



**KENWOOD**

**BRAUN**

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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 1<sup>st</sup>, 2019.*

*For comparative purposes, in some cases, the figures herein presented are "**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.*

## Definitions & assumptions

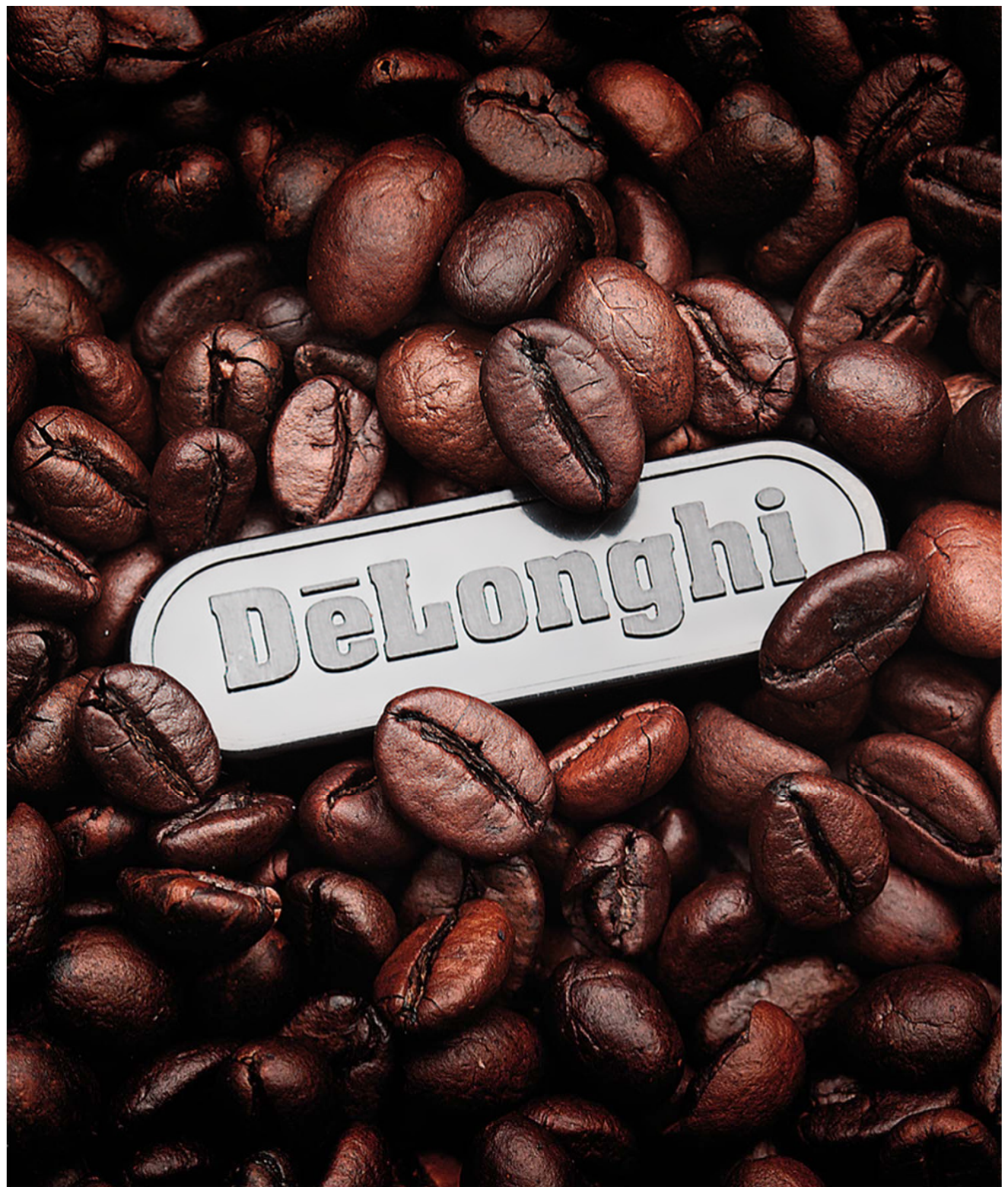
*In this presentation:*

- **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;
- **Organic** stands for effect net of ForEx and hedging derivatives;
- **Q2** stands for second quarter (April 1st – June 30), **H1** stands for first six months (January 1st – June 30), **FY** stands for full year (January 1st – December 31);
- **Reported** stands for official data following the application of IFRS-16 accounting standard.



# **CONTENTS**

- 1<sup>st</sup> Half 2019 Results
- Appendix



# 1<sup>st</sup> HALF 2019 RESULTS

## HIGHLIGHTS

### In Q2 2019:

- **Revenues** up 3.8% to € 469.1 M (+ 2.1% organic), driven by full-auto and pump espresso machines, plus comfort and home care categories;
- **Adjusted EBITDA** up to € 61,3 M (equal to 13.1% of revenues) and to € 56.4 M normalized (equal to 12% of revenues);
- **Net Income** up to € 31.5 M (€ 31.6 M normalized);

### In H1 2019:

- **Revenues** slightly down by -1.1%, due to some discontinuity highlighted in the first quarter results;
- **Adjusted EBITDA** down to € 97.8 M (€ 88.2 M normalized), due to a weak first quarter (highly impacted by negative discontinuities and one-offs), only partially compensated by a favourable second quarter.
- **Net Income** equal to € 42.8 M (€ 43.3 normalized);
- positive **Net Financial Position** improving in the six months to € 183.1 M on normalized values; after applying the IFRS-16 standard (a negative accounting effect of € 77.7 M), the NFP is reduced to € 105.5 M.

