GROUPE SEB

HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE

2019

SUMMARY

€3,337 million

H1 2019 SALES

+8.4%

ORGANIC SALES GROWTH

+9.8%

INCREASE IN NET PROFIT

34,000

EMPLOYEES WORLDWIDE

The world leader in Small Domestic Equipment,

Groupe SEB pursues a **multi-specialist** strategy with top-ranking positions in small electrical appliances and a strong global leadership in cookware. Its mission is **making consumers' everyday lives easier and more enjoyable and contributing to better living all around the world**.

Operating in nearly 150 countries, Groupe SEB has built strong positions across continents through a product offering, both global and local, addressing consumer expectations throughout the world.

This offering is enhanced by an **exceptional brand portfolio**.

The Group's success is rooted in its **long-term vision**, committed to achieving the **right balance between growth and competitiveness** in order to create value for all its stakeholders.

On top of the Consumer business, Groupe SEB has recently moved into the professional segment, and in particular the professional coffee market.

1 Profile

An extensive and diversified offering

KITCHEN ELECTRICS

Electrical cooking: deep fryers, rice cookers, electrical pressure cookers, informal meal appliances, waffle makers, grills, toasters, multicookers…

Beverage preparation: coffee makers (filter and pod), espresso machines, electrical kettles, home beer-taps, soy milk makers…

Food preparation: blenders, cooking food processors, kitchen machines, mixers, beaters…

HOME AND PERSONAL CARE

Linen care: irons and steam generators, garment steamers...

Home care: canister vacuum cleaners with or without dust bag, steam and upright vacuum cleaners, vacuum sweepers, versatile vacuums…

Home comfort: fans, heaters, air treatment appliances…

Personal care: hair care appliances, depilators, bathroom scales...

COOKWARE

Frying pans, saucepans, pressure cookers, bakeware, kitchen utensils, food storage containers, vacuum flasks and mugs...

CONSUMER BRANDS

GLOBAL

Tefal · Rowenta · Moulinex · KRUPS

REGIONAL

SUPOR · T-fal · ARNO · IMUSA · SEB · Calor · emsa

Original KAISER · MAHARAJA WHITELINE · ASIAvina · MIRRO · WearEver · PANEX

OBH NORDICA · samurai · Rochedo · clock · esteras · UMCO

PREMIUM BRANDS

WMF · Lagostina · All-Clad METALCRAFTERS LLC CANONSBURG, PA USA · Silit

PROFESSIONAL BRANDS

WMF · schaerer swiss coffee competence · HEPP · Curtis

PROFESSIONAL BUSINESS

Coffee machines — Hotel equipment

Business model

OUR RESOURCES[1]

STAFF

34,000 employees

19 hours/year of training per employee in average

38% female managers

INNOVATION AND DIGITAL

> 1,400 people in the innovation community

3.6% of sales reinvested in innovation [2]

40% of media investment in digital

INDUSTRY AND PURCHASING

2/3 of products manufactured in-house

28% of production performed in Europe

€1.9bn direct purchasing

€213m invested [3], i.e. **3.1%** of sales

FINANCES AND SHAREHOLDING

Sales of: **€6,812m** ORfA of: **€695m**

and profit of: **€419m**

Net debt/Adjusted EBITDA = **1.90** at 31 December 2018

Long-term, major shareholders

SOCIETY AND ENVIRONMENT

100% of sites ISO 14001 certified

~ €3m spent on philanthropy

1 Code of Ethics with **18** sections, translated into **11** languages

Focus on growth

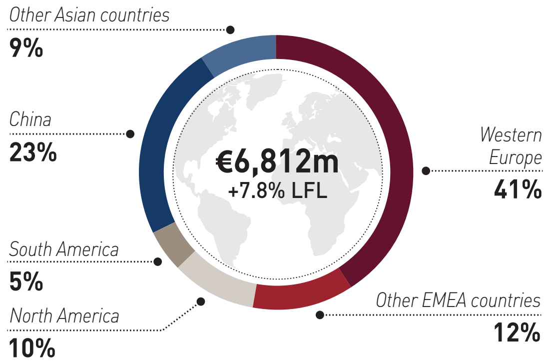
- Strength and complementarity of our brands
- Product innovation
- International expansion

2018

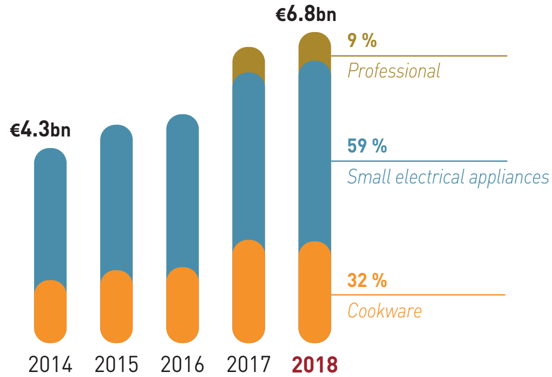
€6,812m Sales

+7.8% Organic growth

A GLOBAL...



ACTIVITIES WITH STRONG POTENTIAL



Optimize our industrial facilities...

- Optimize purchasing and logistics
- Improve industrial productivity
- Simplify structures and processes

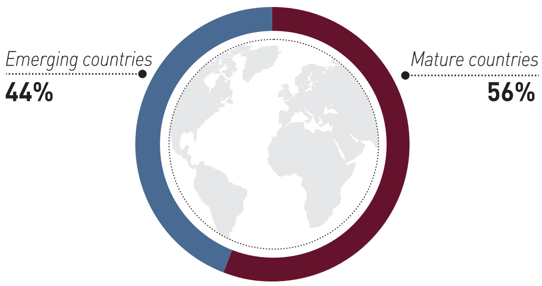
(1) Data 2018. (2) Net investments in R&D, strategic marketing and design. (3) Cash outflow for capital expenditures.

Groupe SEB is the **world leader in Small domestic equipment**, a steadily growing global market, estimated at over **€75bn** in 2018: **around €45bn** for small electrical appliances, **€23bn** for Cookware and **€8bn** for the professional Coffee market.

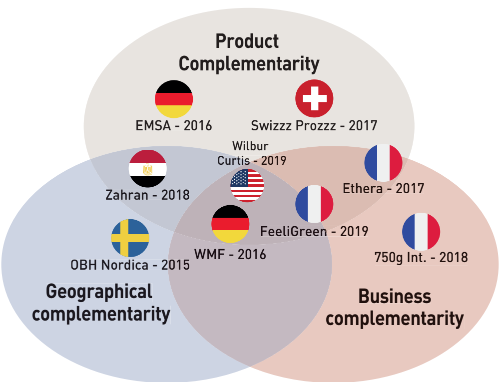
- Multi-channel distribution strategy
- Development in the professional market
- Active acquisition policy

Presence in nearly **150 countries**
Leadership positions in over **25 countries**

...AND BALANCED PRESENCE



TARGETED ACQUISITIONS TO STRENGTHEN ITS LEADERSHIP*



* *Acquisitions of the last 5 years*

Strengthen **our competitiveness**

... and develop our assets

- High value technological products manufactured in mature countries
- Basic products outsourced
- Focus on the circular economy

OUR ADVANCES[1]

STAFF

1 global social protection floor

Workplace accidents[4] halved in 5 years

Recognized as the best employer in the sector[5]

INNOVATION AND DIGITAL

492 patents filed

Nearly **25%** of sales consolidated through e-commerce

INDUSTRY AND PURCHASING

Nearly **250 million** products made

70% of direct purchasing covered by the supplier panel

FINANCES AND SHAREHOLDING

Annual organic sales growth of **7%** in 5 years

10.2% operating margin

Profit up by a factor of **2.1** in 5 years

Dividends **+9%** per year over 10 years

SOCIETY AND ENVIRONMENT

> 500 projects supported by the Fonds Groupe SEB in 10 years

93% of domestic electrical appliances are mostly repairable

-20.5% energy consumption on production and logistics sites (reference year: 2010)

(4) Lost-time injuries with temporary replacements. (5) Electrical materials and equipment sector – Ranking by Capital magazine and the Statista Institute.

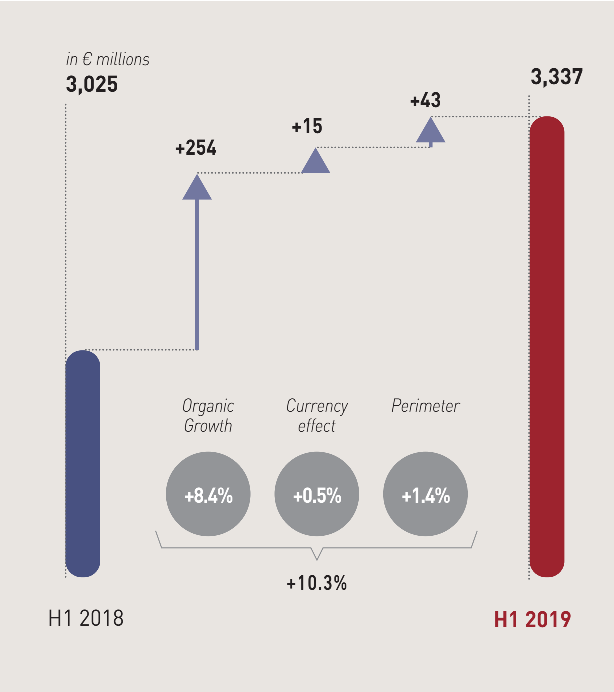
Consolidated results at 30 June 2019

(in € millions)	H1 2019	H1 2018	Change 2019/2018 as reported	Change 2019/2018 Like-for-like(*)
Revenue	3,337	3,025	10.3%	8.4%
Operating Result from Activity (ORfA)	230	208	10.7%	8.1%
Operating profit	213	186	14.5%	
Profit attributable to owners of the parent	100	91	9.8%	
Net debt (at 30 June)	2,428(**)	2,015	+€413m	

** o/w IFRS 16 debt: €346m.

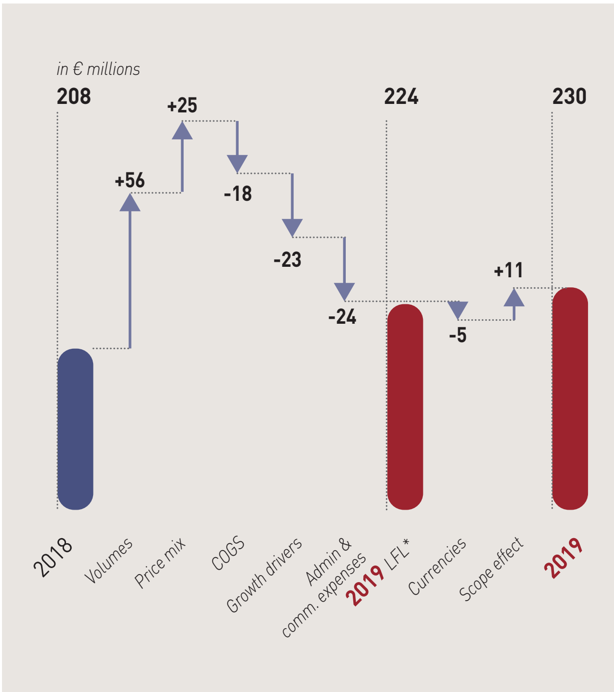
CHANGE IN HALF-YEAR REVENUE

(in € millions)



