



#### **AGENDA**

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**Q2 2020 HIGHLIGHTS** 

# Q2 2020 HIGHLIGHTS



- Industry ": Health emergency dramatic effect over production and business dynamics
- **Net Sales** -40.0% vs Q2 2019, -23% H1: Trade and Production Lock-down in most of the Geographies.
- Huge effort on cost containment to keep H1 Operating Margin @ Break-even:
   7 €M SG&A cut vs. 2019 (-17%)
- NFP affected by Health-Emergency-driven NWC dynamics.
- New 100 M€ Loan to support "back-to-growth" recovery and group's working capital management



### H1 2020 – COOKER HOODS INDUSTRY UNIT SHIPMENTS



Volume Data \_ Change% vs . Y-1

|                            | Q2'20   | H1'20   |
|----------------------------|---------|---------|
| Western Europe             | (29.6%) | (17.9%) |
| Eastern Europe (incl. CIS) | (14.6%) | (7.7%)  |
| Europe                     | (23.1)  | (13.6%) |
| EMEA                       | (21.7%) | (12.6%) |
| North America              | (30.0%) | (14.9%) |
| Latin America              | (47.9%) | (21.1%) |
| AMERICAS                   | (37.0%) | (17.4%) |
| ASIA                       | (12.3%) | (19.9%) |
| WORLD                      | (19.1%) | (16.9%) |

### Key evidence

#### **GENERAL REMARKS**

COVID-19 brought the global economy to a sudden stop, causing shocks to supply and demand. China showing a mild recovery from the effects of the pandemic.

The economic situation, remains highly fluid globally fueling perceptions of risk and volatility in financial markets and corporate decision-making.

#### **EMEA**

The economic blow was considerably tougher in Q2, due to the prolongation of containment measures. The collapse in industrial production and retail sales was registered throughout the eurozone, particularly in Italy, France, Spain and the UK.

#### **AMERICAS**

The US economic response to coronavirus has been overwhelming. Q2 brought the acceleration of infections all over the North and South America with reduction in international trade, falling commodity prices, lower demand and drop in remittances.

#### **ASIA**

The main impact of lockdowns is Q2 for most Asian economies excluding China. Emerging as well as advanced economies are struggling, although the situation is not homogeneous due to different intensity of integration with the global value chain and the effectiveness of containment measures adopted in each country.

SOURCE: ELICA GROUP ESTIMATES



### SALES KEY DRIVERS



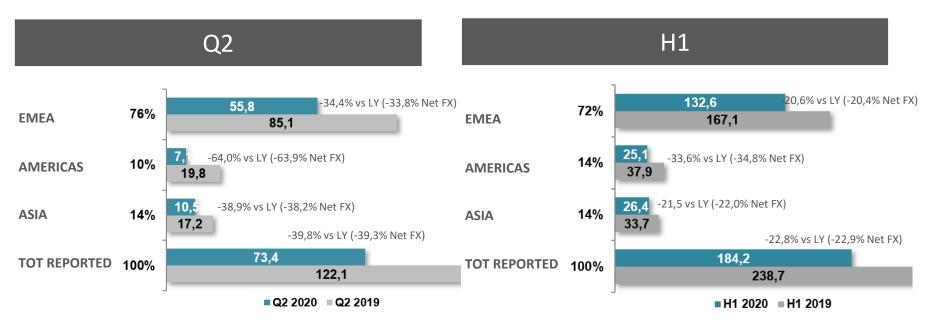
- **Net Sales** -23.0% vs H1 2019, severely impacted by the pandemic.
- Production Shut-downs and Consumer demand declined due to lock-downs and restrictions

|               | Q2     |        |        | H1           |           |
|---------------|--------|--------|--------|--------------|-----------|
| Change vs Y-1 | €M     | %      | Change | vs Y-1 €M    | %         |
| Vol/Price/Mix | (48,0) | -39.3% | Vol/Pr | ice/Mix (54, | 5) -22.9% |
| Currency      | (0,6)  | -0.5%  | Currer | ncy 0,1      | . 0.1%    |
| Reported NS   | 73,4   | -39.8% | Repor  | ted NS 184,  | 2 -22.8%  |