# 1<sup>st</sup> HALF 2019 RESULTS

## THE TOPLINE

### THE 6 MONTHS

<i>EUR million</i>	<b>H1-2019</b>	<b>H1-2018</b>	<i>change</i>	<i>change %</i>	
<b>Net Revenues</b>	<b>845,5</b>	<b>854,7</b>	<b>-9,2</b>	<b>-1,1%</b>	<b>-2,5% organic</b>

### THE 2ND QUARTER

<i>EUR million</i>	<b>Q2-2019</b>	<b>Q2-2018</b>	<i>change</i>	<i>change %</i>	
<b>Net Revenues</b>	<b>469,1</b>	<b>452,1</b>	<b>17,0</b>	<b>3,8%</b>	<b>+2,1% organic</b>

- the 6 months' revenues decline was the results of combining a weak Q1, highly impacted by temporary / one-off negative effects, and a favourable Q2;
- the Q2 revenues grew by 3.8%, but in organic terms the expansion has been +2.1%;
- the resumption of growth in Q2 is marking a turning point in the development of the year and in light of the FY guidance.

# 1<sup>st</sup> HALF 2019 RESULTS

## REVENUES BY REGION

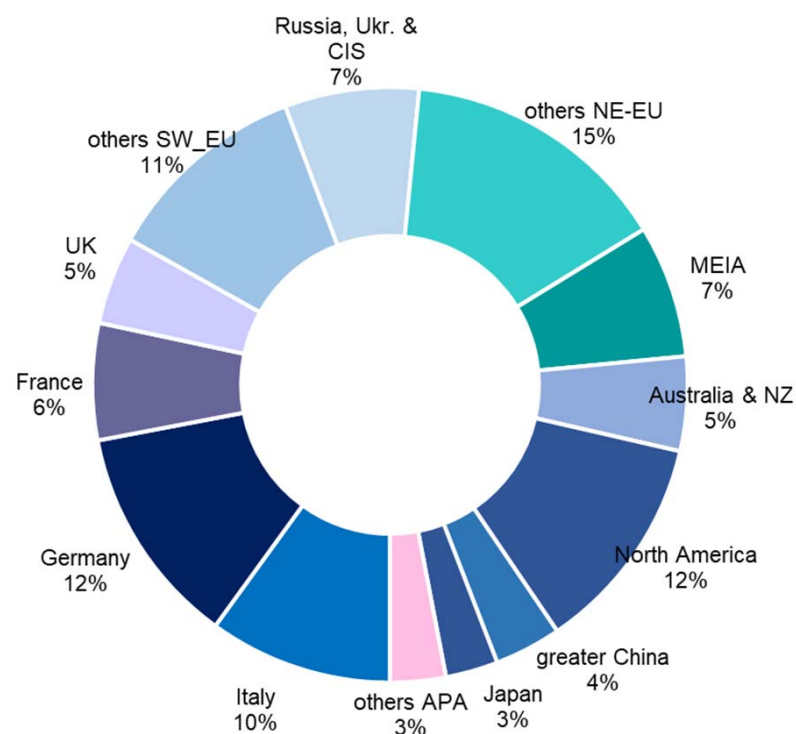
<i>EURO milioni</i>	<b>1° semestre 2019</b>	<i>var. %</i>	<i>var. % organica</i>	<b>2° trimestre 2019</b>	<i>var. %</i>	<i>var. % organica</i>
North East Europe	226,0	10,7%	10,2%	118,6	16,8%	15,1%
South West Europe	334,2	-3,7%	-3,9%	179,4	-1,6%	-1,8%
<b>EUROPE</b>	560,2	1,6%	1,3%	298,0	5,0%	4,3%
<b>APA (Asia/Pacific/Americas)</b>	224,3	-5,9%	-9,3%	137,3	2,0%	-1,0%
<b>MEIA (MiddleEast/India/Africa)</b>	61,0	-6,0%	-10,3%	33,8	0,7%	-3,6%
<b>TOTALE RICAVI</b>	<b>845,5</b>	<b>-1,1%</b>	<b>-2,5%</b>	<b>469,1</b>	<b>3,8%</b>	<b>2,1%</b>

- **South-West Europe:** Q2 delivered a growth recovery in all main markets, except Switzerland and Austria;
- **North-East Europe:** growing in both quarters, with strong (double digit) growth of UK in Q2;
- **APA:** contrasting results, with greater China suffering from capsule systems and cooking weakness, while the US & Canada market grew double digits pushed by the coffee makers;
- **MEIA:** still a weak and very volatile region.



