



DēLonghi Group

FY 2019 results



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Foreword

The figures of the year 2019 are reported in accordance with the new IFRS 16 accounting standard, introduced since January 1st, 2019.

Furthermore, since Oct. 1st, some contribution to customers (previously included within the financial charges section of the Profit & Loss scheme) were treated as commercial premiums, hence netting revenues.

However, for comparative purposes, in some cases, the figures herein presented may be "**normalized**", i.e. reported on a comparable basis with those of the previous year, hence excluding the effects deriving from the adoption of the aforementioned IFRS 16 and the change of treatment of the financial discounts.

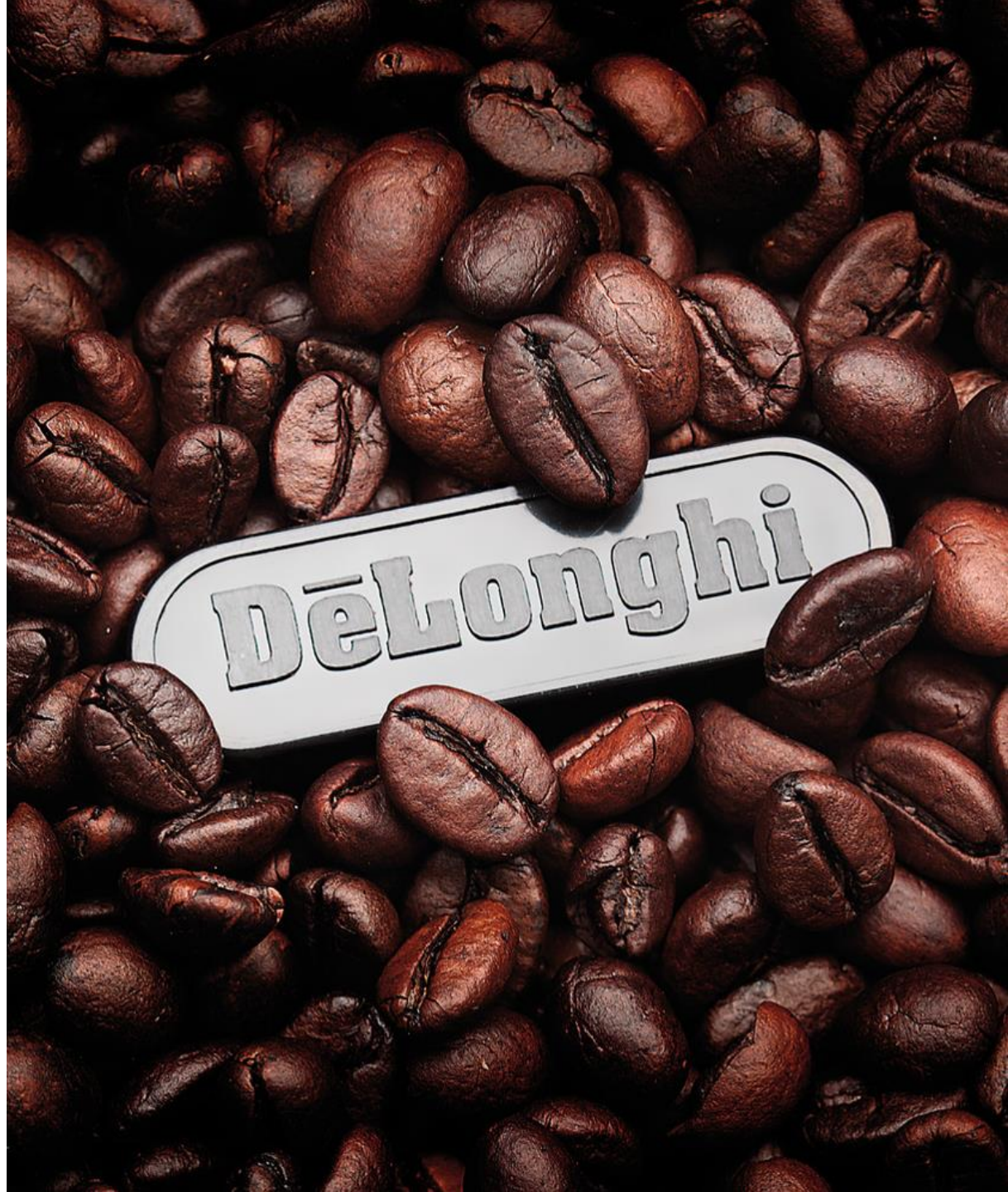
Definitions & assumptions

In this presentation:

- **Adjusted** stands for “before non recurring items and inputed costs of the stock option plan”
- **Continuing Operations** identify the consolidated perimeter excluding NPE s.r.l.;
- **ForEx** or **FX** stand for Foreign Exchange Rates;
- “**M**” stands for million and “**bn**” stands for billion.
- **Normalized** stands for excluding the application of IFRS-16 accounting standard and the change of treatment of the financial discounts;
- **Organic** stands for net of Foreign Exchange Rates and hedging derivatives effects;
- **Q4** stands for fourth quarter (Oct. 1st – Dec. 31st), **9M** stands for first nine months (Jan. 1st – Sept. 30th), **FY** stands for full year (Jan. 1st – Dec. 31st);
- **Reported** stands for official data including the application of IFRS-16 accounting standard and the change of treatment of the financial discounts.

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Highlights

In the fourth quarter 2019 (in normalized terms):

- revenues of € 802.4 million, up 3.1% (+1.6% organic and +2.5% in organic reported terms);
- adjusted ebitda of € 137.3 million (€ 137.4 million in reported terms), equal to 17.1% of revenues;
- in Q4 the Group has increased the A&P spending, up to 13.5% of revenues, so as to sustain its brands' leadership in the main markets and categories.

In the twelve months 2019 (in normalized terms):

- revenues of € 2,106.1 M, up 1.3% (-0.1% organic and +1.1% in reported terms);
- adjusted ebitda of € 280.4 M (€ 295.3 M in reported terms), equal to 13.3% of revenues, with a dilution of 1.7 percentage points compared to the previous year;
- a net financial position positive for € 351.8 M, up by € 123.7 M, after investments of € 62.1 million and dividends of € 55.3 M, witnessing the Group's strong cash-generation capacity.

