Press release

February 22, 2023 – 5:40pm CET

2022 Full-Year Results

A CONTRASTED 2022 PERFORMANCE AFTER A RECORD 2021
ACTIONS UNDERTAKEN BEAR FRUIT IN THE SECOND HALF

- Annual sales: **€7,960m; -1.2%,** -4.7% LFL*
- Operating Result from Activity (ORFA): **€620m,** -24% vs 2021
    - **Operating margin: 7.8%** (10.1% in 2021)
    - **Of which 9.8% in the second half** (and 5.4% in the first half)
- Net profit: **€316m,** -30% vs 2021
- Free Cash Flow: **+ €663m generated in the second half** (-€20m for the year)
- Net financial debt at December 31, 2022: **€1,973m** (€1,524m at end-2021)
- Dividend proposed at the General Meeting of May 17: **€2.45 per share** (stable vs 2021)
- **Assumptions for 2023**
    - First quarter expected to be down compared to a strong first quarter in 2022
    - Gradual improvement in Consumer sales
    - Strong growth in Professional sales
    - **An increase in Group operating margin for the year as a whole**

** LFL: on a like-for-like basis (= organic)*

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

"In 2022, in a difficult general economic environment and after a record year in 2021, our sales were globally resilient. We are particularly pleased with our performance in China, where Supor for the first time exceeded the two-billion-euro turnover mark. However, our results were impacted by significant headwinds. In this context, the Group was once again able to demonstrate responsiveness and quickly implement effective action plans to adapt to market developments and protect its profitability.

At the same time, and beyond short-term imperatives, we have continued to invest in our strategic levers: product innovation, the international deployment of our champion products, the attractiveness of our brands, and the activation of all distribution channels. No truce either for our investments in our competitiveness - industrial, logistics, information systems -, which are all crucial for the future. I would like to salute and thank the unfailing commitment of all the teams, which has been essential in these achievements.

For the year 2023, visibility remains limited. Despite a first quarter that is anticipated to be down, the Group expects a gradual improvement in sales in its Consumer business, strong revenue growth in Professional sales, as well as an increase in its operating margin for the year as a whole.

We are confident in the continued development of the global market for Small Domestic Equipment and Professional Coffee, in which we continue to strengthen our presence with the recent acquisition of the La San Marco company. We remain convinced of the relevance of our economic model, which will allow us to take full advantage of strong structural demand, a source of growth opportunities for Groupe SEB."

Consolidated results (€m)	2021	**2022**	Change 2021/2022
Sales	**8,059**	**7,960**	**-1.2%** **-4.7% LFL**
Operating Result from Activity (ORFA)	**813**	**620**	**-23.7%**
Operating profit	**715**	**547**	**-23.5%**
Profit attributable to owners of the parent	**454**	**316**	**-30.3%**
Adjusted EBITDA	**1,041**	**874**	**-15.9%**
Net debt at end December	**1,524***	**1,973 ***	**+29.5%**
Dividend per share	**€2.45****	**€2.45****	**stable**

** o/w €335m and €371m in IFRS16 impact for 2021 and 2022 respectively* *% calculated on non-rounded figures*

*** dividend proposed at the AGM of May 17, 2023*

SALES

Groupe SEB generated 2022 **sales of €7,960m, almost stable (-1.2%) vs. 2021 on a reported basis and down 4.7% LFL.** The difference between these two figures can be attributed to a strong positive currency effect (+3.3%), stemming very largely from the appreciation of the US dollar and the Chinese yuan. The consolidation impact, in the fourth quarter of Zummo, acquired last summer, amounted to €10m*.

These performances confirm the sound resilience of the Group in a tense geopolitical environment compared with the record performance reported in 2021. **Compared with 2019,** the most recent normal year, **2022 revenue was up 8.2% and confirms the Group's positive trajectory over time.**

After a record 2021 (organic growth of 16% vs 2020), **the Consumer business generated sales of €7,234 million, contracting 5.9% LFL** compared with 2021. This decline was attributable to four countries, which represent one-third of Consumer revenue:

- France (down 22% vs. 2021) and in Germany (-13%) owing to the rebalancing of household consumption towards other sectors to the detriment of Small Domestic Equipment, an unfavorable category mix effect (cooking categories overweighted and oversold during the Covid period) and the non-recurrence in 2022 of major loyalty programs;

- Russia and Ukraine, where sales collapsed more than 30% vs. 2021 LFL.

