



ISSUER RATING

Long-Term

Outlook

Stable



ISSUER RATING

Short-Term

Initiation date

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13/11/2023

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## Rating Action and Rationale

- EthiFinance Ratings reaffirms the long- and short-term rating of Groupe SEB (SEB S.A.) at “BBB” and “EF1” respectively, maintaining the Stable outlook.
- The rating is supported by the company’s good competitive positioning given its strong competitive advantages (efficient supply chain) and leading market positions (#1 or #2 position in most of the areas where it operates). In addition, the company has a sound financial profile, highlighted by good indebtedness levels (adjusted NFD/EBITDA below 2.5x on average).
- The rating is constrained by a sector that shows medium growth prospects, together with a high dependency on some countries (27% of total sales are generated in China) and a medium-to-high financial autonomy (equity/adjusted TFD ~90% on average).
- According to our methodology, the Consumer Durables & Apparel sector presents a medium ESG exposure (sector heatmap score between 3.0 and 3.5), given its limited impact on the environment. This assessment has a neutral impact on the sector analysis. The group’s ESG policies are considered as favourable (ESG score between 0 and 1), which has a positive impact on the rating. The company’s total score is 90 out of 100 with a favourable score in each category: ‘Governance’ (88), ‘Social’ (92) and ‘Environment’ (93).

## Issuer Description

Groupe SEB, headquartered in Lyon (France), is a world leading manufacturer and distributor in the small domestic equipment market. This sector is divided into: i) small electrical appliances and ii) cookware, accounting for around 65% and 35% of consumer sales in 2022, respectively. The company distributes its products in 150 countries, although 62% of total sales are concentrated in China and Western Europe (27% and 35% of 2022 total sales, respectively). The company is globally recognized by its different brands: Tefal, Krups, Rowenta, Moulinex, WMF, Lagostina, Schaerer, etc. SEB has extended its range of activities to the professional sector and, in particular, to the professional coffee market. The founding family holds a 42.2% stake in the group through various vehicles, with the remainder divided among different investors (free float of 40.5%).

The company’s turnover in 2022 amounted to €7,960m (-1.2% YoY) with adjusted EBITDA of €877m and an EBITDA margin of 11.0%. Adjusted NFD/EBITDA stood at 2.7x with an interest coverage ratio of 10.9x. At June 2023, turnover amounted to €3,612m (1.5% below 1H 2022) with adjusted EBITDA of €327m and an EBITDA margin of 9.0%. Adjusted NFD/EBITDA estimated at 2.9x with an interest coverage ratio of 10.0x. Groupe SEB is listed on the Paris Stock Exchange, with a market capitalization of €4.80bn as of October 25th, 2023.

## Liquidity

We assess the liquidity profile of SEB as good reflecting the company’s strong refinancing profile and its reasonable availability.

## Credit Metrics Expected Evolution (CMEE)

CMEE is considered as ‘Stable’.

## Modifiers

## Controversies

- The company does not appear to present any controversies.

## Country Risk

- No country risk has been identified.

## Main Financial Figures

Main financial figures. Millions of €.							
	2020	2021	2022	1H23	2023E	2024E	22vs21
Turnover	6,940	8,059	7,960	3,612	8,044	8,426	-1.2%
Adj. EBITDA <sup>(1)</sup>	855	1,046	877	327	961	1,064	-16.2%
EBITDA Margin	12.3%	13.0%	11.0%	9.0%	11.9%	12.6%	-2.0pp
EBIT	503	715	547	179	679	787	-23.5%
EBIT Margin	7.3%	8.9%	6.9%	4.9%	8.4%	9.3%	-2.0pp
EBT	443	650	466	128	554	662	-28.3%
Total Assets	9,270	10,124	9,128	8,513	9,156	9,137	-9.8%
Equity	2,735	3,291	3,449	3,154	3,729	4,106	4.8%
Adjusted Total Financial Debt <sup>(2)</sup>	4,315	4,220	3,685	3,425	3,690	3,690	-12.7%
Adjusted Net Financial Debt	1,923	1,895	2,384	2,597	2,124	1,819	25.8%
Equity/ TFD	63.4%	78.0%	93.6%	92.1%	101.1%	111.3%	15.6pp
NFD/ EBITDA	2.2x	1.8x	2.7x	2.9x <sup>(3)</sup>	2.2x	1.7x	0.9x
FFO	601	846	602	205	799	819	-28.9%
FFO/ NFD	31.2%	44.6%	25.2%	24.6% <sup>(3)</sup>	37.6%	45.0%	-19.4pp
Adj. EBITDA/Interest	14.1x	16.2x	10.9x	10.0x	9.0x	10.0x	-5.3x