CHANGE IN HALF-YEAR OPERATING RESULT FROM ACTIVITY

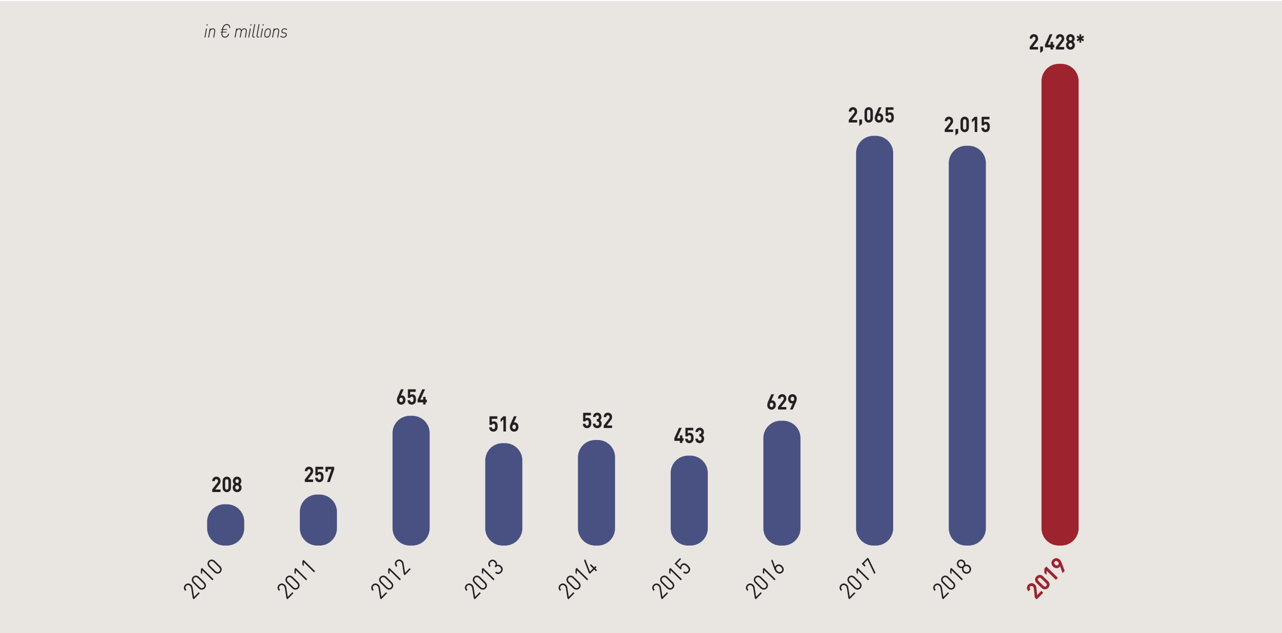
(in € millions)



* LFL: like-for-like: at constant exchange rates and consolidation scope.

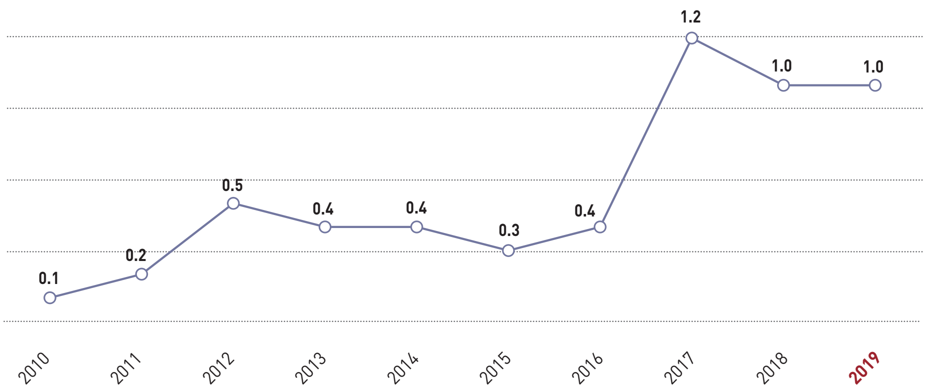
NET DEBT AT 30 JUNE

(in € millions)

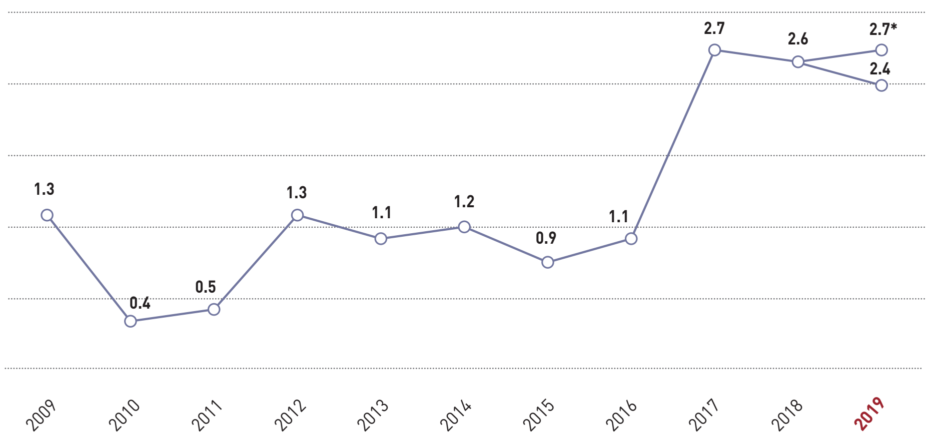


* o/w IFRS 16 debt: €346m.

NET DEBT TO EQUITY



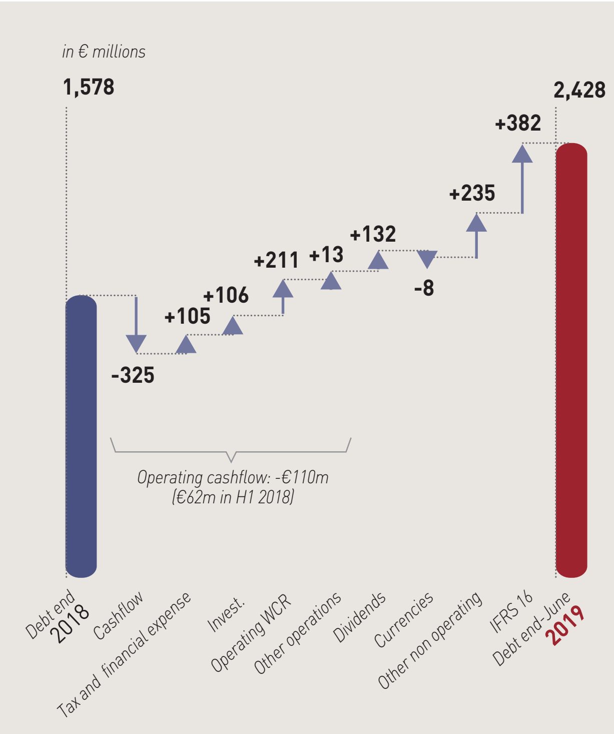
NET DEBT/ADJUSTED EBITDA (ESTIMATED, OVER 12 ROLLING MONTHS) AT 30 JUNE



* With IFRS 16.

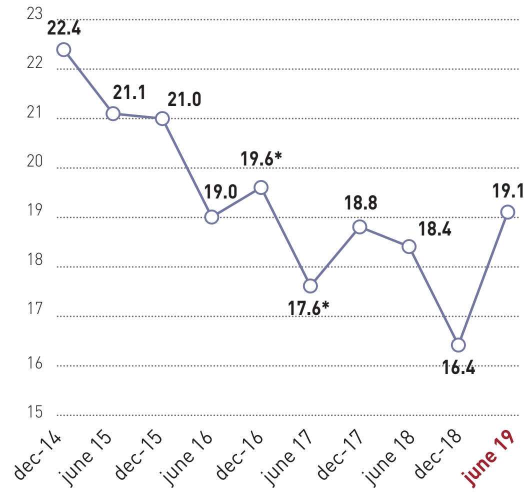
CHANGE IN DEBT OVER 6 MONTHS

(in € millions)



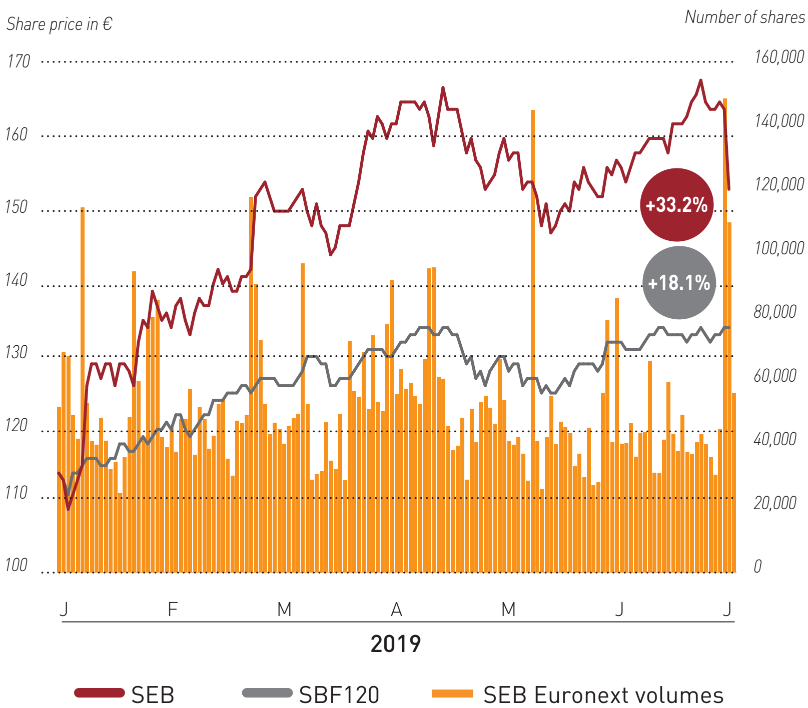
CHANGE IN WORKING CAPITAL REQUIREMENT BY HALF-YEAR

(as a % of revenue)



* Proforma WMF

SHARE PRICE



(to 26 July 2019)

2 Management report

Highlights

GENERAL ENVIRONMENT

The first half of 2019 saw continued macroeconomic and geopolitical uncertainty, largely due to trade tensions between China and the United States, diplomatic tensions (Iran – United States, Japan – South Korea) and monetary policy developments. Despite that, global growth remained solid over the period despite starting from a high base.

In Europe, business and consumer confidence indices are struggling to level off. Domestic demand continues to drive growth in the euro area but there continue to be specific uncertainties in certain countries (persistence of the Yellow Vests movement in France, the UK's exit from the EU still unresolved, economic climate in Germany and Italy).

Despite remaining highly competitive and promotion-driven, the European Small Domestic Equipment market broadly maintained its growth momentum underpinned by innovation and upselling.

In the United States, the Small Domestic Equipment market continues to see a major divergence between the fast-growing online business and the struggles of traditional brick-and-mortar retail. The consequences are similar to what has been seen for multiple half-year periods, namely tighter inventory management, massive destocking and store closures.

In China, despite more uncertainty externally and concerns surrounding the trade war with the United States, household spending and the Small Domestic Equipment market continue to perform well. The increasing urbanization, higher purchasing power of the growing middle classes and the e-commerce momentum are all positives.

Lastly, other emerging markets remain restless. In Brazil, economy still suffers from high unemployment levels and inflationary pressures. In Russia, the first half of the year saw an easing of the country's monetary policy to counter the economic slowdown and moderating inflation. Lastly, in Turkey, against a tense geopolitical background, the monetary situation remained highly volatile, the recession dragged on and household spending remained weak.

CURRENCIES

It should be remembered that the US dollar and the Chinese yuan are currencies for which the Group is "short," i.e., the weight of its purchases denominated in these currencies is greater than that of its sales. Compared with the previous half-year, the dollar and the yuan respectively rose around 7% and 1% against the euro.

For the currencies in which the Group is "long," i.e., in which its revenues exceed its costs, the main feature of the half-year was the significant fall in the Argentinean peso (-80%) and the Turkish lira (-28%). The other major movements in emerging market currencies (Brazilian real -5%, Colombian peso -4% and Mexican peso +6%) and mature currencies (Japanese yen +6%) were more contained.

Given the inherent volatility of exchange rates, the Group has hedged certain currencies, in order to limit shocks to its performance or spread the impact over time. At the same time, it has a flexible pricing policy, involving the use of price rises to compensate for the damaging effects of weakened currency on local profitability.

