential costs and expenses (travel, events, etc.);
- renegotiation of the amount and payment dates for rent on our own retail stores;
- decrease in the remuneration of Executive Corporate Officers and directors.

At the same time, the Group introduced a strict cash protection policy by adapting its working capital requirement management to a crisis context. This focused on paying particular attention to maintaining the quality of its relationships with its suppliers on one hand, and to reinforce receivables management on the other hand.

The Group did not request a postponement to the payment of its social charges and taxes in France, and did not apply for any French state guaranteed loans.

Moreover, the decision taken by the Board of Directors to reduce the amount of dividends paid in 2020 by one third compared with 2019, also contributed to improving the Group's cash position by €43.5 million.

### Judgments and estimates

The preparation of the consolidated financial statements in accordance with IFRS implies that the Group must make certain estimates and assumptions which have an impact on the amounts recognized under assets and liabilities. The Group has taken into account the context relating to the COVID-19 pandemic when preparing the interim financial states.

### Revenue recognition

The assessment of provisions for deferred rebates, advertising agreements, and consumer promotions corresponds to the Group's best estimate taking into account the context of the COVID-19 pandemic.

### Valuation of inventory

In accordance with IAS 2, the decline in business due to the impact of the pandemic on the Group's manufacturing was fully recognized under expenses.

### Asset impairment testing

The impact of the pandemic on the Group manufacturing and sales activities made it necessary to assess the potential consequences of this situation on the asset valuation and, more specifically, on its non-depreciable intangible assets.

In an ever-changing and highly uncertain context, the Group updated its impairment tests based on assumptions drawn from external publications presenting projected decreases in 2020, 2021 and 2022 EBITDA.

These percentage drops were applied to the ORFA forecasts for 2020 to 2022 used to determine the cash flow of each CGU followed in the subsequent years by a return to the growth rates applied in pre-pandemic tests.

The Group has also updated its discount rates to take into account an increase in country risk.

The tests carried out highlighted significant margins between the recoverable amount and the carrying amount of the assets tested, and as a result did not identify any impairment losses to be recognized.

These assumptions remain very cautious with regards to the economic consensus which, due to epidemiological unknowns and uncertain recovery scenarios, currently project a return to normal by mid-2021 at the earliest.

We have completed our approach by carrying out sensitivity analyses based on extreme assumptions, which were applied to the test carried out on the Group's two main CGUs:

- "Consumer EMEA" CGU

A significant decline in ORFA over the 2020–2022 period, a return to pre-pandemic ORFA in 2023, and a moderate increase of only 5% in ORFA in 2024 continues to highlight a significant margin between the recoverable amount and the carrying amount of the assets tested.

- "Professional" CGU

A significant decline in ORFA over the 2020–2023 period and a return to pre-pandemic ORFA in 2024 continues to highlight a significant margin between the recoverable amount and the carrying amount of the assets tested.

Moreover, a one-point increase in the discount rate and a one-point decrease in the long-term growth rate would not lead to an impairment loss scenario for either of the two CGUs.

### Financial instruments and liquidity risk

The Group has reviewed its portfolio of hedging instruments and did not identify any overhedging risk requiring the disqualification of certain instruments. Moreover, the review of its commercial loan portfolio did not bring to light any elements requiring the adjustment of expected loss estimates (see Note 17.3).

## NOTE 2. CHANGES IN THE SCOPE OF CONSOLIDATION

### Krampouz

On 7 October 2019, Groupe SEB announced the acquisition of Krampouz. Specialized in the design, manufacturing and marketing of crepe makers, waffle makers, planchas and grills, Krampouz rounds out the Group's professional and premium consumer product lines. Krampouz now benefits from the Group's extensive distribution network, in France and abroad. In return, Krampouz is expanding the Group's network with the home improvement and gardening brands where they are sold.

Due to the takeover date, and the fact that the purchase price allocation analyses had not been finalized, the entire acquisition price was recognized at 31 December 2019 under "Other investments".

The purchase price allocation analyses in the first half of 2020 enabled the determination of net fair value of the identifiable assets and liabilities as of 30 September 2019, which breaks down as follows:

| *(in € millions)* | 30/09/2019 |
|---|---|
| Non-current assets* | 16.0 |
| Inventories | 3.9 |
| Trade receivables | 1.7 |
| Net debt | (15.1) |
| Trade and other payables | (0.9) |
| Other net liabilities | (4.1) |
| **TOTAL NET ASSETS** | **1.4** |
| **PERCENTAGE INTEREST** | **100%** |
| **TOTAL NET ASSETS ACQUIRED** | **1.4** |
| Non-controlling interests | |
| **CASH OUTFLOW FOR BUSINESS ACQUISITION** | **39.8** |
| **Temporary goodwill** | **38.4** |

* *Including the Krampouz brand name which was valued by an independent party at €11.8 million.*

### Other transactions during the first half

Moreover, as part of the streamlining of its business, the Group sold its garden activity at the end of June 2020 and its Boehringer Gastro Profi GmbH subsidiary which specialized in the sale of hospitality products. The net impact of these two transactions totaled €6.6 million and was recognized under other expenses (see Note 6).

## 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 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 |
|---|---|---|---|---|---|---|
| **30/06/2020** | | | | | | |
| *Revenue* | | | | | | |
| Inter-segment revenue | 1,253.3 | 293.6 | 1,038.5 | 306.1 | | 2,891.5 |
| External revenue | 104.6 | 0.1 | 601.7 | | (683.5) | 22.9 |
| **TOTAL REVENUE** | | | | | | **2,914.4** |
| *Profit (loss)* | | | | | | |
| Operating Result from Activity | (54.2) | (8.2) | 162.7 | 7.7 | (4.6) | 103.4 |
| Operating profit (loss) | (95.3) | (11.4) | 162.5 | 7.0 | (4.6) | 58.2 |
| Finance costs and other financial income and expenses | | | | | | (28.7) |
| Profit (loss) attributable to associates | | | | | | |
| Income taxes | | | | | | (7.4) |
| **PROFIT FOR THE PERIOD** | | | | | | **22.1** |
| *Consolidated balance sheet* | | | | | | |
| Segment assets | 3,542.3 | 720.2 | 1,481.3 | 1,020.0 | (433.6) | 6,330.2 |
| Financial assets | | | | | | 1,945.2 |
| Tax assets | | | | | | 147.6 |
| **TOTAL ASSETS** | | | | | | **8,423.0** |
| Segment liabilities | (925.8) | (171.0) | (792.6) | (235.9) | 358.0 | (1,767.3) |
| Borrowings | | | | | | (3,912.8) |
| Tax liabilities | | | | | | (244.1) |
| Equity | | | | | | (2,498.8) |
| **TOTAL EQUITY AND LIABILITIES** | | | | | | **(8,423.0)** |
| *Other information* | | | | | | |
| Capital expenditure and purchases of intangible assets* | 68.3 | 8.7 | 36.0 | 2.0 | | 115.0 |
| Depreciation and amortization expense | (79.5) | (10.3) | (30.2) | (14.6) | | (134.6) |
| Impairment losses recognized in profit or loss | (7.3) | (0.1) | | | | (7.4) |

