DēLonghi Group

FIRST HALF 2020 RESULTS

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Foreword

Since Oct. 1st 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;
- **Q2** stands for second quarter (March 31st – June 30th);
- **H1** stands for first half (January 1st – June 30th);
- **Reported** stands for official data including the application of IFRS-16 accounting standard and the change of treatment of the financial discounts.

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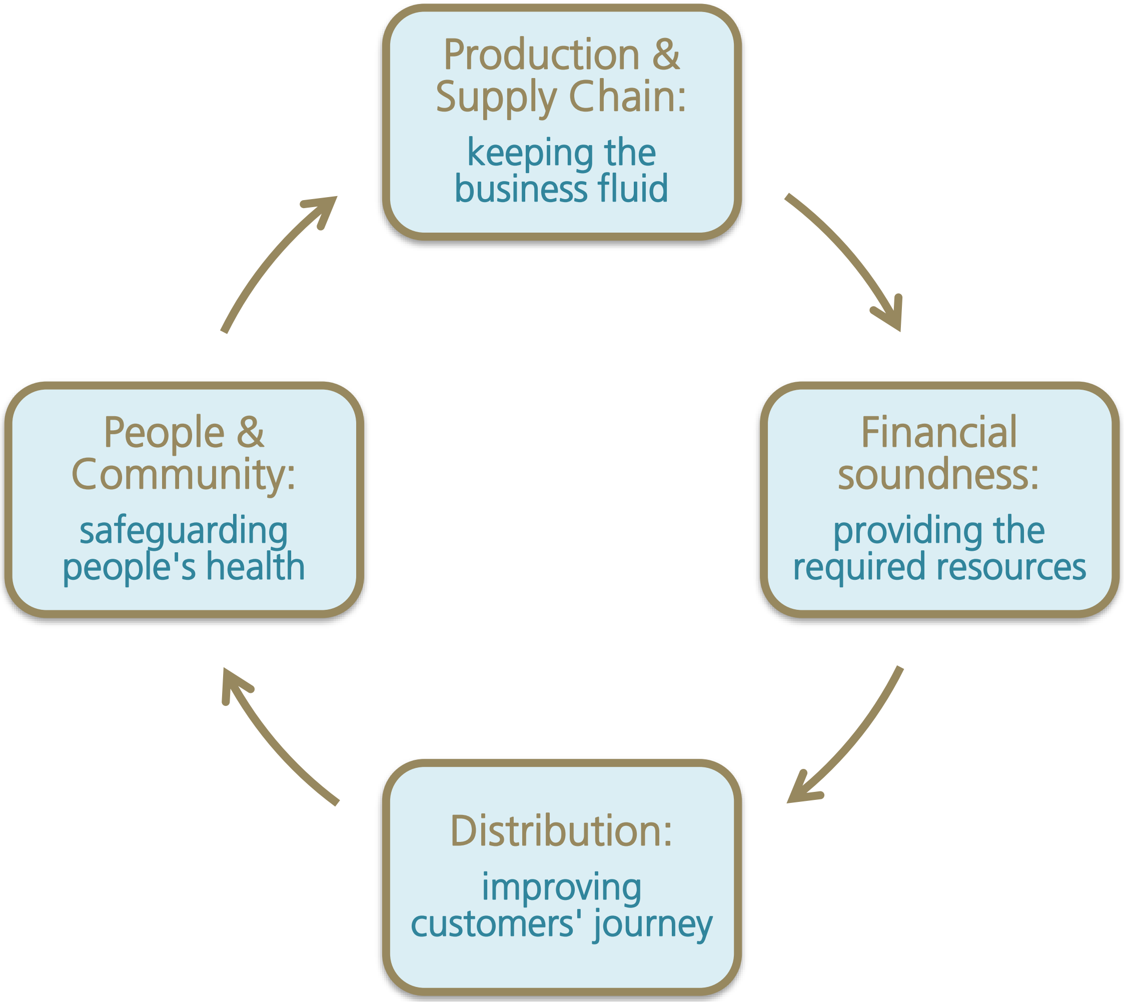
Our key priorities to keep the business afloat



Main actions taken to overcome the outbreak effects

consumers

- New customer experience.
- Enhancing e-commerce strategy.