In the first half of 2019, exchange rate fluctuations had a €15 million positive effect on Group revenue (compared with a €140 million negative effect in the first half of 2018) and a €5 million negative effect on Operating Result from Activity (compared with a €16 million negative effect at 30 June 2018).

RAW MATERIALS AND TRANSPORT

The Group is exposed to fluctuations in the prices of certain materials, such as metals like aluminum and nickel, which is used to make stainless steel, and copper. It is also exposed to changes in the price of plastic materials used to produce small electrical appliances and of paper for packaging. This exposure is direct (for in-house production) or indirect for products whose manufacture is outsourced to subcontractors.

Compared with the previous half-year, raw material prices broadly fell. Aluminum prices thus fell circa 17% over the first six months of the year compared to the same period in 2018 (average price of $1,830 per ton versus $2,210 the year before). Similarly, copper (average price of $6,170 per ton versus $6,920 a year earlier) and nickel prices (average price of $12,320 per ton versus $13,870 a year earlier) both fell around 11% in the first half of 2019.

Oil prices on the other hand remain volatile to say the least on the back of tensions in the Gulf (Iran/United States) and uncertainties surrounding OPEC: price up over 20% since the start of the year, despite a sharp fall in June. On the basis of a half-yearly average, oil stood at $66 per barrel in 2019, down 7% on the first half of the previous year.

Finally, following a volatile 2018, paper and plastics stabilized in the first half of 2019.

To smooth over time the effects of the sometimes sudden fluctuations in metal prices, the Group makes use of partial hedging arrangements for its requirements (for aluminum and nickel). This provides protection from sharp price increases, but entails a certain inertia when prices fall.

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The SEB S.A. Annual General Meeting on 22 May 2019 voted to:

- appoint a new independent director, Jean-Pierre Duprieu;
- appoint Thierry Lescure, a member of GÉNÉRACTION, as a director;
- appoint GÉNÉRACTION as a director, represented by Caroline Chevalley;
- appoint Aude de Vassart, a member of VENELLE INVESTISSEMENT, as a director; and
- reappoint William Gairard.

Cédric Lescure and Hubert Fèvre, whose terms of office expired at the Annual General Meeting on 22 May 2019, were not reappointed.

In addition, on 27 June 2019, the Groupe SEB European Works Council appointed a second employee director, Nora Bey, pursuant to Article 16 of the bylaws.

As a result, as at 30 June 2019, the Board of Directors had 17 members:

- 1 Chairman;
- 8 directors representing the Founder Group:
  - 4 directors from VENELLE INVESTISSEMENT,
  - 2 directors from GÉNÉRACTION, and
  - 2 directors from FÉDÉRACTIVE.
- 5 independent directors;
- 2 directors representing employees; and
- 1 director representing employee shareholders.

WILBUR CURTIS

On 8 January 2019, the Group announced the acquisition of 100% of the activities of Wilbur Curtis, the no. 2 manufacturer of professional filter coffee machines in the United States. The transaction, subject to customary regulatory clearances, was finalized on 8 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. Its sustained investments, especially in innovation, have allowed it to offer one of the most sophisticated and high-quality ranges on the market.

Wilbur Curtis sales have risen 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 maintains long-term relationships with its customers and is supported by an experienced sales force that gives it 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 its associates and GÉNÉRACTION[(1)] and its members and the HPP holding company, signed a new shareholders' agreement replacing the various existing agreements, in order to strengthen their ties and the stability of SEB's capital.

This agreement was communicated to the AMF, which published it in accordance with regulations on 7 March 2019[(2)].

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.

FÉDÉRACTIVE its associates and its members , who are not parties to the agreement, have decided to discontinue participation in the aforementioned concerted voting block. However, FÉDÉRACTIVE, its associates and members, who terminated the FÉDÉRACTIVE shareholders' agreement entered into on 9 July 2008[(3)], have stated that they are continuing their concerted voting block together by maintaining their commitment to implement a common long-term management policy for SEB[(2)].

As a result, the family concert holds 32.27% of the capital and 40.15% of SEB's voting rights following the signature of the Shareholders' Agreement on 27 February 2019[(4)].

GROUPE SEB LAUNCHED ITS NEW EMPLOYEE SHARE OWNERSHIP PLAN

Following a very good 2018, the Group wanted to recognize the commitment and significant year contribution of its teams to speeding up its transformation (incorporation of new brands, international expansion, digitalization of operations) and to literally give employees a stake in its strategic plans.

Therefore, on 27 May 2019, Groupe SEB announced the launch of a new employee share ownership plan. This allowed employees to subscribe to a reserved capital increase on preferential terms.

The program covered over 30 countries in which the Group operates and involved 20,000 employees.

The program, entitled "Horizon 2019," saw a 22% take-up rate and an average employee investment of €4,400.

As a result of this program, the Group's employee shareholding will have risen from 2.74% of the share capital to 3.04%.

AWARDS FOR GROUPE SEB

Groupe SEB received a wide variety of awards:

TEFAL AND WMF AMONG THE "BEST BRANDS OF 2019" IN GERMANY

In a study done by the GfK consumer research institute, Tefal came second this year in the "Best Growth Brand" category and WMF fifth in the "Best Product Brand" category.

These great results show both the brands' profitability and the positive emotions they trigger among consumers.

The German "Best Brand Awards" are based on a comprehensive, representative study that measures the strength of a brand against two criteria: its commercial success on the market ("share of market"), and its attractiveness according to consumers ("share of soul"). Winners are not chosen by a panel of judges but exclusively by consumers. To establish this year's ranking, more than 14,000 of them voted.

TEFAL WINS THE GRAND PRIX DE LA RESPONSABILITÉ SOCIÉTALE DES MARQUES

At the second Grand Prix de la Responsabilité des Marques Sociétale, Tefal won the B to C products award for Resource, its range of frying pans and saucepans made from 100% recycled aluminum, a product of the French circular economy. This project was selected from 47 candidates and reflects consumer preference for brands that engage.

For the past 6 years, the brand has been collecting used cookware to give it a new lease of life. Since its launch, some 1 million items have been collected, primarily in hypermarkets and in specialized stores. The latter are then turned into new everyday objects including cookware manufactured in the Group's plant in Rumilly, in Haute-Savoie.

(1) Association of family shareholders created in May 2017.
(2) Opinion of the Autorité des Marchés Financiers no. 219C0415 of 7 March 2019.
(3) Opinion of the Autorité des Marchés Financiers no. 208C1659 of 11 September 2008.
(4) Based on capital and theoretical voting rights in the Extraordinary General Meeting following the signing of the Agreement on 27 February 2019.

FOIRE DE PARIS: STEAM'UP WOWS THE JURY

Each year, at the Foire de Paris the Grand Prix de l'Innovation is given to the stand-out innovations in electrical and smart home appliances.

This year, Moulinex presented its latest innovation, Steam'up, a Made in France steam cooker that enhances the flavors and retains the nutrients of the ingredients.

Thanks to its patented first-of-a-kind inverted steam cooking technology, Steam'up is revolutionizing this cooking category.

The product wowed the jury in the Electrical Appliance category.

GROUPE SEB RECOGNIZED FOR ITS COLLABORATIVE WORK ON INCLUSIVE DESIGN

Handed out for the third year running by Cegos and the MINES ParisTech school, the sustainable development – CSR awards provide an opportunity to recognize outstanding corporate citizenship through inspiring and value-adding projects.

Our design teams, which work with associations like Handicap International and APF France Handicap to test products and make them accessible to the wider public, were this year awarded the prize for their work on the inclusiveness of our products.

Aside from permanent disability, each one of us, at some stage of our lives, can find our physical capabilities limited: injury, illness, old age, etc. It is thus important that Group products be designed so that everyone can use them regardless of their personal needs as a result of age or physical condition.

Commentary on consolidated sales

Revenue (in € millions)	H1 2019	H1 2018	Change 2019/2018* As reported	Like-for-like
EMEA	**1,401**	**1,337**	**+4.7%**	**+5.0%**
Western Europe	1,033	997	+3.6%	+3.6%
Other countries	368	340	+8.0%	+9.1%
AMERICAS	**362**	**338**	**+7.3%**	**+6.6%**
North America	224	204	+9.5%	+3.0%
South America	138	134	+3.9%	+12.1%
ASIA	**1,182**	**1,060**	**+11.6%**	**+10.1%**
China	938	825	+13.7%	+12.8%
Other countries	244	235	+4.3%	+0.7%
TOTAL CONSUMER	**2,946**	**2,735**	**+7.7%**	**+7.2%**
PROFESSIONAL BUSINESS	**391**	**290**	**+34.9%**	**+20.1%**
GROUPE SEB	**3,337**	**3,025**	**+10.3%**	**+8.4%**

* *% calculated on non-rounded figures.*

Revenue (in € millions)	Q2 2019	Q2 2018	Change 2019/2018* As reported	Like-for-like
EMEA	**690**	**652**	**+5.9%**	**+5.9%**
Western Europe	515	494	+4.2%	+4.1%
Other countries	175	158	+11.1%	+11.4%
AMERICAS	**194**	**177**	**+9.5%**	**+8.8%**
North America	121	112	+8.3%	+2.3%
South America	73	65	+11.5%	+19.8%
ASIA	**523**	**481**	**+8.7%**	**+8.6%**
China	396	357	+11.2%	+11.9%
Other countries	127	124	+1.6%	-0.9%
TOTAL CONSUMER	**1,407**	**1,310**	**+7.4%**	**+7.3%**
PROFESSIONNAL BUSINESS	**208**	**156**	**+33.3%**	**+16.3%**
GROUPE SEB	**1,615**	**1,466**	**+10.1%**	**+8.2%**

* *% calculated on non-rounded figures.*

PRODUCT PERFORMANCE

Consumer sales amounted to €2,946 million, up 7.2% on a like-for-like basis.

The different product categories contributed to this growth in constracting ways.

COOKWARE

Accounting for around 30% of Consumer revenue, **cookware** encompasses a wide range of products from pressure cookers to thermal mugs, not to mention frying pans and saucepans – made from a range of materials, coated and non-coated, with fixed and detachable handles –, woks, mugs, food storage containers, kitchen utensils or bakeware.

In the first half of 2019, the Group saw strong organic growth in its sales across the bulk of product families. The growth of the core business was underpinned by a series of loyalty programs (LPs) that were much more extensive than those in 2018.

The strong sales performance was seen pretty much across all regions: in Europe, Turkey, Japan; in China, thanks to woks, saucepans and frying pans, thermal mugs and pressure cookers; in the United States, where T-Fal, All-Clad and Imusa all contributed to the higher revenue in a weak market; in Brazil, the Group saw renewed growth this half-year. The picture was, however, more mixed in France where, despite a strong second quarter on the back of the “Tefal vous remercie” (fully recycled permanent aluminum range “Ressource”) campaign, sales this half-year were down as a consequence of an LP at end-2018.

KITCHEN ELECTRICS

The Group’s performance in **kitchen electrics** was strong in the first half of 2019, on the back of the three main categories that make up this business segment.

- In **electrical cooking**, the sustained organic growth must be considered in the light of an already high 2018. It was driven by electric pressure cookers (China) and multi-cookers (the flagship product being Cookeo and its international version Cook4me), grills and barbecues – including Optigrill, which has reaffirmed its success, and is seeing ongoing growth – not to mention ovens (China). Riding the strong “homemade” wave, the Cake Factory appliance has seen a very positive response. Its digital launch in France at end-2018 was a success, with a community of nearly 35,000 members at end-june. Activity in rice cookers was volatile, in particular in China, and down in deep fryers.
- In **food preparation**, a very buoyant category for the Group, just like in 2018 the main growth contributors were blenders, which continued to enjoy rapid growth in China, where high speed versions and juicers, multi-function products, are consumer favorites. Moreover, sales of cooking food processors continued to rise, particularly in Europe.
- In the **beverage preparation** segment, sales, which grew strongly on a like-for-like basis, varied depending on the category: strong performance once again in automatic espresso machines. Filter coffee makers saw solid sales thanks to the success of the new brunch ranges or the great response to a traditional coffee machine in Turkey. The picture was more complicated in single-serve coffee makers primarily due to Nespresso deciding to sell the machines directly in stores from the second quarter of 2018. The embedded effect thus continued to be felt until the first quarter of 2019. In the kettles segment, our revenue rose sharply, primarily in Japan and China, with a special mention for the new “health tea pot” categories. Lastly, sales of beer-tapping systems (Beertender, The SUB) continued to grow this half-year, despite a decline in the second quarter from the historic high set by the 2018 FIFA World Cup.

