



De'Longhi Group

FY 2018 Results



KENWOOD

BRAUN

-Ariete®

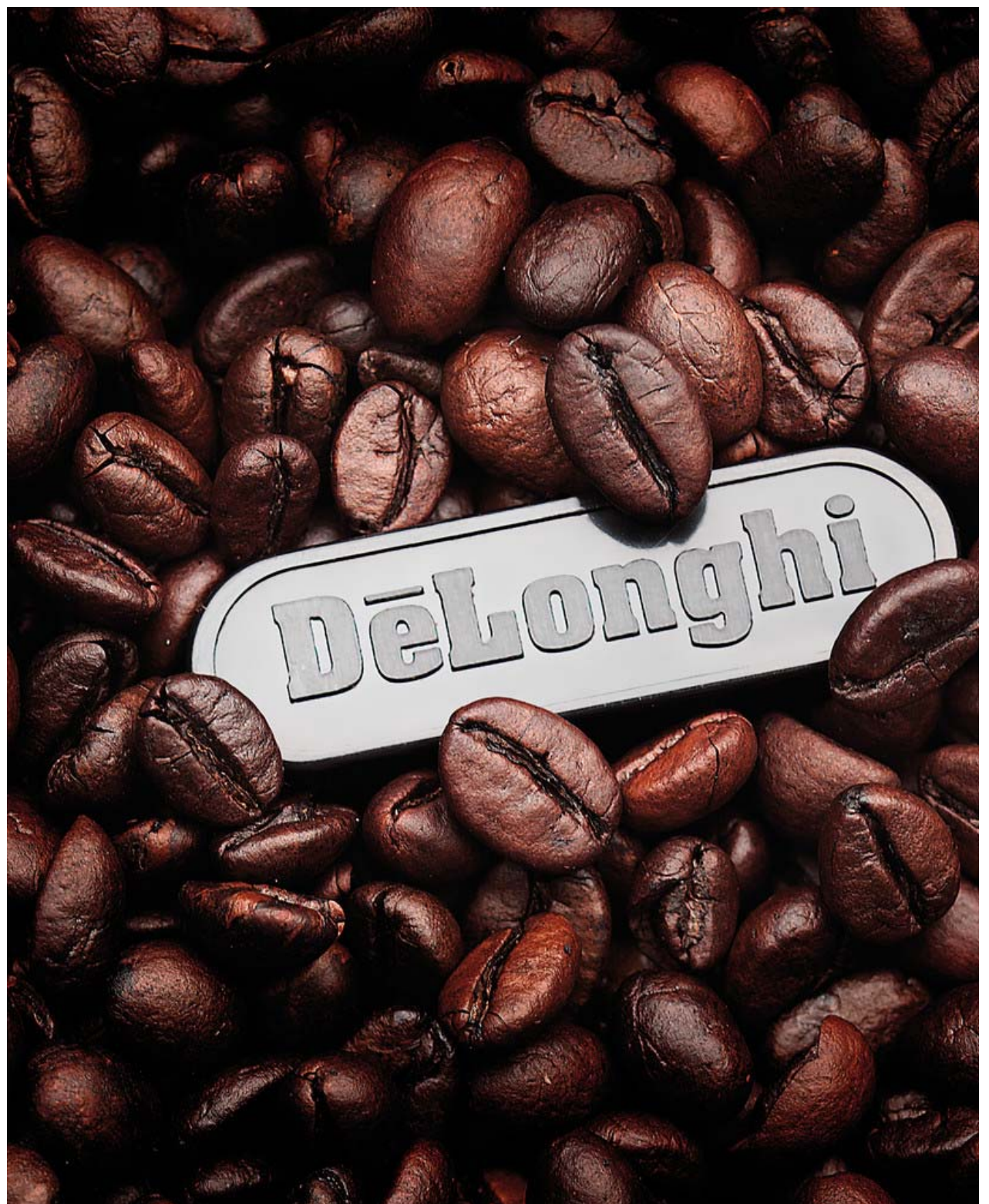
Definitions & assumptions

In this presentation:

- **Continuing Operations** identify the consolidated perimeter excluding NPE s.r.l.;
- **ForEx** or **FX** stand for Foreign Exchange Rates;
- **Organic** stands for effect net of ForEx and hedging derivatives;
- **Adjusted** stands for “before non recurring items and inputed costs of the stock option plan”
- **Q4** stands for fourth quarter (October 1st – December 31st), **FY** stands for full year (January 1st – December 31st);
- “**M**” stands for million and “**bn**” stands for billion.

