



GROUPE SEB

Fixed Income Investors Presentation

June 2020



- All-Clad
- ARNO
- ASIA
- calor
- clock
- Curtis
- emsa
- esteras
- HEPP
- imusa
- KRUPS
- Krampouz
- Legg
- Maharaja
- MIRRO
- Moulinex
- CBH
- PANEX
- Rochedo
- Schaefer
- Schaefer
- SEB
- Silit
- SUPOR
- T-fal
- Tefal
- UMCO
- WearEver
- WMF

Disclaimer

NOTE

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

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

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

Speakers



- **Thierry de La Tour d'Artaise**
Chairman & CEO since 2000
- He is a graduate from ESCP Business School in Paris.

- He started his career in 1976 at Allendale Insurance in the USA as Financial Controller, before joining the audit firm Coopers&Lybrand in 1979.
- He then joined Groupe Chargeurs in 1983 where he was successively appointed Chief Financial Officer and then Chief Executive Officer of Croisières Paquet (1985).
- He joined Groupe SEB in 1994, becoming Chairman of Calor, before being appointed Deputy Chairman of SEB S.A. in 1999.
- He is member of the Supervisory Board of Peugeot SA.



- **Nathalie Lomon**
Senior Executive VP & Chief Financial Officer since September 2019
- She is a graduate from Neoma Business School.

- She began her career in 1995 in auditing at Mazars before joining the General Inspection department of BNP in 1999.
- In 2002, she joined Pechiney where she held various positions in Strategy & Finance, including that of Controller of Rio Alcan Aerospace, Transportation & Industry business unit.
- In 2010, she was appointed Group Controlling Director of Ingenico and subsequently became Group Chief Financial Officer and Member of the Executive Committee.
- She is Non Executive Director of Coface and Chairman of the Risk Committee.

1. Groupe SEB in a nutshell
2. Group Strategy and Positioning
3. Operating Performance: FY 2019 & Q1 2020
4. Group liquidity
5. Contemplated transaction
6. Appendix

CONTENTS





**GROUPE SEB
IN A NUTSHELL**

Group highlights

THE WORLD REFERENCE IN SMALL DOMESTIC EQUIPMENT

- Small electric appliances + cookware / kitchenware
- A global market of approx. **€71bn**
- A portfolio of unrivalled global and local brands



MORE THAN 350 MILLION PRODUCTS SOLD EVERY YEAR IN AROUND 150 COUNTRIES
→ 12 PRODUCTS SOLD AROUND THE WORLD EVERY SECOND

THE WORLD LEADER IN PROFESSIONAL COFFEE MACHINES

- A global market of approx. **€9bn**
- 3 emblematic brands



Credit highlights

CONSERVATIVE FINANCIAL POLICY (leverage of 1.9x excluding IFRS 16) AND STRONG LIQUIDITY

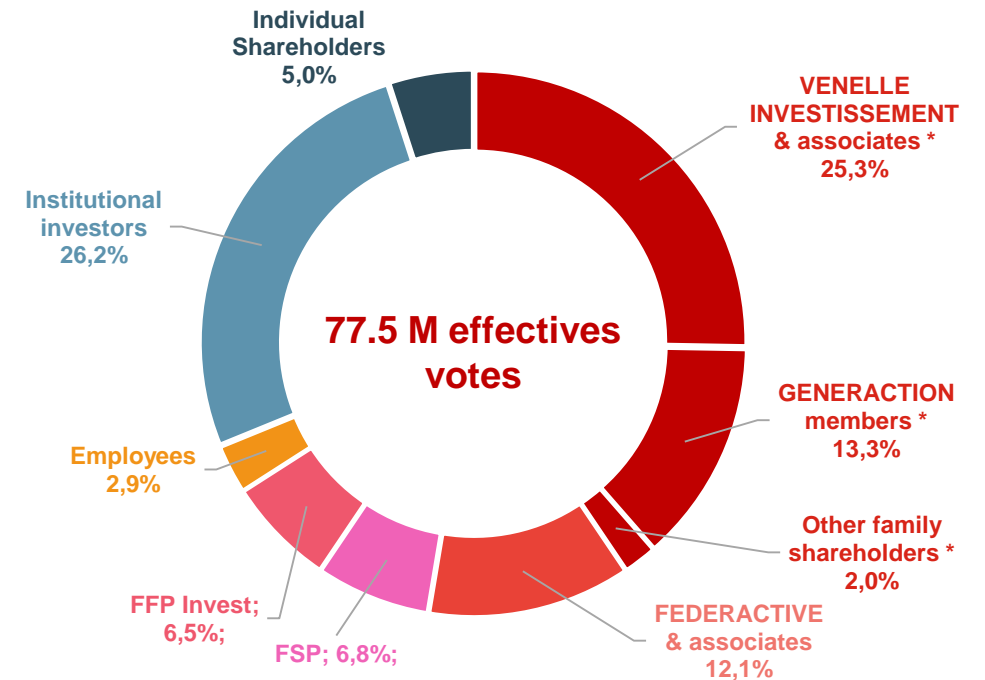
A2 SHORT-TERM RATING FROM STANDARD AND POOR'S

A company with a long-term vision

- Founded in 1857
- Headquartered in Lyon
- Listed on the Paris stock exchange since 1975
- Stable shareholding base allowing long-term vision
- €6.5 bn market capitalization*

