4.1. 2014 HIGHLIGHTS

General environment

Macroeconomic conditions in 2014 were still uneven. Apart from the major crises that beset certain regions and the monetary turbulence seen in the period, the 2014 financial year was torn between strongly positive trends in certain geographic areas and poor conditions in others. In mature markets, the economy continued to recover gradually in Europe, though with differing levels of growth country by country, while in the United States a favourable environment continued to foster household consumption. In Japan, on the other hand, the environment turned out to be very challenging. In the emerging markets, economic conditions varied from one country to another. In Latin America the economic climate was strained, particularly in Brazil, affecting demand, while Argentina came close to defaulting on its payments. Russia for its part saw a major economic slowdown because of international sanctions due to the conflict in Ukraine and the fall in oil prices in the second half of the year, leading to a collapse of the ruble against the euro by year end. By contrast, China's dynamism remained strong.

Against this backdrop, the Small Household Equipment market remained active, showing its resistance to cyclical downturns. It was bolstered both by product replacements and upgrades in advanced economies, thanks to product innovation, and by the adoption of appliances by a fast-rising middle class in new economies. Performance in the sector, however, varied by product category: strong dynamic in food preparation, electrical cooking, home care (vacuum cleaners), fans (favourable weather conditions in the most affected geographical areas) or cookware, whereas linen care and beverage preparation stalled. As in 2013, the market was highly competitive and promotion-driven, a trend amplified by the distribution industry, due to a price war waged at the retail level. The uncertainty surrounding the entire year, incidentally, caused many distributors to manage their inventories very cautiously, while holding their suppliers to tight delivery times.

The transformation of the retail sector continued, especially with the rapid development of e-commerce. Even if one observed a few defaults and store closings, no major business failures occurred in 2014. The Group did not suffer significant late payment problems and maintained high credit insurance levels.

Currencies

2014 again saw great volatility in currencies and a drop, often very significant, in the majority of them against the euro, continuing or amplifying the trends seen in the second half of 2013. The changes cited below are based on average exchange rates as compared to 2013. The Russian ruble, trending downward since the second half of 2013, experienced a huge loss of value toward the close of 2014. The currency fell 17% against the euro, but ended the period close to its all-time low. Besides the Russian ruble, many currencies lost value versus the euro. This is the case for the Turkish lira (down 12.9%), the Brazilian real (down 8.2%), the Colombian peso (down 6.5%), the Canadian dollar (down 6.8%), the Ukrainian hryvnia (down 31.7%) and the Mexican peso (down 3.9%). The yen fell yet again (7.7%) after its devaluation in 2013 and presented a major challenge for the Group in 2014 with the expiration of hedges taken in 2012 which had protected the Group's earnings in 2013.

The US dollar and the Chinese yuan held fairly stable during the year, on average, but clearly rose in value by the close of the year. A few currencies strengthened, such as the Korean won (3.9%) and the British pound (5.3%).

These changes resulted in a negative effect on sales of €132 million, versus a negative effect in 2013 of €116 million and a positive impact in 2012 of €114 million. This trend hurt profitability, with a -€94 million impact on operating result from activity in 2014. The Group took corrective actions such as price increases and strict cost controls, aimed at lessening the impact of currencies on profitability in the countries concerned.

Raw materials

The Group's business is exposed to fluctuations in the price of certain raw materials, including metals such as aluminium, nickel (used in stainless steel) and copper. It is also exposed to price changes in plastics used in the manufacture of small domestic appliances. These exposures are direct, or indirect if the manufacturing of the product is outsourced to subcontractors. Over the course of the past few years the prices of raw materials have experienced great volatility: a jump up in 2007, then a collapse with the financial crisis of 2009, a quick recovery based on economic stimulus plans, and back to a downward trend since mid 2011. In 2014, raw material prices showed little change generally speaking.

The price of aluminium was stable in 2014 with an average price of $1,895 per tonne ($1,887 in 2013). The price of copper followed a downward trend (-7%) with an average price of $6,830 per tonne, versus $7,325 in 2013. Lastly, nickel experienced a rise in 2014 (+12%) with an average price of $16,950 per tonne ($15,080 in 2013). It should be recalled, nonetheless, that in order to smooth out the effect of these variations, the Group has implemented a hedging policy on 6 to 12 rolling months for a significant portion of its metal needs.

Plastics rose slightly in 2014 despite the drop in oil prices starting in the summer. It should be noted that the Group purchases mainly pre-manufactured plastic parts, which means that the impact of changes in oil prices has less of an effect on its purchasing prices.