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FY 2018 RESULTS (*“continuing operations”*)

HIGHLIGHTS

In the FY 2018:

- **Revenues** up 5.4% to € 2,078.4 million (+ 8.4% organic), driven by coffee makers (+13.8% organic);
- **Adjusted EBITDA** up to € 312,8 million equal to 15.1% of revenues , but in organic terms at 15,2% as in 2017;
- **Net Financial Position** positive to € 228.1 M, after dividends paid of € 149.5 M and capex of € 66.4 million;
- as expected, profitability impacted by some headwinds like the increase of cost of raw materials, pressure on prices and currencies' volatility.

In Q4:

- at constant exchange rates, **adjusted EBITDA margin** stood to 20,1% in line with the previous year.

FY 2018 RESULTS (“continuing operations”)

SALES AND NET INDUSTRIAL MARGIN

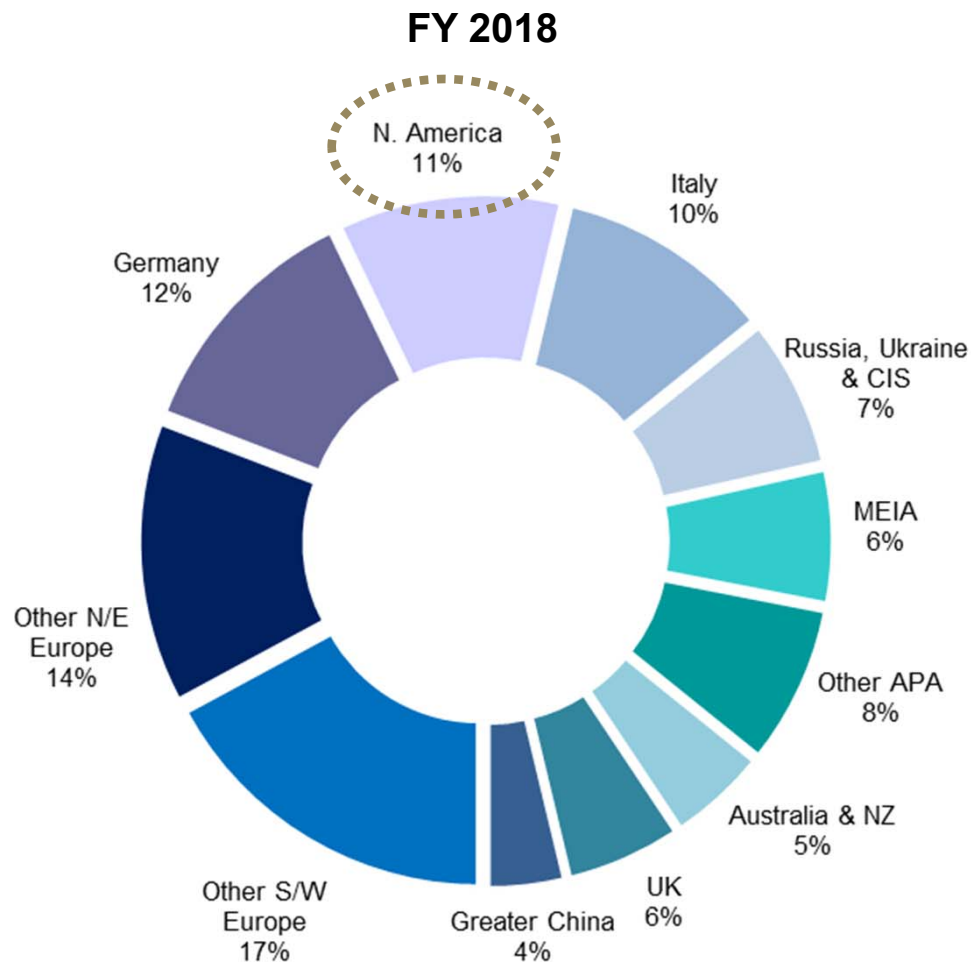
	FY 18	FY 17	Change	Change %
Revenues	2,078.4	1,972.8	105.6	5.4%
net industrial margin	990.7	967.3	23.4	2.4%
% of revenues	47.7%	49.0%	bps -136.7	

**+8,4% organic FY,
+7,4% organic 4Q**

- The FY18 revenues grew by 5.4%, but in organic terms the expansion has been +8.4%;
- the growth dynamics of the last quarter were confirming the previous trends, with coffee makers sustaining the overall growth;
- the net industrial margin was under pressure due to higher raw material prices (as expected), currency headwinds and pressure on prices due to a tough competitive scenario.

