De’Longhi Group: H1 2015 results

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Disclaimer

For the purpose of providing greater details, in some cases we may refer to management accounts' figures (instead of reported figures), as expressly indicated in the footnotes of the relevant pages.

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The Group H1 2015 results

Revenues

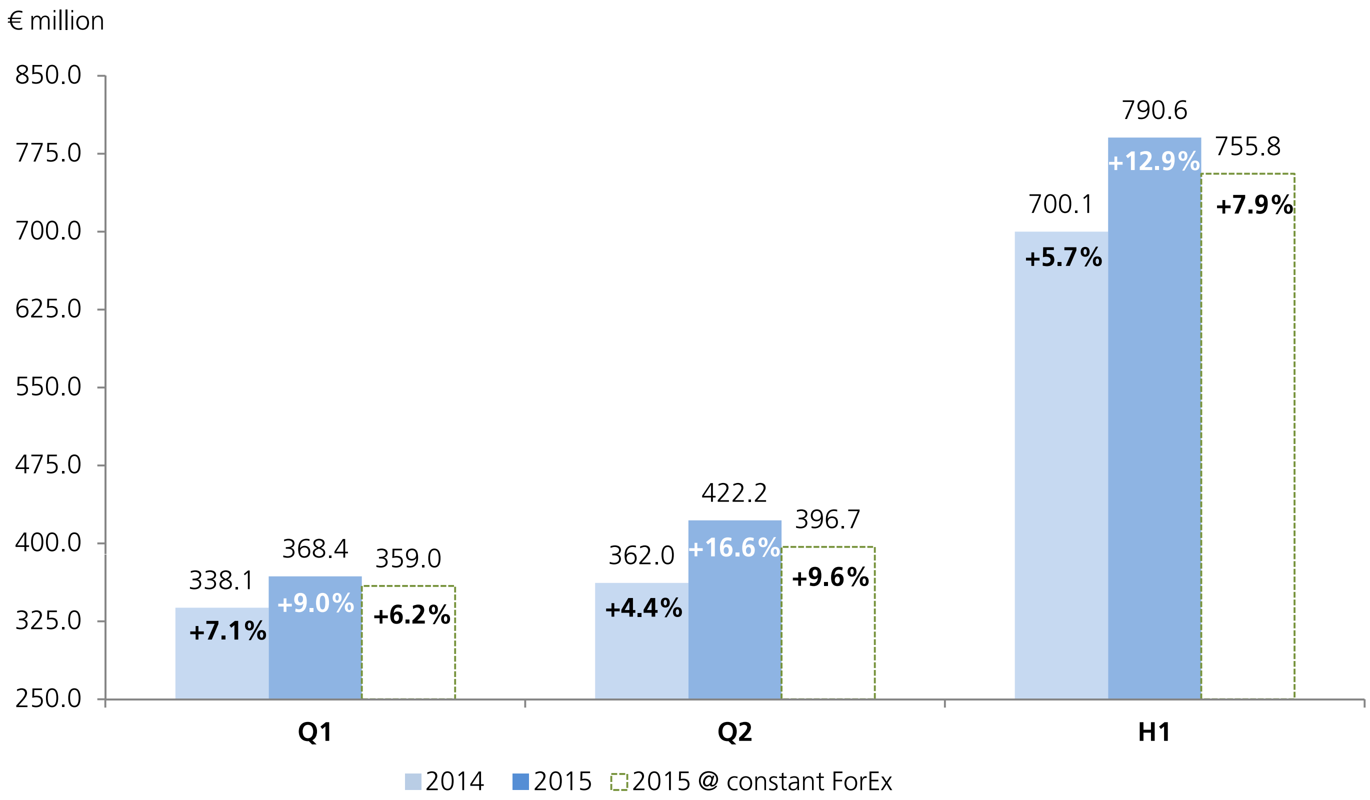
- **H1 2015 revenues were up +12.9% to € 790.6 million (+7.9% at constant ForEx[1]), with an acceleration in Q2 to +16.6% (+9.6% at constant ForEx) versus +9.0% in Q1 (+6.2% at constant ForEx)**
- **ForEx contribution was positive on revenues and negative on margins**

EUR million	H1 2015	FY 2014	H1 2014	*Change H1 2015 - H1 2014*	
Sales	790.6	1,726.7	700.1	90.4	*12.9%*

(1) ForEx stands for Foreign Exchange Rates. The expression "at constant ForEx" means at constant exchange rates and excluding any hedging effect

The Group H1 2015 results

Revenues growth by quarter(1)



