Design Holding | International Design Group

Q1 2022 results



B&B Italia | Maxalto | Azucena | Arclinea | FLOS
Louis Poulsen | LUMENS | Fendi Casa

May 30, 2022
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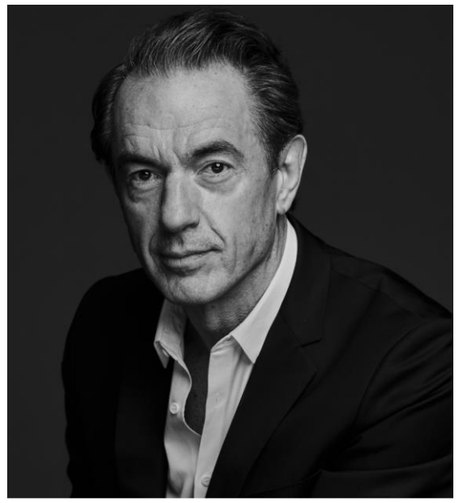
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Presenters today



Daniel Lalonde
CEO of Design Holding

Design Holding | B&B Italia | Maxalto | Azucena | Arclinea | Flos
Louis Poulsen | YDesign Group | Fendi Casa



Alessandro Poletto
CFO of Design Holding

Design Holding | B&B Italia | Maxalto | Azucena | Arclinea | Flos
Louis Poulsen | YDesign Group | Fendi Casa

Q1 2022 Financial Results (Proforma)(1)

REVENUES (2)

€190.3 m

+18.3% vs 2021

+16.8% LFL vs 2021

(+37.5% vs 2019)

EBITDA (3)

€47.8 m

+11.1% vs 2021

+14.7% LFL vs 2021

(+68.8% vs 2019)

EBITDA margin 25.1%

EBIT (3)

€37.7 m

+10.3% vs 2021

+16.1% LFL vs 2021

(+85.6% vs 2019)

EBIT margin 19.8%

Cash generation

€11.7 m

24.6% of EBITDA

Leverage (4)

4.0x

as of March 31, 2022

(1) Q1 2022 proforma figures, prepared under IFRS Gaap, include LUMENS (YDesign Group) in both periods, despite the company was acquired on June 1st , 2021.
(2) Revenues include only «revenues from contracts with customers» (it excludes «other revenues and income» of Euro 0.6 m. in the quarter 2022)
(3) Adjusted EBITDA and EBIT are fully compliant with the application of IFRS 16 (differently from the past when the EBITDA included the leases costs)
(4) For the purpose of this calcuation it was included Euro 4.8 m of synergies to the LTM EBITDA of Euro 198.1 m. Leverage in Q1 2022 is not fully comparable with previous periods because in the total net debt it is now included the current and non-current lease liabilities and the EBITDA LTM is fully compliant with IFRS (that totally excludes leases charges).