* *Including IFRS 16 leases.*

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)* | "Consumer" business EMEA | Americas | Asia | "Professional" business | Intra-Group transactions | Total |
|---|---|---|---|---|---|---|
| **30/06/2019** | | | | | | |
| *Revenue* | | | | | | |
| Inter-segment revenue | 1,385.3 | 350.2 | 1,177.4 | 390.6 | | 3,303.5 |
| External revenue | 129.8 | 0.1 | 708.1 | | (804.9) | 33.1 |
| **TOTAL REVENUE** | | | | | | **3,336.6** |
| Profit (loss) | | | | | | |
| Operating Result from Activity | (1.2) | 4.4 | 198.8 | 57.2 | (29.4) | 229.8 |
| Operating profit (loss) | (19.7) | 5.3 | 199.3 | 57.1 | (29.4) | 212.6 |
| Finance costs and other financial income and expenses | | | | | | (45.8) |
| Profit (loss) attributable to associates | | | | | | |
| Income taxes | | | | | | (40.2) |
| **PROFIT FOR THE PERIOD** | | | | | | **126.6** |
| *Consolidated balance sheet* | | | | | | |
| Segment assets | 3,780.1 | 853.5 | 1,475.5 | 832.3 | (361.9) | 6,579.5 |
| Financial assets | | | | | | 769.9 |
| Tax assets | | | | | | 151.8 |
| **TOTAL ASSETS** | | | | | | **7,501.2** |
| Segment liabilities | (1,074.7) | (213.3) | (632.7) | (153.3) | 279.9 | (1,794.1) |
| Borrowings | | | | | | (3,118.7) |
| Tax liabilities | | | | | | (265.0) |
| Equity | | | | | | (2,323.4) |
| **TOTAL EQUITY AND LIABILITIES** | | | | | | **(7,501.2)** |
| *Other information* | | | | | | |
| Capital expenditure and purchases of intangible assets* | 321.9 | 39.7 | 96.2 | 36.6 | | 494.4 |
| Depreciation and amortization expense | (74.6) | (11.4) | (27.7) | (16.4) | | (130.1) |
| Impairment losses recognized in profit or loss | | | | | | |

* *Including IFRS 16 leases.*

| *(in € millions)* | "Consumer" business EMEA | Americas | Asia | "Professional" business | Intra-Group transactions | Total |
|---|---|---|---|---|---|---|
| **31/12/2019** | | | | | | |
| *Revenue* | | | | | | |
| Inter-segment revenue | 3,308.2 | 866.2 | 2,288.5 | 798.5 | | 7,261.4 |
| External revenue | 267.7 | 0.2 | 1,516.5 | | (1,691.9) | 92.5 |
| **TOTAL REVENUE** | | | | | | **7,353.9** |
| *Profit (loss)* | | | | | | |
| Operating Result from Activity | 141.6 | 64.4 | 420.9 | 121.1 | (8.2) | 739.8 |
| Operating profit (loss) | 27.4 | 66.5 | 417.4 | 117.4 | (8.2) | 620.5 |
| Finance costs and other financial income and expenses | | | | | | (60.7) |
| Profit (loss) attributable to associates | | | | | | |
| Income taxes | | | | | | (131.5) |
| **PROFIT FOR THE PERIOD** | | | | | | **428.3** |
| *Consolidated balance sheet* | | | | | | |
| Segment assets | 3,580.7 | 867.4 | 1,583.6 | 971.1 | (299.7) | 6,703.1 |
| Financial assets | | | | | | 958.7 |
| Tax assets | | | | | | 153.6 |
| **TOTAL ASSETS** | | | | | | **7,815.4** |
| Segment liabilities | (1,045.4) | (201.9) | (855.4) | (202.8) | 230.6 | (2,074.9) |
| Borrowings | | | | | | (2,816.6) |
| Tax liabilities | | | | | | (296.4) |
| Equity | | | | | | (2,627.5) |
| **TOTAL EQUITY AND LIABILITIES** | | | | | | **(7,815.4)** |
| *Other information* | | | | | | |
| Capital expenditure and purchases of intangible assets | 467.5 | 47.5 | 160.1 | 21.7 | | 696.8 |
| Depreciation and amortization expense | (155.3) | (22.4) | (55.3) | (31.5) | | (264.5) |
| Impairment losses recognized in profit or loss | (14.4) | | | | | (14.4) |

### Note 3.2. Revenue by geographical location of the customer and business sector

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| Western Europe | 914.7 | 1,033.3 | 2,442.2 |
| Other countries | 356.9 | 368.1 | 897.2 |
| **TOTAL EMEA** | **1,271.6** | **1,401.4** | **3,339.4** |
| North America | 208.9 | 223.6 | 589.2 |
| South America | 89.0 | 138.8 | 325.6 |
| **TOTAL AMERICAS** | **297.9** | **362.4** | **914.8** |
| China | 794.1 | 937.8 | 1,761.8 |
| Other countries | 244.7 | 244.4 | 539.2 |
| **TOTAL ASIA** | **1,038.8** | **1,182.2** | **2,301.0** |
| **TOTAL CONSUMER** | **2,608.3** | **2,946.0** | **6,555.2** |
| **PROFESSIONAL** | **306.1** | **390.6** | **798.7** |
| **TOTAL** | **2,914.4** | **3,336.6** | **7,353.9** |

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| Cookware | 889.9 | 1,042.5 | 2,296.0 |
| Small electrical appliances | 1,718.4 | 1,903.5 | 4,259.2 |
| Professional coffee machines and hotels | 306.1 | 390.6 | 798.7 |
| **TOTAL** | **2,914.4** | **3,336.6** | **7,353.9** |

## NOTE 4. OPERATING EXPENSES

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| Cost of sales | (1,863.4) | (2,063.8) | (4,522.0) |
| Research and development costs | (65.1) | (66.0) | (137.4) |
| Advertising | (31.9) | (52.0) | (114.9) |
| Distribution and administrative expenses | (850.6) | (925.0) | (1,839.8) |
| **OPERATING EXPENSES** | **(2,811.0)** | **(3,106.8)** | **(6,614.1)** |

## 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)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| Restructuring costs | (19.7) | (3.4) | (32.8) |
| Impairment losses | (7.1) | | (14.6) |
| Gains and losses on asset disposals and other | (13.4) | (4.8) | (34.7) |
| **OTHER OPERATING INCOME AND EXPENSES** | **(40.2)** | **(8.2)** | **(82.1)** |

## Note 6.1. Restructuring costs

Restructuring costs in the first half of 2020 mainly included the continuation of the WMF restructuring plan announced in July 2019 for €14.3 million, the rationalization plan for the Riedlingen site for €1.8 million, as well as restructuring charges in the United States, Canada, Spain and Colombia for non-material amounts when taken separately.

