

# DēLonghi Group

## 9 MONTHS 2020 RESULTS



DēLonghi Group



KENWOOD

BRAUN

*Ariete*

# Foreword

Since Oct. 1<sup>st</sup> 2019, some contributions to customers (previously included within the financial charges section of the Profit & Loss scheme) were treated as commercial premiums, hence netting revenues.

However, for comparative purposes, in some cases, the figures herein presented may be "**normalized**", i.e. reported on a comparable basis with those of the previous year, hence excluding the effects deriving from the change of treatment of the financial discounts.

# Definitions & assumptions

In this presentation:

- **Adjusted** stands for “before non recurring items and inputed costs of the stock option plan”
- **ForEx** or **FX** stand for Foreign Exchange Rates;
- “**M**” stands for million and “**bn**” stands for billion.
- **Normalized** stands for excluding the change of treatment of the financial discounts;
- **Organic** stands for net of Foreign Exchange Rates and hedging derivatives effects;
- **Q3** stands for third quarter (July 1<sup>st</sup> - September 30<sup>th</sup>);
- **9M** stands for 9 months (January 1<sup>st</sup> – September 30<sup>th</sup>);
- **Reported** stands for official data including the application of IFRS-16 accounting standard and the change of treatment of the financial discounts.

## CONTENTS

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- Update on business evolution
- New products
- 9 months 2020 results





## 9 MONTHS 2020 RESULTS

# Media spending, consumers engagement and new launch journey

More investments in the digitalization process of the launch events

Virtual PR events



New activities in the on-line space to enhance the customer engagement

Live demos



Please join me today at 12.30pm for our Kenwood Lunch Club where we...

Fruit Cake Slices Today  
2 settimane fa · Visualizzazioni: 1475

Please join me today at 12.30pm for our Kenwood Lunch Club where we...

Supplementary efforts to renew the focus on the physical stores

Perfect stores



# 9 MONTHS 2020 RESULTS

## Media spending, consumers engagement and new launch journey

New social media strategy to increase brand awareness, to enlarge our audience and to improve the conversion

Social media

### INFLUENCERS



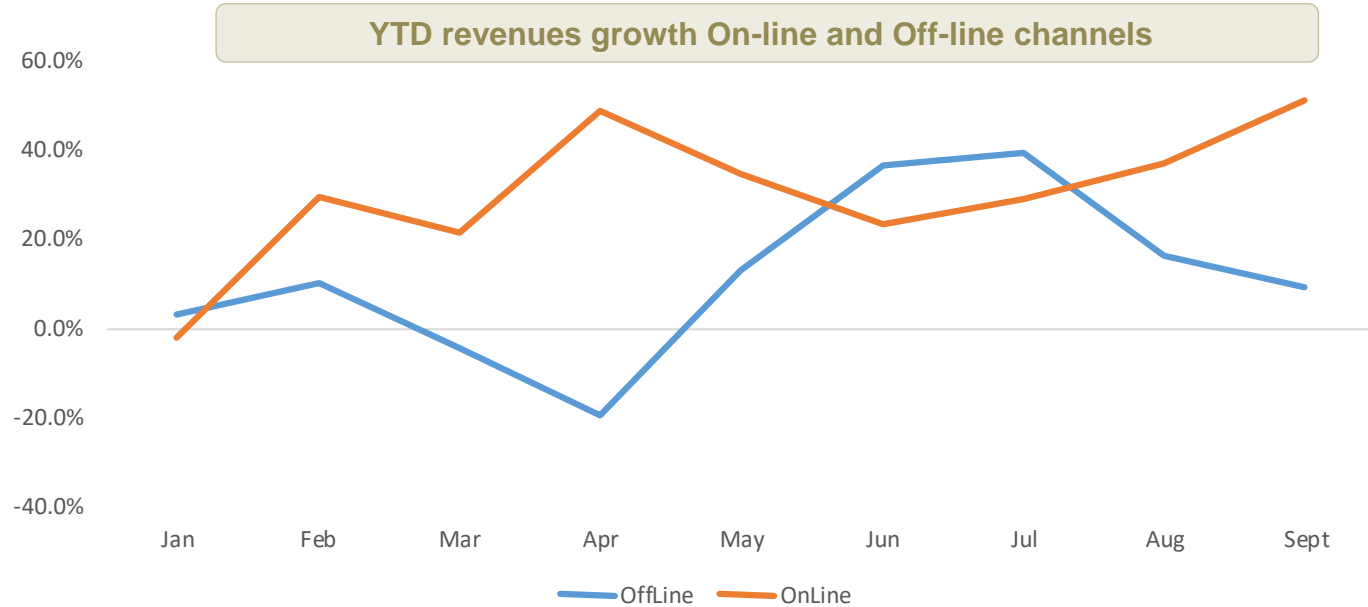
Spending dedicated to enlarge the coffee category and build up the brand awareness in US and China

New events

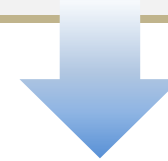


# 9 MONTHS 2020 RESULTS

## Distribution channels



During this complex period, people have changed the **consumption priorities** and shifted their demand patterns, embracing new purchasing styles and choices.