On the other hand, China confirmed its positive momentum with sales showing organic growth of 5% and crossing the two-billion-euro mark.

In other regions, business was mixed, with organic growth in Eurasia (excluding Russia and Ukraine) and in South America, resilience in other European countries, and sales down in North America as well as in Asia excluding China.

Full-year sales in the Professional business came out at €725 million, up 15.6% including 9.2% organic growth compared with 2021. This performance reflects the solid recovery of Professional Coffee (90% of professional turnover), driven by both machine deliveries and by services. Hotel equipment also turned in a very good year in 2022, benefiting from a strong catch-up effect compared with 2021.

OPERATING RESULT FROM ACTIVITY (ORFA)

The Group's 2022 **Operating Result from Activity (ORFA) came out at €620m,** down 24% on the historic high reached in 2021 (€813m). **The operating margin stood at 7.8%** of sales, versus 10.1% in 2021.

At €620m, the 2022 ORFA includes a negative currency impact of €41 million. Like-for-like, the ORFA for the year stood at **€661m**, down 19% vs. 2021, which is mainly due to:

- **a negative volume effect of €359m,** linked directly to the contraction in Consumer sales particularly in France, Germany, Ukraine and Russia;
- **a very positive price-mix effect, of close to €600m, driven** for the vast majority by price increases implemented to offset inflation and compensate for the depreciation of some emerging market currencies, but also by the continued enrichment of the product mix;
- **a sharp increase in the cost of sales (-€367m),** which includes, as anticipated:
    - massive increases in the cost of procurement of raw materials and components, transport (maritime freight in particular) and storage, further inflated by the strengthening of the US dollar and the Chinese yuan;
    - significant under-absorption of fixed industrial costs (versus very strong over-absorption in 2021) due to the unfavorable impact on the plants' load of the decline in sales volumes and the voluntary reduction in inventories. Our productivity gains which continued at all of our sites were not sufficient to compensate for this reduced activity.

- **stable spending in growth drivers** (innovation, marketing, advertising, etc.) over the year, with a very different sequencing between the first half (with a strongly engaged policy) and the second, marked by a slowdown in investments in order to adjust to market trends;
- **an increase of around twenty million euros in sales and marketing expenses** (versus an increase of €45m in the first half) covering mainly long-term investments (IT systems, D2C offline and online, etc). Thus, the Group significantly trimmed its sails during the second half and ended the year showing a solid control of its costs.

The actions implemented by the Group generated an ORFA of €421 million in the second half, i.e. **a margin of 9.8%** vs. 5.4% in the first half.

More generally, the Group had to face significant additional costs or headwinds in 2021 and 2022 (materials, components, freight, currency effects) which amounted to €300 million and €269 million respectively. The Group estimates that these headwinds should not be significant in 2023 because it anticipates that the negative impact on currencies (due to less advantageous hedgings) should be offset by positive effects on materials and freight.

OPERATING PROFIT AND NET PROFIT

At €547m, operating profit was down 24%, compared with €715m reported in 2021.

This includes a discretionary profit-sharing expense of €18m, reflecting the contraction in the performance of French entities in 2022, as explained above. Furthermore, it includes other income and expenses, amounting to -€56m, of which close to half is linked to the reorganization plan in Germany, the other components being miscellaneous and with a more moderate impact.

The 2022 net financial expense came out at -€81m, compared with -€65 million in 2021. As during the first half, the deterioration compared with 2021 stems almost exclusively from increased intragroup refinancing costs borne by certain subsidiaries.

