# International Design Group

# Q3 2022 results

25 November 2022

*14.30 CET (13:30 UK)*



Design Holding | International Design Group

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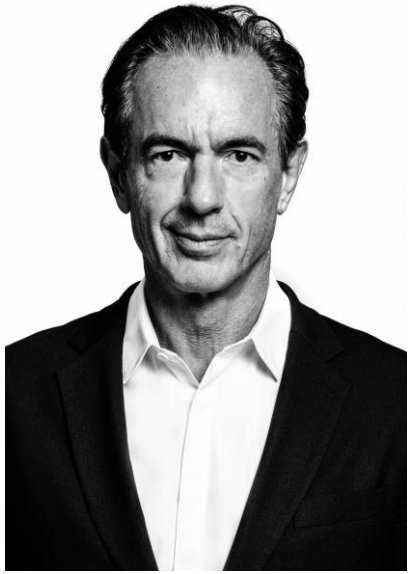
The Group Synergized EBITDA presented herein has not been subject to audit or review by auditors, consultants or experts and the adjustments and assumptions that have been used to prepare it may prove to be inaccurate or may be affected by other factors that have not been accounted for. Group Synergized EBITDA is based on a number of assumptions and estimates, including estimates with respect to certain cost savings and revenue synergies that the Group expects to generate from initiatives that have not been initiated as of the date hereof. These estimated savings and synergies are forward-looking by nature and therefore subject to a number of assumptions about the timing, execution and costs associated with implementing the underlying initiatives. Such assumptions are inherently uncertain and are subject to significant business, economic and competition factors which are difficult to predict and some of which are beyond our control.

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# Presenters today



## Daniel Lalonde

*CEO of Design Holding*

Design Holding | B&B Italia | Flos | Louis Poulsen | Fendi Casa
Maxalto | Azucena | Arclinea | Y Design Group | Menu | by Lassen



## Alessandro Poletto

*CFO of Design Holding*

Design Holding | B&B Italia | Flos | Louis Poulsen | Fendi Casa
Maxalto | Azucena | Arclinea | Y Design Group | Menu | by Lassen

# 9 months 2022
# Proforma(1) Financial Results

## REVENUES(2)

€ 637.0 m

+16.7% vs 2021
+11.9% core brand(4) vs 2021

(+38.5% vs 2019)

*@ constant currency*
*+14.2% vs 2021*
*+10.5% core brand(4) vs 2021*

## EBITDA adj(3)

€ 150.9 m

+6.7% vs 2021
+5.3% core brand(4) vs 2021

(+48.9% vs 2019)

EBITDA margin 23.7%

## EBIT adj(3)

€ 116.4 m

+6.1% vs 2021
+5.1% core brand(4) vs 2021

(+64.8% vs 2019)

EBIT margin 18.3%

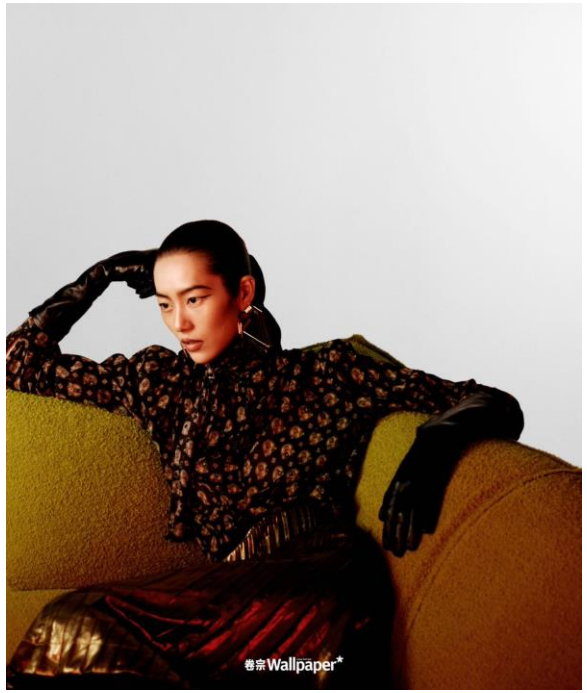
Cash conversion (5)
**€ 112.7 m**
83% on EBITDA adj.

Leverage(6)
**4.6x**
as of September 30, 2022

(1) H1 2022 proforma figures, prepared under IFRS Gaap, include LUMENS (YDesign Group) and Designers Company in both periods, despite the company's acquisition periods (YDesing Group at June 1, 2021; Designers Company at May 24, 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) Core Brand includes Flos, Louis Poulsen and B&B Italia
(5) Cash conversion: EBITDA adj pre IFRS16 – Capex paid in the period
(6) Leverage: for the purpose of this calculation it was included Euro 3.2 m of synergies to the LTM EBITDA of Euro 212.1 m. Leverage increased essentially for the cash used and deferred prices already recognized in the acquisition of Designers Company (May 24, 2022)

# Wallpaper China for B&B Italia is one of the latest examples of product launch campaign to enhance Brand desirability




**Le Bambole featuring Liu Wen**
**by Wallpaper China, September '22**
Wallpaper China's cover story pays homage to Le Bambole original advertising campaign.

