

De' Longhi S.p.A.

Turnover accelerating to +14% with Ebit increasing at double the pace of revenue growth (30%) in the quarter.

Revenues and Ebitda guidance on the rise

The Board of Directors of De' Longhi S.p.A. has approved the consolidated results for the first nine months¹ of 2024.

In the third quarter, the Group achieved:

- **revenues** of €805.5 million, up by 14.0% (5.2% on a like-for-like² basis);
- an **adjusted Ebitda**³ of €131.1 million, representing 16.3% of revenues and an increase of 25%;
- **Ebit** equal to €97.0 million, representing 12.0% of revenues, increasing by 29.9%.

Over the nine months, the Group reported:

- **revenues** of €2,229.2 million, up by 11.6% (4.1% on a constant perimeter basis);
- an **adjusted Ebitda** of €335.8 million, representing 15.1% of revenues and an increase of 26.7%;
- **Ebit** equal to €240.8 million, equal to 10.8% of revenues, increasing by 31.7%;
- a **net profit**⁴ of €173.8 million, representing 7.8% of revenues (up from 7.1%, a rise of 22.2%);
- positive **cash flow before dividends and M&A** of €35.6 million.

As of September 30, 2024, the **Group's net financial position** was positive at €266.1 million.

CEO Fabio de' Longhi commented:

"The Group improved the excellent performance of recent quarters, with a 14% increase in revenue, benefiting from both the consolidation of La Marzocco and acceleration in the household sector.

The past year and a half has shown stability and persistence in trends across our categories, thanks to a structurally expanding market, which we have supported through investments in innovation and communication. Specifically, in addition to the renewed commitment to De' Longhi's global coffee campaign and Braun's 'CareStyle' ironing products, we supported the launch of new products in the quarter, such as Nutribullet's Flip and Kenwood's 'Go' collection, with dedicated events and social media campaigns.

Moreover, in the professional coffee sector, La Marzocco has reaffirmed its market leadership, further developing its business and strengthening its presence in luxury household goods with targeted partnership initiatives, including the creation of an exclusive 'Porsche X La Marzocco' product line.

I am fully satisfied with the improvement in profitability, with EBIT growing at double the pace of revenue growth. In addition to the expanded scope, this improvement benefited from stabilized production costs and a favourable product mix effect, indicating the continued growth of our consumers' interest in the premium segments of our product portfolio.

¹ Unaudited data.

² Like for like or at constant perimeter refer to the Group's results excluding the consolidation of La Marzocco, since March 1st.

³ Adjusted" stands for before non-recurring income/expenses and the cost of the stock option plans.

⁴ In this press release, we always refer to the net income pertaining to the Group.

The acceleration seen in recent months, along with the current market development scenario, allows us to revise our guidance upwards for the year. We now estimate, for the new scope, revenue growth in the range of 11%-12% for 2024 (previously 9%-11%), with adjusted EBITDA between €540-550 million (previously €500-530 million)."

Results summary and business review

(Eur million)	9M 24	9M 23	chg.	chg. %	3Q 24	3Q 23	chg.	chg. %
Revenues	2,229.2	1,997.8	231.4	11.6%	805.5	706.6	98.9	14.0%
net ind. margin	1,142.7	986.2	156.4	15.9%	415.8	346.1	69.8	20.2%
% of revenues	51.3%	49.4%			51.6%	49.0%		
adjusted Ebitda	335.8	265.1	70.7	26.7%	131.1	105.0	26.2	25.0%
% of revenues	15.1%	13.3%			16.3%	14.9%		
Ebitda	325.7	260.9	64.8	24.8%	126.0	101.9	24.2	23.7%
% of revenues	14.6%	13.1%			15.6%	14.4%		
Ebit	240.8	182.8	57.9	31.7%	97.0	74.7	22.3	29.9%
% of revenues	10.8%	9.2%			12.0%	10.6%		
Net Income*	173.8	142.2	31.6	22.2%	67.6	59.5	8.2	13.7%
% of revenues	7.8%	7.1%			8.4%	8.4%		

* pertaining to the Group

General outlook

During the first nine months of 2024, the Group achieved a revenue expansion of 11.6%, supported by like-for-like growth at constant exchange rates at a mid-single-digit rate, along with the seven-month consolidation of La Marzocco. The like-for-like growth in the third quarter (+5.2%) accelerated compared to the first half of the year, thanks to the consolidation of growth trends in core categories, which have shown continuity and solidity of results since mid-last year.

