



ISSUER RATING
Long term

OUTLOOK
Stable



ISSUER RATING
Short-term

Initiation date 29/11/2022
Rating date 02/04/2024

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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.
- The ratings are supported by the company's strong competitive advantages (including efficient supply chain, strong brand awareness and innovative skills) 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 moderate indebtedness with an adjusted NFD/EBITDA ratio of 2.2x at end-2023, which we expect to improve over our forecast period.
- However, the ratings are constrained by: i) the household durables market showing limited levels of profitability and having only medium growth prospects, while barriers to entry are low; ii) SEB's high dependency on some countries, especially China where the group derives 25% of its revenues.
- 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. 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. As of 2022, SEB has already reduced its direct emissions by 34% 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 in the small domestic equipment market. This sector is divided into small electrical appliances and cookware, accounting for 88% of the group revenues in 2023. The company distributes its products in 150 countries, although sales are concentrated in China and Western Europe (30% and 25% of 2023 total sales, respectively). The company is globally recognized for its different brands, including: Tefal, Krups, Rowenta, Moulinex, WMF, Lagostina, and Schaeerer. 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 2023. The founding family holds a 42.2% stake in the group through various vehicles, with the remainder divided among different investors (free float of c. 44.5%).

In 2023, the group generated revenues of €8.0bn and adjusted EBITDA of €954m (adjusted EBITDA margin of 11.9%). The adjusted net leverage ratio (NFD/EBITDA) improved to 2.2x at end-2023 (from 2.8x at end-2022). SEB SA is listed on the Euronext Paris stock exchange, with a market capitalisation of €6.5bn, as of 28th March 2024.

Liquidity

We assess the liquidity profile of SEB as "Superior" reflecting its high level of liquidity at end-2023 (cash and available committed credit lines), in addition to a strong refinancing profile.

Credit Metrics Evolution Expectation (CMEE)

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

Main Financial Figures

Main financial figures. millions of EUR						
	FY22	FY23	FY24e	FY25e	FY26e	23vs22
Turnover	7 960	8 007	8 367	8 744	9 137	0,6%
EBITDA	862	954	1 004	1 049	1 096	10,7%
EBITDA Margin	10,8%	11,9%	12,0%	12,0%	12,0%	1,1pp
EBIT	547	667	705	736	769	21,9%
EBIT Margin	6,9%	8,3%	8,4%	8,4%	8,4%	1,5pp
EBT	466	587	655	670	703	25,8%
Total Assets	9 128	9 253	9 602	9 934	10 324	1,4%
Equity	3 449	3 461	3 757	4 065	4 398	0,3%
Total Financial Debt	3 702	3 638	3 639	3 608	3 608	-1,7%
Net Financial Debt	2 401	2 143	2 130	1 922	1 692	-10,8%
Equity/TFD	93,2%	95,1%	103,2%	112,7%	121,9%	2,0pp
NFD/ EBITDA	2,8x	2,2x	2,1x	1,8x	1,5x	-0,5x
Adj Funds From Operations	538	698	748	772	810	29,8%
Adj FFO/ NFD	22,4%	32,6%	35,1%	40,2%	47,9%	10,2pp
EBITDA/Interest	13,6x	8,9x	8,2x	7,7x	8,0x	-4,6x

Net financial debt as adjusted at end-2023 has been forecast by EthiFinance Ratings as some elements we include in our calculation have not yet been disclosed in the company's 2023 results presentation.

Credit Rating

Credit Rating	
Business Risk Profile	BBB-
Industry risk assessment	BB+
Industry's ESG	Neutral
Competitive Positioning	BBB-
Governance	BBB
Financial Risk Profile	BBB+
Cash flow and leverage	BBB
Solvency	BBB
Company's ESG	Positive
Anchor Rating	BBB
Modifiers	-
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 while maintaining a Positive CMEE, 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 - Long Term : https://files.qivalio.net/documents/methodologies/CRA_190_V3_Corporate%20Methodology_2023-10-06.pdf
 - Corporate Rating Methodology - Short Term : https://files.qivalio.net/documents/methodologies/CRA_191_Corporate_Rating_Methodology_Short_Term-202303.pdf
- 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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