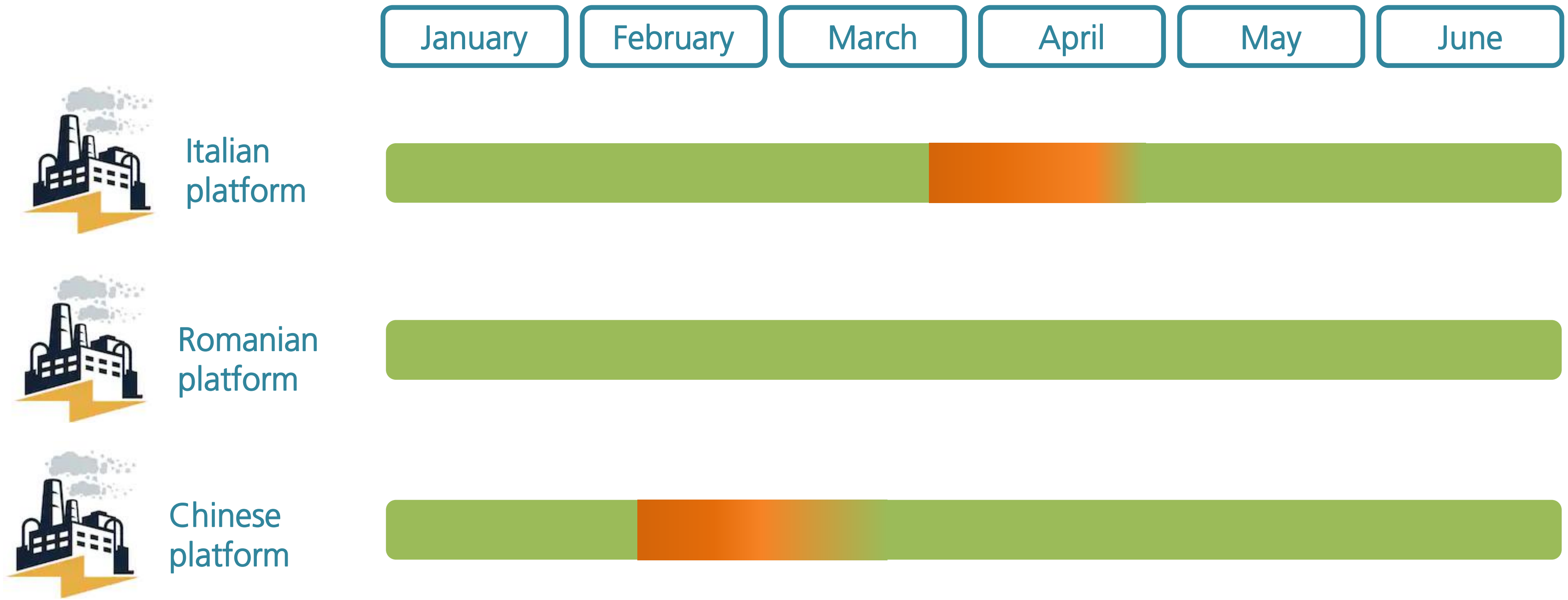
people

- Flexible shifts in production sites.
- Flexible working practices in office.

profitability

- Cost control of general expenses.
- Reducing and optimizing merchandising costs
- Lower travel expenses.

Our production activities during the 1st half



Full capacity

Temporary stop

- Thanks to the well diversified production platform, the Group has been able to overcome the difficulties faced over last months.
- Moreover, flexible shifts have been implemented in order to maximize the production capacity utilization.

