October 24, 2022 - 5:40 p.m.

Nine-month 2022 Sales and Financial Data

After a record year in 2021, Groupe SEB delivers a resilient performance in 2022 impacted by a return to more normal consumer behaviour and by the war in Ukraine

- Group performance driven by **China and Professional**, deteriorated by **France/Germany (high comps) and Russia/Ukraine (impact of the war)**
- **Nine-month sales: €5,560m; -0.2%, -4.3% LFL***
    - Third-quarter sales: €1,894m; -3.4%, -8.1% LFL*
- **Nine-month Operating Result from Activity (ORFA): €319m vs €528m** in 2021
    - Third-quarter ORFA: €120m vs €208m in 2021
- **Net financial debt as of 30/09/2022: €2,581m, +€630m vs 30/09/2021**
- **Full-year 2022 guidance revised:**
    - Revenue of around €7.9 billion;
    - ORFA margin in the range of 7.0% to 7.5%.
- **Consolidation project for our activities in Germany**

Statement by Stanislas de Gramont, Chief Executive Officer of Groupe SEB

“After a year in 2021 that brought our performance to record levels driven by the consumption of Small Domestic Equipment during the Covid pandemic, the Group is holding up well over the first 9 months of 2022 in an unfavorable inflationary environment.

Our professional activities continue to grow by double digits in most geographies. Our sales are progressing in China where Supor has consolidated its leadership positions in its main categories. However, our Consumer business was penalized in France and Germany by specific issues to these two markets, as well as by the effects of the war in Ukraine. This leads us to revise downwards our sales and margin guidance for 2022 whilst intensifying the cost reduction program implemented in the third quarter.

The Group's 2022 performance is strongly impacted by a major combination of negative elements reaching up to €300m (inflation, currencies, other headwinds) and compares to a record-high 2021. The Group remains convinced of the structurally buoyant nature of its Consumer and Professional markets.

The Group has always been able to adapt to crises, whether geopolitical, health-related or monetary, thanks to the strength and complementarity of its brands, the Consumer-Professional combination and the balance between mature and emerging markets. We are confident in the solidity of our business model. »

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

GENERAL COMMENTS ON GROUP SALES

The Small Domestic Equipment market has shown good resilience against a very high 2021 history while the Professional market has continued its recovery.

In the first nine months of the year, Groupe SEB generated **€5,560m in sales, virtually stable** compared with record performance of September 30, 2021. The **4.3% organic decline** (-€239m) was almost fully offset by a **positive 4.1% contribution from currencies** (€229m, mostly related to the Chinese yuan and US dollar). These figures reflect a sharper **8.1% LFL** decrease in sales in the third quarter.

At €5,056m, sales in the Consumer business at end-September were down by a slight 1.2% compared to a **nine-month growth** of 19.8% in 2021 vs 2020. **The LFL decrease was 5.2%, exacerbated by an 8.8% decline in the third quarter.** These figures must be considered in the context of very high base effects in 2021.

This is especially the case for France and Germany. Representing more than 20% of Group sales, these two countries have been impacted by the three following negatives:

- the rebalancing of household consumption towards other sectors to the detriment of Small Domestic Equipment, a market that contracted by 7% at end-September;
- a penalizing category mix effect (cooking categories overweighted and oversold during the Covid period);
- the non-recurrence in 2022 of major loyalty programs (impact -€61m).

Also France was affected by a trade destocking effect which impacted the sell-in of our products and has favoured private labels in the short term.

In addition, in Russia and Ukraine, sales fell by €57m on a reported basis over the nine months, with a negative 1.0 pt impact on the Group's sales growth.

In contrast, business in China continued to improve, largely boosted by e-commerce. The momentum was driven by woks and kitchen tools, electrical cooking, linen care, floor care and large kitchen appliances. During the 3rd quarter, Supor continued to outperform the market and bolstered its leadership positions in electrical cooking, online, as well as in cookware.

