

DēLonghi Group

Q3 & 9M 2022 RESULTS

DēLonghi Group



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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.

DEFINITIONS & ASSUMPTIONS

In this presentation:

- “**Adjusted**” stands for before non recurring items and notional cost of the stock option plans
- “**At constant exchange rates**” means excluding the effects of exchange rates' variations and of hedging derivatives
- “**ForEx**” or “**FX**” stand for Foreign Exchange Rates;
- “**M**” stands for million and “**bn**” stands for billion;
- 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 consolidation of Eversys since April 1st, 2021 (following the acquisition finalized last year);
- the comparative data as of September 30, 2021 have been restated in accordance with IFRS 3, as a result of the definitive accounting of the business combination relating to Capital Brands and Eversys.

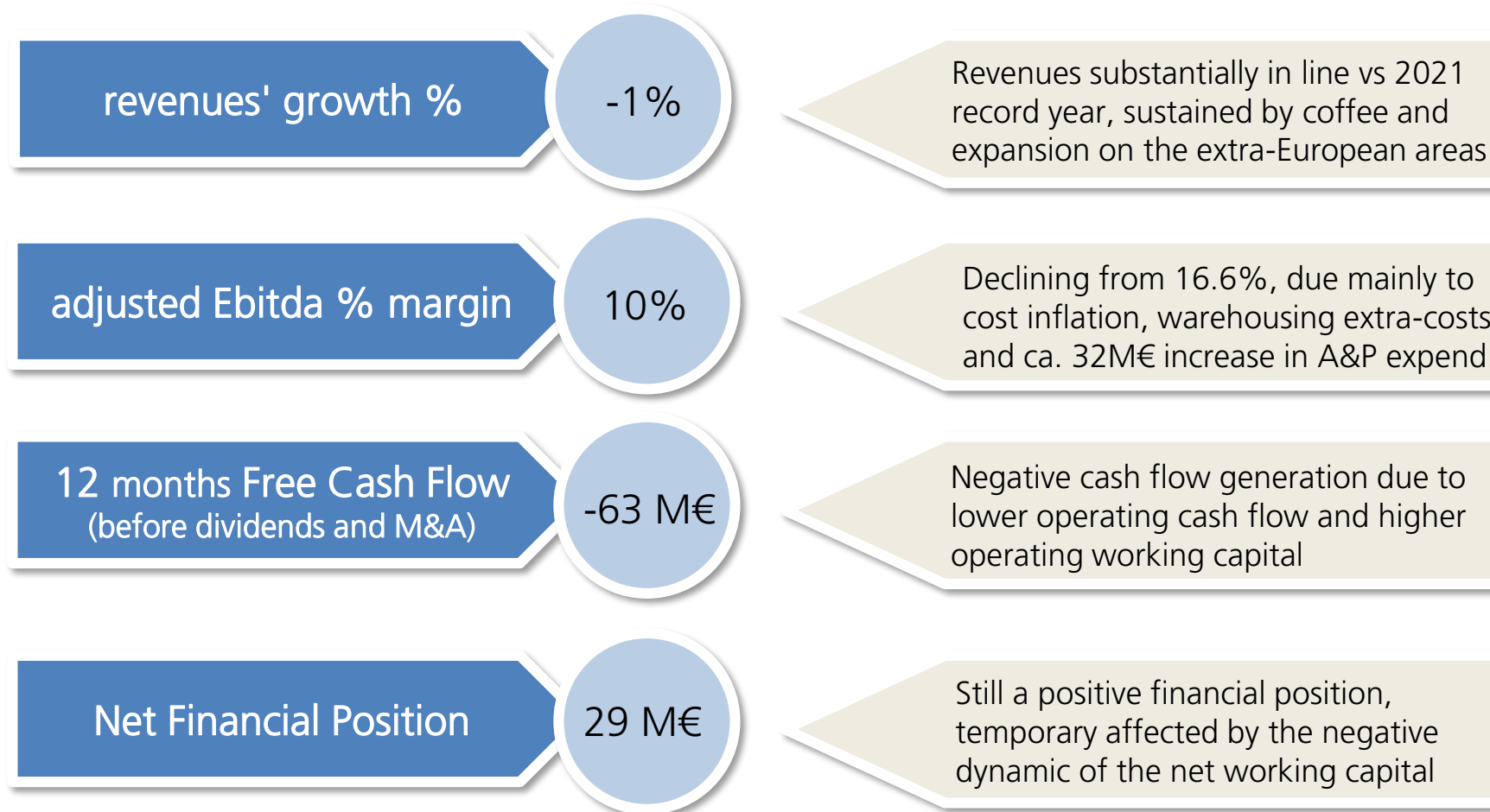


Q3 – 9M 2022 RESULTS



Q3 – 9M 2022 RESULTS

THE 9 MONTHS HIGHLIGHTS



Q3 – 9M 2022 RESULTS

HEADWINDS AND ACTIONS

EXTERNAL HEADWINDS

COST INFLATION

WAREHOUSING
EXTRA COSTS

DEMAND
SOFTENING

ACTIONS PUT IN PLACE

PRICE INCREASES

INVENTORY
REDUCTION

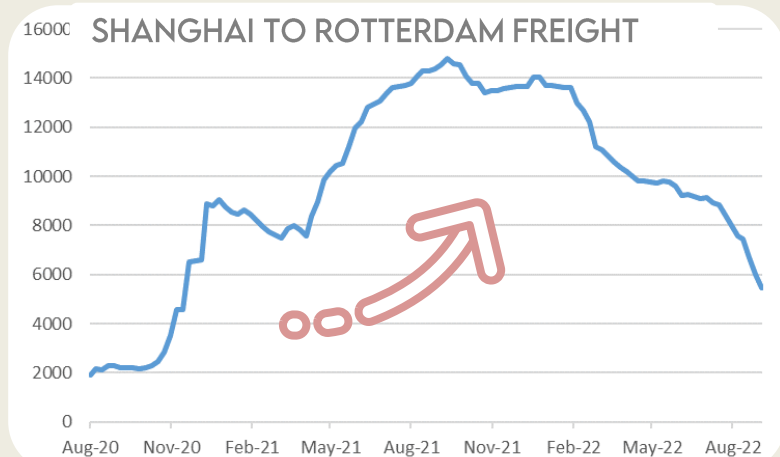
HIGHER A&P

Q3 – 9M 2022 RESULTS

HEADWINDS AND ACTIONS /1

COST INFLATION

PRICE INCREASES



Source: Bloomberg data, USD

A STRATEGY OF
SELECTIVE PRICE INCREASES
TO MITIGATE THE IMPACT OF
COST INFLATION AND
PROTECT GROSS MARGIN

TOTAL PRICE EFFECT:

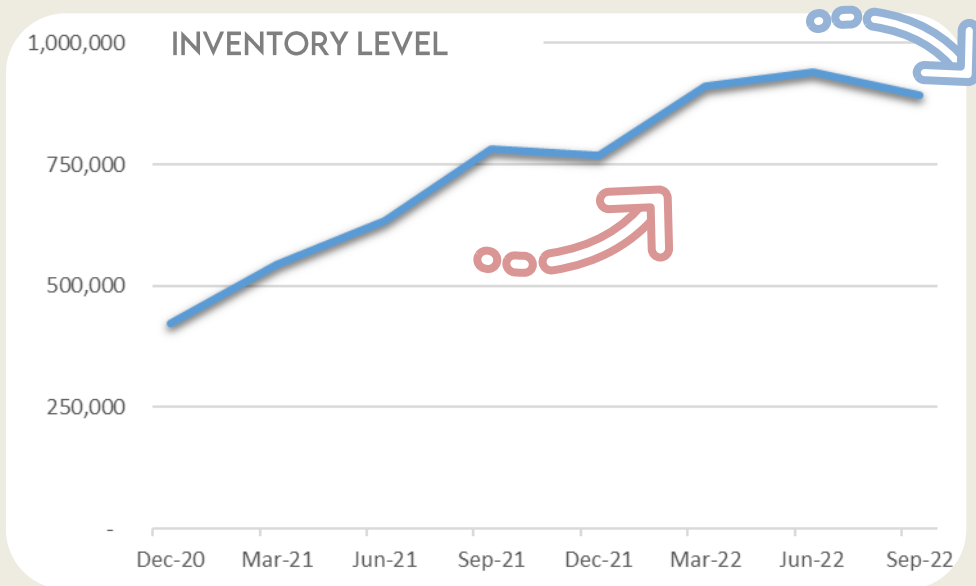
2021 CA. 45M €

9M-22 CA. **48M €**

Q3 – 9M 2022 RESULTS

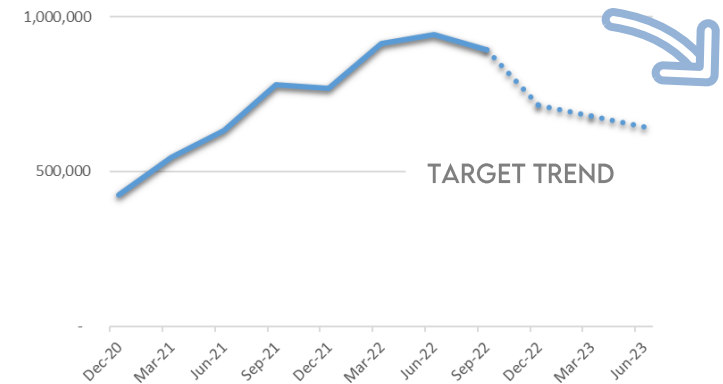
HEADWINDS AND ACTIONS /2

EXTRA COSTS



INVENTORY REDUCTION

EXTRAORDINARY MEASURES TO REDUCE THE LEVEL OF INVENTORY...



