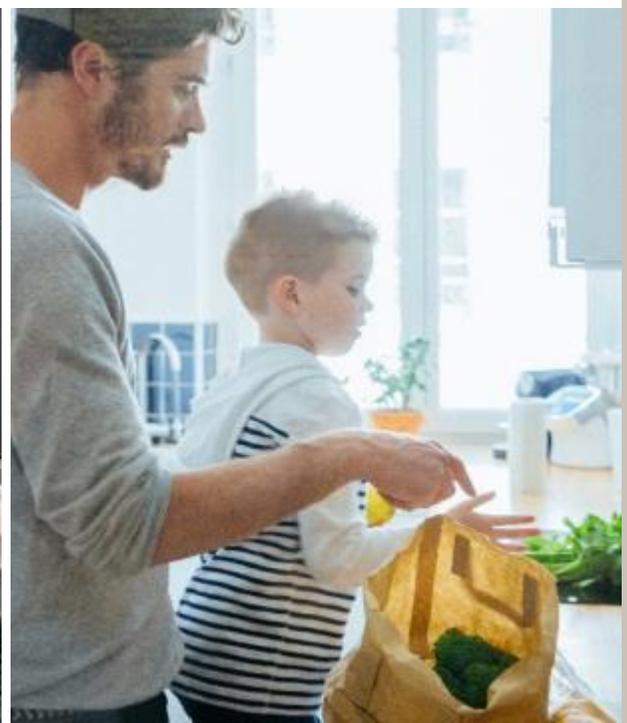




# GROUPE SEB

*Fixed Income Investors Presentation*

**June 2020**



- All-Clad
- ARNO
- ASIA
- calor
- clock
- Curtis
- emsa
- esteras
- HEPP
- imusa
- KRISTED
- Krampouz
- KRUPS
- Logitech
- MAHARAJA
- MIRRO
- Moulinex
- OBH
- PAVEX
- Rochedo
- ROUETTE
- SOMURO
- schaerer
- 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

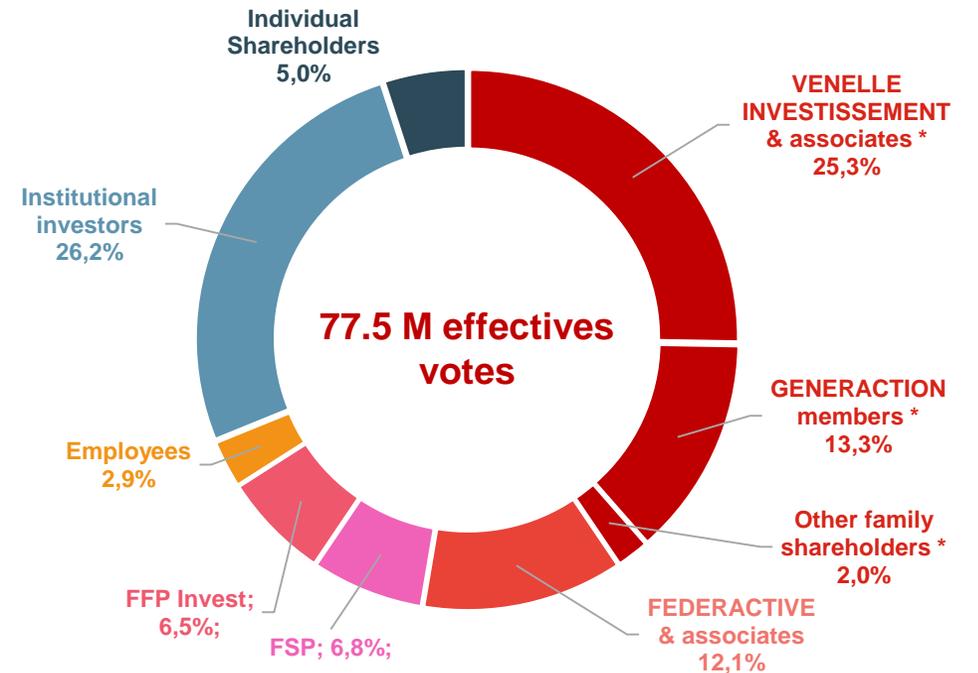
**CONSERVATIVE FINANCIAL POLICY (leverage of 1.9x excluding IFRS 16) AND STRONG LIQUIDITY**

**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\*

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**

\* As of June 5th, 2020

# An extensive and diversified product offering

## SMALL ELECTRIC APPLIANCES

### KITCHEN ELECTRICS



### COOKWARE - KITCHENWARE



### HOME AND PERSONAL CARE



### 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

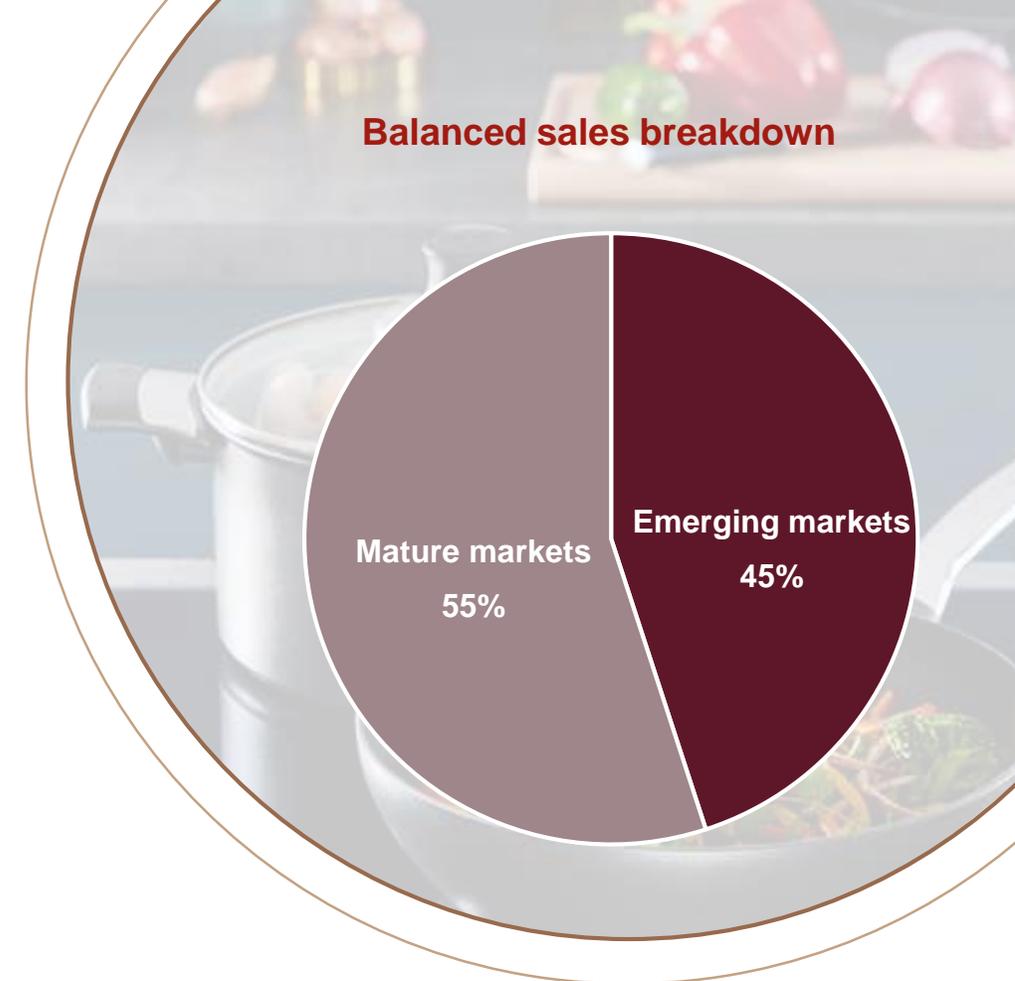


# A global balanced presence

1

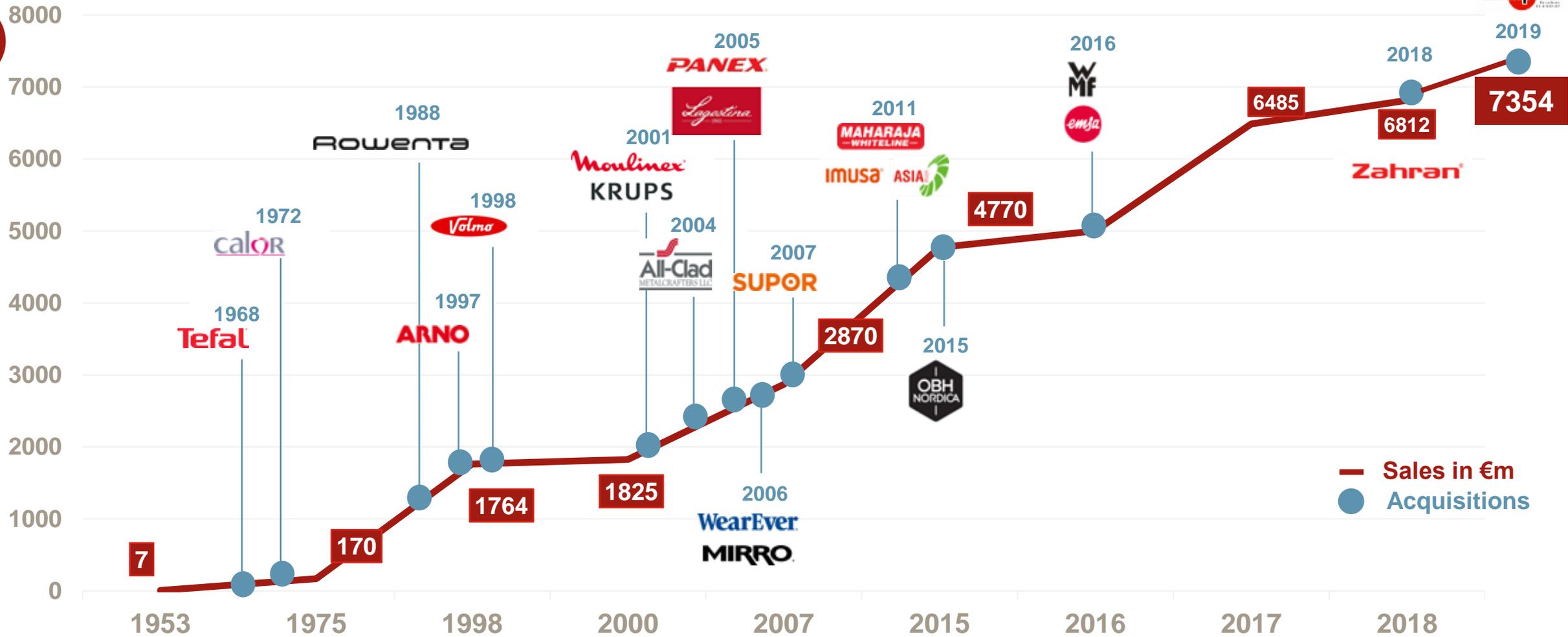
- **Unrivalled global footprint, strong local positions**
  - ✓ ¾ of sales in countries where we are #1 or #2
  - ✓ Increased critical mass across countries
- **Long-term growth enablers**
  - ✓ Mature markets → Renewal, premiumization
  - ✓ Emerging markets → Growth of middle classes (+14% LFL sales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

