DēLonghi Group

H1 & Q2 2023 RESULTS

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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 on Consolidated Half Year Financial Statements is still in progress.





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;
- **Q2** stands for second quarter (April 1st – June 30th);
- **H1** stands for first half year (January 1st – June 30th);
- "**NWC**" stands for Net Working Capital;
- "**Capex**" stands for capital expenditures, i.e. investments in fixed assets.

THE 6 MONTHS HIGHLIGHTS

revenues' growth %	-10.9%	Revenues growth was affected by some temporary factors in H1, but excluding the discontinuity in the USA, Q2 sales were up +1.8% vs LY
adjusted Ebitda % margin	12.4%	H1 margins almost align with pre-covid period ('19 and '18), thanks to cost control and positive price-mix.
12 months Free Cash Flow (before dividends and M&A)	328 M€	Strong performance in H1 and in Q2, thanks to a robust cash generation from operations and an efficient working capital management.
Net Financial Position	312 M€	Increasingly positive financial position, even after funding capex and dividend payment (72 M€).

TOP LINE

(Eur million)	H1-23	H1-22	Q2-23	Q2-2022
Revenues	**1,291.2**	1,444.8	**688.8**	709.3
change %	*-10.6%*		*-2.9%*	
at constant fx %	*-10.0%*		*-0.9%*	

- H1-23 revenues were down by 10.6%, but the Q2 was up excluding the impact from the discontinuity in the US market.
- The start of the year was impacted by some already anticipated factors:
  - a challenging comparison with the extraordinary growth in the first months of the previous 2 years;
  - a partial de-stocking effect from retailers;
  - the Group's strategic decision to exit the portable air conditioning market in the US, which caused a gap of € 56 million in H1.

