



ISSUER RATING
Long term

OUTLOOK
Stable



ISSUER RATING
Short-term

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Contacts

Lead analyst

Anne Guy
anne.guy@ethifinance.com

Committee chair

Marc Pierron
marc.pierron@ethifinance.com

Rating Action and Rationale

- EthiFinance Ratings affirms SEB SA's long-term rating at BBB, maintaining a Stable outlook. EthiFinance Ratings also affirms the short-term rating at EF1.
- SEB SA (SEB), also known as Groupe SEB, is a French manufacturer and distributor of small domestic appliances.
- The ratings are supported by the sound financial profile of the company, with good credit metrics. In FY24, the group delivered revenues growth of 3.2% to €8.3bn, supported by a good performance in the small domestic equipment segment despite the difficult market environment in China. Profitability was strong, with an adjusted EBITDA margin of 12.6% (vs 12.4% in FY23). At end-2024, the EthiFinance-adjusted net leverage ratio had deteriorated slightly to 2.4x (vs 2.2x at end-2023). This is mainly due to negative cash flow linked to working capital needs and capex, and this is also adjusted for the company's €189.5m fine for price fixing. Over our forecast period (2025-27), we expect the net leverage ratio to improve to 2.2x on average, on the back of EBITDA growth and debt reduction.
- SEB's ratings are also supported by its strong competitive advantages, including efficient supply chains, strong brand awareness, and innovative skills. The group has leading market positions, being #1 or #2 in most of the areas in which it operates.
- However, the ratings remain constrained by the characteristics of the household durables market, including limited levels of profitability and only medium growth prospects, while barriers to entry are low. Moreover, SEB is highly dependent on some countries, especially China, where the group generated 23% of its revenues in FY24. SEB's sales in China have, once again, decreased, with a 3.1% decrease in FY24, after a 6.1% decrease in FY23. The group suffers from the difficulties of the Chinese market, and we do not expect a recovery in the short term. Finally, the net result of SEB has been impacted by the fine of €190m imposed by the French competition authority for price-fixing practices in 2007-14. This fine has been fully provisioned for, although SEB intends to appeal, and if it materializes would have a negative cash impact in 2025 (adjusted net leverage of 2.4x vs 2.2x excluding the payment of the fine).
- The consumer goods sector has medium ESG risks according to our methodology (sector heatmap score between 3 and 3.5) given its impact on the environment. This results in a sector assessment which is not impacted by industry-related ESG considerations. Regarding environmental factors, the sector presents a low impact on climate issues (not heavy manufacturing industry, which limits GHG emissions) and resources (moderate use of resources). However, the sector has a high impact regarding pollution, due to the huge amount of waste generated, and a medium impact on biodiversity linked to goods production and transportation. It involves a medium impact over suppliers and consumers, and a low impact on communities.
- Our assessment of the company's ESG policy is 'advanced' (company ESG score of between 0 and 1), positively impacting our financial assessment. Our assessment is based on the 2023 data, as the numbers for 2024 have not yet been published. SEB stands out in terms of environmental policies, being committed to carbon neutrality related to product manufacturing (scope 1 & 2) and to product energy consumption (scope 3) by 2050. Its carbon strategy related to direct emissions (scope 1 & 2) has been validated by the SBTi within a 1.5°C scenario. As of 2023, SEB had already reduced its direct emissions by 40% vs 2016. The company's favorable ESG score also stems from a very good social score, factoring in the decrease in employee turnover and accident frequency rates, and the excellent governance assessment, with the separation of the roles of chairman and CEO and a good analysis of ESG issues.

Issuer Description

Headquartered in Lyon (France), SEB is a world leading manufacturer and distributor of small domestic appliances. Small electrical appliances and cookware accounted for 88% of the group revenues in 2024. The company distributes its products in 150 countries, although sales are concentrated in China and Western Europe (23% and 31% of 2024 total sales, respectively). The company has a number of globally recognized different brands, including: Tefal, Krups, Rowenta, Moulinex, WMF, Lagostina, and Schaerer. SEB has extended its range of activities to the professional market and, in particular, to the professional coffee market. This division accounted for 12% of total sales in 2024. The founding family holds a 42.2% stake in the group through various vehicles, with the remainder divided among different investors (free float of around 44.5%).

In 2024, the group generated revenues of €8.3bn and adjusted EBITDA of €1,043m (adjusted EBITDA margin of 12.6%). The adjusted net leverage ratio (NFD/EBITDA) stood at 2.4x at end-2024 (vs 2.2x at end-2023). SEB SA is listed on the Euronext Paris stock exchange, with a market capitalisation of €4.8bn as of 1st April 2025.

