



# De'Longhi Group: H1 2016 results

July 28<sup>th</sup>, 2016

**DēLonghi Group**



**KENWOOD**

**BRAUN**

***Ariete***

# De'Longhi: H1 2016 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.

# De'Longhi: H1 2016 results

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## Definitions

In this presentation:

- ForEx stands for Foreign Exchange Rates.
- Organic stands for effect net of ForEx
- Q2 stands for second quarter

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- **H1 2016 results**
- Appendix: summary of quarterly results

# H1 2016 results

## Revenues

- H1 2016 revenues were nearly stable in organic terms (+0.1% yoy), with an acceleration in Q2 (+0.6%) counterbalancing the slight decline of Q1 (-0.6%)
- The depreciation of some export currencies resulted in a negative ForEx impact on revenues, bringing total revenue change to -2.4% yoy

<i>EUR million</i>	H1 2016	H1 2015	<i>Change H1 2016 - H1 2015</i>	
Sales	771.9	790.6	-18.7	-2.4%

+0.1% at constant ForEx, +0.6% in Q2

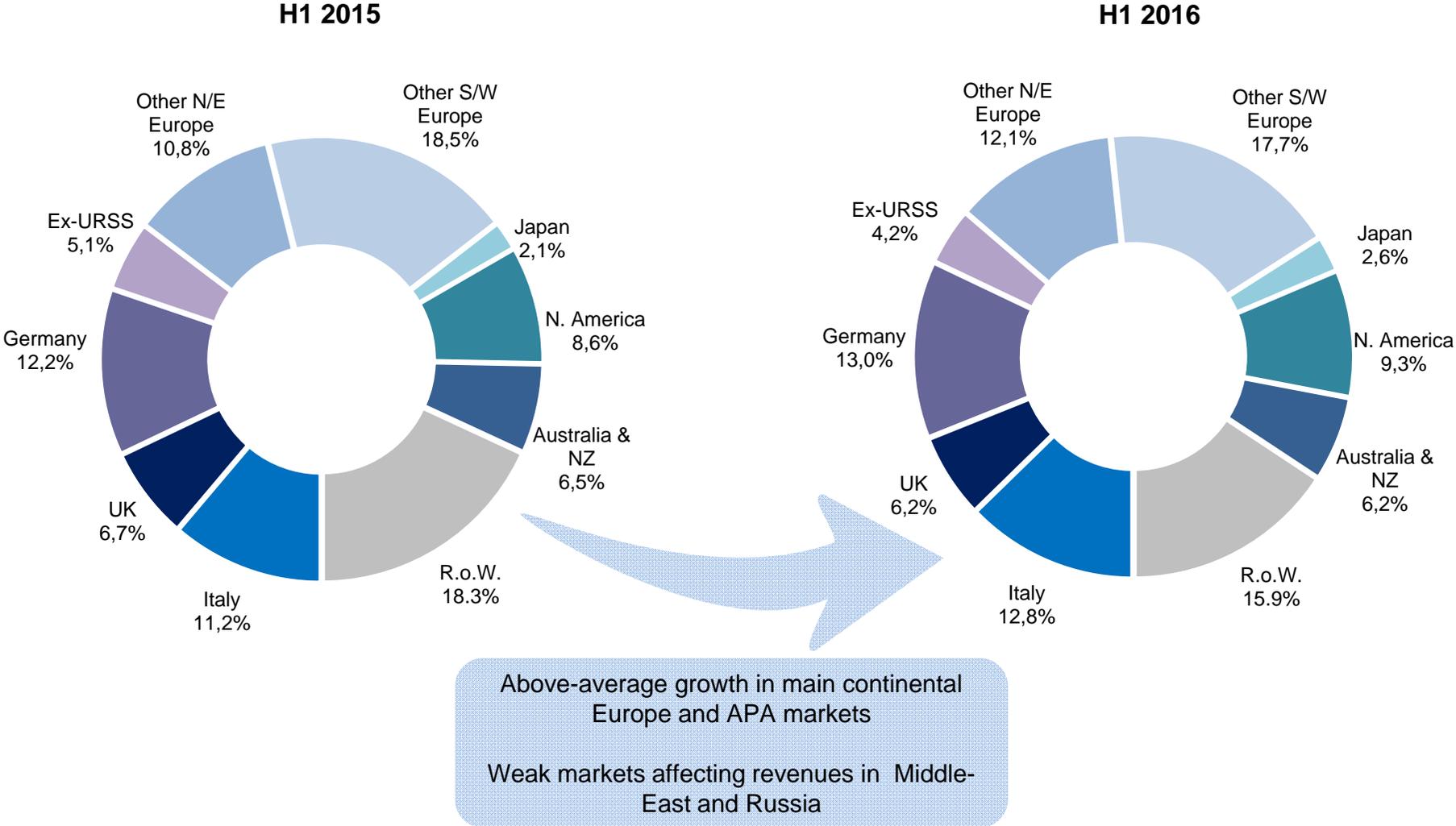
# H1 2016 results

## Revenues by market - summary

- **Europe** was stable in the first half (-0.1%), with both sub-regions delivering positive organic growth
