



# FIRST-HALF 2018 SALES AND RESULTS

Paris | July 25, 2018

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# FIRST-HALF 2018 SALES AND RESULTS

## NOTE

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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.

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# FIRST-HALF 2018 SALES AND RESULTS

**1** General Group environment and market

**2** WMF update

**3** H1 2018 sales and results

**4** Outlook

## General environment

# Market environment – H1 2018

## ENVIRONMENT

- Contrasted growth in SDA
  - China, EMEA growing
  - Complicated in LATAM region
- Increased volatility in currencies and raw materials
- Fast-changing retail market
- Development in global coffee market



## IMPLICATIONS AND SEB PERFORMANCE

- Sustained organic growth despite demanding comparatives
- Market share gains
- Targeted price increases initiated
- Online sales dynamic
- Difficulties with some traditional retailers
- New client wins

## Key figures at end-June 2018

Sales

**€3,025m**

+2.9%

+7.4% lfl

ORfA

**€208m**

-2.8%

**€224m**

-2.9% lfl\*

Net Profit

**€91m**

+9.5%

Net debt

**€2,015m**

+€110m vs. 12/31/2017

\*And excl. One-off WMA PPA





# WMF update

# WMF Consumer update: mixed trends

## Germany

- Tense German market in cookware
- Sales decline in some retail channels
- Market shares gains in Pots & Pans

## Internationally

- Other EMEA countries growing
- Fewer loyalty programs vs. 2017 (Taiwan)
- Distribution transition still undergoing in some countries (esp. South Korea)



# WMF Consumer update: concrete progress

## Product dynamic

- Enhanced offering in WMF and Home & Cook stores
- Innovation: Fusiontec and Lono ranges...

## Growth in e-commerce sales: + 20%

## Spain: + 21% sales

- Expanded distribution : department stores, e-commerce, WMF store opening in Majorca

## Turkey : Upturn in business

- Extended distribution → 45 outlets
- WMF store opening in Istanbul



# WMF Professional: €290m, +2.4% lfl

## High 2017 comparatives in Professional Coffee

### Continued growth in DACH

- Focus on innovation, digitalization and services
- Many tenders in progress

### Accelerated development internationally

- New accounts won in Western / Central Europe, China, Thailand, Malaysia, India...
- Roll-out stepped up at existing clients: Burger King, 7 Eleven, McDonald's...

### New, large-scale projects: delivery from Q2

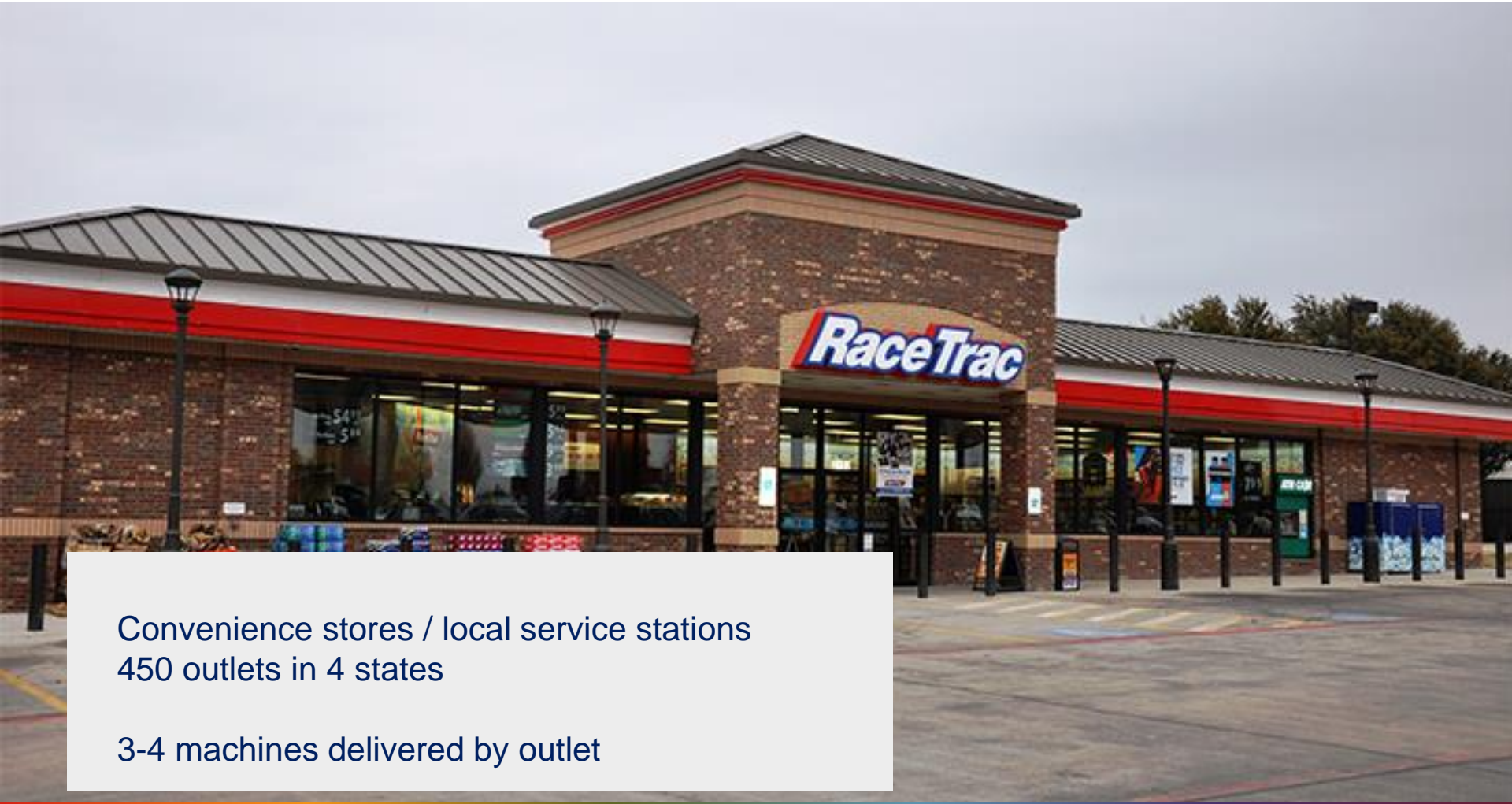
### Total order backlog at end-June x 2 vs. 2017

→ Delivered by mid-2019

### Hotel equipment sales slightly growing



## WMF Professional RaceTrac



Convenience stores / local service stations  
450 outlets in 4 states

3-4 machines delivered by outlet



# WMF Professional Luckin Coffee



Founded in Nov. 2017: now #2 coffee shops chain in China  
525 outlets in 13 cities and an ambitious expansion plan

