DēLonghi Group

Q2 & H1 2022 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.

It should be noted that limited auditing activities are still underway on the consolidated half-year financial statements by the independent auditing firm, which has not yet issued its report. The report of the independent auditors will be made public with the same procedure as the half-year financial statements and as soon as available, within the terms provided for by the current regulations

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 (January 1st – June 30th);
- **"Reported"** stands for official data including the consolidation of Eversys since April 1st , 2021 (following the acquisition finalized last year);
- the comparative data as of June 30, 2021 have been restated in accordance with IFRS 3, as a result of the definitive accounting of the business combination relating to Capital Brands and Eversys.

Q2 - H1 2022 RESULTS

THE 6 MONTHS HIGHLIGHTS

revenues' growth %	+0.9%	Revenues substantially in line vs LY, sustained by coffee business and the expansion on the extra-European areas
adjusted Ebitda margin	10.3%	Declining from 17.6%, due mainly to cost inflation, warehousing costs and ca.34 M€ increase in A&P spent
12 months Free Cash Flow (before dividends and M&A)	-35 M€	Negative cash flow generation due to the high level of stock inventory reached in H1 versus the previous year
Net Financial Position	55 M€	Still a positive financial position, temporary affected by the increase in inventories

Q2 - H1 2022 RESULTS

TOP LINE

(Eur million)	H1-2022	H1-2021	Q2-2022	Q2-2021
Revenues	**1,444.8**	1,431.8	**709.3**	753.1
change %	*0.9%*		*-5.8%*	
organic ch. %	*-2.9%*		*-10.7%*	

- H1-2022 revenues grew by 0.9%, including a positive currency effect of 3.8%;
- the expansion of extra-European geographies, such as Asia-Pacific and North America - both up double digit in the 6 months – helped to offset the slowdown of European markets;
- revenues suffered from weakening demand in the Food Preparation business, while the Coffee segment showed more resilience despite a softening sales' trend.