(1) Figures in percentage represent the y-o-y growth rate

The Group H1 2015 results

Revenues by market - summary

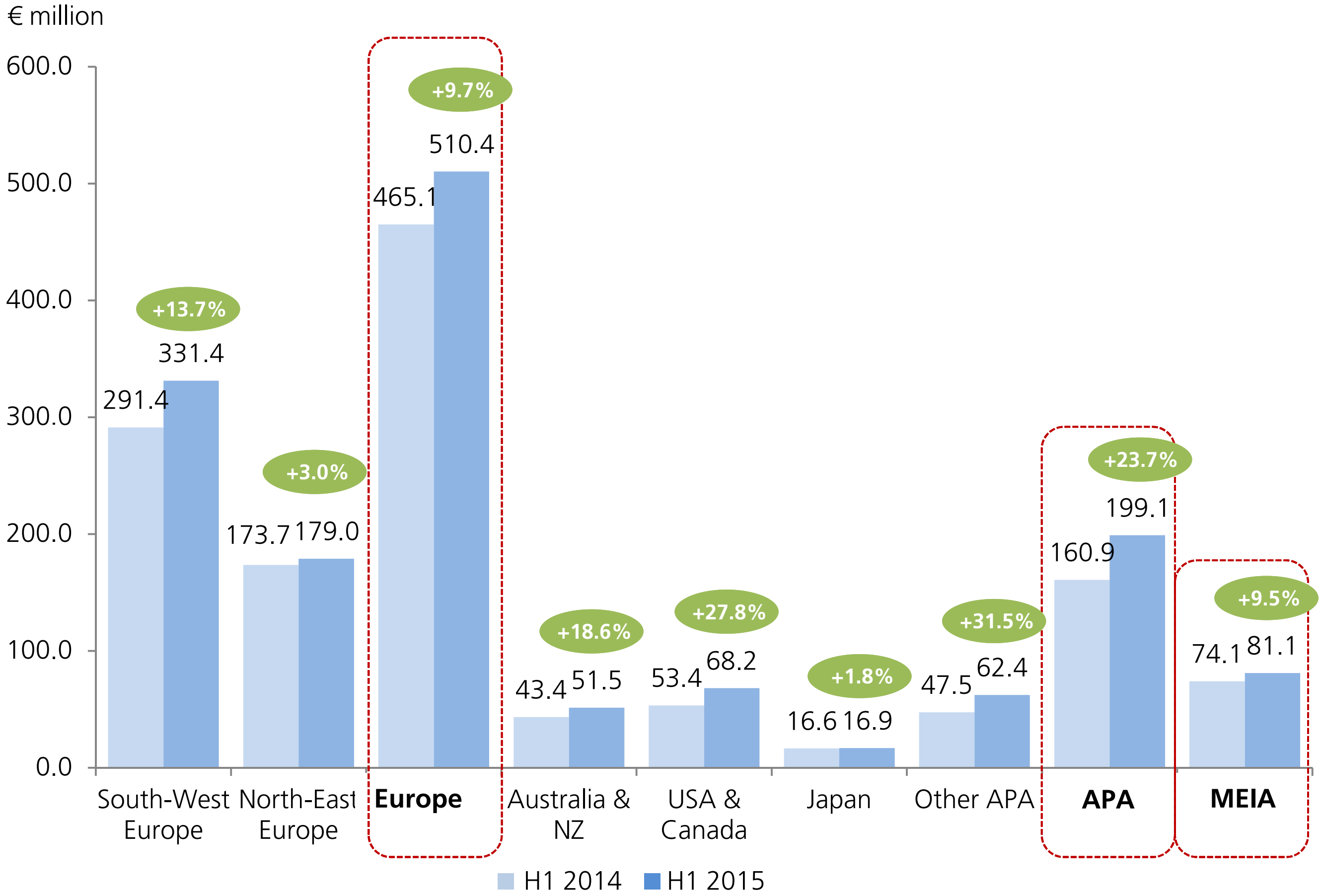
- **Europe** delivered strong growth (+9.7%):
  - **South-West Europe** grew +13.7%, led by Germany, Italy, Austria and Switzerland
  - **North-East Europe** grew (+3.0%) driven by Poland, UK, Scandinavia and other Eastern European markets, which more than compensated Russia's and Ukraine's negative performance, entirely determined by very unfavorable ForEx effect

- **APA** (Asia, Pacific, Americas) revenues grew substantially (+23.7%) also helped by currencies, with strong growth in USA, Canada, Australia & New Zealand, China, Brazil and South Korea

- **MEIA** (Middle East, India, Africa) revenues increased by 9.5%, helped by a favorable ForEx impact

The Group H1 2015 results

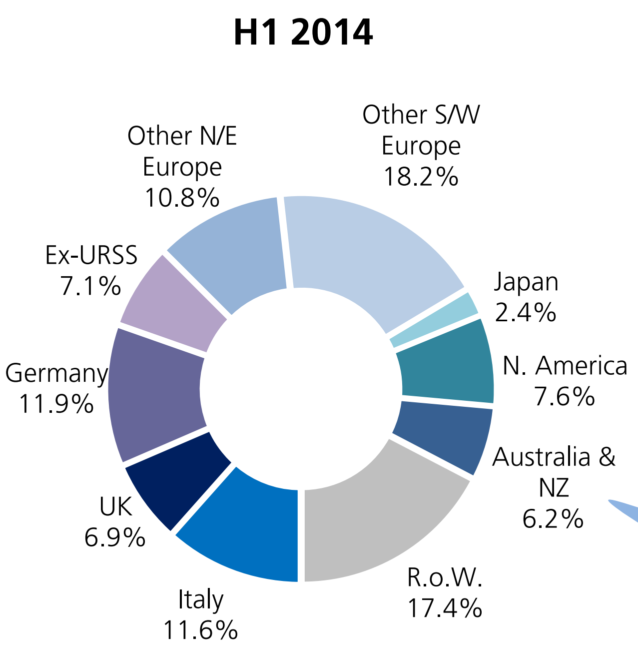
Revenues growth by market(1)

