

A photograph of Brad Pitt sitting at a white table, holding a cup of coffee. He is wearing a black shirt, a watch, and several bracelets. The background is a bright, out-of-focus indoor setting with large windows.

DēLonghi Group

FY 2022 RESULTS

DēLonghi Group



KENWOOD

BRAUN

nutribullet.

Ariete

DISCLAIMER

This presentation might contain certain forward-looking statements that reflect the company's current views with respect to future events and financial and operational performance of the company and its subsidiaries.

Forward looking statements are based on De' Longhi's current expectations and projections about future events. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments, many of which are beyond the ability of De' Longhi to control or estimate. Consequently, De' Longhi S.p.A. cannot be held liable for potential material variance in any looking forward in this document.

Any forward-looking statement contained in this presentation speaks only as of the date of the document. Any reference to past performance or trends or activities of De' Longhi S.p.A. shall not be taken as a representation or indication that such performance, trends or activities will continue in the future. De' Longhi S.p.A. disclaims any obligation to provide any additional or updated information, whether as a result of a new information, future events or results or otherwise.

This presentation does not constitute a public offer under any applicable legislation or an offer to sell or solicitation of an offer to purchase or subscribe for securities or financial instruments or any advice or recommendation with respect to such securities or other financial instruments.

The manager responsible for preparing the company's financial reports declares, pursuant to paragraph 2 of Article 154-bis of Legislative Decree no. 58 of February 24 1988, that the accounting information contained in this presentation corresponds to the results documented in the books, accounting and other records of the company.

Finally, it should be noted that the audit of the Group consolidated financial statements is still ongoing.



DEFINITIONS & ASSUMPTIONS

In this presentation:

- “Adjusted” stands for before non recurring items and notional cost of the stock option plans
- “At constant exchange rates” means excluding the effects of exchange rates' variations and of hedging derivatives
- “ForEx” or “FX” stand for Foreign Exchange Rates;
- “M” stands for million and “bn” stands for billion;
- Q4 stands for fourth quarter (October 1st – December 31th);
- 12M stands for 12 months (January 1st – December 31th);
- “Reported” stands for official data including the consolidation of Eversys since April 1st, 2021 (following the acquisition finalized last year).



NEW PRODUCT LAUNCHES



"IMPERFECT FOOD" CAMPAIGN

Far too much valuable food ends up in the bin



BRAUN

Hate waste. Love imperfect.

Reduce waste by turning imperfect
fruit & veg into delicious creations with
the Braun Household range.



FY 2022 RESULTS

NEW PRODUCT LAUNCHES: COFFEE MAKERS



FY 2022 RESULTS

NEW PRODUCT LAUNCHES: COOKING & FOOD PREP.

MultiPro XL
weigh+



MultiPro Go



Luminosa Collection



The Autograph
Collection

*Your kitchen, as unique
as your **AUTOGRAPH***

FY 2022 RESULTS

NEW PRODUCT LAUNCHES: COMFORT & HOME CARE

CareStyle 7 Pro



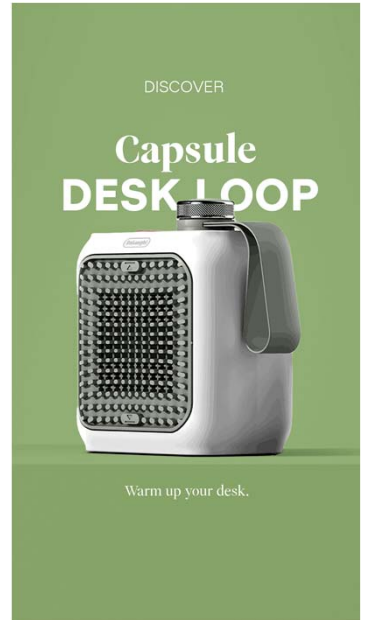
Packed
in a 100%
recycled
box.



Made of
50% recycled
plastic.



DISCOVER
Capsule
DESK LOOP



Warm up your desk.

