



# De'Longhi Group: H1 2013 results

September 2013

**DēLonghi Group** |



**KENWOOD**

**BRAUN**

***Ariete***

# De'Longhi: H1 2013 results

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## Disclaimer

*For the purpose of providing greater details, in some cases we may refer to management accounts' figures (instead of reported figures), as expressly indicated in the footnotes of the relevant pages.*

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- **H1 2013 results**
- Appendix: summary of 2011-2013 quarterly results

# The Group H1 2013 results

## Results overview

- **A +4.1% revenues performance** in H1 2013 (including the consolidation of Braun Household), despite a difficult market environment
- **Adverse ForEx** impact weighted on revenues and on industrial margin
  - Growth at constant FX would have been +5.9%
- **By market:**
  - **Europe** still delivering growth
    - the main positives: Germany, Italy, Benelux and Scandinavia
    - the main negatives: Russia, Switzerland and UK
  - Strong growth in the **MEIA** area (Middle East, India, Africa): +50.6% versus H1 2012
  - Lower revenues in **APA** (Asia, Pacific, Americas):
    - Australia affected by AUD devaluation and some signs of market saturation
    - USA still in the midst of a reorganization plan
    - Japan, at constant ForEx, is positive by 2.0%
  - **Emerging markets now 36.0% of total revenues** (up from 34.6% in H1 2012)
- **By product:**
  - Strong performance in kitchen machines (Kenwood brand), while there was a slight contraction in coffee makers revenues (also due to temporary reasons and tough comparison versus last year)
  - Overall, the **weight of coffee and kitchen related products** (core drivers) on total revenues further **increased to 78.5%** (76.3% in H1 2012)<sup>(1)</sup>

(...)

(1) Figures based on management accounts.

# The Group H1 2013 results

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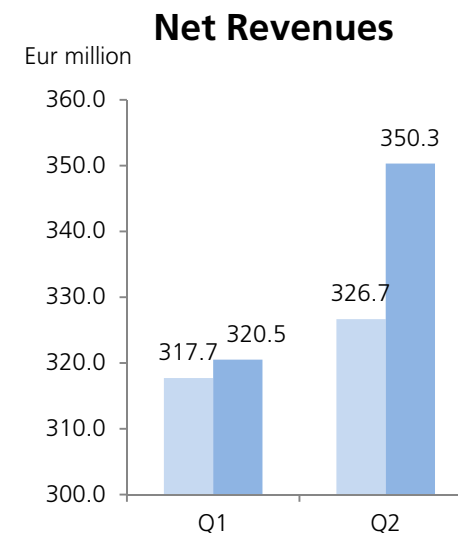
## Results overview (cont'd)

- **EBITDA and EBIT** (post non-recurring items) improved both in absolute values and as a % of revenues
  - positive mix effect and higher volumes more than offset...
  - ...higher fixed and promotional costs also associated to Braun
  - Eur 7.5 million improvement are due to lower non-recurring charges versus H1 2012 (Eur -0.4 million in H1 2013 from Eur -7.9 million the previous year, most of them related to the Braun acquisition)
- **Positive development of the net debt** (Eur 88.3 million):
  - down from Eur 92.9 at December 31<sup>st</sup>, 2012 despite Eur 43.4 million dividends paid in the period...
  - ...also helped by lower working capital/sales ratio (13.8% versus 15.9% at the end of 2012)

# The Group H1 2013 results

## Revenues and net industrial margin

<i>EUR million</i>	<b>H1 2013</b>	<b>H1 2012</b>	<b>Change H1 2013 - H1 2012</b>	
<b>Revenues</b>	<b>670.8</b>	<b>644.4</b>	<b>26.5</b>	<b>4.1%</b>
<b>Net Ind. Margin</b>	<b>327.9</b>	<b>305.3</b>	<b>22.6</b>	<b>7.4%</b>
<i>% of revenues</i>	<b>48.9%</b>	<b>47.4%</b>	<b>+150bp</b>	



- Revenues up by 4.1% in H1 2013:
  - the addition of the Braun brand supported the top line, compensating for a slowdown in some key markets (e.g. Russia, Australia) with mature markets still below cruise speed
- The net industrial margin increased to 48.9% from 47.4% thanks to improved mix (strong performance in kitchen products and lower sales in comfort) and better volumes (helped by Braun)
- On a quarterly basis, revenues were up +0.9% in Q1 and +7.2% in Q2