> 1,000 machines delivered at end June

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# FIRST-HALF 2018 SALES AND RESULTS



Moulinex  
cookeo





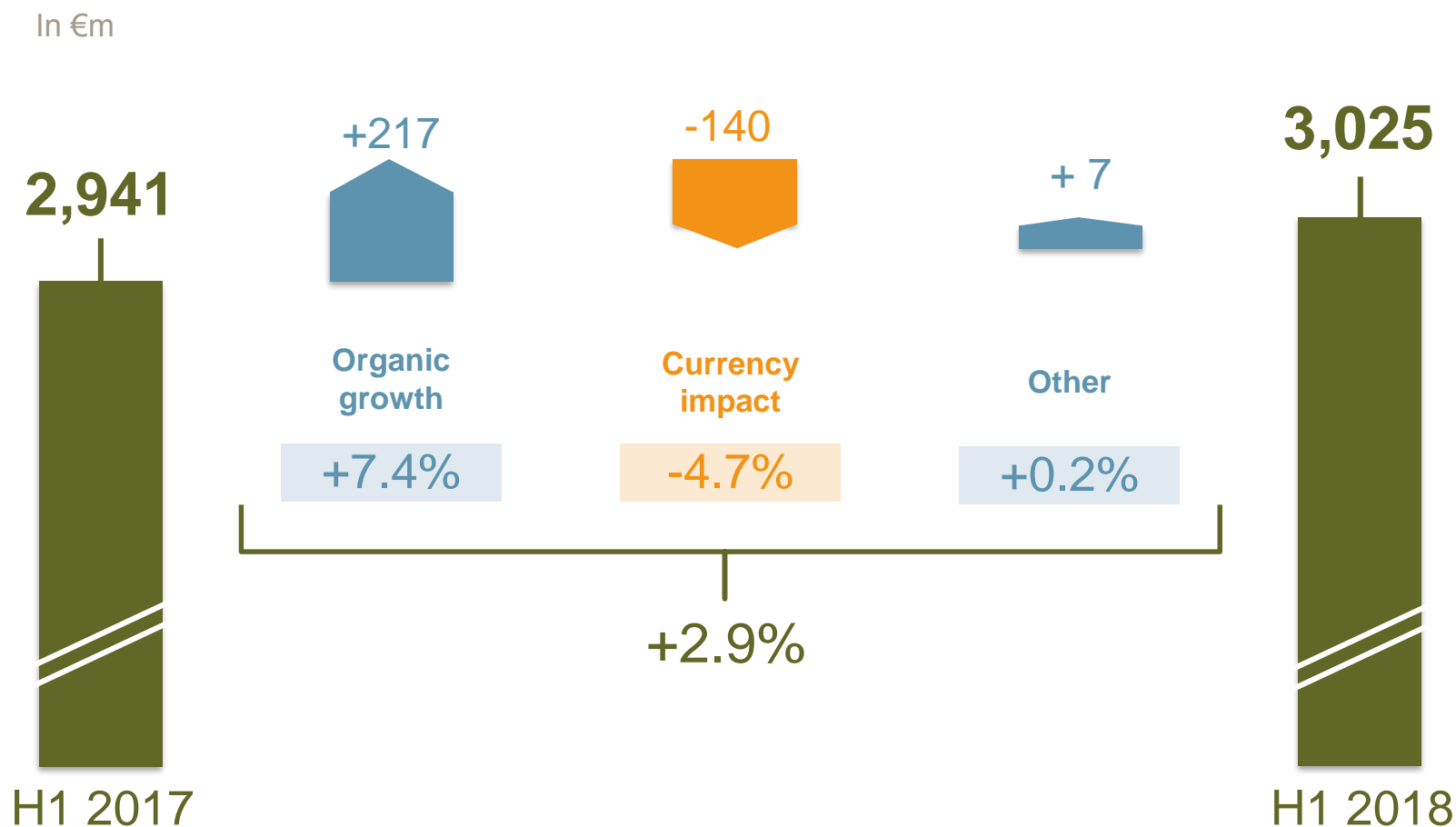
## Satisfactory performance

**1** Sales

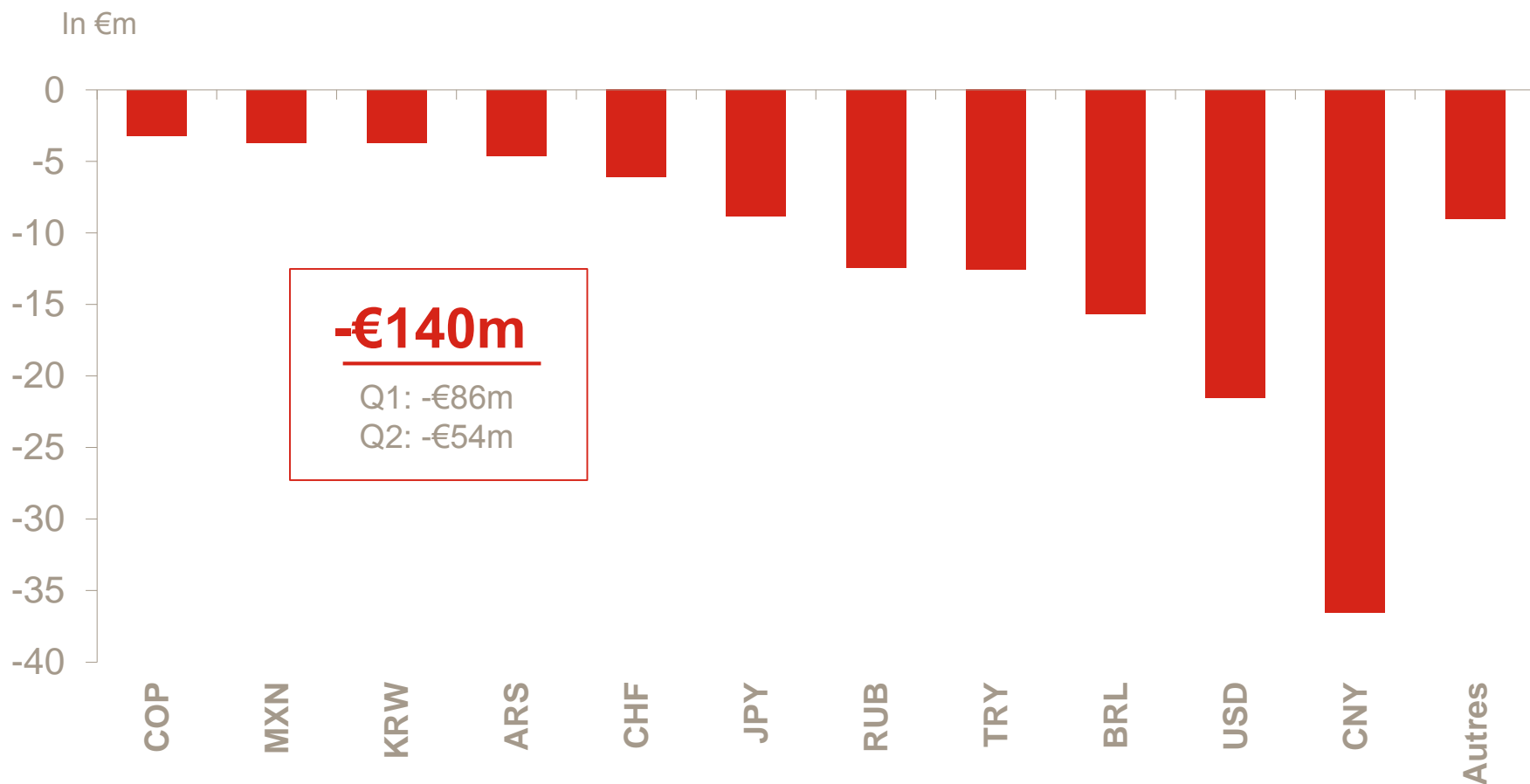
**2** Results



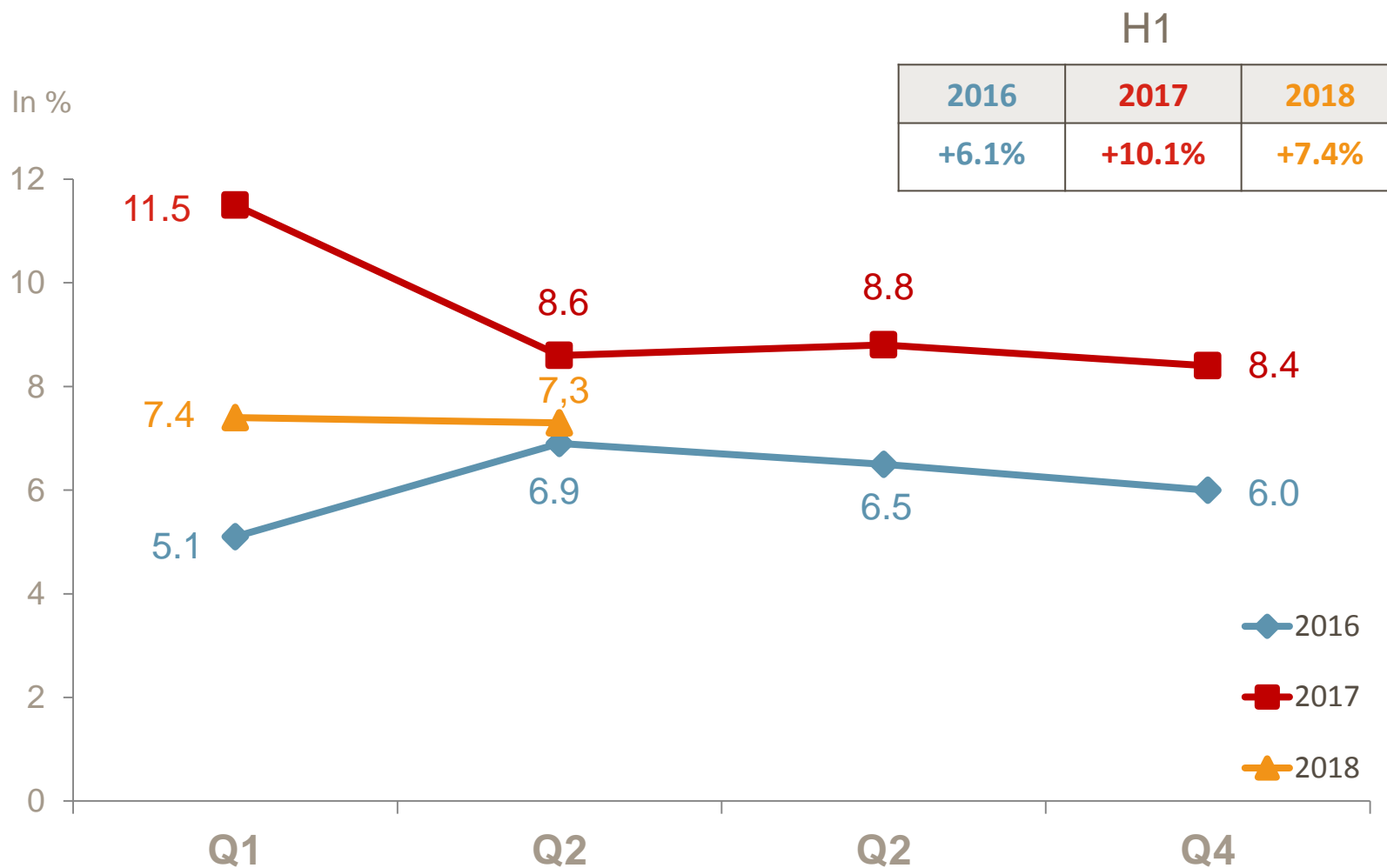
# Change in sales H1 2017 → H1 2018



## Currency impact on sales in H1 2018



# Quarterly organic growth in sales



# H1 sales

In €m



## EMEA

Western Europe

Other countries



## AMERICAS

North America

South America



## ASIA

China

Other Asian countries

TOTAL Consumer

Professional business

**Groupe SEB**

	2017	2018	As reported	LFL
<b>EMEA</b>	<b>1,316</b>	<b>1,337</b>	<b>+1.7%</b>	<b>+4.2%</b>
Western Europe	988	997	+0.9%	+1.3%
Other countries	328	340	+4.1%	+12.9%
<b>AMERICAS</b>	<b>407</b>	<b>338</b>	<b>-17.0%</b>	<b>-7.5%</b>
North America	249	204	-17.9%	-11.5%
South America	158	134	-15.5%	-0.7%
<b>ASIA</b>	<b>925</b>	<b>1,060</b>	<b>+14.4%</b>	<b>+20.0%</b>
China	680	825	+21.4%	+26.6%
Other Asian countries	245	235	-4.8%	+1.5%
<b>TOTAL Consumer</b>	<b>2,648</b>	<b>2,735</b>	<b>+3.3%</b>	<b>+7.9%</b>
<b>Professional business</b>	<b>293</b>	<b>290</b>	<b>-1.1%</b>	<b>+2.4%</b>
<b>Groupe SEB</b>	<b>2,941</b>	<b>3,025</b>	<b>+2.9%</b>	<b>+7.4%</b>