Restructuring costs in 2019 totaled €32.8 million and mainly included:

- the WMF reorganization plan announced in July 2019 and aimed at improving its competitiveness for €29 million;
- the continuation of the WMF Retail business optimization plan for €2.7 million;
- various reorganization costs in the United States, Italy and China.

## Note 6.2. Impairment losses

Due to the seasonal nature of the business, impairment tests are usually conducted at the financial year-end. However, this year, due to the COVID-19 pandemic, the Group carried out impairment testing to ensure that its non-depreciable intangible assets had not suffered any impairment loss (see Note 1.2 Impact of the COVID-19 pandemic on the approval of the interim accounts).

As part of the rationalization plan of the Riedlingen industrial site, a €7 million depreciation in industrial assets was recognized at 30 June 2020.

At 31 December 2019, the Group had decided to fully depreciate the residual goodwill relating to its operations in India. An expense of €6.6 million was therefore recognized. Moreover, as part of the WMF reorganization plan and in particular the reorganization of its cookware activities, a €7.9 million depreciation in industrial assets was recognized.

## Note 6.3. Gains and losses on asset disposals and other

In the first half of 2020, this item mainly includes:

- the impact of the disposal of Boerhinger which generated an accounting loss of €4.9 million;
- additional accounting adjustments recognized at the Groupe SEB Deutschland subsidiary level for previous financial years, for €3.5 million;
- the impact of the disposal of EMSA's Garden business which generated an accounting loss of €1.7 million;
- transaction costs relating to M&A transactions for the period for €1.5 million;
- other non-material elements when taken separately.

In 2019, this item mainly included:

- accounting adjustments recognized in the financial statements of the Groupe SEB Deutschland subsidiary for previous financial years (mainly 2018) in the amount of around €20 million as well as costs relating to internal investigations carried out for around €2 million;
- costs relating to the departure of several members of the Group's Executive Committee for around €8 million;
- costs relating to the acquisition of the "cookware" business from our Egyptian partner, the acquisition of Wilbur Curtis and the acquisition of Krampouz for a total amount of €6 million (compared with €4.2 million at 30 June 2019);
- various non-material litigation and claims when taken separately, offset by the write-back of contingent liabilities recognized during the acquisition of WMF in the amount of €3.5 million.

## NOTE 7. FINANCE RESULT

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| **FINANCE COSTS** | **(16.5)** | **(20.9)** | **(41.1)** |
| Interest cost on long-term employee benefit obligations | (1.0) | (2.0) | (4.9) |
| Exchange gains and losses and financial instruments | (10.0) | (10.7) | (24.6) |
| Fair value of the optional portion of the ORNAE net of calls | 3.0 | (8.0) | (0.6) |
| Other miscellaneous interest costs | (4.2) | (4.2) | 10.5 |
| **OTHER FINANCIAL INCOME AND EXPENSES** | **(12.2)** | **(24.9)** | **(19.6)** |

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 manufacturing and sales transactions denominated in foreign currencies and their related hedging transactions are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are recognized under "Financial costs." Gains and losses on intra-Group borrowings in foreign currencies and related hedges are recorded in "Other financial income and expenses."

At 31 December 2019, the "Other" item included interest on arrears relating to the PIS COFINS tax receivable recognized in Brazil for €3.4 million in 2019 and the deconsolidation of the Grain Harvest holding resulting in financial income of €17.5 million as a result of the reclassification in profit or loss of this company's foreign currency translation adjustments.



## NOTE 8. INCOME TAX

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 difference between the effective tax rate of 25.0% and the statutory French tax rate of 32.02% breaks down as follows:

| *(in %)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| **STATUTORY FRENCH TAX RATE** | **32.0** | **32.0** | **34.4** |
| Effect of differences in tax rates[a] | (15.3) | (9.3) | (15.4) |
| Unrecognized and relieved tax loss carry forwards[b] | 4.7 | 1.8 | 4.1 |
| Prior period tax loss carry forwards recognized and utilized during the period | (0.4) | (0.8) | (0.6) |
| Other[c] | 4.0 | 0.3 | 1.0 |
| **EFFECTIVE TAX RATE** | **25.0** | **24.0** | **23.5** |

*(a) The "Effect of differences in tax rates" lines depends on France's contribution to consolidated profit.*
*(b) Unrecognized tax loss carry forwards mainly concerned certain South American, Asian and German subsidiaries.*
*(c) The "Other" line mainly includes taxes on distributed earnings and dividends and provisions for tax audits.*

# NOTE 9. FIXED ASSETS

## Note 9.1. Intangible assets

| June 2020 *(in € millions)* | Patents and licenses | Trademarks | Goodwill | Software | Development costs | Intangible assets in progress and other | Total |
|---|---|---|---|---|---|---|---|
| *Cost* | | | | | | | |
| At 1 January | 41.2 | 1,062.9 | 1,687.7 | 128.4 | 36.9 | 183.1 | 3,140.2 |
| Acquisitions/additions | | | | 2.1 | 3.5 | 8.3 | 13.9 |
| Disposals | | | | (0.8) | (1.4) | (0.3) | (2.5) |
| Other movements* | 0.5 | 11.9 | 38.4 | (1.8) | (6.9) | (12.8) | 29.3 |
| Foreign currency translation adjustments | (1.3) | (9.5) | (8.0) | (3.6) | (0.5) | (1.0) | (23.9) |
| **AT 31 DECEMBER** | **40.4** | **1,065.3** | **1,718.1** | **124.3** | **31.6** | **177.3** | **3,157.0** |
| *Depreciation and impairment losses* | | | | | | | |
| At 1 January | 30.4 | 10.1 | 76.4 | 86.1 | 15.3 | 48.7 | 267.0 |
| Foreign currency translation adjustments | (1.0) | (0.4) | (0.9) | (3.1) | (0.4) | (0.2) | (6.0) |
| Increases | 1.9 | | | 8.4 | 2.8 | 4.1 | 17.2 |
| Net impairment losses | | | | | | | |
| Depreciation and impairment written off on disposals | | | | (0.7) | (1.4) | (0.3) | (2.4) |
| Other movements* | 0.5 | | | (14.8) | (6.9) | 0.1 | (21.1) |
| **AT 31 DECEMBER** | **31.8** | **9.7** | **75.5** | **75.9** | **9.4** | **52.4** | **254.7** |
| Carrying amount at 1 January | 10.8 | 1,052.8 | 1,611.3 | 42.3 | 21.6 | 134.4 | 2,873.2 |
| **CARRYING AMOUNT AT 31 DECEMBER** | **8.6** | **1,055.6** | **1,642.6** | **48.4** | **22.2** | **124.9** | **2,902.3** |

