



Financial results H1 2020

Investor presentation

Cesena, September 9th 2020

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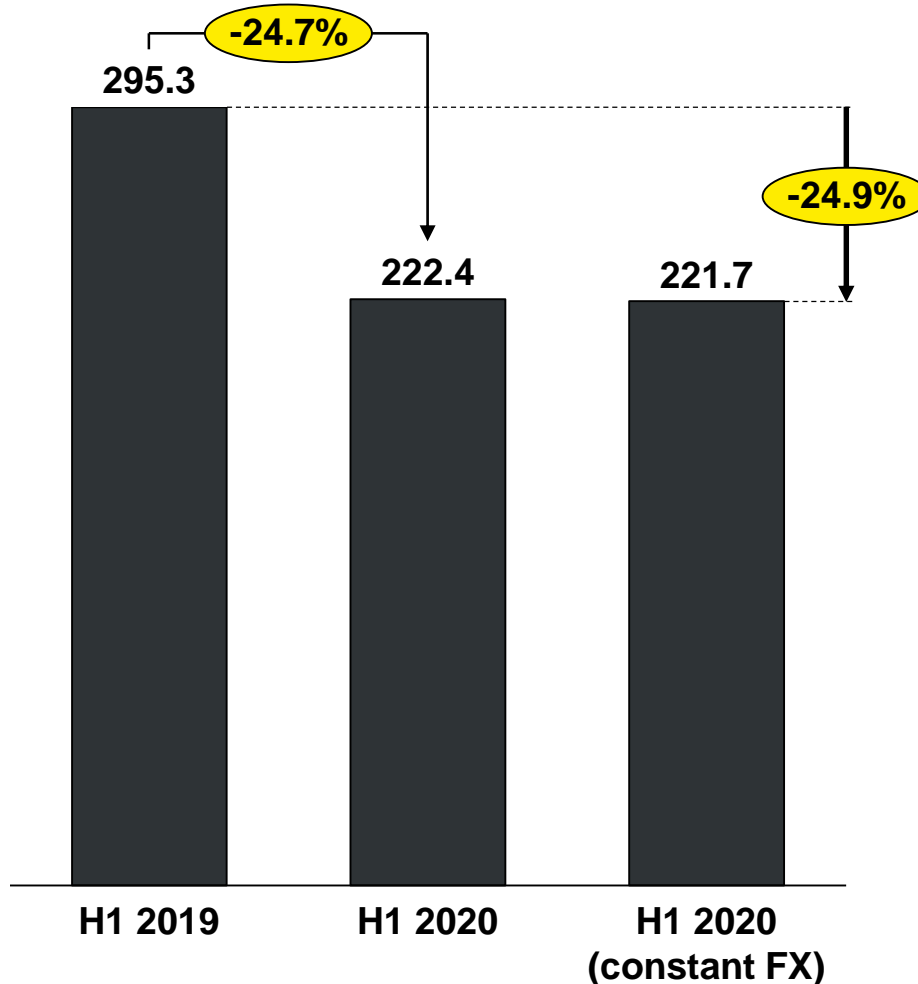
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Andrea Alghisi, the Manager in charge of preparing the corporate accounting documents, declares that, pursuant to art. 154-bis, paragraph 2, of the Legislative Decree no. 58 of February 24, 1998, the accounting information contained herein correspond to document results, books and accounting records.

Home growth only partially offset the decline in the B2B

Revenues (€m)



Key comments

YoY decline mainly driven by:

- North America (-32%), APAC (-26%) and Europe excluding Italy (-24%)
- Segments: strong double-digit growth in Home did not offset the decline in Commercial segments
- Channels: strong growth of Inside Sales and Retail – mainly exposed to Home segment - offset by a decline in Field Sales (-32%) and Distributors (-24%)
- Offering: good performance from Digital solutions in the period