Balanced sales breakdown



# Acquisitions as an additional catalyst

1



# 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

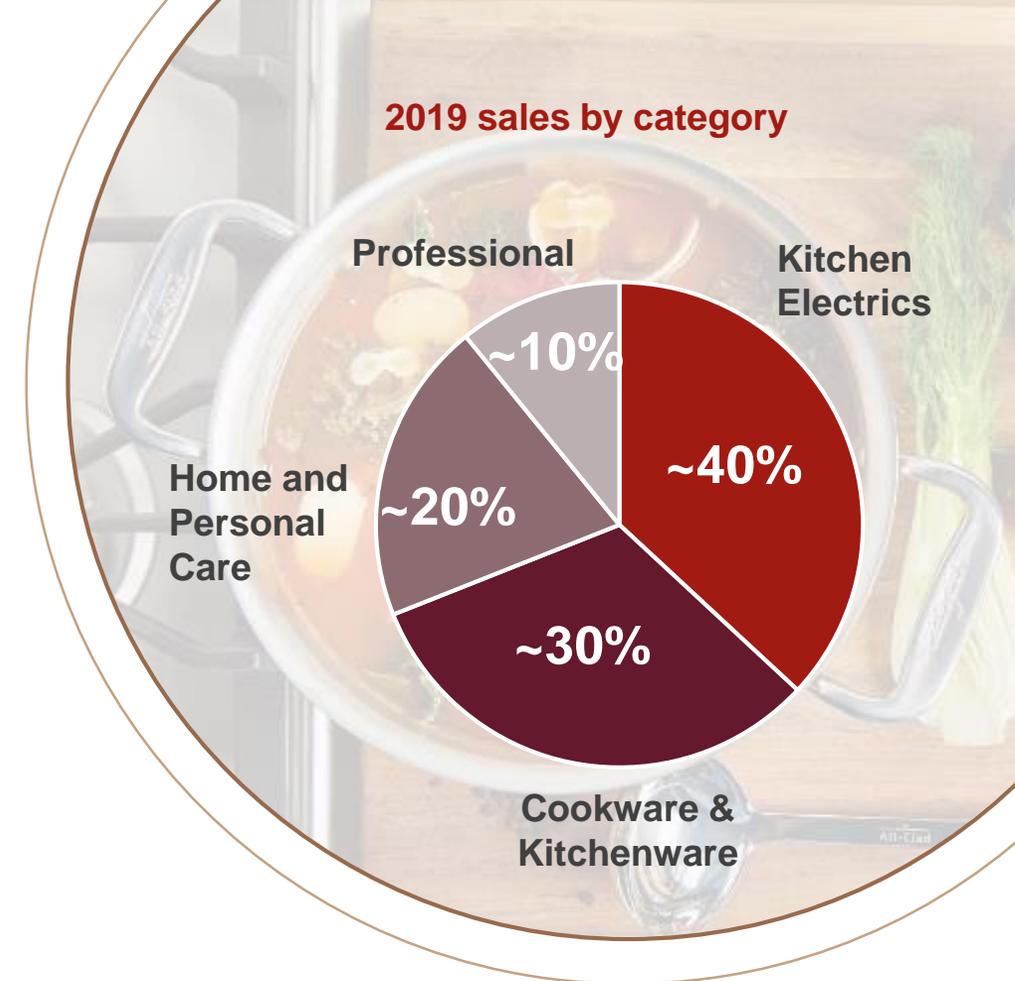
Figures at end 2019



## 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

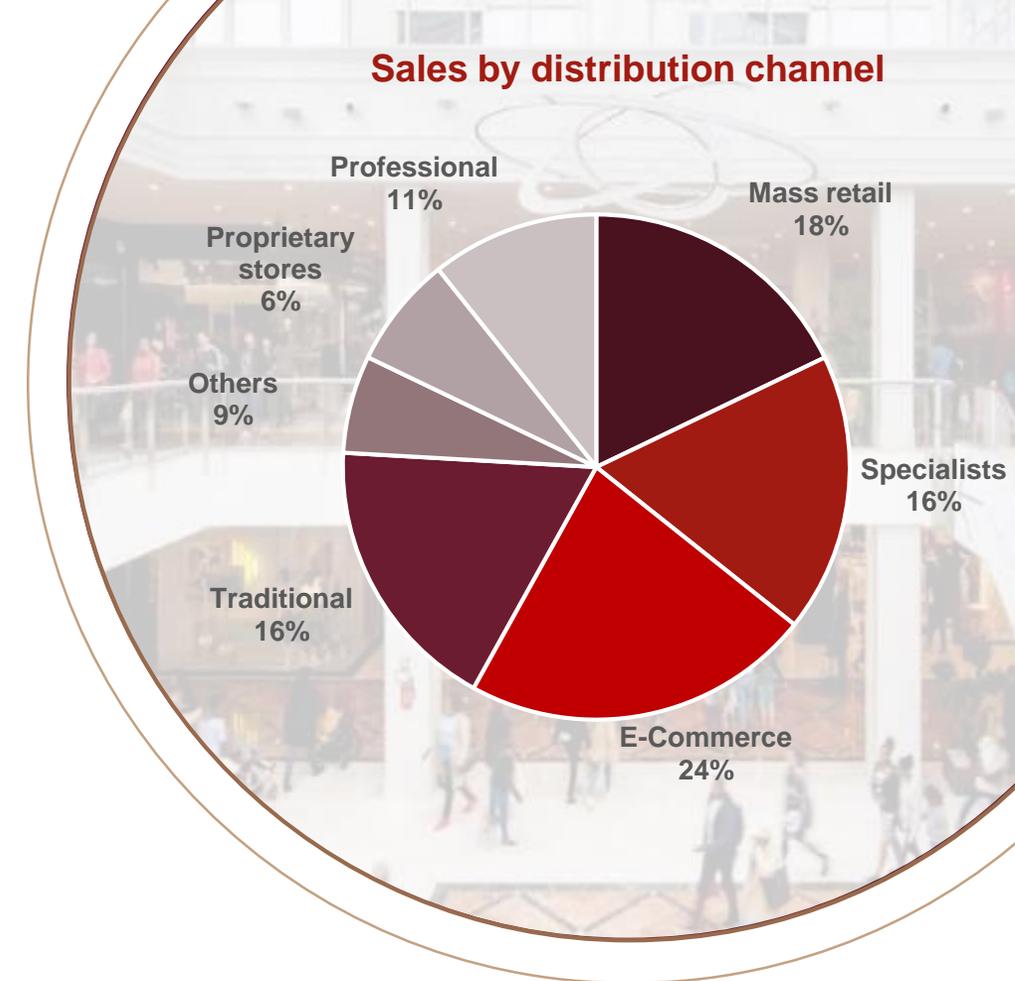
- **Emblematic local brands appealing to consumers in their day-to-day lives for 3 generations**
  - ✓ Heritage and credibility
  - ✓ Average age of our brands: 85 years old
- **Supported by local brand ambassadors**
  - ✓ Chefs, influencers, communities of consumers, etc.
- **Stakeholders in society:**
  - ✓ 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