...AND TO ABATE ADDITIONAL
WAREHOUSING COSTS
AND RELATED
PRODUCTION INEFFICIENCIES

Q3 – 9M 2022 RESULTS

HEADWINDS AND ACTIONS /3

DEMAND SOFTENING

HIGHER A&P



CONFIRMING THE
INVESTMENTS PLANS ON
A&P EXPENDITURES

INCREASED EFFORTS
ON MEDIA AND
COMMUNICATION,
SPREADING THE COFFEE
GLOBAL CAMPAIGN
ACROSS ALL MARKETS

Q3 – 9M 2022 RESULTS

TOP LINE

(Eur million)	9M-2022	9M-2021	Q3-2022	Q3-2021
Revenues	2,128.7	2,149.5	683.8	717.7
change %	-1.0%		-4.7%	
organic ch. %	-5.4%		-10.3%	

- 9M-2022 revenues down by 1%, including a positive currency effect of 4.4%;
- the expansion of extra-European geographies - all up in the 9 months (Asia Pacific, North America and Meia) - helped to offset the softening trend of European markets (down high-single-digit);
- all product segments were in positive territory both in Q3 and 9M, with the only exception of Cooking and Food Preparation, which was suffering from weakening demand. B2C Coffee segment was up mid single digit in Q3 and 9M.



Q3 – 9M 2022 RESULTS

REVENUES BY REGION

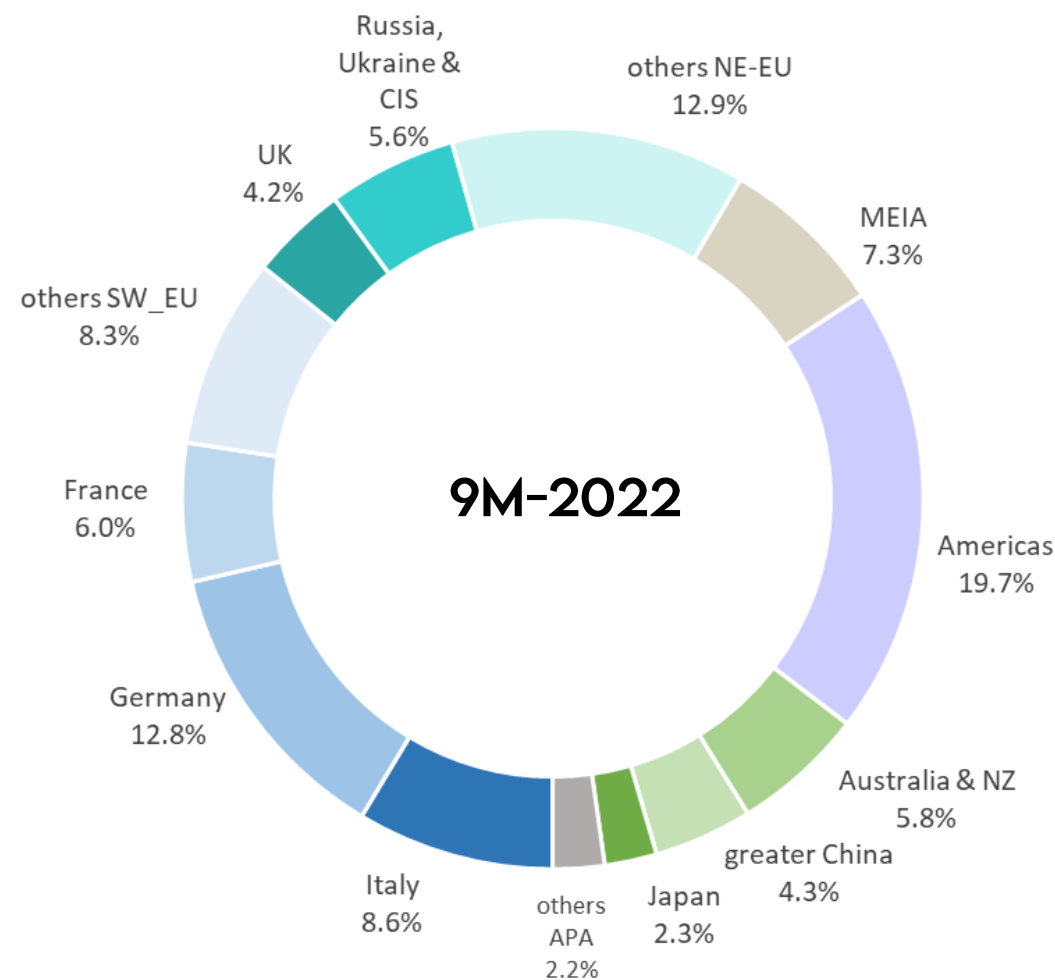
<i>EUR million</i>	9M - 2022	var. %	var. % at constant FX	Q3 - 2022	var. %	var. % at constant FX
South-West Europe	761.1	-7.6%	-8.4%	226.9	-12.6%	-13.7%
North-East Europe	483.4	-11.6%	-13.5%	171.3	-6.8%	-9.5%
EUROPE	1,244.5	-9.2%	-10.4%	398.2	-10.2%	-11.9%
America	418.5	9.4%	-1.6%	129.3	-7.9%	-21.2%
MEIA	154.7	6.6%	-5.4%	48.9	18.2%	1.2%
Asia-Pacific	310.9	23.7%	16.3%	107.4	16.2%	8.9%
TOTAL REVENUES	2,128.7	-1.0%	-5.4%	683.8	-4.7%	-10.3%