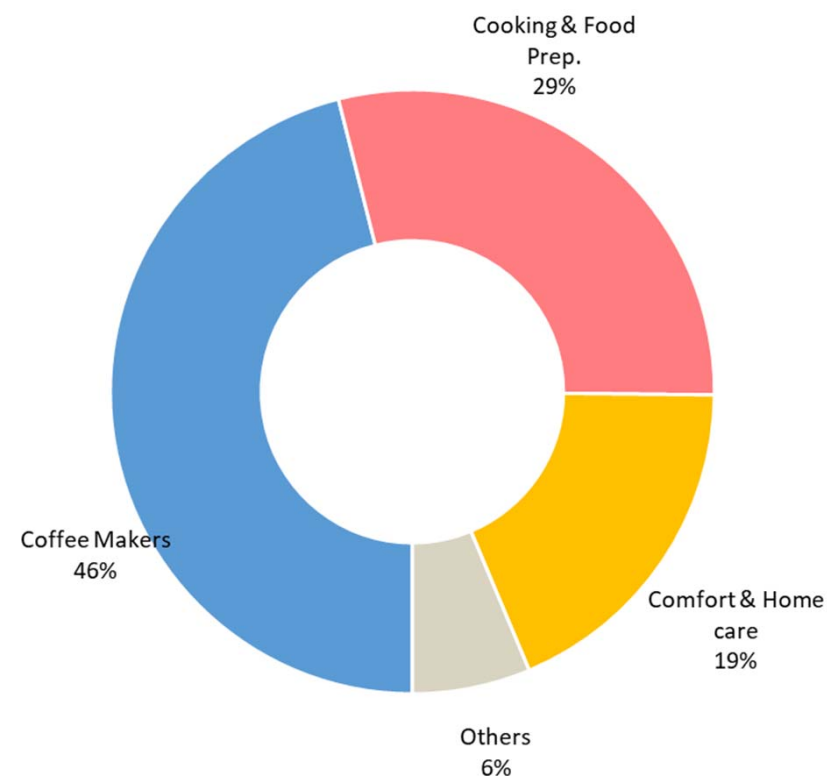
# 1<sup>st</sup> HALF 2019 RESULTS

## REVENUES BY MARKET & PRODUCT: THE 6 MONTHS



### MAIN ORGANIC UPS & DOWNS

<b>GROWING DOUBLE DIGIT</b>	FRANCE, RUSSIA-UKR-CIS, POLAND
<b>GROWING SINGLE DIGIT</b>	BENELUX, UK,
<b>DOWN</b>	ITALY, MEIA, USA, AUSTRALIA, GR. CHINA



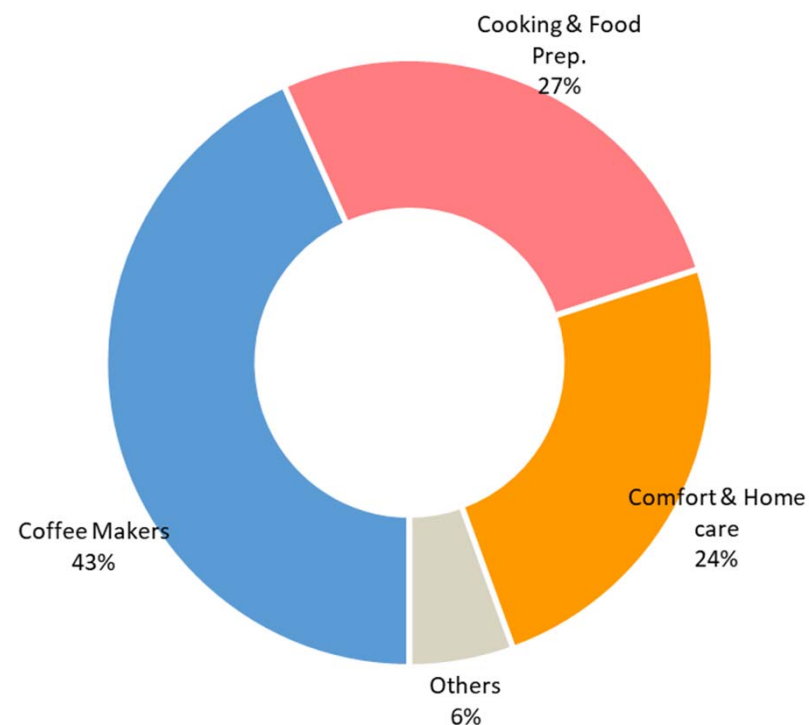
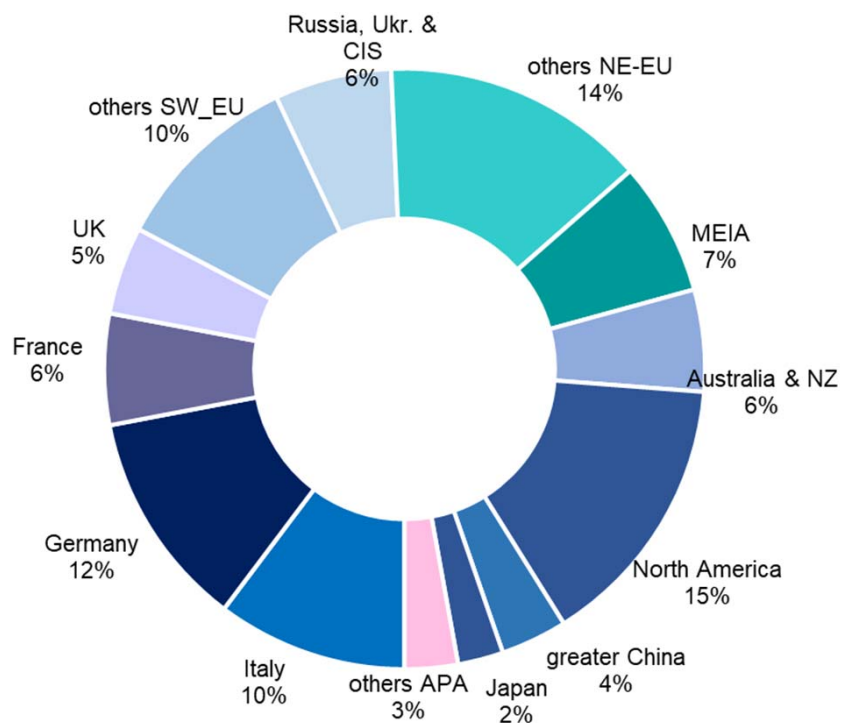
### MAIN ORGANIC UPS & DOWNS

<b>GROWING DOUBLE DIGIT</b>	PUMP ESPRESSO, HOME CARE
<b>GROWING SINGLE DIGIT</b>	FULL-AUTO
<b>DOWN</b>	CAPSULES, FOOD PREPARATION



# 1<sup>st</sup> HALF 2019 RESULTS

## REVENUES BY MARKET & PRODUCT: THE 2<sup>ND</sup> QUARTER



### MAIN ORGANIC UPS & DOWNS

<b>GROWING DOUBLE DIGIT</b>	FRANCE, POLAND, UK, USA,
<b>GROWING SINGLE DIGIT</b>	GERMANY, ITALY, RUSSIA, BENELUX, JAPAN
<b>DOWN</b>	SWITZERLAND, MEIA, GR. CHINA, IBERIA

### MAIN ORGANIC UPS & DOWNS

<b>GROWING DOUBLE DIGIT</b>	FULL-AUTO, PUMP, HOME CARE, A/C, HEATING
<b>GROWING SINGLE DIGIT</b>	AIR TREATMENT
<b>DOWN</b>	CAPSULES, KITCHEN M, OTHER FOOD PREP.