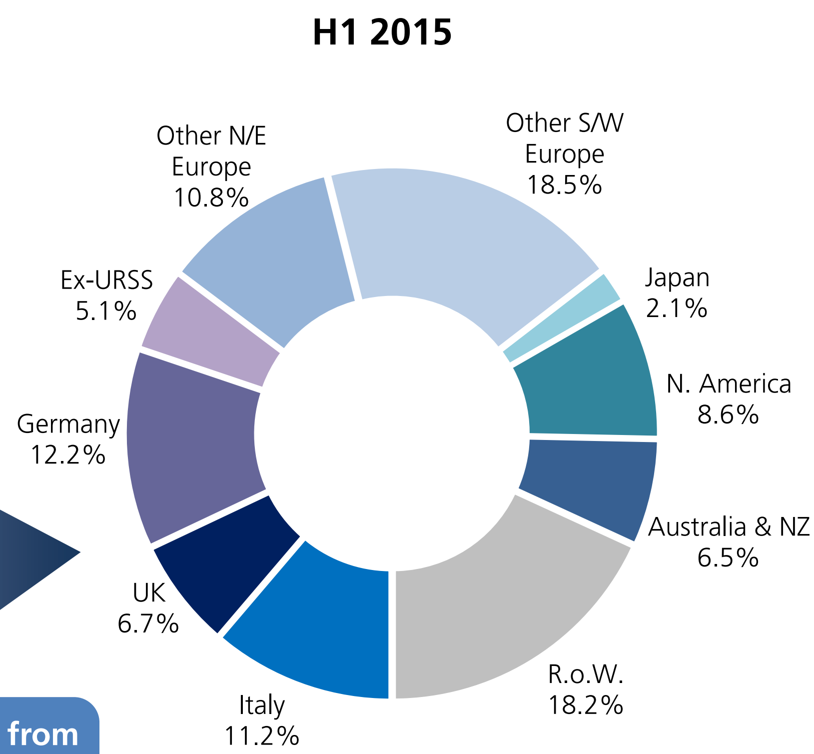


(1) *Figures in percentage represent the y-o-y growth rate*

The Group H1 2015 results

Revenues breakdown by market





Strong contribution to growth from Europe, US, and AU&NZ; Russia still negative due to ForEx

The Group H1 2015 results

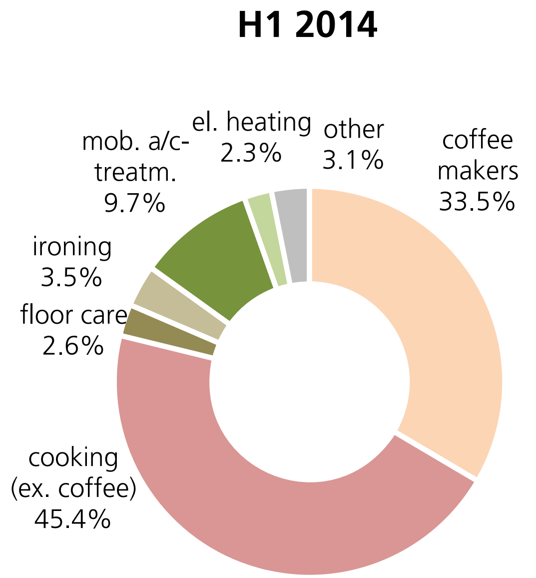
Revenues breakdown by product(1)

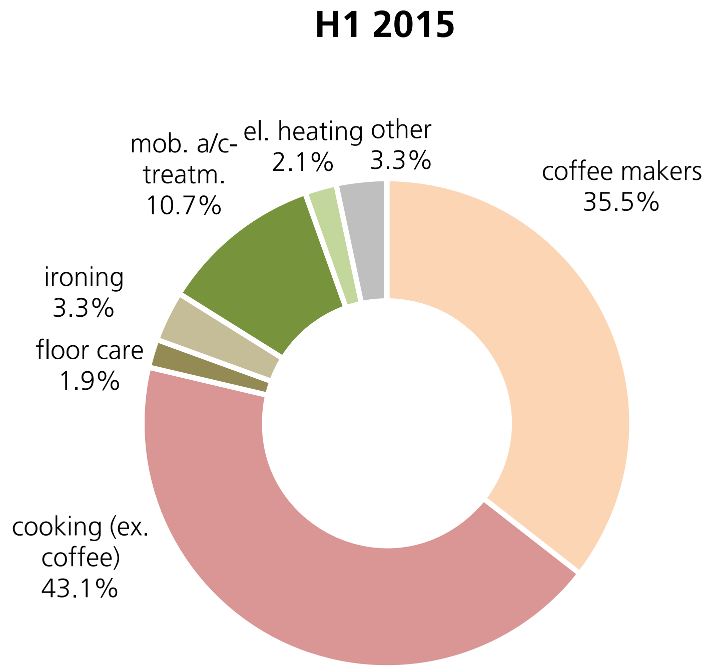
- **Strong performance for coffee makers, led by internally-manufactured models** (fully-automatic, Nespresso "Lattissima" range, DolceGusto "Jovia" and pump machines)
- Good growth also for **food preparation appliances, led by fryers** (thanks to the new multi-cooker **De'Longhi Multifry**) and other small kitchen appliances
- Strong performance of **air conditioning** and positive contribution from **ironing**
  - During Q2 the Group launched the **new Braun ironing systems range**, which exceeded expectations, although contribution in the 6 months is still limited