Q2 - H1 2022 RESULTS

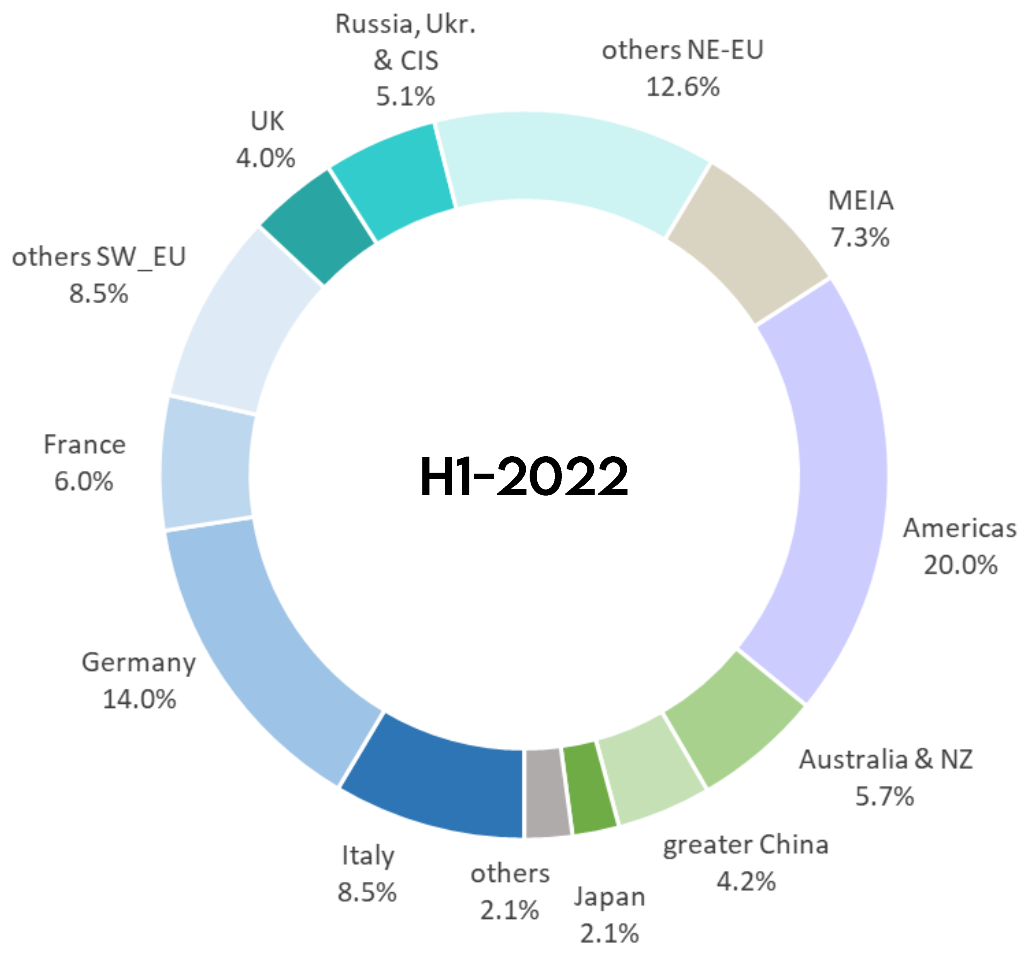
REVENUES BY REGION

EUR million	**H1 - 2022**	*var. %*	*var. % at constant FX*	**Q2 - 2022**	*var. %*	*var. % at constant FX*
South-West Europe	534.2	*-5.3%*	*-5.9%*	249.7	*-14.0%*	*-14.7%*
North-East Europe	312.1	*-14.0%*	*-15.4%*	142.2	*-21.0%*	*-23.9%*
EUROPE	846.3	*-8.7%*	*-9.6%*	391.9	*-16.7%*	*-18.2%*
America	289.2	*19.4%*	*13.9%*	156.3	*10.2%*	*6.1%*
MEIA	105.8	*1.9%*	*-6.2%*	46.4	*-10.1%*	*-19.0%*
Asia-Pacific	203.5	*28.1%*	*12.8%*	114.7	*28.3%*	*7.3%*
TOTAL REVENUES	**1,444.8**	***0.9%***	***-2.9%***	**709.3**	***-5.8%***	***-10.7%***

- South-West Europe recorded a 14% decline in sales in Q2, bringing the H1 trend in negative territory; in particular, some of the core markets, such as Germany, France, Austria and Switzerland, were down, while the Iberian region continued to grow;
- the negative trend continued in North-East Europe, due mainly to the direct and indirect effects of the Russian-Ukrainian conflict, with the exception of Poland, which grew double digit in the quarter;
- MEIA region resulted overall in negative territory in Q2, only partially mitigated by the appreciation of the US dollar;
- the America region delivered a sustained growth in H1, maintaining a positive trend in Q2, thanks to an expansion in the coffee and comfort categories;
- Asia Pacific maintained a strong pace of growth, as highlighted in the first part of the year, led by almost all the main countries in the region (Australia and New Zealand, Greater China and South Korea) and a significant contribution of the currencies.

Q2 - H1 2022 RESULTS

REVENUES BY MARKET



Main Ups & Downs (at constant FX)