Digital activities to enhance the customer experience

- Increasing the geographical coverage of our proprietary e-commerce
- Enhancing the consumer journey through our websites describing brands and products
- New digital strategy to simplify GO-to-MARKET leveraging on "where to buy" solution toward our trade partner
- Digital marketing capabilities to secured a more personalized and timeline consumer communication

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Highlights (half year *normalized*)

revenues' growth %	+6.9 %	Strong trend in sales in H1, thanks to a robust performance of coffee and food over the last quarter
adjusted Ebitda growth %	+21.5 %	Margin expansion to 13.2% sustained by strong volumes and favorable price-mix
6 months cash generation	110 M€	Solid cash generation by virtue of operating profit and a record performance of the working capital
Net Financial Position	388 M€	Cash-rich position that leaves ample room to manage growth in a difficult time and for strategic developments

The topline

(Eur million unless otherwise specified	1st Half 2020	1st Half (Jan. 1st - June 30)		2nd quarter (April 1st - June 30)	
		2020 *"normalized"*	2019	2020 *"normalized"*	2019
Revenues	896.6	903.7	845.5	507.3	469.1
change %	*6.0%*	*6.9%*		*8.2%*	
organic ch. %		*6.7%*		*8.5%*	

- In the first half the normalized revenues grew by 6.9%, soaring by 8.2% in the second quarter;
- All regions, excepted MEIA, were in positive territory, with South-West Europe and APA growing double-digit;
- Revenues have been benefited by strong rebound of household appliances and food, in addition to increasing commitment in A&P.

