April 26, 2018

First-quarter 2018 Sales and Financial Data

A good start to the year in the light of high comparatives

- **Sales: €1,559m, +2.1% as reported and +7.4% LFL***
- **Operating Result from Activity:**
  - **€123m, -6%**
  - **€138m LFL* and excluding 2017 one-off impacts of PPA**, stable**
- **Net financial debt: €1,725m, down €180m on December 31, 2017**

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

GENERAL COMMENTS ON GROUP PERFORMANCE

Groupe SEB reported **sales of €1,559 million in first-quarter 2018, up 2.1%, including organic growth of 7.4% and a negative currency effect of 5.6%**, or -€86 million, resulting mainly from the yuan, dollar, real, rouble and yen.

Organic growth can be broken down as follows:

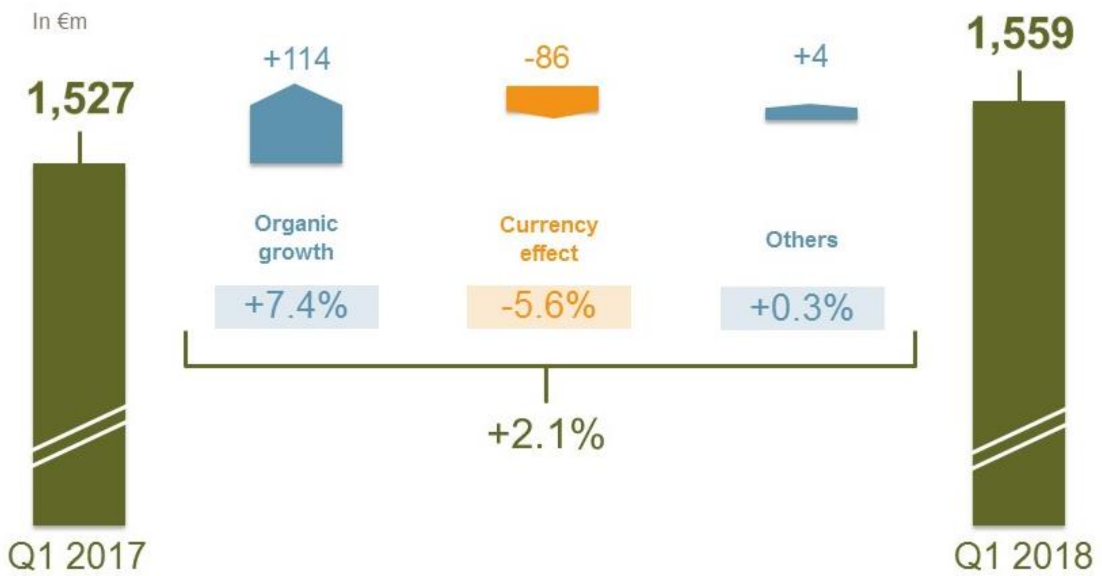
- **Consumer business, including WMF: +8.6%**, to be put into perspective with a high comparative in first quarter 2017, at +11.5%;
- **WMF Professional business (coffee machines and hotel equipment) down 3.8%** owing to the non-repeat in first-quarter 2018 of major contracts that boosted sales in 2017 and were fully delivered by autumn.

All **geographical regions contributed to this growth with the notable exception of North America**, where the large-scale launch of a new electrical cooking range under the Krups brand constituted an exceptional factor in the sales increase in early 2017. Performance was fueled **by almost all product lines**.

Operating Result from Activity (ORfA) came out at €123 million in the first quarter, including a currency effect of -€15 million, or the largest part of the effect expected for the year. This compares with an ORfA of €131 million in first quarter 2017, excluding one-off impacts of WMF purchase price allocation, amounting to €7 million. **Thus, like-for-like and excluding this €7 million**, **ORfA was stable in the first quarter, at €138 million.**

Net debt stood at €1,725 million on March 31, 2018, down €180 million on end-2017.

SALES BRIDGE BETWEEN Q1 2017 AND 2018



REVENUE BY REGION

Revenue (€m)	First-quarter 2017	First-quarter 2018	Change 2018/2017 As reported	Change 2018/2017 Like-for-like*
EMEA	**659**	**686**	**+4.1%**	**+6.3%**
Western Europe	494	503	+1.8%	+2.2%
Other countries	165	183	+10.9%	+18.5%
AMERICAS	**204**	**161**	**-21.1%**	**-11.0%**
North America	126	92	-26.7%	-19.8%
South America	78	69	-12.2%	+4.3%
ASIA	**519**	**578**	**+11.3%**	**+19.2%**
China	403	469	+16.3%	+24.1%
Other countries	116	109	-5.8%	+2.5%
TOTAL, incl. WMF Consumer	**1,382**	**1,425**	**+3.1%**	**+8.6%**
WMF Professional	**145**	**134**	**-7.4%**	**-3.8%**
GROUPE SEB	**1,527**	**1,559**	**+2.1%**	**+7.4%**

