

# De' Longhi S.p.A.

## A third quarter with return to growth and an Ebitda at record levels.

### Guidance on annual Ebitda revised upwards.

The Board of Directors of De' Longhi SpA approved today the consolidated results<sup>1</sup> for the first nine months of 2023.

In the **third quarter** the Group achieved:

- **revenues** of € 706.6 million, up 3.3% (+8.1% at constant exchange rates);
- an **adjusted Ebitda** of € 105 million, equal to 14.9% of revenues (a marked improvement compared to 9.2% last year);
- positive **free cash flow before dividends** of € 14.3 million.

In the first **nine months** the Group achieved:

- **revenues** of € 1,997.8 million, down by -6.1% (-4.2% at constant exchange rates);
- **adjusted<sup>2</sup> Ebitda** at € 265.1 million, equal to 13.3% of revenues (up 25.1%);
- **net profit<sup>3</sup>** at € 142.2 million, equal to 7.1% of revenues (improving from 4.7%);
- positive **free cash flow before dividends** of € 99.3 million.

As of 30 September 2023, the Group's **net financial position** was positive by € 326 million, an improvement of € 27.2 million compared to the € 298.8 million as of 31.12.2022.

In the words of the Chief Executive Officer Fabio de' Longhi:

*"The excellent results of the quarter allow us to look with extreme confidence to this phase of gradual normalization of the growth and profitability trends of the post-pandemic period. In particular, in recent months, our Group has achieved strong organic growth and an EBITDA at record levels, progressively offsetting the negative effects of inflationary pressures on production costs and consumption.*

*Aware of the complexity of the current macroeconomic and geopolitical scenario, we trust in the Group's ability to overcome the challenges that this context presents us and to exploit the development potential offered by coffee and Nutribullet's nutrition segments, thanks to the renewed commitment to invest in innovation and communication and also supported by the new "Perfetto" and "Nutribullet: it's that simple" campaigns being launched in these current weeks.*

*Having said that, in light of the dynamics of progressive recovery of profitability, we look at the targets for the year with optimism. In particular, while confirming the estimate of slightly decreasing revenues, we raise the guidance on the adjusted Ebitda for the year, which we estimate in the range of 420-440 million Euros."*

<sup>1</sup> Unaudited data.

<sup>2</sup> "Adjusted" stands for before non-recurring charges/income and the notional cost of stock option plans.

<sup>3</sup> In this press release, reference is always made to the net profit attributable to the Group.

## Results summary and business review

(Eur million unless  
otherwise specified)

	9 months 2023	9 months 2022	change	change %	Q3-2023	Q3-2022	change	change %
<b>Revenues</b>	<b>1,997.8</b>	<b>2,128.7</b>	<b>-130.8</b>	<b>-6.1%</b>	<b>706.6</b>	<b>683.8</b>	<b>22.8</b>	<b>3.3%</b>
<b>net ind. margin</b>	<b>986.2</b>	<b>1,015.5</b>	<b>-29.3</b>	<b>-2.9%</b>	<b>346.1</b>	<b>319.4</b>	<b>26.7</b>	<b>8.4%</b>
% of revenues	49.4%	47.7%			49.0%	46.7%		
<b>adjusted Ebitda</b>	<b>265.1</b>	<b>212.0</b>	<b>53.1</b>	<b>25.1%</b>	<b>105.0</b>	<b>62.9</b>	<b>42.1</b>	<b>66.9%</b>
% of revenues	13.3%	10.0%			14.9%	9.2%		
<b>Ebitda</b>	<b>260.9</b>	<b>217.8</b>	<b>43.1</b>	<b>19.8%</b>	<b>101.9</b>	<b>67.2</b>	<b>34.6</b>	<b>51.5%</b>
% of revenues	13.1%	10.2%			14.4%	9.8%		
<b>Ebit</b>	<b>182.8</b>	<b>141.2</b>	<b>41.7</b>	<b>29.5%</b>	<b>74.7</b>	<b>40.9</b>	<b>33.8</b>	<b>82.8%</b>
% of revenues	9.2%	6.6%			10.6%	6.0%		
<b>Net Income*</b>	<b>142.2</b>	<b>99.4</b>	<b>42.7</b>	<b>43.0%</b>	<b>59.5</b>	<b>27.7</b>	<b>31.7</b>	<b>114.4%</b>
% of revenues	7.1%	4.7%			8.4%	4.1%		

\* pertaining to the Group

### general outlook

The third quarter highlighted *high-single digit* organic growth, so strengthening the improvement trend already noted in the second quarter and consolidating the phase of progressive post-pandemic normalization.