# The Group H1 2013 results

## EBITDA and EBIT “adjusted”

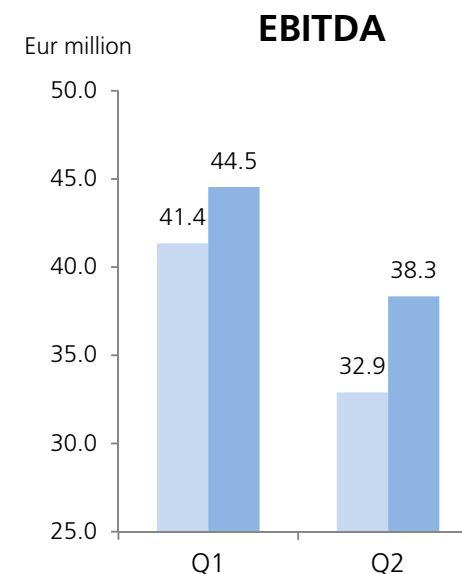
<i>EUR million</i>	H1 2013	H1 2012	Change H1 2013 - H1 2012	
<b>EBITDA</b>	<b>83.3</b>	<b>82.2</b>	<b>1.1</b>	1.4%
before non recurring items				
<i>% of revenues</i>	12.4%	12.8%	<b>-33bp</b>	
<b>EBIT</b>	<b>62.1</b>	<b>66.1</b>	<b>-4.0</b>	-6.0%
before non recurring items				
<i>% of revenues</i>	9.3%	10.3%	<b>-99bp</b>	

- **EBITDA adjusted** (i.e. before non-recurring items) was slightly down as a % of revenues, mainly due to the dilutive effect of Braun consolidation
- **EBIT adjusted** declined due to higher D&A (Eur +5.1 million) in connection with the significant investments carried out in 2012 (e.g. Braun, Romania, China)

# The Group H1 2013 results

## EBITDA, EBIT and Net Profit

<i>EUR million</i>	H1 2013	H1 2012	<i>Change H1 2013 - H1 2012</i>	
<b>EBITDA</b>	<b>82.9</b>	<b>74.2</b>	<b>8.6</b>	<b>11.6%</b>
<i>% of revenues</i>	<i>12.4%</i>	<i>11.5%</i>	<b>+83bp</b>	
<b>EBIT</b>	<b>61.7</b>	<b>58.2</b>	<b>3.5</b>	<b>6.1%</b>
<i>% of revenues</i>	<i>9.2%</i>	<i>9.0%</i>	<b>+17bp</b>	
<b>Net Profit</b>	<b>31.3</b>	<b>32.4</b>	<b>-1.1</b>	<b>-3.4%</b>
<i>pertaining to the Group</i>				
<i>% of revenues</i>	<i>4.7%</i>	<i>5.0%</i>	<b>-36bp</b>	



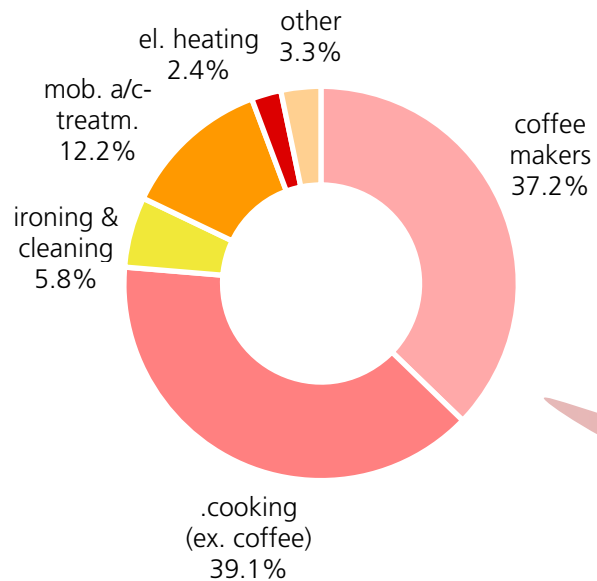
- **EBITDA** and **EBIT** after non-recurring items were up respectively +11.6% and +6.1% versus H1 2012 figures
- By quarter, EBITDA was up both in Q1 (from 13.0% to 13.9%) and in Q2 (from 10.1% to 10.9%)
- **Net profit** was slightly lower versus H1 2012 (by Eur -1.1 million), also due to higher financial charges (associated with higher average debt due the Braun acquisition and higher FX charges)