Sales in the Professional business stood at €504m for the nine-month period, up 10.7% including 6% organic growth. The sales stability in Q3 **(-0.2% LFL)** was due entirely to the high history of signed contracts in Professional Coffee in the US and the UK in 2021. The performance of the core business was very satisfactory and confirmed the business recovery in both equipment and services. At the same time, the Group continued to develop its business with Luckin Coffee in China.

REVENUE BY REGION

Revenue (€m)	9 months 2021	9 months 2022	Change 2022/2021 Reported	Change 2022/2021 LFL*	Change Q3 2022/2021 Reported	Change Q3 2022/2021 LFL*
EMEA	**2,597**	**2,302**	**-11.4%**	**-10.6%**	**-13.6%**	**-13.7%**
Western Europe	1,843	1,625	-11.8%	-12.0%	-17.6%	-17.8%
Other countries	755	677	-10.3%	-7.2%	-3.3%	-3.3%
AMERICAS	**773**	**804**	**+4.0%**	**-6.1%**	**-1.3%**	**-12.5%**
North America	550	557	+1.3%	-9.5%	-1.6%	-14.8%
South America	223	247	+10.8%	+2.2%	-0.6%	-7.5%
ASIA	**1,745**	**1,950**	**+11.7%**	**+3.3%**	**+9.7%**	+1.2%
China	1,328	1,545	+16.3%	+5.5%	+14.0%	+3.4%
Other countries	417	405	-2.7%	-4.0%	-3.7%	-5.5%
TOTAL Consumer	**5,115**	**5,056**	**-1.2%**	**-5.2%**	**-4.2%**	**-8.8%**
Professional	**456**	**504**	**+10.7%**	**+6.0%**	**+5.6%**	**-0.2%**
GROUPE SEB	**5,570**	**5,560**	**-0.2%**	**-4.3%**	**-3.4%**	**-8.1%**

Like-for-like: at constant exchange rates and scope of consolidation
Rounded figures in €m
Percentages based on non-rounded figures

WESTERN EUROPE

In Western Europe, the decline in sales observed in Q2 deepened in the third quarter, on a demanding 2021 comparison. In practice, the deterioration was mainly concentrated in **France and Germany**, which account for more than 60% of Group sales in the region (more than 20% of total Group revenue).

In these two countries, the market experienced a backdrop of 7% as a result of a rebalancing of household consumption. Our sales were down 17% over nine months compared with the record year in 2021 (which grew by 21%). Apart from this very high comparison base, two specific factors contributed to this decline:

- the non-recurrence of major loyalty programs from 2021 (€61m, with a negative 5 points impact on growth in these two countries);
- a penalizing category mix effect (cooking categories overweighed and oversold during the Covid period).

Added to this, in France in particular, we observed a trade destocking phenomenon in mass retailing - which impacted “sell-in” - and, in the short-term, market share gains for private labels.

In the other countries, the situations are contrasted with sales globally stable over 9 months.

OTHER EMEA COUNTRIES

The decline in sales in the **other EMEA countries** eased significantly in Q3, with a high comparison basis with 2021. Impact of currencies has been neutral due especially to the opposite developments of the ruble and the Turkish lira against the Euro. The persistence of the war in Ukraine and its consequences continued to impact our sales which were reduced by €80m (or 33%) LFL since the start of the year.

In the other countries, the Small Domestic Equipment market was resilient and we generated organic sales growth when compared with a demanding 2021, exceeding +40%.

NORTH AMERICA

For North America, the difference between reported growth and the contraction in our sales at constant exchange rates reflects the substantial appreciation of the region's three currencies. In particular, the US Dollar fell below parity with the Euro at the end of the summer. On a like-for-like basis, sales at end-September were down 9.5%, on the back of a 21% growth in 2021.