## OMNICHANNEL IS THE NEW WAVE

### ON-LINE Channel



- Consumers seem to buy more on the online channels, even after the end of the lockdown.
- Digital services acceleration, both in the pure on-line and hybrid systems.

### OFF-LINE Channel



- Digital transformation: from bricks and mortar to Omnichannel.
- After the lockdown, the physical stores have quickly recovered the footfall by drawing the customers' attention



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## Coffee Makers: new products

### PRIMADONNA SOUL

Full-auto coffee machine

**Bean Adapt Technology,**  
High precision  
electronically controlled  
grinder



### La Specialista Maestro

Pump coffee machine

New advanced settings  
dedicated to the different  
types of coffee beans



### ELETTA Capuccino EVO

Full-auto coffee machine

New LCD display with a  
more friendly usability;  
variety of recipes



## Cooking & Food Preparation: new products

### COOKING CHEF XL

#### Kitchen Machine

Machine connected;  
**CookAssist™**  
**touchscreen**, preset  
programmes

**KENWOOD**



### NEW MULTIQUICK 9

#### Hand Blender

New functionality (**imode**  
**technology**); ActiveBlade  
Technology; improved  
power

**BRAUN**



### TITANIUM CHEF PATISSIER XL

#### Kitchen Machine

The ultimate baking and  
patisserie machine for the  
passionate baker

**KENWOOD**



## Comfort & Home Care: new products

### HSX DIGITAL

Portable heater

Digital precision thermostat; countdown timer for delayed start/stop; eco function



### CARESTYLE 1

Steam Generator Irons

DoubleSteam Technology and FreeGlide 3D



### EX130

Portable Air Conditioner

Optimal balance of temperature and humidity; up to 30% energy savings



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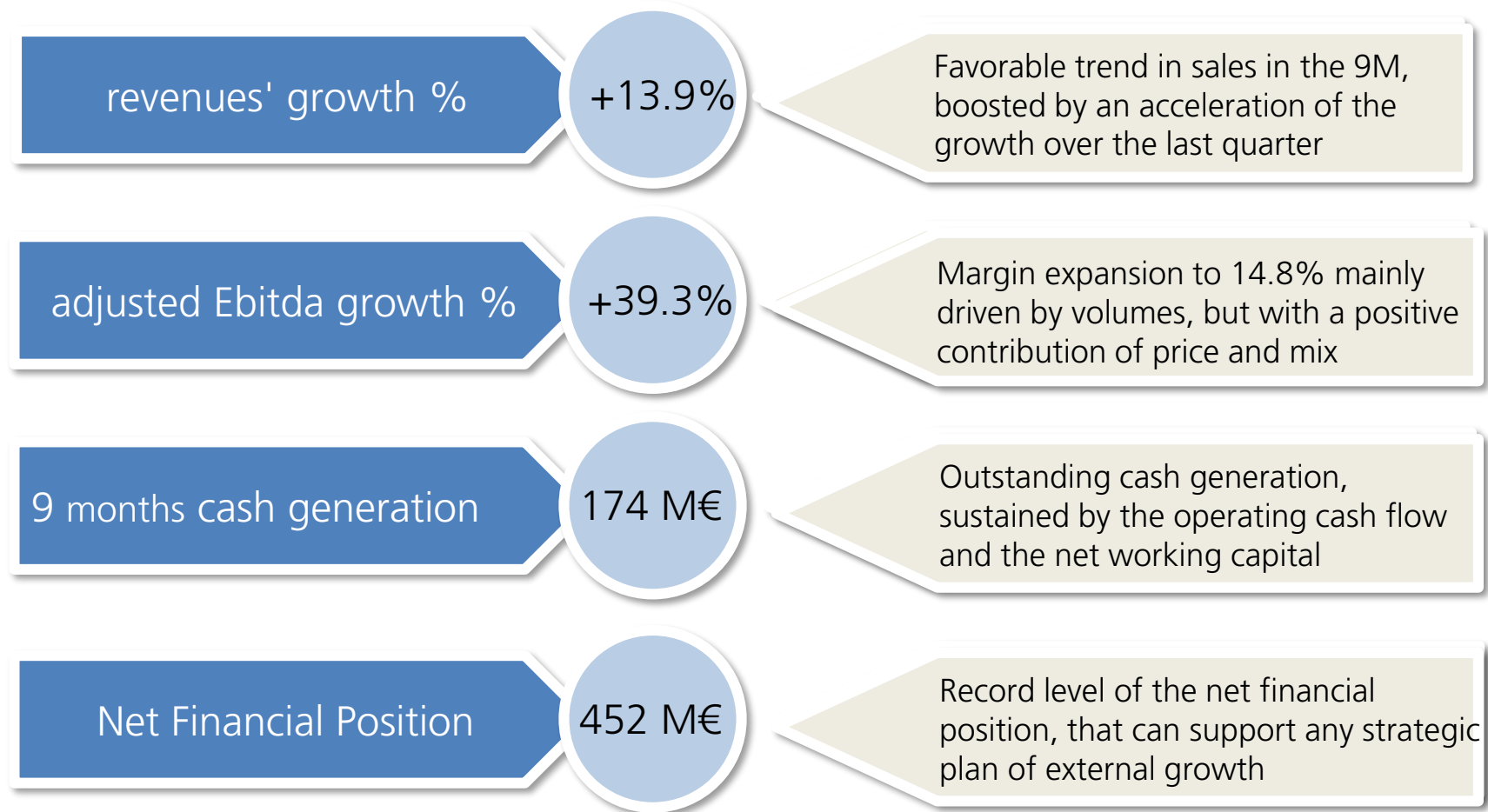
- Update on business evolution
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## 9 MONTHS 2020 RESULTS