(1) Based on management accounts

The Group H1 2015 results

Revenues breakdown by product[(1)]





Stand-out coffee makers performance, with food preparation growing as well

(1) Figures based on management accounts

The Group H1 2015 results

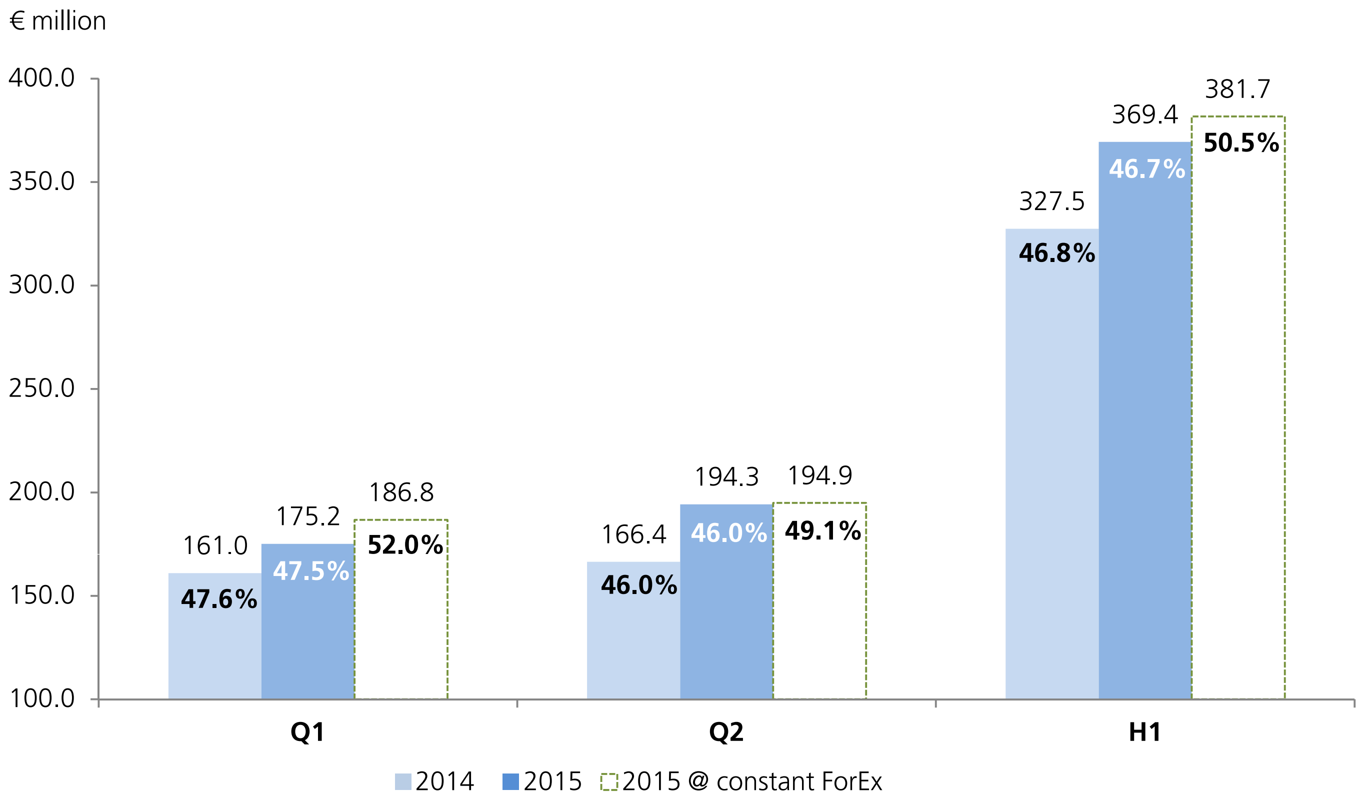
Net industrial margin

- **Net industrial margin** grew to € 369.4 million from € 327.5 million, despite a € -12.3 million negative ForEx impact

EUR million	H1 2015	FY 2014	H1 2014	*Change H1 2015 - H1 2014*	
Net Ind. Margin	**369.4**	**815.7**	**327.5**	**42.0**	*12.8%*
% of sales	*46.7%*	*47.2%*	*46.8%*	***-7bp***	

The Group H1 2015 results

Net industrial margin by quarter(1)



(1) Figures in percentage represent net industrial margin on revenues

The Group H1 2015 results

EBITDA, EBIT and Net Income

- **EBITDA** improved in absolute value to € 95.3 million and declined slightly as a percentage of revenues:
  - higher volumes and positive price and mix effects offset by…
  - …higher costs for services and other expenses (impacted by ForEx) and higher provisions
    - in total, ForEx (net of any hedging in place) had a negative effect on EBITDA worth € -23.0 million
- Like EBITDA, **EBIT** improved in absolute value to € 70.4 million but declined as a percentage of revenues, hit also by higher D&A, linked to the industrial investments (mainly Romania and China)
- **Net Income** grew to € 37.4 million from €33.0 million, despite the negative ForEx headwinds mentioned above

