

DēLonghi Group

FY 2020 RESULTS



DēLonghi Group



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Foreword

Since Oct. 1st 2019, some contributions 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 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 plans”
- **ForEx** or **FX** stand for Foreign Exchange Rates;
- “**M**” stands for million and “**bn**” stands for billion.
- **Normalized** stands for excluding the change of treatment of the financial discounts;
- **Organic** stands for net of Foreign Exchange Rates and hedging derivatives effects;
- **Q4** stands for forth quarter (September 30th – December 31st);
- **FY** stands for 12 months (January 1st – December 31st);
- **Reported** stands for official data including the application of IFRS-16 accounting standard and the change of treatment of the financial discounts; moreover, at year end the balance sheet includes the consolidation of Capital Brands Holdings Inc. and its subsidiaries, following the acquisition finalized on December 29th, 2020.

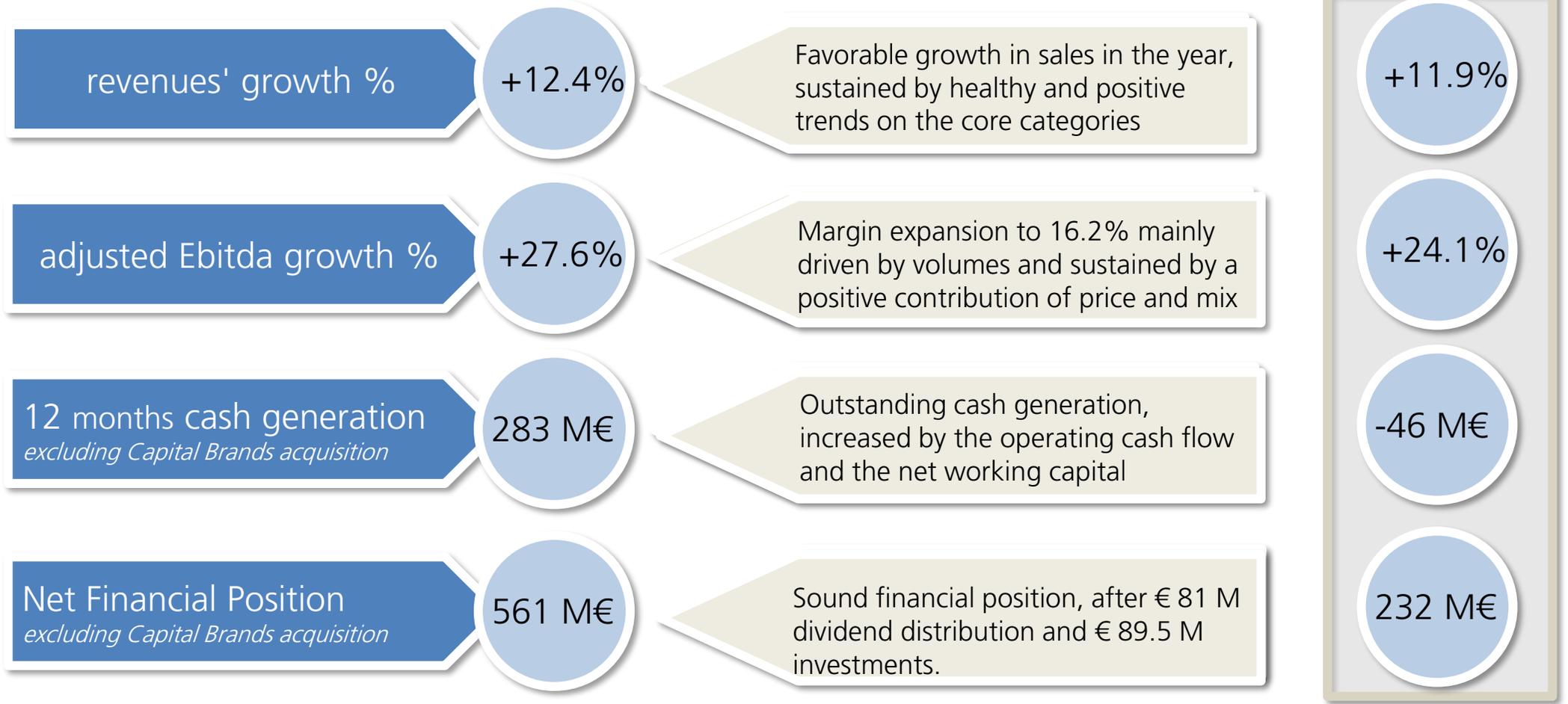
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- Full year 2020 results