### H1 REGIONAL SALES DISTRIBUTION



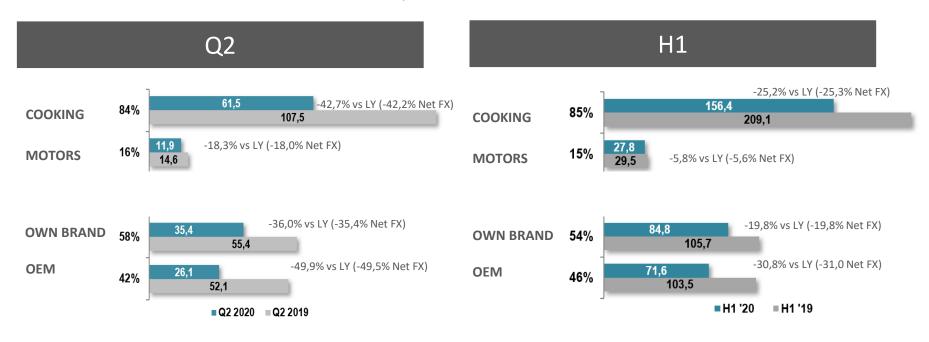
- ALL clusters affected by COVID-19 spread and progressive Country lock-down policies adoption.
- EMEA & ASIA impacted less than other Geographies thanks to Motor Division and quick B2C Recovery (EMEA) and Japan (Asia)



#### H1 SALES BY BUSINESS BRAND



- Cooking: Quick B2C recovery in May-June, 54% Own Brand sales. OEM strongly affected by almost 2 moth of Mexican production facility lock-down.
- Motor Division: Production close to normal, demand slow-down since march

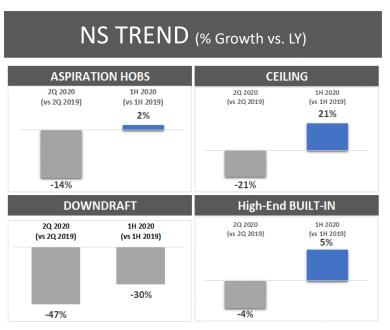


### KEY PRODUCT CATEGORIES PERFORMANCE



- H1 Growing trend in 3 out of 4 key product categories, despite 4 months of negative COVID-19 effect on business dynamics & production:
  - NicolaTesla range reaching 8% of Global Group Revenues (9% in Q2)
  - New Ceiling & High-End Built-In Hoods growing in their segments



