

# **DēLonghi Group**

## **ANALYST DAY 2021**

# **WELCOME**

**25<sup>TH</sup> MARCH 2021**

A person wearing a white shirt is holding a white cup of coffee with latte art. The background is blurred, showing what appears to be a modern interior with white furniture.

# **MASSIMO GARAVAGLIA**

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**CHIEF EXECUTIVE OFFICER**

## AGENDA OF THE DAY

TIME		SUBJECT	SPEAKER(S)	
9:00	25'	2020 overview and the years ahead	Massimo Garavaglia	Chief Executive Officer
<i>5' break</i>				
9:30	20'	Commercial strategy Opportunities of E-commerce	Paul Accornero Filippo Olearo	Chief Commercial Officer Head of global E-retailer and E-commerce
<i>5' break</i>				
9:55	20'	Brand and communication strategy NPD: a case study	Fabrizio Campanella Nicola Serafin	Chief Marketing Officer Chief Operation & Technical Officer
10:20	20'	Industrial platform	Nicola Serafin	Chief Operation & Technical Officer
<i>5' break</i>				
10:45	20'	3 years plan	Marco Cenci	Chief Strategy & Control Officer
<i>5' break</i>				
11:00	20'	Capital allocation and M&A strategy	Massimo Garavaglia	Chief Executive Officer
11:30	30'	Q&A Session		

## THE AGENDA OF THE DAY: THE SPEAKERS



MASSIMO  
GARAVAGLIA

C.E.O.



PAUL  
ACCORNERO

CHIEF COMMERCIAL  
OFFICER



FABRIZIO  
CAMPANELLA

CHIEF MARKETING  
OFFICER



NICOLA  
SERAFIN

CHIEF OPERATIONS  
& TECHNICAL OFFICER

DēLonghi Group



MARCO  
CENCI

CHIEF STRATEGY  
& CONTROL OFFICER



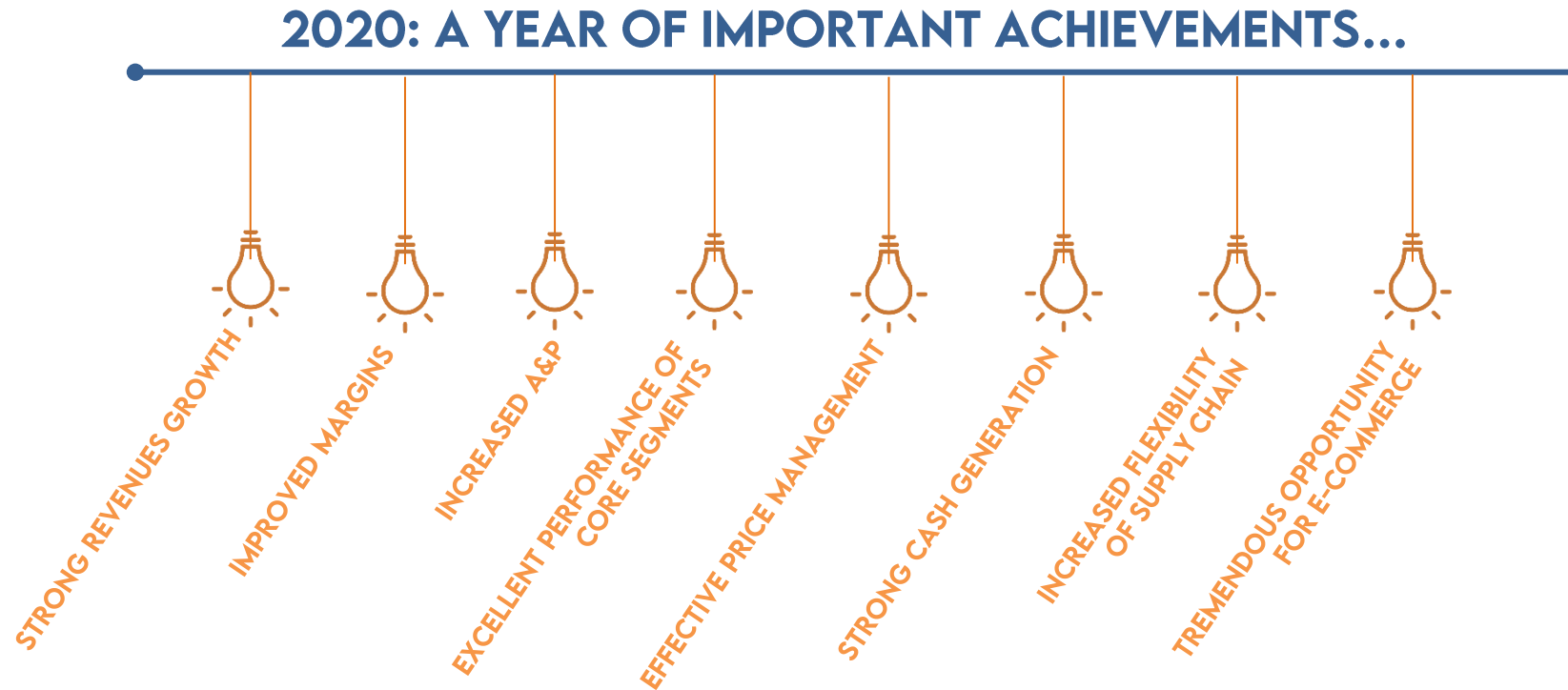
FILIPPO  
OLEARO

HEAD OF GLOBAL  
E-RETAILER AND  
E-COMMERCE





FY 2020: RESILIENCE PUT TO THE TEST



..... WITNESSING THE GROUP'S RESILIENCE TO A CHALLENGING ENVIRONMENT

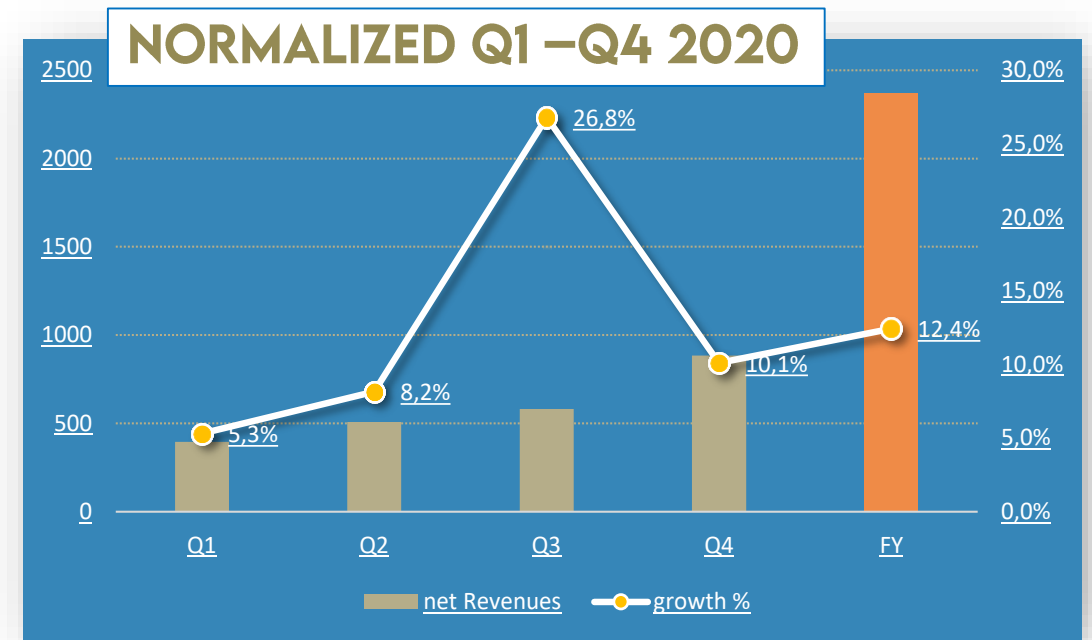
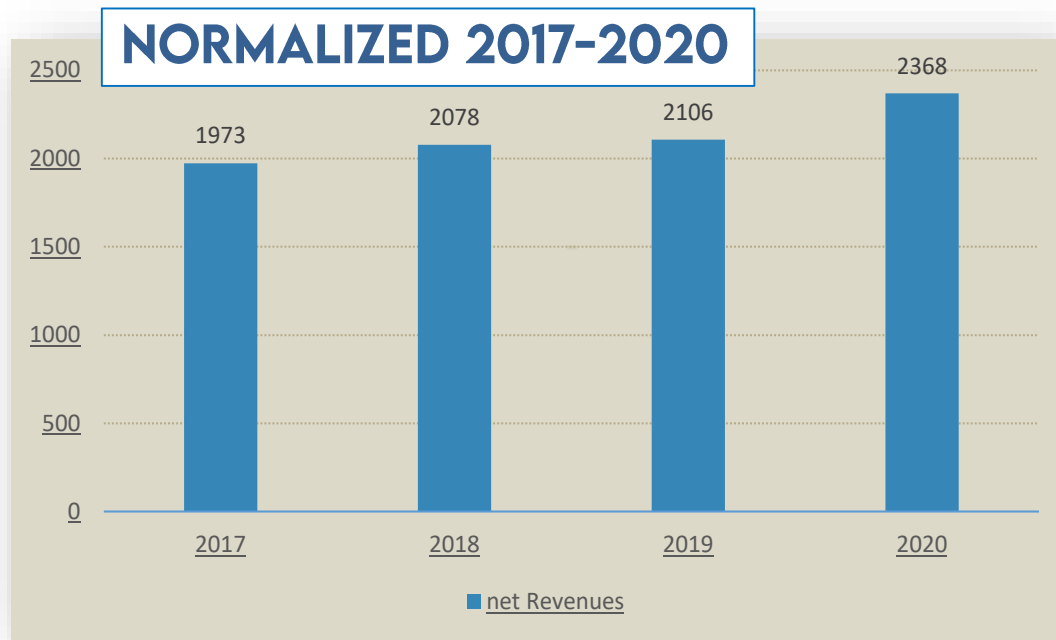
FY 2020: A RECORD GROWTH

**NET REVENUES:**

**2,351 M€ +11.9%**

**+12.4% NORMALIZED**

**+13.8% ORGANIC**



FY 2020: STRONG MARGINS...

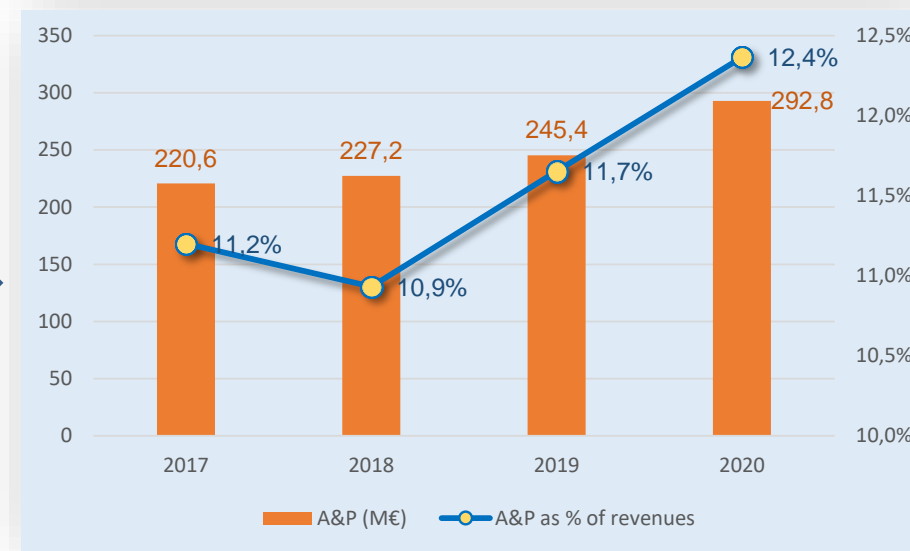
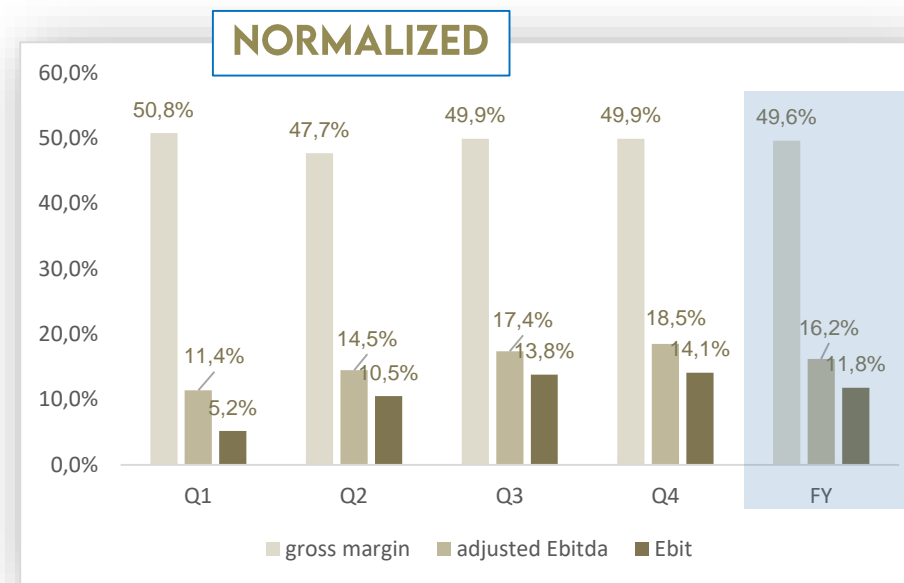
**ADJUSTED EBITDA (NORMALIZED):**

**383 M€ +27.6%**

**16.2% OF REVENUES IN THE FY**

**18.5% OF REVENUES IN Q4**

...INCLUDING INCREASED  
INVESTMENTS IN A&P

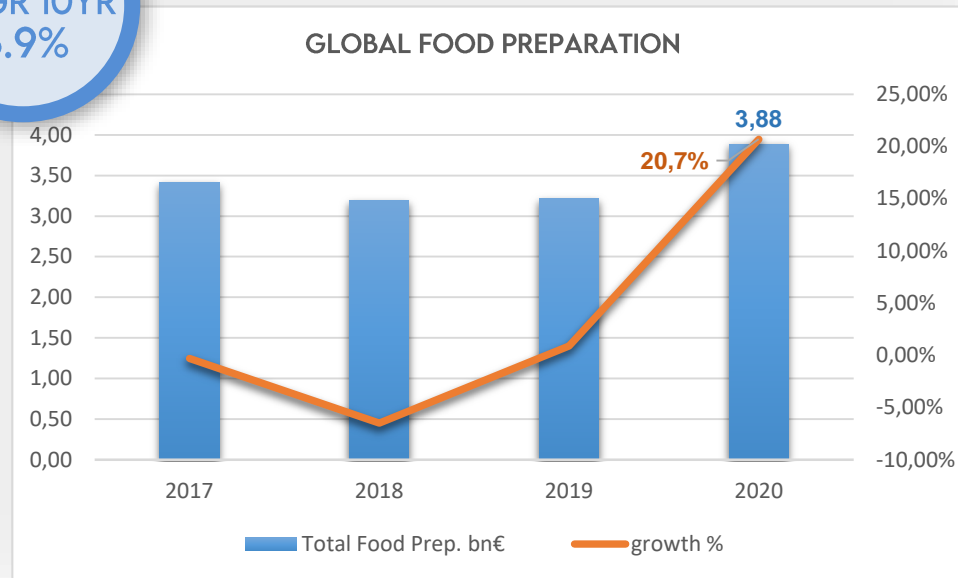


## FY 2020: EXCELLENT PERFORMANCE OF THE CORE SEGMENTS...

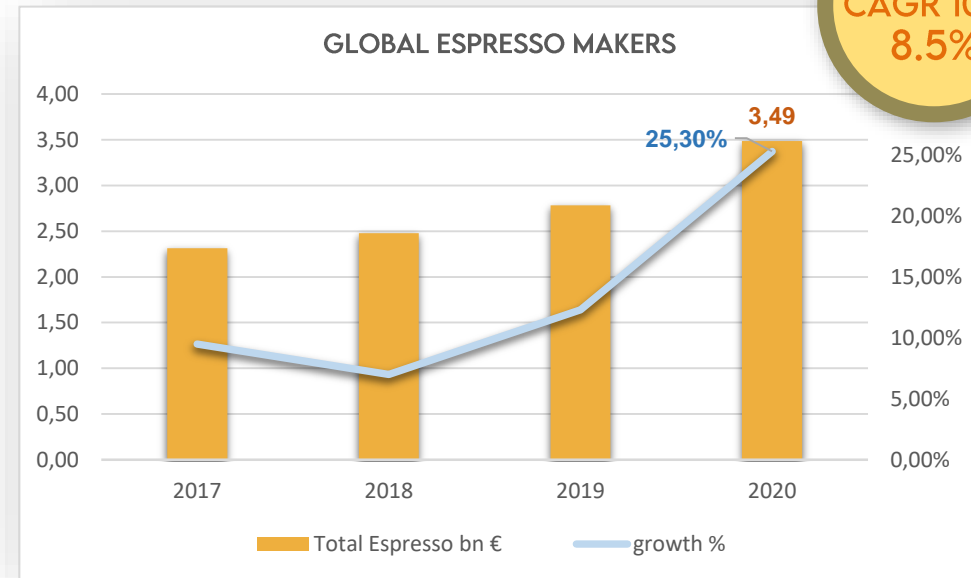
### ...SURFING THE OVERALL GROWTH OF THE GLOBAL MARKETS <sup>(1)</sup>:

- CONTINUOUS INNOVATION BY LEADING PLAYERS
- STRONG STRUCTURAL TREND OF HOUSEHOLD PRODUCTS
- PERMANENT POSITIVE IMPACT FOR THE "HOME EXPERIENCE"
- CONSUMPTION SWITCH FAVOURING PREMIUM BRANDS

