



# **DēLonghi Group H1 & Q2 2023 RESULTS**

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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.

Finally, it should be noted that the audit on Consolidated Half Year Financial Statements is still in progress.





# DEFINITIONS & ASSUMPTIONS

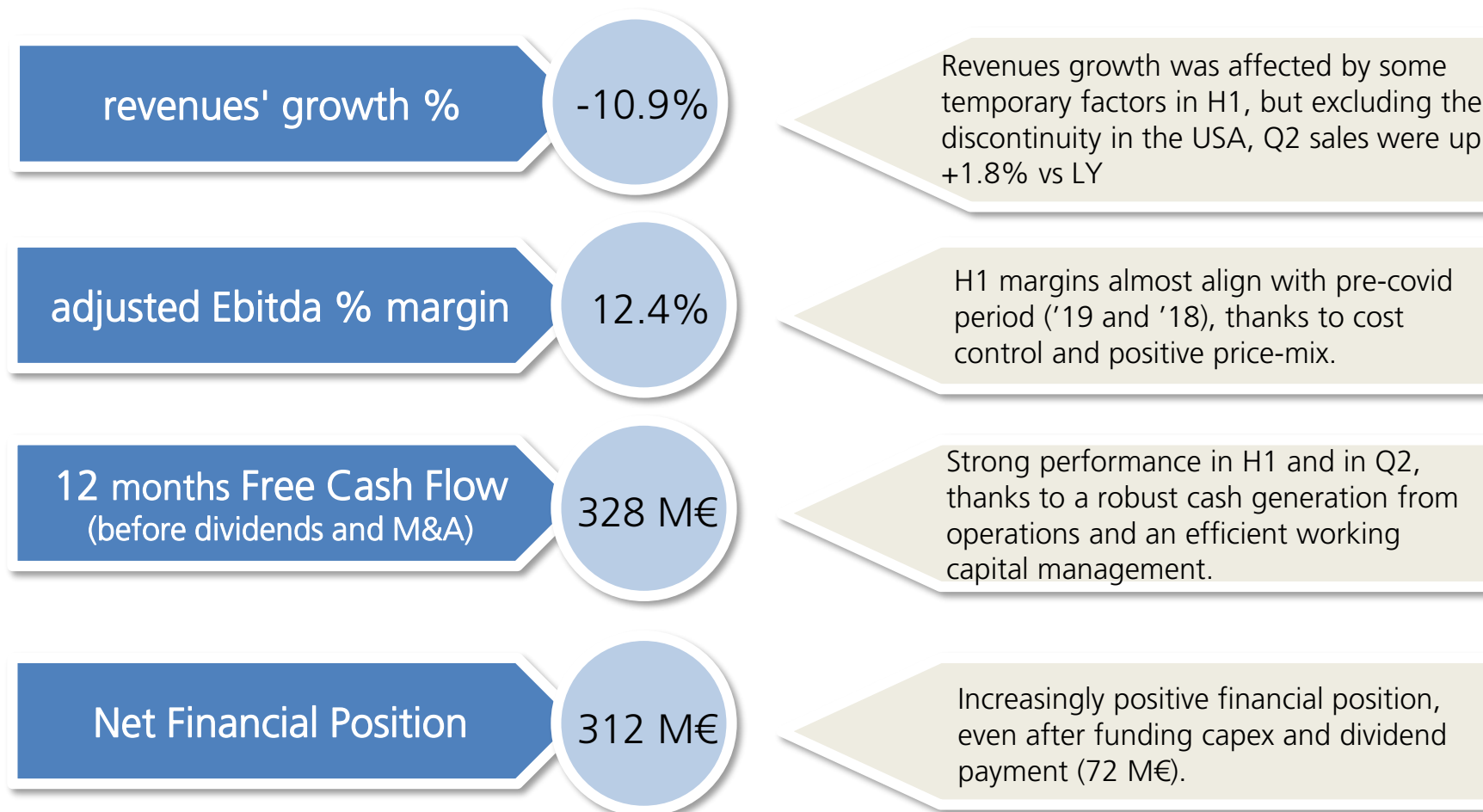
In this presentation:

- "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;
- Q2 stands for second quarter (April 1<sup>st</sup> – June 30<sup>th</sup>);
- H1 stands for first half year (January 1<sup>st</sup> – June 30<sup>th</sup>);
- "NWC" stands for Net Working Capital;
- "Capex" stands for capital expenditures, i.e. investments in fixed assets.



## Q2 & H1 2023 RESULTS

### THE 6 MONTHS HIGHLIGHTS



## Q2 & H1 2023 RESULTS

### TOP LINE

(Eur million)	H1-23	H1-22	Q2-23	Q2-2022
<b>Revenues</b>	<b>1,291.2</b>	1,444.8	<b>688.8</b>	709.3
change %	-10.6%		-2.9%	
at constant fx %	-10.0%		-0.9%	

- H1-23 revenues were down by 10.6%, but the Q2 was up excluding the impact from the discontinuity in the US market.
- The start of the year was impacted by some already anticipated factors:
  - a challenging comparison with the extraordinary growth in the first months of the previous 2 years;
  - a partial de-stocking effect from retailers;
  - the Group's strategic decision to exit the portable air conditioning market in the US, which caused a gap of € 56 million in H1.