The prices of outsourced finished goods stabilised despite wage inflation in China, owing to the purchasing terms negotiated and suppliers' productivity gains. The Group's index of purchased finished goods for 2014 was therefore unchanged from 2013.

Appointments to the Board of Directors

On 15 May 2014, the General Shareholders' Meeting of SEB S.A. approved the appointment of Bruno Bich as a member of the Board of Directors for a period of four years, to replace Norbert Dentressangle, whose term of office came to an end. The General Meeting ratified the co-optation of Fonds Stratégique de Participations (FSP) as a member of the Board of Directors, to replace Philippe Lenain, who resigned. FSP is represented by Catherine Pourre, who also chairs the Audit Committee. The General Meeting also ratified the decision to co-opt the company FFP Invest, represented by Christian Peugeot and replacing FFP, as a director.

Bertrand Neuschwander appointed Chief Operating Officer

On 22 April 2014 the Board of Directors, at the recommendation of its Chairman Thierry de La Tour d'Artaise, appointed Bertrand Neuschwander as Chief Operating Officer of Groupe SEB. As part of his new role, Bertrand Neuschwander assists Thierry de La Tour d'Artaise, Chairman and Chief Executive Officer, with the operational management of Groupe SEB. An Engineering graduate from the National Agronomic Institute of Paris-Grignon and holder of an MBA from INSEAD business school, Bertrand Neuschwander was CEO at Devanlay/Lacoste after having led the Aubert Group for nine years. He began his career at Arthur Andersen in 1987, before joining Apax Partners & Cie in 1991. He joined Groupe SEB in 2010, first as Senior Executive Vice-president for Business Units and then, since 2012, as Senior Executive Vice-president for Strategy and Business Units.

Acquisition of the remaining shares in Maharaja Whiteline

On 13 May 2014, the Group finalised an agreement with its Indian partner for the acquisition of the remaining 45% of the share capital of Maharaja Whiteline. After the acquisition of 55% of the capital in December 2011, Groupe SEB thus holds 100% of the company. This full acquisition confirms Groupe SEB's ambition to expand in India and quickly accelerate Maharaja Whiteline's growth, especially via a strong pipeline of new products, supported by Groupe SEB's world-known innovation expertise, and a strengthened relationship with its distribution partners. Sunil Wadhwa, who was formerly CEO and Managing Director of Usha International Ltd, remains Chief Executive Officer.

Production of kitchen and bathroom scales stopped at Rumilly

The Group discontinued the production of bathroom scales and kitchen scales at he Rumilly site on 31 October 2014. The discontinuation had no impact on jobs. Following the procedure to inform and consult the Works Council and the Health and Safety Committee, the 36 production employees were offered a reassignment within Rumilly's non-electrical cookware activity, as well as individual transfer support (mentoring, training, etc.) aimed at facilitating their reassignment. The scales innovation and "smart products" activities, which employ 11 people, remain based in Rumilly.

Early renewal of the syndicated credit facility

In keeping with its proactive financial management, last July Groupe SEB renegotiated with its banks its €560 million syndicated line of credit established in 2011 and expiring in February 2016. Taking advantage of favourable market conditions and making use of the same seven-bank pool, the Group signed a new syndicated facility of €560 million on 31 July 2014 for five years, with two options for one-year extensions. This financing supports the €600 million commercial paper programme but can also be used for any other needs. Through this early renewal, the Group has bolstered its financial structure and lowered its financing costs.

Awards for Groupe SEB

In 2014, Groupe SEB received a wide variety of distinctions:

GROUPE SEB FRANCE'S CONSUMER SERVICES DEPARTMENT VOTED CUSTOMER SERVICE OF THE YEAR

In October 2014, the Consumer Services department of Groupe SEB France won the 2015 award for Best Customer Service. This yearly competition evaluates the quality of customer relations at selected companies, screening all points of contact with consumers: telephone calls, contact forms or emails, social networks and navigating six of our branded sites (Seb, Calor, Moulinex, Krups, Tefal and Rowenta). No fewer than 3,150 criteria were evaluated over 10 weeks of testing, and 215 mystery tests were conducted.

SHAREHOLDER RELATIONS AWARD

Groupe SEB won three awards in the first shareholder relations competition of the French "Le Revenu" magazine (*Trophées de la Relation Actionnaires*). These awards are given to companies judged to be the most deserving based on evaluations in the following categories: Best Shareholder Services, Best Shareholder Meeting, and Best Website. The Group received the silver medal for the Best Shareholder Meeting, the bronze for the Best Website and the bronze for the Overall trophy (all categories combined).

