

13th December 2016

Luxury & Consumer Goods

## Groupe SEB

Price EUR129.45

has

### New EUR800m Schuldschein successfully issued

Fair Value EUR140 (+8%)

**BUY**

Bloomberg	SK FP
Reuters	SEBF.PA
12-month High / Low (EUR)	134.1 / 81.9
Market Cap (EURm)	6,494
Avg. 6m daily volume (000)	66.10

	1 M	3 M	6 M	31/12/15
Absolute perf.	-1.3%	8.1%	17.6%	36.8%
Consumer Gds	4.0%	-2.2%	0.5%	-4.4%
DJ Stoxx 600	4.8%	3.4%	6.3%	-3.3%

	2015	2016e	2017e	2018e
P/E	31.3x	24.2x	18.0x	15.8x
Div yield (%)	1.2%	1.3%	1.4%	1.6%

### ANALYSIS

- At the beginning of this month, Groupe SEB finalised the acquisition of WMF for a total amount of EUR1,655m (including the additional payment) and the operation was 100% financed by debt. As such, SEB has successfully issued a new EUR800m Schuldschein, which is a private placement regulated by German law.
- Groupe SEB initially considered placing EUR300-500m but in view of significant investor appetite, the placement was increased to EUR800m. This amount was split into four tranches of 3, 5, 7 and 10 years at a very attractive financing cost (lower than 1.5%), hence very limited financing risks surrounding this acquisition in our view since the French group has now secured the refinancing of its EUR1.3bn bridge loan.
- Despite the sharp increase in net debt following the successive acquisitions of EMSA and WMF (net debt/adj. EBITDA ratio of ~3.4x), we expect the financial leverage ratio to return to 2x by 2018 (management guided on "below 2x"), illustrating the rapid deleveraging thanks to a solid FCF generation.

### VALUATION

- The successful integration of WMF will clearly be one of the major catalysts for 2017 in order to achieve the significant accretive impact (BG ests: +23% on 2017 EPS).

### NEXT CATALYSTS

- Groupe SEB will report its FY17 sales and results on 21st February 2017.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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