LINEN AND HOME CARE

In **linen care**, the Group saw sales fall slightly on a like-for-like basis in the first-half, despite a positive second quarter. In a contracting global ironing market, reflecting changing consumer lifestyles (attire less groomed, long ironing sessions replaced with quick last-minute steaming, etc.), our sales of irons have fallen sharply, whereas steam generators have held up somewhat, thanks above all to the introduction of new models and a strong marketing effort. In parallel, garment steamers (standing or handheld) continued to enjoy strong growth, particularly in China.

Home care continued to see strong double-digit growth, from a very high base in 2017 – 2018. Sales were nevertheless mixed across vacuum cleaner families with a declining market in canisters.

The big winners, both in the market and for the Group, were the versatile vacuum cleaners, which are a buoyant new source of sales underpinned by innovations such as Air Force 460 and 560. On top of this, a sharp increase in our sales in Europe.

Finally, we continued to see higher sales of robotic vacuum cleaners, particularly in Spain.

Home comfort was the leading category this half-year, with organic sales growth of over 20%, rising to over 35% in the second quarter. This exceptional performance was down to fans, with sales heavily underpinned by very favorable weather conditions in Europe (forward buying during the winter, mild, and heatwave in June) and in Brazil (hot summer in 2019 compared with more moderate temperatures in 2018).

PERSONAL CARE

The sharp increase in sales in **personal care**, on a straight-line basis over the half, was the result of the very strong sales performance of the Steampod professional straightener, designed in partnership with L’Oréal. While sales of other hair care appliances (hair dryers, curlers, straighteners) stabilized, our bathroom scales enjoyed good growth.

PROFESSIONAL BUSINESS

In the first half of 2019, revenue from the Professional business (Coffee machines and hotel equipment) amounted to €391 million, up by nearly 35%. These sales include a €34 million contribution from Wilbur Curtis, an American company specializing in professional filter coffee, acquired in early February and consolidated since 8 February 2019. On a like-for-like basis, growth for the first six months stood at 20.1% and at 16.3% in the second quarter. It was nurtured by the robust momentum of WMF-Schaerer’s Professional Coffee business, largely driven by major contracts signed with key accounts in the United States and Asia (restaurant or fast food chains, convenience stores, etc.). One should be reminded that this extremely healthy dynamics in the first half of the year must be seen in the context of modest 2018 comparatives (very low level of major deals over the period, particularly in the first quarter). It therefore should not be extrapolated to the second half of the year due to a much more demanding basis of comparison.

As for Wilbur Curtis, the integration process is making good progress, and sales growth is strong and in line with our expectations.

In addition, the hotel equipment business delivered a good second quarter performance thanks to a few significant projects and ended the half-year with a sustained increase in revenue.

PERFORMANCE BY GEOGRAPHY

With a presence in close to 150 countries, Groupe SEB achieved first-half 2018 revenue which can be broken down as follows:

BREAKDOWN OF SALES BY GEOGRAPHICAL AREA

Western Europe

In a well-oriented market, the Group's sales growth in Western Europe over the first six months was firm, slightly accelerating in the second quarter. It was fueled by strong core business and major loyalty programs (LPs).

In France, half-yearly sales were almost stable on 2018, but the second quarter saw a return to slight growth. However, the latter is composed of mixed performances: in cookware, in a declining market, activity benefited from the success of a special commercial offer focused on the Tefal Resource range, made out of recycled aluminium. In small electric appliances, in a promising market, it remained driven by versatile vacuum cleaners, automatic espresso machines, brunch ranges, Cake Factory, Cookeo, Steampod and fans, favored by weather conditions. Conversely, sales of irons, BeerTender (football World Cup base effect) and canister vacuum cleaners have declined in recent months.

Outside France, the increase in revenue included the vast majority of countries.

In Germany, against a more difficult backdrop, growth in sales continued to be boosted by our flagship products.

In the Netherlands, the vigorous growth of the first quarter continued and we largely outperformed the market, bolstered in particular by the successful launch of our range of vacuum cleaners and by major LPs. Belgium was also a solid growth driver, propelled by cookware and almost all small electrical appliance families, as well as by the good performance delivered by the Group's stores. Moreover, early year sales momentum strengthened in the second quarter in Italy. In Spain, in a market driven by new categories (robot and versatile vacuum cleaners, garment steamers, etc.), our sales saw further growth despite destocking by some retailers.

Finally, in the United Kingdom, our activity declined over the first half of the year in a declining market.

Other EMEA countries

Our half-yearly sales in the region rose by 9.1% like-for-like, with a marked acceleration between April and June. This robust traction was achieved in a buoyant market environment and was driven by both core business and loyalty programs. It has resulted in market share gains, both in physical distribution and e-commerce.

Among the countries that contribute most to growth are Central Europe (Poland, Hungary, Bulgaria, etc.) and Ukraine, whose excellent performances are owing to most product categories and expanded distribution. In Russia, we pursued our development at a brisk pace. In Turkey, the overall complicated market environment weighed on consumption and the small electric appliance market; declining in volume, our sales increased in value (local currency) particularly thanks to the impact of price hikes in 2018. In Egypt, the launch of our JV with Zahran, extended to cookware, resulted in strong growth in business from the second quarter onwards.

In Eurasia, we should also highlight the successful integration of WMF's Consumer business and the vigorous development (nearly 20%) of sales in our own retail store network.

North America

Beyond the favorable currency effect, resulting from the appreciation of the US dollar against the euro, our sales at end-June were up 3% like-for-like.

The Group continued to operate in a tense retail environment in the United States and Canada: difficulties for offline retailers facing the growing importance of e-commerce, resulting in destocking, a permanent promotion-driven environment, reorganizations and store closures.

In the United States, in a still declining cookware market, All-Clad confirmed in the second quarter its strong momentum of the start of the year, thanks in particular to distribution gains in the premium and e-commerce channels. Sales under the T-fal brand were fueled by an enhanced offering, by new listings and the renewal of a major commercial operation with a customer. Imusa, for its part, continued its positive trajectory. In linen care, activity proved to be complicated, as the decline in demand was combined with the reorganization of the shelves of some of our retailers.

In Canada, the Group achieved stable half-year sales after a slight decline in the second quarter at constant exchange rate and scope. As in the first quarter, business grew in cookware but was more difficult in small electrical appliances, particularly in ironing.

In Mexico, in a well-oriented market, the favorable momentum accelerated in the second quarter due to excellent performances in cookware and electrical cooking (notably the brunch range).

South America

The significant difference between growth in euros and at constant exchange rates and scope is due to the continued depreciation of currencies (notably the Brazilian real and the Colombian and Argentinian pesos). On a like-for-like basis, our revenue at 30 June rose sharply, bolstered by an accelerated pace in the second quarter (nearly 20%). Brazil remained the major driver of sales momentum.

In Brazil, the economic situation is gradually improving. Although promising, the Small Domestic Equipment market remains highly competitive and promotion-driven, making price increases complicated. Against this background, the ramp-up of the Itatiaia site continues and the solid sales dynamics of the first quarter accelerated between April and June (+25%, with admittedly low 2018 comparatives). Growth is driven by several product categories (fans, blenders - particularly the Powermax model -, oil-free deep fryers, cookware, etc.) as well as by retail gains, particularly new regional customers.

In Colombia, as in the first quarter, our sales in peso at end-June were virtually stable, yet featuring contrasted performances depending on the retail channels: difficult environment for traditional points of sale and for B2B activity; robust momentum for modern channels and our retail network. While second quarter activity remained soft for blenders, it continued to be favorable for cookware and utensils, fans and irons. The launch of the oil-free fryers also showed encouraging signs.

China

In line with the first quarter, Supor achieved organic growth of 12% between April and June, representing a solid momentum compared with the exceptional performance of the second quarter of 2018 (+30%). In a competitive and promotion-focused market, still driven by e-commerce, all product families made a positive contribution to business, with the new categories as a whole (kitchen utensils and mugs, home and linen care, large kitchen appliances) strengthening the core business (cookware and small kitchen electrics).

In cookware and kitchenware, growth remained sustained and diversified, with a special mention in the second quarter for historical families: woks, pots & pans and pressure cookers.

Small kitchen electrics has remained robust in recent months, with blenders (classic and high-speed), “health pots” kettles and grills (baking pans). At the same time, the rise in Home Care continues, with good progress in linen care (particularly for the latest launches in garment steamers) and vacuum cleaners.

Finally, the large kitchen appliance business is still buoyant, propelled by extractor hoods and water purifiers, recently launched on the market.

Other Asian countries

Excluding China, the Group’s half-yearly sales were broadly stable after a very slight organic decline in the second quarter. However, the situation varies from country to country.

In Japan, sales growth remained firm, fueled by both flagship products (cookware, kettles, etc.) and more recent categories (in particular the Cook4me multi-cooker). Our retail network continues to develop with two new store openings during the quarter (4 over the semester) that brings the number of our stores in the country to 33.

In South Korea, in a fragile environment marked by heightened tensions at the end of the first half (trade dispute with Japan), end-June sales fell significantly. The solid momentum in garment steamers or vacuum cleaners did not offset the decline in sales of other product families, particularly cookware.

As expected, in Australia, the gain in new customer listings led to a return to growth in the second quarter.

Thailand pursued its expansion, boosted by recently launched products (high-speed blenders, vacuum cleaners).

Except for Vietnam and Singapore, where sales dropped, all other Asian markets (Malaysia, Hong Kong, Taiwan, etc.) grew.

Commentary on the consolidated results

OPERATING RESULT FROM ACTIVITY

At **€230 million,** Operating Result from Activity (ORfA) for first-half 2019 was up **10.7%** vs. first-half 2018. It includes a -€5 million currency effect and a +€11 million scope and method effect (Egyptian JV in its new configuration, Wilbur Curtis since February 8 and IFRS 16). On a like-for-like basis, ORfA for came out at **€224 million, up 8.1%.** In highly competitive and promotion-driven markets, this change in operating income represents a highly satisfactory performance.

The building blocks of the 8.1% organic growth in ORfA at end-June 2019 are as follows:

- a volume effect of **+€56 million**, reflecting the business' solid momentum;
- a **+€25 million** price-mix effect, mainly composed of an improved mix, with price hikes in some countries being offset by promotional pressure in others;
- a **€18 million** increase in the cost of sales, linked mainly to inflation and industrial under-absorption in some European sites. Conversely, raw materials' purchases were neutral;
- higher growth drivers (innovation, operational marketing and advertising), by **€23 million**;
- a **€24 million** increase in sales and administrative expenses, in line with the growth of the business, both in Consumer and Professional.

OPERATING PROFIT AND NET PROFIT

At end-June 2019, the Group's Operating profit amounted to **€213 million,** compared with €186 million at 30 June 2018. This result includes an estimated employee profit-sharing expense of €9 million (€10 million in 2018) and other income and expenses of -€8 million, versus -€12 million in the first half of last year. These expenses include various modest items, including costs related to the acquisition of Wilbur Curtis. They do not include provisions relating to WMF's competitiveness recovery program, announced after the balance sheet closing date.

Net financial expense for the first-half was -€46 million, up €10 million from end-June 2018. This is mainly due to two significant items: an additional financial expense of €7 million under IFRS 16 and a charge related to the change in fair value of the ORNAEs and calls on treasury shares of €8 million (vs. an income of €2 million at end-June 2018).