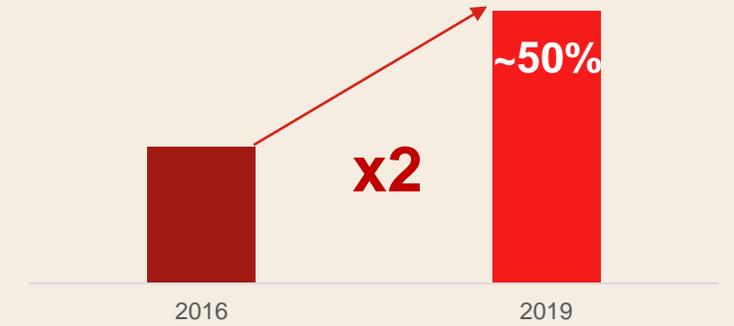
### ■ Targeted digital approaches

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

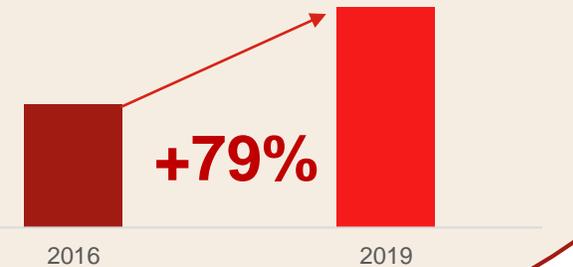
### ■ Direct approaches

- ✓ 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**

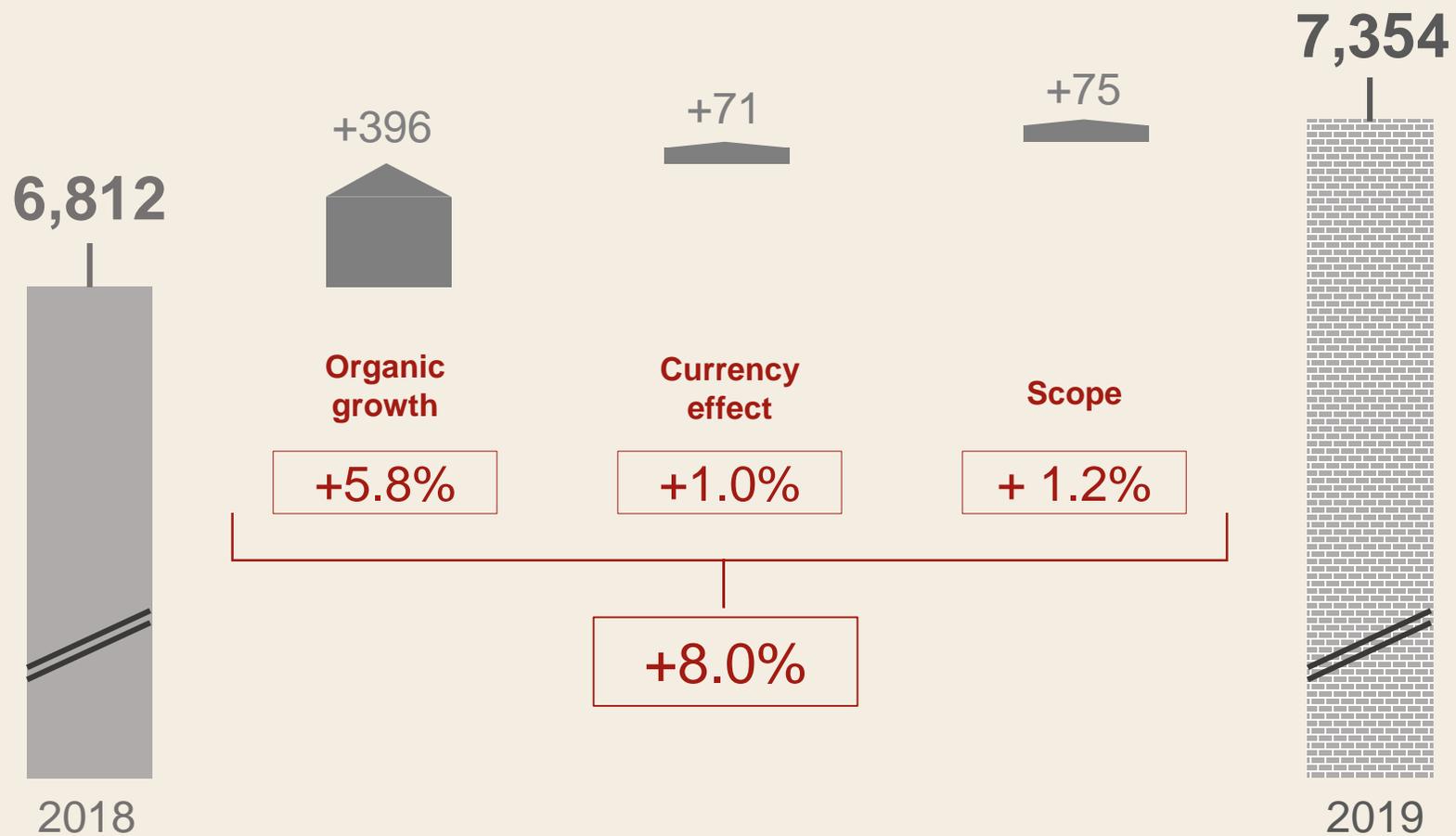
*FY 2019*

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

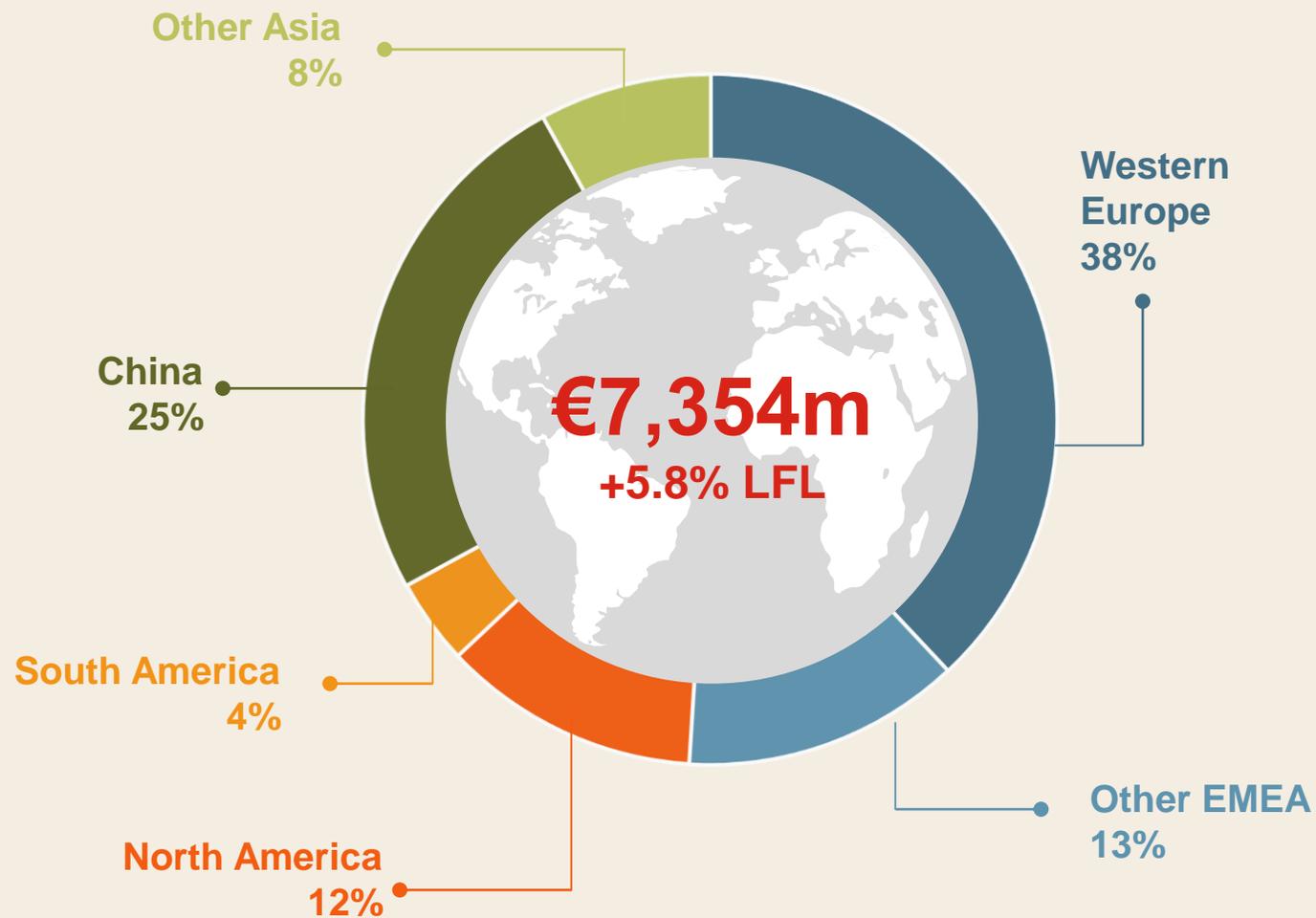
*In accordance with AFEP's guidelines*

# 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

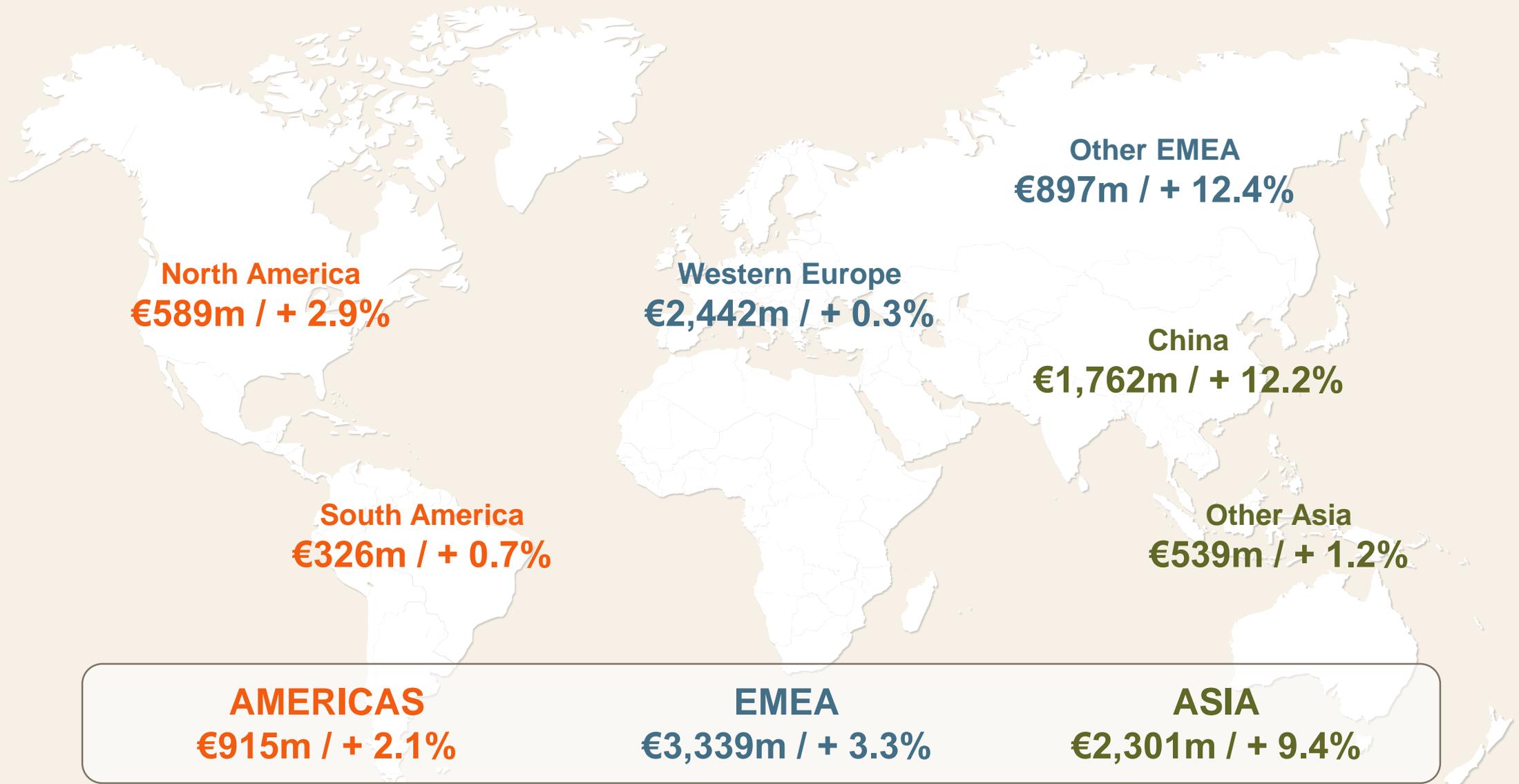


**Professional**

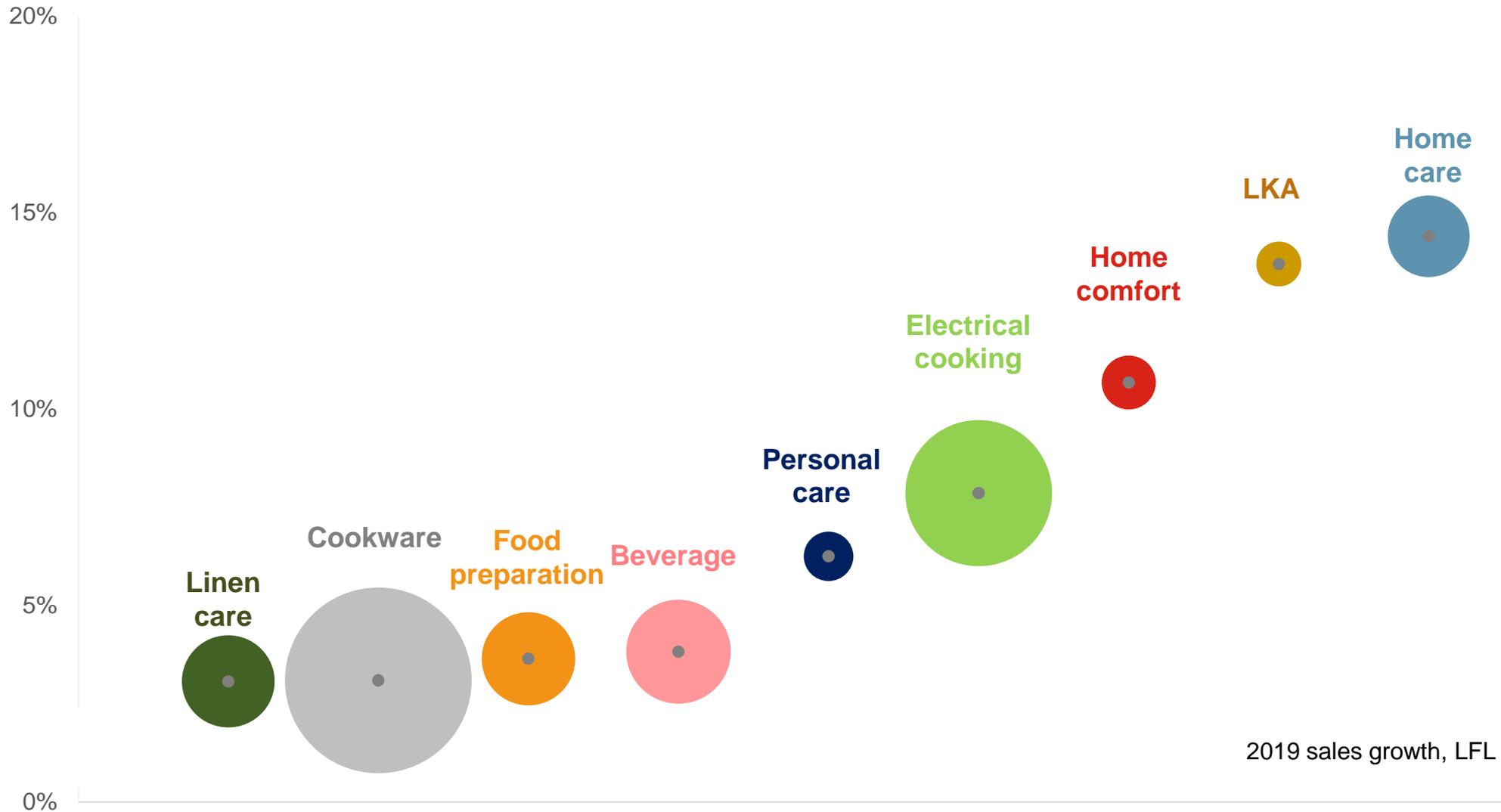
**€799m**

+25.9% +12.1% LFL

# Like-for-like growth in all regions - Consumer



# Growth in all product lines in 2019



2019 sales growth, LFL