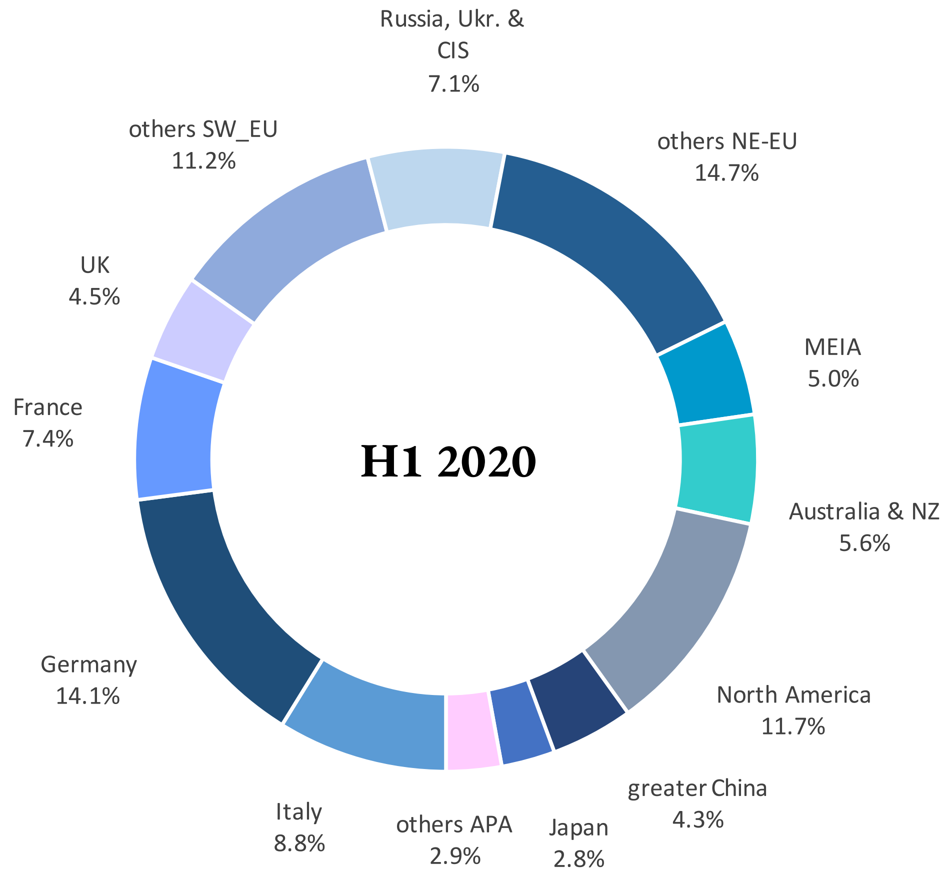
Revenues by region

EUR million	Half Year 2020 normalized	*chg. %*	*organic chg. %*	Q2-2020 normalized	*chg. %*	*organic chg. %*
South West Europe	374.6	*12.1%*	*11.8%*	201.0	*12.0%*	*11.6%*
North East Europe	237.5	*5.1%*	*5.5%*	126.0	*6.3%*	*8.4%*
EUROPE	612.1	*9.3%*	*9.2%*	327.0	*9.7%*	*10.3%*
MEIA (MiddleEast/India/Africa)	44.9	*-26.4%*	*-27.0%*	24.8	*-26.5%*	*-26.5%*
APA (Asia/Pacific/Americas)	246.7	*10.0%*	*9.5%*	155.5	*13.3%*	*13.2%*
TOTAL REVENUES	903.7	*6.9%*	*6.7%*	507.3	*8.2%*	*8.5%*

Organic performance in the first half (at normalized level):

- the **South-West Europe** region grew by 11.8%, thanks to the remarkable expansion of revenues in Germany and France; positive contribution