At **€100 million** from €91 million in the first six months of 2018, profit attributable to owners of the parent rose by **9.8%**. This comes after a tax charge of €40 million – based on an estimated effective tax rate of 24% – and after minority interests of €27 million (€23 million in first-half 2018), up due to the increase in Supor's results in China.

FINANCIAL STRUCTURE AT 30 JUNE 2019

Shareholders' equity at 30 June 2019, was **€2,323 million**, up slightly from 31 December 2018, and up €339 million from 30 June 2018.

At the same date, the Group's net debt stood at **€2,428 million** (including €346 million of IFRS 16 debt), up €413 million vs. 30 June 2018, on a comparable seasonal basis. The amount of net debt at end-June 2019 includes both the recognition of IFRS 16 debt for €346 million and the acquisition of Wilbur Curtis at the very start of the year. In addition, as announced, the change in debt also reflects higher investments than in 2018, (in France, China, at WMF Professional), and a temporary deterioration in operating working capital requirement (19.1% of sales), partly due to the seasonal nature of the business and partly to an increase in trade receivables.

The Group's debt ratio at 30 June 2019 stood at **1,0** (0.9 excluding IFRS 16 debt) and the net debt/adjusted EBITDA ratio ended at **2.7** (2.4 excluding IFRS 16 debt).

2019 outlook

Due to the seasonal nature in the Consumer business, one should be reminded that the first half of the year is not representative of the entire year. In addition, growth in the Professional business is by nature volatile due to the timing of execution of certain major contracts.

For the second half of the year, the Group should continue to benefit from a more favorable than expected raw material context. However, the environment remains complex, with in particular the ongoing transformation of the retail industry, putting pressure on margins.

For the months ahead, the Group expects to maintain solid organic growth, driven notably by continued momentum in the Consumer business in Western Europe, Eurasia and China.

In the Professional segment, the Coffee business will remain well-oriented, nevertheless on very high comparatives.

As such, Groupe SEB targets for 2019 an organic sales growth above 7%. Based on current exchange rates, and considering the highly demanding second-half 2018, the Group aims at achieving an increase of around 6% in its reported ORfA.

Post-balance sheet events

WMF'S PROGRAM TO STRENGTHEN ITS COMPETITIVENESS

Two and a half years into WMF's integration, outstanding progress has been achieved in the Professional Coffee Machine business (PCM), over-delivering against initial ambitions and with highly promising growth prospects. Conversely, the Consumer business has been underperforming despite further investments and its return to sustainable profitability levels needs to be accelerated.

To this end, on 10 July 2019, WMF launched a program aimed at rapidly improving the company's competitiveness and overall performance. The action plan is based on:

- the continued acceleration of growth in the PCM business, via increased investments in R&D, the launch of new products as well as production capacity expansion and logistic investments in Geislingen, Germany;
- a corrective action plan in the **Consumer business**:
  - resuming growth: initiatives have already been launched in Germany, leveraging WMF's outstanding brand image. Growth will be fueled by faster international expansion and higher investment in innovation to optimize product portfolio,
  - regaining industrial competitiveness: Geislingen loss-making stainless-steel cookware production is planned to be transferred to other Groupe SEB sites in Europe by end-2020, driving significant competitiveness improvements,
  - consolidating logistics operations in Germany in the Dornstadt warehouse.
- the implementation of more efficient processes and in-depth review of organizations, leading to a reduction of central costs.

The reorganization may impact up to 400 out of globally 6,200 jobs. WMF will offer a wide range of options to employees: voluntary departure programs, early retirement and the access to newly created positions stemming from the expansion of its coffee machine production in Geislingen and the increased warehousing capacity in nearby Dornstadt.

3 Condensed Consolidated Financial Statements

Financial Statements

Condensed consolidated financial statements for the first six months ended 30 June 2019

CONSOLIDATED INCOME STATEMENT

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
Revenue (Note 3)	3,336.6	3,025.0	6,812.2
Operating expenses (Note 4)	(3,106.8)	(2,817.5)	(6,117.4)
OPERATING RESULT FROM ACTIVITY	**229.8**	**207.5**	**694.8**
Statutory and discretionary employee profit-sharing (Note 5)	(9.0)	(10.0)	(33.6)
RECURRING OPERATING PROFIT	**220.8**	**197.5**	**661.2**
Other operating income and expense (Note 6)	(8.2)	(11.8)	(35.6)
OPERATING PROFIT (LOSS)	**212.6**	**185.7**	**625.6**
Finance costs (Note 7)	(20.9)	(15.6)	(32.8)
Other financial income and expense (Note 7)	(24.9)	(20.4)	0.9
Share of profits of associates			
PROFIT BEFORE TAX	**166.8**	**149.7**	**593.7**
Income taxes (Note 8)	(40.2)	(36.0)	(131.2)
PROFIT FOR THE PERIOD	**126.6**	**113.7**	**462.5**
Non-controlling interests	(26.6)	(22.6)	(43.5)
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**100.0**	**91.1**	**419.0**
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE *(IN UNITS)*			
Basic earnings per share	2.01	1.83	8.44
Diluted earnings per share	2.00	1.82	8.38

The accompanying Notes 1 to 16 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
Profit before minority interests	126.6	113.7	462.5
Exchange differences on translating foreign operations	23.5	6.8	(18.7)
Gains (losses) on cash flow hedges	(14.6)	18.0	8.1
Change in fair value of financial assets[a]	5.1	5.4	13.3
Remeasurement of employee benefit obligations, net of tax[a][b]	(21.2)		(0.7)
Other comprehensive income (expense)	(7.2)	30.2	2.0
TOTAL COMPREHENSIVE INCOME	**119.4**	**143.9**	**464.5**
Non-controlling interests	(28.5)	(24.6)	(42.9)
COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT	**90.9**	**119.3**	**421.6**

(a) Items that will not be reclassified to profit or loss.
(b) Including impact of deferred taxes in the amount of €8.5 million at 30/06/2019.

CONSOLIDATED BALANCE SHEET

Assets *(in € millions)*	30/06/2019 6 months	30/06/2018 6 months	31/12/2018
Goodwill	1,614.9	1,481.9	1,484.9
Other intangible assets	1,249.1	1,174.9	1,183.2
Property, plant and equipment	1,225.8	804.8	839.5
Investments in associates			
Other investments	54.3	53.3	51.0
Other non-current financial assets	14.7	23.3	16.9
Deferred tax assets	108.9	86.4	79.2
Other non-current assets	50.7	2.0	57.1
Long-term derivative instruments	6.2	11.9	2.5
NON-CURRENT ASSETS	**4,324.6**	**3,638.5**	**3,714.3**
Inventories	1,308.0	1,215.3	1,180.5
Trade receivables	984.3	780.8	1,087.2
Other receivables	146.6	111.8	144.7
Current tax assets	42.9	56.0	36.3
Short-term derivative instruments	31.9	41.9	40.1
Financial investments (Note 13) and other financial assets	74.7	228.8	260.7
Cash and cash equivalents (Note 13)	588.2	341.4	612.7
CURRENT ASSETS	**3,176.6**	**2,776.0**	**3,362.2**
TOTAL ASSETS	**7,501.2**	**6,414.5**	**7,076.5**

Liabilities *(in € millions)*	30/06/2019	30/06/2018	31/12/2018
Share capital	50.2	50.2	50.2
Reserves and retained earnings	2,110.7	1,819.2	2,130.2
Treasury stock (Note 9)	(53.9)	(73.8)	(82.4)
Equity attributable to owners of the parent	**2,107.0**	**1,795.6**	**2,098.0**
Non-controlling interests	**216.4**	**188.1**	**208.6**
CONSOLIDATED SHAREHOLDERS' EQUITY	**2,323.4**	**1,983.7**	**2,306.6**
Deferred tax assets	227.2	220.1	235.8
Long-term provisions (Note 11)	356.9	331.7	334.1
Long-term borrowings (Note 13)	2,337.6	2,062.4	1,857.9
Other non-current liabilities	59.6	47.9	45.8
Long-term derivative instruments	26.2	19.4	7.9
NON-CURRENT LIABILITIES	**3,007.5**	**2,681.5**	**2,481.5**
Short-term provisions (Note 11)	78.1	89.3	73.9
Trade payables	932.1	777.1	1,029.9
Other current liabilities	371.8	317.9	519.3
Current tax liabilities	33.4	37.5	52.6
Current derivative instruments	30.7	19.4	25.7
Short-term borrowings (Note 13)	724.2	508.1	587.0
CURRENT LIABILITIES	**2,170.3**	**1,749.3**	**2,288.4**
TOTAL EQUITY AND LIABILITIES	**7,501.2**	**6,414.5**	**7,076.5**

The accompanying Notes 1 to 17 are an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT	**100.0**	**91.1**	**419.0**
Depreciation, amortization and impairment losses	130.0	83.4	179.0
Change in provisions	(7.3)	(11.5)	(29.2)
Unrealized gains and losses on financial instruments	19.8	(7.3)	(7.7)
Income and expenses related to stock options and bonus shares	16.5	14.5	29.4
Gains and losses on disposals of assets	0.4	0.5	0.7
Other			
Non-controlling interests	26.6	22.6	43.5
Current and deferred taxes	40.0	36.1	139.2
Finance costs	21.1	15.4	32.5
CASH FLOW[(a)]	**347.1**	**244.8**	**806.4**
Change in inventories and work in progress	(101.9)	(105.8)	(73.9)
Change in trade receivables	2.8	221.8	72.6
Change in trade payables	(111.6)	(148.0)	74.7
Change in other receivables and payables	(13.1)	(21.3)	(21.8)
Income taxes paid	(85.7)	(57.5)	(105.8)
Net interest paid	(19.0)	(13.2)	(28.4)
NET CASH FROM OPERATING ACTIVITIES	**18.6**	**120.8**	**723.8**
Proceeds from disposals of assets	1.8	6.0	11.1
Purchases of property, plant and equipment	(86.6)	(66.1)	(175.8)
Purchases of software and other intangible assets	(22.1)	(12.1)	(37.7)
Purchases of financial assets	194.7	(12.2)	(60.0)
Acquisitions of subsidiaries, net of cash acquired	(233.9)	(20.7)	(19.4)
Effect of other changes in scope of consolidation			
NET CASH USED BY INVESTING ACTIVITIES	**(146.1)**	**(105.1)**	**(281.8)**
Increase in borrowings[(b)]	618.0	494.4	557.2
Decrease in borrowings[(b)]	(391.8)	(565.5)	(758.7)
Issue of share capital			
Transactions between owners	(0.1)		
Change in treasury stock	3.3	(25.5)	(35.0)
Dividends paid, including to non-controlling interests	(132.2)	(117.8)	(126.6)
NET CASH USED BY FINANCING ACTIVITIES	**97.2**	**(214.4)**	**(363.1)**
Effect of changes in foreign exchange rates	5.8	1.5	(4.9)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(24.5)**	**(197.3)**	**74.0**
Cash and cash equivalents at beginning of period	612.7	538.7	538.7
Cash and cash equivalents at end of period	588.2	341.4	612.7

(a) Before net finance costs and income taxes paid.
(b) As from 2018, because of the change in the statutory consolidation tool, financing transactions will be presented differently. The lines "Change in long-term borrowings" and "Change in short-term borrowings" have been replaced with the lines "Increase in borrowings" and "Decrease in borrowings".