### Highlights (9 months *normalized*)



## 9 MONTHS 2020 RESULTS

# The topline

(Eur million)

	<i>reported</i>	<i>normalized</i>	<i>reported</i>	<i>normalized</i>	<i>reported</i>
	9M 2020	9M 2020	9M 2019	Q3 2020	Q3 2019
<b>Revenues</b>	<b>1,473.2</b>	<b>1,484.6</b>	1,303.7	<b>580.9</b>	458.2
<i>change %</i>	13.0%	13.9%		26.8%	
<i>organic ch. %</i>		14.8%		29.8%	

- In the nine months of 2020 the normalized revenues grew by 13.9%, soaring by 26.8% in the third quarter;
- All the regions accelerated in the latest months, confirming the positive expansion since the beginning of the years except for the MEIA area, which nonetheless was growing in the Q3;
- This year, growth has been boosted by strong recovery of household appliances in the food categories and by the continuation of the long-term trend in the coffee.

## 9 MONTHS 2020 RESULTS

### Revenues by region

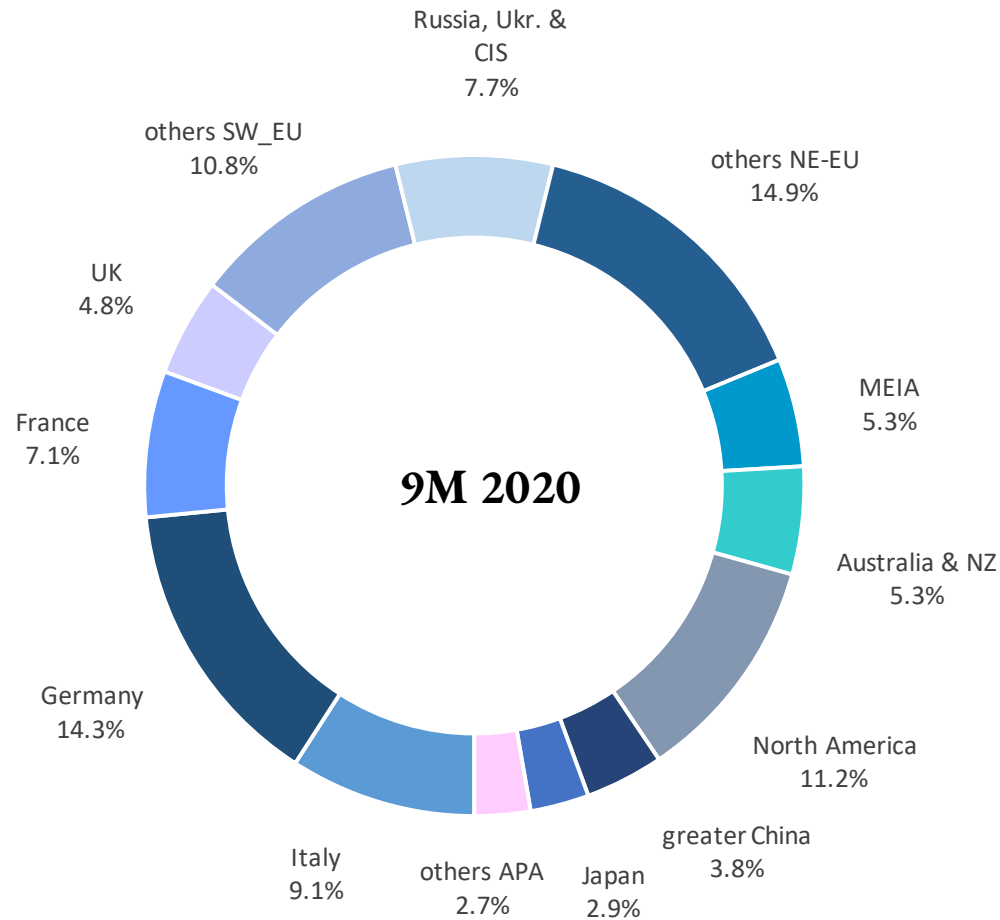
<i>Normalized figures - EUR million</i>	<b>9 months 2020</b>	<i>chg. %</i>	<i>organic chg. %</i>	<b>Q3-2020</b>	<i>chg. %</i>	<i>organic chg. %</i>
South West Europe	614	20.3%	20.0%	240	35.9%	35.6%
North East Europe	407	13.0%	15.2%	169	26.4%	31.6%
<b>EUROPE</b>	<b>1,021</b>	<b>17.3%</b>	<b>18.0%</b>	<b>409</b>	<b>31.8%</b>	<b>33.9%</b>
<b>MEIA (MiddleEast/India/Africa)</b>	<b>78</b>	<b>-16.2%</b>	<b>-14.9%</b>	<b>34</b>	<b>3.0%</b>	<b>7.7%</b>
<b>APA (Asia/Pacific/Americas)</b>	<b>385</b>	<b>13.4%</b>	<b>14.8%</b>	<b>138</b>	<b>20.0%</b>	<b>25.0%</b>
<b>TOTAL REVENUES</b>	<b>1,485</b>	<b>13.9%</b>	<b>14.8%</b>	<b>581</b>	<b>26.8%</b>	<b>29.8%</b>

Organic performance in the 9 months (at normalized level):

- **South-West Europe** speeded up the pace of growth in the quarter, confirming a positive trend since the beginning of the year, sustained by the strong expansion of Germany and France; all the main markets have witnessed a positive tendency in Q3;
- **North-East Europe** was up 15.2%, supported by most of the countries growing at a double digit pace except for the Czech Republic, Slovakia and Hungary;
- **APA** region grew by a rate in the low teens, sustained by a strong trend in the main countries, namely US & Canada, China & HK, Japan, Australia & New Zealand;
- the **MEIA** region recorded an organic growth of 7.7% in the quarter, thus marking a turnaround compared to the previous quarters, which were negative and still affecting the results of the 9M.

# 9 MONTHS 2020 RESULTS

## Revenues by market (*normalized*)



### MAIN ORGANIC UPS & DOWNS

**UP DOUBLE DIGIT**

Germany,  
France, UK, Poland  
Australia & New Zealand,  
China & HK, US & Canada