FY 2020 RESULTS

HIGHLIGHTS (12 months normalized)



FY 2020 RESULTS

THE TOPLINE

(Eur million)

| | <i>reported</i> | <i>normalized</i> | | <i>normalized</i> | |
|----------------------|-----------------|-------------------|---------|-------------------|---------|
| | FY 2020 | FY 2020 | FY 2019 | Q4 2020 | Q4 2019 |
| Revenues | 2,351.3 | 2,368.1 | 2,106.1 | 883.4 | 802.4 |
| <i>change %</i> | 11.9% | 12.4% | | 10.1% | |
| <i>organic ch. %</i> | 13.8% | 14.3% | | 13.6% | |

- In the twelve months of 2020 the normalized revenues grew by 12.4%, expanding by 10.1% in the fourth quarter;
- All the regions were in positive territory in organic terms in the last quarter, confirming the positive developments seen in 2020 in the main geographies;
- The expansion was supported by the continuity in the trends already highlighted in the first months of the year, by the increased attention to the theme of the "home experience" and by the investments in communication and innovation planned over the past quarters.

FY 2020 RESULTS

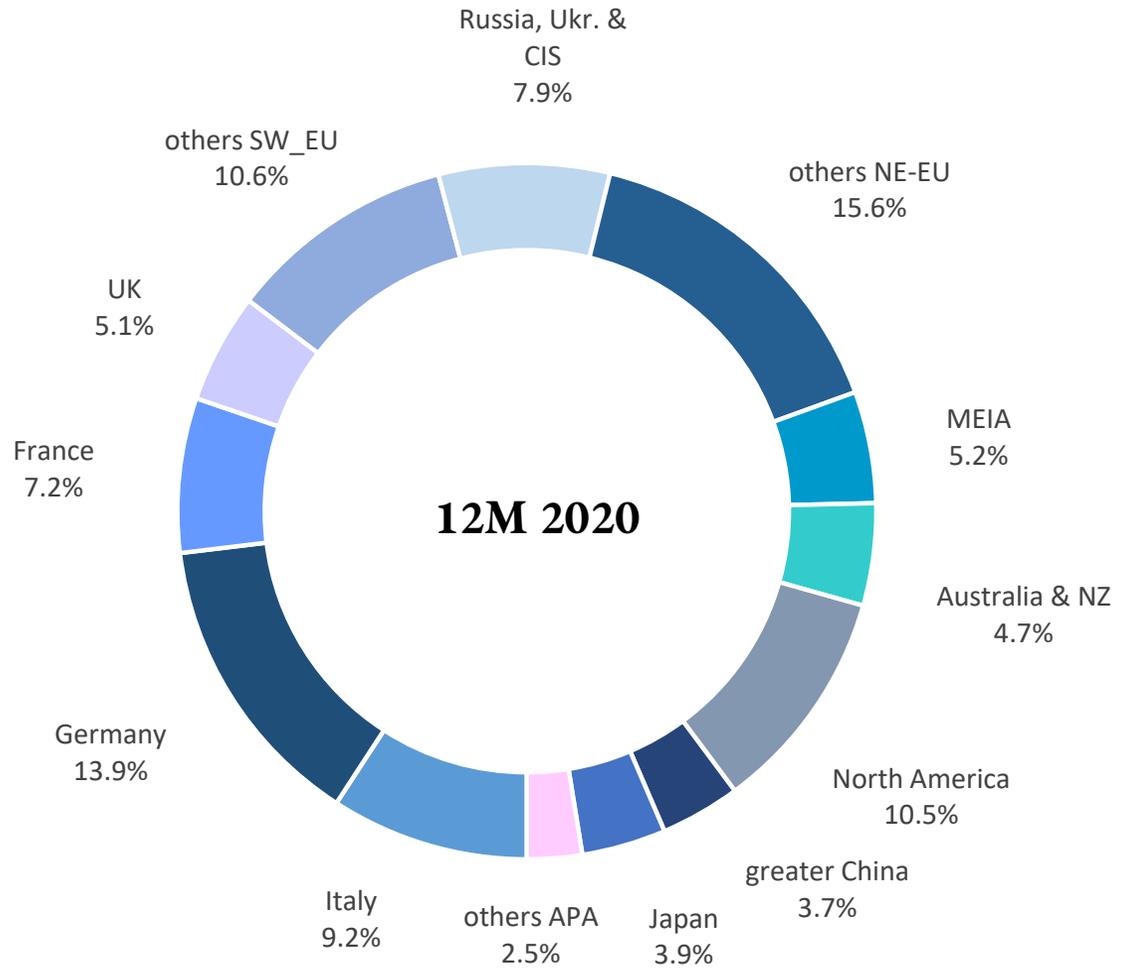
REVENUES BY REGION

| <i>Normalized figures - EUR million</i> | FY 2020 | chg. % | organic chg. % | Q4-2020 | chg. % | organic chg. % |
|---|--------------|---------------|----------------|------------|--------------|----------------|
| South West Europe | 967 | 17.4% | 17.2% | 353 | 12.7% | 12.5% |
| North East Europe | 677 | 12.6% | 16.7% | 271 | 12.0% | 19.0% |
| EUROPE | 1,644 | 15.4% | 17.0% | 623 | 12.4% | 15.3% |
| MEIA (MiddleEast/India/Africa) | 123 | -12.0% | -9.4% | 44 | -3.6% | 2.0% |
| APA (Asia/Pacific/Americas) | 601 | 11.0% | 13.5% | 216 | 6.9% | 11.3% |
| TOTAL REVENUES | 2,368 | 12.4% | 14.3% | 883 | 10.1% | 13.6% |

- **South-West Europe** grew in the 12 months driven by a double digit performance of Germany, France, Switzerland and Spain and Portugal;
- The **North-East Europe area** witnessed a solid trend at a double digit pace both in the quarter and in the twelve months, supported by the important development in both periods of UK, Russia-Ukraine-CIS, Scandinavia-Finland;
- the **APA area (Asia-Pacific-Americas)** posted a double-digit expansion in organic terms in both periods analyzed; in the twelve months it is worth noting a growth in the twenties for China and Hong Kong, Australia and New Zealand, while Japan and North America recorded a high single digits performance in the same period;
- the **MEIA area** was in negative territory in the year, although in the last two quarters it showed a partial recovery in organic terms.

FY 2020 RESULTS

REVENUES BY MARKET *(normalized)*



MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT

Germany, France, UK, Poland, Spain & Portugal, Australia & New Zealand, China & HK

