23 April 2015

2015 First-quarter sales and financial data

Groupe SEB: An Excellent Start to the Year

- **Revenue: €1,089 million, up 15.8% as reported and 9.4% like-for-like**
- **Operating result from activity: €92 million, up 84% as reported and x2.1 on a like-for-like basis**
- **Net debt: €357 million, down €96 million from year-end 2014**

Revenue performance

In a general environment characterized by strongly contrasted geographic situations and highly volatile exchange rates, the small domestic market remained fairly dynamic. Against this backdrop, Groupe SEB delivered an excellent performance in the first quarter of 2015. It should be stressed, however, that, combined, the persistent weakness of certain currencies (Russian rouble, Ukrainian hryvnia, Brazilian real, etc.) against the euro and the increase in the US dollar and Chinese yuan, the Group's two key purchasing currencies, had opposite impacts on our performance: positive on revenue and negative on operating result from activity.

At €1,089 million, revenue rose by a very robust 15.8% as reported during the quarter, boosted by a €60-million positive currency effect. Like-for-like growth stood at 9.4%, with gains in almost every region.

Operating result from activity, net of a €15-million negative currency impact, amounted to €92 million, far exceeding the €50 million* reported in first-quarter 2014. At constant exchange rates, operating result from activity reached €107 million.

Net debt at 31 March 2015 stood at €357 million, down €96 million from year-end 2014, reflecting the good level of cash generated over the period.

*Reported first-quarter 2014 operating result from activity, before a €2.5-million negative impact of restating data on application of IFRIC 21.

Revenue by region

Revenue (€m)	First quarter 2014	First quarter 2015	Change 2015/2014	
			As reported	Like-for-like*
France	129	144	+12.0%	+11.9%
Other Western European countries	183	187	+2.5%	+0.7%
North America	93	117	+25.1%	+6.4%
South America	82	83	+1.2%	-0.1%
Asia Pacific	304	407	+34.1%	+15.1%
Central Europe, Russia and other countries	150	151	+0.4%	+13.4%
TOTAL	941	1,089	+15.8%	+9.4%

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

Rounded figures in € millions

Percentages based on non-rounded figures

Sales by region

FRANCE: RECORD GROWTH

In a brisk market led by several product families (electrical cooking, vacuum cleaners, food preparation and home comfort), the Group achieved a record 12% increase in quarterly sales, driven by a wide variety of factors. In small electrical appliances, electrical cooking, driven by our latest innovations, coffee making and floor cleaning appliances confirmed their success on the market in all major distribution networks: mass food retailers, specialists and online channels. On the other hand, business was slower in linen care and personal care. In the cookware market, demand is picking up and the noticeable improvement in our sales was supported both by the successful campaign for Chandeleur, France's traditional pancake day, and by a series of loyalty programmes with leading retail chains. In both segments, we amply outperformed the market and considerably strengthened our positions.

OTHER WESTERN EUROPEAN COUNTRIES: BUSINESS STILL TRENDING UPWARDS

In the fairly firm Western European market, Groupe SEB successfully maintained forward momentum in the first quarter, despite high 2013 and 2014 comparatives, and strengthened its positions in most of its markets. The only slight growth in like-for-like revenue in the region was primarily due to the sharp decline in Germany, where the important loyalty programme that had boosted sales in first-quarter 2014 was not conducted this year. Excluding that impact, the Group’s sales in the country showed a solid gain for the period, thanks in particular to vacuum cleaners, automatic espresso coffeemakers and Optigrill. In all of its other large markets, the Group turned in a very strong performance. This was particularly the case in Spain, where the buoyant dynamics covered a wide array of electrical appliances (vacuum cleaners, irons, deep fryers, single-serve coffeemakers, etc.), supported by dedicated campaigns, and a cookware promotional programme. Italy’s very vigorous growth was led by almost all of the categories, as well as by a one-off campaign for Cuisine Companion. Lastly, in the United Kingdom, the outstanding sales vitality demonstrated quarter after quarter for more than two years now continued apace, driven over the period by irons, coffeemakers and electrical cooking (Optigrill and Actifry).

NORTH AMERICA: SUSTAINED STRONG MOMENTUM

With the dollar strengthening against the euro, revenue from North America climbed 25.1%, including a solid 6.4% like-for-like improvement that primarily reflected sustained growth in the United States, impelled by cookware: T-Fal had an excellent quarter, strengthening the 2014 dynamics in both physical and online channels, and gaining new market shares. Imusa benefited from the extension of its ethnic cookware line-up, while All-Clad firmly defended its positions in the premium segment. In electrical appliances, sales remained steady in irons but slowed somewhat in electrical cooking.
Despite a currency environment that prompted price increases, our business in Canada rebounded off of a more challenging final-quarter 2014. In Mexico, sales retreated due to the discontinuation of a loyalty programme, but core business showed robust gains, notably in irons and filter coffee makers.