MARKET  
CAGR 10YR  
6.9%

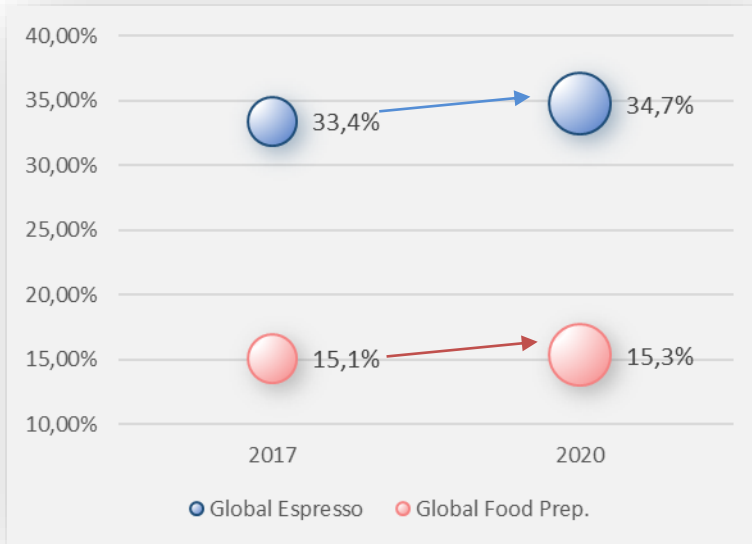


MARKET  
CAGR 10YR  
8.5%

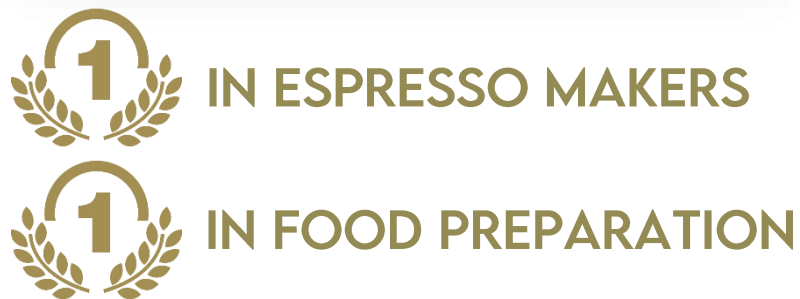


(1) EUR billion / % growth, global market excluding USA, India and China

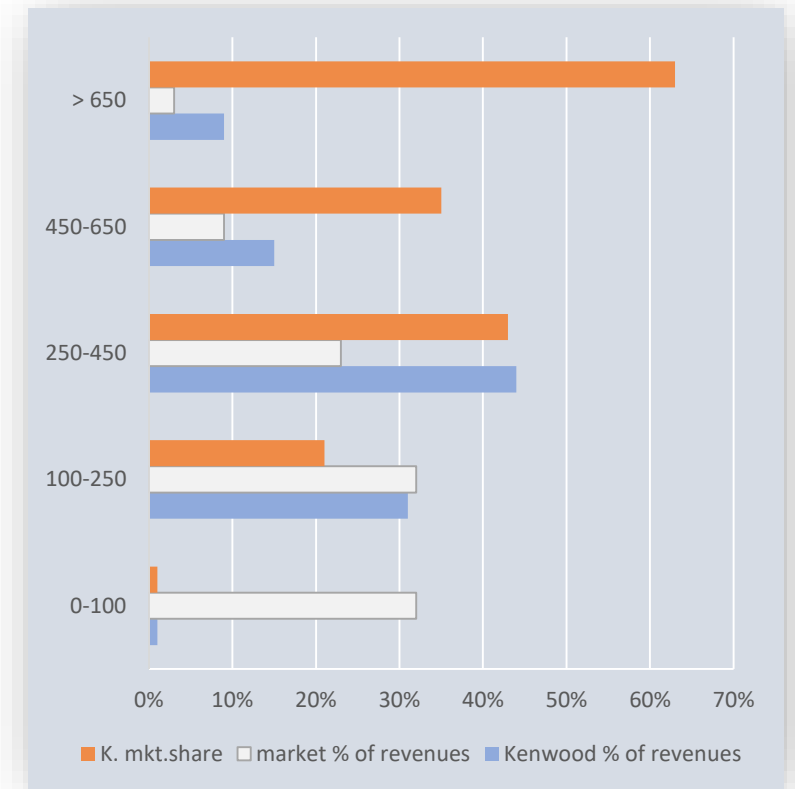
## FY 2020: EXCELLENT PERFORMANCE OF THE CORE SEGMENTS...



...WITH MARKET SHARES IMPROVEMENTS IN BOTH COFFEE AND FOOD PREPARATION <sup>(1)</sup>



...AND KENWOOD KEEPING ITS HIGH END POSITION, WITH LEADING MARKET SHARES, VS. THE AVERAGE OF COMPETITORS <sup>(2)</sup>



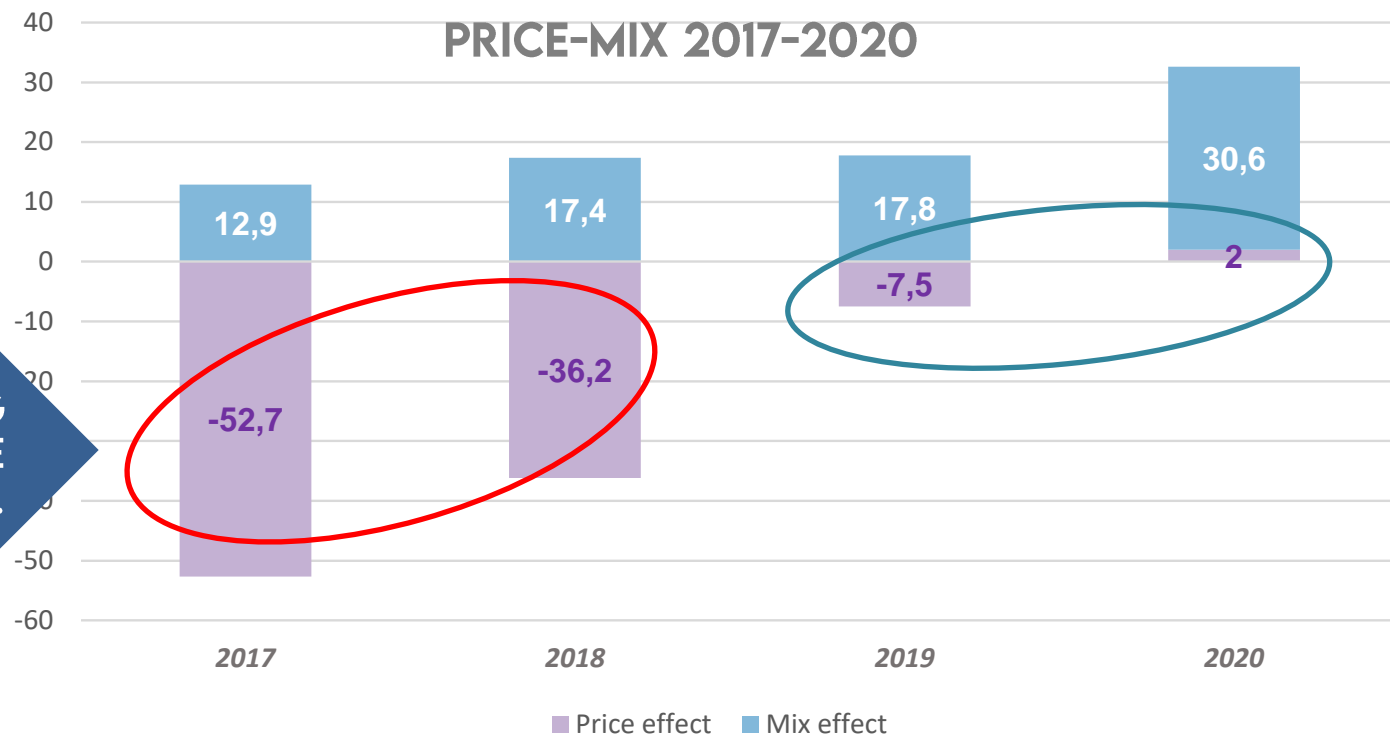
(1) 2017-2020, global markets excluding USA, India and China

(2) % of units sold per price range, 2020, global market ex.USA, India and China



FY 2020: EFFECTIVE PRICE MANAGEMENT...

...SUPPORTS THE BRANDS' PREMIUMNESS.



FROM SUFFERING  
STERILE PRICE  
COMPETITION...

...TO COMPETE ON  
INNOVATION AND  
A&P INVESTMENTS

FY 2020: COVID-19 MANAGEMENT



PEOPLE

- ✓ SAFETY MEASURES
- ✓ FLEXIBLE WORK
- ✓ GIVE BACK: € 9.5 M BONUS



COMMUNITY

- SUPPORT THE FIGHT
- € 3.1 M TO LOCAL HEALTH SYSTEM



CLIENTS

- SUPPORT OF OUR BUSINESS PARTNERS
- ADAPTING DIGITAL MARKETING TO MEET NEW CONSUMPTION PATTERNS
- INVESTMENTS & COST SAVINGS
- ENSURING A HEALTHY BALANCE SHEET

## THE YEARS AHEAD

### THE MINDSET



VISION FOR THE LONG TERM



FOUNDED ON SOLID VALUES



PROUD OF OUR BRANDS



DISCIPLINED EXECUTION



SUSTAINABLE DEVELOPMENT

### THE PLAN

CORE PILLARS DEVELOPMENT



REDESIGNING THE CONSUMER JOURNEY



ACCELERATE E-COMMERCE



GROWTH ENHANCERS



LONG TERM INVESTMENTS PLAN



## THE YEARS AHEAD



### PILLARS

**US & Asia**  
Achieve critical mass and increase relevance in attractive & *futurable* markets

**Coffee**  
Exploit full potential in the category, further cementing leadership

**Food**  
Protect and develop core category, crucial for the Group's brands, portfolio and economics

**Innovation**  
Make it even more central to the future success of the Group, stepping up approach and capabilities



### PEOPLE

#### PEOPLE AND STRUCTURE



### ENABLERS

DIGITAL

PROCESS  
HARMONIZATION

UNIFIED CULTURE  
DIVERSE TALENTS

SUSTAINABILITY



### PROJECTS

#### KEY PROJECTS EXECUTION



### VALUES

#### GROUP'S COMMON VALUES

## MTP 2021 -2023

STRATEGY + EXECUTION = SUCCESS

## The Group's Values



RESPECT



TEAMWORK



HERITAGE



AMBITION



PASSION



COMPETENCE



COURAGE

A background image showing a pair of hands holding a white coffee cup with a latte art design. The hands are positioned in the center, and the cup is held with both hands. The background is a soft, out-of-focus image of a person's torso and arms, suggesting a professional or service environment.

# **PAUL ACCORNERO**

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**CHIEF COMMERCIAL OFFICER**

**&**

# **FILIPPO OLEARO**

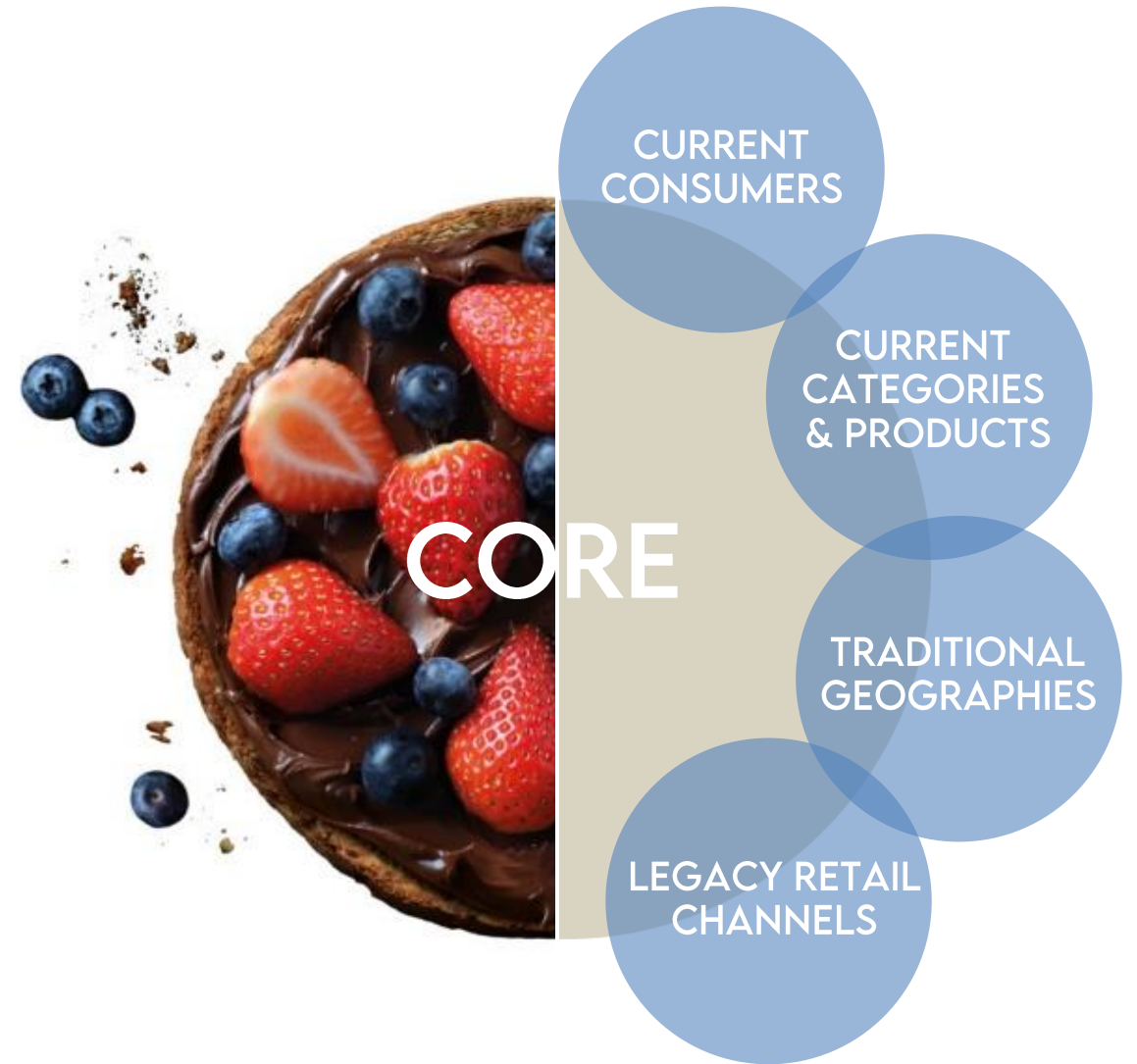
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**HEAD OF GLOBAL E-RETAILER AND E-COMMERCE**



## CORE SEGMENTS AND MARKETS

- ✓ TOTAL EUROPE  
UP +14.7% IN 2020
- ✓ CONTINUED GROWTH IN  
WESTERN EUROPE
- ✓ ACCELERATION IN EASTERN  
EUROPE

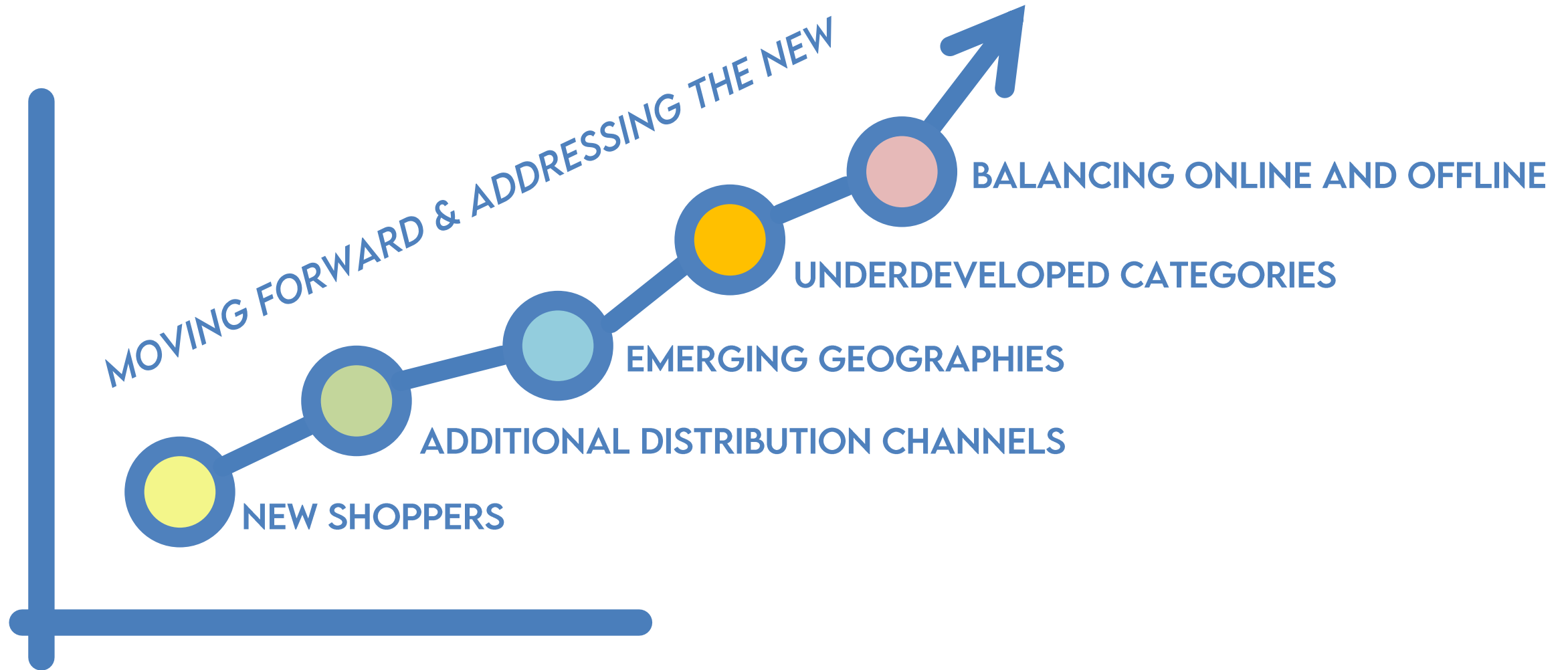


## CORE SEGMENTS AND MARKETS

- ✓ KEEP FOCUS ON ESPRESSO COFFEE
- ✓ DEFINE PORTFOLIO PRIORITIES AND GUIDE ORGANIZATIONAL FOCUS IN FOOD PREPARATION
- ✓ A&P INVESTMENT PLAN TO MAXIMIZE RETURNS
- ✓ EXPANSION IN UNDERDEVELOPED MARKETS