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

Rounded figures in € million

Percentages based on non-rounded figures

SALES BY REGION

EMEA

WESTERN EUROPE

While the small domestic equipment market was mixed according to countries, the Group achieved organic growth of 2.2%, limited by the non-repeat of 2017 loyalty programs in several countries (Germany, France, Italy, etc.) and by the Consumer business of WMF, which is now consolidated within Groupe SEB subsidiaries. Amounting to €103 million for the region (or a little over 80% of total WMF Consumer sales), this last decreased slightly on first quarter 2017. However, business was stable in Germany – which remains the number-one market – with the slight decline in brick-and-mortar trade being offset by growth in the WMF store network and the boom in online sales

Group business activity excluding WMF rose 3.2% despite demanding comparative, driven in particular by electrical cooking, vacuum cleaners and linen care, leading to fresh gains in market share in the majority of European countries. Sales trends in the major countries are presented below.

In France, after a vigorous end to 2017, the Group reported a good first quarter with revenue growth of nearly 3%, and over 4% excluding the effect of last year's loyalty programs. This sustained progression stems from a strong recovery in cookware following a complicated year in 2017 and a widespread momentum in electrical products, including vacuum cleaners (particularly the versatile Air Force 360 and Clean & Steam), food preparation (fueled by Cuisine Companion and blenders), Dolce Gusto, ovens, and fans (stocked by retailers ahead of the season). Business activity was down in personal care (loyalty program in 2017) and ironing.

Elsewhere in Western Europe, the core business, excluding 2017 loyalty campaigns, was dynamic. In Germany, our first-quarter sales continued to increase at a brisk pace, propelled by vacuum cleaners, full-automatic espresso machines and electrical cooking. In Spain, in a buoyant market, our sales are nurtured by e-commerce, with a strong contribution from vacuum cleaners. In Italy, where the consumer environment was tighter, the core business trended positively, still driven by canister vacuum cleaners, steam generators and Cuisine Companion. While the Group posted a good start to the year in Belgium, the organic growth in the UK should not conceal a difficult market environment reflected in dampened consumer confidence.

OTHER EMEA COUNTRIES

In the other EMEA countries, sales increased by nearly 11% with like-for-like growth at 18.5% in the quarter, the difference being attributable to the depreciation of certain currencies (the Turkish lira, the rouble…) with, accordingly, price hikes. Most of the major countries contributed to the robust performance which translated in market share gains. The Group continued to develop solidly in Central Europe on the strength of the continued powerful momentum of its flagship products, bolstered by new launches (full-automatic espresso machines, vacuum cleaners, etc.). This was particularly true in Poland, which posted a remarkable first quarter. In Russia, significantly stepped-up growth was fueled by a broad range of products, including cookware, multicookers, new models of meat mincers and vacuum cleaners, all of them benefiting from strong investments in growth drivers. The same robust impetus is afoot in Ukraine.

In Turkey, organic revenue growth can be attributed primarily to the price mix, reflecting the successive price increases made in the last two years to offset the continued depreciation of the Turkish lira, as well as the qualitative effect on sales of recent launches. Sales volumes also continue to head in the right direction, driven by almost all product categories, both in cookware and small electrical appliances (vacuum cleaners, electrical cooking, ironing), with a significant contribution of products manufactured locally or at our Egyptian plant. Business activity was down in Saudi Arabia and India.

AMERICAS

NORTH AMERICA

As announced, the first quarter proved difficult in North America. Revenue fell 20% like-for-like, versus an exceptionally high comparative in 2017 stemming in particular from the launch of the new Krups electrical cooking range in the United States. Looking beyond this unfavorable basis, the start of the year was on the gloomy side, with general business activity still impacted by structural difficulties in US retail. This last continues to suffer from the exponential rise in e-commerce, reflected in significant stock reductions along with store closures and even bankruptcies. In this deteriorated environment, and despite strong momentum in online sales (in particular with pure players), turnover dipped in our two key categories, cookware and linen care, where the increase in garment steamers failed to offset the decline in irons.

In Canada, the sharp downturn in sales should also be seen in the light of high comparatives in first quarter 2017, the result notably of an anniversary campaign with one of our key customers and the launch of new products such as garment steamers. The retail environment is trending identically to that in the United States, as materialized by the bankruptcy of a leading historical player.

Mexico remained the growth market in NAFTA, marked by ongoing strong dynamic, fed by our flagship products (cookware and irons), our continued growth in the major blender segment, and the successful large-scale launch of a fan range.