**UP SINGLE DIGIT**

Italy, Switzerland

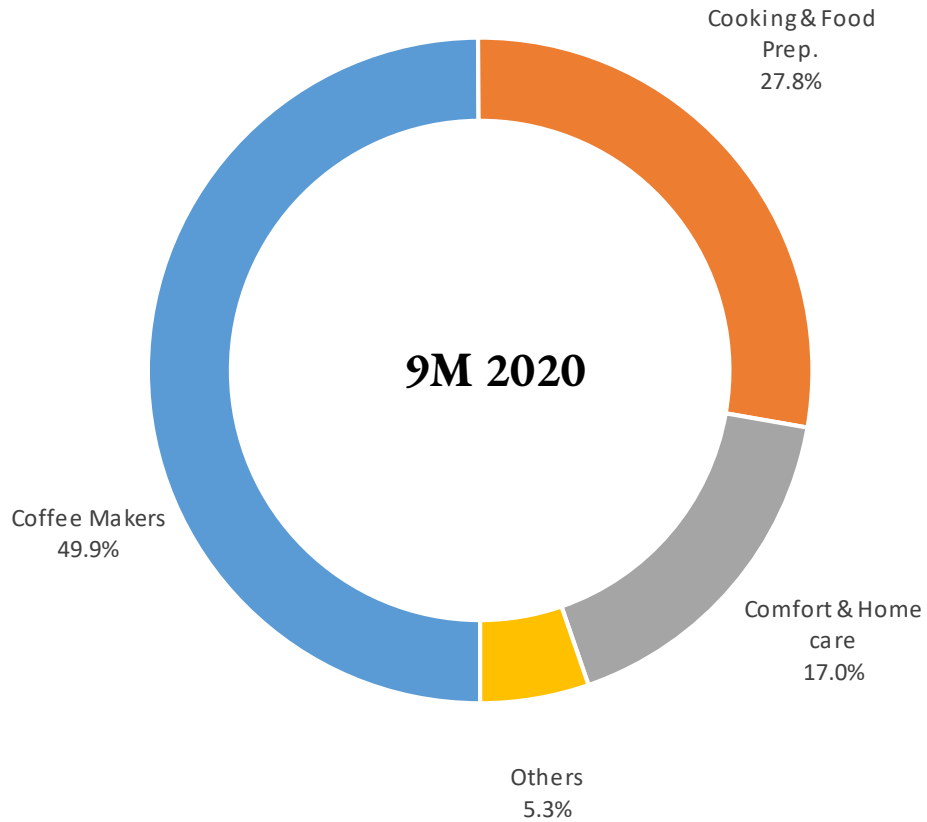
**DOWN**

Saudi Arabia, Czech  
Republic & Slovakia &  
Hungary



# 9 MONTHS 2020 RESULTS

## Revenues by product (normalized)



### MAIN ORGANIC UPS & DOWNS

#### UP DOUBLE DIGIT

full-auto machines,  
manual pump machines,  
kitchen machines,  