## Q2 & H1 2023 RESULTS

### REVENUES BY REGION

<i>EUR million</i>	H1 - 2023	var. %	var. % at constant FX	Q2 - 2023	var. %	var. % at constant FX
South-West Europe	462.6	-13.4%	-13.9%	246.8	-1.2%	-1.7%
North-East Europe	321.6	3.0%	4.7%	164.3	15.5%	19.3%
<b>EUROPE</b>	784.2	-7.3%	-7.1%	411.1	4.9%	6.0%
<b>America</b>	225.9	-21.9%	-22.5%	129.9	-16.9%	-15.4%
<b>MEIA</b>	85.8	-18.9%	-19.0%	41.6	-10.5%	-7.3%
<b>Asia-Pacific</b>	195.2	-4.1%	0.3%	106.3	-7.4%	-2.0%
<b>TOTAL REVENUES</b>	<b>1,291.2</b>	<b>-10.6%</b>	<b>-10.0%</b>	<b>688.8</b>	<b>-2.9%</b>	<b>-0.9%</b>

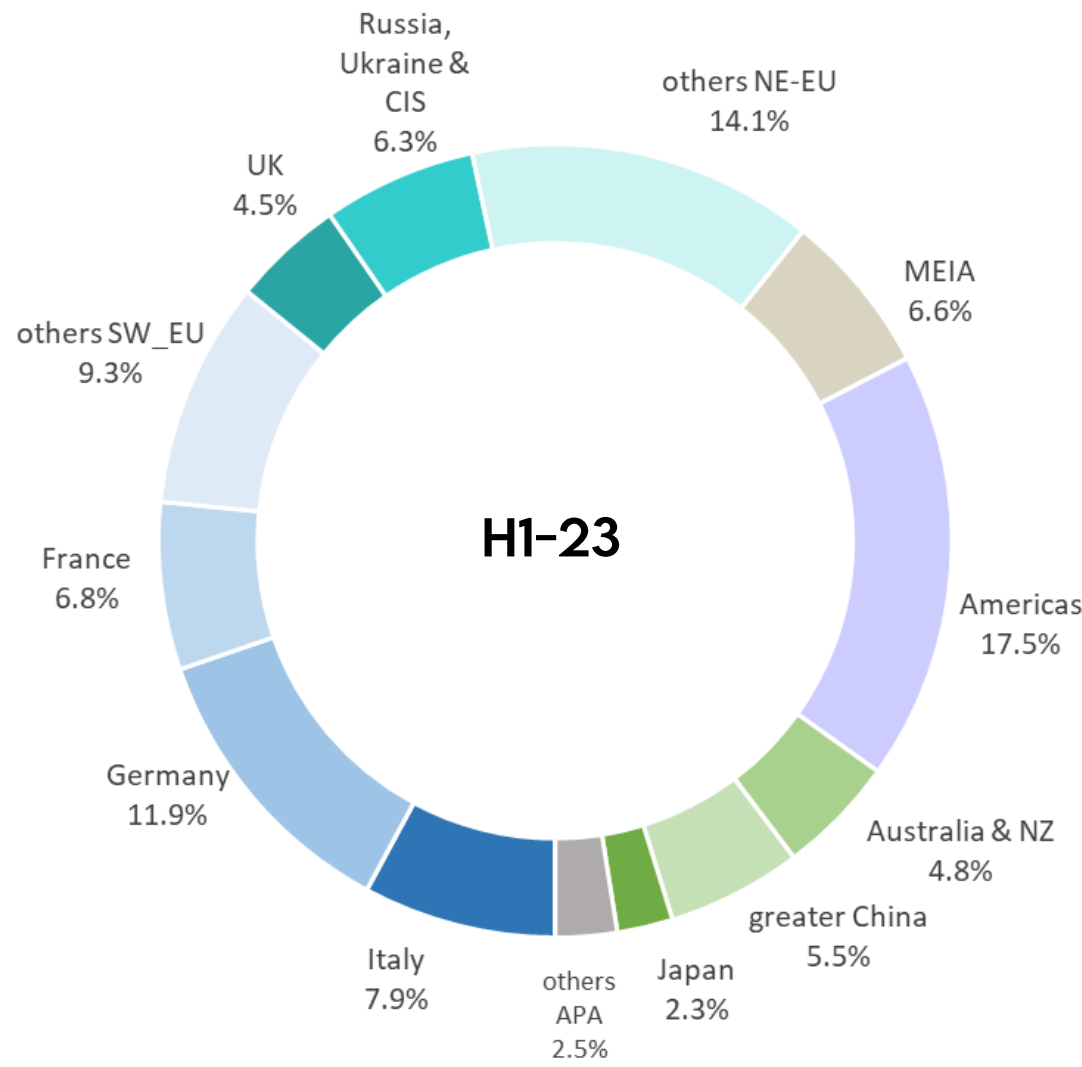
In the quarter:

- **South-West Europe** showed a turnover almost unchanged in Q2 vs last year, thanks to a strong recovery of the market in France and Austria, while Italy and Germany are still in negative territory;
- sales of **North-East Europe** were up double digit, benefitting from an almost homogeneous recovery in the area, characterized by a significant acceleration of coffee combined with a substantial stabilization of the cooking and food preparation sector;
- **MEIA** region saw its turnover fall mainly due to the macroeconomic context and the weakness of food preparation;
- in **America**, sales were affected by the discontinuity relating to the exit from mobile air conditioning business, which caused a gap of € 33 million in the Q2, but improving the overall mix; net of this effect, sales were up 5.5% in the quarter;
- finally, the **Asia Pacific region** suffered from the negative performance of Australia and New Zealand, down against an excellent 2022, but showing a strong growth of other major markets of Greater China, Japan and South Korea.

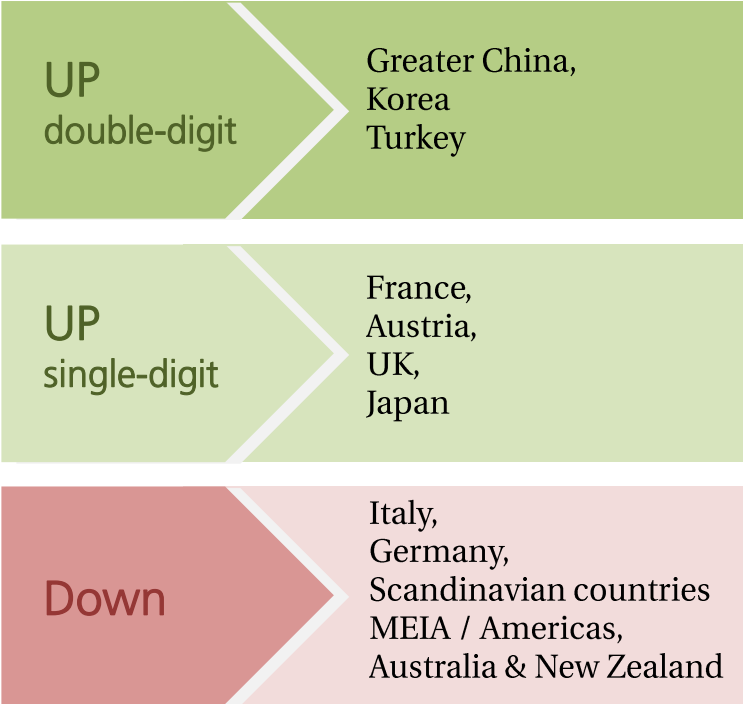


Q2 & H1 2023 RESULTS

REVENUES BY MARKET (6 MONTHS)