  - **South-West Europe** was up by 1.3% (+1.7% organic), led by strong growth in Italy and the positive performance of Germany, Spain, Portugal and Austria
  - **North-East Europe** declined by 2.8% (+2.6% organic), affected by the reduction in sales in Russia, Ukraine, Scandinavia and the United Kingdom and despite the growth recorded in Poland, Czech Republic and other countries in Eastern Europe
- **APA** revenues increased marginally (+0.3%, +3.4% organic), being limited by the contraction of Brazil; in the region, North America, Japan, South Korea and China posted positive growth rates
- The contraction of revenues in **MEIA** (-22.8%, -20.7% organic), reflects the current negative economic climate in several markets, also impacted by the reduction in oil prices and geo-political turbulence
- Total organic growth in Q2, excluding MEIA, is up by +4.5%

# H1 2016 results

## Revenues breakdown by market



# H1 2016 results

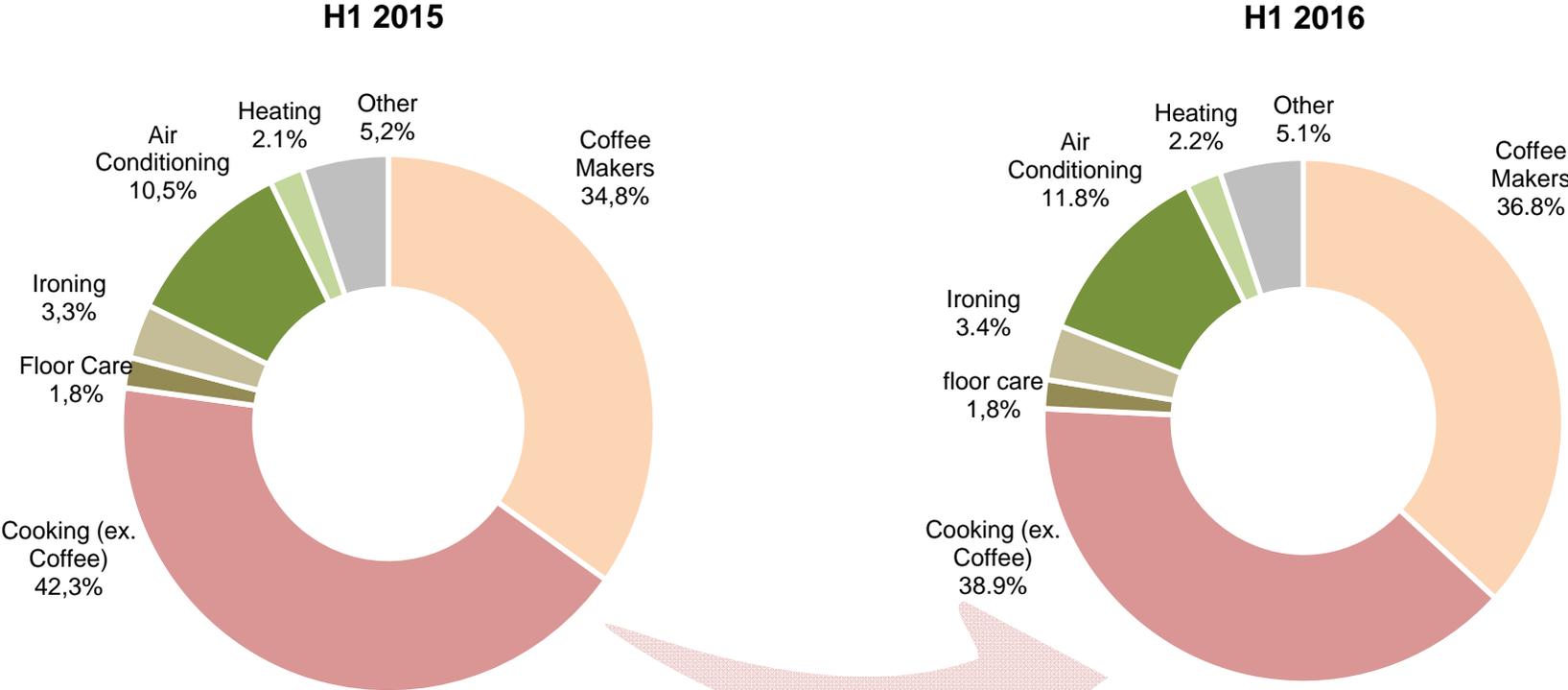
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## Revenues by product - summary