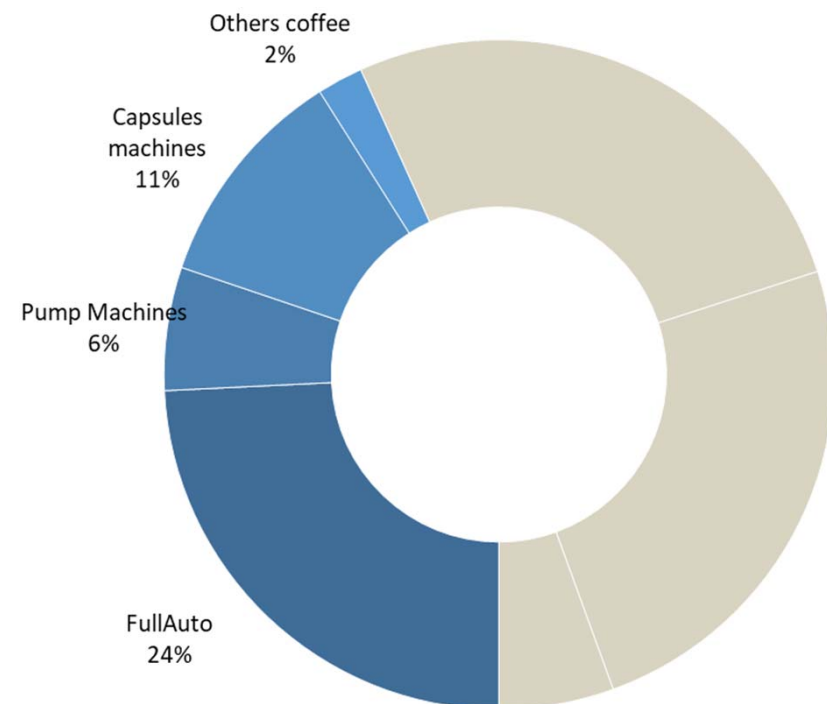
# 1<sup>st</sup> HALF 2019 RESULTS

## REVENUES BY PRODUCT: COFFEE MAKERS

### 2<sup>ND</sup> QUARTER

in Q2:

- full auto up more > 10%;
- manual pump machines up double digit (like in Q1);
- capsule systems down due to increasing competition, cue effects of discontinuities of Q1 and decreasing commitment of Nestlé on Dloce Gusto.



*Based on management accounts*

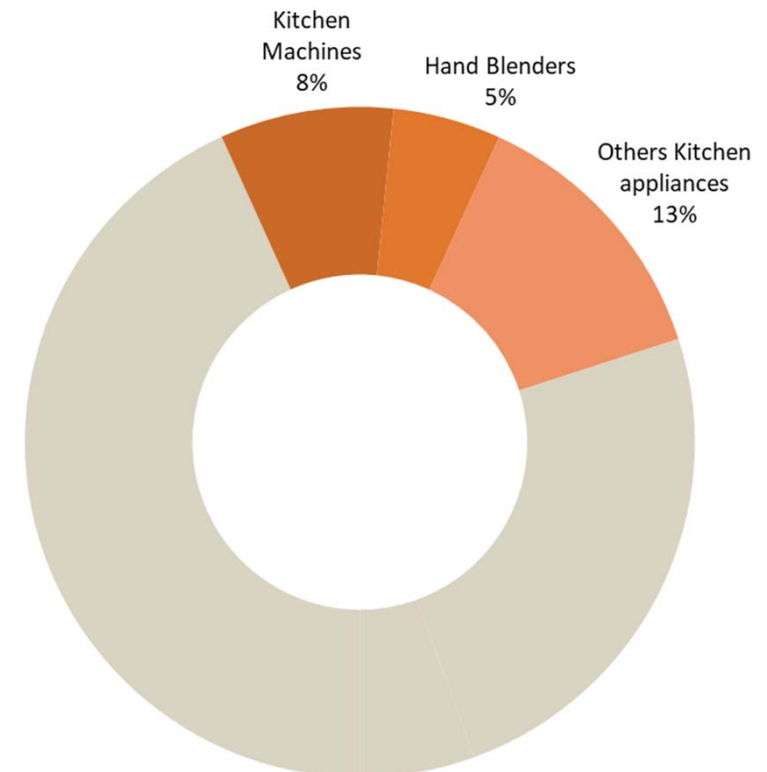
# 1<sup>st</sup> HALF 2019 RESULTS

## REVENUES BY PRODUCT: FOOD PREPARATION

### 2<sup>ND</sup> QUARTER

in Q2:

- Kitchen machines down low single digit;
- deep fryers in strong growth;
- all other categories in negative territory.