% based on non-rounded figures



## Q2 sales

In €m



### EMEA

Western Europe

Other countries



### AMERICAS

North America

South America



### ASIA

China

Other Asian countries

TOTAL Consumer

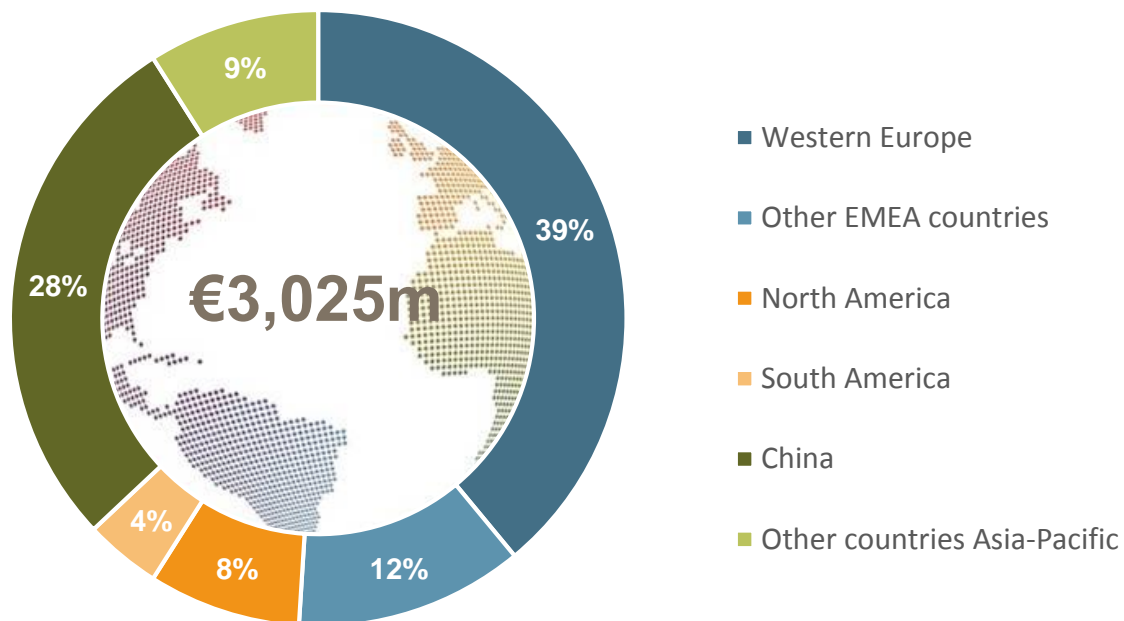
Professional business

**Groupe SEB**

	Q2 2017	Q2 2018	As reported	LFL
<b>EMEA</b>	<b>657</b>	<b>652</b>	<b>-0.6%</b>	<b>+2.1%</b>
Western Europe	494	494	+0.1%	+0.4%
Other countries	163	158	-2.7%	+7.4%
<b>AMERICAS</b>	<b>203</b>	<b>177</b>	<b>-12.9%</b>	<b>-3.9%</b>
North America	123	112	-9.0%	-2.7%
South America	80	65	-18.8%	-5.6%
<b>ASIA</b>	<b>406</b>	<b>481</b>	<b>+ 18,4 %</b>	<b>+20.9%</b>
China	277	357	+ 28,9 %	+30.4%
Other Asian countries	129	124	- 4,0 %	+0.6 %
<b>TOTAL Consumer</b>	<b>1,266</b>	<b>1,310</b>	<b>+ 3,5 %</b>	<b>+7.2%</b>
<b>Professional business</b>	<b>148</b>	<b>156</b>	<b>+ 4,9 %</b>	<b>+8.5%</b>
<b>Groupe SEB</b>	<b>1,414</b>	<b>1,466</b>	<b>+ 3,7 %</b>	<b>+7.3%</b>