- **Strong performance of Coffee Makers**, led by full automatic and manual models which grew at double-digit rates
- Weak demand in some of the category's most relevant markets, translated into a reduction in revenues of **Cooking and Food Preparation**. However:
  - Braun continued to add to the category's growth, especially in hand-blenders
  - Kenwood showed an improvement in Europe during Q2, growing at 3% in organic terms
- Very positive performance of **Air Conditioning**
- Heating and Ironing also growing

# H1 2016 results

## Revenues breakdown by product



Positive performance of Coffee Makers, with still strong trend in espresso fully automatic and manual machines

Comfort products growing as well

# H1 2016 results

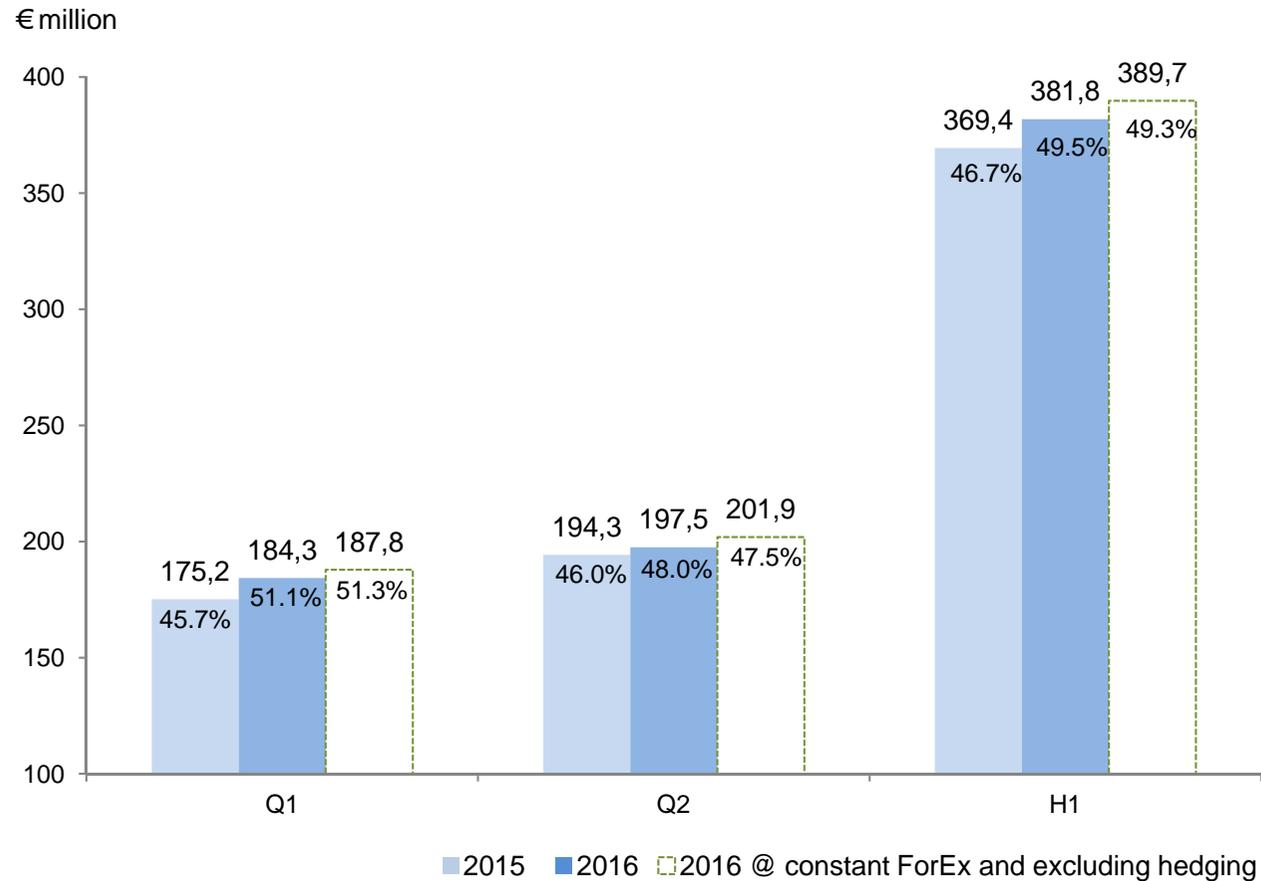
## Net Industrial Margin

- **Net Industrial Margin** grew by 3.3% to € 381.8 million, reaching 49.5% of sales, a yearly increase of 2.8 percentage points , led by savings in raw materials and components, and other operating costs (transportation)

<i>EUR million</i>	H1 2016	H1 2015	<i>Change H1 2016 - H1 2015</i>	
Net Ind. Margin	381.8	369.4	12.4	3.3%
<i>% of sales</i>	49.5%	46.7%	+280bp	

