



DēLonghi Group

H1 2017 Results – July 28th, 2017



KENWOOD

BRAUN

Ariete[®]

H1 2017 RESULTS

Definitions & assumptions

In this presentation:

- *ForEx or FX stand for Foreign Exchange Rates;*
- *Organic stands for effect net of ForEx and hedging derivatives;*
- *Q2 stands for second quarter (April 1 – June 30), H1 stands for first half (January 1 – June 30), FY stands for full year (January 1 – December 31);*
- *2017 organic data include NPE srl (New Procond Elettronica, see press release dated 23/09/2016).*

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- H1 2017 results
- Appendix: Key P&L figures 2015-2017



H1 2017 RESULTS

Revenues

<i>EUR million</i>	H1 2017	H1 2016	Change H1 2017 - H1 2016
Revenues	827.6	771.9	55.7

7.2%

+5.4% organic,
+4.6% organic in Q2

- Pick up in organic revenue growth (+3.3% organic and at constant consolidation perimeter), consistent with full year guidance;
- Positive organic growth in all regions in Q2, driven by coffee makers and Braun;
- Initial positive signs from the increased commitment in A&P investments.

H1 2017 RESULTS

Revenues by market

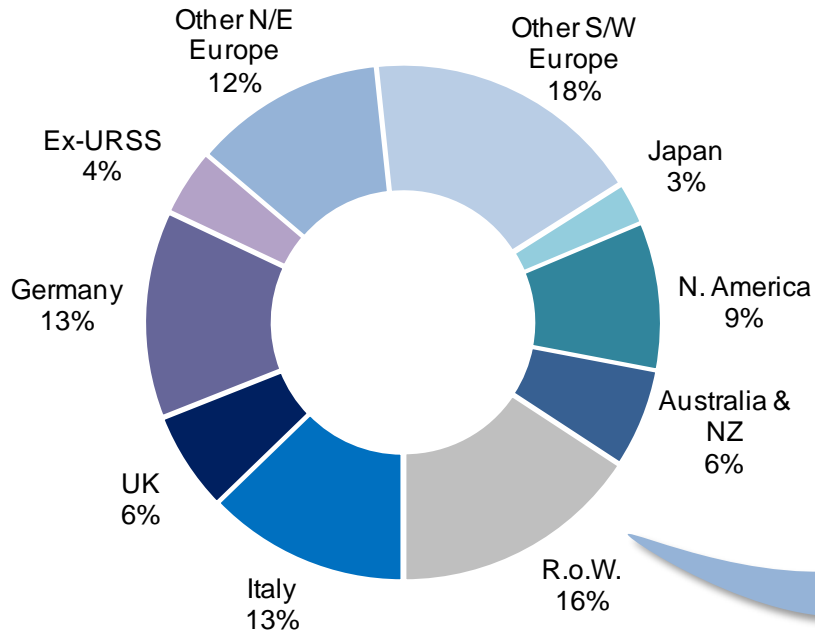
Revenues - million Euro	Q2- 2017	% chg.	% organic chg.	H1- 2017	% chg.	% organic chg.
North East Europe	100.9	11.0%	9.3%	192.6	10.7%	9.1%
South West Europe	180.7	1.4%	1.6%	347.1	3.4%	3.6%
EUROPE	281.5	4.6%	4.2%	539.7	5.9%	5.5%
MEIA (MiddleEast/India/Africa)	34.6	13.2%	9.2%	64.2	2.5%	-1.4%
APA (Asia/Pacific/Americas)	121.0	8.0%	4.5%	223.7	12.0%	7.3%
TOTAL REVENUES	437.1	6.2%	4.6%	827.6	7.2%	5.4%

- **APA** leads the growth trend, especially in North America, Greater China, Australia, New Zealand and Japan. Coffee makers, Braun and comfort products were particularly strong.
- **Europe** growth sustained by the main Eastern European markets, including a recovery in Russia where the Group expanded in new channels; Central Europe grew as well, more than compensating for the decline of the UK market, still affected by depressed consumer sentiment and the devaluation of the currency.
- Significant turnaround of the **MEIA** revenue trend in Q2, led by an overall organic sales improvement in the region, with the exception of Saudi Arabia, where a sound destocking continues leading to a future normalization of the trade.