CareStyle Compact Pro



Capsule Fit

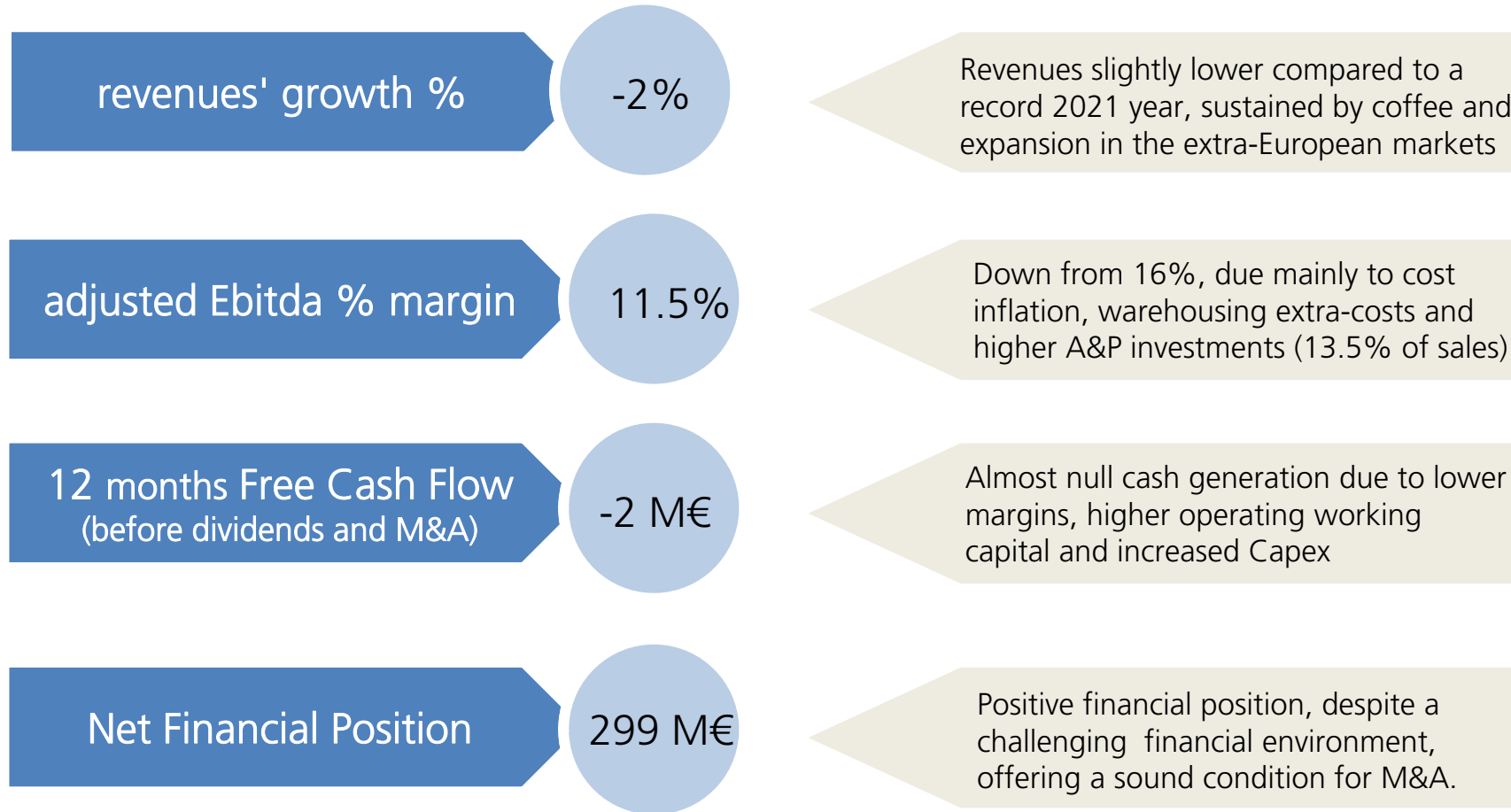


FY 2022 RESULTS



FY 2022 RESULTS

THE 12 MONTHS HIGHLIGHTS



FY 2022 RESULTS

HEADWINDS AND ACTIONS

EXTERNAL HEADWINDS

COST INFLATION

WAREHOUSING
EXTRA COSTS

DEMAND
SOFTENING

ACTIONS PUT IN PLACE

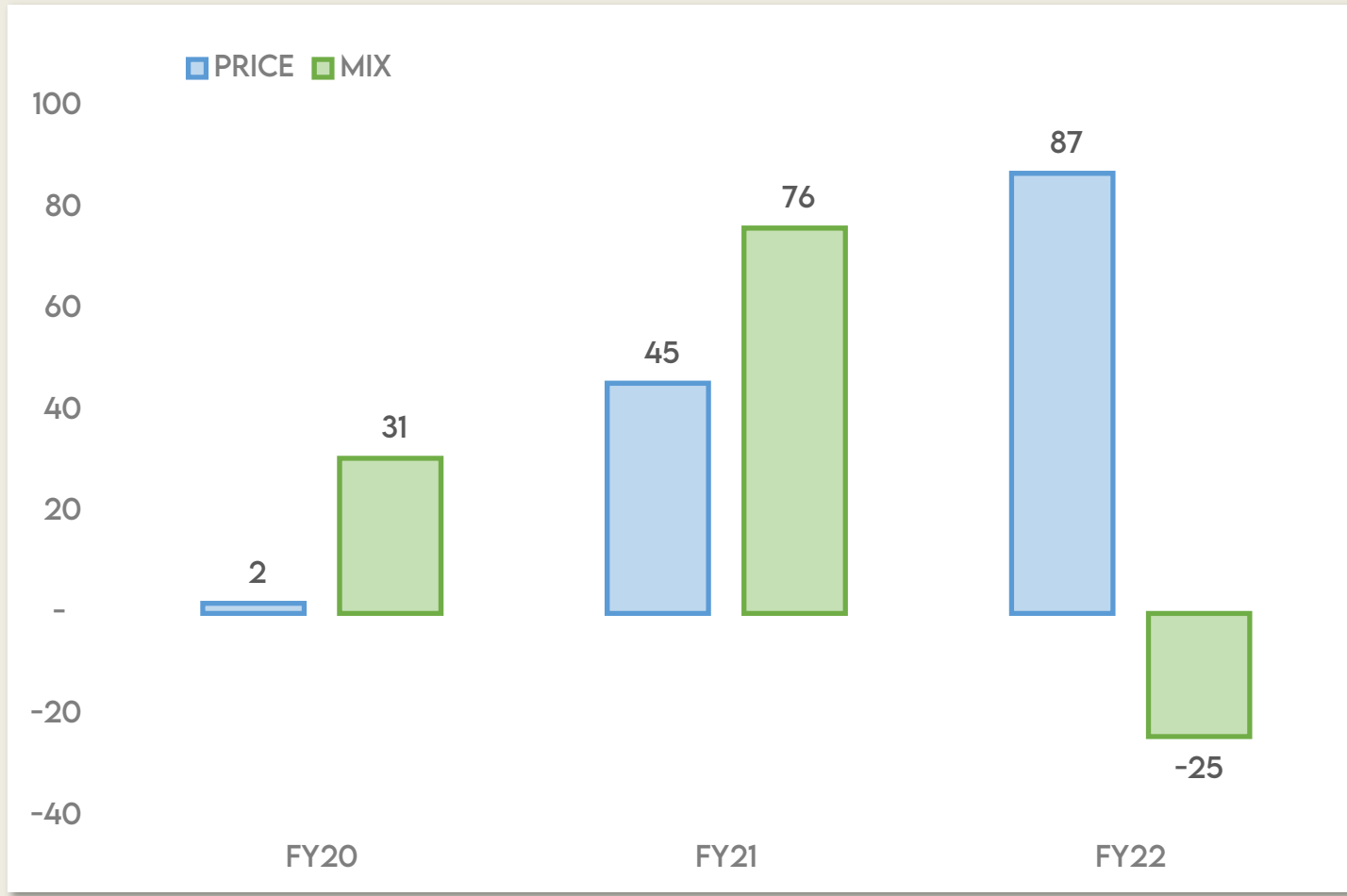
PRICE INCREASES

INVENTORY
REDUCTION

HIGHER A&P