In the United States, after a record year in 2021, our cookware sales slowed down in 2022, mainly due to destocking by distributors. T-Fal confirmed its leadership as the months progressed and All-Clad continued to set the standard in the high-end segment. In linen care, Rowenta sales recovered nicely, over nine months and in the quarter, after declining in 2021 during Covid.

In Mexico, after a strong H1, sales growth stood at 21% for the first nine months of the year. The Group continued to consolidate its market share in all categories.

SOUTH AMERICA

Over the first nine months of the year, sales were up 2.2% LFL, despite weaker performances in the third quarter.

As in H1, the Group's performance in the region was mixed. **In Brazil,** business was difficult in Q3, particularly due to unfavourable weather conditions for fan sales.

In Colombia, after an exceptional performance in 2021, our sales remain extremely dynamic over the nine months. Furthermore, the Group leverages its local production base to enhance competitiveness and continues its expansion, capturing greater market share.

CHINA

In China, the Group delivered a solid 5.5% organic sales growth over the nine months period. E-commerce, and more specifically new platforms such as TikTok and Pinduoduo, remains the primary growth driver and represented 67% of Supor's total domestic sales.

In Q3, sales growth was fueled by the electrical appliances, including in particular:

- Electrical cooking appliances (rice cookers, high-speed blenders, oil-less deep fryers...);
- Large Kitchen Appliances (extractor hoods, built-in stoves);
- linen care and floor care, where Supor continues to expand its product offering.

In the Cookware segment, woks – the Chinese market's "flagship" category – performed very well and kitchen tools accelerated sharply.

Supor thus ended Q3 with a further improvement of its market shares in China. It strengthens its undisputed leadership in cookware as well as its online first place for kitchen electrics, acquired just before the summer.

OTHER COUNTRIES IN ASIA

In Asia outside China, the contraction of our sales over nine months was mainly due to Japan and South Korea, when compared with a high historical level.

In contrast, all the other countries in the area, and in particular **Australia and South-East Asia**, delivered sales growth for the quarter and over nine months, after an already dynamic year in 2021.

In most of these markets, the Group continued to strengthen its positions.

PROFESSIONAL

The Professional business (Professional Coffee, Hotel Equipment, Zummo and Krampouz) generated nine-month sales of €504m, up 10.7% LFL. This growth is the result of:

- a high basis of comparison due to the contracts signed in Professional Coffee in the US and the UK in 2021.

- and a robust core business – machines and services – in Professional Coffee (progression of +15,4% LFL over the first nine months), based on the expansion and diversification of the client portfolio, strong growth in the services activities and the two-digit growth performance by Wilbur Curtis in the United States leading to market share gains.

In 2022, the Group continues to develop its business with Luckin Coffee in China.

At the same time, after a particularly brisk first half, sales momentum remained strong in the Hotel Equipment business in the third quarter at close to 30% at constant exchange rates.

OPERATING RESULT FROM ACTIVITY (ORFA)

Operating Result from Activity (ORFA) for the first nine months of the year stood at €319m, compared with the all-time high of €528m achieved at the end of September 2021. It includes a negative currency effect of €40m. Like-for-like, ORFA was therefore **€359m, down 32%** compared to the previous year.

Operating margin for the first nine months is thus **5.7% (6.7% LFL)** which compares to the 9.5% achieved in September 2021.

This difference in operating profitability LFL over the first 9 months is mainly explained by the following elements:

- a negative sales volume effect, mostly caused by the decline in sales in France and Germany, as well as the loss of revenue in Russia and Ukraine;
- a positive price mix effect, which incorporates the price hikes that have been implemented but is also penalized by the under-performance in France and Germany;
- an increase in our costs due to raw materials, freight and storage;
- investments in growth drivers and structure costs up by €113m at the end of September due to the on-board effect in H1 but stabilized in Q3 compared with 2021.

DEBT AT SEPTEMBER 30, 2022

At September 30, 2022, **the Group's financial debt amounted to €2,581m** (of which €337m in IFRS 16 debt) compared with €1,951m at September 30, 2021 (with IFRS 16 debt of €316m).