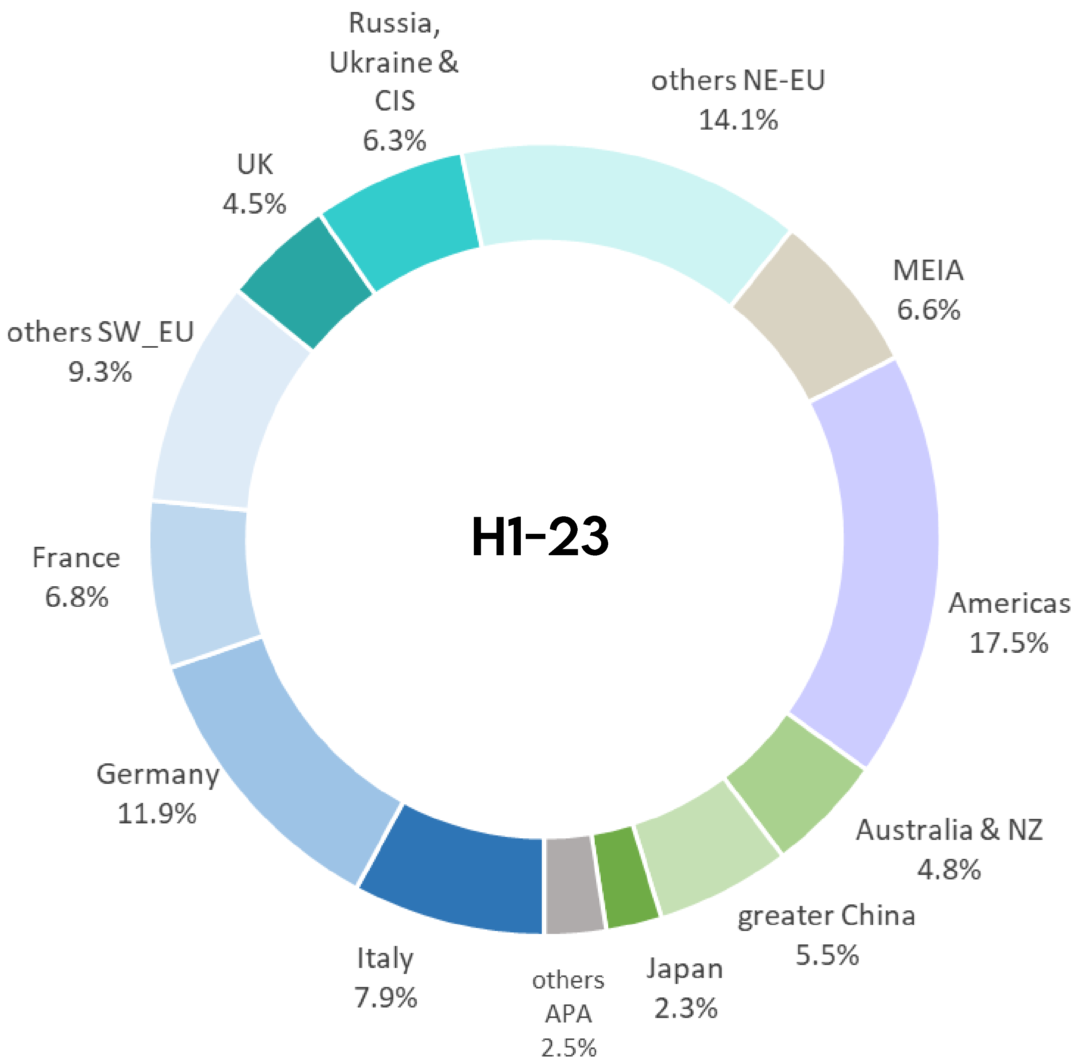
REVENUES BY REGION

EUR million	H1 - 2023	*var. %*	*var. % at constant FX*	Q2 - 2023	*var. %*	*var. % at constant FX*
South-West Europe	462.6	*-13.4%*	*-13.9%*	246.8	*-1.2%*	*-1.7%*
North-East Europe	321.6	*3.0%*	*4.7%*	164.3	*15.5%*	*19.3%*
EUROPE	784.2	*-7.3%*	*-7.1%*	411.1	*4.9%*	*6.0%*
America	225.9	*-21.9%*	*-22.5%*	129.9	*-16.9%*	*-15.4%*
MEIA	85.8	*-18.9%*	*-19.0%*	41.6	*-10.5%*	*-7.3%*
Asia-Pacific	195.2	*-4.1%*	*0.3%*	106.3	*-7.4%*	*-2.0%*
TOTAL REVENUES	**1,291.2**	***-10.6%***	***-10.0%***	**688.8**	***-2.9%***	***-0.9%***

In the quarter:

- South-West Europe showed a turnover almost unchanged in Q2 vs last year, thanks to a strong recovery of the market in France and Austria, while Italy and Germany are still in negative territory;
- sales of North-East Europe were up double digit, benefitting from an almost homogeneous recovery in the area, characterized by a significant acceleration of coffee combined with a substantial stabilization of the cooking and food preparation sector;
- MEIA region saw its turnover fall mainly due to the macroeconomic context and the weakness of food preparation;
- in America, sales were affected by the discontinuity relating to the exit from mobile air conditioning business, which caused a gap of € 33 million in the Q2, but improving the overall mix; net of this effect, sales were up 5.5% in the quarter;
- finally, the Asia Pacific region suffered from the negative performance of Australia and New Zealand, down against an excellent 2022, but showing a strong growth of other major markets of Greater China, Japan and South Korea.