SOUTH AMERICA

First-quarter sales in Latin America were down by over 12% on a reported basis, owing to the continued depreciation of the real and the Colombian and Argentine pesos, and up by over 4% on a like-for-like basis. But as in late 2017, the overall trend in business activity improved.

In Brazil, the economic environment is mixed between a slight economic recovery and political uncertainties ahead of the upcoming elections. Against this backdrop, consumption is improving gradually but retail performance is heterogeneous, with varied financial situations. While Group sales decreased by almost 16% in euros in the first quarter, they grew slightly in real, with contrasted trends according to product family. In small electrical appliances, the return to growth was confirmed through positive momentum in fans (successful new silent and compact models enabling the Group to reclaim the lead in terms of market share, sustained demand in the north and northeast of the country), a robust recovery in food preparation (blenders and kitchen machines) and a very strong development in all ironing families (dry, steam, garment steamers). The solid performance in small electrical appliances results from productivity gains achieved via the ramp-up of the new Itatiaia site as for electrical products. The same is not yet the case for cookware, the production lines of which were recently transferred and have not really benefited yet from the new industrial set-up. As such, cookware sales remained on a downward trend in the first quarter, with full ramp-up effects expected for the second part of the year.

In Colombia, organic sales growth was fueled by vigorous gains in fans, thanks to more favorable weather, by a firm performance in cookware, by new progress in blenders bolstered by solid in-store activation, and by the success of our iron ranges. In Argentina, Group activity remained dynamic in the first quarter, following on from the trend observed throughout 2017.

ASIA

CHINA

In the first quarter Supor confirmed again its robust momentum in China. Sales increased 24% like-for-like, nurtured as in 2017 by almost all product families. In cookware, Supor substantially outperformed a market estimated at slightly positive. Growth drivers were legion, including iconic products such as pressure cookers, woks, frying pans and sauce pans as well as vacuum flasks and thermos mugs.

In small electrical appliances, our strong sales dynamic was also broad-based, encompassing all the main categories in kitchen electrics, in particular mobile induction hobs, high-speed blenders, kettles and electrical pressure cookers. The swift revenue growth of these families was fueled by the launch of numerous successful new models, offering a large variety of materials, original or improved functionalities, revamped and pinpointed design, along with specific marketing approaches. Supor also continues gathering speed in home and personal care, notably in vacuum cleaners and garment steamers, while growing fast in the segments of extractor hoods and gas stoves.

This outstanding overall performance is being driven primarily by the ongoing boom in e-commerce and is characterized by a premiumization trend. It needs to be put into perspective with several consecutive years of robust sales growth, constituting a demanding basis of comparison.

OTHER ASIAN COUNTRIES

First-quarter Group sales in Asia excluding China were down by nearly 6%, notably owing to the depreciation of the yuan and won against the euro, but rose 2.5% in organic terms. In contrast to 2017, where the situation was very heterogeneous across countries, business activity trended positively overall in almost all markets.

In Japan, following several consecutive very dynamic quarters, sales growth moderated and was mainly generated by cookware, with a substantial contribution from the newly launched pressure cooker Clipso Minut'. Business was more difficult for our two mainstays in small electrical appliances, kettles and ironing. In South Korea, excluding WMF, whose sales were up, our performance on a constant exchange rate basis was highly satisfying, fueled by vacuum cleaners (successful introduction of the Air Force 360, notably, in a highly buoyant and competitive market), grills and food preparation (mini and high-speed blenders, as well as new hand-blenders). At the same time, business in Australia continued on a positive note in an environment that nevertheless tightened somewhat.

In other countries in South-East Asia, our activity grew substantially on a like-for-like basis. This was true in Thailand and Malaysia, where our development is based on rice cookers, blenders and ironing. Brisk revenue expansion in Vietnam was fed by good momentum for Supor (cookware, rice cookers), by fans and by the launch of small electrical appliances under the Tefal brand, including blenders, kettles and irons.

WMF posted total sales of €258 million in the first quarter, down 3.2% like-for-like. Breaking down the overall figure, the Consumer business generated sales of €124 million (-2.5% like-for-like) and the Professional business (coffee machines and hotel equipment) posted sales of €134 million (-3.8% like-for-like).

Consumer sales are now largely integrated in the business activity of Groupe SEB market subsidiaries. As such, they are commented above.

For the Professional business, as announced, the sales downturn can be attributed to highly demanding comparatives in Coffee in 2017, related to two major contracts in Canada and Japan, delivered through third-quarter 2017. However, consistent with our expectations, core business excluding these specific deals continued to grow solidly, driven in particular by Germany, Central Europe, Nordics and China.

The recent signing of new large contracts, in the United States and China, for delivery starting in second quarter 2018, should lead to very strong momentum again in PCM (Professional Coffee Machines) in the coming months.