This high level is directly related to the increase in operating working capital requirement due to the voluntary build-up of inventories to address supply chain issues and high demand, which prevailed until Q1 2022. The Group has implemented swift actions to slow down its purchases and production, which materialized in a reversal of the inventory and cash flow generation curves in Q3.

Also, the acquisition of Zummo and the purchase of SEB and Supor shares had an impact on the level of financial debt at the end of September.

Our financial situation is healthy and based on a well-balanced financial structure in terms of instruments and maturities.

OUTLOOK

At the time of publication of its H1 results at the end of July, the Group announced that it was aiming for overall stable sales compared to 2021 (at €8.059bn) and an operating margin of between 8.0% and 8.5% for the year.

With the contrasting performance in Q3, the Group is revising its guidance for 2022, now expecting:

- Sales of around €7.9 billion.
- ORFA margin in the range of 7.0% to 7.5%.

This new guidance is based on the following assumptions:

- the continuation in Q4 of the trends observed in Q3 in terms of sales and mix
- an acceleration of the decline in operating expenses initiated in Q3
- an unchanged envelope of annual headwinds (materials, components, freight, currency), estimated at €300m.

GROUPE SEB CONSOLIDATES ITS BUSINESS IN THE DACH REGION (GERMANY, AUSTRIA, SWITZERLAND)

Over the last 10 years Groupe SEB has more than tripled its consumer business in the DACH region, thus making it the Group's first market in Europe and the second one worldwide.

To foster growth in this region, Groupe SEB has made the strategic decision to combine and realign existing structures.

This consolidation will allow:

- to create one single market company operating in DACH, merging the activities of Groupe SEB DACH and WMF Consumer.
- to create support functions for the region developing synergies and eliminating duplicate structures,
- to confirm a WMF business unit in charge of strategic marketing and product development for this brand worldwide
- to improve company's competitiveness, develop talent attractiveness and secure jobs in the long term.

Geislingen will become the headquarters of Groupe SEB's activities in the DACH region. Some business activities will be retained at the current locations in Frankfurt and Munich making them 'satellite hubs'. Accounting activities will be integrated into the international structures of Groupe SEB in Warsaw.

The aim is to implement the first measures as of January 2024. This consolidation may impact 180 jobs out of 5,000. The Group will take appropriate measures to ensure that our employees will be able to manage the changes. Also, since several functions that are located in Frankfurt will be transferred to Geislingen, Groupe SEB will offer its employees an appropriate transition period in addition to concrete options and support in close alignment with the local Works Council and according to Group standards. The reorganization is estimated to cost around €35m, of which €25m in 2022.

This decision is a major step to keep on building on the 165-year history of Groupe SEB and the 170-year tradition of the WMF brand, allowing us to further strengthen the Group's market leadership in the entire DACH region.

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 expenses, i.e. the cost of sales, innovation expenditure (R&D, strategic marketing and design), advertising, operational marketing as well as sales and marketing expenses. 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.

Free cash flow

Free cash flow corresponds to adjusted EBITDA, after accounting for the change in the operating capital requirement, recurring investments (CAPEX), taxes and financial expense, as well as other non-operational items.

Net financial debt

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

Loyalty program (LP)

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

Conference with management on October 24, 6:00 p.m. CET

[Click here](#) to access the webcast live (in English)

Replay available on our website
on October 24 from 8:00 p.m. CET at www.groupeseb.com

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World reference in small domestic equipment, Groupe SEB operates with a unique portfolio of 32 top brands including Tefal, Seb, Rowenta, Moulinex, Krups, Lagostina, All-Clad, WMF, Emsa, Supor, marketed through multi-format retailing. Selling more than 417 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness, and client service. Present in over 150 countries, Groupe SEB generated sales of €8 billion in 2021 and has more than 33,000 employees worldwide.