Liu Wen – Weibo 26M Fan base,
5,7M followers on Instagram



# Design Holding is accelerating the development of "Branded spaces", with a strong focus on US, Middle East and Asia

Fendi Casa
New Flagship Store in Miami



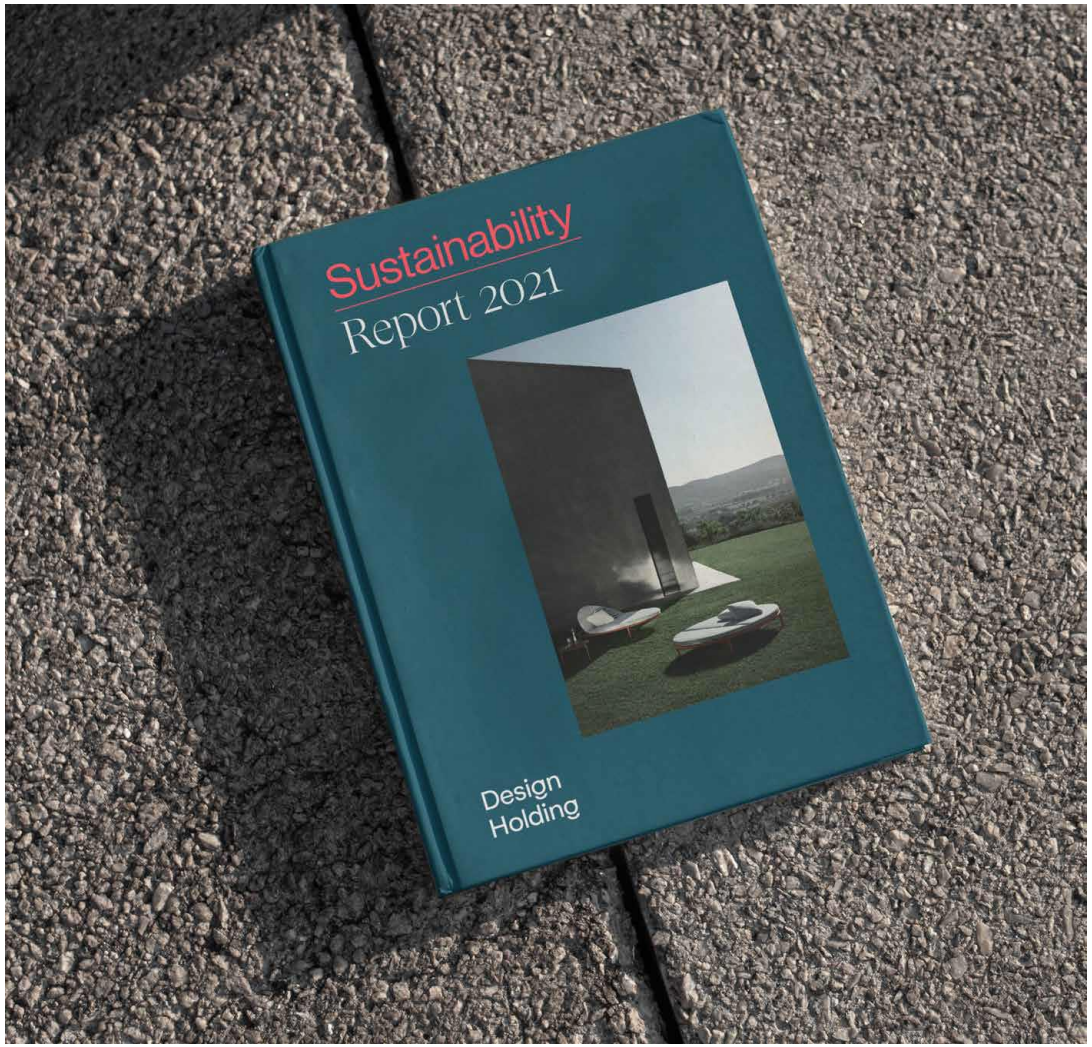

- The boutique in Miami spans 590 square metres, in the heart of the Miami Design District, is typified by a minimal façade in the shades of black and white. The space, structured on two levels, is characterized by the most iconic expressive codes of the Roman Maison, revisited in a contemporary key.

B&B Italia
B&B Italia Wenzhou (China) and B&B Italia Doha (Qatar)



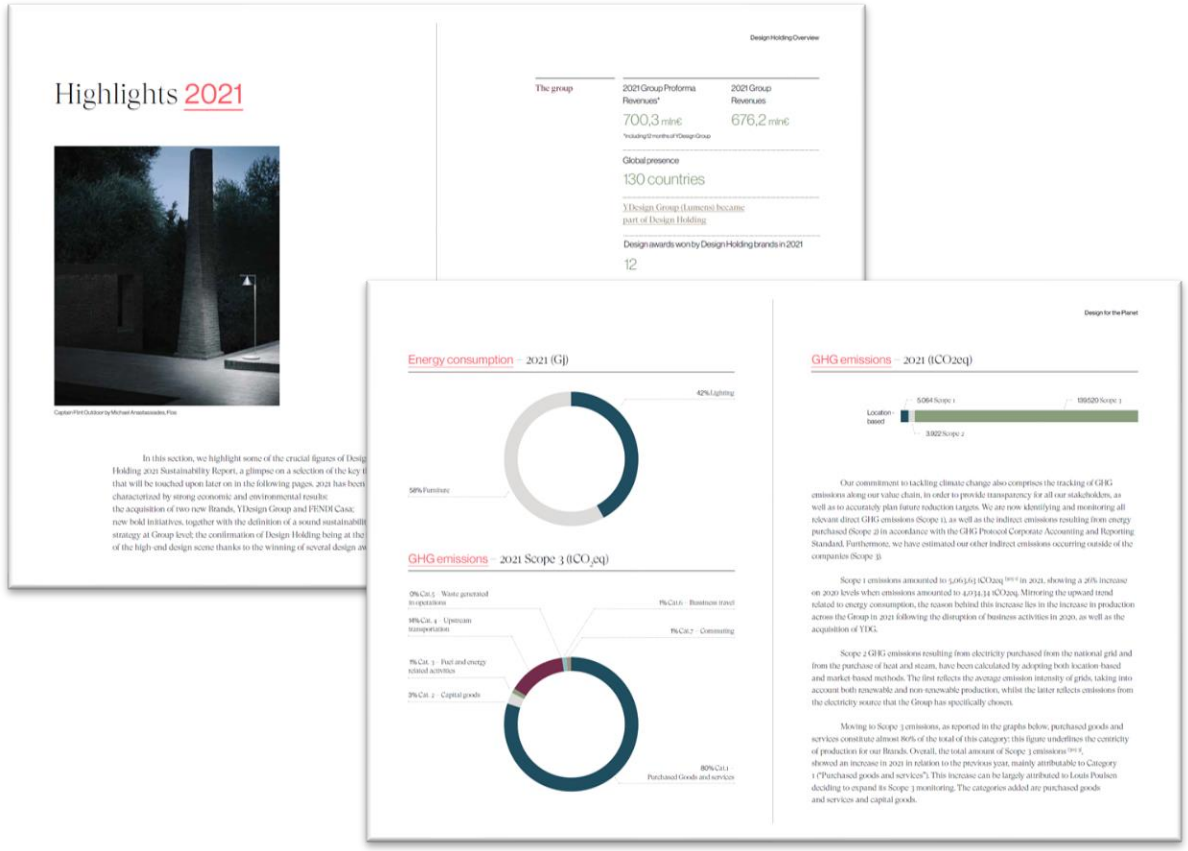

- B&B Italia is accelerating Monobrand Store openings to cover key design cities in Asia, Middle East and US. Latest examples are Wenzhou and Doha monobrand Stores.