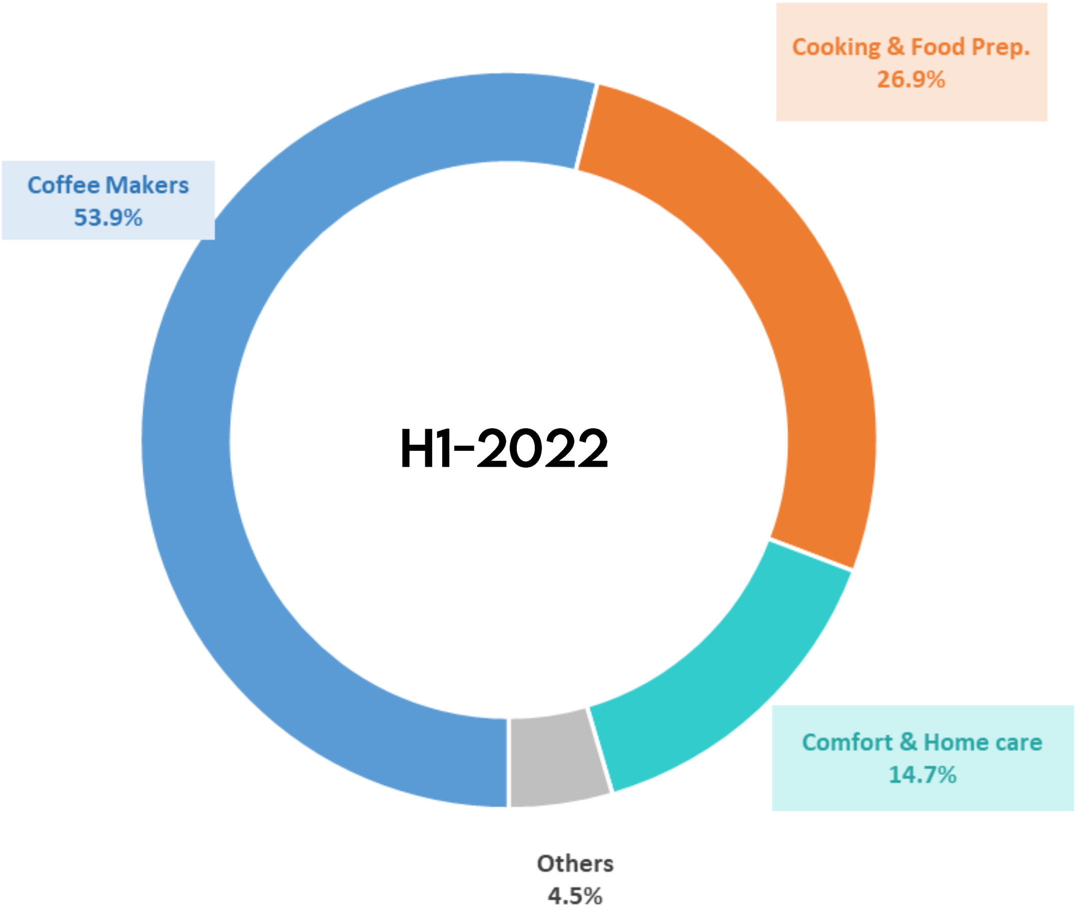
UP double-digit: USA & Canada, Greater China, Australia & New Zeland

UP single-digit: Germany, Spain & Portugal, Japan

Down: France, UK, Czech Republic, Slovakia & Hungary, Scandia, Saudi Arabia

Q2 - H1 2022 RESULTS

REVENUES BY PRODUCT LINE



Main Ups & Downs (at constant FX)

UP double-digit	Manual coffee makers, Heating, Ironing Deep Fryers
UP single-digit	Food Processors, Single-serve coffee makers
Down	Kitchen machines, Blenders, Floor Care

