

DēLonghi Group

9 MONTHS 2020 RESULTS



DēLonghi Group

DēLonghi

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.

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;
- **Organic** stands for net of Foreign Exchange Rates and hedging derivatives effects;
- **Q3** stands for third quarter (July 1st - September 30th);
- **9M** stands for 9 months (January 1st – September 30th);
- **Reported** stands for official data including the application of IFRS-16 accounting standard and the change of treatment of the financial discounts.

CONTENTS

- Update on business evolution
- New products
- 9 months 2020 results



9 MONTHS 2020 RESULTS

Media spending, consumers engagement and new launch journey

More investments in the digitalization process of the launch events

Virtual PR events



New activities in the on-line space to enhance the customer engagement

Live demos



Please join me today at 12.30pm for our Kenwood Lunch Club where we...
2 settimane fa · Visualizzazioni: 1475

Please join me today at 12.30pm for our Kenwood Lunch Club where we...

Supplementary efforts to renew the focus on the physical stores

Perfect stores



Media spending, consumers engagement and new launch journey

New social media strategy to increase brand awareness, to enlarge our audience and to improve the conversion

Social media

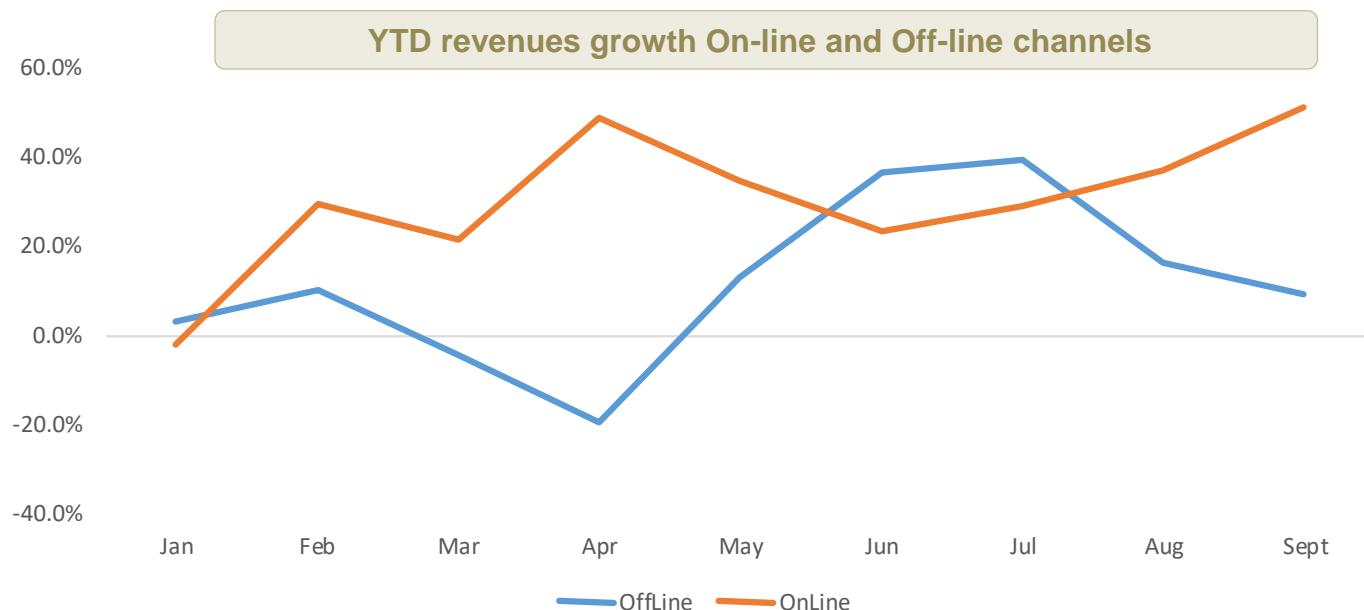
Spending dedicated to enlarge the coffee category and build up the brand awareness in US and China

New events

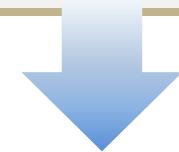
INFLUENCERS



Distribution channels



During this complex period, people have changed the **consumption priorities** and shifted their demand patterns, embracing new purchasing styles and choices.