* As of June 5th, 2020

Distribution of voting rights at 31/12/2019



**Free-Float
31.2% of
voting rights**

**Shareholders from Founder
Group 52.7 % of voting rights
of which *concerting voting
block 40.6% of voting rights**

An extensive and diversified product offering

SMALL ELECTRIC APPLIANCES

KITCHEN ELECTRICS



HOME AND PERSONAL CARE



COOKWARE - KITCHENWARE



PROFESSIONAL



2019 Key Figures

€7,354m
Sales, + 5.8%
LFL

€740m
Operating Result
from Activity

€380m
Net income

34,000
employees

€267m
Investments in
innovation

1,345
own
retail stores

42
industrial sites



02

GROUP STRATEGY AND POSITIONING

Relevance of our balanced business model

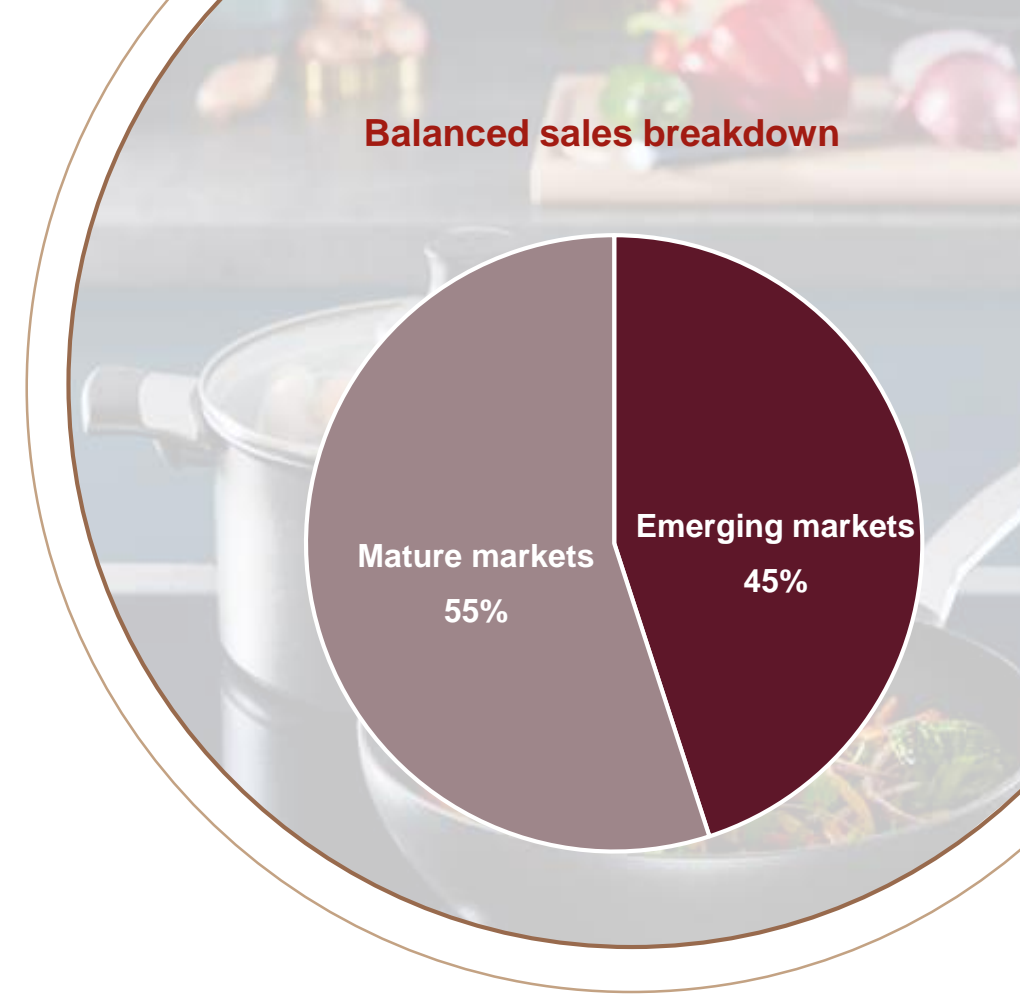


A global balanced presence

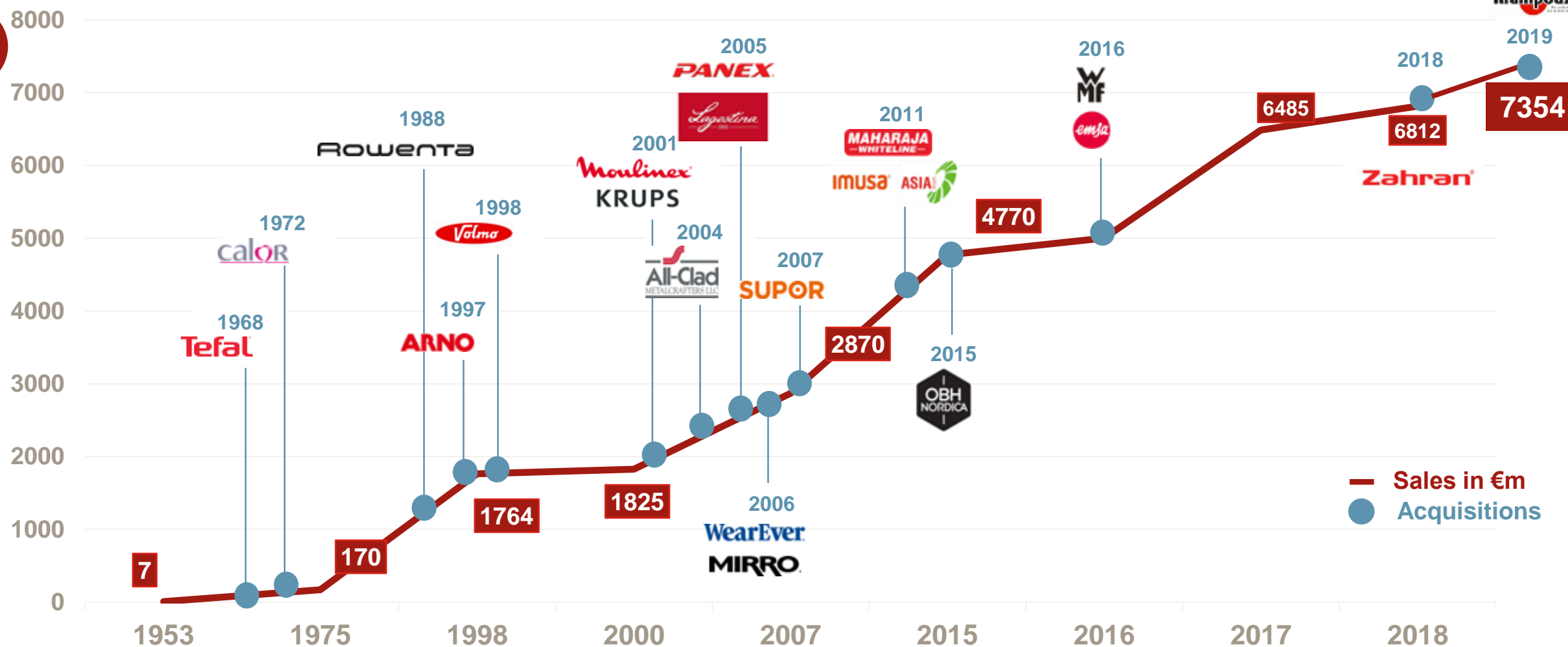
1

- **Unrivalled global footprint, strong local positions**
 - ✓ ¾ of sales in countries where we are #1 or #2
 - ✓ Increased critical mass across countries
- **Long-term growth enablers**
 - ✓ Mature markets → Renewal, premiumization
 - ✓ Emerging markets → Growth of middle classes (+14% LFL sales CAGR since 2016)
- **Pool of fast-growing countries**
- **Acquisitions as an additional catalyst**
- **Worldwide industrial footprint**

Balanced sales breakdown



Acquisitions as an additional catalyst



Group competitiveness based on a worldwide industrial footprint

42 industrial sites

2/3 of products
manufactured
in-house (Asia 31%,
Europe 27%, Americas 5%)

€266m
Capex

100 %
ISO 14001 certified
entities

Figures at end 2019

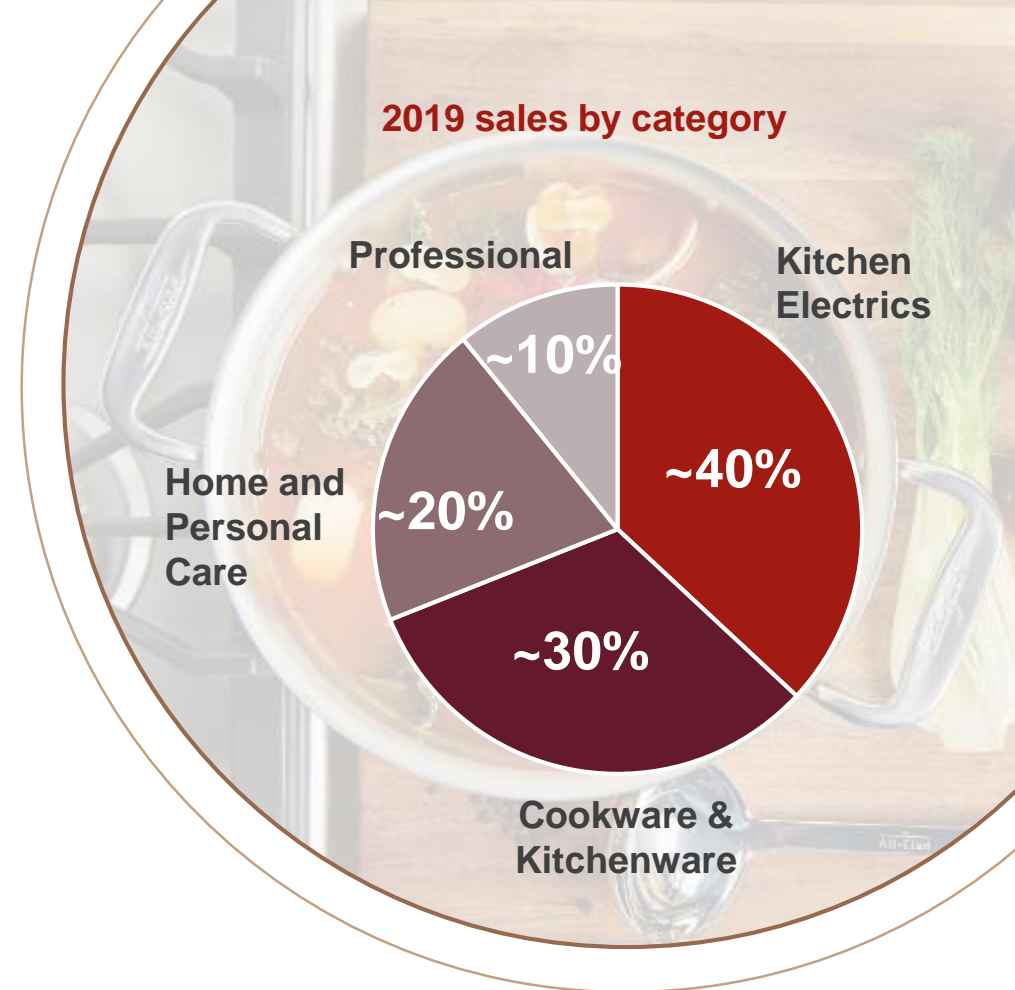


A presence on numerous product categories...

2

- **Global leader in Cookware, Kitchen Electrics and Linen care**
 - ✓ Growing steadily in all Consumer categories

- **Global leader in Professional Coffee (automatic espresso machines): growth and expanding global reach**
 - ✓ Sales CAGR +16% LFL in 3 years
 - ✓ Key milestones in the US and China
 - ✓ Acquisitions 2019: Wilbur Curtis and Krampouz



...and a capacity to reinvent ourselves constantly

2

- Creating new product opportunities by leveraging:
 - ✓ Technological developments and consumer trends
 - ✓ Our innovation capabilities
 - ✓ Targeted external growth acquisitions
- Constantly speeding-up road-to-market and optimizing the Consumer journey
- Driving the circular economy
- Investing in disruptive technologies through SEB Alliance



Sales 2016 - 2019

A constant focus on innovation

2



~1,500
people
(R&D, Marketing, Design)



€267m
expenses



~10,000
Active patents



**Passion for
Innovation,**
one of the 5 values
of the Group

2019 figures



Seb/Tefal Actifry
Original



Supor
Steam Pro RC



Tefal
Ixeo



Tefal Ingenio
Asteroid



Moulinex
Cookeo Connect +



Rowenta
Air force 560 - Flex



Krups
Evidence



Moulinex
i-Companion



Rowenta
Intense Pure Air



Tefal
Optigrill

A unique brand portfolio...

3

- Strong, diversified and complementary brands
 - ✓ Consumer, global and regional
 - ✓ Premium
 - ✓ Professional
- Organized on platforms
- Responsible and inspiring brands



ALL-CLAD | ARNO | ASIAVINA | CALOR | CLOCK | EMSA | ESTERAS | HEPP | IMUSA | KAISER | KRAMPOUZ | KRUPS | LAGOSTINA | MAHARAJA WHITELINE | MIRRO | MOULINEX | OBH NORDICA | PANEX | ROCHEDO | ROWENTA | SAMURAI | SCHAERER | SEB | SILIT | SUPOR | TEFAL | T-FAL | UMCO | WEAREVER | WILBUR CURTIS | WMF

...and strong local roots

3

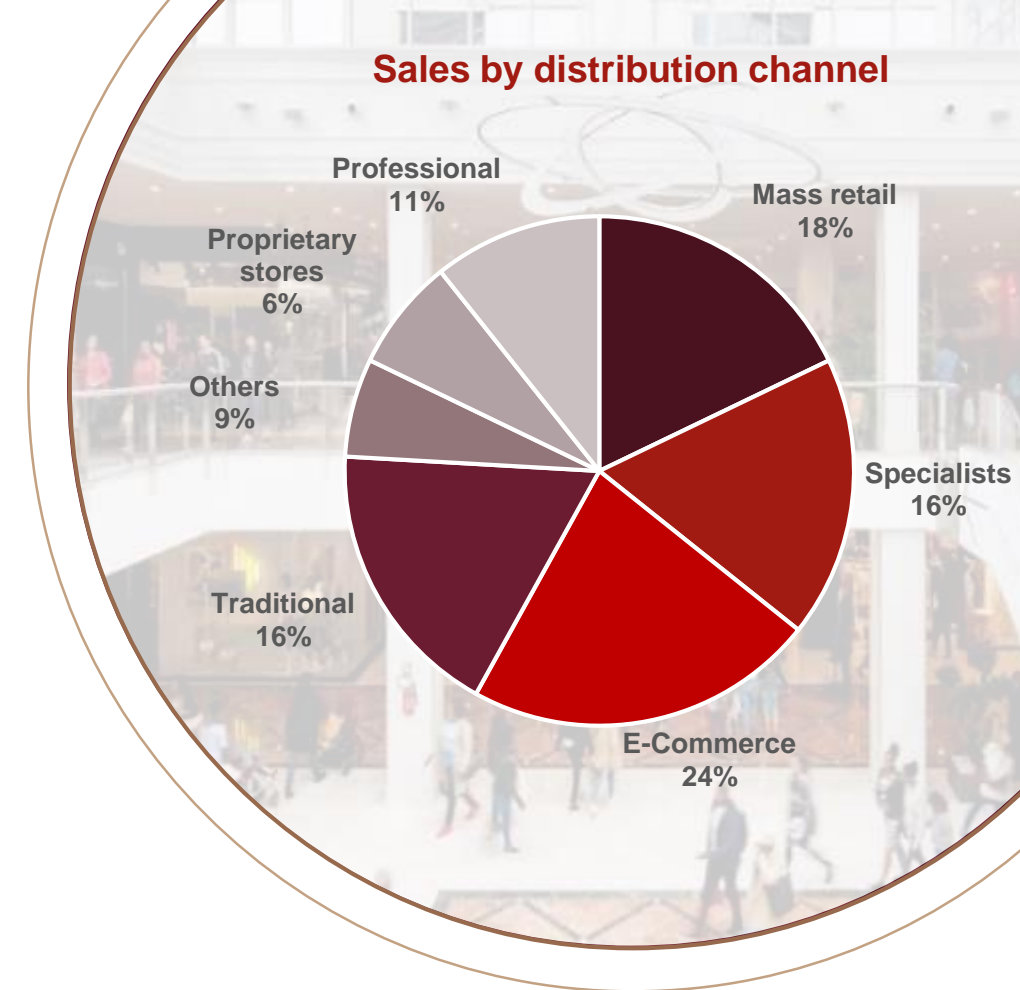
- **Emblematic local brands appealing to consumers in their day-to-day lives for 3 generations**
 - ✓ Heritage and credibility
 - ✓ Average age of our brands: 85 years old
- **Supported by local brand ambassadors**
 - ✓ Chefs, influencers, communities of consumers, etc.
- **Stakeholders in society:**
 - ✓ Imusa: “Tinteros Day” in Colombia
 - ✓ Supor: Financing the construction of schools in China
 - ✓ France: Moulinex “Malin” initiative



A multi-channel approach...