The Group H1 2015 results

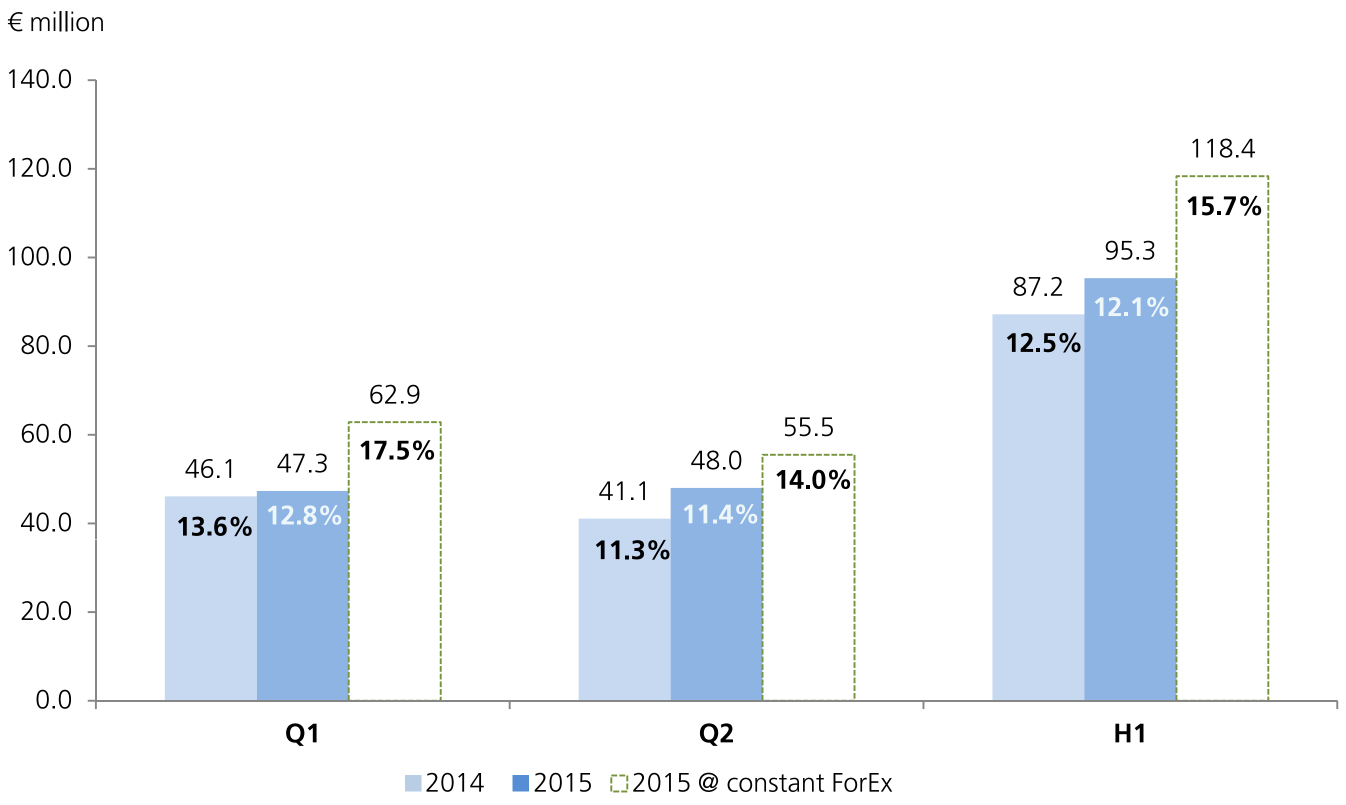
EBITDA, EBIT and Net Income

EUR million	H1 2015	FY 2014	H1 2014	*Change H1 2015 - H1 2014*	
EBITDA	**95.3**	**259.6**	**87.2**	**8.1**	*9.3%*
% of sales	*12.1%*	*15.0%*	*12.5%*	***-44bp***	
EBIT	**70.4**	**212.7**	**65.2**	**5.1**	*7.9%*
% of sales	*8.9%*	*12.3%*	*9.3%*	***-40bp***	
Net Profit pertaining to the Group	**37.4**	**126.5**	**33.0**	**4.4**	*13.4%*
% of sales	*4.7%*	*7.3%*	*4.7%*	***+3bp***	

Note: non-recurring items were zero in the first semester of the fiscal year

The Group H1 2015 results

EBITDA by quarter(1)



(1) Figures in percentage represent EBITDA margin on revenues

The Group H1 2015 results

Net financial position and working capital

- **Positive net financial position at € 104.0 million**:
  - € +169.1 million improvement versus June 30th, 2014 despite € 61.3 million dividends paid in the period and € 58.9 million investments
    - Excluding non-bank liabilities[(1)] the net financial position equals to € 121.5 million, improving by € 130.4 million from € -9.0 million as of H1 2014

- **Working capital to last twelve months (LTM) revenues ratio improved from 14.8% to 13.0%**, thanks to an improvement in net trade working capital (from 17.0% to 15.4% of LTM revenues)

- Very strong balance sheet, which leaves room to support future business expansion

(1) Non-bank liabilities include: the accounting at fair value of derivatives and options, the financial debt related to an agreement on the UK pension plan and the estimated value of the potential earn-out payable to P&G