After a start to the year affected by some extraordinary factors, the Group showed a progression in the trends of the main categories, which can be interpreted as a substantial alignment between the sell-in and sell-out dynamics. This progression was supported by the continuation of the expansion of the coffee category, both domestic and professional, and by the robust growth of the Nutribullet brand, which also partially contributed to bringing the cooking and food preparation sector back into positive territory.

In these first 9 months of 2023, the trend in margins was constantly improving compared to the previous year, thanks to a rigorous control of investments, a recovery of logistics costs and an easing of pressure on the remaining operating costs. A further contribution to the improvement in profitability came from the positive effect of the price increases implemented last year and from the product mix which has been showing a path of premiumization for years now.

In general, although the current macroeconomic and geopolitical context still remains characterized by uncertainty and variability, the core business segments give signals that confirm that resilience that we have mentioned several times in the past and which is based on a balanced combination of innovation, investments, leadership and product culture.

### revenues

In the first nine months of 2023, revenues were down 6.1% to € 1,997.8 million, but with a third quarter growing by 3.3% to € 706.6 million.

The **currency component** had a significant negative impact on revenues equal to 2 percentage points of growth in the 9 months and 4.8 percentage points in the third quarter.

## markets

As a general comment, we highlight the positive data of a generalized organic growth of all macro-regions in the third quarter (with the sole exception of MEIA). In particular, the European area showed a growth rate at a *mid-single-digit* rate (*high-single-digit* at constant exchange rates), after having been heavily affected in 2022 by both the effects of the geopolitical crisis and the weakening of consumers' purchasing power.

<i>EUR million</i>	9 months 2023	var. %	var. % at constant FX	Q3 2023	var. %	var. % at constant FX
South West Europe	705.1	-7.4%	-7.7%	242.5	6.9%	7.0%
North East Europe	502.7	4.0%	7.3%	181.1	5.7%	11.8%
<b>EUROPE</b>	<b>1,207.8</b>	<b>-2.9%</b>	<b>-1.9%</b>	<b>423.6</b>	<b>6.4%</b>	<b>9.0%</b>
<b>MEIA</b> (MiddleEast/India/Africa)	<b>130.0</b>	<b>-16.0%</b>	<b>-13.7%</b>	<b>44.2</b>	<b>-9.8%</b>	<b>-2.3%</b>
<b>Americas</b>	<b>363.3</b>	<b>-13.2%</b>	<b>-11.5%</b>	<b>137.4</b>	<b>6.2%</b>	<b>13.8%</b>
<b>Asia-Pacific</b>	<b>296.7</b>	<b>-4.6%</b>	<b>1.2%</b>	<b>101.5</b>	<b>-5.5%</b>	<b>2.5%</b>
<b>TOTAL REVENUES</b>	<b>1,997.8</b>	<b>-6.1%</b>	<b>-4.2%</b>	<b>706.6</b>	<b>3.3%</b>	<b>8.1%</b>

In more detail, in the third quarter:

- **South-West Europe** showed an expansion in turnover of +7%, thanks to the increase in both core categories which contributed to achieving *double-digit* performance in Germany, Austria and the Iberian region;
- **North-East Europe** accelerated vs. the previous quarter, benefiting from significant growth in the UK, Benelux and in the area of the Czech Republic, Slovakia and Hungary, supported both by a recovery in the food preparation business and by a continuation of coffee expansion in the area;
- the **MEIA** region was still in negative territory, mainly due to the macro context and the currency impact;
- in the **Americas** area, turnover - which in the first 6 months had been affected by the discontinuity in mobile air conditioning - achieved an acceleration in the quarter (+13.8% organic) thanks to the contribution of coffee and the Nutribullets' nutrition segment;
- finally, the **Asia Pacific** region showed an expansion in turnover of +2.5% at constant exchange rates, but with a significant negative currency impact in many countries in the area both in the quarter and in

the nine months (8 percentage points of growth subtracted from third quarter).

**product segments** As to the evolution of product segments, the core categories showed a progressive improvement over the course of the year, achieving good organic growth in the quarter.

As regards the performance of **coffee machines** for households, we highlight the expansion, at constant exchange rates, of the entire segment, driven by fully automatic machines and capsule systems.

A positive discontinuity was provided by **cooking and food preparation**, which achieved growth at a *mid-teens rate* in the quarter, thanks to the strong expansion of the nutrition segment, under the Nutribullet brand, in addition to the recovery of many of the product families, such as food processors, spin juicers and fryers (but with Kenwood's kitchen machines still in moderate decline).

**Comfort** products (portable heating and air conditioning) remained in negative territory in the quarter due to the postponement of the winter season in some relevant markets.