from all other countries, except for Italy that has faced severe effects from the lockdown, but recovering in Q2;
- **North-East Europe** was up 5.5%, supported in particular by the double digit growth of Benelux and Scandinavia; in positive territory also Poland, UK, Russia, Ukraine & CIS;
- **APA** grew by 9.5% (organic), boosted by Australia & New Zeland and China & Hong Kong (all up double digit); US & Canada recorded a positive growth in both the half year and the quarter;
- **MEIA** region confirmed the negative trend of the first part of the year and in Q2 as well, due to a tough economic environment and the effects of pandemic on purchasing power.

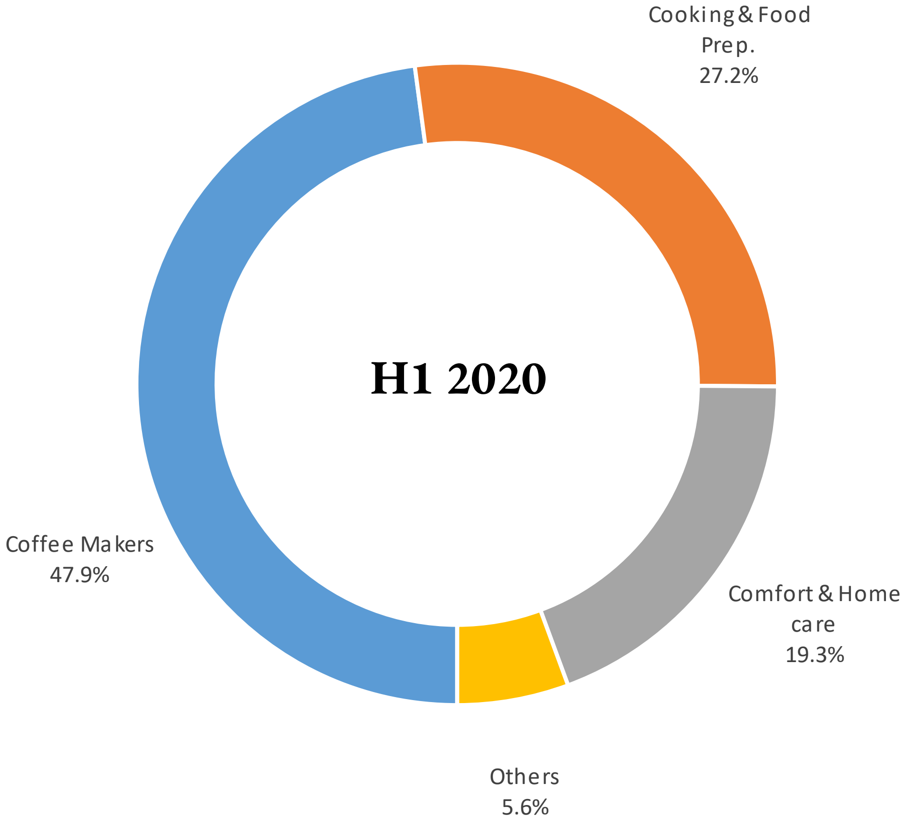
Revenues by market (*normalized*)



MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT	Germany France, Benelux Australia, New Zeland, China & HK
UP SINGLE DIGIT	Russia, Ukraine & CIS Poland US & Canada
DOWN	Italy Saudi Arabia

Revenues by product



MAIN ORGANIC UPS & DOWNS	
UP DOUBLE DIGIT	full-auto machines manual pump machines kitchen machines air conditioning
UP SINGLE DIGIT	Nespresso machines Dolce Gusto machines
DOWN	hand blenders food processors portable heaters home-care products

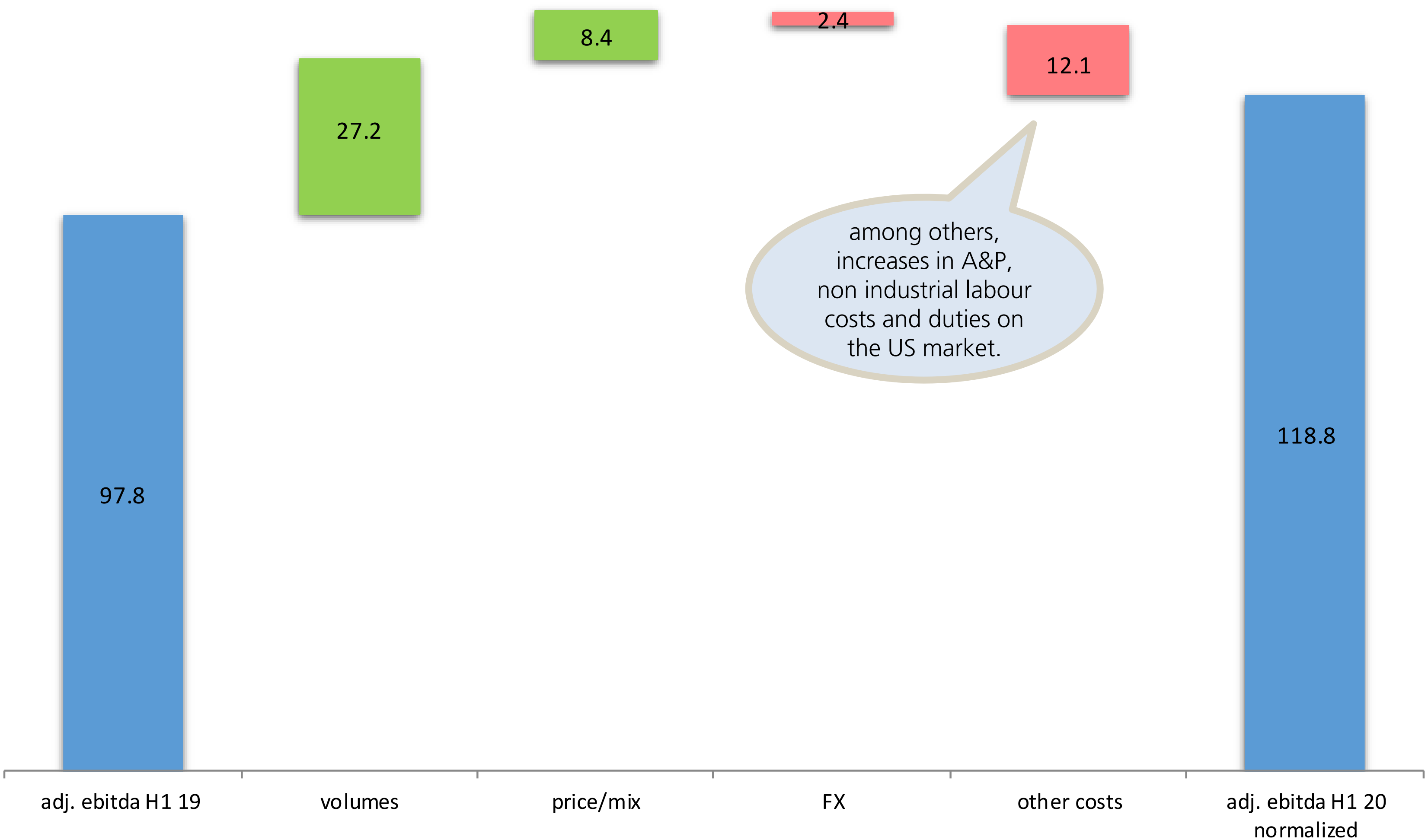
Based on management accounts

Margins

(Eur million unless otherwise specified	1st Half 2020	1st Half (Jan. 1st - June 30)		2nd quarter (April 1st - June 30)	
		2020 "normalized"	2019	2020 "normalized"	2019
net ind. margin	436.3	443.4	399.5	242.0	217.7
% of revenues	*48.7%*	*49.1%*	*47.2%*	*47.7%*	*46.4%*
adjusted Ebitda	111.8	118.8	97.8	73.7	61.3
% of revenues	*12.5%*	*13.2%*	*11.6%*	*14.5%*	*13.1%*
Ebitda	105.5	112.6	95.5	72.9	60.4
% of revenues	*11.8%*	*12.5%*	*11.3%*	*14.4%*	*12.9%*
Ebit	66.9	74.0	58.0	53.3	41.4
% of revenues	*7.5%*	*8.2%*	*6.9%*	*10.5%*	*8.8%*
Net Income	43.1	43.1	42.8	32.1	31.4
% of revenues	*4.8%*	*4.8%*	*5.1%*	*6.3%*	*6.7%*
adjusted Net Income	47.9	47.9	44.9	32.8	32.3
% of revenues	*5.3%*	*5.3%*	*5.3%*	*6.5%*	*6.9%*

- In the fist half margins have been boosted by the increase in volumes and a favorable price-mix effect, albeit being slightly eroded by the rise of some operating costs, specifically A&P to support core brands, non industrial labour costs and duties in the USA;
- Non recurring costs related to Covid-19 amounted to 5.3 M€, of which 3.1 M€ were donated by the Group for the fight to the outbreak and 2.2 M€ were other costs partially related to the pandemic;
- Net income was impacted by temporary higher tax take.

First half adjusted Ebitda bridge (*normalized*)