The Group H1 2015 results

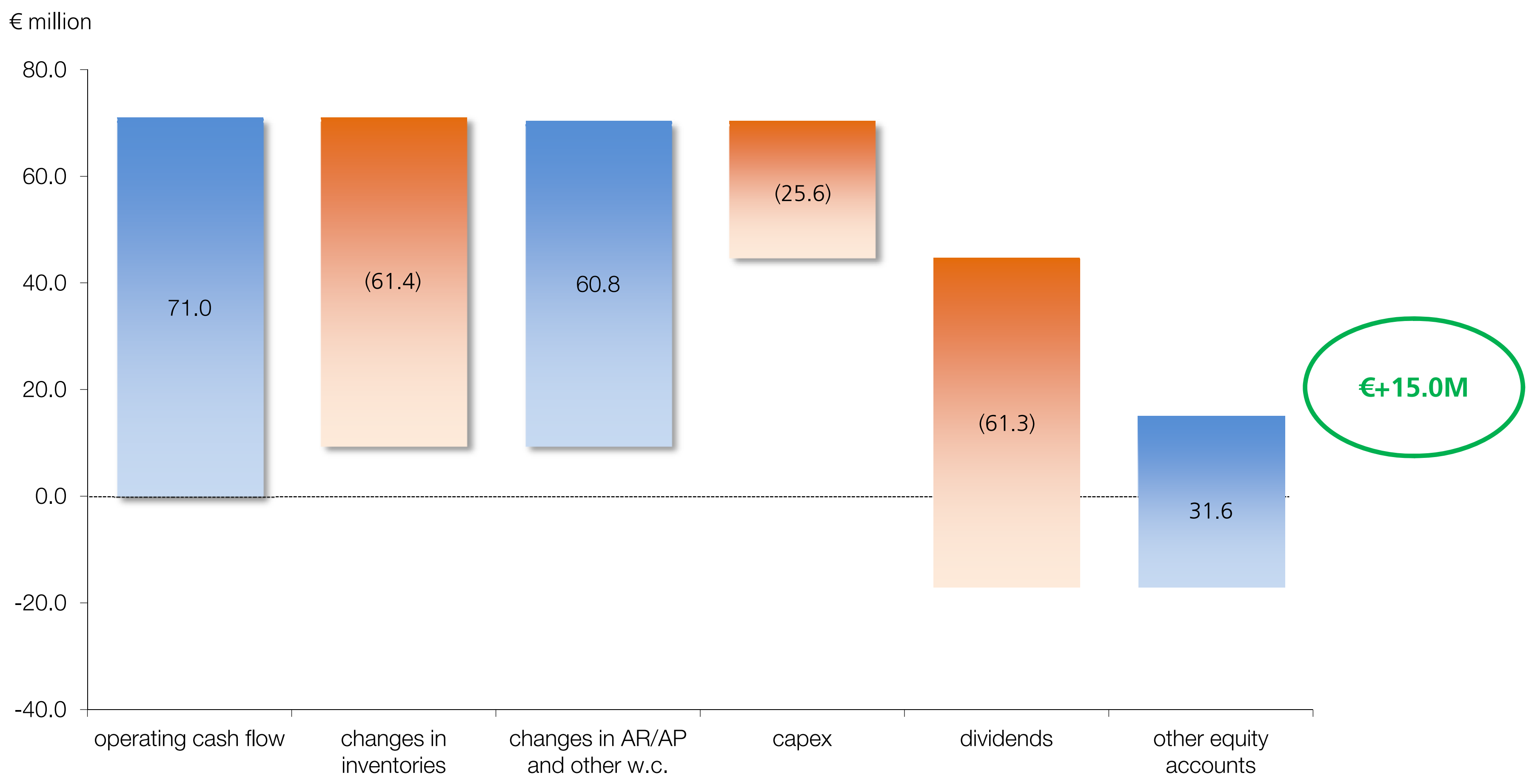
Net financial position and working capital

EUR million	H1 2015	FY 2014	H1 2014	*Change H1 2015 - H1 2014*
Net Working Capital	236.0	236.2	245.3	-9.3
Net Equity	818.1	786.1	643.7	174.4
Net Financial Position	104.0	89.0	-65.1	169.1
Net "*bank*" Financial Position (*)	121.5	113.2	-9.0	130.4
Net Debt / Equity (x) [*Gearing*]	-0.13	-0.11	0.10	
N.W.C. / LTM Revenues	13.0%	13.7%	14.8%	*-180bp*

(*) Non-bank liabilities include: the accounting at fair value of derivatives and options, the financial debt related to an agreement on the UK pension plan and the estimated value of the potential earn-out payable to P&G