# The 2021 Group Sustainability Report sets out Design Holding's sustainability strategy for the coming years, built on strong initiatives and measurable targets




The first Design Holding sustainability report published in September 2022.

- Group sustainability strategy: Design for the Planet, People and Culture
- Consolidated ESG results in 2021
- Ambitions and targets for the years to come, inspired by SBTi



# Latest examples of our leadership in high-end Contract business – Residential developments

ARCLINEA - The International – Auckland






- The International occupies a 2,500m2 site located on the ridgetop of 9 Princess Street overlooking the surrounding cityscape and harbour. The project consists of 81 one, two and three-bedroom units and 8 penthouse units fitted out with Arclinea Kitchens .

B&B ITALIA /ARCLINEA/FLOS – South Bank – Turks & Caicos

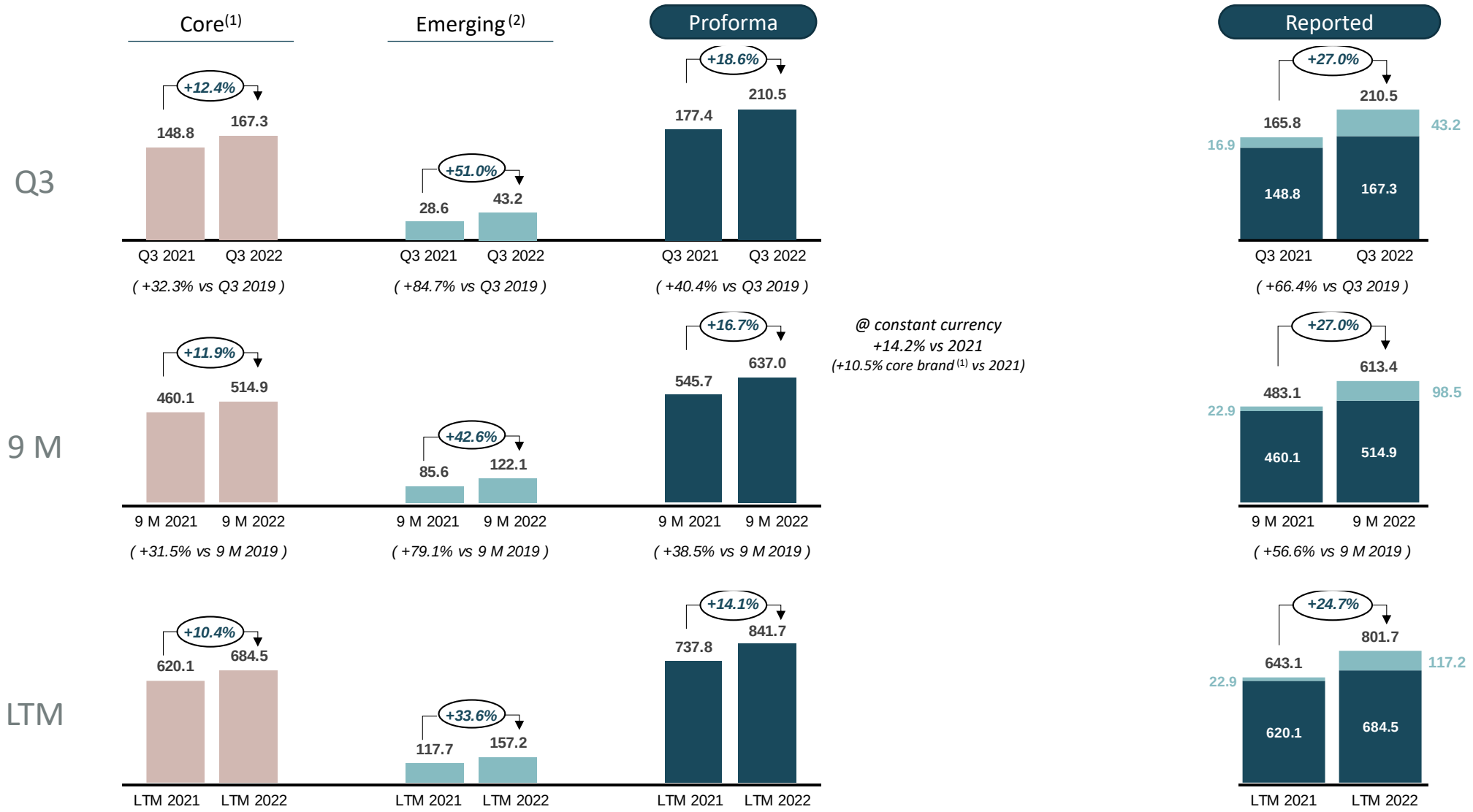





- Luxury waterfront development offering oceanfront and beachfront homes. The project consists of villas, some of them fitted out with B&B Italia, Arclinea and FLOS products.

# Revenues analysis
## Proforma and Reported

EUR \ MLN

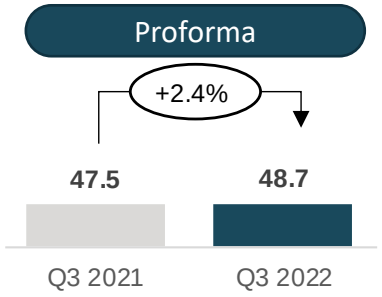


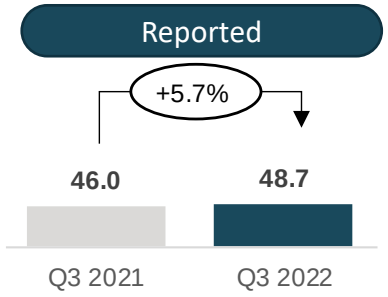

(1) Core: Core brand includes Flos, Louis Poulsen and B&B Italia
(2) Emerging: Emerging brand includes Lumens (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Designers Company

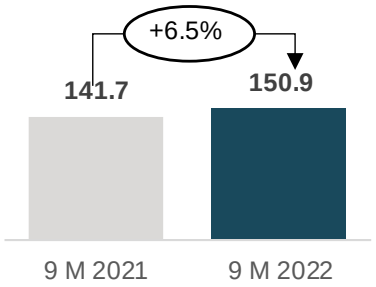
# EBITDA (1) adjusted
## Proforma and Reported