# H1 2016 results

## Net Industrial Margin by quarter <sup>(1)</sup>



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

# H1 2016 results

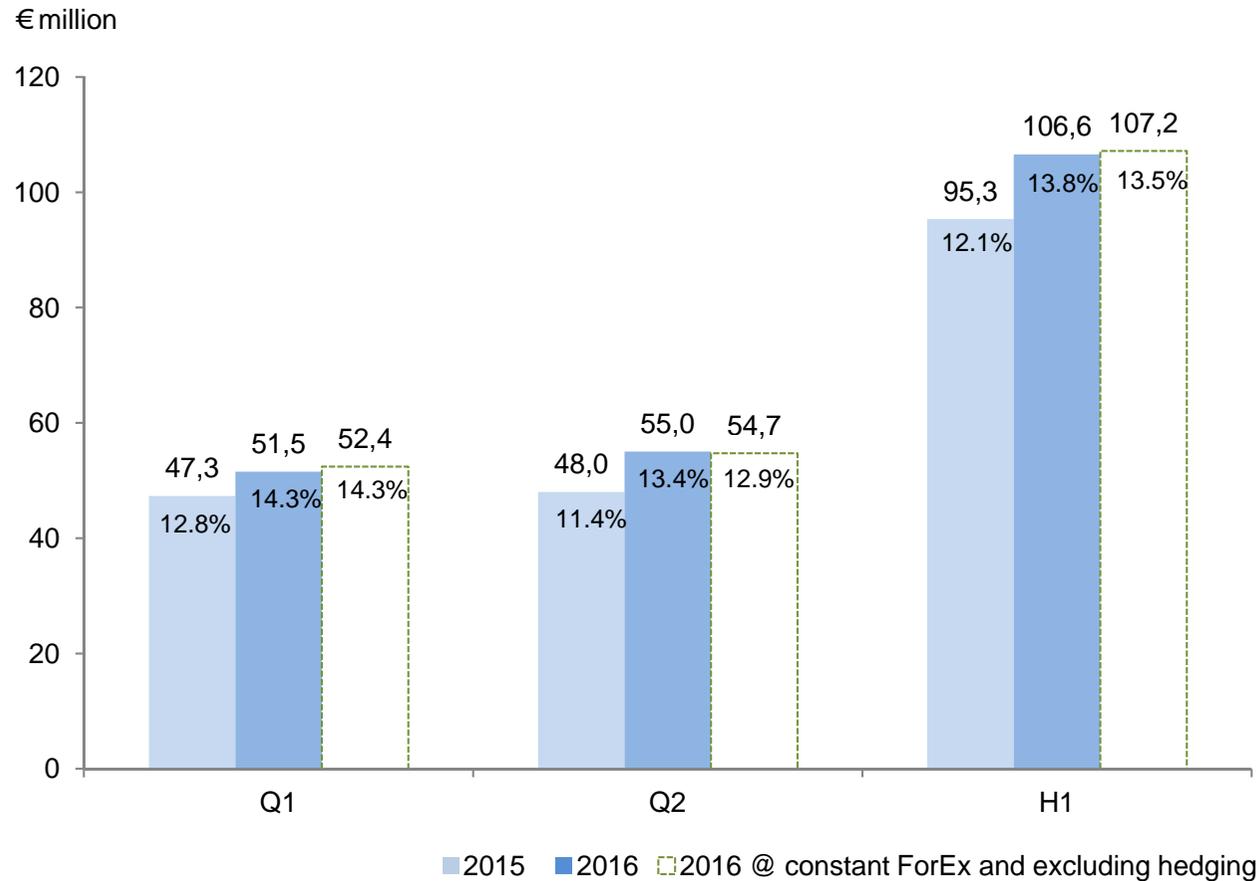
## EBITDA, EBIT and Net Income

- **EBITDA** before non recurring items was up by ~12% to € 106.6 million, reaching 13.8% as a percentage of sales
  - Positive pricing and improving mix more than offset the negative impact of ForEx
  - Product cost benefited mainly from lower prices of raw materials and transportation
  - At constant ForEx and excluding hedging, EBITDA before non recurring items was as high as € 107.2 million (+29.5% compared with H1 2015 like for like net of hedging)
- In line with EBITDA, **EBIT** grew by 13.4% to € 79.8 million and stood at 10.3% of revenues
- Due to lower financial charges and a better tax rate, growth in **Net Income** was even greater at +32.1%, resulting in € 49.4 million in terms of attributable income, up from € 37.4 million of the first half of 2015

<i>EUR million</i>	H1 2016	H1 2015	<i>Change H1 2016 - H1 2015</i>	
<b>EBITDA</b>	<b>106.6</b>	<b>95.3</b>	<b>11.2</b>	<b>11.8%</b>
<i>before non recurring items</i>				
<i>% of sales</i>	<b>13.8%</b>	<b>12.1%</b>	<b>+170bp</b>	
<b>EBITDA</b>	<b>103.9</b>	<b>95.3</b>	<b>8.5</b>	<b>8.9%</b>
<i>% of sales</i>	<b>13.5%</b>	<b>12.1%</b>	<b>+140bp</b>	
<b>EBIT</b>	<b>79.8</b>	<b>70.4</b>	<b>9.4</b>	<b>13.4%</b>
<i>% of sales</i>	<b>10.3%</b>	<b>8.9%</b>	<b>+140bp</b>	
<b>Net Profit</b>	<b>49.4</b>	<b>37.4</b>	<b>12.0</b>	<b>32.1%</b>
<i>pertaining to the Group</i>				
<i>% of sales</i>	<b>6.4%</b>	<b>4.7%</b>	<b>+170bp</b>	

# H1 2016 results

## Ebitda before non-recurring items by quarter <sup>(1)</sup>



(1) Figures in percentage represent Ebitda before non-recurring items on revenues