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € millions)	Share capital	Share premiums	Reserves and retained earnings	Translation reserve	Treasury stock	Equity attributable to owners of the parent	Non-controlling interests	Equity
AT 31 DECEMBER 2017	**50.2**	**88.1**	**1,702.7**	**16.0**	**(67.2)**	**1,789.4**	**174.9**	**1,964.3**
Profit for the period			91.1			91.1	22.6	113.7
Other comprehensive income			23.4	4.8		28.2	2.0	30.2
TOTAL COMPREHENSIVE INCOME			**114.5**	**4.8**		**119.3**	**24.6**	**143.9**
Dividends paid			(103.3)			(103.3)	(14.5)	(117.8)
Issue of share capital								
Changes in treasury stock					(6.5)	(6.5)		(6.5)
Gains (losses) on sales of treasury stock, after tax			(12.5)			(12.5)		(12.5)
Exercise of stock options			13.4			13.4	1.0	14.4
Other movements*			(36.2)	32.0		(4.2)	2.1	(2.1)
AT 30 JUNE 2018	**50.2**	**88.1**	**1,678.6**	**52.8**	**(73.7)**	**1,795.6**	**188.1**	**1,983.7**
Profit for the period			327.9			327.9	20.9	348.8
Other comprehensive income			(2.7)	(22.9)		(25.6)	(2.6)	(28.2)
TOTAL COMPREHENSIVE INCOME			**325.2**	**(22.9)**		**302.3**	**18.3**	**320.6**
Dividends paid							(8.8)	(8.8)
Issue of share capital								
Changes in treasury stock					(8.7)	(8.7)		(8.7)
Gains (losses) on sales of treasury stock, after tax			(6.9)			(6.9)		(6.9)
Exercise of stock options			14.2			14.2	0.8	15.0
Other movements			1.1	0.4		1.5	10.2	11.7
AT 31 DECEMBER 2018	**50.2**	**88.1**	**2,011.8**	**30.3**	**(82.4)**	**2,098.0**	**208.6**	**2,306.6**
Profit for the period			100.0			100.0	26.6	126.6
Other comprehensive income			(30.7)	21.6		(9.1)	1.9	(7.2)
TOTAL COMPREHENSIVE INCOME			**69.3**	**21.6**		**90.9**	**28.5**	**119.4**
Dividends paid			(110.6)			(110.6)	(21.6)	(132.2)
Issue of share capital								
Changes in treasury stock					28.5	28.5		28.5
Gains (losses) on sales of treasury stock, after tax			(17.2)			(17.2)		(17.2)
Exercise of stock options			15.9			15.9	0.6	16.5
Other movements			1.5			1.5	0.3	1.8
AT 30 JUNE 2019	**50.2**	**88.1**	**1,970.7**	**51.9**	**(53.9)**	**2,107.0**	**216.4**	**2,323.4**

* *Reclassification of €32 million carried out following the change in the statutory consolidation tool in 2018.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019, IN € MILLIONS

Groupe SEB, composed of SEB S.A. and its subsidiaries, is the world reference in the design, manufacture and marketing of cookware and small electrical appliances: non-stick frying pans and saucepans, pressure cookers, irons and steam generators, coffee machines, kettles and food processors in particular. The Group is also world leader of the professional automatic coffee machine market.

SEB S.A. has its registered office at Chemin du Moulin Carron, Campus Seb, Écully (69130), France and it is listed on Eurolist Euronext Paris (ISIN code: FR0000121709 SK).

The condensed consolidated financial statements for the first half of 2019 were approved by the Board of Directors on 23 July 2019.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The condensed Interim consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with IAS 34 – Interim Financial Reporting.

The condensed financial statements do not include all the disclosures required in a full set of annual financial statements under IFRS, and should therefore be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018, which are included in the Registration Document that was filed with the French Financial Markets Authority (AMF) on 1 April 2019. The Registration Document can be downloaded from the Group's website (www.groupeseb.com) and the AMF website (www.amf-france.org), and is available on request from the Group's registered office at the address shown above.

The condensed interim consolidated financial statements have been prepared in accordance with the IFRS, IAS and related interpretations adopted by the European Union and applicable at 30 June 2019, which can be found on the European Commission's website (https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatoryprocedure-scrutiny-rps_en).

The accounting policies applied to prepare these financial statements are unchanged compared with those used to prepare the 2018 annual consolidated financial statements, except for income tax expense and non-discretionary and discretionary employee profit-sharing, which are calculated on the basis of full-year projections (see Note 8 – Income taxes, and Note 5 – Statutory and discretionary employee profit-sharing). Furthermore, the comparability of the interim and annual financial statements may be affected by the seasonal nature of the Group's activities, which results in higher sales in the second half of the year.

IFRS 16 "Leases" was first applied as of 1 January 2019. The analyses done as part of the first application of this standard enabled us to identify:

- the absence of complex leases and fairly uniform types of leases within the Group, mainly concerning the leasing of offices, stores, warehouses, vehicles and some industrial assets;
- relatively short lease periods except for some stores;
- fixed rents in vast majority of cases.

The Group decided to apply the simplified retrospective method. Discount rates have been determined based on the remaining term of existing leases as at 1 January 2019. The estimated amount of the liabilities and the right-of-use assets concerned as at 1 January 2019 is very close to that of the operating lease commitment presented in Note 12 to the annual financial statements. The difference (less than 1.5%) compared to the commitment presented at end-2018 is mainly due to variable rents excluded from the debt calculation basis. The main impacts of this new standard are presented in Note 12 of this document.

The Group also adopted the following standards, amendments and interpretations applicable as of 1 January 2019. Their date of application matches that of the IASB:

- annual Improvements to IFRS (2015-2017 Cycle) applicable as of 1 January 2019: these amendments mainly clarify the treatment of transactions wherein control or joint control is obtained over a business that is a joint operation, transactions which lie at the junction of IFRS 3 and IFRS 11; the tax consequences of dividend distributions under IAS 12; the application of IAS 23 on available-for-sale assets;
- amendment to IAS 19 "Employee Benefits" which clarifies the treatment of plan amendments, curtailments or settlements;
- amendment to IAS 28 "Long-term Investments in Associates and Joint Ventures" which clarifies the application of IFRS 9 to investments that are not accounted for using the equity method;
- IFRIC 23 on "accounting for uncertain tax positions".

These new standards and amendments had no material impact on the Group's financial statements.

Standards and interpretations that are optional as of 30 June 2019 have not been applied early. The Group does not, however, anticipate any material impacts related to the application of these new texts.

NOTE 2. CHANGES IN THE SCOPE OF CONSOLIDATION

Wilbur Curtis

On 8 January 2019, the Group announced the acquisition of 100% of the activities of Wilbur Curtis, the number two manufacturer of professional filter coffee machines in the United States. With the deal being subject to the usual regulatory clearance, it was finalized on 8 February 2019.

Founded in 1941, Wilbur Curtis manufactures and sells equipment for preparing hot and cold drinks, primarily filter coffee machines and cappuccino machines. Its sustained investment, particularly in innovation, means that it can offer some of the most advanced and top-quality systems on the market.

Sales, which have been growing steadily, exceeded USD 90 million and are mostly US based. The main customers are coffee roasters, various coffee shop chains, convenience stores, fast food chains, hotels and restaurants. Wilbur Curtis builds long-term relationships with its customers and has an experienced sales force that gives it coverage throughout the US. Its high-performance manufacturing facility employs 300 people in Montebello, California.

The purchase price allocation analyses in the first half of the year enabled the determination of an initial estimate of the net fair value of the identifiable assets and liabilities as of 8 February 2019, which breaks down as follows:

(in € millions)	08/02/2019
Non-current assets	87.2
Inventories	13.9
Trade receivables	10.2
Net debt	0
Trade and other payables	(2.4)
Other net liabilities	0.4
TOTAL NET ASSETS	**109.3**
PERCENTAGE INTEREST	**100%**
TOTAL NET ASSETS ACQUIRED	**109.3**
Non-controlling interests	
CASH OUTFLOW FOR BUSINESS ACQUISITION	**233.9**
Temporary GW	*124.6*

The purchase price allocation analyses carried out by an independent expert enabled the identification of the following intangible assets:

- a Brand, whose fair value has been provisionally estimated at €37 million;
- customer relationships, whose fair value has been provisionally estimated at €17 million.

Other transactions during the first half

Some legal restructuring operations also continued, particularly in Switzerland, as part of the combining of the WMF and Groupe SEB consumer businesses. This restructuring had no impact on the Group's consolidated financial statements.

NOTE 3. SEGMENT REPORTING

In accordance with IFRS 8 – Operating segments, the information presented below for each operating segment is the same as the information presented to the chief operating decision makers (Executive Committee members) for the purposes of assessing the segments' performance and allocating resources.

The "Professional" business segment, covering professional automatic coffee machines and catering equipment, has been isolated as from 1 January 2018 and the integration of WMF within the Group's systems.

The internal reports reviewed and used by the chief operating decision makers present such data by geographical segment. The Executive Committee assesses each segment's performance based on:

- revenue and Operating profit (loss); and
- net capital employed, defined as the segment's assets (goodwill, property, plant and equipment, and intangible assets, inventories and trade receivables) less its liabilities (trade payables, other payables and provisions).

Performance in terms of financing, cash flow and income tax is tracked at Group level, not by operating segment.

Note 3.1. By location of assets

	"Consumer" business			"Professional" business	Intra-Group transactions	Total
(in € millions)	EMEA	Americas	Asia			
30/06/2019						
Revenue						
Inter-segment revenue	1,385.3	350.2	1,177.4	390.6		3,303.5
External revenue	129.8	0.1	708.1		(804.9)	33.1
TOTAL REVENUE						**3,336.6**
Profit (loss)						
Operating Result from Activity	(1.2)	4.4	198.8	57.2	(29.4)	229.8
Operating profit (loss)	(19.7)	5.3	199.3	57.1	(29.4)	212.6
Finance costs and other financial income and expenses						(45.8)
Profit (loss) attributable to associates						
Income taxes						(40.2)
PROFIT FOR THE PERIOD						**126.6**
Consolidated balance sheet						
Segment assets	3,780.1	853.5	1,475.5	832.3	(361.9)	6,579.5
Financial assets						769.9
Tax assets						151.8
TOTAL ASSETS						**7,501.2**
Segment liabilities	(1,074.7)	(213.3)	(632.7)	(153.3)	279.9	(1,794.1)
Borrowings						(3,118.7)
Tax liabilities						(265.0)
Equity						(2,323.4)
TOTAL EQUITY AND LIABILITIES						**(7,501.2)**
Other information						
Capital expenditure and purchases of intangible assets*	321.9	39.7	96.2	36.6		494.4
Depreciation and amortization expense	(74.6)	(11.4)	(27.7)	(16.4)		(130.1)
Impairment losses recognized in profit or loss						

* *Including IFRS 16 leases.*

Inter-segment revenue corresponds to sales to external customers located within the geographical segment.

External revenue corresponds to total sales (within the Group and to external customers) generated outside the geographical segment by companies within the geographical segment.

Intra-Group transactions are carried out on an arm's length basis, under terms and conditions that are similar to those that would be offered to third parties.