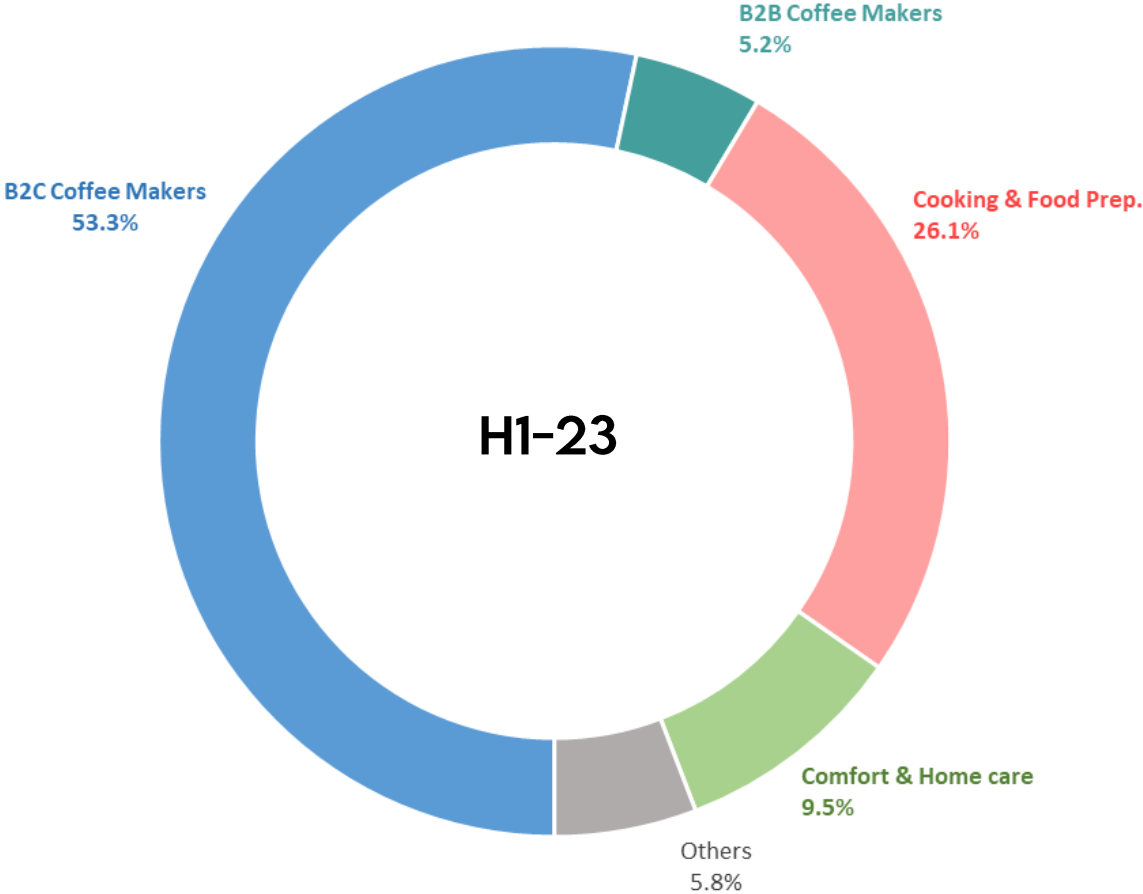


Main Ups & Downs (at constant FX)

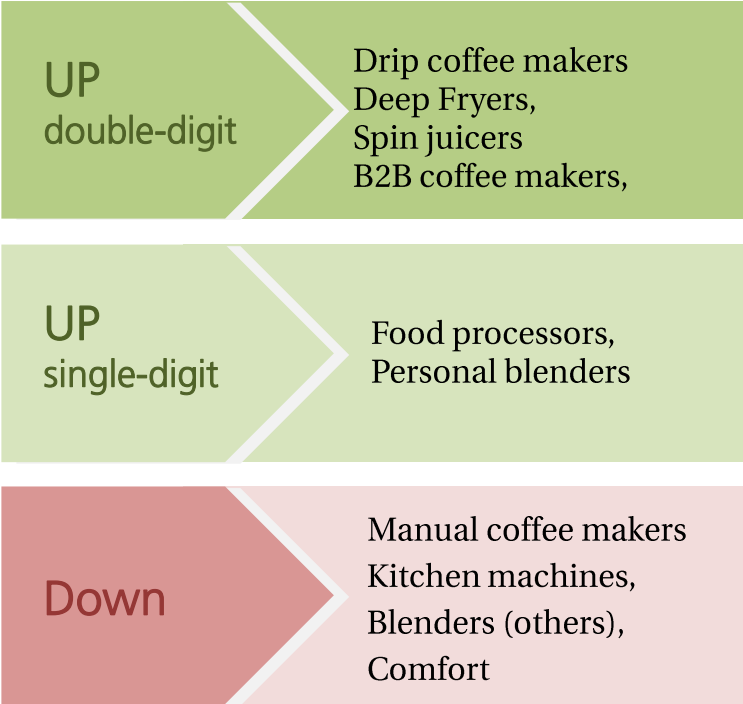


Q2 & H1 2023 RESULTS

REVENUES BY PRODUCT LINE (6 MONTHS)



Main Ups & Downs (at constant FX)





## Q2 & H1 2023 RESULTS

### MARGINS

(Eur million)	H1-23	H1-22	Change %	Q2-23	Q2-2022	Change %
<b>net ind. margin</b>	<b>640.2</b>	696.2	-8.0%	<b>335.8</b>	320.6	4.7%
% of revenues	49.6%	48.2%		48.8%	45.2%	
<b>adjusted Ebitda</b>	<b>160.1</b>	149.1	7.4%	<b>85.8</b>	49.0	75.0%
% of revenues	12.4%	10.3%		12.5%	6.9%	
<b>Ebitda</b>	<b>159.0</b>	150.5	5.7%	<b>83.5</b>	57.1	46.4%
% of revenues	12.3%	10.4%		12.1%	8.0%	
<b>Ebit</b>	<b>108.1</b>	100.3	7.8%	<b>58.0</b>	31.2	85.8%
% of revenues	8.4%	6.9%		8.4%	4.4%	
<b>Net Income</b> (pertaining to the Group)	<b>82.7</b>	71.7	15.3%	<b>44.0</b>	21.0	108.8%
% of revenues	6.4%	5.0%		6.4%	3.0%	

