International Design Group

Q2 2022 results

25 August 2022

15.30 CET (14:30 UK)



Design Holding | International Design Group

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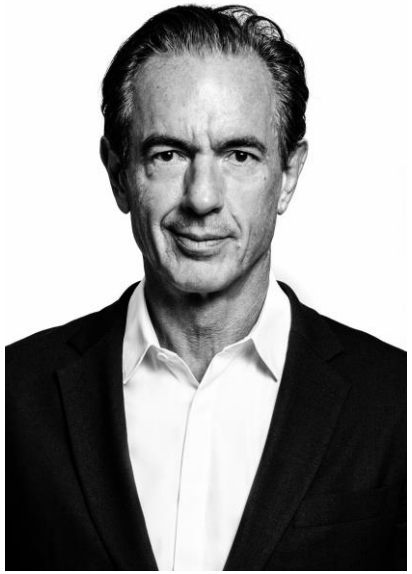
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This document contains information that prior to its disclosure may have constituted inside information under Regulation (EU) 596/2014 (16 April 2014) on market abuse.

Presenters today



Daniel Lalonde

CEO of Design Holding

Design Holding | B&B Italia | Flos | Louis Poulsen | 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

H1 2022 Financial Results Proforma(1)

REVENUES(2)

€ 426.5 m

+15.8% vs 2021
+11.7% core brand(4) vs 2021

(+37.6% vs 2019)

@ constant currency
+13.8% vs 2021
+10.6% core brand(4) vs 2021

EBITDA adj(3)

€ 102.2 m

+8.6% vs 2021
+11.5% core brand(4) vs 2021

(+65.6% vs 2019)

EBITDA margin 24.0%

EBIT adj(3)

€ 79.6 m

+9.4% vs 2021
+12.9% core brand(4) vs 2021

(+89.5% vs 2019)

EBIT margin 18.7%

Cash conversion (5)
€ 75.2 m
82% on EBITDA adj.

Leverage(6)
4.6x
as of June 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)

Design Company acquisition

On May 24, 2022 the Group has finalized the acquisition of Designers Company, Danish group including complementary brands such as Menu and by Lassen



During the Milan Design Week, a series of event and initiatives to launch new products, including special editions, mark our journey to pioneer the future of high-end design

B&B ITALIA
Le Bambole by Mario Bellini



- The Milan Design Week was perfect stage to premiere B&B Italia's first fashion collab, with Stella McCartney. The brand introduced a one-of-a-kind armchair covered with a fabric with hand drawn SS22 "Fungi Forest" print. The collab found the founding element in the shared values of sustainability.