FY 2022 RESULTS

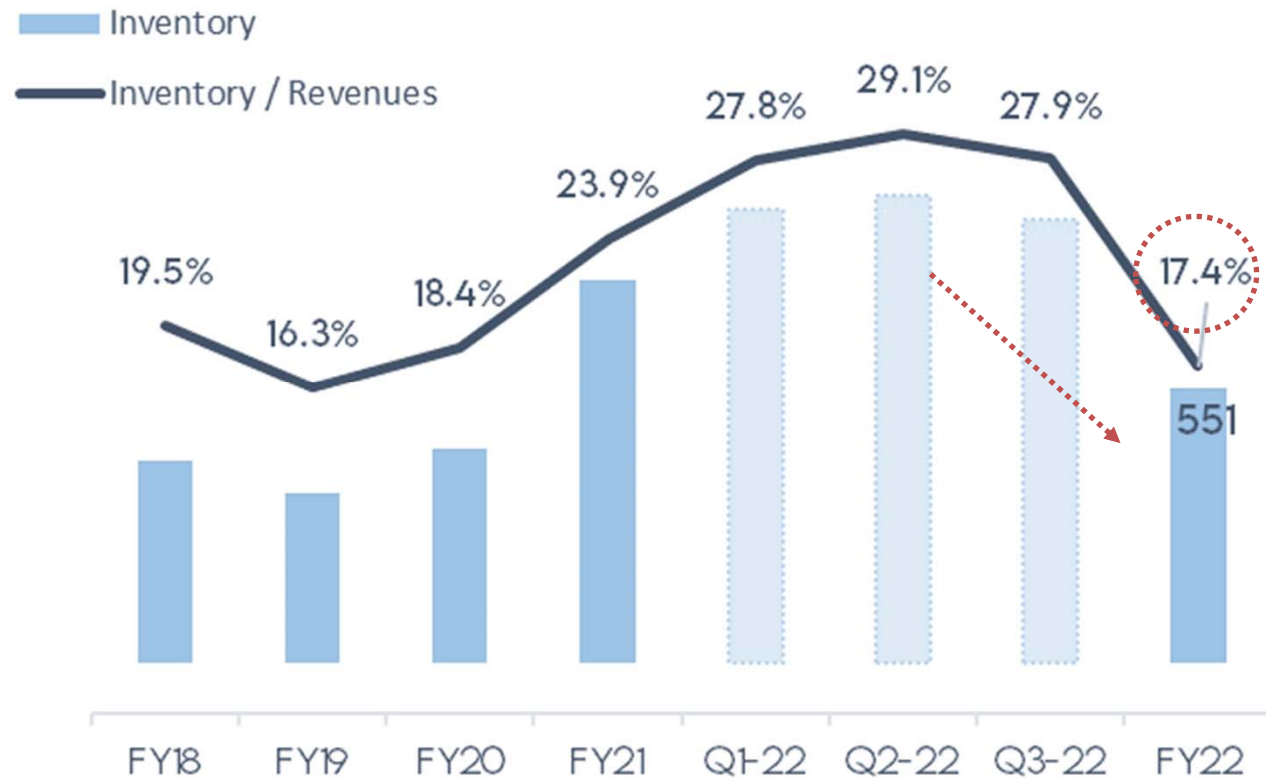
PRICE INCREASES



A CAREFUL STRATEGY OF
SELECTIVE PRICE INCREASES
TO MITIGATE THE IMPACT OF
COST INFLATION AND
PROTECT THE GROSS MARGIN,
MARKING A DISCONTINUITY VS.
PREVIOUS YEARS 2017 – 2019

FY 2022 RESULTS

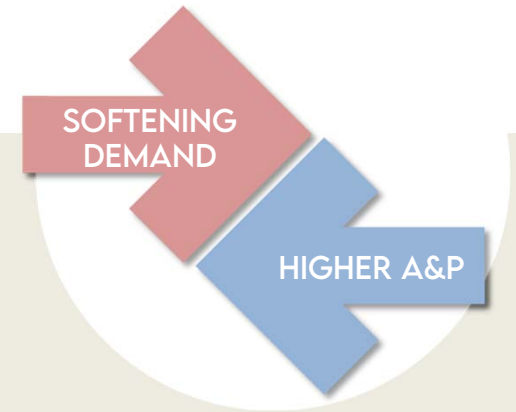
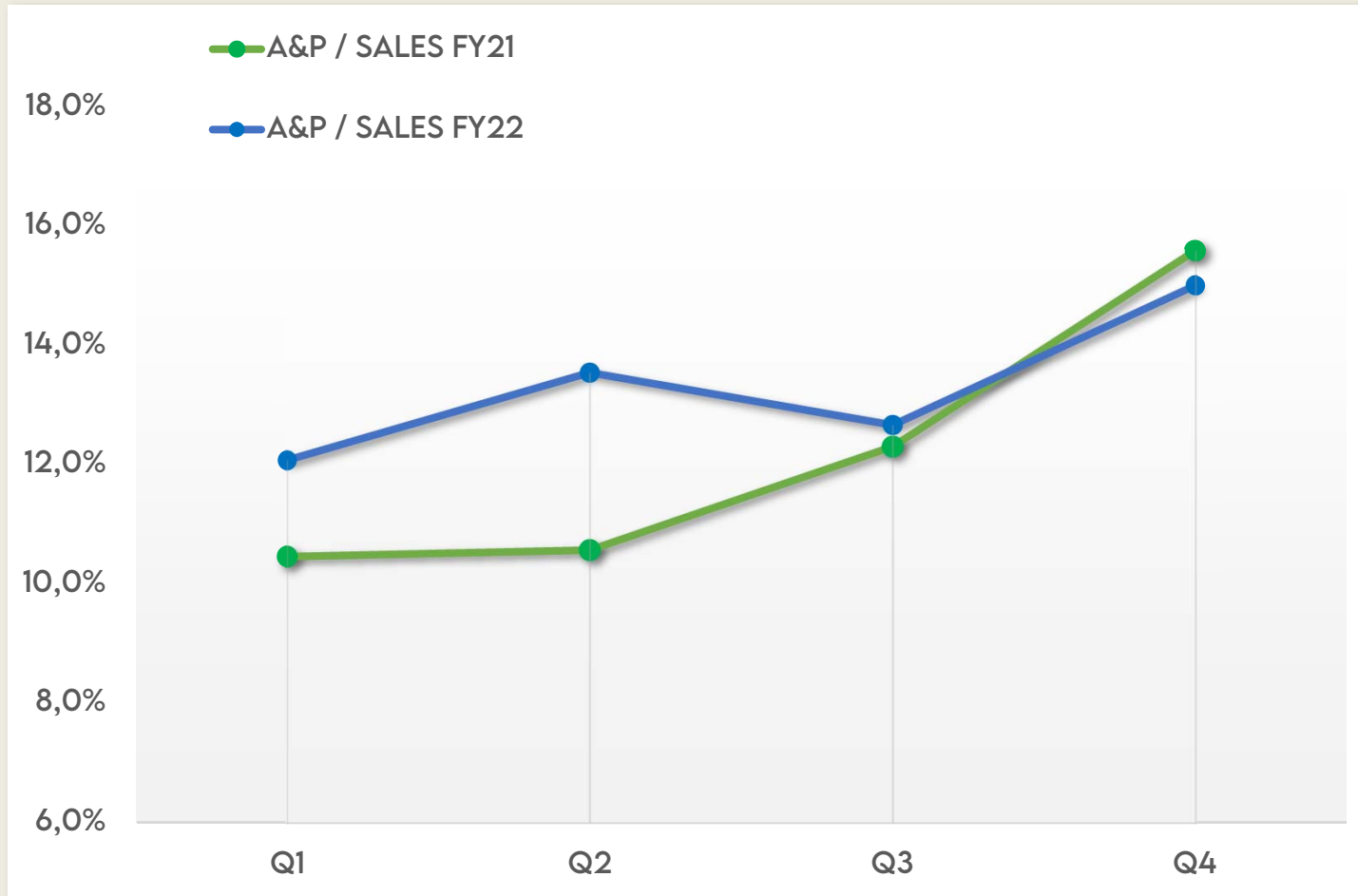
INVENTORY REDUCTION