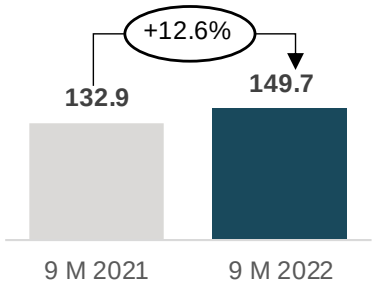
EUR \ MLN

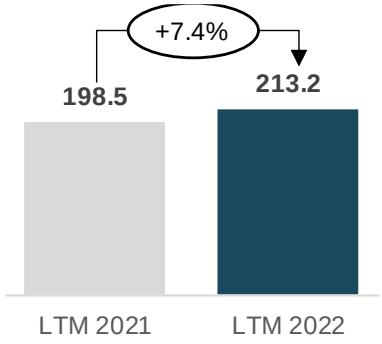
| | | Proforma | | Reported | |
|---|---|---|---|---|---|
| Q3 | Ebitda Margin % | +26.8% | +23.1% | +27.8% | +23.1% |
| | | *( +22.8% vs Q3 2019 )* | | *( +37.2% vs Q3 2019 )* | |
| 9 M | Ebitda Margin % | +26.0% | +23.7% | +27.5% | +24.4% |
| | | *( +48.9% vs 9 M 2019 )* | | *( +62.3% vs 9 M 2019 )* | |
| LTM | Ebitda Margin % | +26.9% | +25.3% | +28.5% | +25.9% |

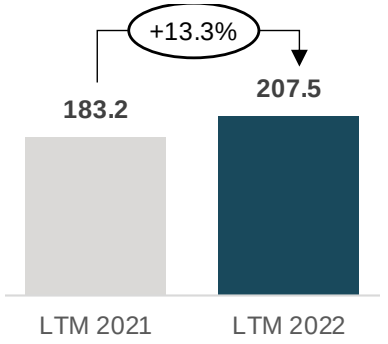


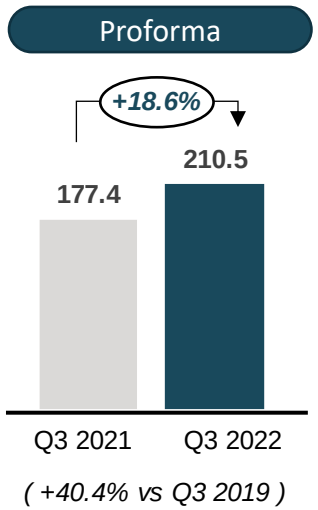




(1) EBITDA Adjusted is fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)

