

## PRESS RELEASE

## De' Longhi S.p.A.

## Analyst Day: current and medium-term business overview

The De' Longhi Group, as part of a virtual meeting with the sell side analysts, who carry out research on the stock, to be held today, starting at 9:00 a.m. and ending at 12:00 a.m., and which will have as subject an overview of the Group's current strategies, will also provide some indications on its medium-term objectives, with specific reference to the 2021-2023 three-year plan.

The presentation that will be used for the meeting is made available to the public at the same time as this press release, before the start of the meeting, on the company's website, at the address [www.delonghigroup.com](http://www.delonghigroup.com) (section "Investors"- "Press releases and Presentations") as well as on the authorized storage mechanism 1info ([www.1info.it](http://www.1info.it)), while at the end of the sessions an audio recording of the speeches will also be made available.

In summary:

- the De 'Longhi Group confirms the growth strategy for the three-year period 2021-2023 with sales expected to grow at constant exchange rates at a CAGR between 10% and 12% including since 2021 the newly acquired Capital Brands<sup>1</sup>, (equal to a mid to high single digit growth at a constant perimeter);
- the Group's development plan for the three-year period provides for a continuation of the growth, supported by major investments in communication on core brands, product innovation and expansion of production capacity;
- profitability is expected to expand with an adjusted EBITDA margin increasing as a percentage of revenues between 40 and 100 basis points by year 2023 (including Capital Brands) compared to the reported value achieved by the Group in 2020;

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<sup>1</sup> The accounts of year 2021 are comprising the full consolidation of Capital Brands.

- industrial investments, additional to the ordinary ones, are planned in the three-year period for a total amount of approx. € 100 million, compared with € 45 million incurred in the three-year period 2018-2020;
- finally, cash generation, before dividends and extraordinary transactions, is estimated on average at around € 250 million per year.

Massimo Garavaglia, CEO of De' Longhi comments: *"The strategic plan lays the foundations for a sustainable development of the Group, with a continuation of the growth in the coming years. The objectives presented confirm an expansion path in line with the important results achieved in the recent past, that allow us to face future challenges with financial solidity, production flexibility and extraordinary professional skills."*

*The strategic lines are based on an expansion of the core categories where we hold strong product leadership, such as coffee and food preparation, accompanied by the continuous development of current markets and an increase in penetration in the North American and Asian regions. These objectives will find consistency in the significant investments dedicated to product innovation, to communication on core brands and to the expansion of production capacity in support of expected growth."*

## Geographies

The growth acceleration will be supported both by greater penetration in areas where the Group currently has a presence not fully expressed with respect to the market's potential, such as in North America and Asia, and by the support offered by more traditional areas, such as Europe, where significant opportunities remain in both the Western and Eastern regions.

## Product Categories

From the point of view of the product categories, the Group expects a continuation of the strong growth trend of the coffee machine segment, main driver of the important results achieved to date: this trend, in continuity with the recent past, is supported by the penetration increase of espresso coffee into the world of hot drinks, as well as the growing popularity of high end products such as fully-automatic machines.

In addition to the development of coffee, an important component of the expected future growth is represented by the segment of food preparation, nutrition and cooking. This trend is expected to expand thanks to the strengthening of some markets, investments in communication, the launch of new products and several projects in the digital world to improve engagement with consumers.

Finally, the plan also provides for a positive contribution from the remaining air conditioning and home care segments, albeit with more moderate growth rates than the expected trend of the above mentioned core categories.

## Profitability

The three-year plan provides for an adjusted Ebitda, including the consolidation of Capital Brands, improving by year 2023 between 40 and 100 basis points as a percentage of revenues, compared to the

value reported for 2020 (equal to 15.6% of turnover). Even in a macroeconomic context that is not free from some uncertainties and volatility, the Group believes that the growth in volumes and the positive contribution of the price-mix will offset the expected increase in investments in communication and in the organizational structure of the Group, in addition to the exogenous impacts potentially coming from the cost of raw materials and transportation.

## Cash generation

Expectations over the three-year period regarding cash generation provide for a cash flow, before dividends and any extraordinary transactions, of around € 250 on average per year. In terms of strategic use of the cash generated by the business, the Group mentions the completion of investments for the expansion of production capacity (estimated at approx. € 100 million in the three-year period, in addition to ordinary investments), any opportunities for external growth that the market could offer and last but not least, the remuneration of shareholders on the basis of the dividend policy recently approved by the Board of Directors. With regard to external growth, the Group continues to explore every opportunity for expansion in geographies and / or product categories that can accelerate the growth trend, while maintaining the focus on consistency with core business and on value creation.

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The De' Longhi Group is one of the leading players in the small domestic appliance business dedicated to the world of coffee, cooking and food preparation, air conditioning, heating and home care.

Listed since 2001 on the Italian Stock Exchange MTA, De' Longhi distributes its products, with the De' Longhi, Kenwood, Braun, Ariete, Nutribullet and Magic Bullet brands, in more than 120 markets around the world and has over 9,000 employees. In 2020 it reported revenues of € 2,3 billion, adjusted EBITDA of € 367 million and a net profit of € 200 million.