UP SINGLE DIGIT

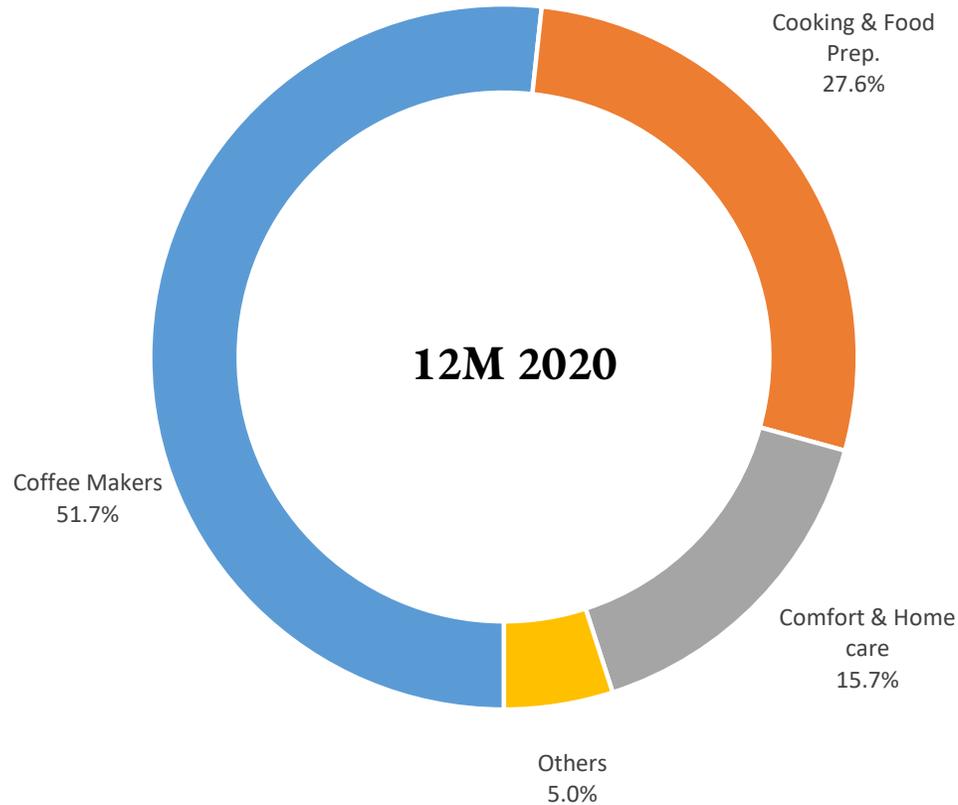
US & Canada, Italy, Japan

DOWN

Saudi Arabia, Czech Republic & Slovakia & Hungary

FY 2020 RESULTS

REVENUES BY PRODUCT *(normalized)*



MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT

full-auto machines,
manual pump machines,
kitchen machines,
air conditioning, vacuum
cleaner