# H1 2016 results

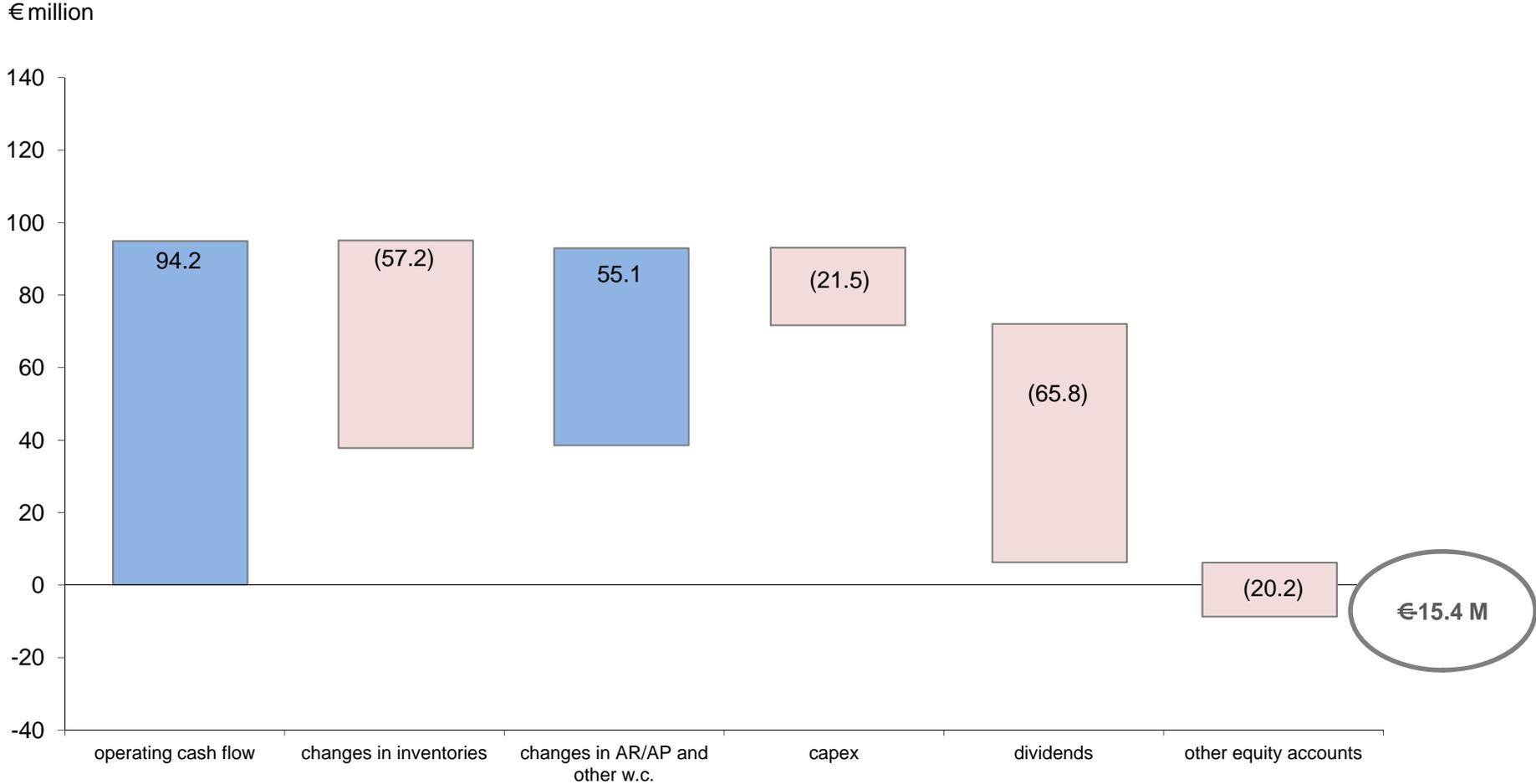
## Net financial position and working capital

- **Positive net financial position** for €173.5 million, a 12-month improvement of €69.5 million
  - Position with bank and other lenders positive for €205.9 million, improved by €84.4 million
- **Lower Net Working Capital** by nearly €3 million euro over the last 12 months, despite increased business activity; as a percentage of sales, it now stands at 12.5% (13% a year ago)

<i>EUR million</i>	H1 2016	H1 2015	<i>Change H1 2016 - H1 2015</i>
Net Working Capital	233.3	236.0	-2.7
Net Equity	868.0	818.1	49.9
Net Financial Position	173.5	104.0	69.5
Net "bank" Financial Position (*)	205.9	121.5	84.4
Net Debt / Equity (x) [ <i>Gearing</i> ]	-0.20	-0.13	
N.W.C. / LTM Revenues	12.5%	13.0%	-50bp