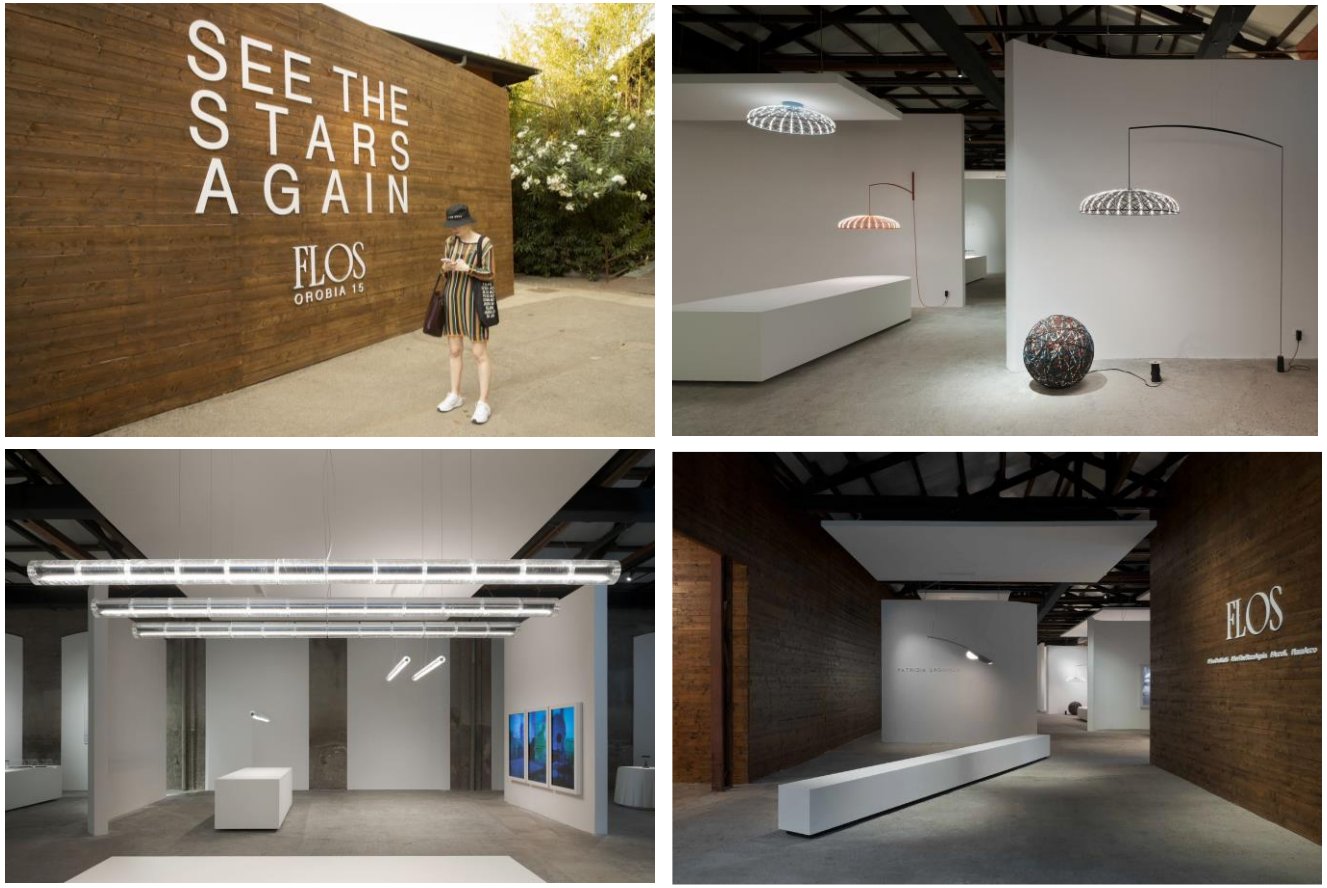
Louis Poulsen
x Taveggia installation



- Louis Poulsen invited visitors to immerse themselves in a world of colour and light: Taveggia, the famous café in Milan was transformed into a pale rose installation, showcasing the new PH pale rose collection.

60 years after the company was founded, on the occasion of Milan Design Week, Flos tells its story with a special event into a multi-experiential hub

Flos presented innovative lighting collections across all divisions -Decorative, Architectural, Outdoor and Bespoke, designed by some of the most acclaimed international architects and designers such as Michael Anastassiades, Edward Barber & Jay Osgerby, Ronan & Erwan Bouroullec, Konstantin Grcic, Patricia Urquiola, Vincent Van Duysen, Marcel Wanders. It has also revealed a precious Limited Edition of one of the most recognized objects in the history of design, the Arco lamp, designed by Achille & Pier Giacomo Castiglioni, available online in only 2022 numbered pieces.



FLOS hub at Fabbrica Orobia during the Milan Design Week.
Images of Skynest, Luce Orizzontale and Almendra lamps



Arco K, limited edition
designed by Achille & Pier Giacomo Castiglioni

The presentations of the most recent acquired brands embody the mission of the Group to beautify spaces through creativity

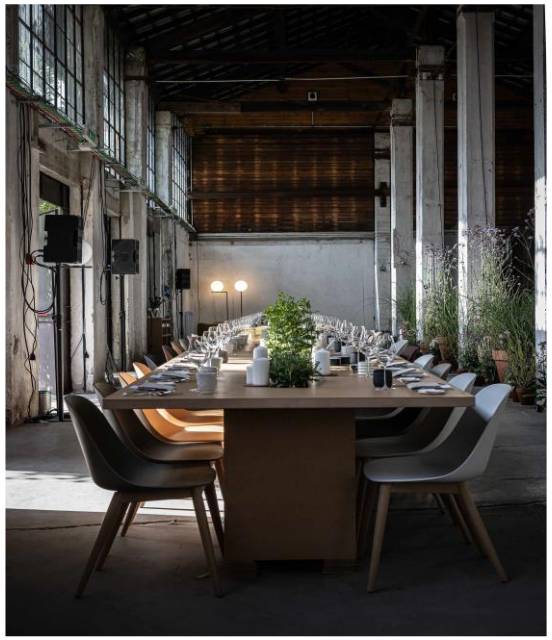
FENDI Casa
Store at Piazza la Scala and FENDI Casa Apartment in via Monte Napoleone





- FENDI Casa enhanced its collection and unveiled a new line dedicated to lighting, developed with Flos and the table collection «Art de la table».A unique collection where the fashion codes influence and embrace furniture design through a harmonious narrative of voices of different designers.

MENU and by Lassen
Products' installation at Fabbrica Orobia





- The Milan Design Week was the perfect chance to present our two recently acquired Danish brands, MENU and by Lassen. Their new selection of furniture and objects were showcased at Fabbrica Orobia, Flos hub.

Latest examples of our leadership in high-end Contract business

BVLGARI HOTEL, PARIS







B&B Italia Group furnishes the prestigious Bvlgari Hotel in Paris. The sophisticated elegance of Maxalto furnishings, also custom-made, coexists with the timeless contemporaneity of B&B Italia Outdoor and Azucena collections

LA BELLA VITA TOWER, TAICHUNG





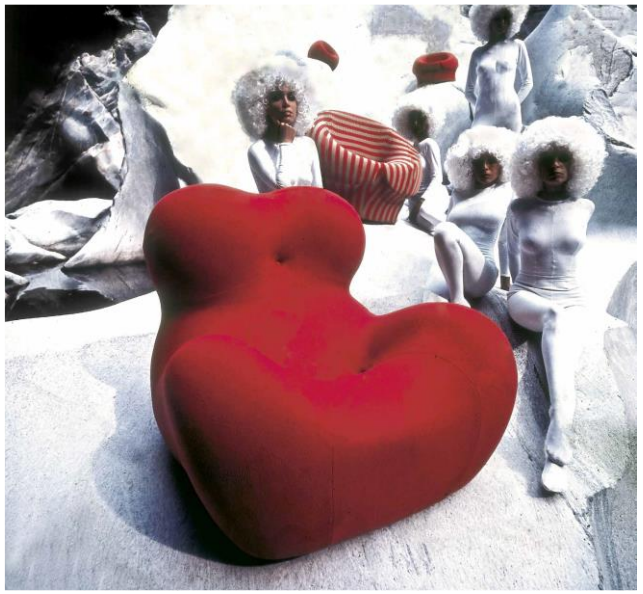


La Bella Vita tower, by Antonio Citterio and Patricia Viel, creates a new residential community of 168 living units in the commercial heart of the city.

The Arclinea Collection is an integral part of the interiors, inspired by the quality typical of Italian design and lifestyle.