THE GROUP IMPLEMENTED EXTRAORDINARY MEASURES TO REDUCE THE LEVEL OF INVENTORY, AIMED TO ABATE THE ADDITIONAL WAREHOUSING COSTS AND THE RELATED PRODUCTION INEFFICIENCIES

FY 2022 RESULTS

HIGHER A&P



INCREASED EFFORTS
ON ADV. & PROMOTIONS,
SPREADING THE COFFEE
GLOBAL CAMPAIGN
ACROSS ALL MARKETS

FY 2022 RESULTS

TOP LINE

	FY 2022	FY 2021	Q4- 2022	Q4 - 2021
Revenues	3,158.4	3,221.6	1,029.8	1,072.1
change	-63.2		-42.3	
change %	-2.0%		-3.9%	

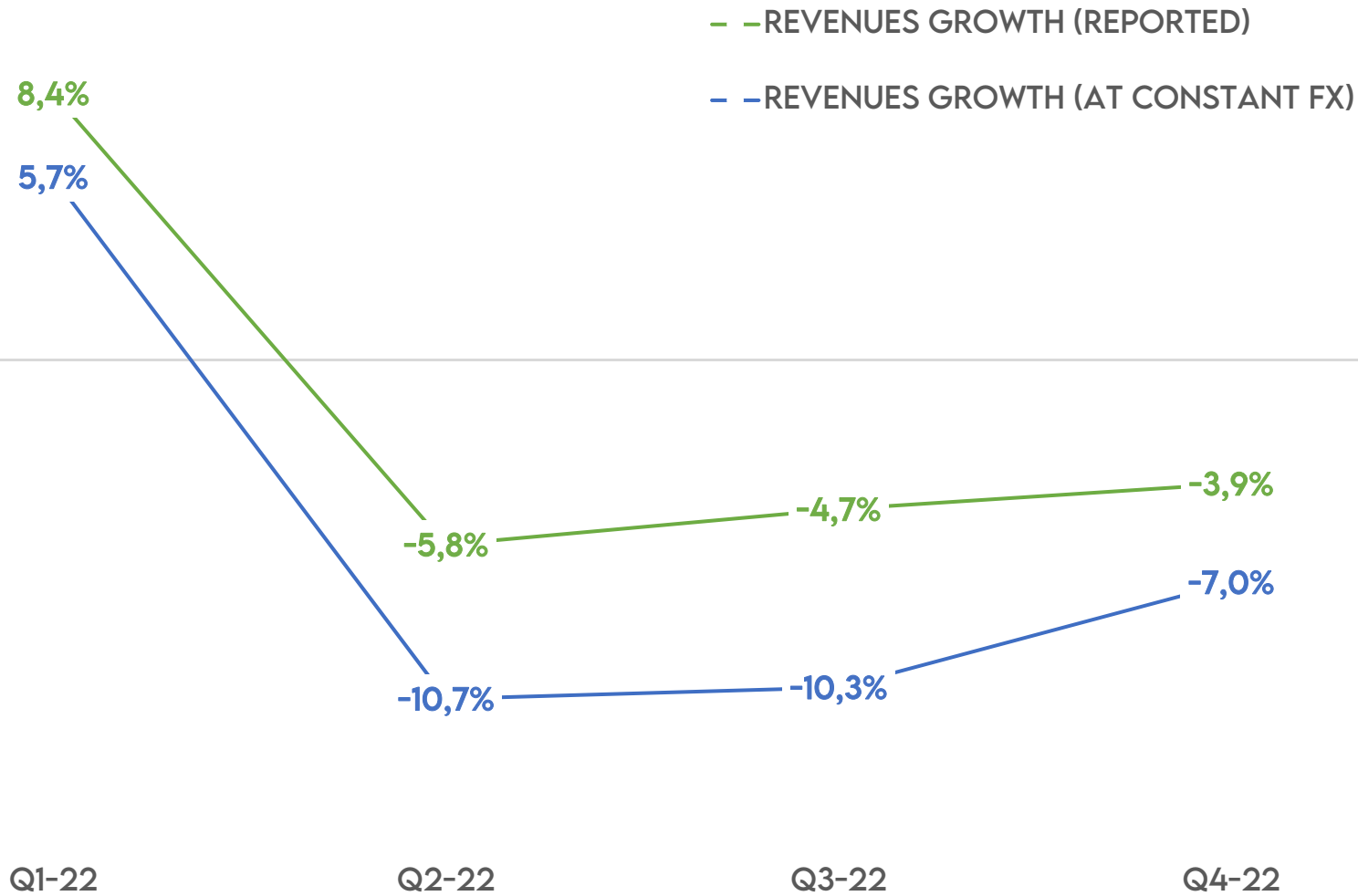
(Eur million unless otherwise specified)

- FY 2022 revenues slightly down by 2%, including a positive currency effect of 3.9%;
- the expansion of extra-European markets - all up in the 12 months (Asia Pacific, North America and Meia) - helped to offset the softening trend of European markets (down high-single-digit);
- the challenging comparison with a record 2021 year, the dramatic geopolitical scenario impacting Russia and Ukraine, together with the inflationary pressures have affected the growth, especially in the last quarters.