PURCHASING AWARD

The eighth annual purchasing awards organised by the French professional purchasing association (Compagnie des Dirigeants et Acheteurs de France) recognised the Groupe SEB Purchasing department (Paris, 16 June) for the way it transformed the function in two years. The judges, all purchasing professionals, selected the best of their peers in seven categories. In the most prestigious one, "Purchasing Director and Team of the Year", Groupe SEB was noted for installing a worldwide professional purchasing system: 300 people in 11 countries working closely with the business lines and pursuing value creation, performance and cost efficiency objectives..

4.2. COMMENTARY ON CONSOLIDATED SALES

Sales *(in € millions)*	2014	2013	Change *(based on exact figures, not rounded)* Reported	Like-for-like
France	700	666	+5.1%	+5.1%
Other Western European countries	849	821	+3.5%	+2.8%
North America	496	468	+5.9%	+4.0%
South America	421	426	-1.3%	+6.9%
Asia-Pacific	1.132	1,087	+4.2%	+7.9%
Central Europe, Russia and other countries	655	693	-5.6%	+0.4%
TOTAL	**4,253**	**4,161**	**+2.2%**	**+4.6%**

Sales *(in € millions)*	4th quarter 2014	4th quarter 2013	Change *(based on exact figures, not rounded)* Reported	Like-for-like
France	275	252	+9.2%	+9.2%
Other Western European countries	305	305	-0.0%	-1.2%
North America	171	149	+14.4%	+5.0%
South America	128	119	+7.3%	+11.0%
Asia-Pacific	315	296	+6.6%	+3.5%
Central Europe, Russia and other countries	204	207	-1.4%	+7.0%
TOTAL	**1,398**	**1,328**	**+5.3%**	**+4.9%**

The global macro-economic environment in 2014 was marked by weak growth, underpinned by a climate of uncertainty or turbulence in several emerging countries and critical situations in certain regions of the world. It was also a year of extreme volatility on the foreign exchange markets with many currencies showing persistent weakness against the euro. The situation worsened in the fourth quarter when the rouble collapsed, while the US dollar and Chinese yuan were getting stronger.

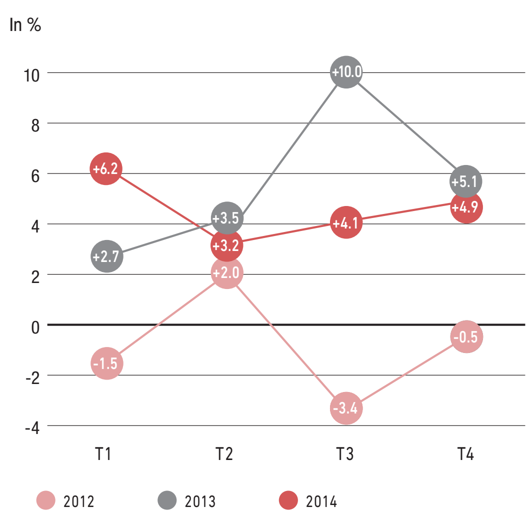
In a highly competitive and promotion-driven environment, the small household equipment market continued to grow overall but performed unevenly from one country to another.

With €4,253 million in 2014 sales, driven by higher volumes, Groupe SEB's reported growth stood at 2.2%, while growth was 4.6% on a like-for-like basis. Organic growth in 2014 was therefore strong, as announced, buoyed by the positive contribution of nearly all the Group's major markets with the exceptions of Russia and Japan. Once again, innovation proved to be a driver. In this environment, Group revenue rose by 2% in mature markets (which accounted for 54% of 2014 revenue) and by 8% in emerging economies (46% of the total).

Sales were impacted by a negative €132 million foreign exchange effect, in keeping with 2013's negative effect of €116 million. This effect was due to the drop in most of the Group's functional currencies against the euro and was largely incurred in the first half of the year. In the second half of the year the impact on revenue was more moderate, with several opposing trends offsetting each other.

The scope of consolidation effect represented an impact of +€33 million for the year and stemmed from the consolidation on 1 January 2014 of Groupe SEB India (formerly Maharaja Whiteline) and the Canadian company Coranco.

ORGANIC GROWTH IN SALES BY QUARTER IN 2012, 2013 AND 2014



Product sales performance

The Group relies on a product thrust driven by new concepts, the introduction of new functional features, fresh designs, opening up new categories, the geographical expansion of certain ranges, etc. Among these innovations, a few products have been the locomotives pulling the whole product range.

The Group's product dynamic once again held strong in 2014, and it covered an enlarged worldwide reach, with products specifically designed for certain markets.