% based on non-rounded figures

# Sales breakdown by region in H1

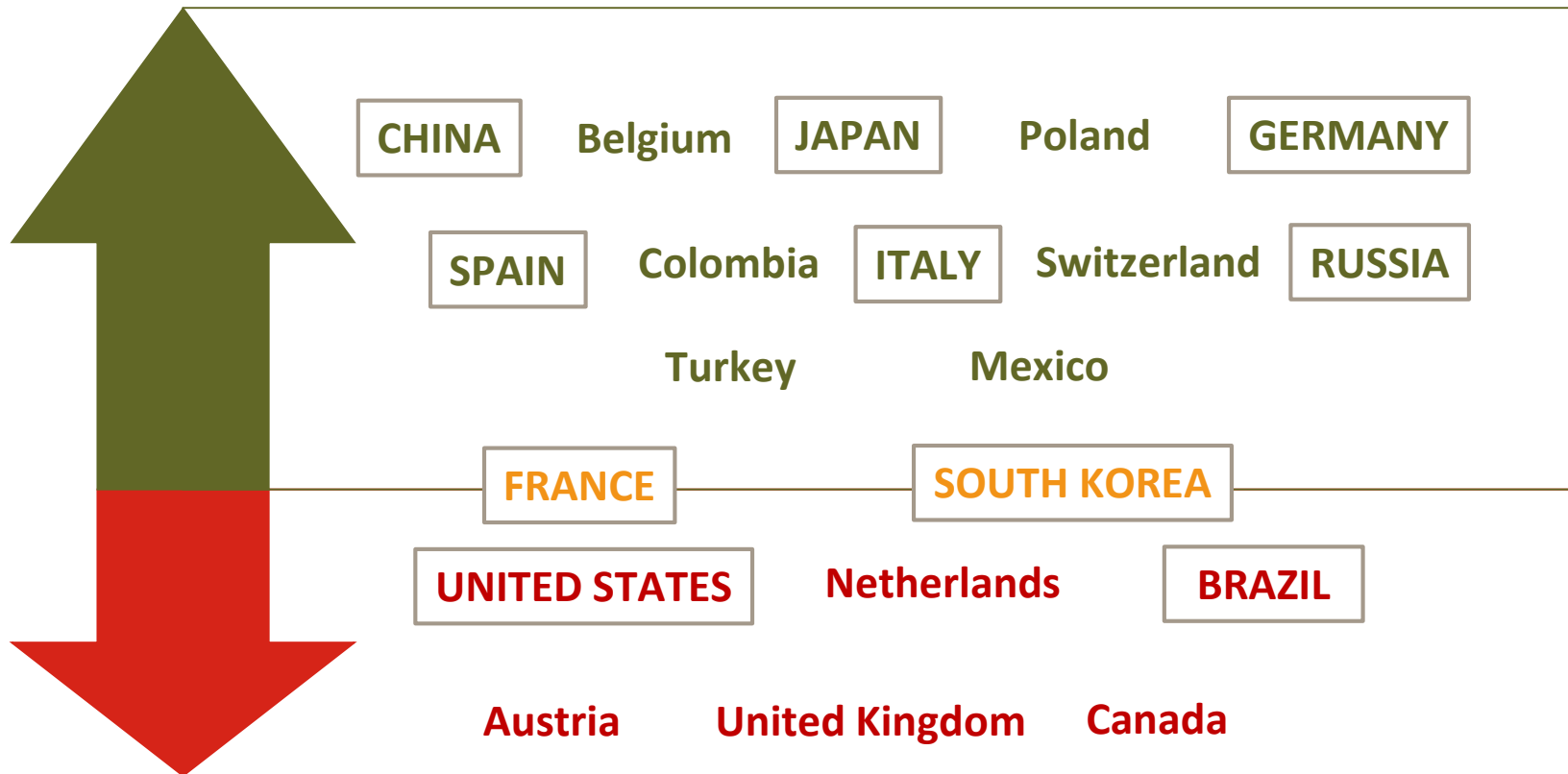


Mature countries **53 %**

Emerging countries **47 %**

## Top-20 countries' performance – H1

### TOP 10 COUNTRIES



LFL, excl. Professional business

## Country news

Turkey  
Poland  
Ukraine  
Spain  
Colombia  
Brazil  
United States  
China





## H1 2018 sales: +35% Ifl

- No. 2 in SDA, Market Share gains +0.2 pt
- Growth driven by volumes and prices
- Strong dynamic for locally manufactured products
- Excellent sell-out from Group retail
- WMF integration well under way





## EVIDENCE

# INTENSYWNY SMAK **KRYJE SIĘ W DETALACH**

### **H1 2018: +29% Ifl**

- Overall robust dynamic
- **Market share gains in SDA: +2.1 pts**
- Investment stepped up in outlets
- Doubled sales in full auto machines

## H1 2018 sales: +66% lfl

- Overall growth in SDA
- Market share gains: +4.6 pts
- **Groupe SEB no. 2 in SDA, leader in cookware**

НАЙКРАЩА ЯКІСТЬ ПРИБИРАННЯ



## SMART FORCE™



**90 DÍAS  
DE PRUEBA  
SIN COMPROMISO\***

### H1 2018 sales: +2% / +5% excl. B2B and LPs

- Market share gains in SDA: +0.4 pt
- ➔ Consolidated leadership in SDA, Rowenta no.1 brand
- Excellent start-up in robot vacuum cleaners
- Very satisfactory initial results from WMF integration





CONOCE EL NUEVO  
**samurai**

TURBO SILENCE EXTREME

*Frescura extrema*  
sueños tranquilos

## H1 2018 sales: +7% lfl

- Market share gains in SDA: +1,5 pt
- Good dynamic in fans and blenders
- Strong improvement in operating margin in cookware

# ARNO POWER MAX 1000



O PODER DAS 6 LÂMINAS  
NÃO DEIXA  
PEDAÇOS

## H1 2018: -5% Ifl

- Strong performance in fans, leadership confirmed
- Industrial transition in cookware
- Truck-driver strike impact
- Fragility of some retailers



FEATURED CHEF

# THOMAS KELLER

## H1 2018 sales: -12% lfl

- Half-year impacted by unfavorable 2017 base effect (KRUPS electrical appliances)
- Good Q2 in cookware and linen care
- Challenges persist in retail
- Online sales development





## H1 2018 sales: +27% lfl

- Excellent performance in SDA, +30%  
→ Market share: +2.2 pts vs. end-2017
- Strong growth in cookware
- Continued development in online sales
- Ramp-up in new categories