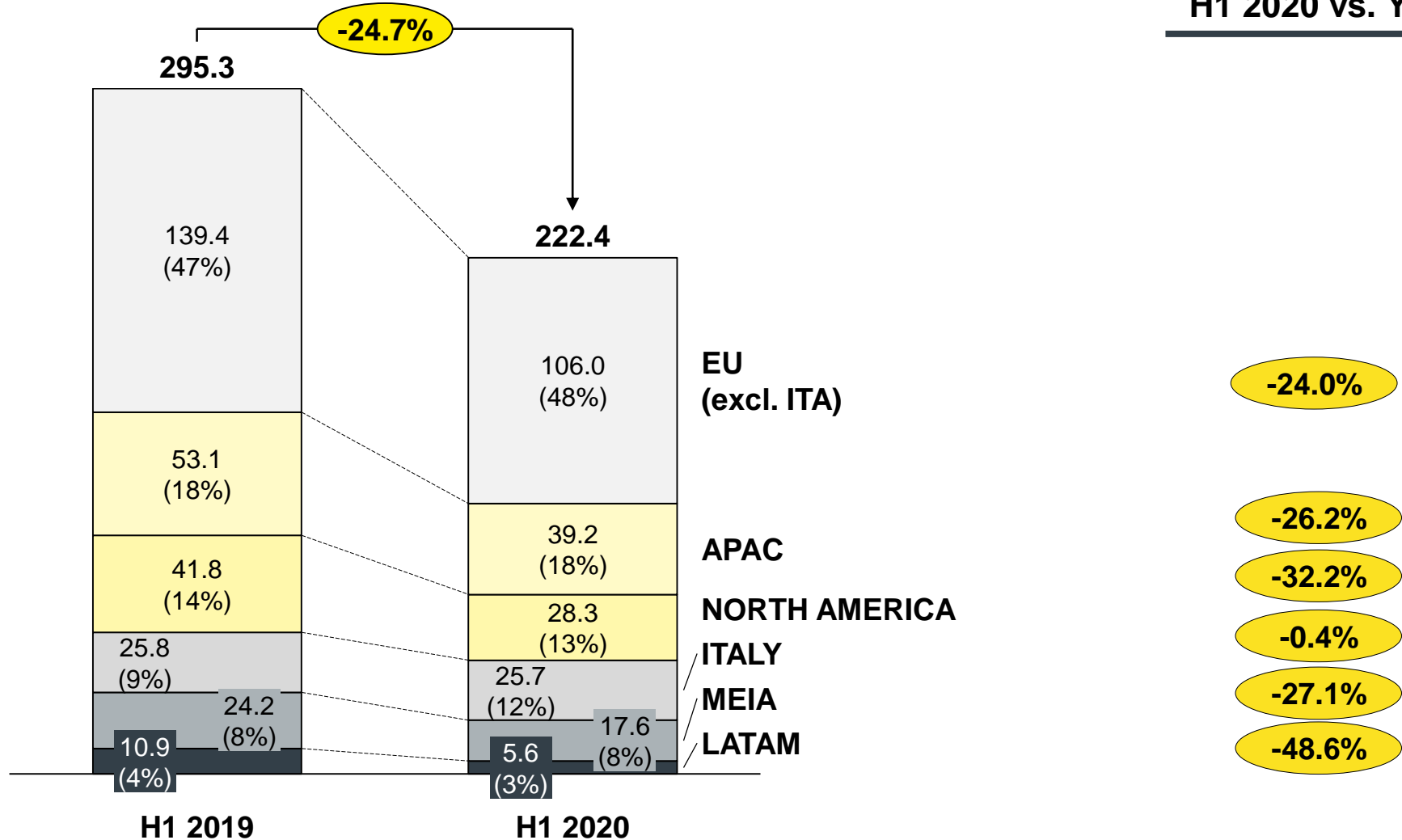
Excluding FX impact, drop would have been -24,9%. Major impacts:

