

February 28, 2019

2018 results

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2018: SOLID PERFORMANCES

- Sales of €6,812m: +5.1%, +7.8% LFL*
- Operating Result from Activity (ORfA): €695m, +2.5%** , +8.5%** LFL*
- Net profit: €419m, +11.8%
- Net financial debt: €1,578m, -€327m vs. December 31, 2017
- Operating cash flow generation: €552m
- Proposed dividend of €2.14 per share: +7.0%

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

** before impact of WMF purchase price allocation

Statement by T. de La Tour d'Artaise, Chairman and CEO of Groupe SEB

"In an overall environment that was more complicated than expected, Groupe SEB delivered a good 2018 performance, with organic growth of nearly 8%, an Operating Result from Activity up 2.5% - despite negative commodity and currency effects of more than €100 million – and a Net Profit above €400m for the first time. Continued debt reduction reflected in a net debt / adjusted EBITDA ratio below 2 at end-December, in line with the target we had set.

Our main growth engines / drivers have been leveraged successfully: China, of course, where Supor continues to outperform a still promising market, Japan, South Korea, Central Europe, Ukraine and Russia. On the activity side, the dynamic was robust in Floor Care, Electrical Cooking, Food Preparation and Professional Coffee. Lastly, e-commerce was a strong contributor to the increase in sales and now accounts for nearly 25% of Group revenue.

Our profitable growth strategy, which is based on the strength of our brand portfolio, solid product momentum, and a foothold in all distribution channels across the globe gives us a major competitive advantage. This strategy is implemented daily by our dedicated teams who are always ready to meet new challenges. I would like to thank them for their professionalism and commitment. This strategy is designed for the long-term through a responsible approach on the social, societal and environmental fronts which is widely recognized and creates value for everyone.

2019 has started with an environment that remains uncertain. Yet the Group is well prepared and aims in 2019 to achieve further organic sales growth and improve Operating Result from Activity.

RESULTS

Consolidated financial results (€m)	2017	2018	Change 2017/2018
Sales	6,485	6,812	+5.1% +7.8% LFL
Operating Result from Activity (ORfA)	661	695	+5.2%
ORfA before one-off PPAs*	678	695	+2.5% +8.5% LFL
Operating profit	580	625	+8.0%
Profit attributable to owners of the parent	375	419	+11.8%
Net debt at 12/31	1,905	1,578	-€327m

Rounded figures in €m

% calculated on non-rounded figures

*One-off PPAs: non-recurring impacts of WMF purchase price allocation.

SALES

In an economic environment that grew more difficult over the course of the year, Groupe SEB continued to develop its business activity at a brisk pace in 2018. Sales rose **5.1%** to €6,812 million, notably including **organic growth of 7.8%** and a **currency effect of -3.2%**, stemming primarily from the depreciations of the Chinese yuan, Brazilian real, Turkish lira, Russian rouble and US dollar. Organic growth benefits from the Group's global footprint, the breadth of our product offering and reflects the good trends in business in most of our markets. It also comprises non-recurring items in Brazil (recognition of a tax receivable, transporter strike in the spring, slower-than-expected ramp-up in cookware at the Itatiaia site, bankruptcy of a customer) and France (impact of the yellow vests movement in the fourth quarter), which affected the geographical regions concerned but whose net impact on Group sales and Operating Result from Activity was immaterial.

OPERATING RESULT FROM ACTIVITY (ORfA)

Operating Result from Activity (ORfA) came out at **€695 million in 2018, up 2.5% vs 2017** before the non-recurring impacts of the WMF purchase price allocation. At constant scope and exchange rates, **ORfA totaled €736m, up 8.5%**. The FY 2018 currency effect was **-€45 million**, compared with -€10 million in 2017. The most negatively impacting currencies were the Turkish lira, Russian rouble, Argentinian peso and Brazilian real. The positive trend in ORfA in 2018 should also be appreciated in the light of exceptionally demanding comparatives in 2017. In this respect, it stands as a solid performance.