FY 2018 RESULTS (“continuing operations”)

REVENUES BREAKDOWN BY MARKET



FY 2018: MAIN ORGANIC UPS & DOWNS

GROWING DOUBLE DIGIT	<ul style="list-style-type: none"> • US & Canada • Russia, Ukr. & CIS • Poland
GROWING SINGLE DIGIT	<ul style="list-style-type: none"> • Germany • Greater China • Japan
DOWN	<ul style="list-style-type: none"> • Italy • Spain & Portugal • South Africa • Brazil

FY 2018 RESULTS (“continuing operations”)

REVENUES BREAKDOWN BY MARKET

Revenues of the "continuing operations"

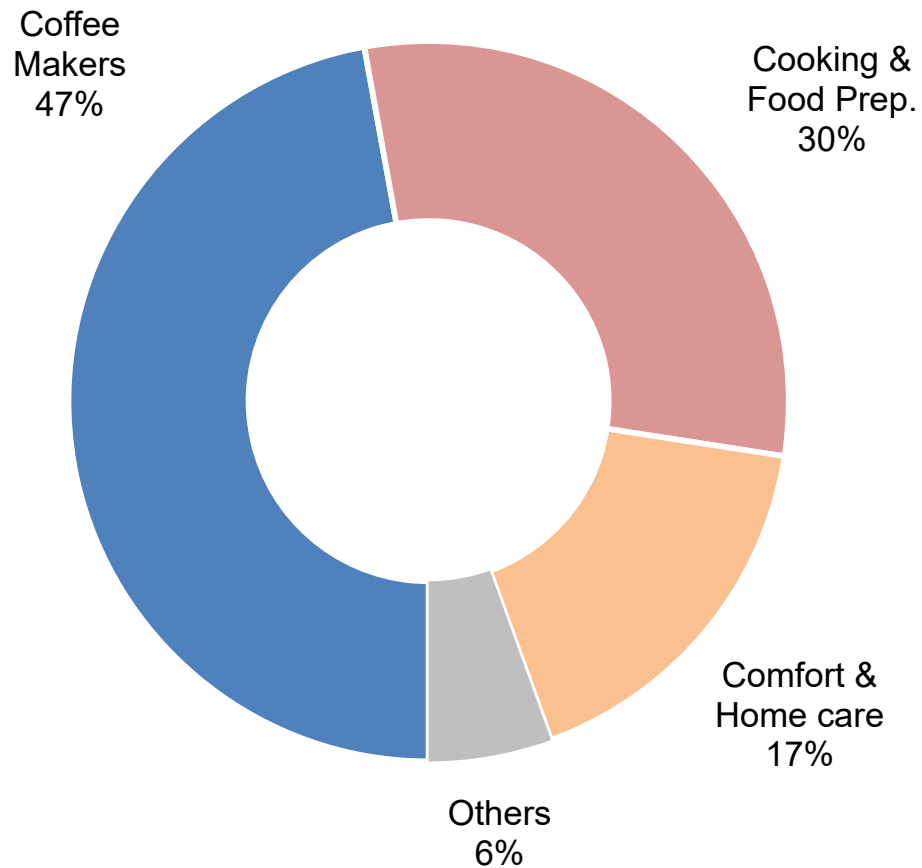
<i>EUR million</i>	12 months 2018	<i>chg. %</i>	<i>organic chg. %</i>	4th Quarter 2018	<i>chg. %</i>	<i>organic chg. %</i>
South West Europe	824.1	1.7%	2.4%	303.5	0.3%	0.8%
North East Europe	552.3	7.5%	12.4%	225.1	5.7%	9.7%
EUROPE	1,376.4	3.9%	6.3%	528.6	2.5%	4.5%
APA (Asia/Pacific/Americas)	566.0	8.7%	13.0%	208.1	12.6%	13.2%
MEIA (Middle East/India/Africa)	136.0	6.3%	10.9%	41.5	21.3%	19.6%
TOTAL REVENUES	2,078.4	5.4%	8.4%	778.1	5.9%	7.4%

- **South-West Europe:** Germany and Austria have sustained the growth, while the trend in some of Mediterranean countries showed some weakness;
- **North-East Europe:** up double digit at an organic level, with strong Russia, Poland and eastern Europe countries; in the Q4 we highlight a recovery in UK and some weakness of Nordics;
- **APA:** double digit growth in organic terms, remarkable increase of sales in US & Canada (now second market of the Group), jointly with a good expansion in Asia;
- **MEIA:** continuous recovery in Q4 , thanks to the recovery in UAE.

FY 2018 RESULTS (“continuing operations”)

REVENUES BREAKDOWN BY PRODUCT

FY 2018 sales breakdown by product



Based on management accounts

FY 2018:
MAIN ORGANIC UPS & DOWNS

GROWING DOUBLE DIGIT	<ul style="list-style-type: none">• Full Auto coffe maker• Lattissima• Comfort products
GROWING SINGLE DIGIT	<ul style="list-style-type: none">• Kitchen machines• Hand blenders• Pump coffee makers
DOWN	<ul style="list-style-type: none">• Water kettles• Spin juicers• Toasters

FY 2018 RESULTS (“*continuing operations*”)