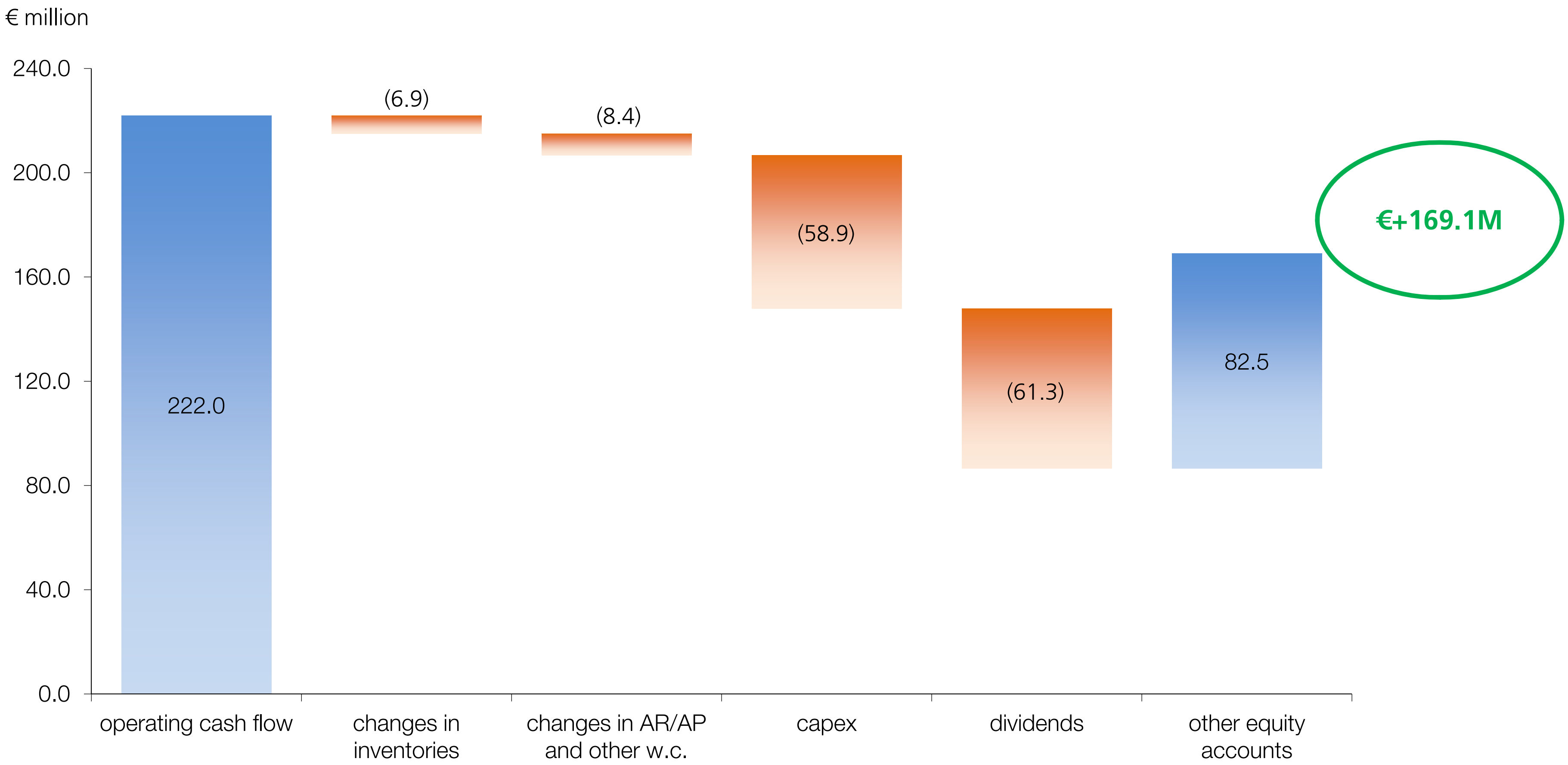
The Group H1 2015 results

The 6-month cash flow performance



The Group H1 2015 results

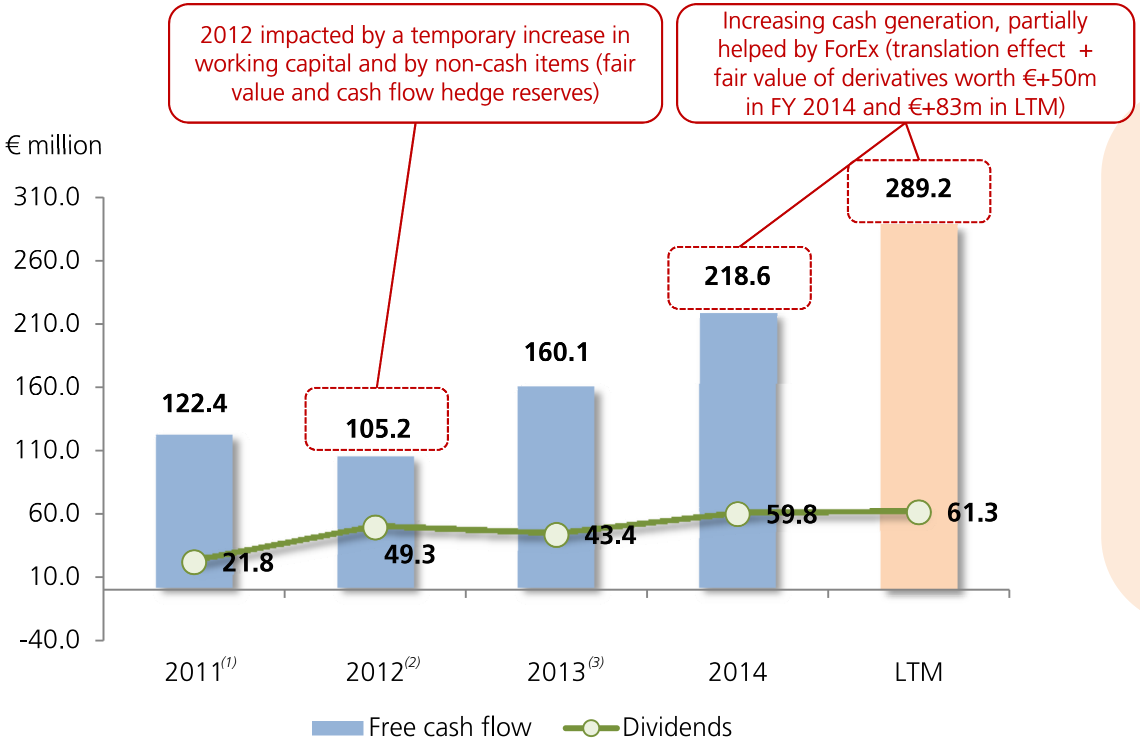
The 12-month cash flow performance



The Group H1 2015 results

Free cash flow generation

Household division pro-forma Free Cash Flow performance (before dividend and capex)
(excluding Braun acquisition)



- A consistent free cash flow generation across the years, which can support a sustained dividend pay-out together with high industrial investments
- € 289.2 million of cash generated over the last 12 months (June 30, 2015 - June 30, 2014) before dividends and capex

(1) Data restated for the € 150.0 million capital contribution to the Professional division
(2) Data restated for the € 171.8 million Braun Household acquisition
(3) Figures restated according to the new IFRS 11 – Joint arrangements, which affects the De'Longhi-TCL joint venture

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Appendix

Summary of 2013-2015 quarterly results

(Euro million)	2013[1]						2014						2015		
	Q1-13	Q2-13	HALF YEAR	Q3-13	Q4-13	FULL YEAR	Q1-14	Q2-14	HALF YEAR	Q3-14	Q4-14	FULL YEAR	Q1-15	Q2-15	HALF YEAR
Revenues	315.5	346.7	662.2	363.4	591.3	1,616.9	338.1	362.0	700.1	386.8	639.8	1,726.7	368.4	422.2	790.6
% change y-o-y	*n.c.*	*n.c.*	*n.c.*	*n.c.*	*n.c.*	*n.c.*	*7.1%*	*4.4%*	*5.7%*	*6.4%*	*8.2%*	*6.8%*	*9.0%*	*16.6%*	*12.9%*
net industrial margin	160.1	166.8	326.9	175.2	286.1	788.2	161.0	166.4	327.5	182.9	305.3	815.7	175.2	194.3	369.4