Highlights – Direct-to-consumer enhancements

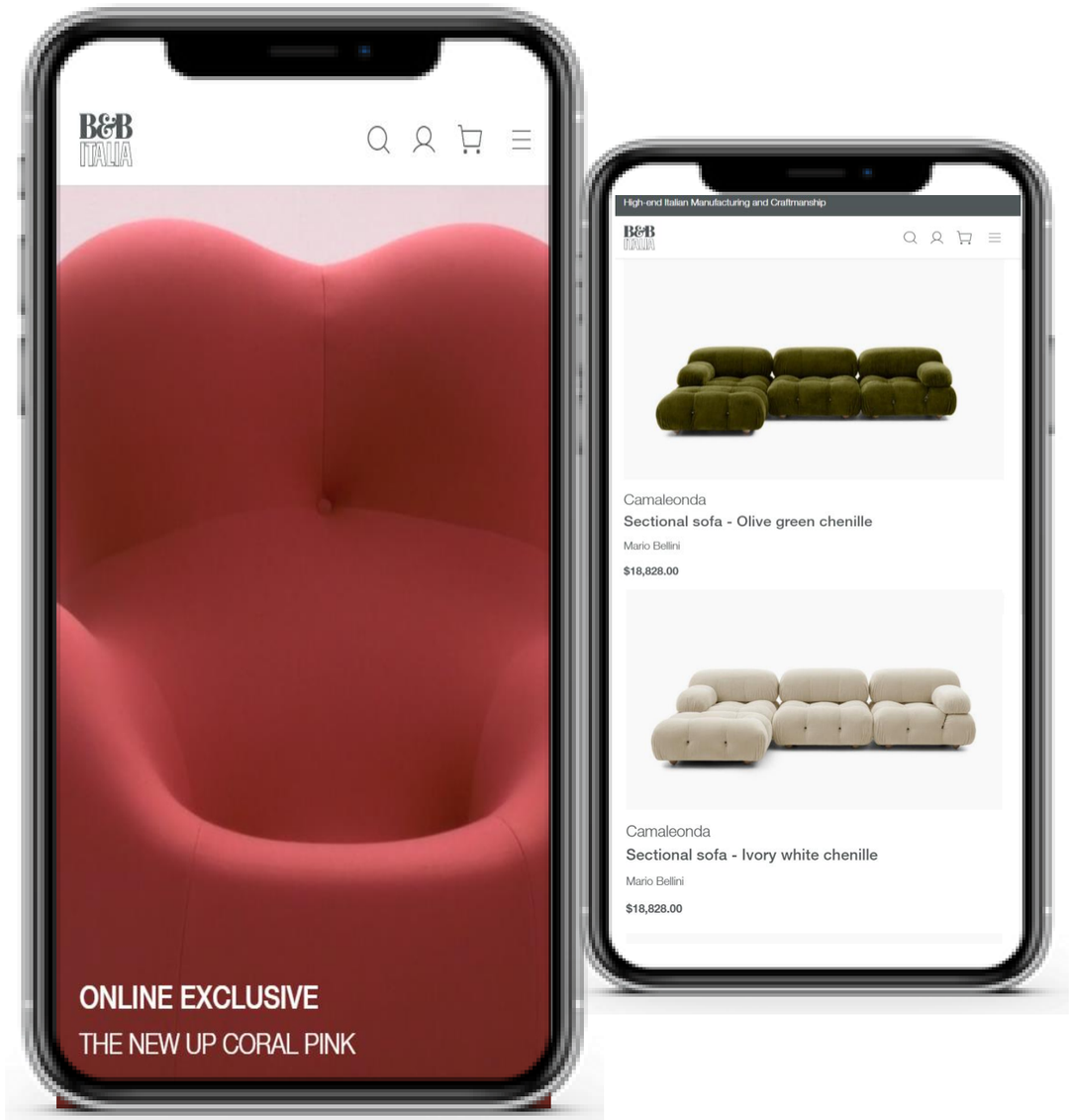
FENDI Casa – new Store in Milan





On April 13, 2022 **FENDI Casa** Opened the first flagship store in Milan, situated in a landmark building in the heart of the city, at Piazza della Scala. The boutique, which covers a total surface area of around 700 square meters, hosts the entire FENDI Casa Collection

B&B Italia - US e-commerce

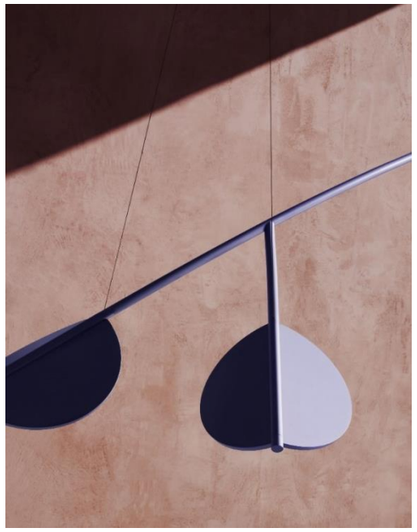


B&B Italia's new e-commerce experience starts from the United States. Initially active in 13 US states, the platform, which represents an important step in the Group's digital strategy, will extend nationwide by the end of June 2022.

Highlights – New products' launches

Almendra by FLOS





Patricia Urquiola's new creation for FLOS is a gentle lighting system, inspired by a fruit and designed to minimize environmental impact in line with FLOS' constant effort towards sustainable production.

launch date: April 29, 2022

FLOS

Le Bambole by B&B Italia



The advertising campaign at launch (1972)



Renewed Le Bambole (sustainable version)

A constant presence in the B&B Italia catalogue for 50 years, Le Bambole evolves and becomes even more contemporary.

B&B Italia presents Le Bambole by Mario Bellini, in a radically renewed version.

These icons of Italian style are evolving thanks to new production and design choices that make them even more comfortable and increasingly sustainable.

launch date: April 13, 2022

B&B ITALIA

Q1 2022 subsequent events – Designers Company acquisition

Designers Company acquisition



Menu collection



Tired Man armchair (by Lassen)

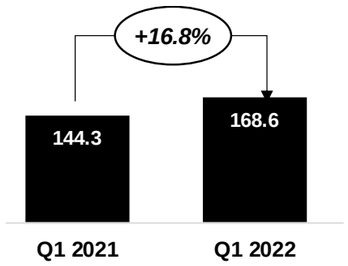
On May 24, 2022 the Group has finalized the acquisition of **Designers Company ("DC")**, Danish group including **complementary brands such as Menu and By Lassen**; important **portfolio of heritage designs** (archive rights of all Ib Kofod-Larsen products) alongside modern design products. The DC group reported in 2021 Euro 54 million of total revenues. The acquisition was financed by own resources.