ACCELERATING GROWTH BEYOND CORE



## ADDITIONAL DISTRIBUTION CHANNELS



## KEY ENABLERS

FOOD & GROCERY

REDEMPTION &  
LOYALTY

CORPORATE  
& WORK FROM HOME

HO.RE.CA. &  
FOOD SERVICE

## EXPLOITING GEOGRAPHIES



NORTH AMERICA & MEXICO



GREATER CHINA

## 2 MAIN REGIONS OF FOCUS



RUSSIA / CIS / UKRAINE



ASIA PACIFIC



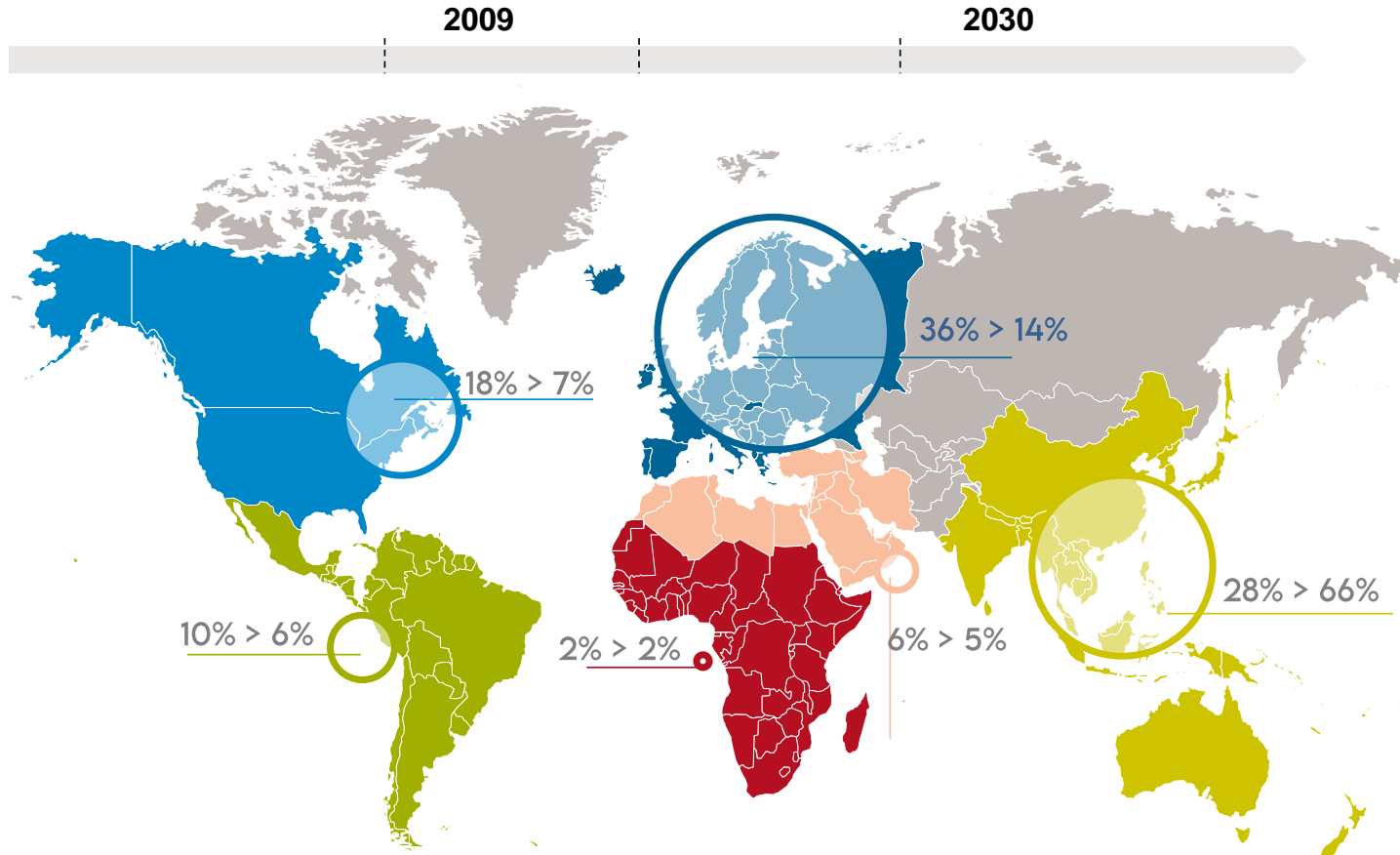
AFRICA & MIDDLE EAST

## 3 REGIONS OF OPPORTUNITY



## FOLLOWING MIDDLE CLASS SPENDING POWER

Global Regional Distribution of the Middle Class (all regions = 100%)



DE' LONGHI  
IS UNIQUELY POSITIONED TO  
CAPTURE THE OPPORTUNITY  
OF INCREASING SPENDING  
POWER OF THE MIDDLE CLASS

Quelle: Kharas, Gertz. The New Global Middle Class: A Cross-Over from West to East. Wolfensohn Center for Development at Brookings

## ACCELERATION IN GREATER CHINA



- DRIVING ESPRESSO COFFEE PENETRATION
- LEVERAGING ESPRESSO LIFESTYLE APPEAL
- OMNI CHANNEL TRANSFORMATION
- STRATEGIC PARTNERSHIPS (ON-LINERS, INFLUENCERS, LUXURY LIFESTYLE BRANDS)

## ACCELERATION IN GREATER CHINA



A 360° GO-TO-MARKET PROGRAM OF ACTIVITIES



EVENTS



BRAND BUILDERS



POP UP STORES



DEMONSTRATIONS



FAIRS & EXPOS



EXPERIENCE CENTERS



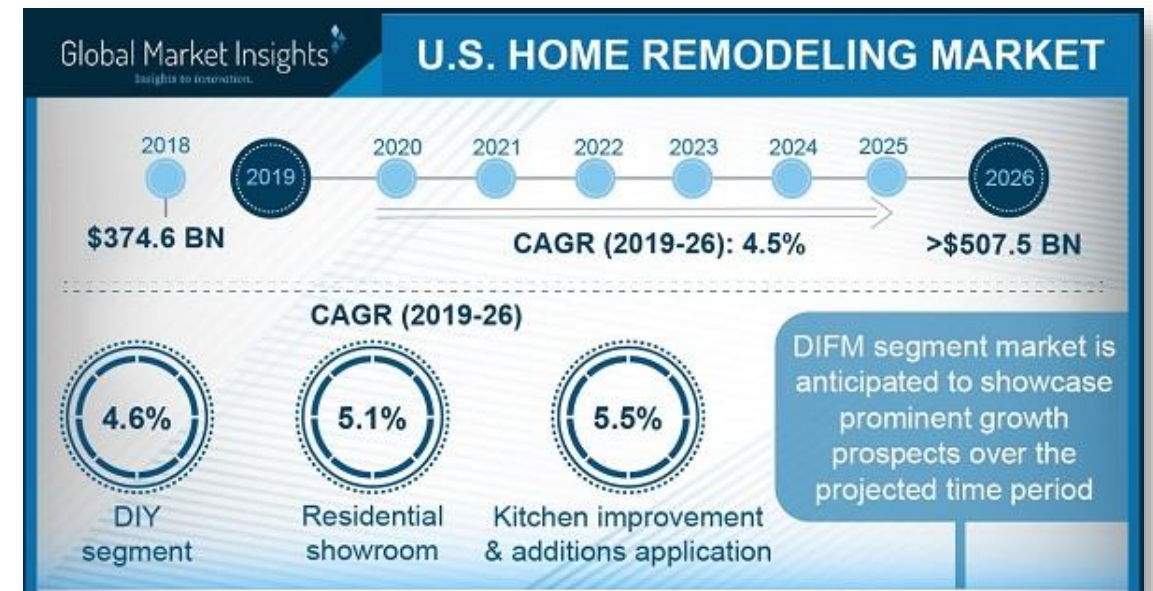
## ACCELERATION IN NORTH AMERICA: COFFEE



CONSUMERS LOOKING TO REPLICATE THEIR OUT-OF-HOME COFFEE RITUALS AT-HOME



ESTABLISHING DE' LONGHI ESPRESSO MACHINES AS AN ESSENTIAL PART OF THE HOME





ACCELERATION IN NORTH AMERICA: FOOD



ESTABLISHED  
PRESENCE  
WITH LEADING  
BRANDS

**nutribullet®**

**maGic  
BULLET®**

**BRAUN**





ADDRESSING THE NEW

NEW GEOGRAPHIES



DIFFERENT NEEDS



REGIONAL PRODUCTS



GLOBAL AND LOCAL

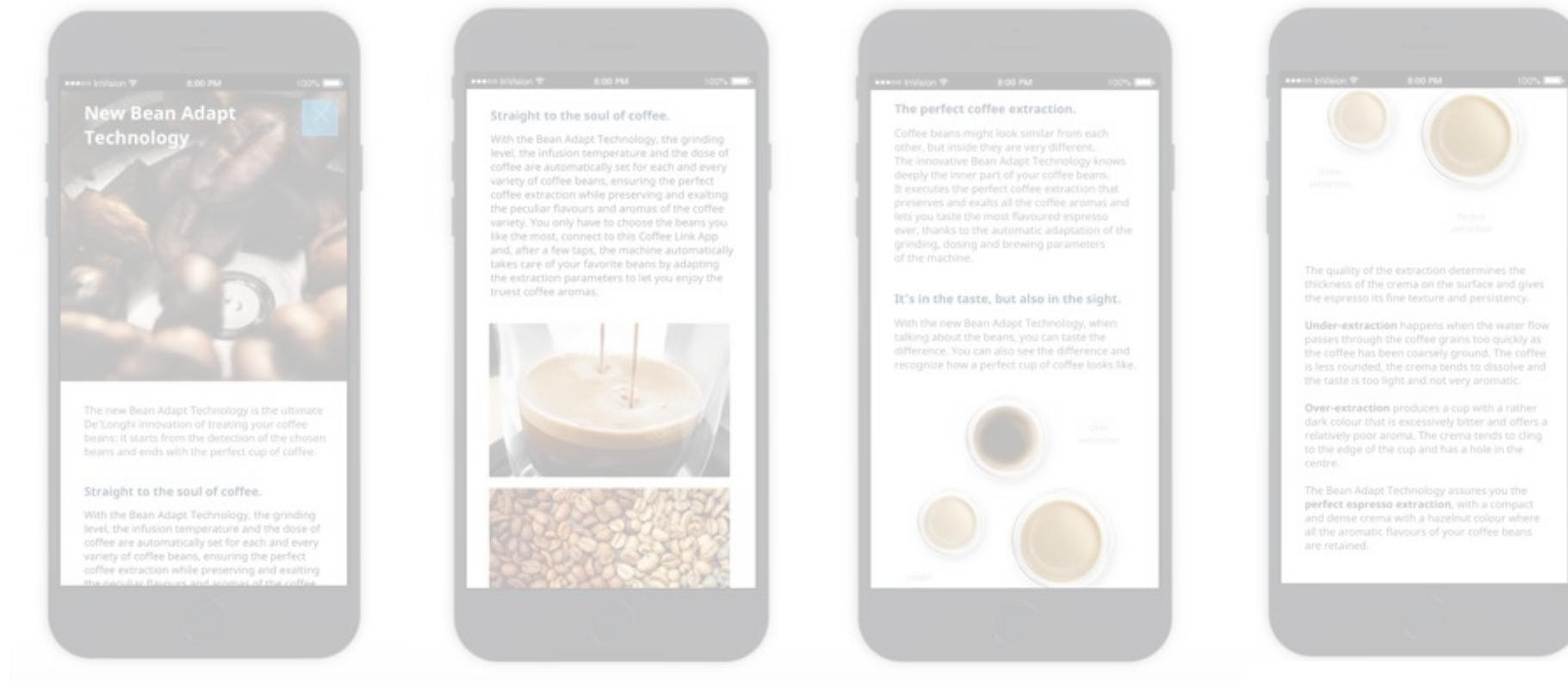


## DIGITAL AND ON-LINE

- DIGITAL DATA-DRIVEN GO-TO-MARKET
  - DTC ACTIVITIES
- BUILDING DIGITAL COMPETENCE
- LEVERAGING NEW CHANNELS
- FOCUS ON E-COMMERCE



## THE DIGITAL JOURNEY



## E-COMMERCE & COVID-19

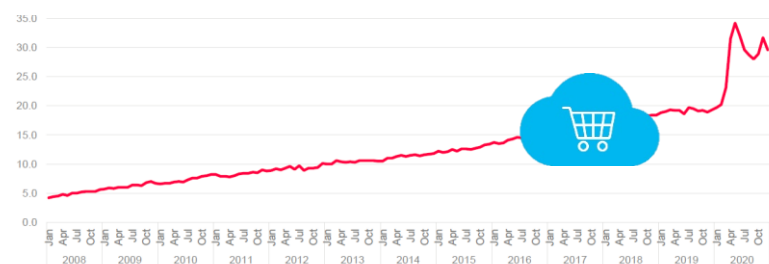
### DIGITAL MEDIA FRUITION

CONSUMERS ARE EXPOSED TO HIGHER NUMBER AND MORE FRAGMENTED DIGITAL MESSAGES



### E-COMMERCE GROWTH

(UK) PANDEMIC ACCELERATED SHIFT TO E-COMMERCE BY 5 YEARS



Note: All UK retail excluding automotive and fuel, seasonally adjusted, 2008 – December 2020  
Source: Office for National Statistics, Internet Sales Index, Value Seasonally Adjusted Internet Sales As A Proportion Of All Retailing, 22 January 2021

Econsultancy

xeim  
experience in marketing

COVID-19  
AS  
ACCELERATION  
FACTOR

### Retail Ecommerce Sales Penetration, by Country 2021, % of total retail sales

#### Asia-Pacific

31.7%

#### Central & Eastern Europe

9.1%

#### Latin America

7.0%

#### Middle East & Africa

2.5%

#### North America

14.5%

#### Western Europe

12.9%

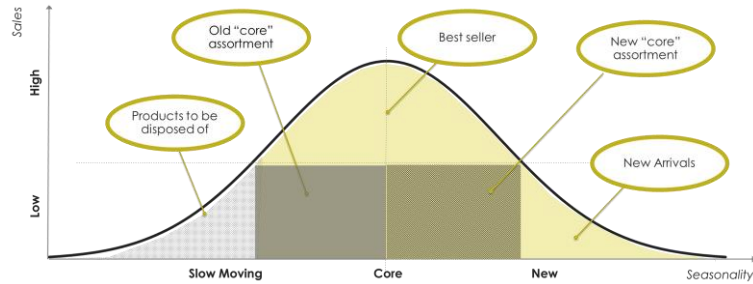
CHINA  
ONLY @  
52.1%

Source: eMarketer, February 2021 (see below for notes and methodologies).

eMarketer | InsiderIntelligence.com



## E-RETAILER GROWTH AND WORKSTREAMS



SECURE DEPLOYMENT OF OUR PRICE & COMMERCIAL POLICY TO OPTIMIZE CHANNEL MANAGEMENT



De'Longhi PrimaDonna Soul ECAM 612.55.SB Kaffeevollautomat mit Milchsistem & Bean Adapt Technologie, 18 Rezepte per Knopfdruck, mit Farbdisplay & App-Steuerung, silber [Energy Class A]

Brand: De'Longhi  
★★★★☆ 168 ratings | 97 answered questions

Price: €1,199.00

Prices for items sold by Amazon include VAT. Depending on your delivery address, VAT may vary at Checkout. For other items, please see details.

Free Amazon product support included

Brand	De'Longhi
Colour	Silber/Schwarz
Capacity	2.2 litres
Human interface input	Touchscreen
Item weight	13 Kilograms

IMPROVE E-SHOPPER EXPERIENCE AND DRIVE CONVERSION VIA ENRICHED ASSETS

### E-RETAILERS & MARKETPLACES



OPTIMIZE SALES AND ADV PERFORMANCE LEVERAGING ON A INTEGRATED INTELLIGENCE SYSTEM

LOGISTICS

CUSTOMER CARE & AFTERSALE

PAYMENTS & ACCOUNTING



IMPROVE CUSTOMER EXPERIENCE AND DRIVE OPERATIONAL EFFICIENCY VIA DEEPER OPERATIONAL INTEGRATION

DIRECT BRAND E-COMMERCE RE-PLATFORMING AND EXPANSION



KENWOOD

BRAUN

New e-Shop

PRICE & COMMERCIAL  
POLICY

LOGICA

TOP LINE &  
PROFITABILITY

PROFITABILITA

TLCV & OMNI-CHANNEL  
APPROACH

APPROACH

1ST PARTY DATA &  
CUSTOMER INSIGHTS

CUSTOMER INSIGHTS





## CONSUMER DATA MANAGEMENT & ACTIVATION

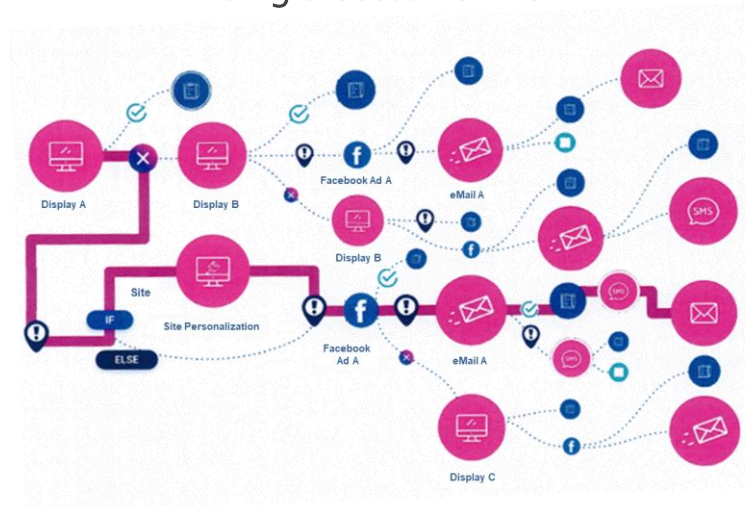
GDPR  
COMPLIANT  
CONSUMER  
DATABASE



- ✓ SECURITY & REGULATORY COMPLIANCE
- ✓ SINGLE SIGN ON & SOCIAL LOGIN
- ✓ PROGRESSIVE PROFILING



Single Customer View



DIGITAL  
MARKETING  
COMMUNICATION



- ✓ DEPENDING ON THE AUDIENCE AND THE DIGITAL TOUCH POINT
- ✓ MARKETING AUTOMATION DEPLOYMENT
- ✓ SEAMLESS, PERSONALIZED, CONTEXTUAL, TIMELY COMMUNICATION

## THE CONSUMER JOURNEY CONTINUES ...







A person wearing a white shirt is holding a white cup of coffee with latte art. The background is blurred, showing what appears to be a cafe or office setting.