FY 2022 RESULTS

REVENUES GROWTH BY QUARTER



FY 2022 RESULTS

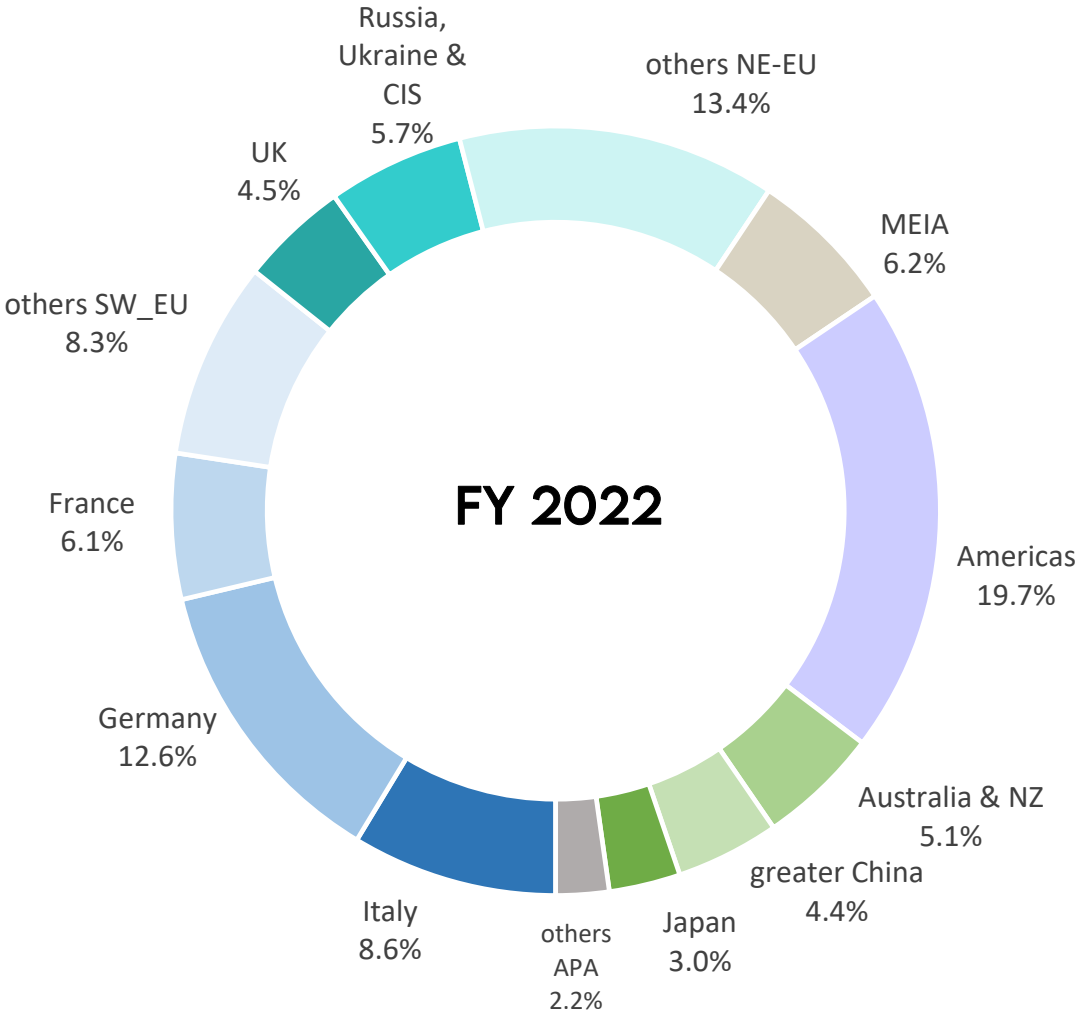
REVENUES BY REGION

<i>EUR million</i>	FY 2022	var. %	var. % at constant FX	Q4 2022	var. %	var. % at constant FX
South West Europe	1,127.6	-7.5%	-8.3%	366.5	-7.4%	-8.2%
North East Europe	747.0	-12.8%	-14.4%	263.6	-15.0%	-15.9%
EUROPE	1,874.6	-9.7%	-10.8%	630.1	-10.7%	-11.6%
MEIA (MiddleEast/India/Africa)	196.6	7.9%	-4.1%	41.8	13.0%	1.5%
Americas	623.4	10.8%	-1.2%	204.9	13.7%	-0.9%
Asia-Pacific	463.9	15.9%	12.2%	153.0	2.7%	5.5%
TOTAL REVENUES	3,158.4	-2.0%	-5.9%	1,029.8	-3.9%	-7.0%

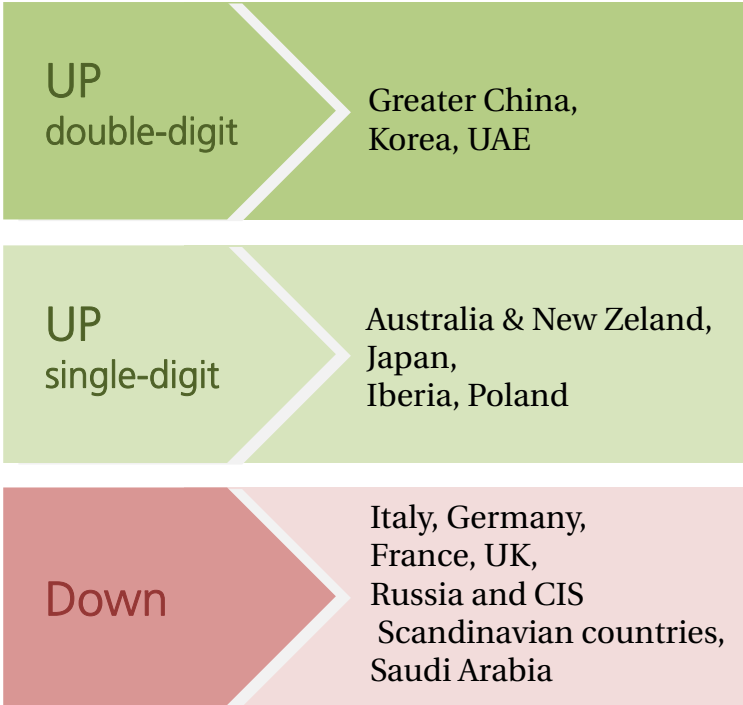
- **South-West Europe** showed a generalized drop in consumption in the year; in Q4-22, the area had similar dynamics to the previous months, with the only exception of Germany, whose turnover was in line with 2021;
- sales in **North-Eastern Europe** were down, mainly due to the direct impact of the Russian-Ukrainian conflict; the rest of the area, in both periods, recorded a generalized weakness, with the exception of a few markets, such as Poland and Hungary, which instead outlined a growing trend;
- **MEIA** region remained in positive territory (as well as in the quarter), benefiting from a favourable currency effect and a general development in the area;
- the **Americas** region achieved double-digit growth over the twelve months and in the Q4, thanks to a significant acceleration in the coffee segment and supported by a positive effect of the currency component;
- the **Asia Pacific** region achieved a double-digit growth, thanks to the expansion of the main markets such as China and Hong Kong, Australia and New Zealand.