Organic growth of 8.5% in ORfA in 2018 can be broken down as follows:

- A volume effect of **+€85 million** relating to the favorable trend in business;
- A price-mix effect of **+€80 million**, made up of a continued move upmarket, price hikes (for example, in Turkey and Russia) and higher promotional activity;
- A **€48 million** increase in the cost of sales, largely owing to the rise in commodity prices (**-€57 million** vs. 2017);
- A **€24 million** increase in investments in growth drivers (innovation, operational marketing and advertising, the latter being now over 40% digital);
- Higher commercial and administrative costs, by **€35 million**, linked to both the Consumer business – especially directly operated stores - and the Professional Coffee businesses, the accelerated development of which calls for investments, mainly in the sales force.

OPERATING PROFIT AND NET PROFIT

Groupe SEB reported operating profit of **€625 million** in 2018, versus €580 million in 2017. The total includes a discretionary and non-discretionary profit-sharing expense of €34 million, versus €38 million last year, as a result of lower performance in France. It also comprises other operating income and expense of -€36 million (-€44 million in 2017), including notably the end of the industrial and logistics reorganization plan in Brazil, costs linked to the integration of WMF and an additional goodwill depreciation for Maharaja Whiteline.

Net financial expense came out at **-€32 million** in 2018, versus -€72 million in 2017. This change reflects a decrease in the fair value of the optional part of the ORNAE bonds (bonds redeemable in cash and/or in existing shares) and the recognition of positive interest income on the tax receivable in Brazil.

Net profit attributable to the owners of the parent rose **11.8%** to **€419 million**. It includes a tax expense of €131 million, corresponding to an effective tax rate of 22.1% in 2018. As a reminder, the effective rate for 2017 (19.5%) benefitted from non-recurring effects stemming from tax reform in the United States and the restitution of the tax on dividends in France. Group net profit is net of non-controlling interests of €43 million (€34 million in 2017), the increase in which is linked to Supor's excellent performance in China.

BALANCE SHEET

At December 31, 2018, equity totaled **€2,307 million**, up €343 million on end-2017.

At end-2018, net debt amounted to **€1,578 million**, versus €1,905 million a year earlier, decreasing by €327 million. The drop comes from a strong generation of operating cash flow, at **€552 million** for the year (€322 million in 2017). The working capital requirement, at €1,120 million, represented 16.4% of sales, benefiting from continued efforts to optimize various items and from higher mobilization of trade receivables.

The **Group's debt ratio** was **68%** at December 31, 2018 (97% at end-2017) and the **net debt/adjusted EBITDA ratio** was **1.9**, versus 2.4 at December 31, 2017.

DIVIDEND

Meeting on February 26, 2019, the Board of Directors proposed the distribution of a **dividend of €2.14 per share in respect of the 2018 financial year, up 7.0%**. The increase reflects both the good performances achieved in 2018 and the Board's confidence in the Group's continued development in 2019. For shareholders having held shares under the registered form for more than 2 years, the dividend will be increased by a loyalty bonus of 10%, taking the total dividend to **€2.35 per share** (for holdings below 0.5% of the capital).

The coupon detachment date is set for May 27 and the dividend will be paid on May 29, 2019.

OUTLOOK FOR 2019

In a complicated environment, Groupe SEB posted solid performances in 2018.

2019 started in a still uncertain macro-economic environment. More specifically, the Group is expecting a continued penalizing impact of commodities and currencies, but to a lesser extent than in 2018.

Against this backdrop, Groupe SEB in 2019 aims to achieve further organic sales growth and improve Operating Result from Activity.