OMNICHANNEL IS THE NEW WAVE

ON-LINE Channel



- Consumers seem to buy more on the online channels, even after the end of the lockdown.
- Digital services acceleration, both in the pure on-line and hybrid systems.

OFF-LINE Channel



- Digital transformation: from bricks and mortar to Omnichannel.
- After the lockdown, the physical stores have quickly recovered the footfall by drawing the customers' attention

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Coffee Makers: new products

PRIMADONNA SOUL

Full-auto coffee machine

Bean Adapt Technology,
High precision
electronically controlled
grinder



La Specialista Maestro

Pump coffee machine

New advanced settings
dedicated to the different
types of coffee beans



ELETTA Capuccino EVO

Full-auto coffee machine

New LCD display with a
more friendly usability;
variety of recipes



Cooking & Food Preparation: new products

COOKING CHEF XL

Kitchen Machine

Machine connected;
CookAssist™
touchscreen, preset
programmes

KENWOOD



NEW MULTIQUICK 9

Hand Blender

New functionality (**imode**
technology); ActiveBlade
Technology; improved
power

BRÄUN



TITANIUM CHEF PATISSIER XL

Kitchen Machine

The ultimate baking and
patisserie machine for the
passionate baker

KENWOOD



Comfort & Home Care: new products

HSX DIGITAL

Portable heater

Digital precision thermostat; countdown timer for delayed start/stop; eco function



