



DēLonghi Group

Q1 2020 results



KENWOOD

BRAUN

Ariete[®]

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.

Moreover, "normalized" figures exclude the non-recurring costs related to the COVID-19 outbreak.

Definitions & assumptions

In this presentation:

- **Adjusted** stands for “before non recurring items and inputed costs of the stock option plan”
- **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 and the non-recurring costs related to the COVID-19;
- **Organic** stands for net of Foreign Exchange Rates and hedging derivatives effects;
- **Q1** stands for first quarter (January 1st – March 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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Q1 2020 RESULTS

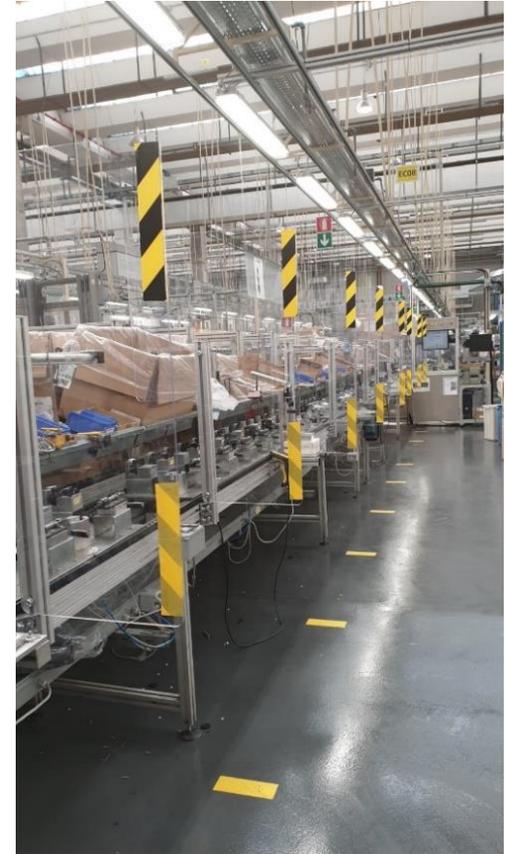
How we have been acting



Q1 2020 RESULTS

People: our top priority

- ➔ Safeguards to protect our employees
- ➔ Flexible working practices
- ➔ Prevention measures in the workplace:
 - Wearing the surgical mask;
 - Keeping the minimum safety distance from other people;
 - Cleaning the hands frequently with the appropriate gel;
 - Keeping the desk and work tools clean;
 - Individual access to vending machines, with food to be consumed at the workplace;
 - Establishing shifts to access the canteen;
 - Replacing physical meetings with video conferences as much as possible.