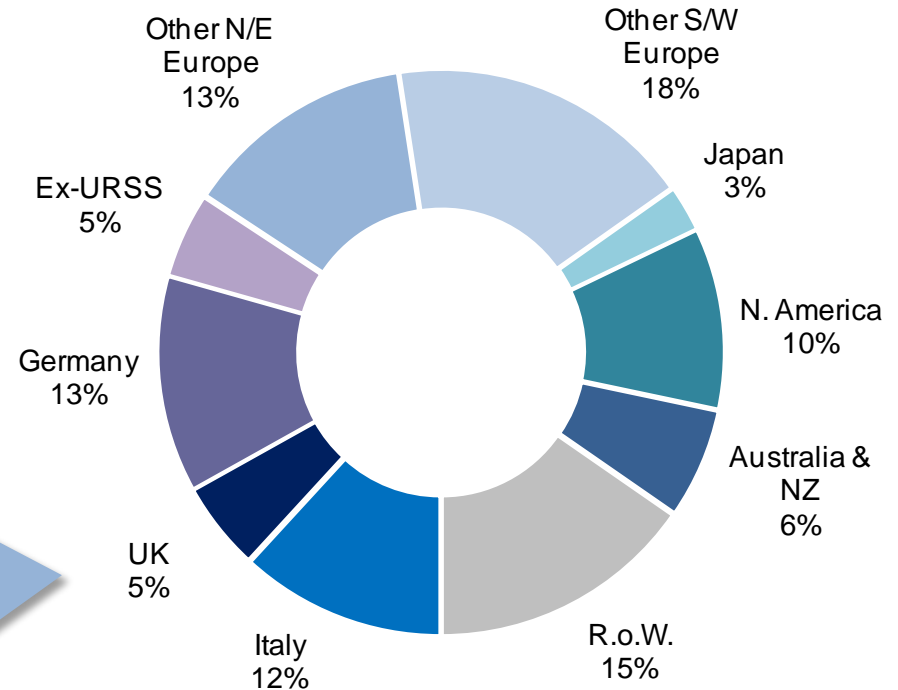
H1 2017 RESULTS

Revenue breakdown by market

H1 2016 sales breakdown by market



H1 2017 sales breakdown by market

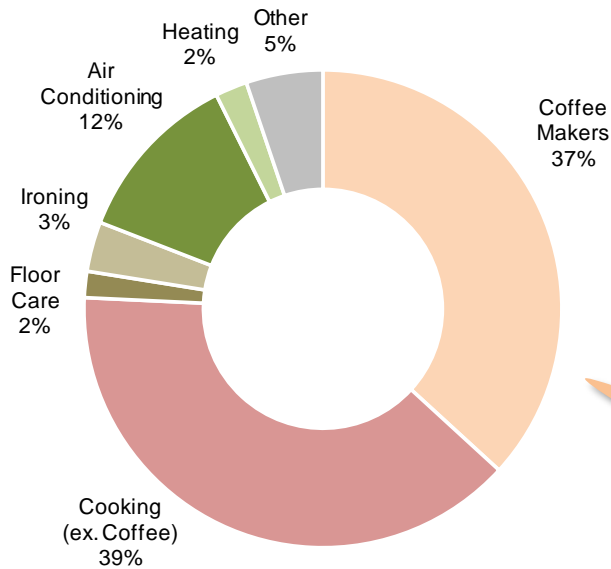


- Higher weight of North America, Eastern Europe and Ex-URSS countries;
- Lower UK and Italy.

