GROUPE SEB

Press Release

21 January 2014

Solid organic growth in sales
Adverse currency effect impacts performance in euros

Sales by region

Revenue (in €m)	2012	2013	% change	
			Reported	Like-for-like
France	688	**666**	- 3.3%	- 3.3%
Other Western EU countries	759	**821**	+ 8.2%	+ 8.8%
North America	457	**468**	+ 2.3%	+ 5.6%
South America	451	**426**	- 5.5%	+ 6.5%
Asia-Pacific	992	**1,087**	+ 9.6%	+ 11.4%
Central Europe, Russia and other countries	713	**693**	- 2.7%	+ 0.7%
	4,060	**4,161**	**+ 2.5%**	**+ 5.4%**

Excluding Maharaja Whiteline — *Rounded figures in € millions* — *Percentages based on non-rounded figures*

Revenue (in €m)	Q4 2012	Q4 2013	% change	
			Reported	Like-for-like
France	250	**252**	+ 0.4%	+ 0.4%
Other Western EU countries	280	**305**	+ 8.9%	+ 9.7%
North America	148	**149**	+ 1.0%	+ 6.9%
South America	137	**119**	- 12.7%	+ 0.1%
Asia-Pacific	278	**296**	+ 6.6%	+ 13.7%
Central Europe, Russia and other countries	230	**207**	- 9.8%	- 3.9%
TOTAL	1,323	**1,328**	**+ 0.4%**	**+ 5.1%**

Excluding Maharaja Whiteline — *Rounded figures in € millions* — *Percentages based on non-rounded figures*

Revenue performance

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The strained and uncertain overall economic environment that prevailed throughout 2013 affected consumer spending in many countries. Demand was fragile or volatile, markets were highly competitive and promotion driven, and retailers drew down or tightly managed their inventories. The small domestic equipment segment, though inherently resilient, was impacted by volatile or sluggish demand and performed unevenly across geographies as well as product categories. In addition, the sharp fall in several of Groupe SEB's major currencies – most notably the Brazilian real, the Russian rouble and the Turkish lira – disrupted business in the countries concerned.

Nevertheless, the Group's sales performance was very satisfactory in this difficult environment, representing revenue of €4,161 million for the year, up 2.5% on a reported basis and 5.4% at constant scope of consolidation and exchange rates (like-for-like). Its revenue in euros was heavily impacted by a negative currency effect of €116 million (of which €106 million in the second half of the year), but organic growth (led by volumes) was firm, reflecting a sharp second-half rebound that consolidated the return to growth observed in the first half. Following a particularly vigorous third quarter, with revenue up 10% like-for-like on low prior-year comparatives, sales remained buoyant in the fourth quarter, with organic growth coming to 5.1%. However, performances remained mixed across regions and product families.

Sales by region

FRANCE: A SUBDUED END TO THE YEAR

In France, the end-of-year holidays failed to lift consumers out of the ambient gloom, and the Christmas sales surge was considerably delayed because shoppers not only deliberately put off their purchases until the last minute, but also tended to wait for pre-Christmas bargains and promotions. The small domestic equipment market echoed the overall trend, but confirmed a return to moderate growth that began in the third quarter, both in cookware and electrical appliances. The uptrend was led by particularly brisk sales of food preparation appliances, vacuum cleaners and personal care products. All in all, after falling short of the very high 2012 comparatives in the first half, the Group turned the situation around. By returning to slight growth in the second half of the year, with sales up 0.9% in the third quarter and 0.4% in the fourth, Groupe SEB was able to limit the decline in annual revenue to just 3.3%. The contraction was largely attributable to a major non-recurring loyalty campaign that had inflated cookware revenue in 2012. Business was stronger in the small electrical appliances segment, where the Group saw very successful sales of food preparation appliances (e.g. kitchen machines, blenders, Soup & Co heating blenders and Infiny Force mixers), handstick vacuum cleaners, Cookeo multicookers and Dolce Gusto pod coffeemakers. In addition, market shares rose to record highs in the ironing segment, helped by strong sales of the Free Move cordless iron, in a nevertheless weakening market. Lastly, the launch of the Cuisine Companion cooking kitchen machine was very well received, with demand greatly outstripping supply.

OTHER WESTERN EU COUNTRIES: SOLID MOMENTUM

Despite a complex, generally dull macroeconomic environment, in a fluctuating, uneven small domestic equipment market, the Group had an excellent year in other Western EU countries. After a significant slump in 2012, due to the effects of the economic crisis, business benefited from a combination of several more favourable factors in 2013: low prior-year comparatives, an end to the economic downturn in Southern Europe, the launch of major loyalty programs with retailers and a solid product dynamic underpinned by strengthened growth drivers. Revenue was higher in virtually all countries in the region, particularly in Germany, where business continued to thrive in the fourth quarter after an excellent third quarter, driven by a major loyalty campaign set up with a retailer in the cookware segment. Groupe SEB also delivered a very good performance in the United Kingdom throughout the year, achieving significant advances in Ingenio cookware and food preparation appliances, and generating record sales of Actifry fryers. Lastly, 2013 saw very solid growth in Spain, mainly thanks to a Dolce Gusto loyalty operation launched in the first half of the year, and particularly vigorous growth in Portugal. However, sales for the full year were stable in Italy, where demand slowed considerably in the fourth quarter.