# **FABRIZIO CAMPANELLA**

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**CHIEF MARKETING OFFICER**

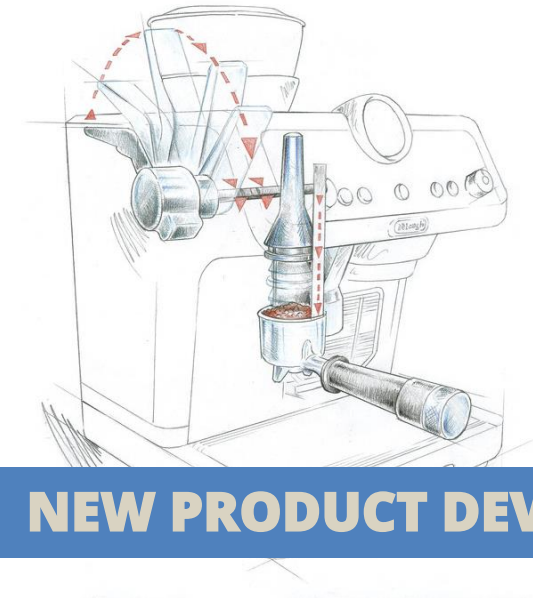
## COMPREHENSIVE BRAND PORTFOLIO

				
MISSION	GLOBAL MARKET LEADER IN COFFEE, COMFORT AND SELECTED KITCHEN CATEGORIES	THE MOST LOVED & ADMIRED BRAND IN FOOD PREPARATION	LEADING PREMIUM BRAND IN HIGH VOLUME "EVERYDAY HOME ESSENTIALS"	LEADING PERSONAL BLENDER IN ACCESSIBLE NUTRITION
KEY CATEGORIES	<div>COFFEE</div> <div>COMFORT</div> <div>BREAKFAST</div>	<div>BAKING</div> <div>FOOD PROCESSING</div> <div>OTHER KITCHEN APPL.</div>	<div>HAND BLENDERS</div> <div>IRONING</div> <div>OTHER KITCHEN APPL.</div>	<div>PERSONAL BLENDERS</div> <div>JUICERS</div> <div>NEW KITCHEN PRODUCTS</div>
KEY MARKETS	<div>EMEA</div> <div>NORTH AMERICA</div> <div>CHINA/ASIA</div>	<div>EMEA</div> <div>AUSTRALIA &amp; NZ</div> <div>OTHER SELECTED MKTS</div>	<div>EMEA</div> <div>NORTH AMERICA</div> <div>CHINA /ASIA</div>	<div>NORTH AMERICA</div> <div>AUSTRALIA &amp; UK</div> <div>NEW MARKETS</div>

## COMMUNICATION & NPD ARE AT THE CORE OF OUR MARKETING STRATEGY



- BRAND BUILDING
- STRONGER CONNECTION WITH CONSUMERS
- FROM PURCHASING JOURNEY TO EXPERIENCE WHEN USING OUR PRODUCTS
- FULL EXPLOITATION OF NEW DIGITAL TOUCH POINTS



- DISTINCTIVE PRODUCTS
- CONSUMER-CENTRIC INNOVATION
- PREMIUM DESIGN
- HIGH-QUALITY MANUFACTURING
- DEVELOPMENT OF REGIONAL PRODUCTS

## 2020 ACHIEVEMENTS

IN 2020 WE REINFORCED OUR LEADERSHIP IN THE GLOBAL HOME APPLIANCES MARKET:

- ✓ SHARE GAIN IN THE TOTAL S.D.A. MARKET <sup>(\*)</sup>, WITH POSITIVE CONTRIBUTION FROM ALL REGIONS
- ✓ GROWING IN ESPRESSO, ESPECIALLY IN THE HIGH END SEGMENTS
- ✓ GROWING TOTAL FOOD PREPARATION, ESPECIALLY WITH KENWOOD, BACK TO GROWTH IN ITS CORE KITCHEN MACHINES SEGMENT
- ✓ CONSOLIDATION OF BRAUN'S POSITIONING IN THE HOME CARE IRONS SEGMENT

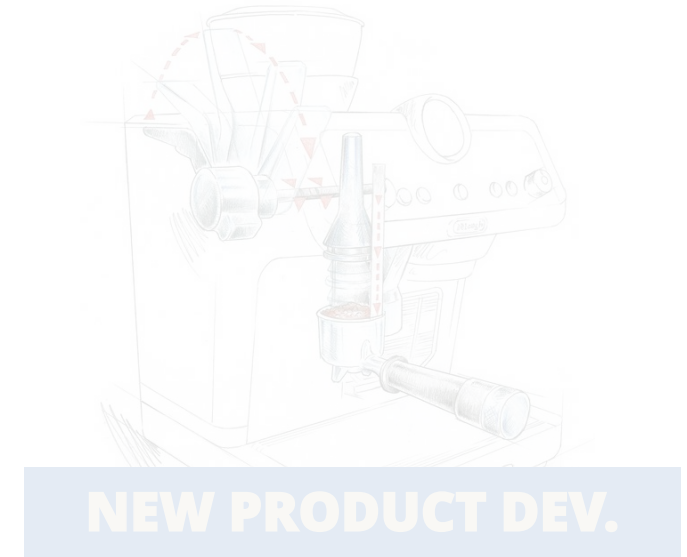
(\*) Global SDA markets, EUR values, ex-USA, India and China



## COMMUNICATION & NPD ARE AT THE CORE OF OUR MARKETING STRATEGY



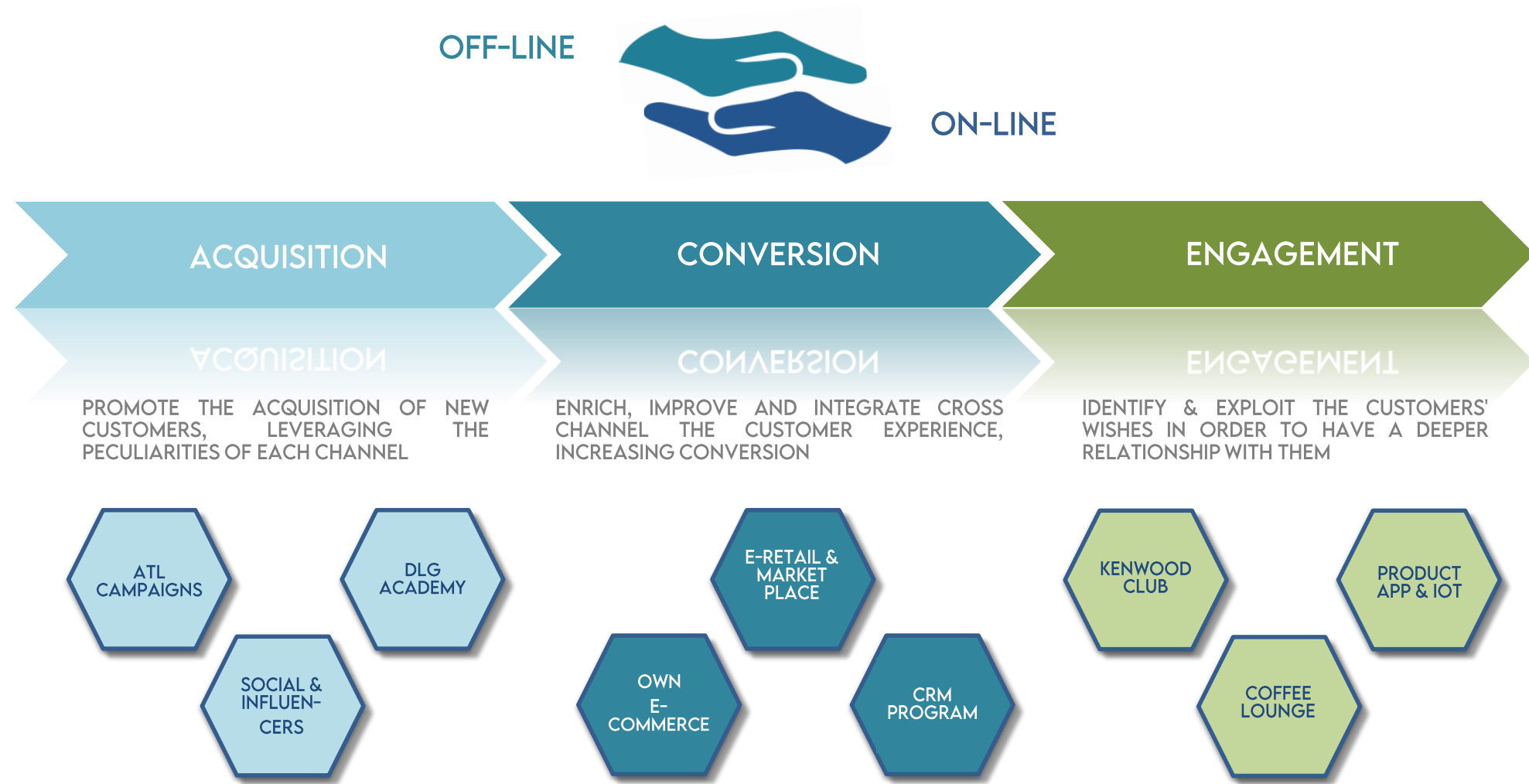
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- DISTINCTIVE PRODUCTS
- CONSUMER-CENTRIC INNOVATION
- PREMIUM DESIGN
- HIGH-QUALITY MANUFACTURING
- STRONGER FOCUS ON NON EUROPEAN MARKETS



## MARKETING STRATEGY: MAXIMIZING THE LONG TERM BRANDS' VALUE



COMMUNICATION PROJECTS

**DēLonghi**

BRAND IDENTITY BECOMES MORE  
CONTEMPORARY

**KENWOOD  
CAN**

FULL 360° CAMPAIGN TO DRIVE BRAND  
AWARENESS

**BRAUN** 100  
years

GLOBAL CAMPAIGN CELEBRATE  
BRAUN'S 100TH ANNIVERSARY

Coffee  
**DēLonghi** lounge

BUILD AN HOLISTIC COFFEE EXPERIENCE

**KPP**

PARTNERSHIP PROGRAM INVOLVING  
AMBASSADORS, KW CLUB, WITH  
SOCIAL MEDIA

**BRAUN**  
MAGIC  
MOMENTS

REVITALIZATION OF THE SHELF  
ON / OFF LINE

## COMMUNICATION PROJECTS



### SOCIAL MEDIA

- ✓ CREATION OF CENTRAL GLOBAL CHANNELS
- ✓ ENHANCEMENTS OF LOCAL CHANNELS AND SOCIAL LISTENING



### ACADEMY

- ✓ IN-HOUSE GROUP ACADEMY FOR PHYSICAL AND DIGITAL EVENTS, B2B AND B2C
- ✓ TRAININGS, MASTER CLASSES, PR, LIVE DEMO, PARTNERS, AMBASSADORS, CLIENTS

## INCREASING MARKETING SPEND

	2019	2020	2021
<b>TOTAL</b>	<b>245M€</b>	<b>293M€</b>	<b>≈ +100 BPS</b>
	11.7% OF SALES	12.4% OF SALES	
<b>ATL</b> (MEDIA & COMMUNICATION)	<b>50%</b>	<b>60%</b>	<b>&gt;60%</b>
<b>OF WHICH:</b>			
<b>DIGITAL</b>	<b>44%</b>	<b>49%</b>	<b>≈ 50%</b>

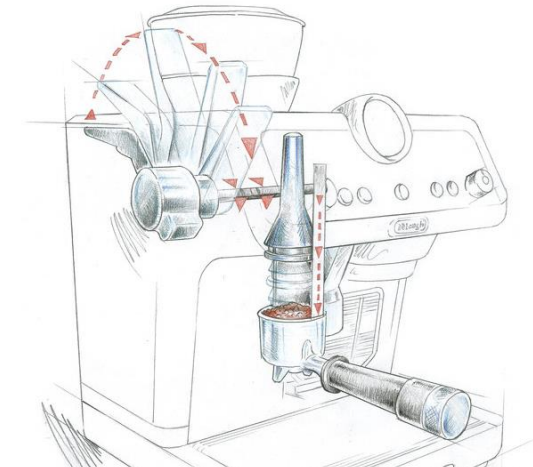


Mangement accounts

## COMMUNICATION & NPD ARE AT THE CORE OF OUR MARKETING STRATEGY



- BRAND BUILDING
- STRONGER CONNECTION WITH CONSUMERS
- FROM PURCHASING JOURNEY TO EXPERIENCE WHEN USING OUR PRODUCTS
- FULL EXPLOITATION OF NEW DIGITAL TOUCH POINTS



- DISTINCTIVE PRODUCTS
- CONSUMER-CENTRIC INNOVATION
- PREMIUM DESIGN
- HIGH-QUALITY MANUFACTURING
- STRONGER FOCUS ON NON EUROPEAN MARKETS



## NEW LAUNCHES

2020

2021 - 22



Primadonna Soul



La Specialista Maestro



Icona Metallic Collection



Pinguino with Cool Surround Technology



Tasciugo 2in1 Ariadry Pure

- COFFEE: COVER ALL SEGMENTS AND GROW IN THE HIGH-END.
- BREAKFAST: FOCUS ON THE HIGH END AND PREMIUM DESIGN
- COMFORT: LEVERAGE ON DESIGN AND IOT



Multipro Express



Cooking Chef XL



CookEasy+



Titanium Chef Patissier XL

- KITCHEN MACHINES: COMPLETE THE CHEF RANGE
- OTHER KITCHEN: FOCUS ON FOOD EXPERIENCE



New MultiQuick 9 INT



TextStyle 5 INT

- BLENDING: STRENGTHEN THE MID PART OF THE HAND BLENDERS AND BLENDERS RANGES
- BREAKFAST & IRONS: GAIN SCALE BY STRENGTHENING THE MID-LOW END

## MAIN AWARDS ACHIEVED IN 2019/2020



 **GOOD DESIGN AWARD**  
*Japan Good Design  
Award Winner*



 **GOOD DESIGN AUSTRALIA®**



red**dot** winner 2021

# KENWOOD



red**dot**



red**dot**  
winner 2020



Kenwood wins  
brand of the year

# BRAUN



2019 / 2020



2020



2020



2020



2020



2020



2019



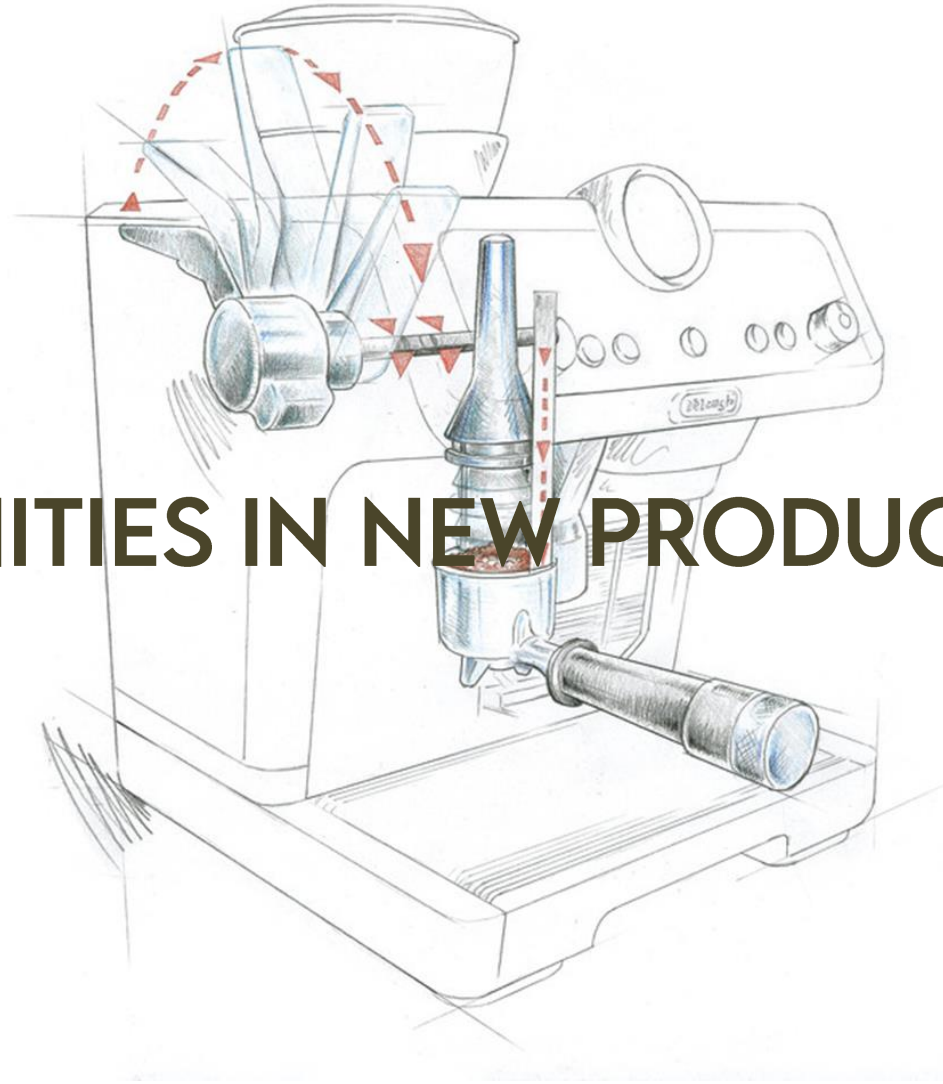


A person wearing a white shirt is holding a white cup of coffee with both hands. The coffee has a latte art design on top. The background is blurred, showing what appears to be a wooden chair.

