

International Design Group

Q3 2023 RESULTS

November 29, 2023
13.30 CET (12:30 UK)

Design
Holding

International Design
Group



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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

9month 2023: Ebitda margin improvement (from 23.7% to 25%), despite sales contraction

Proforma⁽¹⁾ Financial Results

REVENUES⁽²⁾



@ constant currency
-8.5% vs 2022

EBITDA adj⁽³⁾



EBITDA margin 25%

EBIT adj⁽³⁾



EBIT margin 18.3%

Cash conversion⁽⁴⁾

€ 103.9 m
81% on EBITDA adj.

Leverage⁽⁵⁾

4.5x
as of September 30, 2023

(1) 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.

Enhanced brands' desirability through exhibitions and designers' storytelling



Taccia by Flos and Le Bambole by B&B Italia in the collective exhibition "ICONE. Voices of Design Made in Italy", Dubai



"Designers' Saturday" event, Oslo. Philippe Malouin's talk about his new designs for Flos.



London Design Festival. New B&B Italia and Maxalto products displayed at B&B Italia flagship store, London.



Lumens' Design Experience event, three days of exhibitions, discussions and live activations for the A&D community, NY.

Curated displays and in store live activations engaging A&D and final customers



Maxalto new collection 2023 @Maxalto Stores



«Peekasit Journey» @Fendi Casa Flagship Store in Milan



Louis Poulsen «Pale Rose pop-up exhibition» in Singapore



Pop-up exhibition «Mario Bellini Masterpieces» @ B&B Italia Store in Taiwan

Accelerating the development of wholesale “Branded spaces” across all geographies and brands

MONOBRAND



Fendi Casa – LA/US



B&B Italia – Jinan/China



B&B Italia – Dublin/Ireland



Louis Poulsen – Taipei/Taiwan

- **+21 new openings** YTD September 2023: Jinan, Taipei, Panama City, London, Dublin, Toronto, Seoul, Busan, Mexico City, etc.
- **140 Monobrand** YTD September 2023

SHOP IN SHOP



Louis Poulsen – Shanghai/China



B&B Italia – Denia/Spain



Flos – Taichung/Taiwan

- **+60 new openings** YTD September 2023: Shanghai, Denia, Taichung, Seoul,...
- **900 SIS** YTD September 2023

Fendi Casa is consolidating its strategy with a focus on its expansion in China and US

NEW FENDI CASA STORE IN SHANGHAI



- First DOS opened in China, in Shanghai in the very central Jing'an District.
- New Monobrand store has opened in Los Angeles.
- Further increase visibility of Fendi Casa: new Instagram account, launch of fenticasa.cn and media coverage in key countries.
- Omnichannel activations, such as “Peekasit” prestigious limited editions, in top Fendi Casa stores.
- Robust pipeline of contract projects.

DIGITAL AND OMNICHANNEL ACTIVATIONS



Fendi Casa – Instagram



Wallpaper* China – media coverage



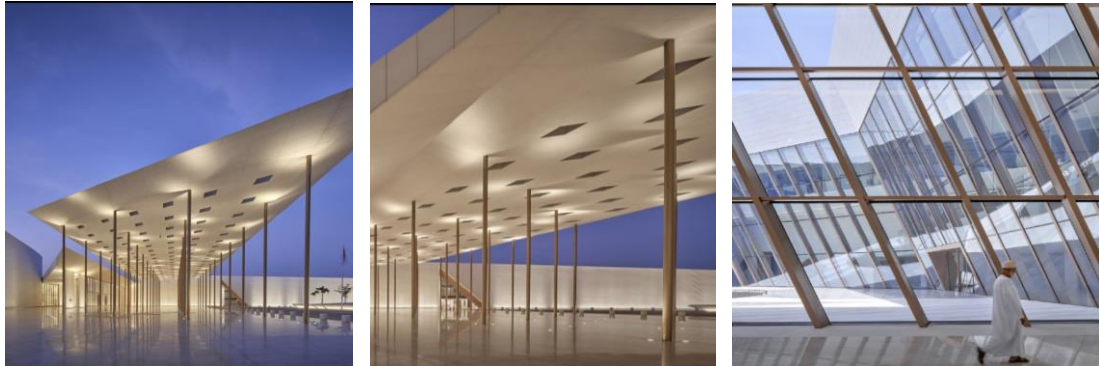
Peekasit Shanghai Edition



www.fenticasa.cn (new website)

Solid pipeline of 12.000 projects and new prestigious high-end contract developments finalized in public spaces, high-end residential, hospitality and retail segments

