elica

Q1 2020

GROUP CONSOLIDATED RESULTS

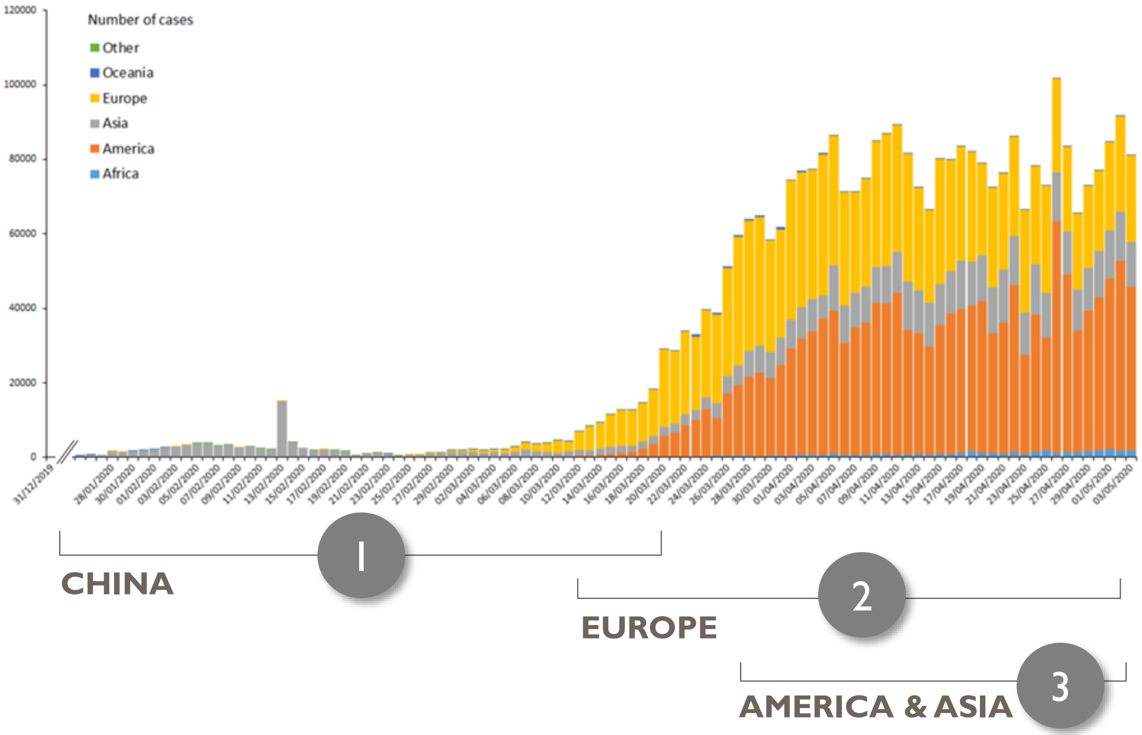
THURSDAY MAY 7h, 2020

AGENDA

GLOBAL OVERVIEW & Q1 2020 HIGHLIGHTS

GOBAL OVERVIEW: COVID SPREAD & EFFECTS on BUSINESS CONTINUITY

COVID-19 CASES WORLDWIDE



@ ELICA

1 CHINA

- **% Group Net Sales: 1%**
- Plant Lock-down till 24th Feb
- Supply Chain continuity
- Improving business dynamics

2 EUROPE

- **% Group Net Sales: 70%**
- Lock-down (IT, PL) in April (1 to 4 weeks)
- Commerce blocked in most of countries, OEM
- Phase 2: evaluating recovery dynamics

3 US & OTHER ASIA

- **% Group Net Sales: 29%**
- Lock-down (Mex, India) – Apr (May tbd)
- Worsening Health scenario
- Distribution mostly blocked

SOURCE: World Economic Forum, European Centre for Disease Prevention and Control

GOBAL OVERVIEW: CRISIS GOVERNANCE

CRISIS COMMITTEE TASK-FORCE COVID 19

- CEO
- CFO
- Group HR
- COO
- EHS Manager
- Corporate Communication
- IT
- Motor Division
- Plant Managers
- Countries
- Internal Audit & Risk
- Legal

3 MAIN PILLARS

1 KEEPING SAFE OUR PEOPLE & COMMUNITIES

- Adoption of all available health protection measures (health protocol)
- Smart Working since 1st week of march & in-advance implementation of technical-organizational aids for health protection (Plants, HQ's, w/houses)
- Covid-19 health insurance extended to all employees
- Communication to our community - Radio Elica