Q2 - H1 2022 RESULTS

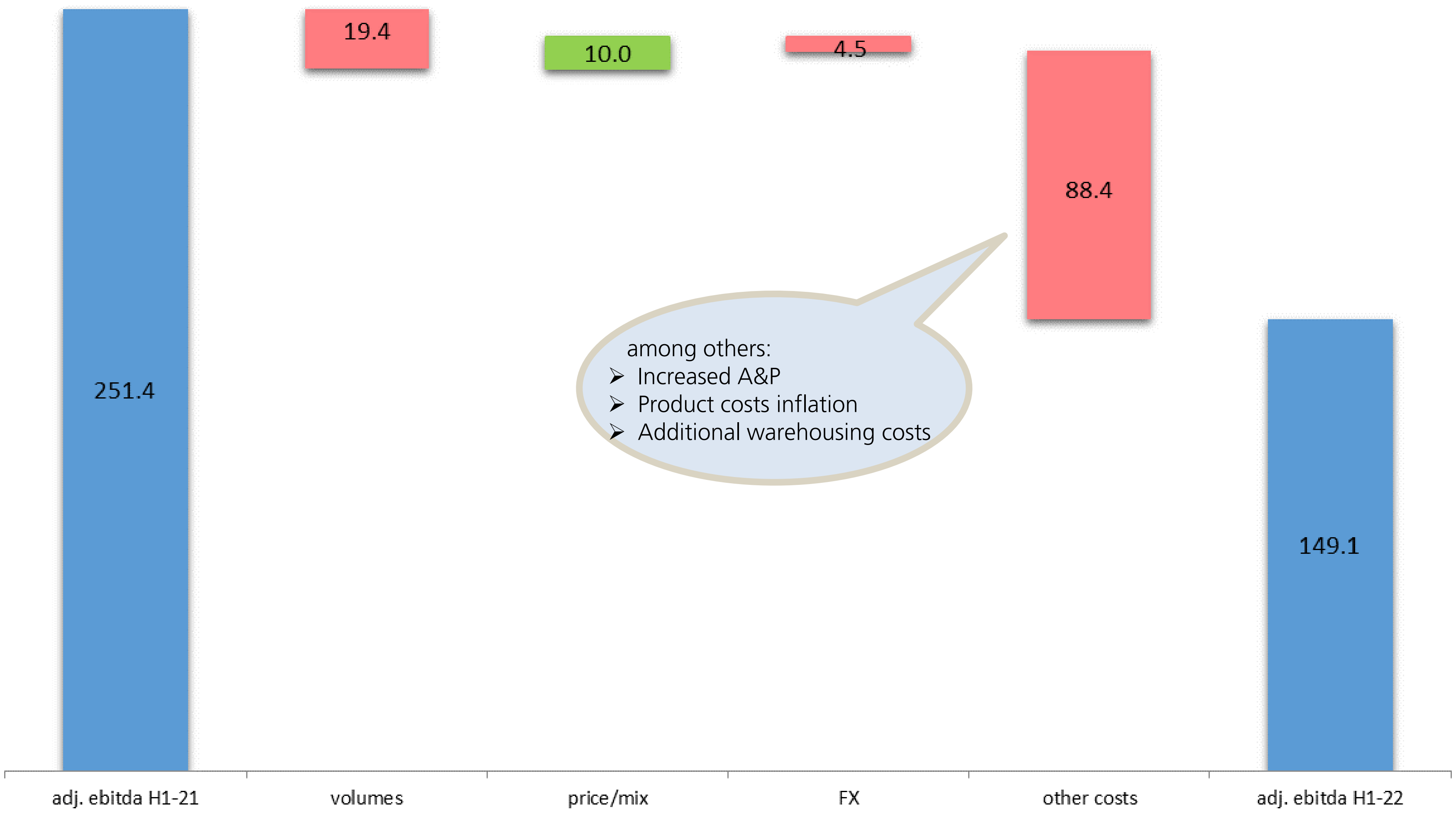
MARGINS

	H1-2022	H1-2021	Q2-2022	Q2-2021
net ind. margin	**696.2**	721.4	**320.6**	366.3
% of revenues	*48.2%*	*50.4%*	*45.2%*	*48.6%*
adjusted Ebitda	**149.1**	251.4	**49.0**	122.7
% of revenues	*10.3%*	*17.6%*	*6.9%*	*16.3%*
Ebitda	**150.5**	241.0	**57.1**	119.4
% of revenues	*10.4%*	*16.8%*	*8.0%*	*15.9%*
Ebit	**100.3**	197.1	**31.2**	96.6
% of revenues	*6.9%*	*13.8%*	*4.4%*	*12.8%*
Net Income (pertaining to the Group)	**71.7**	171.9	**21.0**	96.5
% of revenues	*5.0%*	*12.0%*	*3.0%*	*12.8%*

- net industrial margin stood at 48.2% of revenues compared to 50.4% last year, due to the increase of cost inflation not totally offset by the price-mix component and the lack of production efficiencies;
- adjusted Ebitda amounted to 149.1M€, equal to 10.3% of revenues (compared to 17.6% in 2021 and 12.5% in 2020), down vs last year due to higher investments in A&P (+34 M€ in the 6 months) and higher other operating costs.