## New categories

### Kitchenware

H1 sales +35%

苏泊尔BB杯

把给Baby的健康呵护  
也同样给你

立即购买



tritan  
健康材质 • 美国FDA认证  
广泛应用于婴幼儿奶瓶

### Home and personal care

H1 sales +54%



### Extractor hoods and cooking

H1 sales +68%





## Product news

Product line performance

Cookware

Fusiontec range

Home and linen care

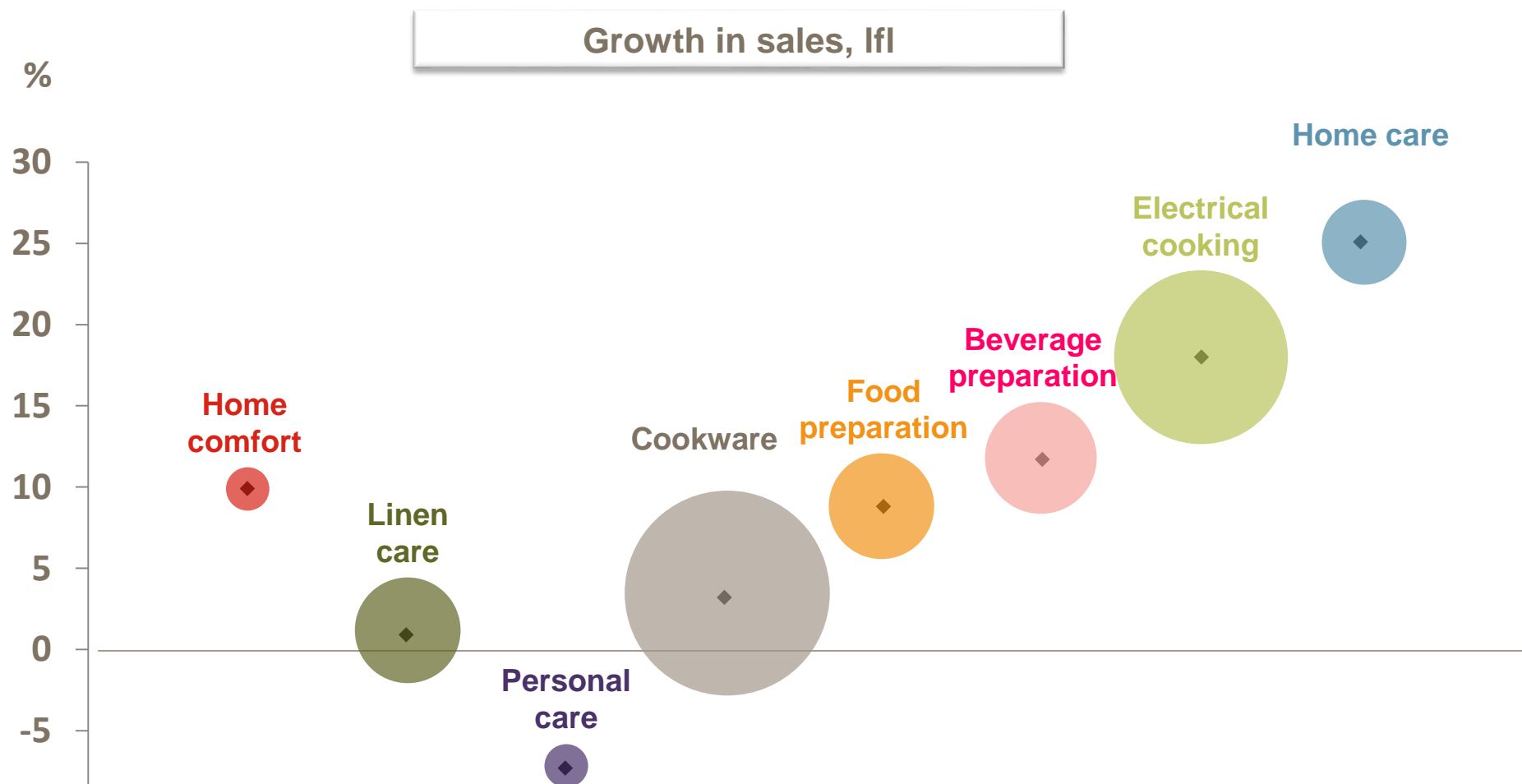
Kitchen electrics

Lono range

Development of digital apps



# Product line performance





# Cookware



**Tefal**  
*Ever Cook*  
*For the love of transmission.*



*Pro* **INOX**



The  
**All in One**  
Pan



Clipsominut' Duo



**T-FAL Stackables**

## FUSIONTEC range



## Home and linen care



# Kitchen electrics

Companion range



Arno Powermax 1000



Cook4me+ Krups



Cake Factory



Roma / Pisa





# LONO range

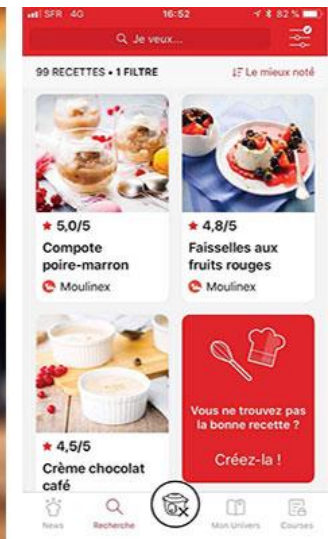
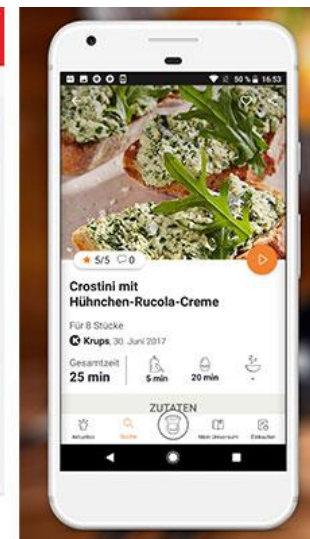




# Development of digital apps

## Apps

- **11 apps to date** incl. 2 launches in H1 2018 (Pure Air and My Smart Force)
- **2.5 million** downloads of Food apps
- **400,000** active users per month
- **800,000 accounts created**, incl. 350,000 in 2017
- **1,250 recipes created** by the Cookeo & Companion communities in France



# Satisfactory performance

1 Sales

2 Results



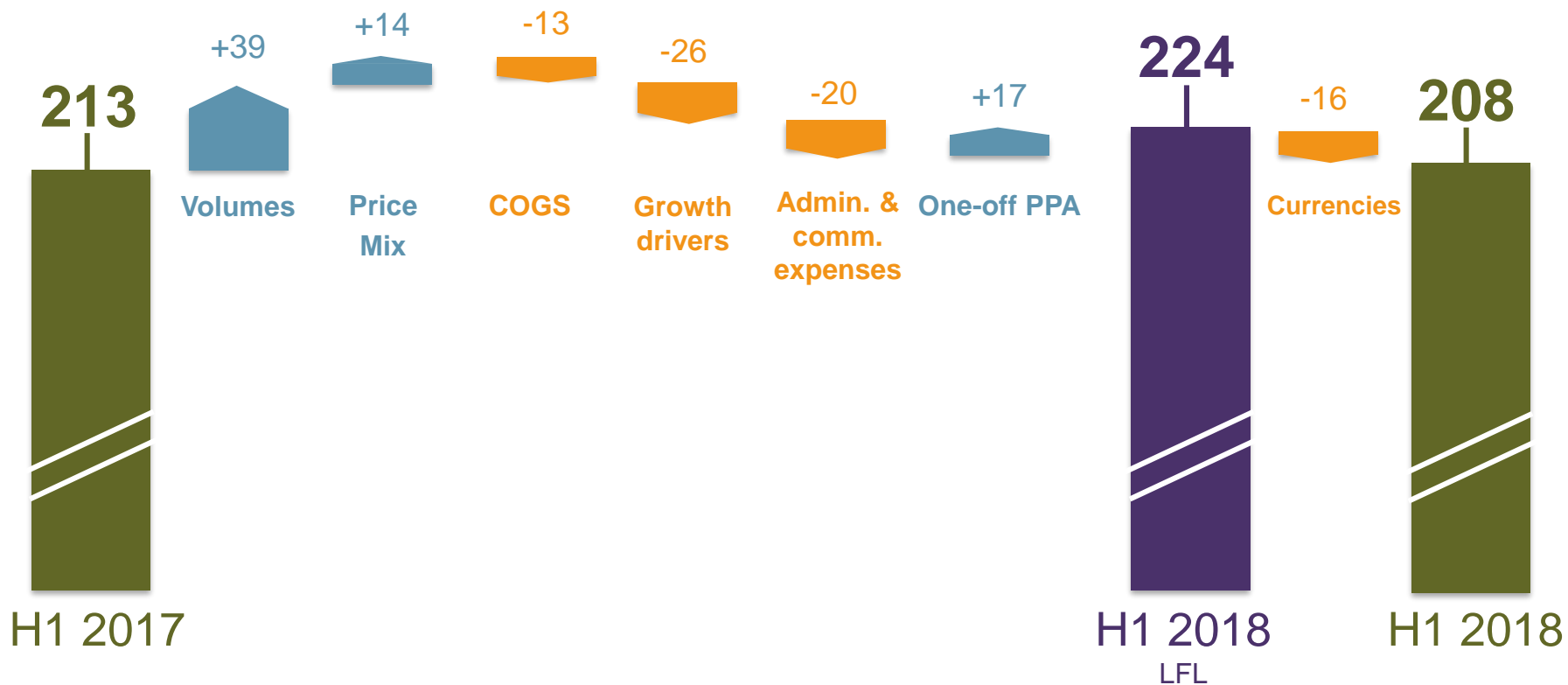
# Operating Result from Activity (ORfA)

In €m	H1 2017	H1 2018	Δ
Sales	2,941	3,025	+2.9%
Operating expense	2,711	2,817	+3.9%
ORfA before one-off PPA	230	208	-9.9%
Op. margin before one-off PPA	7.8 %	6.9 %	-0.9pt
One-off PPA	17	0	
<b>ORfA</b>	<b>213</b>	<b>208</b>	<b>-2.8%</b>