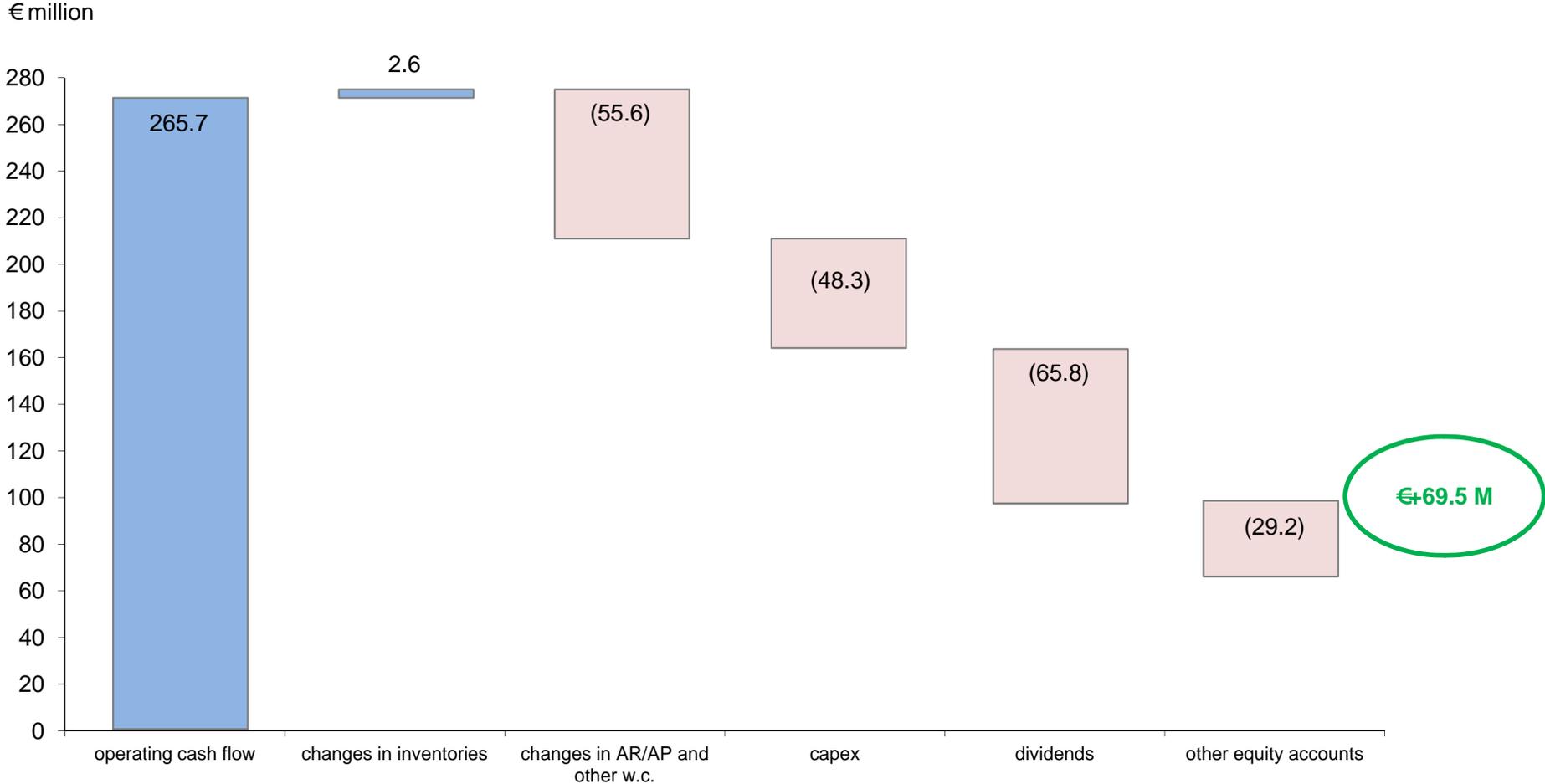
# H1 2016 results

## The 6-month cash flow performance



# H1 2016 results

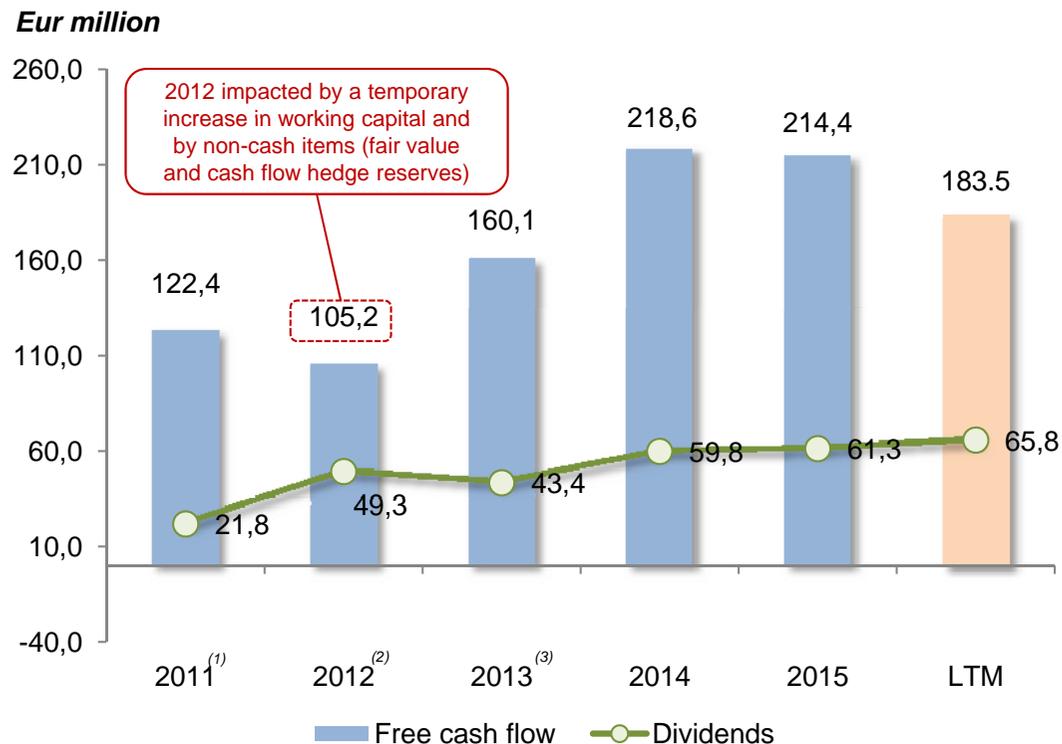
## The 12-month cash flow performance



# H1 2016 results

## Free cash flow generation

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



- A strong free cash flow generation across the years, which can support a sustained dividend pay-out together with high industrial investments
- Eur 183.5 million of cash generated over the last 12 months (June 30, 2016 – June 30, 2015) before dividends and capex

(1) Data restated for the Eur 150.0m capital contribution to the Professional division

(2) Data restated for the Eur 171.8m Braun Household acquisition

(3) Data restated following the deconsolidation of the TCL joint venture

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- **Appendix: summary of quarterly results**