In the third quarter:

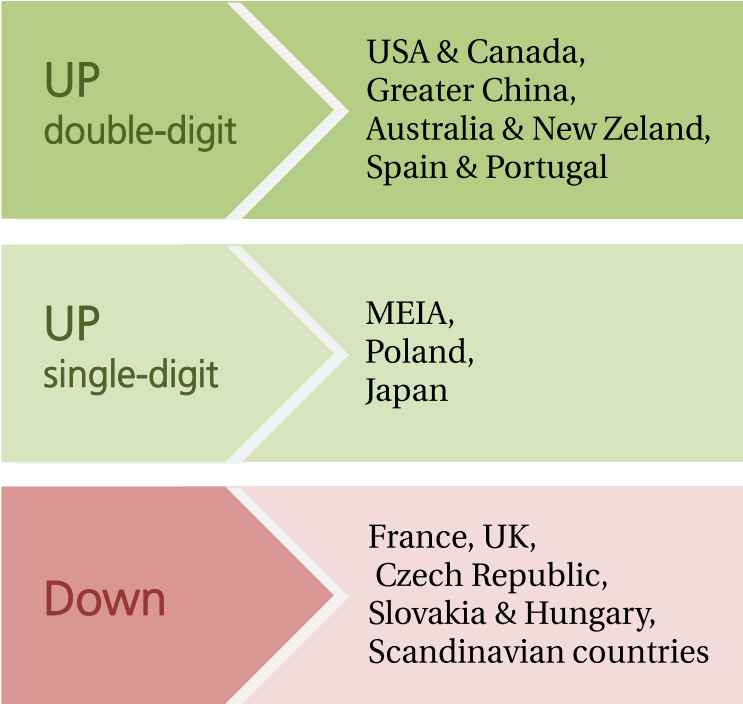
- **South-West Europe** in showed similar dynamics to the previous quarter, with a moderate weakness of continental Europe, except for Italy and the Iberian region;
- in **North-East Europe** the negative trend continued, albeit improving, affected by the direct effects of the Russian-Ukrainian conflict;
- **MEIA** region saw a positive quarter, mostly driven by the US Dollar appreciation (net of which, however, sales were still in positive territory);
- sales in the **North American** area were negatively impacted by early sales of portable air conditioners back in the previous quarters, while, on the contrary, there was a double-digit growth in the coffee segment, supported by a strong acceleration of fullauto coffee machines;
- finally, the **Asia-Pacific** region confirmed the double-digit growth already highlighted in the first half, sustained in particular in Q3 by the significant expansion of Greater China.