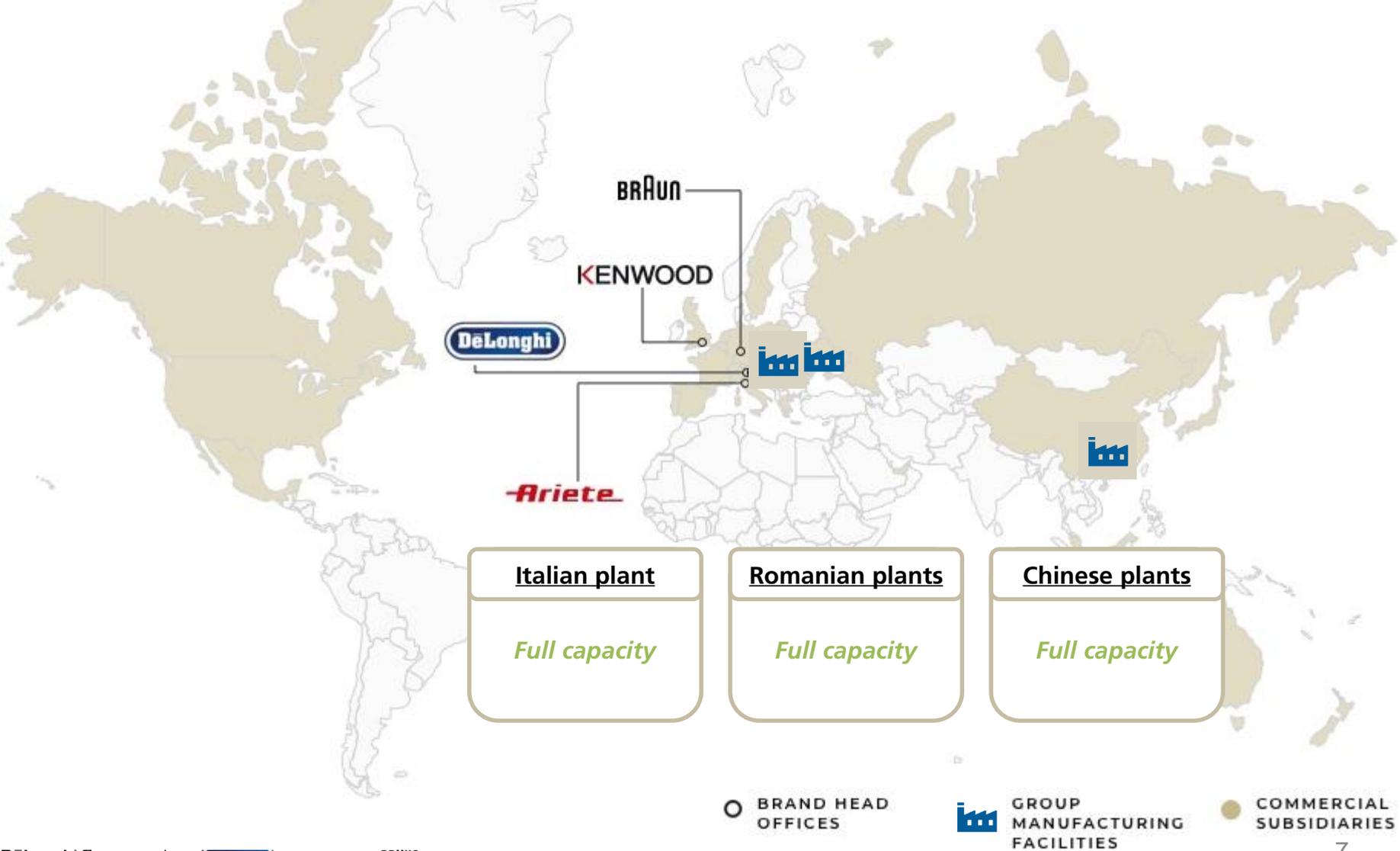


Several activities to keep our employees informed and connected each other (courses, videos, speeches, training, webinars).

Stay Safe. Stay Active. Stay Together.

Q1 2020 RESULTS

Production: diversification strategy as a strength



Profitability: actions the Group has taken straightaway

We acted immediately to mitigate the negative impacts of the Covid-19 outbreak on the business:

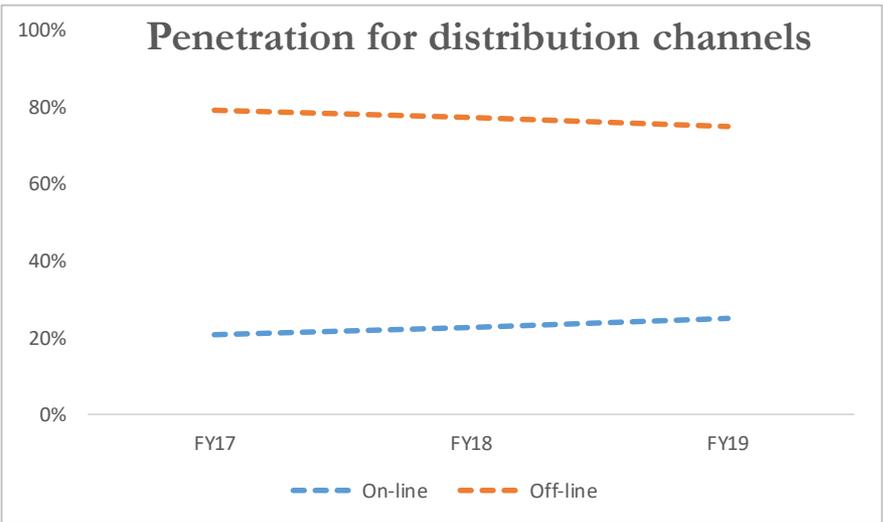
- new personnel hirings temporary suspended;
- other cost cuttings and savings:
 - general expenses;
 - merchandising;
 - travels and conferences;
- utilization of governmental job aid measures (like the Italian “Cassa Integrazione”) in every country, wherever available, and/or days of vacation.

Q1 2020 RESULTS

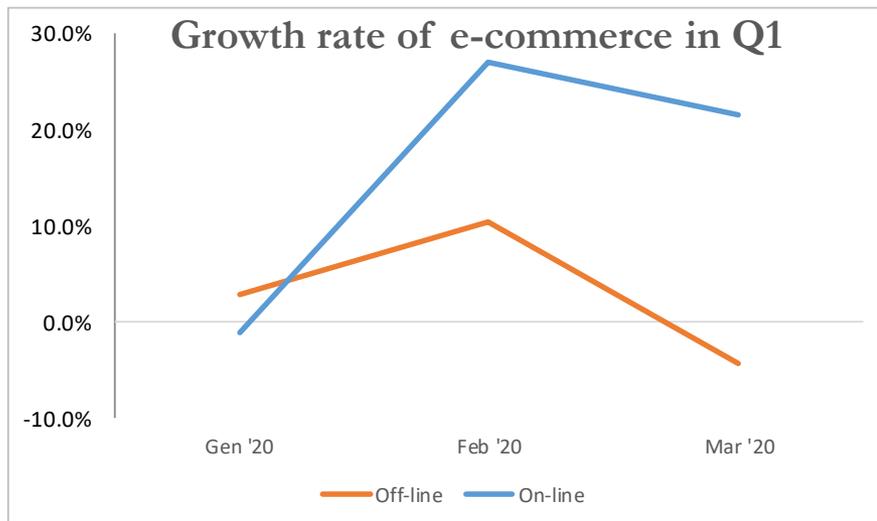
Distribution: support from e-commerce

Over the last three years, the on-line sales have constantly increased their weight on our total revenues.

Both pure on-line players and the brick-and-mortar retailers have boosted their sales in the digital domain.