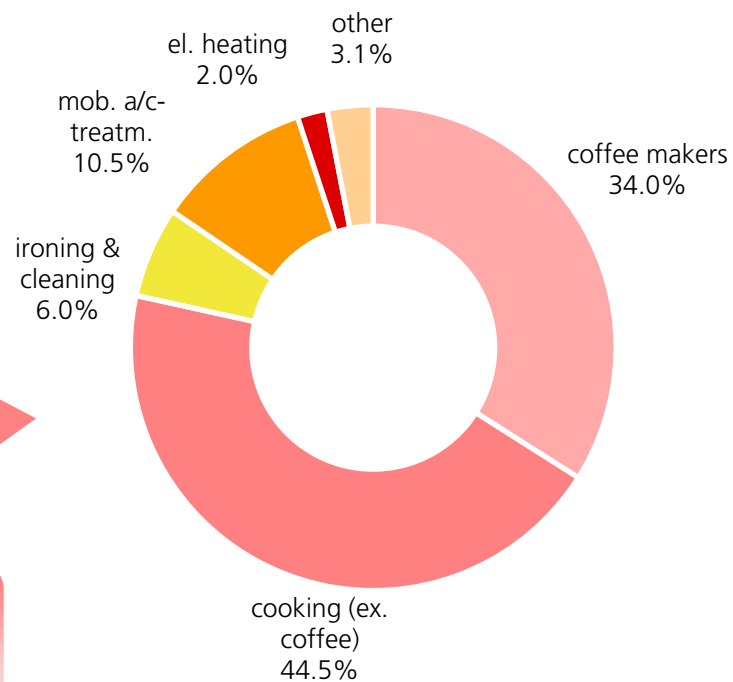
# The Group H1 2013 results

## Revenues breakdown by product<sup>(1)</sup>

### H1 2012 revenues breakdown by product



### H1 2013 revenues breakdown by product



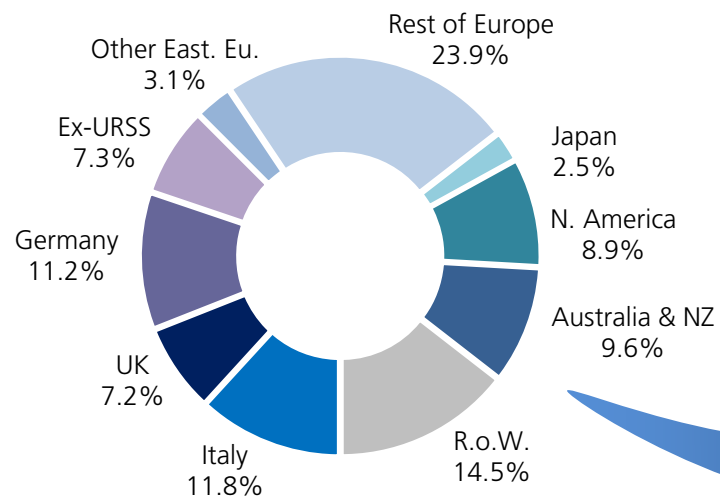
Increased contribution to revenues from **core drivers**, from **76.3% to 78.5%**

(1) Figures based on management accounts.