FY 2019 RESULTS

The topline

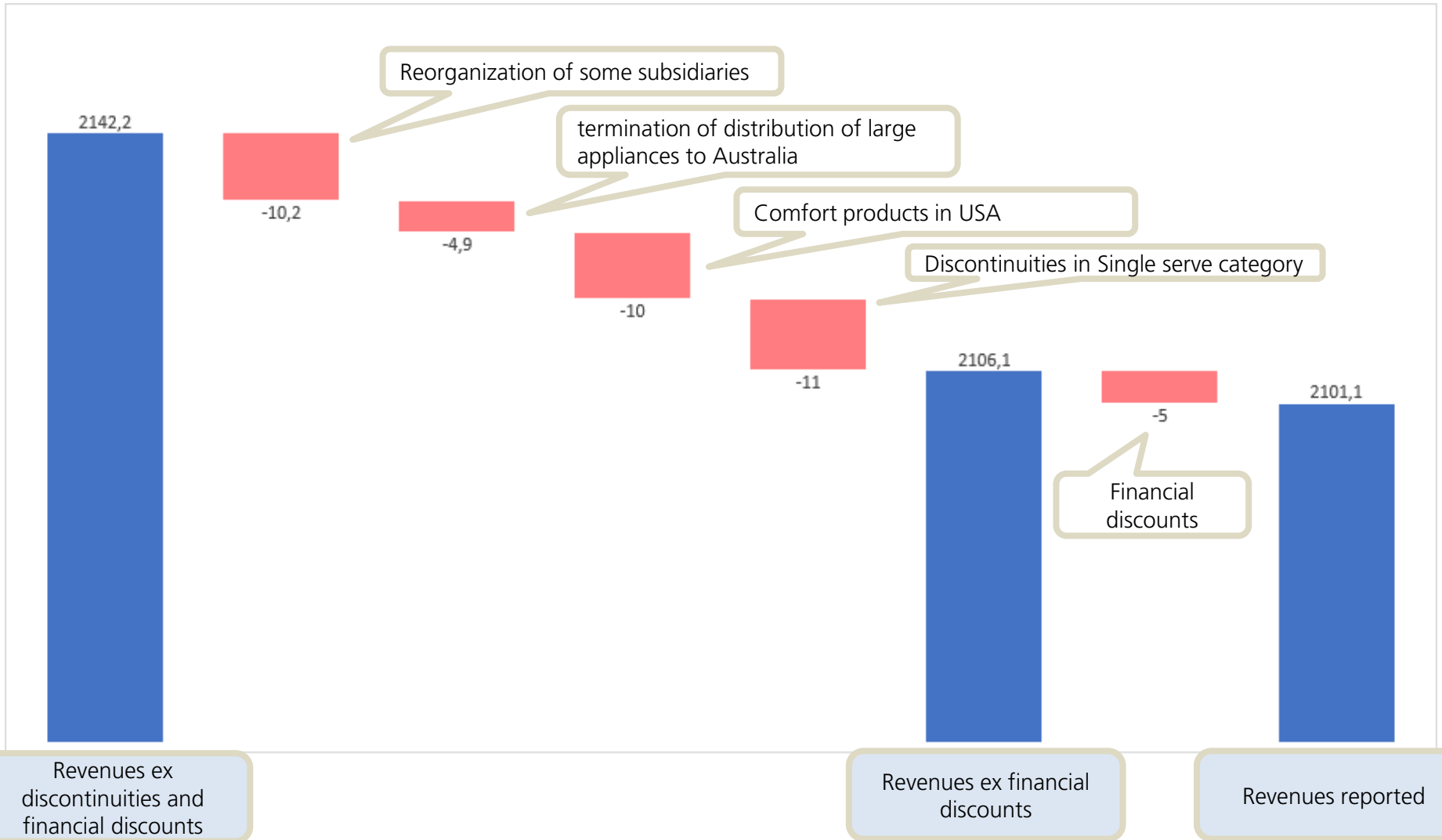
	12 months 2019*		4 th quarter 2019*		12 months		4th quarter	
			2019 "normalized"	2018	2019 "normalized"	2018	2019 "normalized"	2018
Revenues	2,101.1	797.4	2,106.1	2,078.4	802.4	778.1		
<i>change %</i>	1.1%	2.5%	1.3%		3.1%			
<i>organic ch. %</i>	-0.3%	1.0%	-0.1%		1.6%			

* Including the effect of the reclassification of the financial discounts

- The FY19 normalized revenues grew by 1.3% (1.1% reported), sustained by the development of the coffee category:
- In Q4 revenues grew by 3.1%, driven by the expansion of the full-auto e pump coffee makers;
- The currency effect on revenues was equal to € 29.3 in the full year and € 11.7 in Q4.