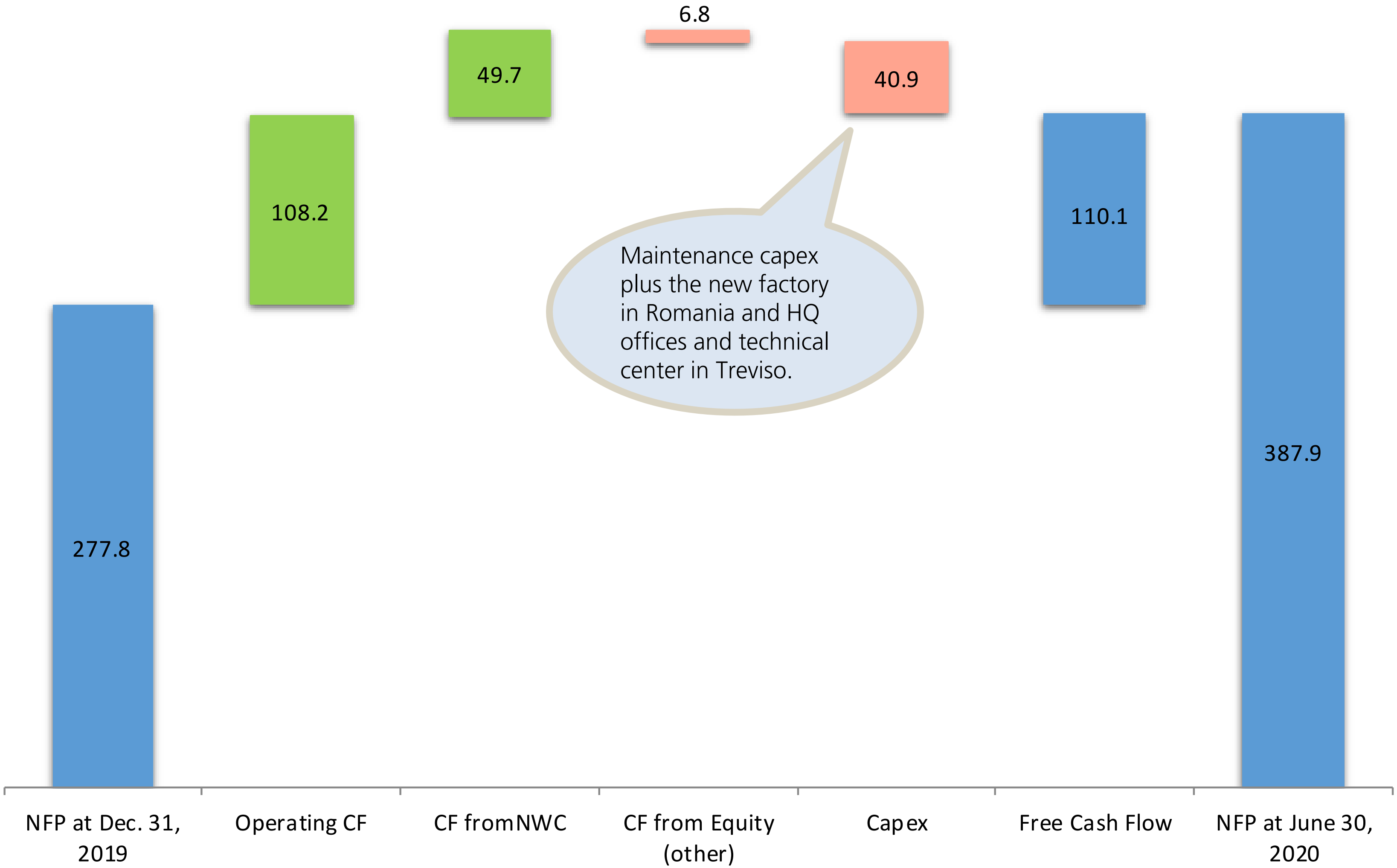


Balance sheet (*reported*)