2 DELIVERING OUR BUSINESS GOALS & SERVING OUR CUSTOMERS

- Re-organization of operating activities & Operational Emergency management (adapting to customer requests and regulation scenario)
- Implementation of strong actions to sustain margins, control SG&A and improve liquidity
- Maintaining 100% focus on Key New Product and Strategic initiatives

3 IMPROVING OUR GOVERNANCE & ESG COMMITMENT

- Analysis of the technical-organizational measures adopted with respect to what is defined by the applicable legislation
- Analysis of possible impacts with relevance pursuant to L. Decree 231/01 and equivalents
- Real-time monitoring of potential cyber-security threats

Q1 2020 HIGHLIGHTS

- **Negative WW Industry** (*)**:** Health emergency strongly affecting QTR-end dynamics in EMEA
- **Net** Sales -5.0% vs Q1 2019, mainly affected by March result (+2.0% YTD February)
- **Solid Operating Performance, despite impact of COVID-19, driven by cost management**:
  - **EBITDA**: 10,9 €M @ 9,9% on Net Sales (8,8% in Q1 2019)
  - **EBIT**: 4,3 €M @ 3,9% on Net Sales (3,7% in Q1 2019)
  - **NET PROFIT:** 2,0 €M vs. 2,1 €M Q1 2019 (-3,1%)
- Major Focus on **SG&A** and **360° Cost Containment actions** to balance Top-Line stress
- **Further NFP Improvement** (12,1 €M vs Q1 2019) delivering incremental liquidity; planning additional CAPEX cut to mitigate crisis effects.

(*) Source: Elica Group Estimates

INDUSTRY TREND

COOKER HOODS INDUSTRY SHIPMENTS (UNITS)

- Dynamics strongly affected by Covid-19 progressive WW emergency and countermeasures adoption.
- Asia trend driven by China; India impacted only @ QTR end
- Europe shipments deep slow-down in March (Government lock-down strategy in WE)

Volume Data % Change vs . Y-1	FY'19	Q1 '20
Western Europe	0.8%	(5.0%)
Eastern Europe (incl. CIS)	(1.8%)	(0.5%)
Europe	(0.3%)	(2.7%)
EMEA	**(0.2%)**	**(2.5%)**
North America	(2.1%)	(1.5%)
Latin America	0.6%	1.6%
AMERICAS	**(1.0%)**	**(0.2%)**
ASIA	**(1.2%)**	**(28.3%)**
WORLD	**(0.8%)**	**(14.4%)**

Key evidence

GENERAL REMARKS

The coronavirus outbreak early in 2020 and the risks of a more prolonged impact on the global economy have triggered a severe Emerging Markets slowdown, China hard landing and general global downturn.

EMEA

Consumer spending has continued to support the economy in the first two months of 2020, while in March disruptive covid-19 factor drastically changed the trend. The spreading lockdowns and uncertainty due to the pandemic outbreak caused a significant slowdown.

AMERICAS

NA negative performance is due to the initial phase of the pandemic effect on the economy that was already moderately suffering from the consequences of the trade tensions with China.
Mexico and SA record a positive trend in the first quarter.

ASIA

Despite the lower US-China trade tensions, the coronavirus outbreak in January 2020 complicated the picture, and China's economy shrank dramatically in the first three months of 2020, the country's first such contraction on record.