* *Including changes in scope of consolidation.*

| June 2019 *(in € millions)* | Patents and licenses | Trademarks | Goodwill | Software | Development costs | Intangible assets in progress and other | Total |
|---|---|---|---|---|---|---|---|
| *Cost* | | | | | | | |
| At 1 January | 40.7 | 1,021.7 | 1,553.8 | 114.4 | 26.2 | 142.0 | 2,898.8 |
| Acquisitions/additions | | | | 1.6 | 3.5 | 17.1 | 22.2 |
| Disposals | (0.7) | | | (2.2) | (0.9) | (0.4) | (4.2) |
| Other movements* | | 36.7 | 124.6 | 5.5 | 0.5 | 16.3 | 183.6 |
| Foreign currency translation adjustments | 0.9 | 2.6 | 5.9 | 0.4 | 0.1 | 0.4 | 10.3 |
| **AT 31 DECEMBER** | **40.9** | **1,061.0** | **1,684.3** | **119.7** | **29.4** | **175.4** | **3,110.7** |
| *Depreciation and impairment losses* | | | | | | | |
| At 1 January | 26.4 | 10.0 | 68.9 | 74.3 | 13.0 | 38.1 | 230.7 |
| Foreign currency translation adjustments | 0.6 | 0.1 | 0.5 | 0.3 | | 0.1 | 1.6 |
| Increases | 1.9 | | | 8.1 | 2.3 | 5.9 | 18.2 |
| Net impairment losses | | | | | | | |
| Depreciation and impairment written off on disposals | (0.7) | | | (2.1) | (0.9) | (0.2) | (3.9) |
| Other movements* | | | | | 0.1 | | 0.1 |
| **AT 31 DECEMBER** | **28.2** | **10.1** | **69.4** | **80.6** | **14.5** | **43.9** | **246.7** |
| Carrying amount at 1 January | 14.3 | 1,011.7 | 1,484.9 | 40.1 | 13.2 | 103.9 | 2,668.1 |
| **CARRYING AMOUNT AT 31 DECEMBER** | **12.7** | **1,050.9** | **1,614.9** | **39.1** | **14.9** | **131.5** | **2,864.0** |

* *Including changes in scope of consolidation.*

| December 2019 *(in € millions)* | Patents and licenses | Trademarks | Goodwill | Software | Development costs | Intangible assets in progress and other | Total |
|---|---|---|---|---|---|---|---|
| *Cost* | | | | | | | |
| At 1 January | 40.7 | 1,021.7 | 1,553.8 | 114.4 | 26.2 | 142.0 | 2,898.8 |
| Acquisitions/additions | | | | 10.8 | 12.5 | 24.8 | 48.1 |
| Disposals | (0.8) | | | (5.2) | (2.5) | (0.4) | (8.9) |
| Other movements* | | 37.3 | 124.4 | 8.3 | 0.6 | 15.9 | 186.5 |
| Foreign currency translation adjustments | 1.3 | 3.9 | 9.5 | 0.1 | 0.1 | 0.8 | 15.7 |
| **AT 31 DECEMBER** | **41.2** | **1,062.9** | **1,687.7** | **128.4** | **36.9** | **183.1** | **3,140.2** |
| *Depreciation and impairment losses* | | | | | | | |
| At 1 January | 26.4 | 10.0 | 68.9 | 74.3 | 13.0 | 38.1 | 230.7 |
| Foreign currency translation adjustments | 0.9 | 0.1 | 0.8 | 0.1 | | 0.3 | 2.2 |
| Increases | 3.9 | | 6.7 | 15.2 | 4.7 | 10.6 | 41.1 |
| Net impairment losses | | | | | | | |
| Depreciation and impairment written off on disposals | (0.8) | | | (5.2) | (2.5) | (0.2) | (7.0) |
| Other movements* | | | | 1.7 | 0.1 | (0.1) | |
| **AT 31 DECEMBER** | **30.4** | **10.1** | **76.4** | **86.1** | **15.3** | **48.7** | **267.0** |
| Carrying amount at 1 January | 14.3 | 1,011.7 | 1,484.9 | 40.1 | 13.2 | 103.9 | 2,668.1 |
| **CARRYING AMOUNT AT 31 DECEMBER** | **10.8** | **1,052.8** | **1,611.3** | **42.3** | **21.6** | **134.4** | **2,873.2** |

* *Including changes in scope of consolidation.*

## Note 9.2. Property, plant and equipment

| June 2020[a] *(in € millions)* | Land | Buildings | Machinery and equipment | Other property, plant and equipment | Fixed assets in progress | Total |
|---|---|---|---|---|---|---|
| *Cost* | | | | | | |
| At 1 January | 84.1 | 1,061.1 | 1,332.1 | 477.2 | 114.1 | 3,068.6 |
| Acquisitions/additions | | 26.9 | 16.6 | 13.9 | 43.7 | 101.1 |
| Disposals | (1.4) | (10.4) | (14.1) | (6.1) | (0.6) | (32.6) |
| Other movements[b] | 1.5 | 20.4 | 38.7 | (63.0) | (55.2) | (57.6) |
| Foreign currency translation adjustments | (2.8) | (21.6) | (16.6) | (4.7) | (1.4) | (47.1) |
| **AT 31 DECEMBER** | **81.4** | **1,076.4** | **1,356.7** | **417.3** | **100.6** | **3,032.4** |
| Depreciation and impairment losses | | | | | | |
| At 1 January | 8.2 | 432.3 | 1,047.2 | 332.9 | | 1,820.6 |
| Foreign currency translation adjustments | (0.1) | (2.7) | (10.5) | (2.6) | | (15.9) |
| Increases | 0.4 | 48.4 | 45.2 | 23.8 | | 117.8 |
| Net impairment losses | | 1.1 | 3.1 | 3.0 | | 7.2 |
| Depreciation and impairment written off on disposals | | (4.7) | (13.8) | (4.9) | | (23.4) |
| Other movements[b] | 0.9 | (8.7) | 9.8 | (65.3) | | (63.3) |
| **AT 31 DECEMBER** | **9.4** | **465.7** | **1,081.0** | **286.9** | | **1,843.0** |
| Carrying amount at 1 January | 75.9 | 628.8 | 284.9 | 144.3 | 114.1 | 1,248.0 |
| **CARRYING AMOUNT AT 31 DECEMBER** | **72.0** | **610.7** | **275.7** | **130.4** | **100.6** | **1,189.4** |