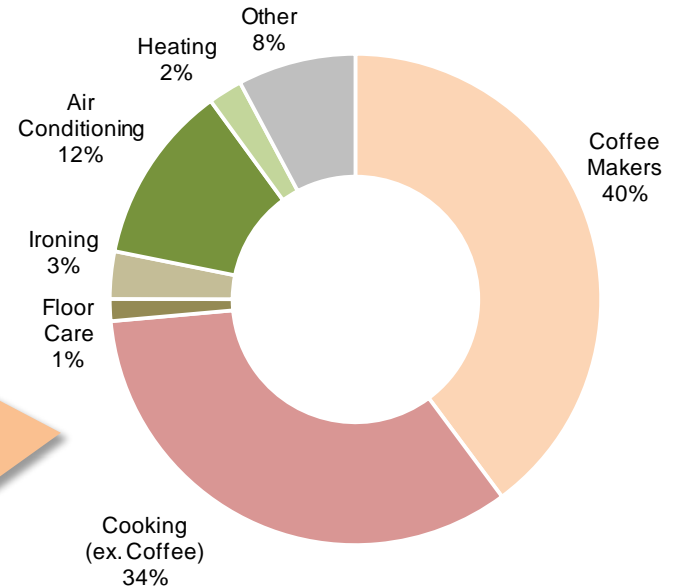
H1 2017 RESULTS

Revenue breakdown by product

H1 2016 sales breakdown by product



H1 2017 sales breakdown by product



- **Across-the-board growth of coffee makers**, both in mature and emerging markets, with fully automatic models and manual models up at “mid-teen” rates; single-serve models also strongly up, due to the recently awarded distribution of Nespresso models in North America;
- Overall revenue decline in **Cooking and Food Preparation**, despite the double-digit growth of hand blenders and the positive development of the Braun brand; Kenwood still affected by slower end markets and weakness in the UK;
- **Growth in Comfort products** linked to portable air conditioners.

Based on management accounts

H1 2017 RESULTS

Operating margins and Net Profit

<i>EUR million</i>	H1 2017	H1 2016	<i>Change H1 2017 - H1 2016</i>	
Net Ind. Margin	396.3	381.8	14.5	3.8%
<i>% of sales</i>	47.9%	49.5%	-160 bps	
EBITDA	103.5	103.9	-0.3	-0.3%
<i>% of sales</i>	12.5%	13.5%	-100 bps	
EBIT	76.3	79.8	-3.5	-4.4%
<i>% of sales</i>	9.2%	10.3%	-110 bps	
Net Profit	56.2	49.4	6.7	13.6%
pertaining to the Group				
<i>% of sales</i>	6.8%	6.4%	+40 bps	