FY 2022 RESULTS

REVENUES BY MARKET

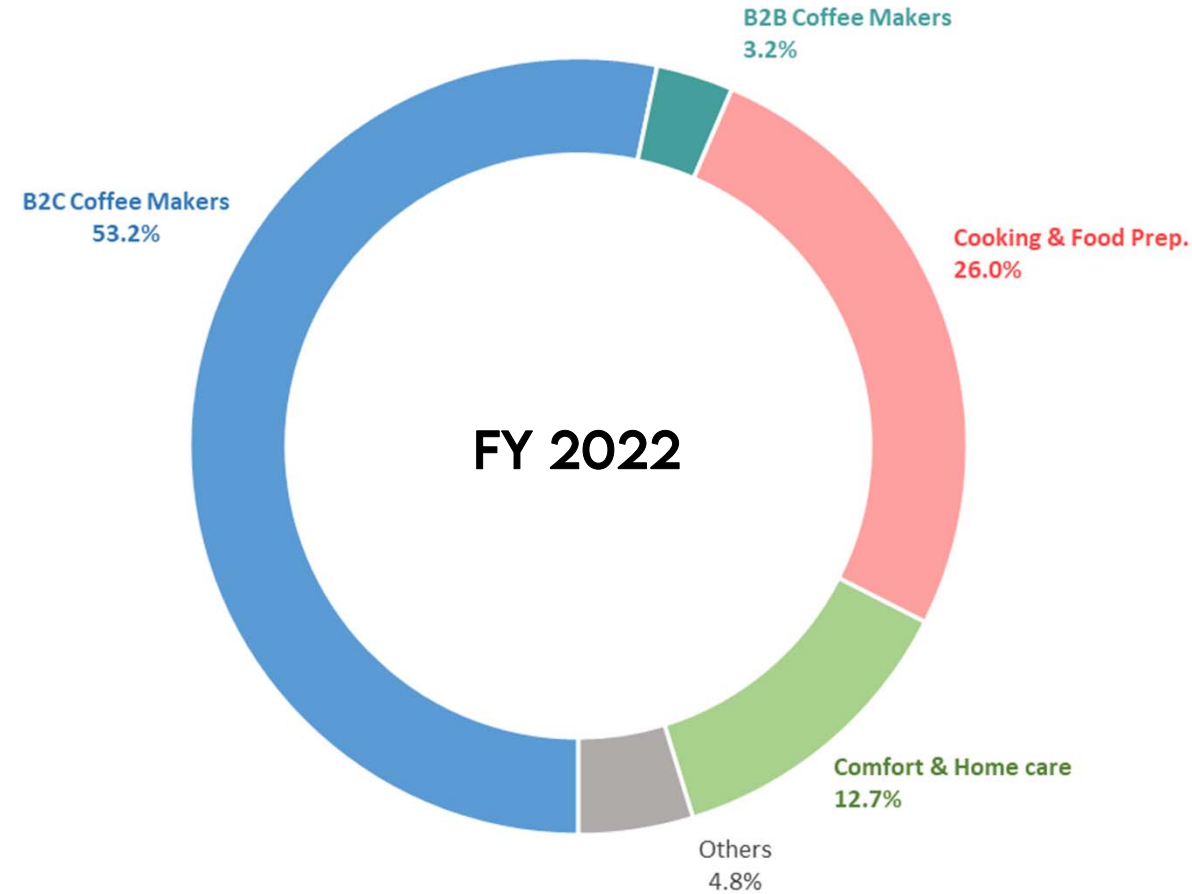


Main Ups & Downs (at constant FX)