**Home care** (floor care and ironing) achieved *double-digit* growth, thanks to a significant acceleration in the ironing category branded Braun.

Finally, we highlight the outstanding growth of Eversys' **professional coffee makers**, with a growth beyond +30% in the quarter, thus bringing the weight of this business to 5% of the Group's total revenues in the nine months.

**operating margins** In the first nine months of 2023, the Group was able to significantly increase the level of profitability, despite the weakness of volumes due to the complexities faced in the very first part of the year. The price increase strategy implemented last year, together with careful cost management, made it possible to offset the negative effect of the decline in turnover.

In the third quarter:

- the **net industrial margin** stood at € 346.1 million, equal to 49% of revenues (49.4% in the 9 months) compared to 46.7% in 2022, benefitting from the recovery of some production costs. We highlight that in the 9 months the **price-mix** effect was positive by € 30.4 million;
- **adjusted Ebitda** amounted to € 105 million, or 14.9% of revenues (13.3% in the 9 months), a marked improvement compared to the 9.2% of the third quarter of 2022 and in continuity with the marked improvement achieved in the first six months. The improvement in profitability was also supported by the lower exposure to investments in media and communication ("A&P"), which fell by approximately € 9 million in the quarter and by approximately € 33 million in the 9 months, in line with management plans ;
- **Ebitda** amounted to € 101.9 million, or 14.4% of revenues (9.8% in 2022) after € 3.1 million of non-recurring expenses (which compare with € 4.4 million non-recurring income in the third quarter of 2022);

- **Ebit** stood at € 74.7 million, equal to 10.6% of revenues (6% in 2022), after depreciation in line with the previous year (equal to € 27.2 million );
- finally, the **net profit** pertaining to the Group amounted to € 59.5 million, (€ 142.2 million in the 9 months) or 8.4% of revenues (4.1% in 2022).

## balance sheet

The Group closed the third quarter with a positive **Net Financial Position** € 326 million, up € 27.2 million in the nine months and € 297.2 million in the 12 months rolling.

Similarly, the Net Position towards banks and other lenders also marked an improvement both in the 9 months (+21.9 million) and in the 12 months rolling (+295.4 million), reaching € 411.3 million.

**Free cash flow** before dividends and acquisitions amounted to € 14.3 million in the quarter, € 99.3 million in the 9 months and € 369.2 million in the 12 months rolling.

In particular, we would like to point out that in the nine months, the Group was able to generate € 188.2 million of cash from current operations and working capital movements, compared to a diametrically opposite picture of last year (€ 158.7 million of absorption in the 9 months of 2022).

At the **operating working capital** level (equal to 8.6% of 12 months rolling revenues), the increase of € 179.5 million in inventories in the 9 months is in line with the economic-financial cycle of this phase of the year, characterized by an increase in production and stocks in view of the fourth quarter and the related Christmas season. However, in the 9 months, the increase in trade payables, together with the reduction in trade receivables, contributed to the final positive operating cash flow figure of the period.

Finally, **capital expenditures** absorbed € 88 million of cash in the 9 months, a sharp decrease compared to the € 126.5 million in the 9 months of last year.

<i>EUR million</i>	30.9.2023	30.9.2022	change 12 months
<b>operating NWC</b>	259.3	472.7	-213.5
<b>Net Equity</b>	1,719.9	1,648.0	71.9
<b>Net Financial Position</b>	326.0	28.8	297.2
<b>Net Bank Position</b>	411.3	115.9	295.4
<b>operating NWC / Revenues</b>	8.6%	14.8%	-6.2%

<i>EUR million</i>	9 months 2023	9 months 2022	12 month rolling
<b>Net Cash Flow</b>	27.2	-396.3	297.2
<b>Dividends paid</b>	-72.1	-124.5	-72.1
<b>Cash Flow from acquisitions</b>	0.0	0.0	0.0
<b>Free Cash Flow before dividends and acquisitions</b>	99.3	-271.8	369.2

## Events occurred after the end of the period

There are no significant events following the end of the period.