FX and hedging
impact on change
in EBITDA €+6 M

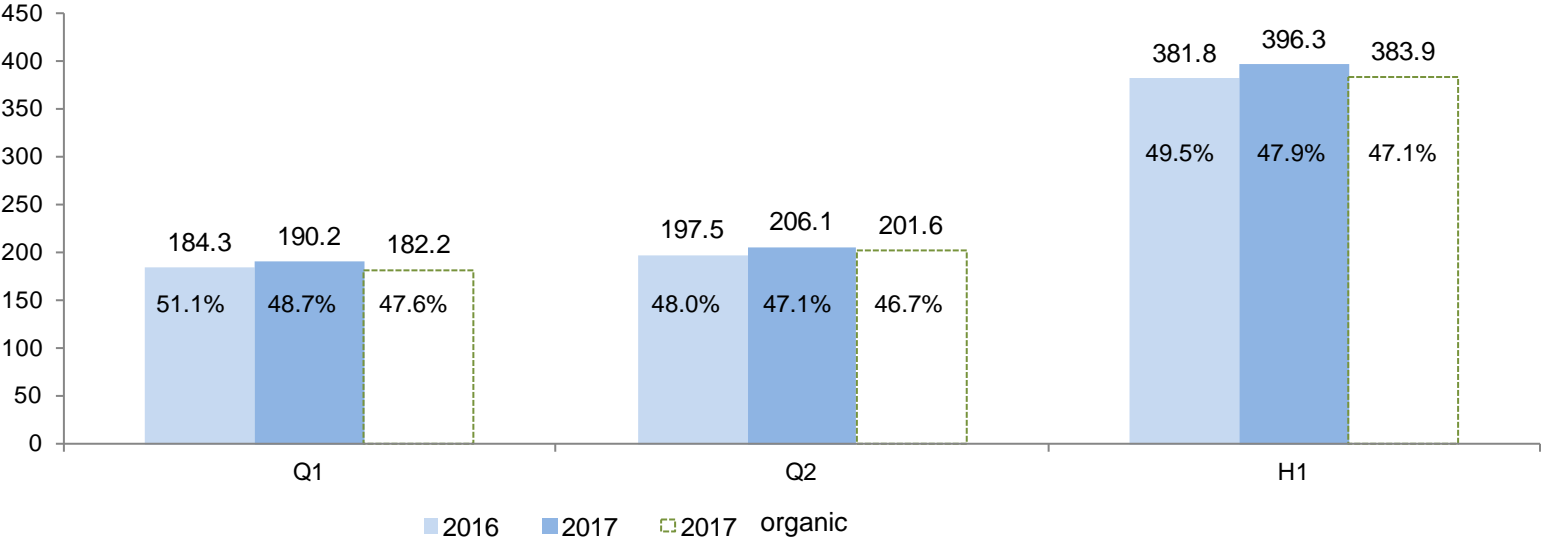


- Operating leverage on volume growth, product mix and a positive FX impact lead to higher Net Industrial Margin;
- Stable reported Ebitda despite higher A&P investments to support market expansion and higher supply chain costs;
- Lower financial expenses together with a non-recurring net financial income (worth ca. € 9.9 million) lead to a 13.6% growth in Net Income.

