

International Design Group

H1 2023 RESULTS

August 29, 2023
15.00 CET (14:00 UK)



Design
Holding

International Design
Group

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This document contains information that prior to its disclosure may have constituted inside information under Regulation (EU) 596/2014 (16 April 2014) on market abuse.

Presenters today



Daniel Lalonde
CEO of Design Holding

**Design
Holding**

B&B Italia | Flos | Louis Poulsen | Arclinea
Maxalto | Azucena | Fendi Casa | Audo | Lumens



Alberto Toni
CFO of Design Holding

**Design
Holding**

B&B Italia | Flos | Louis Poulsen | Arclinea
Maxalto | Azucena | Fendi Casa | Audo | Lumens

H1 2023: solid performance in a challenging market, delivering an improvement in EBITDA margin

Proforma⁽¹⁾ Financial Results

REVENUES⁽²⁾



@ constant currency
-3.6% vs 2022

EBITDA adj⁽³⁾



EBITDA margin 24.7%

EBIT adj⁽³⁾



EBIT margin 18.4%

Cash conversion ⁽⁴⁾

€ 72.9 m

80% on EBITDA adj.

Leverage⁽⁵⁾

4.4x

as of June 30, 2023

- (1) H1 2023 proforma figures, prepared under IFRS Gaap, include Audo in both periods, despite the mentioned company was acquired on May 2022.
 (2) Revenues include only «revenues from contracts with customers»
 (3) EBITDA Adjusted and EBIT Adjusted are fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)
 (4) Cash conversion: EBITDA adj pre IFRS16 – Capex paid in the period
 (5) Leverage: Total net debt on the LTM proforma Adjusted EBITDA. Stable at 4.4x

Audo: Menu - by Lassen have merged into one united brand

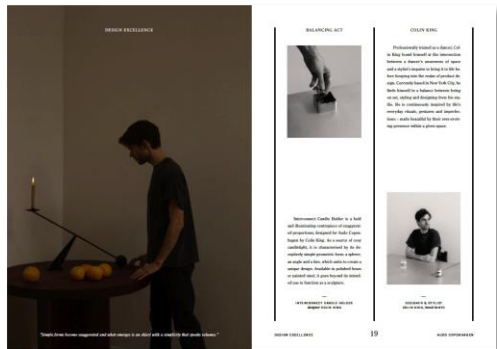
UNITING MENU AND BY LASSEN, AUDO REFLECTS BOTH A CENTURY OF DANISH DESIGN TRADITION AND A MODERN, GLOBAL OUTLOOK THAT IS CONTINUALLY EXPANDING AND EVOLVING.



New website



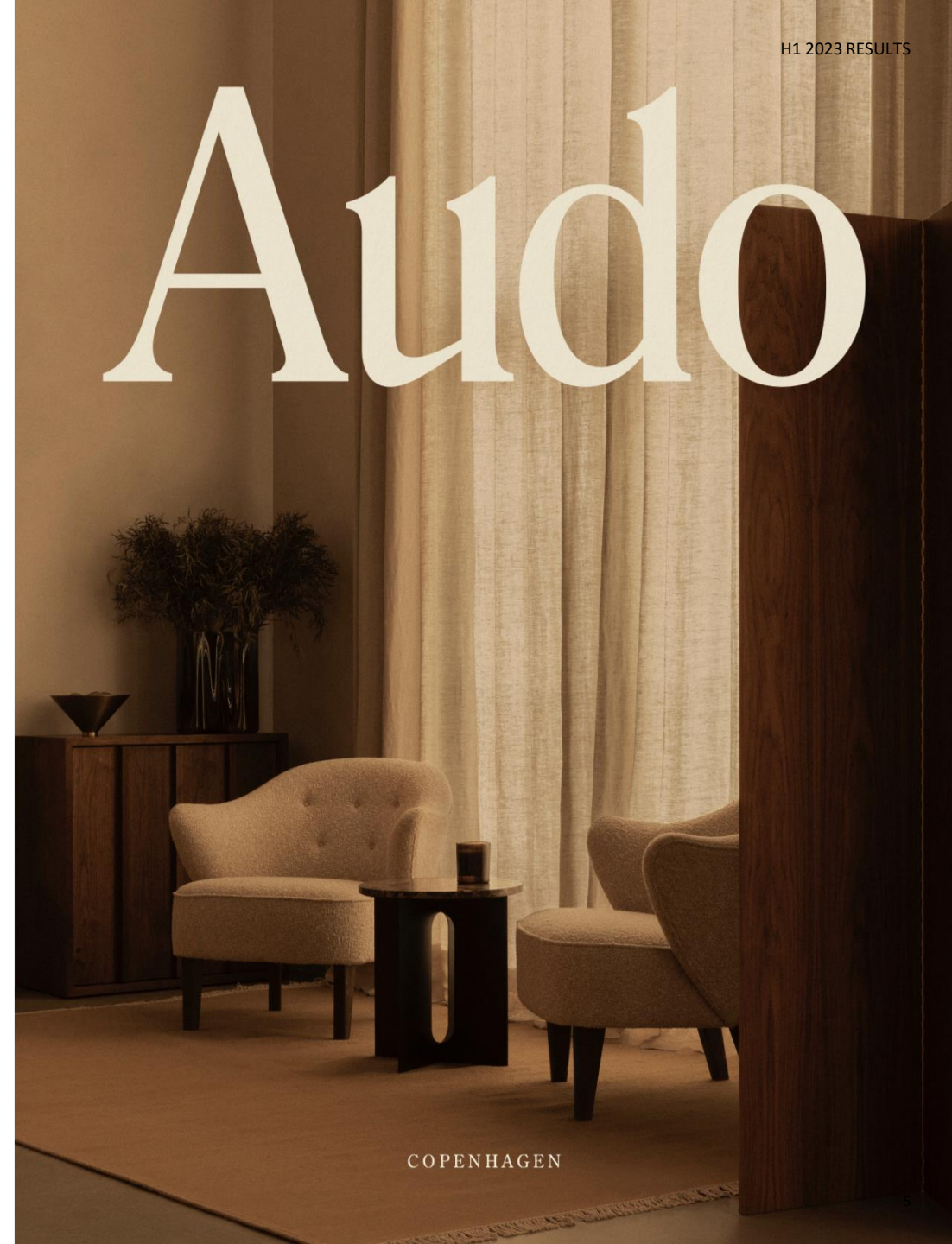
Audo House, new store layout



Designer and brand Ambassador, Colin King.



