February 27, 2020 – 06:30 am

2019 results

ANOTHER GREAT YEAR: GOOD PERFORMANCES ON HIGH COMPARATIVES

Consolidated financial results (€m)	2018	2019	Change 2018/2019
Sales	6,812	**7,354**	**+8.0%** **+5.8% LFL**
Operating Result from Activity (ORfA)	695	**740**	**+6.5%**
Operating profit	625	**621**	**-0.8%**
Profit attributable to owners of the parent	419	**380**	**-9.4%**
Net debt at 12/31	1,578	**1,997**	**+€419m***
Proposed dividend per share	€2.14	**€2.26**	**+5.6%**

** Incl. IFRS16 impacts: € 334m*

% calculated on non-rounded figures

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

"2019 marks for the Group another year of organic growth above 5%, for the sixth consecutive year. All Group geographies and all product lines posted higher revenue, generating strong financial performances, with an Operating Result from Activity up 6.5%.

2020 begins against a backdrop made of uncertainties as for the general environment, heightened by the coronavirus epidemic. This crisis, whose duration and impact it is still too early to assess, is once again demonstrating the engagement and the solidarity of our teams worldwide. I would like to send a message of support and thanks to all our employees and partners concerned, and particularly to our Chinese teams who have done a remarkable work since the beginning of the crisis.

I am confident in the strength of our strategic model based on balanced growth - brands, geographies, product categories and distribution channels – and on a worldwide industrial footprint. This model, along with the promising and resilient industry we are part of, has so far always enabled us to get through crises and stay the course over the long term.

It is part of an approach based on environmental and social responsibility that is recognized widely and creates value for everyone."

SALES

Groupe SEB recorded sales of €7,354 million in 2019, up **8.0%** including organic growth of 5.8%, a currency effect of +1.0% (€71 million) and a scope effect of +1.2% (€75 million), reflecting the consolidation of Wilbur Curtis on 11 months and Krampouz on 3 months.

This solid business momentum arises from:
- **Consumer sales growing firmly, up 5.2% like-for-like,** nurtured by all geographic areas and all product lines;
- **Professional activity which continued its fast development, up 12.1 % like-for-like**, despite demanding 2018 comparatives.

This strong performance has been achieved in an overall complicated and volatile environment. Representing the **6th consecutive year of organic growth above 5%**, it reflects the relevance of Groupe SEB's strategy.

OPERATING RESULT FROM ACTIVITY (ORfA)

The Group posted Operating Result from Activity (ORfA) totaling **€740 million** in 2019. **In five years, the Group has doubled its reported ORfA.** With **growth of 6.5%** compared with 2018 ORfA, it includes a slightly negative currency effect (-€5 million vs. -€45 million in 2018), a scope effect (Wilbur Curtis and Krampouz, +€9 million) and a method effect (IFRS 16, +€9 million).

The organic growth in 2019 Operating Result from Activity stands at 4.7% and can be explained as follows:

- A volume effect of **+€141 million**, reflecting favorable business trends, both in Consumer and Professional activity;
- A **+€8 million** price-mix effect, which factors in continued upselling driven by new products, lower price increases due to moderate currency effects and higher promotional pressure;
- A limited increase (**+€5 million)** in the cost of sales thanks to reduced raw material costs in 2019 and continued productivity gains;
- A **+€37 million** increase in investments in growth drivers (innovation, operational marketing and advertising), representing 10% of revenue;
- A controlled increase in sales, marketing and administrative expenses: **€31m**, in line with revenue growth of the business and mainly reflecting investments in Group's retail network as well as in salesforce for Professional Coffee.

Furthermore, ORfA 2018-2019 bridge, as well as sales bridge, has been adversely impacted by two specific events: (i) a -€20 million impact stemming from Groupe SEB Deutschland (related to trade conditions that derogated from the Group's principles) and (ii) a -€24 million impact linked to PIS-COFINS in Brazil (recognition of a tax receivable on previous fiscal years for €32 million in 2018 and €8 million in 2019).

OPERATING PROFIT AND NET PROFIT

Groupe SEB reported operating profit of **€621 million** in 2019, versus €625 million in 2018. The total includes a discretionary and statutory profit-sharing expense of **€35 million**, versus €34 million in 2018, and the Group's contribution to the 2019 employee share ownership plan for €2 million. It also comprises other operating income and expense of **-€82 million** (-€36 million in 2018) including notably:

- Restructuring provisions in WMF's Consumer business, for approximately €40 million, covering mainly industrial asset impairments (closure of cookware site in Geislingen) and estimated labor costs (voluntary redundancy plans);
- Accounting adjustments related to business practices at Groupe SEB Deutschland that derogated from the Group's principles. Amounting to nearly €20 million, these adjustments refer to 2018 financial year.