*Based on management accounts*

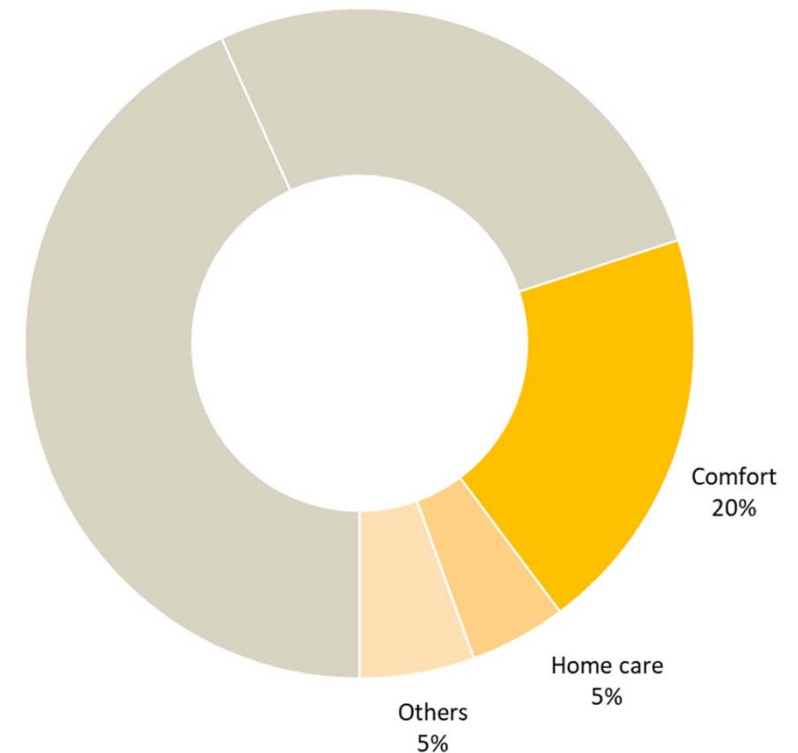
# 1<sup>st</sup> HALF 2019 RESULTS

## REVENUES BY PRODUCT: COMFORT & HOME CARE

### 2<sup>ND</sup> QUARTER

In Q2:

- both air conditioning and heating growing double digit;
- home care up double digit driven by Braun's ironing category.