Revenues analysis – Proforma vs Reported

Q1 revenues (€ m)

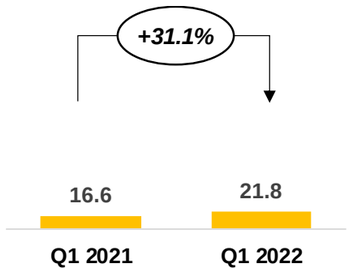
Proforma

LFL



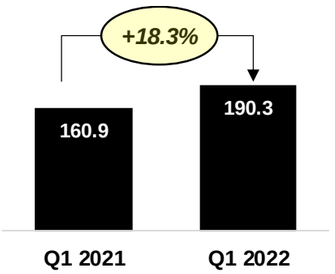
(+34.4% vs Q1 2019)

Emerging Brands(1)



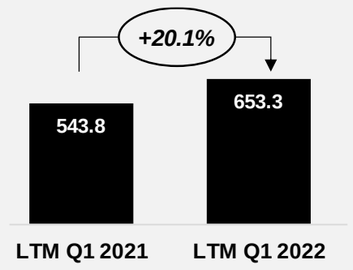
(+67.5% vs Q1 2019)

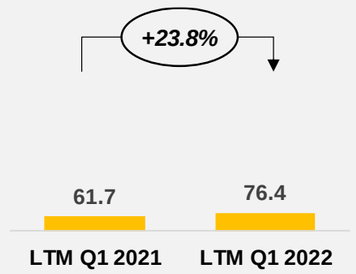
Total proforma consolidated revenues

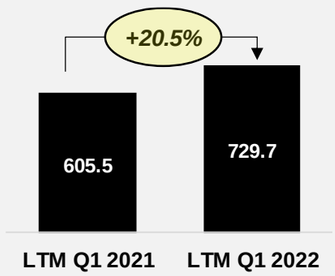


(+37.5% vs Q1 2019)

LTM revenues (€ m)

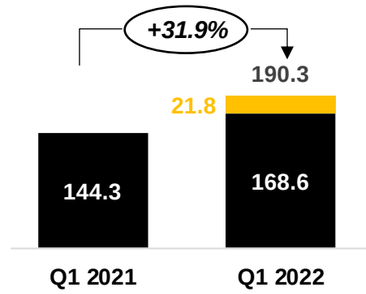




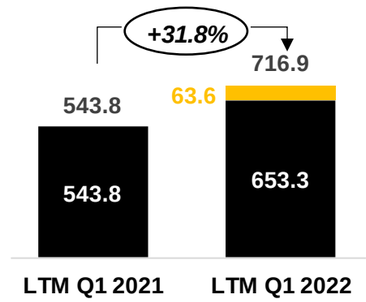


Reported

Revenues



(+51.8% vs Q1 2019)

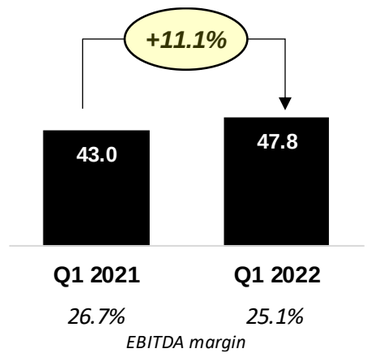
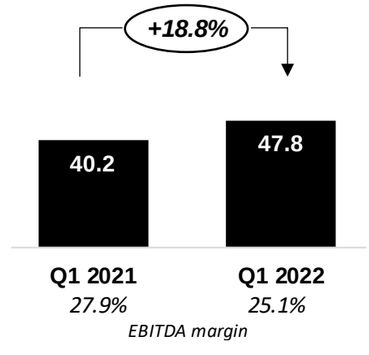
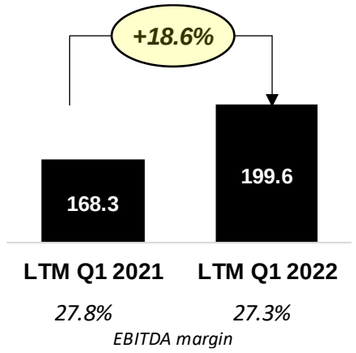
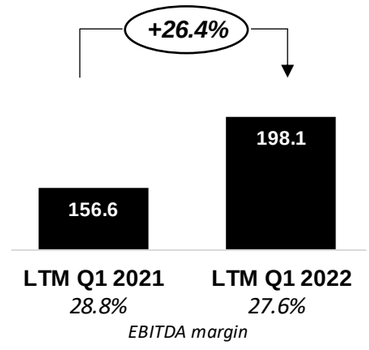


LUMENS (YDesign Group) contribution

(1) LUMENS and FENDI Casa proforma revenues: LUMENS revenues 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 revenues equal to Euro 0.7 million in the Q1 2022.