UP SINGLE DIGIT

Food processor, toaster,
single serve systems

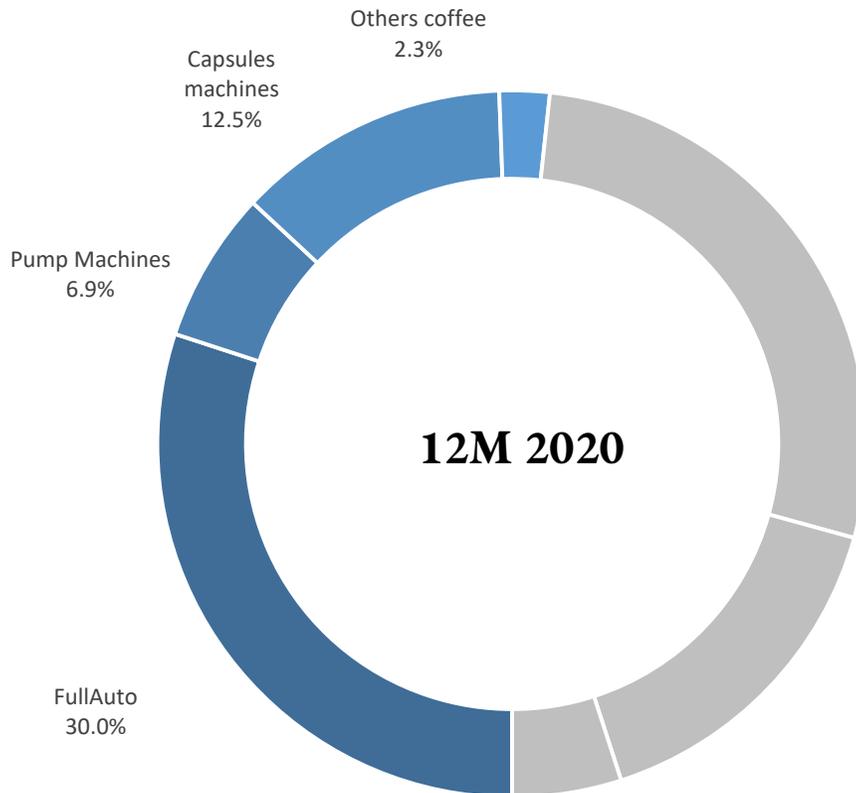
DOWN

portable heaters, deep
fryers, water kettle

Based on management accounts

FY 2020 RESULTS

REVENUES BY PRODUCT: COFFEE MAKERS *(normalized)*

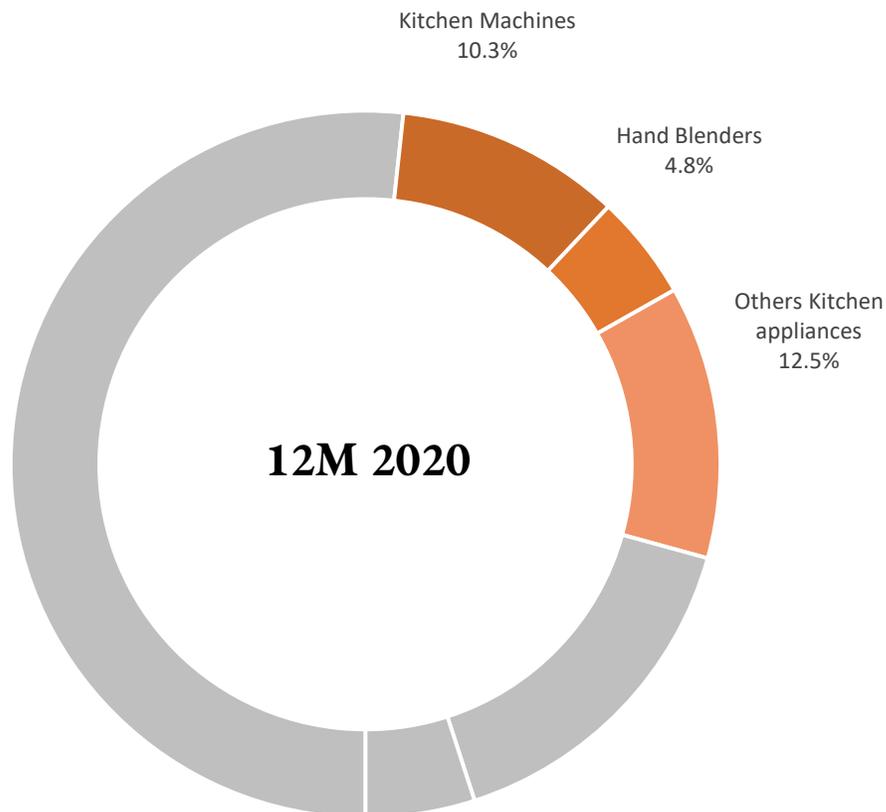


The coffee sector (52% of revenues) achieved double-digit growth in organic terms both in the 12 months and in the 4th quarter:

- full-auto machines, growing in the twenties;