Source: Elica Group Estimates

NET SALES DYNAMICS

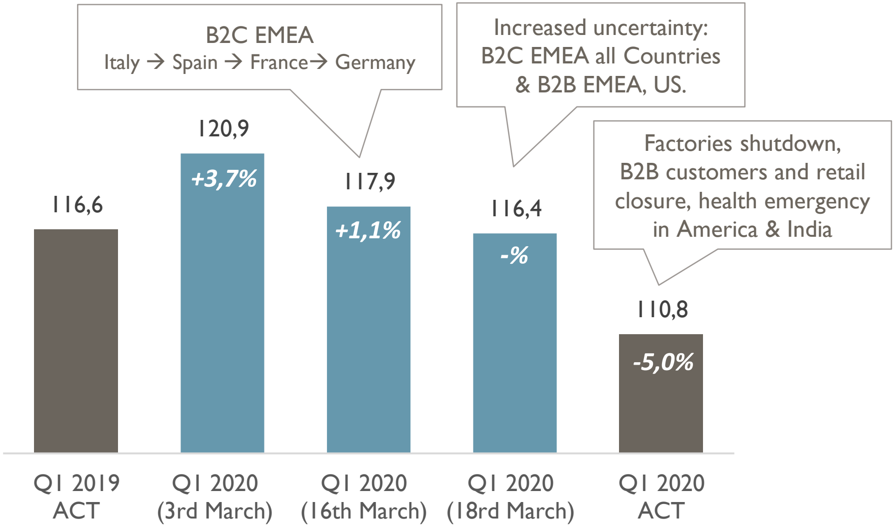
SALES KEY DRIVERS

- **Net Sales** -5.0% vs Q1 2019, mainly affected by March result (YTD February@ +2.0% vs 2019), negative volume effect partially offset by positive price/mix (+1.4%)
  - **Cooking**: -6.7% vs LY driven by OEM Brand (-11.45%) March impact
  - **Motor Division**: +6.3% vs LY despite slow down in March (YTD February @ +9.6%)

Q1

Change vs Y-1	€M	%
Vol/Price/Mix	(-6,6)	*-5.7%*
Currency	0,8	*0.7%*
Reported NS	**110,8**	***-5.0%***

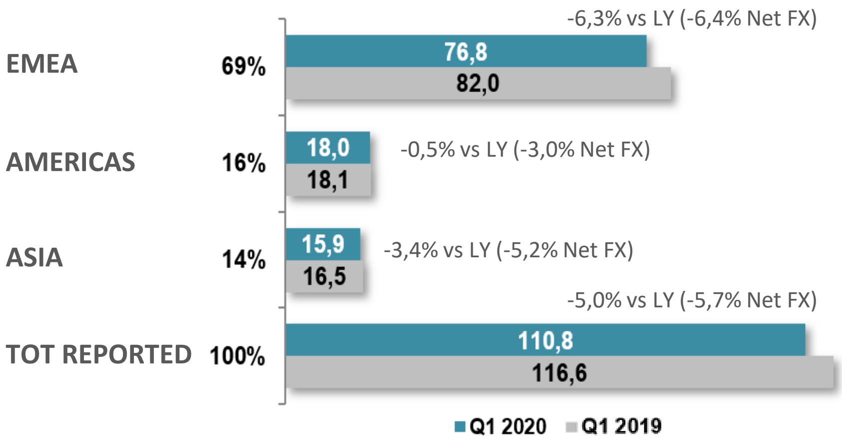
Q1 DYNAMICS – COVID EFFECT



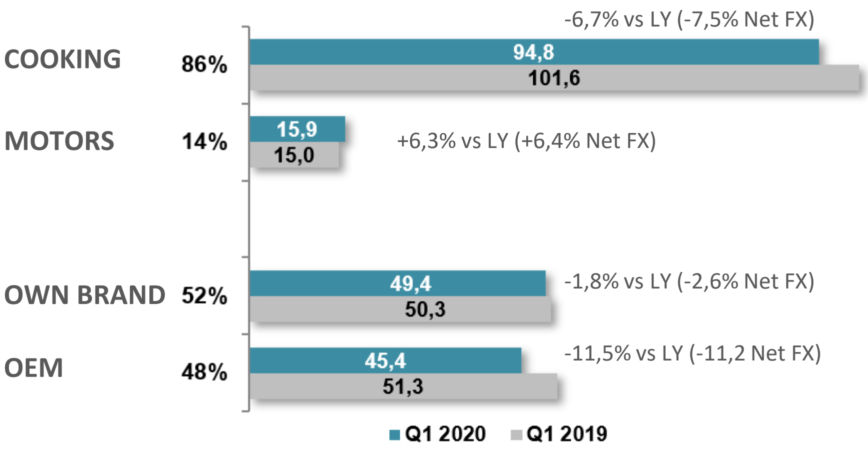
Q1 SALES DISTRIBUTION & DYNAMICS

- **EMEA, AMERICAS & ASIAN** clusters strongly affected by overall COVID-19 spread, shipment cancellation and progressive Country lock-down policies
- **Motor Division:** Production Continuity. Very positive progression in Jan-Feb, demand slow-down in March
- **OWN Brands:** positive YTD February (+9.8%), while **OEM** impacted by key customers crisis stock reduction