For the Consumer business, this organic growth is expected to be more balanced across Europe – particularly France –, Eurasia and China, which should remain with favorable momentum. In the Americas, our priority for the United States will be to maintain good profitability, in a still difficult market. In Brazil, we will capitalize on our regained competitiveness at Itatiaia in small electrical appliances. In Professional Coffee, the Group should continue its growth and benefit in the United States from the initial effects of the integration of Wilbur Curtis

2019 will also be marked by sustained capital expenditure in our manufacturing base. In China, the Group has initiated the expansion of its Shaoxing site to notably accommodate the production of large kitchen appliances (extractor hoods, cooking hobs) and its Yuhuan site for cookware. In Switzerland, in Zuchwill, the plant will be reorganized to optimize the management of Schaerer significant professional coffee machine contracts. In France, in linen care, the Pont-Evêque site will benefit from investment dedicated to plastic processing lines.

POST-BALANCE SHEET EVENTS

Acquisition of US company, Wilbur Curtis

On January 8th, 2019, the Group announced the acquisition of 100% of the business activities of Wilbur Curtis, the second largest American player in the professional filter coffee machine industry. The transaction, subject to customary regulatory clearances, was finalized in February 2019.

Founded in 1941, Wilbur Curtis manufactures and markets equipment for the preparation of hot and cold beverages, mainly filter coffee and cappuccino machines. Sustained investment and a continuous commitment to innovation have enabled Wilbur Curtis to offer many of the US market's best-in-class product offerings.

Wilbur Curtis sales have been increasing steadily, amounting to more than \$90 million, primarily in the US. Major customers include coffee roasters, specialty coffee retailers, convenience stores, fast-food chains, hotels and restaurants. Wilbur Curtis has built and maintains a long-term relationship with its customers, leveraging its professional sales force to ensure extensive national coverage. Its high-performance production facility located in Montebello, California, employs 300 people.

Already present in professional coffee with Schaerer and WMF full-automatic espresso coffee machines, Groupe SEB confirms its determination to continue expanding in this high-potential sector. Wilbur Curtis, a filter coffee specialist in the United States, brings the Group a very valuable strategic complement to its product offering and customer portfolio. The Group is targeting leadership status in professional coffee in the United States.

Family concert reaffirms its long-term support to SEB

Family shareholders gathering over 260 people (3/4 of the capital held by the Founder Group), grouped with their entities, VENELLE INVESTISSEMENT and GENERATION*, signed a new shareholders' agreement replacing the various existing agreements, in order to strengthen their ties and the stability of SEB's capital.

This shareholders' agreement will be communicated to the French Financial Markets Authority (AMF) in charge of regulatory announcement.

Along with other family shareholders, the parties signing this agreement thereby continue their declared concert initiative, confirming their ambition to implement a shared sustainable management policy as regards SEB, for the purpose of ensuring continuity in their controlling position.

FEDERACTIVE and its members did not wish to sign this agreement and have stated they are leaving the concert.

As a result, the family concert holds 32.27% of the capital and 40.14 % of SEB's voting rights**. The Founder Group, including FEDERACTIVE, holds 41.67% of the capital and 52.28% of the voting rights**.

* Association of family shareholders created in May 2017

** Based on capital and theoretical voting rights at Extraordinary General Meeting at December 31, 2018

Groupe SEB's consolidated and company financial statements at Monday, December 31, 2018 were approved by the Board of Directors on Tuesday, February 26, 2019.

CONSOLIDATED INCOME STATEMENT

(€ million)	12/31/2018	12/31/2017	12/31/2016
Revenue	6,812.2	6,484.6	4,999.7
Operating expenses	(6,117.4)	(5,824.0)	(4,494.5)
OPERATING RESULT FROM ACTIVITY	694.8	660.6	505.2
Discretionary and non-discretionary profit-sharing	(33.6)	(37.6)	(36.7)
RECURRING OPERATING PROFIT	661.2	623.1	468.5
Other operating income and expense	(35.6)	(43.6)	(42.2)
OPERATING PROFIT	625.6	579.5	426.3
Finance costs	(32.8)	(34.9)	(29.8)
Other financial income and expense	0.9	(36.7)	(28.2)
Share of profits of associates			
PROFIT BEFORE TAX	593.7	507.9	368.3
Income tax expense	(131.2)	(99.3)	(77.7)
PROFIT FOR THE PERIOD	462.5	408.6	290.8
Non-controlling interests	(43.5)	(33.6)	(32.2)
PROFIT ATTRIBUTABLE TO SEB S.A.	419.0	375.0	258.6
PROFIT ATTRIBUTABLE TO SEB S.A. PER SHARE <i>(in units)</i>			
Basic earnings per share	8.44	7.56	5.20
Diluted earnings per share	8.38	7.50	5.15