*Based on management accounts*



# 1<sup>st</sup> HALF 2019 RESULTS

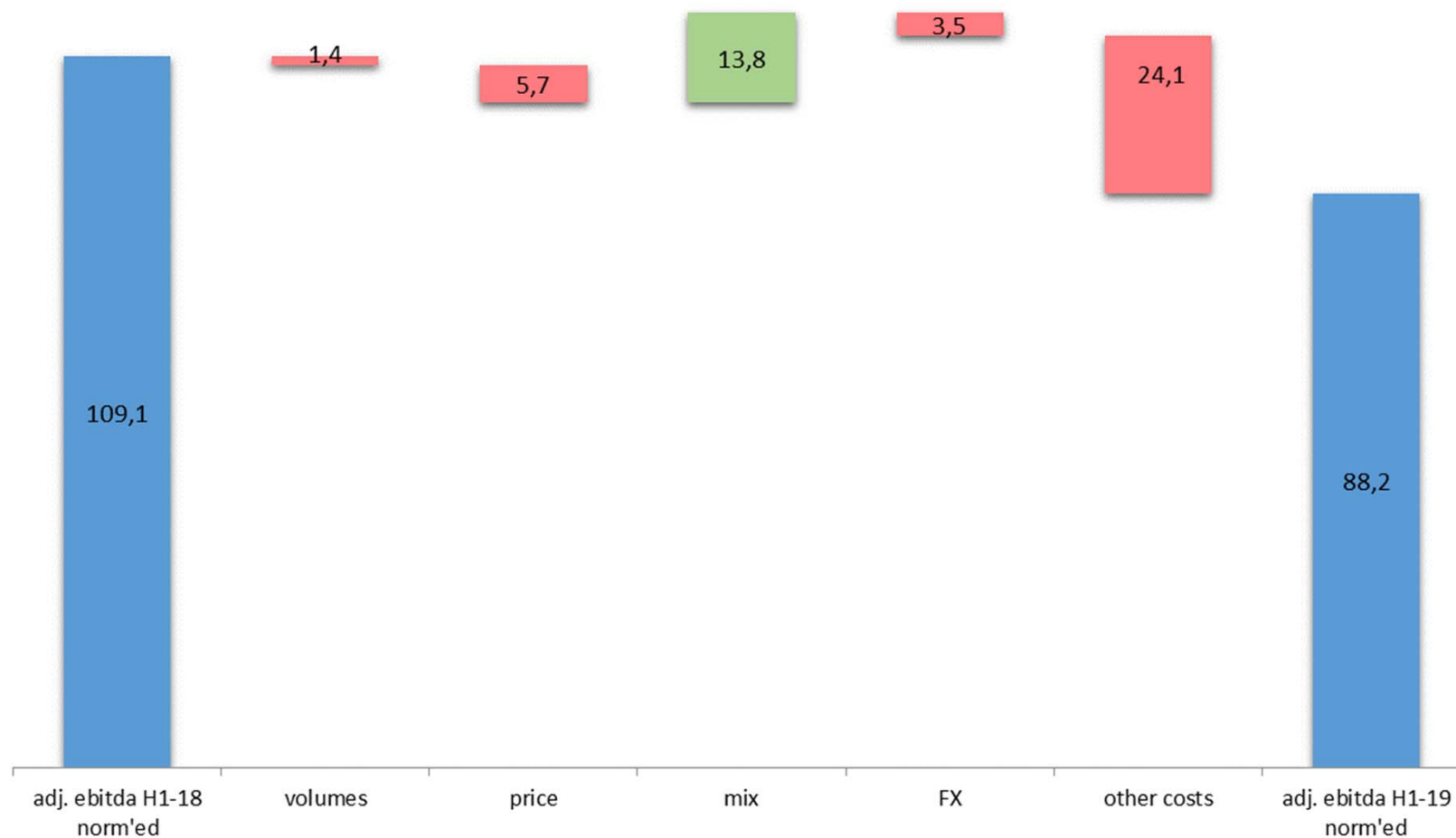
## MARGINS: THE 6 MONTHS

	reported	normalized		normalized	normalized
	H1-2019	H1-2019	H1-2018	change	change %
<b>Net Ind. Margin</b>	<b>399,5</b>	<b>399,5</b>	<b>407,1</b>	<b>-7,6</b>	<b>-1,9%</b>
<i>% of sales</i>	<i>47,2%</i>	<i>47,2%</i>	<i>47,6%</i>	<b>-0,4 pp</b>	
<b>adjusted EBITDA</b>	<b>97,8</b>	<b>88,2</b>	<b>109,1</b>	<b>-20,9</b>	<b>-19,2%</b>
<i>% of sales</i>	<i>11,6%</i>	<i>10,4%</i>	<i>12,8%</i>	<b>-2,3 pp</b>	
<b>EBIT</b>	<b>58,0</b>	<b>57,5</b>	<b>77,9</b>	<b>-20,4</b>	<b>-26,2%</b>
<i>% of sales</i>	<i>6,9%</i>	<i>6,8%</i>	<i>9,1%</i>	<b>-2,3 pp</b>	
<b>Net Profit</b>	<b>42,8</b>	<b>43,3</b>	<b>55,9</b>	<b>-12,6</b>	<b>-22,6%</b>
<i>% of sales</i>	<i>5,1%</i>	<i>5,1%</i>	<i>6,5%</i>	<b>-1,4 pp</b>	

- The H1 margins were the result of the weakness of the first quarter, only partially compensated by the better results of the second quarter (see at the following pages);
- margins were impacted, among others items, by the effects of the increase in USA duties on goods imported from China, by the increase in industrial costs, by negative FX and by negative price effect (especially in Q1) due to increased competition on markets;
- as for the positives, MIX was contributing for a total 13.8 M€.