The Oman Across Ages Museum, Oman – Louis Poulsen



One Bangkok, Thailand, Residential development – B&B Italia and Arclinea



Bulgari Boutique , ww roll-out – Maxalto



Birch Hotel, Selsdon Croydon, UK– Audo



LVATE Face, Aesthetics, Germany – Audo

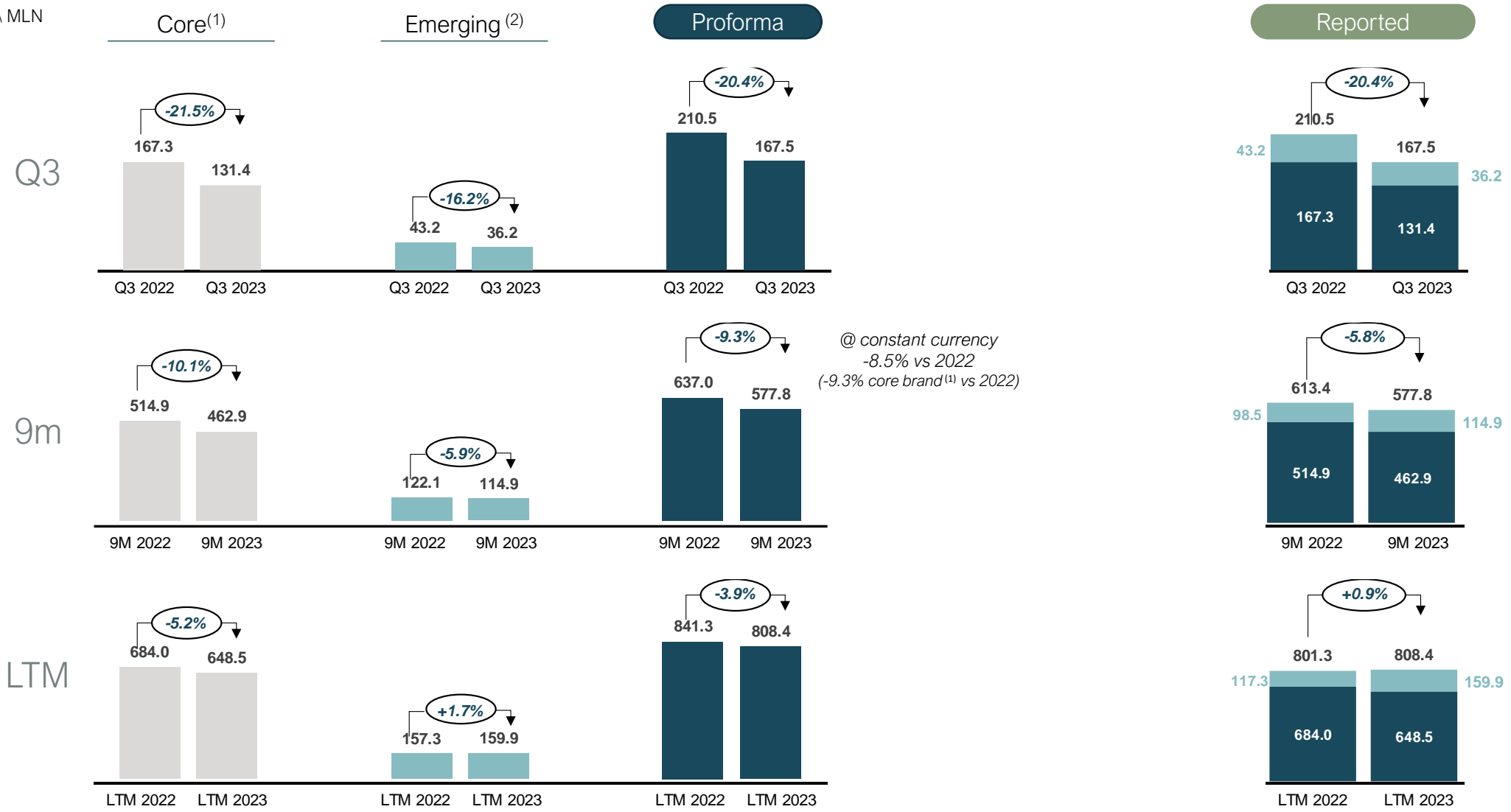


Revenues and EBITDA

9m Revenues: normalization after 2 years of accelerated double digit growth

Revenues Proforma and Reported

EUR \ MLN

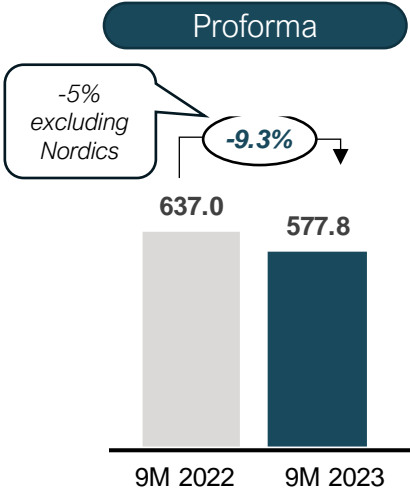


(1) **Core:** Core brand includes FLOS, Louis Poulsen and B&B Italia
 (2) **Emerging:** Emerging brand includes LUMENS (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Audo