The various product categories contributed to the Group's performance as described below:

- **home comfort** grew strongly, in particular in Brazil and Colombia, in particular thanks to fans which were driven by the success of the Turbo Silencio range. Asia also shared in the growth in this category, while the air dehumidifiers business also developed;
- **home care** turned in another year of solid sales growth. Bagless vacuum cleaners grew considerably due to product line extension and particularly to the Silence Force Multi Cyclonic, an ultra-quiet model that met with great success. Air Force vacuum cleaners continued their strong performance. In Europe, 2014 was the year that energy labelling of vacuum cleaners took effect, as well as the restriction on their power to 1,600W. This deadline had been anticipated, and therefore the Group had a product range entirely compliant with the new regulations as of 1 September 2014 and was among the best positioned in terms of the various performance criteria revealed by the labels;
- **food preparation** gave a very mixed picture and saw its activity dip somewhat due to the decline in meat mincers, a typical product on the Russian market, and to the slowdown in Fresh Express sales. Conversely, the business enjoyed brisk growth in sales of food processors with the roll-out of Cuisine Companion in France and its introduction in Spain, Portugal and Italy, three sizeable markets for this category;
- **linen care** showed solid revenue growth. Steam irons rose, particularly in France, Turkey and Mexico, which more than offset lower volumes in Russia and Japan. Steam generator sales were strong, driven particularly by France and the success of the Easy Control range. The Group benefited from the geographical spread of garment steamers, especially in South-East Asia;
- **personal care** suffered form the weakness of the Russian market and the discontinuation of a loyalty programme with a retailer in Spain. In hair care, sales were lacklustre in hair dryers but benefited from the success of the Volume 24 styler and the Steampod, the professional hair straightener designed in partnership with L'Oréal. Depilators remained almost flat with the continued success of the Soft Extreme painless depilator;
- **cookware** saw higher sales in 2014, despite a complicated base effect connected with a German retailer's loyalty programme. Business was notably bolstered by China, where Supor continued to gain market share. Fixed-handle frying pans and saucepans remained stable, with growth of All-Clad in North America, Colombia and China offsetting a negative base effect. The Ingenio ranges with removable handles performed well and benefited particularly from a loyalty programme with a French distributor. Pressure cookers rose due to growth in the Middle East and Canada and in the Clipso ranges, despite weak market conditions in France and Japan;
- **electrical cooking** turned in an outstanding year and benefited from a number of growth factors. Optigrill added to its success with high growth on the US market, fuelled by a constant broadening of its retail network and a roll-out in many countries. The Cookeo multicooker made new gains driven especially by an excellent performance on the French market. Actifry continues to expand, particularly due to the German market and the launch of the new generation of Actifry Express. The cost efficiencies gained by in-sourcing the production of the traditional fryers at Supor brought with them new sales growth and confirmation of our position as global leader. Rice cookers enjoyed high growth, bolstered by Supor's market share gains in China;
- **beverage preparation** has been growing slightly. In single-serve coffee, in markets that have remained highly competitive, the Group profited from the Inissia product launch, which sparked Nespresso sales, while Dolce Gusto successfully defended its position after a year of high growth in 2013. Automatic espresso machines continued to grow briskly due to the broadening of the range and increased market share in Germany. Home beer-tapping machines grew, led by Beertender and the introduction of The Sub. In kettles, the business suffered from a sharp drop in sales in Japan, which could not be offset by gains in China.

Geographical performance

FRANCE: A VERY GOOD END TO THE YEAR

In a French market growing slightly, Group sales accelerated sharply in the fourth quarter, rising by 9.2% on the back of an already strong third quarter, up 4.6%. The Group therefore recorded its sixth consecutive quarter of growth, as well as a very good second half. This vigorous performance was led by the small electrical appliance segment, which benefited from a strong product dynamic, and by a cookware loyalty program set up in November with a major retailer. It enabled the Group to continue to outperform the market and further strengthen its positions in France. In electrical appliances, the main growth drivers were once again food preparation appliances (mixers, blenders and, above all, the Cuisine Companion cooking food processor which has established a firm foothold in the market), the Cookeo multicooker, the sales of which have more than doubled, vacuum cleaners, Nespresso coffee makers, draught beer systems and traditional oil-based deep fryers. In ironing, business was more difficult but the Group outperformed a declining market and reinforced its positions. In personal care, Group sales were down on the prior year. Lastly, in a cookware market still decreasing, the Group enjoyed a good end to the year but was nonetheless unable to offset the lacklustre performance of the first nine months.