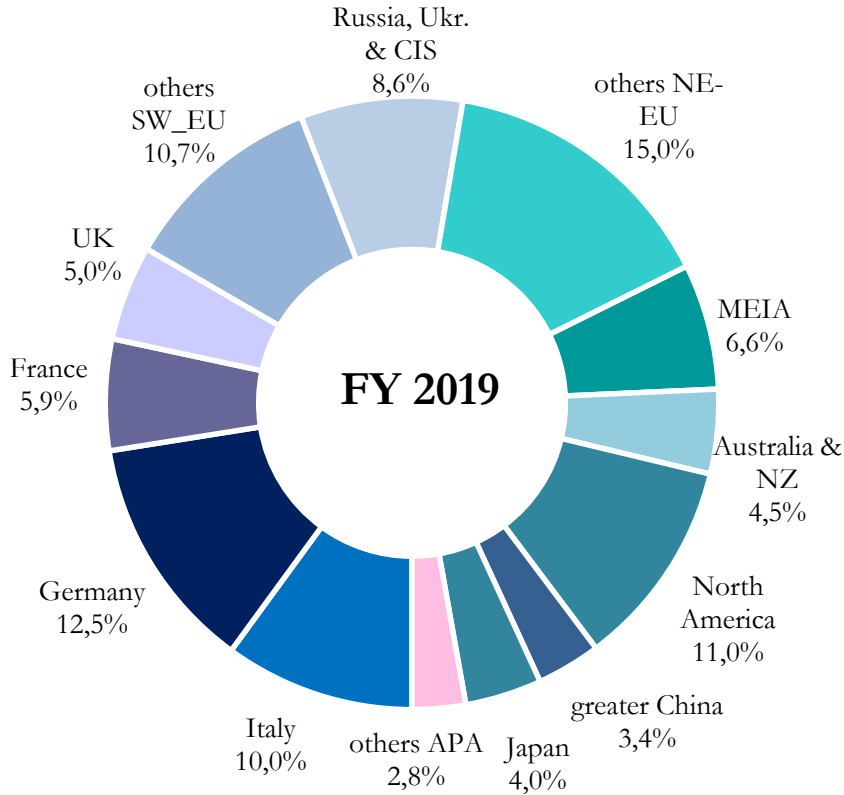
FY 2019 RESULTS

The discontinuities in revenues



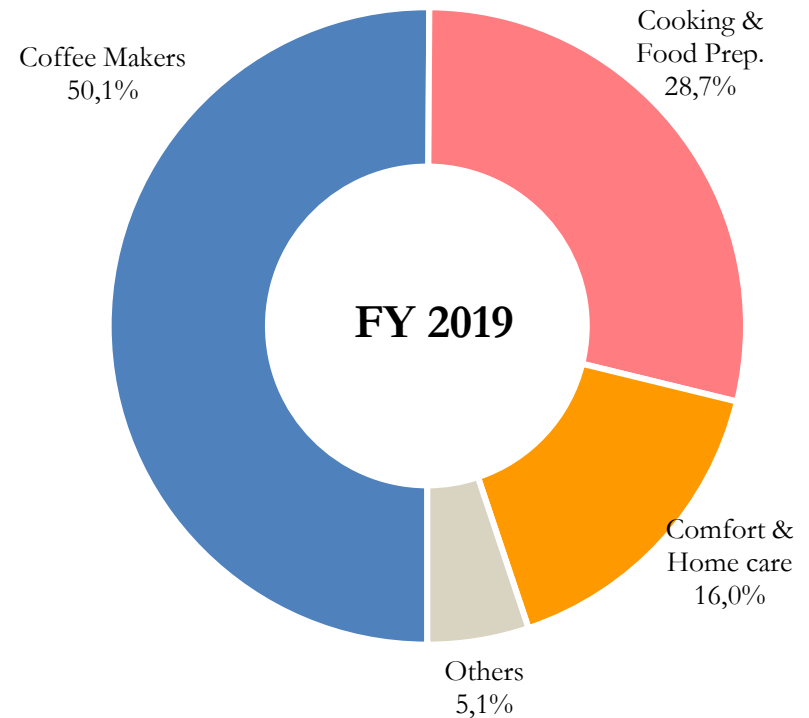
FY 2019 RESULTS

Revenues by market & product



MAIN ORGANIC UPS & DOWNS

GROWING DOUBLE DIGIT	FRANCE, POLAND, RUSSIA + CIS
GROWING SINGLE DIGIT	BENELUX, Czech rep + Slovakia + Hungary
DOWN	SAUDI ARABIA, FINLAND+SCANDINAVIA, GREATER CHINA



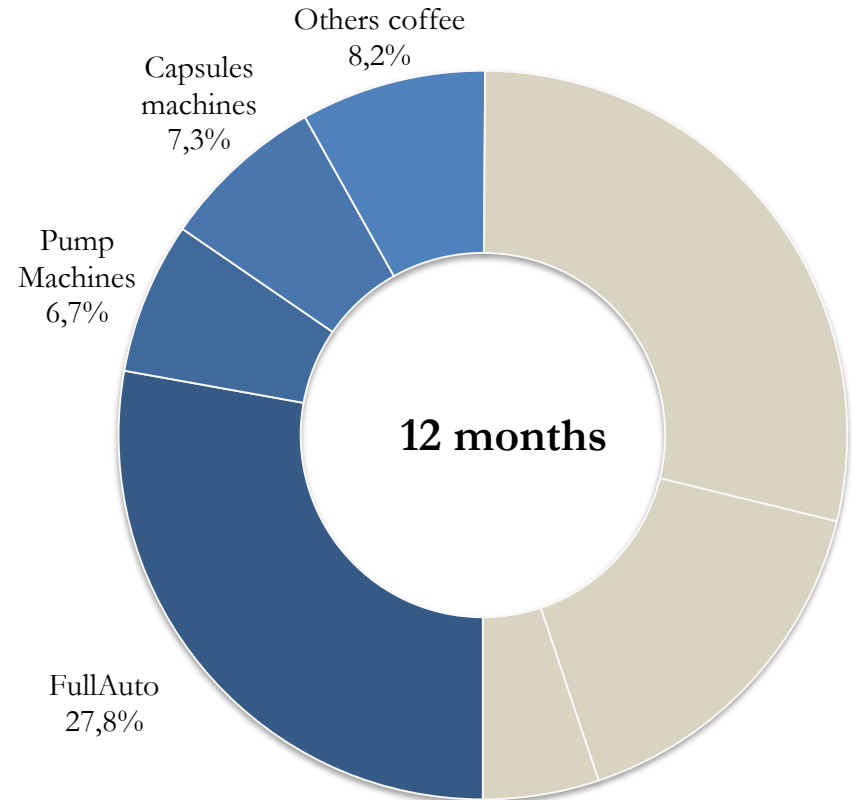
MAIN ORGANIC UPS & DOWNS

GROWING DOUBLE DIGIT	FULL-AUTO, PUMP
GROWING SINGLE DIGIT	IRONING, FLOORE CARE
DOWN	COMFORT, KITCHEN MACHINE

FY 2019 RESULTS

Revenues by product: coffee makers

- The category reached 50% of total revenues
- single serve business suffered from discontinuities highlighted in the Nespresso and DolceGusto distribution (but was up in Q4);
- full-auto and Pump coffee makers grew double digit both in the FY and Q4.