Net profit attributable to owners of the parent came to €316m (down 30% compared with the record level of €454m in 2021), factoring in:

- a tax expense of €98m, corresponding to an effective tax rate of 21% in 2022 (21.9% in 2021);
- minority interests (mainly related to Supor) of €52m.

Adjusted EBITDA amounted to €875m, compared with €1,041m in 2021.

BALANCE SHEET

At December 31, 2022, consolidated shareholders equity totaled €3,449m. The increase of €158m compared with end-2021 is linked to the integration of 2022's net profit, of €316m, minus dividends paid and some other items (notably translation differences, financial instruments and share buybacks) which cancel each other out.

Net debt at December 31, 2022 was €1,973 m, (including €371m in IFRS 16 debt), an increase of €449m compared with end-2021. This change stems mainly from the increase in Working capital requirement (WCR), which stood at €1,393m at end-December 2022 (17.5% of sales), versus €1,115m at end-2021 (13.8% of sales). This increase breaks down as follows:

- inventories, which declined significantly compared with end-December 2021 and end-June 2022 thanks to the implementation of strong actions. At end-December 2022, they reached 21% of sales, which compares to 22.8% a year earlier;
- the decline in customer receivables - linked to the contraction in sales - which represented 8.1% of revenue compared with 9.8% a year earlier;
- a decline of close to 38% in trade payables (11.7% of sales, compared with 18.8% end-December 2021), attributable to the significant decline in our procurement and our production during the second part of the year.

The acquisition of Zummo, investments carried out by SEB Alliance, treasury share buybacks (SEB and Supor) and the payment of restructuring costs in Germany also contributed to the increase in net financial debt.

Against this backdrop, **the Group consumed €20m in free cash flow** (vs €306m generated in 2021) after a contrasted year, with consumption of €683m in the first half, followed by a very sharp correction in the second half during which the Group generated an operating cash flow of €663m, illustrating once again its solid ability to adapt and to generate strong free cash flow.

At December 31, 2022, **the ratio of net financial debt/Adjusted EBITDA stood at 2.26x** (1.46x at end-2021) and at **2.06x excluding IFRS 16** (1.26x at end-2021). The **Group's net debt/consolidated equity ratio** was **57%** (compared with 46% at end-2021) and 46**%** excluding IFRS 16.

DIVIDEND

Meeting on February 22, 2023, the Board of Directors proposed the distribution of a **dividend per share** of **€2.45** in respect of the 2022 financial year, stable compared with the one paid in 2022 in respect of 2021.

This stability of the dividend confirms both the impact on the Group's 2022 performance of a difficult economic environment - after a record year in 2021 - and the Group's strong responsiveness to mitigate its effects, which materialized from the second half of the year 2022.

The Board thus confirms its confidence in the Group's ability to gradually return to profitable and sustainable growth, in a general environment that should remain tense at the start of 2023.

For shareholders having held registered shares for more than two years, the dividend will be increased by a loyalty premium of 10%, taking the total dividend to **€2.695 per share** (for holdings below 0.5% of the capital for a single shareholder).

The coupon detachment date is set for **May 31, 2023** and the dividend will be paid on **June 2, 2023.**

OUTLOOK

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

For the year 2023, after a first quarter which will see a decline in revenue and Operating Result from Activity (ORFA) compared to a strong first quarter of 2022, the Group anticipates a gradual recovery in its Consumer sales, strong growth in its Professional revenue and an improvement in its Operating margin for the year as a whole.

Groupe SEB's consolidated and company financial statements at December 31, 2022 were approved by the Board of Directors on February 22, 2023.