Q2 - H1 2022 RESULTS

ADJUSTED EBITDA BRIDGE



Q2 - H1 2022 RESULTS

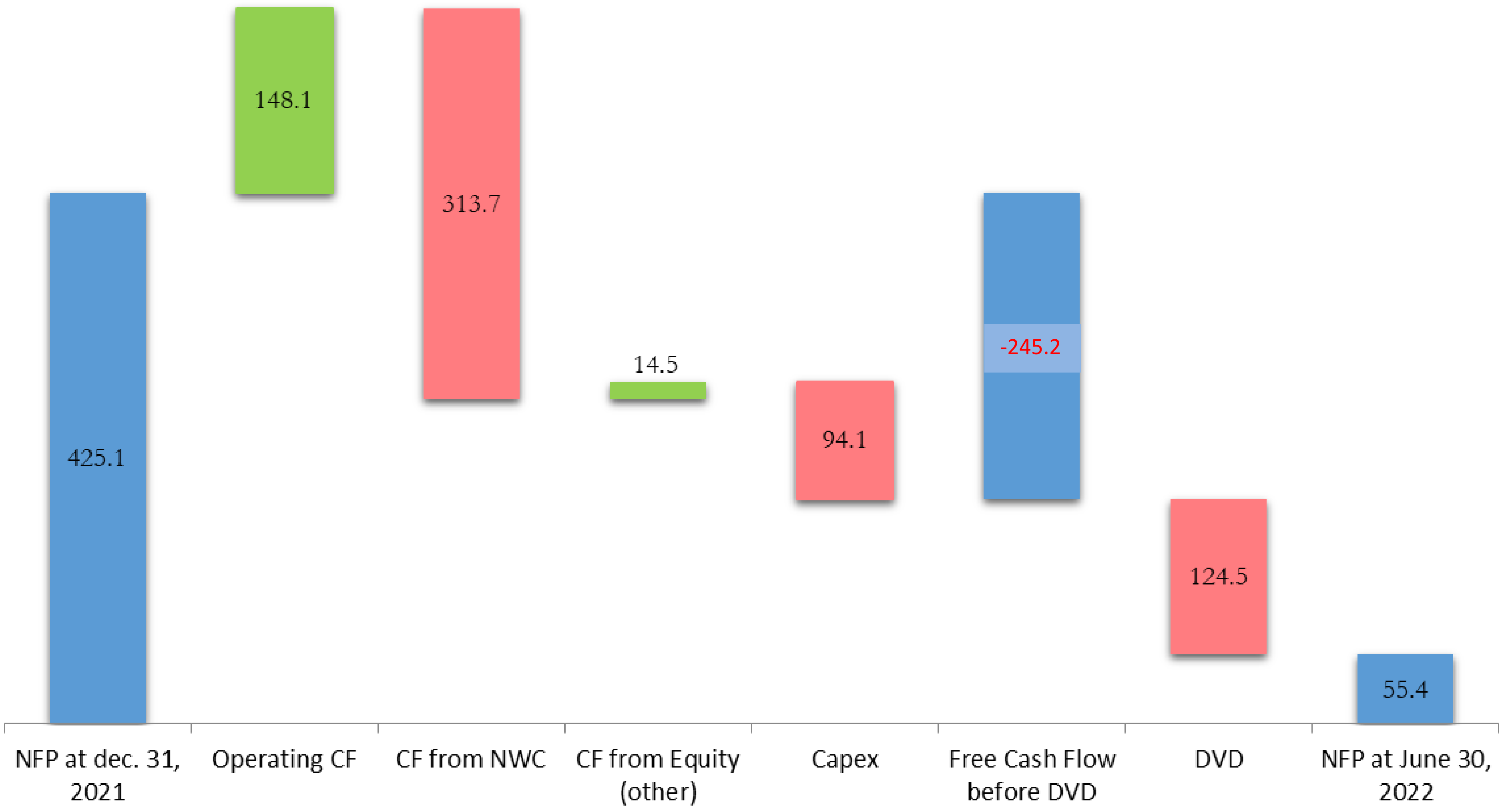
BALANCE SHEET

EUR million	30.6.2022	31.12.2021	*change (6 months)*	30.6.2021	*change (12 months)*
operating NWC	414.6	199.7	*215.0*	229.4	*185.3*
Net Equity	1,591.5	1,570.6	*20.9*	1,383.3	*208.1*
Net Financial Position	55.4	425.1	*-369.7*	214.8	*-159.3*
op. NWC / revenues	12.8%	6.2%	*6.6%*	7.9%	*4.9%*

- Net financial position as at 30.6.2022 stood at 55.4 M€, decreasing from 2021 year end, due to higher investments and increased inventory level;
- the Free Cash Flow before dividends and acquisitions was -35 M€ in the 12 months and -245 M€ over the 6 months, mainly due to the higher level of inventories reached (+172.3 M€ in the 6 months).;
- capex in the 6 months amounted to € 94.1 million (+33.5 M€ vs LY), including the 21 M€ acquisition of a new plant in Romania;