# ORfA construction

## H1 2017 → H1 2018

In €m



# Operating profit

In €m

Operating Result from  
Activity (ORfA)

Discretionary and non-  
discretionary profit sharing

Other operating income and  
expense

**Operating profit**

**H1 2017**

**H1 2018**

213

208

-2.8%

(11)

(10)

(24)

(12)

**178**

**186**

**+4.2%**



## Net profit

In €m

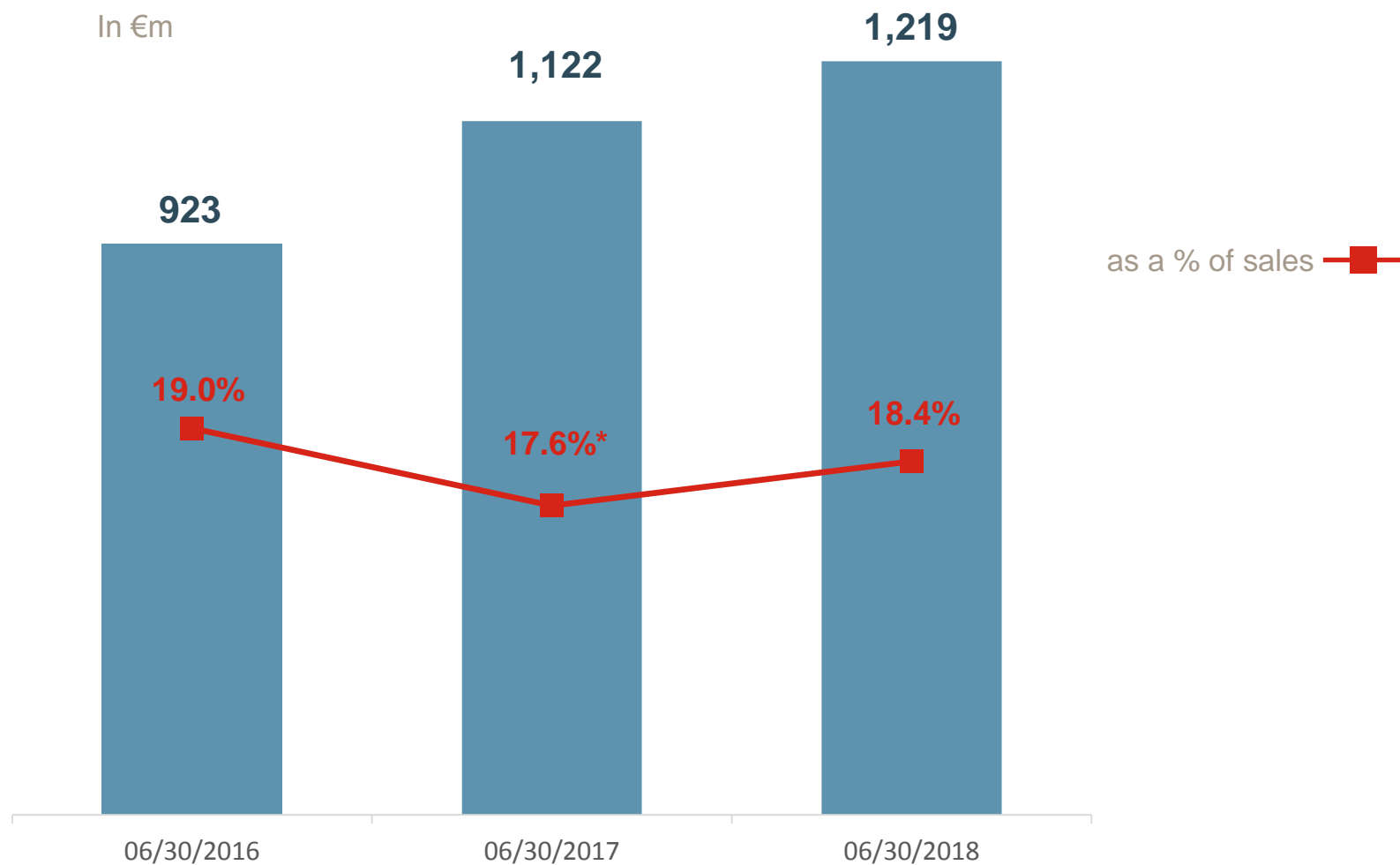
	H1 2017	H1 2018	
Operating profit	178	186	+4.2%
Interest expense	(17)	(16)	
Other financial expense	(27)	(20)	
Tax	(31)	(36)	
Non-controlling interests	(19)	(23)	
<b>Net profit</b>	<b>83</b>	<b>91</b>	<b>+9.5%</b>

# Simplified Balance Sheet

In €m	06/30/2017*	06/30/2018
Tangible fixed assets	3,524	3,540
Operating WCR	1,122	1,219
<b>Total assets to be financed</b>	<b>4,646</b>	<b>4,759</b>
Equity	1,739	1,984
Provisions	445	385
Other current assets and liabilities	397	375
Net debt	2,065	2,015
<b>Total financing</b>	<b>4,646</b>	<b>4,759</b>

\*After finalization of WMF purchase price allocation (PPA)