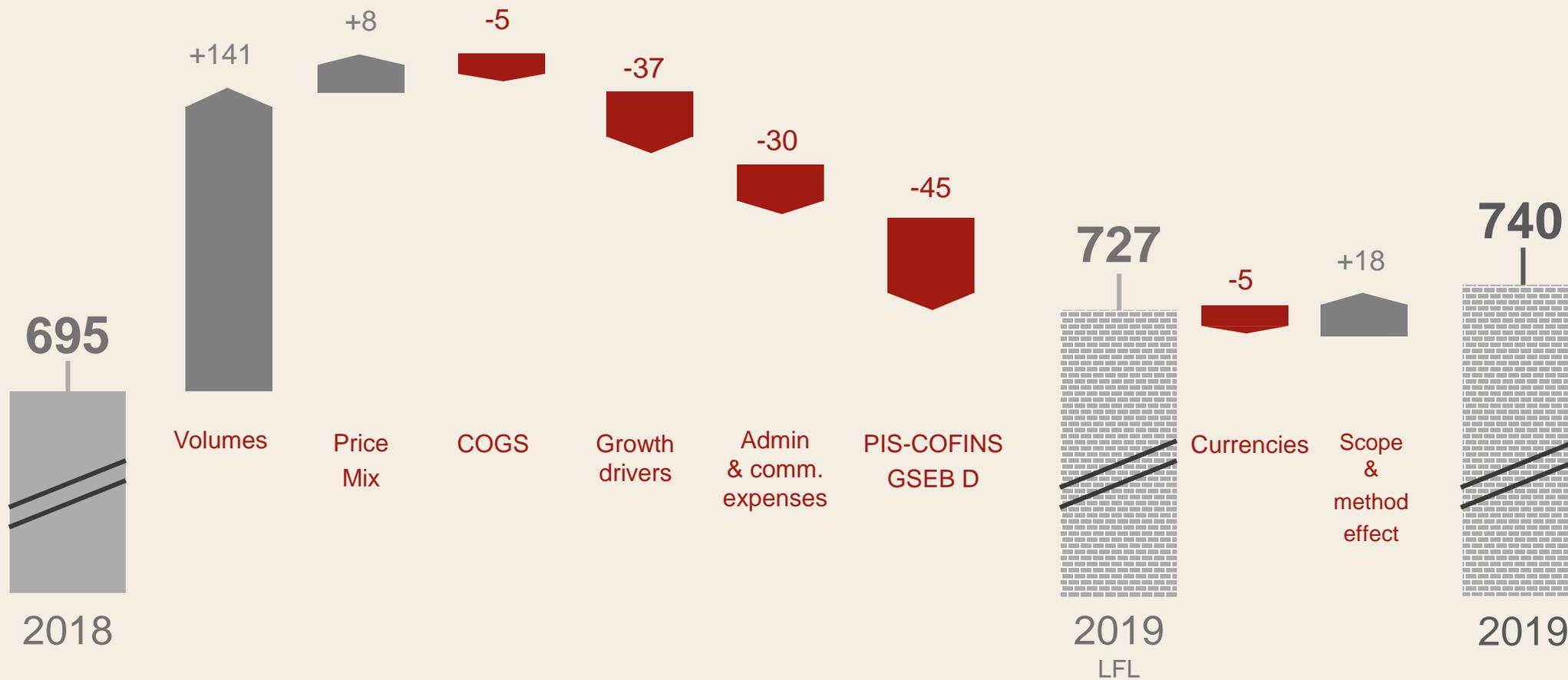
\*LKA = Large Kitchen Appliances

# Operating Result from Activity (ORfA)

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

# ORfA bridge

In €m



# Operating profit

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

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

# Net profit

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

\*o/w €21m PIS-COFINS

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

# Simplified balance sheet

In €m

Tangible fixed assets		
Operating WCR		
<b>Total assets to be financed</b>		
Equity		
Provisions		
Other current assets and liabilities		
Net debt		
<b>Total financing</b>		