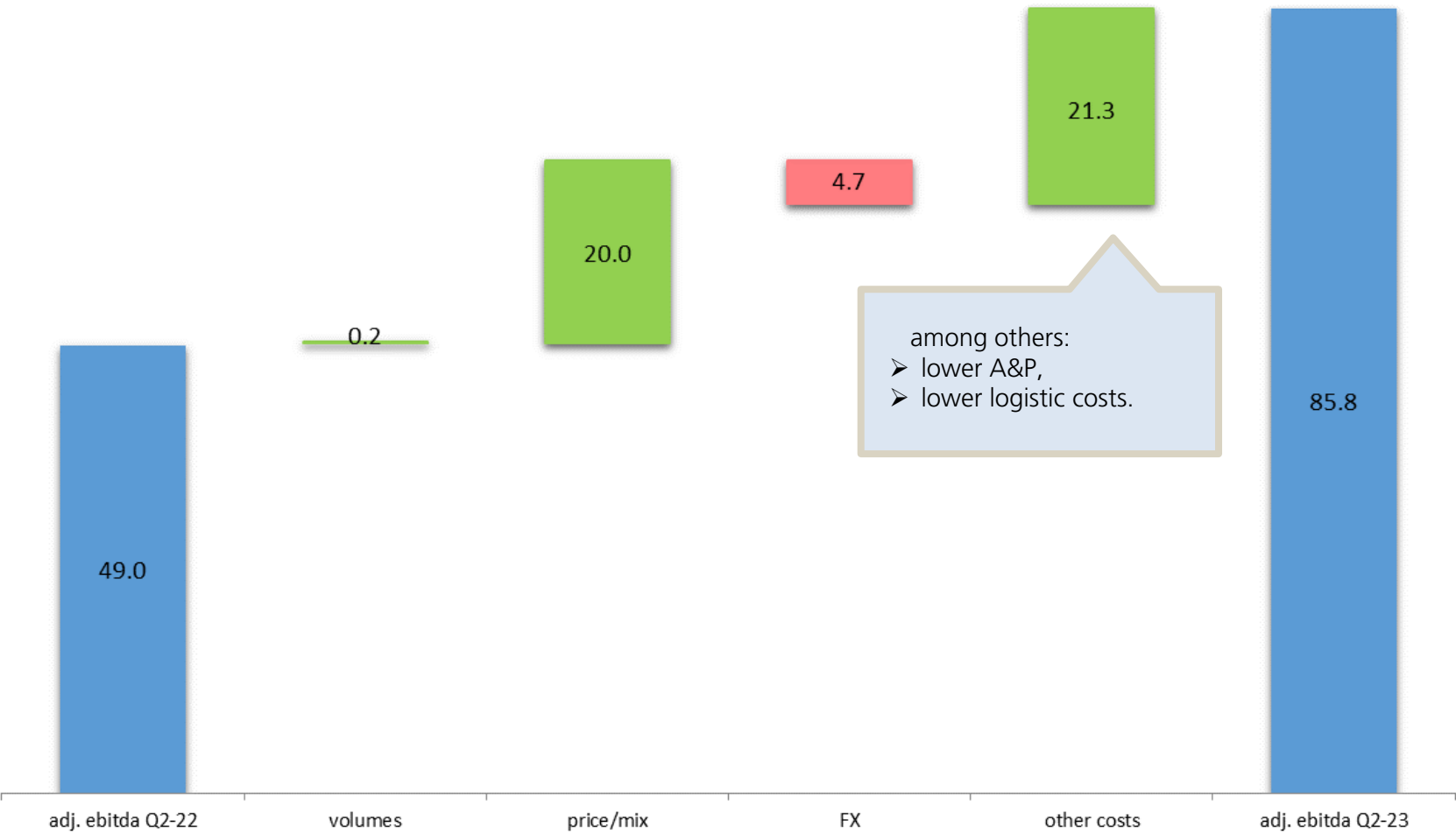
In the quarter:

- **net industrial margin** was up to 48.8% of sales from 45.2% in 2022; positive contributions from the price-mix (20 M€ ) and logistic costs;
- **adjusted Ebitda** strongly improving to 12.5% of sales from 6.9% in 2022, in line with pre-pandemic years. Positive contributions from savings on A&P (-8.8 M€ in Q2 and -24.5 M€ in the 6 months) and from partial recovery of some factory inefficiencies of last year (when production levels were decreased in order to reduce inventories).