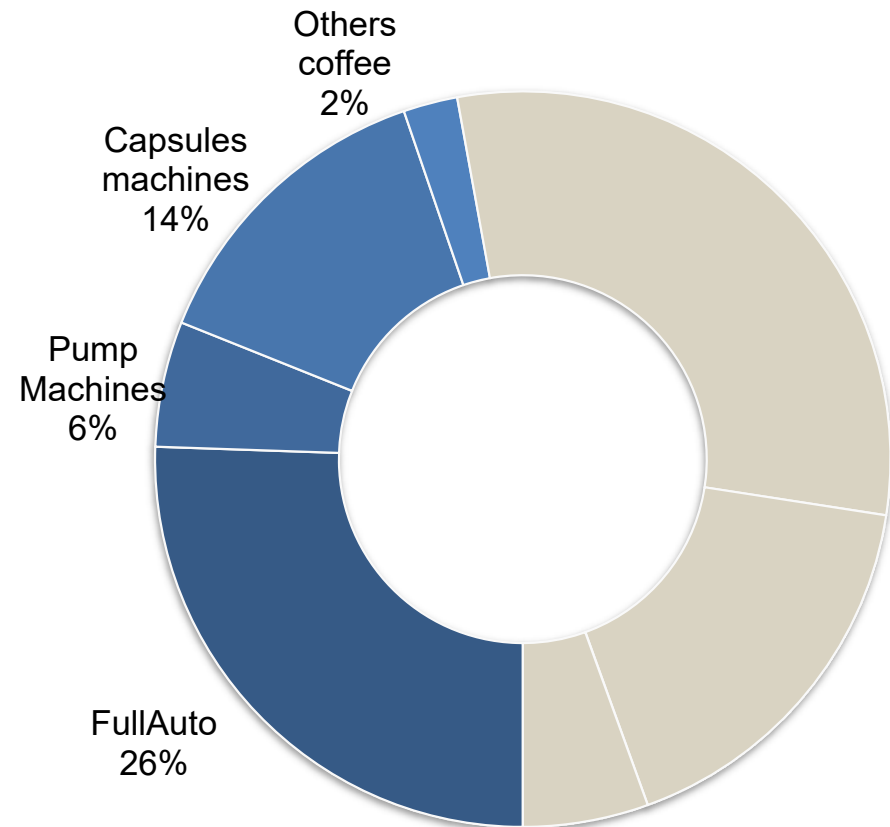
REVENUES BREAKDOWN BY PRODUCT

- In the coffee segment, all categories have grown, except for Dolce Gusto (down double digit):

in organic terms:

- full auto up double digit, both in the Q4 and over 12months;
- traditional pump up high single digit;
- Lattissima Nespresso up double digit in the FY18.

COFFEE MAKERS



Based on management accounts

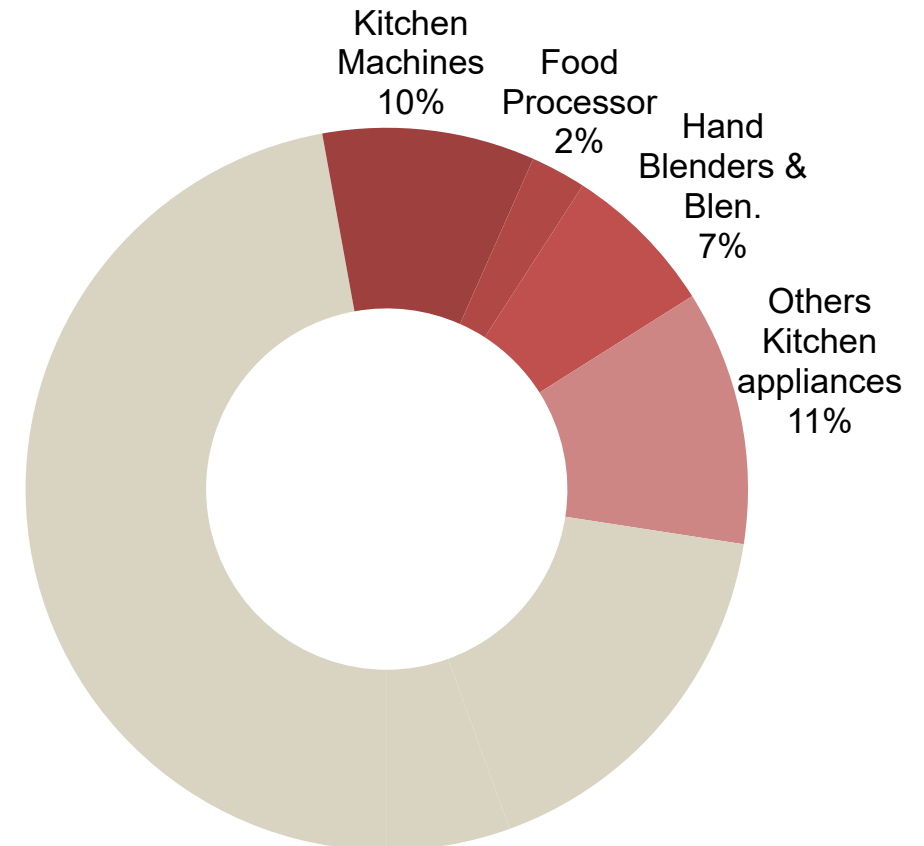
FY 2018 RESULTS (“continuing operations”)