# **NICOLA SERAFIN**

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**CHIEF TECHNICAL AND OPERATION OFFICER**



# OPPORTUNITIES IN NEW PRODUCT DEVELOPMENT

## NEW PRODUCT DEVELOPMENT THROUGH A CASE



# PRIMADONNA SOUL

&



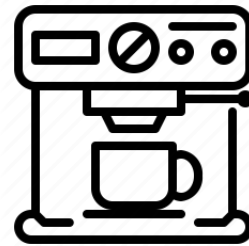


SPECIALTY COFFEE OFFERING IS GROWING



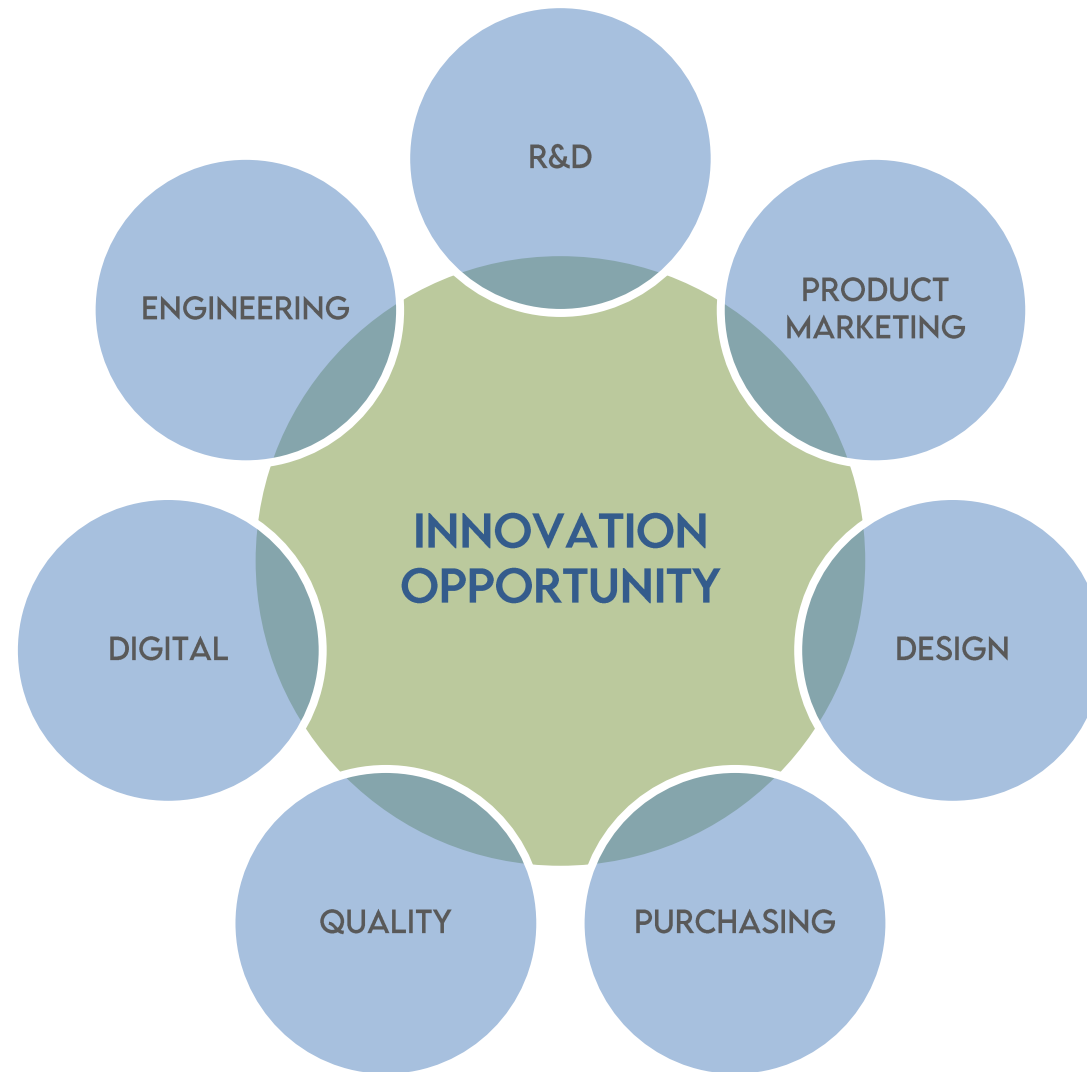
# THIRD WAVE OF COFFEE VARIETY

## BUT ONE MACHINE FITS ALL BEANS



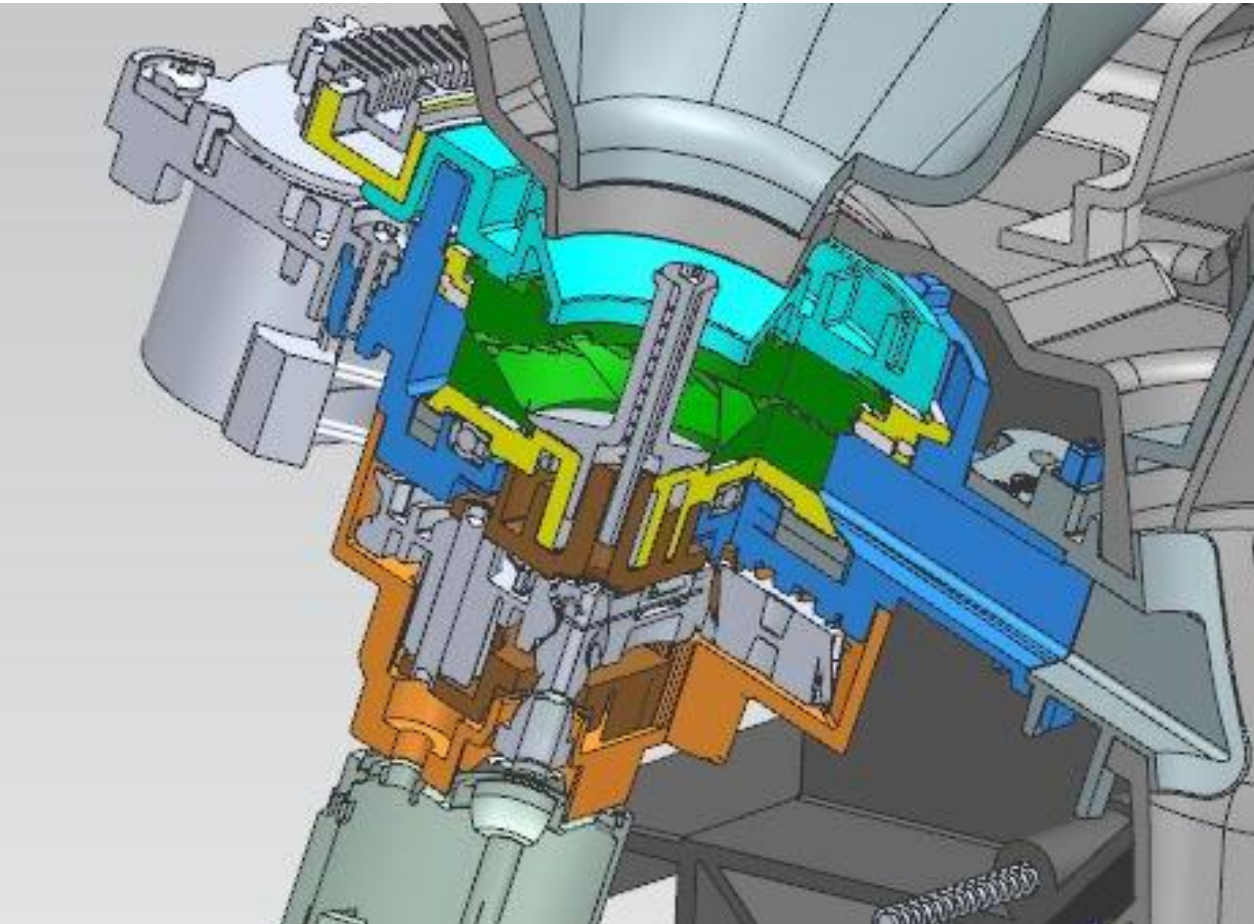


## CALL TO ACTION FOR THE NPD CROSS FUNCTIONAL TEAM



TECHNOLOGIES

PRODUCT



PROCESS

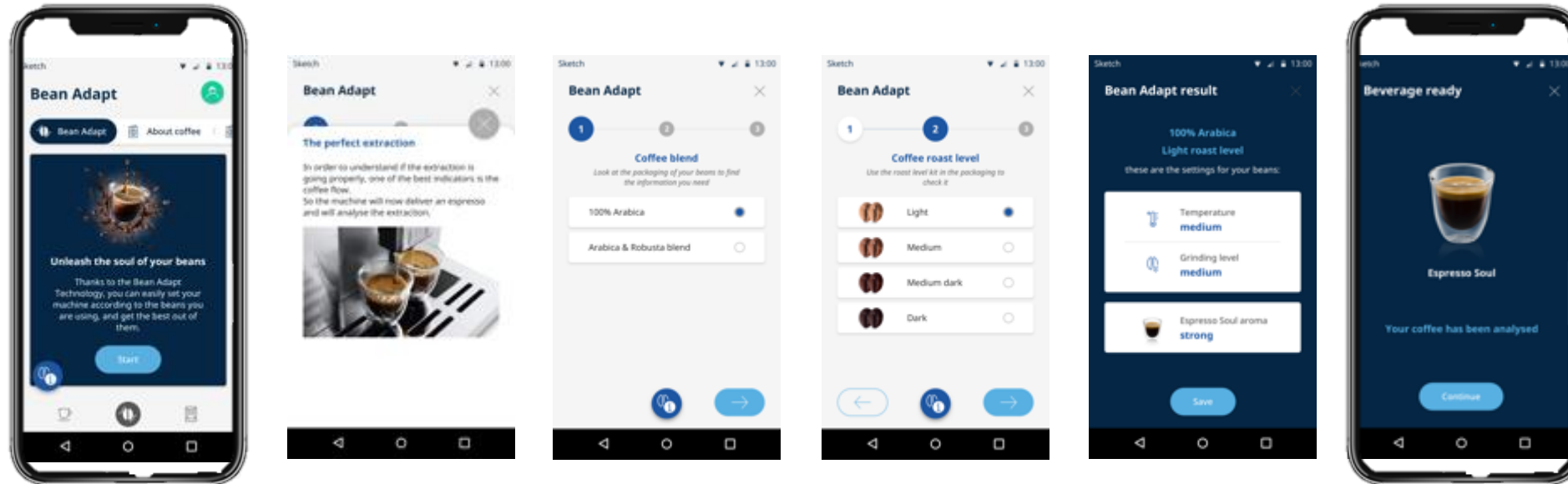


## PRECISION SENSING AND MACHINE LEARNING ALGORITHM





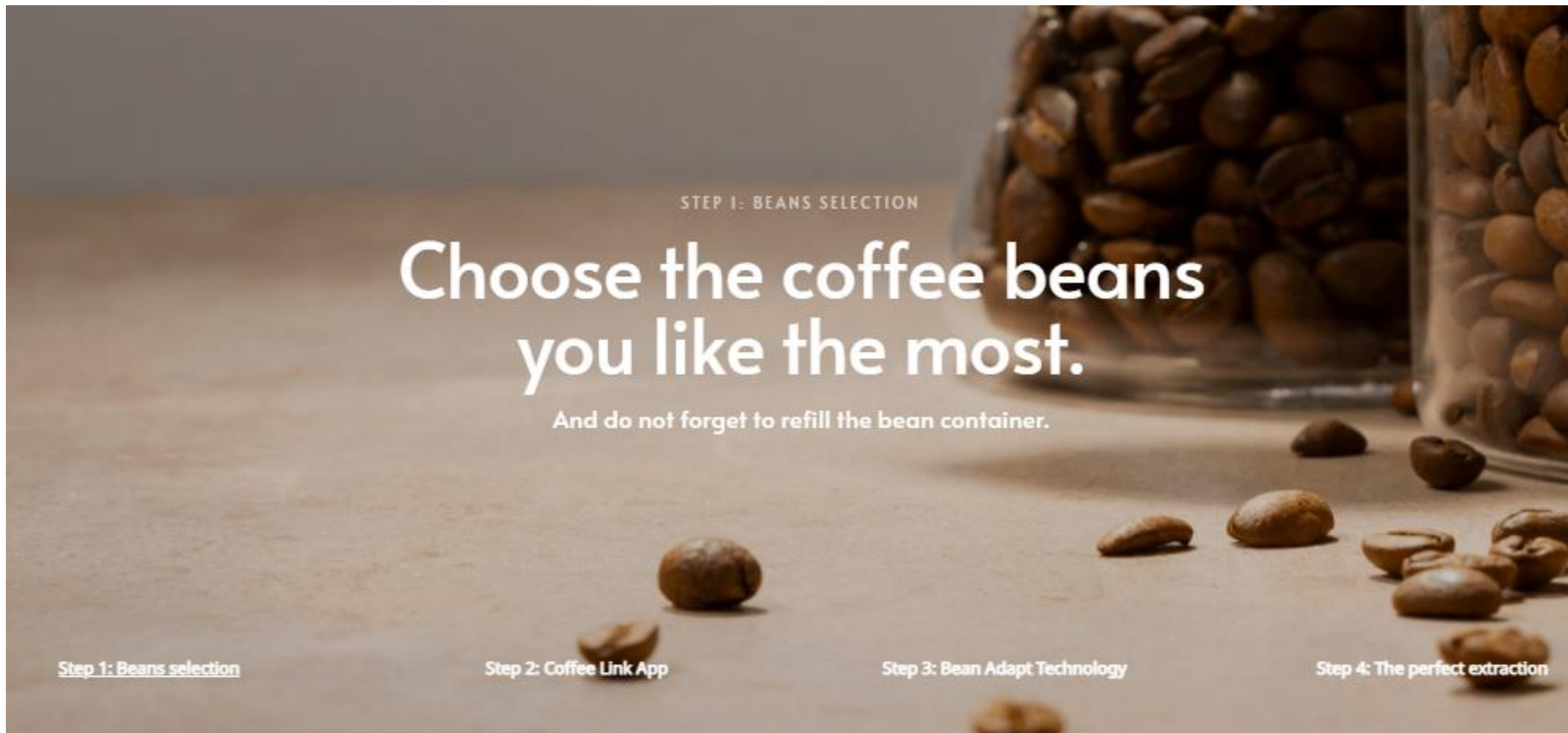
## COFFEE LINK APP + BEAN ADAPT TECHNOLOGY



GET  
THE PERFECT  
COFFEE  
COFFEE



## THE 4 STEPS FOR THE MOST FLAVORED ESPRESSO





## THE 4 STEPS FOR THE MOST FLAVORED ESPRESSO



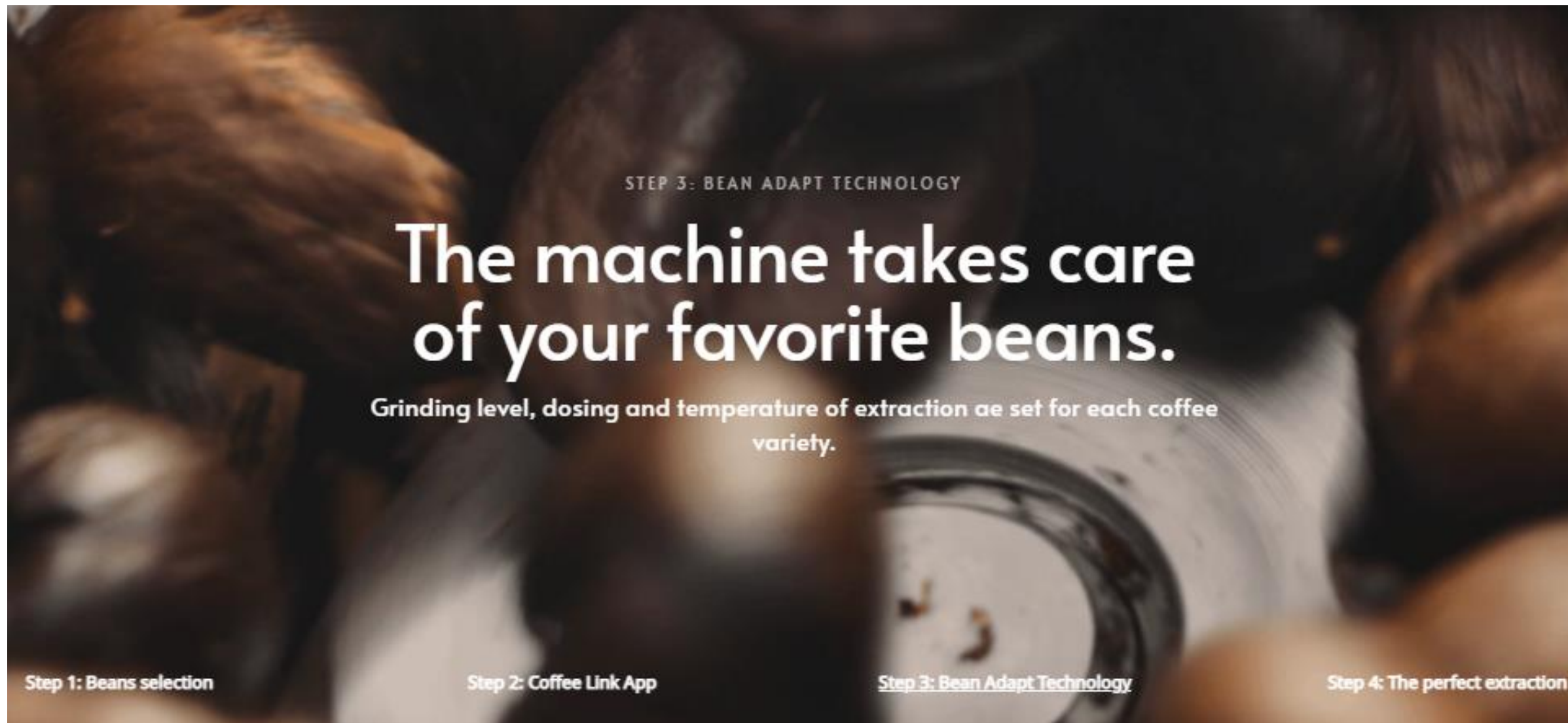
STEP 2: COFFEE LINK APP

# Connect your device with the machine.

In few taps, the machine is ready to deliver your cup of coffee.