# 1<sup>st</sup> HALF 2019 RESULTS

## ADJ. EBITDA BRIDGE (NORMALIZED) THE 6 MONTHS



# 1<sup>st</sup> HALF 2019 RESULTS

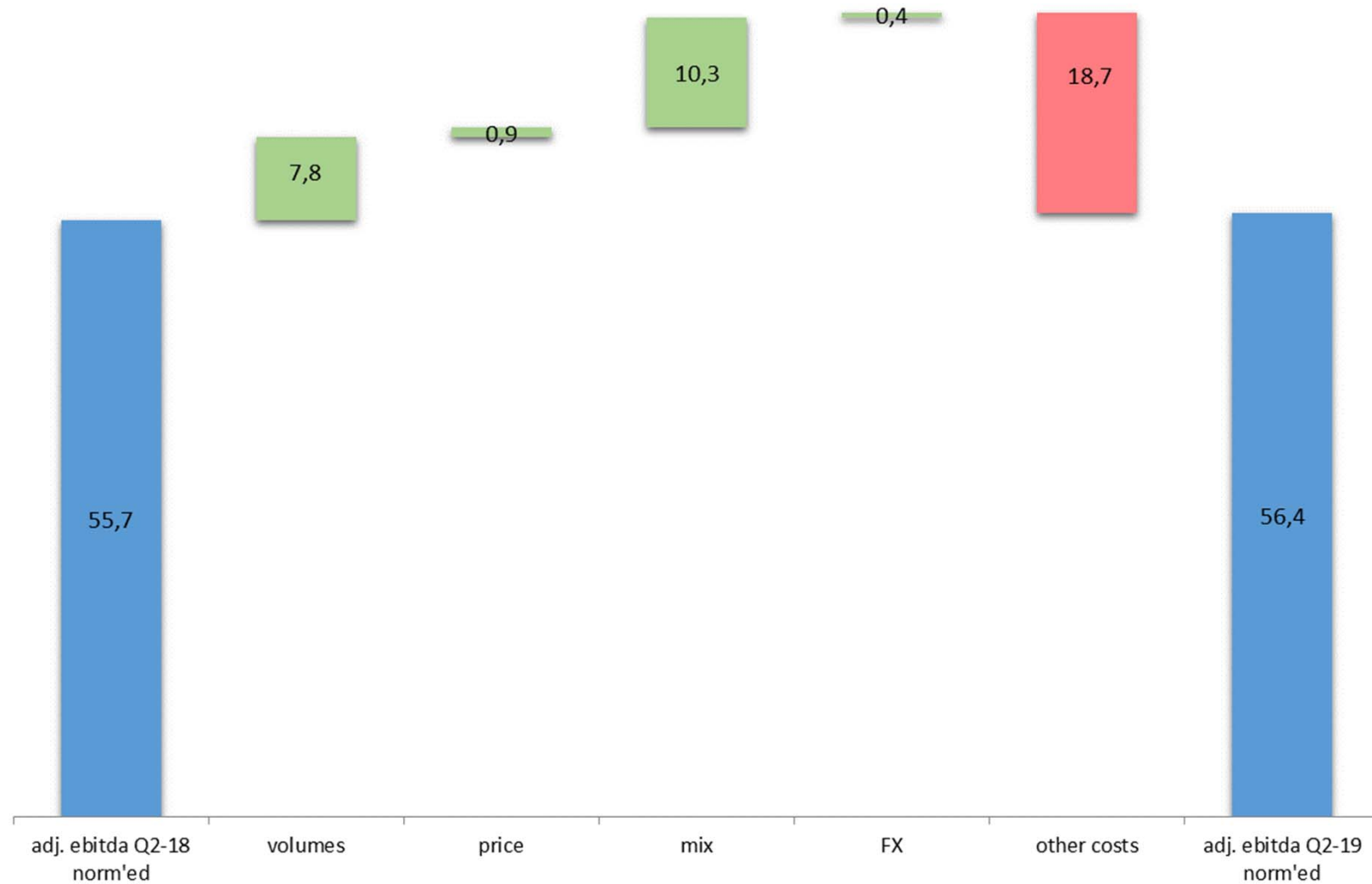
## MARGINS: THE 2nd QUARTER

	reported	normalized		normalized	normalized
	Q2-2019	Q2-2019	Q2-2018	change	change %
<b>Net Ind. Margin</b>	<b>217,7</b>	<b>217,7</b>	<b>209,0</b>	<b>8,7</b>	<b>4,2%</b>
<i>% of sales</i>	<i>46,4%</i>	<i>46,4%</i>	<i>46,2%</i>	<i>0,2 pp</i>	
<b>adjusted EBITDA</b>	<b>61,3</b>	<b>56,4</b>	<b>55,7</b>	<b>0,6</b>	<b>1,1%</b>
<i>% of sales</i>	<i>13,1%</i>	<i>12,0%</i>	<i>12,3%</i>	<i>-0,3 pp</i>	
<b>EBIT</b>	<b>41,4</b>	<b>41,1</b>	<b>38,6</b>	<b>2,5</b>	<b>6,5%</b>
<i>% of sales</i>	<i>8,8%</i>	<i>8,8%</i>	<i>8,5%</i>	<i>0,2 pp</i>	
<b>Net Profit</b>	<b>31,4</b>	<b>31,6</b>	<b>29,5</b>	<b>2,1</b>	<b>7,1%</b>
<i>% of sales</i>	<i>6,7%</i>	<i>6,7%</i>	<i>6,5%</i>	<i>0,2 pp</i>	

- Q2 marked a clear recovery in the profitability vs. Q1, with the normalized adjusted Ebitda surpassing the previous year's figure in absolute value;
- Volumes, mix and even prices were in the positive territory, helping the company to counterbalance the increase in industrial costs, the rise in USA duties and investments for A&P and other operating costs;
- both Ebit and net profit were higher than last year in absolute value and as percentage margin.

# 1<sup>st</sup> HALF 2019 RESULTS

## ADJ. EBITDA BRIDGE (NORMALIZED) THE 2nd QUARTER





# 1<sup>st</sup> HALF 2019 RESULTS

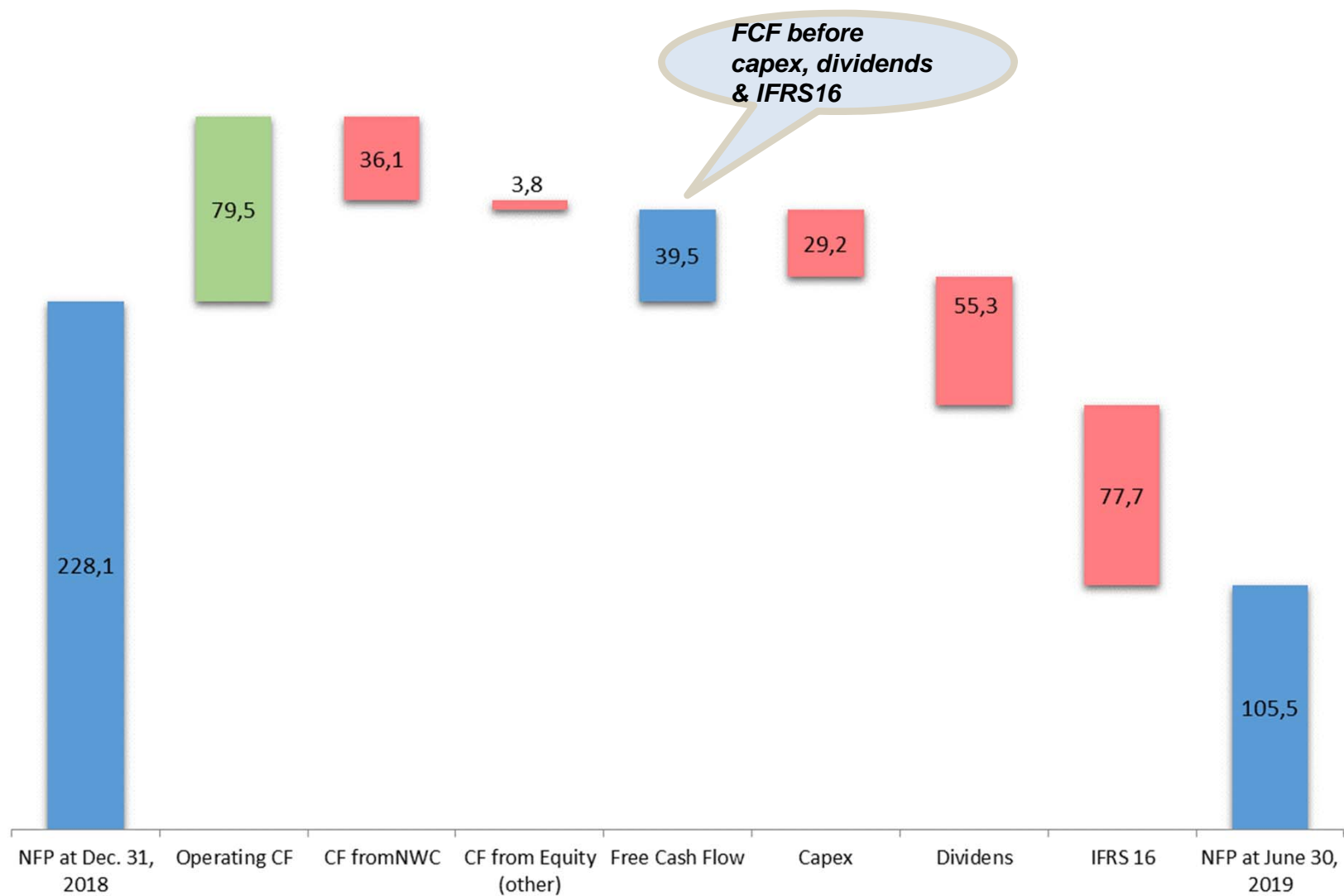
## NET FINANCIAL POSITION AND WORKING CAPITAL

