

# De' Longhi S.p.A.

## Fourth quarter showing strong growth, margins and cash generation trends

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

In the **fourth quarter** the Group achieved:

- **revenues** of € 1,078.1 million, up 4.7% (+8% at constant exchange rates);
- **adjusted<sup>2</sup> Ebitda** of € 179.1 million, equal to 16.6% of revenues (a marked improvement compared to 14.6% last year);
- **free cash flow** before dividends and acquisitions totalled €336.6 million.

In the **twelve months** the Group achieved:

- **revenues** of € 3,075.9 million, down by -2.6% (-0.2% at constant fx);
- **adjusted<sup>2</sup> Ebitda** of € 444.2 million, equal to 14.4% of revenues (compared to 11.5% in 2022);
- **net profit** (attributable to the Group) of € 250.4 million, up by 41.1%;
- positive **net financial position** of € 662.6 million, a marked improvement of €363.8 million compared to the end of 2022.

The Board of Directors also has proposed the distribution of a dividend of € 0.67 per share, equal to a pay-out ratio of 40% in line with the Group's dividend policy.

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

*“In 2023, the Group once again demonstrated its ability to seize market opportunities, achieving organic growth at a high single-digit rate in the second half of the year, supported by its ongoing expansion of the coffee machines category and the path back to growth of the nutrition and food preparation sector.*

*During the year, margins improved significantly due to rigorous cost control and a careful investment strategy, allowing the 2022 decline to be quickly recovered.*

*These results enabled the Group to obtain significant cash generation (approx. €436 million before dividends), which was also strategically used in the establishment of the professional coffee hub with La Marzocco and Eversys for further strengthening its leadership in the market and to create value for shareholders.*

*The Group's recent improvement in growth and profitability dynamics leads us to estimate<sup>3</sup> a revenue growth in 2024, which includes the perimeter expansion with the business combination between La Marzocco and Eversys, in the 9%-11% range. In terms of margins, we expect an improvement for the new perimeter, potentially leading to an adjusted Ebitda of around €500-530 million.”*

<sup>1</sup> The audit of the financial report is still ongoing.

<sup>2</sup> "Adjusted" is understood to be gross of non-recurring income/expenses and the notional cost of the stock option plans.

<sup>3</sup> Guidance on revenues and adj ebitda estimated consolidating the business combination between La Marzocco and Eversys from March 1, 2024.

## Results summary and business review

(Eur million)	2023	2022	change	change %	Q4-2023	Q4-2022	change	change %
<b>Revenues</b>	<b>3,075.9</b>	<b>3,158.4</b>	<b>-82.5</b>	<b>-2.6%</b>	<b>1,078.1</b>	<b>1,029.8</b>	<b>48.3</b>	<b>4.7%</b>
<b>net ind. margin</b>	<b>1,504.3</b>	<b>1,493.3</b>	<b>11.0</b>	<b>0.7%</b>	<b>518.1</b>	<b>477.8</b>	<b>40.3</b>	<b>8.4%</b>
% of revenues	48.9%	47.3%			48.1%	46.4%		
<b>adjusted Ebitda</b>	<b>444.2</b>	<b>362.0</b>	<b>82.2</b>	<b>22.7%</b>	<b>179.1</b>	<b>150.0</b>	<b>29.1</b>	<b>19.4%</b>
% of revenues	14.4%	11.5%			16.6%	14.6%		
<b>Ebitda</b>	<b>437.8</b>	<b>369.4</b>	<b>68.4</b>	<b>18.5%</b>	<b>176.9</b>	<b>151.6</b>	<b>25.3</b>	<b>16.7%</b>
% of revenues	14.2%	11.7%			16.4%	14.7%		
<b>Ebit</b>	<b>329.6</b>	<b>263.5</b>	<b>66.1</b>	<b>25.1%</b>	<b>146.8</b>	<b>122.4</b>	<b>24.4</b>	<b>20.0%</b>
% of revenues	10.7%	8.3%			13.6%	11.9%		
<b>Net Income*</b>	<b>250.4</b>	<b>177.4</b>	<b>72.9</b>	<b>41.1%</b>	<b>108.2</b>	<b>78.0</b>	<b>30.2</b>	<b>38.7%</b>
% of revenues	8.1%	5.6%			10.0%	7.6%		

\* pertaining to the Group

### general outlook

2023 ended showing substantially neutral turnover growth in organic terms and a strong recovery in margin in the twelve months.