Liquidity

We assess the liquidity profile of SEB as “Superior”, reflecting its high level of liquidity at end-2024 (cash and available committed credit lines), well-spread and long-term maturities, in addition to a strong refinancing profile.

Credit Metrics Evolution Expectation (CMEE)

Our CMEE is Stable, reflecting our view that credit metrics will remain broadly unchanged over the next twelve months.

Modifiers

Controversies

In December 2024, the French competition authority imposed a fine of €189.5m on SEB for participating in price-fixing practices with competitors between 2007-14. The total fine imposed on all the involved parties, 10 appliances manufacturers and two distributors, amounted to €611m. The group appealed the decision. We have included in our debt adjustment the amount of the fine and we consider that the company’s reputation could be affected but in a manageable way. This leads to a controversy score at 3 which has no impact on the ratings.

In addition, SEB has been blamed for negative environmental impact of products related to forever chemicals (PFAS). In France, a law banning the use of PFAS has been adopted in February 2025 but excludes cookware. We haven’t included this controversy in our assessment as the financial impact is limited and the group is not the only one responsible. However, it could have a negative impact on the company’s reputation. This controversy has no impact on the ratings but it will remain monitored.

Main Financial Figures

Main financial figures. millions of EUR						
	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	8 007	8 266	8 679	9 113	9 478	3,2%
EBITDA	990	1 043	1 094	1 166	1 232	5,4%
EBITDA Margin	12,4%	12,6%	12,6%	12,8%	13,0%	0,3pp
EBIT	669	540	762	818	869	-19,2%
EBIT Margin	8,3%	6,5%	8,8%	9,0%	9,2%	-1,8pp
EBT	588	420	681	744	797	-28,5%
Total Assets	9 253	9 323	9 488	9 854	10 211	0,8%
Equity	3 461	3 540	3 744	4 098	4 491	2,3%
Total Financial Debt (1) (2)	3 638	3 589	3 492	3 443	3 357	-1,3%
Net Financial Debt (1) (2)	2 161	2 527	2 632	2 602	2 525	17,0%
Equity/TFD (1) (2)	95,1%	98,6%	107,2%	119,0%	133,8%	3,5pp
NFD/EBITDA (1) (2)	2,2x	2,4x	2,4x	2,2x	2,0x	0,2x
Adj Funds From Operations	698	699	605	765	814	0,1%
Adj FFO/NFD (1) (2)	32,3%	27,6%	23,0%	29,4%	32,2%	-4,6pp
EBITDA/Interest	10,3x	9,8x	10,0x	10,0x	10,9x	-0,6x

⁽¹⁾ Net financial debt as adjusted at end-2024 has been forecast by EthiFinance Ratings as some elements we include in our calculation have not yet been disclosed in the company’s 2024 results presentation.

⁽²⁾ Debt adjusted for pensions, factoring without recourse, and fine for price fixing. Cash is adjusted for current financial assets.

Credit Rating

Credit Rating	
Business Risk Profile	BBB-
<i>Industry risk assessment</i>	<i>BB+</i>
<i>Industry's ESG</i>	<i>Neutral</i>
<i>Competitive Positioning</i>	<i>BBB</i>
<i>Governance</i>	<i>BBB</i>
Financial Risk Profile	BBB+
<i>Cash flow and Leverage</i>	<i>BBB</i>
<i>Solvency</i>	<i>BBB+</i>
<i>Company's ESG</i>	<i>Positive</i>
Anchor Rating	BBB
<i>Modifiers</i>	-
Rating	BBB

Rating Sensitivity

- **Rating positive factors (↑)**

A long-term rating upgrade to BBB+ would derive from a continuation of the positive revenues growth trend, combined with positive evolution of the cash position and a reduction of debt, sufficient to deliver a net adjusted leverage ratio below 2.0x for a sustained period.

An upgrade of the short-term rating to EF1+ would be entailed by an upgrade of the long-term rating to A along with a Stable CMEE at least, which at this stage is improbable.

- **Rating negative factors (↓)**

A long-term rating downgrade to BBB- may come from a deterioration of credit metrics, should margins fall or should the group adopt a more aggressive financial policy, for example in the event of a large debt-funded M&A deal. In particular, an EthiFinance Ratings-adjusted net leverage ratio around 3.0x for a sustained period would lead to a rating downgrade.

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

Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

Additional information

- 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. Principal methodology used in this research are :
 - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- 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.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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