31/12/2018

31/12/2019

3,578

4,263

1,120

1,215

**4,698**

**5,478**

2,307

2,628

383

423

430

430

1,578

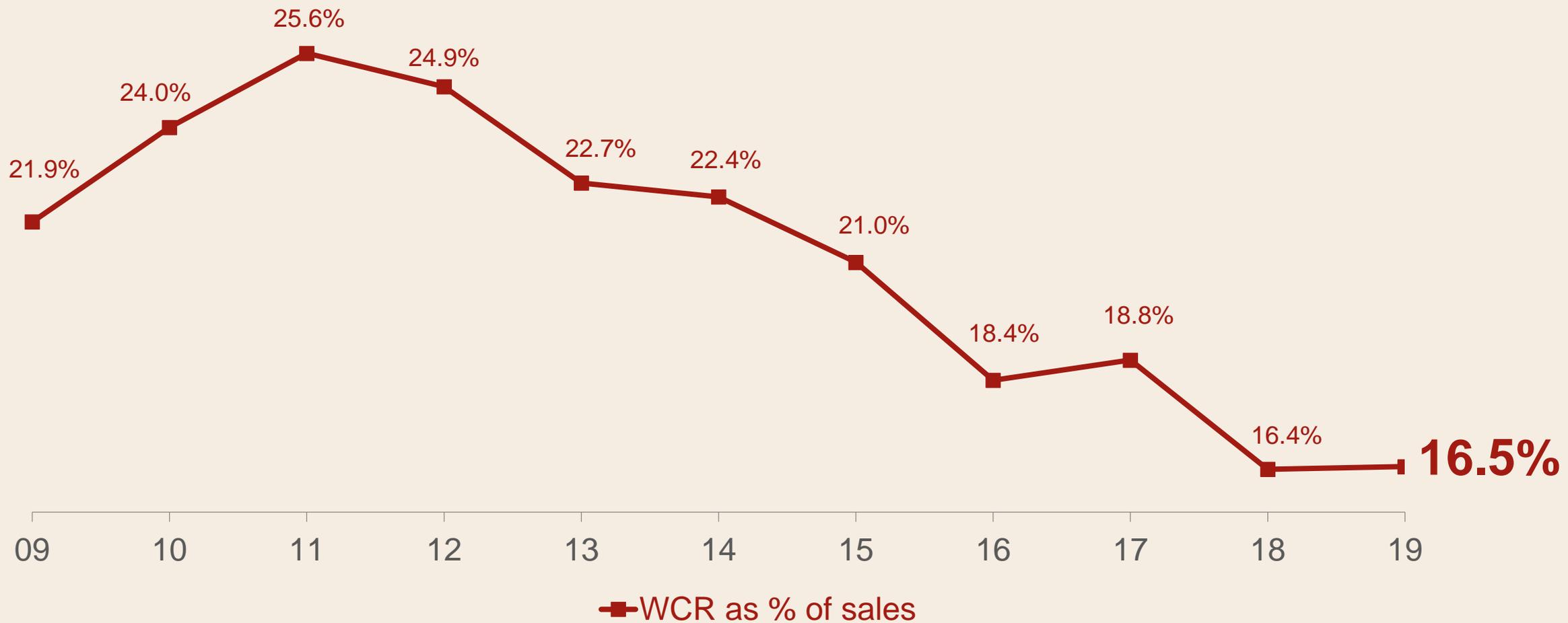
1,997\*

**4,698**

**5,478**

\*o/w €334m IFRS16 impact

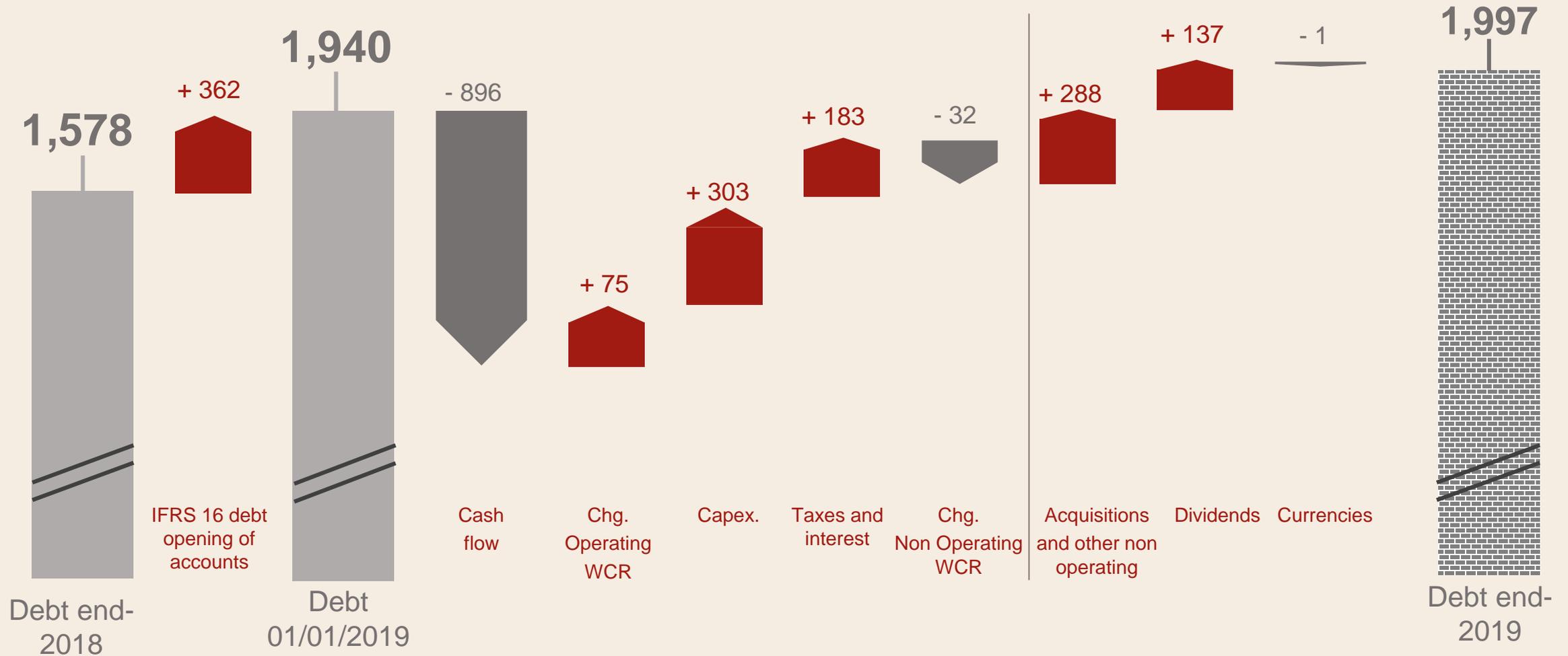
# Working Capital requirement evolution over 10 years