(in € millions)	"Consumer" business EMEA	"Consumer" business Americas	"Consumer" business Asia	"Professional" business	Intra-Group transactions	Total
30/06/2018						
Revenue						
Inter-segment revenue	1,326.8	328.0	1,053.0	289.7		2,997.5
External revenue	155.7	0.2	518.4		(646.8)	27.5
TOTAL REVENUE						**3,025.0**
Profit (loss)						
Operating Result from Activity	24.6	6.5	153.5	35.3	(12.4)	207.5
Operating profit (loss)	9.9	0.2	153.5	34.5	(12.4)	185.7
Finance costs and other financial income and expenses						(36.0)
Profit (loss) attributable to associates						
Income taxes						(36.0)
PROFIT FOR THE PERIOD						**113.7**
Consolidated balance sheet						
Segment assets	3,186.0	738.8	1,261.1	653.2	(267.7)	5,571.4
Financial assets						700.5
Tax assets						142.6
TOTAL ASSETS						**6,414.5**
Segment liabilities	(1,057.3)	(209.3)	(468.5)	(96.4)	267.7	(1,563.8)
Borrowings						(2,609.3)
Tax liabilities						(257.7)
Equity						(1,983.7)
TOTAL EQUITY AND LIABILITIES						**(6,414.5)**
Other information						
Capital expenditure and purchases of intangible assets	50.2	8.5	12.4	7.1		78.2
Depreciation and amortization expense	(56.9)	(7.4)	(17.1)	(2.0)		(83.4)
Impairment losses recognized in profit or loss						

(in € millions)	"Consumer" business EMEA	Americas	Asia	"Professional" business	Intra-Group transactions	Total
31/12/2018						
Revenue						
Inter-segment revenue	3,198.3	862.0	2,058.5	634.6		6,753.4
External revenue	323.6	0.3	1,231.8		(1,496.9)	58.8
TOTAL REVENUE						**6,812.2**
Profit (loss)						
Operating Result from Activity	206.7	72.8	313.4	98.2	3.7	694.8
Operating profit (loss)	151.0	60.9	313.3	96.6	3.7	625.5
Finance costs and other financial income and expenses						(31.8)
Profit (loss) attributable to associates						
Income taxes						(131.2)
PROFIT FOR THE PERIOD						**462.5**
Consolidated balance sheet						
Segment assets	3,294.1	823.1	1,457.7	695.5	(293.3)	5,977.1
Financial assets						983.9
Tax assets						115.5
TOTAL ASSETS						**7,076.5**
Segment liabilities	(994.3)	(224.0)	(819.9)	(187.9)	223.1	(2,003.0)
Borrowings						(2,478.5)
Tax liabilities						(288.4)
Equity						(2,306.6)
TOTAL EQUITY AND LIABILITIES						**(7,076.5)**
Other information						
Capital expenditure and purchases of intangible assets	120.0	15.7	47.1	30.7		213.5
Depreciation and amortization expense	(98.2)	(15.1)	(34.5)	(20.9)		(168.7)
Impairment losses recognized in profit or loss	(12.3)					(12.3)

Note 3.2. Revenue by geographical location of the customer and business sector

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
Western European countries	1,033.3	997.0	2,429.9
Other countries	368.1	340.0	793.4
TOTAL EMEA	**1,401.4**	**1,337.0**	**3,223.3**
North America	223.6	204.0	546.7
South America	138.8	134.0	340.1
TOTAL AMERICAS	**362.4**	**338.0**	**886.8**
China	937.8	825.0	1,554.4
Other countries	244.4	235.0	513.1
TOTAL ASIA	**1,182.2**	**1,060.0**	**2,067.5**
TOTAL CONSUMER	**2,946.0**	**2,735.0**	**6,177.6**
PROFESSIONAL	**390.6**	**290.0**	**634.6**
TOTAL	**3,336.6**	**3,025.0**	**6,812.2**

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
Cookware	1,042.5	951.0	2,196.1
Small electrical appliances	1,903.5	1,784.0	3,981.5
Professional coffee machines and hotels	390.6	290.0	634.6
TOTAL	**3,336.6**	**3,025.0**	**6,812.2**

NOTE 4. OPERATING EXPENSES

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
Cost of sales	(2,063.8)	(1,853.1)	(4,122.0)
Research and development costs	(66.0)	(61.7)	(131.9)
Advertising	(52.0)	(52.4)	(123.5)
Distribution and administrative expenses	(925.0)	(850.3)	(1,740.0)
OPERATING EXPENSES	**(3,106.8)**	**(2,817.5)**	**(6,117.4)**

NOTE 5. STATUTORY AND DISCRETIONARY EMPLOYEE PROFIT-SHARING

Statutory and discretionary employee profit-sharing for the half has been calculated by multiplying the estimated annual cost by the percentage of annual profit generated during the period by the companies concerned.

NOTE 6. OTHER OPERATING INCOME AND EXPENSES

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
Restructuring costs	(3.4)	(8.7)	(15.8)
Impairment losses			(9.7)
Gains and losses on asset disposals and other	(4.8)	(3.1)	(10.1)
OTHER OPERATING INCOME AND EXPENSES	**(8.2)**	**(11.8)**	**(35.6)**

Note 6.1. Restructuring costs

Restructuring costs in the first half of 2019 mainly involved:

- the handling of employee disputes related to the industrial reorganization in Brazil for approximately €2 million;
- the continuation of measures to optimize the WMF Retail business for €0.5 million;
- reorganization costs in various countries that are not material, taken separately.

At 31 December 2018, restructuring costs in 2018 amounted to €15.8 million, and included: costs related to the completion of the industrial reorganization in Brazil for €8.6 million (of which €4.8 million as of 30 June 2018); costs related to the transfer of the business from Saint Jean de Bournay to the Pont-Evêque site for €2.4 million (costs incurred in full in the first half of 2018); costs related to measures to optimize WMF's Retail business for €1.3 million; and reorganization costs in various countries that are not material, taken separately, for a total amount of €3.5 million.

Note 6.2. Impairment losses

Due to the seasonal nature of the business, impairment tests are conducted at the financial year-end. The carrying amounts of brands and goodwill were reviewed at 30 June 2019 to detect any signs of impairment.

No indications of impairment of these assets were identified.

In 2018, an additional impairment loss of €9.7 million was recognized on Maharaja's goodwill. The remaining goodwill connected with our operations in India is now only €6.7 million.

Note 6.3. Gains and losses on asset disposals and other

In the first half of 2019, this item mainly includes the costs related to the acquisition of Wilbur Curtis and the costs related to the acquisition of our Egyptian partner's cookware business for €4.2 million. This item also includes €1.3 million for the portion of expenses not covered by our insurer related to the fire that occurred in June 2018 at one of our logistics service providers in China.

At 31 December 2018, this item mainly included expenses relating to the integration of WMF into Group processes and tools for approximately €4 million (including €2 million as of 30 June 2018), the costs associated with the departure of the Chief Operating Officer and various expenses that are not material, taken separately.

NOTE 7. FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
FINANCE COSTS	**(20.9)**	**(15.6)**	**(32.8)**
Interest cost on long-term employee benefit obligations	(2.0)	(1.9)	(3.9)
Exchange gains and losses and financial instruments	(10.7)	(10.6)	(18.5)
Other	(12.2)	(7.9)	23.3
OTHER FINANCIAL INCOME AND EXPENSES	**(24.9)**	**(20.4)**	**0.9**

The interest costs on long-term employee benefits represents the difference between the annual discounting of commitments and the expected return on the corresponding financial assets held in a hedging contract for these commitments, as well as the discounting charges for other long-term liabilities and provisions.

Exchange gains and losses on manufacturing and sales transactions denominated in foreign currencies and their related hedging transactions are included in Operating Result from Activity. Gains and losses on borrowings in foreign currencies and related hedges are reported under "Finance costs." Gains and losses on intra-Group borrowings in foreign currencies and related hedges are recorded in "Other financial income and expenses."

The "Other" line includes in particular the change in fair value of the ORNAE option portion, net of the effects of its partial hedge, which represent a charge of €8 million at end-june 2019.

NOTE 8. INCOME TAX

Income tax expense for the half was calculated by multiplying consolidated pre-tax profit by the estimated average effective tax rate for the year. The calculation was performed separately for each consolidated tax entity.

The following table provides a reconciliation between the effective tax rate of 24.0% and the statutory French tax rate of 32.02%:

(in € millions)	30/06/2019 6 months	30/06/2018 6 months	31/12/2018 12 months
STATUTORY FRENCH TAX RATE	**32.0**	**34.4**	**34.4**
Effect of difference in tax rates[a]	(9.3)	(11.4)	(15.9)
Unrecognized and relieved tax loss carryforwards[b]	1.8	1.6	2.0
Prior period tax loss carryforwards recognized and utilized during the period	(0.8)	(1.5)	(2.9)
Other[c]	0.3	0.9	4.5
EFFECTIVE TAX RATE	**24.0**	**24.0**	**22.1**

(a) *The effect of different tax rates varies depending on France's contribution to consolidated profit.*
(b) *Unrecognized tax loss carryforwards mainly concerned certain South American and Asian subsidiaries.*
(c) *The "Other" line mainly includes taxes on distributed earnings and dividends and provisions for tax audits.*

NOTE 9. TREASURY SHARES

At 30 June 2019, the company's share capital was made up of 50,169,049 shares with a par value of €1 each.

In the first half of 2019, the Group bought back 130,586 shares at a weighted average price of €147.02 per share and sold 338,827 shares on the market at an average price of €66.36.

At 30 June 2019, the Group held 367,647 treasury shares, acquired at an average price of €146.64 per share (503,287 shares at 30 June 2018 and 575,888 shares at 31 December 2018, acquired at an average price of €146.59 and €143.14, respectively).

The number of treasury shares held changed as follows:

		Transactions	
(in number of shares)	First half 2019 6 months	First half 2018 6 months	Full year 2018 12 months
SHARES HELD IN TREASURY AT 1 JANUARY	**575,888**	**534,706**	**534,706**
Purchases of shares			
Buyback plan	0	185,000	258,109
Liquidity contracts	130,586	238,815	459,651
Sales			
Disposals	(141,427)	(236,512)	(447,771)
Shares allocated on exercise of stock options, and under the performance share and employee share ownership plans	(197,400)	(218,722)	(228,807)
Shares canceled during the period			
SHARES HELD IN TREASURY AT PERIOD-END	**367,647**	**503,287**	**575,888**

NOTE 10. EMPLOYEE BENEFITS

At 30 June 2019, the Group updated the discount rate used to calculate pension liabilities in France and Germany, which represent more than 90% of the Group's total liabilities.

The rate used at 30 June 2019 for both countries was 0.85%, instead of 1.6% at 31 December 2018. This rate decrease resulted in an increase in pension provisions of €29.7 million as of 30 June 2019.

NOTE 11. OTHER PROVISIONS

	30/06/2019		30/06/2018		31/12/2018	
(in € millions)	non-current	current	non-current	current	non-current	current
Pension and other post-employment benefit obligations	299.5	17.7	269.7	23.3	274.8	16.1
Product warranties	9.1	36.2	7.7	31.0	8.0	32.0
Claims and litigation and other contingencies	44.7	20.4	49.9	29.7	46.4	22.5
Restructuring provision	3.6	3.8	4.4	5.3	4.9	3.3
TOTAL	**356.9**	**78.1**	**331.7**	**89.3**	**334.1**	**73.9**

Provisions are classified as current or non-current according to whether the obligation is expected to be settled within or beyond one year.

Provision movements (other than for pensions and other post-employment benefit obligations) were as follows:

(in € millions)	01/01/2019	Additions	Reversal amounts not used	Utilizations	Other movements*	30/06/2019
Product warranties	40.0	8.6	(5.0)	(4.0)	5.7	45.3
Claims and litigation and other contingencies	69.0	5.5	(2.9)	(6.2)	(0.3)	65.1
Restructuring provision	8.1	1.7	(0.4)	(2.6)	0.6	7.4
TOTAL	**117.1**	**15.8**	**(8.3)**	**(12.8)**	**6.0**	**117.8**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

(in € millions)	01/01/2018	Additions	Reversal amounts not used	Utilizations	Other movements*	30/06/2018
Product warranties	41.5	7.1		(7.7)	(2.2)	38.7
Claims and litigation and other contingencies	91.7	4.5	(10.9)	(3.5)	(2.2)	79.6
Restructuring provision	16.9	3.2	(1.8)	(8.6)		9.7
TOTAL	**150.1**	**14.8**	**(12.7)**	**(19.8)**	**(4.4)**	**128.1**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

(in € millions)	01/01/2018	Additions	Reversal amounts not used	Utilizations	Other movements*	31/12/2018
Product warranties	41.5	13.3	(0.9)	(11.9)	(2.0)	40.0
Claims and litigation and other contingencies	91.7	8.0	(19.1)	(8.9)	(2.7)	69.0
Restructuring provision	16.9	9.0	(2.6)	(14.5)	(0.7)	8.1
TOTAL	**150.1**	**30.3**	**(22.6)**	**(35.3)**	**(5.4)**	**117.1**

* *"Other movements" include foreign currency translation adjustments and the effect of changes in the scope of consolidation.*

The breakdown of provisions for restructuring was as follows:

(in € millions)	30/06/2019	30/06/2018	31/12/2018
Severance costs	6.0	8.5	7.4
Site closure costs	1.4	1.2	0.7
TOTAL	**7.4**	**9.7**	**8.1**

NOTE 12. LEASES

As of 1 January 2019, the Group applied IFRS 16 for the first time using the simplified retrospective method.