- manual machines growing in the high-teens;
- the capsule systems also growing, but at lower pace.

FY 2020 RESULTS

REVENUES BY PRODUCT: FOOD PREPARATION *(normalized)*

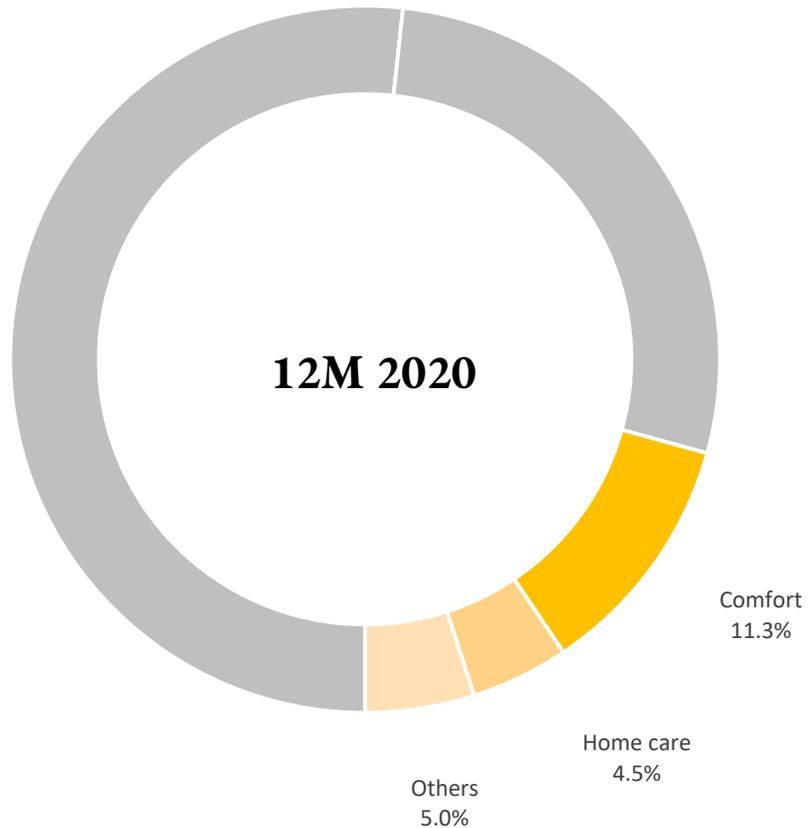


The cooking and food preparation segment delivered normalized high single digit growth in both periods analyzed:

- outstanding performance of the Kitchen machines, growing in the twenties;
- positive contribution from Food processors and Toasters, accelerating in the last months.