The Group's profitability experienced steady and significant improvement throughout the year, with a growth rate higher than revenue, marked by a 180-basis-point increase in Adjusted EBITDA over the nine months compared to 2023. This improvement is attributable, besides the consolidation of La Marzocco, to the stabilization of certain production costs compared to previous years and a favorable product mix effect, indicating the continued growth of our consumers' interest in the premium segments of our product portfolio.

Throughout the year, the Group has supported brands' growth with significant investments in media and communication ('A&P'), with a percentage on revenues over the nine months higher than the previous year (at 12.5% like-for-like, up by about 50 basis points versus Q3-23), further increasing in the third quarter due to both different phasing within the year and activities supporting the launch of new product lines. Notable initiatives include Kenwood's campaign for the launch of the new 'GO' collection, Nutribullet's events around the new portable blender Flip, activities for Braun-branded ironing systems, and the global coffee campaign featuring Brad Pitt as an ambassador, supporting the worldwide rollout of products like Rivelia and Eletta Explore.

It should be noted that revenues have benefited from the consolidation of La Marzocco by approximately €149.0 million over the nine months (since March 1, 2024) and €62.3 million in the third quarter.

Revenues

In the first nine months of 2024, revenues increased by 11.6%, reaching €2,229.2 million, with an accelerating third quarter compared to the previous ones, up 14.0% to €805.5 million.

The currency component, which had an essentially neutral effect in the third quarter, detracted approx. 0.5 percentage points of growth on a like-for-like basis in the nine months.

EUR millions	Reported				Like for like			
	9M 24	chg. % vs LY	chg. % at costant perimeter	chg. % at costant perimeter & FX	Q3 24	var. % vs LY	chg. % at costant perimeter	chg. % at costant perimeter & FX
South West Europe	765.7	8.6%	4.6%	4.3%	260.5	7.4%	2.5%	2.4%
North East Europe	584.1	16.2%	12.8%	13.2%	215.1	18.8%	14.7%	12.9%
EUROPE	1,349.8	11.8%	8.0%	8.0%	475.6	12.3%	7.7%	6.9%
MEIA (MiddleEast/India/Africa)	137.7	5.9%	-0.7%	-0.1%	48.9	10.7%	2.6%	3.7%
Americas	419.1	15.3%	1.7%	1.8%	169.6	23.5%	8.4%	8.9%
Asia-Pacific	322.7	8.8%	-6.6%	-4.2%	111.3	9.7%	-8.7%	-6.0%
TOTAL REVENUES	2,229.2	11.6%	4.1%	4.6%	805.5	14.0%	5.2%	5.3%

Markets

Generally speaking, the Group (including La Marzocco) recorded a positive quarterly performance in all areas, with the American market clearly accelerating compared to previous quarters also thanks to growth at a high single digit rate on a like-for-like basis. In detail, in the third quarter:

In details, in the third quarter:

- **South-Western Europe** showed an expansion in turnover of 7.4%, which corresponds to low-single digit growth on a like-for-like basis. The area was supported by the expansion of the certain areas such as Switzerland, Austria and the Iberian Peninsula which benefited from the performance of fully automatic coffee machines and the return to growth of kitchen machines;
- **North-Eastern Europe** furtherly accelerated compared to previous quarters, supported by a like for like growth in turnover at mid-teens. In particular, we highlight the significant growth in Poland, thanks also to the recovery of the Kenwood-branded kitchen machines, as well as the positive dynamics of the United Kingdom and the Czech Republic & Slovakia & Hungary;
- Scope expansion also for **MEIA** region which achieved organic growth at a low-single digit rate in the quarter, despite the complexities of the geopolitical context;
- **Americas** area significantly accelerated its growth in the period, thanks to the consolidation of La Marzocco and like-for-like turnover expansion, which returns to being positive in the nine months. Specifically, the expansion of fully automatic machines and the partnership with Nespresso supported a mid-teens growth rate in home coffee in the quarter;

- Finally, the **Asia Pacific** region showed an increase in turnover of approximately 10%, mainly thanks to the expansion of the scope of professional coffee, which more than offset the decline in turnover at constant scope, also deteriorated by a negative currency impact in several countries in the area (-2.7 points in the quarter). Australia and New Zealand enjoyed good results from the coffee and nutrition segments, while in Japan the particularly mild winter season penalized the quarterly result.