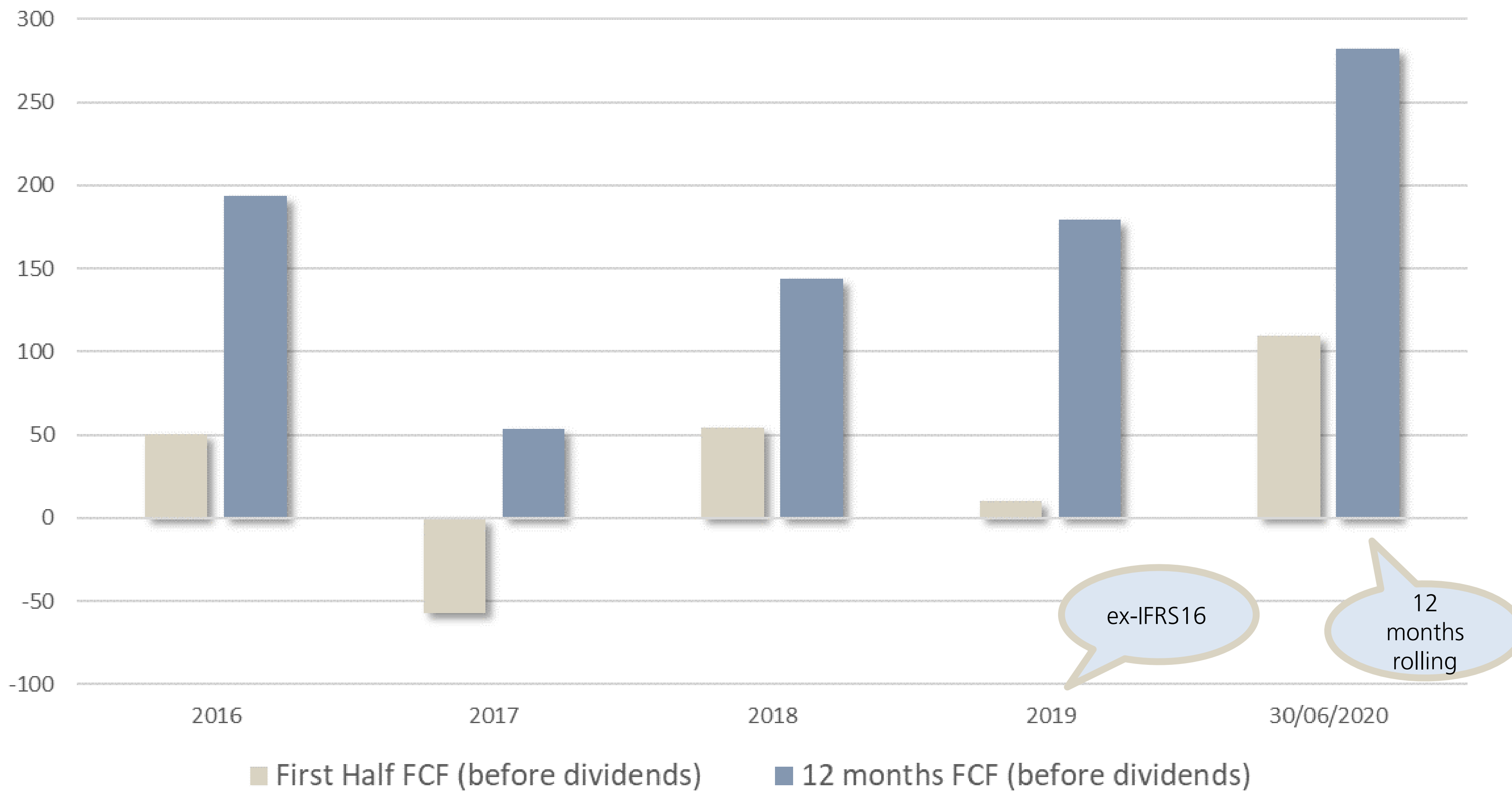
EUR million	June 30, 2020	June 30, 2019	*change*	Dec. 31, 2019	*change*
Net working Capital	228.4	344.3	*-116*	318.8	*-90.4*
Net Equity	1209.7	1060.8	*148.8*	1190.5	*19.2*
Net Financial Position	387.9	105.5	*282.5*	277.8	*110.1*
NWC / Revenues (12 TMR)	10.6%	16.6%	*-6.0 pp*	15.2%	*-4.6 pp*

- The net financial position as at June 30 stood at 388 M€ (net bank position at 455.7 M€), a marked improvement over the last six months. In particular, the Group achieved a Free Cash Flow (before dividends) of € 110.1 million in the six months, after 40.9 M€ investments, while in the same period of last year the Free Cash Flow (before dividends) amounted to 9.6 M€ (ex-application of IFRS-16).
- As to the net working capital, the value at June 30 was equal to 228.4 M€, down by 116 M€ vs. the value shown on the same date of last year. This change is mainly due to the result of a reduction in inventories, a reduction of trade receivables and an increase in trade payables.

The net cash flow in H1 2020 (*reported*)



Free Cash Flow before dividends



2020 outlook

Massimo Garavaglia, Group C.E.O.:

"We are facing a difficult and complex period that requires us to make a significant effort both on a human and a professional level. In particular, in the first six months, the extraordinary commitment shown by the people of De' Longhi and our business partners allowed us to overcome this great challenge promptly and stubbornly, reaffirming the great qualities of resilience and flexibility of this Group. We still feel a lot of uncertainty on the markets and the visibility on the business for the next few months remains limited, also due to a highly volatile macroeconomic environment, however we believe that the Group, for the current year, can reasonably set the goal of an organic mid-single-digit growth of revenues, with an adjusted Ebitda improving in value compared to 2019".

2020 guidance

Revenues growing organically mid-single-digit in the full year

Full Year Adjusted Ebitda improving in value vs. 2019

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THANK YOU.

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