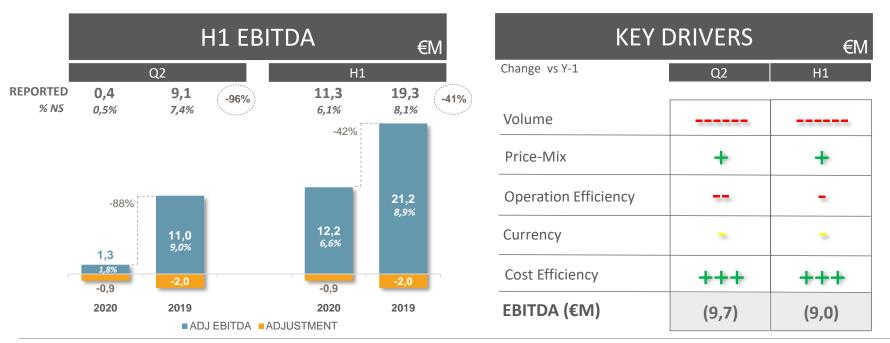




#### **EBITDA**



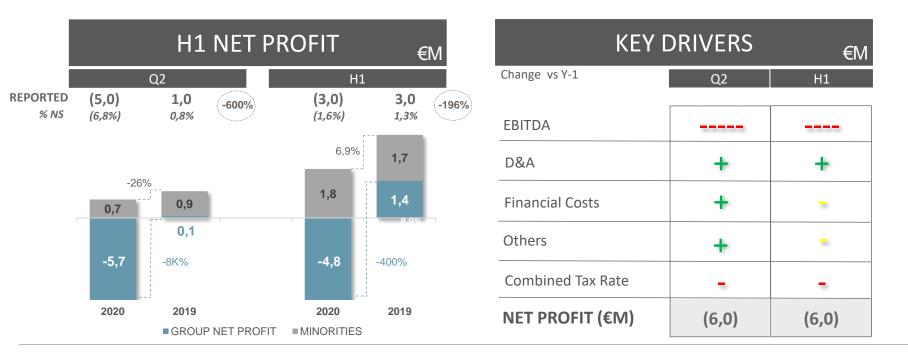
- Q2 Negative Volume Effect (-40%) driving Margin performance, despite the strong focus on SG&A Labour and Opex containment (-21% vs Q2 2019).
- Q2 2020 adjustment (0,9 €M) mainly related to 0,7 €M extra provision (TOT 4,8 €M) for the closing agreement of the litigation between Elica S.p.A and Esperança Real S/A (Brasil), signed and finalised in July.



### **NET PROFIT**



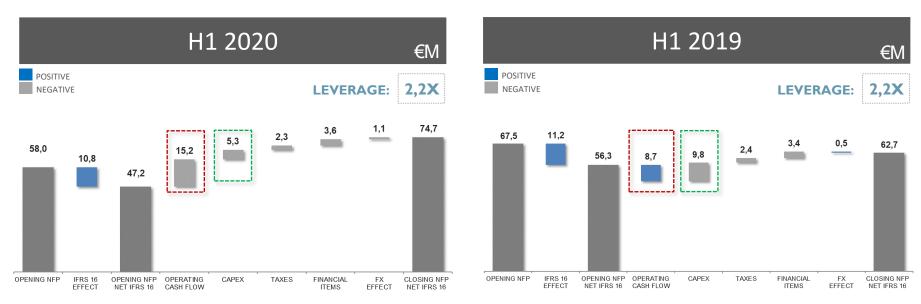
- Operating Performance driving Gap in Net Profit despite improved D&A and Financial Costs
- Minorities stable thanks to Japan very late pandemic effect on economy and India flexible business model.
- Major impact over Group Entities due to prolonged Lock-down (Italy, Mexico) and retail trade stop in April, May.



#### **NET FINANCIAL POSITION**



- Operating Cash Flow mostly impacted by Covid effects and factories lock-downs. Managerial WC on Sales from 5,6% 2019 to 11,5% 2020, despite 10,6 M€ inventories reduction.
- CAPEX cut on target (-50% vs 2019)
- Negative Effect (1,6 M€ vs 2019) from FX conversion differences over Foreign Entities NFP (\*)



→ Leverage largely below covenants, space to cope with crisis-recovery dynamics

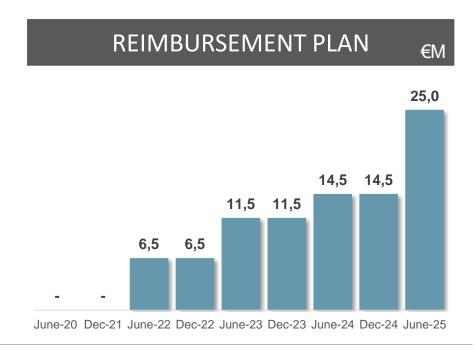
#### **NEW FINANCING**



- 100 M€ Loan to support "back-to-growth" recovery and group working capital management
- Out of "Decreto Liquidità" programme; competitive Interest Rates
- Additional 50 €M liquidity vs previous Loans reimbursement plan

#### STRUCTURE

- 100 €M Pool 5 Years loan
- Term Loan: 90 €M
- Revolving Loan (RCF): 10 €M
- Global Coordinator:
  - Banca IMI
  - BNL BNP Paribas
- Financial covenants:
  - NFP/EBITDA
  - EBITDA/Net Financial Charges
  - NFP/Shareholders' Equity
- Other Unused Credit Facilities: 53 €M





### H1 EXECUTIVE SUMMARY



- Break-even Operating Performance in a -40% volumes scenario
- Effective cost management (SG&A -17% YoY): quick adj. to demand environment
- Key Products showing positive YoY trend despite Covid-19 effect in H1
- Capex 50% Cut, maintaining high focus on New Product and Strategic initiatives
- New 100 M€ Loan to support "back-to-growth" recovery