CARESTYLE 1

Steam Generator Irons

DoubleSteam Technology and FreeGlide 3D



EX130

Portable Air Conditioner

Optimal balance of temperature and humidity; up to 30% energy savings

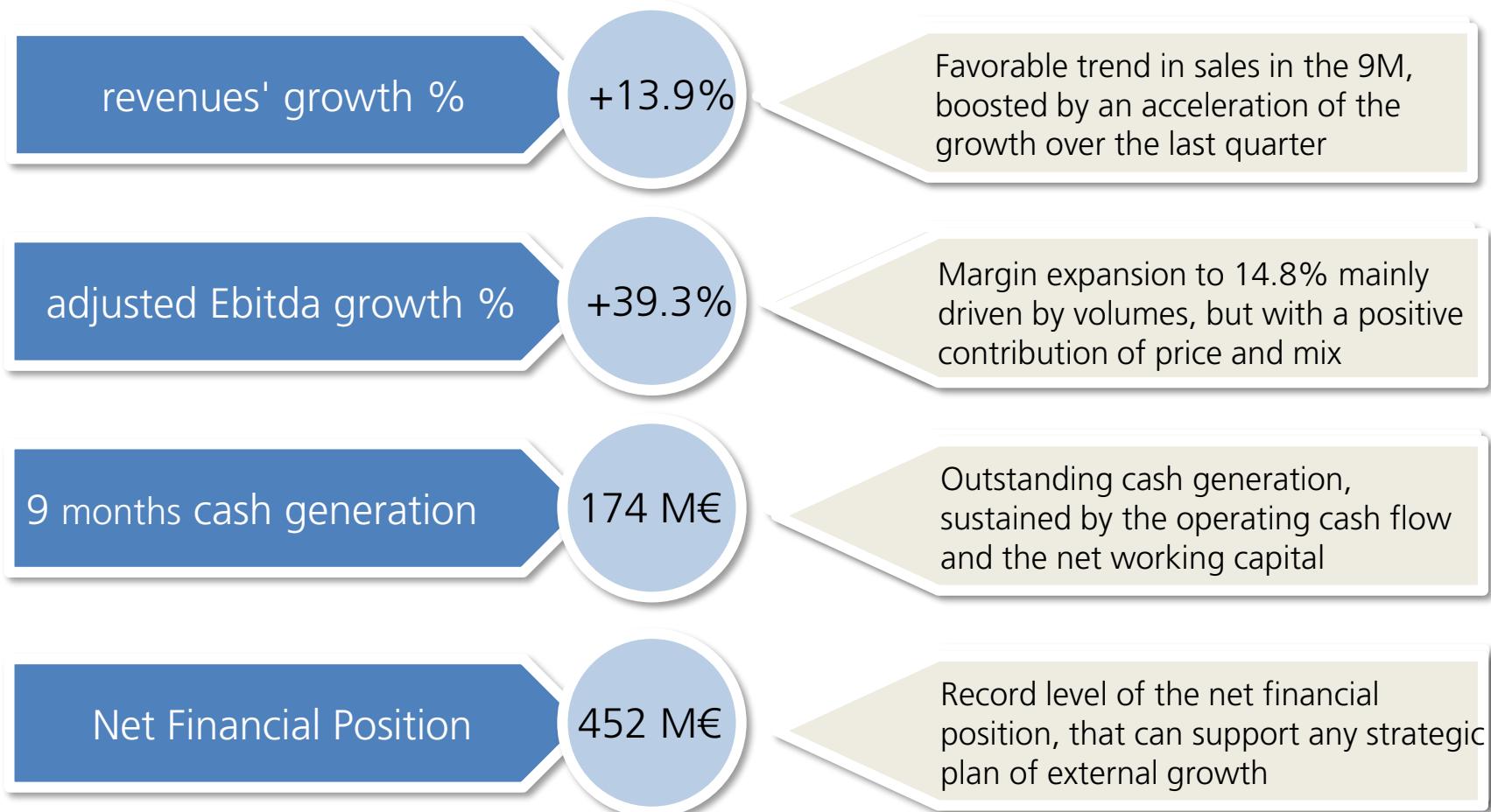


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Highlights (9 months *normalized*)



9 MONTHS 2020 RESULTS

The topline

(Eur million)	reported	normalized	reported	normalized	reported
	9M 2020	9M 2020	9M 2019	Q3 2020	Q3 2019
Revenues	1,473.2	1,484.6	1,303.7	580.9	458.2
change %	13.0%	13.9%		26.8%	
organic ch. %		14.8%		29.8%	

- In the nine months of 2020 the normalized revenues grew by 13.9%, soaring by 26.8% in the third quarter;
- All the regions accelerated in the latest months, confirming the positive expansion since the beginning of the years except for the MEIA area, which nonetheless was growing in the Q3;
- This year, growth has been boosted by strong recovery of household appliances in the food categories and by the continuation of the long-term trend in the coffee.