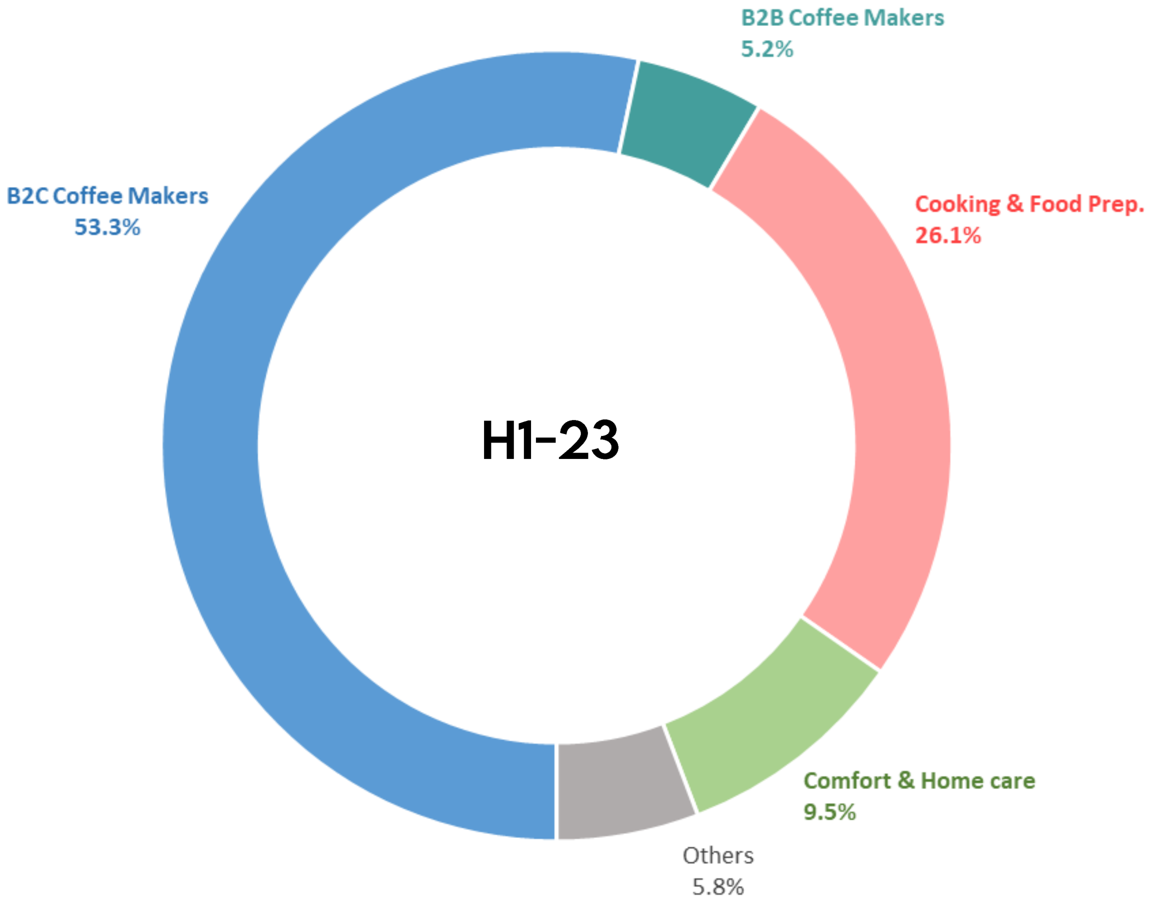
REVENUES BY MARKET (6 MONTHS)



Main Ups & Downs (at constant FX)

UP double-digit	Greater China, Korea Turkey
UP single-digit	France, Austria, UK, Japan
Down	Italy, Germany, Scandinavian countries MEIA / Americas, Australia & New Zealand

REVENUES BY PRODUCT LINE (6 MONTHS)



Main Ups & Downs (at constant FX)

UP double-digit
- Drip coffee makers
- Deep Fryers,
- Spin juicers
- B2B coffee makers,