Q3 – 9M 2022 RESULTS

REVENUES BY MARKET

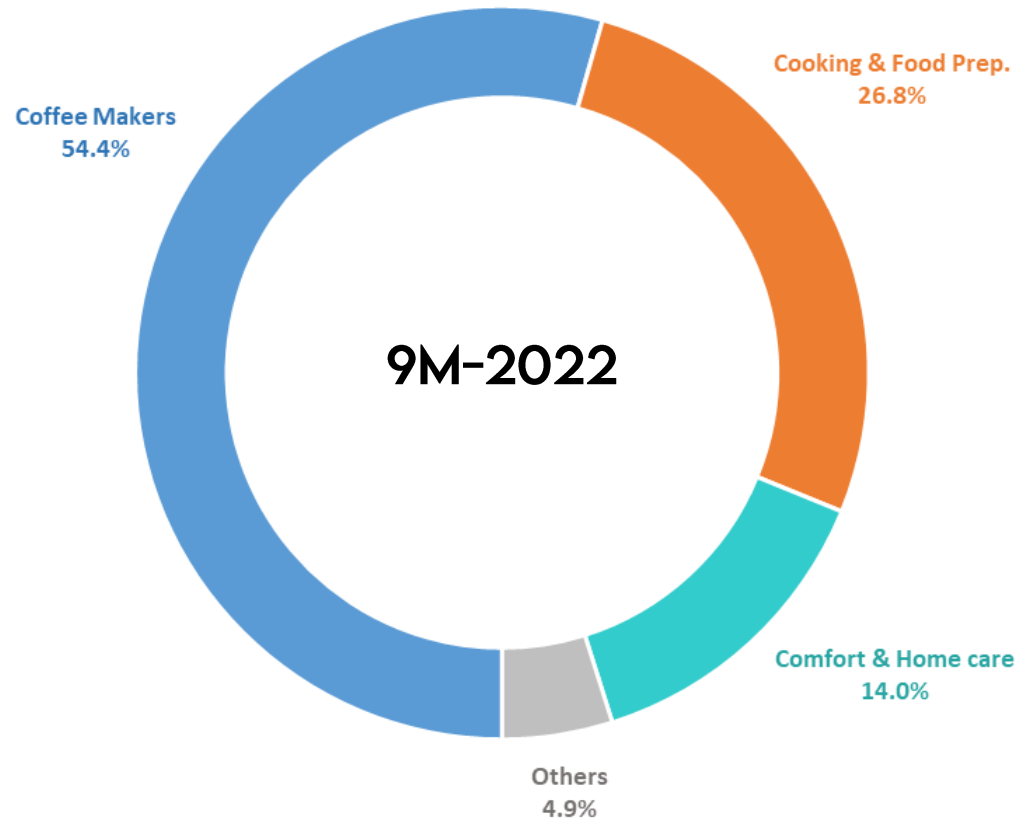


Main Ups & Downs (at constant FX)

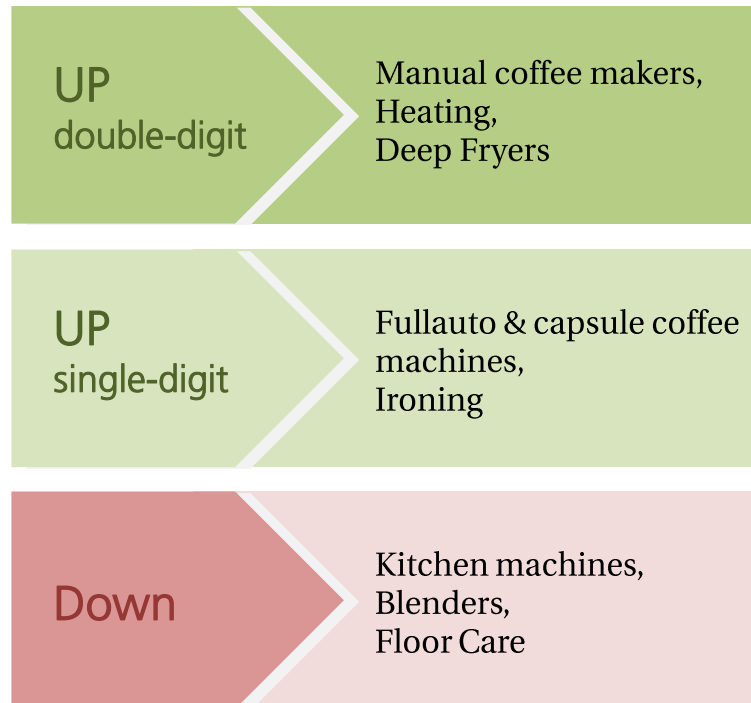


Q3 – 9M 2022 RESULTS

REVENUES BY PRODUCT LINE



Main Ups & Downs (at constant FX)