H1 2017 RESULTS

Net Industrial Margin by quarter

Eur million

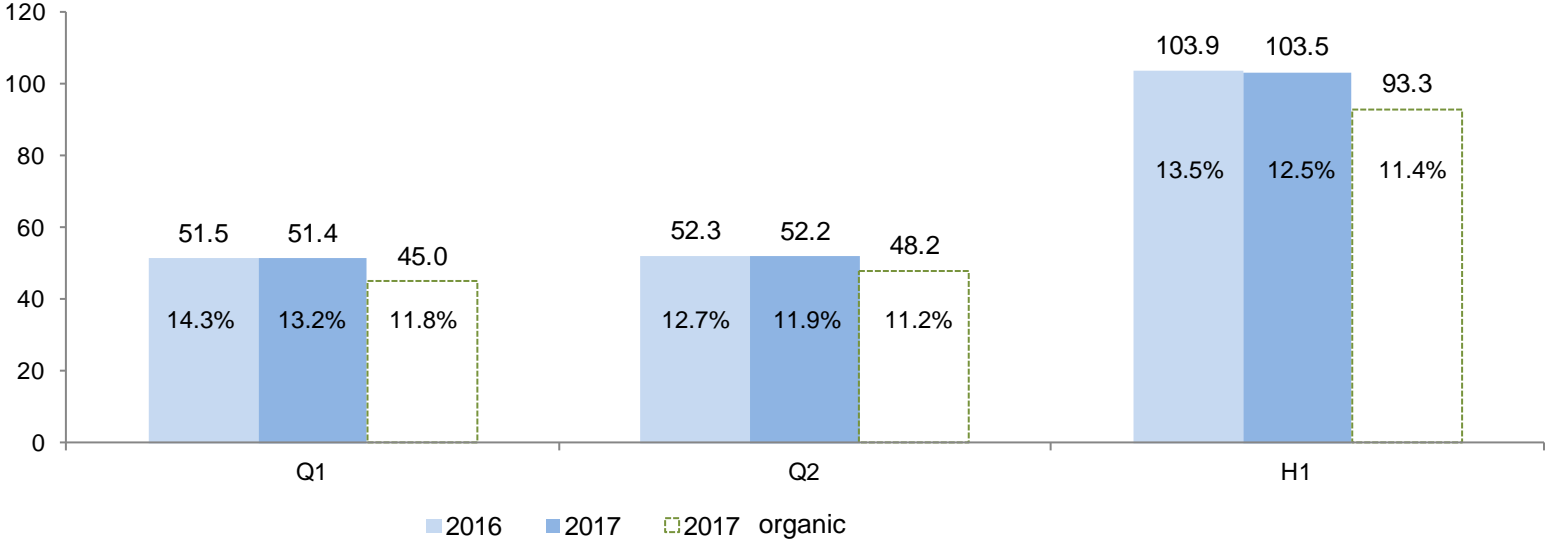


Figures in percentage represent net industrial margin on revenues

H1 2017 RESULTS

Ebitda by quarter

Eur million



Figures in percentage represent Ebitda margin on revenues

H1 2017 RESULTS

Financial position and working capital

<i>EUR million</i>	June 30 '17	June 30 '16	<i>Change H1 2017 - H1 2016</i>
Net Working Capital	289.4	233.3	56.1
Net Equity	916.1	868.0	48.1
Net Financial Position	131.0	173.5	-42.5
Net "bank" Financial Position (*)	140.2	205.9	-65.7
Net Debt / Equity (x) [<i>Gearing</i>]	-0.14	-0.20	
N.W.C. / LTM (**) Revenues	15.2%	12.5%	+270 bps

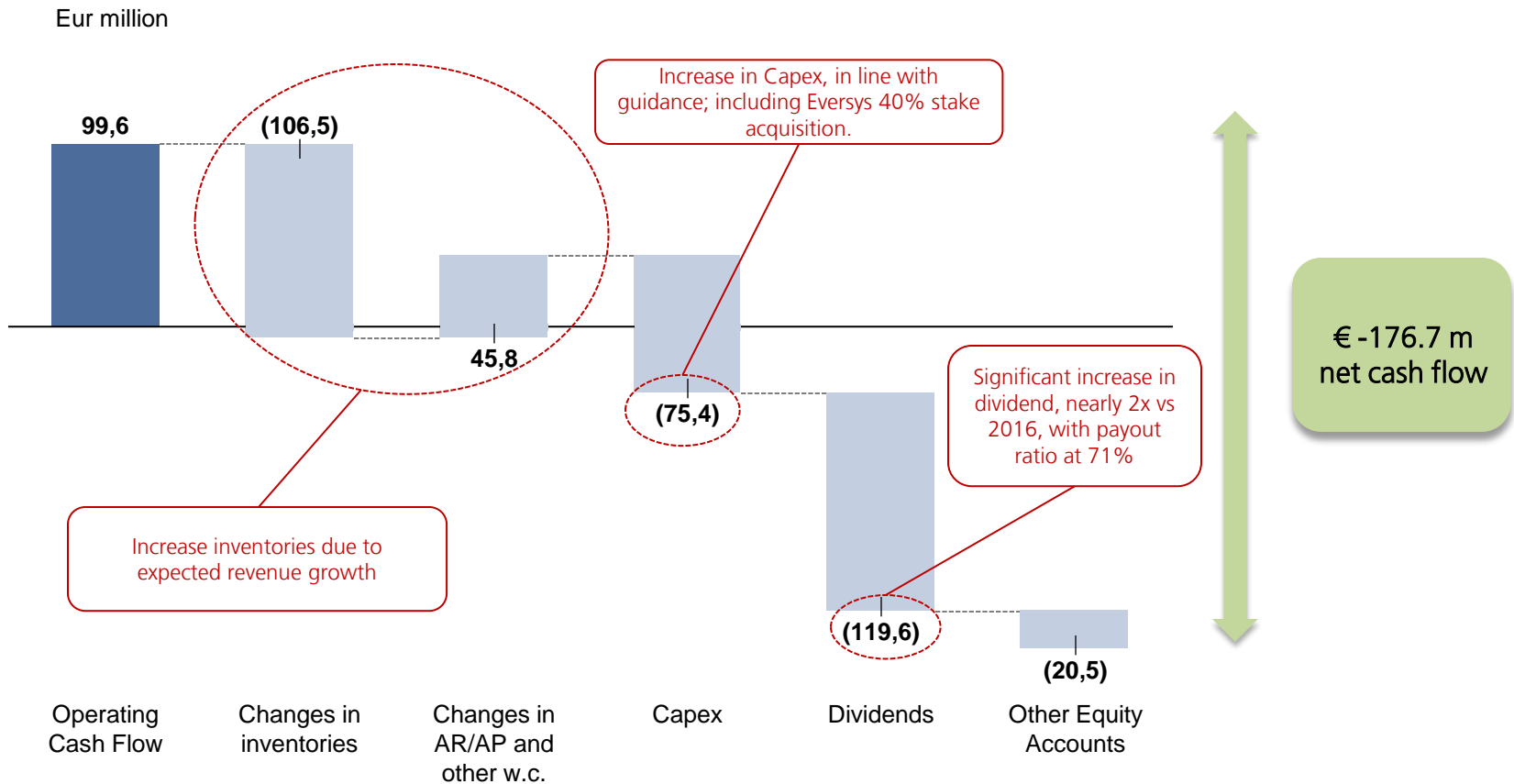
- Strong balance sheet and positive Free Cash Flow generation, before the increase in dividends (approx. + € 54 million), higher Capex (approx. + € 29 million) and the 40% stake acquisition of Eversys (approx. € 18 million);
- Increase in NWC as a percentage of sales due to the consolidation of NPE and higher stock levels in preparation of sales growth in the coming months.