Step 1: Beans selection      Step 2: Coffee Link App      Step 3: Bean Adapt Technology      Step 4: The perfect extraction

## THE 4 STEPS FOR THE MOST FLAVORED ESPRESSO



STEP 3: BEAN ADAPT TECHNOLOGY

# The machine takes care of your favorite beans.

Grinding level, dosing and temperature of extraction are set for each coffee variety.

Step 1: Beans selection      Step 2: Coffee Link App      Step 3: Bean Adapt Technology      Step 4: The perfect extraction

## THE 4 STEPS FOR THE MOST FLAVORED ESPRESSO

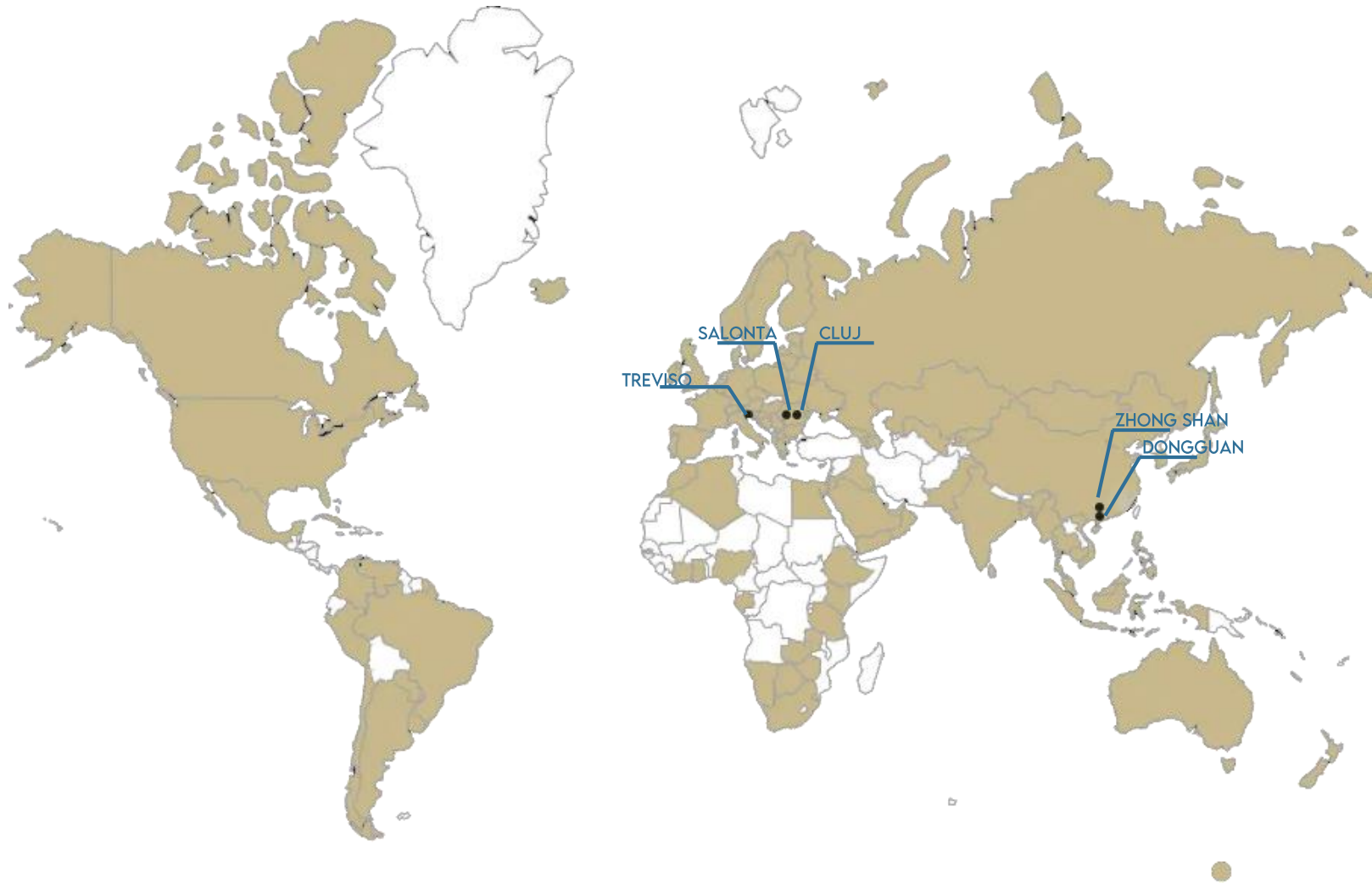
STEP 4: THE PERFECT EXTRACTION

A compact and dense  
crema with a hazelnut  
colour.

Your cup of coffee is now ready to be enjoyed!

Step 1: Beans selection      Step 2: Coffee Link App      Step 3: Bean Adapt Technology      Step 4: The perfect extraction

## THE OPERATIONS FOOTPRINT



5 PLANTS



8,000+ PEOPLE



33 WAREHOUSES



1.000+ SUPPLIERS



## OPERATIONS DRIVERS AND ENABLERS





## MANUFACTURING EXCELLENCE

### «MADE BY DE' LONGHI GROUP»

- CONSISTENT STANDARDS ACROSS ALL FACTORIES
- RIGOROUS PROCEDURES TO SELECT SUPPLIERS
- FULL TRACEABILITY SYSTEM IN PLACE

MIGNAGOLA (ITALY)



## PREMIUM QUALITY

- SUPERIOR STANDARDS SPECIFIC FOR FOOD & BEVERAGES
- MATERIALS AND FINISHINGS OFFER THE BEST AND DURABLE CONSUMER EXPERIENCE
- ADVANCED AND AUTOMATED PROCESSES TO ENSURE PERFECT EXECUTION





## SUPPLY RESILIENCE

- DIVERSIFICATION AND FLEXIBILITY THROUGH BALANCING «MAKE AND BUY»
- WIDE PRODUCT RANGE LEVERAGING A LARGE SUPPLY BASE
- RESPONSIVENESS TO MARKET AND E-TRANSITION ARE THE PRIORITIES

MIGNAGOLA (ITALY)



## COMPETITIVENESS DRIVERS



- STRATEGIC CORE PRODUCTS MANUFACTURED IN HOUSE
- CO-SUPPLY STRATEGY: EXPLOITING THE BEST IN CLASS OUTSOURCED TECHNOLOGIES
- CONTINUOUS EXPLORATION AND BENCHMARK OF ALTERNATIVE SOLUTIONS

CLUJ (ROMANIA)



## SISTEMIC COMPETENCE

- END-TO-END INTEGRATED PROCESS FROM IDEATION TO CONSUMER
- TALENT POOLING IN A PROPRIETARY ECOSYSTEM IS AN ENTRY KNOW-HOW BARRIER
- PROCESSES EVOLUTION SUPPORT ORIGINAL SOLUTIONS AND PRODUCT INNOVATIONS.



## SUSTAINABILITY IN MANUFACTURING

### PROJECT A

ZERO WASTE OF GROUND COFFEE  
POWDER IN FINAL MACHINE TESTING  
THROUGH ADVANCED LASER  
SETTINGS CALIBRATION

### PROJECT B

SCRAP REDUCTION -30%,  
THROUGH DIGITALIZATION  
AND REAL TIME PERFORMANCE  
MANAGEMENT

### PROJECT C

REDUCTION IN DEPENDANCE  
FROM CARBON FOSSIL SOURCES  
THROUGH RENEWABLE ENERGIES  
(FOTOVOLTAIC) AND HIGH  
EFFICIENCY IMPLEMENTATIONS  
(TRI-GENERATION)



## GROWTH DRIVERS: COFFEE



### COFFEE ACCELERATION

- COFFEE MACHINES DEMAND SUPPORTED BY GLOBAL DIVERSIFIED SOURCING BASE
- ENHANCED INVESTMENT PLAN TO SUSTAIN THE GROWTH WAVE

CLUJ (ROMANIA)



## GROWTH DRIVERS: FOOD PREPARATION

### FOOD PREPARATION BOOST

- GROWTH MATCHED BY INCREASED CAPACITY
- READY TO PROVIDE BEST-IN-CLASS HOME EXPERIENCE IN KITCHEN

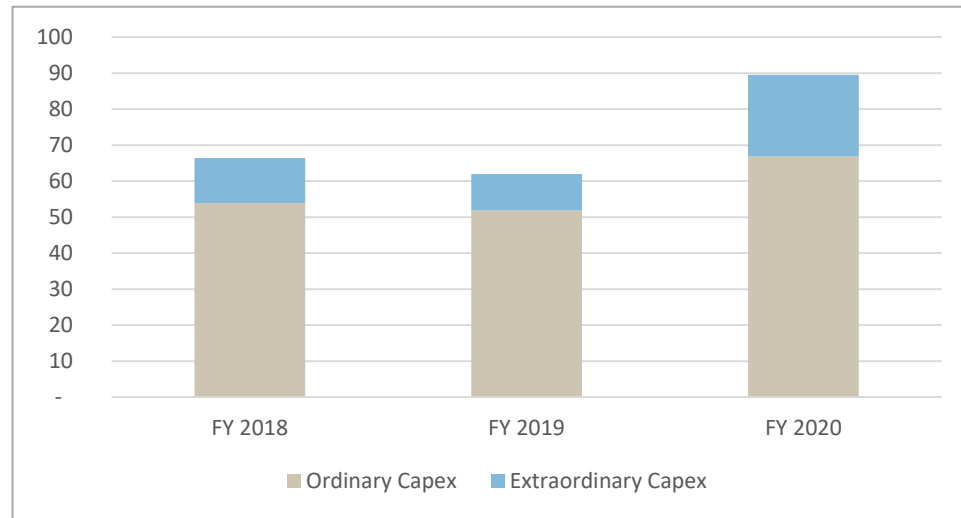


DONG GUAN (CHINA)



SALONTA (ROMANIA)

## INVESTMENT ACCELERATION



EXTRA-INVESTMENTS  
2018 -2020  
45 M€

## EXTRA-INVESTMENTS 2021-2023

- TO INCREASE CAPACITY
- TO BUILD A PROPER BUFFER TO MANAGE VOLATILITY AND PEAKS OF DEMAND
- KEY INVESTMENTS ACCELERATION PLAN:
  - ROMANIAN FACTORIES
  - CHINA DONGGUAN FACTORY EXPANSION
  - COFFEE EUROPEAN PLATFORM STEP-UP

CA. 100 M€



## INVESTMENT ACCELERATION



RENDERING OF THE EXPANSION  
OF THE PLANT IN DONG GUAN



A person wearing a white shirt is holding a white cup of coffee with both hands. The coffee has a brown latte art design on top. The background is blurred, showing what appears to be a wooden chair.

# MARCO CENCI

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**CHIEF STRATEGY AND CONTROL OFFICER**

## 3YR MTP: THE FOUR PILLARS

### COFFEE

- INCREASING MARKET PENETRATION OF ESPRESSO
- PRIORITIZATION OF NEW MACHINES
- CONTINUING IMPROVEMENT OF BRAND LEADERSHIP

### COOKING & FOOD PREPARATION

- FOCUS ON BRAND PORTFOLIO AND BRAND STRATEGY IN KEY MARKETS
- REGIONAL NPD DEVELOPMENT TO BROADEN ADDRESSABLE MARKET

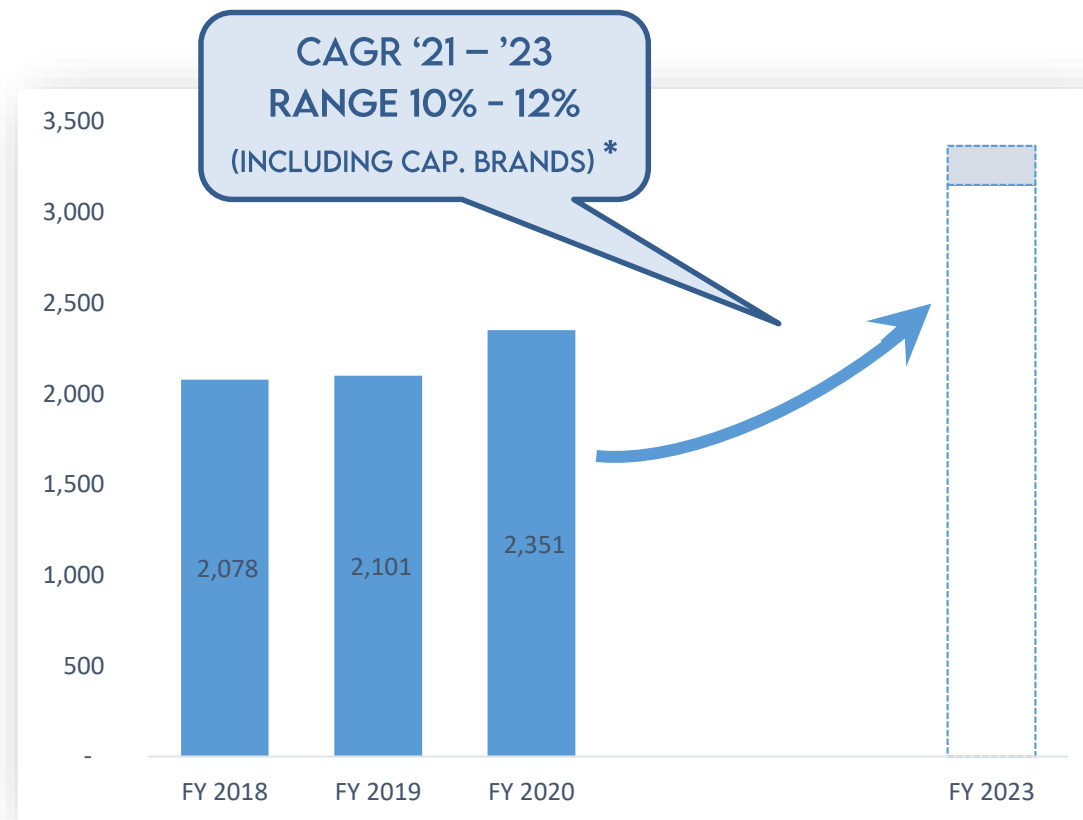
### NORTH AMERICA

- EXPANDING COFFEE LEADERSHIP
- NEW PRODUCTS TO ENLARGE THE RANGE

### ASIA

- ALLOCATE R&D TO ENHANCE THE REGIONAL SPECIFIC NEW PRODUCTS DEVELOPMENT
- ACCELERATE ON DIGITAL GO-TO-MARKET
- FOCUS ON BRAND STRATEGY

## REVENUES AT CONSTANT FX

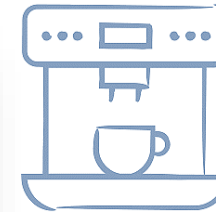


\* EQUAL TO MID TO HIGH SINGLE DIGIT GROWTH AT A CONSTANT PERIMETER

## 3YR MTP: SALES BRIDGE BY CATEGORY

### REVENUES AT CONSTANT FX

(INCLUDING CAPITAL BRANDS)



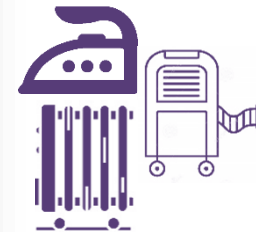
### COFFEE

INCREASING PENETRATION OF ESPRESSO INTO THE COFFEE MARKET



### FOOD PREPARATION

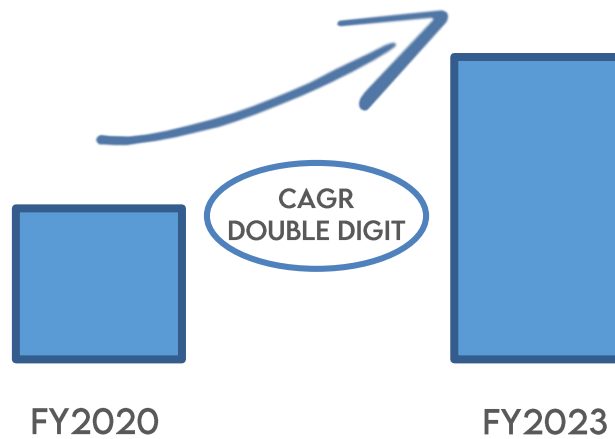
STRENGTHENING THE FOCUS ON THE CORE SEGMENTS



### COMFORT & HOMECARE

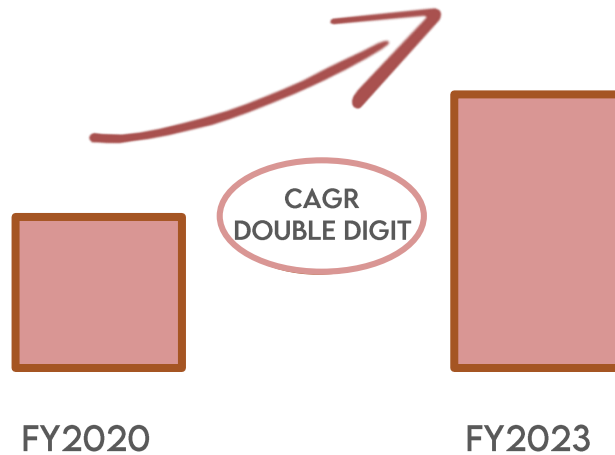
MAINTAINING THE CURRENT TREND

3YR MTP: COFFEE



- ✓ INCREASING PENETRATION
- ✓ STRENGTHENING THE LEADERSHIP
- ✓ GEOGRAPHICAL EXPANSION
- ✓ CONSOLIDATING IN THE DRIP COFFEE MARKET
- ✓ STRONG RELATIONSHIP WITH NESPRESSO / NESTLE'

## 3YR MTP: COOKING & FOOD PREPARATION

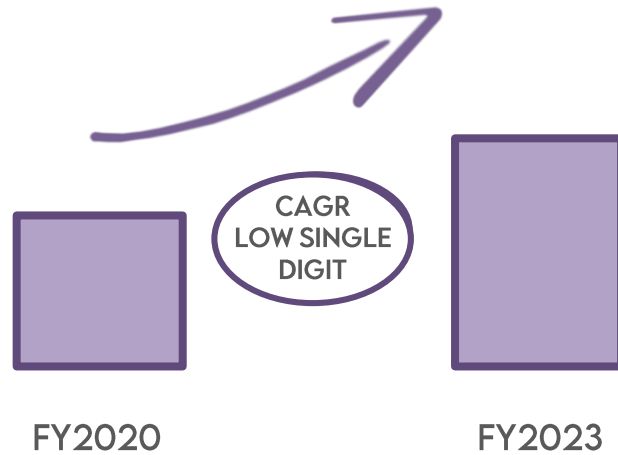


- ✓ EXPLOITING THE OPPORTUNITY OF CAPITAL BRANDS
- ✓ MARKET SHARE RECOVERY
- ✓ BETTER GO-TO-MARKET IN GREATER CHINA
- ✓ RATIONALIZATION OF BRAND PORTFOLIO
- ✓ ENHANCING CONSUMERS' DIGITAL EXPERIENCE