REVENUES BREAKDOWN BY PRODUCT

In organic terms:

- the whole segment was only slightly negative yoy, but with a persistent weakness of the *foodpreparation* global market (*GFK data*);
- Kitchen machines branded Kenwood have shown signs of improvement in the last quarters.

COOKING & FOOD PREPARATION



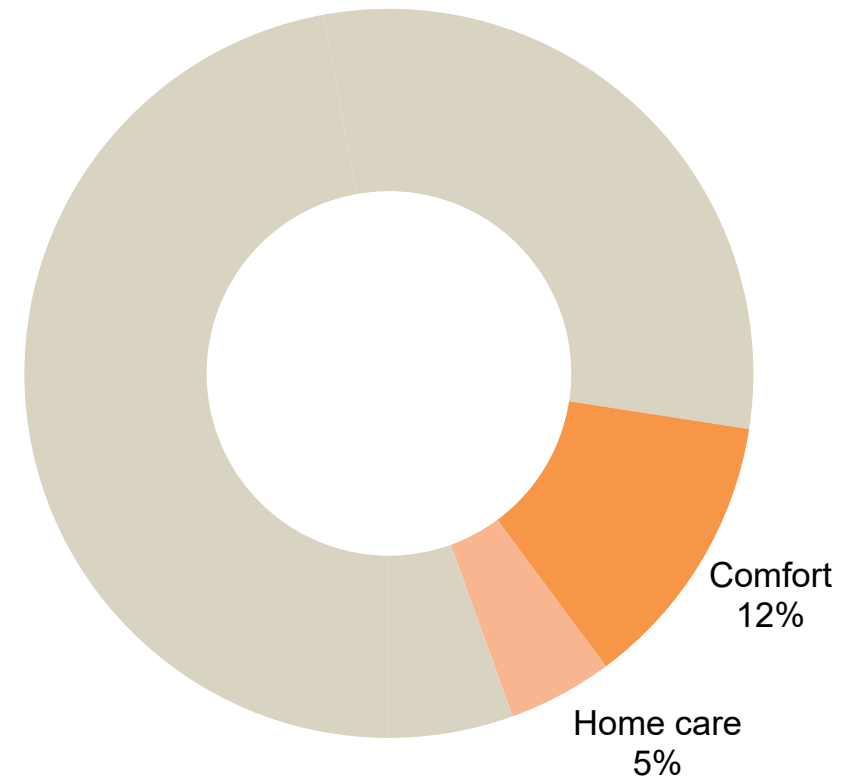
Based on management accounts

FY 2018 RESULTS (“*continuing operations*”)

REVENUES BREAKDOWN BY PRODUCT

- The comfort segment (portable heating, air conditioning and air treatment) grew strongly over the 12 months, helped by favorable climate conditions;
- Braun’s irons were up, thanks to the launch of the new steam generators which grew double digit in Q4.

COMFORT & HOME CARE



Based on management accounts

FY 2018 RESULTS (“continuing operations”)