OTHER WESTERN EU COUNTRIES: SATISFACTORY BUSINESS

In other western European Union countries, the small electrical appliance market enjoyed solid growth in 2014 whereas the cookware market was more tense. Despite high-prior year comparatives, the Group performed well in nearly all European countries. On the year, sales showed organic growth of 2.8% despite a slight downturn in the fourth quarter (1.2% in organic terms). In Germany, the Group ended 2014 with sales on a par with the previous year, after experiencing a steep drop in the fourth quarter due to the high basis of comparison created by a major cookware loyalty program implemented in late 2013. Excluding the effects of this program, sales were significantly higher thanks to advances in fryers – led by Actifry –, the good start of the "Energy Label" vacuum cleaner range and very strong demand for full-automatic espresso machines. In the United Kingdom, growth remained firm throughout the year, with buoyant fourth quarter sales led by Nespresso and Dolce Gusto single-serve coffee makers, Actifry and Optigrill. In Spain, despite the absence of a large-scale loyalty program such as the one that boosted 2013 sales, the Group had a very good year in nearly all product families, further strengthening its position in a fast-recovering small electrical appliance market. The same applied in Italy, where, in the fourth quarter, we benefited from a vibrant demand for the Cuisine Companion cooking food processor and achieved strong sales of steam irons and Nespresso coffee makers. Lastly, in the Netherlands and Scandinavia, business recovered significantly compared with 2013 and was generally robust throughout the year.

NORTH AMERICA: A STRONGER GROWTH DYNAMIC

After a start to the year burdened by unfavourable weather conditions, the upturn in the US economy had a positive effect on our sales in North America: organic growth was 4% for the year. The pace of growth accelerated from one quarter to the next, led primarily by the United States where Group revenue rose by more than 8% in local currency in the fourth quarter. This strong performance was attributable to several factors. Cookware sales benefited from the combined effects of sharply higher demand for T-fal mid-range products, a strong dynamic of All-Clad in the premium segment and solid development of Imusa in ethnic items. In kitchen electrics, distribution of Optigrill was expanded and confirmed its success. In ironing, the introduction of new Rowenta and T-fal models and advances in garment steam brush helped to drive growth. The Group's stronger in-store and on-line presence also contributed to last year's performance, as did the success of several specific promotional campaigns. In Canada, in a market that was less buoyant and penalized by the decline in the Canadian dollar, Group sales stalled at the end of the year after months of uninterrupted growth. Full year sales remained nevertheless up slightly on 2013 on a like-for-like basis. Lastly, 2014 revenue in Mexico were also slightly higher than in the prior year in local currency, with growth led mainly by cookware and steam irons.

SOUTH AMERICA: FASTER GROWTH IN THE FOURTH QUARTER

By delivering a further acceleration of sales growth, the Group confirmed in the fourth quarter the solid performance achieved in the first nine months in South America. In Brazil, we had to face the uncertain economic environment, currency issues, higher inflation and lower consumer spending further hampered by the disruptive effect of the presidential elections. The weakness of the real led us to increase prices at the beginning of the year, putting additional pressure on sales. In this challenging environment, the Group nevertheless delivered strong growth, particularly in the fourth quarter when sales rose 11.3% like-for-like. Small electrical appliances – particularly fans and Dolce Gusto coffee machines, steam irons and semi-automatic washing machines – were the main growth drivers. The cookware segment remained more difficult but stabilized at the end of the year. In Colombia, the Group posted solid organic growth in 2014 after recording a moderate increase in sales in the fourth quarter. This performance was attributable to electrical appliances such as fans and steam irons, as well as to the extensive advertising and marketing support enjoyed by Imusa in connection with the events organised to celebrate the brand's 80th anniversary.