Strong comps vs last year; contract and DOS still positive in the 9 months 2023

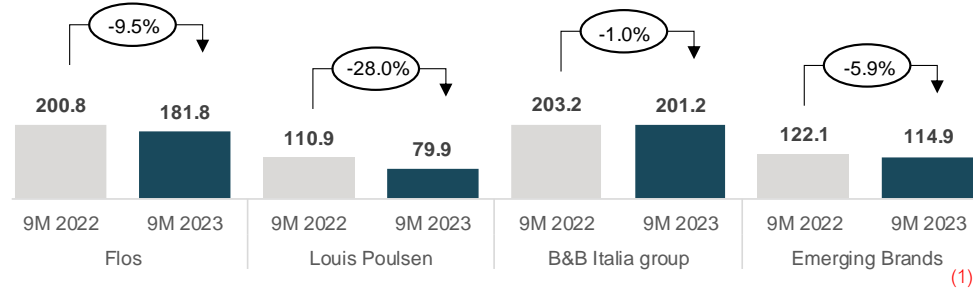
9m 2023 Proforma Revenues

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),

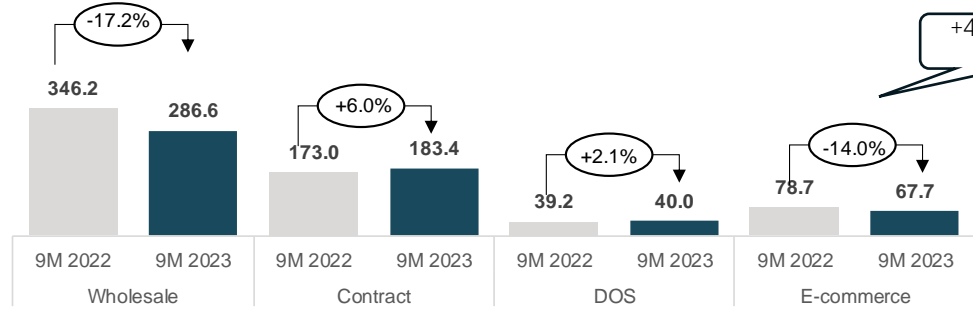
BY BRAND



Key Comments

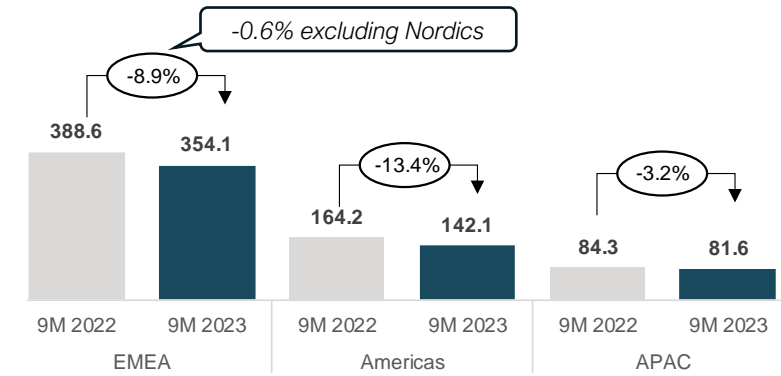
- By brand:
 - B&B Group slightly below previous year thanks to strong backlog in first half year. Louis Poulsen down 28% due to negative macro economics and the low consumer spending and confidence in the Nordics (Denmark, Sweden and Norway all down double digit). FLOS and emerging brands still down single digit, despite a weaker Q3.

BY CHANNEL



- By channel:
 - Contract and DOS are positive in the 9 months 2023, +6% and +2.1% respectively, in line with our distribution strategy to accelerate the Direct-to-Customer. E-commerce channel is growing excluding Lumens trend that was impacted by exchange rates and by mix of drop shipping sales vs LY. Lumens, at GMV sales at constant currency, has improved in Q3.