- USD, GBP and JPY

Performances per country were directly impacted by the Covid pandemic

Revenue breakdown by geography - €m, percentage incidence & change

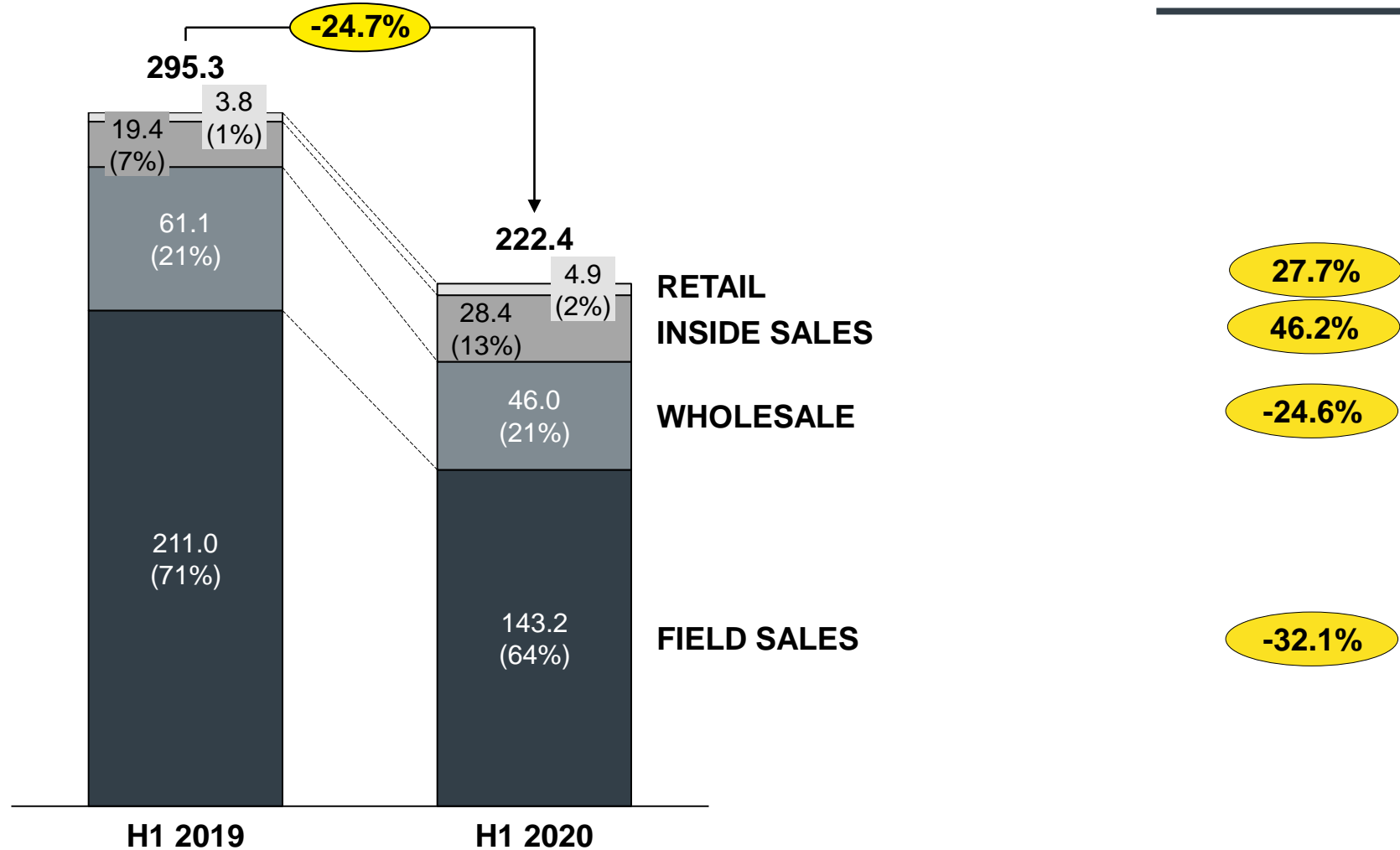
H1 2020 vs. Y-1



Inside Sales and Retail benefitted from the higher exposure to Home

Revenue breakdown by channel - €m, percentage incidence & change

H1 2020 vs. Y-1



Steady EBITDA margin despite revenues decrease

€m

Profit and Loss statement (IFRS16 included)