FY 2020 RESULTS

REVENUES BY PRODUCT: COMFORT & HOME CARE *(normalized)*



The segments closed the 12 months in positive territory:

- the comfort segment achieved double digit growth rate, thanks to the brilliant performance of air conditioning and products related to air treatment;
- the home care business unit achieved high single digit growth in the year, boosted by the rebound of vacuum cleaner products in the 4th quarter.

FY 2020 RESULTS

MARGINS

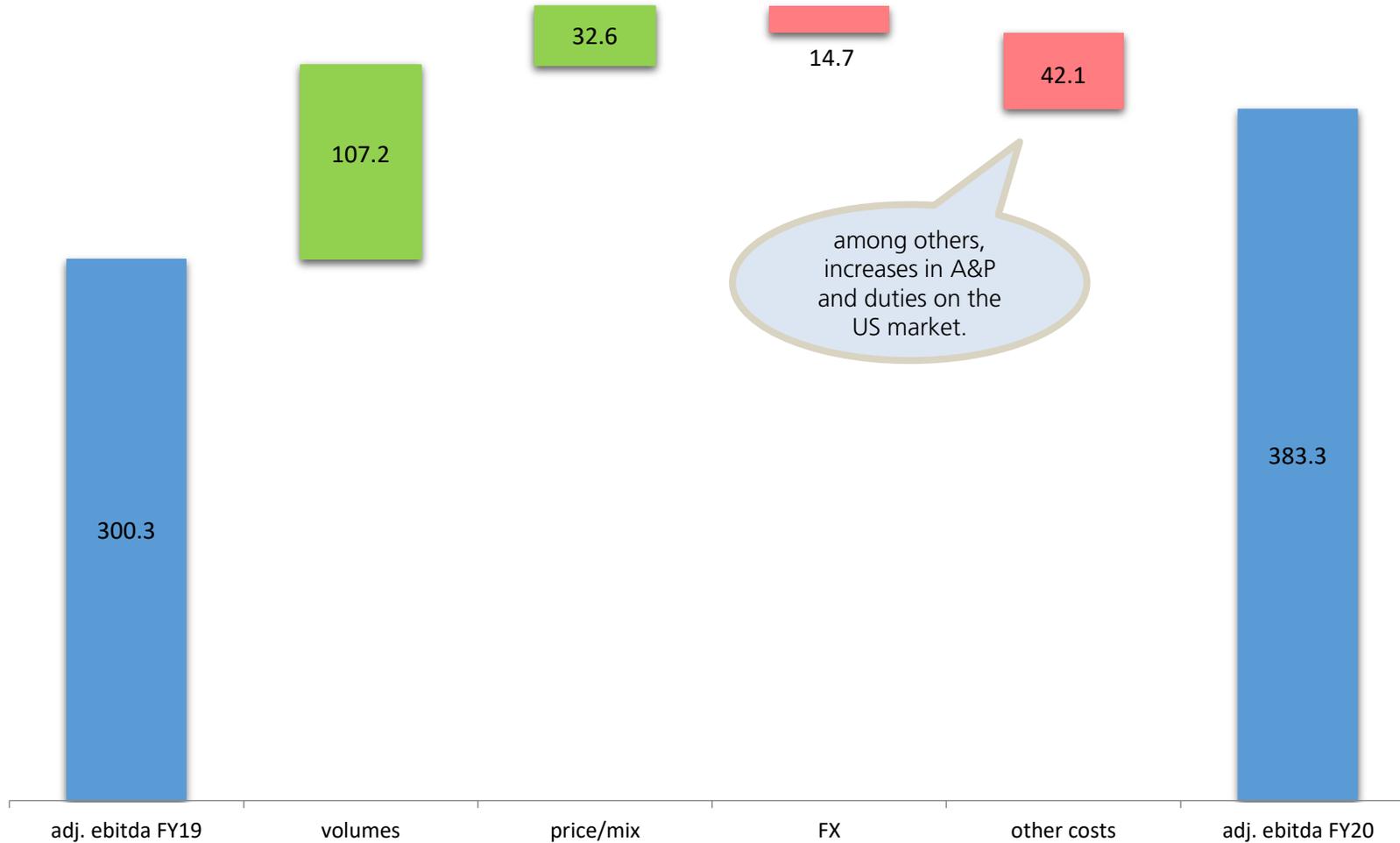
(Eur million)