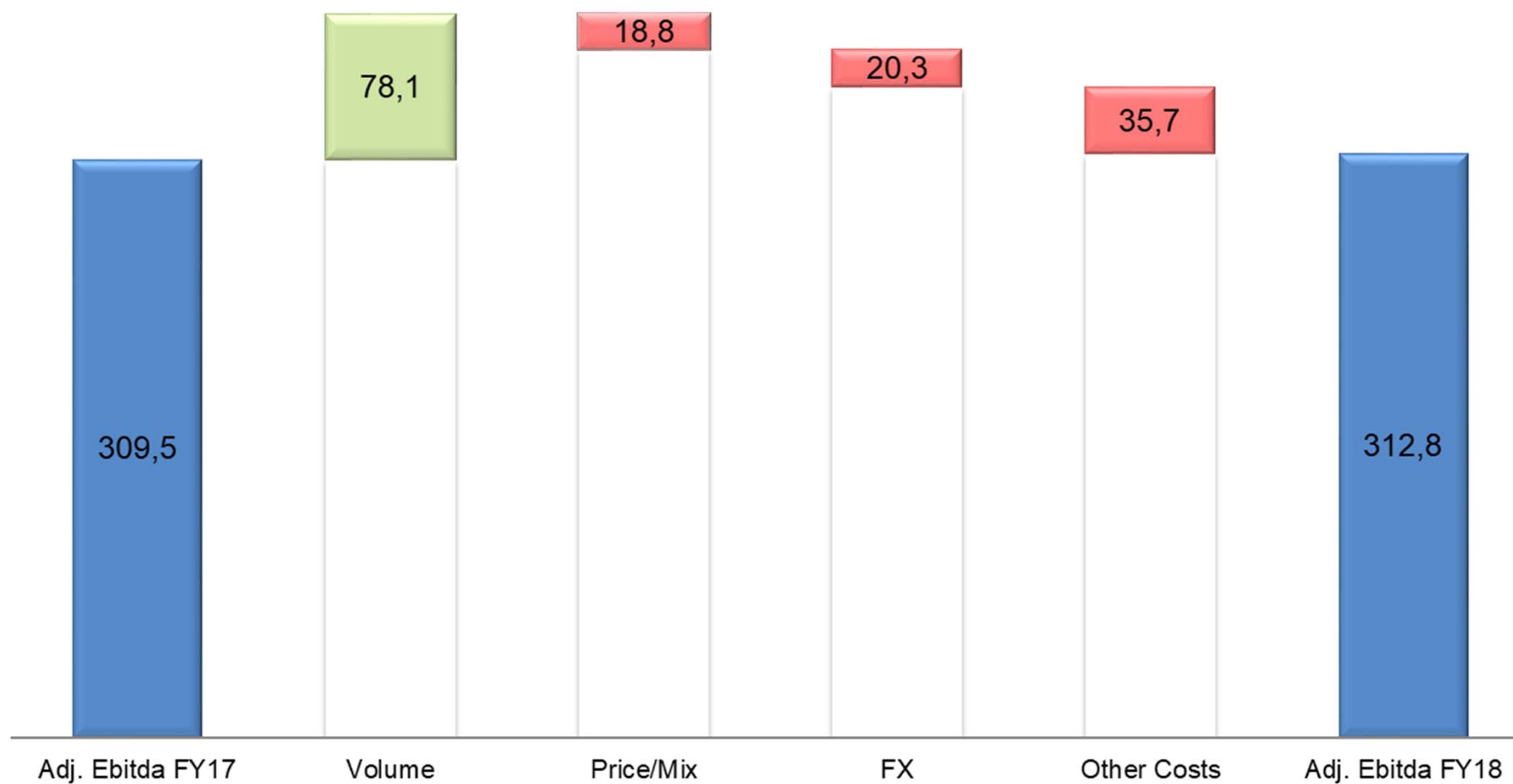
EBITDA MARGINS AND NET PROFIT

	FY 18	FY 17	Change	Change %
adjusted EBITDA	312.8	309.5	3.3	1.1%
% of revenues	15.1%	15.7%	<i>bps</i> -63.8	
EBITDA	304.5	303.7	0.8	0.3%
% of revenues	14.7%	15.4%	<i>bps</i> -74.3	
Net profit	183.9	179.7	4.2	2.3%
% of revenues	8.8%	9.1%	<i>bps</i> -26.3	
adjusted Net profit	190.3	173.2	17.1	9.9%
% of revenues	9.2%	8.8%	<i>bps</i> 37.7	

- The 2018 adjusted Ebitda was slightly up, but in organic terms the Group had a stable margin vs last year both in the 4th quarter (20,1%) and in the full year (15,2%);
- De’Longhi has increased promotional and support activities with the goal of ensuring adequate visibility to our products;
- the adjusted net profit (net of non recurring operating, financial items and tax effect) accounted to € 190.3 million, up by 9.9% compared to 2017.

FY 2018 RESULTS (*“continuing operations”*)

ADJUSTED EBITDA BRIDGE



FY 2018 RESULTS (“continuing operations”)