# Appendix

## Summary of quarterly results

(Euro million)	2014						2015						2016		
	Q1-14	Q2-14	HALF YEAR	Q3-14	Q4-14	FULL YEAR	Q1-15	Q2-15	HALF YEAR	Q3-15	Q4-15	FULL YEAR	Q1-16	Q2-16	HALF YEAR
Revenues	338.1	362.0	700.1	386.8	639.8	1,726.7	368.4	422.2	790.6	424.3	676.3	1,891.1	360.3	411.6	771.9
% change y-o-y	7.1%	4.4%	5.7%	6.4%	8.2%	6.8%	9.0%	16.6%	12.9%	9.7%	5.7%	9.5%	-2.2%	-2.5%	-2.4%
net industrial margin	161.0	166.4	327.5	182.9	305.3	815.7	175.2	194.3	369.4	202.8	332.4	904.6	184.3	197.5	381.8
%	47.6%	46.0%	46.8%	47.3%	47.7%	47.2%	47.5%	46.0%	46.7%	47.8%	49.2%	47.8%	51.1%	48.0%	49.5%
Ebitda (before not rec.)	46.1	41.1	87.2	49.4	123.5	260.1	47.3	48.0	95.3	54.6	137.9	287.8	51.5	55.0	106.6
%	13.6%	11.3%	12.5%	12.8%	19.3%	15.1%	12.8%	11.4%	12.1%	12.9%	20.4%	15.2%	14.3%	13.4%	13.8%
EBITDA	46.1	41.1	87.2	49.4	123.0	259.6	47.3	48.0	95.3	54.6	135.3	285.2	51.5	52.3	103.9