REGIONAL DISTRIBUTION



BUSINESS - BRAND

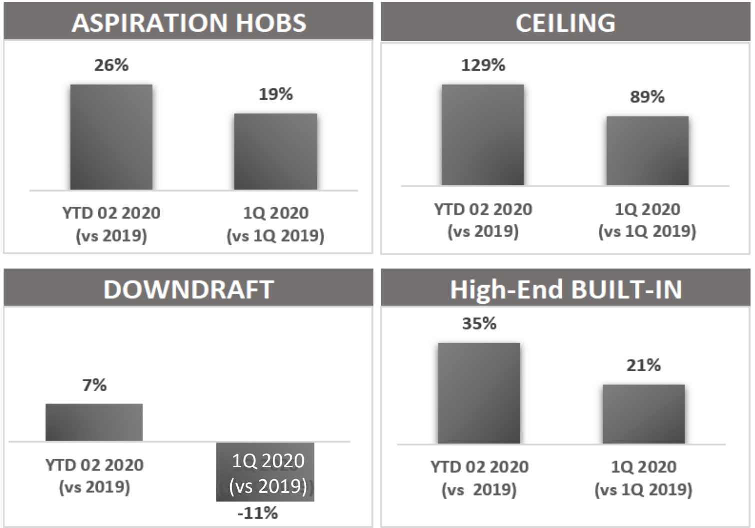


KEY PRODUCT CATEGORIES PERFORMANCE

- **Growing trend in all key product categories thanks to Range extension & Renovation:**
  - NicolaTesla range arriving to 7.3% of Global Group Revenues (vs 5.9% Q1 2019)
  - All trends negatively affected by March Dynamics

KEY CATEGORIES

NS TREND (% Growth vs. LY)

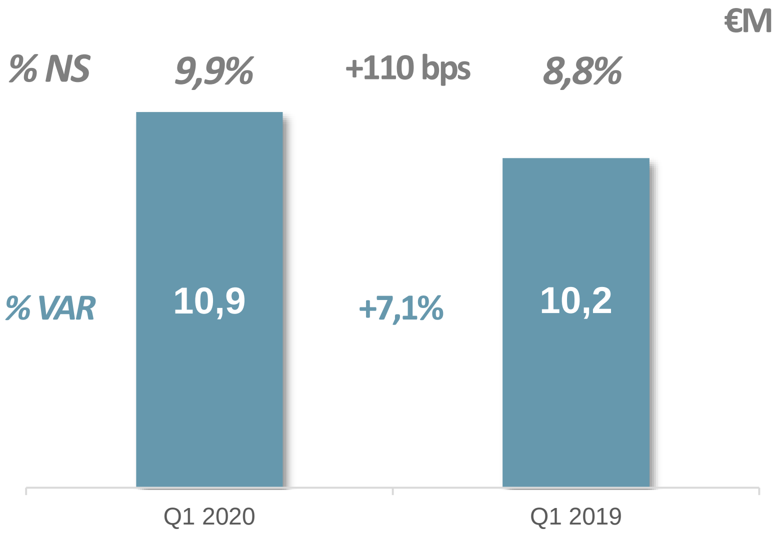


ECONOMICS & FINANCIALS

EBITDA

- Negative Volume Effect mitigated by Price Mix and positive Operational Efficiencies despite production volumes drop @ March month-end.
- Strong focus on Labour Cost and SG&A containment

Q1 EBITDA



KEY DRIVERS

Change vs Y-1

Volume	--
Price-Mix	+
Operation Efficiency	+
Currency	-
Cost Efficiency	++
EBITDA (€M)	**0,7**

NO ADJUSTMENTS IN Q1 2020 AND Q1 2019

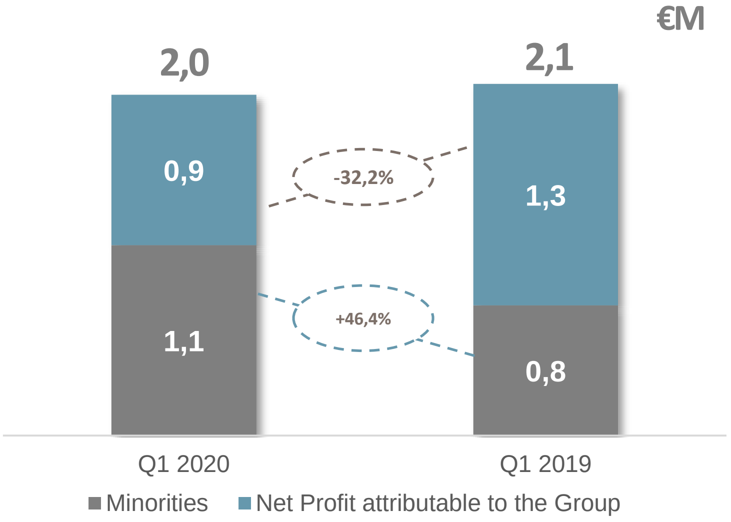
STRONG FOCUS ON COST CONTAINMENT & FINANCIAL SUSTAINABILITY