Product segments

Regarding the product segments, the favorable development dynamics of the core categories continued through the year, with solid trends over the last 18 months for both the home coffee sector and the nutrition and food preparation segment.

The favorable performance of the business, together with the contribution of the integration of La Marzocco, led the **coffee area** (which includes both products for domestic and professional use) to represent, both in the nine months and in the third quarter, over 60% of the Group's revenues. Specifically, in this quarter, **home coffee machines** recorded an increase in turnover at a low-teens rate, thanks to the significant expansion of fully automatic machines and the acceleration of capsule systems.

The **nutrition and food preparation** segment confirmed the trend of the first half of the year, with a turnover growing at a low-mid single digit rate in the quarter. In particular, we note the return to growth of Kenwood brand kitchen machines, increasing at a mid-teens rate in the period, and the continuous expansion of the blenders sector, thanks to Nutribullet personal blenders and Braun hand blenders.

Comfort sector (portable heating and air conditioning) in negative territory also in the quarter under analysis, due to the postponement of the cold season in some relevant markets, but without significant effects on the overall performance of the Group.

Home care (house cleaning and ironing) recorded an increase in turnover at a mid-single digit rate, after four consecutive quarters of double-digit growth driven by Braun-branded ironing, which grew also in the reference period.

Operating margins

The first nine months of 2024 closed with a significant increase in margins, both due to the consolidation of La Marzocco and on a like-for-like basis thanks to the increase in volumes, the improvement of the product mix and the further easing of inflationary pressures on some industrial costs.

In the quarter:

- the **net industrial margin** stood at €415.8 million, equal to 51.6% of revenues (51.3% in the 9 months) compared to 49.0% in 2023, benefiting from the growth in volumes, the improvement in product mix and the recovery of some production costs;
- the **adjusted Ebitda** amounted to €131.1 million, or 16.3% of revenues (15.1% in the 9 months), improving compared to the 14.9% of the third quarter of 2023. It should be noted that the increase in profitability in the quarter was achieved in a context of greater investments on advertising and communication ("A&P"), with a like for like percentage on turnover of 12.9%

(equal to an increase of approximately 190bps vs Q3-23), to support the product launches planned in the period and for a different phasing.

- **Ebitda** amounted to €126.0 million, or 15.6% of revenues (14.4% in 2023) after €5.1 million of non-recurring expenses (which compare with 3.1 million non-recurring charges of the third quarter of 2023) mainly relating to the existing stock option plans;
- the **operating result (Ebit)** stood at €97.0 million, equal to 12.0% of revenues (10.6% in 2023), after a level of depreciation substantially aligned with the levels of the previous year;
- finally, the **net profit attributable to the Group** amounted to €67.6 million, (€173.8 million in the 9 months) equal to 8.4% of revenues.

Balance sheet

The Group closed the third quarter with an active Net Financial Position at 30 September of €266.1 million, down in the nine and twelve months due to the net absorption of €432.2 million in relation to the closing of the business combination of professional coffee and distributed dividends.

The cash flow, before dividends and M&A ("Free Cash Flow before dividends and M&A") amounted to €372.3 million in the 12 months, while in the nine months it stood at €35.6 million for a temporary decline of net working capital aligned with the seasonality of the period.

In the nine months, operating working capital (equal to 7.6% of revenues in the rolling 12 months) increased compared to the position of December 2023, due to the effect of the consolidation of La Marzocco and the increase in inventory, due to of increasing production and inventories ahead of the fourth quarter.

Finally, **Capex spending** stood at €84.6 million in the nine months, in line with last year's levels.

EUR million	30-Sep-24	30-Sep-23	change 12 months	Dec 31st, 23	change 9 months
Net working Capital	103.2	140.0	(36.8)	(82.8)	186.0
NWC / Revenues	3.1%	4.6%	-1.5%	-2.7%	5.8%
operating NWC	252.9	259.3	(6.3)	61.1	191.8
operating NWC / Revenues	7.6%	8.6%	-1.0%	2.0%	5.6%
Net Financial Position	(266.1)	(326.0)	59.9	(662.6)	396.5
Net Bank Position	(378.8)	(411.3)	32.5	(761.7)	382.9
Net Equity	2,036.7	1,719.9	316.8	1,811.1	225.5

EUR million	9 months 2024	9 months 2023	12 months 2024
Cash Flow from Operating Activities	323.8	263.5	506.6
Cash flow by changes in working capital	(217.0)	(75.3)	(3.7)
Capital Expenditures	(84.6)	(88.0)	(128.9)
Cash flow from changes in the Net Equity	13.5	(0.9)	(1.8)
Dividends	(105.4)	(72.1)	(105.4)
M&A	(326.8)	-	(326.8)
Cash Flow for the period	(396.5)	27.2	(59.9)
Free Cash Flow (before DVD and acquisitions)	35.6	99.3	372.3

Events occurred after the end of the period

There are no significant events following the end of the period.