Based on company's estimates



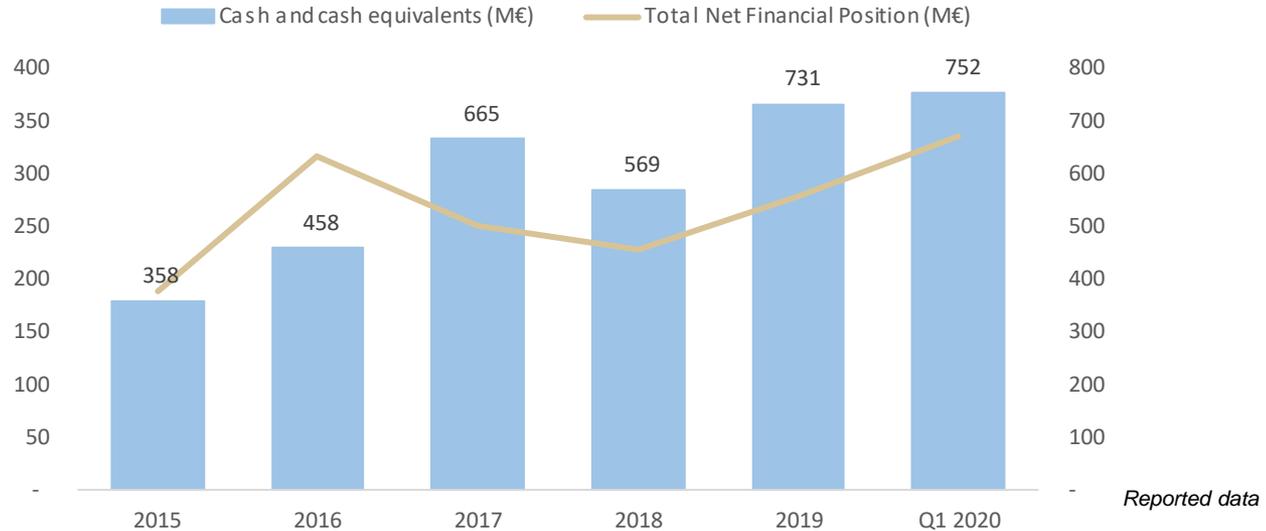
Based on company's estimates

The growth of the on-line sales have shown the importance of investing into e-commerce and digital marketing.

The tug of war between e-tailers and brick&mortar will continue in the coming years and we want to support all our partners and distributors in both channels, in the best way.

Q1 2020 RESULTS

Liquidity: cash is king



Euro million	Q1 2020
Cash and cash equivalents	752.4
Other financial receivables	114.6
Current financial debt	-127.2
Current net financial assets / (debt)	739.7
Non current net financial assets / (debt)	-404.7
Total Net Financial Position	335.0

Over the years, the Group has maintained a healthy balance sheet, that today represents a precious shelter to sail safely across the crisis.

In order to further expand the available liquidity:

- the company has undersigned new medium term financing for 150 M€, and
- the AGM has rejected the proposal of the BoD to distribute a dividend (proposed 80 M€).

Q1 2020 RESULTS

Give back: supporting local communities

The De' Longhi Group has donated 3.1 M€ for the fight against Covid-19:

"It is a deserved solidarity contribution - comments Giuseppe de' Longhi, Chairman of the Board – for a territory to which this company and my family feel intimately linked and the sign of a tangible presence, for what it's up to us as a company, in this moment of extreme need".

DēLonghi Group

Some De'Longhi employees work as volunteers in several communities.



Hospitals in Russia&Ukraine



Hospitals in Poland&Czech Rep.



Hospitals in France



Grassroots Hospital Donations

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Highlights

In the first quarter 2020 (in *normalized* terms):

- due to the Corona virus we have faced some complexity due to the temporary halt of the Chinese platform (then re-started) and the lockdown in many markets, but they didn't materially affect the Q1 results thanks to our prompt reaction;
- **Revenues** of € 396.4 M, up 5.3% (+4.4% organic and +4.5% in reported terms);
- **adjusted Ebitda** of € 45.2 M (€ 42.1 M in reported terms), equal to 11.4% of revenues;
- in Q1 the Group has increased the A&P spending to support the brands' leadership according to the plans.