# Change in net debt

Free cash flow: €367m

In €m



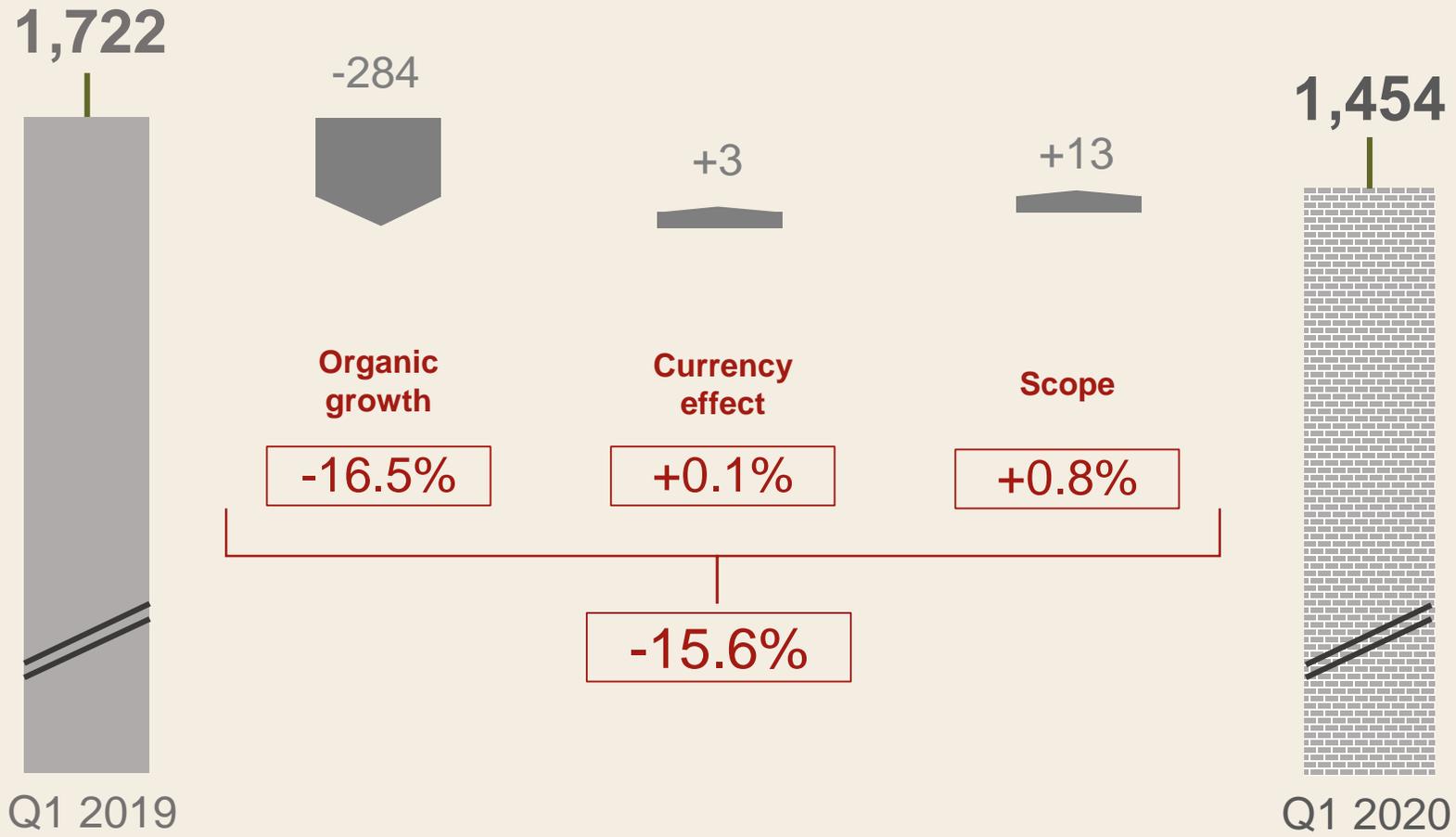
# 03

## OPERATING PERFORMANCE

- 1) FY 2019
- 2) Q1 2020

# Analysis of Q1 2020 sales

In €m



# Revenue by business activity in Q1

Revenue  
**€1,454m**  
 -15.6%      -16.5% LFL

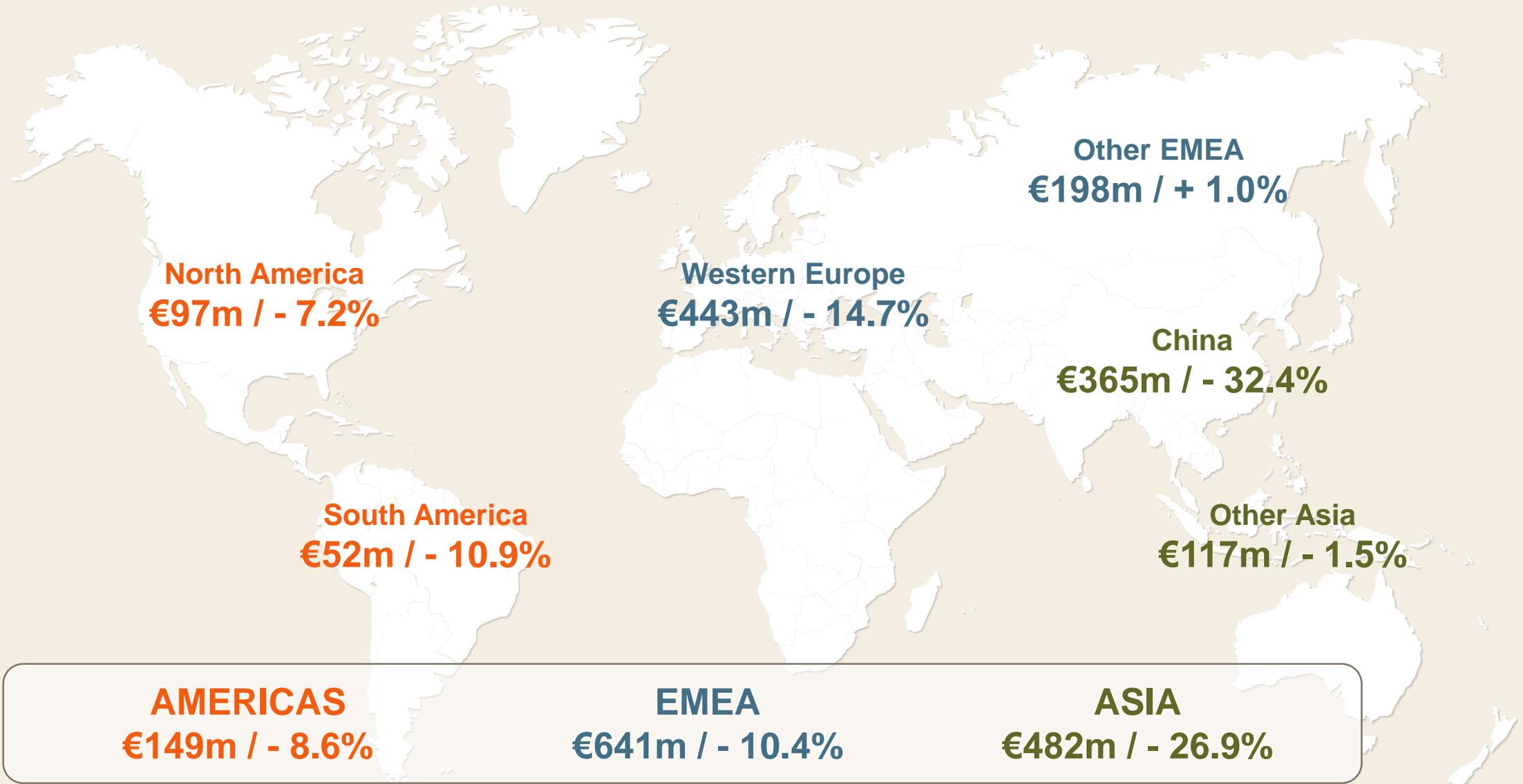
Consumer  
**€1,272m**  
 -17.4%      -17.3%  
 LFL