air conditioning, vacuum  
cleaner

#### UP SINGLE DIGIT

Food processor, toaster,  
drip coffee and others  
coffee products

#### DOWN

Ironing systems, blenders,  
deep fryers, portable  
heaters

*Based on management accounts*

## 9 MONTHS 2020 RESULTS

# Margins

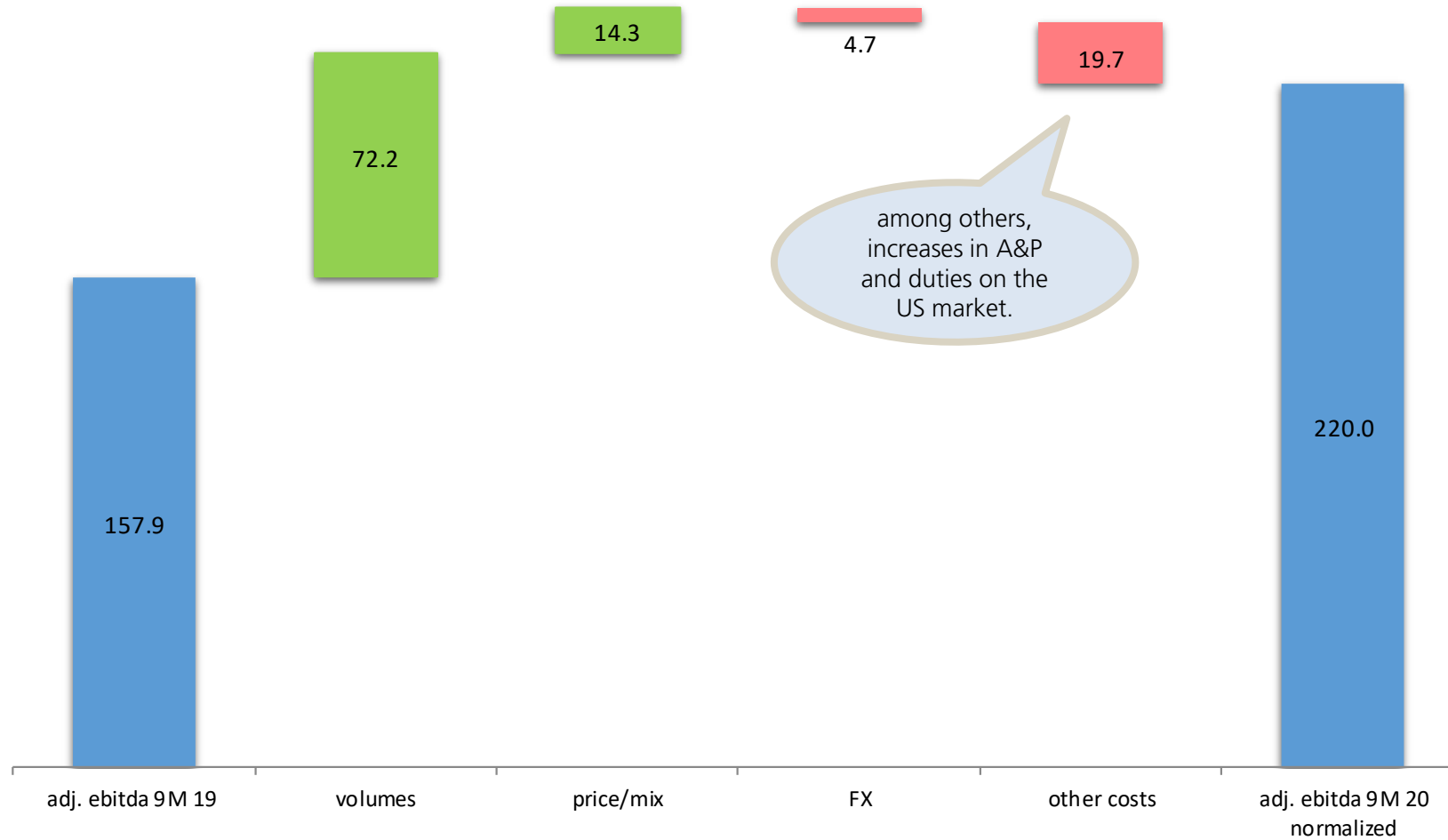
(Eur million)