OPERATING RESULT FROM ACTIVITY

Operating Result from Activity (ORfA) for the first quarter amounted to €123 million, including a currency effect of -€15 million, or the largest part of the effect expected for the year. This compares with an ORfA of €131 million in first quarter 2017, after one-off impacts of WMF purchase price allocation, amounting to €7 million. Thus, like-for-like and excluding this €7 million, ORfA was stable in the first quarter, at €138 million.

We point out that this stability must be seen in the context of exceptionally high 2017 comparatives, both in terms of the Group's former scope (organic growth of 34% in first-quarter 2017) and as regards WMF, whose performances had been boosted by the above-mentioned two large deals in Professional Coffee.

DEBT AT MARCH 31, 2018

Net debt at March 31, 2018, ended at €1,725 million, down €180 million on end-December 2017, a good achievement considering our traditional cashflow cycle.

OUTLOOK

We note that, in Groupe SEB's business, the first quarter is not representative of the entire year and therefore should not be extrapolated to the coming months. However, first-quarter performance was one of high-quality, versus historically high comparatives.

Given the persistent challenges in some markets, a more volatile currency environment and higher raw materials prices, the Group will be alert and responsive, as in the past. As such, it remains confident in its ability to pursue its expansion in both Small Domestic Equipment and professional activities. As a matter of fact, WMF's Professional Coffee Machine business will return to solid momentum as of the second quarter thanks to the recent signing of major new contracts.

Against this background, the Group aims to achieve an organic sales growth exceeding 5%. On the basis of present exchange rates, the Operating Result from Activity should increase by more than 5% versus the 2017 ORfA excluding one-off impacts of WMF purchase price allocation. Lastly, ongoing debt reduction should lead to a net debt / adjusted EBITDA ratio below 2 at 2018 year-end.

GLOSSARY

On a like-for-like basis (LFL) – Organic

The amounts and growth rates at constant exchange rates and consolidation scope in a given year compared with the previous year are calculated:

- using the average exchange rates of the previous year for the period in consideration (year, half-year, quarter);
- on the basis of the scope of consolidation of the previous year.

This calculation is made primarily for sales and Operating Result from Activity.

Operating Result from Activity (ORfA)

Operating Result from Activity (ORfA) is Groupe SEB's main performance indicator. It corresponds to sales minus operating costs, i.e. the cost of sales, innovation expenditure (R&D, strategic marketing and design), advertising, operational marketing as well as commercial and administrative costs. ORfA does not include discretionary and non-discretionary profit-sharing or other non-recurring operating income and expense.

Adjusted EBITDA

Adjusted EBITDA is equal to Operating Result from Activity minus discretionary and non-discretionary profit-sharing, to which are added operating depreciation and amortization.

Net debt – Net indebtedness

This term refers to all recurring and non-recurring financial debt minus cash and cash equivalents as well as derivative instruments linked to Group financing having a maturity of under one year and easily disposed of. Net debt may also include short-term investments with no risk of a substantial change in value but with maturities of over three months.

Operating cash flow

Operating cash flow corresponds to the "net cash from operating activities / net cash used by operating activities" item in the consolidated cash flow table, restated from non-recurring transactions with an impact on the Group's net debt (for example, cash outflows related to restructuring) and after taking account of recurring investments (CAPEX).

This press release may contain certain forward-looking statements regarding Groupe SEB's activity, results and financial situation. These forecasts are based on assumptions which seem reasonable at this stage but which depend on external factors including trends in commodity prices, exchange rates, the economic environment, demand in the Group's large markets and the impact of new product launches by competitors.
As a result of these uncertainties, Groupe SEB cannot be held liable for potential variance on its current forecasts, which result from unexpected events or unforeseeable developments.
The factors which could considerably influence Groupe SEB's economic and financial result are presented in the Annual Financial Report and Registration Document filed with the Autorité des Marchés Financiers, *the French financial markets authority. The balance sheet and income statement included in this press release are excerpted from financial statements consolidated as of December 31, 2017 examined by SEB SA's Statutory Auditors and approved by the Group's Board of Directors, dated February 26, 2017.*

Watch the webcast and presentation at 2.30 pm
on our website: www.groupeseb.com or click here

Next key dates

May 16 | 2:30 pm	2018 Annual General Meeting
July 25 | before market opens	2018 first-half sales and results
October 25 | after market closes	2018 9 month sales and financial data

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World reference in small domestic equipment, Groupe SEB operates in nearly 150 countries with a unique portfolio of top brands including Tefal, Rowenta, Moulinex, Krups, Lagostina, All-Clad, and Supor, marketed through multi-format retailing. Selling some 300 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. As of December 31 2017, Groupe SEB has around 33,000 employees worldwide.