SOUTH AMERICA: SLOWING GROWTH

In a continent still wracked by significant currency fluctuations (Brazilian real, Argentine peso and other currencies), Group sales were overall stable in the first quarter.

In Brazil, the complicated general environment and clearly cooling economy make it difficult to maintain the strong sales momentum of the past two years. In addition, sales were somewhat disrupted by the price increases implemented in response to the steady decline in the real. In this tight environment, Group performance was patchy. On one hand, growth in cookware was fueled by an enriched pipeline of well-received products in a context of widespread price hikes by most producers across the board. On the other hand, business was harder in small electrical appliances as the solid gains in irons, food preparation appliances and Dolce Gusto coffeemakers were offset by a weaker fan "season" than in first-quarter 2014.

The sustained sales momentum in Colombia was attributable to electrical appliances, with development in almost every category, while cookware sales were held back by the discontinuation of a special promotional campaign led in first-quarter 2014.

ASIA-PACIFIC: A VERY GOOD QUARTER

Growth was robust in Asia-Pacific, both as reported and at constant exchange rates, led by the solid performance in our three main markets in the region, China, Japan and South Korea. In China, Supor continued to deliver fast growth built on a constantly enhanced product portfolio, sustained geographic expansion and surging online sales. Revenue posted a further double-digit gain for the quarter, driven by both cookware and small electrical appliances. After a very difficult 2014, which thus represents a low basis of comparison, sales in Japan rebounded in the double digits, buoyed by the beginnings of an upturn in kettles, Ingenio cookware and irons. Market conditions still remain tight, however. In South Korea, our performance was very satisfactory, lifted by the outstanding marketing vitality in every retail channel and the opening of two new Home & Cook stores. In contrast, business was more mixed in the other countries, with a strong upward trend in Vietnam and growth in Australia, but a slight decline in Thailand.

CENTRAL EUROPE, RUSSIA, OTHER COUNTRIES: RETURN TO POSITIVE TERRITORY

Groupe SEB continued to turn around the situation in this highly diverse region that remains severely impacted by socio-political issues, much slower consumer spending in certain countries and massive fluctuations in the Russian rouble and Ukrainian hryvnia notably. In Russia, where demand is still falling sharply and the market remains highly promotion-driven, sales improved despite significant new price increases implemented in January. As a matter of fact, growth was primarily led by two loyalty programmes conducted with two leading retailers, as well as by vigorous in-store marketing activation. While the rebound enabled us to regain market share, the highly uncertain general environment continues to argue for a cautious approach to the coming months. Growth in Ukraine remained as strong as in late 2014, despite fairly unfavourable consumer spending indicators and soaring inflation. In a more promising context, the same was true in Central Europe, where we achieved an excellent first quarter across all markets. In Turkey, growth continued at a sustained pace, driven by irons, vacuum cleaners and electrical cooking, thereby leading to strengthened market positions for the Group. Lastly, sales were very satisfactory in Egypt and India.

Operating result from activity

Operating result from activity surged 84% in the first quarter of 2015, to €92 million from €50 million* a year earlier. The reported figure is stated after a €15-million negative currency effect, meaning that at constant exchange rates, operating result from activity stood at €107 million for the period. This very sharp improvement was due to the robust like-for-like growth in sales, the sustained deployment of competitiveness initiatives and our strict cost discipline. These headways and achievements are attributable to the professionalism and the great reactivity of all teams.

Analysis of debt at 31 March 2015

At 31 March 2015, net debt stood at €357 million, a €96-million decline from €453 million at year-end 2014, reflecting both the generation of cash from operations and a favourable currency effect.

Outlook

It should be recalled that traditionally, the first quarter is not representative of the entire year and as such, should not be extrapolated on the coming months.

Nevertheless, the first-quarter performance has raised the Group's confidence in its ability to achieve in 2015 further sustained organic revenue growth as well as to accelerate like-for-like growth in operating result from activity versus that of 2014.

*Reported first-quarter 2014 operating result from activity, before a €2.5-million negative impact of restating data on application of IFRIC 21.

Press Release

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12 May
2015 Annual General Meeting

23 July
Half-Year sales and results

27 October
2015 nine-month sales
And financial data

40 ans de cotation
1975 - 2015

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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 25,800 employees worldwide.

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