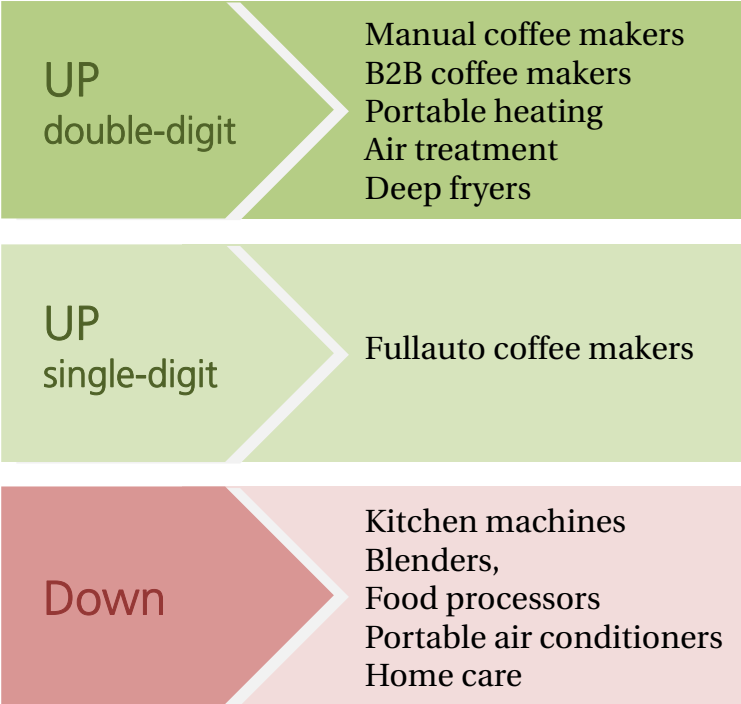


FY 2022 RESULTS

REVENUES BY PRODUCT LINE

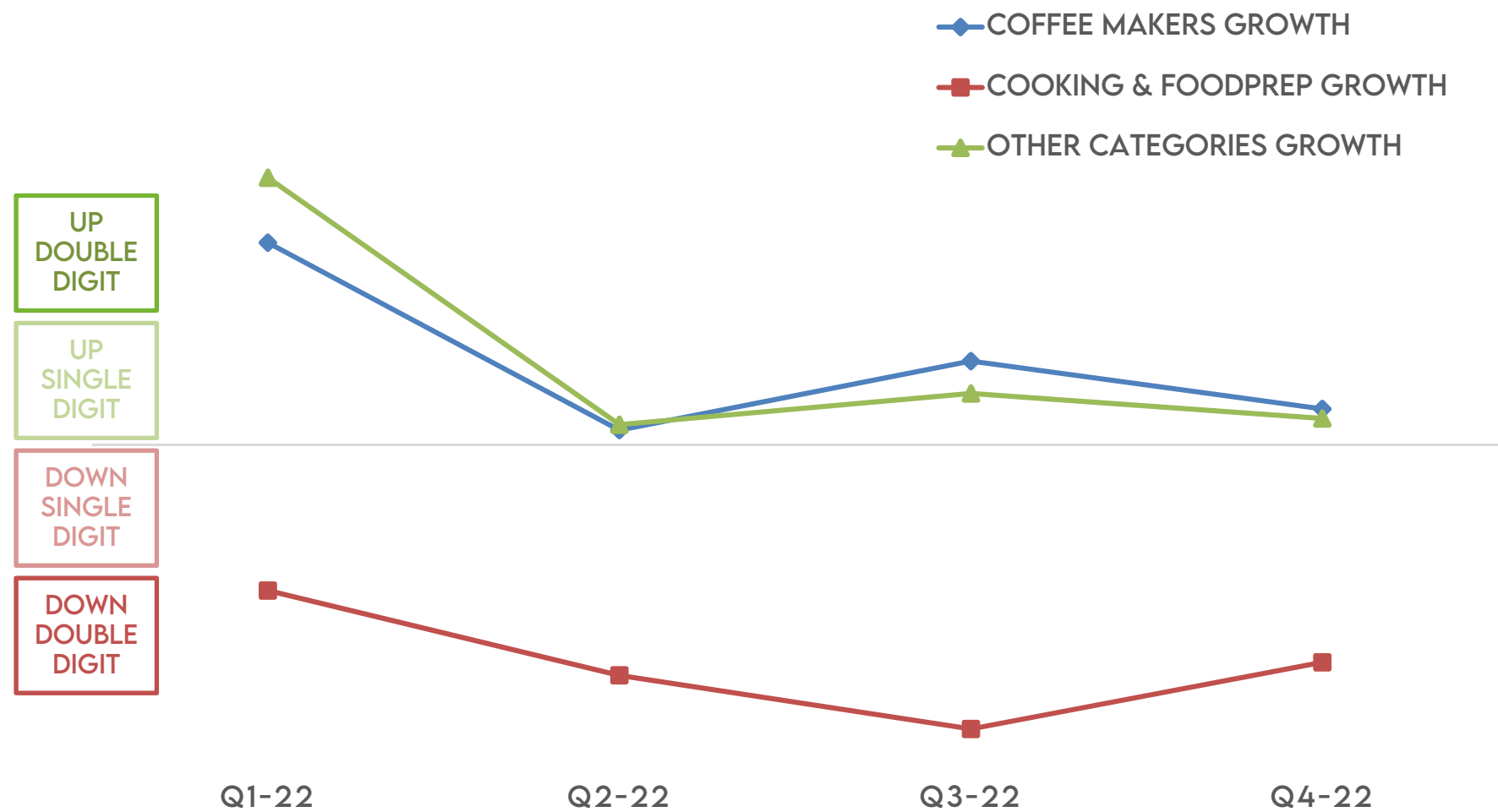


Main Ups & Downs (at constant FX)



FY 2022 RESULTS

CATEGORIES GROWTH BY QUARTERS (REPORTED)



FY 2022 RESULTS

MARGINS

(Eur million unless
otherwise specified)

	FY 2022	FY 2021	change	change %
net ind. margin	1,493.3	1,600.2	-106.8	-6.7%
% of revenues	47.3%	49.7%		
adjusted E bitda	362.0	515.0	-153.0	-29.7%
% of revenues	11.5%	16.0%		
E bitda	369.4	480.6	-111.2	-23.1%
% of revenues	11.7%	14.9%		
E bit	263.5	386.9	-123.4	-31.9%
% of revenues	8.3%	12.0%		
Net Income*	177.4	311.1	-133.7	-43.0%
% of revenues	5.6%	9.7%		

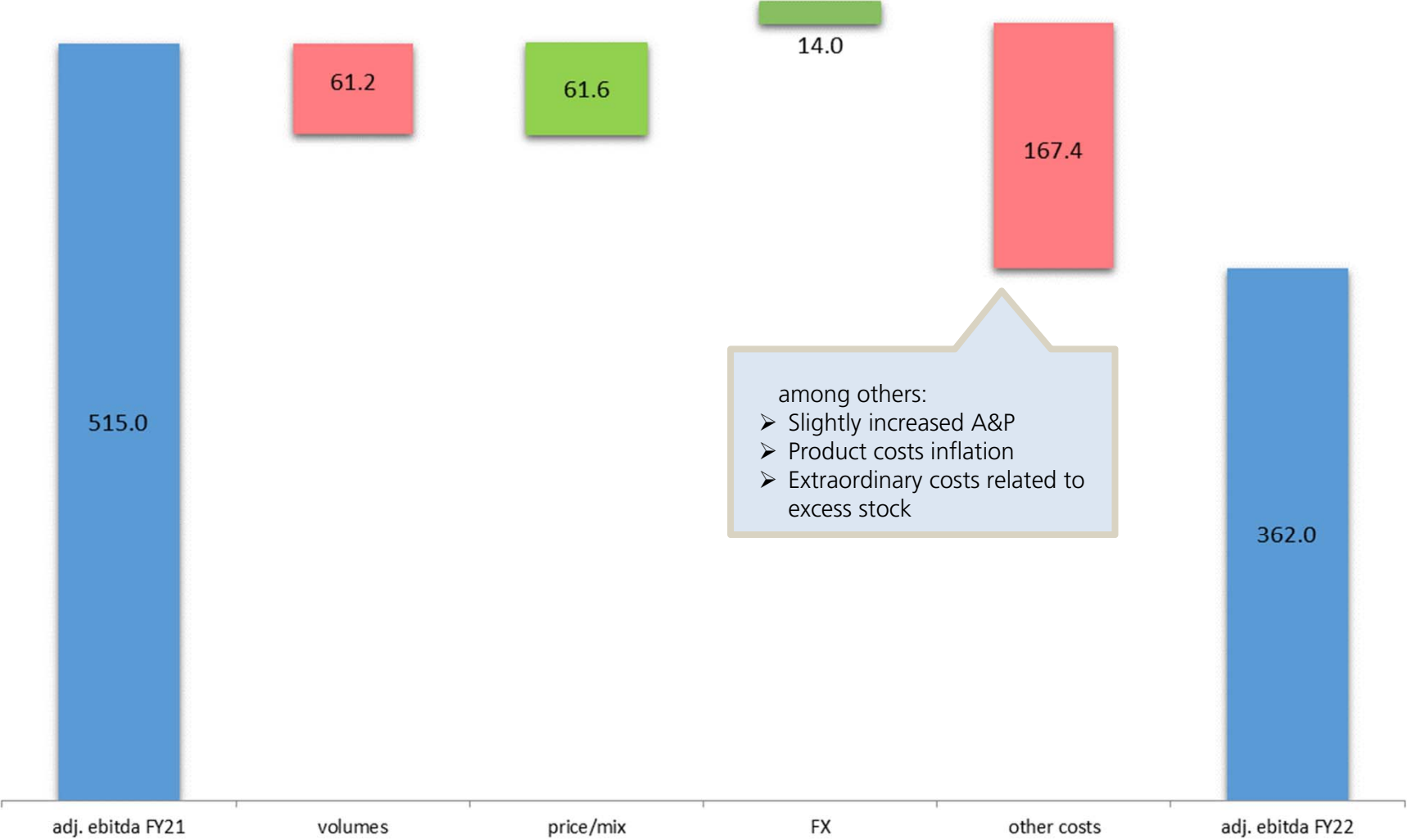
*pertaining to the Group

- The **net industrial margin** percentage to sales was down due to production inefficiencies and to the increase in product costs (raw materials, logistics, transformation costs) not fully offset by the price increases (equal to 87M€ FY22);
- the **adjusted Ebitda** drop to 11.5% of revenues (from 16% in 2021) mainly due to the impact of COGS inflation, lower volumes and extra costs deriving from handling the surplus stock and from production inefficiencies.