Q3 – 9M 2022 RESULTS

MARGINS

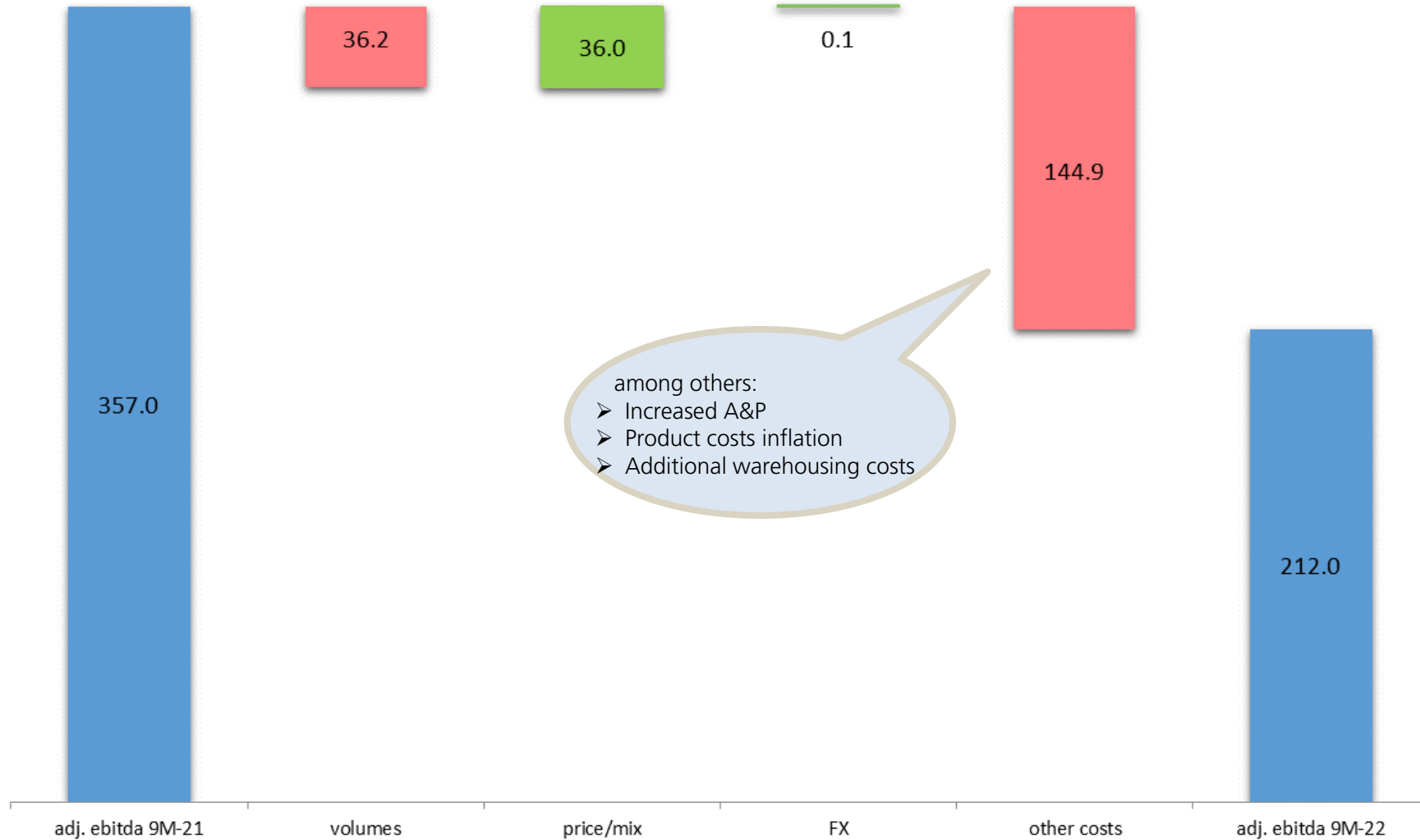
	9M-2022	9M-2021	Q3-2022	Q3-2021
net ind. margin	1,015.5	1,079.7	319.4	358.3
<i>% of revenues</i>	47.7%	50.2%	46.7%	49.9%
adjusted Ebitda	212.0	357.0	62.9	105.6
<i>% of revenues</i>	10.0%	16.6%	9.2%	14.7%
Ebitda	217.8	344.9	67.2	103.9
<i>% of revenues</i>	10.2%	16.0%	9.8%	14.5%
Ebit	141.2	277.2	40.9	79.7
<i>% of revenues</i>	6.6%	12.9%	6.0%	11.1%
Net Income	99.4	232.3	27.7	60.5
<i>(pertaining to the Group)</i>				
<i>% of revenues</i>	4.7%	10.8%	4.1%	8.4%

- The **net industrial margin** percentage to sales was down due to production inefficiencies and to the increase in product costs (raw materials, logistics, transformation costs) not fully offset by the price increases (equal to 48M€ ytd);
- the **adjusted Ebitda** drop to 10% of revenues (from 16.6% in 2021) witnesses the impact of COGS inflation, lower volumes and extra costs deriving from handling the surplus stock.