## Foreseeable business development and guidance

In the words of Fabio de' Longhi, Chief Executive Officer:

*"The excellent results of the quarter allow us to look with extreme confidence to this phase of gradual normalization of the growth and profitability trends of the post-pandemic period. In particular, in recent months, our Group has achieved strong organic growth and an EBITDA at record levels, progressively offsetting the negative effects of inflationary pressures on production costs and consumption.*

*Aware of the complexity of the current macroeconomic and geopolitical scenario, we trust in the Group's ability to overcome the challenges that this context presents us and to exploit the development potential offered by coffee and Nutribullet's nutrition segments, thanks to the renewed commitment to invest in communication and innovation and also supported by the new "Perfetto" and "Nutribullet: it's that simple" campaigns being launched in these current weeks.*

*Having said that, in light of the dynamics of progressive recovery of profitability, we look at the targets for the year with optimism. In particular, while confirming the estimate of slightly decreasing revenues, we raise the guidance on the adjusted Ebitda for the year, which we estimate in the range of 420-440 million Euros."*

## Regulatory statements

The Officer Responsible for Preparing the Company's Financial Report, Stefano Biella, hereby declares, as per article 154 bis, paragraph 2, of the "Testo Unico della Finanza", that all information related to the company's accounts contained in this press release are fairly representing the accounts and the books of the company.

## Contacts

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### for analysts, investors and the press:

Investor Relations:  
Fabrizio Micheli, Samuele Chiodetto  
T: +39 0422 4131  
e-mail:  
[investor.relations@delonghigroup.com](mailto:investor.relations@delonghigroup.com)

### for the media:

Media relations:  
T: +39 0422 4131  
e-mail:  
[media.relations@delonghigroup.com](mailto:media.relations@delonghigroup.com)

on the web: [www.delonghigroup.com](http://www.delonghigroup.com)

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 at end 2022 had over 9,000 employees. In 2022 it reported revenues of € 3.16 billion, an adjusted EBITDA of € 362 million and a net profit of € 177 million.

# A N N E X E S

## Consolidated results of De' Longhi S.p.A. as of September 30, 2023



# 1. Consolidated Income Statement

Euro million	30.09.2023 (9 months)	% of revenues	30.09.2022 (9 months)	% of revenues
<b>Net Revenues</b>	<b>1,997.8</b>	<b>100.0%</b>	<b>2,128.7</b>	<b>100.0%</b>
<i>change</i>	<i>(130.8)</i>	<i>(6.1%)</i>		
Materials consumed and other production costs (services and production payroll costs)	(1,011.6)	(50.6%)	(1,113.1)	(52.3%)
<b>Net industrial margin</b>	<b>986.2</b>	<b>49.4%</b>	<b>1,015.5</b>	<b>47.7%</b>
Costs for services and other operating costs	(528.2)	(26.4%)	(618.0)	(29.0%)
Labour cost (non industrial)	(192.9)	(9.7%)	(185.6)	(8.7%)
<b>Ebitda before non recurring items and stock option plan (adjusted Ebitda)</b>	<b>265.1</b>	<b>13.3%</b>	<b>212.0</b>	<b>10.0%</b>
<i>Change</i>	<i>53.1</i>	<i>25.1%</i>		
Other non recurring items / stock option plan	(4.2)	(0.2%)	5.8	0.3%
<b>EBITDA</b>	<b>260.9</b>	<b>13.1%</b>	<b>217.8</b>	<b>10.2%</b>
Amortization	(78.1)	(3.9%)	(76.6)	(3.6%)
<b>EBIT</b>	<b>182.8</b>	<b>9.2%</b>	<b>141.2</b>	<b>6.6%</b>
<i>Change</i>	<i>41.7</i>	<i>29.5%</i>		
Net Financial Charges	(1.1)	(0.1%)	(7.8)	(0.4%)
<b>Profit before Taxes</b>	<b>181.7</b>	<b>9.1%</b>	<b>133.4</b>	<b>6.3%</b>
Taxes	(39.5)	(2.0%)	(32.3)	(1.5%)
<b>Net Profit</b>	<b>142.2</b>	<b>7.1%</b>	<b>101.1</b>	<b>4.8%</b>
Net Profit pertaining to minorities	-	0.0%	1.7	0.1%
<b>Net profit pertaining to the Group</b>	<b>142.2</b>	<b>7.1%</b>	<b>99.4</b>	<b>4.7%</b>

## 2. Revenues breakdown by geography

Euro million	Q3- 2023	%	Q3- 2022	%	Change	% Change	% Change at constant exch.rates
Europe	423.6	59.9%	398.2	58.2%	25.4	6.4%	9.0%
USA and Canada	137.4	19.4%	129.3	18.9%	8.1	6.2%	13.8%
Asia Pacific	101.5	14.4%	107.4	15.7%	(6.0)	(5.5%)	2.5%
MEIA	44.2	6.3%	48.9	7.2%	(4.8)	(9.8%)	(2.3%)
<b>Total revenues</b>	<b>706.6</b>	<b>100.0%</b>	<b>683.8</b>	<b>100.0%</b>	<b>22.8</b>	<b>3.3%</b>	<b>8.1%</b>