FY 2022 RESULTS

ADJUSTED EBITDA BRIDGE FY22



FY 2022 RESULTS

BALANCE SHEET

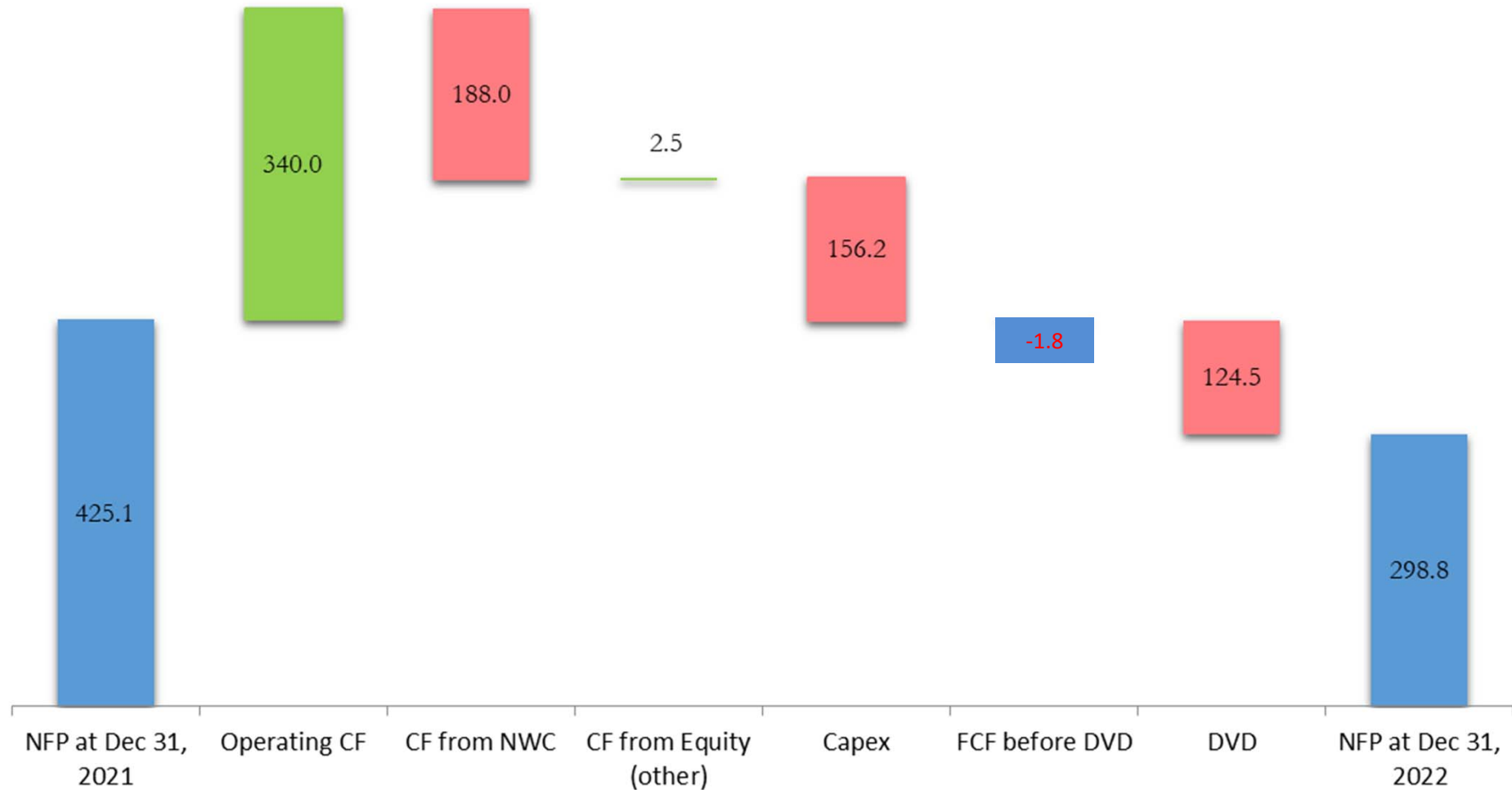
<i>EUR million</i>	31.12.2022	31.12.2021	<i>change 12 months</i>
operating NWC	288.8	199.7	89.1
Net Equity	1,663.4	1,570.6	92.8
Net Financial Position	298.8	425.1	-126.3
Net Bank Position	389.5	505.9	-116.4
operating NWC / Revenues	9.1%	6.2%	2.9%

- **Net financial position** as at 31.12.2022 amounted to 299 M€, decreasing from 2021 year end, due to a negative Net Cash Flow (-126.3 M€);
- the **Free Cash Flow before dividends and acquisitions** for the year was almost null, due mainly to lower margins, higher Capex (-156.2 M€) and working capital absorption (-188 M€, resulting, among others, from lower trade payables not fully compensated by the reduction in trade receivables and inventories);
- the **FCF before dividends and acquisitions** was extremely positive in Q4 (+270 M€), thanks to the cash generation from the business and the reduction of the inventory level.



FY 2022 RESULTS

12 MONTHS NET CASH FLOW



FY 2022 RESULTS

KEY TAKEAWAYS

1

The margins have been impacted by **rising cost inflation** and **extraordinary costs** deriving from handling the surplus stock and from production inefficiencies.

2

The uncommon level of stock has required the implementation of extraordinary measures to **reduce and stabilize the inventory**, allowing a **partial recovery of this headwind** in the coming quarters.

3

The top-line faced a **challenging comparison** vs '21, that recorded an extraordinary expansion (up 24% on a LFL basis), a **dramatic geopolitical situation** (impacting Russian and Ukrainian business), together with **inflationary pressures** which have eroded the consumers' purchasing power.

4

We are foreseeing a weak first half of '23, due to further de-stocking by retailers and our strategic decision to exit the mobile air conditioning market in the United States, together with a tough comparison of first quarter of the latest two years.

FY 2022 RESULTS

FY 2023 GUIDANCE

In the words of the C.E.O., Fabio de' Longhi:

"In general, I am very satisfied with how the Group was able to react in the face of the extraordinarily challenging and complex scenario that arose in 2022, considering how this scenario led to a deterioration in consumer confidence and purchasing power and with what intensity it has put a strain on the management of production costs of our entire industrial sector.

The excessive accumulation of inventories in the first 9 months required the implementation of extraordinary measures aimed at bringing the warehouse under control and consequently reducing the extraordinary costs generated by production inefficiencies and stock management. The success of these actions is witnessed by the performance of margins and of the cash flow in the fourth quarter, positive by € 270 million, made possible above all by the decrease in inventories from the peak at the end of June to approx. 550 million Euro at the end of the year.

Year 2023 begins in a context not very dissimilar from the second half of 2022, which allows us to forecast a progressive improvement in the economic and consumptions' climate in the second half of the year after a difficult start, marked by a further de-stocking by the distribution whose effect will be added to the effects of our strategic choice to exit the mobile air conditioning market in the United States and of the challenging comparison with the extraordinary growth of the first months of the previous two years.

In this context, we therefore estimate that we will be able to close the year with slightly lower revenues and an adjusted Ebitda in the range of 370-390 million euros."



**FY 2023
guidance**

**REVENUES slightly
down vs. 2022**

+

**Adjusted EBITDA in the
range of 370-390 M€**

Contacts:

Investor Relations:

Fabrizio Micheli, Samuele Chiodetto

T: +39 0422 4131

e-mail: investor.relations@delonghigroup.com

Media relations:

T: +39 0422 4131

e-mail: media.relations@delonghigroup.com

On the web:

www.delonghigroup.com