Q3 – 9M 2022 RESULTS

ADJUSTED EBITDA BRIDGE



Q3 – 9M 2022 RESULTS

BALANCE SHEET

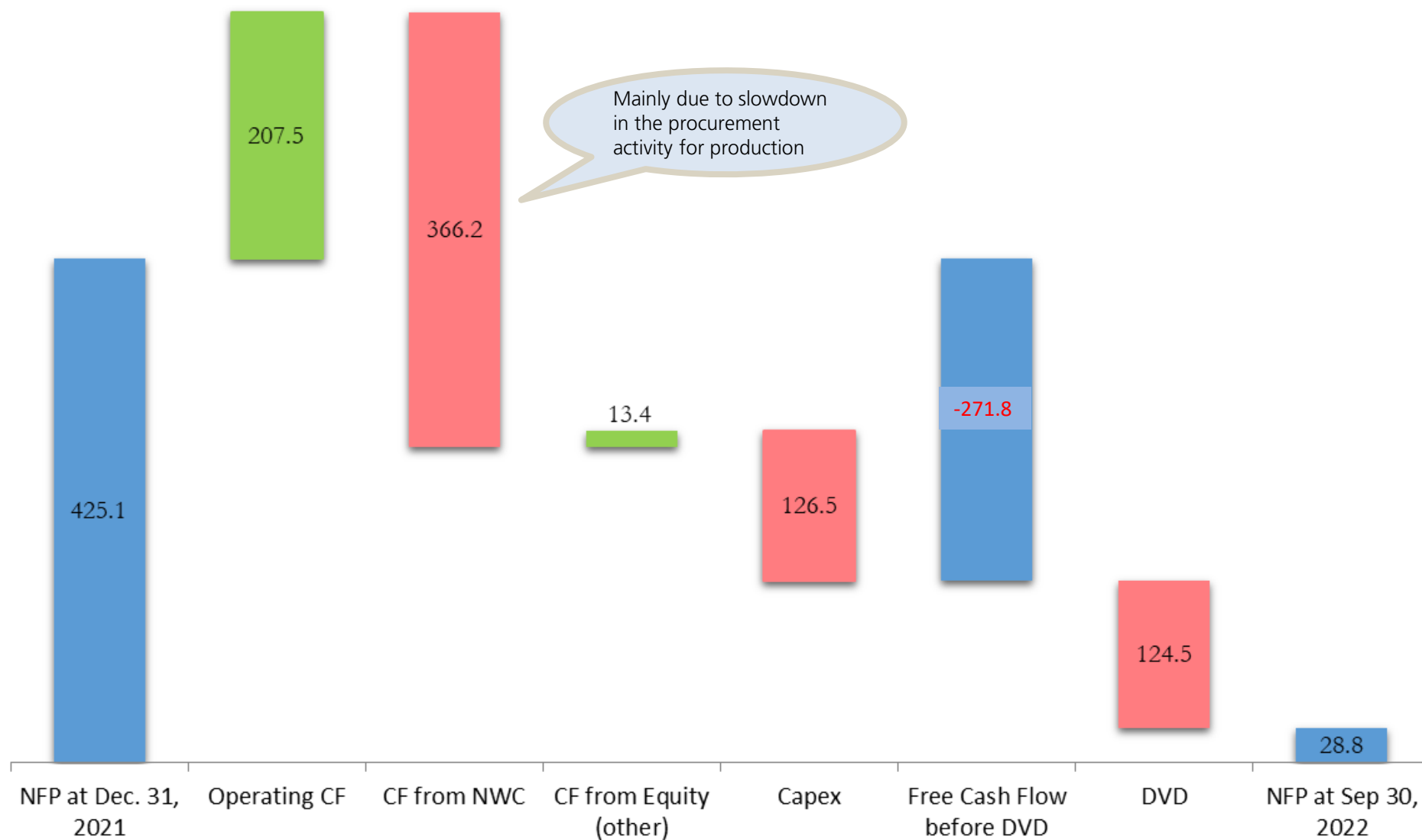
<i>EUR million</i>	30.9.2022	30.9.2021	<i>change (12 months)</i>	31.12.2021	<i>change (9 months)</i>
operating NWC	472.7	308.1	164.7	199.7	273.0
Net Equity	1,648.0	1,462.8	185.2	1,570.6	77.4
Net Financial Position	28.8	216.1	-187.3	425.1	-396.3
op. NWC / revenues	14.8%	10.2%	4.6%	6.2%	8.6%

- Net financial position as at 30.9.2022 amounted to 29 M€, decreasing from 2021 year end, due to higher investments and negative working capital contribution;
- the Free Cash Flow before dividends and acquisitions was negative by 272 M€ in the 9M, due to:
 - a high level of Capex (126 M€), i.e. 33 M€ higher than the previous year;
 - negative working capital contribution (-366 M€), i.e. ca. 279 M€ worse than 9m of last year, mostly due to increased inventories (-80 M€) and a negative flow from the trade receivables-payables balance (-175) M€, resulting mainly from a reduced procurement activity.