4

- **Coverage of all distribution channels**
 - ✓ Accessing all consumers
 - ✓ Adapting to local habits
- **Long-term partnerships with retailers**
 - ✓ Execution, category management, merchandising
 - ✓ Specific sales offers, LPs



...and an increased proximity
with end-consumers

4

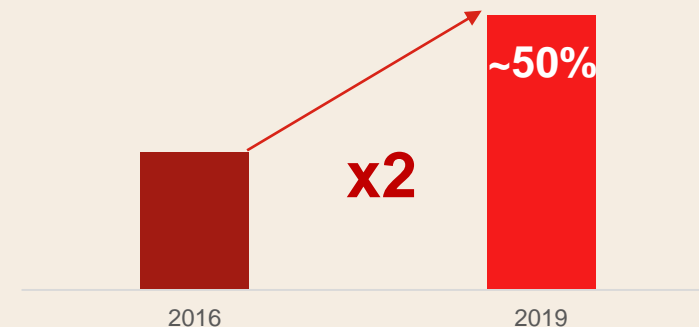
- **Targeted digital approaches**

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

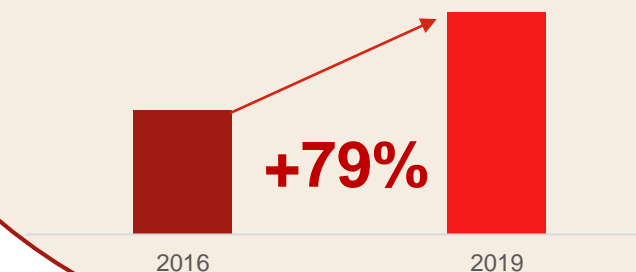
- **Direct approaches**

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

Digital share in media investment



Traffic on Group websites



Sustainable development pillars



Groupe SEB: a long-term value-creation strategy

Focus on growth

Strength and complementarity of our brands

Product innovation

Multi-channel distribution strategy

International expansion

→ Organic and through acquisitions

Strengthen our competitiveness

International industrial footprint

- Mature countries
- Emerging countries

Lean structure



Long-term commitment on ESG values