(*) Excluding non-bank assets and liabilities

(**) Last twelve months

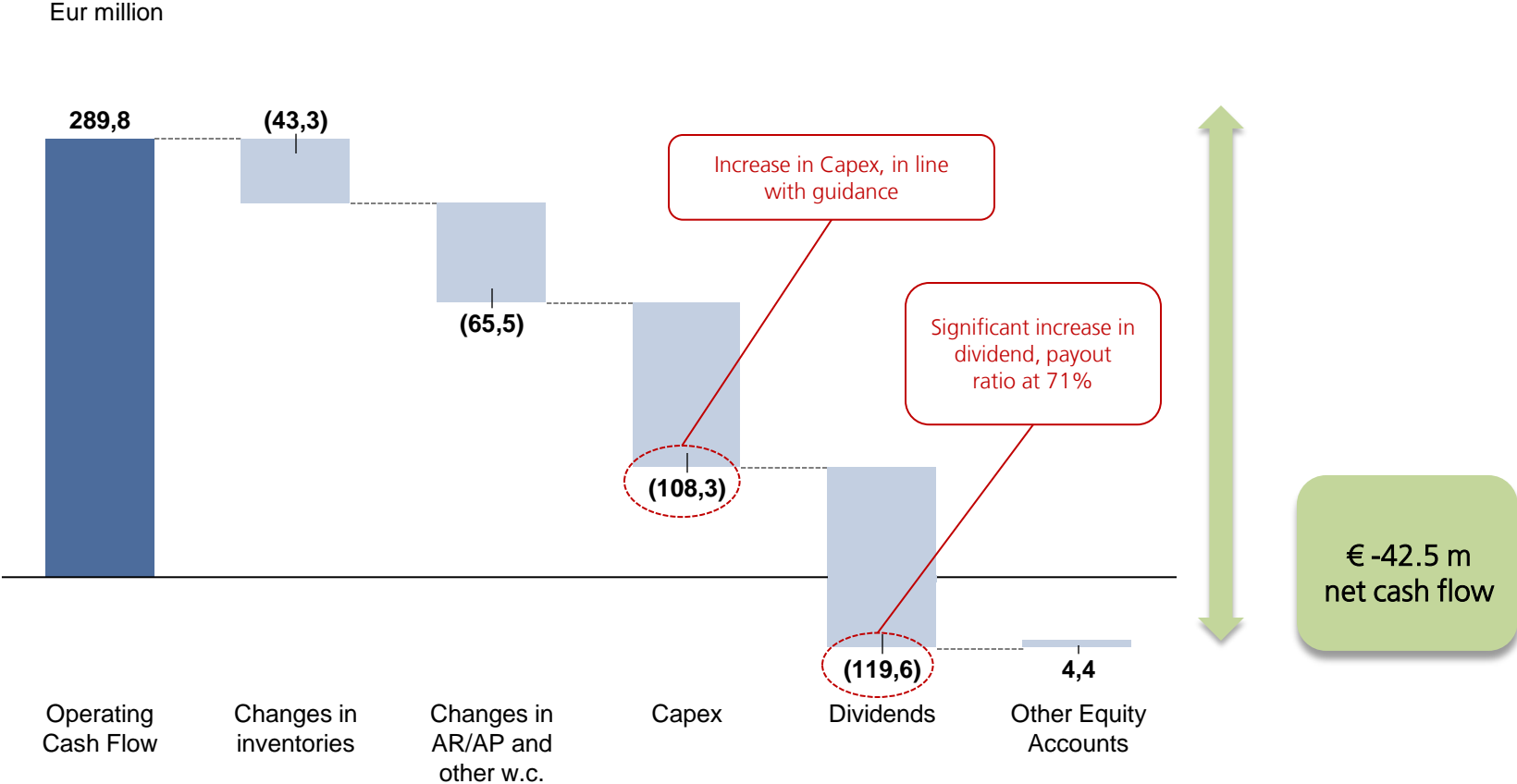
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The 6-month cash flow performance