Net financial expense came out at **-€61 million** in 2019 (versus -€32 million in 2018), including recognition of an IFRS 16-related expense for €15m. As a reminder, in 2018, net financial expense also included a €13 million income related to the fair value adjustment of the optional part of the ORNAE bond (neutral effect in 2019) and the recognition of positive interest income on the tax receivable in Brazil for €21 million (€3 million this year).

Profit attributable to owners of the parent ended at **€380 million,** versus €419 million in 2018, factoring in a higher level of non-recurring expenses. This comes after a tax charge of €131 million, corresponding to an effective tax rate for the 2019 financial year of 23.5%, and after minority interests of €49 million (€43 million in 2018) for which the increase reflects Supor's performances in China.

BALANCE SHEET

At December 31, 2019, consolidated equity totaled **€2,628 million**, up €321 million on end-2018.

At end-2019, net debt amounted to **€1,997 million,** from €1,578 million a year earlier, increasing by €419 million, primarily due to the IFRS 16 impact, for €334 million. Excluding this impact, the increase in debt of around €85 million is attributable to acquisitions made in the financial year (Wilbur Curtis and Krampouz) and a dividend payout of €137 million. Free cash flow remained robust, ending at €367 million in 2019, including in particular an increase in Capex as well as financial and tax expenses during the financial year. At end-2019, the working capital requirement (WCR) stood at €1,215 million, representing 16.5% of sales, in line with the solid performance delivered in 2018. Despite frequently tougher market conditions, the Group has continued its efforts to best manage inventories and trade receivables.

The Group's year-end debt to equity ratio was **76%** (63% excl. IFRS 16) compared against 68% at end-2018 and the net debt/adjusted EBITDA ratio came out at **2.1x**, including an impact of the IFRS 16 implementation in 2019 of 0,2x. Excluding IFRS 16 impact and acquisitions, the ratio at December 31, 2019, would stand at **1.6x**.

DIVIDEND

Meeting on February 25, 2020, the Board of Directors proposed the distribution of a dividend of **€2.26** per share in respect of the 2019 financial year, up **5.6%**. The increase reflects both the good performances achieved in 2019, notably as for the operating profitability, and the Board's trust in the Group’s continued development, despite the lack of visibility linked to Covid-19. For shareholders having held shares under the registered form for more than two years, the dividend will be increased by a loyalty bonus of 10%, taking the total dividend to **€2.49** per share (for holdings below 0.5% of the capital).
The coupon detachment date is set for May 22 and the dividend will be paid on May 26, 2020.

COVID-19 IMPACTS

The Group has 42 industrial sites worldwide, including 7 in China which manufature for both the Chinese domestic market and for the rest of the Group.

Regarding **the industrial activity in China**, 6 out of 7 factories have resumed their activity between February 17 and 24, depending on sites, with a gradually ramp-up according to workers availability. We estimate, at this stage, a return to full production capacity at the end of March.

As regards of our seventh factory in Wuhan, Chinese authorities do not consider lifting the lock-down before mid-March. Given these circumstances, Supor is transferring its most urgent production needs from Wuhan to other sites or subcontractors.

In addition, almost all subcontractors have restarted their production with a progressive ramp-up. At this stage, our inventories are sufficient to meet needs.

As regards of commercial activity, China remains the most impacted country. To date, the loss in sales for the first quarter can be estimated at around €250 million (comprising the severe impact of Covid-19 and the demanding 2019 comparative linked to Chinese New Year).

OUTLOOK

The geopolitical context remains uncertain and the issues linked to the current sanitary crisis are large-scale and hard to quantify over the full year. As it stands, trends for commodities are more favorable than last year. However, the Group expects in 2020 higher currency volatility than in 2019.

Apart from the crisis challenges, the Group is on a path of organic sales growth and increase in its Operating Result from Activity.

However, visibility over the coming months is limited. Moreover, our 2019 comparatives are high, especially at the beginning of the year. Hence, we expect lower first-quarter performances, due to demanding comparatives in China as well as for Professional Coffee and to the negative impact of Covid-19 on Supor’s domestic sales since February.

The Group endeavors to limit the impact of the epidemic on its business in 2020, in particular by leveraging the flexibility of its manufacturing facilities. During this complicated period, it remains focused on its long-term vision, based on profitable and responsible growth.

Groupe SEB's consolidated and company financial statements at December 31, 2019 were approved by the Board of Directors on February 25, 2019.