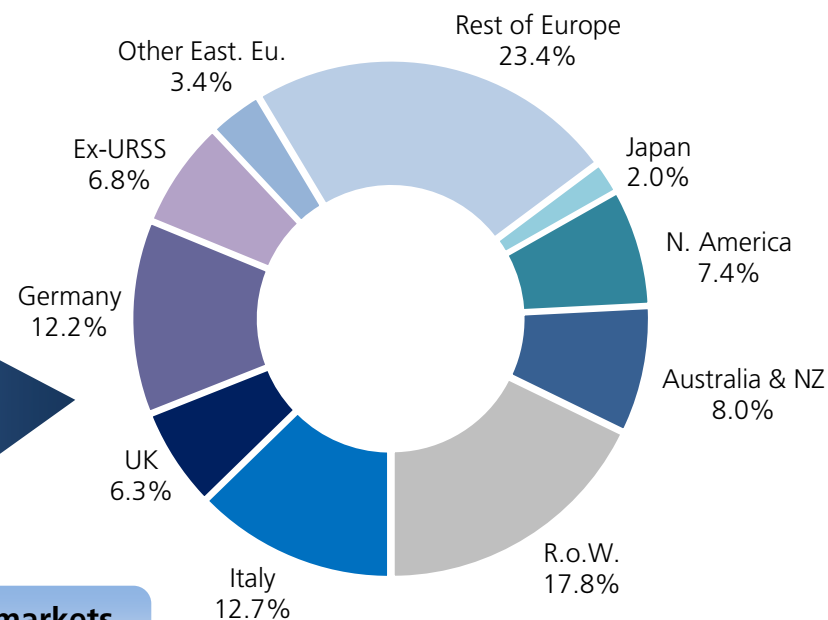
# The Group H1 2013 results

## Revenues breakdown by market

### H1 2012 revenues breakdown by market



### H1 2013 revenues breakdown by market



Increasing weight of **emerging markets**  
(from 34.6% to **36.0%**)

# The Group H1 2013 results

## The net debt position

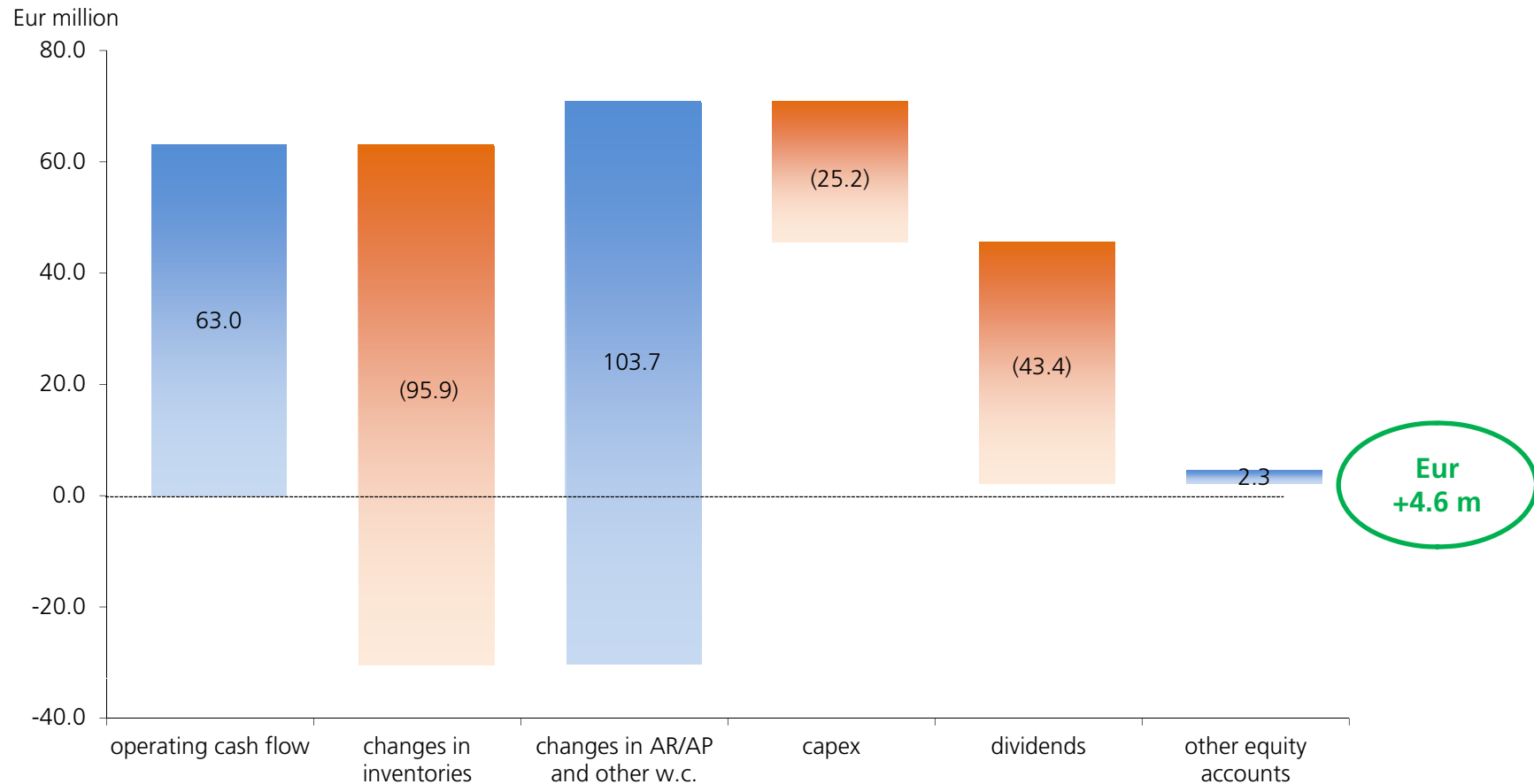
<i>EUR million</i>	H1 2013	FY 2012	H1 2012	<i>Change H1 2013 - H1 2012</i>
<b>Net Working Capital</b>	<b>214.2</b>	243.4	233.1	-18.9
<b>Net Equity</b>	<b>609.1</b>	630.3	572.7	36.5
<b>Net Financial Position</b>	<b>-88.3</b>	-92.9	75.2	-163.6
<b>Net Financial Position excluding non-bank liabilities</b>	<b>-14.8</b>	-19.9	56.0	-70.8
<b>Net Debt / Equity (x) [Gearing]</b>	<b>0.15</b>	0.15	-0.13	
<b>N.W.C. / LTM Revenues</b>	<b>13.8%</b>	15.9%	15.7%	<b>-194bp</b>