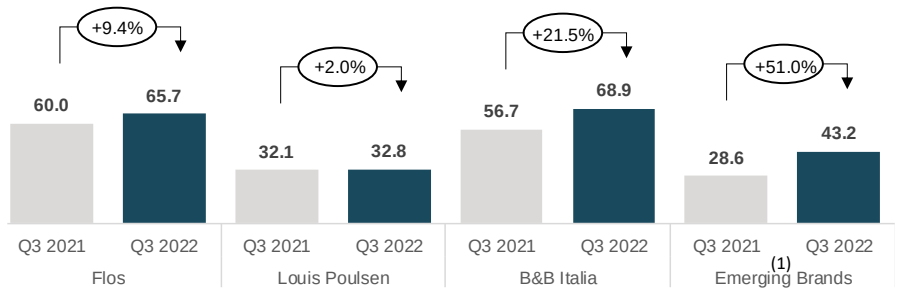
# Q3 2022
# Proforma Revenues

EUR \ MLN

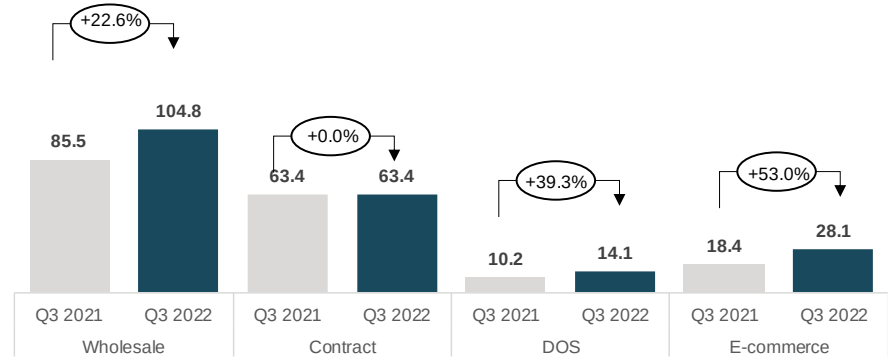



*( +40.4% vs Q3 2019 )*

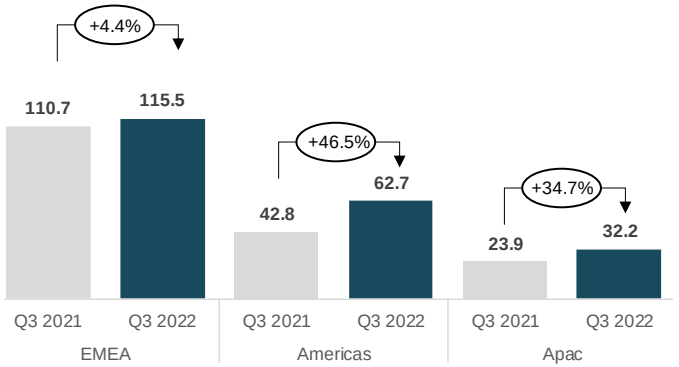
**BY BRAND**




**BY CHANNEL**




**BY REGION**



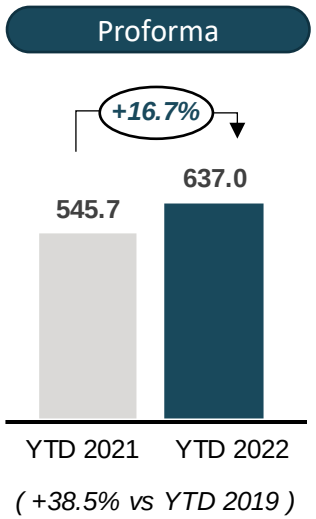

## Key Comments

- **By brand**:
  - core brands (FLOS, B&B Italia, Louis Poulsen) are reporting a growth vs Q3 2021. Louis Poulsen broadly in line with Q3 2021 since Nordics markets are facing sales slowdown due to low consumer confidence in the country due to the economic outlook uncertainty.
  - emerging brands positively impacted by the performance of LUMENS
- **By channel**:
  - all channels are reporting a good progress, contract in line with Q3 2021.
  - Wholesale, the main channel of the Group, is reporting an high double digit growth in the quarter. From January 1, 2022 the Contract channel is based on all the opportunities (quotation and sales) reported in the CRM database: to better compare 2022 figures with 2021, wholesales and contract channels have been restated
  - DOS is reporting an high growth, especially in America and UK, but it's also benefitting from new stores opening (like Fendi Casa).
  - E-commerce is benefitting by LUMENS
- **By region**:
  - the Group is posting good results in all regions.
  - EMEA is reporting a +4.4% growth vs. Q3 2021: in terms of regions Italy is up 19.6%, while Nordics are down 9% due to low consumer confidence in the area for adverse market condition.
  - AMERICAS leading the growth, positively impacted by the performance of LUMENS in the e-commerce and the DOS.
  - APAC is still reporting a double digit growth, with high growth in China (+39%) and Japan (+23%) mainly.

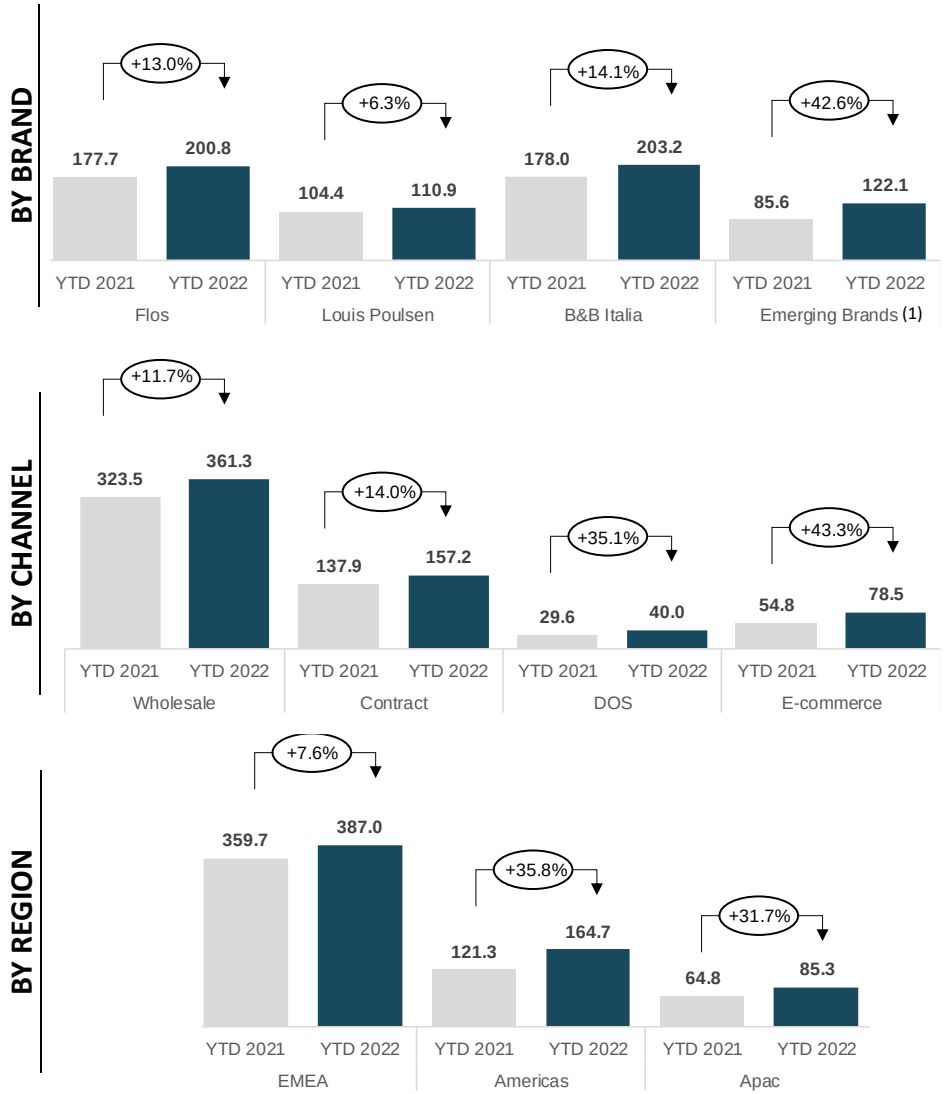
(1) Emerging Brands includes Lumens (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Designers Company
Greater China: China, Hong Kong, Macau, Taiwan