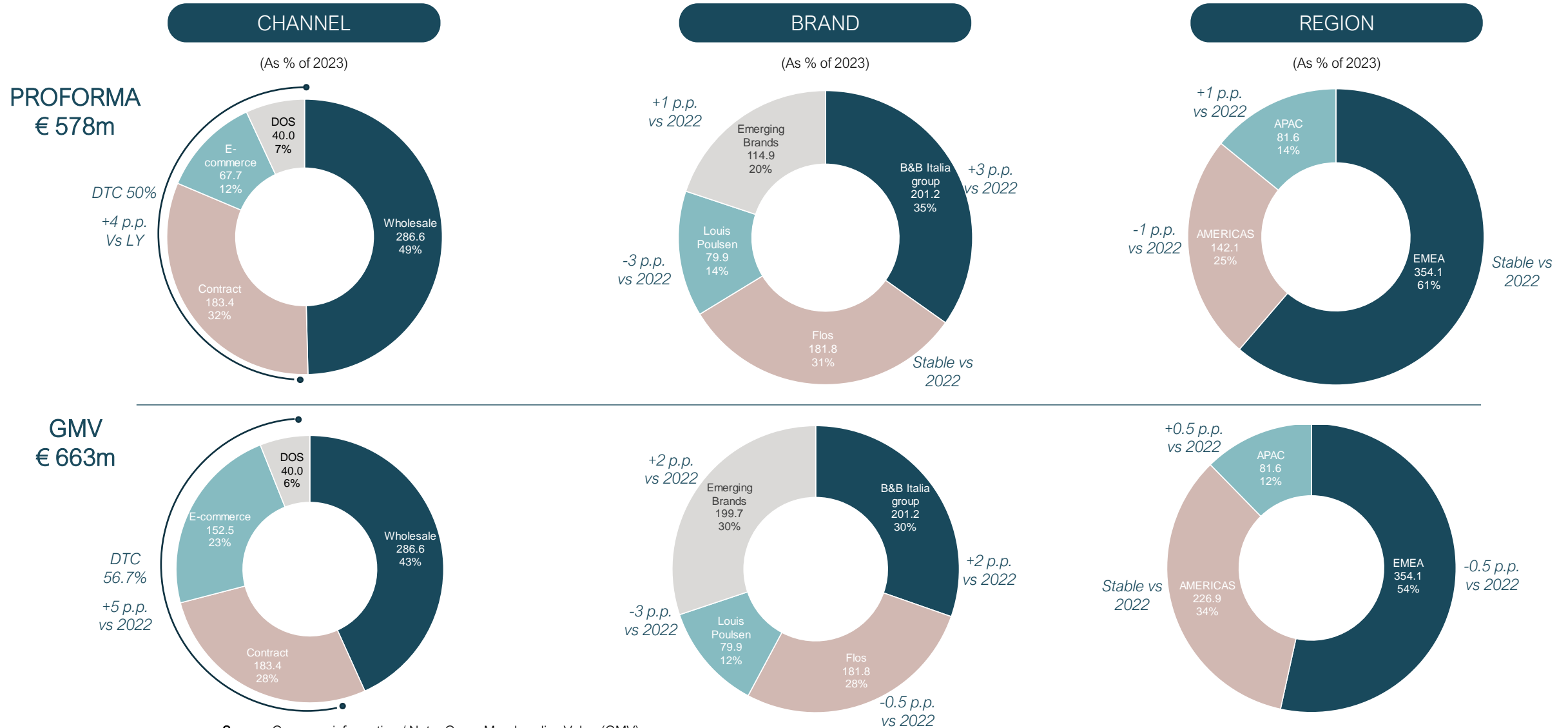
BY REGION



- By region:
 - All Geo are contracting vs the same 9 months of last year.
 - EMEA, driven by the Nordics, and Americas are down due to market conditions. However, is worth nothing that some key regions like Italy and Middle East were up single digit up.
 - APAC down 3% vs LY, however some regions are growing vs LY (China, Singapore, Thailand, India).

Mix vs 9m 2022: Direct To Consumer accounts for ~50% of sales (+400BP vs LY)