Compasso d'Oro ADI Award 2022 – two of our brands won this year the oldest and most prestigious international design award

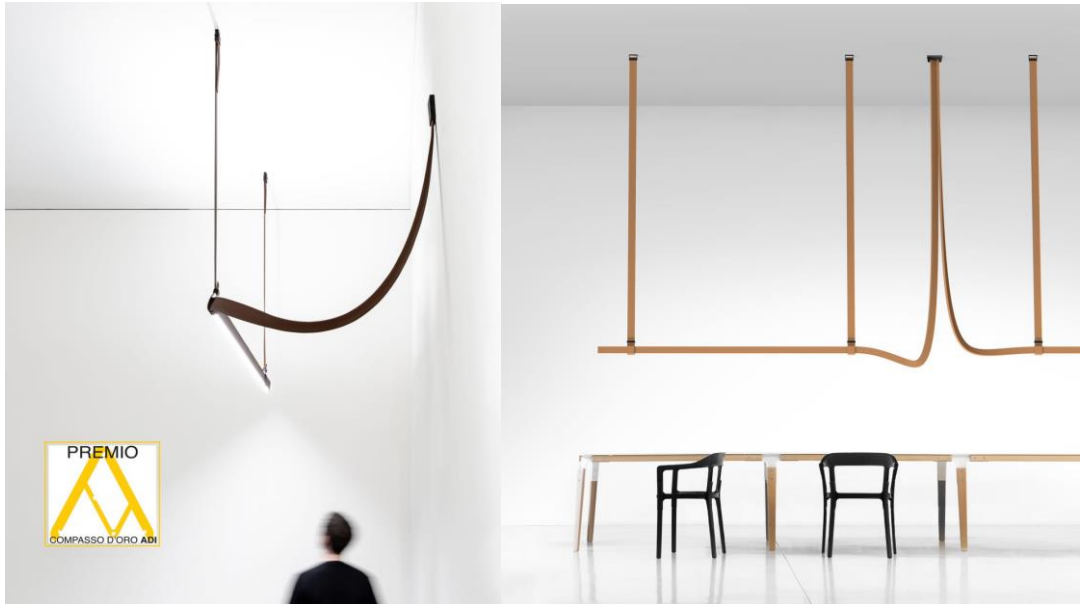
SERIE UP designed in 1969
by Gaetano Pesce



PREMIO
ALLA CARRIERA
COMPASSO D'ORO ADI

- B&B Italia won with a Product Career Award 2022 for the SERIE UP designed in by Gaetano Pesce. "The perfect synthesis of technological experimentation and formal research, the UP armchair designed by Gaetano Pesce is a poetic witness to the complex relationship between the female figure and different socio-cultural contexts and at the same time a product which has always represented a vision of civic commitment to design".