Professional  
**€182m**  
 -0.7%      -9.7%  
 LFL

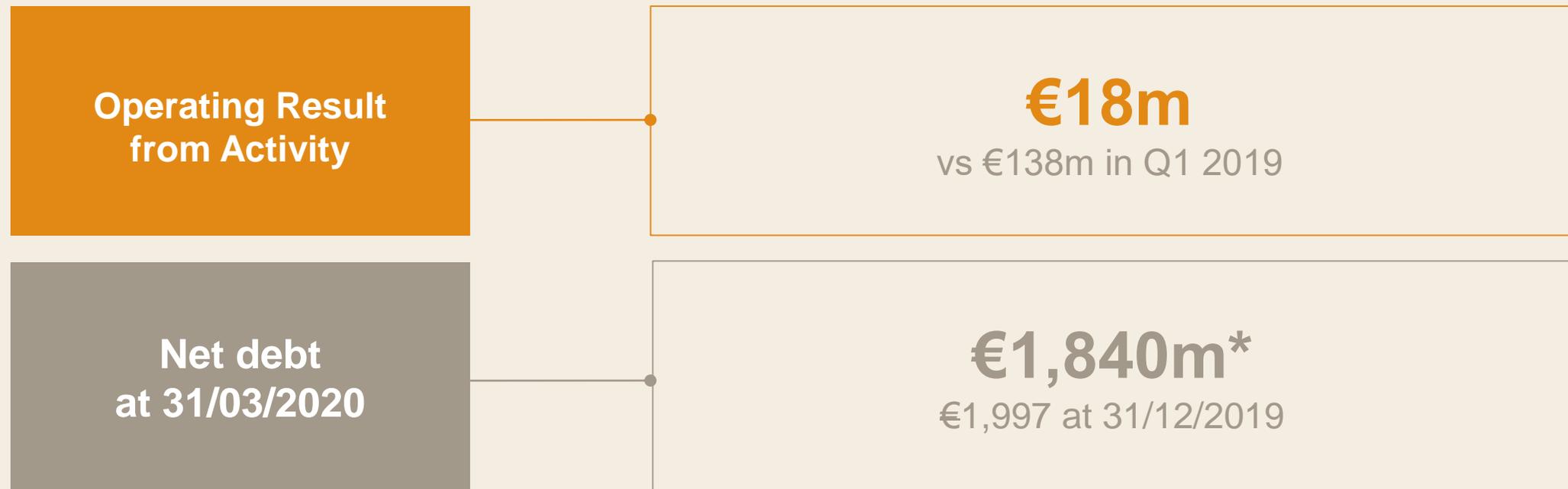


**Group revenue, March 2020: - 28 % LFL**

# 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**

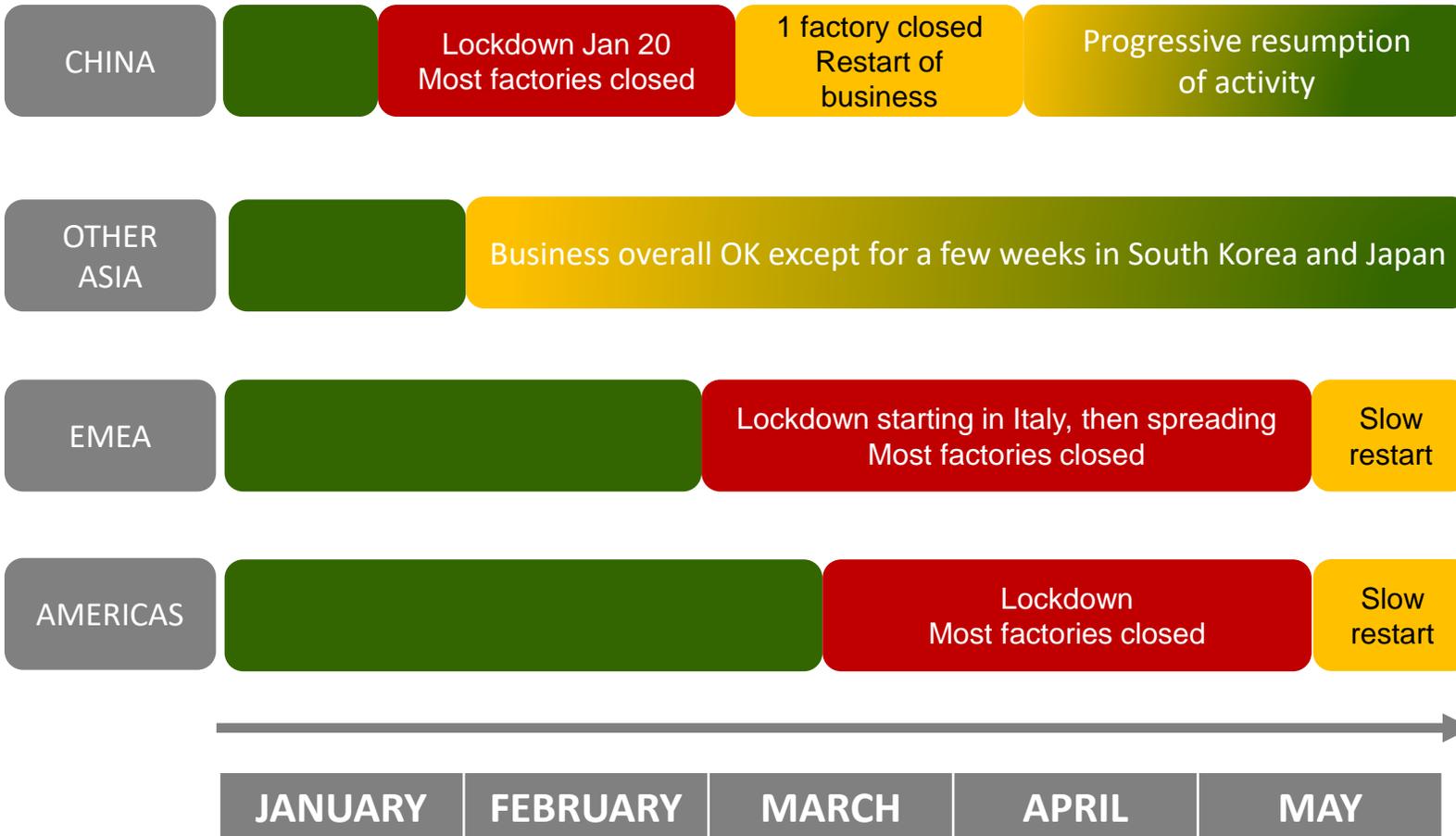
**Business continuation  
plan and service to  
customers**