	<i>reported</i>	<i>normalized</i>	<i>reported</i>	<i>normalized</i>	<i>reported</i>
	9M 2020	9M 2020	9M 2019	Q3 2020	Q3 2019
<b>net ind. margin</b>	<b>721.6</b>	<b>733.0</b>	615.9	<b>289.7</b>	216.4
<i>% of revenues</i>	49.0%	49.4%	47.2%	49.9%	47.2%
<b>adjusted Ebitda</b>	<b>208.7</b>	<b>220.0</b>	157.9	<b>101.2</b>	60.1
<i>% of revenues</i>	14.2%	14.8%	12.1%	17.4%	13.1%
<b>Ebit</b>	<b>142.5</b>	<b>153.9</b>	96.2	<b>79.9</b>	38.2
<i>% of revenues</i>	9.7%	10.4%	7.4%	13.8%	8.3%
<b>adjusted Net Income</b>	<b>110.4</b>	<b>110.4</b>	75.5	<b>62.7</b>	30.8
<i>% of revenues</i>	7.5%	7.4%	5.8%	10.8%	6.7%

- In the first nine months, the margins have been boosted by a strong expansion of volumes and by a positive price-mix; in addition, during this part of the year, margins benefitted from lower industrial costs;
- In the same period, the Group has further increased the A&P spending, to support the brands in the main markets; moreover, margins were partially impacted by higher duties due to the full impact of the past US tariff increases.