Q1 2020 RESULTS

The topline

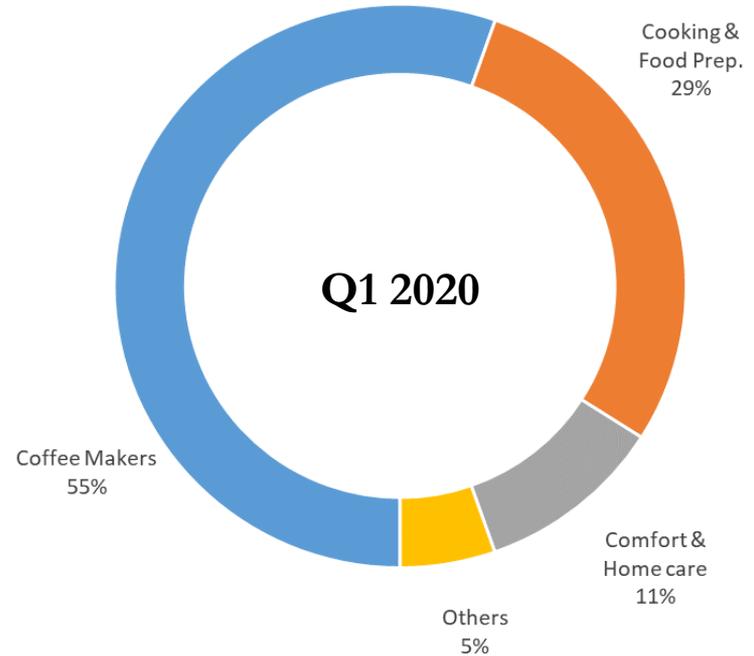
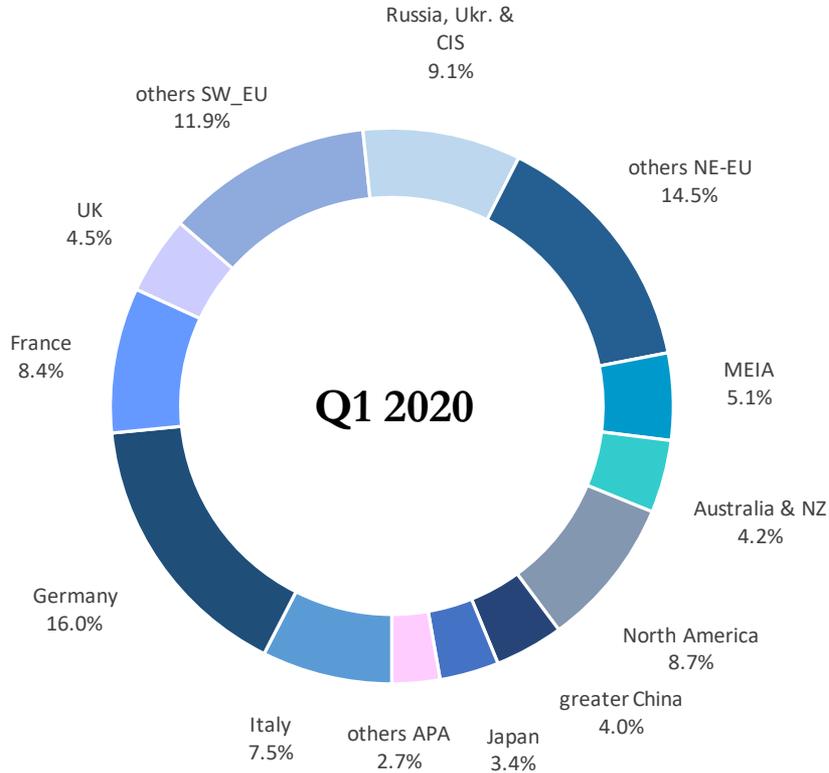
<i>reported</i>	<i>normalized</i>	<i>reported</i>
Q1 2020	Q1 2020	Q1 2019

Revenues	393.3	396.4	376.4
<i>change %</i>	4.5%	5.3%	
<i>organic ch. %</i>	3.6%	4.4%	

- The Q1 2020 normalized revenues grew by 5.3% (4.5% reported), mainly thanks to the double digit growth of the coffee segment;
- All regions, excepted MEIA, were in positive territory, with some countries at a double digit pace, like Germany, France, Northern America and Greater China;
- The currency effect on revenues added 0.9% of growth versus last year.

Q1 2020 RESULTS

Revenues by market & product



MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT	Germany, France, US&Canada, China&HK
UP SINGLE DIGIT	Spain&Portugal, Russia&CIS, Japan
DOWN	Australia&NewZeland, Saudi Arabia, Italy, UK

MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT	FULLAUTO, PUMP ESPRESSO, SINGLE SERVE
UP SINGLE DIGIT	KITCHEN MACHINES, IRONING
DOWN	FLOORE CARE, FOOD PROCESSORS

Q1 2020 RESULTS

Revenues by region

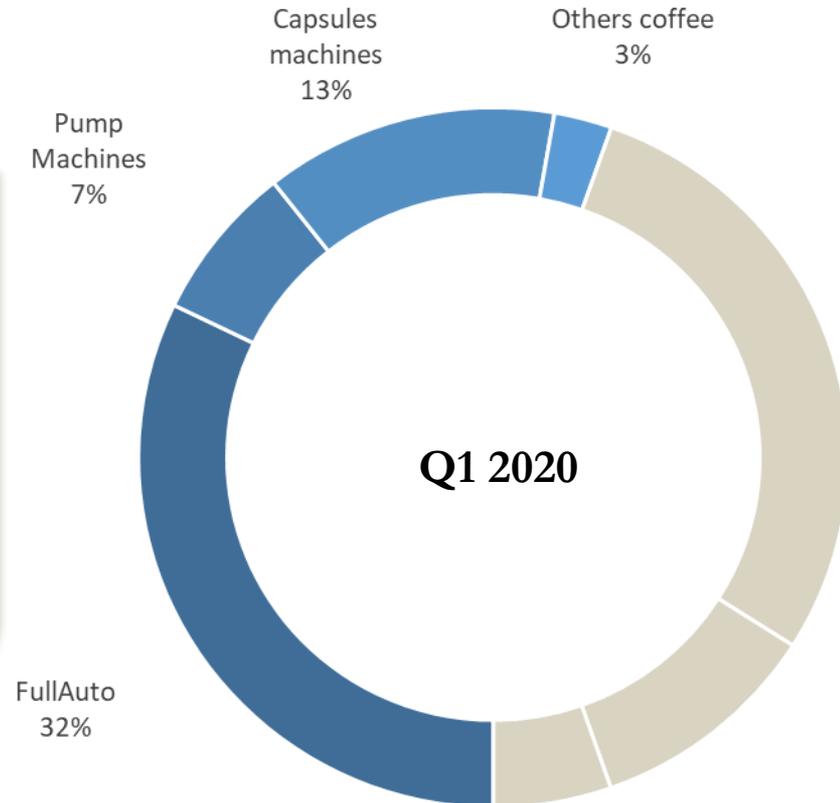
<i>EUR million</i>	Q1-2020	chg. %	<i>organic chg. %</i>	Q1-2020 normalized	chg. %	<i>organic chg. %</i>
North East Europe	111,1	3,4%	2,0%	111,4	3,7%	2,4%
South West Europe	171,0	10,5%	10,2%	173,7	12,2%	11,9%
EUROPE	282,0	7,6%	6,8%	285,1	8,7%	8,0%
APA (Asia/Pacific/Americas)	91,2	4,8%	3,7%	91,2	4,8%	3,7%
MEIA (MiddleEast/India/Africa)	20,0	-26,3%	-27,6%	20,0	-26,3%	-27,6%
TOTAL REVENUES	393,3	4,5%	3,6%	396,4	5,3%	4,4%

