25 October, 2018

Nine-month 2018 Sales and Financial Data

Ongoing solid sales momentum in Q3.
2018 sales growth target raised to around 8%.
In a more difficult environment (currencies, raw materials…),
ORfA* growth target adjusted to around 3%

* Operating Result from Activity

- **9-month sales: €4,628m, +3.8% and +7.5% LFL****
- **Third-quarter sales: €1,603m, +5.6% and +7.8% LFL****
- **9-month Operating Result from Activity (ORfA):**
  - **€373m, -4.1%**
  - **€405m LFL**, -0.2% excluding 2017 one-off impacts of PPA*****
- **Net debt: €2,105m, +€200m on December 31, 2017**

** Like-for-like: at constant exchange rates and scope of consolidation. ***Purchase price allocation of the acquisition of WMF

GENERAL COMMENTS ON GROUP PERFORMANCE

In the first nine months of the year, Groupe SEB reported **sales of €4,628 million, up 3.8%,** notably including **organic growth of 7.5% and a negative currency effect of 4.0%** (or -€178 million, resulting mainly from the yuan, real, Turkish lira, US dollar and rouble).

Organic growth was composed as follows:

- **Consumer business, including WMF: +7.2%**,
- **Professional business: +10.2%**

Operating Result from Activity (ORfA) totaled €373 million in the first nine months - including -€32 million in currency effects, down 4.1% on end-September 2017. On a LFL* basis, ORfA came out at €405 million, versus €406 million for the same period in 2017, excluding the 2017 non-recurring impacts of the WMF purchase price allocation.

Net debt stood at €2,105 million on September 30, 2018, up €200 million on end-2017.

The robustness of 9-month activity, along with new market share gains, enables the Group to target organic growth in sales of around 8% for the year, versus more than 7% previously.

Against a more challenging backdrop, notably due to the recent developments in exchange rates and certain commodities, as well as the difficulties experienced by numerous retailers, the Group is targeting 2018 ORfA growth of around 3% on 2017 ORfA (excluding the non-recurring impact of the WMF purchase price acquisition) versus more than 5% previously.

Moreover, the Group confirms its target to end 2018 with a net debt/adjusted EBITDA ratio below 2.

ANALYSIS OF 9-MONTH 2018 SALES GROWTH

REVENUE BY REGION

	Revenue (€m)	Nine-month 2017	Nine-month 2018	Change 2018/2017 As reported	Change 2018/2017 Like-for-like*
EMEA	**EMEA**	**2,033**	**2,053**	**+1.0%**	**+3.4%**
	Western Europe	1,524	1,536	+0.8%	+1.1%
	Other countries	509	517	+1.3%	+10.3%
AMERICAS	**AMERICAS**	**655**	**573**	**-12.5%**	**-4.8%**
	North America	395	357	-9.8%	-6.5%
	South America	260	216	-16.6%	-1.8%
ASIA	**ASIA**	**1,345**	**1,544**	**+14.8%**	**+18.8%**
	China	973	1,192	+22.6%	+26.6%
	Other countries	372	352	-5.4%	-1.5%
	TOTAL Consumer	**4,033**	**4,170**	**+3.4%**	**+7.2%**
	WMF Professional	**426**	**458**	**+7.4%**	**+10.2%**
	GROUPE SEB	**4,459**	**4,628**	**+3.8%**	**+7.5%**

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

Rounded figures in € million

Percentages based on non-rounded figures

	Revenue (€m)	Third quarter 2017	Third quarter 2018	Change 2018/2017	
				As reported	Like-for-like*
EMEA	**EMEA**	**718**	**715**	**-0.4%**	**+2.0%**
	Western Europe	536	539	+0.6%	+0.7%
	Other countries	182	176	-3.5%	+5.9%
AMERICAS	**AMERICAS**	**247**	**235**	**-5.1%**	**-0.3%**
	North America	146	152	+4.0%	+1.8%
	South America	101	83	-18.4%	-3.5%
ASIA	**ASIA**	**419**	**485**	**+15.7%**	**+16.3%**
	China	293	367	+25.2%	+26.5%
	Other countries	126	118	-6.4%	-7.4%
	TOTAL Consumer	**1,384**	**1,435**	**+3.6%**	**+5.9%**
	WMF Professional	**134**	**168**	**+26.3%**	**+27.2%**
	GROUPE SEB	**1,518**	**1,603**	**+5.6%**	**+7.8%**

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

Rounded figures in € million

Percentages based on non-rounded figures

SALES BY REGION

EMEA

WESTERN EUROPE

The small electrical appliance market in Western Europe was marked by strong volatility in the third quarter, with buoyant demand in the July-August period, largely driven by fans, but a sharp slowdown in September. In this environment, the Group posted organic growth of 0.7% for the period, limited by the non-repeat of major loyalty programs in 2017, and a slight dip in WMF Consumer sales, consolidated since the start of the year in Groupe SEB sales regions. WMF Consumer sales in the first nine months were down nearly 3% in Europe, mainly owing to the current decline in the cookware market in Germany and the considerable difficulties experienced by some retail circuits, which are not yet offset by the rapid increase in online sales.