- Excluding non-bank liabilities worth Eur 73.5 million<sup>(1)</sup>, net bank debt amounted to only Eur 14.8 million
- Eur 163.6m negative cash flow in the 12 months due to several extra-ordinary investments (Braun acquisition and industrial investments in Romania and China), but was positive in H1 2013 (Eur +4.6 million)
- Improvement in the ratio of working capital to sales from 15.7% to 13.8%
- Very strong balance sheet, which leaves room to support future external growth

*(1) Including: the accounting at fair value of derivatives and options, the financial debt related to an agreement on the UK pension plan and the estimated value of the potential earn-out payable to P&G*

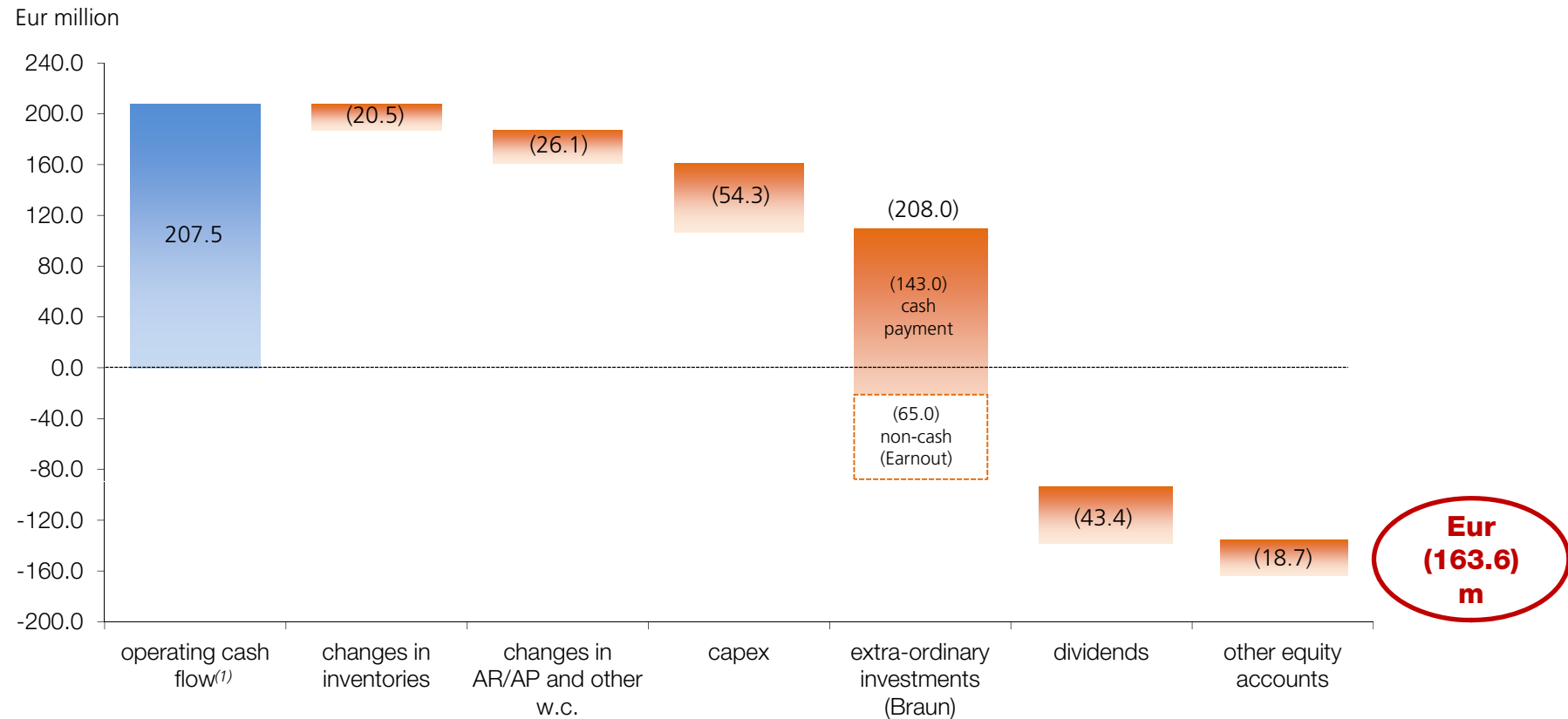
# The Group H1 2013 results

## The 6m cash flow performance



# The Group H1 2013 results

## The 12m CF performance



(1) Excludes the financial charges related to the Braun acquisition

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- H1 2013 results
- **Appendix: summary of 2011-2013 quarterly results**

# Appendix

## Summary of 2011-2013 quarterly results

(Euro million)	2011 <sup>(1)</sup>						2012 <sup>(1)</sup>						2013		
	Q1-11	Q2-11	HALF YEAR	Q3-11	Q4-11	FULL YEAR	Q1-12	Q2-12	HALF YEAR	Q3-12	Q4-12	FULL YEAR	Q1-13	Q2-13	HALF YEAR
Revenues	287.8	301.1	589.0	324.4	516.1	1,429.4	317.7	326.7	644.4	344.4	541.3	1,530.1	320.5	350.3	670.8
% change y-o-y	24.3%	12.6%	18.0%	-0.5%	13.0%	11.5%	10.4%	8.5%	9.4%	6.2%	4.9%	7.0%	0.9%	7.2%	4.1%