| | <i>reported</i> | <i>normalized</i> | | <i>normalized</i> | |
|----------------------------|-----------------|-------------------|---------|-------------------|---------|
| | FY 2020 | FY 2020 | FY 2019 | Q4 2020 | Q4 2019 |
| net ind. margin | 1,157.1 | 1,173.9 | 995.2 | 440.8 | 379.3 |
| <i>% of revenues</i> | 49.2% | 49.6% | 47.3% | 49.9% | 47.3% |
| adjusted Ebitda | 366.5 | 383.3 | 300.3 | 163.3 | 142.4 |
| <i>% of revenues</i> | 15.6% | 16.2% | 14.3% | 18.5% | 17.7% |
| Ebit | 262.0 | 278.8 | 215.9 | 124.9 | 119.8 |
| <i>% of revenues</i> | 11.1% | 11.8% | 10.3% | 14.1% | 14.9% |
| adjusted Net Income | 218.0 | 218.0 | 165.7 | 107.7 | 90.2 |
| <i>% of revenues</i> | 9.3% | 9.2% | 7.9% | 12.2% | 11.3% |

- In 2020 the margins were boosted by a strong expansion of volumes and by a positive price-mix, leading to the expansion of the adjusted Ebitda in each quarter of the year.
- the robust improvement in the margins was achieved despite higher investments in marketing and communication, which reached an incidence of 12.4% of sales (compared to 11.7% in 2019).

FY 2020 RESULTS

FY 2020 ADJUSTED EBITDA BRIDGE (normalized)