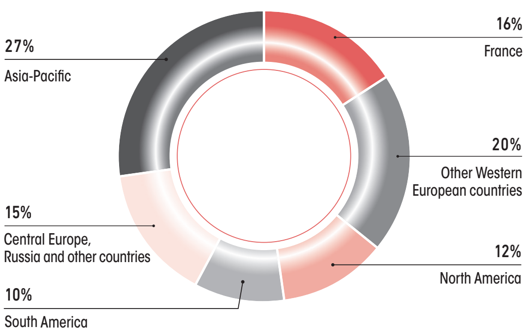
ASIA-PACIFIC: A GOOD OVERALL PERFORMANCE, EXCLUDING JAPAN

With sales up 4.2% as reported and 7.9% in local currencies, the Group had a satisfactory year in the Asia-Pacific region where the vibrant Chinese business contrasted with very difficult context in Japan. Fourth quarter sales were generally in line with the first nine months, although organic growth slowed slightly, to 3.5%. The Group had a very tough year in Japan, due to a number of negative factors such as the yen's weakness against the euro and the resulting price hikes that severely affected volumes, as well as the increase in the VAT rate on 1 April which dampened consumer spending. Despite action to overcome these difficulties, sales fell sharply in 2014, in stark contrast to the robust growth enjoyed in prior years. The picture was entirely different in China, where the Group enjoyed extremely vigorous growth in all four quarters. In a well oriented small household equipment market, deployment of an offer enhanced by a steady stream of new products, continued expansion across the country, particularly in Tier 3 and Tier 4 cities, and accelerated growth in on-line sales helped Supor to further strengthen its positions in both cookware and small electrical appliances. In the vast majority of other countries in the region, business was very satisfactory. This was particularly the case in South Korea, which delivered a strong year.

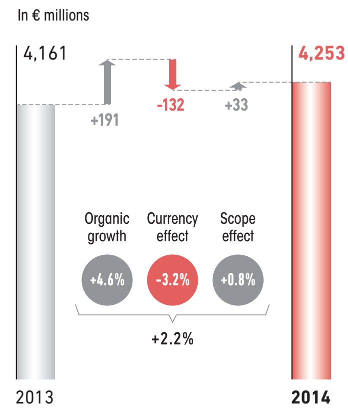
CENTRAL EUROPE, RUSSIA AND OTHER COUNTRIES: FIRM BUSINESS, HELD BACK BY RUSSIA

The Group's business in this region was badly affected by the crisis in Russia and Ukraine and by major currency issues (particularly for the rouble, the Turkish lira and the Ukrainian hryvnia). In Russia our 2014 revenue fell sharply at constant rates of exchange. The economic conditions worsened as the months went by, and demand was reduced by higher inflation. In a fiercely competitive, promotion-driven environment, the rouble's collapse in December made the situation even more difficult in the latter part of the year. Nevertheless, sales were almost stable in the fourth quarter, thanks to a rebound in demand for certain product categories and to two loyalty programs set up with retailers. But the current general situation and the poor outlook do not allow us at this point to extrapolate this performance into 2015. The same is true for the net turnaround in our revenue and market share in Ukraine at the close of the year. In Central Europe, the Group achieved very satisfactory performance over the year and enjoyed vigorous growth in the fourth quarter, particularly in Poland. In Turkey, after two difficult years, the Group saw a return to a very robust organic growth and considerably strengthened its market positions, thanks in particular to significant advances in linen care and vacuum cleaners. Lastly, the Group had a good year in the Middle East and Egypt, despite a more challenging environment over the last months.

✚ GEOGRAPHICAL BREAKDOWN OF 2014 SALES



✚ 2013-2014 SALES GROWTH



4.3. COMMENTARY ON THE CONSOLIDATED RESULTS

Income statement

Operating result from activity was down 10.3% compared with 2013 (€368 million), severely penalised by a €94 million negative currency effect, about three times higher than in 2013. This impact stemmed mainly from the depreciation of the rouble, yen, Brazilian real and Turkish lira against the euro. Operating result from activity on a like-for-like basis came to €462 million, up 12.6%, higher than the 7.2% growth achieved in 2013.

The factors driving the like-for-like growth in operating result from activity were:

- a positive volume effect of €60 million (versus +€66 million in 2013), resulting from the strong organic growth in sales, particularly in China, France, Eastern Europe and on the American continent;
- a return to a positive price mix (+€13 million), due partly to compensatory price increases in countries with a sharp currency depreciation (Russia, Japan, Brazil, etc.) and partly to an improved product mix driven by new product launches and upselling;
- improved operating efficiency, which generated €28 million in savings during the period. Driven by gains in productivity, steps to simplify processes and savings in purchasing, this efficiency more than offset industrial sub-production at certain plants in France in relation to the situation in Russia;
- a €26 million increase in growth drivers, including a more than 7% like-for-like increase in spending on advertising and marketing;
- higher selling and administrative costs, in the amount of €23 million, reflecting the reinforcement of teams in the field, growth support investments at Supor, scope effects and one-off costs related to the new head office.

Operating profit came to €314 million, versus €364 million in 2013. This decline largely reflects the drop in operating result from activity. This was after discretionary and non-discretionary profit-sharing of €33 million, down €4 million on 2013. Other operating income and expenses resulted in a net expense of €21 million, including various restructuring costs and provisions (industrial streamlining in Brazil, cease of the weighing scale manufacturing at Rumilly in France, etc.).