LABOUR COST	SG&A	OTHER ACTIONS
▪ **WW Activation Of Labour Cost Containment Institutes:** ▪ Italy (Plants + HQ) ▪ France ▪ Spain ▪ Germany ▪ Mexico (Plant + HQ) ▪ Poland (Plants + HQ) ▪ **Collective Holidays** ▪ **Hiring Freeze** ▪ Factories flexible workforce adapted to current demand environment	▪ New WW SG&A Procedure: (**Group CFO Approval for any OPEX above 3K€)** ▪ EuroCucina & Fairs Cut ▪ Trade Marketing Events ▪ Travel Ban ▪ Key Contracts Renegotiation (Rentals, Energy, Logistic & Warehousing costs, IT, Consulting & Support, ...)	▪ **50% Capex Budget Cut** ▪ Pocket and maximize Raw Material deflation opportunities ▪ Postponement Of All "Non Strategic" Projects With 2020 Cost Impact. ▪ Reduction in senior executive officers compensation

NET PROFIT

- Net Profit attributable to the Group penalised by COVID-19 spread over European Countries & negative combined tax rate effect. Volume and previous years Capex Carryover effect on D&A.
- Minorities increase mainly related to India (0,3 M€)

Q1



KEY DRIVERS

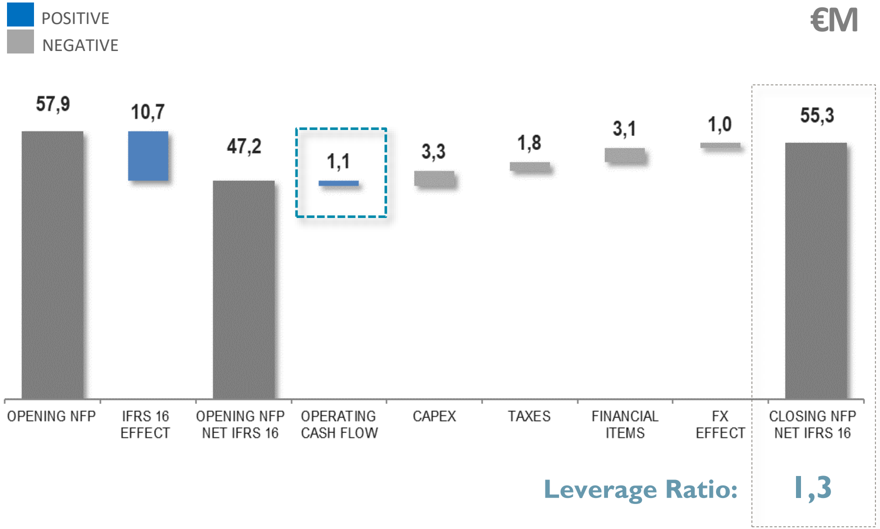
Change vs Y-1

EBITDA	++
D&A	--
Financial Costs	+
Combined Tax Rate	-
NET PROFIT (€M)	(0,1)

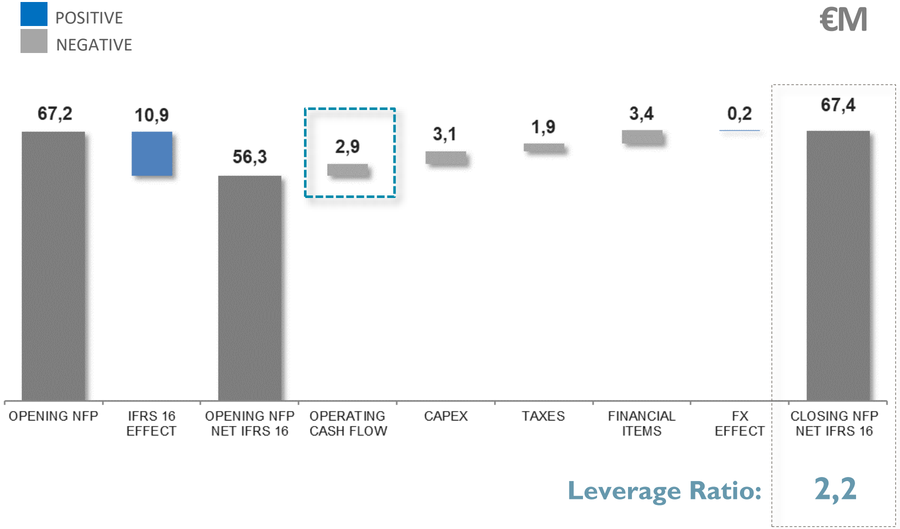
NET FINANCIAL POSITION

- Operating Cash Flow +4 M€ vs Q1 2019, driven by EBITDA growth and Inventories reduction.
- Negative FX Effect (0,8 M€ vs 2019) from FX conversion differences over Foreign Entities NFP (*)
- Leverage Ratio strongly below covenants, space to cope with crisis effects
- On-going analysis with Group main financial partners for a more structured M/L term approach