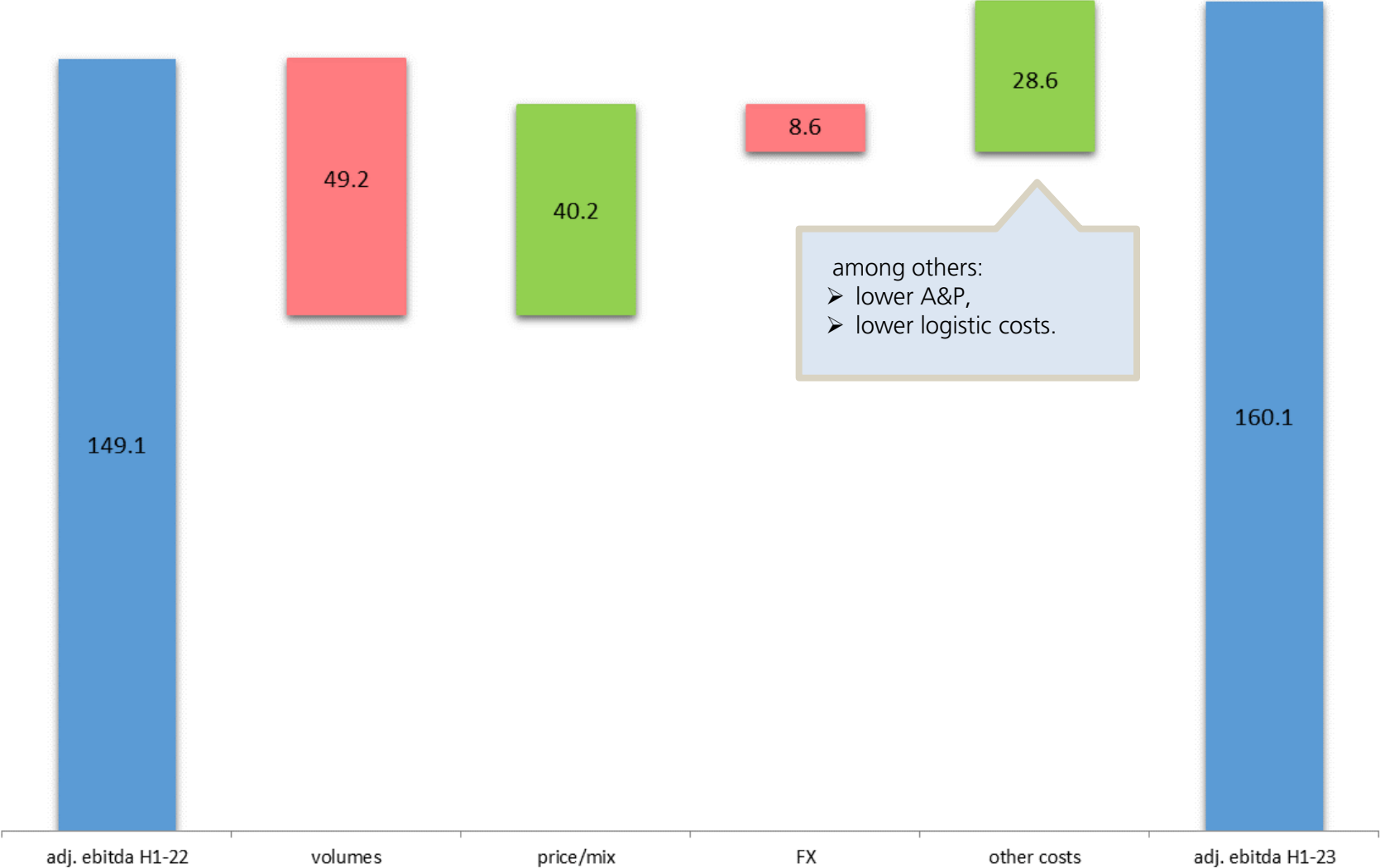
Q2 & H1 2023 RESULTS

BRIDGE TO ADJUSTED EBITDA (Q2 2023)



Q2 & H1 2023 RESULTS

BRIDGE TO ADJUSTED EBITDA (H1 2023)



## Q2 & H1 2023 RESULTS

### BALANCE SHEET

<i>EUR million</i>	30.6.2023	30.6.2022	<i>change (12 months)</i>	31.12.2022	<i>change (6 months)</i>
operating NWC	206.6	414.6	-208.1	288.8	- 82.2
Net Equity	1,639.2	1,591.5	47.7	1,663.4	-24.2
Net Financial Position	311.7	55.4	256.3	298.8	12.9
Net Bank Position	403.8	132.7	271.1	389.5	14.4
oper. NWC / Revenues	6.9%	12.8%	-5.9%	9.1%	-2.3%