Excluding WMF, Group sales increased 1% in the third quarter on a like-for-like basis, leading to organic growth of over 2% in the first nine months, and +4% excluding loyalty programs. If electrical cookware, vacuum cleaners and fans made major positive contributions to sales growth in the region, business was more difficult in linen care and in beverage preparation. Performances were also contrasted from one market to the next.

In France, where the market was down, and marked by increased retail tensions and numerous promotions, Group sales decreased by a little over 2% in the third quarter following a disappointing September. As such revenue was slightly down for the first nine months of the year. Excluding the effect of the non-repeat of 2017 loyalty programs, it was more or less stable. Yet, business activity proved contrasted with very good performances in vacuum cleaners (the versatile Air Force 360, bagless cylinder vacuum cleaners, Clean&Steam), food preparation (Cuisine Companion, our new blender models), automatic espresso machines, deep fryers, the Cookeo multicooker, tabletop ovens, and fans... But sales were down in cookware (relative to high comparatives), breakfast appliances (kettles, toasters, filter coffee makers), and ironing, a segment impacted by a significant fall in demand.

In the rest of Western Europe, situations differ by country, but our market share dynamics remains favorable. In Germany, core business remained brisk excluding loyalty programs, still driven by flagship products (including vacuum cleaners, automatic espresso machines, and Optigrill…), with online sales boosting momentum. Group business remained strong in Spain in the third quarter, fueled by most product categories, with a particularly robust performance in vacuum cleaners, especially robots, which recently extended our offering.

In addition, WMF Consumer sales also continued to grow at a solid pace. In Italy, the Group posted firm sales in the third quarter, driven both by the core business in small electrical appliances and by new loyalty programs. Further north, sales trended positively in the Netherlands, thanks to strong sales and marketing activation, and in Belgium and Scandinavia. However, our sales were down in the UK amid a difficult pre-Brexit market.

OTHER EMEA COUNTRIES

In the other EMEA countries, further significant depreciations in several currencies against the euro over the summer (notably the Turkish lira) impacted the trend in sales in euros (down 3.5%) in the third quarter. Organic growth came out at +5.9%, bolstered primarily by offsetting price increases implemented by the Group in the markets concerned. Beyond these FX impacts, business activity was also penalized by high third-quarter 2017 comparatives in terms of loyalty programs in various countries.

Yet top-notch performances were posted over the period. Most of the major countries contributed to growth, with healthy fundamentals, and the Group continued to strengthen its positions in the markets. In Central Europe, core business was positive at constant exchange rates, driven essentially by Poland, where we continue to make progress, in particular on the strength of our flagship products, including vacuum cleaners, automatic espresso machines and steam generators. In Russia, where the retail sector is consolidating, we pursued our solid growth momentum, boosted by the entire range and underpinned by highly effective in-store marketing execution. Having made further market-share gains, the Group is reasserting its leadership in small electrical appliances in Russia. It also continues to make headway in Ukraine, achieving organic sales growth of over 50%.

In Turkey, the Group has outperformed the market for several years, combining solid growth, strong profitability and reinforced competitive positions. The further, substantial depreciation of the Turkish lira in August considerably disrupted business activity, leading among other things to the Group's implementation of a fifth price increase since the start of the year. In this more difficult environment, reflected by a slowdown in demand, our volumes showed good resilience in third-quarter 2018 and we are firmly rolling-out all our growth drivers for end-2018: product dynamics (across an extensive portfolio in Turkey) innovation and upgrading, locally produced appliances, a resolutely multi-channel sales policy (including in particular e-commerce and Tefal shops), and the continued development of WMF business...

As in the first half of the year, sales continued to fall sharply in the Middle East.

AMERICAS

NORTH AMERICA

Group performance in the third quarter improved substantially versus the first half (up 1.8% LFL versus an 11.5% fall at end-June), which suffered from high comparatives in the United States in the first quarter and poor performances in Canada.
Our market environment in the United States remains highly disrupted by the transformation in the retail sector, with the boom in e-commerce impacting numerous brick-and-mortar retailers, obliged to trim stock, close stores and even declare bankruptcy. In this harder context, our sales in dollars in the United States increased slightly in the third quarter, thanks to a solid business trend in Rowenta ironing (garment steamers in particular) and a slight improvement in cookware. Momentum remained robust in online sales, especially with pure players, offsetting the downturn in offline retail.