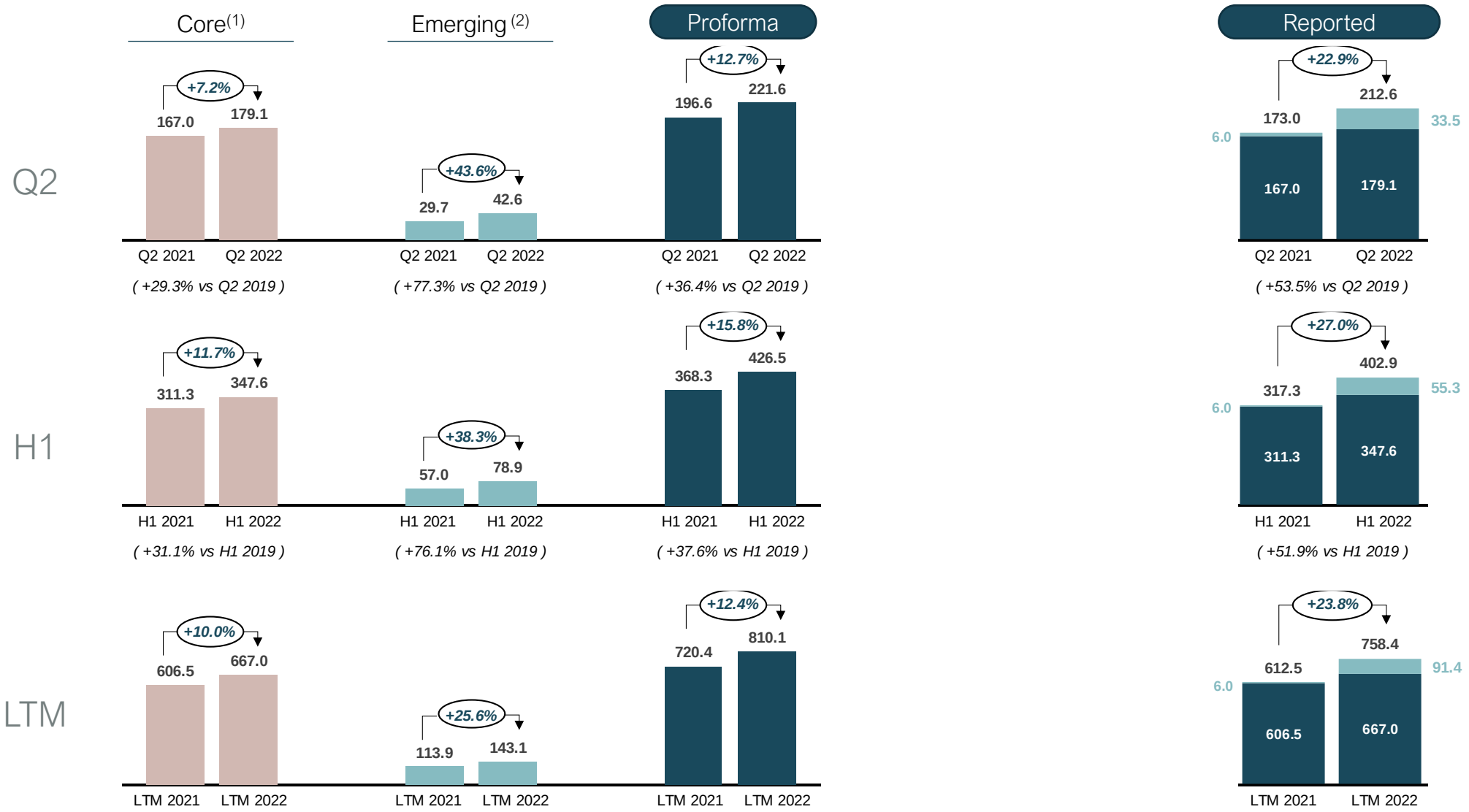
Belt
by Ronan & Erwan Bouroullec



- The international jury awarded Belt as "an original lighting system composed of leather and leds, with a fascinating environmental dimension". This system was developed, engineered and produced in 2020 by Flos Architectural, the division of Flos Group specializing in technical lighting solutions for interiors, headquartered in Valencia

Revenues analysis
Proforma and Reported

EUR \ MLN



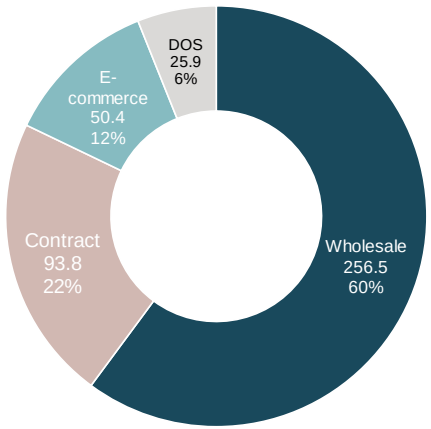
(1) Core: Core brand includes Flos, Louis Poulsen and B&B Italia
(2) Emerging: Emerging brand includes Lumens (with dropship model: when LUMENS sell products under the dropship model, IFRS revenues are accounted net of related costs, as the company is acting as an agent), Fendi Casa and Designers Company

H1 2022
Proforma Revenues

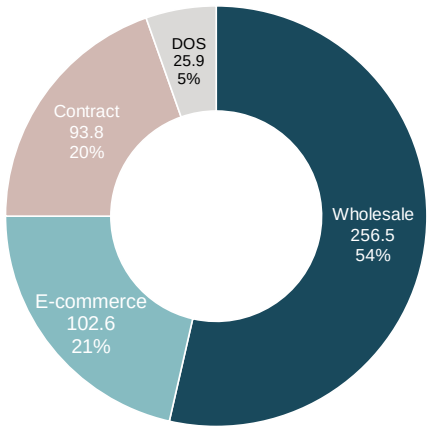
CHANNEL

(As % of 2022)

PROFORMA
€ 426.5m

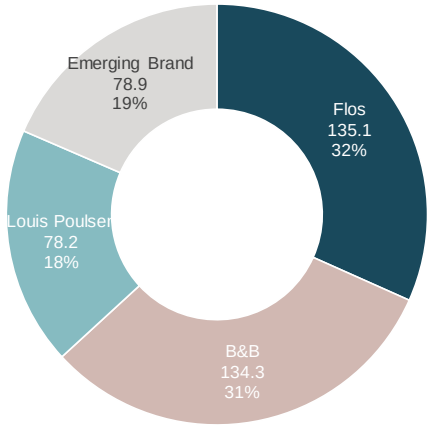


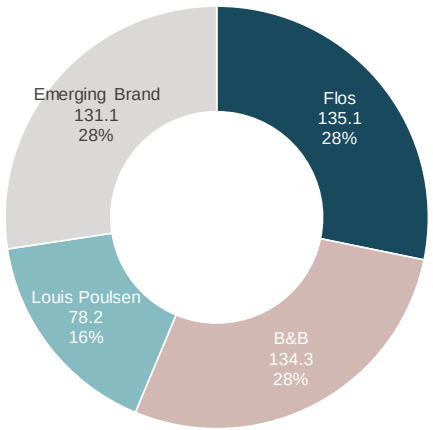
GMV
€ 478.8m



BRAND

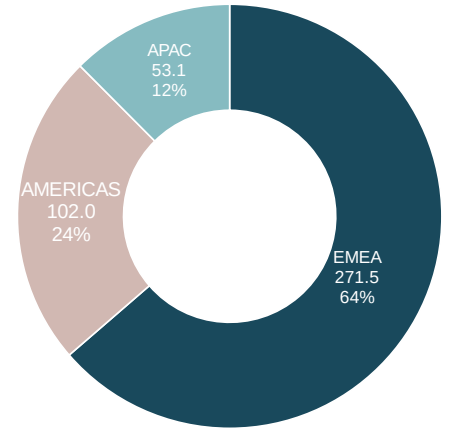
(As % of 2022)

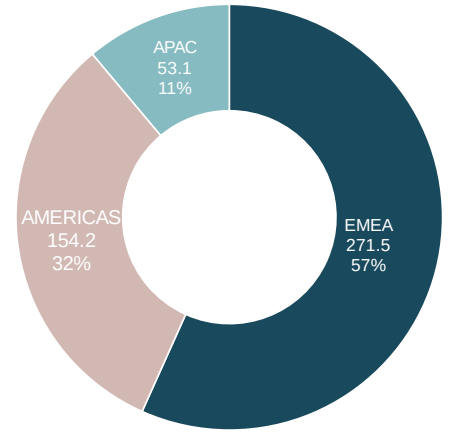




REGION

(As % of 2022)