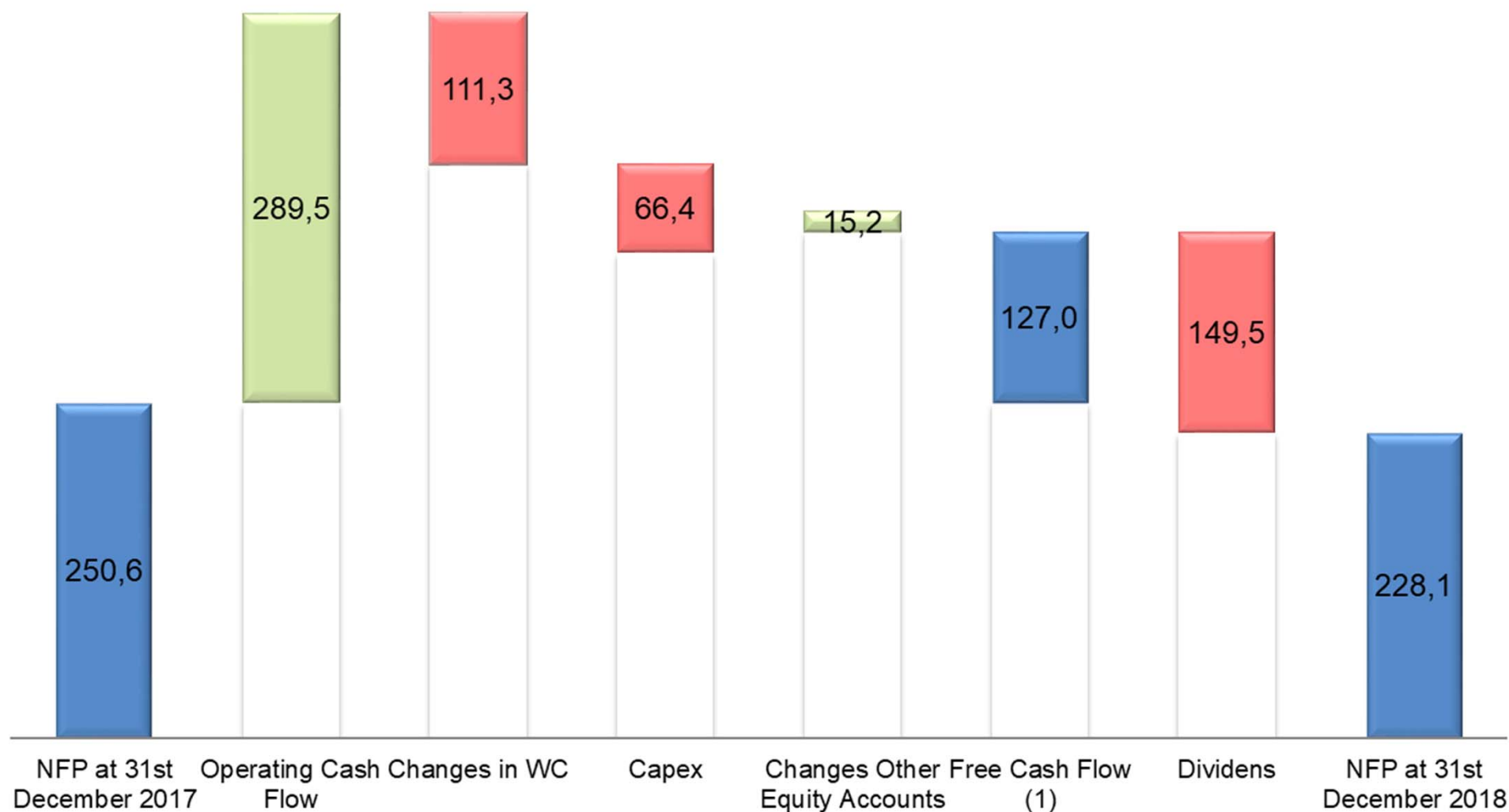
NET FINANCIAL POSITION AND WORKING CAPITAL

	FY 18	FY 17	Change
Net Working Capital	322.5	257.8	64.7
Net equity	1,065.9	1,023.3	42.6
Net debt / (Net cash)	-228.1	-250.6	22.5
Net Deb / Ebitda (leverage)	-0.7	-0.8	
NWC / Revenues	15.5%	13.1%	245 bps

- The net financial position as at December 31st was positive by 228.1 million €;
- the cash flow from investments is equal to 66.4 million € lower than 2017;
- the higher level of inventories, compared to the previous year, was due to an anticipation of supplies to the North American market (in light of the expected rise in duties on goods imported from China) as well as greater stocks of coffee makers to meet the growth dynamics budgeted for the first quarters of the new year.

FY 2018 RESULTS (“continuing operations”)

THE CASH FLOW PERFORMANCE



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OUTLOOK FY19

COFFEE MAKERS: NEW PRODUCTS

MAESTOSA

Full auto coffee machine

Key features: double grinder, double boiler, connectivity.



LA SPECIALISTA

Pump coffee machine

The “barista” experience at home



MULTISERVE

Drip coffee maker

Preparation of multiple coffee sizes, from single cup to full carafe, tea preparation



OUTLOOK FY19

COOKING & FOOD PREPARATION: NEW PRODUCTS

COOKEASY +

Cooking food processor

New connected all-in-one cooker



CHEF XL SENSE Special Edition

Kitchen machine

Best performance with
enhanced design /
finishing



IDEALFRY

Air Fryer

Great tasting fried food
Excellent cooking
performance



OUTLOOK FY19

COMFORT & HOME CARE: NEW PRODUCTS

PAC EL Wi-Fi

Portable Air Condition.