In Canada, in a retail environment similar to that in the United States, after a particularly tense first half, third-quarter sales were practically stable on a like-for-like basis. The strong recovery in cookware (T-Fal, All-Clad and Lagostina) and growth in deep fryers (conventional and Actifry) almost entirely made up for the drop in linen care.

This performance contrasted with the third-quarter trend in Mexico. After an extremely positive first half, sales declined over the summer largely owing to the non-repeat of a major loyalty program in 2017. However, core business continued to trend very positively, with solid contributions from cookware, blenders and fans, launched recently by the Group in Mexico.

SOUTH AMERICA

In the first nine months, our sales in South America decreased nearly 17% in euros but just around 2% at constant exchange rates, the difference reflecting the continued depreciation – accentuated in the third quarter – of local currencies, particularly the Brazilian real, Colombian peso and Argentine peso. Looking beyond these currency effects, business activity in the third quarter was highly contrasted.

In Brazil, the overall environment remained volatile, resulting from the fragile economic recovery and the presidential election. After a second quarter impacted by truck-driver strikes and the problems of certain non-food retailers, the expected recovery in sales in the third quarter did not materialize. Business activity continued to be negatively affected by cookware, a segment in which the ramp-up at the Itatiaia production site is proving slower than expected and reflected for now in a loss of sales. An acceleration plan has been implemented to get back to a normalized situation early in 2019. In small electrical appliances, the industrial transition has been completed and business has been sustained, but with contrasting situations depending on

the category. In fans, the successful roll-out of new, quiet and compact models enabled the Group to outperform competition and to consolidate its leadership. Food preparation sales have also been trending positively owing to the success of our blenders (with the gradual extension of the PowerMax range), as are those of electrical cooking products and semi-automatic washing machines. However, business activity in beverage preparation and ironing has decreased.

The Group posted excellent performances in Colombia in the third quarter, achieving solid organic growth and strengthening its leadership both in cookware and small electrical appliances. Pots and pans remained the strongest performers, together with kitchen tools, fans and food preparation, with a special mention for blenders. Regarding these, we have focused on upgrading our range and have introduced exclusive sets at a number of brick-and-mortar retailers'. Revenue growth has been generated across all distribution channels and notably in our Imusa Home&Cook store network. In Argentina, after growth in the first half, the severe worsening in the economic environment and the considerable depreciation of the peso over the summer led to strong inflation and a collapse in demand, along with our sales in the third quarter.

ASIA

CHINA

Following an excellent first-half, Supor continued to make progress in the third quarter at an almost equal organic growth rate, at +26.5%. Such strong momentum, in a market that is still highly competitive and promotion-driven, while essentially propelled by e-commerce, is based on a large range of products. It is fueled by vigorous innovation dynamics, aiming to meet increasingly diverse demand and a move upmarket. This is reflected in a further and virtually widespread strengthening of our positions in the Chinese market.

In cookware, Supor confirmed in third quarter the very good performance delivered in first-half, attributable to solid growth in sales for its flagship product families – pressure cookers, sauce pans, frying pans and woks… – coupled with extremely fast growth in kitchen utensils and accessories. This is particularly the case for thermal mugs (driven by successful new ranges: Yi, JiCha and the Kids models).

In small electrical appliances, business growth in Yuan in the third-quarter remained at approximately 30%, underpinned by all major categories in small kitchen electrics: mobile induction hubs, electrical pressure cookers, rice cookers, classic and multi-function kettles (booming demand for health pots), etc. including a special mention for high-speed blenders. In addition, Supor continued to develop its presence in home and linen care, doubling its sales in vacuum cleaners (successful Air Force 360 and 460 all-in-one models) and garment steamers versus 2017. In large kitchen appliances (LKA), the solid sales momentum in extractor hoods

and gas stoves was maintained, while Supor enhanced its offering by launching a range of water purifiers.

In keeping with first-half 2018, WMF Consumer business activity in China was slightly down in the third quarter, reflecting the transition from its own retail model to a system capitalizing on Supor's extensive retailers' network. Transition phase should be completed in 2019.

OTHER ASIAN COUNTRIES

Excluding China, the Group recorded in third quarter a like-for-like decline in revenue mainly due to the non-repeat of a WMF loyalty program in Taiwan in 2017. Apart from this factor, sales held firm overall, however with contrasted trends according to countries.