New retail concept



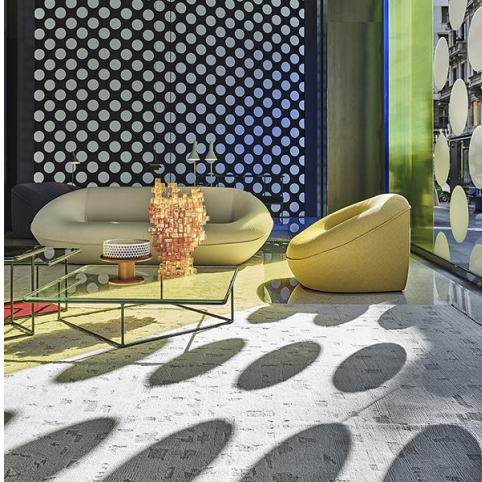
COPENHAGEN

Salone del Mobile, Milan: more than 70 new iconic designs with a special focus on innovative eco-design products and collabs

NEW PRODUCTS AT SALONE DEL MOBILE 2023, APRIL 18-23, MILAN



Fendi Casa | Louis Poulsen exclusive collection



B&B Italia, Tortello by Edward Barber & Jay Osgerby.



B&B Italia, Dambo by Piero Lissoni



Maxalto, new products 2023 by Antonio Citterio.



Arclinea, LIGNUM ET LAPIS by Antonio Citterio



Fendi Casa, Peekasit by Controvento



FLOS, Black Flag by Konstantin Grcic



FLOS, Bilboquet by Philippe Malouin.



FLOS, Emi by Erwan Bouroullec.



FLOS, Céramique by Ronan Bouroullec.

3 Days of Design, Copenhagen: enhance brand desirability through unique products' installations and designers' engagements

INSTALLATIONS AND SPECIAL COLLABORATIONS AT 3 DAYS OF DESIGN, JUNE 7-9, COPENHAGEN



Louis Poulsen x Home in Heaven collaboration. Breanna Box and Peter Dupont



FLOS – New 2023 products at Flos showroom in Copenhagen. Michael Anastassiades presenting My Circuit



Audo - Fence Installation by Colin King and Alex Crowder and Audo House new concept Store

Brand-building focused on social media and digital.

LATEST SOCIAL AND WEB CAMPAIGNS (APRIL – JUNE 2023)



B&B Italia: Athena Calderone (1mln followers) welcomes Le Bambole designed by Mario Bellini



B&B Italia: Gabriella Karefa-Johnson (380K followers) meets Le Bambole



Maxalto: "Ce n'est pas une collection", a photographic project by Federico Cedrone



Flos: Six Acts – My Circuit By Michael Anastassiades



Flos: Shantell Martin in her dreamlike studio in New Jersey covers two Mayday Lamps



Audo: "A new Chapter: Audo Copenhagen", web and social media campaign about the renaming



Arlinea: «Cooking is real», a culinary contest with a sustainability theme



The Lumens Guide to Sustainability in Design

Comprehensive and holistic in approach, The Lumens Guide to Sustainability in Design explores how the design industry can support sustainable principles to benefit our planet, people and culture. From sourcing renewable materials to fair trade practices and B Corp certification, we are spotlighting the makers and design-intellectuals that occupy this vibrant, good design is sustainable design.

Design for the Planet.

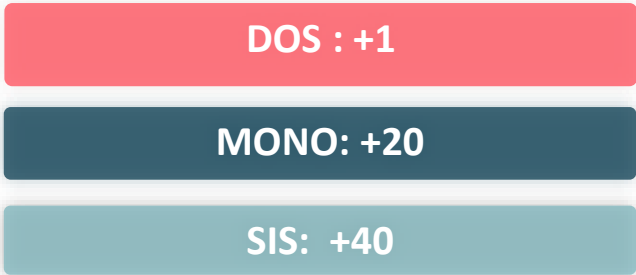
Design for People.

Design for Culture.

Lumens launched "The Lumens Guide to Sustainability in Design"

Acceleration of “Branded spaces” worldwide. In H1 61 new openings (DOS, Monobrand and Shop in Shop)

NEW BRANDED SPACES IN H1



New DOS



Boston is the first in a series of new DOS in US.
Boston, 75 Arlington St.
1,200 sqm.
Brands: B&B Italia, Maxalto, Arclinea.

New Monobrand Stores

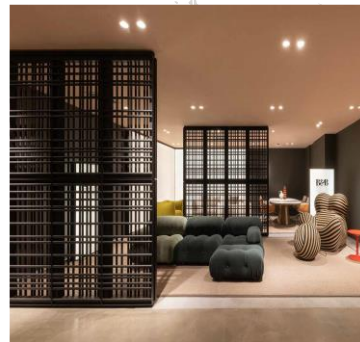
+20 new openings H1: Mexico City, Taichung, Panama City, London, Dublin Toronto, Seoul, Busan,...
YTD end of June '23: 140 Monobrands.



Arclinea, London



Fendi Casa – Mexico City



B&B Italia Seoul (Korea)



Louis Poulsen – Taichung



Arclinea, Rome

Two new prestigious Bulgari Hotels in Tokyo and Rome are affirming our Group leadership in luxury hotellerie.

B&B Italia, Maxalto and Flos
Bulgari, Rome, design by Antonio Citterio Patricia Viel (ACPV)

JUNE 2023



Maxalto and Flos
Bulgari Tokyo, design by Antonio Citterio Patricia Viel (ACPV)

MARCH 2023



Other Bulgari Hotel & Resort, design by Antonio Citterio Patricia Viel (ACPV) (before 2023)