- the **South-West Europe** region expanded by 12.2%, boosted by France and Germany, combined with a good performance of Spain, Portugal and Greece; weak environment for Italy and Austria, that have faced the first effects of the lockdown;
- **North-East Europe** grew by 3.7%, supported in particular by the double digit growth of Russia, Ukraine and Cis; sluggish trends in the Scandinavian countries and Czech Republic;
- **APA** was up 4.8%, driven by a double digit expansion of Northern America and Greater China; Australia and New Zealand were negative due to the currency effect;
- **MEIA** region heavily down because of the tough local macroeconomic scenario and temporary stop of shipments from China.

Q1 2020 RESULTS

Revenues by product: coffee makers

- The segment has exceeded 50% of total revenues.
- Single serve category bounced back from previous year: both Nespresso and DolceGusto products achieved a double digit growth;
- full-auto and manual coffee makers maintain an outstanding double digit growth pace.

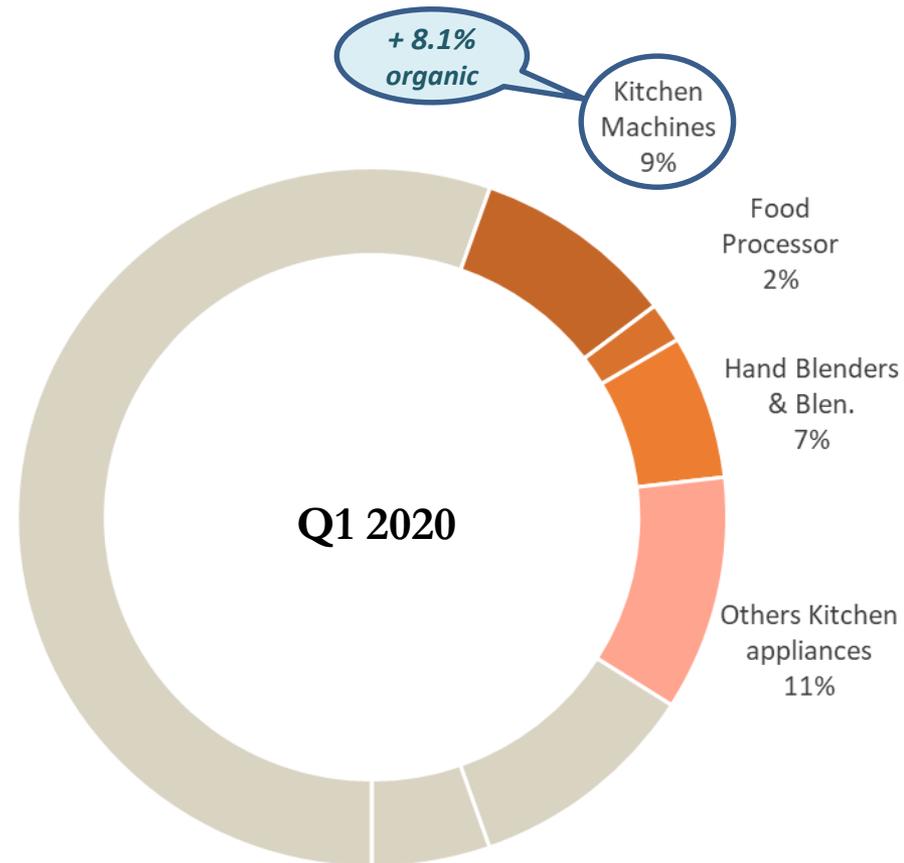


Based on management accounts

Q1 2020 RESULTS

Revenues by product: food preparation

- Food preparation still down in the first months, however....
-positive signs coming from high single digit growth of the Kitchen machines, the main category of the segment.