Revenues fell slightly in the first half of 2023, mainly due to a start to the year conditioned by some transitory and extraordinary factors, such as the challenging comparison with the first quarter of the previous two years, the reduction in the levels of inventories held from distribution and the discontinuity in the mobile air conditioning business on the American market.

From the second quarter, the Group demonstrated a significant progression and expansion of the underlying trends, both in coffee and in the nutrition and food preparation sector, achieving organic growth at a high single digit rate in the second half of the year, confirmed in the fourth quarter.

Over the past year, the Group's margins have steadily improved in comparison to 2022, which had been impacted by inflationary pressures on costs and some production inefficiencies. This margin recovery was facilitated by rigorous investment control and a partial easing of inflationary pressures on some industrial costs (in particular logistics costs), which, combined with effective price management and continuous product mix improvement, contributed to bring the Group's profitability back close to the historical average.

The current macroeconomic and geopolitical scenario remains uncertain and variable, however the trends of organic growth improvement highlighted in recent quarters have been supporting to consolidate the phase of progressive post-pandemic normalisation.

### revenues

In 2023, the Group reported revenues of €3,075.9 million, showing a slight decline compared to the previous year (-2.6%). The currency component subtracted approximately 2.4 percentage points of growth over the twelve months, mainly due to the impacts deriving from the devaluation of some

currencies, the main ones included the American dollar, Yen and Australian dollar.

Revenue growth in the fourth quarter was 4.7%, but would have been around 8% if not for a significant negative impact from the currency component.

## markets

Over the twelve months, the geographical evolution was influenced by the weak start to the year, however we observed overall organic growth in every major area during the second part of the year. Specifically, in the fourth quarter the Group experienced a boost in organic growth in key regions, except for the Americas due to specific factors.

<i>EUR million</i>	<b>2023</b>	<i>var. %</i>	<i>var. % at constant FX</i>	<b>Q4 2023</b>	<i>var. %</i>	<i>var. % at constant FX</i>
South West Europe	1,109.4	-1.6%	-1.9%	404.3	10.3%	10.1%
North East Europe	797.6	6.8%	10.7%	294.9	11.9%	16.8%
<b>EUROPE</b>	<b>1,907.1</b>	<b>1.7%</b>	<b>3.1%</b>	<b>699.2</b>	<b>11.0%</b>	<b>12.9%</b>
<b>MEIA</b> (MiddleEast/India/Africa)	<b>174.4</b>	<b>-11.3%</b>	<b>-7.9%</b>	<b>44.4</b>	<b>6.2%</b>	<b>13.4%</b>
<b>Americas</b>	<b>547.0</b>	<b>-12.2%</b>	<b>-9.7%</b>	<b>183.7</b>	<b>-10.3%</b>	<b>-5.7%</b>
<b>Asia-Pacific</b>	<b>447.4</b>	<b>-3.6%</b>	<b>2.4%</b>	<b>150.7</b>	<b>-1.5%</b>	<b>4.8%</b>
<b>TOTAL REVENUES</b>	<b>3,075.9</b>	<b>-2.6%</b>	<b>-0.2%</b>	<b>1,078.1</b>	<b>4.7%</b>	<b>8.0%</b>

In details:

- **South-Western Europe** achieved a partial decline in turnover in the twelve months, however, the area showed high-single digit organic growth in the second half of the year and a lift in the Q4 at around 10%; in the last quarter, the major markets experienced strong boost, with Germany and France showing a turnover in the high teens pace;
- **North-Eastern Europe** recorded a substantial positive trend in 2023, with additional progress made in the last few months of the year thanks to a significant expansion of the core product categories in the main markets; specifically, the UK, Benelux, Czech Republic & Slovakia & Hungary showed sustained growth, further accelerating compared to the twelve months;
- the **MEIA** area achieved organic growth in the low teens during the fourth quarter, however, in the twelve months the area remains in negative territory primarily as a result of challenging macroeconomic conditions;
- in 2023 the result of the **Americas** area was significantly affected by the impact of the exit from the mobile air conditioning business, net of which the turnover would have been slightly lower than the previous year, due to a negative fourth quarter influenced by a slowdown primarily due to a decline in capsule machines and negative currency impact; coffee makers and nutrition and food preparation business are in positive territory in organic terms in the twelve months;

- finally, the **Asia Pacific** region achieved an expansion in turnover in organic terms over the twelve months, thanks to an acceleration in the second half of the year, which led to mid-single-digit organic growth in the fourth quarter.

### product segments

Regarding the product segments evolution, the core categories performance improved gradually throughout the year, with organic growth trends considerably picking up in the second half.

In terms of product segments:

- the **domestic coffee machine sector** highlighted a turnover in line with the previous year, with growth reaching a mid-single-digit rate in the fourth quarter. This was supported specifically by an acceleration at a low teen pace in the full-automatic machines category, thanks to the success of the new products recently launched on the market;
- the **nutrition and food preparation segment** highlighted positive dynamics in both quarters of the second half of the year, despite finishing the year in negative territory. The growth recover was primarily driven by a significant increase in the personal blenders category;
- with regard to the remaining segments, we highlight a significant expansion of ironing products in the quarter, which brings the **home care category** (floor-care and ironing) into positive territory in the twelve months; the trend in **comfort** (portable heating and air conditioning) in 2023 was strongly influenced by the Group's choice to exit the American portable air conditioner market;
- finally, we highlight the significant growth of Eversys' **professional coffee machines**, which maintained a consistent expansion trend throughout the year, resulting in a turnover growth of more than 30% in the twelve months.

### operating margins

The Group was able to significantly improve its margin profile in 2023, mainly thanks to effective price management, continuous product mix improvement, and a partial easing of inflationary pressures on some product costs.

In the twelve months:

- the **net industrial margin** stood at €1,504.3 million, which equals 48.9% of revenues, compared to 47.3% in 2022, benefiting from a positive effect of the price mix and an easing of inflationary pressures on product costs;
- **adjusted Ebitda** was €444.2 million, or 14.4% of revenues, a substantial increase from 2022 (at 11.5%). The constant increase in profitability achieved over the year was additionally contributed by a partial reduction in media and communication ("A&P") investments (down to approximately 12.8% on sales respect to 13.5% on sales in 2022), which were achieved through improved spending effectiveness and more targeted use of assets and channels. Finally, the currency component had a negative impact of about €28 million.
- **Ebitda** amounted to €437.8 million, or 14.2% of revenues after €5.5 million of non-recurring expenses compared to 8.3 million of non-recurring income in 2022;

- **operating result (Ebit)** stood at €329.6 million, equal to 10.7% of revenues, with a level of depreciation substantially aligned with 2022;
- **net profit attributable to the Group** amounted to €250.4 million, equal to 8.1% of revenues (5.6% in 2022). Financial charges decreased to €2.3 million from €25.3 million in 2022 as a result of a productive liquidity investment programme and effective currency management.

In the fourth quarter:

- the **net industrial margin** stood at €518.1 million, equal to 48.1% of revenues, compared to 46.4% in 2022, benefiting from a decrease in industrial and logistics costs;
- **adjusted Ebitda** amounted to €179.1 million, or 16.6% of revenues, recovering compared to the 14.6% recorded in 2022. Despite a negative currency effect, the profitability improved thanks to lower inflationary pressure on industrial and logistics costs, as well as an improvement in the mix.