### FY 2020 ESTIMATES & CHALLENGES



- Significant Trend inversion in Q3, B2C back to growth
- Q4 and «shape» of the recovery still difficult to forecast @ this stage

- FY **Net Sales** expected to decline ≈ 15-17% vs. 2019 (from -20% previous est.)
- Maintaining a strong focus on structural cost reduction & financial sustainability
- Margins: moving to the "high-side" of current consensus
- Planning & first execution of key projects to achieve mid-term targets



## H1 CONSOLIDATED INCOME STATEMENT



| €M                | H1 '20 | H1 '19 | %        |  |
|-------------------|--------|--------|----------|--|
| Net Sales         | 184.2  | 238.7  | -22.8%   |  |
| EBITDA Adj        | 12.2   | 21.2   | -42.4%   |  |
| %                 | 6.7%   | 8.9%   | -220 bps |  |
| EBITDA            | 11.3   | 19.3   | -41.4%   |  |
| %                 | 6.1%   | 8.1%   | -200 bps |  |
| EBIT              | (0.9)  | 6.9    | -112.8%  |  |
| %                 | -0.5%  | 2.9%   | -340 bps |  |
| Net Result        | (3.0)  | 3.1    | -195.9%  |  |
| %                 | -1.6%  | 1.3%   | -290 bps |  |
| EPS* – Euro cents | (7.55) | 2.23   | -438.6%  |  |

# **NET WORKING CAPITAL**



| €M  | H1 '20            | H1 '19             | H1 '20 | '19 | Δ                 |
|---|-------------------|--------------------|--------|-----|-------------------|
| Trade receivables % on annualized sales               | 55.5<br>15.1%     | 62.8<br>13.2%      |        |     | (7.3)<br>190 bps  |
| Inventories<br>% on annualized sales                  | 68.7<br>18.7%     | 79.4<br>16.6%      |        |     | (10.6)<br>210 bps |
| Trade payables<br>% on annualized sales               | (81.0)<br>(22.2)% | (115.4)<br>(24.2)% | ` '    | ,   | 33.6<br>(200 bps) |
| Managerial Working Capital % on annualized sales      | 42.4<br>11.5%     | 26.8<br>5.6%       |        |     | 15.7<br>590 bps   |
| Short term assets & liabilities % on annualized sales | (10.0)<br>(2.7)%  | (12.3)<br>(2.6)%   | ` /    | ,   | 2.3<br>(10 bps)   |
| Net Working Capital % on annualized sales             | 32.5<br>8.8%      | 14.5<br>3.0%       |        |     | 18.0<br>580 bps   |

# **CONSOLIDATED CASH FLOW**



| €M                                  | H1 '20 | H1 '19 |
|-------------------------------------|--------|--------|
| Operating Cash Flow                 | (16.0) | 7.6    |
| Capex (*)                           | (5.9)  | (11.2) |
| Cash Flow from Financing Activities | (4.5)  | (3.4)  |
| $\Delta$ Net Financial Position     | (26.4) | (7.0)  |

# CONSOLIDATED B/S



|                               | 2020      | 2019         |                               | 2020  | 2019  |
|-------------------------------|-----------|--------------|-------------------------------|-------|-------|
| Net Operating Fixed<br>Assets | 164.4     | 176.3        | Net Financial<br>Position (*) | 85.5  | 73.9  |
| Net Working Capital           | 32.4 14.5 | Group Equity | 98.8                          | 105.2 |       |
| Net Working Capital 32.4 14.  | 14.5      | Minorities   | 14.0                          | 11.8  |       |
| Net Financial Assets          | 1.5       | 0.1          | Total Shareholders'<br>Equity | 112.8 | 117.0 |
| Net Capital Employed          | 198.3     | 190.9        | Total Sources                 | 198.3 | 190.9 |

(\*) Including IFRS 16 effect

#### **DISCLAIMER**



This presentation may contain forwards-looking information and statements about Elica S.p.A. and its Group.

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