## 9 MONTHS 2020 RESULTS

# Nine months adjusted Ebitda bridge (normalized)



## 9 MONTHS 2020 RESULTS

### Balance sheet (*reported*)

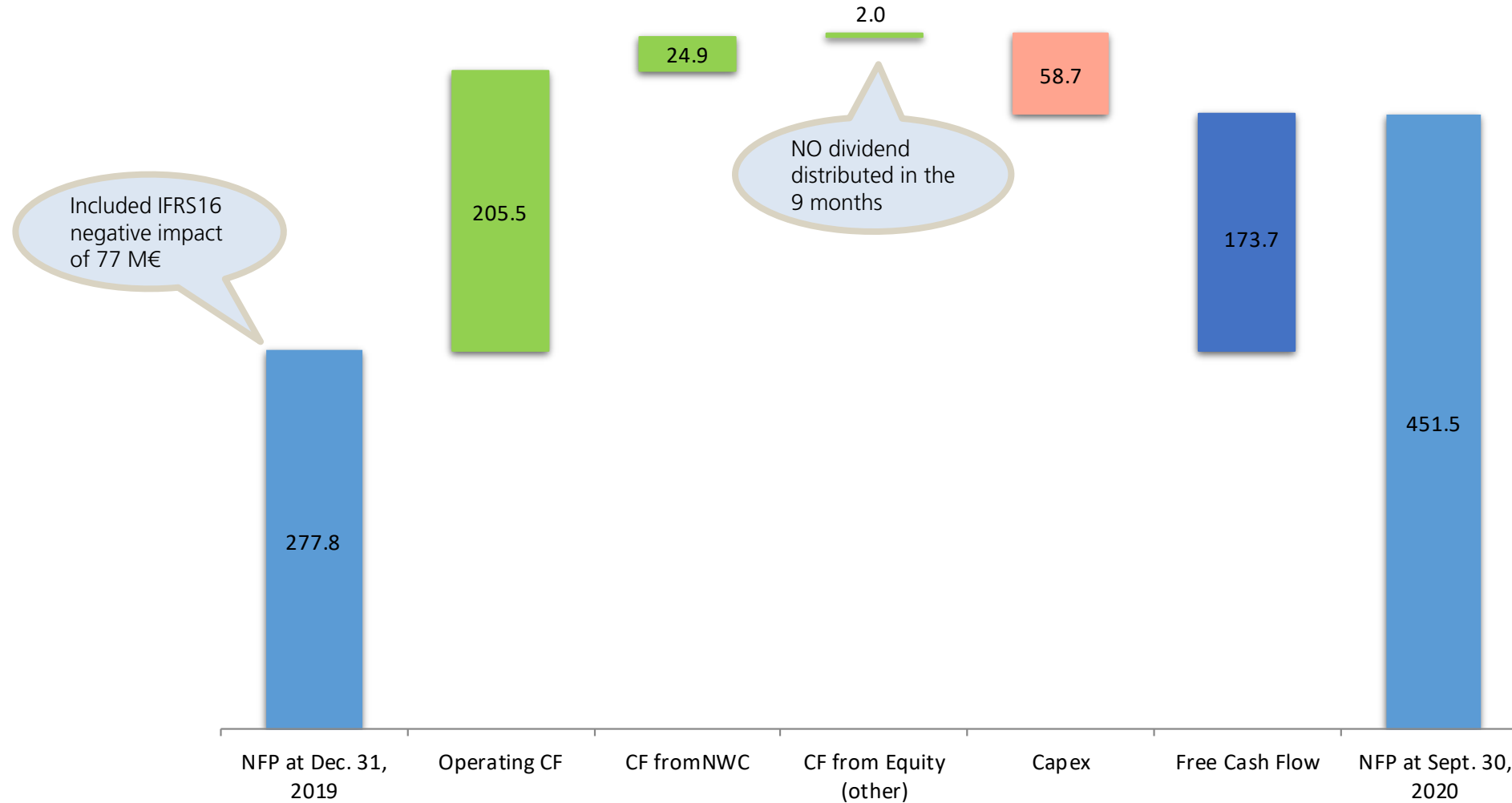
	<i>reported</i>	<i>reported</i>	<i>Change</i>	<i>reported</i>	<i>Change</i>
	EUR million	Sept. 30, 2020		Sept. 30, 2019	
Net Working Capital		222.1	-165.7	318.8	-96.7
Net Equity		1,265.3	161.8	1,190.5	74.9
Net debt / (Net cash)		451.5	350.0	277.8	173.7
N.W.C. / Revenues		9.8%	-8.8 pp	15.2%	-5.4 pp

- The net financial position as at September 30 stood at 451.5 M€ (net bank position at 516.7 M€), a marked improvement over the last 9 months. The Group realized a strong cash generation, equal to 350 M€ in the 12 months, and 173.7 M€ in the first nine months of this year, despite slightly higher investments (58.7 M€ against 55.5 M€ in the nine months of 2019).
- As to the net working capital, the value decreased by 165.7 M€ in the 12 months, mainly due to a lower level of inventory and the increase in payables to suppliers.