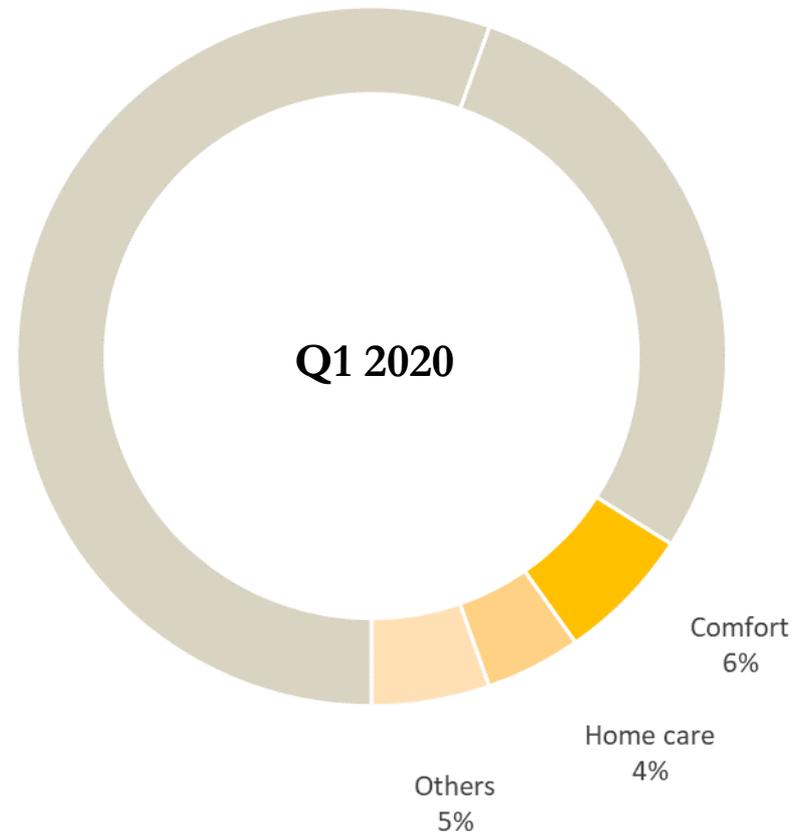


Based on management accounts

Q1 2020 RESULTS

Revenues by product: comfort & home care

- Ironing systems performed well, while the floore care category has witnessed a drop in sales.
- Comfort products flat versus last year, with portable air conditioning strongly bouncing back while heating in negative territory due to the warm winter season.