CONSOLIDATED INCOME STATEMENT

(€ million)	12/31/2022	12/31/2021	12/31/2020
Revenue	7,959.7	8,058.8	6,940.0
Operating expenses	(7,339.4)	(7,245.5)	(6,334.6)
OPERATING RESULT FROM ACTIVITY	**620.3**	**813.3**	**605.4**
Statutory and discretionary employee profit-sharing*	(17.6)	(39.4)	(24.2)
RECURRING OPERATING PROFIT	**602.7**	**773.9**	**581.2**
Other operating income and expense	(55.7)	(59.1)	(77.9)
OPERATING PROFIT	**547.0**	**714.8**	**503.3**
Finance costs	(35.1)	(43.1)	(39.8)
Other financial income and expense	(45.6)	(21.4)	(21.0)
PROFIT BEFORE TAX	**466.3**	**650.3**	**442.5**
Income tax expense	(98.0)	(142.7)	(93.8)
PROFIT FOR THE PERIOD	**368.3**	**507.6**	**348.7**
Non-controlling interests	(52.1)	(53.8)	(48.2)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**316.2**	**453.8**	**300.5**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(in units)*			
Basic earnings per share	5.74	8.42	6.00
Diluted earnings per share	5.71	8.36	5.96

** Including charges relating to the 2019 employee shareholding plan*

CONSOLIDATED BALANCE SHEET

ASSETS *(in € millions)*	**12/31/2022**	**12/31/2021**	**12/31/2020**
Goodwill	1,767.9	1,707.8	1,642.4
Other intangible assets	1,305.1	1,289.9	1,261.6
Property, plant and equipment	1,338.8	1,265.6	1,219.5
Other investments	218.3	162.0	108.0
Other non-current financial assets	18.2	16.3	15.9
Deferred tax liabilities	135.2	129.8	107.7
Other non-current assets	58.3	52.9	47.2
Long-term derivative instruments - assets	26.3	11.6	17.9
NON-CURRENT ASSETS	**4,868.1**	**4,635.9**	**4,420.2**
Inventories	1,682.1	1,839.6	1,211.5
Customers	891.5	934.6	965.4
Other receivables	217.1	232.4	160.6
Current tax assets	53.2	38.9	42.0
Short-term derivative instruments - assets	76.8	115.7	36.2
Financial investments and other current financial assets	102.0	60.6	664.7
Cash and cash equivalents	1,237.0	2,266.5	1,769.4
CURRENT ASSETS	**4,259.7**	**5,488.3**	**4,849.8**
TOTAL ASSETS	**9,127.8**	**10,124.2**	**9,270.0**
EQUITY & LIABILITIES *(in € millions)*	**12/31/2022**	**12/31/2021**	**12/31/2020**
Share capital	55.3	55.3	50.3
Reserves and retained earnings	3,146.8	2,969.1	2,436.8
Treasury stock	(33.3)	(34.3)	(19.6)
Equity attributable to owners of the parent	**3,168.8**	**2,990.1**	**2,467.5**
Non-controlling interests	280.1	300.6	**267.3**
CONSOLIDATED SHAREHOLDERS' EQUITY	**3,448.9**	**3,290.7**	**2,734.8**
Deferred tax liabilities	212.6	234.0	191.0
Employee benefits and other long-term provisions	213.4	298.9	355.9
Long-term borrowings	1,922.6	2,230.8	2,285.8
Other non-current liabilities	53.8	54.1	52.0
Long-term derivative instruments - liabilities	32.9	15.3	15.5
NON-CURRENT LIABILITIES	**2,435.3**	**2,833.1**	**2,900.2**
Employee benefits and other short-term provisions	138.4	132.0	122.9
Trade payables/suppliers	1,027.1	1,614.7	1,260.3
Other current liabilities	583.8	546.7	493.3
Current tax liabilities	52.6	51.8	35.9
Short-term derivative instruments - liabilities	52.2	50.0	50.4
Short-term borrowings	1,389.5	1,605.2	1,672.2
CURRENT LIABILITIES	**3,243.6**	**4,000.4**	**3,635.0**
TOTAL CONSOLIDATED EQUITY AND LIABILITIES	**9,127.8**	**10,124.2**	**9,270.0**

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 February 23 at 2:30 p.m. CET

Centre de conférence Etoile Business Center
21 Rue Balzac
75008 PARIS

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

Replay available on our website
on February 23 at 8:00 p.m. at www.groupeseb.com

Next key dates - 2023

April 27 | after market	Q1 2023 sales and financial data
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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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.