(€m)	Jun 2019	Jun 2020	Delta	2020 vs 2019
Total revenue	295,3	222,4	(72,8)	(24,7)%
Cost of raw, ancillary and consumable materials and goods for resale	(96,3)	(69,0)	27,3	-28,4%
of which (cost) not recurrent	(0,1)	(0,3)	(0,2)	
Service, Rentals and leases	(80,7)	(60,3)	20,4	-25,3%
of which (cost) not recurrent	(0,6)	(0,7)	(0,1)	
Personnel cost	(67,0)	(54,8)	12,2	-18,2%
of which (cost) not recurrent	(0,6)	(0,4)	0,2	
Depreciations, amortisations and write-downs	(14,7)	(17,2)	(2,5)	16,8%
Provision for risk and charges	(1,4)	(2,2)	(0,8)	57,1%
Other operations cost	(2,7)	(3,9)	(1,2)	42,5%
of which (cost) not recurrent	0,0	(1,1)	(1,1)	
Share of result joint venture and impairment	0,5	(2,1)	(2,6)	<i>h.v.</i>
of which (cost) not recurrent	0,0	(2,5)	(2,5)	
Net operating income	32,8	12,8	(20,0)	(60,9)%
Margin (%)	11,1%	5,8%	(5,3%)	
Financial income and (expenses) and from investments	(0,6)	(1,3)	(0,7)	<i>h.v.</i>
Profit (loss) before tax	32,2	11,5	(20,7)	(64,2)%
Taxes	(6,8)	(5,3)	1,5	<i>h.v.</i>
of which (cost) not recurrent	1,5	(0,3)	(1,7)	
Profit (loss)	25,4	6,2	(19,2)	(75,5)%
Margin (%)	8,6%	2,8%	(5,8%)	
Profit (loss) for the year of minority interests	(0,1)	(0,2)	(0,0)	27,0%
Profit (loss) attributable to owners of the parent	25,3	6,1	(19,2)	(76,0)%
Adjusted EBITDA	50,4	37,3	(13,1)	(26,0)%
Margin (%)	17,1%	16,8%	(0,3%)	
Profit (loss) adjusted	25,2	11,4	(13,8)	(54,8)%
Percentage (%)	8,5%	5,1%	(3,4%)	

Key comments

Net operating income drivers:

- Sales decrease driven by lower volumes partially offset by the growth in Digital services
- Positive performance on products cost reduction partially offset by product mix
- Decrease in Service costs led by cost efficiencies and lower sales volumes
- Decrease in Personnel costs driven by temporary unemployment program in different countries
- Increase in D&A driven by last year investments for new products lines and IT project (including digital transformation)
- Increase in provision for risk and charges is mainly due to the increase of bad debt provision
- Tax variation is due to lower profit before tax and devaluations of participations not deductible

Positive FX impact driven primarily by USD and JPY:

- +0.8m€ on revenues
- +0.7m€ on Net operating income
- +0.7m€ on Net result

TWC slightly increased but still on a normalization path

Working Capital (€m)

(€m)	Jun 2019	Dec 2019	Jun 2020
Inventories	94,8	76,8	91,5
Trade receivables	113,4	127,5	68,8
Trade payable	(126,9)	(127,5)	(88,7)
Trade Working Capital	81,3	76,8	71,6
% LTM of total revenue	12,4%	11,5%	12,0%
Other current assets/(liabilities)	(41,4)	(46,4)	(49,2)
Current tax liabilities	(17,9)	(5,1)	(8,7)
Provisions	(10,9)	(12,7)	(8,3)
Net Working Capital	11,0	12,6	5,4
% LTM of total revenue	1,7%	1,9%	0,9%
Inventory Turnover 1	5,2	6,1	4,6
Days Sales Outstanding (DSO) 2	54	59	35
Days Payables Outstanding (DPO) 3	112	112	89

1. Calculated as revenues for products, spares parts, hardware e software divided by gross inventory;

2. Calculated as trade receivables net of VAT (~11%) divided by revenues;

3. Calculated as trade payables net of VAT (~7%) divided by cost of products and cost of service

Highlights

Trade Working Capital

- TWC almost stable compared to Dec 19 (11.5% of Sales), but better than in June 2019 (12.4%)
- Inventory Turnover decreases by 0.6 compared to June 2019
- DSO decrease by 19 days compared to June 2019, driven by the current trading payment terms and credit management
- DPO decrease by 23 days compared to June 2019 in line with prevailing terms of payment and purchasing mix (direct / indirect)