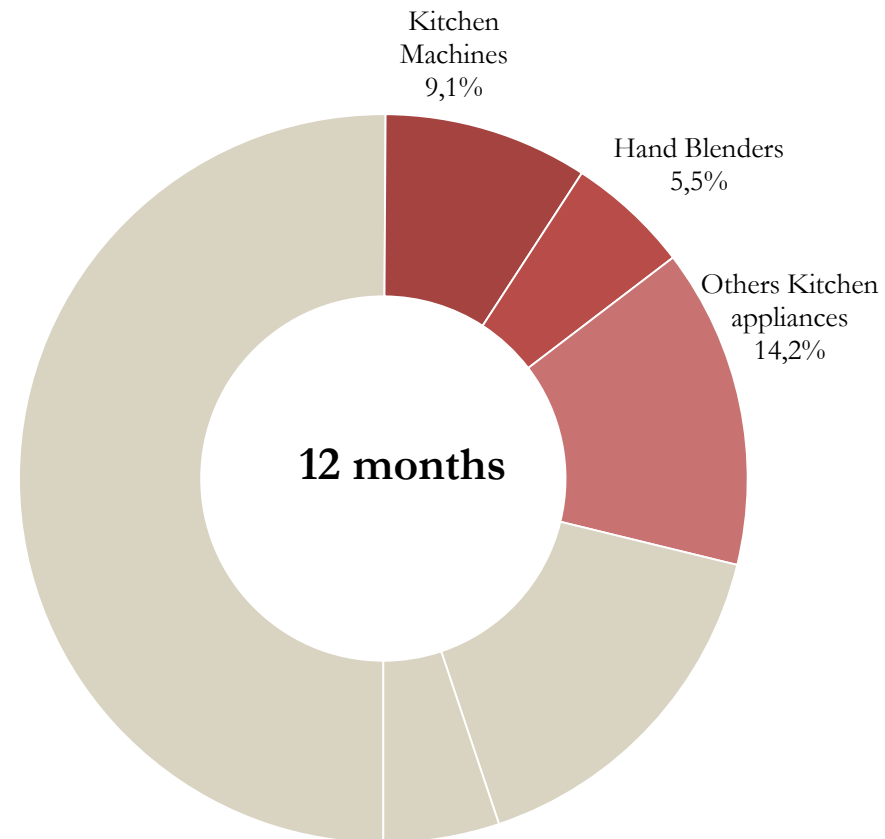


Based on management accounts

FY 2019 RESULTS

Revenues by product: food preparation

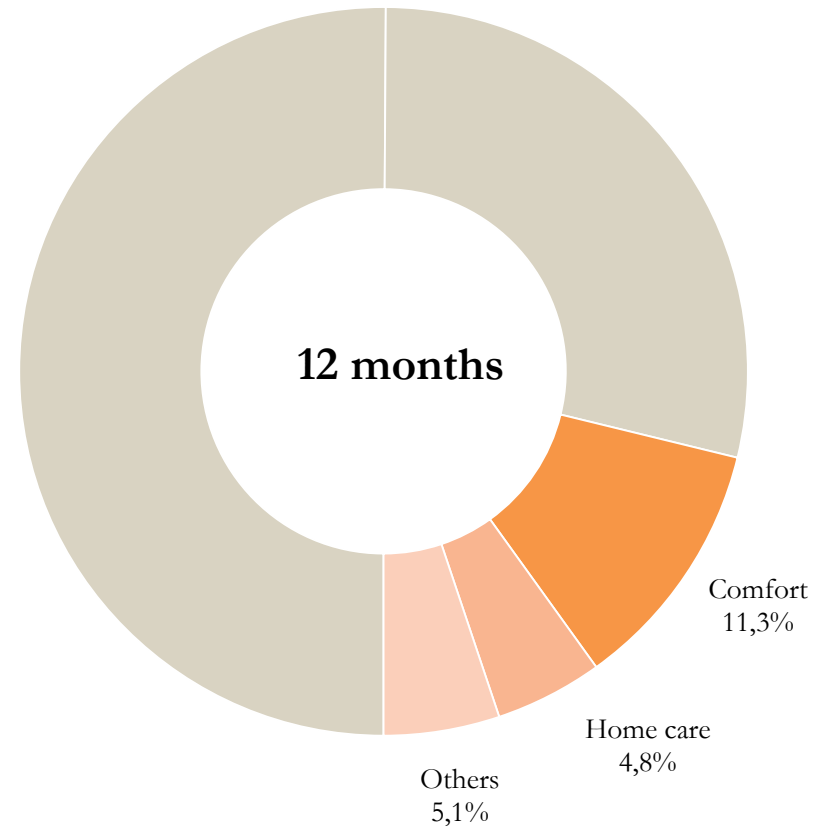
- Food preparation down mid single digit in FY, but we have witnessed a slightly better performance in Q4 (but still weak);
- in the Q4 some categories, like hand mixers and blenders, have shown a positive growth;
- in Q4, Kitchen machines were down low single digit.



Based on management accounts

Revenues by product: comfort & home care

- Home care products achieved a mid single digit growth in the 12 months, but slightly worsening over last 3 months;
- Comfort products in negative territory, affected by the impact of tariffs hikes on imported goods in the USA and by unfavourable weather conditions.



Based on management accounts

FY 2019 RESULTS

Revenues by region

<i>EUR million</i>	12 months 2019	<i>chg. %</i>	<i>organic chg. %</i>	4th Q 2019	<i>chg. %</i>	<i>organic chg. %</i>
North East Europe	601.5	8.9%	7.3%	241.5	7.3%	4.9%
South West Europe	823.4	1.2%	1.0%	312.8	4.2%	4.0%
EUROPE	1,424.9	4.3%	3.6%	554.4	5.5%	4.4%
APA (Asia/Pacific/Americas)	541.6	-4.3%	-6.7%	202.1	-2.9%	-4.9%
MEIA (MiddleEast/India/Africa)	139.6	-4.9%	-8.8%	46.0	2.6%	-0.6%
TOTAL REVENUES	2,106.1	1.3%	-0.1%	802.4	3.1%	1.6%

- the **South West Europe** region grew by 1% in the FY and 4% in Q4, led by France and Germany, while Italy and the Iberian region showed persistent weakness;
- **North-East Europe** grew +7.3% in the FY and +4.9% in Q4, thanks in particular to the double digit growth of Poland, Russia, Ukraine and Cis and, in the quarter, of Benelux. The UK market closed in negative territory, also due to a particularly weak quarter;
- **APA** region, showed a drop of -6.7% in the year and -4.9% in Q4, mainly because of discontinuities. Greater China area in Q4 had a strong expansion of the coffee machines;
- **MEIA** region down -8.8% in the year, but partially improving vs. the 9M, thanks substantially to an important recovery of Saudi Arabia in Q4.