Proforma Revenues

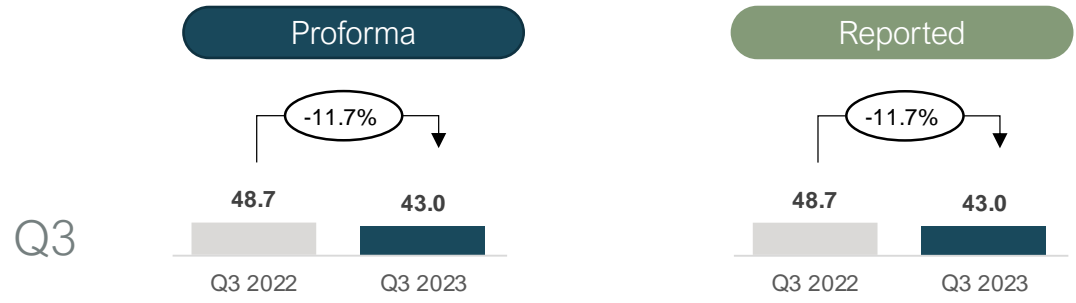


In Q3 and 9m EBITDA margins improved above 25%, despite sales contraction

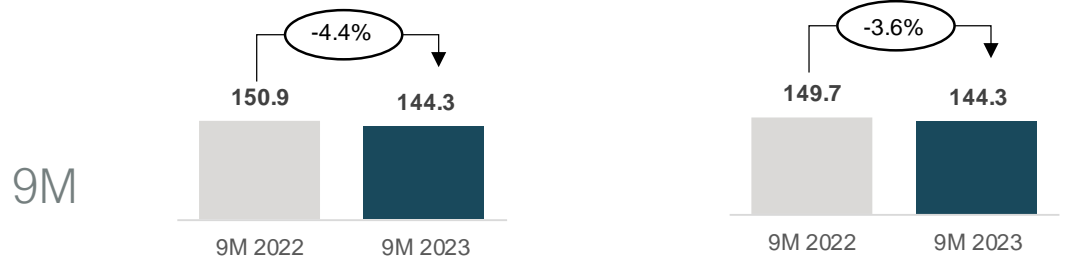
9m Proforma EBITDA ⁽¹⁾

EUR \ MLN

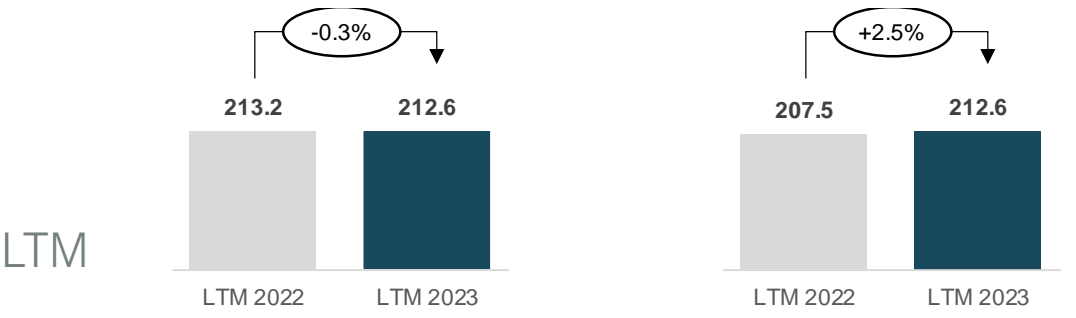
Ebitda Margin %



Category	Q3 2022	Q3 2023
Ebitda Margin %	+23.1%	+25.7%



Category	9M 2022	9M 2023
Ebitda Margin %	+23.7%	+25.0%



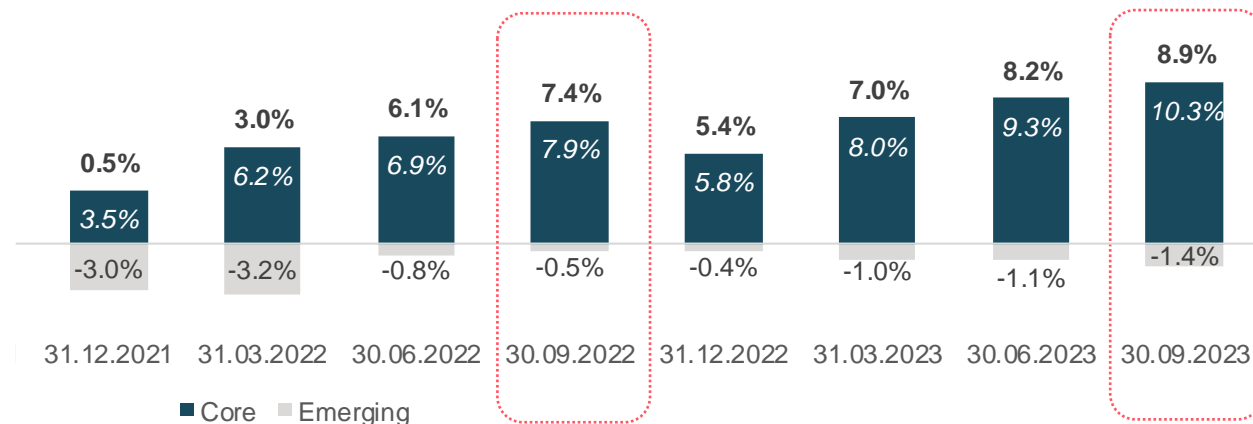
Category	LTM 2022	LTM 2023
Ebitda Margin %	+25.3%	+26.3%