CONSOLIDATED BALANCE SHEET

ASSETS (in €m)	12/31/2018	12/31/2017	12/31/2016 ⁽¹⁾
<i>Goodwill</i>	1,484.9	1,467.5	1,515.0
Other intangible assets	1,183.2	1,170.6	1,201.6
Property, plant and equipment	839.5	820.5	836.8
Investments in associates	-	-	11.1
Other investments	51.0	33.8	18.0
Other non-current financial assets	16.9	15.4	13.3
Deferred taxes assets	79.2	62.9	89.1
Other non-current assets	57.1	10.6	13.3
Long-term derivative instruments	2.5	3.4	0.5
NON-CURRENT ASSETS	3,714.3	3,584.7	3,698.7
Inventories	1,180.5	1,112.1	1,067.0
Trade receivables	1,087.2	1,015.8	1,052.9
Other receivables	144.7	100.0	100.6
Current tax assets	36.3	73.5	59.6
Short-term derivative instruments	40.1	45.6	50.6
Other short term investments	260.7	216.8	204.6
Cash and cash equivalents	612.7	538.6	414.5
CURRENT ASSETS	3,362.2	3,102.5	2,949.8
TOTAL ASSETS	7,076.5	6,687.2	6,648.5
LIABILITIES (in €m)	12/31/2018	12/31/2017	12/31/2016 ⁽¹⁾
Share capital	50.2	50.2	50.2
Reserves and retained earnings	2,130.2	1,806.6	1,677.6
Treasury stock	(82.4)	(67.3)	(56.8)
Equity attributable to owners of the parent	2,098.0	1,789.5	1,671.0
Non-controlling interests	208.6	174.8	165.2
EQUITY	2,306.6	1,964.3	1,836.2
Deferred taxes	235.8	216.7	272.5
Long-term provisions	334.1	354.0	384.1
Long-term borrowings	1,857.9	2,067.3	1,553.6
Other non-current liabilities	45.8	47.3	45.7
Long-term derivative instruments	7.9	20.7	10.5
NON-CURRENT LIABILITIES	2,481.5	2,706.0	2,266.4
Short-term provisions	73.9	90.0	112.5
Trade payables	1,029.9	905.8	915.4
Other current liabilities	519.3	351.7	380.0
Current tax liabilities	52.6	51.7	42.3
Short-term derivative instruments	25.7	39.5	23.0
Short-term borrowings (Note 12)	587.0	578.2	1,072.7
CURRENT LIABILITIES	2,288.4	2,016.9	2,545.9
TOTAL EQUITY AND LIABILITIES	7,076.5	6,687.2	6,648.5

(1) After the finalization of entries relative to the WMF purchase price allocation.

GLOSSARY

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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).

This press release 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.

Live webcast and presentation at 2:30 p.m.
on our website: www.groupeseb.com or [click here](#)

Next key dates

April 25 after market closes	Q1 2019 sales and financial data
May 22 2:30 pm (Paris time)	Annual General Meeting
July 24 before market opens	H1 2019 sales and results
October 24 after market closes	9-month 2019 sales and financial data

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World reference in small domestic equipment, Groupe SEB operates with a unique portfolio of 30 top brands including Tefal, Seb, Rowenta, Moulinex, Krups, Lagostina, All-Clad, WMF, Emsa, Supor, marketed through multi-format retailing. Selling some 300 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. With products being present in over 150 countries, Groupe SEB generated sales of approximately €6,8 billion in 2018 and had more than 33,000 employees worldwide.