9 MONTHS 2020 RESULTS

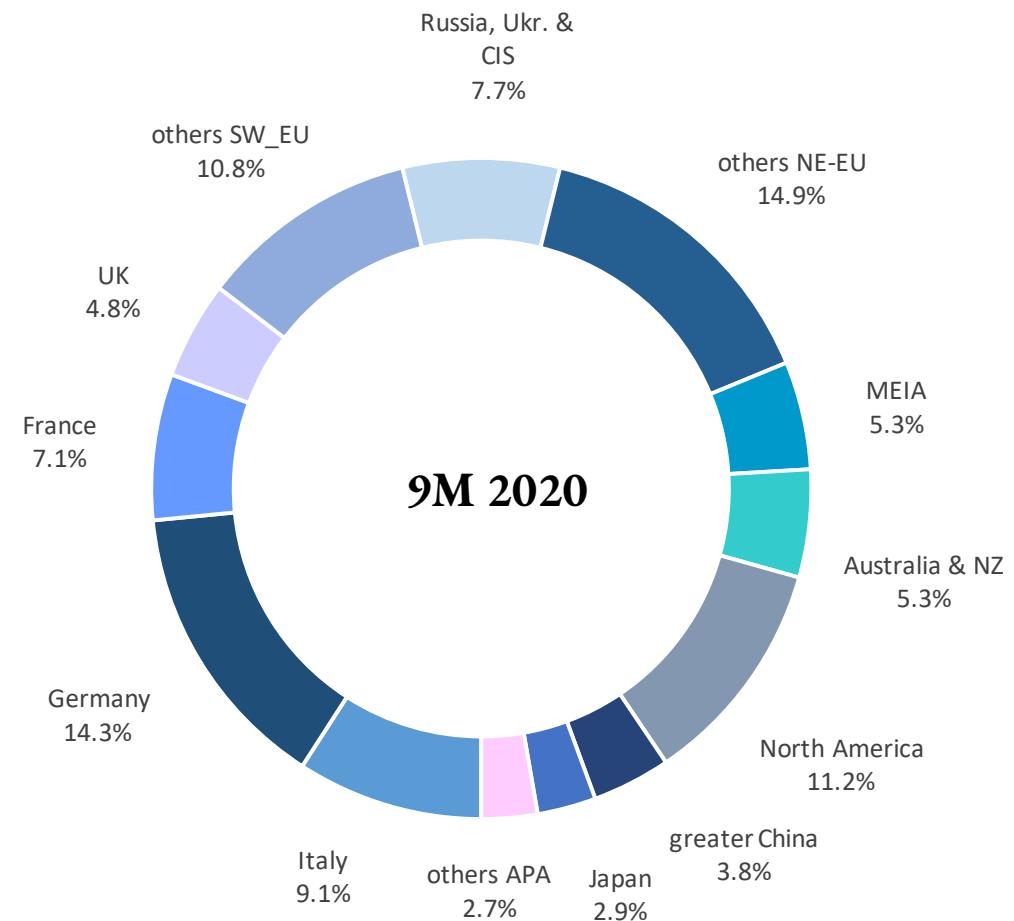
Revenues by region

Normalized figures - EUR million	9 months 2020	chg. %	organic chg. %	Q3-2020	chg. %	organic chg. %
South West Europe	614	20.3%	20.0%	240	35.9%	35.6%
North East Europe	407	13.0%	15.2%	169	26.4%	31.6%
EUROPE	1,021	17.3%	18.0%	409	31.8%	33.9%
MEIA (MiddleEast/India/Africa)	78	-16.2%	-14.9%	34	3.0%	7.7%
APA (Asia/Pacific/Americas)	385	13.4%	14.8%	138	20.0%	25.0%
TOTAL REVENUES	1,485	13.9%	14.8%	581	26.8%	29.8%

Organic performance in the 9 months (at normalized level):

- **South-West Europe** speeded up the pace of growth in the quarter, confirming a positive trend since the beginning of the year, sustained by the strong expansion of Germany and France; all the main markets have witnessed a positive tendency in Q3;
- **North-East Europe** was up 15.2%, supported by most of the countries growing at a double digit pace except for the Czech Republic, Slovakia and Hungary;
- **APA** region grew by a rate in the low teens, sustained by a strong trend in the main countries, namely US & Canada, China & HK, Japan, Australia & New Zealand;
- the **MEIA** region recorded an organic growth of 7.7% in the quarter, thus marking a turnaround compared to the previous quarters, which were negative and still affecting the results of the 9M.

Revenues by market (*normalized*)



MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT

Germany,
France, UK, Poland
Australia & New Zealand,
China & HK, US & Canada

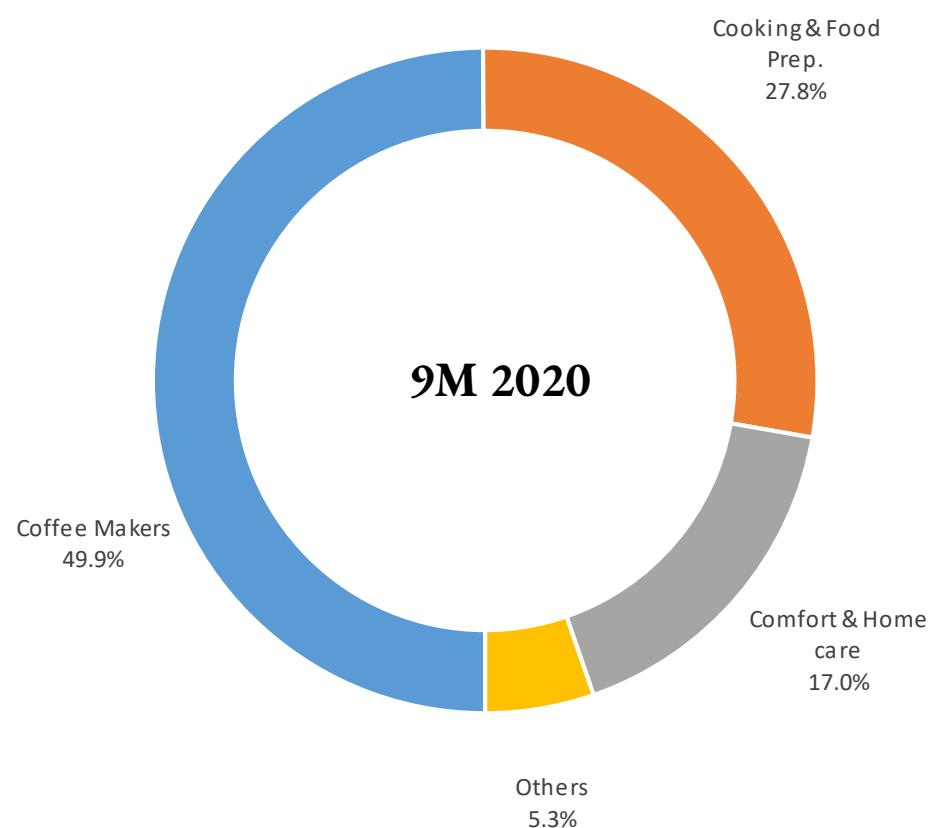
UP SINGLE DIGIT

Italy, Switzerland

DOWN

Saudi Arabia, Czech
Republic & Slovakia &
Hungary

Revenues by product (*normalized*)



MAIN ORGANIC UPS & DOWNS

UP DOUBLE DIGIT

full-auto machines,
manual pump machines,
kitchen machines,
air conditioning, vacuum
cleaner