UP single-digit
- Food processors,
- Personal blenders

Down
- Manual coffee makers
- Kitchen machines,
- Blenders (others),
- Comfort

MARGINS

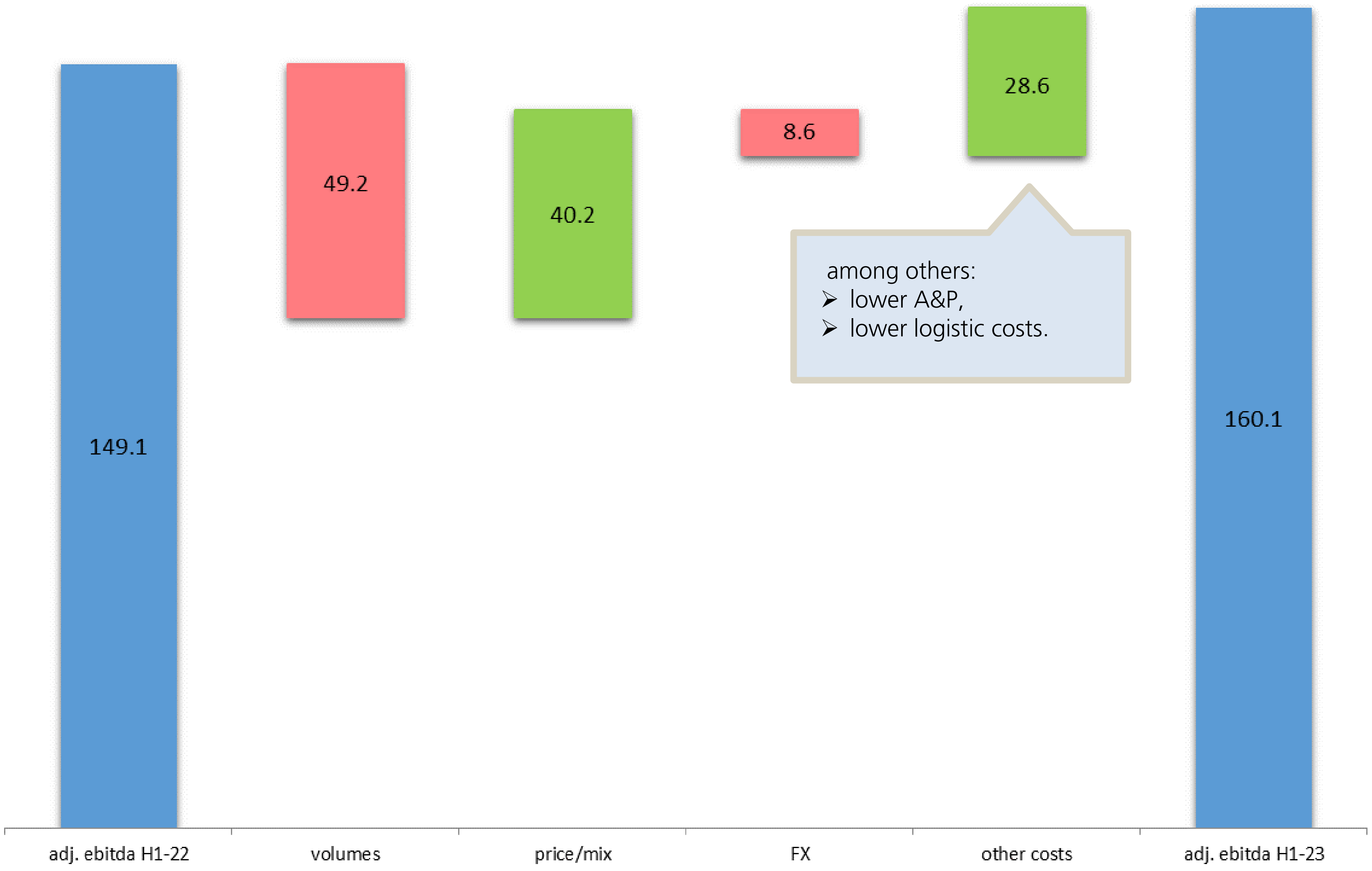
(Eur million)	H1-23	H1-22	Change %	Q2-23	Q2-2022	Change %
net ind. margin	**640.2**	696.2	*-8.0%*	**335.8**	320.6	*4.7%*
% of revenues	*49.6%*	*48.2%*		*48.8%*	*45.2%*	
adjusted Ebitda	**160.1**	149.1	*7.4%*	**85.8**	49.0	*75.0%*
% of revenues	*12.4%*	*10.3%*		*12.5%*	*6.9%*	
Ebitda	**159.0**	150.5	*5.7%*	**83.5**	57.1	*46.4%*
% of revenues	*12.3%*	*10.4%*		*12.1%*	*8.0%*	
Ebit	**108.1**	100.3	*7.8%*	**58.0**	31.2	*85.8%*
% of revenues	*8.4%*	*6.9%*		*8.4%*	*4.4%*	
Net Income *(pertaining to the Group)*	**82.7**	71.7	*15.3%*	**44.0**	21.0	*108.8%*
% of revenues	*6.4%*	*5.0%*		*6.4%*	*3.0%*	