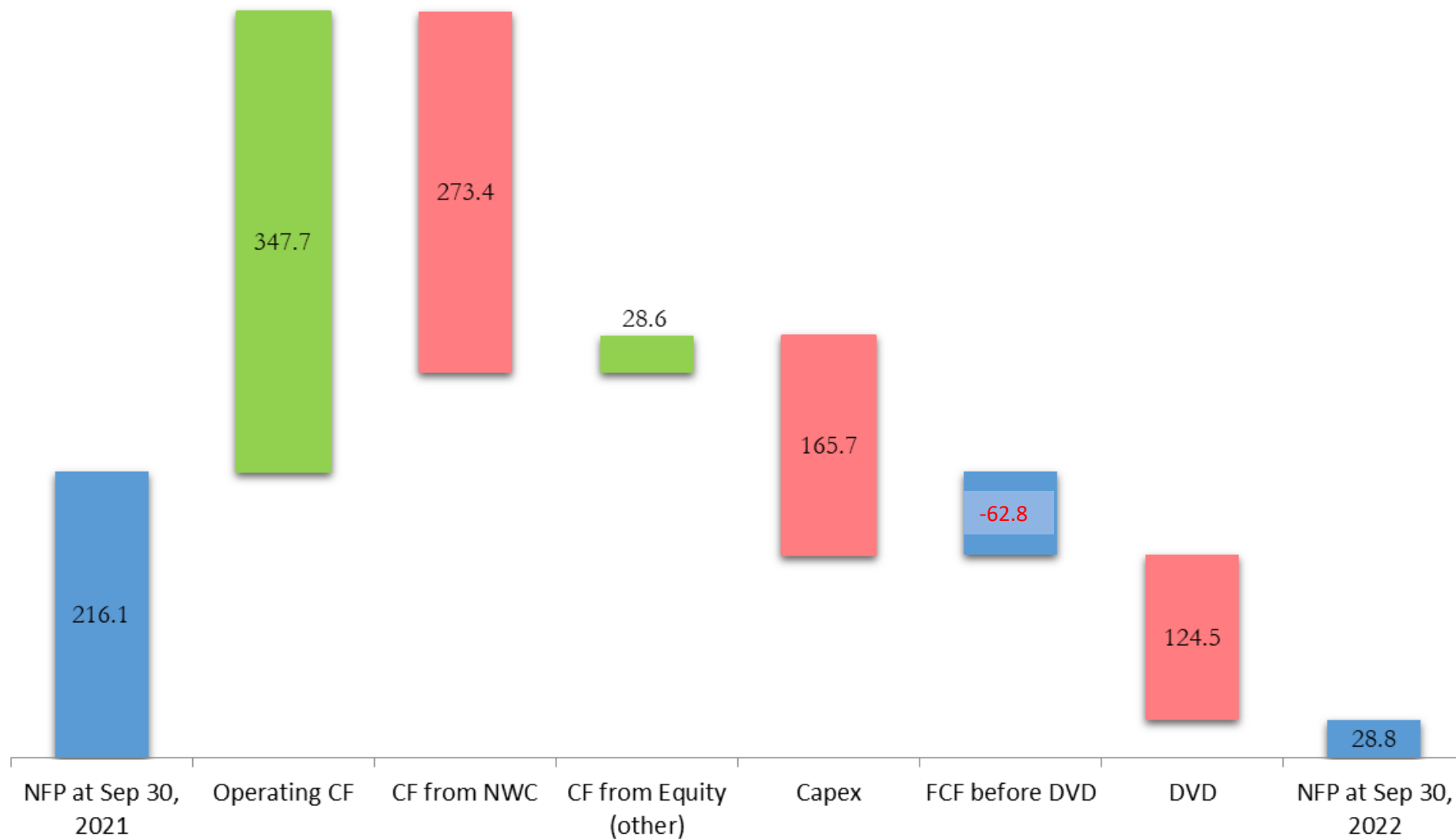
Q3 – 9M 2022 RESULTS

9 MONTHS NET CASH FLOW



Q3 – 9M 2022 RESULTS

12 MONTHS NET CASH FLOW



Q3 – 9M 2022 RESULTS

FY 2022 GUIDANCE

In the words of Fabio de' Longhi, CEO:

"The third quarter was in line with our guidance and with market expectations for the full year.

In a context of great uncertainty of the macroeconomic scenario, we have seen a demand slowdown and a consequent inventory excess that we are successfully committed to gradually bring back to normal levels, thus relieving next year from the related costs and inefficiencies. Furthermore, we have largely offset the production cost inflation with a campaign of price increases made possible by the strength of our brands and the trust granted us by consumers. Finally, from a long-term perspective, we have given continuity to the communication and marketing investments foreseen by the three-year plan and which are a solid basis for the growth in the coming years.

The indications for our core segments remain unchanged: on one hand, the secular trend in coffee, which is confirmed year after year, with potential growth still largely unexpressed; on the other hand, a deep-rooted presence in leadership positions in the nutrition and cooking world, supported by the growing role of a sustainable and healthy diet.

For the current year, we confirm our current guidance of revenues down mid-single-digit and an adjusted Ebitda in the range of € 320-340 million".

**FY 2022
guidance**
(confirmed)

**REVENUES down by
mid-single digit rate**

+

**Adjusted EBITDA in the
range 320-340 M€**



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