In Japan, despite the impact of the typhoon in September, we managed to keep up strong impetus in the third quarter. In a globally favorable market, growth dynamics was mainly nurtured by Ingenio cookware ranges (featuring removable handles), thermal mugs, but also electrical products: garment steamers, driven by the success of newly launched models, kitchen electrics (Cook4me multicookers, toasters), blenders and handblenders, kettles, etc. In South Korea, sales dynamics - excluding WMF, whose activity remained affected by ongoing reorganization and stocks in the retail - is largely attributable to new inroads in high speed blenders, vacuum cleaners (full range and successful introduction of Air Force 360) as well as cookware, constantly fueled by lively product offering and sustained marketing investment. At the same time, the slowdown observed in Australia in the second quarter materialized in a sharper decline in turnover between July and September.

In other South-East Asian countries, third-quarter performance was contrasted; while organic growth remained sustained, yet more moderate than in the first-half in Thailand (blenders, steam generators…), activity in Malaysia was driven by vigorous momentum stemming from cookware and rice cookers. In both countries, the Group recorded market share gains. Conversely, revenue declined in Vietnam over the 3-month period, with the significant drop in fans not offset by higher sales in cookware (Supor), rice cookers and blenders.

In the first nine months, Professional business sales (coffee machines and hotel equipment) totaled €458 million, up 10.2% like-for-like, reflecting a brisk acceleration in organic growth in the third quarter (+27.2%). The performance stemmed mainly from the step-up in deliveries of the major coffee-machine contracts signed at the start of the year with two US customers – including RaceTrac, which operates gas stations and convenience stores – and Luckin Coffee, China's number-two coffee-shop chain, which is expanding in the country and extending its network, opening outlets at an extremely quick pace. To best meet customers' requirements and improve flexibility, the Group has decided to increase production capacity at its Zuchwill site in Switzerland.

In hotel equipment, while sales rose slightly in the first half of the year, fewer contracts were signed in the third quarter and in September in particular. Consequently, sales fell slightly in the first nine months.

OPERATING RESULT FROM ACTIVITY

Operating Result from Activity (ORfA) for the first nine months of the year totaled €373 million, down 4.1 % year on year. On a like-for-like basis, ORfA came out at €405 million, compared with €406 million for the same period in 2017, excluding the non-recurring impacts of the WMF purchase price allocation. The currency effect since the start of the year comes to -€32 million, reflecting the growing impact of exchange rates in the third quarter, notably as a result of the substantial depreciations of the Turkish lira, Russian rouble, Brazilian real and Argentine peso.

Third-quarter ORfA amounted to €165 million, including a currency effect of -€16 million (similar to that of the first half and higher than expected initially), compared with €175 million excluding the non-recurring impact of the WMF purchase price allocation in third-quarter 2017. In addition to the abovementioned currency effect, the decrease can be attributed to the rise in certain commodity prices (notably plastic, sub-units, and components, in particular), tougher commercial terms linked to the difficulties in offline retail and sustained investments in growth drivers, translating into accelerated market share gains.

DEBT AT SEPTEMBER 30, 2018

At September 30, 2018, net debt stood at €2,105 million, up €200 million on end-December 2017. The increase can largely be ascribed to higher inventories at the end of September, in anticipation of a strong sales dynamic expected in fourth quarter.

OUTLOOK

The robustness of 9-month activity, along with new market share gains, enables the Group to target organic growth in sales of around 8% for the year, versus more than 7% previously.

Against a more challenging backdrop, notably due to the recent developments in exchange rates and certain commodities, as well as the difficulties experienced by numerous retailers, the Group is targeting 2018 ORfA growth of around 3% on 2017 ORfA (excluding the non-recurring impact of the WMF purchase price acquisition) versus more than 5% previously.

Moreover, the Group confirms its target to end 2018 with a net debt/adjusted EBITDA ratio below 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 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.*

Listen to the audiocast of the presentation on our website on October 25th from 9 pm:
www.groupeseb.com or click here

Next key dates

January 23 | after market closes	Provisional 2018 sales
February 28 | before market opens	2018 sales and results
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

Investor/Analyst Relations
Groupe SEB
Financial Communication
and Investor Relations
Isabelle Posth and Raphaël Hoffstetter
Campus SEB – 112 chemin du Moulin Carron
69130 Ecully

comfin@groupeseb.com

Phone:+33 (0) 4 72 18 16 40

Media Relations
Image Sept
Caroline Simon
Claire Doligez
Isabelle Dunoyer de Segonzac

caroline.simon@image7.fr
cdoligez@image7.fr
isegonzac@image7.fr

Phone:+33 (0) 1 53 70 74 70

Find us on… www.groupeseb.com

World reference in small domestic equipment, Groupe SEB operates in nearly 150 countries with a unique portfolio of top brands including Tefal, Rowenta, Moulinex, Krups, Lagostina, All-Clad, and 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. Groupe SEB has around 33,000 employees worldwide.