# 9 months 2022
## Proforma Revenues

EUR \ MLN




*( +38.5% vs YTD 2019 )*

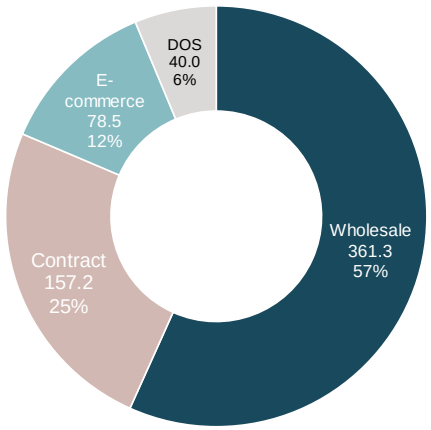
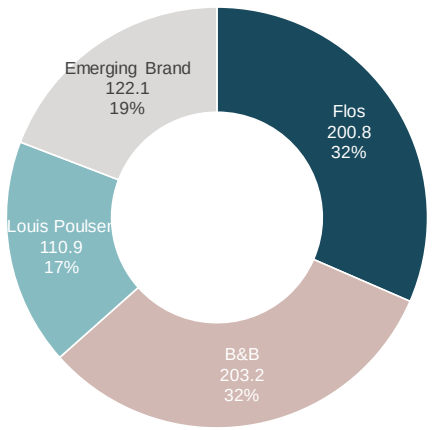
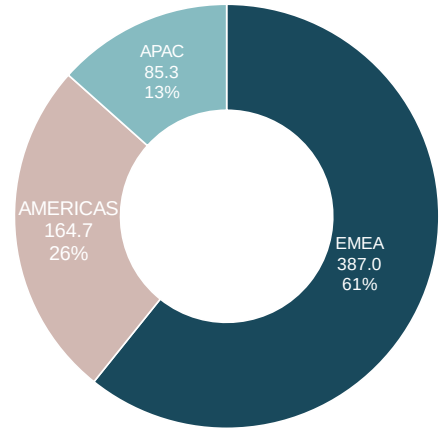
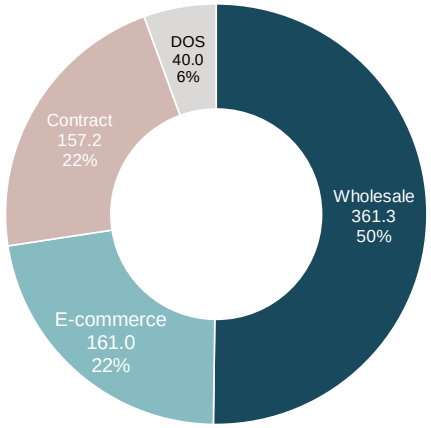
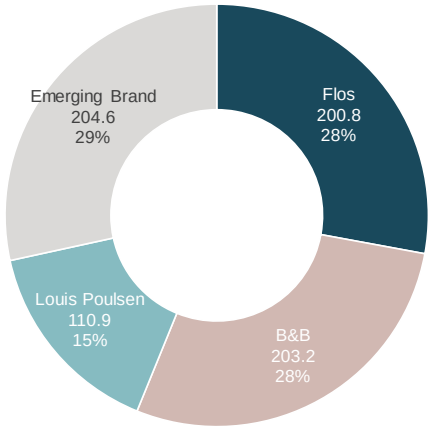
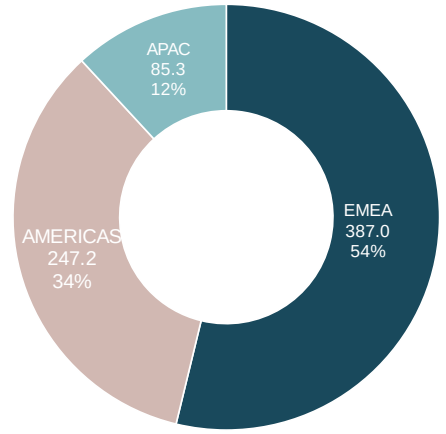



## Key Comments

- **By brand**:
  - all brands reported a high-single digit / double digit growth vs the 9 months of 2021. Emerging brands +42.6% for Lumens growth.
- **By channel**:
  - all channels are reporting a good progress
  - Wholesale and Contract are reporting a positive growth. From January 1, 2022 the Contract channel is based on all the opportunities (quotation and sales) reported in the CRM database: to better compare 2022 figures with 2021, wholesales and contract channels have been restated
  - DOS growth is impacted by stores not present in the same 9 months of 2021, like Fendi Casa, as well as for better performances of the channel, especially in America and UK.
  - E-commerce is benefitting by Lumens
- **By region**:
  - the Group is posting good results in all regions, with AMERICAS and APAC leading the growth
  - EMEA is reporting a +7.6% growth vs. YTD 2021, on a tough comparison base: in terms of countries Italy is up 21%, while Nordics are up by only 1.5% due to low consumer confidence that is impacting the region in the last quarter for the economic outlook uncertainty.
  - AMERICAS leading the growth, positively impacted by the performance of LUMENS.
  - APAC is reporting a double digit growth, with high growth in China (+37%), Australia (+32%), Japan (+29%) and South Korea (+22%).

(1) Emerging Brands 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 Designers Company.
Greater China: China, Hong Kong, Macau, Taiwan

# 9 months 2022
## Proforma Revenues

| | CHANNEL | BRAND | REGION |
|---|---|---|---|
| | (As % of 2022) | (As % of 2022) | (As % of 2022) |
| PROFORMA **€ 637m** |  |  |  |
| GMV **€ 719.5m** |  |  |  |



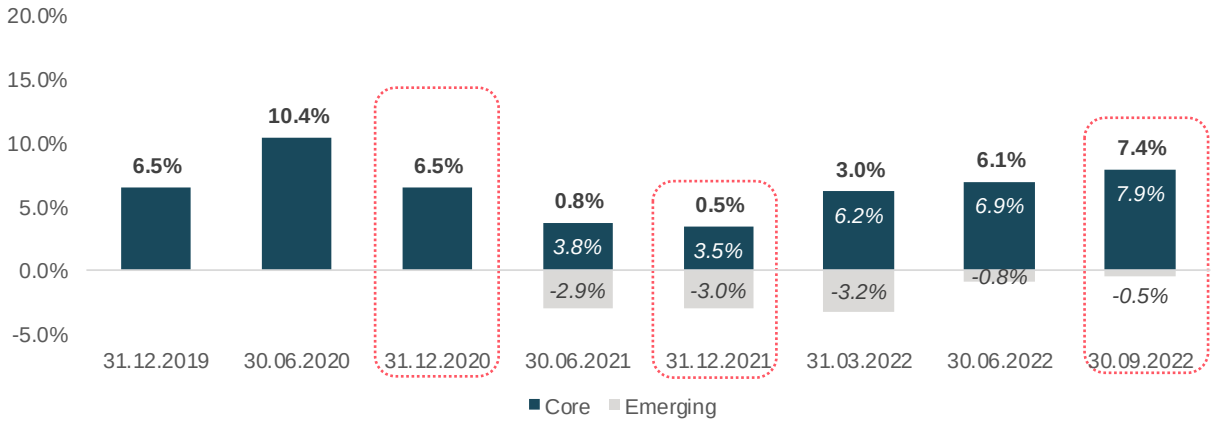
Source: Company information / Note: Gross Merchandise Value (GMV)
Emerging Brands includes Lumens, Fendi Casa and Designers Company