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

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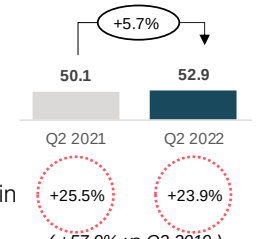
EBITDA adjusted Proforma vs Reported

EUR \ MLN

Ebitda Margin %

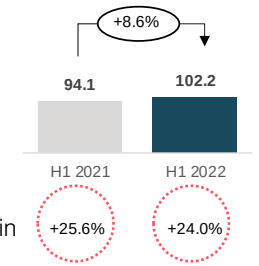
Proforma

Q2



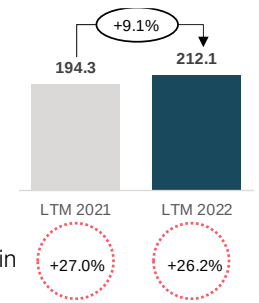
(+57.9% vs Q2 2019)

H1



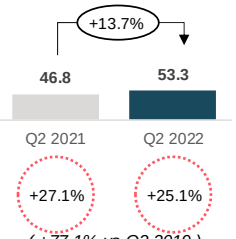
(+65.6% vs H1 2019)

LTM



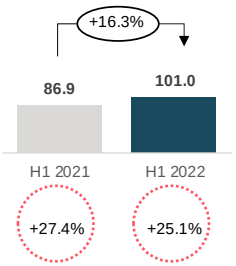
Reported

Q2



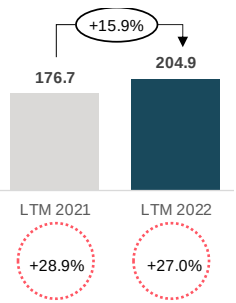
(+77.1% vs Q2 2019)

H1



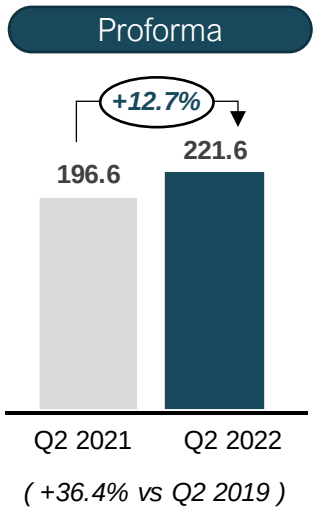
(+77.9% vs H1 2019)

LTM

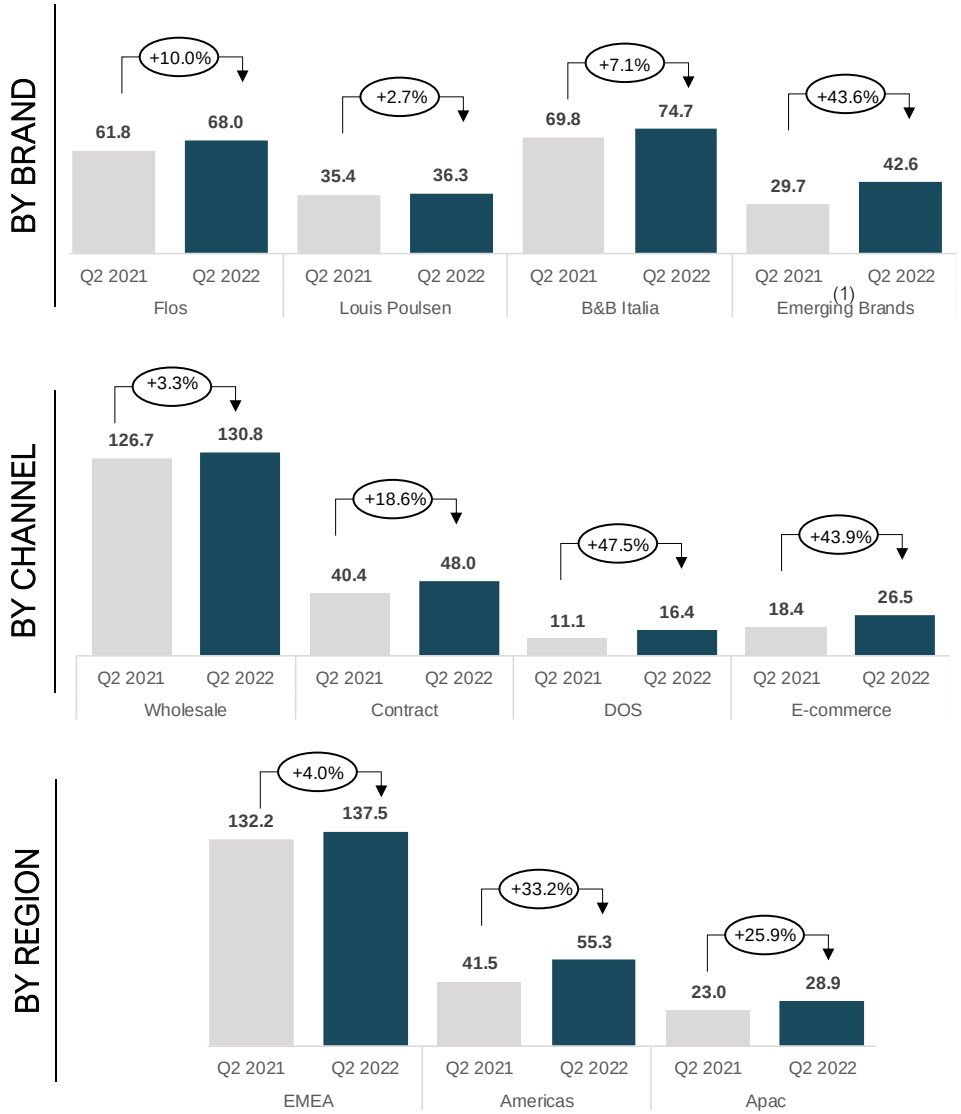


Q2 2022
Proforma Revenues

EUR \ MLN



(+36.4% vs Q2 2019)