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

EUR \ MLN

Reported

Group Working Capital on LTM Sales



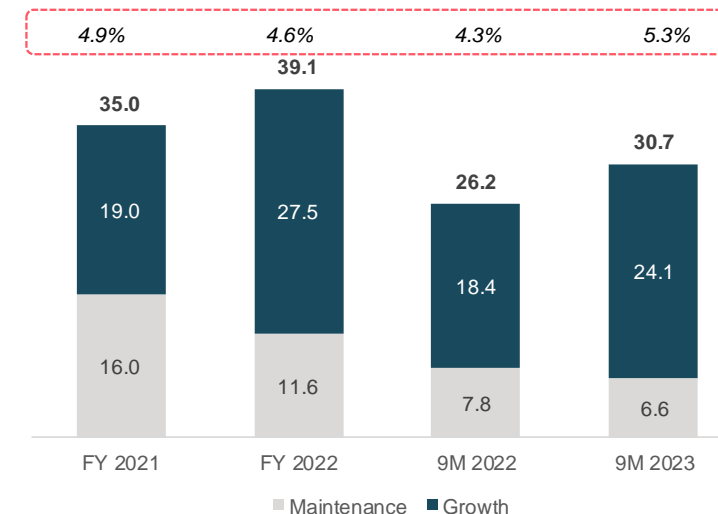
Group Working capital

In the 9 months of 2023 the **working capital absorption was 8.9% on the LTM revenues**. Vs the same period of 2022 (7.4%) the net working capital increase is mainly related to lower trade payable and advances from customers due to soft order trend. Inventory is Euro 5m below 2022

Source: Company information

Group Capital Expenditures

% on Group Revenues



Group Capital Expenditures

Capex: Euro 30.7m in the 9 months 2023, 5.3% on LTM sales, higher than 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, as well as other investments planned in production, supply chain and logistic.

The Capex increase of the 9 months 2023 were mainly related to DOS, especially in US, whose opening was planned in H2 2023.

Slightly improved operating cash flow

Group cash flow statement and leverage

EUR \ MLN

Group cash flow Statement

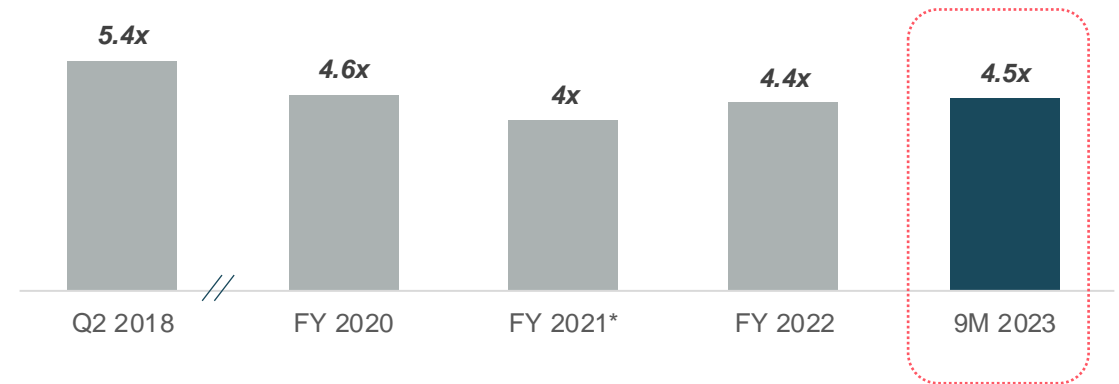
Reported

	September 30 2022	September 30 2023	
EBITDA adj.	149.7	144.3	
Capex payments	(23.4)	(24.7)	
Taxes (cash)	(10.0)	(8.4)	
Change in net working capital	(39.5)	(25.8)	
Change in other assets and liabilities	(11.0)	(16.4)	1.
Operating Cash Flow	65.9	69.0	
M&A	(74.9)	(39.3)	2.
Financial interest paid	(33.0)	(46.0)	3.
Payment lease liability	(9.2)	(10.2)	
Increase/(decrease) in financial payables	5.0	22.2	4.
Non recurring expenses, net	(15.3)	(16.3)	5.
Dividends paid to minority interests	(1.2)	(0.9)	
Cash flow from financing activities	(128.8)	(90.4)	
Net change in cash	(62.9)	(21.4)	

Group cash flow Statement

- Change in other assets and liabilities:** main impact was related to the increase in Tax receivables for the fiscal consolidation, receivables for prepaid taxes, reduction of payables vs employee, payables for royalties and currency translation of balance sheet items.
- M&A:** 2022 included the purchase price (Euro 75m) of Designers Company (AUDO), while in 2023 the first deferred price of the mentioned Company was paid in January 2023 (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 37m in total). This line includes as well the interest expenses on lease liabilities (IFRS16) and interests on the other loans, such as the RCF.
- Increase in financial payables:** the main part of the 22m refers to the drawdown of the existing RCF (revolving credit facility) for 19m in order to optimize cash management operations in the Group (10m reimbursed in Q3).
- Non recurring expenses:** see details in the appendix, pag 20.