In the quarter:

- **net industrial margin** was up to 48.8% of sales from 45.2% in 2022; positive contributions from the price-mix (20 M€) and logistic costs;
- **adjusted Ebitda** strongly improving to 12.5% of sales from 6.9% in 2022, in line with pre-pandemic years. Positive contributions from savings on A&P (-8.8 M€ in Q2 and -24.5 M€ in the 6 months) and from partial recovery of some factory inefficiencies of last year (when production levels were decreased in order to reduce inventories).

BRIDGE TO ADJUSTED EBITDA (Q2 2023)

BRIDGE TO ADJUSTED EBITDA (H1 2023)

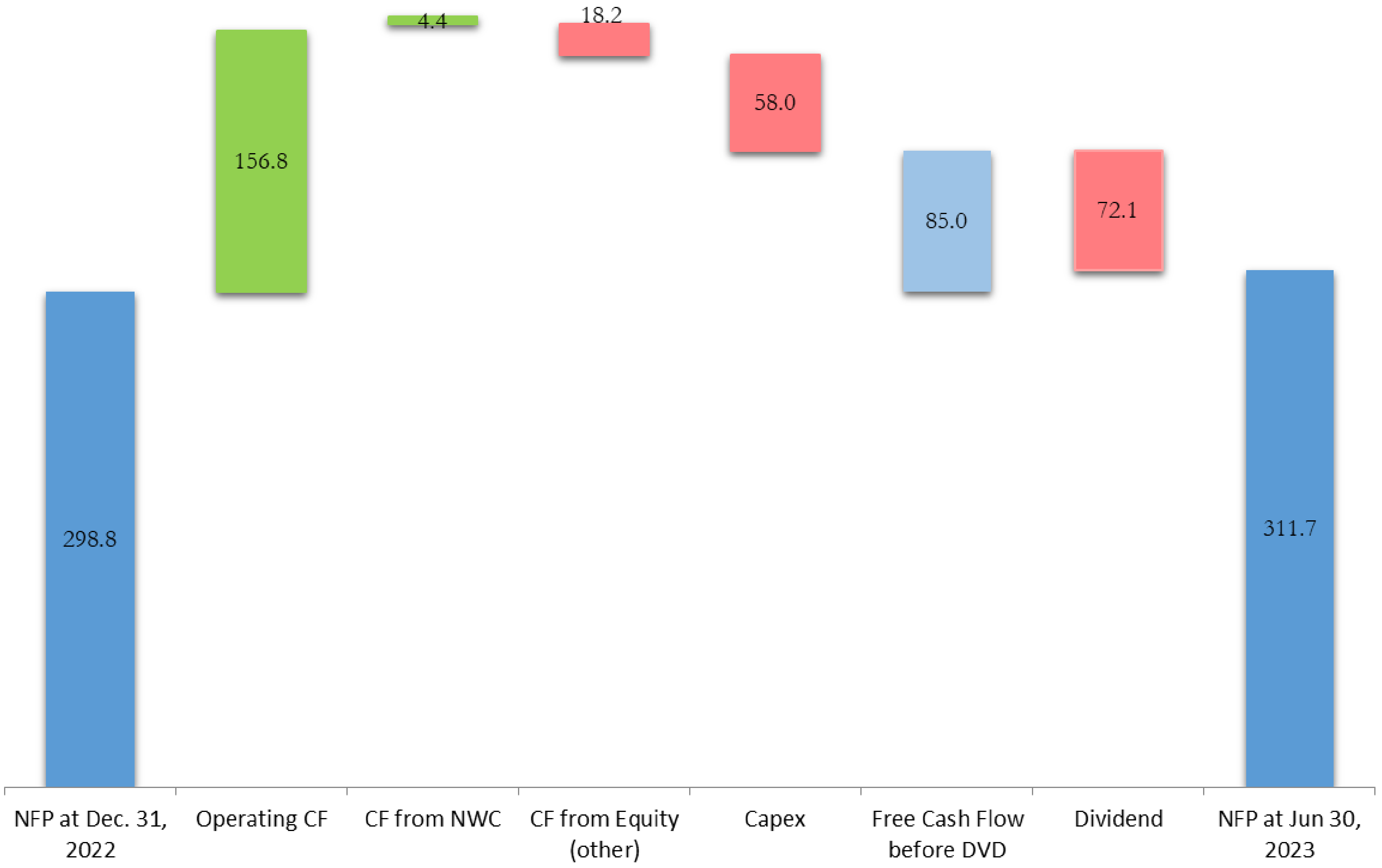


BALANCE SHEET

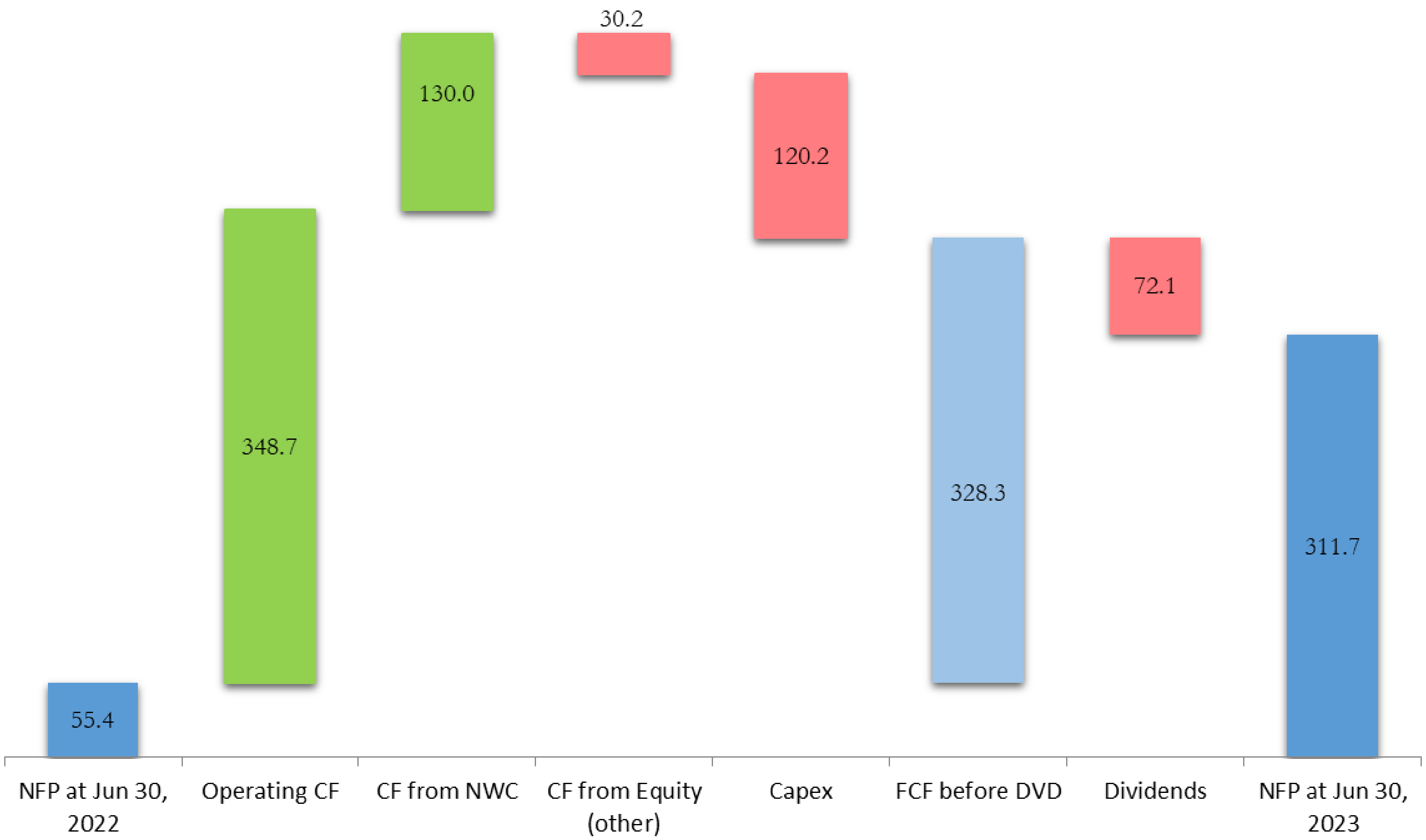
EUR million	30.6.2023	30.6.2022	*change (12 months)*	31.12.2022	*change (6 months)*
operating NWC	206.6	414.6	*-208.1*	288.8	*- 82.2*
Net Equity	1,639.2	1,591.5	*47.7*	1,663.4	*-24.2*
Net Financial Position	311.7	55.4	*256.3*	298.8	*12.9*
Net Bank Position	403.8	132.7	*271.1*	389.5	*14.4*
oper. NWC / Revenues	6.9%	12.8%	*-5.9%*	9.1%	*-2.3%*