03

OPERATING PERFORMANCE

- 1) FY 2019
- 2) Q1 2020

2019 financial key figures: a good performance

Sales

€7,354m

+8.0% +5.8% LFL

ORfA

€740m

+6.5% +4.7% LFL

Net debt

€1,997m

o/w IFRS 16 debt: €334m

Net profit

€380m

-9.4%

Dividend

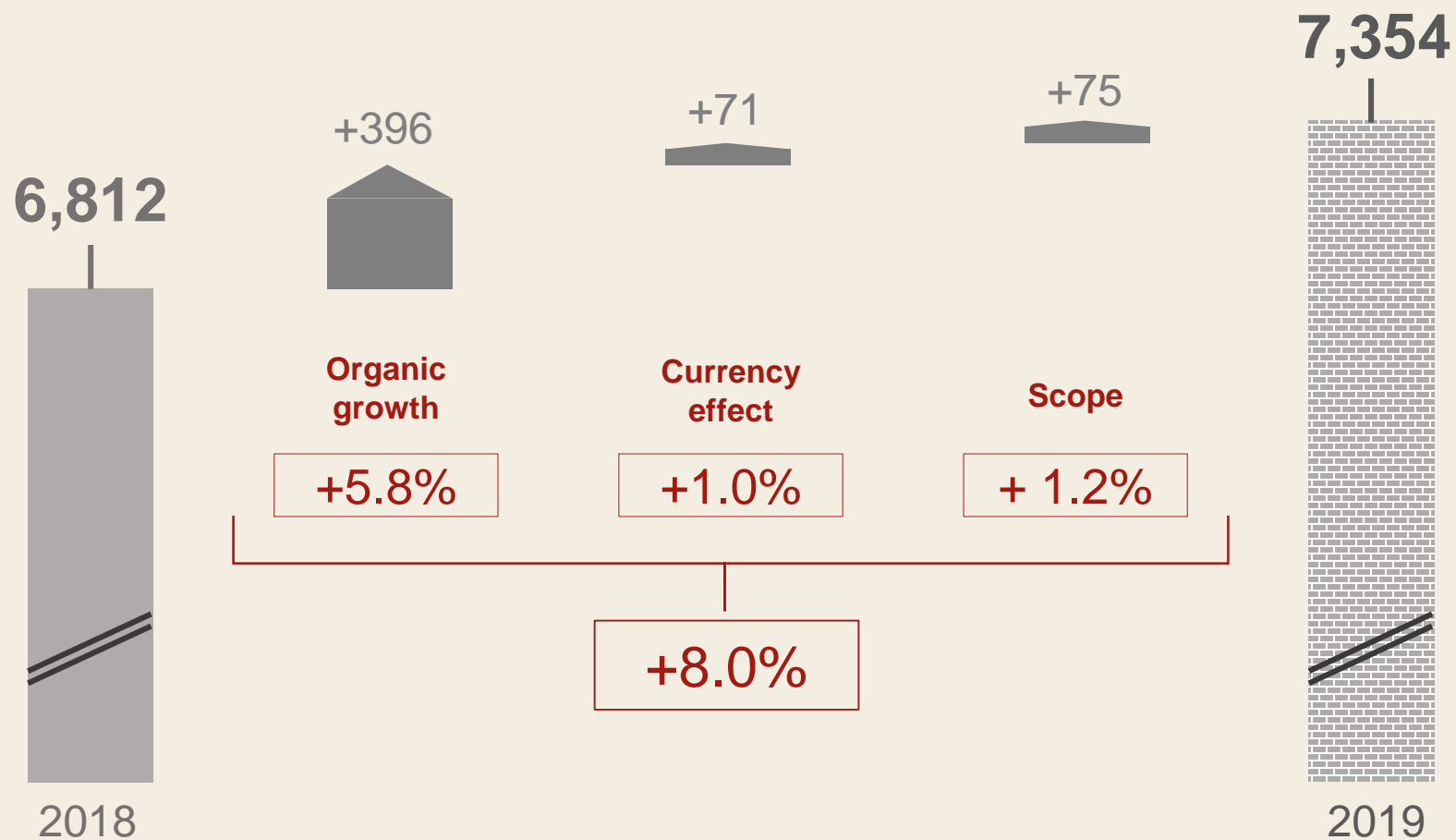
FY 2019

1,43 €, - 1/3 *vs dividend paid in 2019*

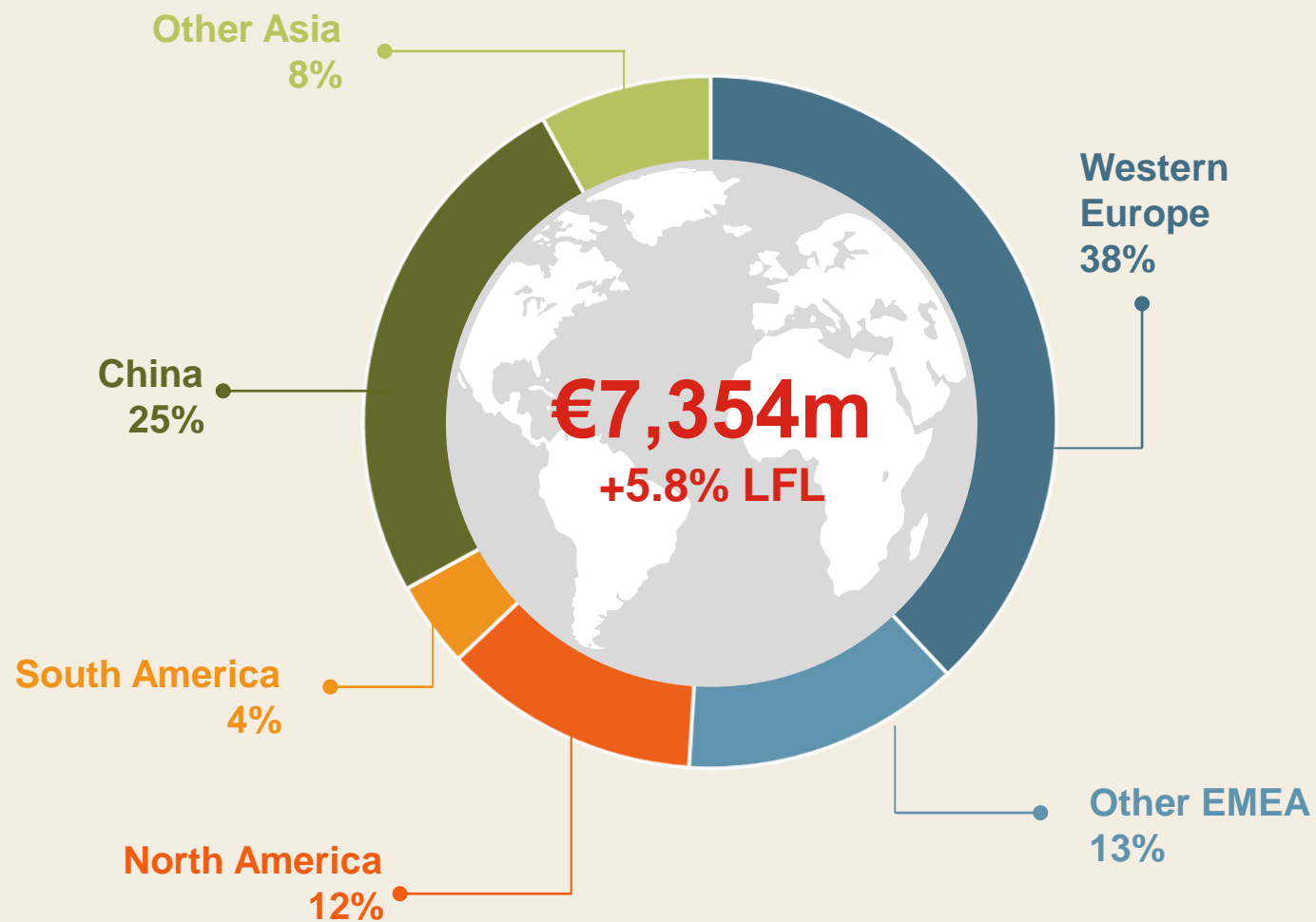
In accordance with AFEF's guidelines

Development in sales 2018 → 2019

In €m



Breakdown of 2019 sales by region



Revenue by business activity in 2019



Consumer

€6,555m

+6.1% **+5.2%** LFL

Sales

€7,354m

+8.0%

+5.8% LFL

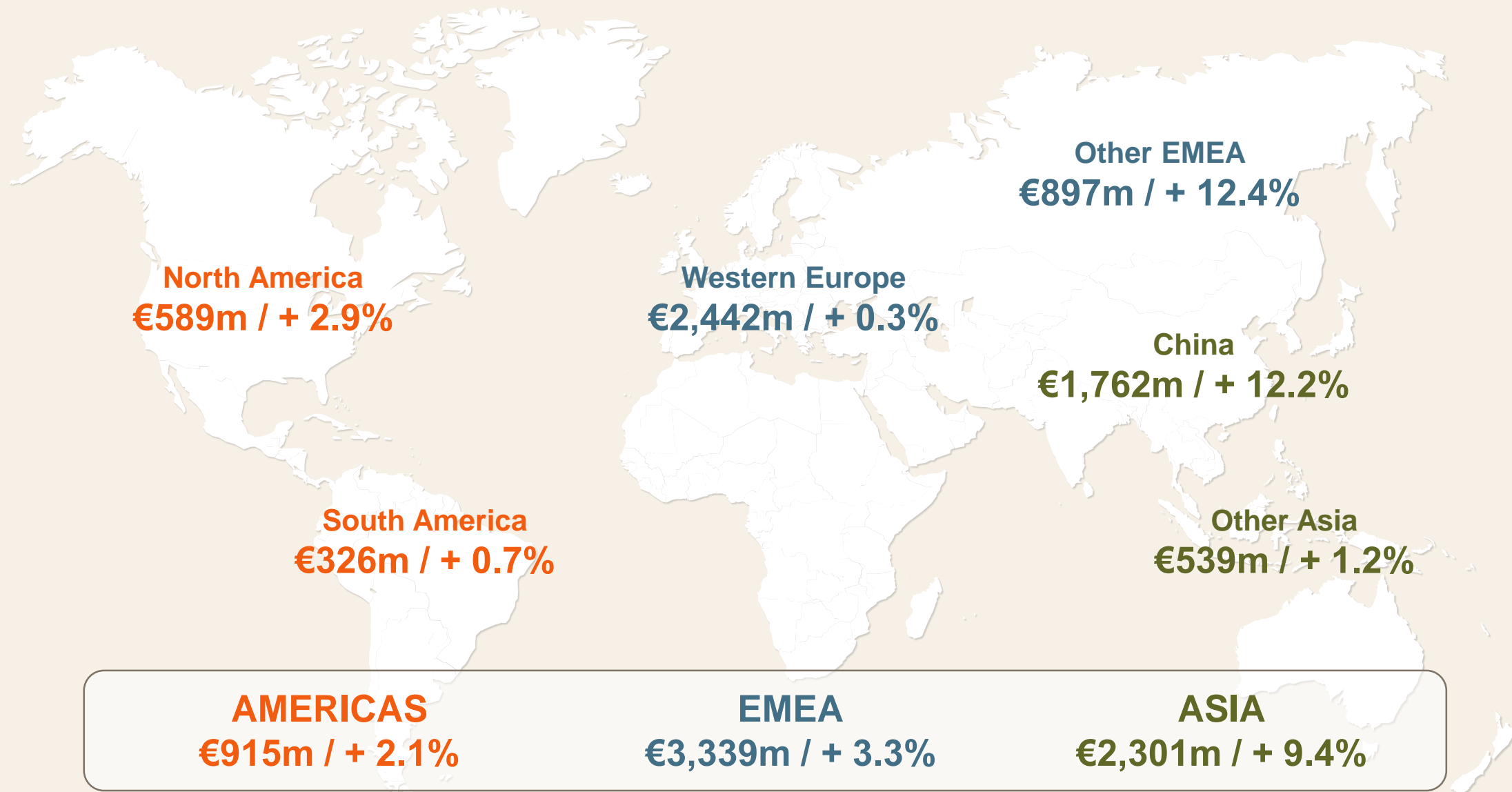


Professional

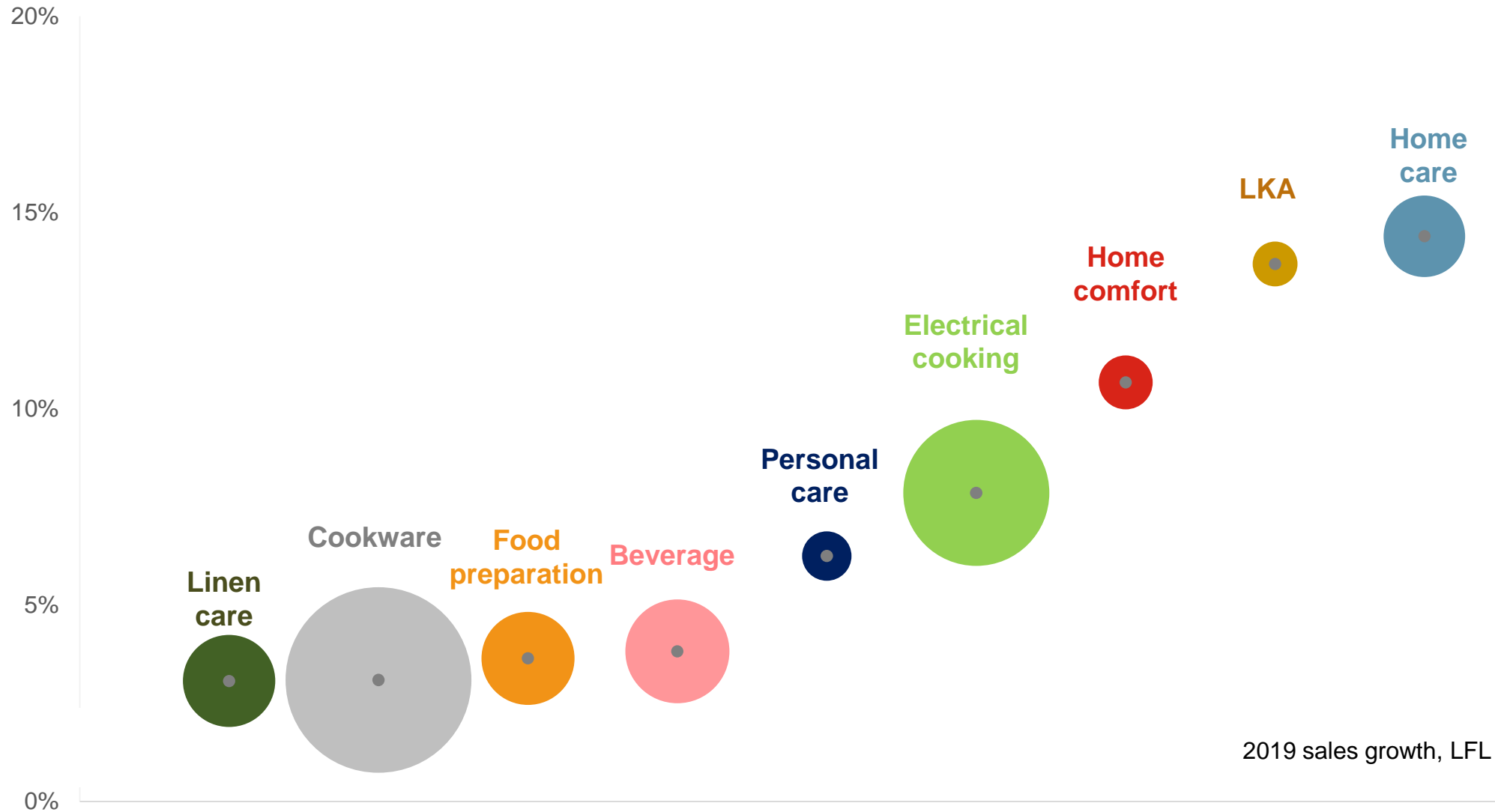
€799m

+25.9% **+12.1%** LFL

Like-for-like growth in all regions - Consumer



Growth in all product lines in 2019



+26%

Professional as reported

Professional LFL

2019 sales growth, LFL

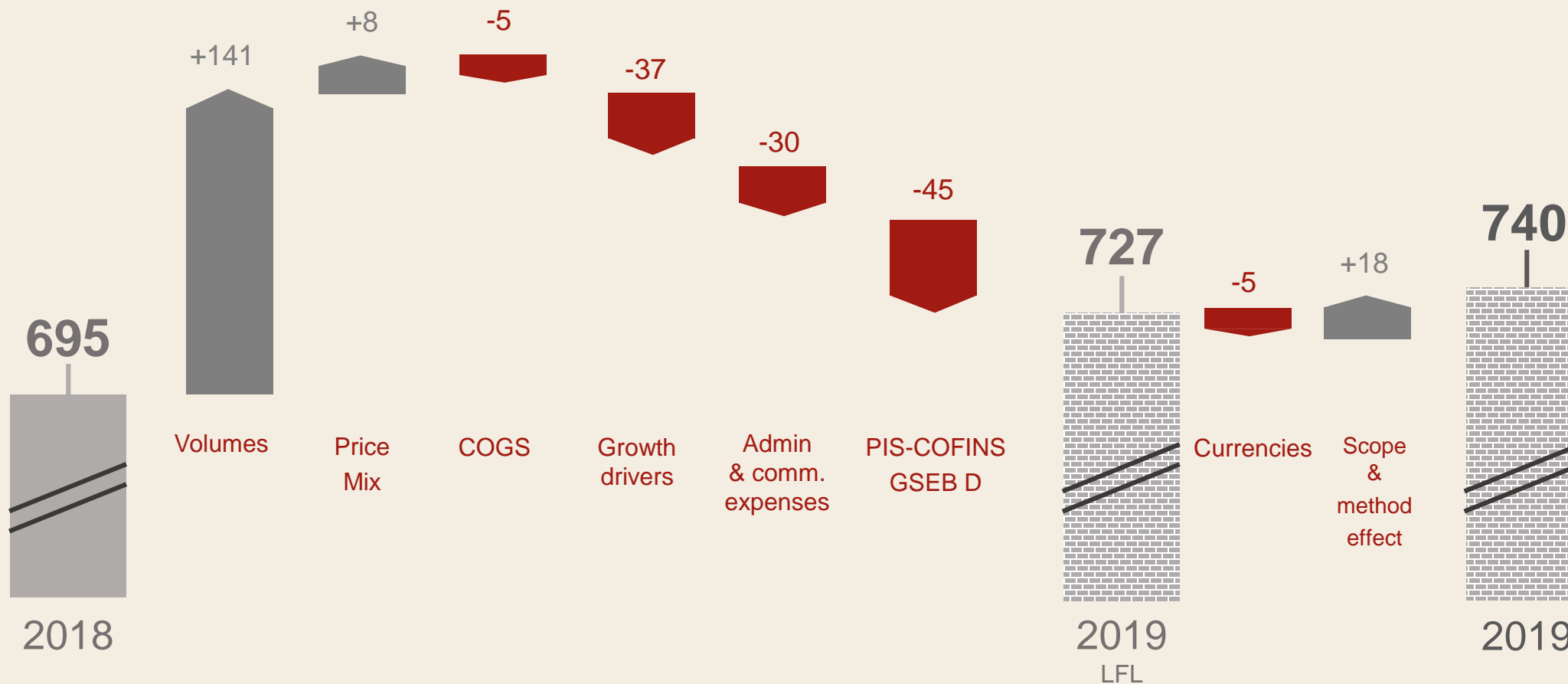
*LKA = Large Kitchen Appliances

Operating Result from Activity (ORfA)