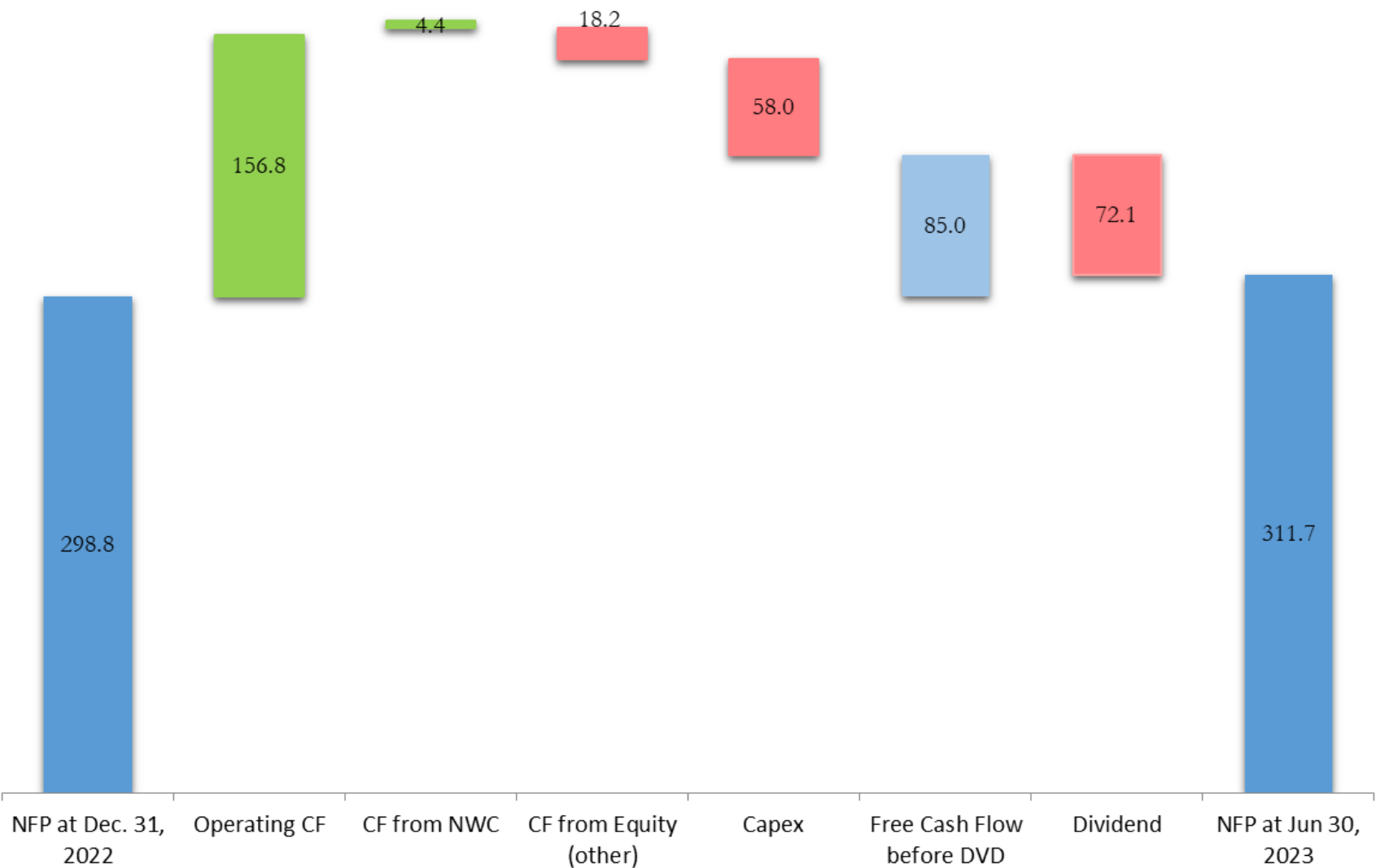
- The Group closed the first half of 2023 with a positive **Net Financial Position** at € 311.7 million, strongly improving vs. 2022 (€ 55.4 million);
- **Free Cash Flow before dividends and M&A** was equal to 66.5 M€ in the quarter and € 328,3 M€ in the 12 months;
- In details, In terms of **operating working capital** (6.9% of 12-month rolling revenues), the negative change in inventories was more than counterbalanced by the positive cash generation of trade receivables and payables' management. It should also be noted that **level of inventories** in June 2023 (€ 660.5 million) was much lower than the peak reached in June last year (€ 941.5 million).