Inventories

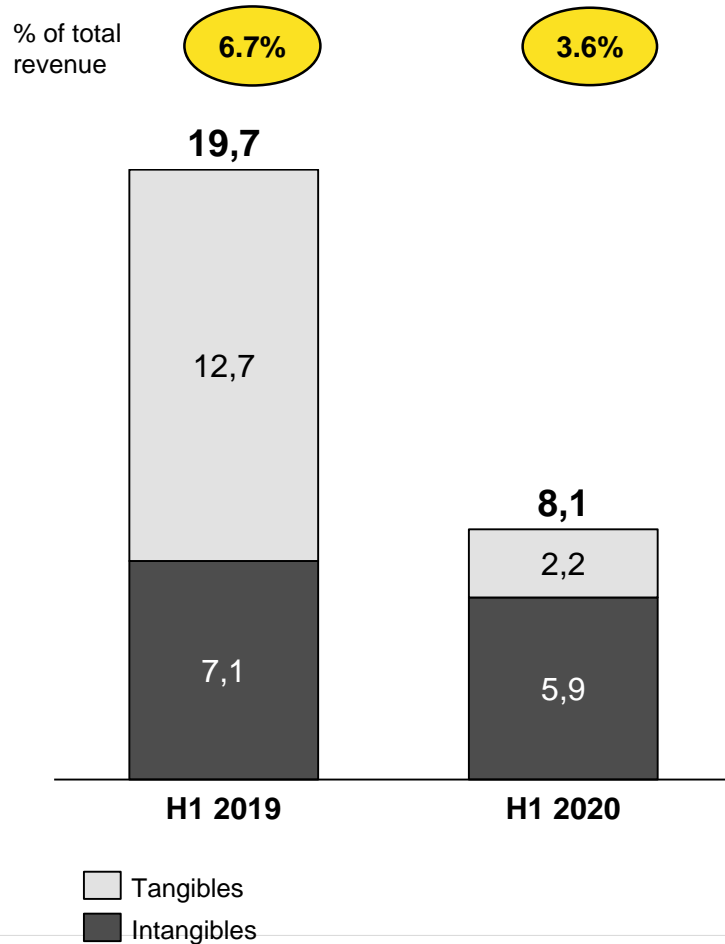
- Inventories include mainly finished products (74.9m €) and raw materials & components (16.6m €)
- Increase compared to Dec 19 mainly due to:
 - Good in transit and local stock increase (seasonality)
 - Sales slowdown due to Covid-19
 - Safety stock increase of raw materials and components to address Covid-19 uncertainly

Other current A/L

Increase mainly due to higher advance from customers.

Capex decrease to 3.6% on revenues

Capex* analysis (€m)



Key comments

Major Tangibles Capex

- Completion of the new warehouse in Slovakia at end of H1-2019 (2.2m€)
- Lower investments in tools, molds and production lines for new products
- New flagship stores opened in 2019

Major Intangibles Capex

- Investments in digital and contents development
- New products development
- Investments in digital transformation projects

* CAPEX: excluding financial investments (investment in JV.) and IFRS16 impact

Net Financial Position: Solid Liquidity buffer

Net Financial Position (€m)

€m	30 Jun 2019	30 Jun 2020
Cash & cash equivalent	(74,1)	(120,6)
Current financial receivables	(0,1)	(0,0)
Current bank debt	32,2	0,0
<i>of which granted by Committed Credit facilities</i>	32,2	0,0
<i>of which granted by Uncommitted Credit facilities</i>	0,0	0,0
Current portion of non current debt	19,1	20,8
IFRS 16 Current liability	5,1	5,6
Other current financial debt	9,4	10,0
Net current financial debt	65,8	36,4
Non current portion of non current debt	28,7	35,2
IFRS 16 Non Current liability	13,9	17,7
Other non current financial debt	16,0	17,3
Non current financial debt	58,6	70,1
Net Financial Position	50,2	(14,1)
<i>NFP / EBITDA (LTM12m)</i>	<i>0,36x</i>	<i>n.a.</i>
<i>NFP (exclud. IFRS 16) / EBITDA (LTM12m)</i>	<i>0,22x</i>	<i>n.a.</i>

Key comments

Cash & Cash equivalent

- Significant increase in cash position mainly refers to bank deposits € denominated