Bulgari Hotel & Resorts/ Paris –
B&B Italia and Maxalto



Bulgari Hotel & Resorts/ Beijing
Maxalto and B&B Italia



Bulgari Hotel & Resorts/ Paris
Maxalto and B&B Italia



Bulgari Hotel & Resorts/ Shanghai
Maxalto and B&B Italia



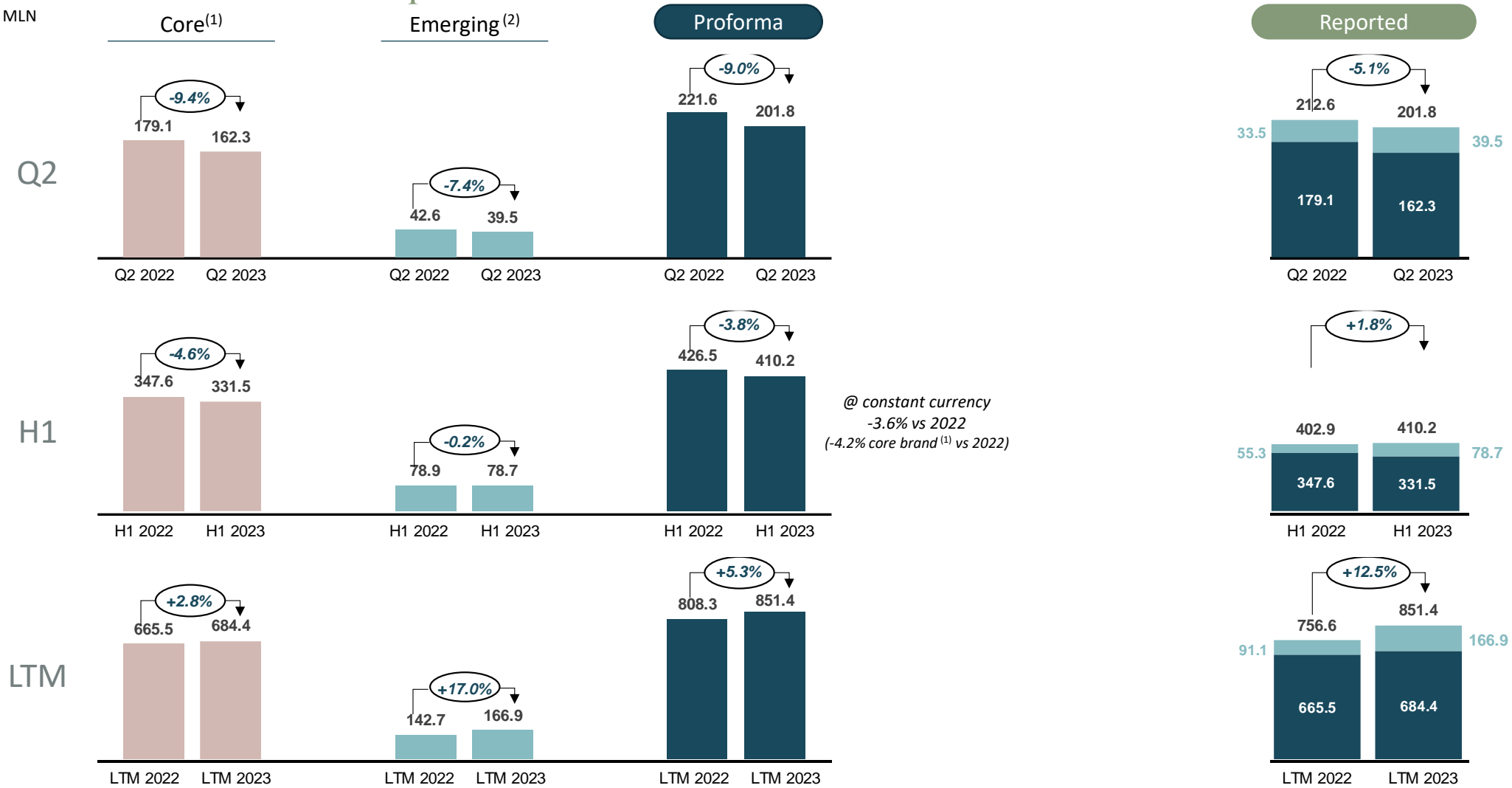
Bulgari Hotel & Resorts/ Dubai
B&B Italia

Revenues and EBITDA

H1 Revenues: small decline despite tough market condition and against strong comp for 2022

Revenues Proforma and Reported

EUR \ MLN



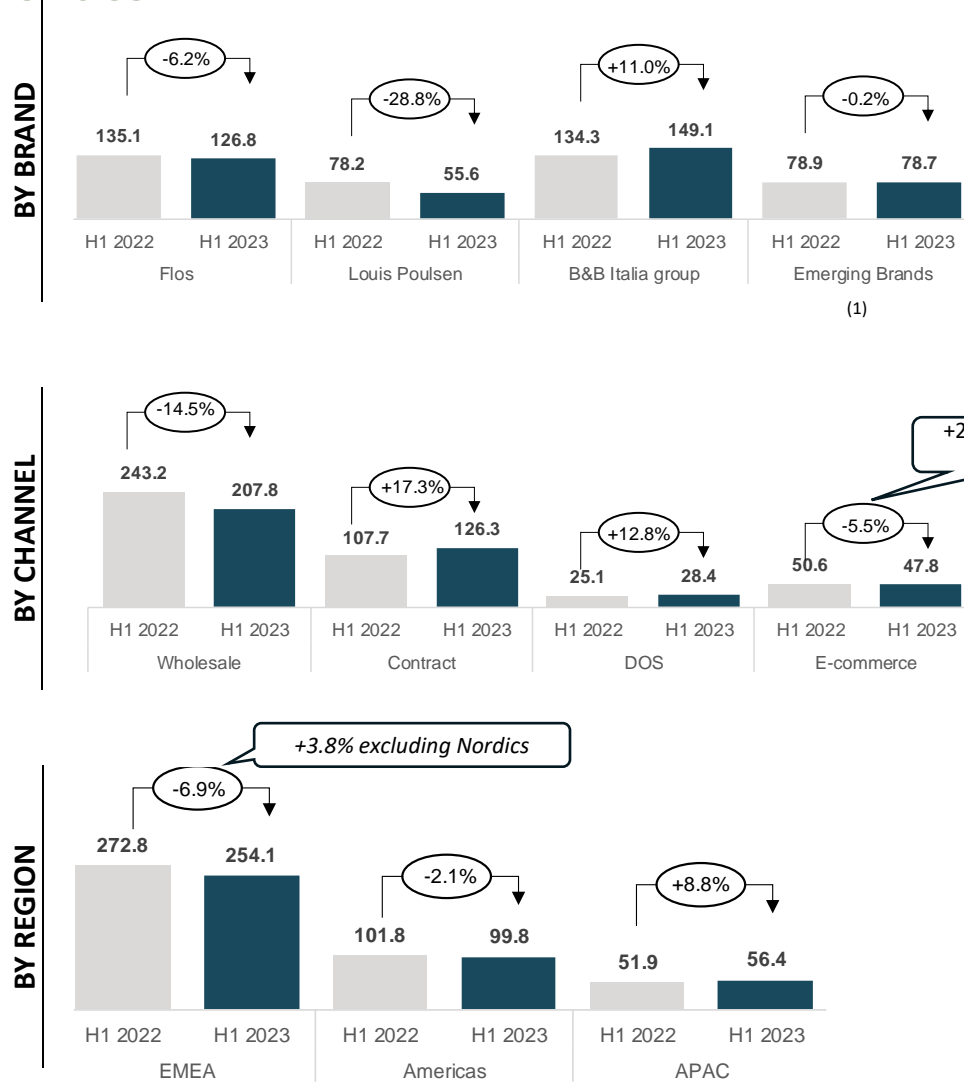
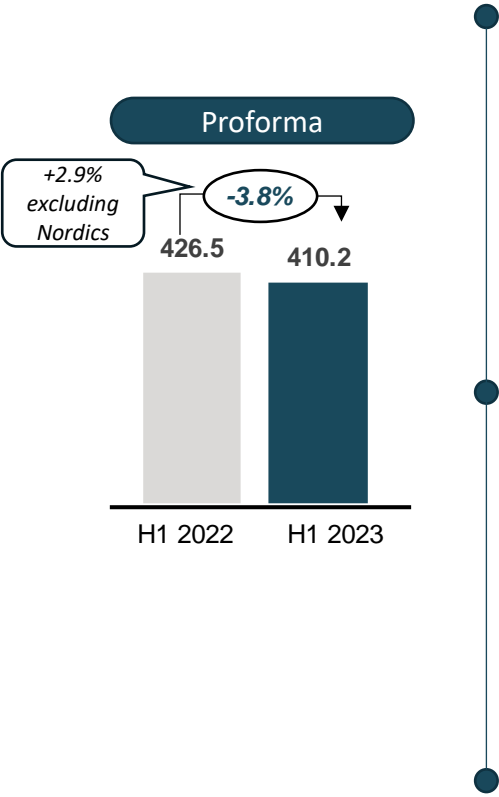
(1) **Core:** Core brand includes FLOS, Louis Poulsen and B&B Italia