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

ORfA bridge

In €m



Operating profit

In €m

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

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

Net profit

In €m

	2018	2019	Δ %
Operating profit	625	621	-0.8%
Net financial expense	(32)*	(61)**	
Tax	(131)	(131)	
Non-controlling interests	(43)	(49)	
Net profit	419	380	-9.4%

*o/w €21m PIS-COFINS

**o/w €3m PIS-COFINS and (€15m) IFRS16

Simplified balance sheet

In €m

31/12/2018

31/12/2019

Tangible fixed assets

3,578

4,263

Operating WCR

1,120

1,215

Total assets to be financed

4,698

5,478

Equity

2,307

2,628

Provisions

383

423

Other current assets and liabilities

430

430

Net debt

1,578

1,997*

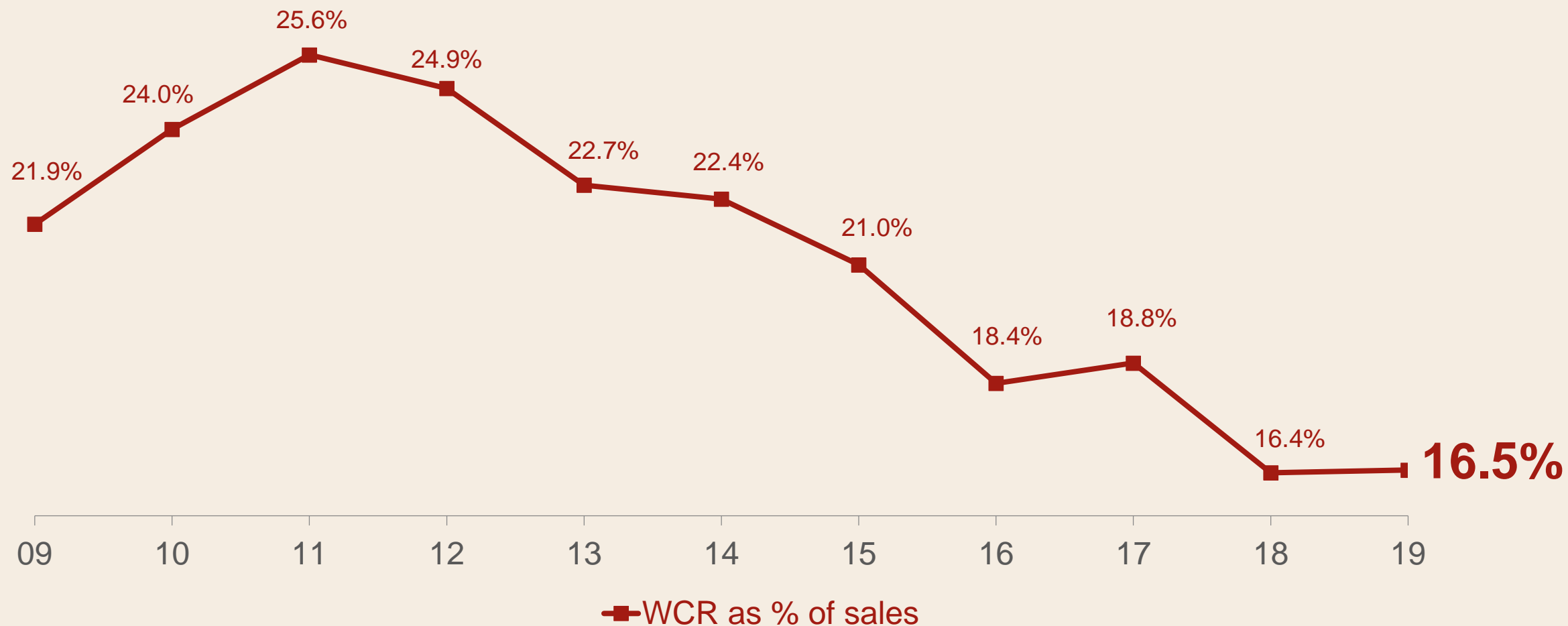
Total financing

4,698

5,478

*o/w €334m IFRS16 impact

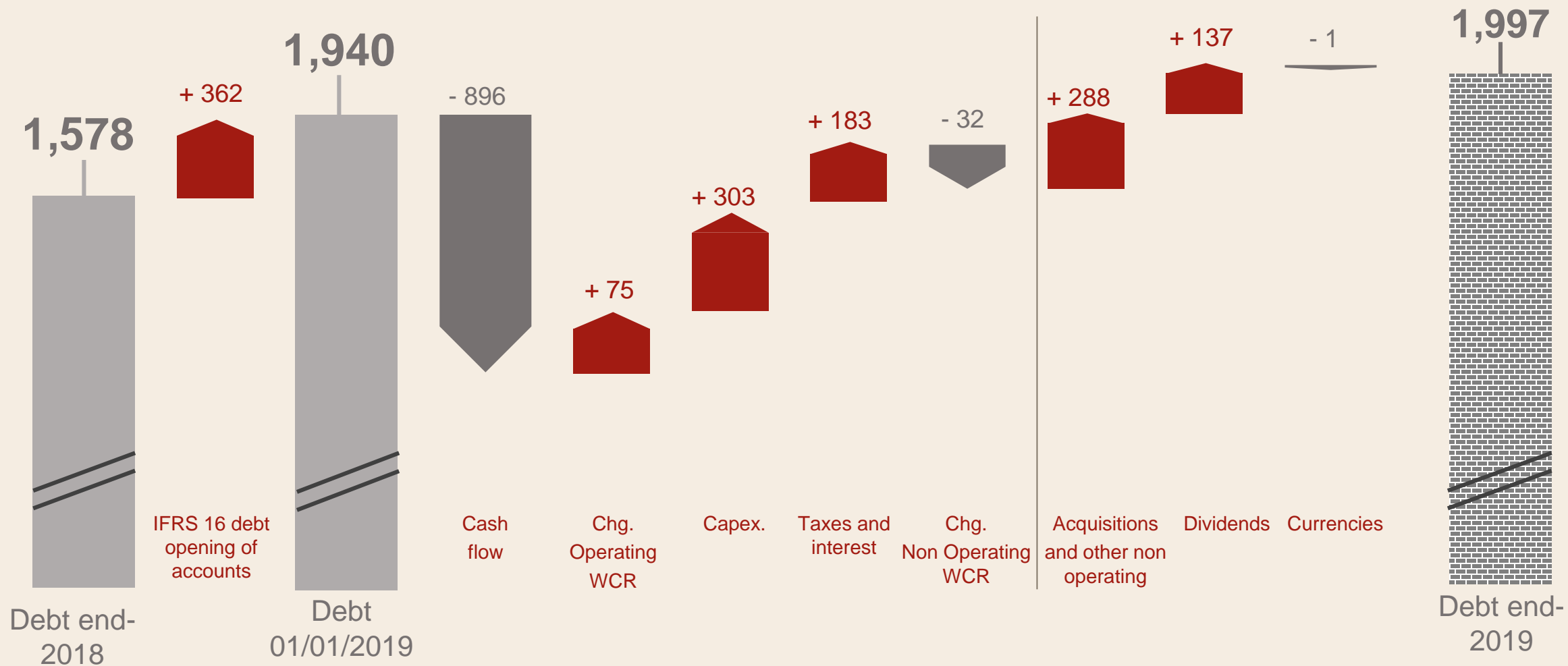
Working Capital requirement evolution over 10 years



