April 28, 2023 – 7:00 a.m. CET

First-quarter 2023 sales and financial data

SALES IN LINE WITH OUR EXPECTATIONS ON A RECORD COMPARISON BASE FULL-YEAR OUTLOOK CONFIRMED

- **Sales:** €1,822m, **-3.7% LFL** and -4.9% as reported vs record-high 1st quarter 2022
- Contrasted LFL performances**: Consumer -6.6%** and **Professional +29%**
- **Operating Result from Activity (ORFA): €65m** (€140m in 1st quarter 2022)
- **Free cash flow generation > €200m**
- **Net financial debt: €1,864m,** down €109m vs 12/31/2022
- **2023 assumptions confirmed:**
    - Progressive recovery in Consumer sales
    - Strong growth in Professional sales
    - Increase in full-year Group ORFA margin

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

"2023 started with a quarter that met our expectations. The contraction in Consumer sales – notably in Europe and the United States – follows an all-time high first-quarter 2022 performance but represents a sequential improvement in business, having reached a low in the third quarter of 2022. The temporary slowdown in business in China during the first quarter was also expected. However, with respect to China, we anticipate to achieve positive growth in turnover over the next three quarters.

We are particularly pleased with the robust growth in the Professional business across all its markets. Strengthened by the acquisition of La San Marco in February, this segment is an important driver of the Group's future growth.

We continue to invest in both innovation and our brands and remain confident in the ongoing improvement in our Consumer sales. Thanks to this outlook, combined with a vigorous growth in our Professional business, we reiterate all of our annual targets."

LFL = organic: on a like-for-like basis

GENERAL COMMENTS ON GROUP SALES

In the first quarter of 2023, Groupe SEB generated sales of €1,822m, down 3.7% LFL (and -4.9% on a reported basis). This performance, which was delivered in a difficult market environment, confirms the sound resilience of the Group. With sales reaching a low point in the third quarter of 2022 (-8.1% LFL) and on the back of a fourth-quarter demonstrating sequential improvement (-5.6% LFL), the first quarter of 2023 was characterized by a further -and significant- easing of the contraction in business activity which again (and for the last time) must be analyzed on the basis of high comparatives. In the first quarter of 2022, the Group had achieved record turnover of €1,915m.

The 4.9% decrease in Group turnover includes a 3.7% organic decline, a currency effect of -1.4% and a scope effect of +0.3% (related to the acquisition of Zummo in July 2022).

The Group had anticipated this performance which in no way affects its ambition for the full year 2023.

The Consumer business posted sales of €1,613m, down 6.6% LFL (-8.4% on a reported basis). The latter should be seen in the light of a demanding comparison basis for 2021-2022, driven by a phenomenon of oversales of Small Domestic Equipment. Consistent with 2022, the Consumer business was penalized in several of the Group's key markets including France, Germany and the United States. As expected, for the first quarter of 2023, China reported a slight decline in revenue as a result of particularly high comparatives. In the context of a Small Domestic Equipment industry that has not yet benefited from the reopening of the Chinese economy, Supor still continues to outperform the market.

Our flagship product categories for the first quarter were: the Ingenio pots and pans range; oil-less fryers; linen care (irons and garment steamers); steam cookers; and kettles.

Professional sales totaled €209m in the first quarter, for an increase of 29% LFL (+34% on a reported basis). This performance confirms the continued recovery in this business, which started mid-2021. A performance all the more rewarding since it was propelled by the Group's operating regions across the board – namely China, North America and Europe – as well as new machine sales contracts and maintenance and repair services.

BREAKDOWN OF REVENUE BY REGION

Revenue in €m	First quarter 2022	First quarter 2023	Change 2023/2022		*Change 2022 vs 2021 LFL**
			As reported	LFL*	
EMEA	**813**	**760**	**-6.5%**	**-5.0%**	**-4.8%**
Western Europe	582	524	-9.9%	-9.6%	-3.2%
Other countries	231	236	+2.0%	+6.7%	-8.3%
AMERICAS	**243**	**212**	**-12.8%**	**-13.7%**	**-6.2%**
North America	173	143	-17.6%	-22.1%	-9.1%
South America	70	69	-0.8%	+7.2%	+1.6%
ASIA	**703**	**640**	**-8.9%**	**-6.1%**	**+7.0%**
China	569	527	-7.4%	-4.6%	+10.9%
Other countries	134	113	-15.3%	-12.9%	-5.8%
TOTAL Consumer	**1,760**	**1,613**	**-8.4%**	**-6.6%**	**-0.8%**
Professional	**156**	**209**	**+34.1%**	**+29.1%**	**+16.8%**
GROUPE SEB	**1,915**	**1,822**	**-4.9%**	**-3.7%**	**+0.4%**

**LFL: on a like-for-like basis* *Rounded figures in €m* *% calculated on non-rounded figures*

COMMENTS ON CONSUMER SALES BY REGION

Revenue in €m	First quarter 2022	First quarter 2023	Change 2023/2022		Change 2022 vs 2021 LFL*
			As reported	LFL*	
EMEA	**813**	**760**	**-6.5%**	**-5.0%**	**-4.8%**
Western Europe	582	524	-9.9%	-9.6%	-3.2%
Other countries	231	236	+2.0%	+6.7%	-8.3%

WESTERN EUROPE

As expected, in Western Europe, first-quarter turnover was down 10%, against high comparatives (first-quarter 2022 close to the exceptional levels observed in 2021).