Q1 2020



Q1 2019



Leverage Ratio: NFP/ Rolling 12 Months EBITDA
(*) Mainly EUR/MXP in ElicaMex (0,8) M€

CONCLUSIONS & TAKEAWAYS

Q1 EXECUTIVE SUMMARY

- Solid Operating Performance, showing a more and more flexible business model
- Effective cost management: ability to adapt quickly to demand environment
- Key Products showing positive YoY trend despite Covid-19 effect in March
- Further NFP Improvement: Leverage Ratio 40% improvement vs. Q1 2020

FY 2020 ESTIMATES & CHALLENGES

- Trend inversion and «shape» of the recovery difficult to forecast @ this stage
- Net Sales YoY expected to decline, with major hit in Q2 2020
- Maintaining the already strong focus on cost containment actions & financial sustainability, while evaluating a turn-around plan

→ **Solid fundamentals to capitalize on demand recovery**

ANNEX 1
FINANCIAL HIGHLIGHTS

FY CONSOLIDATED INCOME STATEMENT

€M	Q1 20	Q1 19	%
Net Sales	**110.8**	**116.6**	-5.0%
EBITDA Adj	**10.9**	**10.2**	7.1%
%	*9.9%*	*8.8%*	*110 bps*
EBITDA	**10.9**	**10.2**	7.1%
%	*9.9%*	*8.8%*	*110 bps*
EBIT	**4.3**	**4.3**	0.7%
%	*3.9%*	*3.7%*	*20 bps*
Net Result	**2.0**	**2.1**	-3.1%
%	*1.8%*	*1.8%*	*0 bps*
EPS* – Euro cents	**1.41**	**2.12**	*-32.2%*

(*) EPS is calculated by dividing the Net Result pertaining to the Group by the number of ordinary shares outstanding, excluding treasury shares at the same data.

NET WORKING CAPITAL

€M	Q1 20	Q1 19	Δ
Trade receivables	62.1	60.9	1.2
% on annualized sales	*14.0%*	*13.1%*	*90 bps*
Inventories	72.3	80.5	(8.2)
% on annualized sales	*16.3%*	*17.2%*	*(90 bps)*
Trade payables	(108.1)	(108.9)	(0.8)
% on annualized sales	*(24.4)%*	*(23.4)%*	*(100 bps)*
Managerial Working Capital	**26.3**	**32.4**	**(6.1)**
% on annualized sales	***5.9%***	***7.0%***	***(110 bps)***
Short term assets & liabilities	(12.0)	(12.7)	(0.7)
% on annualized sales	*(2.7)%*	*(2.7)%*	*0 bps*
Net Working Capital	**14.4**	**19.8**	**(5.4)**
% on annualized sales	***3.2%***	***4.2%***	***(100 bps)***

CONSOLIDATED CASH FLOW

€M	Q1 20	Q1 19
Operating Cash Flow (*)	(0.6)	(4.9)
Capex	(3.3)	(3.1))
Cash Flow from Financing Activities	(3.1)	(3.4)
Δ Net Financial Position	**(7.1)**	**(11.3)**

(*) Including Taxes

CONSOLIDATED B/S

€M	2020	2019		2020	2019
Net Operating Fixed Assets	167.6	175.0	Net Financial Position (*)	66.0	78.3
Net Working Capital	14.4	19.8	Group Equity	101.3	107.0
			Minorities	13.5	10.8
Net Financial Assets	(1.2)	1.2	**Total Shareholders' Equity**	**114.8**	**117.8**
Net Capital Employed	**180.8**	**196.0**	**Total Sources**	**180.8**	**196.0**

(*) Including IFRS 16 effect

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Investor Relations

Giulio Cocci – Group Chief Financial Officer
Francesca Cocco – Lerxi Consulting – Investor Relations
Tel: +39 (0)732 6104205
E-mail: investor-relations@elica.com


elica
MetLife