3YR MTP: COMFORT & HOME CARE

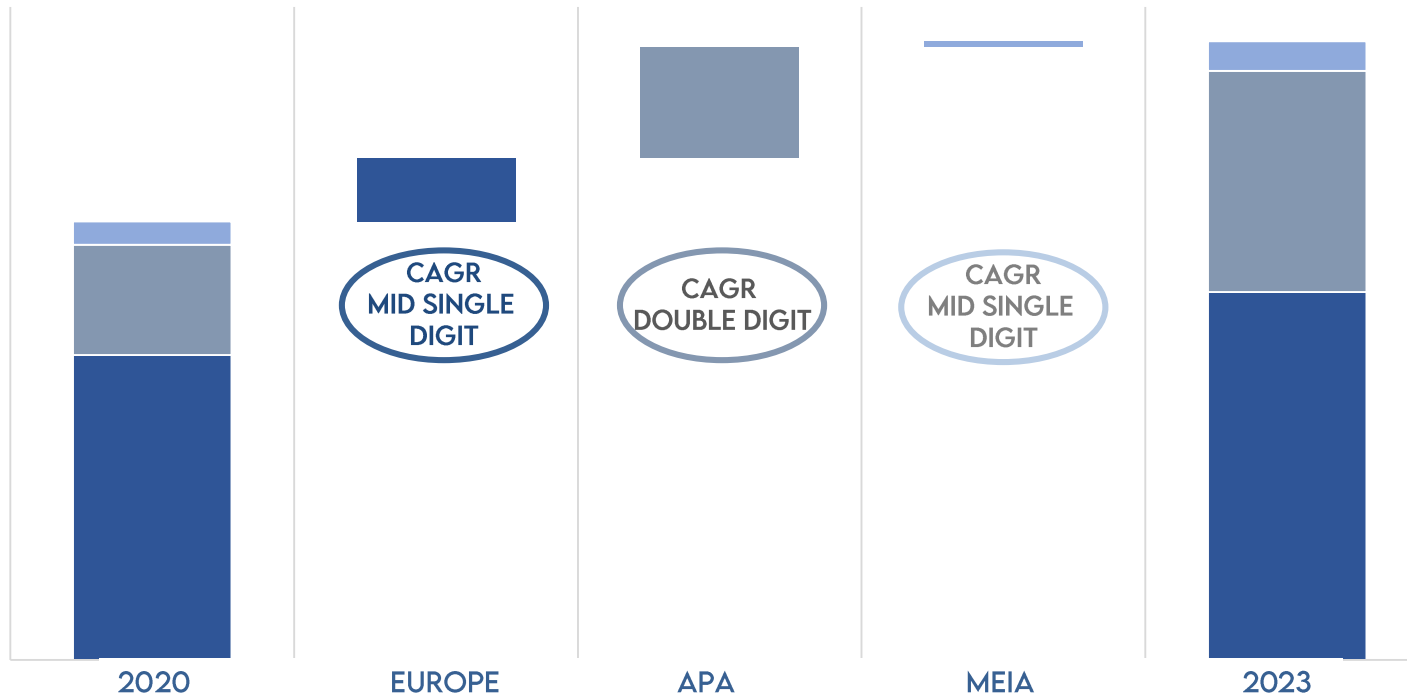


- ✓ TREND EXPECTED IN LINE WITH PAST PERFORMANCE
- ✓ HIGH SEASONALITY
- ✓ EXPLOITING MARKET OPPORTUNITIES
- ✓ EXPLORING NEW FUNCTIONALITIES RELATED TO NEED FOR HEALTHIER AND SANITIZED DOMESTIC ENVIRONMENT

## 3YR MTP: SALES BRIDGE BY REGION

### REVENUES AT CONSTANT FX

(INCLUDING CAPITAL BRANDS)



- ✓ EUROPE: STILL A FLOURISHING MARKET AND OUR STRONGHOLD
- ✓ ASIA: THERE'S PLENTY OF OPPORTUNITIES IN S.D.A.
- ✓ NORTH AMERICA: ESPRESSO STORY HAS JUST STARTED

## 3YR MTP: NORTH AMERICA

- WIDENING THE FULLY-AUTO AND PUMP PRODUCT RANGE TO TACKLE THE EXPANDING COFFEE MARKET
- STRENGTHENING THE PROGRESSION OF ESPRESSO MAKERS, ENHANCING THE BRANDING STRATEGY
- DEFINING A MULTI-YEAR A&P BUDGET AND STRATEGY TO MAXIMIZE RETURNS



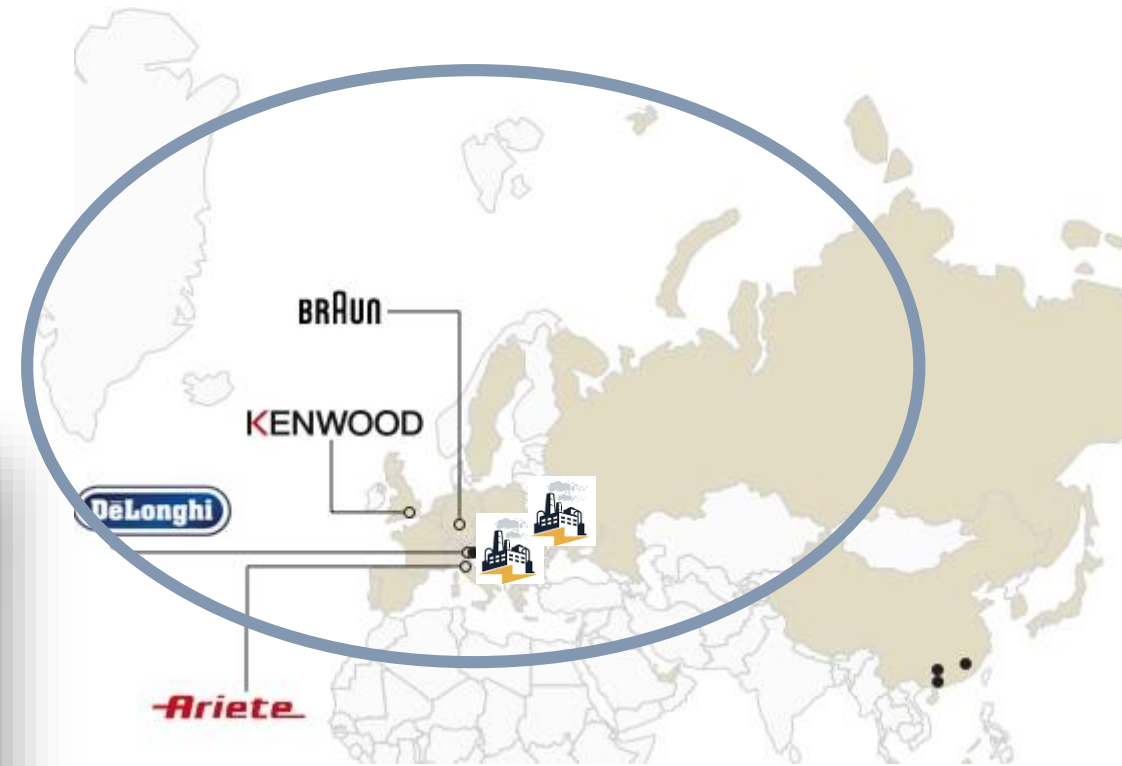
3YR MTP: ASIA & GREATER CHINA

- MOVING TOWARDS A DIGITAL DATA-DRIVEN GO-TO-MARKET
- ACCELERATION IN ENHANCING THE CONDITIONS FOR LEADING-HEDGE DIGITAL PLATFORM
- STRENGTHENING THE REGIONAL NPD TO SEIZE THE OPPORTUNITIES IN THE ASIAN MARKETS
- EXPANDING THE COMMUNICATION AND MARKETING ACTIVITIES SUPPORTED BY HIGHER INVESTMENT IN A&P



## 3YR MTP: EUROPE

- STRONGER COMMERCIAL ORGANIZATION AND PRIORITIZATION OF A&P TO SUPPORT CORE SUB-SEGMENTS IN KEY MARKETS
- COFFEE IS STILL FUELING EXPANSION
- LOCAL SUPPLY CHAIN ENSURING HIGH LEVEL OF SUPPORT
- INVESTING IN COMMUNICATION AND IN NPD TO DELIVER “TIP-TOP” PRODUCTS



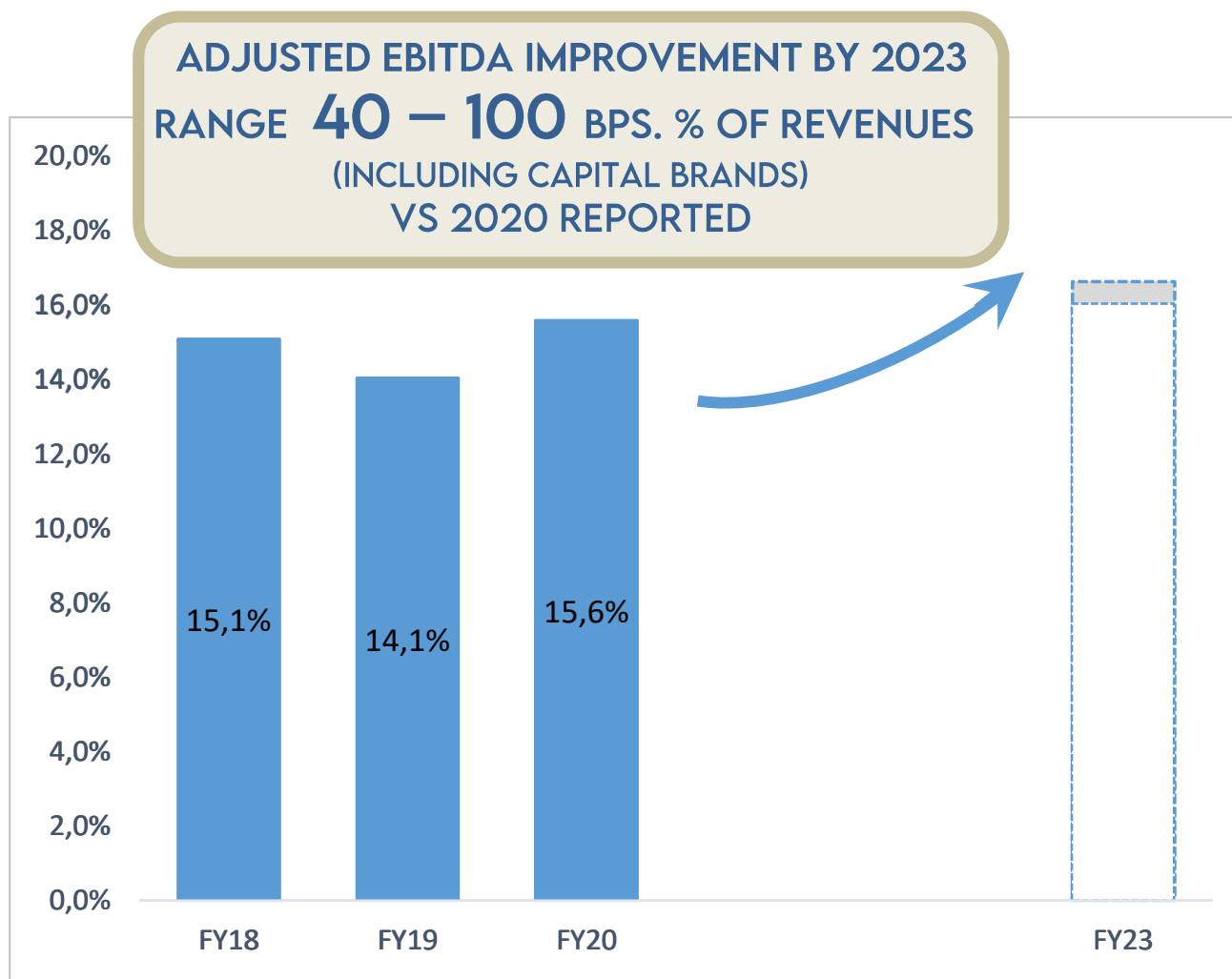


3YR MTP: REST OF THE WORLD

- IMPROVING THE LEADERSHIP IN OUR LEADING MARKETS OF THE AREA IN ESPRESSO SECTOR AND CORE SUB-SEGMENTS
- MEIA: FOCUS ON REGIONAL CORE PRODUCTS OF FOOD PREPARATION AND COFFEE, SUSTAINED BY A RENEWED COMMERCIAL ORGANIZATION



## 3YR MTP: MARGIN EVOLUTION



Reported figures



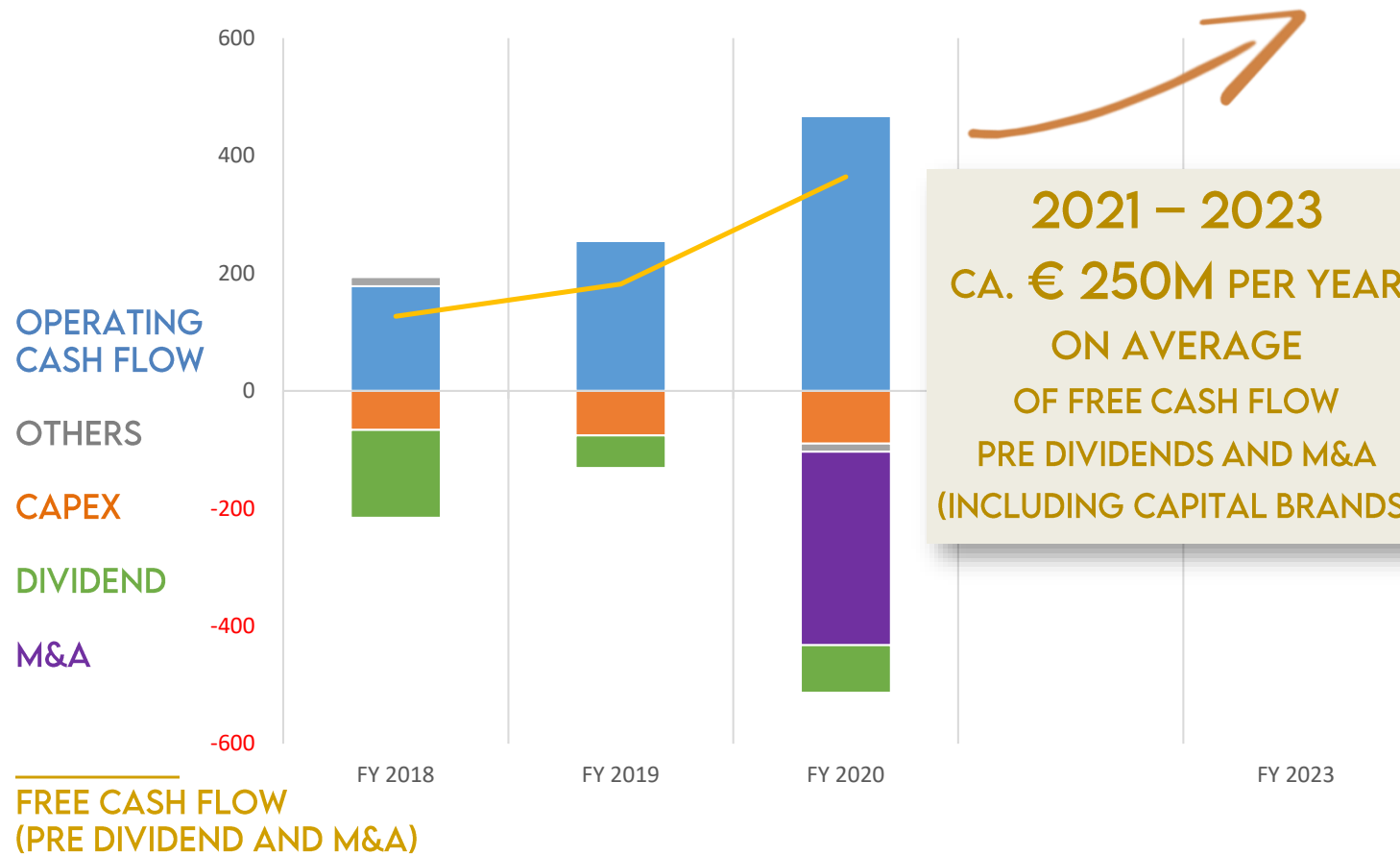
### TAILWINDS

- ❖ VOLUME GROWTH
- ❖ POSITIVE CONTRIBUTION FROM PRICE MIX
- ❖ SCALE EFFECT ON FIXED COST
- ❖ HIGH OPERATING LEVERAGE



- ❖ HIGHER A&P INCIDENCE
- ❖ HIGHER INCIDENCE OF SALES AND R&D OVERHEADS, TO REINFORCE THE TEAMS
- ❖ VOLATILITY IN THE RAW MATERIALS PRICES

## CAPITAL ALLOCATION



IN THE NEXT 3 YEARS:

- 1 EXPANSION OF PRODUCTION CAPACITY
- 2 REMUNERATE THE SHAREHOLDERS (NEW DIVIDEND POLICY)
- 3 USE THE FINANCIAL LEVERAGE TO PURSUE EXTERNAL GROWTH



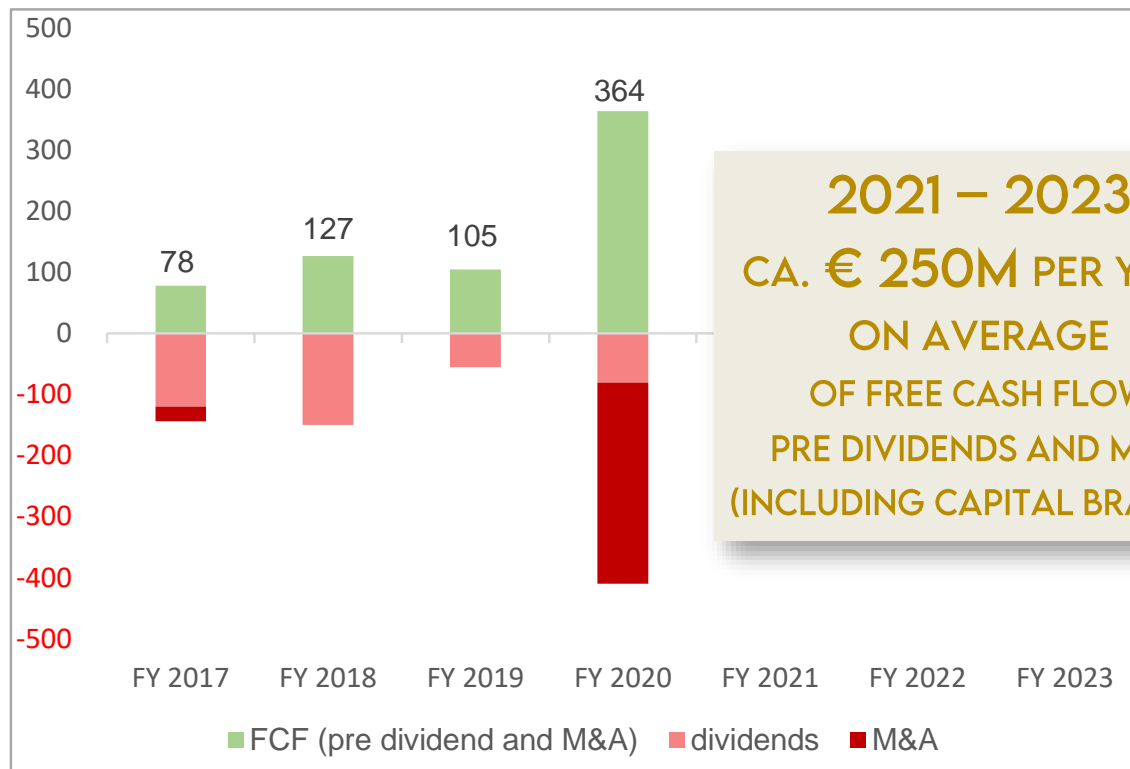
A person wearing a white shirt is holding a white cup of coffee with latte art. The background is blurred, showing what appears to be a white chair or railing.