(2) **Emerging:** Emerging brand includes LUMENS (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Audo

Delivery on strategy: progress on Direct to Consumer channels, contrasting a wholesale contraction

H1 2023 Proforma Revenues

EUR \ MLN



Key Comments

- **By brand:**
 - Lighting brands, FLOS and Louis Poulsen, reported weak sales in the period, while B&B Italia Group still showed a growth (+11%). Louis Poulsen is down 29% due to negative macro economics and the low consumer spending and confidence in the Nordics (especially Denmark and Sweden).
- **By channel:**
 - Our distribution strategy is driving an acceleration of Direct-to-Customer and a re-baseline of wholesale channel; Contract and DOS are reporting a growth in H1 2023, however DOS slowed down in Q2. E-commerce channel, if we exclude Lumens experienced a double digit growth.
- **By region:**
 - APAC had a positive H1, +8.8% vs LY, driven by Greater China.
 - Americas and EMEA (driven by the Nordics) are down due to market conditions. However, it is worth noting that some key regions like Italy and Middle East were up double digit.

(1) **Emerging Brands** includes Fendi Casa, Audo and Lumens (with dropship model: when Lumens sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent),

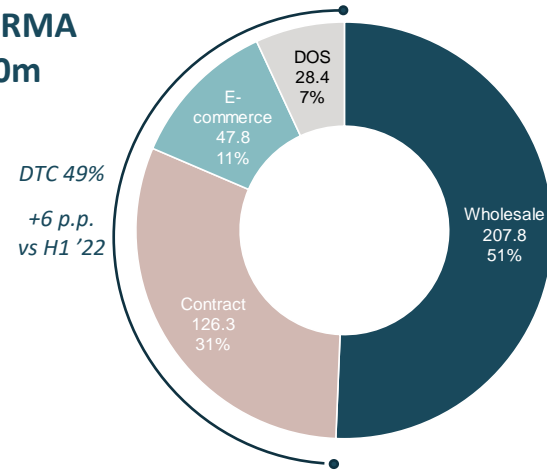
Mix vs H1 '2022: Direct To Consumer now accounts for ~50% of sales (+600BP vs LY)

Proforma Revenues

PROFORMA
€ 410m

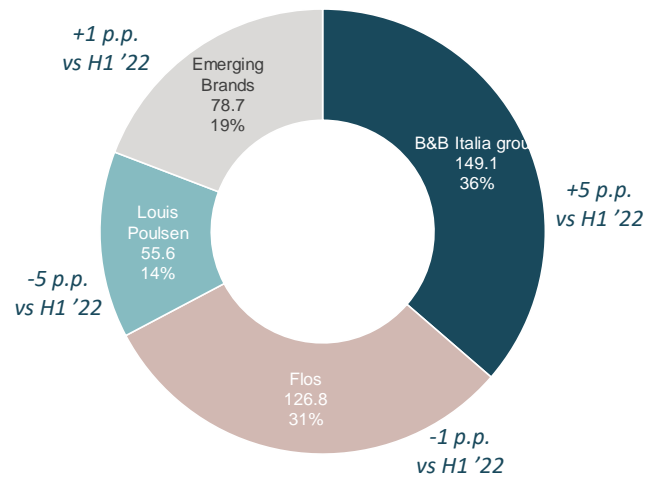
CHANNEL

(As % of 2023)



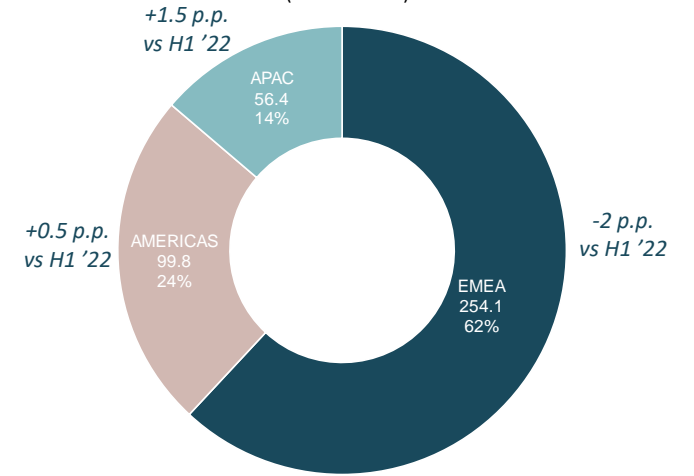
BRAND

(As % of 2023)