UP SINGLE DIGIT

Food processor, toaster,
drip coffee and others
coffee products

DOWN

Ironing systems, blenders,
deep fryers, portable
heaters

Based on management accounts

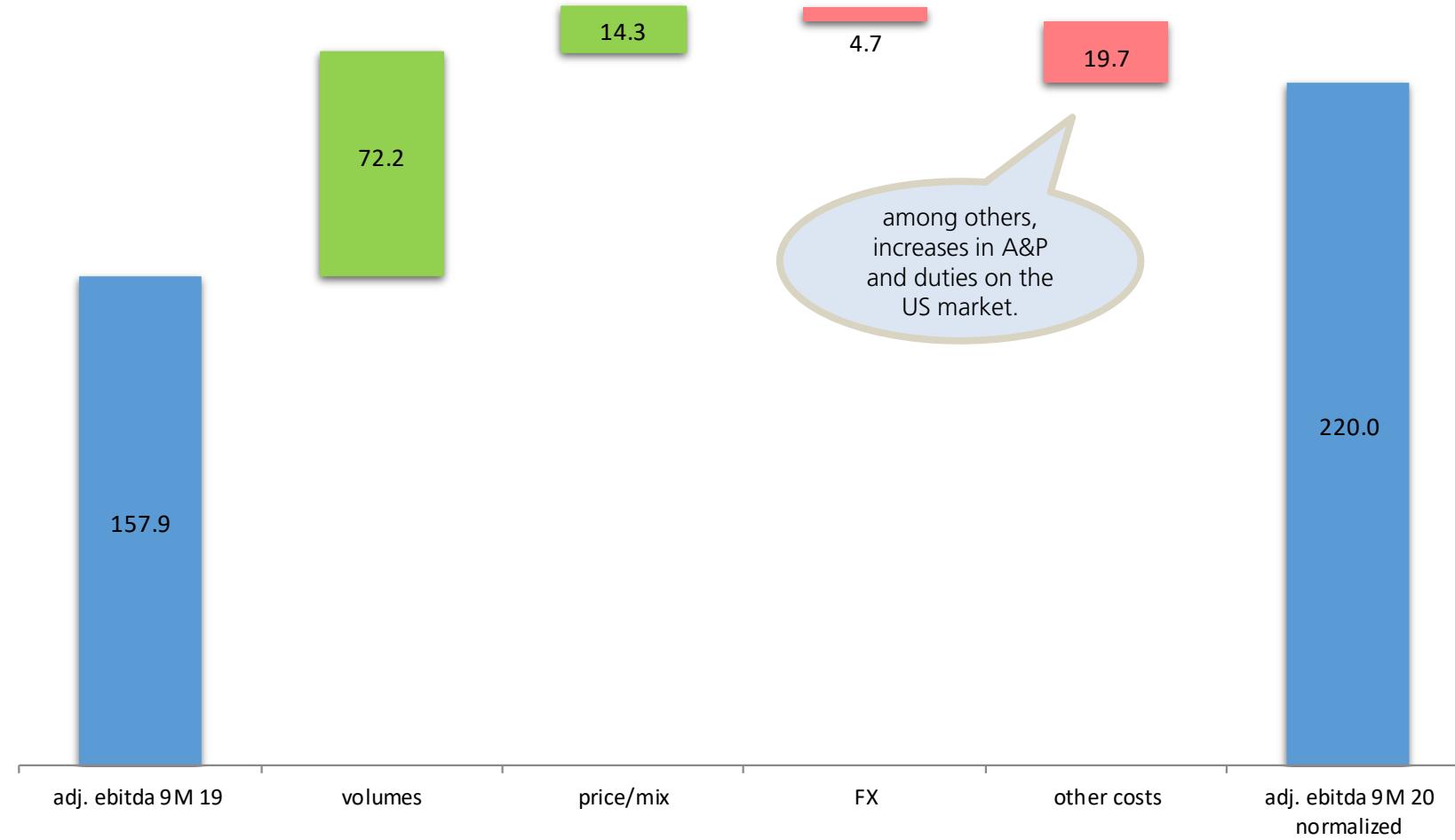
Margins

(Eur million)	reported	normalized	reported	normalized	reported
	9M 2020	9M 2020	9M 2019	Q3 2020	Q3 2019
net ind. margin	721.6	733.0	615.9	289.7	216.4
% of revenues	49.0%	49.4%	47.2%	49.9%	47.2%
adjusted Ebitda	208.7	220.0	157.9	101.2	60.1
% of revenues	14.2%	14.8%	12.1%	17.4%	13.1%
Ebit	142.5	153.9	96.2	79.9	38.2
% of revenues	9.7%	10.4%	7.4%	13.8%	8.3%
adjusted Net Income	110.4	110.4	75.5	62.7	30.8
% of revenues	7.5%	7.4%	5.8%	10.8%	6.7%

- In the first nine months, the margins have been boosted by a strong expansion of volumes and by a positive price-mix; in addition, during this part of the year, margins benefitted from lower industrial costs;
- In the same period, the Group has further increased the A&P spending, to support the brands in the main markets; moreover, margins were partially impacted by higher duties due to the full impact of the past US tariff increases.

9 MONTHS 2020 RESULTS

Nine months adjusted Ebitda bridge (*normalized*)