*(a) The share relating to licenses pursuant to the application of IFRS 16 is presented in Note 10 "Leases".*
*(b) Including changes in scope of consolidation.*

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| June 2019 *(in € millions)* | Land | Buildings | Machinery and equipment | Other property, plant and equipment | Fixed assets in progress | Total |
|---|---|---|---|---|---|---|
| *Cost* | | | | | | |
| At 1 January | 62.7 | 678.1 | 1,263.0 | 412.5 | 87.4 | 2,503.7 |
| Acquisitions/additions[(a)] | 5.0 | 344.5 | 29.5 | 42.8 | 50.4 | 472.2 |
| Disposals | | (5.8) | (12.3) | (4.7) | (0.7) | (23.5) |
| Other movements[(b)] | 14.8 | 12.1 | 15.8 | 0.8 | (37.4) | 6.1 |
| Foreign currency translation adjustments | 0.4 | 2.3 | 3.8 | 1.2 | 0.4 | 8.1 |
| **AT 31 DECEMBER** | **82.9** | **1,031.2** | **1,299.8** | **452.6** | **100.1** | **2,966.6** |
| *Depreciation and impairment losses* | | | | | | |
| At 1 January | 7.6 | 356.4 | 1,000.9 | 299.3 | | 1,664.2 |
| Foreign currency translation adjustments | | 0.6 | 2.6 | 0.8 | | 4.0 |
| Increases | 0.4 | 46.6 | 41.1 | 23.7 | | 111.8 |
| Net impairment losses | | | | | | |
| Depreciation and impairment written off on disposals | | (5.9) | (11.4) | (4.3) | | (21.6) |
| Other movements[(b)] | (0.1) | (8.0) | (5.3) | (4.2) | | (17.6) |
| **AT 31 DECEMBER** | **7.9** | **389.7** | **1,027.9** | **315.3** | | **1,740.8** |
| Carrying amount at 1 January | 55.1 | 321.7 | 262.1 | 113.2 | 87.4 | 839.5 |
| **CARRYING AMOUNT AT 31 DECEMBER** | **75.0** | **641.5** | **271.9** | **137.3** | **100.1** | **1,225.8** |

*(a) Including €362 million in connection with the first-time application of IFRS 16.*
*(b) Including changes in scope of consolidation.*

| December 2019 *(in € millions)* | Land | Buildings | Machinery and equipment | Other property, plant and equipment | Fixed assets in progress | Total |
|---|---|---|---|---|---|---|
| *Cost* | | | | | | |
| At 1 January | 62.7 | 678.1 | 1,263.0 | 412.5 | 87.4 | 2,503.7 |
| Acquisitions/additions[(a)] | 6.7 | 400.0 | 82.7 | 69.2 | 93.9 | 652.5 |
| Disposals | (0.5) | (37.0) | (42.0) | (13.9) | (6.8) | (100.2) |
| Other movements[(b)] | 14.9 | 18.3 | 24.9 | 7.3 | (60.8) | 4.6 |
| Foreign currency translation adjustments | 0.3 | 1.7 | 3.5 | 2.1 | 0.4 | 8.0 |
| **AT 31 DECEMBER** | **84.1** | **1,061.1** | **1,332.1** | **477.2** | **114.1** | **3,068.6** |
| *Depreciation and impairment losses* | | | | | | |
| At 1 January | 7.6 | 356.4 | 1,000.9 | 299.3 | | 1,664.2 |
| Foreign currency translation adjustments | | 0.6 | 2.7 | 1.4 | | 4.7 |
| Increases | 0.9 | 98.4 | 83.1 | 47.8 | | 230.2 |
| Net impairment losses | | 2.3 | 5.0 | 0.5 | | 7.8 |
| Depreciation and impairment written off on disposals | (0.2) | (17.4) | (37.5) | (12.3) | | (67.4) |
| Other movements[(b)] | (0.1) | (8.0) | (7.0) | (3.8) | | (18.9) |
| **AT 31 DECEMBER** | **8.2** | **432.3** | **1,047.2** | **332.9** | | **1,820.6** |
| Carrying amount at 1 January | 55.1 | 321.7 | 262.1 | 113.2 | 87.4 | 839.5 |
| **CARRYING AMOUNT AT 31 DECEMBER** | **75.9** | **628.8** | **284.9** | **144.3** | **114.1** | **1,248.0** |

*(a) Including €362 million in connection with the first-time application of IFRS 16.*
*(b) Including changes in scope of consolidation.*

# NOTE 10. LEASES

As of 1 January 2019, the Group applied IFRS 16 for the first time using the simplified retrospective method. The Group did not use any simplification methods except regarding the creation of fleets of passenger vehicles and computer hardware. These simplifications did not have any material impacts. Moreover, the final decision by the IFRS IC on 16 December 2019 on lease terms does not have a material impact on the Group's financial statements. Most leases have renewal options but few include tacit renewal clauses. Discount rates were determined based on the remaining term of existing leases at 1 January 2019. The amount of the liabilities and the right-of-use assets concerned as of 1 January 2019 was estimated at €362.2 million.

At 30 June 2020, liabilities totaled €306.5 million compared with €346.1 million at 30 June 2019 and the right-of-use €300.2 million compared with €343.8 million at 30 June 2019.

At 30 June 2020, the average term of leases falling within the scope of IFRS 16 was 3.6 years (the same as at 30 June 2019) compared with 3.5 years at 31 December 2019.

The average marginal borrowing rate at 30 June 2020 was 4.3% compared with 4.1% at 30 June 2019 and 4.0% at 31 December 2019.

The remaining lease expense related to the variable portion of contracts and other exemptions at 30 June 2019 amounted to €18.0 million compared with €20.5 million at 30 June 2019 and €40.0 million at 31 December 2019.