FY 2019 RESULTS

Margins

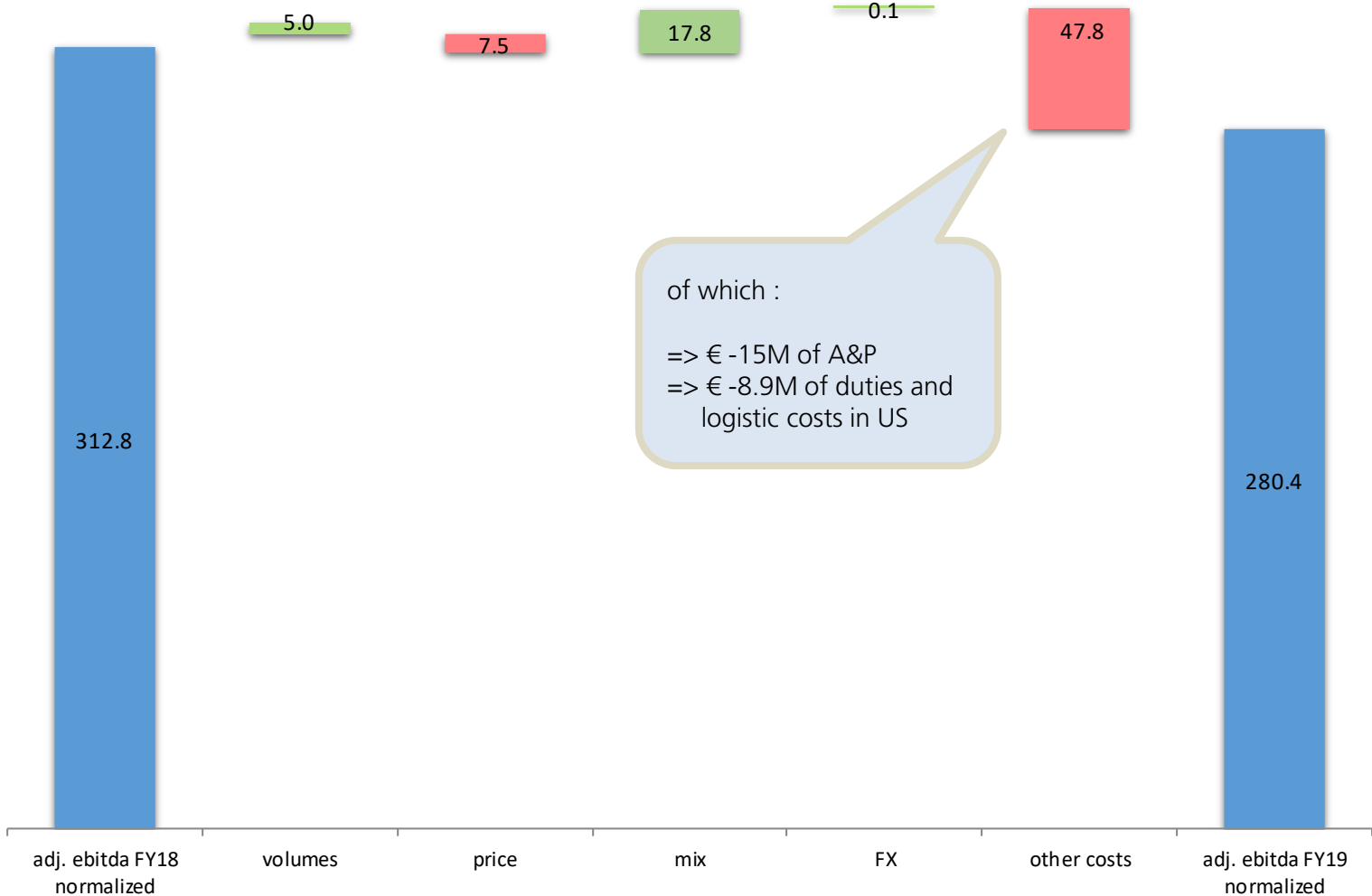
	12 months 2019*		4 th quarter 2019*		12 months		4th quarter	
	2019 "normalized"	2018	2019 "normalized"	2018	2019 "normalized"	2018	2019 "normalized"	2018
net ind. margin	990.2	374.3	995.2	990.7	379.3	373.1		
% of revenues	47.1%	46.9%	47.3%	47.7%	47.3%	48.0%		
adjusted Ebitda	295.3	137.4	280.4	312.8	137.3	150.7		
% of revenues	14.1%	17.2%	13.3%	15.1%	17.1%	19.4%		
Ebitda	289.2	135.8	274.3	304.5	135.7	147.4		
% of revenues	13.8%	17.0%	13.0%	14.7%	16.9%	18.9%		
Ebit	210.9	114.8	215.0	242.9	119.7	130.0		
% of revenues	10.0%	14.4%	10.2%	11.7%	14.9%	16.7%		
Net Income	161.0	89.2	161.7	183.9	89.4	101.9		
% of revenues	7.7%	11.2%	7.7%	8.8%	11.1%	13.1%		

* Including the effect of the application of the IFRS 16 accounting standard and of the reclassification of the financial discounts

- In 2019 the Ebitda margin was impacted by several elements, mainly the increase in COGS, the negative effect of the US duties and the rise of the A&P spending;
- in the 12 months, the US duties imposed on some product categories imported from China have affected the margins and the flow of goods requiring higher transportation costs;
- in Q4 the Group boosted the A&P spent, reaching 13.5% on revenues;