<i>EUR million</i>	reported June 30, 2019	normalized June 30, 2019	June 30, 2018	normalized <i>Change</i> <i>12 months</i>	Dec. 31, 2018	normalized <i>Change</i> <i>6 months</i>
<b>Net Working Capital</b>	344,3	344,2	264,9	79,3	322,5	21,7
<b>Net Equity</b>	1.060,8	1.061,3	937,7	123,6	1.065,9	-4,6
<b>Net debt / (Net cash)</b>	-105,5	-183,1	-155,9	-27,2	-228,1	45,0
<b>N.W.C. / Revenues</b>	16,6%	16,6%	13,2%	3,5 pp	15,5%	1,1 pp
<b>FREE CASH FLOW before capex, dividends and IFRS 16</b>				149,5		39,5

- The net financial position as at June30th was positive by 105.5 million €, including a negative effect of €77.7 million from adopting the new IFRS 16 accounting standard;
- in normalized terms, the free-cash-flow (before capex, dividends and IFRS 16) was positive by 149.5 M€ in the 12 months and 39.5 M€ in the 6 months;
- net working capital, as a percentage of rolling revenues, increased from 13.2% to 16.6% in the 12 months, reflecting the trend of increase of inventories and the reduction of trade payables.

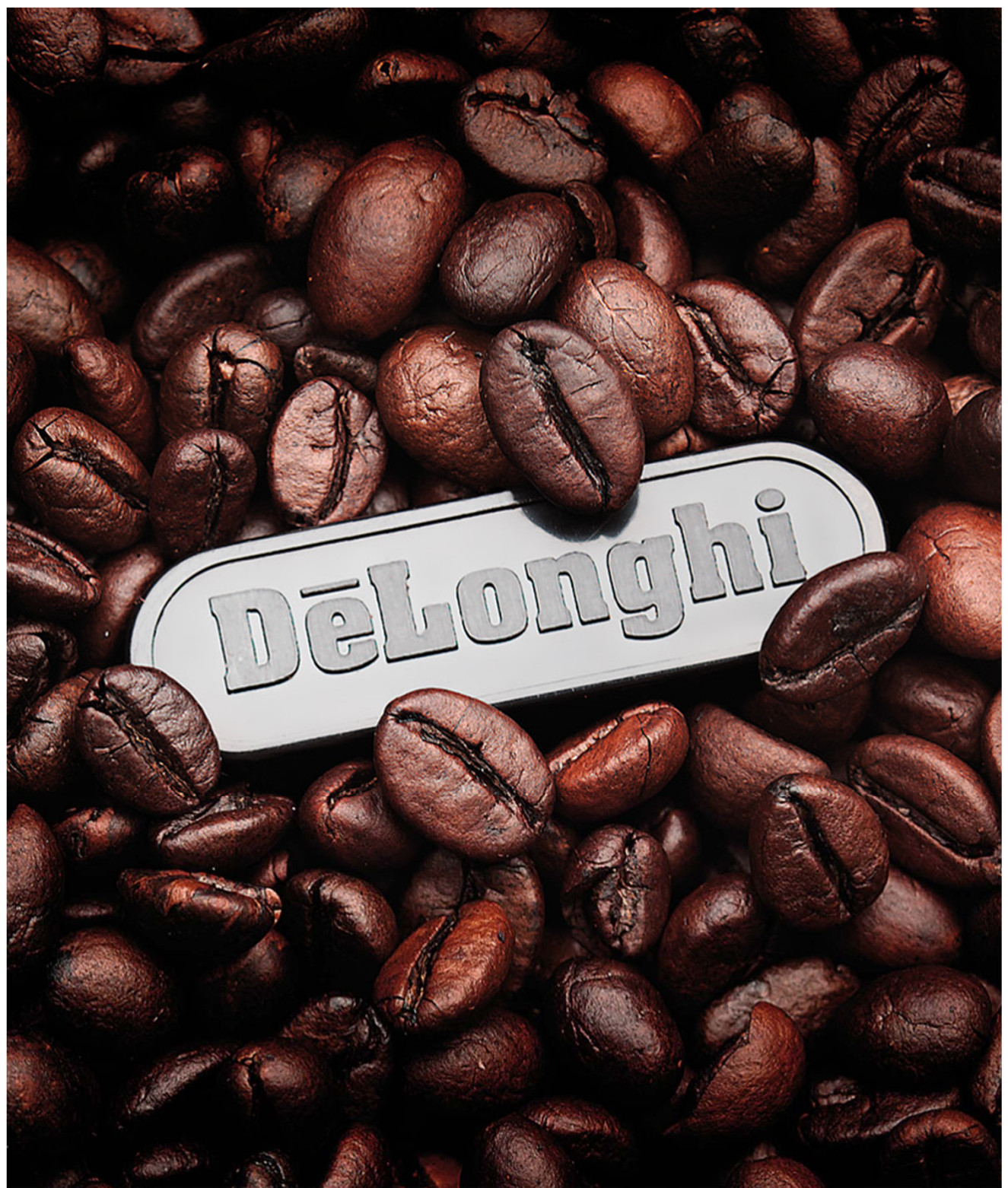
# 1<sup>st</sup> HALF 2019 RESULTS

## THE NET CASH FLOW IN THE 6 MONTHS



# **CONTENTS**

- 1<sup>st</sup> Half 2019 Results
- Appendix



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