(1): LUMENS proforma revenues includes results from January 1st 2021

EBITDA – Proforma vs Reported

	Proforma	Reported
Q1 EBITDA(1) (€ m)	 *(+68.8% vs Q1 2019)*	 *(+79% vs Q1 2019)*
LTM EBITDA(1) (€ m)		

(1) Figures reported in this presentation excludes non recurring items and are fully compliant with the application of IFRS 16. Proforma EBITDA includes the contribution of LUMENS as if was acquired already from January 1st 2021.

Q1 2022 Proforma Net revenues by regions

65%

EMEA

€123.5 m

+13.8% vs 2021

23%

America

€43.5 m

+24.6% vs 2021

12%

APAC

€23.3 m

+33.2% vs 2021

YTD revenues

€190.3 m

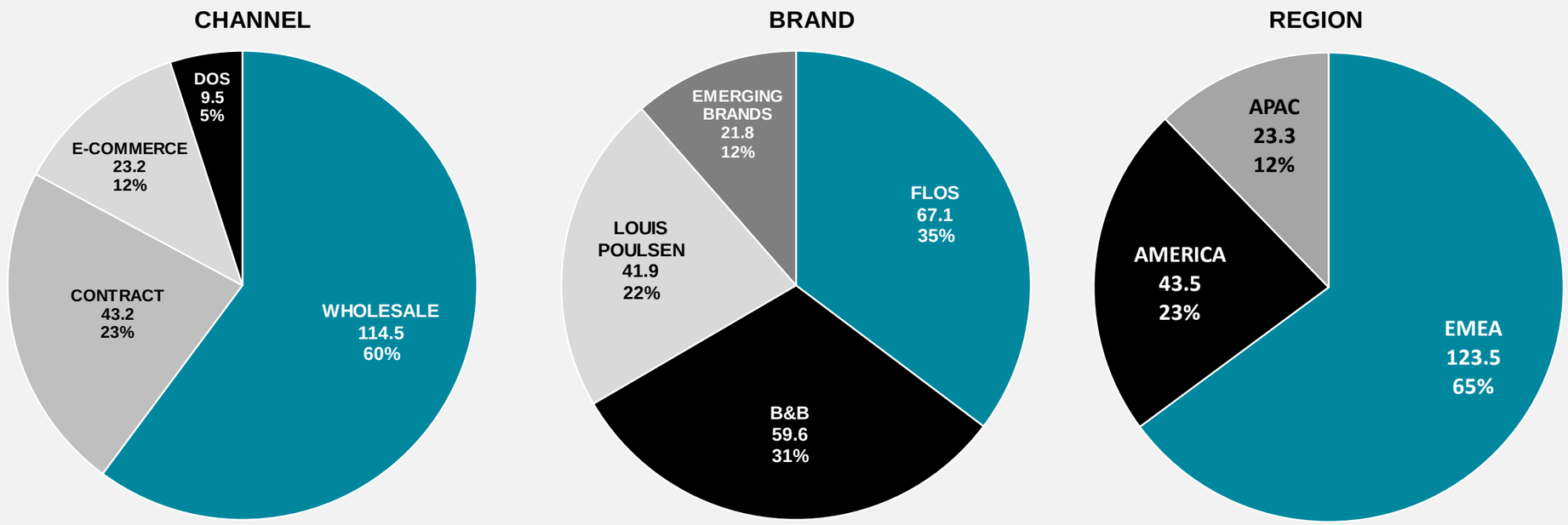
+18.3% vs 2021

Notes – GEO restatement:
EMEA: from Jan 1, 2022 EMEA includes Europe, Middle East and Africa. It's a change compared to what the Group reported until December 31, 2021, where for consistency with previous quarters the Middle east sales were reported in the «APAC and others» region, while from January 1, 2022 the ME sales are reported in the EMEA. Variations % vs. 2021 have been calculated restating the Q1 2021 to this new GEO view.