## Change in WCR

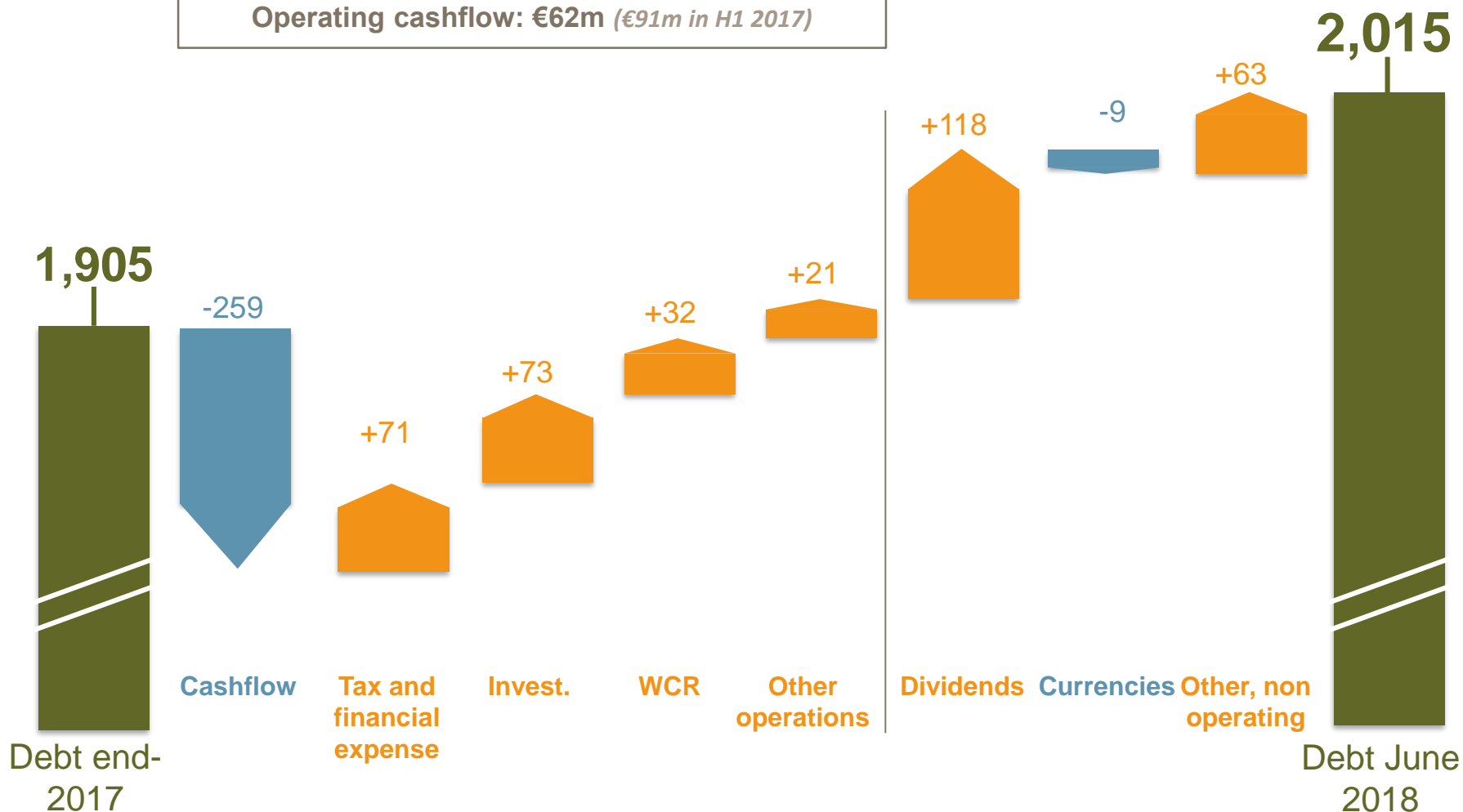


\* WMF proforma

# Change in net debt

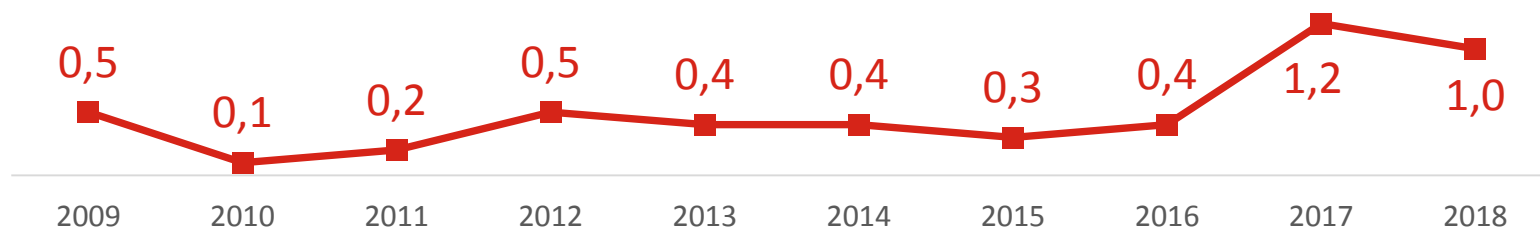
In €m

Operating cashflow: €62m (€91m in H1 2017)

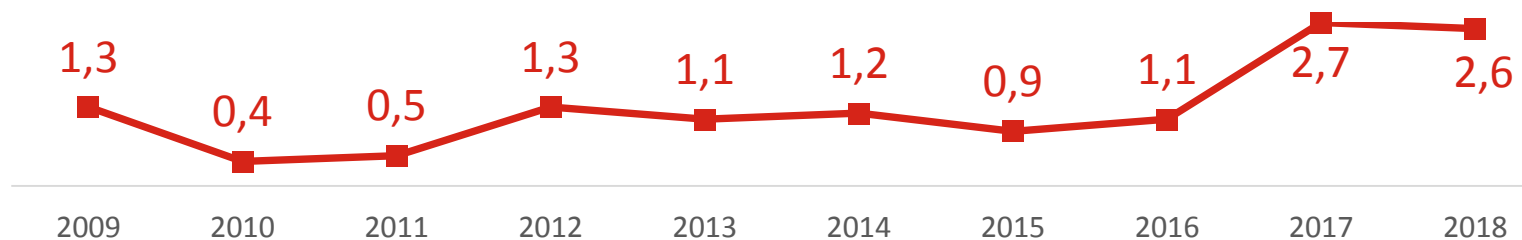


## Debt ratios at June 30

### Net debt-to-equity



### Net debt/adjusted EBITDA\*



\*12 rolling months





## 2018: a two-fold objective

### **Continue Groupe SEB's profitable growth, former consolidation scope**

- Strong EMEA dynamic
- Buoyant growth in China
- Stable sales in the US in H2
- Leveraging new set-up in Brazil
- Fewer loyalty programs vs. 2017

### **Continue WMF integration and accelerate**

- Improved consumer business in H2
- Accelerate in Professional Coffee
- Cost control, roll-out of operating synergies and stock reductions

**High comparatives**  
**More tense environment (currencies, raw materials, retail...)**

## 2018 guidance

- ➔ **Organic growth in sales > 7%**, revised upwards
- ➔ On the basis of current, more challenging exchange rates:  
confirmation of a **growth > 5% in ORfA** before WMF one-off PPA
- ➔ **Debt reduction:**  
confirmation of a **net debt/adjusted EBITDA ratio < 2 at end-2018**

# Glossary

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

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

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

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

## ***Operating Result from Activity (ORfA)***

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

## ***Adjusted EBITDA***

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

## ***Net debt – Net indebtedness***

This term refers to all recurring and non-recurring financial debt minus cash and cash equivalents as well as derivative instruments linked to Group financing having a maturity of under one year and easily disposed of. Net debt may also include short-term investments with no risk of a substantial change in value but with maturities of over three months.

## ***Operating cash flow***

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

## ***Product Cost Optimization (PCO)***

Group program regrouping and formalizing productivity and value-accretive initiatives.

## ***Opération Performance SEB (OPS)***

Group program targeting improvement in overall performance, striving for excellence.



## Upcoming events

<b>July 25</b>   before market opens	2018 first-half sales and results
<b>October 25</b>   after market close	2018 9 month sales and financial data

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