%	*50.7%*	*48.1%*	*49.4%*	*48.2%*	*48.4%*	*48.7%*	*47.6%*	*46.0%*	*46.8%*	*47.3%*	*47.7%*	*47.2%*	*47.5%*	*46.0%*	*46.7%*
Ebitda (before not rec.)	44.3	38.6	82.8	51.2	107.6	241.6	46.1	41.1	87.2	49.4	123.5	260.1	47.3	48.0	95.3
%	*14.0%*	*11.1%*	*12.5%*	*14.1%*	*18.2%*	*14.9%*	*13.6%*	*11.3%*	*12.5%*	*12.8%*	*19.3%*	*15.1%*	*12.8%*	*11.4%*	*12.1%*
EBITDA	44.3	38.1	82.4	51.2	105.4	239.0	46.1	41.1	87.2	49.4	123.0	259.6	47.3	48.0	95.3
%	*14.0%*	*11.0%*	*12.4%*	*14.1%*	*17.8%*	*14.8%*	*13.6%*	*11.4%*	*12.5%*	*12.8%*	*19.2%*	*15.0%*	*12.8%*	*11.4%*	*12.1%*
EBIT	33.8	27.5	61.3	40.9	92.2	194.3	35.4	29.9	65.2	38.0	109.5	212.7	35.1	35.3	70.4
%	*10.7%*	*7.9%*	*9.3%*	*11.2%*	*15.6%*	*12.0%*	*10.5%*	*8.2%*	*9.3%*	*9.8%*	*17.1%*	*12.3%*	*9.5%*	*8.4%*	*8.9%*
Profit before Taxes	25.9	18.0	43.9	32.5	80.5	157.0	23.7	21.5	45.3	28.3	97.4	171.0	24.2	27.2	51.4
Taxes	(6.6)	(5.2)	(11.8)	(7.1)	(20.6)	(39.5)	(6.6)	(5.4)	(12.0)	(6.9)	(24.9)	(43.8)	(6.9)	(7.0)	(14.0)
Profit / (Loss) for the period	19.4	12.8	32.1	25.4	60.0	117.5	17.2	16.1	33.3	21.5	72.5	127.2	17.2	20.2	37.4
Profit / (Loss) pertaining to minority interests	0.2	0.2	0.4	0.2	0.0	0.6	0.1	0.2	0.3	0.2	0.2	0.7	(0.1)	0.1	(0.0)
Profit / (Loss) after minority interests	19.4	12.8	32.1	25.3	60.0	117.3	17.1	15.9	33.0	21.2	72.3	126.5	17.4	20.0	37.4

(1)Data restated for IAS 19 and for IFRS 11 – Joint arrangements (the De'Longhi – TCL joint venture is accounted for at the equity method)

Thank you!

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