



Better Living

Press release ●

May 23, 2016  
Acquisition

## Signature of an agreement for the acquisition of WMF Groupe SEB strengthens its global leadership

1

Groupe SEB is pleased to announce the signature of an agreement with KKR for the acquisition of the German group WMF, the global leader in professional coffee machines and German leader in cookware.

This structuring acquisition will allow the Group to:

- acquire a **solid worldwide leadership in the very attractive professional coffee machines market**, which is characterised by strong growth, high profitability and large recurring sales, due to a significant proportion of service activities;
- **strengthen considerably its position in cookware, becoming the number 1 in Germany**, notably via its high-end stainless steel product offering;
- **accelerate its development in the key market of kitchen utensils and accessories**, continuing on from the acquisition of EMSA, to reach sales of more than €350 million;
- **consolidate its brand portfolio with strong new brands - the iconic WMF as well as Schaerer, Silit, Kaiser and HEPP**;
- **access a network of 200 own-retail shops in Germany**, a great tool to promote its image and generate revenues.

This acquisition will generate **significant synergies**. Revenue synergies will come from WMF brand and products expansion in new geographies thanks to the wide international presence of Groupe SEB and also from the strengthening of WMF brand with the Group's products. On the other hand, WMF's integration will allow for productivity measures in many domains: purchasing, industry, logistics, commercial, back office... **that will lead to an amount of yearly synergies estimated at around 40 millions euros from 2020 on.**

The transaction value is €1,585 million, based on a purchase price of €1,020 million and on €565 million of assumed net debt, as of 31st of December 2015. In addition, the Group takes over €125 million of early retirement and pension liabilities.

**The operation will be debt-financed, leading to a pro forma Net Debt / EBITDA ratio at the end of 2016 of less than 3**, thus preserving a sound financial situation for the Group. The strong level of cash generation will allow the Group to rapidly reduce its net debt, with the objective of returning to a ratio of less than 2 at year-end 2018.

In 2015, Groupe SEB revenues, including WMF, would have been €5,824 million with an adjusted EBITDA of €651 million, representing a margin of 11.2%.

**The deal will be strongly accretive (more than 20%) in terms of earnings per share from the first full year of consolidation.**



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2

### WMF: a flagship of German industry

The WMF Group, which was founded in 1853, specialises in 3 product lines: professional coffee machines, small domestic equipment (cookware and small domestic appliances) and equipment for the hotel industry. Over the years, it has established solid positions:

- in the professional coffee market, where it is the undisputable world leader with a market share of 28%, far ahead of the number 2;
- in cookware, where WMF is the clear leader in Germany, with 20% of the market.

**The WMF Group posted revenue of €1.1 billion in 2015, up by 4.3%.** This figure is broken down as follows: 56% in small domestic equipment, 37% in professional coffee, and 7% in hotel equipment. Geographically, three quarters of revenue are in Europe (51% in Germany), with the balance divided fairly evenly between its other main markets – the US, China, Japan and Korea.

**WMF's adjusted EBITDA was €118 million in 2015, and is estimated at €140 million for 2016.**

WMF has 8 production sites across the world: 4 in Germany, 1 in Switzerland, 1 in the Czech Republic, 1 in China and 1 in India. It has a multi-channel distribution strategy and notably a large company-owned retail network. It employs 5,700 people in 16 countries, of which 3,800 are in Germany.

" Thanks to our close, trusting and collaborative relationship with the management team, we were able to set the course for a successful future for WMF Group. The company is now well positioned to continue to deliver on its strategic development plan together with Groupe SEB." said Philip Wack, Director of the KKR industrial investment team in Europe and Johannes Huth, Head of KKR in Europe, Middle East and Africa.

### A strategic deal and a great step forward for Groupe SEB

Thierry de La Tour d'Artaise, Groupe SEB Chairman and CEO, declared: *"The acquisition of WMF is a new structuring step in our development. It allows us to significantly reinforce our positions in small domestic equipment in Germany and add very strong brands to our portfolio. Furthermore, it is a fantastic opportunity to become a leading player in the very attractive professional coffee machine market and to capitalize on WMF's cutting-edge technologies to enrich our small domestic equipment product offering. We have high respect for this great company with which we share culture and values, based on a passion for products and an obsession for excellence. These assets will support our ambitious value creation projects and will guarantee the smooth integration of WMF's teams, whom I would like to cheerfully welcome to Groupe SEB."*

### Timing and conditions

The deal will be submitted to the relevant competition authorities which approval is expected to occur in the second half of 2016.

SEB stock quotation, which has been suspended today, will resume at the opening of the markets on the 24th of May.

● Upcoming events ●

**July 25**

First-half 2016 sales and results

**October 25**

Nine-month 2016 Sales and Financial data

3

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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 26,000 employees worldwide.

SEB SA ■



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