Continuing the trend of 2022, core business in France and Germany (which represent more than half of the region's sales) was impacted by inventory reductions below historical levels among some retailers coupled with market share gains by private labels. France, however, delivered a stable performance, owing to a major loyalty program in cookware in collaboration with a retailer.

Elsewhere in Europe, the situation was contrasted, as sales declined against very high comparatives in Italy, the Netherlands and Belgium while the United Kingdom posted significant growth thanks notably to the Group's solid performances in oil-less fryers.

OTHER EMEA COUNTRIES

In a still volatile market, sales in other EMEA countries were up 7% LFL. That said, this growth serves to mask a set of different trajectories.

Russia saw a marked LFL decline in sales, compared with a first-quarter 2022 that was only affected in part by the war in Ukraine. As for Ukraine, sales increased on the back of a market recovery and our strengthened leader position.

Despite the inflationary backdrop, in Central and Eastern Europe (Bulgaria, Romania, Croatia, Czech Republic), our markets achieved brisk growth with the Group performing excellently by winning market share. In Poland, the situation returns to normal after a particularly dynamic year in 2022.

From a product standpoint, the entire linen care category is enjoying a recovery while the champion products for the quarter were oil-less fryers and versatile vacuum cleaners, not forgetting the blockbusters – Optigrill, Cookeo and Ingenio.

In other countries, where markets were more favorable, the Group turned in solid performances in Egypt and Turkey. Conversely, though offset by price increases, the depreciation of local currencies had a negative impact on the Group's performance in euros.

Revenue in €m	First quarter 2022	First quarter 2023	Change 2023/2022		Change 2022 vs 2021 LFL*
			As reported	LFL*	
AMERICAS	**243**	**212**	**-12.8%**	**-13.7%**	**-6.2%**
North America	173	143	-17.6%	-22.1%	-9.1%
South America	70	69	-0.8%	+7.2%	+1.6%

NORTH AMERICA

First-quarter sales in North America were down around 22% LFL and 17.6% on a reported basis, mainly driven by the unfavorable effect of a strong US dollar and Mexican peso.

Our sales in the United States were curbed by continued destocking in retail, and a macroeconomic environment that promotes consumer caution. Against this background, the Group cemented its leadership in cookware with T-fal retaining its status as the go-to brand among consumers. Since the start of 2023, the linen care market has proved more resilient, and the Group has successfully protected its competitive positions after last year's significant recovery. By contrast, electrical cooking appliances declined sharply.

The Group continued its strong winning momentum in Mexico, all product categories included, in an especially buoyant market for small electrical appliances. The strong resilience in our sales was fueled by a series of successful product launches for blenders and fans. The Group strengthened its leader status in the cookware segment.

SOUTH AMERICA

First-quarter turnover for the Group grew 7.2% LFL.

In spite of double-digit inflation and high comparatives, quarterly sales in Colombia were up substantially. The Group consolidated its overall leader position within this market for both cookware and small electrical appliances, a testament to its strength and its industrial competitiveness.

In Brazil, first-quarter sales increase was mainly attributable to weather conditions that favored fans.

Other countries such as Ecuador have also contributed to the Group’s great performance in South America.

Revenue in €m	First quarter 2022	First quarter 2023	Change 2023/2022		Change 2022 vs 2021 LFL*
			As reported	LFL*	
ASIA	**703**	**640**	**-8.9%**	**-6.1%**	**+7.0%**
China	569	527	-7.4%	-4.6%	+10.9%
Other countries	134	113	-15.3%	-12.9%	-5.8%

CHINA

In the first quarter, sales in China were unsurprisingly down, by 4.6% on a LFL basis, owing to the timing of the 2023 Chinese New Year (at end-January) and to a high comparison base (11% growth LFL in Q1 2022). Furthermore, the reopening of the country's economy has not yet positively impacted the Small Domestic Equipment market. Factoring in this context, the Group has nevertheless continued to win market share and subsequently bolstered its leadership in cookware and small electrical appliances. Such results stem from Supor's strategy to innovate and move upscale – both of which contribute to its outperformance.