%	13.6%	11.4%	12.5%	12.8%	19.2%	15.0%	12.8%	11.4%	12.1%	12.9%	20.0%	15.1%	14.3%	12.7%	13.5%
EBIT	35.4	29.9	65.2	38.0	109.5	212.7	35.1	35.3	70.4	41.4	120.9	232.7	39.4	40.3	79.8
%	10.5%	8.2%	9.3%	9.8%	17.1%	12.3%	9.5%	8.4%	8.9%	9.8%	17.9%	12.3%	10.9%	9.8%	10.3%
Profit before Taxes	23.7	21.5	45.3	28.3	97.4	171.0	24.2	27.2	51.4	33.2	114.6	199.1	32.9	33.7	66.6
Taxes	(6.6)	(5.4)	(12.0)	(6.9)	(24.9)	(43.8)	(6.9)	(7.0)	(14.0)	(8.0)	(27.4)	(49.3)	(7.9)	(9.0)	(16.9)
Profit / (Loss) for the period	17.2	16.1	33.3	21.5	72.5	127.2	17.2	20.2	37.4	25.2	87.2	149.8	25.0	24.7	49.6
Profit / (Loss) pertaining to minority interests	0.1	0.2	0.3	0.2	0.2	0.7	(0.1)	0.1	(0.0)	0.2	0.1	0.3	0.1	0.1	0.2
Profit / (Loss) after minority interests	17.1	15.9	33.0	21.2	72.3	126.5	17.4	20.0	37.4	25.0	87.1	149.5	24.8	24.6	49.4

# Thank you!

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