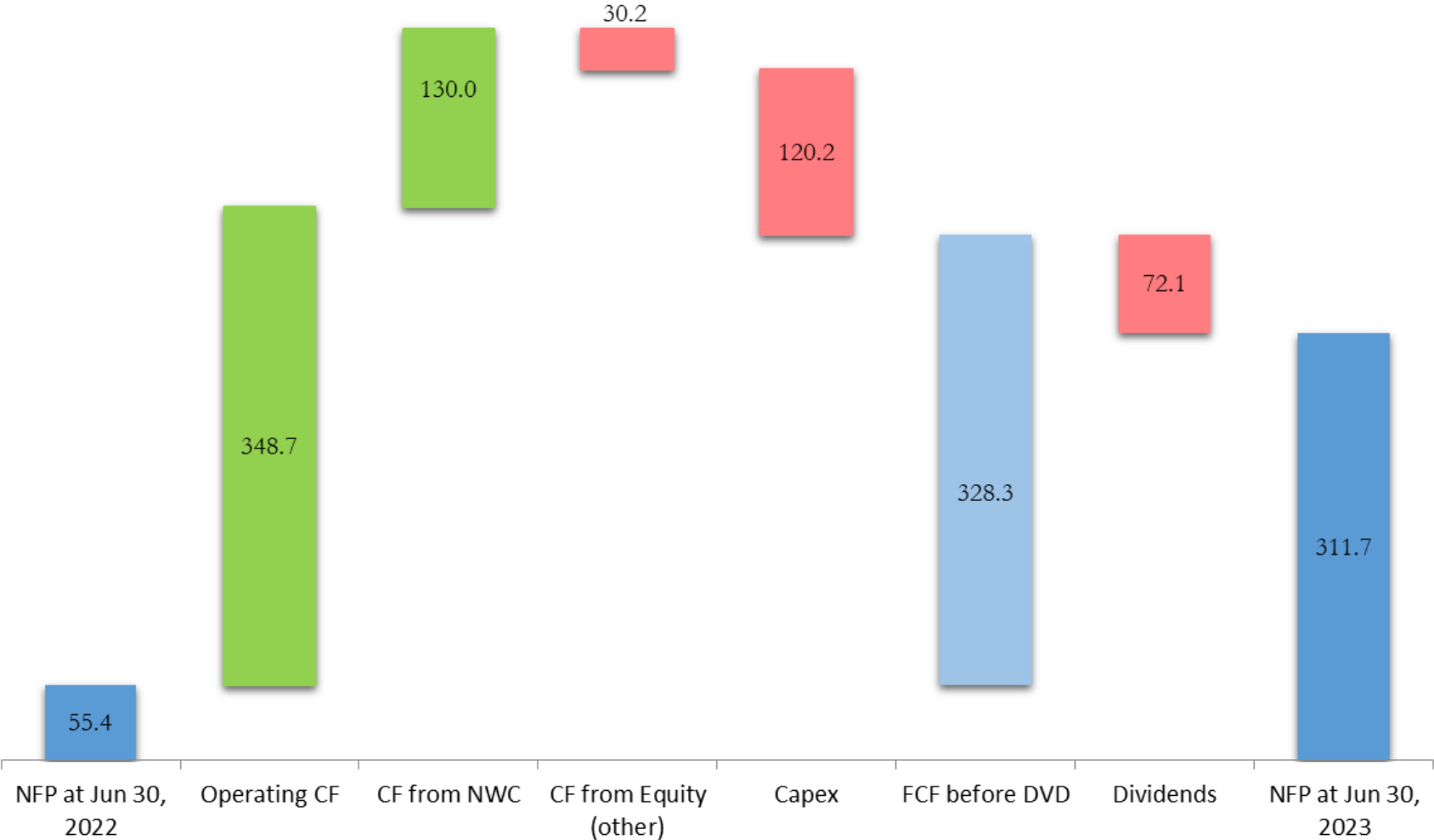
Q2 & H1 2023 RESULTS

NET CASH FLOW (6 MONTHS)



Q2 & H1 2023 RESULTS

NET CASH FLOW (12 MONTHS)



## Q2 & H1 2023 RESULTS

### KEY TAKEAWAYS

1

The H1-23 was characterized by an **unfavourable and complex geopolitical and macroeconomic backdrop**, in continuity with the scenario encountered in the second half of '22.

2

The Group closed the H1-23 with a positive **Net Financial Position improved** to € 311,7 M, thanks to an efficient working capital management and a robust cash generation from operations, both in the Q2 and 12 months.

3

The Group was able to achieve a profitability almost aligned with the first quarters of the pre-pandemic years ('19 and '18). Moreover, in Q2 **production costs turned to be a tailwind**.

4

The start of the year was **impacted by** : 1) a challenging comparison with the two previous years, 2) a more cautious approach from some distributors, 3) the Group's strategic decision to exit the portable air conditioning market in the USA (impacting by ca. 56 M€ in the 6 months).

## Q2 & H1 2023 RESULTS

### FY 2023 GUIDANCE

In the words of the C.E.O., Fabio de' Longhi:

*“We are very satisfied with the results achieved in the quarter, which confirm our expectations of a progressive normalization of growth and profitability trends in this post-pandemic phase. In particular, I would like to highlight the recovery of margins, which has resulted from a careful pricing strategy and strict control of investments, as well as a recovery of logistics costs and an easing of pressure on the remaining operating costs.*

*We are returning to normal business dynamics, despite a macroeconomic scenario characterized in the short term by the potential impacts of inflation and the increase in interest rates on households' wealth and on consumption.*

*Nonetheless, the Group can count on the intact development potential of the coffee and the Nutribullet-branded nutrition segments, which accounted for almost 65% of total turnover in the half-year and which are destined to represent the main engine in the medium term for the growth and the profitability of the Group.*

*In this context, therefore, we confirm the guidance for the year, which forecasts a slight decrease in revenues compared to 2022 and an adjusted Ebitda in the range of 370-390 million Euros”*

**FY 2023  
guidance**  
(confirmed)

**REVENUES slightly  
down vs. 2022**

+

**Adjusted EBITDA in the  
range of 370-390 M€**





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