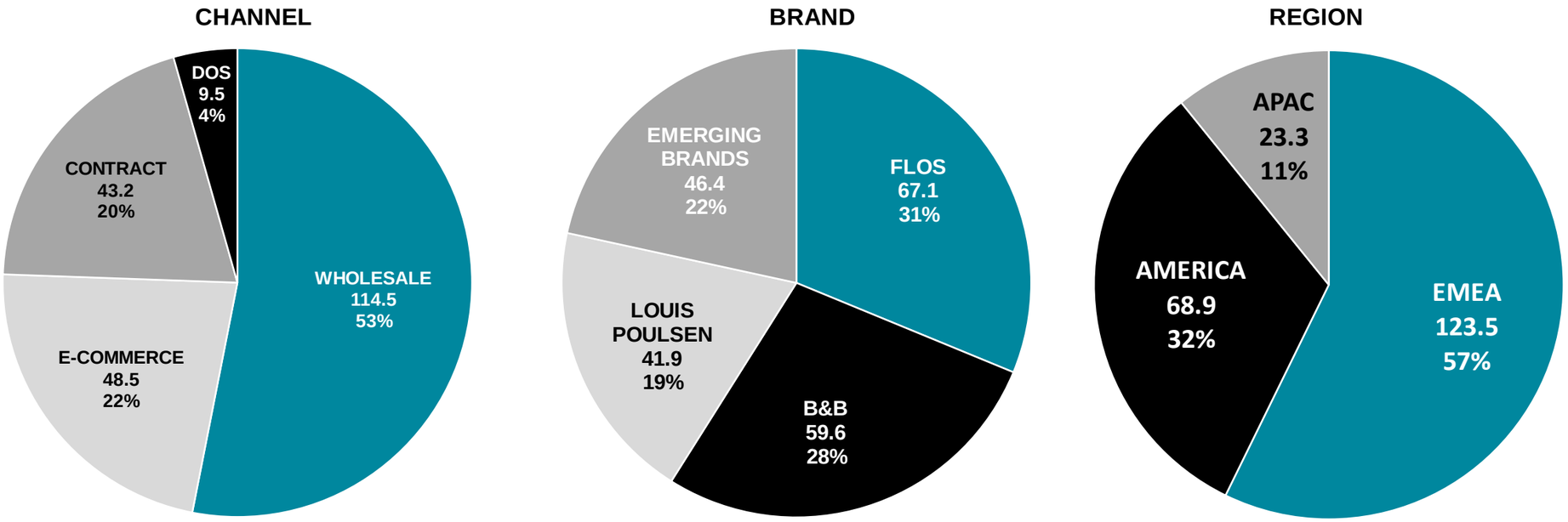
Splits by channel and by region based on management accounts - Source: Company information.

Q1 2022 Net revenues by channel, brand and region
Proforma Revenues vs. **Gross Merchandising Value** (**GMV**)

Q1
Proforma
€ 190.3 m

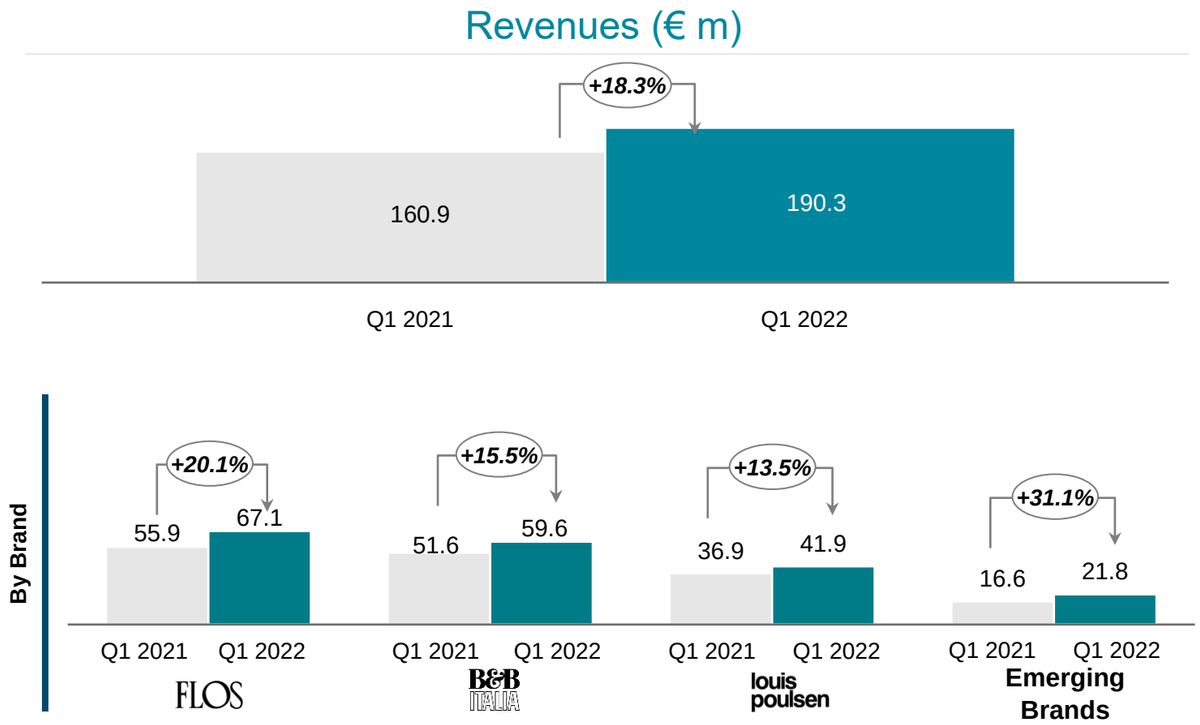


GMV
€ 215 m



Note: Splits by channel and by region based on management accounts - Source: Company information