CONSOLIDATED INCOME STATEMENT

(€ million)	**31/12/2019**	**31/12/2018**	**31/12/2017**
Revenue	7,353.9	6,812.2	6,484.6
Operating expenses	(6,614.1)	(6,117.4)	(5,824.0)
OPERATING RESULT FROM ACTIVITY	**739.8**	**694.8**	**660.6**
Statutory and discretionary profit-sharing*	(37.2)	(33.6)	(37.6)
RECURRING OPERATING PROFIT	**702.6**	**661.2**	**623.1**
Other operating income and expense	(82.1)	(35.6)	(43.6)
OPERATING PROFIT	**620.5**	**625.6**	**579.5**
Finance costs	(41.1)	(32.8)	(34.9)
Other financial income and expense	(19.6)	0.9	(36.7)
Share of profits of associates			
PROFIT BEFORE TAX	**559.8**	**593.7**	**507.9**
Income tax	(131.5)	(131.2)	(99.3)
PROFIT FOR THE PERIOD	**428.3**	**462.5**	**408.6**
Non-controlling interests	(48.6)	(43.5)	(33.6)
PROFIT ATTRIBUTABLE TO SEB S.A.	**379.7**	**419.0**	**375.0**
PROFIT ATTRIBUTABLE TO SEB S.A. PER SHARE *(in units)*			
Basic earnings per share	7.63	8.44	7.56
Diluted earnings per share	7.58	8.38	7.50

**** including** 2019 **employee share ownership plan expenses***

CONSOLIDATED BALANCE SHEET

ASSETS (in €m)	**31/12/2019**	**31/12/2018**	**31/12/2017**
Goodwill	1,611.3	1,484.9	1,467.5
Other intangible assets	1,261.9	1,183.2	1,170.6
Property, plant and equipment	1,248.0	839.5	820.5
Investments in associates	-	-	-
Other investments	100.4	51.0	33.8
Other non-current financial assets	38.6	16.9	15.4
Deferred taxes	96.3	79.2	62.9
Other non-current assets	58.0	57.1	10.6
Long-term derivative instruments - assets	3.4	2.5	3.4
NON-CURRENT ASSETS	**4,417.9**	**3,714.3**	**3,584.7**
Inventories	1,189.1	1,180.5	1,112.1
Trade receivables	1,159.7	1,087.2	1,015.8
Other receivables	175.1	144.7	100.0
Current tax assets	57.4	36.3	73.5
Short-term derivative instruments - assets	20.5	40.1	45.6
Other financial investments	10.2	260.7	216.8
Cash and cash equivalents	785.5	612,7	538.7
CURRENT ASSETS	**3,397.5**	**3,362.2**	**3,102.5**
TOTAL ASSETS	**7,815.4**	**7,076.5**	**6,687.2**
LIABILITIES (in €m)	**31/12/2019**	**31/12/2018**	**31/12/2017**
Share capital	50.3	50.2	50.2
Reserves and retained earnings	2,395.1	2,130.2	1,806.6
Treasury stock	(52.8)	(82.4)	(67.3)
Equity attributable to owners of the parent	**2,392.6**	**2,098.0**	**1,789.5**
Non-controlling interests	**234.9**	**208.6**	**174.8**
EQUITY	**2,627.5**	**2,306.6**	**1,964.3**
Deferred taxes	222.3	235.8	216.7
Long-term provisions	339.5	334.1	354.0
Long-term borrowings	2,301.8	1,857.9	2,067.3
Other non-current liabilities	55.2	45.8	47.3
Long-term derivative instruments - liabilities	17.1	7.9	20.7
NON-CURRENT LIABILITIES	**2,935.9**	**2,481.5**	**2,706.0**
Short-term provisions	107.8	73.9	90.0
Trade payables	1,044.8	1,029.9	905.8
Other current liabilities	527.6	519.3	351.7
Current tax liabilities	74.1	52.6	51.7
Short-term derivative instruments - liabilities	27.1	25.7	39.5
Short-term borrowings	470.6	587.0	578.2
CURRENT LIABILITIES	**2,252.0**	**2,288.4**	**2,016.9**
TOTAL EQUITY AND LIABILITIES	**7,815.4**	**7,076.5**	**6,687.2**

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 nondiscretionary 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 the "net cash from operating activities" item in the consolidated cash flow statement, adjusted 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).

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. It also includes financial debt from application of the IFRS 16 standard "Leases" 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, led 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.

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 Universal 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.*

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

Change of date

Please note that, following a change in the communication schedule of Supor, our subsidiary listed on the Shenzhen Stock Exchange, the publication date of Q1 2020 Sales and Financial data has been modified. Initially set for April 27th, it has been postponed to April 28th, 2020.

Below you will find the updated schedule.

Next key dates

April 28 | after market closes	Q1 2020 sales and financial data
May 19 | 3:00 pm (Paris time)	Annual General Meeting
July 23 | before market opens	H1 2020 sales and results
October 26 | after market closes	9-month 2020 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 more than 350 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 €7.3 billion in 2019 and had more than 34,000 employees worldwide.

SEB SA
SEB SA - N° RCS 300 349 636 RCS LYON – with a share capital of €50,307,064 – Intracommunity VAT: FR 12300349636