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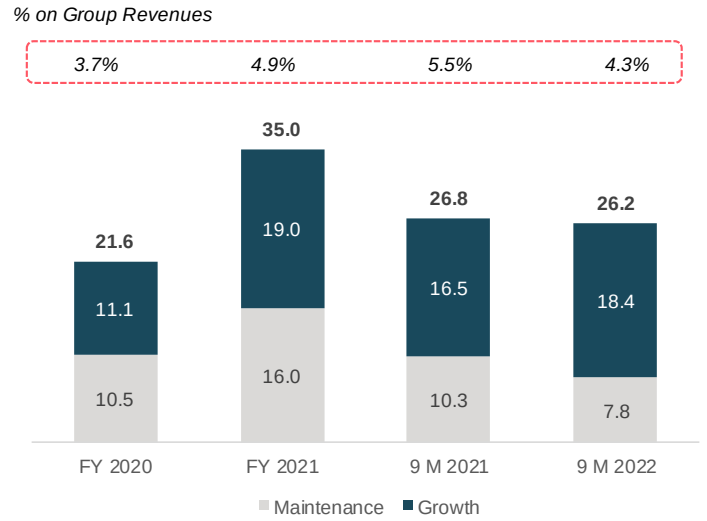
# Working Capital and Capital expenditure

EUR \ MLN

## LTM Sales on group Working Capital (reported)




## Group Capital Expenditures (reported)




## Key Comments

- **Group Working capital**
  - LTM Sales on Net working capital increases to 7.4% in Q3 2022, mainly driven by inventory/Safety stock build up.
  - Fendi Casa in starting up and is increasing stock for orders intake that will be delivered from Q3 onwards.
  - The consolidation of newly acquired Designers company partially offset by the benefit of Lumens negative working capital
- **Group Capital expenditure**
  - in Q3 2022, equal to Euro 26.2 m, 4% on total revenues in line with average investment of the Group, whose target is to invest in the range of 4% on total revenues as per the long-term historical level.
  - The Group is still investing in several physical and digital initiatives that are boosting the direct to consumer channels, new Group Ecommerce platform, IT and Digital backbone strengthening, Fendi Casa license startup (the latter is laying the foundations for growth also in the retail channel).

Source: Company information

# Cash Flow and Leverage

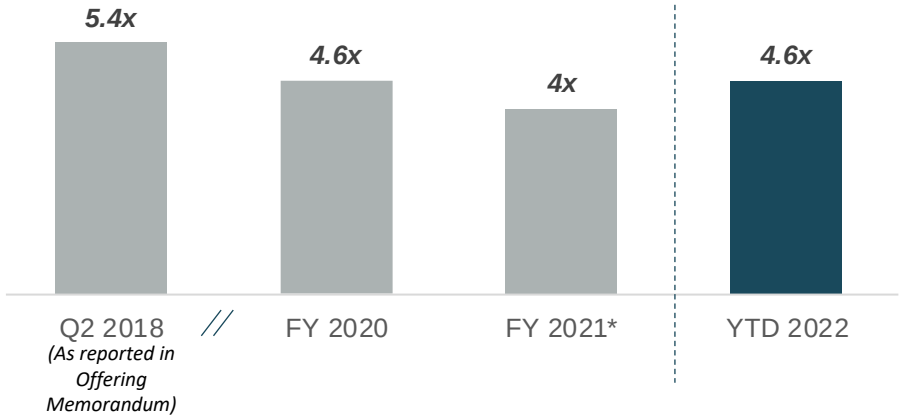
EUR \ MLN

## Group cash flow Statement (reported)

| | September 30 2022 | September 30 2021 |
|---|---|---|
| **EBITDA adj.** | **149.7** | **132.4** |
| Capex payments | (23.4) | (23.6) |
| Taxes (cash) | (10.0) | (9.5) |
| Change in net working capital | (39.5) | 11.0 |
| Change in other assets and liabilities | (10.7) | (14.0) |
| **Net cash flow from operations** | **66.1** | **96.3** |
| Designers Company acquisition | (74.9) | - |
| Ydesign Group acquisition | - | (135.7) |
| Acquisition of non-current financial assets | - | (6.3) |
| Financial interest paid | (33.0) | (26.0) |
| (Increase)/decrease of financial receivables | - | 6.1 |
| Payment of principal portion of lease liability | (9.2) | (8.4) |
| Increase/(decrease) in financial payables | 4.7 | 137.8 |
| Non recurring expenses, net | (15.3) | (21.7) |
| Dividends paid to minority interests | (1.2) | (2.3) |
| **Cash flow from financing activities** | **(129.0)** | **(56.4)** |
| **Net change in cash** | **(62.9)** | **39.9** |

On May 19, 2021, in order to finance the YDesign acquisition, the Group issued a Senior Secured Floating Rate Notes of Euro 470 million, listed on the Official List of the Luxembourg and repayable at maturity in 2026 and, at the same time, paid back the Euro 320 million outstanding Senior Secured floating rate notes.

## Leverage




## Key Comments

- **Cash flow** : Cash generation in the YTD 2022 was significantly impacted by the acquisition of Designers Company (some Euro 75 m) and the negative contribution of the net working capital (as described in the previous page).
- **Leverage**: Net financial debt at September 30, 2022 increased of some Euro 184 m compared to December 31, 2021, for the acquisition of Designers Company (May 2022).
- **Leverage Calculation:** LTM EBITDA 2022 increase from Euro 213.2 m to Euro 214.8 m since it includes expected synergies of Euro 1.6 m (Euro 1 m to be realized in the next 3 months and Euro 0.6 m of additional synergies due to Lumens integration).

Source: Company information
Leverage calculated excluding the lease liabilities (current and non current) and using and EBITDA that includes the lease charges (the old method applied until December 31, 2021), the Leverage at Dec 31, 2021 would have been equal to 3.9x, not far from the new method (4.0x).