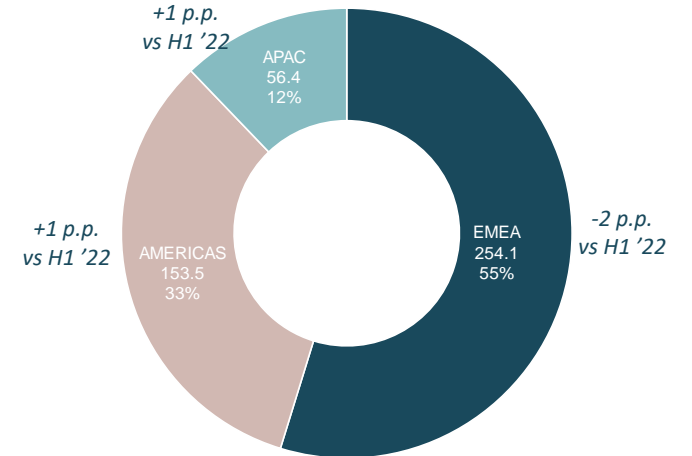
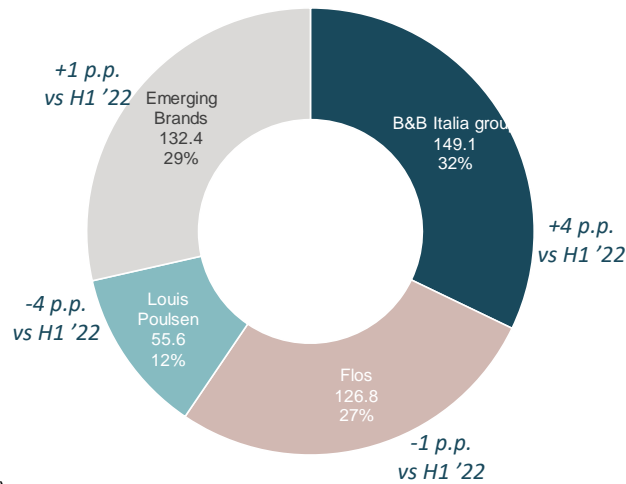
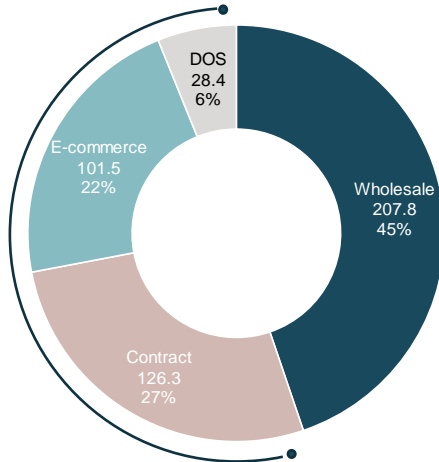


REGION

(As % of 2023)



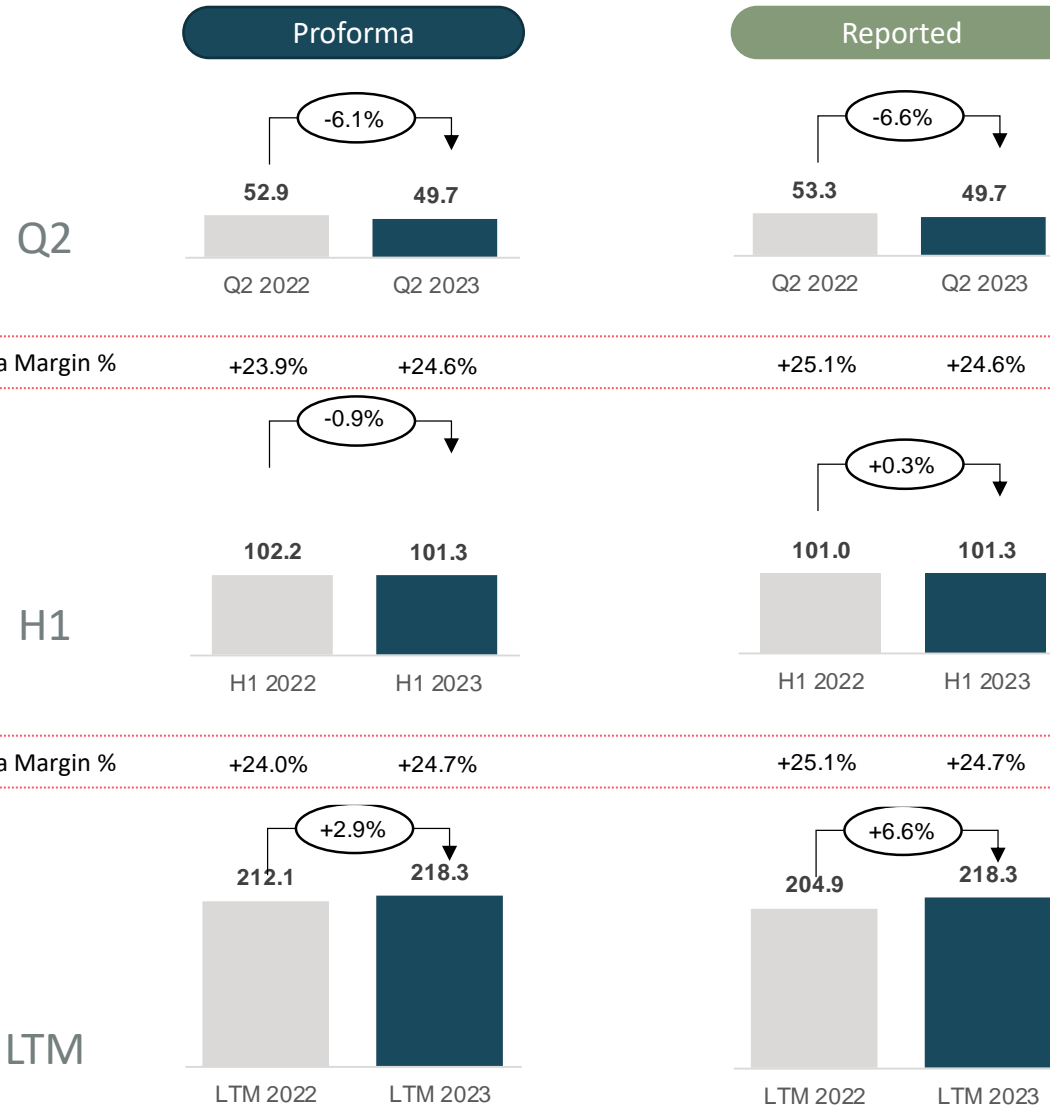
GMV
€ 464m



H1 Proforma EBITDA⁽¹⁾ : stable vs LY with improved EBITDA margin (+70 bps)