# **MASSIMO GARAVAGLIA**

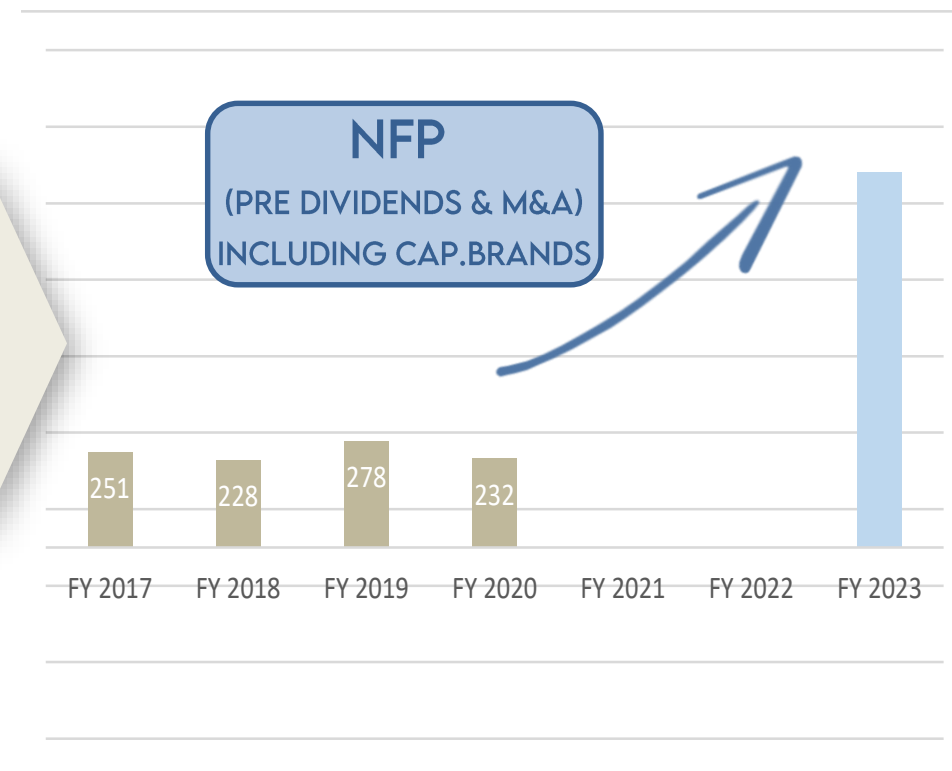
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**CHIEF EXECUTIVE OFFICER**

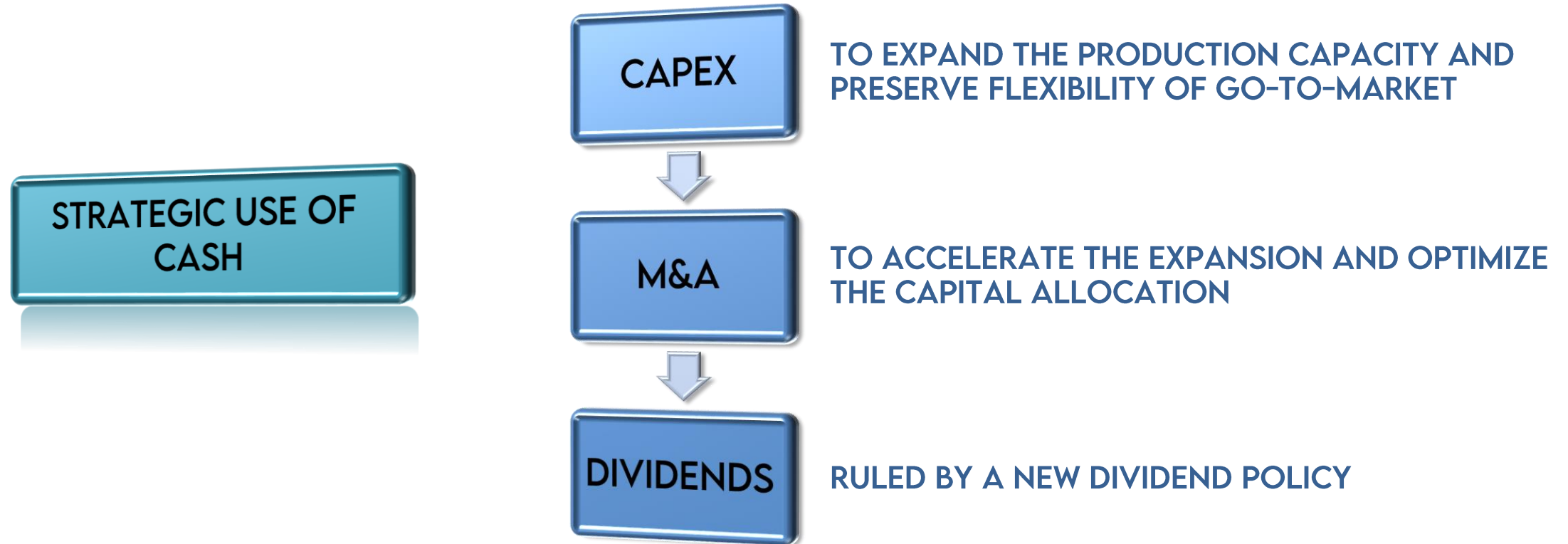
## THE CASH GENERATION FOR THE FUTURE



**2021 – 2023**  
**CA. € 250M PER YEAR**  
**ON AVERAGE**  
**OF FREE CASH FLOW**  
**PRE DIVIDENDS AND M&A**  
**(INCLUDING CAPITAL BRANDS)**



## CASH GENERATION FOR THE FUTURE





## THE NEW DIVIDEND POLICY

### NEW DIVIDEND POLICY



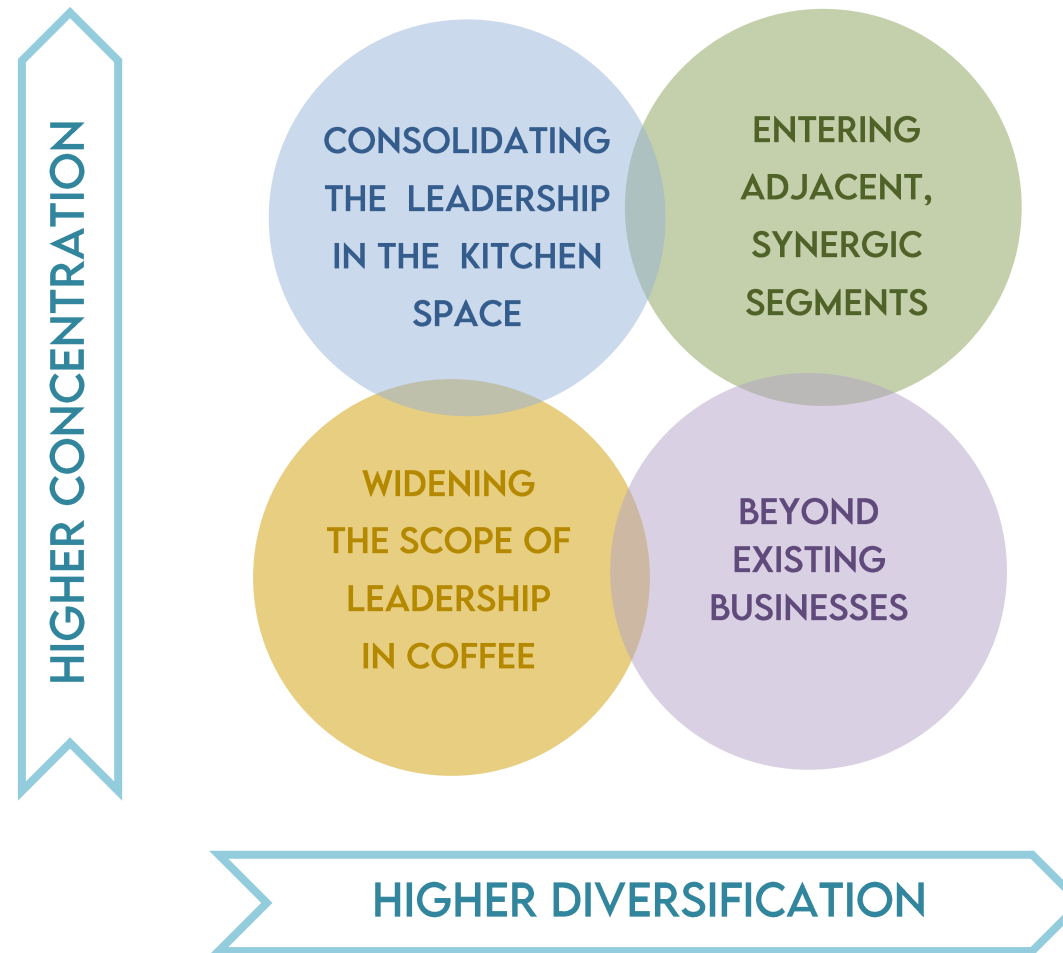
#### MAIN GOALS :

- ✓ TO PROVIDE SHAREHOLDERS WITH A RELIABLE ROADMAP;
- ✓ TO LEAVE ROOM FOR M&A AND EXTRAORDINARY OPERATIONS



- MINIMUM PAY OUT RATIO AT 40% OF NET EARNINGS;
- THRESHOLD TO BE MODIFIED IN CASE OF SIGNIFICANT CHANGES OF THE LEVERAGE

## THE GROUP M&A STRATEGIC GUIDELINES



## CURRENT TRENDS IN M&A



- ✓ IMPACT ON MULTIPLES DUE TO COVID
- ✓ SELECTIVE APPROACH / FIT WITH OUR STRATEGY / L/T VALUE CREATION
- ✓ INCREASING COMPETITION DUE TO THE LIQUIDITY FLOOD
- ✓ OPPORTUNITIES OFFERED BY ADVERSE ECONOMIC CYCLE
- ✓ FOCUS ON BOLT ON OPPORTUNITIES

## THE CAPITAL BRANDS AND EVERSYS ACQUISITIONS

Capital Brands.

CAPITAL BRANDS AND  
EVERSYS DEALS ARE  
FULLY CONSISTENT  
WITH THE PILLARS OF  
THE GROUP'S MTP.

MTP 2021-2023

STRATEGY + EXECUTION = SUCCESS

**US & Asia**

Achieve critical  
mass and increase  
relevance in  
attractive &  
*futurable* markets

**Coffee**

Exploit full potential  
in the category,  
further cementing  
leadership

**Food**

Protect and  
develop core  
category, crucial  
for the Group's  
brands, portfolio  
and economics

**Innovation**

Make it even more  
central to the future  
success of the  
Group, setting up  
approach and  
capabilities





## THE CAPITAL BRANDS ACQUISITION

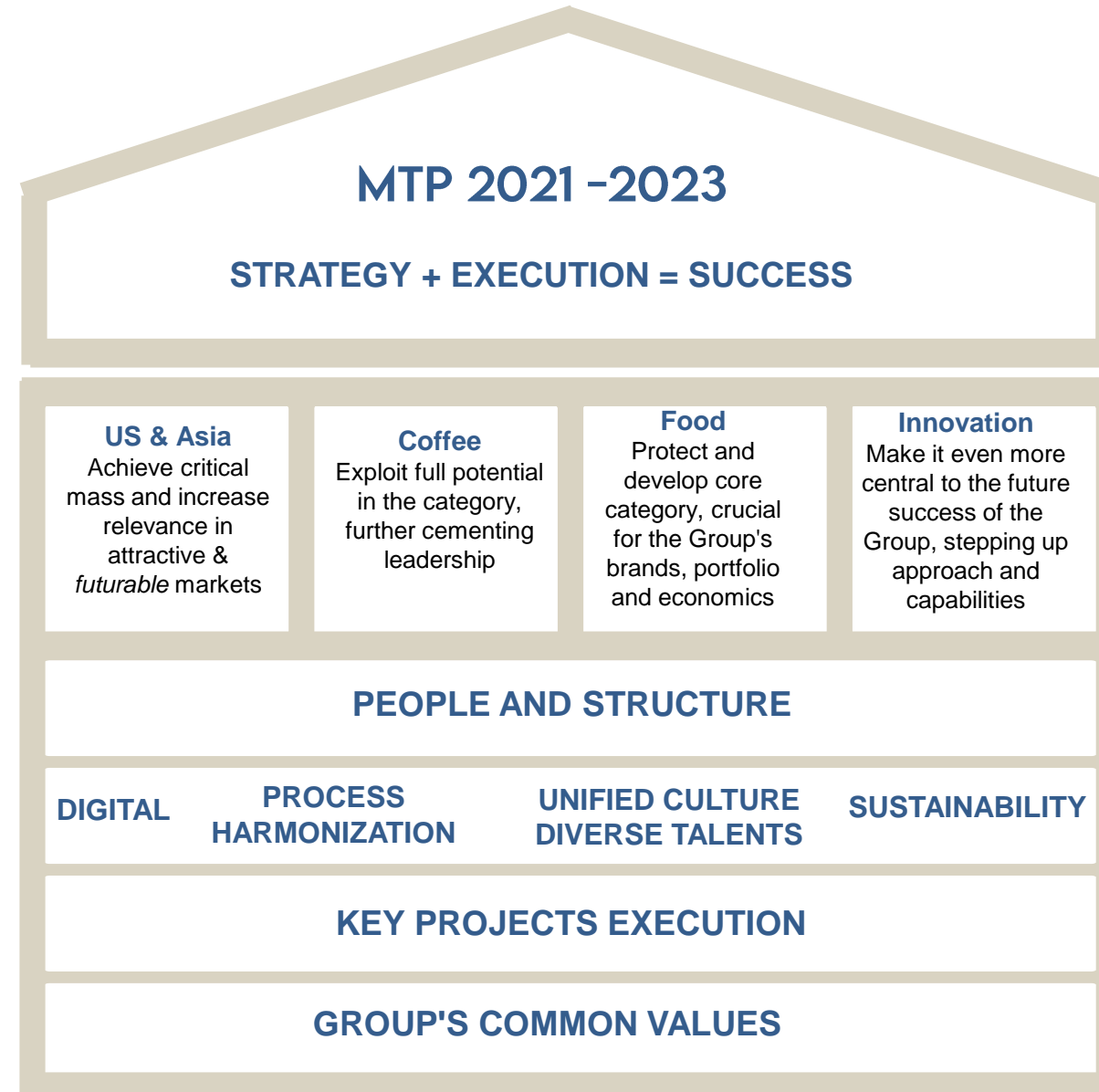
### THE CAPITAL BRANDS ACQUISITION MEANS...

- ...BECOMING A LEADING PLAYER IN THE USA
- ...ADDING PERSONAL BLENDERS TO OUR PORTFOLIO
- ...USA & CANADA # 1 MARKET WITH > 500 M\$ SALES



- ...VALUE ACCRETION FROM THE BEGINNING
- ... MORE FOCUS ON HEALTHY NUTRITION
- ... A LOCAL STRONG R&D/NPD TEAM IN THE USA
- ...ACCESSING DEEP EXPERTISE IN DIGITAL MARKETING

## SUMMARY



A person wearing a white long-sleeved shirt is holding a white ceramic cup of coffee with both hands. The coffee has a latte art design on top. The background is blurred, showing what appears to be a wooden chair. The text "Q&A SESSION" is overlaid in the center of the image.

# **Q&A SESSION**

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The manager responsible for preparing the company's financial reports declares, pursuant to paragraph 2 of Article 154-bis of Legislative Decree no. 58 of February 24 1988, that the accounting information contained in this presentation corresponds to the results documented in the books, accounting and other records of the company.



A person wearing a white button-down shirt is holding a white cup of coffee with both hands. The coffee has a latte art design on top. The background is blurred, showing what appears to be a wooden chair.

**DēLonghi Group**

**ANALYST DAY 2021**

**THANK YOU**

**25<sup>TH</sup> MARCH 2021**