<sup>(1)</sup> Adj. EBITDA (EBIT + depreciation and amortization costs + other operating income and expenses (restructuring costs, impairment losses and gains and losses on asset disposals)). <sup>(2)</sup> Includes 'Employee Benefits' and factoring without recourse. <sup>(3)</sup> LTM EBITDA and FFO.

## Credit Rating

Credit Rating	
<b>Business Risk Profile</b>	<b>BBB</b>
Industry Risk Assessment	BBB-
Sector ESG Adjustment	Neutral
Competitive Positioning	BBB
Governance	BBB
<b>Financial Risk Profile</b>	<b>BBB</b>
Cash flow and leverage	BBB
Solvency	BBB-
Company's ESG Adjustment	Positive
<b>Anchor Rating</b>	<b>BBB</b>
Modifiers	No
<b>Rating</b>	<b>BBB</b>

## Rating Sensitivity

List of ratings:

- LT Rating: BBB
- ST Rating: EF1

Factors that may (individually or collectively) impact the rating:

- **Long-term rating positive factors (↑)**

A general recovery in financial ratios would need to be seen for a rating upgrade to happen: improvement in debt levels (adjusted NFD/EBITDA <2.0x, adjusted FFO/NFD >35%, and EBITDA/interest above 12.0x on average). Increased financial autonomy (adjusted equity/ TFD above 95% in average) would also be required.

- **Long-term rating negative factors (↓)**

Unfavorable market conditions. Deterioration of leverage ratios (adjusted NFD/EBITDA above 3.5x on average, adjusted FFO/NFD below 25%, and EBITDA/interest below 8x). Decreased financial autonomy (adjusted equity/TFD below 80%).

- **Positive factors short-term rating (↑).**

An upgrade of the short-term rating to EF1+ would be entailed by an upgrade of the long-term rating to A, which at this stage is unlikely.

- **Negative factors short-term rating (↓).**

A downgrade to EF2 could be entailed by either a deterioration of SEB's liquidity, or downgrade(s) of our CMEE or long-term rating to BBB-.

## REGULATORY DISCLOSURES

**LEI:** 969500WP61NBK098AC47

**Follow-up report of the long- and short-term corporate rating.**

**Last rating action:** "BBB" and "EF1" rating with a Stable outlook to Groupe SEB (November 29, 2022)

**Rating nature:** Unsolicited long- and short- term rating (this report is paid by investors, not the issuer)

**With rated entity or related third party participation:** Yes - The report was published having been reviewed by the issuer.

**With access to internal documents:** No

**With access to management:** No

**Ancillary services provided to the entity:** *In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.*

**Name of the rating committee chair:** Thomas Dilasser, Head of Corporate Ratings France.

**Material sources used to support the rating decision:**\* 1H 2023\* 2022, 2021, 2020 annual reports\* Company presentation\* Factset

**Limitation of the Rating action:**

- EthiFinance Ratings believes that the quality and quantity of information available on the rated entity is sufficient to provide a rating.
- EthiFinance Ratings has no obligation to audit the data provided.

The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies, and in accordance with the Corporate Rating Methodology and Outlook Methodology that can be consulted on <https://www.ethifinance.com/en/ratings/methodologies> and according to the Long-term Corporate Rating scale available at <https://www.ethifinance.com/en/ratings/ratingScale>.

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