- The Group closed the first half of 2023 with a positive Net Financial Position at € 311.7 million, strongly improving vs. 2022 (€ 55.4 million);
- Free Cash Flow before dividends and M&A was equal to 66.5 M€ in the quarter and € 328,3 M€ in the 12 months;
- In details, In terms of operating working capital (6.9% of 12-month rolling revenues), the negative change in inventories was more than counterbalanced by the positive cash generation of trade receivables and payables' management. It should also be noted that level of inventories in June 2023 (€ 660.5 million) was much lower than the peak reached in June last year (€ 941.5 million).

NET CASH FLOW (6 MONTHS)



NET CASH FLOW (12 MONTHS)



KEY TAKEAWAYS

1

The H1-23 was characterized by an **unfavourable and complex geopolitical and macroeconomic backdrop**, in continuity with the scenario encountered in the second half of ’22.

2

The Group closed the H1-23 with a positive **Net Financial Position improved** to € 311,7 M, thanks to an efficient working capital management and a robust cash generation from operations, both in the Q2 and 12 months.

3

The Group was able to achieve a profitability almost aligned with the first quarters of the pre-pandemic years (’19 and ’18).
Moreover, in Q2 **production costs turned to be a tailwind.**

4

The start of the year was **impacted by** : 1) a challenging comparison with the two previous years, 2) a more cautious approach from some distributors, 3) the Group's strategic decision to exit the portable air conditioning market in the USA (impacting by ca. 56 M€ in the 6 months).

FY 2023 GUIDANCE

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

“We are very satisfied with the results achieved in the quarter, which confirm our expectations of a progressive normalization of growth and profitability trends in this post-pandemic phase. In particular, I would like to highlight the recovery of margins, which has resulted from a careful pricing strategy and strict control of investments, as well as a recovery of logistics costs and an easing of pressure on the remaining operating costs.

We are returning to normal business dynamics, despite a macroeconomic scenario characterized in the short term by the potential impacts of inflation and the increase in interest rates on households’ wealth and on consumption.

Nonetheless, the Group can count on the intact development potential of the coffee and the Nutribullet-branded nutrition segments, which accounted for almost 65% of total turnover in the half-year and which are destined to represent the main engine in the medium term for the growth and the profitability of the Group.

In this context, therefore, we confirm the guidance for the year, which forecasts a slight decrease in revenues compared to 2022 and an adjusted Ebitda in the range of 370-390 million Euros”

FY 2023 guidance *(confirmed)*

REVENUES slightly down vs. 2022 + **Adjusted EBITDA in the range of 370-390 M€**

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