EUR \ MLN

Ebitda Margin %



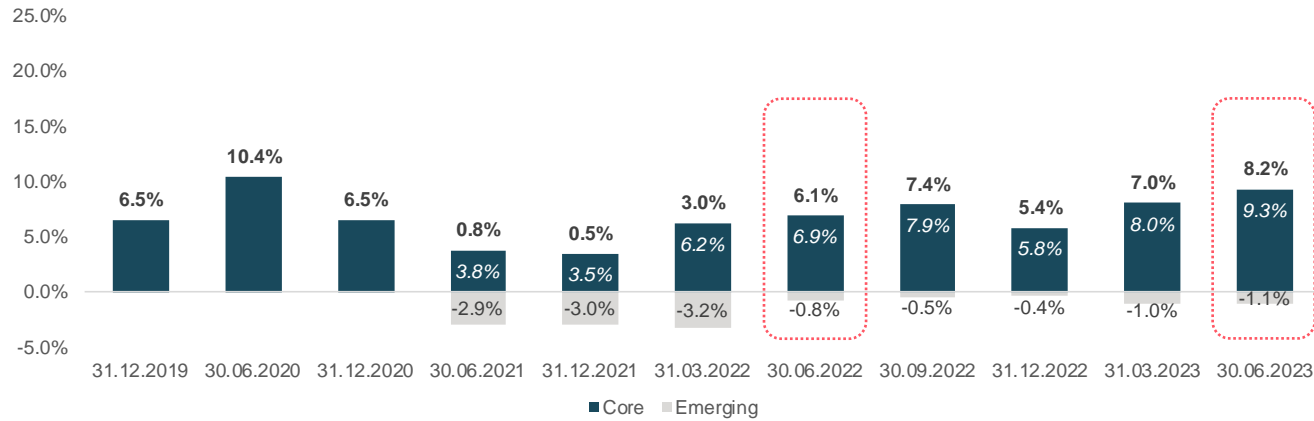
(1) EBITDA Adjusted is fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)

Group working capital and Capital expenditures

EUR \ MLN

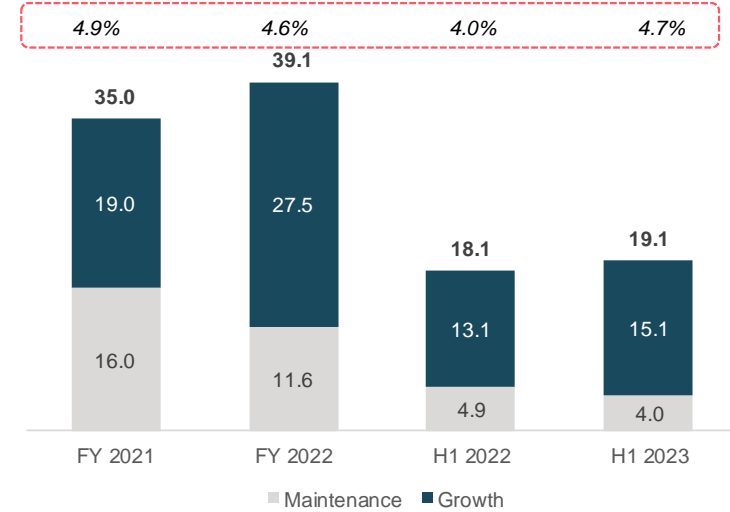
Reported

Group Working Capital on LTM Sales



Group Capital Expenditures

% on Group Revenues



Key Comments

- Group Working capital**
 - In H1 2023 the working capital absorption was 8.2% on the LTM revenues.
 - Vs H1 2022 the Increase is mainly related to lower trade payable and advances from customers due to soft order trend.
- Group Capital expenditures**
 - Capex: 19m in H1 2023, 4.7% on sales, aligned with the historical Group average. The Group is still investing in several initiatives behind the growth of direct to customer channels such as IT&Digital platforms, new DOS opening (whose effects will be more visible in the second part of the year), as well as other investments planned in production, supply chain and logistic.

Source: Company information

Slightly improved operating cash flow

Group cash flow statement and leverage

EUR \ MLN

Group cash flow Statement

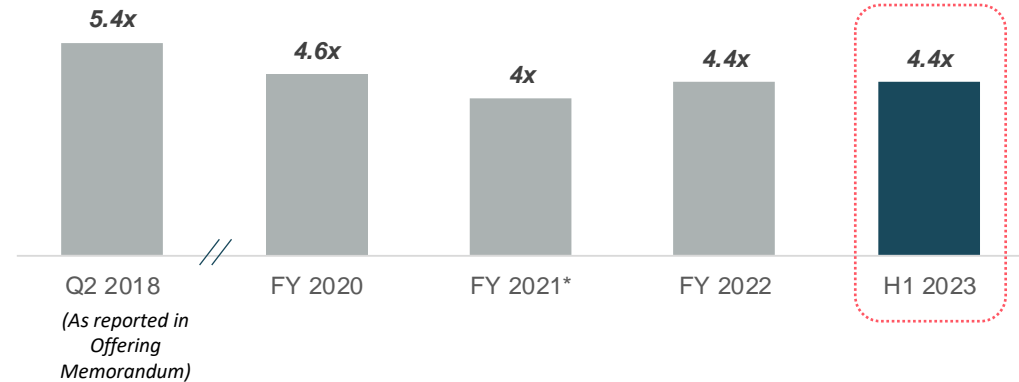
Reported

	June 30 2022	June 30 2023
EBITDA adj.	101.0	101.3
Capex payments	(16.9)	(17.8)
Taxes (cash)	(9.0)	(4.9)
Change in net working capital	(29.7)	(22.4)
Change in other assets and liabilities	(2.1)	(11.8)
Operating Cash Flow	43.4	44.4
M&A	1. (74.9)	(39.3)
Financial interest paid	2. (25.6)	(33.3)
Payment lease liability	(5.9)	(6.8)
Increase/(decrease) in financial payables	3. 3.3	35.4
Non recurring expenses, net	4. (11.7)	(10.0)
Dividends paid to minority interests	(1.2)	(0.7)
Cash flow from financing activities	(116.0)	(54.7)
Net change in cash	(72.7)	(10.3)