Regulatory statements

The Officer Responsible for Preparing the Company's Financial Report, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

Foreseeable business development and guidance

In the words of the CEO Fabio de' Longhi:

"The Group improves the excellent performance of recent quarters, with a 14% increase in revenue, benefiting from both the consolidation of La Marzocco and acceleration in the household sector.

The past year and a half has shown stability and persistence in trends across our categories, thanks to a structurally expanding market, which we have supported through investments in innovation and communication. Specifically, in addition to the renewed commitment to De' Longhi's global coffee campaign and Braun's 'CareStyle' ironing products, we supported the launch of new products in the quarter, such as Nutribullet's Flip and Kenwood's 'Go' collection, with dedicated events and social media campaigns.

Furthermore, in the professional coffee sector, La Marzocco has reaffirmed its market leadership, further developing its business and strengthening its presence in luxury household goods with targeted partnership initiatives, including the creation of an exclusive 'Porsche X La Marzocco' product line.

I am fully satisfied with the improvement in profitability, with EBIT growing at double the pace of revenue growth. In addition to the expanded scope, this improvement benefited from stabilized

production costs and a favourable product mix effect, indicating the continued growth of our consumers' interest in the premium segments of our product portfolio.

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The De' Longhi Group is a global leader in the coffee machine industry, with a strong presence in both domestic (with the De'Longhi brand) and professional (associated with the recent business combination of La Marzocco and Eversys). Furthermore, the Group is among the main global players in the household appliance sector dedicated to the world of cooking, air conditioning and home care (with the brands De' Longhi, Kenwood, Braun, Ariete and NutriBullet). Listed since 2001 on the main market of the Italian Stock Exchange MTA, De' Longhi distributes its products worldwide in more than 120 markets worldwide and had over 9,000 employees at the end of 2023. In 2023, it reported revenues of €3.08 billion, an adjusted EBITDA of €444 million and a net profit of €250 million.

ANNEXES

Consolidated results of De' Longhi SpA
at 30 september 2024

1. Consolidated Income Statement

(€/million)	2024 9 months	% revenues	2023 9 months	% revenues
Revenues	2,229.2	100.0%	1,997.8	100.0%
<i>Change</i>	231.4	11.6%		
Materials consumed & other production costs (production services and payroll costs)	(1,086.6)	(48.7%)	(1,011.6)	(50.6%)
Net industrial margin	1,142.7	51.3%	986.2	49.4%
Services and other operating expenses	(579.2)	(26.0%)	(528.2)	(26.4%)
Payroll (non-production)	(227.6)	(10.2%)	(192.9)	(9.7%)
EBITDA before non-recurring items/stock option plan	335.8	15.1%	265.1	13.3%
<i>Change</i>	70.7	26.7%		
Non-recurring income (expenses)/(stock option costs)	(10.1)	(0.5%)	(4.2)	(0.2%)
EBITDA	325.7	14.6%	260.9	13.1%
Amortization	(85.0)	(3.8%)	(78.1)	(3.9%)
EBIT	240.8	10.8%	182.8	9.2%
<i>Change</i>	57.9	31.7%		
Net financial income (expenses)	0.6	0.0%	(1.1)	(0.1%)
Profit (loss) before taxes	241.4	10.8%	181.7	9.1%
Taxes	(56.2)	(2.5%)	(39.5)	(2.0%)
Net result	185.2	8.3%	142.2	7.1%
Minority interests	11.5	0.5%	-	0.0%
Profit (loss) pertaining to the Group	173.8	7.8%	142.2	7.1%