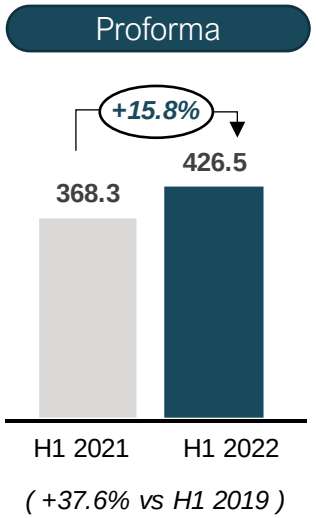
Key Comments

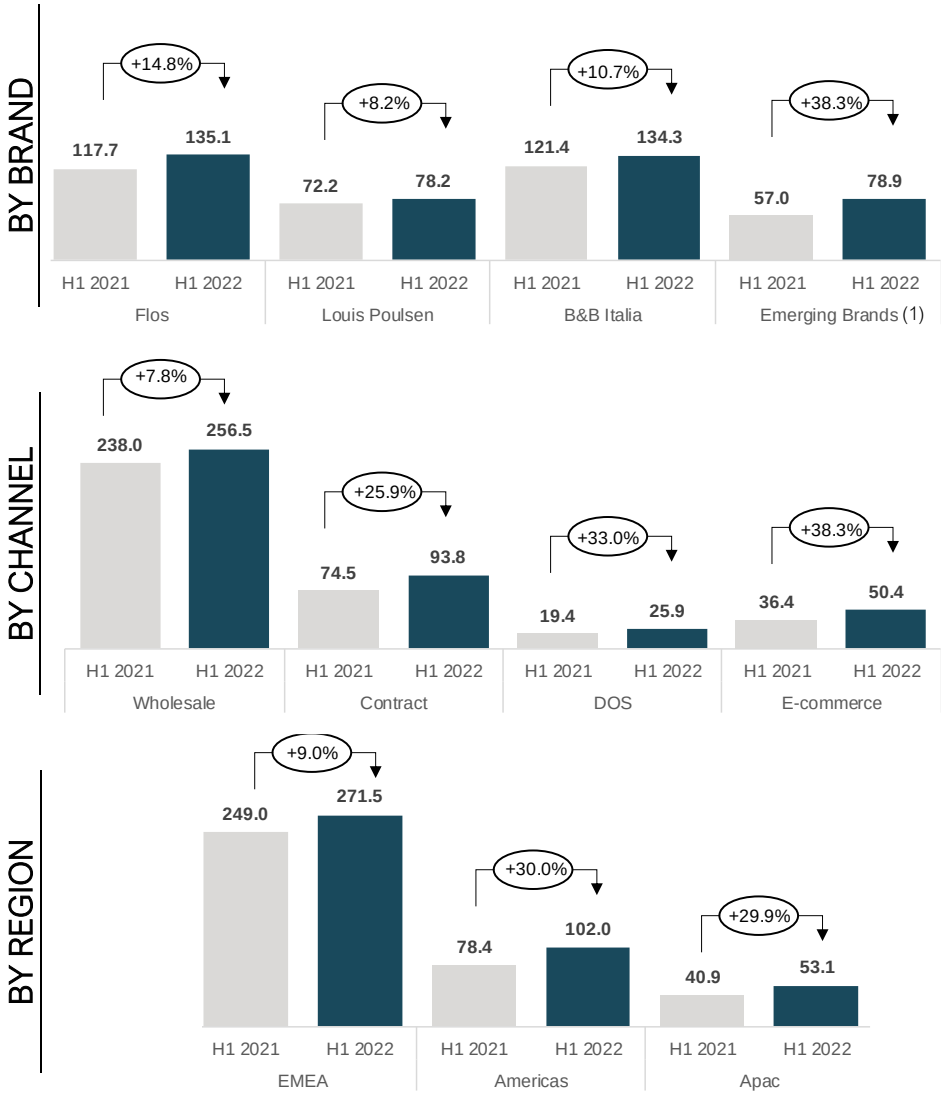
- **By brand**:
  - core brands (FLOS, B&B Italia, Louis Poulsen) are reporting a growth vs Q2 2021
  - emerging brands positively impacted by the performance of LUMENS
- **By channel**:
  - all channels are reporting a good progress
  - Wholesale and Contract are reporting a positive growth. From January 1, 2022 the Contract channel is based on all the opportunities (quotation and sales) reported in the CRM database: to better compared 2022 figures with 2021, wholesales and contract channels have been restated
  - DOS growth is impacted by stores not present in Q2 2021, like Fendi Casa Milano, B&B Italia Design Studio Milan and Copenhagen; In like for like view DOS are still reporting an high growth: +36%
  - E-commerce is benefitting by LUMENS
- **By region**:
  - the Group is posting good results in all regions
  - EMEA is reporting a +3.6% growth vs. Q2 2021, comparing with a strong comparison base: in terms of countries Italy is up 19%, while Nordics are up 2.5%
  - AMERICAS leading the growth, positively impacted by the performance of LUMENS.
  - APAC is still reporting a double digit growth, Japan reported a significant progress of 47% vs the same period of last year, while Greater China slowed down in the quarters (+5.6% vs Q2 2021), especially for the lockdown measures related to Covid-19