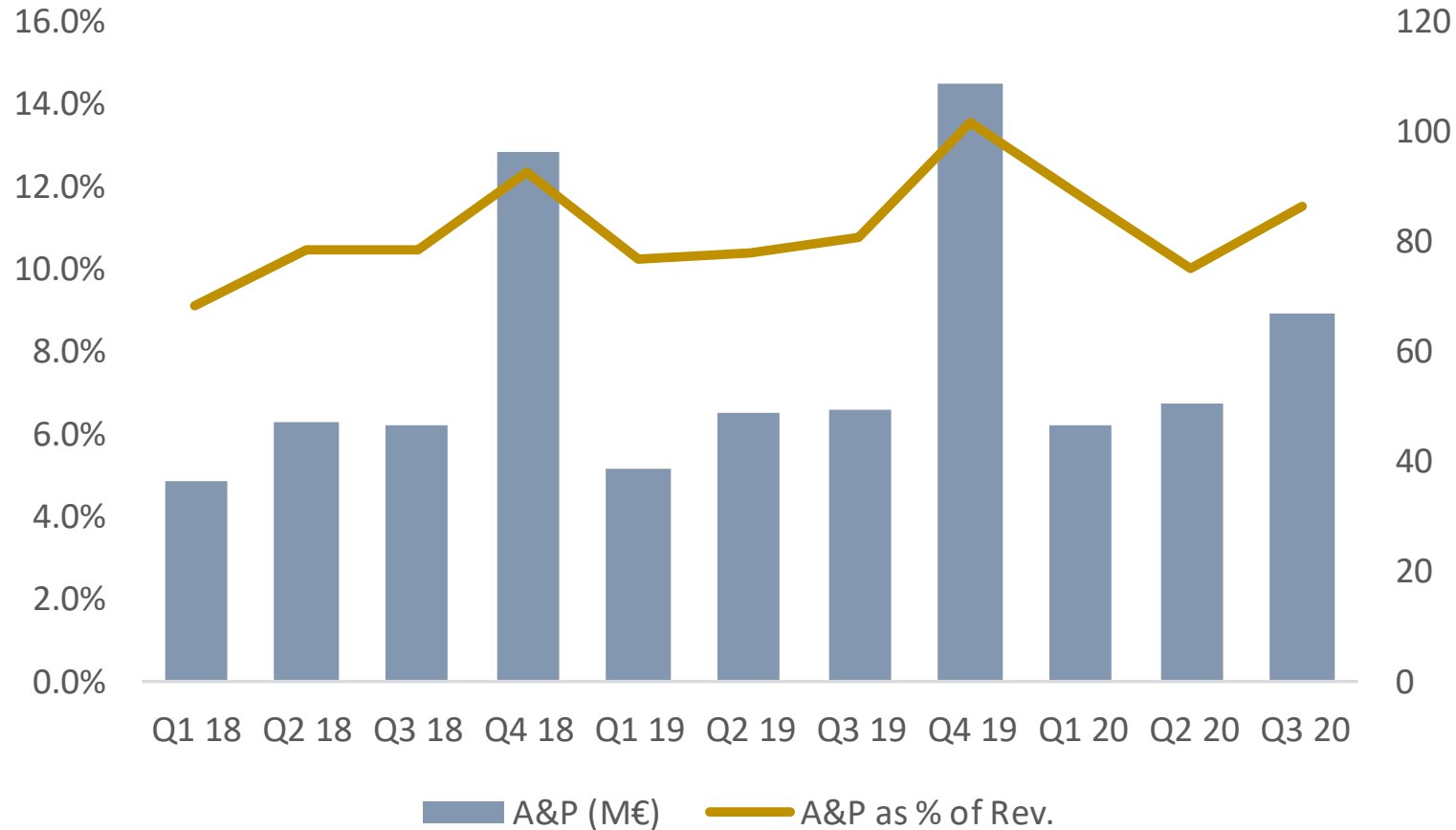
## 9 MONTHS 2020 RESULTS

# The net cash flow in the nine months 2020 (*reported*)



# 9 MONTHS 2020 RESULTS

## A&P by quarters



Over the last quarters, the Group has increased the level of A&P in order to sustain the future growth, to take advantage of the positive momentum and to retain the leadership across the main markets.

### 2020 outlook

Massimo Garavaglia, Group C.E.O.:

“We have always been convinced of the strength of our brands and the potential of our products: beyond the contingent conditions of the market, we believe in the superiority of iconic products supported by investment campaigns that accompany their development in the medium term. Therefore we will continue to invest in innovation, marketing and communication and the current results confirm the correctness of our strategy. Looking at the shorter term, we still recognize many elements of uncertainty, which make reading the social and economic context still very difficult. With these results behind us, we revise our end-of-year guidance upwards and we are confident that we will be able to close 2020 with organic growth in revenues at a high single digit rate and an adjusted Ebitda increasing both in value and as a percentage of revenues. In the longer term, we remain focused on the execution of our strategy, according to the value creation model that has guided us so far.”

**FY 2020  
guidance**

**Organic revenues  
growing at high  
single-digit rate**

**Adjusted Ebitda  
improving in value and as  
a percentage of revenues**

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THANK YOU.

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