2. Revenues breakdown by geography

(€/million)	3rd Quarter 2024	%	3rd Quarter 2024 like-for-like	%	3rd Quarter 2023	%	Like-for-like change at current FX rates	Like-for-like change at current FX rates %	Like-for-like change at constant FX rates %
Europe	475.6	59.0%	456.3	61.4%	423.6	59.9%	32.7	7.7%	6.9%
America	169.6	21.1%	149.0	20.0%	137.4	19.4%	11.5	8.4%	8.9%
Asia Pacific	111.3	13.8%	92.7	12.5%	101.5	14.4%	(8.8)	(8.7%)	(6.0%)
MEIA	48.9	6.1%	45.3	6.1%	44.2	6.3%	1.2	2.6%	3.7%
Total Revenues	805.5	100.0%	743.3	100.0%	706.6	100.0%	36.6	5.2%	5.3%

(€/million)	30.09.2024 9 months	%	30.09.2024 like-for-like 9 months	%	30.09.2023 9 months	%	Like-for-like change at current FX rates	Like-for-like change at current FX rates %	Like-for-like change at constant FX rates %
Europe	1,349.8	60.5%	1,304.7	62.7%	1,207.8	60.5%	96.9	8.0%	8.0%
America	419.1	18.8%	369.3	17.8%	363.3	18.2%	6.0	1.7%	1.8%
Asia Pacific	322.7	14.5%	277.1	13.3%	296.7	14.9%	(19.6)	(6.6%)	(4.2%)
MEIA	137.7	6.2%	129.1	6.2%	130.0	6.4%	(0.9)	(0.7%)	(0.1%)
Totale ricavi	2,229.2	100.0%	2,080.2	100.0%	1,997.8	100.0%	82.4	4.1%	4.6%

3. Consolidated Balance Sheet

(€/million)	30.09.2024	30.09.2023	31.12.2023
- Intangible assets	1,264.2	889.7	878.3
- Property, plant and equipment	544.7	461.9	478.0
- Financial assets	11.4	10.3	9.7
- Deferred tax assets	76.8	73.8	60.4
Non-current assets	1,897.1	1,435.7	1,426.4
- Inventories	831.3	730.2	504.7
- Trade receivables	213.2	203.0	272.7
- Trade payables	(791.5)	(673.9)	(716.2)
- Other payables (net of receivables)	(149.7)	(119.3)	(143.9)
Net working capital	103.2	140.0	(82.8)
Total non-current liabilities and provisions	(229.7)	(181.8)	(195.1)
Net capital employed	1,770.6	1,393.9	1,148.5
(Net financial assets)	(266.1)	(326.0)	(662.6)
Total net equity	2,036.7	1,719.9	1,811.1
Total net debt and equity	1,770.6	1,393.9	1,148.5

4. Detailed Net Financial Position

(€/million)	30.09.2024	30.09.2023	31.12.2023
Cash and cash equivalents	690.1	864.7	1,250.2
Other financial receivables	191.3	257.8	172.5
Current financial debt	(215.6)	(299.3)	(289.0)
Net current financial position	665.9	823.2	1,133.6
Non-current financial receivables and assets	131.9	123.8	122.0
Non-current financial debt	(531.7)	(621.0)	(593.1)
Non-current net financial debt	(399.8)	(497.2)	(471.0)
Total net financial position	266.1	326.0	662.6
<i>of which:</i>			
- <i>positions with banks and other financial payables</i>	378.8	411.3	761.7
- <i>lease liabilities</i>	(108.3)	(91.7)	(98.4)
- <i>other financial non-bank assets/liabilities (fair value of derivatives)</i>	(4.5)	6.4	(0.7)

5. Consolidated Cash Flow Statement

(€/million)	30.09.2024 9 months	30.09.2023 9 months	31.12.2023 12 months
Cash flow by current operations	323.8	263.4	446.3
Cash flow by changes in working capital	(217.0)	(75.3)	138.0
Cash flow by current operations and changes in NWC	106.7	188.2	584.3
Cash flow by investment activities	(84.6)	(88.0)	(132.3)
Cash flow by operating activities	22.2	100.2	452.0
Acquisitions	(326.8)	-	-
Dividends paid	(105.4)	(72.1)	(72.1)
Stock options exercise	11.9	3.4	5.1
Cash flow by other changes in net equity	1.6	(4.3)	(21.2)
Cash flow generated (absorbed) by changes in net equity	(91.9)	(73.0)	(88.2)
Cash flow for the period	(396.5)	27.2	363.8
Opening net financial position	662.6	298.8	298.8
Closing net financial position	266.1	326.0	662.6