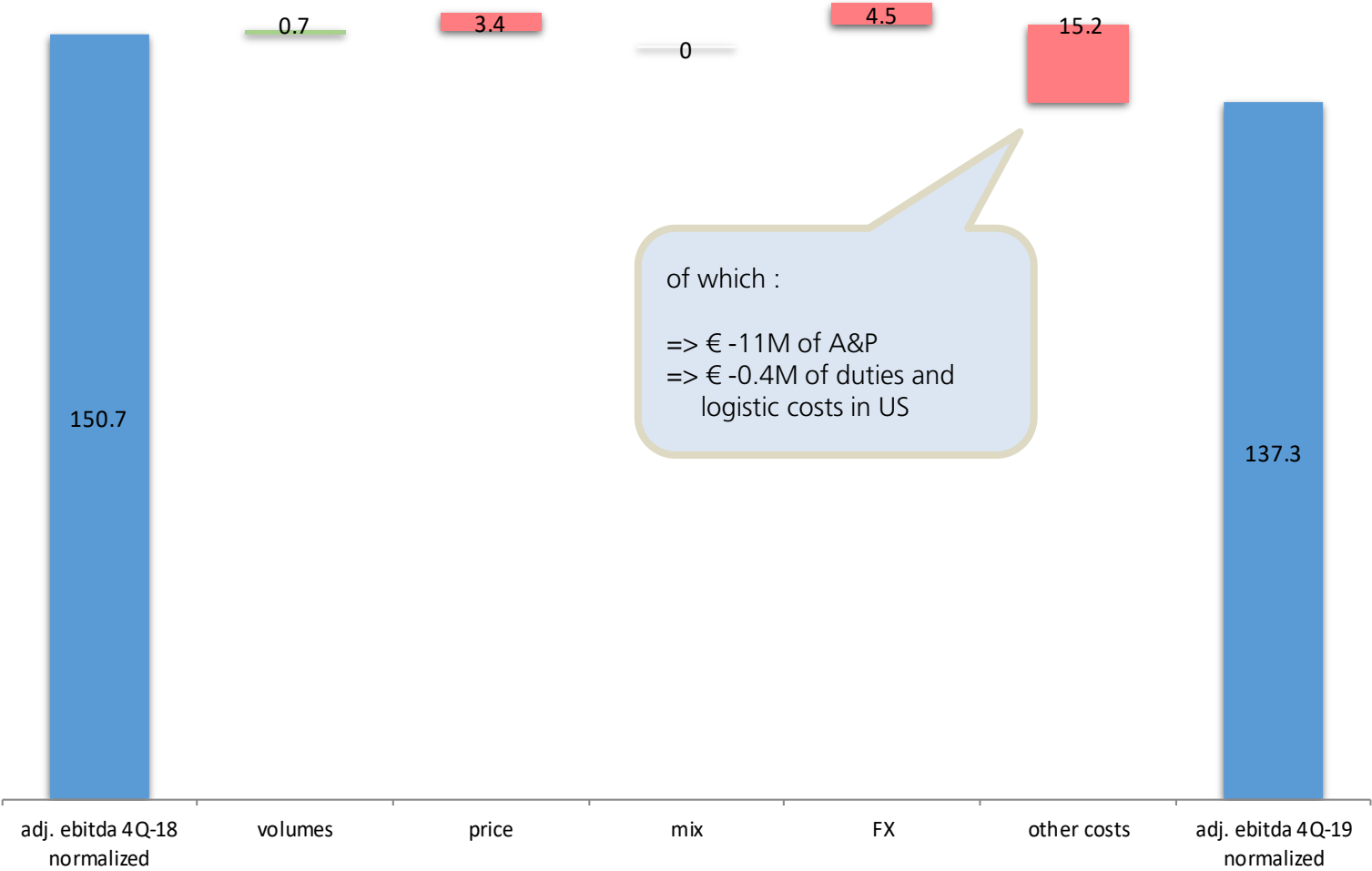
FY 2019 RESULTS

FY '19 adjusted Ebitda bridge (normalized)



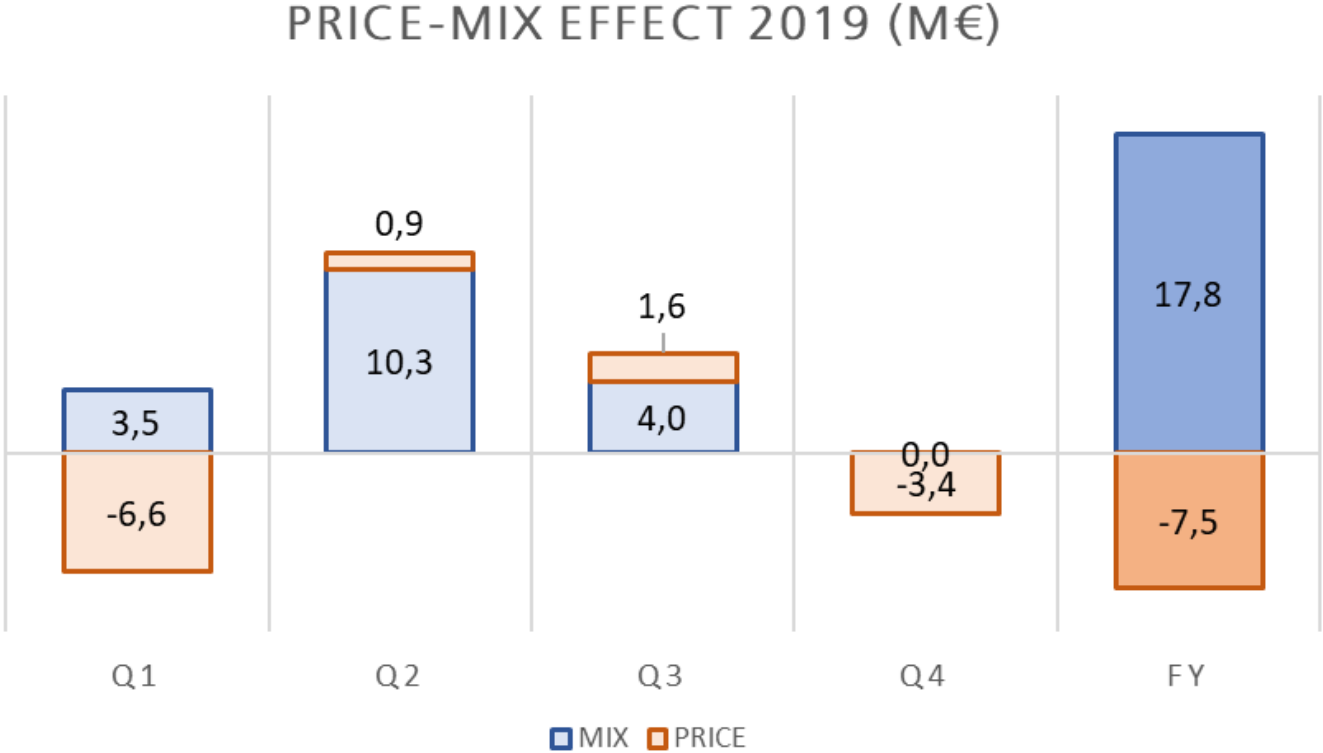
FY 2019 RESULTS

Q4 adjusted Ebitda bridge (normalized)



FY 2019 RESULTS

Price-Mix effect by quarter



Net Financial Position and working capital

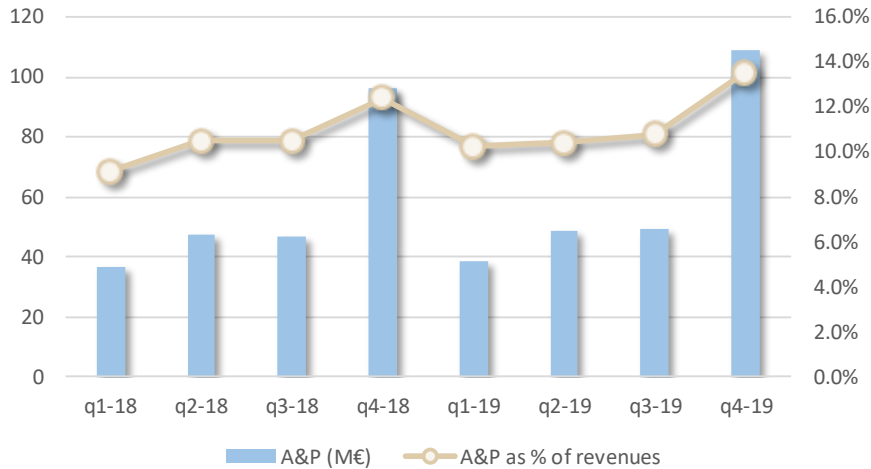
	31.12.2019 *	31.12.2019 normalized	31.12.2018	12 months change normalized
	<i>EUR million</i>	<i>EUR million</i>	<i>EUR million</i>	<i>EUR million</i>
Net debt / (Net Cash)	-277.8	-351.8	-228.1	-123.7
Net Equity	1,190.5	1,191.2	1,065.9	125.2
Net Working Capital	318.8	318.1	322.5	-4.4
N.W.C. / Revenues	15.2%	15.1%	15.5%	-0.4%

- The normalized free cash flow - before capex of € 62.1 M and dividends of € 55.3 M - stood at € 241.1 M in the FY (€ 204 M in 2018);
- The normalized net financial position as at December 31st, reached € 351,8 M, thanks to a strong cash generation provided by the operating activities and the slight improvement of the net working capital (NWC);
- The normalized NWC stood at € 318.1 M, slightly improving as a percentage of revenues from 15.5% (2018) to 15.1%, thanks also to the 61.3 M€ reduction of the inventory level.