Discount rates have been determined based on the remaining term of existing leases as at 1 January 2019. The estimated amount of the liabilities and the right-of-use assets concerned as of 1 January 2019 was €362.3 million.

This amount is very close to that of the operating lease commitment which was presented in Note 12 to the annual consolidated financial statements. The difference (less than 1.5%) compared to the commitment presented at end-2018 is mainly due to the variable portion of leases and some short-term contracts.

As of 30 June 2019, the average term of leases falling within the scope of IFRS 16 is 3.6 years.

The average marginal borrowing rate as of 30 June 2019 is 4.1%.

The remaining lease expense related to the variable portion of contracts and other exemptions as of 30 June 2019 amounted to €20.5 million.

TYPE OF LEASED ASSETS

(in € millions)	30/06/2019
Stores	167.6
Offices	79.9
Warehouses	43.6
Vehicles	14.0
Industrial equipment	11.0
Other	27.7
TOTAL	**343.8**

TABLE OF MOVEMENTS IN RIGHT-OF-USE ASSETS OVER THE PERIOD

Carrying amount *(in € millions)*	01/01/2019	New leases and lease amendments	Depreciation and amortization expense	Termination and cancellation of leases	Exchange differences on translating foreign operations	30/06/2019
Land	4.4		(0.3)		0.1	4.2
Buildings	321.3	14.5	(31.2)	(0.2)	4.2	308.6
Other property, plant and equipment	36.5	2.9	(8.4)	0.2		31.2
TOTAL	**362.3**	**17.4**	**(39.9)**	**0.0**	**4.3**	**343.8**

CHANGE IN LEASE LIABILITIES OVER THE PERIOD

(in € millions)	01/01/2019	New leases and lease amendments	Repayment	Financial expenses	Termination and cancellation of leases	Exchange differences on translating foreign operations	30/06/2019
Lease liabilities	362.3	20.2	(45.8)	7.4		2.0	346.1

The short-term portion of the lease liabilities amounts to €72.2 million.

NOTE 13. NET DEBT

(in € millions)	30/06/2019	30/06/2018	31/12/2018
Bonds	1,392.2	1,148.7	1,178.5
Bank borrowings			4.2
Finance lease liabilities[a]	273.9	3.6	2.7
Other debt (including private placements)	657.3	894.2	657.0
Non-discretionary profit-sharing	14.2	15.9	15.5
LONG-TERM BORROWINGS	**2,337.6**	**2,062.4**	**1,857.9**
Bonds			
Bank borrowings	38.1	86.2	17.5
Commercial paper	345.0	357.0	300.0
Current portion of long-term borrowings	341.1	64.9	269.5
SHORT-TERM BORROWINGS	**724.2**	**508.1**	**587.0**
TOTAL BORROWINGS	**3,061.8**	**2,570.5**	**2,444.9**
Cash and cash equivalents, net[b]	(588.2)	(341.4)	(612.7)
Other current financial investments[b]	(71.6)	(226.5)	(258.0)
Derivative instruments (net)	25.5	12.0	3.3
NET DEBT	**2,427.5**	**2,014.6**	**1,577.5**

(a) See Note 12 Leases (IFRS 16).
(b) Including €355 million in China, versus €353 million at 30 June 2018 and €488 million at 31 December 2018.

Net debt corresponds to total long-term and short-term borrowings less cash and cash equivalents, other current financial assets and derivative instruments used for Group financing. It also includes short-term financial investments with no risk of a significant change in value but whose maturity on the subscription date is longer than three months.

NOTE 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

Note 14.1. Financial instruments

Financial assets consist of shares in subsidiaries and affiliates as well as operating receivables (excluding tax and social security claims), debt securities and other cash equivalents classified as current assets.

The fair value of trade and other receivables is equivalent to their carrying amount, in view of their short maturities.

Non-current financial assets consist mainly of investments in non-consolidated companies, certain receivables related to those investments and receivables due beyond one year. In accordance with IFRS 9, these non-current financial assets for which the management model is to collect contractual cash flows and the flows resulting from disposals are recognized at fair value in other items of comprehensive income without subsequent reclassification to profit or loss, even in the event of disposal.

Financial liabilities include borrowings and other financing, including bank overdrafts, and operating liabilities (excluding accrued taxes and employee benefit expense).

Borrowings that are not quoted in an active market are measured by the discounted cash flows method, applied separately to each individual facility, based on market rates observed at the period-end for similar facilities and the average spread obtained by the Group for its own issues.

At 30 June 2019, the Group sold trade receivables amounting to €85.7 million. As the sale of receivables was without recourse, the receivables were deconsolidated.

(in € millions)	30/06/2019 Carrying amount	30/06/2019 Fair value	Financial instruments by category: At fair value through profit or loss (excluding derivatives)	Fair value through other items of comprehensive income	Assets at amortized cost	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments	50.8	50.8		50.8			
Other non-current financial assets	14.7	14.7			14.7		
Other non-current assets	0.2	0.2			0.2		
Trade receivables	984.3	984.3			984.3		
Other current receivables, excl. prepaid expenses	48.1	48.1			48.1		
Derivative instruments	38.1	38.1					38.1
Other financial assets	71.6	71.6	71.6				
Cash and cash equivalents	588.2	588.2	588.2				
TOTAL FINANCIAL ASSETS	**1,796.0**	**1,796.0**	**659.8**	**50.8**	**1,047.3**		**38.1**
LIABILITIES							
Long-term borrowings	2,337.6	2,412.6				2,412.6	
Other non-current liabilities	2.1	2.1				2.1	
Trade payables	932.1	932.1				932.1	
Other current liabilities	81.1	81.1				81.1	
Derivative instruments	56.9	56.9					56.9
Short-term borrowings	724.2	724.4				724.4	
TOTAL FINANCIAL LIABILITIES	**4,134.0**	**4,209.2**				**4,152.3**	**56.9**

(in € millions)	30/06/2018 Carrying amount	30/06/2018 Fair value	Financial instruments by category: At fair value through profit or loss (excluding derivatives)	Fair value through other items of comprehensive income	Assets at amortized cost	Borrowings at amortized cost	Derivative instruments
ASSETS							
Other investments	32.8	32.8		32.8			
Other non-current financial assets	23.3	23.3			23.3		
Other non-current assets	1.5	1.5			1.5		
Trade receivables	780.8	780.8			780.8		
Other current receivables, excl. prepaid expenses	26.3	26.3			26.3		
Derivative instruments	53.7	53.7					53.7
Other financial assets	226.5	226.5	226.5				
Cash and cash equivalents	341.4	341.4	341.4				
TOTAL FINANCIAL ASSETS	**1,486.3**	**1,486.3**	**567.9**	**32.8**	**831.9**		**53.7**
LIABILITIES							
Long-term borrowings	2,062.4	2,122.5				2,122.5	
Other non-current liabilities	1.9	1.9				1.9	
Trade payables	777.1	777.1				777.1	
Other current liabilities	62.8	62.8				62.8	
Derivative instruments	38.8	38.8					38.8
Short-term borrowings	508.1	508.1				508.1	
TOTAL FINANCIAL LIABILITIES	**3,451.1**	**3,511.2**				**3,472.4**	**38.8**

Note 14.2. Information on financial assets and liabilities recognized at fair value

In accordance with the amended IFRS 7, fair value measurements are classified using the following fair value hierarchy:

- level 1: instrument quoted in active markets;
- level 2: valuation techniques for which all significant inputs are based on observable market data;
- level 3: valuation techniques for which any significant input is not based on observable market data.

	30/06/2019			
(in € millions)	Total	Level 1	Level 2	Level 3
ASSETS				
Other investments	50.8		50.8	
Derivative instruments	38.1		38.1	
Other financial assets	71.6	71.6		
Cash and cash equivalents	588.2	588.2		
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**748.7**	**659.8**	**88.9**	
LIABILITIES				
Derivative instruments	56.9		56.9	
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**56.9**		**56.9**	

The portfolio of derivative instruments used by the Group to manage risk mainly includes forward purchases and sales of foreign currencies, option strategies, interest rate swaps, currency swaps and commodity swaps. These instruments are classified as Level 2, as their fair value is calculated using internal valuation models based on observable data.

NOTE 15. SIGNIFICANT EVENTS AND LITIGATION

Investigation by the French Competition Authority

The French Competition Authority has launched an investigation into the pricing and listing practices of several household appliance manufacturers, including Groupe SEB France and Groupe SEB Retailing, with regard to certain online retailers.

Significant developments in the case are not expected before the end of 2019, and no provision was recognized at 30 June 2019 in view of the uncertain outcome of the proceedings.

Fire on the premises of a logistics service provider in China

On 28 June 2018, a fire broke out on the premises of a logistics service provider in Hangzhou, destroying an inventory of finished products of an approximate value of €12 million. Our insurer's indemnity payment was received during the first half of 2019. The share of expenses remaining to be paid by us amounted to €1.3 million.

There were no significant events or significant litigation in the first half of 2019 that impacted the Group's financial position.

Capital increase reserved for employees

The Group has implemented an employee share ownership plan whereby its employees can subscribe to a capital increase on preferential terms. This global initiative, entitled "Horizon 2019," covered more than 30 countries where the Group operates and involved some 20,000 employees.

The capital increase resulting from this plan, which will be carried out on 23 July 2019, will comprise 138,015 new shares, representing 0.3% of the share capital.

NOTE 16. RELATED PARTY TRANSACTIONS

No material transactions with related parties took place during the period and there were no changes in the nature of transactions as described in Note 30 to the 2018 Registration Document.

NOTE 17. SUBSEQUENT EVENTS

On 10 July 2019, Groupe SEB confirmed the plan announced by WMF to boost its competitiveness. This plan is based on:

- the continued acceleration in the growth of the PCM business;
- a corrective action plan for the Consumer business;
- the implementation of more efficient processes and an in-depth organizational review, leading to a reduction in overhead costs.

This reorganization, which could impact up to 400 positions out of a total of 6,200, was announced after the reporting date and therefore did not result in any provision being booked in the financial statements for the first half of 2019. WMF will offer a wide range of measures: a voluntary departure plan, early retirement and access to the new jobs created by the expansion of coffee machine production in Geislingen and the increase in storage capacity in the neighboring warehouse in Dornstadt.

At the date these financial statements were approved by the Board of Directors, 23 July 2019, no other material event had occurred.

Statutory auditors' report on the half-yearly financial information

For the period from 1 January 2019 to 30 June 2019

To the shareholders,

In compliance with the assignment entrusted to us by General Meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of SEB, for the period from 1 January 2019 to 30 June 2019;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

CONCLUSION ON THE FINANCIAL STATEMENTS

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without going as far as to challenge the opinion expressed above we draw your attention to notes 1 and 12 to the consolidated financial statements which raises the impact of IFRS 16 standards on the accounts for the first time.

SPECIFIC VERIFICATION

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Lyon, on the 24 July 2019

The Statutory auditors French original signed by

PricewaterhouseCoopers	Audit Mazars
Elisabeth L'hermite	Thierry Colin

Statement by the person responsible for the interim financial report

I hereby certify that, to my knowledge,

- the condensed financial statements for the six months ended have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of those companies within the scope of consolidation;
- the interim management report includes a fair review of the significant events of the past six months, their impact on the interim financial statements and the main related party transactions for the period, as well as a description of the main risks and uncertainties in the second half of the year.

Écully, 30 July 2019

Chairman and CEO

Thierry de La Tour d'Artaise

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