Current bank debt

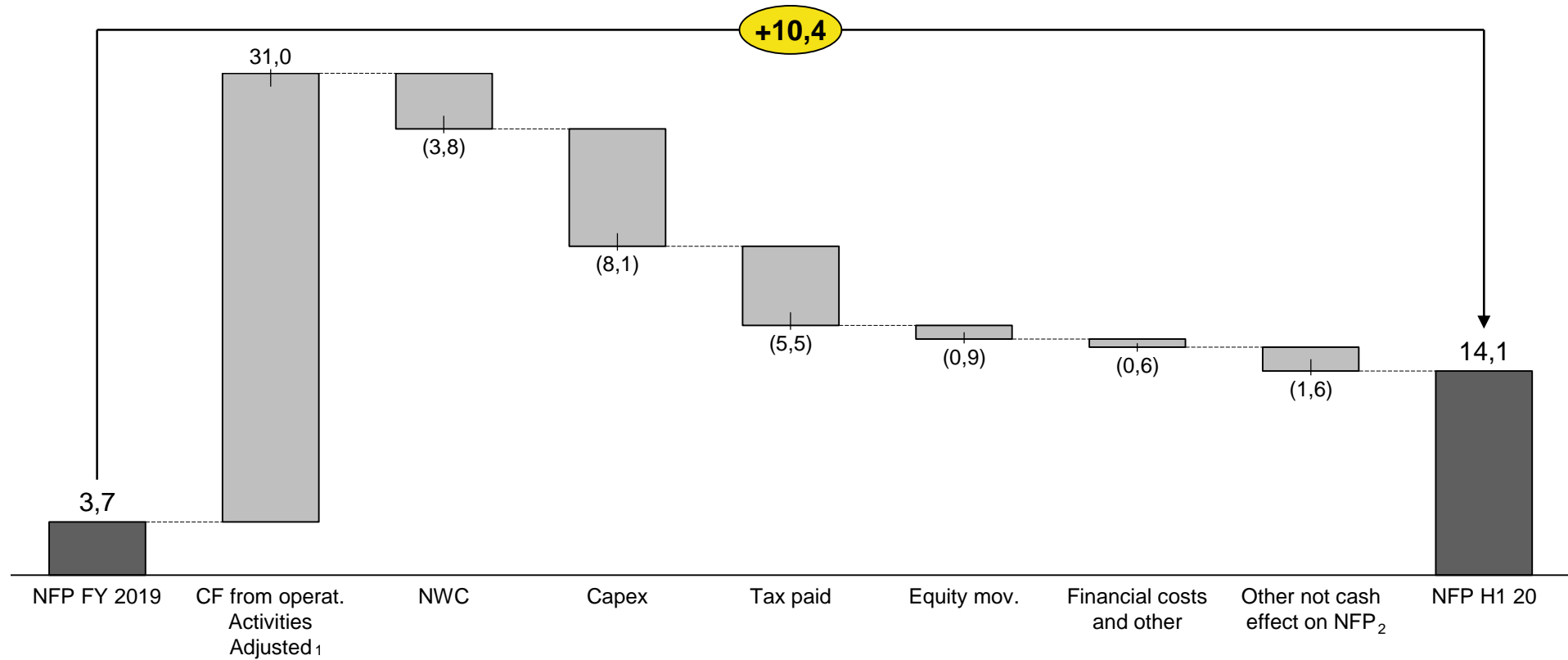
- Mainly composed of credit lines stand-by and short-term financing. As of June 30th 2020
 - Lines of credit and overdrafts committed for ~105m € not drawn (revocable / floating rate: EURIBOR + spread)
 - Lines of credit and overdrafts uncommitted for ~60m € not drawn (revocable / floating rate: EURIBOR + spread)

Current portion of non-current debt / Non current financial debt

- Flexible financial structure based on bank amortizing loans with ~2y duration (floating: EURIBOR + spread)
- Leasing exposure stands at 26,8m € on June 2020 (9,6m € short term among “other current financial debt” and 17,2m € among “non current financial debt”), slightly increasing vs Y-1 (25,3m €).
- IFRS 16 impact on financial debt is 23,3m € on June 2020. Without considering IFRS16 impact, NFP is 37,4m€ (net cash) vs -31,2m€ (net debt) as at June 2019

Net Financial Position walk

€m



¹ Net of IFRS 16 effect (3,4m €)