net industrial margin	137.0	140.3	277.3	163.6	246.3	687.2	149.3	156.1	305.3	163.5	266.5	735.4	160.7	167.3	327.9
%	47.6%	46.6%	47.1%	50.4%	47.7%	48.1%	47.0%	47.8%	47.4%	47.5%	49.2%	48.1%	50.1%	47.8%	48.9%
Ebitda (before not rec.)	39.7	32.5	72.2	55.7	81.8	209.6	42.8	39.4	82.2	56.2	93.9	232.3	44.5	38.8	83.3
%	13.8%	10.8%	12.3%	17.2%	15.8%	14.7%	13.5%	12.0%	12.8%	16.3%	17.4%	15.2%	13.9%	11.1%	12.4%
EBITDA	38.9	31.8	70.7	53.3	79.5	203.4	41.4	32.9	74.2	55.3	95.0	224.6	44.5	38.4	82.9
%	13.5%	10.6%	12.0%	16.4%	15.4%	14.2%	13.0%	10.1%	11.5%	16.1%	17.5%	14.7%	13.9%	10.9%	12.4%
EBIT	31.7	24.8	56.5	46.0	70.0	172.5	33.6	24.6	58.2	46.3	84.5	189.0	34.1	27.7	61.7
%	11.0%	8.2%	9.6%	14.2%	13.6%	12.1%	10.6%	7.5%	9.0%	13.4%	15.6%	12.3%	10.6%	7.9%	9.2%
Profit before Taxes	28.4	18.9	47.4	31.9	59.5	138.8	30.8	13.1	43.9	38.3	71.8	154.0	25.7	17.7	43.4
Taxes	(8.8)	(7.9)	(16.7)	(5.8)	(21.8)	(44.4)	(7.9)	(3.5)	(11.4)	(7.2)	(17.0)	(35.6)	(6.6)	(5.1)	(11.7)
Profit / (Loss) for the period	19.7	11.0	30.7	26.1	37.7	94.4	22.9	9.7	32.6	31.1	54.8	118.5	19.1	12.5	31.7
Profit / (Loss) pertaining to minority interests	0.2	0.1	0.3	0.1	0.1	0.5	0.2	0.1	0.2	0.1	0.1	0.5	0.2	0.2	0.4
Profit / (Loss) after minority interests	19.5	10.9	30.3	26.0	37.6	93.9	22.7	9.6	32.3	31.0	54.7	118.0	18.9	12.3	31.3

(1) Reported data, not restated according to the new IAS 19 – employee benefits

# Thank you!

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