9 MONTHS 2020 RESULTS

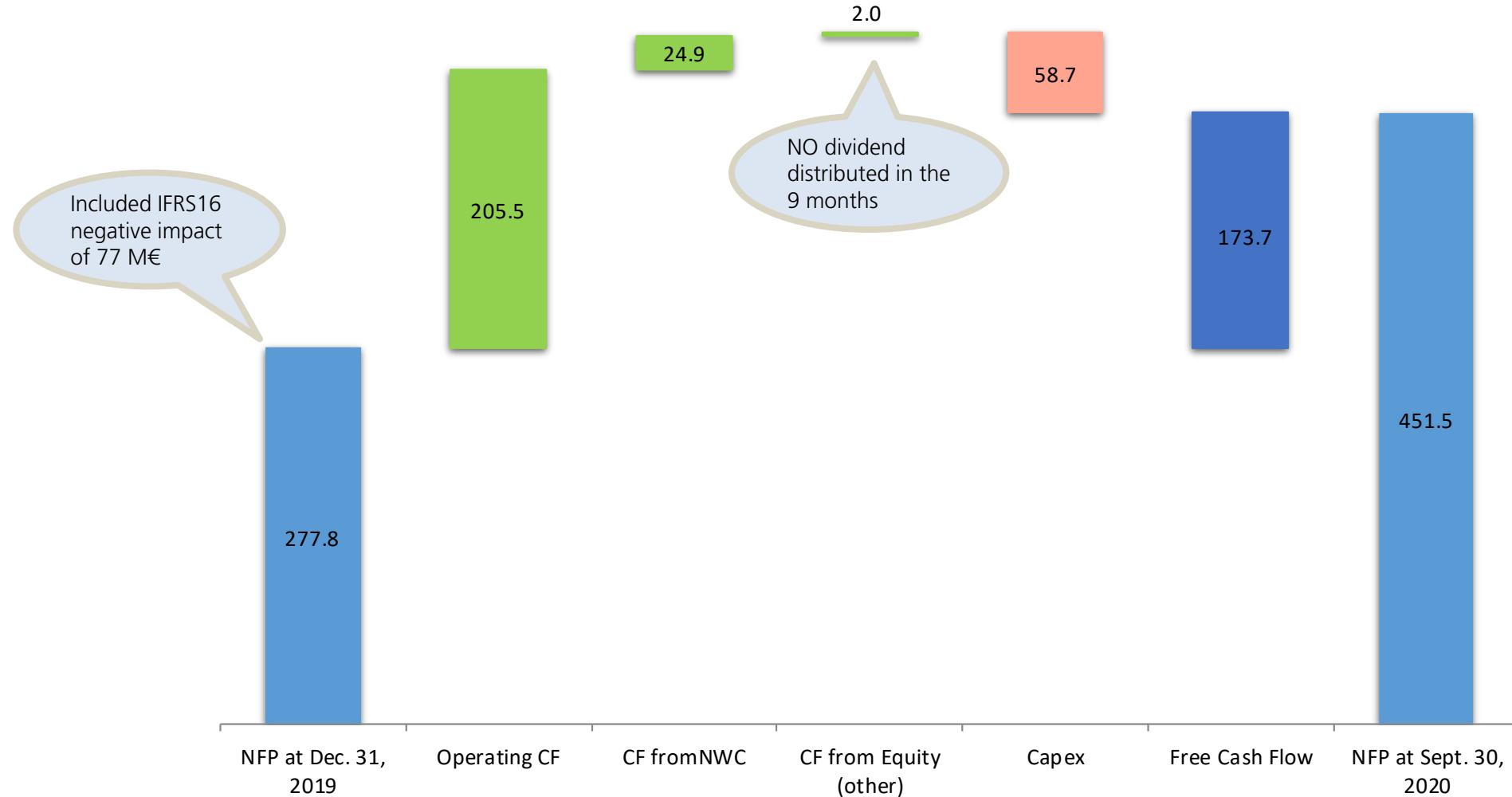
Balance sheet (*reported*)

EUR million	reported	reported	Change	reported	Change
	Sept. 30, 2020	Sept. 30, 2019		Dec. 31, 2019	
Net Working Capital	222.1	387.8	-165.7	318.8	-96.7
Net Equity	1,265.3	1,103.5	161.8	1,190.5	74.9
Net debt / (Net cash)	451.5	101.5	350.0	277.8	173.7
N.W.C. / Revenues	9.8%	18.6%	-8.8 pp	15.2%	-5.4 pp

- The net financial position as at September 30 stood at 451.5 M€ (net bank position at 516.7 M€), a marked improvement over the last 9 months. The Group realized a strong cash generation, equal to 350 M€ in the 12 months, and 173.7 M€ in the first nine months of this year, despite slightly higher investments (58.7 M€ against 55.5 M€ in the nine months of 2019).
- As to the net working capital, the value decreased by 165.7 M€ in the 12 months, mainly due to a lower level of inventory and the increase in payables to suppliers.