Euro million	9 months 2023	%	9 months 2023	%	Change	% Change	% Change at constant exch.rates
Europe	1,207.8	60.5%	1,244.5	58.5%	(36.7)	(2.9%)	(1.9%)
USA and Canada	363.3	18.2%	418.5	19.7%	(55.2)	(13.2%)	(11.5%)
Asia Pacific	296.7	14.9%	310.9	14.6%	(14.2)	(4.6%)	1.2%
MEIA	130.0	6.4%	154.7	7.2%	(24.7)	(16.0%)	(13.7%)
<b>Total revenues</b>	<b>1,997.8</b>	<b>100.0%</b>	<b>2,128.7</b>	<b>100.0%</b>	<b>(130.8)</b>	<b>(6.1%)</b>	<b>(4.2%)</b>

### 3. Consolidated Balance Sheet

Euro million	30.09.2023	30.09.2022	31.12.2022
- intangible assets	889.7	939.7	891.2
- tangible assets	461.9	450.2	448.1
- financial assets	10.3	12.6	11.7
- deferred tax assets	73.8	82.6	64.6
<b>Fixed assets</b>	<b>1,435.7</b>	<b>1,485.1</b>	<b>1,415.6</b>
- inventories	730.2	892.1	550.7
- trade receivables	203.0	158.0	278.8
- trade payables	(673.9)	(577.3)	(540.7)
- other net current assets / (liabilities)	(119.3)	(135.4)	(145.8)
<b>Net working capital</b>	<b>140.0</b>	<b>337.3</b>	<b>142.9</b>
<b>Non current liabilities</b>	<b>(181.8)</b>	<b>(203.3)</b>	<b>(194.0)</b>
<b>Net capital employed</b>	<b>1,393.9</b>	<b>1,619.2</b>	<b>1,364.6</b>
<b>Net debt / (cash)</b>	<b>(326.0)</b>	<b>(28.8)</b>	<b>(298.8)</b>
<b>Total shareholders' Equity</b>	<b>1,719.9</b>	<b>1,648.0</b>	<b>1,663.4</b>
<b>Total net debt /(cash) and shareholders' equity</b>	<b>1,393.9</b>	<b>1,619.2</b>	<b>1,364.6</b>

## 4. Detailed Net Financial Position

Euro million	30.09.2023	30.09.2022	31.12.2022
Cash and cash equivalents	864.7	655.2	770.2
Other financial receivables	257.8	305.7	368.4
Current financial debt	(299.3)	(245.4)	(190.5)
<b>Current net financial assets / (debt)</b>	<b>823.2</b>	<b>715.5</b>	<b>948.1</b>
Non current net financial assets	123.8	123.8	124.6
Non current net financial debt	(621.0)	(810.5)	(774.0)
<b>Non current net financial assets / (debt)</b>	<b>(497.2)</b>	<b>(686.7)</b>	<b>(649.3)</b>
<b>Total Net Financial Position</b>	<b>326.0</b>	<b>28.8</b>	<b>298.8</b>
<i>of which:</i>			
- Net financial position versus banks and other lenders	411.3	115.9	389.5
- lease related debt	(91.7)	(81.2)	(80.5)
- Net assets /(liabilities) other than bank debt (fair value of derivatives, financial liabilities for business combinations and financial payables connected to pension funds)	6.4	(5.9)	(10.2)

## 5. Consolidated Cash Flow Statement

Euro million	30.09.2023 9 months	30.09.2022 9 months	31.12.2022 12 months
Cash flow from operations	263.4	207.5	340.0
Cash flow from working capital	(75.3)	(366.2)	(188.0)
<b>Cash flow from operations and working capital</b>	<b>188.2</b>	<b>(158.7)</b>	<b>151.9</b>
Cash flow from investments	(88.0)	(126.5)	(156.2)
<b>Operating cash flow</b>	<b>100.2</b>	<b>(285.2)</b>	<b>(4.3)</b>
Dividends distributed	(72.1)	(124.5)	(124.5)
Cash Flow from stock option exercise	3.4	-	3.4
Cash flow from other changes in the Net Equity	(4.3)	13.4	(0.9)
<b>Cash flow from changes in the Net Equity</b>	<b>(73.0)</b>	<b>(111.1)</b>	<b>(122.0)</b>
<b>Net Cash Flow</b>	<b>27.2</b>	<b>(396.3)</b>	<b>(126.3)</b>
Opening Net Financial Position	298.8	425.1	425.1
<b>Closing Net Financial Position</b>	<b>326.0</b>	<b>28.8</b>	<b>298.8</b>