H1 2017 RESULTS

The 12-month cash flow performance



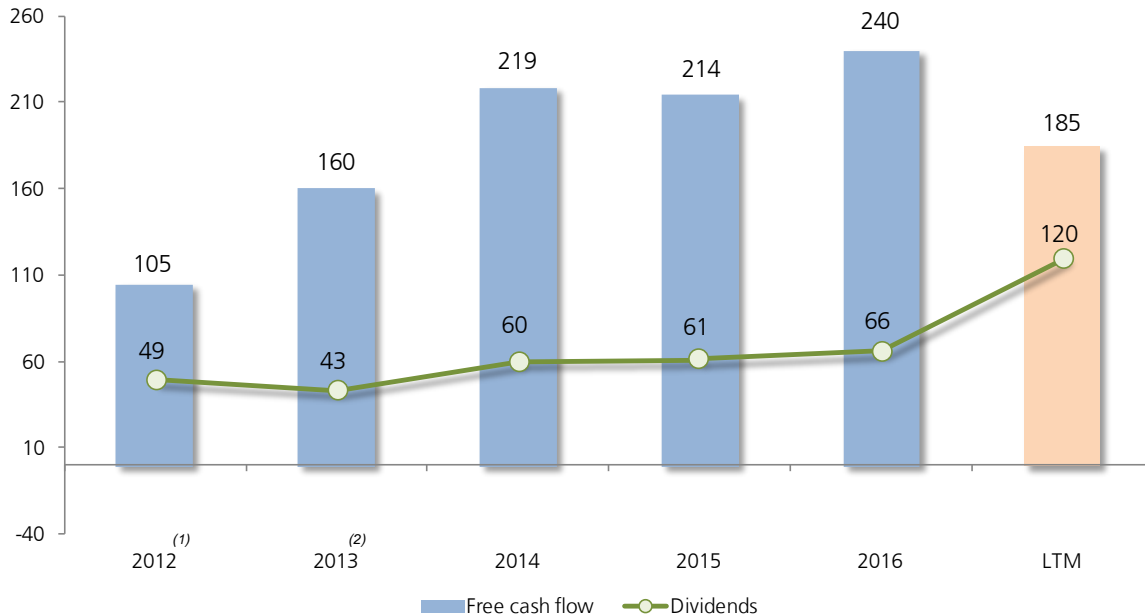
H1 2017 RESULTS

Strong free cash flow generation

Free Cash Flow track record

(before dividend and capex, the acquisitions of the Braun licence and the 40% stake in Eversys)