(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

H1 2022
Proforma Revenues

EUR \ MLN





Key Comments

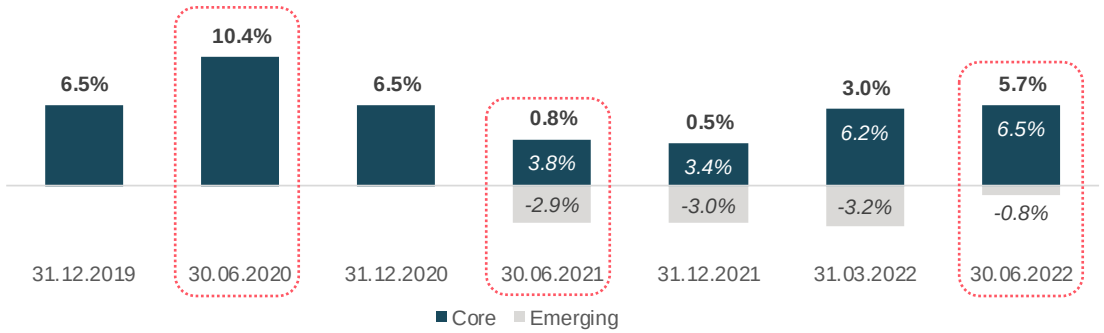
- **By brand**:
  - all brands reported a high-single digit / double digit growth vs H1 2021. Emerging brands +38.3% for Lumens growth.
- **By channel**:
  - all channels are reporting a good progress
  - Wholesale and Contract are reporting a positive growth. From January 1, 2022 the Contract channel is based on all the opportunities (quotation and sales) reported in the CRM database: to better compared 2022 figures with 2021, wholesales and contract channels have been restated
  - DOS growth is impacted by stores not present in H1 2021, like Fendi Casa Milano, B&B Italia Design Studio Milan and Copenhagen; In like for like view DOS are still reporting an high growth: +21%
  - 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 an high single digit progress: Italy +25.9%, Nordics +4.6%
  - AMERICAS leading the growth, positively impacted by the performance of Lumens
  - APAC, despite the Covid-19 lockdown measures, the *Greater China* (+16.6% vs. H1 2021), reported a good growth, especially in Japan, up by 34% vs. H1 2021.

(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

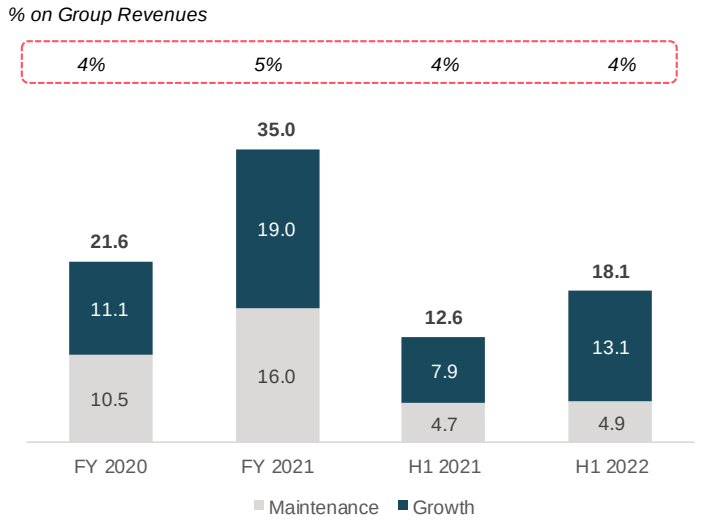
Working Capital and Capital expenditure

EUR \ MLN

LTM Sales on group Working Capital (reported)



Group Capital Expenditures (reported)



Key Comments

- **Group Working capital**
  - Q2 2022 increases to 5.7% of LTM revenues mainly driven by inventory/Safety stock build up.
  - Fendi Casa in starting up ad is increasing stock for orders intake that will be delivered from Q2 onwards.
  - The consolidation of newly acquired Designers company partially offset by the benefit of Lumens negative working capital
- **Group Capital expenditure**
  - in Q2 2022, equal to Euro 18.1 m, 4% on 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

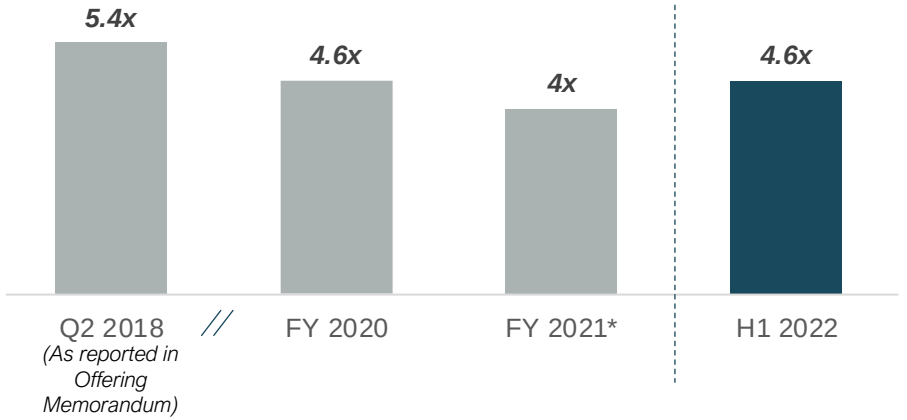
Cash Flow and Leverage

EUR \ MLN

Group cash flow Statement (reported)