## balance sheet

After achieving notable cash generation in the fourth quarter, the Group ended the 2023 financial year with a positive **Net Financial Position**<sup>4</sup> of €662.6 million, up €363.8 million over the course of the year.

Similar to this, the **Net Position towards banks** and other financiers improved significantly over the course of the previous 12 months (+372.2 million), reaching €761.7 million.

During the course of the year, **free cash flow before dividends and acquisitions** totalled €435.9 million. It is worth noting that the Group was able to generate positive cash flow (before dividends and acquisitions) in every quarter of the year, which is a clear and significant improvement over the discontinuity observed in 2022.

At the level of **operating working capital** (equivalent to 2% of revenues in the 12 months), we highlight:

- a further reduction in inventory (at the end of the year at €504.7 million) compared to previous years, which now stands at 16.4% of total turnover;
- despite the increase in turnover in the fourth quarter, a nearly unchanged level of trade receivables at year end, showing the increasingly effective management of receivables;
- a significant increase in debts to suppliers compared to 2022; however, it should be noted that last year this item was affected by the slowdown in production in the second half of the year to allow the Group to reduce the level of inventory.

**Capital Expenditures** in the twelve months absorbed €132.3 million, a notable decline compared to last year's €156.2 million.

<sup>4</sup> As of the date of this Annual Financial Report, the transaction has not yet produced any effect on the De'Longhi Group's consolidated financial statements, with the exception of the accounting of some costs, since the closing of the operation took place on February 27, 2024

<i>EUR million</i>	Dec 31st, 23	Dec 31st, 22	<i>change 12 months</i>
<b>operating NWC</b>	<b>61.1</b>	288.8	-227.7
<b>operating NWC / Revenues</b>	<b>2.0%</b>	9.1%	-7.2%
<b>Net Financial Position</b>	<b>662.6</b>	298.8	363.8
<b>Net Bank Position</b>	<b>761.7</b>	389.5	372.2
<b>Net Equity</b>	<b>1,811.1</b>	1,659.1	152.0

<i>EUR million</i>	2023	2022	<i>change 12 months</i>
<b>Cash Flow from Operating Activities</b>	<b>584.3</b>	151.9	432.4
<b>Capital Expenditures</b>	<b>-132.3</b>	-156.2	23.9
<b>Cash flow from changes in the Net Equity</b>	<b>-88.2</b>	-122.0	33.8
<b>Cash Flow for the period</b>	<b>363.8</b>	-126.3	490.1
<b>Free Cash Flow (before DVD and acquisitions)</b>	<b>435.9</b>	-1.8	437.7

### dividend

The Board of Directors has resolved to propose to the Shareholders' Meeting (to be held on 19 April 2024) a dividend of € 0.67 per share, payable starting from 22 May 2024, with detachment of coupon no. 24 on May 20 and with the so-called record date, pursuant to art. 83-terdecies of Legislative Decree no. 58/98, on May 21, equal to a pay-out ratio of 40%.

## Events occurred after the end of the period

After 31 December 2023 through the date on which this annual report was approved, no events occurred that would have had a significant impact on the financial and economic results recorded, as per IAS 10 - Events after the reporting period.

On February 27<sup>th</sup>, 2024, De' Longhi Group finalized the closing of the business combination between its subsidiary Eversys S.A. and La Marzocco International LLC, consistent with the announcement made on December 21, 2023.

As a result of the transaction, the De' Longhi Group will own approximately 61.6% of the new entity, alongside minority stakes held by De Longhi Industrial S.A. (26.5% approximately) and the previous minority shareholders of La Marzocco (12%).

As of the date of this Annual Financial Report, the transaction has not yet produced any effect on the De'Longhi Group's consolidated financial statements, with the exception of the accounting of some costs for advisory and consultancy services related to the aggregation.

For any further details and in-depth information, please refer to the press releases published on February 27, 2024 and on December 21, 2023 together with the explanatory document drawn up pursuant to article 5 of the Regulation adopted by Consob with resolution no. 17221 of 12 March 2010 and subsequent amendments available on the Company's website [www.delonghigroup.com](http://www.delonghigroup.com) and on the authorized storage mechanism "1Info" at the address [www.1info](http://www.1info), within the terms of the law.