Main notes to the Group cash flow Statement

- M&A:** H1 2022 included the purchase price (Euro 75m) of Designers Company (AUDO); H1 2023 reported the first deferred price of the mentioned Company (Euro 39 m).
- Financial interest paid:** the main part refers to the payments made on February and May 2023 on floating and fixed bonds (Euro 28m in total). This line includes as well the interest expenses on lease liabilities and interests on the other loans, such as the RCF.
- Increase in financial payables:** the main part of the 35m refers to the drawdown of the existing RCF (revolving credit facility) for 29m in order to optimize cash management operations in all the brands of the Group.
- Non recurring (costs) and revenues:** see details in the appendix.

Leverage



Key Comments on Operating cash flow and Leverage

- Operating Cash flow:** Eur 44.4m in H1 2023, slightly above vs LY, represents 43% on Adj. EBITDA, benefitting from lower taxes and a lower absorption of working capital. Change in other assets mainly impacted by negative effects of exchange rate translation on balance sheet items.
- Net change in Cash flow:** Euro -10.3 m vs -72.7m of last year. H1 2022 included the first payment for Audo's acquisition. In the period the Group experienced higher interests on debts (Euribor 3months exceeded 3% in the period, while it was negative in H1 2022) and an increase in financial payables: on January 2023 the Group paid the first deferred price of the Audo acquisition (Euro 39 m) and, at the same time, made a drawdown of the existing RCF (29m) in order to optimize cash management operations in all the brands of the group. Lastly, Lease liability reported higher payments due to DTC expansion plan.
- Leverage:** Total net debt on the LTM proforma Adjusted EBITDA flat at 4.4x compared to December 31, 2022 (Q1 2023 was 4.4x too).

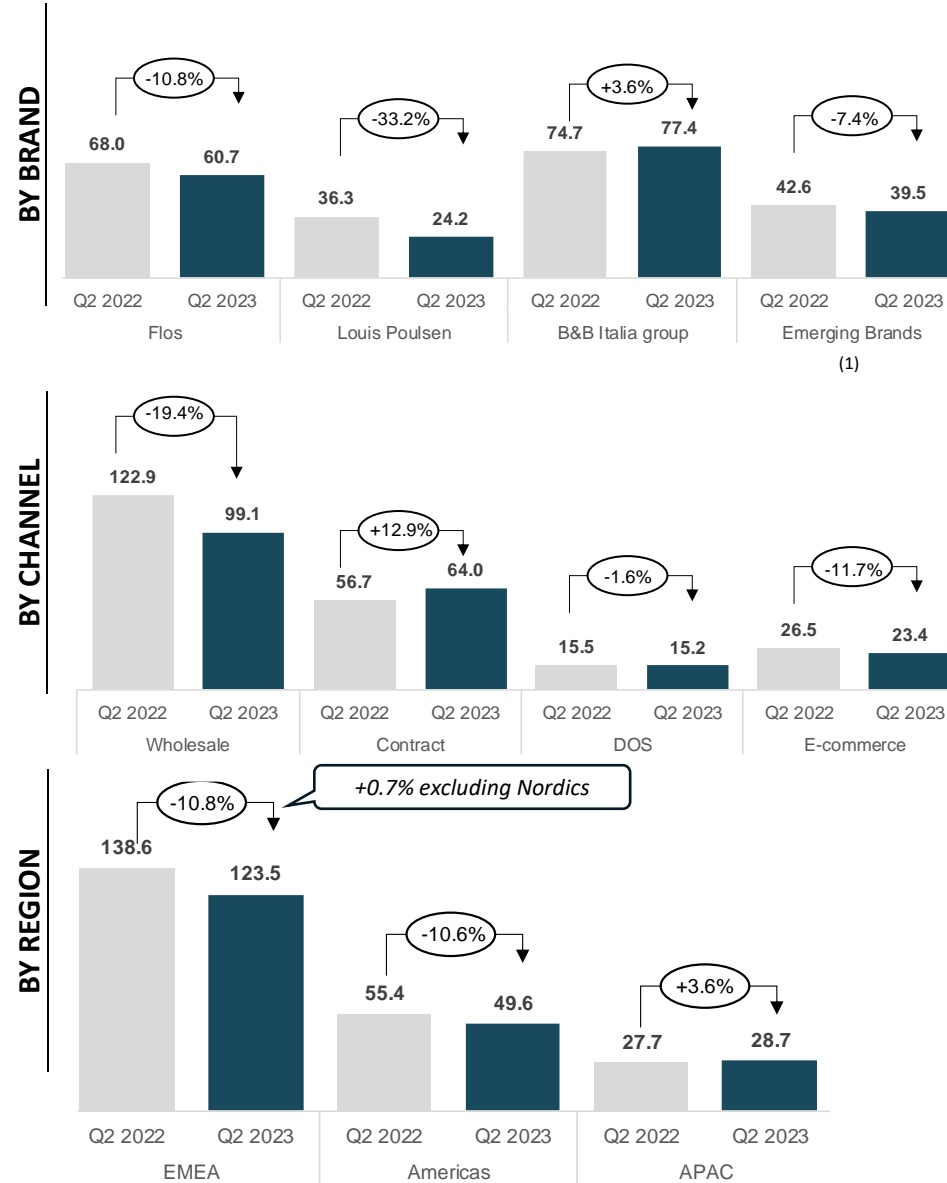
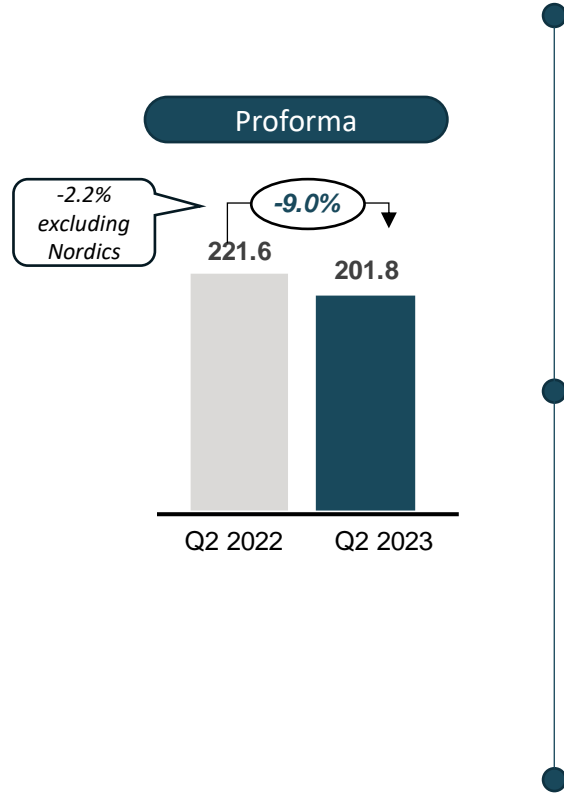