**Liquidity  
preservation and  
cost reduction  
action plans**

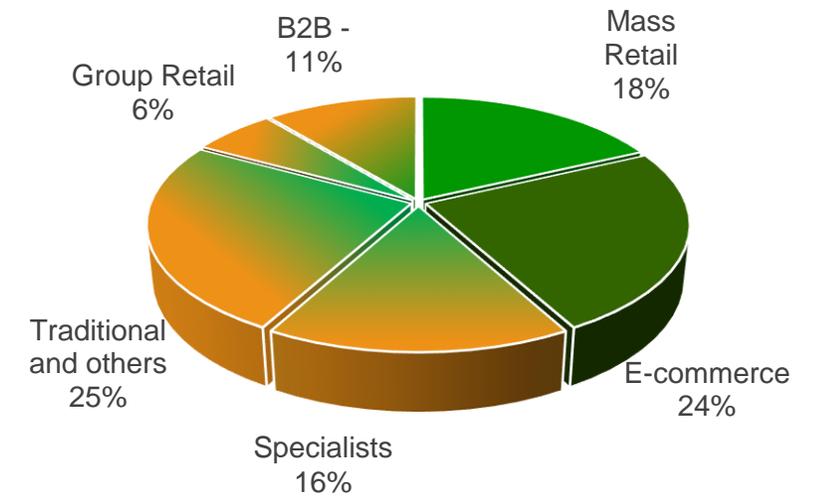
**Gradual activity  
resumption**



# 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

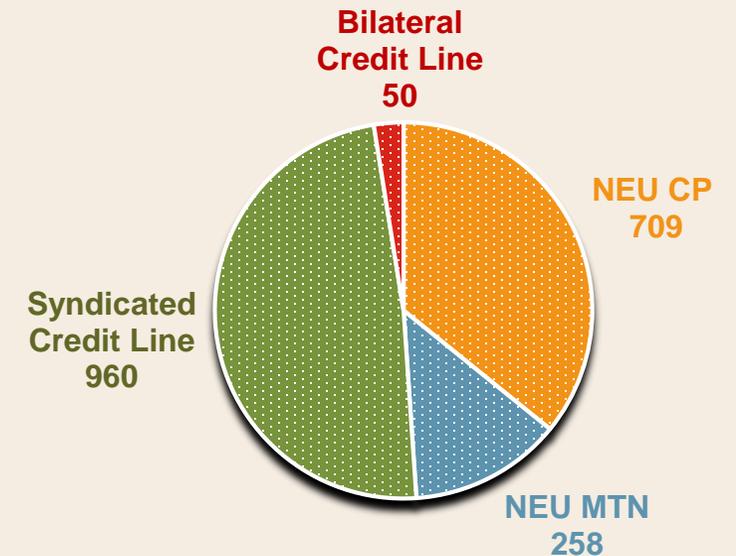
GROUP LIQUIDITY

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

In €m



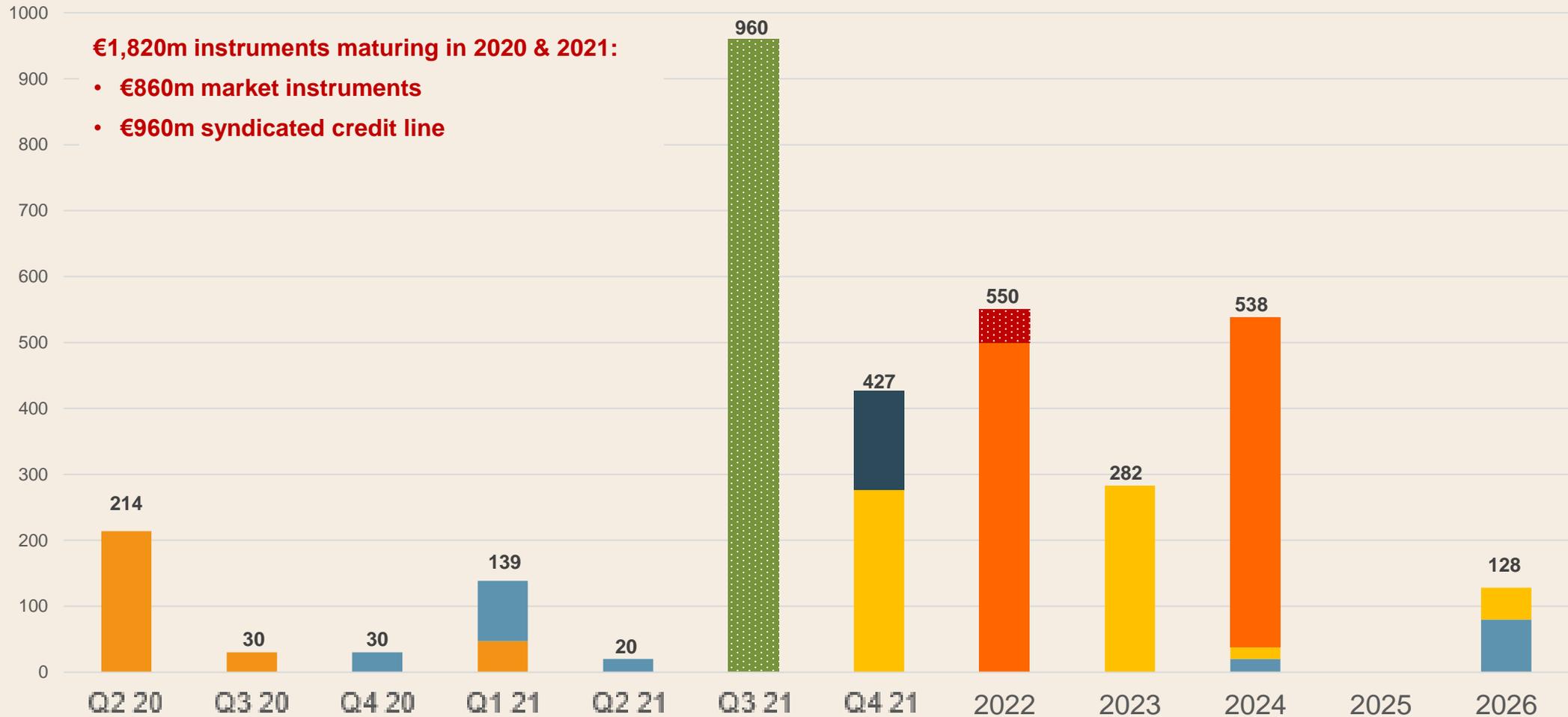
Headroom €1,977m



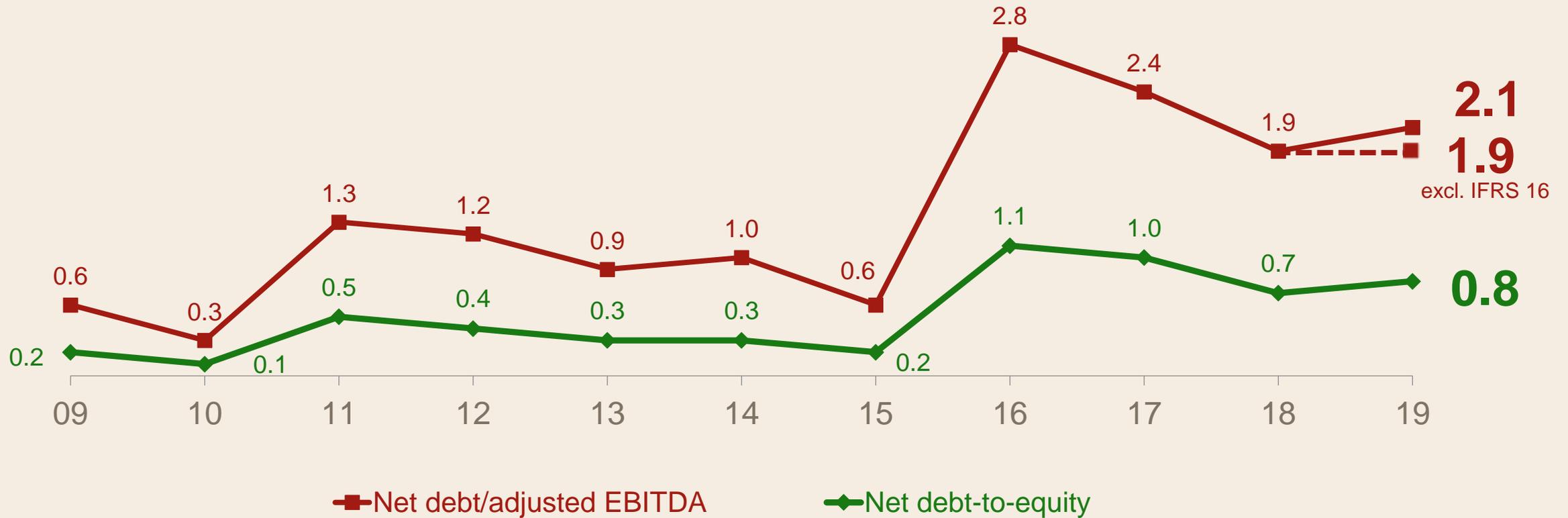
As of March 31, 2020

# Debt maturity profile as of March 31, 2020

In €m



# 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	<ul style="list-style-type: none"> <li>▪ Standalone</li> <li>▪ French Law</li> <li>▪ Change of control clause</li> <li>▪ 3 months Par Call</li> <li>▪ Make whole clause</li> <li>▪ Clean-up (75%)</li> <li>▪ 100k+100k</li> </ul>
▪ Use of proceeds	▪ General Corporate Purposes



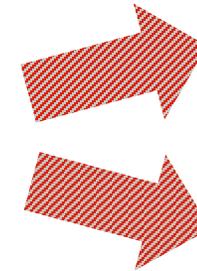
06

APPENDIX

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

<b>Sales</b>	<b>~€7.4bn</b>
<b>COGS*</b>	<b>~€4.5bn</b>
Purchased RM and goods Direct labor costs Freight costs Other production costs	
<b>OPEX*</b>	<b>~€2.1bn</b>
R&D costs Advertising Distribution and administrative expenses	
<b>ORfA</b>	<b>€740m</b>

**Cost base**  
**~€6.6bn**

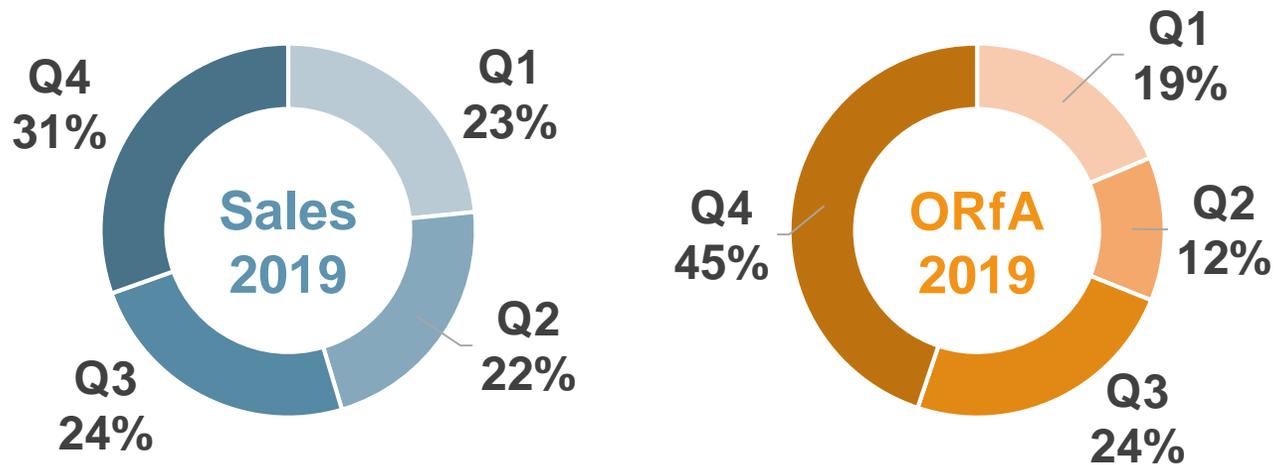


**On an annual basis**

**~70% variable costs**  
**~30% fixed costs**

\* As detailed in the 2019 Annual Financial Report

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



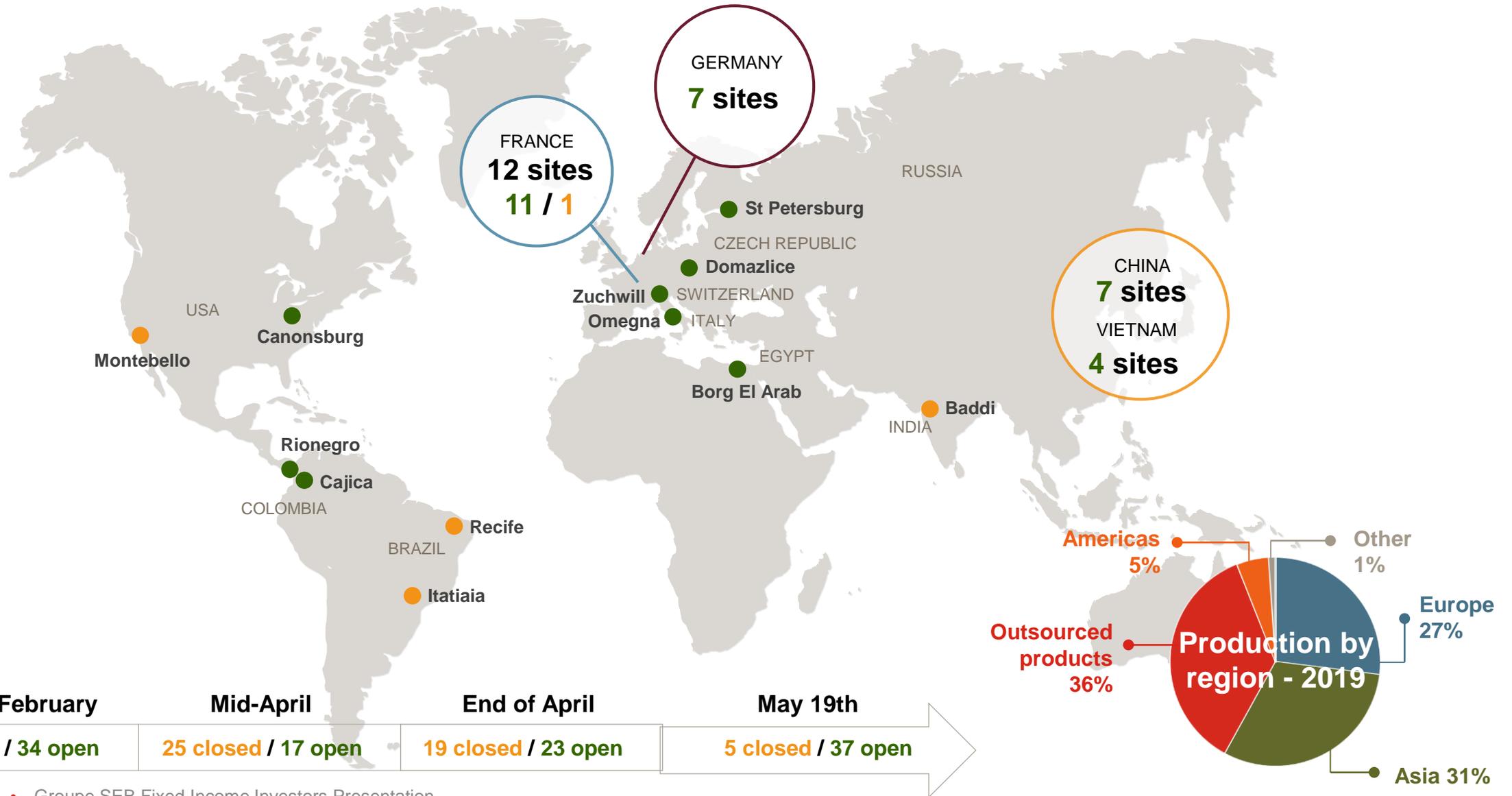
**H1: 45%** of FY sales generating **31%** of FY ORfA

**→ 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



1

## Ethics

- Code of ethics
- Responsible purchasing
- Audits



2

## Human resources

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



3

## 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**

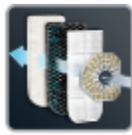




# 1

## 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**

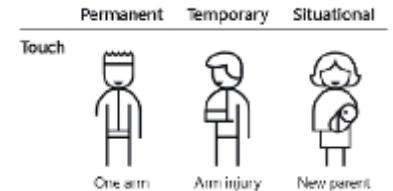


NETTOYAGE SAIN

# 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



## 1 Repair

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



## 2 Recycling

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



## 3 Give more than one life

- Renting programs
- Recrafting
- Products donations



# Action for the climate

5



1

## Eco design

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



2

## Eco manufacturing

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



3

## Eco logistic

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