FY 2019 RESULTS

A&P and Capex by quarter

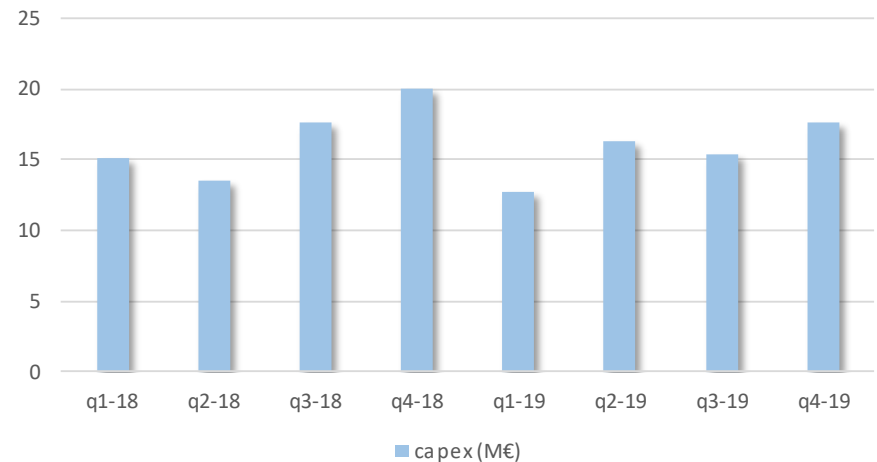
A&P by quarter



- In Q4 the Group boosted the A&P spending, reaching 13.5% of revenues (11.7% in the FY);
- the aim of the investment is to support and strengthen our brands' leadership in the main markets and product categories.

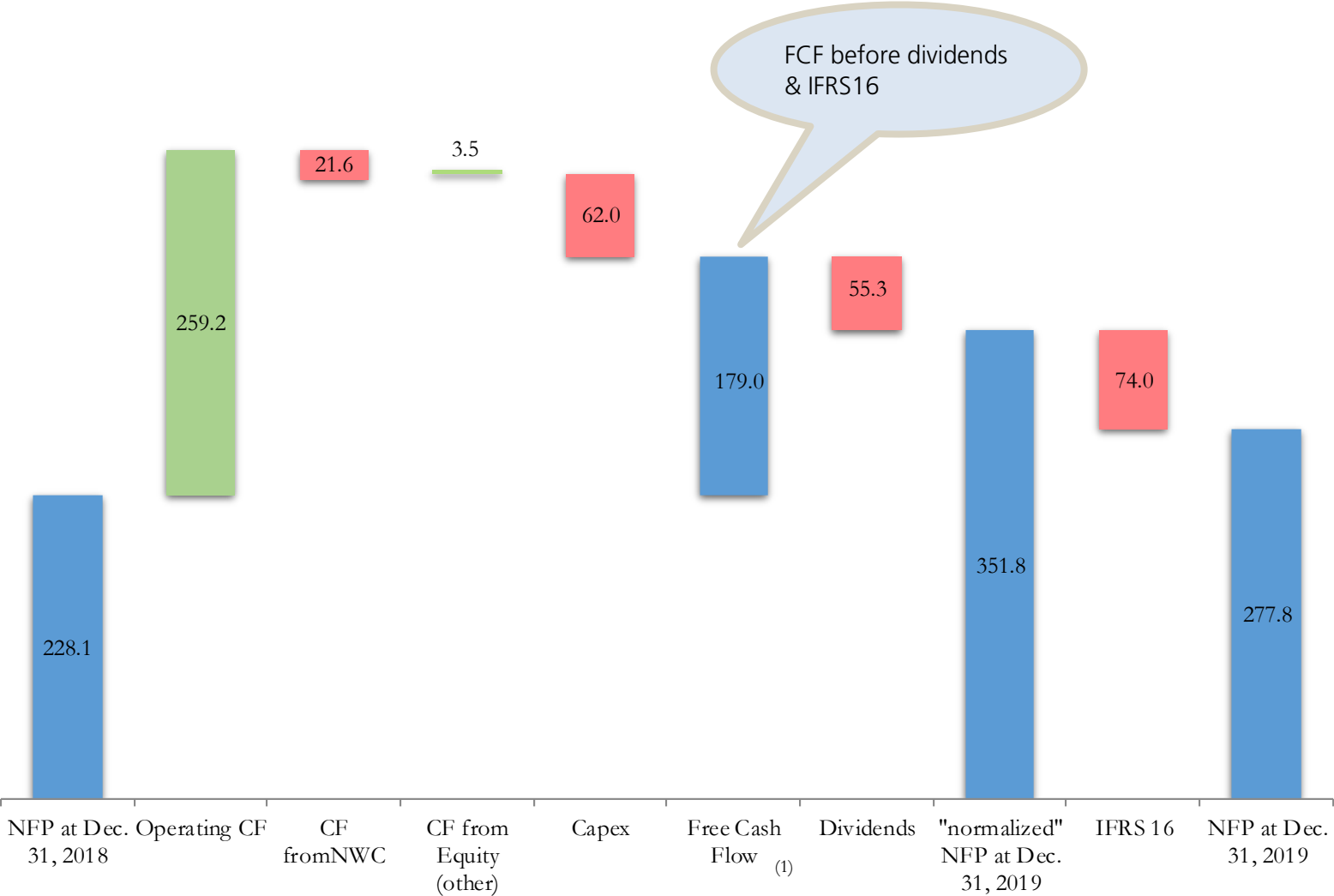
- In the FY Capex were slightly increasing vs. the previous year;
- in the last 2 years the investments are comprising the expansion of the HQ offices.