Based on management accounts

Q1 2020 RESULTS

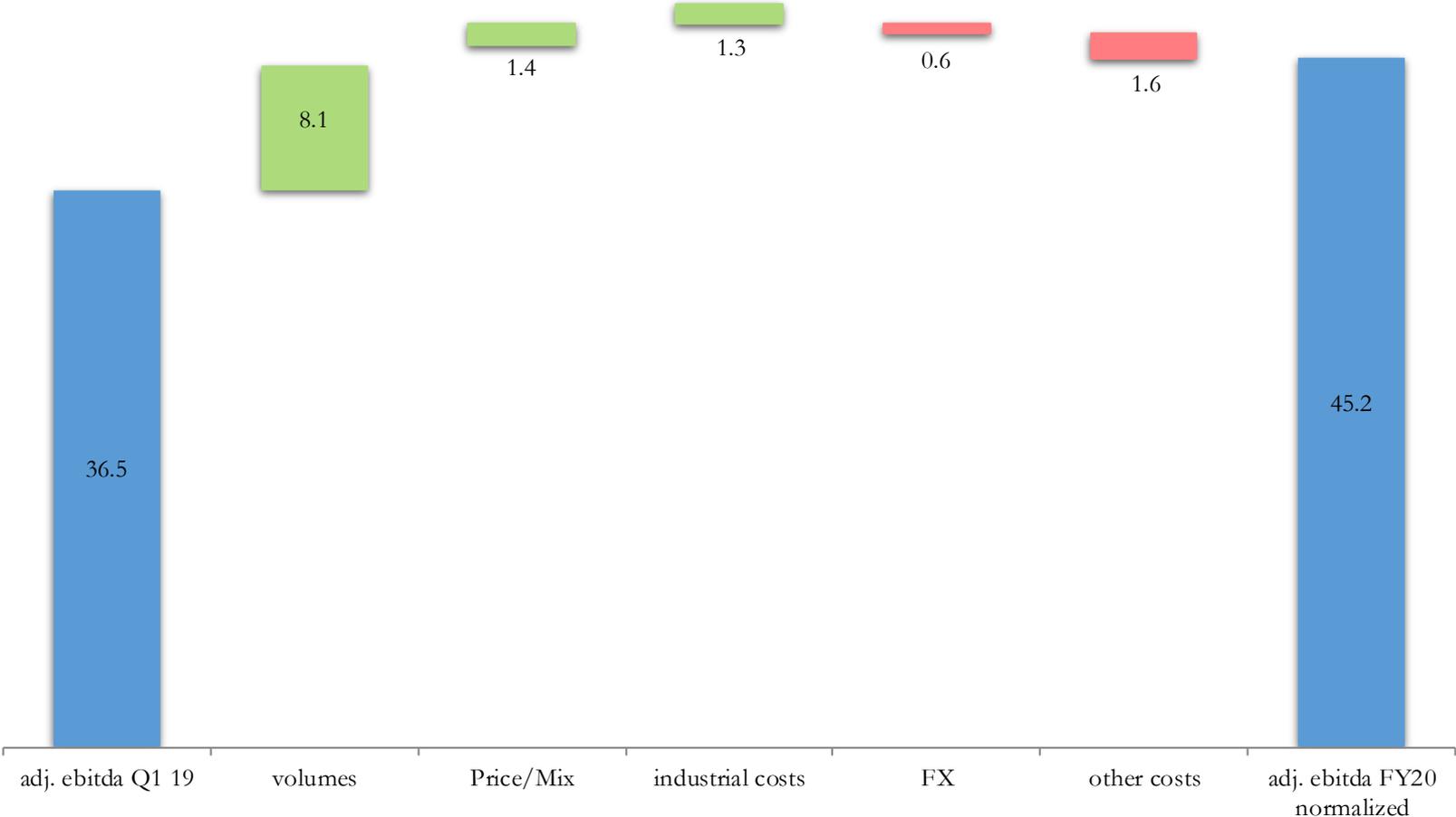
Margins

	<i>reported</i>	<i>normalized</i>	<i>reported</i>
	Q1 2020	Q1 2020	Q1 2019
net ind. margin	198.3	201.3	181.7
<i>% of revenues</i>	50.4%	50.8%	48.3%
adjusted Ebitda	42.1	45.2	36.5
<i>% of revenues</i>	10.7%	11.4%	9.7%
Ebitda	36.6	44.3	35.1
<i>% of revenues</i>	9.3%	11.2%	9.3%
Ebit	17.6	25.2	16.6
<i>% of revenues</i>	4.5%	6.4%	4.4%
Net Income	11.0	14.4	11.4
<i>% of revenues</i>	2.8%	3.6%	3.0%

- Ebitda margin benefited by higher volumes, a positive prix-mix and savings in the COGS;
- in Q1 the Group boosted the A&P spent, in line with the plan;
- the non recurring costs related to Covid-19 amounted to 4.6 M€, of which 3.1 M€ were donated by the Group for the fight to the outbreak and 1.5 M€ were other costs related to the outbreak;
- net income was impacted by higher tax take by 4.8 M€

Q1 2020 RESULTS

Q1 '20 adjusted Ebitda bridge (normalized)



Q1 2020 RESULTS

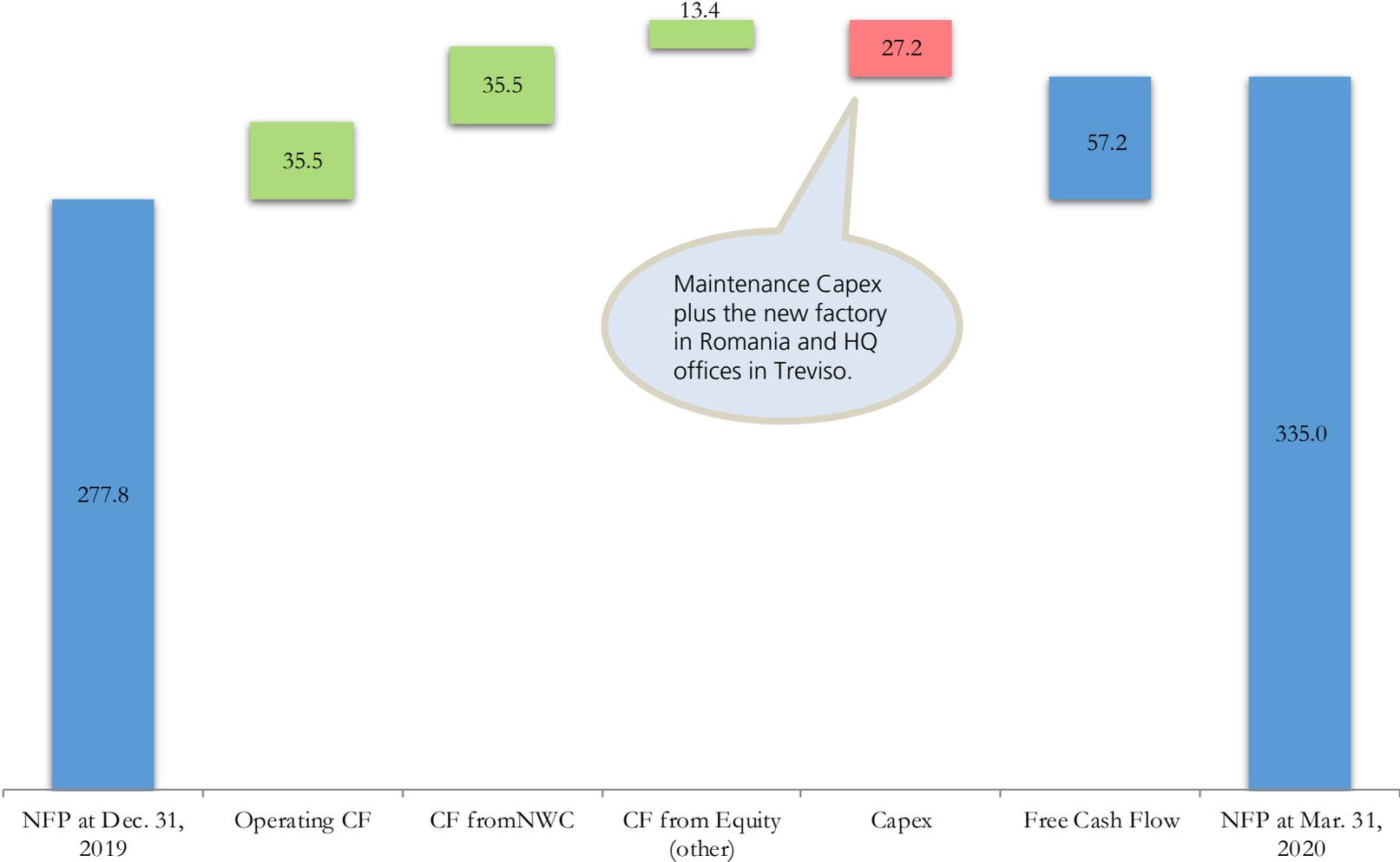
Balance sheet

EUR million	<i>reported</i>	<i>reported</i>	<i>Change</i>	<i>reported</i>	<i>Change</i>
	Mar. 31, 2020	Mar. 31, 2019		Dec. 31, 2019	
Net Working Capital	256.6	345.5	-88.9	318.8	-62.2
Net Equity	1,190.7	1,097.6	93.1	1,190.5	0.2
Net debt / (Net cash)	-335.0	-144.0	-191.0	-277.8	-57.2
N.W.C. / Revenues	12.1%	16.8%	-4.7 pp	15.2%	-3.1 pp