First ever Pinguino wi-fi
Working Smart Speakers



NEW CARESTYLE 5

Steam Generator Irons

Excellent ergonomic
design
FastClean System
Braun's lightest iron



TASCIUGO ARIA DRY PURE WiFi

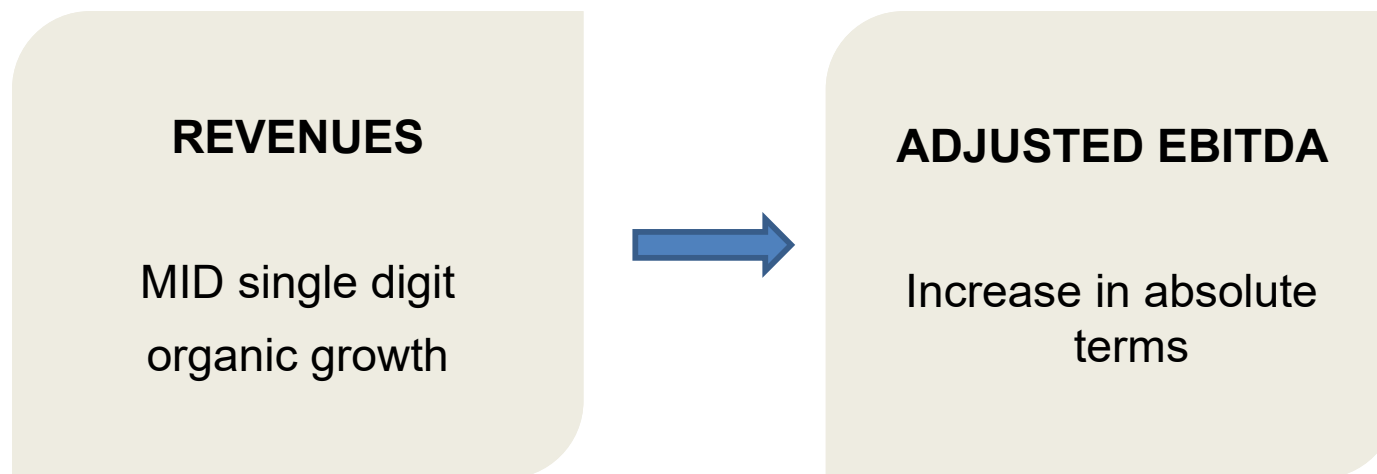
Dehumidifier

21l/d dehumidification
Certified
Asthma&Allergy
Friendly



OUTLOOK FY19

GUIDANCE



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APPENDIX

KEY P&L FIGURES 2017-2018 («continuing operations»)

(Euro million)	2017						2018					
	Q1-17	Q2-17	H1	Q3-17	Q4-17	FULL YEAR	Q1-18	Q2-18	H1	Q3-18	Q4-18	FULL YEAR
Revenues	385.1	431.6	816.7	421.7	734.4	1,972.8	402.6	452.1	854.7	445.6	778.1	2,078.4
% change y-o-y	6.3%	4.2%	5.1%	8.7%	7.7%	6.8%	4.5%	4.7%	4.6%	5.7%	5.9%	5.4%
net industrial margin	192.3	208.8	401.1	206.6	359.6	967.3	198.0	209.0	407.1	210.5	373.1	990.7
%	49.9%	48.4%	49.1%	49.0%	49.0%	49.0%	49.2%	46.2%	47.6%	47.2%	48.0%	47.7%
adjusted EBITDA	52.5	54.0	106.5	53.0	150.0	309.5	53.4	55.7	109.1	53.1	150.7	312.8
%	13.6%	12.5%	13.0%	12.6%	20.4%	15.7%	13.3%	12.3%	12.8%	11.9%	19.4%	15.1%
EBITDA	51.6	53.0	104.7	50.5	148.5	303.7	52.4	52.6	105.0	52.1	147.4	304.5
%	13.4%	12.3%	12.8%	12.0%	20.2%	15.4%	13.0%	11.6%	12.3%	11.7%	18.9%	14.7%
EBIT	38.9	38.9	77.9	35.3	132.2	245.4	39.3	38.6	77.9	35.0	130.0	242.9
%	10.1%	9.0%	9.5%	8.4%	18.0%	12.4%	9.7%	8.5%	9.1%	7.9%	16.7%	11.7%
Profit before Taxes	32.9	43.7	76.6	32.9	119.7	229.2	32.2	36.6	68.8	30.0	125.0	223.9
Taxes	(7.4)	(11.7)	(19.1)	0.4	(30.8)	(49.5)	(5.8)	(7.1)	(12.9)	(4.0)	(23.1)	(40.0)
Profit / (Loss) pertaining to the Group	25.5	32.0	57.5	33.3	88.9	179.7	26.4	29.5	55.9	26.0	101.9	183.9
%	6.6%	7.4%	7.0%	7.9%	12.1%	9.1%	6.6%	6.5%	6.5%	5.8%	13.1%	8.8%

THANK YOU

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