As of today, online sales continue to account for over 70% of China's total sales, which are generated by fast-growing platforms including Douyin (TikTok) and Pinduoduo, not to mention long-standing partners such as Tmall or JD.com. While physical retail slows in its traditional format, the confirmed emergence of new models such as O2O (Online to Offline) enables the Group to expand its product reach among consumers in medium-sized cities.

Boosted by Supor's irrefutable operational excellence, a more favorable market environment and less demanding comparatives, the Group expects positive sales growth in China from the second quarter.

OTHER ASIAN COUNTRIES

In Asia excluding China, first-quarter sales declined by around 13% LFL against a market backdrop that resembled that of end-2022.

Within the region, this particularly applies to our main markets, albeit for different reasons. As such, the persistent weakening of the Yen has considerably disadvantaged our Japanese business, owing to a more intense competitive environment.

Shifting focus to South Korea, the contraction in sales reflects both the retailers' stringent inventory management policy and a downward-trending market for Small Domestic Equipment.

COMMENTS ON PROFESSIONAL BUSINESS ACTIVITY

Revenue in €m	First quarter 2022	First quarter 2023	Change 2023/2022		Change 2022 vs 2021 LFL*
			As reported	LFL*	
Professional	156	209	+34.1%	+29.1%	+16.8%

PROFESSIONAL

In line with 2022 performances, our Professional business made an excellent start to 2023 by posting growth of nearly 30% LFL.

For all regions, growth was in the double digits. While China was the top-performer – thanks not least to the continued roll-out of the contract with Luckin Coffee – Germany, the United States and United Kingdom all set their best sales records.

Regions aside, this vigorous growth momentum is at once propelled by machine sales and the continued development of associated services and maintenance. As regards machines, sales growth is well-balanced between core business growth – with an increasingly large customer portfolio – and major contracts.

The new product pipeline is strong, receiving in particular positive feedback from customers at the Internorga trade show which took place this March in Hamburg.

The first quarter was also characterized by the acquisition of La San Marco. Recognized as the leader in the espresso machine with traditional lever system segment, this iconic Italian manufacturer will enrich the Group's existing product offering.

Hotel equipment also delivered an outstanding first-quarter performance.

OPERATING RESULT FROM ACTIVITY (ORFA)

As a reminder, it is worth mentioning that the first quarter is not representative of the full-year performance, primarily due to the seasonal nature of the business.

The Group reported Operating Result from Activity (ORFA) of €65m in first-quarter 2023, including a currency effect of +€3m, vs €140m at end-March 2022.

Operating margin for the quarter stood at 3.6**%** and stemmed primarily from:

- an embedded effect of 2022 production costs on first-quarter cost of sales, resulting in a negative impact of approximately €50m;
- a negative operating leverage effect due to the decline in sales.

The Group expects the decrease in raw material and freight costs to start producing its effects from the second quarter. Over the full year, the Group expects this positive impact to be neutralized by a negative currency effect.

The Group remains confident in its ability to improve its operating margin in 2023, starting in the 2nd quarter.

DEBT AT MARCH 31, 2023

At March 31, 2023, **the Group's net financial debt amounted to €1,864m** (of which €358m in IFRS 16 debt), compared with €1,850m at March 31, 2022 (with IFRS 16 debt of €339m).

Net financial debt decreased by €109m from the level reported at end-December 2022.

This decline mainly derives from the strong generation of free cash flow in the first quarter, in excess of €200m mainly due to the continued reduction in inventories.

The Group's net financial debt as of March 31 also includes the acquisition of La San Marco.

OUTLOOK

Despite the current uncertainties, Groupe SEB remains confident in the future and optimistic about the structural growth prospects for the Small Domestic Equipment and professional coffee markets worldwide.

For the year 2023, the Group is reiterating the targets announced as part of its 2022 full-year results publication. The Group anticipates a progressive recovery in its Consumer sales, a strong growth in its Professional revenue and an increase in its full-year ORFA margin.

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 April 28 at 12:00 p.m. CET

Click here to access the webcast live (in English only)

Replay available on our website
on April 28 at 2:00 p.m. CET at www.groupeseb.com

Access (audio only):
From France: +33 (0) 1 7037 7166 – Password: SEB
From abroad: +44 (0) 33 0551 0200 – Password: SEB
From the United States: +1 786 697 3501 – Password: SEB

Next key dates - 2023

May 17 | 2:30 p.m. (Paris time)	Annual General Meeting
July 26 | after market	H1 2023 sales and results
October 26 | after market	9-month 2023 sales and financial data

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Find us on www.groupeseb.com

World reference in small domestic equipment, Groupe SEB operates with a unique portfolio of 33 top brands including Tefal, Seb, Rowenta, Moulinex, Krups, Lagostina, All-Clad, WMF, Emsa, Supor, marketed through multi-format retailing. Selling more than 400 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 near €8 billion in 2022 and has more than 33,000 employees worldwide.

SEB SA
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