## TYPE OF LEASED ASSETS

| *(in € millions)* | 30/06/2020 6 months | 30/06/2019 6 months | 31/12/2019 12 months |
|---|---|---|---|
| Stores | 147.0 | 167.6 | 157.2 |
| Offices | 71.1 | 79.9 | 79.9 |
| Warehouses | 34.3 | 43.6 | 40.4 |
| Vehicles | 12.8 | 14.0 | 16.0 |
| Industrial equipment | 12.1 | 11.0 | 11.2 |
| Other | 22.9 | 27.7 | 24.1 |
| **TOTAL** | **300.2** | **343.8** | **328.8** |

## TABLE OF MOVEMENTS IN RIGHT-OF-USE OVER THE PERIOD

| Carrying amount *(in € millions)* | 01/01/2020 | New leases and lease amendments | Depreciation and amortization expense | Exchange differences on translating foreign operations | 30/06/2020 |
|---|---|---|---|---|---|
| Land | 3.5 | (1.4) | (0.2) | (0.2) | 1.7 |
| Buildings | 293.5 | 17.7 | (34.9) | (6.8) | 269.5 |
| Other property, plant and equipment | 31.8 | 6.4 | (8.8) | (0.4) | 29.0 |
| **TOTAL** | **328.8** | **22.7** | **(43.9)** | **(7.4)** | **300.2** |

## CHANGE IN LEASE LIABILITIES OVER THE PERIOD

| *(in € millions)* | 01/01/2020 | New leases and lease amendments | Repayment | Financial expenses | Exchange differences on translating foreign operations | 30/06/2020 |
|---|---|---|---|---|---|---|
| Lease liabilities | 333.7 | 22.7 | (48.2) | 6.3 | (8.0) | 306.5 |

The short-term portion of the lease liabilities amounted to €62.8 million at 30 June 2020 compared with €72.2 million at 30 June 2019 and €71.5 million at 31 December 2019.

## NOTE 11. OTHER INVESTMENTS

The "Other investments" line of the balance sheet amounted to €87.0 million at 30 June 2020 compared with €54.3 million at 30 June 2019 and €100.4 million at 31 December 2019.

This mainly included non-controlling interests in various entities and investments in non-consolidated entities due to their non-material size in the Group.

At 30 June 2020, this line included in particular equity investments as part of the Angell project for €5.7 million and in Castalie for €3.1 million.

At 31 December 2019, this line included the value of long-term investments in Krampouz, for which the purchase price allocation analyses had not been completed due to the acquisition date.

In accordance with IFRS 9, 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. The change in fair value of these investments amounted to €12.2 million at 30 June 2020 compared with €5.1 million at 30 June 2019 and €6.5 million at 31 December 2019.

## NOTE 12. OTHER RECEIVABLES AND NON-CURRENT ASSETS

| *(in € millions)* | 30/06/2020 | 30/06/2019 | 31/12/2019 |
|---|---|---|---|
| **OTHER NON-CURRENT ASSETS** | **48.2** | **50.7** | **58.0** |
| Current prepaid expenses | 15.2 | 12.2 | 12.7 |
| Advances paid | 47.1 | 37.5 | 53.7 |
| Prepaid and recoverable taxes and other receivables* | 73.6 | 96.9 | 108.7 |
| **OTHER RECEIVABLES** | **135.9** | **146.6** | **175.1** |

* *Including VAT claims amounting to €43.0 million at June 2020 (€74.8 million at 30 June 2019 and €86.4 million at December 2019).*

The fair value of other non-current assets and other receivables is equivalent to their carrying amount.

At the period end, other receivables broke down as follows:

| *(in € millions)* | Current | Non-current | Total |
|---|---|---|---|
| Prepaid expenses | 15.2 | 0.1 | 15.3 |
| Advances paid* | 47.1 | | 47.1 |
| Prepaid and recoverable taxes and other receivables | 73.6 | 48.1 | 121.7 |
| **OTHER RECEIVABLES** | **135.9** | **48.2** | **184.1** |

* *Including €38.5 million from Supor.*

Non-current tax assets include the PIS COFINS receivable in Brazil in the amount of €43 million at 30 June 2020 (€61 million at 30 June 2019 and €60 million at 31 December 2019).

## NOTE 13. TREASURY STOCK

At 30 June 2020, the company's share capital was made up of 50,307,064 shares with a par value of €1 each.

In the first half of 2020, the Group bought back 108,814 shares at a weighted average price of €120.84 per share and sold 330,635 shares on the market at an average price of €47.40.

At 30 June 2020, the Group held 140,622 treasury shares, acquired at an average price of €133.69 per share (367,647 shares at 30 June 2019 and 362,443 shares at 31 December 2019, acquired at an average price of €146.64 and €145.69, respectively).

The number of treasury shares held changed as follows:

| | Transactions | | |
|---|---|---|---|
| *(in number of shares)* | First half of 2020 6 months | First half of 2019 6 months | Full year 2019 12 months |
| **SHARES HELD IN TREASURY AT 1 JANUARY** | **362,443** | **575,888** | **575,888** |
| ***Purchases of shares*** | ***108,814*** | ***130,586*** | ***280,577*** |
| Buyback plan | | | |
| Liquidity contracts | 108,814 | 130,586 | 280,577 |
| ***Sales*** | ***(330,635)*** | ***(338,827)*** | ***(494,022)*** |
| Disposals | (113,788) | (141,427) | (278,719) |
| Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans | (216,847) | (197,400) | (215,303) |
| ***Shares canceled during the period*** | | | |
| **SHARES HELD IN TREASURY AT 31 DECEMBER** | **140,622** | **367,647** | **362,443** |

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| | Transactions | | |
|---|---|---|---|
| *(in € millions)* | First half of 2020 6 months | First half of 2019 6 months | Full year 2019 12 months |
| **SHARES HELD IN TREASURY AT 1 JANUARY** | **52.8** | **82.4** | **82.4** |
| ***Purchases of shares*** | ***13.1*** | ***19.2*** | ***40.5*** |
| Buyback plan | | | |
| Liquidity contracts | 13.1 | 19.2 | 40.5 |
| ***Sales*** | ***(47.1)*** | ***(47.7)*** | ***(70.1)*** |
| Disposals | (13.8) | (20.1) | (39.8) |
| Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans | (33.3) | (27.6) | (30.3) |
| ***Shares canceled during the period*** | | | |
| **SHARES HELD IN TREASURY AT 31 DECEMBER** | **18.8** | **53.9** | **52.8** |

As a reminder, the Group set up collars on treasury shares in July 2019 to cover its performance share and employee share ownership plans.

During the second half of 2019, 187,200 call options were acquired for a total amount of €3.6 million. These call options were qualified as equity instruments. At the same time as these call options, 187,200 put options were sold for the same amount. These put options, which were qualified as derivative instruments, were part of the Group's net debt.

At 30 June 2020, the change in fair value of these put options did not have a material impact on the Group's financial result.

## NOTE 14. EMPLOYEE BENEFITS

At 30 June 2020, the Group had not updated the discount rates used to calculate pension liabilities as there was no material change compared with the discount rates used to value pension liabilities at 31 December 2019.