# Q&A

# APPENDIX

# Profit and Loss and Net financial position

EUR \ MLN

## Profit and Loss reported

| Profit and loss | YTD 2022 | YTD 2021 |
|---|---|---|
| **Revenues** | **615.9** | **487.4** |
| Operating expenses | (466.2) | (354.5) |
| Non-recurring costs and revenues | (15.3) | (21.7) |
| **EBITDA reported** | **134.4** | **111.3** |
| D&A of tang. and Intang. & RoU Depr. | (32.8) | (27.1) |
| **Operating Result - EBIT reported** | **101.6** | **84.2** |
| Financial income / Charges | (42.9) | (49.7) |
| Taxation | (19.7) | 32.3 |
| **Net income / (loss) for the period** | **39.0** | **66.8** |

## Reconciliation: Ebitda reported vs. Ebitda Adj

| Profit and loss | YTD 2022 | YTD 2021 |
|---|---|---|
| **EBITDA reported** | **134.4** | **111.3** |
| Non-recurring income and charges | 15.3 | 21.7 |
| **EBITDA** | **149.7** | **132.9** |
| D&A of tang. and Intang. & RoU Depr. | (32.8) | (27.1) |
| **Operating result - EBIT** | **116.9** | **105.9** |

Revenues for the 9 months 2022 include:
- Eur 613.4m as revenues from contracts with customers;
- Eur 2.5m. as other revenues and income

## Net Financial Position (NFP) as at September 30, 2022

This NFP differs from what included in the Group financial statement because this does not contain accrued interest on loans and the effect of the amortized costs

| Net Financial Position | September 30 2022 | December 31 2021 |
|---|---|---|
| Cash and cash equivalents | (81.6) | (144.5) |
| Senior Secured Notes | 870.0 | 870.0 |
| RCF and Short-Term loan | 36.1 | 3.2 |
| Deferred Price short-term | 40.6 | 0.0 |
| Long-Term payables to other lenders | 28.9 | 0.0 |
| Other financial liabilities non-current | 1.2 | 2.1 |
| Current and non-current lease liabilities | 89.3 | 69.6 |
| **Total net debt** | **984.4** | **800.4** |
| *EBITDA LTM* | *213.2* | *194.6* |
| *Synergies* | *1.6* | *6.4* |
| **Group synergized EBITDA** | **214.8** | **201.0** |
| **Leverage** | **4.6x** | **4.0x** |

- **Total net Debt**
  - increased of Euro 184 m compared to December 31, 2021, essentially for cash used in the acquisition of Designers Company of May 2022 and for the liabilities related to the mentioned business combination:
  - the Group already accrued in the financial liabilities the deferred prices of the DC acquisition.
  - The net financial debt of the Group financial statement as at September 30, 2022 is Euro 980.6 m. (Total net Debt here reported of Euro 984.4 m excludes Euro 12.5 m of interest accrued on loans (bonds and other loans) and the amortized costs of Euro -16.3 m.).
- **Lease Liabilities**
  - Increased of Euro 5.5 m related to Designers Company acquisition (company that entered in the Group's perimeter on May 24, 2022)
  - In the period important lease renewals, especially in AMERICA, increased the lease liabilities to Euro 89.3 m.

# IFRS Consolidated Statement of Financial Position

EUR \ MLN

## Assets

| | September 30 2022 | December 31 2021 |
|---|---|---|
| Cash and Short-Term deposits | 81,627 | 144,524 |
| Trade Receivable | 85,732 | 68,298 |
| Inventories | 173,135 | 122,215 |
| Tax current asset | 14,147 | 11,656 |
| Other current assets | 17,206 | 14,542 |
| **Current Assets** | **371,847** | **361,234** |
| Goodwill | 1,339,665 | 1,176,064 |
| Brands and other intangible assets | 683,434 | 647,783 |
| Property, plant and equipment | 116,232 | 114,645 |
| Right-of-use assets | 80,747 | 63,509 |
| Investments in joint ventures and associates | 39,226 | 39,226 |
| Deferred tax assets | 24,124 | 20,594 |
| Other non-current assets | 13,196 | 8,768 |
| **Non-Current Assets** | **2,296,624** | **2,070,588** |
| Assets held for disposal | 2,011 | 2,011 |
| **Total Assets** | **2,670,483** | **2,433,834** |

- **Cash and Short-term deposits** decreased vs Dec 31, 2021 for the cash used in the acquisition of Designers Company (May 24, 2022)
- **Inventories** increased for Safety stock build up, as well as for the consolidation of Designers Company, whose purchase brought more stocks for some Euro 16 m.
- **Goodwill:** the difference between the purchased priced of Designers Company and the net assets acquired (Euro 112 m) has been initially allocated to the provisional goodwill. In addition Designers Company already had a goodwill accrued in their books (some Euro 32 m) and related to the business combination of previous years (before the IDG acquisition).

## Liabilities and Equity

| | September 30 2022 | December 31 2021 |
|---|---|---|
| Share capital | 5,102 | 5,102 |
| Share premium reserve and other reserves | 1,082,332 | 1,023,575 |
| Profit/(loss) of the period | 39,387 | 30,616 |
| **Group Shareholders' Equity** | **1,126,822** | **1,059,293** |
| Minority shareholders' equity | 4,315 | 3,821 |
| Profit/(loss) of the period attributable to minority interests | (340) | 304 |
| **Equity attributable to non-controlling interests** | **3,976** | **4,125** |
| **Total Equity** | **1,130,797** | **1,063,418** |
| Current financial liabilities | 76,633 | 3,169 |
| Current lease liabilities | 13,292 | 10,183 |
| Trade payables | 137,930 | 143,506 |
| Advance from Customers | 61,427 | 43,660 |
| Current Tax liabilities | 31,444 | 22,188 |
| Other Current Liabilities | 38,690 | 35,802 |
| **Current Liabilities** | **359,417** | **258,508** |
| Non-current financial liabilities | 896,303 | 858,640 |
| Non-current lease liabilities | 75,993 | 59,447 |
| Defined benefit plans | 8,011 | 7,601 |
| Provisions for risks and charges | 12,676 | 12,321 |
| Deferred tax liabilities | 181,853 | 173,734 |
| Other non-current liabilities | 5,434 | 166 |
| **Non-Current Liabilities** | **1,180,269** | **1,111,908** |
| **Total Liabilities** | **1,539,685** | **1,370,416** |
| **Liabilities and Shareholders' Equity** | **2,670,483** | **2,433,834** |

- **Current and non-current financial liabilities** increased since the Group already accrued the deferred price of the Designers Company acquisition and for the RCF used in the mentioned transaction.
- **Current and non-current Lease Liabilities:** increased for renewals of lease contracts in the first six months of 2022, especially in AMERICA, as well as for Euro 5.5 m related to lease contracts of Designers Company, in the Group's perimeter from May 24, 2022.

Source: Company information
Note: these numbers are fully compliant with IFRS, so they also report IFRS16