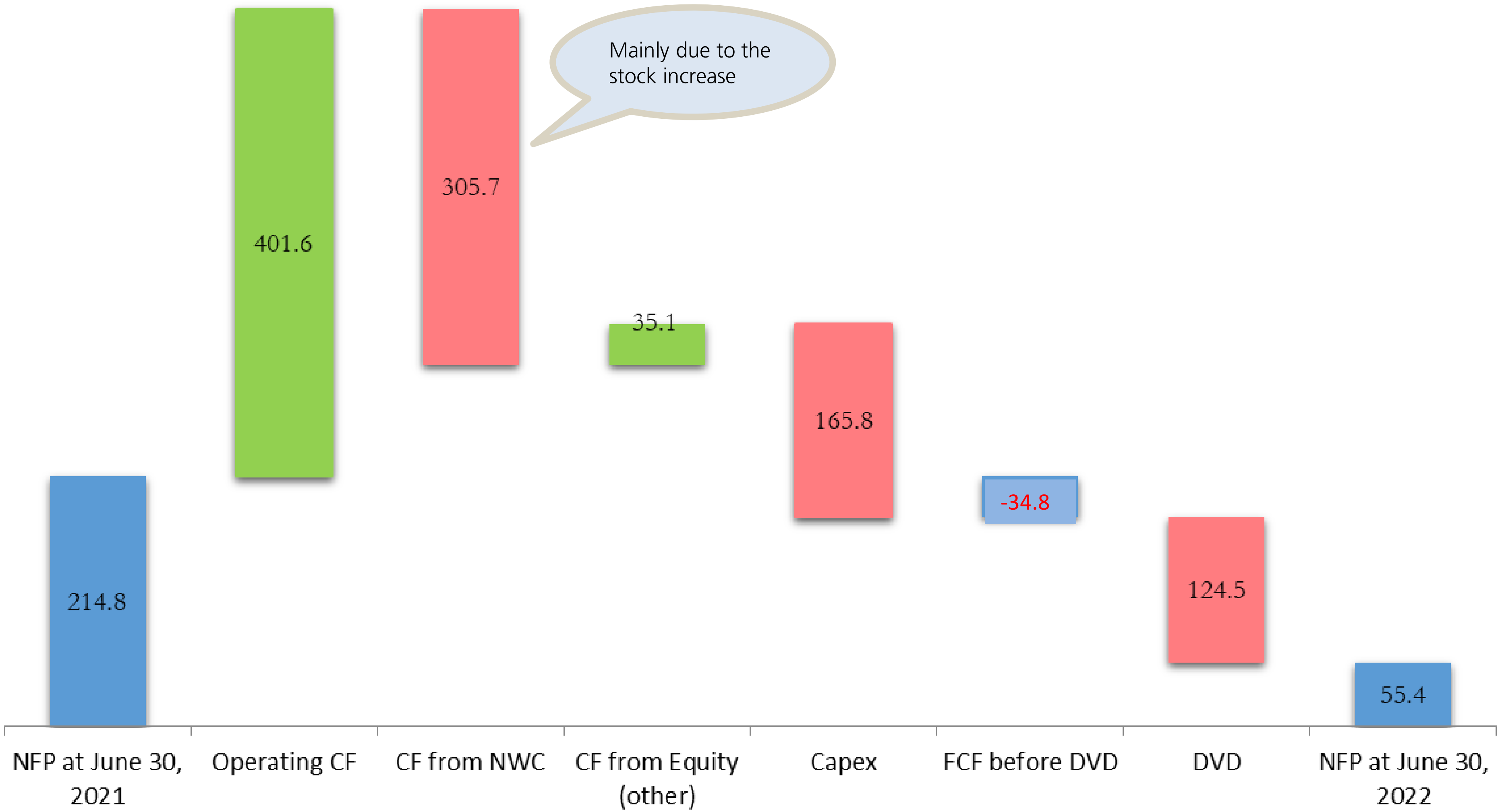
Q2 - H1 2022 RESULTS

6 MONTHS NET CASH FLOW



Q2 - H1 2022 RESULTS

12 MONTHS NET CASH FLOW



Q2 - H1 2022 RESULTS

KEY TAKEAWAYS

1

The top-line was still facing a **challenging comparison** vs last year, that recorded an extraordinary expansion (up 46% H1-21 and 36% Q2-21 on a like-for-like basis).

2

The **increasing level of stock**, required a slowdown in production and higher logistics and warehousing costs, influencing the profile of margins in the quarter.

3

In Q2 the European demand was heavily affected by the dramatic geopolitical framework that has been **worsening the consumer confidence** and by the adverse inflationary pressures which have been **eroding the consumers' purchasing power**.

4

The **Group's communication strategy** has been still supporting the coffee brand and business across the world even in this complex macroeconomic environment, with the aim to strengthen the **global leadership** and become an **authority in coffee.**

FY 2022 GUIDANCE

In the words of Massimo Garavaglia, CEO:

"We are experiencing a historical moment of great uncertainty that tests the structure of our economic system. The positive signs highlighted in the first months of the year gradually diluted in coincidence with the evolution of the Russian-Ukrainian conflict and the consequent impacts on consumer sentiment, already undermined by recent inflationary pressures in consumer goods of primary necessity.

Despite the unsatisfactory performance of the last quarter, we believe that the strategy underlying the actions implemented by the Group in recent months is still correct in a medium-long term perspective. We therefore intend to continue to defend prices and push investments in innovation and communication, as the main levers that can guarantee sustainable development.

In this 2022, we expect a persistent weakness of the markets and demand also in the second half of the year and we therefore estimate that we will be able to close the year with revenues down mid-single-digit and an adjusted Ebitda in the range of 320-340 million Euros".

FY 2022 guidance *(revised)*

REVENUES down by mid-single digit rate + **Adjusted EBITDA in the range 320-340 M€**

ESG TARGETS

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Over the last years De'Longhi has constantly **strengthened its efforts on sustainability**, implementing targets and KPIs to undertake the ESG journey.

Following the first steps last years, a turning point in the journey is represented by **the inclusion of Sustainability in the MTP 2021-2023** as key enabler of our sustainable success.