- The net financial position as at March 31st reached € 335 M, thanks to a 57.2 M€ cash generation provided by the operating activities and the strong improvement of the net working capital (NWC);
- The free cash flow - before dividends - stood at € 246.4 M€ in the 12 months;
- The NWC decreased to € 256.6 M, improving as a percentage of revenues from 16.8% (March '19) to 12.1%, mainly thanks to the decrease of the inventory level and of the trade payables-receivables balance.

Q1 2020 RESULTS

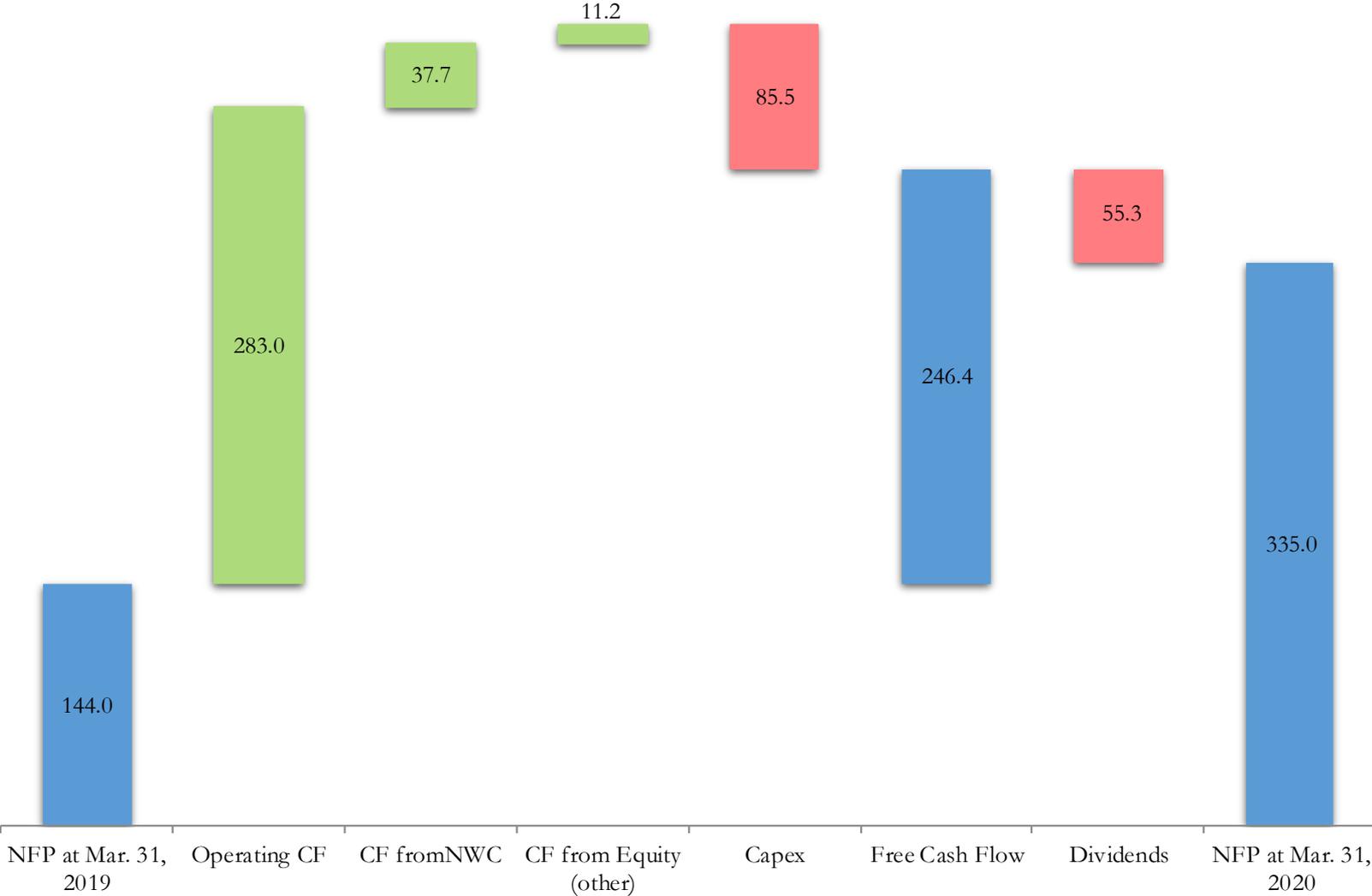
The net cash flow in Q1 2020 (*reported*)



Maintenance Capex plus the new factory in Romania and HQ offices in Treviso.

Q1 2020 RESULTS

The net cash flow in 12 months (*reported*)



Disclaimer

This presentation might contain certain forward-looking statements that reflect the company's current views with respect to future events and financial and operational performance of the company and its subsidiaries.

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THANK YOU.

Contacts:

Investor Relations:

Fabrizio Micheli / Samuele Chiodetto

T: +39 0422 4131

investor.relations@delonghigroup.com

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