Leverage



Key Comments on Operating cash flow and Leverage

- Operating Cash flow:** Euro 69m in 9m 2023, slightly above vs LY (65.9m), represents 47.8% on the Adj. EBITDA (44% in the 9 months 2022), benefitting from lower taxes and a lower absorption of working capital. The change in other assets and liabilities (16.4m) is explained in point 1. on the left.
- Net change in Cash flow:** Euro -21.4 m vs -62.9m of the same period of last year. In the 9 months of 2022 it was 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 9m 2022) and an increase in financial payables: in 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, then reimbursed for 10 million in Q3). Lastly, Lease liability reported higher payments due to DTC expansion plan.
- Leverage:** Total net debt on the LTM proforma Adjusted EBITDA almost flat at 4.5x compared to December 31, 2022 (4.4x).

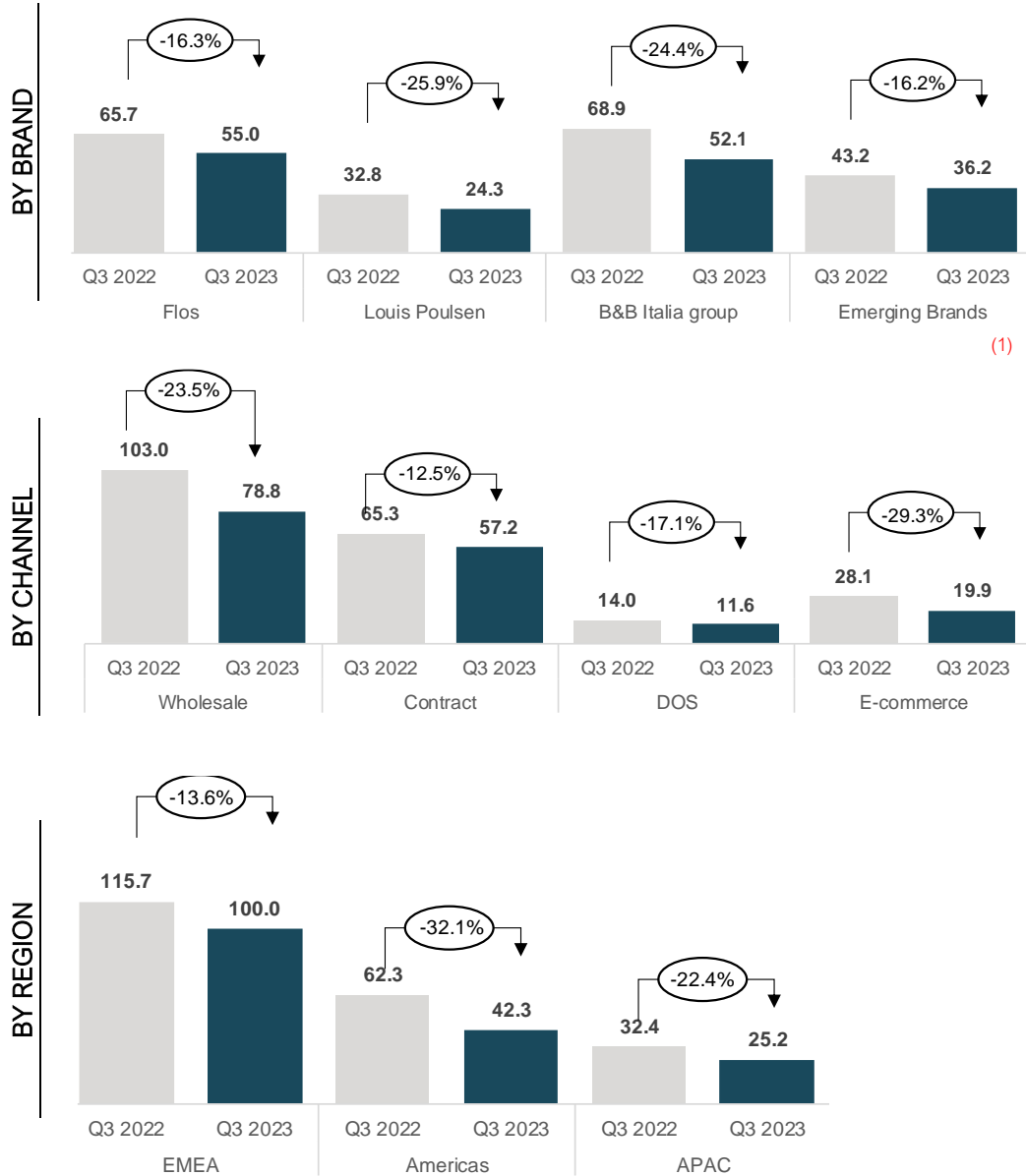
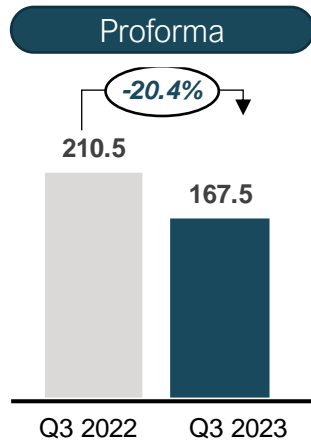