Q1 2022 Proforma Revenues



Note: Splits by channel and by region based on management accounts
Source: Company information

- **Q1 2022 Proforma revenues, equal to Euro 190.3 m, are reporting a solid progress (18.3%) vs. Q1 2021.**

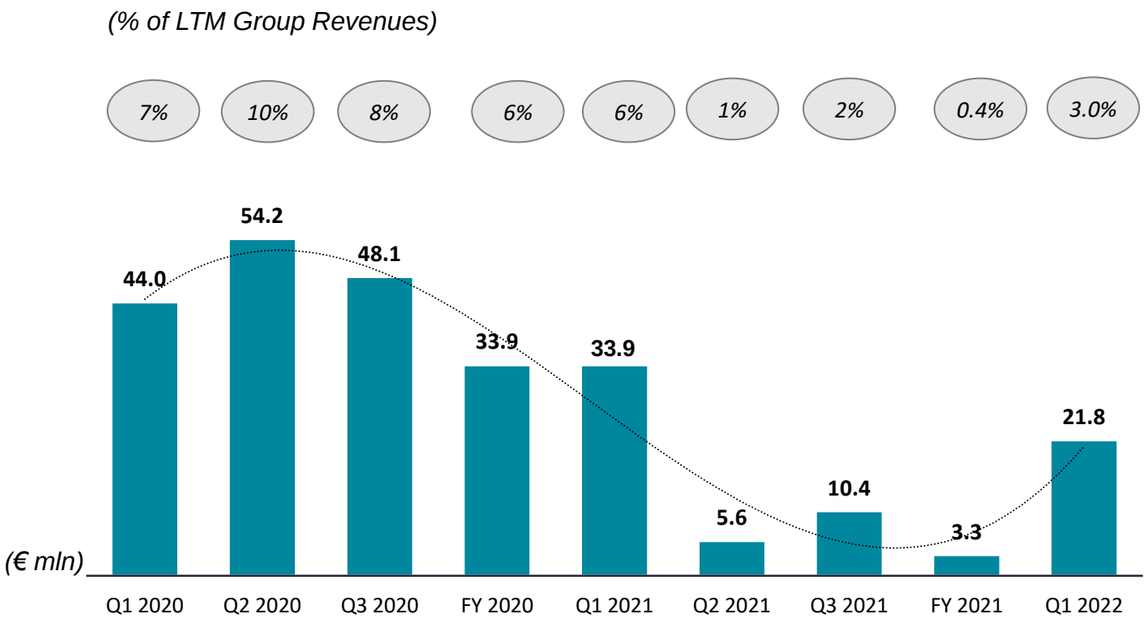
- **By Brand:** all the core brands (FLOS, B&B Italia, Louis Poulsen) are reporting a double digit growth vs Q1 2021, as well as the emerging brands are positively impacted by the performance of LUMENS.

- **By channel:** all channels are reporting a good progress, E-commerce is benefitting by LUMENS. 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.

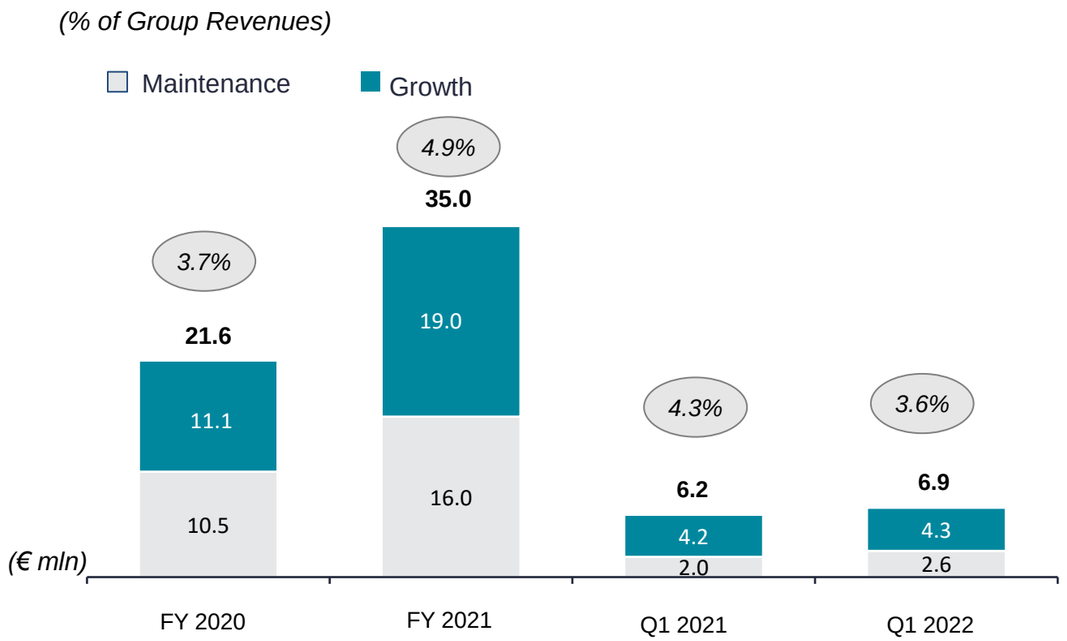
- **By region:** the Group is posting good results in all regions, with APAC leading the growth, a Greater China up of 32%. All brands are growing double digit in the three main regions (EMEA, AMERICA and APAC).