Eur million



- € 185 million of cash generated in the last 12 months before dividends, capex and M&A;
- A significant free cash flow generation across the years, which can support a sustained dividend pay-out together with high investments and M&A.

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

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

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APPENDIX

Key P&L figures 2015-2017

(Euro million)	2015						2016						2017		
	Q1-15	Q2-15	HALF YEAR	Q3-15	Q4-15	FULL YEAR	Q1-16	Q2-16	HALF YEAR	Q3-16	Q4-16	FULL YEAR	Q1-17	Q2-17	HALF YEAR
Revenues	368.4	422.2	790.6	424.3	676.3	1,891.1	360.3	411.6	771.9	387.2	686.3	1,845.4	390.5	437.1	827.6
% change y-o-y	9.0%	16.6%	12.9%	9.7%	5.7%	9.5%	-2.2%	-2.5%	-2.4%	-8.7%	1.5%	-2.4%	8.4%	6.2%	7.2%
net industrial margin	175.2	194.3	369.4	202.8	332.4	904.6	184.3	197.5	381.8	189.9	334.1	905.8	190.2	206.1	396.3
%	47.5%	46.0%	46.7%	47.8%	49.2%	47.8%	51.1%	48.0%	49.5%	49.0%	48.7%	49.1%	48.7%	47.1%	47.9%
Ebitda (before not rec.)	47.3	48.0	95.3	54.6	137.9	287.8	51.5	55.0	106.6	51.6	137.3	295.4	51.4	52.2	103.5
%	12.8%	11.4%	12.1%	12.9%	20.4%	15.2%	14.3%	13.4%	13.8%	13.3%	20.0%	16.0%	13.2%	11.9%	12.5%
EBITDA	47.3	48.0	95.3	54.6	135.3	285.2	51.5	52.3	103.9	50.6	137.5	292.0	51.4	52.2	103.5
%	12.8%	11.4%	12.1%	12.9%	20.0%	15.1%	14.3%	12.7%	13.5%	13.1%	20.0%	15.8%	13.2%	11.9%	12.5%
EBIT	35.1	35.3	70.4	41.4	120.9	232.7	39.4	40.3	79.8	37.9	121.3	239.0	38.5	37.8	76.3
%	9.5%	8.4%	8.9%	9.8%	17.9%	12.3%	10.9%	9.8%	10.3%	9.8%	17.7%	13.0%	9.8%	8.7%	9.2%
Profit before Taxes	24.2	27.2	51.4	33.2	114.6	199.1	32.9	33.7	66.6	30.8	130.1	227.4	32.3	42.6	74.9
Taxes	(6.9)	(7.0)	(14.0)	(8.0)	(27.4)	(49.3)	(7.9)	(9.0)	(16.9)	(8.0)	(34.3)	(59.2)	(7.3)	(11.5)	(18.7)
Profit / (Loss) for the period	17.2	20.2	37.4	25.2	87.2	149.8	25.0	24.7	49.6	22.7	95.8	168.2	25.1	31.1	56.2
Profit / (Loss) pertaining to minority interests	(0.1)	0.1	(0.0)	0.2	0.1	0.3	0.1	0.1	0.2	0.1	0.5	0.8	0.0	0.0	0.0
Profit / (Loss) after minority interests	17.4	20.0	37.4	25.0	87.1	149.5	24.8	24.6	49.4	22.6	95.3	167.4	25.1	31.1	56.2

THANK YOU

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