## NOTE 15. CURRENT AND NON-CURRENT PROVISIONS

| | 30/06/2020 | | 30/06/2019 | | 31/12/2019 | |
|---|---|---|---|---|---|---|
| *(in € millions)* | non-current | current | non-current | current | non-current | current |
| Pension and other post-employment benefit obligations | 286.3 | 22.2 | 299.5 | 17.7 | 283.3 | 25.3 |
| Product warranties | 7.0 | 36.6 | 9.1 | 36.2 | 9.2 | 37.0 |
| Claims and litigation and other contingencies | 43.4 | 16.0 | 44.7 | 20.4 | 43.7 | 17.3 |
| Restructuring provisions | 3.7 | 31.3 | 3.6 | 3.8 | 3.3 | 28.3 |
| **TOTAL** | **340.4** | **106.1** | **356.9** | **78.1** | **339.5** | **107.9** |

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)* | 01/01/2020 | Additions | Reversal amounts not used | Utilizations | Other movements* | 30/06/2020 |
|---|---|---|---|---|---|---|
| Product warranties | 46.2 | 7.4 | (0.9) | (10.8) | 1.7 | 43.6 |
| Claims and litigation and other contingencies | 61.0 | 2.4 | (0.9) | (3.2) | 0.1 | 59.4 |
| Restructuring provisions | 31.6 | 16.9 | (0.2) | (12.5) | (0.8) | 35.0 |
| **TOTAL** | **138.8** | **26.7** | **(2.0)** | **(26.5)** | **1.0** | **138.0** |

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

| *(in € millions)* | 01/01/2019 | Additions | Reversal amounts not used | Utilizations | Other movements* | 30/06/2019 |
|---|---|---|---|---|---|---|
| Product warranties | 40.0 | 8.6 | (5.0) | (4.0) | 5.7 | 45.3 |
| Claims and litigation and other contingencies | 69.0 | 5.5 | (2.9) | (6.2) | (0.3) | 65.1 |
| Restructuring provisions | 8.1 | 1.7 | (0.4) | (2.6) | 0.6 | 7.4 |
| **TOTAL** | **117.1** | **15.8** | **(8.3)** | **(12.8)** | **6.0** | **117.8** |

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

| *(in € millions)* | 01/01/2019 | Additions | Reversal amounts not used | Utilizations | Other movements* | 31/12/2019 |
|---|---|---|---|---|---|---|
| Product warranties | 40.0 | 13.2 | (0.9) | (12.1) | 6.0 | 46.2 |
| Claims and litigation and other contingencies | 69.0 | 9.7 | (7.5) | (9.1) | (1.1) | 61.0 |
| Restructuring provisions | 8.1 | 28.6 | (0.2) | (5.3) | 0.4 | 31.6 |
| **TOTAL** | **117.1** | **51.5** | **(8.6)** | **(26.5)** | **5.3** | **138.8** |

* *"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)* | 30/06/2020 | 30/06/2019 | 31/12/2019 |
|---|---|---|---|
| Severance costs | 33.9 | 6.0 | 30.5 |
| Site closure costs | 1.1 | 1.4 | 1.1 |
| **TOTAL** | **35.0** | **7.4** | **31.6** |

The current portion of the restructuring provision amounted to €31.3 million and mainly related to the WMF restructuring plan announced in July 2019 and designed to enhance its competitiveness.

# NOTE 16. NET DEBT

| *(in € millions)* | 30/06/2020 | 30/06/2019 | 31/12/2019 |
|---|---|---|---|
| Bonds | 1,647.9 | 1,150.7 | 1,150.7 |
| Bank borrowings | 4.1 | | 5.8 |
| IFRS 16 debt | 243.7 | 273.9 | 262.2 |
| Negotiable European Medium Term Note (NEU MTN) | 100.5 | 241.5 | 212.9 |
| Other debts (including private placements) | 625.2 | 657.3 | 656.3 |
| Non-discretionary profit-sharing | 16.8 | 14.2 | 13.9 |
| **LONG-TERM BORROWINGS** | **2,638.2** | **2,337.6** | **2,301.8** |
| Bonds | | | |
| Bank borrowings | 7.2 | 37.3 | 12.7 |
| IFRS 16 debt | 62.8 | 72.2 | 71.5 |
| Negotiable European Medium Term Note (NEU MTN) and Negotiable European Commercial Paper (NEU CP) | 1,115.5 | 345.9 | 347.0 |
| Current portion of long-term borrowings | 52.9 | 268.8 | 39.4 |
| **SHORT-TERM BORROWINGS** | **1,238.4** | **724.2** | **470.6** |
| **TOTAL BORROWINGS** | **3,876.6** | **3,061.8** | **2,772.4** |
| Cash and cash equivalents[(a)] | (1,746.3) | (588.2) | (785.5) |
| Other current financial investments[(a)(b)] | (45.4) | (71.6) | (7.7) |
| Derivative instruments (net)[(c)] | (0.2) | 25.5 | 18.1 |
| **NET DEBT** | **2,084.7** | **2,427.5** | **1,997.3** |

*(a) Including €440 million in China, versus €355 million at 30 June 2019 and €530 million at 31 December 2019.*
*(b) Excluding deposits and securities.*
*(c) Excluding derivative financial instruments relating to commercial activities.*

On 16 June 2020, the Group issued a new five-year €500 million bond (maturing on 16 June 2025) with a 1.375% coupon (Note 18).

On 29 June 2020, the Group signed an amendment to its syndicated credit facility, extending its maturity by one year (to 31 July 2022), with an additional six-month extension option (Note 18).

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalent, other current financial assets and derivative instruments used for Group financing. It also includes financial debt arising from the application of IFRS 16 “Leases” as well as any short-term financial investments with no risk of significant change in value but whose maturity on the subscription date is longer than three months.

# NOTE 17. FAIR VALUE OF FINANCIAL INSTRUMENTS

## Note 17.1. 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. 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.