² IFRS 16 net Adjustment on Financial Debt

Annexes

Balance sheet

€m

€m	Jun 2019	% on LTM Revenues	Dec 2019	% on Revenues	Jun 2020	% on Revenues
Inventories	94,8	14,4%	76,8	11,5%	91,5	15,3%
Trade receivables	113,4	17,3%	127,5	19,1%	68,8	11,5%
Trade payables	(126,9)	(19,3%)	(127,5)	(19,1%)	(88,7)	(14,9%)
Trade Working Capital	81,3	12,4%	76,8	11,5%	71,6	12,0%
Other current assets/(liabilities)	(41,4)	(6,3%)	(46,4)	(6,9%)	(49,2)	(8,3%)
Current tax liabilities	(17,9)	(2,7%)	(5,1)	(0,8%)	(8,7)	(1,5%)
Provisions	(10,9)	(1,7%)	(12,7)	(1,9%)	(8,3)	(1,4%)
Net Working Capital	11,0	1,7%	12,6	1,9%	5,4	0,9%
Property, plant and equipment	166,4	25,3%	167,9	25,1%	162,6	73,1%
Intangible assets	38,8	5,9%	43,4	6,5%	44,2	19,9%
Investments in joint ventures	17,5	2,7%	18,1	2,7%	16,0	7,2%
Employee benefit obligations	(2,9)	(0,4%)	(3,1)	(0,5%)	(3,0)	(1,4%)
Other non current asset and (liabilities)	19,4	3,0%	17,5	2,6%	26,1	11,7%
Net Fixed Capital	239,3	36,4%	243,8	36,5%	245,9	41,2%
Net Invested Capital	250,3	38,1%	256,4	38,3%	251,3	42,2%
Shareholders' Equity	200,1		260,1		265,4	
Net Financial Position	50,2	7,7%	(3,7)	(0,5%)	(14,1)	(2,4%)
Total Source of Funding	250,3	38,1%	256,4	38,3%	251,3	42,2%

NFP – Debt =
31,2m€
excluding
IFRS16

NFP (Cash) =
-25,3m€
excluding
IFRS16

NFP (Cash) =
-37,4m€
excluding
IFRS16

Cash Flow statement

(€m)	Jun 2019	Jun 2020
Profit (loss)	25,4	6,2
Depreciation, amortization and impairment losses	14,7	17,2
Provisions	1,4	2,2
Share of net result from joint ventures	(0,5)	2,1
Net financial expenses	1,0	1,6
Income/(expenses) from investments	(0,4)	(0,3)
Income tax expenses	6,8	5,3
Cash flows from operating activities before changes in working capital	48,5	34,4
Change in inventory	(5,1)	(15,6)
Change in trade receivables	33,2	55,2
Change in trade payables	(17,4)	(39,5)
Change in other operating assets and liabilities	1,3	(4,0)
Non-recurrent fiscal payment	0,0	0,0
Income taxes paid	(3,4)	(5,5)
Net cash inflow from operating activities (A)	57,2	25,1
Investments in property, plant and equipment	(14,0)	(2,7)
Disposals of property, plant and equipment	1,4	0,5
Investments in intangible assets	(7,1)	(6,0)
Disposals of intangible assets	0,0	0,1
Dividends received from joint ventures	1,0	0,0
Dividends paid	0,0	0,0
Investments in subsidiaries, associates and other entities	0,0	0,0
Disposal of subsidiaries, associates and other entities	0,0	0,0
Net cash inflow (outflow) from investing activities (B)	(18,7)	(8,1)
Repayment of IFRS 16	(2,9)	(3,4)
Proceeds from new borrowings	0,9	0,0
Repayment of borrowings	(6,3)	(6,2)
Net increase (decrease) of current financial assets and liabilities	0,2	(0,5)
Dividends paid	(36,2)	0,0
Payments of net financial expenses	(0,2)	0,0
Net cash inflow (outflow) from financing activities (C)	(44,4)	(10,0)
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)	(6,0)	6,9
Cash and cash equivalents at the beginning of the year	78,5	114,4
Net increase (decrease) in cash and cash equivalents	(6,0)	6,9
Effects of exchange rate differences on cash and cash equivalents	1,6	(0,8)
Cash and cash equivalents at the end of the year	74,1	120,6

EBITDA vs EBITDA adjusted Reconciliation

(€m)	Jun 2019	Jun 2020	Jun 2019 vs Jun 2020 Δ %
Net operating income	32,8	12,8	(60,9)%
Other operations cost	0,0	1,1	
Service, Rentals and leases	0,6	0,7	
Personnel cost	0,6	0,4	
Cost of raw, ancillary and consumable materials and goods for resale	0,1	0,3	
Operating non recurring items	1,4	2,6	
Share of result joint venture and impairment	0,0	2,5	
Total not recurring items	1,4	5,1	n.a
Adjusted Net operating income	34,2	17,9	(47,8)%
Depreciations, amortisations and write-downs	(14,7)	(17,2)	16,8%
Provision for risk and charges	(1,4)	(2,2)	57,1%
EBITDA adjusted	50,4	37,3	(26,0)%
Margin %	17,1%	16,8%	
Operating non recurring items	1,4	2,6	
EBITDA	48,9	34,7	(29,1)%
Margin %	16,6%	15,6%	