Q&A

APPENDIX

Proforma Revenues Q3 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 and Net financial position

Reported figures

EUR \ MLN

Reported

Profit and Loss reported

Profit and loss	2022	2023
Revenues	615.9	581.6
Operating expenses	(466.2)	(437.0)
Non-recurring costs and revenues	(15.3)	(16.5)
EBITDA reported	134.4	128.0
D&A of tang. and Intang. & RoU Depr.	(32.8)	(39.0)
Operating Result - EBIT reported	101.6	89.1
Financial income / Charges	(42.9)	(56.1)
Taxation	(19.7)	(8.9)
Net income / (loss) for the period	39.0	24.0

Revenues for the 9 months 2023 (581.6m) include:

- Eur 577.8m as revenues from contracts with customers
- Eur 3.8m. as other revenues and income

For the 9m 2023 the **non recurring (costs) and revenues** are detailed as follows:

- Management fees and other to DH: -7.4m.
- Group compliance enhancement project: -2m.
- Rebranding Designers Company in AUDO: -0.5 m.
- Severance, termination and recruiting one-off: -4.5m.
- Start-up and rump-up costs (DOS opening and new business): +0.3m. (revenues, positively impacted by the sale of a real estate in Rome).
- Reversal of PPA on inventory: -1m.
- Other -1.5m.

Reconciliation: Ebitda reported vs. Ebitda Adj

Profit and loss	2022	2023
EBITDA reported	134.4	128.0
Non-recurring income and charges	15.3	16.5
EBITDA	149.7	144.6
D&A of tang. and Intang. & RoU Depr.	(32.8)	(39.0)
Operating result - EBIT	116.9	105.6

Net Financial Position (NFP)

Net Financial Position	December 31 2022	September 30 2023
Cash and cash equivalents	(88.3)	(66.9)
Senior Secured Notes	870.0	870.0
RCF and Short-Term loan	33.4	58.8
Deferred Price on acquisition - short term	40.7	0.1
Deferred Price on acquisition - long term	18.1	19.3
Current and non-current lease liabilities	91.1	84.0
Total net debt	965.0	965.3
<i>EBITDA LTM</i>	219.3	212.9
Leverage	4.4x	4.5x

Leverage: Total net debt on the LTM proforma Adjusted EBITDA

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

On January 2023, the Group paid the **first deferred price** related to the AUDO's acquisition (made in May 2022).

IFRS Consolidated Statement of Financial Position

9m 2023 Results

EUR \ MLN

Reported

Assets

	December 31 2022	September 30 2023
Cash and Short-Term deposits	88,328	66,885
Trade Receivable	86,961	83,910
Inventories	160,605	167,779
Tax current asset	14,245	21,553
Other current assets	13,088	16,717
Current Assets	363,227	356,844
Goodwill	1,312,315	1,311,954
Brands and other intangible assets	669,853	668,207
Property, plant and equipment	117,638	118,442
Right-of-use assets	81,683	72,987
Investments in joint ventures and associates	40,528	40,610
Deferred tax assets	28,496	30,381
Other non-current assets	11,667	8,024
Non-Current Assets	2,262,181	2,250,606
Assets held for disposal	2,011	2,011
Total Assets	2,627,419	2,609,461

Cash and Short-term deposits The decrease in Cash is mainly 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 net drawdown of the existing RCF (revolving credit facilities) for Euro 20 million (approx. 30 million drawn down in January and 10 million reimbursed in September 2023), in order to guarantee the minimum cash for the operations of the Group. For more details refers to pag 16 (Group Cash flow).

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

	December 31 2022	September 30 2023
Share capital	5,102	5,102
Share premium reserve and other reserves	1,065,953	1,108,530
Profit/(loss) of the period	48,860	25,243
Group Shareholders' Equity	1,119,916	1,138,875
Minority shareholders' equity	4,109	2,862
Profit/(loss) of the period attributable to minority interest:	(1,043)	(1,226)
Equity attributable to non-controlling interests	3,066	1,636
Total Equity	1,122,982	1,140,511
Current financial liabilities	76,417	69,140
Current lease liabilities	14,759	15,063
Trade payables	145,322	126,392
Advance from Customers	55,310	53,091
Current Tax liabilities	19,951	25,887
Other Current Liabilities	44,913	39,192
Current Liabilities	356,671	328,766
Non-current financial liabilities	877,655	882,385
Non-current lease liabilities	76,302	68,919
Defined benefit plans	7,030	6,618
Provisions for risks and charges	13,326	12,131
Deferred tax liabilities	167,553	164,233
Other non-current liabilities	5,900	5,898
Non-Current Liabilities	1,147,766	1,140,184
Total Liabilities	1,504,437	1,468,950
Liabilities and Shareholders' Equity	2,627,419	2,609,461