## Foreseeable business development and guidance

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

"In 2023, the Group once again demonstrated its ability to seize market opportunities, achieving organic growth at a high single-digit rate in the second half of the year, supported by its ongoing expansion of the coffee machines category and the path back to growth of the nutrition and food preparation sector. During the year, margins improved significantly due to rigorous cost control and a careful investment strategy, allowing the 2022 decline to be quickly recovered.

These results enabled the Group to obtain significant cash generation (approx. €436 million before dividends), which was also strategically used in the establishment of the professional coffee hub with La Marzocco and Eversys for further strengthening its leadership in the market and for creating value for shareholders.

The Group's recent improvement in growth and profitability dynamics leads us to estimate a revenue growth in 2024, which includes the perimeter expansion with the business combination between La Marzocco and Eversys, in the 9%-11% range. In terms of margins, we expect an improvement for the new perimeter, potentially leading to an adjusted Ebitda of around €500-530 million."

## Regulatory statements

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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.

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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 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 December 31, 2023

# 1. Consolidated Income Statement

(€/million)	2023	% revenues	2022	% revenues
<b>Revenues</b>	<b>3,075.9</b>	<b>100.0%</b>	<b>3,158.4</b>	<b>100.0%</b>
<i>Change</i>	(82.5)	(2.6%)		
Materials consumed & other production costs (production services and payroll costs)	(1,571.6)	(51.1%)	(1,665.1)	(52.7%)
<b>Net industrial margin</b>	<b>1,504.3</b>	<b>48.9%</b>	<b>1,493.3</b>	<b>47.3%</b>
Services and other operating expenses	(801.9)	(26.1%)	(889.1)	(28.2%)
Payroll (non-production)	(258.2)	(8.4%)	(242.2)	(7.7%)
<b>EBITDA before non-recurring/stock option costs</b>	<b>444.2</b>	<b>14.4%</b>	<b>362.0</b>	<b>11.5%</b>
<i>Change</i>	82.2	22.7%		
Non-recurring expenses/stock option costs	(6.4)	(0.2%)	7.4	0.2%
<b>EBITDA</b>	<b>437.8</b>	<b>14.2%</b>	<b>369.4</b>	<b>11.7%</b>
Amortization	(108.2)	(3.5%)	(105.8)	(3.4%)
<b>EBIT</b>	<b>329.6</b>	<b>10.7%</b>	<b>263.5</b>	<b>8.3%</b>
<i>Change</i>	66.1	25.1%		
Net financial income (expenses)	(2.3)	(0.1%)	(25.3)	(0.8%)
<b>Profit (loss) before taxes</b>	<b>327.3</b>	<b>10.6%</b>	<b>238.2</b>	<b>7.5%</b>
Taxes	(76.9)	(2.5%)	(58.4)	(1.8%)
<b>Net Result</b>	<b>250.4</b>	<b>8.1%</b>	<b>179.8</b>	<b>5.7%</b>
Minority interests	-	0.0%	2.4	0.1%
<b>Profit (loss) pertaining to the Group</b>	<b>250.4</b>	<b>8.1%</b>	<b>177.4</b>	<b>5.6%</b>

## 2. Revenues breakdown by geography

(€/million)	4th Quarter 2023	%	4th Quarter 2022	%	Change	Change %	Change at constant exchange rates %
Europe	699.2	64.9%	630.1	61.2%	69.1	11.0%	12.9%
Americas	183.7	17.0%	204.9	19.9%	(21.1)	(10.3%)	(5.7%)
Asia Pacific	150.7	14.0%	153.0	14.9%	(2.3)	(1.5%)	4.8%
MEIA (Middle East/India/Africa)	44.4	4.1%	41.8	4.0%	2.6	6.2%	13.4%
<b>Total revenues</b>	<b>1,078.1</b>	<b>100.0%</b>	<b>1,029.8</b>	<b>100.0%</b>	<b>48.3</b>	<b>4.7%</b>	<b>8.0%</b>