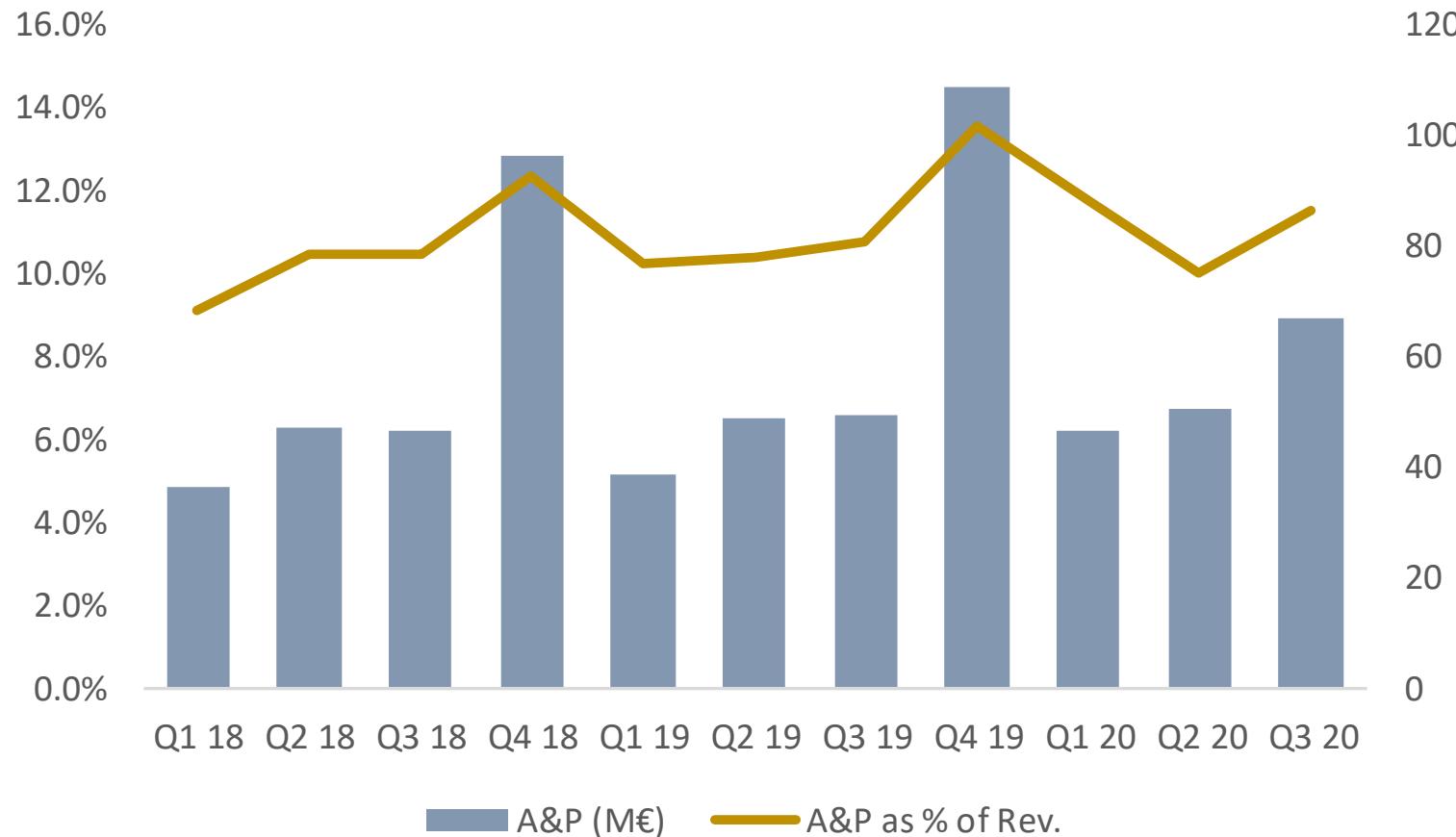
9 MONTHS 2020 RESULTS

The net cash flow in the nine months 2020 (*reported*)



9 MONTHS 2020 RESULTS

A&P by quarters



Over the last quarters, the Group has increased the level of A&P in order to sustain the future growth, to take advantage of the positive momentum and to retain the leadership across the main markets.

2020 outlook

Massimo Garavaglia, Group C.E.O.:

“We have always been convinced of the strength of our brands and the potential of our products: beyond the contingent conditions of the market, we believe in the superiority of iconic products supported by investment campaigns that accompany their development in the medium term. Therefore we will continue to invest in innovation, marketing and communication and the current results confirm the correctness of our strategy. Looking at the shorter term, we still recognize many elements of uncertainty, which make reading the social and economic context still very difficult. With these results behind us, we revise our end-of-year guidance upwards and we are confident that we will be able to close 2020 with organic growth in revenues at a high single digit rate and an adjusted Ebitda increasing both in value and as a percentage of revenues. In the longer term, we remain focused on the execution of our strategy, according to the value creation model that has guided us so far.”.



**FY 2020
guidance**

**Organic revenues
growing at high
single-digit rate**

**Adjusted Ebitda
improving in value and as
a percentage of revenues**

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THANK YOU.

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