Working capital and capital expenditure

Group Working Capital (reported)



Group Capital Expenditures (reported)



Notes

- **Group Working capital** in Q1 2022 increase to **3%** of LTM revenues. Finished products increase compared to Dec 31, 2021, as well as the components related to the production volumes. In term of brands, FENDI CASA is starting up and is increasing stock for orders intake that will be delivered from Q2 onwards. To a lesser extent it was related to a safety stock for keeping the production on going in a tough macroeconomic situation.

- **Group Capital expenditure** in Q1 2022, equal to Euro 6.9 million, 3.6% on revenues in line with average investment of the Group, whose target is to stay in the range of 4% on total revenues as per the long-term historical level. The Group is 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

Group Cash flow statement reported

EUR / MLN

Cash flow	Q1 2022	Q1 2021
EBITDA	**47.8**	**40.2**
Taxes (cash)	(5.4)	(1.2)
Change in net working capital	(19.8)	(0.2)
Change in other assets and liabilities	(3.9)	(5.8)
Net cash flow from operations	**18.7**	**33.0**
Capex payments	(6.9)	(6.4)
Cash generation	**11.7**	**26.7**
cash conversion on EBITDA	*24.6%*	*66.3%*
Financial interest paid	(6.7)	(5.8)
(Increase)/decrease of financial receivables	0.0	2.9
Payment of principal portion of lease liability	(2.7)	(2.5)
Increase/(decrease) in financial payables	(1.6)	(1.3)
(1) Non recurring expenses, net	(3.0)	(4.5)
Cash flow from financing activities	**(14.0)**	**(11.2)**
Net change in cash	**(2.3)**	**15.5**

(1) **Non Recurring expenses, net** in the Q1 2022 are equal to Euro 3 m. and are mainly related to intercompany management fees from IDG to DH (Euro 2.2 m.)

Leverage (2)



(2) **Leverage Calculation:** LTM EBITDA 2022 increase from Euro 198.1 m to Euro 202.9 m since it includes expected synergies of Euro 4.8 m (Euro 3 m to be realized in the next 12 months and Euro 1.8 m of additional synergies due to Lumens integration).

(3) **New method of Leverage calculation in Q1 2022:** leverage in Q1 2022 is not fully comparable with previous periods because in the total net debt it is now included the current and non-current lease liabilities and the EBITDA LTM is fully compliant with IFRS (that totally excludes leases charges).

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 would have been equal to 3.9x, not far from the new method (4.0x).

Notes to Group Cash flow statement

- **Cash flow :** Cash generation in the Q1 2022 was impacted by an anticipated payment in taxes paid (mainly in Denmark, different phasing compared to Q1 2021 when these taxes was paid in the end of 2020) and increase in inventories for the reasons described in the previous page.

Notes to Leverage

- **LEVERAGE: C**onstantly decreasing in the last two years, except for critical covid period 2020 and despite the LUMENS (YDesign Group) acquisition in 2021. In Q1 2022 stable vs FY2021 despite the change in the calculation criteria reported above (3).

Q&A

Appendix

Capital structure and EBITDA

Consolidated capitalisation as of March 31, 2022

EUR / MLN

Net Financial Position	March 31 2022
Cash and cash equivalents	(142.3)
Senior Secured Notes	870.0
Other financial liabilities	3.7
Current and non-current lease liabilities	76.7
Total net debt	**808.1**
EBITDA LTM	*198.1*
Synergies	*4.8*
Group synergized EBITDA	**202.9**
(1) ***Leverage***	***4.0x***

(1) **New method of Leverage calculation in Q1 2022:** leverage in Q1 2022 is not fully comparable with previous periods because in the total net debt it is now included the current and non-current lease liabilities and the EBITDA LTM is fully compliant with IFRS (that totally excludes leases charges).

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 would have been equal to 3.9x, not far from the new method (4.0x).