Change in net debt

Free cash flow: €367m

In €m



03

OPERATING PERFORMANCE

- 1) FY 2019
- 2) Q1 2020

Analysis of Q1 2020 sales

In €m

1,722



Q1 2019

-284



Organic
growth

-16.5%

+3



Currency
effect

+0.1%

+13

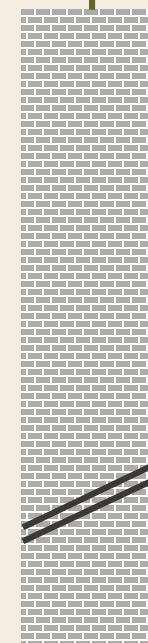


Scope

+0.8%

-15.6%

1,454



Q1 2020

Revenue by business activity in Q1



Revenue
€1,454m
-15.6% -16.5% LFL

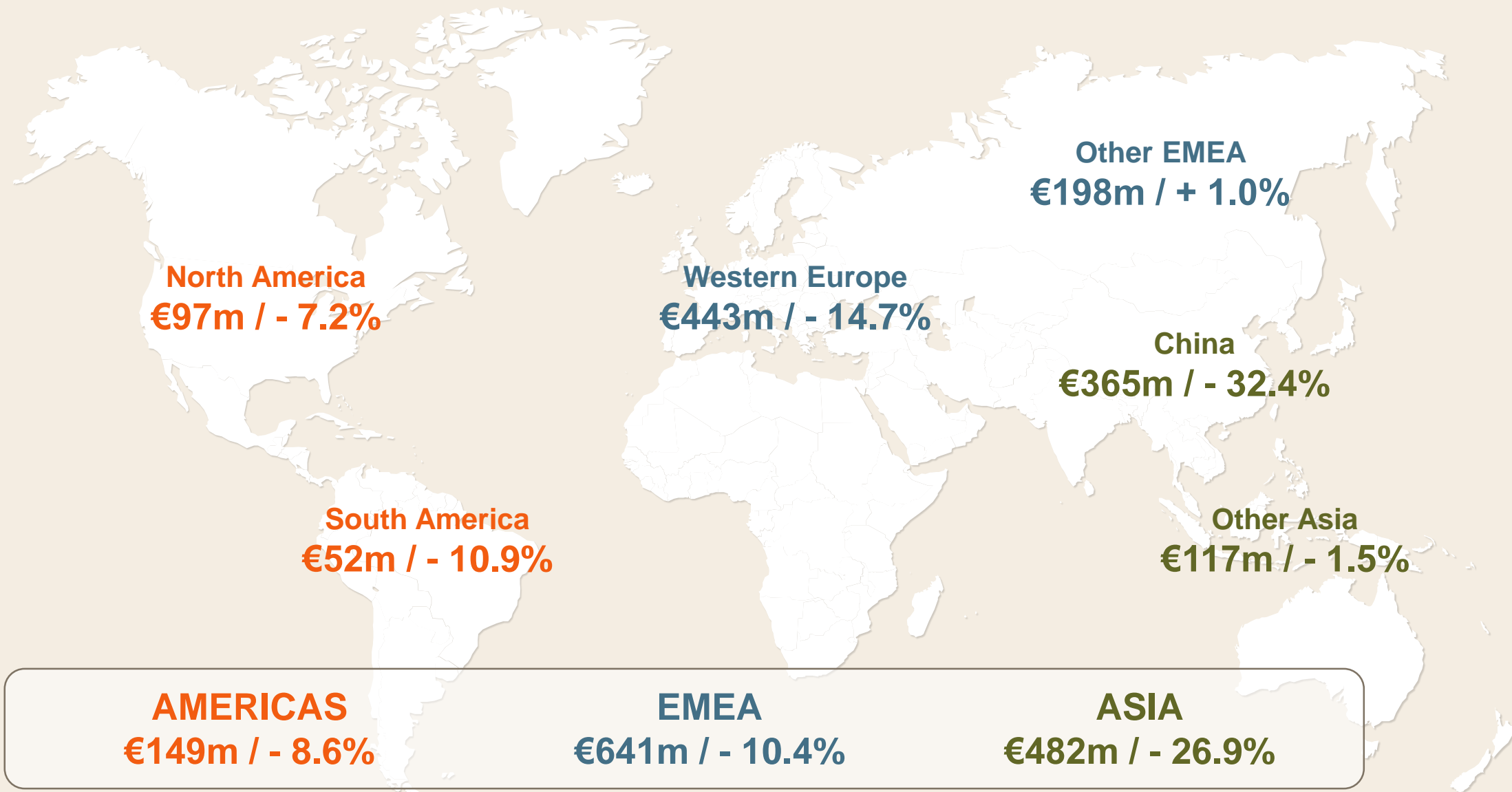
Consumer
€1,272m
-17.4% -17.3%
LFL

Professional
€182m
-0.7% -9.7%
LFL



Group revenue, March 2020: - 28 % LFL

Q1 like-for-like sales by geographic area – Consumer



ORfA and net debt



*incl. IFRS 16 debt and others: €389m

Covid 19: an unprecedented health and economic crisis

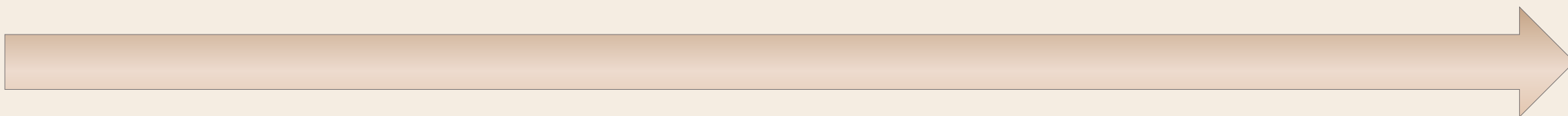
Groupe Seb's top priorities

**Health & safety
of employees**

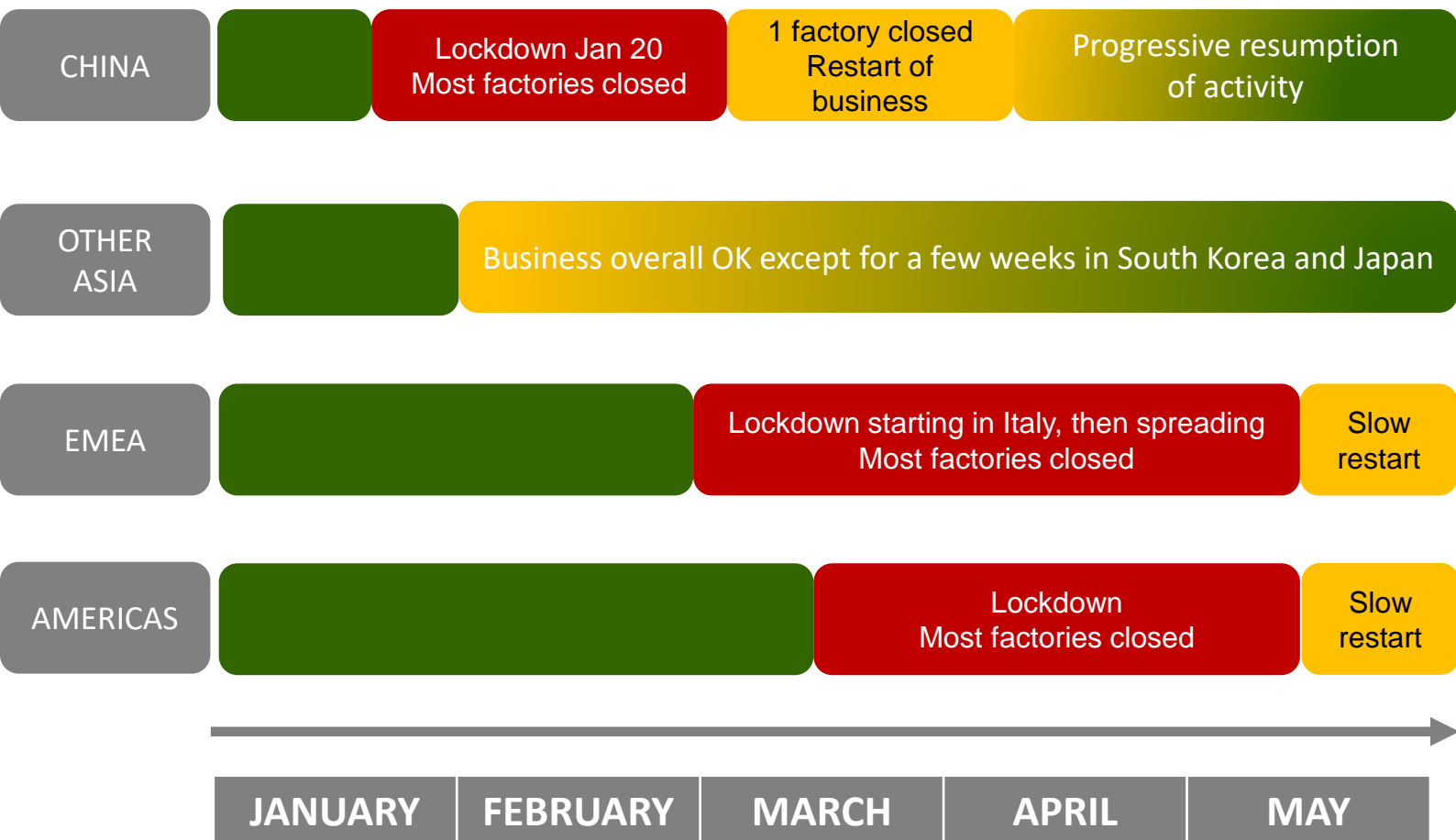
**Business continuation
plan and service to
customers**

**Liquidity
preservation and
cost reduction
action plans**

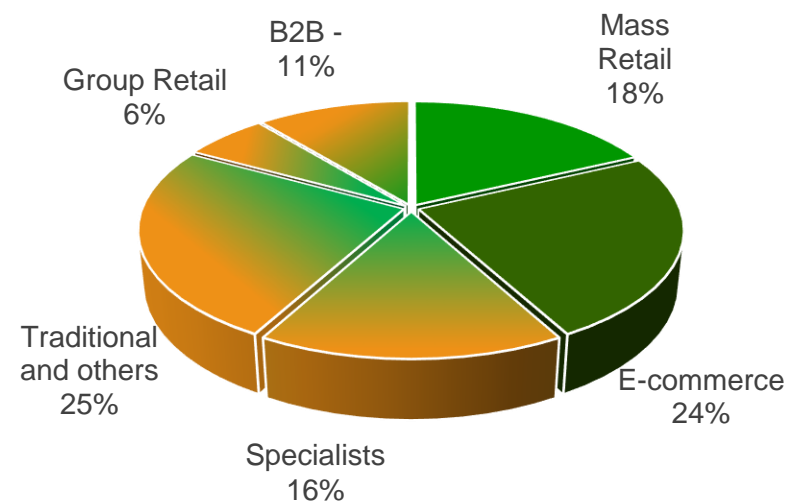
**Gradual activity
resumption**



Outbreak and spread of the Covid crisis



2019 sales breakdown by distribution channel



Based on 2019 Annual Financial Report



Gradual reopening in the different countries in May, depending on resumption plans.

Cost-reduction plan and priority to cash generation

- **Payroll flexibility measures:** short-time working, paid leave, contract suspensions and reduction of temporary staff, recruitment freeze...
- **Growth drivers adapted to markets' current situation**
- **Systematic cuts in non-essential expenses** (travel, event...)
- **Renegotiated rents** for Group's stores
- **Strict control of cash flow including working capital**
 - Special attention on relationship with fragilized suppliers
 - Strengthened monitoring of receivables
- **No social tax deferral nor government guaranteed loan requested**
- **Dividend cut: -1/3 vs dividend paid in 2019 → Impact on cash: +€43.5m**

2020 Outlook

- 1. Reminder: Q1 and Q2 not representative of full year ORfA, as always said**
- 2. ...All the more due to massive hit from Covid-19 in H1 (which is usually a lower activity period)**
- 3. Expected performance for Q2**
 - ➔ Estimated revenue loss (as of April 28): €450 to €500m
 - ➔ ORfA most probably negative
 - ➔ No liquidity issue
- 4. No FY 2020 guidance due to lack of visibility**
 - ➔ FY sales and ORfA expected significantly down

Looking ahead... Groupe SEB:

- **Is adapting to the short term imperatives**
- **Is getting ready for the resumption of activity**
- **Stays focused on its long term goals**
- **Is confident in its solid and well-balanced business model**