FY 2020 RESULTS

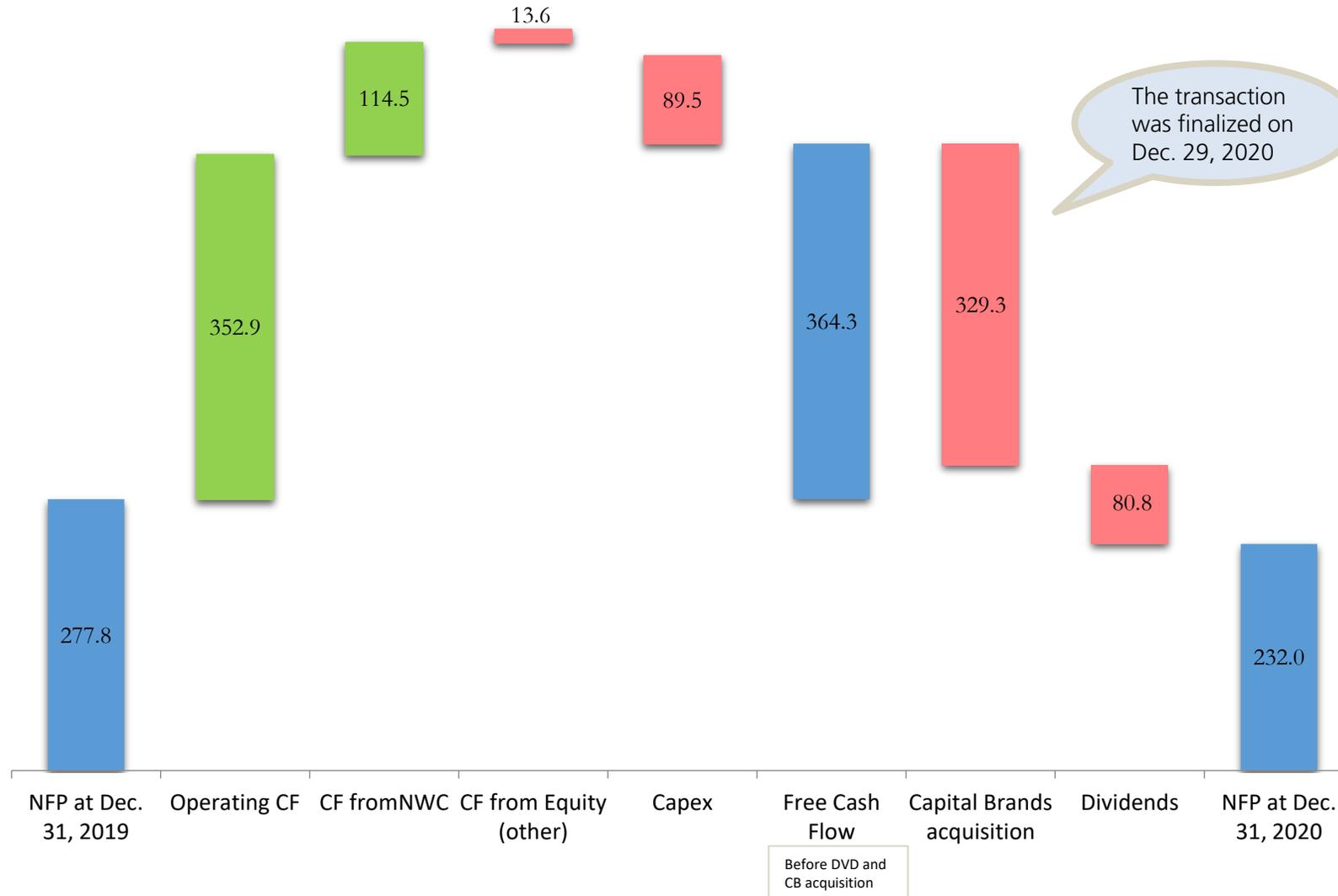
BALANCE SHEET

| <i>EUR million</i> | <i>reported</i> | <i>reported</i> | <i>Change</i> | <i>before CB acquisition</i> | <i>Change</i> |
|------------------------------|----------------------|----------------------|---------------|------------------------------|---------------|
| | Dec. 31, 2020 | Dec. 31, 2019 | | Dec. 31, 2020 | |
| Net Working Capital | 96.2 | 318.8 | -222.6 | 91.3 | -227.5 |
| Net Equity | 1,267.4 | 1,190.5 | 76.9 | 1,267.4 | 76.9 |
| Net debt / (Net cash) | 232.0 | 277.8 | -45.8 | 561.3 | 283.5 |
| N.W.C. / Revenues | 4.1% | 15.2% | -11.1 pp | 3.9% | -11.3 pp |

- The reported net financial position stood at € 232 M or € 561.3 M before the acquisition of Capital Brands (amounting to € 329.3 M). Cash generation, excluding the acquisition and the payment of dividends of € 80.8 M, amounted to € 364.3 M.
- investments of the year amounted to € 89.5 M, of which € 8.8 M related to investments in leased assets.
- net working capital was significantly improved, thanks to a positive performance of the aggregate of trade receivables and payables and inventories developing under control, in line with the strong trend of the business.

FY 2020 RESULTS

THE NET CASH FLOW OF THE YEAR *(reported)*



FY 2020 RESULTS

2021 OUTLOOK AND GUIDANCE

Massimo Garavaglia, Group C.E.O.:

"From the point of view of sales, the start of the year was extraordinarily strong, at a rate of growth, on a like-for-like basis, foreseen for the first quarter at around 50%. This evidence leads us to estimate the organic growth of revenues for 2021, also including the acquired Capital Brands, in the range 22% - 26% (i.e. in the area 12% - 15% on a like-for-like basis). This important growth will allow us to continue to reinvest a portion of the operating margin in our support plans for product innovation, brand communication and strengthening of the digital strategy aimed at a sustainable growth, while allowing us to achieve an adjusted Ebitda for the new perimeter substantially in line with 2020 as a percentage of revenues "

**FY 2021
guidance**

**Organic revenues growing
between 22% and 26%
(including Capital Brands)**

**Adjusted Ebitda substantially
in line with 2020 as a
percentage of revenues
(including Capital Brands)**

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