Below a reconciliation between the EBITDA reported and the EBITDA :

EUR / MLN

Profit and loss	Q1 2022	Q1 2021
(2) **Revenues**	**190.9**	**145.2**
Operating expenses	(143.1)	(105.1)
Non-recurring costs and revenues	(3.0)	(4.5)
EBITDA reported	**44.8**	**35.7**
D&A of tang. and Intang. & RoU Depr.	(10.1)	(8.2)
Operating Result - EBIT reported	**34.7**	**27.5**
Financial income / Charges	(13.8)	(13.0)
Taxation	(7.7)	(6.0)
Net income / (loss) for the period	**13.3**	**8.6**

EUR / MLN

Profit and loss	Q1 2022	Q1 2021
EBITDA reported	**44.8**	**35.7**
(3) Non-recurring income and charges	3.0	4.5
EBITDA	**47.8**	**40.2**
D&A of tang. and Intang. & RoU Depr.	(10.1)	(8.2)
Operating result - EBIT	**37.7**	**32.0**

(2) **Revenues** include «revenues from contracts with customers» for Euro 190.3 and «other revenues and income» from Euro 0.6 m

(3) **Non Recurring expenses**, net in the Q1 2022 are mainly related to intercompany management fees from IDG to DH (Euro 2.2 m.)

IFRS Consolidated Statement of Financial position

Assets

Amounts in thousand Euro	March 31 2022	December 31 2021
Current Assets		
Cash and short-term deposits	142,254	144,524
Trade receivables	76,072	68,298
Inventories	140,829	122,215
Tax current assets	20,590	11,656
Other current assets	15,378	14,542
TOTAL CURRENT ASSETS	**395,123**	**361,234**
Non-Current Assets		
Goodwill	1,178,515	1,176,064
Brands and other intangible assets	650,038	647,783
Property, plant and equipment	113,638	114,645
Right-of-use assets	70,216	63,509
Investments in parent company	39,226	39,226
Deferred tax assets	20,707	20,594
Other non-current assets	12,228	8,768
TOTAL NON-CURRENT ASSETS	**2,084,567**	**2,070,588**
Assets held for disposal	2,011	2,011
TOTAL ASSETS	**2,481,702**	**2,433,834**

Trade receivables: increase is due to phasing effect and high turnover in the last days of the month
Inventories Finished products increase compared to Dec 31, 2021, as well as the components related to the production volumes. In term of brands, FENDI CASA is starting up and is increasing stock for orders intake that will be delivered from Q2 onwards. To a lesser extent it was related to a safety stock for keeping the production on going in a tough macroeconomic situation.

Goodwill is increasing only for exchange rate effect (PPA on LUMENS [YDesign Group] recognized in USD), no other goodwill has been recognized in the period.

Exchange rate: Euro/USD:
- 1,123 End of month rate (FX as at March 31 2022);
- 1,110 Average exchange rate 2022

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

Liabilities and Equity

Amounts in thousand Euro	March 31 2022	December 31 2021
Total Shareholders Equity		
Share capital	5,102	5,102
Share premium reserve and other reserves	1,058,036	1,023,575
Profit/(loss) of the period	13,435	30,616
GROUP SHAREHOLDERS' EQUITY	**1,076,573**	**1,059,293**
Minority shareholders' equity	4,079	3,821
Profit/(loss) of the period attributable to minority interests	(181)	304
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**3,898**	**4,125**
TOTAL SHAREHOLDERS' EQUITY	**1,080,471**	**1,063,418**
Current Liabilities		
Current financial liabilities	1,871	3,169
Current lease liabilities	11,148	10,183
Trade payables	139,816	143,506
Advances from customers	55,279	43,660
Current Tax liabilities	31,836	22,188
Other current liabilities	35,466	35,802
TOTAL CURRENT LIABILITIES	**275,417**	**258,508**
Non Current Liabilities		
Non-current financial liabilities	865,598	858,640
Non-current lease liabilities	65,545	59,447
Defined benefit plans	7,592	7,601
Provisions for risks and charges	12,605	12,321
Deferred tax liabilities	174,397	173,734
Other non-current liabilities	77	166
TOTAL NON-CURRENT LIABILITIES	**1,125,814**	**1,111,908**
TOTAL LIABILITIES	**1,401,231**	**1,370,416**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**2,481,702**	**2,433,834**

Trade payable are reducing compared to December 31, 2021, but on the same time the advances from customers increased for new contract projects.

Non-current financial liabilities: Long Term financial liabilities is mainly related to Bonds and their nominal value as at March 31, 2022 is Euro 870m (Euro 400m bullet in 2025 and Euro 470m bullet in 2026). Increase of the period is only related to the interest accrued on the mentioned notes.

Lease liabilities (and the **Right-of-use assets**) increased for new lease agreement related to new FENDI DOS opening (expected in the second part of the year) and lease renewals for FLOS.