Net financial expense continued to improve and amounted to -€49 million, compared with -€55 million in 2013. Financial expenses on debt were unchanged from last year at -€31 million and are the result of a Group average rate of financing and average debt that were generally stable over the period. Other financial expenses improved and benefited from the non-recurrence of the €7.5 million provision for the impairment of shares in the Indian company Maharaja Whiteline, which had an adverse effect in 2013.

Net attributable profit to owners of the parent amounted to €170 million, down 14.9% compared with 2014. This decline resulted almost entirely from the decline in operating profit. Income tax expense was lower at €71 million versus €87 million last year, representing an effective tax rate of 26.9% (28.2% in 2013). Net attributable profit to non-controlling interests was up €24 million (versus €22 million in 2013), reflecting an excellent performance by Supor in China.

Balance sheet

Consolidated equity stood at €1,724 million at 31 December 2014, versus €1,532 million at 31 December 2013, including a contribution from non-controlling interests of €174 million (€143 million at 31 December 2013). This change was primarily the result of the following factors:

- positive currency translation adjustments of €70 million resulting from the rise in the Chinese yuan versus the euro at the close of the period;
- the net total profit for the year, amounting to €194 million, less the dividends paid in 2014 for 2013, i.e. €78 million.

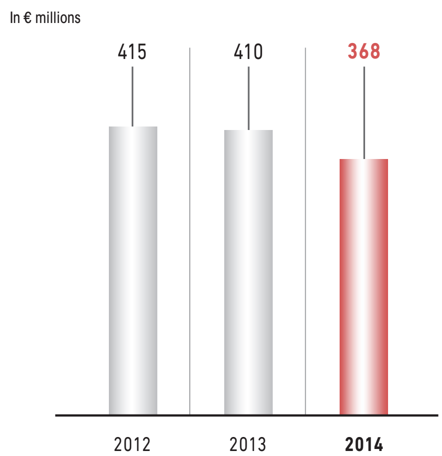
Equity is reported net of treasury stock. At year-end 2014, the Group held 1,291,242 own shares, versus 1,412,347 at year-end 2013. This change arose from the sale of shares upon the exercise of purchase options.

Net debt amounted to €453 million, versus €416 million at end-December 2013. This change represented a solid cash generation from operations (€175 million), an outflow of €78 million for dividends and several extraordinary outflows (investment in the Group's new headquarters, purchase of non-controlling interests in Asia Fan and Maharaja Whiteline and the buyback of shares). Working capital requirements, unchanged in value, improved slightly as a ratio, representing 22.4% of sales at year-end, versus 22.7% one year before.

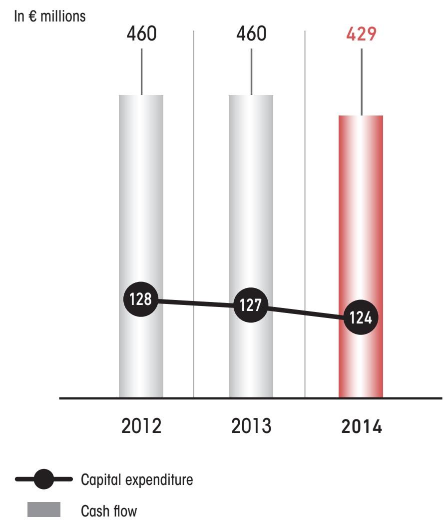
The ratio of net debt-to-equity equalled 26%, versus 27% at year-end 2013, while the ratio of net debt-to-EBITDA stood at 1.00x versus 0.86x at year-end 2013. The Groupe SEB balance sheet remains strong and relies on a solid and diversified financial structure. Further information on the borrowing terms and the funding structure are available in Note 24 to the Consolidated Financial Statements.

Capital expenditures totalled €124 million, near 2013 levels (€127 million). In general, they were principally for tangible assets (approximately 70%), with almost equivalent distribution between moulds and tools for new products on the one hand and production equipment (installation of new assembly lines, injection presses, etc.) and/or the renovation of buildings on the other. The remaining 30% covered mostly capitalised development costs and production-related computer software linked to the production and to the development of the Group's own retail brand outlets.