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NORTH AMERICA: A VERY SATISFACTORY YEAR

In a relatively dynamic overall market environment, the Group enjoyed sustained growth in 2013, with the pace of expansion gathering speed in the fourth quarter. In the United States, where the market trended more favourably while nevertheless remaining intensely competitive, the Group leveraged renewed vigour in the cookware segment, gaining new retail slots for the T-fal brand and enjoying a strong recovery in All-Clad sales in the second half of the year. In electrical appliances, growth was robust in ironing systems, thanks to new advances by Rowenta in the premium steam iron and garnment steamer segment and the ongoing deployment of T-fal mid-range product offering in mass-retail. At the same time, the new All-Clad waffle makers and slow-cookers were a hit with consumers and the Optigrill smart grill launched in September generated encouraging initial results. Business was healthy in Mexico, particularly in cookware and linen care, but annual sales were down on 2012 at constant exchange rates due to a non-recurring loyalty program. In Canada, in a slightly decelerating market in the fourth quarter, the Group's sales trajectory remained highly positive. A very good overall performance was achieved for the year, along with new market shares gains, thanks to Actifry and other flagship products in the ironing and cookware categories.

Note that Groupe SEB acquired Canada's Coranco on 16 December 2013 with the purpose of obtaining direct control of Lagostina product marketing operations in Canada. Through this acquisition, Groupe SEB significantly strengthens its positions and becomes the unrivalled leader in the cookware market.

SOUTH AMERICA: SUSTAINED GROWTH, BUT VOLATILE SALES

In South America, 2013 was shaped by the ongoing, significant depreciation of the Brazilian real, which led to very large gaps between the year-on-year change in revenue as reported and at constant exchange rates. In Brazil, added to these currency effects, economic uncertainty and social unrest led to erratic demand and mixed performances from one quarter to the next. After a robust third quarter, end-of-year conditions were tighter due to a combination of slower consumer spending and the adverse impact on fan sales of cool weather, in contrast to the very buoyant 2012 season. Nevertheless, organic growth was strong for the year, led by sales of electrical appliances such as the Planetaria kitchen machine, the Dolce Gusto pod coffeemaker, steam irons and new 10kg-capacity semi-automatic washing machines, which more than offset a decline in cookware. In Colombia, the economy remained firm and consumer spending was quite strong. After a mixed third quarter, Groupe SEB regained a certain degree of momentum in the fourth, despite the absence of specific commercial operations. Momentum was particularly strong in the linen care segment, while fan sales were also higher and demand improved for pressure cookers as well as for cooking utensils and accessories, leading to market share gains. The Group had a good year in Argentina, shaped by significant organic growth.

ASIA-PACIFIC: A DECISIVE CONTRIBUTION TO GROWTH

2013 sales were robust in the heterogeneous mix of markets comprising the Asia-Pacific region, with all countries experiencing increased demand in the fourth quarter. China was the regional heavyweight and the largest contributor to growth. The Chinese small domestic equipment market picked up after an anaemic 2012, with Supor achieving a very substantial improvement in locally generated revenue to outperform the competition and gain new market share. This energetic performance was attributable to a strong product dynamic, constantly fuelled by innovation and range extension. In cookware, the Thermospot range was expanded with the introduction of new woks and other items, and the launch of stainless steel and Clipso pressure cookers was exceptionally well received by retailers and consumers alike. In small electrical appliances, local best-sellers went from strength to strength and the launch of new products such as round-pot rice cookers and juice extractors helped to enhance the Supor brand's presence on store shelves. At the same time, Supor pursued its geographic expansion into Tier 3 and Tier 4 cities, added many new sales outlets to its network and stepped up development of on-line sales. In Japan, where the steep fall in the yen became a major concern for all market players, the Group achieved another year of organic growth despite an already high basis of comparison in 2012. Anticipating a much more complicated 2014, as no currency hedges are in place, Groupe SEB is taking the necessary measures to limit the effects of the weakening local currency on business and the translation of results into euros. In South Korea, business gradually picked up after a dull first half, helped by the improved economic environment and the upswing in demand. Lastly, Thailand and Malaysia continued to act as very powerful growth drivers throughout the year.

CENTRAL EUROPE, RUSSIA, OTHER COUNTRIES (TURKEY, MIDDLE EAST, AFRICA, ETC.): STALLED DEMAND SINCE THE SUMMER

After trending upwards in the first half of 2013, demand in this region suddenly stalled in the summer, mainly due to the abrupt slowdown of the Russian economy on top of the already difficult, tense situation in Turkey. In addition, the significant, persistent decline in several of the region's currencies against the euro led to a serious disruption of the markets concerned. As a result, sales were sharply impacted in the second half of the year, particularly in Russia where, despite forefront positions supported by its rich product offering and established brand equity, the Group had to face a dramatic drop in demand in the last six months of the year, along with

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inventory drawdowns by retailers. In addition to this more challenging environment, Groupe SEB was affected by the non-renewal in the fourth quarter of 2012 loyalty programs. In Central Europe, despite a contraction in Poland in the fourth quarter, annual revenue grew significantly at constant exchange rates, thanks primarily to strong demand for food and beverage preparation appliances, such as automatic espresso machines and kettles, as well as for linen care appliances. In Ukraine, demand was flat until September, when it was lifted by a marketing operation with a retailer and several successful new product launches. In a politically complex, protectionist environment defined by significant promotional activity, the Group's sales were weak in Turkey throughout the year, leading to an erosion of its market shares. In contrast, demand was very robust in the Middle East (Saudi Arabia and the United Arab Emirates) and in Egypt (where business is conducted through a joint venture), resulting in a very good fourth quarter.

Outlook

Apart from their very negative impact on revenue, unfavourable changes in exchange rates also hurt the Group's profitability in 2013. However, Operating Result from Activity for the full year should be very close to the reported 2012 figure.
The Group is expecting a very high level of Cash Generated from Operations, which will further strengthen its financial position.

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The world leader 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 200 million products a year, it deploys a long-term strategy focused on innovation, international development, competitiveness and service to clients. Groupe SEB has nearly 25,000 employees worldwide.