Capex by quarter



FY 2019 RESULTS

The net cash flow in the 12 months

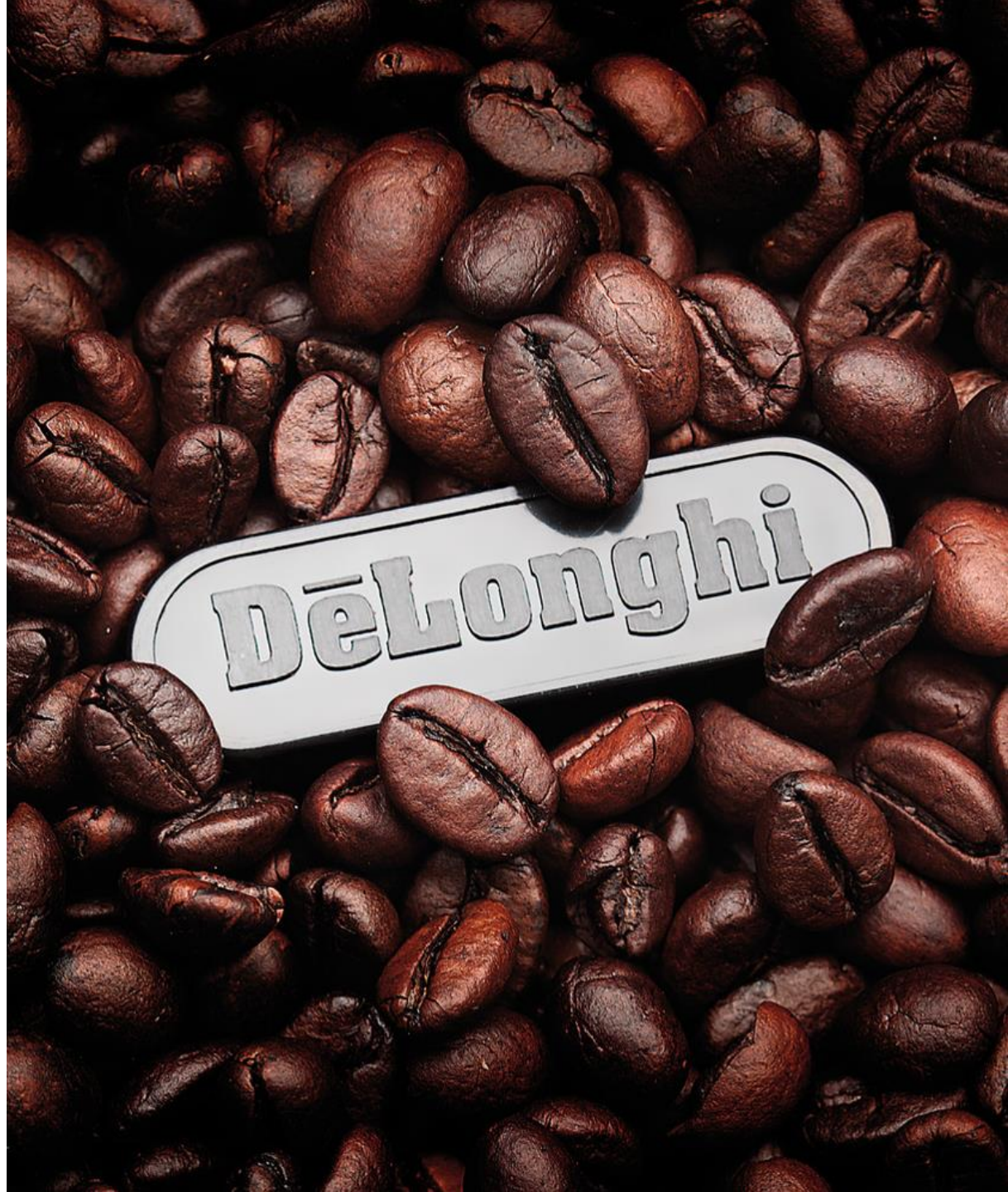


(1) Free Cash Flow before Dividends and Capex

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APPENDIX

Profit & loss 2017-2019 *

(Euro million)	"CONTINUING OPERATIONS"						"CONTINUING OPERATIONS"						NORMALIZED DATA					
	2017						2018						2019					
	Q1-17	Q2-17	H1	Q3-17	Q4-17	FULL YEAR	Q1-18	Q2-18	H1	Q3-18	Q4-18	FULL YEAR	Q1-19	Q2-19	H1	Q3-19	Q4-19	FULL YEAR
Revenues	385.1	431.6	816.7	421.7	734.4	1,972.8	402.6	452.1	854.7	445.6	778.1	2,078.4	376.4	469.1	845.5	458.2	802.4	2,106.1
% change y-o-y	6.3%	4.2%	5.1%	8.7%	7.7%	6.8%	4.5%	4.7%	4.6%	5.7%	5.9%	5.4%	-6.5%	3.8%	-1.1%	2.8%	3.1%	1.3%
net industrial margin	192.3	208.8	401.1	206.6	359.6	967.3	198.0	209.0	407.1	210.5	373.1	990.7	181.7	217.7	399.5	216.4	379.3	995.2
%	49.9%	48.4%	49.1%	49.0%	49.0%	49.0%	49.2%	46.2%	47.6%	47.2%	48.0%	47.7%	48.3%	46.4%	47.2%	47.2%	47.3%	47.3%
adjusted EBITDA	52.5	54.0	106.5	53.0	150.0	309.5	53.4	55.7	109.1	53.1	150.7	312.8	31.8	56.4	88.2	54.9	137.3	280.4
%	13.6%	12.5%	13.0%	12.6%	20.4%	15.7%	13.3%	12.3%	12.8%	11.9%	19.4%	15.1%	8.4%	12.0%	10.4%	12.0%	17.1%	13.3%
EBITDA	51.6	53.0	104.7	50.5	148.5	303.7	52.4	52.6	105.0	52.1	147.4	304.5	30.4	55.4	85.8	52.7	135.7	274.3
%	13.4%	12.3%	12.8%	12.0%	20.2%	15.4%	13.0%	11.6%	12.3%	11.7%	18.9%	14.7%	8.1%	11.8%	10.1%	11.5%	16.9%	13.0%
EBIT	38.9	38.9	77.9	35.3	132.2	245.4	39.3	38.6	77.9	35.0	130.0	242.9	16.4	41.1	57.5	37.9	119.7	215.0
%	10.1%	9.0%	9.5%	8.4%	18.0%	12.4%	9.7%	8.5%	9.1%	7.9%	16.7%	11.7%	4.3%	8.8%	6.8%	8.3%	14.9%	10.2%
Profit before Taxes	32.9	43.7	76.6	32.9	119.8	229.2	32.2	36.6	68.8	30.0	125.0	223.9	11.9	38.3	50.3	36.2	110.3	196.7
Taxes	(7.4)	(11.7)	(19.1)	0.4	(30.8)	(49.5)	(5.8)	(7.1)	(12.9)	(4.0)	(23.1)	(40.0)	(0.2)	(6.7)	(7.0)	(7.1)	20.8	(35.0)
Profit / (Loss) pertaining to the G.	25.5	32.0	57.5	33.3	89.0	179.8	26.4	29.5	55.9	26.0	101.9	183.9	11.7	31.6	43.3	29.1	89.4	161.7
%	6.6%	7.4%	7.0%	7.9%	12.1%	9.1%	6.6%	6.5%	6.5%	5.8%	13.1%	8.8%	3.1%	6.7%	5.1%	6.4%	11.1%	7.7%

* 2019 figures are **normalized**, i.e. they exclude the effects of the application of the IFRS 16 accounting standard and of classification of some financial discounts.

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THANK YOU.

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