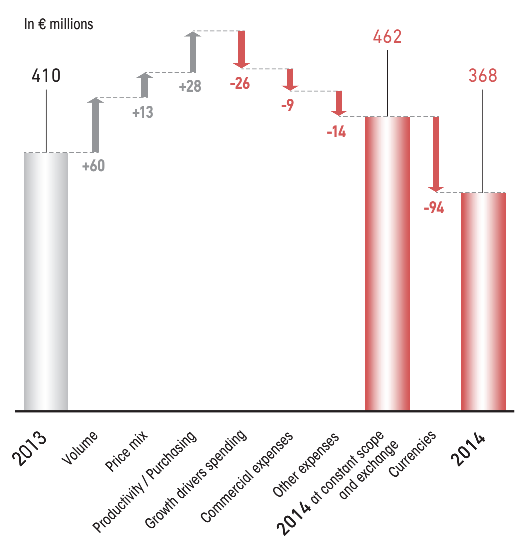
CHANGE IN OPERATING RESULT FROM ACTIVITY



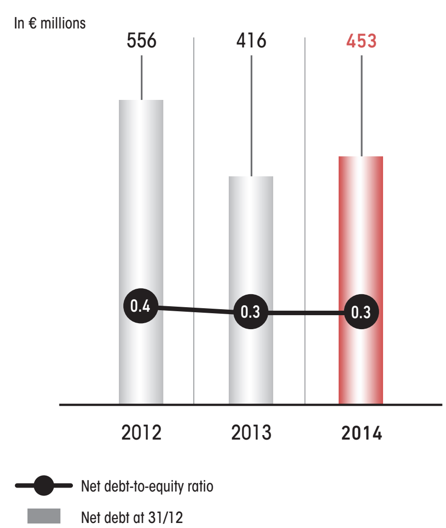
CASH FLOW AND CAPITAL EXPENDITURE



BREAKDOWN OF OPERATING RESULT FROM ACTIVITY



NET DEBT AND DEBT RATIO



4.4. OUTLOOK

2015 began in a similar context as the one which prevailed in 2014, with an uncertain economic backdrop and potentially new significant currency headwinds.

At this stage, the Group anticipates for 2015 continued buoyant demand overall although likely to be uneven across the various geographies. It intends to consolidate on its performance in Europe and in North America, to maintain a robust momentum in China and to return to growth in Japan. As regards Russia and Ukraine, the current context leads us to be cautious.

The persistent weakness of a number of currencies, coupled with a rise in the two key purchasing currencies (dollar and yuan) is likely to lead to a further negative impact on operating result from activity. Against this backdrop, the Group will continue to invest in innovation and in-store marketing while stepping up its programme to improve operational efficiency.

In this context, Groupe SEB aims to achieve in 2015 further sustained organic revenue growth and to accelerate like-for-like growth in operating result from activity versus that of 2014.

4.5. ACTIVITY AND EARNINGS OF SEB S.A.

SEB S.A., the parent company of Groupe SEB, is a holding company whose activities are largely confined to overseeing the manufacturing and sales activities carried out by its subsidiaries.

As a result, SEB S.A.'s earnings only partly reflect the performance of the Group and year-on-year changes in the Group's performance are not visible at the level of the company's results until the following year, because its revenues consist essentially of dividends received from subsidiaries.

The main items reflected in the company's accounts are as follows:

- income:
  - dividends received from subsidiaries: €147.2 million (€158.4 million in 2013);
- expense:
  - fees for services provided by SEB Développement, a subsidiary of SEB S.A., totalling €2.7 million (€2.8 million in 2013).

Since 1 January 2005, SEB Développement has taken over the market prospecting, international sales promotion and development, administrative, financial, research, innovation and industrial property services previously supplied by the company to subsidiaries.

The company ended the year with a profit of €82.7 million for the period (€153.1 million in 2013).

Significant events of the year

BERTRAND NEUSCHWANDER APPOINTED CHIEF OPERATING OFFICER AND A NEW EMPLOYEE OF SEB S.A.

The Board of Directors, at the recommendation of its Chairman Thierry de La Tour d'Artaise, appointed Bertrand Neuschwander as Chief Operating Officer of Groupe SEB. With this appointment, the Group, which has doubled in size in the last ten years, aimed to strengthen its operational efficiency and accelerate its growth. Accordingly, Bertrand Neuschwander became an employee of SEB S.A. during the period.

SYNDICATED CREDIT RENEWED EARLY

In keeping with its proactive financial management, last July SEB S.A. renegotiated with its partner banks its €560 million syndicated line of credit established in 2011 and expiring in February 2016.

Taking advantage of market conditions favourable to borrowers and making use of the same seven-bank pool, the Group signed a new syndicated facility of €560 million, the same amount, on 31 July 2014 for five years, with two options for one-year extensions, This financing supports the €600 million commercial paper programme but can also be used for other needs.