(€/million)	2023	%	2022	%	Change	Change %	Change at constant exchange rates %
Europe	1,907.1	62.0%	1,874.6	59.4%	32.5	1.7%	3.1%
Americas	547.0	17.8%	623.4	19.7%	(76.3)	(12.2%)	(9.7%)
Asia Pacific	447.4	14.5%	463.9	14.7%	(16.5)	(3.6%)	2.4%
MEIA (Middle East/India/Africa)	174.4	5.7%	196.6	6.2%	(22.2)	(11.3%)	(7.9%)
<b>Total revenues</b>	<b>3,075.9</b>	<b>100.0%</b>	<b>3,158.4</b>	<b>100.0%</b>	<b>(82.5)</b>	<b>(2.6%)</b>	<b>(0.2%)</b>

### 3. Consolidated Balance Sheet

(€/million)	31.12.2023	31.12.2022
- Intangible assets	878.3	891.2
- Property, plant and equipment	478.0	448.1
- Financial assets	9.7	11.7
- Deferred tax assets	60.4	64.6
<b>Non-current assets</b>	<b>1,426.4</b>	<b>1,415.6</b>
- Inventories	504.7	550.7
- Trade receivables	272.7	278.8
- Trade payables	(716.2)	(540.7)
- Other payables (net of receivables)	(143.9)	(145.8)
<b>Net working capital</b>	<b>(82.8)</b>	<b>142.9</b>
<b>Total non-current liabilities and provisions</b>	<b>(195.1)</b>	<b>(194.0)</b>
<b>Net capital employed</b>	<b>1,148.5</b>	<b>1,364.6</b>
<b>(Net financial assets)</b>	<b>(662.6)</b>	<b>(298.8)</b>
<b>Total net equity</b>	<b>1,811.1</b>	<b>1,663.4</b>
<b>Total net debt and equity</b>	<b>1,148.5</b>	<b>1,364.6</b>

## 4. Detailed Net Financial Position

(€/million)	31.12.2023	31.12.2022
Cash and cash equivalents	1,250.2	770.2
Other financial receivables	172.5	368.4
Current financial debt	(289.0)	(190.5)
<b>Net current financial position</b>	<b>1,133.6</b>	<b>948.1</b>
Non-current financial receivables and assets	122.0	124.6
Non-current financial debt	(593.1)	(774.0)
<b>Non-current net financial debt</b>	<b>(471.0)</b>	<b>(649.3)</b>
<b>Total net financial position</b>	<b>662.6</b>	<b>298.8</b>
<i>of which:</i>		
- <i>positions with banks and other financial payables</i>	761.7	389.5
- <i>lease liabilities</i>	(98.4)	(80.5)
- <i>other financial non-bank assets/liabilities (fair value of derivatives, financial debt connected to business combinations and pension fund)</i>	(0.7)	(10.2)

## 5. Consolidated Cash Flow Statement

(€/million)	2023	2022
Cash flow by current operations	446.3	340.0
Cash flow by changes in working capital	138.0	(188.0)
<b>Cash flow by current operations and changes in NWC</b>	<b>584.3</b>	<b>151.9</b>
Cash flow by investment activities	(132.3)	(156.2)
<b>Cash flow by operating activities</b>	<b>452.0</b>	<b>(4.3)</b>
Dividends paid	(72.1)	(124.5)
Cash flow by treasury shares purchase	-	-
Stock options exercise	5.1	3.4
Cash flow by other changes in net equity	(21.2)	(0.9)
<b>Cash flow generated (absorbed) by changes in net equity</b>	<b>(88.2)</b>	<b>(122.0)</b>
<b>Cash flow for the period</b>	<b>363.8</b>	<b>(126.3)</b>
Opening net financial position	298.8	425.1
<b>Closing net financial position</b>	<b>662.6</b>	<b>298.8</b>