At 30 June 2019, the Group had sold trade receivables amounting to €85.7 million. As the sale of receivables was without recourse, the receivables were deconsolidated.

| *(in € millions)* | 30/06/2020 Carrying amount | 30/06/2020 Fair value | Financial instruments by category: 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** | | | | | | | |
| Other investments | 74.4 | 74.4 | | 74.4 | | | |
| Other non-current financial assets | 19.0 | 19.0 | | | 19.0 | | |
| Other non-current assets | 1.3 | 1.3 | | | 1.3 | | |
| Trade receivables | 860.5 | 860.5 | | | 860.5 | | |
| Other current receivables, excl. prepaid expenses | 60.1 | 60.1 | | | 60.1 | | |
| Derivative instruments | 45.4 | 45.4 | | | | | 45.4 |
| Financial investments and other financial assets | 47.4 | 47.4 | 47.4 | | | | |
| Cash and cash equivalents | 1,746.3 | 1,746.3 | 1,746.3 | | | | |
| **TOTAL FINANCIAL ASSETS** | **2,854.4** | **2,854.4** | **1,793.7** | **74.4** | **940.9** | | **45.4** |
| **LIABILITIES** | | | | | | | |
| Long-term borrowings | 2,638.2 | 2,680.5 | | | | 2,680.5 | |
| Other non-current liabilities | 1.6 | 1.6 | | | | 1.6 | |
| Trade payables | 853.2 | 853.2 | | | | 853.2 | |
| Other current liabilities | 118.8 | 118.8 | | | | 118.8 | |
| Derivative instruments | 36.2 | 36.2 | | | | | 36.2 |
| Short-term borrowings | 1,238.4 | 1,238.4 | | | | 1,238.4 | |
| **TOTAL FINANCIAL LIABILITIES** | **4,886.4** | **4,928.7** | | | | **4,892.5** | **36.2** |

| *(in € millions)* | 30/06/2019 Carrying amount | 30/06/2019 Fair value | Financial instruments by category: 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** | | | | | | | |
| Other investments | 50.8 | 50.8 | | 50.8 | | | |
| Other non-current financial assets | 14.7 | 14.7 | | | 14.7 | | |
| Other non-current assets | 0.2 | 0.2 | | | 0.2 | | |
| Trade receivables | 984.3 | 984.3 | | | 984.3 | | |
| Other current receivables, excl. prepaid expenses | 48.1 | 48.1 | | | 48.1 | | |
| Derivative instruments | 38.1 | 38.1 | | | | | 38.1 |
| Financial investments and other financial assets | 74.7 | 74.7 | 74.7 | | | | |
| Cash and cash equivalents | 588.2 | 588.2 | 588.2 | | | | |
| **TOTAL FINANCIAL ASSETS** | **1,799.1** | **1,799.1** | **662.9** | **50.8** | **1,047.3** | | **38.1** |
| **LIABILITIES** | | | | | | | |
| Long-term borrowings | 2,337.6 | 2,412.6 | | | | 2,412.6 | |
| Other non-current liabilities | 2.1 | 2.1 | | | | 2.1 | |
| Trade payables | 932.1 | 932.1 | | | | 932.1 | |
| Other current liabilities | 81.1 | 81.1 | | | | 81.1 | |
| Derivative instruments | 56.9 | 56.9 | | | | | 56.9 |
| Short-term borrowings | 724.2 | 724.4 | | | | 724.4 | |
| **TOTAL FINANCIAL LIABILITIES** | **4,134.0** | **4,209.2** | | | | **4,152.3** | **56.9** |

## Note 17.2. Information on financial assets and liabilities recognized 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.

| | 30/06/2020 | | | |
|---|---|---|---|---|
| *(in € millions)* | Total | Level 1 | Level 2 | Level 3 |
| **ASSETS** | | | | |
| Other investments | 74.4 | | 74.4 | |
| Derivative instruments | 45.4 | | 45.4 | |
| Other financial assets | 47.4 | 47.4 | | |
| Cash and cash equivalents | 1,746.3 | 1,746.3 | | |
| **TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE** | **1,913.5** | **1,793.7** | **119.8** | |
| **LIABILITIES** | | | | |
| Derivative instruments | 36.2 | | 36.2 | |
| **TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE** | **36.2** | | **36.2** | |

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 raw materials swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

## Note 17.3. Credit risk

At 30 June 2020, the COVID-19 pandemic had not had a material impact on the Group's credit risk. Trade receivables broke down as follows based on their age:

| | 30/06/2020 | | | | |
|---|---|---|---|---|---|
| | | Past due | | | |
| *(in € millions)* | Current | 0-90 days | 91-180 days | Over 181 days | Total |
| Net trade receivables | 646.7 | 138.1 | 37.9 | 37.8 | 860.5 |

| | 31/12/2019 | | | | |
|---|---|---|---|---|---|
| | | Past due | | | |
| *(in € millions)* | Current | 0-90 days | 91-180 days | Over 181 days | Total |
| Net trade receivables | 907.4 | 195.1 | 15.6 | 41.6 | 1,159.7 |

The Group's credit risk management policy remains unchanged.

## NOTE 18. 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 2020, and no provision was recognized at 30 June 2020 in view of the uncertain outcome of the proceedings.

### New bond issue

As part of its active liquidity management, on 9 June 2020 Groupe SEB announced that it had successfully issued a five-year €500 million bond (maturing on 16 June 2025) with a 1.375% coupon (Note 16).

### Renegotiation of the syndicated line of credit

On 29 June 2020, the Group signed an amendment to its syndicated credit facility, extending its maturity by one year (to 31 July 2022), with an additional six-month extension option (Note 16).

There were no significant events or significant litigation in the first half of 2020 that impacted the Group's financial position.

## NOTE 19. 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 2019 Universal Registration Document.

## NOTE 20. POST-BALANCE SHEET EVENTS

At the date these financial statements were approved by the Board of Directors, on 22 July 2020, no material event had occurred.

# Statutory auditors' report on the half-yearly financial information

(For the period from 1 January 2020 to 30 June 2020)

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,



In compliance with the assignment entrusted to us by Annual 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 half-yearly consolidated financial statements of SEB SA, for the period from 1 January 2020 to 30 June 2020;
- the verification of the information presented in the half-yearly management report.

These half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors on 22 July 2020 on the basis of the information available at that date in the evolving context of the crisis related to COVID-19 and of difficulties in assessing its impact and future prospects. Our role is to express a conclusion on these financial statements based on our review.

## I – 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.

Without modifying our conclusion, we draw your attention to the matter set out in note 1.2 "Impact of the COVID-19 pandemic on the condensed consolidated financial statements assumptions" to the condensed half-yearly consolidated financial statements regarding the impacts of the COVID-19's sanitary crisis on activity at the end of June 2020.

## II - SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review prepared on 22 July 2020.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

At Lyon and Courbevoie, 23 July 2020

The Statutory Auditors

| **PricewaterhouseCoopers Audit** | **Mazars** | |
|---|---|---|
| Elisabeth L'HERMITE | Thierry COLIN | Francisco SANCHEZ |

# Statement by the person responsible for the Interim financial report

I hereby certify that, to my knowledge,

- the condensed financial statements for the six months ended have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of those companies within the scope of consolidation;
- the interim management report includes a fair review of the significant events of the past six months, their impact on the Interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Écully, 31 July 2020

Chairman and CEO

Thierry de La Tour d'Artaise

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