Q&A

APPENDIX

Proforma Revenues Q2 2023

EUR \ MLN



(1) **Emerging Brands** includes Fendi Casa, Audo and Lumens (with dropship model: when Lumens sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent),

Profit and Loss (reported) and Net financial position

EUR \ MLN

Reported

Profit and Loss reported

Profit and loss	H1 2023	H1 2022
Revenues	411.3	404.9
Operating expenses	(310.0)	(303.9)
Non-recurring costs and revenues	(10.0)	(11.7)
EBITDA reported	91.3	89.4
D&A of tang. and Intang. & RoU Depr.	(25.8)	(21.0)
Operating Result - EBIT reported	65.6	68.4
Financial income / Charges	(36.9)	(28.5)
Taxation	(8.4)	(13.1)
Net income / (loss) for the period	20.2	26.9

Revenues for the 6 months 2023 include:
 - Eur 410.2m as revenues from contracts with customers
 - Eur 1.1m. as other revenues and income

Reconciliation: Ebitda reported vs. Ebitda Adj

Profit and loss	H1 2023	H1 2022
EBITDA reported	91.3	89.4
Non-recurring income and charges	10.0	11.7
EBITDA	101.3	101.0
D&A of tang. and Intang. & RoU Depr.	(25.8)	(21.0)
Operating result - EBIT	75.6	80.1

For H1 2023 the **non recurring (costs) and revenues** are detailed as follows:

- Management fees and other to DH: -4.8m.
- Group compliance enhancement project: -2.1m.
- Rebranding Designers Company in AUDO: -0.3 m.
- Severance, termination and recruiting one-off: -3m.
- Start-up and rump-up costs (DOS opening and new business): +1.2m., impacted positively by the sale of a real estate in Rome.
- Reversal of PPA on inventory: -1.2m.
- Other +0.1m. During the period, an associated company of the B&B Group has been liquidated; a provision for risks and charges was booked in the past and consequently released following the closure of the liquidation process.

Net Financial Position (NFP)

Net Financial Position	June 30 2023	December 31 2022
Cash and cash equivalents	(78.0)	(88.3)
Senior Secured Notes	870.0	870.0
RCF and Short-Term loan	67.8	33.4
Deferred Price on acquisition - short term	1.3	40.7
Deferred Price on acquisition - long term	18.1	18.1
Current and non-current lease liabilities	86.4	91.1
Total net debt	965.6	965.0
<i>EBITDA LTM</i>	218.3	219.3
Leverage	4.4x	4.4x

Differently from the financial statements report this NFP does not include:
 accrued interests on loans and the amortized costs.

On January 2023 the Group paid the **first deferred price** related to the acquisition of **Audo** (made in May 2022).

IFRS Consolidated Statement of Financial Position

H1 2023 Results

EUR \ MLN

Reported

Assets

	June 30 2023	December 31 2022
Cash and Short-Term deposits	78,016	88,328
Trade Receivable	85,709	86,961
Inventories	167,625	160,605
Tax current asset	20,332	14,245
Other current assets	15,544	13,088
Current Assets	367,227	363,227
Goodwill	1,309,435	1,312,315
Brands and other intangible assets	670,482	669,853
Property, plant and equipment	116,342	117,638
Right-of-use assets	75,809	81,683
Investments in joint ventures and associates	40,609	40,528
Deferred tax assets	29,299	28,496
Other non-current assets	8,301	11,667
Non-Current Assets	2,250,278	2,262,181
Assets held for disposal	2,011	2,011
Total Assets	2,619,516	2,627,419

- **Cash and Short-term deposits** The decrease in Cash is related to the payment of the first deferred price of the AUDO acquisition for some Euro 39 million. At the same time the Group made a drawdown of the existing RCF (revolving credit facilities) in order to guarantee the minimum cash for the operations in all the brands of the Group.
- **Goodwill:** No additional goodwill has been recognized in the period. The changes compared to December 31, 2022 are only related to the exchange rates: for the purposes of the PPA the goodwill emerging from the acquisitions of Louis Poulsen, Lumens (YDesign Group) and Audo were recognized in their local currency and this implies that goodwill fluctuates based on exchange rates with Euro.

Liabilities and Equity

	June 30 2023	December 31 2022
Share capital	5,102	5,102
Share premium reserve and other reserves	1,108,991	1,065,953
Profit/(loss) of the period	21,249	48,860
Group Shareholders' Equity	1,135,342	1,119,916
Minority shareholders' equity	3,049	4,109
Profit/(loss) of the period attributable to minority interests	(1,034)	(1,043)
Equity attributable to non-controlling interests	2,015	3,066
Total Equity	1,137,356	1,122,982
Current financial liabilities	73,127	76,417
Current lease liabilities	14,963	14,759
Trade payables	135,845	145,322
Advance from Customers	47,615	55,310
Current Tax liabilities	29,199	19,951
Other Current Liabilities	38,835	44,913
Current Liabilities	339,585	356,671
Non-current financial liabilities	879,928	877,655
Non-current lease liabilities	71,465	76,302
Defined benefit plans	6,786	7,030
Provisions for risks and charges	11,826	13,326
Deferred tax liabilities	166,272	167,553
Other non-current liabilities	6,297	5,900
Non-Current Liabilities	1,142,574	1,147,766
Total Liabilities	1,482,159	1,504,437
Liabilities and Shareholders' Equity	2,619,515	2,627,419