	June 30 2022	June 30 2021
EBITDA adj.	**101.0**	**86.9**
Capex payments	(16.9)	(13.8)
Taxes (cash)	(9.0)	(4.8)
Change in net working capital	(29.7)	14.6
Change in other assets and liabilities	(1.8)	(15.9)
Net cash flow from operations	**43.6**	**67.0**
Designers Company acquisition	(74.9)	-
Ydesign Group acquisition	-	(134.9)
Acquisition of non-current financial assets	-	(6.3)
Financial interest paid	(25.6)	(24.7)
(Increase)/decrease of financial receivables	-	3.3
Payment of principal portion of lease liability	(5.9)	(5.1)
Increase/(decrease) in financial payables	3.1	142.5
Non recurring expenses, net	(11.7)	(18.8)
Dividends paid to minority interests	(1.2)	(2.3)
Cash flow from financing activities	**(116.3)**	**(46.4)**
Net change in cash	**(72.7)**	**20.6**

Leverage



Key Comments

- **Cash flow** : Cash generation in the Q2 2022 was significantly impacted by the acquisition of designers Company (some Euro 75 m), negative contribution of the net working capital (as described in the previous page) and higher tax paid for higher result in 2021 compared to comparable period.
- **Leverage**: Net financial debt at June 30, 2022 increased of some Euro 200 m compared to December 31, 2021, essentially for cash used and deferred prices already recognized for the acquisition of Designers Company (May 2022).
- **Leverage Calculation:** LTM EBITDA 2022 increase from Euro 211.6 m to Euro 214.8 m since it includes expected synergies of Euro 3.2 m (Euro 2 m to be realized in the next 6 months and Euro 1.2 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

Capital structure and EBITDA

EUR \ MLN

Consolidated capitalisation as of June 30, 2022

Net Financial Position	June 30 2022	December 31 2021
Cash and cash equivalents	(71.9)	(144.5)
Senior Secured Notes	870.0	870.0
RCF and Short-Term loan	36.7	3.2
Deferred Price short-term	40.1	0.0
Long-Term payables to other lenders	28.9	0.0
Other financial liabilities non-current	1.5	2.1
Current and non-current lease liabilities	95.3	69.6
Total net debt	**1,000.5**	**800.4**
EBITDA LTM	*212.1*	*194.6*
Synergies	*3.2*	*6.4*
Group synergized EBITDA	**215.3**	**201.0**
Leverage	**4.6x**	**4.0x**

- Total net Debt
  - increased of Euro 200 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 June 30, 2022 is Euro 989 m. (Total net Debt here reported of Euro 1,000 m excludes Euro 5.8 m of interest accrued on loans (bonds and other loans) and the amortized costs of Euro -17.3 m.).
- Lease Liabilities
  - Increased of Euro 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 95.3 m.

Below a reconciliation between EBITDA reported and EBITDA

Profit and loss	H1 2022	H1 2021
Revenues	**404.9**	**320.2**
Operating expenses	(303.9)	(233.3)
Non-recurring costs and revenues	(11.7)	(18.8)
EBITDA reported	**89.4**	**68.1**
D&A of tang. and Intang. & RoU Depr.	(21.0)	(17.4)
Operating Result - EBIT reported	**68.4**	**50.7**
Financial income / Charges	(28.5)	(36.1)
Taxation	(13.1)	40.1
Net income / (loss) for the period	**26.9**	**54.7**

Profit and loss	H1 2022	H1 2021
EBITDA reported	**89.4**	**68.1**
Non-recurring income and charges	11.7	18.8
EBITDA	**101.0**	**86.9**
D&A of tang. and Intang. & RoU Depr.	(21.0)	(17.4)
Operating result - EBIT	**80.1**	**69.5**

IFRS Consolidated Statement of Financial Position

EUR \ MLN

Assets

	June 30 2022	December 31 2021
Cash and Short-Term deposits	71,868	144,524
Trade Receivable	90,503	68,298
Inventories	167,466	122,215
Tax current asset	14,225	11,656
Other current assets	15,263	14,542
Current Assets	**359,325**	**361,234**
Goodwill	1,330,866	1,176,064
Brands and other intangible assets	677,580	647,783
Property, plant and equipment	118,113	114,645
Right-of-use assets	87,193	63,509
Investments in joint ventures and associates	39,226	39,226
Deferred tax assets	23,010	20,594
Other non-current assets	12,336	8,768
Non-Current Assets	**2,288,324**	**2,070,588**
Assets held for disposal	2,011	2,011
Total Assets	**2,649,660**	**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 15 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

	June 30 2022	December 31 2021
Share capital	5,102	5,102
Share premium reserve and other reserves	1,069,999	1,023,575
Profit/(loss) of the period	26,985	30,616
Group Shareholders' Equity	**1,102,086**	**1,059,293**
Minority shareholders' equity	4,296	3,821
Profit/(loss) of the period attributable to minority interests	(113)	304
Equity attributable to non-controlling interests	**4,183**	**4,125**
Total Equity	**1,106,269**	**1,063,418**
Current financial liabilities	76,716	3,169
Current lease liabilities	12,913	10,183
Trade payables	154,717	143,506
Advance from Customers	57,077	43,660
Current Tax liabilities	32,934	22,188
Other Current Liabilities	37,016	35,802
Current Liabilities	**371,373**	**258,508**
Non-current financial liabilities	888,834	858,640
Non-current lease liabilities	82,405	59,447
Defined benefit plans	7,932	7,601
Provisions for risks and charges	12,627	12,321
Deferred tax liabilities	179,798	173,734
Other non-current liabilities	422	166
Non-Current Liabilities	**1,172,018**	**1,111,908**
Total Liabilities	**1,543,391**	**1,370,416**
Liabilities and Shareholders' Equity	**2,649,660**	**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 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