04

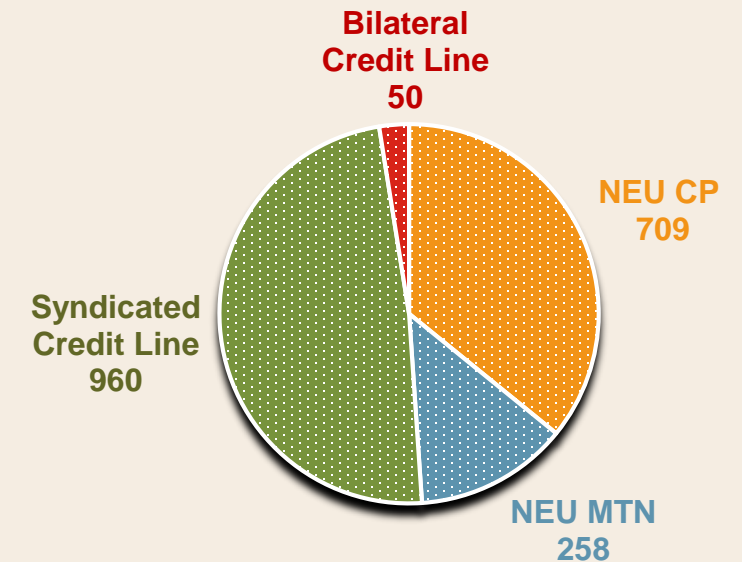
GROUP LIQUIDITY

Healthy and well-balanced financing structure as well as strong liquidity positions

In €m



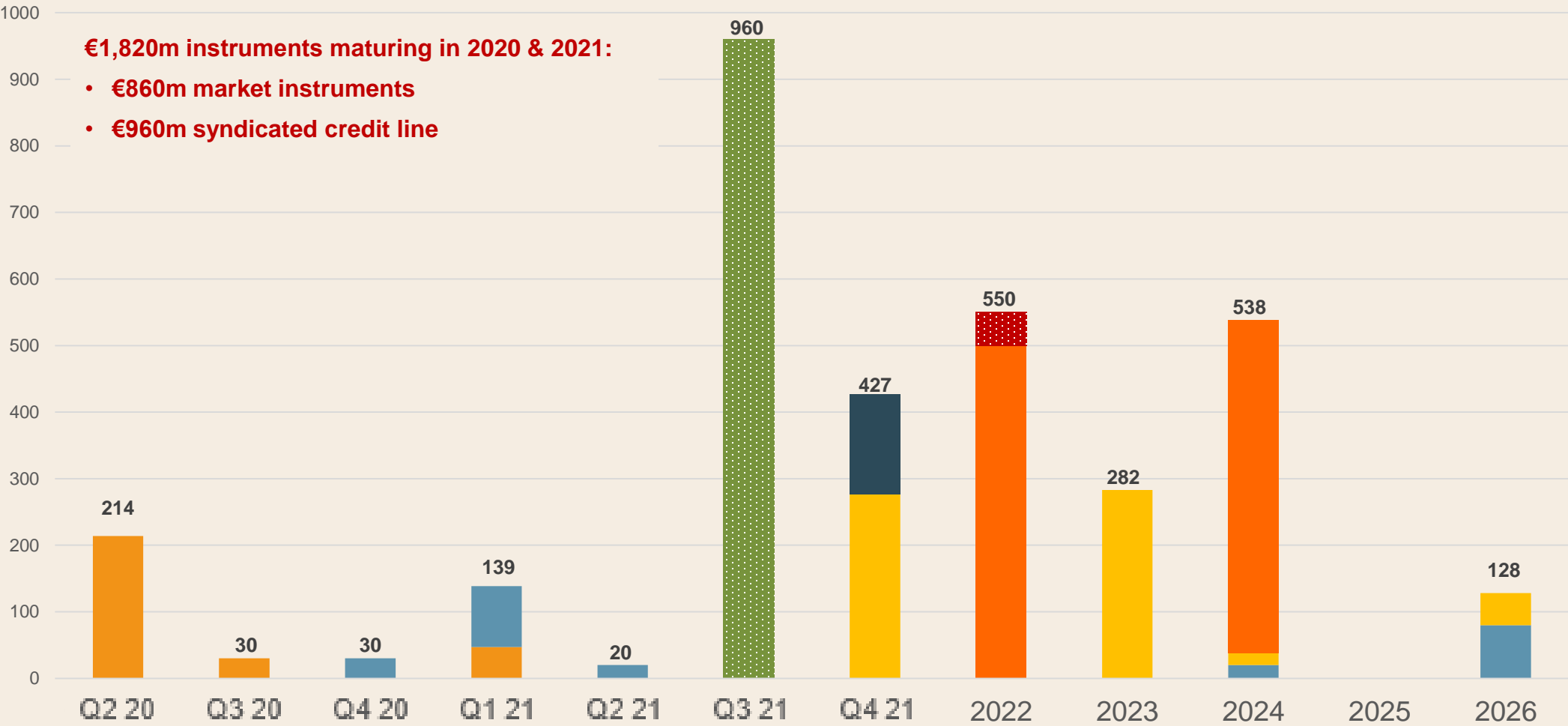
Headroom €1,977m



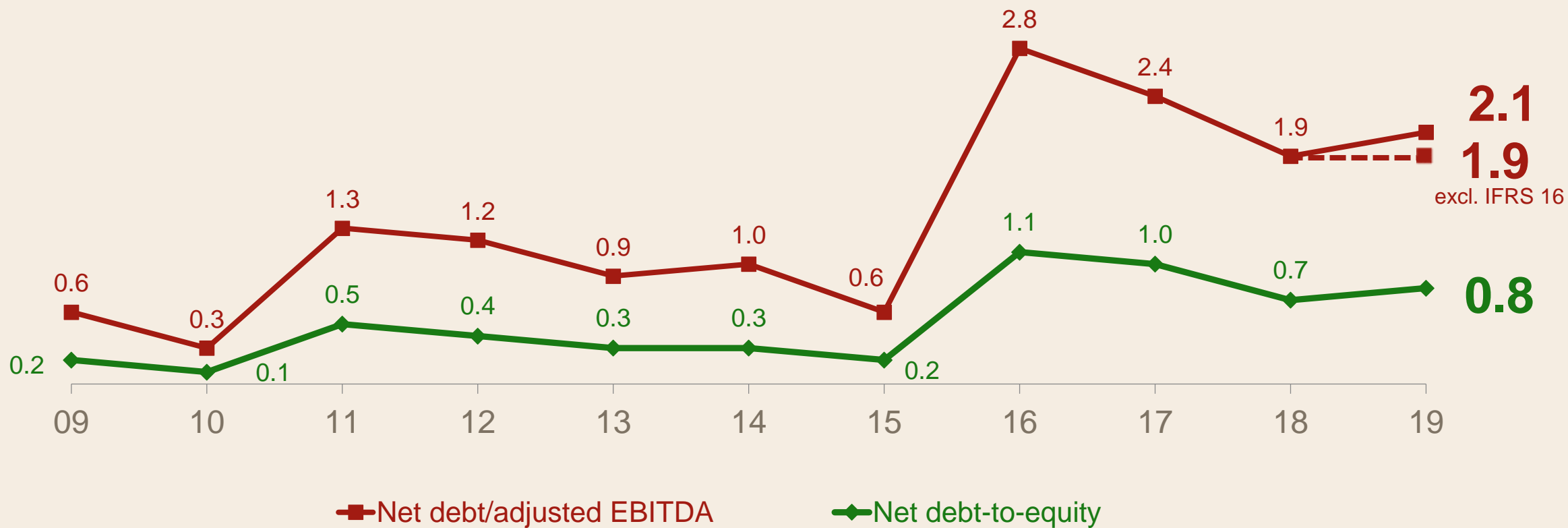
As of March 31, 2020

Debt maturity profile as of March 31, 2020

- In €m
- NEU CP
 - Eurobond
 - Convertible Bond
 - Schuldschein
 - NEU MTN
 - Undrawn syndicated credit line
 - Undrawn bilateral line



Financial ratios



Ratios at 31/12

05

INDICATIVE
TERMS FOR THE
CONTEMPLATED
TRANSACTION

Indicative Terms for the Contemplated Transaction

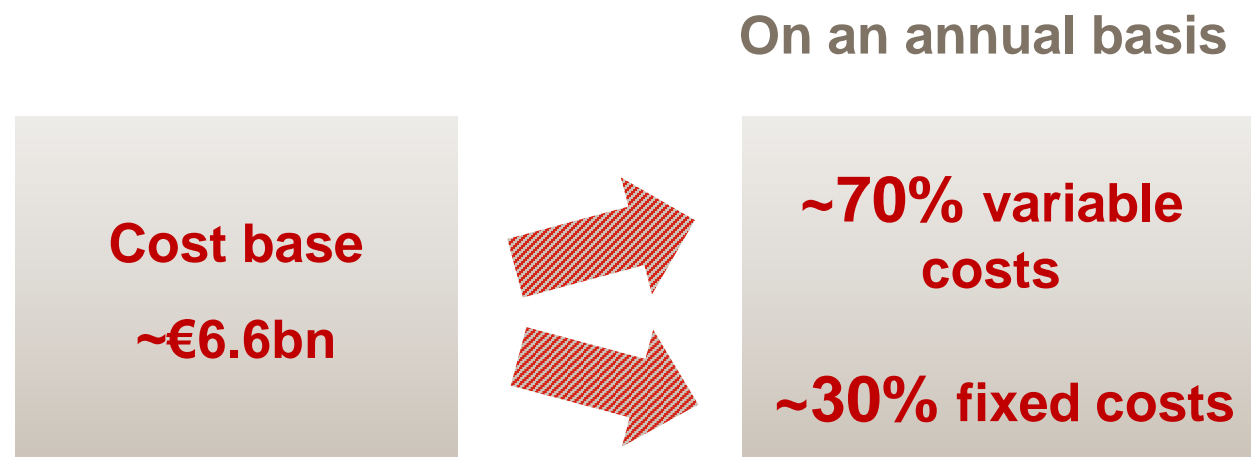
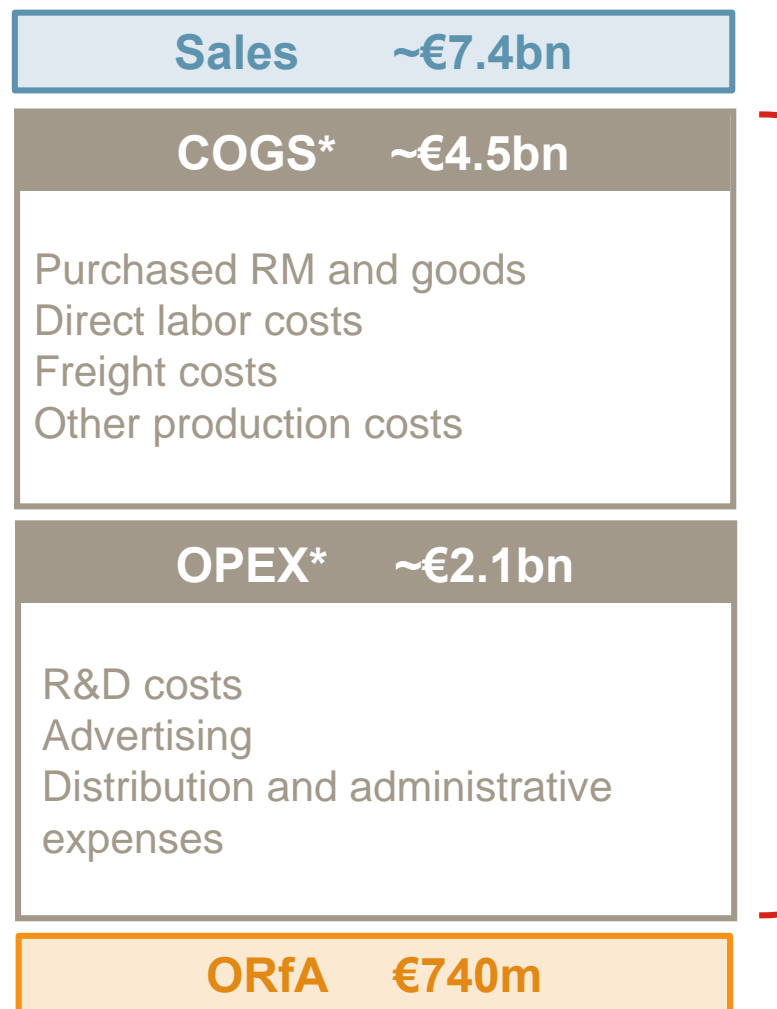
Issuer	SEB SA
▪ Issue type	▪ Senior, Unsecured, RegS
▪ Rating	▪ Unrated
▪ Amount	▪ EUR 500M
▪ Maturity	▪ XX-Jun-2025 (5 year)
▪ Coupon	▪ Fixed
▪ Listing	▪ Euronext Paris
▪ Documentation	▪ Standalone ▪ French Law ▪ Change of control clause ▪ 3 months Par Call ▪ Make whole clause ▪ Clean-up (75%) ▪ 100k+100k
▪ Use of proceeds	▪ General Corporate Purposes