De'Longhi wants to be a facilitator of **conscious choices** and an enabler of **responsible behaviour** among consumers.

ESG TARGETS

CONTROL AND RISKS, CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE	*Preliminary, propositional and consultative functions on the subject of Sustainability*
SUSTAINABILITY STEERING COMMITTEE	*Supervises the evolution of Group Sustainability*
GROUP SUSTAINABILITY MANAGER	*Manages the Group Sustainability*
3 Focus Groups: **PRODUCTS PROCESSES PEOPLE**	*Supervision and implementation of projects included in the Sustainability Plan*

ESG TARGETS

THE
DE' LONGHI GROUP'S
SUSTAINABILITY MODEL
IS BASED ON
3 PILLARS

1. **PRODUCTS**
   Products with a purpose
2. **PROCESSES**
   Processes are value in progress
3. **PEOPLE**
   People are our power

ESG TARGETS: PILLAR #1, **PRODUCTS**

PRODUCTS

CIRCULAR ECONOMY Focus on recycled materials	➢ Incorporate recycled material in all new products ➢ 30% of recycled plastic over the total plastic used in new products	2025 2027
SUSTAINABLE PRODUCTS Eco-Design Guidelines and LCA implementation	➢ Adoption of Eco-Design Guidelines ➢ One product per main category covered by LCA	2023 2024
SUSTAINABLE PACKAGING Increase the circularity and sustainability of packaging	➢ Improve the environmental performance of our packaging ➢ 70% of products with EPS free packaging ➢ 50% of products with digitalized user's manuals	2024 2024 2025
FIGHT AGAINST CLIMATE CHANGE Focus on product energy efficiency projects	➢ Develop Eco features for increased consumer usage ➢ Continue to develop products with a focus on energy efficiency	2025

ESG TARGETS: PILLAR #2, PROCESSES

PROCESSES

FIGHT AGAINST CLIMATE CHANGE Energy efficiency interventions aimed to reducing the energy consumption and GHG emissions of the plants/offices	➢ Complete the enlargement of the GHG inventory to Scope 3 ➢ 100% of electricity used at Group's plants by renewables ➢ GHG emissions reduction (Scope 1&2) of 42% *(aligned with SBT methodology)* ➢ Reduce the energy intensity per unit produced	2023 2025 2030 2024
SAFE ENVIRONMENT Foster environment protection at plant level; assure the highest standards in terms of H&S	➢ 100% Group's plants certified ISO 14001 ➢ 100% Group's plants certified ISO 45001	2022 2027
RESPONSIBLE SUPPLY CHAIN Drafting the Supplier Code of Conduct and the Responsible sourcing guidelines	➢ Adoption of Supplier Code of Conduct and of Responsible Sourcing Guidelines ➢ Monitoring of suppliers' social, environmental and Health&Safety performance	2022 2023

ESG TARGETS: PILLAR #3, **PEOPLE**

PEOPLE

SAFE ENVIRONMENT Reinforce and enhance a shared health and safety culture across the Group	➢ Drive individual behaviours through training, communication and health and safety initiatives	2023
WELLBEING AND INCLUSION Take care of the development of our People, design a new Diversity, Equity and Inclusion approach and a new volunteering and donations approach	➢ Adoption of a Policy on diversity and inclusion ➢ Increase the % of women in all managerial positions ➢ Increase the level of work life balance measured through a specific survey, year by year ➢ Adoption of Charity Guidelines ➢ Increase the average training hours per employee every year	2023 2025 2024 2023 2023
FIGHT AGAINST CLIMATE CHANGE Deliver activities/training, promoting healthier behaviours and a zero waste approach inside and outside the company	➢ Engage and raise awareness of our people and the local communities regarding good habits for the environment ➢ Reducing the environmental impact of our travel policy by analysing the cost of employees travelling between offices or sites ➢ 100% of electric and/or hybrid vehicles in company car fleet	2023 2024 2027

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