06

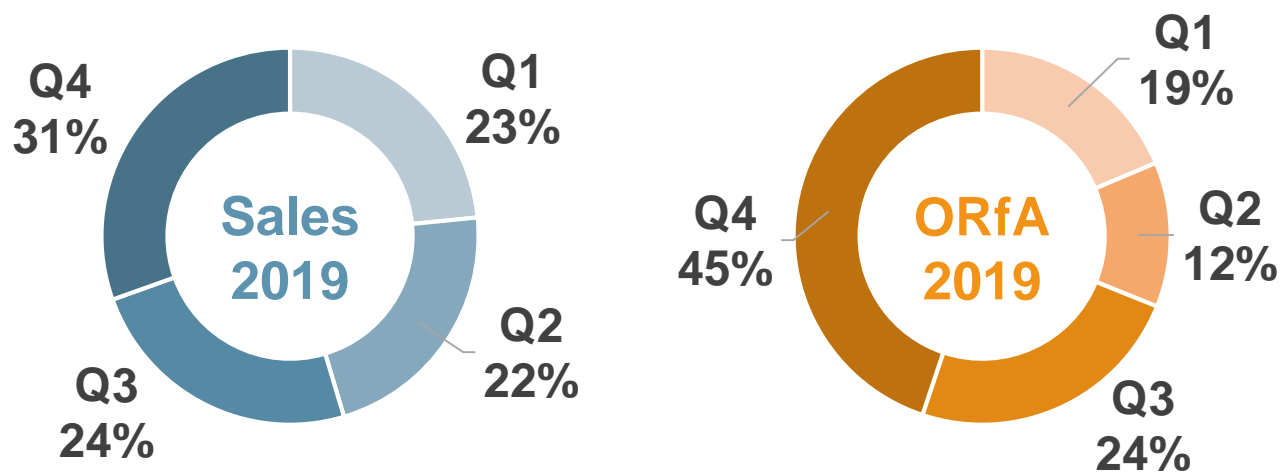
APPENDIX

Business model based on a c. 1/3 fixed costs weight...



* As detailed in the 2019 Annual Financial Report

... as a consequence, a stronger operating leverage in H2



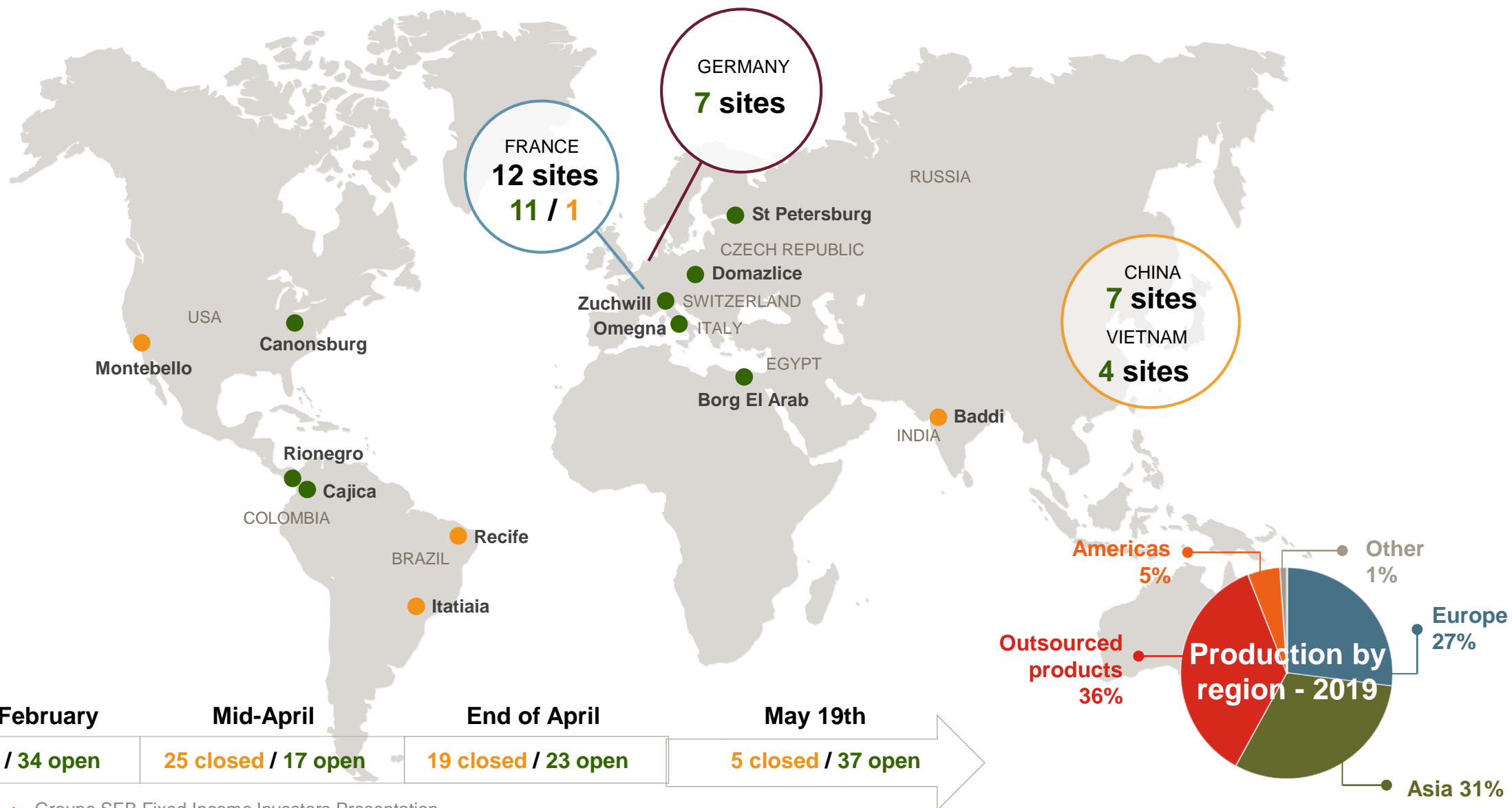
H1: 45% of FY sales generating 31% of FY ORfA

→ H2: 55% of FY sales generating 69% of FY ORfA

As a reminder, **strong seasonality for sales with back-end loaded year**

- Consequently for ORfA
- Q1 not representative of FY performance and Q2 as a low point in the year
- Historically, Q4 as a key contributor of FY ORfA

Groupe SEB's industrial sites: situation at mid-May



People matter

5



Ethics

- Code of ethics
- Responsible purchasing
- Audits



Human resources

- Social protection floor :
 - ✓ Death benefit
 - ✓ Medical plan
 - ✓ Parenthood
- Health & safety
- Diversity



Philanthropy

- Fight against exclusion:
 - > **400 projects** aiming for “a better life for all”
- Employees commitment:
 - Charity week & days
 - Mentoring, team buildings...



Cooking for good

5



1

Homemade

- Help families in difficulty to improve the diet of their children from 0 to 3 years old
 - 2019: **15.000** families
 - Goal for 2022: **160.000** families
 - **Private sales** with discounted products



2

Healthy

- Creation of a **Healthy and sustainable recipe Charter**



- Develop new solutions to promote **healthy & nutritive eating**

3

Sustainable

- Meet new **consumer and dietary trends**
- Promotes more **responsible everyday habits**



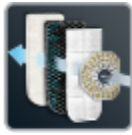


1

Better indoor quality

• Intense Pur Air & Clean & Steam

- Filters up to 99.95% of pollution and permanently destroys formaldehyde
- Clean & Steam range: clean floor without **detergents**: kills up to **99% of bacteria**



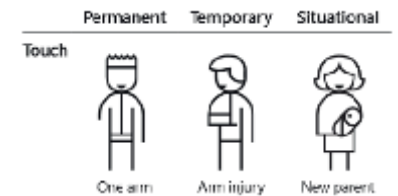
NETTOYAGE SAIN

2

Good design

• Improve the ergonomics of all products

- Permanent: one arm
- Temporary: arm injury
- Situational: baby in the arm



- **Good practices** (*legibility, ergonomics and interaction, materials, sounds, colors...*) in open source



Circular revolution

5



Repair

- **94%** of electrical appliances are mainly repairable
- **40 000** spare parts references
- **6 200** repair center worldwide



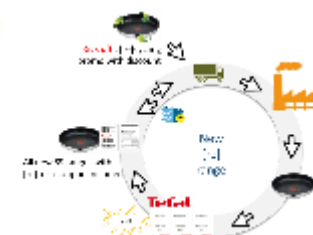
Recycling

- **1 000 000** pots & pans collected since 2012
- **Eco-Respect range:** in 100% recycled aluminum



Give more than one life

- Renting programs
- Recrafting
- Products donations



Action for the climate



5

Eco design

- **Eco design politic** :
 - Durable & recyclable
 - Energy efficiency or use of alternative materials
- **Eco pack** :
 - 0 EPS
 - 90% recycled carboard
 - 0 plastic packaging



Eco manufacturing

- Eco innovative projects
- **> 150** best practices
- **Renewable** energies in France, Egypt, Colombia and Brazil



Eco logistic

- Prioritizes non-road transport: transport by rail and river.
- In EMEA, **41%** of alternative journeys

